Goodman Property Trust

Report for the half year ended 30 September 2007

growth+opportunity

investment highlights+

42.7%
growth in net operating profit after tax, increasing from $20.1 million to $28.7 million

$1.4 BILLION
in total assets, increasing 25.1% from $1.1billion

43.5%
increase in market capitalisation

50%
interest acquired in balance of Highbrook Development Limited[1]

Above: Highbrook Business Park, East Tamaki, Auckland.

[1] Post interim balance date acquisition.

results overview+

	30 Sep 07	30 Sep 06	% Change
Net operating profit before taxation ($M)	33.1	26.8	23.6
Net operating profit after taxation ($M)	28.7	20.1	42.7
Normalised weighted earnings per Unit before tax (cents)	5.23	5.03	4.0
Cash distributions per Unit (cents)	4.95	4.45	11.2
Total assets ($M)	1,364.2	1,090.6	25.1
Total borrowings ($M)	484.7	365.6	32.6
Total equity ($M)	784.9	614.2	27.8
Market capitalisation ($M)	987.6	688.1	43.5
Underlying total borrowings to total assets (%)	35.53	33.52	6.0
NTA backing per Unit ($)	1.23	1.13	8.7
Unit price ($)	1.55	1.27	22.0
Number of Units on issue (M)	637.1	541.8	17.6
Number of Unitholders	7,401	6,788	9.0
Cash distribution yield annualised (%)	6.39	7.01	(8.9)

The % change calculation uses the actual result to three decimal places.

contents+

positioning for growth+

GEON under construction, Highbrook Business Park, East Tamaki, Auckland.

Hon Jim McLay, Chairman

I am delighted to present Unitholders with the interim report for Goodman Property Trust ("GMT" or "Trust").

In its first result under New Zealand's IFRS reporting standards, GMT has delivered an after tax profit of $28.7 million for the six months ended 30 September 2007. This record result represents a 42.7 percent increase on the $20.1 million profit (adjusted for NZ IFRS and before finance cost distributions) for the previous corresponding period.

Our investment strategy and development programme have contributed to strong earnings growth and a substantially larger portfolio. Earnings before interest and tax have increased 22.3 percent to $44.4 million while total assets have increased to $1.4 billion from $1.1 billion in the previous corresponding period.

It is another impressive financial performance and the Manager is pleased to re-affirm its projected cash distribution for the year of 9.78 cents per unit.

In an active half year, the Trust has completed $40.1 million of strategic acquisitions extending its investment in both the Auckland and Christchurch markets. Following the 30 September 2007 balance date, the Trust has also undertaken a major acquisition purchasing a 50 percent interest in Highbrook Development Limited, the company that owns the balance of Highbrook Business Park. The acquisition gives the Trust a unique opportunity to access the growth and superior yields that this development estate is expected to provide.

To fund this acquisition and the progression of its internal development programme, the Trust has undertaken a successful placement and entitlement offer, together with a public offer raising $275 million through the issue of 192.3 million new units at $1.43 per unit. The offer received strong support from local and offshore investors and has reduced the Trust's anticipated gearing level from 37.7 percent to 31.6 percent providing additional debt capacity for future development and investment opportunities.

While this acquisition has been an important focus in recent months, the Manager has continued to actively manage the Trust's assets. The underlying portfolio has again performed strongly with high occupancy and customer retention rates together with solid rental growth contributing to the record result.

Progression of the development pipeline has provided an equally important contribution with over 50,000 sqm of new developments commenced since March 2007.

Following another successful six months and the completion of the recent capital transaction, the Trust has established itself as the NZX's largest listed property vehicle. We have established a high quality business and remain well positioned for further growth through our extended development capability. I look forward to another successful six months as we continue to implement our strategy for the Trust.

Hon. Jim McLay
Chairman, Goodman (NZ) Limited

strong result+

Above: BMW, Highbrook Business Park, East Tamaki, Auckland.

A consistent strategy and a capable management team have contributed to a dynamic business and another record half year result.

John Dakin, Chief Executive Officer

Active management and success in the acquisition and development programmes has enhanced the portfolio and provided additional scale. As a result total operating income has increased by $8.8 million.

Active Asset Management

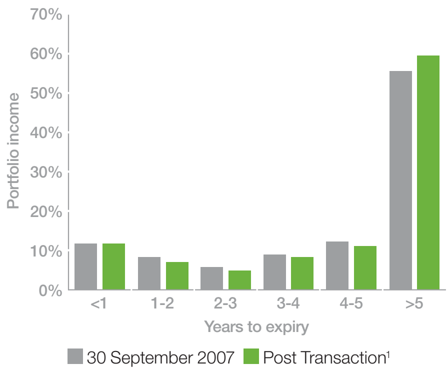
Underlying the interim results has been a robust property portfolio. Active management continues to ensure the individual assets perform strongly while our customer service philosophy is pivotal in retaining and developing our customer base.

Portfolio highlights to 30 September 2007 include:

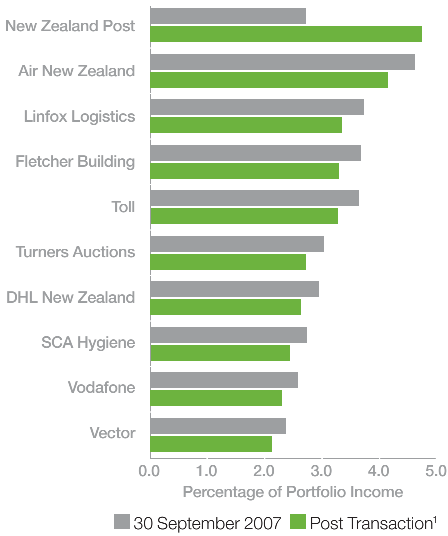
+ The completion of approximately 34,800 sqm of development projects and the commencement of a further 22,065 sqm of pre-committed industrial and office developments.
+ Average annual rental growth of 4.3% across the 22 market rent reviews completed during the period.
+ Lease commitments across the stabilised portfolio amounting to 38,500 sqm.
+ Occupancy rate and weighted average lease expiry of 97% and 5.7 years, respectively.

Our quality portfolio is well positioned to capture current and future market rental growth in a property market that continues to exhibit strong fundamentals.

Portfolio lease expiry profile



Top 10 customers



[1] Following completion of Transaction announced 12 November 2007.

Left: DHL New Zealand, Highbrook Business Park, East Tamaki, Auckland.
Right: Artist's impression of 604 Great South Road, Greenlane, Auckland.

Acquisitions and Disposals

In an investment environment that continues to be highly competitive the Trust has made further strategic acquisitions.

+ In May it purchased a 50% interest in Henshaw Holdings Limited, the owner of Show Place Office Park in Addington, Christchurch. This high quality office park comprises 6 low rise buildings with 18,370 sqm of net lettable area accommodating key customers Hewlett-Packard, IAG, Holcim and Transpower.
+ In June the Trust purchased a 75% interest in Stage 3 of the DHL (formerly Exel) facility at Highbrook Business Park, Auckland for $10.1 million.

Most notable of all the transactions however has been the acquisition, following the September balance date, of a 50% interest in Highbrook Development Limited ("HDL").

HDL is the company that owns the balance of the award winning Highbrook Business Park. Located on East Tamaki's Waiouru Peninsula, Highbrook Business Park is unprecedented in terms of scale, location, landscape and facilities.

The opportunity was only available through the Trust's relationship with Goodman Group, and builds on the Trust's existing $106 million investment in previously completed industrial buildings at Highbrook Business Park.

Through its 50% shareholding the Trust now has access to the growth and superior yields that the development of this premium business park is expected to provide.

HDL owns two categories of property, being:

+ stabilised properties and commenced developments the majority of which have been pre-committed to high quality customers on extended lease terms; and
+ zoned development land totaling 69 hectares with the potential to support a further 364,000 sqm of rentable area.

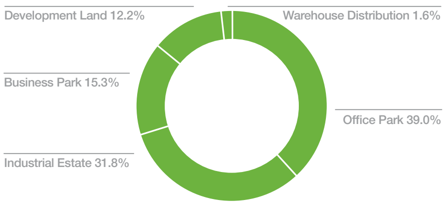
The Trust's 50% interest in these property assets is estimated at $194.7 million once the commenced developments and remaining infrastructure are complete.

The transaction received Unitholder approval in November and is expected to settle once Overseas Investment Office approval is received.

In addition to these acquisitions the Trust is continuing to refine the portfolio by divesting non-core stand-alone assets. The EDS Building in Pacific Rise, Mount Wellington is currently being marketed for sale. Having added considerable value through new leasing arrangements, the Manager is taking advantage of the strong property market to sell this property and reinvest the proceeds into more strategic investments.

Above: Artist's impression of the office development, Central Park Corporate Centre, Greenlane, Auckland.

Asset class diversification



Note: The above chart represents the portfolio post the transaction announced 12 November 2007 and assuming completion of the commenced developments and pending settlements.

Development Progress

With continuing low vacancy in the key industrial and business space sectors there has been strong demand for purpose built solutions at the Trust's Auckland and Christchurch development estates.

Auckland:

+ 604 Great South Road, Greenlane – Chevron New Zealand has committed to approximately 30% of a premium office building to be constructed on land adjoining the existing Millennium Centre Office Park.
+ Central Park Corporate Centre, Greenlane – In order to meet forecast demand the Trust has announced the first stage of an office and podium development in this proven office precinct.
+ Westney Industry Park, Mangere – Fliway Group and existing customer Supply Chain Solutions have committed to 13,355 sqm of new warehouse and distribution facilities.
+ Gateside Industry Park, Penrose – Following the interim balance date the Trust has announced the commencement of a multi-unit industrial development totaling 16,770 sqm.

Christchurch:

+ Glassworks Industry Park, Hornby – The Trust has secured three industrial pre-commitments from Fisher & Paykel Appliances, NZ Safety and Big Chill Distribution. The three facilities have a combined rentable area of 6,300 sqm with a total development cost of $9.6 million.
+ Show Place Office Park, Addington – In conjunction with its joint venture partner, the Trust is undertaking a new premium office development of 3,787 sqm.

