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GMT Annual Meeting of Unitholders

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WELCOME

Good afternoon everyone and welcome to this annual meeting of Unitholders. I'm John Dakin, Non-Executive Director, and Chair of Goodman (NZ) Limited, the Manager of Goodman Property Trust.

The Park Hyatt is a new venue for us and it's a pleasure to be here today overlooking Viaduct Harbour.

I can confirm that I have been duly appointed by the Trustee to act as Chair of the meeting and that the meeting has been properly convened.

The meeting has a hybrid format, with Unitholders either participating in person or through a live webcast. For those in the room, please be aware there are cameras and audio equipment streaming proceedings.

In the unlikely event of an emergency, you will be required to evacuate to a designated safe zone. Should this occur please exit the room through the fire escape doors to the right and rear of the room, following the directions of the venue staff to the outside assembly area.

Today's presentations will focus on Goodman Property Trust's 2023 financial results, our investment strategy, and the current business outlook.

With no Independent Directors up for election this year, there is no formal business to be considered, and the meeting format is simplified.

INSTRUCTIONS FOR ASKING QUESTIONS

While there are no formal resolutions, there will be an opportunity for Unitholders to ask questions.

For Unitholders joining us online, questions can be submitted through the webcast portal at any stage. These will be moderated, and we have allocated time at the end of the presentations to answer these. For those in the room, please raise your hand during the allotted question time, and wait for the microphone to be provided.

ATTENDANCE AND BOARD COMPOSITION

I would now like to introduce the members of the Board and executives of the Manager, Goodman (NZ) Limited, who are in attendance today.

In the room we have Phil Pryke, Keith Smith, Laurissa Cooney, David Gibson, Leonie Freeman, Andy Eakin, and James Spence.

On behalf of the Board I'd like to extend a special welcome to James who is delivering his first annual meeting presentation as CEO. Greg Goodman is an apology for today.

In addition to the directors and executives present today, we also have representatives of the Trustee and key advisors present. These representatives will be available to answer any questions if required. I now declare the meeting open.

BOARD CHANGES

The recently announced Board changes, continue our Board renewal programme that began in late 2020. Overseeing these changes and the successful repositioning of GMT as an industrial property specialist, was Keith Smith.

After 13 years of leading the Board, Keith stepped down as Chair last month. He continues as an Independent Director and will retire before his current term expires in 2025. I was appointed by the board as his successor, with David Gibson appointed Deputy Chair.

At the same time, we announced that Phil Pryke will be retiring from the Board. Phil's departure at the end of September will result in the Board reducing in size, from seven Directors to six. As required by GMT's Trust Deed, a majority of Independent Directors is maintained, with four Independent Directors.

On behalf of all our stakeholders I'd like to thank both Keith and Phil for their immense contribution to the success of GMT over many years. They have provided the strong governance that has helped deliver positive and sustainable business growth. Keith's stewardship particularly has been highly valued and it has been a privilege serving our Unitholders alongside him.

I am thankful to the Board for the opportunity to Chair Goodman (NZ) Limited and will continue to lead the Board for the benefit of all our stakeholders.

CEO TRANSITION

This year also saw the transition to our new CEO, James Spence. Announced in June last year, James officially took over from me as CEO on 1 January 2023. Having been with Goodman for 16 years both in New Zealand and overseas, James was a part of the leadership team. Since taking on the role, he has provided the continuity of strategy, leadership and vision that differentiates GMT in New Zealand. I'm sure you'll agree with me that it has been a smooth transition to the new CEO, and we look forward to hearing more from James later today.

YEAR IN REVIEW

The strength of GMT's FY23 operating results demonstrates the resilience of the business and the benefits of an investment strategy exclusively focused on the Auckland industrial market.

The industrial real estate sector has remained buoyant over the last 12 months, with demand for space exceeding supply in many locations. This is mirrored in our own leasing results with the portfolio generating strong revenue growth over the last year.

The operating performance of the Trust has been excellent, however, rising interest rates have impacted property values. As a result, a 4.7% reduction in the fair value of GMT's property assets was recorded for the year.

As a long-term investor, Goodman manages its balance sheet prudently, and looks through market cycles. We invest in high quality warehouse and logistics facilities in key locations close to consumers and transport infrastructure, as we believe these attributes will deliver superior returns over time.

