



Goodman in China

August 2011





Contents

- + Goodman China
 - Overview
 - Industrial market overview
 - China strategy

- + Transforming locations with new infrastructure



About Goodman group



Goodman is an integrated property group that owns, develops and manages industrial property and business space globally.

We invest in business parks, office parks, industrial estates and warehouse and distribution centres.

We also offer a range of property funds, giving investors access to our specialist services and property assets.



Overview



Leading global industrial property group

- + Integrated property group that owns, develops and manages industrial property and business space
- + Extensive local knowledge combined with global scale and expertise

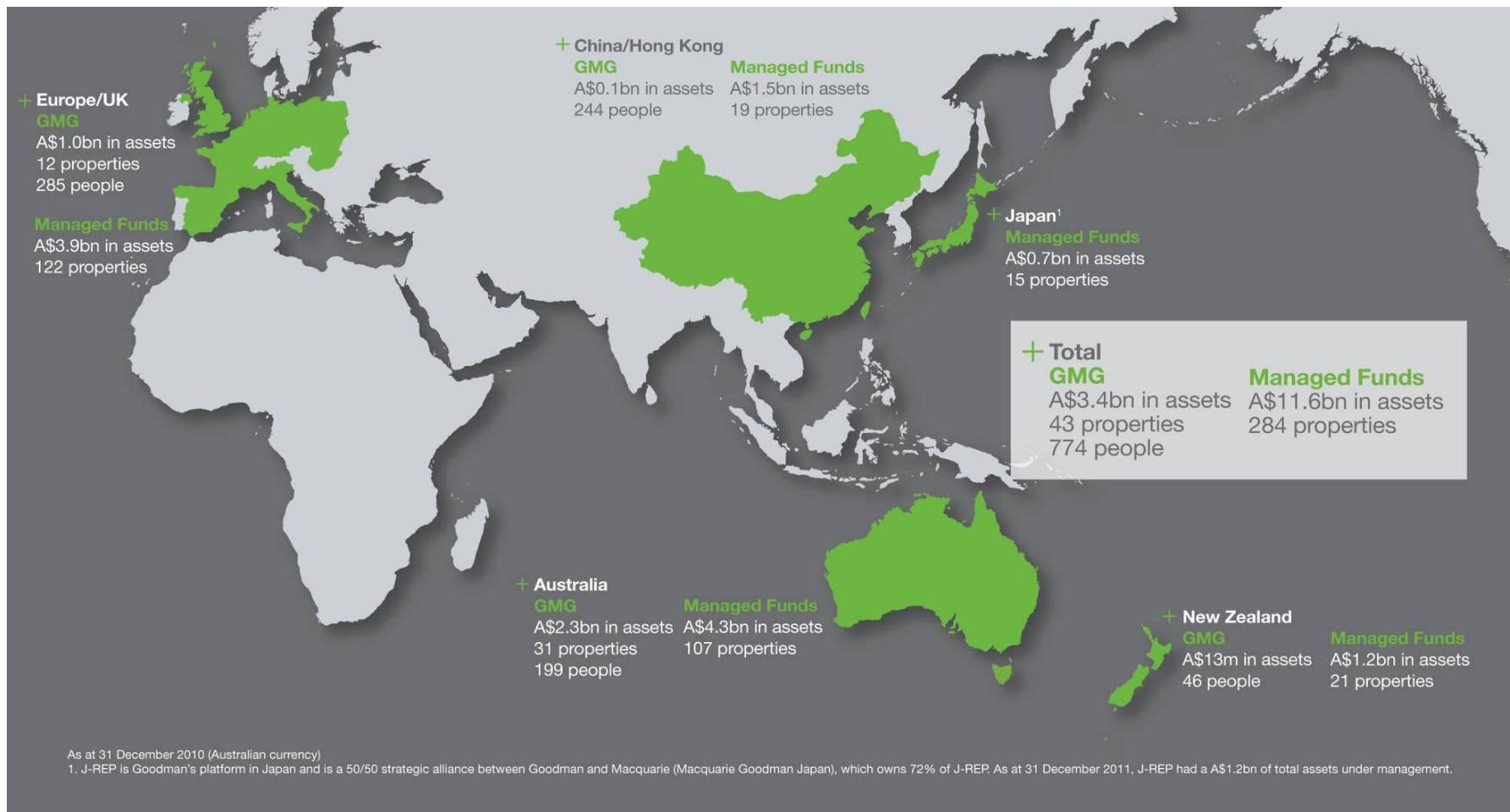


*Includes development WIP and excludes cornerstone investments

Global presence



- + Headquartered in Australia with approximately 774 people in 32 cities across Asia Pacific and Europe
- + Platform allows Goodman to service international customers and provides investment opportunities to global investors



Strategic partnerships support growth

- + Strong relationships with major global customers and investment partners is key to our success

- + In 2009, Goodman formed a Strategic Partnership with CIC



- 18.2% effective equity stake in Goodman – translating to a current market value of ~A\$1 billion
- The partnership seeks to invest in new opportunities globally, and CIC to assist Goodman expand in China
