

building+  
on strong foundations

Goodman<sup>+</sup>





GMT is a progressive property business with a strong financial base. A proven development capability enhances the portfolio and builds Unitholder value over time.

## contents+

### Goodman Property Trust Annual Report 2011

Results overview and highlights	02
Chairman's and Chief Executive Officer's report	04
Chief Financial Officer's report	08
Operational review	10
At your service 24/7	12
The Crossing at Highbrook	14
Committed to Christchurch	16
Directors	18
Executives	20
Property portfolio	22
Corporate governance	24
Financial statements	29
Independent auditors' report	74

### GMT Bond Issuer Limited Annual Report 2011

Chairman's letter	76
Corporate governance	77
Directors' disclosure	79
Financial statements	80
Independent auditors' report	95

### Other information

Investor relations	97
Glossary	100
Corporate directory	101

This document includes the annual reports of Goodman Property Trust and GMT Bond Issuer Limited for the year ended 31 March 2011.

+ The Units in Goodman Property Trust are listed on the NZX and have the ticker code of GMT

+ Bonds issued by GMT Bond Issuer Limited, a wholly-owned subsidiary of Goodman Property Trust, are listed on the NZDX under the ticker code of GMB010

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

In these Annual Reports, references to the previous period or 31 March 2010 relates to the financial year ended 31 March 2010 for GMT and the financial period ended 31 March 2010 for GMT Bond Issuer Limited.

# a platform for tomorrow+

## highlights+

Weighted  
average  
lease term

5.6 years

Occupancy  
across the  
portfolio

97%

Net debt as a  
percentage of  
property assets

36.7%

Total  
assets

\$1.6 billion

Market  
capitalisation

\$868 million

Distributable  
earnings after tax

\$78 million

Cash distribution  
paid to Unitholders

7.74 cpu

## results overview+

	31 March 2011	31 March 2010 (Restated)
Distributable earnings before interest and taxation (\$M)	101.1	99.4
Distributable earnings after taxation (\$M)	78.0	77.5
Net change in value of property investments (\$M)	(24.8)	(49.9)
Net profit after taxation (\$M)	36.7	2.8
Distributable earnings per unit (cpu)	8.79	9.10
Total assets (\$M)	1,618.0	1,510.4
Total property assets (\$M) <sup>1</sup>	1,576.1	1,474.1
Total borrowings (\$M) <sup>2</sup>	578.4	544.7
Adjusted NTA backing per unit (cpu) <sup>3</sup>	97.3	100.4
Underlying total borrowings to total property assets (%) <sup>1,2</sup>	36.7	37.0
Management expense ratio (%) <sup>4</sup>	0.55	0.52

<sup>1</sup> Includes GMT's proportionate share of jointly controlled entities.

<sup>2</sup> Total borrowings net of cash.

<sup>3</sup> Adjusted for derivative financial instruments.

<sup>4</sup> Excludes accrued performance fee at 31 March 2010.

The prior year result has been restated following a change in the Trust's accounting policies.  
GMT is an early adopter of the amendment to NZ IAS 12 Income Taxes.

Active management and the consistent rental cashflows generated by the Trust's high quality property portfolio underpinned this year's solid operating result.

The Board and Management Team are pleased to present investors with GMT's Annual Report for the year ended 31 March 2011. It has been a busy period that has included significant leasing transactions, renewed investment activity and further capital management initiatives.

GMT has recorded a sound operating performance over the 12 months and delivered a distributable earnings result consistent with expectations.

Achieving this stable result, given the challenging business conditions that have persisted, represents an excellent outcome. Total revenue increased 3.6% to \$137.5 million while distributable earnings before interest and tax increased 1.7% to \$101.1 million.

With a sluggish economy and a competitive leasing environment restricting rental growth, the increase in revenue was mainly attributable to strategic acquisitions and the contribution from completed development projects.

While recent refinancing initiatives have extended the term and diversity of the Trust's debt facilities, they have contributed to higher financing costs and a 2.0% reduction in distributable earnings before tax to \$77.5 million.

