



THE PROPERTIES OF **QUALITY**

**GOODMAN PROPERTY TRUST
INTERIM RESULT 2017**

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OVERVIEW



01

FOCUS ON QUALITY



- 1. asset sales have strengthened balance sheet**
- 2. portfolio focused on Auckland industrial sector**
- 3. development programme is improving portfolio quality**
- 4. closer alignment between cash earnings and distributions**
- 5. greater resilience across the business**

FINANCIAL RESULT



FINANCIAL HIGHLIGHTS

\$73.1m

profit
before tax

\$19.8m

movement in fair
value of investment
property

\$59.9m

operating earnings
before tax

28.8%

look through loan
to value ratio %¹

122.4cpu

net tangible
asset backing

4.70cpu

operating earnings
before tax

3.325cpu

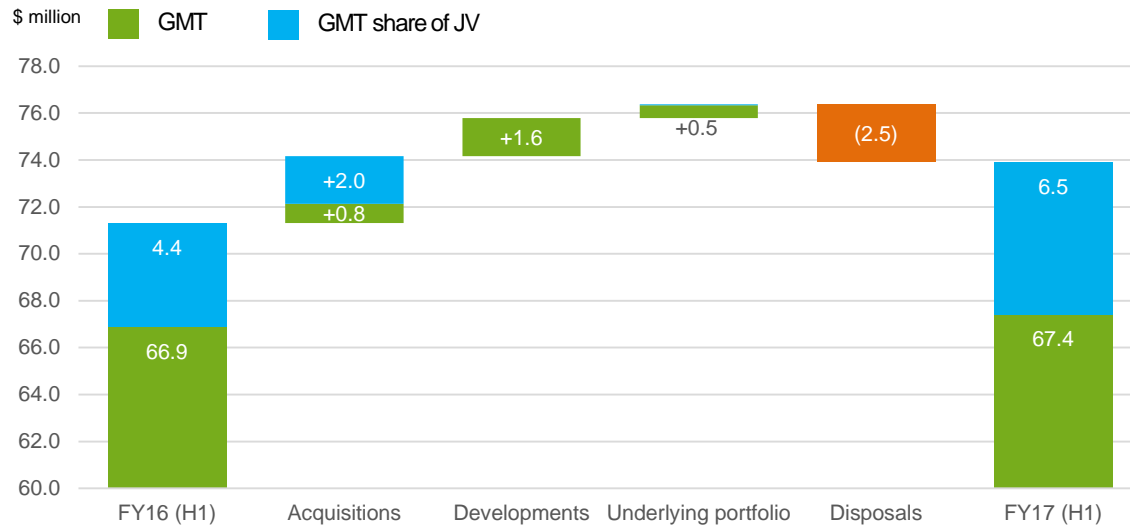
cash distribution

INVESTMENT INCOME



- + income from new acquisitions and developments has more than offset the impact of asset disposals
- + modest rental growth in the underlying portfolio

PROPERTY INCOME BRIDGE¹



¹ includes net property income of WPH JV which is equity accounted for financial reporting purposes

CASH EARNINGS



- + an internal measure of free cash flow that adjusts operating earnings after tax for interest costs capitalised to development land and maintenance related capital expenditure
- + GMT's cash earnings are aligning with distributions, 3.36 cpu vs 3.325 cpu in first half equates to a payout ratio of 99%

Cash earnings calculation YTD	\$ million	cpu
Operating earnings after tax	51.0	4.01
Less interest capitalised to land	(6.4)	(0.52)
Less maintenance capital expenditure	(1.7)	(0.13)
Total	42.9	3.36

- + adding back the management fee (expected to be used by the Manager to subscribe for new units) would reduce cash earnings by around 30bps, representing a payout ratio of 108.7%

MOVEMENT IN FAIR VALUE



- + desktop review of the portfolio undertaken at 30 September, certain development projects and Christchurch office assets were independently valued
- + fair value gains of 10% recognised on developments, values declined on Show Place office and land assets
- + net gains on contracted sales, 6.6% over book value

