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GMT Annual Meeting of Unitholders

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WELCOME

Good afternoon ladies and gentlemen and welcome to this annual meeting of Unitholders. I'm Keith Smith, Independent Director and Chairman of Goodman (NZ) Limited, the Manager of Goodman Property Trust.

The Board and management team are delighted to be at Eden Park today. It's a new venue for our meetings and a change from the usual central city hotel. We endeavour to make these events as accessible as possible for our investors so be aware that this meeting is also being webcast for those unable to attend.

It has been a defining year for GMT and today's presentations will review the Trust's recent financial performance and the substantial repositioning of the portfolio that has been achieved since we last met.

It is a positive transformation that is already delivering strong returns to investors. It also provides the foundation for sustainable long-term growth.

The formal business of the meeting includes one ordinary resolution relating to the re-appointment of Leonie Freeman as an Independent Director.

I'd encourage you all to participate in today's proceedings and take the opportunity to communicate directly with those responsible for managing your investment. Directors and staff will also be available after the meeting to answer any further questions you may have.

Before we proceed I would also like to point out that the bathrooms are located through the entry foyer of this meeting room. In the unlikely event of an emergency you will be required to evacuate and assemble outside the building in a designated safe area. Should this occur please exit the room through the rear doors and follow the directions of Eden Park staff.

As in previous years, I will refer to Goodman Property Trust throughout the meeting as the “Trust” or “GMT”, and Goodman (NZ) Limited – the manager of that Trust – as the “Manager”.

ATTENDENCE AND APOLOGIES

I would now like to introduce the other members of the Board, together with the executives of the Manager, who are present today.

From my far left/right – Phil Pryke, Non-executive Director; Susan Paterson, Independent Director; Peter Simmonds, Independent Director; Leonie Freeman, Independent Director; Andy Eakin, Chief Financial Officer; and John Dakin, Chief Executive Officer and Executive Director.

Greg Goodman is an apology for this year’s meeting due to illness.

The composition of the Board is unchanged since we met last year and a majority of Independent Directors is maintained.

REPRESENTATIVE OF TRUSTEE; EXECUTIVES AND ADVISORS PRESENT

In addition to the Board, there are executives of the Manager, representatives of our Trustee, Covenant Trustee Services Limited, and representatives from the Trust’s external advisors also present today.

MEETING FORMALITIES

I'd now like to work through some of the more formal aspects of the meeting before we begin the presentations.

+ I'd like it noted that in accordance with the Trust Deed, I have been nominated by the Trustee to act as chairman of this meeting and I have now tabled this nomination.
+ I also confirm that the meeting has been properly convened and notice has been properly given to Unitholders.

For a quorum to be achieved, GMT's Trust Deed requires at least five persons holding, or representing by proxy, or as representative or attorney, at least ten per cent of the number of Units on issue at the date of the meeting carrying the right to vote at the meeting.

I confirm that these requirements have been met; and that a quorum is present.

Now the formalities are dealt with we can proceed.

STRATEGIC FOCUS

GMT has grown to become one of New Zealand's largest listed property investors, with a market capitalisation of $1.9 billion and a corporate credit rating of BBB from Standard & Poor's. It is a high-quality business built around a substantial property portfolio, a wide customer base and proven development capability.

Over the last five years we have successfully repositioned the Trust, concentrating investment in the rapidly growing and supply-constrained Auckland industrial market.

We've deliberately focused our strategy to meet customer demand for logistics and warehousing facilities located close to consumers. It reflects a global trend in gateway cities, driven by demographic changes and the growth of online retailing.

With the Trust's development programme well advanced and asset sales now largely complete, the Board is extremely pleased with the progress that has been achieved. The Directors are equally satisfied with the Trust's operational and financial performance over the last 12 months.

Positive leasing results have maintained occupancy above 98% and contributed to a statutory profit of $207.2 million before tax.

With a strong balance sheet and a portfolio focused on the best performing property sector, the Board is confident that the business is well positioned for sustainable long-term growth.

