Goodman

asx release+

Goodman announces Q1 operational update and reaffirms earnings guidance for FY2012

Date	10 November 2011
Release	Immediate

Goodman Group (Goodman or Group) has today announced an operational update for the quarter ended 30 September 2011 and reaffirms its earnings guidance for the 2012 financial year.

Key operational highlights:

+ Leased 0.4 million sqm for the quarter across the Group and managed funds, representing $42.9 million of annual rental income
+ Occupancy maintained at 96% across the Group and managed funds, achieving an overall weighted average lease expiry of 5.0 years
+ Development work in progress at $2.0 billion across 47 projects, with a forecast yield on cost of 8.9%
+ $350 million of new development commitments secured, and $226 million of completions
+ 89% of new developments pre-committed and 55% pre-sold[1]
+ External assets under management (AUM) increased to $15.4 billion (2% increase on a constant currency basis from June 2011)
+ Goodman European Logistics Fund (GELF) launched a €400 million underwritten rights issue and an €800 million debt package
+ Continued focus on capital management initiatives at a Group and Fund level, including asset recycling and extending debt facilities
+ Maintained liquidity at $1.1 billion sufficient to repay all outstanding maturities to FY2015

Goodman Group Chief Executive Officer, Mr Greg Goodman said: “We have delivered a solid operating performance in the first quarter of FY2012, with good contributions made by all parts of our business. Leasing activity across the Group and managed funds has remained robust, which is reflected in our high occupancy levels of 96% and retention rates.”

Goodman’s development business continues to experience significant customer demand across a number of industry sectors including third party logistics, retail, e-commerce and automotive, which has driven the growth of the current development work book to more than $2 billion.

[1] Including developments offered to managed funds, the percentage of pre-sold new commitments increases to 88%.

“Our development activities in Europe and China have been particularly strong. We have more than 345,000 sqm of projects currently underway in Greater China, with the strategic procurement of land sites growing our land bank to in excess of 2 million sqm and positioning the Group to capitalise on the shortage of prime logistics space. In Europe, the continued strong customer demand is providing us with a number of quality pre-committed opportunities and we have secured an additional 291,000 sqm of new projects across Europe to date in FY2012. Consequently, we have good visibility into our development earnings not only in FY2012, but continuing into FY2013.” Mr Goodman said.

During the quarter, Goodman continued to focus on maintaining a sound financial position at a Group level and across its managed fund platform. $290 million of assets were recycled, providing capital to redeploy within the business and enhance the quality of the overall portfolio. The initiatives were also undertaken to further strengthen the financial position of Goodman’s managed funds and provide greater flexibility and liquidity to pursue new investment opportunities.

Mr Goodman added: “The recent €1.2 billion capital management initiatives undertaken by GELF demonstrate our focus on a prudent capital management strategy and highlight the quality of our capital partner relationships. Debt capital markets also remain open to the Group as evidenced by Goodman Australia Industrial Fund’s US$300 million US Private Placement.”

Strategy and outlook

Goodman Group is well positioned in the current environment as a leading specialist provider of prime quality industrial property and business space. The Group is focused on leveraging the strong competitive position provided by its proven expertise, extensive international operating platform and support from significant capital partners, and will continue to assess a broad range of initiatives to drive earnings growth and meet the substantial customer and investor demand for our product.

Mr Goodman noted: “The Group has made a strong start to FY2012 and we are committed to the prudent yet active delivery of our business strategy. Our focus on capital management, active asset management and increasing the contribution from our development and management activities are expected to be key earnings drivers over the coming year. Accordingly, we reaffirm our full year operating EPS guidance of 6.0 cents and operating profit after tax of $460 million.”

- ENDS -

For further information, please contact Goodman:
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About Goodman

Goodman Group is an integrated property group with operations throughout Australia, New Zealand, Asia, Europe and the United Kingdom. Goodman Group, comprised of the stapled entities Goodman Limited and Goodman Industrial Trust, 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.

