



# MAKING SPACE FOR GREATNESS

AMELIA IS SIX YEARS OLD AND PART OF GENERATION Z. SHE LIVES WITH HER PARENTS 25 MINUTES FROM THE CITY CENTRE AND IS GROWING UP IN AN ON-DEMAND ERA WHERE MOST NEEDS AND DESIRES ARE ABLE TO BE MET 24/7.

GOODMAN GROUP STAKEHOLDER REVIEW 2018



**IT'S NOT ENOUGH TO SIMPLY WISH FOR**

**THE LONG-TERM WITH DETERMINATION AND DRIVE.**

**CONSTANTLY CHANGING AND TO BE PART OF THE  
TO NEW WAYS OF WORKING. IT'S IN THIS WAY WE AIM**

**NEED TO SUCCEED BY PROVIDING SUSTAINABLE  
HIGH-QUALITY LOCATIONS. WE ACTIVELY PURSUE THE**

**THE SPACE THEY NEED TO GROW AND PUSH US ALL A**

**FUTURE OF THE PLANET AND ALL THE PEOPLE IN**

**RESPONSIBILITY AND WE CHOOSE TO WORK WITH**

**IT'S ONE OF THE REASONS WE PARTNER WITH**

**STRIVING TO MAKE A DIFFERENCE FOR THOSE WHO**

**IS NOT A SINGULAR PURSUIT. NOR IS IT ONE THAT IS**

**IS TO MAKE IT A POSSIBILITY FOR EVERYONE BY**

**GREATNESS.** WE NEED TO COMMIT TO IT FOR  
AT GOODMAN, WE UNDERSTAND THE WORLD IS  
FUTURE WE MUST REMAIN AGILE AND OPEN  
TO GIVE OUR CUSTOMERS THE SPACE THEY  
SOLUTIONS AND UNPARALLELED SERVICE IN  
VERY BEST PEOPLE. AND WE GIVE THOSE PEOPLE  
LITTLE FURTHER. WE CARE ABOUT THE  
IT. WE BELIEVE SUSTAINABILITY IS OUR  
PEOPLE AND ORGANISATIONS WHO FEEL THE SAME.  
CHARITIES ALL OVER THE WORLD WHO ARE  
CAN'T ALWAYS SEE A WAY FORWARD. GREATNESS  
EASY TO REACH. BUT AT GOODMAN OUR VISION  
**MAKING SPACE FOR IT IN EVERYTHING WE DO.**

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# THIS IS GOODMAN

Goodman is a global industrial property group. We own, develop and manage industrial real estate in 17 countries.

Through our Partnerships, institutional investors access our specialist investment management services and property assets. Our decisions are based on local knowledge and are grounded in more than 30 years of experience.

Goodman thinks big picture and long-term. We have the teams, scale, expertise, infrastructure and capital to nourish long-term relationships with customers around the world, and the flexibility to adapt to their local business needs.

We service a diverse customer base with specialist expertise in:



LOGISTICS



E-COMMERCE

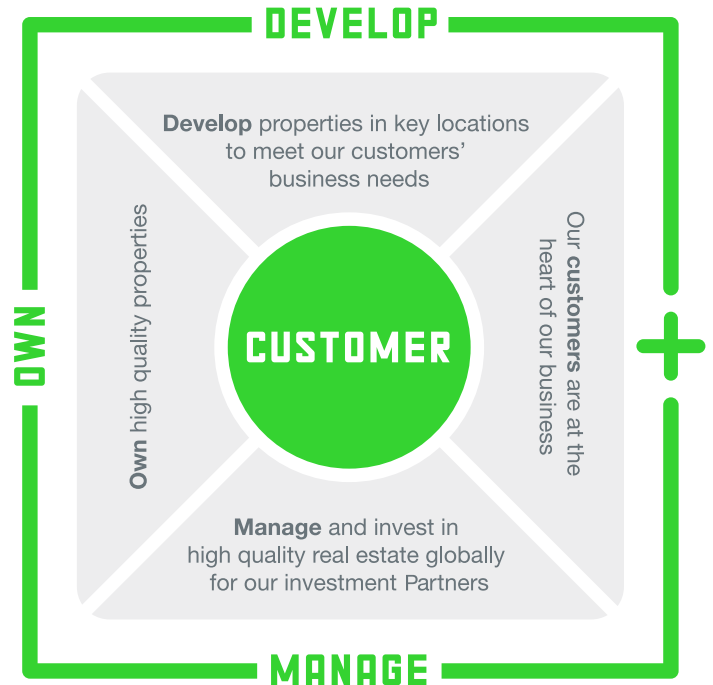


RETAIL



AUTOMOTIVE

We built our enduring own+develop+manage model with customers at the centre for a single, simple reason: to make space for them to succeed. Using this model, everything we do centres on their success.





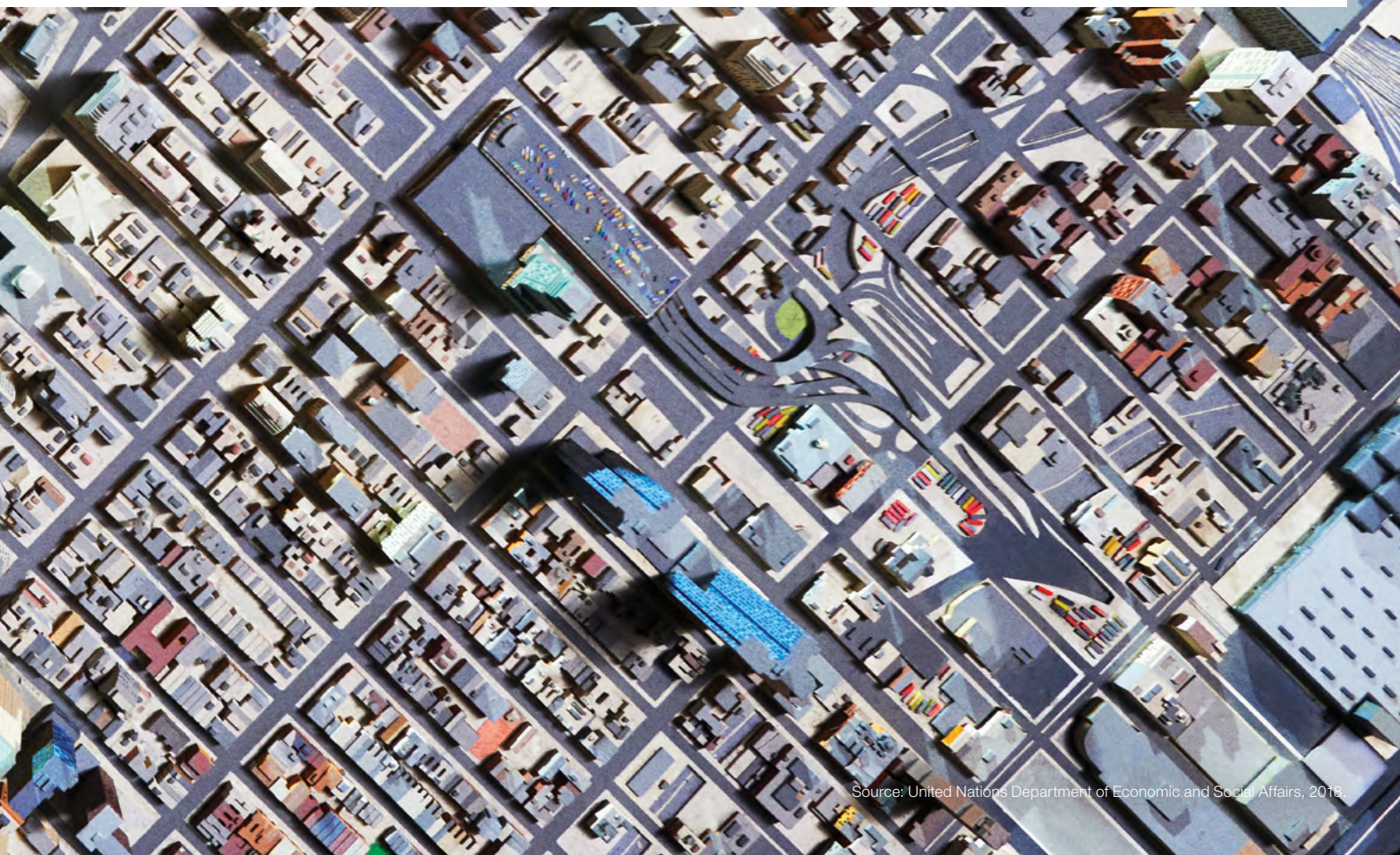


**BY 2050 MORE THAN TWO THIRDS**

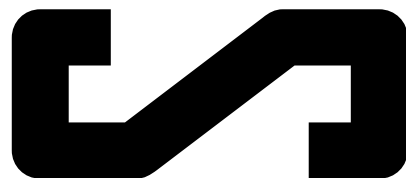
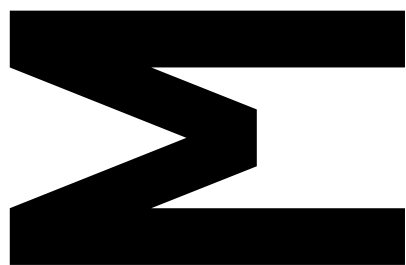
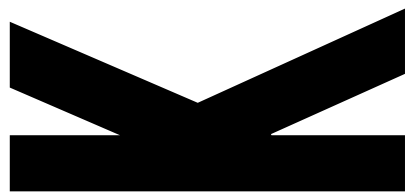
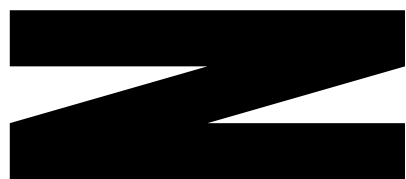




**OF HUMANITY WILL LIVE IN CITIES.**







IAN FERRIER AM

FOR  
SHARED  
SUCCESS

CHAIRMAN'S LETTER



Oakdale Industrial Estate, Sydney, Australia.



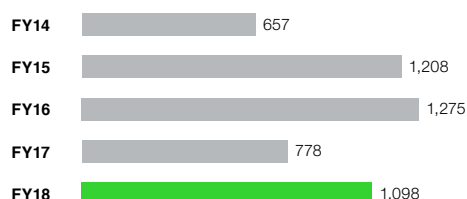
Goodman performed very well in FY18 and we are positive, too, about the outlook and sustainability of our operating platform. Our financial highlights include:

- \* Operating profit of \$845.9 million, up 9% on FY17
- \* Statutory profit of \$1,098.2 million
- \* \$639 million in property valuation gains, contributing to 10% year-on-year growth in net tangible assets to \$4.64 per security
- \* Operating earnings per security (EPS) of 46.7 cents, up 8.3% on FY17
- \* Distribution per security (DPS) of 28.0 cents, up 8.1% on FY17
- \* Maintaining a strong financial position with balance sheet gearing stable at 5.1%, down from 5.9% in FY17
- \* Group liquidity at \$3.4 billion
- \* Total Securityholder return of 26% over one year, 69.5% over three years and 135.2% over five years.

#### OPERATING EPS (¢)



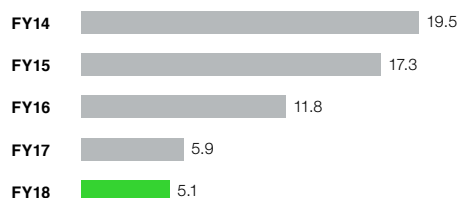
#### STATUTORY PROFIT (\$m)



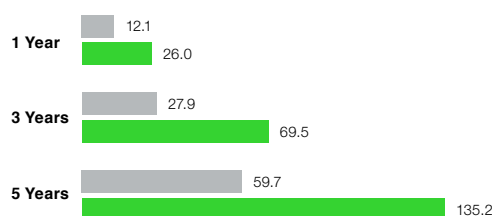
#### OPERATING PROFIT (\$m)



#### GEARING (%)



#### TOTAL SECURITYHOLDER RETURN [TSR] (%)



■ ASX100 Total Return % ■ GMG Total Return %

#### Culture is key

These financial results directly reflect the successful execution of Goodman's long-term strategy. While the numbers are strong, I'm equally proud of the performance of our people. Goodman's culture is characterised by quality across all aspects of the business – our people, our products and our service.

