



Goodman

Making space for *greatness*



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

This document comprises the interim reports of Goodman Property Trust and GMT Bond Issuer Limited for the six-month period ended 30 September 2019.

- + The Units in Goodman Property Trust are equity securities listed on the NZX with the code of GMT. GMT has a Non Standard issuer designation.
- + Bonds issued by GMT Bond Issuer Limited, a wholly-owned subsidiary of Goodman Property Trust, are listed on the NZDX with the codes of GMB020, GMB030, GMB040, and GMB050.

Highbrook Business Park, East Tamaki

GMT's largest estate and an exceptional work environment for the businesses and staff located here.

Contents

Operational highlights	2
Results overview	3
Chairman's and Chief Executive Officer's report	4 – 8
Goodman Property Trust Financial Statements	9 – 30
GMT Bond Issuer Limited Financial Statements	31 – 36
Other information	
Investor relations	38
Glossary	39
Corporate directory	40

Space for the world's *greatest ambitions*

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

Making space for greatness



Operational highlights

\$236.4m

Profit before tax

\$172.4m

Portfolio revaluation

17.9%

Loan to value ratio

\$3.0bn

**Property portfolio
100% Auckland Industrial**

\$235.6m

Projects under development

99.5%

Portfolio occupancy

Results overview

	30 September 2019	30 September 2018	% change
Profit before tax (\$m)	236.4	66.4	256.0
Profit after tax (\$m)	224.3	59.3	278.2
Adjusted operating earnings before tax (\$m) ⁽¹⁾	53.7	60.1	(10.6)
Adjusted operating earnings after tax (\$m) ⁽¹⁾	44.7	51.7	(13.5)
Movement in fair value of investment property (\$m)	172.4	16.8	926.2
Cash earnings per unit (cpu)	3.15	3.22	(2.2)
Cash distribution per unit (cpu)	3.325	3.325	–
Assets for loan to value calculation (\$m) ⁽²⁾	2,960.9	2,311.9	28.1
Borrowings for loan to value calculation (\$m) ⁽²⁾	531.3	405.7	31.0
Loan to value ratio (%) ⁽²⁾	17.9	17.5	2.3
GMT – Standard & Poor's credit rating	BBB	BBB	–
Goodman+Bonds – Standard & Poor's credit rating	BBB+	BBB+	–

Adjusted operating earnings

Adjusted operating earnings is a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. Calculation of adjusted operating earnings is as set out in note 3.2 of GMT's financial statements.

Cash earnings

Cash earnings is a non-GAAP financial measure that assesses free cash flow, on a per unit basis, after adjusting for borrowing costs and Manager's base fee capitalised to land and expenditure related to building maintenance. Cash earnings for the prior period have been restated, as if the management fee had been paid in cash, for consistency.

⁽¹⁾ Refer to note 3.2 of GMT's financial statements for further information.

⁽²⁾ Refer to note 2.5 of GMT's financial statements for further information.

Chairman's and Chief Executive Officer's report

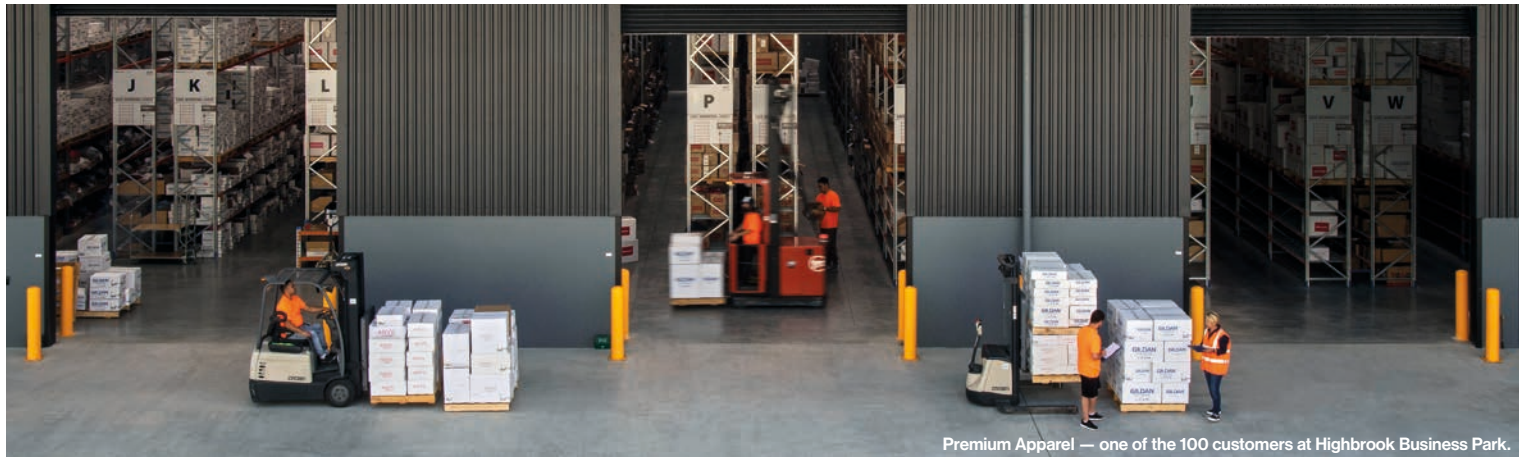
Delivering on strategy



Seated from left to right:

Keith Smith — Chairman and Independent Director

John Dakin — Chief Executive Officer and Executive Director



Premium Apparel — one of the 100 customers at Highbrook Business Park.

Focusing investment in the supply-constrained Auckland industrial market is a successful strategy that is delivering high-quality property solutions for customers and strong returns for investors. Sustained demand for warehouse and logistics space, driven by economic and demographic growth, make it New Zealand's best performing commercial real estate sector.

The continued execution of an investment strategy exclusively focused on the Auckland industrial market has contributed to a record interim profit of more than \$200 million.

A significant portfolio revaluation, successful leasing outcomes, further development progress and strategic new acquisitions have all contributed to GMT's strong financial performance over the last six months.

Recent capital initiatives have also provided greater financial flexibility, reducing gearing and positioning the Trust for sustainable long-term growth.

The Board is pleased with the progress being made and believes GMT is now uniquely placed to benefit from the structural changes that are driving customer demand for logistics space close to consumers.

Financial Results

The interim statutory profit of \$236.4 million before tax is a record for GMT and over 250% higher than the previous corresponding period.

Fair value gains of \$172.4 million on investment properties, following a comprehensive portfolio revaluation, were the main contributor to the increase. The 6% rise in the value of the portfolio (to \$3.0 billion) reflects strong property fundamentals and recent sales results, with a further strengthening of yields following interest rate cuts.

