

asx release+

Goodman Group Investor Day

Date	20 June 2019
Release	Immediate

Goodman Group (Goodman or Group) advises that it will host an institutional investor and analyst update today. The attached presentation was issued as a supporting document for the briefing.

Ends –

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About Goodman

Goodman Group is an integrated property group with operations throughout Australia, New Zealand, Asia, Europe, the United Kingdom, North America and Brazil. Goodman Group, comprised of the stapled entities Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited, is the largest industrial property group listed on the Australian Securities Exchange and one of the largest listed specialist fund managers of industrial property and business space globally.

Goodman's global property expertise, integrated own+develop+manage customer service offering and significant fund management platform ensures it creates innovative property solutions that meet the individual requirements of its customers, while seeking to deliver long-term returns for investors.

Goodman Group

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Goodman Group Investor Day

20 June 2019



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Urban logistics

- + Our customers globally continue to demand proximity close to consumers in urban locations, driven by:
 - Structural trends of urbanisation
 - Rapidly changing purchasing behaviour of consumers
 - Rising consumerism and the increasing need for convenience
- + Most industries, including e-commerce, traditional retail and 3PL's are re-evaluating their supply chains which is resulting in demand outstripping supply in these urban locations
- + The location of our real estate is the critical factor which will:
 - Support our customers supply chain evolution over the next 5-10 years
 - Provide resilient cash flows longer term
 - Avoid markets which could potentially be redundant in the future
- + Site selection is undertaken with a long-term horizon
 - Acquiring these sites, finalising planning, infrastructure, remediation and redevelopment can take several years to complete
 - This requires patient capital and experienced management teams to execute
 - It is a fundamental part of the business and is undertaken incrementally and continuously
- + The following slides present our key market strategies for our global operations and highlight projects we have executed over recent years which demonstrate:
 - + The type of real estate we are targeting
 - + Our customers' requirements and the benefits we bring to their business
 - + The competition for space and land in our markets across multiple user groups including data centres, logistics, office and residential
 - + The supply constraints in urban locations where we are operating and the drivers of change in intensity of use

Regional updates



Pudong Airport Logistics Park, Pudong, China

Asia – Paul McGarry

Strategic initiatives

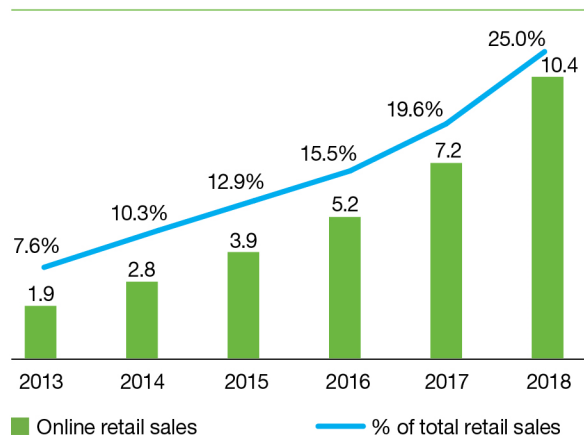
- + Focus on major infill markets across the region
- + Development-led growth the best way to source well-located high-quality assets
- + Large development programmes through Hong Kong and Greater Bay area
- + Focus on quality, scale and intensification opportunities

Business drivers

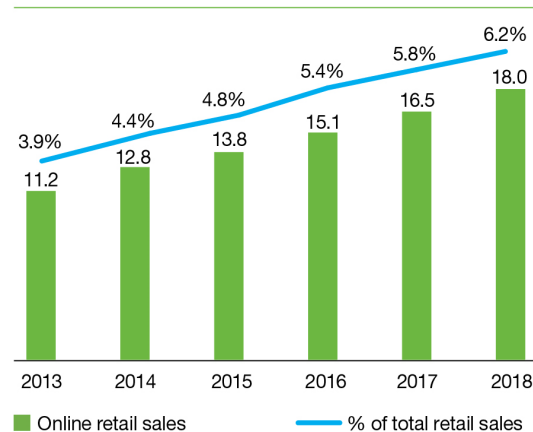
- + Large growing urban populations with increasing disposable income
- + Demand for convenience driving continued e-commerce take-up across all markets in the region
- + Demand particularly strong in our infill locations including from data centre operators
- + Customer demand also driven by the need to reduce costs and gain efficiency through space aggregation and rationalisation.