In the last three years, Goodman has run an internal programme to instil the importance of the Group's values in our global team. We want everyone to understand our values and the behaviours needed to support our long-term success. Management has put significant focus across all our markets in creating the right culture and equipping our teams to act in our stakeholders' best interests.

We have scrutinised both our work culture and professional behaviour and continue to strive for strong ethics and corporate governance. We encourage a disciplined approach, with management leading by example in being transparent and modest in their dealings.

We are satisfied we're in a healthy position that supports our business long-term. Yet even so, we never lose sight of how important it is to have the right team to foster the right culture at a local and global level.



### Sustaining success

Delivering on the Group's long-term strategy is contingent on creating a culture that aligns the interests of our people and our Securityholders. In a highly competitive environment, with a business reliant upon having the best people to deliver the strategy, the Group has outperformed the ASX100 largely due to its ability to motivate, focus and retain its people.

Goodman's remuneration strategy ensures the balance between fixed pay and performance-based remuneration is aligned to Securityholders' long-term interests; that is, sustainable long-term EPS growth and, ultimately, investment returns. Securityholders and Goodman team members are mutually impacted by our performance, with Securityholders' interests met before short-term incentive awards are paid or long-term incentives vest. There is significant emphasis on long-term incentives for all team members, which are at risk with a three-year testing period and vesting over three-to-five years.

Both Securityholders and our people have benefited from Goodman's sustained strong growth. In an era when employees expect companies to develop their skills as well as provide opportunities for people to share in the company's success, Goodman's global incentive scheme is a crucial offering. It offers significant performance-based rewards to all, as opposed to a few. We believe this has been a key point of difference in creating a collaborative culture focused on sustained success.

In this Stakeholder Review, we show how we are continuing to build a sustainable business by delivering a strong financial result while striving to make a positive impact on people and the planet.

This includes supporting communities and charities in the markets we operate in, creating a culture in which our people are developing to their fullest capacity, and ensuring our buildings are energy efficient and environmentally sustainable.

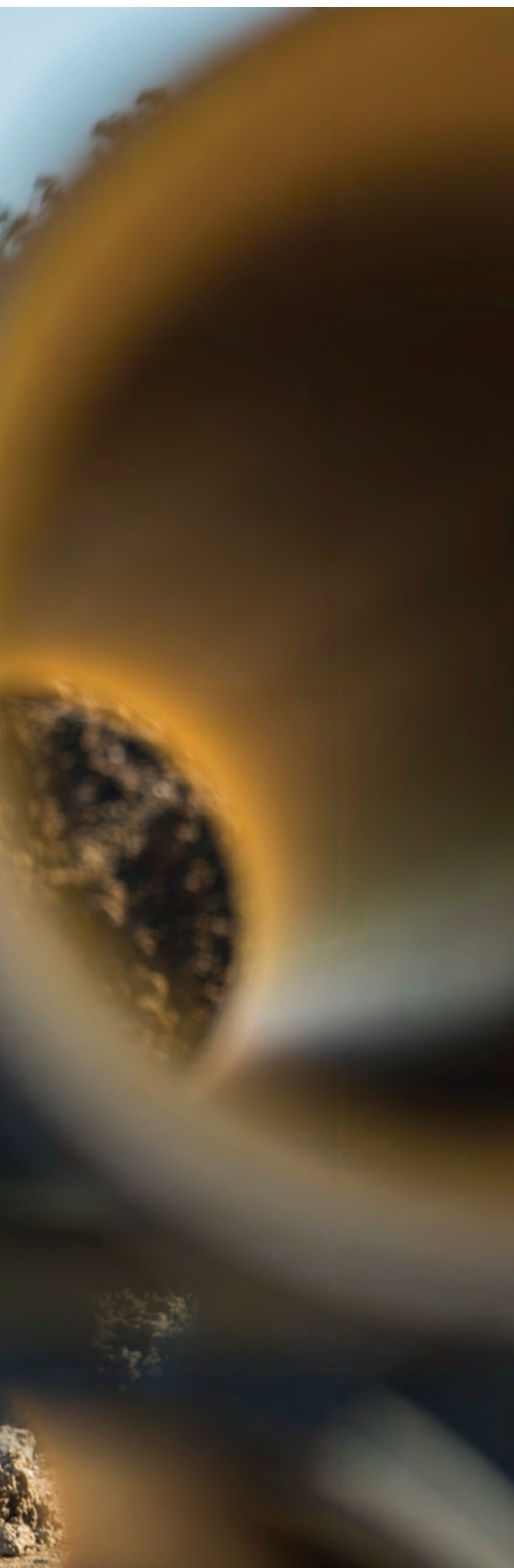










**Board changes**

There have been some changes to the Goodman Board.

We welcome Ms Penny Winn to the Board as an Independent Director of Goodman Limited and Goodman Funds Management Limited and a member of the Risk and Compliance and Audit Committees. We also welcome Mr David Collins as an Independent Director of Goodman Logistics (HK) Limited.

After more than 12 years serving on the Board through the good and also the challenging times, Mr Jim Sloman, OAM, will be retiring. I thank him for his significant contribution to Goodman.

**Thank you**

I would like to acknowledge Goodman's strong and committed team for the execution of our strategy and contribution to FY18's outstanding results. The team is delivering a sustainable business into the future and I would like to thank them, our Partners, investors and our customers for their continued support.

**Mr Ian Ferrier AM**

Independent Chairman





**BY 2020 THERE WILL BE 2 BILLION PEOPLE IN**







**GEN Z WITH US\$3 TRILLION PURCHASING POWER.**



Source: IBM National Retail Federation Study, 2017.





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GREGORY GOODMAN

PURPOSE

GROUP CEO'S LETTER

V

O

E



At Goodman, we make decisions for the long-term. Our strong performance in FY18 is due to years of long-term decision-making by our people around the world.

By taking this approach in all we do – from implementing our business strategy to selectively acquiring real estate and working with global stakeholders – we continue to build a sustainable business that can meet the expectations of our customers, Partners, investors, team members and the community, now and in the future.

Our positive results have not caused us to become complacent. We are constantly evaluating opportunities and keeping abreast of changes influenced by technology and other market drivers. To complement this, we have created an environment that enables us to be flexible and capitalise on the opportunities that will deliver on our long-term strategy.

**We are constantly  
evaluating opportunities  
and keeping abreast of  
changes influenced by  
technology and other  
market drivers.**

Wroclaw South Logistics Centre, Wroclaw, Poland.





### **FY18 results**

Goodman produced another strong result. I'm proud of our global team, with all regions consistently executing our strategy and delivering for our customers and Investment Partners. We are in a solid position for the year ahead.

The headline numbers in this year's results reflect the positive performance of our underlying operations.

Our portfolio is of high quality and our properties around the world continue to drive our operational result. We saw property fundamentals steadily improve during the year, achieving like-for-like net property income growth of 3.2% and 98% occupancy across the portfolio.

Strong customer demand globally is driving our development workbook and we've increased work in progress to \$3.6 billion across 80 projects in 12 countries. Importantly, the majority of our development work is in our Partnerships, resulting in efficient capital deployment for Goodman and enhanced returns for our Partners.

Goodman's Partnerships continued to perform strongly, with 15% average return for our Partners this year. External assets under management also grew to \$35.1 billion. This was driven by \$2.8 billion in revaluation gains and \$3.5 billion in development completions across the Group and Partnerships.





## Change equals opportunity

Our industry as well as our customers' industries, are going through transformational change, providing challenges, but opportunities too.

Advances in technology, changes in consumer behaviour, and the concentration of our portfolio in key urban centres continue to drive customer demand for industrial space, while generating positive returns for our Investment Partners.

In this evolving environment, it is essential to be proactive, understand the market and provide flexible solutions to help our customers service their customers.

Having the right property in the right location is critical to our customers' success. They want to be close to consumers and operate at maximum efficiency. That's why we're seeing greater investment in warehouses – in technology, in seeking out premium locations and in commitment to extended leases.

## The year ahead

To support future returns – as well as development activity and asset growth – we'll be looking to more intensive use of Goodman's existing sites and their timely development into higher value assets.

With market conditions expected to remain favourable for FY19, the outlook across our business is positive.

## Outlook

# \$913m

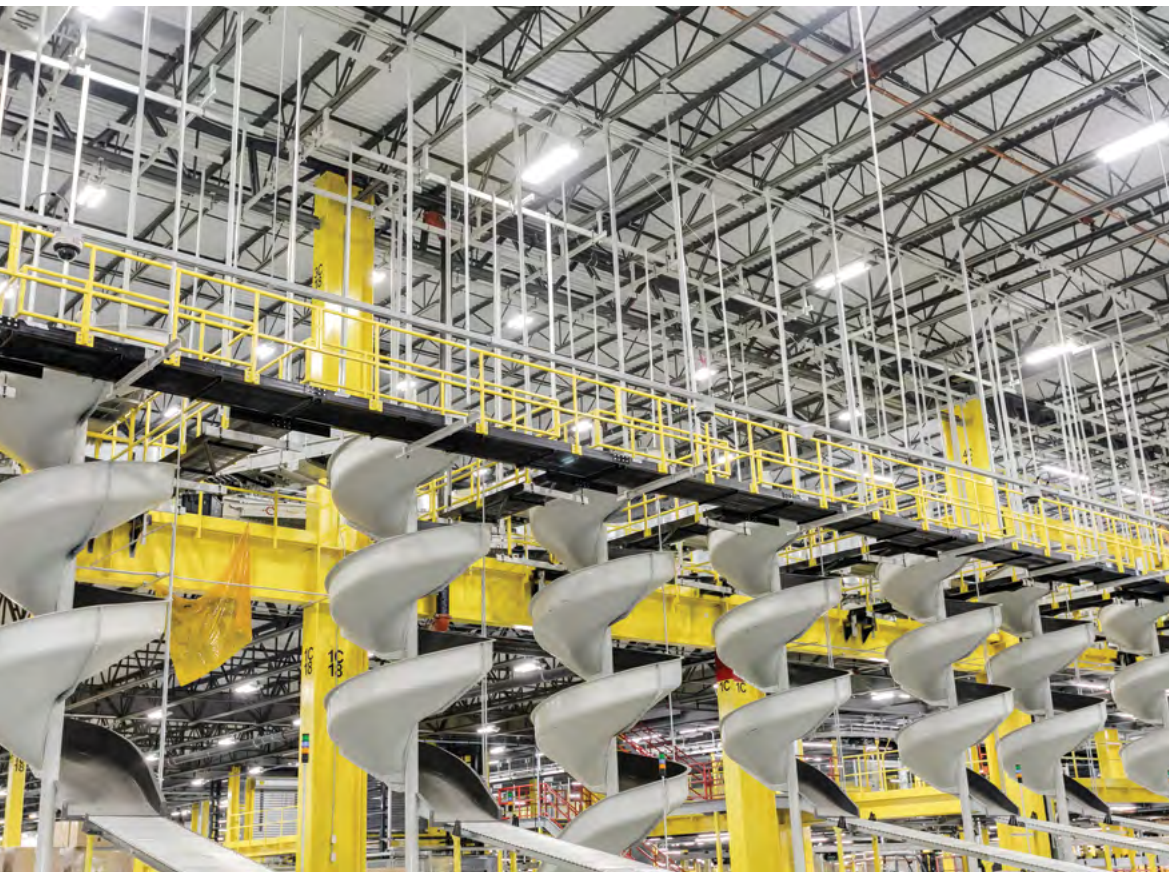
Operating profit  
▲ up 8% on FY18

# 50¢

Operating EPS  
▲ up 7% on FY18

# 30¢

DPS  
▲ up 7% on FY18







Hamburg II Logistics Centre, Hamburg, Germany.





# We're looking beyond the financial metrics to ensure we build a sustainable business for the long-term.

## Long-term sustainability

While we're pleased with our positive results, we always strive to do better. We're looking beyond the financial metrics to ensure we build a sustainable business for the long-term.

We're doing this in a number of ways. We're designing the best properties in the best locations, so our customers can do even better for their customers. We're creating a workplace where our people can reach their full potential. And we're sharing our resources with the Goodman Foundation partners to support charities in their own missions.

We're not content with good at Goodman – we strive to be great. And we want our stakeholders to achieve greatness too. This couldn't be achieved without the hard work and dedication of our people around the world. I would like to sincerely thank the team and, on behalf of them, extend my gratitude to all our stakeholders for their ongoing support.

