

## nzx release+

### GMT delivers profit of \$648.9 million before tax

Date 13 May 2021

Release Immediate

**Goodman (NZ) Limited, the manager of Goodman Property Trust (GMT or Trust) is pleased to announce the Trust's financial results for the year ended 31 March 2021.**

GMT has demonstrated its resilience over the last 12 months, adapting to the operational challenges of COVID-19 while continuing to execute an investment strategy focused on the Auckland urban logistics market.

Highlights include:

- + Statutory profit of \$648.9 million before tax (including significant investment property valuation gains of \$560.0 million), up 128.2% on FY20.
- + 23.0% increase in net tangible assets, from 172.7 cents per unit at 31 March 2020, to 212.5 cents per unit at 31 March 2021.
- + Operating earnings<sup>1</sup> of \$114.9 million before tax, an increase of 4.7% from FY20.
- + Cash earnings<sup>2</sup> of 6.40 cents per unit and cash distributions of 5.30 cents per unit, reflecting a payout ratio of 82.8%.
- + Substantial balance sheet capacity, with a loan to value ratio<sup>3</sup> of 19.2% and \$339 million of available liquidity at 31 March 2021.
- + \$200 million of wholesale bond issuance adding further tenor and diversity to the Trust's debt book.
- + \$250.1 million of development work in progress (total project cost) at 13 May 2021.
- + \$83 million of strategic acquisitions, with the purchase of properties adjoining the Trust's Mt Wellington and Savill Link estates.
- + Over 146,500 sqm of new leasing (13.4% of the portfolio), with an average occupancy rate across the portfolio of 99% during the year.

#### Result overview

Strong cashflow growth, driven by ongoing leasing success, and continued development progress have supported significant portfolio revaluations and contributed to the record profit growth (before tax) of \$648.9 million.

Keith Smith, Chairman of Goodman (NZ) Limited said, "We're extremely pleased with the performance of the Trust over the last 12 months. We've achieved our operational targets and progressed new capital management and sustainability initiatives that make GMT an even more resilient business".

The pandemic has highlighted the important role that warehouse and logistics property has in the national supply chain. It is critical business infrastructure that is also supporting the rapid growth of New Zealand's digital economy.

<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 on page 54 of GMT's Annual Report 2021.

<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.

Chief Executive Officer, John Dakin said, “E-commerce is emerging as an important demand driver for our portfolio. With its urban logistics focus, the Trust is benefitting from the growing demand for distribution facilities close to consumers.”

These structural trends are reflected in GMT’s strong leasing results, contributing to the 2.9% increase in cash earnings to 6.40 cents per unit.

With the risks of COVID-19 in New Zealand being contained, the economic outlook has improved. Guidance for FY22 reflects a 4% increase in cash earnings and a corresponding increase in cash distributions to at least 5.5 cents per unit.

Further information is provided in the GMT and GMT Bond Issuer Limited Annual Report 2021. A copy of the report, which was released today, has been provided to the NZX and is available online at [www.goodmanreport.co.nz](http://www.goodmanreport.co.nz).

### **Sustainable growth**

A sustainable operating model is essential if an organisation is to be successful over the long-term.

John Dakin said, “This year we have increased our efforts and made new commitments in key areas, including environmental sustainability. Becoming Toitū carbonzero certified means the business is now proudly carbon neutral, four years ahead of schedule.”

A detailed carbon reduction and management plan will guide the business toward its targeted 19% reduction in absolute greenhouse gas emissions by 2025.

John Dakin said, “Our commitment to reducing climate change impacts has been extended to the Trust’s development programme where we are aiming for a five-star Green Star rating on all new developments. We will also offset the embodied carbon within these new projects.”

The Trust completed seven development projects during the year (total value \$125 million) and commenced four new projects (total project cost of \$132.0 million). The most significant of these new projects is the redevelopment of Roma Road Estate in Mt Roskill, anchored by New Zealand Post.

John Dakin said, “Companies have gained confidence in the operating environment as the year has progressed and are once again considering their future space requirements.”

The Trust has confirmed another new development project today, with Favona Estate in Māngere to be extensively redeveloped. The project, which includes two new warehouses, adds to GMT’s current development workbook which now totals \$250.1 million of active projects.

Mainfreight has committed to the larger 22,435 sqm facility at Favona Estate, with the second warehouse being developed on a build to-lease basis.

John Dakin said, “The unique demand drivers created by a growing online marketplace are supporting a renewed level of development activity.”

GMT continues to target new investment opportunities for development.

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

### **Financial flexibility**

John Dakin said, “A well-capitalised balance sheet, with substantial reserves has enabled GMT to take advantage of these new opportunities. With a loan to value ratio of 19.2% and only partially drawn debt facilities the Trust retains \$339 million of funding capacity for future investment.”

Asset sales and equity issuance in previous years have significantly deleveraged the Trust, while new debt issues have diversified its sources of funding. The Board has continued this prudent approach by reducing GMT’s preferred gearing range to between 20% and 30%.

Keith Smith said, “These measures, together with refinements to the distribution policy support the creation of a high-quality, low risk property business focused on sustainable long-term growth.”

### **Looking ahead**

By delivering a strong operating performance in a year disrupted by COVID-19, GMT has shown that it is a robust and resilient property business.

GMT’s high-quality portfolio focused on urban logistics should continue to benefit from the structural trends that are driving demand for distribution facilities close to consumers.

While economic and pandemic risks remain, the quality, scale and location of the portfolio, together with low gearing and focused investment strategy gives the Board and Management confidence that the Trust remains well positioned into FY22.

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

1. Goodman Property Trust and GMT Bond Issuer Limited Annual Report 2021
2. GMT’s 2021 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 \$3.2 billion, ranking it in the top 20 of all listed investment vehicles. It is also New Zealand’s largest listed property investor. The Manager of the Trust is a subsidiary of the ASX listed Goodman Group, Goodman Group is also the Trust’s largest unitholder with a cornerstone investment of 21%.

GMT is New Zealand’s leading warehouse and logistics space provider. It has a substantial property portfolio, with a value of \$3.8 billion at 31 March 2021. The Trust holds an investment grade credit rating of BBB from S&P Global Ratings.