\$ million	6 months 30 Sep 16
Stabilised properties	(3.9)
Developments	10.8
Land	(0.4)
Investment property contracted for sale	13.3
Total	19.8

BALANCE SHEET STRENGTH



ROBUST BALANCE SHEET

at 30 September 2016 GMT had:

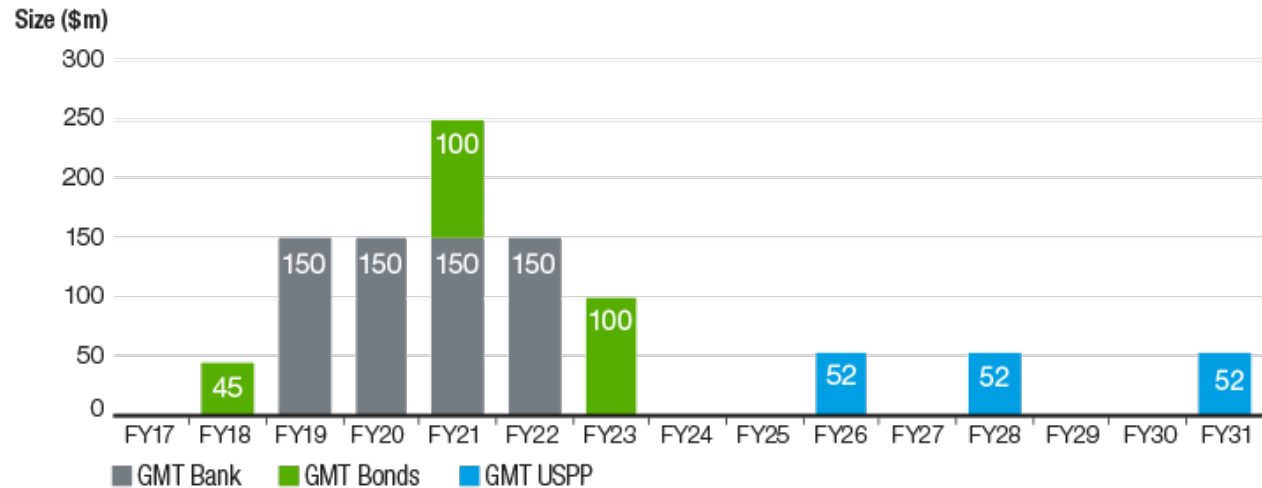
- + an interest cover ratio of 2.9 times
- + around \$150 million of undrawn bank facilities
- + look through loan to value ratio of 28.8%¹
- + fully committed gearing of around 32%
- + Standard & Poor's credit rating of BBB for GMT and BBB+ for GMT Bonds

¹ Including sales that are contracted but not yet settled. Refer to note 3.5 of the financial statements for further information.

BALANCE SHEET STRENGTH



- + 47% of drawn debt from non-bank sources
- + no unfunded expiries before FY20¹
- + a WATE² of 4.9 years
- + WACD of 5.3%



¹ after accounting for contracted, but not yet settled sales

² excludes GMT's 51% share of WPH JV debt facility. As at 30 September 2016 WPH has a \$112 million debt facility maturing September 2019 and \$45 million maturing in April 2017

02

INVESTMENT PORTFOLIO

A low-angle photograph of a modern skyscraper. The building features a prominent glass facade on the right side, reflecting the sky and surrounding environment. The left side of the building is under construction, with a green safety net and scaffolding visible. The sky is a clear, light blue. The overall composition is dynamic, emphasizing the height and modern architecture of the building.

OPERATIONAL HIGHLIGHTS

\$264.8m

asset sales¹

\$2.3b

property portfolio

\$44.2m

new development
projects

96%

average portfolio
occupancy

5.7 years

weighted average
lease term

over
60,000 sqm

leased on new
or revised terms

¹Including sales that are contracted but not yet settled.

ASSET RECYCLING

IN THE PAST 4.5 YEARS
GMT HAS INVESTED

\$482.5m

in new
developments

\$148.6m

in acquisitions

FUNDED BY

\$612.8m

of asset sales

Note: includes current developments and contracted sales and acquisitions.

