13 August 2020

# FY20 RESULTS

## GOODMAN DELIVERS STRONG FY20 RESULT WITH OPERATING PROFIT UP 12.5% TO $1.06 BILLION

Goodman Changzhou Logistics Centre, China

# Important Notice and Disclaimer

- This document has been prepared by Goodman Group (Goodman Limited (ABN 69 000 123 071), Goodman Funds Management Limited (ABN 48067 796 641; AFSL Number 223621) as the Responsible Entity for Goodman Industrial Trust (ARSN 091 213 839) and Goodman Logistics (HK) Limited (Company Number 1700359; ARBN 155911142 –A Hong Kong company with limited liability)). This document is a presentation of general background information about the Group's activities current at the date of the presentation. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with the Goodman Group Financial Report for the year ended 30 June 2020 and Goodman Group's other announcements released to ASX (available at www.asx.com.au). It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with professional advice, when deciding if an investment is appropriate.

- This Presentation uses operating profit and operating earnings per security (EPS) to present a clear view of the underlying profit from operations. Operating profit comprises profit attributable to Securityholders adjusted for profit on disposal of investment properties, net property valuations gains, non-property impairment losses, net gains/losses from the fair value movements on derivative financial instruments and unrealised fair value and foreign exchange movements on interest bearing liabilities and other non-cash adjustments or non-recurring items e.g. the share based payments expense associated with Goodman's Long Term Incentive Plan (LTIP). A reconciliation to statutory profit is provided in summary on page 10 of this Presentation and in detail on page 9 of the Directors' Report as announced on ASX and available from the Investor Centre at www.goodman.com.

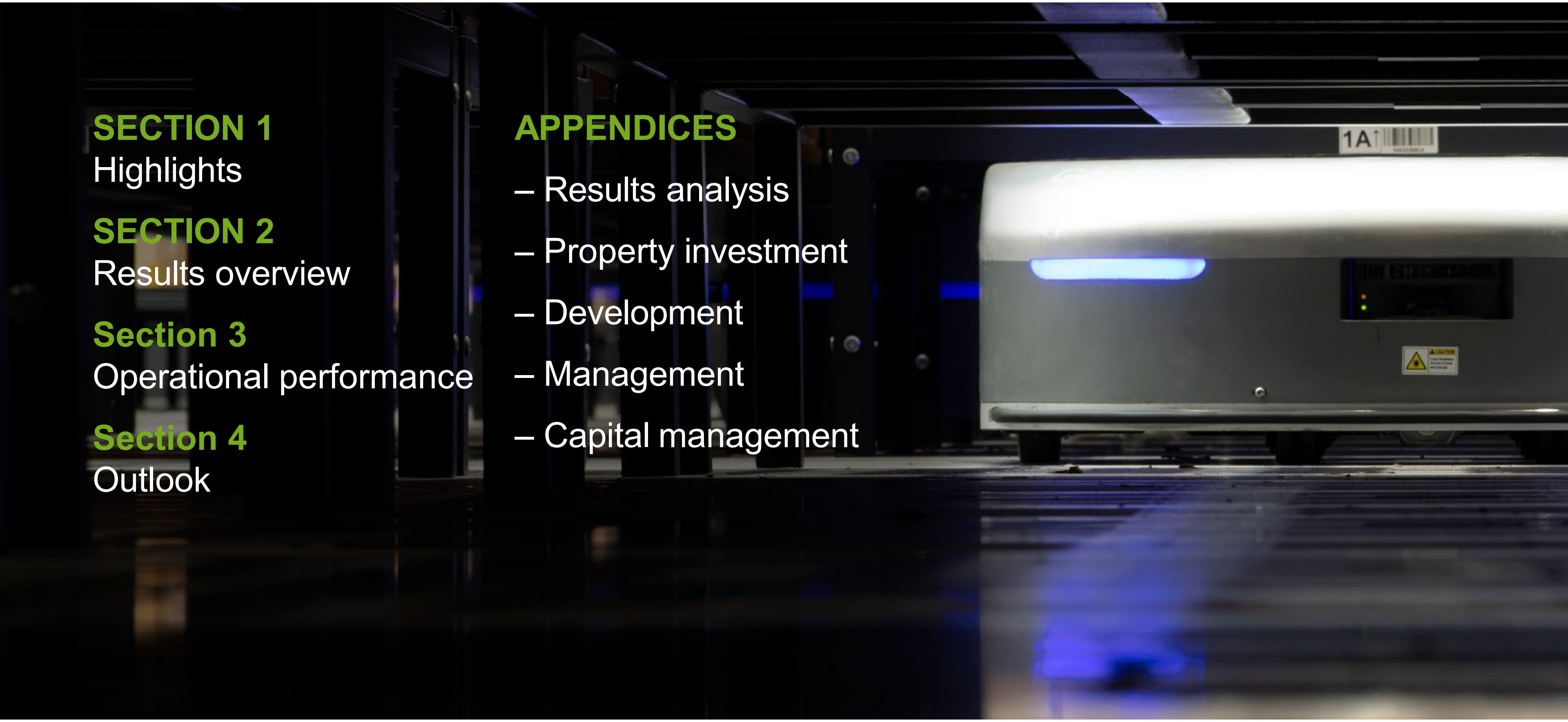
- The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable in the circumstances.

- 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.

- This document does not constitute an offer, invitation, solicitation, recommendation, advice or recommendation with respect to the issue, purchase, or sale of any stapled securities or other financial products in the Group.

- This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended (Securities Act) (US Person)). Securities may not be offered or sold in the United States or to US Persons absent registration or an exemption from registration. The stapled securities of Goodman Group have not been, and will not be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States.

# CONTENTS




**SECTION 1**
Highlights

**SECTION 2**
Results overview

**Section 3**
Operational performance

**Section 4**
Outlook

**APPENDICES**

– Results analysis

– Property investment

– Development

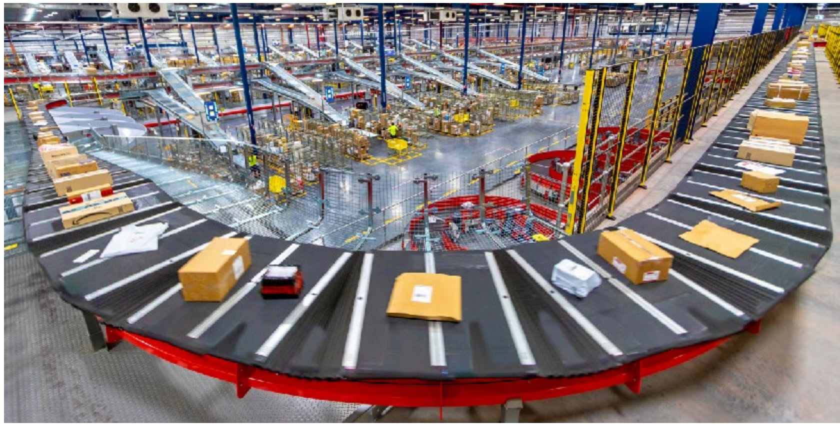
– Management

– Capital management

Section 1

# HIGHLIGHTS

Goodman Akamatsudai, Tokyo, Japan



# HIGHLIGHTS

## Goodman has adapted to the new operating environment with limited disruption and continues to grow its business sustainably for the long term.

**$1.06bn**
OPERATING PROFIT

**$6.5bn**
WORK IN PROGRESS

- **Goodman plays an important role in providing both essential infrastructure and making a tangible difference for our customers in the cities in which we operate.**
- **Over the past decade, the Group has established significant expertise, financial resources and a well located real estate portfolio, to sustain our business through market conditions.**
- **The Group's operating performance in FY20 was substantially ahead of guidance.**

**Key financial metrics for the year include:**

– Operating profit[1] of $1,060.2 million, up 12.5% on FY19, with statutory profit of $1,504.1 million

– Operating earnings per security (EPS)[2] of 57.5 cents, up 11.4% on FY19 (compared to initial guidance of 9%)

– Gearing at 7.5%[3] (9.7% at FY19) and 20.3% on a look through basis

– Increase in total assets under management (AUM) to $51.6 billion with Partnership average returns of 16.6%[4]

– $2.9 billion in revaluation gains across the Group and Partnerships, contributing to 9.4% growth in Goodman's net tangible assets from FY19 to $5.84 per security.

- **Development demand remains strong giving us confidence to accelerate growth in WIP which has increased to $6.5 billion at June 2020:**

– High-quality workbook with 76% pre-committed and an average 15-year WALE

– The Group has incrementally progressed sites through planning and undertaken infrastructure work over a number of years to meet future customer demand

– Larger, higher value projects with longer time in WIP provide greater visibility over development activities.

1. Operating profit comprises profit attributable to Securityholders adjusted for property valuations, derivative and foreign currency mark to market and other non-cash or non-recurring items
2. Operating EPS is calculated using operating profit and weighted average diluted securities of 1,843.8 million which includes 17.8 million LTIP securities which have achieved the required performance hurdles and will vest in September 2020 and September 2021
3. Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of $292.5 million (30 June 2019: $222.4 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of $194.0 million (30 June 2019: $123.6 million).
4. Average total return based on Partnership's last respective financial year.

# HIGHLIGHTS

**+ $2.9 billion of revaluation gains across the Group and Partnerships leading to strong out-performance:**

– Partnerships achieved 16.6% average total returns for their respective financial years

– External AUM up 12% to $48.0 billion, with total AUM up 12% on FY19 to $51.6 billion.

**+ Investment property fundamentals are resilient**

– Despite COVID-19, we are seeing continued demand from several segments for both temporary and permanent space, and a general acceleration of requirements across the digital economy

– High utilisation of our facilities leading to continued high occupancy at 97.5%

– Like for like net property income (NPI) growth of 3.0%.

**+ Further reduction in gearing to 7.5% and increased cash on balance sheet to $1.8 billion**

– Capital management strategy providing for further working capital requirements of the operations

– $2.8 billion of available liquidity, including $1.8 billion in cash (excludes available equity commitments[1], cash and debt of $16.3 billion in Partnerships).

**+ The market conditions are favourable for our operations and we have responded with increased levels of development activity. We believe this will be prolonged through ongoing structural change and will drive growth in our investment and management businesses.**

**+ The Group expects to deliver FY21 operating profit of $1,165 million an increase of 10% on FY20 and operating EPS of 62.7cents (up 9% on FY20)**

– Forecast distribution for FY21 will remain at 30.0 cents per security.

– We set our targets annually and review them regularly. Forecasts are subject to there being no material adverse change in market conditions or the occurrence of other unforeseen events.

