

GOODMAN DELIVERING ON STRATEGY

Q1 FY20 OPERATIONAL UPDATE

12 NOVEMBER 2019

Goodman Group (Goodman or Group) has produced a strong first quarter as it continues to deploy capital through development in key urban locations.

The refinement and concentration of our real estate in these markets ensures our customers have access to high-quality facilities close to consumers.

“Structural changes continue to positively impact the industrial property sector. As consumers’ demands increase, our customers are responding by consistently seeking to create more efficient logistics networks.

Locations close to consumers, coupled with technology advancements, are helping to increase productivity and efficiency in the supply chain to help fulfil consumer expectations.

While the overall consumer market is subdued, online sales continue to grow, reaching 14.1% of total global retail sales as at June 2019. The online share of the market has almost doubled over the last five years with estimates that it will grow to 22% by 2023.”*

Greg Goodman, Group CEO

KEY HIGHLIGHTS

for the three months to 30 September 2019

- + \$48.2 billion total assets under management
- + 3.3% Partnership like for like NPI growth
- + 98% occupancy across the Group and Partnerships
- + \$4.2 billion of development work in progress
- + \$0.9 billion of development commencements with 77% undertaken in Partnerships
- + Reaffirm forecast FY20 operating earnings per security of 56.3 cents, up 9% on FY19.

*Source: eMarketer

\$48.2bn



TOTAL ASSETS UNDER
MANAGEMENT

\$4.2bn



DEVELOPMENT WORK
IN PROGRESS

98%

OCCUPANCY

OWN

The deliberate concentration of Goodman’s portfolio in key infill markets is continuing to produce positive results for the Group with rental growth and high occupancy levels in these supply-constrained markets.

- + Leased 686,132 sqm across the platform over the quarter equating to \$93.5 million of rent p.a.
- + Partnership like-for-like NPI growth of 3.3%
- + Occupancy maintained at 98%
- + WALE of 4.7 years
- + Competing demand from e-commerce, data centres and urban renewal continues to put pressure on land use

98%
OCCUPANCY



0.7m
SQUARE METRES
LEASED



4.7 years
WALE

LEASING¹ - 12 months rolling

Region	Leasing area (sqm)	Net annual rent (\$M)	Average lease term (years)
Australia / New Zealand	1,166,781	165.3	5.1
Asia	1,324,948	244.2	3.8
UK / Continental Europe	844,794	62.1	3.4
Total	3,336,522	471.6	4.2



Goodman Business Park, Tokyo, Japan

DEVELOP

We have continued to expand our development activity, growing work in progress (WIP) to \$4.2 billion as demand continues to exceed supply in our markets.

The development pipeline remains strong. Our land acquisition strategy supporting this is a continuous process that has seen further additions.

Redevelopment of existing stabilised assets is also occurring in a number of markets. We believe that this activity will contribute to the future development pipeline, adding value to our existing land holdings.

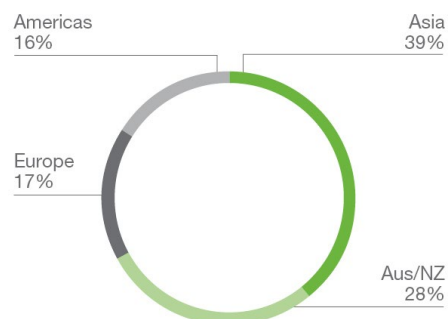
- + Development WIP of \$4.2 billion across 55 projects with a forecast yield on cost of 6.5%
- + Continued capital partnering of development projects with 81% of WIP undertaken within Partnerships

Development WIP



- + Development commencements of \$0.9 billion with 70% pre-committed and 77% developed for Partnerships or third parties
- + Development completions of \$0.8 billion with 85% pre-committed and 87% developed for Partnerships or third parties.

Work in progress as at 30 September 2019



Q1 FY20 Developments	Completions	Commencements	Work in progress
Value (\$b)	0.8	0.9	4.2
Area (m sqm)	0.5	0.5	1.7
Yield (%)	6.6	6.5	6.5
Pre-committed (%)	85	70	60
Weighted Average Lease Term (years)	11.7	15.5	11.6
Development for Third Parties or Partnerships (%)	87	77	81
Australia / New Zealand (%)	12	62	28
Asia (%)	8	25	39
Americas (%)	26	-	16
Europe (%)	54	13	17

Work in progress by region	On balance sheet end value \$m	Partnerships end value \$m	Total end value \$m	Partnerships % of total	Pre committed % of total
Australia / New Zealand	264	887	1,151	77	76
Asia	-	1,646	1,646	100	60
Americas	-	668	668	100	16
Europe	536	186	722	26	78
Total	800	3,387	4,187	81	60

MANAGE

The positive performance of the Partnerships has continued. AUM is increasing through our demand-driven development workbook, strong underlying rental growth, continued high occupancy and tightening cap rates in most markets.

