

Q3 FY23 OPERATIONAL UPDATE

11 May 2023

Goodman



Aerial image of Goodman assets in South Sydney, Australia.

Goodman is positioned well for FY23, delivering a strong operational performance at the third quarter. As a result, our guidance for FY23 Operating Earnings Per Security growth has increased to 15%.

“The scarcity of space in our locations, and customer need for more productive and sustainable solutions is supporting underlying property fundamentals. These are driving development demand and rental growth. Despite the global macro economic volatility, we have almost zero vacancy and continue to execute on our development strategy with annual production rate for FY23 averaging around \$7 billion.

Headwinds from cap rate expansion are being mitigated by continued growth in rents in most markets. The portfolio is expected to continue to grow organically, primarily through development activity. The strong financial position of the Group and Partnerships allows us to adapt to the environment and pursue opportunities.”

- Greg Goodman, Group CEO

KEY HIGHLIGHTS¹

As at 31 March 2023

- + \$13.0 billion of development work in progress (WIP)² across 79 projects
- + Completed development projects 99% committed
- + 4.4% like-for-like net property income (NPI) growth on properties³ in our Partnerships
- + 99%³ occupancy across the Partnerships
- + \$80.7 billion total assets under management (AUM)
- + Forecast FY23 operating EPS growth of 15%.



Artist impression: Axis industrial estate, Alexandria, Sydney, Australia.



\$80.7bn

TOTAL AUM



\$13.0bn

DEVELOPMENT WIP



99%

OCCUPANCY

1. All figures in AUD

2. Based on estimated end value

3. Partnership industrial and warehouse assets (excludes office properties which have been earmarked for redevelopment) and represents 97% of Partnership assets



PROPERTY INVESTMENT

High utilisation of existing space and the desire for increased productivity is driving customer demand for infill locations. Scarcity of assets and the complex planning and delivery environment for new space, has seen many customers renew leases early to ensure security of tenure. As a result of concentrating our portfolio in these markets, we are experiencing high occupancy and positive rental growth. This is supporting valuations despite rising cap rates.

Key highlights at 31 March 2023

- + 12 month rolling like-for-like NPI growth of 4.4%¹
- + Portfolio occupancy of 99%¹
- + Portfolio WALE of 5.4¹ years
- + Leased 3.3¹ million sqm across the platform over the 12-month period, equating to \$434¹ million of rental income per annum.

Potential rent reversion to market across the portfolio has continued to increase in most markets with North America 66%, Australia and New Zealand 37%, Continental Europe and the UK 17% and Asia approximately 2% (with Greater China improving post reopening). This should continue to support cashflow growth in the medium term as higher increases from CPI-linked reviews and market reversion positively impact the NPI growth number.



4.4%¹
LIKE-FOR-LIKE NPI
GROWTH



3.3M¹
SQUARE METRES
LEASED



5.4 YEARS¹
PORTFOLIO WALE



Goodman Logistics Center Fullerton, California, USA.

1. Partnership industrial and warehouse assets (excludes office properties which have been earmarked for redevelopment) and represents 97% of Partnership assets



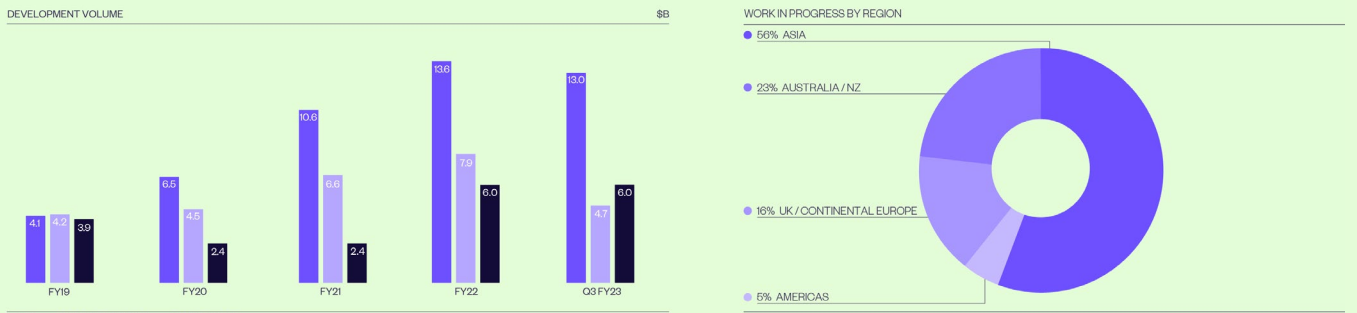
DEVELOPMENT

The quality and location of our sites continue to underpin the strength of the development workbook. The scarcity of available space in our markets continues to support growth in rents, and project returns. Despite the volatility in markets, margins have remained steady through strong risk management and cost control.