EARNINGS & DISTRIBUTIONS

The Trust's consistent operating performance has helped maintain cash earnings at $90 million or around seven cents per unit. It's a notable achievement given the impact of earlier asset disposals.

Cash earnings is a non-GAAP financial measure that is used by investors and analysts when assessing the operating performance of a business. It represents the free cashflow generated by that business. With GMT we adjust for certain items, including maintenance expenditure on the portfolio and the interest capitalised to development land, to represent a recurring cashflow.

Aligning the cash earnings of the Trust with cash distributions ensures the business is financially sustainable.

Distributions of 6.65 cents per unit, representing around 95% of cash earnings, were paid to investors last year.

Asset sales will impact the current financial year although we still expect to achieve cash earnings of around seven cents per unit and pay cash distributions of 6.65 cents per unit.

Remaining disciplined and reinvesting in our development programme will drive future growth and continue to improve an already high-quality portfolio.

CORPORATE REPORTING

As some of you will have read in our annual report we have extended the breadth of our reporting this year to provide a wider overview of our business. In addition to the information about Goodman's business model and the current investment strategy, we have provided detail on our health and safety record, our community engagement, and sustainability initiatives.

We have also described the diversity of the team that manages the Trust. The additional commentary reflects a trend toward more integrated reporting.

The Environmental, Social and Governance record of a business is an increasingly important consideration in the investment decisions of fund managers. Ensuring we are delivering on these measures adds to GMT's attractiveness as an investment option. It also allows our diverse group of stakeholders to assess GMT's performance on measures that matter to them.

And as I noted in the annual report, it's a story we are proud to tell.

I'd now like to pass over to Andy Eakin and John Dakin, who will give a more detailed overview of the Trust's recent financial and operational results.

ANDY EAKIN'S ADDRESS

Thank you, Keith, and good afternoon ladies and gentlemen. It's been another positive year for the Trust and I'm pleased to be reviewing our recent financial performance with you today.

The focus on Auckland industrial property is contributing to strong results with a revaluation gain of $106.3 million underpinning this year's profit of $207.2 million, before tax.

The uplift in the value of the portfolio reflects the quality of the assets, rising market rentals and buoyant investment market conditions. While these fair value gains are not distributed, they contribute to GMT's net tangible asset backing which has increased 6.5% over the year, to around $1.39 per unit at 31 March.

The growth in net tangible assets is one of the factors contributing to an improving stock price.

Investors are positive about the strategic direction we are taking and the combination of stock price appreciation and quarterly distributions has resulted in a total return for the year, of 16.9%.

It is more than double the listed property benchmark and continues a period of strong relative performance with GMT outperforming the benchmark over the last five years.

HISTORICALLY LOW GEARING

While we pride ourselves on how we manage our property portfolio and customer relationships, equal focus is given to the financial management of the Trust. We take a long-term view and manage prudently to ensure we maintain a strong balance sheet that supports sustainable growth well into the future.

We've taken advantage of strong buyer demand and have sold our remaining Auckland office estates over the last 18 months, focusing our investment in the industrial sector.

Three sales totalling $243.9 million were contracted during the year and it was announced in May 2018 that the Trust's interest in the joint venture that owns the VXV Portfolio had been conditionally sold[1].

GMT's 51% share of the $635 million gross sale price is $323.9 million.

We had extended this portfolio in recent years, creating a high quality commercial precinct adjoining the vibrant Wynyard Quarter. Positive leasing results over the 12 months have maximised the value of these assets and helped facilitate the successful sale to Blackstone, one of the world's largest real estate investors.

The disposal is a particularly significant transaction for the Trust. It is the largest of all the asset disposals undertaken and completes a five-year sales programme that will have recycled almost $1.2 billion of capital when it settles later this year.

With a pro-forma look-through loan to value ratio of just 25% at 31 March 2018, and less than 20% after adjusting for subsequent sales, GMT's gearing is at an historically low level.

