



Announcement to Singapore Exchange

11 February 2016

**GBP250,000,000 9.75 PER CENT NOTES DUE JULY 2018 (THE “NOTES”) ISSUED  
PURSUANT TO THE USD 5 BILLION EURO MEDIUM TERM NOTE PROGRAMME (THE  
‘PROGRAMME’)**

**ANNOUNCEMENT OF GOODMAN GROUP RESULTS FOR THE HALF YEAR ENDED 31  
DECEMBER 2015 – PART 2**

We attach the Goodman Group Results Investor Presentation.

Yours sincerely,

For Goodman Australia Finance Pty Limited

Carl Bicego  
Company Secretary

# RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

11 February 2016



## HIGHLIGHTS

\$357m operating profit  
20.1¢ operating eps  
11.9¢ distribution per security

slide — 04

## RESULTS OVERVIEW

Foundation laid for  
strong FY2016 full  
year result.

slide — 07

## OPERATIONAL PERFORMANCE

Property fundamentals remain  
robust reflecting quality of the portfolio  
and customers.

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## OUTLOOK

40.0¢ forecast operating eps  
24.0¢ forecast distribution  
per security.

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# Important notice and disclaimer



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- + This Presentation uses operating profit and operating EPS to present a clear view of the underlying profit from operations. Operating profit comprises profit attributable to Securityholders, adjusted for property valuations resulting from fair value adjustments (refer Note 5 of the Financial Statements), derivative and foreign currency mark to market and other non-cash or non-recurring items. It is used consistently and without bias year on year for comparability. A reconciliation to statutory profit is provided in summary on page 9 of this Presentation and in detail on page 4 of the Directors' Report as announced on ASX and available from the Investor Centre at [www.goodman.com](http://www.goodman.com)
- + The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable in the circumstances
- + This document 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. Neither the Group, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking-statements in this document will actually occur.
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  - Development
  - Management
  - Capital management

# SECTION 1 – HIGHLIGHTS

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# Highlights



## + **Focused strategy driving consistent and sustainable growth**

- Operating profit<sup>1</sup> of \$357 million, up 9% on 1H FY15
- Operating EPS<sup>1</sup> of 20.1 cents<sup>2</sup>, up 7.5% on 1H FY15
- Distribution per security of 11.9 cents, up 7% on 1H FY15
- Statutory accounting profit of \$919 million contributing to 13% growth in net tangible assets to \$3.90 per security

## + **Foundation laid for strong FY2016 full year result**

- Outperformance to continue into the second half
- Development businesses a key driver of outperformance
- Active nature of managed Partnerships resulting in increased transactional revenues
- Global weighted average cap rate for investment property valuations of 6.6%
- International business spanning 15 countries outside Australia contributing 63% of operating EBIT

## + **Capital management ensuring long term sustainability of earnings and financial flexibility**

- Strength of balance sheet reflected in the 15.9%<sup>3</sup> gearing, \$1.9 billion of liquidity to meet all near term obligations
- Urban renewal realisations emerging, \$1.9 billion of sites conditionally contracted at 31 December 2015
- Asset rotation continuing at same pace as 2015 with \$1.3 billion disposed in the half (excluding urban renewal sites)
- Group's resources and capital plan are calibrated to continue to target 6% growth medium to longer term

## + **Forecasting to deliver FY2016 operating EPS of 40.0<sup>4</sup> cents (up 7.5% on FY2015) on back of first half performance and sustained momentum into the second half**

- Increased forecast full year distribution to 24.0 cents per security (up 8% on FY2015)

1. Operating profit and operating EPS comprises profit attributable to security holders adjusted for property valuations, derivative and foreign currency mark to market and other non-cash or non-recurring items  
2. Calculated based on weighted average diluted securities of 1,775.6 million which includes 11.0 million LTIP securities which have achieved the required performance hurdles and will vest in September 2016 and September 2017  
3. Calculated as total interest bearing liabilities over total assets, both net of cash and fair values of cross currency swaps used to hedge foreign liabilities denominated in currencies other than those to which the proceeds are applied equating to \$217.8 million – refer to Note 9 of the Financial Statements  
4. Calculated based on estimated weighted diluted average securities of 1,781 million which includes LTIP securities which have achieved the required performance hurdles