With a total floorspace of almost 51,000 sqm, GMT's share of the cost for these Auckland and Christchurch developments is $116.2 million. The developments are expected to provide a blended yield of 8.3% once completed and fully income producing.

With the acquisition of a 50% interest in HDL the Trust has extended its development capability with an interest in a further 69 hectares of zoned development land. The acquisition increases the development land weighting of the Trust to 12.2% of total assets. This weighting is expected to reduce to the targeted level of 10% as further development commitments are secured over time.

With an extended development capability and a proven risk managed approach, the contribution from the development business is becoming increasingly important in a highly competitive investment market. This development capability allows us to grow the business organically while delivering enhanced yields to investors.

Above: New Zealand Post, Highbrook Business Park, East Tamaki, Auckland.

Equity Initiatives

To help fund the Trust's development and acquisition activity a partially underwritten Distribution Reinvestment Plan ("DRP") raised $11.1 million in new equity in June 2007. Offered at a 2% discount, Unitholder participation in the DRP was pleasing with 51.5% of eligible investors taking advantage of the opportunity to acquire additional Units.

An ongoing DRP provides a timely and consistent source of funding which is well matched to the capital requirements of the Trust's development activity. The plan is currently suspended due to the equity raising undertaken over November and December.

Following the interim balance date a major transaction was announced and a further $275 million in new equity was sought through an entitlement offer, public offer and institutional placement.

The Trust undertook the equity raising to fund the HDL acquisition; to provide further capital for its internal development programme; and to provide additional capacity for future investment and development opportunities.

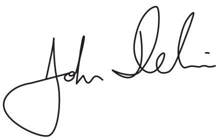
The institutional component of the offer raised $229 million while the underwritten retail entitlement and public offer raised a further $46 million. The issue price of $1.43 was established through a bookbuild process. A total of 192.3 million new units were issued with the Goodman Group increasing its cornerstone Unitholding to approximately 29%.

Business Outlook

GMT is now the largest listed property vehicle in New Zealand by market capitalisation and with its eligibility for the NZX10 index it is one of the country's leading investment stocks.

The strengths of the business include a quality portfolio, an extended development capability and an active management philosophy. Our strategy continues to focus on these core strengths, in order to grow earnings and provide superior returns to Unitholders.

With commentators expecting a slowing economy over the coming months, these strengths should ensure the Trust continues to deliver a strong operating performance into the future.



John Dakin
Chief Executive Officer, Goodman (NZ) Limited

interim financial statements+

contents+

Above: NZ Post, Highbrook Business Park, East Tamaki, Auckland.

Goodman Property Trust and its controlled entities
Consolidated income statements

For the six months ended 30 September 2007

	Note	Unaudited 6 Months 30 Sep 07 $M	Unaudited 12 Months 31 Mar 07 $M	Unaudited 6 Months 30 Sep 06 $M
Revenue and other income				
Rental income	2	49.7	87.5	40.2
Service charge income	3	6.3	12.5	6.1
Service charge expenses	3	(6.3)	(12.5)	(6.1)
Property operating expenses	3	(2.2)	(3.7)	(1.5)
Net rental and related income		47.5	83.8	38.7
Profit on disposal of investment property	4	-	0.7	0.5
Net gain from fair value adjustment on investment property		-	62.7	(0.5)
Other administrative expenses	4	(3.1)	(7.0)	(2.4)
Finance costs				
Finance income	4	0.2	0.6	0.3
Finance expenses (before finance cost distributions)	4	(11.5)	(21.1)	(9.8)
Net finance costs		(11.3)	(20.5)	(9.5)
Profit/(loss) before income tax (March 2007 & September 2006: Profit/(loss) before income tax and finance cost distributions)		33.1	119.7	26.8
Income tax expense	5	(4.4)	(25.7)	(6.7)
Profit for the period[1] (March 2007 & September 2006: Profit for the period before finance cost distributions)		28.7	94.0	20.1

The consolidated income statements are to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 41.

Basic earnings per unit (¢)[2]	6	4.53	16.53	3.77
Adjusted earnings per unit (¢)[3]	6	4.53	5.51	3.87

[1] On 21 September 2006, the Trust Deed was amended to allow units to continue to be classified as equity under NZ IFRS. Prior to this technical amendment, under a strict interpretation of NZ IFRS, the units were temporarily classified as a liability (with any distributions regarded as a finance cost). The impact on the periods were as follows:

Profit for the period before income tax and finance cost distribution (as described above)	33.1	119.7	26.8
Distributions declared prior to 21 September 2006 classified as finance costs	-	(11.2)	(11.2)
Restated profit before income tax	33.1	108.5	15.6
Income tax expense	(4.4)	(25.7)	(6.7)
Profit for the period	28.7	82.8	8.9

[2] 31 March 2007 and 30 September 2006 earnings per unit has been based on the profit for the period excluding finance cost distributions.

[3] Adjusted earnings per unit has been based on the profit for the period less fair value adjustment on investment property. In addition, 31 March 2007 and 30 September 2006 adjusted earnings per unit also excludes finance cost distributions.

Consolidated balance sheets

As at 30 September 2007

	Note	Unaudited 30 Sep 2007 $M	Unaudited 31 Mar 2007 $M	Unaudited 30 Sep 2006 $M
Current assets				
Cash and cash equivalents	7	2.2	5.0	4.1
Trade and other receivables	8	12.4	7.8	36.4
Derivative financial instruments		-	0.1	0.2
Current tax receivables		0.9	2.2	2.2
Total current assets		15.5	15.1	42.9
Non-current assets				
Investment properties	9	1,181.5	1,082.2	948.6
Development properties	9	130.4	125.7	62.8
Derivative financial instruments		16.9	12.6	2.8
Deferred tax asset		3.9	3.5	3.5
Intangible assets		9.9	6.9	6.9
Total non-current assets		1,342.6	1,230.9	1,024.6
Investment properties held for sale	9	6.1	-	23.1
Total assets		1,364.2	1,246.0	1,090.6
Current liabilities				
Trade and other payables	11	39.5	44.3	83.4
Total current liabilities		39.5	44.3	83.4
Non-current liabilities				
Interest bearing liabilities	12	484.7	381.0	365.6
Derivative financial instruments		-	-	0.5
Deferred tax liabilities		55.1	48.5	26.9
Total non-current liabilities		539.8	429.5	393.0
Total liabilities		579.3	473.8	476.4
Net assets attributable to unitholders		784.9	772.2	614.2
Represented by				
Units	13	692.2	679.3	572.2
Reserves		111.1	108.6	38.7
Retained earnings/(accumulated losses)		(18.4)	(15.7)	3.3
Total unitholders' funds attributable to unitholders		784.9	772.2	614.2

The consolidated balance sheets are to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 41.

The Board of Goodman (NZ) Limited, the manager of Goodman Property Trust, authorised these interim financial statements for issue on 9 November 2007.

For and on behalf of the Board

Hon Jim McLay
Chairman

Rick Bettle
Director and Member of the Audit Committee

Goodman Property Trust and its controlled entities Consolidated statements of changes in unitholders' funds

For the six months ended 30 September 2007

	Unaudited 6 Months 30 Sep 07 $M	Unaudited 12 Months 31 Mar 07 $M	Unaudited 6 Months 30 Sep 06 $M
Total unitholders' funds at the beginning of the period	772.2	581.2	581.2
Cash flow hedge revaluation, net of tax	2.7	9.6	3.0
Total net gain recognised directly in unitholders' funds	2.7	9.6	3.0
Profit attributable to unitholders for the period	28.7	94.0	20.1
Total recognised income and expenses for the period[1]	31.4	103.6	23.1
Net proceeds from issue of units	12.9	128.6	21.1
Distributions provided for or paid to Unitholders[1]	(31.6)	(41.2)	(11.2)
Total transactions with unitholders in their capacity as unitholders	(18.7)	87.4	9.9
Total unitholders funds at the end of the period	784.9	772.2	614.2

The consolidated statements of changes in unitholders' funds are to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 41.

[1] On 21 September 2006, the Trust Deed was amended to allow units to continue to be classified as equity under NZ IFRS. Prior to this technical amendment, under a strict interpretation of NZ IFRS, the units were classified as a liability (with any distributions regarded as a finance cost).

The impact on total recognised income and expenses for the periods was as follows:

Total recognised incomes and expenses (as presented above)	31.4	103.6	23.1
Distributions declared prior to 21 September 2006 classified as finance costs distributions	-	(11.2)	(11.2)
Total recognised incomes and expenses	31.4	92.4	11.9

The impact on distributions provided for or paid to Unitholders for the periods was as follows:

Distributions provided for or paid to Unitholders (as presented above)	(31.6)	(41.2)	(11.2)
Distributions declared prior to 21 September 2006 classified as finance costs distributions	-	11.2	11.2
Distributions declared subsequent to 21 September 2006	(31.6)	(30.0)	-

Consolidated cash flow statements

For the six months ended 30 September 2007

	Note	Unaudited 6 Months 30 Sep 07 $M	Unaudited 12 Months 31 Mar 07 $M	Unaudited 6 Months 30 Sep 06 $M
Cash flows from operating activities				
Net property income received		40.7	74.0	35.9
Net GST collected (paid)		(3.6)	3.5	(0.6)
Other operating expenses paid		(3.1)	(5.2)	(2.4)
Finance income received		0.2	0.6	0.3
Finance expenses paid on borrowings and interest rate swaps		(10.1)	(18.6)	(8.2)
Income taxes paid		(0.7)	(3.1)	(2.9)
Net cash provided by operating activities	7	23.4	51.2	22.1
Cash flows from investing activities				
Proceeds from sale of investment properties		-	79.6	4.8
Payments for investment properties		(33.8)	(200.4)	(64.6)
Payments for development properties		(43.4)	(40.0)	(17.5)
Holding costs capitalised to development properties		(5.4)	(4.9)	(1.7)
Acquisition of jointly controlled entities, net of cash acquired	10	(29.8)	(37.7)	-
Deposit paid for acquisition of investment properties		-	-	(3.1)
Net cash used in investing activities		(112.4)	(203.4)	(82.1)
Cash flows from financing activities				
Proceeds from issue of units		(0.2)	105.0	10.9
Proceeds from borrowings		93.2	202.0	54.2
Repayment of borrowings		-	(132.6)	-
Distributions paid to unitholders[1]		(6.8)	(25.7)	(9.5)
Net cash provided by financing activities		86.2	148.7	55.6
Net increase/(decrease) in cash and cash equivalents held		(2.8)	(3.5)	(4.4)
Cash and cash equivalents at the beginning of the period		5.0	8.5	8.5
Cash and cash equivalents at the end of the period	7	2.2	5.0	4.1

The consolidated cash flow statements are to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 41.

