



Focused

Goodman Property Trust Interim Report 2019
GMT Bond Issuer Limited Interim Report 2019

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This document comprises the interim reports of Goodman Property Trust and GMT Bond Issuer Limited for the six-month period ended 30 September 2018 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.



Evan Sanders
Portfolio Manager, Highbrook

Robyn Barfoot
Asset Manager, Highbrook

Between them, Robyn and Evan have 25 years' experience in the property industry, with 20 of those years in various property roles at Goodman. With that scope of knowledge and expertise to call on, customers at Highbrook know they are in good hands.

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“We have positioned our business to capitalise on the growth of Auckland, the expansion of e-commerce and rising consumerism. As New Zealand’s leading industrial property provider, we expect these market dynamics to be significant drivers of our future performance.”

John Dakin — Chief Executive Officer

Operational highlights

\$66.4 million

Profit before tax

\$2.3 billion

Property portfolio

\$323.9 million

Sale price of the VXV Portfolio (GMT share)

99%

Auckland industrial weighting

\$209.6 million

Projects under development

22 hectares

Remaining development land

Results overview

	30 September 2018	30 September 2017	% change
Profit before tax (\$m)	66.4	45.3	46.6
Profit after tax (\$m)	59.3	39.5	50.1
Adjusted operating earnings before tax (\$m) ⁽¹⁾	60.1	59.8	0.5
Adjusted operating earnings after tax (\$m) ⁽¹⁾	51.7	51.4	0.6
Movement in fair value of investment property (\$m)	16.8	(8.4)	300.0
Cash earnings per unit (cpu)	3.61	3.53	2.3
Cash distribution per unit (cpu)	3.325	3.325	–
Assets for loan to value calculation (\$m) ⁽²⁾	2,311.9	2,575.0	(10.2)
Borrowings for loan to value calculation (\$m) ⁽²⁾	405.7	835.5	(51.4)
Loan to value ratio (%) ⁽²⁾	17.5	32.4	(46.0)
GMT – Standard & Poor's credit rating	BBB	BBB	–
Goodman+Bonds – Standard & Poor's credit rating	BBB+	BBB+	–

⁽¹⁾ Refer to note 4.2 of GMT's financial statements for further information.

⁽²⁾ Refer to note 3.5 of GMT's financial statements for further information.

Adjusted operating earnings

Adjusted operating earnings is a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. Calculation of adjusted operating earnings is as set out in note 4.2 of GMT's financial statements.

Cash earnings

Cash earnings is a non-GAAP financial measure that assesses free cash flow, on a per unit basis, after adjusting for borrowing costs capitalised to land and expenditure related to building maintenance.



Highbrook Business Park, East Tamaki

Highbrook is a world-class business park on Auckland's Waikou Peninsula. With a value of more than \$1.3 billion, it is a substantial estate that makes up over 50% of GMT's property portfolio.

Industrial focus



John Dakin
Chief Executive Officer
and Executive Director

Keith Smith
Chairman and
Independent Director

Major property transactions and the rapid progression of the Trust's development programme, supported by strong customer demand, is concentrating the portfolio and focusing investment in the Auckland industrial market. It's the continuation of a longer-term strategy that has transformed GMT into New Zealand's leading industrial property provider.

The year to date has seen asset sales, new development projects, positive leasing results and a strategic acquisition add to the positive momentum of the last three years.

With a strong balance sheet and a portfolio focused on the best-performing property sector, the Board and Management Team are extremely pleased with the progress being achieved. The Directors also believe that GMT is well positioned for sustainable long-term growth.

GMT's financial performance

The Trust recorded a profit before tax of \$66.4 million for the six months to 30 September 2018, a 46.6% increase from the previous corresponding period. Fair value gains of \$16.8 million on certain investment properties was the main variance.

Of these fair value gains, \$11.7 million related to development projects that were sufficiently far progressed to be independently valued. The balance of \$5.1 million related to the sale of 614-616 Great South Road, which became unconditional following the Trust's interim balance date. The gains attributed to these properties contributed to an increase in net tangible asset backing, from 138.9 cents per unit at 31 March 2018, to 140.2 cents per unit at 30 September 2018.

With the additional revenue from new acquisitions and developments offsetting asset sales, adjusted operating earnings before tax of \$60.1 million were 0.5% higher than the previous period.

On a weighted average unit basis, adjusted operating earnings were 4.65 cents per unit before tax and 4.00 cents per unit after tax.

Cash earnings of 3.61 cents per unit for the six months to 30 September 2018 is consistent with the full year guidance of around 7.0 cents per unit. The Board has reiterated that quarterly distributions totalling 6.65 cents per unit are expected to be paid in relation to this financial year.

Strategic direction

With more than 99% of the Trust's \$2.3 billion investment property portfolio located in the country's largest city, GMT's investment strategy is now almost exclusively focused on the Auckland industrial market.

A strong regional economy, supported by immigration flows and demographic trends, is contributing to the growing demand for well-located and operationally efficient logistics property. The expansion of online retailing is also driving supply chain requirements for warehouse and distribution space close to consumers.

These positive market dynamics are supporting the Trust's development programme and contributing to high occupancy rates and accelerating rental growth across the portfolio.

Chairman's and Chief Executive Officer's report (continued)

With the development programme well advanced, and GMT's land weighting below 5% of portfolio value, the Trust's Statement of Investment Policies and Objectives is being amended to add flexibility. The revision, which will come into effect on 10 December 2018, will allow an increase in the proportion of uncommitted development projects being undertaken.

It's a positive change that recognises the success of the build-to-lease programme and the smaller sized facilities required to complete the development of GMT's remaining land holdings.

Asset disposals have provided the balance sheet capacity to fund the Trust's development programme.

The sale of the VXV Portfolio in May 2018⁽¹⁾ was timed to take advantage of the buoyant investment market. With a gross sale price of \$635 million, the Trust's 51% interest in the joint venture reflected a sale price of \$323.85 million. The realised gain will add around 2.5 cents per unit to net tangible asset backing when it settles, expected to be later this financial year.

It is a defining transaction for GMT.

The scale makes it one of the largest real estate sales in New Zealand and it completes a portfolio rebalancing process that has consolidated the Trust and reinforced its position as New Zealand's leading provider of high-quality industrial space.

