



# Goodman Group

Operational Update

26 May 2008

# Contents

2

- + Section 1 Overview
- + Section 2 Asia Pacific Operations
- + Section 3 Europe Operations
- + Section 4 Fund Management
- + Section 5 Summary

# Section 1 – Overview+

# Overview

4

## own+

- + Expect leasing demand and declining supply to drive rental growth. UK de-valuation cycle slowing, other markets stable or growing
- + Total direct property investment portfolio of \$4.6 billion<sup>1,2</sup>: Development opportunities driving expenditure on balance sheet for FY09 and FY10 profitability
- + Total cornerstone investments of \$2.8 billion<sup>2</sup>

## manage+

- + Continued demand for quality product with top tier management: Successful GAIF raising
- + Business space AUM up 3% in the quarter to \$18.7 billion<sup>3</sup> (+\$1.7 billion v FY07)
- + \$2.5 billion of debt and equity capacity

## develop+

- + Customers still looking for space, less competition among developers
- + Development completions of \$0.9 billion for the quarter and \$2.0 billion YTD  
Commencements of \$0.4 billion for the quarter and \$1.9 billion YTD
- + \$2.9 billion<sup>4</sup> current workbook, 6.7 months average time to completion
- + 66% of current workbook in funds, 73% pre-leased

1. Includes core direct properties, warehoused properties and development land and WIP.  
2. Adjusted for GAIF transaction executed in May 2008

3. Excludes GPI and A-REIT  
4. Upon completion of committed developments

26 May 2008

# Transactions

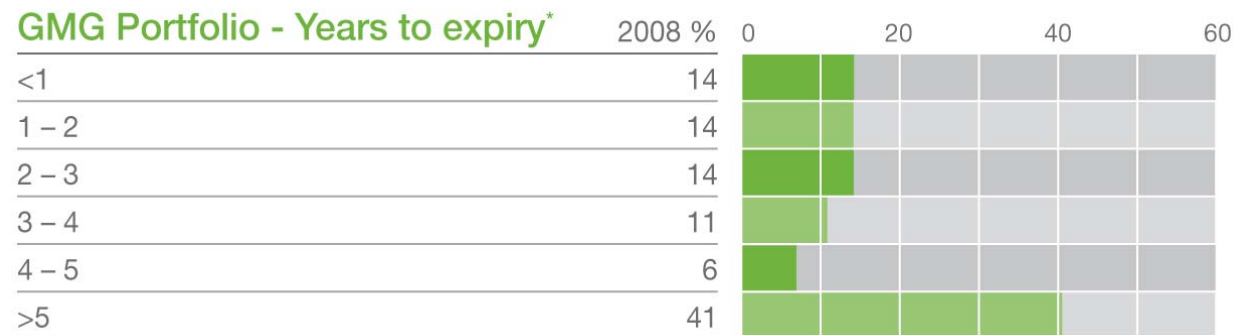
- + **Focus on core operations and balance sheet management**
- + **GPI Sale (£121.5 million)**
  - Completed strategic review
  - Focus on integrated, specialist industrial business
  - Benefits had been achieved, no remaining synergies for Goodman
- + **Singapore sale (\$282 million): Sale of units and 40% of management business**
  - Minority interest without full integration prospects
- + **Stapling of \$1.0 billion to GAIF**
  - Goodman agreed to hold \$600 million, \$400 million of external equity (70% paid up – 30% to pay)
  - Provided GAIF with significant development opportunities and capital capacity

## Section 2 – Asia Pacific Operations+

# Leasing – Asia Pacific

## Australian Direct Portfolio

- + Total direct property investment portfolio of \$2.1 billion (post GAIF transaction)
- + KPI's remain strong
  - 54,793 sqm of leasing activity at rents 2.2% above valuation and 5.5% above previous, average incentive 6.5%
  - Occupancy 97.6% (up since December 2007)
  - Low average down-time of 1.5 months
  - Customer retention 71%
  - WALE 4.8 years
  - 12 month rolling pending expiry 11.3%