[1] Distributions paid to unitholders includes finance cost distributions declared prior to 21 September 2006.

Goodman Property Trust and its controlled entities Notes to the interim financial statements

For the six months ended 30 September 2007

Note 1. Accounting policies

Reporting entity

The reporting entity is Goodman Property Trust ("GMT" or "Trust"), which is a unit trust established on 23 April 1999 under the Unit Trusts Act 1960, domiciled in New Zealand. The condensed consolidated interim financial statements of GMT for the six months ended 30 September 2007 comprise GMT, its subsidiaries and its jointly controlled entities (together referred to as the "Group"). GMT is an issuer for the purposes of the Financial Reporting Act 1993 and is listed on the New Zealand Stock Exchange ("NZX"). The principal activity of the Group is to invest in real estate in New Zealand.

Summary of significant accounting policies

(a) Basis of preparation

These condensed consolidated interim 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 and their interpretations ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. Compliance with NZ IFRS ensures that the financial statements also comply with International Financial Reporting Standards ("IFRS").

These condensed consolidated interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. These are the Group's first NZ IFRS condensed consolidated interim financial statements for part of the period covered by the first NZ IFRS annual financial statements and NZ IFRS 1 First Time Adoption of NZ IFRS has been applied. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

The preparation of the condensed consolidated interim financial statements in accordance with NZ IAS 34 resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening NZ IFRS balance sheet at 1 April 2006 for the purposes of the transition to NZ IFRS, as required by NZ IFRS 1.

An explanation of how the transition to NZ IFRS has affected the reported balance sheet, income statement and cash flow statement of the Group is provided in note 18. This note includes reconciliations of equity and profit or loss for comparative periods reported under NZ GAAP (previous NZ FRS) to those reported for those periods under NZ IFRS.

The accounting policies have been applied consistently throughout the Group for the purposes of these condensed consolidated interim financial statements.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except assets stated at fair value: investment property and derivative financial instruments.

(c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in New Zealand Dollars ($), which is the Trust's functional currency. All financial information has been rounded to the nearest million.

(d) Use of estimates and judgements

The preparation of condensed consolidated interim financial statements in conformity with NZ IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates, and the variations 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 any future periods affected.

In applying GMT's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on GMT. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions made by management. The significant adjustment made in the preparation of these condensed consolidated interim financial statements is outlined below:

(i) Investment Properties

Independent valuations are used to determine the fair value of investment properties. The most common and accepted methods for assessing the current market value of an investment property are the Capitalisation and Discounted Cash Flow approaches. Each approach derives a value based on contract rentals, expected future market rentals, income void assumptions, maintenance requirements and appropriate discount rates.

The Capitalisation approach is considered a 'snap shot' view of the property's value, based on current contract and market income and an appropriate market yield or return for the particular property. Capital adjustments are then made to the value to reflect under or over renting, pending capital expenditure, upcoming expiries and associated lease up costs.

Taking a more long term investment view, the Discounted Cash Flow analysis adopts a 10 year investment horizon and makes appropriate allowances for rental income growth, leasing up on expiries, along with terminal value at the end of the investment period. The resultant Net Present Value is a reflection of market based income and expenditure projections over the 10 year period.

In deriving a market value under each approach all assumptions are compared, where possible, to market based evidence and transactions for properties with similar locations, condition and quality of accommodation. The adopted market value is a weighted combination of both the Capitalisation and Discounted Cash Flow approaches.

Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in the condensed consolidated interim financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

i) Subsidiaries

Subsidiaries are those entities controlled by the Trust. Control exists when the Trust has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Joint Ventures

(a) Jointly controlled assets

Interests in jointly controlled assets are reported in the condensed consolidated interim financial statements by including the Group's share of assets employed in the joint venture, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

(b) Jointly controlled entities

The interest in a jointly controlled entity is accounted for in the condensed consolidated interim financial statements using proportionate consolidation. The Group recognises its share of the assets that it controls jointly and its share of the liabilities for which it is jointly responsible. The consolidated income statement of the Group includes its share of the income and expenses of jointly controlled entities.

All balances and transactions establishing the jointly controlled entity and transactions with the joint venture and resulting unrealised profits or losses are eliminated to the extent of the Group's interest, unless losses are evidence of impairment.

The purchase method of accounting is used to account for the acquisition of subsidiaries and jointly controlled entities by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

(b) Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, any derivatives that do not qualify for hedge accounting are accounted for as trading instruments at fair value through profit and loss.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed on the face of the balance sheet. Movements of the hedging reserve are shown in unitholders' funds. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in unitholders' funds. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other gains/(losses) – net'.

Amounts accumulated in unitholders' funds are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other gains/(losses) – net'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in unitholders' funds at that time remains in unitholders' funds and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in unitholders' funds is immediately transferred to the income statement within 'other gains/(losses) – net'.

(c) Investment property

Investment properties are those which are held either to earn rental income or for capital appreciation or for both.

Investment property is measured initially at its cost, including related transaction costs. Where settlement is deferred, cost reflects the present value of the settlement amount. Interest is recognised as this present value is unwound. After initial recognition, investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and experience in the location and category of property being valued, values the portfolio annually. The fair values 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 such as recent prices on less active markets or discounted cashflow projections are used.

Investment property that is being redeveloped for continuing use is measured at fair value and subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in the accounting policy below.

A property interest under an operating lease is classified and accounted for as an operating lease or an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any property interest under an operating lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in accounting policy m (ii).

Investment properties held for sale without redevelopment are classified as non-current assets held for sale, under NZ IFRS 5.

(d) Development property

Property that is being constructed or developed for future use as investment property is classified as development property and stated at cost until construction or development is complete, at which time it is transferred to investment property. At the date of transfer, the difference between fair value and cost is recognised in the income statement.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development costs are capitalised.

Borrowing costs are capitalised if they are directly attributable to the acquisition or construction of a qualifying property. Capitalisation of borrowing costs commences when the activities to prepare the property are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use. If the resulting carrying amount of the property exceeds its recoverable amount, an impairment loss is recognised. The amount capitalised is the actual rate payable on borrowings for development purposes.

(e) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within property operating expenses.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against property operating expenses in the income statement.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/jointly controlled entity at the date of acquisition.

Goodwill on acquisitions of subsidiaries and jointly controlled entities is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(h) Impairment

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Capital

(i) Issued capital

Units are classified as equity. External costs directly attributable to the issue of new units are shown as a deduction, net of tax, from the proceeds.

(ii) Distributions

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

(j) Interest–bearing borrowings

Interest-bearing borrowings are classified as other financial liabilities and are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the proceeds (net of transaction costs) and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

(k) Trade and other payables

Trade and other payables are classified as other financial liabilities and are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

(l) Revenue

(i) Rental income

Rental income from investment property leased out under operating leases is recognised in the income statement on a straight-line basis over the term of the lease. Accordingly, fixed rental increases are adjusted 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 of rental income.

(ii) Service charge income

The customer's share of operating costs directly attributable to a property which are recoverable are recognised on an accrual basis.

(m) Expenses

(i) Property operating expenses

Property operating expenses are expensed as incurred.

Directly attributable costs of leasing property under an operating lease are spread over the period of the lease.

(ii) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(iii) Net financing costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy b).

Interest payable and receivable is recognised in the income statement as it accrues using the effective interest method.

(n) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in unitholders' funds, in which case it is recognised in unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and 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. However, deferred income tax is not accounted for if it arises from the initial recognition of assets or liabilities that affect 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. 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 sheet 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.

Additional income taxes that arise from distributions are recognised at the same time as the liability to pay the related distribution.

(o) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

The Board has determined that the Group's primary segments are business and its secondary segments are geographical.

(p) Goods and Services Tax

The income statement and cashflow statement have been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST with the exception of receivables and payables which include GST invoiced.

Changes in accounting policies

The accounting policies have been provided in full as this is the first opportunity to disclose policies adopted by the Group under NZ IFRS. These policies have been consistently applied over the period.

Note 2. Rental income

	Unaudited 6 Months 30 Sep 07 $M	Unaudited 12 Months 31 Mar 07 $M	Unaudited 6 Months 30 Sep 06 $M
Gross lease receipts	49.5	86.6	39.7
Amortisation of capitalised lease incentives	(0.7)	(0.8)	(0.3)
Fixed rental income adjustment	0.9	1.7	0.8
Rental income	49.7	87.5	40.2

No customers individually contribute greater than 10% of total rental revenue.

The above includes rental income of $2.8 million for the six months ended 30 September 2007 (year ended 31 March 2007: $2.7 million; six months ended 30 September 2006: $1.3 million) in relation to Highbrook Business Park, Stage One and Westney Industry Park which are jointly controlled assets.

Note 3. Net service charge and property operating expenses

	Unaudited 6 Months 30 Sep 07 $M	Unaudited 12 Months 31 Mar 07 $M	Unaudited 6 Months 30 Sep 06 $M
Service charge income	6.3	12.5	6.1
Service charge expense	(6.3)	(12.5)	(6.1)
Property operating expenses	(2.2)	(3.7)	(1.5)
Net service charge and property operating expenses	(2.2)	(3.7)	(1.5)

There are no material expenses from vacant property.