# Highlights



|           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Own       | <ul style="list-style-type: none"> <li>+ Asset sales of \$1.3 billion across the Group and managed Partnerships have reduced new capital needs</li> <li>+ High occupancy maintained at 96% with a retention rate of 74% and WALE of 4.7 years</li> <li>+ Like for like rental growth at 1.7% and positive lease reversions of 5.2% on new leasing deals</li> <li>+ Leased 1.5 million sqm across the global platform equating to \$156 million of annual rental property income across the Group and Partnerships</li> </ul>                                                                                                                                                                                                                                                                                               |
| Develop   | <ul style="list-style-type: none"> <li>+ Development led strategy providing the best risk adjusted returns</li> <li>+ WIP at \$3.4 billion across 72 projects in 11 countries with a forecast yield on cost of 8.3%</li> <li>+ Development commencements of \$1.4 billion with 71% pre-committed and 65% pre-sold to Partnerships or third parties</li> <li>+ Development completions of \$1.2 billion with 85% pre-committed and 87% pre-sold to Partnerships or third parties</li> <li>+ Disciplined risk management practices with Board oversight applied to development activities, low gearing, capital rotation, capital partnering and constant monitoring of supply and demand</li> </ul>                                                                                                                         |
| Manage    | <ul style="list-style-type: none"> <li>+ Total assets under management of \$33.4 billion, external assets under management increased to \$28.1 billion</li> <li>+ Raised \$2.2 billion of new third party equity primarily for Goodman UK Partnership and Goodman China Logistics Partnership</li> <li>+ Continued focus on asset rotation: disposed \$1.3 billion (excluding urban renewal) of property assets across the Group and managed Partnerships to third parties</li> <li>+ Strength in asset pricing driving \$1.5 billion in valuation uplift across managed Partnerships resulting in global WACR of 6.6%</li> <li>+ \$10.4 billion<sup>1</sup> in undrawn debt, equity and cash providing opportunities for partnerships to participate in growth opportunities from the Group and broader market</li> </ul> |
| Corporate | <ul style="list-style-type: none"> <li>+ Grew operating profit by 9% and reduced gearing to 15.9%<sup>2</sup> (27.8% look through)</li> <li>+ ICR 5.3 times (4.3 times look through)</li> <li>+ Procured debt facilities of \$2.2 billion (predominately re-financing) with an average term of 4.1 years across Group and managed Partnerships securing current market rates</li> <li>+ Distribution reinvestment remained active over the period raising \$45.4 million at an issue price of \$6.31</li> </ul>                                                                                                                                                                                                                                                                                                            |

1. Partnership investments are subject to Investment Committee approval

2. Calculated as total interest bearing liabilities over total assets, both net of cash and fair values of cross currency swaps used to hedge foreign liabilities denominated in currencies other than those to which the proceeds are applied equating to \$217.8 million – refer to Note 9 of the Financial Statements

## SECTION 2 – RESULTS OVERVIEW

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# Results overview



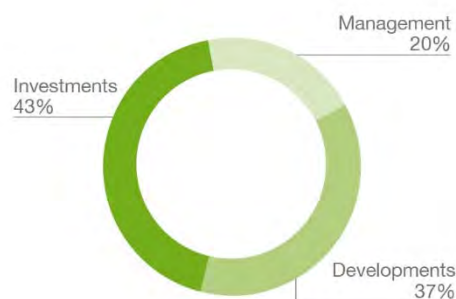
- + Outperformance to continue into the second half
  - Driven by global development and management contributions
  - Benefiting from global platform with offshore earnings contributing 63% of operating EBIT
- + Investment EBIT contributing 43% of earnings, 57% development and management
  - 49% Investment and 51% Development and Management on a look through basis
- + Foreign currency translation of EBIT +9% offset by hedging costs in net borrowing costs
  - Lesser impact on balance sheet translation since June 2015
- + Statutory accounting profit of \$919 million
  - Includes property valuations, derivative and foreign currency mark to market and other non-cash or non-recurring items
- + Net tangible assets increased 13% to \$3.90 per security driven primarily by unrealised property valuation gains

