

# GOODMAN DELIVERS STRONG FIRST QUARTER AS DIGITAL ECONOMY CONTINUES TO GROW

## Q1 FY21 OPERATIONAL UPDATE



5 NOVEMBER 2020

**The current global environment has reinforced the consumer need for convenience and heightened the use of technology. This has continued to accelerate the adoption of physical infrastructure necessary to support e-commerce, including warehouse and data centre space.**

**Goodman continues to provide solutions to meet strong levels of customer demand in our markets. This has supported robust underlying portfolio fundamentals and growth in development work in progress which has increased to \$7.3 billion.**

*"COVID-19 continues to disrupt markets. We have adapted the way our business is operating to meet these changes. Importantly we are well positioned to provide opportunities for our customers to meet supply chain requirements".*

*Customers demand for our sites globally has seen the scale and quality of our development program increase. Development WIP has doubled over the past 12 months with strong levels of pre-commitment and long lease terms being sought by our customers, as they secure essential infrastructure to support their operations.*

*The Group remains on track for a strong FY21."*

*– Greg Goodman, Group CEO*

### KEY HIGHLIGHTS<sup>1</sup>

for the three months to 30 September 2020

- + \$51.7 billion total assets under management (AUM)<sup>2</sup>
- + 2.9% like-for-like net property income (NPI) growth in our managed Partnerships<sup>2</sup>
- + 97.8% occupancy across the Partnerships<sup>2</sup>
- + \$7.3 billion of development work in progress (WIP) with 83% undertaken in Partnerships
- + \$1.7 billion of development commencements
- + Reaffirm forecast FY21 operating earnings per security of 62.7 cents, up 9% on FY20.

**\$51.7bn**



TOTAL ASSETS UNDER  
MANAGEMENT

**\$7.3bn**



DEVELOPMENT WORK  
IN PROGRESS

**97.8%**

OCCUPANCY

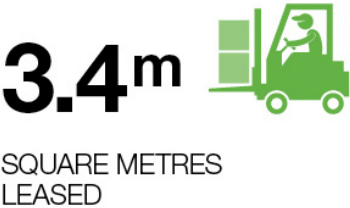
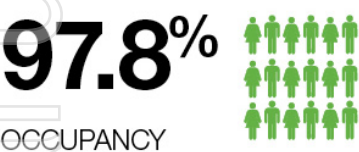
# OWN

Real estate fundamentals in our markets are strong and are expected to support continued leasing activity. Demand is being driven by our customers adapting to the acceleration in online and digital activity and more intensively utilising available space in our markets.

This is translating into strong portfolio performance.

The limited supply in our markets and growing demand is reflected in stable occupancy at 97.8% and continues to support like-for-like NPI growth at 2.9%.

- + Leased 3.4 million sqm across the platform over the 12 months to 30 September, equating to \$447.3 million of rent per annum
- + Like-for-like NPI growth of 2.9%
- + WALE of 4.4 years
- + Occupancy of 97.8%



## LEASING<sup>1</sup>

Region	Leasing area (sqm)	Net annual rent (\$M)	Average lease term (years)
Australia / New Zealand	1,288,780	173.9	3.8
Asia	1,317,726	198.9	3.8
UK / Europe	815,565	74.5	6.1
<b>Total</b>	<b>3,422,071</b>	<b>447.3</b>	<b>4.2</b>



1. Leasing of stabilised portfolio over the twelve months to 30 September 2020. Excludes development and acquired leases.

# DEVELOP

Strong demand from our customers, particularly those engaged in the digital economy, has continued in the first quarter and maintained our confidence to further increase development activity. WIP has grown to \$7.3 billion and is expected to increase further in FY21.

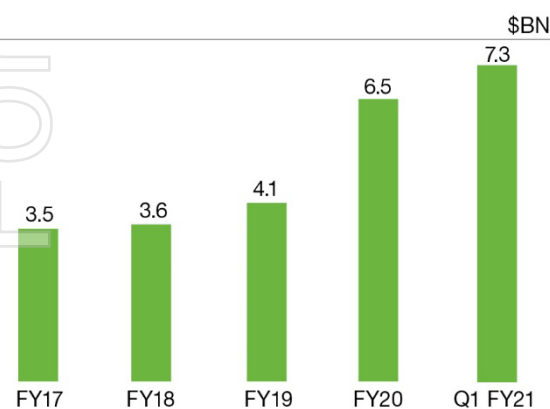
The Group's WIP continues to evolve reflecting the desirability and limited supply of land in our markets. This is resulting in increased scale and intensity of projects, including multi-storey industrial and data centres and longer lease terms which are all contributing to higher values per square metre. Yield on cost has remained stable at 6.7%.