The above includes property expenses of $0.1 million for the six months ended 30 September 2007 (for the year ended 31 March 2007: $0.2 million; six months ended 30 September 2006: $0.1 million) in relation to Highbrook Business Park, Stage One and Westney Industry Park which are jointly controlled assets.

The above property operating expenses include non-recoverable ground rental costs of $0.7 million for the six months ended 30 September 2007 (for the year ended 31 March 2007: $0.8 million; six months ended 30 September 2006: $0.3 million).

The Group's ground lease profile up to the next perpetual lease renewal date is as follows:

	Unaudited 30 Sep 07 $M	Unaudited 31 Mar 07 $M	Unaudited 30 Sep 06 $M
Less than one year	3.5	3.5	2.4
One to two years	3.5	3.5	2.4
Two to five years	10.5	10.5	7.1
More than five years	50.7	52.5	35.6
	68.2	70.0	47.5

Goodman Property Trust and its controlled entities Notes to the interim financial statements continued

For the six months ended 30 September 2007

Note 4. Profit before income tax

	Unaudited 6 Months 30 Sep 07 $M	Unaudited 12 Months 31 Mar 07 $M	Unaudited 6 Months 30 Sep 06 $M
Profit before income tax has been arrived at after (charging)/crediting the following items:			
Net finance costs			
Interest income	0.2	0.6	0.3
Finance income	0.2	0.6	0.3
Bank loans and overdraft interest	(19.3)	(29.8)	(13.7)
Interest rate swaps	2.6	2.9	1.2
Borrowing costs capitalised	5.2	5.8	2.7
Finance expenses (before finance cost distributions)	(11.5)	(21.1)	(9.8)
Net finance costs	(11.3)	(20.5)	(9.5)
Gains/losses on disposal of investment properties			
Proceeds from sale of investment properties	-	79.6	4.8
Carrying value of investment properties sold	-	(78.9)	(4.3)
Net gain on disposals of investment properties	-	0.7	0.5
Other administrative expenses			
Auditors' fees	(0.1)	(0.1)	(0.1)
Trustee's fees and disbursements	(0.1)	(0.2)	(0.1)
Manager's base fee	(2.4)	(4.1)	(1.9)
Manager's performance fee	-	(1.9)	-
Other	(0.5)	(0.7)	(0.3)
Other administrative expenses	(3.1)	(7.0)	(2.4)

Fees paid to auditors by the Group for other assurance services for the six months ended 30 September 2007 were $23,200 (for the year ended 31 March 2007: $17,000; six months ended 30 September 2006: $18,000).

Note 5. Taxation

	Unaudited 6 Months 30 Sep 07 $M	Unaudited 12 Months 31 Mar 07 $M	Unaudited 6 Months 30 Sep 06 $M
Income tax expense			
Current tax expense			
Current year	1.9	5.0	2.8
	1.9	5.0	2.8
Deferred tax expense recognised in the income statement			
Movements in deferred tax	2.5	20.7	3.9
	2.5	20.7	3.9
Total	4.4	25.7	6.7

a) Income tax benefit/(expense)			
Profit before tax	33.1	119.7	26.8
Prima facie income tax expense calculated at 33% on the profit before tax	10.9	39.5	8.8
Increase/(decrease) in income tax expense due to:			
-gain on realisation of investment property	-	(0.2)	(0.2)
-holding costs capitalised on development land	(1.9)	(2.1)	(0.9)
-interest on deferred property settlement	-	0.4	-
-other	(0.2)	1.9	0.1
-movement in temporary differences	0.1	(13.1)	(0.7)
-Deferred tax adjustment due to the change in corporate tax rate to 30% effective 1 April 2008	(4.5)	-	-
	4.4	26.4	7.1
Under provision in prior year	-	(0.7)	(0.4)
Income tax expense attributable to profit from ordinary activities	4.4	25.7	6.7
b) Deferred tax recognised directly in equity			
Relating to interest rate swaps	1.6	4.0	1.2
	1.6	4.0	1.2

Goodman Property Trust and its controlled entities Notes to the interim financial statements continued

For the six months ended 30 September 2007

Note 6. Earnings per unit

	Unaudited 6 Months 30 Sep 07 $M	Unaudited 12 Months 31 Mar 07 $M	Unaudited 6 Months 30 Sep 06 $M
Attributable to unitholders of Goodman Property Trust			
Basic earnings per unit (CPU)[1]	4.53	16.53	3.77
Adjusted earnings per unit (CPU)[2]	4.53	5.51	3.87
Profit after tax used in calculating earnings per unit			
Profit for the period after tax used in calculating basic earnings per unit ($M)	28.7	94.0	20.1
Less: Fair value adjustment on investment property ($M)	-	(62.7)	0.5
Profit for the period after tax used in calculating adjusted basic earnings per unit ($M)	28.7	31.3	20.6

Units used in calculating earnings per unit	Unaudited 30 Sep 07	Unaudited 31 Mar 07	Unaudited 30 Sep 06
Weighted average number of units used in calculating basic earnings per unit and distribution per unit (millions of units)	633.4	568.9	532.9

[1] 31 March 2007 and 30 September 2006 earnings per unit has been based on the profit for the period excluding finance cost distributions.

[2] Adjusted earnings per unit has been based on the profit for the period less fair value adjustment on investment property. In addition, 31 March 2007 and 30 September 2006 adjusted earnings per unit also excludes finance cost distributions.

Note 7. Cash flow statement

a) Cash and cash equivalents	Unaudited 6 Months 30 Sep 07 $M	Unaudited 12 Months 31 Mar 07 $M	Unaudited 6 Months 30 Sep 06 $M
Deposits	1.5	4.7	4.1
Cash at bank	0.7	0.3	-
Total cash and cash equivalents	2.2	5.0	4.1
b) Reconciliation of profit after income tax to net cash flows from operating activities			
Profit after income tax	28.7	94.0	20.1
Non cash items			
Items classified as investing/financing activities			
Change in fair value of investment property	-	(62.7)	0.5
Profit on sale of investment properties	-	(0.7)	(0.5)
Interest on deferred investment property acquisitions	-	1.4	0.8
Other			
Manager's performance fee	-	1.9	-
Lease incentives	0.2	(7.5)	(2.7)
Deferred tax	2.5	20.7	3.9
Net cash provided by operating activities before change in assets and liabilities	31.4	47.1	22.1
Change in assets and liabilities during the period:			
- Decrease/(increase) in trade receivables	(0.5)	0.1	0.1
- (Increase)/decrease in current tax assets	1.3	(0.3)	(0.2)
- Decrease/(increase) in other assets	(4.7)	(2.6)	(1.0)
- (Decrease)/increase in trade payables	-	(0.7)	(0.2)
- (Decrease)/increase in other payables	(4.1)	7.6	1.3
Net cash inflow from operating activities	23.4	51.2	22.1

Goodman Property Trust and its controlled entities
Notes to the interim financial statements continued

For the six months ended 30 September 2007

Note 8. Trade and other receivables

	Unaudited 30 Sep 07 $M	Unaudited 31 Mar 07 $M	Unaudited 30 Sep 06 $M
Current			
Trade receivables	2.1	1.6	1.6
Prepayments	1.3	0.9	-
Receivable on sale of IBM Centre	-	-	23.3
Other assets	9.0	5.3	11.5
	12.4	7.8	36.4

Note 9. Investment properties and development properties

30 Sep 07 (unaudited)	Completed investment property $M	Development property $M	Investment property intended for sale $M	Total $M
Carrying amount at the end of the period	1,181.5	130.4	6.1	1,318.0

31 Mar 07 (unaudited)	Completed investment property $M	Development property $M	Investment property intended for sale $M	Total $M
Carrying amount at the end of the period	1,082.2	125.7	-	1,207.9

30 Sep 06 (unaudited)	Completed investment property $M	Development property $M	Investment property intended for sale $M	Total $M
Carrying amount at the end of the period	948.6	62.8	23.1	1,034.5

Investment Property	Unaudited 30 Sep 07 $M	Unaudited 31 Mar 07 $M	Unaudited 30 Sep 06 $M
Central Park Corporate Centre, Greenlane	115.1	114.8	104.0
The Gate Industry Park, Penrose	113.8	113.1	103.0
Highbrook Business Park, Stage One, East Tamaki (75% interest)	105.6	45.6	29.1
Westney Industry Park, Mangere	77.2	74.3	54.5
Viaduct Corporate Centre (50% interest)	75.6	75.6	70.6
Millennium Centre, Phase II, Greenlane	74.0	73.6	72.2
Air New Zealand House, Auckland	58.7	58.7	55.2
M20 Business Park, Manukau	56.1	55.5	32.0
Millennium Centre, Greenlane	56.5	55.3	50.0
Savill Link, Otahuhu	54.7	54.5	41.4
Enterprise Park, Manukau	49.2	48.5	46.4
Fletcher Head Office, Penrose	45.6	48.0	72.0
Show Place Business Park, Christchurch (50% interest)	40.1	-	-
Penrose Industrial Estate, Penrose	42.4	42.4	38.9
Fujitsu House, Newmarket	31.0	31.0	30.8
Pernod Ricard New Zealand House, Auckland	29.5	29.5	28.4
Gateside Industry Park, Penrose	25.2	24.9	23.6
Southpark, Christchurch	21.1	21.1	-
Vector Centre, Newmarket	20.5	20.5	19.0
OnGas House, Newmarket	20.4	20.4	18.6
APN Print, Manukau	14.6	14.7	14.7
Hawkins House, Parnell (formerly Kodak Building)	11.6	11.6	10.3
Warehouse Centre, Manukau	11.5	11.3	8.9
Glassworks, Christchurch	11.2	11.1	-
Ricoh Building, Parnell	10.6	10.6	9.5
UPS Supply Chain Solutions, Airport Oaks	9.7	9.7	9.6
EDS Building, Mt Wellington	-	5.9	5.9
Total value of investment property	1,181.5	1,082.2	948.6