For more information please visit www.goodman.com

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ARSN 091 213 839

Goodman Group

Operational update Q1 – FY2012

10 November 2011

building the future+

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- This announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

Contents

Highlights

+ Reaffirm FY2012 guidance of operating profit after tax of $460 million, equating to a fully diluted EPS of 6.0[1] cents (up 6% on FY2011)

+ Despite a volatile macro environment business performing in-line with earnings outlook:

  – Business and property fundamentals remain sound - maintained high occupancy at 96%

  – Good visibility into development earnings – current development work book in excess of $2 billion

  – Development demand remains active as customers continue to make long-term investment decisions - $350 million of development commitments with an average lease expiry of 7.3 years

  – Online retailing and e-commerce remains a key driver of growth

  – Support from global capital partners continues to see positive equity inflows - €400 million GELF equity raise

+ The Group has maintained its strong balance sheet with liquidity of $1.1 billion and a weighted average debt expiry of 5.5 years as at 30 September 2011:

  – Asset recycling remains a key capital management strategy with $290[2] million of asset sales

1. On a fully diluted basis adjusted for the CIC hybrid securities
2. Includes ABPP's sale of Verizon office headquarters at Reading International Business Park

Highlights

Own	+ High occupancy maintained at 96% across all markets + Retention at 74% and WALE of 5.0 years + ~0.4 million sqm leased for the quarter – representing $42.9 million in annual rental income across the Group and managed funds
Develop	+ WIP at $2.0 billion across 47 projects with a forecast yield on cost of 8.9% + Development commitments of $350 million and $226 million of completions for the quarter + 89% of new projects pre-committed and 55%[1] pre-sold + Employed dedicated resource to pursue residential planning consents in Australia to maximise end value
Manage	+ External assets under management (AUM) increased to $15.4 billion (2% increase on a constant currency basis from June 2011) + Strong support from equity and debt capital partners - GELF €400 million equity raising (underwritten by APG and PGGM) and €800 million debt package + Continued focus on de-risking fund balance sheets – ABPP £140 million asset sale and CMBS extension + Funds well positioned to participate in development opportunities from the Group and broader market
Corporate	+ In addition to GELF, extended and refinanced $727 million of debt facilities in Goodman managed funds + Rebranded Japan operating platform to Goodman Japan + Positioned to deliver FY2012 operating profit after tax of $460 million, equating to a fully diluted operating EPS of 6.0[2] cents (up 6% on FY2011)

1. Including developments offered to managed funds percentage of new commitments pre-sold increases to 88%
2. On a fully diluted basis adjusted for the CIC hybrid securities

Own: Leasing

Across the Group and funds platform:

+ ~0.4 million sqm leased year to date
+ Rental reversion of +1.0% on new leasing deals
+ Like for like NPI growing at ~3% for the 3 months to 30 September 2011
+ Maintained high occupancy at 96% across all markets

Division	Leasing area (sqm)	Net annual rent (A$m)	Average lease term (yrs)	Occupancy at 30 September 2011 (%)
Australia – Direct	38,710	4.9	1.8	96
Australia – GAIF	87,952	10.0	3.1	98
Australia – GTA	77,091	9.9	2.2	98
New Zealand – GMT & HDL	27,368	2.8	6.6	96
Hong Kong – GHKLF	55,718	6.1	3.1	100[1]
UK – ABPP	7,464	2.5	7.0	90[2]
Europe – GELF	87,510	5.3	1.0	99
Other	8,379	1.4	3.0	89
Total	**390,192**	**42.9**	**2.9**	**96**

1. 99.8% occupancy as at 30 September 2011
2. Post sale of Verizon office headquarters at Reading International Business Park

Own: Leasing Asia Pacific

Australia

- Growth in online retailing a key driver of leasing transactions and enquiries
- Customers electing to stay in their current warehouse and office space