|                                    | 1H FY16 |
|------------------------------------|---------|
| Operating profit (\$m)             | 356.6   |
| Statutory accounting profit (\$m)  | 919.3   |
| Operating EPS (cents) <sup>1</sup> | 20.1    |
| Distribution per security (cents)  | 11.9    |

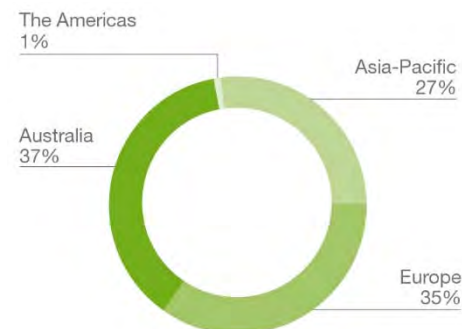
|                                          | As at<br>31 Dec 2015 |
|------------------------------------------|----------------------|
| NTA (\$)                                 | 3.90                 |
| Gearing (balance sheet) <sup>2</sup> (%) | 15.9                 |
| Available liquidity (\$b)                | 1.9                  |
| WACR (look through) (%)                  | 6.6                  |

1. Operating profit and operating EPS comprises profit attributable to security holders adjusted for property valuations, derivative and foreign currency mark to market and other non-cash or non-recurring items and calculated based on weighted average securities of 1,775.6 million which includes 11.0 million LTIP securities which have achieved the required performance hurdles and will vest in September 2016 and September 2017
2. Calculated as total interest bearing liabilities over total assets, both net of cash and fair values of cross currency swaps used to hedge foreign liabilities denominated in currencies other than those to which the proceeds are applied equating to \$217.8 million – refer to Note 9 of the Financial Statements

## Operating EBIT



## Operating EBIT by geographic segment



# Profit and loss



- + Half year statutory profit of \$919 million, includes property valuations derivative mark-to-markets and other non-cash or non-recurring items
  - Cap rate compression and revaluations from higher and better use sites contributing \$623 million in property revaluations
- + Half year operating profit of \$357 million
  - Investment income stable and in line with balance sheet initiatives with cornerstone investment ROA of 6.7%
  - Asset performance and transactional activity levels growing management earnings
  - Development volumes and margins continue to increase, driving increased EBIT and average ROA of +14%
  - Overheads in line with 2H FY15 and up on 1H FY15 primarily due to currency
  - Net borrowing costs up:
    - Lower portion of interest capitalised given increased amount of developments in Partnerships
    - Lower AUD resulting in higher borrowing costs which offsets EBIT translation
  - Tax expense increasing as a result of contributions from higher taxing jurisdictions and utilisation of tax losses
- + Operating EPS of 20.1 cents per security, up 7.5% on 1H FY15
- + DPS of 11.9 cents per security, up 7% on 1H FY15