**$51.6bn**

TOTAL AUM

**$48.0bn**

EXTERNAL AUM

**16.6%**

PARTNERSHIP AVERAGE TOTAL RETURNS

Goodman Westlink, Hong Kong, SAR

1. Partnership investments are subject to Investment Committee approval

# GROUP AND PARTNERSHIP HIGHLIGHTS

## OWN

**97.5%**

OCCUPANCY

High occupancy maintained at 97.5% and WALE of 4.5 years

**3%**

NPI GROWTH

Like for like NPI growth at 3%

**3.0m**

SQUARE METRES LEASED

Leased 3.0 million sqm across the global platform equating to $401.7 million of annual rental property income across the Group and Partnerships

INVESTMENTS

Significant higher and better use opportunities exist across the portfolio including residential, data centre and multi-storey logistics. These are in various stages of planning with outcomes expected over the medium to long term

## DEVELOP

**$6.5bn**

WORK IN PROGRESS

With space in 14 countries across 46 projects with a forecast yield on cost of 6.5%

**79%**

IN PARTNERSHIPS

79% of current WIP is being undertaken within Partnerships

**$4.5bn**

DEVELOPMENT COMMENCEMENTS

with 79% pre-committed

**$2.4bn**

DEVELOPMENT COMPLETIONS

with 85% committed

**$7bn**

FORECAST

WIP will exceed $7 billion in 1H FY21

## MANAGE

**$2.9bn**

VALUATION GROWTH

Valuation growth of $2.9 billion across the Group and Partnerships. Global WACR tightened 23bps to 4.9%

**$51.6bn**

TOTAL AUM

with external AUM increasing to $48.0 billion, up 12% on 30 June 2019

**16.6%**

AVERAGE RETURN

Average total return in the Partnerships of 16.6%

**19.9%**

GEARING

Average Partnership gearing of 19.9%

**$16.3bn**

AVAILABLE LIQUIDITY

$16.3 billion available in equity commitments, cash and undrawn debt

## ESG

**$13.7m**

GOODMAN FOUNDATION

In response to global events, the Group has provided an additional $6.6 million support to Australian communities affected by the recent bushfires and $7.1 million in incremental commitments across a number of Foundation programs

**400MW**

SOLAR PANELS

Committed to 400MW of solar being installed across the global portfolio by 2025

**AA**

RATING

Acheived a MSCI ESG rating of 'AA' and a 'Low Risk' rating from Sustainalytics

**0**

EMISSIONS TARGET

Increased environmental targets including zero emissions from Goodman Group by 2025

Section 2

# RESULTS OVERVIEW


Artist's impression – Amazon facility at Oakdale West Industrial Estate, Sydney, Australia.

# RESULTS OVERVIEW

+ **Statutory accounting profit of $1,504.1 million**
  – Includes property valuations, share based payments, derivative and mark-to-market movements
+ **Operating profit of $1,060.2 million up 12.5% on FY19**
  – Growth across all segments with foreign currency effects neutralised in borrowing costs
+ **Operating EPS[1] of 57.5 cents[1] per security, up 11.4% on FY19**
+ **DPS of 30.0 cents per security**
+ **Net tangible assets increased 9.4% to $5.84 per security.**

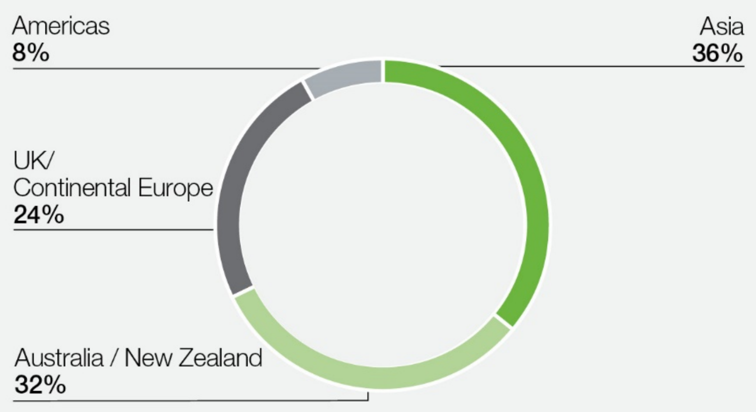
| | FY19 | FY20 |
|---|---|---|
| Operating profit ($m) | 942.3 | 1,060.2 |
| Statutory accounting profit ($m) | 1,627.9 | 1,504.1 |
| Operating EPS (cents)[1] | 51.6 | 57.5 |
| Distribution per security (cents) | 30.0 | 30.0 |
| | **As at 30 June 2019** | **As at 30 June 2020** |
| NTA per security ($) | 5.34 | 5.84 |
| Gearing (balance sheet) (%)[2] | 9.7 | 7.5 |
| Available liquidity ($b)[3] | 2.7 | 2.8 |
| WACR (look through) (%) | 5.1 | 4.9 |

1 Operating profit and operating EPS comprises profit attributable to Securityholders adjusted for property and valuations, derivative and foreign currency mark-to-market and other non-cash or non-recurring items and calculated based on weighted average securities of 1,843.8 million which includes 17.8 million LTIP securities which have achieved the required performance hurdles and will vest in September 2020 and September 2021.

2 Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of $292.5 million (30 June 2019: $222.4 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of $194.0 million (30 June 2019: $123.6 million).

3 On 14th July 2020, the Group issued a notice to acquire US$175 million of 144A bonds which were due to be repaid in April 2021.

## Operating earnings by geographic segment



# PROFIT AND LOSS

+ **Statutory accounting profit of $1,504.1million, includes property valuations, share based payments expense and mark-to-market movements**

– Global property revaluation gains for FY20 were $2.9 billion, driven by rent growth, cap rate compression and development completions. The Group's share totalled $621.3 million

– Unrealised foreign exchange and derivative gain of $6.8 million

– Share based payments expense (non-operating and non-cash) declined 17% to $164.0 million (down $32.6 million on FY19)

+ **Full year operating profit of $1,060.2 million**

– Property investment income up on FY19 driven by like-for-like NPI growth and development completions

– Management earnings of $511.2 million supported by growth in AUM and base fees; performance fees stable year-on-year

– Continued growth in development revenue supported by increased average volumes and higher margins mitigating longer time in WIP

– Overheads higher driven by an increase in statutory costs, FX and charitable donations. Underlying operating expense growth of 3%

– Net borrowing costs up due to FX hedging reflected in interest expense, plus lower interest rates on cash, and lower capitalised interest

– Decrease in tax expense due to location and composition of earnings.

## INCOME STATEMENT

| | FY19 $M | FY20 $M |
|---|---|---|
| Property investment | 372.1 | 425.2 |
| Management | 469.7 | 511.2 |
| Development | 509.2 | 575.7 |
| Operating expenses | (267.7) | (292.3) |
| **Operating EBIT[1]** | **1,083.3** | **1,219.8** |
| Net borrowing costs | (45.9) | (70.8) |
| Tax expense | (95.1) | (88.8) |
| **Operating profit** | **942.3** | **1,060.2** |
| Weighted average securities (million)[2] | 1,826.5 | 1,843.8 |
| Operating EPS (cps) | 51.6 | 57.5 |
| **Non operating items[3]** | | |
| Property valuation related movements | 871.7 | 621.3 |
| Fair value adjustments and unrealised foreign currency exchange movements related to capital management | 17.0 | 6.8 |
| Other non-cash adjustments or non-recurring items | (203.1) | (184.2) |
| **Statutory profit** | **1,627.9** | **1,504.1** |

1 Look through Operating EBIT is $1,328.7 million and reflects $108.9 million adjustment to GMG proportionate share of Partnerships interest and tax (2019: $1,182.7 million)

2 Includes 17.8 million securities which have achieved the required performance hurdles and will vest in September 2020 and September 2021 (2019: 14.8 million)

3 Refer slide 25

# BALANCE SHEET

+ **Group balance sheet remains well positioned**

– Gearing decreased to 7.5% (from 9.7% FY19) and 20.3% on a look-through basis, primarily due to strong operating cash flow, transaction timing, positive valuation movements and payout ratio

+ **Stabilised investment properties increasing through positive revaluation gains**

+ **Steady growth in Partnership investments through valuations and $0.3 billion of further investment**

+ **Development holdings increased slightly, reflecting growth of the workbook**

+ **Total property revaluations across the Group and Partnerships of $2.9 billion with Goodman's share amounting to $621.3 million**

– Revaluations reflected in Partnerships through development activities totalled $759 million

– NTA increased 9.4% to $5.84 per security since June 2019.

**$2.9bn**

REVALUATION GAINS

**9.4%**

INCREASE IN NTA

## BALANCE SHEET

| | FY19 $M | FY20 $M |
|---|---|---|
| Stabilised investment properties | 1,757 | 1,798 |
| Partnership investments[1] | 6,920 | 7,807 |
| Development holdings[2] | 2,992 | 3,140 |
| Intangibles | 840 | 846 |
| Cash | 1,607 | 1,782 |
| Other assets | 797 | 765 |
| **Total assets** | **14,913** | **16,138** |
| Interest bearing liabilities | (2,975) | (2,939) |
| Other liabilities | (1,415) | (1,679) |
| **Total liabilities** | **(4,390)** | **(4,618)** |
| **Net assets** | **10,523** | **11,520** |
| **Net asset value ($)[3]** | **5.80** | **6.30** |
| **Net tangible assets ($)[3]** | **5.34** | **5.84** |
| Balance sheet gearing (%)[4] | 9.7 | 7.5 |

1 Includes Goodman's investments in its Partnerships and other investments

2 Includes inventories, investment properties under development and the Group's proportionate interest in development assets within the Partnerships

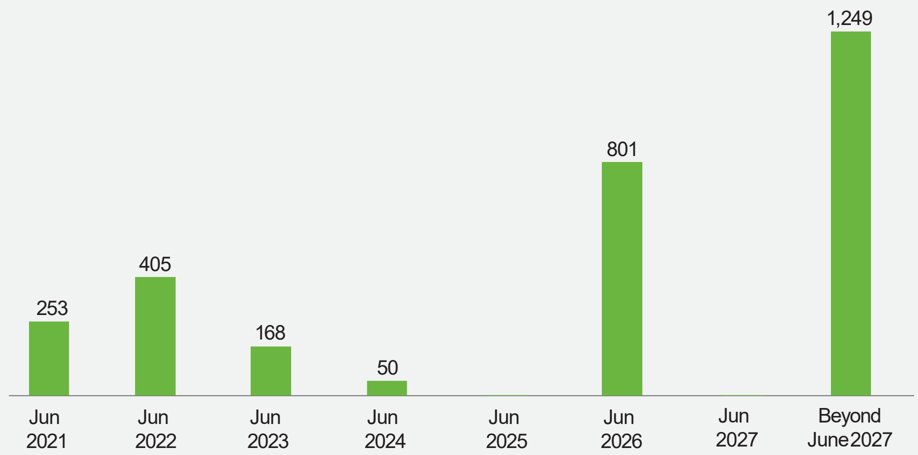
3 Based on 1,828.4 million securities on issue

4 Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of $292.5 million (30 June 2019: $222.4 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of $194.0 million (30 June 2019: $123.6 million).

