

Q1 FY24 OPERATIONAL UPDATE

6 November 2023

Goodman



Goodman Business Park, Chiba, Greater Tokyo, Japan.

Goodman has delivered a strong operational result in the first quarter. Quality development projects in high barrier to entry locations, and the long-term structural drivers for the digital economy are supporting the growth outlook for FY24.

“Our concentration in supply-constrained markets is supporting demand for our properties as customers look to improve their supply chains and increase their productivity through more efficient warehousing and distribution. We are seeing unprecedented demand from data centre users as the growth in cloud computing and AI expands.

This competing pressure on industrial land supply is supporting underlying property fundamentals for our existing assets and our development program. The management platform is expected to continue to grow organically, primarily through development activity and rent growth.

We expect continued dislocation and volatility in real estate markets globally, however the Group and Partnerships have strong balance sheets with low gearing, significant available liquidity and equity commitments. The Group has no drawn debt maturities until late 2025 and has significant hedging in place. As a result, we are well placed to adapt to the macroeconomic environment and pursue emerging attractive investment opportunities.”

- Greg Goodman, Group CEO

KEY HIGHLIGHTS¹

As at 30 September 2023

- + \$12.7 billion of development work in progress (WIP)² across 80 projects
- + Completed \$1.0 billion of developments in the quarter with 98% committed
- + 4.9% like-for-like net property income (NPI) growth on properties³ in our Partnerships
- + 99%³ occupancy across the Partnerships
- + \$82.9 billion total assets under management (AUM)
- + Forecast FY24 operating EPS growth of 9%.



Artist impression: Data centre development, Sydney, Australia



\$82.9bn
TOTAL AUM



\$12.7bn²
DEVELOPMENT WIP



99%³
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. 12 month rolling basis



PROPERTY INVESTMENT

Underlying structural drivers within the digital economy are continuing to support property fundamentals across our portfolio as industrial demand normalises post pandemic. Our customers are prioritising location and quality as they require more productive, modern and efficient space in an increasingly uncertain economic environment

With our portfolio concentrated in supply constrained markets, we continue to maintain high occupancy and positive rental growth

Key highlights at 30 September 2023

- + 12 month rolling like-for-like NPI growth of 4.9%¹
- + Portfolio occupancy of 99%¹
- + Portfolio WALE of 5.4¹ years
- + Leased 2.4¹ million sqm across the platform over the 12-month period, equating to \$362¹ million of rental income per annum

While market rental growth has slowed in most markets, the average expected rent reversion to market across the global portfolio remains consistent with prior periods, with North America 64%, Australia and New Zealand 37%, Continental Europe and the UK 17% and Asia 0.3%. This embedded rent reversion is expected to support NPI growth in future periods and we continue to expect upside in the market rents beyond the current levels

The recent increase in long-term interest rates is having a short-term impact on capital cost and availability which could negatively impact property values. This would not have a material impact on FY24 operating profit. It could also present opportunities for the Group given the strength of our capital position.

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4.9%¹
LIKE-FOR-LIKE NPI
GROWTH



2.4m¹
SQUARE METRES
LEASED



5.4 YEARS¹
PORTFOLIO
WALE



Goodman Logistics Centre, Fullerton, Los Angeles, USA.



DEVELOPMENT

We continue to remain focused on our development-led growth strategy focusing on providing our customers with opportunities for productivity gains in their supply chain and proximity to their customers.

Our locations remain supply constrained. Competition for land from a wide range of alternative uses is continuing to provide opportunities for the Group. These include site intensification to create multilevel industrial and data centre development, where we have approximately 3.7GW of secured or potential power within our existing portfolio.

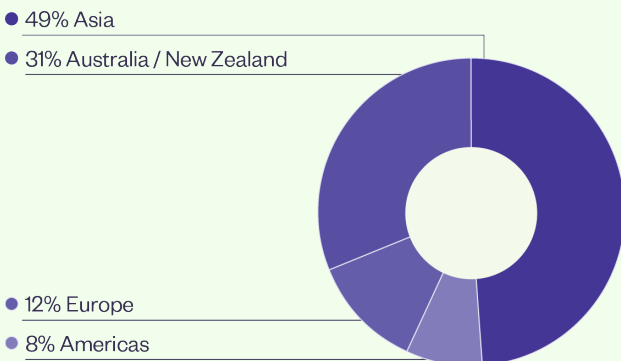
Acquisition opportunities are providing attractive returns with the Group's significant financial capacity providing flexibility to pursue growth opportunities, which we expect to support future development earnings.

- + Demand is supporting work in progress of \$12.7 billion at 30 September 2023. This represents \$7 billion of annualised production¹ as the completion of large, long dated projects in Asia are replaced with new developments in Australia
- + Pre-commitments remain high across the workbook with completions 98% committed and WIP 62% committed
- + Yield on cost (YOC) on commencements was 6.5%
- + 79% of the WIP is either pre-sold or being built for third parties or our Partnerships, and 95% of new starts are pre-committed.