The benefit of a deleveraged balance sheet is that we have the capacity to grow organically, completing the Trust's development programme and securing new investment opportunities. The strong liquidity position also provides a substantial buffer, ensuring GMT has the necessary headroom to absorb significant changes in asset values should markets soften.

[1] The sale remains conditional on Overseas Investment Office approval.

TREASURY INITIATIVES

While the investment focus has been on development-led growth and asset recycling, new treasury initiatives over the last 12 months have continued to enhance the capital structure of the Trust.

Two new bonds were offered during the year, improving the diversity and tenor of GMT's debt facilities. The successful issues secured $200 million of debt funding at lower rates than comparable bank funding would provide.

With a combination of bank borrowings, retail bonds and US Private Placement issuance, the Trust has sector-leading debt diversity. It is also long dated with these facilities having a weighted average term to expiry of around four and a half years.

Maintaining a variety of funding sources has enabled the Trust to reduce its reliance on bank lending. At 31 March 2018 GMT had 68% of its debt drawn from non-bank sources. The proceeds of asset sales will increase this proportion even further as bank debt is repaid.

It's a prudent approach that recognises credit markets can become restricted and pricing more expensive.

One of the key features that has underpinned the success of the treasury programme is the quality of our property portfolio. The excellent security it provides is reflected in the debt pricing that has been achieved and the Trust's investment grade rating from Standard & Poor's.

The rating agency recently re-affirmed the BBB rating for the Trust. Its debt, including its bonds, is rated one notch higher at BBB+. Both assessments have remained stable since they were first assigned in 2009.

I hope I've reinforced what a high-quality business you've invested in ladies and gentlemen. I'll now pass you over to John who will continue with the operational review.

JOHN DAKIN'S ADDRESS

Thanks Andy and good afternoon ladies and gentlemen.

In my presentation today, I'll review the achievements of the last 12 months and also explore the opportunities ahead of us.

It's been a significant year for GMT with development activity and asset sales refining the portfolio and focusing investment in the Auckland industrial market. It's the continuation of a longer-term strategy that has transformed our business.

I want to elaborate on the key aspects of this strategy, including:

+ Auckland's attraction as a gateway city;
+ The positive investment characteristics of industrial property; and
+ The value of our development pipeline.

AUCKLAND FOCUSED

Following completion of all current developments and contracted sales, the Trust's $2.2 billion portfolio will be more than 99% invested in Auckland.

We've deliberately focused our investment in the country's biggest city as it is the gateway to New Zealand with extensive port, road, rail and air freight infrastructure located here.

At almost four times the size of our next largest city, Auckland has scale and depth that attracts people and businesses at a greater rate than any other location. This increases demand for goods and services, meaning additional warehousing and distribution facilities are required.

This is exactly the type of industrial property we are investing in. It fulfils a vital role in the supply chain, ensuring goods are stored efficiently and can be quickly distributed to meet demand, whenever and wherever that may be.

Demographic modelling from Statistics New Zealand supports our assumption of continued growth, with the city's population forecast to increase from 1.5 million to more than 2.3 million by 2043. It represents an annual increase of around 1.5% for the next 25 years, by which time Auckland is expected to make up almost 40% of the country's total population.

The expansion of online retailing is also increasing demand for logistics and warehousing facilities close to consumers. While total retail spending is growing steadily the proportion of goods being purchased online is growing at a much faster rate, contributing to the strong demand for industrial space.

The CourierPost business located at Highbrook Business Park provides a good example. This customer occupies a 20,000 square metre distribution centre with a highly automated parcel sorting system capable of processing up to 120,000 items a day.

Parcel volumes at this facility have increased around 33% over the last five years, reflecting not only the growth in the city but also the impact of e-commerce and online retailing. It's a trend that we expect to drive future growth as New Zealand catches up with more developed markets such as the United Kingdom, where online sales make up almost 15% of all retail sales, around twice the rate of New Zealand.

