

GOODMAN PROPERTY TRUST (“GMT” or “Trust”)

Annual Meeting of Unitholders 2011

Held at the Pullman Hotel, Princes Ballroom C, Cnr Waterloo Quadrant and
Princes Street, Auckland

Tuesday 2 August 2011, 1.30 pm

Directors and senior executives present:	Keith Smith	Chairman and Independent Director
	James Hodgkinson	Non-executive Director
	Phil Pryke	Non-executive Director
	Peter Simmonds	Independent Director
	John Dakin	Chief Executive Officer
	Andy Eakin	Chief Financial Officer
Apologies:	Gregory Goodman	Non-executive Director
	Susan Paterson	Independent Director
Others present:	Representatives of:	<ul style="list-style-type: none">• Perpetual Trust Limited, the Trustee of GMT.• PricewaterhouseCoopers, GMT's auditors.• KPMG, GMT's tax advisers.• Russell McVeagh, GMT's solicitors.
	Unitholders, proxyholders and other guests.	

Open

The Chairman opened the meeting at 1.35pm and welcomed Unitholders. He noted that under the terms of GMT's Trust Deed the Trustee, Perpetual Trust Limited, had appointed him as chairman of the Meeting. The Chairman tabled this written appointment.

The Chairman then introduced the directors and executives of Goodman (NZ) Limited (“GNZ” or “Manager”) and other advisers present.

Quorum and other procedural requirements

The Chairman noted that there was one resolution proposed for the meeting and that a quorum was present. He confirmed also that the meeting had been properly convened and the notice of the meeting had been properly given to Unitholders.

[Regarding the quorum, clause 24.10 of the Trust Deed requires a quorum of 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 on the resolution. There were 54 persons in attendance holding or representing by proxy or as representative or attorney 186,975,320 Units, which equates to 19.63% of the total Units on issue. The quorum requirement was accordingly satisfied.]

Chairman's and Chief Executive Officer's addresses

The Chairman made some brief comments about the Trust's performance over the 2011 Financial Year including the refinancing program that the Trust has successfully undertaken.

The Chairman then introduced John Dakin to give a more detailed presentation to Unitholders.

Resolution

The Chairman noted that the following resolution, which was unanimously endorsed by the Board, was to be considered at the meeting:

As an Ordinary Resolution, that Unitholders approve, on a perpetual basis, the issue of Units to the Manager (or any nominee of the Manager) pursuant to the management fee provisions of the Trust Deed.

The Chairman noted that the resolution would be addressed after the General Business section of the meeting.

General Business

The Chairman then opened the floor for questions.

Mr Jack Geman - With the Christchurch earthquake we have all been told that the insurances are going to increase how is that going to impact on Goodman?

The Chairman asked Mr Dakin to respond.

Mr Dakin explained that GMT had seen a big lift in insurance costs; however the Trust renegotiated its insurance in Christchurch immediately after the February earthquake with an increase of approximately 60%. Mr Dakin explained that the Trust renegotiated the balance of insurances for the Auckland portfolio after the Japan tsunami and premiums went up approximately 100%. Mr Dakin explained that for GMT it was an increase of approximately a million dollars, 98% of which is recoverable from customers. In addition, GMT has about a million square metres so it's about a dollar per square metre in terms of additional costs.

Mr David Lawson - I think that most people here will see my disappointment to hear you tell us about the proposed reduction in the distribution for the current year, we understand why this is necessary, but when it is matched with the reported decline in the valuation in the property portfolio I think it would be interesting to know if this is in fact being matched by the reduction in the payment of fees to the management group, would you please advise us on what is happening there, is it being reduced in reflection of the decline and if not, why not?

The Chairman noted that the manager's fee is made up of two parts, a fixed fee based off a formula and a performance fee which was not met last year so there will be no performance fee payable to the manager.

The Chairman also explained that the deduction in distributions has more closely aligned the distributions with the cash earnings of the Trust. The Chairman asked Mr Eakin if he had anything further to add.

Mr Eakin noted the reasons mentioned by the Chairman and reiterated the need to match the cash earnings with distributions. Mr Eakin noted that whilst the 80% distribution policy doesn't do this immediately, it would allow the Trust to achieve that objective over a period of time whilst recognising the need to take a balanced view. If GMT had cut distributions to match cash earnings immediately it would have been at odds with investors' expectation of a return.

The Chairman added that the funds retained were being reinvested into the business and it is interesting to note that the unit price was around 93 to 94 cents prior to announcing the change and now it is up to around 98 cents.

