



26 February 2024

Market Announcements Office
ASX Limited
Via ASX Online

Dear Sir/Madam

RE: NZX announcement – Goodman Property Trust (GMT) positioned for growth with Internalisation Proposal

Please find attached a copy of a New Zealand Stock Exchange announcement by NZX listed Goodman Property Trust (GMT) to internalise the management of GMT. The proposal is subject to GMT unitholder approval.

Yours faithfully,

A handwritten signature in black ink that reads "Carl Bicego".

Carl Bicego
Company Secretary

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

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nzx release+

GMT positioned for growth with Internalisation Proposal

Date 26 February 2024

Release Immediate

The Board of Goodman (NZ) Limited (“GNZ”) has entered into an agreement to internalise the management of Goodman Property Trust (“GMT”) to support its future growth strategy (“Internalisation Proposal”).

Conditional on Unitholder and other approvals, the change to the corporate structure would bring to an end the existing external management arrangement with ASX-listed Goodman Group and effectively transfer these functions to GMT.

James Spence, Chief Executive Officer of GNZ said, “Internalisation is expected to provide growth opportunities for our business, and immediate and longer-term benefits to our Unitholders. It reduces expenses, diversifies income, and enhances the ability to recycle capital through the establishment of a complementary property funds management business.”

Overview of the Internalisation Proposal and process

Led by Deputy Chair of GNZ, David Gibson, a sub-committee of the Independent Directors was established to consider and negotiate the terms of the Internalisation Proposal with Goodman Group. Through its subsidiaries, Goodman Group has been the manager of GMT and a cornerstone investor since 2003.

Following the successful conclusion of this process, an agreement has been entered into to effect the change, which will involve the assumption of management functions by Goodman Property Services (NZ) Limited (“GPSNZ”).

GMT’s property investment strategy of owning high quality Auckland logistics property remains unchanged and there is continuity of business operations. This includes retention of James Spence, CEO and the wider executive team in their current roles. The directors of GNZ will also become directors of GPSNZ, with the new manager entity to be effectively controlled by Unitholders.

Key terms of the Internalisation Proposal include:

- + Goodman Group will be paid \$272.4 million to relinquish its management rights, for the shares in GPSNZ and for the associated co-operation arrangements and services. Net of tax, the \$199.3 million consideration represents a 9.1x multiple of the \$22.0 million normalised FY24 savings GMT expects to realise, which is consistent with precedent transactions.
- + An additional \$17.6 million will also be paid to Goodman Group to settle GMT’s performance fee obligations, to acquire its interest in co-owned (with GMT) investment properties and for the net tangible assets of GPSNZ.
- + Goodman Group will use the total consideration of \$290 million to subscribe for new units in GMT at \$2.14 per unit (being the 5-day VWAP to 20-Feb-24), increasing its cornerstone investment in GMT to 31.8%.

Independent Appraisal Report

Deloitte, the Independent Appraiser, assessed the \$272.4 million consideration as being within their fair market valuation range of \$268 million to \$315 million and therefore concluded that the Internalisation Proposal was fair to non-associated Unitholders. They also concluded that the issue of new units to Goodman Group was fair to non-associated Unitholders. Their full report is attached to the Notice of Meeting released today.

David Gibson said, "Internalisation is a positive initiative that positions GMT for the next phase of its business growth. With the many benefits it provides and within Deloitte's fair value range, the initiative presents a great opportunity for our Unitholders."

Internalisation is expected to deliver 2.8% accretion to FY24 pro forma adjusted funds from operations.¹ It is also expected to provide greater alignment of interests with the board and executives of GPSNZ being remunerated directly by GMT.

Internalised management to establish property funds management business

Subject to internalisation proceeding, GPSNZ will seek to establish a funds management platform anchored by a new Auckland logistics property fund. Initially investing up to \$100 million² itself, and with a commitment of up to \$200 million² from Goodman Group, GMT will leverage Goodman Group's global investor relationships to secure further third-party capital.

John Dakin, Chair of GNZ said, "GMT's substantial Auckland industrial portfolio, urban logistics focus, development pipeline, sector expertise, balance sheet flexibility and scalable platform have supported its successful investment track record."

"We believe internalisation will enable GMT to reach its full potential and create further value for all our stakeholders."

With the flexibility to acquire assets on-market and directly from GMT's existing portfolio, GPSNZ's funds management platform has a target of scaling to ~\$2 billion within three-to-five-years.

James Spence said, "The establishment of a funds management business and introduction of new capital partners complements GMT's current investment strategy. The positive income contribution from management fee revenue and an enhanced ability to recycle capital is expected to support annualised earnings growth of between 5% and 7% within the next three-to-five years."