The substantial gain was also the main driver of the 10.1% increase in net tangible asset backing, from 157.0 cents per unit at 31 March 2019 to 172.8 cents per unit at 30 September 2019.

The conclusion of the asset sales programme in FY19 completed the successful repositioning of GMT as a specialist industrial property provider. It has helped improve the quality of the portfolio and reduced gearing.

The earnings impact of this balance sheet deleveraging has outweighed the positive revenue contribution from new developments and acquisitions over the last six months. As a result, adjusted operating earnings have reduced 10.6% from the previous period, to \$53.7 million before tax.

Cash earnings of 3.15 cents per unit was materially consistent with the previous period despite lower revenue. The rapid progress of the development programme has reduced capitalised holding costs and the lower maintenance requirements of a purely industrial portfolio have helped maintain GMT's cash earnings.

Capital Management Initiatives

Strong capital markets, supportive investors and a clear investment strategy were all contributing factors in the success of GMT's recent equity initiatives.

These initiatives included:

1. An underwritten Placement to institutional investors on 18 September 2019, raising \$150 million.
2. A Retail Unit Offer to eligible Unitholders seeking \$15 million (with the ability to accept up to \$10 million of oversubscriptions). The offer opened on 26 September and closed on 18 October 2019.

With a fixed issue price of \$2.10 per unit, both offers were oversubscribed and the maximum \$175 million was raised.

The new equity reduces committed gearing to just 20.6%. It's a prudent level that provides additional balance sheet capacity that will be used to fund future opportunities.

The Board believes the combination of a Placement and a Retail Unit Offer made the equity raising fair to all Unitholders and was a cost-effective alternative to a full rights issue. It was the Trust's first new issue since 2012 and the first to be offered under the Anti-Money Laundering and Countering Financing of Terrorism regime.



OfficeMax, Highbrook Business Park

Existing customer who is expanding its current facility to accommodate its business growth.



NCI Packaging, Savill Link, Otahuhu

Recently completed design-build facility for specialist packaging company.



T&G Global, Mt Wellington

Strategic acquisition that provides future redevelopment potential.

Despite a more complicated application process as a result of these regulations, the Retail Unit Offer received overwhelming support. More than 3,500 Unitholders took advantage of the opportunity to purchase additional GMT units at a discount to the current trading price and without brokerage costs.

The strong demand meant the \$10 million of oversubscriptions were fully taken up and applications had to be scaled in accordance with the rules of the offer.

With committed gearing significantly below the 35% upper limit of the Board's preferred range, GMT has substantial balance sheet capacity.

The refinancing of the Trust's bank facility, following the interim balance date, provides a secure source of funding for future investment activity.

Renewed on competitive terms, the size of the facility was increased \$100 million to \$400 million. The tenor was also extended with the three tranches having a weighted average term to expiry of three years.

Growth Opportunities

Greater financial flexibility allows the Trust to pursue new investment and development opportunities that complement the existing portfolio.

It's a strategy that is expected to deliver sustainable long-term growth.

The recent acquisition of the T&G Global facility in Mt Wellington, on a sale and leaseback basis, is an example of this strategic focus. Located near Sylvia Park Shopping Centre, the 5.8 hectare site is central to Auckland's large consumer market, making it ideal for fulfilment and logistics businesses.

The property features functional industrial facilities and with immediate access to State Highway 1 via the Mt Wellington interchange it has excellent connectivity with major freight and transport infrastructure.

With site coverage of just 31% it also offers redevelopment potential through better site utilisation and intensification of use.

With GMT's existing development programme nearing completion and a lack of appropriately zoned land available for new development, securing brownfield sites like these will be essential if the Trust is to meet its customers' future supply chain requirements.

Portfolio Performance

Low vacancy rates and limited new supply have created a positive market dynamic that is being reflected in GMT's leasing results.

More than 67,500 sqm of space has been secured on new or revised terms over the last six months and at 30 September 2019 the portfolio had an occupancy rate of over 99%. The weighted average lease term had also been maintained at more than five years.

	Value (\$ million)	Rentable area (sqm)	Average age (years)	Occupancy (%)	Weighted average lease term (years)
Core estates	2,515.0	863,486	10.9	99.5	5.8
Value-add estates	362.5	176,829	44.1	99.6	3.2
Total investment portfolio	2,877.5	1,040,315	16.5	99.5	5.5

The demand that has underpinned this leasing success has also continued to drive the Trust's development programme. Nine new projects, with a total cost of \$123.2 million, have been announced since March. They include expansions for existing customers Ingram Micro, Mainstream, Panasonic and OfficeMax, and five new build-to-lease projects.

With customer demand for well-located industrial space exceeding supply in many locations across the city, the Auckland industrial market is effectively at capacity. Businesses that require additional space have very few options. GMT's own portfolio is almost full and, with no large warehouse spaces available, these build-to-lease projects provide much-needed new supply.

The Trust now has 17 development projects underway. Once completed these facilities will provide around 76,500 sqm of high-quality industrial space, generating around \$14.0 million of annual rental income.

It's the continuation of a successful development programme that has included more than \$800 million of new projects since 2014. This development activity has helped create a modern industrial portfolio that would be extremely difficult to replicate.

Completing the build-out of the remaining greenfield land and activating the value-add opportunities within the portfolio continues to be the focus. With \$235.6 million of projects under construction, it's a disciplined approach that will drive future earnings growth.



Panasonic, Highbrook Business Park
Another of the customers within the portfolio expanding their current facilities.

Outlook and Guidance

GMT's investment strategy has been refined to meet the growing demand for warehouse and distribution space across Auckland. Driven by a strong regional economy, the city's industrial property market continues to be New Zealand's best performing commercial real estate sector.

The Trust's operating results reflect these positive market dynamics.

Leasing success, further development progress and strategic acquisitions have all contributed to GMT's recent financial performance.

New equity initiatives have also provided greater financial flexibility. The balance sheet capacity this has created will be invested into new opportunities over time.

With a stable business outlook, GMT is expected to deliver full year earnings consistent with earlier guidance. Distributions of 6.65 cents per unit are expected to be paid.