ASSET SALES PROGRAMME



DISPOSALS ANNOUNCED SINCE 31 MARCH 2016

Property	Location	Sale price (\$m)	Passing yield %	Settlement date
Millennium Office Estate, 600-604 Great South Rd	Greenlane, Auckland	210.0	7.25	Feb 2017
15-23 Show Place & Southpark Industrial Estate	Christchurch	47.1	7.70	Sep 2016
Palmerston Transport, Glassworks Industry Park	Hornby, Christchurch	7.7	6.50	May 2017
Total		264.8	7.31	

- + Downer and Connect Office sales, contracted in FY16, settled in August 2016 and November 2016.

03

REBALANCING THE PORTFOLIO



600-604 GREAT SOUTH ROAD

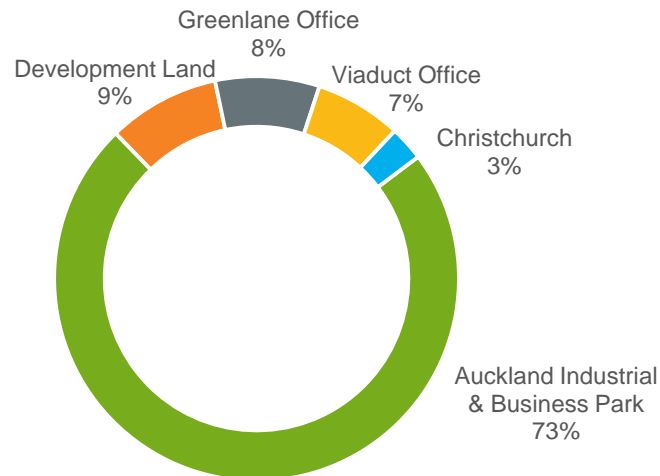
- + sale price of \$210 million, represents a passing yield of 7.25%
- + equity underwrite to Oyster Management Limited of up to \$12 million
- + maximum period 2 years, expected 8% cash return



REWEIGHTING THE PORTFOLIO



ASSET DIVERSITY¹



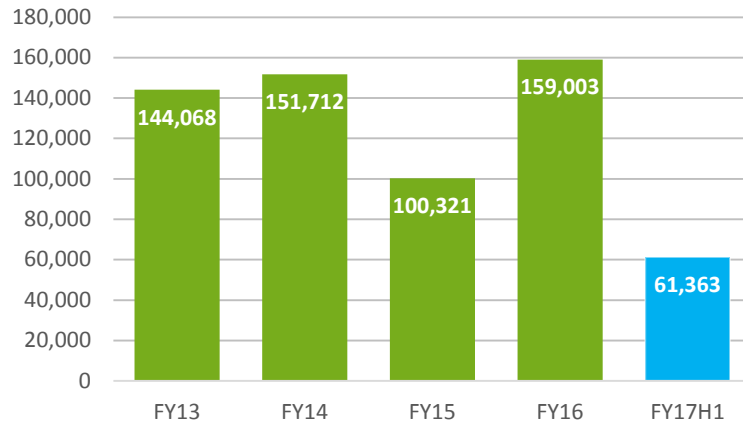
- + increased investment in Auckland industrial real estate
- + GMT is a net seller in Christchurch
- + increase in land weighting as a result of asset sales

¹ on completion of current developments and contracted sales and acquisitions.

PORTFOLIO LEASING



PORTFOLIO LEASING FY16



- + around 6% of the portfolio has been leased on new or revised terms

PORTFOLIO LEASING FY16

Estate	Customer	NLA ¹ sqm	Term years
Westney Industry Park	Fliway	16,883	9.7
VXV Precinct	Auckland Transport	13,744	9.0
The Gate Industry Park	Coda (Tappers)	5,272	7.0
Westney Industry Park	Hellmann	3,213	5.0
Highbrook Business Park	Nexus Foam Products	1,973	3.0
Highbrook Business Park	Fusion Interiors	1,972	6.0
Millennium Centre	Avis	1,600	6.0
Millennium Centre	Bridgestone	1,526	6.0
Millennium Centre	Griffins	1,100	10.0
Other	Various	14,080	4.8
Total		61,363	7.5