Goodman Property Trust and its controlled entities
Notes to the interim financial statements continued

For the six months ended 30 September 2007

Note 9. Investment properties and development properties continued

Investment Property Intended for Sale	Unaudited 30 Sep 07 $M	Unaudited 31 Mar 07 $M	Unaudited 30 Sep 06 $M
HSBC Centre, Auckland	-	-	23.1
EDS Building, Mt Wellington	6.1	-	-
Total value of investment property intended for sale	6.1	-	23.1

Commenced Developments	Unaudited 30 Sep 07 $M	Unaudited 31 Mar 07 $M	Unaudited 30 Sep 06 $M
Savill Link, Otahuhu	3.2	3.1	6.3
The Gate Industry Park, Penrose	-	1.9	-
Westney Industry Park, Mangere	9.4	-	6.5
Air New Zealand House, Auckland	-	32.4	14.0
Highbrook Business Park, Stage One, East Tamaki (75% interest)	-	-	-
Central Park Corporate Centre, Greenlane	5.3	-	-
Glassworks, Christchurch	2.5	-	-
604 & 606-612 Great South Road, Greenlane	7.6	-	-
	28.0	37.4	26.8

Development Land	Unaudited 30 Sep 07 $M	Unaudited 31 Mar 07 $M	Unaudited 30 Sep 06 $M
Savill Link, Otahuhu	23.0	21.8	20.0
Central Park Corporate Centre, Greenlane	5.8	5.1	4.9
The Gate Industry Park, Penrose	1.5	1.4	2.0
604 & 606-612 Great South Road, Greenlane	-	2.5	2.4
APN Print, Manukau	2.5	2.4	2.3
Gateside Industry Park, Penrose	6.5	5.9	4.4
M20 Business Park, Manukau	38.7	36.6	-
Glassworks, Christchurch	11.9	12.6	-
Fletcher Head Office, Penrose	2.8	-	-
James Fletcher Drive, Mangere	4.7	-	-
Show Place Business Park (50% interest)	5.0	-	-
	102.4	88.3	36.0
Total value of development properties	130.4	125.7	62.8

Note 10. Business combinations

Jointly Controlled Entities

During the period ended 30 September 2006, GMT had an unconditional agreement to acquire a 50% interest in Viaduct Corporate Centre Ltd (VCCL) which was settled on 2 October 2006. VCCL is incorporated in New Zealand and has an annual balance date of 31 March. The principal activity of VCCL is to invest in real estate in the Viaduct Harbour, Auckland.

The acquired business contributed revenues of $3 million and a net profit of $1.5 million for the Group for the period from 2 October 2006 to 31 March 2007. If the acquisition had occurred on 1 April 2006, Group revenue would have been $4.0 million and profit before allocations would have been $2.3 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the jointly controlled entity to reflect the fair value adjustments to investment properties applied from 1 April 2006, together with the consequential tax effects.

On 21 May 2007, GMT acquired a 50% interest in Henshaw Holdings Limited. Henshaw Holdings Limited is incorporated in New Zealand and has an annual balance date of 31 March. The principal activity of Henshaw Holdings Limited is to invest in real estate in Christchurch.

The acquired business contributed revenues of $0.9 million and a net profit of $0.4 million for the Group for the period from 21 May 2006 to 30 September 2007. If the acquisition had occurred on 1 April 2006, Group revenue would have been $1.1 million and profit before allocations would have been $0.6 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the jointly controlled entity to reflect the fair value adjustments to investment properties applied from 1 April 2007, together with the consequential tax effects.

Goodman Property Trust and its controlled entities
Notes to the interim financial statements continued

For the six months ended 30 September 2007

Note 10. Business combinations continued

	Unaudited 30 Sep 07 $M	Unaudited 31 Mar 07 $M	Unaudited 30 Sep 06 $M
Purchase consideration:			
Cash paid	30.0	44.7	44.7
Total purchase price	30.0	44.7	44.7
Fair value of net assets acquired	(27.0)	(37.8)	(37.8)
Goodwill	3.0	6.9	6.9
Cash	0.2	(0.4)	(0.4)
Receivables	0.1	0.3	0.3
Investment properties	44.4	70.6	70.6
Other assets	0.5	3.5	3.5
Payables	(0.3)	(0.2)	(0.2)
Other liabilities	(4.0)	-	-
Interest bearing liabilities	(10.4)	(25.6)	(25.6)
Deferred tax liabilities	(3.5)	(10.4)	(10.4)
Net identifiable assets and liabilities	27.0	37.8	37.8
Add: Goodwill on acquisition	3.0	6.9	6.9
Gross cash outflow	30.0	44.7	-
Cash held by jointly controlled entities on acquisition	(0.2)	0.4	-
Net cash outflow	29.8	45.1	-

The goodwill is attributable to the synergies expected to arise after the Group's acquisition of the entities.

The acquiree's carrying amounts equated to the reported fair values in the table above, other than for the following items, where the carrying amount has been reported below.

	Unaudited 30 Sep 07 $M	Unaudited 31 Mar 07 $M	Unaudited 30 Sep 06 $M
Investment properties	42.9	70.4	70.4
Payables	-	0.1	0.1

Note 11. Trade and other payables

	Unaudited 30 Sep 07 $M	Unaudited 31 Mar 07 $M	Unaudited 30 Sep 06 $M
Current			
Trade payables	0.6	0.6	0.3
Other payables	23.1	23.4	11.6
Distributions payable	15.8	-	-
Amount owing in respect of the acquisition of shares in VCCL	-	-	36.8
Amounts owing in respect of deferred property settlements	-	20.3	34.7
	39.5	44.3	83.4

Note 12. Interest bearing liabilities

	Unaudited 30 Sep 07 $M	Unaudited 31 Mar 07 $M	Unaudited 30 Sep 06 $M
Commonwealth Bank	208.5	165.3	276.1
Westpac Banking Corporation	109.1	86.4	63.9
Bank of New Zealand	87.3	69.1	-
ANZ Banking Group	43.6	34.6	-
Goodman Property Trust facility	448.5	355.4	340.0
Viaduct Corporate Centre Limited facility	25.8	25.6	25.6
Henshaw Holdings Limited facility	10.4	-	-
	484.7	381.0	365.6

During the six month period the Group drew down an additional amount of $103.7 million (31 March 2007: $95.2 million; 30 September 2006: $79.8 million) of borrowings.

Note 13. Issued units

	Unaudited 30 Sep 07		Unaudited 31 Mar 07		Unaudited 30 Sep 06	
Reconciliation of movements in Goodman Property Trust units	Number of units M	Value $M	Number of units M	Value $M	Number of units M	Value $M
Balance at the beginning of the period	628.3	679.3	523.5	551.1	523.5	551.1
Movements during the period						
Issue of units pursuant to distribution reinvestment scheme	7.6	11.0	17.8	23.1	8.3	9.9
Issue of units pursuant to the Unit Purchase Plan	-	-	10.0	11.6	10.0	11.2
Issue of units pursuant to the institutional placement	-	-	77.0	93.5	-	-
Issue of units pursuant to performance fee payable to the Manager	1.2	1.9	-	-	-	-
Balance at the end of the period	637.1	692.2	628.3	679.3	541.8	572.2

Units have no par value.

Goodman Property Trust and its controlled entities Notes to the interim financial statements continued

For the six months ended 30 September 2007

Note 14. Commitments and contingencies

There were no material contingent liabilities at 30 September 2007 (31 March 2007: Nil; 30 September 2006: Nil).

As at 30 September 2007, the Group had $14.5 million of material capital commitments relating to development properties (31 March 2007: $18.0 million; 30 September 2006: $35.8 million).

At 30 September 2007, there were no conditional contracts for the acquisition of property (31 March 2007: GMT had entered into a conditional contract to acquire 179 James Fletcher Drive (adjacent to Savill Link) for the amount of $4.1 million; 30 September 2006: Nil).

GMT has incurred no contingencies in relation to its interests in joint ventures.

GMT has no capital commitments in relation to its interests in the Highbrook joint venture asset, VCCL and Henshaw Holdings Limited.

GMT is liable to an additional amount payable of $5 million in respect of land acquired at Central Park in the event of re-zoning of that property.

Note 15. Events subsequent to balance date

At a Board meeting held on 9 November 2007 the Board approved the payment of a distribution to unitholders.

The payment of 2.475 cents per unit will be made on 7 December 2007.
In addition, at this meeting the Board announced a capital raising of $275 million to be used to:

(a) acquire a 50% interest in Highbrook Development Limited;

(b) fund the completion of a number of GMT's development properties; and

(c) provide GMT with additional funding capacity.

Also on this date the Board announced proposed amendments to the Trust Deed which will require unitholder approval.

Note 16. Related party disclosures

Identity of related parties

The Group has related party relationships with the following parties:

Entity	Nature of relationship
Macquarie Group Holdings New Zealand Limited	Associated by common directorship
Goodman International Limited - parent and controlled entities including amongst others the following:	Unitholder
Goodman (NZ) Limited	Unitholder, Manager of the Trust
Goodman Property Services (NZ) Limited ("GPSNZ")	Unitholder, Property Manager

(a) Compensation to key management personnel

Key management personnel are those people with responsibility and authority for planning, directing and controlling the activities of the entity. As the Trust does not have any employees, key management personnel is considered to be the manager, Goodman (NZ) Limited ("GNZ"). Management fees of $2.7 million were payable to GNZ during the period (31 March 2007: $6.3 million; six months ended 30 September 2006: $1.9 million). Of these fees, $2.7 million was payable in respect of the base fee and no performance fee was payable for the six months ended 30 September 2007 (performance fee element 31 March 2007: $1.9 million; 30 September 2006: Nil). A deficit amount of $10.6 million (31 March 2007: surplus $4.0 million; 30 September 2006: deficit $5.6 million) has been carried forward to be included in the calculation to determine whether a performance fee is payable in subsequent periods.