# GROUP LIQUIDITY POSITION

- **Cash and available lines of credit (excluding Partnership debt and equity) of $2.8 billion as at 30 June 2020**
  - $1.8 billion in cash
  - $1.0 billion of available lines
- **Weighted average debt maturity profile of 5.8 years**
- **Gearing at 7.5%[1] (20.3%[2] look-through) and expected to remain at the lower end of the 0-25% policy range in the near-term**
- **Substantial headroom to financial covenants**
  - Average interest coverage ratio (ICR) at 15.3 times (look-through 8.7 times)
- **The Group expects to undertake an increased volume of development activity over the next few years. As a result, more capital will be allocated to development and Partnership investments on a consistent basis**
- **Stable and sustainable investment grade credit ratings across the Group**
  - BBB+ / Baa1 from S&P and Moody's respectively
- **Consistent with previous announcements, the Group will continue to maintain financial leverage in accordance with its Financial Risk Management policy. A payout ratio between 40-50% range is targeted at this point and will be reviewed regularly**
  - The payout ratio will enable the Group to fund its share of ongoing development activity while maintaining a disciplined approach to financial leverage and further strengthening the Group's balance sheet over the longer term.

## Goodman Group drawn debt expiry profile




1 On 14th July 2020, the Group issued a notice to prepay US$175 million of 144A bonds which were due to be repaid in April 2021.

**$2.8bn**
LIQUIDITY

**7.5%**
GEARING

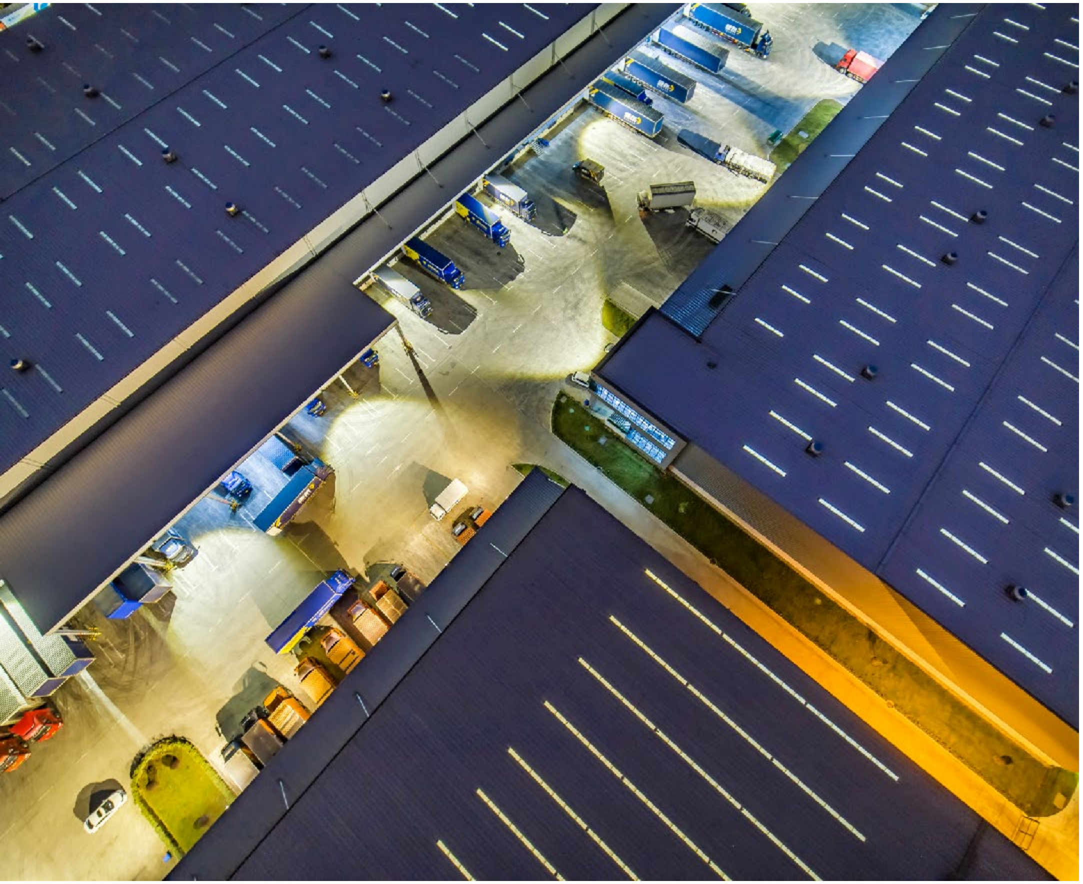
1 Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of $292.5 million (30 June 2019: $222.4 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of $194.0 million (30 June 2019: $123.6 million).

2 Based on $3.5 billion net debt on $17.1 billion net assets of Group and proportionate share of Partnerships

3 Interest cover is operating profit before net finance expense (operating) and income tax (operating) divided by net finance expense (operating). The calculation is in accordance with the financial covenants associated with the Group's unsecured bank loans and includes certain adjustments to the numerator and denominator, including reversing the impacts of the new lease accounting standard.

Section 3

# OPERATIONAL PERFORMANCE



Chifley Business Park South, MelbourneAustralila

# PROPERTY INVESTMENT

**97.5%**
OCCUPANCY

**4.9%**
WACR

**+ The focus on infill locations is providing cashflow resilience and driving strong underlying property fundamentals**

- Occupancy of 97.5%
- WALE of 4.5 years
- Like-for-like net property income growth of 3%

**+ Increase in property income driven by underlying growth in rents and increased average cornerstone investments over prior period**

- $0.3 billion of cornerstone equity invested in FY20
- Income return across Direct and Partnership investments at ~4.8%

**+ The quality of the global portfolio is reflected in revaluation gains of $2.9 billion across the Group and Partnerships**

- 23bps tightening in WACR to 4.9% over the year
- $759 million resulting from revaluations on development within the Partnerships

**+ The Group continues to target key planning outcomes including higher and better use re-zoning opportunities, or increased floor space ratio opportunities through multi-level warehousing facilities**

- These initiatives will provide future long-term value-enhancing development opportunities in supply constrained markets where developable land is scarce. This is expected to produce additional margin over time.

1 Key metrics relate to Goodman and managed Partnership properties


Goodman Business Park, Chiba, Japan

## PROPERTY INVESTMENTS

| | FY19 | FY20 |
|---|---|---|
| Direct ($M) | 74.0 | 78.5 |
| Partnership investments ($M) | 298.1 | 346.7 |
| **Property investment earnings** | **372.1** | **425.2** |

## KEY METRICS[1]

| | FY19 | FY20 |
|---|---|---|
| WACR (%) | 5.1 | 4.9 |
| WALE (yrs) | 4.7 | 4.5 |
| Occupancy (%) | 97.6 | 97.5 |

# DEVELOPMENT

**+ WIP has grown strongly to $6.5 billion and is expected to grow further in the near term**

– Strong demand from our customers, particularly those in the digital economy, has given us confidence to increase development activity. Volumes are expected to trend higher with WIP to exceed $7 billion in 1H FY21

– Commenced $4.5 billion in new developments and completed $2.4 billion of projects for the year

– Increased scale and higher value projects with average time of developments in WIP increasing to 17 months

**+ Location and site selection have seen improving development metrics across the workbook**

– Commitment on WIP at 76% reflects desirability of sites and demand

– Average lease term on WIP is now 15.1 years reflecting increasing customer demand for well-located assets and reflective of the technology investment customers are making in their facilities

– Development yield on cost at 6.5%

– Margins remain strong reflecting the quality of the development workbook

– Continued investment partnering with 79% of developments undertaken in the Partnerships

**+ Asset creation capability providing strong risk adjusted returns and access to high quality real estate**

– Through limited asset disposals and a growing development workbook, the portfolio will be further concentrated in our key target markets.

## DEVELOPMENTS

| | FY19 | FY20 |
|---|---|---|
| Development income ($M) | 1,236.5 | 1,019.1 |
| Development expenses ($M) | (727.3) | (443.4) |
| **Development earnings ($M)** | **509.2** | **575.7** |

## KEY METRICS

| | FY19 | FY20 |
|---|---|---|
| Work in progress ($B) | 4.1 | 6.5 |
| Work in progress (million sqm) | 1.8 | 2.1 |
| Number of developments | 55 | 46 |
| Development for third parties or Partnerships (%) | 80 | 79 |
| Committed (%) | 58 | 76 |
| Yield on cost (%) | 6.6 | 6.5 |

## WORK IN PROGRESS (END VALUE)

| | $B |
|---|---|
| **Opening (June 2019)** | **4.1** |
| Completions | (2.4) |
| Commencements | 4.5 |
| FX and other | 0.3 |
| **Closing (June 2020)** | **6.5** |

# MANAGEMENT

**+ External AUM of $48.0 billion, up 12% on FY19**

– AUM increase supported by revaluation gains and development completions across the platform. Rental growth and cap rate compression is driving valuations

**+ Strong performance of the Partnerships and AUM growth increasing management earnings to $511.2 million, up 9% on FY19**

– Revenue represents approximately 1.1% average AUM with performance fees consistent with FY19 at ~$200 million

– Partnerships delivered 16.6% average total returns for their respective financial years

**+ Increasing development workbook, strong customer interest levels and longer development timelines is providing the Partnerships with access to high-quality real estate and increased visibility on future AUM**

**+ $16.3 billion of equity commitments, cash and undrawn debt available across the Partnership platform**

– $4.2 billion in undrawn debt facilities and cash

– $12.1[1] billion in undrawn equity.