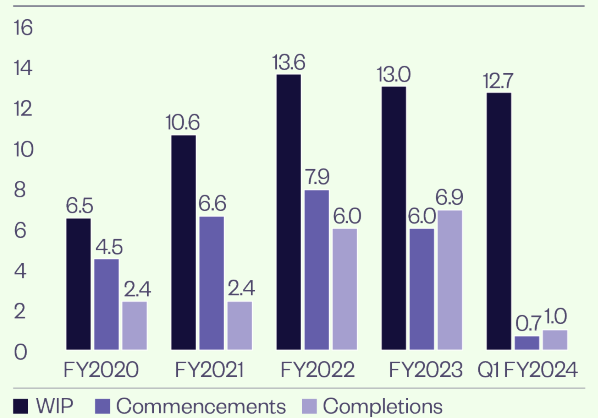
Q1 FY24 Development statistics	Completions ²	Commencements ²	Work in progress
Value (\$bn)	1.0	0.7	12.7
Area (m sqm)	0.3	0.2	3.3
Yield (%)	7.3	6.5	6.5
Pre-committed (%)	98	95	62
Weighted average lease term (years)	11.3	10.7	12.4
Development for third parties or Partnerships (%)	92	32	79
Australia / New Zealand (%)	24	98	31
Asia (%)	62	-	49
Americas (%)	-	-	8
UK / Europe (%)	14	2	12

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WORK IN PROGRESS BY REGION



DEVELOPMENT VOLUME





DATA CENTRES

The Group's 3.7 GW power bank includes delivered projects, secured and potential data centre projects

- + Data centres under construction currently represents approximately 25% of WIP and over the past 15 years Goodman has delivered 0.6 GW of powered sites and powered shell projects
- + Approximately 1.9 GW of this power is secured, with a further 1.8 GW in advanced stages of procurement. In addition, there are several sites owned by the Group and Partnerships currently under review for potential data centre use
- + The pipeline is geographically spread across 12 cities and are in locations consistent with our approach to logistics, being large consumer focused infill markets with high barriers to entry
- + We are currently working with customers, including hyperscalers, to assess various project delivery and leasing models that best suit their requirements. There are a range of potential outcomes including developing powered shell data centres and providing the infrastructure for turn-key data centre solutions. Development of the existing power bank is expected to occur over the next 7 to 10 years
- + Further details on the Group's strategy will be provided at the FY24 full year results.

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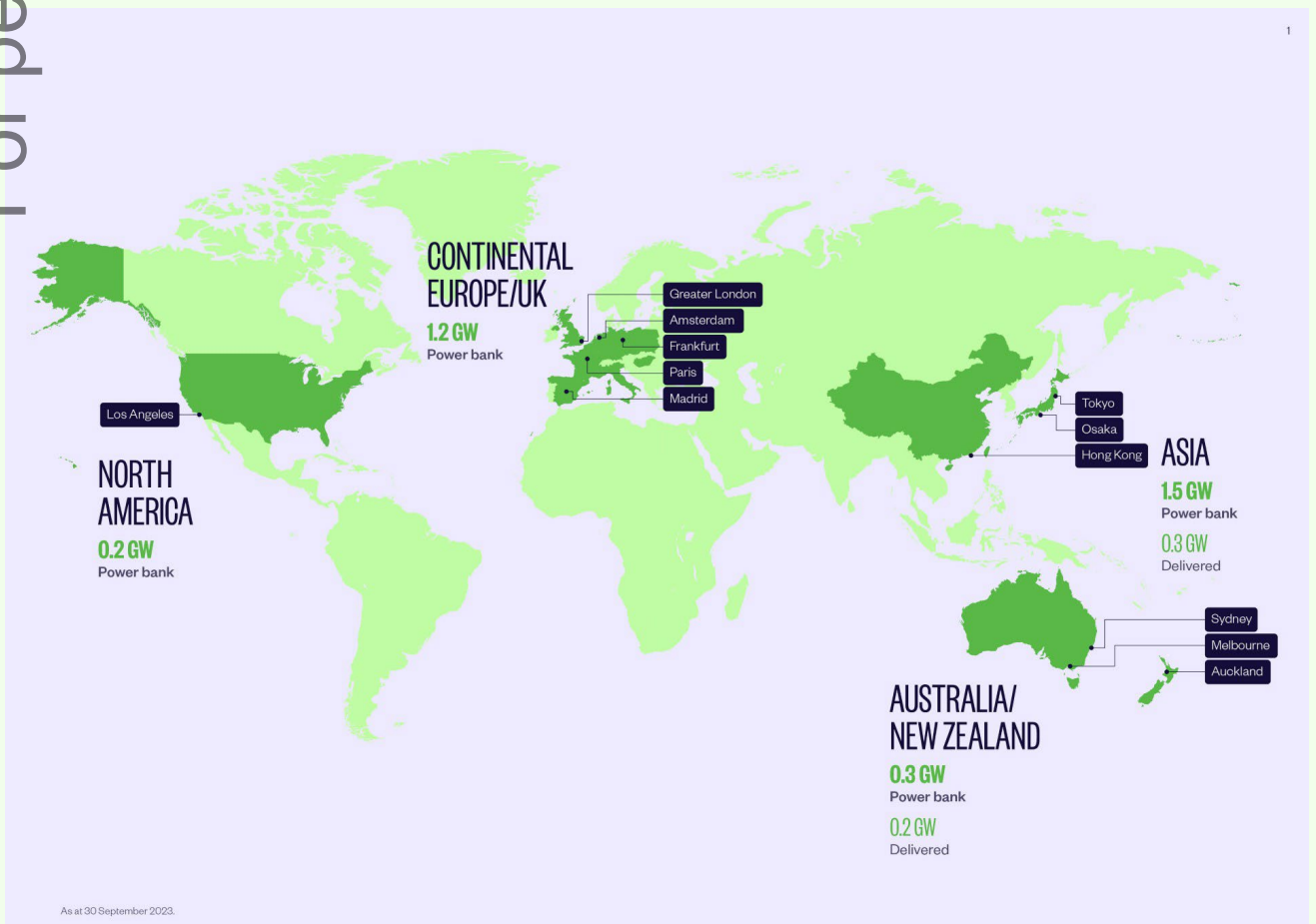
TOTAL POWER BANK
3.7 GW

