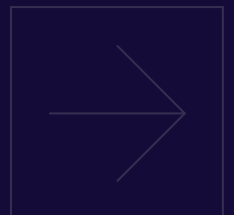




GOODMAN PROPERTY TRUST

# Managed Investment Scheme

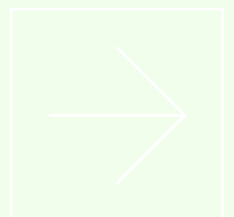
ANNUAL REPORT 2023



# Kia ora Welcome

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## Details of the Scheme

The scheme is the Goodman Property Trust (“Scheme” or “GMT”) which is a managed investment scheme for the purposes of the Financial Markets Conduct Act 2013 (“FMCA”).

The Manager of the Scheme is Goodman (NZ) Limited (“GNZ”) and the Supervisor is Covenant Trustee Services Limited.

A Product Disclosure Statement has not been prepared for the Scheme as no regulated offers of units have been made pursuant to the FMCA.

The Scheme’s latest financial statements and the auditor’s report for those statements were lodged with the Registrar on 24 July 2023.

Units in the Scheme are listed on the NZX with the code of GMT.

## Description of the Scheme

The Scheme owns, develops and manages commercial property and business real estate space located in New Zealand.

The Scheme is a unit trust established by a trust deed dated 23 April 1999 (“Trust Deed”), under the Unit Trusts Act 1960.

## Information on composition of the Scheme

This Annual Report covers the accounting period from 1 April 2022 to 31 March 2023.

The number of managed investment products, being units in the Scheme, (“Units”) on issue at the start of the accounting period was 1,397,303,338.

The number of Units on issue at the end of the accounting period was 1,403,254,516.

# Changes relating to the Scheme

Material changes to the nature of the Scheme, the Scheme property, or the management of the Scheme over the accounting period are as follows:

## **Statement of Investment Policies and Objections (“SIPO”)**

There have been no amendments to the SIPO during the period from 1 April 2022 to 31 March 2023.

## **Trust Deed**

During the period from 1 April 2022 to 31 March 2023, GMT’s Trust Deed was not amended.

GMT’s Trust Deed is available on the Corporate Governance section of the Goodman Property Trust website at [www.goodman.com/nz](http://www.goodman.com/nz). It is also available on the Disclose Register accessible on the Companies Office website (<https://www.companiesoffice.govt.nz/disclose>).

## **Related party transactions**

During the period from 1 April 2022 to 31 March 2023 there was no change to the nature and scale of related party transactions.

There were no related party transactions entered into during the period from 1 April 2022 to 31 March 2023 that were not on arm’s-length terms.

Further details of the related party fees paid by GMT to GNZ and Goodman Property Services (NZ) Limited (“GPSNZ”) can be found in the financial statements for GMT which have been lodged with the Registrar.

During the period from 1 April 2022 to 31 March 2023 there were no material changes to:

- (a) “terms of offer”; and
- (b) “valuation and pricing methodologies” in relation to GMT.

# Financial condition and performance of the Scheme

Customer demand for well-located warehouse and logistics space has contributed to significant revenue and earnings growth over the last 12 months, while new investment and capital management initiatives have made GMT a more sustainable and resilient business.

As at 31 March 2023 the Scheme had total current assets of \$17.0 million, total non-current assets of \$4,836.9 million and total liabilities of \$1,413.2 million (net assets of \$3,440.7 million).

Total comprehensive income for the 12 month period to 31 March 2023 was (\$135.4) million, and total distributions relating to the period to Unitholders were \$81.3 million, representing 5.80 cents per Unit.

Total comprehensive income for the 12 month period to 31 March 2022 was \$748.6 million, and total distributions relating to the period to Unitholders were \$76.1 million, representing 5.45 cents per Unit.

Total distributions of around 6.2 cents per Unit are expected to be paid for the 12 month period to 31 March 2024.

You can find a copy of the Scheme's financial statements, including information on distributions made by the Scheme on the Disclose Register at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose), scheme number SCH11225.

Further information on the financial result is provided in GMT's Annual Report at: [www.goodmanreport.co.nz](http://www.goodmanreport.co.nz)

## HIGHLIGHTS INCLUDE:

Sustained customer demand contributing to a 6.9% increase in operating earnings<sup>1</sup>, to \$126.5 million before tax

A \$237.7 million reduction in the fair value of its property assets has contributed to a statutory loss of \$135.4 million after tax compared to a profit of \$748.6 million in FY22 (including fair value gains of \$660.4 million from property valuations)

Net tangible assets of 245.2 cents per unit

Substantial balance sheet capacity, with a loan to value ratio<sup>2</sup> of 25.9% and \$739 million of available liquidity at 31 March 2023

