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## GMT delivers solid first half operating result

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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 2020.**

The quality of the Trust's \$3.3 billion Auckland warehouse and logistics portfolio and the strength of its customer relationships have continued to support consistent operating results. A well-capitalised balance sheet has also enabled GMT to pursue new investment opportunities.

Highlights include:

- + Statutory profit of \$186.4 million before tax (including investment property valuation gains of \$140.2 million), compared to \$236.4 million before tax (including investment property valuation gains of \$172.4 million) previously.
- + 5.6% increase in net tangible assets, from 172.7 cents per unit at 31 March 2020, to 182.4 cents per unit at 30 September 2020.
- + Operating earnings<sup>1</sup> of \$56.0 million before tax, representing 4.03 cents per unit.
- + Cash earnings<sup>2</sup> of 3.11 cents per unit and cash distributions of 2.65 cents per unit.
- + New capital management initiatives, including \$200 million of fixed interest rate bonds issued to New Zealand wholesale investors.
- + Substantial balance sheet capacity, with a loan to value ratio<sup>3</sup> of 21.5% and \$400 million of available liquidity at 30 September 2020.
- + \$83.0 million of strategic acquisitions, with the purchase of certain value-add properties adjoining the Trust's Mt Wellington and Savill Link estates.
- + Completion of two new developments (current market value of \$46.25 million), with a further \$87.7 million of projects in progress.

### Result overview

A significant portfolio revaluation, ongoing leasing success, further development progress and strategic acquisitions have all contributed to an interim profit of \$186.4 million, before tax.

Keith Smith, Chairman of Goodman (NZ) Limited said, "This solid result has been achieved, despite the more challenging operating environment. We've adapted to the disruption of COVID-19 and continued to execute our investment strategy for the Trust. New acquisitions, further development progress and recent capital management initiatives have maintained positive momentum in the business."

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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 are 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 2021 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.

With changing consumer behaviour driving the acceleration of e-commerce, customer demand for well-located warehouse and logistics space has continued to support the Trust's portfolio fundamentals and targeted development activity.

Chief Executive Officer, John Dakin said, "We're extremely pleased with the resilience of the business. Occupancy has been maintained at almost 100%, year-to-date rental cashflows are consistent with our expectations and development enquiry remains strong."

With consistent operating results and a more stable economic outlook the Board has reviewed its earnings and distribution guidance for the Trust. Cash earnings of at least 6.3 cents per unit are now expected for the year, an increase of 0.1 cents per unit from earlier guidance. Distribution guidance remains unchanged, with full year cash distributions of at least 5.3 cents per unit being reaffirmed.

John Dakin said, "The economic outlook for New Zealand has improved over the last six months as risks of a wider COVID-19 outbreak have been managed. Business confidence is recovering, and our focus on warehouse and logistics property positions the Trust to benefit from the growing digital economy."

Further information is provided in the GMT and GMT Bond Issuer Limited Interim Report 2021. 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).

### **Customer demand**

The urban logistics market has been the most resilient of all the commercial property sectors, with demand for distribution services being maintained throughout the COVID-19 Alert Level restrictions.

John Dakin said, "The last six months have highlighted the important role that well-located warehouse facilities perform in our national supply chain. The critical business infrastructure it provides ensures efficient distribution of a wide range of goods and materials, including food and other every-day essentials."

GMT's leasing results reflect steady customer demand, with over 94,000 sqm of space (8.8% of the portfolio) secured on new or revised terms over the last six months. At 30 September 2020 the portfolio had an occupancy rate of almost 100% and a weighted average lease term of more than five years.

John Dakin said, "Customers are responding to the opportunities of a growing online marketplace as consumers opt for the convenience and safety of internet shopping and contactless delivery."

The Trust has \$87.7 million of development work in progress, including the recommenced 9,000 sqm warehouse project at M20 Business Park in Wiri. The development, which has a total cost of \$25 million, was one of the two build-to-lease projects that were paused earlier in the year while the impacts of COVID-19 were being assessed.

John Dakin said, "The resumption of the M20 project reflects current customer demand and expectations of increasing economic activity. Enquiry levels for tailored development solutions also remains strong and we expect to secure new design-build commitments as business confidence returns."

### **Strategic acquisitions**

With just 8.9 hectares of greenfield land remaining in the portfolio, new investment opportunities that provide a future development pipeline continue to be targeted.

The acquisition of various properties neighbouring the Trust's Savill Link and Mt Wellington industrial estates is consistent with this strategy. Acquired in the first half of the financial year for \$83 million, the properties have a combined land area of 14.5 hectares.

Currently leased, with existing improvements providing steady holding income, the sites offer a range of longer-term redevelopment options that will contribute to GMT's future growth.

### **Funding growth**

A strong balance sheet has enabled GMT to take advantage of these new opportunities. With a loan to value ratio of just 21.5% and only partially drawn debt facilities the Trust retains around \$400 million of funding capacity for future investment.

The issue of \$200 million of eight- and ten-year fixed interest rate bonds to New Zealand wholesale investors in September 2020 was a continuation of the careful financial management that has facilitated GMT's growth. Achieved at competitive margins, the successful new issue adds further tenor and diversity to the Trust's debt book, which now includes bank borrowings, listed retail bonds, wholesale bonds and US Private Placement debt notes.

GMT's bank facilities were also refinanced following the interim balance date, with the first bank debt expiry extended out to November 2022. The weighted term to expiry across all the Trust's drawn debt is now 5.1 years.

### **Outlook**

GMT has shown that it is a robust and resilient property business, able to perform through economic disruptions and market cycles.

A high-quality portfolio focused on urban logistics ensures the Trust will continue to benefit from the structural trends that are driving demand for distribution facilities close to consumers.

While the economic outlook is still uncertain, the quality and scale of the portfolio, together with the low level of gearing and targeted investment strategy gives the Board and management team confidence that the Trust remains well positioned for sustainable long-term growth.

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

1. Goodman Property Trust and GMT Bond Issuer Limited Interim Report 2021
2. GMT's 2021 Interim Result Presentation
3. NZX Result Announcement

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

GMT is an externally managed unit trust, listed on the NZX. It has a market capitalisation of around \$3.4 billion, ranking it in the top 20 of all listed investment vehicles and is New Zealand's largest listed property investment vehicle. The Manager of the Trust is a subsidiary of the ASX listed Goodman Group, Goodman Group is also the Trust's largest investor with a cornerstone unitholding of 21%.

GMT is New Zealand's leading warehouse and logistics space provider. It has a substantial property portfolio, with a value of \$3.3 billion at 30 September 2020. The Trust holds an investment grade credit rating of BBB from S&P Global Ratings.