THE PROPERTIES OF QUALITY

GOODMAN PROPERTY TRUST
Annual Report 2016

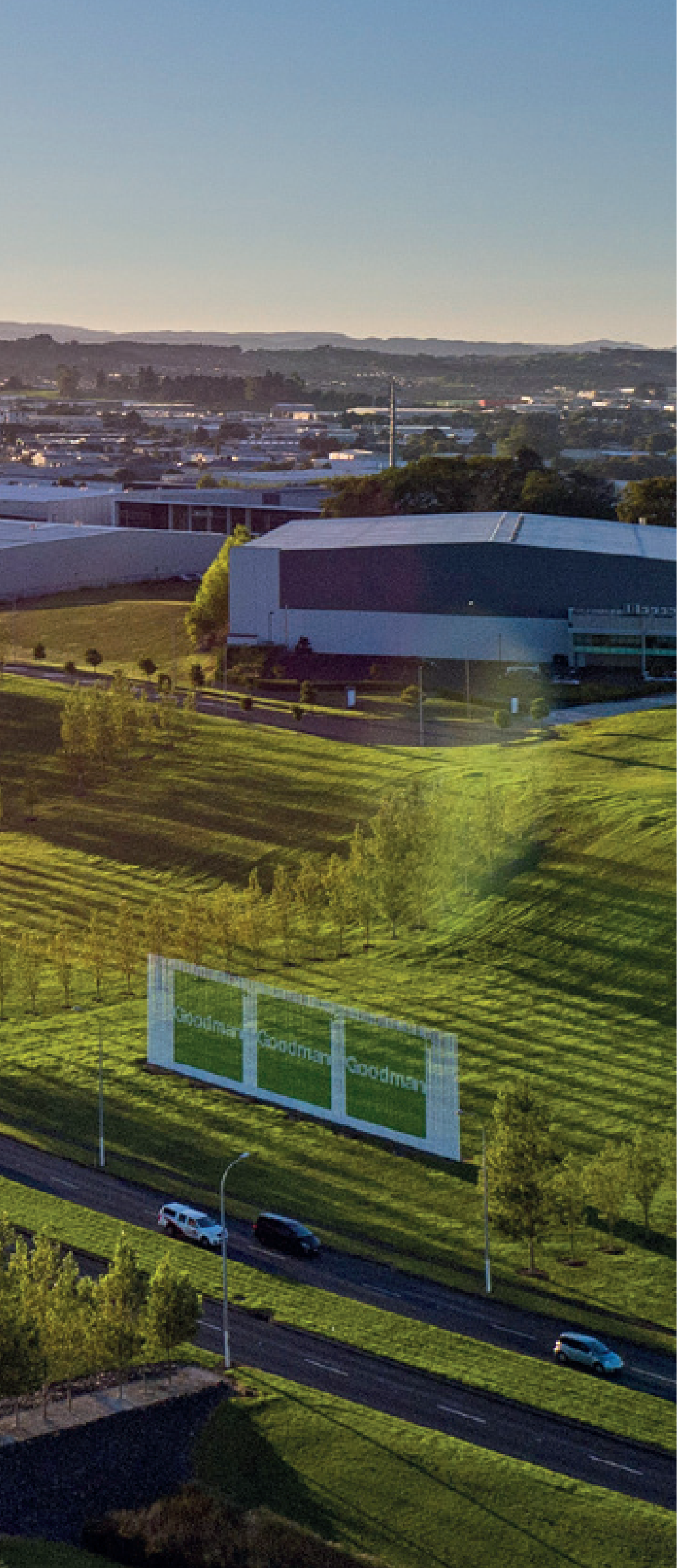
GMT BOND ISSUER LIMITED
Annual Report 2016

Goodman

GOODMAN PROPERTY TRUST
Annual Report
2016

GMT BOND ISSUER LIMITED
Annual Report
2016

A focus on quality encompasses all aspects of our business.



CONTENTS

This document comprises the annual reports of Goodman Property Trust and GMT Bond Issuer Limited for the year ended 31 March 2016.

+ 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 code of GMB020 and GMB030.

The debt obligations of GMT Bond Issuer Limited are guaranteed by Goodman Property Trust and its success is dependent on the financial performance of Goodman Property Trust.

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.

FINANCIAL HIGHLIGHTS

$247.9m
record profit before tax

$145.8m
portfolio revaluation

$117.0m
operating earnings before tax

33.9%
look through loan to value ratio %

120.4cpu
net tangible asset backing

9.41cpu
operating earnings before tax

6.65cpu
cash distribution

EXPERIENCE RESULTS

Chairman's Report

Keith Smith Chairman and Independent Director

Central Park Corporate Centre
Award winning Building One

I am delighted to be presenting GMT Unitholders with the 2016 Annual Report.

It has been a successful 12 months for GMT and the Board is pleased with the positive outcomes that have been achieved.

It is the third consecutive year of record profits for GMT and while it's an impressive achievement it is the consistent operating performance of the Trust and the increased level of development activity that are the most encouraging aspects of this year's financial result.

A record profit, a low level of gearing and a 3.1% increase in operating earnings are features of another positive result from a high quality business.

BUSINESS STRATEGY

GMT has been positioned as a premium business space provider, leasing high quality industrial and office facilities to substantial customers at its estates in Auckland and Christchurch.

A more active operational strategy has been pursued in recent years to take advantage of the positive economic environment and strong property market conditions that exist.

The focus has been on maximising the performance of the investment portfolio and advancing the development programme. It's a strategy that is progressively transforming the Trust's land holdings into income producing assets.

With around $150 million of development projects announced in the last 12 months it is the greatest volume of new building work undertaken by GMT since 2008.

Funded through asset sales, it is a sustainable business activity that is growing revenue while enhancing the quality of the wider portfolio.

It is also increasing the alignment between the cash earnings of the Trust and the distributions that it pays. It has been an improving trend that the Board expects to fully align in the next 12 to 18 months.

Highbrook Business Park
Machinery House

Highbrook Business Park
Ford New Zealand Warehouse

A strong balance sheet with a secure and diverse capital structure are key features of GMT.

FINANCIAL STRENGTH

The focus on quality that is applied to the property portfolio encompasses all aspects of GMT's business operations including its financial management.

Independent recognition of the Trust's financial practices has been received with selection as a finalist for the Excellence in Treasury Award at the 2016 INFINZ Industry Awards to be held later in May.

It's the second time the business has been a finalist, having previously won the award in 2010.

This year's nomination is a pleasing endorsement of the financial framework the Board has adopted for GMT and the success of recent capital management initiatives.

These initiatives have included a US Private Placement ("USPP") and an addition to the Trust's bond programme. The two debt issues extend and diversify GMT's capital structure, further strengthening an already strong balance sheet.

It's a feature of the Trust that is reflected in the investment grade credit rating of BBB from Standard & Poor's.

TRUST DEED AMENDMENTS

Improved communication with investors was the catalyst for changes to GMT's Trust Deed implemented in March this year. Although relatively minor, the amendments allow the Trust to take advantage of:

+ streamlined financial reporting; and
+ more extensive use of electronic communication.

As a result, GMT's financial statements have been simplified and now offer greater clarity for investors. The wider use of electronic distribution channels will also improve the timeliness and cost effectiveness of the Trust's communications programme.

ANNUAL MEETING

To be held in Auckland on 27 July 2016, this year's Annual Meeting of Unitholders will be webcast for those who are unable to attend.

The Notice of Meeting is expected to be distributed on 1 July 2016 and will include online proxy voting for the first time.

The formal business of the meeting will include the election of two Independent Directors.

OUTLOOK AND GUIDANCE

A high quality property portfolio, underpinned by a strong balance sheet with a secure and diverse capital structure are key features of GMT.

The continuation of a more active operational strategy is enhancing the Trust's financial results and reinforcing its position as one of New Zealand's leading real estate providers.

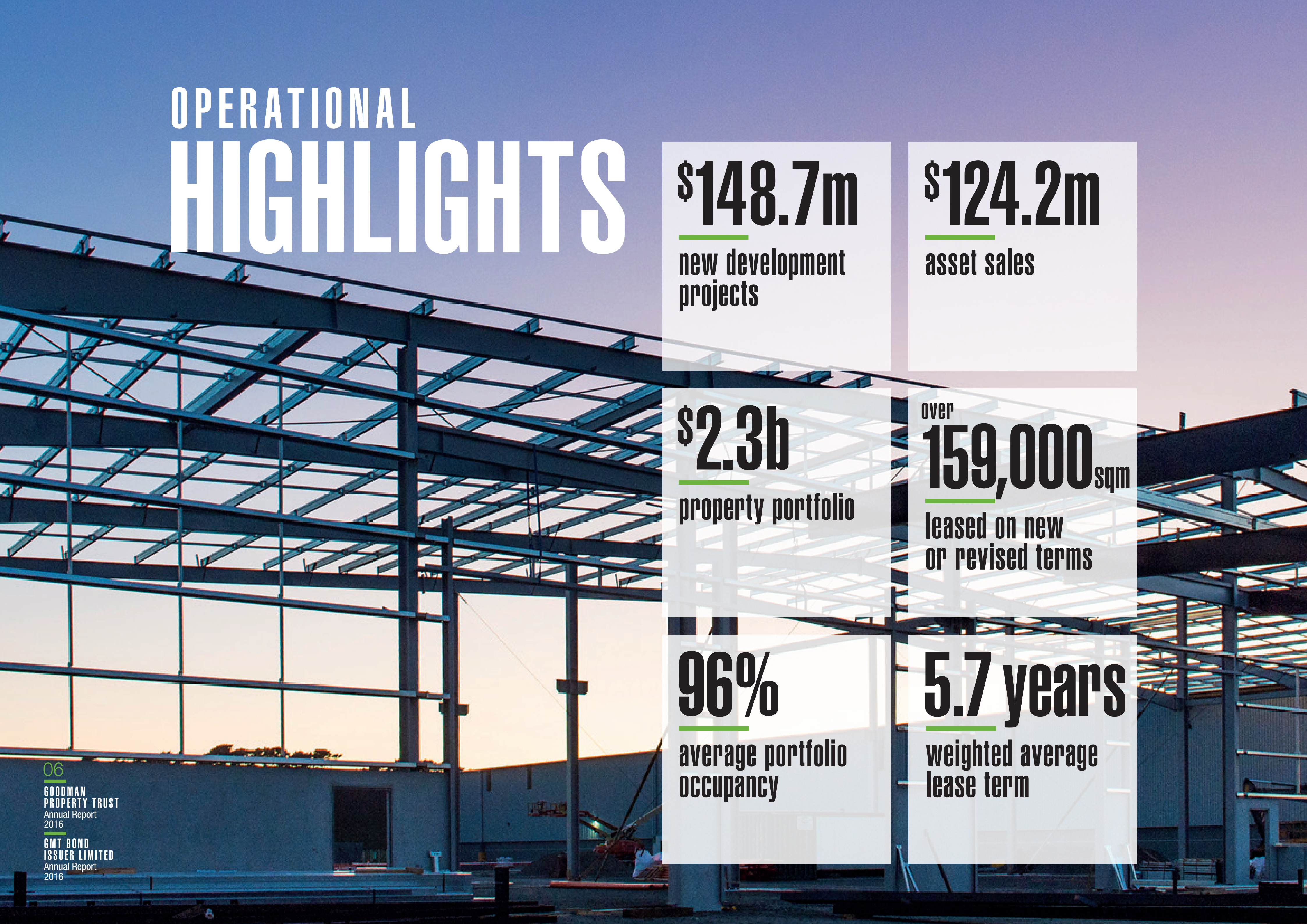
With stable property market fundamentals and low interest rates stimulating business growth, the immediate outlook for GMT remains sound.

The Board expects GMT's operating earnings before tax to increase to around 9.5 cents per unit in 2017. Cash distributions are forecast to be at least 6.65 cents per unit.

On behalf of the Board

Keith Smith
Chairman and Independent Director

VXV Precinct
Fonterra Centre



OPERATIONAL HIGHLIGHTS

$148.7m
new development projects

$124.2m
asset sales

$2.3b
property portfolio

over **159,000sqm**
leased on new or revised terms

96%
average portfolio occupancy

5.7 years
weighted average lease term

Management Team
left to right

Jonathan Simpson
Manager
Portfolio Analysis & Investor Relations

Mandy Waldin
Marketing Manager

Andy Eakin
Chief Financial Officer

John Dakin
Chief Executive Officer

Peter Dufaur
General Manager Development

Michael Gimblett
General Manager Property

Anton Shead
General Counsel and Company Secretary

LEADING FROM THE FRONT

Management Report

The management team are extremely pleased with the recent operating performance of the Trust and encouraged by the positive progress that has been made toward achieving wider strategic objectives.

These objectives include:

+ accelerating the development programme, realising the value in GMT's strategic land holdings;
+ sustainable growth with asset recycling funding new investment and development opportunities;
+ portfolio renewal and refinement with increased weighting toward Auckland industrial property;
+ greater alignment between the cash earnings of the Trust and the distributions paid to investors; and
+ maintaining GMT's financial strength with a prudent level of debt and a secure and diverse capital structure.

A continued focus on these key areas is enhancing an already high quality business and positioning GMT for future growth.

The continuation of a development led growth strategy, active management and stable economic conditions have delivered another consistent operating result for GMT.

FINANCIAL PERFORMANCE

With increased revenue from new developments and acquisitions largely offset by the impact of asset sales, it has been lower interest costs that are the main driver of the 4.2% increase in operating earnings this year, to $117.0 million.

On a weighted average unit basis, operating earnings were 9.41 cents per unit before tax, consistent with earlier guidance of around 9.4 cents per unit and 2.7% higher than the previous year.

Tax-paid cash distributions totalled 6.65 cents per unit for the year, a 3.1% increase on the 6.45 cents per unit paid previously.

A comprehensive summary of this year's financial performance is provided on page 12 of this report while the full financial statements of the Trust are included from page 17.

PROPERTY PORTFOLIO

Customer demand has remained sound over the last 12 months with favourable economic conditions and a stable operating environment supporting steady business growth.

Over 159,000 sqm of leasing transactions were completed during the year maintaining portfolio occupancy at an average of 96%. This leasing success also ensured that the weighted average lease term across the portfolio was kept above five years.

The customer demand that is supporting the strong leasing results in the investment portfolio is also contributing to the record level of development being undertaken by GMT.

Twelve new developments, with a combined total project cost of $148.7 million, were announced last year. Once complete these new facilities will provide:

+ almost 75,000 sqm of high quality industrial space, predominantly pre-committed to customers on long-term leases;
+ annual revenue of around $10.6 million once fully leased and income producing; and
+ forecast valuation gains on completion of between 10% and 20%.

With over $350 million of new development projects secured in the last three years it's a value adding business activity that is continually improving the quality and composition of the portfolio.

Following the completion of the current work book the Trust's land weighting will reduce to just 8.3% of total property assets while investment in the favoured Auckland Industrial and Business Park sectors will increase to 67.8%.

It's a deliberate reweighting consistent with a long term ownership strategy that we believe will deliver the greatest returns to Unitholders.

VXV Precinct
Fonterra Centre

Highbrook Business Park
new developments along Business Parade North

$145.8m revaluation gain is a major contributor to this year's record profit.

VALUATION OUTCOME

A buoyant investment market, featuring greater levels of transactional activity and record pricing, is being reflected in GMT's property valuations. With local and offshore investors competing for prime industrial and office assets it's a positive dynamic that is being driven by low interest rates and strong property market fundamentals.

The strength of this investor demand is demonstrated in the 55bps firming in the portfolio capitalisation rate this year, from 7.50% to 6.95%. The shift also reflects a change in the composition of the portfolio with ongoing development and sales activity improving the overall quality.

The 6.7% or $145.8 million revaluation gain is a record result for the Trust and a major contributor to this year's $247.9 million profit before tax.

The Trust's industrial portfolio, where recent sales evidence and market rental growth was strongest, recorded the greatest gains. These assets were valued on a weighted average cap rate of 6.5% while the smaller office portfolio had a weighted average cap rate of 7.75%.

Recent development projects made a significant contribution to the revaluation gain.

The seven projects that were either completed, or sufficiently far enough advanced to be valued, added $13.9 million to GMT's annual profit. The 14.2% uplift on the development cost of those projects reinforces what a value adding business activity it is.

INVESTMENT ACTIVITY

A focus on organic growth in recent years has allowed the Trust to finance its business activities without the need for new equity.

An ongoing sales campaign and the introduction of a new joint venture partner in the Viaduct has provided the necessary capital to fund recent investment initiatives and an increasing volume of new development projects.

This asset recycling has continued through the year with the sale of eight properties for $124.2 million.

With the Trust completing more than $300 million of asset disposals over the last three years it is a sustainable approach to business growth that is refining the portfolio.

The Trust is also making strategic acquisitions, purchasing the Tamaki Estate in Auckland's Panmure for $30.3 million and settling on the acquisition of the 16,000 sqm Fonterra Centre during the year.

Purchased through GMT's joint venture with GIC (the sovereign wealth fund of Singapore) the Fonterra Centre is a landmark building that represents the very latest in office accommodation. Situated in the heart of the VXV Precinct in Auckland's Viaduct area, the quality of the building and the strength of the lease covenant make it one the country's most desirable real estate investments.

FONTERRA CENTRE HIGHLIGHTS

Prime
quality office

16,052
sqm of space

$93.4m
acquisition cost

9.1%
revaluation gain

15 year
lease term

5 Star
green star rating

1,600
Fonterra staff

Central Park Corporate Centre
Kemps Weir Lawyers

Look through gearing was

33.9%

a reduction from 34.2% last year.

TREASURY

With an active sales programme funding these new investment and development initiatives, GMT's strong balance sheet position has been maintained.

