



Goodman⁺

Making space for *greatness*



It's not enough to simply wish for greatness.

Greatness is not a singular pursuit, nor is it one that is easy to reach. At Goodman our vision is to make it a possibility for everyone by making space for it in everything we do.

Goodman team members in one of the new Gateway Warehouses at Highbrook Business Park, East Tamaki.
From left to right: Shaun Ward, Brady Page, Amber Kelly.

Making space for greatness



Space for the world's greatest ambitions.

We give our customers the space they need to succeed, by providing high-quality property solutions in strategic locations.



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This document comprises the Annual Reports of Goodman Property Trust and GMT Bond Issuer Limited for the year ended 31 March 2019 and contains the information required to be disclosed pursuant to the Listing Rules.

+ The Units in Goodman Property Trust are listed on the NZX with the code of GMT.

+ Bonds issued by GMT Bond Issuer Limited, a wholly-owned subsidiary of Goodman Property Trust, are listed on the NZDX with the codes of GMB020, GMB030, GMB040, and GMB050.

Highbrook Business Park, East Tamaki
GMT's largest estate and an exceptional work environment for the businesses and staff located here.

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*Nau mai,
Haere mai*

Making space for greatness



This is Goodman

Goodman Property Trust is New Zealand's largest listed property investor by market capitalisation. It is a high-quality business built around a substantial portfolio, a wide customer base and a proven development capability.



There's space *and greatness* for you/here.

Our own+develop+manage business model has the customer as its central focus. It's a simple and effective approach that can be easily explained:

- + We own the very best industrial assets, putting our customers close to consumers in key Auckland locations.
- + Strategic land holdings and a development capability allows us to deliver tailored property solutions for customers.
- + We manage all aspects of our business directly, taking responsibility for all our stakeholder relationships.



OWN

High-quality industrial

We invest in industrial property because of its return characteristics, the depth of the market and its unique growth drivers.

Our \$2.6 billion property portfolio is now exclusively located in Auckland⁽¹⁾. We've deliberately focused on the country's biggest city because urbanisation and the growth in e-commerce is increasing demand for logistics and warehousing facilities close to consumers. It's a global trend that we expect to drive our future performance.

⁽¹⁾ After all contracted sales, including post balance date transactions.



DEVELOP

To meet demand

Around 85% of the portfolio has been developed since 2004, creating a modern industrial portfolio of unrivalled quality. Our development programme is concentrated in key Auckland locations where supply is constrained. It is creating high-quality facilities that provide customers with tailored property solutions to help their businesses prosper.

We have around \$195 million of projects currently under development. It's a large volume of work that is supported by a low vacancy rate and strong market fundamentals.



MANAGE

Prudently and expertly

Directly managing all our business functions differentiates Goodman and enables us to focus on the things that matter to our customers.

While we pride ourselves on how we manage both our customer relationships and property portfolio, equal focus is given to the fiscal management of the Trust. We take a long-term investment view and manage prudently to ensure we maintain a strong balance sheet that supports sustainable growth well into the future.



PROMOTE

Long-term relationships

Our business is strengthened by the 179 leading companies that have chosen Goodman as their property provider. They represent a range of industries, including automotive distributors, building products, logistics and freight, warehousing and retail operators.

Superior facilities, a commitment to customer service and the ability to accommodate changing business requirements help create long-term partnerships. These relationships create value for our investors and make us New Zealand's leader in high-quality warehouse and logistics space.

Making space for greatness



Our approach is what defines us, it underpins our success.

Every one of our 179 customers relies on our property expertise. We've chosen four to tell our story. They include international brands and local businesses and are a representative mix of customers that share our focus and share our drive.

The following pages describe each company and tell the story of how they've partnered with Goodman to achieve success. They're aiming high and we're helping them realise their business ambitions.

While the individual requirements are different, scale and flexibility are themes that stay constant. All our properties are designed to meet the requirements of a variety of customers. They're highly specified and operationally efficient, they're well-located, and can accommodate businesses that need access to air, port, rail and road freight networks.

The narrative is the same from customer to customer, Goodman is an important factor in their success. We're making the space for them to achieve great things. We're making space for greatness.

Goodman Customers — left to right:
Sarah Herrick, Sales Excellence Specialist — NZ Post
David Edkins, Regional Manager NZ — Nisbets New Zealand Limited
Philip Fretton, Warehouse Manager — Ford PSG Depot Operations
Kevin Obern, Managing Director — OfficeMax New Zealand Limited



A shared vision

for the future has created a long-term partnership that is delivering much more than a traditional commercial relationship.

NZ Post is at the forefront of the digital revolution, developing its range of services and utilising its distribution network to facilitate the growth of e-commerce and online shopping across New Zealand.

NZ Post — GMT's largest customer
Sarah Herrick, Sales Excellence Specialist

Working together successfully since 2006 means NZ Post calls Goodman first when it needs a property solution in Auckland.

Greg Morris, National Property Manager for NZ Post, said, "Goodman understands that a well-executed property strategy is critical to the NZ Post business. They are true partners and have the scale and expertise to meet almost any requirement we have."

Responding to a rapidly changing operating environment has also required flexible short-term solutions. The commissioning of the new Paxster delivery vehicles is one example. NZ Post now have the largest electric vehicle fleet in the country, part of a plan to be carbon neutral from 2030.

Shared corporate values mean NZ Post and Goodman are also working together on new sustainability and energy efficiency initiatives at Highbrook Business Park, improving the performance of four existing NZ Post facilities for the benefit of both parties.

Nisbets is one of the newest customers in the portfolio and one that is bringing a *global approach* to how it does business.

As Europe's largest catering supplies distributor, the company has been extremely successful at promoting and distributing its range of products. New premises at Highbrook are facilitating its multi-channel retail strategy here in New Zealand.

Nisbets New Zealand Limited — GMT's newest customer
David Edkins, Regional Manager NZ

Nisbets stocks hundreds of items at its Highbrook showroom and warehouse, ranging from restaurant furniture and chef clothing through to cleaning equipment and catering disposables. It's a true multi-channel operation with customers able to purchase online, in store or by phone.

David Edkins said, "In Europe we offer same day or next day delivery. We are replicating that customer service focus here in New Zealand to ensure the hospitality industry has immediate access to the high-quality kitchen and catering products it needs."

To make business as seamless as possible, the company provides same day dispatch and online orders are freight free. CourierPost, another Highbrook customer, has the responsibility for delivering these parcels nationwide.

It's a successful strategy that demonstrates how the growth in online retailing is driving demand for well-located industrial space close to consumers.

Ford embraced the opportunity that Highbrook offered, locating its head office and national parts warehouse within the

award winning estate.

The automotive brand shared the vision and was one of the first customers to commit to Green Star rated office space in 2010. A design-built 10,150 sqm parts warehouse followed five years later.

Ford Motor Company — Leading automotive brand
Philip Fretton, Warehouse Manager

The record number of new car sales and the success of the recent model range has driven strong growth for the New Zealand branch of the Ford Motor Company.

Craig Sterritt, Ford's Customer Service Director, said "We've transitioned from older legacy premises into purpose-built alternatives, enabling our business to operate much more efficiently."

Flexible workspaces were integrated into Ford's new 1,500 sqm office. Accommodating around 50 staff, it can be easily configured into seminar and conference spaces for dealer training and promotional events. An efficient warehouse, utilising the latest racking and forklift technology, provides full parts inventory for the country. Future planning has ensured it has the capacity to support a growing new model range.

The benefits of the location and amenity that's been created were identified as other key factors in Ford's decision to grow its business at Highbrook.

Adapting to the changing needs of business and education has been a feature of OfficeMax's long and successful history in New Zealand.

The specialist provider to workplaces has evolved from a national stationer into one of NZ's largest office product and business consumable resellers. As the business has grown, so has its relationship with Goodman.

OfficeMax New Zealand Limited — Trusted supplier
Kevin Obern, Managing Director

OfficeMax is represented by a 200 strong sales force, an online store with over 24,000 products and 17 retail stores throughout the country. It has a heritage dating back almost 150 years.

The company was an early adopter of online sales (both business to business and business to consumer) and currently distributes over 8.7 million items annually. The majority of these products are processed and packaged at Highbrook Business Park and delivered to customers across the North Island and to OfficeMax's network of retail stores.

Kevin Obern said, "Goodman is a likeminded partner and this is the location of choice for our North Island distribution centre and headquarters. Business growth, acquisitions and an increased category offering are driving our expansion."

Goodman continues to share the journey, currently extending the 18,900 sqm facility developed for OfficeMax at Highbrook in 2008.

Record results

This year, we've completed the portfolio repositioning and made rapid progress with our development programme.

An investment strategy focused on the Auckland industrial market is creating value for investors and contributing to record financial results.

We've deleveraged the balance sheet and have substantial funding capacity for future investment and development opportunities.

View over the Tamaki River from the Gateway Warehouses at Highbrook Business Park.

\$334.8m Profit before tax
61.6% increase

\$201.9m Portfolio revaluation
8.2% increase in value

\$370.5m Asset sales
including WPH⁽¹⁾

\$160.5m New development projects
total project cost

⁽¹⁾ Wynyard Precinct Holdings Limited, the joint venture between GMT and GIC, the sovereign wealth fund of Singapore.

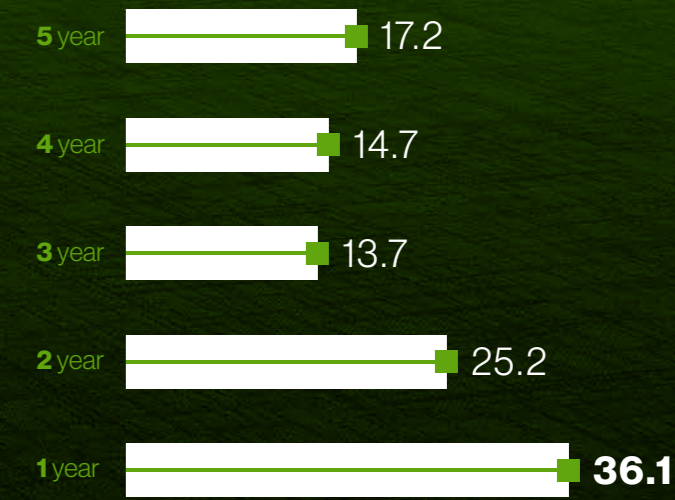
36.1% Total Unitholder Return
12 months to 31 March 2019

19.7% Loan to value ratio
25% previously

6.65cpu Cash distributions
\$86.0 million paid

157.0cpu Net tangible asset backing
13% increase

Total Unitholder Return %
Annualised to 31 March 2019





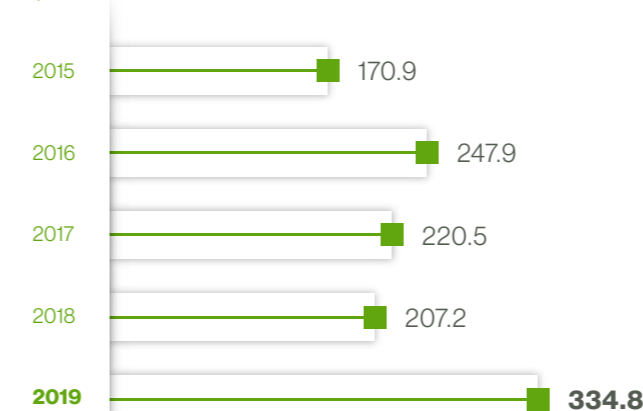
GMT's \$2.6 billion property portfolio is now exclusively invested in the Auckland industrial market.

This focus, together with a commitment to making great spaces for our customers, is contributing to record financial results. It is also positioning the Trust for long-term, sustainable growth.

Keith Smith — Chairman and Independent Director

Profit before tax

\$ million



The disposal of the Trust's interests in the VXV Portfolio in December 2018 was one of the last transactions in a sales programme that has spanned five years. It was a defining achievement in a portfolio repositioning process that has focused investment in the rapidly growing and supply-constrained Auckland industrial market.

We have refined our business to capitalise on the growth of Auckland, the expansion of e-commerce and rising consumerism. It's a successful strategy that is delivering essential business infrastructure for our customers, strong returns for our investors and positive outcomes for other stakeholders.

The balance sheet capacity created by \$1.2 billion of asset sales since 2014 has funded more than \$675 million of new development projects. Our preference for high-quality industrial property reflects the positive investment attributes of this type of property and the superior growth profile it offers.

The disruption of traditional retail channels through e-commerce is driving demand for efficient warehouse and distribution space in key urban locations, all around the world. Being able to meet customers' requirements for logistics space close to consumers is a real competitive advantage in these cities. The Trust's Auckland focus and proven development capability mean it is uniquely placed to benefit from these global trends as they become more established in our local market.

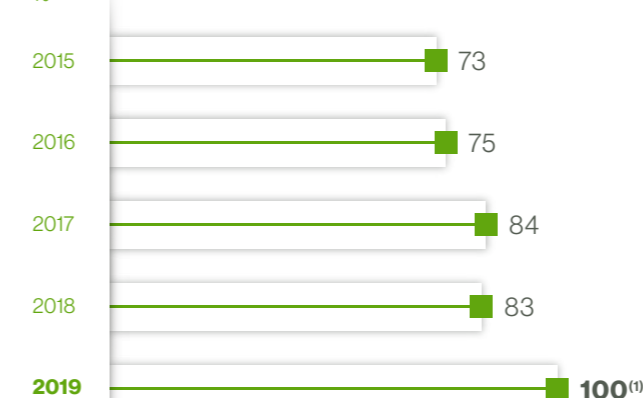
Record performance

The sustained economic and demographic growth that is a feature of New Zealand's largest city is also contributing to GMT's financial performance.

This year's statutory profit of \$334.8 million before tax was a record for the Trust and 61.6% higher than the previous year. Over \$200 million of the profit was attributed to the portfolio revaluation. The 8.2% increase in value reflects strong property fundamentals and increased investor demand in the markets where we invest.

Industrial weighting

%



⁽¹⁾ After all contracted sales and acquisitions, including post balance date transactions.

The Board is extremely pleased with the results being achieved and is confident that the current strategy of development-led growth, funded from the Trust's substantial reserves, will support strong operating performances into the future.

The Directors are equally satisfied with GMT's corporate performance and the progress being made with the various initiatives that make up the Trust's sustainability programme. Our carbon rating has improved, we are doing more for our people, supporting our local communities and focusing our reporting on the things that matter to our stakeholders.

Investment returns

A property strategy focused on the strongly performing Auckland industrial market has resonated positively with the investment community and GMT is now the largest listed property stock on the NZX, with a market capitalisation of around \$2.2 billion.

The Trust has delivered a Total Unitholder Return of 36.1% over the year to 31 March 2019, outperforming all the NZX listed property stocks. It's a similar performance over longer timeframes with the Trust achieving annualised returns of 13.7% and 17.2% over the last three- and five-year periods. These returns were also higher than the NZX property sector and wider NZX50 averages over the same timeframes.

A market-leading fee structure, which includes a performance component that rewards the Manager when GMT achieves total returns greater than its listed peers, has been a feature of the Trust's external management arrangement since 2007.

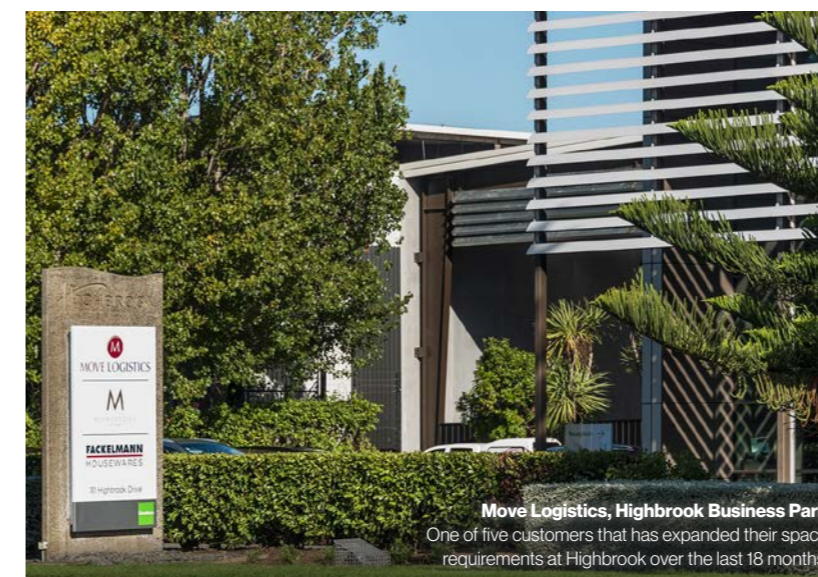
With a relative return 12.1% above its benchmark, a full performance fee of \$8.6 million was achieved this year. The Manager is required to use the fee to subscribe for new units in the Trust – continuing the close alignment of interests between Goodman, as the Manager and cornerstone investor, and other Unitholders.



Parade Units, Highbrook Business Park
A multi-unit development catering for small business occupiers. All seven units were leased prior to completion in January 2019.



Mainfreight, Savill Link, Otahuhu
The NZX listed logistics and transport company now occupy two facilities within the portfolio, totalling over 15,000 sqm.



Move Logistics, Highbrook Business Park
One of five customers that has expanded their space requirements at Highbrook over the last 18 months.

NZX listing rules

The Board has always sought to maintain a contemporary governance structure for GMT incorporating many of the requirements of a listed company into its Trust Deed. The update to the NZX listing rules this year included changes to ensure consistency with the Financial Markets Conduct Act.

Under the new listing rules GMT's unit trust structure meant it could be classified as either:

- + an issuer of fund securities, or
- + an issuer of equity securities.

The Board believes that the additional governance and reporting requirements that apply to equity issuers is a real benefit to GMT Unitholders and has obtained NZX's approval to have the Trust designated an equity security issuer.

Future focus

We have repositioned GMT as an industrial property specialist to meet the growing demand for warehouse and distribution space across Auckland. This strategy has enhanced the portfolio and reduced gearing to just 19.7%. The balance sheet capacity provided by the sales programme will be reinvested over time.

Making investment decisions focused on long-term growth is also improving the alignment between the cash earning of the Trust and the distributions paid to Unitholders. Distributions for the 2020 financial year are expected to be held at 6.65 cents per unit, a level that helps absorb the short-term impact of balance sheet deleveraging.

A continuation of the development programme will drive our future growth and deliver positive outcomes for all our stakeholders.

On behalf of the Board

Keith Smith
Chairman and Independent Director

Management report



Seated from left to right:

Andy Eakin — Chief Financial Officer

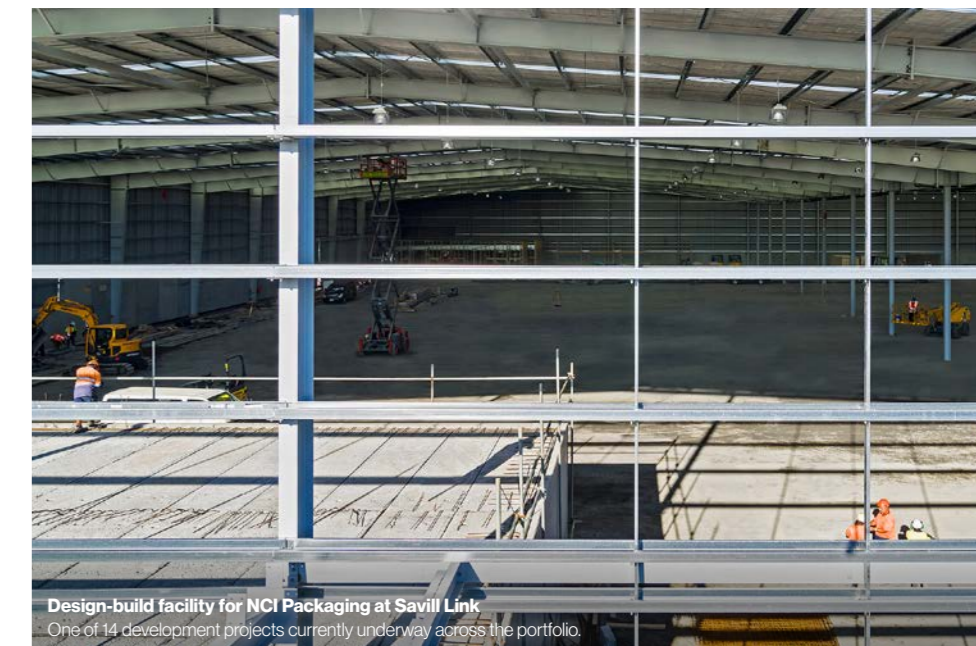
John Dakin — Chief Executive Officer and Executive Director

Delivering the great spaces and exceptional service that helps our customers succeed motivates our team every day. It creates links that support our communities and most importantly, it provides our investors with a share in a high-quality industrial portfolio positioned for long-term growth.

The last five years has been a period of refinement as asset sales and new development projects have repositioned the portfolio and deleveraged the balance sheet.

Focusing our investment strategy on the Auckland industrial sector recognises the emerging trends and unique drivers that have helped make this New Zealand's strongest performing real estate market. Demographic changes, economic growth, and the rapid expansion of online retailing are creating an unprecedented level of demand for well-located and operationally efficient warehouse space across the city.

These factors are driving GMT's operating performance and creating value for investors. It's apparent in our results and this year's record profit, including a \$201.9 million portfolio revaluation gain, highlights the positive impact of our strategy.



Design-build facility for NCI Packaging at Savill Link
One of 14 development projects currently underway across the portfolio.

Key highlights include:

- + Profit after tax of \$319.5 million, compared to \$194.0 million previously
- + Adjusted operating earnings after tax of \$99.5 million and cash earnings of 6.98 cents per unit, consistent with earlier guidance
- + Completion of the sales programme with \$370.5 million of asset disposals
- + \$160.5 million of new development projects announced with \$195 million of work in progress
- + A loan to value ratio of 19.7% at 31 March 2019, including contracted sales.

Comprehensive analysis of GMT's financial result is provided on page 38 of this report.



Premium Apparel, Gateway Warehouses, Highbrook Business Park
Modern racking systems and new forklift technology allows customers to achieve greater efficiency and space utilisation within their warehouses.

Customer relationships

More than 175 companies, employing around 10,000 people, occupy space in the portfolio. These are our customers and their commercial success underpins our own. A long-term focus means we establish lasting relationships as business partners, providing the high-quality spaces and superior service that helps them prosper.

It's a commitment that ensures high retention rates and preferred provider status when current leases expire, or a customer's space requirements change.

An impressive 59% of leasing transactions over the last 12 months were repeat business. In total more than 63,000 sqm of space, around 6% of the portfolio, was secured on new or revised terms. This leasing success has lifted portfolio occupancy to over 98% and maintained the weighted average lease term at more than five years.

Portfolio refinement

The positive dynamics of the Auckland industrial market, with a shortage of high-quality space available for lease, is supporting a record level of development activity. Around \$160 million of new projects were confirmed last year. Expansion commitments were also secured from existing customers, OfficeMax and Panasonic, shortly after the year end. GMT now has 14 projects underway at a total cost of \$195 million. The majority are at Highbrook in East Tamaki, with this world-class business park now over 90% developed.

