nzx release+

GMT grows revenue by 11% and delivers interim profit of $45.5 million

Date	13 November 2024
Release	Immediate

Goodman Property Trust (GMT) has released its results for the six months ended 30 September 2024.

GMT's strategic focus on well-located warehouse and logistics space has contributed to strong revenue and earnings growth over the last six months, while Internalisation is facilitating new business opportunities.

Key results include:

+ An 11.3% increase in net property income to $111.4 million, driven by the additional revenue from new development completions and like-for-like rental growth of 7.3%
+ A corresponding 10.6% increase in operating earnings,[1] to $75.3 million before tax
+ An increase in the effective tax rate to 17.5% (1H24 10%) following the removal of tax deductions for building depreciation
+ Operating earnings after tax of $62.1 million, compared to $61.3 million in 1H24
+ Cash earnings[2] of 3.74 cents per unit and full year guidance reaffirmed at 7.5 cents per unit, a 4.4% increase on restated FY24[3] cash earnings of 7.18 cents per unit
+ A 4.8% increase in distributions to 3.25 cents per unit, consistent with full year guidance of 6.5 cents per unit (also reaffirmed)
+ Stable property values supporting a statutory interim profit of $45.5 million after tax, compared to a loss of $163.2 million (including $226.5 million of fair value losses resulting from independent property valuations) at 30 September 2023
+ A strong balance sheet, with net tangible assets of 201.2 cents per unit and a loan to value ratio[4] of 32.4%
+ The completion of three development projects, with a value of $214.8 million, adding 50,282 sqm of warehouse and logistics space to the portfolio
+ Strong leasing results with over 53,000 sqm of existing space secured on new or revised terms, portfolio occupancy of 98.1% and a weighted average lease term of six years.

RESULT SNAPSHOT

Exclusively invested in the Auckland industrial market, GMT's $4.6 billion urban logistics portfolio provides essential supply chain infrastructure for 215+ customers.

Chief Executive Officer, James Spence said, "By staying focused on our strategy, the delivery of our core property services, being disciplined with our investment decisions, and remaining agile in a more challenging operating environment, the business has continued to deliver strong operating results."

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[1] Operating earnings is a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. The calculation is set out in GMT's Statement of Comprehensive Income and in note 3.1 of the financial statements.

[2] Cash earnings is a non-GAAP measure that assesses free cash flow, on a per unit basis, after adjusting for certain items. Calculation of GMT's cash earnings is set out on page 10 of GMT's Interim Report 2025.

[3] FY24 cash earnings restated to remove the benefit of building depreciation and provide a like-for-like comparison.

[4] Loan to value ratio is a non-GAAP financial measure used to assess the strength of GMT's balance sheet. The calculation is set out in note 2.6 of GMT's financial statements.

New development completions and positive leasing outcomes have contributed to net property income growth of 11.3%. Stable property valuations have also supported an improved statutory result, with GMT recording an interim profit of $45.5 million after tax.

James Spence said, “The resilience of the portfolio and strength of our interim financial performance gives us the confidence to reaffirm our full year cash earnings guidance of 7.5 cents per unit. Distributions of 6.5 cents per unit are also reaffirmed for the year.”

Further financial commentary is provided in GMT’s Interim Report 2025, which was released today. A copy has been provided to the NZX as an attachment to this announcement and is available online at: https://bit.ly/3t80ciJ

INTERNALISATION IMPLEMENTATION

Following Unitholder approval at the special meeting in March, the internalisation of GMT’s management function has been implemented, with its financial reporting extended to reflect this change.

James Spence said, “We have adopted existing management policies and procedures where possible and implemented new practices where required. We are also progressing our plans to establish a new Auckland logistics fund, engaging directly with potential capital partners that have a mandate to invest in New Zealand.”

With the flexibility to sell existing assets into the fund and co-invest in new opportunities, the successful execution of this business initiative will allow GMT to grow sustainably. It is also expected to support accelerated earnings growth.

