

Q1 FY23 OPERATIONAL UPDATE

2 November 2022

Goodman



Goodman has delivered a strong operational result in the first quarter, despite the volatile economic environment, with the long-term structural drivers of demand for well-located industrial real estate remaining intact.

Demand is underpinning high occupancy, continued positive rental growth and development activity in our markets as we provide well-located sustainable properties to improve productivity for our customers.

We remain cautious and patient given market volatility, geopolitical risks and a slowing global economy. The Group maintains a strong balance sheet alongside our capital partners, to adapt to changing market conditions and take advantage of growth opportunities.

“The Group’s solid operational performance this quarter is a result of the consistent execution of our strategy to deliver high quality sustainable properties in strategic locations around the world.

We are in a strong position to withstand and respond to the impacts of a slowing economy in different parts of the world. This is due to the demand for our strategic locations, quality of our assets, strength of our development book, growth in cash flows, and our low leverage and strong capital position.”

– Greg Goodman, Group CEO

KEY HIGHLIGHTS¹

As at 30 September 2022

- + \$13.8 billion of development work in progress (WIP)² across 85 projects
- + 100% occupancy on completed development projects
- + 4.0% like-for-like net property income (NPI) growth on properties³ in our Partnerships
- + 99%³ occupancy across the Partnerships
- + \$77.8 billion total assets under management (AUM)
- + Forecast FY23 operating EPS growth of 11%.



\$77.8bn
TOTAL AUM



\$13.8bn
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

Customer demand for our properties continues, with e-commerce, supply chain optimisation, and ongoing growth in data storage requirements the key drivers of leasing activity.

In addition, lack of available space in our markets is supporting positive underlying portfolio activity and fundamentals.

Key highlights at 30 September 2022

- + 12 month rolling like-for-like NPI growth of 4.0%¹
 - + Portfolio occupancy of 99%¹
 - + Portfolio WALE of 5.4¹ years
 - + Leased 4.1¹ million sqm across the platform over the 12-month period, equating to \$527¹ million of rental income per annum
- Tight supply conditions remain in our markets and we continue to see strong growth in rents. Reversion of current passing rents to those achievable in the market has continued to increase, in particular in North America, Australia / NZ, and UK/Europe, where reversion now ranges from 20%-60%. This should continue to support cashflow growth in future periods.



4.0%¹
LIKE-FOR-LIKE NPI
GROWTH



4.1M¹
SQUARE METRES
LEASED



5.4 YEARS¹
PORTFOLIO WALE



Goodman Logistics Centre, Fontana II, California, USA

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



DEVELOPMENT

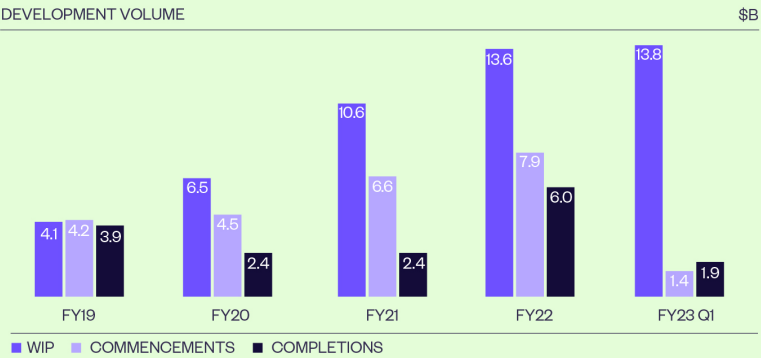
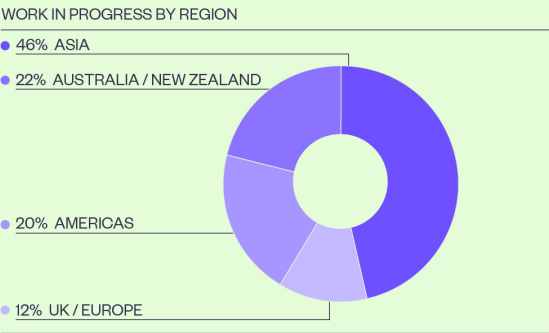
Our customers are seeking to maximise supply chain efficiency and are looking for sustainable, versatile properties that are close to consumers and optimised to house their investments in automation and technology.