We expect similar volumes of development over the next few years with demand from within the portfolio indicating a further 50,000 sqm of industrial space will be required. Like OfficeMax and Panasonic, these customers are already at capacity and require tailored property solutions to accommodate their business growth.

Along with these design-build commitments the current workbook also includes smaller build-to-lease projects. With the majority of these being leased prior to completion, it's been a highly successful approach that has contributed to the rapid development of GMT's strategic land holdings.

Around 85% of the portfolio has been developed since 2004. Providing around one million square metres of high-quality space, GMT is the country's leading industrial property provider.

Developable land now makes up just 2.2% of the portfolio. With very limited industrial zoned greenfield land remaining in Auckland, the focus is on securing strategic sites that offer future opportunity through intensification of use or redevelopment. The acquisition of the Foodstuffs Distribution Centre in Mt Roskill and three adjoining properties on Favona Road in Mangere during the year are examples of this strategy.

Retaining a development capability is critical to our business growth and both these locations are ideal sites for fulfilment and logistics companies.

Future direction

The strength of our customer relationships and the attraction of the portfolio have driven the Trust's recent success and positioned it for long-term growth.

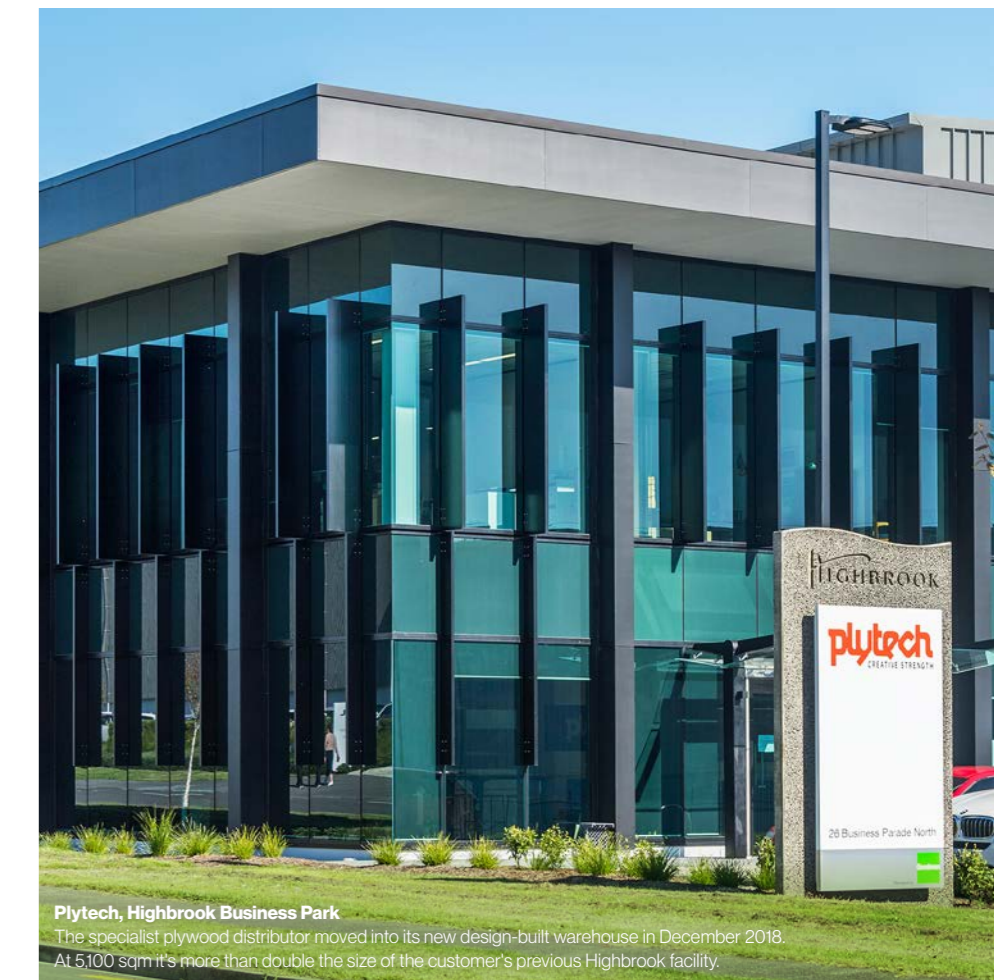
The positive market dynamics created by a strong regional economy and the growth of online retailing make Auckland industrial our preferred asset class. The Trust's \$2.6 billion portfolio is now exclusively invested in this market.

The sale of office assets has repositioned GMT and created the balance sheet capacity that is funding its development programme. A stable outlook supports a continuation of this development-led growth strategy, extending an already high-quality portfolio.

It's a disciplined approach focused on sustainable growth. We're making space for greatness and our customers and other stakeholders are embracing the opportunity it provides.

John Dakin
Chief Executive Officer and Executive Director

Andy Eakin
Chief Financial Officer



Plytech, Highbrook Business Park
The specialist plywood distributor moved into its new design-built warehouse in December 2018. At 5,100 sqm it's more than double the size of the customer's previous Highbrook facility.



Our assets

Our \$2.6 billion portfolio includes properties in the key Auckland industrial suburbs of East Tamaki, Mangere, Mt Roskill, Otahuhu, Penrose and Wiri.

These facilities are modern, highly specified and operationally efficient. They are designed to meet the requirements of a variety of end users and can accommodate businesses that need access to air, port, rail and road freight networks.

DHL Supply Chain has leased the largest of the Gateway Warehouses at Highbrook. It's a prime location with the office area orientated to maximise the views over the Tamaki River and Auckland's volcanic cones. The global logistics specialist now occupies three facilities in the portfolio, encompassing more than 45,000 sqm of rentable area.



Property portfolio

as at 31 March 2019

High-quality assets, a proven development capability and strong customer relationships have all contributed to GMT's success.

Almost 180 customers occupy space in the portfolio. The focus on superior customer service means we work hard at maintaining these professional relationships because they underpin demand for space within the portfolio.

The average remaining lease term across the portfolio is 5.2 years, while occupancy is now more than 98%.⁽¹⁾

Property

Highbrook Business Park, East Tamaki

Portfolio weighting

54%

Key customers

Big Chill, DHL, NZ Post, OfficeMax, Viridian

Savill Link, Otahuhu

12%

Coda, Mainstream, Steel & Tube, SuperCheap, Toll

M20 Business Park, Wiri

10%

Coles, Fliway, Frucor, Ingram Micro, Orora

The Gate Industry Park, Penrose

9%

Asaleo Care, Coda, CSR Building Products, Recall, Winstone Wallboards

Westney Industry Park, Mangere

5%

Cotton On, DHL, Fliway, Linfox, Winstone Wallboards

Roma Road, Mt Roskill

4%

Foodstuffs

Penrose Industrial Estate, Penrose

3%

Bridgestone, George Weston, Turners

Tamaki Estate, Panmure

2%

ContainerCo, Camelspace, Earthwise, Jellicoe, Sue-E

Connect Industrial Estate, Penrose

1%

Fletcher Steel, Mossscar Services

Show Place Office Park, Christchurch

0%

Conditionally sold post balance date

⁽¹⁾ After all contracted sales, including post balance date transactions.



Board of Directors

For full profiles of the directors and management team see goodmanreport.co.nz



Keith Smith
Chairman and Independent Director



John Dakin
Chief Executive Officer and Executive Director



Susan Paterson
Independent Director



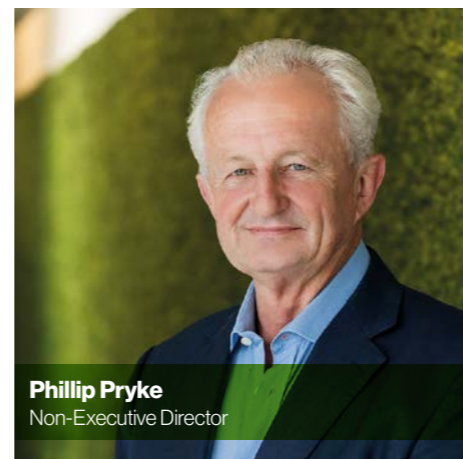
Leonie Freeman
Independent Director



Peter Simmonds
Independent Director



Gregory Goodman
Non-Executive Director



Phillip Pryke
Non-Executive Director



John Dakin
Chief Executive Officer and Executive Director



Andy Eakin
Chief Financial Officer



James Spence
Director – Investment Management



Jonathan Simpson
Head of Corporate Affairs



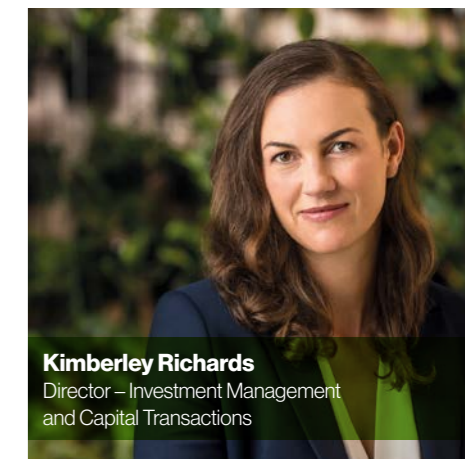
Mandy Waldin
Marketing Director



Michael Gimblett
General Manager – Development



Anton Shead
General Counsel and Company Secretary



Kimberley Richards
Director – Investment Management
and Capital Transactions

Management team



At Highbrook Business Park, we have re-thought the modern workplace and changed perceptions of how industrial property is presented and used.

Award-winning design, consistent landscaping, clear signage, recreational facilities, public infrastructure and business support services help create exceptional work environments for the companies that partner with us.

Sustainability Framework

Making space for greatness





KiwiHarvest, Highbrook Business Park
The Goodman Foundation is a principal sponsor of the food rescue organisation and its new premises within the Parade Multi-unit development.

Our framework

Our own+develop+manage model represents our core business functions. It is supported by the four pillars of our sustainability framework, ensuring that positive outcomes are achieved for all our stakeholders.



We understand that resources are scarce and need to be used efficiently. We also acknowledge that business and community are interconnected. Balancing these obligations improves our environmental, social and financial performance and helps position GMT as the leader in high quality industrial space.



Sustainable development

As a long-term investor, we seek to future-proof our portfolio. We develop high-quality facilities in strategic locations close to consumers and key transport infrastructure.

Our base-build specification ensures our new facilities are designed to be industry-leading. They are constructed from sustainably-sourced building materials and we manage the development process to reduce waste and other environmental impacts.

We work collaboratively with our customers and consultants, incorporating the latest technology to maximise the operational performance and energy efficiency of these new buildings. We also focus on workplace amenity, ensuring our customers have functional and flexible facilities that meet their wider needs.



Follow this link for a development case study.



Asset management

Maintaining our properties to a high standard and delivering outstanding customer service contributes to the strong relationships that underpin our financial results. Lifecycle management of our assets improves their environmental and investment performance.

Ongoing energy and waste monitoring across the portfolio benchmarks our assets against best-practice industry standards.

The energy consumed in FY19 totalled 9,600 MWhr, 92% of which was electricity with the balance being natural gas. It represents an 18% reduction from 2018 and continues a five-year trend of falling emissions, largely resulting from the divestment of office assets but also the positive impact from new energy efficiency initiatives.



Follow this link for an energy case study.



Corporate performance

Recognising that our corporate performance depends strongly on the quality of our partnerships, we seek to establish long-term, mutually beneficial relationships with all our stakeholders.

We critically assess our performance and provide investors, regulators, customers and community partners with balanced information about our business activities. Robust governance structures give these stakeholders confidence in our reporting and we engage regularly across a variety of communication channels.

Participation in the Carbon Disclosure Project since 2009 demonstrates our commitment to improving the environmental performance of our business. The Trust achieved a climate score of B- in 2018 an improvement on the previous year.

You can find out more about the rating process at www.CDP.net



People and community

The health, safety and wellbeing of our people, our customers, our contractors and the wider community is fundamental to our business and we work to ensure our obligations under the Health and Safety at Work Act 2015 are complied with every day.

We believe that a business with a safe and inclusive culture, that is positively connected with its community, will deliver superior long-term results.

We support and develop our team with a flexible workplace environment that inspires and challenges each employee. Training, diversity and wellbeing initiatives help us reach these goals.

We contribute to the creation of thriving communities through the social initiatives of the Goodman Foundation.

To learn more about the Goodman Foundation see pages 35 to 37.



Cooking For A Cause
Around 12 Goodman and KiwiHarvest staff participated in a cooking for a cause event at the My Food Bag kitchen. Using rescued ingredients enough soup, curry and shepherd's pie was prepared in one afternoon to feed 100+ hungry secondary school students the following day.

From left to right:
John Dakin
Nadia Lim — Co-founder My Food Bag

People and community

Goodman has a team of 58 dedicated property professionals, working together with customers and community stakeholders to achieve great things across Auckland.

People

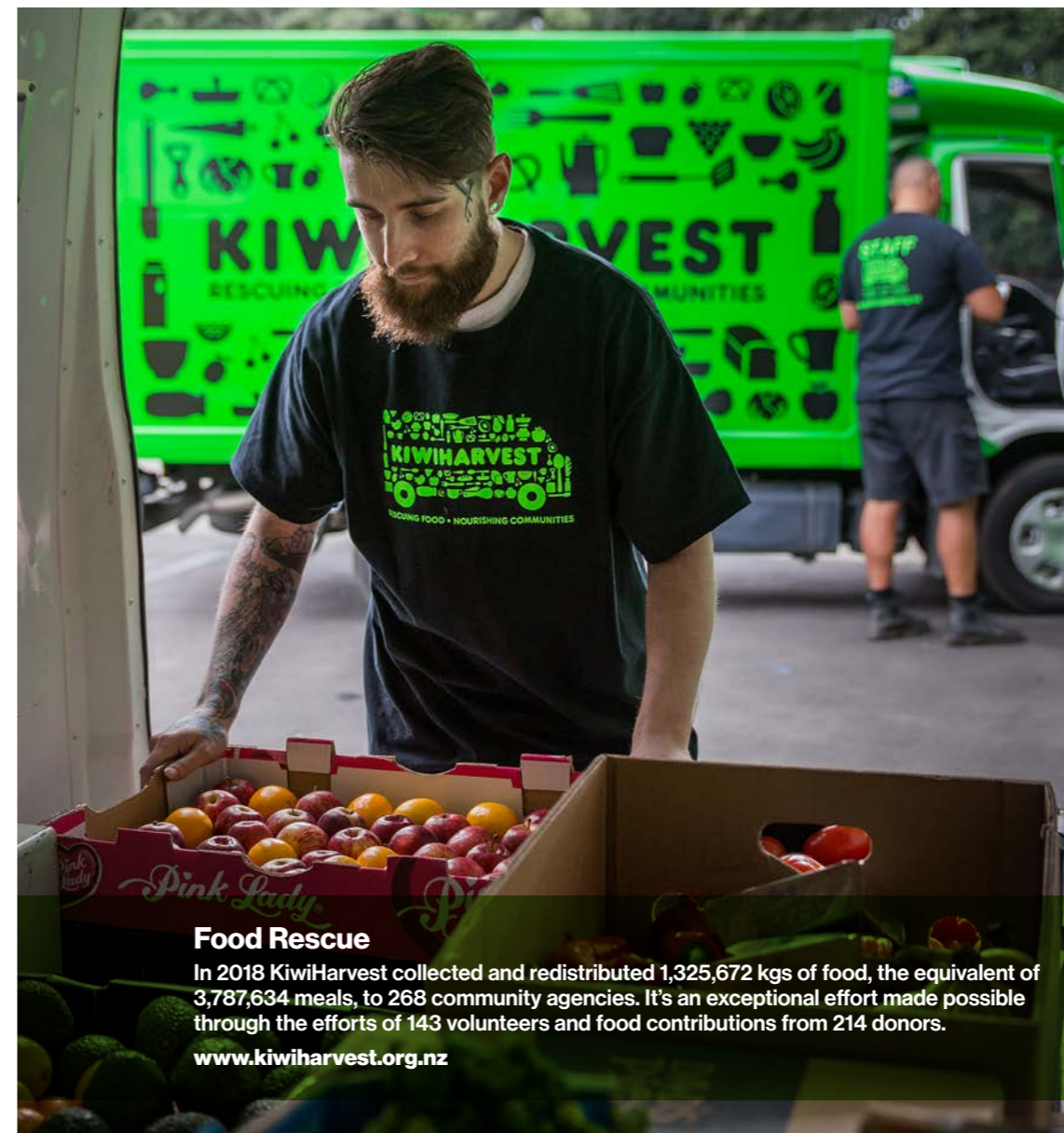
We celebrate individual differences and have a comprehensive inclusion and diversity policy that sets goals across gender, ethnicity and age. Flexible work practices and employment policies that encourage diversity, help reduce bias and ensure we are an inclusive and progressive organisation.

We know a lot about ourselves; our team of almost 60 has a roughly equal gender mix, an average age of almost 39 and has been working for Goodman for more than six years.

We've committed to being more representative and have partnered with Champions for Change and Diversity Works to help us on the journey. We've set clear objectives for 2023 and these are summarised in our governance disclosures on page 97.

To empower our people and enable them to achieve great things we have a wellbeing programme focused on their health and happiness. These initiatives include annual flu vaccines and skin checks, cooking for a cause, run & walk events at Highbrook Business Park, September fundraising and touch rugby at Victoria Park. Through the Employee Assistance Programme, staff also have access to additional workplace support any time they need it.

We provide regular training and education opportunities for our team members and encourage participation in our industry with an annual scholarship to a promising student. This year's recipient is Jordan Parratt, a fifth-year property and law honours student of the University of Auckland. Jordan was inspired to pursue a career in property after participating in international Real Estate Competitions held in Manhattan and Sydney.



Food Rescue

In 2018 KiwiHarvest collected and redistributed 1,325,672 kgs of food, the equivalent of 3,787,634 meals, to 268 community agencies. It's an exceptional effort made possible through the efforts of 143 volunteers and food contributions from 214 donors.

www.kiwi harvest.org.nz



September

A month-long, global event that encourages participants to get active and walk 10,000 steps a day, while raising money for local Cerebral Palsy charities. In New Zealand, Goodman staff raised over \$17,000 through sponsorships and various fund-raising events.

www.september.org.nz

Community

Supporting the various stakeholder groups in the communities where we operate is fundamental for a business focused on long-term relationships and sustainable growth.

The Goodman Foundation supports social initiatives that aim to improve the quality of life, health and education, and standard of living of the people within these neighbourhoods. Through these sponsorships, other fundraising, the donation of equipment, volunteering and in-kind programmes, around \$350,000 of support has been provided over the last 12 months.

The largest of our partnerships is with KiwiHarvest, a food rescue organisation that collects and redistributes perishable food that would otherwise be consigned to landfill. The food is delivered to charities and social organisations for redistribution to those in need. The Foundation is facilitating the growth of KiwiHarvest and the valuable work they do with new premises at Highbrook Business Park.

Read more about this relationship by following this link.





Duffy Books in Homes
A reading initiative that provides primary school children with two new books every year to encourage literacy and learning. The Goodman Foundation sponsors around 1,500 students across three South Auckland primary schools.
www.booksinhomes.org.nz

Other organisations being supported by Goodman and making a difference in our communities include the Cerebral Palsy Society of NZ, Duffy Books in Homes, Great Potentials, Life Centre Trust, Middlemore Foundation, Second Nature Charitable Trust, the Tania Dalton Foundation and Women's Refuge.

Through payroll gifting, contributions were also made to ADC New Zealand, Cure Kids, Diabetes New Zealand, Multiple Sclerosis Society of New Zealand and Ronald McDonald House.



HIPPY
The Home Interaction Programme for Parents and Youngsters is an early education initiative of the Great Potentials Foundation. It is a home-based learning system with weekly workbooks and activities that help children become competent learners before they start school.
www.greatpotentials.org.nz



Christmas Box
Is an initiative of the Life Centre Trust Auckland that provides disadvantaged families with a gift wrapped food hamper at Christmas. Goodman supports the charity by providing warehouse and distribution space for the annual packing day.
www.christmasbox.co.nz



Women's Refuge
To celebrate International Women's Day Goodman hosted a fund-raising morning tea with the proceeds going to support Woman's Refuge. Team members also collected and donated essential items to help women and families in crisis.
www.womensrefuge.org.nz



Waipuna Conference Suites Highbrook Fun Run 2019
An annual event run by the Rotary Club of Highbrook with support from the business community within the estate. More than 550 runners and walkers completed the picturesque course raising over \$33,000 for local charities including the Middlemore Foundation.
www.middlemorefoundation.org.nz



Jason Gillard
Is an architectural model maker creating scale versions of GMT's new developments to help market the facilities to customers. Goodman was introduced to Jason through Poly-emp, an employment & advisory service for people with learning difficulties.

[Follow this link to learn more.](#)

Financial summary

A portfolio revaluation gain of over \$200 million has contributed to a record statutory profit of \$334.8 million before tax.

Overview	2019	2018	% change
Profit before tax (\$m)	334.8	207.2	61.6
Profit after tax (\$m)	319.5	194.0	64.7
Movement in fair value of investment property (\$m)	201.9	83.8	140.9
Adjusted operating earnings before tax (\$m)	117.0	119.1	(1.8)
Adjusted operating earnings after tax (\$m)	99.5	101.6	(2.1)
Adjusted operating earnings per unit before tax (cpu)	9.04	9.25	(2.3)
Adjusted operating earnings per unit after tax (cpu)	7.68	7.89	(2.7)
Cash earnings per unit (cpu)	6.98	6.99	(0.1)
Cash distribution per unit (cpu)	6.65	6.65	–
Assets for loan to value calculation (\$m) ⁽¹⁾	2,633.4	2,231.0	18.0
Borrowings for loan to value calculation (\$m) ⁽¹⁾	519.0	571.3	(9.2)
Loan to value ratio (%)	19.7	25.6	(23.0)
Net tangible assets (cpu)	157.0	138.9	13.0
Management expense ratio	0.79	0.46	71.7
Management expense ratio (%) – excluding performance fee	0.46	0.46	–

⁽¹⁾ Refer to note 3.5 of GMT's Financial Statements.

The revaluation of the Trust's property portfolio contributed \$201.9 million of fair value gains to this year's profit. The 8.2% increase in asset values reflects the quality of the portfolio, strong property market fundamentals and record sales results, with local and international investors competing for assets in a low interest rate environment.

These factors are reflected in the portfolio's average capitalisation rate which has strengthened 40bps over the last 12 months to 5.8%, while market rents have increased by 5% on a like for like basis.

The disposal of the Trust's 51% interest in Wynyard Precinct Holdings Limited⁽¹⁾ has also generated strong gains for GMT, contributing to a 61.6% increase in profit from the \$207.2 million achieved previously.

