Goodman

Notice of Special Meeting

26 FEBRUARY 2024

GOODMAN PROPERTY TRUST

FRAMEWORK FOR THE FUTURE

A special meeting of Unitholders of Goodman Property Trust will be held at the Park Hyatt Hotel, 99 Halsey Street, Auckland 1010 on 26 March 2024, commencing at 10:00 am

CONTENTS

LETTER FROM THE INDEPENDENT DIRECTORS 2

AGENDA 10

EXPLANATORY NOTES 11

MEETING INFORMATION 16

FURTHER INFORMATION ABOUT THE INTERNALISATION 18

SCHEDULE 1 GLOSSARY 30

SCHEDULE 2 NZX WAIVERS 32

SCHEDULE 3 INDEPENDENT APPRAISAL REPORT 34

SCHEDULE 4 LETTER FROM COVENANT TRUSTEE SERVICES LIMITED 74

DIRECTORY 75

This is an important document.
Please read it carefully.

If you are in doubt as to anything contained in this document, you should seek advice from your financial, taxation or legal adviser.

This Notice of Meeting has been submitted to NZ RegCo in accordance with Listing Rule 7.1.1 and NZ RegCo has provided written confirmation that it does not object to this Notice of Meeting. However, NZ RegCo accepts no responsibility for any statement in this Notice of Meeting.

Capitalised terms used in this document have the meaning in the Glossary in Schedule 1.

Forward-looking statements

This Notice of Meeting contains certain forward looking statements, which are subject to risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of GMT to be materially different from the outcomes reasonably expected by GMT at the time of this Notice of Meeting. Deviations as to future conduct, market conditions, results, performance and achievements are normal and are to be expected.

Forward looking statements generally may be identified by the use of forward looking words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'foresee', 'future', 'intend', 'likely', 'may', 'outlook', 'planned', 'potential', 'projection', 'should', or other similar words.

Neither GMT, the Directors nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Notice of Meeting will actually occur. You are cautioned against relying on any such forward looking statements. Forward looking statements may refer to any information relating to the future, including (but not limited to) opinions, forecasts, estimates, projections, business plans or strategies, budget information or other future or prospective information.

THE RIGHT STRUCTURE TO THRIVE

LETTER FROM THE INDEPENDENT DIRECTORS

Dear Unitholder

We are pleased to invite Unitholders to a special meeting to be held on 26 March 2024.

This is an important meeting to seek approval to the Internalisation of the management of Goodman Property Trust ("GMT").

Further details of the transaction are set out in this letter and this Notice of Meeting. Please consider these materials carefully.

Background to the proposal

GMT is an externally managed, NZX listed managed investment scheme. GMT is currently managed by Goodman (NZ) Limited ("GNZ"), which is owned by ASX listed Goodman Group, with certain other services provided to GMT by another Goodman Group subsidiary, Goodman Property Services (NZ) Limited ("GPSNZ").

Following engagement from GNZ, Goodman Group presented a proposal to internalise the management of GMT ("Internalisation Proposal").

A sub-committee of the Independent Directors was established to consider and negotiate the proposal, and a conditional agreement has been entered into with Goodman Group to effect the Internalisation.

Proposed Internalisation process

The Internalisation Proposal involves the transfer of the managerial functions of GMT currently performed by GNZ to GPSNZ. Ownership of GPSNZ will be transferred by Goodman Group as part of the Internalisation and, once it becomes the new manager of GMT, GPSNZ will effectively be controlled by Unitholders.

Covenant Trustee Services Limited (as Supervisor) is appointed to independently monitor the management of GMT and its role will not change under the Internalisation Proposal.

Given the related party nature of the Internalisation, and in particular that Goodman Group owns GNZ and also has a significant unitholding in GMT, Unitholder approval is required. There are three resolutions detailed in this Notice of Meeting that are required to approve the Internalisation Proposal. Each resolution must be approved for the Internalisation to proceed and none of the resolutions will take effect unless all three resolutions are passed by the requisite majority.

Strategic rationale

Internalisation is expected to provide both immediate and longer-term benefits to Unitholders, reducing expenses and introducing the ability to capture fee revenue while recycling capital through the establishment of a property funds management business.

The creation of a property funds management business and introduction of new capital partners will complement the current investment strategy, providing increased flexibility to grow and enhance the portfolio.

GMT's substantial Auckland industrial portfolio, urban logistics focus, future development pipeline, sector expertise, balance sheet flexibility and scalable platform make it a highly desirable investment option for potential capital partners.

GOODMAN (NZ) LIMITED'S INDEPENDENT DIRECTORS

↗ **Leonie Freeman**

↗ **Keith Smith**

↗ **Laurissa Cooney**

↗ **David Gibson**

Highbrook Business Park, East Tāmaki. This world-class estate makes up almost half of GMT's $4.5 billion urban logistics portfolio.

Subject to Internalisation proceeding, GPSNZ will seek to establish a new Auckland logistics property fund. With the flexibility to acquire assets on-market and directly from GMT's existing portfolio, GPSNZ's funds management platform is expected to grow to approximately $2 billion within three-to-five years.

The success which GNZ / GPSNZ have achieved with previous joint ventures and their ability to unlock acquisition and development opportunities in the local property market reflects the investment management expertise of each company's directors and executives. Internalisation will mean GMT continues to benefit from this capability whilst retaining the net fees from GPSNZ's management of the new fund and the properties it acquires, providing continuity of operations and a platform that is expected to drive greater income diversification and earnings growth over time.

Consideration and funding

Goodman Group will be paid $272.4 million (plus GST, if any) to relinquish its rights under the existing management agreements, for the shares in GPSNZ and for the associated co-operation arrangements and services described in this Notice of Meeting. An additional $17.6 million (plus GST, if any) will also be paid to settle GMT's performance fee obligations and to acquire Goodman Group's interest in co-owned investment properties and the net tangible assets of GPSNZ.

There will be no obligation to pay performance fees relating to historical out performance that would be carried forward ($42.7 million as at 20 February 2024, excluding the performance fee component of the $17.6 million referred to above). In addition, the existing long-term incentive plan liability for GPSNZ staff (with an expected economic value of $41.4 million at 30 September 2023) will be retained by Goodman Group. GMT intends to establish a new incentive scheme under which the first equity issuance to staff is expected to be made in FY28.

Following the Internalisation, GMT will no longer pay fund management, property services, development management, project management and other fees to GNZ or GPSNZ other than to GPSNZ on a cost recovery basis. The net of tax payment to Goodman Group of $199.3 million represents a 9.1x multiple of the $22.0 million normalised FY24 savings GMT expects to realise from the Internalisation.

Goodman Group will apply all of the consideration it will receive ($290 million) to subscribe for new units in GMT at $2.14 per Unit, GMT's 5-day volume weighted average Unit price ("VWAP") ending on 20 February 2024. Goodman Group's holding in GMT will increase to 31.8% should the Internalisation Proposal proceed.

GMT is New Zealand's largest listed real estate entity, it is a high-quality business with a substantial portfolio, a wide customer base and a proven development capability.

Consideration and funding – continued

Deloitte ("Independent Appraiser") has been engaged by the Independent Directors to review the fairness of the Internalisation Proposal. It notes in the Independent Appraisal Report that:

> "The fair market value of the Management Rights is assessed to be in the range of $268 million to $315 million. The proposed net termination payment of $272.4 million is within Deloitte's fair market valuation range, and is therefore fair to Unitholders."

> "The proposed issuance of units to Goodman Funds Management Limited, as responsible entity for GIT is fair to Unitholders not associated with GIT."

A copy of the Independent Appraisal Report prepared by Deloitte is provided within this Notice of Meeting. It includes full details and analysis of the terms of the Internalisation Proposal. We recommend you read this report carefully and in full.

Benefits of Internalisation

The Independent Directors consider the benefits of adopting an internalised management structure will include:

1. An enhanced growth profile and scalable platform

+ Enhanced returns through the elimination of fees currently paid to Goodman Group, including fees forecast to be generated from GMT's significant development pipeline.
+ The establishment of a property funds management platform will support GMT's property development programme and facilitate new acquisition opportunities, creating an opportunity for faster earnings growth and income diversification.
+ In addition to the fee revenue it will generate, the successful execution of its funds management strategy will provide GMT with an enhanced ability to recycle capital. The opportunity to sell assets directly into its property funds management platform is expected to contribute to GMT's sustainable growth.
+ Targeting the creation of a ~$2 billion property funds management business, the positive contribution from additional management fee revenue is expected to support annualised earnings growth of between 5% and 7% over the next three to five years.

2. Positive financial metrics

+ Internalisation is expected to deliver 2.8% accretion to FY24 pro forma adjusted funds from operations.[1,2]
+ Highly attractive total return proposition for Unitholders, with 12.8% value accretion.[1,3]
+ Application of the consideration received by Goodman Group to subscribe for Units at $2.14 per Unit results in Goodman Group having a cornerstone unitholding of 31.8%, a strong statement of support from GMT's largest Unitholder. It also has the benefit of not reducing GMT's liquidity or adding to GMT's gearing levels.

3. Continuity of resources with greater alignment

+ Provides continuity with Directors and executives being retained and remunerated directly by GMT and all directors of GPSNZ being appointed by Unitholders.
+ Goodman Group's increased unitholding enhances alignment of interests between Goodman Group and GMT.
+ Improves alignment with property ownership and management effectively consolidated into one economic entity.

[1] Assuming the issuance of Units to Goodman Group at an issue price of $2.14 per Unit, treating the benefit of current and future tax deductions associated with internalisation as if they had repaid debt.

[2] Accretion to adjusted funds from operations ("AFFO"), a metric which captures the benefit of leasing fees no longer being payable to a third party and which are not reflected in cash earnings.

[3] Value accretion is FY24 pro forma AFFO accretion adjusted for the $10.6 million FY24 pro forma savings related to capitalised fees which are not captured in cash earnings or AFFO but which will be reflected in property valuation movements and as a result, net tangible assets. This metric is akin to a total return measure for GMT Unitholders.

↖ GMT's development programme includes four active projects, providing 68,000 sqm of prime warehouse of logistics space.

Recently completed Mainfreight Supersite facility at Favona Road Estate. The global logistics provider is one of the Trust's largest customers, leasing four facilities within the portfolio and pre-committing to another under development at Savill Link in Ōtāhuhu.

Potential risks associated with Internalisation

The Independent Directors have also considered possible downsides and potential risks of the Internalisation. Potential risks include the following:

+ You may disagree with the conclusions of the Independent Directors and/or the Independent Appraiser about the Internalisation Proposal's benefits.
+ Unitholders may be exposed to the historical liabilities of GPSNZ, if any (recognising steps have been taken to mitigate for this risk through due diligence and in the terms of the transaction documentation, as agreed between Goodman Group and GMT).
+ The Internalisation involves GMT being responsible for its own management going forward. If future expenses relating to management of GMT exceed expectations this may offset some of the expected benefits of the Internalisation.
+ Existing Unitholders will be diluted to some extent due to the issuance of new Units to Goodman Group.
+ GMT's pro-forma net tangible assets ("NTA") per Unit as at 31 March 2024 will reduce from $2.128 to $1.993 as a result of certain components of the consideration being expensed in GMT's profit or loss account and because of the Units to be issued to Goodman Group.

Continued support from Goodman Group

Goodman Group has been the owner of the manager of GMT and a cornerstone investor in GMT since 2003, currently holding 25.2% of GMT Units. The relationship has been extremely positive, with the delivery of world-class developments like Highbrook Business Park establishing GMT as New Zealand's largest and best performing listed property entity over the last 10 years.

Goodman Group will continue as a highly supportive business partner, using the consideration it will receive to subscribe for new Units and agreeing to provide ongoing corporate services to GMT and access for GMT management to Goodman Group's systems and global expertise.

Additionally, in recognition of the strategic benefits for GMT in the creation of GPSNZ's property funds management platform, Goodman Group has also committed to contribute up to $200 million of equity to GPSNZ's first investment partnership, subject to settlement of the Internalisation and final approval of its terms.

GMT will co-invest up to $100 million on the same basis and will leverage Goodman Group's global relationships to secure further third-party capital.

Meeting details

The Meeting of Unitholders is to be held at the Park Hyatt Hotel, 99 Halsey Street, Auckland 1010 on 26 March 2024, at 10.00 am. Independent Director and Deputy Chair, David Gibson has been appointed by the Supervisor to act as chair of the Meeting.

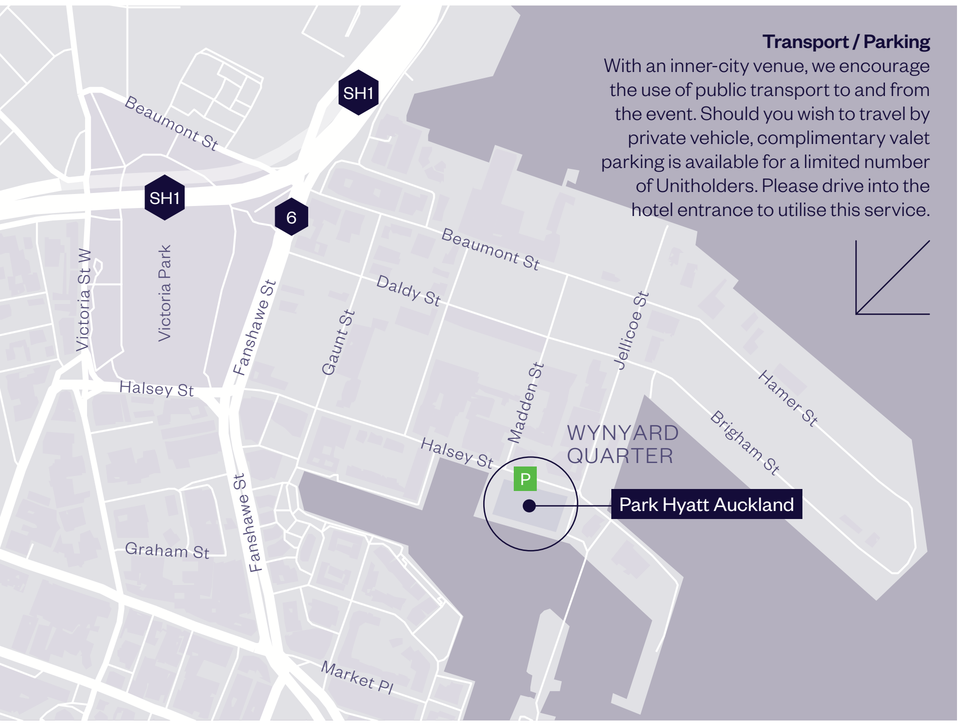
The Meeting will have a hybrid format allowing those Unitholders who are unable to attend the physical event to participate through a live webcast. Please refer to the Virtual Meeting Guide available at https://www.computershare.com/nz-vm-guide for more information.

Accompanying this Notice of Meeting is the Voting and Proxy Form.

+ Should you have any questions regarding the Meeting format or voting, please call our registry information line on 0800 359 999 or +64 9 488 8777 from outside New Zealand.

+ Should you have any questions on the three resolutions or any other aspect of the Internalisation Proposal, please call our investor advisory line on 0800 292 983 or +61 3 9415 4264 from outside New Zealand.

Given the importance of the matters to be voted on at the Meeting, Unitholders are encouraged to read this document carefully and to attend and vote at the Meeting or provide a proxy.



Unanimous support of all the Independent Directors

The Independent Directors believe the Internalisation offers both immediate and longer-term benefits to Unitholders and unanimously recommend that Unitholders approve the Internalisation by voting in favour of resolutions of 1, 2 and 3.

If you intend to appoint the Chair of the Meeting or any other Director as proxy, please provide directions on voting by returning the Voting and Proxy Form before 10:00 am on 24 March 2024.

On behalf of GNZ, we would like to take the opportunity to thank you for your support and encourage you to vote in favour of the Internalisation Proposal.

We look forward to welcoming you at the Meeting.

Yours faithfully
The Independent Directors

David Gibson
Independent Director and Deputy Chair

Leonie Freeman
Independent Director

Keith Smith
Independent Director

Laurissa Cooney
Independent Director and Chair, Audit Committee


GOOD

TO GREAT

"Internalisation positions GMT for the next phase of its business growth. The change to the corporate structure will reduce expenses and enable GMT to earn fee revenue while recycling capital through the establishment of a complementary funds management business. We recommend Unitholders vote in favour of all three resolutions."

The Independent Directors

AGENDA

1. PRESENTATIONS FROM THE MANAGER

2. RESOLUTIONS

None of resolutions 1, 2 or 3 shall take effect unless all of those resolutions are passed.

RESOLUTION 1 – Approval of Internalisation

To consider and, if thought fit, pass the following as an Ordinary Resolution:

That the Unitholders ratify, confirm and approve for the purposes of Listing Rule 5.2.1, Goodman (NZ) Limited and Covenant Trustee Services Limited taking all steps necessary to enter into and give effect to the internalisation of the management of Goodman Property Trust, including, without limitation, to:

(a) give effect to the retirement of Goodman (NZ) Limited as manager of Goodman Property Trust, the transfer of shares in Goodman Property Services (NZ) Limited and the co-operation and services arrangements for consideration of $272.4 million (plus GST, if any); and

(b) acquire certain New Zealand property interests owned by Goodman Group and the net tangible assets of Goodman Property Services (NZ) Limited and make a payment in lieu of any performance fee that may be payable to Goodman (NZ) Limited for the period from 1 April 2023 until settlement of the Internalisation under the terms of the Trust Deed, for aggregate consideration of $17.6 million (plus GST, if any),

upon the terms and conditions of the relevant Transaction Agreements.

RESOLUTION 2 – Approval of issue of Units

To consider and, if thought fit, pass the following as an Ordinary Resolution:

That the Unitholders approve for the purposes of Listing Rule 4.2.1, the issue of 135,514,019 new Units to Goodman Funds Management Limited, as responsible entity for Goodman Industrial Trust, at an issue price of $2.14 per Unit, for aggregate consideration of $290,000,001.

RESOLUTION 3 – Appointment of new manager

To consider and, if thought fit, pass the following as an Extraordinary Resolution:

That the Unitholders approve the appointment of Goodman Property Services (NZ) Limited as the new manager of Goodman Property Trust upon settlement of the Internalisation.

The Independent Directors recommend you vote in favour of resolutions 1, 2 and 3.

Further information relating to the resolutions is set out in the Explanatory Notes section of this Notice of Meeting.

A description of the voting requirements and parties disqualified from voting on resolutions 1 and 2 is set out on page 13.

John Dakin
Chair
Goodman (NZ) Limited

David Gibson
Independent Director and Deputy Chair
Goodman (NZ) Limited

EXPLANATORY NOTES

Background

GMT is currently managed by GNZ, a wholly owned subsidiary of Goodman Group, in accordance with the Trust Deed.

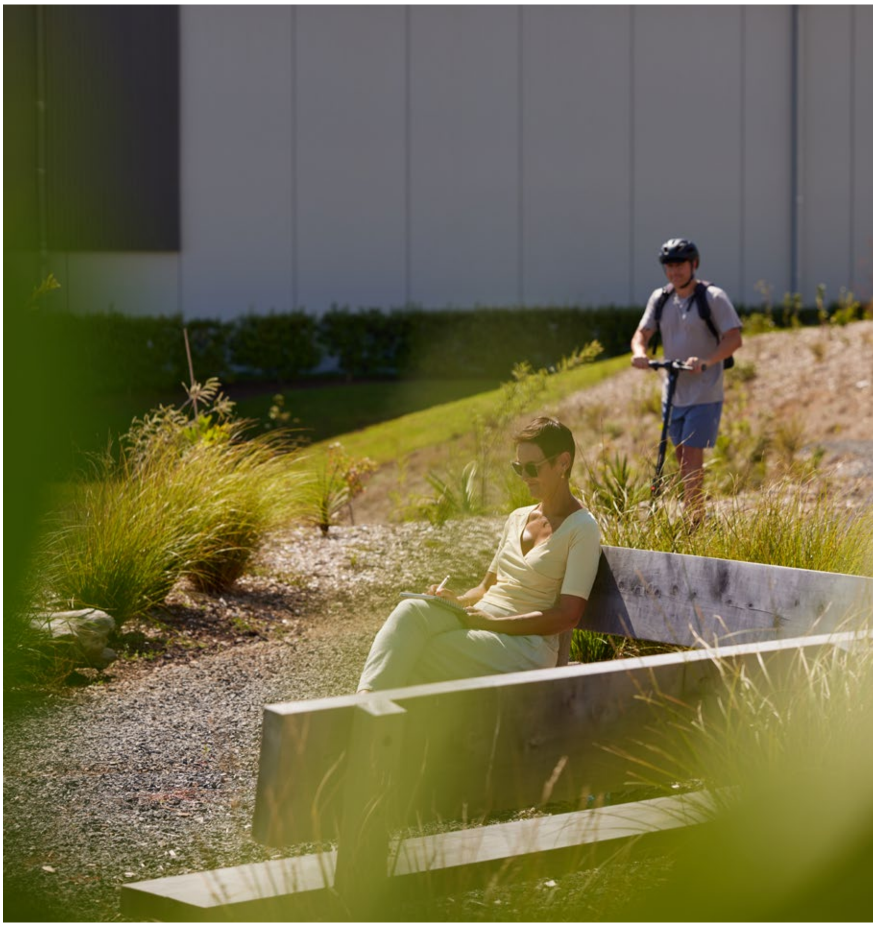
GNZ subcontracts certain functions to GPSNZ, another wholly owned subsidiary of Goodman Group, which also performs certain property management services for GMT.

The board of GNZ received a proposal from Goodman Group to internalise the management of GMT. Goodman Group's proposal contemplated GNZ ceasing to be the manager of GMT and GPSNZ becoming the manager. As part of the proposal, Goodman Group would transfer ownership of GPSNZ to the Shareholder, as a result of which, GPSNZ will effectively be controlled by Unitholders.

The Independent Directors formed a sub-committee to consider and negotiate the terms on which an internalisation proposal might be developed to benefit Unitholders.

Key terms of the Internalisation

The Independent Directors have reached conditional agreement with Goodman Group to internalise the management of GMT and present the Internalisation Proposal to Unitholders at the Meeting.



Public spaces within the urban ngahere at Highbrook Business Park.

The terms of the Internalisation Proposal, including the payments to be made to Goodman Group, were negotiated on an arm's length commercial basis. The Independent Directors considered the proposal on behalf of GMT and its Unitholders based on independent advice from investment banks engaged by them.

The payment for the termination of management rights was agreed following a series of discussions with Goodman Group and it reflects an assessment of the expected benefits and savings for GMT from the Internalisation Proposal as well as the value of the management rights which GNZ was agreeing to relinquish.