- + Demand is supporting work in progress of \$13.8 billion at 30 September 2022
- + Pre-commitments remain high across the workbook with completions 100% committed and WIP 68% committed
- + Yield on cost (YOC) on WIP is 6.4%
- + The production rate¹ for WIP is approximately \$7 billion
- + Completions for the quarter were \$1.9 billion and 100% occupied
- + We continue to mitigate risk through a globally diversified workbook and investment partnering, with 85% of the WIP either pre-sold or being built for third parties or our Partnerships and 80% of new starts being pre-leased.

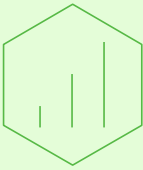
The scarcity of available space in our markets continues to drive take-up and support rents, and project returns. While we remain conservative in our assumptions, construction cost inflation appears to be moderating.

We continue to selectively pursue tightly held, strategic, large scale development sites and value add opportunities.

Q1 FY23 Development statistics	Completions ²	Commencements ²	Work in progress
Value (\$bn)	1.9	1.4	13.8
Area (m sqm)	0.3	0.6	4.1
Yield (%)	8.8	5.8	6.4
Pre-committed (%)	100	80	68
Weighted average lease term (years)	14.6	12.1	12.9
Development for third parties or Partnerships (%)	84	78	85
Australia / New Zealand (%)	14	52	22
Asia (%)	74	31	46
Americas (%)	-	16	20
UK / Europe (%)	12	1	12



1. Production rate is defined as the estimated end vale of WIP divided by the expected time in WIP
2. For the three months to 30 September 2022



MANAGEMENT

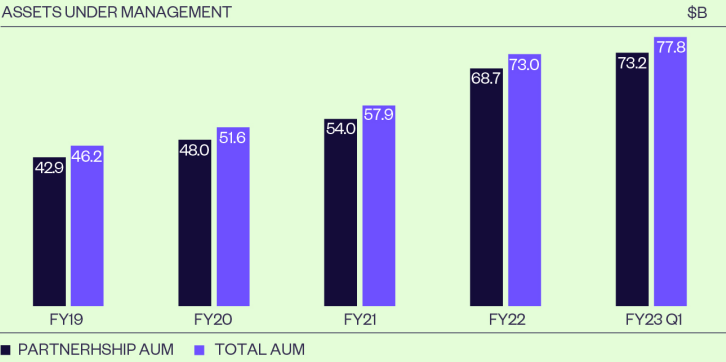
The Partnerships continue to focus on organic growth through development, and our strategy to allocate capital prudently into select strategic investment opportunities remains

- + Total assets under management increased to \$77.8 billion as at 30 September 2022, reflecting acquisitions, revaluations and FX gains
- + Cap rates across our portfolio have increased by up to 40bps in some markets but the impact on values has been more than offset by rental growth.

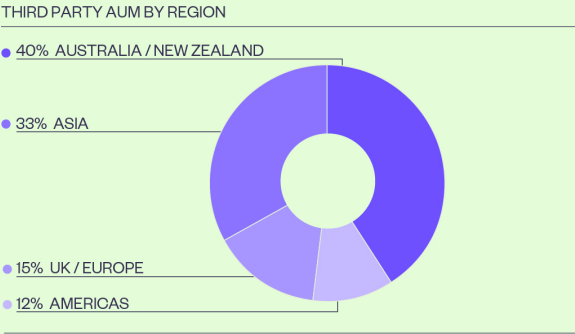
Whilst cap rates may expand further, we believe the mitigating impact of portfolio under-renting, high occupancy and cash flow growth, combined with revaluation gains on developments within the Partnerships, will continue to be a feature through the year and it is expected that AUM will continue to grow.

The Partnerships retain significant financial flexibility with high levels of liquidity, low leverage and extensive interest rate and currency hedging.

ASSETS UNDER MANAGEMENT



THIRD PARTY AUM BY REGION



LARGEST PARTNERSHIPS

	 GAIP AUSTRALIA	 GHKLP HONG KONG	 GNAP USA	 GCLP CHINA	 GEP EUROPE	 GAP AUSTRALIA	 GMT ² NEW ZEALAND	 GJCP JAPAN	 GUKP ³ UK
Total assets	\$14.3bn	\$12.6bn	\$9.1bn	\$7.1bn	\$7.1bn	\$6.8bn	\$4.4bn	\$4.1bn	\$2.9bn
GMG co-investment	29%	20%	55%	20%	20%	20%	25%	14%	35%
GMG co-investment	\$3.1bn	\$1.9bn	\$4.2bn	\$0.9bn	\$0.9bn	\$1.1bn	\$0.9bn	\$0.4bn	\$0.8bn
Number of properties	108	16	25	36	100	37	13	19	15
Occupancy ¹	98%	100%	99%	97%	99%	98%	99%	100%	98%
Weighted average lease expiry ¹ (years)	4.5 years	5.2 years	8.8 years	3.2 years	5.5 years	4.4 years	6.3 years	3.9 years	8.2 years