E-commerce in China (RMB'trillion / %)



E-commerce in Japan (JPY'trillion / %)



Source: NBS, ASKCI Consulting

Source: Japan Ministry of Economy, Trade and Industry

Snapshot ¹	
Assets under management	A\$15.2bn
Properties ²	58
Investment GLA ² (sqm)	4.9m
Occupancy ²	99%
Managed Partnerships	5
People	270

1. As at 31 March 2019
2. Stabilised portfolio

Asia – Paul McGarry

Market	+ Hong Kong
Investment type	+ Development
Strategy	+ Recently secured a 15-year pre-commitment from a data centre operator for 100% of Building 1 at Goodman Tsuen Wan West with construction due to start shortly + Multiple interested parties on future phases of the development with demand exceeding buildable space
Location	+ Located between Hong Kong International Airport and Hong Kong CBD, adjacent to main container port precinct + Gentrifying infill location with a mix of commercial, retail and residential uses adjacent + Now becoming a major data centre hub in Hong Kong
Background and status	+ Planning a total of 4 towers + Flexible design allowing for data centre, commercial and industrial uses + Dedicated high-voltage power supply (rare in the market) + Energy efficient design targeting LEED certification
Site area	+ Total precinct: 12,000 sqm



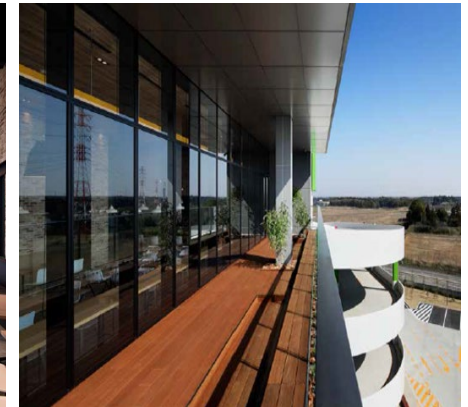
Asia – Paul McGarry

Market	+ Beijing, China
Investment Type	+ Development
Strategy	+ Recently secured a 10 year pre-commitment from a pharmaceutical provider for Phase 1 of Goodman Beijing Southgate Industrial Park + Phase 2 to commence soon with development intensification and gentrification. Leasable area increased by 65% and introduction of supporting commercial and R&D facilities + Strong demand with limited new development within Beijing
Location	+ Located in the south of Beijing, near Beijing's 6th ring road + Convenient access to Beijing's new 2nd international airport, expected to open in 2019 and support 100 million passengers per year + Adjacent to G4 Beijing-Hong Kong-Macau Expressway
Background and Status	+ Phase 1 completing June 2019 comprising 33,000 sqm + Phase 2 expected to soon commence, comprising 90,000 sqm of multi-level warehousing, commercial and supporting R&D facilities
Site Area	+ Total precinct: 138,000 sqm



Asia – Paul McGarry

Market	+ Greater Tokyo, Japan
Investment type	+ Multi-stage development
Strategy	+ Recently secured a pre-commitment from BMW for Stage 4 of Goodman Business Park ("GBP") + Multiple customer enquiry on remaining future stages from a range of industries including data centre users
Location	+ Located between Tokyo Narita Airport and Tokyo CBD providing excellent connectivity to Greater Tokyo + Served by multiple toll-free access routes including a train line providing direct access to central Tokyo as well as both Narita and Haneda airports + Superior power infrastructure and outstanding business continuity features - seismically stable inland region outside of flooding zones
Background and recent transactions	+ Master planned precinct with a completion value in excess of US\$2 billion + BMW pre leased 70,000 sqm at Stage 4, a 4-storey, high-specification logistics facility + This facility will be BMW's new regional distribution centre for Japan + Recently sold a land parcel to Google who is planning to construct its first data centre in Japan on the site
Site area	+ Total precinct: 50 hectares