**$48.0bn**

EXTERNAL AUM

**$649m**

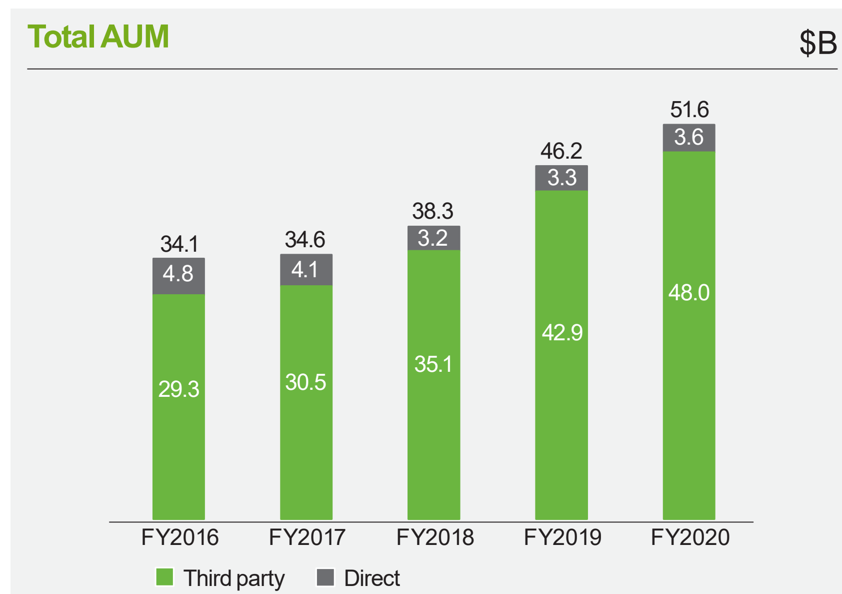
AVERAGE PARTNER COMMITTMENT

## MANAGEMENT

| | FY19 | FY20 |
|---|---|---|
| Management earnings ($M) | 469.7 | 511.2 |

## KEY METRICS

| | FY19 | FY20 |
|---|---|---|
| Number of Partnerships | 15 | 15 |
| External AUM ($B) | 42.9 | 48.0 |




1. Partnership investments are subject to Investment Committee approval

# MANAGEMENT PLATFORM

| | GAIP Australia | GHKLP Hong Kong | GEP Europe | GCLP China | GAP Australia | GNAP USA | GJCP Japan | GMT[3] New Zealand | GUKP UK |
|---|---|---|---|---|---|---|---|---|---|
| Total assets ($bn) | 8.9 | 9.0 | 6.5 | 5.0 | 4.5 | 4.3 | 3.8 | 3.1 | 0.9 |
| GMG co-investment (%) | 28.8 | 20.2 | 20.4 | 20.0 | 19.9 | 55.0 | 15.5 | 21.4 | 33.3 |
| GMG co-investment ($bn) | 1.7 | 1.5 | 0.8 | 0.7 | 0.8 | 2.0 | 0.4 | 0.5 | 0.3 |
| Number of properties | 97 | 11 | 116 | 36 | 34 | 17 | 15 | 11 | 6 |
| Occupancy[1] (%) | 96 | 99 | 98 | 94 | 98 | 95 | 100 | 99 | 86 |
| Weighted average lease expiry[1] (years) | 4.4 | 3.1 | 4.8 | 3.3 | 4.0 | 7.2 | 3.2 | 5.5 | 8.4 |
| WACR (%) | 5.1 | 4.2 | 5.0 | 5.6 | 5.1 | 4.1 | 4.3 | 5.4 | 4.5 |
| Gearing[2] (%) | 26.4 | 13.4 | 27.3 | 7.9 | 12.0 | 14.3 | 31.9 | 18.9 | n/a |
| Weighted average debt expiry (years) | 4.4 | 3.4 | 5.9 | 3.1 | 4.8 | 5.8 | 5.9 | 4.0 | n/a |
| Total return (%) | 13.6 | 29.4[4] | 12.1 | 15.0[5] | 12.5 | 11.2[6] | 8.3[7] | 28.1 | 6.9 |

1 WALE and occupancy of stabilised portfolio as at 30 June 2020
2 Gearing calculated as total interest bearing liabilities over total assets, both net of cash
3 GMT: Results are for the year ended March 2020 as reported to the New Zealand Stock Exchange
4 GHKLP: Total return is for the year ended 31 March 2020
5 GCLP: Total return is for the year ended 31 December 2019
6 GNAP: Total return is for the year ended 31 March 2020
7 GJCP: Total return is for the year ended 29 February 2020

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

GRESB®
REAL ESTATE
Sector Leader 2019

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

## Goodman's sustainability strategy is based on three strategic pillars which are aligned with nine of the UN Sustainable Development Goals. These pillars represent key ESG priorities most relevant to Goodman, its stakeholders and customers.

### PROPERTY

**Our sustainably designed, energy-efficient and professionally managed properties are strategically located to meet the business, health and wellbeing needs of our customers, as well as to remain resilient to tomorrow's global challenges**

#### HIGHLIGHTS

+ Certified green developments completed across Australia, Continental Europe, China and the United States
+ Approximately 50MW of solar PV now installed across Goodman's portfolio globally with target increased from 100MW to 400MW
+ Approximately 15% energy reduction across the Australian office portfolio.

### PEOPLE & CULTURE

**Our workplaces promote the health, safety and wellbeing of our people and our customers. Our people are recruited and rewarded based on their commitment to our values, their local expertise and their long-term strategic and ethical thinking.**

#### HIGHLIGHTS

+ 98% of employees were rated as demonstrating Goodman's key corporate values assessed as part of employee performance reviews
+ Remote working in response to COVID-19 has been effective in all locations
+ Continued initiatives to eradicate potential occurrences of modern slavery in our supply chains.

### CORPORATE PERFORMANCE

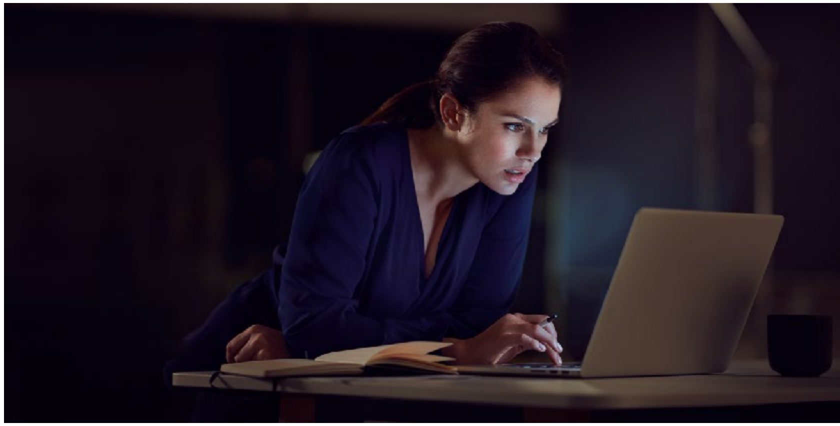
**Our capital structure is sustainable and we have a positive impact in our global communities through the Goodman Foundation. We promote strong leadership and governance, engage regularly with our stakeholders and measure and disclose our financial and community impact.**

#### HIGHLIGHTS

+ Global climate risk assessment completed in accordance with the TCFD recommendations.
+ Goodman Group was awarded the Global Sector Leader in the 2019 Global Real Estate Sustainability Benchmark (Developer – Industrial)
+ Achieved MSCI ESG rating of 'AA' and a "Low Risk" ESG rating from Sustainalytics
+ $13.7 million contributed by The Goodman Foundation and its people to community and philanthropic causes, including $5.5 million to the NSW Rural Fire Service.

Section 4

# OUTLOOK



# OUTLOOK

Goodman Yuen Long Logistics Centre, Hong Kong, SAR

## Goodman has deliberately positioned its business over the past decade to maximise sustainability of earnings in varying market conditions.

+ **This has primarily been achieved through:**
  - Concentration of the portfolio on logistics real estate in urban infill markets, where supply is limited and demand is driven by consumers
  - Deleveraging the Group's balance sheet and retaining significant liquidity
  - Partnering with long-term capital to share risk and return over a significant globally diversified platform
+ **Combined with macro trends globally which are driving structural changes in our markets, this is leading to out performance**
  - Technology continues to change consumer behaviour with the impact of COVID-19 accelerating activity in the digital economy
  - Scarcity of land is driving increased intensity of use including multi-storey logistics, data centres, and other commercial uses, providing potential value add opportunities
  - Continued transition to fewer, higher value and longer lead times of development projects
+ **Management performance and outlook remains strong**
  - Underlying real estate fundamentals continue to support positive valuation outlook and long term growth
  - Customer demand and supply constraints supporting rents and occupancy
  - Low global long-term interest rate trends, strong relative outlook for industrial real estate and continued investment demand for the sector
  - Strong industrial real estate pricing and implied land values is increasingly seeing our existing stabilised assets become viable for redevelopment.

# OUTLOOK

+ **We expect that the challenges brought about by COVID-19 could continue over the longer term however, the Group has significant expertise, financial resources and a strategic real estate portfolio, to adapt to challenging business conditions**
+ **In this changing global landscape, we are continuing to progress our commitment to renewable energy and carbon neutrality. We're also improving the resilience of our workforce, the communities we're in and our properties - particularly how our buildings respond to a changing climate**
  – Increased support, both financial and non-financial, from the Goodman Foundation to $13.7 million in FY20 with a focus on disaster relief, particularly around the Australian bushfires and COVID-19
  – Increased our environmental sustainability targets to install 400MW of solar capacity primarily through solar investments at our properties
  – Targeting carbon neutral operations for Goodman Group by 2025
+ **The logistics and warehousing sector continues to play a significant role globally in providing essential infrastructure, enabling distribution of critical products**
  – The Group is well positioned and we are increasing the levels of development activity. WIP will exceed $7 billion in 1H FY21
  – We expect this shift to increased levels of activity to be prolonged, driving higher profitability and potentially working capital requirements in the next few years
+ **As a result the Group expects to deliver FY21 operating profit of $1,165 million an increase of 10% on FY20 and operating EPS of 62.7 cents (up 9% on FY20)**
  – Forecast distribution for FY21 will remain at 30.0 cents per security

We set our targets annually and review them regularly. Forecasts are subject to there being no material adverse change in market conditions or the occurrence of other unforeseen events.

**$1,165m**

FY21 OPERATING PROFIT

**9%**

OPERATING EPS GROWTH

**62.7¢**

FY21 PER SECURITY

Appendix 1

# RESULTS ANALYSIS

Bedford Commercial Park, Bedford,UK

Goodman Logistics Center El Monte, Los Angeles, USA

# PROFIT AND LOSS

| CATEGORY | Total $M | Property investment $M | Management $M | Development $M | Operating expenses $M | Non-operating items $M |
|---|---|---|---|---|---|---|
| Gross property income | 115.9 | 114.9 | – | – | – | 1.0 |
| Management income | 511.2 | – | 511.2 | – | – | – |
| Development income | 882.6 | – | – | 882.6 | – | – |
| Distributions from investments | 1.2 | 1.2 | – | – | – | – |
| Net gain from fair value adjustments on investment properties | 45.2 | – | – | – | – | 45.2 |
| Net gain on disposal of investment properties | 54.5 | – | – | 54.5 | – | – |
| Share of net results of equity accounted investments | 1,022.2 | 345.5 | – | 81.4 | – | 595.3[1] |
| Net gain on disposal of equity investments | 0.6 | – | – | 0.6 | – | – |
| **Total income** | **2,633.4** | **461.6** | **511.2** | **1,019.1** | **–** | **641.5** |
| Property and development expenses | (479.8) | (36.4) | – | (443.4) | – | – |
| Employee, administrative and other expenses | (456.3) | – | – | – | (292.3) | (164.0) |
| **EBIT / Segment operating earnings** | **1,697.3** | **425.2[2]** | **511.2[2]** | **575.7[2]** | **(292.3)** | **477.5** |
| Net gain from fair value adjustments on investment properties | (45.2) | – | – | – | – | (45.2) |
| Share of net gain from fair value adjustments on investment properties, unrealised derivative gains and non-recurring items within associates and JVs | (595.3) | – | – | – | – | (595.3) |
| Straight-lining of rental income | (1.0) | – | – | – | – | (1.0) |
| Share based payments expense | 164.0 | – | – | – | – | 164.0 |
| **Operating EBIT[3] / Segment operating earnings** | **1,219.8** | **425.2** | **511.2** | **575.7** | **(292.3)** | **–** |
| Net finance expense (statutory) | (80.2) | | | | | |
| *Less: fair value adjustments on derivative financial instruments* | *9.4* | | | | | |
| Net finance expense (operating) | (70.8) | | | | | |
| Income tax expense (statutory) | (113.0) | | | | | |
| *Add: deferred tax on fair value adjustments on investment properties* | *15.6* | | | | | |
| *Add: deferred tax on other non-operating items* | *8.6* | | | | | |
| Income tax expense (operating) | (88.8) | | | | | |
| **Operating profit available for distribution** | **1,060.2** | | | | | |
| **Net cash provided by operating activities[4]** | **1,156.9** | | | | | |

