

smarter business+
for today's challenges



A photograph of a modern building's exterior, featuring large glass windows. The windows reflect a green landscape with a body of water and some trees. The text is overlaid on the upper portion of the image.

A high quality property portfolio,
an active management style
and a strategy adapted for
today's challenges make GMT
a **smarter business.**



The Ford Building and surrounding environment at Highbrook Business Park.

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highlights+

Weighted
average
lease term

5.8 years

Occupancy
across
the portfolio

96%

Debt as a
percentage of
property assets

37.0%

Total
assets

\$1.5 billion

Operating
earnings
after tax

\$775 million

Standard & Poor's corporate
credit rating for GMT

BBB



results overview+

	31 March 2010	31 March 2009
Earnings before interest and taxation (\$M)	99.4	96.4
Operating earnings after taxation (\$M)	77.5	83.8
Net change in value of property investments (\$M)	(49.9)	(172.8)
Net profit after taxation (\$M)	(7.0)	(74.1)
Distributable earnings per unit (cents)	9.10	10.00
Total assets (\$M)	1,510.4	1,564.3
Total property assets (\$M) ¹	1,474.2	1,512.7
Total borrowings (\$M) ^{1, 2}	544.7	533.9
Adjusted NTA backing per unit (\$) ³	0.99	1.07
Underlying total borrowings to total property assets (%) ^{1, 2}	37.0	35.3
Management expense ratio (%) ⁴	0.52	0.55

1 Includes GMT's proportionate share of jointly controlled entities.

2 Total borrowings net of cash, March 2009 adjusted for proceeds of unconditional asset sale of \$12.1 million which settled 2 April 2009.

3 Adjusted for derivative financial instruments and deferred tax on revaluations.

4 Excludes accrued performance fee at 31 March 2010.

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The successful bond issue and other capital management initiatives undertaken during the year have proven to be smart decisions that have diversified GMT's sources of debt funding and ensured it remains well capitalised.

We are pleased to present Unitholders with GMT's Annual Report for the year ended 31 March 2010. It has been an eventful year where the Board and Management have worked closely to ensure that GMT has met the challenges posed by restricted credit markets and a subdued economic environment.

Achieving operational targets while enhancing the business through further capital management initiatives has shown that GMT is a resilient business able to perform across a variety of market conditions.

The steady performance of the investment portfolio contributed to a sound operating result with earnings before interest and tax increasing 3.1% to \$99.4 million. The increase includes the contribution from completed development projects and steady rental growth partially offset by two asset sales and a small reduction in portfolio occupancy during the year.

The impact of higher interest costs, following the Trust's successful corporate bond issue and earlier refinancing activity, contributed to a 7.5% reduction in after tax operating earnings to \$77.5 million. On a weighted average unit basis, operating earnings were 9.10 cents per unit, consistent with the guidance provided in May 2009.

While operating earnings are within the guidance range, a devaluation of 3.3% across the property portfolio and movements in other non-operating items has impacted on reported profit.

Profit before tax was \$12.5 million compared to last year's loss of \$83.7 million. The relative improvement is mainly attributable to the smaller portfolio devaluation recorded in 2010. Movements in the deferred tax charge have contributed to an after tax loss of \$7.0 million, a 90.6% improvement on the net loss of \$74.1 million in the previous corresponding period.

The devaluation and movements in other non-operating items have no impact on operating earnings but contribute to the reduction in adjusted net tangible assets to 99 cents per unit.

Keith Smith, Chairman and John Dakin, Chief Executive Officer discuss development plans for Highbrook Business Park.

A flexible strategy together with considered investment and financing decisions have enhanced the business and helped preserve Unitholder value through a period of uncertainty.

Capital management

A suite of capital management initiatives have been undertaken in response to the unique economic and financial conditions that have existed since 2007. These initiatives continued during the year and were further extended with the offer of Goodman+Bonds.

This highly successful corporate bond issue received strong support from the investment market and raised \$150.0 million. The issue diversified the Trust's sources of debt funding and extended the weighted term of its credit facilities by almost a year.

An important component in the success of the issue was the investment grade credit rating from Standard & Poor's. GMT's issuer rating of BBB reflects the strength of the business, its investment strategy and the exceptional security provided by its contracted cashflows and high quality property portfolio.

In addition to the issue of Goodman+Bonds, GMT has continued its disciplined capital management programme with two asset sales realising \$53.3 million and an amendment to its distribution policy to retain around 10% of operating earnings.

At 31 March 2010, net borrowings make up 37.0% of property assets compared to 35.3% the previous year. The level of debt is at the midpoint of the Board's targeted range of 35-40% and well below the 45% maximum allowed under the banking covenants of GMT's main debt facility.

Portfolio performance

The solid operating result has reflected the quality of the underlying property assets and the benefits of active management.

High occupancy levels and modest rental growth, together with the revenue boost provided by completed developments, have helped ensure income targets were achieved and that the Trust delivered an operating performance consistent with forecasts.



Portfolio highlights include:

- + leasing 114,326 sqm of rentable space to new and existing customers;
- + securing over 28,900 sqm of new development commitments at M20 and Highbrook Business Parks;
- + achieving annualised average rental growth of 2.8% pa across all rent reviews; and
- + achieving an occupancy rate of 96% and a weighted average lease term of 5.8 years.

The Trust's significant development capability has continually enhanced the property portfolio with over 50% of the assets developed within the last six years.

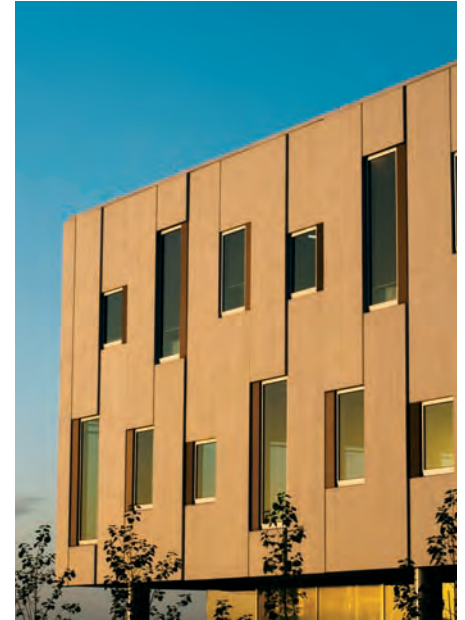
Further success in the development programme has reaffirmed GMT's position as a leading provider of industrial and business space property. In a leasing market where there were few development opportunities, the Trust's estates have continued to attract new business with design build commitments secured from Kmart, IBM NZ, and Ingram Micro New Zealand.

Valuations

While the operational performance of the portfolio has been pleasing its investment performance has been marked by a relatively modest decline in asset values.

Independent valuations of the Trust's investment and development assets reduced the value of the portfolio by 3.3% to \$1.5 billion. The \$49.9 million write down is an annual movement that compares with last year's devaluation of \$172.8 million (10.3%).

While the investment and development assets recorded a devaluation the Board has been encouraged by a stabilisation in the value of the investment portfolio since September.



OfficeMax (left) CourierPost (above) and The Ford Building (right) facilities at Highbrook Business Park are three new developments that have incorporated Green Star Design principles.

Outlook and guidance

GMT's sound operating result and strong balance sheet position show it is a mature and stable business that has adapted to the joint challenges of a slower economic environment and a more restricted credit market.

The successful bond issue and other capital management initiatives undertaken during the year have proven to be smart decisions that have diversified GMT's sources of debt funding and ensured it remains well capitalised.

While these initiatives have strengthened the business they have an additional cost.

The impact of increased interest costs, asset disposals and lower growth assumptions will continue into 2011 where operational earnings are expected to range between 8.6 and 8.8 cents per unit. This guidance assumes that earnings are not impacted by any further deterioration in market conditions.

Under its amended distribution policy GMT pays out around 90% of operating earnings as cash distributions.

The amendment to the tax laws announced in May will not impact on these distributions. However, the removal of building depreciation deductions from 1 April 2011 will increase the amount of tax paid by GMT in the future.

The impact of this legislative change on Unitholder distributions is considered further on page nine.

A flexible strategy together with considered investment and financing decisions have enhanced the business and helped preserve Unitholder value through a period of uncertainty. GMT's strong balance sheet and stable cashflows should give investors confidence that the Trust will continue to deliver consistent operating performances into the future.

On behalf of the Board and Management.

Keith Smith
Chairman

John Dakin
Chief Executive Officer

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George Crawford (left), Chief Financial Officer and John Dakin discuss the successful bond issue.



GMT has delivered strong operating performances over recent years with revenue and distributable profits growing in a consistent manner.

The following table summarises the recent operating results of GMT.

	2010	2009	2008	2007 ¹	2006 ¹
Net rental income	106.2	103.7	95.8	83.8	53.2
Administrative expenses ²	(6.8)	(7.3)	(6.3)	(5.3)	(3.5)
Earnings before interest and tax	99.4	96.4	89.5	78.5	49.7
Interest ³	(20.2)	(9.4)	(16.1)	(20.5)	(11.7)
Operating earnings before tax	79.2	87.0	73.4	58.0	38.0
Tax payable	(1.7)	(3.2)	(4.7)	(3.4)	(4.6)
Operating earnings after tax	77.5	83.8	68.7	54.6	33.4
Gross operating earnings per unit	9.31	10.38	10.59	10.21	9.93
Cash operating earnings per unit	9.10	10.00	9.90	9.60	8.74
Less retained earnings per unit	0.60	-	-	-	-
Cash distributions per unit	8.50	10.00	9.90	9.45	8.63

1 Distributions paid for the 2006 and 2007 years were prior to the implementation of the Portfolio Investment Entity regime.

2 Excludes performance fee.

3 Excludes non-cash movements in cash flow hedge reserve.

While the 2010 result has demonstrated a continuing increase in revenue, with total revenue up 2.4% to \$132.7 million, the impact of a changing operating environment has contributed to a reduction in earnings from 2009. Increased interest costs following the refinancing of the Trust's main debt facilities and the more recent bond issue have been the main drivers of the 7.5% fall in operating earnings after tax to \$77.5 million.

These initiatives have been part of a co-ordinated response to the global financial crisis and the more challenging economic environment that has persisted since 2007.

A broad range of initiatives have been undertaken to maintain the Trust's strong balance sheet position and ensure a sustainable distribution profile. This strategy has included:

- + early refinancing of debt facilities;
- + a \$150 million corporate bond issue;
- + the sale of non-core assets; and
- + amendment to distribution policy and development programme.

chief financial officer's report

It is an appropriate strategy that balances investors' requirements for strong returns with the need to protect its equity value. Compared to the alternative capital management options available these have proven to be smart strategies that have helped preserve Unitholder value.

The comprehensive nature of GMT's capital management strategy received strong endorsement from the financial sector at this year's Institute of Finance Professionals New Zealand (INFINZ) Industry Awards.

Held in April 2010, the annual awards recognise outstanding achievement across 11 categories, with GMT winning the prestigious 'Excellence in Treasury' award, as well as being nominated as a finalist in a further two categories - 'Debt Deal of the Year' and 'Best Corporate Communicator'.

The recognition of the Trust's corporate bond issue with a nomination in the Debt Deal of the Year category is also pleasing given it was the Trust's first bond issuance.

The issue received an investment grade credit rating of BBB+ from Standard & Poor's and was fully subscribed raising \$150.0 million. Over 1,700 new investors took advantage of the opportunity, attracted by the unique security it offered and the competitive interest rate of 7.75% that is paid six-monthly.

The proceeds of the issue were used by GMT to repay borrowings under its main lending facility, diversifying the Trust's sources of debt funding and extending the tenor of its debt from 1.45 years to 2.24 years.

While these initiatives have benefitted the Trust and helped maintain its strong balance sheet position, increasing bank margins and costs

associated with the bond issue have contributed to the higher interest expense which GMT now incurs. For Unitholders the impact has been a 9.0% reduction in operating earnings on a per unit basis from last year.

The chart below highlights the impact of the additional expense, reconciling operating earnings between 2009 and 2010 on a per unit basis.

With debt funding now more expensive, these higher costs are likely to persist and earnings guidance for 2011 is in the range of 8.6 to 8.8 cents per unit.

At the current trading price of around 93 cents per unit this equates to a pre tax earnings yield of between 13.8% and 14.1% for a 33% marginal tax payer. It is a relatively high yield compared to other investment options and demonstrates the benefits of GMT's tax status as a Portfolio Investment Entity (PIE).

However, not all legislative changes have been beneficial for GMT's investors. A change that will impact on all commercial property investors was announced in the Government Budget released on 20 May 2010.

The removal of the building depreciation deductions allowed under existing tax legislation could increase the amount of tax paid by GMT by \$4.2 million per annum, from April 2011. The corresponding impact on after tax operating earnings would be a decrease of around 0.5 cents per unit.

This is an initial assessment however as the new tax depreciation rules and their application are yet to be clarified.

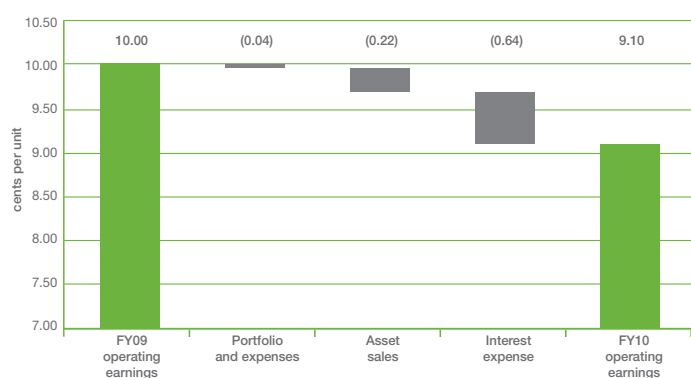
While the removal of depreciation deductions will have a negative impact on GMT's cash distributions it has not affected our overall investment objectives.

Unitholders should be reassured that the Trust will continue to be managed prudently and that the Board and Management will tailor its strategy to meet any further challenges that may eventuate while markets are recovering.



George Crawford
Chief Financial Officer

Earnings reconciliation



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Scott Pritchard reviews the operations of the customer service desk with Gemma Clooney.



The quality of GMT's property portfolio and the strength of its underlying rental cashflows were important considerations in Standard & Poor's credit assessment of GMT.

The rating process was undertaken to facilitate the Trust's corporate bond issue in November 2009.

The BBB corporate credit rating that GMT achieved reflects the consistent operating performance of the Trust and the security of cashflows offered by its high quality property portfolio.

Active management has been an important component of these reliable operating performances with high customer retention levels and strong leasing results helping ensure revenue targets were achieved.

The 2010 operating result continued this trend with over 114,000 sqm of rentable area leased to new and existing customers. This leasing success secured over \$18.0 million of portfolio income and helped maintain the portfolio occupancy level at 96%.

The largest of these transactions included lease restructures and extensions to leading customers Fletcher Building and Air New Zealand. The new leases were part of a wider initiative that sought to maximise the security of contracted cashflows by maintaining the weighted average lease term of the Trust at more than five years.

fund manager's report

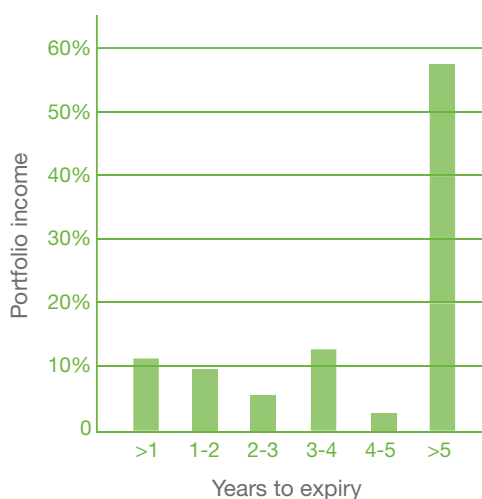
Other leasing highlights include:

- + Solid Energy expanding its space requirements in Christchurch with a nine year lease over the 3,802 sqm office facility at 15 Show Place;
- + Orica and Tapper Transport renewing their existing leases at The Gate Industry Park in Penrose for further five and six year terms respectively;
- + new customer Simply Logistics leasing 120 Pavilion Drive in Mangere; and
- + an annual rent review programme that achieved annualised growth of 4.0% on market linked reviews and 2.8% across all review mechanisms.

The Trust's largest customers include well known and successful businesses such as New Zealand Post, Toll, Air New Zealand, DHL, Linfox Logistics and Fletcher Building. It is the financial strength of these and the other customers within the portfolio that support the strong operating performance of GMT.

The chart below demonstrates the lease expiry profile.

Lease expiry profile¹



With more than 50% of portfolio income secured on leases that have more than 5 years to run. GMT has a weighted average lease term of 5.8 years, one of the longest in the listed property sector.

The benefit of the Trust's extended average lease term is that it secures rental cashflows well into the future at a time when customer demand is more restrained.

Complementing this year's leasing success was further progress in the Trust's development programme with new design build commitments from; Kmart, IBM NZ and Ingram Micro New Zealand. These new facilities add 28,900sqm of high quality space to the portfolio and provide a blended yield on cost of 9.0%.

¹ This chart represents the portfolio upon completion of commenced developments and pending settlements.

In a development market where there were few opportunities, securing these international companies as new customers has reaffirmed GMT's position as a leading provider of industrial and business space property.