Benefits of Goodman relationship to continue

Chief Executive Officer of Goodman Group, Greg Goodman said, "This transaction is all about growth and capturing the opportunity available in the New Zealand market. Additionally, access to alternative funding sources will allow GMT to finance this growth in a way that will generate significant value for GMT Unitholders."

James Spence said, "Internalisation presents an exciting opportunity for GMT. Retaining all the benefits of the Goodman brand, we've got the team, property portfolio, customer relationships and market expertise to scale up our business and deliver an investment strategy focused on sustainable value creation."

¹ Assuming the issuance of Units to Goodman Group at an issue price of \$2.14 per Unit, treating the benefit of current and future tax deductions associated with internalisation as if they had repaid debt. Accretion to adjusted funds from operations ("AFFO"), a metric which captures the benefit of leasing fees no longer being payable to a third party and which are not reflected in cash earnings

² Subject to settlement of the Internalisation and final approval of its terms.

Investor presentation and FY25 guidance

A presentation providing further details of the Internalisation Proposal has been provided to the NZX. There will be an online presentation to investors, analysts and media at 9:15 am, today. The link to the webcast is: <https://ccmediaframe.com/?id=Dw4yg7Uo>

Underlying cash earnings guidance for FY24 is reaffirmed at around 7.4 cents per unit, with full year cash distributions of 6.2 cents per unit expected to be paid.

James Spence said, "FY25 guidance for an internalised GMT is also provided, with cash earnings forecast to be around 7.5 cents per unit. The guidance represents a 5% increase on restated FY24 cash earnings."³

FY25 cash distributions of 6.5 cents per unit are forecast, a 5% increase on FY24 and representing around 87% of cash earnings.

Notice of Meeting

Given the related party nature of the Internalisation Proposal, Unitholder approval is being sought and a Special Meeting will be held at 10am on Tuesday 26 March 2024 at the Park Hyatt Hotel, 99 Halsey Street, Auckland 1010.

There are three resolutions detailed in the Notice of Meeting and all resolutions must be approved for the Internalisation Proposal to proceed.

Deputy Chair and Independent Director of GNZ, David Gibson said, "The Independent Directors unanimously recommend that Unitholders vote in favour of all three resolutions."

The Notice of Meeting, which explains the resolutions in more detail, together with the Voting and Proxy Form are being distributed to Unitholders from today.

Investors are encouraged to read the Notice of Meeting carefully, including the Independent Appraisal Report. If they have any queries or questions on the resolutions or other information contained in the Notice of Meeting, they should contact their financial, taxation or legal adviser. They can also call the investor advisory line on 0800 292 983 or +61 3 9415 4264 from outside New Zealand.

For further information, please contact:

John Dakin
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Goodman (NZ) Limited
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David Gibson
Deputy Chair and Independent Director
Goodman (NZ) Limited
(021) 276 9440

James Spence
Chief Executive Officer
Goodman (NZ) Limited
(021) 538 934

Attachments provided to NZX:

1. Covering Letter to Unitholders
2. Goodman Property Trust Notice of Special Meeting
3. Voting and Proxy Form
4. Presentation on the Internalisation Proposal

³ FY24 cash earnings restated, from 7.4 cents per unit to 7.1 cents per unit, to adjust for the expected removal of tax deductions for building depreciation from the beginning FY25

About Goodman Property Trust:

GMT is an externally managed unit trust, listed on the NZX. It has a market capitalisation of around \$3.0 billion, ranking it in the top 20 of all listed investment vehicles. The Trust is New Zealand's leading warehouse and logistics space provider. It has a substantial property portfolio, with an expected value of \$4.5 billion at 31 March 2024. The Trust also holds an investment grade credit rating of BBB from S&P Global Ratings.

The Manager of GMT is Goodman (NZ) Limited, a subsidiary of the ASX listed Goodman Group. Goodman Group is a global industrial property and digital infrastructure specialist group with operations in key consumer markets across Australia, New Zealand, Asia, Europe, the United Kingdom, and the Americas.

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This Announcement contains certain forward looking statements, which are subject to risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of GMT to be materially different from the outcomes reasonably expected by GMT at the time of this Announcement. Deviations as to future conduct, market conditions, results, performance and achievements are normal and are to be expected.

Forward looking statements generally may be identified by the use of forward looking words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'foresee', 'future', 'intend', 'likely', 'may', 'outlook', 'planned', 'potential', 'projection', 'should', or other similar words.

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