A tax credit boosted distributable earnings after tax to \$78.0 million or 8.79 cents per unit. Adjusting for the benefit of this credit, distributable earnings after tax were 8.58 cents per unit, directly in-line with the market guidance provided in the Interim Report.

The reconciliation between distributable earnings and reported profit includes the impact of non-cash items. Movements in these items resulted in an after tax profit of \$36.7 million, compared to a restated profit of \$2.8 million for the previous year.

The \$33.9 million (or 1,211.9%) lift in profitability reflects a relatively stronger valuation result this year, although the portfolio recorded a small decline of 1.5%.

While the devaluation and other non-cash movements have no impact on distributable earnings, they contribute to a reduction in adjusted net tangible assets from 100.4 cents per unit last year (restated) to 97.3 cents per unit at 31 March 2011.

John Dakin, Chief Executive Officer and Keith Smith, Chairman survey the development site for The Crossing at Highbrook Business Park.



The consistency of the Trust's recent operating results and the strength of its balance sheet position is testimony to an effective business strategy.



Viridian facility at Highbrook Business Park, East Tamaki, Auckland.

Building Manager, Rochelle Reuelu meeting with a contractor at New Zealand Post, Highbrook Business Park, East Tamaki, Auckland.

Inside the Carter Holt Harvey packaging plant in Hornby, Christchurch.

#### Capital management

Further capital management initiatives were undertaken during the year to diversify and extend the Trust's sources of funding.

A comprehensive refinancing programme was completed with \$487.0 million of bank facilities renewed on revised terms. This bank refinancing was supplemented with a \$45.0 million wholesale bond issue.

Together, the bank refinancing and bond issue add more than a year to the weighted term of the Trust's debt profile. At 31 March 2011 the average remaining term is 3.4 years, compared to 2.2 years 12 months earlier.

To ensure the Trust maintains an optimal level of debt with sufficient funding capacity to take advantage of emerging opportunities, new equity initiatives were also undertaken.

The Distribution Reinvestment Plan was underwritten for three consecutive quarters and in recognition of GMT's unique blend of investment and development activity the Trust's distribution policy was also amended.

The Board believes that retaining additional earnings to help fund the Trust's activities will ultimately contribute to greater capital growth for Unitholders. The decision to pay out around 80% of distributable earnings represents a change from the previous policy of paying out around 90%.

The amended policy will apply from the first quarter distribution of the 2012 financial year, due to be paid in September 2011.

At 31 March 2011, net borrowings represent 36.7% of GMT's property assets, compared to 37.0% in the previous year. The level of debt is at the lower end of the Board's target band of 35-40% and significantly below the 50% maximum allowed under the new banking covenants.

#### Property portfolio

Active management and dedicated customer service contributed to this year's solid leasing performance with more than 135,000 sqm of space secured on new or revised terms.

This leasing success has helped maintain high occupancy levels across the portfolio ensuring that rental cashflows were maximised and distributable earnings targets were achieved.

Portfolio highlights include:

- + managing the impact of the Canterbury earthquakes, ensuring the safety of our Christchurch customers and the continuation of their business operations;
- + two strategic acquisitions;
- + four new development commitments totalling almost 12,000 sqm; and
- + achieving 97% occupancy and a weighted average lease term of 5.6 years at 31 March 2011.

The \$18.3 million of new development commitments secured during the year was extended with the announcement in April 2011 of The Crossing, an exciting mixed use development at Highbrook Business Park. More detail on this unique development is provided from page 14.

#### Outlook and guidance

The consistency of the Trust's recent operating results and the strength of its balance sheet position is testimony to an effective business strategy that has dealt with the challenges of a weaker economy, tighter credit markets and a cyclical property downturn.

GMT will continue to be managed prudently with its strategy tailored to take advantage of a strengthening property market and the Trust's unique development capability.