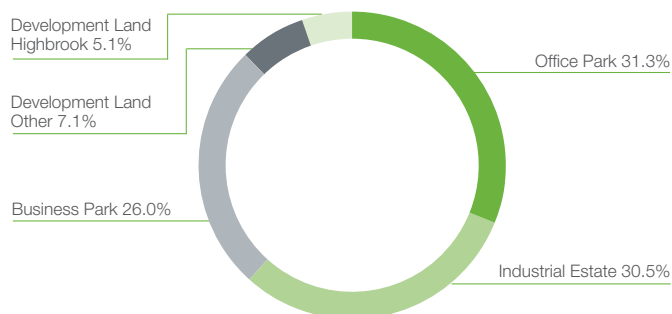
While the quality of the GMT portfolio and the benefits of active management have mitigated some of the impacts of a slower economic environment, reduced levels of occupier demand and rising vacancy levels have affected property valuations with the Trust recording an annual devaluation of 3.3%.

The industrial portfolio has recorded the strongest investment performance during 2010 with values remaining relatively stable, while the office portfolio assets and development assets have been devalued by 3.9% and 13.1% respectively.

While the strengthening in the portfolio capitalisation rate from 8.7% to 8.6% indicates that investor confidence is returning, a 1.5% reduction in the market rental levels and an uncertain outlook for development land have been the main drivers of the devaluation.

The valuation movement reduces the portfolio size to \$1.5 billion with the asset diversity chart below showing the relative holdings in each property sector.

Asset diversity¹



With over 50% of its assets in the industrial and business park category the Trust's investment strategy has been weighted toward one of the best performing sectors. It is our belief that these sectors provide strong and consistent investment returns over time.

With an expectation of steady economic growth over the next 12 months occupier demand could improve with a stabilisation in property fundamentals and a more settled valuation outlook.

Continuing active management and GMT's premium property offering will also ensure the Trust is well positioned to take advantage of any improvement in market conditions.

Scott Pritchard
Fund Manager

smarter business+

own+

develop+

manage+





\$1.5 billion
of industrial and business space properties. GMT invests in quality and takes a long term investment view.

100 hectares
of development land and a dedicated development team differentiates our business and extends our property offering.



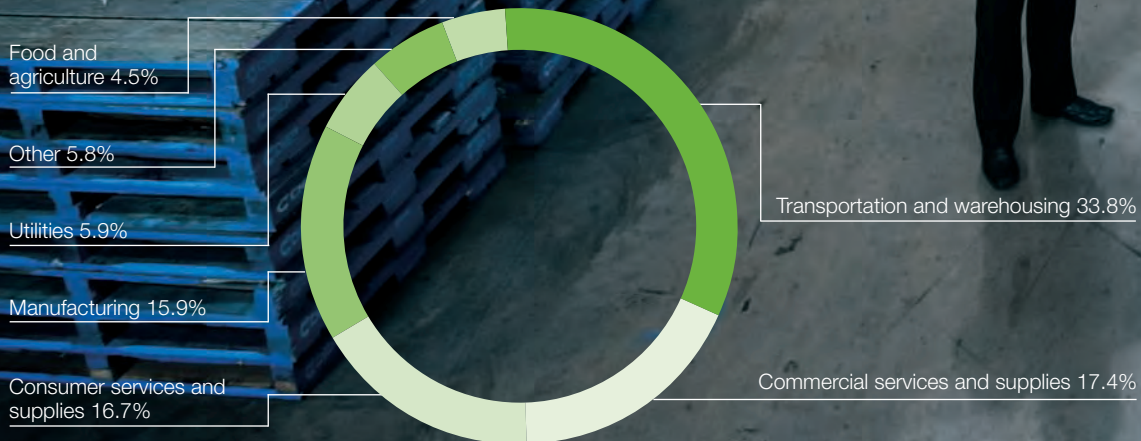
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committed staff complete a full service property offering that is focused on delivering superior customer service.

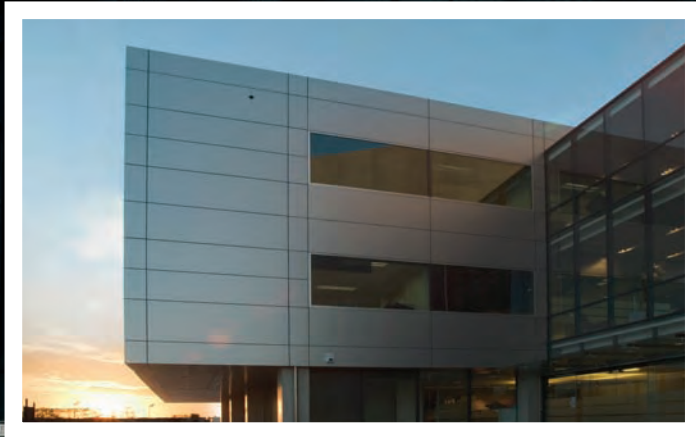
smarter property+

high standards+ quality properties

Ed Kidd (left), Engineering Manager at Lintox Logistics.

The portfolio is home to over 200 customers who represent a broad range of industries.





21

strategically located estates providing 890,000 sqm of high quality, functional space.

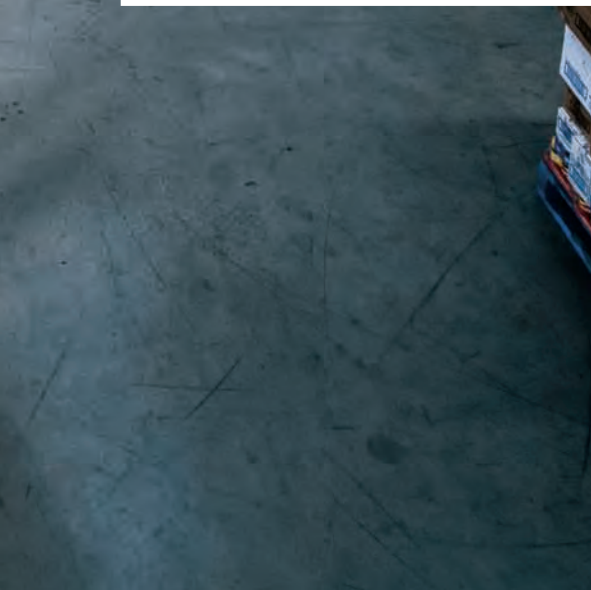


50%

of the Trust's assets have been developed within the last six years.

10

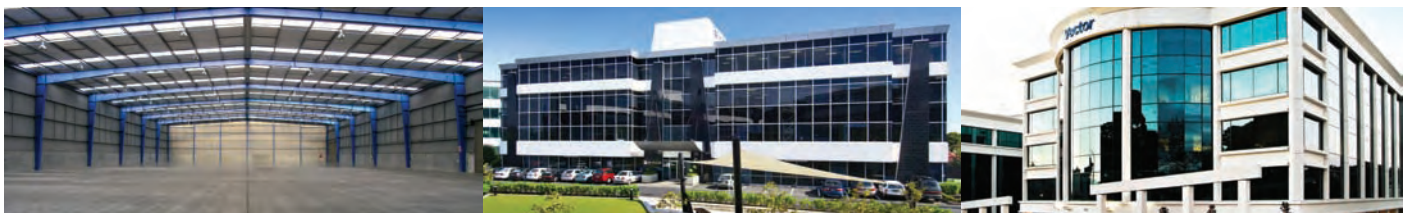
years is the average age of GMT's portfolio. These properties are modern, fully featured and offer high levels of amenity.



property portfolio+

Property summary

Property	Location	Asset class	GMT ownership %	Lettable area ¹ sqm	Valuation \$M	Market cap rate %	Occupancy %	WALE ² years	Key customers
Highbrook Business Park									
+ HDL Assets	Highbrook Drive, East Tamaki, Auckland	Business park	50	142,419	255.5	7.25 - 8.38	100	9.3	PaperLinX, Contract Logistics, Shell, GEON, Intermech, OfficeMax, Datamail, Just Group, Ford, Corporate Express, Schneider, Steel and Tube
+ HBPL Assets	Highbrook Drive, East Tamaki, Auckland	Business park	75	83,218	148.3	8.00 - 8.50	98	7.1	DHL, McPherson's Consumer Products, CSR Building Products, Cottonsoft, Big Chill Distribution, Synnex NZ, BMW, NZ Post, Westpac
M20 Business Park	70 - 100 Plunket Avenue, Wiri, Auckland	Business park	100	54,682	66.1	8.61	100	3.8	Frucor Beverages, Kimberly-Clark, Ford, Gordon & Gotch, ACC, James Halstead Flooring, Titan Plant Services
Connect Business Estate	581-585 Great South Road, Penrose, Auckland	Business park	100	31,005	43.3	9.38	91	4.5	Fletcher Building, Synovate
The Gate Industry Park	373 Neilson Street, Penrose, Auckland	Industrial estate	100	79,763	126.0	8.25	89	7.7	Crane Distribution, Geoff Penney, Winstone Wallboards, Recall, Norman Ellison Carpets, SCA Hygiene, Design Print, Tapper Transport
Westney Industry Park	Westney Road, Mangere, Auckland	Industrial estate	100	102,573	107.6	9.00 - 9.75	100	5.5	Linfox Logistics, Daniel Silva, Supply Chain Solutions, Toll, Fliway, PacNet
Savill Link	Savill Drive, Otahuhu, Auckland	Industrial estate	100	56,287	70.8	8.25 - 8.50	100	5.7	Toll, Furniture City, Prepared Produce, Metropolitan Glass, Holden
Enterprise Park	44 Dalgety Drive, Manukau, Auckland	Industrial estate	100	57,667	44.0	9.00	92	1.2	Warehouse Stationery, Network Distribution, Fonterra, Redpaths Furniture
Penrose Industrial Estate	Gavin Street, Penrose, Auckland	Industrial estate	100	31,093	36.0	9.13	100	1.7	Turners Auctions, Pyne Gould Guinness, Gilbarco
Gateside Industry Park	345 Neilson Street, Penrose, Auckland	Industrial estate	100	17,861	24.1	9.00	81	3.8	TNL Group, EnviroWaste Services, McDowall Freight, Toll
120 Pavilion Drive	120 Pavilion Drive, Mangere, Auckland	Industrial estate	100	6,769	8.5	8.38	100	10.9	Simply Logistics
Viaduct Corporate Centre	18, 20 and 22 Viaduct Harbour Avenue, Auckland	Office park	50	31,177	140.6	8.38 - 8.63	99	6.9	Vodafone, KPMG, Microsoft, Hewlett Packard, Westpac
Central Park Corporate Centre	666 Great South Road, Greenlane, Auckland	Office park	100	33,328	111.5	9.13	93	3.4	Armourguard Security, Fonterra, SIMPL Group, Fairfax, CPSO, Restaurant Brands, Salesforce, Duffill Watts



Property	Location	Asset class	GMT ownership %	Lettable area ¹ sqm	Valuation \$M	Market cap rate %	Occupancy %	WALE ² years	Key customers
Millennium Centre, Phase Two	600 Great South Road, Greenlane, Auckland	Office park	100	19,860	67.6	8.75	94	4.6	American Express, Catalyst Risk Management, Spotless Services, MWH, Pharmacy Brands, Lollipops Educare
Air New Zealand House	Fanshawe Street and 95-99 Beaumont Street, Auckland	Office park	100	15,587	57.4	8.75	100	9.3	Air New Zealand
Millennium Centre	602 Great South Road, Greenlane, Auckland	Office park	100	15,528	56.5	8.88	98	5.4	Mighty River Power, Genesis Energy, MYOB, First Rescue & Emergency NZ
Yellow HQ	604 Great South Road, Greenlane, Auckland	Office park	100	8,199	32.2	8.38	91	9.3	Chevron, Yellow Pages, Hollywood Bakery
OnGas House	103 Carlton Gore Road, Newmarket, Auckland	Office park	100	4,776	17.6	8.75	100	3.2	Vector, BTI, Arnotts
Vector Centre	101 Carlton Gore Road, Newmarket, Auckland	Office park	100	4,821	16.1	9.25	100	0.9	Vector
Southpark Industrial Estate	Baigent Way, Middleton, Christchurch	Industrial estate	100	22,342	21.6	8.85	97	3.5	Tyco, Bullet Freight, Halls Refrigerated Transport, Owens Transport
Glassworks Industry Park	652 Halswell Junction, Hornby, Christchurch	Industrial estate	100	26,006	21.0	8.83	95	6.2	Agmech, Tullochs, Fisher & Paykel, NZ Safety, Big Chill Distribution
Show Place Office Park	Showplace, Addington, Christchurch	Office park	50	22,380	83.5	7.85	86	4.7	IAG NZ, Solid Energy, Transpower, Holcim, Nestle, Revera

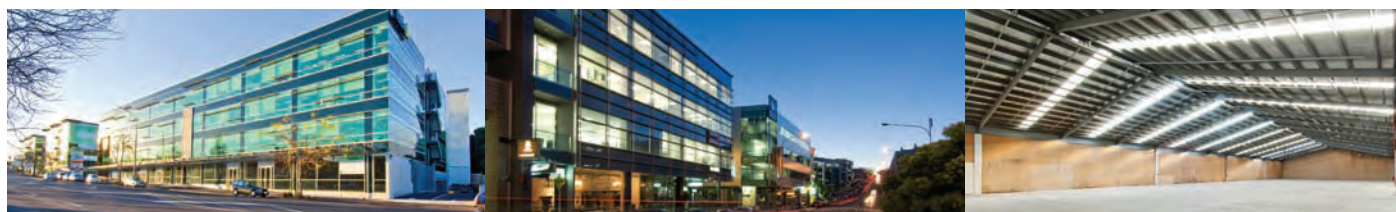
1 Net of canopies and yards.

2 Weighted average lease expiry as at 31 March 2010.

Commenced developments

Property	Location	Asset class	GMT ownership %	Lettable area ¹ sqm	Expected date of practical completion	Expected market value on completion \$M	Market cap rate %	Lease term years	Occupancy %
Highbrook Business Park									
+ IBM NZ	Highbrook Drive, East Tamaki, Auckland	Business park	50	5,187	Nov 10	9.5	8.13	8	100
M20 Business Park									
+ Kmart	70 - 100 Plunket Avenue, Wiri, Auckland	Business park	100	13,420	Jan 11	20.3	8.00	12	100
+ Ingram Micro NZ	70 - 100 Plunket Avenue, Wiri, Auckland	Business park	100	10,355	May 10	14.6	8.13	10	100

1 Net of canopies and yards.



smarter designs+

building for the future+

Schneider staircase set against echo-absorbent walls.



An energy efficient building constructed from renewable materials and featuring sustainable design elements is an increasingly common requirement from customers who appreciate the immediate and long term benefits that this type of facility provides.

Goodman (NZ) Limited has recognised the importance of environmentally sustainable design and has demonstrated its commitment to these values through its development business and through its participation in the Green Building Council of New Zealand.

It is a commitment that makes sound commercial sense. Green Star rated development solutions have a longer economic life and attract premium rentals by offering customers an enhanced working environment that is also operationally efficient.

GMT has completed six development projects designed to meet a Green Star rating specification. Together these new

buildings encompass over 62,000 sqm of business space and contribute over \$7.0 million of rental revenue¹. Included in this list of developments is the award winning OfficeMax head office facility and New Zealand's first four Green Star rated industrial building, built for CourierPost.

The recently completed facility for Schneider Electric at Highbrook Business Park is one of the most energy efficient industrial buildings in New Zealand. Its design showcases the technical capability of the customer and demonstrates how technical innovation can contribute to smarter and more sustainable business. Some examples are detailed in the diagram below.

¹ Ownership adjusted.





Phil Pryke

Independent Director

Phil is a director of Co-Investor Group, the Deputy Chairman of Contact Energy, Chairman of Comtel Corporation Limited and a Director of Tru-Test Limited. His previous roles include Vice President, Asia Pacific of EDS, Chief Executive of Nextgen Networks, Chief Executive Officer of Lucent Technologies Australia Pty Limited and New Zealand Health Funding Authority and a member of the Treaty of Waitangi Fisheries Commission.

Rick Bettle

Independent Director

Rick is a professional director. He is a past President of the New Zealand Institute of Directors having been made a Fellow in February 2000 and is a graduate, Fellow of the Australian Institute of Company Directors. His current directorships of publicly listed and private entities include Chairman of Civil Aviation Authority of New Zealand, Aviation Security, Diligent Board Member Services, certain Dominion Finance group companies and Powerco NZ Holdings Limited. Rick was the Managing Director of Wrightson from 1987 to 1991 and the CEO of Alliance Group (a large South Island meat co-operative) from 1991 to 1995. From 1995 to 1998 he headed the law firm of Kensington Swan.

Gregory Goodman

Non-executive Director

Gregory is the Group Chief Executive Officer of Goodman Group and is responsible for its overall operations and the implementation of its strategic plan. He has 27 years of experience in the property industry with significant expertise in the industrial property arena. Gregory was a co-founder of Goodman Group, playing an integral role in establishing its specialist global position in the property market through various corporate transactions, including takeovers, mergers and acquisitions. He is a director of J-REP Co. Ltd and the management companies of Goodman Group's unlisted funds and its subsidiaries.



