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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.

My fellow directors and I are extremely pleased to be here today and we look forward to reviewing the recent performance of the Trust with you this afternoon.

The meeting will also consider the current economic outlook and how our investment and development strategy is focused on building a high quality and sustainable business.

With no resolutions being voted on, today's meeting provides a great opportunity for you to communicate directly with those responsible for managing your investment. I encourage you to participate by asking questions and to stay for the refreshments that follow the meeting.

Directors and staff will also be in attendance to answer any further questions you may have.

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.

For the record I'd like it noted that there is an apology from Non-executive Director Phil Pryke. Unfortunately illness prevents him from travelling from Sydney to attend today's meeting.

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

The Board is unchanged since we last met in December 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, Corporate Trust Limited and representatives from the Trust's advisors also present today. These advisors include –

+ our solicitors, Russell McVeagh;
+ our auditors, PricewaterhouseCoopers; and
+ our tax advisors, KPMG.

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

MEETING FORMALITIES

+ I'd like it noted that in accordance with the Trust Deed, I have been nominated by the Trustee, Corporate Trust Limited, 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.

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 for a quorum to be achieved.

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

OTHER ITEMS

Before we proceed I would also like to point out that the emergency exits for the building are accessed through the rear doors of this meeting room. In the unlikely event of an emergency you will be required to evacuate and assemble outside in a designated area, if this occurs please follow the directions of the Crowne Plaza hotel staff.

To simplify proceedings, 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”.

Now the formalities are dealt with we can proceed.

INTRODUCTION

The last financial year has been a defining 12 months for GMT with new investment and equity initiatives enhancing and extending the Trust, while also positioning it for future growth.

Unitholders gave their overwhelming support for the acquisition of the remaining interests in the award winning Highbrook Business Park back in December and I’d like to thank you all for your support of that transaction.

The acquisition and the associated equity raising initiatives have provided the Trust with an expanded property portfolio and a strengthened balance sheet that is capable of supporting an accelerated development programme.

It has also contributed to the strongest financial result in over five years, with a 71.4 percent increase in profitability being recorded. Our Chief Financial Officer, Andy Eakin, will identify the key components of our $91.7 million pre-tax profit, and talk further about our financial performance, later in the presentation.

GMT has benefitted from these strategic initiatives and is an even more substantial property business as a result.

With a property portfolio valued at more than $2.0 billion and a market capitalisation of $1.3 billion it is now the largest of all its property peers. It also ranks in the top 15 of all NZX listed stocks.

Building a property portfolio of real scale has been an important strategic objective that has ensured GMT has the facilities to attract and retain a broad customer base.

A development capability has been an important component of this strategy.

There is significant value in GMT's land investments and converting these strategic land holdings into high quality, income producing, industrial and office park assets remains a key focus.

The recent Highbrook acquisition and associated equity raising provide the opportunity and funding capacity to significantly grow the Trust's business.

With improving business confidence and strengthening occupier demand, the Board believes it is an appropriate time to accelerate the Trust's development programme.

The focus compliments an existing strategy that has delivered stable operating results over the last five years despite the more challenging operating environment. The consistency of these results reinforces the importance of investing in quality assets and also reflects the efforts of a hardworking management team.

BUSINESS STRUCTURE

It is a capable and experienced team that is supported by the considerable resources and expertise of the ASX listed, Goodman Group.

Founded and led by Greg Goodman, the Group is a global property investment and fund management business with over 1,000 staff and almost $25 billion of assets under management.

Goodman Group is also the ultimate owner of GMT's Manager and the largest investor in the Trust, with a cornerstone Unitholding of 17.5 percent. The alignment of interests between the Manager and Unitholders means that we all benefit from this management structure.

ELECTRONIC COMMUNICATION

A strong corporate governance framework, that includes a majority of Independent Directors, ensures that the interests of GMT's investors are always at the forefront of the Board's decision making process.

We have led the listed property sector in recent years with our sustainability initiatives and disclosures around director and officer remuneration, going beyond what is required from a Trust and aligning our reporting more closely with that of a listed company.

I would emphasise that while we disclose the remuneration costs these expenses are met by the Manager, they are not paid by the Trust.

With an increased emphasis on electronic delivery we have also improved the way we communicate with Unitholders.

Many of you would have chosen not to receive a printed annual report this year and instead have opted to view the online report which includes a video overview from our Chief Executive Officer.