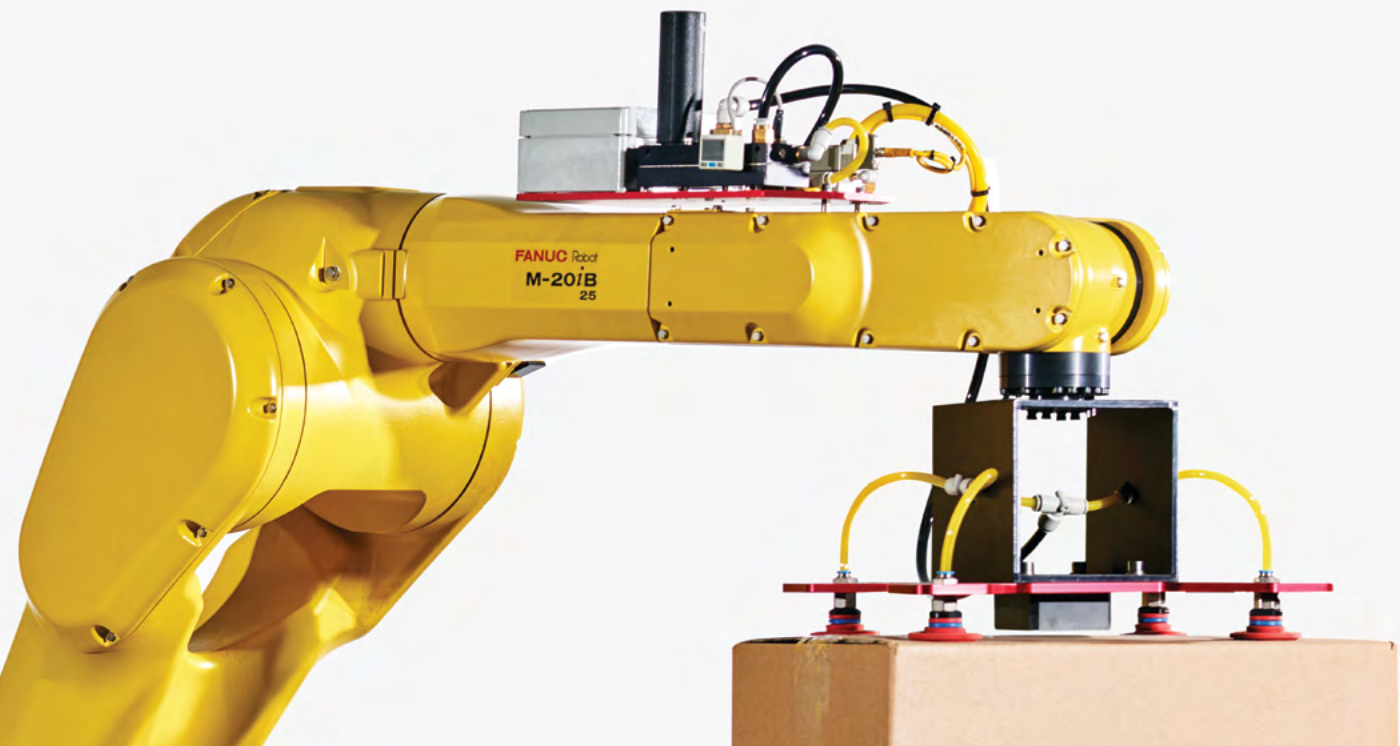


**Mr Gregory Goodman**  
Group Chief Executive Officer

**BY 2025 OVER US\$67 BILLION**







**WILL BE INVESTED INTO ROBOTICS.**





# MAKING SPACE FOR GREAT N

Meet Amelia\*, Andrew\*, Anna\* and Deborah. **They're why we exist.** They're our valued customers, our team members, and our community. They're also our future. Learn how we're making space for them to succeed.

Our stakeholders' needs are many and varied and keep evolving as the world does.

At Goodman, we develop close relationships with our stakeholders, so we can help them reach their full potential. We don't pretend to have all the answers, but we do believe we can have a lasting positive impact and make greatness a possibility for them.

To be a vital player in a world of constant change, Goodman knows it must stay open to new ways of working. We have the best people and give them space to grow and push us all a little further. We give our customers the space they need to succeed by providing unparalleled service and sustainable solutions in high-quality locations.

We care about the future of the planet and the people in it. We believe sustainability is our responsibility and we choose to work with people and organisations that feel the same. It's one of the reasons we partner with charities all over the world who are striving to make a difference to the lives of those who can't always see a way forward.

Greatness is not a singular pursuit, nor is it always easy to reach. But Goodman's vision is to make it a possibility for everyone by making space for it in everything we do.

Our first step is looking at the world through our stakeholders' eyes.

ESS

\*These characters have been created based on typical attributes or traits of our stakeholder groups.



# THE

**Amelia is six years old and part of Generation Z.**

She lives with her parents 25 minutes from the city centre. It is likely she will keep living in, or close to, the city as she becomes an adult. Unlike her parents, who both have a car, she probably won't. In fact, she's less likely to get a driver's licence than the generations that came before. She'll opt for public transport or a ride share service of the future. By this time, too, car travel will be electric and/or driverless.

# FUTURE







**The digital knowledge of Gen Zers often exceeds that of older members of their households and can influence family members' paths to purchase.**

Source: National Retail Federation, 2017.



Amelia is growing up in an on-demand era where most needs and desires are able to be met 24/7. She uses a tablet or phone for education and play – every day. Her family shops online for her clothes, school equipment and toys. Amelia expects her deliveries to arrive on the same day. She understands if she has to wait until the next day but feels frustrated nevertheless.

Groceries are home delivered and, as a treat, Amelia gets her favourite pasta dish delivered from a menu she knows well from a restaurant she's never been to.

Amelia is both a digital and social native. As she gets older she will start to think about fairness and equality. She will support causes that help to address poverty and world hunger. She'll care about the environment and, as a city-dweller, about parks and green spaces because respite and clean air are vital for her physical and mental wellbeing.

When choosing where she'll work, it will be important to Amelia that her employer is purposeful and transparent. She will have grown up in an era where everyone can publish 'news', so will be sensitive to inauthentic behaviour and attitudes. As such, she will believe everyone is accountable for their actions and that corporations must address humanitarian and environmental issues.

Amelia might work in education, healthcare or science, or have a job that does not yet exist. She will want to innovate, collaborate and co-create and she won't want to advance through a company in a linear fashion. Like her baby boomer grandparents, she'll be willing to work hard but she'll want a career and a family life without compromising on either. She'll expect flexible working conditions and the ability to shape her own schedule and fulfil her role from wherever suits her best.



# URBANISATION

More people are living in cities now than ever before and this number is set to grow. That's why Goodman's properties are in key urban centres where there are large populations of consumers adopting new technologies and embracing e-commerce.



Goodman Interlink, Hong Kong, China.







## FLEXIBLE WORK

Goodman believes in working smart. Our people are empowered to manage their own time to balance personal commitments with our stakeholders' needs. Our commitment extends beyond formal flexible work policies to what we call flexible work practices. We provide the right tools, workspaces and technology to allow the team to work from anywhere to maximise their efficiency.

## SOCIAL CONSCIENCE

The Goodman Foundation creates positive social change in the communities it operates in. Through its programmes, Goodman and its people contribute in tangible ways including volunteering and in-kind aid such as business space or cash grants. Positive outcomes include enabling SOS Children's Villages to carry out its work to help thousands of children in Europe, as well as supporting Feeding Hong Kong so it can deliver 3.2 million meals to those in need.



Good360 Australia, a Goodman Foundation partner.



## E-COMMERCE GROWTH

In 2017, global e-commerce sales hit US\$2.3 trillion\*. This figure is expected to reach more than US\$4.9 trillion in 2021\*. E-retailers are racing to hasten deliveries of online orders and this fundamental shift is driving demand for logistics facilities in Goodman's operating markets.



\*Source: Statista, 2018.



# THE

Andrew is the Logistics and Supply Chain Director for an online fashion retailer. It delivers clothes and shoes to a global network of retail stores, as well as directly to customers. Andrew needs the best property partner for his business. For him, it's about the right site in the right location. His business offers same and next-day delivery to customers in the region, so it's essential he finds a location close to major urban centres.

# CUSTOMER





**He wants to deal with specialists who have the right locations, or land available on which to develop new facilities.**



To compete, Andrew needs his supply chain at maximum efficiency, which for him means the latest technology and automation. Things move fast, so staying adaptive and flexible is crucial. He wants his property partner to help him grow, which may mean helping him to re-design his facility to update its automated sorting equipment.

Andrew needs a property partner who understands future challenges better than he does. He wants to deal with specialists who have the right locations, or land available on which to develop new facilities. He wants to feel confident his partner can manage his real estate needs so he can concentrate on his core work: distributing products to customers.

Numerous providers can offer Andrew a suitable facility but more than that, he values:

- \* Great customer service – responsive, experienced and with a long-term view of working together over a number of years
- \* Quality – Andrew's distributors will visit his facility, so it must have a professional presentation, be well built and be scrupulously maintained. He needs it to reflect positively on his business and motivate his workforce.

Andrew cares about the future and knows his customers do too. He wants success that's not at the expense of the planet and he knows a lot about how fashion manufacturing impacts the environment. He constantly looks for ways to embrace an ethical mindset and embed sustainable practices into projects.

His company is proud of its commitment to sustainability and social responsibility. It uses ethically sourced materials and expects its facility to manufacture sustainably. To this end, it's important the facility is energy efficient with consideration given to solar panels, LED lights and water recycling.

Andrew is cost conscious, but he doesn't want to cut corners or compromise quality. His company takes care of its people and views them as an asset. To attract top talent, he knows he needs to provide convenient transport connections and the best amenities, such as well-designed breakout zones, cafés, gyms and outdoor areas.



## FLEXIBLE

Goodman knows there is no single way to do something, only the right way for each customer. Our team works closely with customers to understand their current and future needs. We know there are many drivers of change, so our solutions need to not only be functional, but also flexible.





# SUSTAINABLE

Goodman's world-class logistics spaces are sustainable, resilient and innovative. Our properties provide long-term value for our Partners, customers and communities and all our developments in FY18 included sustainable design features.



Goodman Sakai, Tokyo, Japan.



# INDUSTRIAL PROPERTY SPECIALISTS

We specialise in industrial property and have over 30 years of experience. We bring global innovations to our local customers. Our team has a proven track record in delivering on all aspects of property procurement on time and customised to our customers' needs.





# FASTER

To compete, it's critical to get goods to consumers as quickly as possible. Goodman's properties are close to key infrastructure links such as roads, rail, ports and airports, providing rapid connectivity to a large population of consumers.





# THE

**Anna is a Portfolio Manager at Goodman.** In her eight years with the business, she's seen lots of change in society and at work. When Anna started at Goodman, she sat at the same desktop computer every day and travelled from Goodman's city office to see her customers. Today, Anna prefers to work from a satellite office at a Goodman property. She's closer to her customers and can be a lot more efficient.

# TEAM PLAYER





**She must be highly responsive and ensure processes stay seamless for colleagues and customers.**



As a Portfolio Manager, Anna ensures her properties are managed for the long-term and are of exceptional quality. This includes the highest possible standard of maintenance, presentation and property administration. Anna also manages a team which helps her in this customer-focused role.

As a working mother with two children, efficiency and flexibility are critical. Her days are spent juggling the logistics of work and family life. Anna and her partner jointly manage school drop-offs, picks-ups and extra-curricular activities while maintaining full-time workloads.

When she's not in the office, Anna remains connected to her customers, colleagues and peers. Working standard office hours from a single location doesn't work for her – or her customers or family. She must be highly responsive and ensure processes stay seamless for colleagues and customers. For Anna, technology makes this possible, coupled with a genuinely flexible workplace.

Technological change has transformed Anna's work and personal life. She values innovation and enjoys the flexibility new technologies have delivered. She is concerned, however, by digital connectivity's impact on face-to-face time so she endeavours to see her customers in person as much as possible. She enjoys being onsite to get a hands-on sense of what makes her customers' businesses tick, and what they really need from Goodman.