Reducing GMT's loan to value ratio from an already low 25% at 31 March 2018 to just 17.5% of total assets, the sale also provides the Trust with greater financial flexibility.



Foodstuffs Distribution Centre, Mt Roskill

Acquired after the interim balance date, the 13.1-hectare property features 36,650 sqm of warehouse and office space together with associated yard and parking areas.

⁽¹⁾ The sale to Blackstone, an international investor and fund manager, remains conditional on Overseas Investment Office approval.

Chairman's and Chief Executive Officer's report (continued)

GMT has maintained its strong balance sheet position by only investing in new opportunities that are complementary to the existing portfolio. These have included properties that offer longer-term opportunity through intensification of use or redevelopment.

The purchase of the Foodstuffs Distribution Centre at Roma Road in Mt Roskill is a recent example of this strategic focus. Acquired after the interim balance date for \$93 million, the property is leased to the grocery distributor until 2021. The under-utilised site, with older style facilities, offers considerable future potential. With limited greenfield sites available across Auckland, it is a value-add asset similar to the Tamaki Estate and Concourse properties, acquired in 2016 and 2017 respectively.

Investors are positive about the current business strategy and this is being reflected in GMT's investment performance. The combination of stock price appreciation and quarterly distributions has resulted in a total return of 26.9% over the 12 months to 30 September 2018. It is almost double the listed property benchmark and continues GMT's recent strong performance, outperforming the benchmark over the last five years.

Portfolio refinement

New Zealand's underlying economic drivers remain positive and in Auckland customer demand for high-quality industrial space continues to exceed supply. GMT's portfolio metrics reflect this demand; occupancy is 98.4%, rental growth is strengthening and the Trust has almost \$210 million of development projects under way.

It's a substantial level of development activity that includes a combination of design-build and build-to-lease facilities. Recent leasing success means the projects under construction are already over 50% committed. This will increase to around 70% committed as deals that are well progressed are successfully concluded.

To alleviate current supply constraints and to ensure the Trust has the facilities to meet future demand it is expected that a further \$75 million – \$100 million of new industrial projects will commence this financial year. The new facilities are in addition to the two pre-committed warehouse developments, total project cost of \$54.1 million, announced in May 2018.

The following table details the composition of the investment portfolio at 30 September 2018, adjusted for contracted sales.

	Value (\$ million)	Rentable area (sqm)	Average age (years)	Occupancy (%)	Weighted average lease term (years)
Core portfolio	1,878.9	863,022	9.8	99.0	5.7
Value-add estates	167.8	98,381	36.3	92.8	3.5
Total investment portfolio	2,046.7	961,403	12.5	98.4	5.5

Following completion of all current developments, the acquisition of the Foodstuffs Distribution Centre and including remaining development land, the portfolio will be 99% industrial with a value of more than \$2.5 billion.

GMT has set the benchmark for industrial property and the Management Team is continually working to ensure it maintains a superior quality portfolio. An upgrade programme is underway across the Trust's larger estates with signage, landscaping and access improvements being undertaken. The new investment will lift the presentation of these properties to a consistently high standard.

The portfolio is also regularly assessed to ensure buildings are operating as efficiently as possible. A commitment to improving the performance of the commercial offices within the VXV Portfolio culminated in the Trust winning the Energy and Emissions Reduction Project Award at the 2018 EECA Business Awards in September.

The four-year project to improve the energy efficiency of these buildings has enhanced the quality of the workspaces they provide and is estimated to have saved more than 7.5 million kWh of electricity. Customers have benefitted directly, saving more than \$1.1 million in operating costs.

The project was also highly commended in the Large Energy User of the Year Award category.

Reinvesting into the portfolio and ensuring building performance is optimised contributes to the quality and longevity of GMT's assets. This focus also supports high customer retention and satisfaction levels, important factors in the investment performance of the Trust.

Chairman's and Chief Executive Officer's report (continued)

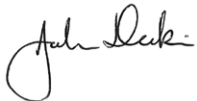
Business outlook

The focus on Auckland industrial property is contributing to strong financial results and positioning GMT for long-term, sustainable growth.

Taking advantage of the positive operating environment and intensifying the development programme with an appropriate mix of design-build and build-to-lease projects remains a key priority. With just 22 hectares of land remaining it's the continuation of a successful strategy that has refined and extended the portfolio since 2014.

The disposal of the VXV Portfolio largely completes the sales programme. With \$1.2 billion of assets sold over the last five years, GMT has substantial balance sheet capacity and greater financial flexibility. This capital will be deployed, over time, into new development activity. Complementary acquisitions, such as the Foodstuffs Distribution Centre, and new investment opportunities that replenish the landbank are also areas of focus.

With a strongly performing portfolio and a stable business outlook, the Trust is expected to deliver a full year result consistent with earlier guidance. Cash earnings of around 7.0 cents per unit are forecast for the year, with cash distributions of 6.65 cents per unit expected to be paid.



John Dakin
Chief Executive Officer and Executive Director



Keith Smith
Chairman and Independent Director



Highbrook Business Park has the greatest volume of development activity with seven construction projects underway.

01.

Parade Units

A multi-unit development along Business Parade South.

02.

Plytech

The new design-build facility for Plytech, an existing Highbrook customer.