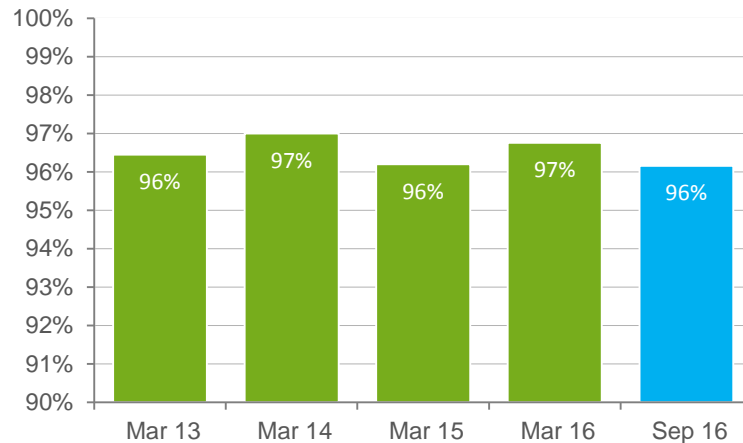
¹ net lettable area (net of canopies and yard)

PORTFOLIO OCCUPANCY



PORTFOLIO OCCUPANCY

Portfolio Income (%)



LEASING PRIORITY

Estate	NLA ¹ sqm
Central Park Corporate Centre	6,122
The Gate Industry Park	5,783
Highbrook Business Park	3,660
M20 Business Park	3,300
Show Place Office Park	1,822
Total	20,686

¹ net lettable area (net of canopies and yard)

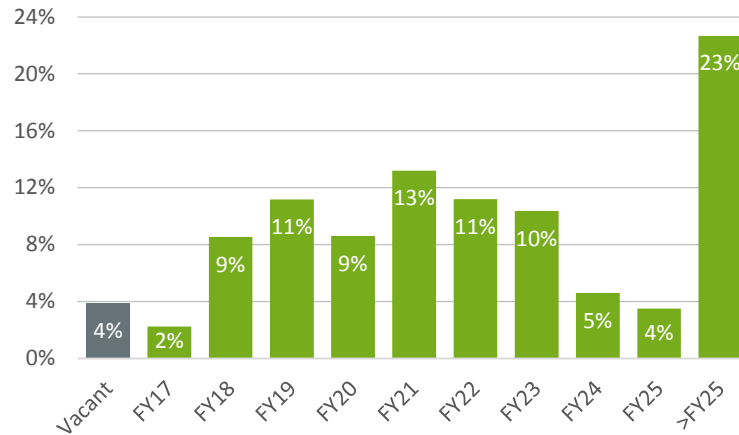
- + low interest rates and strong property fundamentals are supporting business growth and customer demand
- + average occupancy of 96% during the six months to 30 September 2016

PORTFOLIO EXPIRIES



LEASE EXPIRY PROFILE

Portfolio Income (%)



- + weighted average lease term of 5.7 years at 30 September 2016
- + upcoming expiries remain a key focus

KEY EXPIRIES

Estate	NLA ¹ sqm	Expiry	Status
M20 Business Park	4,000	Oct-16	terms agreed
M20 Business Park	5,800	Nov-16	negotiating terms
Westney Industry Park	7,800	Mar-17	terms agreed
VXV Precinct	13,900	Apr-17	leased
Savill Link	14,600	May-17	terms agreed
M20 Business Park	9,900	May-17	negotiating terms
Savill Link	16,000	Jul-17	terms agreed
Total	72,000		

¹ net lettable area (net of canopies and yard)

04

RECENT ACQUISITION THE CONCOURSE



- + strategic acquisition in west Auckland for \$18.9 million, subject to OIO
- + 16,120sqm of warehouse, 1,250sqm of office and 6,000sqm yard
- + 7% passing yield once fully leased
- + future redevelopment opportunity