## Income statement

|                                                       | 1H FY15<br>\$M | 1H FY16<br>\$M |
|-------------------------------------------------------|----------------|----------------|
| Investment (look through) <sup>1</sup>                | 248.8          | 260.9          |
| Management                                            | 59.7           | 99.3           |
| Development                                           | 127.3          | 177.2          |
| Unallocated operating expenses                        | (25.5)         | (24.6)         |
| <b>Operating EBITDA (look through)<sup>1</sup></b>    | <b>410.3</b>   | <b>512.8</b>   |
| <b>Operating EBIT (look through)<sup>1</sup></b>      | <b>407.1</b>   | <b>507.3</b>   |
| Look through interest and tax adjustment <sup>1</sup> | (53.4)         | (55.0)         |
| <b>Operating EBIT</b>                                 | <b>353.7</b>   | <b>452.3</b>   |
| Net borrowing costs                                   | (6.5)          | (47.8)         |
| Tax expense                                           | (9.2)          | (37.9)         |
| <b>Operating profit (pre minorities)</b>              | <b>338.0</b>   | <b>366.6</b>   |
| Minorities <sup>2</sup>                               | (10.9)         | (10.0)         |
| <b>Operating profit (post minorities)</b>             | <b>327.1</b>   | <b>356.6</b>   |
| Weighted average securities (million) <sup>3</sup>    | 1,749.2        | 1,775.6        |
| Operating EPS (cps)                                   | 18.7           | 20.1           |
| <b>Non operating items<sup>4</sup></b>                |                |                |
| Property valuations                                   | 286.0          | 622.6          |
| Derivative and foreign currency mark to market        | (76.4)         | (33.3)         |
| Other non-cash or non-recurring items                 | (24.0)         | (26.6)         |
| <b>Statutory profit</b>                               | <b>512.7</b>   | <b>919.3</b>   |

1. Reflects adjustment to GMG proportionate share of managed Partnerships interest and tax
2. Includes Goodman PLUS Trust hybrid securities
3. Includes 11.0 million LTIP securities which have achieved the required performance hurdles and will vest in September 2016 and September 2017
4. Refer Appendix 1 slide 23

# Balance sheet



- + Strong balance sheet maintained
  - Financial leverage reduced given earnings composition
  - Continued 60% payout ratio of operating EPS
  - Self funding business over the long term
- + Stabilised investment properties and cornerstones increasing from cap rate compression and revaluation of higher and better use sites
  - Key driver of 13% increase in NTA to \$3.90 per security
- + Development holdings reducing as developments transition into Partnerships
  - Driving stronger operating cash flows
- + Closing AUD rates on average 2.9% below 30 June 2015
  - Statutory unrealised foreign exchange and derivative loss of \$33.3 million offset by movement in balance sheet and foreign currency translation reserve gain of \$61.0 million
- + \$1.9 billion of liquidity fully covering maturities to December 2019
  - Gearing of 15.9%<sup>4</sup> (27.8%<sup>5</sup> look through)
  - Capacity to fund development activities

## Balance sheet

|                                       | 30 June 2015<br>\$m | 31 Dec 2015<br>\$m |
|---------------------------------------|---------------------|--------------------|
| Stabilised investment properties      | 2,710               | 3,031              |
| Partnership cornerstones <sup>1</sup> | 3,964               | 4,518              |
| Development holdings <sup>2</sup>     | 2,456               | 2,370              |
| Intangibles                           | 976                 | 996                |
| Cash                                  | 747                 | 845                |
| Other assets                          | 410                 | 502                |
| <b>Total assets</b>                   | <b>11,263</b>       | <b>12,262</b>      |
| Interest bearing liabilities          | (2,708)             | (2,849)            |
| Other liabilities                     | (1,178)             | (1,197)            |
| <b>Total liabilities</b>              | <b>(3,886)</b>      | <b>(4,046)</b>     |
| Minorities                            | (326)               | (326)              |
| <b>Net assets (post minorities)</b>   | <b>7,051</b>        | <b>7,890</b>       |
| <b>Net asset value (\$)³</b>          | <b>4.02</b>         | <b>4.46</b>        |
| <b>Net tangible assets (\$)³</b>      | <b>3.46</b>         | <b>3.90</b>        |
| Balance sheet gearing (%)⁴            | 17.3                | 15.9               |

