

## nzx release+

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### GMT strong operating performance drives earnings growth

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**Goodman (NZ) Limited, the manager of Goodman Property Trust (GMT or Trust) is pleased to announce the Trust's financial and operational results for the six months to 30 September 2023.**

Customer demand for well-located warehouse and logistics space has driven significant revenue and earnings growth over the last six months.

Key results include:

- + A 12.3% increase in operating earnings<sup>1</sup>, to \$61.3 million after tax
- + A 6.5% increase in underlying cash earnings<sup>2</sup> to 3.75 cents per unit and guidance for the full year reaffirmed at around 7.4 cents per unit
- + Distributions of 3.1 cents per unit, consistent with reaffirmed full year guidance of 6.2 cents per unit
- + A \$226.5 million reduction in the fair value of GMT's property portfolio to \$4.7 billion at 30 September 2023, following independent valuations
- + An interim statutory loss of \$163.2 million after tax (including fair value losses from property valuations), compared to a profit of \$41.1 million at 30 September 2022
- + Net tangible assets of 230.5 cents per unit
- + A strong balance sheet, with a loan to value ratio<sup>3</sup> of 28.7% and \$538 million of available liquidity at 30 September 2023
- + Sustained customer demand with over 93,500 sqm of new leasing (8.3% of the stabilised portfolio), occupancy of 99.6% and a weighted average lease term of more than six years
- + The completion of three fully leased development projects in Māngere, Mt Roskill and East Tāmaki providing almost 61,500 sqm of sustainable warehouse and logistics space, with a further \$324.5 million of work in progress (total project cost).

#### YEAR TO DATE

High occupancy levels, new development completions, continued rental growth and a lower tax expense have all contributed positively to a strong first half operating result.

Chief Executive Officer, James Spence said, "GMT's strong operating performance over the last six months reflects the resilience of the portfolio and customer demand for more efficient and sustainable logistics space, close to consumers.

Underlying cash earnings of 3.75 cents per unit for the half year was in line with our guidance and 6.5% higher than the previous corresponding period."

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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 is as set out in GMT's Profit or Loss statement and in note 3.1 of GMT's financial statements.

<sup>2</sup> Underlying 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 2024 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.

Historically low vacancy rates and limited new supply are contributing to a highly constrained Auckland industrial market which is driving positive leasing outcomes for GMT.

James Spence said, “A continuation of the current demand dynamic is expected to support full year underlying cash earnings of around 7.4 cents per unit, a 4% increase on the 7.1 cents per unit achieved in FY23.”

Full year cash distributions have also been reaffirmed at 6.2 cents per unit, reflecting an expected pay-out ratio of around 84%.

While the operating performance of the Trust has been very strong, a 4.6% reduction in the fair value of its property portfolio has contributed to a statutory loss for the six months.

James Spence said, “Despite the impact of higher interest rates on investment yields, underlying property market fundamentals remain strong for Auckland warehouse and logistics space.”

Further information is provided in the GMT and GMT Bond Issuer Limited Interim Report 2024. A copy of the report, which was released today, has been provided to the NZX and is available at: <https://bit.ly/3t80ciJ>

### **POSITIVE LEASING ENVIRONMENT**

With high barriers to entry restricting new supply, the continued execution of an investment strategy exclusively focused on the Auckland industrial market has underpinned GMT’s positive operating result.

Like for like net property income growth of 6.2% and a further 3.5% increase in valuer assessed market rents for GMT, demonstrate the strength of customer demand.

James Spence said, “GMT is achieving strong rental growth as customers seek to improve supply chain resilience and recognise the productivity benefits of well-located and operationally efficient facilities.

With occupancy around 100% there are only limited options within the portfolio for new space requirements. In addition, the level of under-renting within the portfolio remains substantial at around 22.8%. Capturing this potential rent reversion will be a significant driver of GMT’s future revenue growth.”

### **SUSTAINABLE, DEVELOPMENT DRIVEN GROWTH**

The growth in demand for urban logistics space is also reflected in the large volume of development work being undertaken by GMT.

James Spence said, “Three fully leased development projects with a total cost of \$228 million have completed since 31 March 2023, contributing to GMT’s growing rental cashflows.”

The new facilities are expected to achieve at least a 5 Green Star Built rating, considered New Zealand excellence, once the independent assessment process is completed.

James Spence said, “By investing in sustainable property solutions, GMT’s development activity is improving the quality of the portfolio. It is also lowering customers carbon emissions with well-located, more efficient workspaces that contribute to greater productivity and reduced operating costs.”

The development workbook includes four active projects. With a total project cost of \$324.5 million these developments will add a further 68,000 sqm of high-quality urban logistics space to the portfolio over the next 12 months. Over 90% pre-committed and with an average lease term of more than 14 years, the new projects include additional facilities for existing customers Mainfreight and NZ Post.

## **DISCIPLINED CAPITAL MANAGEMENT**

With substantial liquidity in its debt facilities, the Trust has the financial stability and flexibility required to manage risks and take advantage of new investment opportunities.

At 30 September 2023, the Trust had a loan to value ratio of 28.7% and committed gearing of 30.5%. Debt facilities were 71.2% drawn and 73.3% hedged for the next 12 months.

Refinancing of the bilateral bank facilities in November 2023 (following the interim balance date) has extended the weighted term to expiry of GMT's drawn debt, to 3.5 years.

## **BUSINESS OUTLOOK**

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

James Spence said, "Strong market fundamentals, underpinned by supply constraints and sustained customer demand supports our full year guidance. Underlying cash earnings growth of around 4% is reaffirmed and the forecast 5% increase in cash distributions is also reiterated.

The longer-term outlook is more uncertain as the economy adapts to higher interest rates and inflation, and heightened geo-political risks. However, GMT's strong balance sheet, premium property portfolio and long-term customer relationships leave it well positioned to adapt to a more changeable operating environment."

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

1. Goodman Property Trust and GMT Bond Issuer Limited Interim Report 2024
2. GMT's 2024 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 \$3.0 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 \$4.7 billion at 30 September 2023. 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 an A\$82.9 billion specialist global manager of warehouse, logistics and data centre real estate.