The Chairman also noted that in relation to the point on revaluations, the Trust has a very rigorous process that we have to go through each year on property valuations by a panel of valuers which then have to be signed off by the auditors and all the manager can do is ensure that GMT has the appropriate lease terms, standard of tenants and quality of assets.

Mr Jonathan Olsen – Mr Chairman I don't know if you fully answered that gentleman's question I think that his question was, is there a reduction in fee to the external manager and I want to discuss that matter, you haven't informed us but I have heard from others that the external manager, which is Goodman Group have been of great assistance and I am sure that they have. Goodman Group own 16% of the units of the trust so there is no reason why they shouldn't be of great assistance anyway without being in control of the management company because they get it both ways so the more we spend on investments the more Goodman Group get regardless. They are in the box seat I can't see why we shouldn't be looking at internalisation and corporatisation eventually, I fail to see why such a capable management team as this trust has and I mean capable because what they have just explained to us means they are very good because I am in the business myself, in a tiny way though compared to this but I know how hard it is to do what they have achieved, however they can do that with or without the help from Goodman Group without Goodman Group owning the management company because there is a huge conflict of interest that is undeniable, this type of arrangement was being put forward today it wouldn't get off the ground and I think it is time that the Unitholders started to make a fuss about this particularly the people with the same hair colour as me. So Mr Chairman I would like to hear some other reasons why you can't go ahead and look seriously at what I am suggesting.

The Chairman thanked Mr Olsen for his comments. The Chairman explained that there hadn't been a reduction in the percentage payable to the manager and that the management fee is 0.5% of the assets under management up to \$500 million of assets and 0.4% for any assets in excess of \$500m. The Chairman noted that out of these fees the manager has to pay all the costs for some 50-60 employees and other overhead costs which relate to running the trust. The Chairman noted that the fee does fluctuate based on the assets of the Trust.

The Chairman noted the comments regarding internalisation and commented that the issue had been raised at a number of roadshow meetings with Unitholders that John Dakin and the Chairman had attended. The Chairman noted that a review had been undertaken and the Independent Directors believed that Unitholders received substantial benefit from the external model. The Chairman also noted that GMT gets branding, which would be a cost, gets management from a whole team of people that may or may not want to necessarily work for an internalised management structure.

The Chairman also noted the benefits of the international capabilities of the Goodman Group, including the availability of tenants. The Chairman noted that GMT was only able to participate in Highbrook Business Park through support from the wider Goodman Group relationship. The Chairman noted that the property trusts that have internalised at the moment have other challenges or their management contracts are held by banks, whereas GMT has a management contract held by specialist property operator who is a world class operator so there is a difference between some of the others. The Chairman noted that the board does not think that there is a conflict between a unitholding of 17% and the management contract. It shows a commitment as a Unitholder which is strongly aligned with their commitment as a manager of GMT.

Mr Pryke added that from Goodman Group's point of view they are not particularly sensitive about this issue. He also noted that the issue has been addressed about 3 months ago internally and the view formed that it doesn't make sense as a holder of units in the trust to pay out a significant amount of money to buy out the management contract. Mr Pryke noted two points, the first relating to the cost of internalisation and the second being that, as an example, someone like Murray Barclay has been a participating in Goodman's European business for the last couple of years and has done a very good job and is back with that experience in New Zealand. That is really valuable for GMT. Mr Pryke also noted that the commitment to New Zealand by the Group means that the trust gets first option on any development activity that the Group may undertake in New Zealand.

Mr Pryke noted that in his view it isn't appropriate for this trust which is a long term investor in stabilised property to be taking large exposure to development risk. Goodman Group on the other hand is far more capable of doing that because of its balance sheet position, which gives the trust a privileged position.

Mr Pryke also noted that as an investor he has significant money in GMT and from his point of view the Trust benefits from very high quality management in New Zealand and benefits quite substantially from the activities of the Group.

Mr Jonathan Olsen – Mr Chairman I don't really go along with that entirely as Goodman Group own 17% so they have a substantial interest in this anyway without opening the medicine cabinet however I am not going to argue with the expertise up there as I know that you have decided what you have and that will happen, but what I would suggest is that you get an independent report because we don't know what it would cost to buy out the management contract there could be various scenarios there so it is time that we did look at it not just the independent directors but by an independent report, perhaps the board would like to think about that?

I have one other comment, nothing to do with that but to deal with the DRP surely that should be suspended? All it is doing is watering down the return to us Unitholders particularly if you are offering a 2% discount and I suggest that the Board look very seriously at that.