John Dakin
Chief Executive Officer
and Executive Director

Keith Smith
Chairman
and Independent Director

Goodman Property Trust Interim Financial Statements

For the six months ended 30 September 2019

The Board of Goodman (NZ) Limited, the Manager of Goodman Property Trust, authorised these financial statements for issue on 13 November 2019. For and on behalf of the Board:



Keith Smith
Chairman



Peter Simmonds
Chairman, Audit Committee

Contents

Profit or loss	10
Balance sheet	11
Cash flows	12
Changes in equity	13
General information	14
Notes to the Financial Statements:	
1. Investment property	16
2. Borrowings and lease liabilities	19
3. Units, earnings per unit and distributions	23
4. Derivative financial instruments	25
5. Tax	26
6. Related party disclosures	27
7. Commitments and contingencies	29
8. Financial risk management	29
9. Operating segments	29
Independent review report	30



Profit or loss

For the six months ended 30 September 2019

\$ million	Note	6 months 30 Sep 19	6 months 30 Sep 18
Property income	1.1	84.1	78.5
Property expenses		(12.8)	(14.5)
Net property income		71.3	64.0
Share of operating earnings before tax from joint venture		–	2.1
Interest			
Interest cost	2.1	(11.5)	(12.2)
Interest income	2.1	0.3	3.3
Net interest cost		(11.2)	(8.9)
Administrative expenses		(1.2)	(1.3)
Manager's base fee		(5.2)	–
Operating earnings before other income / (expenses) and tax		53.7	55.9
Other income / (expenses)			
Movement in fair value of investment property	1.4	172.4	16.8
Disposal of investment property		0.3	–
Dividend income from joint venture		–	2.1
Share of other expenses and tax from joint venture		–	(0.5)
Movement in fair value of financial instruments	4.1	10.0	(3.7)
Manager's base fee expected to be reinvested in units		–	(4.2)
Profit before tax		236.4	66.4
Tax			
Current tax on operating earnings	5.1	(9.0)	(7.8)
Current tax on non-operating earnings	5.1	0.1	(1.1)
Deferred tax	5.1	(3.2)	1.8
Total tax		(12.1)	(7.1)
Profit after tax attributable to unitholders		224.3	59.3
There are no items of other comprehensive income, therefore profit after tax attributable to Unitholders equals total comprehensive income attributable to Unitholders.			
Cents	Note	6 months 30 Sep 19	6 months 30 Sep 18
Basic earnings per unit after tax	3.2	17.19	4.59

Balance sheet

As at 30 September 2019

\$ million	Note	30 Sep 19	31 Mar 19
Non-current assets			
Investment property	1.3	3,023.1	2,633.4
Derivative financial instruments	4.2	56.0	25.0
Deferred tax assets		–	1.9
Total non-current assets		3,079.1	2,660.3
Current assets			
Investment property contracted for sale	1.5	8.8	43.5
Debtors and other assets		13.0	13.6
Cash		13.9	3.1
Total current assets		35.7	60.2
Total assets		3,114.8	2,720.5
Non-current liabilities			
Borrowings	2.2	588.8	585.1
Lease liabilities	2.4	58.9	–
Derivative financial instruments	4.2	17.7	12.1
Deferred tax liabilities		27.7	26.4
Total non-current liabilities		693.1	623.6
Current liabilities			
Creditors and other liabilities		41.1	47.6
Lease liabilities	2.4	3.3	–
Derivative financial instruments	4.2	0.1	–
Current tax payable		2.6	3.1
Total current liabilities		47.1	50.7
Total liabilities		740.2	674.3
Net assets		2,374.6	2,046.2
Equity			
Units	3.1	1,580.4	1,419.1
Unit based payments reserve		–	13.9
Retained earnings		794.2	613.2
Total equity		2,374.6	2,046.2

Cash flows

For the six months ended 30 September 2019

\$ million	6 months 30 Sep 19	6 months 30 Sep 18
Cash flows from operating activities		
Property income received	86.8	77.0
Property expenses paid	(20.0)	(15.4)
Interest income received	–	2.9
Interest costs paid	(11.1)	(11.9)
Ground lease expenses paid	(1.6)	(1.6)
Administrative expenses paid	(1.3)	(1.3)
Manager's base fee paid	(9.9)	(4.2)
Manager's performance fee paid	(8.6)	–
Net GST paid	(0.1)	(1.3)
Tax paid	(9.4)	(10.1)
Net cash flows from operating activities	24.8	34.1
Cash flows from investing activities		
Payments for the acquisition of investment properties	(105.4)	(14.0)
Proceeds from the sale of investment properties	47.5	223.9
Capital expenditure payments for investment properties	(57.0)	(64.0)
Holding costs capitalised to investment properties	(5.1)	(6.3)
Repayments from joint venture	–	0.7
Dividends received from joint venture	–	2.1
Net cash flows from investing activities	(120.0)	142.4
Cash flows from financing activities		
Proceeds from borrowings	137.0	111.0
Repayments of borrowings	(149.0)	(241.0)
Proceeds from the issue of units	161.3	5.2
Distributions paid to unitholders	(43.3)	(42.9)
Settlement of derivative financial instruments	–	(8.9)
Net cash flows from financing activities	106.0	(176.6)
Net movement in cash	10.8	(0.1)
Cash at the beginning of the period	3.1	4.7
Cash at the end of the period	13.9	4.6

Changes in equity

For the six months ended 30 September 2019

\$ million	Units	Unit based payments reserve	Retained earnings	Total
As at 1 April 2018	1,408.7	5.3	379.7	1,793.7
Profit after tax	–	–	319.5	319.5
Distributions paid to unitholders	–	–	(86.0)	(86.0)
Manager's base fee	–	10.4	–	10.4
Manager's performance fee	–	8.6	–	8.6
Issue of units	10.4	(10.4)	–	–
As at 31 March 2019	1,419.1	13.9	613.2	2,046.2
Profit after tax	–	–	224.3	224.3
Distributions paid to unitholders	–	–	(43.3)	(43.3)
Issue of units	161.3	(13.9)	–	147.4
As at 30 September 2019	1,580.4	–	794.2	2,374.6

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

General information

For the six months ended 30 September 2019

Reporting entity

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

The interim financial statements presented are consolidated financial statements for Goodman Property Trust and its subsidiaries (the “Group”).

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

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

The interim financial statements for the six months ended 30 September 2019 are unaudited. Comparative balances for 30 September 2018 are unaudited, whilst comparative balances as at 31 March 2019 were audited.

Basis of preparation and measurement

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

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

The interim financial statements do not include all of the notes included in the annual financial statements. Accordingly, these notes should be read in conjunction with the annual financial statements for the year ended 31 March 2019, prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards (“NZ IFRS”) and International Financial Reporting Standards (“IFRS”).

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the financial statements for the year ended 31 March 2019, other than following the adoption of NZ IFRS 16 ‘Leases’ as detailed in notes 1.3 and 2.4.

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

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

New accounting standards now adopted

On 1 April 2019 the Group adopted NZ IFRS 16, which has replaced the previous guidance in NZ IAS 17 ‘Leases’.

Under NZ IFRS 16 a contract is, or contains, 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 requires the recognition of ‘right-of-use assets’ representing the fair value of the occupational ground leases and ‘lease liabilities’ reflecting the present value of future lease payments for the occupational ground leases.