The new electronic interface is shown on screen now.

Instantly available and with greater functionality, this type of initiative allows us to connect with you in a more timely and cost effective manner.

Digital delivery is likely to become an increasing part of our corporate communications programme and I encourage you to adopt these new technologies to ensure you remain well informed.

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

ANDY EAKIN'S ADDRESS

Thank you Mr Chairman and good afternoon ladies and gentlemen. It's great to be presenting to you today.

It has been a very active year and the management team is extremely pleased with the result that has been achieved. We've secured full control of Highbrook Business Park and recorded the strongest financial performance in over five years, with a pre-tax profit of $91.7 million.

The 71.4 percent increase in profitability on the previous year reflects the impact of a stronger valuation result, strategic acquisitions and the positive contribution from recent development completions.

While new investment and equity initiatives have expanded the property portfolio and strengthened the balance sheet, it has been the consistent performance of the investment portfolio that has continued to underpin the Trust's operational performance.

Active management and an ongoing focus on customer relationships have contributed to strong leasing results. The additional income generated from completed development projects and the benefit of the Highbrook acquisitions have also helped ensure that rental cashflows were maximised and revenue targets were achieved.

EARNINGS & DISTRIBUTIONS

I am pleased to report that distributable earnings before tax, the measure we use to assess underlying operating performance, has increased to $87.7 million. This equates to 8.21 cents per unit on a weighted average issued unit basis, which is consistent with the guidance provided in November 2012.

The tax paid, cash distributions that Unitholders received for the year totalled 6.25 cents per unit, representing around 80 percent of after tax distributable earnings.

As most of you will be aware, we retain around 20 percent of earnings to help fund the Trust's value-adding investment and development activity. It is a policy that recognises there is a cost associated with maintaining our strategic land holdings.

LOOKING FORWARD

While the current environment remains competitive, the quality of our portfolio, recent capital management initiatives and a proven development capability mean the Trust is well positioned to take advantage of the continuing improvement in market conditions.

Given the current environment, our expectation for the current financial year is that distributable earnings will be between 8.2 and 8.4 cents per unit, before tax.

While it is pleasing to be forecasting an expected increase in earnings we will pay a higher level of tax this year, partly as a result of a legislative amendment that changes how deductions for lease incentive payments are treated.

It's a timing effect that doesn't alter the total amount of tax paid over the term of the lease and the majority of Unitholders will continue to benefit from the Trust's relatively low effective tax rate and beneficial Portfolio Investment Entity status.

NEXT DISTRIBUTION

For the 2014 financial year we expect to pay a full year cash distribution, after tax and retentions, of at least 6.25 cents per unit, consistent with the distribution paid in the previous year.

For an individual New Zealand resident taxpayer, with a marginal tax rate of 30 percent, the cash distribution of 6.25 cents per unit equates to a pre-tax yield of 8.7 percent at the current unit trading price. This continues to represent a very attractive yield in the current low interest rate environment.

Payment of the first quarter distribution for the period ended 30 June 2013, is to be made on 26 September 2013. It will include a cash component of 1.5625 cents per unit and there will be imputation credits attached.

CAPITAL MANAGEMENT

The Distribution Reinvestment Plan remains in operation. It continues to provide a cost effective and timely source of equity funding which has helped finance the Trust's value adding development activity.

Over $235 million of new equity was issued last year with additional capital also recycled through a successful asset sales programme.

The largest of all the capital management initiatives was the private placement and unit purchase plan undertaken to partly fund the $186.6 million Highbrook Business Park acquisition.

The purchase of the remaining joint venture interests gives GMT one hundred percent ownership of one of New Zealand's most desirable and successful real estate developments. The strategic purchase, which included the issue of stock and a deferred consideration structure, provides both immediate and longer term benefits to the Trust.

One of the operational benefits has been a simplified ownership structure. The greater flexibility this provided allowed us to restructure and refinance all the Trust's bank facilities on market leading terms and at competitive new margins, providing significant ongoing interest savings.

Prudent capital management through these debt and equity initiatives has ensured the Trust has maintained a strong balance sheet.

At 31 March 2013, GMT's net borrowings represented just 34.8 percent of its property assets. This level of debt is below the targeted band of 35 to 40 percent that the Board believes is optimal for the Trust, and significantly lower than the 50 percent level permitted under its bank and Trust Deed covenants.