To give back more broadly, she canvasses concrete opportunities to support the homeless or raise money for charity. Events such as this are great ways to spend time bonding with her team too. Fairness and equality are part of Anna's values, so she expects respect from her employer and team members, always, and works to provide the same.

Like all Goodman people globally, Anna has been fortunate to benefit from the company's success through its Long-Term Incentive Plan. The scheme makes her feel like a part-owner in the company, motivating her to work hard and take a long-term approach to her decision-making.

She understands that her success depends on the success of Goodman's customers, Partners and investors. She wants to feel she is a significant contributor and that she can continue to build a career at Goodman, so she can be confident about the future.





## SERVICE

We know our customers. With their help, we learn about their business to provide the best service possible. We always aim to be quick to respond to enquiries or issues and are proactive in addressing their current and future needs. The performance of all team members is measured by their customer focus.



## GIVING BACK

The Goodman Foundation encourages team members to give back in satisfying and tangible ways to the communities around them. Whether it's supporting the homeless or raising money for charities, the Goodman Foundation facilitates the process, and provides additional financial support.



The Goodman team volunteering at Second Harvest Food Bank of Orange County, Los Angeles, USA.



## COLLABORATION AND EFFICIENCY

Goodman takes teamwork seriously. Our workspaces follow contemporary design practices to ensure maximum collaboration and efficiency. Our offices use activity-based working, which is adaptive to our people's diverse daily tasks, and our satellite offices and remote options allow our team to service their stakeholders in the most effective way.

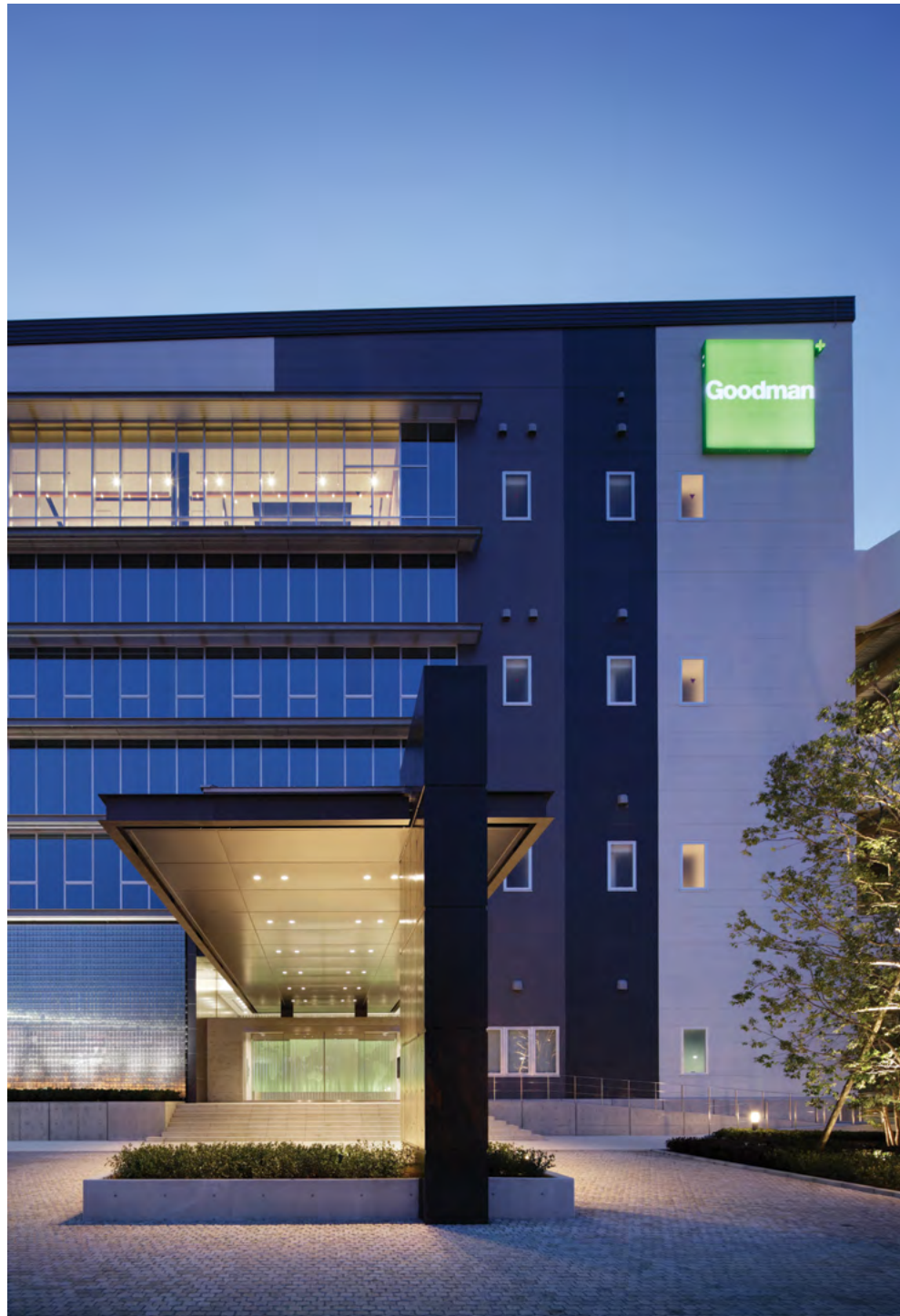


## HIGH-QUALITY

Everyone at Goodman plays a role in ensuring our properties are of the highest standard. From the quality of the location and the construction materials, to the overall appearance, all team members are responsible. Our teams are trained to notice the things that matter, and the result is consistently well-presented properties and a great working environment for our customers.



Goodman Sakai, Tokyo, Japan.



## ALIGNED INTERESTS

Goodman's Long-Term Incentive Plan motivates our people and focuses on aligning their interests with those of our customers and Securityholders. Broadly, our remuneration structures are aimed at enhancing loyalty. We make space for our people to reach their potential and build the career they're capable of.





# THE

As the founder and Chief Executive Officer of food rescue enterprise, KiwiHarvest, Deborah Manning believes access to nutritious food is a human right. In 2014, with support from Goodman, Deborah set up KiwiHarvest, a social enterprise that has grown to deliver 170,000 meals a month to charities and social service agencies in New Zealand.

# CHANGEMAKER



Deborah Manning, Chief Executive Officer, KiwiHarvest.





Goodman volunteers supporting KiwiHarvest.

**KiwiHarvest has used Goodman's long-term commitment to generate measurable social and environmental change.**



➤ Like its Australian counterpart, OzHarvest, KiwiHarvest has used Goodman's long-term commitment to generate measurable social and environmental change. **Each dollar invested blooms NZ\$5.16 in social return on investment.** The enterprise has delivered 5.5 million meals and saved 1.7 million kilos of food from landfill since inception.

For these reasons, Goodman is proud to support KiwiHarvest as a key charity partner. Deborah explains the organisation's journey and how Goodman has contributed to its success in nourishing those in need.

### **Bringing KiwiHarvest to life**

My background is in healthcare and law. The common thread in everything I did was people. I genuinely wanted to leave the world a better place for my children and grandchildren.

One day I read about kids going to school hungry and another story about 'dumpster divers'. It was a real 'ah-ha' moment. I began to learn about global food rescue organisations and, in 2012 in Dunedin, I set up a company called FoodShare.

I'd take day-old bread, and other supplies, to food banks in my car. Eventually, the car got so full of food I couldn't see out the back window. My local car dealer donated a van.

I found out Goodman had supported OzHarvest in Australia for more than 10 years and was seeking a similar cause in New Zealand, so I pitched to them. Goodman backed me in merging FoodShare with KiwiHarvest and has been very supportive ever since.

### **Challenges on the way**

At first, food businesses were worried they'd be liable. In reality, there are protections for food donors, so I reassured them of that. Some concerns lingered, so communication was key. Our brand was crucial, too, and our robust food handling processes made sure both were protected.

The other big challenge was financial. Like any rapidly growing social enterprise, we had to balance our social purpose with the bottom line.

As our founding partner, Goodman purpose-built our headquarters and storage facility in Auckland from shipping containers. We needed lots of freezers and chillers for food. Goodman liaised with its contractors to make it happen in an environmentally friendly way: the materials, the energy and the planning.

Since then, Goodman has made significant annual donations so our operations can grow. We now have seven refrigerator trucks and five branches around New Zealand.



### ➤ The right people

The social enterprise journey is never a straight line. You have to be open to ideas and ready to make changes. Goodman's support has allowed us to thrive, take on challenges and grab opportunities.

From there, it's good people in your organisation that make those ideas work. I thought very carefully about the skills I needed on the board, for example. We have 17 staff, though we can't pay big salaries.

This financial year, we had around 5,000 hours volunteered. We take care of our volunteers not only because they bring irreplaceable value to the business but also because they take our message into the community. Every volunteer and employee is a brand ambassador for KiwiHarvest.

### Behind the scenes

We don't give food face-to-face; we give it to 220 charities and community groups across New Zealand that run food support programmes. Even so, we hear such heart-warming stories, like parents saying: "It's so nice to put fresh fruit in our children's lunch boxes".

Children often miss school if they have no food to take. Recognising this, some schools offer food support programmes and come to us for help. If families are identified as being in need, some schools will deliver to their homes. It's crucial to maintain respect and dignity for everyone, always.

**It's crucial to  
maintain respect  
and dignity  
for everyone,  
always.**





### **Space for greatness**

When I consider how Goodman makes space for greatness for us, the words are 'generosity' and 'the big picture'. They understand the issues facing people and the planet. They want to address issues and effect change.

KiwiHarvest doesn't want to stand still on the war on food waste and Goodman sees that. But sometimes our growth is so fast we can barely keep up. No matter how fast it is, Goodman supports, encourages and enables us.

We're working with the Goodman team now on moving to a new property in Auckland. **It's wonderful to have a supporter that doesn't see a problem but instead sees how to fix it.**

Like us, Goodman believes that alleviating food waste to help solve food security is a no brainer. They also want to see demonstrable outcomes for their donated dollars and have appreciated our ability to show that.


KiwiHarvest wouldn't be where we are today without Goodman's support. They've been with us all the way. Our success is thanks to them.



A photograph of a person's legs from the knees down, resting on a light-colored chair. The person is barefoot. The background features a wall with horizontal wooden blinds. The lighting is soft and even.

**E-COMMERCE IS THE FASTEST GROWING SALES CHANNEL. IT'S ALL**



A person with curly hair is seen from the side, looking at a computer screen. The person is positioned in front of a window with horizontal blinds. The room is dimly lit, with a blue light source visible on the right side of the frame. The person's face is partially obscured by the computer monitor.

**ABOUT PERSONALISATION, CONVENIENCE, FLEXIBILITY AND SPEED.**



PEOPLE

PLANET

AND

PERFOR

At Goodman, we believe our performance is not only measured by our bottom line but also by our long-term contribution to our stakeholders and to the environment.

We give our customers the space they need to succeed, by providing unparalleled service and sustainable solutions in high-quality locations.

We give our people the space they need to grow and push us all a little further. We care about the planet's future and the people in it. We believe sustainability is our responsibility and we choose to work with people and organisations that feel the same.

PERFORMANCE



We don't believe in good. Or good enough. We don't believe in the short-term or taking short cuts. We don't believe in putting business before people or anything before quality.

Next to our properties, people are our greatest asset. Every day, it's our people who initiate, build and nurture the long-term relationships with our stakeholders that are integral to our sustainable growth.







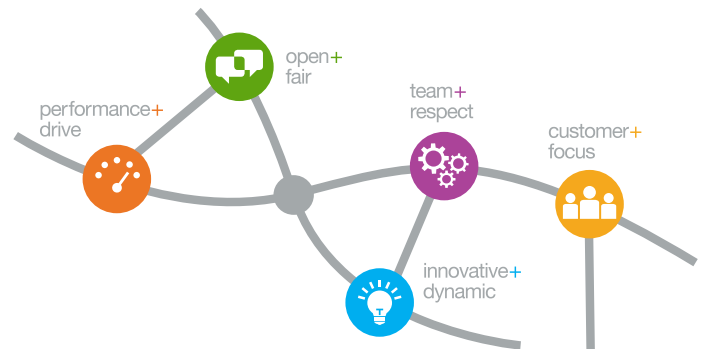


## For our teams to deliver to the highest standards, we provide an environment that encourages collaboration, innovation, efficiency and long-term decision making.