05

DEVELOPMENT

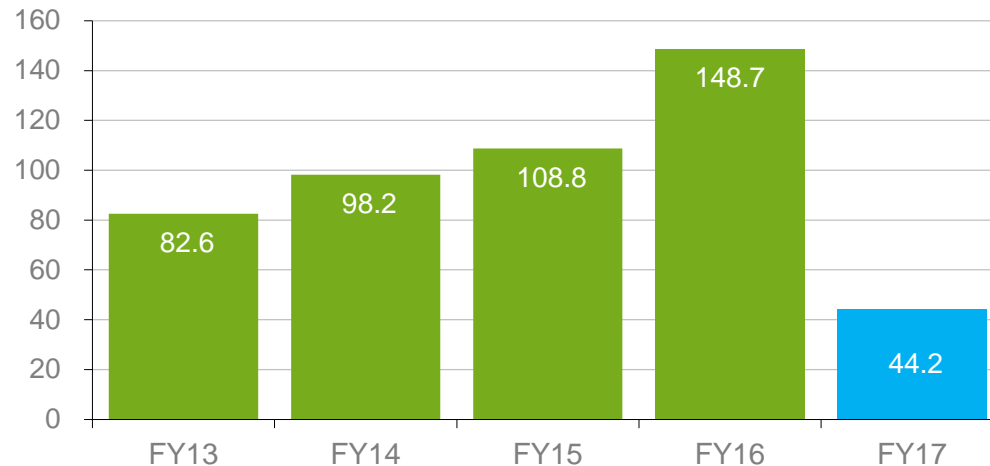


DEVELOPMENT PROGRAMME



DEVELOPMENT PROJECTS

\$ million



- + around \$100 million of projects expected to commence this financial year
- + three new design build projects already announced, yielding 6.8%
 - + includes subsequent stage to an initial warehouse, freight canopy and rail siding development for Coda at Savill Link in Otahuhu
 - + extends lease from 10 years to 15 years over whole facility

04

CODA EXPANSION



Savill Link facility	NLA ¹ sqm	Total project cost (\$m)	Completion date
Existing premises	8,051		
Stage 1 – warehouse expansion, rail siding & canopy	11,450	19.30	Dec 2016
Stage 2 – new warehouse	7,410	13.95	Nov 2017
Total	26,911	33.25	

¹ net lettable area (net of canopies and yard)

WORK IN PROGRESS

Big Chill
Highbrook

7,458sqm

ACCO
Highbrook

6,400sqm

Coda Stage 1&2
Savill Link

18,860sqm

Building 5,
Highbrook

3,482sqm

The Point,
Highbrook

2,820sqm

The Hill,
Highbrook

7,500sqm

The Gate Warehouse,
The Gate

4,930sqm

Steel & Tube
Glassworks

9,600sqm

EDL Fasteners,
Highbrook

4,650sqm

Scalzo Expansion,
Highbrook

5,530sqm

04

COMPLETED PROJECTS



BUILT TO LEASE FACILITY

M20 Business Park

\$7.7m

value

3,530 sqm

NLA



MAINSTREAM EXPANSION

Savill Link

\$4.5m

value

2,940 sqm

NLA



OUTLOOK



STRATEGIC OBJECTIVES



- + focus remains on improving the quality of the business
- + asset sales creating balance sheet capacity and greater resilience
- + active development programme is growing cash earnings and reducing land holdings
- + increased weighting toward the Auckland industrial market
- + full year guidance reaffirmed, operating earnings of 9.5cpu and distributions of 6.65cpu

A low-angle photograph of a modern building facade. The building features a grid of horizontal slats, likely made of wood or metal, which are partially open, revealing glass windows behind them. The sky is a clear, bright blue. In the upper right corner, another building with a blue-tinted glass facade is visible. The word "QUESTIONS" is overlaid in the center of the image in a large, bold, white, sans-serif font.