- CIC is assisting Goodman's China expansion – In May 2010, Goodman signed an MOU to masterplan a 10 sq kilometre site in joint venture with the Langfang Government, facilitated by CIC
- In December 2010, CIC committed a further A\$0.2 billion to a Goodman led consortium to privatise the ASX listed ING Industrial Fund (IIF)

- + Strategic Partnership with CPPIB in Asia

- Investment management organisation that invests the assets of the Canada Pension Plan
 - Total AUM of over US\$150 billion
- In August 2009 formed GCLH, an 80/20 JV with Goodman – GCLH invests in high quality logistics assets
- A further ~A\$0.9 billion committed alongside Goodman in Australia via Goodman Australia Development Fund and IIF privatisation



- + CIC, CPPIB and other existing investment partners seeking additional growth opportunities alongside Goodman in Asia

Greater China platform



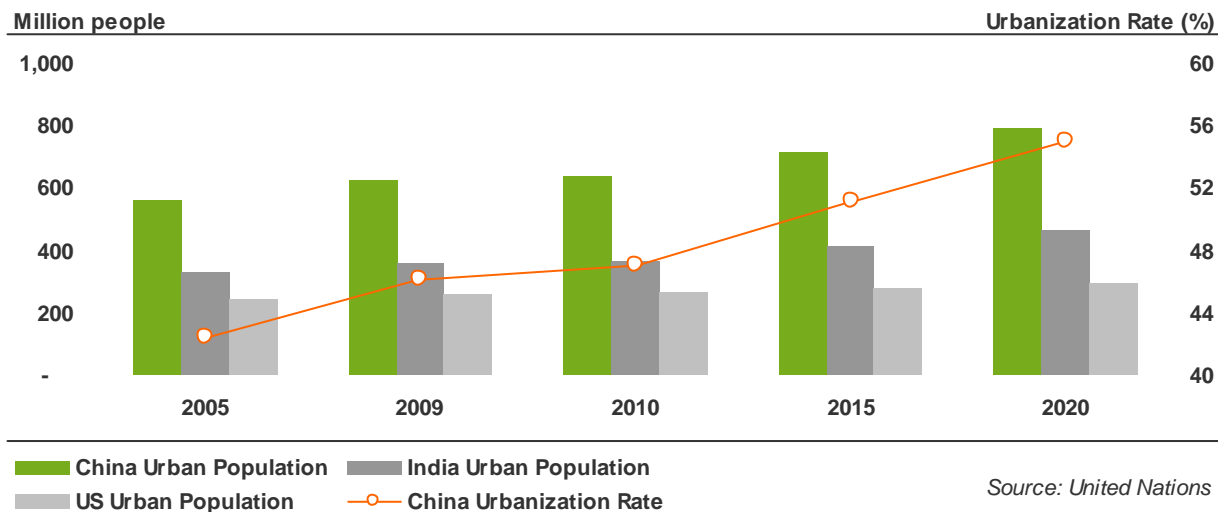
- + Goodman has a well established business in Asia and has partnered with several leading global customers and investment partners to expand its presence
 - Entered the Hong Kong market in 2004
 - Entered Mainland China in 2005
- + Goodman currently has 250 staff in 3 offices across Greater China
- + Goodman currently has 22 properties in Greater China offering 1.5m sqm of lettable area, worth approximately US\$1.7 billion
- + Goodman is expanding its Greater China platform via high quality development, currently have over 400,000 sq m under development