### Good to great

In recent years, Goodman rolled out an internal programme to help take us from being a good company to becoming a great one. The goal is for all of our people across the 17 countries to understand how to:

- ✦ Deliver to the highest standard
- ✦ Work as part of a team that is focused on the customer
- ✦ Consistently adhere to our values
- ✦ Deliver exceptional customer service
- ✦ Help to build a sustainable business for all our stakeholders
- ✦ Avoid complacency and keep excelling.



For our teams to deliver to the highest standards, we provide an environment that encourages collaboration, innovation, efficiency and long-term decision-making.

We're serious about the health, wellbeing and development of our people, and provide local programmes which promote workplace health and safety, learning and development, and social activities.

Our flexible work practices make space for the greatness of our people, empowering them to manage their own priorities while delivering for our stakeholders.



### Space to collaborate

Most of our offices are now designed for activity-based working. This layout style frees our people from the constraints of a single fixed desk and offers them a variety of settings to work. The transformational design has led to improved wellbeing and overall team satisfaction as well as:

- ✦ Greater collaboration, innovation and flexibility
- ✦ Reduced power and paper usage
- ✦ More creativity and team-based work
- ✦ Better communication and less formality so decisions are made faster.

**The transformational design has led to improved wellbeing and overall team satisfaction.**

Goodman office, Auckland, New Zealand.





Goodman office, Auckland, New Zealand.

### Setting the benchmark high

Goodman's new Auckland city office was developed with a commitment to corporate social responsibility. The office sets a high benchmark for refurbished business space.

It is expected to receive a 5 Star Green Star Office Interior rating and features high-quality materials selected for their functionality, longevity and energy efficiency.

The new office uses half the energy of the previous office, and team satisfaction and wellbeing have increased due to activity-based working, better spaces and a wider range of end-of-trip and recreational facilities.

The meeting rooms were given Māori names with the office also blessed prior to moving in. The use of Te Reo (the Māori language) and the training that staff received in its use and protocols reflect New Zealand's unique heritage and are consistent with a business acknowledging the diversity of its population.

Meanwhile, around 90% of waste building materials were recycled, including used furniture and equipment. This minimised landfill waste and the proceeds from the goods sold were directed to the Goodman Foundation.

While it was a complex project, with a challenging budget and deadline, the result was a great outcome for our New Zealand team members.



Our customers

Our customers are at the centre of our own+develop+manage business model.

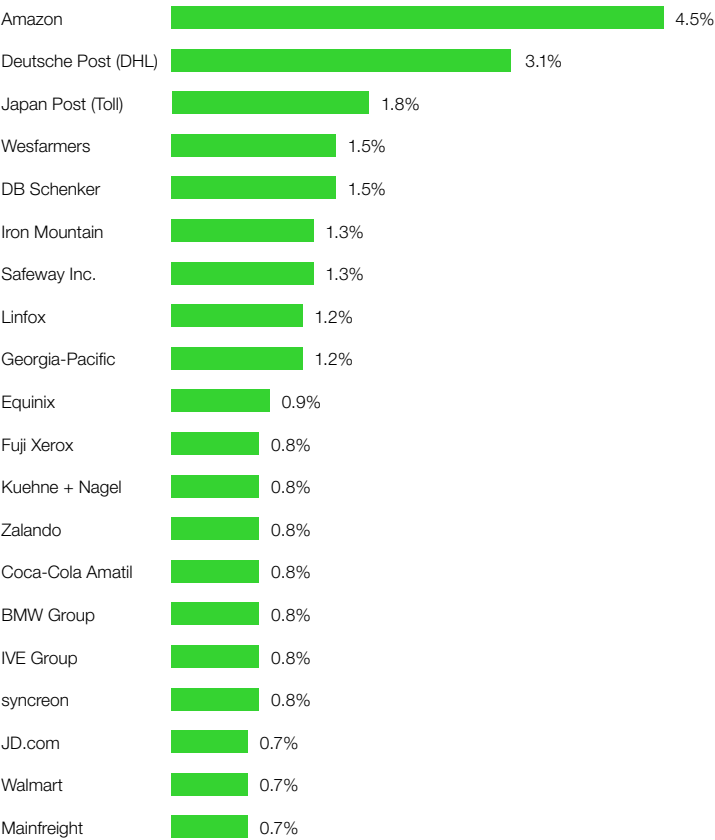
We work closely with them to understand their needs and build strong relationships. All customers have direct access to a dedicated team trained to manage their requirements.

We use customer feedback to constantly improve our service. We conduct global customer research to enable us to meet expectations and, if our performance slips, we'll correct it.

Our customers are leveraging our global experience to expand their business across borders. We're increasingly working with them to source warehousing solutions in multiple markets. Sixty-five percent of our top twenty customers now have Goodman properties in more than one country. This is a trend we expect to grow among our 1,600+ customer base.

TOP 20 CUSTOMERS

(by net income – look through basis)





Goodman Kunshan North Park, Greater Shanghai, China.



### Our community

The Goodman Foundation believes in giving back in tangible ways to the communities where we operate. We focus on social change through improving the quality of life of those less privileged.





## SPACE FOR CHILDREN'S HEALTH AND SAFETY

Goodman is passionate about ensuring the health, safety and wellbeing of children. We support many charities around the world focused on this cause including the Cerebral Palsy Alliance (CPA), SOS Children's Villages, Stepping Stone House, Little Olive Foundation, The Shepherd Centre, Raise Foundation and Humpty Dumpty Foundation. Our support ranges from providing physical space, supporting operations and purchasing equipment, to our people volunteering, mentoring and providing other help.

## RESEARCH SUCCESSSES SINCE GOODMAN'S INVOLVEMENT HAVE SEEN THE RATE OF CEREBRAL PALSY FALL FROM 1/400 TO 1/600 BIRTHS.

CPA provides family-centred therapies, life skills programmes, equipment and support for people and their families living with cerebral palsy and other neurological and physical disabilities. It drives international research into the prevention, treatment and cure of cerebral palsy through the Cerebral Palsy Alliance Research Foundation.

Goodman has supported CPA and the Cerebral Palsy Alliance Research Foundation to become one of the leading independent funders of cerebral palsy research globally, funding over \$36 million in research grants across 300 projects in the past 12 years. Goodman is the exclusive global partner of CPA's major fundraiser, September.







# SUPPORTING HEALTH AND WELLBEING

Goodman is the Founding Partner of The Fred Hollows Foundation in Hong Kong and funds eye care projects.

**GOODMAN HAS FUNDED THE XINGTANG PROJECT WHICH HAS SCREENED 112,736 PEOPLE, TRAINED 805 DOCTORS IN EYE CARE COURSES, PROVIDED 440 SCREENING KITS AND TRAINED ONE CATARACT SURGEON AND TWO NURSES TO PERFORM CATARACT SURGERY.**

The Fred Hollows Foundation provides sustainable eye care services for rural, poor and ethnic minority communities around the world.

Goodman has funded two projects in China to build eye health screening and education systems. The first, completed in February 2018, in Xingtang, Hebei, has been extended for a further 12 months.



## TOWARDS ZERO HUNGER

Goodman provides warehouse space, vehicles and equipment, and our teams volunteer and raise funds to support organisations that reduce hunger and food wastage, including OzHarvest, KiwiHarvest, UKHarvest, Feeding Hong Kong and Second Harvest Foodbank of Orange County, USA.

**WITHOUT GOODMAN'S SUPPORT, OZHARVEST COULD NOT HAVE DELIVERED ALMOST 100 MILLION MEALS, HELPED 1,000 CHARITIES AND SAVED 31,000 TONNES OF FOOD FROM LANDFILL.**

OzHarvest collects quality excess food from commercial outlets and delivers it to more than 1,000 charities supporting people in need.



## MAKING SPACE FOR RESPONSIBLE CONSUMPTION

Goodman supports charities such as Thread Together and Good360 Australia, which redirect excess goods to charities while reducing waste.

**GOODMAN HAS HELPED ENABLE GOOD360 AUSTRALIA TO COLLECT MORE THAN \$50 MILLION IN BRAND NEW GOODS TO BE REDISTRIBUTED TO OVER 800 CHARITIES.**

Good360 Australia connects surplus brand new goods from businesses, such as clothes, toys, school and office supplies, personal care and household goods to charities and Australians who need them, while improving environmental outcomes. This amounts to over 3.6 million items from microwaves to toiletries and nappies. It has distributed more than \$22.3 million in critical goods to people in need in Australia, which also has a huge environmental impact as these products are saved from landfill.

Goodman's support with property space saved millions of dollars for Good360 Australia so it could use those resources for core programmes. The charity also uses the Goodman supplied warehouse to run traineeships for the long-term unemployed.








Highbrook Business Park, Auckland, New Zealand.





Sustainability is about more than being green. It's about building a sustainable business for the future. We do this through long-term decision-making designed to have positive economic, environmental and social outcomes.

Key to this is our responsibility to keep challenging ourselves to improve our impact on the planet – both in our daily operations and in how we develop and manage our properties.



### Our sustainability strategy

Goodman's sustainability strategy is designed to make a positive long-term impact and covers the following four target areas:

1. Sustainable development – continuous sustainability improvement in our developments through innovation and helping our customers evaluate and incorporate sustainable design initiatives
2. Asset management – managing and investing in our assets to improve efficiency, long-term competitiveness and resilience
3. Corporate performance – measuring our impact, improving our overall performance, managing our compliance obligations and engaging regularly with key stakeholders
4. People and community – inspiring and challenging our people, promoting safe workplaces and supporting community groups and charities through the Goodman Foundation.

In this section, we focus on the first two target areas, particularly on how we are developing and managing assets sustainably. More information on target areas three and four is in the 'People' section on page 058.

**Goodman Australia Industrial Partnership and Goodman Japan Core Partnership were FY18 GRESB sector leaders.**

Goodman Business Park, Tokyo, Japan.





Goodman office, Melbourne, Australia.

### **UN Sustainable Development Goals (UNSDGs)**

The UNSDGs are a global blueprint for organisations to address the world's most significant development challenges. They call for collaboration to end poverty, protect the planet and create a sustainable future for all.

We understand our role in a global sustainable future and as part of our annual strategy review and planning process we reviewed how these goals aligned with our own sustainability strategy. We found 8 of the 17 UNSDGs were relevant to our business. Significant progress on our sustainability targets was made this year.

### **Benchmarking our performance**

Goodman Group and several of our Investment Partnerships participate in the Global Real Estate Sustainability Benchmark (GRESB) survey to continuously review our performance.

We have succeeded in achieving consistently high scores and in 2018, all previously participating Goodman entities achieved 3 star Green Star status or above, while two Partnerships were ranked first in their respective peer groups.

In addition, Goodman uses a proprietary sustainability assessment tool for its industrial assets, the Goodman Sustainability Snapshot, which is widely used in Continental Europe and more recently in Australia.

### **Material issues**

In the last six years, Goodman identified and refined a set of material issues fundamental to building long-term value and sustainable performance. We needed these issues to reflect not only our own principles but also our stakeholders' input.