Goodman Property Trust
Interim Financial Statements
For the six months ended 30 September 2018

The Board of Goodman (NZ) Limited, the Manager of Goodman Property Trust, authorised these financial statements for issue on 6 November 2018. For and on behalf of the Board:



Keith Smith
 Chairman



Peter Simmonds
 Chairman, Audit Committee

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Profit or loss

For the six months ended 30 September 2018

\$ million	Note	6 months 30 Sep 18	6 months 30 Sep 17
Property income	1.1	78.5	79.7
Property expenses		(14.5)	(14.8)
Net property income		64.0	64.9
Share of operating earnings before tax from joint venture	2.1	2.1	4.8
Interest			
Interest income	3.1	3.3	3.6
Interest cost	3.1	(12.2)	(12.2)
Net interest cost		(8.9)	(8.6)
Administrative expenses	6.1	(1.3)	(1.3)
Operating earnings before other income / (expenses) and tax		55.9	59.8
Other income / (expenses)			
Movement in fair value of investment property	1.5	16.8	(8.4)
Dividend income from joint venture contracted for sale	2.2	2.1	–
Share of other income / (expenses) and tax from joint venture	2.1	(0.5)	(1.0)
Movement in fair value of financial instruments	5.1	(3.7)	(1.2)
Manager's base fee expected to be reinvested in units	6.2	(4.2)	(3.9)
Profit before tax		66.4	45.3
Tax			
Current tax on operating earnings	7.1	(7.8)	(8.5)
Current tax on non-operating earnings	7.1	(1.1)	–
Deferred tax	7.1	1.8	2.7
Total tax		(7.1)	(5.8)
Profit after tax attributable to unitholders		59.3	39.5
There are no items of other comprehensive income, therefore profit after tax attributable to unitholders equals total comprehensive income attributable to unitholders.			
Cents	Note	6 months 30 Sep 18	6 months 30 Sep 17
Basic earnings per unit after tax	4.2	4.59	3.07

Balance sheet
As at 30 September 2018

\$ million	Note	30 Sep 18	31 Mar 18
Non-current assets			
Stabilised properties	1.4	2,046.7	2,043.5
Developments	1.4	152.5	67.5
Land	1.4	112.7	120.0
Investment in joint venture	2.2	–	114.3
Derivative financial instruments	5.2	19.4	8.9
Deferred tax assets		3.8	5.2
Total non-current assets		2,335.1	2,359.4
Current assets			
Investment in joint venture contracted for sale	2.2	115.9	–
Advances to joint venture	8.2	106.8	107.5
Investment property contracted for sale	1.6	19.9	238.6
Debtors and other assets		37.3	9.3
Cash		4.6	4.7
Total current assets		284.5	360.1
Total assets		2,619.6	2,719.5
Non-current liabilities			
Borrowings	3.2	709.6	823.6
Derivative financial instruments	5.2	8.5	18.7
Deferred tax liabilities		27.4	30.6
Total non-current liabilities		745.5	872.9
Current liabilities			
Creditors and other liabilities		56.3	49.2
Current tax payable		2.5	3.7
Total current liabilities		58.8	52.9
Total liabilities		804.3	925.8
Net assets		1,815.3	1,793.7
Equity			
Units	4.1	1,413.9	1,408.7
Unit based payments reserve		5.3	5.3
Retained earnings		396.1	379.7
Total equity		1,815.3	1,793.7

Cash flows

For the six months ended 30 September 2018

\$ million	6 months 30 Sep 18	6 months 30 Sep 17
Cash flows from operating activities		
Property income received	77.0	77.9
Property expenses paid	(17.0)	(19.9)
Interest income received	2.9	9.2
Interest costs paid	(11.9)	(9.2)
Administrative expenses paid	(1.3)	(1.6)
Manager's base fee paid	(4.2)	(3.9)
Net GST (paid) / received	(1.3)	0.3
Tax paid	(10.1)	(9.0)
Net cash flows from operating activities	34.1	43.8
Cash flows from investing activities		
Acquisition of investment properties	(14.0)	(17.0)
Proceeds from the sale of investment properties	223.9	–
Capital expenditure payments for investment properties	(64.0)	(44.6)
Holding costs capitalised to investment properties	(6.3)	(7.2)
Construction loan receivable repayment	–	65.1
Repayments from / (advances to) joint venture	0.7	(101.8)
Dividends received from joint venture contracted for sale	2.1	–
Net cash flows from investing activities	142.4	(105.5)
Cash flows from financing activities		
Proceeds from borrowings	111.0	328.0
Repayments of borrowings	(241.0)	(226.0)
Proceeds from the issue of units	5.2	5.0
Distributions paid to unitholders	(42.9)	(42.7)
Settlement of derivative financial instruments	(8.9)	–
Net cash flows from financing activities	(176.6)	64.3
Net movement in cash	(0.1)	2.6
Cash at the beginning of the period	4.7	0.9
Cash at the end of the period	4.6	3.5

Changes in equity
For the six months ended 30 September 2018

\$ million	Units	Unit based payments reserve	Retained earnings	Total
As at 31 March 2017	1,398.7	5.0	271.2	1,674.9
Profit after tax	–	–	39.5	39.5
Distributions paid to unitholders	–	–	(42.7)	(42.7)
Manager's base fee	–	5.0	–	5.0
Issue of units	5.0	(5.0)	–	–
As at 30 September 2017	1,403.7	5.0	268.0	1,676.7
As at 31 March 2018	1,408.7	5.3	379.7	1,793.7
Profit after tax	–	–	59.3	59.3
Distributions paid to unitholders	–	–	(42.9)	(42.9)
Manager's base fee	–	5.2	–	5.2
Issue of units	5.2	(5.2)	–	–
As at 30 September 2018	1,413.9	5.3	396.1	1,815.3

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 six months ended 30 September 2018

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 interim 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.

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.

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

The interim financial statements for the six months ended 30 September 2018 are unaudited. Comparative balances for 30 September 2017 are unaudited, whilst comparative balances as at 31 March 2018 are audited.

Basis of preparation and measurement

The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”) and comply with International Accounting Standard 34 ‘Interim Financial Reporting’ and New Zealand equivalent to International Accounting Standard 34 ‘Interim Financial Reporting’.

The interim financial statements of the Group have been prepared in accordance with the requirements of the NZX Main Board Listing Rules.

The interim financial statements do not include all notes included in the annual financial statements. Accordingly, these notes should be read in conjunction with the annual financial statements for the year ended 31 March 2018, prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and International Financial Reporting Standards (“IFRS”).

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the financial statements for the year ended 31 March 2018.

From 1 April 2018 the Group has adopted NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers. These new standards have not resulted in any changes to the accounting policies.

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

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

Notes to the Financial Statements

For the six months ended 30 September 2018

1. Investment property

Property income is earned from investment property leased to customers.