At 31 March 2016 GMT's look through loan to value ratio was 33.9%, a reduction from 34.2% last year and significantly below the 50% threshold permitted under its debt and Trust Deed covenants.

With a modest level of debt and only partly drawn bank facilities, the Trust has the necessary headroom to withstand cyclical changes in asset values and the capacity to fund its medium-term development objectives.

New treasury initiatives undertaken during the year have further enhanced the capital structure of the Trust. These initiatives include:

+ a US Private Placement debt issue secured in April 2015, raising $156 million of debt funding on 10, 12 and 15 year terms;
+ an extension to the Goodman+Bond Programme with the issue of a $100 million, seven year retail bond in June 2015; and
+ refinancing of the GMT main bank facility and the bank facilities of its Viaduct joint venture.

With a combination of bank debt, wholesale bonds, retail bonds and USPP issuance, GMT has a very diverse debt book. It is also long dated with these facilities having a weighted average term to expiry of 5.4 years, at 29 April 2016, following the most recent bank refinancing.

M20 Business Park
Orora Packaging

LOOKING AHEAD

A rising property market is facilitating a more active investment strategy with new development and acquisition initiatives being funded through asset sales. It's a sustainable approach to growth that is realising the value in the Trust's land holdings while helping grow operating earnings.

It is also improving the alignment between the Trust's distributions and its underlying cash earnings. It's a disciplined strategy that is focused on building a premium property business that features a high quality portfolio underpinned by a strong balance sheet and robust capital structure.

John Dakin Chief Executive Officer

Andy Eakin Chief Financial Officer

PERFORMANCE IS PROOF

Financial Summary

GMT recorded its strongest ever financial result in 2016 with fair value gains across the investment portfolio contributing more than half of the $247.9 million pre-tax profit.

The profit represents a 45.1% increase on the $170.9 million achieved in 2015 and marks the third consecutive year of record financial results for the Trust.

A significant component of the $247.9 million profit has been fair value gains across the investment portfolio. With low interest rates fuelling investor demand the $145.8 million increase in asset values reflects strengthening investment markets both locally and offshore.

Adjusting for this and certain other cash and non-cash items provides the reconciliation between the statutory profit and operating earnings, a non-GAAP financial measure used to provide an assessment of the performance of GMT's principal operating activities.

OPERATING PERFORMANCE

A more active operational strategy has been pursued in recent years to take advantage of the positive economic environment and strong property market conditions that exist.

Greater levels of development and investment activity have augmented the consistent operating performance of GMT's substantial property portfolio.

In 2016 the increased revenue from these activities has been offset by asset sales with GMT's net rental income reducing from $134.7 million in 2015 to $133.8 million in 2016. When GMT's proportionate share of its Viaduct joint venture are included, net rental income increased 1.3% to $143.1 million.

Administrative expenses of $2.6 million are in line with the previous year while net interest costs have reduced from $24.1 million to $20.5 million.

The 14.9% reduction reflects lower interest rates but also the benefit of interest income received as a result of a new development funding arrangement with Fletcher Building.

The effective interest rate of 6.3% across all GMT's borrowings was lower than the 6.6% recorded last year, while the agreement with Fletcher Building to finance the construction of the Datacom building is the main contributor to the $2.0 million of interest income received this year.

It's an innovative financing arrangement that utilises GMT's balance sheet capacity to earn an attractive lending margin. The loan is being drawn down progressively and will be repaid when the Viaduct joint venture acquires the completed office development in 2017.

With stable revenue and administration costs it is the impact of lower net interest costs that are the main contributor to the 4.2% increase in operating earnings before tax, from $112.3 million to $117.0 million.

On a weighted average unit basis, this equates to 9.41 cents per unit, which is consistent with earlier guidance and around 2.7% ahead of the 9.16 cents per unit achieved last year. The greater number of units on issue reflects the 37.3 million new units issued in December 2015 as deferred consideration for the 2012 Highbrook acquisition and the requirement for the Manager to use its fund fee to subscribe for new units in GMT.[1]

Full year cash distributions paid to Unitholders will total 6.65 cents per unit, a 3.1% increase on the 6.45 cents per unit paid in 2015.

(1) For a period of five years from 1 April 2014.

TAXATION

A tax expense of $14.8 million this year results in an after tax profit of $233.1 million, a 29.7% increase on the $179.7 million achieved previously.

This year's total tax expense is more than the $8.8 million tax credit recorded in 2015. The tax benefit that year was the result of a $24.2 million deferred tax release following a reduction in the provision relating to tax depreciation claimed.

After tax operating earnings, which removes the impact of deferred tax, reflects an effective tax rate of 16.2% compared to 12.8% in 2015. Whilst lower than the corporate tax rate of 28% GMT's current tax expense has been increasing as tax losses are consumed and the deductions attributable to its land holdings diminish.

Overview	2016	2015	% change
Net profit before tax ($m)	247.9	170.9	45.1
Net profit after tax ($m)	233.1	179.7	29.7
Operating earnings before tax ($m)	117.0	112.3	4.2
Operating earnings after tax ($m)	98.0	97.9	0.1
Movement in fair value of investment property ($m)	145.8	75.3	93.6
Operating earnings per unit before tax (cpu)	9.41	9.16	2.7
Operating earnings per unit after tax (cpu)	7.88	7.99	(1.4)
Cash distribution per unit (cpu)	6.65	6.45	3.1
Property assets ($m)	2,296.8	2,095.7	9.6
Borrowings for loan to value calculation ($m)(1)	753.2	694.2	8.5
Net tangible assets (cpu)	120.4	108.4	11.1
Loan to value ratio (%)	32.8	33.1	(0.9)
Look through loan to value ratio (%)	33.9	34.2	(0.9)
Management expense ratio (%)	0.47	0.52	(9.6)

(1) Refer to note 3.5 of the Financial Statements for further information.

BALANCE SHEET

GMT has pursued an organic growth strategy in recent years with asset recycling funding an increasing level of development and investment activity. An active sales programme is match funding these new opportunities, maintaining the Trust's strong balance sheet position.

Twelve new development projects, with a total project cost of $148.7 million were announced during the year and eight assets were sold for a total of $124.2 million.

The Trust also acquired the strategically located Tamaki Estate in Auckland's Panmure for $30.3 million and settled on the acquisition of the Fonterra Centre through its Viaduct joint venture.

The buoyant investment market that contributed to the strong sales results also underpinned the 6.7% of fair value gains associated with the portfolio revaluation.

While these fair value movements are excluded from operating earnings they are the main drivers of the 11.1% increase in GMT's net tangible asset backing to 120.4 cents per unit (on a fully diluted basis).

With borrowings of $753.2 million and total property assets of $2.3 billion, the Trust had a loan to value ratio (LVR) of just 32.8% at 31 March 2016. When the Trust's interests in the Viaduct joint venture are proportionately consolidated its look through gearing is 33.9%.

With an LVR that has ranged between 33.9% and 35.9% over the last five years, GMT has continued to maintain a conservative level of gearing well below the 50% maximum allowed under its debt covenants.

GMT BOND ISSUER LIMITED

GMT Bond Issuer Limited has made three issues of Goodman+Bonds. During the year the GMB010 bonds matured and a new $100 million issue of seven year bonds was made. The new GMB030 bonds have an expiry of 23 June 2022 while the existing GMB020 bonds mature on 16 December 2020.

During the period GMT Bond Issuer received $12.7 million of interest income and incurred $12.7 million of interest expense. The 28.7% decrease on the previous year, for each respective measure, reflects the maturity of the $150 million GMB010 bonds and the impact of the new $100 million GMB030 bond issue.

Standard & Poor's have maintained the credit rating of all Goodman+Bonds at BBB+.

Highbrook Business Park
Metro Performance Glass

5 YEAR FINANCIAL SUMMARY

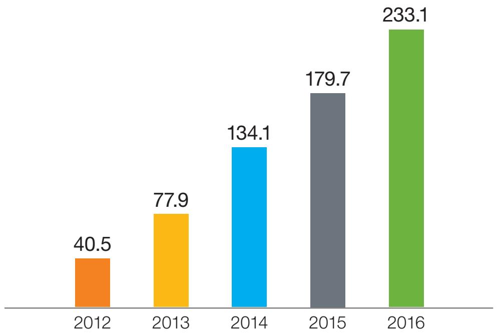
$ million	2016	2015	2014	2013[1] Restated	2012[2]
PROFIT OR LOSS					
Net property income	133.8	134.7	127.8	102.2	111.3
Share of operating earnings before tax from joint ventures	6.3	4.4	4.0	15.0	-
Net interest costs	(20.5)	(24.1)	(21.1)	(17.6)	(21.9)
Administrative expenses	(2.6)	(2.7)	(9.6)	(11.9)	(8.5)
Operating earnings before other income / (expenses) and income tax	**117.0**	**112.3**	**101.1**	**87.7**	**80.9**
Movement in fair value of investment property	145.8	75.3	23.8	4.9	(19.5)
(Loss) / gain on disposal of investment property	(1.1)	4.5	2.3	0.1	-
Share of other income / (expenses) and tax from joint ventures	(2.2)	1.7	1.9	(4.8)	-
Movement in fair value of financial instruments	(5.3)	(15.3)	19.1	5.2	(2.9)
Manager's base fee expected to be reinvested in units	(6.3)	(6.4)	-	-	-
Other items	-	(1.2)	(1.4)	(2.2)	(5.0)
Profit before tax	**247.9**	**170.9**	**146.8**	**90.9**	**53.5**
Current tax	(17.8)	(15.4)	(7.8)	(4.3)	(6.2)
Deferred tax	3.0	24.2	(4.9)	(8.7)	(6.8)
Profit after tax attributable to unitholders	**233.1**	**179.7**	**134.1**	**77.9**	**40.5**
Operating earnings before tax per unit (cpu)	9.41	9.16	8.36	8.21	8.41
Operating earnings after tax per unit (cpu)	7.88	7.99	7.68	7.88	7.78
Cash distribution per unit (cpu)	6.65	6.45	6.25	6.25	6.25
BALANCE SHEET					
Investment property assets	2,296.8	2,095.7	2,039.8	1,931.3	1,629.5
Investment in joint venture	63.2	59.1	54.5	52.0	-
Total assets	2,475.5	2,177.6	2,118.3	2,019.2	1,674.3
Borrowings for LVR calculation	753.2	694.2	734.2	672.3	581.2
Total liabilities	939.3	800.9	852.7	833.3	739.2
Unitholder funds	1,536.2	1,376.7	1,265.6	1,185.9	935.1
Loan to value ratio (%)	32.8%	33.1%	36.0%	34.8%	35.7%
Look through loan to value ratio (%)	33.9%	34.2%	35.9%	34.8%	35.7%
NTA per unit (cpu)	120.4c	108.4c	100.4c	95.6%	92.9c
Unit price at 31 March (cpu)	132.0c	119.5c	96.0c	104.5%	103.5c
PROPERTY PORTFOLIO[3]					
Net lettable area[4] (sqm)	1,040,991	983,182	1,034,996	1,000,418	987,569
Weighted average capitalisation rate (%)	6.95%	7.5%	7.9%	8.1%	8.5%
Investment portfolio occupancy (%)	97%	96%	97%	96%	96%
Weighted average lease term (years)	5.7	5.1	5.5	5.3	5.4
Customers	281	251	254	256	246

(1) Restated to the extent required to reflect the adoption of NZ IFRS 11 as explained in notes 1 and 2 of GMT's consolidated financial statements for the year ended 31 March 2014.
(2) On a proportionately consolidated basis.
(3) Property portfolio metrics includes GMT's joint venture interests.
(4) Net of canopies and yard.

5 YEAR FINANCIAL SUMMARY continued

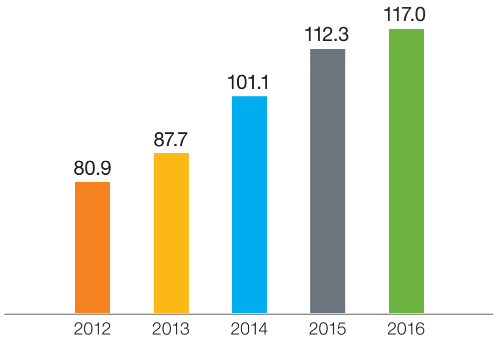
Profit after tax

$ million



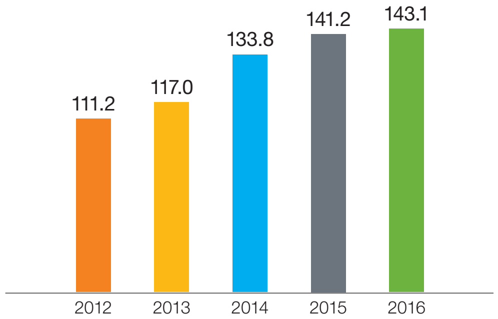
Operating earnings before tax

$ million



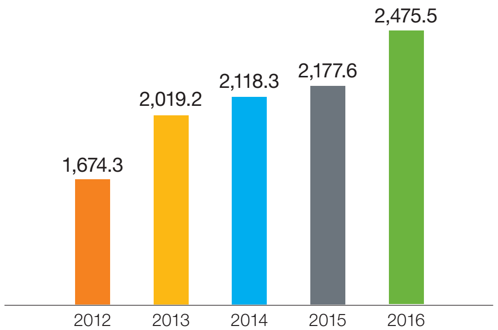
Net rental income (including GMT's share of WPH)

$ million



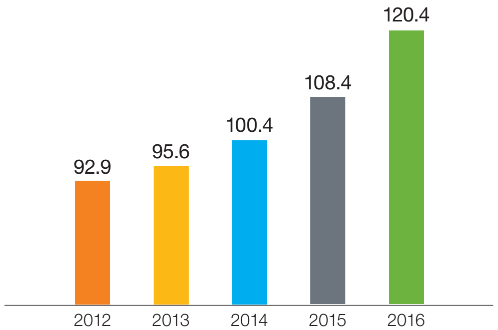
Total assets

$ million



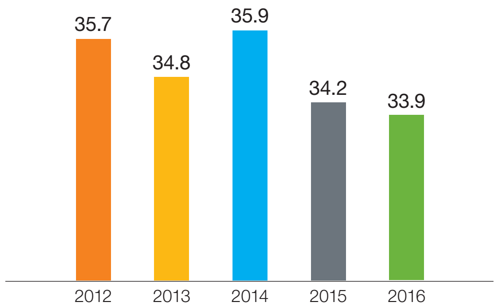
NTA per unit

cpu



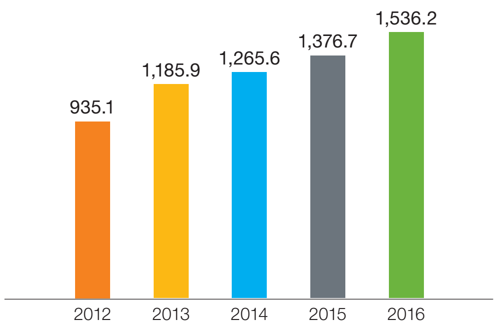
Loan to value ratio (GMT look through)

%



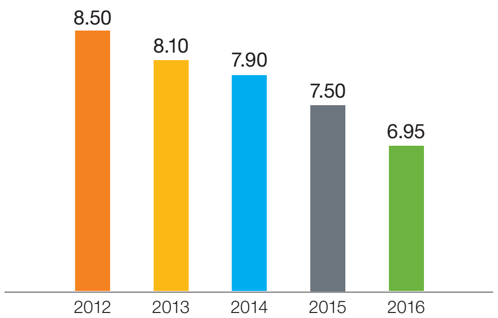
Equity

$ million



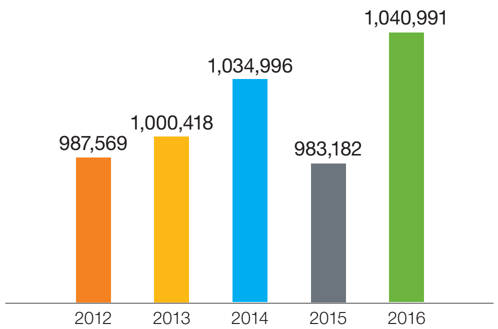
Weighted average cap rate

%



Net lettable area (excluding canopy and yard areas)

sqm



Set amongst parklands and esplanade reserves, Highbrook is regarded as New Zealand's premier business park.

Highbrook Business Park
Ford New Zealand
and Panasonic

GOODMAN PROPERTY TRUST

FINANCIAL STATEMENTS

For the year ended 31 March 2016

The Board of Goodman (NZ) Limited, the Manager of Goodman Property Trust, authorised these financial statements for issue on 18 May 2016. For and on behalf of the Board:

Keith Smith
Chairman

Peter Simmonds
Chairman, Audit Committee

CONTENTS

INDEPENDENT AUDITORS' REPORT

to the unitholders of Goodman Property Trust

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Goodman Property Trust ("the Trust") on pages 20 to 58, which comprise the balance sheet as at 31 March 2016, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the consolidated financial statements that include a summary of significant accounting policies and other explanatory information for the Group. The Group comprises the Trust and the entities it controlled at 31 March 2016 or from time to time during the financial year.

MANAGER'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of Goodman (NZ) Limited ("the Manager") are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and for such internal controls as the Manager determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Trust's preparation and fair presentation of the consolidated financial statements 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 Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial statements.

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

We are independent of the Group. Our firm carries out other services for the Group in the areas of other assurance and advisory services. The provision of these other services has not impaired our independence.