Adjusting for these and other cash and non-cash items provides the reconciliation between statutory profit and operating earnings.⁽²⁾

Operating performance

Low vacancy rates and sustained economic growth is driving customer demand for high quality industrial facilities across Auckland. These positive market dynamics are contributing to GMT's strong operating performance, with new leasing and development commitments growing rental cashflows across the portfolio.

A successful sales programme has provided the balance sheet capacity to fund the heightened level of development being undertaken. The positive revenue contribution from completed projects and new acquisitions during the year has been offset by the impact of these earlier disposals. The deleveraging that has occurred, has contributed to a 2.5% reduction in net property income, from \$130.1 million to \$126.8 million.

There has been a corresponding reduction in interest costs, which have decreased from \$18.7 million to \$16.0 million.

⁽¹⁾ The joint venture that owned the VXV portfolio of properties.

⁽²⁾ Operating earnings are a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. Calculation of operating earnings is as set out in GMT's Profit or Loss statement.

Administrative expenses have increased \$0.1 million to \$2.7 million and while a performance fee of \$8.6 million was earned this year, it is excluded from operating earnings as the Manager is required to use the fee to subscribe for new Units in the Trust.

The operating contribution from GMT's share in Wynyard Holdings Precinct Limited, which was contracted for sale in May 2018 and settled in December 2018, is detailed in note 2.1. The \$8.9 million total contribution⁽¹⁾ (\$10.3 million previously) from the joint venture results in adjusted operating earnings of \$117.0 million before tax.

On a weighted average unit basis, this equates to 9.04 cents per unit. Full year cash distributions paid to Unitholders⁽²⁾ have been maintained at 6.65 cents per unit, which represents 95.3% of GMT's cash earnings.

Balance sheet

The disposal of Trust's 51% interest in Wynyard Precinct Holdings Limited in December 2018 means GMT's investment strategy is now exclusively focused on the Auckland industrial sector. The transaction was the largest sale completed by the Trust, making up \$323.9 million of the \$370.5 million of asset disposals announced last year.

The conditional sale of the remaining assets at Show Place Office Park, post balance date, completes the sales programme. It has been a successful strategy that has repositioned the business and deleveraged the balance sheet, providing the funding capacity for new development and investment initiatives.

Eleven development projects, requiring \$114.1 million of additional investment, commenced during the year and two strategic acquisitions totalling \$122.0 million were also announced.

At 31 March 2019, the Trust had a loan to value ratio (LVR) of just 19.7% with committed gearing of 23.7%. It's a conservative level, well below the 50% maximum allowed under the Trust Deed and debt facility covenants.

While the fair value movements from GMT's portfolio revaluation are excluded from operating earnings, they are the main drivers of the 13.0% increase in net tangible asset backing to 157.0 cents per unit (on a fully diluted basis).

⁽¹⁾ Adjusted operating earnings is a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. Refer to note 4.2 of GMT's financial statements for further information.

⁽²⁾ Cash earnings is a non-GAAP measure that assesses free cash flow, on a per unit basis, after adjusting for certain items. Calculation of GMT's cash earnings is set out above.

Cash earnings

Cash earnings is a non-GAAP measure that assesses free cash flow, on a per unit basis, after adjusting for certain items.

The table below shows how the Trust's cash earnings are calculated and how this compares to the distribution it pays.

\$ million	31-Mar-19	31-Mar-18
Adjusted operating earnings before tax	117.0	119.1
Tax on adjusted operating earnings	(17.5)	(17.5)
Adjusted operating earnings after tax⁽¹⁾	99.5	101.6
Capitalised borrowing costs – land ⁽²⁾	(6.0)	(8.2)
Maintenance capex	(3.1)	(3.3)
Cash earnings	90.4	90.0
Cash earnings after tax (cpu)	6.98	6.99
Distributions per unit (cpu)	6.65	6.65
Distributions % of cash earnings	95.3	95.1

⁽¹⁾ Refer to note 4.2 of GMT's Financial Statements.

⁽²⁾ Refer to note 3.1 of GMT's Financial Statements.

The Manager currently uses the base management fee it earns to subscribe for new units in the Trust. Adding back the fee in 2019 would reduce cash earnings to 6.24 cents per unit.

Taxation

A total tax expense of \$15.3 million results in an after-tax profit of \$319.5 million, an increase of 64.7% from the \$194.0 million recorded in 2018.

After tax adjusted operating earnings, reflects an effective tax rate of 15.0%.

GMT Bond Issuer Limited

During the year, GMT Bond Issuer Limited received \$19.7 million of interest income and incurred \$19.7 million of interest expense. The 28.8% increase reflects the full year impact of the GMB040 and GMB050 bond issues during the previous period.

Standard & Poor's has maintained the credit rating of all Goodman+Bonds at BBB+. This is one notch higher than the Trust's investment grade issuer rating of BBB.

Five year financial summary

\$ million	2019	2018	2017	2016	2015
Profit or loss					
Net property income	126.8	130.1	134.2	133.8	134.7
Share of operating earnings before tax from joint ventures	2.1	10.3	8.4	6.3	4.4
Net interest costs	(16.0)	(18.7)	(18.0)	(20.5)	(24.1)
Administrative expenses	(2.7)	(2.6)	(2.9)	(2.6)	(2.7)
Operating earnings before other income / (expenses) and income tax	110.2	119.1	121.7	117.0	112.3
Movement in fair value of investment property	201.9	83.8	114.7	145.8	75.3
Disposal of investment property	–	0.5	(4.3)	(1.1)	4.5
Profit on disposal of joint venture	35.1	–	–	–	–
Dividend income from joint venture	2.1	–	–	–	–
Share of other (expenses) / income and tax from joint ventures	(0.5)	20.6	(1.4)	(2.2)	1.7
Movement in fair value of financial instruments	3.2	(8.5)	(2.5)	(5.3)	(15.3)
Manager's base fee expected to be reinvested in units	(8.6)	(8.3)	(7.7)	(6.3)	(6.4)
Manager's performance fee expected to be reinvested in units	(8.6)	–	–	–	–
Other items	–	–	–	–	(1.2)
Profit before tax	334.8	207.2	220.5	247.9	170.9
Current tax	(16.2)	(16.5)	(17.8)	(17.8)	(15.4)
Deferred tax	0.9	3.3	11.1	3.0	24.2
Profit after tax attributable to unitholders	319.5	194.0	213.8	233.1	179.7
Adjusted operating earnings before tax per unit (cpu)	9.04	9.25	9.51	9.41	9.16
Adjusted operating earnings after tax per unit (cpu)	7.68	7.89	8.28	7.88	7.99
Cash earnings per unit (cpu)	6.98	6.99	7.08	6.11	6.04
Cash distribution per unit (cpu)	6.65	6.65	6.65	6.65	6.45
Balance sheet					
Investment property	2,633.4	2,231.0	2,249.3	2,275.3	2,095.7
Investment property contracted for sale	43.5	238.6	7.7	43.8	–
Investment in joint venture	–	114.3	70.7	63.2	59.1
Total assets	2,720.5	2,719.5	2,460.7	2,475.5	2,177.6
Borrowings for LVR calculation	519.0	571.3	681.8	753.2	694.2
Total liabilities	674.3	925.8	785.8	939.3	800.9
Total equity	2,046.2	1,793.7	1,674.9	1,536.2	1,376.7
Loan to value ratio (%)	19.7	25.6	29.3	32.8	33.1
NTA per unit (cpu)	157.0	138.9	130.4	120.4	108.4
Unit price at 31 March (cpu)	173.0	133.0	120.5	132.0	119.5
Property portfolio^{(1), (3)}					
Net lettable area ⁽²⁾ (sqm)	1,004,794	1,111,244	989,300	1,040,991	983,182
Weighted average capitalisation rate (%)	5.8	6.2	6.5	6.95	7.5
Investment portfolio occupancy (%)	98	98	98	97	96
Weighted average lease term (years)	5.2	6.1	5.8	5.7	5.1
Customers	179	264	240	281	251

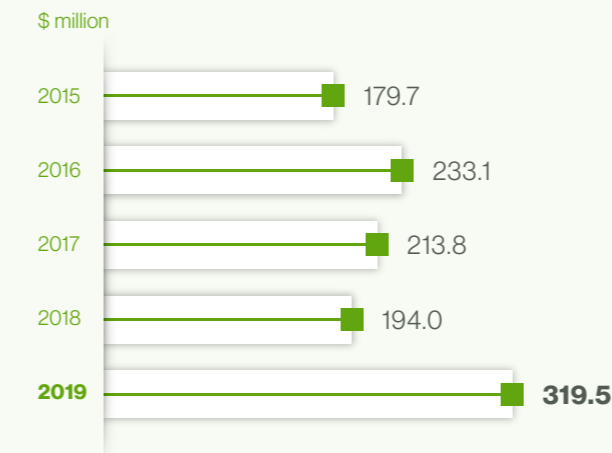
⁽¹⁾ Property portfolio metrics includes GMT's joint venture interests where applicable.

⁽²⁾ Net of canopies and yard.

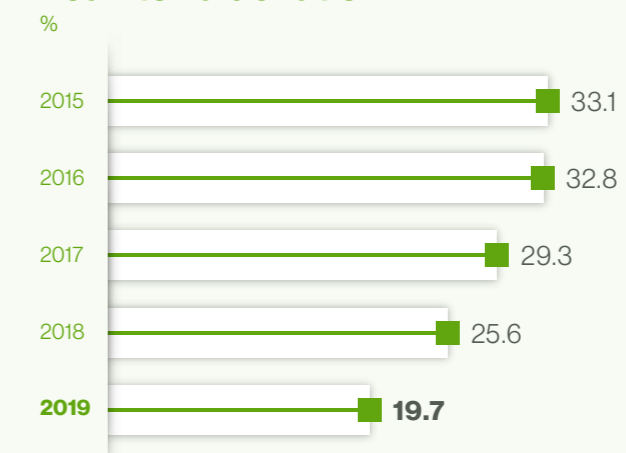
⁽³⁾ After all contracted sales, including post balance date transactions.

Five year financial summary (continued)

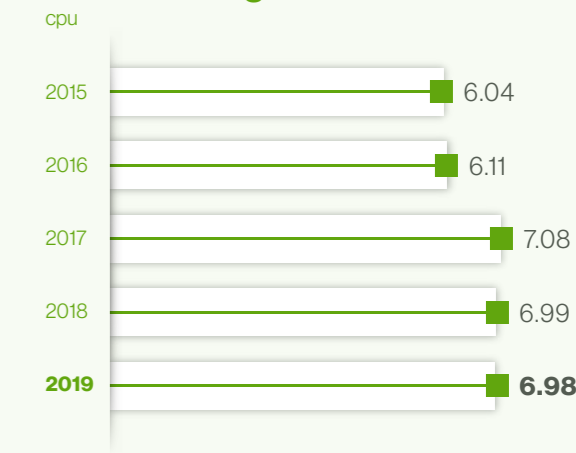
Profit after tax



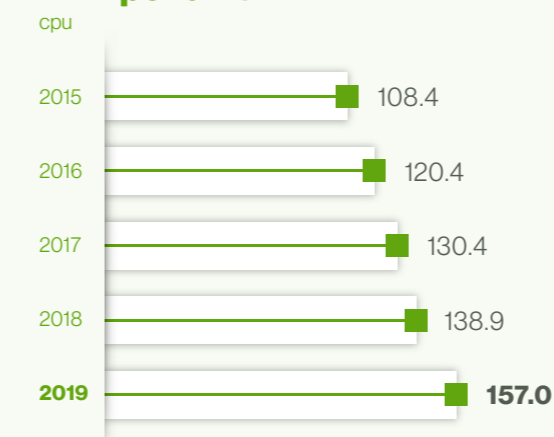
Loan to value ratio



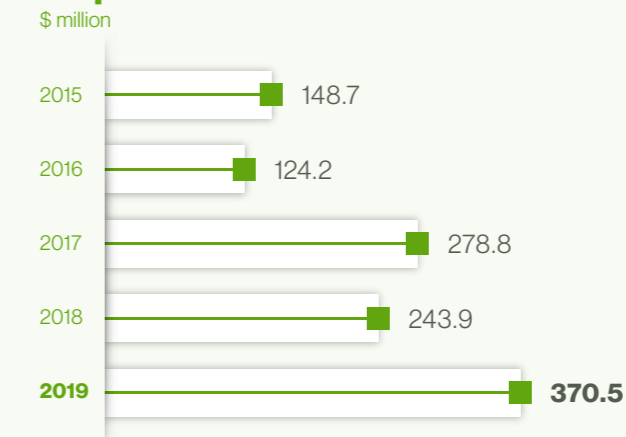
Cash earnings



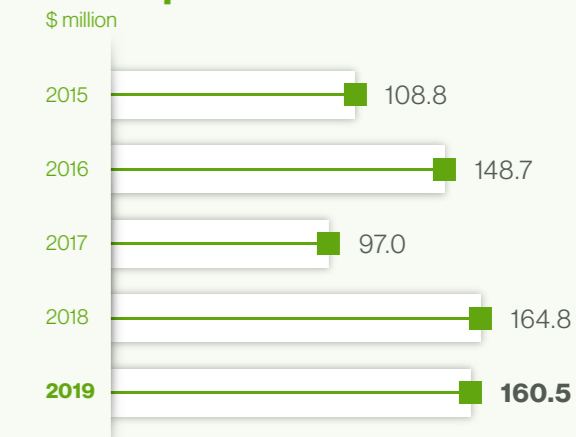
NTA per unit



Disposals



Development commitments



Gateway Warehouses, Highbrook Business Park
Forming an elevated entrance to the estate, on the side of the Pukekiwiri Reserve, the seven warehouse development features the same design aesthetic and high-quality landscaping that sets Highbrook apart.

Goodman Property Trust Financial Statements

For the year ended 31 March 2019

The Board of Goodman (NZ) Limited, the Manager of Goodman Property Trust, authorised these financial statements for issue on 14 May 2019. For and on behalf of the Board:



Keith Smith
Chairman



Peter Simmonds
Chairman, Audit Committee

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Profit or loss

For the year ended 31 March 2019

\$ million	Note	2019	2018
Property income	1.1	155.2	159.5
Property expenses		(28.4)	(29.4)
Net property income		126.8	130.1
Share of operating earnings before tax from joint venture	2.1	2.1	10.3
Interest			
Interest income	3.1	4.9	7.2
Interest cost	3.1	(20.9)	(25.9)
Net interest cost		(16.0)	(18.7)
Administrative expenses	6.1	(2.7)	(2.6)
Operating earnings before other income / (expenses) and tax		110.2	119.1
Other income / (expenses)			
Movement in fair value of investment property	1.5	201.9	83.8
Disposal of investment property		–	0.5
Profit on disposal of joint venture	2.3	35.1	–
Dividend income from joint venture		2.1	–
Share of other (expenses) / income and tax from joint venture	2.1	(0.5)	20.6
Movement in fair value of financial instruments	5.1	3.2	(8.5)
Manager's base fee expected to be reinvested in units	6.3	(8.6)	(8.3)
Manager's performance fee expected to be reinvested in units	6.3	(8.6)	–
Profit before tax		334.8	207.2
Tax			
Current tax on operating earnings	9.1	(16.7)	(16.9)
Current tax on non-operating earnings	9.1	0.5	0.4
Deferred tax	9.1	0.9	3.3
Total tax		(15.3)	(13.2)
Profit after tax attributable to unitholders		319.5	194.0
There are no items of other comprehensive income, therefore profit after tax attributable to unitholders equals total comprehensive income attributable to unitholders.			
Cents	Note	2019	2018
Basic earnings per unit after tax	4.2	24.68	15.06

Balance sheet

As at 31 March 2019

\$ million	Note	2019	2018
Non-current assets			
Stabilised properties	1.6	2,478.6	2,043.5
Developments	1.7	85.2	67.5
Land	1.8	69.6	120.0
Investment in joint venture	2.2	–	114.3
Derivative financial instruments	5.2	25.0	8.9
Deferred tax assets	9.2	1.9	5.2
Total non-current assets		2,660.3	2,359.4
Current assets			
Investment property contracted for sale	1.9	43.5	238.6
Advances to joint venture	10.2	–	107.5
Debtors and other assets	7	13.6	9.3
Cash		3.1	4.7
Total current assets		60.2	360.1
Total assets		2,720.5	2,719.5
Non-current liabilities			
Borrowings	3.2	585.1	823.6
Derivative financial instruments	5.2	12.1	18.7
Deferred tax liabilities	9.2	26.4	30.6
Total non-current liabilities		623.6	872.9
Current liabilities			
Creditors and other liabilities	8	47.6	49.2
Current tax payable		3.1	3.7
Total current liabilities		50.7	52.9
Total liabilities		674.3	925.8
Net assets		2,046.2	1,793.7
Equity			
Units	4.1	1,419.1	1,408.7
Unit based payments reserve		13.9	5.3
Retained earnings		613.2	379.7
Total equity		2,046.2	1,793.7

Cash flows

For the year ended 31 March 2019

\$ million	Note	2019	2018
Cash flows from operating activities			
Property income received		153.1	160.9
Property expenses paid		(29.3)	(35.2)
Interest income received		4.9	13.6
Interest costs paid		(20.6)	(23.9)
Administrative expenses paid		(2.7)	(2.6)
Manager's base fee paid		(8.6)	(8.0)
Net GST (paid) / received		(0.8)	0.5
Tax paid		(16.8)	(15.6)
Net cash flows from operating activities	12	79.2	89.7
Cash flows from investing activities			
Acquisition of investment properties		(98.8)	(19.3)
Proceeds from the sale of investment properties		233.0	14.5
Capital expenditure payments for investment properties		(130.7)	(88.7)
Holding costs capitalised to investment properties		(13.5)	(13.3)
Construction loan receivable repayment		–	65.1
Proceeds from the sale of joint venture		154.2	–
Repayments from / (advances to) joint venture		107.5	(102.4)
Dividends received from joint venture		2.1	0.5
Disposal of other investments		–	12.0
Net cash flows from investing activities		253.8	(131.6)
Cash flows from financing activities			
Proceeds from borrowings		256.0	573.0
Repayments of borrowings		(506.0)	(449.0)
Proceeds from the issue of units		10.4	10.0
Distributions paid to unitholders		(86.0)	(85.5)
Settlement of derivative financial instruments		(9.0)	(2.8)
Net cash flows from financing activities		(334.6)	45.7
Net movement in cash			
		(1.6)	3.8
Cash at the beginning of the year		4.7	0.9
Cash at the end of the year		3.1	4.7

Changes in equity

For the year ended 31 March 2019

\$ million	Units	Unit based payments reserve	Retained earnings	Total
As at 1 April 2017	1,398.7	5.0	271.2	1,674.9
Profit after tax	–	–	194.0	194.0
Distributions paid to unitholders	–	–	(85.5)	(85.5)
Manager's base fee	–	10.3	–	10.3
Issue of units	10.0	(10.0)	–	–
As at 31 March 2018	1,408.7	5.3	379.7	1,793.7
Profit after tax	–	–	319.5	319.5
Distributions paid to unitholders	–	–	(86.0)	(86.0)
Manager's base fee	–	10.4	–	10.4
Manager's performance fee	–	8.6	–	8.6
Issue of units	10.4	(10.4)	–	–
As at 31 March 2019	1,419.1	13.9	613.2	2,046.2

There are no items of other comprehensive income to include within changes in equity, therefore profit after tax equals total comprehensive income.

General information

For the year ended 31 March 2019

Reporting entity

Goodman Property Trust ("GMT" or the "Trust") is a unit trust established on 23 April 1999 under the Unit Trusts Act 1960. GMT is domiciled in New Zealand. The Manager of the Trust is Goodman (NZ) Limited ("GNZ") and the address of its registered office is Level 2, 18 Viaduct Harbour Avenue, Auckland.

The financial statements presented are consolidated financial statements for Goodman Property Trust and its subsidiaries (the "Group"). GMT's investment in Wynyard Precinct Holdings Limited is accounted for as a joint venture using the equity method of accounting until the date that it was contracted for sale, after which it is accounted for as a held for sale asset through to settlement on 14 December 2018.

GMT is listed on the New Zealand Stock Exchange ("NZX") and is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 and with effect from 15 May 2019, will be an Equity Security for the purposes of the NZX Main Board Listing Rules.

The Group's principal activity is to invest in real estate in New Zealand.

Basis of preparation and measurement

The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The Group is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historical cost basis except for assets and liabilities stated at fair value as disclosed.

The financial statements are in New Zealand dollars, the Group's functional currency, unless otherwise stated.

Basis of consolidation

The financial statements have eliminated in full all intercompany transactions, intercompany balances and gains or losses on transactions between controlled entities.

Significant estimates and judgements

Management is required to make judgements, estimates, and apply assumptions that affect the amounts reported in the financial statements. These have been based on historical experience and other factors management believes to be reasonable. Actual results may differ from these estimates and the difference may be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in the future periods affected.

The significant judgements made in the preparation of these financial statements are detailed in the following notes:

- + Investment property (note 1.5)
- + Derivative financial instruments (note 5.1)
- + Deferred tax (note 9.2)

Significant accounting policies

Significant accounting policies are disclosed in the relevant notes.

Changes in accounting policy

There have been no changes in accounting policies made during the financial year. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the financial statements.

New accounting standards now adopted

NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers have been adopted in these financial statements. There have been no material changes required to these financial statements and no changes to existing accounting policies along with comparatives as a result of these new accounting standards.

New accounting standard not yet effective

The following new standard has not been early adopted in these financial statements:

NZ IFRS 16 Leases This standard will replace the current guidance in NZ IAS 17 Leases and will be adopted by GMT in the financial statements for the year ending 31 March 2020. GMT is both a lessor and lessee of investment property.

As a lessor

GMT is a lessor of investment property leased to customers. For lessors, the accounting for leases under NZ IFRS 16 is similar to NZ IAS 17, with no significant changes to the recognition and measurement of leases expected when compared to existing accounting policies.

As a lessee

GMT's exposure as a lessee is in respect of occupational ground leases at Westney Industry Park. As a lessee, NZ IFRS 16 requires the recognition of a 'right-of-use asset' representing the fair value of the occupational ground leases and a lease liability reflecting the present value of future lease payments for the occupational ground leases.

On adoption, it is expected that a right-of-use asset of \$127.3 million and a lease liability of \$62.0 million will be recorded, with stabilised investment property expected to be reduced by \$65.2 million resulting in no change to the book value of overall net assets and no impact to profit. There will be no change to net cash flows recognised as a result of adoption of the new standard.

Notes to the Financial Statements

For the year ended 31 March 2019

1. Investment property

Property income is earned from investment property leased to customers.

1.1 Property income

\$ million	2019	2018
Gross lease receipts	143.0	145.9
Service charge income	18.4	19.8
Straight line rental adjustments	1.0	1.4
Amortisation of capitalised lease incentives	(7.2)	(7.6)
Property income	155.2	159.5



Accounting policies

Property income from investment property leased to customers under operating leases is recognised on a straight-line basis over the term of the lease to the extent that future rental increases are known with certainty. Fixed rental adjustments are accounted for to achieve straight-line income recognition. Where lease incentives are provided to customers, the cost of incentives is recognised over the lease term on a straight-line basis as a reduction to rental income.