QUESTIONS



Thank you



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APPENDICES





APPENDIX

PROFIT OR LOSS

\$ million	Note	6 months 30 Sep 16	6 months 30 Sep 15
Property income	1.1	82.8	83.2
Property expenses		(15.3)	(16.1)
Net property income		67.5	67.1
Share of operating earnings before tax from joint venture	2.1	4.0	2.6
Interest			
Interest income	3.1	2.4	0.4
Interest cost	3.1	(12.3)	(11.5)
Net interest cost		(9.9)	(11.1)
Administrative expenses	6.1	(1.7)	(1.5)
Operating earnings before other income / (expenses) and tax		59.9	57.1
Other income / (expenses)			
Movement in fair value of investment property	1.6	19.8	-
Loss on disposal of investment property		(2.1)	-
Share of other (expenses) / income and tax from joint venture	2.1	(1.3)	(0.8)
Movement in fair value of financial instruments	5.1	0.6	(0.1)
Manager's base fee expected to be reinvested in units	6.2	(3.8)	(3.1)
Profit before tax		73.1	53.1
Tax			
Income tax on operating earnings	7.1	(8.4)	(8.4)
Income tax on non-operating items	7.1	1.7	0.9
Deferred tax	7.1	1.2	2.8
Total tax		(5.5)	(4.7)
Profit after tax attributable to unitholders		67.6	48.4
There are no items of other comprehensive income, therefore profit after tax attributable to unitholders equals total comprehensive income attributable to unitholders.			
Cents	Note	6 months 30 Sep 16	6 months 30 Sep 15
Basic earnings per unit after tax	4.2	5.30	3.93
Diluted earnings per unit after tax	4.2	5.28	3.80



APPENDIX

BALANCE SHEET

\$ million	Note	30 Sep 16	31 Mar 16
Non-current assets			
Stabilised properties	1.4	1,804.4	1,998.2
Developments	1.4	97.0	63.8
Land	1.4	208.3	213.3
Construction loan receivable	1.7	-	21.5
Investment in joint venture	2.2	64.7	63.2
Derivative financial instruments	5.2	31.2	33.8
Deferred tax assets		4.1	5.2
Total non-current assets		2,209.7	2,399.0
Current assets			
Investment property contracted for sale	1.5	258.6	43.8
Construction loan receivable	1.7	38.2	-
Advances to joint venture	8.2	23.5	23.5
Debtors and other assets		9.4	8.1
Cash		2.9	1.1
Derivative financial instruments	5.2	1.2	-
Total current assets		333.8	76.5
Total assets		2,543.5	2,475.5
Non-current liabilities			
Borrowings	3.2	811.2	814.9
Derivative financial instruments	5.2	40.9	40.8
Deferred tax liabilities		42.7	45.0
Total non-current liabilities		894.8	900.7
Current liabilities			
Borrowings	3.2	45.0	-
Creditors and other liabilities		37.0	34.0
Derivative financial instruments	5.2	-	0.1
Current tax payable		0.4	4.5
Total current liabilities		82.4	38.6
Total liabilities		977.2	939.3
Net assets		1,566.3	1,536.2
Equity			
Units	4.1	1,393.8	1,389.5
Unit based payments reserve based payments reserve		4.9	4.3
Retained earnings		167.6	142.4
Total equity		1,566.3	1,536.2



