



## nzx release+

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### Record GMT Result with Distributable Profit up 25.8%

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Release Immediate

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**Goodman Property Trust (“GMT” or “Trust”) is pleased to announce a record financial result and an increased cash distribution.**

In its first annual result under IFRS reporting standards the Trust has delivered a net profit of \$99.3 million for the year ended 31 March 2008. The net profit is 7.4% higher than the previous corresponding period and ahead of its prospectus forecasts issued in November 2007.

Distributable profit has increased 25.8% to \$68.7 million, reflecting the impact of acquisitions, development success and rental growth across the portfolio.

Total assets have increased 28.9% to \$1.6 billion while the level of debt has reduced from 31.6% of property assets to just 27.2%.

On a weighted unit basis, distributable profit before tax has increased 3.7% to 10.59 cents per unit. The total cash distribution for the year of 9.90 cents per unit is 1.2% ahead of November’s prospectus forecast.

Under the Trust’s PIE structure, for New Zealand retail unit holders paying the top 39 percent tax rate, this cash distribution represents a gross yield of 12.2% on the 31 March 2008 unit price.

The record date for the fourth quarter distribution is 29 May 2008 with payment to be made on 12 June 2008. The distribution of 2.535 cents per unit is comprised entirely of cash and has no imputation credits attached. Eligible Unitholders will, again, have the opportunity to participate in the Trust’s Distribution Reinvestment Plan.

Jim McLay, Chairman of Goodman (NZ) Limited (“GNZ”) said, “Goodman Property Trust has achieved its financial and operational objectives and delivered a distribution that exceeds the prospectus forecast. This result is especially pleasing as we have continued to strengthen the portfolio while reducing debt levels.”

Consistent with its long term strategy of building a robust business with scale and diversity, the 2008 financial year has been characterised by continued investment activity, active asset management and further development progress.

Notable achievements include:

- + Strategic acquisitions with a total property value of \$270.4 million, which included a 50% share in Highbrook Development Limited
- + Successfully raising \$288.5 million in new equity, reducing debt levels and positioning the Trust for future growth

- + Enhancements to the portfolio quality, extending the weighted average lease term to 6.0 years
- + New development commitments of 46,800 sqm
- + Revaluation gain of \$28.9 million contributing to a 5% rise in NTA to \$1.29 cents per unit
- + Outperforming the NZX10, NZX15, NZX50 and NZX Property Index on a total return basis, over the last 1, 2, 3 and 4 year periods.

### **Debt and equity**

GMT utilises both debt and equity to grow its business and fund its investment and development programme. With global debt markets reassessing risk, borrowing is becoming increasingly expensive.

The Trust raised \$288.5 million in new equity through a rights issue, institutional placement and public offer in November, and the operation of the distribution reinvestment plan over the year.

This additional capital has helped maintain a conservative level of gearing within the Trust which has a current loan to value ratio of just 27.2%. This rises to 31.6% on a fully committed basis.

To provide additional capacity for any future funding requirements GMT's existing debt facility has been increased to \$625.0 million. The additional \$100.0 million has been provided by the ANZ, one of the existing 4 trading banks within the funding syndicate.

The main facility is due for renewal in January 2010, while the additional \$100.0 million has an expiry in February 2011.

In order to minimise the impact of interest rate rises the Trust adheres to a debt hedging policy with at least 90% of borrowings on fixed terms for the next twelve months. The current interest rate including margin is 7.10% per annum.

### **Active management**

GMT's high quality portfolio has been continually enhanced under the active management of GNZ. The current financial year has been particularly busy with strong leasing results driven by low vacancy and ongoing occupier demand. The strong portfolio performance has flowed through into the annual valuations with the Trust recording a final valuation gain of \$28.9 million.

Portfolio highlights include:

- + New leasing and lease renewals totalling 140,000 sqm of rentable area with an annual net rental income in excess of \$18.0 million per annum
- + A high customer retention rate with 84% of pending lease expires renewed
- + The completion of 68 rent reviews representing over 30% of the Trust's annual property income

- + Leases with market linked review mechanisms recorded a weighted average increase of 4.5% per annum
- + The weighted average capitalisation rate across the investment assets strengthened from 8.2% to 8.0%

The Trust now has over 240 customers, an occupancy rate of 97% and weighted average lease term of 6.0 years.

GNZ Chief Executive Officer, John Dakin said “GMT’s investment portfolio has recorded an impressive performance that reflects strong underlying property fundamentals and the attractiveness of our full service property offering to new and existing customers.”

### **Investment Opportunities**

The Trust’s investment programme has continued to target strategic opportunities that complement the portfolio and offer further growth potential.

The 50% investment in Highbrook Development Limited, which included property assets at Highbrook Business Park of \$194.7 million, was one particular acquisition that was identified as an important driver of future growth.

This acquisition builds on the Trust’s direct investment in previously completed buildings at the Park and enables it to share in the profits and superior yields that the development of this business park is expected to provide.

Other acquisitions included:

- + 50% interest in Henshaw Holdings Limited, the owner of Show Place Office Park in Addington Christchurch, with associated property assets of \$44.3 million.
- + A 75% interest in DHL Stage 3 at Highbrook Business Park for \$10.1 million.
- + GMG’s 50% interest in certain development sites, commenced developments and completed developments owned jointly with the Trust, at Central Park Corporate Centre, 604 Great South Road and Westney Industry Park for \$21.4 million.

The Trust also capitalised on a strong investment market to dispose of the EDS Building in Mt Wellington for \$8.2 million. The value of this asset was significantly enhanced with a new five year lease negotiated prior to the sale, contributing to the gain on sale of \$1.6 million.

### **Development Progress**

With a range of development estates in Auckland and Christchurch, the Trust’s development activity has become an increasingly significant component of earnings growth.

Over the past financial year GMT has secured 46,800 sqm in new development pre-commitments which has strengthened the portfolio and enhanced returns to investors.

GMT continues to experience good levels of customer enquiry and is pleased to announce today a further pre-commitment at Highbrook Business Park.

Global office equipment supplier Corporate Express will centralise its head office and distribution function into one purpose built facility encompassing 7,800 sqm of rentable area. The lease term is for 12 years and the development has a total project cost of \$11.8 million.

Acknowledging the potential risks associated with development activity GMT has adopted a risk managed approach to its development programme. These measures include the use of fixed price construction contracts, reputable builders and undertaking the majority of projects on a pre-committed basis.

A reassessment of future occupier demand has seen the Trust review the Central Park office and Gateside multi-unit developments. These previously announced projects will now only commence when a pre-commitment has been achieved.

As part of its 2009 capital plan GMT will continue to offer the Distribution Reinvestment Plan ("DRP") to investors. The DRP provides a timely and flexible source of capital, well matched to the ongoing demands of the development programme.

### **Business Outlook**

GMT has substantial scale to its business that has been achieved through the successful implementation of its investment and development strategy and the active management of its investment portfolio.

Despite economic indicators pointing at a slowing economy and business confidence surveys showing negative sentiment GMT remains a low risk business. Its high quality investment portfolio provides secure income streams while conservative debt levels and prudent financial management help minimise the impact of rising costs.

While no business is insulated from wider economic conditions Goodman Property Trust remains well positioned and should continue to deliver strong operating results even in a slowing economy.

The Trust has reaffirmed its forecast cash distribution of 10.25 cents per unit for the 2009 financial year.

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**Attachments provided to NZX:**

1. NZX Appendix 1
2. NZX Appendix 7
3. NZX Auditors Report