While an improving economic environment is expected to lift occupier demand, flat rental growth and increased financing costs will negatively impact on short-term earnings. The medium to long-term outlook is more positive with stronger rental growth and improving investment sentiment likely to benefit the Trust.

GMT's distributable earnings for the 2012 financial year are expected to range between 8.4 and 8.6 cents per unit on a pre-tax basis, and between 7.7 and 7.9 cents per unit after tax. Under its rebased retention policy the cash distributions paid to Unitholders are expected to range between 6.2 and 6.3 cents per unit.

With recent investment and development activity matched to new equity initiatives, the Trust has been able to take advantage of strategic opportunities that enhance the overall portfolio.

Retaining additional earnings will help fund this activity and contribute to the development led growth that augments the stable income returns generated from the investment portfolio.

On behalf of the Board and Management.

  
Keith Smith  
Chairman

  
John Dakin  
Chief Executive Officer

## chief financial officer's report

GMT is an established and resilient property business that has generated over \$350 million of distributable earnings since 2007. The consistency of these operating results, shown below, reflects an adaptable strategy that dealt with the challenges of a global credit crisis and a prolonged recession.

Financial markets have changed markedly over the last five years and GMT has been managed in a prudent way that has maintained the Trust's strong balance sheet position while allowing it to take advantage of strategic growth opportunities.

Operating results year ended 31 March	2011 (\$M)	2010 <sup>4</sup> (\$M)	2009 (\$M)	2008 (\$M)	2007 <sup>1</sup> (\$M)
Net rental income	108.7	106.2	103.7	95.8	83.8
Administrative expenses <sup>2</sup>	(7.6)	(6.8)	(7.3)	(6.3)	(5.3)
<b>Distributable earnings before interest and tax</b>	<b>101.1</b>	<b>99.4</b>	<b>96.4</b>	<b>89.5</b>	<b>78.5</b>
Interest <sup>3</sup>	(23.7)	(20.2)	(9.4)	(16.1)	(20.5)
<b>Distributable earnings before tax</b>	<b>77.5</b>	<b>79.2</b>	<b>87.0</b>	<b>73.4</b>	<b>58.0</b>
Tax	0.5	(1.7)	(3.2)	(4.7)	(3.4)
<b>Distributable earnings after tax</b>	<b>78.0</b>	<b>77.5</b>	<b>83.8</b>	<b>68.7</b>	<b>54.6</b>

Distributable earnings before tax (cpu)	8.74	9.31	10.38	10.59	10.21
Distributable earnings after tax (cpu)	8.79	9.10	10.00	9.90	9.60
Less retained earnings (cpu)	1.05	0.60	-	-	-
Cash distributions (cpu)	7.74	8.50	10.00	9.90	9.45

Note: Values in table above may not appear to sum accurately due to rounding.

- 1 Distributions paid for the 2007 year 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.
- 4 The 2010 result has been restated following a change in the Trust's accounting policies. GMT is an early adopter of the amendment to NZ IAS 12 Income Taxes.

The combination of debt and equity initiatives undertaken in response to these challenges has differentiated GMT from its listed peers. It has been a comprehensive and sustained programme that has enhanced the Trust, creating a more robust and sustainable business.

This strategy is ongoing and further progress has been made over the last 12 months, extending and diversifying the Trust's sources of capital funding.

GMT is unique in the listed property sector in that it has obtained a credit rating and has issued debt securities. The investment grade credit rating of BBB, assigned from Standard & Poor's, reflects the strength and stability of the business.

These key characteristics supported another successful bond issue in 2010. The \$45.0 million wholesale bond, which expires in 2017, complements the earlier retail bond and further reduces the Trust's reliance on bank funding.

More than a third of GMT's current debt funding is now provided through its bond programme, rated BBB+ by Standard and Poor's.

Refinancing existing bank facilities has also improved the debt expiry profile of the Trust. New terms were negotiated for bank facilities totalling \$487.0 million during the year. The renewed and extended facilities provide a more staggered expiry profile for the Trust. At 31 March 2011 GMT's debt facilities had a weighted average term to expiry of 3.4 years.