The key terms of the Internalisation are set out below:

+ A payment of $272.4 million (plus GST, if any) will be made to Goodman Group for GNZ agreeing to relinquish its rights under the existing management arrangements as well as for the shares in GPSNZ and the provision of co-operation and services arrangements following settlement of the Internalisation. This payment is comprised of $250 million (plus GST, if any) for the termination of the management arrangements between GMT and GNZ, $11.3 million (plus GST, if any) for the termination of the current property and development management agreements between GMT and GPSNZ and $11.1 million (plus GST, if any) for cooperation services to be provided by Goodman Group to GMT (which has been netted off against a payment of $100,000 for secretariat services to be provided by GPSNZ to Goodman Group).
+ A payment of $17.6 million (plus GST, if any) in aggregate will be made to Goodman Group in consideration for the sale to GMT of Goodman Group's interest in co-owned investment properties and the net tangible assets of GPSNZ, and in lieu of any performance fee that may be payable to GNZ for the period from 1 April 2023 until settlement of the Internalisation under the terms of the Trust Deed.
+ There will be no obligation to pay performance fees relating to historical out performance that would be carried forward ($42.7 million as at 20 February 2024, excluding the $14.7 million performance fee paid as part of the transactions).
+ The existing long-term incentive plan liability for GPSNZ staff (with an expected economic value of $41.4 million at 30 September 2023) will be retained by Goodman Group. GMT intends to establish a new incentive scheme under which the first equity issuance to staff is expected to be made in FY28.

+ The payments described above will be paid by GMT in cash and will be used by Goodman Group to subscribe for $290 million of fully paid Units at a fixed price of $2.14 per Unit which was determined on the basis of the higher of the NTA per Unit (taking account of preliminary 31 March 2024 valuations) or the 5-day VWAP up to 20 February 2024 via a placement to occur on the day the Internalisation is settled.

+ A portion of the payments to Goodman Group will be deductible for GMT's tax purposes, meaning the net cost of the Internalisation will equate to approximately $199.3 million. A binding ruling has been obtained from Inland Revenue confirming that the payment of $250 million relating to the termination of GNZ's management rights is deductible. In addition, certain other amounts being paid are deductible by GMT for income tax purposes.

Independent Appraiser conclusions

In accordance with the Listing Rules, Deloitte has been engaged as Independent Appraiser to assess the Internalisation Proposal and the proposed issuance of new Units to Goodman Funds Management Limited, as responsible entity for Goodman Industrial Trust ("GIT").

Deloitte has concluded that:

+ the Proposed Internalisation is fair to the Unitholders not associated with Goodman Group; and

+ the proposed issuance of Units to GIT is fair to the Unitholders not associated with GIT.

These conclusions are discussed further in the Independent Appraisal Report in Schedule 3.

Executives on site at Roma Road Estate – left to right;
Mike Gimblett, General Manager – Development, **Evan Sanders**, General Manager – Property Services, **Mandy Waldin**, Marketing Director, **Kimberley Richards**, Director – Investment Management and Capital Transactions, **Andy Eakin**, Chief Financial Officer, **James Spence**, Chief Executive Officer, **Anton Shead**, General Counsel and Company Secretary, **Sophie Bowden**, Human Resources Business Partner, **Jonathan Simpson**, Head of Corporate Affairs.

RESOLUTION 1 – Approval of Internalisation

Resolution 1 relates to the proposed internalisation of the management of GMT and authorisation for GNZ and the Supervisor to do everything required to give effect to the Internalisation.

Resolution 1 requires approval by an Ordinary Resolution of Unitholders because the transactions required to effect the Internalisation constitute a "Material Transaction with a Related Party" under the Listing Rules. The Internalisation is a Material Transaction because it relates to providing or obtaining services in respect of which the actual gross cost to GMT exceeds 1% of its average market capitalisation. GMT's current manager, GNZ, is a "Related Party" of GMT under the Listing Rules, including because companies within Goodman Group hold more than 10% of the Units in GMT.

GNZ, Goodman Limited and the Associated Persons of both (including other entities within Goodman Group and each of the Directors) are disqualified by Listing Rule 6.3.1 and the Act from voting in favour of, or acting as a discretionary proxy in relation to, resolution 1.

RESOLUTION 2 – Issue of Units

Resolution 2 relates to the issuance of 135,514,019 new Units to Goodman Funds Management Limited, as responsible entity for GIT, at an issue price of $2.14 per Unit. The subscription amount for these new Units will be satisfied by Goodman Group applying the payments to be made to it under the Internalisation Proposal to subscribe for those Units.

Resolution 2 requires approval by an Ordinary Resolution of Unitholders because the Listing Rules require that (except in limited circumstances which are inapplicable in the present circumstances) GMT may only issue Units with approval of an Ordinary Resolution of Unitholders.

Goodman Funds Management Limited, as responsible entity for GIT, is an Associated Person of GNZ (because it is a Related Body Corporate (as defined in the Listing Rules) of GNZ) and Gregory Goodman (because Mr Goodman is both a Director of GNZ and a director of Goodman Funds Management Limited).

The new Units will rank equally with all existing Units. The allotment of the new Units will occur on the date the Internalisation is settled.

The dilutionary impact of the issue of the new Units is set out below. Note the calculations are subject to any further issuances of Units that may occur in accordance with the Listing Rules.

Current Units on issue:	**1,403,254,516**
Units to be issued to Goodman Funds Management Limited, as responsible entity for GIT:	**135,514,019**
Total Units on issue if Resolution 2 is passed and the new Units are issued:	**1,538,768,535**
Example Unitholder percentage currently:	**1.0%**
Example Unitholder percentage after issuance of new Units:	**0.9%**

GNZ, Goodman Limited and the Associated Persons of both (including other entities within Goodman Group and each of the Directors) are disqualified by Listing Rule 6.3.1 and the Act from voting in favour of, or acting as a discretionary proxy in relation to, resolution 2.

RESOLUTION 3 – Appointment of New Manager

Resolution 3 relates to the appointment of GPSNZ as the new manager of GMT upon settlement of the Internalisation.

GPSNZ must hold a licence under section 388(a) of the Act to act as manager of GMT. As at the date of this Notice of Meeting, the FMA has granted, on a conditional basis, GPSNZ a licence under section 388(a) of the Act to act as manager in accordance with the Trust Deed.

The Trust Deed provides that a new manager may only be appointed by Extraordinary Resolution of Unitholders (pursuant to clause 24.38(g) of the Trust Deed).

GNZ, Goodman Limited and other entities within Goodman Group (as well as each of the Directors) may vote in favour of, or act as a discretionary proxy in relation to, resolution 3.

Recommendation of the Independent Directors

The Independent Directors believe the Internalisation offers both immediate and longer-term benefits to Unitholders and unanimously recommend that you approve the Internalisation by voting in favour of resolutions 1, 2 and 3.

None of the resolutions shall take effect unless all of the resolutions are passed by the requisite majority.

Other aspects of the Internalisation

Listing Rule waivers

NZX has granted the following waivers to GMT in respect of the Internalisation Proposal:

(a) a waiver from Listing Rule 2.10.1 so that the board of GNZ may pass resolutions in connection with the Internalisation Proposal; and

(b) a waiver from Listing Rule 2.11.1 so that the directors of GPSNZ may be paid remuneration out of the Assets of GMT at the same level as is currently paid by GNZ, without seeking separate Unitholder approval under Listing Rule 2.11.

The details and conditions of the above waivers are discussed in Schedule 2.

Consequences if Internalisation is not approved

The Internalisation Proposal is conditional upon Unitholder approval, and will only be approved if each of resolutions 1, 2 and 3 set out in this Notice of Meeting is approved by the requisite majority.

If the Internalisation Proposal is not approved, GMT would continue to be managed by GNZ. GPSNZ will continue to be part of the Goodman Group and the Trust Deed will not be amended as proposed. Goodman Group will continue to receive fees as occurs currently. There is no assurance that either Goodman Group or the Independent Directors would consider alternative internalisation proposals for recommendation to Unitholders.

Timetable

If Unitholder approval of the Internalisation Proposal is obtained, it is intended that settlement of the transactions required to implement the Internalisation (as referred to in resolutions 1, 2 and 3) will occur on or about 28 March 2024.

Important information about the Internalisation accompanies this Notice of Meeting

The following materials accompany this Notice of Meeting:

+ An Independent Appraisal Report detailing Deloitte's opinion of the merits of the Internalisation – Schedule 3.
+ A letter from the Supervisor in relation to the Internalisation – Schedule 4.

You should read these documents in full as they contain important information to assist you in determining how to vote on the proposed resolutions.

If you have any queries on the resolutions or material contained in the attached documents, please seek advice from your financial, tax or legal adviser.

"Internalisation presents a unique opportunity for GMT. Retaining all the benefits of the Goodman brand, we've got the team, property portfolio, customer relationships and market expertise to scale up our business and deliver an investment strategy focused on sustainable value creation." **James Spence,** Chief Executive Officer

MEETING INFORMATION

IMPORTANT DETAILS

Time and Date
26 March 2024, commencing at 10.00 am

Meeting type
Hybrid meeting, with Unitholders able to attend and participate either in person or through a live online webcast.

Please refer to the Virtual Meeting Guide available at https://www.computershare.com/nz-vm-guide for more information on attending the Meeting online.

Venue
Park Hyatt Hotel, 99 Halsey Street, Auckland 1010

Transport / Parking
With an inner-city venue, we encourage the use of public transport to and from the Meeting.

Should you wish to travel by private vehicle, complimentary valet parking is available for a limited number of Unitholders. Please drive into the hotel entrance to utilise this service.

RESOLUTIONS AND VOTING REQUIREMENTS AND RESTRICTIONS

Resolutions 1 and 2 are required to be passed as Ordinary Resolutions. In order for an Ordinary Resolution to be passed, it must be approved by a simple majority of the votes of Unitholders who are entitled to vote and vote on the resolution, in person or by proxy.

GNZ, Goodman Limited and the Associated Persons of both (including other entities within Goodman Group and each of the Directors) are disqualified by Listing Rule 6.3.1 and the Act from voting in favour of, or acting as a discretionary proxy in relation to, resolutions 1 and 2.

Resolution 3 is required to be passed as an Extraordinary Resolution. In order for an Extraordinary Resolution to be passed, it must be approved by Unitholders holding Units with a combined value of no less than 75% of the value of the Units of GMT held by those Unitholders who are entitled to vote and vote on the resolution, in person or by proxy.

Goodman Group entities which hold Units and each Director who has a control interest in Units are not disqualified from voting in favour of resolution 3 and they intend to vote in favour of resolution 3.

ATTENDANCE AND VOTING RIGHTS

Every Unitholder or that Unitholder's proxy, attorney or representative, is entitled to attend the Meeting. Unitholders for this purpose will be determined from GMT's register at the close of the day prior to the day on which this Notice of Meeting was sent, being 25 February 2024.

Voting will be by way of a poll. On a poll, each Unitholder has one vote for each Unit. Other than as noted under the section "*Resolutions and voting requirements and restrictions*" above in respect of resolutions 1 and 2, there are no Unitholders precluded from voting on the resolutions set out in the Notice of Meeting.

If you are attending the Meeting and voting in more than one capacity (e.g. also as proxy, attorney or representative for one or more other Unitholders) you must fill out separate voting papers in respect of each capacity in which you vote.

PROXIES

A Unitholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of that Unitholder. A proxy need not be a Unitholder.

A Unitholder may appoint the chair of the Meeting (who will not be the Chair of GNZ), or another person, to act as proxy. A proxy form is enclosed. **If a representative of the Supervisor is appointed to act as proxy and is not directed how to vote, they will vote in favour of all of the resolutions referred to in this Notice of Meeting.** If a person who is disqualified from voting in favour of resolution 1 and resolution 2 (including the Chair of the Meeting) is appointed as proxy, that person will not be permitted to vote an undirected proxy given in their favour by any other Unitholder in respect of resolution 1 or resolution 2. The Chair of the Meeting and each other Director intends to vote any undirected proxies held by them for resolution 3 in favour of the resolution.

A Unitholder wishing to appoint a proxy should complete the enclosed proxy form. All joint holders should sign the proxy form.

A proxy granted by a company must be signed by a duly authorised officer or attorney.

If the proxy is signed under a power of attorney or other authority, that power of attorney or other authority or a notarially certified copy of that power of attorney or authority and a completed certificate of non-revocation, must accompany the proxy form (unless previously provided to the Registrar).

Completed proxy forms (and any powers of attorney or other authorities) can be mailed or delivered to the Registrar, Computershare Investor Services Limited, or can be completed electronically. Completed proxy forms and supporting documents must be received by the Registrar by no later than 10:00 am on 24 March 2024 (being 48 hours before the Meeting).

FURTHER INFORMATION ABOUT THE INTERNALISATION

Documentation and steps to bring the Internalisation into effect

+ On 26 February 2024, GNZ, Goodman Limited and the Supervisor entered into an Implementation Deed under which the parties conditionally agreed that the management of GMT should be internalised on the terms and conditions set out in the Implementation Deed and the other Transaction Agreements and to proceed with the steps required to implement the Internalisation Proposal.

+ The Implementation Deed is conditional on a number of matters, including the Unitholder approval contemplated by the resolutions set out in this Notice of Meeting and consent of GMT's bank financiers / amendment to the GMT financing documents necessary to implement the Internalisation Proposal. Various other regulatory approvals, licences and NZX waivers are required to implement the Internalisation Proposal. Each of those other regulatory approvals, licences and NZX waivers have already been obtained.

+ As at the date of this Notice of Meeting GMT has commenced the process of seeking from its bank financiers the consents and amendments to the financing documents necessary to implement the Internalisation. The risk of not satisfying this condition is considered to be low, given the encouraging feedback GMT received from its bank financiers prior to the date of this Notice of Meeting in relation to the consent and amendment requests. It is, however, possible that this condition is not satisfied or may be granted subject to conditions that are unsatisfactory to the parties.

+ The Implementation Deed may be terminated if the conditions are not met by 26 August 2024, if GNZ or Goodman Group suffer an insolvency event, if GNZ or Goodman Group is in material breach of the Implementation Deed or if the Supervisor is directed to do so by the necessary resolution of Unitholders under the Trust Deed, with the result that even if the Internalisation Proposal is approved by Unitholders, implementation of the Internalisation Proposal will not occur.

+ The Implementation Deed contemplates that, in order to effect the Internalisation, the parties will enter into and perform their respective obligations under the following documents:

  — An Agreement for the Termination of Management Rights and related documentation providing for the termination of GNZ's role as manager of GMT;

  — A Share Sale and Purchase Agreement, providing for the sale of the shares in GPSNZ by Goodman Group to GMT (which will direct that the shares be transferred to the Shareholder);

  — A Shareholding Deed governing the terms on which the Shareholder will hold the shares in GPSNZ;

  — A Property Assets Sale and Purchase Agreement and related documentation, providing for the acquisition by GMT of Goodman Group's interests in certain co-owned investment properties;

NZ Post, Highbrook Business Park.
NZ Post is GMT's largest customer leasing over 130,000 sqm of space within the portfolio, including a design build facility under construction in Albany.

- A Subscription Agreement, documenting the proposed issuance of new Units to Goodman Funds Management Limited, as responsible entity for GIT through application of the proceeds to be received by Goodman Group from the Internalisation;
- A Supplemental Deed, effecting the amendments to the Trust Deed arising from the Internalisation approved by the Supervisor;
- A Co-operation and Services Agreement for the provision of certain corporate services by Goodman Group to GPSNZ and GMT so that the business of GMT is not disrupted by the Internalisation; and
- A Brand Licence Agreement, granting GPSNZ a non-exclusive, non-transferable licence to continue to use the "Goodman" brand following settlement of the Internalisation,

(together, the "**Transaction Agreements**").

Further information about the Transaction Agreements and the Internalisation is set out below.

Termination of management rights and liability to GNZ

+ Under the terms of the Agreement for the Termination of Management Rights, the Supervisor (in its capacity as trustee and supervisor of GMT) will pay to GNZ the following amounts:
  - $250 million (plus GST, if any) for the surrender and termination of GNZ's rights as manager of GMT under the Trust Deed with effect from settlement of the Internalisation; and
  - $14.7 million (plus GST, if any) in lieu of any performance fee that may be payable to GNZ for the period from 1 April 2023 until settlement of the Internalisation under the terms of the Trust Deed.
+ The payments will constitute a complete settlement of any present or future claims that GNZ may have against the Assets of GMT. However, GNZ will retain its current rights under the Trust Deed to receive any base fees accrued, re-imbursement of expenses, and, as a former manager, the right to be indemnified out of the Assets for any claims arising in respect of the period up to settlement of the Internalisation. The indemnity does not extend to circumstances where GNZ has acted fraudulently or negligently. GNZ will also be released from all liability in respect of GMT, other than for liability that cannot be excluded at law and any liability not known by the Supervisor as at the date of settlement of the Internalisation.
+ None of the Supervisor, or any Independent Directors of GNZ are aware, to the best of their knowledge, of the existence of any actual material claims or potential material claims against GNZ.

Share Sale and Purchase Agreement, Shareholding Deed and Shareholder

+ The Supervisor will direct that, in order to meet the requirements of the Act and in accordance with its power to do so under the Share Sale and Purchase Agreement, on settlement of the Internalisation, Goodman Limited (as a member of Goodman Group) transfers all of the shares in GPSNZ to the Shareholder.

+ GPSNZ, the shares of which will be held by the Shareholder but effectively controlled by Unitholders, will be appointed manager of GMT by vote of Unitholders at the Meeting (subject to settlement of the Internalisation).

+ The Shareholder will hold all of the shares in GPSNZ in accordance with the terms of the Shareholding Deed, including the following principal terms:

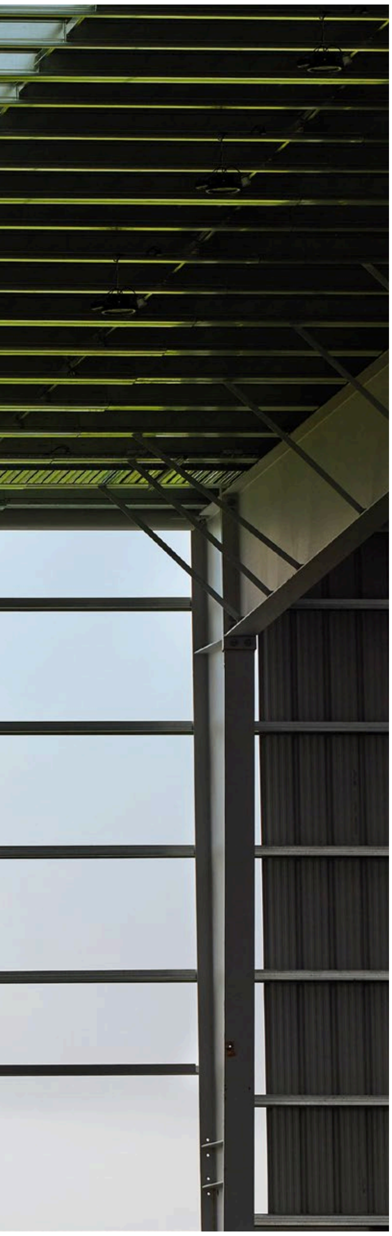
    — The Shareholder will deal with and vote (except in respect of procedural or administrative matters) the shares in GPSNZ and exercise its other rights as shareholder of GPSNZ in accordance with directions from Unitholders given at a meeting of Unitholders (by way of Extraordinary Resolution except in respect of Ordinary Resolutions as described below).

    — The Shareholder will appoint and remove all directors of GPSNZ, and approve any change in the remuneration of directors, solely in accordance with directions from Unitholders given at a meeting of Unitholders (by way of Ordinary Resolution). Director nomination rights and rotation provisions will be consistent with applicable Listing Rule provisions.

    — All dividends, profits, gains and benefits received by the Shareholder in respect of all of the shares in GPSNZ will be paid to the Supervisor for the benefit of the Unitholders. However, as GPSNZ will operate on a "no profit" basis, profits are not intended to be made and no dividends are intended to be paid, by GPSNZ.

Over 90% of GMT's core portfolio has been developed since 2004.

    — The Shareholder has the right to be paid an establishment fee of $2,500 plus GST, and an annual fee of $15,000 per annum (subject to an annual adjustment in line with the consumer price index as published by the Reserve Bank of New Zealand for the year ending 31 December), as set out in a fee letter, together with reimbursement and indemnification in respect of its expenses, costs and liabilities incurred in acting as shareholder of GPSNZ by GPSNZ (which will in turn be indemnified out of the Assets). This remuneration may be increased by agreement between the Shareholder and GPSNZ.



— The Shareholder is also entitled to be indemnified by GPSNZ (which is in turn indemnified out of the Assets) in respect of any liability arising out of any action taken in connection with its obligations.

— The Shareholder's appointment will terminate on the transfer of all of the shares in GPSNZ to another shareholder following a direction from Unitholders, in accordance with the applicable provisions of the Trust Deed. The Shareholder may retire at any time by giving 90 days' written notice to GPSNZ and any retirement will only take effect on the appointment of a new shareholder of GPSNZ. Any replacement shareholder must be licenced or authorised to act in such capacity in compliance with any applicable laws, including under the Act, and be independent of the Supervisor.

— Under the Trust Deed (once it is amended), GPSNZ will be responsible for approving all amounts payable from the Assets to the Shareholder or a replacement shareholder.

+ A copy of the Shareholding Deed may be obtained from GNZ upon request by a Unitholder at no charge.

Amendments to the Trust Deed

+ To reflect the changes arising from the Internalisation, the Trust Deed will be amended by way of the Supplemental Deed to record the replacement of the manager from GNZ to GPSNZ, to remove the manager's management fee entitlements and to permit the payment of directors' fees out of the Assets, together with other consequential amendments, including the reimbursement of costs and expenses relating to the operation of GMT (on a "no profit" basis).

+ The amendments will be effected under clause 27.1(d) of the Trust Deed on the basis that the Supervisor is satisfied the changes, which reflect the Internalisation required to be approved by Unitholders, do not have a material adverse effect on Unitholders.

+ A consolidated copy of the Trust Deed incorporating all the amendments that are proposed pursuant to the Supplemental Deed can be obtained from GNZ upon request by a Unitholder at no charge and is also available at https://nz.goodman.com/about-goodman/corporate-governance.