1.1 Property income

\$ million	6 months 30 Sep 18	6 months 30 Sep 17
Gross lease receipts	72.3	72.2
Service charge income	9.3	10.5
Straight line rental adjustments	0.5	0.7
Amortisation of capitalised lease incentives	(3.6)	(3.7)
Property income	78.5	79.7

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	30 Sep 18	31 Mar 18
Year 1	134.2	130.3
Year 2	129.1	126.1
Year 3	108.9	111.1
Year 4	93.2	94.0
Year 5	73.2	76.5
Year 6 and later	251.7	250.4
Total future contracted gross lease receipts	790.3	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	30 Sep 18	31 Mar 18
Weighted average lease term	6.1	6.1

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

1. Investment property (continued)

1.4 Total investment property

This table details the total investment property value.

\$ million	30 Sep 18				31 Mar 18			
	Stabilised properties	Developments	Land	Total	Stabilised properties	Developments	Land	Total
Core								
Highbrook Business Park, East Tamaki	1,096.1	114.0	97.7	1,307.8	1,091.3	50.7	101.0	1,243.0
Savill Link, Otahuhu	237.8	27.8	7.5	273.1	237.8	6.5	11.9	256.2
M20 Business Park, Wiri	233.6	–	6.9	240.5	233.6	–	6.6	240.2
The Gate Industry Park, Penrose	189.7	–	0.6	190.3	189.5	–	0.5	190.0
Westney Industry Park, Mangere	121.7	–	–	121.7	119.8	–	–	119.8
Total core	1,878.9	141.8	112.7	2,133.4	1,872.0	57.2	120.0	2,049.2
Value-add	167.8	10.7	–	178.5	171.5	10.3	–	181.8
Total investment property	2,046.7	152.5	112.7	2,311.9	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.

Subsequent event

In September 2018, GMT conditionally contracted the sale of 614-616 Great South Road, a value-add property, for \$11.6 million. This contract became unconditional in October 2018 resulting 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 interim financial statements. Settlement is expected to occur in November 2018.

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

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

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	6 months 30 Sep 18	6 months 30 Sep 17
Stabilised properties	–	(5.4)
Developments	11.7	10.1
Land	–	(12.7)
Investment property contracted for sale	5.1	(0.4)
Total movement in fair value of investment property	16.8	(8.4)

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

Key judgement

Stabilised properties are recorded at the 31 March 2018 independent valuation, adjusted for movements in the book value since this date.

Developments completed in the period, or adequately progressed to allow fair value to be reliably determined, have been independently valued at 30 September 2018. All other developments are held at cost and tested for impairment.

Land is recorded at the 31 March 2018 independent valuation, adjusted for movements in the book value since this date.

1.6 Investment property contracted for sale

\$ million	30 Sep 18	31 Mar 18
Greenlane Office, Auckland	8.3	207.8
614-616 Great South Road, Auckland	11.6	–
Glassworks Industry Park, Christchurch	–	30.8
Total investment property contracted for sale	19.9	238.6

Significant transactions

Settlement of the sale of Central Park office buildings occurred in June 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 six months ended 30 September 2018

2. Investment in joint venture

GMT owns 51% of Wynyard Precinct Holdings Limited (“WPHL” or the “joint venture”), with the remaining 49% owned by GIC, Singapore’s sovereign wealth fund. The shareholders’ agreement of WPHL ensures that joint control is maintained via equal board representation, with GMT unable to unilaterally direct the joint venture. Properties owned by WPHL are 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 Wynyard Precinct Holdings Limited, the joint venture between GMT and GIC, agreed to sell all the shares in WPHL to Blackstone for a price of \$289.3 million, with the price based on a property portfolio value of \$635.0 million. The transaction includes full repayment of shareholder loans advanced to the joint venture and is expected to result in a gain of approximately \$31.4 million on disposal of GMT’s equity accounted investment in WPHL. The sale is conditional upon Overseas Investment Office approval, with settlement expected late in this financial year.

Accounting policies

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

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

2. Investment in joint venture (continued)

2.1 WPHL Profit or Loss

\$ million	WPHL		GMT share at 51%	
	6 months 30 Sep 18	6 months 30 Sep 17	6 months 30 Sep 18	6 months 30 Sep 17
Net property income	19.9	16.6		
Net interest costs	(7.4)	(7.1)		
Administrative expenses	(0.1)	(0.1)		
Operating earnings before other income / (expenses) and tax	12.4	9.4	6.3	4.8
Other income / (expenses) and tax				
Movement in fair value of derivative financial instruments	(0.2)	(0.6)		
Manager's base fee	(1.0)	(0.7)		
Income tax on operating earnings	(1.2)	0.2		
Deferred tax	(0.6)	(0.8)		
Other income / (expenses) and tax	(3.0)	(1.9)	(1.5)	(1.0)
Profit after tax	9.4	7.5	4.8	3.8

The following analysis is provided to show GMT's share of WPHL's earnings for the period pre-contracted for sale and post-contracted for sale. GMT's 51% share of pre-contracted for sale earnings are equity accounted, which is consistent with prior periods. GMT's share of post-contracted for sale earnings are not equity accounted, therefore an adjustment has been made to the non-GAAP measure of adjusted operating earnings in note 4.2 to allow for comparability to the prior period and to reflect GMT's continuing economic interest in WPHL until settlement, expected late this financial year.

Operating earnings – pre-contracted for sale (included in profit or loss)			2.1	4.8
Operating earnings – post-contracted for sale (included in adjusted operating earnings)			4.2	–
Operating earnings before other income / (expenses) and tax			6.3	4.8
Profit after tax – pre-contracted for sale (included in profit or loss)			1.6	3.8
Profit after tax – post-contracted for sale			3.2	–
Profit after tax			4.8	3.8

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

2. Investment in joint venture (continued)

2.2 WPHL Balance Sheet

\$ million	WPHL		GMT share at 51%	
	30 Sep 18	31 Mar 18	30 Sep 18	31 Mar 18
Non-current assets				
Stabilised properties	545.8	543.5		
Other assets	0.5	0.4		
Current assets	2.7	2.5		
Total assets	549.0	546.4		
Non-current liabilities				
Borrowings	111.9	111.9		
Other liabilities	7.6	6.7		
Current liabilities				
Advances from shareholders	209.4	210.9		
Other liabilities	4.2	6.4		
Total liabilities	333.1	335.9		
Net assets	215.9	210.5		
Share capital	60.7	60.7		
Retained earnings	155.2	149.8		
Total equity	215.9	210.5	110.1	107.4
Goodwill			6.9	6.9
Less: Share of profit after tax – post contracted for sale			(3.2)	–
Plus: Dividends paid – post contracted for sale			2.1	–
Investment in joint venture contracted for sale / Investment in joint venture			115.9	114.3