\* Year 1 includes current vacancies

26 May 2008

# Leasing – Asia Pacific (cont.)

## Australian Direct Portfolio

### + Industrial

- Lidcombe Business Park, NSW, Rentokil 7,023 sqm at \$140 per sqm
- Angliss Distribution Centre, Vic, Bauer GmbH (Australia) Pty Ltd, 1,412 sqm at \$75 per sqm
- Healy Industrial Estate, Vic, AusChar, 5,246 sqm at \$64 per sqm and Buttle, 9,027 sqm at \$64 per sqm
- Goldsborough, SA, signed KW Doggett, 3,580 sqm at \$84 per sqm
- Acacia Ridge, Qld signed Greenfield Mowers, 5,700 sqm at \$115 per sqm
  
- Market rent reviews: Fujitsu, Arndell Park, NSW, 10,512sqm \$125/sqm; Penfold Buscombe, Botany Grove, NSW, 9,917sqm \$140/sqm

### + Office Parks

- Binary Centre, Pronto Software, 1,328sqm at \$290 per sqm
- Precinct Corporate Centre, signed Schwark Australia, 1,090sqm at \$280 per sqm
- CityWest Office Park, Reckon 1,847sqm at \$375 per sqm



# Leasing – Asia Pacific (cont.)

## Indirect Investments

### + GAIF

- Portfolio occupancy of 99%
- Total leasing for the quarter of 14,078 sqm and 199,806 sqm year to date
- Achieved increase of 2.3% on rent reviews during the quarter and 2.7% year to date

### + GMT

- Portfolio occupancy of 97% and high customer retention at 84%
- Weighted average increase of 4.5% p.a. on leases with market reviews

### + MGLF-HK

- Portfolio occupancy of 99%
- 80,939 sqm of space leased during the quarter representing 10.9% of the portfolio's gross floor area and recorded passing rent review increase of 26.7%

# Leasing – Asia Pacific (cont.)

## Australia: Case Study

### + Grays

- Grays relocating to IBC Industrial Estate to take up 25,389 sqm
- Grays vacate 9,223 sqm at Lidcombe Business Park
- DGS Parcels and Neway Holdings relocated to accommodate Grays
- DGS Parcels signed HOA on 2,682 sqm at Campus Business Park
- Neway signed HOA on 5,792 sqm at Roberts Distribution Centre
- Synnex signed HOA at Lidcombe Business Park – 5,377 sqm of the area that Grays vacated
- 2,000 sqm of spec office will be built at IBC Industrial Estate to accommodate future growth of existing customers