The Chairman asked Mr Olsen if he was talking about the underwriting of the DRP.

Mr Jonthan Olsen – I am talking about the fact it is watering down our return to those of us who have units when there are more units created each year, the capital keeps increasing.

The Chairman responded by noting that Unitholders have the choice of subscribing under the DRP or not.

Mr Jonathan Olsen – yes, but there are many of us that want the cash – so we lose out and the fact that you are now suggesting that the outsourced manager is going to have units forever so that's a further detriment to that.

The Chairman noted that he will cover that when we come to that motion.

Mr Carlton King – my question is on the interest costs, interest rates for the trust with the uncertainty in the global market especially in Europe and America how is the trust structured if the economy further declines like America and Europe how is the trust structured in the interest rate contracts – hedging profile.

Mr Eakin responded by noting that of the Trust's total debt facilities about three quarters of those have interest rate hedges in place to protect the trust from volatility from those interest rate movements and about a quarter of it is essentially on a floating rate currently so we are getting some benefit through the lower rates.

Mr Noel Thompson – you refer to the Goodman connection; have the Independent Directors actually measured or tried to put a value on how much it is worth to the Goodman Group as the present structure, as with some of these other property companies that we are hearing about at the moment there are some quite big numbers banging around of what the savings can be by internalisation and you made a reference to what the benefit might be, have you tried to measure that or get an idea of it?

The Chairman responded, noting that Mr Olsen has touched on that. The Chairman noted that it is very difficult to go through and there are a lot of benefits. The Chairman noted that Goodman Group provides a full management service, unlike some others in the sector. There are some 50 staff employed by the manager which the trust does not have to pay for which we tap into though the management fees that are paid.

Mr Dakin noted that whilst the manager has never measured the financial benefit of the Goodman connection, the manager has never under resourced the business. There are approximately 50 staff, people that drive around in Goodman branded cars that go to major estates on a daily basis just to talk to customers right through to portfolio managers and asset managers that are needed to run a fully listed business. Mr Dakin noted that its not cheap, and in the last few years when the development side of the business has been weak, the manager has carried a very capable, high quality development team through that period at Goodman Group's cost.

Mr Dakin also noted that Goodman Group is prepared to use its balance sheet in the New Zealand market to sponsor the GMT business. In addition, GMT's management team gets a lot of access to global thinking. Mr Dakin noted that he found this personally very helpful, noting the example that every Monday night at 8.30 he is on the phone for an hour with his colleagues from around the world getting right up to date with all the issues so he can tap into expertise like that. Mr Dakin noted the

earlier question from Mr Walker about GMT manages interest rate risks. Mr Dakin noted that through Goodman Group there was access to a Treasury team in Australia that has been hugely valuable in terms of our management and guidance with this business through the GFC. Mr Dakin noted that it is very difficult to put a value on that, but at the end of the day he came back to Mr Pryke's point of view that Goodman Group owns 17% of the trust and its interests are completely in line with other unitholder and if there was a compelling reason to change the structure of the business and it adds value to Unitholders then we would go down that path.

Mr Hall – I think the management team have done extremely well, they are well proved and we have no guarantee that internalising it is going to be a success and we don't know how many of the management team would be able to be persuaded to come and work for us, I think leave well alone and lets see how the others go.

There was general support from the floor for Mr Hall's comments.

Discussion about Resolution:

The Chairman then opened the floor for questions of the resolution.

Mr John Wilson – one of the issues not covered in your statement relates to the implications of the resolution for the takeover code.

The Chairman asked Mr Shead, GNZ General Counsel & Company Secretary to respond.

Mr Shead introduced himself to the meeting and explained that the takeovers code was not applicable to GMT as it was a trust and therefore could not be a code company. Mr Shead noted that Unitholders were protected by similar provisions under section 4 of the NZX listing rules.

Mr Shead asked if this answered the question and Mr Wilson confirmed that it did.

The Chairman then proposed the resolution and asked for a seconder. The Chairman identified a unitholder from the meeting and asked for a show of hands on the resolution.

The Chairman noted that the resolution was passed and queried if any unitholder sought a poll. No such request was received and accordingly, the Chairman declared the resolution as carried.

Close

The Chairman thanked Unitholders for their attendance, invited them to join the board and management for afternoon tea and formally declared the Meeting closed at 2.48pm.

Confirmed as a true and correct record

Keith Smith, Chairman of meeting

Date: