

## GMT active year supports strong results

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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 year ended 31 March 2022.**

GMT is benefiting from a growing digital economy and sustained demand for warehouse and logistics space close to consumers.

Financial and other highlights include:

- + Statutory profit of \$763.8 million before tax (including fair value gains of \$660.4 million from property valuations), up 17.7% on FY21
- + 22.6% increase in net tangible assets, from 212.5 cents per unit at 31 March 2021, to 260.6 cents per unit at 31 March 2022
- + Operating earnings<sup>1</sup> of \$118.3 million before tax, an increase of 3.0% from FY21.
- + Cash earnings<sup>2</sup> of 6.66 cents per unit and cash distributions of 5.50 cents per unit, reflecting a payout ratio of 82.6%
- + New capital management initiatives, with further wholesale bond issuance and the launch of a Sustainable Finance Framework supporting GMT's first green bond issue in April 2022
- + Substantial balance sheet capacity, with a loan to value ratio<sup>3</sup> of 21.3% at 31 March 2022
- + A heightened level of development activity with \$300.2 million of new projects and \$426.0 million of work in progress (total project cost)
- + \$299.9 million of complementary acquisitions<sup>4</sup>, with the purchase of properties in Albany, Māngere, Mt Wellington, Ōtāhuhu and Penrose
- + Over 265,000 sqm of new leasing (around 25% of the portfolio), with an average occupancy rate across the portfolio of 99.4% during the year.

### RESULT OVERVIEW

Significant new leasing, high occupancy levels, continued rental growth, new development commitments and complementary acquisitions have all contributed to the Trust's strong operating performance and record statutory profit.

Keith Smith, Chairman of Goodman (NZ) Limited said, "The underlying strength of our operating results has reinforced the value of an investment strategy focused on urban logistics in the Auckland industrial market."

The Trust's \$4.8 billion property portfolio provides essential business infrastructure for its 220+ customers, facilitating the efficient storage and distribution of goods and materials.

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

<sup>2</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 on page 48 of GMT's Annual Report 2022.

<sup>3</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>4</sup> Includes post balance date property acquisition.

Chief Executive Officer, John Dakin said, “The pandemic has accelerated the key structural changes that are driving demand for urban logistics space. The expansion in e-commerce is a positive trend for the Trust with customers extending their business operations to incorporate the growth in online retail.”

With average occupancy of 99.4% the portfolio is effectively at capacity.

The positive demand dynamic is also being reflected in an increased level of development activity, with five new projects commencing in the last 12 months.

John Dakin said, “While the pandemic and other downside risks are likely to constrain economic activity over the short to medium term, the quality and scale of the portfolio, together with low gearing and a focused investment strategy, give us confidence about the year ahead.”

Guidance for FY23 includes a 4% increase in cash earnings to around 6.9 cpm, with a 7% increase in cash distributions to approximately 5.9 cpm.

Keith Smith said, “Recognising that the world is changing rapidly, and that today’s economic outlook is more uncertain than 12 months ago, our guidance is subject to there being no material adverse changes in market conditions or other unforeseen events.”

Further information is provided in the GMT and GMT Bond Issuer Limited Annual Report 2022. A copy of the report, which was released today, has been provided to the NZX and is available online at [www.goodmanreport.co.nz](http://www.goodmanreport.co.nz).

## **PORTFOLIO PERFORMANCE**

John Dakin said, “The strength of the current leasing market reflects a growing digital economy and while the longer-term economic impacts of COVID-19 are uncertain, the majority of our customers have adapted to the new operating environment.”

The demand for space is also being reflected in the \$300.2 million of new development projects announced during the year. The largest of the projects are a supersite facility for Mainfreight at Favona Road, Māngere and a parcel processing facility for NZ Post at Bush Road, Albany.

It adds to the work in progress, with seven active projects (\$426.0 million total project cost) at 31 March 2022.

John Dakin said, “Around 98% pre-committed, the current development workbook will add almost 100,000 sqm of net lettable area to the portfolio. These new warehouse and logistics facilities are expected to generate over \$21 million in annual rental income once complete.”

## **LOWER CARBON FOOTPRINT**

To ensure its new facilities are industry leading, the Trust is targeting a 5 Green Star Built rating for all current and future projects.

John Dakin said, “A greater awareness around climate change and wellbeing is driving customers to seek out more energy efficient and sustainable solutions when considering their future property requirements.”

GMT is working to reduce carbon emissions across the whole property lifecycle. Those emissions that cannot be reduced, including the embodied carbon within all new developments, are being offset with a combination of New Zealand and internationally sourced carbon credits.

The positive impact of ongoing carbon reduction and management projects has also been reflected in lower emissions and an improved climate score from CDP, the global disclosure system for environmental reporting, this year.

Keith Smith said, “The CDP rating of B and the ongoing assurance provided by Toitū carbonzero certification for our business operations show we are making positive and credible progress toward our 2025 emission reduction targets.”

## **SECURING A FUTURE PIPELINE**

The Trust made five acquisitions during the year, including 34 hectares of land adjoining the Villa Maria Winery in Mangere, totalling \$250.6 million.

John Dakin said, “With the remaining development land at Highbrook now fully allocated, we’re increasing our investment in strategic locations to accommodate future demand.”

The Trust has confirmed another new purchase today, acquiring the Sleepyhead manufacturing facility at 41-71 Great South Road in Ōtāhuhu for \$49.35 million. The four hectare property, which is expected to settle later this month, is a medium term redevelopment opportunity.

With a combination of greenfield and brownfield sites within the portfolio, GMT’s future development pipeline is estimated to total over 400,000 sqm of urban logistics space.

## **SUSTAINABLE INVESTMENT**

A well-capitalised balance sheet has enabled the Trust to grow sustainably.

Keith Smith said, “We have continued to be successful by remaining agile, embracing opportunities and making positive changes to the business. These changes have included new sustainability and capital management initiatives that are focused on the long term.”

The successful issue of a \$200 million six year wholesale bond in December 2021 and the launch of a Sustainable Finance Framework in March 2022 have strengthened the Trust and added greater financial flexibility.

Keith Smith said, “The new framework supports investment in sustainable assets through the issue of green bonds and bank debt. Aligning new funding with positive environmental outcomes through the development of 5 Green Star rated properties is another step in the creation of a sustainable business focused on long term value creation.”

The first issue of \$150 million of five-year green bonds was completed on 14 April 2022, following GMT’s financial year end.

## **KEEPING TO OUR STRATEGY**

GMT has continued to demonstrate that it is a robust and resilient property business, delivering a strong operating performance while adapting to the ongoing challenges of COVID-19.

A high-quality portfolio focused on urban logistics has positioned the Trust to benefit from the structural trends that are driving demand for distribution facilities close to consumers.

New capital and investment initiatives, complemented by a greater focus on low-carbon property solutions, have further strengthened the business, and are expected to support sustainable long-term growth.

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### **Attachments provided to NZX:**

1. Goodman Property Trust and GMT Bond Issuer Limited Annual Report 2022
2. GMT’s 2022 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 \$2.9 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 2022. 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\$68.7 billion specialist global manager of warehouse and logistics real estate