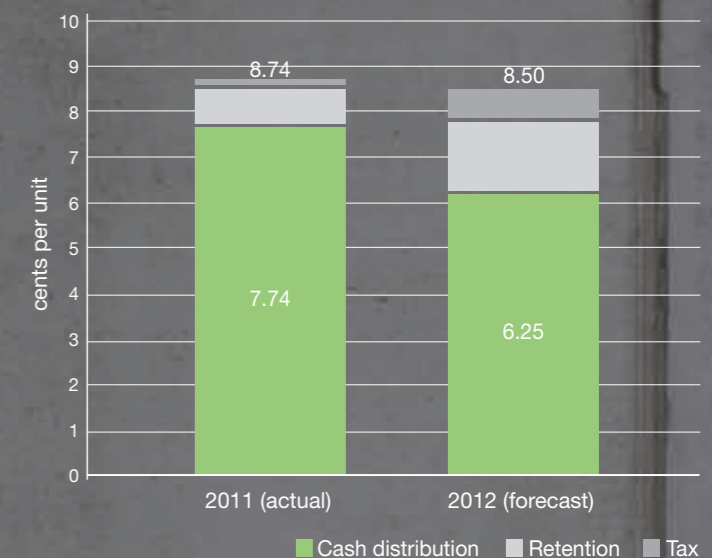
The strength of GMT's balance sheet and a more competitive credit market means banks have recently become more flexible with their lending terms and conditions. The Trust has a current loan to value ratio of 36.7%, compared to a covenant of 50%, while its interest cover ratio of 2.4 times is well above the 2.0 minimum required under its main facility.

While the availability of debt funding is improving, higher lending margins and the costs associated with the bond programme have contributed to higher interest costs overall. This increase has contributed to a 6% reduction in distributable earnings before tax, on a per unit basis, between 2010 and 2011.

The forecast for the 2012 financial year is presented in the chart to the right and is compared to the actual result for 2011. Distributable earnings before tax are expected to range between 8.4 cents and 8.6 cents per unit, with 8.5 cents per unit being the middle of the guidance range. The reduction from the 8.74 cents achieved in 2011 reflects the current economic environment and the cost of recent refinancing and equity initiatives.

The comparison chart shows that a higher effective tax charge and a greater level of retained earnings will also impact on cash distributions.

### Distributable earnings



The mid-point of the forecast range for cash distributions is 6.25 cents per unit, compared to the 7.74 cents paid to Unitholders this year. This is a tax paid distribution that equates to pre-tax yield of almost 10% for a 33% marginal tax payer at a trading price of 95 cents.

The higher tax charge relates to the removal of building depreciation deductions from 1 April 2011. The impact of this legislative change was noted in last year's Annual Report and will impact on all commercial property owners. The Trust's effective tax rate is now expected to range between 6% and 12% in a typical year.

Future cash distributions have also been impacted by the revision to GMT's distribution policy. Around 20% of distributable earnings will now be retained and reinvested back into the business. The Board's decision to retain additional earnings will help meet the funding requirements of the Trust's investment and development programmes, ultimately contributing to greater capital growth for Unitholders.

*Andy Eakin*

Andy Eakin  
Chief Financial Officer



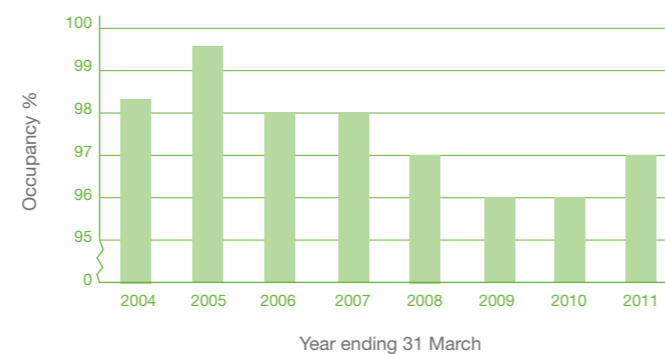
Peter Dufaur, General Manager Development and Murray Barclay, General Manager Property onsite at Enterprise Park, Wiri.