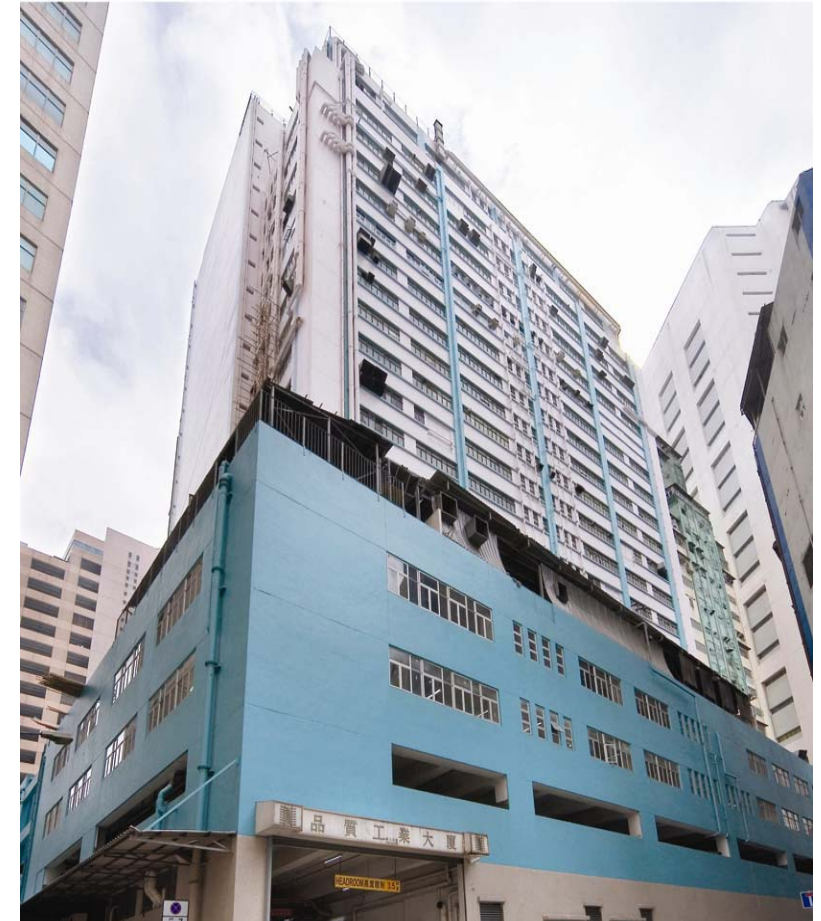


# Leasing – Asia Pacific (cont.)

## Hong Kong: Case Study

### + Texaco Centre

- Acquired by the MGLF-HK in June 2007
- Management successfully increased occupancy from 22% to 98%<sup>1</sup>, with remaining 2% currently under negotiation
- WALE significantly improved from 0.6 years to 2.7 years
- 29,412 sqm leased since acquisition through completion of 18 transactions
- 14.6% growth in net effective rents
- Property enhancement and successful leasing contributed to 28% uplift in property revaluation in February 2008



1. Including signed HOA as at 31 March 2008

26 May 2008

# Development Activity – Asia Pacific

	Value (\$M)	WALE	% in Funds	% Pre-Committed
Commenced	208	6.2 years	43	82
Completed	398	6.8 years	92	42
Work In Progress	1,584	8.7 years	72	67

	Dec 2007	Mar 2008
Enquiry <sup>1</sup>	175,569	196,027

1. Australia

## + Major developments

- In Australia and New Zealand; completed buildings for Mainfreight, Linfox and Toll; commenced buildings for Corporate Express and two facilities for DHL
- Hong Kong (JV via MGA) and China: continuing to progress on \$1.5 billion build out: major pre-lease with Sinotrans
- Japan (53% of J-REP via MGA): Completed \$250 million across 4 buildings within funds

26 May 2008

# Development Activity – Asia Pacific (cont.)

13

## China: Case Study

### + Fengxian Distribution Centre Stage II, Shanghai

- 100% pre-commitment to Sinotrans for 7 years achieved in the quarter for 123,680 sqm
- 6 buildings to be delivered in 4 phases by August 2009, with phase 1 to be completed in August 2008
- Listed in Hong Kong stock exchange, Sinotrans is one of the largest shipping companies in China, it is also one of Goodman China's existing customers



Artists' impression – Fengxian Distribution Centre Stage II

26 May 2008

# Development Activity – Asia Pacific (cont.)

14

## Australia: Case Study

### + Western Sydney Market

- Completed over 500,000 sqm over recent years
- In March, expanded Austral relationship to add 333 hectares
- DHL to kick off new site with agreement signed in the quarter and construction to commence shortly