\$73.2bn

EXTERNAL ASSETS UNDER MANAGEMENT



85%

DEVELOPMENT IN PARTNERSHIPS OR FOR THIRD PARTIES



403

PROPERTIES IN PARTNERSHIPS

1. WALE and Occupancy of stabilised industrial and warehouse portfolios as at 30 September 2022.
2. GMT: Results are for the year ended March 2022 as reported to the New Zealand Stock Exchange.
3. Consists of GUKP, GUKPII and GUKPIII

SUSTAINABILITY

The Group continues to execute its 2030 Sustainability Strategy, making steady progress against its targets across sustainable properties, people and culture and corporate performance.

Our broad range of initiatives see us continuing to work with our customers and suppliers to increase the productivity and sustainability of our buildings – including the use of lower carbon materials.

During the quarter, the Global Real Estate Sustainability Benchmark (GRESB) results were released – an important independent analysis of our progress. This year, 10 Goodman entities made submissions, yielding some of our strongest results to date.

GRESB 2022 highlights:

- + Goodman Group maintained its 'A' rating for its public ESG disclosure
- + Goodman Japan Core Partnership, Goodman Hong Kong Logistics Partnership, Goodman European Partnership and Goodman UK Partnership were awarded the highest 5 Star rating in either the Standing Investments or Development benchmarks
- + Goodman Japan Core Partnership was ranked #1 in its peer group in the GRESB Standing Investments benchmark
- + Goodman European Partnership, the Goodman UK Partnership, and Goodman Brazil Logistics Partnership were ranked #1 in their respective peer groups in the GRESB Development benchmark
- + Goodman Australia Partnership was recognised as Regional Sector Leader status (Oceania, Diversified - Office/Industrial).

For further details on our ESG performance to date, please review our [2022 Sustainability Report](#).

Goodman’s sustainably designed, energy-efficient and well managed properties are strategically located to meet the business, health and wellbeing needs of our customers.



Rochedale Motorway Estate, Brisbane, Australia

- + Woolworths' Rochedale Customer Fulfilment Centre
- + 10,000 sqm dark store enabling online deliveries and direct-to-boot pick-ups
- + 400kW solar PV installation
- + Smart metering to help monitor and reduce energy consumption
- + Rainwater harvesting
- + Potable water metering and smart irrigation technology
- + LED lighting and motion sensor technology.



Artist's impression of Goodman Westlink, Hong Kong SAR, China

- + Four-storey modern logistics building with direct ramp access to all floors
- + Total of 139,000 sqm
- + Achieved LEED® Gold pre-certification for energy savings, water efficiency, and design and build initiatives
- + High level of employee amenity on site
- + Rainwater harvesting system with 870,000 litre capacity.

OUTLOOK

Commenting on the outlook, Greg Goodman said, “Goodman’s execution of its long-term strategy and its geographic diversity provides operational flexibility and resilience to adapt to the current market volatility. As a result of concentrating our portfolio in supply constrained markets, we continue to experience high occupancy and positive rental growth.

Customer demand for space continues to be supported by structural drivers, including e-commerce growth and increasing productivity through supply chain optimisation and investment in automation and technology. We remain focused on providing opportunities in key locations for our customers to establish this critical infrastructure for their businesses and offset higher costs. In addition, ongoing growth in data storage requirements globally is increasingly creating competition for space in our markets. Given this demand we expect WIP to remain strong in FY23.

While the economic outlook appears uncertain, the Group is in a strong position operationally and financially through the disciplined execution of our strategy. We have significant liquidity, low gearing and extensive hedging. The Partnerships are also in a robust financial position. We are actively considering strategic opportunities around the world that are aligned with our strategy – those that are in select locations and positioned for long-term growth. However, we remain patient and cautious, looking to only implement opportunities that provide deep value”.

We confirm our forecast FY23 operating EPS growth of 11% , and a full year distribution of 30cps.

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, 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.

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- + 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.
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