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Goodman delivers A\$384 million (€279 million) full year operating profit, up 24% on FY2010

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Release Immediate

Goodman Group ('Goodman' or 'Group') has announced its results for the full year ended 30 June 2011. Key financial and operational highlights for the period are:

Financial highlights

- + Operating profit after tax¹ of A\$384 million (€279.1 million), a 24% increase on same period last year
- + Fully diluted operating earnings per security (EPS) of 5.66 cents² (4.11 euro cents), up 8% on FY2010
- + Distribution per security (DPS) of 3.5 cents (2.54 euro cents), up 3% on FY2010
- + Statutory accounting profit of A\$392 million (€284.9 million)
- + Strong financial position with balance sheet gearing reduced to 23% and interest coverage ratio (ICR) of 4.5x
- + Net tangible assets ratio (NTA) of A\$0.49 (€0.356) per security³
- + Group's liquidity at \$1.3 billion (€0.9 billion), with weighted average debt maturity of 5.6 years
- + Forecast FY2012 operating profit after tax of A\$460 million (€334.359 million), equating to fully diluted operating EPS of 6.0 cents (4.359 euro cents)

Operational highlights

- + Solid property fundamentals across core investment portfolio, with occupancy increasing to 96% and a weighted average lease expiry of 5.3 years
- + A\$1.8 billion (€1.3 billion) of new committed third party equity raised
- + A\$1.4 billion (€1.017 billion) of development commitments across 42 projects, substantially pre-committed and matched to third party capital, with work in progress at \$1.8 billion (€1.3 billion) and a significant development pipeline

¹ Operating income is before unrealised gains and losses from investment property revaluations, mark to market of derivatives and other non-cash items and one off gains included in the statutory accounting profit.

² 5.66 cents is on a fully diluted basis for the CIC hybrid securities. This equates to 5.77 cents on an undiluted basis.

³ \$0.49 is on a fully diluted basis for the CIC hybrid securities.

Goodman's Group Chief Executive Officer, Mr Greg Goodman said, "Our business has delivered on all fronts in FY2011, capitalising on the strong platform we have established and the significant operating momentum evident across all of our markets during the year. Accordingly, we are pleased to announce a 24% increase in operating profit after tax compared with the same period last year, which is slightly above the top end of the FY2011 earnings guidance range previously provided."

Goodman's result has been predominantly driven by the growth in its development and management activities which have contributed 36% to operating EBIT, and are expected to contribute 40% to 50% over the short-term.

Reflecting on the results, Goodman Continental Europe's CEO Mr Danny Peeters said: "Our results underline that our sound financial shape is due in part to a number of prudent initiatives undertaken including the A\$2.5 billion (€1.817 billion) acquisition and privatisation of IIF and the sale of the Group's 50% interest in Interlink in Hong Kong.

"In addition we have increased our development work in progress to A\$1.8 billion (€1.3 billion) across the Group and our managed funds. In Continental Europe we have developments currently under construction in Belgium; France; Germany; the Netherlands and Poland totalling 506,280 sqm."

Mr Peeters said that the Group is well positioned in the current environment as a specialist provider of prime quality logistics and business space. "We have total assets under management of €13.3 billion of which €2.1 billion are in Continental Europe,' he said.

Strategy

For FY2012, the Group is focused on the following key areas:

- + Maintaining a high quality, diversified industrial property portfolio as its stable source of earnings;
- + Enhancing value through its active asset management expertise;
- + The prudent and low risk rollout of the Group's A\$10 billion (€7.269 billion) development pipeline;
- + Expanding relationships with major investment partners;
- + Maintaining an efficient capital structure and strong financial position;
- + Vigilant management of operating costs in line with the current economic climate; and
- + Continuing best corporate governance practices with high transparency as the Group expands its relationships with major investment partners.

Investments

Underlying property fundamentals strengthened over the full year. Overall occupancy increased to 96%, up from 93% at 30 June 2010, with a weighted average lease expiry across the investment portfolio of 5.3 years and continued low arrears.

Developments

Developments contributed A\$121.6 million (€88.4 million) or 24% to the Group's operating EBIT, reflecting the growth in development activity across the business.

The Group had A\$1.4 billion (€1.017 billion) of new development commitments over the year across 42 projects. An overall leasing pre-commitment of 82% was achieved on new projects with an average lease term in excess of 10 years, reflecting the significant customer demand that exists across all of Goodman's key markets of operation. Consistent with our low risk approach, 91% of current development commitments are for our managed funds or third parties.

As at 30 June 2011, the Group's work in progress was A\$1.8 billion (€1.3 billion), generating a yield on cost of 8.7%.

Outlook

The growing contribution from the active components of Goodman's business, being its development and management activities, coupled with the strength of its European and Asian businesses will ensure the Group is well positioned to achieve solid earnings growth in FY2012. Accordingly, Goodman is forecasting a full year operating profit after tax of A\$460 million (€334.455 million), equating to a fully diluted operating EPS of 6.0 cents (4.36 euro cents).

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About Goodman

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