APPENDIX

LOAN TO VALUE RATIO

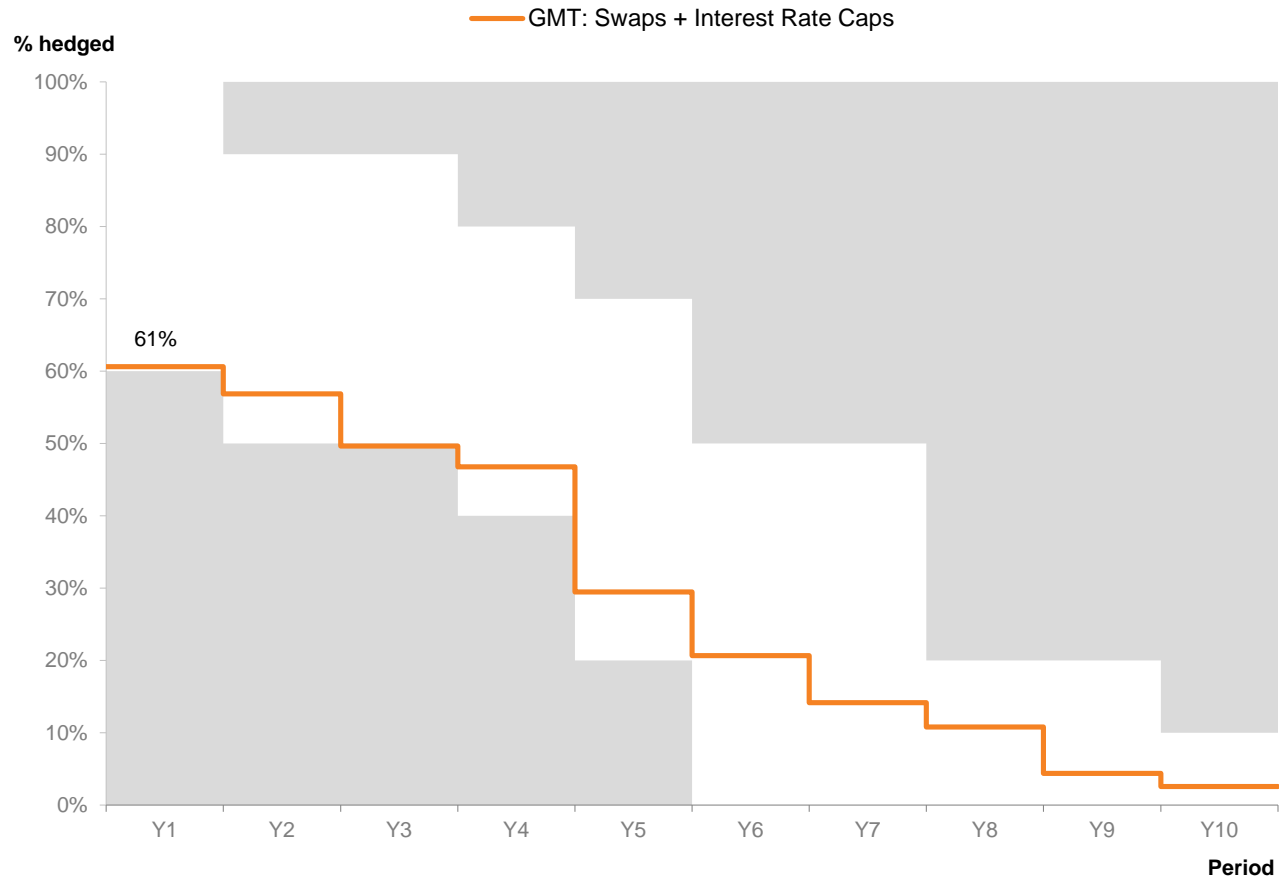
The loan to value ratio ("LVR") is a non-GAAP measure used to assess the strength of GMT's Balance Sheet. It represents the percentage of borrowings to the value of underlying assets after taking account of investment property contracted for sale and the value of the construction loan receivable. The GMT look through LVR incorporates GMT's 51% share of WPHL and is the measure utilised by management when considering the Trust's LVR.

\$ million	30 Sep 16			31 Mar 16		
	GMT	WPHL @ 51%	GMT look through	GMT	WPHL @ 51%	GMT look through
Total borrowings	856.2	77.9	934.1	814.9	79.6	894.5
US Private Placement notes – foreign exchange translation impact	(7.9)	-	(7.9)	(16.8)	-	(16.8)
Cash	(2.9)	(0.2)	(3.1)	(1.1)	(0.4)	(1.5)
Investment property contracted for sale	(258.6)	-	(258.6)	(43.8)	-	(43.8)
Borrowings for LVR calculation	586.8	77.7	664.5	753.2	79.2	832.4
Investment property	2,109.7	162.2	2,271.9	2,275.3	161.7	2,437.0
Construction loan receivable	38.2	-	38.2	21.5	-	21.5
Assets for LVR calculation	2,147.9	162.2	2,310.1	2,296.8	161.7	2,458.5
Loan to value ratio %	27.3%	47.9%	28.8%	32.8%	49.0%	33.9%