GMT is an established and successful property business with a premium portfolio and a high quality customer base.

Active management and a customer service focus complement the physical property offering, helping maintain occupancy levels and ensuring that the portfolio delivers stable income returns.

Strong leasing results have maintained portfolio occupancy in a narrow range over the last eight years, averaging an impressive 97%.

**Portfolio occupancy**



Further leasing success was achieved this year with more than 135,000 sqm of space, representing around 15% of the total portfolio, secured on new or revised terms.

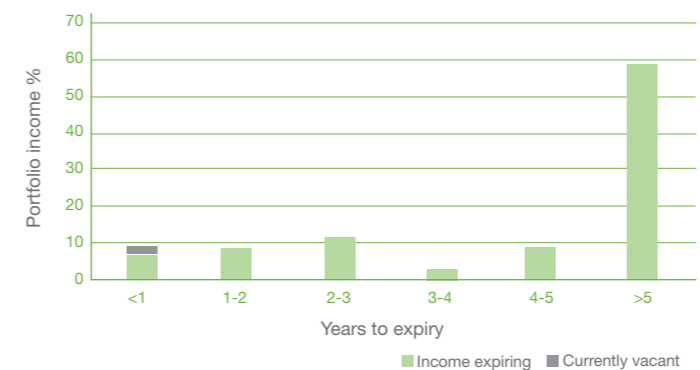
operational review

Key leasing transactions included:

- + electricity network provider, Vector extending its lease over 5,700 sqm of office space at 101 and 103 Carlton Gore in Newmarket for a further nine years;
- + consumer products supplier, Kimberly-Clark renewing its lease for a further six years, over 9,000 sqm of office and warehouse space at M20 Business Park in Wiri;
- + new customer, Metropack committing to a five year lease over 3,500 sqm of space at Gateside Industry Park in Penrose; and
- + printing company, PMP (NZ) Limited committing to 2,185 sqm of new office space and 18,450 sqm of refurbished warehouse space at Enterprise Park in Wiri.

This leasing activity has helped GMT preserve its weighted average lease term at 5.6 years. The benefit of an extended average lease term is that it secures rental cashflows well into the future.

**Lease expiring profile<sup>1</sup>**



<sup>1</sup> This chart represents the portfolio upon completion of commenced developments and pending settlements.

It is the consistency of these income streams that has supported GMT's stable operating performance through the more challenging economic environment of recent years.

**Valuations**

The sluggish economic environment that has persisted has also impacted on the investment market, putting downward pressure on property values. GMT's portfolio is not immune to these wider market movements and has recorded a \$24.8 million or 1.5% devaluation as a result.

With the portfolio capitalisation rate remaining stable at 8.6%, movements in asset values were attributable to property specific variables and the independent valuer's market rental assumptions.

The extent of the decline is relatively small given the scale of the portfolio at \$1.6 billion. A recent improvement in investment sentiment means the valuation outlook for the prime industrial and business space sectors is more positive.

**Investment and development activity**

GMT took advantage of the subdued property market to make two strategic acquisitions during the year. These purchases complement

the existing portfolio and reinforce GMT's commitment to the Christchurch market. These include:

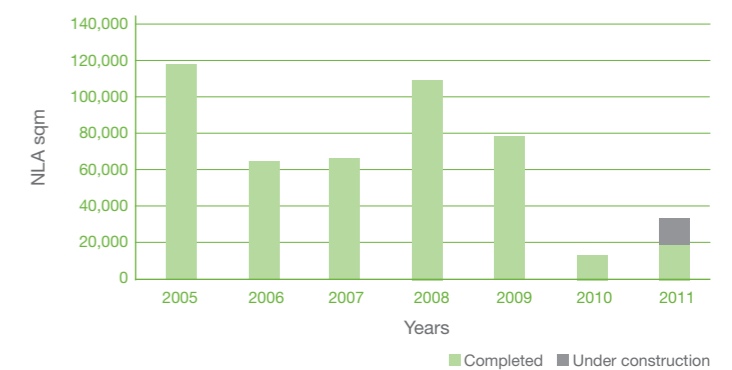
- + the acquisition of the remaining 50% interest in Show Place Office Park in Addington, from GMT's joint venture partner, for \$23.0 million; and
- + the purchase of the Carter Holt Harvey packaging plant in Hornby for \$12.5 million.