These payments were in accordance with the Trust Deed. At 30 September 2007, $0.5 million was owing to GNZ (31 March 2007: $2.3 million; 30 September 2006: $0.4 million). No reimbursements of expenses were made to GNZ (31 March 2007: Nil; 30 September 2006: Nil).

Directors of GNZ and their immediate relatives hold either directly or indirectly 2.6% of the units of the Trust.

(b) Entities with significant influence over GMT

Property services fees (comprising property management fees and development management fees) of $3.3 million were payable to GPSNZ during the period (31 March 2007: $5.9 million; 30 September 2006: $2.7 million). In addition, of the property services fee payable during the period, $0.04 million was payable to GPSNZ pursuant to the property services agreement for Highbrook Business Park (being 75% of the total fees of $0.05 million payable under that agreement for the year). As at 30 September 2007, $0.4 million was owing to GPSNZ (31 March 2007: $0.6 million; six months ended 30 September 2006: Nil). No reimbursement of expenses was made to GPSNZ (31 March: Nil; 30 September 2006: Nil). Of these fees $1.7 million was in respect of development management fees and was capitalised to properties (31 March 2007: $2.3 million; 30 September 2006: $1.0 million). A significant portion of property management fees are paid by customers.

Pursuant to a resolution passed by unitholders at a meeting held on 22 March 2006, certain properties owned by Goodman Group (a stapled entity consisting of Goodman International Limited and Goodman Industrial Trust) and Highbrook Development Limited were acquired by the Group as detailed in the Explanatory Memorandum dated 7 March 2006.

(c) Other related parties

In the year ended 31 March 2007, an underwriting fee of $0.6 million was paid to Macquarie Equities New Zealand Limited (a related party through common directorship) in respect of 76,934,831 units issued on 14 November 2006, and an advisory fee of $0.5 million was payable to Macquarie Equities New Zealand Limited in respect of the acquisitions and capital raising on 14 November 2006.

In the period ended 30 September 2006, an advisory fee of $0.8 million was paid to Macquarie Equities New Zealand Limited in respect of the transactions approved by unitholders at the meeting held on 22 March 2006.

Note 17. Segment information

Primary Reporting Format - Business Segments

The Group is organised into one business segment being: investing in real estate.

Secondary Reporting Format - Geographical Segments

The Group operates solely in New Zealand.

Note 18. Explanation of transition of NZ IFRS

Basis of transition to NZ IFRS

Application to NZ IFRS 1

The Group's consolidated interim financial statements for the period ended 30 September 2007 are the first financial statements that comply with NZ IFRS. These financial statements have been prepared as described in note 1. The Group has applied NZ IFRS 1 in preparing these consolidated interim financial statements.

The Trust's transition date is 1 April 2006. The Group prepared its opening NZ IFRS Balance Sheet at that date. The reporting date of these financial statements is 30 September 2007. The Group's NZ IFRS adoption date was 1 April 2007.

In preparing these consolidated interim financial statements in accordance with NZ IFRS 1, the Group has applied mandatory exceptions and certain of the optional exemptions from full retrospective application of NZ IFRS.

Exemptions from full retrospective application elected by the Group

Business Combinations

The Group has applied the business combinations exemption in NZ IFRS 1. Business combinations that took place prior to the 1 April 2006 transition date have not been restated.

Exceptions from full retrospective application followed by the Group

The Group has applied the following mandatory exceptions from retrospective application.

(a) **Hedge accounting exception**
Management has claimed hedge accounting from 1 April 2006 only if the hedge relationship meets all the hedge accounting criteria under NZ IAS 39.

(b) **Estimated exception**
Estimates under NZ IFRS at 1 April 2006 should be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

Reconciliation of previous NZ FRS to NZ IFRS 31 March 2007 Financial Statements

As stated in note 1, these are the Group's first condensed consolidated interim financial statements for part of the period covered by the first NZ IFRS annual consolidated financial statements prepared in accordance with NZ IFRS.

The accounting policies set out in note 1 have been applied in preparing the condensed consolidated interim financial statements for the six months ended 30 September 2007, the financial statements for the year ended 31 March 2007 and the preparation of an opening NZ IFRS balance sheet at 1 April 2006 (the Group's date of transition).

In preparing its opening NZ IFRS balance sheet and restating the 2007 financial statements, comparative information for the six months ended 30 September 2006 and financial statements for the year ended 31 March 2007, the Group has adjusted amounts previously reported in financial statements prepared in accordance with its old basis of accounting (previous NZ FRS). An explanation of how the transition from previous NZ FRS to NZ IFRS has affected the Group's balance sheet, income statement and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of balance sheet		Unaudited Transition Balance Sheet 1 Apr 06			Unaudited Comparative Balance Sheet 31 Mar 07			Unaudited Comparative Balance Sheet 30 Sep 06		
	Note	Previous NZ FRS $M	Effect of transition to NZ IFRS $M	NZ IFRS $M	Previous NZ FRS $M	Effect of transition to NZ IFRS $M	NZ IFRS $M	Previous NZ FRS $M	Effect of transition to NZ IFRS $M	NZ IFRS $M
Current assets										
Cash and deposit assets	d	8.5	-	8.5	5.3	(0.3)	5.0	4.1	-	4.1
Trade and other receivables	a,d	16.0	(2.6)	13.4	17.6	(9.8)	7.8	39.3	(2.9)	36.4
Derivative financial instruments	b,d	-	-	-	-	0.1	0.1	-	0.2	0.2
Current tax receivables	d	2.0	-	2.0	2.3	(0.1)	2.2	2.2	-	2.2
Total current assets		26.5	(2.6)	23.9	25.2	(10.1)	15.1	45.6	(2.7)	42.9
Non-current assets										
Investment properties	a,d	778.4	6.4	784.8	996.8	85.4	1,082.2	871.8	76.8	948.6
Development properties		122.5	-	122.5	125.7	-	125.7	62.8	-	62.8
Investments in subsidiaries		-	-	-	-	-	-	-	-	-
Derivative financial instruments	b	-	0.3	0.3	-	12.6	12.6	-	2.8	2.8
Investment in equity accounted associate	a,d	-	-	-	49.8	(49.8)	-	44.7	(44.7)	-
Deferred tax assets	d	-	-	-	-	3.5	3.5	-	3.5	3.5
Intangible assets	d	-	-	-	-	6.9	6.9	-	6.9	6.9
Total non-current assets		900.9	6.7	907.6	1,172.3	58.6	1,230.9	979.3	45.3	1,024.6
Investment properties intended for sale		-	-	-	-	-	-	22.9	0.2	23.1
Total assets		927.4	4.1	931.5	1,197.5	48.5	1,246.0	1,047.8	42.8	1,090.6
Current liabilities										
Trade and other payables	b,d	51.0	0.3	51.3	43.9	0.4	44.3	82.7	0.7	83.4
Interest bearing liabilities		-	-	-	-	-	-	-	-	-
Total current liabilities		51.0	0.3	51.3	43.9	0.4	44.3	82.7	0.7	83.4

Goodman Property Trust and its controlled entities
Notes to the interim financial statements continued

For the six months ended 30 September 2007

Note 18. Explanation of transition of NZ IFRS continued

Reconciliation of balance sheet		Unaudited Transition Balance Sheet 1 Apr 06			Unaudited Comparative Balance Sheet 31 Mar 07			Unaudited Comparative Balance Sheet 30 Sep 06		
	Note	Previous NZ FRS $M	Effect of transition to NZ IFRS $M	NZ IFRS $M	Previous NZ FRS $M	Effect of transition to NZ IFRS $M	NZ IFRS $M	Previous NZ FRS $M	Effect of transition to NZ IFRS $M	NZ IFRS $M
Non-current liabilities										
Interest bearing liabilities	d	285.8	-	285.8	355.4	25.6	381.0	340.0	25.6	365.6
Derivative financial instruments	b	-	1.8	1.8	-	-	-	-	0.5	0.5
Deferred tax liabilities	c,d	1.2	10.2	11.4	4.1	44.4	48.5	2.5	24.4	26.9
Total non-current liabilities		287.0	12.0	299.0	359.5	70.0	429.5	342.5	50.5	393.0
Total liabilities		338.0	12.3	350.3	403.4	70.4	473.8	425.2	51.2	476.4
Net assets		589.4	(8.2)	581.2	794.1	(21.9)	772.2	622.6	(8.4)	614.2
Unitholders' funds attributable to unitholders										
Issued capital		551.1	-	551.1	679.3	-	679.3	572.2	-	572.2
Reserves	e	32.8	2.4	35.2	99.3	9.3	108.6	33.4	4.8	38.2
Retained earnings	e	5.5	(10.6)	(5.1)	15.5	(31.2)	(15.7)	17.0	(13.2)	3.8
Total unitholders' funds attributable to unitholders		589.4	(8.2)	581.2	794.1	(21.9)	772.2	622.6	(8.4)	614.2

Reconciliation of profit		Unaudited Comparative Income Statement 31 Mar 07			Unaudited Comparative Income Statement 30 Sep 06		
	Note	Previous NZ FRS $M	Effect of transition to NZ IFRS $M	NZ IFRS $M	Previous NZ FRS $M	Effect of transition to NZ IFRS $M	NZ IFRS $M
Revenue and other income							
Gross rental income	d	84.5	3.0	87.5	40.2	-	40.2
Service charge income		12.5	-	12.5	6.1	-	6.1
Service charge expenses		(12.5)	-	(12.5)	(6.1)	-	(6.1)
Property operating expenses		(3.7)	-	(3.7)	(1.5)	-	(1.5)
Net rental and related income		80.8	3.0	83.8	38.7	-	38.7
Profit on disposal of investment property	a	1.4	(0.7)	0.7	0.5	-	0.5
Net gain from fair value adjustment on investment property	a	65.9	(3.2)	62.7	-	(0.5)	(0.5)
Other administrative expenses		(7.0)	-	(7.0)	(2.4)	-	(2.4)
Finance costs							
Financial income		0.6	-	0.6	0.3	-	0.3
Financial expenses	d	(20.2)	(0.9)	(21.1)	(9.8)	-	(9.8)
Net finance costs		(19.6)	(0.9)	(20.5)	(9.5)	-	(9.5)
Share of profit of associate	d	2.1	(2.1)	-	-	-	-
Profit/(loss) before income tax		123.6	(3.9)	119.7	27.3	(0.5)	26.8
Income tax (expense)/ benefit	c,d	(5.8)	(19.9)	(25.7)	(4.1)	(2.6)	(6.7)
Profit for the year		117.8	(23.8)	94.0	23.2	(3.1)	20.1

Note 18. Explanation of transition of NZ IFRS continued

Notes to the reconciliation of previous NZ FRS to NZ IFRS 31 March 2007 Financial Statements

(a) Investment Property

Under NZ IFRS, investment property has been measured at fair value. Previously, under NZ FRS, investment property was measured at net current value which included an allowance for disposal costs.