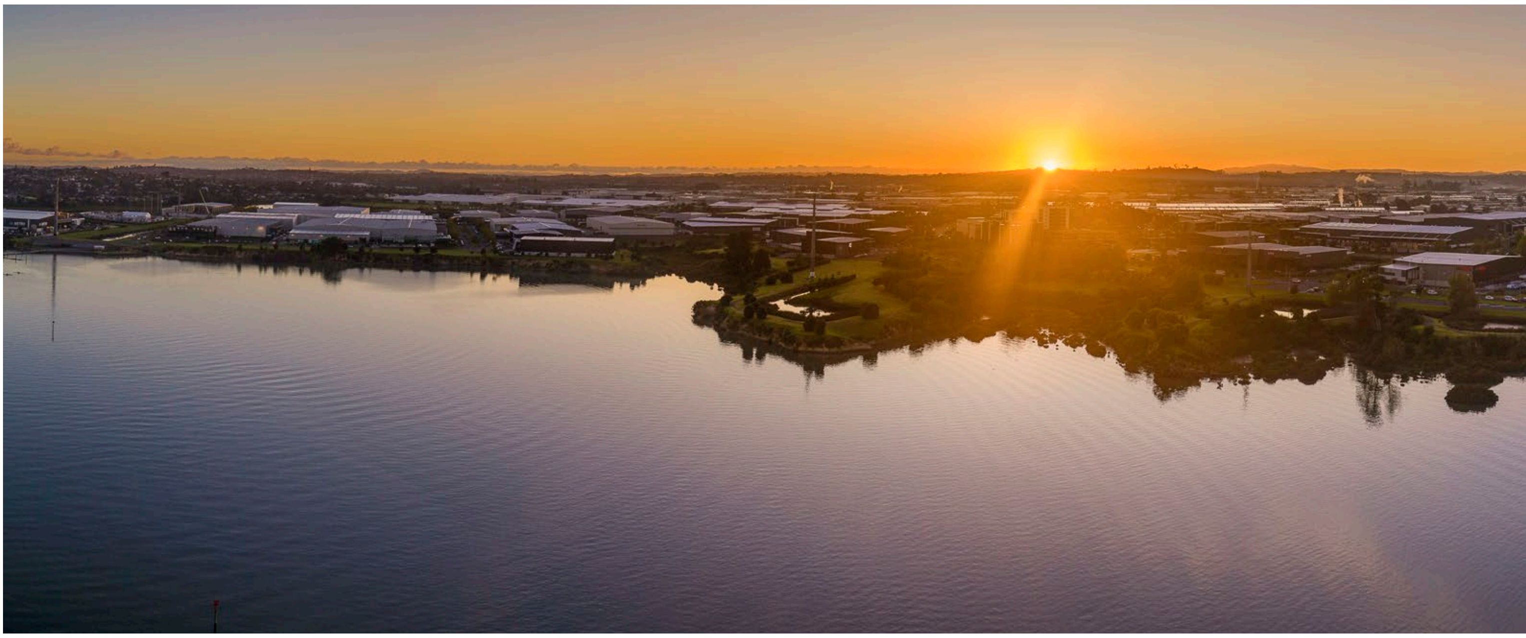
Transfer of interests in certain co-owned investment properties

+ In connection with the Internalisation, it has been agreed that Goodman Group (via Penrose Trust) and Goodman Nominee (NZ) No. 2 Limited will transfer / surrender the following interests in co-owned New Zealand properties to GMT:

— registered leasehold estates in respect of premises at 381-385 Neilson Street, Penrose, Auckland, which are held by Goodman Nominee (NZ) No. 2 Limited. The leasehold estates constitute ground leases (which are in turn subject to occupational leases to third party tenants) which will be transferred to GMT; and

— an unregistered leasehold estate in respect of premises at 113 Savill Drive, Ōtāhuhu, Auckland held by Goodman Nominee (NZ) No. 2 Limited. The leasehold estate is a 'development lease' in respect of undeveloped land within the wider property which will be surrendered to GMT (who owns the freehold),

for aggregate consideration of $1.6 million (plus GST, if any), subject to customary adjustments. The consideration is based on the current book value of the assets and is included in the $17.6 million (plus GST, if any) figure referred to above. Under existing co-ownership arrangements, the properties are held by Goodman Nominee (NZ) No. 2 Limited on trust for Goodman Property Aggregated Limited (owned by the Supervisor as part of GMT) and the Penrose Trust. The Penrose Trust will transfer / surrender its beneficial interest in the properties on settlement of the Internalisation. The terms of the transfer / surrender will be recorded in the Property Assets Sale and Purchase Agreement and related documentation.



Highbrook Business Park adjoins the Tāmaki River and provides almost 500,000 sqm of high-quality warehouse and logistics space.

Ongoing support from Goodman Group

+ For a period of up to 10 years following settlement of the Internalisation (provided that Goodman Group continues to hold at least 10% of the Units in the GMT and that it remains reasonably able to perform the relevant activities), Goodman Group will provide certain investment management, information technology, insurance, human resources, marketing, treasury and risk services to GPSNZ and GMT pursuant to the terms of the Co-operation and Services Agreement. The services will be consistent with practice in the 12 months immediately prior to the settlement of the Internalisation and otherwise consistent with the standards for the same services provided by Goodman Group to its regional businesses. GMT may exercise an option to extend the term of the arrangement for a further term of five years.

+ The cost to GPSNZ and GMT for these services is included in the overall consideration payable to Goodman Group in connection with the Internalisation. Consequently, the ongoing cost to GPSNZ and GMT is limited to any third party costs incurred by Goodman Group on behalf of GMT in connection with the services, which will be passed through on a cost recovery basis only. Goodman Group will not charge any additional amounts or recover its direct internal costs for the services, provided that those costs do not increase materially or unless any new cost or overhead is required to be incurred. GPSNZ may require an independent audit of costs. If internal costs are charged by Goodman Group, the costs would be funded out of the Assets or GMT may decide to undertake the activity itself or procure the service from a third party.

+ GPSNZ may terminate the Co-operation and Services Agreement on six months' written notice at any time. If Goodman Group decides to terminate the services once it holds less than 10% of the Units in GMT, it must give six months' notice and GPSNZ is entitled to reimbursement of a portion of the payment for services it made on settlement of the Internalisation based on the period of the initial term remaining at the time the agreement is terminated. Each party may also terminate the arrangements described above in other customary circumstances, including in the event of serious or unremedied breach.

+ Goodman Group will also grant GPSNZ and GMT a non-exclusive, non-transferable licence to continue to use the "Goodman" brand for so long as Goodman Group holds at least 10% of the Units in GMT. The terms of the licence are documented in the Brand Licence Agreement. There will be no ongoing fee payable for use of the Goodman brand under the Brand Licence Agreement.

+ In using the Goodman brand, GPSNZ and GMT will be required to follow Goodman Group brand guidelines and Goodman Group may terminate the licence in customary circumstances, including in the event of serious or unremedied breach. There will be a two-month transition period to cease using the brand once GMT is no longer entitled to do so.

Management of GMT and the new manager

+ On settlement of the Internalisation, GNZ will cease to hold office as the manager of GMT, and GPSNZ will become the manager of GMT.

+ The current Directors of GNZ will be appointed as the initial directors of GPSNZ and, following settlement of the Internalisation, all future appointments of directors of GPSNZ, including non-executive directors, will be made by the Shareholder at the direction of Unitholders by Ordinary Resolution. The Independent Directors are satisfied that, on their appointment to the board of GPSNZ, they will be independent directors in terms of the Listing Rules.

+ As referred to above, if the Internalisation is approved by Unitholders, the Trust Deed will be amended to (among other things) provide for the reimbursement of directors' fees payable to the directors of GPSNZ from the Assets in an amount equal to the directors' fees currently paid to the Directors by GNZ.

+ The aggregate amount presently payable to directors by GNZ is approximately $550,000 plus GST (if any) per annum. This is divided as follows:

  — David Gibson, as Independent Director and Deputy Chair, is paid a director fee of $150,000 per annum (plus GST, if any).

  — Laurissa Cooney, as Independent Director and chair of GNZ's Audit Committee, is paid a director fee of $125,000 per annum (plus GST, if any).

  — Each of Keith Smith and Leonie Freeman is paid a director fee of $100,000 per annum (plus GST, if any).

  — There is a discretionary pool of $75,000 from which Independent Directors are paid $500 per hour for time spent in relation any ad-hoc committees, such as a due diligence committee or the committee convened to consider the Internalisation Proposal.

+ Neither Gregory Goodman (as a Director) nor John Dakin (as Chair) receive any remuneration by way of directors' fees from GNZ. They are instead remunerated by way of salary paid by Goodman Group for their executive roles.

+ If the Internalisation is approved, the directors of GNZ will act as Directors of the new manager, GPSNZ, and will receive equivalent remuneration.

+ Any increase in the amount of Directors' fees would require Unitholder approval by an Ordinary Resolution under Listing Rule 2.11.

+ If the Internalisation is approved, an additional board committee, being a Remuneration Committee, will be constituted as a standing committee of the board of GPSNZ. This function is currently not required by GNZ, as GNZ matters are governed within the remit of the equivalent Goodman Group committee.

+ Notwithstanding that, following approval by Unitholders and settlement of the Internalisation, each Director would, in their capacity as a director of GPSNZ, be subject to a three year term under the Listing Rules, the Independent Directors (in their capacity as directors of GPSNZ) will continue to be subject to the existing GNZ director rotation calendar. Gregory Goodman and John Dakin, as non-executive directors, will be subject to re-election in 2025. A summary of these arrangements is set out in the table alongside.

+ None of GPSNZ or any of its directors have been adjudged bankrupt or insolvent, convicted of any crime involving dishonesty, prohibited from acting as a director of a company, or placed in statutory management, voluntary administration, liquidation or receivership.

DIRECTOR	CLASSIFICATION	EXPIRY OF TERM
David Gibson	Independent Director	The date of the annual meeting of Unitholders in 2024
Laurissa Cooney	Independent Director	The date of the annual meeting of Unitholders in 2024
Leonie Freeman	Independent Director	The date of the annual meeting of Unitholders in 2024
Keith Smith	Independent Director	The date of the annual meeting of Unitholders in 2025[4]
Gregory Goodman	Non-executive Director	The date of the annual meeting of Unitholders in 2025
John Dakin	Non-executive Director	The date of the annual meeting of Unitholders in 2025

4 As previously communicated to the market, Keith Smith intends to retire from his position as director prior to expiry of his term in 2025.

Other consequences of Internalisation

+ In practical terms, the management structure of GMT is not expected to change following settlement of the Internalisation as the existing executives and other personnel of GMT, who are already employed by GPSNZ, are expected to continue in their current roles.

+ Unitholder interests will not change. Other than pursuant to the placement of new Units to Goodman Funds Management Limited, as responsible entity for GIT described above, no new Units will be issued, and no Units will be cancelled, as a result of the Internalisation.

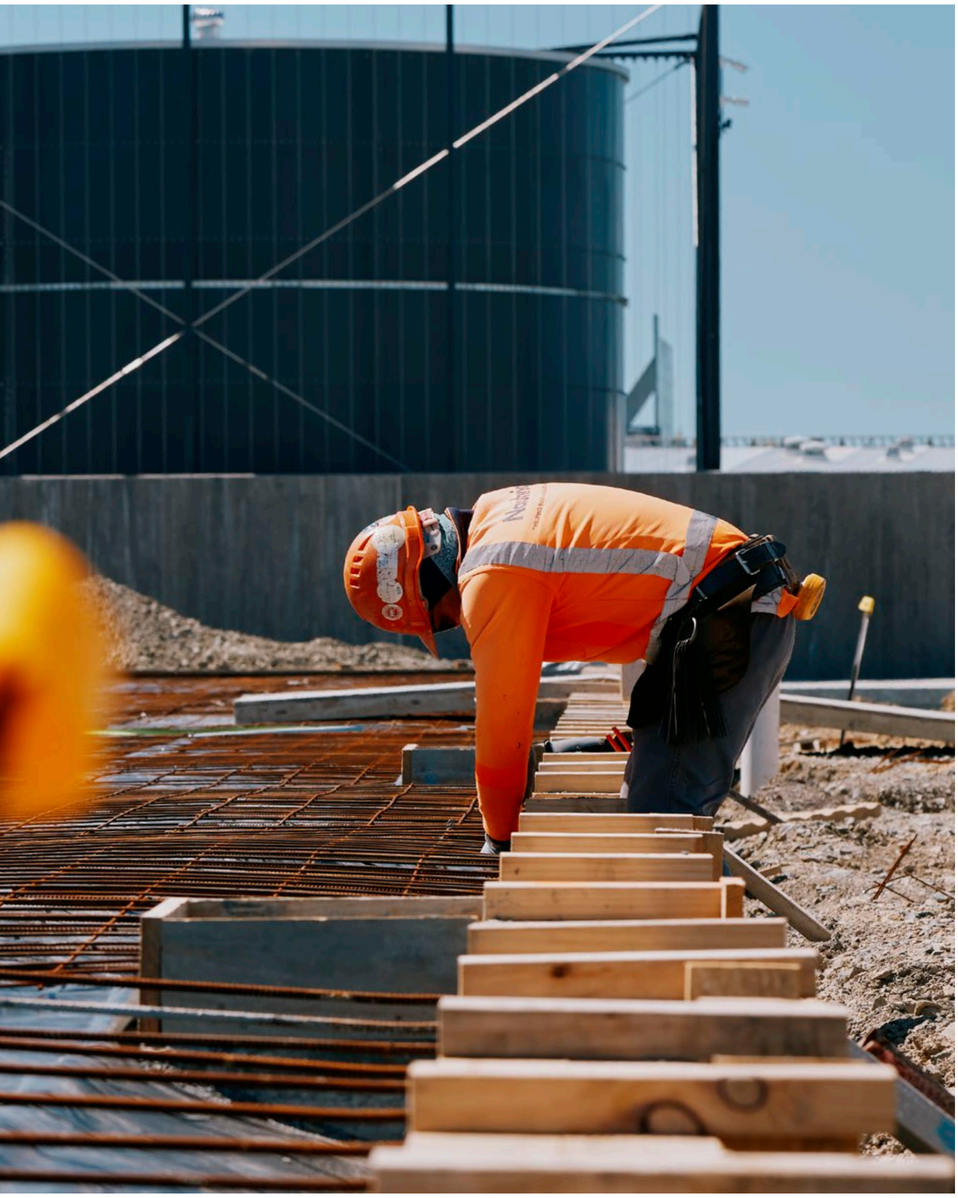
+ The non-recurring transaction costs (including the Independent Appraiser's fee, share registry expenses, legal fees, accounting and tax advice fees, financial adviser fees, printing costs and postage costs) related to evaluating and putting forward the Internalisation Proposal to Unitholders are estimated to amount to an aggregate of approximately $7.4 million, assuming the Internalisation proceeds. These costs have been taken into account in the Independent Appraisal Report. Under the Trust Deed, such costs will be met out of the Assets.

↗ Value add properties and development land make up around 15% of GMT's $4.5 billion portfolio. The cost to complete this future development pipeline is estimated to be over $1 billion.

Interested Persons

+ Following settlement of the Internalisation, each of the Supervisor, GPSNZ and its directors will be entitled to remuneration for services provided in respect of the operation of GMT, and/or to recover expenses, in respect of GMT out of the Assets.

+ As described above, the Shareholder will also be paid an annual fee and will be reimbursed for its expenses, costs and liabilities incurred in acting as shareholder of GPSNZ by GPSNZ (which is in turn indemnified for those amounts out of the Assets).



+ The nature of the services or expenses and whether or not the amount of remuneration or expenses is limited and, if so, the limits are set out below in respect of each of the Supervisor, GPSNZ, its directors and the Shareholder:

  — The Supervisor's role is to supervise the administration and management of GMT in accordance with the Trust Deed, and to monitor GPSNZ's compliance with its duties and responsibilities under the Trust Deed. For undertaking its duties, the Supervisor is entitled to be paid fees for its services out of the Assets, as agreed in writing between the Supervisor and GPSNZ. In addition, the Supervisor is entitled to be reimbursed and indemnified in accordance with the Trust Deed in respect of its costs, charges and expenses incurred in acting as supervisor of GMT. There is no limit on the amount of reimbursement of costs which may be provided to the Supervisor.

  — GPSNZ, as manager of GMT, will have responsibility for management of GMT in accordance with the Trust Deed. GPSNZ will not be entitled to any fee in the nature of remuneration for its services, but will be entitled to be reimbursed and indemnified in accordance with the Trust Deed in respect of its costs, charges and expenses incurred in acting as manager of GMT, including to enable GPSNZ to carry on business and to pay any amounts payable to the Shareholder for its services as shareholder of GPSNZ. There is no limit on the amount of reimbursement of costs which may be provided to GPSNZ in accordance with the Trust Deed. However, under the Trust Deed, GPSNZ will be obliged to use its reasonable endeavours to ensure that the operation of GMT is carried on and conducted in a proper and efficient manner and that the Assets are properly managed and supervised. In accordance with the terms of the Trust Deed, GPSNZ will be obliged to refund amounts received or account for profits to the extent it holds money that is surplus to its requirements to operate its business.

- The directors of GPSNZ will be entitled to directors' fees in respect of their acting as directors of GPSNZ, and to the reimbursement of expenses incurred in connection with their performance of that role. These fees will be equivalent to the current directors' fees paid to directors of GNZ (but which are borne by GNZ and not GMT). Any increase in those directors' fees is required to be approved by Unitholders by Ordinary Resolution in accordance with the Listing Rules.
- The Shareholder will hold the shares in GPSNZ for the benefit of the Unitholders. The Shareholder is to act on the direction of Unitholders (by Ordinary Resolution) with regard to the appointment and removal of the directors of GPSNZ and on any voting or dealing in shares in GPSNZ (except in respect of procedural or administrative matters) or the exercise of any other rights as shareholder of GPSNZ. The Shareholder will be paid for its services as described above. The Shareholder will be entitled to be reimbursed and indemnified in respect of its expenses, costs and liabilities incurred in acting as shareholder of GPSNZ by GPSNZ (which will in turn be indemnified out of the Assets). There is no limit on the amount of reimbursement of costs which may be provided to the Shareholder. In accordance with the Shareholding Deed, the Shareholder will pay all profits, gains and benefits received by it in respect of its holding of the shares in excess of amounts payable as remuneration or reimbursement, as described above, to the Supervisor for the benefit of Unitholders.

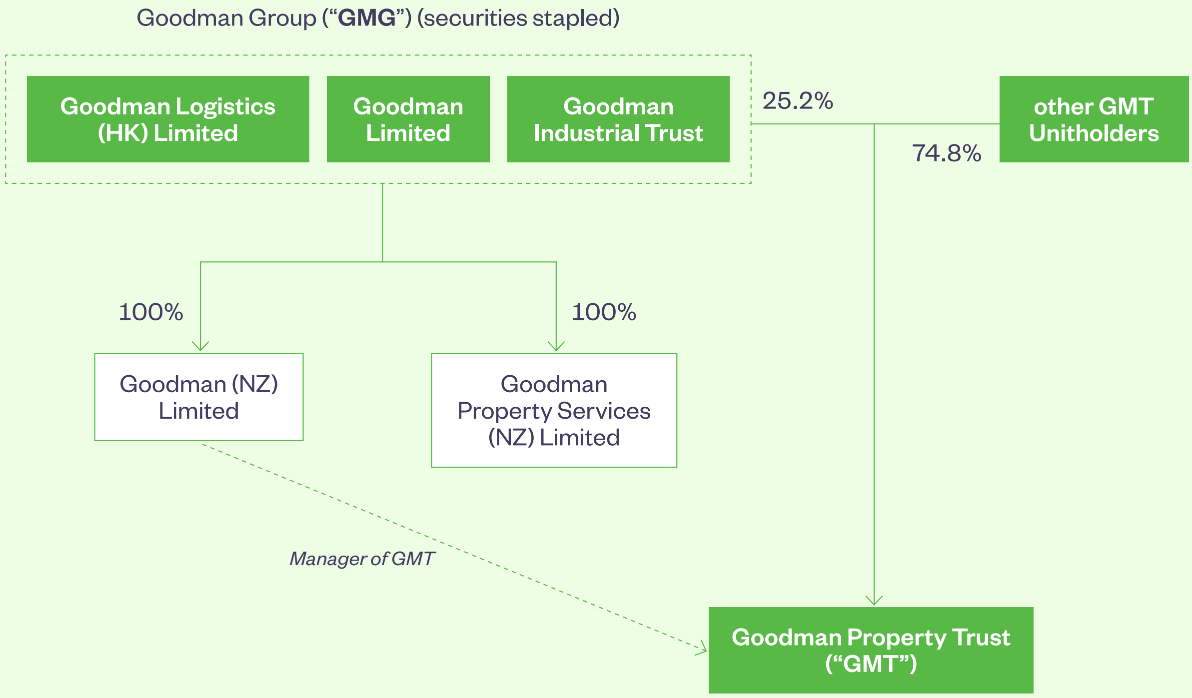
+ The Supervisor and GPSNZ will each have a material interest in the Trust Deed, being a contract entered into in respect of GMT that is material to both the Supervisor and GPSNZ. The Supervisor and GPSNZ will each be parties to the Trust Deed, which governs the operation and management of GMT.
+ GPSNZ will have a material interest in the Shareholding Deed, which will record the terms for the holding by the Shareholder of the shares in GPSNZ and will be a contract entered into in respect of GMT that is material to GPSNZ.

Hyper chargers for electric vehicles are part of the public amenity provided at GMT's Highbrook and M20 Business Parks.

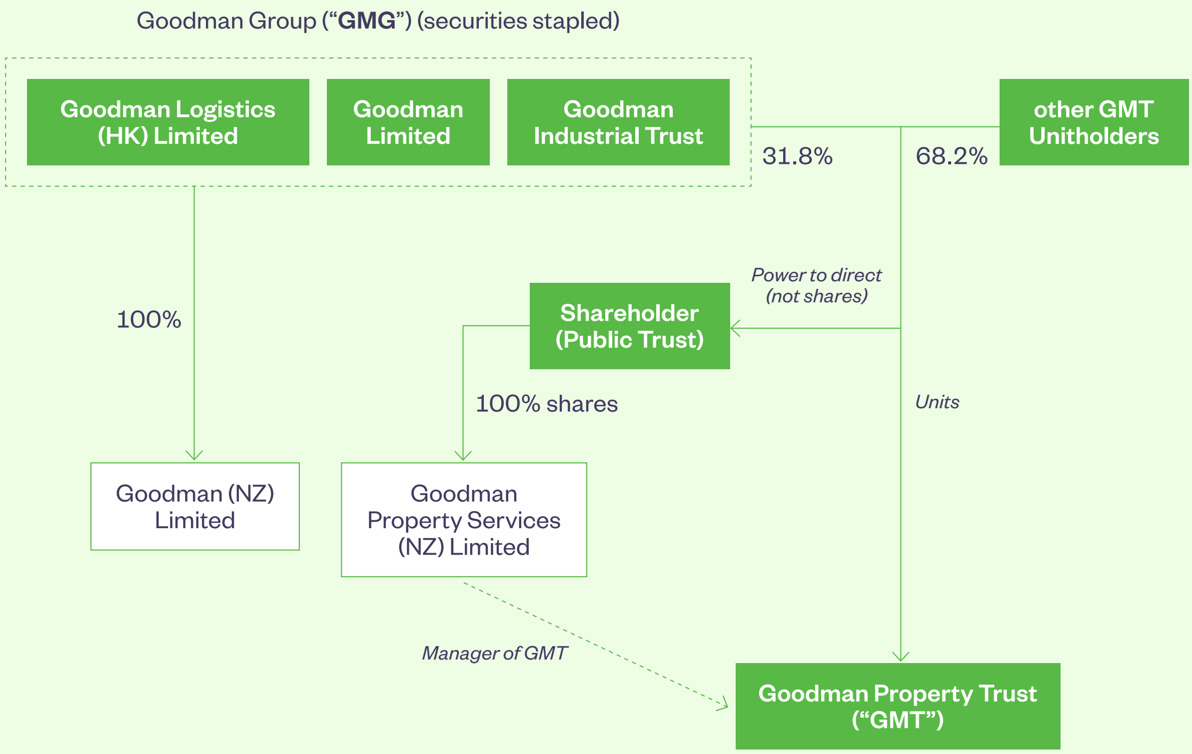
Following its review and consideration of the Transaction Agreements, the Supervisor has agreed to give effect to the Internalisation Proposal as proposed by the Transaction Agreements if resolutions 1, 2 and 3 are approved by the requisite majority of Unitholders at the Meeting.

INTERNALISATION STRUCTURE DIAGRAMS

PART A: GMT STRUCTURE BEFORE INTERNALISATION



PART B: GMT STRUCTURE AFTER INTERNALISATION



SCHEDULES

CONTENTS

SCHEDULE 1
GLOSSARY 30

SCHEDULE 2
NZX WAIVERS 32

SCHEDULE 3
INDEPENDENT APPRAISAL REPORT 34

SCHEDULE 4
LETTER FROM COVENANT TRUSTEE SERVICES LIMITED 74

DIRECTORY 75

SCHEDULE 1

GLOSSARY

"Act" means the Financial Markets Conduct Act 2013.