New Zealand

- Strong customer demand at Highbrook demonstrates the flexibility of Goodman's complete property offering
- Attracting high quality brands, strong customer covenants and long term leases

Hong Kong

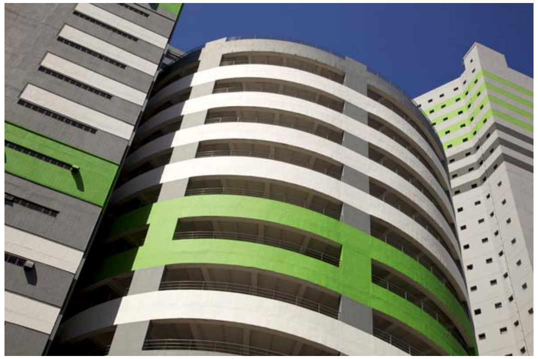
- Hong Kong portfolio close to fully occupied (99.8% occupancy)
- Strong rental growth driven by increasing customer demand and constrained supply

Australia – Smithfield Distribution Centre

Customer	**Ozsale**
Lettable area	17,105 sqm
Lease term	5 years
Contracted owner	GAIF

New Zealand – Highbrook Business Park

Customer	**National Aluminium**
Lettable area	3,467 sqm
Lease term	10 years
Contracted owners	GMT/GMG/Third Party



Hong Kong – Global Gateway

Customer	**Equinix**
Lettable area	1,210 sqm
Lease term	8 years
Contracted owner	GHKLF

Own: Leasing Europe

Western Europe

+ Strong demand from e-retailers and 3PL operators
+ Focused on core Western European markets
+ Goodman is the largest industrial landlord in Germany
+ Working with 3PL customers to align lease terms with their logistics contract terms

United Kingdom

+ WALE on new leases of 7.0 years
+ Despite difficult market conditions leasing activity continues in suburban commercial (including European) markets

Germany – Bedburg II

Customer	Nippon Express
Lettable area	18,172 sqm
Lease term	1 year
Contracted owner	GELF

Netherlands – Helmound

Customer	Kuehne + Nagel
Lettable area	25,093 sqm
Lease term	3 years (annual break options)
Contracted owner	GELF

United Kingdom – Farnborough Discovery Place

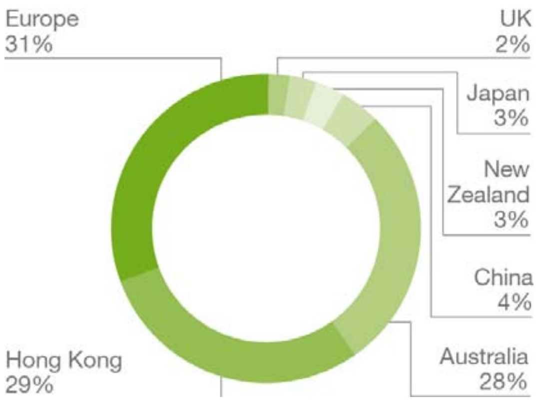
Customer	Autodesk
Lettable area	1,985 sqm
Lease term	10 years
Contracted owner	ABBP

Develop

Q1 FY2012 Developments	Completions	Commitments	Work in progress
Value ($m)	226	350	2,040
Area (mil sqm)	0.1	0.4	1.6
Yield (%)	8.4	8.4	8.9
Pre-committed (%)	96	89	91
Weighted average lease term (years)	10.6	7.3	8.2
Development for Third Parties or Funds (%)	92	55[1]	89[1]
Asia Pacific (%)	44	34	67
UK/Europe (%)	56	66	33

Work in progress by region	On balance sheet end value $m	Third party funds end value $m	Total end value $m	Third party funds % of total
Asia Pacific	58	1,315	1,373	96
Europe	161	506	667	76
Total	**219**	**1,821**	**2,040**	**89**

Work in progress as at 30 September 2011



1. Including developments under offer to managed funds percentage of new commitments pre-sold increases to 88% and work in progress pre-sold to 96%