Industrial market overview

China's logistics: Rising demand but a shortage of supply

- + Over the next five years it is forecast that China will be the main driver of the global economy, with its contribution to global growth projected to increase from 30% in 2010 to 35% in 2015.
- + China's growing clout as not only a producer but a consumer is altering the manner in which MNCs are drawing up business plans for the coming five years. For many players, China is currently their key market for development and growth.
- + Demand for logistics facilities has grown in tandem with continuous income growth and urbanisation; United Nations forecasted urbanisation rate will grow from 46.6% by end of 2009 to 51% by 2015, and increase the urban population by 15.5M per annum in the next 5 years.

World's top 3 countries by urban population, urbanisation continues to drive growth in China



Industrial market overview

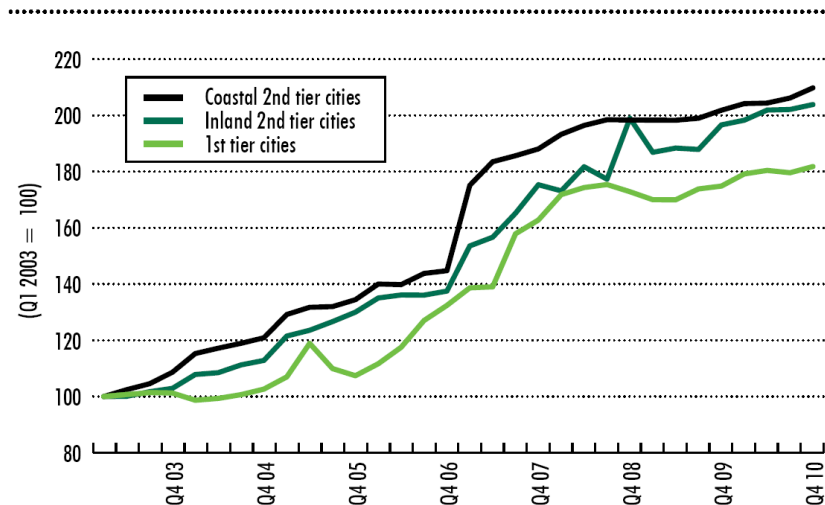
China's logistics: Rising demand but a shortage of supply

- + Supply of modern logistics space remains limited. Out of China's total stock of 550 million sqm of good quality storage space, only 5.8 million sqm comprises modern logistics facilities.
- + The current supply-demand imbalance is expected to continue, creating the conditions for logistics assets to appreciate and undergo significant upward rental growth.
- + The appreciation of logistics rents and the shortage of land for logistics facilities poses a challenge for both the real estate sector and society as a whole, as logistics operators, retailers and manufacturers will factor in higher storage costs in the pricing of goods.
- + The increase in storage costs, which accounts for about one-third of overall logistics costs, or 5.9% of the country's GDP, will add further pressure to the already high rate of inflation in China.

	Estimated warehouse stock (GFA million sq m)	Ratio to total trade volume (sq m per US\$1,000)	Warehouse stock GFA (sq m) per capita
China	550	0.19	0.41
Hong Kong	31	0.04	4.46
Japan	480	0.33	3.78
United States	1,600	0.38	5.16

Source: China Association of Warehouses and Storage, CB Richard Ellis estimates, CIA The World Factbook, Hong Kong Rating & Valuation Dept Property Review 2010