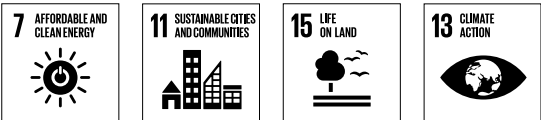


Sustainable development

Properties built smarter are ready for the challenges of tomorrow. We are committed to high quality, reducing costs over a building's life cycle and using best practice sustainable techniques and materials. **We design and build our properties with the planet in mind.**

MATERIAL ISSUES	GOODMAN COMMITMENTS	SHORT-TERM TARGETS	PROGRESS IN FY18
<p>Flexible and adaptable properties</p> <p>Smart energy solutions</p> <p>Supply chain</p> <p>Biodiversity.</p>	<p>Develop assets that include enhanced sustainability standards that aim to meet future demands of our customers and the climate</p> <p>Incorporate smart energy solutions such as renewable energy generation, LED lights and smart metering</p> <p>Partner with our supply chains to create spaces using responsible materials and means</p> <p>Maximise opportunities in infill locations</p> <p>Operate in a manner that promotes biodiversity and enhances habitat.</p>	<p>Significant amount of new developments certified across our regions by FY19</p> <p>10 MW of new solar PV projects completed or initiated by FY22.</p>	<p>Formally adopted a base-building specification for all global developments that offer sustainability initiatives including:</p> <ul style="list-style-type: none"><li>✦ Strategic site selection close to infrastructure, consumers and transport</li><li>✦ Renewable energy from rooftop solar PV systems</li><li>✦ Translucent roof sheeting to maximise natural lighting</li><li>✦ Fully automated LED lights</li><li>✦ Electrical sub metering</li><li>✦ Glare control</li><li>✦ Low volatile organic compound materials</li><li>✦ Rainwater harvesting</li><li>✦ End-of-trip facilities</li><li>✦ Drought tolerant native landscaping</li></ul> <p>100% of Goodman's completed developments included sustainable design initiatives</p> <p>Over 7 MW of renewable energy installed or in progress in Continental Europe, Japan and Australia</p> <p>Approximately 40% of industrial space now has a certified green rating in Continental Europe</p> <p>All new developments in Continental Europe to have electric vehicle charging stations.</p>

ADDRESSING THE UN'S SUSTAINABLE DEVELOPMENT GOALS





### Clean energy progress

The Group's investment in solar energy infrastructure continues to gather momentum. Japan remains Goodman's primary region for the installation of solar PV on rooftops, with a further 3 MW installed at Goodman Business Park, Chiba in greater Tokyo, taking our installed capacity in Japan to approximately 19 MW. In Continental Europe, we now have 4 MW installed across seven projects.

In China, the 750 kW system at Goodman Qingpu Centre in greater Shanghai is operating successfully and presents a model for several projects in planning, including a proposal for several small vertical installations on the external walls at Goodman Pudong International Airport Logistics Park.

In Australia, we are incorporating smaller systems as part of the base-building specification for the majority of new developments and beginning to retrofit solar on some existing buildings as opportunities arise.



Asset management

Our ability to manage assets through their lifecycle improves their long-term environmental and financial performance. We take a strategic view of each asset and define a clear management plan driven by location, age, capex requirements and functionality. Through this approach, we can maximise the value of our portfolio to keep meeting the needs of customers into the future.

MATERIAL ISSUES	GOODMAN COMMITMENTS	SHORT-TERM TARGETS	PROGRESS IN FY18
Customer relationships	Manage a high-quality portfolio, prioritising energy and water efficiency	1 MW of solar PV installed or initiated globally on stabilised assets in FY19	LED lighting upgrades across the stabilised portfolios in Australia, Continental Europe, Hong Kong and Greater China
Resilient portfolio	Manage assets while considering their current and future climate exposures	An additional one million sqm of space upgraded to LED lighting by FY22.	+ Approximately 87% of common areas now use LED lights, reducing energy consumption by up to 60% for our China properties
Monitoring efficiency	Offer superior customer service with lease clauses that aim to reduce energy and water use		Climate Vulnerability Assessment undertaken in Australia
Reducing waste.	Partner with our supply chain providers to promote on-site waste management and provide recycling opportunities.		6% reduction in energy consumption across Goodman's Australian office portfolio using the Buildings Alive system
			Sydney corporate office achieved a 5 Star NABERS energy rating
			Water usage measures and landscaping across our China properties include the re-use of rainwater, replacement of large lawns with native hedges and the use of vertical gardens to improve amenity
			Green lease clauses encouraged customers and Goodman to collaborate sustainably. At least one green lease clause was included in 79% of the leases signed in Continental Europe, while 63% included three clauses
			Simply Cups recycling scheme in the Sydney office is saving more than 2,000 take-away cups a month from landfill

ADDRESSING THE UN'S SUSTAINABLE DEVELOPMENT GOALS

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

We contributed to major reductions in food waste and landfill through our support of food rescue charities.



### How do we improve?

Goodman is constantly looking to innovate and incorporate proven new technology. We investigate alternatives to existing materials and processes to enhance the long-term sustainability of our properties, and reduce our impact on the planet.

Alternatives we are evaluating include:

- ✦ Low carbon concrete products – the main element that produces carbon emissions in concrete mix, Portland cement, is significantly lower in products such as Envisia and Geopolymer Concrete. Using these can reduce emissions by an estimated 30–70%
- ✦ Lower emission steel – products such as the carbon neutral cladding that has achieved Confidex Sustain certification which we are trialling in the UK, can reduce the carbon intensity in steel.





Skylights to improve natural lighting and LED lighting to improve energy efficiency.

### Goodman Sustainability Snapshot

Goodman Sustainability Snapshot is a proprietary tool that assesses and compares the sustainability level of our buildings. The tool can be used as part of the feasibility analysis for new developments and in our detailed asset plans for our stabilised assets.

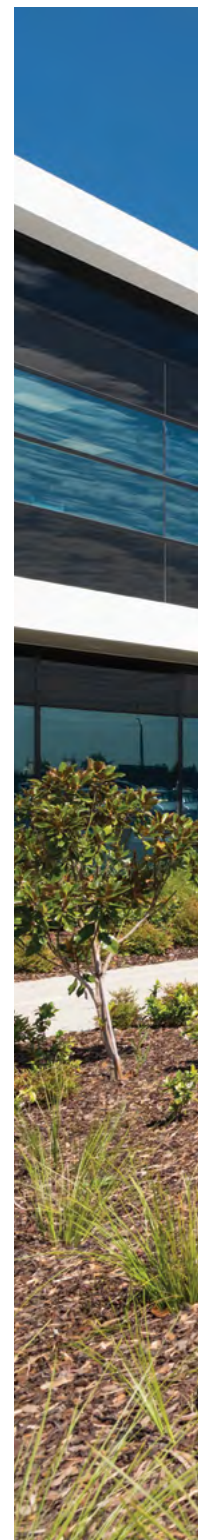
The tool helps us to:

- ✦ Identify areas with potential for sustainability improvements so we can upgrade our targets accordingly
- ✦ Improve transparency and make better investment decisions
- ✦ Improve the overall quality of our portfolio.

The tool's analysis is based on six topics (each weighted differently):

1. Green certification
2. Lighting
3. Heating, ventilation and air conditioning
4. Insulation
5. Building management system and metering
6. Features including alternative energy sources, water reuse and treatment, waste, landscaping and biodiversity, and wellbeing.

The tool, widely used in Continental Europe and more recently in Australia, is still being refined, but we're seeing some positive results. Going forward, we aim to use the insights from the Goodman Sustainability Snapshot tool to support investment in sustainability initiatives that will help improve our assets for the long-term.





Chifley Business Park, Melbourne, Australia.





# PERFOR



Goodman Business Park, Tokyo, Japan.

Delivering solid financial results is critical to Goodman's long-term sustainability; however, we measure our performance by our positive impact on stakeholders and the environment as well as by the numbers.

We discuss our progress on stakeholders and the environment in the 'people' and 'planet' sections of this report. Here we give a snapshot of the Group's operational performance.

For a thorough review of our financial performance, please see the Goodman Annual Report.

# MANANCE







## Operational performance

The consistent implementation of our own+develop+manage strategy has delivered sustained growth across the Group for our stakeholders.

The portfolio continued to be the key driver of the strong operational result, with property fundamentals steadily improving in FY18.

**OWN**



**98%**

### Occupancy

High occupancy was maintained with tight supply in the urban and infill locations we operate in around the world.

**3.5 million**

### Square metres

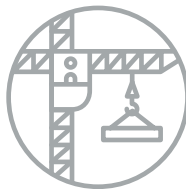
New leases globally equated to \$429 million in annual rental property income across the Group and Partnerships.

**\$2.8 billion**

### Revaluation gains

By focusing on high-quality properties in locations where supply is scarce, we increased our portfolio's value.

**DEVELOP**



**\$3.6 billion**

### Development WIP

Our development workbook increased to 80 projects across 12 countries, with global demand driven by changes in technology.

**\$3.2 billion**

### Development commencements

Two million sqm of developments commenced this year, with 71% on behalf of Partners or third parties.

**\$3.5 billion**

### Development completions

We completed 2.2 million sqm of developments around the world with 87% leased to customers.

**MANAGE**



**\$38.3 billion**

### Total assets under management (AUM)

External AUM grew 15% to \$35.1 billion driven by revaluation gains and development completions.

**15%**

### Average total return of Partnerships

Continued strong performance of the Partnerships increased management earnings.

**343**

### Number of properties in Partnerships

Partnerships increasingly focused on developing assets for long-term ownership.