APPENDIX

GMT HEDGING PROFILE





APPENDIX

ACQUISITIONS SINCE MARCH 2012

Property	Location	Type	Interest acquired	Contract date	Purchase price (\$m)	Settlement date
The Concourse	Henderson, Auckland	Industrial	100%	Sep-16	\$ 18.90	conditional on OIO
Tamaki Estate	Glenn Innes, Auckland	Industrial	100%	Feb-16	\$ 30.30	Mar-16
Datacom Building	VXV Precinct, Auckland	Viaduct Office	51%	Mar-15	\$ 43.96	May-17
Wynyard Preinct Holdings Limited JV	VXV Precinct, Auckland	Viaduct Office	1%	Feb-15	\$ 1.56	Feb-15
Fonterra Centre	VXV Precinct, Auckland	Viaduct Office	51%	Nov-13	\$ 47.23	Feb-16
644 Halswell Junction Road,	Hornby, Christchurch	Industrial	100%	Aug-13	\$ 1.60	Dec-13
614-616 Great South Road,	Greenlane, Auckland	Suburban Office	100%	Dec-12	\$ 5.00	Mar-15
Total					\$ 148.55	

Note: excludes the acquisition of remaining interests in Highbrook Business Park in 2012 that was subject to a separate capital raising transaction.



APPENDIX

DISPOSALS SINCE MARCH 2012

Property	Location	Type	Interest sold	Contract date	Sale price (\$m)	Settlement date
Palmerston Transport	Hornby, Christchurch	Industrial	100%	Nov-16	7.72	May-17
Millennium Centre & Yellow HQ	Greenlane, Auckland	Suburban Office	100%	Oct-16	210.00	Feb-17
Southpark & 15-23 Show Place	Christchurch	Industrial/Suburban Office	100%	Sep-16	47.10	Sep-16
Connect Office	Penrose, Auckland	Suburban Office	100%	Mar-16	40.90	Nov-16
Downer - Connect Industrial	Penrose, Auckland	Industrial	100%	Dec-15	2.92	Aug-16
NZ Safety & Fisher & Paykel	Hornby, Christchurch	Industrial	100%	Nov-15	11.20	Mar-16
12 & 14 Show Place	Addington, Christchurch	Suburban Office	100%	Oct-15	33.20	Nov-15
Junction Units, MOVE Logistics & DHL	Hornby, Christchurch	Industrial	100%	Sep-15	38.90	Dec-15
Air NZ House	VXV Precinct, Auckland	Viaduct Office	49%	Feb-15	31.36	Feb-15
Enterprise Park	Wiri, Auckland	Industrial	100%	Dec-14	53.20	Mar-15
69 Shands Road	Hornby, Christchurch	Industrial	100%	Oct-14	7.20	Dec-14
71 Shands Road	Hornby, Christchurch	Industrial	100%	Oct-14	7.09	Dec-14
9 Baigent Way	Middleton, Christchurch	Industrial	100%	Oct-14	4.61	Dec-14
85 Shands Road	Hornby, Christchurch	Industrial	100%	Jul-14	16.37	Nov-14
103 Carlton Gore Road	Newmarket, Auckland	Suburban Office	100%	Apr-14	26.24	Jul-14
644 Halswell Junction Road	Hornby, Christchurch	Industrial	100%	Jun-13	2.66	Jul-14
Gateside Industry Park	Penrose, Auckland	Industrial	100%	Jun-13	37.20	Feb-14
Downer	Hornby, Christchurch	Industrial	100%	Nov-12	6.56	Nov-12
120 Pavilion Drive	Mangere, Auckland	Industrial	100%	Sep-12	8.05	Sep-12
101 Carlton Gore Road	Newmarket, Auckland	Suburban Office	100%	Jul-12	20.35	Jul-12
Total					\$ 612.83	