THE ATTRACTION OF INDUSTRIAL PROEPRTY

Our preference for Auckland industrial property also reflects the special investment characteristics that has made it the best performing property sector.

These characteristics include:

+ A short construction timeframe;
+ Lower lifecycle costs compared to other property types;
+ Assets are typically smaller and more liquid than office or retail property;
+ Demand for industrial space is the most responsive to economic growth, and,

+ High land component allows for future changes of use.

Investors have recognised the unique value drivers of industrial property and it has delivered the highest returns of all the property types according to the results of the IPD Property Index.

The appraisal based index benchmarks the investment performance of over $13 billion of commercial property in New Zealand. The table on screen shows that industrial property has consistently delivered greater total returns than office or retail property.

Better design, improved functionality, and greater amenity for customers has improved the quality of industrial property adding to its attractiveness as an asset class. For those of you that attended the Highbrook open day in March, you'll have seen firsthand what high quality industrial property looks like.

The following images showcase some of our portfolio. The properties are modern, highly specified and operationally efficient. They're also well located and flexible enough to meet the requirements of many different businesses.

Few property owners have the Auckland-wide footprint we provide and even fewer can offer the benefits of being in a large master-planned estate such as Highbrook Business Park. Highbrook is the largest estate we own and its value of $1.2 billion makes up around 50% of our portfolio.

Award-winning design, consistent landscaping, clear signage, recreational facilities, public infrastructure and business support services have helped create an exceptional work environment for the 80-plus companies already located there.

Like many gateway cities around the world, Auckland's infrastructure is struggling to cope with unprecedented growth. Traffic congestion is one of the issues impacting businesses.

Larger logistics operators are using integrated transport hubs as a way of reducing reliance on road transport networks.

Our portfolio includes rail options at Savill Link for this type of customer. The estate is situated on the former site of the Otahuhu Railway Workshops and provides sidings that allow direct access to freight services along the main trunk line.

Coda and Mainstream are two specialist logistics businesses that have chosen to locate at Savill Link to take advantage of the rail infrastructure. Both facilities have then been expanded due to business growth.

The ability to accommodate a customer's changing requirements illustrates the importance of our development capability.

GMT's DEVELOPMENT CAPABILITY

The progression of our development programme has helped build a portfolio of enviable quality, literally building by building. The chart on screen now shows the progression of the development programme over time. Around 80% of the portfolio has been developed since 2004, creating quality assets that set the benchmark for industrial property.

Development activity continues to transform our portfolio and we have more than $230 million of projects currently in progress, including 21 new warehouses. It's a large volume of work that is supported by an historically low vacancy rate and strong economic growth.

The next few images show a selection of our recent projects.

Additional space requirements from existing customers make up a sizable proportion of our current workbook but we are also securing new design-build commitments, as well as undertaking a greater number of build-to-lease facilities to take advantage of the current supply constraints.

These projects added $21.0 million to our profit last year, demonstrating what a value adding activity it is. Our current projects are also expected to deliver strong valuation gains once completed. The yield on the additional capital invested is forecast to range between eight and nine percent.

You'll see these are all high-quality properties.

They incorporate sustainable design elements and are constructed using materials and building processes that minimise waste and other environmental impacts. Energy saving technology and low flow water fittings also make these facilities highly efficient, lowering the operating costs for customers.

Owning strategic sites in key industrial suburbs and a commitment to owning the very best quality assets has underpinned our development success.

The aerial image of Auckland on screen now shows the location of our estates. They are situated near key transport infrastructure and road networks. Adjacent to residential areas they are also ideal locations for logistics and parcel delivery businesses that want to be close to consumers.

The scale of the portfolio means we have options suitable for most customers' requirements. However, the rapid progress we have made in our development programme means that our land holdings are diminishing and now make up less than 5% of the portfolio.

The build out of all GMT's remaining land would add a further 116,000 sqm of rentable area to the portfolio and still result in gearing of less than 30%. Reinvesting this capital will drive future growth and we are regularly reviewing new investment opportunities.

