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Goodman announces Japan development pipeline with 60,000 sqm Osaka Bay development site

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Release Immediate

Goodman Group (“Goodman” or “the Group”) today announced that it has exchanged contracts to acquire a 60,000 sqm prime development site in the Osaka Bay area of Japan.

Key details include:

- + **The site is located in an established and highly sought-after industrial area and is suitable for the construction of a 130,000 sqm modern, multi-tenant logistics and distribution centre with ramped access to all floors**
- + **Estimated completion value is in excess of A\$300 million**

The Japan logistics market is being influenced by a number of trends, including ageing logistics stock, demand for larger facilities due to consolidation, and an undersupply of high quality, modern logistics facilities. In this context, and following a detailed assessment of the opportunities available in the market, including options to acquire portfolios of completed assets, the Group has determined that organic growth is currently the most attractive investment strategy.

This strategy will be executed through the selective acquisition of prime parcels of land suitable for the development of high quality, modern logistics and distribution facilities. The contract to acquire the Osaka Bay development site represents the continuation of the Group’s organic growth strategy in Japan.

Goodman Group CEO, Mr Greg Goodman commented: “In Japan, modern logistics and distribution facilities are tightly held and investment yields have been firming, so we are focused on leveraging the experience and industry relationships in our Japanese business to pursue mainly organic growth, rather than seeking to acquire completed assets. We have determined that we can generate the best risk-adjusted returns in Japan through the development of our own modern, investment grade logistics and distribution facilities, and we are backing this with a strong financial commitment from the Group.”

Goodman Japan CEO, Mr Paul McGarry commented: “Underlying market fundamentals in the Osaka logistics market are particularly strong, with virtually no new supply of modern warehouse space in the last 3 years. We have already secured letters of intent from a number of leading Japanese 3PL’s for almost 200% of the proposed gross lettable area of the Osaka Bay development project. Securing and de-risking this prime development opportunity is a credit to our experienced in-house leasing and development team.”

It is expected that Goodman will settle the acquisition of the Osaka Bay development project in the coming months, with construction forecast to commence in 2012. The Group's intention is to launch a wholesale development partnership in Japan, which could potentially be seeded by the Osaka Bay development project.

Goodman is also in advanced discussions and due diligence in respect of a number of other high quality development and acquisition opportunities, primarily in the major logistics markets of Tokyo and Osaka. These readily executable opportunities together with the Osaka Bay development project have a combined end value of approximately A\$1.25 billion.

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About Goodman

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