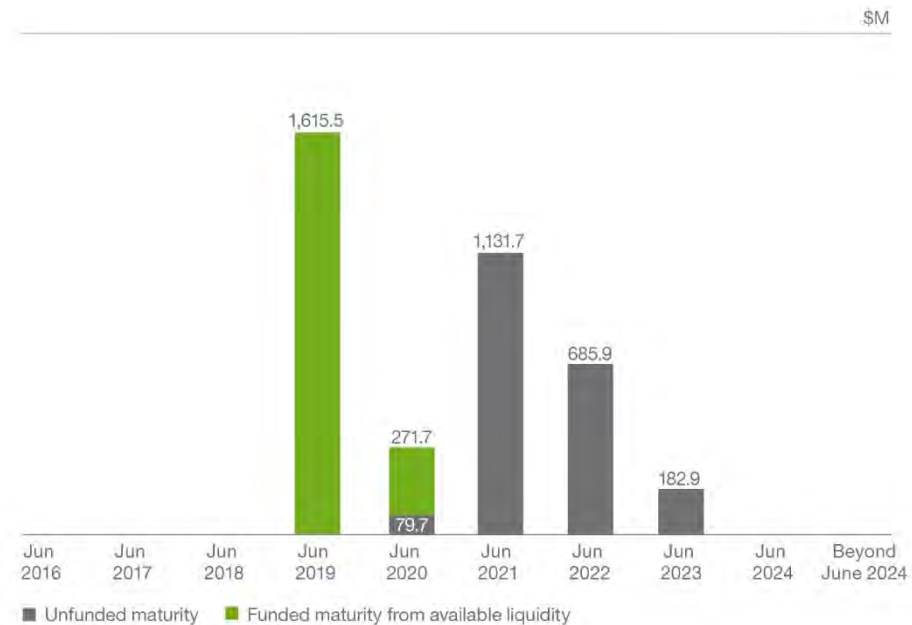
1. Includes Goodman's investments in its managed Partnerships and other investments
2. Includes inventories, investment properties under development and investments in managed Partnerships which have a principle focus on development
3. Based on 1,770.1 million securities on issue
4. Gearing calculated as total interest bearing liabilities over total assets, both net of cash and fair values of cross currency swaps used to hedge foreign liabilities denominated in currencies other than those to which the proceeds are applied equating to \$217.8 million - refer to Note 9 of the Financial Statements
5. Based on \$3.7 billion of Group and proportionate share of managed Partnerships net debt on total assets including managed Partnerships proportionate share of total assets of \$13.4 billion

# Group liquidity position



- + Capital structure and hedge strategies have enabled the Group to withstand foreign currency volatility
- + Goodman Group has cash and available lines of credit of \$1,887 million as at 31 December 2015
  - \$845 million cash
  - \$1,042 million available credit lines
- + Average debt maturity profile of 4.3 years
- + Strong operating cash flow achieved for 1H FY15 of \$445 million ahead of operating profit and in line with reducing development inventories
- + Asset rotation program resulting in lower net investment into Partnerships
- + ICR at 5.3 times (4.3 times look through)
- + Debt markets remain open to the Group and managed Partnerships
  - \$256 million through debt capital markets with an average debt expiry of 10.4 years
  - \$1,902 million of bank facilities (predominantly refinancing)
- + Stable and sustainable ratings across the Group
  - BBB Stable / Baa2 Stable outlook for GMG
- + Preserve liquidity and balance sheet capacity given current development volume and future obligations
  - Providing the Group with considerable financial flexibility for future periods

## Goodman Group debt maturity profile<sup>1</sup>



1. Includes total available credit facilities

## SECTION 3 – OPERATIONAL PERFORMANCE

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Goodman



# Investment



- + Property fundamentals remain robust reflecting quality of the portfolio and customers:
  - Maintained occupancy at 96%
  - Retention remains high at 74% and a WALE of 4.7 years
  - Like for like rental growth of 1.7%
- + Capital allocation to direct and cornerstone investments impacted by asset sales
  - Result includes full period effect of FY2015 asset sales of \$1.9 billion, \$3 billion over the last two years
  - \$1.1 billion of asset sales across managed Partnerships
  - Temporarily lowering income growth but providing funding for development activities driving higher total returns
  - Improving quality of the portfolio and quality of the income being generated
- + Overall income return on cornerstone investments at 6.7% in line with increasing asset values
  - Direct investments yield lower given the adoption of higher and better use valuations
- + Conditionally contracted \$1.9 billion of urban renewal sites
  - \$1.6 billion Group and \$0.3 billion Partnerships
  - Future pipeline of an additional 35,000 apartments still to be realised
- + Goodman's share of property valuation gains \$623 million
  - Urban renewal sites contributing one third of gains