These returns have been reflected in the relative share price performance of GMT, which has outperformed both the listed property sector and the wider NZX50 on a total return basis over the past one-, three-, five- and ten-year periods.[1]

[1] Calculated using the GMT close price on 27 June 2023

EARNINGS AND DISTRIBUTIONS

High occupancy levels, growing rental rates, new development completions and acquisitions have all contributed to a 6.6% increase in cash earnings this year to $99.6 million, or 7.1 cents per unit. The increase is almost 3% higher than our original guidance, and cash distributions of 5.9 cents per unit for the full year have been paid.

With limited new supply and high barriers to entry, the key structural trends that are driving customer demand for more productive and sustainable warehouse and logistics facilities are expected to support another strong operating result in FY24.

Our guidance for the coming year includes a further 4% increase in cash earnings to approximately 7.4 cents per unit, with a 5% increase in cash distributions to around 6.2 cents per unit.

At yesterday’s closing price of around $2.18 per unit, this represents a 2.8% cash yield to investors. It’s one of the lowest yields in the sector, reflecting positive investor sentiment towards our business and confidence in our strategy to maximise returns over time.

I’d now like to pass over first to Andy Eakin, and then to James Spence who will provide more detail on our financial and operational performance.

ANDY EAKIN'S ADDRESS

Thanks John, and good afternoon everyone.

Today I'll provide more detail around the Trust's recent financial results and the new investment and treasury initiatives that make GMT a more sustainable and resilient business.

FINANCIAL HIGHLIGHTS

After the disruptions of COVID-19, the 2023 financial year was a welcome return to a more typical operating environment.

While rising interest rates and a slowing economy have created headwinds, the key structural trends that are driving customer demand for space have continued to support GMT's strong operating results.

The increase in demand for well-located warehouse and logistics facilities is being reflected in high occupancy levels, very strong rental growth and a greater level of development activity for the Trust.

These factors, together with the additional revenue from recent acquisitions, have contributed to the increase in net property income, to $177 million.

The additional rental income, offset to an extent by higher interest costs, have driven the 6.9% increase in operating earnings before tax to $126.5 million.

Deductions associated with new leasing and the redevelopment of brownfield sites, lowered GMT's effective tax rate to just 12.2%. As a result, operating earnings after tax increased by 11.9% to $111.1 million.

A positive feature of the PIE regime is that these deductions are effectively passed on to you, our Unitholders, the majority of whom have no further tax to pay on the distributions received.

As John mentioned earlier a 4.7% reduction in the fair value of GMT's property portfolio has contributed to the after tax statutory loss of $135.4 million. Full independent property valuations as at 31 March 2023 resulted in a reduction in the fair value of the portfolio. This is the main reconciling item with the Trust's operating result and is also the main contributor to the 5.9% reduction in net tangible assets, to around $2.45 per unit.

It is important to remember that fair value gains or losses resulting from property valuations are non-cash adjustments that do not impact our underlying operating profitability, or the distributions paid to investors. Although the valuations recorded a 100bps softening in the portfolio capitalisation rate to 5.2%, the impact of this was significantly reduced by GMT's positive leasing results and very strong rental growth over the last 12 months.

The double-digit growth in market rentals means the level of under-renting within the portfolio, the difference between contract and market rentals, has grown to 25%. The benefits of this potential reversion will be realised over time, as contract rents are reviewed to market and new leases are secured at the higher rates.

FINANCIAL RESILIENCE

Financial stability is the foundation of any sustainable business and GMT has been managed prudently with a well-capitalised balance sheet to support its investment objectives.

The benefits of the Trust's urban logistics portfolio, and strength of its customer relationships contribute to high occupancy and retention levels. Around 230 businesses provide the rental cashflows that drive GMT's operating results and contribute to the growth in both earnings and distributions. An occupancy rate of over 99% and weighted average lease term of more than six years means that these contracted rental streams are secured well into the future.

With rising interest rates, increasing market rents and high levels of inflation, we are working with customers to help them drive more productivity and efficiency out of their properties.

At 31 March 2023, GMT reported a loan to value ratio of 25.9% and committed gearing of 29.1%, both significantly below the 50% maximum permitted under the Trust's debt covenants. Together with a conservative preferred through-cycle gearing range of 20-30%, this provides operational flexibility and substantial balance sheet resilience should investment markets deteriorate.

GMT’s financial resilience is also reflected in a BBB investment grade credit rating from S&P Global Ratings. Its debt is rated one notch higher at BBB+ benefitting from the security granted over the property assets.

Both ratings have remained unchanged since first assigned in 2009, illustrating the strong and stable nature of our businesses.