The Goodman Board visit OfficeMax, PCNZ award winner for industrial buildings.

James Hodgkinson

Non-executive Director

James is an executive director (non-voting) of Macquarie Group Limited within Real Estate, Macquarie Capital Advisors. James was Chief Executive Officer of Macquarie Industrial Trust for six years prior to that trust's merger with Goodman Industrial Trust. He is also a director of Goodman Group and J-REP Co. Ltd. With over 20 years of experience in property fund management, investment banking and chartered accounting, James has specialist real estate and funds management expertise inclusive of new product development and management. He has a Bachelor of Economics, is a Certified Practising Accountant and is a Fellow of the Australian Property Institute.

Susan Paterson

Independent Director

Susan has 15 years of experience as a professional director. She has a Bachelor of Pharmacy and practised as a pharmacist before moving into management roles in New Zealand and the United Kingdom. Susan completed an MBA at London Business School and was a strategic consultant for the Boston based Index Group throughout Europe and the USA. Susan is Deputy Chair of Airways Corporation and NZ Eco-Labeling Trust. Her other directorships include Les Mills Holdings Limited and Abano Healthcare Group Limited. Past directorships include Transpower NZ Limited, St Cuthbert's College and Ports of Auckland.

Keith Smith

Chairman and Independent Director

Keith is a professional director. He was previously a partner in the Chartered Accountancy practice of BDO Spicers. Keith is the Chairman of The Warehouse Group Limited, having been involved since its establishment in 1982. He is also the Chairman of Tourism Holdings Limited, a Director of NZ Farming Systems Uruguay Limited and PGG Wrightson Limited, and a director of Mighty River Power Limited. Keith also holds board positions for a number of private companies in the motor vehicle, finance and health industries, and is a past President of the New Zealand Institute of Chartered Accountants.



John Dakin

Chief Executive Officer

John joined Goodman in 2003 and is responsible for the overall management and operations of Goodman in New Zealand. John has over 20 years of experience in the property industry, including experience in valuation, research, asset management, funds management and acquisitions and has held senior roles in the United Kingdom, Australia and New Zealand. He is a former National Director of the Property Council of New Zealand and prior to joining Goodman he was with Colonial First State Property.

Scott Pritchard

Fund Manager

As GMT's Fund Manager, Scott is responsible for fund performance, fund strategy, communication with investors and analysts and portfolio management. Scott was previously the Manager, Property Services for Goodman in New Zealand and prior to that, has held roles including Asset Manager for Urbus Properties Limited and Property Development Manager for Auckland International Airport Limited.

Jonathan Simpson

Manager Portfolio Analysis and Investor Relations

Jonathan heads Goodman's Investor Relations team. His specific responsibilities include the preparation and interpretation of property and Trust performance statistics, portfolio modelling and forecasting. Jonathan is also responsible for liaising with existing investors. He has over 13 years of experience in the property industry and has previously held positions with the Property Council of New Zealand and the Investment Property Databank in the United Kingdom.



The executive team visit M20 to view progress of the new Kmart development.

Anton Shead

General Counsel and Company Secretary

Anton manages Goodman's internal legal team in New Zealand and is responsible for the provision of legal and compliance support to the business. He has over 11 years of legal experience. Anton has worked for top tier NZ firms Bell Gully and Buddle Findlay and has also worked for international law firm Herbert Smith LLP in its London Office.

George Crawford

Chief Financial Officer

As Chief Financial Officer, George has overall responsibility for the financial management of Goodman's New Zealand operations. George has over 11 years of experience in finance related roles in the United Kingdom and New Zealand with roles in audit, corporate finance and financial due diligence. George is a qualified Chartered Accountant and, prior to joining Goodman in 2005, he was a Manager in Transaction Services at PricewaterhouseCoopers.

Peter Dufaur

General Manager Development

Peter is responsible for all the development activities of Goodman in New Zealand, covering both industrial estates and office parks in Auckland and Christchurch. Over the last five years he has managed the Trust's new business relationships and has secured a large proportion of its development commitments. Prior to joining Goodman, Peter held senior development positions with Kiwi Income Property Trust and private development companies.

corporate governance+

1. Introduction

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

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

At all times, the Manager strives to achieve governance outcomes which effectively balance the needs of GMT, its stakeholders, regulators and the market.

What follows is an overview of the corporate governance framework administered by the Manager for GMT and certain other legal and regulatory disclosures. The Manager's governance framework is materially consistent with the Corporate Governance Best Practice Code of NZX ("NZX Code"). A more detailed analysis against the NZX Code is also included on GMT's website in the corporate governance section.

2. The Trust

GMT is a unit trust created by the Trust Deed and administered under the Unit Trusts Act 1960 ("UTA"). Perpetual Trust Limited is the Trustee of GMT and is appointed to hold the assets of GMT on trust for Unitholders. Pursuant to the terms of the Trust Deed, the Trustee has the rights and powers in respect of the assets of GMT it could exercise if it was the absolute owner of such assets, but subject to the UTA and the rights given to the Manager by the UTA and the Trust Deed.

3. Relationship between the Trust and Goodman Group

The Trust has a close working relationship with Goodman Group. The Group is the Trust's largest Unitholder, owning approximately 16.78% of Units on issue at the Balance Date.

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

The Manager's role is to strategically manage the Trust's property portfolio including buying and selling properties, managing capital and overseeing day to day operations. Goodman Group's cornerstone stake brings into close alignment the interests of the Trust and the Manager.

Goodman Group also provides certain other services to the Trust which are outside the scope of the Manager's duties, which relate to property services, development and project management services and legal services.

The Trust and Goodman Group have also transacted property from time to time, either between each other or jointly pursuant to the Co-ownership Agreement. At the date of this Report, the Trust and Goodman Group jointly own three properties as Co-owners. Further details of the Co-ownership Agreement are set out in the statutory and Listing Rule disclosures towards the end of this section.

4. Statement of corporate governance policies, practices and processes

4.1 The Board of Directors of the Manager

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

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

4.2 The Chairman and the CEO

As recommended by the NZX Code, the roles of Chairman and CEO are separate for the

Manager. This separation avoids concentrations of influence and increases accountability.

At the Balance Date, Gregory Goodman was the acting Chairman of the Manager following the departure of the Hon Jim McLay on 1 June 2009. Keith Smith was appointed as the permanent replacement on 9 April 2010. Keith Smith is a New Zealand based director. Both Keith and Gregory's biographies are set out on pages 20 and 21 of this Report.

John Dakin is the CEO of the Manager and his biography is set out on page 22 of this Report. John oversees Management's delivery of the strategy approved by the Board, drawing on his intimate knowledge of each aspect of the business and his ability to communicate this strategy to the Trust's key stakeholders.

4.3 Board composition

At the date of this Report, the composition of the Board is set out in the table opposite. Between them, the Directors have a wide range of skills and experience, enabling the Board to bring critical judgement and independent assessment to the oversight of GMT's business. The Board of GMB, a wholly owned subsidiary of the Goodman Property Trust, replicates the Board of GMT. A separate Board of Directors for GMB, including separate Board meetings, is maintained to ensure the obligations of GMB as the issuer of the Goodman+Bonds are met.

The biographies of each Director can be found on pages 20 and 21 of this Report.

All directors (other than Gregory Goodman) are appointed for three year terms, after which they are eligible for reappointment. Gregory has a standing appointment.

The expiry dates of the Directors' present tenures are also set out in the table above.

Directors are encouraged to undertake training to ensure they remain current on issues relating to fulfilling their duties and are provided with an induction that includes a tour of the Trust's assets.

Name	Independent	Expiry of current term
Keith Smith (Chairman)	Yes	28 Feb 2013
Rick Bettle	Yes	29 Feb 2012
Susan Paterson	Yes	10 Apr 2011
Phil Pryke	Yes	28 Feb 2011
Gregory Goodman	No	N/A
James Hodgkinson	No	31 Dec 2012

4.4 Independent Directors

The Board has determined that four of its members are Independent Directors (as defined in the Listing Rules) at the Balance Date, as set out in the table above. This number accords with the Board's policy of maintaining a majority of Independent Directors, in line with best practice governance standards.

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

4.5 Company secretarial function

The company secretarial function of the Manager and GMB is performed by Anton Shead, the Manager's General Counsel. Refer to page 23 of this Report for Anton's biography.

4.6 Board committees

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

(a) Audit Committee

The Board has established an Audit Committee, which meets twice a year and as otherwise required. As at the date of this Report, the Audit Committee comprises the four Independent Directors: Phil Pryke (Chairman), Keith Smith, Rick Bettle and Susan Paterson.

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

- + Monitoring the independence, ability and objectivity of the external auditor.
- + Reviewing the financial statements for the Trust and overseeing the auditing of the Trust's annual financial statements (including GMB's financial statements).
- + Setting the parameters for the internal audit programme, overseeing its implementation and reviewing its outputs and recommendations.
- + Overseeing and advising on the Manager's internal risk management programme.

The Audit Committee reports its findings to the Board, in particular any matters that may have a material impact on the operating results or financial position of GMT. The Audit Committee also reports any findings in relation to GMB to the Board of GMB.

(b) Due Diligence Committee

The Board establishes a Due Diligence Committee to oversee and report to the Board on the due diligence process for any transaction for the Trust of a significant size and/or complexity. An example of such a transaction is a major acquisition funded by an equity raising. A Due Diligence Committee will usually include at least one Independent Director, relevant external consultants and members of Management considered appropriate for the transaction in question.

(c) Appointments Committee

The Board will, when it considers appropriate, constitute a committee to consider senior executive and director appointments and performance. An Appointments Committee will usually include at least one Independent Director and other persons considered appropriate.

(d) Remuneration Committee

The NZX Code provides that the Manager should establish a Remuneration Committee to recommend remuneration packages for Directors to Unitholders. Considering that Directors' fees are paid by Goodman Group and not by the Trust, and Unitholders do not vote on Director remuneration, the Manager does not maintain a Remuneration Committee.

Although the Directors' fees are paid by Goodman Group, rather than the Trust, the Directors and Goodman Group have agreed to disclose the Directors' remuneration to the Unitholders in the interests of full and complete disclosure. The Chairman of the Manager is paid NZ\$125,000 per annum, the Chairman of the Audit Committee is paid NZ\$85,000 per annum and each other director is paid NZ\$75,000 per annum except for Gregory Goodman who does not receive any Director's fee in relation to his role on the Board. Each Director receives 50% of their fees in cash and the other 50% in units in GMT (whether by way of a transfer of units from the Manager or by agreeing to purchase units on the open market to the value of 50% of their Director's fee).

The salaries and benefits for senior management are paid by Goodman Group. Goodman Group receives fees from the Trust for managing its affairs, details of which are set out in note 12 to the financial statements (page 54).

During the financial year to 31 March 2010 all the Directors attended each Board meeting with the exception of Greg Goodman who was unable to attend the meeting on 5 August 2009 due to Goodman Group commitments and Phil Pryke who was unable to attend the meeting on 17 February 2010 due to a funeral.

corporate governance continued+

4. Statement of corporate governance policies, practices and processes (continued)

4.7 Policies and procedures

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

(a) Related Party Policy

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

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

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

The Manager believes that having a Board with a majority of Independent Directors, one of the few such examples in the New Zealand listed property sector, sends a strong message to the market of how seriously the Manager takes related party issues and the conflicts of interest that may arise.

This policy is periodically reviewed to ensure that the process is transparent and appropriate.

(b) Continuous Disclosure Policy

The Manager is committed to keeping Unitholders, regulators and the market

fully and promptly informed of all material information relevant to the Manager and the Trust. To this end, the Manager has a Continuous Disclosure Policy which explains the relevant legal requirements and sets out the procedures the Manager has put in place to ensure compliance with them. Complying with continuous disclosure requirements is part of the Manager's broader investor relations strategy, and more information on this can be found on page 81 of this Report.

(c) Securities Trading Policy

The Manager has a Securities Trading Policy which raises awareness about the insider trading provisions in the Securities Markets Act 1988 ("SMA") and strengthens those requirements with additional compliance standards and procedures which Directors and employees who wish to trade in GMT Units or Goodman+Bonds (issued by GMT's wholly owned subsidiary GMB) must comply with. This policy is based on the form of policy prepared and promoted by the Listed Companies Association when the SMA was amended in February 2008.

These amendments to the SMA removed the safe harbour defence previously available for persons trading within designated trading windows. Notwithstanding this, the Manager still imposes trading windows through this policy as well as requiring written approval of the CEO or Chairman prior to any trade. Speculative trading is also prohibited with a minimum holding period of six months imposed.

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

(d) Code of Conduct

Directors and employees of the Manager abide by the Goodman Group Code

of Conduct which establishes required standards of ethical and personal conduct. Compliance with this policy is a condition of employment.

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

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

4.8 Risk management

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

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

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

4.9 Manager's remuneration

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

The base fee component is equal to 0.50% per annum of the book value of assets less than or equal to \$500 million, and 0.40% per annum of the book value of assets greater than \$500 million.

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

The calculation of the Manager's base fee is reviewed by the Trust's auditors as part of the annual audit. By a separate specific engagement, the Trust's auditors also review the calculation of the Manager's performance fee each year.

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

4.10 Annual General Meeting ("AGM")

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

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

5. Other statutory and Listing Rule disclosures

5.1 NZX Waivers

NZX has granted waivers to GMT during the 12 month period preceding the date two months before the date of the publication of this Report ("Relevant Period") and has granted waivers to GMT at other times which have been relied upon by GMT during the Relevant Period. A summary of these waivers can be found in the corporate governance section of the GMT website.

5.2 Summary of Co-ownership Agreement between the Trust and Goodman Group

Goodman Group and the Trust are parties to the Co-ownership Agreement, pursuant to which they own certain properties on a 50/50 basis ("Co-owned Properties").

In practical terms, the Listing Rules dictated (at the time the Co-ownership Agreement was

entered into) that the Trust and Goodman Group could not enter into any transaction as Co-owners to buy or sell a property from or to an unrelated third party if the value of that transaction exceeded 5% of GMT's Average Market Capitalisation (as defined in the Listing Rules) at that time, unless Unitholder approval was obtained.

As the interests of the Trust and Goodman Group would be aligned in any such transaction, the policy behind the relevant Listing Rule would not have been compromised. Accordingly, the Manager applied for and was granted a waiver from the need to obtain Unitholder approval in these circumstances on 3 December 2004, which was extended by a waiver dated 15 June 2007.

A summary of the principal rights and obligations of each of the Trust and Goodman Group (the "Co-owners") in relation to the Co-ownership Agreement, is set out below:

- (a) Sharing of income and expenses equally
The Trust and Goodman Group must share equally the income and the expenses arising from, and incurred in respect of, the Co-owned Properties.
- (b) No acquisition of New Zealand property individually without consent
Neither the Trust nor Goodman Group can separately acquire property in New Zealand without first offering to the other Co-owner a right to jointly buy the property under 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 individually.
- (c) Pre-emptive rights and restrictions on sale
The Co-ownership Agreement includes the pre-emptive rights and restrictions on sale set out below.

- (i) Removal of Manager or change in control of Goodman Group

In the event that either the Manager is removed involuntarily as Manager of the Trust, or more than 50% of Goodman Group comes under the control of a person or group of Associated Persons, then the Trust may acquire Goodman Group's interest in all Co-owned Properties. If the Trust chooses not to buy, Goodman Group may acquire the Trust's interest in all Co-owned Properties and any "Balance Land" (where a Co-owned Property forms part of a larger estate where the remainder of the land at that estate is owned by the Trust, that remaining land is referred to as "Balance Land").

Any of these sale scenarios must take place at market value for the assets transferred.

- (ii) Disposal to third parties
Goodman Group may not dispose of its interest in the Co-owned Properties to a third party unless it disposes of the whole of its interest in all of the Co-owned Properties. The Trust on the other hand may elect to dispose of its interest in any or all of the Co-owned Properties to a third party, but in so doing must also dispose of its interest in any Balance Land.

In each case above, the non-selling Co-owner has a right of pre-emption if the other is looking to sell. However, if this is not exercised, the non-selling Co-owner has a "tag" right, meaning the third party purchaser must also offer to purchase the non-selling Co-owner's interest in the Co-owned Properties proposed to be acquired, together with, where the Trust is the non-seller, the Trust's interest in any Balance Land.

The Trust may not dispose of any Balance Land without also disposing of its interest in the Co-owned Property forming part of the same estate.

5. Other statutory and Listing Rule disclosures (continued)

5.2 Summary of Co-ownership Agreement between the Trust and Goodman Group (continued)

- (iii) Default under Co-ownership Agreement
In the event of any default pursuant to the Co-ownership Agreement (including insolvency), 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 be sold to a third party.

The terms of any sale to a third party must be considered reasonable by the Co-owners' property manager and must, unless otherwise agreed, be for a purchase price of not less than 90% of the market value of the properties sold. In each case, if the Trust sells its interest in the Co-owned Properties it must also sell its interest in any Balance Land.

- (iv) Disagreement or dispute
In the event that the Co-owners are unable to agree on a material issue under the Co-ownership Agreement, either Co-owner can offer to purchase the other's interest in all of the Co-owned Properties. If no such offer is made, or an offer is made but not accepted, all of the Co-owned Properties must be sold to a third party. The terms of sale must be considered reasonable by the Co-owners' property manager and must, unless otherwise agreed, be for a purchase price of not less than 90% of the market value of the properties sold. Where the Trust's interest in the Co-owned Properties is being sold in these circumstances, its interest in any Balance Land must be sold with it.