In addition, lease incentives and fixed rental increases are recognised as part of the value of investment property. The amortisation of the lease incentives and the fixed rental adjustments change the carrying value of investment properties. The carrying value of the investment property is subsequently restored to their fair value through recognising a fair value adjustment equal to the amortisation of the lease incentive and the fixed rental adjustment. Under previous NZ FRS, lease incentives and fixed rental increases were recognised as separate assets and were amortised over the life of the lease. The effects of this are as below:

(i) At 1 April 2006
Increase in investment property of $6.4 million, a reduction in other receivables of $2.6 million and a net reduction to the revaluation reserve of $3.8 million.

(ii) At 30 September 2006
Increase in investment property and investment property held for sale of $6.2 million and $0.2 million respectively, a reduction of other receivables of $3.1 million and a net reduction to the revaluation reserve of $3.3 million.

(iii) At 31 March 2007
Increase in investment property of $9.8 million, a reduction in other receivables of $10.1 million and a net reduction to the revaluation reserve of $0.3 million.

(iv) For the period ended 30 September 2007
A decrease in the fair value gain for investment properties of $0.5 million.

(v) For the year ended 31 March 2007
A decrease in the fair value gain for investment properties of $3.4 million.

(b) Derivative financial instruments

Under NZ IFRS, all derivative financial instruments, whether used as hedging instruments or otherwise, have been recognised at fair value in the Balance Sheet. As the Group's derivative financial instruments have been designated as hedging instruments, the fair value is recorded in the cash flow hedging reserve.

(i) At 1 April 2006
Increase in derivative financial instruments asset and liability of $0.3 million and $1.8 million respectively, and a net reduction in reserves through the establishment of a cash flow hedging reserve of $1.0 million (net of tax).

(ii) At 30 September 2006
Increase in derivative financial instruments asset and liability of $3.0 million and $0.2 million respectively, and a net increase in reserves through the establishment of a cash flow hedging reserve of $2.0 million (net of tax).

(iii) At 31 March 2007
Increase in derivative financial instruments asset of $12.7 million, and a net increase in reserves through the establishment of cash flow hedging reserve of $8.6 million (net of tax).

(c) Taxation

Under previous NZ FRS, income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. As a result of the adoption of NZ IFRS, the application of NZ IAS 12 Income Taxes has resulted in the recognition of deferred tax liabilities on the items listed in the table below.

Under NZ IAS 12, an additional deferred tax liability has been recognised in respect of the value of the accumulated tax depreciation claimed on existing properties in prior years. On transition this amounts to $10.1 million. On an ongoing basis, a deferred tax expense and a corresponding liability will be recognised in respect of the tax effect of any revaluation of investment properties which is not attributable to land.

Furthermore, NZ IFRS requires the recognition of deferred tax liability on gains arising for the revaluation of investment properties (excluding land). On initial adoption, this amounts to $17.9 million. On an ongoing basis, a deferred tax expense and a corresponding liability will be recognised in respect of the tax effect of any revaluation of investment properties which is not attributable to land.

At 1 April 2006, 30 September 2006 and 31 March 2007, the effects on deferred tax of the adoption of NZ IFRS are as follows:

	1 Apr 06 $M	31 Mar 07 $M	30 Sep 06 $M
Adjustments arising from adoption of NZ IAS 12 and the application of NZ IAS 12 to adjustments arising from adoption of other NZ IASs			
Investment properties	10.4	26.8	12.2
Development properties	0.2	1.4	0.9
Derivative financial instruments	(0.4)	3.5	0.9
Increase in deferred tax asset/ (liability)	10.2	31.7	14.0

Goodman Property Trust and its controlled entities
Notes to the interim financial statements continued

For the six months ended 30 September 2007

Note 18. Explanation of transition of NZ IFRS continued

(d) Proportionate consolidation

Under NZ IFRS, the Group has elected, in accordance with NZ IAS 31 Joint Ventures to account for its interest in jointly controlled entities using the proportionate consolidation method. Previously, any investment in a jointly controlled entity was accounted for using the equity accounting method. The effect on the Group is set out in the table below:

Balance Sheet	1 Apr 06 $M	31 Mar 07 $M	30 Sep 06 $M
Investment in associate	-	(49.8)	(44.7)
Cash	-	(0.3)	-
Receivables	-	0.3	0.3
Investments in unlisted funds	-	-	-
Investments accounted for using the equity method	-	-	-
Current tax receivables	-	(0.1)	-
Investment properties	-	74.8	70.6
Derivative financial instruments	-	1.3	-
Deferred tax asset	-	3.5	3.5
Intangible assets	-	6.9	6.9
Payables	-	0.3	(0.3)
Derivative financial instruments	-	-	(0.3)
Interest bearing liabilities	-	(25.6)	(25.6)
Deferred tax liabilities	-	(12.7)	(10.4)
Reserves	-	(1.1)	-
Retained earnings	-	2.5	-
	-	-	-

Income Statement	1 Apr 06 $M	31 Mar 07 $M	30 Sep 06 $M
Share of profit of associate	-	(2.1)	-
Net rental and related income	-	3.0	-
Net gain from fair value adjustment on investment property	-	(0.6)	-
Finance expenses	-	(0.9)	-
Income tax expense	-	(1.9)	-
	-	(2.5)	-

(e) The effect of the above adjustments on unitholders’ funds are as follows:

	Note	Retained earnings $M	Total other reserves $M	Total $M
Adjustments:				
Derivative financial instruments	b	-	(1.4)	(1.4)
Investment property	a	-	3.8	3.8
Taxation	c	(10.6)	-	(10.6)
Total adjustments to unitholders’ funds at 1 April 2006		(10.6)	2.4	(8.2)

	Note	Retained Earnings $M	Total other reserves $M	Total $M
Adjustments:				
Derivative financial instruments	b	-	8.3	8.3
Investment property	a	-	1.0	1.0
Taxation	c	(31.2)	-	(31.2)
Total adjustments to unitholders funds' at 31 March 2007		(31.2)	9.3	(21.9)

	Note	Retained Earnings $M	Total other reserves $M	Total $M
Adjustments:				
Derivative financial instruments	b	(0.5)	1.5	1.0
Investment property	a	-	3.3	3.3
Taxation	c	(12.7)	-	(12.7)
Total adjustments to unitholders' funds at 30 September 2006		(13.2)	4.8	(8.4)

(f) The effect of the cash flow statement

Cash flow statement	1 Apr 06 $M	31 Mar 07 $M	30 Sep 06 $M
Net property income received	-	2.7	-
Finance expenses paid	-	(0.7)	-
Acquisition of jointly controlled entity, net of cash acquired	-	(37.7)	-
	-	(35.7)	-

Accountants' review

Accountants' Report

To the Unitholders of Goodman Property Trust.

We have reviewed the interim financial statements ("financial statements") on pages 10 to 41. The financial statements provide information about the past financial performance and cash flows of the Group for the six months ended 30 September 2007 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 14 to 20.

Manager's responsibilities

The Directors of Goodman (NZ) Limited (the "Manager") are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Group as at 30 September 2007 and its financial performance and cash flows for the six months ended on that date.

Accountants' responsibilities

We are responsible for reviewing the financial statements presented by the Manager in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

Basis of opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Group for the six months ended 30 September 2007 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

We have no relationship with or interests in the Group other than in our capacities as accountants conducting this review and the providers of assurance (including audit) services.

Review opinion

We have reviewed the financial performance and cash flows of the Group for the six months ended 30 September 2007 and its financial position as at that date.

Based on our review nothing has come to our attention that causes us to believe that the financial statements do not present fairly the financial position of the Group as at 30 September 2007 and its financial performance and cash flows for the six months ended on that date in accordance with both International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34, Interim Financial Reporting and International Financial Reporting Standard 1 and New Zealand Equivalent to International Financial Reporting Standard 1, First-time Adoption of International Financial Reporting Standards.

Our review was completed on 9 November 2007 and our review opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants
Auckland

Above: NZ Post, Highbrook Business Park, East Tamaki, Auckland.

Relationship between GMT and GMG

This information is required to be included in this report as a condition to the waivers from Listing Rules 4.2.3 and 9.2.1 granted to GMT by NZX on 4 March 2005 and 15 June 2007 (respectively).

In December 2003, ASX-listed Goodman International Limited ("GIL") acquired the management rights for, and took a 20% stake in GMT. Following that transaction, GMT entered into a co-ownership agreement with Goodman Industrial Trust ("GIT") to pool its New Zealand properties with those of GMT. This pooling of properties had the effect of giving Unitholders exposure to a larger and more diversified property portfolio with a longer weighted average lease expiry profile.

In February 2005, GIL's shares were stapled to units in GIT, which resulted in each shareholder in GIL and each unitholder in GIT holding stapled securities in ASX-listed Goodman Group ("GMG"). As at 30 September 2007, GMG had a market capitalisation of approximately A$10.7 billion making it the largest industrial property group listed on ASX. It also had total assets under management of approximately A$30.5 billion.