GREENING THE DEBT BOOK

New capital management initiatives during the financial year provided additional liquidity and extended the range of funding sources available to the Trust.

The establishment of our Sustainable Finance Framework last year provided the platform to further diversify our capital structure. With increasing numbers of investors prioritising sustainable investments, the Framework has enabled GMT to access the growing pool of debt funding allocated to green investment initiatives.

The inaugural issue of $150 million of fixed rate, five-year, Green Bonds was made at the beginning of the financial year. This was followed in December 2022 with the establishment of $300 million of Green Loan facilities as part of a wider bank refinancing. Both initiatives provide funding for the Trust’s development programme which is targeting a 5 Green Star Built rating for all new projects, irrespective of their size.

With almost three quarters of a billion dollars of available liquidity at 31 March 2023, GMT’s debt facilities are well diversified and now include bank loans (both green and non-green), listed retail bonds (also both green and non-green), wholesale bonds and US Private Placement notes.

The expiry profile of these facilities extends out to 2030 although the first maturity, $100 million of retail bonds, occurs in September 2023. While we have the capacity to repay these bonds from undrawn bank facilities, a decision around further non-bank debt issuance has not yet been made.

Having a diverse capital structure provides us with this flexibility and adds to GMT's financial sustainability and resilience in a more challenging economic environment.

SUSTAINABLE BUSINESS

We have remained disciplined in the execution of our investment strategy, adapting to the moderating economic environment while continuing to build a responsible and sustainable business.

Toitū carbonzero certification for our business operations and a CDP climate score of A- demonstrate further progress toward our 2025 carbon reduction objectives.

The leadership rating from CDP, a global environmental impact initiative for businesses and investors, is the equal highest score of a New Zealand organisation and represents the second consecutive year of improved results for our business.

Acknowledging that there is more work to do, we have reviewed our Emissions Reduction and Management Plan and set longer dated objectives for 2030.

The target is to reduce our operating emissions by 43% from our 2020 base year which is consistent with the aim of limiting global warming to less than 1.5 degrees. Last year's emissions represented a 38% reduction from 2020 and show we're on target to meet these goals.

We are also developing more sustainably, collaborating with consultants, contractors, and suppliers to deliver lower carbon, more resource efficient and resilient buildings for our customers.

Life cycle assessments, measuring the upfront embodied carbon of all current projects, show our new facilities are expected to achieve an average 14% reduction in emissions compared to similar sized reference buildings.

Thank you everyone, I'll now hand over to James.

JAMES SPENCE ADDRESS

Tēnā koutou katoa. Thanks Andy, and good afternoon, everyone. It's a pleasure to be here today discussing a business we're all passionate about.

You've already heard from John and Andy on how sustained rental growth and positive leasing outcomes are being reflected in the Trust's operating results. Today I want to focus on the underlying real estate and demonstrate how our $4.8 billion portfolio of high-quality warehouse and logistics facilities are meeting the needs of our customers and creating long-term value for our Unitholders.

By investing exclusively in Auckland, we have adapted our investment strategy in recent years to accommodate the growing demand for sustainable warehouse and logistics space. With customers becoming more sophisticated and seeking to improve supply chain resilience post COVID, we're leading the local market with flexible and operationally efficient buildings that deliver productivity benefits for their businesses.

We leverage Goodman's global experience and expertise to stay at the forefront of emerging trends in the urban logistics sector. In these land constrained markets in Asia and Europe demand for well-located space is supporting the development of highly sustainable, multi-storey warehouse facilities. Goodman are partnering with customers in these cities, integrating automation into warehouse design to improve space utilisation and distribution efficiency for these businesses.

We benefit from this expertise and adapt our local development solutions to maximise the value of the facilities our customers lease.

STRATEGIC LOCATIONS

The current slide is an aerial image of Auckland, highlighting the density of the city and the region's geographic constraints.

Overlaid on the map are our estates. The scale of the portfolio and our development pipeline means we have a warehousing space solution for most businesses.

With almost zero vacancy for prime space, the Auckland industrial market is highly constrained. Demographic changes, regional growth, customer sustainability targets, and the requirements of e-commerce, have all driven the increase in demand for sustainable urban logistics space.

You'll note the location of our 15 properties, relative to key transport infrastructure such as the airport, port, motorway system and rail corridor. Proximity to these distribution networks is one of the most important factors in the property requirements of our customers.