OPINION

In our opinion, the consolidated financial statements on pages 20 to 58 present fairly, in all material respects, the financial position of the Group as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

RESTRICTION ON USE OF OUR REPORT

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 auditors' 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 audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
18 May 2016

Auckland

PROFIT OR LOSS

For the year ended 31 March 2016

$ million	Note	2016	2015
Property income	1.1	166.0	166.7
Property expenses		(32.2)	(32.0)
Net property income		133.8	134.7
Share of operating earnings before tax from joint venture	2.1	6.3	4.4
Interest (costs) / income			
Interest income	3.1	2.0	0.3
Interest costs	3.1	(22.5)	(24.4)
Net interest costs		(20.5)	(24.1)
Administrative expenses	6.1	(2.6)	(2.7)
Operating earnings before other income / (expenses) and tax		**117.0**	**112.3**
Other income / (expenses)			
Movement in fair value of investment property	1.5	145.8	75.3
(Loss) / gain on disposal of investment property		(1.1)	4.5
Share of other (expenses) / income and tax from joint venture	2.1	(2.2)	1.7
Movement in fair value of financial instruments	5.1	(5.3)	(15.3)
Manager's base fee expected to be reinvested in units	6.3	(6.3)	(6.4)
Joint venture establishment costs	6.3	-	(0.9)
Interest costs on deferred vendor settlements		-	(0.3)
Profit before tax		**247.9**	**170.9**
Tax			
Income tax	9.1	(17.8)	(15.4)
Deferred tax	9.1	3.0	24.2
Total tax		(14.8)	**8.8**
Profit after tax attributable to unitholders		**233.1**	**179.7**

Cents	Note	2016	2015
Basic earnings per unit after tax	4.2	18.74	14.66
Diluted earnings per unit after tax	4.2	18.30	14.19

BALANCE SHEET
As at 31 March 2016

$ million	Note	2016	2015
Non-current assets			
Stabilised properties	1.6	1,998.2	1,842.9
Developments	1.7	63.8	17.5
Land	1.8	213.3	235.3
Construction loan	1.10	21.5	-
Investment in joint venture	2.2	63.2	59.1
Derivative financial instruments	5.2	33.8	4.5
Deferred tax assets	9.3	5.2	0.9
Total non-current assets		**2,399.0**	**2,160.2**
Current assets			
Investment property contracted for sale	1.9	43.8	-
Advances to joint venture	10.2	23.5	-
Debtors and other assets	7	8.1	12.6
Cash		1.1	4.4
Derivative financial instruments	5.2	-	0.4
Total current assets		**76.5**	**17.4**
Total assets		**2,475.5**	**2,177.6**
Non-current liabilities			
Borrowings	3.2	814.9	548.6
Derivative financial instruments	5.2	40.8	23.0
Deferred tax liabilities	9.3	45.0	43.7
Total non-current liabilities		**900.7**	**615.3**
Current liabilities			
Borrowings	3.2	-	150.0
Creditors and other liabilities	8	34.0	29.0
Derivative financial instruments	5.2	0.1	3.7
Current tax payable	9.2	4.5	2.9
Total current liabilities		**38.6**	**185.6**
Total liabilities		**939.3**	**800.9**
Net assets		**1,536.2**	**1,376.7**
Equity			
Units	4.1	1,389.5	1,381.3
Unit based payments reserve		4.3	4.1
Retained earnings / (accumulated losses)		142.4	(8.7)
Total equity		**1,536.2**	**1,376.7**

CASH FLOWS

For the year ended 31 March 2016

$ million	Note	2016	2015
Cash flows from operating activities			
Property income received		169.7	173.9
Property expenses paid		(34.1)	(43.1)
Net interest costs paid		(23.0)	(19.6)
Other operating expenses paid		(8.2)	(7.5)
Net GST (paid) / received		(0.1)	1.9
Tax paid		(16.2)	(12.7)
Net cash flows from operating activities	12	**88.1**	**92.9**
Cash flows from investing activities			
Acquisition of investment properties		(33.7)	(4.5)
Proceeds from the sale of investment properties		81.6	183.0
Capital expenditure payments for investment properties		(94.0)	(124.2)
Holding costs capitalised to investment properties		(25.5)	(28.5)
Construction loan advances		(21.5)	-
Investments in joint venture		-	(1.0)
Advances to joint venture		(23.5)	-
Dividends received from joint venture		-	2.6
Net cash flows from investing activities		**(116.6)**	**27.4**
Cash flows from financing activities			
Proceeds from borrowings		514.2	226.2
Repayments of borrowings		(412.1)	(263.7)
Proceeds from the issue of units		8.2	3.9
Distributions paid to unitholders net of reinvestments		(82.0)	(76.5)
Payments to settle derivative financial instruments		(3.1)	(7.1)
Net cash flows from financing activities		**25.2**	**(117.2)**
Net movement in cash		**(3.3)**	**3.1**
Cash at the beginning of the year		4.4	1.3
Cash at the end of the year		**1.1**	**4.4**

OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

$ million	2016	2015
Profit after tax	233.1	179.7
Other comprehensive income after tax	-	-
Total comprehensive income net of tax attributable to unitholders	**233.1**	**179.7**

CHANGES IN EQUITY

For the year ended 31 March 2016

$ million	Units	Retained earnings / (Accumulated losses)	Unit based payments reserve	Total
Total equity at 1 April 2014	1,375.5	(109.9)	-	1,265.6
Comprehensive income	-	179.7	-	179.7
Distributions paid to unitholders	-	(78.5)	-	(78.5)
Manager's base fee	-	-	8.1	8.1
Issue of units	5.8	-	(4.0)	1.8
Total equity at 31 March 2015	**1,381.3**	**(8.7)**	**4.1**	**1,376.7**
Comprehensive income	-	233.1	-	233.1
Distributions paid to unitholders	-	(82.0)	-	(82.0)
Manager's base fee	-	-	8.4	8.4
Issue of units	8.2	-	(8.2)	-
Total equity at 31 March 2016	**1,389.5**	**142.4**	**4.3**	**1,536.2**

GENERAL INFORMATION

For the year ended 31 March 2016

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 28, 151 Queen Street, Auckland.

The financial statements presented are consolidated financial statements for Goodman Property Trust, its subsidiaries and its joint venture (the "Group"). GMT's investment in Wynyard Precinct Holdings Limited is accounted for using the equity method.

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.

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. In accordance with the Financial Markets Conduct Act 2013, because group financial statements are prepared and presented for Goodman Property Trust and its subsidiaries, separate financial statements for Goodman Property Trust are no longer required to be prepared and presented. 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 historic 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)
+ Derivative financial instruments (note 5)
+ Deferred tax (note 9.3)

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.

NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following new standards, amendments to existing standards and interpretations have not been early adopted in these consolidated financial statements:

NZ IFRS 9 Financial Instruments	This standard will eventually replace NZ IAS 39 Financial Instruments – Recognition and Measurement. It addresses the classification, measurement and recognition of financial assets and financial liabilities, through a simplified mixed measurement model. It is required to be adopted by GMT in the financial statements for the year ending 31 March 2019. GMT has not yet assessed the impact of this standard.
NZ IFRS 15 Revenue from Contracts with Customers	This standard addresses the recognition of revenue from contracts with customers. It specifies the revenue recognition criteria governing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It is required to be adopted by GMT in the financial statements for the year ending 31 March 2019. GMT has not yet assessed the impact of this standard.
NZ IFRS 16 Leases	This standard will replace the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is deemed to contain a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for almost every lease contract. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting for leases under NZ IFRS 16 is very similar to NZ IAS 17. It is required to be adopted by GMT in the financial statements for the year ending 31 March 2020. Early adoption is permitted but only in conjunction with NZ IFRS 15. GMT intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. Investment property

Property income is earned from investment property leased to customers.

1.1 Property income

$ million	2016	2015
Gross lease receipts	153.1	150.8
Service charge income	20.7	23.3
Straight line rental adjustments	1.1	1.4
Amortisation of capitalised lease incentives	(8.9)	(8.8)
Property income	**166.0**	**166.7**

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. Accordingly, fixed rental adjustments are accounted for to achieve straight-line income recognition. Where lease incentives are provided to customers, the cost of incentives are recognised over the lease term on a straight-line basis as a reduction to rental income.

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

1.2 Future minimum rentals receivable

Future minimum rentals receivable for gross lease receipts from non-cancellable operating leases are as follows:

$ million	2016	2015
Within one year	144.8	145.3
One to two years	127.8	132.6
Two to three years	109.2	109.7
Three to four years	98.2	92.4
Four to five years	73.8	76.7
After more than five years	165.2	140.2
Total future minimum rentals receivable	**719.0**	**696.9**

1.3 Weighted average lease term

The weighted average lease term represents the average lease term for leases existing at balance dates, which are weighted by the gross value of the lease receipts.

$ million	2016	2015
Weighted average lease term (years)	5.7	5.1

1. Investment property (continued)

1.4 Total investment property

This table details the total investment property value by estate.

$ million	2016 Stabilised properties	2016 Developments	2016 Land	2016 Total	2015 Stabilised properties	2015 Developments	2015 Land	2015 Total
Business park								
Highbrook Business Park, East Tamaki	789.3	29.6	158.1	977.0	671.2	10.7	168.6	850.5
M20 Business Park, Manukau	174.9	25.4	6.1	206.4	149.1	-	10.6	159.7
Office park								
Greenlane Office, Greenlane	381.0	-	19.6	400.6	359.6	6.8	21.5	387.9
Connect Office, Penrose	-	-	-	-	27.2	-	-	27.2
Industrial estate								
Savill Link, Otahuhu	171.4	7.5	15.1	194.0	145.0	-	16.6	161.6
The Gate Industry Park, Penrose	153.0	1.3	0.5	154.8	140.5	-	1.9	142.4
Westney Industry Park, Mangere	118.4	-	-	118.4	101.6	-	-	101.6
Penrose Industrial Estate, Penrose	53.4	-	-	53.4	43.4	-	-	43.4
The Tamaki Estate, Panmure	31.1	-	-	31.1	-	-	-	-
Connect Industrial Estate, Penrose	27.8	-	-	27.8	22.8	-	-	22.8
Christchurch								
Show Place, Glassworks & South Park	97.9	-	13.9	111.8	182.5	-	16.1	198.6
Total investment property	**1,998.2**	**63.8**	**213.3**	**2,275.3**	**1,842.9**	**17.5**	**235.3**	**2,095.7**

SIGNIFICANT TRANSACTIONS DURING THE CURRENT FINANCIAL YEAR

In February 2016, The Tamaki Estate, Panmure was acquired for $30.7 million.

In November 2015, 12 & 14 Show Place, Christchurch were sold for $33.5 million, and 3 properties at Glassworks, Christchurch were sold for $38.8 million. In December 2015, a further property at Glassworks was sold for $10.2 million.

During the year 7 properties with independently assessed values totalling $82.7 million were completed.

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	2016	2015
Stabilised properties	1.6	133.4	63.2
Developments	1.7	13.9	20.5
Land	1.8	(8.8)	(8.4)
Investment property contracted for sale	1.9	7.3	-
Total movement in fair value of investment property		**145.8**	**75.3**

Key judgement – fair value of investment property

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. Fair value reflects the Board's assessment of highest and best use of each property at the end of the reporting period. 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 valuation team, 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.

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, 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 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.

The key inputs used to measure fair value of stabilised properties and substantially completed developments are disclosed below, along with their sensitivity to a significant increase or decrease:

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

1. Investment property (continued)

1.5 Movement in fair value of investment property (continued)

The following table discloses the quantitative information by asset class for stabilised properties and developments held at fair value:

2016	Market capitalisation rate %	Market rental $ per sqm	Discount rate %	Rental growth rate %	Terminal capitalisation rate %
Business park	5.50 - 7.75	95 - 337	7.50 - 9.25	1.86 - 2.90	6.00 - 8.50
Office park	6.75 - 9.00	254 - 386	7.75 - 9.55	1.02 - 2.58	7.00 - 8.50
Industrial estate	6.58 - 8.75	74 - 160	8.26 - 9.75	1.66 - 2.80	6.50 - 9.00

2015	Market capitalisation rate %	Market rental $ per sqm	Discount rate %	Rental growth rate %	Terminal capitalisation rate %
Business park	6.38 - 8.50	85 - 300	8.50 - 10.00	2.29 - 2.86	6.75 - 9.00
Office park	7.00 - 8.63	230 - 365	8.00 - 10.00	1.25 - 2.82	7.00 - 8.88
Industrial estate	6.75 - 9.25	80 - 110	8.50 - 10.50	1.99 - 2.55	7.00 - 9.75

Land is valued based on recent comparable transactions which had land values ranging between $230 per square metre (“psm”) and $490 psm for industrial land (31 March 2015: between $215 psm and $465 psm) and between $850 psm and $1,700 psm for office land (31 March 2015: between $800 psm and $1,600 psm).

1. Investment property (continued)

1.6 Stabilised properties

2016	Valuation 2015 ($ million)	Acquisitions / Transfers in ($ million)	Net expenditure ($ million)	Fair value movement ($ million)	Disposals / Transfers out ($ million)	Valuation 2016 ($ million)	Valuer	Net lettable area sqm	Market cap rate	Occupancy	WALE years
Business park											
Highbrook Business Park, East Tamaki	671.2	55.2	0.7	62.2	-	**789.3**	CBRE, Savills	386,610	5.5% - 7.3%	99%	6.1
M20 Business Park, Manukau	149.1	-	2.9	22.9	-	**174.9**	CBRE	123,299	5.8% - 7.8%	100%	5.5
Office park											
Greenlane Office, Greenlane	359.6	22.3	9.7	(10.6)	-	**381.0**	CBRE, Colliers	105,699	6.8% - 7.9%	77%	3.6
Connect Office, Penrose	27.2	-	5.2	-	(32.4)	**-**	-	-	-	-	-
Industrial estate											
Savill Link, Otahuhu	145.0	3.9	(0.8)	23.3	-	**171.4**	JLL	98,166	6.1% - 6.9%	100%	5.4
The Gate Industry Park, Penrose	140.5	-	0.1	12.4	-	**153.0**	Colliers	81,191	6.9%	85%	3.8
Westney Industry Park, Mangere	101.6	-	1.8	15.0	-	**118.4**	JLL	104,889	7.8% - 8.8%	100%	4.5
Penrose Industrial Estate, Penrose	43.4	-	0.5	9.5	-	**53.4**	JLL	36,288	7.1%	100%	4.1
The Tamaki Estate, Panmure	-	30.7	-	0.4	-	**31.1**	Colliers	19,480	5.8%	100%	2.2
Connect Industrial Estate, Penrose	22.8	1.3	0.1	6.0	(2.4)	**27.8**	Colliers	23,133	7.6%	100%	3.8
Christchurch											
Show Place, Glassworks & South Park	182.5	-	5.9	(7.7)	(82.8)	**97.9**	CBRE, Colliers	47,335	7.3% - 9.0%	92%	4.7
Total stabilised properties	**1,842.9**	**113.4**	**26.1**	**133.4**	**(117.6)**	**1,998.2**		**1,026,090**			

Acquisitions	reflect the purchase price and any associated transaction costs.
Transfers in	represents the valuation at the date of completion of developments.
Net expenditure	comprises capital expenditure (including maintenance capital expenditure of $5.0 million in the current period), 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 2016 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	represents the net book value of stabilised properties reclassified as developments or land.

1. Investment property (continued)

1.6 Stabilised properties (continued)

2015	Valuation 2014 ($ million)	Acquisitions / Transfers in ($ million)	Net expenditure ($ million)	Fair value movement ($ million)	Disposals / Transfers out ($ million)	Valuation 2015 ($ million)	Valuer	Lettable area sqm	Market cap rate	Occupancy	WALE years
Business park											
Highbrook Business Park, East Tamaki	538.9	85.8	6.9	39.6	-	**671.2**	CBRE, Savills	316,686	6.4% - 7.8%	100%	6.4
M20 Business Park, Manukau	144.7	-	4.1	3.3	(3.0)	**149.1**	CBRE	93,585	6.4% - 8.5%	93%	5.9
Office park											
Greenlane Office, Greenlane	323.2	25.8	4.1	9.8	(3.3)	**359.6**	CBRE, Colliers	88,188	7.1% - 8.6%	87%	4.2
Connect Office, Penrose	27.6	-	(1.1)	0.7	-	**27.2**	Colliers	9,278	8.9%	100%	2.4
Air New Zealand House, Auckland	64.0	-	-	-	(64.0)	**-**	-	-	-	-	-
SMEC House, Newmarket	21.5	-	0.9	-	(22.4)	**-**	-	-	-	-	-
Industrial estate											
Savill Link, Otahuhu	121.1	19.9	1.8	2.2	-	**145.0**	JLL	98,156	6.8% - 8.0%	100%	5.7
The Gate Industry Park, Penrose	135.5	-	(0.3)	5.3	-	**140.5**	Colliers	78,644	7.3%	100%	4.6
Westney Industry Park, Mangere	94.4	-	4.0	3.2	-	**101.6**	JLL	106,259	8.8% - 9.3%	99%	3.7
Penrose Industrial Estate, Penrose	41.8	-	(1.7)	3.3	-	**43.4**	CBRE	30,838	8.3%	90%	4.6
Connect Industrial Estate, Penrose	23.4	1.5	1.2	(3.3)	-	**22.8**	Colliers	23,103	8.0%	100%	2.0
Enterprise Park, Manukau	50.0	-	2.2	(1.5)	(50.7)	**-**	-	-	-	-	-
Christchurch											
Show Place, Glassworks & South Park	161.0	47.7	5.0	0.6	(31.8)	**182.5**	JLL	70,796	7.3% - 8.4%	93%	4.6
Total stabilised properties	**1,747.1**	**180.7**	**27.1**	**63.2**	**(175.2)**	**1,842.9**		**915,533**			

ACCOUNTING POLICIES

Stabilised properties are those 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 on 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.