"Agreement for the Termination of Management Rights" means the agreement dated 26 February 2024 providing for the termination of GNZ's management rights in GMT with effect from settlement of the Internalisation between Goodman Limited, GNZ and the Supervisor.

"Assets" means the property, rights and assets of GMT.

"Associated Person" has the meaning given to that term in Part A – Definitions of the Listing Rules.

"Brand Licence Agreement" means the brand licence agreement granting GPSNZ a non-exclusive, non-transferable licence to use the "Goodman" brand following settlement of the Internalisation between Goodman Limited and GPSNZ.

"Co-operation and Services Agreement" means the co-operation and services agreement dated 26 February 2024 for the provision of certain corporate services to GMT following settlement of the Internalisation to be entered into between Goodman Limited and GPSNZ.

"Directors" means the Independent Directors, John Dakin and Gregory Goodman, being all of the current directors of GNZ.

"Extraordinary Resolution" means a resolution approved by Unitholders holding Units with a combined value of no less than 75% of the value of the Units of GMT held by those persons who are entitled to vote and vote on the question.

"FMA" means the Financial Markets Authority.

"**GIT**" means Goodman Industrial Trust.

"GMT" means Goodman Property Trust.

"GNZ" means Goodman (NZ) Limited, the current manager of GMT.

"GPSNZ" means Goodman Property Services (NZ) Limited.

"Goodman Group" means Goodman Limited, Goodman Funds Management Limited as responsible entity for GIT, Goodman Logistics (HK) Limited and each of their respective related entities, operating together as a stapled group.

"Implementation Deed" means the implementation deed dated 26 February 2024 relating to implementation of the Implementation Proposal between Goodman Limited, GNZ and the Supervisor (acting on behalf of GMT solely in its capacity as supervisor and trustee of GMT).

"Independent Appraisal Report" means the independent appraisal report from the Independent Appraiser included in this Notice of Meeting at Schedule 3, as required by the Listing Rules.

"Independent Appraiser" means Deloitte.

"Independent Directors" means David Gibson, Keith Smith, Laurissa Cooney and Leonie Freeman, the independent directors of GNZ.

"Internalisation" means the internalisation of the rights to manage GMT currently held by GNZ via the termination of those rights and the appointment of GPSNZ to manage GMT, as well as the other transactions described in the Explanatory Notes to this Notice of Meeting.

"Internalisation Proposal" means the proposal for Internalisation to occur.

“Listing Rules” means the NZX Listing Rules.

“Meeting” means the special meeting of Unitholders to be held with a hybrid format online and at the Park Hyatt Hotel, 99 Halsey Street, Auckland 1010 on 26 March 2024, commencing at 10:00 am, and any adjournment thereof.

“Notice of Meeting” means this Notice of Special Meeting dated 26 February 2024.

“NZX” means NZX Limited.

“Ordinary Resolution” means a resolution of Unitholders approved by a simple majority of the votes cast by those persons who are entitled to vote and vote on the question.

“Property Assets Sale and Purchase Agreement” means the agreement for the transfer / surrender of Goodman Group’s interests in certain co-owned investment properties dated 26 February 2024 between Goodman Nominee (NZ) No. 2 Limited, Goodman Nominee (NZ) Limited, Goodman Property Aggregated Limited and Tallina Pty Limited.

“Registrar” means Computershare Investor Services Limited.

“Share Sale and Purchase Agreement” means the agreement for the transfer of the shares in GPSNZ dated 26 February 2024 between Goodman Limited and the Supervisor (acting on behalf of GMT solely in its capacity as trustee and supervisor of, GMT).

“Shareholder” means the party which, on settlement of the Internalisation, will hold the shares in GPSNZ for the benefit of Unitholders which will initially be GMT Shareholder Nominee Limited (a wholly-owned subsidiary of Public Trust).

“Shareholding Deed” means the deed governing the Shareholder’s ownership of the shares in GPSNZ, to be entered between the Supervisor, GPSNZ and the Shareholder.

“Subscription Agreement” means the agreement for the issue of new Units dated 26 February 2024 between GPSNZ and Goodman Funds Management Limited, as responsible entity for GIT.

“Supervisor” means Covenant Trustee Services Limited.

“Supplemental Deed” means the supplemental deed effecting the amendments to the Trust Deed arising from the Internalisation to be entered into between GNZ, GPSNZ and the Supervisor (acting on behalf of GMT solely in its capacity as trustee and supervisor of, GMT).

“**Transaction Agreements**” means the list of agreements set out on page 18 of this document, under the heading “*Documentation and steps to bring the Internalisation into effect*”.

“Trust Deed” means the trust deed dated 23 April 1999, as amended and restated on 28 May 2020, and as further amended from time to time, under which GMT is established.

“Unitholder” means the holder of a Unit.

“Unit” means an undivided interest in GMT.

“**VWAP**” means the volume-weighted average price of trading on the NZX.

References to $ or money in this Notice of Meeting are to New Zealand dollars unless expressly stated otherwise.

SCHEDULE 2

NZX WAIVERS

1. NZX Regulation Limited (NZ RegCo) has granted GMT a waiver from Listing Rule 2.10.1 to allow the Independent Directors to vote on any resolution necessary to consider, progress or give effect to the Internalisation Proposal and be counted in the quorum of any meeting of the GNZ's Board for the consideration of such matters on the following conditions:

    (a) The Independent Directors are only permitted to vote on such resolutions as are necessary to:

        (i) put the Internalisation Proposal before a meeting of Unitholders; and

        (ii) give effect to the Internalisation if the Internalisation has been approved by Unitholders;

    (b) The waiver will only apply to any Director who is considered to be "interested" within the meaning assigned to that term in section 139 of the Companies Act 1993, where that person is "interested" in the Internalisation Proposal solely because that person is a Director and/or a director of a related company of GNZ, but for no other reason; and

    (c) The Notice of Meeting discloses GMT's reliance on this waiver.

2. NZ RegCo has granted GMT a waiver from Rule 2.11.1 so that the Directors after completion of the Internalisation may be paid remuneration out of GMT at the same level currently paid by GNZ, without seeking separate Unitholder approval under Listing Rule 2.11.1 on the following conditions:

    (a) Unitholders approve the Internalisation Proposal by Ordinary Resolution in accordance with Listing Rule 5.2.1;

    (b) The Notice of Meeting discloses:

        (i) the quantum of the Directors' current remuneration;

        (ii) the fact that GMT will bear the costs of Directors' remuneration for the new manager, GPSNZ, going forward if the Internalisation is approved; and

        (iii) that any increase to the existing level of Directors' remuneration following settlement of the Internalisation Proposal will need to be approved by Unitholders in accordance with Listing Rule 2.11.1,

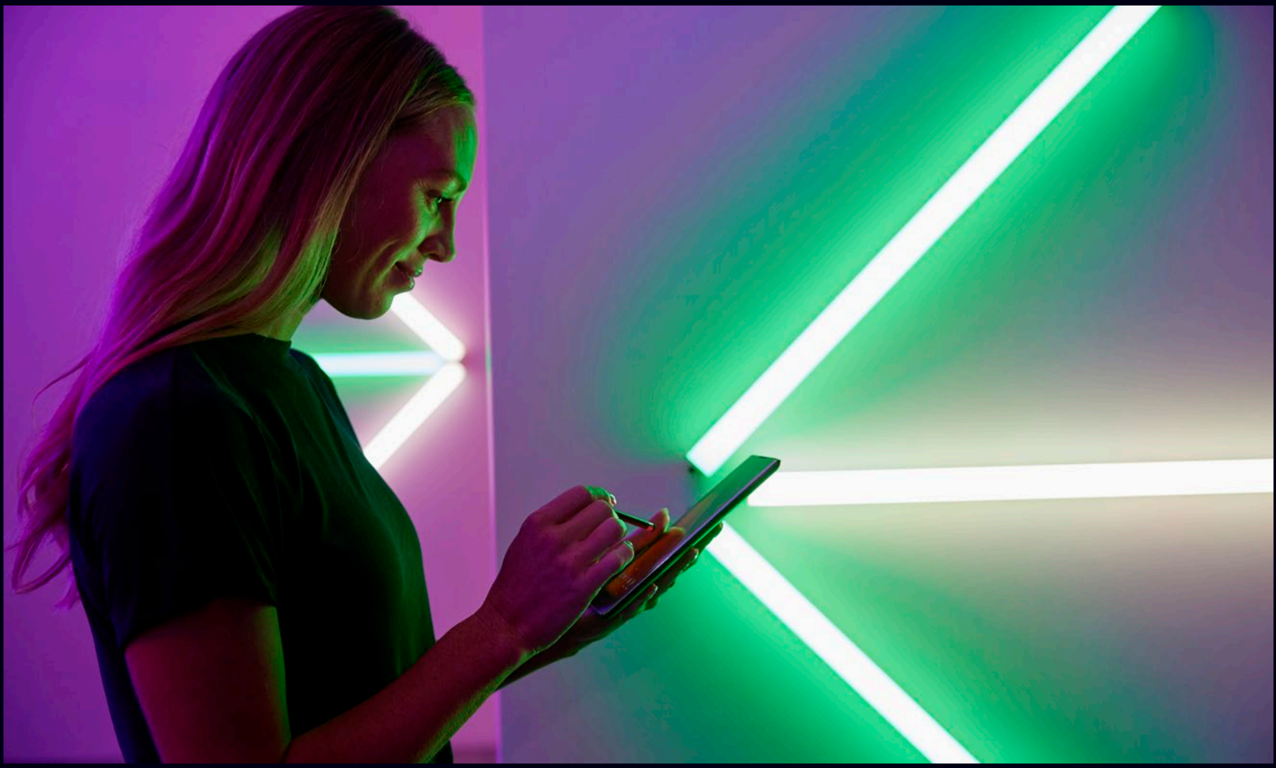
    (c) The existence and effect of this waiver decision is disclosed in the Notice of Meeting;

    (d) Any increase to the existing level of Directors' remuneration is approved by Unitholders in accordance with Rule 2.11.1; and

    (e) NZ RegCo has an opportunity to review and approve the Notice of Meeting.

GMT's urban logistics portfolio is exclusively invested in the Auckland industrial market and provides its 215+ customers with essential supply chain infrastructure.

SCHEDULE 3



Deloitte.

Independent Appraisal Report

on the Proposed Internalisation of the management of the Trust

FEBRUARY 2024

1.0 Contents

2.0	**Executive Summary**	**37**
2.1	Introduction	37
2.2	Proposed Internalisation	37
2.3	Regulatory Requirements	38
2.4	Purpose of this Report	38
2.5	Basis of Assessment and Evaluation	38
2.6	Our conclusion	39
2.7	Declaration	40
3.0	**Overview of the Property Fund Sector**	**41**
3.1	Industry Overview	41
3.2	Key Metrics	41
3.3	Scale	42
3.4	Property Mix	42
3.5	WALT and Lease Expiry	42
3.6	Gearing	42
3.7	Property Management Structures	42
3.8	External Management Fees	43
4.0	**Overview of GMT**	**45**
4.1	Background	45
4.2	Portfolio	45
4.3	Capital Structure and Ownership	46
4.4	Financial Statements	47
5.0	**Overview of the Manager**	**49**
5.1	Background	49
5.2	Role of the Manager	49
5.3	Fund Management Fees	49
5.4	Property Management and Development Fees	50
5.5	Term of the Management Rights	50
5.6	Manager Financials	51
6.0	**Proposed Internalisation**	**52**
6.1	Proposed Internalisation	52
6.2	Alternatives to Internalisation	52
7.0	**Value of the Management Rights**	**54**
7.1	Introduction and Methodology	54
7.2	Fair Market Value of Management Rights	55
7.3	Value of Internalisation to the Trust	60
7.4	Valuation Conclusions	63
8.0	**Other Internalisation Considerations**	**64**
8.1	Financial	64
8.2	Other Benefits of Internalisation	66
9.0	**Conclusions**	**68**
9.1	Fairness of the Proposed Internalisation	68
10.0	**Information, Disclaimer and Indemnity**	**70**
10.1	Sources of Information	70
10.2	Reliance on Information	71
10.3	Disclaimer	71
10.4	Indemnity	71
11.0	**Qualifications, Independence and Consent**	**72**
11.1	Qualifications and Expertise	72
11.2	Independence	72
11.3	Consent	72

Abbreviations and Definitions

$	New Zealand dollars
AFFO	Adjusted funds from operations
ASX	Australian Securities Exchange operated by ASX Limited
CAPM	Capital Asset Pricing Model
CDIs	CHESS Depositary Interests
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EV	Enterprise value, being the ungeared value of a business
Explanatory Notes	The explanatory notes to Unitholders regarding the Internalisation included in the Notice of Meeting
FUM	Funds under management
FY	Financial year ending 31 March (in relation to GMT) or 30 June (in relation to the Manager)
GFML	Goodman Funds Management Limited, responsible entity for GIT
GIT	Goodman Industrial Trust, for which GFML is the responsible entity
GL	Goodman Limited
GLHK	Goodman Logistics (HK) Limited
GMG	Goodman Group, being GL, GIT and GLHK trading on the ASX as a stapled entity
GMT	Goodman Property Trust
GNZ	Goodman (NZ) Limited, Manager of GMT
GPSNZ	Goodman Property Services (NZ) Limited
Gross Value of Trust Fund	Has the meaning given to that term in the Trust Deed, being effectively the assessed market value of the Trust's investments plus cash (commonly referred to as FUM)
IAR	Independent Appraisal Report
IBC	Independent Board Committee of GNZ comprising the Independent Directors
Independent Directors	David Gibson, Laurissa Cooney, Leonie Freeman, and Keith Smith, the independent directors of the Manager
Listing Rules	The NZX Listing Rules
LPV	Listed property vehicle
Management Rights	GNZ's right to act as fund manager for the Trust under the Trust Deed
Manager	GNZ
Notice of Meeting	The notice of a special meeting of Unitholders regarding the Proposed Internalisation
NTA	Net tangible assets
NZX	New Zealand Stock Exchange operated by NZX Limited
NZX Main Board	The main board equity securities market operated by NZX Limited
Proposed Internalisation	The potential internalisation of GNZ's Management Rights on behalf of the Unitholders, as described in the Notice of Meeting and the Explanatory Notes
Trust	GMT
Trust Deed	The Trust Deed, under which the Trust is established
Trustee	Covenant Trustee Services Limited
Unit	An undivided part or share in GMT's trust fund
Unitholders	The holder of a Unit
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
WALT	Weighted average lease term

2.0 Executive Summary

2.1 Introduction

Goodman Property Trust (**GMT** or the **Trust**) is a unit trust investing in real estate, listed on the New Zealand Stock Exchange (**NZX**). The day-to-day operations of the Trust are managed through Goodman (NZ) Limited (**GNZ** or the **Manager**), a wholly owned subsidiary of Goodman Limited (**GL**), which is one of three stapled entities that make up ASX listed Goodman Group (**GMG**). Goodman Property Services (NZ) Limited (**GPSNZ**), a wholly owned subsidiary of GL, holds all employment contracts. It acts as property manager for properties owned and co-owned by GMT and provides investment management services to GNZ.

The Trust's assets are held on behalf of GMT unitholders (the **Unitholders**) by Covenant Trustee Services Limited (the **Trustee**). The Trustee is responsible for ensuring that the operations of GMT are managed in accordance with the terms of the Unit Trust Deed as amended and restated on 28 May 2020 (the **Trust Deed**).

An Independent Board Committee (**IBC**) comprising the Independent Directors was established to consider and negotiate with GMG the potential internalisation of the Management Rights on behalf of the Unitholders (the **Proposed Internalisation**).

As part of the process, the IBC have appointed Deloitte to prepare an Independent Appraisal Report (**IAR**) for the benefit of the Unitholders. The purpose of the IAR is to assist the Unitholders' decision on whether to approve the Proposed Internalisation. Deloitte has also been asked to provide our opinion as to the fairness of the issue of units to Goodman Funds Management Limited (**GFML**), as responsible entity for Goodman Industrial Trust (**GIT**), which is required to utilise the total proceeds received by GMG to subscribe for new units in GMT as part of settling the Proposed Internalisation.

2.2 Proposed Internalisation

The Proposed Internalisation will result in cost savings for the Trust going forward, being the difference between the fees and expenses paid to GNZ and GPSNZ under the current arrangements and the underlying cost of performing the management functions (i.e. the Trust will essentially save the profits otherwise earned by GNZ and GPSNZ).

As consideration for foregoing these future profits, the IBC have negotiated with GMG a proposal whereby GMT would acquire GPSNZ and effectively internalise the management function performed by GNZ by making total payments of $290.0 million to GMG or its subsidiaries, comprising:

i. termination payments of totalling $272.4 million for the relinquishment of GNZ's Management Rights. This includes consideration for various services and co-operation arrangements from GMG;

ii. payments totalling $2.9 million to acquire GMG's interest in co-owned New Zealand investment properties and the net tangible assets of GPSNZ; and

iii. a payment of $14.7 million for the FY24 performance fee, which is the maximum payable for FY24 and is in full and final settlement of any performance fee obligations under the Trust Deed.

Looking through the various flows of funds, the Trust will ultimately settle these payments in cash to be used by GIT to subscribe for GMT Units. The issue price of $2.14 has been determined on the basis on the higher of the net tangible assets (**NTA**) per Unit (taking account of preliminary 31 March 2024 valuations of GMT's properties) and the 5-day volume weighted average price (**VWAP**) ending on 20 February 2024.

A significant portion of the termination payment is expected to be tax deductible to the Trust. When the expected benefit of tax deductibility is considered, the net payment for the relinquishment of the Management Rights is $199.3 million.

2.3 Regulatory Requirements

The nature of the relationship between GMT and GNZ means the Proposed Internalisation may constitute a 'material transaction with a related party' under the NZX Listing Rules (the **Listing Rules**).

Under Rule 5.2.1 of the Listing Rules, and using the terms defined therein, GMT must not enter a material transaction with a related party unless that transaction is approved at a meeting of Unitholders by an Ordinary Resolution.

Listing Rule 7.8.8 (b) requires that a notice of meeting to consider the Ordinary Resolution for the purposes of Rule 5.2.1 must be accompanied by an IAR, prepared by an independent appropriately qualified person previously approved by the NZX.

Under Listing Rule 7.10.2, the IAR must be addressed to the Independent Directors of GNZ and expressed for the benefit of the Unitholders of GMT who are not associated with the related parties.

In addition to the IAR potentially being required for the purposes of Listing Rules 5.2.1 and 7.8.8(b), the IAR needs to be provided for the purposes of Listing Rule 7.8.5(b) (issue of securities to an Associated Person of a Director). This is because Greg Goodman (as a director of GNZ) is both a "Director" for the purposes of the Listing Rules and a director of GFML. This means that GFML, as the responsible entity of GIT (and subscriber for Units), is an Associated Person of a Director.

Accordingly, the IBC have requested Deloitte prepare an IAR stating whether the consideration and the terms and conditions of the Proposed Internalisation are fair to the Unitholders not associated with GMG pursuant to Listing Rule 7.10.2 as well as whether the issue of Units to GIT is fair to Unitholders not associated with GIT pursuant to Listing Rule 7.8.5(b) (the **Non-associated Unitholders**).

Deloitte has been approved by NZX Regulation Limited to prepare the IAR.

2.4 Purpose of this Report

Deloitte issues this IAR to the Independent Directors to assist and for the benefit of the Non-associated Unitholders in forming their own opinion on whether to vote in favour of or against the resolutions relating to the Proposed Internalisation.

We note that each Unitholder's circumstances and objectives are unique. It is not possible to report on the fairness of the Proposed Internalisation in relation to each Unitholder. This IAR is therefore necessarily general in nature.

Voting for or against the resolutions in respect of the Proposed Internalisation is a matter for individual Unitholders based on their own views of the proposal. Unitholders should consult their own professional advisors if appropriate.

This IAR is not to be used for any other purpose without Deloitte's prior written consent.

2.5 Basis of Assessment and Evaluation

Listing Rule 7.10.2 requires the IAR to consider the "fairness" of a transaction or proposal. The term "fair" has no legal definition in New Zealand either in the Listing Rules or in any statute dealing with securities or commercial law. Furthermore, overseas regulations provide minimal guidance in respect of how fairness should be determined in the context of a material transaction with a related party.

For the purpose of this IAR, we have assessed the fairness of the Proposed Internalisation by considering:

+ the fair market value of the Management Rights;
+ the value of the Proposed Internalisation to the Trust; and
+ other financial and non-financial impacts of the Proposed Internalisation.

2.6 Our conclusion

In Deloitte's opinion the Proposed Internalisation is fair to the Unitholders not associated with Goodman Group.

The basis for our opinion is set out in more detail in Sections 7– 9 of this report. In summary, the key factors we have considered in forming our opinion are:

+ taking into account risk factors that are faced by external owners of property fund management rights, we assess the fair market value of the Management Rights to be in the range of $268 million to $315 million. The proposed net termination payment of $272.4 million is within Deloitte's fair market valuation range, and is therefore fair to Unitholders (i.e. Unitholders are not paying more than third party buyers would be expected to pay);
+ we assess the value of the Proposed Internalisation to the Trust (i.e. the discounted present value of the forecast future cash savings) to be in the vicinity of $390 million to $432 million, on a post-tax basis. This value is only available to the Trust. It does not reflect the fair market value of the Management Rights as it does not incorporate all of the risk factors mentioned above;
+ the expected after-tax cost of the termination payment ($199.3 million) is materially lower than the value of the Proposed Internalisation to the Trust ($390 million to $432 million);
+ in subsequent years, the Proposed Internalisation should improve GMT's cash operating earnings and allow for increased distributions;
+ other (non-financial) benefits for Unitholders if the Proposed Internalisation proceeds include that it:
    i. removes the potential for conflicts of interest between the Manager and the Unitholders;
    ii. provides greater control over the management of the Trust;
    iii. allows opportunities to grow earnings through activities such as funds management/ diversification of income streams;
    iv. removes a possible impediment to corporate takeover or merger activity/allows for future corporatisation;
    v. removes the risks associated with GMG selling the Management Rights to a third party; and
    vi. allows Unitholders to vote on all director appointments, not only Independent Directors.
+ there are no negative impacts on the rights of or protections available to Unitholders as a result of the Proposed Internalisation (whilst it will result in GMG owning more Units in GMT, GMG will not own a controlling stake).

In Deloitte's opinion the proposed issuance of units to GIT is fair to Unitholders not associated with GIT.