GMG has operations in Australia, New Zealand, Asia, Europe and the United Kingdom.

As at 1 June 2007, GMG held 175,249,271 Units, representing 27.89% of the total Units on issue. GNZ is also a subsidiary of GMG. GPSNZ, another subsidiary of GMG, provides property management and development management services in respect of properties in which GMT has an interest.

At the date of this report, GMT and GMG jointly owned five properties as co-owners. Key terms of the co-ownership arrangements are summarised below.

Following the balance date, GMT acquired a 50% interest in Highbrook Development Limited ("HDL") from GMG. As GMG retained a 25% interest in HDL, GMG and GMT are joint venture shareholders.

In this section:

"Co-owned Properties" means the properties owned jointly by the Co-owners from time to time pursuant to the Co-ownership Agreement;

"Co-owners" means GMT and GMG; and

"Co-ownership Agreement" means the agreement between GMT and GMG pursuant to which GMT and GMG agreed the terms under which they would become co-owners of a portfolio of properties, and the manner in which those properties would be managed and developed in the future.

The principal rights and obligations of each of the Co-owners pursuant to the Co-ownership Agreement are as follows:

(a) GMT and GMG share equally the income and the expenses arising from, and incurred in respect of, the Co-owned Properties.

(b) GMT and GMG cannot separately pursue a property transaction involving property in New Zealand without first offering that transaction to the other Co-owner for inclusion within the Co-ownership Agreement. Where it is agreed that a transaction will not be pursued for inclusion in the Co-ownership Agreement, the Co-owner that sourced the opportunity may pursue it in its individual capacity.

(c) There are a number of circumstances in which either of GMT or GMG may part with its interest in the Co-owned Properties, which are as follows:

    (i) In the event that either GNZ is removed involuntarily as manager of GMT, or more than 50% of GMG comes under the control of one person or group of associated persons, then GMT may acquire GMG's interest in the Co-owned Properties. If GMT does not exercise those rights, GMG may acquire GMT's interest in the Co-owned Properties, together with its interest in the balance of any land where part of the land only is a Co-owned Property. Any such sale will take place at market value for the assets transferred.

(ii) GMG may not dispose of its interest in the Co-owned Properties unless it disposes of the whole of its interest in all of the Co-owned Properties. GMT may elect to dispose of its interest in one or more of the Co-owned Properties, but if it disposes of any Co-owned Property it must be disposed of together with GMT's interest in the balance of any land where part of the land only is a Co-owned Property. The non-selling Co-owner has a right of pre-emption, but if this is not exercised, the third party purchaser must offer to purchase the other Co-owner's interest in the Co-owned Properties proposed to be sold, together with, in the case of GMT, its interest in the balance of the land as described above. GMT may not, without also disposing of its interest in the Co-owned Property forming part of the same land (in the manner described above), dispose of its interest in the balance of any land where part of the land also comprises a Co-owned Property.

(iii) In the event of any default (including insolvency) pursuant to the Co-ownership Agreement, the non-defaulting Co-owner can require either that the defaulting Co-owner sell its interest in the Co-owned Properties to the non-defaulting Co-owner, or that both Co-owners' interests in the Co-owned Properties will be sold to a third party provided that the terms negotiated with the third party are considered to be reasonable by the Co-owners' property manager and, unless otherwise agreed, the purchase price is not less than 90% of the market value of the properties sold. In each case, if GMT sells its interest in the Co-owned Properties it would also sell its interest in the balance of any land where any part of that land only is a Co-owned Property.

(iv) In the event that the Co-owners are unable to agree on a material issue, either Co-owner can offer to purchase the other's interest in the Co-owned Properties. If no such offer is made, or an offer is made but not accepted, the Co-owned Properties will be sold to a third party provided that the terms negotiated with the third party are considered to be reasonable by the Co-owners' property manager and, unless otherwise agreed, the purchase price is not less than 90% of the market value of the properties sold. In the case of a sale by GMT, it would also sell its interest in the balance of any land where part of that land only is a Co-owned Property.

In each case, the market value will be assessed on the basis of any arm's length sale between a willing seller and a willing buyer and, where the relevant property forms part of a larger estate, on the basis that it is part of such estate. If market value cannot be agreed, it will be determined by an independent valuer. It is a further condition of the waiver from Listing Rule 4.2.3 that the value of GMT's interest in the Co-owned Properties may not exceed 35% of the value of GMT's assets.

There is no general entitlement on the part of GMT to acquire the sole interest in any Co-owned Properties following development by GMT and GMG. However, there are limited circumstances where, through GMT's customers exercising expansion rights in respect of land forming part of the Co-owned Properties, GMT will acquire that part of the Co-Owned Properties following development. Agreements in this regard between GMT and GMG were entered into at the time that GMT acquired the sole interest in those Co-owned Properties the subject of the existing leases to the relevant customers.

No Material Transactions (as defined in the Listing Rules) were entered into by GMT and GMG under the Co-ownership Agreement in the six months to 30 September 2007.

Investor relations

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

Annual Meeting

Our Trust Deed requires at least one general meeting of Unitholders each financial year. The last Annual General Meeting was 26 July 2007.

Publications

Annual and interim reports are typically mailed to Unitholders in June and December of each year. Portfolio Update brochures detailing the performance of the Trust over the intervening periods are mailed in September and March.

Website

Our website, www.goodmanintl.com, enables investors to view information about their Unitholding, download investor forms and check Unit prices, view publications and announcements and much more.

Investor Helpline

Our dedicated toll free number 0800 000 656 (+64 9 375 6073 outside New Zealand) will connect you directly with the investor relations team who will assist you with any query you may have.

Distribution Policy

The Trust aims to distribute all its normalised earnings and typically pays its distributions quarterly in the third month that follows each quarter e.g. the distribution for the September 2007 quarter was paid in December 2007.

The table below shows the composition and timing of distributions per Unit that have been paid this financial period.

Distribution Reinvestment Plan

GMT operates a Distribution Reinvestment Plan ("DRP"), which allows 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, to reinvest cash distributions in additional Units without incurring brokerage fees. The DRP is currently offered at a 2% discount to the market price. To participate, or amend their participation in the DRP, the relevant election notice must be received prior to the record date for the distribution.

The DRP was suspended in August 2007 due to the capital raising announced on 12 November 2007.

Registrar

Computershare Investor Services Limited is the registrar of GMT with responsibility for administering and maintaining our Unit Register. 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 outside New Zealand);
+ by email, to enquiry@computershare.co.nz; or
+ by mail, to Computershare Investor Services Limited, Private Bag 92119, Auckland 1020.

Distribution For Quarter Ended	Cash Distribution $	Imputation Credits $	Total Distribution $	Payment Date
31 March 2007	0.02500	0.00750	0.03250	15 June 2007
30 June 2007	0.02475	-	0.02475	11 October 2007
30 September 2007	0.02475	-	0.02475	7 December 2007

Glossary

$ and cents	means New Zealand currency
ASX	means Australian Stock Exchange Limited or the financial market which it operates, as the context requires
Board	means the board of Directors of GNZ
cpu	means cents per Unit
GIL*	means Goodman International Limited and its controlled entities, as the context requires
GIT*	means Goodman Industrial Trust and its controlled entities, as the context requires
GMG*	means GIL and GIT, operating together as a stapled group. Where either GIL or GIT is party to a contract or agreement or responsible for an obligation or liability, without the other, all references to GMG as concerns that contract, agreement or responsibility shall be to that party alone
GMT or the Trust	means Goodman Property Trust and its controlled entities, as the context requires
GNZ	means Goodman (NZ) Limited
Goodman*	means GMG, and its controlled entities, as the context requires
GPSNZ	means Goodman Property Services (NZ) Limited
Listing Rules	means the Listing Rules of NZX
Normalised	means after adjustment for gains on sale, additional imputation credits distributed due to the transitioning to the PIE regime and payment of the performance fee to GNZ
NTA	means net tangible assets
NZX	means New Zealand Exchange Limited or the financial market which it operates, as the context requires
sqm	means square metres
Trust Deed	means the GMT Trust Deed dated 23 April 1999 (as amended)
Trustee	means Perpetual Trust Limited, the trustee of GMT
Unitholder	means a holder of Units
Units	means units in GMT

* The names of GIL, GIT, GMG and Goodman, as defined above, are the names of each entity effective from 2 July 2007.

Corporate directory

Manager

Goodman (NZ) Limited
Level 3, Q & V Building
203 Queen Street
Auckland Central

PO Box 90940
Auckland Mail Centre

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

Directors of GNZ

Chairman

Hon Jim McLay

Independent Directors

Mr Rick Bettle
Mr Tim Miles
Mr Phil Pryke
Mr Keith Smith

Non-executive Directors

Mr Gregory Goodman
Mr James Hodgkinson
Mr David van Aanholt
(alternate to Mr Gregory Goodman)

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 8700 (outside New Zealand)
Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz

Auditors

PricewaterhouseCoopers
PricewaterhouseCoopers Tower
188 Quay Street
Auckland

Private Bag 92162
Auckland

Trustee

Perpetual Trust Limited
Level 12, AMP Centre
29 Customs Street West
PO Box 3376
Shortland Street
Auckland 1140

winning formula+

Superior customer service is the foundation of our business. With skilled people committed to this philosophy we have differentiated ourselves as New Zealand's leading industrial and business space provider. Building on this success into the future guides our strategy.

own+

Goodman buys property for the long term, providing ongoing relationships with customers and quality returns for investors.

develop+

Goodman's significant development programme encompasses sites across the Asia-Pacific region, Europe and the UK. Our development projects are purpose-built to meet the growing needs of our customers.

manage+

Goodman's in-house property services teams ensure its customers' operational needs are met and assets are maintained to an exceptional standard. This results in an increased customer satisfaction, higher retention rates and secure returns for investors.

Goodman

www.goodmanintl.com