



**nzx release+**

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## **Customer demand supports strong first-half operating result**

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Release Immediate

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**Goodman (NZ) Limited, the manager of Goodman Property Trust (GMT or Trust) is pleased to announce the Trust's financial results for the six months to 30 September 2022.**

The strength of GMT's underlying operating performance demonstrates the resilience of the business and the benefits of an investment strategy focused on urban logistics property.

Key highlights include:

- + A 6.8% increase in operating earnings<sup>1</sup>, to \$64.3 million before tax
- + Cash earnings<sup>2</sup> of 3.52 cents per unit, and distributions of 2.95 cents per unit
- + Statutory interim profit of \$48.8 million before tax, compared to \$570.0 million at 30 September 2021
- + Accelerating rental growth supporting stable investment property values, with net tangible assets of 260.7 cents per unit
- + Strong balance sheet, with a loan to value ratio<sup>3</sup> of 23.2% and \$446 million of liquidity
- + Inaugural green bond issue in April 2022, securing \$150 million of new debt
- + Sustained customer demand with 143,384 sqm of new leasing (13.6% of the stabilised portfolio), average occupancy of 99.6% and a weighted average lease term of more than six years
- + A record level of development activity with \$635.7 million<sup>4</sup> of work in progress
- + Acquisition of a 4-hectare redevelopment site in Ōtāhuhu for \$49.35 million.

### **RESULT OVERVIEW**

A stable portfolio valuation at 30 September 2022 contrasts with a substantial \$504.7 million revaluation in the previous corresponding period and is the principal driver of GMT's lower interim profit.

Keith Smith, Chair of Goodman (NZ) Limited said, "The most pleasing aspect of this interim result has been GMT's underlying operating performance. A 7.4% increase in cash earnings to \$49.4 million demonstrating the strength of our investment strategy and quality of our customer relationships."

GMT is continuing to benefit from the growth in e-commerce and sustained demand for well-located warehouse and logistics space, close to consumers. With occupancy of 99.6% the Trust's \$4.9 billion portfolio is effectively at capacity.

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<sup>1</sup> Operating earnings is a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. Calculation of operating earnings is as set out in GMT's Profit or Loss statement.

<sup>2</sup> Cash earnings is a non-GAAP financial measure that assesses underlying cashflows, on a per unit basis, after adjusting for certain items. The calculation is set out in GMT's 2023 Interim Results Presentation.

<sup>3</sup> 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.

<sup>4</sup> Total project cost including land allocation, all construction and consultant costs, financing and leasing expenses and all fees and levies.

Chief Executive Officer, John Dakin said, “A heightened level of customer demand is being reflected in significant new leasing activity, accelerating rental growth and further development commitments.”

A growing digital economy and new space requirements from customers to accommodate business growth and higher inventory levels, are contributing to the positive demand dynamic.

The portfolio is expected to deliver a similar operating performance over the second half of the year.

Keith Smith said, “The Board has firmed its full year guidance, with forecast cash earnings of at least 6.9 cents per unit. Cash distributions totalling 5.9 cents per unit are expected to be paid, consistent with the Trust’s policy to pay-out between 80% and 90% of cash earnings.”<sup>5</sup>

Further information is provided in the GMT and GMT Bond Issuer Limited Interim Report 2023. A copy of the report, which was released today, has been provided to the NZX and is available on the Trust’s website at: [www.goodman.com/nz](http://www.goodman.com/nz).

## **HEIGHTENED LEVELS OF CUSTOMER DEMAND**

Historically low vacancy levels are contributing to a highly constrained market, with very few options for customers with new space requirements.

John Dakin said, “GMT’s leasing results have demonstrated the strength of the Auckland industrial sector, with new rental benchmarks being achieved for our prime warehouse and logistics properties.”

New leasing and growth in market rents have also helped maintain GMT’s property values over the last six months, offsetting a softening in the portfolio capitalisation rate.

John Dakin said, “Leasing and development enquiry levels remain strong as customers seek to improve supply chain resilience and recognise the productivity benefits of well-located and operationally efficient facilities.”

## **SUSTAINABLE, DEVELOPMENT-LED GROWTH**

The strength of current leasing demand has also underpinned two new design build commitments at the Trust’s Savill Link and Roma Road Estates in Ōtāhuhu and Mt Roskill. To help meet future demand, two smaller build-to-lease warehouses are also being developed at Roma Road.

John Dakin said, “These four new projects will see our development programme grow to over \$635 million.”

The current workbook is around 93% pre-committed, with an average lease term of 13.7 years. It will add almost 150,000 sqm high-quality warehouse and logistics space to the portfolio over the next few years.

John Dakin said, “A business-wide commitment to reducing our environmental impact extends to the Trust’s development programme, where a 5 Green Star Built rating is being targeted for new projects.”

## **CONSERVATIVE DEBT SETTINGS**

The focus on sustainable development has supported GMT’s first Green Bond issue. The establishment of a Sustainable Finance Framework facilitated the inaugural green bond and provides a platform for future debt issues that support GMT’s sustainability goals.

With committed gearing of 27.7%, GMT’s borrowings remain well below the 50% maximum permitted under its Trust Deed and debt facility covenants.

Low gearing and only partly drawn bank facilities provide the financial flexibility to take advantage of acquisition opportunities that offer real, strategic value. It also provides

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<sup>5</sup> The guidance is subject to there being no adverse events or unforeseen changes in market conditions.

substantial balance sheet headroom against any negative market events that could impact property values.

## **MODERATING BUSINESS OUTLOOK**

Sustained customer demand is contributing to high occupancy levels and strong rental growth, with the Trust expected to deliver a full year operating result consistent with cash earnings guidance of at least 6.9 cents per unit.

The longer-term operating outlook is uncertain with rising interest rates, high inflation and geo-political risks creating a more volatile and challenging business environment.

By continuing to be disciplined with investment decisions and closely managing the delivery of its development programme, the Trust remains well positioned to benefit from the structural trends that are driving demand for sustainable warehouse and logistics space, close to consumers.

### **For additional information please contact:**

John Dakin  
Chief Executive Officer  
Goodman (NZ) Limited  
(021) 321 541

Keith Smith  
Chair  
Goodman (NZ) Limited  
(021) 920 659

Andy Eakin  
Chief Financial Officer  
Goodman (NZ) Limited  
(021) 305 316

James Spence  
Director Investment Management  
Goodman (NZ) Limited  
(021) 538 934

### **Attachments provided to NZX:**

1. Goodman Property Trust and GMT Bond Issuer Limited Interim Report 2023
2. GMT's 2023 Interim Result Presentation
3. NZX Interim Result Announcement

### **About Goodman Property Trust:**

GMT is an externally managed unit trust, listed on the NZX. It has a market capitalisation of around \$2.9 billion, ranking it in the top 20 of all listed investment vehicles. The Trust is New Zealand's leading warehouse and logistics space provider. It has a substantial property portfolio, with a value of \$4.9 billion at 30 September 2022. The Trust also holds an investment grade credit rating of BBB from S&P Global Ratings.

The Manager of the Trust is Goodman (NZ) Limited, a subsidiary of the ASX listed Goodman Group. Goodman Group is a A\$77.8 billion specialist global manager of warehouse and logistics real estate.