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

2. Investment in joint venture (continued)

2.3 WPHL Cash flows

\$ million	WPHL	
	6 months 30 Sep 18	6 months 30 Sep 17
Cash flows from operating activities		
Property income received	27.0	22.0
Property expenses paid	(8.4)	(8.4)
Net interest costs paid	(7.5)	(4.3)
Other operating cash flows	(1.2)	(1.2)
Net cash flows from operating activities	9.9	8.1
Cash flows from investing activities		
Acquisition of investment properties	–	(148.3)
Capital expenditure payments for investment properties	(3.7)	(9.2)
Net cash flows from investing activities	(3.7)	(157.5)
Cash flows from financing activities		
Repayment of borrowings	–	(45.0)
(Repayments to) / advances from shareholders	(1.5)	194.4
Dividends paid to shareholders	(4.1)	–
Net cash flows from financing activities	(5.6)	149.4
Net movement in cash	0.6	–
Cash at the beginning of the period	2.1	0.4
Cash at the end of the period	2.7	0.4

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

3. Borrowings

3.1 Interest

\$ million	6 months 30 Sep 18	6 months 30 Sep 17
Interest income		
Interest income	3.3	3.6
Total interest income	3.3	3.6
Interest costs		
Interest expense	(16.3)	(16.7)
Amortisation of borrowing costs	(1.6)	(2.1)
Borrowing costs capitalised ⁽¹⁾	5.7	6.6
Total interest cost	(12.2)	(12.2)
Net interest cost	(8.9)	(8.6)

⁽¹⁾ Borrowing costs of \$3.4 million were capitalised to land (30 September 2017: \$4.7 million).

3.2 Borrowings

\$ million	30 Sep 18	31 Mar 18
Non-current		
Syndicated bank facilities	132.0	262.0
Retail bonds	400.0	400.0
US Private Placement notes – New Zealand dollar amount on inception ⁽¹⁾	156.8	156.8
Total non-current	688.8	818.8
US Private Placement notes – foreign exchange translation impact ⁽¹⁾	24.5	9.0
Unamortised borrowings establishment costs	(3.7)	(4.2)
Total non-current borrowings	709.6	823.6
Total borrowings	709.6	823.6

⁽¹⁾ US Private Placement notes comprise \$156.8 million for funds received at the borrowing date and \$24.5 million for the foreign exchange translation impact (31 March 2018: \$9.0 million). These borrowings are fully hedged and GMT takes no currency risk on interest and principal payments.

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

3. Borrowings (continued)

3.3 Composition of borrowings

30 Sep 18	Date issued	Expiry	Weighted average remaining term (years)	Interest rate	\$ million	
					Facility drawn / amount	Undrawn facility
Syndicated bank facilities	–	Oct 19 – Oct 21	2.0	Floating	132.0	318.0
Retail bonds – GMB020	Dec 13	Dec 20	2.2	6.20%	100.0	–
Retail bonds – GMB030	Jun 15	Jun 22	3.7	5.00%	100.0	–
Retail bonds – GMB040	May 17	May 24	5.7	4.54%	100.0	–
Retail bonds – GMB050	Mar 18	Sep 23	4.9	4.00%	100.0	–
US Private Placement notes	Jun 15	Jun 25	6.7	3.46%	US\$40.0	–
US Private Placement notes	Jun 15	Jun 27	8.7	3.56%	US\$40.0	–
US Private Placement notes	Jun 15	Jun 30	11.7	3.71%	US\$40.0	–

31 Mar 18	Date issued	Expiry	Weighted average remaining term (years)	Interest rate	\$ million	
					Facility drawn / amount	Undrawn facility
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	Mar 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 30 September 2018 and 31 March 2018 a \$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 \$101.25 million) and The Hongkong and Shanghai Banking Corporation Limited (providing \$45.0 million).

As at 30 September 2018, GMT's drawn borrowings had a weighted average remaining term of 5.0 years (31 March 2018: 4.5 years), with 81 % being drawn from non-bank sources (31 March 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 six months ended 30 September 2018

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

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 incorporates GMT's 51% share of WPHL. Due to the agreed sale of WPHL, the GMT look through LVR no longer incorporates GMT's 51% share of WPHL and now aligns with the standalone LVR for GMT.

\$ million	30 Sep 18	31 Mar 18		
	GMT	GMT	WPHL @ 51%	GMT look through
Total borrowings	709.6	823.6	57.1	880.7
US Private Placement notes – foreign exchange translation impact	(24.5)	(9.0)	–	(9.0)
Cash	(4.6)	(4.7)	(1.1)	(5.8)
Investment in joint venture contracted for sale – settlement proceeds due	(254.9)	–	–	–
Investment property contracted for sale – settlement proceeds due	(19.9)	(238.6)	–	(238.6)
Borrowings for LVR calculation	405.7	571.3	56.0	627.3
Investment property	2,311.9	2,231.0	277.2	2,508.2
Assets for LVR calculation	2,311.9	2,231.0	277.2	2,508.2
Loan to value ratio %	17.5%	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, taking account of the effect of interest rate hedging.

	6 months 30 Sep 18	12 months 31 Mar 18
Weighted average cost of borrowings	4.9%	5.0%

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

4. Units, earnings per unit and distributions

Issued units represent capital contributed to GMT by Unitholders. Distributions are paid to GMT Unitholders following approval by the Board of the Manager.

4.1 Issued units

	Issued units (million)		Value (\$ million)	
	30 Sep 18	31 Mar 18	30 Sep 18	31 Mar 18
Balance at the beginning of the period	1,287.8	1,280.2	1,408.7	1,398.7
Manager's base fee reinvested	3.6	7.6	5.2	10.0
Balance at the end of the period	1,291.4	1,287.8	1,413.9	1,408.7

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 30 September 2018, reflecting GMT's continuing economic interest in the joint venture.