The success of our business model and the quality of the portfolio are recognised in the investment grade credit rating assigned by Standard & Poor's. The agency has recently reaffirmed its triple B rating for the Trust and its triple B plus rating for the bonds that have been issued.

We expect that current balance sheet capacity, together with the continuation of the Distribution Reinvestment Plan and further asset sales, will provide GMT with the funding capacity to pursue investment and development strategies.

Just before I hand over to John, who will provide the operational update, I'd like to reiterate a few of the key points I've made today.

+ GMT is a robust business with a strong balance sheet.
+ Prudent capital management strategies will help fund greater levels of development activity.
+ The Trust is positioned for growth and we expect to record even stronger financial results as occupier and investor demand increases.

Thank you.

JOHN DAKIN'S ADDRESS

Thanks Andy and good afternoon ladies and gentlemen, it's great to have you here.

There is real momentum in our business at present and we're encouraged by the Trust's recent financial performance and today's improving economic outlook.

We've continued to build our property portfolio over the last twelve months with strategic acquisitions and ongoing development success extending and enhancing an already high quality asset base.

I'd like to talk more about these initiatives this afternoon and explain in detail how our investment and development strategy is growing revenue streams and creating value for Unitholders.

It's a proven approach which is supported by an active management style that allows us to build lasting relationships with our customers.

BUSINESS STRATEGY

The acquisition of the remaining interests in Highbrook Business Park was the most noteworthy of all the operational achievements last year. Many of you are already familiar with this flagship asset and will appreciate the special qualities that make it one of the country's most desirable and successful real estate developments.

The following images demonstrate many of these unique features.

Occupying the Waioruru peninsula in East Tamaki and situated in an exceptional natural landscape this award winning estate is rapidly becoming a thriving business community.

Today the estate is over 50 percent developed with prime industrial and commercial facilities occupied by leading corporate customers. These businesses, and the more than 4,000 staff they employ, occupy high quality premises that are designed to meet the changing requirements of the modern workplace.

With a current value in excess of $650 million, Highbrook Business Park is a significant driver of GMT's operational and financial performance.

With additional development potential the estate provides the Trust with a superior growth profile at a time when business confidence and occupier demand are increasing.

DEVELOPMENT PROGRESS

Strategic land holdings and an active development programme have added over 500,000 sqm of new space to the Trust's portfolio since 2004.

A large proportion of this activity has been at Highbrook where occupier enquiry remains high. We've commenced more than $38 million of new projects over the last 15 months and have completed new facilities for Panasonic and Stanley Black and Decker.

Some of the most recent demand has come from existing customers who located to Highbrook in the earliest stages of its development and are now initiating expansion options to increase the size of their facilities. These customers include Big Chill, Contract Logistics and Viridian.

We have also made great progress with the mixed use development at The Crossing.

Scheduled to complete in just a few weeks' time, the Crossing is expected to become a focal point for the estate, providing amenity and support services for the surrounding business users.

The first stage which includes three buildings linked by an open air plaza and generous public spaces will provide almost 10,000 sqm of commercial and retail space.

Originally undertaken on a partially committed basis, leasing progress has been excellent with more than 85 percent of the space committed or under final negotiation. These customers include a legal firm, corporate head office, training organisation, food and beverage operators, a conference centre and serviced apartment accommodation.

With an accelerating development programme, we are continuing to pre-lease the majority of our projects. To complement this design-build activity we are also undertaking a limited amount of uncommitted development to ensure we have the facilities to meet future customer requirements.

It has been a successful approach at The Crossing and also at Central Park Corporate Centre in Greenlane where the new, $21.4 million, low rise office project has been fully leased ahead of its completion.

Leasing commitments from Genesis Energy and Restaurant Brands have ensured this high quality and environmentally efficient building will be 100 percent occupied when it is completed later this month.

These were existing customers in the portfolio who had a requirement for modern, efficient floor space that offered greater flexibility than existing office buildings in that location.

Our strategic land holdings and development capability meant we were able to deliver a property solution that has enhanced our asset base while facilitating the retention of two key customers.

With low levels of vacancy in prime stock throughout the southern corridor there are very few options for businesses seeking high quality office accommodation. As a result of this supply shortage we are contemplating further development and upgrade work at Central Park Corporate Centre.