1. Includes share of associate and joint venture property valuation gains of $591.7 million, share of fair value adjustments of derivative financial instruments in associates and joint ventures of $16.2 million and other non-cash, non-recurring items within associates of $(12.6) million
2. Segment operating earnings is total income less property and development expenses (excludes employee, administrative and other expenses)
3. Look through Operating EBIT is $1,328.7 million and reflects $108.9 million adjustment to GMG proportionate share of Partnerships interest and tax (2019: $1,182.7 million)
4. Difference between operating profit and cash provided by operating activities of $96.7 million relates to:
   - $28.2 million development activities including capitalised and prepaid interest
   - $(54.5) million of development cashflows recognised in investment activities
   - $(80.3) million cash share of equity accounted income
   - $203.3 million of other working capital movements

# RECONCILIATION NON-OPERATING ITEMS

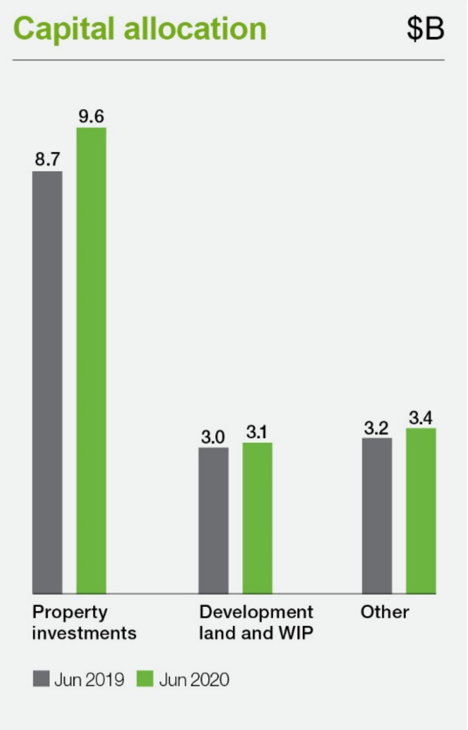
| Non-operating items in statutory income statement | Total $M | Year ended 30 June 2020 $M |
|---|---|---|
| **Property valuation related movements** | | |
| Net gain from fair value adjustments attributable to investment properties | 45.2 | |
| Share of net gain from fair value adjustments attributable to investment properties in associates and joint ventures after tax | 591.7 | |
| Deferred tax on fair value adjustments on investment properties | (15.6) | |
| **Subtotal** | | **621.3** |
| **Fair value adjustments and unrealised foreign currency exchange movements related to capital management** | | |
| Fair value adjustments on derivative financial instruments – GMG | (9.4) | |
| Share of fair value adjustments on derivative financial instruments in associates and joint ventures | 16.2 | |
| Unrealised foreign exchange loss | – | |
| **Subtotal** | | **6.8** |
| **Other non-cash adjustments or non-recurring items** | | |
| Share based payments expense | (164.0) | |
| Straight lining of rental income and tax deferred adjustments | (20.2) | |
| **Subtotal** | | **(184.2)** |
| **TOTAL** | | **443.9** |

# FINANCIAL POSITION

| As at 30 June 2020 | Direct Assets $M | Property investment $M | Development $M | Other $M | Total $M |
|---|---|---|---|---|---|
| Cash | – | – | – | 1,781.9 | 1,781.9 |
| Receivables | – | – | 172.1 | 244.2 | 416.3 |
| Inventories | – | – | 1,180.2 | – | 1,180.2 |
| Investment properties | 1,797.9 | – | 103.3 | – | 1,901.2 |
| Investments accounted for using equity method | – | 7,804.3 | 1,566.5 | – | 9,370.8 |
| Intangibles | – | – | – | 845.8 | 845.8 |
| Other assets | – | 3.0 | 118.0 | 521.0 | 642.0 |
| **Total assets** | **1,797.9** | **7,807.3** | **3,140.1** | **3,392.9** | **16,138.2** |
| Interest bearing liabilities | | | | (2,938.5) | (2,938.5) |
| Other liabilities | | | | (1,679.1) | (1,679.1) |
| **Total liabilities** | | | | **(4,617.6)** | **(4,617.6)** |
| **Net assets/(liabilities)** | | | | **(1,224.7)** | **11,520.6** |
| **Gearing[1] %** | | | | | **7.5** |
| **NTA (per security)[2] $** | | | | | **5.84** |
| Australia / New Zealand | 1,790.7 | 3,107.8 | 579.1 | 376.5 | 5,854.1 |
| Asia | – | 2,291.1 | 593.1 | 461.1 | 3,345.3 |
| CE | – | 871.0 | 749.7 | 689.5 | 2,310.2 |
| UK | 7.2 | 163.0 | 528.4 | 193.2 | 891.8 |
| Americas | – | 1,374.4 | 689.8 | 58.6 | 2,122.8 |
| Other | – | – | – | 1,614.0 | 1,614.0 |
| **Total assets** | **1,797.9** | **7,807.3** | **3,140.1** | **3,392.9** | **16,138.2** |

1 Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of $292.5 million (30 June 2019: $222.4 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of $194.0 million (30 June 2019: $123.6 million).

2 Calculated based on 1,828.4 million securities on issue



# BUSINESS PERFORMANCE ANALYSIS

**+ Operating margins have steadily increased**

– Longer term benefits of focused strategy, capital management and funding now emerging in fee revenue

– Income growth has exceeded expense growth in the active business

– Management and development contribute a combined 65% of EBIT in FY20 (66% in FY19)

**+ ROA has increased**

– Positive performance from investment property on a like-for-like basis

– More assets and developments are in Partnerships

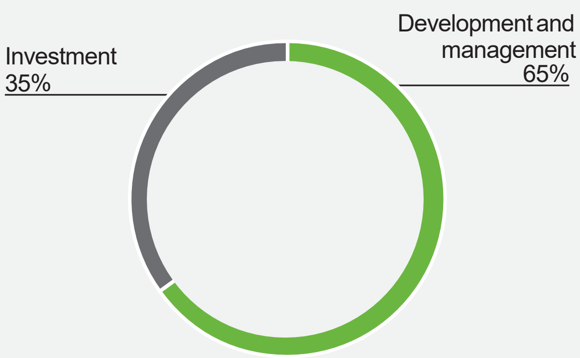
– Higher margins in active business

– Elevated cash balances mask underlying growth

## MANAGEMENT AND DEVELOPMENTS

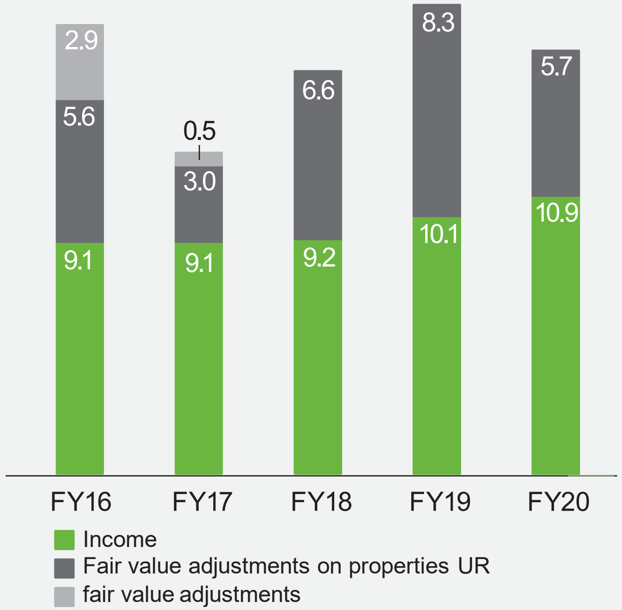
| | FY16 | FY17 | FY18 | FY19 | FY20 |
|---|---|---|---|---|---|
| Management and Development income ($M) | 724 | 750 | 807 | 979 | 1,087 |
| Operating expenses ($M) | (252) | (248) | (249) | (268) | (292) |
| **EBIT ($M)** | **472** | **501** | **558** | **711** | **795** |
| Management and development margin (%) | 65 | 67 | 69 | 73 | 73 |