New Zealand – John Dakin

Strategy

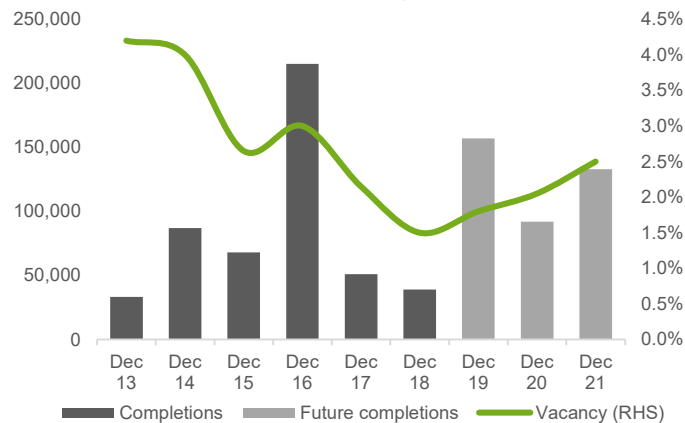
- + Investment in the Auckland Industrial market
- + Unlock growth potential of existing portfolio through rental growth and medium-term redevelopments of under-utilised sites
- + Continue to monitor potential for further acquisitions in central/strong distribution locations
- + Focus on infill/brownfield sites with holding income and redevelopment potential
- + Develop remainder of existing landbank

Business drivers

- + Strong characteristics of Auckland market forecast to produce superior returns:
 - + Economy & population growing faster than other centres
 - + Significant airport, port, rail and road infrastructure projects
 - + Geographically constrained, supply restricted
- + Increase in demand by end consumers for greater convenience
- + Demand from customers increasingly focussed on locations that best suit cost efficient and timely distribution
- + Large number of existing customers looking to expand resulting in excess demand over supply
- + Greenfield land opportunities scarce.

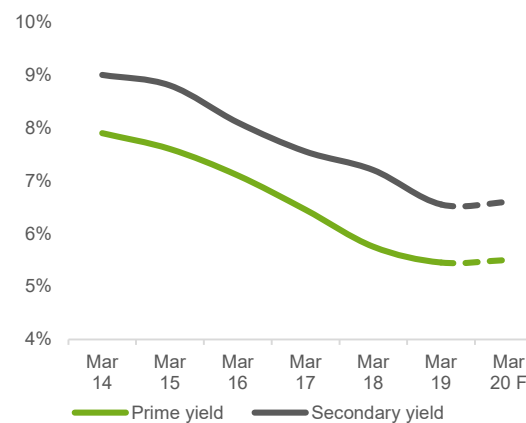


Total completions and vacancy rate



Source: JLL Research

Auckland industrial yields



Source: JLL Research

Snapshot ¹	
Assets under management	A\$2.5bn
Properties ²	10
Investment GLA ² (sqm)	1.0m
Occupancy ²	99%
Managed Partnerships	1
People	60

1. As at 31 March 2019
2. Stabilised portfolio

New Zealand – John Dakin

Market	+ Otahuhu, South Auckland
Investment type	+ Acquisition of brownfield development site (with holding income)
Strategy	+ Acquisition in line with GMT strategy to own strategically located industrial assets in central Auckland infill locations + Hold as income- producing site in the short term before redevelopment as warehouse
Location	+ Central infill location with strong access to motorway network + Access to population of 650,000 with purchasing power of \$19 billion within 20 min truck drive time + Located in close proximity to GMT's existing estate, Savill Link
Background and status	+ Currently comprises 3,000 sqm packhouse and 40,000 sqm glasshouses leased to NZX listed Turners & Growers for the next 5 years + Contracted for acquisition, conditional upon Overseas Investment Office approval
Site area	+ 7.0 hectares



New Zealand – John Dakin

Market	+ Mt Roskill, Auckland
Investment type	+ Acquisition of 13 hectare infill industrial site
Strategy	+ Strategically located industrial asset in central Auckland infill location + Lease improvements as is for medium-term. Potential for redevelopment of site in longer term
Location	+ Site located in centre of Auckland Urban area and surrounded by low-medium intensity residential + Area earmarked for intensification + Access and direct frontage to SH20 + Expected to benefit from light rail network running between Auckland CBD and the airport in the medium/long term
Background and status	+ Acquired following sale and leaseback process by Foodstuffs + Settlement completed late 2018 with Foodstuffs to occupy site for 2.5 years
Site area	+ 13.1 hectares
Net Lettable Area	+ 36,977 sqm