Develop: Project update Asia Pacific

- Interlink construction progressing ahead of schedule with topping out ceremony held on 2 September
- 87% of Interlink GLA pre-committed and strong demand over balance of space
- Capital efficient land procurement a key priority in China with in excess of 2 million sqm of land under offer - $800 million end value
- 130,000 sqm Osaka Bay development due to commence in first half CY2012 with an expected end value of $300 million. Capital partners undertaking due diligence on development fund with Osaka a seed development

China – Kunshan Jinxi Logistics Centre

Customer	Schenker
Lettable area	46,693 sqm
Lease term	3 years
Owner	GMG

Australia – Moorebank Business Park

Customer	Mayo
Lettable area	12,638 sqm
Lease term	10 years
Owner	GTA

New Zealand – Highbrook Business Park

Customer	Panasonic
Lettable area	7,500 sqm
Lease term	10 years
Owners	GMT/GMG/Third Party

Australia – Chifley Business Park

Customer	Spectrum Brands
Lettable area	6,002 sqm
Lease term	8 years
Owner	GAIF

Note: artist's impressions subject to change

Develop: Project update Europe

- Across Continental Europe 798,000 sqm of projects underway and in excess of 400,000 sqm of active development enquiry across core markets
- Despite uncertain macro environment development demand remains strong
- Market characterised by a lack of competition along with a lack of supply
- German development demand continues to be driven by e-commerce retailers, automotive industry and logistic operators

Germany – Hanover

Customer	Volkswagen
Lettable area	45,810 sqm
Lease term	10 years
Owner	GMG

Germany – Graben and Rheinberg

Customer	International 3PL operator
Lettable area	19,328 sqm
Lease term	10 years
Owners	GELF and GPH