As a lessor of investment property leased to customers, the new standard has resulted in no changes to the recognition and measurement of leases when compared to existing accounting policies.

As a lessee, GMT’s exposure is in respect of occupational ground leases at Westney Industry Park and The Gate Industry Park.

The Group adopted NZ IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. No adjustment is made to comparative disclosures.

NZ IFRS 16 has amended the scope of NZ IAS 40 ‘Investment Property’ by defining investment property to include both owned investment property and investment property held by a lessee as a right-of-use asset. This results in lessees using either the cost model and disclosing fair value, or using the fair value model, depending on whether the lessee accounts for the remainder of its investment property under the cost model or the fair value model. GMT uses the fair value model.

General information (continued)

For the six months ended 30 September 2019

On the 1 April 2019 adoption date, a lease liability of \$62.2 million has been recorded with the right-of-use asset embedded in the fair value of the underlying investment property. Stabilised investment property increased by \$62.2 million to adjust for cash flows relating to lease liabilities already recognised separately on the balance sheet and also reflected in the investment property valuations. This results in no change to net assets and no impact to profit. There are no changes to net cash flows recognised as a result of adoption of the new standard.

The effect of adopting NZ IFRS 16 as at 1 April 2019, in respect of occupational ground leases is as follows:

\$ million	NZ IAS 17 recognition at 31 Mar 19	Adoption impact	NZ IFRS 16 recognition at 1 Apr 19
Investment property	2,633.4	62.2	2,695.6
Lease liabilities	–	(62.2)	(62.2)
	2,633.4	–	2,633.4

Upon adoption of NZ IFRS 16, the Group applied a single recognition and measurement approach for all leases. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group also applied the available practical expedients wherein it used a single discount rate to a portfolio of leases with reasonably similar characteristics and used judgements in determining the lease term where the contract contains options to extend or terminate the lease.

Notes to the Financial Statements

For the six months ended 30 September 2019

1. Investment property

Property income is earned from investment property leased to customers.

1.1 Property income

\$ million	6 months 30 Sep 19	6 months 30 Sep 18
Gross lease receipts	75.9	72.3
Service charge income	10.1	9.3
Straight line rental adjustments	1.1	0.5
Amortisation of capitalised lease incentives	(3.0)	(3.6)
Property income	84.1	78.5

1.2 Future contracted gross lease receipts

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

\$ million	30 Sep 19	31 Mar 19
Year 1	150.7	140.1
Year 2	140.2	131.3
Year 3	121.6	111.9
Year 4	101.3	93.3
Year 5	80.7	71.0
Year 6 and later	347.5	245.7
Total future contracted gross lease receipts	942.0	793.3

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

1. Investment property (continued)

1.3 Total investment property

This table details the total investment property value.

\$ million	30 Sep 19				31 Mar 19			
	Stabilised properties	Developments	Land	Total	Stabilised properties	Developments	Land	Total
Core								
Highbrook Business Park, East Tamaki	1,453.3	81.7	46.3	1,581.3	1,322.8	53.4	60.3	1,436.5
Savill Link, Otahuhu	355.2	7.9	2.3	365.4	292.5	31.1	2.3	325.9
M20 Business Park, Wiri	272.6	7.3	–	279.9	247.2	–	7.0	254.2
The Gate Industry Park, Penrose	242.4	–	–	242.4	232.5	–	–	232.5
Westney Industry Park, Mangere	191.5	0.1	–	191.6	122.7	0.7	–	123.4
Total core	2,515.0	97.0	48.6	2,660.6	2,217.7	85.2	69.6	2,372.5
Value-add	362.5	–	–	362.5	260.9	–	–	260.9
Total investment property	2,877.5	97.0	48.6	3,023.1	2,478.6	85.2	69.6	2,633.4

Included within stabilised properties is an add-back equivalent to lease liabilities of \$62.2 million (31 March 2019: \$nil).

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

Core

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

Value-add

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



Significant transactions

In May 2019, GMT completed the acquisition of a property at Pilkington Road, Panmure (part of the value-add Tamaki Estate) for \$9.9 million.

In July 2019, GMT completed the disposal of the remaining properties at Show Place, Christchurch, a value-add estate, for \$13.1 million. This sale resulted in a gain of \$0.3 million over the previous carrying value.

In September 2019, GMT completed the acquisition of value-add estates at Monahan Road, Mt Wellington and Favona Road, Mangere for \$65.0 million and \$29.0 million respectively.



New accounting policies

The Group recognises a right-of-use asset at the commencement date of the lease, being the date the underlying asset is available for use. Investment property is defined to include both owned investment property and investment property held by a lessee as a right-of-use asset. The Group therefore measures all investment property using the same measurement basis, being the fair value model. The value of the right-of-use assets represents the fair value of a freehold interest in the land subject to ground lease interests held by GMT. Investment property is adjusted for cash flows relating to lease liabilities already recognised separately on the balance sheet and also reflected in the investment property valuations.

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

1. Investment property (continued)

1.4 Movement in fair value of investment property

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

\$ million	6 months 30 Sep 19	6 months 30 Sep 18
Stabilised properties	159.9	–
Developments	12.4	11.7
Land	0.1	–
Investment property contracted for sale	–	5.1
Total movement in fair value of investment property	172.4	16.8

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



Key judgements

At 30 September 2019, the carrying value of stabilised properties is the fair value of the property as determined by an expert independent valuer. 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. At 30 September 2018, the stabilised properties are recorded at the 31 March 2018 independent valuation, adjusted for movements in the book value since this date.

Developments completed in the period, or adequately progressed to allow fair value to be reliably determined, have been independently valued at 30 September 2019 and at 30 September 2018. All other developments are held at cost and tested for impairment.

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

30 Sep 19	Market capitalisation rate %	Market rental \$ per sqm	Discount rate %	Rental growth rate %	Terminal capitalisation rate %
Industrial	5.4	138	7.1	2.6	5.6
31 Mar 19	Market capitalisation rate %	Market rental \$ per sqm	Discount rate %	Rental growth rate %	Terminal capitalisation rate %
Industrial	5.7	134	7.5	2.7	6.0
Office	9.3	211	10.8	1.1	9.3

At 30 September 2019, land is valued based on recent comparable transactions, resulting in land values ranging between \$258 per square metre (“psm”) and \$650 psm for industrial land (31 March 2019: between \$246 psm and \$675 psm). At 30 September 2018, land was recorded at the 31 March 2018 independent valuation, adjusted for movements in the book value from that date.