CUSTOMER DEMAND DYNAMICS

While a slowing economy and more challenging operating outlook have eased capacity constraints and moderated customer demand, underlying structural drivers and strong property market fundamentals continue to support positive leasing results.

James Spence said, “New leasing and recent rent reviews have contributed to like-for-like rental growth of 7.3%. While market rents for prime industrial space have stabilised after a period of sustained growth, the potential reversion to market across the portfolio remains substantial at around 23%[5].”

The level of under-renting within the portfolio is expected to drive future earnings growth, as rents are reviewed to market levels, and new leases are secured at the higher rates.

DEVELOPMENT PROGRESS

The completion of three developments over the last six months conclude an intensive construction programme that has delivered 10 highly sustainable, Green Star rated[6] projects since 2023. With a combined total cost of more than $635 million these new facilities have added almost 150,000 sqm of warehouse and logistics space to the portfolio.

With limited availability of appropriately zoned industrial land and current financing and construction costs adding to existing supply constraints, GMT is well positioned with a significant development pipeline.

James Spence said, “With a variety of suitable sites within the portfolio, our future pipeline is expected to support the delivery of almost 400,000 sqm of new urban logistics space over the next 10 to 15 years. Waitomokia in Māngere is the most significant of these development opportunities.”

The Waitomokia precinct plan is progressing well and subject to council approval and subsequent building consent, infrastructure and enabling works are planned to start this financial year with construction of the first industrial facilities expected to begin in FY26.

Data centres provide the physical infrastructure necessary for delivering information technology and data management services. Growth in e-commerce, cloud computing, and emerging technologies like artificial intelligence is driving demand for these services all around the world.

James Spence said, “To support future data centre development, we are also designing and programming infrastructure works at certain value-add estates within the portfolio. The selected sites benefit from good connectivity to existing electricity and data networks.”

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[5] Difference between valuer assessed market rents and current passing rents, divided by current passing rent. Determined by independent desktop review.

[6] Includes both Design and Built ratings, where the assessment has been completed.

PRUDENT AND SUSTAINABLE FINANCIAL MANAGEMENT

James Spence said, "Recent treasury initiatives have diversified our debt book and added funding capacity to support ongoing investment in sustainable building projects and carbon reduction initiatives."

A new five-year, $150 million wholesale green bond was announced on 1 October 2024 (immediately after the interim balance date). Paying a fixed interest rate of 5.012% per annum, the BBB+ rated bond was issued on 8 October 2024.

The new issue also adds tenor to GMT's debt facilities, following the maturity of the GMB040 bonds and early repayment of the US Private Placement notes during the period.

At 30 September 2024, GMT had a loan to value ratio of 32.4% and committed gearing of 32.7%. Following the bond issue these debt facilities were 79% drawn, had a weighted average term to expiry of 3.1 years, and were 81% hedged for the next 12 months.

BUSINESS OUTLOOK

James Spence said, "We have continued to refine our business over the last six months, successfully internalising management functions while also progressing new investment and development initiatives that are expected to be significant contributors to GMT's future growth."

While a more challenging economic outlook has moderated customer demand, underlying property market fundamentals have continued to support high occupancy rates and positive leasing outcomes.

James Spence said, "By remaining focused on the delivery of our core property services and being prudent with our capital management decisions, we have grown revenue and delivered an interim operating result consistent with guidance."

The resilience of the portfolio and strength of our financial performance continues to give us confidence in our investment convictions, our strategy and our ability to deliver on our wider business objectives.

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Attachments provided to NZX:

1. Goodman Property Trust and GMT Bond Issuer Limited Interim Report 2025
2. GMT's Interim Result Presentation 2025
3. NZX Interim Result Announcement.

About Goodman Property Trust:

GMT is a managed investment scheme, listed on the NZX. It has a market capitalisation of around $3.2 billion, ranking it in the top 15 of all listed investment entities. The Trust is New Zealand's leading warehouse and logistics space provider. It has a substantial property portfolio, with a value of $4.6 billion at 30 September 2024. The Trust also holds an investment grade credit rating of BBB from S&P Global Ratings.