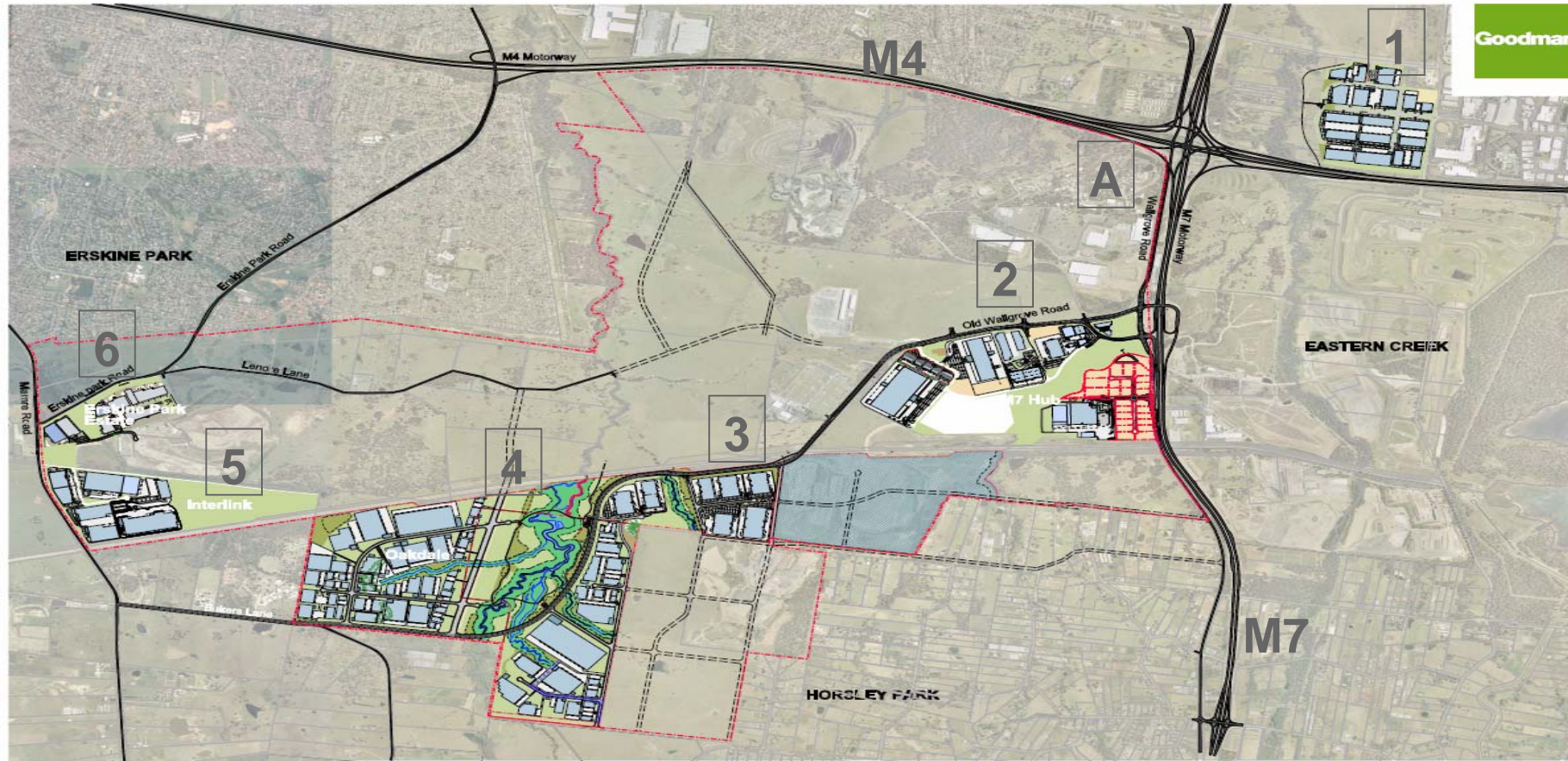
26 May 2008





# Development Activity – Asia Pacific (cont.)

15



## WESTERN SYDNEY

1. Huntingwood
  2. M7 Business Hub
  3. Oakdale Stage 1
  4. Oakdale future stages
  5. Interlink
  6. Erskine Park
- A Junction M4/M7

26 May 2008

Goodman

# Development Activity – Asia Pacific (cont.)

16

## Japan: Case Studies

### + J-REP Matsudo II

- 3,420 sqm, JPY2.6 billion sold in April 2008 upon completion of refurbishment and leasing on 5.3% yield

### + J-REP Fukuoka III

- Secured 20 year pre-lease with Sagawa Global Logistics for 32,542 sqm distribution facility
- Construction due to commence in August 2008 with completion in May 2009



Artists impression: Fukuoka III

26 May 2008



# Development Activity – Asia Pacific (cont.)

17

## New Zealand: Case Study

### + 604 Great South Road, Auckland

- 8,155 sqm green star rated office development in the Greenlane office precinct
- Adjoins existing Millennium Centre office park (NZ\$133 million)
- Announced May 2007 with 30% pre-commit from Chevron (Caltex)
- Rents NZ\$290-\$310 sqm
- Yellow Pages have committed to a 12 year lease over 4,543sqm on the balance of the office space
- Development is 84.5% committed, anticipate 7 months to completion
- Total project cost estimated at NZ\$32 million with yield on cost expected around 8.3%



Artists impression

26 May 2008

## Section 3 – Europe Operations+

# Leasing – Europe

## Direct Investments

### + UK Logistics

- Occupancy in stabilised portfolio of 99%, WALE 12.6 years, minimal expiry or review activity

## Indirect Investments

### + ABPP

- Occupancy in stabilised portfolio of over 96%, minimal expiry or review activity

### + GELF

- Portfolio occupancy of 97%, WALE 6.0 years, 5.4% expiry, minimal expiry or review activity

### + GEBPF

- Occupancy 84%, WALE 4.5 years, 7.1% expiry, rent growth 2.8%

# Development Activity – Europe

	Value (\$M)	WALE	% in Funds	% Pre-Committed
Commenced	223	6.9 years	83	78
Completed	467	9.3 years	46	80
Work In Progress	1,275	10.9 years	59	80