## Operating EBIT




## Total return on operating assets[1]

%

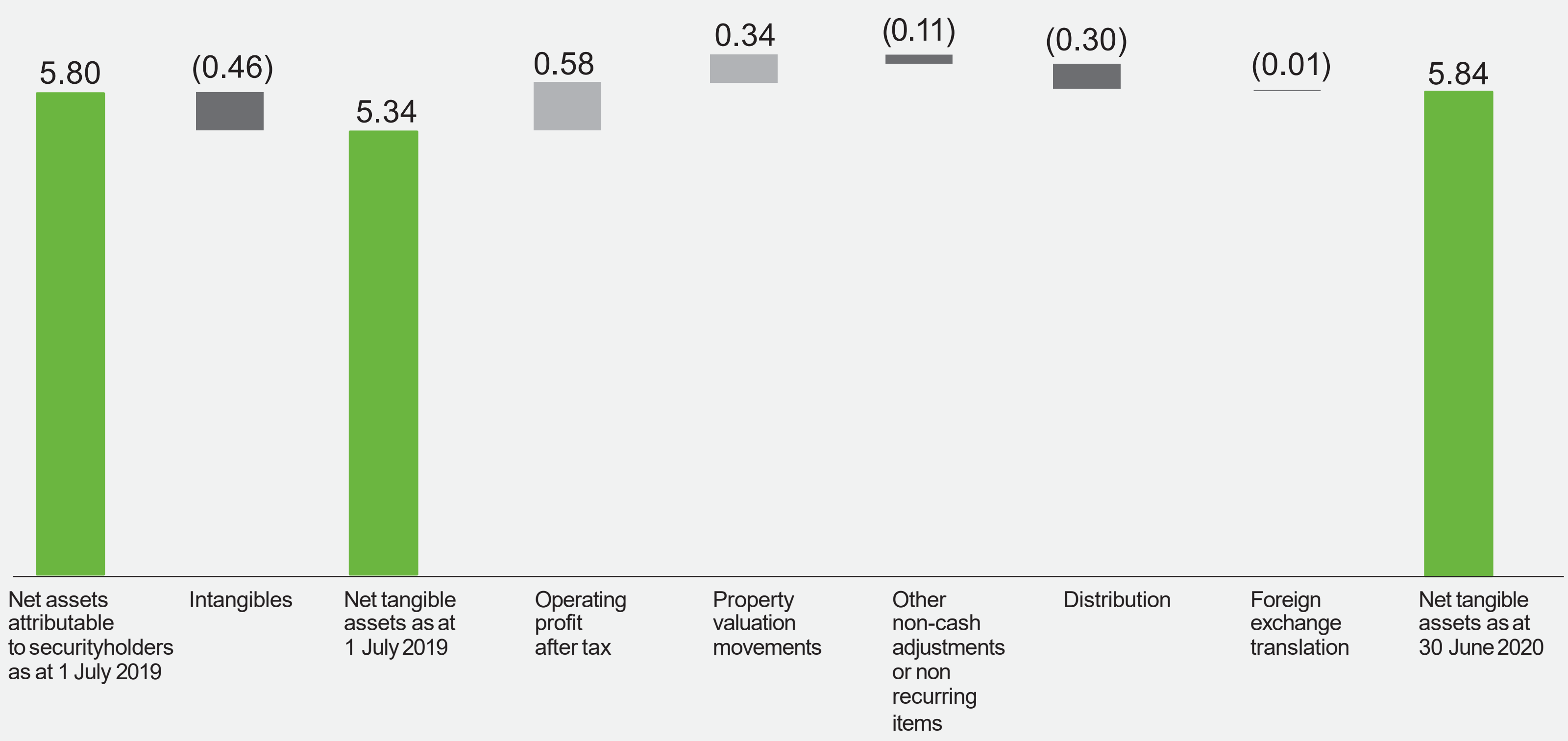



1. Operating assets = Total Assets – Intangibles – Historical Property Valuations and Impairments

# NET TANGIBLE ASSET MOVEMENT

For year ended 30 June 2020[1]

$ per security




1. Calculated on 1,828.4 million securities being closing securities on issue

# PROPERTY VALUATIONS

- Despite the impact of COVID-19, the industrial and logistics asset class have proven to be in strong demand and continues to generate positive revaluations
- Market rental growth, cap rate compression, development completions within the Partnerships and FX have been drivers of the valuation increase
- The global portfolio cap rate has compressed by 23bps to 4.9% over FY20
- Revaluation gains across the global portfolio for the year totalled $2.9 billion, with the Group's share $670.2[1] million.

## 30 JUNE 2020 PROPERTY VALUATIONS (LOOK THROUGH)

| | Book value (GMG exposure) $M | Valuation movement since June 2019 $M | WACR % | WACR movement since June 2019 % |
|---|---|---|---|---|
| Australia[2] / New Zealand | 6,509.5 | 261.1 | 5.1 | -0.3 |
| Asia | 3,551.7 | 276.5 | 4.7 | -0.1 |
| UK / Continental Europe | 2,544.3 | 64.6 | 4.8 | -0.3 |
| Americas | 2,451.4 | 68.1 | 4.4 | -0.1 |
| **Total / Average** | **15,057.0** | **670.2** | **4.9** | **-0.2** |

1 Excludes deferred taxes and other transfers of $48.9 million. Net revaluation for Goodman share of $621.3 million

2 Australia excludes urban renewal sites which are valued on a rate per residential unit site basis

Appendix 2

# PROPERTY INVESTMENT


Goodman Logistics Center Fontana II, Los Angeles, USA

# LEASING

**3.0m** SPACE LEASED

**97.5%** OCCUPANCY

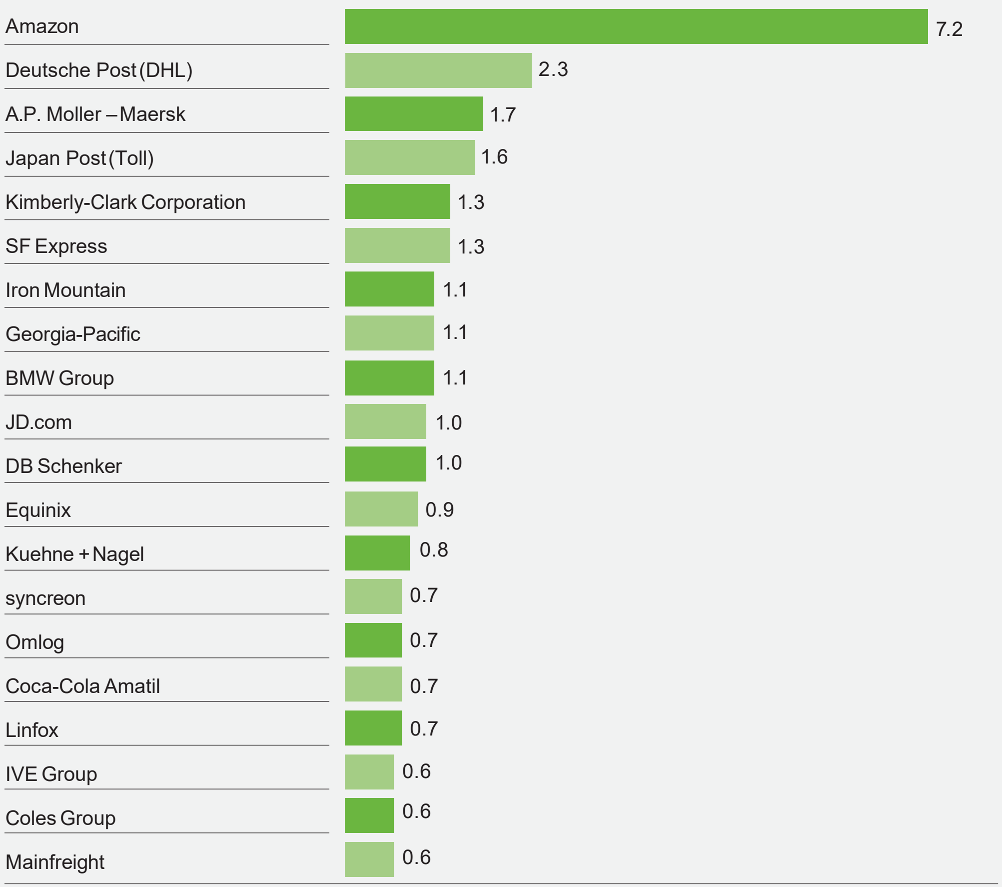
**Across the Group and Partnerships:**

+ 3 million sqm leased during the year, equating to $401.7 million of annual rental property income
+ High occupancy at 97.5%.

| Region | Leasing area SQM | Net annual rent $M | Average lease term YEARS |
|---|---|---|---|
| Australia / New Zealand | 1,054,009 | 142.1 | 4.1 |
| Asia | 1,047,499 | 180.6 | 3.8 |
| UK / Continental Europe | 944,949 | 78.9 | 5.1 |
| **Total** | **3,046,457** | **401.7** | **4.2** |

# CUSTOMERS

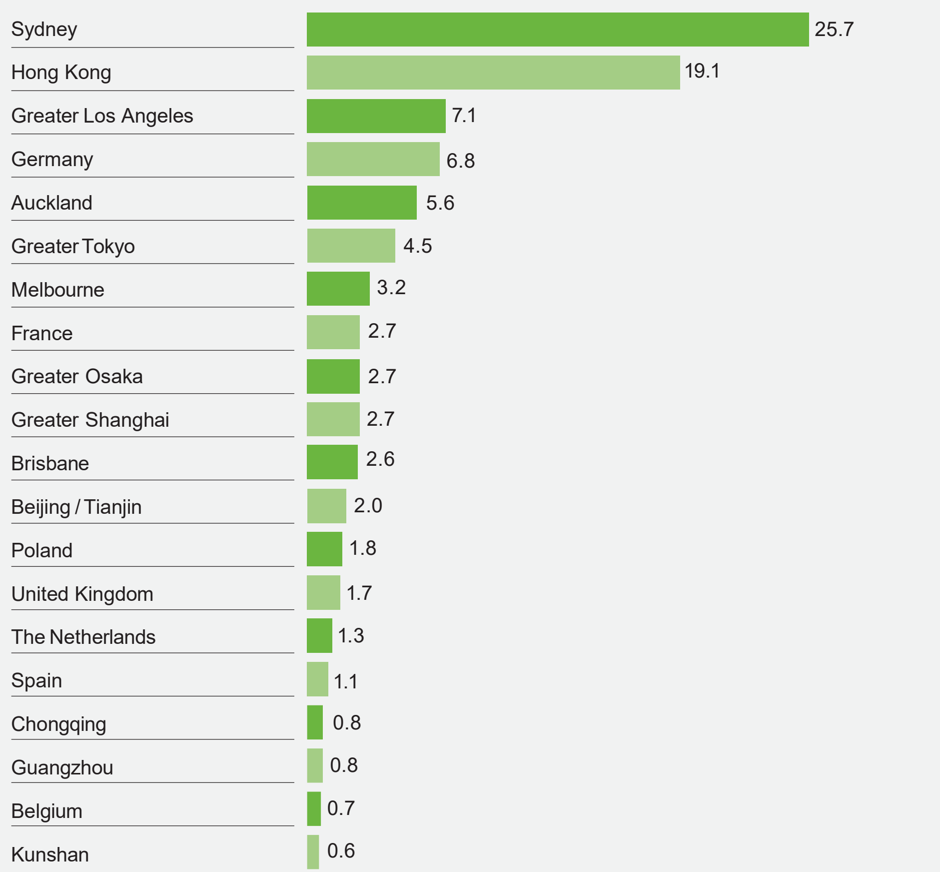
## Top 20 global customers (by net income – look through basis) %




# GEOGRAPHIC EXPOSURE

## Top 20 sub-regions (by AUM)

%



# DIRECT PORTFOLIO DETAIL

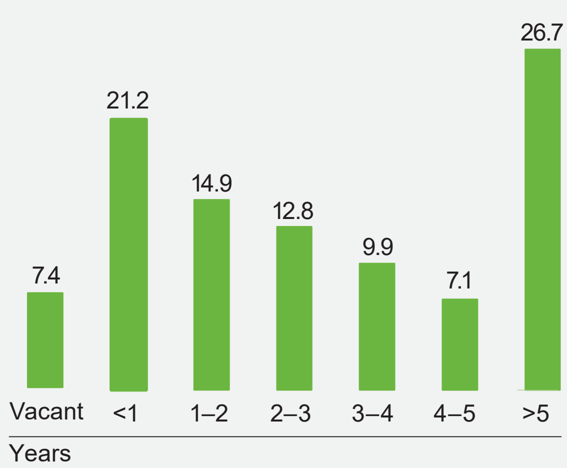
+ **24 properties with a total value of $1.8[1] billion located primarily in the Sydney market**
  – Represents a significant part of the urban renewal portfolio
+ **Leasing transactions remain strong across the portfolio**
  – 288,855 sqm ($30 million net annual rental) of existing space leased
+ **93% occupancy and a weighted average lease expiry of 4.7 years**
+ **Average portfolio valuation cap rate of 5.2%[1]**