Industrial land price index



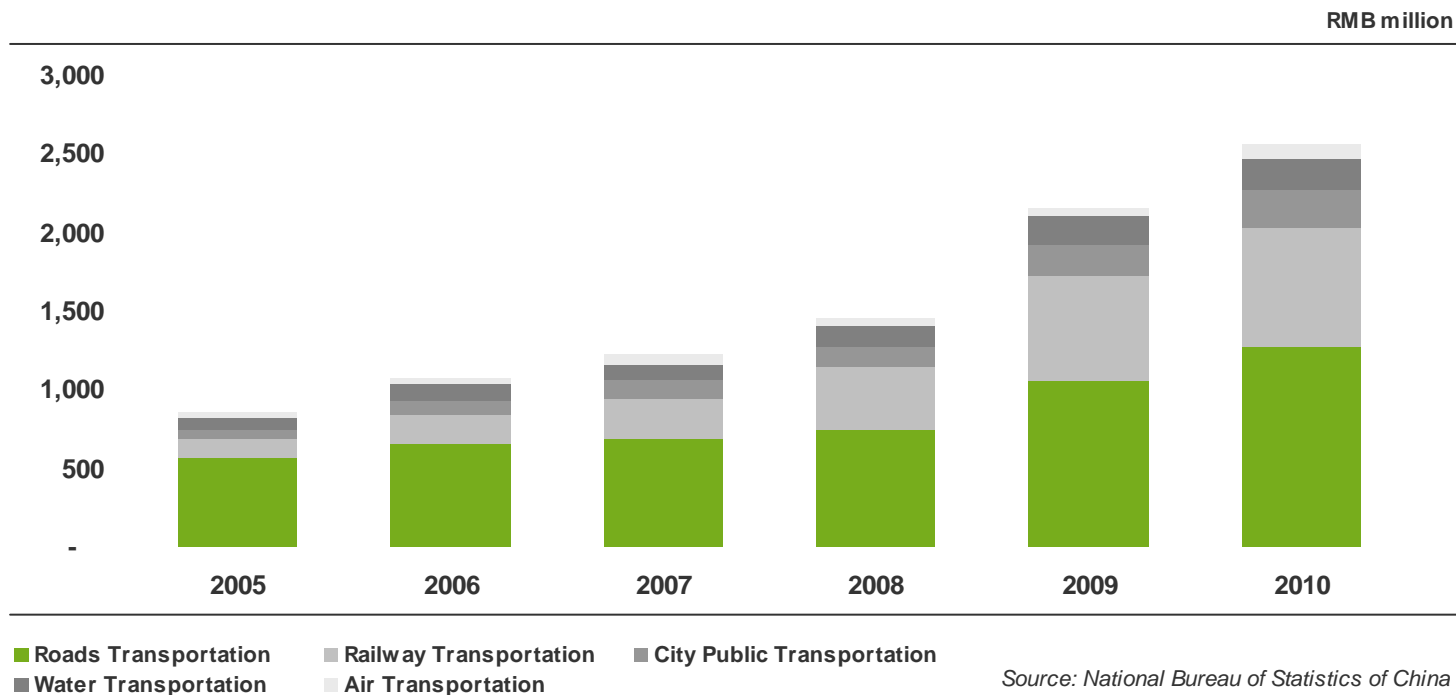
Source: CBRE Research

Industrial market overview

China's logistics: Improving transportation infrastructure

- + China has ramped up its investment in transportation infrastructure. Fixed asset investment in transportation reached RMB 2.5 trillion in 2010, representing a CAGR of 25% since 2005.
- + The improvement in accessibility creates new logistics locations and lower operator transportation costs. With the improvement in transportation infrastructure, there could be a shift of cost structure from transportation to warehousing.