1. Investment property (continued)

1.7 Developments

2016	Valuation 2015 ($ million)	Acquisitions / Transfers in ($ million)	Net expenditure ($ million)	Fair value movement ($ million)	Disposals / Transfers out ($ million)	Valuation 2016 ($ million)	Valuer	Net lettable area sqm	Market cap rate	Occupancy	WALE years
At fair value											
M20 Business Park, Manukau	-	3.9	15.8	1.3	-	21.0	CBRE	11,972	6.0%	100%	10.0
At cost											
Highbrook Business Park, East Tamaki	10.7	24.3	39.1	10.7	(55.2)	29.6	At cost	31,066	-	54%	8.6
Savill Link, Otahuhu	-	6.5	4.7	0.2	(3.9)	7.5	At cost	5,040	-	100%	10.0
M20 Business Park, Manukau	-	1.2	3.2	-	-	4.4	At cost	3,300	-	0%	-
The Gate Industry Park, Penrose	-	1.3	-	-	-	1.3	At cost	4,930	-	0%	-
Greenlane Office, Greenlane	6.8	-	13.8	1.7	(22.3)	-	-	- [(1)]	-	-	-
Connect Industrial Estate, Penrose	-	-	1.3	-	(1.3)	-	-	-	-	-	-
Total developments	**17.5**	**37.2**	**77.9**	**13.9**	**(82.7)**	**63.8**					

2015	Valuation 2014 ($ million)	Acquisitions / Transfers in ($ million)	Net expenditure ($ million)	Fair value movement ($ million)	Disposals / Transfers out ($ million)	Valuation 2015 ($ million)	Valuer	Lettable area sqm	Market cap rate	Occupancy	WALE years
At fair value											
Highbrook Business Park, East Tamaki	7.8	-	2.2	2.4	(12.4)	-	-	-	-	-	-
At cost											
Highbrook Business Park, East Tamaki	16.9	17.3	38.7	11.2	(73.4)	10.7	At cost	18,087	-	19%	1.5
Greenlane Office, Greenlane	5.8	3.3	19.8	3.7	(25.8)	6.8	At cost	- [(1)]	-	-	-
Show Place, Glassworks & South Park	20.8	-	24.7	2.2	(47.7)	-	-	-	-	-	-
Savill Link, Otahuhu	-	3.0	15.9	1.0	(19.9)	-	-	-	-	-	-
Connect Industrial Estate, Penrose	-	1.1	0.4	-	(1.5)	-	-	-	-	-	-
Total developments	**51.3**	**24.7**	**101.7**	**20.5**	**(180.7)**	**17.5**		**18,087**			

(1) The development at Greenlane Office is a multi-storey car park building providing 660 car parking spaces. There is no associated net lettable area.

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 construction of a property. 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, determined in the same manner as stabilised properties.

1. Investment property (continued)

1.8 Land

2016	Valuation 2015 ($ million)	Acquisitions / Transfers in ($ million)	Net expenditure[1] ($ million)	Fair value movement ($ million)	Disposals / Transfers out ($ million)	Valuation 2016 ($ million)	Valuer	Net land area sqm
Highbrook Business Park, East Tamaki	168.6	-	13.6	0.2	(24.3)	158.1	Savills	349,600
M20 Business Park, Manukau	10.6	-	1.0	(0.4)	(5.1)	6.1	CBRE	18,773
Greenlane Office, Greenlane	21.5	-	1.7	(3.6)	-	19.6	CBRE	27,012
Show Place, Glassworks & South Park	16.1	-	2.2	(4.4)	-	13.9	CBRE	48,390
Savill Link, Otahuhu	16.6	3.0	1.9	0.1	(6.5)	15.1	JLL	49,666
The Gate Industry Park, Penrose	1.9	-	0.6	(0.7)	(1.3)	0.5	Colliers	5,110
Total land	**235.3**	**3.0**	**21.0**	**(8.8)**	**(37.2)**	**213.3**		**498,551**

2015	Valuation 2014 ($ million)	Acquisitions / Transfers in ($ million)	Net expenditure[1] ($ million)	Fair value movement ($ million)	Disposals / Transfers out ($ million)	Valuation 2015 ($ million)	Valuer	Net land area sqm
Highbrook Business Park, East Tamaki	168.5	-	15.9	1.5	(17.3)	168.6	Savills	425,942
M20 Business Park, Manukau	9.7	3.0	1.8	(3.9)	-	10.6	CBRE	43,145
Connect Industrial Estate, Penrose	1.0	-	0.1	-	(1.1)	-	-	-
Greenlane Office, Greenlane	21.4	3.3	1.9	(1.8)	(3.3)	21.5	JLL	27,012
Show Place, Glassworks & South Park	20.2	-	1.2	(2.7)	(2.6)	16.1	CBRE	48,390
Savill Link, Otahuhu	18.8	-	1.9	(1.1)	(3.0)	16.6	JLL	59,577
The Gate Industry Park, Penrose	1.8	-	0.5	(0.4)	-	1.9	Colliers	8,746
Total land	**241.4**	**6.3**	**23.3**	**(8.4)**	**(27.3)**	**235.3**		**612,812**

[1] Included within net expenditure is $18.2 million of holding costs (2015: $21.2 million).

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.

1. Investment property (continued)

1.9 Investment property contracted for sale

	$ million					
2016	**Valuation 2015**	**Acquisitions / Transfers in**	**Net expenditure**	**Fair value movement**	**Disposals / Transfers out**	**Valuation 2016**
Connect Office, Penrose	-	32.4	1.5	7.0	-	40.9
Connect Industrial Estate, Penrose	-	2.4	0.2	0.3	-	2.9
Total investment property contracted for sale	**-**	**34.8**	**1.7**	**7.3**	**-**	**43.8**

The Connect Office buildings and a single Connect Industrial building were contracted for sale in March 2016 for a total sale price of $43.8 million, with settlement expected in June 2016. At the date of approval of these financial statements both of these sales are conditional only on issuance of new title for the properties. The carrying value of the properties is the contracted sale price.

ACCOUNTING POLICIES

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

1.10 Construction loan

A construction loan has been provided by GMT to The Fletcher Construction Company (Fanshawe Street) Limited (formerly known as Delcon Holdings (No.15) Limited), whose ultimate parent is Fletcher Building Limited. The advances made are used to fund the development of the Datacom building to be acquired by a subsidiary of the Trust's joint venture Wynyard Precinct Holdings Limited. Acquisition will be on completion, expected to be in April 2017, at which point the loan will be repaid. The loan incurs a market rate of interest for a loan of its type. This loan is guaranteed by Fletcher Building Limited.

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. This ownership structure is unchanged since the inception of the joint venture on 11 February 2015. 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.

2.1 WPHL Profit or Loss

	WPHL		GMT share at 51%	
$ million	2016	2015	2016	2015
Net property income	18.2	13.1		
Net interest costs	(5.6)	(4.0)		
Administrative expenses	(0.3)	(0.2)		
Operating earnings before other income / (expenses) and tax	**12.3**	**8.9**	**6.3**	**4.4**
Other income / (expenses) and tax				
Movement in fair value of investment properties	0.4	2.9		
Movement in fair value of derivative financial instruments	(2.0)	(1.3)		
Non-operating administrative expenses	(0.8)	-		
Income tax	(2.3)	(1.9)		
Deferred tax	0.4	3.8		
Other income / (expenses) and tax	**(4.3)**	**3.5**	**(2.2)**	**1.7**
Profit after tax	**8.0**	**12.4**	**4.1**	**6.1**

ACCOUNTING POLICIES

The joint venture is accounted for using the equity method. Accounting policies of the joint venture are aligned with policies of GMT.

SIGNIFICANT TRANSACTIONS DURING THE CURRENT FINANCIAL YEAR

In February 2016, the joint venture completed the acquisition of the Fonterra Centre in Wynyard Quarter, Auckland for $93.4 million.

2. Investment in joint venture (continued)

2.2 WPHL Balance Sheet

$ million	WPHL 2016	WPHL 2015		GMT share at 51% 2016	GMT share at 51% 2015
Assets					
Stabilised properties (non-current)	317.1	222.9			
Current assets	2.0	7.6			
Other non-current assets	1.5	-			
Total assets	**320.6**	**230.5**			
Liabilities					
Borrowings (non-current)	156.1	-			
Borrowings (current)	-	123.7			
Advances from shareholders (current)	46.0	-			
Other current liabilities	2.8	1.2			
Other non-current liabilities	5.3	3.2			
Total liabilities	**210.2**	**128.1**			
Net assets	**110.4**	**102.4**			
Share capital	24.7	24.7			
Retained earnings	85.7	77.7			
Total equity	**110.4**	**102.4**		**56.3**	**52.2**
			Goodwill	6.9	6.9
			Investment in joint venture	**63.2**	**59.1**

2.3 WPHL Stabilised properties

Office park VXV Precinct, Auckland	Opening valuation ($ million)	Acquisitions / Transfers in ($ million)	Net expenditure ($ million)	Fair value movement ($ million)	Disposals / Transfers out ($ million)	Closing valuation ($ million)	Valuer	Net lettable area sqm	Market cap rate	Occupancy	WALE years
Year ended 31 March 2016	222.9	93.4	0.4	0.4	-	317.1	Colliers	31,385	7.0% - 8.5%	100%	7.9
Year ended 31 March 2015	156.2	64.0	(0.2)	2.9	-	222.9	Colliers	23,192	7.9% - 8.5%	100%	3.9

2. Investment in joint venture (continued)

2.4 WPHL Borrowings

	2016				2015			
$ million	Facility	Expiry	Drawn	Undrawn	Facility	Expiry	Drawn	Undrawn
Total bank facilities	157.0	Apr 17 - Sep 19	156.5	0.5	127.0	Dec 15	123.7	3.3

WPHL's bank facility is provided by Westpac New Zealand Limited. At 31 March 2016 it had a weighted average term to expiry of 2.8 years (2015: 0.8 years). This facility is secured over the assets and undertakings of the WPHL joint venture and is non-recourse to WPHL's shareholders. The WPHL joint venture has given a negative pledge which provides that it will 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 and tax to interest expense, and the ratio of financial indebtedness to the value of the property portfolio.

2.5 WPHL Cash flows

	WPHL	
$ million	2016	2015
Cash flows from operating activities		
Net property income received	17.7	13.4
Net interest costs paid	(5.6)	(3.9)
Other operating cash flows	(2.9)	(4.5)
Net cash flows from operating activities	**9.2**	**5.0**
Cash flows from investing activities		
Acquisition of investment properties	(88.4)	(69.2)
Capital expenditure payments for investment properties	(0.9)	(0.6)
Capital expenditure payments for other non-current assets	(0.3)	-
Net cash flows from investing activities	**(89.6)**	**(69.8)**
Cash flows from financing activities		
Proceeds from borrowings	38.4	71.6
Repayment of borrowings	(5.5)	-
Advances from shareholders	51.0	-
Repayments to shareholders	(5.0)	-
Distributions paid to shareholders	-	(5.2)
Net cash flows from financing activities	**78.9**	**66.4**
Net movement in cash	**(1.5)**	**1.6**
Cash at the beginning of the year	2.3	0.7
Cash at the end of the year	**0.8**	**2.3**

3. Borrowings

3.1 Net interest costs

$ million	2016	2015
Interest income		
Interest income	2.0	0.3
Total interest income	**2.0**	**0.3**
Interest costs		
Interest expense	(42.2)	(49.5)
Amortisation of borrowing costs	(4.2)	(1.7)
Borrowing costs capitalised	23.9	26.8
Total interest costs	**(22.5)**	**(24.4)**
Net interest costs	**(20.5)**	**(24.1)**

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. Borrowings (continued)

3.2 Borrowings

$ million	2016	2015
Current		
Retail bonds	-	150.0
Total current borrowings	**-**	**150.0**
Non-current		
Syndicated bank facility	401.5	406.0
Retail bonds	200.0	100.0
Wholesale bonds	45.0	45.0
US Private Placement notes – New Zealand dollar amount on inception [1]	156.8	-
Total non-current	**803.3**	**551.0**
US Private Placement notes – foreign exchange translation impact [1]	16.8	-
Unamortised borrowings establishment costs	(5.2)	(2.4)
Total non-current borrowings	**814.9**	**548.6**
Total borrowings	**814.9**	**698.6**

(1) US Private Placement notes comprise $156.8 million for funds received at the borrowing date and $16.8 million for the foreign exchange translation impact. These borrowings are fully hedged and GMT take 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.

SIGNIFICANT TRANSACTIONS DURING THE CURRENT FINANCIAL YEAR

In June 2015 GMT issued US$120 million of US Private Placement notes. This debt is fully hedged to New Zealand dollars and as a result the Trust does not carry any foreign currency risk. On issue, GMT entered into cross currency interest rate derivatives to swap the US$120 million issue back to NZ$156.8 million.

In June 2015 GMT repaid its first retail bond, issued in December 2009, amounting to $150 million. Also in June 2015, GMT issued a new $100 million retail expiring in June 2022. In October 2015, GMT refinanced its syndicated bank facility, modifying the tranche structure and extending its term.

3. Borrowings (continued)

3.3 Composition of borrowings

2016	Carried at	Date issued	Expiry	Weighted average remaining term (years)	Interest rate	$ million Facility drawn / Amount	$ million Undrawn facility
Syndicated bank facilities	Amortised cost	-	Apr 17 - Oct 21	3.6	Floating	401.5	198.5
Retail bonds – GMB020	Amortised cost	Dec 13	Dec 20	4.7	6.20%	100.0	-
Retail bonds – GMB030	Amortised cost	Jun 15	Jun 22	6.2	5.00%	100.0	-
Wholesale bonds	Amortised cost	Sep 10	Sep 17	1.4	7.58%	45.0	-
US Private Placement notes	Amortised cost	Jun 15	Jun 25	9.2	3.46%	US$40.0	-
US Private Placement notes	Amortised cost	Jun 15	Jun 27	11.2	3.56%	US$40.0	-
US Private Placement notes	Amortised cost	Jun 15	Jun 30	14.2	3.71%	US$40.0	-

2015	Carried at	Date issued	Expiry	Weighted average remaining term (years)	Interest rate	$ million Facility drawn / Amount	$ million Undrawn facility
Syndicated bank facilities	Amortised cost	-	Apr 17 - Oct 20	3.9	Floating	406.0	194.0
Retail bonds – GMB010	Amortised cost	Dec 09	Jun 15	0.3	7.75%	150.0	-
Retail bonds – GMB020	Amortised cost	Dec 13	Dec 20	5.7	6.20%	100.0	-
Wholesale bonds	Amortised cost	Sep 10	Sep 17	2.4	7.58%	45.0	-

As at 31 March 2016 and 31 March 2015 a $600.0 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 $135 million) and The Hong Kong and Shanghai Banking Corporation Limited (providing $60 million).

As at 31 March 2016 GMT's borrowing facilities had a weighted average remaining term of 5.1 years (2015: 3.4 years).

As at 31 March 2016, 50% of GMT's drawn debt funding was provided from non-bank sources (2015: 42%).

SUBSEQUENT EVENT

On 29 April, 2016, GMT refinanced Tranche A of the syndicated bank facility, extending its expiry date to October 2018. The Trust's weighted average debt term to expiry is 5.4 years as at the date of refinance.

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 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 which provides that it will not create or permit any security interest over its assets. The principal financial ratios which must be met are with respect to 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 assess the strength of GMT's Balance Sheet. It represents the percentage of borrowings to the value of underlying assets. The GMT look through LVR incorporates GMT's 51% share of WPHL and is the measure utilised by management when considering the Trusts LVR.

	2016			2015		
$ million	**GMT**	**WPHL @ 51%**	**GMT look through**	**GMT**	**WPHL @ 51%**	**GMT look through**
Total borrowings	814.9	79.6	894.5	698.6	63.1	761.7
US Private Placement notes – foreign exchange translation impact	(16.8)	-	(16.8)	-	-	-
Cash	(1.1)	(0.4)	(1.5)	(4.4)	(1.2)	(5.6)
Investment property contracted for sale	(43.8)	-	(43.8)	-	-	-
Borrowings for LVR calculation	**753.2**	**79.2**	**832.4**	**694.2**	**61.9**	**756.1**
Investment property	2,275.3	161.7	2,437.0	2,095.7	113.7	2,209.4
Construction loan	21.5	-	21.5	-	-	-
Assets for LVR calculation	**2,296.8**	**161.7**	**2,458.5**	**2,095.7**	**113.7**	**2,209.4**
Loan to value ratio %	**32.8%**	**49.0%**	**33.9%**	**33.1%**	**54.4%**	**34.2%**

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.

	2016	**2015**
Weighted average cost of borrowings	6.3%	6.6%

4. Units, earnings per unit and distributions

Issued units comprise capital contributed to GMT by unit holders. Weighted units are calculated based on the days that the units have been issued for the current year. Distributions are paid to GMT unit holders as approved by the board of the Manager.

4.1 Issued units

	Issued units (million)		Weighted units (million)		Value ($ million)	
	2016	2015	2016	2015	2016	2015
Balance at the beginning of the year	1,228.8	1,223.3	1,228.8	1,223.3	1,381.3	1,375.5
Distribution reinvestment plan	-	1.8	-	1.5	-	1.9
Manager's base fee reinvested	7.0	3.7	4.1	1.2	8.2	3.9
Units issued for part consideration of the acquisition of 50% of Highbrook Development Limited	37.3	-	11.1	-	-	-
Balance at the end of the year	**1,273.1**	**1,228.8**	**1,244.0**	**1,226.0**	**1,389.5**	**1,381.3**

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"). Other than in limited circumstances as set out in the Trust Deed, GNZ is required to use its base fee 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.