In each case noted above where the market value of a property is relevant, that value will be assessed on the basis of an 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.

While the Trust has acquired Goodman Group's interest in Co-owned Properties from time to time, often after a customer has signed an agreement to lease for a new facility to be built on the Co-owned Property, the Trust has no general acquisition entitlement. However, there are limited circumstances where the Trust has acquired Goodman Group's interest in a Co-owned Property following a customer commitment and the agreement to lease has also granted the customer a right to expand its facility at some point in the future, with the expansion land remaining a Co-owned Property. In these instances, the Trust has agreed with Goodman Group to buy its interest in the expansion land if the customer exercises its expansion right, on completion of the expansion works. Agreements of this nature

are considered on a case by case basis by the Trust and Goodman Group.

It is a further condition of the waiver from LR 4.2.3 that the value of the Trust's interest in the Co-owned Property may not exceed 35% of the value of the Trust's assets.

The Trust has not entered into any transactions with Goodman Group under the Co-ownership Agreement, nor has it entered into any "Material Transaction" (as that term is defined in the Listing Rules) with Goodman Group during the year ended 31 March 2010.

5.3 Summary of recent Trust Deed amendments

During the period between 1 April 2009 and 31 March 2010, no amendments have been made to GMT's Trust Deed.

5.4 Register of Directors' Unitholdings as at the Balance Date

The table below shows all "relevant interests" of Directors in Units and Goodman+Bonds under the Securities Markets Act 1988, which include legal and beneficial interests in Units.

Director	Units	Goodman+Bonds
Keith Smith (Chairman) ¹	665,256	Nil
Rick Bettle ²	71,014	Nil
Susan Paterson ³	82,799	Nil
Phil Pryke ⁴	372,632	Nil
Gregory Goodman	Nil	Nil
James Hodgkinson	Nil	Nil

1 Keith holds a beneficial interest in 214,355 GMT units through The Selwyn Trust. He is also a trustee of that trust. Keith has an interest as a trustee only (ie no beneficial interest) in a further 450,901 units, through being trustee of The Gwendolyn Trust and being on the Board of Trustees of Cornwall Park Trust Board (the CPTB also acts as trustee for the Sir John Logan Campbell Residuary Estate and the Sir John Logan Campbell Medical Trust, and these units held are included in the total for Keith).

2 Rick holds his GMT units through his wife, Linda Barbara Bettle.

3 Susan holds her GMT units through Scripts Limited, a company of which she is sole director and majority shareholder.

4 Phil holds his GMT units through Pryke Superannuation Fund.

financial statements+

contents+

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Financial statements

comprehensive income statements

For the year ended 31 March 2010

	Note	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Revenue and other income					
Rental income	2	112.5	110.4	–	–
Service charge income	3	20.2	19.2	–	–
Management fees - intercompany	12	–	–	6.6	6.9
Total revenue		132.7	129.6	6.6	6.9
Service charge expenses	3	(20.2)	(19.2)	–	–
Property operating expenses	3	(6.3)	(6.7)	–	–
Net rental and related income		106.2	103.7	6.6	6.9
Loss on disposal of investment property	4	(2.1)	(0.2)	–	–
Net change in value of property investments	4	(49.9)	(172.8)	–	–
Fair value gain on interest rate derivatives		13.2	2.3	10.3	2.3
Impairment of advances to subsidiaries		–	–	–	(172.8)
Other administrative expenses	4	(10.3)	(7.3)	(11.1)	(8.0)
Finance (costs)/income					
Finance income	4	0.2	0.4	93.8	95.5
Finance costs	4	(20.4)	(12.2)	(35.0)	(29.9)
Net finance costs before changes in cash flow hedge reserve		(20.2)	(11.8)	58.8	65.6
Changes in cash flow hedge reserve	4	(24.4)	2.4	(22.1)	2.6
Net finance costs		(44.6)	(9.4)	36.7	68.2
Profit/(loss) before income tax		12.5	(83.7)	42.5	(103.4)
Income tax (expense)/benefit	5	(19.5)	9.6	(12.5)	(21.3)
(Loss)/profit for the year attributable to the unitholders		(7.0)	(74.1)	30.0	(124.7)
Other comprehensive income					
Change in fair value of cash flow hedges, net of tax	19	–	(35.0)	–	(26.8)
Change in cash flow hedges transferred to profit or loss, net of tax	19	17.1	(2.4)	15.5	(2.6)
Total other comprehensive income/(expense) for the year, net of tax		17.1	(37.4)	15.5	(29.4)
Total comprehensive income/(expense) for the year attributable to unitholders		10.1	(111.5)	45.5	(154.1)

The comprehensive income statements are to be read in conjunction with the notes to the financial statements set out on pages 34 to 69.

	Note	Group 31 Mar 10 cents	Group 31 Mar 09 cents
Basic and diluted earnings per unit	6	(0.82)	(8.84)
Distributable earnings before tax per unit	6	9.31	10.38
Distributable earnings after tax per unit	6	9.10	10.00

balance sheets

As at 31 March 2010

	Note	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Current assets					
Cash and cash equivalents	7	2.4	3.4	0.1	0.2
Trade and other receivables	8	5.2	19.8	1.2	1.6
Current tax receivable	5	1.0	-	-	-
Total current assets		8.6	23.2	1.3	1.8
Non-current assets					
Investment properties	10	1,278.9	1,297.8	-	-
Development properties	10	195.3	214.9	-	-
Derivative financial instruments	9	2.2	0.1	2.1	-
Advances to subsidiaries	12	-	-	1,135.4	1,177.4
Investments in controlled entities	11	-	-	79.6	79.6
Intangible assets	14	9.9	9.9	-	-
Deferred tax assets	13	15.5	18.4	5.7	8.8
Total non-current assets		1,501.8	1,541.1	1,222.8	1,265.8
Total assets		1,510.4	1,564.3	1,224.1	1,267.6
Current liabilities					
Trade and other payables	16	27.8	37.0	7.8	5.0
Current tax payable	5	-	1.2	15.1	32.7
Interest bearing liabilities	17	15.5	-	-	-
Derivative financial instruments	9	0.7	0.9	0.6	0.8
Total current liabilities		44.0	39.1	23.5	38.5
Non-current liabilities					
Interest bearing liabilities	17	531.6	549.4	280.1	433.3
Advance from subsidiary	12	-	-	150.0	-
Derivative financial instruments	9	26.8	37.6	18.9	26.9
Deferred tax liabilities	13	58.5	36.0	-	-
Total non-current liabilities		616.9	623.0	449.0	460.2
Total liabilities		660.9	662.1	472.5	498.7
Net assets attributable to unitholders		849.5	902.2	751.6	768.9
Unitholders' funds					
Units	18	987.7	975.2	987.7	975.2
Reserves	19	(60.9)	(37.4)	(5.0)	(20.5)
(Accumulated losses)/retained earnings	20	(77.3)	(35.6)	(231.1)	(185.8)
Total unitholders' funds attributable to unitholders		849.5	902.2	751.6	768.9

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 34 to 69.

The Board of Goodman (NZ) Limited, the Manager of Goodman Property Trust, authorised these financial statements for issue on 11 May 2010.

For and on behalf of the Board.



Keith Smith
Chairman



Phil Pryke
Chairman Audit Committee

Financial statements

statements of changes in unitholders' funds

For the year ended 31 March 2010

	Note	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Total unitholders' funds at the beginning of the year		902.2	1,085.8	768.9	995.1
Total comprehensive income/(expense) for the period attributable to unitholders		10.1	(111.5)	45.5	(154.1)
Net proceeds from issue of units	18	12.5	12.4	12.5	12.4
Distributions provided for or paid to unitholders	20	(75.3)	(84.5)	(75.3)	(84.5)
Total transactions with unitholders in their capacity as unitholders		(62.8)	(72.1)	(62.8)	(72.1)
Total unitholders' funds at the end of the year		849.5	902.2	751.6	768.9

The statements of changes in unitholders' funds are to be read in conjunction with the notes to the financial statements set out on pages 34 to 69.

cash flow statements

For the year ended 31 March 2010

	Note	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Cash flows from operating activities					
Net property income received		108.4	105.0	–	–
Net GST collected		0.4	0.2	–	–
Management fees - intercompany		–	–	6.6	6.9
Other operating expenses paid		(6.8)	(7.3)	(12.6)	(8.6)
Finance income received		0.1	0.4	29.9	26.8
Finance costs paid		(20.4)	(9.5)	(29.9)	(26.8)
Income taxes paid		(3.6)	(1.3)	(3.5)	(1.2)
Net cash provided by/(used in) operating activities	7	78.1	87.5	(9.5)	(2.9)
Cash flows from investing activities					
Proceeds from sale of investment properties		64.9	44.0	–	–
Payments for investment properties		(17.3)	(37.2)	–	–
Payments for development properties		(38.7)	(115.9)	–	–
Holding costs capitalised to development properties		(22.7)	(26.7)	–	–
Advances to controlled entities		–	–	(145.0)	(173.6)
Repayments from controlled entities		–	–	220.5	156.6
Acquisition of jointly controlled entities/subsidiaries, net of cash acquired		–	(6.7)	–	(6.7)
Net cash (used in)/provided by investing activities		(13.8)	(142.5)	75.5	(23.7)
Cash flows from financing activities					
Proceeds from issue of units		–	–	–	–
Proceeds from borrowings		64.0	153.1	57.1	120.0
Repayment of borrowings		(212.0)	(24.9)	(210.3)	(21.1)
Net proceeds from senior secured bonds		145.6	–	–	–
Loan from subsidiary		–	–	150.0	–
Distributions paid to unitholders		(62.9)	(72.1)	(62.9)	(72.1)
Net cash (used in)/provided by financing activities		(65.3)	56.1	(66.1)	26.8
Net decrease/(increase) in cash and cash equivalents held		(1.0)	1.1	(0.1)	0.2
Cash and cash equivalents at the beginning of the year		3.4	2.3	0.2	–
Cash and cash equivalents at the end of the year	7	2.4	3.4	0.1	0.2

The cash flow statements are to be read in conjunction with the notes to the financial statements set out on pages 34 to 69.

Financial statements

notes to the financial statements

For the year ended 31 March 2010

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 Manager of the Trust is Goodman (NZ) Limited and the address of its registered office is Level 3, 203 Queen Street, Auckland. The consolidated financial statements of GMT for the year ended 31 March 2010 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.

These financial statements have been approved by the Manager of the Trust on 11 May 2010. The Manager does not have the power to amend these financial statements once issued.

Summary of significant accounting policies

(a) Basis of preparation

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

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards and their interpretations ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except assets or liabilities stated at fair value: investment property, development property and derivative financial instruments.

(c) Functional and presentation currency

These financial statements are presented in New Zealand Dollars (\$), which is the Trust's functional currency. All financial information has been presented in millions, unless stated otherwise.

(d) Critical accounting estimate and judgements

Estimates, judgements 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 the Manager. Actual results may differ from the judgements, estimates and assumptions made by the Manager and the differences may be material. The significant adjustments made in the preparation of these financial statements are outlined below:

(i) Investment properties and development properties

Independent valuations are used to determine the fair value of property investments. 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 where in 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 cash flow projections are used.

The most common and accepted methods for assessing the current market value of a property investment are the Capitalisation and Discounted Cash Flow approaches. Each approach derives a value based on market capitalisation rates applying to recent comparable transactions, contract rentals, expected future market rentals, income void assumptions, maintenance requirements and appropriate discount rates derived from recent comparable market transactions. Valuations of property investments which are not yet complete are based on independent valuer's assessment of the fair value at completion and adjusted to reflect the stage of completion of a project and the costs to complete.

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 based where possible, on 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. Where recent, comparable market based evidence and transactions are not available, alternative valuation methods such as recent prices in less active markets or discounted cashflow projections are used.

(ii) Derivative financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses its judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

(iii) Impairment of goodwill

GMT also tests annually whether goodwill is impaired. As goodwill is assigned to cash generating units ("CGUs"), this requires an estimation of the recoverable amount of the CGUs to which the goodwill is assigned. The assumptions used by GMT when estimating the future cash flows for the CGUs, which are based on future events, are critical in supporting the carrying value of goodwill. These assumptions are detailed in note 14.

(e) Standards early adopted by the Group

No standards have been early adopted by the Group.

(f) Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2009 or later periods which the Group has not early adopted:

1. Accounting policies (continued)

NZ IAS 7, Classification of expenditure on unrecognised assets (effective for periods beginning on or after 1 January 2010). Amendment to require that only expenditure that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cashflows.

NZ IAS 17, Classification of leases of land and buildings (effective for annual period beginning on or after 1 January 2010). NZ IAS 17 requires leases of land should be classified as either finance or operating lease.

NZ IAS 36, Unit of accounting for goodwill impairment test (effective for annual periods beginning on or after 1 January 2010). The amended NZ IAS 36 seeks to clarify that the largest cash-generating unit to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined in IFRS8, Operating Segments.

NZ IFRS 9, 'Financial instruments: Classification and measurement'. NZ IFRS 9 requires financial assets to be classified on the basis of the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measures the financial assets as either at amortised cost or fair value.

IAS 27, 'Consolidated and separate financial statements' (revised 2008: effective for annual periods beginning on or after 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is a change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

IFRS 3, 'Business combinations' (revised 2008: effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the comprehensive income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply the revised standard prospectively to all business combinations from 1 April 2010.

(g) 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 consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany 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 consolidated 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 consolidated financial statements using proportionate consolidation. The Group recognises its share of the assets that it jointly controls and its share of the liabilities for which it is jointly responsible. The consolidated comprehensive 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 comprehensive income statement.

(h) Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to manage 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 the comprehensive income statement.

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 previously designated as a hedging instrument, and if so, the nature of the item being hedged. The Group previously designated certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge). At 1 April 2009 the Group ceased hedge accounting under NZ IAS 39 Financial Instruments: Recognition and Measurement.

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.

Financial statements

notes to the financial statements (continued)

For the year ended 31 March 2010

1. Accounting policies (continued)

The fair values of various derivative instruments used for hedging purposes are disclosed on the face of the balance sheet. Movements in the hedging reserve are shown in unitholders' funds. The full fair value of a hedging derivative (those in accounting or economic hedges) is classified as a non-current asset or liability when the remaining maturity of the 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.

Fair Value

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Any accrued interest in respect of the derivative instruments is recognised separately within 'Trade and other payables' and not included in the fair value of the derivative instrument.

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 also recognised immediately in the comprehensive income statement within 'finance costs'.

Amounts accumulated in unitholders' funds are recycled in the comprehensive income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the comprehensive income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the comprehensive income statement within 'finance costs'.

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 comprehensive 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 comprehensive income statement within 'finance costs'.

(i) Investment property

Investment properties are those which are held to earn rental income. Investment property is measured initially at its cost, including related transaction costs. Where settlement is deferred, the initial 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. A panel of external independent valuers, having appropriate recognised professional qualifications and experience in the location and category of property being valued, value 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 cash flow 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 comprehensive 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 comprehensive 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. 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 (u) (ii).

(j) Development property

Property that is being constructed or developed for future use as investment property is classified as development property and initially measured at cost of construction or development. After initial recognition, development properties are stated at fair value. Fair value is determined as set out in accounting policy (i).

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. The amount capitalised is the actual rate payable on borrowings for development purposes. 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.

(k) Financial assets and liabilities

The group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset is classified in this category if required principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'advances to subsidiaries' and 'cash and cash equivalents' in the balance sheet.

Financial assets and liabilities carried at fair value through profit or loss are initially recognised at trade date at fair value and transaction costs (where applicable) are expensed in the comprehensive income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the

1. Accounting policies (continued)

Group has transferred substantially all risks and rewards of ownership. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets and financial liabilities at fair value through profit or loss' category are presented in the comprehensive income statement in the period in which they arise.

If the market for a financial asset or liability is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in accounting policy (l).

(l) 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 comprehensive 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 comprehensive income statement.

(m) Advances to/from subsidiaries

Advances to/from subsidiaries are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

(n) 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.

(o) 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 refer to accounting policy (p).

(p) Impairment of non financial assets

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.

(q) Capital

(i) Issued units

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.

(r) Interest-bearing liabilities

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

(s) Trade and other payables

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

(t) Revenue

(i) Rental income

Rental income from investment property leased out under operating leases is recognised in the comprehensive 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.

Financial statements

notes to the financial statements (continued)

For the year ended 31 March 2010

1. Accounting policies (continued)

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Management fee income

Management fee income is recognised in the period in which the services are rendered.

(u) Expenses

(i) Property operating and service charge expenses

Property operating and service charge 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 comprehensive income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the comprehensive 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 comprehensive income statement (see accounting policy (h)). Interest payable and receivable is recognised in the comprehensive income statement as it accrues using the effective interest method.

(v) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the comprehensive 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.

(w) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance.

(x) Goods and Services Tax

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

(y) Investments in subsidiaries

Investments in subsidiaries are carried at cost less any impairment.

(z) Changes in accounting policy

The following new standards and amendments have been adopted from 1 April 2009.