Our other Auckland development estates are also attracting strong levels of customer enquiry and continue to support substantial new projects.

At M20 Business Park, the former Ford assembly works in Wiri, a new 17,150 sqm distribution centre has been completed for Frucor beverages.

The Trust has also secured a further commitment from Bridgestone since its March balance date. The new 2,200 sqm manufacturing and storage facility will adjoin the existing 4,900 sqm distribution warehouse completed for the tyre distributor in 2011.

At its Savill Link estate in Otahuhu the Trust has recently completed a new facility for logistics customer, Mainstream. The facility is located on a site that was formerly occupied by the Otahuhu Railway Workshops and the new 10,620 sqm warehouse incorporates a canopied rail siding that allows for all weather operation.

The images on screen contrast some of the original manufacturing facilities with the regeneration work that has occurred on this brownfield industrial site under GMT ownership.

With a variety of development estates, strategically located throughout Auckland and Christchurch, we are able to accommodate a range of business requirements. These can be as varied as a refrigerated warehouse, light manufacturing or trade retail, like the new facility built for Placemakers at Glassworks Industry Park in Christchurch.

A feature of our development programme is that most new buildings are of a generic size and design that ensures they remain highly marketable throughout their economic life. Where more specific requirements are incorporated this cost is generally reflected in higher rental levels and longer lease agreements.

Our development estates have continued to attract new business and I'm pleased to announce today a new $9.7 million warehouse for MOVE Logistics. This new customer is also locating to Glassworks Industry Park.

The 5,805 sqm purpose built facility means we have committed over 30,000 sqm of new development projects (with a total cost of almost $45.0 million) in the four months since March.

It's very pleasing progress which is also demonstrated in the land absorption across the development portfolio. Since November the Trust's land weighting has reduced, from between 12 and 13 percent of total assets, to around 11 percent.

The successful delivery of this development programme is expected to have considerable influence on the future performance of the Trust. It's a value adding activity that increases rental revenue while enhancing the overall quality and value of the property portfolio.

INVESTMENT PORTFOLIO PERFORMANCE

The heightened level of customer enquiry that is driving development demand is also contributing to strong leasing results across the investment portfolio with 144,000 sqm of space, around 14 percent of the total area, secured on new or revised terms during the year.

This leasing activity has helped maintain occupancy at 96 percent. It has also ensured that the consistent rental streams generated by the portfolio are contracted well into the future, with the Trust maintaining a weighted average lease term of more than 5 years.

These rental streams are provided by a wide customer base that includes substantial companies such as Air New Zealand, DHL, Fletcher Building, Linfox Logistics, New Zealand Post, Toll and Vodafone.

A continuing focus on customer service and innovative marketing campaigns that include the use of radio, online media and traditional communication channels are effective ways of promoting our business.

You may have heard or seen our recent big footprint marketing campaign which features some of the larger leasing opportunities in the Auckland industrial portfolio.

The primary purpose of this campaign is to backfill some of the space vacated by customers we are relocating into newly developed premises.

It is a targeted campaign, to owners, managers, and industrial agents that utilises an integrated marketing strategy. Some of the promotional elements from this campaign are shown on screen now.

SUMMARY OUTLOOK

With a proven development capability and substantial land holdings in Auckland and Christchurch, GMT has established itself as one of the country's leading industrial and business space providers.

Our valuable land holdings have contributed to our development success, helping us build a portfolio of unrivalled scale and quality.

We invest in modern, well-located, high quality properties and work hard to maximise returns for our investors.

While we remain in a low growth and competitive operating environment we are more confident about the future, encouraged by increasing occupier demand and recent development activity.

There is a new momentum in our business and we're accelerating our development programme to take advantage of it.

We are positioned for growth and look forward to the year ahead where we hope to deliver an even stronger financial and operational result.

Thank you all

GENERAL BUSINESS

Thank you, John and Andy. I will now move on to general business, and open the floor for questions or comments from Unitholders or their appointed representatives.

I ask that in addressing the Chair with questions, you please use one of the microphones and identify yourself by name; and that, if you are a proxy for a Unitholder, that you please name the Unitholder on whose behalf you hold that that proxy; and, if you represent a corporate or similar Unitholder, please do likewise.

CLOSURE

Ladies and gentlemen, that concludes the business of the meeting. I thank you for your attendance and participation and invite you to join us for refreshments.

- Ends -

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