\$ million	Note	6 months 30 Sep 18	6 months 30 Sep 17
Operating earnings before other income / (expenses) and tax		55.9	59.8
Share of operating earnings from joint venture – post-contracted for sale	2.1	4.2	–
Adjusted operating earnings before tax		60.1	59.8
Income tax on operating earnings		(7.8)	(8.5)
Share of income tax on operating earnings from joint venture	2.1	(0.6)	0.1
Adjusted operating earnings after tax		51.7	51.4

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	
	30 Sep 18	30 Sep 17
Issued units at the beginning of the period	1,287.8	1,280.2
Manager's base fee	5.3	5.9
Weighted units	1,293.1	1,286.1

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

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

4.2 Earnings per unit (continued)

cents per unit	6 months 30 Sep 18	6 months 30 Sep 17
Adjusted operating earnings per unit before tax	4.65	4.65
Adjusted operating earnings per unit after tax	4.00	4.00
Basic and diluted earnings per unit after tax	4.59	3.07

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	
	30 Sep 18	31 Mar 18
Issued units	1,291.4	1,287.8
Deferred units for Manager's base fee expected to be reinvested	3.4	4.0
Diluted units	1,294.8	1,291.8

	30 Sep 18	31 Mar 18
Net tangible assets (\$ million)	1,815.3	1,793.7
Net tangible assets per unit (cents)	140.2	138.9

Subsequent event

On 6 November 2018 a cash distribution of 1.6625 cents per unit with 0.4174 cents per unit of imputation credits attached was declared. The record date for the distribution is 29 November 2018 and payment will be made on 13 December 2018.

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

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	6 months 30 Sep 18	6 months 30 Sep 17
Interest rate derivatives	0.5	(2.3)
Cross currency interest rate derivatives relating to US Private Placement notes	11.3	(3.6)
Total movement in fair value of derivative financial instruments	11.8	(5.9)
Foreign exchange rate movement on US Private Placement notes	(15.5)	4.7
Total movement in fair value of financial instruments	(3.7)	(1.2)

5.2 Derivative financial instruments

\$ million	30 Sep 18	31 Mar 18
Cross currency interest rate derivatives		
Non-current assets	10.1	–
Non-current liabilities	–	(1.2)
Interest rate derivatives		
Non-current assets	9.3	8.9
Non-current liabilities	(8.5)	(17.5)
Net derivative financial instruments	10.9	(9.8)

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

6. Administrative expenses

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

6.1 Administrative expenses included within operating earnings

\$ million	6 months 30 Sep 18	6 months 30 Sep 17
Valuation fees	(0.3)	(0.3)
Auditor's fees	(0.1)	(0.1)
Trustee fees	(0.2)	(0.2)
Other costs	(0.7)	(0.7)
Total administrative expenses included within operating earnings	(1.3)	(1.3)

6.2 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.

\$ million	6 months 30 Sep 18	6 months 30 Sep 17
Manager's base fee expected to be reinvested in units	(4.2)	(3.9)
Total administrative expenses incurred but not included within operating earnings	(4.2)	(3.9)

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

7. Tax

7.1 Tax expense

\$ million	6 months 30 Sep 18	6 months 30 Sep 17
Profit before tax	61.3	45.3
Tax at 28%	(17.1)	(12.7)
Depreciation of investment property	2.4	2.7
Movement in fair value of investment property	3.3	(2.4)
Disposal of investment property	0.8	–
Deductible net expenditure for investment property	3.0	3.1
Share of joint venture net profit less dividends received	1.0	1.1
Derivative financial instruments	(1.1)	(0.3)
Other	(0.1)	–
Current tax on operating earnings	(7.8)	(8.5)
Depreciation recovery income for property sold and settled	(3.6)	–
Settlement of derivative financial instruments	2.5	–
Current tax on non-operating earnings	(1.1)	–
Current tax	(8.9)	(8.5)
Depreciation of investment property	(0.1)	(0.3)
Reduction of liability in respect of depreciation recovery income	3.7	3.3
Disposal of investment property	(0.9)	–
Deferred expenses	(1.1)	(0.7)
Derivative financial instruments	0.1	0.3
Borrowing issue costs	0.1	0.1
Deferred tax	1.8	2.7
Total tax	(7.1)	(5.8)

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 six months ended 30 September 2018

8. Related party disclosures

As a Unit Trust, GMT does not have any employees. Consequently services that the Group requires are provided for 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 joint venture
Goodman Investment Holdings (NZ) Limited	GIH	Unitholder in GMT
Goodman Limited	GL	Parent entity of GNZ, GPSNZ, GIH & GWP
Goodman Industrial Trust	GIT	Property co-owner with GMT
Wynyard Precinct Holdings Limited	WPHL	Joint venture between GMT and GIC, Singapore's sovereign wealth fund

8.1 Transactions with related parties other than WPHL

\$ million	Related party	Recorded		Capitalised		Outstanding	
		6 months 30 Sep 18	6 months 30 Sep 17	6 months 30 Sep 18	6 months 30 Sep 17	30 Sep 18	30 Sep 17
Manager's base fee	GNZ	(4.8)	(4.5)	0.5	0.6	(5.3)	(5.0)
Manager's performance fee	GNZ	-	-	-	-	-	-
Property management fees ⁽¹⁾	GPSNZ	(1.7)	(1.7)	-	-	(0.1)	(0.3)
Leasing fees	GPSNZ	(1.6)	(1.1)	-	-	(0.1)	-
Acquisition and disposal fees	GPSNZ	(1.5)	(0.3)	-	-	-	-
Minor project fees	GPSNZ	(0.3)	(0.7)	0.3	0.7	-	-
Development management fees	GPSNZ	(1.8)	(1.8)	1.8	1.8	-	-
Total fees		(11.7)	(10.1)	2.6	3.1	(5.5)	(5.3)
Reimbursement of expenses for services provided	GPSNZ	(0.6)	(0.7)	-	-	(0.1)	-
Total reimbursements		(0.6)	(0.7)	-	-	(0.1)	-
Land acquisition – Savill Link	GIT	(4.7)	(2.3)	4.7	2.3	-	(2.3)
Total capital transactions		(4.7)	(2.3)	4.7	2.3	-	(2.3)
Issue of units for Manager's base fee reinvested	GIH	5.2	5.0	-	-	-	-
Total issue of units for Manager's base fee reinvested		5.2	5.0	-	-	-	-
Distributions paid	GIH	(9.1)	(9.0)	-	-	-	-
Total distributions paid		(9.1)	(9.0)	-	-	-	-

⁽¹⁾ Of the property management fees charged by GPSNZ, \$1.5 million was paid by customers and was not a cost borne by GMT (30 September 2017: \$1.6 million).