**AN ENVIRONMENT WHERE PEOPLE FEEL VALUED, INDEPENDENT**



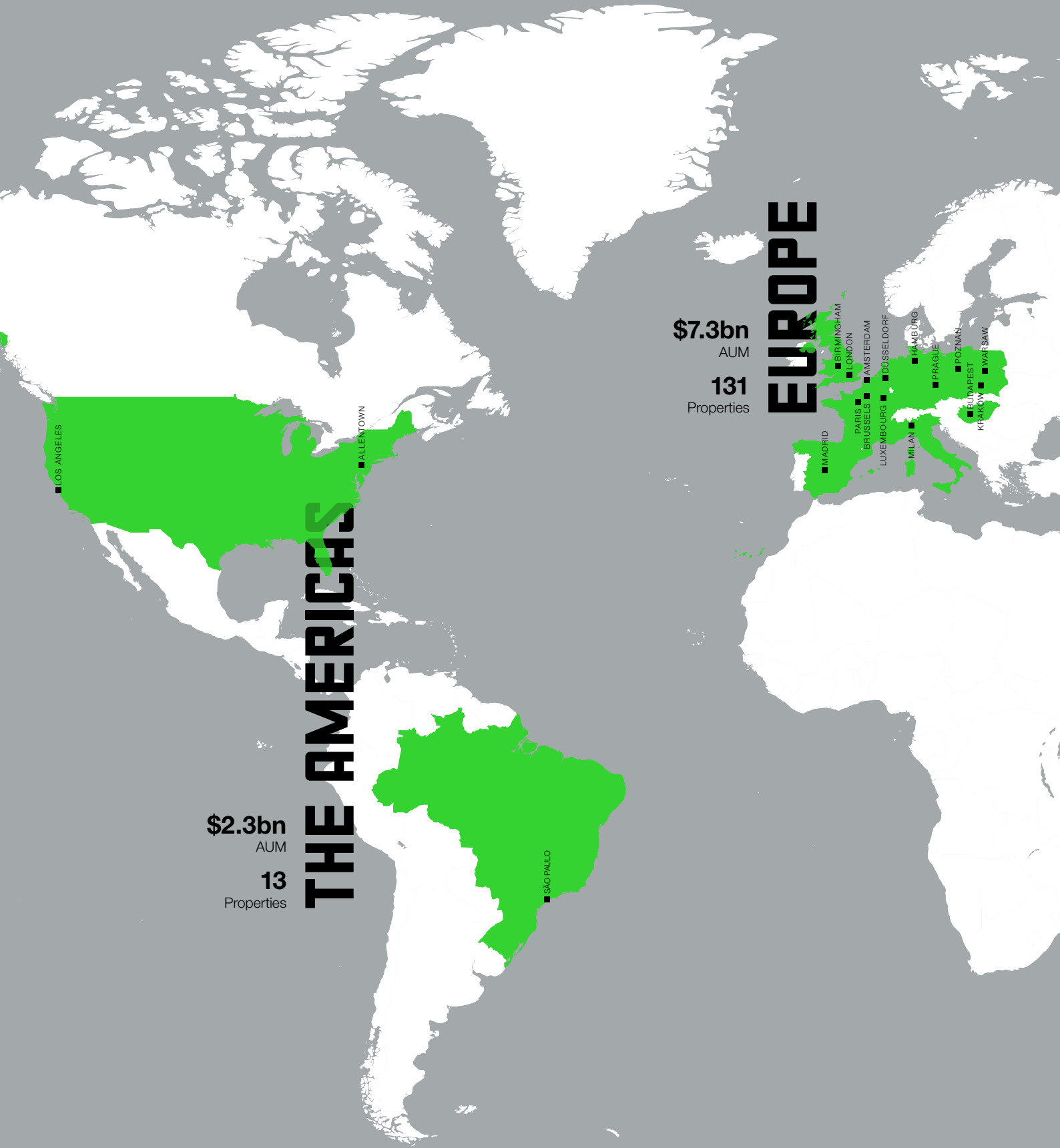




**AND PART OF A TEAM WILL BE MORE IMPORTANT THAN EVER.**







THE AMERICAS

\$2.3bn  
AUM  
13  
Properties

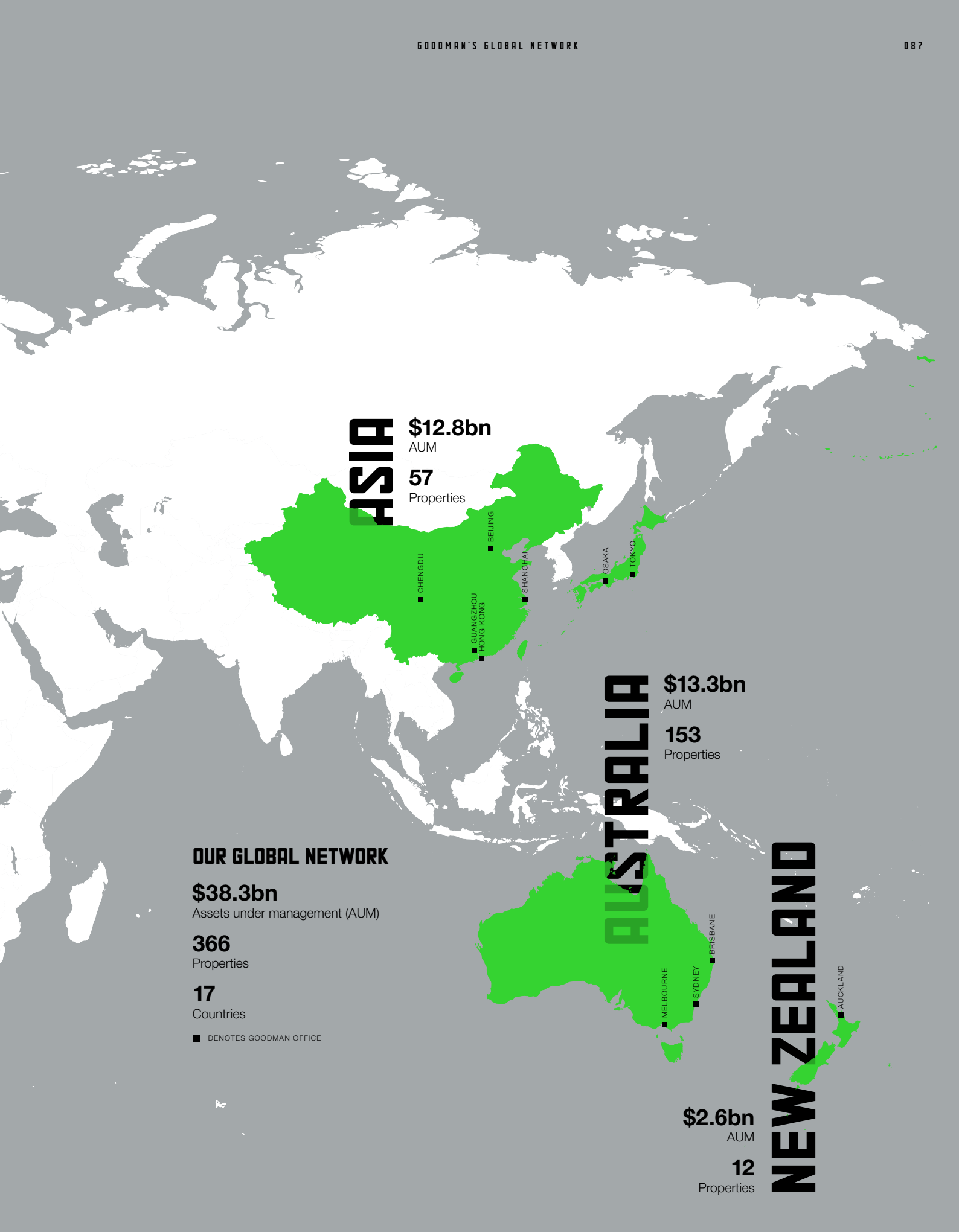
LOS ANGELES  
ALBANY

SÃO PAULO

EUROPE

\$7.3bn  
AUM  
131  
Properties

BIRMINGHAM  
LONDON  
AMSTERDAM  
PARIS  
BRUSSELS  
LUXEMBOURG  
MILAN  
HAMBURG  
PRAGUE  
POZNAN  
BUDAPEST  
KRAKOW  
WARSAW



ASIA

**\$12.8bn**  
AUM  
**57**  
Properties

■ CHENGDU

■ BEIJING

■ SHANGHAI

■ GUANGZHOU  
■ HONG KONG

AUSTRALIA

**\$13.3bn**  
AUM  
**153**  
Properties

■ BRISBANE

■ MELBOURNE

■ SYDNEY

NEW ZEALAND

■ AUCKLAND

OUR GLOBAL NETWORK

**\$38.3bn**  
Assets under management (AUM)  
**366**  
Properties  
**17**  
Countries  
■ DENOTES GOODMAN OFFICE

**\$2.6bn**  
AUM  
**12**  
Properties



## FY18 HIGHLIGHTS

- + Continuing growth at Goodman's flagship development precinct, Oakdale Industrial Estate. This year, nine facilities were completed across the Central and South estates
- + Securing Amazon's first lease in Sydney at Centenary Distribution Centre.



Centenary Distribution Centre, Sydney, Australia.



**\$13.3bn**

Assets under management

**153**

Properties

**5.6m sqm**

Space under management

**97%**

Occupancy

**\$470m**

Development WIP

**4**

Managed Partnerships

**>1,000**

Number of customers

IN GOODMAN'S HOME  
MARKET—**AUSTRALIA**,  
WE ARE THE LARGEST  
INDUSTRIAL PROPERTY  
COMPANY AND FOCUS ON  
CONTINUOUSLY INNOVATING  
AND SETTING THE  
INDUSTRY STANDARD.



Oakdale Industrial Estate, Sydney, Australia.



Chifley Business Park South, Melbourne, Australia.





Highbrook Business Park, Auckland, New Zealand.

**\$2.6bn**

Assets under management

**12**

Properties

**900,000 sqm**

Space under management

**99%**

Occupancy

**\$231m**

Development WIP

**>150**

Number of customers

## FY18 HIGHLIGHTS

- + Completing the asset sales programme with the disposal of Central Park Corporate Centre and conditional sale of the VXV Portfolio
- + Undertaking capital management initiatives including issuing a total of NZ\$200 million of bonds, providing balance sheet capacity for new development and investment initiatives.







Highbrook Business Park, Auckland, New Zealand.



WE REPOSITIONED  
GOODMAN PROPERTY  
TRUST TO BE AN  
INDUSTRIAL SECTOR  
SPECIALIST TO MEET  
THE GROWING DEMAND  
FOR WAREHOUSE AND  
DISTRIBUTION SPACE  
ACROSS AUCKLAND,  
**NEW ZEALAND.**



OUR BUSINESS ACROSS ASIA  
HAS SEEN ASSETS UNDER  
MANAGEMENT GROW BY 25% OVER  
THE LAST YEAR AS VALUATIONS  
INCREASED AND HIGH-QUALITY  
DEVELOPMENTS COMPLETED IN  
**GREATER CHINA AND JAPAN.**

Tuen Mun, Hong Kong, China.



Goodman Business Park, Tokyo, Japan.



Goodman Pinghu North Logistics Centre,  
Greater Shanghai, China.



**\$12.8bn**

Assets under management

**57**

Properties

**4.6m sqm**

Space under management

**99%**

Occupancy

**\$939m**

Development WIP

**5**

Managed Partnerships

**>300**

Number of customers

## FY18 HIGHLIGHTS

### Greater China

- ✦ Acquiring rare strategic 32,000 sqm development site in Tuen Mun, Hong Kong
- ✦ Securing over 500,000 sqm of leasing pre-commitments for our developments in mainland China.

### Japan

- ✦ Continuing 100% portfolio occupancy
- ✦ Completing 180,000 sqm of high-quality developments.

Goodman Akamatsudai, Kobe City, Japan.







Augsburg Logistics Centre, Augsburg, Germany.

**\$7.3bn**

Assets under management

**131**

Properties

**5m sqm**

Space under management

**97%**

Occupancy

**\$1.3bn**

Development WIP

**4**

Managed Partnerships

**>150**

Number of customers





Lyons 135, Lyons Park, Coventry, United Kingdom.

## FY18 HIGHLIGHTS

### Continental Europe

- + Extending DB Schenker's 80,000 sqm facility by a further 40,000 sqm at Augsburg in Germany
- + Fully leasing our latest development in Gdańsk, a key location in Poland, prior to completion
- + Completing a 19,000 sqm sustainable development in Venlo, Netherlands which received a BREEAM Excellent rating
- + Delivering a complex brownfield conversion for METRO in Marl, Germany. This is Goodman's biggest logistics property development in Europe at 235,000 sqm.

### UK

- + Finalising the sale of Arlington Business Parks Partnership enabling the UK business to focus on industrial property
- + Completing a 466,000 sq ft internal cross-docked distribution centre for Amazon at Lyons Park in Coventry.

OUR BUSINESS IN  
**CONTINENTAL EUROPE**  
 CONTINUED TO PUSH  
 THE BOUNDARIES AND  
 DELIVER INNOVATIVE  
 DEVELOPMENT  
 PROJECTS FOR OUR  
 CUSTOMERS, WHILE  
 IN THE **UK**, OUR  
 TEAM REPOSITIONED  
 THE BUSINESS TO  
 FOCUS PURELY ON  
 INDUSTRIAL PROPERTY.



Northampton Commercial Park, Northampton, United Kingdom.





Goodman Logistics Center Carlisle, Pennsylvania, USA.

**\$2.3bn**

Assets under management

**13**

Properties

**1.1m sqm**

Space under management

**93%**

Occupancy

**\$681m**

Development WIP

**2**

Managed Partnerships

**>30**

Number of customers

OUR BUSINESS IN  
**THE AMERICAS**  
CONTINUES TO GROW  
WITH DEVELOPMENT  
COMPLETIONS IN THE  
REGION ACCOUNTING  
FOR A QUARTER OF  
THE GROUP'S TOTAL.





Goodman Commerce Center Eastvale, Los Angeles, USA.

Goodman ABCD1, São Paulo, Brazil.



## FY18 HIGHLIGHTS

### US

- + Development of 4.5 million s.f. of Class A product in the Inland Empire, Greater Los Angeles and Central Pennsylvania markets
- + Pre-leased over one million s.f. in Central Pennsylvania.

### Brazil

- + Launched US\$700 million (BRL2.5 billion) Goodman Brazil Logistics Partnership to invest in prime logistics and real estate assets in the key gateway cities of São Paulo and Rio de Janeiro
- + Developed 27,000 m<sup>2</sup> of high-quality industrial space at Goodman ABCD1, located 20 km from São Paulo city.