A 6.6% increase in cash earnings<sup>3</sup> to 7.1 cents per unit and a 7.3% increase in cash distributions, to 5.9 cents per unit

Guidance for FY24 includes a further 4% increase in cash earnings to around 7.4 cents per unit with a 5% increase in cash distributions to approximately 6.2 cents per unit

A \$4.8 billion property portfolio providing over one million square metres of warehouse and logistics space, with occupancy of 99.5% and a weighted average lease term of more than six years

Positive progress in the sustainability programme with an improved climate score of A- from CDP and New Zealand's first industrial 6 Green Star Design<sup>4</sup> rating, awarded to two development projects at Highbrook Business Park

Further development activity with \$209.7 million of new project commencements at Roma Road Estate in Mt Roskill and Savill Link in Ōtāhuhu, with \$461.6 million of work in progress (total project cost)

New capital management initiatives including \$450 million of green bonds and loans to support sustainable development.

<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 is as set out in GMT's Profit or Loss statement.

<sup>2</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.

<sup>3</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 2023 Annual Results Presentation.

<sup>4</sup> NZGBC Design & As Built NZv1.0 Certified Design Review Rating.

# Fees

The following fees and expenses were charged in respect of the Scheme in dollars and as a percentage of the Scheme's net assets for the 12 month period to 31 March 2023.

Fees and expenses description	Value (\$ million)	% of Scheme's net assets <sup>1</sup>
Valuation fees	0.8	0.02
Trustee fees	0.5	0.01
Auditor's fees	0.4	0.01
Other costs	1.7	0.05
<b>Fees/expenses charged by other persons</b>	<b>3.4</b>	<b>0.10</b>
Manager's base fee	19.7	0.57
Manager's performance fee <sup>2</sup>	-	-
Property management fees	4.0	0.12
Leasing fees	3.2	0.09
Acquisition and disposal fees	1.0	0.03
Minor project fees	0.8	0.02
Development management fees	3.1	0.09
<b>Fees charged by the Manager and its associated persons</b>	<b>31.8</b>	<b>0.92</b>
<b>Total Fees and Expenses</b>	<b>35.2</b>	<b>1.02</b>

<sup>1</sup> The net assets of the Scheme as at 31 March 2023 were \$3,440.7 million.

<sup>2</sup> Used to subscribe for new Units in accordance with the provisions of GMT's Trust Deed.

Fees (continued)

#### **Manager's base fee**

The Manager's base fee is calculated as 0.50% per annum of the book value of GMT's assets (other than cash, debtors and development land) up to \$500 million, plus 0.40% per annum of the book value of GMT's assets (other than cash, debtors and development land) greater than \$500 million.

#### **Manager's performance fee**

The Manager is entitled to be paid a performance fee equal to 10% of GMT's performance above a target return (which is calculated annually on 31 March) and is capped at 5% of annual out performance (except in a period in which GNZ ceases to hold office, or GMT terminates). The target return is equal to the annual return of a gross accumulation index created from NZX listed property entities having a principal focus on investment in real property, excluding GMT (the "Peer Group"), with the index being compiled by a suitably qualified and experienced person.

Any performance below the target return is carried forward indefinitely to future periods. GMT will not earn a performance fee on any performance in excess of the target return plus 5% per annum. Any performance over that cap will be carried forward indefinitely to future periods (except in a period in which GNZ ceases to hold office, or GMT terminates). No performance fee is payable for any year where GMT's performance is less than 0%, however, any under or over performance is carried forward indefinitely to future periods.

The Manager is required to use performance fee proceeds to reinvest in GMT units in accordance with the terms of the Trust Deed. The issue price for these units is equal to the higher of market price and the net asset value per Unit.

At 31 March 2023, GMT's return was less than 0% and therefore no performance fee is payable (2022: \$15.7 million), however GMT outperformed the Peer Group and has a \$48.9 million carry forward to include in the calculation for future periods (2022: \$9.0 million carry forward).

#### **Property management fees**

Property management fees are paid to GPSNZ for day to day management of properties.

#### **Leasing fees**

Leasing fees are paid to GPSNZ for executing leasing transactions.

#### **Acquisition and disposal fees**

Acquisition and disposal fees are paid to GPSNZ for executing sale and purchase agreements.

#### **Minor project fees**

Minor project fees are paid to GPSNZ for services provided to manage capital expenditure projects for stabilised properties.

Fees (continued)

### **Development management fees**

Development management fees are paid to GPSNZ for services provided to manage capital expenditure projects for developments.

### **Reimbursement of expenses for services provided**

Certain services are provided by GPSNZ in lieu of using external providers. Fees and expenses can only be charged to GMT by the Manager and GPSNZ in accordance with the terms of the service arrangements and/or the GMT Trust Deed.