China urban fixed asset investment in transportation

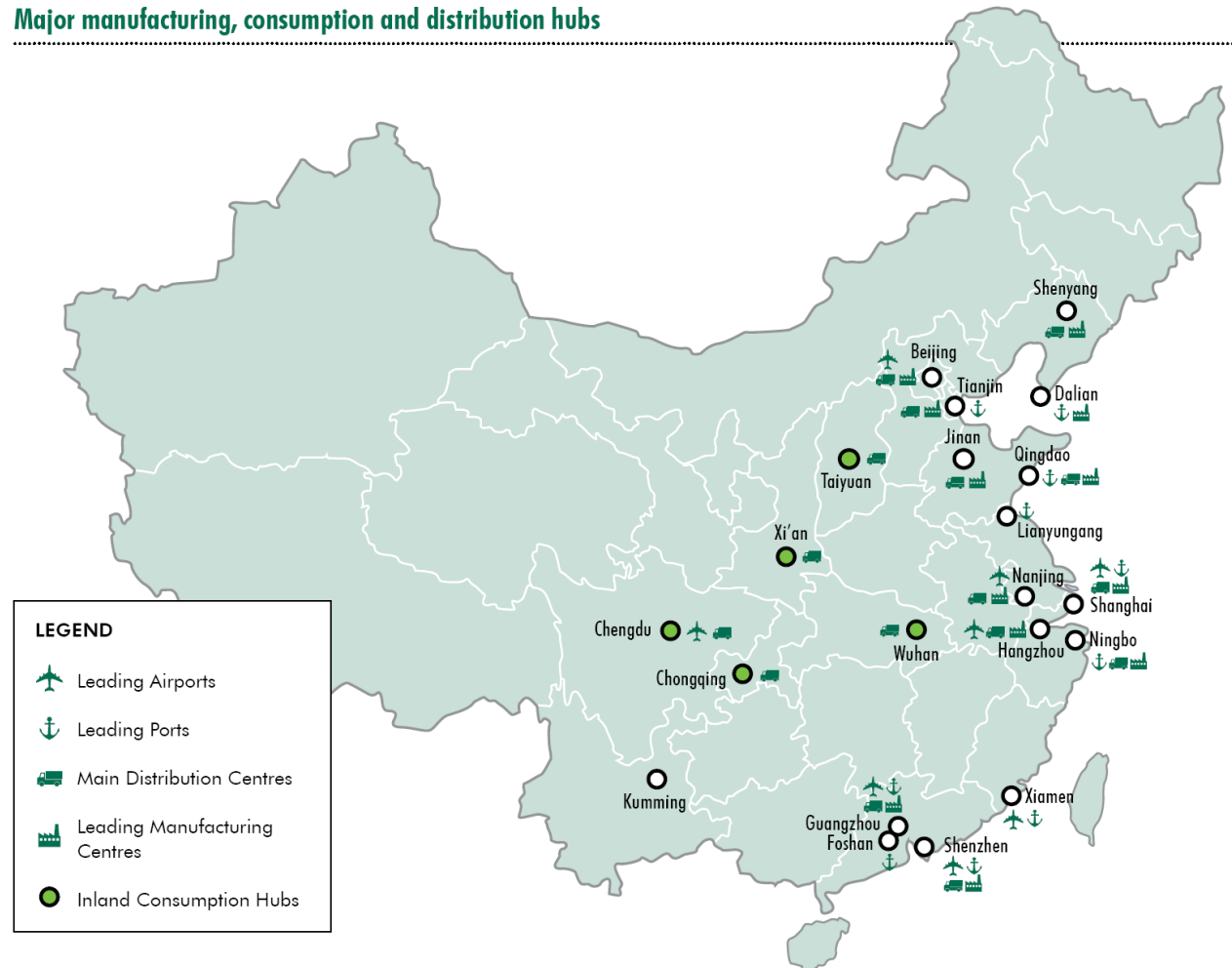


Industrial market overview

Manufacturing Expansion to the inland cities

- + Many manufacturing facilities have traditionally located close to major coastal port cities
- + To facilitate the development of the inland cities, the Government have provided preferential policies and invested in infrastructures since early 2000s
- + With growing economic momentum in the western part of China, manufacturers have moved their operations to inland cities. This is being motivated by:-
 - improving transportation infrastructure
 - upward pressure on industrial wages, enforcement of national labor laws and selective outbreaks of labor unrest
 - manufacturers' growing interest in strengthening the development of their domestic sales network that is targeted specifically at satisfying local consumption needs