NZ IAS 40, Investment Property: This has resulted in development properties (including land) being measured at fair value as opposed to cost. This brings the measurement of commenced but incomplete developments in line with that of investment properties. This standard was only applied prospectively from 1 April 2009.

IAS 1, 'Presentation of financial statements': The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity; all non-owner changes in equity are presented in the comprehensive income statement. The adoption of this revised standard impacts only presentation aspects; therefore, it has no impact on profit or earnings per share.

Amendment: IFRS 7, 'Improving disclosures about financial instruments': The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The adoption of the amendment has resulted in additional disclosures but does not have an impact on profit or earnings per share.

IFRS 8, 'Operating segments' replaces IAS 14, 'Segment reporting', and is effective for annual periods beginning on or after 1 January 2009. The new standard requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. The standard has been adopted by the Group and has only minimal impact on the disclosures made.

IAS 23, 'Borrowing costs': This has resulted in the Group being required to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The Group has applied this standard in accordance with the transition provisions and there has been no impact on the financial statement of the Group as a result.

There have been no other changes in accounting policies during the current financial period. All other accounting policies have been applied on a basis consistent with the prior half year and annual financial statements.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the financial statements.

2. Rental income

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Gross lease receipts	114.2	111.1	–	–
Amortisation of capitalised lease incentives	(3.1)	(2.5)	–	–
Fixed rental income adjustment	1.4	1.8	–	–
Rental income	112.5	110.4	–	–

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

Rental income is earned as a lessor of investment property held on the balance sheet

The above includes rental income of \$8.7 million for the year ended 31 March 2010 in relation to Highbrook Business Park (31 March 2009: \$8.5 million in relation to Highbrook Business Park and Westney Industry Park) which are jointly controlled assets.

The Group's non-cancellable operating lease receivable profile up to the next lease renewal dates is as follows:

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Less than one year	104.2	107.3	–	–
One to two years	93.3	97.1	–	–
Two to five years	227.6	224.9	–	–
More than five years	212.4	213.6	–	–
	637.5	642.9	–	–

Financial statements

notes to the financial statements (continued)

For the year ended 31 March 2010

3. Net service charge and property operating expenses

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Service charge income	20.2	19.2	-	-
Service charge expense	(20.2)	(19.2)	-	-
Property operating expenses	(6.3)	(6.7)	-	-
Net service charge and property operating expenses	(6.3)	(6.7)	-	-

There are no material expenses from vacant property.

The above includes property expenses of \$1.1 million for the year ended 31 March 2010 in relation to Highbrook Business Park (31 March 2009: \$1.1 million in relation to Highbrook Business Park and Westney Industry Park) which are jointly controlled assets.

The above property operating expenses also include non-recoverable ground rental costs of \$2.0 million for the year ended 31 March 2010 (31 March 2009: \$2.1 million).

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

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Less than one year	3.8	4.3	-	-
One to two years	4.0	4.3	-	-
Two to five years	12.4	14.0	-	-
More than five years	60.6	72.3	-	-
	80.8	94.9	-	-

4. Profit/(loss) before income tax

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Profit/(loss) before income tax has been arrived at after (charging)/crediting the following items:				
Finance costs/income				
Interest income	0.2	0.4	93.8	95.5
Finance income	0.2	0.4	93.8	95.5
Interest expense on bank loans, interest rate swaps, senior secured bonds, overdraft and intercompany interest	(44.4)	(40.3)	(30.3)	(29.3)
Amortisation of borrowing costs	(0.5)	(0.6)	(4.7)	(0.6)
Borrowing costs capitalised (refer to note 10)	24.5	28.7	–	–
Finance costs before changes in cash flow hedge reserve	(20.4)	(12.2)	(35.0)	(29.9)
Amortisation of cash flow hedge reserve	(11.1)	–	(8.8)	–
Interest rate swaps, cash flow hedges, transfer from equity	–	2.4	–	2.6
Ineffectiveness of hedges due to senior secured bond issue	(13.3)	–	(13.3)	–
Changes in cash flow hedge reserve	(24.4)	2.4	(22.1)	2.6
Net finance (costs)/income	(44.6)	(9.4)	36.7	68.2

At 1 April 2009, the Group ceased hedge accounting under NZ IAS 39 Financial Instruments: Recognition and Measurement. This has resulted in movements in the fair value of derivative financial instruments being recognised directly in the comprehensive income statement as opposed to previously being deferred in equity and then released to the comprehensive income statement in line with the hedged item. Amounts previously being deferred in equity will be released through the comprehensive income statement over the remaining term of the original hedging relationship adjusted for any ineffectiveness of hedges.

On 15 December 2009, the Group issued \$150 million of senior secured bonds with the proceeds applied to repay bank debt. As a result of the bank debt repayment, hedges covering \$150 million of debt were deemed to be ineffective and the associated amounts in the cash flow hedge reserve have therefore been released to the comprehensive income statement in the period.

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Losses on disposal of investment properties				
Proceeds from sale of investment properties	53.0	50.6	–	–
Carrying value of investment properties sold	(55.1)	(50.8)	–	–
Net loss on disposal of investment properties	(2.1)	(0.2)	–	–

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Net change in value of property investments				
Fair value adjustment on investment properties	(20.6)	(131.6)	–	–
Fair value adjustment on development properties	(29.3)	–	–	–
Impairment of development properties	–	(41.2)	–	–
Net change in value of property investments	(49.9)	(172.8)	–	–

As a result of an amendment to NZ IAS 40, effective 1 April 2009, development properties are now measured at fair value with any change in value recorded in "fair value adjustment on development property".

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notes to the financial statements (continued)

For the year ended 31 March 2010

4. Profit/(loss) before income tax (continued)

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Other administrative expenses				
Auditors' fees	(0.2)	(0.2)	(0.1)	(0.1)
Trustee fees and disbursements	(0.2)	(0.2)	(0.2)	(0.2)
Manager's base fee	(5.1)	(5.3)	(6.6)	(6.9)
Manager's performance fee	(3.5)	–	(3.5)	–
Other	(1.3)	(1.6)	(0.7)	(0.8)
Other administrative expenses	(10.3)	(7.3)	(11.1)	(8.0)

Other fees paid to auditors by the Group totalled \$27,400 for services attributable to the investment statement for the issue of senior secured bonds (31 March 2009: \$30,250 for other assurance and advisory services). These reported amounts are expressed in whole dollars, rounded to the nearest hundred.

5. Taxation

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Income tax (expense)/benefit				
Current tax expense (note (a))				
Current year	(0.9)	(3.5)	(16.0)	(20.6)
Adjustment for prior years	0.6	1.5	–	–
	(0.3)	(2.0)	(16.0)	(20.6)
Deferred tax (expense)/benefit recognised in the comprehensive income statement				
Movements in deferred tax	(18.6)	11.6	3.5	(0.7)
Adjustment for prior years	(0.6)	–	–	–
	(19.2)	11.6)	3.5)	(0.7)
Total	(19.5)	9.6)	(12.5)	(21.3)

5. Taxation (continued)

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
a) Income tax (expense)/benefit				
Profit/(loss) before tax	12.5	(83.7)	42.5	(103.4)
Prima facie income tax (expense)/benefit calculated at 30% on the profit/(loss) before tax	(3.8)	25.1	(12.8)	31.0
Increase/(decrease) in income tax due to:				
- loss on realisation of investment property	(0.8)	(0.1)	-	-
- revaluation of property investments	(15.0)	(51.8)	-	-
- holding costs capitalised	7.8	9.3	-	-
- deductible capital expenditure	1.1	2.1	-	-
- fair value change on interest rate derivatives	4.0	-	3.1	-
- amortisation of cash flow hedge reserve	(7.3)	-	(6.6)	-
- other	0.7	0.4	0.3	0.2
- depreciation	11.0	10.6	-	-
- deferred leasing costs and incentives	1.4	0.9	-	-
- impairment of advances to subsidiaries	-	-	-	(51.8)
Current tax expense	(0.9)	(3.5)	(16.0)	(20.6)
- building component of investment property revaluation	(5.6)	33.6	-	-
- depreciation	(11.0)	(10.6)	-	-
- deferred leasing costs and incentives	(1.4)	(0.9)	-	-
- fair value change on interest rate derivatives	(4.0)	-	(3.1)	-
- holding costs capitalised on buildings	(3.0)	(7.7)	-	-
- deductible capital expenditure	(1.1)	(2.1)	-	-
- amortisation of cash flow hedge reserve	7.3	-	6.6	-
- other	0.2	(0.7)	-	(0.7)
Deferred tax (expense)/benefit	(18.6)	11.6	3.5	(0.7)
Over provision in prior year	0.6	1.5	-	-
Deferred tax under provision prior year	(0.6)	-	-	-
Income tax (expense)/benefit attributable to profit from ordinary activities	(19.5)	9.6	(12.5)	(21.3)
b) Deferred tax recognised directly in equity				
Relating to interest rate swaps	(7.3)	15.1	(6.6)	12.1
	(7.3)	15.1	(6.6)	12.1
c) Reconciliation of current tax expense to tax deducted from distributable earnings				
Current tax expense	(0.9)	(3.5)	-	-
Less: Tax losses generated outside GMT tax group	(1.4)	(2.3)	-	-
Less: Tax impact of performance fee	(1.1)	-	-	-
Less: Tax impact of bond issue costs	(0.4)	-	-	-
Add: Current tax expense funded through brought forward tax losses	0.4	0.5	-	-
Add: Depreciation recovered on properties sold	1.1	1.0	-	-
Add: Over provision in respect of prior year	0.6	1.1	-	-
Tax deducted from distributable earnings	(1.7)	(3.2)	-	-

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notes to the financial statements (continued)

For the year ended 31 March 2010

5. Taxation (continued)

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
d) Current tax receivable/(payable)				
Balance at beginning of year	(1.2)	1.9	(32.7)	(13.4)
Movements during the year:				
- Income tax paid (net of refunds)	3.6	1.3	3.5	1.3
- Income tax expense on current year's profit	(0.9)	(3.5)	(16.0)	(20.6)
- Income tax liability on acquisition of jointly controlled entity	-	-	-	-
- Over provision in prior year	0.6	1.5	-	-
- Transfer from related party	-	-	30.1	-
- Transfer to deferred tax asset	(1.1)	(2.4)	-	-
Balance at end of year	1.0	(1.2)	(15.1)	(32.7)

Unused tax losses which have been recognised in the financial statements total \$24.7 million (31 March 2009: \$22.8 million).

	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
e) Imputation credits		
Balance at beginning of year	0.2	0.2
Provisional tax paid	3.6	1.3
Imputation credits distributed to unitholders	(3.1)	(1.3)
Balance at end of year	0.7	0.2

6. Earnings per unit

	Group 31 Mar 10 cents	Group 31 Mar 09 cents
Attributable to unitholders of Goodman Property Trust		
Basic and diluted earnings per unit	(0.82)	(8.84)
Distributable earnings before tax per unit ⁽¹⁾	9.31	10.38
Distributable earnings after tax per unit ⁽²⁾	9.10	10.00

	Group 31 Mar 10 000's	Group 31 Mar 09 000's
Weighted average number of units used in calculating earnings per unit and distribution per unit	851,174	838,798

(Loss)/profit after tax used in calculating earnings per unit	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M
Loss after tax used in calculating basic and diluted earnings per unit	(7.0)	(74.1)
Add: Net change in value of property investments	49.9	172.8
Add: Loss on disposal of investment property	2.1	0.2
Add: Performance fee	3.5	–
Less: Fair value gain on interest rate swaps	(13.2)	(2.3)
Add: Changes in cash flow hedge reserve	24.4	–
Add/(less): Income tax expense/(benefit)	19.5	(9.6)
⁽¹⁾ Profit used in calculating distributable earnings before tax per unit	79.2	87.0
Less: Current tax expense	(0.9)	(3.5)
Less: Tax losses generated outside of GMT Tax Group	(1.4)	(2.3)
Less: Tax impact of performance fee	(1.1)	–
Less: Tax impact of bond issue costs	(0.4)	–
Add: Current tax expense funded through brought forward tax losses	0.4	0.5
Add: Depreciation recovered on properties sold	1.1	1.0
Add: Under-provision in respect of prior year tax balances	0.6	1.1
⁽²⁾ Profit used in calculating distributable earnings after tax per unit	77.5	83.8

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notes to the financial statements (continued)

For the year ended 31 March 2010

7. Cash flow statement

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
a) Cash and cash equivalents				
Deposits	–	1.9	–	0.1
Cash	2.4	1.5	0.1	0.1
Total cash and cash equivalents	2.4	3.4	0.1	0.2
b) Reconciliation of (loss)/profit after income tax to net cash flows from operating activities				
(Loss)/profit for the year	(7.0)	(74.1)	30.0	(124.7)
Items classified as investing/financing activities:				
Net change in value of property investments	49.9	172.8	–	–
Loss on sale of investment property	2.1	0.2	–	–
Intercompany interest	–	–	(60.6)	(68.7)
Fair value gains on interest rate swaps not in hedging relationships	(13.2)	(2.3)	(10.3)	(2.3)
Changes in cash flow hedge reserve	24.4	–	22.1	–
Impairment of advances to subsidiaries	–	–	–	172.8
Other non-cash items:				
Manager's performance fee	3.5	–	3.5	–
Deferred tax	18.0	(14.0)	(3.5)	0.7
Net cash provided by/(used in) operating activities before change in assets and liabilities	77.7	82.6	(18.8)	(22.2)
Change in assets and liabilities during the year:				
- Decrease in trade receivables	1.3	0.8	–	–
- (Increase)/decrease in current tax assets	(2.1)	3.3	12.6	19.3
- Decrease/(increase) in other assets	0.6	0.9	0.4	(1.5)
- Increase in trade payables	1.0	0.2	–	–
- (Decrease)/increase in other payables	(0.4)	(0.3)	(3.7)	1.5
Net cash provided by/(used in) operating activities	78.1	87.5	(9.5)	(2.9)

Included in the statement of cash flows are net cash flows for property income received, GST collected/(paid) and net proceeds from senior secured bonds. These have been disclosed on a net basis as they are settled on a net basis.

8. Trade and other receivables

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Current				
Trade receivables	0.5	1.8	–	–
Prepayments	0.6	0.7	–	–
Other assets	4.1	5.2	1.2	1.6
Property disposal settlements receivable	–	12.1	–	–
	5.2	19.8	1.2	1.6

At 31 March 2010 the amount of trade receivables past due but not impaired was \$0.5 million (31 March 2009: \$1.8 million). The ageing analysis of these trade receivables is as follows:

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Up to three months	0.4	1.7	–	–
Three to six months	0.1	0.1	–	–
	0.5	1.8	–	–

As at 31 March 2010 there were no impaired trade receivables (31 March 2009: \$0.4 million). There is no provision for impairment of receivables (31 March 2009: \$0.4 million). During the year provision for impairment of receivables totalling \$0.2 million had been released to the comprehensive income statement (31 March 2009: \$0.4 million charge).

Provision for impairment of receivables totalling \$0.2 million was written off (31 March 2009: \$nil). No additional provisions were made during the year (31 March 2009: \$0.4 million).

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notes to the financial statements (continued)

For the year ended 31 March 2010

9. Derivative financial instruments

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Current				
Interest rate swap assets	–	–	–	–
Interest rate swap liabilities	(0.7)	(0.9)	(0.6)	(0.8)
Non current				
Interest rate swap assets	2.2	0.1	2.1	–
Interest rate swap liabilities	(26.8)	(37.6)	(18.9)	(26.9)
	(25.3)	(38.4)	(17.4)	(27.7)

Interest rate swaps mature over the next 9 years in line with the maturity of the related interest bearing liabilities and have fixed swap rates ranging from 4.59% to 7.9%. At 31 March 2010 the Group had interest rate swaps with a notional contract amount of \$573.9 million (31 March 2009: \$500.5 million).

At 1 April 2009 the Group ceased hedge accounting under NZIAS 39 Financial Instruments: Recognition and Measurement. This has resulted in movements in the fair value of derivative financial instruments being recognised directly in the comprehensive income statement as opposed to previously being deferred in equity.

At 31 March 2009 the fair value of the interest rate swaps that did not satisfy the criteria for hedge accounting under NZ IAS 39 totalled a loss of \$3.3 million and had a combined notional principal of \$75.0 million.

10. Investment properties and development properties (Group)

	31 Mar 10 Investment Property \$M	31 Mar 10 Development Property \$M	31 Mar 10 Total \$M	31 Mar 09 Investment Property \$M	31 Mar 09 Development Property \$M	31 Mar 09 Total \$M
Carrying amount at the beginning of the year	1,297.8	214.9	1,512.7	1,285.2	265.6	1,550.8
Cost of acquisition - other acquisitions	-	-	-	10.4	-	10.4
Costs capitalised	-	27.2	27.2	-	120.2	120.2
Holding costs capitalised	1.8	22.7	24.5	2.0	26.7	28.7
Capitalised lease incentives/costs	5.6	-	5.6	3.1	-	3.1
Impairment losses	-	-	-	-	(41.2)	(41.2)
Subsequent expenditure	9.6	-	9.6	23.1	-	23.1
Transfers in/(out)	40.2	(40.2)	-	154.4	(154.4)	-
Disposals - carrying value of properties sold	(55.5)	-	(55.5)	(48.8)	(2.0)	(50.8)
Net (loss)/gain from fair value adjustment on property investments	(20.6)	(29.3)	(49.9)	(131.6)	-	(131.6)
Carrying amount at the end of the year	1,278.9	195.3	1,474.2	1,297.8	214.9	1,512.7

Investment property

All investment properties were valued by independent valuers as at 31 March 2010 and 31 March 2009.