Australia – Jason Little

Strategy

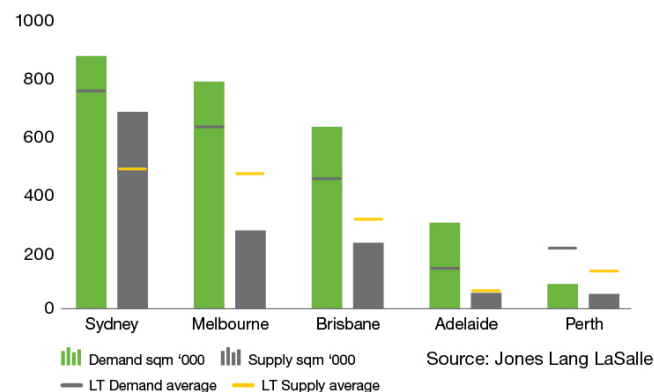
- + Targeting major metropolitan cities on the east coast of Australia
- + Focus on long-term sustainability of income
- + Development of our greenfield / brownfield land continues to be the best risk adjusted method to access product in the right locations
- + Growing number of opportunities to redevelop existing assets to more functional and intensive uses

Business drivers

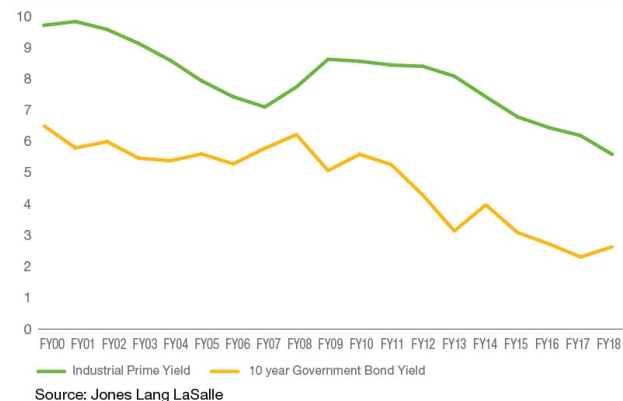
- + Consolidation and rationalisation: customers seeking efficiencies in their supply chain networks – relocating to M4, M7 infrastructure
- + New e-commerce entrants and traditional retailers moving to online
- + Rising consumerism and the increasing demand for convenience
- + Demand from data centres and multi-storey fulfilment centres as customers require space in infill locations (Port Melbourne and South Sydney).



Demand / supply (sqm ('000s))¹



10-year bond spread to industrial yields (%)



Snapshot ¹	
Assets under management	A\$14.9bn
Properties ²	159
Investment GLA ² (sqm)	5.8m
Occupancy ²	96%
Managed Partnerships	4
People	290

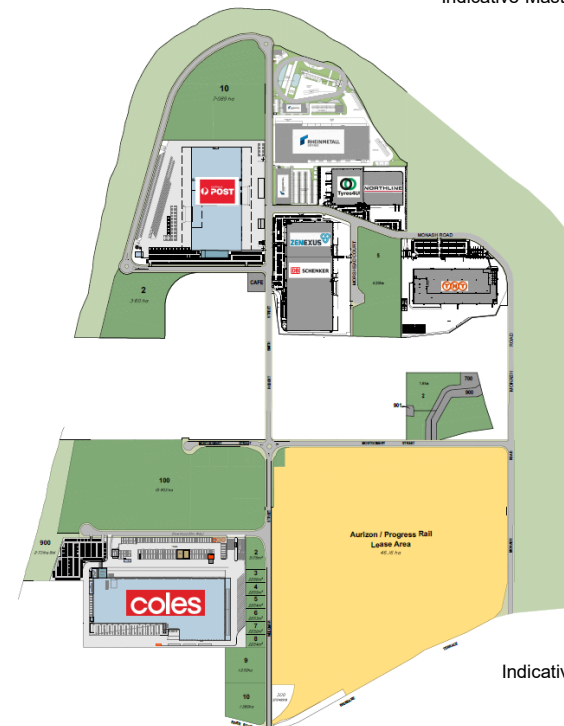
1. As at 31 March 2019
2. Stabilised properties