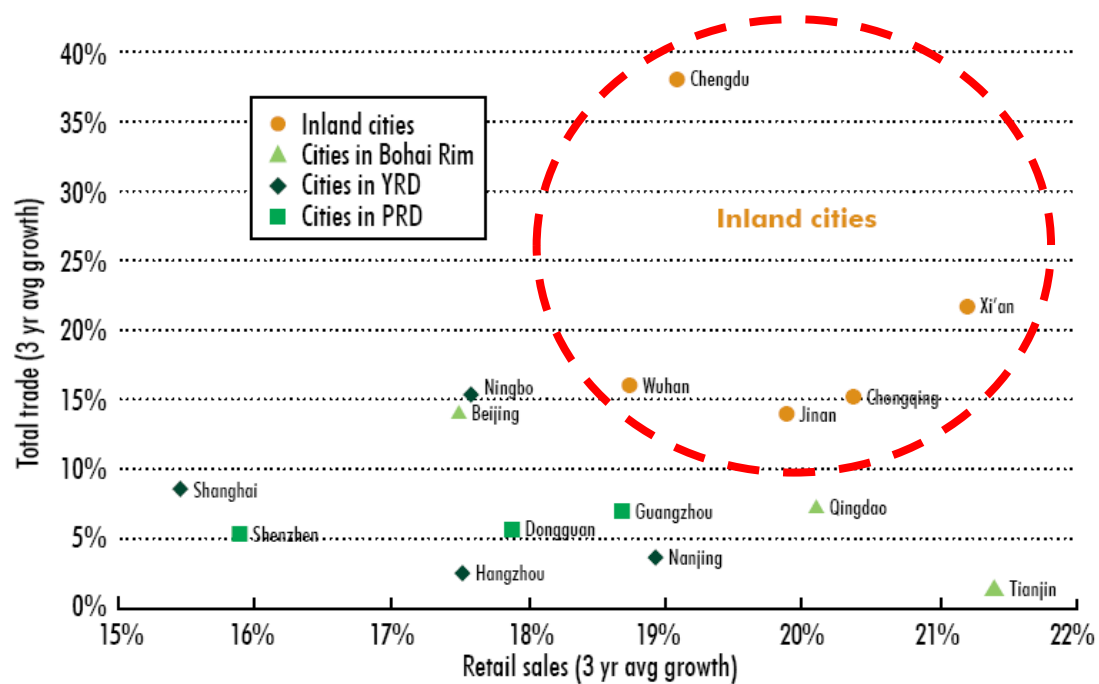
Major manufacturing, consumption and distribution hubs