For the year ended 31 March 2009, an impairment loss was recognised on development properties. As a result of the amendment to NZ IAS 40, effective from 1 April 2009, development properties (including land) is now recognised at fair value with the change in fair value reported in net (loss)/gain from fair value adjustment on property investments.

The carrying amount of investment and development property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The fair values are based on market values, which are estimated using the capitalisation and discounted cash flow methods described in Note 1 Accounting Policies. The key assumptions used in the valuations are derived from recent comparable transactions to the greatest extent possible. At 31 March 2010 there was limited recent comparable transactional evidence for office park and leasehold assets therefore valuers have placed reliance on older transactional evidence adjusted for changes in market conditions and more recent evidence from other markets.

Valuations reflect, where appropriate: the quality of customers in occupation, or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the customer; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Key assumptions have been disclosed over the page.

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notes to the financial statements (continued)

For the year ended 31 March 2010

10. Investment properties and development properties (Group) (continued)

	31 Mar 10 Independent valuer	31 Mar 10 \$M	31 Mar 09 \$M
The Gate Industry Park, Penrose	Jones Lang LaSalle	126.0	124.3
Highbrook Business Park, East Tamaki (50%)	Colliers International	127.8	102.5
Highbrook Business Park, East Tamaki (75% interest - jointly controlled asset)	Colliers International	111.2	108.0
Westney Industry Park, Mangere	CB Richard Ellis	107.6	107.1
Central Park Corporate Centre, Greenlane	Jones Lang LaSalle	111.5	114.1
Savill Link, Otahuhu	CB Richard Ellis	70.8	53.0
Viaduct Corporate Centre, Auckland (50%)	CB Richard Ellis	70.3	70.2
Millennium Centre, Phase Two, Greenlane	CB Richard Ellis	67.6	70.0
M20 Business Park (formerly Auckland Distribution Centre), Manukau	Colliers International	66.1	64.4
Air New Zealand House, Auckland	CB Richard Ellis	57.4	56.9
Millennium Centre, Greenlane	CB Richard Ellis	56.5	58.1
Fletchers West, Penrose	Jones Lang LaSalle	43.3	43.0
Enterprise Park, Manukau	Colliers International	44.0	44.6
Show Place Office Park, Christchurch (50%)	Colliers International	41.7	42.1
Penrose Industrial Estate, Penrose	Colliers International	36.0	39.4
Yellow HQ, Greenlane	CB Richard Ellis	32.2	32.4
Gateside Industry Park, Penrose	Jones Lang LaSalle	24.1	22.7
Southpark Industrial Estate, Christchurch	Colliers International	21.6	21.0
Glassworks Industry Park, Christchurch	Colliers International	21.0	20.5
OnGas House, Newmarket	CB Richard Ellis	17.6	20.0
Vector Centre, Newmarket	CB Richard Ellis	16.1	19.3
120 Pavilion Drive, Airport Oaks	Colliers International	8.5	8.2
Aurecon House (formerly The Connell Wagner Building), Newmarket	Sold	–	28.5
Pernod Ricard New Zealand House, Auckland	Sold	–	27.5
Total fair value of investment properties		1,278.9	1,297.8

1 Weighted average lease expiry

Asset class	Market cap rate		Occupancy rate		WALE ⁽¹⁾	
	31 Mar 10 %	31 Mar 09 %	31 Mar 10 %	31 Mar 09 %	31 Mar 10 Years	31 Mar 09 Years
Industrial estate	8.3	8.6	89	100	7.7	7.3
Business park	7.25 - 8.38	7.50 - 8.50	100	97	9.3	9.6
Business park	8.00 - 8.50	8.13 - 8.50	98	100	7.1	6.8
Industrial estate	9.00 - 9.75	9.00 - 9.75	100	100	5.5	6.1
Office park	9.1	9.0	93	95	3.4	3.5
Industrial estate	8.25 - 8.50	8.38 - 8.75	100	100	5.7	6.2
Office park	8.38 - 8.63	8.38 - 8.50	99	99	6.9	7.9
Office park	8.8	8.5	94	92	4.6	5.5
Business park	8.6	9.3	100	100	3.8	4.7
Office park	8.8	8.6	100	100	9.3	8.3
Office park	8.9	8.6	98	100	5.4	5.6
Business park	9.4	9.3	91	89	4.5	2.9
Industrial estate	9.0	9.5	92	97	1.2	2.1
Office park	7.8	8.1	86	72	4.7	3.6
Industrial estate	9.1	9.0	100	100	1.7	2.5
Office park	8.4	8.1	91	85	9.3	10.2
Industrial estate	9.0	9.0	81	100	3.8	4.1
Industrial estate	8.9	8.5	97	100	3.5	3.5
Industrial estate	8.8	9.5	95	96	6.2	6.2
Office park	8.8	8.8	100	100	3.2	4.1
Office park	9.3	8.8	100	100	0.9	1.9
Industrial estate	8.4	8.9	100	87	10.9	2.3
Office park	-	8.5	-	93	-	4.6
Office park	-	8.5	-	100	-	7.0

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notes to the financial statements (continued)

For the year ended 31 March 2010

10. Investment properties and development properties (Group) (continued)

	31 Mar 10 Independent valuer	31 Mar 10 Expected date of practical completion	31 Mar 10 Market cap rate %	31 Mar 10 Lease term years	31 Mar 10 Occupancy %	31 Mar 10 \$M	31 Mar 09 \$M
Development property							
Commenced developments							
Highbrook Business Park, East Tamaki (50%)	Colliers International	Nov 10	8.13	8	100	2.4	16.6
Savill Link, Otahuhu		-	-	-	-	-	12.0
Show Place Business Park, Christchurch (50%)		-	-	-	-	-	0.9
M20 Business Park, Manukau	Colliers International	May 10 to Jan 11	8 – 8.13	10 – 12	100	12.8	-
						15.2	29.5
Development land							
Highbrook Business Park, East Tamaki (50%)	Colliers International					80.0	77.7
M20 Business Park, Manukau	Colliers International					28.4	31.6
Savill Link, Otahuhu	CB Richard Ellis					26.1	29.9
Central Park Corporate Centre, Greenlane	Jones Lang LaSalle					19.5	19.8
Glassworks Industry Park, Christchurch	Colliers International					13.3	12.6
Gateside Industry Park, Penrose	Jones Lang LaSalle					6.3	8.1
Show Place Business Park, Christchurch (50%)	Colliers International					3.1	2.4
Fletcher West, Penrose	Jones Lang LaSalle					1.0	1.0
The Gate Industry Park, Penrose	Jones Lang LaSalle					1.6	1.6
Westney Industrial Park, Mangere						0.8	0.7
						180.1	185.4
Total carrying value of development properties						195.3	214.9

In accordance with the amendment to NZ IAS 40, effective 1 April 2009, development properties are recognised at fair value. Accordingly there are no comparative key assumptions for 31 March 2009.

Interest costs capitalised during the year ended 31 March 2010 amounted to \$24.5 million (31 March 2009: \$28.7 million), using a weighted average capitalised interest rate of 8.11% (31 March 2009: 8.28%). Of the interest costs capitalised \$16.6 million relates to development land. Interest costs are capitalised based on the historic borrowings attributable to the development land, which may differ from the fair value of the land.

Development land is valued based on recent comparable transactions with land values ranging between \$170 per square metre ("psm") and \$380 psm for industrial development land and between \$500 psm and \$1,000 psm for office development land.

11. Investments in controlled entities

Subsidiaries	Principal activity	Interest held by Group	
		31 Mar 10 %	31 Mar 09 %
Goodman Property Aggregated Limited	Property investment	100	100
Goodman (Highbrook) Limited	Property investment	100	100
GMT Bond Issuer Limited	Bond Issuer	100	–

The subsidiary companies are incorporated in New Zealand and have balance dates of 31 March. GMT Bond Issuer Limited was incorporated on 5 November 2009.

Jointly controlled entities	Principal activity	Interest held by Group	
		31 Mar 10 %	31 Mar 09 %
Viaduct Corporate Centre Limited	Property investment	50	50
Henshaw Holdings Limited	Property investment	50	50
Highbrook Development Limited	Property investment	50	50

The jointly controlled companies are incorporated in New Zealand and have balance dates of 31 March.

Goodman (Highbrook) Limited has subscribed for \$31.3 million (31 March 2009: \$25.0 million) in non-participating redeemable shares issued by Highbrook Development Limited. Henshaw Holdings Limited has repaid loan note interest and principal of \$1.8 million (31 March 2009: \$2.0 million). Viaduct Corporate Centre Limited has distributed surplus funds to Goodman Property Aggregated Limited of \$3.3 million (31 March 2009: \$3.3 million).

The following amounts represent the Group's share of the assets and liabilities and income and results of the jointly controlled companies listed above. They are included in the balance sheet and comprehensive income statement on a proportionately consolidated basis:

	31 Mar 10 \$M	31 Mar 09 \$M
Assets		
Non-current assets	346.2	328.6
Current assets	0.7	1.9
	346.9	330.5
Liabilities		
Non-current liabilities	148.2	136.2
Current liabilities	8.0	16.4
	156.2	152.6
Net assets	190.7	177.9
Income	17.7	14.1
Expenses	(18.9)	(2.7)
Income tax	(4.3)	6.9
(Loss)/profit after income tax	(5.5)	18.3

There are no material contingent liabilities relating to the Group's interests in the jointly controlled companies, and no contingent liabilities of the jointly controlled companies themselves. Details of material capital commitments of the jointly controlled entities are included in Note 23 Commitments and contingencies.

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notes to the financial statements (continued)

For the year ended 31 March 2010

12. Related party disclosures

Identity of related parties

The Group has related party relationships with the following parties:

Entity	Nature of relationship
Goodman Limited - parent and controlled entities including, amongst others, the following:	
Goodman (NZ) Limited ("GNZ")	Manager of the Trust
Goodman Property Services (NZ) Limited ("GPSNZ")	Provider of property management and related services
Goodman Industrial Trust	Unitholder and property co-ownership

(a) Compensation to key management personnel:

Key management personnel are those people with the responsibility and authority for planning, directing and controlling the activities of the entity. As the Trust does not have any employees or Directors, key management personnel is considered to be the Manager, Goodman (NZ) Limited ("GNZ") and the key management personnel of the Manager. Management fees of \$10.1 million were payable to GNZ during the year (31 March 2009: \$6.9 million). Of these fees, \$6.6 million was payable in respect of the base fee (31 March 2009: \$6.9 million) and \$3.5 million was payable in respect of the performance fee for the year ended 31 March 2010 (31 March 2009: \$nil). A surplus amount of \$4.9 million (31 March 2009: deficit \$5.4 million) has been carried forward to be included in the calculation to determine whether a performance fee is payable in subsequent periods. The Manager will use the performance fee proceeds to subscribe for GMT units in accordance with the terms of the Trust Deed. Further information on the operation of the performance fee is described in note 25(e).

These payments were in accordance with the Trust Deed. At 31 March 2010, \$0.6 million was owing to GNZ (31 March 2009: \$0.6 million) and a performance fee of \$3.5 million was accrued (31 March 2009: \$nil). No reimbursements of expenses were made to GNZ (31 March 2009: \$nil).

Directors of GNZ and their immediate relatives hold either directly or indirectly 0.15% (31 March 2009: 1.09%) of the units of the Trust.

The table below shows the amount of compensation by category paid to key management personnel of the manager and does not represent costs incurred by the Group:

	31 Mar 10 \$M	31 Mar 09 \$M
Short term benefits	1.2	1.5
Post-employment benefits	–	0.1
Other long term benefits	–	–
Termination benefits	–	–
Share-based payment	0.1	0.2
Total	1.3	1.8

12. Related party disclosures (continued)

(b) Entities with significant influence over GMT

Fees for property management and development management services of \$5.9 million were payable by GMT to GPSNZ during the year (31 March 2009: \$7.8 million). A significant portion of the property management fees are paid by customers:

- \$1.4 million was in respect of development management fees and was capitalised to properties (31 March 2009: \$3.4 million);
- \$221,006 was payable by GMT pursuant to the property management and development management agreements between Highbrook Business Park Limited and GPSNZ, being 75% of the total fees of \$294,675 payable under these agreements for the year (such disclosure required by paragraph 46(c) of the NZX waiver dated 1 March 2006); and
- \$300,799 was payable by GMT pursuant to the property management and development management agreements between Highbrook Development Limited and GPSNZ, being 50% of the total fees of \$601,598 payable under these agreements for the year (such disclosure required by paragraph 60(c) of the NZX waiver dated 7 November 2007).

For the year ended 31 March 2010, \$0.6 million was owing to GPSNZ (31 March 2009: \$1.1 million). Reimbursement of expenses was made to GPSNZ of \$0.7 million (31 March 2009: \$0.9 million).

No properties were acquired in the current year pursuant to the Co-ownership Agreement between GMT and Goodman Industrial Trust (formerly Macquarie Goodman Industrial Trust), approved by unitholders at a general meeting held on 23 March 2004 (31 March 2009: none).

(c) Other related party transactions within the Group (other than disclosed in Note 11)

During the year ended 31 March 2010, the Trust received no dividend income from Goodman Property Aggregated Limited (31 March 2009: \$nil).

The Trust provided advances to Goodman Property Aggregated Limited and Goodman (Highbrook) Limited, with \$1,135.4 million outstanding at year end (31 March 2009: \$1,350.2 million). The Trust received interest of \$93.8 million on these advances (31 March 2009: \$95.5 million).

During the year ended 31 March 2010, the Trust received an advance from GMT Bond Issuer Limited with \$150.0 million outstanding at year end (31 March 2009: \$nil). The Trust has interest payable of \$3.1 million on these advances (31 March 2009: \$nil). The Trust also paid issue costs totalling \$4.3 million relating to GMT Bond Issuer Limited's issue of senior secured bonds. Perpetual Trust Limited (as Trustee for the Trust) has entered into a guarantee under which the Trust unconditionally and irrevocably guarantees all the obligations of GMT Bond Issuer Limited under the Bond Trust documents.

No impairment of the advances to subsidiaries has been recognised as at 31 March 2010 (31 March 2009: \$172.8 million). At 31 March 2009 an impairment of \$172.8 million was recognised due to the net change in value of property investments held by these companies and their subsidiaries based on their fair value less costs to sell. The fair value has been assessed in accordance with the disclosure in note 10.

The Trust is grouped with its subsidiaries for tax purposes and during the year tax losses totalling \$30.1 million were transferred from subsidiaries to offset the tax losses of the Trust.

In addition, the Trust charged management fees to controlled entities of \$6.6 million (31 March 2009: \$6.9 million).

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For the year ended 31 March 2010

13. Deferred tax

Deferred tax assets/(liabilities) are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	Net
	31 Mar 10 \$M	31 Mar 09 \$M	31 Mar 10 \$M	31 Mar 09 \$M	31 Mar 10 \$M	31 Mar 09 \$M
Group						
Investment property	–	–	(44.6)	(26.3)	(44.6)	(26.3)
Development property	–	–	(13.9)	(9.7)	(13.9)	(9.7)
Derivative financial instruments	8.1	12.1	–	–	8.1	12.1
Receivables	7.4	6.3	–	–	7.4	6.3
Net deferred tax assets/(liabilities)	15.5	18.4	(58.5)	(36.0)	(43.0)	(17.6)
Set off of tax	–	–	–	–	–	–
Net deferred tax assets/(liabilities)	15.5	18.4	(58.5)	(36.0)	(43.0)	(17.6)
Trust						
Derivative financial instruments	5.7	8.8	–	–	5.7	8.8
Receivables	–	–	–	–	–	–
Net deferred tax assets/(liabilities)	5.7	8.8	–	–	5.7	8.8
Set off of tax	–	–	–	–	–	–
Net deferred tax assets/(liabilities)	5.7	8.8	–	–	5.7	8.8

There is an unrecognised deferred tax asset of \$51.8 million in the Trust relating to the impairment of advances to subsidiaries. There are no other significant unrecognised deferred tax assets and liabilities.