Germany – Erfurt

Customer	Zalando
Lettable area	78,226 sqm
Lease term	7 years
Owner	GMG

Poland – Krapkowice

Customer	Metsä Tissue
Lettable area	26,568 sqm
Lease term	15 years
Owner	GMG

Note: artist's impressions subject to change

Develop: Completions

+ Development completions expected to exceed $1.6 billion for FY2012

Australia - Interchange Business Park

Customer	Goodyear
Lettable area	10,000 sqm
Owner	GTA

United Kingdom - Manchester Central Park

Customer	Greater Manchester Police
Lettable area	9,169 sqm
Owner	Third Party

Australia – Stockyards Industrial Estate

Customer	Coca Cola Amatil
Lettable area	41,500 sqm
Owner	GAIF

New Zealand – Highbrook Business Park

Customer	Plytech
Lettable area	2,400 sqm
Owners	GMT/GMG/Third Party

Australia - Oakdale Industrial Estate

Customer	DHL
Lettable area	10,390 sqm
Owner	GAIF/Third Party

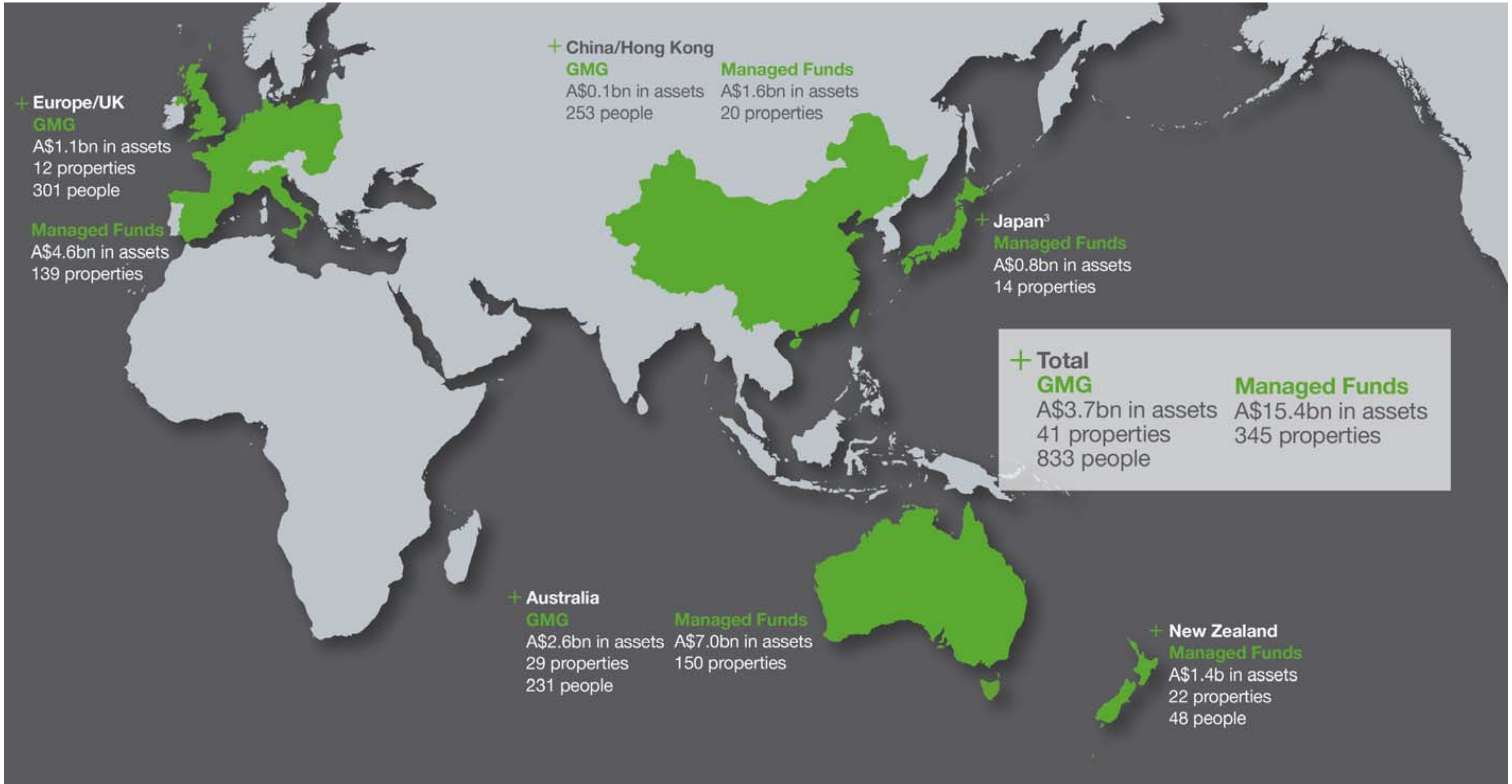
Germany - Werne

Customer	Next pharma
Lettable area	16,831 sqm
Owner	GELF

Note: artist's impressions subject to change

Manage: Increasing size and scale

+ Development book providing organic growth of AUM



1. As at 30 September 2011 (Australian currency)
2. Properties includes only stabilised investment properties
3. Goodman Japan is a 50/50 strategic alliance between Goodman and Macquarie, owning 72% of Goodman Japan. As at 30 September 2011, Goodman Japan has A$1.0 billion of total assets under management

Manage: Fund summary

+ Six largest managed funds comprise 89% of the Group's assets under management
+ Third party equity commitments targeted to exceed $1 billion for the financial year

	Goodman's six largest Fund cornerstones					
	GAIF	GTA	GELF	ABPP[1]	GHKLF	GMT
Total assets	$4.6bn	$2.7bn	$2.1bn	$1.8n	$1.6bn	$1.3bn
GMG co-investment	43.3%	19.9%	29.5%	35.7%	20.0%	16.7%
GMG co-investment	$1.1bn	$0.3bn	$0.3bn	$0.3bn	$0.2bn	$0.1bn
Number of properties	132[2]	61	86	26	14	22
Occupancy	98%	97%	99%	90%	100%[2]	96%
Weighted average lease expiry	6.5 yrs	4.2 yrs	4.7 yrs	6.9 yrs	2.3 yrs	5.4 yrs