In addition to these acquisitions, further development progress has enabled GMT to extend its property offering and grow its customer base.

New commitments were secured from:

- + Bridgestone at M20 Business Park, Wiri;
- + Downer EDI at Glassworks Industry Park, Christchurch; and
- + Plytech Industries at Highbrook Business Park, East Tamaki.

**Development completions**



These development projects, together with a new office extension for PMP (NZ) at Enterprise Park, have a total project cost of \$18.3 million and provide an additional 12,000 sqm of office and warehouse space.

The Trust's development programme has been an important component of a strategy that has added almost 500,000 sqm of new space to the portfolio since 2004.

This development activity has continually enhanced the portfolio and unlocked significant value for Unitholders. New developments completed during the year provided a yield on cost of 8.8% and realised almost \$6.0 million of development profit when valued at 31 March 2011, adding around half a cent to NTA.

Development led growth is expected to be an increasing driver of Unitholder returns as investment markets recover and improving business confidence motivates customers to seek property solutions that better meet their operational requirements.

This environment will also provide opportunity for GMT to dispose of less growth orientated assets and recycle the capital into its value enhancing development programme.

# we own+ we manage+



The portfolio is home to over 220 customers who represent a broad range of industries.

At your  
service  
24/7

Food and agriculture 4.3%

Utilities 6.3%

Other 7.3%

Consumer services and supplies 14.4%

Commercial services and supplies 17.6%

Transportation and warehousing 30.3%

Manufacturing 19.9%



Every customer within the Goodman portfolio has access to a team of property professionals committed to ensuring their property requirements are met each and every day.

Asset Managers, Building Supervisors, a Landscape Manager and other support staff are all focused on delivering Goodman's comprehensive service commitment.

Complementing this team is a dedicated service desk that can be contacted 24/7 to resolve any property related issues. Additional online functionality allows complete visibility of a service request, the majority of which are resolved within three days.

Engineering Manager, Ed Kidd is one of the key Goodman personnel responsible for delivering a consistent and high quality

The variety and scope of this work and the significant amount of capital GMT reinvests back into its portfolio are demonstrated in two recent projects.

The Vector Centre in Carlton Gore Road, Newmarket is undergoing a rolling refurbishment that will extend the operational life of the building while maintaining its superior quality grade rating.

Undertaking the \$3.4 million upgrade was a key consideration in the customer's decision to extend its lease over the property for a further nine years.

Ed and his team also oversaw the installation of loading dock levellers at the SCA Hygiene facility at The Gate Industry Park in Penrose. This initiative improved warehouse access for the customer and enhanced its delivery vehicle capability.

The \$1.5 million project included the refurbishment and reconfiguration of existing office space.

It is the direct involvement of the Goodman team and the strict quality guidelines adhered to that ensure the Trust's portfolio is



property offering to the Trust's customers. With a team of eight, Ed has the resources to manage the day-to-day maintenance requirements of the Trust while also delivering a range of larger capital projects. These could range from air conditioning optimisation through to a complete building refurbishment.

maintained to a superior industry standard. The emphasis on quality together with a customer focused service philosophy differentiates GMT and helps build lasting relationships with its customers.

# developing the heart of highbrook+

The Crossing is the exciting next stage in the development of a complete business town at Highbrook.

The creation of a retail and commercial hub has been an integral component of the Highbrook masterplan.

With over 230,000 sqm of industrial and business space already completed, The Crossing is the next step in the realisation of a world class business park.