The Group continues to selectively consider tightly held, strategic, large scale sites that display infrastructure-like characteristics, and sites that can be rezoned to higher and better use, or value-add opportunities.

- + Demand is supporting work in progress of \$13.0 billion at 31 March 2023
- + Pre-commitments remain high across the workbook with WIP 64% committed and completions for the 9 months, 99% leased
- + Yield on cost (YOC) on WIP is 6.4%
- + Average annual production rate¹ for WIP in FY23 is expected to remain at approximately \$7 billion
- + Completions for the 9 months were \$6.0 billion and 99% committed
- + We continue to mitigate risk through a globally diversified workbook and investment partnering. 83% of the WIP is either pre-sold or being built for third parties or our Partnerships, and 71% of new starts pre-committed.

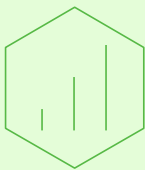
Q3 FY23 Development statistics	Completions ²	Commencements ²	Work in progress
Value (\$bn)	6.0	4.7	13.0
Area (m sqm)	1.1	0.8	3.5
Yield (%)	7.5	6.3	6.4
Pre-committed (%)	99	71	64
Weighted average lease term (years)	12.6	15.3	13.7
Development for third parties or Partnerships (%)	87	74	83
Australia / New Zealand (%)	25	39	23
Asia (%)	29	37	56
Americas (%)	38	8	5
UK / Europe (%)	8	16	16



1. Production rate is defined as the estimated end vale of WIP, for the relevant period divided by the expected time in WIP

2. For the nine months to 31 March 2023

Artist impression: Rotterdam Logistics Centre, Netherlands.



MANAGEMENT

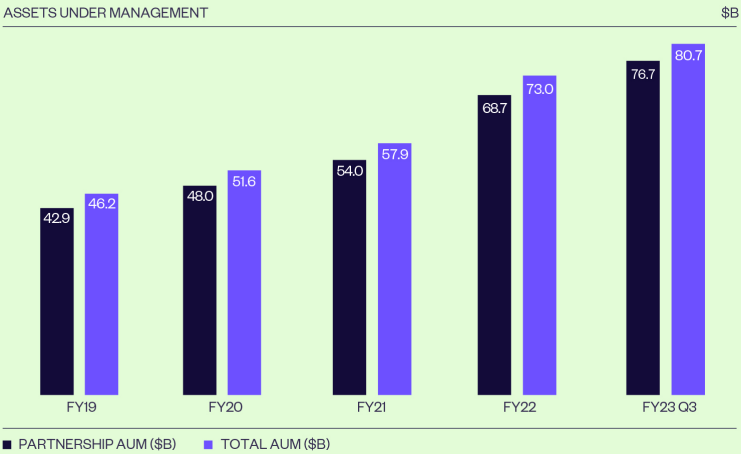
The Partnerships remain in a strong financial position with over \$18 billion of equity commitments¹, cash and undrawn debt. While aggregate investor demand across all real estate appears to have declined, there continues to be demand for prime located logistics and data centre assets, with the Group selling \$700 million in the quarter.

We expect organic growth through development activity to be the strongest contributor to AUM.

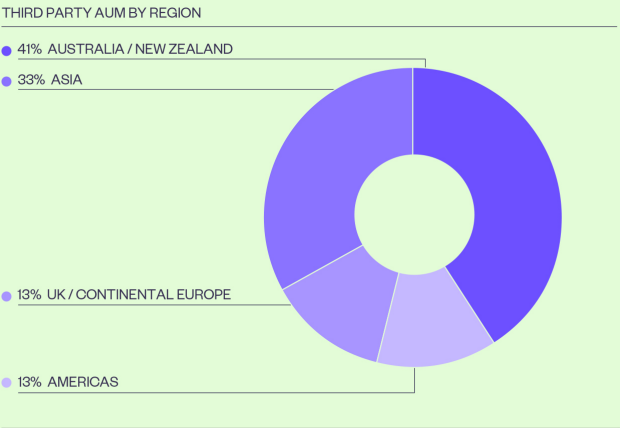
- + Total assets under management increased to \$80.7 billion as at 31 March 2023, reflecting development completions, revaluations and FX gains, slightly offset by disposals
- + Weighted average cap rate across the Group and Partnerships portfolios of 4.3%.