Australia – Jason Little

Market	+ Oakdale, Western Sydney, NSW / Redbank Motorway Estate, Redbank, QLD
Investment type	+ Development
Strategy	+ Large-scale, multi-stage developments
Location	+ Oakdale is located within Western Sydney's logistics hub of Eastern Creek. It offers direct access to the M4 and M7 motorways and connections to the greater Sydney metro + Redbank is a landholding located 600m south of the adjacent Redbank Motorway Estate, approximately 28kms to the Brisbane CBD
Background and status	+ Development of 2x ~66,000 sqm purpose built warehouses + Secured on 20+ year lease term + Will form part of a wider supply chain modernisation program for Coles + Subject to approvals will complete in 2022 / 2021
Site area	+ Total area across both estates: ~354 hectares



Indicative Masterplan of Oakdale Industrial Estate, NSW



Indicative Masterplan of Redbank Motorway Estate, QLD

Australia – Jason Little

Market	+ Smithfield, Inner West market, Sydney
Investment type	+ Brownfield re-development
Strategy	+ Demolish existing facility and re-build
Location	+ Smithfield is an older style distribution centre which is located within the established Smithfield industrial precinct which is approximately 24 kms west of Sydney's CBD + The building incorporates three separate warehouses aggregating to 43,871 sqm
Background and status	+ The property has limited clearance of between 7-9m and has standard hazard sprinklers restricting the type of goods that can be stored + It is recommended that the building is demolished and a new multi-unit estate is developed + The proposed design encompasses a mix of small to medium style warehouses of between 3,000 sqm to 7,000 sqm
Site area	+ 79,488 sqm



North America – Anthony Rozic

Strategy

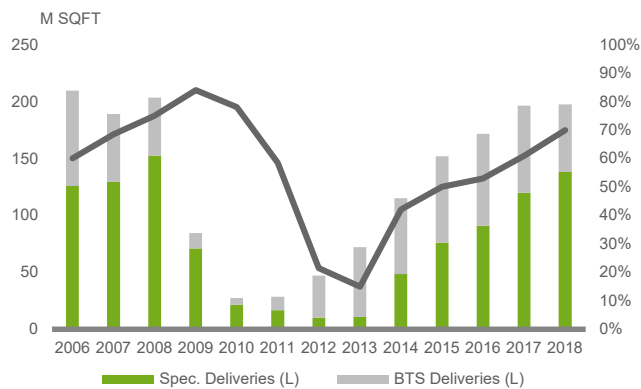
- + Pursue opportunities in key identified markets with a focus on LA, Inland Empire West, Pennsylvania and New Jersey
- + Remain focused on monetising the existing landbanks and enhancing the pre-lease strategy
- + Target acquiring value-add opportunities and replenish existing land inventory
- + Maintain focus on development-led opportunities as the best way to access high-quality real estate

Business drivers

- + Key industrial demand drivers (GDP, employment and consumption) continue to grow
- + E-commerce continues to structurally alter supply chains and drive robust demand for space
- + Supply demand imbalance seen in some markets across the US led to the first increase in vacancy levels in this cycle, but supply remains in check in GMG target markets
- + Very strong investor demand
- + Strong rent growth across core and infill markets but flat to negative rent growth exhibited in some speculative markets with supply imbalance.