SIGNIFICANT TRANSACTIONS DURING THE CURRENT FINANCIAL YEAR

In December 2015, GMT issued 37.3 million units for final consideration of the December 2012 acquisition of 50% of Highbrook Development Limited from Highbrook Trust, a sub-trust of the Goodman Industrial Trust. The equity associated with these units was recognised in GMT's balance sheet from the date of acquisition, therefore this issue did not result in any additional equity being recognised by GMT.

4.2 Earnings per unit

Earnings per unit is calculated as profit 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 is set out in Profit or Loss, with a reconciliation of operating earnings after tax as follows:

$ million	2016	2015
Operating earnings before other income / (expenses) and tax	117.0	112.3
Current tax	(17.8)	(15.4)
Current tax of joint venture	(1.2)	1.0
Operating earnings after tax	**98.0**	**97.9**

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

4.2 Earnings per unit (continued)

million	Weighted average units 2016	2015
Weighted average number of units used in calculating basic earnings per unit	1,244.0	1,226.0
Deferred units for Manager's base fee expected to be reinvested	3.3	3.5
Deferred units for part consideration of the acquisition of 50% of Highbrook Development Limited	26.2	37.3
Weighted average number of units used in calculating diluted earnings per unit	**1,273.5**	**1,266.8**

Weighted units are used to calculate basic earnings per unit. Diluted earnings per unit measures are calculated using weighted units plus any deferred units which are expected to be issued after balance date.

	Basic		Diluted	
cents per unit	2016	2015	2016	2015
Operating earnings per unit before tax	9.41	9.16	9.19	8.86
Operating earnings per unit after tax	7.88	7.99	7.70	7.73
Earnings per unit after tax	18.74	14.66	18.30	14.19

4.3 Net tangible assets

Diluted units are used to calculate net tangible assets per unit. As at 31 March 2016 diluted units comprise 1,273.1 million issued units plus 3.3 million deferred units for Manager's base fee expected to be reinvested (2015: total diluted units of 1,269.6 million).

	2016	2015
Net tangible assets ($ million)	1,536.2	1,376.7
Net tangible assets per unit (cents)	120.4	108.4

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

4.4 Distributions

	2016	2015
Distributions relating to the period (cents per unit)	6.65	6.45
Distributions paid in the period (cents per unit)	6.60	6.40
Distributions relating to the period ($ million)	82.6	79.2
Distributions paid in the period ($ million)	82.0	78.5

ACCOUNTING POLICIES

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

SUBSEQUENT EVENT

On 18 May 2016 a cash distribution of 1.6625 cents per unit with 0.3658 cents per unit of imputation credits attached was declared. The record date for the distribution is 9 June 2016 and payment will be made on 23 June 2016.

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	2016	2015
Interest rate derivatives	(9.3)	(15.3)
Cross currency interest rate derivatives relating to US Private Placement notes	20.8	-
Total movement in fair value of derivative financial instruments	**11.5**	**(15.3)**
Foreign exchange rate movement on US Private Placement notes	(16.8)	-
Total movement in fair value of financial instruments	**(5.3)**	**(15.3)**

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 (2015: 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 current creditworthiness of the derivative counterparty. These values are verified against valuations prepared by the respective counterparties. The valuations were based on market rates at 31 March 2016 of between 2.34% (2015: 3.64%) for the 90 day BKBM and 3.01% (2015: 3.75%) for the 10 year swap rate. There were no changes to these valuation techniques during the period.

5.2 Derivative financial instruments

$ million	2016	2015
Cross currency interest rate derivatives		
Non-current assets	20.8	-
Interest rate derivatives		
Current assets	-	0.4
Non-current assets	13.0	4.5
Current liabilities	(0.1)	(3.7)
Non-current liabilities	(40.8)	(23.0)
Net derivative financial instruments	**(7.1)**	**(21.8)**

5. Derivative financial instruments (continued)

5.3 Additional derivative information

	2016	2015
Cross currency interest rate derivatives		
Notional contract value as receiver ($ million)	156.8	-
Percentage of US Private Placement notes borrowings converted to floating rate NZD payments	100%	-
Weighted average term to maturity (years)	11.5	-
Interest rate derivatives		
Notional contract value as payer ($ million)	555.8	511.8
Notional contract value as receiver ($ million)	195.0	207.0
Percentage of borrowings fixed	68%	73%
Interest rate range	2.5% - 7.6%	3.4% - 7.6%
Weighted average term to maturity (years)	4.4	4.6

6. Administrative expenses

Administrative expenses are incurred to manage the operational activity of GMT. Excluded from administrative expenses and operating earnings are the Managers' base fee, which is expected to be used to reinvest in GMT units when settlement occurs, and joint venture establishment costs, which were a one-off expense in the prior year.

6.1 Administrative expenses incurred to derive operating earnings

$ million	2016	2015
Valuation fees	(0.3)	(0.3)
Auditors' fees	(0.2)	(0.3)
Trustee fees	(0.3)	(0.3)
Other costs	(1.8)	(1.8)
Total administrative expenses incurred to derive operating earnings	**(2.6)**	**(2.7)**

6.2 Auditors' fees

Auditors' fees detailed below are in thousands of dollars.

$	2016	2015
Audit and review of financial statements	(227,950)	(225,700)
Other assurance related services	(14,500)	(14,500)
Other services	(5,000)	(49,000)
Total auditors' fees	**(247,450)**	**(289,200)**

Other assurance related services Other assurance related services comprise work performed at unit holder meetings, on financial covenants of the bank facilities, the performance fee calculation, audit of the registry and reporting under the GMT Bond Issuer Limited Trust Deed.

Other services Other services comprise accounting advice, data analysis and advisory services.

6. Administrative expenses (continued)

6.3 Administrative expenses incurred but not included in 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	2016	2015
Manager's base fee expected to be reinvested in units	(6.3)	(6.4)
Joint venture establishment costs	-	(0.9)
Total administrative expenses incurred but not included in operating earnings	**(6.3)**	**(7.3)**

7. Debtors and other assets

$ million	2016	2015
Current		
Debtors	4.7	0.4
Prepayments	1.3	0.5
Deposit paid to acquire property from a related party	-	5.0
Other assets	2.1	6.7
Total debtors and other assets	**8.1**	**12.6**

ACCOUNTING POLICIES

Debtors and other assets are initially recognised at fair value and subsequently measured at amortised cost. They are subsequently adjusted for 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 amount provided is the difference between the carrying amount and expected recoverable amount. There were no material provisions for impairment in the year (2015: none).

8. Creditors and other liabilities

$ million	2016	2015
Current		
Creditors	0.8	0.3
Interest payables	5.3	6.8
Related party payables	4.1	8.8
Accrued capital expenditure	19.8	11.8
Other liabilities	4.0	1.3
Total creditors and other liabilities	**34.0**	**29.0**

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.

9. Tax

9.1 Tax expense

$ million	2016	2015
Profit before tax	247.9	170.9
Tax at 28%	(69.4)	(47.9)
Depreciation of investment property	5.6	5.2
Movement in fair value of investment property	40.8	21.1
Disposal of investment property	0.1	2.4
Depreciation recovered on disposal of investment property	(1.0)	(5.2)
Deductible net expenditure for investment property	6.5	8.4
Joint venture net profit less dividends received	1.2	1.5
Deductible capitalised borrowings establishment costs	0.3	-
Movement in fair value of derivative financial instruments	(0.6)	(2.3)
Tax payable on novated derivative financial instruments	(1.2)	(1.2)
Utilisation of brought forward tax losses	-	2.7
Over / (under) provision in prior year	(0.1)	(0.1)
Current tax	**(17.8)**	**(15.4)**
Depreciation of investment property	(5.6)	(5.2)
Depreciation not expected to be recovered	3.9	22.1
Depreciation recovered on disposed investment property	1.0	9.3
Deductible net expenditure for investment property	(0.4)	1.0
Deductible capitalised borrowing costs	(0.2)	(0.1)
Derivative financial instruments	4.3	(0.2)
Utilisation of brought forward tax losses	-	(2.7)
Deferred tax	**3.0**	**24.2**
Total tax	**(14.8)**	**8.8**

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. Tax (continued)

9.2 Current tax payable

$ million	2016	2015
Balance at the beginning of the year	(2.9)	(0.2)
Current tax expense	(17.8)	(15.4)
Income tax paid	16.2	12.7
Current tax payable	**(4.5)**	**(2.9)**

The amount of imputation credits available to unit holders in subsequent reporting periods is $4.7 million (2015: $3.8 million).

9.3 Deferred tax

$ million	2016	2015
Deferred tax assets		
Derivative financial instruments	5.2	0.9
Total deferred tax assets	**5.2**	**0.9**
Deferred tax liabilities		
Investment properties – depreciation recoverable	(35.3)	(34.6)
Investment properties – deferred expenses	(9.1)	(8.7)
Borrowings issue costs	(0.6)	(0.4)
Total deferred tax liabilities	**(45.0)**	**(43.7)**
Net deferred tax	**(39.8)**	**(42.8)**

KEY JUDGEMENTS

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 independent valuers' assessments of the market value of the tax depreciable components of a representative sample of properties, and the Group's experience of tax depreciation recovered when properties have been sold.

10. 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, as well as its subsidiaries and joint venture.

Entity		Nature of relationship
Goodman (NZ) Limited	GNZ	Manager of the Trust
Goodman Property Services (NZ) Limited	GPSNZ	Provider of property management and related services to the Trust and to its joint venture
Goodman (Wynyard Precinct) Limited	GWP	Developer of the Fonterra Centre acquired during the year
Goodman Investment Holdings (NZ) Limited	GIH	Unitholder in GMT
Goodman Limited	GL	Parent entity of GNZ, GPSNZ, GIH and 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

10.1 Transactions with related parties other than WPHL

		Recorded		Capitalised		Outstanding	
$ million	Related party	2016	2015	2016	2015	2016	2015
Manager's base fee	GNZ	8.0	8.1	1.7	1.7	4.3	4.1
Manager's performance fee	GNZ	-	-	-	-	-	-
Property management fees [(1)]	GPSNZ	3.4	3.8	-	-	0.3	0.2
Leasing fees	GPSNZ	1.9	1.0	-	-	0.5	-
Acquisition and disposal fees	GPSNZ	1.6	1.4	-	-	-	0.8
Minor project fees	GPSNZ	0.8	0.1	0.8	0.1	0.1	-
Development management fees	GPSNZ	3.8	3.5	3.8	3.5	0.2	0.1
Total fees		**19.5**	**17.9**	**6.3**	**5.3**	**5.4**	**5.2**
Reimbursement of expenses for services provided	GPSNZ	1.1	1.1	-	-	-	-
Total reimbursements		**1.1**	**1.1**		**-**	**-**	**-**
Stabilised property acquisition – Fonterra Centre	GWP	88.2	-	-	-	-	-
Land acquisition – Savill Link	GIT	3.0	2.9	3.0	2.9	3.0	2.9
Total capital transactions		**91.2**	**2.9**	**3.0**	**2.9**	**3.0**	**2.9**

(1) Of the property management fees charged by GPSNZ, $3.2 million was paid by customers and was not a cost for GMT (2015: $3.6 million).

10. Related party disclosures (continued)

10.2 Transactions with WPHL

		Recorded		Capitalised		Outstanding	
$ million	Related party	2016	2015	2016	2015	2016	2015
Stabilised property disposal – Fonterra Centre	WPHL	(88.4)	(5.0)	-	-	-	-
Investment in joint venture	WPHL	-	1.0	-	-	-	-
Advances to joint venture	WPHL	23.5	-	-	-	(23.5)	-
Interest income received from joint venture	WPHL	(0.3)	-	-	-	-	-
Funding fee received from joint venture	WPHL	(0.6)	-	-	-	-	-
Dividends received from joint venture	WPHL	-	(2.6)	-	-	-	-

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.

10.3 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, 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 which is available at www.companies.govt.nz or on the GMT website at www.goodman.com/nz.

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) 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 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 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 to future periods.

The Manager uses performance fee proceeds to reinvest in GMT units in accordance with the terms of the Trust Deed. The issue price for these units is equal to the higher of market price and the net asset value per unit.

A performance fee deficit of $15.3 million (2015: deficit of $19.1 million) was carried forward to include in the calculation to determine whether a performance fee is payable in 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.

10. Related party disclosures (continued)

10.3 Explanation of related party transactions (continued)

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 in lieu of using external providers, with these amounts reimbursed on a cost recovery basis.

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 (2015: none). This agreement was approved by unitholders at a general meeting held on 23 March 2004.

GMT purchased land at Savill Link for $3.0 million (2015: $2.9 million) that was co-owned via the Co-ownership Agreement between GMT and Goodman Industrial Trust.

During the year GMT settled the acquisition of the Fonterra Centre from GWP for $92.8 million, and immediately on sold it to WPHL for $93.4 million.

In March 2015 GMT agreed to provide construction funding to facilitate the acquisition of the completed Datacom building by Wynyard Precinct No. 6 Limited for $86.2 million. Refer to section 1.10 for further details.

Other transactions
GMT issued Goodman Group 37,335,624 units on 14 December 2015 in part settlement of GMT's acquisition of Goodman Group's 25% interest in Highbrook Development Limited.

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.

GNZ's ultimate parent entity, Goodman Group, held 262,447,211 units in GMT at 31 March 2016 out of a total 1,273,070,920 units on issue. At 31 March 2015 Goodman Group held 218,781,778 units in GMT out of a total 1,228,807,823 units on issue.

10.4 Other related party capital commitments

$ million	Related party	2016	2015
Development fees for developments in progress	GPSNZ	3.2	0.7
Funding for WPHL to acquire the Datacom building	WPHL	22.0	-
Funding for WPHL to acquire the Fonterra building	WPHL	-	22.4
Total other related party capital commitments		**25.2**	**23.1**

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 on a graduated scale 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.

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 10.4.

$ million	2016	2015
Completion of developments	56.6	16.9
Construction loan funding to be provided to The Fletcher Construction Company (Fanshawe Street) Limited (1)	45.5	67.0
Total non-related party capital commitments	**102.1**	**83.9**

(1) This loan is expected to be repaid in full on settlement of the acquisition of the Datacom building by a subsidiary of WPHL. Repayment of the loan will provide the Trust with funds to meet its commitment to the joint venture for the purchase of the Datacom building.

11.2 Contingent liabilities

GMT has no material contingent liabilities.

11.3 Lease commitments payable

Lease commitments are amounts payable for non-cancellable ground leases.

$ million	2016	2015
Within one year	3.2	3.1
One to two years	3.2	3.1
Two to three years	3.3	3.1
Three to four years	3.3	3.1
Four to five years	3.4	3.1
After more than five years	21.2	23.2
Total	**37.6**	**38.7**

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

$ million	2016	2015
Profit after tax	233.1	179.7
Non-cash items:		
Movement in fair value of investment property	(145.8)	(75.3)
(Loss) / gain on disposal of investment property	1.1	(4.5)
Deferred lease incentives	5.2	(2.3)
Deferred leasing costs	(1.2)	0.4
Fixed rental income adjustments	(1.1)	(1.4)
Share of profit arising from joint venture	(4.0)	(6.1)
Amortisation of issue costs for non-bank borrowings	(2.6)	0.6
Interest on deferred settlements	-	0.3
Movement in fair value of derivative financial instruments	5.3	15.3
Manager's base fee expected to be reinvested in units	0.2	4.0
Deferred tax	(3.0)	(23.4)
Net cash flows from operating activities before changes in assets and liabilities	**87.2**	**87.3**
Movements in working capital from:		
Trade and other receivables	(2.0)	(0.1)
Trade and other payables	1.3	3.0
Current tax liabilities	1.6	2.7
Movements working capital	**0.9**	**5.6**
Net cash flows from operating activities	**88.1**	**92.9**

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, construction loan, 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:

Amortised cost	Instruments recorded at amortised cost are those with fixed or determined receipts / payments that are recorded at their expected value at balance date.
Fair value through Profit or Loss	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	2016	2015
Impact to net profit after tax of a 25 basis point increase in interest rates	(0.6)	(0.5)
Impact to net profit after tax of a 25 basis point decrease in interest rates	0.6	0.5

13.3 Credit risk

Credit risk arises from cash, derivative financial instruments, advances to joint venture, construction loans 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 joint venture the financial performance of the joint venture is monitored and assessed. For construction loans the Group assesses credit quality, financial position and market indicators of the counterparty. 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, construction loan, 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.

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	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Contractual cash flows	Carrying value
2016								
Borrowings	34.0	178.6	178.2	173.4	119.0	323.9	1,008.9	814.9
Derivative financial instruments	23.3	22.0	17.3	14.4	12.1	19.6	108.7	40.9
Other current liabilities	34.0	-	-	-	-	-	34.0	34.0
Total	**91.3**	**200.6**	**195.5**	**187.8**	**131.1**	**343.5**	**1,151.6**	**889.8**
2015								
Borrowings	183.2	169.4	211.1	118.3	7.7	104.4	794.1	698.6
Derivative financial instruments	26.4	23.3	18.9	12.3	9.2	25.5	115.6	26.7
Other current liabilities	29.0	-	-	-	-	-	29.0	29.0
Total	**238.6**	**192.7**	**230.0**	**130.6**	**16.9**	**129.9**	**938.7**	**754.3**

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. The Trust Deed requires the Group's ratio of borrowings to the aggregate value of the property assets to be less than 50%. The Group complied with this requirement during this year and the previous year.

The Group has issued retail and 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 the year.

13. Financial risk management (continued)

13.6 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 value of retail bonds, wholesale bonds and US Private Placement notes is as follows:

$ million	Fair value hierarchy	2016	2015
Retail bonds	Level 1	212.7	259.5
Wholesale bonds	Level 2	46.5	46.1
US Private Placement Notes	Level 2	US$118.3	-

For instruments where there is no active market, the Group 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 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 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

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, and whose separate operating results are regularly reviewed by the entity's chief operating decision-maker. The chief operating decision-maker of the Trust is the Board of Directors of Goodman (NZ) Limited. The Trust's activities are reported to the Board as a single operating segment, and therefore these financial statements are presented in a consistent manner to that reporting.