**Mr Ian Ferrier, AM**  
Independent Chairman,  
Appointed 1 September 2003

**Mr Gregory Goodman**  
Group Chief Executive Officer,  
Appointed 7 August 1998



# BOARD OF



**Ms Rebecca McGrath**  
Independent Director,  
Appointed 3 April 2012



**Mr Stephen Johns**  
Independent Director,  
Appointed 1 January 2017

**Mr Danny Peeters**  
Executive Director, Corporate,  
Appointed 1 January 2013





**Mr Jim Sloman, OAM**

Independent Director,  
Appointed 1 February 2006

**Ms Penny Winn**

Independent Director,  
Appointed 1 February 2018



**Mr Phillip Pryke**

Independent Director,  
Appointed 13 October 2010



# DIRECTORS



**Mr Anthony Rozic**

Deputy Chief Executive Officer and  
Chief Executive Officer, North America,  
Appointed 1 January 2013



**Company Secretary**

Mr Carl Bicego  
Appointed 24 October 2006



# FIVE YEAR FINANCIAL SUMMARY

	2014 \$M	2015 \$M	2016 \$M	2017 \$M	2018 \$M
<b>INCOME STATEMENT</b>					
Gross property income	207.7	206.1	204.6	177.1	150.4
Management income	205.5	215.3	259.3	266.3	316.5
Development income	767.6	763.7	1,250.4	1,207.1	1,115.8
Distributions from investments	2.0	—	—	—	—
Net gain/(loss) on disposals of assets	2.4	41.5	(26.7)	129.1	108.1
Net gain from fair value adjustments on investment properties	48.6	515.9	327.8	180.9	71.1
Share of net results of equity accounted investments	445.2	614.1	928.6	587.7	910.9
<b>Total income</b>	<b>1,679.0</b>	<b>2,356.6</b>	<b>2,944.0</b>	<b>2,548.2</b>	<b>2,672.8</b>
Property expenses	(60.1)	(59.4)	(63.9)	(46.9)	(36.4)
Development expenses	(579.8)	(619.0)	(929.1)	(919.9)	(808.9)
Employee expenses	(132.7)	(144.8)	(172.6)	(195.9)	(180.7)
Share based payments expense	(32.0)	(51.0)	(66.9)	(85.4)	(125.6)
Administrative and other expenses	(74.0)	(76.2)	(79.1)	(76.5)	(68.7)
Impairment losses	(14.4)	(28.2)	(249.1)	(93.0)	—
Net finance costs	(94.3)	(127.8)	(13.0)	(279.4)	(267.3)
<b>Total expenses</b>	<b>(987.3)</b>	<b>(1,106.4)</b>	<b>(1,573.7)</b>	<b>(1,697.0)</b>	<b>(1,487.6)</b>
Profit before income tax	691.7	1,250.2	1,370.3	851.2	1,185.2
Income tax expense	(13.0)	(21.0)	(75.6)	(54.4)	(82.4)
<b>Profit for the year</b>	<b>678.7</b>	<b>1,229.2</b>	<b>1,294.7</b>	<b>796.8</b>	<b>1,102.8</b>
Profit attributable to other non-controlling interests	(21.4)	(21.2)	(20.1)	(18.7)	(4.6)
<b>Profit attributable to Securityholders</b>	<b>657.3</b>	<b>1,208.0</b>	<b>1,274.6</b>	<b>778.1</b>	<b>1,098.2</b>
<b>OPERATING PROFIT RECONCILIATION (NON-IFRS)</b>					
<b>Operating profit available for distribution</b>	<b>601.1</b>	<b>653.5</b>	<b>714.5</b>	<b>776.0</b>	<b>845.9</b>
<b>Adjustments for:</b>					
Property valuation related movements	172.4	709.7	614.4	397.6	639.0
Fair value adjustments and unrealised foreign currency exchange movements related to liability management	(78.4)	(99.8)	81.5	(243.8)	(174.4)
Other non-cash adjustments or non-recurring items	(37.8)	(55.4)	(135.8)	(151.7)	(212.3)
<b>Profit attributable to Securityholders</b>	<b>657.3</b>	<b>1,208.0</b>	<b>1,274.6</b>	<b>778.1</b>	<b>1,098.2</b>
<b>Operating profit per stapled security (cents)<sup>1</sup></b>	<b>34.8</b>	<b>37.2</b>	<b>40.1</b>	<b>43.1</b>	<b>46.7</b>
<b>Dividends/distributions per security (cents)</b>	<b>20.7</b>	<b>22.2</b>	<b>24.0</b>	<b>25.9</b>	<b>28.0</b>

1. Fully diluted for performance rights.

	2014 \$M	2015 \$M	2016 \$M	2017 \$M	2018 \$M
<b>STATEMENT OF FINANCIAL POSITION</b>					
Cash and receivables	780.8	1,137.0	1,774.5	2,681.9	3,088.7
Property assets	3,663.0	4,337.7	4,096.5	3,245.7	2,732.6
Equity accounted investments	3,855.6	4,508.8	5,348.1	5,522.7	6,585.5
Intangible assets	932.7	976.4	780.6	771.9	816.7
Other (including derivative financial instruments)	171.8	302.4	387.4	489.0	235.9
<b>Total assets</b>	<b>9,403.9</b>	<b>11,262.3</b>	<b>12,387.1</b>	<b>12,711.2</b>	<b>13,459.4</b>
Payables and provisions	656.8	732.0	747.4	866.6	918.4
Interest bearing liabilities	2,160.5	2,707.9	2,865.2	2,878.3	3,081.5
Other (including derivative financial instruments)	356.2	446.3	381.2	344.1	285.8
<b>Total liabilities</b>	<b>3,173.5</b>	<b>3,886.2</b>	<b>3,993.8</b>	<b>4,089.0</b>	<b>4,285.7</b>
<b>Net assets</b>	<b>6,230.4</b>	<b>7,376.1</b>	<b>8,393.3</b>	<b>8,622.2</b>	<b>9,173.7</b>
Comprising:					
Net assets attributable to Securityholders	5,904.6	7,050.3	8,067.5	8,296.4	9,173.7
Net assets attributable to other non-controlling interests	325.8	325.8	325.8	325.8	—
Net tangible assets per security (\$)	2.88	3.46	4.10	4.21	4.64
Gearing ratio (%)	19.5	17.3	11.8	5.9	5.1
<b>STATEMENT OF CHANGES IN EQUITY</b>					
Total equity at the beginning of the year	5,835.7	6,230.4	7,376.1	8,393.3	8,622.2
Total comprehensive income	797.4	1,429.2	1,298.5	678.2	1,304.9
	<b>6,633.1</b>	<b>7,659.6</b>	<b>8,674.6</b>	<b>9,071.5</b>	<b>9,927.1</b>
Contributions of equity, net of transaction costs	42.1	89.3	95.5	—	—
Distributions provided or paid	(445.4)	(388.3)	(408.0)	(481.2)	(504.2)
Other transactions with equity holders	27.7	36.7	51.3	62.5	82.4
Movements in other non-controlling interests	(27.1)	(21.2)	(20.1)	(30.6)	(331.6)
<b>Total equity at the end of the year</b>	<b>6,230.4</b>	<b>7,376.1</b>	<b>8,393.3</b>	<b>8,622.2</b>	<b>9,173.7</b>
<b>CASH FLOW STATEMENT</b>					
Net cash provided by operating activities	404.4	654.7	830.1	586.4	1,161.2
Net cash (used in)/provided by investing activities	(228.5)	(147.8)	160.0	730.0	(26.5)
Net cash used in financing activities	(461.4)	(120.3)	(399.6)	(556.3)	(799.2)
Net (decrease)/increase in cash held	<b>(285.5)</b>	<b>386.6</b>	<b>590.5</b>	<b>760.1</b>	<b>335.5</b>
Cash at the beginning of the year	645.4	359.9	746.5	1,337.0	2,095.1
Effect of exchange rate fluctuations on cash held	—	—	—	(2.0)	(23.8)
<b>Cash at the end of the year</b>	<b>359.9</b>	<b>746.5</b>	<b>1,337.0</b>	<b>2,095.1</b>	<b>2,406.8</b>



# SECURITIES INFORMATION

## Top 20 Securityholders As at 5 September 2018

	Number of securities	Percentage of total issued securities
1. HSBC Custody Nominees (Australia) Limited	690,868,171	38.09
2. J P Morgan Nominees Australia Limited	579,428,602	31.94
3. Citicorp Nominees Pty Limited	138,477,298	7.63
4. National Nominees Limited	77,355,758	4.26
5. BNP Paribas Noms Pty Ltd <Agency Lending DRP A/C>	52,717,350	2.91
6. Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	31,787,417	1.75
7. BNP Paribas Noms Pty Ltd <DRP>	29,280,790	1.61
8. Beeside Pty Limited	16,923,077	0.93
9. Trison Investments Pty Ltd	14,870,973	0.82
10. AMP Life Limited	12,192,285	0.67
11. BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	5,287,500	0.29
12. HSBC Custody Nominees (Australia) Limited <NT-Commonwealth Super Corp A/C>	4,265,873	0.24
13. Bond Street Custodians Limited <ENH Property Securities A/C>	4,047,618	0.22
14. Trison Investments Pty Ltd	3,750,000	0.21
15. HSBC Custody Nominees (Australia) Limited <A/C 2>	3,222,985	0.18
16. BNP Paribas Noms (NZ) LTD <DRP>	3,123,553	0.17
17. Australian Foundation Investment Company Limited	2,800,000	0.15
18. National Nominees Limited <N A/C>	2,425,000	0.13
19. DPCON BVBA	2,241,385	0.12
20. IOOF Investment Management Limited <IPS Super A/C>	1,774,558	0.10
Securities held by top 20 Securityholders	1,676,840,193	92.44
Balance of securities held	137,041,802	7.56
<b>Total issued securities</b>	<b>1,813,881,995</b>	<b>100.00</b>

Range of securities	Number of Securityholders	Number of securities	Percentage of total issued securities
1–1,000	9,749	4,669,536	0.26
1,001–5,000	12,509	30,038,863	1.66
5,001–10,000	2,919	20,615,924	1.14
10,001–100,000	1,704	36,563,430	2.02
100,001–over	117	1,721,994,242	94.93
Rounding			-0.01
<b>Total</b>	<b>26,998</b>	<b>1,813,881,995</b>	<b>100.00</b>

There were 616 Securityholders with less than a marketable parcel in relation to 4,015 securities as at 5 September 2018.

## Substantial Securityholders<sup>1</sup>

	Number of securities
Leader Investment Corporation; China Investment Corporation	168,462,083
BlackRock Group	147,689,591
Vanguard Group Inc.	144,760,798

1. In accordance with latest Substantial Securityholder Notices as at 5 September 2018.

## Goodman Logistics (HK) Limited CHESS Depository Interests

ASX reserves the right (but without limiting its absolute discretion) to remove Goodman Logistics (HK) Limited, Goodman Limited and Goodman Industrial Trust from the official list of the ASX if a CHESS Depository Interest (CDI) referencing an ordinary share in Goodman Logistics (HK) Limited, a share in Goodman Limited or a unit in Goodman Industrial Trust cease to be stapled, or any new securities are issued by Goodman Logistics (HK) Limited, Goodman Limited or Goodman Industrial Trust and are not (or CDIs in respect of them are not) stapled to equivalent securities in the Goodman Group.

## Voting rights

On a show of hands at a general meeting of Goodman Limited or Goodman Industrial

Trust, every person present who is an eligible Securityholder shall have one vote and on a poll, every person present who is an eligible Securityholder shall have one vote for each Goodman Limited share and one vote for each dollar value of Goodman Industrial Trust units that the eligible Securityholder holds or represents (as the case may be). At a general meeting of Goodman Logistics (HK) Limited, all resolutions will be determined by poll, and eligible Securityholders will be able to direct Chess Depository Nominees Pty Limited to cast one vote for each Chess Depository Instrument (referencing a Goodman Logistics (HK) Limited share) that the eligible Securityholder holds or represents (as the case may be).

## On-market buy-back

There is no current on-market buy-back.

# CORPORATE DIRECTORY

## GOODMAN GROUP

### Goodman Limited

ABN 69 000 123 071

### Goodman Industrial Trust

ARSN 091 213 839

### Responsible Entity

Goodman Funds Management Limited

ABN 48 067 796 641

AFSL Number 223621

### Goodman Logistics (HK) Limited

Company No. 1700359 ARBN 155 911 149

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Auckland	Hong Kong	Poznań
Beijing	Kraków	Prague
Birmingham	London	São Paulo
Brisbane	Los Angeles	Shanghai
Brussels	Luxembourg	Sydney
Budapest	Madrid	Tokyo
Chengdu	Melbourne	Warsaw
Düsseldorf	Milan	

## DIRECTORS

### GOODMAN LIMITED AND GOODMAN FUNDS MANAGEMENT LIMITED

#### Mr Ian Ferrier AM

Independent Chairman

#### Mr Gregory Goodman

Group Chief Executive Officer

#### Mr Stephen Johns

Independent Director

#### Ms Rebecca McGrath

Independent Director

#### Mr Danny Peeters

Executive Director

#### Mr Phillip Pryke

Independent Director

#### Mr Anthony Rozic

Executive Director

#### Mr Jim Sloman, OAM

Independent Director

#### Ms Penny Winn

Independent Director

## COMPANY SECRETARY

### Mr Carl Bicego

## GOODMAN LOGISTICS (HK) LIMITED

#### Mr Ian Ferrier AM

Independent Chairman

#### Mr David Collins

Independent Director

#### Mr Danny Peeters

Executive Director

## COMPANY SECRETARY

### Goodman Secretarial Asia Limited

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## ASX CODE

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