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GMT Delivers Record Annual Profit of \$247.9 million

Date 19 May 2016

Release Immediate

Goodman (NZ) Limited, the manager of Goodman Property Trust (“GMT” or “Trust”) is pleased to announce GMT’s financial results for the year ended 31 March 2016.

Highlights include:

- + A 45.1% increase in profit before tax, from \$170.9 million to \$247.9 million.
- + Fair value gains of \$145.8 million, as a result of the portfolio revaluation.
- + An 11.1% increase in net tangible assets to 120.4 cents per unit.
- + Operating earnings¹ before tax of \$117.0 million or 9.41 cents per unit², a 2.7% increase on the 9.16 cents per unit achieved last year.
- + Tax-paid cash distributions of 6.65 cents per unit, 3.1% higher than the 6.45 cents per unit paid in the previous corresponding period.
- + Commencement of 12 new development projects totalling \$148.7 million.
- + A successful sales programme with \$124.2 million of asset disposals.
- + A strong balance sheet with a look through loan to value ratio of 33.9%

Keith Smith, Chairman and Independent Director said, “A more active operational strategy has been pursued in recent years to take advantage of the positive economic environment and strong property market conditions that exist.”

The focus has been on maximising the performance of the investment portfolio and advancing the development programme.

Chief Executive Officer, John Dakin said, “With more than \$350 million of new development projects secured in the last three years, it’s a strategy that is transforming the Trust’s land holdings into high quality, income producing assets.”

Funded through asset sales, it is a sustainable business activity that is renewing and refining the wider portfolio.

It is also increasing the alignment between the cash earnings of the Trust and the distributions that it pays.

¹ Operating earnings are 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.

² On a weighted average issued unit basis

A comprehensive summary of GMT's financial performance is contained within the 2016 Annual Report. The report was released today and is available online at www.goodmanreport.co.nz

Portfolio Performance

Over 159,000 sqm of leasing transactions were completed during the year, maintaining portfolio occupancy at an average of 96%³.

John Dakin said, "Customer demand has remained sound over the last 12 months, with favourable economic conditions and a stable operating environment facilitating GMT's business growth."

The demand that is supporting the strong leasing results in the investment portfolio is also contributing to a record level of new development activity being undertaken.

John Dakin said, "With \$148.7 million of new projects announced last year, we're making substantial progress in developing out GMT's strategic land holdings. Following the completion of the current work book the Trust's land weighting will reduce to just 8.3% of total property assets, while investment in the favoured Auckland Industrial and Business Park sectors will increase to 67.8%."

This is a deliberate reweighting that is consistent with a long-term ownership strategy that the Board and Management Team are confident will deliver the greatest returns to Unitholders.

Valuation Outcome

Recent development projects have also made a significant contribution to this year's \$145.8 million revaluation gain.

The 6.7% increase in the value of the overall portfolio reflects a rising property market, characterised by greater levels of transactional activity and record pricing.

The strength of this investor demand is demonstrated in the 55bps firming in the capitalisation rate, from 7.50% to 6.95%. The shift also reflects a change in the composition of the portfolio, with ongoing development and sales activity improving the overall quality.

Capital Management

At 31 March 2016 GMT's look through loan to value ratio was 33.9%, a reduction from the 34.2% reported last year and significantly below the 50% threshold permitted under its debt and Trust Deed covenants.

Keith Smith said, "With an active sales programme funding new investment and development opportunities, GMT's strong balance sheet position has been maintained. New treasury initiatives have also enhanced GMT's capital structure with improvements to the diversity and tenor of the Trust's debt facilities."

With a combination of bank debt, wholesale bonds, retail bonds and US Private Placement Notes, GMT has a very diverse debt book. It is also long dated, with these facilities having a weighted average term to expiry of 5.4 years at 29 April 2016, following the most recent bank refinancing.

³ With 97% being recorded at 31 March 2016

Future focus

A more active operational approach is improving an already high quality portfolio and delivering consistent financial results for GMT.

The strategy has five key objectives, including;

1. An accelerated development programme to utilise the Trust's bank
2. Sustainable growth with asset recycling funding new investments
3. Portfolio renewal and refinement
4. Greater alignment between cash earnings and distributions
5. Maintaining GMT's financial strength through prudent capital management

Keith Smith said, "A continued focus on these key areas will further improve the quality of the business and reinforce GMT's position as one of New Zealand's leading real estate providers."

With stable property market fundamentals and low interest rates stimulating business growth, the immediate outlook for GMT remains sound.

The Board expects GMT's operating earnings before tax to increase to around 9.5 cents per unit in 2017. Cash distributions are forecast to be at least 6.65 cents per unit.

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Attachments provided to NZX:

1. NZX Appendix 1
2. Investor Presentation
3. Media Release
4. Goodman Property Trust and GMT Bond Issuer Limited Annual Report 2016

About Goodman Property Trust:

GMT is an externally managed unit trust, listed on the NZX with a market capitalisation of around \$1.7 billion. The Manager of the Trust is a subsidiary of the ASX listed Goodman Group, Goodman Group are also the Trust's largest investor with a cornerstone unitholding of 20.62%.

GMT is New Zealand's leading industrial and business space provider. It has a substantial property portfolio, with a value in excess of \$2.3 billion, that accommodates more than 280 customers. The Trust holds an investment grade credit rating of BBB from Standard & Poor's.