The rising cost of capital globally has seen further movement in capitalisation rates in some markets.

ASSETS UNDER MANAGEMENT



THIRD PARTY AUM BY REGION



LARGEST PARTNERSHIPS

 GAIP AUSTRALIA	 GHKLP HONG KONG	 GNAP USA	 GOLP CHINA	 GAP AUSTRALIA	 GEP EUROPE	 GMT ³ NEW ZEALAND	 GJCP JAPAN	 GUKP ⁴ UK
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Total assets	\$15.6bn	\$12.5bn	\$10.0bn	\$7.4bn	\$7.1bn	\$6.9bn	\$4.7bn	\$4.5bn	\$2.3bn
GMG co-investment	29%	20%	55%	20%	20%	20%	25%	14%	35%
GMG co-investment	\$3.4bn	\$1.9bn	\$4.6bn	\$1.0bn	\$1.1bn	\$0.8bn	\$0.9bn	\$0.4bn	\$0.6bn
Number of properties	107	16	28	37	38	108	15	20	15
Occupancy ²	99%	99%	100%	95%	100%	100%	100%	100%	98%
Weighted average lease expiry ² (years)	5.0 years	5.1 years	8.5 years	3.9 years	4.7 years	5.5 years	6.4 years	3.7 years	7.8 years



\$76.7bn

EXTERNAL ASSETS UNDER MANAGEMENT



83%

DEVELOPMENT IN PARTNERSHIPS OR FOR THIRD PARTIES



415

PROPERTIES IN PARTNERSHIPS

1. Partnership equity commitments subject to committee approval
2. WALE and Occupancy of stabilised industrial and warehouse portfolios as at 31 March 2023
3. GMT: Results are for the year ended September 2022 as reported to the New Zealand Stock Exchange
4. Consists of GUKP, GUKPII and GUKPIII

Highlights

Under our 2030 Sustainability Strategy, Goodman has committed to making positive change across a range of ESG areas. A few recent highlights of our progress include:

- + Continued rollout of our 400MW solar PV target by 2025, with several solar installations and commitments underway globally, including 18MW being installed at the Marl Logistics Centre in Germany - our largest system to date.
- + Asset and portfolio based climate risk assessments have been completed or are progressing globally, particularly in our Asia Pacific and Continental European regions¹
- + Goodman Group maintained its 'AA' rating, in MSCI ESG assessment demonstrating industry leadership and management of significant ESG risks and opportunities
- + Continued support for sustainable linked finance to help us deliver on our sustainability goals
 - + GLHK issued a sustainability linked loan
 - + GMT established two Green Loan facilities totalling NZ\$300 million
 - + GEP adopted a Green Finance Framework to help channel investments towards sustainable buildings. GEP has also transitioned to a light green fund under the European Sustainable Finance Disclosure Regulation.



SUSTAINABLE PROPERTIES

Green building certification remains a priority as we continue to attain independent certification across the portfolio. 99% of our Japanese assets (by sqm) have attained green design / green building certifications.

Left: Goodman Business Park, Chiba, Japan



CORPORATE PERFORMANCE

Goodman Group maintained its 'AA' MSCI ESG rating and the New Zealand business was one of only four entities to be awarded an A- CDP Climate Change score - the highest rating in New Zealand.