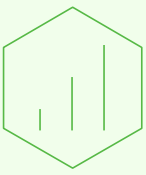


DELIVERED
0.6 GW



PIPELINE
3.2 GW





MANAGEMENT

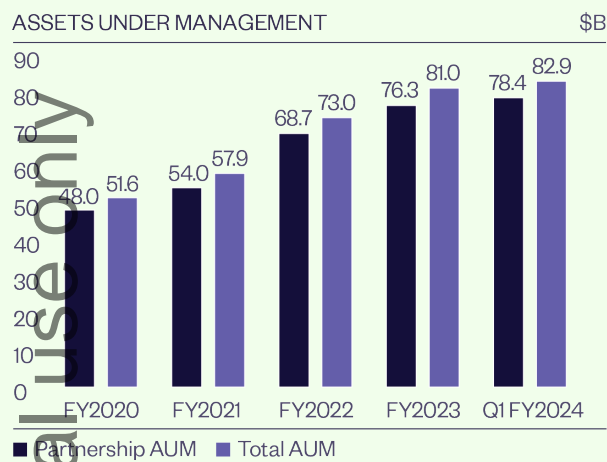
The Group and Partnerships continue to grow through development completions and acquisitions

- + Total assets under management increased \$1.9 billion to \$82.9 billion as at 30 September 2023, reflecting development completions, acquisitions and FX
- + Weighted average cap rate across the Group and Partnerships portfolios of 4.53%.

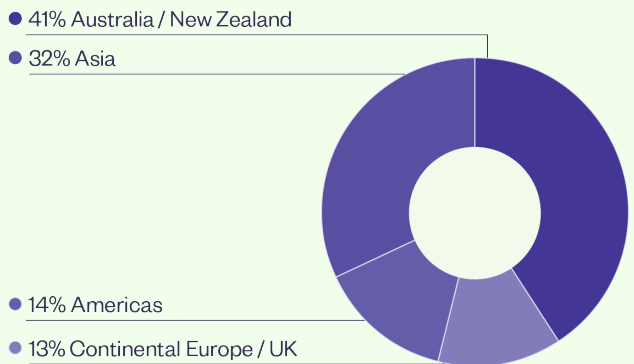
Cap rate expansion continues in most markets and is likely to do so through FY24 which may have an adverse impact on property valuations¹. Cash flow resilience remains a significant driver of investor interest and is benefitting our locations as well as logistics in general, relative to other asset classes

High occupancy, strong cash flow and significant embedded performance should continue to support long-term returns and performance fees

Capital constraints in real estate generally have reduced competition and we believe we are well placed to participate in selected attractive opportunities. The Partnerships remain in a strong financial position with low leverage, \$17 billion² of equity commitments, cash and undrawn debt.