We continue to incrementally acquire sites globally to complement our existing development opportunity set.

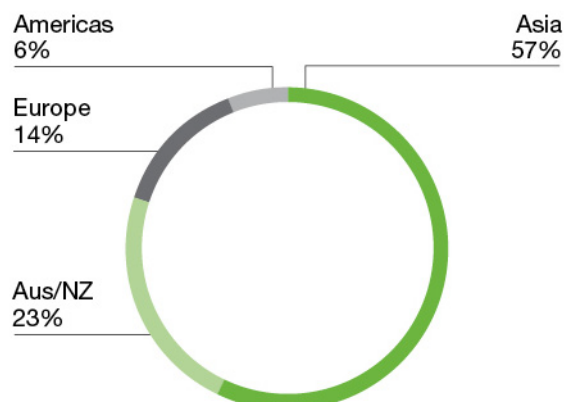
- + At 30 September 2020, development WIP of \$7.3 billion across 47 projects. Forecast yield on cost of 6.7%
- + Continued capital partnering of projects with 83% of current WIP being undertaken within Partnerships or for third parties
- + Development commencements of \$1.7 billion with 62% pre-committed<sup>1</sup>
- + Development completions of \$0.9 billion with 92% leased<sup>1</sup>
- + Long WALE on pre-committed projects of 14.9 years.

Q1 FY20 Developments	Completions <sup>1</sup>	Commencements <sup>1</sup>	Work in progress
Value (\$bn)	0.9	1.7	7.3
Area (m sqm)	0.4	0.5	2.0
Yield (%)	6.5	6.4	6.7
Pre-committed (%)	92	62	77
Weighted average lease term (years)	14.4	14.3	14.9
Development for third parties or Partnerships (%)	86	78	83
Australia / New Zealand (%) of WIP	19	9	23
Asia (%) of WIP	8	52	57
Americas (%) of WIP	26	0	6
UK / Europe (%) of WIP	47	39	14

Development WIP



Work in progress as at 30 September 2020



# MANAGE

**AUM stable at \$51.7 billion with development progress, completions of \$0.9 billion and positive revaluations offsetting asset sales.**

**Current strong levels of demand from the capital markets for logistics real estate is expected to continue to support pricing, with further cap rate compression likely near term.**

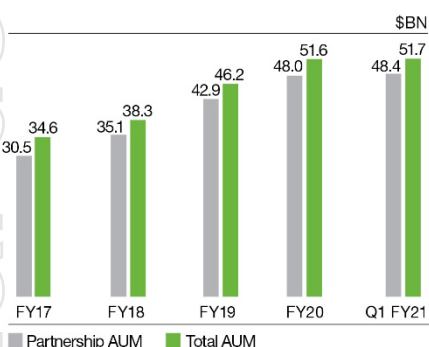
**These conditions, combined with positive rental growth and high occupancy, should deliver ongoing valuation growth across the portfolio and underpin total returns in FY21.**

**The capital position of the Partnerships remains strong with significant liquidity and low leverage.**

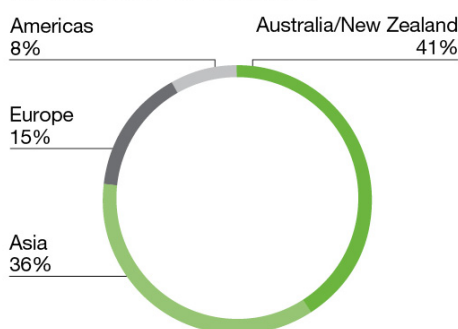
- + Partnerships exceeding benchmark returns
- + Strong transactional activity through the quarter indicating cap rate compression

- + AUM growth driven by:
  - revaluation gains
  - development completions and net acquisitions