Right: Highbrook Business Park, Auckland, New Zealand

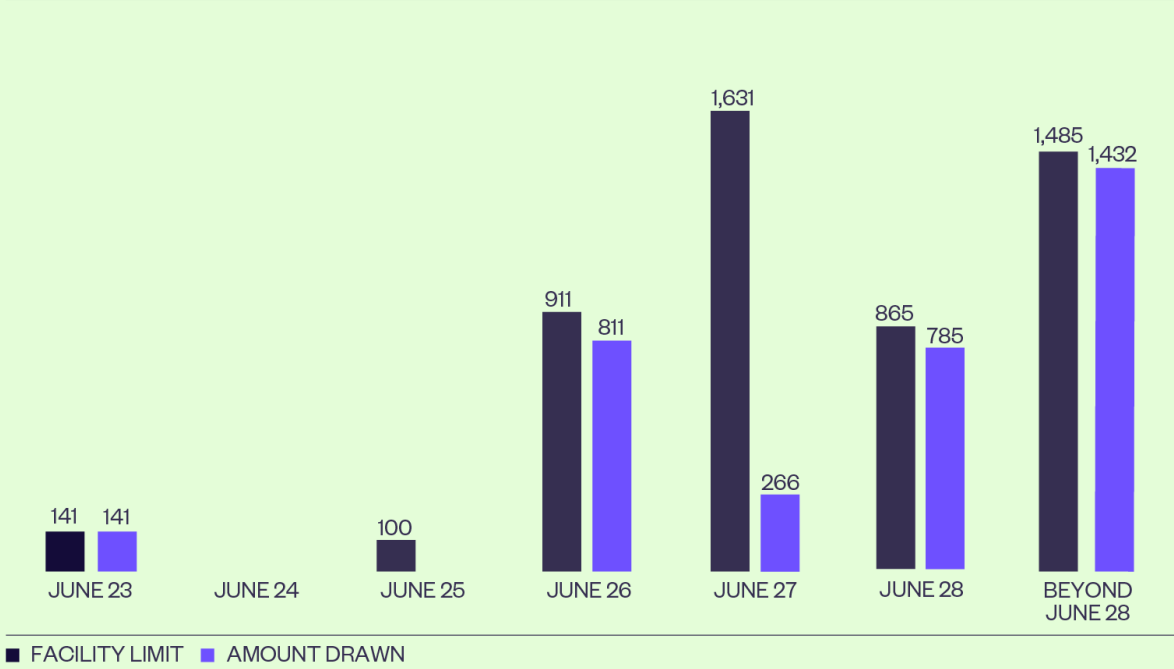




CAPITAL MANAGEMENT

- + The Group and Partnerships are in strong financial positions with significant available liquidity and equity commitments
- + Gearing
 - 8.4% as at 31 March 2023 (20.4% look through)
 - Gearing to remain in the lower half of the 0-25% range
- + Hedging
 - Interest rate exposure is 79% hedged over the next 12 months with 4.7 years average maturity, (80% hedged on a look through basis)
- + Liquidity
 - The Group has maintained over \$3.2 billion of liquidity as at 31 March 2023, comprising \$1.5 billion of cash and \$1.7 billion of undrawn bank lines
 - Weighted average debt maturity of 5.5 years
 - Partnerships equity, cash and available debt commitments total \$18.5 billion.

GOODMAN GROUP DEBT MATURITY PROFILE \$M



\$3.2bn
LIQUIDITY



8.4%¹
GEARING



Artist impression: Data Centre, Goodman Business Park, Chiba, Japan

1. As at 31 March 2023, Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of \$110.9 million. Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of \$57.1 million

OUTLOOK

Commenting on the outlook, Greg Goodman said:

“The Group’s long term strategy to focus on acquiring sites and developing assets in high barrier to entry locations creates essential infrastructure to service the cities, businesses and communities where we are located.

We remain focused on accessing scarce long term opportunities, based around key pieces of infrastructure servicing large populations. It’s increasingly challenging to supply space in these locations given tight planning controls, access to power, the scale of our properties, and continued investment in sustainability initiatives. We believe this should support the resilience, growth in cash flows, demand for, and the value of our portfolio.

Demand for space in our portfolio across a broad range of customers, continues to be driven by their desire for more productive and sustainable assets. Data centre users are also particularly active. The significant continued growth in data requirements, network connection and difficulty procuring power is creating strong demand for available opportunities and is likely to remain that way for the foreseeable future. These factors continue to support our development activity and future earnings.

The economic outlook remains uncertain and increasing cost of capital continues to see capitalisation rates expand with further expansion likely over the next 12 months. However, the Group is in a strong position, with high occupancy, rental growth and profitable developments largely mitigating the impact of higher capitalisation rates on valuations. We have significant liquidity, low gearing, extensive hedging, and our Partnerships remain in a strong financial position to leverage opportunities as they arise.”

The Group is positioned well with continued development activity, high occupancy and growth in rents. As a result, our guidance for FY23 Operating Earnings Per Security growth has increased to 15%.

The Board approves targets annually and reviews forecasts regularly. Forecasts are subject to there being no material adverse change in the market conditions or the occurrence of other unforeseen events

Authorised for release to the ASX by Carl Bicego, Company Secretary and Group Head of Legal.

ABOUT GOODMAN

Goodman Group is an integrated property group with operations throughout Australia, New Zealand, Asia, Europe, the United Kingdom and the Americas. Goodman Group, comprised of the stapled entities Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited, is the largest industrial property group listed on the Australian Securities Exchange and one of the largest listed specialist investment managers of industrial property and business space globally. Goodman’s global property expertise, integrated own+develop+manage customer service offering and significant investment management platform ensures it creates innovative property solutions that meet the individual requirements of its customers, while seeking to deliver long-term returns for investors.

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