## KEY METRICS[1]

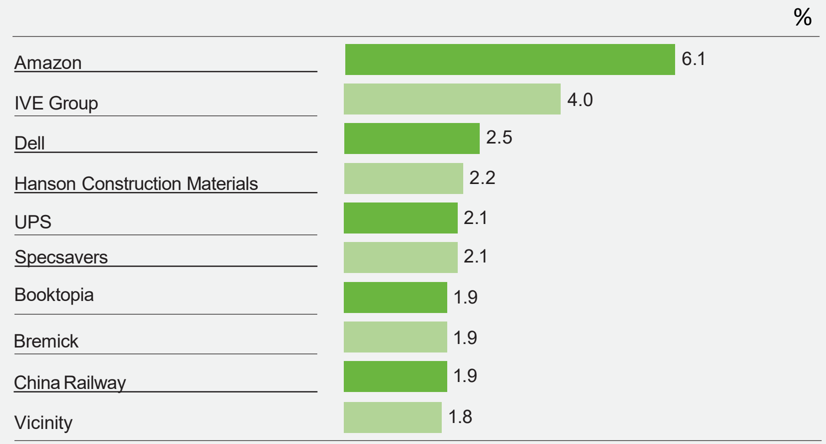
| | FY20 |
|---|---|
| Total assets | $1.8 billion |
| Customers | 304 |
| Number of properties | 24 |
| Occupancy | 93% |
| Weighted average cap rate | 5.2%[1] |

1 Stabilised properties

## WALE of 4.7 years (by net income)




## Top 10 customers make up 26.6% of portfolio income



Appendix 3

# DEVELOPMENT

# DEVELOPMENTS

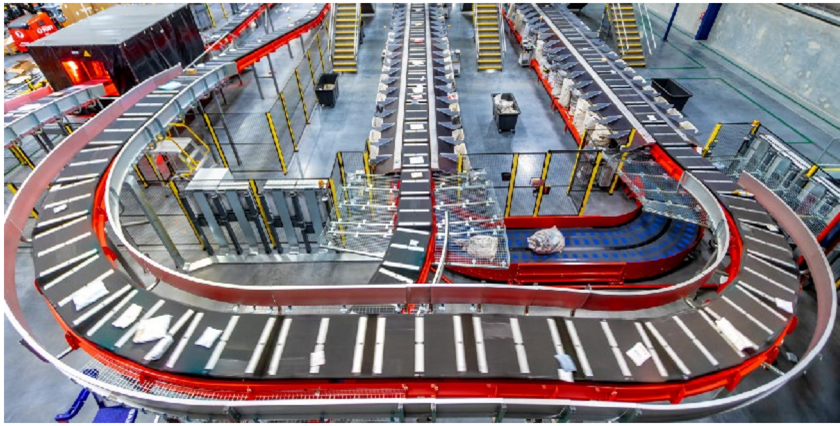
## FY20 DEVELOPMENTS

| | Completions | Commencements | Work in progress |
|---|---|---|---|
| **Value ($bn)** | 2.4 | 4.5 | 6.5 |
| **Area (m sqm)** | 1.4 | 1.6 | 2.1 |
| **Yield (%)** | 6.8 | 6.8 | 6.5 |
| **Committed (%)** | 85 | 79 | 76 |
| **Weighted average lease term (years)** | 9.3 | 14.1 | 15.1 |
| **Development for third parties or Partnerships (%)** | 80 | 73 | 79 |
| **Australia / New Zealand (%)** | 29 | 38 | 26 |
| **Asia (%)** | 14 | 44 | 51 |
| **Americas (%)** | 17 | 6 | 11 |
| **UK / Continental Europe (%)** | 40 | 12 | 12 |

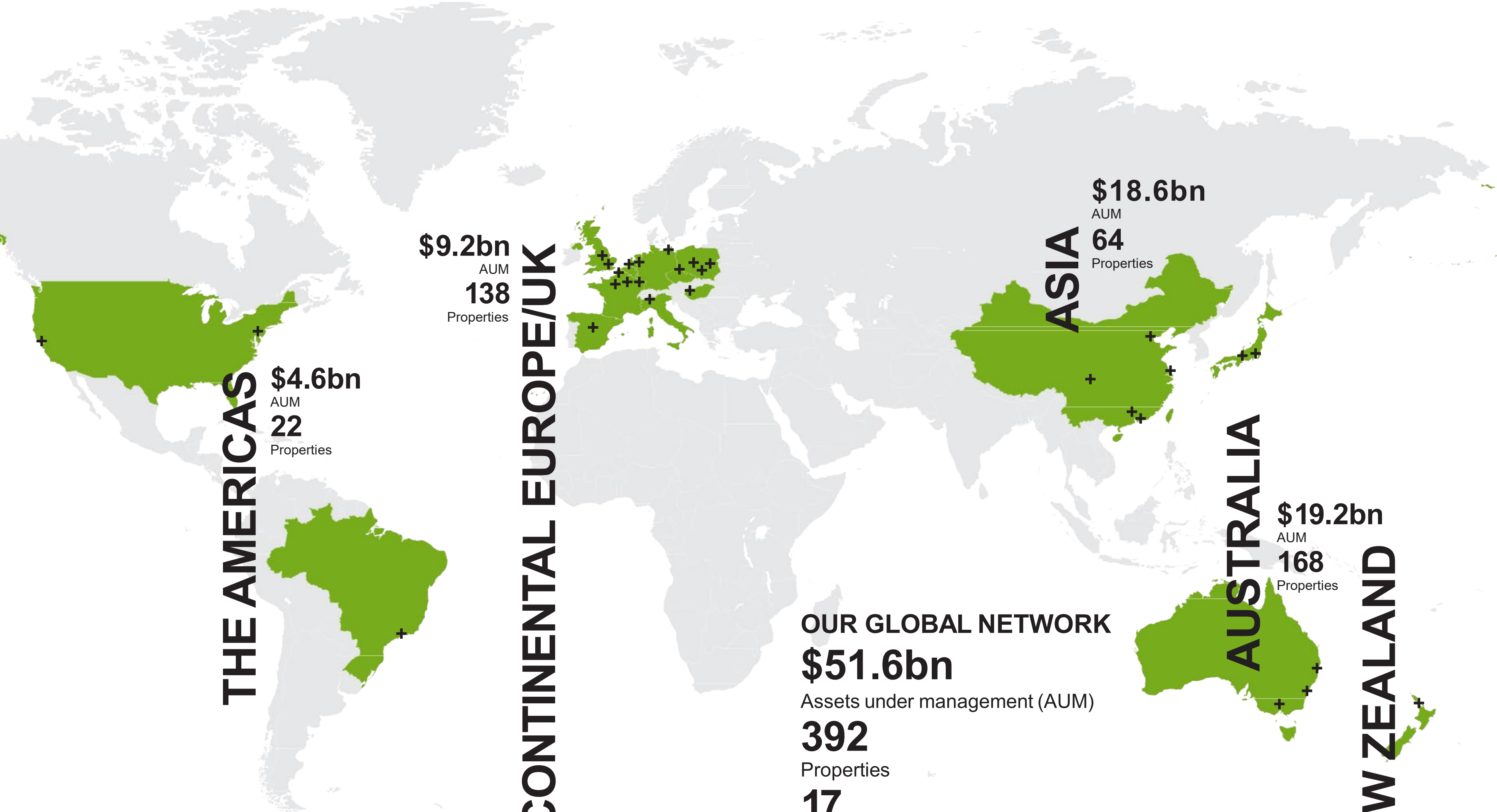
Artists impression – Coles Distribution Centre, Oakdale West, Sydney

Appendix 4

# MANAGEMENT



# GLOBAL PLATFORM




**OUR GLOBAL NETWORK**

**$51.6bn**
Assets under management (AUM)

**392**
Properties

**17**
Countries

+ DENOTES GOODMAN OFFICE

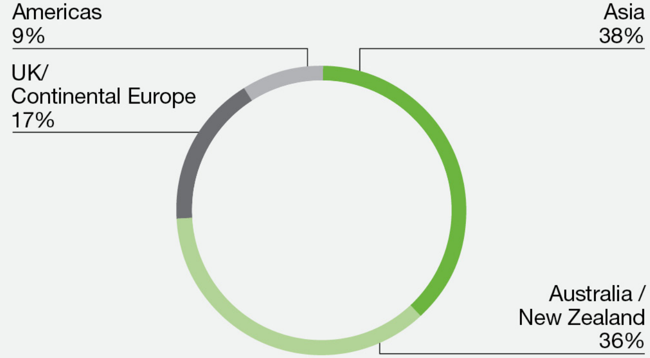
● Current Goodman global presence.
As at 30 June 2020 (Australian currency)

# MANAGEMENT – AUM

**+ The majority of Goodman's assets reside in its Partnerships**

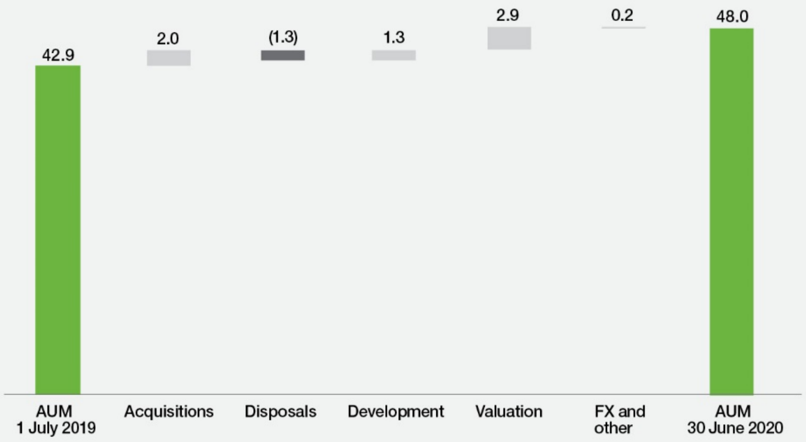
- The Group manages 15 Partnerships with 49 investor representatives on the Boards and Investment Committees independent of Goodman
- Goodman maintains a 26% average equity cornerstone position in the Partnerships to ensure alignment and exposure to a high quality globally diversified portfolio
- The average drawn and committed equity per partner is $649 million