	Dec 2007	Mar 2008
Enquiry <sup>1</sup>	669,975	690,387

1. European Logistics and UK Business Parks

## + Major developments

- UK:
  - Commenced new building for Panasonic and completed buildings for Amazon and Great Bear
- Continental Europe:
  - Commenced new buildings for DHL, Schenker and Nippon Express
  - Completed new buildings for Corporate Express and DSV
- Turkey:
  - Commenced first pre-committed development

26 May 2008

# Development Activity – Europe (cont.)

21

## + UK Business Parks

- Aberdeen: Recently completed 190,000sqft pre-let building sold in Feb 2008 for £52.6 million



- Birmingham: Sold 85,000 sq ft speculative building sold for £20.3 million to occupier



26 May 2008

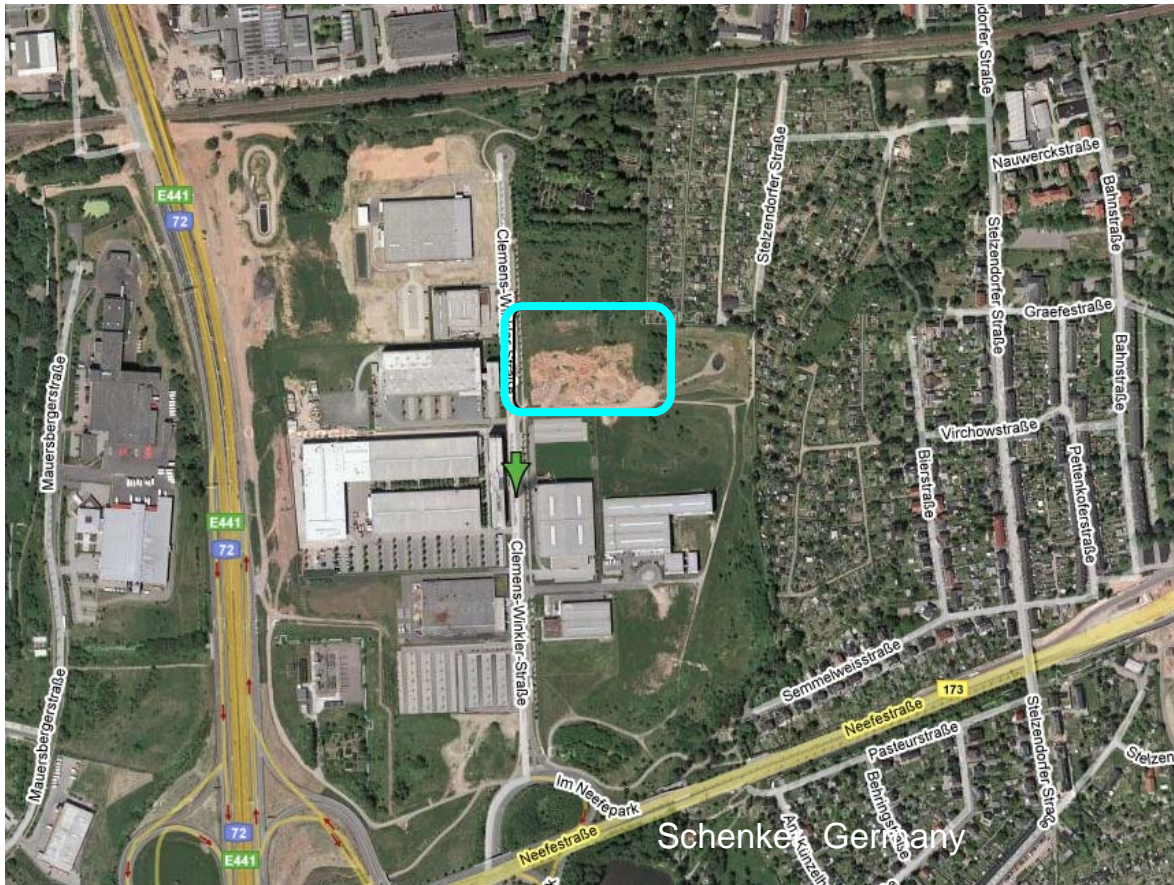


# Development Activity – Europe (cont.)

22

## + European Logistics

- Germany: Schenker signed 8,048 sqm pre-lease, construction commenced
- BorgWarner, 18,600 sqm; Schmalz & Schön, 16,840 sqm
- Slovakia: Hopi signed 15,450 sqm pre-lease in January and construction commenced immediately