Movement in temporary differences during the year:

	Opening balance \$M	Recognised in income \$M	Recognised in equity \$M	Closing balance \$M
Group: 2010				
Investment property	(26.3)	(18.3)	–	(44.6)
Development property	(9.7)	(4.2)	–	(13.9)
Derivative financial instruments	12.1	3.3	(7.3)	8.1
Receivables	6.3	1.1	–	7.4
Total	(17.6)	(18.1)	(7.3)	(43.0)
Trust: 2010				
Derivative financial instruments	8.8	3.5	(6.6)	5.7

13. Deferred tax (continued)

	Opening balance \$M	Recognised in income \$M	Recognised in equity \$M	Closing balance \$M
Group: 2009				
Investment property	(45.7)	19.4	–	(26.3)
Development property	(3.0)	(6.7)	–	(9.7)
Derivative financial instruments	(3.0)	–	15.1	12.1
Receivables	3.8	2.5	–	6.3
Total	(47.9)	15.2	15.1	(17.6)

Trust: 2009

Derivative financial instruments	(3.3)	–	12.1	8.8
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	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Deferred Tax assets:				
Deferred tax asset to be recovered after more than 12 months	15.5	18.4	5.7	8.8
Deferred tax asset to be recovered within 12 months	–	–	–	–
	15.5	18.4	5.7	8.8
Deferred Tax liabilities:				
Deferred tax liability to be recovered after more than 12 months	(58.5)	(36.0)	–	–
Deferred tax liability to be recovered within 12 months	–	–	–	–
	(58.5)	(36.0)	–	–

14. Intangible assets

The carrying value of goodwill as at 31 March 2010 was \$9.9 million (31 March 2009: \$9.9 million). There have been no acquisitions or disposals of goodwill during the period (31 March 2009: nil). There has been no impairment recognised against goodwill.

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to the lowest level at which the goodwill is monitored. Of the \$9.9 million; \$6.9 million relates to the Viaduct Corporate Centre CGU and \$3.0 million relates to the Showplace CGU.

The recoverable amount of a CGU is determined based on the fair value less costs to sell of the CGU. These have been determined using the market valuation of the CGU's principal assets, being investment property and for other assets, management's assessment of the market value attributable in a sale of the CGU based on knowledge and experience of similar transactions.

The key assumptions made in determining the recoverable value are as follows: disposal costs are assumed to be 2% of the property value based on historical evidence; and the market valuation of the properties has been determined on the basis outlined in Note 1: Accounting Policies. Ten years is used under the Discounted Cash Flow approach as this is normal market practice.

The market value of the deferred tax arising from depreciation and building revaluation has been attributed nil value as a sale of the CGU through the shares in the entity which comprises the CGU would not cause the deferred tax to crystallise.

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notes to the financial statements (continued)

For the year ended 31 March 2010

NOTE 15. Financial instruments by category

	Group \$M	Group \$M	Group \$M	Trust \$M	Trust \$M	Trust \$M
	Loans and receivables	Derivatives used for hedging	Financial assets at fair value through profit or loss	Loans and receivables	Derivatives used for hedging	Financial assets at fair value through profit or loss
2010						
Financial assets						
Advances to subsidiaries	–	–	–	1,135.4	–	–
Derivative financial instruments	–	–	2.2	–	–	2.1
Trade and other receivables	4.6	–	–	1.2	–	–
Cash and cash equivalents	2.4	–	–	0.1	–	–
Total	7.0	–	2.2	1,136.7	–	2.1
	Financial liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities
Financial liabilities						
Interest bearing liabilities	–	–	547.1	–	–	280.1
Derivative financial instruments	27.5	–	–	19.5	–	–
Trade and other payables	–	–	27.8	–	–	7.8
Advances from subsidiary	–	–	–	–	–	150.0
Total	27.5	–	574.9	19.5	–	437.9
	Loans and receivables	Derivatives used for hedging	Financial assets at fair value through profit or loss	Loans and receivables	Derivatives used for hedging	Financial assets at fair value through profit or loss
2009						
Financial assets						
Advances to subsidiaries	–	–	–	1,177.4	–	–
Derivative financial instruments	–	0.1	–	–	–	–
Trade and other receivables	19.1	–	–	1.6	–	–
Cash and cash equivalents	3.4	–	–	0.2	–	–
Total	22.5	0.1	–	1,179.2	–	–
	Financial liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities
Financial liabilities						
Interest bearing liabilities	–	–	549.4	–	–	433.3
Derivative financial instruments	3.3	35.2	–	–	27.7	–
Trade and other payables	–	–	37.0	–	–	5.0
Total	3.3	35.2	586.4	–	27.7	438.3

16. Trade and other payables

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Current				
Trade payables	2.2	1.7	–	–
Other payables	16.0	18.5	4.6	5.0
Related party payable	–	–	3.2	–
Accrued capital expenditure	9.6	16.8	–	–
	27.8	37.0	7.8	5.0

17. Interest bearing liabilities

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Current				
Bank loans – secured:				
Henshaw Holdings Limited facility	15.5	–	–	–
Total Current	15.5	–	–	–
Non-current				
Bank loans – secured:				
Commonwealth Bank of Australia	65.6	120.3	65.6	120.3
Westpac Banking Corporation	65.6	86.0	65.6	86.0
Bank of New Zealand	65.6	103.2	65.6	103.2
ANZ National Bank	65.6	103.2	65.6	103.2
Kiwibank	17.7	20.6	17.7	20.6
Goodman Property Trust facility	280.1	433.3	280.1	433.3
Viaduct Corporate Centre Limited facility	26.0	26.0	–	–
Henshaw Holdings Limited facility	–	15.5	–	–
Highbrook Development Limited facility	79.9	74.6	–	–
Senior secured bonds	150.0	–	–	–
Unamortised capitalised costs on senior secured bonds	(4.4)	–	–	–
Total non-current	531.6	549.4	280.1	433.3
Total borrowings	547.1	549.4	280.1	433.3

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notes to the financial statements (continued)

For the year ended 31 March 2010

17. Interest bearing liabilities (continued)

Goodman Property Trust facility

Revolving credit facilities totalling \$480.0 million (31 March 2009: \$630.0 million) have been provided as follows:

	31 Mar 10 \$M	31 Mar 2009 \$M
Commonwealth Bank of Australia	112.5	175.0
Westpac Banking Corporation	112.5	150.0
Bank of New Zealand	112.5	125.0
ANZ National Bank Facility A	37.5	100.0
ANZ National Bank Facility B	75.0	50.0
Kiwibank	30.0	30.0

These facilities are for terms of three years expiring October 2011 (31 March 2009: expiring October 2011), other than the ANZ National Bank Facility B which expires February 2011 (31 March 2009: expiring February 2011).

The facilities are secured over the assets and undertakings of Goodman Property Aggregated Limited.

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

Viaduct Corporate Centre Limited facility

Westpac Banking Corporation has provided a facility for the amount of \$52.0 million (31 March 2009: \$52.0 million) (Goodman Property Trust share: \$26.0 million) in two tranches. Tranche A is for a term of three years expiring October 2011 (31 March 2009: expiring October 2011) and tranche B is for a term of five years expiring February 2015 (31 March 2009: expiring October 2011). This facility is secured over the assets and undertakings of Viaduct Corporate Centre Limited ("VCCL") and is non-recourse to GMT. In addition, VCCL has given a negative pledge which provides that it will not create or permit any security interest over its assets. The principal financial ratios which must be met are with respect to the ratio of earnings before interest and tax to interest expense, and the ratio of financial indebtedness to the value of the property portfolio. Further negative and positive undertakings have been given as to the nature and conduct of the VCCL's business.

Henshaw Holdings Limited facility

ANZ National Bank has provided a facility for the amount of \$31.0 million (31 March 2009: \$31.0 million) (Goodman Property Trust share: \$15.5 million) for a term of three years expiring October 2010 (31 March 2009: expiring October 2010). This facility is secured over the assets and undertakings of Henshaw Goodman Limited (a wholly owned subsidiary of Henshaw Holdings Limited) ("Henshaw") and is non-recourse to GMT. In addition, Henshaw has given a negative pledge which provides that it will not create or permit any security interest over its assets. The principal financial ratios which must be met are with respect to the ratio of earnings before interest and tax to interest expense, and the ratio of financial indebtedness to the value of the property portfolio. Further negative and positive undertakings have been given as to the nature and conduct of the Henshaw's business.

Highbrook Development Limited facility

Bank of New Zealand and Commonwealth Bank of Australia have provided Highbrook Development Limited ("HDL") with facility amounts of \$110.0 million each (31 March 2009: \$110.0 million each) (\$220.0 million in total - Goodman Property Trust share: \$110.0 million). These facilities fall due in November 2011 (31 March 2009: expiring November 2011). The facilities are secured over the assets and undertakings of HDL and non-recourse to GMT. In addition, HDL has given a negative pledge which provides that it will not create or permit any security interest over its assets. The principal financial ratio which must be met is with respect to the ratio of financial indebtedness to the value of the property portfolio. Further negative and positive undertakings have been given as to the nature and conduct of HDL's business.

Senior secured bonds

On 15 December 2009, the Group issued \$150.0 million of fixed rate senior secured bonds, bearing a fixed interest rate of 7.75% per annum. The bonds mature on 19 June 2015. The Group capitalised \$4.3 million of costs associated with the issuance of the bonds. The costs are amortised over the term of the bonds. The amortised costs to 31 March 2010 were \$0.3 million. The bonds are secured over the assets owned by wholly-owned subsidiaries of Goodman Property Trust. This security is shared with the lenders under GMT's main bank facility on an equally ranking basis. A loan to value restricts total borrowings incurred by GMT and its subsidiaries to 50% of the value of the secured property portfolio. The fair value of the senior secured bonds as at 31 March 2010 is \$150.9 million which has been estimated using the method outlined in note 24(c).

18. Issued units

Reconciliation of movements in Goodman Property Trust units	Trust and Group			
	Number of units 31 Mar 10 000's	Value 31 Mar 10 \$M	Number of units 31 Mar 09 000's	Value 31 Mar 09 \$M
Balance at the beginning of the year	845,341	975.2	833,691	962.8
Movements during the year				
Issue of units pursuant to distribution reinvestment scheme	13,372	12.5	11,650	12.4
Balance at the end of the year	858,713	987.7	845,341	975.2

Units have no par value. All units are fully paid.

Net tangible assets per unit	Group 31 Mar 10 cents	Group 31 Mar 09 cents
Net tangible assets per unit	97.8	105.6
Adjusted net tangible assets per unit ⁽¹⁾	99.2	107.4

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M
Net tangible assets	839.6	892.3
Deferred tax (asset) attributable to revaluation of buildings	(5.2)	(10.8)
Derivative financial instruments liability	17.7	26.4
⁽¹⁾ Adjusted net tangible assets	852.1	907.9

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For the year ended 31 March 2010

19. Reserves

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
Property revaluation reserve ^{a)}	(50.0)	(9.4)	–	–
Cash flow hedge reserve ^{b)}	(10.9)	(28.0)	(5.0)	(20.5)
Total reserves	(60.9)	(37.4)	(5.0)	(20.5)

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
a) Property revaluation reserve				
Balance at the beginning of the year	(9.4)	125.2	–	–
Transfer to retained earnings on realisation of investment property	9.3	(3.0)	–	–
Transfer from retained earnings: gross revaluation	(49.9)	(131.6)	–	–
Balance at the end of the year	(50.0)	(9.4)	–	–

Investment property and development property from 1 April 2009 are revalued annually and changes in valuation are recognised in the comprehensive income statement. The total of each annual valuation is transferred from retained earnings to the property revaluation reserve to reflect that unrealised revaluations will not be distributed.

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
b) Cash flow hedge reserve				
Balance at the beginning of the year	(28.0)	9.4	(20.5)	8.9
Changes in fair value	–	(50.0)	–	(38.3)
Tax on fair value changes	–	15.0	–	11.5
Transfer to profit or loss	24.4	(3.4)	22.1	(3.7)
Tax on transfers to profit or loss	(7.3)	1.0	(6.6)	1.1
Balance at the end of the year	(10.9)	(28.0)	(5.0)	(20.5)

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

The changes in cash flow hedge reserve are described further in note 4.

20. (Accumulated losses)/retained earnings

	Group 31 Mar 10 \$M	Group 31 Mar 09 \$M	Trust 31 Mar 10 \$M	Trust 31 Mar 09 \$M
(Accumulated losses)/retained earnings at the beginning of the year	(35.6)	(11.6)	(185.8)	23.4
(Loss)/profit for the year	(7.0)	(74.1)	30.0	(124.7)
Transfer to property revaluation reserve	49.9	131.6	–	–
Transfer from property revaluation reserve on realisation of investment property	(9.3)	3.0	–	–
Distributions declared	(75.3)	(84.5)	(75.3)	(84.5)
(Accumulated losses)/retained earnings at the end of the year	(77.3)	(35.6)	(231.1)	(185.8)

21. Segment reporting

The chief operating decision-maker has been identified as the Board of Directors of Goodman (NZ) Limited. The board reviews the group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The key reports used by the board for considering and monitoring the business group all of the properties. As such there is only one reportable segment.

22. Events subsequent to balance date

On 11 May 2010 a cash distribution of 2.125 cents with no imputation credits attached, was declared to unitholders who are on GMT's register at 10 June 2010.

This distribution has not been recognised in the financial statements.

23. Commitments and contingencies

As at 31 March 2010, the Group had \$4.0 million of material capital commitments relating to development properties (31 March 2009: \$9.3 million). Included in the Group's capital commitments above are \$2.4 million of capital commitments of Highbrook Development Limited (31 March 2009: \$6.3 million). GMT has no capital commitments in relation to its interests in the Highbrook joint venture assets. GMT is liable to an additional amount payable of \$5.0 million in respect of land acquired at Central Park in the event of re-zoning of that property (31 March 2009: \$5.0 million).

GMT has incurred no material contingent liabilities in relation to its interests in jointly controlled entities.

Other than as disclosed in notes 2 and 3, the Group does not have any material non-cancellable operating lease commitments.

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notes to the financial statements (continued)

For the year ended 31 March 2010

24. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rates risk, credit risk and liquidity risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge interest rate risk exposures.

Risk Management is carried out under policies approved by the Board of Directors of the Manager. The Group identifies, evaluates and economically hedges financial risks. The board provides written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non derivative financial instruments, and investment of excess liquidity

(a) Market risk

(i) Foreign exchange risk

The Group has no exposure to currency risk as there are no transactions in foreign currencies.

(ii) Cash flow interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings (excluding senior secured bonds) are issued at floating rates and expose the Group to cash flow interest rate risk.

GMT is subject to an interest risk management policy adopted by GNZ. The objectives of GMT'S interest rate risk management process are to:

- ensure that GMT's interest cost outcomes are acceptable in every financial year; and
- endeavour to achieve a competitive advantage and/or prudently manage potential risks arising from possible future movements in market interest rates.

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

Where the Group raises long-term borrowings at fixed rates, it may enter into fixed-to-floating interest rate swaps to enable the cash flow interest rate risk to be managed as described above.

The following tables summarise the sensitivity of the Trust and Group's financial assets and financial liabilities to interest rate risk assuming interest rates move by 1% higher/lower with all other variables held constant. The amounts reported in the table below are before tax in the profit column and net of tax in the equity column:

24. Financial risk management (continued)

Group	Interest Rate Risk				
	Carrying Amounts \$M	-1% Profit \$M	-1% Equity \$M	+1% Profit \$M	+1% Equity \$M
2010					
Financial assets					
Cash and cash equivalents	2.4	–	–	–	–
Derivative financial instruments	2.2	–	–	–	–
Financial liabilities					
Derivative financial instruments	27.5	(7.7)	(5.4)	7.6	5.3
Interest bearing liabilities	531.6	3.8	2.7	(3.8)	(2.7)
Trade and other payables	27.8	–	–	–	–
2009					
Financial assets					
Cash and cash equivalents	3.4	–	–	–	–
Derivative financial instruments	0.1	–	–	–	–
Financial liabilities					
Derivative financial instruments	38.5	(6.6)	(18.1)	6.6	17.3
Interest bearing liabilities	549.4	5.5	3.8	(5.5)	(3.8)
Trade and other payables	37.0	–	–	–	–
Trust					
2010					
Financial assets					
Cash and cash equivalents	0.1	–	–	–	–
Derivative financial instruments	2.1	–	–	–	–
Advances to subsidiaries	1,135.4	(11.4)	(7.9)	11.4	7.9
Financial liabilities					
Derivative financial instruments	19.6	(2.8)	(2.0)	3.8	2.7
Interest bearing liabilities	280.1	2.8	2.0	(2.8)	(2.0)
Trade and other payables	7.8	–	–	–	–
Advances from subsidiary	150.0	–	–	–	–
2009					
Financial assets					
Cash and cash equivalents	0.2	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Advances to subsidiaries	1,177.4	(11.8)	(8.2)	11.8	8.2
Financial liabilities					
Derivative financial instruments	27.7	(5.4)	(13.8)	5.4	13.3
Interest bearing liabilities	433.3	4.3	3.0	(4.3)	(3.0)
Trade and other payables	5.0	–	–	–	–

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notes to the financial statements (continued)

For the year ended 31 March 2010

24. Financial risk management (continued)

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposures to customers. For banks and financial institutions, only independently rated parties are accepted. For customers the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The overall credit risk is managed with a credit policy that monitors exposures and ensures that the Group does not bear concentrations of credit risk.

The Group's maximum exposure to credit risk is best represented by the total of its receivables, related party receivables and cash and cash equivalents as shown in the balance sheet. The Group holds rental deposits in relation to certain receivables totalling \$0.4 million (31 March 2009: \$0.4 million). For certain other receivables the Group holds bank guarantees, parent company guarantees or personal guarantees and for the balance does not hold any collateral as security.

(c) Fair values

Except for the senior secured bonds, the carrying values of all balance sheet financial instruments approximate their estimated fair value.