1. Post sale of Verizon office headquarters at Reading International Business Park
2. 99.8% occupancy as at 30 September 2011

Goodman European Logistics Fund

Highlights

+ Launched a €400 million equity raise, underwritten to €345 million with the following parties:
  – APG (€150 million) and PGGM (€50 million); and
  – Goodman (€145 million)
+ Agreed €800 million refinance with 4 banks – subject to final documentation
+ Leased approximately 88,000 sqm of space during first quarter (excluding developments) with WALE of 1.3 years to next break
+ Ongoing fixed price developments of approx 258,500 sqm
+ Ongoing at risk developments of approx 28,500 sqm

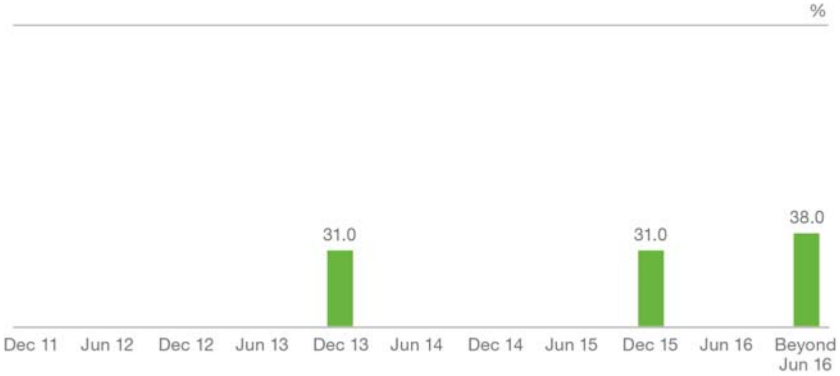
Saran Logistics Centre
Saran, France

Note: artist's impressions subject to change

Key metrics[1]

Total assets	A$2.1 billion
Interest bearing liabilities	A$0.8 billion
Gearing[2]	39.3%
Customers	71
Number of properties	86
Occupancy	99%
Weighted average lease expiry[3]	4.7 years
Weighted average cap rate	7.6%
GMG co-investment	29.5%
GMG co-investment	A$0.3 billion

Debt maturity profile[4]

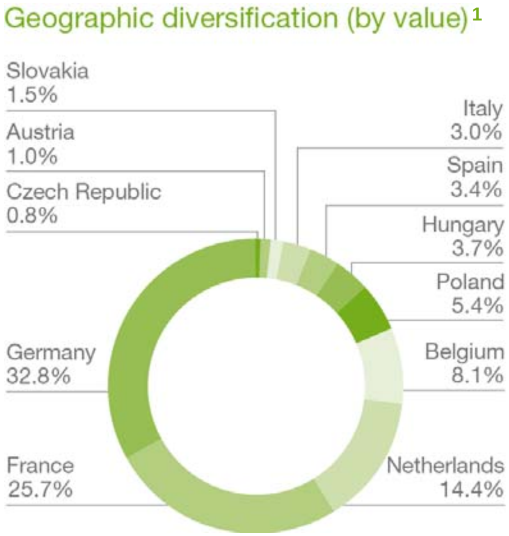


1. As at 30 September 11
2. Calculated as net debt/total assets less cash
3. To first break
4. Proforma based on agreed credit approved terms