Highbrook
Viridian expansion

GMT BOND ISSUER LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2016

The Board of GMT Bond Issuer Limited, authorised these financial statements for issue on 18 May 2016. For and on behalf of the Board:

Keith Smith
Chairman

Peter Simmonds
Chairman, Audit Committee

CONTENTS

INDEPENDENT AUDITORS' REPORT

to the shareholder of GMT Bond Issuer Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of GMT Bond Issuer Limited ("the Company") on pages 62 to 71, which comprise the balance sheet as at 31 March 2016, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible on behalf of the Company for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

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

OPINION

In our opinion, the financial statements on pages 62 to 71 present fairly, in all material respects, the financial position of the Company as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

RESTRICTION ON USE OF OUR REPORT

This report is made solely to the Company's shareholder, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' 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.

PricewaterhouseCoopers

Chartered Accountants **Auckland**

18 May 2016

PROFIT OR LOSS

For the year ended 31 March 2016

$ million	Note	2016	2015
Interest income	2.1	12.7	17.8
Interest costs	1.1	(12.7)	(17.8)
Profit before tax		**-**	**-**
Tax		-	-
Profit after tax attributable to shareholder		**-**	**-**

BALANCE SHEET

As at 31 March 2016

$ million	Note	2016	2015
Assets			
Advances to related parties	2.2	200.0	250.0
Interest receivable from related parties	2.4	3.2	5.0
Total assets		**203.2**	**255.0**
Liabilities			
Borrowings	1.2	200.0	250.0
Interest payable	1.5	3.2	5.0
Total liabilities		**203.2**	**255.0**
Net assets		**-**	**-**
Equity			
Contributed equity	6	-	-
Retained earnings		-	-
Total equity		**-**	**-**

CASH FLOWS

For the year ended 31 March 2016

$ million	2016	2015
Cash flows from operating activities		
Interest income received	14.5	17.8
Interest costs paid	(14.5)	(17.8)
Net cash flows from operating activities	**-**	**-**
Cash flows from investing activities		
Repayment of related party advance	150.0	-
Related party advance made	(100.0)	-
Net cash flows from investing activities	**50.0**	**-**
Cash flows from financing activities		
Proceeds received from retail bonds	100.0	-
Repayment of retail bonds	(150.0)	-
Net cash flows from financing activities	**(50.0)**	**-**
Net movement in cash	-	-
Cash at the beginning of the year	-	-
Cash at the end of the year	**-**	**-**

There are no reconciling items between profit after tax and net cash flows from operating activities.

OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

$ million	2016	2015
Profit after tax	-	-
Other comprehensive income after tax	-	-
Total comprehensive income net of tax attributable to shareholder	**-**	**-**

CHANGES IN EQUITY

For the year ended 31 March 2016

$ million	Contributed Equity	Retained Earnings	Total
Total equity at 1 April 2014	-	-	-
Comprehensive income	-	-	-
Total equity at 31 March 2015	**-**	**-**	**-**
Comprehensive income	-	-	-
Total equity at 31 March 2016	**-**	**-**	**-**

GENERAL INFORMATION

For the year ended 31 March 2016

REPORTING ENTITY

GMT Bond Issuer Limited (“the Company”) was incorporated on 5 November 2009. The address of its registered office is Level 28, 151 Queen Street, 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 an issue of debt securities with the purpose of on lending the proceeds to Goodman Property Trust (“GMT”) by way of interest bearing advances. It made an initial issue of bonds on 15 December 2009, a second issue on 15 December 2013 and a third issue on 23 June 2015.

The financial statements were authorised for issue by the Board of Directors on 18 May 2016. The Board does not have the power to amend these financial statements once issued.

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.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historic 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

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.

NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following new standards, amendments to existing standards and interpretations expected to have an impact on the Company have not been early adopted in these financial statements:

NZ IFRS 9 Financial Instruments	This standard will eventually replace NZ IAS 39 Financial Instruments – Recognition and Measurement. It addresses the classification, measurement and recognition of financial assets and financial liabilities, through a simplified mixed measurement model. It is required to be adopted by the Company in the financial statements for the year ending 31 March 2019. The Company has not yet assessed the impact of this standard.

1. Borrowings

1.1 Interest costs

$ million	2016	2015
Interest costs		
Interest expense	(12.7)	(17.8)
Total interest costs	**(12.7)**	**(17.8)**

ACCOUNTING POLICIES

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

1.2 Borrowings

$ million	2016	2015
Retail bonds		
Current	-	150.0
Non-current	200.0	100.0
Total borrowings	**200.0**	**250.0**

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.

SIGNIFICANT TRANSACTIONS DURING THE CURRENT FINANCIAL YEAR

In June 2015 the Company repaid a $150.0 million retail bond on maturity.

In June 2015 the Company issued a 7 year $100.0 million retail bond paying 5.00% interest per annum, maturing in June 2022.

1.3 Composition of borrowings

	Carried at	Date issued	Expiry	Interest rate	2016 $ million	2015 $ million
Retail bonds – GMB010	Amortised cost	Dec 09	Jun 15	7.75%	-	150.0
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	-
Total					**200.0**	**250.0**

1. Borrowings (continued)

1.4 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.

1.5 Interest payable

$ million	2016	2015
Current		
Interest payable on retail bonds	3.2	5.0
Total interest payable	**3.2**	**5.0**

ACCOUNTING POLICIES

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

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 Interest income

$ million	2016	2015
Interest income	12.7	17.8
Total interest income	**12.7**	**17.8**

ACCOUNTING POLICIES

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

2. Advances to related parties (continued)

2.2 Advances to related parties

$ million	2016	2015
Advances to related parties		
Current	-	150.0
Non-current	200.0	100.0
Total advances to related parties	**200.0**	**250.0**

ACCOUNTING POLICIES
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.

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 the Bond Trust Documents.

SIGNIFICANT TRANSACTIONS DURING THE CURRENT FINANCIAL YEAR
In June 2015 the Company received repayment of a $150.0 million advance from Goodman Property Trust.

In June 2015 the Company advanced $100.0 million to Goodman Property Trust, bearing interest at a fixed rate of 5.0% per annum, maturing in June 2022.

2.3 Composition of advances to related parties

	Carried at	Date issued	Expiry	Interest rate	2016 $ million	2015 $ million
Advance made to Goodman Property Trust in December 2009	Amortised cost	Dec 09	Jun 15	7.75%	-	150.0
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	-
Total					**200.0**	**250.0**

2.4 Interest receivable from related parties

$ million	2016	2015
Current		
Interest receivable from Goodman Property Trust	3.2	5.0
Total interest receivable from related parties	**3.2**	**5.0**

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

3. Administrative expenses

Goodman Property Trust, the Company's parent, paid all fees for audit services provided to the Company (31 March 2016: $5,900, 31 March 2015: $5,800).

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.

5. 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.

5.1 Financial instruments

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

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:

Amortised cost	Instruments recorded at amortised cost are those with fixed or determined receipts / payments that are recorded at their expected value at balance date.
Fair value through Profit or Loss	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.

5.2 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.

5. Financial risk management (continued)

5.3 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 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 by Standard & Poor's.

5.4 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 Company manages this risk through active monitoring of the Company's liquidity position and availability of borrowings.

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.

$ million	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Contractual cash flows	Carrying value
2016								
Financial assets – Advances to related parties	11.2	11.2	11.2	11.2	107.5	106.2	263.5	203.2
Financial liabilities – Retail bonds	(11.2)	(11.2)	(11.2)	(11.2)	(107.5)	(106.2)	(263.5)	(203.2)
Total	-	-	-	-	-	-	-	-
2015								
Financial assets – Advances to related parties	162.0	6.2	6.2	6.2	6.2	106.2	293.0	255.0
Financial liabilities – Retail bonds	(162.0)	(6.2)	(6.2)	(6.2)	(6.2)	(106.2)	(293.0)	(255.0)
Total	-	-	-	-	-	-	-	-

5.5 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.

5. Financial risk management (continued)

5.6 Fair value of financial instruments

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

$ million	Fair value hierarchy	2016	2015
Related party receivables	Level 2	212.7	259.5
Retail bonds	Level 1	(212.7)	(259.5)

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 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.

6. Equity

As at 31 March 2016, 100 ordinary shares had been issued for nil consideration (2015: 100 ordinary shares for nil consideration). All shares rank equally with one vote attached to each share.

The Company does not have any tangible assets, and its net assets are nil, being an advance to a related party offset by a liability for retail bonds. Consequently, the net tangible assets per bond at 31 March 2016 was nil (2015: nil).

Savill Link
Holden expansion
in progress

OTHER INFORMATION

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, other stakeholders, regulators and the wider market.

What follows is an overview of the corporate governance framework administered by the Board together with other legal and regulatory disclosures. The governance framework for both GMT and GMT Bond Issuer Limited is materially consistent with the Corporate Governance Best Practice Code of NZX ("NZX Code"), with the exception that the Audit Committee is not solely comprised of Independent Directors and, as a result of the Trust's external management structure, no Remuneration Committee has been established. A more detailed analysis against the NZX Code is included in the corporate governance section of the Goodman Property Trust website www.goodman.com/nz.

GMT AND GMT BOND ISSUER LIMITED

GMT is an NZX listed unit trust created by the Trust Deed and administered under the Unit Trusts Act 1960 ("UTA") and Financial Markets Conduct Act 2013. Corporate Trust Limited is the Trustee of GMT and is appointed to hold the assets of GMT on trust for Unitholders. Pursuant to the terms of the Trust Deed, 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 UTA and the rights given to the Manager by the UTA 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.

RELATIONSHIP WITH GOODMAN GROUP

GMT has a close relationship with Goodman Group. Goodman Group is the Trust's largest Unitholder, owning approximately 20.6% of Units on issue at the Balance Date.

The Manager of GMT since late 2003 has been Goodman (NZ) Limited, a wholly owned subsidiary of Goodman Group.

The Manager's role is to strategically manage the Trust's property portfolio including buying and selling properties, managing capital and overseeing day to day operations. Goodman Group's cornerstone stake brings into close alignment the interests of the Trust and the Manager. Goodman Group also provides certain other services to the Trust which are outside the scope of the Manager's duties, which relate to property services, development and project management services and legal services.

The Trust and Goodman Group have also transacted property from time to time, either between each other or jointly pursuant to the Co-ownership Agreement. At the date of this Report, the Trust and Goodman Group jointly own three property interests as Co-owners.

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. Under its constitution it is restricted from undertaking any other activities. Goodman Group holds no Goodman+Bonds.

STATEMENT OF CORPORATE GOVERNANCE POLICIES, PRACTICES AND PROCESSES

The Board of Directors

The Board works with Management to formulate and monitor the strategic direction of the Trust and monitor its performance against set targets. The Board also has the responsibility to ensure business risks are appropriately identified and managed and statutory, financial and social responsibilities of the Manager are complied with. A copy of the Board's approved mandate is contained in the corporate governance section of the website.

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.

The Chairman and the CEO

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

At the Balance Date and at the date of this report, Keith Smith is the Chairman. Keith Smith is a New Zealand based Director. Keith's biography may be found at www.goodmanreport.co.nz.

John Dakin is the CEO of the Manager and his biography may be found at www.goodmanreport.co.nz. John is also an Executive Director of the Manager. John oversees Management's delivery of the strategy approved by the Board, drawing on his intimate knowledge of each aspect of the business and his ability to communicate this strategy to key stakeholders.

Board composition

At the date of this Report, the composition of the Board is set out on page 87. Between them, 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 Board of GMT Bond Issuer Limited replicates the Board of GNZ. 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. The biographies of each Director can be found at www.goodmanreport.co.nz.

All Directors (other than Gregory Goodman) are appointed for three year terms, after which they are eligible for reappointment. Gregory Goodman has a standing appointment, in his role as Group CEO of Goodman Group, shareholder of Goodman (NZ) Limited. Independent Directors are appointed by GMT unitholders in the manner described in the GMT Trust Deed, which can be found on the Companies Office website www.companies.govt.nz.

STATEMENT OF CORPORATE GOVERNANCE POLICIES, PRACTICES AND PROCESSES (continued)

The expiry dates of the Directors' present tenures are also set out in the table below. Directors are encouraged to undertake training to ensure they remain current on issues relating to fulfilling their duties and are provided with an induction that includes a tour of the Trust's assets.

Independent Directors

The Board has determined that four of its members are Independent Directors (as defined in the Listing Rules) at the Balance Date, as set out in the table below.

Name	Independent	Expiry of current term
Keith Smith	Yes	5pm 27 July 2016
Leonie Freeman	Yes	29 July 2018
Susan Paterson	Yes	11 April 2017
Peter Simmonds	Yes	13 October 2016
Gregory Goodman	No	n/a
Phil Pryke	No	28 February 2017
John Dakin	No	30 June 2018

During the financial year to 31 March 2016 all of the Directors attended each Board meeting. 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 secretarial function

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

Board committees

The Board has established a number of committees to assist in the exercise of its functions and duties and to ensure that all risks are effectively monitored and managed. A summary of the Board committees is set out below.

(a) **Audit Committee**

The Board has established an Audit Committee, which meets at least three 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.

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;
+ reviewing the financial statements for the Trust and overseeing the auditing of the Trust's annual financial statements (including the financial statements of GMT Bond Issuer Limited);
+ 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. The Audit Committee reports its findings to the Board, in particular any matters that may have a material impact on the operating results or financial position of GMT. The Audit Committee also reports any findings in relation to GMT Bond Issuer Limited to the Board of GMT Bond Issuer Limited.

(b) **Due Diligence Committee**

The Board establishes a Due Diligence Committee to oversee and report to the Board on the due diligence process for any transaction for the Trust of a significant size and/or complexity. Examples of such transactions are major acquisitions funded by an equity raising or a new issuance of Goodman+Bonds by GMT Bond Issuer Limited. 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.

(c) **Appointments Committee**

The Board will, when it considers appropriate, constitute a 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. GMT Bond Issuer Limited has no employees and does not maintain an Appointments Committee.

(d) **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.

It is a feature of the external management structure that these costs are borne by the Manager and not by the Trust. It is therefore unnecessary for GMT to maintain a Remuneration Committee.

However, in the interests of transparency and good governance the Manager has agreed to disclose 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 provided on a voluntary basis and is laid out on page 79.

The Directors of GMT Bond Issuer Limited are also Directors of the Manager and are paid Directors Fees by Goodman Group in this capacity. There were no remuneration payments made or other benefits given to any Director of GMT Bond Issuer Limited in respect of their role as a Director of that company.

As no remuneration payments are made by GMT Bond Issuer Limited it does not maintain a Remuneration Committee.

Policies and procedures

The Manager has established a number of policies and procedures that govern the behaviour of its Directors and employees, which are summarised below.

(a) **Related Party Policy**

Due to the close relationship between Goodman Group and the Trust, the management of the real or apparent conflicts of interest that may arise are the highest of the Manager's list of corporate governance priorities.

STATEMENT OF CORPORATE GOVERNANCE POLICIES, PRACTICES AND PROCESSES (continued)

Policies and procedures (continued)

(a) **Related Party Policy (continued)**

The Manager has put in place a comprehensive Related Party Policy which 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.

The Manager believes that having a Board with experienced and strong Independent Directors, sends a message to the market of how seriously the Manager takes related party issues and the conflicts of interest that may arise.

(b) **Continuous Disclosure Policy**

The Manager is committed to keeping Unitholders, regulators and the market fully and promptly informed of all material information relevant to the Manager, the Trust and GMT Bond Issuer Limited. To this end, the Manager has a Continuous Disclosure Policy which explains the relevant legal requirements and sets out the procedures the Manager has put in place to ensure compliance with them.

(c) **Financial Products Trading Policy**

The Manager has a Financial Products Trading Policy which raises awareness about the insider trading provisions in the Financial Markets Conduct Act 2013 ("FMCA") 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. Speculative trading is also prohibited with a minimum holding period of six months imposed.

Periodic briefings are provided to Directors and employees of the requirements of this policy, with email advice of trading window status (and a constant reminder to employees via the home page of the Manager's intranet site) also provided.

(d) **Code of Conduct**

Directors and employees of the Manager abide by the Goodman Group Code of Conduct which establishes required standards of ethical and personal conduct. Compliance with this policy is a condition of employment.

This Code of Conduct makes all Directors and employees responsible for reporting unethical or corrupt behaviour and the Manager will take whatever disciplinary action it considers appropriate in the circumstances, including dismissal.

A copy of all corporate policies noted above can be viewed on GMT's website within the corporate governance section.

(e) **Diversity**

As GMT does not have any employees, it has elected not to adopt a diversity policy. Employees of the Manager have the benefit of the Goodman Group Diversity Policy, a copy of which can be found at www.goodman.com.

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

Risk management

Effective management of all types of risk (financial and non-financial) is a fundamental part of the Manager's business strategy.

The Audit Committee has the responsibility of overseeing the Manager's risk management practices and works closely with Management and the Trust's auditors to ensure that risk management issues are properly identified and addressed.

The Audit Committee approves the work programme for the internal audit and the results of each discrete business unit review and the action taken by the Manager to deal with any issues identified.

Manager's remuneration

Under the Trust Deed, the Manager receives a fee for the management of the Trust. The fee is comprised of two components: a base fee and a performance fee.