THIRD PARTY AUM BY REGION



MANAGEMENT PLATFORM

	AUSTRALIA	HONG KONG	USA	CONTINENTAL EUROPE	CHINA	JAPAN	NEW ZEALAND	UNITED KINGDOM	BRAZIL
Partnership AUM* (\$B)	27.9	13.1	10.7	7.9	6.9	5.1	4.5	2.4	0.2
Number of Partnerships	7	1	1	2	1	3	1	3	1
GMG co-investment (%)	26	20	55	19	20	20	25	35	15
GMG co-investment* (\$B)	5.8	1.8	5.1	0.9	1.0	0.7	0.8	0.6	0.0
Number of properties	169	16	28	118	38	21	13	14	1
Occupancy ^{3,4} (%)	98	99	99	100	96	100	100	98	100
Weighted average lease expiry ^{3,4} (years)	5.3	5.0	8.0	5.3	3.6	4.3	6.4	7.1	4.6



\$78.4bn

EXTERNAL ASSETS UNDER MANAGEMENT



79%

DEVELOPMENT IN PARTNERSHIPS OR FOR THIRD PARTIES



418

PROPERTIES IN PARTNERSHIPS

1. For more information see Note 5 (page 111) of the 2023 Annual Report for sensitivity analysis relating to property valuations associated with an isolated cap rate increase of 25bps and 50bps.
 2. Partnership equity commitments subject to committee approval
 3. WALE and Occupancy of stabilised industrial and warehouse portfolios as at 30 September 2023
 4. GMT: Results are as at 31 March 2023 as reported to the New Zealand Stock Exchange

Goodman's 2030 Sustainability Strategy guides our ESG targets and initiatives, which are designed to help us continue to build a truly sustainable business.

We regularly review our ESG targets so we can respond to global trends, emerging customer and investor expectations, disclosure and reporting standards. Our priority is to shift our business to one that is low-carbon and resilient, while continuing to generate sustainable returns, strengthen our ethical and responsible practices, and deliver positive stakeholder outcomes.

The Global Real Estate Sustainability Benchmark (GRESB) results were released in October. This year, 12 Goodman entities made submissions, and produced some of our highest scores to date.

GRESB 2023 highlights:

- + Goodman Group increased its score to 91 in the Development benchmark and maintained its 'A' rating for its public ESG disclosure
- + Goodman Japan Core Partnership achieved Regional and Global Sector Leader in Industrial, receiving a score of 97 for the Standing Investments Benchmark
- + Goodman European Partnership maintained its score of 98 for the Development Benchmark, achieving the full 5 stars
- + Goodman UK Partnership achieved first in its peer group, scoring 98 points and the full 5 stars in the Development Benchmark
- + Goodman China Logistics Partnership scores increased significantly, including to 96 points in the Development Benchmark, up 31% from the last year .

For further details on our ESG strategy and performance, please review our [2023 Sustainability report](#)

Goodman is focused on optimising the efficiency of its properties to create sustainable assets in strategic locations that are close to transport hubs and consumers.

Marl Logistics Centre, Germany

- + Total of 235,000 sqm
- + Goodman's largest solar installation globally and Germany's largest operational rooftop system
- + 18 MWp capacity across the site
- + Better placed to meet future energy needs

Read the case study [here](#).



Goodman Business Park, Greater Tokyo, Japan

- + 850,000+ sqm of GFA
- + A master-planned business park with five logistics facilities, data centres and amenities
- + Wellness facilities including running tracks, a soccer field with outdoor gym, truck driver rest spaces, showers, laundry, and food amenities
- + 5-star DBJ Green building certification.

Read more about Japan's green certifications [here](#).



OUTLOOK

Commenting on the outlook, Greg Goodman said:

“While global markets remain uncertain, the structural trends of the digital economy remain intact. As the cost of doing business in an inflationary environment increases, our customers continue to focus on maximising productivity from their space. They’re looking for sustainable properties that are close to consumers and optimised for their investments in automation and technology. This continues to support development activity and our portfolio of high-quality, strategically located assets around the world, which have almost zero vacancy.

The continued and significant growth in data requirements, driven primarily by AI and cloud computing, is creating strong demand for our powered sites. Goodman has created a significant opportunity over the past decade to participate in this growing and essential segment of the market. We are actively engaged with our data centre customers to facilitate their requirements and believe this will provide positive opportunities for our customers and Securityholders alike.

Interest rates, credit and inflation remain key drivers of uncertainty in the real estate sector, which is likely to see continued volatility across markets this year, including impacts on cap rates and asset pricing. Our cautious and prudent approach has provided us with significant resources and liquidity to manage through uncertain economic environments and take advantage of future investment opportunities. As a result, we see increasing opportunities to selectively pursue tightly held, strategic development sites and value add opportunities in our target locations.

We confirm our forecast FY24 operating EPS growth of 9% , 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 and Risk.

ABOUT GOODMAN

Goodman Group is an integrated property group with operations throughout Australia, New Zealand, Asia, Europe, the United Kingdom and the Americas. 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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