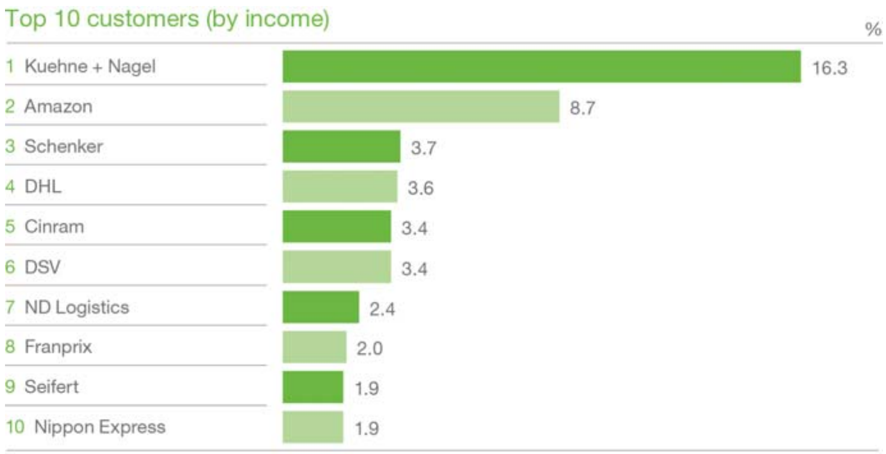
Goodman European Logistics Fund

Fund overview

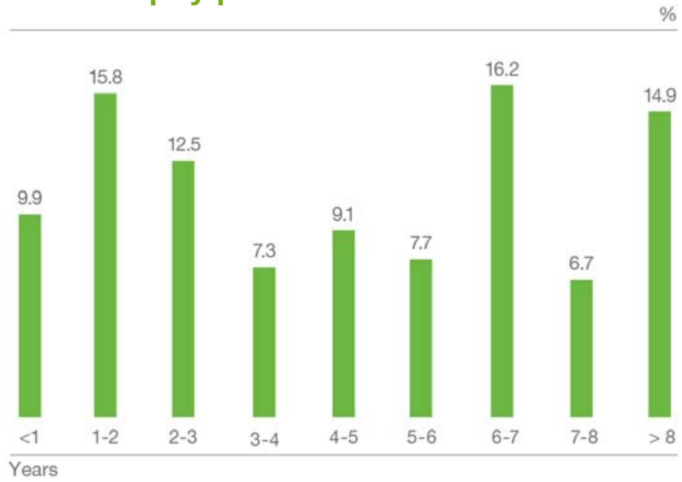
+ Goodman European Logistics Fund (GELF) is an unlisted fund that invests in high-quality warehouse and logistics properties throughout Continental Europe
+ Portfolio comprises 86 properties valued at €1.5 billion
+ Significant weighting to core western European countries (>85%)
+ First right of refusal over Goodman developments and sales
+ Investment Committee currently comprised of seven members; two appointed by Goodman, five appointed by unitholders



Top 10 customers make up 47% of portfolio income[1]



Lease expiry profile[1]



1. As at 30 September 2011

Outlook and summary

Strategy	+ Strategy of being a leading industrial property and business partner is unchanged + Leverage off our operating capabilities, not the Group's balance sheet + Deliver on opportunities to the benefit of our capital partners, customers and Securityholders
Outlook	+ Opportunities for asset recycling with capital to be employed for higher and better use projects + Anticipate new capital and development inflows to further grow AUM + Scale in markets remains a key objective – opportunistic approach to new markets and large scale transactions + Given dominance of the Group, a number of opportunities are being presented to Goodman + In excess of $590 million of approved developments, excluded from WIP, subject to planning approval or other conditions + Increasing market share given sound financial position, particularly in offshore markets
Capital management	+ Group and managed funds continue to diversify funding sources and extend its debt maturity profile + Debt capital markets remain open to the Group as evidenced by GAIF's US$300 million US Private Placement + Group has sufficient liquidity to repay all outstanding maturities to FY2015
Summary	+ Proven capability, global operating platform, extensive relationships with investment partners and customers, provides leading market position and strong platform for growth + Benefitting from global equity partners investing with specialised property operating businesses + On target to deliver full year earnings guidance of 6.0[1] cents per security and operating profit after tax of $460 million

1. On a fully diluted basis adjusted for the CIC hybrid securities

thank+you