These locations are also close to large residential areas, facilitating last mile goods delivery for fulfilment businesses. With Auckland being New Zealand's largest consumer market, e-commerce is an increasingly significant driver of customer demand for our facilities. They help improve delivery times to meet the increasing consumer expectations and provide the opportunity to reduce carbon emissions with shorter distances to travel.

GMT's portfolio is unrivalled in terms of quality and scale. Our successful development programme has driven this growth, with over 90% of the core portfolio developed since 2004. These aren't assets that can be easily acquired, and the portfolio would be almost impossible to replicate today with the high barriers to entry created by the availability and cost of capital, limited land opportunities, and high construction costs.

PROVEN DEVELOPMENT CAPABILITY

This afternoon I want to really reinforce the importance of our development capability to our overall investment strategy.

The development programme has created the high-quality business we're all invested in and with the Auckland industrial market effectively at capacity, we expect it to drive the Trust's future growth.

Many of you will be familiar with Highbrook Business Park having taken the opportunity to visit our flagship estate, at various open days over the years.

Partnering with the Fisher family in the initial stages, the 109-hectare property has been progressively developed since 2004. We are proud to say that we are nearing the final milestone in the creation of a world class Business Park in Auckland's East Tamaki, with the last project completing over the coming months.

The images onscreen now show the original Ra Ora Horse Stud, once home of Sir Woolf and Lady Joyce Fisher.

The scale of the property and its location overlooking the Tāmaki River, has provided a unique opportunity to shape Auckland's built environment, sustainably. Extensive water and city views have been preserved with 40 hectares of adjoining parkland and esplanade reserves providing public spaces and recreational amenity.

Major infrastructure projects including a road bridge, a new motorway interchange and a four-lane arterial road linking the peninsula with Auckland's motorway system and its freight transport networks have facilitated the development.

Today, the master-planned estate features over 75 facilities, with more than 130 customers. These businesses employ a daily workforce of around 5,500 people. With an average age of just nine years, all Highbrook buildings share a consistent design theme – providing modern, efficient, sustainable, and flexible workplaces.

A 5 Green Star Built rating is being targeted for all our new development projects. Green Star is an independent rating system that assesses the sustainability features and resource efficiency of non-residential buildings. The New Zealand Blood Service and multi-warehouse Tāwharau Lane developments have achieved a 6 Green Star Design Rating[2].

While a 5 Green Star rating is considered "New Zealand Excellence", 6 Green Star ratings represent "World Leadership", and we're extremely proud that these new projects are the first New Zealand industrial developments to achieve this high level of certification at the design phase.

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[2]Green Star – Design & As Built NZv1.0 Certified Design Review Rating

The warehouse and logistics facilities at Highbrook are complemented by The Crossing, a town centre precinct that provides accommodation, hospitality and retail amenity together with professional services. It's also where we have our management office, so that our building managers and customer service staff are close to their customers.

The development of Highbrook Business Park has been a long-term, large-scale project that has spanned the GFC and COVID pandemic. Despite the disruption of these periods, we have remained focused on the delivery of the masterplan. What has been achieved is a positive reflection on the abilities of our in-house development team and their dedication to the realisation of the original vision for the estate.

Retaining responsibility for all its property and corporate functions is one of the features of Goodman's management model and one that we believe delivers superior outcomes for our stakeholders.

There are very few property businesses in New Zealand with the resources, relationships, commitment, and vision to deliver long-term projects like this.

Making up almost 50% of the portfolio, Highbrook Business Park is now a major driver of the Trust's operating performance. Almost 100% occupied and with facilities that attract premium market rents and deliver superior capital returns, it has been an exceptional investment for our Unitholders.

It has also become an important asset for Auckland, improving transport links to the east of the city and providing warehouse and distribution infrastructure that allows supply chains to operate efficiently.

The integrated design has helped foster a close-knit business community which has become a major employment area for East Tāmaki. It has also activated the surrounding reserves and green spaces, creating recreational amenity for wider public use.

FUTURE PIPELINE

With Highbrook almost complete, we're increasing our investment in other strategic Auckland locations to accommodate future customer demand. A combination of greenfield and brownfield sites within the portfolio is expected to support the development of over 400,000 sqm of urban logistics space.

The scale of the future pipeline is consistent with the significant development roll-out achieved over the last 10 years.

The volume of work in progress remains substantial, with $461.6 million of active projects, of which around 95% is pre-committed.

These developments will add a further 110,000 sqm high-quality urban logistics space to the portfolio over the next 18 months. The 10 new warehouse and logistics facilities are expected to generate $23.1 million in annual rental income once complete.