The base fee component is equal to 0.50% per annum of the book value of assets (other than cash, debtors and development land) less than or equal to $500 million, and 0.40% per annum of the book value of assets (other than cash, debtors and development land) greater than $500 million. This fee arrangement was supplemented by changes approved by the Unitholders in August 2014, under which the manager is required to use its base fee to subscribe for GMT units for a period of five years from 1 April 2014. Further details can be found on the investor centre of the Goodman Property Trust website www.goodman.com.

The performance fee is determined by reference to the Trust's performance (including gross distributions and movements in Unit price), relative to the performance of the Trust's New Zealand listed real estate peers and calculated on an annual basis.

The calculation of the Manager's base fee is reviewed annually by the Trust's auditors. By a separate specific engagement, the Trust's auditors also review the calculation of the Manager's performance fee (if any) each year.

The Manager is also entitled to be reimbursed for amounts properly incurred on behalf of the Trust.

Annual Meeting

The Board views the Annual Meeting ("AM") as an excellent forum in which to discuss issues relevant to GMT. The Board encourages the full participation of Unitholders at these meetings to ensure a high level of accountability and identification with the Manager's strategy and objectives.

To maximise the effectiveness of communication at the AM, the Manager also requires its external auditors to attend the meeting and be prepared to answer Unitholders' questions about the conduct of the audit, as well as the preparation and content of the independent auditors' report.

OTHER STATUTORY AND LISTING RULE DISCLOSURES

NZX Waivers

NZX has granted waivers to GMT and GMT Bond Issuer Limited at various times, some of which have been relied upon by GMT and GMT Bond Issuer Limited during the year ended 31 March 2016. A summary of these waivers and the other waivers previously granted to GMT can be found in the corporate governance section of GMT's website at www.goodman.com/nz where they will remain available for the next 12 months.

A complete copy of the waivers provided by NZX can be found at www.goodman.com/nz or at www.nzx.com under the GMT ticket 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 annual financial statements the fees that were paid to Goodman Property Services (NZ) Limited under its property management and development management agreements with Highbrook Development Limited and GPSNZ, and Highbrook Business Park Limited during the period they were in force.

+ Included within property management fees and development management fees paid is $0.4 paid pursuant to the property management and development management agreements between HBPL and GPSNZ for the year ended 31 March 2016.
+ Included within property management fees and development management fees paid is $3.8 million paid pursuant to the property management and development management agreements between HDL and GPSNZ for the year ended 31 March 2016.

Summary of recent Trust Deed amendments

During the period between 1 April 2015 and 31 March 2016, GMT's Trust Deed was amended by supplemental deed with effect from 23 March 2016. The amendments to the Trust Deed, as approved by the Manager and the Supervisor, provide that the financial statements of GMT to be prepared and audited are the consolidated financial statements of GMT. In addition, the amendments provide that, at the discretion of (and subject to any conditions imposed by) the Manager, Unitholders may participate in a meeting of Unitholders by means of audio, audio and visual, or other electronic communication, and that (other than for procedural matters) every question submitted to a meeting of Unitholders shall be decided by poll. Additional amendments were made to the GMT Trust Deed to bring it into compliance with the NZX Listing Rules and certain legislative changes (such as the enactment of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013). A copy of the supplemental deed which amended GMT's Trust Deed is available in the corporate governance section of the Goodman Property Trust website. It is also available on the Register of Unit Trusts accessible on the Companies Office website (www.companies.govt.nz).

Register of Directors' holdings as at the Balance Date

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)]	858,593	150,000
Leonie Freeman [(2)]	173,750	Nil
Susan Paterson [(3)]	249,060	Nil
Peter Simmonds [(4)]	201,741	Nil
Gregory Goodman	Nil	Nil
Phil Pryke	Nil	Nil
John Dakin [(5)]	223,791	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 480,133 units, through being trustee of The Gwendoline Trust and being on the Board of Trustees of Cornwall Park Trust Board (the CPTB also acts as trustee for the Sir John Logan Campbell Residuary Estate and the Sir John Logan Campbell Medical Trust, and these units held are included in the total for Keith). 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

On 8 June 2015, NZX granted GMB a waiver from NZX Listing Rule 5.2.3 in relation to the Goodman+Bonds issued on 23 June 2015 ("GMB030 Bonds") to enable GMB to apply for quotation on the NZX Debt Market even though the GMB030 Bonds may not initially be held by at least 500 members of the public holding at least 25% of the Goodman+Bonds issued (as required by Listing Rule 5.2.3). The waiver has been granted for a period of one year from the quotation date of the GMB030 Bonds (being 24 June 2015).

The effect of the waiver is that initially the GMB030 Bonds may not be widely held and there may be reduced liquidity in the GMB030 Bonds. To the extent that the GMB030 Bonds meet the spread requirements of NZX Listing Rule 5.2.3, GMB will notify NZX accordingly. GMB has agreed to notify NZX as soon as practicable if there is a material reduction to the total number of members of the public holding GMB030 Bonds, and/or the percentage of GMB030 Bonds held by members of the public holding at least a minimum holding. GMB has agreed to disclose liquidity as a risk in the Terms Sheets for the GMB030 Bonds. GMB has also agreed to clearly and prominently disclose this waiver, its conditions and their implications in each offer document relating to the GMB030 Bonds and in its half-year report and its annual report for the year the waiver is relied on.

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 2016, 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
Goodman Highbrook West Limited
Goodman UK BP Investment (HK) Limited
Goodman UK Investments (HK) Limited

Susan Paterson
Abano Healthcare Group Limited (C)
Housing New Zealand Limited and Associates (C)
Sky Network Television Limited
Arvida Group Limited

Phil Pryke
Contact Energy Limited (C)

Keith Smith
Diners Club (NZ) Limited
Sheppard Industries Limited (C)
Avanti Bicycle Company Limited (C)

Peter Simmonds
No change

Leonie Freeman
No change

John Dakin
Wynyard Precinct No.6 Limited
Goodman Highbrook West Limited

REMUNERATION REPORT

INTRODUCTION

As a Unit Trust managed by an external manager, Goodman Property Trust does not engage any Directors or employees of its own. The Manager, Goodman (NZ) Limited ("GNZ") has a Board of Directors with responsibility for the strategic management of GMT and the monitoring of performance against set targets.

Goodman Property Services (NZ) Limited ("GPSNZ"), a sister company to GNZ, is the entity that employs the personnel who manage GMT on a day to day basis. The Management Team as outlined on the back cover of this Annual Report are employed by GPSNZ. Their biographies may be found on GMT's Annual Review website at www.goodmanreport.co.nz.

This remuneration report outlines the Manager's remuneration policies.

INCREASED DISCLOSURE

The Trust does not bear any employment related costs. Those costs are borne directly by GNZ and GPSNZ from the fees paid by GMT.

GMT has no remuneration disclosure obligations as it does not have any employees, however in the interest of transparency to Unitholders, the Board of GNZ provides remuneration disclosure for Directors and the Chief Executive Officer. The Board's view is that remuneration strategies that closely align the long-term wealth creation objectives of employees who provide management services to GMT with long-term wealth creation objectives of GMT Unitholders are strategically important and provide motivation for value maximisation for the Trust.

REMUNERATION COMMITTEE

The NZX Best Practice Code provides that Issuers should establish a Remuneration Committee to recommend remuneration packages for Directors to Unitholders. As GMT (an issuer) does not have employees and the Manager's Directors' fees are paid by GNZ, part of Goodman Group (GMG), the Manager does not maintain a Remuneration Committee.

In support of effective corporate governance, remuneration issues which relate to GNZ and GPSNZ, which both form part of the wider Goodman Group, fall under the responsibility of an established sub-committee of the Board of Goodman Group, the Remuneration and Nomination Committee ("the Committee"). The Committee has a Charter and meets as required to formulate and recommend overall remuneration policy, recommend specific remuneration arrangements for Directors, key management personnel and senior employees, and to consider more general remuneration issues which impact all employees.

The Remuneration and Nomination Committee has the responsibility to consider remuneration related issues more fully and provide recommendations to the Board of Goodman Group and its subsidiaries.

The Committee is also responsible for specific remuneration strategy aspects including short-term incentive ("STI") schemes, the structure of the Long Term Incentive Plans ("LTIP"), superannuation and pension entitlements, termination payments for senior executives, the development of diversity policies and succession planning for key roles within Goodman Group, including GPSNZ and GNZ.

Mr Pryke, a non-executive Director of GNZ and an Independent Director of Goodman Group, is the Chairman of the Goodman Group Remuneration and Nomination Committee.

SUMMARY OF KEY REMUNERATION PRINCIPLES

A summary of key remuneration principles applied by GPSNZ is set out below:

+ the basis of remuneration is local market referenced base salary, reviewed (but not necessarily adjusted) annually;
+ employees may be awarded STIs in the form of discretionary cash bonuses, subject to GMT, Goodman Group and personal achievement of financial and operational targets;
+ all employees are able to participate equally in two LTIP schemes designed to maximise long-term alignment with Unitholders of GMT ("NZ LTIP") and securityholders of Goodman Group ("Goodman Group LTIP");
+ under 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 will be sourced from units held by Goodman Group or purchased on market by Goodman Group, and will be a cost of GPSNZ, not the Trust;
+ 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. GMG securities awarded are a cost of GPSNZ, not the Trust;
+ 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 of the awards that meet performance hurdles;
+ performance based incentives such as cash bonuses and performance rights are normally awarded only when key metrics are met or exceeded, however, discretion remains with the Board of Goodman Group on the final determination of awards in cases of exceptional individual or divisional performance where financial metrics may not have been met; and
+ conversely there may be situations where the Board of Goodman Group exercises its discretion to withhold incentives.

OVERVIEW OF REMUNERATION POLICIES

Goodman Group's remuneration policies strive to be innovative, to reward exceptional performance, and to provide a compelling incentive for high performing employees to remain employed with GPSNZ. The alignment of employees' performance with the performance of GMT and Goodman Group is vital.

Remuneration levels are reviewed annually and factors including individual performance against financial and non-financial key performance indicators, validation against local market remuneration levels and overall financial performance of the Trust and Goodman Group are considered in assessing whether changes to remuneration levels should occur.

ALIGNMENT OF KEY MANAGEMENT PERSONNEL WITH GOODMAN PROPERTY TRUST

Directors of the Manager

The Directors of GNZ are considered as key management personnel of the Trust. GNZ was incorporated with the express purpose of acting as Manager of GMT and is a subsidiary of Goodman Group.

In accordance with GNZ's Securities Acquisition Policy, each Independent Director is required to hold the equivalent of two years' of their fees in GMT units. Directors are permitted a period of four years to accumulate the units. Units may be obtained by way of transfer from the Manager in lieu of cash payment of fees or by purchase on the open market. This requirement ensures that Directors' interests are fully aligned with those of all GMT investors. All of the Independent Directors are in compliance with this policy.

GNZ is paid a fee for its role as Manager. The fee has two components: a base fee and a performance fee. The calculation of these fees is set out in the notes to GMT's financial statements. At the Trust's Annual Meeting on 5 August 2014 Unitholders approved arrangements for a period of 5 years from 1 April 2014, such that the base fee paid to GNZ may, at the option of the Independent Directors, be required to be used by GNZ to subscribe for new units in GMT. Any performance fee paid may also be required to be used to subscribe for new units in GMT.

These arrangements are designed to ensure that GNZ and Directors' interests are fully aligned with those of GMT's unitholders.

Executives

The executives responsible for managing GMT on a day to day basis are employed by GPSNZ. GPSNZ is a subsidiary of Goodman Group. Goodman Group's primary operations in New Zealand relate to the management of GMT, in which it holds a cornerstone investment of 20.6% at 31 March 2016. GMG also co-owns property with GMT, and has interests in other properties unrelated to GMT.

GPSNZ is contracted to provide property management services to GMT, and is contracted by GNZ to provide fund management services to GMT. GPSNZ also provides property management and fund management services to Wynyard Precinct Holdings Limited and to other Goodman Group companies in relation to all of Goodman Group's interests in New Zealand.

Employees are remunerated as described below. For performance related elements key performance indicators are set and measured against when determining the proportion of performance related remuneration to be awarded. In respect of STI awards, key performance indicators are primarily based on objectives relating to GMT, as the management and performance of GMT represents the most significant part of Goodman Group's operations in New Zealand, and on the individual employee's performance.

Participation in the NZ LTIP ensures strong alignment between the performance of GMT and the remuneration of GPSNZ's employees. This alignment is further achieved through participation in the Goodman Group LTIP with performance linked to GMG's performance. GMG's performance is directly influenced by the performance of GMT as GMG has a 20.6% cornerstone investment in GMT. In addition to this, the achievement of the performance component of the management fee directly impacts GMG's results.

FIXED REMUNERATION

Fixed remuneration consists of base salary referenced against similar roles within the local market and non-cash benefits (e.g. car parking) including the full cost of any related fringe benefit tax, and contributions to KiwiSaver.

PERFORMANCE BASED REMUNERATION

Employees are eligible for awards of short-term and long-term performance-linked remuneration annually. It is important to note that senior management and the Board of Goodman Group retain considerable discretion to award performance based remuneration in consideration of multiple factors such as individual achievement against key performance indicators, results and general market conditions.

Short Term Incentives

The STI provides cash awards for individual performance against key performance indicators set for the relevant financial year to 30 June (being GPSNZ's year-end). STIs are paid in a single payment and are not subject to any deferral.

Total STI awards are calculated in accordance with the Goodman Group Remuneration and Nomination Committee methodology. Individual allocations are made based on an assessment, by senior executives and the Board of GPSNZ, of each individual's performance in meeting their key performance indicators. The Committee is responsible for reviewing these recommended allocations.

For the current financial year, the financial key performance indicators include achievement of financial performance targets for both GMT and GMG's New Zealand businesses. Non-financial measures relevant to the key management personnel include GMT investor satisfaction, internal process improvements, satisfactory internal controls, development and execution of strategy, customer satisfaction, and improved operational efficiency.

Long Term Incentive Plan

For employees located in New Zealand, Goodman Group operates two LTIPs. All employees in New Zealand participate in both schemes, with the value of their LTIP awards being granted equally between the NZ LTIP and the Goodman Group LTIP.

+ The NZ LTIP provides equity based remuneration through the issue of performance rights in GMT. Under the terms of the LTIP, each performance right issued entitles an employee to acquire a GMT unit for nil consideration subject to the achievement of performance hurdles related to GMT over a three year period. These GMT units are sourced either from units already owned by Goodman Group, or purchased on market and accordingly are granted to employees at no cost to GMT.
+ The Goodman Group LTIP provides equity based remuneration through the issue of performance rights in Goodman Group. Under the terms of the LTIP, each performance right issued entitles an employee to acquire a Goodman Group stapled security for nil consideration subject to the achievement of performance hurdles related to GMG over a three year period.

In order to derive the full benefits of an award in either LTIP scheme, an employee must remain employed over a five year period from the date of the original grant.

PERFORMANCE BASED REMUNERATION continued

LTIP performance hurdles

The LTIP schemes each use two performance hurdles tested over a three year period following the award of performance rights.

The first performance hurdle is based on aggregate earnings per unit ("EPU") for the NZ LTIP or aggregate earnings per security ("EPS") for the Goodman Group LTIP and 75% of each allocation is tested against this hurdle. EPU is based on the operating earnings of GMT. EPS is based on Goodman Group's operating profit available for distribution. These measures are assessed by the achievement of an aggregate EPU or EPS over three consecutive financial years. This hurdle measures the direct contribution of employees to financial performance of GMT and Goodman Group. Full vesting of the EPU/EPS tranche (75% of the total) will occur if an aggregate annual EPU/EPS target is achieved over the three year testing period; nil vesting applies if the aggregate annual EPU/EPS target is not achieved over the three year testing period.

The second performance hurdle is relative Total Unitholder Return ("TUR") for the NZ LTIP or relative Total Securityholder Return ("TSR") for the Goodman Group LTIP. TUR assesses the relative performance of GMT units against the NZX Listed Property index (excluding GMT). TSR assesses the relative performance of Goodman Group securities against the S&P/ASX 100 index. Full vesting of the TUR/TSR tranche (25% of the total) will occur where a TUR/TSR over the three year testing period is achieved at or above the 76th percentile of that achieved by the comparator index entities; no vesting will occur if a TUR/TSR at, or less than, the 50th percentile is achieved; 50% vesting will arise if a TUR/TSR at the 51st percentile is achieved; proportional vesting will arise for a TUR/TSR between the 51st and 75th percentiles.

To ensure further long-term employee alignment and retention, once the performance hurdles have been satisfied, vesting of the performance rights occurs in equal tranches at the end of years three, four and five.

Each LTIP requires the continued employment by the employee (subject to special circumstances e.g. death, total and permanent disability, redundancy or retirement) at the time of vesting. If the performance hurdles are not satisfied or the recipient is no longer an employee at the relevant vesting date (subject to special circumstances) the Performance Rights lapse.

Directors of GNZ (other than Mr Goodman and Mr Dakin) are not entitled to participate in the LTIP schemes and no performance rights or options over GMT units or GMG securities have been issued to such Directors. Mr Goodman, as CEO of Goodman Group participates in the Goodman Group LTIP. Mr Dakin, as CEO of Goodman's New Zealand businesses, participates in the Goodman Group LTIP and the NZ LTIP.

DIRECTORS' REMUNERATION

Although the Directors' remuneration is paid by Goodman Group and not GMT, the Directors and Goodman Group have agreed to disclose the Directors' remuneration to Unitholders in the interest of full and complete disclosure.

The Chairman of the Manager is entitled to $150,000 per annum, the Chairman of the Audit Committee is entitled to $95,000 per annum and each other Director is entitled to $85,000 per annum, with the exception of Mr Goodman and Mr Dakin.

In addition, Directors (other than Mr Goodman and Mr Dakin) are paid $300 per hour for time spent in relation to Due Diligence Committee matters.

