

nzx release+

GMT's delivers statutory profit of \$284.4 million before tax

Date	28 May 2020
Release	Immediate

Goodman (NZ) Limited, the manager of Goodman Property Trust ("GMT" or "Trust") has released the Trust's financial results for the year ended 31 March 2020.

The continued execution of an investment strategy focused on the supply-constrained Auckland industrial market has contributed to another strong operating result from GMT.

Keith Smith, Chairman of Goodman (NZ) Limited said, "While the economic outlook has deteriorated rapidly over the last three months as a result of COVID-19, the quality of the Trust's \$3.1 billion portfolio, its focus on the industrial sector and low level of gearing will enable it to respond to future challenges and opportunities."

FY20 result overview

GMT's investment strategy has been refined in recent years to meet the increased demand for warehouse and distribution space across Auckland. Driven by economic growth and other structural drivers, the city's industrial property market has to date, been New Zealand's best performing commercial real estate sector.

Key operational and financial results of FY20 include:

- + A statutory profit of \$284.4 million before tax (including investment property valuation gains of \$165.8 million), compared to \$334.8 million before tax (including investment property valuation gains of \$201.9 million) previously.
- + A 10% increase in net tangible assets to 172.7 cents per unit, from 157.0 cents per unit at 31 March 2019.
- + Adjusted operating earnings¹ of \$109.7 million before tax or 8.16 cents per unit.
- + Cash distributions of 6.65 cents per unit, representing around 107% of GMT's cash earnings² of 6.22 cents per unit.
- + Successful capital management initiatives with \$175 million of new equity raised in September and October 2019, through a \$150 million placement and a \$25 million Retail Unit Offer.
- + Substantial balance sheet capacity with reported gearing of just 18.9% and almost \$400 million of available liquidity, at 31 March 2020.
- + Further development progress with \$158.6 million of projects completed during the year and \$101 million³ of projects in progress.
- + The acquisition of the T&G Global facility in Mt Wellington for \$65.0 million in September 2019 and, post balance date, the neighbouring property at 7-8 Monahan Road for \$13.0 million.
- + Strong portfolio metrics with occupancy of 99.4% and a weighted average lease term of 5.5 years, at 31 March 2020.

¹ 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 3.1 of GMT's financial statements for further information.

² Cash earnings is a non-GAAP financial measure that assesses underlying cashflows, on a per unit basis. The calculation is set out on page 29 of the Annual Report.

³ Total project cost of projects under active development, at 31 March 2020.

Further financial information is provided in the Trust's 2020 Annual Report which was released today. A copy of the report has been provided to the NZX and will be available on the website, www.goodman.com/nz, later this morning.

COVID-19 impacts and responses

Chief Executive Officer, John Dakin said, "Alongside many of our customers in the logistics and warehousing sectors we have continued to operate through the Alert Level restrictions, providing the critical business infrastructure that is supporting essential supply chains, while maintaining the health and safety of our people, customers and stakeholders."

John Dakin said, "A secure and efficient supply chain, that includes warehouse and logistics facilities close to consumers, has proven to be essential for a modern city to function and grow."

Despite the uncertain operating environment, customer demand in the online, logistics, food, consumer goods and digital economy, continues to support our portfolio fundamentals and targeted development activity."

John Dakin said, "The business is responding to the disruption caused by COVID-19 and we're adapting our approach to ensure GMT's stable cashflows and strong financial position are maintained."

These initiatives have included:

- + Assisting vulnerable customers with rental support, balancing the needs of these businesses with our obligations to investors
- + Managing the development workbook by pausing certain development projects until a customer commitment is secured. While customer demand is likely to be lower, a significant number of new projects is still anticipated this year
- + Continuing to act prudently by raising the hurdles for new investment spending.

Outlook - FY21 guidance and changes to distribution policy

Commenting on the outlook for FY21, John Dakin said, "If the portfolio continues to perform in line with our expectations, we forecast cash earnings to be materially consistent with last year, at around 6.2 cents per unit."

To ensure the business can continue to grow sustainably the Board has amended its distribution policy for the Trust. Adopting a target payout ratio of between 80% and 90% of cash earnings, better aligns distributions with the underlying cashflows from the Trust's stabilised portfolio.

Keith Smith said, "The amendment to the distribution policy is another step in the evolution of a high-quality, low risk property business focused on sustainable long-term growth."

Under the new policy cash distributions of at least 5.3 cents per unit are expected to be paid in FY21.

The guidance is subject to there being no further material adverse changes in market conditions or the occurrence of other unforeseen events.

Summary

GMT delivered a strong operating performance over the last 12 months. With an investment strategy focused on urban logistics it remains well positioned for the challenges that will arise as a result of COVID-19 and beyond.

John Dakin said, "Along with others in the business community, our strategy has been stress-tested throughout these last few months. Investing in the supply-constrained Auckland industrial market has delivered strong returns for Unitholders and demonstrated the Trust is uniquely placed to benefit from the rapid growth in e-commerce and the critical role the city's industrial sector plays in the national supply chain."

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Attachments provided to NZX:

1. Goodman Property Trust and GMT Bond Issuer Limited Annual Report 2020
2. GMT Annual 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. 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 industrial space provider. It has a substantial property portfolio, with a value of \$3.1 billion. The Trust holds an investment grade credit rating of BBB from Standard & Poor's.