The proposed issuance of units to GFML, as responsible entity for GIT, is fair to Unitholders not associated with GIT. In forming this opinion, we have considered that:

+ issue price for the Units is the 5-day VWAP ending on 20 February 2024. Assuming an efficient market and no material Unit price movements prior to announcement, this price should represent fair market value, and large but non-controlling placements of Units (for example in a capital raise) are commonly issued at a discount to fair market value (broadly 3% to 5% based on our experience);
+ GMT's Unit price is currently around its NTA per Unit. On average, over the last three years, GMT has traded at broadly 1.0x NTA (refer to Section 4.3). The issue price is higher than NTA per Unit based on preliminary 31 March 2024 valuations, and therefore a higher price than Unitholders might achieve if GMT's properties were sold out of the Trust;

+ at the current marginal cost of debt, the proposed issuance is preferable to funding the Proposed Internalisation with debt given the impact on earnings (cash operating earnings per unit and AFFO per unit would be lower if the Proposed Internalisation were debt funded). This is covered in more detail in Section 8.1. There is also currently less appetite to fund future growth/development through debt funding and credit markets are difficult to navigate;

+ GMT's last reported gearing of 29% was at the upper end of its preferred range of 20 – 30%. The proposed issuance will not increase GMT's gearing;

+ when considered in conjunction with the cost savings from the Proposed Internalisation, the dilutionary impact of the proposed issuance is offset by increased cash operating earnings. GMT's distributions (which are set based on a target of 80% - 90% of cash operating earnings, and currently towards the lower end of the target) should not be impacted. This is covered in more detail in Section 8.1;

+ when considered in conjunction with the cost savings from the Proposed Internalisation, the dilutionary impact of the proposed issuance is more than offset by increased AFFO earnings. This is covered in more detail in Section 8.1;

+ the transaction terms of the Proposed Internalisation include a co-operation and services agreement, under which GMT's management has ongoing access to GMG's sector expertise and various relationships (e.g. with capital partners, lenders, etc) at no ongoing cost. As the proposed issuance results in GMG having more Units, GMG should be more invested in GMT's success;

+ there are no negative impacts on the trading liquidity of the Units as a result of the proposed issuance (GMT is proposing to issue new Units, rather than GMG purchasing and effectively 'locking up' existing Units); and

+ there are no negative impacts on the rights of or protections available to Unitholders as a result of the proposed issuance (whilst it will result in GMG owning more Units in GMT, GMG will not own a controlling stake).

2.7 Declaration

Pursuant to Listing Rule 7.10.2 and Listing Rule 7.8.5(b), we state that:

i. In our opinion, the consideration and the terms and conditions of the Proposed Internalisation and proposed issuance are fair to Unitholders of GMT other than those associated with GMG. The grounds for this opinion are set out in this report.

ii. We believe that the Unitholders entitled to vote on the resolution in relation to the Proposed Internalisation will be provided with sufficient information to understand all relevant factors and on which to make an informed decision.

iii. We confirm that we have been provided with all the information that we believe is needed for the purposes of preparing this report.

iv. The material assumptions on which our opinion has been based are clearly set out in the body of this report.

3.0 Overview of the Property Fund Sector

3.1 Industry Overview

Listed property vehicles (**LPVs**) are professionally managed real estate investment vehicles that allow investors to purchase an equity interest in a portfolio of properties. Currently there are ten NZX listed LPVs, including GMT, with a range of different property category focuses, corporate structures and management arrangements (i.e. internally or externally managed). There are also two additional New Zealand real estate funds, being New Zealand Rural Land Company and Winton Land Limited, which we do not believe are sufficiently comparable to GMT for purposes of this report.

LPVs provide an opportunity for investors to hold stakes in investment-grade property portfolios, with professionals maintaining and improving the buildings, retaining tenants and actively managing the property portfolio and capital structure to maximise risk-adjusted returns.

An investment in an LPV is different to a direct investment in property. The LPV investor has an interest in a diverse portfolio of properties, as opposed to a single property, and the units or shares can be traded on the NZX Main Board and therefore have greater liquidity.

Investors evaluate LPVs by reference to the level of cash distributions and movements in share prices, and by assessing the security of the LPV's income stream, the quality of the fund's properties and tenants, the length of tenant leases, rental yields, appropriateness of the capital structure, the quality of the management, and the management arrangements (internal or external; fee structures; etc).

The table below provides a summary of entities operating in the New Zealand listed property sector by their size and sector focus. It shows that majority of the LPVs are internally managed.

Table 1
LPVS ON THE NZX

TRADING NAME	ENTITY TYPE	MANAGEMENT	MARKET CAP ($m)	PRIMARY SECTOR
Goodman Property Trust	Unit Trust	External	2,989	Industrial
Precinct Properties NZ Ltd	Company	Internal	1,935	Office
Vital Healthcare Property Trust	Unit Trust	External	1,428	Healthcare Facilities
Kiwi Property Group Limited	Company	Internal	1,345	Office/Retail
Property For Industry Limited	Company	Internal	1,122	Industrial
Argosy Property Limited	Company	Internal	953	Diversified
Stride Property Group	Company	Internal	737	Diversified
Investore Property Limited	Company	External	413	Retail
CDL Investments NZ Limited	Company	Internal	202	Residential
Asset Plus Limited	Company	External	87	Office

Source: Annual Reports, Company announcement and presentations of each LPV, Capital IQ. Market Capitalisation as of 20 February 2024.

3.2 Key Metrics

The table below describes the main measuring criteria for each LPV, which include portfolio size, weighted average lease term (**WALT**), market price relative to NTA, and gearing levels. The mentioned criteria are critical for both property investors and managers. Typically, managers aim to increase occupancy, extend the WALT period and maintain a smooth lease expiry profile while simultaneously enhancing equity returns by using an appropriate level of gearing.

We have excluded CDL Investments New Zealand Limited from our analysis as we consider this to be less comparable to GMT, and CDL does not disclose a number of the key industry metrics. GMT metrics are as reported at 30 September 2023.

Table 2

KEY METRICS

TRADING NAME	PORTFOLIO VALUE (NZ$m)	No. OF PROPERTIES	AVERAGE PROPERTY VALUE (NZ$m)	OCCUPANCY RATE	WALT (YEARS)	PRICE / NTA[1]	GEARING
Goodman Property Trust	4,685	15	312.3	99.6%	6.4	0.92x	29%
Precinct Properties NZ Ltd	3,400	12	283.3	99.0%	6	0.89x	38%
Vital Healthcare Property Trust	3,316	45	73.7	98.0%	19.4	0.79x	37%
Stride Property Group	3,200	70	45.7	97.7%	6.8	0.73x	27%
Kiwi Property Group Limited	3,100	9	344.4	98.8%	4.1	0.71x	35%
Argosy Property Limited	2,112	54	39.1	98.4%	5.1	0.74x	36%
Property For Industry Limited	2,058	93	22.1	100.0%	5	0.78x	29%
Investore Property Limited	1,000	41	24.4	99.2%	7.7	0.69x	40%
Asset Plus Limited	181	2	90.3	42.0%	6.2	0.61x	19%

1 Price / NTA metrics are at 20 February 2024.

Source: Annual Reports, Company announcement and presentations of each LPV, Capital IQ.

3.3 Scale

The table above provides information on the size of the New Zealand LPVs' property portfolios. Greater scale typically provides an entity with advantages such as greater diversity of earnings, a stronger capital base to fund developments, and better share liquidity and access to capital. GMT is New Zealand's largest LPV in terms of portfolio value and market capitalisation.

3.4 Property Mix

The properties owned by LPVs are often classified into four categories: office, industrial, retail, and other (such as specialist healthcare properties).

Some LPVs have a primary focus on one property category, for example GMT (Industrial), Precinct Properties (Office), and Property for Industry (Industrial). Others are diversified across a combination of categories, albeit different combinations and relative focuses.

3.5 WALT and Lease Expiry

One of the key factors that managers of property entities focus on is their portfolio's lease profile. Generally, they seek to extend the WALT of the portfolio and smooth the lease expiry profile.

3.6 Gearing

Maintenance of appropriate debt levels and financial risk management policies are key areas of focus for property entities. Gearing (debt to total assets) of 30% to 40% has become common in the LPV sector. GMT's gearing as at 30 September 2023 was 29%.

3.7 Property Management Structures

There are two types of management structures for New Zealand LPVs: internal and external management. Internally managed entities undertake the management functions in-house. Externally managed entities generally have no staff and appoint a third party to undertake the management of the LPV and its property assets in return for fund and property management fees. The Unit Trusts Act (now repealed) requirement for a trust to have a manager that is separate the trustee meant that historically it was common for property trusts to be externally managed. The few LPVs that were initially listed as companies were often established with external management. However, there has been a trend towards internalisation in New Zealand, and most New Zealand LPVs are now internally managed.

3.8 External Management Fees

The following table summarises the fund management fee structures of New Zealand's externally managed property funds. All entities incorporate a base fee and performance fee into their fee structure. It can be difficult to compare fees between entities due to various other charges that may be added on top of the fee structure for time in attendance matters and property management services.

Table 3
MANAGEMENT FEE SCHEDULE

	GMT	PCT[1]	VHP	IPL	APL
Manager	**Goodman (NZ) Limited**	**AMP Haumi Management Limited**	**Northwest Healthcare Properties Management Limited**	**Stride Investment Management Limited**	**Centuria Funds Management (NZ) Limited**
FUND MANAGEMENT FEES					
Base fee	0.50% of total assets (excluding cash, debtors and development land) up to $500m, plus 0.40% thereafter	0.55% of property value up to $1,000m, plus 0.45% between $1,000m and $1,500m, plus 0.35% thereafter	0.65% of gross asset value up to $1,000m, plus 0.55% between $1,000m and $2,000m, plus 0.45% between $2,000m and $3,000m plus 0.40% thereafter	0.55% of property value up to $750m, plus 0.45% thereafter	0.50% of total assets less cash up to $500m, plus 0.40% thereafter
Asset base	Total assets less cash, debtors and development land	Property value	Gross asset value	Property value	Total assets less cash
Performance fee	10% of outperformance above the S&P/NZX gross property index, capped at 5% of annual outperformance. Both outperformance and underperformance is carried forward (in perpetuity)	10% of outperformance above the S&P/NZX gross property index, capped at 0.5% of market capitalisation. Both outperformance and underperformance is carried forward (max two years)	10% of the average annual increase in net tangible assets over the respective financial year and two preceding financial years	10% of the actual increase in shareholder returns above 10% and below 15% with a cap of 0.2% of the value of investment properties. Both outperformance and underperformance is carried forward (max two years)	10% of outperformance above the S&P/NZX gross property index, capped at 5% of annual outperformance. Both outperformance and underperformance is carried forward (max two years)
Performance fee benchmark	Relative	Relative	Absolute	Absolute	Relative
Performance fee payment	Units	Cash	Units	Cash	Cash

1 Precinct Properties Limited became internally managed as of 1 April 2021. The fee structure presented reflects the fee structure under external management prior to this date.

Base fees

Base fund management fees compensate the manager for the costs of managing the entity (i.e. the corporate functions of an LPV, setting fund strategy, capital structure and financing, etc. but not property-specific management costs). In the table above, all base fees are determined as a percentage of the value of total assets or investment properties, with some minor differences such as GMT's removal of cash and debtor balances and land.

There are benefits of scale with LPVs (greater diversity of properties and tenants lowers risk; greater liquidity in security trading; etc.). There are also economies of scale for the fund manager. Therefore, both investors and the manager benefit when an LPV achieves sufficient scale. Linking the base fees to total asset values incentivises the manager to achieve this scale.

However, once adequate scale is achieved, it has been argued that the base fees can unduly incentivise managers to grow the asset base further, whether or not the transactions create value for investors. To partially address this issue funds have generally adopted lower or tiered base fee structures and added a performance fee component, as shown in the table above. This better aligns the interests of investors and the managers.

Performance fees

Performance fees are generally based on equity holder returns relative to the performance of the LPV sector, or absolute shareholder returns (e.g. 10% of total equity holder returns between a set range, frequently 10% of returns between 10%–15%). Fees that are set relative to the sector index mean a manager needs to outperform the sector to receive a performance fee but can still receive a performance fee if sector returns are low in absolute terms.

Performance fees have varying carry forward periods that are designed to mitigate the effects of property market cycles, and reward managers for sustained performance of the fund, but not unduly penalise them for long market downturns. Most funds have a carry forward period of two years, noting that GMT is an exception to this with an indefinite carry forward.

Table 4

ACTIVITY BASE FEE SCHEDULE

	GMT	PCT[1]	VHP	IPL	APL
Manager	**Goodman (NZ) Limited**	**AMP Haumi Management Limited**	**Northwest Healthcare Properties Management Limited**	**Stride Investment Management Limited**	**Centuria Funds Management (NZ) Limited**
PROPERTY SERVICES FEES					
Property management fee (% of gross annual rental)	1-3%	Separately agreed	1-2%	n/a	1.5%
Facilities management fee		Separately agreed	Market fee	$10,000 per property per annum	n/a
Leasing fees					
New customer (% of gross annual rental)	13-20% based on lease term	11-20% based on lease term ($2,500 minimum)	11-20% based on lease term ($2,500 minimum)	8.0%	12-15% based on lease term
Renewal / existing customer	50% of applicable fee for a new lease	25-75% of applicable fee for a new lease	50% of applicable fee for a new lease	8.0%	50% of applicable fee for a new lease
Rent review fees					
Market review (% of rental increase)	10%	10% ($1,000 minimum)	10% ($1,000 minimum)	n/a	n/a
Fixed / CPI review	$1,500	$1,000	$1,000	n/a	n/a
Acquisition fees (% of purchase price)	0-1%	up to 1%	1.5%	n/a	1.0%
Disposal fees (% of sale price)	0-1%	up to 1%	1.0%	0.5%	n/a
DEVELOPMENT MANAGEMENT FEES					
Development fee	3.5% of project costs	3-4% of project costs based on project success	4% of committed spend	4% of project costs	3.5% of project costs
Project management fee	Up to 1.5% of construction costs (incl. external project management costs)	1.75-6% of project costs (excl. external project management costs)	2% of committed spend (lead role) 1% of committed spend (oversight)	n/a	n/a
Pre leasing fee (% of gross annual rental)	10%	n/a	n/a	n/a	n/a

[1] Precinct Properties Limited became internally managed as of 1 April 2021. The fee structure presented reflects the fee structure under external management prior to this date.

Property management and other fees

Managers may charge further fees for a range of property management and other services, including:

+ Property and facilities management (normally recoverable from tenants);
+ Leasing fees;
+ Rent review fees;
+ Acquisition and sale fees;
+ Development fees; and
+ Project management fees.

These additional fees make it difficult to compare the total fees paid to managers. Some additional services are charged at above market rates, some below market rates, and some LPV managers do not charge over and above base / performance fees for additional services.

4.0 Overview of GMT

4.1 Background

GMT is an industrial property specialist that operates in the warehouse and logistics space in New Zealand. GMT has a $4.7b portfolio (as at September 2023) that includes logistics and distribution centres, warehouses, business parks and data centres.

GMT is an externally managed unit trust listed on the NZX. The Manager of the Trust is GNZ, a subsidiary of the ASX listed GMG, a specialist global manager of warehouse and logistics real estate and the largest unitholder of GMT through its investment subsidiaries.

4.2 Portfolio

GMT divides its portfolio of stabilised (developed) investment property into $3.77 billion of 'core' estates (which largely consist of modern, high-quality logistics and industrial properties), and $0.64 billion of 'value-add' estates (which generally consist of older properties with redevelopment potential), for a total value of the stabilised investment property of $4.40 billion.

GMT also has investment property currently under development, which is valued at $0.28 billion, which consists of both land and ongoing developments. In total, this equates to a total investment property portfolio value of $4.69 billion. Total investment portfolio includes land and active developments. All values are as at September 2023.

Table 5
INVESTMENT PROPERTIES PORTFOLIO SUMMARY

	PROPERTIES	CUSTOMERS	MARKET VALUE ($m)	RENTABLE AREA (sqm)	OCCUPANCY (%)	WALT (YEARS)
Core portfolio			3,770.9	957,947	*99.9%*	6.2
Value-add estates			638.5	172,763	*98.0%*	4.5
Total stabilised portfolio			**4,409.4**	**1,130,710**	***99.6%***	**5.9**
Total investment portfolio	**15**	**217**	**4,685.4**	**1,194,362**	***99.6%***	**6.4**

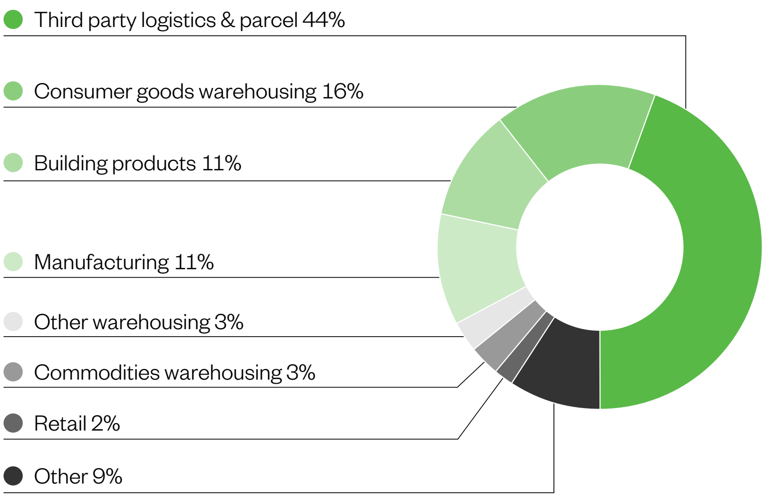
Note: Total investment portfolio includes land and active developments. GNZ advises that draft reports from independent valuers indicate that GMT's portfolio will be valued around $4.5 billion at 31 March 2024.

Source: Management FY24 Interim Report, Capital IQ.

The table above summarises the investment properties portfolio of GMT as at September 2023. GMT has 217 customers across 15 properties, with a weighted average lease term of 6.4 years and an occupancy rate of 99.6%.

GMT's customers primarily operate within the industries of logistics and distribution, warehousing and building/manufacturing. Only 2% of GMT's customers operate in retail, with 9% operating in other industries outside the aforementioned.

Figure 1
GMT INDUSTRY WEIGHTING



Source: Management FY24 Interim Report

4.3 Capital Structure and Ownership

As at 30 September 2023, GMT had 1,403.25 million units on issue. Two subsidiaries of Goodman Group are substantial Unitholders: Goodman Investment Holdings (NZ) Limited (19.8%) and Goodman Funds Management Limited, as responsible entity for GIT (5.4%). Details on substantial Unitholders (over 5.0%) are listed below.

Table 6
SUBSTANTIAL UNITHOLDERS AS AT 30 SEPTEMBER 2023

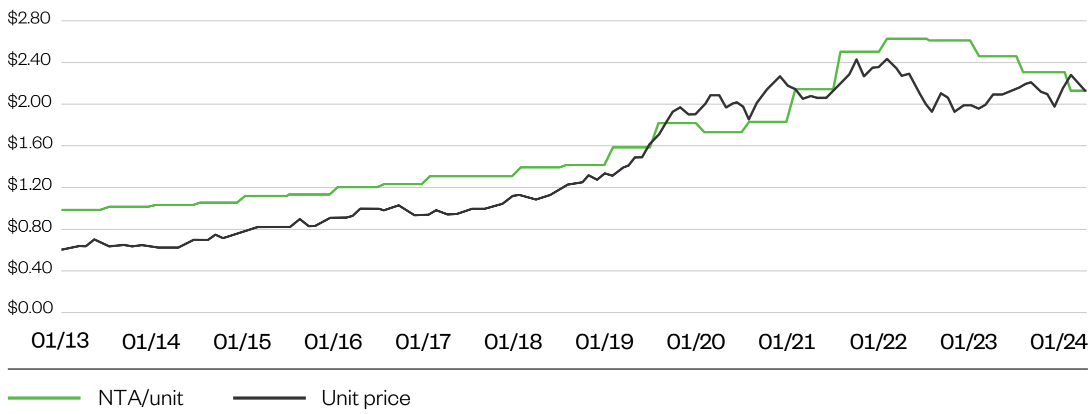
	UNITS (m)	% OF TOTAL
Goodman Investment Holdings (NZ) Limited	278.1	19.8%
Accident Compensation Corporation	82.3	5.9%
Goodman Funds Management Limited (as responsible entity for GIT)	75.4	5.4%
Total Substantial Unitholders	**551.5**	**39.3%**
Other Unitholders	851.8	60.7%
Total Units on Issue	**1,403.3**	**100.0%**

Source: Deloitte Analysis, Capital IQ

The following graph shows the price of GMT's Units compared to GMT's NTA per Unit (over the period January 2013 to February 2024):

Figure 2

GMT NET TANGIBLE ASSETS AND UNIT PRICE



GMT traded at a discount to NTA from the beginning of the analysis period until mid-2019 where it traded at a premium. GMT units continued to trade at a premium until early 2021, after which unit price decreased compared to NTA until the recent revaluation. On average, over the last three years, GMT has traded at broadly 1.0x NTA.

4.4 Financial Statements

The operating performance of GMT (as represented by operating earnings before other income/ expenses and tax) increased from $114.9 million in FY21 to $126.5 million in FY23, largely driven by an increase in net property income. Interest cost increased in FY23 (and in the first 6 months of FY24) due to the higher interest rate environment in New Zealand and abroad.

Table 7

GMT FINANCIAL PERFORMANCE

$m	12 MONTHS MAR-21	12 MONTHS MAR-22	12 MONTHS MAR-23	6 MONTHS SEP-23
Property income	182.0	187.8	213.8	119.5
Property expenses	(29.0)	(30.7)	(36.8)	(19.4)
Net property income	**153.0**	**157.1**	**177.0**	**100.1**
Interest cost	(22.5)	(20.0)	(29.8)	(21.7)
Interest income	0.2	0.3	0.3	0.3
Net interest cost	**(22.3)**	**(19.7)**	**(29.5)**	**(21.4)**
Administrative expenses	(3.0)	(3.2)	(3.4)	(1.8)
Management fees	(12.8)	(15.9)	(17.6)	(8.8)
Operating earnings before other income/expenses	**114.9**	**118.3**	**126.5**	**68.1**
Movement in fair value of investment property	560.0	660.4	(237.7)	(226.5)
Movement in fair value of financial instruments	(12.3)	0.8	(14.8)	5.0
Managers performance expected to be reinvested in units	(13.7)	(15.7)	–	–
Net profit before tax attributable to Unitholders	**648.9**	**763.8**	**(126.0)**	**(153.4)**
Current tax on operating earnings	(19.5)	(19.0)	(15.4)	(6.8)
Current tax on non-operating earnings	5.8	4.4	–	–
Deferred tax	(3.5)	(0.6)	6.0	(3.0)
Net profit after tax attributable to Unitholders	**631.7**	**748.6**	**(135.4)**	**(163.2)**

Source: Published Audited Management Annual and Unaudited Interim Reports

The recent decrease in net profit before tax attributable to Unitholders was driven by the movement in fair value of investment properties; there was a significant increase in fair value in FY21 and FY22 followed by a sizeable decrease in FY23 and into FY24.