US New Supply



US Net Absorption and Vacancy

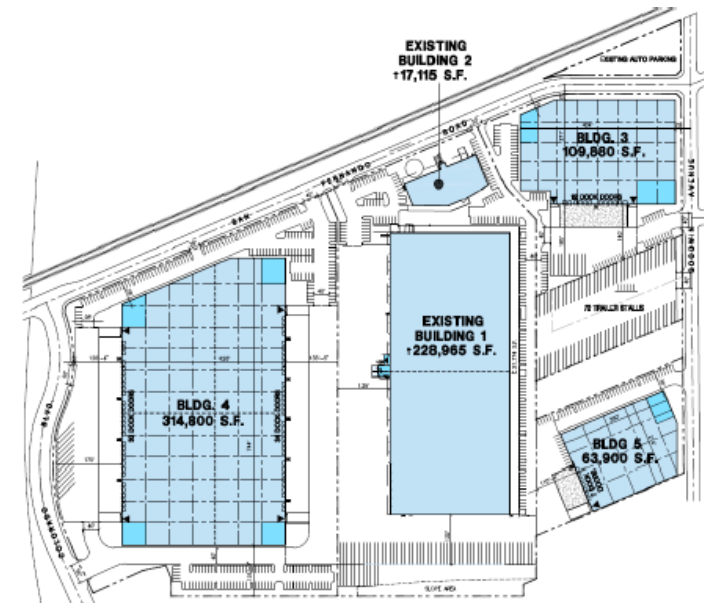


Snapshot ¹	
Assets under management	A\$2.8bn
Properties ²	11
Investment GLA ² (sqm)	0.9m
Occupancy ²	93%
Managed Partnerships	1
People	46

1. As at 31 March 2019
2. Stabilised portfolio

North America – Anthony Rozic

Market	+ Los Angeles – North LA / Glendale
Investment type	+ Infill value-add and development
Strategy	+ Refurbish buildings 1-2 and develop adjoining land sites
Location	+ Located in North LA, an affluent area with a strong consumer base in East San Fernando Valley, 5 miles north of Downtown LA + The area is known as the center of the entertainment / movie industry, with users such as Disney, Warner Bros and Netflix + The infill site has direct access to the I-5 freeway, a major freeway that is integral to the supply chain of LA + Surrounding area features high quality mixed use development including the Americana Center, one of the top 15 grossing retail centers in the world
Background and status	+ One of the largest contiguous industrial land parcels in North LA, formerly owned by Ralphs Grocery (Kroger Corp) + Transaction closed in May 2019 + Receiving strong leasing enquiry since close from both existing and new customers
Site area	+ 37 acres



Proposed site plan with value add and development phases



Site location (red) relative to GMG properties and Downtown Los Angeles

Brazil – Cesar Nasser

Strategy

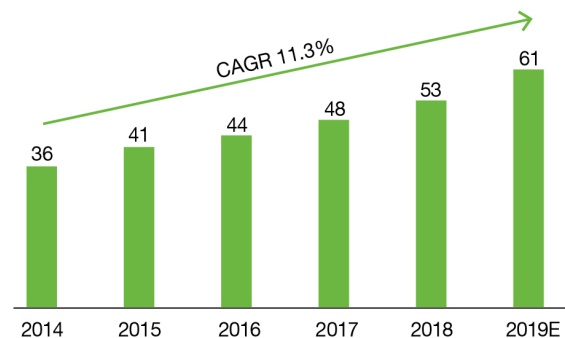
- + Take advantage of the current subdued economic activity to acquire strategically located land in core markets primarily in São Paulo
- + Focus on infill locations, closer or inside São Paulo city, with opportunistic acquisitions for larger plots of land for big boxes
- + Currently, investment via greenfield development projects are reflecting better risk adjusted returns due to the supply / demand dynamics of A grade industrial real estate

Business drivers

- + E-commerce sales are growing consistently in Brazil. With an estimated CAGR of 11.3% from 2014 to 2019E
- + Undersupply of modern logistics space to service e-commerce delivery timelines
- + Rent and cap rate levels supporting strong counter cyclical returns.



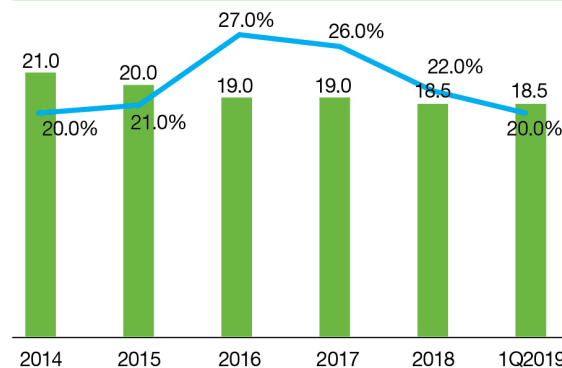
E-commerce Sales of Goods in Brazil (R\$ bn)



■ Online sales (R\$bn)

Source: Webshopper and Colliers

Vacancy and Lease Price: São Paulo Estate



■ Lease asked price (R\$/sqm) — Vacancy

Snapshot ¹	
Assets under management	A\$0.3bn
Properties ²	5
Investment GLA ² (sqm)	0.3m
Occupancy ²	86%
Managed Partnerships	1
People	29