Customers' share of property operating expenses which is recoverable is recognised as service charge income.

1.2 Future contracted gross lease receipts

Gross lease receipts that the Trust has contracted to receive in future years are set out below. These leases cannot be cancelled by the customer.

\$ million	2019	2018
Year 1	140.1	130.3
Year 2	131.3	126.1
Year 3	111.9	111.1
Year 4	93.3	94.0
Year 5	71.0	76.5
Year 6 and later	245.7	250.4
Total future contracted gross lease receipts	793.3	788.4

1.3 Weighted average lease term

The weighted average lease term ("WALT") represents the average lease term for leases existing at balance date which are weighted by the value of the gross lease receipts.

Years	2019	2018
Weighted average lease term (years)	5.1	5.6

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Investment property (continued)

1.4 Total investment property

This table details the total investment property value.

\$ million	2019				2018			
	Stabilised properties	Developments	Land	Total	Stabilised properties	Developments	Land	Total
Core								
Highbrook Business Park, East Tamaki	1,322.8	53.4	60.3	1,436.5	1,091.3	50.7	101.0	1,243.0
Savill Link, Otahuhu	292.5	31.1	2.3	325.9	237.8	6.5	11.9	256.2
M20 Business Park, Wiri	247.2	–	7.0	254.2	233.6	–	6.6	240.2
The Gate Industry Park, Penrose	232.5	–	–	232.5	189.5	–	0.5	190.0
Westney Industry Park, Mangere	122.7	0.7	–	123.4	119.8	–	–	119.8
Total core	2,217.7	85.2	69.6	2,372.5	1,872.0	57.2	120.0	2,049.2
Value-add	260.9	–	–	260.9	171.5	10.3	–	181.8
Total investment property	2,478.6	85.2	69.6	2,633.4	2,043.5	67.5	120.0	2,231.0

GMT's estates are classified as either "core" or "value-add" estates.

Core

Those estates within the portfolio which consist largely of modern, high-quality industrial and logistics properties.

Value-add

Those estates which generally consist of older properties that are likely to have redevelopment potential over the medium to long-term. Redevelopment of the properties to realise their maximum future value may require a change in use.

**Significant transactions**

In October 2018, GMT completed the acquisition of a property at Roma Road, Mount Roskill for \$93.0 million.

In November 2018, GMT completed the disposal of 614-616 Great South Road, a value-add property, for \$11.6 million. This sale resulted in a gain on sale of \$5.1 million over the previous carrying value. This gain has been reflected as a fair value movement in the financial statements.

In December 2018, GMT unconditionally contracted the sale of the Concourse Industry Park, a value-add property, for \$35.0 million. This sale resulted in a gain on sale of \$5.4 million over the previous carrying value. This gain has been reflected as a fair value movement in the financial statements. Settlement is expected to occur in June 2019.

In December 2018, GMT conditionally contracted the acquisition of a value-add property at Favona Road, Auckland for \$29.0 million. The acquisition remains conditional on Overseas Investment Office consent.

During the year ended 31 March 2019 seven developments were completed and were independently valued at a total of \$178.4 million.

**Subsequent event**

In May 2019, GMT unconditionally contracted the acquisition of a value-add property on Pilkington Road, Auckland for \$9.9 million. Settlement is expected to occur in May 2019.

In May 2019, GMT conditionally contracted the disposal of three office buildings at Show Place Office Park, Christchurch for \$13.1 million. This disposal is expected to result in a nil value gain on sale and is subject to the satisfaction of certain conditions, with settlement expected in July 2019.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Investment property (continued)

1.5 Movement in fair value of investment property

Movement in fair value of investment property for the period is summarised below.

\$ million	Note	2019	2018
Stabilised properties	1.6	165.2	89.1
Developments	1.7	26.2	21.0
Land	1.8	–	(5.6)
Investment property contracted for sale	1.9	10.5	(20.7)
Total movement in fair value of investment property		201.9	83.8

The movement in fair value of investment property contracted for sale represents the difference between contracted sale price and book value.

**Key judgement**

The carrying value of stabilised properties, substantially completed developments and land is the fair value of the property as determined by an expert independent valuer. The carrying value of investment property contracted for sale reflects the contracted sale price.

Fair value reflects the Board's assessment of highest and best use of each property at the end of the reporting period. If the Board's view of highest and best use has changed any impact on value will be assessed by independent valuations. Management review the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the Board, the Chief Executive Officer, the Chief Financial Officer, the Management Valuation Committee, and the independent valuers at least twice every year in line with the Group's reporting dates. Full independent valuations are completed for stabilised properties, developments held at fair value and land at least annually. Developments where fair value is not able to be reliably determined are carried at cost less any impairment. Additionally, at each financial year end all major inputs to the independent valuation reports are verified and an assessment undertaken of all property valuation movements by management.

The fair values presented are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. If this information is not available, alternative valuation methods are used, such as; recent prices on less active markets; the capitalisation method, which determines fair value by capitalising a property's sustainable net income at a market derived capitalisation rate with capital adjustments made where appropriate; or discounted cash flow projections ("DCF"), which discount estimates of future cashflows by an appropriate discount rate to derive the fair value. The key assumptions used in the valuations are derived from recent comparable transactions to the greatest extent possible; however, all three of the valuation methods rely upon unobservable inputs in determining fair value for all investment property.

Valuations also reflect the following unobservable inputs, where appropriate: the quality of customers in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the customer; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time. All investment property is categorised as level 3 in the fair value hierarchy. Refer to note 13.6 for details of the hierarchy and the Group's transfer policy. During the year, there were no transfers of properties between levels of the fair value hierarchy.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Investment property (continued)

1.5 Movement in fair value of investment property (continued)

The key inputs used to measure fair value of stabilised properties and substantially completed developments are disclosed below:

Significant input	Description	Fair value measurement sensitivity to increase in input	Fair value measurement sensitivity to decrease in input	Valuation method
Market capitalisation rate	The capitalisation rate applied to the market rental to assess a property's value. Derived from similar transactional evidence taking into account location, weighted average lease term, customer covenant, size and quality of the property.	Decrease	Increase	Capitalisation
Market rental	The valuer's assessment of the net market income attributable to the property; includes both leased and vacant areas.	Increase	Decrease	Capitalisation & DCF
Discount rate	The rate applied to future cashflows; it reflects transactional evidence from similar types of property assets.	Decrease	Increase	DCF
Rental growth rate	The rate applied to the market rental over the 10 year cashflow projection.	Increase	Decrease	DCF
Terminal capitalisation rate	The rate used to assess the terminal value of the property.	Decrease	Increase	DCF

The following table discloses the weighted average quantitative information by asset class for stabilised properties and developments held at fair value (excludes investment property contracted for sale):

2019	Market capitalisation rate %	Market rental \$ per sqm	Discount rate %	Rental growth rate %	Terminal capitalisation rate %
Industrial	5.7	134	7.5	2.7	6.0
Office	9.3	211	10.8	1.1	9.3

2018	Market capitalisation rate %	Market rental \$ per sqm	Discount rate %	Rental growth rate %	Terminal capitalisation rate %
Industrial	6.1	130	7.9	2.7	6.4
Office	8.8	259	9.9	1.5	8.8

Land is valued based on recent comparable transactions, resulting in land values ranging between \$246 per square metre ("psm") and \$675 psm for industrial land (2018: between \$230 psm and \$650 psm) and \$1,485 psm for office land (2018: between \$850 psm and \$1,500 psm).

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Investment property (continued)

1.6 Stabilised properties

2019	\$ million					Valuation 2019	Valuer	Net lettable area sqm	Weighted market cap rate	Occupancy	WALT years
	Valuation 2018	Acquisitions / transfers in	Net expenditure	Disposals / transfers out	Fair value movement						
Core											
Highbrook Business Park, East Tamaki	1,091.3	160.6	6.4	–	64.5	1,322.8	Colliers, Savill	432,683	5.5%	97%	5.1
Savill Link, Otahuhu	237.8	23.4	–	–	31.3	292.5	CBRE	115,075	5.8%	100%	6.6
M20 Business Park, Wiri	233.6	–	–	–	13.6	247.2	JLL	108,462	6.1%	99%	4.3
The Gate Industry Park, Penrose	189.5	0.6	0.1	–	42.3	232.5	CBRE	85,361	5.5%	98%	3.3
Westney Industry Park, Mangere	119.8	–	3.5	–	(0.6)	122.7	CBRE	105,777	7.9%	98%	6.2
Total core	1,872.0	184.6	10.0	–	151.1	2,217.7		847,358			
Value-add	171.5	94.1	5.9	(24.7)	14.1	260.9	Colliers, CBRE	114,326	5.9%	93%	3.5
Total stabilised properties	2,043.5	278.7	15.9	(24.7)	165.2	2,478.6		961,684			

Acquisitions reflect the purchase price and any associated transaction costs.*Transfers in* represent the net book value transferred in to a category during the year.*Net expenditure* comprises capital expenditure, holding costs, straight line rental adjustments, leasing incentives and leasing costs paid, less any amortisation of leasing incentives and leasing costs.*Fair value movement* reflects the difference between the 31 March independent valuation and the net book value immediately prior to the valuation.*Disposals* comprise the net book value at the date of disposal for properties sold in the year.*Transfers out* represent the net book value transferred out of a category during the year.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Investment property (continued)

1.6 Stabilised properties (continued)

2018	\$ million					Valuation 2018	Valuer	Net lettable area sqm	Weighted market cap rate	Occupancy	WALT years
	Valuation / 2017	Acquisitions / transfers in	Net expenditure	Disposals / transfers out	Fair value movement						
Core											
Highbrook Business Park, East Tamaki	957.1	77.3	2.0	–	54.9	1,091.3	Colliers, Savill	390,481	5.8%	100%	5.8
Savill Link, Otahuhu	216.0	16.8	1.3	–	3.7	237.8	CBRE	106,593	6.1%	100%	7.6
M20 Business Park, Wiri	218.3	–	2.0	–	13.3	233.6	JLL	108,419	6.4%	99%	5.0
The Gate Industry Park, Penrose	164.2	13.5	1.5	–	10.3	189.5	CBRE	82,676	6.3%	100%	4.3
Westney Industry Park, Mangere	114.9	2.6	1.1	–	1.2	119.8	CBRE	105,777	8.1%	100%	7.1
Total core	1,670.5	110.2	7.9	–	83.4	1,872.0		793,946			
Value-add	355.2	31.9	19.6	(240.9)	5.7	171.5	Colliers, CBRE	90,324	6.6%	94%	2.3
Total stabilised properties	2,025.7	142.1	27.5	(240.9)	89.1	2,043.5		884,270			



Accounting policies

Stabilised properties are investment properties which are held to earn rental income. They are recorded initially at cost, including related transaction costs. After initial recognition, stabilised properties are carried at fair value. A panel of expert independent valuers value the portfolio at least once each year, generally at 31 March. Fair values are based on estimated market values. If this information is not available, alternative valuation methods such as recent prices in less active markets, the capitalisation method, or discounted cash flow projections are used.

Stabilised property that is being redeveloped is carried at fair value and holding costs are capitalised to the property during redevelopment. Expenditure is capitalised to a property when it is probable that it will provide future economic benefits to the Group. All other repairs and maintenance costs are charged to Profit or Loss.

Any gain or loss arising from a change in fair value is recognised in Profit or Loss.

When sold, the net gain or loss on disposal of stabilised property is included in Profit or Loss in the period in which the sale occurred. The gain or loss on disposal is calculated as the difference between the carrying amount of the stabilised property on the Balance Sheet and the proceeds from sale net of any costs associated with the sale.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Investment property (continued)

1.7 Developments

2019	\$ million					Valuation / Cost 2019	Valuer	Lettable area sqm	Market cap rate	Committed Occupancy	WALT years
	Valuation / Cost 2018	Transfers in	Net expenditure	Fair value movement	Transfers out						
At fair value											
Highbrook Business Park, East Tamaki	47.1	5.1	88.4	17.7	(143.6)	14.7	Savill	2,236	6.4%	100%	9.5
Savill Link, Otahuhu	6.5	9.4	23.9	8.5	(23.4)	24.9	CBRE	14,050	5.3%	100%	15.0
At cost											
Highbrook Business Park, East Tamaki	3.6	26.2	8.9	–	–	38.7	At cost	35,238	–	18%	2.6
Savill Link, Otahuhu	–	5.7	0.5	–	–	6.2	At cost	5,485	–	–	–
Westney Industry Park, Mangere	–	–	0.7	–	–	0.7	At cost	7,890	–	–	–
Value-add	10.3	–	1.1	–	(11.4)	–	–	–	–	–	–
Total developments	67.5	46.4	123.5	26.2	(178.4)	85.2		64,899			

2018	\$ million					Valuation / Cost 2018	Valuer	Lettable area sqm	Market cap rate	Committed Occupancy	WALT years
	Valuation / Cost 2017	Transfers in	Net expenditure	Fair value movement	Transfers out						
At fair value											
Highbrook Business Park, East Tamaki	24.3	8.8	31.4	12.8	(77.3)	–	–	–	–	–	–
The Gate Industry Park, Penrose	8.3	–	2.8	2.4	(13.5)	–	–	–	–	–	–
Savill Link, Otahuhu	4.7	–	8.6	3.5	(16.8)	–	–	–	–	–	–
Westney Industry Park, Mangere	–	–	2.6	–	(2.6)	–	–	–	–	–	–
Value-add	6.1	–	12.0	2.3	(20.4)	–	–	–	–	–	–
At cost											
Highbrook Business Park, East Tamaki	5.5	25.4	19.8	–	–	50.7	At cost	37,750	–	31%	8.8
Savill Link, Otahuhu	–	4.5	2.0	–	–	6.5	At cost	8,500	–	–	–
Value-add	–	8.6	1.7	–	–	10.3	At cost	11,098	–	–	–
Total developments	48.9	47.3	80.9	21.0	(130.6)	67.5		57,348			

Developments are categorised between fair value and cost based on their status at the end of the financial year.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Investment property (continued)

1.7 Developments (continued)



Accounting policies

Developments are properties that are being constructed for future use as stabilised property. They are classified as developments and initially recorded at cost of acquisition, construction or development. All costs directly associated with the purchase and construction of developments and all subsequent capital expenditure for developments are capitalised.

Holding costs are capitalised if they are directly attributable to the acquisition or development of a property. The most significant component of holding costs is borrowing costs. Capitalisation of borrowing costs commences when the activities to prepare the property for its intended use are in progress and expenditures and borrowing costs are being incurred. The amount capitalised is determined by applying the weighted average cost of debt to borrowings attributed to the development. Capitalisation of borrowing costs will continue until the development of the property is completed.

If the fair value of a development can be reliably determined during the course of its construction, then the development will be recorded at fair value in the same manner as stabilised properties.

1.8 Land

	\$ million						Valuer	Net land area sqm
	Valuation 2018	Acquisitions	Net expenditure	Disposals / transfers out	Fair value movement	Valuation 2019		
2019								
Highbrook Business Park, East Tamaki	101.0	–	7.7	(48.3)	(0.1)	60.3	Colliers	118,985
M20 Business Park, Wiri	6.6	–	0.5	–	(0.1)	7.0	CBRE	18,770
Savill Link, Otahuhu	11.9	4.7	0.6	(15.1)	0.2	2.3	JLL	8,810
The Gate Industry Park, Penrose	0.5	–	0.1	(0.6)	–	–	–	–
Total land	120.0	4.7	8.9	(64.0)	–	69.6		146,565

	\$ million						Valuer	Net land area sqm
	Valuation 2017	Acquisitions	Net expenditure	Disposals / transfers out	Fair value movement	Valuation 2018		
2018								
Highbrook Business Park, East Tamaki	132.0	–	8.6	(34.2)	(5.4)	101.0	Colliers	188,763
Savill Link, Otahuhu	13.4	2.3	0.8	(4.5)	(0.1)	11.9	CBRE	37,391
M20 Business Park, Wiri	6.3	–	0.4	–	(0.1)	6.6	JLL	18,770
The Gate Industry Park, Penrose	0.4	–	0.1	–	–	0.5	CBRE	2,592
Value-add	22.6	8.6	1.3	(32.5)	–	–	–	–
Total land	174.7	10.9	11.2	(71.2)	(5.6)	120.0		247,516



Accounting policies

Land is recorded initially at cost, including related transaction costs. After initial recording, land is carried at fair value. Land is independently valued at least annually, with any changes in valuation recognised in Profit or Loss.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Investment property (continued)

1.9 Investment property contracted for sale

	\$ million					
	Carrying value 2018	Transfers in	Net expenditure	Fair value movement	Settlements	Carrying value 2019
2019						
Greenlane Office, Auckland	207.8	6.5	0.7	5.1	(211.6)	8.5
Glassworks, Christchurch	30.8	–	–	–	(30.8)	–
Concourse Industry Park, Henderson	–	29.6	–	5.4	–	35.0
Total investment property contracted for sale	238.6	36.1	0.7	10.5	(242.4)	43.5

	\$ million					
	Carrying value 2017	Transfers in	Net expenditure	Fair value movement	Settlements	Carrying value 2018
2018						
Greenlane Office, Auckland	–	228.1	–	(20.3)	–	207.8
Glassworks, Christchurch	7.7	23.5	–	(0.4)	–	30.8
Total investment property contracted for sale	7.7	251.6	–	(20.7)	–	238.6



Accounting policies

Investment property contracted for sale is recorded at the contracted sale price, with this being the best indicator of fair value.



Significant transactions

For Greenlane Office, settlement of the sale of Central Park office buildings occurred in June 2018 with settlement of the land to occur in February 2020. Settlement of the sale of 614-616 Great South Road occurred in November 2018.

Settlement of the sale of separate properties at Glassworks Industry Park occurred in June 2018 and July 2018.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

2. Investment in joint venture

GMT formerly owned 51% of Wynyard Precinct Holdings Limited ("WPHL" or the "joint venture"), with the remaining 49% formerly owned by GIC, Singapore's sovereign wealth fund. The shareholders' agreement of WPHL ensured that joint control was maintained via equal board representation, with GMT unable to unilaterally direct the joint venture. Prior to the sale of WPHL by GMT and GIC, properties owned by the joint venture were managed by Goodman Property Services (NZ) Limited ("GPSNZ") on a similar basis to how GPSNZ manages GMT's wholly owned properties.

**Significant transactions**

In May 2018, the shareholders of WPHL agreed to sell all the shares in WPHL to Blackstone with the price based on a property portfolio value of \$635.0 million, which represented a price of \$300.8 million for the shares in WPHL. The transaction included full repayment of shareholder loans advanced to the joint venture and resulted in a gain of \$35.1 million on disposal of GMT's equity accounted investment in WPHL. Settlement occurred on 14 December 2018.

**Accounting policies**

The joint venture was accounted for using the equity method until the date it was contracted for sale, after which it was classified as a held for sale asset and carried at its carrying amount immediately prior to change in classification. Accounting policies of the joint venture were aligned with policies of GMT.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

2. Investment in joint venture (continued)**2.1 WPHL Profit or Loss**

\$ million	WPHL		GMT share at 51%	
	8½ mths to 14 Dec 2018	12 mths to 31 Mar 2018	8½ mths to 14 Dec 2018	12 mths to 31 Mar 2018
Net property income	28.1	36.0		
Net interest costs	(10.5)	(15.7)		
Administrative expenses	(0.1)	(0.2)		
Operating earnings before other income / (expenses) and tax	17.5	20.1	8.9	10.3
Other income / (expenses) and tax				
Movement in fair value of investment properties	–	44.2		
Movement in fair value of derivative financial instruments	(0.1)	(0.6)		
Manager's base fee	(1.3)	(1.6)		
Income tax on operating earnings	(1.6)	(1.3)		
Income tax on non-operating earnings	0.4	–		
Deferred tax	(1.3)	(0.3)		
Other income / (expenses) and tax	(3.9)	40.4	(2.0)	20.6
Profit after tax	13.6	60.5	6.9	30.9

The following analysis is provided to show GMT's share of WPHL's earnings for the periods pre- and post- being contracted for sale. GMT's 51% share of pre-contracted for sale earnings (for April and May 2018) are equity accounted, which is consistent with prior years. GMT's share of post-contracted for sale earnings (for June to 14 December 2018) are not equity accounted, therefore an adjustment has been made to the non-GAAP measure of operating earnings in note 4.2 to allow for comparability to the prior year and to reflect GMT's continued economic interest in WPHL until settlement (defined as adjusted operating earnings).

Operating earnings – pre-contracted for sale (included in profit or loss)	2.1	10.3
Operating earnings – post-contracted for sale (included in adjusted operating earnings)	6.8	–
Operating earnings before other income / (expenses) and tax	8.9	10.3
Share of other (expenses) / income and tax from joint venture – pre-contracted for sale (included in profit or loss)	(0.5)	20.6
Share of other (expenses) / income and tax from joint venture – post-contracted for sale	(1.5)	–
Share of other (expenses) / income and tax from joint venture	(2.0)	20.6
Profit after tax – pre-contracted for sale (included in profit or loss)	1.6	30.9
Profit after tax – post-contracted for sale	5.3	–
Profit after tax	6.9	30.9

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

2. Investment in joint venture (continued)**2.2 WPHL Balance Sheet**

\$ million	WPHL as at 31 Mar 2018
Non-current assets	543.9
Other assets	2.5
Total assets	546.4
Non-current liabilities	118.6
Other liabilities	217.3
Total liabilities	335.9
Net assets	210.5
Share capital	60.7
Retained earnings	149.8
Total equity	210.5

	GMT 51% share 31 Mar 2018
Goodwill	107.4
Investment in joint venture	6.9
	114.3

2.3 Disposal of joint venture

\$ million	2019	2018
Proceeds	153.3	–
Investment in joint venture (at settlement on 14 December 2018)	(116.0)	–
Sale costs	(2.2)	–
Profit on disposal of joint venture	35.1	–

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

3. Borrowings**3.1 Interest**

\$ million	2019	2018
Interest income	4.9	7.2
Total interest income	4.9	7.2
Interest costs		
Interest expense	(30.0)	(34.1)
Amortisation of borrowing costs	(3.2)	(4.1)
Borrowing costs capitalised ⁽¹⁾	12.3	12.3
Total interest cost	(20.9)	(25.9)
Net interest cost	(16.0)	(18.7)

⁽¹⁾ Borrowing costs of \$6.0 million were capitalised to land (2018: \$8.2 million).**Accounting policies**

Interest costs charged on borrowings are recognised as incurred. Costs associated with the establishment of borrowings are amortised over the term of the relevant borrowings.