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

1. Investment property (continued)

1.5 Investment property contracted for sale

\$ million	30 Sep 19	31 Mar 19
Value-add		
Greenlane Office, Auckland	8.8	8.5
Concourse Industry Park, Henderson	–	35.0
Total investment property contracted for sale	8.8	43.5



Significant transaction

Settlement of the sale of Concourse Industry Park occurred in June 2019.

2. Borrowings and lease liabilities

2.1 Interest

\$ million	6 months 30 Sep 19	6 months 30 Sep 18
Interest expense on borrowings	(13.3)	(16.3)
Interest expense on lease liabilities	(1.6)	–
Amortisation of borrowing costs	(1.3)	(1.6)
Borrowing costs capitalised ⁽¹⁾	4.7	5.7
Total interest cost	(11.5)	(12.2)
Interest income	0.3	3.3
Net interest cost	(11.2)	(8.9)

⁽¹⁾ Borrowing costs of \$2.1 million were capitalised to land (30 September 2018: \$3.4 million).

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

2. Borrowings and lease liabilities (continued)

2.2 Borrowings

\$ million	30 Sep 19	31 Mar 19
Non-current		
Syndicated bank facility	–	12.0
Retail bonds	400.0	400.0
US Private Placement notes – New Zealand dollar amount on inception ⁽¹⁾	156.8	156.8
	556.8	568.8
US Private Placement notes – foreign exchange translation impact ⁽¹⁾	34.8	19.5
Unamortised borrowings establishment costs	(2.8)	(3.2)
Total non-current borrowings	588.8	585.1
Total borrowings	588.8	585.1

⁽¹⁾ US Private Placement notes are fully hedged, with no currency risk on interest and principal payments.

2.3 Security and covenants

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

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

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

2. Borrowings and lease liabilities (continued)

2.4 Lease liabilities

\$ million	30 Sep 19	31 Mar 19
Current	3.3	–
Non-current	58.9	–
Total lease liabilities	62.2	–



Key judgement

The lease liabilities are for perpetually renewable ground leases at Westney Industry Park (\$62.0 million) and The Gate Industry Park (\$0.2 million). The calculation of the lease liability assumes lease terms of between 65 and 69 years and utilises a discount rate based on GMT's weighted average cost of borrowing.



New accounting policies

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments, less any lease incentives receivable.

2.5 Loan to value ratio

Loan to value ratio ("LVR") is a non-GAAP metric used to measure the strength of GMT's balance sheet. The LVR calculation is set out below.

\$ million	30 Sep 19	31 Mar 19
Total borrowings	588.8	585.1
US Private Placement notes – foreign exchange translation impact	(34.8)	(19.5)
Cash	(13.9)	(3.1)
Investment property contracted for sale – settlement proceeds due	(8.8)	(43.5)
Borrowings for LVR calculation	531.3	519.0
Investment property	3,023.1	2,633.4
Lease liabilities	(62.2)	–
Assets for LVR calculation	2,960.9	2,633.4
Loan to value ratio %	17.9%	19.7%

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

2. Borrowings and lease liabilities (continued)

2.6 Composition of borrowings

30 Sep 19	Date issued	Expiry	Weighted average remaining term (years)	Interest rate	\$ million	
					Facility drawn / Amount	Undrawn facility
Syndicated bank facilities	–	Oct 20 – Oct 21	1.5	Floating	–	300.0
Retail bonds – GMB020	Dec 13	Dec 20	1.2	6.20%	100.0	–
Retail bonds – GMB030	Jun 15	Jun 22	2.7	5.00%	100.0	–
Retail bonds – GMB040	May 17	May 24	4.7	4.54%	100.0	–
Retail bonds – GMB050	Mar 18	Sep 23	3.9	4.00%	100.0	–
US Private Placement notes	Jun 15	Jun 25	5.7	3.46%	US\$40.0	–
US Private Placement notes	Jun 15	Jun 27	7.7	3.56%	US\$40.0	–
US Private Placement notes	Jun 15	Jun 30	10.7	3.71%	US\$40.0	–

31 Mar 19	Date issued	Expiry	Weighted average remaining term (years)	Interest rate	\$ million	
					Facility drawn / Amount	Undrawn facility
Syndicated bank facilities	–	Oct 20 – Oct 21	2.0	Floating	12.0	288.0
Retail bonds – GMB020	Dec 13	Dec 20	1.7	6.20%	100.0	–
Retail bonds – GMB030	Jun 15	Jun 22	3.2	5.00%	100.0	–
Retail bonds – GMB040	May 17	May 24	5.2	4.54%	100.0	–
Retail bonds – GMB050	Mar 18	Sep 23	4.4	4.00%	100.0	–
US Private Placement notes	Jun 15	Jun 25	6.2	3.46%	US\$40.0	–
US Private Placement notes	Jun 15	Jun 27	8.2	3.56%	US\$40.0	–
US Private Placement notes	Jun 15	Jun 30	11.2	3.71%	US\$40.0	–

As at 30 September 2019 and 31 March 2019 a \$300.0 million syndicated bank facility was provided to the Trust by ANZ Bank New Zealand Limited, Bank of New Zealand, Commonwealth Bank of Australia, Westpac New Zealand Limited (each providing \$67.5 million) and The Hongkong and Shanghai Banking Corporation Limited (providing \$30.0 million).

As at 30 September 2019, GMT's drawn borrowings had a weighted average remaining term of 4.5 years (31 March 2019: 5.0 years), with 100% being drawn from non-bank sources (31 March 2019: 98%). Calculation of the weighted average remaining term assumes drawn bank debt utilises the longest dated facilities.



Subsequent event

On 7 November 2019 the syndicated bank facility was amended. Total available funding was increased to \$400.0 million, comprising three facilities expiring in November 2021 (\$135.0 million), November 2022 (\$135.0 million) and November 2023 (\$130.0 million). The facility is now provided by Commonwealth Bank of Australia (\$120.0 million), Westpac New Zealand Limited (\$120.0 million), Bank of New Zealand (\$80.0 million) and The Hongkong and Shanghai Banking Corporation Limited (\$80.0 million).

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

3. Units, earnings per unit and distributions

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

3.1 Issued units

	Issued units (million)		Value (\$ million)	
	30 Sep 19	31 Mar 19	30 Sep 19	31 Mar 19
Balance at the beginning of the period	1,294.9	1,287.8	1,419.1	1,408.7
Manager's base fee reinvested	2.9	7.1	5.3	10.4
Manager's performance fee reinvested	4.7	–	8.6	–
Unit placement	71.4	–	147.4	–
Balance at the end of the period	1,373.9	1,294.9	1,580.4	1,419.1



Significant transactions

In September 2019, GMT raised \$150.0 million of new equity through an underwritten placement ("Placement"). The price of the Placement units was fixed at \$210 per unit. The new units were allotted on 24 September 2019 and rank equally with existing units.