Any change to the service arrangements and the GMT Trust Deed requires the approval of the Supervisor (or in certain circumstances, Unitholders) and would be advised to Unitholders via the NZX.

For more information in respect to the Fees, please refer to the Scheme's financial statements, on the Disclose Register at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose), scheme number SCH11225.

A summary of the fees payable can be found in the corporate governance section of the GMT website, [www.goodman.com/nz](http://www.goodman.com/nz).

### **Changes to fees and expenses**

Fees and expenses charged by unrelated third parties for valuation, trustee, audit and other services are charged at a market rate and subject to change as contracts are renewed or changed.

The calculation of the Manager's base fee and performance fee are set out on page 5. This fee structure has been previously approved by Unitholders and can only be amended with Unitholder approval.

Property services fees, including property management fees, leasing fees, acquisition and disposal fees, minor project fees and development management fees are charged in accordance with the terms of contracts agreed with the Manager's Independent Directors and approved by GMT's external trustee and supervisor, Covenant Trustee Services Limited. The tenor of these contracts varies depending on the services provided but any new contract requires the approval of GMT's external trustee and, if the quantum of the fees payable under that contract exceed the threshold in the NZX Listing Rules, the Unitholders of GMT.

In order to ensure that all fees are set at appropriate levels, the Independent Directors of the Manager arrange for the fees to be reviewed biennially by an independent third party.



# Scheme property

The table below summarises the assets of the Scheme which is extracted from the balance sheet as at 31 March 2022 and 31 March 2023:

\$ million	2023	2022
<b>Non-current assets</b>		
Investment property	4,791.2	4,773.2
Other assets	2.8	1.1
Derivative financial instruments	42.9	30.4
<b>Total non-current assets</b>	<b>4,836.9</b>	<b>4,804.7</b>
<b>Current assets</b>		
Debtors and other assets	10.4	5.5
Derivative financial instruments	-	0.5
Cash	6.6	3.6
<b>Total current assets</b>	<b>17.0</b>	<b>9.6</b>
<b>Total assets</b>	<b>4,853.9</b>	<b>4,814.3</b>

# Changes to persons involved in the Scheme

During the accounting period, John Dakin stepped down as Chief Executive Officer of Goodman (NZ) Limited and was replaced by James Spence. The effective date of the change was 1 January 2023.

There have been no other changes to persons involved in the Scheme during the accounting period.

# How to find further information

Copies of documents relating to the Scheme, such as the Trust Deed, SIPO and the annual financial statements are available on the Disclose Register at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose), scheme number SCH11225.

You have the right, free of charge and during normal office hours, to inspect that part of the Unit register that relates to your Units on giving 5 working days' notice to the Manager.

You also have the right, free of charge, on giving 5 working days' notice to the Manager and during normal office hours, to inspect a copy of the Trust Deed, SIPO and annual financial statements at the Manager's registered office, which is located at Level 2, 18 Viaduct Harbour Avenue, Auckland 1010.

Alternatively, you can obtain a copy free of charge by writing to us at PO Box 90940, Auckland 1142.

# Contact details and complaints

## Manager

### Goodman (NZ) Limited

Level 2, 18 Viaduct Harbour Avenue, Auckland 1010  
PO Box 90940, Victoria Street West, Auckland 1142  
Toll free: 0800 000 656 (within New Zealand)  
Telephone: +64 9 375 6060 (outside New Zealand)  
Email: [info-nz@goodman.com](mailto:info-nz@goodman.com)  
Website: [www.goodman.com/nz](http://www.goodman.com/nz)

## Helpline

The Manager has a dedicated toll free number, 0800 000 656 (+64 9 375 6073 from outside New Zealand), which will connect Unitholders directly with the investor relations team who will assist with any queries.

## Trustee and Supervisor

### Covenant Trustee Services Limited

Level 6, Crombie Lockwood Building, 191 Queen Street  
PO Box 4243, Auckland 1140  
Telephone: +64 9 302 0638

## Registrar

### Computershare Investor Services Limited

Level 2, 159 Hurstmere Road, Takapuna  
Private Bag 92119, Victoria Street West, Auckland 1142  
Toll free: 0800 359 999 (within New Zealand)  
Telephone: +64 9 488 8777 (outside New Zealand)  
Facsimile: +64 9 488 8787  
Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

## Complaints

Complaints may be made to the Manager or Supervisor.

As a financial service provider registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, the Manager is a member of an approved dispute resolution scheme (registration number FSP36542).

## Financial dispute resolution

Freepost 231075  
PO Box 2272, Wellington 6140  
Toll Free: 0508 337 337 (within New Zealand)  
Telephone: +64 4 910 9952 (outside New Zealand)  
Email: [enquiries@fdr.org.nz](mailto:enquiries@fdr.org.nz)

There will be no fee charged to any complainant in connection with an investigation.



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