- **New pre-leases not yet commenced**
- France: NYK signed 31,661 sqm pre lease
- Germany: Metsa Tissue, 36,371sqm
- Netherlands: Kuhne & Nagel, 25,216 sqm

26 May 2008



# Development Activity – Europe (cont.)

23

## + UK Logistics

- Hoddesdon: 20 year pre-lease to Recall signed at £7.75 per sq ft over 120,000 sq ft– construction to commence shortly



- Beckton: Completed and sold 55,000 sq ft building for £6.6 million

26 May 2008



# Development Activity – Europe (cont.)

24

## + UK Logistics

- Planning – Crewe: 88 acres of net development area, Potential end value c. £116m, Section 106 received 12th May 2008
- Planning – Derby: 101 acres of net development area, Potential end value c. £166m



26 May 2008



## Section 4 – Fund Management+

# Goodman Fund Strategy

- + Goodman funds management strategy designed for long term performance
- + Primarily partnerships with sophisticated wholesale investors
- + “Sharing” of development projects with fund investors to enhance fund performance
  - Primarily Core Plus investment strategy (80% Investment / 20% Enhanced)
- + Capital managed to provide fiscal “headroom”
  - \$2.5 billion of available capital
- + Co-investment policy provides transparent and true alignment of interest
- + Fee structures aligned with long term property performance
- + Current focus on Asia Pacific

# Management Services

## + Business Space AUM up 3.3%<sup>1</sup> to \$18.7 billion (up \$1.7 billion since June 2007)

- \$0.6 billion increase over the quarter
  - Up \$0.5 billion from movement in development WIP
  - Up \$1.3 billion from acquisitions
  - Down \$0.9 billion from disposals
  - Down \$0.2 billion from revaluations
  - Down \$0.1 billion from currency

1. Excludes A-REIT and GPI

## + Capital capacity \$2.5 billion

- \$0.7 uncalled equity
- \$1.8 billion debt capacity

Undrawn Capital		\$B
Asia Pacific		1.4
Europe		1.1



# Management Services (cont.)

## + Australian Wholesale \$1.0 billion equity raising

- GMG agreed to carry a \$600 million interest, \$400 million from outside investors
- Total return and capital availability enhanced

## + Japan fund equity raising process commenced

- \$670 million seed portfolio in place
- Initial investor feedback positive
- Unique and attractive proposition

Fund Name	Europe				Asia Pacific						Total
	Business Parks		Logistics		AUS	AUS	NZ	HK	China	Japan	
	UK	EUR	UK	EUR							
	ABPP <sup>1</sup>	GEBPF	GUKLF	GELF	GIT	GAIF	GMT	MGLF		J-REP	
AUM \$bn	\$3.7	\$0.7		\$1.7	\$2.6	\$4.3	\$1.4	\$1.1		\$1.2	\$16.7
Warehouse \$bn	\$0.0	\$0.1	\$1.5	\$0.2			\$0.0		\$0.1		\$2.0

1. Includes Colworth

26 May 2008

## Section 5 –Summary+

# Summary

- + Customers demand remains robust, consolidation with key service providers
- + Development competition diminishing
- + Significant development opportunities available right now
- + Managing capital rotation
- + Equity is available for the right fund products
- + On track for FY08 8% growth in EPS



thank you+

**Important Notice** This document has been prepared by Goodman Group (Goodman International Limited (ABN 69 000 123 071) and Goodman Funds Management Limited (ABN 48 067 796 641) (AFSL 223621) as the Responsible Entity for Goodman Industrial Trust (ARSN 091 213 839)). The details in this presentation provide general information only. It is not intended as investment or financial advice and must not be relied upon as such. You should obtain independent professional advice prior to making any decision. This presentation is not an offer or invitation for subscription or purchase of securities or other financial products. This presentation does not constitute an offer of securities in the United States. Securities may not be offered or sold in the United States unless they are registered under the US Securities Act of 1933 or an exemption from registration is available. Past performance is no indication of future performance. All values are expressed in Australian currency unless otherwise stated. 26 May 2008.