| Investment (\$m)           | 1H FY15      | 1H FY16      |
|----------------------------|--------------|--------------|
| Direct                     | 74.7         | 69.6         |
| Cornerstones               | 174.1        | 191.3        |
| <b>Look through EBITDA</b> | <b>248.8</b> | <b>260.9</b> |

| Key metrics <sup>1</sup> | 1H FY15 | 1H FY16 |
|--------------------------|---------|---------|
| WACR (%)                 | 7.3     | 6.6     |
| WALE (yrs)               | 4.8     | 4.7     |
| Customer retention (%)   | 75      | 74      |
| Occupancy (%)            | 96      | 96      |

1. Key metrics shown in the above table relate to Goodman and managed Partnership properties

# Development



- + Development WIP at \$3.4 billion
  - Europe and North America are the key contributors to increased revenue
- + Development revenue from WIP increasing to 13%
  - Driven by strong margins from falling cap rates
  - Performance fees from developments completed in Partnerships
- + Average FX movements resulting in 13% uplift in EBIT
- + Overall development risk being mitigated through
  - Speculative developments being undertaken in supply constrained markets which are proven logistics locations
  - Speculative projects have higher embedded margins
  - Capital partnering approach in the North America, Japan, UK and China
  - 85% pre-committed and 87% pre-sold on completion
  - Board oversight on overall development volume and exposure
- + Continuing trend of Partnerships adopting a develop to hold strategy
  - Resulting in higher return on equity for the Group

| Development (\$M) | 1H FY15      | 1H FY16      |
|-------------------|--------------|--------------|
| Revenue           | 157.8        | 218.0        |
| <b>EBITDA</b>     | <b>127.3</b> | <b>177.2</b> |

| Key metrics                                       | 1H FY15 | 1H FY16 |
|---------------------------------------------------|---------|---------|
| Work in progress (\$bn)                           | 2.9     | 3.4     |
| Work in progress (million sqm)                    | 2.4     | 2.4     |
| Number of developments                            | 69      | 72      |
| Development for third parties or Partnerships (%) | 76      | 72      |
| Pre-commitment (%)                                | 61      | 70      |
| Yield (%)                                         | 8.7     | 8.3     |

| Work in progress (end value)   | \$B        |
|--------------------------------|------------|
| <b>Opening (June 2015)</b>     | <b>3.1</b> |
| Completions                    | (1.2)      |
| Commitments                    | 1.4        |
| FX                             | 0.1        |
| <b>Closing (December 2015)</b> | <b>3.4</b> |

# Management



- + Strong management returns driven by:
  - Increasing asset values growing management earnings
  - Transactional activity levels a recurring theme and includes performance fees
- + Average FX movements resulting in 11% uplift in EBIT
- + External assets under management (AUM) of \$28.1 billion up 11.5% since 30 June 2015
- + Raised \$2.2 billion in new third party equity for the UK and China
- + Lower leverage across the Partnerships and more activity is taking place in terms of development and asset rotation
- + Opportunity for the Group and Partnerships to participate in growth opportunities
  - \$2.6 billion in undrawn debt facilities and cash
  - \$7.8<sup>1</sup> billion in undrawn equity

| Management (\$M)               | 1H FY15     | 1H FY16     |
|--------------------------------|-------------|-------------|
| Management income <sup>2</sup> | 105.0       | 147.2       |
| <b>EBITDA</b>                  | <b>59.7</b> | <b>99.3</b> |

| Key metrics                      | 1H FY15 | 1H FY16 |
|----------------------------------|---------|---------|
| Number of managed vehicles       | 15      | 16      |
| External AUM (end of period \$B) | 24.6    | 28.1    |