Development remains our preferred strategy, providing the best risk adjusted returns.

With competition from residential developers limiting greenfield opportunities, we are also acquiring brownfield and infill sites that can be more intensively developed. The Tamaki Estate in Panmure and Concourse Industry Park in Henderson are recent examples.

As Andy noted earlier we have been selling assets to fund our development pipeline with almost $1.2 billion of sales since 2013. We have commenced over $670 million of new development projects over the same time frame.

The transformation in our property portfolio is clear in the chart shown now. Industrial property is our favoured asset class, making up over 99% of the portfolio, and Auckland is our preferred investment market.

Ladies and gentlemen, GMT is well positioned for the future.

We have narrowed our focus and deleveraged the balance sheet, improving the quality of our business. Continued execution of our development led growth strategy will ensure that GMT remains New Zealand's leading industrial space provider.

Thank you for your attention.

GENERAL BUSINESS
KEITH SMITH

Thanks John. Before we move to the formal business of the meeting I'd like to reinforce the key points from today's presentations.

We have refined our strategy and GMT is now almost exclusively invested in the Auckland industrial sector. The focus is a deliberate capital allocation decision that reflects the positive investment characteristics of industrial property and the strong economic drivers in New Zealand's largest city.

Asset sales have provided the Trust with the balance sheet capacity to fund new investment and development activity well into the future. Continually renewing and extending the portfolio, GMT's development programme has helped transform the business.

Securing future growth opportunities within our preferred investment sector remains an important objective. Staying focused and managing our customer relationships, property portfolio and financial position will also ensure this business continues to thrive.

That concludes the presentations ladies and gentlemen, I would now like to open the floor for questions.

PROCEDURE FOR QUESTIONS FROM UNITHOLDERS

If you'd like to ask a question of the Board or its advisors please signal your intention to do so by raising your hand and a member of staff will bring you a microphone. For the record, I would also ask that you identify yourself before you speak; and, if you are a proxy or representative for a Unitholder, please let us know that as well.

Ladies and gentlemen, as there are no further questions I will now proceed to the formal business of the meeting.

RESOLUTION

Unitholders have the right to nominate and vote on the Independent Directors of the Manager with elections held annually.

Leonie Freeman is retiring by rotation, and being eligible, has offered herself for re-election.

Leonie is an experienced and effective member of the Board. She provides extensive property and valuation expertise that complements the skills of the other Directors. The Board unanimously recommends that Unitholders vote in favour of her re-appointment.

Before we conduct the poll, I will invite Leonie to address the meeting.

[Leonie Freeman to briefly address the Meeting]

Thank you Leonie

The Resolution is set out in the Notice of Meeting and on the voting form you will have received. As the resolution has been notified, there is no formal requirement for a seconder.

A majority of not less than half of persons entitled to vote and voting is required to carry the resolution.

Are there any questions on the resolution?

As there are no further questions we will proceed to a poll.

VOTING AND MEETING CLOSURE

If you have not already voted you should complete your voting and proxy form and place it in the boxes on the registration table. There are pens available and Computershare staff will be on hand should you have any questions or require replacement forms.

Refreshments are being served and you are welcome to stay and enjoy the hospitality while the poll is being conducted.

The result will be announced to the NZX in due course and a copy of the announcement will also be available on our website.

Ladies and gentlemen, thank you very much for your attendance and participation this afternoon, I now declare this meeting closed.

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About Goodman Property Trust:

GMT is an externally managed unit trust, listed on the NZX. It has a market capitalisation of around $1.9 billion and is included in the NZX20 index. The Manager of the Trust is a subsidiary of the ASX listed Goodman Group, Goodman Group is also the Trust's largest investor with a cornerstone unitholding of 21%.

GMT is New Zealand's leading industrial and business space provider. It has a substantial property portfolio, with a value of $2.2 billion after settlement of recently contracted sales, which accommodates around 180 customers. The Trust holds an investment grade credit rating of BBB from Standard & Poor's.