## Third party AUM by region



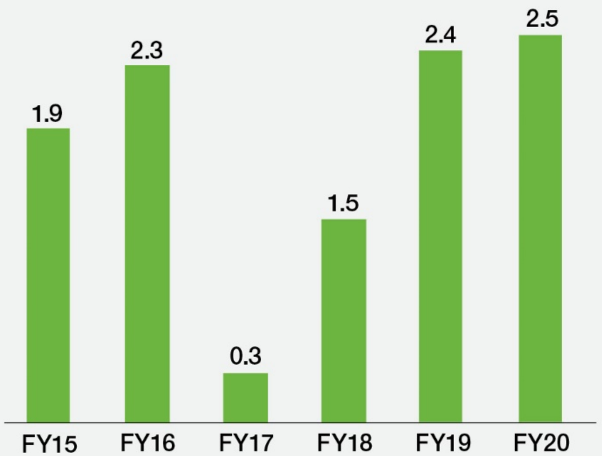

## Third party AUM

$B



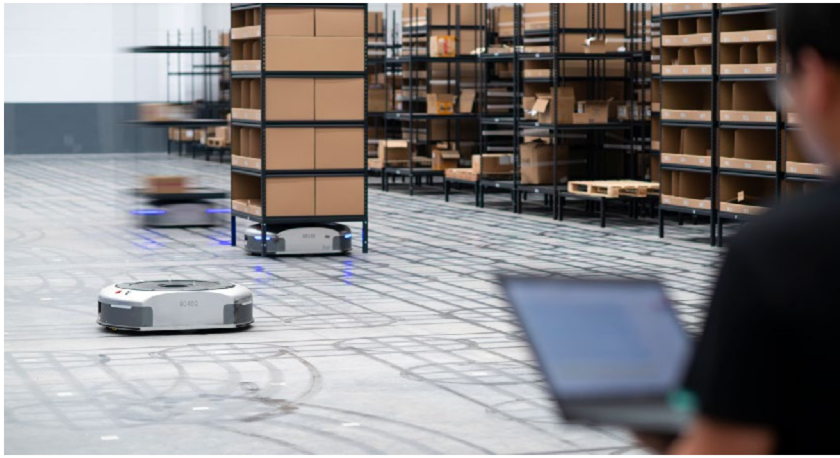

## Third party equity raised within Partnerships

$B



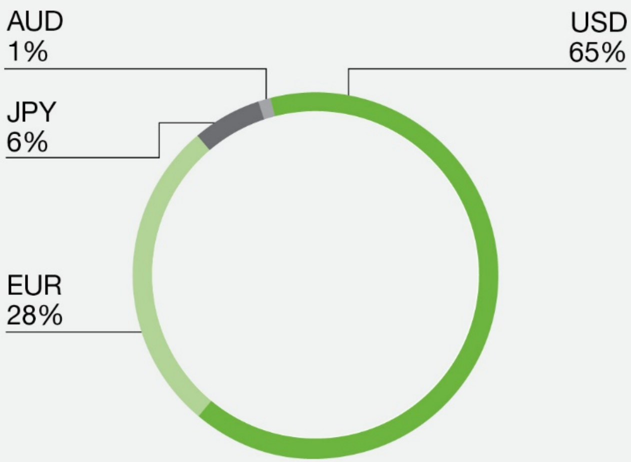
Appendix 4

# CAPITAL MANAGEMENT

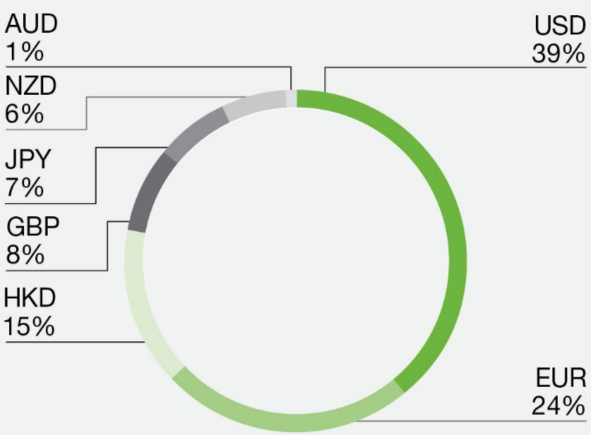


# CURRENCY MIX

## Currency mix – outstanding debt




## Currency mix – including the impact of capital hedging FX swaps



# FINANCIAL RISK MANAGEMENT

## The Group has implemented a robust capital management framework

**+ The Group has implemented a robust capital management framework, under its Financial Risk Management (FRM) policy. This provides:**

– Stronger balance sheet which has been reflected in our credit ratings from S&P and Moody's BBB+ / Baa1 respectively

– Covenants that are appropriate for our operations

– Diversified sources of funding

– Long-term debt sources to stabilise the funding base

**+ The Group has been actively reducing financial leverage in the business:**

– Group target gearing range 0%–25%

– Gearing level will be determined with reference to mix of earnings and ratios consistent with credit rating but expected to remain low

**+ Interest risk management:**

– Policy to ensure between 60% and 100% of current year interest rates are fixed

– 73% hedged over next 12 months

– Weighted average hedge maturity of 6.7 years

– Weighted average hedge rate of 2.54%[1,2]

**+ Foreign currency risk management:**

– Policy to hedge between 65% and 90% of foreign currency denominated net assets

– 69% hedged as at 30 June 2020, of which 52% is debt and liabilities and 48% is derivatives

– Weighted average maturity of derivatives 4.2 years.

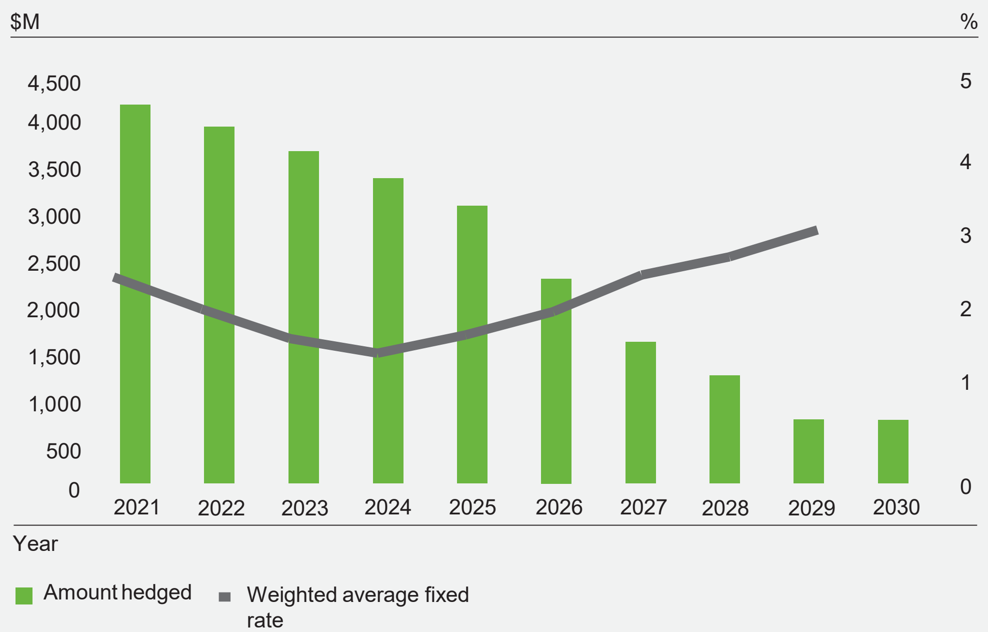
1 Includes the strike rate on interest rate cap hedges

2 Includes the 8 year Reg S €500 million at 1.375% fixed rate

# FINANCIAL RISK MANAGEMENT (CONT)

- **+ Interest rates are hedged to 73% over next 12 months**
  - – Weighted average hedge rate of 2.54%[1]
  - – NZD – hedge rate 2.21%
  - – JPY – hedge rate 2.01%
  - – HKD – hedge rate 1.62%
  - – GBP – hedge rate 1.70%
  - – Euro – hedge rate 0.73%[2]
  - – USD – hedge rate 4.64%
- **+ Weighted average hedge maturity of 6.7 years**

## Interest rate hedge profile




1 Includes the strike rate on interest rate cap hedges

2 Incudes the 8 year Reg S €500 million at 1.375% fixed rate

# FINANCIAL RISK MANAGEMENT (CONT)

## FOREIGN CURRENCY DENOMINATED BALANCE SHEET HEDGING MATURITY PROFILE

| | Weighted average maturity | Weighted average exchange rate | Amount receivable[1] | Amount payable[1] |
|---|---|---|---|---|
| **NZ$** | 2.9 years | 1.0864 | A$368.3m | NZ$400.0m |
| **HK$** | 4.2 years | 5.7260 | A$908.6m | HK$5,190.0m |
| **US$** | 3.7 years | 0.7141 | A$634.6m | US$450.0m |
| **¥** | 5.0 years | 75.4695 | A$278.3m | ¥21,000.0bn |
| **€** | 5.3 years | 0.6165 | A$803.0m | €495.0m |
| **£** | 4.0 years | 0.5660 | A$496.6m | £280.0m |
| **CNY[2]** | 3.7 years | 7.6477 | US$500.0m | CNY3,823.9m |

1 Floating rates apply for the payable and receivable legs for the cross currency swaps

2 Forward exchange contract, net settled in USD

# EXCHANGE RATES

## STATEMENT OF FINANCIAL POSITION – EXCHANGE RATES AS AT 30 JUNE 2020

| | |
|---|---|
| + **AUDGBP – 0.5566** | (30 June 2019: 0.5523) |
| + **AUDEUR – 0.6128** | (30 June 2019: 0.6173) |
| + **AUDHKD – 5.3402** | (30 June 2019: 5.4761) |
| + **AUDBRL – 3.7602** | (30 June 2019: 2.6880) |
| + **AUDNZD – 1.0694** | (30 June 2019: 1.0449) |
| + **AUDUSD – 0.6890** | (30 June 2019: 0.7011) |
| + **AUDJPY – 74.291** | (30 June 2019: 75.634) |
| + **AUDCNY – 4.8688** | (30 June 2019: 4.8141) |

## STATEMENT OF FINANCIAL PERFORMANCE – AVERAGE EXCHANGE RATES FOR THE 12 MONTHS TO 30 JUNE 2020

| | |
|---|---|
| + **AUDGBP – 0.5329** | (30 June 2019: 0.5527) |
| + **AUDEUR – 0.6071** | (30 June 2019: 0.6269) |
| + **AUDHKD – 5.2340** | (30 June 2019: 5.6069) |
| + **AUDBRL – 2.9963** | (30 June 2019: 2.7616) |
| + **AUDNZD – 1.0544** | (30 June 2019: 1.0665) |
| + **AUDUSD – 0.6714** | (30 June 2019: 0.7152) |
| + **AUDJPY – 72.6051** | (30 June 2019: 79.4634) |
| + **AUDCNY – 4.7200** | (30 June 2019: 4.8819) |

# THANK YOU