



## nzx release+

### GMT's Industrial Focus Delivers Record Interim Profit

Date 14 November 2019  
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 six months ended 30 September 2019.**

The continued execution of an investment strategy exclusively focused on the Auckland industrial market has contributed to a record interim profit of more than \$200 million.

Financial and operational highlights include:

- + A statutory profit of \$236.4 million, before tax. Fair value gains of \$172.4 million on investment property, following a comprehensive portfolio revaluation, the main contributor to the 256.0% increase from the previous corresponding period.
- + A 10.1% increase in net tangible assets, from 157.0 cents per unit at 31 March 2019, to 172.8 cents per unit at 30 September 2019.
- + Adjusted operating earnings<sup>1</sup> of \$53.7 million before tax or 4.11 cents per unit.
- + Cash distributions of 3.325 cents per unit, representing around 106% of GMT's cash earnings<sup>2</sup> of 3.15 cents per unit.
- + Successful capital management initiatives with \$175 million of new equity raised through a \$150 million placement in September 2019 and a \$25 million Retail Unit Offer (completed after the interim balance date).
- + Substantial balance sheet capacity with a loan to value ratio<sup>3</sup> of 17.9% at 30 September 2019 and committed gearing of just 20.6%.
- + Refinancing of the Trust's bank facility in November 2019 on competitive new terms. The facility has been increased to \$400 million comprising three tranches with a weighted average term to expiry of three years.
- + Further development progress with the commencement of nine new industrial projects, total project cost of \$123.2 million.
- + The acquisition of the T&G Global facility in Mt Wellington, on a sale and leaseback basis, for \$65 million.

#### Result Overview

Keith Smith, Chairman of Goodman (NZ) Limited said, "Focusing investment in the supply-constrained Auckland industrial market is a successful strategy that is delivering high-quality property solutions for customers and strong returns for

<sup>1</sup> Adjusted operating earnings is a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. Refer to note 3.2 of GMT's financial statements for further information.

<sup>2</sup> Cash earnings is a non-GAAP measure of free cash flow. The calculation is set out on slide 7 of the accompanying presentation.

<sup>3</sup> Refer to note 2.5 of GMT's financial statements for further information.

investors. Sustained demand for warehouse and logistics space, driven by economic and demographic growth, make it New Zealand's best performing commercial real estate sector."

Chief Executive Officer, John Dakin said, "GMT's outstanding operational and financial results reflect these positive market dynamics."

A significant portfolio revaluation, successful leasing outcomes, further development progress and strategic new acquisitions have all contributed to GMT's record interim profit.

Recent capital initiatives have also provided greater financial flexibility, reducing gearing and positioning the Trust for sustainable long-term growth.

Keith Smith said, "The \$175 million of new equity, raised through a placement and retail unit offer, has created significant balance sheet capacity for future investment and development opportunities."

With customer demand for well-located industrial space exceeding supply in many locations across the city, continued execution of the development-led growth strategy remains the priority.

John Dakin said, "Completing the build-out of GMT's remaining greenfield land and activating the value-add opportunities within the portfolio remains the current focus. With \$235.6 million of projects under construction, it's a disciplined approach that will drive future earnings growth."

Further information is provided in the GMT and GMT Bond Issuer Limited Interim Report 2020. 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).

### **Portfolio Performance**

Low vacancy rates and limited new supply have created a positive market dynamic that is being reflected in GMT's leasing results.

More than 67,500 sqm of space has been secured on new or revised terms over the last six months and at 30 September 2019 the portfolio had an occupancy rate of over 99%. The weighted average lease term had also been maintained at more than five years.

John Dakin said, "Robust real estate fundamentals and a buoyant investment market, fueled by lower interest rates, have also contributed to a significant interim revaluation."

The 6% increase in the value of the portfolio, to \$3.0 billion, reflects a fair-value gain of \$172.4 million. The gain was also the main contributor to the 10.1% increase in Net Tangible Assets, since 31 March 2019.

The demand that has underpinned GMT's recent leasing success has also continued to drive its development programme. Nine new projects, with a total cost of \$123.2 million, have been announced since March. They include expansions for existing customers Ingram Micro, Mainstream, Panasonic and OfficeMax, and five new build-to-lease projects.

John Dakin said, "The Auckland industrial market is at capacity. Businesses that require additional space have very few options. GMT's own portfolio is almost full and, with no large warehouse spaces available, these build-to-lease projects provide much-needed new supply."

The Trust now has 17 development projects underway. Once completed these facilities will provide around 76,500 sqm of high-quality industrial space, generating around \$14.0 million of annual rental income.

John Dakin said “It’s the continuation of a successful development programme that has included more than \$800 million of new projects since 2014. This development activity has helped create a modern industrial portfolio that would be extremely difficult to replicate.”

### **Capital Management Initiatives**

An underwritten Placement and a Retail Unit Offer were successfully completed in September and October, raising \$175 million of new equity at \$2.10 per unit.

Keith Smith said, “Strong capital markets, supportive investors and a clear investment strategy were all contributing factors in the success of these equity initiatives.”

The additional capital reduces committed gearing to just 20.6%.

Keith Smith said, “It’s a prudent level that provides additional balance sheet capacity that will be used to fund future opportunities. With committed gearing significantly below the 35% upper limit of the Board’s preferred range, GMT has substantial balance sheet capacity.”

The refinancing of the Trust’s bank facility, following the interim balance date, provides a secure source of funding for future investment activity. Renewed on competitive terms, the size of the facility was increased \$100 million to \$400 million and the tenor extended.

Greater financial flexibility allows the Trust to pursue new investment and development opportunities that complement the existing portfolio. It’s a strategy that is expected to deliver sustainable long-term growth.

The purchase of the T&G Global facility in Mt Wellington during September is an example of this strategic focus. With immediate access to State Highway 1 via the Mt Wellington interchange the 5.8-hectare property is central to Auckland’s large consumer market, making it ideal for fulfilment and logistics businesses.

With site coverage of just 31% it also offers redevelopment potential through better site utilisation and intensification of use.

John Dakin said, “With GMT’s existing development programme nearing completion and a lack of appropriately zoned land available for new development, securing brownfield sites like these will be essential if the Trust is to meet its customers’ future supply chain requirements.”

### **Outlook and guidance**

GMT’s investment strategy has been refined to meet the growing demand for warehouse and distribution space across Auckland. Driven by a strong regional economy the city’s industrial property market continues to be New Zealand’s best performing commercial real estate sector.

The Trust’s operating results reflect these positive market dynamics.

Leasing success, further development progress and strategic acquisitions have all contributed to GMT’s recent financial performance.

New equity initiatives have also provided greater financial flexibility. The balance sheet capacity this has created will be invested into new opportunities over time.

With a stable business outlook, GMT is expected to deliver full year earnings consistent with earlier guidance. Distributions of 6.65 cents per unit are expected to be paid.

**For further information please contact:**

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

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

Keith Smith  
Chairman and Independent Director  
Goodman (NZ) Limited  
(021) 920 659

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 2020
2. GMT 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 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 22%.

GMT is New Zealand's leading industrial space provider. It has a substantial property portfolio, with a current market value of \$3.0 billion. The Trust holds an investment grade credit rating of BBB from Standard & Poor's.