Mr Goodman and Mr Dakin do not receive any remuneration for their roles on the Board of GNZ.

As noted above, each Independent Director is required to hold the equivalent of two years of their annual fees in GMT units.

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.

		Directors' fees	
Director	Current role	31 March 16	31 March 15
Keith Smith	Chairman, Independent Director	$150,000	$150,000
Peter Simmonds	Chairman Audit Committee, Independent Director	$95,000	$99,500
Susan Paterson	Independent Director	$85,000	$89,650
Leonie Freeman	Independent Director	$85,000	$89,800
Gregory Goodman	Non-executive Director	-	-
Phil Pryke	Non-executive Director	$85,000	$89,725
John Dakin	Executive Director	-	-

REMUNERATION REPORT continued

CHIEF EXECUTIVE OFFICER'S REMUNERATION

Although all remuneration is paid by Goodman Group and not GMT, the CEO and Goodman Group have agreed to disclose the CEO's remuneration to Unitholders in the interest of full and complete disclosure. Details of the nature and amount of each major element of the remuneration of the CEO is set out below. All amounts are in New Zealand dollars.

	Short Term Remuneration					Long Term Remuneration[2]						
						Goodman Group LTIP			NZ LTIP			
	Salary	Bonus[1]	Total	Benefits & KiwiSaver	Total	Performance Rights Granted	Performance Rights Vesting	Performance Rights Vesting[3]	Performance Rights Granted	Performance Rights Vesting	Performance Rights Vesting[3]	Total Value Vesting
	$	$	$	$	$	Number	Number	$	Number	Number	$	
John Dakin – Chief Executive Officer												
31 Mar 16	450,000	650,000	1,100,000	56,945	1,156,945	125,000	121,808	803,933	712,500	84,645	99,881	903,814
31 Mar 15	450,000	580,000	1,030,000	52,011	1,082,011	101,810	139,734	860,279	641,693	-	-	860,279

(1) Bonus paid in the year ended 31 March 2016 related to GPSNZ's year ended 30 June 2015. Bonus paid in the year ended 31 March 2015 related to GPSNZ's year ended 30 June 2014.

(2) Details of the Long Term Incentive Plans are set out on page 80.

(3) The value of the performance rights vesting is the market value of the securities at the date of vesting.

OTHER EMPLOYEES' REMUNERATION

During the year ended 31 March 2016, the number of employees of GPSNZ (not including the CEO) who received remuneration and other benefits with a combined total value exceeding $100,000 was as set out below. No value has been attributed to performance rights granted during the year. Performance rights vesting during the year have been valued at the underlying security value on the date of vesting. None of the cost of this remuneration is borne by GMT.

Range	Number of employees year ended 31 March 2016
1,100-1,150	1
900-950	1
650-700	1
600-650	1
550-600	1
500-550	1
450-500	2
400-450	2
350-400	1
300-350	2
250-300	2
200-250	3
150-200	7
100-150	13
	38

SUSTAINABILITY

As a leading New Zealand corporate GMT has responsibility to a broad range of stakeholders. Acknowledging these obligations and managing our business to balance these interests improves our environmental, social and financial performance, while supporting the sustainable growth of our business.

Our corporate responsibility and sustainability strategy comprises six programme areas:

1. SUSTAINABLE DEVELOPMENT

We are committed to protecting and enhancing the natural environment and improving the design, efficiency and operating performance of all our buildings.

As a developer, we build facilities that incorporate the latest materials and building systems to improve the energy efficiency and workplace functionality of our buildings. We benchmark our sustainability initiatives through the global Carbon Disclosure Project and where appropriate we seek Green Star certification for our new buildings.

GMT achieved a rating of 90D from the Carbon Disclosure Project in 2015. The rating reflects the quality of disclosure and performance on actions taken to mitigate climate change.

We have made a commitment to sustainable development and are continually working to improve our relative performance.

You can find out more about the Carbon Disclosure Project at www.CDP.net.

2. ASSET MANAGEMENT

A high quality industrial and business space property portfolio that offers modern, well-located and efficient space is key to attracting and retaining customers. Our ability to manage our assets over their lifecycle, improves their long-term environmental and financial performance.

Ongoing energy monitoring across the portfolio, through the Smart Power system, provides detailed energy and carbon reporting data that enables performance benchmarking of our assets against industry targets.

3. REGULATORY COMPLIANCE

Our business operates within a highly regulated business environment. We retain skilled staff and specialist external advisors to manage these obligations and ensure compliance across all our activities.

We are an active industry participant and work to advance the interests of all our stakeholders through membership of various groups, the most notable of which include The Property Council of New Zealand and the Green Building Council of New Zealand.

We have also sponsored, and contribute to, MSCI's Green Building Index. It is an important benchmark that tracks the investment performance of Green Star facilities against the wider market, quantifying the relative value of sustainable buildings.

4. ENGAGEMENT AND REPORTING

As a leading NZX investment entity we have a responsibility to provide timely, balanced and readily available information to the investment community, customers, our people and regulators.

Ethical and responsible decision-making is critical to the success of GMT. We believe that the transparency of our processes promotes market and stakeholder confidence in the integrity and sustainability of our business.

We engage with our stakeholders on a regular basis, through a variety of communication channels, including corporate reporting obligations, regular market announcements and briefings, and more directly through open days, road shows, meetings and other dedicated information channels.

5. CORPORATE PERFORMANCE

In addition to the many initiatives we undertake to ensure our business is sustainable and delivering the right outcomes for our many stakeholders we also critically assess our own performance.

We consider our impact on the environment and undertake professional development programmes to extend the skills and diversity of our staff.

We undertake an annual assessment of our energy consumption and carbon emissions, in accordance with the New Zealand Guidance for Voluntary Corporate Greenhouse Gas Reporting protocols. The calculations are derived from the property assets directly owned by the Goodman Property Trust and reflect energy consumption and carbon emissions from the operational management of these assets.

Our greenhouse gas emissions for the 2016 financial year have been estimated at 2,863 tCO_2, representing a decrease of 21% from the previous year. The divestment of inefficient building stock and energy efficiency projects are the main contributors to the reduction.

The total energy consumed is 18,335 MWhr, 85% is electricity with the majority of the balance provided by Natural Gas.

6. OUR COMMUNITIES

Engaging and supporting the communities in which we operate is important to Goodman.

Through the Goodman Foundation and work place gifting we have provided around $290,000 of sponsorship and donations over the last 12 months. We have also contributed to local organisations through volunteering and in-kind programmes.

Our partnerships with KiwiHarvest, The Rising Foundation, Duffy Books in Homes and Fight4Victory, are continuing to make a meaningful difference to our communities while a new initiative with the Second Nature Charitable Trust will support a schools programme at the recently developed Wero Whitewater Park in Manukau.

Medical charities including, the Cerebral Palsy Society of NZ, Diabetes New Zealand, the Multiple Sclerosis Society of New Zealand and Ronald MacDonald House are also recipients of our financial support.

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 next Annual Meeting is scheduled for 27 July 2016. Further details will be provided closer to the time.

PUBLICATIONS

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

INVESTOR CENTRE

The Trust's 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 DISTRIBUTION

The Trust typically pays its distributions quarterly in the third month that follows each quarter. For example the distribution for the March 2016 quarter will be paid in June 2016.

DISTRIBUTION REINVESTMENT PLAN (CURRENTLY SUSPENDED)

GMT offers a DRP for Unitholders that have registered addresses in New Zealand and a limited number of Australian "wholesale clients", as that term is defined in section 761G of the Australian Corporations Act 2001.

If Unitholders elect to participate in the DRP and the DRP is operating, they will receive additional units in GMT in exchange for quarterly cash distributions. If no election is made, Unitholders will receive distributions in the form of cash.

The DRP is currently suspended.

Elections remain in place, but inactive, even when the DRP is suspended. On reinstatement of the DRP, Unitholders who previously elected to participate and wish to do so need not take any action.

BONDHOLDER INTEREST PAYMENTS

Interest is paid semi-annually in June and December, 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.

TOP 20 UNITHOLDERS

As at 2 May 2016

Rank	Holder Name	Number of units held	% of total issued units
1	Goodman Investment Holdings (NZ) Limited	262,447,211	20.62
2	Accident Compensation Corporation	75,517,204	5.93
3	FNZ Custodians Limited	69,386,534	5.45
4	Forsyth Barr Custodians Limited	61,259,129	4.81
5	Investment Custodial Services Limited	51,252,646	4.03
6	HSBC Nominees (New Zealand) Limited	47,162,042	3.7
7	BNP Paribas Nominees (NZ) Limited	41,070,709	3.23
8	HSBC Nominees (New Zealand) Limited A/C State Street	40,574,667	3.19
9	Guardian Nominees No 2 A/C Westpac W/S Enhanced Cash Trust	37,173,678	2.92
10	Custodial Services Limited	25,013,955	1.96
11	Citibank Nominees (New Zealand) Limited	23,947,976	1.88
12	JPMorgan Chase Bank NA NZ Branch – Segregated Clients Acct	18,633,714	1.46
13	Tea Custodians Limited Client Property Trust Account	17,911,204	1.41
14	Sir Woolf Fisher Charitable Trust Inc	14,700,000	1.15
15	BNP Paribas Nominees (NZ) Limited	13,809,995	1.08
16	National Nominees New Zealand Limited	12,189,378	0.96
17	Mssrs. Williams, Parsons, Henshaw and Pearson	11,734,694	0.92
18	Custodial Services Limited	10,610,035	0.83
19	ANZ Wholesale Property Securities	7,974,799	0.63
20	Woolf Fisher Trust Incorporated	7,464,296	0.59
Units held by top 20 Unitholders		**849,833,866**	**66.75**
Balance of Units held		**423,237,054**	**33.25**
Total of issued Units		**1,273,070,920**	**100.00**

INVESTOR RELATIONS continued

SUBSTANTIAL UNITHOLDERS

As at 31 March 2016

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 2016 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 on page 84. The list of top 20 Unitholders is shown as at 2 May 2016, rather than 31 March 2016.

(2) The total number of Units on issue as at 31 March 2016 was 1,273,070,920.

(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 2016 is 262,447,211 Units.

UNITHOLDER DISTRIBUTION

As at 2 May 2016

Unitholding Range	Number of Unitholders	Number of Units
1 to 9,999		17,056,390
10,000 to 49,999		124,889,665
50,000 to 99,999		59,353,150
100,000 to 499,999		92,225,515
500,000 to 999,999		23,962,108
1,000,000 to 9,999,999,999,999		955,584,092
Total		**1,273,070,920**

BONDHOLDER DISTRIBUTION

As at 2 May 2016

GMB020	Number of Bondholders	Number of Bonds
1 to 9,999	190	1,123,000
10,000 to 49,999	901	16,620,000
50,000 to 99,999	125	6,822,000
100,000 to 499,999	58	8,527,000
500,000 to 999,999	3	1,970,000
1,000,000 to 9,999,999,999,999	15	64,938,000
Total	**1,292**	**100,000,000**

GMB030	Number of Bondholders	Number of Bonds
1 to 9,999	191	1,062,000
10,000 to 49,999	799	14,343,000
50,000 to 99,999	129	7,754,000
100,000 to 499,999	40	6,478,000
500,000 to 999,999	9	5,982,000
1,000,000 to 9,999,999,999,999	10	64,381,000
Total	**1,178**	**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 2016.

Board
the Board of Directors of the Manager and GMB.

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

CEO
the Chief Executive Officer of the Manager.

Chairman
the Chairman of the Board.

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.

DRP
the distribution reinvestment plan for the Trust in operation from time to time but suspended as at the date of this Annual Report.

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.

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.

USPP
United States Private Placement debt issuance.

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

CORPORATE DIRECTORY

For more information about the Directors and Management Team visit:

WWW.GOODMANREPORT.CO.NZ

MANAGER OF GOODMAN PROPERTY TRUST

Goodman (NZ) Limited
Level 28, 151 Queen Street, Auckland
PO Box 90940
Victoria Street West
Auckland 1142

Toll free: 0800 000 656 (within New Zealand)
Telephone: +64 9 375 6060 (outside New Zealand)
Facsimile: +64 9 375 6061
Email: info-nz@goodman.com
Website: www.goodman.com/nz

ISSUER OF GOODMAN+BONDS

GMT Bond Issuer Limited
Level 28, 151 Queen Street, Auckland
PO Box 90940
Victoria Street West
Auckland 1142

Toll free: 0800 000 656 (within New Zealand)
Telephone: +64 9 375 6060 (outside New Zealand)
Facsimile: +64 9 375 6061
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
Phil Pryke

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

Chief Executive Officer and Executive Director
John Dakin

Chief Financial Officer
Andy Eakin

General Counsel and Company Secretary
Anton Shead

General Manager Property
Michael Gimblett

General Manager Development
Peter Dufaur

Manager Portfolio Analysis and Investor Relations
Jonathan Simpson

Marketing Manager
Mandy Waldin

AUDITORS

PricewaterhouseCoopers
PwC Tower
188 Quay Street
Auckland
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
Auckland
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
Auckland
PO Box 8
Auckland 1140

TRUSTEE FOR GOODMAN PROPERTY TRUST

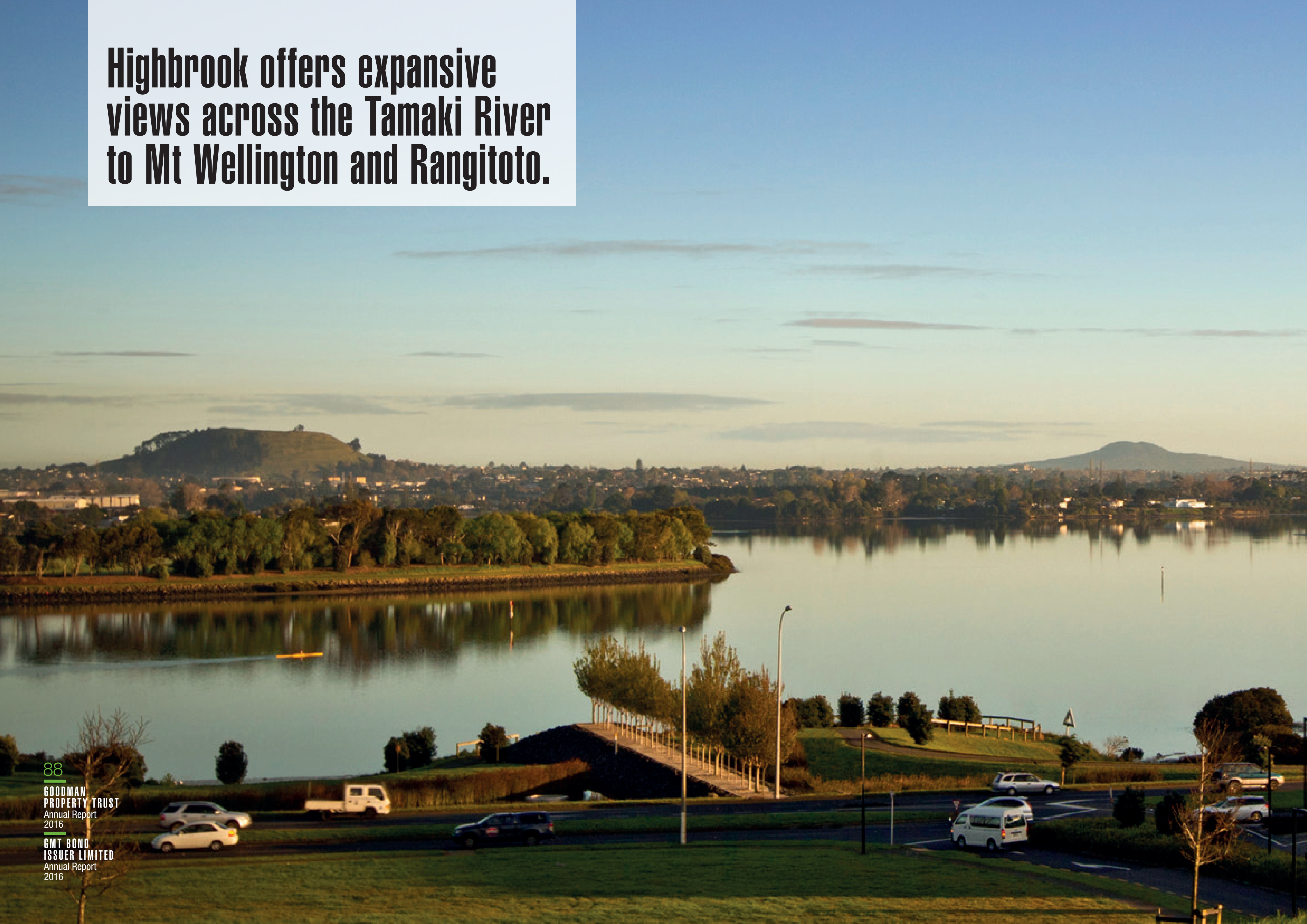
Covenant Trustee Services Limited
Level 6, Crombie Lockwood Building
191 Queen Street
Auckland
PO Box 4243
Auckland 1140

Telephone +64 9 302 0638

BOND TRUSTEE

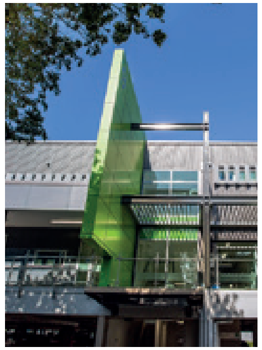
Public Trust
Level 9
34 Shortland Street
Auckland
PO Box 1598
Shortland Street
Auckland 1140

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



Highbrook offers expansive views across the Tamaki River to Mt Wellington and Rangitoto.

A focus on quality encompasses all aspects of our business.



WWW.GOODMAN.COM/NZ