Subsequent event

In October 2019, GMT raised \$25.0 million of new equity through a retail unit offer ("Retail Offer"). The price of the Retail Offer units was fixed at \$210 per unit. The new units were allotted on 25 October 2019 and rank equally with existing units.

3.2 Earnings per unit

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

\$ million	6 months 30 Sep 19	6 months 30 Sep 18
Operating earnings before other income / (expenses) and tax	53.7	55.9
Share of operating earnings from joint venture – post-contracted for sale	–	4.2
Adjusted operating earnings before tax	53.7	60.1
Income tax on operating earnings	(9.0)	(7.8)
Share of income tax on operating earnings from joint venture	–	(0.6)
Adjusted operating earnings after tax	44.7	51.7

For the five years ending 31 March 2019, weighted units for the Manager's base fee reinvested were included as the services were rendered.

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

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

3.2 Earnings per unit (continued)

Million	Weighted units	
	30 Sep 19	30 Sep 18
Issued units at the beginning of the period	1,294.9	1,287.8
Manager's base fee	2.9	5.3
Manager's performance fee	4.7	–
Unit placement	2.7	–
Weighted units	1,305.2	1,293.1

cents per unit	6 months	
	30 Sep 19	30 Sep 18
Adjusted operating earnings per unit before tax	4.11	4.65
Adjusted operating earnings per unit after tax	3.42	4.00
Basic and diluted earnings per unit after tax	17.19	4.59

3.3 Net tangible assets

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

Million	Diluted units	
	30 Sep 19	31 Mar 19
Issued units	1,373.9	1,294.9
Deferred units for Manager's base fee expected to be reinvested	–	3.1
Deferred units for Manager's performance fee expected to be reinvested	–	5.1
Diluted units	1,373.9	1,303.1

	30 Sep 19	31 Mar 19
Net tangible assets (\$ million)	2,374.6	2,046.2
Net tangible assets per unit (cents)	172.8	157.0



Subsequent event

On 13 November 2019 a cash distribution of 1.6625 cents per unit with 0.3021 cents per unit of imputation credits attached was declared. The record date for the distribution is 28 November 2019 and payment will be made on 12 December 2019.

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

4. Derivative financial instruments

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

4.1 Movement in fair value of financial instruments

\$ million	6 months 30 Sep 19	6 months 30 Sep 18
Interest rate derivatives	(3.5)	0.5
Cross currency interest rate derivatives relating to US Private Placement notes	28.8	11.3
Total movement in fair value of derivative financial instruments	25.3	11.8
Foreign exchange rate movement on US Private Placement notes	(15.3)	(15.5)
Total movement in fair value of financial instruments	10.0	(3.7)

4.2 Derivative financial instruments

\$ million	30 Sep 19	31 Mar 19
Cross currency interest rate derivatives		
Non-current assets	42.5	13.7
Interest rate derivatives		
Non-current assets	13.5	11.3
Non-current liabilities	(17.7)	(12.1)
Current liabilities	(0.1)	–
Net derivative financial instruments	38.2	12.9

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

5. Tax

5.1 Tax expense

\$ million	6 months 30 Sep 19	6 months 30 Sep 18
Profit before tax	236.4	61.3
Tax at 28%	(66.2)	(17.1)
Depreciation of investment property	2.7	2.4
Movement in fair value of investment property	48.3	3.3
Disposal of investment property	0.1	0.8
Deductible net expenditure for investment property	3.3	3.0
Share of joint venture net profit less dividends received	–	1.0
Derivative financial instruments	2.8	(1.1)
Other	–	(0.1)
Current tax on operating earnings	(9.0)	(7.8)
Depreciation recovery income for property sold and settled	0.1	(3.6)
Settlement of derivative financial instruments	–	2.5
Current tax on non-operating earnings	0.1	(1.1)
Current tax	(8.9)	(8.9)
Depreciation of investment property	(2.7)	(0.1)
Reduction of liability in respect of depreciation recovery income	2.5	3.7
Disposal of investment property	0.7	(0.9)
Deferred expenses	(0.9)	(1.1)
Derivative financial instruments	(2.8)	0.1
Borrowing issue costs	–	0.1
Deferred tax	(3.2)	1.8
Total tax	(12.1)	(7.1)

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

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

6. Related party disclosures

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

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

6.1 Transactions with related parties other than WPHL

\$ million	Related party	Recorded		Capitalised		Outstanding	
		6 months 30 Sep 19	6 months 30 Sep 18	6 months 30 Sep 19	6 months 30 Sep 18	30 Sep 19	30 Sep 18
Manager's base fee	GNZ	(5.6)	(4.8)	0.4	0.5	(1.0)	(5.3)
Property management fees ⁽¹⁾	GPSNZ	(1.5)	(1.7)	-	-	(0.1)	(0.1)
Leasing fees	GPSNZ	(0.6)	(1.6)	-	-	(0.1)	(0.1)
Acquisition and disposal fees	GPSNZ	(1.5)	(1.5)	-	-	-	-
Minor project fees	GPSNZ	(0.2)	(0.3)	0.2	0.3	-	-
Development management fees	GPSNZ	(3.4)	(1.8)	3.4	1.8	-	-
Total fees		(12.8)	(11.7)	4.0	2.6	(1.2)	(5.5)
Reimbursement of expenses for services provided	GPSNZ	(0.4)	(0.6)	-	-	-	(0.1)
Total reimbursements		(0.4)	(0.6)	-	-	-	(0.1)
Land acquisition – Savill Link	GIT	-	(4.7)	-	4.7	-	-
Total capital transactions		-	(4.7)	-	4.7	-	-
Issue of units for Manager's base fee reinvested	GIH	5.3	5.2	-	-	-	-
Issue of units for Manager's performance fee reinvested	GIH	8.6	-	-	-	-	-
Issue of units for Placement	GIH	32.4	-	-	-	-	-
Total issue of units		46.3	5.2	-	-	-	-
Distributions paid	GIH	(9.3)	(9.1)	-	-	-	-
Total distributions paid		(9.3)	(9.1)	-	-	-	-

⁽¹⁾ Of the property management fees charged by GPSNZ, \$1.3 million was paid by customers and was not a cost borne by GMT (30 September 2018: \$1.5 million).

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

6. Related party disclosures (continued)

6.2 Transactions with WPHL

The sale of GMT's interests in WPHL settled on 14 December 2018.