3.2 Borrowings

\$ million	2019	2018
Non-current		
Syndicated bank facility	12.0	262.0
Retail bonds	400.0	400.0
US Private Placement notes – New Zealand dollar amount on inception ⁽¹⁾	156.8	156.8
	568.8	818.8
US Private Placement notes – foreign exchange translation impact ⁽¹⁾	19.5	9.0
Unamortised borrowings establishment costs	(3.2)	(4.2)
Total non-current borrowings	585.1	823.6
Total borrowings	585.1	823.6

⁽¹⁾ US Private Placement notes comprise \$156.8 million for funds received at the borrowing date and \$19.5 million for the foreign exchange translation impact (2018: \$9.0 million). These borrowings are fully hedged and GMT takes no currency risk on interest and principal payments.**Accounting policies**

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are carried at amortised cost using the effective interest method.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

3. Borrowings (continued)

3.3 Composition of borrowings

	Date issued	Expiry	Weighted average remaining term (years)	Interest rate	\$ million	
					Facility drawn / Amount	Undrawn facility
2019						
Syndicated bank facilities	–	Oct 20 – Oct 21	2.0	Floating	12.0	288.0
Retail bonds – GMB020	Dec 13	Dec 20	1.7	6.20%	100.0	–
Retail bonds – GMB030	Jun 15	Jun 22	3.2	5.00%	100.0	–
Retail bonds – GMB040	May 17	May 24	5.2	4.54%	100.0	–
Retail bonds – GMB050	Mar 18	Sep 23	4.4	4.00%	100.0	–
US Private Placement notes	Jun 15	Jun 25	6.2	3.46%	US\$40.0	–
US Private Placement notes	Jun 15	Jun 27	8.2	3.56%	US\$40.0	–
US Private Placement notes	Jun 15	Jun 30	11.2	3.71%	US\$40.0	–

	Date issued	Expiry	Weighted average remaining term (years)	Interest rate	\$ million	
					Facility drawn / Amount	Undrawn facility
2018						
Syndicated bank facilities	–	Oct 19 – Oct 21	2.5	Floating	262.0	188.0
Retail bonds – GMB020	Dec 13	Dec 20	2.7	6.20%	100.0	–
Retail bonds – GMB030	Jun 15	Jun 22	4.2	5.00%	100.0	–
Retail bonds – GMB040	May 17	May 24	6.2	4.54%	100.0	–
Retail bonds – GMB050	May 18	Sep 23	5.4	4.00%	100.0	–
US Private Placement notes	Jun 15	Jun 25	7.2	3.46%	US\$40.0	–
US Private Placement notes	Jun 15	Jun 27	9.2	3.56%	US\$40.0	–
US Private Placement notes	Jun 15	Jun 30	12.2	3.71%	US\$40.0	–

As at 31 March 2019 a \$300.0 million (31 March 2018: \$450.0 million) syndicated bank facility was provided to the Trust by ANZ Bank New Zealand Limited, Bank of New Zealand, Commonwealth Bank of Australia, Westpac New Zealand Limited (each providing \$67.5 million; 31 March 2018: each providing \$101.25 million) and The Hongkong and Shanghai Banking Corporation Limited (providing \$30.0 million; 31 March 2018: providing \$45.0 million).

As at 31 March 2019, GMT's drawn borrowings had a weighted average remaining term of 5.0 years (2018: 5.1 years), with 98% being drawn from non-bank sources (2018: 68%).

Calculation of the weighted average remaining term assumes bank debt utilises the longest dated facilities.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

3. Borrowings (continued)

3.4 Security and covenants

All borrowing facilities are secured on an equal ranking basis over the assets of the wholly-owned subsidiaries of Goodman Property Trust. A loan to value ratio covenant restricts total borrowings incurred by the Group to 50% of the value of the secured property portfolio.

The Group has given a negative pledge to not create or permit any security interest over its assets. The principal financial ratios which must be met are the ratio of earnings before interest, tax, depreciation and amortisation to interest expense, and the ratio of financial indebtedness to the value of the property portfolio. Further negative and positive undertakings have been given as to the nature of the Group's business.

3.5 Loan to value ratio calculation

The loan to value ratio ("LVR") is a non-GAAP metric used to measure the strength of GMT's Balance Sheet. The LVR calculation is set out in the table below. The GMT look through LVR as at 31 March 2018 incorporated GMT's 51% share of WPHL. Due to the disposal of WPHL, GMT no longer has an additional look through LVR.

\$ million	2019	2018		
	GMT	GMT	WPHL @ 51%	GMT look through
Total borrowings	585.1	823.6	57.1	880.7
US Private Placement notes – foreign exchange translation impact	(19.5)	(9.0)	–	(9.0)
Cash	(3.1)	(4.7)	(1.1)	(5.8)
Investment property contracted for sale – settlement proceeds due	(43.5)	(238.6)	–	(238.6)
Borrowings for LVR calculation	519.0	571.3	56.0	627.3
Investment property	2,633.4	2,231.0	277.2	2,508.2
Assets for LVR calculation	2,633.4	2,231.0	277.2	2,508.2
Loan to value ratio %	19.7%	25.6%	20.2%	25.0%

3.6 Weighted average cost of borrowings

The weighted average cost of borrowings is a non-GAAP measure that represents the weighted average interest rate paid on borrowings after all costs and taking account of the effect of interest rate hedging.

	2019	2018
Weighted average cost of borrowings	4.9%	5.0%

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

4. Units, earnings per unit and distributions

Issued units represent capital contributed to GMT by unitholders. Distributions are paid to GMT unit holders when approved by the Board of the Manager.

4.1 Issued units

	Issued units (million)		Value (\$ million)	
	2019	2018	2019	2018
Balance at the beginning of the year	1,287.8	1,280.2	1,408.7	1,398.7
Manager's base fee reinvested	7.1	7.6	10.4	10.0
Balance at the end of the year	1,294.9	1,287.8	1,419.1	1,408.7



Accounting policies

Units are classified as equity. If new units are issued in the year, any external costs, net of tax, directly attributable to the issue are deducted from the proceeds received.

GMT receives fund management services from GNZ and pays GNZ a management fee (the "base fee"). For the five year period ending on 31 March 2019, other than in limited circumstances as set out in the Trust Deed, GNZ is required to use its base fee for the period to invest in newly issued units in GMT. The fee arrangements are considered a share based payment. GMT recognises fees for management services at the time those services are provided. Fees are paid six monthly in arrears, and the proceeds immediately reinvested. The fee not yet paid and reinvested is reflected within the unit based payments reserve until such time as it has been settled.

4.2 Earnings per unit

Earnings per unit measures are calculated as profit or adjusted operating earnings after tax divided by the weighted number of issued units for the year. Operating earnings is a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. The calculation of operating earnings before other income / (expenses) and tax is set out in Profit or Loss. Adjusted operating earnings after tax, as set out below, incorporates GMT's share of operating earnings of the WPHL joint venture between the date it was contracted for sale and settlement date (14 December 2018), reflecting GMT's continuing economic interest in the joint venture:

\$ million	Note	2019	2018
Operating earnings before other income / (expenses) and tax		110.2	119.1
Share of operating earnings from joint venture – post-contracted for sale	2.1	6.8	–
Adjusted operating earnings before tax		117.0	119.1
Income tax on operating earnings		(16.7)	(16.9)
Share of income tax on operating earnings from joint venture	2.1	(0.8)	(0.6)
Adjusted operating earnings after tax		99.5	101.6

Weighted units for the Manager's base fee reinvested are included as the services are rendered. There are no other weighted units.

Million	Weighted units	
	2019	2018
Issued units at the beginning of the year	1,287.8	1,280.2
Manager's base fee	7.0	7.6
Weighted units	1,294.8	1,287.8

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

4. Units, earnings per unit and distributions (continued)

4.2 Earnings per unit (continued)

cents per unit	2019	2018
Adjusted operating earnings per unit before tax	9.04	9.25
Adjusted operating earnings per unit after tax	7.68	7.89
Basic and diluted earnings per unit after tax	24.68	15.06

4.3 Net tangible assets

Diluted units, comprising issued units plus deferred units not yet issued, are used to calculate net tangible assets per unit.

Million	Diluted units	
	2019	2018
Issued units	1,294.9	1,287.8
Deferred units for Manager's base fee expected to be reinvested	3.1	4.0
Deferred units for Manager's performance fee expected to be reinvested	5.1	–
Diluted units	1,303.1	1,291.8

	2019	2018
Net tangible assets (\$ million)	2,046.2	1,793.7
Net tangible assets per unit (cents)	157.0	138.9

4.4 Distributions

	2019	2018
Distributions relating to the period (cents per unit)	6.65	6.65
Distributions paid in the period (cents per unit)	6.65	6.65
Distributions relating to the period (\$ million)	86.0	85.5
Distributions paid in the period (\$ million)	86.0	85.5



Accounting policies

Distributions are recognised in equity in the period in which they are paid.



Subsequent event

On 14 May 2019 a cash distribution of 1.6625 cents per unit with 0.3167 cents per unit of imputation credits attached was declared. The record date for the distribution is 6 June 2019 and payment will be made on 20 June 2019.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

5. Derivative financial instruments

Derivative financial instruments are used to manage exposure to interest rate risks and foreign exchange risks arising from GMT's borrowings.

5.1 Movement in fair value of financial instruments

\$ million	2019	2018
Interest rate derivatives	(1.2)	(3.0)
Cross currency interest rate derivatives relating to US Private Placement notes	14.9	(10.9)
Total movement in fair value of derivative financial instruments	13.7	(13.9)
Foreign exchange rate movement on US Private Placement notes	(10.5)	5.4
Total movement in fair value of financial instruments	3.2	(8.5)

**Accounting policies**

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at each reporting date. Derivative financial instruments are classified as current or non-current based on their date of maturity.

Movements in the fair value of derivative financial instruments are recognised through Profit or Loss. GMT does not apply hedge accounting.

**Key judgement**

The fair values of derivative financial instruments are determined from valuations using Level 2 valuation techniques (2018: Level 2). These are based on the present value of estimated future cash flows, taking account of the terms and maturity of each contract and the current market interest rates at reporting date. Fair values also reflect the creditworthiness of the derivative counterparty and GMT at balance date. The valuations were based on market rates at 31 March 2019 of between 1.88% (2018: 1.93%) for the 90 day BKBM and 2.09% (2018: 3.06%) for the 10 year swap rate. There were no changes to these valuation techniques during the period.

5.2 Derivative financial instruments

\$ million	2019	2018
Cross currency interest rate derivatives		
Non-current assets	13.7	–
Non-current liabilities	–	(1.2)
Interest rate derivatives		
Non-current assets	11.3	8.9
Non-current liabilities	(12.1)	(17.5)
Net derivative financial instruments	12.9	(9.8)

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

5. Derivative financial instruments (continued)**5.3 Additional derivative information**

	2019	2018
Cross currency interest rate derivatives		
Notional contract value as receiver (\$ million)	156.8	156.8
Percentage of US Private Placement notes borrowings converted to floating rate NZD payments	100%	100%
Weighted average term to maturity (years)	8.5	9.5
Interest rate derivatives		
Notional contract value as payer (\$ million)	435.0	495.0
Notional contract value as receiver (\$ million)	200.0	200.0
Percentage of borrowings fixed	76%	60%
Interest rate range	2.4% – 4.3%	2.7% – 5.0%
Weighted average term to maturity (years)	3.7	4.5

6. Administrative expenses

Administrative expenses are incurred to manage the operational activity of GMT. Excluded from administrative expenses categorised within operating earnings are the Manager's base fee and Manager's performance fee, which are expected to be used to reinvest in GMT units when payment of the fees occurs.

6.1 Administrative expenses included within operating earnings

\$ million	2019	2018
Valuation fees	(0.6)	(0.6)
Auditor's fees	(0.2)	(0.2)
Trustees fees	(0.3)	(0.3)
Other costs	(1.6)	(1.5)
Total administrative expenses included within operating earnings	(2.7)	(2.6)

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

6. Administrative expenses (continued)**6.2 Auditor's fees**

\$ million	2019	2018
Audit and review of financial statements	(0.2)	(0.2)
Other assurance related services	–	–
Other services	–	–
Total auditor's fees	(0.2)	(0.2)

Other assurance related services Fees for other assurance related services of \$7,000 (2018: \$7,000) comprise work performed on the financial covenants of the bank facilities and the performance fee calculation.

Other services Other services of \$47,800 (2018: nil) comprise data analysis and advisory services relating to the review of an application to the Overseas Investment Office for approval to purchase a property.

6.3 Administrative expenses incurred but not included within operating earnings

These expenses, while excluded from GMT's non-GAAP operating earnings measure, are included in other income / (expenses) within Profit or Loss. See note 10.4 for further details regarding the calculation of the Manager's performance fee.

\$ million	2019	2018
Manager's base fee expected to be reinvested in units	(8.6)	(8.3)
Manager's performance fee expected to be reinvested in units	(8.6)	–
Total administrative expenses incurred but not included within operating earnings	(17.2)	(8.3)

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

7. Debtors and other assets

\$ million	2019	2018
Current		
Debtors	1.4	0.3
Prepayments	0.1	0.2
Interest receivable	2.3	2.3
Other assets	9.8	6.5
Total debtors and other assets	13.6	9.3

**Accounting policies**

Debtors and other assets are initially recognised at fair value and subsequently measured at amortised cost. They are adjusted for expected impairment losses. Discounting is not applied to receivables where collection is expected to occur within the next twelve months.

A provision for impairment is recognised when there is objective evidence that GMT will be unable to collect amounts due. The simplified approach to providing for expected credit losses prescribed by NZ IFRS 9 has been applied, permitting the use of a lifetime expected loss provision for all trade receivables. The amount provided is the difference between the carrying amount and expected recoverable amount. There were no provisions for impairment in the year (2018: none).

8. Creditors and other liabilities

\$ million	2019	2018
Current		
Creditors	0.8	0.3
Interest payable	6.4	7.1
Related party payables	1.7	0.5
Accrued capital expenditure	26.6	27.0
Other liabilities	12.1	14.3
Total creditors and other liabilities	47.6	49.2

**Accounting policies**

Creditors and other liabilities are initially recognised at fair value and subsequently measured at amortised cost. All payments are expected to be made within the next twelve months.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

9. Tax**9.1 Tax expense**

\$ million	2019	2018
Profit before tax	334.8	207.2
Tax at 28%	(93.7)	(58.0)
Depreciation of investment property	4.9	5.7
Movement in fair value of investment property	56.5	23.5
Disposal of investment property	0.9	0.6
Disposal of joint venture	9.0	–
Deductible net expenditure for investment property	5.3	5.2
Share of joint venture net profit less dividends received	1.9	8.6
Derivative financial instruments	0.9	(2.4)
Performance fee	(2.4)	–
Other	–	(0.1)
Current tax on operating earnings	(16.7)	(16.9)
Depreciation recovery income for property sold and settled	(3.4)	(0.4)
Settlement of derivative financial instruments	2.4	0.8
Disposal of investment property	(0.9)	–
Performance fee	2.4	–
Current tax on non-operating earnings	0.5	0.4
Current tax	(16.2)	(16.5)
Depreciation of investment property	(5.0)	(0.4)
Reduction of liability in respect of depreciation recovery income	8.3	3.7
Deferred expenses	0.8	(1.6)
Derivative financial instruments	(3.3)	1.5
Borrowing issue costs	0.1	0.1
Deferred tax	0.9	3.3
Total tax	(15.3)	(13.2)

Current tax on operating earnings is a non-GAAP measure included to provide an assessment of current tax for GMT's principal operating activities.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

9. Tax (continued)**Accounting policies**

Tax expense for the year comprises current and deferred tax recognised in Profit or Loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at balance date, and includes any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax is not accounted for if it arises from the initial recognition of assets or liabilities in a transaction, other than a business combination, that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

9.2 Deferred tax

\$ million	2019	2018
Deferred tax assets		
Derivative financial instruments	1.9	5.2
Total deferred tax assets	1.9	5.2
Deferred tax liabilities		
Investment properties – depreciation recoverable	(18.2)	(21.5)
Investment properties – deferred expenses	(7.9)	(8.7)
Borrowings issue costs	(0.3)	(0.4)
Total deferred tax liabilities	(26.4)	(30.6)
Net deferred tax	(24.5)	(25.4)

**Key judgement**

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For deferred tax liabilities potentially arising on investment property measured at fair value there is a rebuttable presumption that the carrying amount of the investment property asset will be recovered through sale. In estimating this deferred tax liability, the Group has made reference to the Manager's experience of tax depreciation recovered when properties of a similar nature have been sold.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

10. Related party disclosures

As a Unit Trust, GMT does not have any employees. Consequently services that the Group requires are provided under arrangements governed by GMT's Trust Deed, or by contractual arrangements. The Trust has related party relationships with the following parties.

Entity		Nature of relationship
Goodman (NZ) Limited	GNZ	Manager of the Trust
Goodman Property Services (NZ) Limited	GPSNZ	Provider of property management, development management and related services to the Trust and to its former joint venture WPHL
Goodman Investment Holdings (NZ) Limited	GIH	Unitholder in GMT
Goodman Limited	GL	Parent entity of GNZ, GPSNZ & GIH
Goodman Industrial Trust	GIT	Property co-owner with GMT
Wynyard Precinct Holdings Limited	WPHL	Former joint venture between GMT and GIC, Singapore's sovereign wealth fund (sale of WPHL settled on 14 December 2018)

10.1 Transactions with related parties other than WPHL

\$ million	Related party	Recorded		Capitalised		Outstanding	
		2019	2018	2019	2018	2019	2018
Manager's base fee	GNZ	(9.8)	(9.4)	1.2	1.1	(5.3)	(5.3)
Manager's performance fee	GNZ	(8.6)	–	–	–	(8.6)	–
Property management fees ⁽¹⁾	GPSNZ	(3.3)	(3.5)	–	–	(0.3)	–
Leasing fees	GPSNZ	(2.1)	(2.0)	–	–	(0.1)	(0.4)
Acquisition and disposal fees	GPSNZ	(4.2)	(0.3)	1.1	–	–	–
Minor project fees	GPSNZ	(1.0)	(0.7)	1.0	0.7	(0.4)	–
Development management fees	GPSNZ	(5.1)	(4.9)	5.1	4.9	(0.8)	–
Total fees		(34.1)	(20.8)	8.4	6.7	(15.5)	(5.7)
Reimbursement of expenses for services provided	GPSNZ	(1.5)	(1.5)	0.3	0.1	(0.1)	(0.1)
Total reimbursements		(1.5)	(1.5)	0.3	0.1	(0.1)	(0.1)
Land acquisition – Savill Link	GIT	(4.7)	(2.3)	4.7	2.3	–	–
Total capital transactions		(4.7)	(2.3)	4.7	2.3	–	–
Issue of units for Manager's base fee reinvested	GIH	10.4	10.0	–	–	–	–
Total issue of units for Manager's base fee reinvested		10.4	10.0	–	–	–	–
Distributions paid	GIH	(18.3)	(18.0)	–	–	–	–
Total distributions paid		(18.3)	(18.0)	–	–	–	–

⁽¹⁾ Of the property management fees charged by GPSNZ, \$3.0 million was paid by customers and was not a cost borne by GMT (2018: \$3.1 million).

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

10. Related party disclosures (continued)

10.2 Transactions with WPHL

\$ million	Related party	Recorded		Capitalised		Outstanding	
		2019	2018	2019	2018	2019	2018
Investment in joint venture	WPHL	–	(13.3)	–	–	–	–
Repayments from / (advances to) joint venture	WPHL	107.5	(89.1)	–	–	–	(107.5)
Interest income received from joint venture	WPHL	3.8	5.8	–	–	–	–
Funding fee received from joint venture	WPHL	–	0.1	–	–	–	–
Dividends received from joint venture	WPHL	2.1	0.5	–	–	–	–

Advances to WPHL were unsecured and were subordinated to WPHL's bank debt prior to disposal. The advances were repayable on demand and incurred a market rate of interest for advances of this type.



Significant transactions

Advances to the joint venture were repaid at settlement of the WPHL disposal in December 2018.

10.3 Other related party transactions

Capital transactions

Capital transactions that occur with related parties can only be approved by the independent directors of GNZ, with non-independent directors excluded from the approval process.

No properties were acquired pursuant to the Co-ownership Agreement between GMT and Goodman Industrial Trust (2018: none). This agreement was approved by unitholders at a general meeting held on 23 March 2004.

GMT purchased land at Savill Link for \$4.7 million in June 2018 (2018: \$2.3 million) that was co-owned via the Co-ownership Agreement between GMT and Goodman Industrial Trust.

Key management personnel

Key management personnel are those people with the responsibility and authority for planning, directing and controlling the activities of an entity. As the Trust does not have any employees or Directors, key management personnel is considered to be the Manager. All compensation paid to the Manager is disclosed within this note.

At 31 March 2019, Goodman Group, GNZ's ultimate parent, through its subsidiary Goodman Investment Holdings (NZ) Limited, held 277,250,271 units in GMT out of a total 1,294,900,545 units on issue (31 March 2018: 273,248,744 units out of a total 1,287,781,937 units).

10.4 Explanation of related party transactions

Manager's base fee

The Manager's base fee is calculated as 0.50% per annum of the book value of GMT's assets (other than cash, debtors and development land) up to \$500 million, plus 0.40% per annum of the book value of GMT's assets (other than cash, debtors and development land) greater than \$500 million.

With effect from 1 April 2014, for a period of five years expiring 31 March 2019, the Manager has agreed to use its base management fee to reinvest in GMT units, provided that the Independent Directors of GNZ consider it in the best interests of GMT unitholders for the Manager to do so. The terms of the issue of such units were approved by Unitholders on 5 August 2014. The terms of issue are included in GMT's Trust Deed.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

10. Related party disclosures (continued)**Manager's performance fee**

The Manager is entitled to be paid a performance fee equal to 10% of GMT's performance above a target return (which is calculated annually on 31 March) and is capped at 5% of annual out performance (except in a period in which GNZ ceases to hold office, or GMT terminates). The target return is equal to the annual return of a gross accumulation index created from NZX listed property entities having a principal focus on investment in real property, excluding GMT, with the index being compiled by a suitably qualified and experienced person (currently Standard & Poor's).

Any performance below the target return is carried forward indefinitely to future periods. GMT will not earn a performance fee on any performance in excess of the target return plus 5% per annum. Any performance over that cap will be carried forward indefinitely to future periods (except in a period in which GNZ ceases to hold office, or GMT terminates). No performance fee is payable for any year where GMT's performance is less than 0%, however, any under or over performance is carried forward indefinitely to future periods.

The Manager is required to use performance fee proceeds to reinvest in GMT units in accordance with the terms of the Trust Deed, provided that the Independent Directors of GNZ consider it in the best interests of GMT unitholders for the Manager to do so. The issue price for these units is equal to the higher of market price and the net asset value per unit.

At 31 March 2019 a performance fee of \$8.6 million is payable, with a carry forward of \$11.2 million to include in the calculation for future periods (2018: deficit of \$1.1 million carried forward to include in the calculation for future periods).

Property management fees

Property management fees are paid to GPSNZ for day to day management of properties.

Leasing fees

Leasing fees are paid to GPSNZ for executing leasing transactions.