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

8. Related party disclosures (continued)

8.2 Transactions with WPHL

\$ million	Related party	Recorded		Capitalised		Outstanding	
		6 months 30 Sep 18	6 months 30 Sep 17	6 months 30 Sep 18	6 months 30 Sep 17	30 Sep 18	30 Sep 17
Repayments from / (advances to) joint venture	WPHL	0.7	(101.8)	–	–	(106.8)	(120.2)
Interest income received from joint venture	WPHL	2.7	2.5	–	–	–	–
Funding fee received from joint venture	WPHL	–	0.1	–	–	–	–
Dividends received from joint venture	WPHL	2.1	–	–	–	–	–

Advances to WPHL are unsecured and subordinated to WPHL's bank debt. They are repayable on demand and incur a market rate of interest for advances of this type.

8.3 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 (30 September 2017: 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 (30 September 2017: \$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 30 September 2018, Goodman Group, GNZ's ultimate parent, through its subsidiary Goodman Investment Holdings (NZ) Limited, held 273,773,114 units in GMT out of a total 1,291,423,388 units on issue (31 March 2018: 273,248,744 units out of a total 1,287,781,937 units).

8.4 Other related party capital commitments

\$ million	Related party	30 Sep 18	31 Mar 18
Development management fees for developments in progress	GPSNZ	5.1	2.4
Total other related party capital commitments		5.1	2.4

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

9. Commitments and contingencies

9.1 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 8.4.

\$ million	30 Sep 18	31 Mar 18
Completion of developments	89.6	72.1
Total non-related party capital commitments	89.6	72.1

9.2 Contingent liabilities

GMT has no material contingent liabilities.

10. Financial risk management

10.1 Fair value of financial instruments

Except for the retail and wholesale 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, wholesale bonds and US Private Placement notes are as follows:

\$ million	Fair value hierarchy	30 Sep 18	31 Mar 18
Retail bonds	Level 1	418.3	416.2
US Private Placement Notes	Level 2	US\$113.9	US\$113.7

11. 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 review report to the unitholders of Goodman Property Trust



Report on the interim financial statements

We have reviewed the accompanying financial statements of Goodman Property Trust (the Trust) and its controlled entities (together, the Group) on pages 9 to 32, which comprise the balance sheet as at 30 September 2018, and the statement of profit or loss, the statement of changes in equity and the statement of cash flows for the period ended on that date, and selected explanatory notes.

Manager's responsibility for the financial statements

The directors of Goodman (NZ) Limited (the Manager) are responsible on behalf of the Trust for the preparation and presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) 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.

Our responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on *Review Engagements 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 and IAS 34. As the auditor of the Trust, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

We are independent of the Group. Other than in our capacity as the auditor and provider of other related assurance services, we have no relationship with, or interests in, the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Group are not prepared, in all material respects, in accordance with NZ IAS 34 and IAS 34.

Who we report to

This report is made solely to the Trust's unitholders, as a body. Our review work has been undertaken so that we might state to the Trust's unitholders those matters which we are required to state to them in our review 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's unitholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers', is written over a light blue horizontal line.

Chartered Accountants
6 November 2018

Auckland



Savill Link Otahuhu

Construction of the new 8,000 sqm build-to-lease warehouse is close to finishing. On completion of all current projects the estate will be around 90% developed, providing over 125,000 sqm of high quality industrial space.

GMT Bond Issuer Limited
Interim Financial Statements
For the six months ended 30 September 2018

The Board of GMT Bond Issuer Limited, authorised these interim financial statements for issue on 6 November 2018. For and on behalf of the Board:



Keith Smith
Chairman



Peter Simmonds
Chairman, Audit Committee

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Profit or loss

For the six months ended 30 September 2018

\$ million	6 months 30 Sep 18	6 months 30 Sep 17
Interest income	9.9	7.1
Interest cost	(9.9)	(7.1)
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 30 September 2018

\$ million	Note	30 Sep 18	31 Mar 18
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	5	-	-
Retained earnings		-	-
Total equity		-	-

Cash flows

For the six months ended 30 September 2018

\$ million	6 months 30 Sep 18	6 months 30 Sep 17
Cash flows from operating activities		
Interest income received	9.9	5.6
Interest costs paid	(9.7)	(5.6)
Net cash flows from operating activities	0.2	-
Cash flows from investing activities		
Repayment of related party advance	-	-
Related party advance made	-	(100.0)
Net cash flows from investing activities	-	(100.0)
Cash flows from financing activities		
Proceeds received from retail bonds	-	100.0
Repayment of retail bonds	-	-
Net cash flows from financing activities	-	100.0
Net movement in cash	0.2	-
Cash at the beginning of the period	-	-
Cash at the end of the period	0.2	-

Changes in equity

For the six months ended 30 September 2018

\$ million	Contributed equity	Retained earnings	Total
As at 31 March 2017	-	-	-
Profit after tax	-	-	-
As at 30 September 2017	-	-	-
As at 31 March 2018	-	-	-
Profit after tax	-	-	-
As at 30 September 2018	-	-	-

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 six months ended 30 September 2018

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.

The interim financial statements were authorised for issue by the Board of Directors on 6 November 2018. The Board does not have the power to amend these interim financial statements once issued.

The interim financial statements for the six months ended 30 September 2018 are unaudited. Comparative balances for 30 September 2017 are unaudited, whilst the comparative balances as at 31 March 2018 are audited.

Basis of preparation and measurement

The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”) and comply with International Accounting Standard 34 ‘Interim Financial Reporting’ and New Zealand equivalent to International Accounting Standard 34 ‘Interim Financial Reporting’.

The interim financial statements do not include all notes included in the annual financial statements. Accordingly these notes should be read in conjunction with the annual financial statements for the year ended 31 March 2018, prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and International Financial Reporting Standards (“IFRS”).