The capital position of the Partnerships remains robust with significant liquidity and low leverage. Overall demand for industrial real estate continues to support sector pricing.

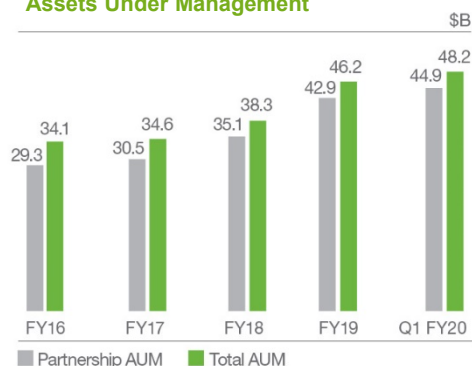
+ AUM in Partnerships increased by \$2 billion to \$44.9 billion driven by:

- Strong revaluation gains
- Development completions and net acquisitions
- Exchange rates

+ Rental growth and cap rate compression is driving valuations

+ Strong performance of Partnerships to support ongoing performance fees

Assets Under Management



Total AUM by geography



	GAIP	GHKLP	GEP	GCLP	GAP	GNAP	GJCP	GMT ²	GUKP
Total assets	\$8.3bn	\$8.1bn	\$6.2bn	\$4.8bn	\$4.2bn	\$4.1bn	\$3.1bn	\$2.6bn	\$0.6bn
GMG co-investment	28.4%	20.1%	20.4%	20.0%	19.9%	55.0%	16.5%	21.4%	33.3%
GMG co-investment	\$1.6bn	\$1.2bn	\$0.7bn	\$0.7bn	\$0.8bn	\$2.2bn	\$0.3bn	\$0.4bn	\$0.2bn
Number of properties	99	11	118	35	34	12	13	10	5
Occupancy ¹	96%	99%	99%	97%	99%	95%	100%	98%	100%
Weighted average lease expiry ¹	4.6 years	3.3 years	4.7 years	3.4 years	4.3 years	8.0 years	2.9 years	5.2 years	9.2 years

\$44.9bn

EXTERNAL ASSETS UNDER MANAGEMENT

81%

DEVELOPMENT IN PARTNERSHIPS OR FOR THIRD PARTIES



363

PROPERTIES IN PARTNERSHIPS



Recent transactions



Market	Mt Wellington, Sth Auckland, New Zealand
Investment type	Acquisition of brownfield development site (with holding income)
Strategy / Status	Strategically located industrial asset in a central Auckland infill location Currently leased to a grocery operator Long-term redevelopment site
Location	Access to population of 830,000 with purchasing power of \$27 billion within a 20 minute drive time
Site area	5.76 ha



Market	Glendale, San Fernando Valley, Los Angeles, USA
Investment type	Infill value-add and development site acquisition
Strategy / Status	One of the largest contiguous industrial land parcels in North LA Refurbish buildings 1-2 and develop adjoining land sites Strong enquiry from multiple customers for last mile / online fulfillment
Location	Prime infill location with direct access to the I-5 freeway, a major freeway that is integral to the supply chain of LA
Site area	37 acres



Market	Smithfield, Inner West market, Sydney, Australia
Investment type	Brownfield re-development of an existing stabilised asset
Strategy / Status	Demolish existing facility and develop a new multi-unit estate Proposed design encompasses a mix of small to medium style warehouses of between 3,000 sqm to 7,000 sqm
Location	Located within the established Smithfield industrial precinct which is approximately 24 kms west of Sydney's CBD
Site area	~80,000 sqm

OUTLOOK

The industry continues to see significant change with our customers re-evaluating supply chains and investing in their facilities for the long term.

Our global footprint will continue to evolve with our customers' needs to concentrate our assets in infill and urban locations. Our assets service major cities and are in close proximity to consumers and retailers alike. This provides opportunities for our customers across multiple global markets with space for our customers to service their customers efficiently.

Our portfolio is benefitting from:

- + the growth in customer demand
- + scarcity of land and available space in most of the markets in which we operate
- + competition from alternate uses

This is creating a positive environment for our business, manifesting in strong rental growth, high occupancy and encouraging us to increase the volume of development. Structural trends should continue to attract capital investment to the sector, and the underlying strength of the asset class in our locations is likely to drive capital values. We believe this will support strong overall returns.

The Group has had a strong start to FY20 and it reaffirms forecast FY20 operating earnings per security of 56.3 cents, up 9% on FY19.

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 investment managers of industrial property and business space globally. Goodman's global property expertise, integrated own+develop+manage customer service offering and significant investment 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.

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