Acquisition and disposal fees

Acquisition and disposal fees are paid to GPSNZ for executing sale and purchase agreements.

Minor project fees

Minor project fees are paid for services provided to manage capital expenditure projects for stabilised properties.

Development management fees

Development management fees are paid for services provided to manage capital expenditure projects for developments.

Reimbursement of expenses for services provided

Certain services are provided by GPSNZ instead of using external providers, with these amounts reimbursed on a cost recovery basis.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

10. Related party disclosures (continued)**10.5 Additional Trust information**

(a) Termination of Goodman Property Trust

GMT terminates on the earlier of:

- i. The date appointed by GNZ giving not less than three months' written notice to the unitholders and the Trustee; or
- ii. If the units are quoted, the office of trustee becomes vacant, and a new trustee is not appointed within two months of the vacancy occurring; or
- iii. The date on which GMT is terminated under the Trust Deed or by operation of law.

(b) Trustee information

Covenant Trustee Services Limited is the Trustee of Goodman Property Trust. Covenant Trustee Services Limited is paid a fee as follows:

- i. Up to \$1,500 million of total assets, a fee of \$190,000; and
- ii. Over \$1,500 million of total assets, \$190,000 plus a fee equivalent to 0.01% of total assets greater than \$1,500 million.

10.6 Related party capital commitments

\$ million	Related party	2019	2018
Development management fees for developments in progress	GPSNZ	4.8	2.4
Total related party capital commitments		4.8	2.4

11. Commitments and contingencies**11.1 Non-related party capital commitments**

These commitments are amounts payable for contractually agreed services for capital expenditure. For related party capital commitments refer to note 10.6.

\$ million	2019	2018
Completion of developments	79.1	72.1
Acquisition – Favona Road	29.0	–
Total non-related party capital commitments	108.1	72.1

11.2 Contingent liabilities

GMT has no material contingent liabilities.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

11. Commitments and contingencies (continued)**11.3 Lease commitments payable**

Lease payments for ground leases that the Trust has contracted to pay in future years are set out below. These leases cannot be cancelled by the Trust.

\$ million	2019	2018
Year 1	3.2	3.2
Year 2	3.2	3.2
Year 3	3.2	3.3
Year 4	3.2	3.4
Year 5	3.2	3.4
Year 6 and later	9.5	9.9
Total	25.5	26.4

12. Reconciliation of profit after tax to net cash flows from operating activities

\$ million	2019	2018
Profit after tax	319.5	194.0
Non-cash items:		
Movement in fair value of investment property	(201.9)	(83.8)
Disposal of investment property	–	(0.5)
Deferred lease incentives	0.4	(1.5)
Deferred leasing costs	(0.6)	(1.4)
Fixed rental income adjustments	(1.0)	(1.4)
Share of profit arising from joint venture	(3.7)	(30.9)
Issue costs and subsequent amortisation for non-bank borrowings	1.0	0.2
Movement in fair value of derivative financial instruments	(3.2)	8.5
Manager's base fee expected to be reinvested in units	–	0.3
Manager's performance fee expected to be reinvested in units	8.6	–
Disposal of joint venture	(35.1)	–
Deferred tax	(0.9)	(3.3)
Net cash flows from operating activities before changes in assets and liabilities	83.1	80.2
Movements in working capital from:		
Trade and other receivables	(0.3)	1.5
Trade and other payables	(3.0)	7.1
Current tax liabilities	(0.6)	0.9
Movements working capital	(3.9)	9.5
Net cash flows from operating activities	79.2	89.7

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

13. Financial risk management

In addition to business risk associated with the Group's principal activity of investing in real estate in New Zealand, the Group is also exposed to financial risk for the financial instruments that it holds. Financial risk can be classified in the following categories; interest rate risk, credit risk, liquidity risk and capital management risk.

13.1 Financial instruments

The following items in the Balance Sheet are classified as financial instruments: Cash, debtors and other assets, advances to joint venture, derivative financial instruments, creditors and other liabilities, and borrowings. All items are recorded at amortised cost with the exception of derivative financial instruments, which are recorded at fair value through Profit or Loss.

**Accounting policies**

Financial instruments are classified dependent on the purpose for which the financial instrument was acquired or assumed. Management determines the classification of its financial instruments at initial recognition between two categories:

<i>Amortised cost</i>	Instruments recorded at amortised cost are those with fixed or determined receipts / payments that are recorded at their expected value at balance date.
<i>Fair value through Profit or Loss</i>	Instruments recorded at fair value through Profit or Loss have their fair value measured via active market inputs, or by using valuation techniques if no active market exists.

13.2 Interest rate risk

The Group's interest rate risk arises from borrowings. The Group manages its interest rate risk in accordance with its Financial Risk Management policy. The principal objective of the Group's interest rate risk management process is to mitigate negative interest rate volatility adversely affecting financial performance.

The Group manages its interest rate risk by using floating-to-fixed interest rate swaps and interest rate caps. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed directly at fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. Where the Group raises long-term borrowings at fixed rates, it may enter into fixed-to-floating interest rate swaps to enable the cash flow interest rate risk to be managed in conjunction with its floating rate borrowings.

The table below considers the direct impact to interest costs of a 25 basis point change to interest rates.

\$ million	2019	2018
Impact to net profit after tax of a 25 basis point increase in interest rates	(0.7)	(0.8)
Impact to net profit after tax of a 25 basis point decrease in interest rates	0.7	0.8

13.3 Credit risk

Credit risk arises from cash, derivative financial instruments, advances to joint venture and credit exposures to customers. For banks and financial institutions only independently credit rated parties are accepted, and when derivative contracts are entered into their credit risk is assessed. For advances to a joint venture the financial performance of the joint venture is monitored and assessed. For customers the Group assesses the credit quality of the customer, taking into account its financial position, past experience and any other relevant factors. The overall credit risk is managed with a credit policy that monitors exposures and ensures that the Group does not bear unacceptable concentrations of credit risk.

The Group's maximum exposure to credit risk is best represented by the total of its debtors, advances to joint venture, derivative financial instrument assets and cash as shown in the Balance Sheet. To mitigate credit risk the Group holds security deposits, bank guarantees, parent company guarantees or personal guarantees as deemed appropriate.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

13. Financial risk management (continued)**13.4 Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities. The Group's approach to management of liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk through active monitoring of the Group's liquidity position and availability of borrowings from committed facilities.

The following table outlines the Group's financial liabilities by their relevant contractual maturity date. Values are the contractual undiscounted cash flows and include both principal and interest where applicable.

\$ million	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and later	Total cash flows	Carrying value
2019								
Borrowings	26.5	124.7	32.1	116.1	112.6	279.9	691.9	585.1
Derivative financial instruments	14.4	14.4	7.8	7.9	2.3	4.7	51.5	12.1
Creditors and other liabilities	47.6	–	–	–	–	–	47.6	47.6
Total	88.5	139.1	39.9	124.0	114.9	284.6	791.0	644.8
2018								
Borrowings	33.3	31.2	237.9	169.9	116.1	392.5	980.9	823.6
Derivative financial instruments	18.1	17.9	16.0	12.5	8.4	8.9	81.8	18.7
Creditors and other liabilities	49.2	–	–	–	–	–	49.2	49.2
Total	100.6	49.1	253.9	182.4	124.5	401.4	1,111.9	891.5

13.5 Capital management risk

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence, while maximising the return to investors through optimising the mix of debt and equity. The Group meets its objectives for managing capital through its investment decisions on the acquisition, development and disposal of assets, its distribution policy and raising new equity. The Group's policies in respect of capital management are reviewed regularly by the Board of Directors of the Manager.

The Group's capital structure includes bank debt, retail bonds, wholesale bonds, US Private Placement notes and unitholders' equity. GMT's Trust Deed requires the Group's ratio of borrowings to the aggregate value of its property assets to be less than 50%. The Group complied with this requirement during this year and the prior year.

The Group has issued US Private Placement notes, retail and previously wholesale bonds, the terms of which require that the total borrowings of GMT and its subsidiaries do not exceed 50% of the value of the property portfolio on which these borrowings are secured. The Group complied with this requirement during this year and the prior year.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

13. Financial risk management (continued)**13.6 Fair value of financial instruments**

Except for the retail bonds and US Private Placement notes; the carrying values of all balance sheet financial instruments approximate their estimated fair value. The fair values of retail bonds and US Private Placement notes are as follows:

\$ million	Fair value hierarchy	2019	2018
Retail bonds	Level 1	421.1	416.2
US Private Placement Notes	Level 2	US\$118.4	US\$113.7

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value of financial instruments classified as Level 2, being US Private Placement Notes, is measured using a present value calculation of the future cashflows using the relevant term swap rate as the discount factor.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest input to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is a Level 3 measurement.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer.

14. Operating segments

The Trust's activities are reported to the Board as a single operating segment. Therefore these financial statements are presented in a consistent manner to that reporting.

Independent auditor's report

To the unitholders of Goodman Property Trust

We have audited the financial statements which comprise:

- the balance sheet as at 31 March 2019;
- the statement of profit or loss for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Our opinion

In our opinion, the accompanying financial statements of Goodman Property Trust (the Trust), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2019, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for *Accountants' Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of assurance services relating to the performance fee calculation, agreed upon procedures relating to the financial covenants of the bank facilities and data analysis and advisory services relating to the review of an application to the Overseas Investment Office for approval to purchase a property. The provision of these other services has not impaired our independence as auditor of the Group.



Independent auditor's report (continued)

To the unitholders of Goodman Property Trust

Our audit approach

Overview



An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

For the purpose of our audit, we used a threshold for overall Group materiality of \$6.5 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$0.5 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

We have one key audit matter being valuation of investment property.

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	\$6.5 million
How we determined it	Approximately 5% of profit before tax, excluding movement in fair value of investment property and financial instruments.
Rationale for the materiality benchmark applied	We applied this benchmark because, in our view, it is reflective of the metrics against which the performance of the Group is most commonly measured.

Audit scope

We designed our audit by assessing the risks of material misstatement in the financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.



Independent auditor's report (continued)

To the unitholders of Goodman Property Trust

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. We have one key audit matter being valuation of investment property. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment property</p> <p>Refer to note 1 of the financial statements.</p> <p>The Group's investment properties comprise industrial and office properties and at \$2.6 billion represented the majority of the Group's assets as at 31 March 2019.</p> <p>Investment property is carried at fair value, based on market values where available. Where market values are not available alternative valuation methods are used. Where developments are not sufficiently progressed to enable fair value to be reliably determined, they are carried at the cost spent on the development to date, less any impairment. Investment property contracted for sale is carried at the contracted sale price.</p> <p>The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, location and expected future rental income for each respective property.</p> <p>The existence of significant estimation uncertainty, coupled with the fact that only a small change to individual property valuation assumptions when aggregated could result in material misstatement, is why we have given specific audit focus and attention to this area.</p> <p>The valuations were carried out by third party valuers selected by the Group and rotated across the portfolio on a three yearly cycle. The valuers were engaged to value investment properties, and performed their work in accordance with the International Valuation Standards and the Australia and New Zealand Valuation and Property Standards. The valuers used are well-known firms, with experience in the markets in which the Group operates.</p> <p>In determining a property's valuation, the valuers take into account property specific information such as current tenancy agreements and rental income earned by the asset.</p> <p>They then apply assumptions in relation to capitalisation rates, current market rent and anticipated growth, based on available market data and transactions, to arrive at a range of valuation outcomes, from which they derive a point estimate. Due to the unique nature of each property, the assumptions applied take into consideration the individual property characteristics, as well as the qualities of the property as a whole. The Group has adopted the assessed values determined by the valuers.</p>	<p>There is subjectivity involved in determining the appropriate valuations for individual properties, including alternative assumptions and valuation methods. We therefore determined a range of values that were considered reasonable for each individual property. In assessing whether the valuation falls within this range, we perform the following procedures.</p> <p>External valuations</p> <p>We read the valuation reports and discussed the reports with the respective valuer. We confirmed that the valuation approach for each property was in accordance with accounting standards and suitable for use in determining the carrying value of investment property at 31 March 2019.</p> <p>We assessed the valuers' qualifications, expertise and their objectivity.</p> <p>We also considered whether or not there was bias in determining individual valuations.</p> <p>On a sample basis, we agreed property specific information supplied to the valuers by Goodman (NZ) Limited (the Manager) to the underlying property records held by the Group.</p> <p>It was evident from our discussions with management and the valuers and our review of the valuation reports that close attention had been paid to each property's individual characteristics, its overall quality, geographic location and desirability as a whole.</p> <p>Assumptions</p> <p>Our work over the assumptions focused on the largest properties in the portfolio and properties where the assumptions used and/or year-on-year fair value movement suggested a possible outlier versus market data. In particular, we compared valuation metrics used by the valuers to recent market activity. We also engaged our own in-house valuation specialist to critique and challenge the valuers approach and assumptions used.</p> <p>We concluded that the assumptions used in the valuations were supportable in light of available market evidence.</p> <p>From the procedures performed, we have no matters to report.</p>



Independent auditor's report (continued)

To the unitholders of Goodman Property Trust

Information other than the financial statements and auditor's report

The directors of the Manager are responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Manager for the financial statements

The directors of the Manager are responsible, on behalf of the Trust, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ) and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for the our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors of the Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.
- Communicate with the directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.



Independent auditor's report (continued)

To the unitholders of Goodman Property Trust

Auditor's responsibilities for the audit of the financial statements (continued)

- Provide the directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determine those matters, from the matters communicated with the directors of the Manager, that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Who we report to

This report is made solely to the Trust's unitholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders, as a body, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Richard Day.

For and on behalf of:



Chartered Accountants
14 May 2019

Auckland



GMT Bond Issuer Limited Financial Statements

For the year ended 31 March 2019

The Board of GMT Bond Issuer Limited, authorised these financial statements for issue on 14 May 2019. For and on behalf of the Board:



Keith Smith
Chairman



Peter Simmonds
Chairman, Audit Committee

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Profit or loss

For the year ended 31 March 2019

\$ million	2019	2018
Interest income	19.7	15.3
Interest cost	(19.7)	(15.3)
Profit before tax	-	-
Tax	-	-
Profit after tax attributable to shareholder	-	-

There are no items of other comprehensive income, therefore profit after tax attributable to shareholder equals total comprehensive income attributable to shareholder.

Balance sheet

As at 31 March 2019

\$ million	Note	2019	2018
Non-current assets			
Advances to related parties	2	400.0	400.0
Current assets			
Cash		0.2	-
Interest receivable from related parties	2	5.0	5.0
Total assets		405.2	405.0
Non-current liabilities			
Borrowings	1	400.0	400.0
Current liabilities			
Interest payable on retail bonds		5.2	5.0
Total liabilities		405.2	405.0
Net assets		-	-
Equity			
Contributed equity	7	-	-
Retained earnings		-	-
Total equity		-	-

Cash flows

For the year ended 31 March 2019

\$ million	2019	2018
Cash flows from operating activities		
Interest income received	19.7	13.5
Interest costs paid	(19.5)	(13.5)
Net cash flows from operating activities	0.2	-
Cash flows from investing activities		
Related party advances made	-	(200.0)
Net cash flows from investing activities	-	(200.0)
Cash flows from financing activities		
Proceeds received from retail bonds	-	200.0
Net cash flows from financing activities	-	200.0
Net movement in cash	0.2	-
Cash at the beginning of the year	-	-
Cash at the end of the year	0.2	-

Changes in equity

For the year ended 31 March 2019

\$ million	Contributed equity	Retained earnings	Total
As at 1 April 2017	-	-	-
Profit after tax	-	-	-
As at 31 March 2018	-	-	-
Profit after tax	-	-	-
As at 31 March 2019	-	-	-

There are no items of other comprehensive income to include within changes in equity, therefore profit after tax equals total comprehensive income.

General information

For the year ended 31 March 2019

Reporting entity

GMT Bond Issuer Limited ("the Company") was incorporated on 5 November 2009. The address of its registered office is Level 2, 18 Viaduct Harbour Avenue, Auckland. GMT Bond Issuer Limited is an issuer for the purposes of the Financial Reporting Act 2013 as its issued debt securities are listed on the New Zealand Debt Exchange ("NZDX"). GMT Bond Issuer Limited is a registered company under the Companies Act 1993.

GMT Bond Issuer Limited is a profit-oriented company incorporated and domiciled in New Zealand. The Company was incorporated to undertake issues of debt securities with the purpose of on lending the proceeds to Goodman Property Trust ("GMT") by way of interest bearing advances.

Basis of preparation and measurement

The principal accounting policies applied in the preparation of the financial report are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

The financial statements of the Company have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The Company is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historical cost basis.

The financial statements are in New Zealand dollars, the Company's functional currency.

Significant estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in the future periods affected.

Significant accounting policies

Interest income

Interest income from advances to related parties is recognised using the effective interest method.

Interest cost

Interest expense charged on borrowings is recognised as incurred using the effective interest method.

Advances to related parties

Advances to related parties are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method.

Interest receivable from related parties

These amounts represent the fair value of interest income recognised but not yet due for payment. Due to the short term nature of the receivables the recoverable value represents the fair value.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are carried at amortised cost using the effective interest method.

Interest payable

Interest payable represents interest costs recognised as an expense but not yet due for payment.

Financial risk management

Financial instruments are classified dependent on the purpose for which the financial instrument was acquired or assumed. Management determines the classification of its financial instruments at initial recognition between two categories:

<i>Amortised cost</i>	Instruments recorded at amortised cost are those with fixed or determined receipts / payments that are recorded at their expected value at balance date.
<i>Fair value through Profit or Loss</i>	Instruments recorded at fair value through Profit or Loss have their fair value measured via active market inputs, or by using valuation techniques if no active market exists.

Changes in accounting policy

There have been no changes in accounting policies made during the financial year.

New accounting standards now adopted

NZ IFRS 9 Financial Instruments has been adopted in these financial statements. There have been no changes required to these financial statements and no changes to existing accounting policies along with comparatives as a result of this new accounting standard.

Notes to the Financial Statements

For the year ended 31 March 2019

1. Borrowings

1.1 Composition of borrowings

	Carried at	Date issued	Maturity	Interest rate	2019 \$ million	2018 \$ million
Retail bonds – GMB020	Amortised cost	Dec 13	Dec 20	6.20%	100.0	100.0
Retail bonds – GMB030	Amortised cost	Jun 15	Jun 22	5.00%	100.0	100.0
Retail bonds – GMB040	Amortised cost	May 17	May 24	4.54%	100.0	100.0
Retail bonds – GMB050	Amortised cost	Mar 18	Sep 23	4.00%	100.0	100.0
Total					400.0	400.0

1.2 Security and covenants

All borrowing facilities are secured on an equal ranking basis over the assets of the wholly-owned subsidiaries of the Company's parent entity, Goodman Property Trust. A loan to value covenant restricts total borrowings incurred by the Goodman Property Trust Group to 50% of the value of the secured property portfolio.

The Goodman Property Trust Group has given a negative pledge which provides that it will not create or permit any security interest over its assets. The principal financial ratio which must be met is the ratio of financial indebtedness to the value of the property portfolio. Further negative and positive undertakings have been given as to the nature of the Goodman Property Trust Group's business.

2. Advances to related parties

GMT Bond Issuer Limited is a wholly-owned subsidiary of Goodman Property Trust. All members of the Goodman Property Trust Group are considered to be related parties of the Company.

2.1 Composition of advances to related parties

	Carried at	Date issued	Maturity	Interest rate	2019 \$ million	2018 \$ million
Advance made to Goodman Property Trust in December 2013	Amortised cost	Dec 13	Dec 20	6.20%	100.0	100.0
Advance made to Goodman Property Trust in June 2015	Amortised cost	Jun 15	Jun 22	5.00%	100.0	100.0
Advance made to Goodman Property Trust in May 2017	Amortised cost	May 17	May 24	4.54%	100.0	100.0
Advance made to Goodman Property Trust in March 2018	Amortised cost	Mar 18	Sep 23	4.00%	100.0	100.0
Total					400.0	400.0

2.2 Guarantee

Covenant Trustee Services Limited (as Trustee for Goodman Property Trust) has entered into a guarantee under which Goodman Property Trust unconditionally and irrevocably guarantees all of the obligations of GMT Bond Issuer Limited under its Bond Trust Documents.

3. Administrative expenses

Goodman Property Trust, the Company's parent, paid all fees for audit services provided to the Company (2019: \$7,600, 2018: \$7,600).

4. Commitments and contingencies

4.1 Capital commitments payable

GMT Bond Issuer Limited has no capital commitments.

4.2 Contingent liabilities

GMT Bond Issuer Limited has no material contingent liabilities.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

5. Reconciliation of profit after tax to net cash flows from operating activities

\$ million	2019	2018
Profit after tax	-	-
Movements in working capital from:		
Interest payable on retail bonds	0.2	-
Movements working capital	0.2	-
Net cash flows from operating activities	0.2	-

6. Financial risk management

The Company is exposed to financial risk for the financial instruments that it holds. Financial risk can be classified in the following categories; interest rate risk, credit risk, liquidity risk and capital management risk.

The Board has delegated to the Goodman (NZ) Limited Audit Committee the responsibility to review the effectiveness and efficiency of management processes, risk management and internal financial controls and systems as part of their duties.

6.1 Financial instruments

The following items in the Balance Sheet are classified as financial instruments: Advances to related parties, cash, interest receivable from related parties, borrowings and interest payable. All items are recorded at amortised cost.

6.2 Interest rate risk

Interest rate risk is the risk that the value or future value of cash flows of a financial instrument will fluctuate because of changes in interest rates. The Board is responsible for the management of the interest rate risk arising from the external borrowings.

To mitigate interest rate risk all advances to related parties have fixed interest rates receivable that match the fixed interest rates payable on borrowings.

6.3 Credit risk

Credit risk is the risk of loss that arises from a counterparty failing to meet their contractual commitment in full and on time, or from losses arising from the change in value of a trading financial instrument as a result of changes in credit risk of that instrument.

The Company's exposure to credit risk is limited to cash and deposits held with banks and credit exposure for the advances to related parties.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates. All financial assets are with Goodman Property Trust. Goodman Property Trust has been assigned a rating of BBB with a stable outlook by Standard & Poor's.

6.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. The Company's approach to management of liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following table outlines the Company's financial liabilities by their relevant contractual maturity date. Values are the contractual undiscounted cash flows and include both principal and interest where applicable.

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

6. Financial risk management (continued)**6.4 Liquidity risk (continued)**

\$ million	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and later	Total cash flows	Carrying value
2019								
Financial assets – Advances to related parties	19.7	117.9	13.5	109.7	106.2	100.8	467.8	405.0
Financial liabilities – Retail bonds	(19.9)	(117.9)	(13.5)	(109.7)	(106.2)	(100.8)	(468.0)	(405.2)
Cash	0.2	-	-	-	-	-	0.2	0.2
Total	-	-	-	-	-	-	-	-
2018								
Financial assets – Advances to related parties	19.7	19.7	117.9	13.5	109.7	207.0	487.5	405.0
Financial liabilities – Retail bonds	(19.7)	(19.7)	(117.9)	(13.5)	(109.7)	(207.0)	(487.5)	(405.0)
Total	-	-	-	-	-	-	-	-

6.5 Capital management risk

The Company's policy is to match the value, term and maturity of external borrowings to the value, term and maturity of advances made to related parties. This minimises capital management risk for the Company.