Table 8
GMT FINANCIAL POSITION

$m	MAR-21	MAR-22	MAR-23	SEP-23
Non-current assets				
Investment property	3,789.3	4,773.2	4,791.2	4,685.4
Other assets	–	1.1	2.8	2.7
Derivative financial instruments	30.3	30.4	42.9	55.3
Total non-current assets	**3,819.6**	**4,804.7**	**4,836.9**	**4,743.4**
Current assets				
Debtors and other assets	8.9	5.5	10.4	12.6
Derivative financial instruments	–	0.5	–	–
Cash	3.0	3.6	6.6	5.3
Total current assets	**11.9**	**9.6**	**17.0**	**17.9**
Total assets	**3,831.5**	**4,814.3**	**4,853.9**	**4,761.3**
Non-current liabilities				
Borrowings	730.1	917.1	1,159.1	1,269.0
Lease liabilities	62.3	62.7	62.6	60.3
Derivative financial instruments	3.9	2.5	10.1	9.6
Deferred tax liabilities	35.4	36.0	30.0	33.0
Total non-current liabilities	**831.7**	**1,018.3**	**1,261.8**	**1,371.9**
Current liabilities				
Borrowings	–	100.0	100.0	100.0
Creditors and other liabilities	25.4	32.8	45.1	49.3
Lease liabilities	3.2	3.3	3.3	3.3
Derivative financial instruments	–	–	0.5	–
Current tax payable	2.0	2.5	2.5	1.7
Total current liabilities	**30.6**	**138.6**	**151.4**	**154.3**
Total liabilities	**862.3**	**1,156.9**	**1,413.2**	**1,526.2**
Net assets	**2,969.2**	**3,657.4**	**3,440.7**	**3,235.1**

Source: Published Audited Management Annual and Unaudited Interim Reports

Total assets for GMT largely consist of investment property. Overall, total non-current assets have increased from $3,819.6 million to $4,743.4 million over the period.

GMT has $100.0 million of retail bonds classified as current borrowings, and $1,269.0 million of non-current borrowings which consist of various bank facilities, bonds, and notes. Non-current borrowings have increased steadily from $730.1 million in FY21 to $1,269.0 million.

GMT also has significant non-current lease liabilities ($60.3 million) and deferred tax liabilities ($33.0 million), and current creditors and other liabilities of $49.3 million as at September 2023. Overall, total liabilities have increased from $862.3 million to $1,526.2 million over the period.

5.0 Overview of the Manager

5.1 Background

The Trust's manager is GNZ, and property management functions are undertaken by employees of GPSNZ. GPSNZ seconds officers to GNZ to assist directors of GNZ with fund management functions. Both entities are wholly owned subsidiaries of GL. GL's shares are stapled to units in GIT and CHESS Depositary Interests (**CDIs**) over shares in Goodman Logistics (HK) Limited (**GLHK**). The shares in GL, units in GIT and CDIs over ordinary shares in GLHK are quoted as a single security on the ASX as Goodman Group stapled securities.

5.2 Role of the Manager

GMT is managed by GNZ under the terms of the Trust Deed. The Manager's responsibilities include:

a) strategic direction of the Trust;

b) portfolio management of the Trust's assets;

c) property selection and review;

d) negotiation, acquisition and disposal of assets;

e) treasury and funding management;

f) ensuring adherence to financial reporting requirements; and

g) liaising with Unitholders in accordance with the Trust Deed.

GMT pays fees to the Manager for the services it provides. The fees have been previously approved by Unitholders and are periodically reviewed by the Independent Directors through an industry benchmarking exercise undertaken by external consultants. Fees paid to the Manager are set out in the section below.

5.3 Fund Management Fees

The fund management fees comprise a base fee calculated as a percentage of the total assets under management, and a performance fee based on Unitholder returns.

Base Fund Fee

The Manager's base fee is calculated as 0.5% per annum of the book value of GMT's assets (other than cash, debtors and development land) up to $500 million, plus 0.4% per annum of the book value of GMT's assets (other than cash, debtors and development land) greater than $500 million.

Performance Fee

The performance fee is determined by reference to the Trust's Unit performance (including gross distributions and movements in the Unit price) relative to a benchmark return that includes the Trust's NZX listed peers.

The performance fee is calculated as 10% of the amount by which Unitholders' returns exceed the benchmark return up to a cap. The cap is set at 5% more than the benchmark return.

The performance fee and change in carry forward balance is calculated annually as at 31 March and the carry forward balance can be positive or negative. The carry forward is indefinite, and any performance fee paid must be used by the Manager to subscribe for new Units in the Trust, if requested by the Independent Directors, which has historically been the case.

5.4 Property Management and Development Fees

GPSNZ acts as the property manager for properties owned and co-owned by GMT with GMG. Property Management Fees are paid to GPSNZ as follows:

Property Management

Property management fees are paid to GPSNZ for day-to-day management of properties.

Leasing Fees

Leasing fees are paid to GPSNZ for executing leasing transactions.

Acquisitions and Disposals

Acquisition and disposal fees are paid to GPSNZ for executing sale and purchase agreements.

Minor Project Fees

Minor project fees are paid for services provided to manage capital expenditure projects for stabilised properties.

Development Management

Development management fees are paid for services provided to manage capital expenditure projects for developments.

Reimbursement of expenses for services provided

Certain services are provided by GPSNZ instead of using external providers, with these amounts reimbursed on a cost recovery basis.

Gross lease receipts

Rent is received by GMT for the office leased by GPSNZ at Highbrook Business Park.

5.5 Term of the Management Rights

Under the Trust Deed there is no defined term for GNZ's appointment as fund manager. The ability to remove the Manager from office by Unitholder resolution is a requirement of the Financial Markets Conduct Act 2013 (which has effectively subsumed Section 18 of the Unit Trusts Act 1960) and is a standard feature of unit trust structures. Unitholders have the right to direct that the Manager should cease to hold office by passing a resolution under Section 185 of the Financial Markets Conduct Act 2013.

In addition, the Trustee has the ability to remove the Manager and the Manager has the ability to resign in accordance with the provisions of the Trust Deed.

In the event of removal by way of a Section 185 resolution, the Manager is entitled to all fees accrued prior to the date of termination, a proportion of the Base Fee instalment accrued or payable for the month in which the date of termination or cessation occurs, and an amount equal to the performance fee that would be payable for the period between the expiry of the prior financial year and the date of termination calculated as if that period was a financial year and with any net balance (performance fee carry-forward balance) applied without restriction by threshold or cap.

5.6 Manager Financials

The tables below show the financial performance and financial position of GNZ and GPSNZ for the years ended 30 June 2022 and 30 June 2023.

In preparing the aggregated financial performance, we have adjusted to remove the management fee paid from GNZ to GPSNZ, which records the corresponding entry as management fee income. The related party management fee transactions were $14.0 million and $11.2 million in FY23 and FY22, respectively. We have also adjusted FY22 for performance fee expense of $12.6 million paid by GNZ to GPSNZ.

Table 9

GNZ AND GPSNZ AGGREGATED FINANCIAL PERFORMANCE

$	FY22	FY23
Fee income	51,181,057	35,083,785
Employee and administrative expenses	(38,525,493)	(30,471,564)
Net operating income	**12,655,564**	**4,612,221**
Interest income	119,259	545,698
Interest expense on lease liabilities	(153,503)	(129,754)
Net profit before tax	**12,621,320**	**5,028,165**
Income tax benefit / (expense)	(3,010,878)	916,789
Net profit after tax	**9,610,442**	**5,944,954**

Source: Companies Office Annual Reports

The aggregated financial performance above does not accurately reflect a normalised operating profit of the Manager going forward.

For example:

+ the FY22 results included a one-off discretionary $10.0 million payment made from GPSNZ to GMG for investment advice, which is included in administrative and other expenses. If we were to add this expense back, the net operating income would be $22.7 million in FY22.

+ In FY23, the Manager did not earn any performance fee. The accounting standard for long term incentive plans (**LTIP**) generally requires that long-term incentive plans be valued on their grant date and amortised/expensed over the period to the vesting date, and therefore an LTIP expense of $14.5 million was recorded in FY23. On a normalised basis, we consider that in a year where performance fees are not earned, management would not be paid a bonus. Adding back the FY23 LTIP expense would result in FY23 net operating income of $19.1 million. An alternative adjustment would be to add in a notional performance fee in FY23.

The average normalised net operating income from FY22 and FY23 of $20.9 million is more aligned with the normalised cost savings figures presented later in the report.

As discussed in Section 6, the Proposed Internalisation does not involve the acquisition of GNZ. We understand that the financial position of GPSNZ as at 30 June 2022 and 30 June 2023 does not represent the net assets which will be acquired and therefore have not included the GNZ and GPSNZ aggregated financial position.

6.0 Proposed Internalisation

6.1 Proposed Internalisation

The Proposed Internalisation involves the following elements:

+ the termination of GNZ's Management Rights;

+ the acquisition by GMT of the shares in GPSNZ;

+ the acquisition by GMT of any remaining directly owned New Zealand property interests from GMG;

+ net payments by the Trust totalling $290.0 million to GMG, comprising the termination of the Management Rights ($272.4 million), payment of the 2024 performance fee ($14.7 million), acquisition of the assets used in the GNZ and GPSNZ businesses and acquisition of the GMG's directly owned New Zealand Property Interests ($2.9 million); and

+ the entry into a co-operation and services agreement between GMT and GMG to provide various services.

The Proposed Internalisation is only conditional upon Unitholder approval and bank financier consents; all other approvals have been obtained.

The financial and other impacts of the Proposed Internalisation are considered in more detail in Section 8 of this report.

6.2 Alternatives to Internalisation

In the Proposed Internalisation, the current management team will remain in place and GPSNZ will operate on a breakeven basis, rather than the Trust paying fees to externally owned management companies. In essence, the profits currently earned by GNZ and GPSNZ would be retained by the Trust.

Before considering the value of this change, and therefore the fairness of the proposed termination payment, it is important to consider what alternatives exist for the parties involved. If the Proposed Internalisation does not proceed, there are the following alternative outcomes for GMT:

Maintenance of Status Quo

If the Proposed Internalisation did not proceed, then the status quo could prevail. In this situation GNZ and GPSNZ would continue to manage the Trust under the existing Trust Deed. The Trust would continue to operate under this external management structure and the benefits of the Proposed Internalisation would be foregone. The Proposed Internalisation may be a one-time opportunity and GMG may decide to retain the Management Rights indefinitely.

Sale of Management Rights to Unknown Third Party

If the Proposed Internalisation did not proceed, GNZ (and consequently the Management Rights) and GPSNZ could be sold by GMG to a third party. If this were the case, the drawbacks associated with external management would remain, including higher costs and lack of control over the Trust's direction. If employees of GPSNZ did not continue in employment following that sale there could be a loss of continuity of knowledge. Unitholders would not have any control over who the rights were sold to and would face uncertainty regarding the future performance of the manager.

Under this scenario, it would be highly unlikely that GMT would have the opportunity to reconsider internalisation for the foreseeable future at a value close to the Proposed Internalisation payment, as the new manager would have a strong financial incentive to recover the full value paid for the Management Rights.

Removal of the Manager

As discussed in Section 5.5, there are certain mechanisms in place by which the Manager could be removed.

Unitholders voting to remove the Manager
Under Section 185 of the Financial Markets Conduct Act 2013, a meeting of Unitholders could be called to propose a vote to remove the Manager. If 75% of the votes were in favour of a resolution to remove the Manager, the Manager would be required to immediately desist from all Trust activities and appoint a temporary manager. Unitholders would not have to establish a cause, such as poor performance by the Manager, as a pre-condition to voting to remove the Manager.

In GNZ's case this is exceedingly unlikely.

Such a vote would be unusual and controversial. We are not aware of any material investor concerns regarding the performance of the Manager, or Unitholder pressure to remove GNZ.

More critically, GNZ is highly entrenched due to Goodman Investment Holdings (NZ) Limited and GIT holding 19.8% and 5.4% of the Units, respectively, for a total of 25.2% of the Units. As such, GMG has a blocking stake preventing any such proposal from being passed with the necessary 75% majority. GMG is entitled to vote on removal of the Manager under Section 185 of the Financial Markets Conduct Act 2013.

A removal of the Manager under Section 185 would be disruptive for the Trust. There would be a material risk that existing staff, knowledge, systems, and relationships would be lost. It would be a large task for a temporary manager to pick up the day-to-day activities in a short time frame, including setting up systems, hiring staff, and preparing reports and obtaining a licence from the Financial Markets Authority.

Removing the Manager would also involve considerable expense. The Trust would be required to pay termination fees (if there was a performance fee carry forward at the time of termination, which would be paid without any cap). There would also be costs associated with appointing a temporary manager, costs in relation to the business disruption, and legal fees.

Another aspect to consider is whether GPSNZ would continue as the property manager under existing property management agreements (other than if GPSNZ is in material breach of the agreements). A removal of the Manager would not necessarily trigger any right to terminate property management agreements.

Trustee or High Court removes the Manager
In addition, the Trustee and High Court have the ability to remove the Manager.

In either case, the Trustee or High Court must have cause to do so (e.g. breach of duties by GNZ or failure to carry out responsibilities). Most of the observations regarding a Unitholder vote to remove the Manager also apply here: it would be rare, controversial, disruptive, involve significant expense, and potentially still leave GPSNZ in place as property manager.

Unitholder pressure over time to reduce fees

Over time the Unitholders could put pressure on the Manager to reduce the fees charged to the Trust. There was a wave of such fee reductions in the Australasian LPV sector many years ago, and given GMT's scale, fee structure, and the profitability of the Manager, Unitholders might consider it appropriate to push for a lower fee structure.

With GMG already having a blocking stake preventing removal of the Manager, Unitholders might not have significant negotiating leverage in this regard. However, the fees are periodically reviewed by the Independent Directors, and if there were wide-spread fee reductions across the sector it is likely that the Independent Directors would follow suit.

7.0 Value of the Management Rights

7.1 Introduction and Methodology

The appropriate valuation methodology for an asset is determined by a number of factors, including the nature of the asset and the expectations regarding future performance. The two primary approaches usually adopted in the valuation of larger assets and companies are summarised below:

+ Market Approach: This method determines value by applying a valuation multiple to an assessed level of maintainable earnings (or cash flows), where the multiple is chosen to reflect the risk associated with the future performance of the asset. Depending on the nature of the business, multiples can be applied to earnings measured at various levels often including revenue, EBITDA, EBIT or NPAT.

+ Income Approach: A discounted cash flow (**DCF**) approach is based on an explicit forecast of the cash flows that will be generated over a specified forecast period. The value of cash flows that may occur after the end of the explicit forecast period is incorporated into the valuation process by capitalising an estimate of maintainable cash flows for the terminal period. A DCF model is therefore usually made up of two components:

    i. The present value of the projected cash flows during the forecast period; and

    ii. The present value of all other cash flows projected to occur after the explicit forecast period. This component is commonly referred to as the terminal value.

Deloitte has considered the value of the Management Rights from two perspectives:

1. The fair market value of the Management Rights, being the likely price achievable by GMG in an arms-length sale to a third party (or in an internalisation); and

2. The value of the Management Rights to the Trust (i.e. the value of the Proposed Internalisation to the Trust).

Fair Market Value of the Management Rights

To estimate the fair market value of the Management Rights, which incorporates the risk factors outlined in Section 6.2, we primarily relied on the market approach, using multiples informed by other comparable transactions. These transaction multiples implicitly capture, to varying degrees, risks such as:

+ Unitholders or the Trustee voting to remove the Manager;

+ a takeover of the Trust or its underlying assets; and

+ Unitholder pressure to reduce fees over time.

Individually, these risks might be judged to be remote, and they can be mitigated by good performance on the part of the Manager, as reflected in the LPV's operating and security trading performance.

Nevertheless these risks remain present, and collectively they have an impact on the value of LPV management rights. These risks are appreciated not just by the owners but also the potential acquirers of LPV management rights. This in large measure explains why the observed trading values of LPV management rights (whether in internalisations or sales to third party buyers) are at material discounts to the theoretical value of internalisation to the LPV itself. For the LPV, the alternative to internalisation is perpetually paying management fees to some external party. However, for the incumbent manager (or any potential third party buyer) there is usually uncertainty of tenure.

In some instances the manager's risk is mitigated by actually having a specified term in the management agreement, and/or by owning a holding in the underlying LPV's securities sufficient to block any special resolution to remove the manager. Managers with these features are said to be "entrenched". High levels of entrenchment generally reduce the discount that would otherwise apply to the value of that manager's rights, notwithstanding that entrenchment will not necessarily transfer to an acquirer of LPV management rights. Conversely, if investors are dissatisfied with a manager's performance and call for a vote to remove the manager, or if there is the prospect of a takeover of the LPV, then the value of the management rights will be more heavily discounted.

As discussed above, GMG's 25.2% holding in the Trust provides a very high level of entrenchment for GNZ, and GPSNZ's property manager role is highly likely to be renewed if GNZ remains Manager, except if it is in material breach of property management agreements.

Furthermore, we are not aware of any material investor concerns with the Manager's performance or any takeover proposal for the Trust or its underlying assets. Collectively, these factors act to reduce the discount that would otherwise apply to the value of the Management Rights. Nevertheless, as shown in the following sections, the value of the Proposed Internalisation to the Trust (in terms of the present value of future cost savings) is still materially greater than the fair market value of the Management Rights.

Value of the Management Rights to the Trust

We used the DCF approach in estimating the value of the Management Rights to the Trust. In estimating the cost savings from the Proposed Internalisation we have assumed that the alternative to internalisation is a continuation in perpetuity of the current management fee arrangements.

This value is typically only available to the Trust because it does not incorporate additional risk factors that are faced by owners of management rights discussed above. Therefore the resulting DCF value may overstate the value of Internalisation to the Trust, because it does not factor in the potential (under the alternative of no internalisation) for reductions in things like fund management fee rates over time to partially offset the growth in the Trust's FUM and the Manager's profitability.

7.2 Fair Market Value of Management Rights

We have assessed the fair market value of the Management Rights using a market approach with reference to multiples derived from comparable transactions.

Selection of Multiples

The market approach requires selecting the appropriate type of multiple to use for calculating fair value. In this case, we considered multiples of enterprise value (**EV**) / FUM, EV / Revenue, and EV / EBIT.

Multiples of FUM are often used in this type of analysis because the data is widely available from public disclosures of prior internalisations and other transactions. EV / FUM multiples also have the advantage that they can be calculated without reference to the manager's financial performance and applied easily to any size fund. The major weakness with EV / FUM multiples is that they do not take differing fee structures, economies of scale, and profitability into account. Therefore, whilst we have considered them, we have not ultimately relied on EV / FUM multiples in our valuation.

Revenue multiples are also generally available and do capture differences in fee structures, and thus we find them more valuable than multiples of FUM. However, EV / Revenue multiples also do not capture differences in economies of scale and profitability.

EBIT multiples capture differences in fee structures, economies of scale, and profitability. They should provide the best measure of value, considering that it is an earnings stream that is ultimately being purchased. Unfortunately, EBIT multiples are not as readily available, as often EBIT figures are not publicly disclosed in transaction data from prior internalisations. We also note that both revenue and EBIT multiples can be distorted by performance fee payments falling in the year of the transaction. EBIT multiples can further be distorted by the timing of LTIP payments.

Given the trade-off between availability and applicability, we have elected to use both revenue and EBIT multiples in assessing the fair market value of the Management Rights.

Transaction Data

The tables below summarise selected New Zealand and Australian transactions which relate to property management contract internalisations and sales. We note that the specifics of the management contracts in each of the transactions differ considerably, and therefore the valuation metrics below may not be perfectly comparable.

Table 10

NEW ZEALAND COMPARABLE TRANSACTIONS

DATE	ENTITY	SALE PRICE (NZ$m)	FUM (NZ$m)	PRICE / REVENUE	PRICE / EBIT	PRICE / FUM
Mar-24	Goodman (NZ) Limited	272.4	4,637.6	5.6x	12.7x	*5.9%*
Mar-21	AMP Haumi	215.0	3,500.0	7.1x	14.7x	*6.1%*
Jun-20	Augusta Capital	82.0	1,800.0	8.6x	12.2x	*4.6%*
Apr-17	PFIM Limited	42.0	1,100.0	5.8x	9.3x	*3.9%*
Dec-13	Kiwi Income Properties	72.5	2,188.0	2.8x	6.3x	*3.3%*
Feb-12	Augusta Funds Management	2.0	100.0	2.4x	10.5x	*2.0%*
Jan-12	Property for Industry	10.5	359.0	5.6x	N/A	*2.9%*
Oct-11	Vital Healthcare	11.5	533.0	2.8x	N/A	*2.2%*
Aug-11	Argosy Property Management Limited	20.0	935.0	2.5x	5.3x	*2.1%*
Apr-11	Vital Healthcare (Proposal)	14.0	533.0	3.4x	N/A	*2.6%*
Oct-10	National Property Trust	2.5	187.0	1.7x	N/A	*1.3%*
Jul-10	DNZ	35.0	730.0	3.5x	7.1x	*4.8%*
Mean (excl. GMT)				4.2x	9.3x	*3.3%*
Median (excl. GMT)				3.4x	9.3x	*2.9%*

Source: publicly available reports

Table 11

AUSTRALIA COMPARABLE TRANSACTIONS

DATE	ENTITY	SALE PRICE (AUD$m)	AUM (AUD$m)	PRICE / REVENUE	PRICE / EBIT	PRICE / FUM
Apr-23	Challenger Real Estate Platform	37.7	3,400.0	2.3x	N/A	*1.1%*
Aug-22	Fortis Funds Management	57.5	1,900.0	6.1x	N/A	*3.0%*
Jan-22	PMG Funds	44.0	920.0	2.5x	N/A	*4.8%*
May-21	APN Property Group Limited	136.6	2,900.0	7.3x	N/A	*4.7%*
Apr-21	Primewest Group Limited	417.2	5,000.0	13.0x	15.2x	*8.3%*
Oct-20	Investec Australia Property Fund	40.0	1,385.0	3.8x	9.1x	*2.9%*
Jun-20	GoFARM Asset Management	10.0	283.0	11.1x	N/A	*3.5%*
Sep-19	Garda Capital Group	31.0	404.0	5.2x	9.1x	*7.7%*
May-19	Heathley Limited	39.0	620.0	N/A	12.1x	*6.3%*
Aug-18	Aventus Capital Limited	143.0	2,000.0	5.1x	8.6x	*7.2%*
Aug-18	Folkestone	56.0	1,609.0	3.5x	7.7x	*3.5%*
Jan-17	Centuria Capital Group	92.0	1,395.0	8.6x	10.0x	*6.6%*
Mar-16	Investa Office Management Platform	90.0	8,500.0	1.5x	9.4x	*1.1%*
Dec-14	Arena	11.0	384.0	3.2x	10.0x	*2.9%*
Mar-14	CFS Retail Property Trust (CFX)	460.0	13,900.0	2.9x	9.5x	*3.3%*
Mean				5.4x	10.1x	*4.5%*
Median				4.5x	9.5x	*3.5%*

Source: publicly available reports

The New Zealand transactions are summarised below.

AMP Haumi
Precinct Properties owns, develops, and manages commercial assets in New Zealand's city centres. In March 2021, the Independent Directors of Precinct Properties announced the termination of the Management Services Agreement with AMP Haumi Management Limited, leading to the internalisation of Precinct's management. Key terms of the transaction involve a gross payment of $215 million from Precinct to AMP Haumi Management Limited. At the time, Precinct Properties held assets under management at approximately $3.3 billion.

Centuria Capital Group
Centuria Capital Group, specializing in real estate funds and investment bonds, is an investment manager. In June 2020, they successfully completed a takeover offer, securing the remaining shares of Augusta Capital Limited and obtaining a total 90.8% stake for $73.8 million. This strategic move increased its market capitalization, surpassing AU$1.0 billion and enhanced its potential for inclusion on the ASX. At the time, Augusta Capital Limited held assets under management valued at $1.9 billion.