## Assets Under Management



## Total AUM by geography



	 <b>GAIP</b> Australia	 <b>GHKLP</b> Hong Kong	 <b>GEP</b> Europe	 <b>GCLP</b> China	 <b>GAP</b> Australia	 <b>GNAP</b> USA	 <b>GJCP</b> Japan	 <b>GMT²</b> New Zealand	 <b>GUKP</b> UK
<b>Total assets</b>	\$9.1bn	\$8.8bn	\$5.8bn	\$5.1bn	\$4.7bn	\$4.2bn	\$3.8bn	\$3.1bn	\$0.9bn
<b>GMG co-investment</b>	29%	20%	20%	20%	20%	55%	15%	21%	33%
<b>GMG co-investment</b>	\$1.8bn	\$1.5bn	\$0.7bn	\$0.7bn	\$0.7bn	\$1.9bn	\$0.4bn	\$0.5bn	\$0.3bn
<b>Number of properties</b>	100	11	90	36	34	17	16	11	7
<b>Occupancy¹</b>	95%	98%	98%	97%	97%	100%	100%	99%	100%
<b>Weighted average lease expiry¹</b>	4.5 years	3.2 years	4.9 years	3.1 years	3.9 years	7.3 years	3.0 years	5.5 years	9.1 years

**\$48.4bn**

EXTERNAL ASSETS UNDER MANAGEMENT

**83%**

DEVELOPMENT IN PARTNERSHIPS OR FOR THIRD PARTIES



**346**

PROPERTIES IN PARTNERSHIPS





# OUTLOOK

COVID-19 continues to disrupt markets. We have adapted the way our business is operating to meet these changes and have introduced flexible working arrangements for our people globally to prioritise their safety, while at the same time facilitating the ongoing operations of the business.

The logistics and warehousing sectors globally continue to play an important role, providing essential infrastructure for the digital economy and enabling distribution of products to consumers. This has led to high utilisation of warehouse space, occupancy at 97.8% and continued rental growth.

Physical real estate solutions are evolving with structural change and Goodman is facilitating this through its growing development program. We are experiencing strong growth from existing customers and new online operators. This is reflected in increased development WIP of \$7.3 billion and expected further growth in WIP through FY21.

The Group retains a significant cash balance, liquidity, a strong balance sheet and continues to retain profits to fund its share of future capital commitments. In addition, the Partnerships have significant financial capacity to support the development program and resulting strong growth in AUM over the next few years.

We reaffirm our earnings guidance for full year FY21 at 62.7cps, up 9% on the prior year, and full year distribution of 30cps.

*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, North America and Brazil. 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.

## CONTACT

### Media

Kerrie Muskens  
+ 612 9230 7400

### Investors

James Inwood  
+612 9230 7400

Phillip Henderson  
+ 612 9230 7400  
[investor.relations@goodman.com](mailto:investor.relations@goodman.com)

For more information:  
[www.goodman.com](http://www.goodman.com)



# DISCLAIMER

- + This document has been prepared by Goodman Group (Goodman Limited (ABN 69 000 123 071), Goodman Funds Management Limited (ABN 48 067 796 641; AFSL Number 223621) as the Responsible Entity for Goodman Industrial Trust (ARSN 091 213 839) and Goodman Logistics (HK) Limited (Company Number 1700359; ARBN 155911142 – A Hong Kong company with limited liability). This document is a presentation of general background information about the Group's activities current at the date of the presentation. It is information in a summary form and does not purport to be complete. It is to be read in conjunction with the Goodman Group Interim Financial Report for the half year ended 31 December 2019, the Financial Report for the year ended 30 June 2019 and Goodman Group's other announcements released to ASX (available at [www.asx.com.au](http://www.asx.com.au)). It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with professional advice, when deciding if an investment is appropriate.
- + This Presentation uses operating profit and operating EPS to present a clear view of the underlying profit from operations. Operating profit comprises profit attributable to Securityholders adjusted for net property valuations gains, non-property impairment losses, net gains/losses from the fair value movements on derivative financial instruments and unrealised fair value and foreign exchange movements on interest bearing liabilities and other non-cash adjustments or non-recurring items e.g. the share based payments expense associated with Goodman's Long Term Incentive Plan (LTIP). The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable in the circumstances.
- + This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Neither the Group, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking-statements in this document will actually occur.