1. As at 31 March 2019
2. Stabilised portfolio

Brazil – Cesar Nasser

Market

- + Itaquera, São Paulo city, São Paulo state

Investment type

- + Development

Strategy

- + Development of 2 buildings, both with flexible units targeting last-mile delivery (e-commerce retailers and 3PL companies)

Location

- + Metropolitan São Paulo region comprises a total population of 21 million people
- + Itaquera is located on the East Zone of São Paulo, accounting for 17% of the city's metropolitan population
- + Goodman Itaquera is an infill site, located 15 km from São Paulo Downtown, 12 km from Guarulhos International Airport, 45 km from the Port of Santos
- + Site will be an A grade industrial development in São Paulo city East Zone

Background and status

- + 2 warehouses totaling ~42,000 sqm
- + Goodman comparable inventory in São Paulo city has a 1% vacancy rate
- + Approval process underway

Site area

- + 72,802 sqm

Net lettable area

- + 41,868 sqm



Continental Europe – Philippe Van der Beken

Strategic initiatives

- + Continued focus on quality locations, assets, relationships, away from more commoditised product and markets
- + Target acquisitions of prime real estate in infill areas, with higher expected long-term income growth
- + Constant review of design and technical specifications, including sustainability, technological initiatives
- + Intensified development in core locations to maximise long-term potential

Business drivers

- + Broad based customer enquiry driving demand
- + Consumption growth, e-commerce and the reconfiguration of supply chains continue to fuel customer demand
- + Markets remain competitive from both a development and investment perspective. Some oversupply in markets where land availability is high.



Snapshot ¹	
Assets under management	A\$7.2bn
Properties	132
Investment GLA ² (sqm)	4.9m
Occupancy ²	98%
Managed Partnerships	2
People	204

1. As at 31 March 2019
2. Stabilised portfolio

Continental Europe – Philippe Van der Beken

Market	+ Core land-restricted locations throughout CE
Investment type	+ Development
Strategy	+ Ensure long-term value creation through intensified land use
Location	+ Barcelona, Spain 2 assets, 15 - 20 km from city centre <i>Adjacent to highways connecting with France and major Spanish cities (Valencia, Madrid and Zaragoza)</i> + Utrecht, Netherlands <i>At the heart of Randstad, one of the most densely populated areas in Europe</i> + Bremen, Germany <i>In Bremen GVZ, largest freight centre in Germany</i>
Background and status	+ Redevelopment of brownfield sites + Rezoning and permits ongoing
Site area	+ 313k sqm in total



Continental Europe – Philippe Van der Beken

Market	+ Urban logistics
Investment type	+ Development
Strategy	+ Warehouse development close to urban areas
Location	All located close to urban centres in land-restricted areas with lack of vacant space 1. Amsterdam, Netherlands <i>West of Amsterdam; excellent connectivity to city</i> 2. Barcelona, Spain <i>Located in Barcelona port; within 5 km from city centre</i> 3. Cologne, Germany <i>Close to Cologne city & Bonn Airport; direct highway access</i>
Background and status	All used for last-mile delivery 1. Amsterdam, Netherlands <i>Pre-committed to DPD – 15 years</i> 2. Barcelona, Spain <i>Pre-committed to Amazon Logistics – 12 years</i> 3. Cologne, Germany <i>Pre-committed to Amazon Logistics – 10 years</i> All sold to GEP
Site area	+ 42k sqm / 19k sqm / 22k sqm



United Kingdom – Charles Crossland

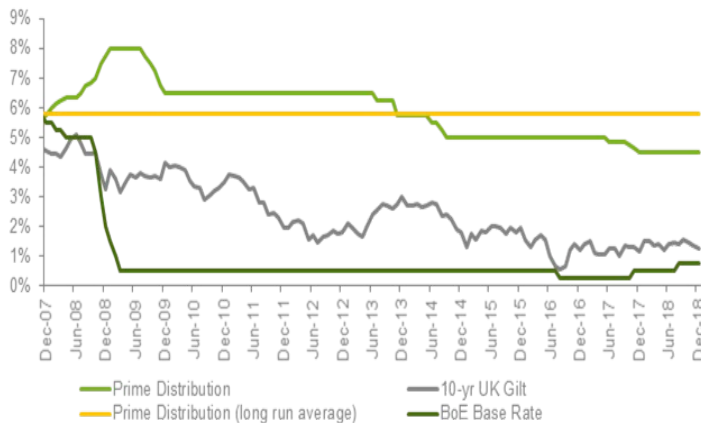
Strategy

- + Acquiring sites in prime locations around London, the South East and M25
- + 3 prime urban brownfield sites acquired in the last 12 months with end value of over £270m
- + Continued strategy to dispose of non-core land through development and land sales