Property For Industry
Property For Industry is a listed property vehicle with a focus on the industrial sector. In April 2017, PFI's unitholders accepted the move to internalise their management contract from the entity subcontracted by PFIM, McDougall Reidy & C. The net cost of taking over the contract was $30.3 million, subject to a binding rule from the Inland Revenue on its tax deductibility. At the time, the group had a portfolio valued at $1.1 billion.

Kiwi Income Properties
Kiwi Property Group (a listed property vehicle with a focus on Office/Retail) moved to internalise the management of Kiwi Property Management (NZ) Limited for a net payment of $72.5 million. Management responsibilities transitioned to a new manager under the control of unitholders, operating on a break-even basis. At the time, the Management Limited held a portfolio of diversified assets valued at $2.1 billion.

Augusta Funds Management Limited
Kermadec Property Fund Limited is a diversified property fund having approximately $99 million of commercial and industrial property assets under management at the time of internalisation. Its unitholders approved an agreement to terminate the Kermadec Management Agreement with Augusta Funds Management Limited and to acquire Augusta's on-going funds management business. The consideration paid comprised a $2.0 million payment for termination of the management agreement, and a $3.0 million base payment for Augusta's funds management business plus an earn-out of up to $2.0 million calculated at 50% of the offeror's fees earned on any new managed fund (including new property syndicates) offered by Kermadec following acquisition of the funds management business.

Vital Healthcare
Vital Healthcare invests in high-quality health and medical-related properties in New Zealand and Australia. In October 2011 North West Partners Inc purchased the management rights of Vital Healthcare from a wholly owned subsidiary of OnePath (NZ) Limited for $11.5 million. At the time, the trust had assets under management valued at approximately $300 million.

Argosy (NZ) Limited
Argosy Property Trust's unitholders approved internalisation of the trust's management in August 2011. The effect of internalisation was to completely separate the trust from ANZ National Bank and from OnePath. OnePath was paid $20.0 million to terminate its rights to manage the trust, with the management duties being internalised. At the time, that trust had assets management valued at approximately $935 million.

National Property Trust
As part of a significant restructure of National Property Trust that converted it into a limited liability company, the trust's manager (National Property Trust Limited) ceased to hold office. It was paid $2.5 million to relinquish its management contract and related assets, with the management duties being internalised. At the time, that trust held a portfolio of diversified commercial properties valued at $187 million.

DNZ Property Fund

As part of restructuring arrangements leading to DNZ Property Fund obtaining a stock exchange listing, the fund internalised its management function through acquiring the existing management contracts from DNZ Management for $35 million. Of this amount, $10 million was reinvested back into the fund by persons associated with DNZ Management. The fund holds a diversified portfolio of commercial office, retail and industrial properties throughout New Zealand valued at $730 million.

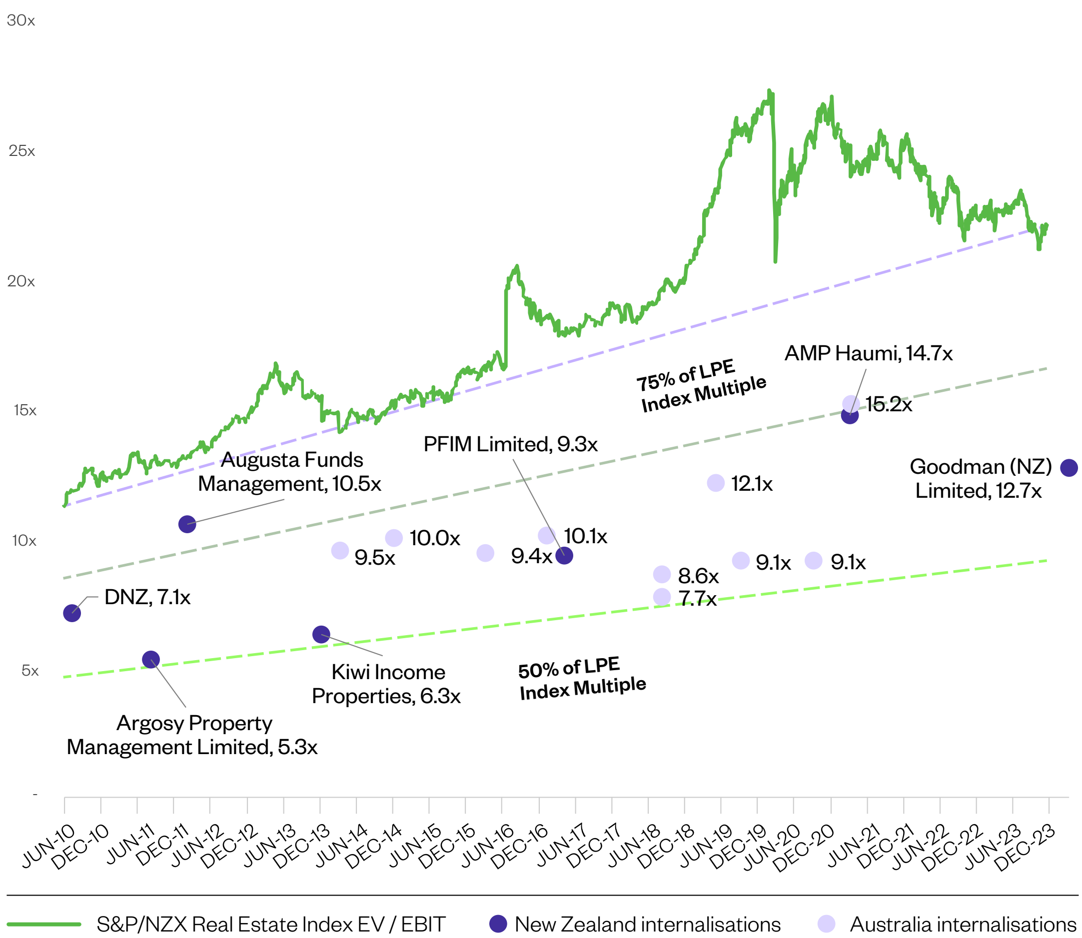
Assessed Multiple Ranges

We consider the more recent New Zealand internalisations (by Precinct Properties, Property for Industry Limited, and Kiwi Income Property Trust) to be the most comparable to the GMT Proposed Internalisation given their recency, geography (size of addressable market) and size (FUM and market capitalisation).

The real estate market conditions and trading multiples of LPTs at the time of each internalisation should be considered in the selection of appropriate EV / Revenue and EV / EBIT multiples. The following graph displays the historical internalisation transaction multiples of New Zealand and Australian Internalisations (and the GMT Proposed Internalisation) relative to LPT trading multiples at the time of internalisation.

Figure 3

HISTORICAL INTERNALISATION TRANSACTION MULTIPLES RELATIVE TO TRADING MULTIPLES



The above chart shows that implied transaction multiples observed in historical internalisations tend to be between 50% and 75% of index trading multiples at the time of internalisation.

In determining appropriate EV / Revenue and EV / EBIT multiple ranges from this transaction data, we have:

+ focussed heavily on the transactions most similar to the GMT Management Rights for the reasons discussed above, being Precinct Properties, Property for Industry Limited, and Kiwi Income Property Trust;

+ taken into account the differing economic, property market and share market conditions in New Zealand since these transactions occurred. Our multiple selection is based on consideration of observed multiple expansion/contraction in the sector and consideration of GMT's own current trailing and forward multiples. This is similar to the analysis in the chart above, but considers individual LPV trading multiples rather than just the aggregate/index; and

+ taken into account the differing circumstances around the transactions (e.g. the level of entrenchment of the manager; whether there was any pressure to remove the manager; relative manager profitability, etc.).

Taking these factors into account, we have adopted the following multiple ranges to assess the fair market value of the Management Rights:

+ EV / Revenue: 5.5x to 6.5x

+ EV / EBIT: 12.0x to 14.0x

Normalised Revenue and EBIT

Management have estimated normalised fees saved (revenue) of $49.6 million and net operating savings (cost savings) of $22.0 million, as shown in table below.

Table 12
NORMALISED COST SAVINGS

$m	FY24 PRO-FORMA
Management fees	19.0
Property management fees	5.0
Leasing fees	2.8
Acquisition fees / disposal fees	1.0
Minor project fees	0.9
Development management fees	6.5
Fund recoveries	2.1
Administrative expenses	3.4
Performance fees	9.0
Total fees saved (Revenue)	**49.6**
Total costs incurred	**27.6**
Operating savings (EBIT)	**22.0**

Source: Management estimate

These revenue and cost savings figures have been calculated on a similar basis to the forecasts discussed in Section 7.3.

The revenue figure is relatively straightforward, and we are comfortable with the level of performance fee savings management has assumed. Whilst we have taken a different approach in our own calculation, the performance fee savings is the same as we would calculate under the method we have used in our DCF analysis.

As mentioned above, EBIT / cost savings multiples can be distorted by how things like performance fees or LTIP payments fall in the year of the transaction. In this case, under the terms of the transaction GMG will assume all existing LTIP liabilities (with an economic value of $41.4 million as at 30 September 2023), resulting in no LTIPs being paid by GMT for the first three years following internalisation, making cost savings more complicated to normalise.

We have therefore considered the performance fee and LTIP payments in various ways to gain comfort with the figures above:

+ Current basis – the $9.0 million performance fee is the same size as the performance fee we would calculate under the method we have used in our DCF analysis. The LTIP expense is greater than the accounting expense GMT would recognise in Year 1 if they were to grant a new LTIP of the size they forecast. This results in a net cost savings of $21.6 million, which is similar to the $22.0 million modelled by management.

+ Normalised basis using simple averaging – we have substituted in a 'normalised' performance fee and LTIP payment based on the 10-year averages from our DCF analysis. This results in a net cost savings of $21.1 million, which is also similar to the $22.0 million modelled by management.

+ Net present value basis – we have removed the performance fee and LTIP payments from the cost savings calculation, resulting in a net cost savings figure of $17.1 million. We have then applied our assessed 12.0x to 14.0x multiple range to this lower notional cost savings figure and added the net present value of the difference between the performance fee and LTIP payment from our DCF to calculate a valuation range. This valuation range is slightly higher than the valuation range we calculate below by applying our assessed 12.0x to 14.0x multiple range to management's $22.0 million net cost savings figure.

On balance, each of these alternative approaches helps us gain comfort in adopting the $22.0 million figure as a 'normalised' costs savings figure.

Conclusion

We have assessed the fair market value of the Management Rights to be in the range of $268 million to $315 million, as shown in the table below.

Table 13
FAIR MARKET VALUE – CAPITALISATION OF EARNINGS

	MULTIPLES		PRO FORMA	VALUATION	
$m	LOW	HIGH	FINANCIALS	LOW	HIGH
Capitalisation of Revenue (Total fees saved)	5.5x	6.5x	49.6	272.7	322.3
Capitalisation of Earnings (Operating savings)	12.0x	14.0x	22.0	263.7	307.6
Assessed value range				**268.2**	**315.0**

Source: Deloitte analysis

Our valuation range equates to 5.8% to 6.8% of FUM. This is higher than the mean for New Zealand internalisations, but in line with the implied multiple of FUM in the Precinct transaction, reflecting the larger size and scale of GMT and Precinct relative to the other New Zealand internalisations. It also reflects the multiple expansion in the sector over time as many of the other internalisations are quite dated.

7.3 Value of Internalisation to the Trust

We have assessed the value of the Proposed Internalisation to GMT using a DCF, based on medium term projections from FY25 informed by discussions with the Manager.

The value to the Trust from the Proposed Internalisation essentially relates to the forecast level of profitability of GNZ and GPSNZ that is retained by the Trust with internalisation. The trend in forecast profits is primarily driven by the rate of growth in FUM. We summarise below the key assumptions in the forecasts and any adjustments made.

Funds Under Management

The forecast base fund management, property management and development fees saved due to internalisation have been based on the fund model prepared by the Manager. The model assumes an opening FUM of $4.5 billion at 31 March 2024, which represents a downward revaluation across the property portfolio. FUM is forecast to grow significantly by the end of FY32.

For internal purposes, from FY25 forward, the Manager does not model any property revaluations. We have adjusted their forecast model to assume nominal property price inflation of 3.2% from FY25 onwards, based on long-term capital growth reported by the MSCI New Zealand Property Index.

Base Management Fees

The forecast base fund management, property management and development fees saved due to internalisation have been based on the strategic plan prepared by the Manager, adjusted for revaluations as noted above.

Performance Fees

While it is our view that future performance fee payments should be incorporated into the discounted cash flow analysis, we also recognise that, consistent with historical performance, there will likely be many years in which no performance fee will be payable. However, when large outperformance occurs, the performance fee can be significant.

As discussed in Section 5.3, performance fees are calculated as 10% of outperformance above the S&P/NZX gross property index excluding GMT, capped at 5% of annual outperformance. Both outperformance and underperformance are carried forward in perpetuity.

Estimating the amount and timing of performance fees is difficult because Unitholder returns tend to mirror broader market trends and cycles and as such are not evenly spread from year to year, and there is uncertainty around GMT's share price performance (and index movement) over the forecast period. Because it is not possible to generate reliable forecasts for future share price movements, we have considered the history of past performance fee payments to help inform what the future might look like and adjusted the forecast prepared by the Manager.

We note the following:

+ GMT's performance fees have fluctuated over the last 10 years, with more performance bonuses paid in more recent years following GMT's transition to a solely Auckland industrial focussed portfolio.
+ The average annual GMT performance bonus paid as a percentage of the maximum allowable performance bonus (i.e. the average annual bonus percentage paid per year) in the last 10 years was 49%. This increased to 60% over the last 8 years and 70% in the last 7 years.
+ The total actual GMT performance bonus paid as a percentage of the maximum allowable performance bonus (i.e. total bonus percentage paid across all years) in the last 10 years was 55%. This increased to 58% over the last 8 years and 72% in the last 7 years.

In our DCF, we have applied a percentage of the maximum allowable forecast performance bonus to reflect our adjusted expectation of future performance fees. We have assumed 60% in our base case valuation, and then ranged this percentage from 50% – 70% in sensitivity tables, reflecting the above factors.

We note that:

+ GMT is likely to pay above average performance fees in the near term because as at 20 February 2024, $42.7 million of outperformance (after payment of $14.7 million as part of the Proposed Internalisation) would be carried forward due to historical outperformance and outperformance in FY24 to date; and

+ industrial properties are generally expected to outperform those in other sectors. Given the manner in which the performance fee is calculated (performance relative to the S&P/NZX gross property index) it is likely that GNZ will earn additional performance fees in the near to mid-term, which will either be paid out or accrued, depending on absolute performance.

These serve to make our DCF analysis potentially conservative given the impact of discounting, as near to mid-term cash flows are worth more than long term cash flows on a present value basis.

Management Costs

In order to determine the profitability of the Management Rights, it is necessary to determine the cost of managing GMT on a standalone basis. As a result of the Proposed Internalisation, the forecast management, staff, occupancy, IT and other expenses will effectively be incurred by GMT post internalisation.

We have been provided with forecasts for the costs associated with the internalised management of GMT. These are derived using the current costs incurred by GPSNZ and GNZ, with adjustments made where relevant to reflect any changes resulting from internalisation. We have reviewed these cost estimates in detail and consider them to be reasonable. Relying primarily on this forecast, we have adopted costs of $24.1 million for FY25, with assumed cost inflation of 3.0% per annum thereafter (reflecting the medium-term wage inflation outlook and our estimate of long-run inflation for both industrial property and wage costs).

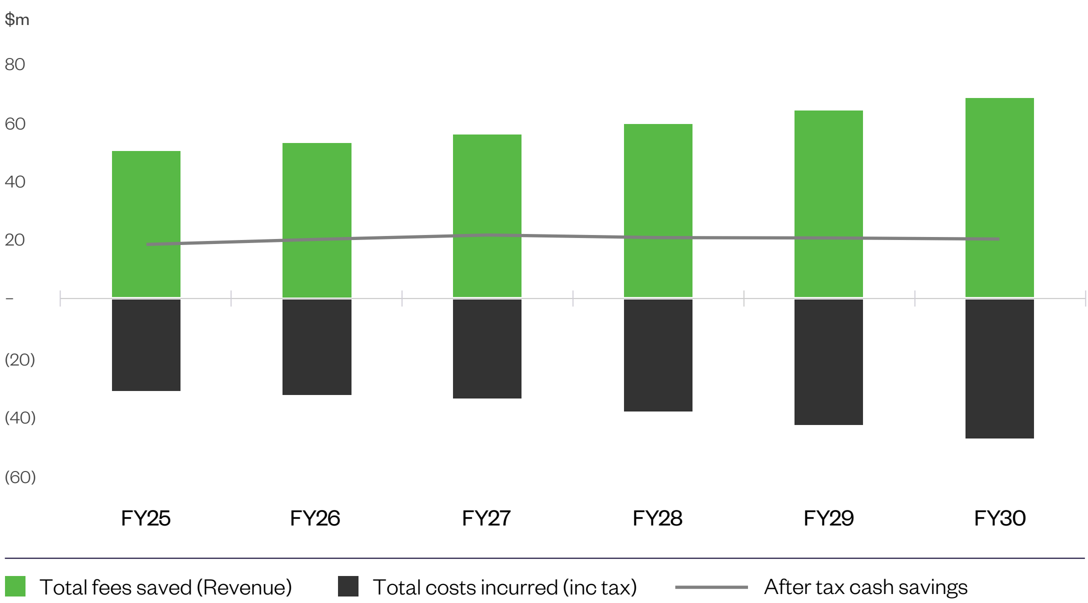
Implementation Costs

Non-recurring expenses (including Deloitte's fee, share registry expenses, legal fees, accounting and tax advice fees, financial adviser fees, other professional consulting fees, printing costs and postage costs) related to evaluating and putting forward the Proposed Internalisation to Unitholders are estimated to amount to an aggregate of approximately $7.4 million, assuming the Proposed Internalisation proceeds. Of these costs, approximately $3.2 million are considered sunk costs that will have been incurred regardless of whether or not the Proposed Internalisation proceeds. We have subtracted any 'non sunk costs' from our assessed valuation range.

Forecasts

Based on the assumptions discussed above, the forecast cost savings to the Trust from the Proposed Internalisation are shown in the following chart:

Figure 4
PROPOSED INTERNALISATION FORECAST SUMMARY



Source: Management

Beyond the forecast period shown, before calculating the terminal value, we have assumed that FUM grows at 3.2% per annum, and expenses grow at 3.0% per annum.

Discount rate

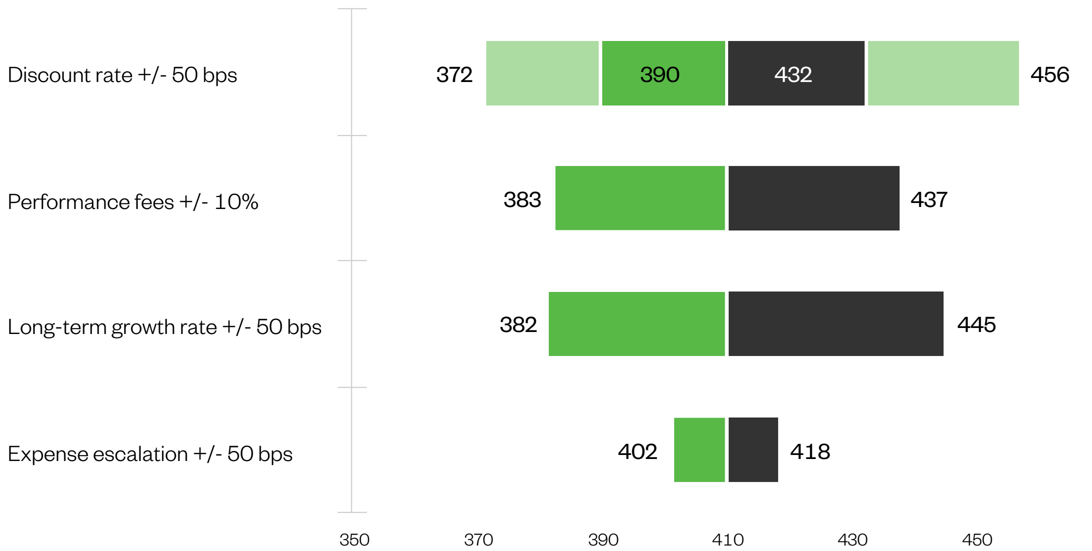
For the purpose of this DCF analysis of the value of Proposed Internalisation to the Trust, we have adopted a weighted average cost of capital (**WACC**) range of 8.0% – 8.5%. In estimating this WACC range we have used a number of approaches, including the Capital Asset Pricing Model (**CAPM**). Ultimately, however, the estimation of WACC is a matter of professional judgement.

DCF Valuation

Based on the forecasts above, and our discount rate range of 8.0% to 8.5%, we estimate the value of Proposed Internalisation to the Trust is in the range of $390 million to $432 million.

We have included the sensitivity chart below to show the impact of changing various valuation assumptions.

Figure 5
SENSITIVITY ANALYSIS



Source: Deloitte analysis

7.4 Valuation Conclusions

In Deloitte's opinion:

+ the fair market value of the Management Rights, taking into account the risks to any external owner of those rights, is in the range of $268 million to $315 million; and
+ the value of the Proposed Internalisation to the Trust, being the discounted present value of forecast future cash flow savings into perpetuity, is in the range of $390 million to $432 million.

The proposed payment for terminating the Management Rights is $272.4 million.

The termination payment is expected to be tax deductible to the Trust, resulting in an expected tax deduction of $73.1 million. When the expected benefit of the tax deductibility is considered, the net purchase price of the Management Rights is $199.3 million.

The before-tax payment is within our assessed range for the fair market value of the Management Rights. The termination payment (on both a before and an after-tax basis) is also materially lower than Deloitte's assessment of the value of the Proposed Internalisation to the Trust.

8.0 Other Internalisation Considerations

8.1 Financial

The financial benefits of the Proposed Internalisation lie in reductions in the Trust's future costs of management, the associated increase in operating cash flow and earnings per Unit (i.e. earnings accretion), and a potential improvement in the trading price of Units as a result of the increase in earnings and the removal of a possible impediment to a takeover of the Trust.

Potential negative financial impacts include a reduction in net tangible assets on a per Unit basis.

Earnings Accretion

In Section 7.3 we assessed the value of the Proposed Internalisation to the Trust to be in the vicinity of $390 million to $432 million, compared to the payment required to achieve this value of $199.3 million (net of the expected tax benefit). In other words, internalisation has a net present value benefit of approximately $191 million to $233 million.

This net benefit is evidenced via an increase in the operating cash flows and earnings of the Trust over time, which should in turn result in higher Unit prices and market capitalisation than would otherwise be the case if the Proposed Internalisation did not proceed.

Under the current arrangements GMT capitalises certain management fees, leasing fees, and development fees paid to GNZ and GPSNZ ($18.2 million on an FY24 pro-forma basis). After internalisation, GMT would still capitalise certain expenses, but far less than pre-internalisation ($4.8 million on an FY24 pro-forma basis). As these fees would no longer be capitalised in the event of internalisation, the incremental impact from the Proposed Internalisation on 'operating earnings' is smaller than the impact on 'cash operating earnings' or 'Adjusted funds from operations (**AFFO**) earnings'.

The table below reconciles 'FY24 Manager cost savings' to the 'FY24 Operating Earnings'. Some of the figures are different in this table from those in Table 12 of the report because this table references actual FY24 cost savings while Table 12 utilises normalised/run-rate figures (for example, development management fees of $12.0 million below vs $6.5 million in Table 12).