Source: CBRE

Industrial market overview

Three year average growth in retail sales and trade volume



Inland cities post the highest growth potential

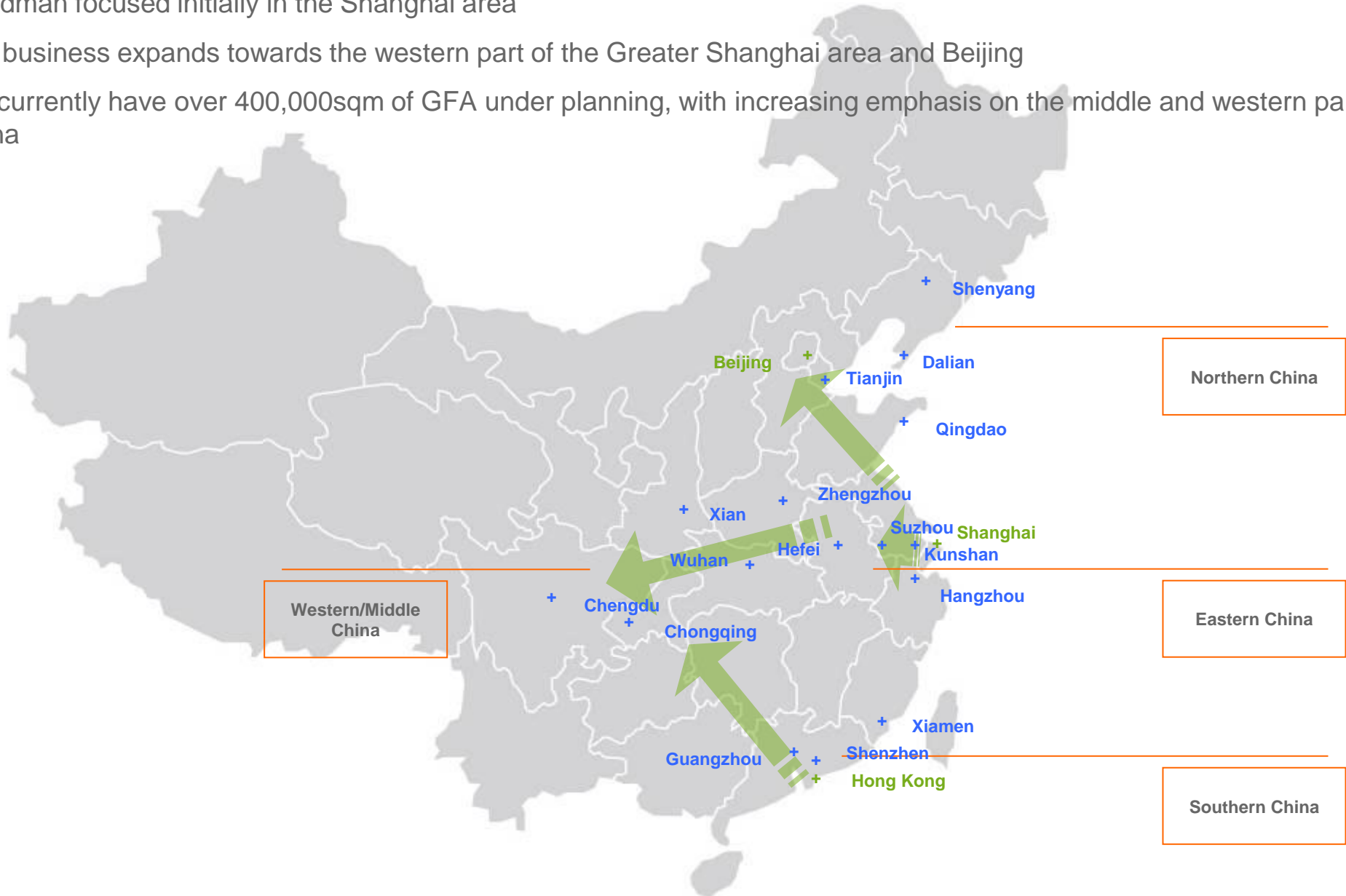
Note: 3 year average growth between 2007–2009

Source: Local statistics bureaus

- + As manufacturers moved inland and transportation network continues to improve, inland cities including Wuhan, Chengdu, Chongqing, Xi'an, Jinan posted the highest growth potential for the logistics industry

Goodman China strategy

- + Goodman focused initially in the Shanghai area
- + The business expands towards the western part of the Greater Shanghai area and Beijing
- + We currently have over 400,000sqm of GFA under planning, with increasing emphasis on the middle and western part of China





