



Portfolio

Update+



Connect Business Park

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Artist's impression of 10 Show Place,
Show Place Office Park, Christchurch.

Goodman Property Trust
March 2014



+ Portfolio Update

Welcome to the latest issue of the Trust's Portfolio Update

Strengthening economic growth and continuing low interest rates are lifting business confidence, contributing to greater levels of customer activity and improving property market fundamentals.

Key operating highlights since November 2013 include:

- + A lift in portfolio occupancy to 97% following the leasing of 13,985 sqm of previously vacant space;
- + The completion of three development projects with a further \$121 million of projects underway in Auckland and Christchurch; and
- + The successful completion of a \$100 million bond issue.

Positive leasing

Dedicated marketing campaigns and improving occupier demand are contributing to strong leasing results across the portfolio. This leasing activity has lifted the portfolio occupancy to 97%, while maintaining the weighted average lease term at more than five years.

Leasing transactions over 24,000 sqm of business space were completed during the period, the largest of these were to new customers;

- + Dairy Transport Logistics Limited, Fonterra's preferred road transport provider, has leased 8,400 sqm of industrial space at Savill Link in Otahuhu. The specialist logistics operator has signed a six year lease over the facility which offers future rail linkages if required.
- + Health Alliance has taken a five year lease over 3,152 sqm of refurbished office space at Connect Business Park in Penrose. The customer provides information, finance, payroll processing, procurement and supply chain services to northern District Health Boards.



Investment to relieve demand

The Trust holds strategic land investments in Auckland and Christchurch and is accelerating its development programme in response to strengthening market demand with 10 office and industrial facilities – more than \$120 million worth of projects – currently under construction.

Development activity enhances the overall portfolio while extending the range of property solutions that can be offered to customers.

New industrial developments have been completed during the period for Bridgestone NZ and Trio Group at the Trust's M20 and Highbrook Business Parks.

There are further development projects underway at Highbrook and at Central Park Corporate Centre while in Christchurch, industrial and office developments are progressing at Glassworks Industry Park and Show Place Office Park.

A shortage of high quality properties available for lease, following the devastating earthquakes of three years ago is supporting the heightened level of development activity.

The Glassworks developments include a warehouse and distribution facility for global logistics operator DHL and a multi-unit development anchored by Bridgestone NZ. Both companies are existing customers occupying multiple facilities within the portfolio.



Edesia Restaurant and Bar



Show Place Fitness

A third project at the same estate is a new 5,700 sqm industrial facility for contract warehousing specialist MOVE Logistics.

The Trust is also continuing to develop its premium office park at Show Place, adjacent to the Addington Racecourse, AMI Stadium and the CBS Canterbury Arena. With the 22,200 sqm estate fully occupied, the new four level, 3,000 sqm office building is being developed to meet strong market demand.

Capital management

Increasing levels of development and investment activity are being funded through a combination of debt and equity. The recent sale of Gateside Industry Park has provided \$37.2 million of funding that augments the equity provided through the ongoing operation of the distribution reinvestment plan.

The Trust has also diversified its sources of debt funding with the successful issue of a new, senior secured, seven year bond. Strong demand from investors meant the offer was fully subscribed with \$100 million of the BBB+ rated bonds being issued.

The bonds offer a competitive interest rate of 6.2%.

To keep up to date with recent announcements keep an eye on the Investor Centre section of the Trust's website:

www.goodman.com/nz