Table 14

PRO-FORMA FY24 RECONCILIATION OF MANAGER COST SAVINGS TO GMT OPERATING EARNINGS

$m	COST SAVINGS	CAPITALISED / NON-CASH	CUSTOMER PAID	OPERATING EARNINGS
Manager's base fee	19.5	(2.0)	–	17.6
Property management fees	4.5	–	(3.7)	0.8
Leasing fees	2.8	(2.8)	–	–
Acquisition / disposal fees	–	–	–	–
Minor project fees	0.9	(0.9)	–	–
Development management fees	12.0	(12.0)	–	–
Fund recoveries	2.1	(0.5)	(1.0)	0.5
Administration expenses	3.4	–	–	3.4
Total fees saved	**45.2**	**(18.2)**	**(4.7)**	**22.3**
Total costs incurred	**23.1**	**(4.8)**	**(4.7)**	**13.6**
Perf. based payments (non-cash)	**4.9**	**(4.9)**		
Total fee savings (incl. performance fee)	54.2	(27.2)	(4.7)	22.3
Total internalised cost (incl. LTIPs)	27.2	(8.9)	(4.7)	13.6
Internalisation savings	**27.0**	**(18.3)**	**–**	**8.7**

Source: Management

The impact of Proposed Internalisation on various financial metrics in FY24 is shown in the table below, where for illustrative purposes we compare the Trust's financial performance with the pro forma outcome assuming the Proposed Internalisation occurred at the beginning of that financial year. We have assumed that the net $199.3 million termination payment is fully tax deductible and new Units are issued at $2.14, being the 5-day VWAP ending on 20 February 2024. We have assumed that the benefit of the tax deduction is immediate and results in all of the tax saving being on settlement, reducing GMT's debt levels (reflected in the reduced interest cost in the table below presented in the 'Tax deduction' column).

Table 15

GMT PROPOSED INTERNALISATION FINANCIAL IMPACT

$m	FY24 FORECAST	INTERNALISATION	TAX DEDUCTION	PRO FORMA FY24
Operating earnings before tax	**135.2**	**8.7**	**4.6**	**148.5**
Tax expense	(17.0)	(2.6)	(1.3)	(20.9)
Operating earnings	**118.1**	**6.1**	**3.3**	**127.6**
Capitalised borrowing costs – land	(5.0)	–	–	(5.0)
Maintenance capex	(4.2)	–	–	(4.2)
Capitalised management fees – land	(0.4)	0.4	–	–
Straightlining	(4.6)	–	–	(4.6)
Cash earnings	**103.9**	**6.6**	**3.3**	**113.8**
Adj – cap borr/mgmt land	5.4	(0.4)	–	5.0
Adj – amort of incentives / costs	11.2	(0.4)	–	10.7
Adj – incentives / costs paid	(23.4)	2.8	–	(20.6)
AFFO earnings	**97.1**	**8.5**	**3.3**	**109.0**
Units on issue [1]	*1,410.1*	*128.6*	–	*1,538.8*
Operating earnings per unit	*8.4*			*8.3*
Cash operating earning per unit	*7.4*			*7.4*
AFFO earnings per unit	*6.9*			*7.1*
Operating earnings per unit accretion				*- 1.0%*
Cash operating earning per unit accretion				*0.4%*
AFFO earnings per unit				*2.8%*

1 The pro forma FY24 operating earnings, cash earnings, and AFFO earnings per unit would be higher if the increased units on issue under internalisation are adjusted downward for the performance fee that would not be payable if internalised.

Source: Management

GMT's distributions are set based on cash operating earnings (GMT has a target of 80% - 90% of cash operating earnings for setting distributions). Analysts and investors generally focus on distributions, AFFO earnings and cash flows. As shown in the table above, normalised pro forma FY24 post-tax cash operating earnings per Unit are broadly flat. AFFO earnings per Unit increase by 2.8%. For completeness, we note that the increases on a per unit basis would be higher (more beneficial) if we backed out the units issued for the performance fee that would not have been payable if the internalisation had happened prior to FY24.

The intention is that the Trust will ultimately settle the termination payment in cash to be used by GIT to subscribe for GMT Units. At the current marginal cost of debt, the issuance of new Units is preferrable to funding the Proposed Internalisation with debt given the impact on earnings. Cash operating earnings per unit would decrease by 2.0% and AFFO per unit would decrease by 0.2% if the Proposed Internalisation were debt funded.

Impact on Gearing

As mentioned above, looking through various flows of funds, the intention is for the termination payment to be funded entirely by equity. All else equal, the Trust's future gearing (debt as a percentage of FUM) will decrease by $74.1 million due to the tax benefit received through lower FY24 and future tax payments (reflected in the decreased interest cost in the table above).

This is positive in our view, given the current higher interest rate environment and because any increase in gearing might in the short-term restrict the Trust's ability to take advantage of property acquisition or development opportunities.

Impact on NTA

The Proposed Internalisation would result in the Trust's total NTA initially declining by $0.13 per Unit, given the impact of dilution.

Investors and market commentators often use NTA as a proxy for value in the context of LPVs, as NTA is based on the periodic valuations of LPVs' underlying asset portfolios by professional property valuers. It is also true that the LPVs' shares or units typically trade at levels close to NTA. However, in Deloitte's view, these trading prices are ultimately driven by earnings, and the rates at which investors capitalise those earnings. It follows that we do not believe the reduction in the Trust's NTA per Unit due to the Proposed Internalisation will have a negative impact on Unit prices. Rather, we believe that the net present value benefit and associated cash flow and earnings accretion over time from the Proposed Internalisation should have a positive impact and outweigh any concerns regarding NTA.

8.2 Other Benefits of Internalisation

Another financial benefit for Unitholders (that is not fully quantified in our fair market value calculation) is that if the Proposed Internalisation proceeds any obligation to pay any performance fees in respect of historical outperformance balance carried forward will be removed.

We have modelled performance fees in our valuation based on historical average payouts. However, GMT is likely to pay above average performance fees in the near term because, amongst other things, as at 20 February 2024, $42.7 million of outperformance would be carried forward due to historical outperformance (after payment of $14.7 million as part of the Proposed Internalisation).

If the Proposed Internalisation is approved by Unitholders it removes this obligation of GMT to pay performance fees carried forward. Of note, the Trust Deed calls for the entire balance to be applied without restriction by Threshold or Cap and be paid to the Manager upon termination of the Management Rights, but this has been waived during transaction negotiations and GMT would only pay the maximum $14.7m performance fee that could actually be earned in FY24.

Other (non-financial) benefits for Unitholders if the Internalisation proceeds include that it would:

+ remove the potential for conflicts of interest between the Manager and the Unitholders;
+ provide greater control over the management of the Trust;
+ allow opportunities to grow earnings through activities such as fund management/diversification of income streams;
+ remove a possible impediment to corporate takeover or merger activity/allows for future corporatisation;
+ remove the risks associated with GMG selling the Management Rights to a third party; and
+ voting on all Directors.

Removes potential for conflict of interest

If the Proposed Internalisation is approved by Unitholders it removes the potential for conflicts of interest between the Manager and the Trust. Deloitte is not aware of any investor concerns regarding conflicts of interest with the Manager. However, with external management, the Manager can be incentivised to grow the size of the portfolio to increase its management fees, even if that may not be in the best interests of the Trust or Unitholders. Internalisation removes this risk.

Enhanced control

Currently GMG, in its capacity as shareholder of the Manager, appoints directors of the Manager. The Trust Deed states that there shall be no more than four Independent Directors (of a total possible seven directors). If the Proposed Internalisation proceeds, Unitholders will be responsible for the appointment of all of the directors. Notwithstanding that GMG will own a larger percentage of the Units, this will result in a material improvement in Unitholders' governance of the Trust – GMG will still not own a controlling stake. The directors appointed by the Unitholders will set the strategic direction of the Trust and manage it as they see fit. The Board will have the power to remunerate and appoint the senior executive team and to determine the cost structure of Manager.

Opportunities to grow earnings through activities such as fund management/ diversification of income streams

Under the current management structure, GMG would receive any additional fee revenue from activities such as fund management or development, if these were undertaken. Under internalisation, the benefits of these activities would flow to the Trust and its Unitholders. The new structure would also allow for a capital partnering model in the future, if it was considered beneficial to do so.

Removal of a possible impediment to corporate takeover or merger activity/allows for future corporatisation

Historically, internationally listed property trusts with internalised management have traded at higher values relative to NTA than externally managed listed property trusts have. It is theorised that this is because there are less impediments to corporate takeover/merger activity because the Management Rights can effectively be acquired with the Trust without the approval of an external manager.

Risk removed of GMG selling Management Rights to a third party

As discussed in Section 6.2, if the Proposed Internalisation did not proceed the Management Rights could effectively be sold to a third party through a sale of GNZ and GPSNZ. If this were the case there could be certain disadvantages: Unitholders would have no control over who acquired GNZ and GPSNZ (and consequently the Management Rights), and if the employees of GPSNZ did not continue in employment following that sale, there could be a loss of knowledge and disruption to management services. Under the Proposed Internalisation, the Unitholders will obtain control over the Management Rights and achieve continuity of management.

No brand disruption and continuing access to GMG's expertise

The transaction terms of the Proposed Internalisation allow GMT to continue to use the Goodman brand, which is globally recognised. The terms also include a co-operation and services agreement, under which GMT's management has ongoing access to GMG's sector expertise and various relationships (e.g. with capital partners, lenders, etc.) at no ongoing cost.

Rights and protections of Unitholders

There are no negative impacts on the rights of, or protections available to, Unitholders as a result of the Proposed Internalisation. Whilst GMG would have a larger shareholding than it currently has, GMG will not gain a controlling stake. There will be no change to the legal status of Units. As discussed above, Unitholders will, as a result of the Proposed Internalisation:

+ gain enhanced control of the management of the Trust;
+ avoid certain risks; and
+ achieve financial benefits such as earnings accretion over time.

9.0 Conclusions

9.1 Fairness of the Proposed Internalisation

In Deloitte's opinion the Proposed Internalisation is fair to the Unitholders not associated with Goodman Group.

In Deloitte's opinion, and taking into account the risk factors that are faced by external owners of management rights (such as Unitholders or the Trustee voting to remove the Manager, or a takeover of the Trust or its underlying assets), the fair market value of the Management Rights that would be relinquished by GNZ in the Proposed Internalisation is in the range of $268 million to $315 million. The proposed net termination payment of $272.4 million is within Deloitte's fair market valuation range and is therefore fair to Unitholders in the sense that Unitholders are not paying more than third party buyers would expect to pay.

We assess the value of the Proposed Internalisation to the Trust (i.e. the discounted present value of forecast future cash savings in perpetuity) to be in the vicinity of $390 million to $432 million. We note that this value is only available to the Trust. It does not represent the fair market value of the Management Rights because it does not incorporate the risk factors mentioned above.

The expected after-tax cost of the termination payment ($199.3 million) is materially lower than the value of the Internalisation to the Trust ($390 million – $432 million).

This benefit is evidenced by expected increases in the Trust's cash flows and earnings, because in subsequent years on a per Unit basis the annual cost savings from internalising the management of the Trust are greater than the dilution effect of making the termination payment.

The Proposed Internalisation will initially reduce NTA by $0.13 per Unit. In our view the reduction in NTA per Unit impact is more than outweighed by the significant net present value benefit from internalisation and the associated earnings accretion. Overall, we believe the Proposed Internalisation will be financially beneficial for Unitholders.

Other benefits for Unitholders if the Proposed Internalisation proceeds include that it will:

i. remove the potential for conflicts of interest between the Manager and the Unitholders;

ii. provide greater control over the management of the Trust;

iii. allow opportunities to grow earnings through activities such as fund management/diversification of income streams;

iv. remove a possible impediment to corporate takeover or merger activity/allows for future corporatisation; and

v. remove the risks associated with GMG selling the Management Rights to a third party.

In Deloitte's opinion the proposed issuance of units to GIT is fair to Unitholders not associated with GIT.

The proposed issuance of Units to GIT is fair to Unitholders not associated with GIT because:

+ the issue price for the Units is the 5-day VWAP ending on 20 February 2024. Assuming an efficient market and no material Unit price movements prior to announcement, this price should represent fair market value, and large but non-controlling placements of Units (for example in a capital raise) are commonly issued at a discount to fair market value (broadly 3% to 5% based on our experience);

+ GMT's Unit price is currently around its NTA per Unit. On average, over the last three years, GMT has traded at broadly 1.0x NTA (refer to Section 4.3). The issue price is higher than NTA per Unit after taking account of preliminary 31 March 2024 valuations, and therefore a higher price than Unitholders might achieve if GMT's properties were sold out of the Trust;

+ at the current marginal cost of debt, the proposed issuance is preferrable to funding the Proposed Internalisation with debt given the impact on earnings (cash operating earnings per unit and AFFO per unit would be lower if the Proposed Internalisation were debt funded). This is covered in more detail in Section 8.1. There is also currently less appetite to fund future growth/development through debt funding and credit markets are difficult to navigate;

+ GMT's last reported gearing of 29% was at the upper end of its preferred range of 20 - 30%. The proposed issuance will not increase GMT's gearing;

+ when considered in conjunction with the cost savings from the Proposed Internalisation, the dilutionary impact of the proposed issuance is broadly offset by increased cash operating earnings. GMT's distributions (which are set based on a target of 80% – 90% of cash operating earnings, and currently towards the lower end of the target) should not be impacted. This is covered in more detail in Section 8.1;

+ when considered in conjunction with the cost savings from the Proposed Internalisation, the dilutionary impact of the proposed issuance is more than offset by increased AFFO earnings. This is covered in more detail in Section 8.1;

+ the transaction terms of the Proposed Internalisation include a co-operation and services agreement, under which GMT's management has ongoing access to GMG's sector expertise and various relationships (e.g. with capital partners, lenders etc), at no ongoing cost. As the proposed issuance results in GMG having more Units, GMG should be more invested in GMT's success;

+ there are no negative impacts on the trading liquidity of the Units as a result of the proposed issuance (GMT is proposing to issue new Units, rather than GMG purchasing and effectively 'locking up' existing Units); and

+ there are no negative impacts on the rights of or protections available to Unitholders as a result of the proposed issuance (whilst it will result in GMG owning more Units in GMT, GMG will not own a controlling stake).

10.0 Information, Disclaimer and Indemnity

10.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

+ GMT published annual and interim reports;
+ audited financial statements for GMT, GNZ and GPSNZ;
+ the term sheet for the Proposed Internalisation;
+ Board presentation on the Proposed Internalisation;
+ the GMT Property Management Agreements;
+ the GMT Revised Unit Trust Deed;
+ financial forecast models of GMT and the Proposed Internalisation;
+ pro-forma cost savings for the Proposed Internalisation;
+ LPV share and share price data and property index data from S&P Capital IQ;
+ public information on the LPV industry including industry studies, financial reports and brokers' reports; and
+ various other documents that we considered necessary for the purposes of our analysis.

During the course of preparing this report, we have had discussions with and/or received information from the Manager of GMT and its financial and legal advisers.

The Independent Directors of GNZ, as manager of GMT, have confirmed that, for the purpose of preparing our Appraisal Report:

+ To the best of their knowledge and belief, all material facts and matters relating to the Internalisation that are known to the Independent Directors have been provided to Deloitte and all such information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise; and
+ Nothing causes the Independent Directors to believe that there are any material facts or matters relating to the Internalisation that have not been properly referred to or taken into account in this IAR.

Including this confirmation, we have obtained all the information that we believe necessary for the purpose of preparing this IAR.

In our opinion, the information set out in the Explanatory Notes and this IAR is sufficient to enable the Unitholders of GMT to understand all the relevant factors and to make an informed decision in respect of the Proposed Internalisation.

10.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by the IBC and its advisors and management.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the account or other records of GMT, GNZ or GPSNZ.

We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

10.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any projections or forecasts of future profits, cash flows or financial position of GMT, GNZ or GPSNZ will be achieved. Forecasts and projections are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of the Manager of GMT. Actual results will vary from the projections and forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit.

Our evaluation has been arrived at based on economic, interest rate, market and other conditions prevailing as at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update our report.

We have had no involvement in setting the terms of the Proposed Internalisation or in the preparation of the Explanatory Notes issued by GMT and we have not verified or approved the contents of the Explanatory Notes. We do not accept any responsibility for the contents of the Notice of Meeting or the Explanatory Notes except for this report.

10.4 Indemnity

GMT has agreed that, to the extent permitted by law, it will indemnify Deloitte and its partners, employees and consultants in respect of any liability suffered or incurred as a result of or directly in connection with the preparation of this report. This indemnity does not apply in respect of any fraud or negligence by Deloitte. GMT has also agreed to indemnify Deloitte and its partners, employees and consultants for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Deloitte or its partners, employees and consultants are found liable for or guilty of fraud or negligence, Deloitte shall reimburse such costs.

11.0 Qualifications, Independence and Consent

11.1 Qualifications and Expertise

Deloitte is one of the world's leading professional services firms. Deloitte's Corporate Finance practice provides strategic advisory, valuation and transaction support services.

The persons involved in preparing this report are William Word (CFA, MSc Acc, BSc Fin Hons), Scott McClay (BCom, BCom Hons), and Ruairidh Nixon (CA, BSc Hons).

Deloitte Corporate Finance, Mr Word, Mr McClay, and Mr Nixon have significant experience in valuations and in assessing the fairness and merits of the terms and financial conditions of transactions.

11.2 Independence

Deloitte is not the auditor of GMT.

Deloitte is independent of GMG, the Manager and the Trustee.

Deloitte has not had any part in initiating or setting the terms of the Proposed Internalisation.

Deloitte will receive a fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting in respect of the Proposed Internalisation. We will receive no other benefit from the preparation of this report. We do not have any conflict of interest that could affect our ability to provide an unbiased report.

Advanced drafts of this report were provided to the Independent Directors of GMT for factual review. Certain changes were made to the drafting as a result of the circulation of the drafts. However, there were no material alterations to any part of the substance of this report, including the methodology or conclusions, as a result of issuing the drafts.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

11.3 Consent

Deloitte consents to the issuing of this report, in the form and context in which it has been prepared to the Unitholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without Deloitte's prior written consent as to the form and context in which it appears.

Deloitte.

SCHEDULE 4

LETTER FROM COVENANT TRUSTEE SERVICES LIMITED

covenant trustee
A TRICOR COMPANY

26 February 2024

To: The Unitholders, Goodman Property Trust

Covenant Trustee Services Limited ("Covenant") acts as the Supervisor for the issue of units in the Goodman Property Trust ("GMT") under the Trust Deed dated 23 April 1999 as amended and restated from time to time ("Deed"). Goodman (NZ) Limited ("GNZ") is the manager of GMT. GNZ is a subsidiary of the ASX listed Goodman Group.

Covenant has the responsibility to act in the best interests of the holders of the units ("Unitholders") while supervising the performance by GNZ of its functions and obligations within the terms of the Deed, the Financial Markets Conduct Act 2013 and the Financial Markets Conduct Regulations 2014.

Covenant is licenced to fulfil this role pursuant to the Financial Market Supervisors Act 2011.

GNZ is proposing to internalise the management of GMT (which will have the effect of, among other things, removing the management fee paid to GNZ and replacing GNZ with a management entity essentially owned by the Unitholders, via a shareholder entity). GNZ has called a meeting of Unitholders to seek your approval by way of:

(a) an Ordinary Resolution for GNZ and Covenant taking all steps necessary to give effect to the internalisation of the management of GMT;

(b) an Ordinary Resolution for the issue of 135,514,019 new units in GMT to Goodman Funds Management Limited, as responsible entity for Goodman Industrial Trust; and

(c) an Extraordinary Resolution for the appointment of Goodman Property Services (NZ) Limited as the new manager of GMT,

together "the Internalisation Proposal", the details of which are more particularly described in the meeting papers.

We consider this is an important matter for Unitholders. It is important that you read the Notice of Special Meeting and accompanying documentation carefully.

GNZ has set out the rationale for the Internalisation Proposal in the Notice of Special Meeting. We strongly recommend you seek advice from your professional advisor(s) before casting your vote.

You should note that if the two Ordinary Resolutions and the Extraordinary Resolution are passed at the meeting then they will be binding on all Unitholders, including any Unitholders who vote against the proposal. If any one resolution fails to pass then the whole Internalisation Proposal will not proceed.

Yours sincerely,

Harry Koprivcic
Chief Executive Officer
Covenant Trustee Services Limited

Office Address: Level 6, 191 Queen Street, Auckland 1010, New Zealand
Postal Address: PO Box 4243, Shortland Street, Auckland 1140, New Zealand
Telephone: (64) 0800 746 422 Website: www.covenant.co.nz
Covenant, A Tricor Company

DIRECTORY

REGISTRAR

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Auckland, 0622
Telephone: +64 9 488 8777
enquiry@computershare.co.nz
https://www.computershare.com/nz

GNZ

KPMG Centre
Level 2, 18 Viaduct Harbour Avenue
Auckland, 1010
Toll free: 0800 000 656
Telephone: +64 9 375 6060
info-nz@goodman.com
https://www.goodman.com/nz

DIRECTORS OF GNZ

John Dakin, Chair and Non-Executive Director

David Gibson, Independent Director and Deputy Chair

Laurissa Cooney, Independent Director and Chair of the Audit Committee

Leonie Freeman, Independent Director

Keith Smith, Independent Director

Gregory Goodman, Non-Executive Director

GPSNZ

KPMG Centre
Level 2, 18 Viaduct Harbour Avenue
Auckland, 1010
Toll free: 0800 000 656
Telephone: +64 9 375 6060
info-nz@goodman.com
https://www.goodman.com/nz

SUPERVISOR

Covenant Trustee Services Limited
Level 6, 191 Queen Street
Auckland, 1010
Telephone: 0800 746 422
info@covenant.co.nz
https://www.covenant.co.nz/

SHAREHOLDER

GMT Shareholder Nominee Limited
(a wholly-owned subsidiary of Public Trust)
SAP Tower
Level 16, 151 Queen Street,
Auckland, 1010
Toll free: 0800 371 471
Telephone: +64 3 977 7956
info@publictrust.co.nz
https://www.publictrust.co.nz

AUDITOR

PricewaterhouseCoopers
PwC Tower
Level 27, 15 Customs Street West
Auckland, 1010
Telephone: +64 9 355 8000
https://www.pwc.co.nz/

LEGAL ADVISERS TO THE INDEPENDENT DIRECTORS

Russell McVeagh
Vero Centre
Level 30, 48 Shortland Street
Auckland, 1010
Telephone: +64 9 367 8000
https://www.russellmcveagh.com/

JOINT FINANCIAL ADVISERS TO GNZ

Macquarie Capital (New Zealand) Limited
Level 13, PwC Tower,
15 Customs Street West
Auckland, 1010
Telephone: +64 9 357 6931
https://www.macquarie.com

UBS New Zealand Limited
Level 27
188 Quay Street
Auckland, 1010
Telephone: +64 9 913 4800
https://www.ubs.com

INDEPENDENT APPRAISER

Deloitte
Deloitte Centre
Levels 12-18
80 Queen Street
Auckland, 1010
Telephone: +64 9 303 0700
nzinfo@deloitte.co.nz
https://www.deloitte.com/nz/

TOITŪ
CARBON ZERO
ISO 14064-1 ORGANISATION

https://nz.goodman.com/