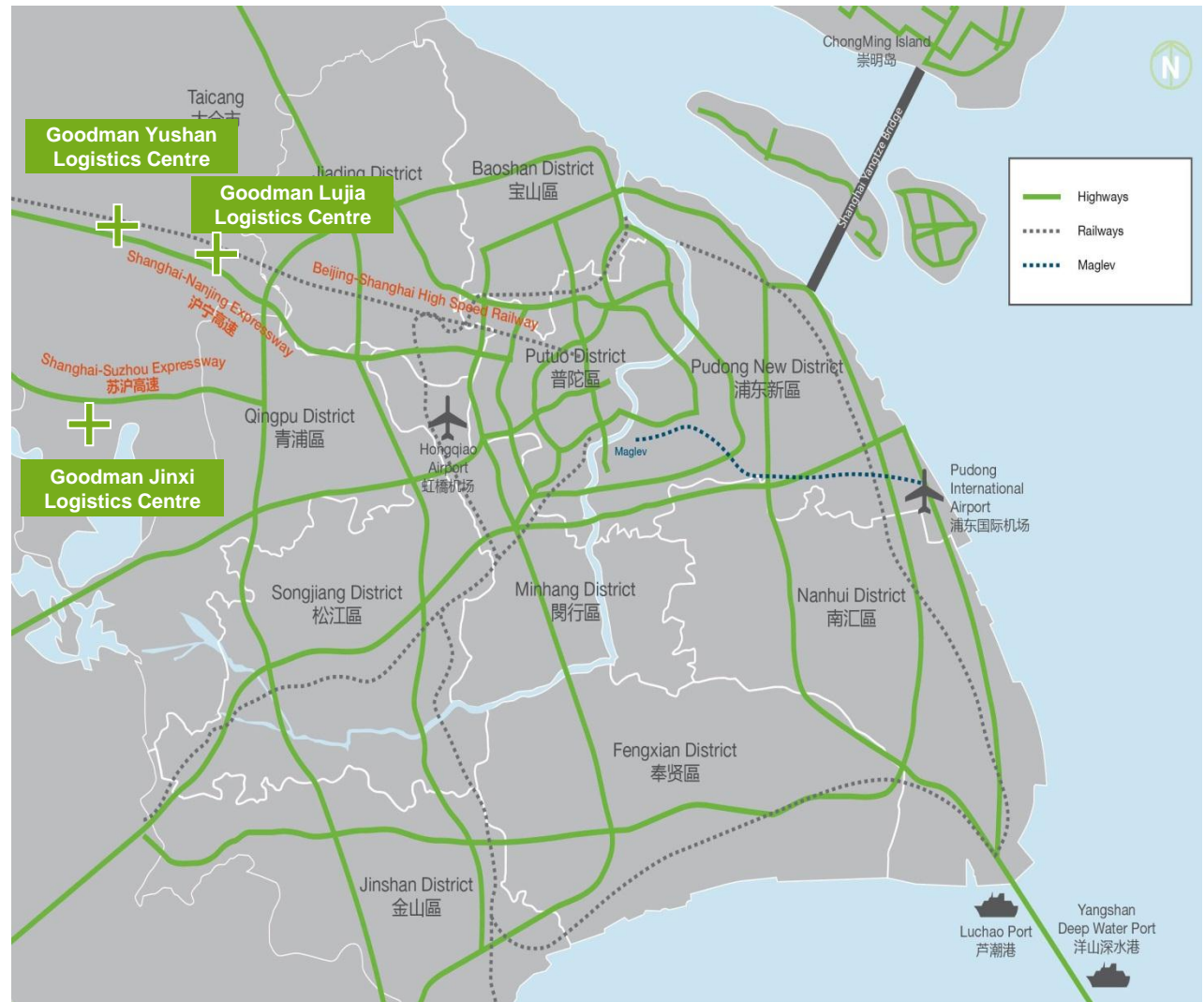
Transforming locations with new
infrastructure



Kunshan, Greater Shanghai

Location and infrastructure connections

- + Kunshan has benefited from its close proximity to Shanghai as manufacturers were pushed out from Shanghai to free up valuable city centre land
- + The city's comprehensive network connecting Shanghai to other inland cities makes it an ideal location for intra-city distribution logistics
 - Shanghai-Nanjing Expressway
 - Shanghai-Suzhou Expressway
 - Beijing-Shanghai High Speed Railway





Langfang, Greater Beijing

Langfang, Greater Beijing

- + Benefiting from significant number of infrastructure prospects
 - Beijing 7th ring road to cut into Langfang
 - High speed railway
 - 2nd Beijing airport
 - City metro to extend into Langfang
 - Various highways

- + Combination of all of the above will continue to transform Langfang to a major satellite city



thank+you

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