Business drivers

- + E-commerce remains the main driver of demand, both pure play e-retailers and high street retailers and parcel companies
- + Technological advances / 5G also influencing demand for data centres with growth particularly around London
- + Automotive industry adapting to the move to electric vehicles with additional and alternative parts supply chain solutions
- + Some evidence of oversupply of speculative product in secondary markets but supply remains constrained in the prime, urban locations

Prime Distribution Yields vs UK 10yr Gilt



UK Logistics Availability Q1 2019



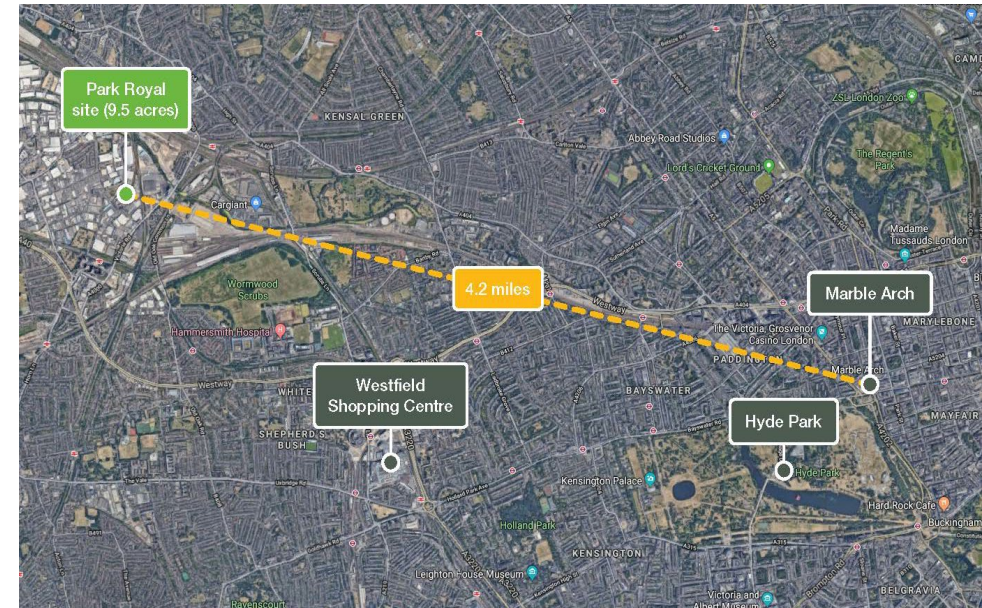
Snapshot¹

Assets under management	A\$1.0bn
Properties ²	8
Investment GLA ² (sqm)	0.1m
Occupancy ²	100%
Managed Partnerships	1
People	41

1. As at 31 March 2019
2. Stabilised portfolio

United Kingdom – Charles Crossland

Market	+ Park Royal, North West London
Investment type	+ Development
Strategy	+ Customer-led development
Location	+ Prime location, 4.5 miles from Central London + Located in London's largest industrial estate + 650m from new HS2 station and £1bn major regeneration at Old Oak Common
Background and status	+ Brownfield site + Vacant possession in June 2021 + Planning process underway
Site area	+ 10 acres



United Kingdom – Charles Crossland

Market	+ Dartford, Outer London
Investment type	+ Development
Strategy	+ Commence development in FY20 + Target consumer servicing customers
Location	+ Prime M25/SE London location + ½ mile from Junction 1a, M25 + Over 9m population within 1 hr drive
Background and status	+ Former port + Vacant possession in Jan 2020 + Completion in 2020 + GUKP development
Site area	+ 25 acres
Net lettable area	+ 466,000 sq ft in 3 buildings



Computer Generated Image

Thank you



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