## Third party equity raised within Partnerships



1. Partnership investments are subject to Investment Committee approval  
 2. Includes gross up of property outgoings of \$8.1 million (1H FY15: \$8.7 million)

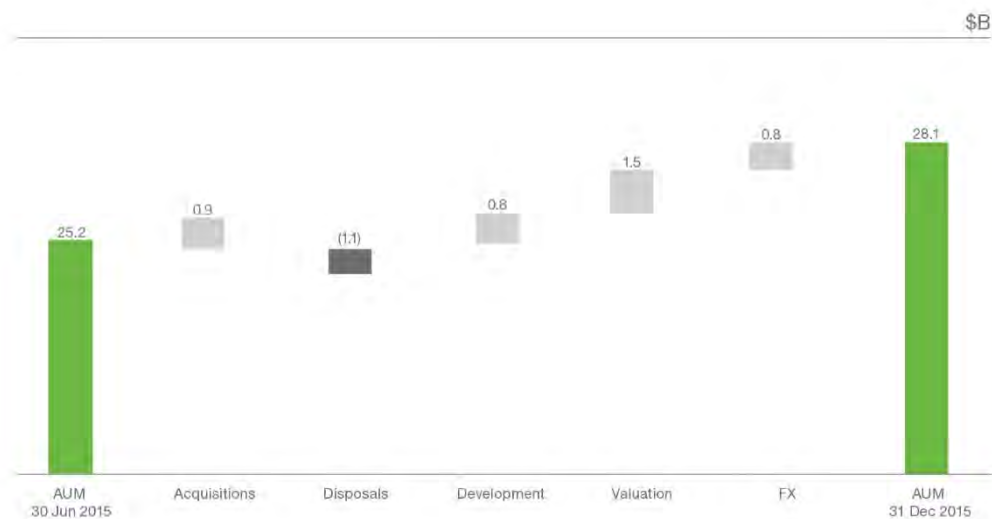
# Management – AUM



## + Major achievements during the half year include:

- Commitment of a further US\$1.25 billion and acquisition of nine projects by GCLP
- GCLP develop to hold strategy in line with capital partner's objectives as the Partnership matures and gains critical scale
- Launch of £1 billion Goodman UK Partnership adopting a develop to hold strategy, seeded with two logistics projects with an end value of £50 million
- GAP rated BBB / Stable by Standard & Poor's
- A\$258 million USPP issued by GAP with 10, 12 and 15 year maturities
- Extended GADP with CPPIB for a further 5 years, core long term hold strategy