6.6 Fair value of financial instruments

The fair value of financial instruments has been estimated as follows:

\$ million	Fair value hierarchy	2019	2018
Related party receivables	Level 2	421.1	416.2
Retail bonds	Level 1	(421.1)	(416.2)

For instruments where there is no active market, the Company may use internally developed models which are usually based on valuation methods and techniques generally recognised as standard within the industry. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value of financial instruments classified as Level 2, being the related party receivables, is measured using the quoted prices of the retail bonds liability.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest input to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is a Level 3 measurement.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

7. Equity

As at 31 March 2019, 100 ordinary shares had been issued for nil consideration (2018: 100 ordinary shares for nil consideration). All shares rank equally with one vote attached to each share.

The Company has tangible assets of \$0.2 million, and its net assets are nil. Consequently, the net tangible assets per bond at 31 March 2019 are nil (2018: nil).

Independent auditor's report

To the shareholder of GMT Bond Issuer Limited

We have audited the financial statements which comprise:

- the balance sheet as at 31 March 2019;
- the statement of profit or loss for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Our opinion

In our opinion, the financial statements of GMT Bond Issuer Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 31 March 2019, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as the auditor, we have no relationship with, or interests in, the Company.

Our audit approach

Overview



An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

For the purpose of our audit, we used a threshold for overall materiality of \$197,000.

We have not identified any key audit matters from our audit given the nature of the entity. Refer to the *Key audit matters* section of our report.



Independent auditor's report (continued)

To the shareholder of GMT Bond Issuer Limited

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	\$197,000
How we determined it	Approximately 1% of interest expense.
Rationale for the materiality benchmark applied	We applied this benchmark because, in our view, it is the metric against which the performance of the Company is most commonly measured.

Audit scope

We designed our audit by assessing the risks of material misstatement in the financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. The entity obtains funding from the issue of debt securities and then lends the proceeds to Goodman Property Trust at the same cost. Given the nature of the Company's operations, we determined that there were no key audit matters to communicate in our report.

Information other than the financial statements and auditor's report

The directors are responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report (continued)

To the shareholder of GMT Bond Issuer Limited

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ) and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.
- Provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determine those matters, from the matters communicated with the directors, that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Who we report to

This report is made solely to the Company's shareholder. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Richard Day.

For and on behalf of:

Chartered Accountants
14 May 2019

Auckland

Other
information

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Corporate governance

Introduction

Corporate governance is the system by which organisations are directed and managed. It influences how an organisation's objectives are achieved, how its risks are monitored and assessed and how its performance is optimised.

The Board has adopted an overall corporate governance framework that is designed to meet best practice standards and recognises that an effective corporate governance culture is critical to success.

At all times, the Board strives to achieve governance outcomes which effectively balance the needs of GMT and GMT Bond Issuer Limited, investors, regulators and the wider market.

The governance section of the Goodman Property Trust website contains all the relevant policies, charters and other documents described in this report.

GMT and GMT Bond Issuer Limited

GMT is an NZX listed unit trust created by the Trust Deed and administered under the Financial Markets Conduct Act 2013 ("FMCA"). Covenant Trustee Services Limited is the Trustee and supervisor of GMT and is appointed to hold the assets of GMT on trust for Unitholders. The Trustee has the rights and powers in respect of the assets of GMT it could exercise as if it was the absolute owner of such assets, but subject to the FMCA and the rights given to the Manager by the FMCA and the Trust Deed.

GMT Bond Issuer Limited is a wholly owned subsidiary of GMT and issuer of Goodman+Bonds. Goodman+Bonds are debt securities listed on the NZDX. They are direct, secured, unsubordinated, obligations of the issuer, ranking equally with debt owed to GMT's main banking syndicate. Public Trust is the Bond Trustee for Goodman+Bonds.

GMT Bond Issuer Limited has no activities other than those necessary or incidental to the issuing of Goodman+Bonds and complying with its obligations at law.

Relationship with Goodman Group

Goodman Group is the Trust's largest investor, owning approximately 21.4% of Units on issue at 31 March 2019.

It is also the Manager of the Trust through its wholly owned subsidiary, Goodman (NZ) Limited. The Manager receives fees for the fund management, property services, development management and other services it provides through Goodman (NZ) Limited and Goodman Property Services (NZ) Limited. These fees are summarised on the website within the corporate governance section.

Goodman Group's cornerstone investment and management contract, which includes a market leading performance fee structure, ensures close alignment of interests between Goodman Group and other Unitholders.

Goodman Group holds no Goodman+Bonds.

NZX Corporate Governance Code

The following section assesses GMT's corporate governance framework against the principles and recommendations of the NZX Corporate Governance Code. A more detailed analysis against the NZX Code is set out in the Corporate Governance Statement which can be found in the governance section of the Goodman Property Trust website.

Principle 1 – Code of Ethical Behaviour

The highest standards of behaviour are expected from the Directors and employees of the Manager. These expectations are formalised in the following policies, practices and processes.

Code of Conduct

This policy establishes the standards of ethical and personal conduct expected of Directors and Employees. It is consistent with the wider corporate values of the Manager and compliance with the policy is a condition of employment. Induction training and regular refresher sessions are provided.

The policy specifically requires Directors and employees to act with honesty and integrity in a professional and respectful manner, respecting confidentiality and in accordance with the law. All stakeholders are to be treated fairly and individuals are expected to be transparent, declaring and managing any conflicts of interest.

All Directors and employees are responsible for reporting unethical or corrupt behaviour and the Manager will take whatever disciplinary action it considers appropriate in the circumstances, including dismissal.

Financial Products Trading Policy

This policy reflects the insider trading provisions of the Financial Markets Conduct Act 2013 and strengthens those requirements with additional compliance standards and procedures which Directors and employees who wish to trade in GMT Units or Goodman+Bonds must comply with.

The Manager imposes trading windows through this policy as well as requiring written approval of the CEO or Chairman prior to any trade.

Principle 2 – Board Composition & Performance

The Board works with Management to formulate and implement its strategy for the Trust, monitoring its performance against set objectives. The Board also has the responsibility to ensure business risks are appropriately identified and managed and that the statutory, financial and social responsibilities of the Manager are complied with.

Board Charter

The Board Charter sets out the roles and responsibilities of the Board, while a statement of investment policies and objectives provides the strategic framework.

Corporate governance (continued)

To facilitate the effective execution of its responsibilities, the Board has developed a statement of delegated authority for Management. This statement clarifies which matters are dealt with by the Board and which matters are the responsibility of Management and includes areas such as finance, corporate matters and property transactions.

A copy of the Board's approved mandate and Board Charter can be found on the website within the corporate governance section.

Board Composition

The Board of the Manager comprises seven Directors, with a majority being independent (as defined in the Listing Rules). John Dakin, Gregory Goodman and Phil Pryke are not considered independent due to their relationship with Goodman Group. The biographies of the Directors can be found online at www.goodmanreport.co.nz.

The Board includes:

Name	Classification	Original appointment	Expiry of current term
Keith Smith	Independent Director	13 May 2004	27 July 2019
Leonie Freeman	Independent Director	11 October 2011	3 July 2021
Susan Paterson	Independent Director	11 April 2008	2 August 2020
Peter Simmonds	Independent Director	14 October 2010	27 July 2019
Gregory Goodman	Non-executive Director	23 December 2003	n/a
Phil Pryke	Non-executive Director	28 January 2004	28 February 2020
John Dakin	Executive Director	01 July 2012	30 June 2021

Directors have an average tenure of 11.3 years at 31 March 2019. They are encouraged to undertake training to ensure they have the market knowledge and governance expertise to perform their roles and duties. Any new director receives a comprehensive induction that includes a tour of the Trust's assets.

All Directors are appointed for three-year terms, after which they are eligible for reappointment⁽¹⁾. Independent Directors are appointed by Unitholders in the manner described in the Trust Deed. As the Manager is a wholly owned subsidiary of Goodman Group, appointment of non-independent directors is made by Goodman Group.

The Board of GMT Bond Issuer Limited replicates the Board of the Manager. A separate Board, including separate Board meetings, is maintained to ensure the obligations of GMT Bond Issuer Limited as the issuer of the Goodman+Bonds are met.

Both entities have written agreements with each Director setting out the terms and conditions of their appointment.

Diversity and inclusion

As an externally managed Unit Trust GMT does not have any employees. The Directors and staff are employed through Goodman (NZ) Limited and Goodman Property Services (NZ) Limited, subsidiaries of Goodman Group.

A diversity and inclusion policy, specific to NZ Directors and employees was adopted in 2018. It recognises that an inclusive and diverse culture provides a greater variety of views and ideas that lead to better business outcomes. Under this policy the Manager undertakes to measure gender, ethnicity and age on a regular basis and to report progress against future targets.

The table below shows gender diversity. Of the 65 employees and directors included, 44.6% are female and 55.4% are male. The average employee has been with Goodman for 6.3 years and is 38.6 years old. It is a team that includes 10 different ethnicities and has speakers of nine languages.

Gender diversity	Total persons	Female		Male	
		2019	2023	2019	2023
Board	7	28.6%	>40%	71.4%	<60%
Executive	7	28.6%	>40%	71.4%	<60%
Managerial	10	20.0%	>35%	80.0%	<65%
Other staff	41	56.1%	=50%	43.9%	=50%

At the balance date and the date of this report the Board comprised two female Directors out of a total of seven Directors. All four of the officers of the Manager are male. This is unchanged from the prior period.

Board Performance

The skill set of the Board is carefully balanced with commercial, property, capital market and financial expertise, all relevant to the effective and informed governance of GMT. The Directors have a wide range of skills and experience, enabling the Board to bring critical judgement and independent assessment to the oversight of the business.

The performance of the Board is reviewed regularly with such process being managed by the Chairman of the Board.

Independent Directors maintain their skills and capabilities through regular training. This includes completing the continuing education requirements of the NZ Institute of Directors and other relevant professional bodies.

⁽¹⁾ The exception is Gregory Goodman who has a standing appointment in his role as Group CEO of Goodman Group.

Corporate governance (continued)

The Chairman and the Chief Executive Officer

As recommended by the NZX Code, the roles of Chairman and Chief Executive Officer are separated. This separation avoids concentrations of influence and increases accountability.

Keith Smith is the Chairman and John Dakin is the Chief Executive Officer of the Manager. John is also an Executive Director of the Manager.

Board Meetings

The Board typically meets in person five times a year, with one of those meetings focused on business planning and strategy.

During the financial year to 31 March 2019 all seven Directors attended each Board meeting. The 100% attendance record was also maintained in the 2018 financial year.

The Independent Directors are encouraged to meet separately when necessary and, in any event, not less than once a year. They are also entitled to take independent legal advice at the Manager's expense should they believe it necessary to adequately perform their role.

Company Secretary

The company secretarial function is performed by Anton Shead, the Manager's General Counsel. Refer to www.goodmanreport.co.nz for Anton's biography.

Principle 3 – Board Committees

The Board establishes committees to assist in the exercise of its functions and duties and to ensure that all risks are effectively monitored and managed.

Audit Committee

The Audit Committee is a permanent committee which typically meets four times a year. As at the date of this Report, the Audit Committee has a majority of Independent Directors and comprises: Peter Simmonds (Chairman), Keith Smith, Leonie Freeman, Susan Paterson and Phil Pryke. Phil Pryke is the only Director on the Audit Committee who is not independent.

All members of the Audit Committee are non-executive Directors.

The Audit Committee operates under the terms of a formal charter, a copy of which is available on the website within the corporate governance section. The duties and responsibilities of the Audit Committee include the following:

- + monitoring the independence, ability and objectivity of the external auditor;
- + ensuring the Key Audit Partner (as defined in the Listing Rules) is changed every five years;
- + reviewing the financial statements of GMT and GMT Bond Issuer Limited and overseeing the auditing of those financial statements;
- + reviewing and reporting to the Board on the appropriateness of GMT's Financial Risk Management policy;

- + setting the parameters for the internal audit programme, overseeing its implementation and reviewing its outputs and recommendations; and
- + overseeing and advising on the Manager's internal risk management programme.

Remuneration Committee

The NZX Code recommends that a Remuneration Committee be established to benchmark remuneration packages for Directors and senior employees and that this be disclosed to investors.

GMT has not followed this recommendation during the financial year ended 31 March 2019, as its external management structure means that these costs are borne by the Manager and a Remuneration Committee is not required.

In the interests of transparency and good governance the Manager has disclosed the basis upon which the Goodman Group Remuneration and Nominations Committee determines the packages payable to Directors and employees involved with its New Zealand operations. This disclosure is included under Principle 5 on page 99.

Nomination Committee

GMT's Trust Deed gives unitholders the right to nominate and appoint Independent Directors.

The Board, rather than a committee, manage the nomination and appointment process of any new non-independent director. The Goodman Group Remuneration and Nomination Charter applies to the extent relevant and should the Board decide to add a director (whether as the result of a retirement or otherwise), then the Board may constitute a committee to consider that appointment.

Other Committees

The Board may from time to time establish other Committees for a specific purpose. The terms of reference for each committee is agreed by the Board as part of the establishment process. Examples include:

- a) Due Diligence Committee**
The Board will establish a Due Diligence Committee to oversee and report to the Board on any transaction of a significant size and/or complexity.

A Due Diligence Committee will usually include at least one Independent Director, relevant external consultants and members of Management considered appropriate for the transaction in question.
- b) Appointments Committee**
The Board will, when it considers appropriate, constitute an Appointments Committee to consider senior executive and director appointments and performance. An Appointments Committee will usually include at least one Independent Director and other persons considered appropriate.

Takeover protocol

The Board has approved a Takeover Response Manual, which establishes the procedure to be followed if there is a takeover offer, including the establishment of an independent committee to manage the response obligations.

Corporate governance (continued)

Principle 4 – Reporting & Disclosure

A fully informed and efficient market builds investor confidence which ultimately contributes to the investment performance of the Trust and its ability to raise capital.

The Manager is committed to keeping Unitholders, regulators and other stakeholders fully and promptly informed of all material information. The Manager has policies and procedures that govern the behaviour of the Directors and employees ensuring balanced and timely information is provided to the market.

Continuous Disclosure Policy

The Manager has a Continuous Disclosure Policy which details the relevant legal requirements and sets out the procedures put in place to ensure compliance with them.

Related Party Policy

The Manager believes that having a Board with a majority of experienced and strong Independent Directors, effectively manages any related party issues or conflicts that could arise with an external management structure.

A comprehensive Related Party Policy summarises the relevant restrictions contained in the Listing Rules, the law and relevant contractual commitments, and how these issues are managed. The Manager uses this policy as a tool to ensure that:

- + Management and the Board are properly briefed and educated on the relevant restrictions and the processes put in place to ensure compliance with these restrictions; and
- + unitholders and the investment market recognise that the Manager deals with related party issues in an appropriate, transparent and robust manner.

Other reporting

The Manager has extended GMT's corporate reporting in recent years to provide a broader overview of the business, explaining how the Trust creates long-term value for all its stakeholders. It includes additional information about the Managers own-develop-manage business model, the current investment strategy and achievements in the sustainability programme.

Sixteen factors were identified as key drivers of the Trust's success in a materiality survey undertaken with a representative group of stakeholders in early 2018. The six most important included, customer relationships, sustainable development, resilient property portfolio, capital structure and financial results, along with health and safety. These six areas are the focus of GMT's corporate reporting.

Access to key governance documents

The governance section of the website, <https://nz.goodman.com/who-we-are/corporate-governance> contains all the relevant policies, charters and other documents described in this report including:

- + The Trust Deed of Goodman Property Trust
- + The Statement of Investment Policies and Objectives for Goodman Property Trust
- + Goodman (NZ) Limited Audit Committee Charter
- + Goodman Property Trust Fee Summary
- + Goodman (NZ) Limited Board Charter
- + Goodman (NZ) Limited Board Mandate
- + Code of Conduct
- + Corporate Governance Statement 2019
- + Financial Products Trading Policy
- + Goodman (NZ) Limited Diversity Policy
- + Continuous Disclosure Policy
- + Related Party Policy

Together with the Trust Deed of GMT Bond Issuer Limited (including the Supplemental Trust Deeds).

Principle 5 – Remuneration

GMT's external management structure means that the Trust does not have any Directors or employees of its own.

The remuneration of the Directors and employees are direct costs of Goodman (NZ) Limited and Goodman Property Services (NZ) Limited respectively. The expense is a cost of managing GMT, a service for which these entities receive fees. For these reasons, during the financial year ended 31 March 2019, GMT has not complied with the NZX Code recommendations for issuers to have a remuneration policy and to recommend Director remuneration to unitholders for approval.

A breakdown of the fees paid by GMT in FY19 is provided in Note 10 of the Financial Statements, page 72.

In the interests of transparency and good governance the Manager has disclosed the basis upon which the Goodman Group Remuneration and Nominations Committee determines the packages payable to Directors and employees involved with its New Zealand operations. This detail is provided with the consent of the Directors and the Chief Executive Officer.

Corporate governance (continued)

Directors remuneration

Directors of Goodman (NZ) Limited are paid fees that reflect the responsibility of governing the Trust and implementing a strategy that creates value for its investors. The level of remuneration is regularly benchmarked against other comparable companies.

Directors were entitled to fees, including fees for Due Diligence Committee matters, as set out below. None of the Directors are paid performance related fees relating to their directorships.

Director	Role	2019 \$	2018 \$
Keith Smith	Chairman, Independent Director	155,000	153,750
Peter Simmonds	Chairman Audit Committee, Independent Director	100,000	102,650
Susan Paterson	Independent Director	90,000	88,750
Leonie Freeman	Independent Director	90,000	96,550
Phil Pryke	Non-executive Director	90,000	99,550
Greg Goodman	Non-executive Director	–	–
John Dakin	Executive Director	–	–

The Chairman receives \$155,000 per annum, the Chairman of the Audit Committee \$100,000 per annum and each other Director \$90,000 per annum. In addition, Directors are paid \$300 per hour for time spent in relation to Due Diligence Committee matters.

Greg Goodman and John Dakin are remunerated by way of salary for their executive roles and are not paid any additional remuneration for their positions as Directors on the Board.

Chief Executive Officer and employee remuneration

The remuneration of the CEO and other employees is designed to attract and retain the most talented and effective individuals. Packages include a base salary, together with short-term and long-term incentive components.

A summary of key remuneration principles is set out below:

- + the basis of remuneration is local market referenced base salary, reviewed annually;
- + employees may be awarded short term incentives in the form of discretionary cash bonuses, subject to GMT, Goodman Group and personal achievement of financial and operational targets;
- + all employees can participate equally in two long term incentive plans designed to maximise long-term alignment with unitholders of GMT ("NZ LTIP") and securityholders of Goodman Group ("Goodman Group LTIP");
- + the NZ LTIP, performance rights are issued which give employees the right to acquire, for nil consideration, Goodman Property Trust units subject to the satisfaction of hurdles assessed over specific three-year testing period timeframes. GMT units awarded are sourced from units held by Goodman Group or purchased on market by Goodman Group;

- + under the Goodman Group LTIP, performance rights are issued which give employees the right to acquire, for nil consideration, stapled securities of Goodman Group subject to the satisfaction of hurdles assessed over specific three-year testing period timeframes; and
- + for both LTIP schemes, an employee is required to remain employed for a five-year period from the initial granting to be eligible to receive all the awards that meet performance hurdles.

Employees automatically receive life cover and salary continuance insurance and for those that are participating, KiwiSaver contributions of 3% are made.

The remuneration of the CEO, including the nature and amount of each major element, is shown below. All amounts are in New Zealand dollars.

	Chief Executive Officer's Short Term Remuneration			
	Salary \$	Bonus ⁽¹⁾ \$	KiwiSaver \$	Total \$
31 March 2019	413,654	500,000	27,900	941,554
31 March 2018	432,693	500,000	28,500	961,192

	Chief Executive Officer's Long Term Remuneration			
	Goodman Group LTIP		NZ LTIP	
	Performance Rights Granted Number	Performance Rights Vesting Number	Performance Rights Granted Number	Performance Rights Vesting Number
31 March 2019	125,000	99,431	961,750	574,649
31 March 2018	125,000	80,881	949,750	421,795

⁽¹⁾ Bonus paid in the year ended 31 March 2019 related to GPSNZ's year ended 30 June 2018. Bonus paid in the year ended 31 March 2018 related to GPSNZ's year ended 30 June 2017.

More than 80% of the CEO's total remuneration is performance based and therefore at risk. On average, other executives have around 65% of their total remuneration at risk. For the year ended 31 March 2019 the ratio between the average base salary paid to an employee and the Chief Executive Officer was 1 to 3.95.

Participation in long term incentive plans

For the year ended 31 March 2019 the NZ LTIP awarded employees a total of 3,117,081 GMT units with a market value of \$4.4 million on the date of vesting. The Goodman Group LTIP awarded employees a total of 594,651 GMG securities with a market value of NZ\$6,702,754 million on the date of vesting.

Corporate governance (continued)

As at 31 March 2019 under both LTIP schemes employees held performance rights some of which had completed their three-year testing period and met some or all of the performance hurdles ("Tested performance rights"). These performance rights will vest to employees over the next three years subject to continuing employment and limited other circumstances. In addition, employees hold performance rights which have not yet reached the end of their three-year testing period ("Untested performance rights").

Total performance rights held by employees at 31 March 2019 are summarised below:

	NZ LTIP	Goodman Group LTIP
Tested performance rights	3,488,245	654,217
Untested performance rights	12,920,000	1,842,121
Total performance rights held	16,408,245	2,493,538

Principle 6 – Risk Management

The Manager maintains a risk management framework for GMT that includes regular reporting to both the Audit Committee and the Board and the undertaking of an annual risk assessment for GMT.

The Board has the overall responsibility for ensuring that risk is managed effectively. This includes consideration of all strategic, operational, financial and compliance risks. The Audit Committee reviews the effectiveness of the risk management process.

Risk register

The register identifies the material risks to the business, assessing the impact and likelihood of each risk along with the steps taken to mitigate possible adverse impacts. Customer, environmental, financial, human, health and safety, regulatory and reputational impacts are all considered.

The Manager's businesses risk function facilitates the annual review of the risk register in conjunction with senior management. Existing risks are reassessed, and new risks considered during the review.

Financial risk management policy

The policy reflects the Boards approach to managing financial risks. It includes policies, controls relating to:

- + Liquidity risk
- + Interest rate risk
- + Foreign exchange risk
- + Counterparty credit risk
- + Operational risk

This policy is reviewed by the Board annually.

Health and Safety

The health, safety and wellbeing of employees, customers, contractors and the wider community is a business priority.