- derivative assets are carried at fair value as discussed above.
- receivables and payables are short term in nature and are therefore approximate to fair value.
- interest bearing liabilities reprice every 90 days and are therefore approximate to fair value.

The methods used in determining fair value are as follows:

Derivative financial instruments

The Group's financial instruments held at fair value are all classified as tier two financial instruments under NZIFRS 7, meaning that they are estimated using present value or other valuation techniques based on market rates between 2.67% for the 90 day BKBM and 5.92% for the 10 year swap rate. There has been no transfers in or out of any of the tiers during the year. The fair value of the financial instruments held in tier two as at 31 March 2010 was \$25.3 million.

Non derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Interest bearing liabilities

Bank facilities reprice every 90 days and are therefore approximate to fair value. The fair value of the senior secured bonds is determined by reference to the quoted market price of the underlying debt securities.

(d) Liquidity risk

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

The tables on the following page outline the maturity profile of the Group's and Trust's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The tables on the following page outline the maturity profile of the Group's and Trust's financial liabilities.

24. Financial risk management (continued)

Group	Balance sheet \$M	Contractual cash flows \$M	6 months or less \$M	6-12 months \$M	1-2 years \$M	2-5 years \$M	More than 5 years \$M
2010							
Financial liabilities							
Payables	27.8	27.8	27.8	–	–	–	–
Interest bearing liabilities	547.1	618.0	14.4	73.4	342.4	34.9	152.9
	574.9	645.8	42.2	73.4	342.4	34.9	152.9
Interest rate swaps	27.5	63.5	7.3	7.3	13.9	26.2	8.8

2009

Financial liabilities							
Payables	37.0	37.0	37.0	–	–	–	–
Interest bearing liabilities	549.4	613.6	13.3	13.3	110.6	476.4	–
	586.4	650.6	50.3	13.3	110.6	476.4	–
Interest rate swaps	38.5	78.6	8.1	8.1	14.7	34.0	13.7

Trust	Balance sheet \$M	Contractual cash flows \$M	6 months or less \$M	6-12 months \$M	1-2 years \$M	2-5 years \$M	More than 5 years \$M
2010							
Financial liabilities							
Payables	7.8	7.8	7.8	–	–	–	–
Interest bearing liabilities	430.1	509.3	11.9	55.7	253.9	34.9	152.9
	437.9	517.1	19.7	55.7	253.9	34.9	152.9
Interest rate swaps	19.6	40.0	5.3	5.3	10.0	16.8	2.6

2009

Financial liabilities							
Payables	5.0	5.0	5.0	–	–	–	–
Interest bearing liabilities	433.3	484.1	10.5	10.5	89.8	373.3	–
	438.3	489.1	15.5	10.5	89.8	373.3	–
Interest rate swaps	27.7	55.0	6.0	6.0	10.8	24.7	7.5

Financial statements

notes to the financial statements (continued)

For the year ended 31 March 2010

25. Additional information

(a) Termination of GMT

GMT terminates on the earlier of:

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

(b) Previous manager

The previous manager, Colonial First State Property (NZ) Limited, managed GMT for the period from the inception of GMT on 23 April 1999 to 23 December 2003.

(c) Goodman Group's holding in GMT

GNZ's ultimate parent entity, Goodman Group, held 144,116,299 units as at 31 March 2010 (31 March 2009: 237,218,903) out of a total 858,712,888 units (31 March 2009: 845,341,386 units).

(d) Base management fee

The Manager was entitled to be paid monthly in arrears a base management fee calculated as follows:

- (i) If the book value of GMT's assets (other than cash and debtors), is less than, or equal to \$500 million, 0.50% per annum of such value; and
- (ii) If the book value of GMT's assets (other than cash and debtors), is greater than \$500 million, the aggregate of \$2.5 million (being 0.50% per annum of \$500 million) and 0.40% per annum of the amount by which such value exceeds \$500 million.

(e) Performance fee

The Manager was entitled to be paid a performance fee as follows:

- (i) The performance fee is equal to 10% of GMT's performance above a target return (which is calculated annually) and is capped at 5% of annual out performance (except in a period in which GNZ ceases to hold office, or GMT terminates).
- (ii) The target return is equal to the annual return on a gross accumulation index created from NZX listed property entities having a principal focus on investment in real property, excluding GMT, with the index being compiled by a suitably qualified and experienced person (currently Standard & Poor's).
- (iii) Any performance below the target return is carried forward to future periods.
- (iv) GMT will not earn a performance fee on any performance in excess of the target return plus 5% per annum. Any performance over that cap will be carried forward to future periods (except in a period in which GNZ ceases to hold office, or GMT terminates).
- (v) No performance fee is payable for any year where GMT's performance is less than 0%. However, any under or over performance is carried forward to future periods.
- (vi) Performance fees are generally paid to GNZ in the form of units. The issue price for these units is equal to the higher of market price and the net asset value per unit.

(f) Trustee information

The trustee of GMT is Perpetual Trust Limited. The Trustee was paid a fee based on a graduated scale as follows:

- (i) Up to \$200 million, 0.030% of total assets;
- (ii) Between \$200-\$300 million, 0.020% of total assets;
- (iii) Between \$300-\$400 million, 0.015% of total assets; and
- (iv) Over \$400 million, 0.010% of total assets.

26. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, while maximising the return to investors through optimising the debt and equity mix. The Group meets its objectives for managing capital through its investment decisions on the acquisition, disposal and development of assets, its distribution policy and issuing new units.

The Group's capital structure includes bank debt and equity, comprising units, reserves and retained earnings as shown in the balance sheet.

The Group is subject to imposed capital requirements arising from the Trust Deed, which requires the ratio of borrowings to the aggregate value of the property assets to be less than 50%. The Group complied with this requirement during the year.

The Group's banking covenants include certain minimum capital requirements. The Group complied with this requirement during the year.

The Group has issued senior secured bonds the terms of which require that the total borrowings of GMT and its subsidiaries do not exceed 50% of the value of property portfolio on which these borrowings are secured. The Group complied with this requirement during the year.

The Group's policies in respect of capital management are reviewed regularly by the Board of Directors of the Manager. There have been no material changes in the Group's management of capital during the year.

27. Distributions

2010 Distributions	Paid in the period		Relating to the period	
	Cents per unit	Total amount \$M	Cents per unit	Total amount \$M
Distribution for the quarter ended:				
30 June 2009	2.48	21.0	2.12	18.0
30 September 2009	2.12	18.0	2.12	18.1
31 December 2009	2.12	18.1	2.13	18.2
31 March 2010	2.13	18.2	2.13	18.2
	8.85	75.3	8.50	72.5

2009 Distributions	Paid in the period		Relating to the period	
	Cents per unit	Total amount \$M	Cents per unit	Total amount \$M
Distribution for the quarter ended:				
30 June 2008	2.53	21.1	2.57	21.5
30 September 2008	2.57	21.5	2.48	20.9
31 December 2008	2.48	20.9	2.48	20.9
31 March 2009	2.48	20.9	2.48	21.0
	10.06	84.4	10.00	84.3

Subsequent to balance date, the amount of dividends declared before the financial statements were authorised for issue but not recognised as a distribution to unitholders for the period was \$18.2 million (31 March 2009: \$21.0 million) equating to 2.13 cents per unit (2009: 2.48 cents per unit).

To the unitholders of Goodman Property Trust

We have audited the financial statements on pages 30 to 69. The financial statements provide information about the past financial performance and cash flows of the Trust and Group for the year ended 31 March 2010 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 34 to 38.

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

Manager's Responsibilities

The Directors of Goodman (NZ) Limited (the "Manager") are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Trust and Group as at 31 March 2010 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Manager and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements.

It also includes assessing:

- (a) the significant estimates and judgements made by the Manager in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Trust and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Trust or any of its controlled entities other than in our capacities as auditors and providers of advisory and other assurance services.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Trust as far as appears from our examination of those records; and
- (b) the financial statements on pages 30 to 69:
 - (i) comply with generally accepted accounting practice in New Zealand;
 - (ii) comply with International Financial Reporting Standards; and
 - (iii) give a true and fair view of the financial position of the Trust and Group as at 31 March 2010 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 11 May 2010 and our unqualified opinion is expressed as at that date.


Chartered Accountants
Auckland

investor relations+

Ensuring Unitholders are well informed is a key priority of Goodman's Investor Relations team. Regular meetings and communications, GMT's website and a dedicated toll-free number provide investors with the means to manage their investment in GMT and make informed decisions.

Annual meeting

GMT's Trust Deed requires at least one general meeting of Unitholders each year. The next Annual General Meeting is scheduled for 2 September 2010. Further details will be provided closer to the time.

Publications

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

Website

The Trust's website www.goodman.com/GMT enables investors to view information about their unitholding, download investor forms, 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 your query.

Distribution policy

The Trust typically pays its distributions quarterly in the third month that follows each quarter. For example, the distribution for the March 2010 quarter was paid in June 2010.

Distribution reinvestment plan ("DRP")

GMT currently offers a DRP for Unitholders that have registered addresses in New Zealand and a limited number of Australian 'wholesale clients', as that term is defined in section 761G of the Australian Corporations Act 2001. Unitholders who elect to participate in the DRP will receive additional Units in GMT in exchange for quarterly cash distributions. If no election is made, a Unitholder will receive distributions in the form of cash only. The last day for delivery of an election notice under the DRP is the record date for the relevant distribution.

Registrar

Computershare Investor Services Limited is the Registrar of GMT with responsibility for administering and maintaining the Trust's 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 (within New Zealand) or on +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 1142.



investor relations continued+

Top 20 Unitholders as at 30 April 2010

Rank	Holder Name	Number of units held	% of total issued units
1	Trust Company Limited	144,116,299	16.78
2	HSBC Nominees (New Zealand) Limited - NZCSD	79,598,803	9.27
3	HSBC Nominees (New Zealand) Limited A/C -NZCSD	41,290,479	4.81
4	Premier Nominees Limited Armstrong Jones Property Securities Fund - NZCSD	39,666,904	4.62
5	Investment Custodial Services Limited	33,444,324	3.90
6	Custodial Services Limited	32,103,671	3.74
7	Accident Compensation Corporation - NZCSD	25,845,191	3.01
8	National Nominees New Zealand Limited - NZCSD	22,128,049	2.58
9	FNZ Custodians Limited	19,942,155	2.32
10	BT NZ Unit Trust Nominees Limited - NZCSD	19,295,264	2.25
11	New Zealand Superannuation Fund Nominees Limited -NZCSD	13,300,056	1.55
12	MFL Mutual Fund Limited - NZCSD	12,372,357	1.44
13	Forsyth Barr Custodians Limited	12,303,400	1.43
14	Citibank Nominees (New Zealand) Limited - NZCSD	12,194,316	1.42
15	Custodial Services Limited	9,603,227	1.12
16	Tea Custodians Limited - NZCSD	8,105,540	0.94
17	Forsyth Barr Custodians Limited	7,036,136	0.82
18	Premier Nominees Ltd - ING Wholesale Australasian Share Fund - NZCSD	6,619,928	0.77
19	ING (New Zealand) Nominees Limited - NZCSD	6,413,449	0.75
20	Mint Nominees Limited - NZCSD	5,345,128	0.62
	Units held by Top 20 Unitholders	550,724,676	64.13
	Balance of Units held	307,988,204	35.87
	Total of issued Units	858,712,880	100.00

Unitholder distribution as at 30 April 2010

Unitholding range	Number of Unitholders	Number of Units
1 to 499	51	11,342
500 to 999	66	48,536
1,000 to 1,999	221	303,247
2,000 to 4,999	1150	4,009,654
5,000 to 9,999	2043	14,221,385
10,000 to 49,999	5345	114,249,997
50,000 to 99,999	705	45,579,003
100,000 to 499,999	398	69,282,208
500,000 to 999,999	13	8,387,317
1,000,000 and above	45	602,620,191
Total	10,037	858,712,880

Substantial Unitholder distribution as at 30 April 2010

As at 30 April 2010 the following Unitholders held an interest in 5% or more of Units on issue and have filed substantial securityholder notices in accordance with the Securities Markets Act 1988 ¹:

Unitholder	Number of units held
Goodman Limited	144,164,365 ²
Goodman Funds Management Limited	144,164,365 ²
Goodman Industrial Trust	144,164,365 ²
Tallina Pty Limited	144,164,365 ²
Trust Company Limited	144,164,365 ²
ANZ National Bank Limited, ING (NZ) Holdings Limited, ING (NZ) Limited	73,860,424
DIAM Co., Limited	70,753,911

¹ The numbers of Units listed above are as per the last substantial securityholder notices filed. As these notices are required to be filed only if the total holding of a Unitholder changes by 1% or more since the last notice filed, the numbers noted in this table may differ from those shown in the list of top 20 Unitholders on page 72.

² Due to the breadth of the definition of 'Substantial Securityholder' in the Securities Markets Act 1988 and the nature of Goodman Group's corporate structure, the list above requires Goodman Group's holding in GMT to be shown through multiple entities each holding differing (i.e. legal or beneficial) interests. The total holding of Goodman Group as at the date of its last substantial securityholder notice lodged is 144,164,365 Units.

glossary+

\$ and cents	New Zealand currency.
Annual Report or Report	this annual report of GMT.
Associated Persons	has the meaning given to that term in the Listing Rules.
ASX	ASX Limited or any market operated by it, as the context requires.
Balance Date	31 March 2010.
Board	the board of directors of the Manager and the Issuer.
Bondholder	a person whose name is recorded in the register as the holder of a Goodman+Bond.
CEO	the Chief Executive Officer of the Manager.
Chairman	chairman of the Board.
Co-ownership Agreement	the agreement of that name between the Manager, Goodman Property Aggregated Limited, the Trustee, Goodman Funds Management Limited as responsible entity of Goodman Industrial Trust, Tallina Pty Limited as trustee of Penrose Trust, and Trust Company Limited as custodian of Tallina Pty Limited, dated 1 April 2004 as amended by the Restructuring Agreement between the same parties dated 7 March 2005, relating to the buying, selling and holding of property by the Trust and Goodman Group in 50/50 shares.
Director	a director of the Manager and the Issuer.
DRP	the distribution reinvestment plan for the Trust in operation from time to time.
GIT	Goodman Industrial Trust and its controlled entities, as the context requires.
GL	Goodman Limited and its controlled entities, as the context requires.
Goodman Group or GMG	GL and GIT, operating together as a stapled group. Where either GL or GIT is party to a contract or agreement or responsible for an obligation or liability, without the other, all references to Goodman Group as concerns that contract, agreement or responsibility shall be to that party alone.
Goodman+Bond	a bond issued by GMB.
GPSNZ	Goodman Property Services (NZ) Limited.
HBPL	Highbrook Business Park Limited.
HDL	Highbrook Development Limited.
Independent Director	has the meaning given to that term in the Listing Rules which, for the Manager and the Issuer at the date of this Report, are Rick Bettle, Susan Paterson, Phil Pryke and Keith Smith.
Issuer or GMB	GMT Bond Issuer Limited, a wholly owned subsidiary of Goodman Property Trust.
Listing Rules	the Listing Rules of NZX from time to time and 'LR' is a reference to any of those rules.
Management	the senior executives of the Manager.
Manager or GNZ	the manager of the Trust, Goodman (NZ) Limited.
NTA	net tangible assets.
NZ IFRS	New Zealand Equivalents to International Financial Reporting Standards.
NZX	NZX Limited or any market operated by it, as the context requires.
Registrar	the unit registrar for GMT and Goodman+Bond registrar for GMB which, at the date of this Report, is Computershare Investor Services Limited.
sqm	square metres.
Trust Deed	the GMT trust deed dated 23 April 1999, as amended from time to time.
Trust or GMT	Goodman Property Trust and its controlled entities, including GMB, as the context requires.
Trustee	the trustee of the Trust, Perpetual Trust Limited.
Unitholder or unitholder	any holder of a Unit.
Unit or unit	a unit in GMT.

corporate directory+

Manager of the Trust

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

PO Box 90940
Victoria Street West
Auckland 1142

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

Issuer of Goodman+Bonds

GMT Bond Issuer Limited
Level 3, Q & V Building
203 Queen Street
Auckland Central

PO Box 90940
Victoria Street West
Auckland 1142

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

Directors of GNZ and GMT Bond Issuer Limited

Chairman and Independent Director

Keith Smith

Independent Directors

Rick Bettle
Susan Paterson
Phil Pryke

Non-executive Directors

Gregory Goodman
James Hodgkinson

Registrar

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Auckland

Private Bag 92119
Auckland 1142

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

Auditors

PricewaterhouseCoopers
PricewaterhouseCoopers Tower
188 Quay Street
Auckland

Private Bag 92162
Auckland 1142

Trustee

Perpetual Trust Limited
Level 12, AMP Centre
29 Customs Street West
Auckland

PO Box 3376
Shortland Street
Auckland 1140

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This Annual Report for the year ended 31 March 2010 has been prepared by Goodman (NZ) Limited as the Manager of GMT. The information in this Annual Report is general information only. It is not intended as investment or financial advice and must not be relied upon as such. You should obtain independent professional advice prior to making any decision relating to your investment or financial needs. This Annual Report is not an offer or invitation for subscription or purchase of securities or other financial products. Past performance is no indication of future performance. All values are expressed in New Zealand currency unless otherwise stated. June 2010.



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