\$ million	Related party	Recorded		Capitalised		Outstanding	
		6 months 30 Sep 19	6 months 30 Sep 18	6 months 30 Sep 19	6 months 30 Sep 18	30 Sep 19	30 Sep 18
Repayments from / (advances to) joint venture	WPHL	–	0.7	–	–	–	(106.8)
Interest income received from joint venture	WPHL	–	2.7	–	–	–	–
Dividends received from joint venture	WPHL	–	2.1	–	–	–	–

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

6.3 Other related party transactions

Capital transactions

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

No properties were acquired pursuant to the Co-ownership Agreement between GMT and Goodman Industrial Trust (30 September 2018: none). This agreement was approved by Unitholders at a general meeting held on 23 March 2004.

GMT purchased no land during the period ended 30 September 2019 (30 September 2018: \$4.7 million) that was co-owned via the Co-ownership Agreement between GMT and Goodman Industrial Trust.

Key management personnel

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

At 30 September 2019, Goodman Group, GNZ's ultimate parent, through its subsidiary Goodman Investment Holdings (NZ) Limited, held 296,560,508 units in GMT out of a total 1,373,886,544 units on issue (31 March 2019: 277,250,271 units out of a total 1,294,900,545 units).

6.4 Related party capital commitments

\$ million	Related party	30 Sep 19	31 Mar 19
Development management fees for developments in progress	GPSNZ	6.1	4.8
Total related party capital commitments		6.1	4.8

Notes to the Financial Statements (continued)

For the six months ended 30 September 2019

7. Commitments and contingencies

7.1 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 6.4.

\$ million	30 Sep 19	31 Mar 19
Completion of developments	120.0	79.1
Acquisition of Favona Road	–	29.0
Total non-related party capital commitments	120.0	108.1

7.2 Contingent liabilities

GMT has no material contingent liabilities.

8. Financial risk management

8.1 Fair value of financial instruments

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

\$ million	Fair value hierarchy	30 Sep 19	31 Mar 19
Retail bonds	Level 1	429.6	421.1
US Private Placement Notes	Level 2	US\$119.4	US\$118.4

9. Operating segments

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



Independent review report

to the unitholders of Goodman Property Trust

Report on the interim financial statements

We have reviewed the accompanying interim financial statements of Goodman Property Trust (the Trust) and its controlled entities (together, the Group) on pages 9 to 29, which comprise the balance sheet as at 30 September 2019, and the statement of profit or loss, the statement of changes in equity and the statement of cash flows for the period ended on that date, and selected explanatory notes.

Manager's responsibility for the interim financial statements

The directors of Goodman (NZ) Limited (the Manager) are responsible on behalf of the Trust for the preparation and fair presentation of these interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and for such internal control as the Manager determines is necessary to enable the preparation and fair presentation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2019, and its financial performance and cash flows for the period then ended, in accordance with NZ IAS 34 and IAS 34.

Who we report to

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

For and on behalf of:

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

Chartered Accountants
13 November 2019

Auckland

GMT Bond Issuer Limited Interim Financial Statements

For the six months ended 30 September 2019

The Board of GMT Bond Issuer Limited authorised these financial statements for issue on 13 November 2019. For and on behalf of the Board:



Keith Smith
Chairman



Peter Simmonds
Chairman, Audit Committee

Contents

Profit or loss	32
Balance sheet	32
Cash flows	33
Changes in equity	33
General information	34
Notes to the financial statements:	
1. Borrowings	35
2. Advances to related parties	35
3. Commitments and contingencies	35
4. Financial risk management	35
5. Equity	35
Independent review report	36

Profit or loss

For the six months ended 30 September 2019

\$ million	6 months 30 Sep 19	6 months 30 Sep 18
Interest income	9.9	9.9
Interest cost	(9.9)	(9.9)
Profit before tax	-	-
Tax	-	-
Profit after tax attributable to shareholder	-	-

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

Balance sheet

As at 30 September 2019

\$ million	Note	30 Sep 19	31 Mar 19
Non-current assets			
Advances to related parties	2	400.0	400.0
Current assets			
Cash		0.2	0.2
Interest receivable from related parties	2	5.0	5.0
Total assets		405.2	405.2
Non-current liabilities			
Borrowings	1	400.0	400.0
Current liabilities			
Interest payable on retail bonds		5.2	5.2
Total liabilities		405.2	405.2
Net assets		-	-
Equity			
Contributed equity	5	-	-
Retained earnings		-	-
Total equity		-	-

Cash flows

For the six months ended 30 September 2019

\$ million	6 months 30 Sep 19	6 months 30 Sep 18
Cash flows from operating activities		
Interest income received	9.9	9.9
Interest costs paid	(9.9)	(9.7)
Net cash flows from operating activities	–	0.2
Net movement in cash	–	0.2
Cash at the beginning of the period	0.2	–
Cash at the end of the period	0.2	0.2

Changes in equity

For the six months ended 30 September 2019

\$ million	Contributed equity	Retained earnings	Total
As at 1 April 2018	–	–	–
Profit after tax	–	–	–
As at 31 March 2019	–	–	–
Profit after tax	–	–	–
As at 30 September 2019	–	–	–

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

General information

For the six months ended 30 September 2019

Reporting entity

GMT Bond Issuer Limited (“the Company”) was incorporated on 5 November 2009. GMT Bond Issuer Limited is domiciled in New Zealand. The address of its registered office is Level 2, 18 Viaduct Harbour Avenue, Auckland.

GMT Bond Issuer Limited is an issuer for the purposes of the Financial Reporting Act 2013 as its issued debt securities are listed on the New Zealand Debt Exchange (“NZDX”). GMT Bond Issuer Limited is a registered company under the Companies Act 1993.

The Company was incorporated to undertake issues of debt securities with the purpose of on lending the proceeds to its parent entity, Goodman Property Trust (“GMT”), by way of interest-bearing advances.

The interim financial statements for the six months ended 30 September 2019 are unaudited. Comparative balances for 30 September 2019 are unaudited, whilst the comparative balances as at 31 March 2019 are audited.

Basis of preparation and measurement

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

The interim financial statements do not include all notes included in the annual financial statements. Accordingly, these notes should be read in conjunction with the annual financial statements for the year ended 31 March 2019, prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards (“NZ IFRS”) and International Financial Reporting Standards (“IFRS”).

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the financial statements for the year ended 31 March 2019.

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

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

Notes to the Financial Statements

For the six months ended 30 September 2019

1. Borrowings

1.1 Security and covenants

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

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

2. Advances to related parties

All advances and interest receivable are with Goodman Property Trust.

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

3. Commitments and contingencies

3.1 Capital commitments payable

GMT Bond Issuer Limited has no capital commitments.

3.2 Contingent liabilities

GMT Bond Issuer Limited has no material contingent liabilities.

4. Financial risk management

4.1 Fair value of financial instruments

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

\$ million	Fair value hierarchy	30 Sep 19	31 Mar 19
Related party receivables	Level 2	429.6	421.1
Retail bonds	Level 1	(429.6)	(421.1)

For related party receivables, the Company uses the fair value of the retail bonds as a proxy.