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the financial statements for the year ended 31 March 2018.

From 1 April 2018 the Company has adopted NZ IFRS 9 Financial Instruments. This new standard has not resulted in any changes to the accounting policies.

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

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

Notes to the Financial Statements

For the six months ended 30 September 2018

1. Borrowings

1.1 Security and covenants

All borrowing facilities are secured on an equal ranking basis over the assets of the Goodman Property Trust Group. 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 secured property portfolio. Further negative and positive undertakings have been given as to the nature of the Goodman Property Trust Group's business.

2. Related parties

All advances and interest receivable are with Goodman Property Trust. 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.

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 the Bond Trust Documents.

3. Commitments and contingencies

3.1 Capital commitments payable

GMT Bond Issuer Limited has no capital commitments.

3.2 Contingent liabilities

GMT Bond Issuer Limited has no material contingent liabilities.

4. Financial risk management

4.1 Fair value of financial instruments

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

\$ million	Fair value hierarchy	30 Sep 18	31 Mar 18
Related party advances	Level 2	418.3	416.2
Retail bonds	Level 1	(418.3)	(416.2)

For related party advances, the company uses the fair value of the retail bonds as a proxy.

Notes to the Financial Statements (continued)
For the six months ended 30 September 2018

5. Equity

As at 30 September 2018, 100 ordinary shares had been issued for nil consideration (31 March 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 30 September 2018 are nil (31 March 2018: nil).

Independent review report to the shareholder of GMT Bond Issuer Limited



Report on the interim financial statements

We have reviewed the accompanying financial statements of GMT Bond Issuer Limited (the Company) on pages 35 to 40, which comprise the balance sheet as at 30 September 2018, and the statement of profit or loss, the statement of changes in equity and the statement of cash flows for the period ended on that date, and selected explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible on behalf of the Company for the preparation and presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) 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.

Our responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on *Review Engagements 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 and IAS 34. As the auditor of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Company are not prepared, in all material respects, in accordance with NZ IAS 34 and IAS 34.

Who we report to

This report is made solely to the Company's shareholder. Our review work has been undertaken so that we might state to the Company's shareholder those matters which we are required to state to them in our review 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's shareholder, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', is written over a faint, larger version of the same signature.

Chartered Accountants
6 November 2018

Auckland

Other information

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 during the six months ended 30 September 2018.

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

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, and between HBPL and GPSNZ during the period they were in force.

Included within property management fees and development management fees paid is \$0.6 million paid pursuant to the property management and development management agreements between HBPL and GPSNZ for the six months to 30 September 2018.

Included within property management fees and development management fees paid is \$1.8 million paid pursuant to the property management and development management agreements between HDL and GPSNZ for the six months ended 30 September 2018.

Base fee units

As described in the Notice of Meeting provided to Unitholders and the NZX on 15 July 2014, and as approved by Unitholders on 5 August 2014, certain amendments were made to the Trust Deed to require GNZ (or its nominee), as manager of GMT, to use its base management fee to subscribe for new Units for a five-year period from 1 April 2014.

Under paragraph 11(b) of the waivers that were granted to GMT by NZX on 15 July 2014, GMT is required to disclose in its interim financial statements the number and price of the base management fee units that were issued to GNZ during the relevant period.

During the six months to 30 September 2018 GNZ was issued 3,641,451 units at 142.84 cents per unit.

Summary of recent Trust Deed amendments

There were no amendments to the Trust Deed between 1 April 2018 and 30 September 2018. A copy of the Trust Deed is available on the Corporate Governance section of the Goodman Property Trust Website at www.goodman.com/nz.



Other information (continued)

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.

Annual meeting

GMT's Trust Deed requires at least one meeting of Unitholders each financial year. The most recent Annual Meeting was held on 4 July 2018. The address and presentation are available on GMT's website.

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.

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.

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 distributions

The Trust typically pays its distributions quarterly in the third month that follows each quarter. For example, the distribution for the June 2018 quarter was paid in September 2018. The table below shows the composition and timing of distributions per unit that have been paid, or declared, since the beginning of this financial period.

Distribution for quarter ended	Cash distribution	Imputation credits	Total distribution	Payment date
31 March 2018	\$0.016625	\$0.003180	\$0.019805	21 June 2018
30 June 2018	\$0.016625	\$0.003106	\$0.019731	20 September 2018
30 September 2018	\$0.016625	\$0.004174	\$0.020799	13 December 2018*

* Distribution announced but not yet paid at the date of this report.

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.

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

Glossary

\$ and cents New Zealand currency.

Adjusted Operating Earnings is a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. Calculation of adjusted operating earnings are as set out in note 4.2 of GMT's Financial Statements.

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 is a non-GAAP financial measure that assesses free cash flow, on a per unit basis, after adjusting for borrowing costs capitalised to land and expenditure related to building maintenance.

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.

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 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.

HDL Highbrook Development Limited

HBPL Highbrook Business Park 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.

Interim Balance Date 30 September 2018.

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

Management Team the senior executives of the Manager as listed on the next page.

Manager or GNZ the manager of the Trust, Goodman (NZ) Limited.

NTA net tangible assets.

NZ IFRS New Zealand equivalents to International Financial Reporting Standards.

NZDX the New Zealand debt market operated by NZX.

NZX means NZX Limited.

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.

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.

VXV Portfolio the seven office assets owned by WPH.

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

Other information (continued)

Corporate directory

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

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

General Manager Development

Michael Gimblett

Director Investment Management

James Spence

Director Investment Management and Capital Transactions

Kimberley Richards

Head of Corporate Affairs

Jonathan Simpson

Marketing Director

Mandy Waldin

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

This Interim Report for the six month period ended 30 September 2018 has been prepared by Goodman (NZ) Limited as the Manager of GMT and by GMT Bond Issuer Limited. The information in this Interim Report is general information only. It is not intended as investment or financial advice and must not be relied upon as such. You should obtain independent professional advice prior to making any decision relating to your investment or financial needs. This Interim Report is not an offer or invitation for subscription or purchase of securities or other financial products. Past performance is no indication of future performance. All values are expressed in New Zealand currency unless otherwise stated. November 2018.



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