Since the introduction of the Health and Safety at Work Act 2015 the Manager has worked closely with staff and contractors to develop a culture of greater safety awareness. The emphasis on proper processes, vigilance and personal responsibility is consistent with the aim being free of serious harm accidents.

Detailed reporting, including trend analysis, is provided to the Board on a regular basis and used to identify and mitigate future health and safety risks.

There were no serious harm accidents recorded in the last financial year.

Principle 7 – Auditors

The Audit Committee ensures the quality and independence of the external audit process. The Committee ensures the annual audit is carried out independently and without impairment maintaining the credibility and reliability of the Trust's financial reporting.

Annual meeting attendance

The Manager also requires the external auditors to attend the annual meeting to answer Unitholders' questions about the conduct of the audit, as well as the preparation and content of the independent auditor's report.

Internal audit

The Audit Committee approves the annual internal audit programme. The scope of the internal audit programme varies from year to year depending on the outcome of the risk assessment review described in Principle 6.

The service is performed by Goodman Group with its engagement approved by the Trust's supervisor and the Independent Directors.

Principle 8 – Unitholder Rights & Relations

The Board and Manager encourage investor engagement and facilitate this through regular communication and meeting opportunities. The Managers investor relations resource is responsible for delivering this programme. It typically includes:

- + An annual meeting
- + Investor open days
- + Six monthly newsletters
- + Annual reports
- + Live webcasts of the interim and annual result presentations
- + Regular institutional investor and analyst meetings
- + National road show presentations
- + Investor briefings

Corporate governance (continued)

The investor relations section of the website is the repository of important information about GMT and GMT Bond Issuer Limited. It includes, NZX releases, financial result and meeting presentations, reports and newsletters, and distribution histories. It also allows investors to view current prices and link to the Registrar to check their holding, update details and download forms.

Investors have the option of receiving communication in printed or electronic format and live webcasting is provided for the annual meeting and financial result presentations.

A dedicated toll-free investor line is also available for any investment related queries, 0800 000 656 (+64 9 375 6073 from outside New Zealand).

Annual meeting of Unitholders

The Trust Deed requires an annual meeting of Unitholders every year. The Board encourages the participation of Unitholders at these meetings to ensure accountability and familiarity with the objectives of its investment strategy.

The next annual meeting is to be held at Eden Park in Auckland on 3 July 2019.

Further details will be contained in the Notice of Meeting, which is expected to be distributed on or around 5 June 2019. This timing is consistent with the NZX requirement of being at least 28 days ahead of the meeting.

Voting on resolutions is done by poll and online proxy voting is provided for investors unable to attend. Unitholders have one vote per unit they hold.

Other statutory and listing rule disclosures

NZX Waivers

NZX has granted waivers to GMT and GMT Bond Issuer at various times, some of which have been relied upon by GMT and GMT Bond Issuer Limited during the year ended 31 March 2019.

Fees

Under paragraph 39(d) of the waivers that were granted to GMT by NZX on 12 November 2012, GMT is required to disclose in its interim financial statements the fees that were paid to GPSNZ under the property management and development management agreements between HDL and GPSNZ, during the period they were in force.

Included within property management fees and development management fees paid is \$5.2 million paid pursuant to the property management and development management agreements between HDL and GPSNZ for the year ended 31 March 2019.

GMT

On 17 May 2018, NZX granted GMT a waiver from NZX Listing Rule 9.2.1 in relation to the proposed sale of 100% of the shares in Wynyard Precinct Holdings Limited ("WPH") to Viaduct Holdings IV Limited pursuant to the terms of a sale and purchase agreement ("Proposed Transaction"). GMT, through its wholly-owned subsidiary Goodman Nominee (NZ) Limited ("Nominee"), holds 51% of the shares in WPH. Reco Aotearoa Private Limited ("Reco") holds the remaining 49% of shares in WPH. The waiver from NZX Listing Rule 9.2.1 was granted to the extent that the Rule would otherwise require GMT to seek unitholder approval to enter into the Proposed Transaction.

The effect of the waiver from NZX Listing Rule 9.2.1 is that GMT is able to enter into the Proposed Transaction without first obtaining the approval of an ordinary resolution of unitholders. Unitholder approval of the Proposed Transaction would otherwise have been required, as the Proposed Transaction will be a "Material Transaction" (as that term is defined in the NZX Listing Rules) for GMT, and GMT and Reco are considered "Related Parties" (as that term is defined in the NZX Listing Rules) for the purposes of the NZX Listing Rules.

The waiver from NZX Listing Rule 9.2.1 has been granted on the condition that the Independent Directors of Goodman certify, in a form acceptable to NZX, that:

- the Proposed Transaction has been negotiated, agreed and entered into on an arm's length and commercial basis;
- in their opinion the Proposed Transaction represents fair value and is fair and reasonable to GMT and its unitholders who are not related to, or Associated Persons (as that term is defined in the NZX Listing Rules) of Reco;
- Reco did not influence the final decision of the Board to enter into the Proposed Transaction.

The waiver from NZX Listing Rule 9.2.1 has been granted on the further condition that the waiver, its conditions and the implications of this waiver are disclosed in GMT's next annual report.

GMT Bond Issuer

No waivers were relied upon during the period.

A complete copy of the waivers provided by NZX can be found at www.nzx.com under the GMT code.

Summary of recent Trust Deed amendments

There have been no amendments to the Trust Deed during the period from 1 April 2018 to 31 March 2019. A copy of the supplemental deed which amended GMT's Trust Deed with effect from 14 November 2016 is available on the Corporate Governance section of the Goodman Property Trust Website at www.goodman.com/nz. It is also available on the Disclose Register accessible on the Companies Office website (<https://www.companiesoffice.govt.nz/disclose>).

Corporate governance (continued)

Register of Directors' holdings as at the Balance Date (to 31 March 2019)

The table below shows all relevant interests of Directors in Units and Goodman+Bonds under the FMCA, which include legal and beneficial interests in Units.

Director	Units	Goodman+ Bonds
Keith Smith (Chairman) ⁽¹⁾	462,654	150,000
Leonie Freeman ⁽²⁾	173,750	Nil
Susan Paterson ⁽³⁾	329,060	Nil
Peter Simmonds ⁽⁴⁾	201,741	Nil
Gregory Goodman	Nil	Nil
Phil Pryke	Nil	Nil
John Dakin ⁽⁵⁾	1,437,757	Nil

⁽¹⁾ Keith holds a beneficial interest in 378,460 GMT units through The Selwyn Trust. He is also a trustee of that trust. Keith has an interest as a trustee only (i.e. no beneficial interest) in a further 84,194 units, through being trustee of The Gwendoline Trust. Keith also has a beneficial interest in 150,000 GMB020 Bonds held by Gwendoline Holdings Limited.

⁽²⁾ Leonie holds her GMT units through Wave Trust of which she is a trustee and beneficiary.

⁽³⁾ Susan holds her GMT units through SM Taylor Family Trust of which she is a trustee and beneficiary.

⁽⁴⁾ Peter holds his GMT units through the Simmonds Family Trust of which he is a trustee and beneficiary (with the exception of 40,505 units which he holds personally).

⁽⁵⁾ John holds his units through SGH Investment Trust of which he is a trustee and beneficiary.

Other Disclosures for GMT Bond Issuer Limited

Interests register

GMT Bond Issuer Limited is required to maintain an interests register in which the particulars of certain transactions and matters involving the Directors must be recorded. The interests register is available for inspection on request.

Specific disclosures of interests

During the financial period, GMT Bond Issuer Limited did not enter into any transactions in which its Directors had an interest. Accordingly, no disclosures of interest were made.

Indemnity and insurance

In accordance with section 162 of the Companies Act 1993 and its constitution, GMT Bond Issuer Limited has provided insurance for, and indemnities to, Directors for losses from actions undertaken in the course of their duties. The insurance includes indemnity costs and expenses incurred to defend an action that falls outside the scope of the indemnity. The cost of such insurance has been certified as fair by the Directors of GMT Bond Issuer Limited. Particulars have been entered in the interests register pursuant to section 162 of the Companies Act 1993.

Use of company information by Directors

No member of the Board issued a notice requesting to use information received in his or her capacity

as a Director which would not have otherwise been available to that Director.

Donations

GMT Bond Issuer Limited did not make any donations during the financial period.

Audit fees

All audit fees and fees for other services provided by PricewaterhouseCoopers are paid by GMT.

Directors' disclosure

During the year ended 31 March 2019, Directors' disclosed interest or cessation of interest (indicated by (C)), in the following entities pursuant to section 140 of the Companies Act 1993.

Gregory Goodman

A.C.N. 136 625 502 Pty Limited (C)
A.C.N. 136 626 447 Pty Limited (C)
Goodman Wholesale Construction Loan Note Pty Limited (C)
Goodman Wholesale Loan Note Pty Limited (C)
Wynyard Precinct No.1 Limited (C)
Wynyard Precinct No.2 Limited (C)
Wynyard Precinct No.3 Limited (C)
Wynyard Precinct No.4 Limited (C)
Wynyard Precinct No.5 Limited (C)
Wynyard Precinct No.6 Limited (C)
Wynyard Precinct No.7 Limited (C)
Wynyard Precinct Holdings Limited (C)

Susan Paterson

Eroad Limited
Wondermins Limited

Phil Pryke

Dairy Technology Services Limited

Keith Smith

Stiles Holdings Limited (C)
Electronic Navigation Limited (C)
Western Building Supplies Limited
Pine New Zealand Group Limited

John Dakin

Wynyard Precinct No.1 Limited (C)
Wynyard Precinct No.2 Limited (C)
Wynyard Precinct No.3 Limited (C)
Wynyard Precinct No.4 Limited (C)
Wynyard Precinct No.5 Limited (C)
Wynyard Precinct No.6 Limited (C)
Wynyard Precinct No.7 Limited (C)
Wynyard Precinct Holdings Limited (C)

Investor relations

Introduction

Ensuring Unitholders and Bondholders are well informed and easily able to manage their investment is a key priority of the Manager's investor relations team. Regular meetings and communications, its website and a dedicated toll-free contact number provide investors with the means to make informed decisions.

Investor centre

The website, www.goodman.com/nz, enables Unitholders and Bondholders to view information about their investment, download investor forms, check current prices and view publications and announcements.

Publications

For Unitholders and Bondholders who elect to receive printed copies, the Annual and Interim Reports are typically mailed around June and December of each year respectively. Goodresults newsletters detailing the operational activities of the Trust over the intervening periods are mailed to Unitholders in September and March.

Helpline

The Manager has a dedicated toll-free number, 0800 000 656 (+64 9 375 6073 from outside New Zealand), which will connect Unitholders and Bondholders directly with the investor relations team who will assist with any queries.

Unitholder distribution

The Trust typically pays its distributions quarterly in the third month that follows each quarter. For example, the distribution for the March 2019 quarter will be paid in June 2019.

Bondholder interest payments

Interest is paid semi-annually, each year, until redemption. No dividends or distributions have been paid by GMT Bond Issuer Limited.

Registrar

Computershare Investor Services Limited is the registrar with responsibility for administering and maintaining the Trust's Unit and Bond Registers.

If you have a question about the administration of your investment, Computershare can be contacted directly:

- + by phone, on their toll-free number 0800 359 999 (+64 9 488 8777 from outside New Zealand);
- + by email, to enquiry@computershare.co.nz; or
- + by mail, to Computershare Investor Services Limited, Private Bag 92119, Auckland 1142.

Complaints procedure

As a financial service provider registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, the Manager is a member of an approved dispute resolution scheme (registration number FSP36542).

Complaints may be made to the Manager or through the financial dispute resolution scheme.

Contact details of both are included in the corporate directory at the end of this document.

Top 20 Unitholders

As at 1 May 2019

Rank	Holder Name	Number of units held	% of total issued units
1	Goodman Investment Holdings (NZ) Limited	277,250,271	21.41
2	Accident Compensation Corporation	77,803,843	6.01
3	FNZ Custodians Limited	71,666,609	5.54
4	HSBC Nominees (New Zealand) Limited	66,193,912	5.11
5	Forsyth Barr Custodians Limited	59,461,356	4.59
6	Citibank Nominees (New Zealand) Limited	58,961,010	4.55
7	Investment Custodial Services Limited	45,846,117	3.54
8	HSBC Nominees (New Zealand) Limited A/C State Street	42,757,595	3.30
9	BNP Paribas Nominees (NZ) Limited	32,307,668	2.50
10	JPMorgan Chase Bank NA NZ Branch – Segregated Clients Acct	30,246,418	2.34
11	BNP Paribas Nominees (NZ) Limited	22,955,022	1.77
12	ANZ Wholesale Trans-Tasman Property Securities Fund	19,006,689	1.47
13	Tea Custodians Limited Client Property Trust Account	17,399,732	1.34
14	Custodial Services Limited	12,205,204	0.94
15	Sir Woolf Fisher Charitable Trust Inc	11,139,000	0.86
16	New Zealand Depository Nominee Limited	10,683,024	0.83
17	ANZ Wholesale Property Securities	10,104,719	0.78
18	BNP Paribas Nominees (NZ) Limited	8,618,827	0.67
19	Mssrs. Williams, Parsons, Henshaw and Pearson	7,734,694	0.60
20	Custodial Services Limited	7,529,893	0.58
Units held by top 20 Unitholders		889,871,603	68.72
Balance of Units held		405,028,942	31.28
Total of issued Units		1,294,900,545	100.00

Investor relations (continued)

Substantial Unitholders

As at 31 March 2019

It is a requirement of the Financial Markets Conduct Act 2013⁽¹⁾ that each listed issuer makes available the following information in its Annual Report.

Unitholder	Number of Units Held ⁽²⁾
Goodman Investment Holdings (NZ) Limited	262,447,211 ⁽³⁾
Goodman Limited	262,447,211 ⁽³⁾
Accident Compensation Corporation	58,295,875

⁽¹⁾ The numbers of Units listed above are as at 31 March 2019 according to disclosures made under section 280(1)(b) of the Financial Markets Conduct Act 2013 and (prior to 1 December 2014) notices received under section 26 of the Securities Markets Act 1988. As these disclosures and notices are required to be filed only if the total holding of a Unitholder changes by 1% or more since the last notice filed, the numbers noted in this table may differ from those shown in the list of top 20 Unitholders. The list of top 20 Unitholders is shown as at 1 May 2019, rather than 31 March 2019.

⁽²⁾ The total number of Units on issue as at 31 March 2019 was 1,294,900,545.

⁽³⁾ Due to the breadth of the definition of 'Substantial Product Holder' in the Financial Markets Conduct Act 2013 and the nature of Goodman Group's corporate structure, the list above requires Goodman Group's holding in GMT to be shown through multiple entities each holding differing (i.e. legal or beneficial) interests. The total holding of Goodman Group as at 31 March 2019 is 277,250,271 Units.

Unitholder distribution

As at 1 May 2019

Unitholding Range	Number of Unitholders	Number of Units
1 to 9,999	3,120	15,832,950
10,000 to 49,999	5,126	112,643,001
50,000 to 99,999	790	51,974,655
100,000 to 499,999	500	89,375,755
500,000 to 999,999	34	22,714,343
1,000,000 and above	50	1,002,359,841
Total	9,620	1,294,900,545

Bondholder distribution

As at 1 May 2019

GMB020	Number of Bondholders	Number of Bonds
1 to 9,999	164	972,000
10,000 to 49,999	827	15,310,000
50,000 to 99,999	121	6,710,000
100,000 to 499,999	53	7,839,000
500,000 to 999,999	1	945,000
1,000,000 and above	15	68,224,000
Total	1,181	100,000,000

GMB030	Number of Bondholders	Number of Bonds
1 to 9,999	177	982,000
10,000 to 49,999	672	11,862,000
50,000 to 99,999	113	6,860,000
100,000 to 499,999	43	6,901,000
500,000 to 999,999	7	4,580,000
1,000,000 and above	12	68,815,000
Total	1,024	100,000,000

GMB040	Number of Bondholders	Number of Bonds
1 to 9,999	13	82,000
10,000 to 49,999	151	3,089,000
50,000 to 99,999	28	1,650,000
100,000 to 499,999	24	4,296,000
500,000 to 999,999	5	3,243,000
1,000,000 and above	13	87,640,000
Total	234	100,000,000

GMB050	Number of Bondholders	Number of Bonds
1 to 9,999	35	188,000
10,000 to 49,999	192	3,593,000
50,000 to 99,999	28	1,758,000
100,000 to 499,999	17	3,180,000
500,000 to 999,999	3	2,102,000
1,000,000 and above	12	89,179,000
Total	287	100,000,000

Glossary

\$ and cents

New Zealand currency.

Associated Person

has the meaning given to that term in the Listing Rules.

ASX

ASX Limited or any market operated by it, as the context requires.

Balance Date

31 March 2019.

Board

the Board of Directors of the Manager and GMT Bond Issuer Limited.

Bondholder

a person whose name is recorded in the register as a holder of a Goodman+Bond.

Cash Earnings

Cash earnings is a non-GAAP measure that assesses free cash flow, on a per unit basis, after adjusting for certain items. Calculation of GMT's cash earnings is set out on page 39.

CEO

the Chief Executive Officer of the Manager.

Chairman

the Chairman of the Board of the Manager.

Co-ownership Agreement

the agreement of that name between the Manager, Goodman Property Aggregated Limited, the Trustee, Goodman Funds Management Limited as responsible entity of GIT, Tallina Pty Limited as trustee of Penrose Trust, and Trust Company Limited as custodian of Tallina Pty Limited, dated 1 April 2004 as amended by the Restructuring Agreement between the same parties dated 7 March 2005, relating to the buying, selling and holding of property by the Trust and Goodman Group in 50/50 shares.

CPU or cpu

cents per unit.

Disclose Register

the Disclose Register is a register for offers of financial products and managed investment schemes under the Financial Markets Conduct Act 2013.

Director

a director of the Manager and GMT Bond Issuer Limited.

GIC

the sovereign wealth fund of Singapore.

GIT

Goodman Industrial Trust and its controlled entities, as the context requires.

GL

Goodman Limited and its controlled entities, as the context requires.

GMB

GMT Bond Issuer Limited, a wholly owned subsidiary of Goodman Property Trust.

Goodman

means Goodman (NZ) Limited as the Manager of the Trust.

Goodman Group or GMG

means GL, GIT and Goodman Logistics (HK) Limited, operating together as a stapled group. Where either GL, GIT or and Goodman Logistics (HK) Limited is party to a contract or agreement or responsible for an obligation or liability, without the other, all references to Goodman Group as concerns that contract, agreement or responsibility shall be to that party alone.

Goodman+Bond or Bond

a bond issued by GMB.

GPSNZ

Goodman Property Services (NZ) Limited.

Independent Director

has the meaning given to that term in the Listing Rules which, for the Manager are those persons listed on the following page.

Listing Rules

the Listing Rules of NZX from time to time and 'LR' is a reference to any of those rules.

Management

the senior executives of the Manager.

Manager or GNZ

the manager of the Trust, Goodman (NZ) Limited.

NTA

net tangible assets.

NZ IAS

New Zealand equivalents to International Accounting Standards.

NZ IFRS

New Zealand equivalents to International Financial Reporting Standards.

NZDX

the New Zealand debt market operated by NZX.

NZX

means NZX Limited.

NZX Code

means the NZX Corporate Governance Code 2019.

Operating Earnings

Operating earnings are a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. Calculation of operating earnings are as set out in GMT's Profit or Loss statement.

Registrar

the unit registrar for GMT and Goodman+Bond registrar for GMB which, at the date of this Annual Report, is Computershare Investor Services Limited.

sqm

square metres.

Total Unitholder Return

GMT's stock market performance including unit price appreciation and distributions paid.

Trust Deed

the GMT trust deed dated 23 April 1999, as amended from time to time.

Trust or GMT

Goodman Property Trust and its controlled entities, including GMB, as the context requires.

Trustee

the trustee of the Trust, Covenant Trustee Services Limited.

Unitholder or unitholder

any holder of a Unit whose name is recorded in the register.

Unit or unit

a unit in GMT.

WPH or Wynyard Precinct

Wynyard Precinct Holdings Limited, the joint venture between GMT and GIC, the sovereign wealth fund of Singapore.

Manager of Goodman Property Trust

Goodman (NZ) Limited

Level 2, 18 Viaduct Harbour Avenue
Auckland 1010
PO Box 90940
Victoria Street West
Auckland 1142

Toll free: 0800 000 656 (within New Zealand)
Telephone: +64 9 375 6060 (outside New Zealand)
Email: info-nz@goodman.com
Website: www.goodman.com/nz

Issuer of Goodman+Bonds

GMT Bond Issuer Limited

Level 2, 18 Viaduct Harbour Avenue
Auckland 1010
PO Box 90940
Victoria Street West
Auckland 1142

Toll free: 0800 000 656 (within New Zealand)
Telephone: +64 9 375 6060 (outside New Zealand)
Email: info-nz@goodman.com
Website: www.goodman.com/nz

Complaint Procedure

Financial Dispute Resolution Service

Freepost 231075
PO Box 2272
Wellington 6140

Toll free: 0508 337 337 (within New Zealand)
Telephone: +64 4 910 9952 (outside New Zealand)
Email: enquiries@fdr.org.nz

Auditor

PricewaterhouseCoopers

PwC Tower
188 Quay Street
Private Bag 92162
Auckland 1142

Telephone: +64 9 355 8000
Facsimile: +64 9 355 8001

Registrar

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142

Toll free: 0800 359 999 (within New Zealand)
Telephone: +64 9 488 8777 (outside New Zealand)
Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz

Legal Advisors

Russell McVeagh

Level 30, Vero Centre
48 Shortland Street
PO Box 8
Auckland 1140

Telephone: +64 9 367 8000
Facsimile: +64 9 367 8163

Trustee and Supervisor for Goodman Property Trust

Covenant Trustee Services Limited

Level 6, Crombie Lockwood Building
191 Queen Street
PO Box 4243
Auckland 1140

Telephone: +64 9 302 0638

Bond Trustee

Public Trust

Level 9
34 Shortland Street
PO Box 1598
Shortland Street
Auckland 1140

Toll free: 0800 371 471 (within New Zealand)
Telephone: +64 9 985 5300 (outside New Zealand)
Facsimile: 0800 371 001

Directors of Goodman (NZ) Limited and GMT Bond Issuer Limited

Chairman and Independent Director

Keith Smith

Independent Directors

Leonie Freeman
Susan Paterson ONZM
Peter Simmonds

Executive Director

John Dakin

Non-executive Directors

Gregory Goodman
Phillip Pryke

Management Team of Goodman (NZ) Limited and GMT Bond Issuer Limited

Chief Executive Officer

John Dakin

Chief Financial Officer

Andy Eakin

General Counsel and Company Secretary

Anton Shead

Director Investment Management

James Spence

General Manager Development

Michael Gimblett

Director Investment Management and Capital Transactions

Kimberley Richards

Head of Corporate Affairs

Jonathan Simpson

Marketing Director

Mandy Waldin

Making space for greatness

Goodman



goodman.com/nz