5. Equity

As at 30 September 2019, 100 ordinary shares had been issued for nil consideration (31 March 2019: 100 ordinary shares for nil consideration). All shares rank equally with one vote attached to each share.

The Company has tangible assets of \$0.2 million, and its net assets are nil. Consequently, the net tangible assets per bond at 30 September 2019 are nil (31 March 2019: nil).



Independent review report

to the shareholder of GMT Bond Issuer Limited

Report on the interim financial statements

We have reviewed the accompanying interim financial statements of GMT Bond Issuer Limited (the Company) on pages 31 to 35, which comprise the balance sheet as at 30 September 2019, and the statement of profit or loss, the statement of changes in equity and the statement of cash flows for the period ended on that date, and selected explanatory notes.

Directors' responsibility for the interim financial statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of these interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of the Company do not present fairly, in all material respects, the financial position of the Group as at 30 September 2019, and its financial performance and cash flows for the period then ended, in accordance with NZ IAS 34 and IAS 34.

Who we report to

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

For and on behalf of:

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

Chartered Accountants
13 November 2019

Auckland



Other Information

Contents

Investor relations	38
Glossary	39
Corporate directory	40

Other information

Investor relations

Introduction

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

Annual meeting

GMT's Trust Deed requires at least one meeting of Unitholders each financial year. The most recent Annual Meeting was held on 3 July 2019. The address and presentation are available on GMT's website.

Publications

For Unitholders and Bondholders who elect to receive printed copies, the Annual Report is typically mailed in June of each year. GMT's Interim Report is now provided electronically and is available in November.

Investor centre

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

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.

Unitholder distributions

The Trust typically pays its distributions quarterly in the third month that follows each quarter. For example, the distribution for the June 2019 quarter was paid in September 2019. The table below shows the composition and timing of distributions per unit that have been paid, or declared, since the beginning of this financial period.

Distribution for quarter ended	Cash distribution	Imputation credits	Total distribution	Payment date
31 Mar 2019	\$0.016625	\$0.003167	\$0.019792	20 Jun 2019
30 Jun 2019	\$0.016625	\$0.002989	\$0.019614	19 Sep 2019
30 Sep 2019	\$0.016625	\$0.003021	\$0.019646	12 Dec 2019*

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

Bondholder interest payments

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

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.

Complaints procedure

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

Financial Dispute Resolution Service
Freeport 231075
PO Box 2272
Wellington 6140

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

Other information

Glossary

\$ and cents New Zealand currency.

Adjusted Operating Earnings is a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. Calculation of adjusted operating earnings are as set out in note 3.2 of GMT's Financial Statements.

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

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

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

Chairman the Chairman of the Board of the Manager.

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

CPU or cpu cents per unit.

Director a director of the Manager and GMT Bond Issuer Limited.

GIC the sovereign wealth fund of Singapore.

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

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

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

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

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

Goodman+Bond or Bond a bond issued by GMB.

GPSNZ Goodman Property Services (NZ) Limited.

HDL Highbrook Development Limited

HBPL Highbrook Business Park Limited

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

Interim Balance Date 30 September 2019.

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

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

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

NTA net tangible assets.

NZ IFRS New Zealand Equivalents to International Financial Reporting Standards.

NZDX the New Zealand debt market operated by NZX.

NZX means NZX Limited.

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

sqm square metres.

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

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

Trustee the trustee of the Trust, Covenant Trustee Services Limited.

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

Unit or unit a unit in GMT.

WPH or Wynyard Precinct Wynyard Precinct Holdings Limited, the joint venture between GMT and GIC, the sovereign wealth fund of Singapore (sold in December 2018).

Other information

Corporate directory

Manager of Goodman Property Trust

Goodman (NZ) Limited

Level 2, 18 Viaduct Harbour Avenue
Auckland 1010
PO Box 90940
Victoria Street West
Auckland 1142
Toll free: 0800 000 656 (within New Zealand)
Telephone: +64 9 375 6060 (outside
New Zealand)
Email: info-nz@goodman.com
Website: www.goodman.com/nz

Issuer of Goodman+Bonds

GMT Bond Issuer Limited

Level 2, 18 Viaduct Harbour Avenue
Auckland 1010
PO Box 90940
Victoria Street West
Auckland 1142
Toll free: 0800 000 656 (within New Zealand)
Telephone: +64 9 375 6060 (outside
New Zealand)
Email: info-nz@goodman.com
Website: www.goodman.com/nz

Auditor

PricewaterhouseCoopers

PwC Tower
188 Quay Street
Private Bag 92162
Auckland 1142
Telephone: +64 9 355 8000
Facsimile: +64 9 355 8001

Registrar

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142
Toll free: 0800 359 999 (within New Zealand)
Telephone: +64 9 488 8777 (outside
New Zealand)
Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz

Legal Advisors

Russell McVeagh

Level 30, Vero Centre
48 Shortland Street
PO Box 8
Auckland 1140
Telephone: +64 9 367 8000
Facsimile: +64 9 367 8163

Trustee and Supervisor for Goodman Property Trust

Covenant Trustee Services Limited

Level 6, Crombie Lockwood Building
191 Queen Street
PO Box 4243
Auckland 1140
Telephone: +64 9 302 0638

Bond Trustee

Public Trust

Level 9
34 Shortland Street
PO Box 1598
Shortland Street
Auckland 1140
Toll free: 0800 371 471 (within New Zealand)
Telephone: +64 9 985 5300 (outside
New Zealand)
Facsimile: 0800 371 001

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

Chairman and Independent Director

Keith Smith

Independent Directors

Leonie Freeman
Susan Paterson ONZM
Peter Simmonds

Executive Director

John Dakin

Non-executive Directors

Gregory Goodman
Phillip Pryke

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

Chief Executive Officer

John Dakin

Chief Financial Officer

Andy Eakin

General Counsel and Company Secretary

Anton Sheard

Director Investment Management

James Spence

General Manager Development

Michael Gimblett

Director Investment Management and Capital Transactions

Kimberley Richards

Head of Corporate Affairs

Jonathan Simpson

Marketing Director

Mandy Waldin



This Interim Report for the six-month period ended 30 September 2019 has been prepared by Goodman (NZ) Limited as the Manager of GMT and by GMT Bond Issuer Limited. The information in this Interim Report is general information only. It is not intended as investment or financial advice and must not be relied upon as such. You should obtain independent professional advice prior to making any decision relating to your investment or financial needs. This Interim Report is not an offer or invitation for subscription or purchase of securities or other financial products. Past performance is no indication of future performance. All values are expressed in New Zealand currency unless otherwise stated. November 2019.

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