With well-located industrial zoned greenfield land increasingly scarce, 5 of our 6 current projects are being constructed on brownfield sites. These are usually well located in-fill properties purchased for their future redevelopment potential.

The acquisition of the Sleepyhead manufacturing facility in Ōtāhuhu during the year was consistent with this strategy. Featuring older improvements, the 4.0-hectare property is currently leased back to the local bedmaker, generating holding income until it is ultimately redeveloped.

While brownfields sites can be more complex to develop, those owned by GMT are in prime locations and attract premium rentals.

We expect more of these opportunities in the future, as rising interest rates impact more heavily leveraged owners. By remaining patient and being selective with strategic acquisitions that complement the existing portfolio, we will continue to create long-term value through our development activity.

EXTREME WEATHER EVENTS

The extreme weather events of January and February have reinforced the need for greater action on climate change. They've also demonstrated the importance of building a future-proof and climate resilient property portfolio.

We manage climate risks by investing in locations and facilities that are less susceptible to damaging weather patterns and insure against building damage and business interruption. A preliminary assessment by insurance engineers has confirmed our properties have a low risk of flood damage.

These factors are important considerations in our customers' leasing decisions.

GOODMAN FOUNDATION

While our portfolio performed extremely well throughout the Auckland Anniversary flooding and Cyclone Gabrielle weather events, with only minor impacts on the business operations of a few customers, we are mindful of the damage and loss suffered in our communities.

Through the Goodman Foundation, an initiative of the Manager, we support organisations that are delivering social initiatives that improve the wellbeing of those living in the locations where we invest.

Operating in New Zealand for more than 10 years, the Foundation has provided over $2 million of financial assistance to its community partners. Responding to the immediate needs of our communities made disaster relief another significant part of its programme this year.

In addition to our regular partnership program, the Foundation extended its support with $100,000 of disaster relief provided to KiwiHarvest, OrangeSky and the Red Cross. The additional funding allowed these organisations to extend their services, helping with the immediate need and ongoing recovery from the disasters earlier this year.

SUMMARY

GMT is delivering strong operating results, driven by sustained rental growth and a prime industrial market that is effectively at capacity.

The scale and quality of the portfolio is unrivalled, and we're leading the market with sustainable space solutions that are improving the operational efficiency of our customers' businesses.

Our long-term investment strategy remains focused on development-led growth. The potential pipeline within the portfolio is substantial and we will continue to act prudently, unlocking this value over time.

Our team remains our greatest asset, and despite challenging times that we may face ahead, I am confident in their ability to remain focused and determined to continue executing on our strategy.

By remaining agile and adapting to the changing market conditions, the Trust will continue to benefit from the structural trends that are driving customer demand for sustainable, warehouse and logistics facilities close to consumers.

Finally, I'd like to highlight the advantages of Goodman Group's global management expertise and its alignment as a cornerstone investor. The value of this relationship in a more complex and changing market is a real benefit for our business, keeping GMT at the forefront of emerging trends.

Ngā mihi. Thank you everyone, and thank you for your continued investment in GMT.

GENERAL BUSINESS

JOHN DAKIN

Thank you, James, and Andy for your insights this afternoon.

A high-quality property portfolio, robust capital structure and a sustainable growth strategy provide the stability and resilience needed for a more challenging economic environment.

By remaining disciplined with our investment decisions and staying focused on our customer relationships, the Trust should continue to benefit from the positive demand dynamic that is supporting strong earnings and distribution growth.

We'll now move onto questions.

QUESTIONS FROM UNITHOLDERS

For those of you participating through the live webcast, I encourage you to submit your questions now. As I mentioned earlier, these need to be entered through the online portal and will be addressed after questions from the room.

I'll now open the floor for questions, please raise your hand and wait for the microphone to be provided.

[John to address any questions in the room]

We'll now move onto questions from our webcast participants.

[John to address any online questions]

On behalf of the Board, I'd like to thank you all for your participation today and your continued support of the Trust. I'd also like to thank the Goodman team for their contribution to the success of the business over the last 12 months.

I now declare this meeting closed and for those in the room, please join us for refreshments.

For further information please contact:

John Dakin
Chair and Non-Executive Director
Goodman (NZ) Limited
(021) 321 541

James Spence
Chief Executive Officer
Goodman (NZ) Limited
(021) 538 934

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

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 $4.8 billion at 31 March 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 a A$80.7 billion specialist global manager of warehouse and logistics real estate.