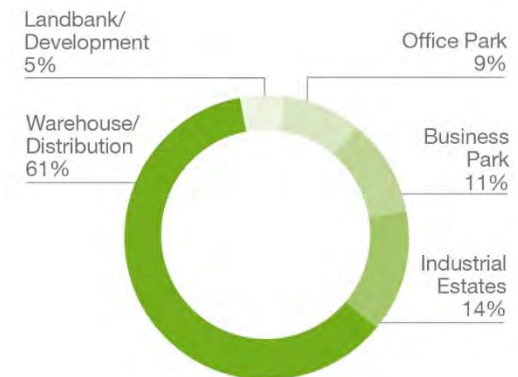
## Third party AUM



## Third party AUM by region



## Third party AUM by type



# Management platform



|                                                  | GAIP                                                                              | GHKLP                                                                             | GEP                                                                                | GAP                                                                                 | GCLP                                                                                | GMT <sup>1</sup>                                                                    | GJCP <sup>2</sup>                                                                   | ABPP                                                                                |
|--------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|                                                  |  |  |  |  |  |  |  |  |
| <b>Total assets</b>                              | \$6.6bn                                                                           | \$4.6bn                                                                           | \$3.9bn                                                                            | \$3.7bn                                                                             | \$2.6bn                                                                             | \$2.1bn                                                                             | \$1.6bn                                                                             | \$1.2bn                                                                             |
| <b>GMG co-investment</b>                         | 27.5%                                                                             | 20.0%                                                                             | 20.4%                                                                              | 19.9%                                                                               | 20.0%                                                                               | 20.6% <sup>3</sup>                                                                  | 20.0% <sup>3</sup>                                                                  | 43.1%                                                                               |
| <b>GMG co-investment</b>                         | \$1.2bn                                                                           | \$0.7bn                                                                           | \$0.4bn                                                                            | \$0.5bn                                                                             | \$0.4bn                                                                             | \$0.3bn <sup>3</sup>                                                                | \$0.2bn <sup>3</sup>                                                                | \$0.3bn                                                                             |
| <b>Number of properties</b>                      | 116                                                                               | 13                                                                                | 108                                                                                | 58                                                                                  | 28                                                                                  | 16                                                                                  | 13                                                                                  | 7                                                                                   |
| <b>Occupancy</b>                                 | 96%                                                                               | 99%                                                                               | 98%                                                                                | 96%                                                                                 | 95%                                                                                 | 96%                                                                                 | 100%                                                                                | 93%                                                                                 |
| <b>Weighted average lease expiry<sup>4</sup></b> | 5.0 years                                                                         | 2.3 years                                                                         | 4.8 years                                                                          | 4.3 years                                                                           | 3.7 years                                                                           | 5.2 years                                                                           | 4.3 years                                                                           | 6.4 years                                                                           |
| <b>WACR</b>                                      | 6.9%                                                                              | 5.6%                                                                              | 6.6%                                                                               | 6.9%                                                                                | 8.1%                                                                                | 7.5%                                                                                | 5.0%                                                                                | 6.6%                                                                                |
| <b>Gearing<sup>5</sup></b>                       | 34.5%                                                                             | 13.2%                                                                             | 36.9%                                                                              | 23.9%                                                                               | 6.9%                                                                                | 36.1% <sup>6</sup>                                                                  | 41.8%                                                                               | 30.9%                                                                               |
| <b>Weighted average debt expiry</b>              | 4.6 years                                                                         | 6.0 years                                                                         | 3.9 years                                                                          | 4.8 years                                                                           | 1.7 years                                                                           | 5.2 years                                                                           | 5.2 years                                                                           | 1.5 years                                                                           |

1. As at 30 September 2015 (as disclosed to the New Zealand stock exchange on 11 November 2015)
2. As at 30 November 2015
3. As at 31 December 2015
4. WALE of leased portfolio to next break
5. Gearing calculated as total interest bearing liabilities over total assets, both net of cash
6. On a proportionately consolidated basis including the trusts interest in the Viaduct Joint Venture

# SECTION 4 – OUTLOOK AND SUMMARY

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Goodman Mizue, Japan

# Strategy and outlook



## Strategy

- + Australian listed, leading global industrial property operator and investment manager
- + Global platform in gateway cities generating long term returns
- + Capital partnering approach focused on long term returns, performance and return on equity
- + Customer service focus and delivering quality asset management capabilities are key to business model
- + Rotating assets to fund development opportunities which in turn is improving property portfolio quality and performance
- + Development capabilities a key differentiator providing access to the best quality assets and returns at this point in the cycle
- + Structural change continuing to drive development demand along with the need for customers to realise operating efficiencies

## Capital management

- + Low gearing and longer tenor for Group and Partnerships providing appropriate risk adjusted returns and growth outlook
- + Controlled and managed approach to development work book. Developments undertaken in proven locations, adopting a capital partner approach with appropriate embedded margins
- + Gearing trending down providing financial flexibility and funding of long term growth opportunities
- + Capital structure and hedging strategies minimising foreign currency volatility

## Outlook

- + Increasing development earnings on the back of a growing work book
- + Asset rotation to be a consistent theme given continued demand for real estate assets, providing long term funding of growth
- + Partnership total returns to remain strong for our capital partners and Securityholders
- + Urban renewal to incrementally drive long term value and long term funding for the Group
- + Positioned to deliver FY2016 forecast operating EPS of 40.0 cents (up 7.5% on FY2015) and a forecast full year distribution of 24.0 cents per security (up 8% on FY2015)