The 24,700 sqm mixed use development will combine serviced apartment accommodation with 17,300 sqm of commercial office space and 4,400 sqm of retail and hospitality type amenity.

Featuring six buildings arranged around a podium base and linked by an open air plaza, the complex will bring together people and commerce creating an entire business community in one vibrant and prominent location.

To be completed in discrete stages to meet demand, The Crossing is forecast to have a total project cost of around \$91.7 million, providing a yield on cost of 8.45% once fully developed and income producing.

Stage One of The Crossing has now commenced with commitments for a Quest branded serviced apartment complex and retail outlets for New Zealand Post and Westpac. Additional pre-commitments from other retail customers are also being finalised.

Construction of the initial phase is expected to be completed by early 2013 with subsequent stages likely to occur over the next five to seven years. The development is being undertaken by Highbrook Development Limited, the joint venture entity in which GMT has a 50% interest.



Surrounded by parkland and recreational areas, and located close to main arterial routes, Highbrook is the perfect location for a wide range of businesses.



Artist's impression of The Crossing once fully developed.

# Committed to Christchurch+

Overcoming adversity and managing the unexpected has been the challenge for Canterbury residents and businesses since September 2010.



The Trust was fortunate that the location and design of its four estates meant they sustained only superficial damage in the series of earthquakes and aftershocks that have struck since September 2010.

Having dedicated local staff allowed Goodman to respond quickly to the second major earthquake in February 2011. After ensuring the immediate safety of his customers, Portfolio Manager Mike Prentice and his team were able to call on the wider resources of the business for support.

Access to immediate engineering and technical support ensured there were no delays in getting GMT's buildings inspected and certified as safe to occupy. As a result, most customers' business operations were able to resume within a few days of the quake.

A flexible leasing strategy and a genuine desire to help meant that the Property Services Team were kept busy in the days after the earthquake finding alternative accommodation for displaced local businesses and relief organisations.

Overwhelming demand meant any available office space in the portfolio was quickly occupied. The Goodman Management Office at Show Place Office Park is even being shared with local law firm, Anthony Harper.

Despite the devastating impact of the last 12 months, the province remains a key driver of the national economy and one of the country's largest property markets. With more than 90,000 sqm of industrial and business space in Christchurch, GMT has a long-term commitment to the region and a vested interest in its recovery.

GMT invests in its property portfolio to ensure its customers' premises are well matched to their operational requirements. Having well-located, modern and efficient facilities help these businesses prosper.

This investment and the long-term relationships that the Trust seeks to build with its customers means GMT has a significant stake in the well-being of its local communities.

Events in Canterbury over the last 12 months have shown just how important this commitment is. With 24 customers, over 1,700 investors and more than \$150.0 million of its portfolio located in Christchurch, GMT has a real interest in the long-term prosperity of the region.

Show Place Office Park in Addington is GMT's largest Christchurch asset. It is a premium quality, campus style office park where the latest buildings have been designed to a Green Star specification.



Law firm Anthony Harper have temporarily moved into Goodman's office after the 22 February earthquake. Pictured from left to right are Partners, Murray Weakley and Tim Barclay with Mike Prentice, Goodman's Christchurch Portfolio Manager.



**Phil Pryke**

Non-executive Director

Phil is a director of Co-Investor Group, a Director of Goodman Group, the Deputy Chairman of Contact Energy, Chairman of Digital Performance Group Limited (formerly 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.



**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 28 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.



**James Hodgkinson**

Non-executive Director

James was Chief Executive Officer of Macquarie Industrial Trust for six years prior to its merger with Goodman Industrial Trust. He is also a director of Goodman Group and J-REP Co. Ltd. With over 24 years of experience in property fund management, investment banking and chartered accounting, James has specialist real estate and funds management expertise including 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. Her other directorships include the Electricity Authority, Housing New Zealand, the Eco Labelling Trust, Les Mills Holdings Limited and Abano Healthcare Group Limited. Past directorships include Transpower NZ Limited, St Cuthbert's College and Ports of Auckland.



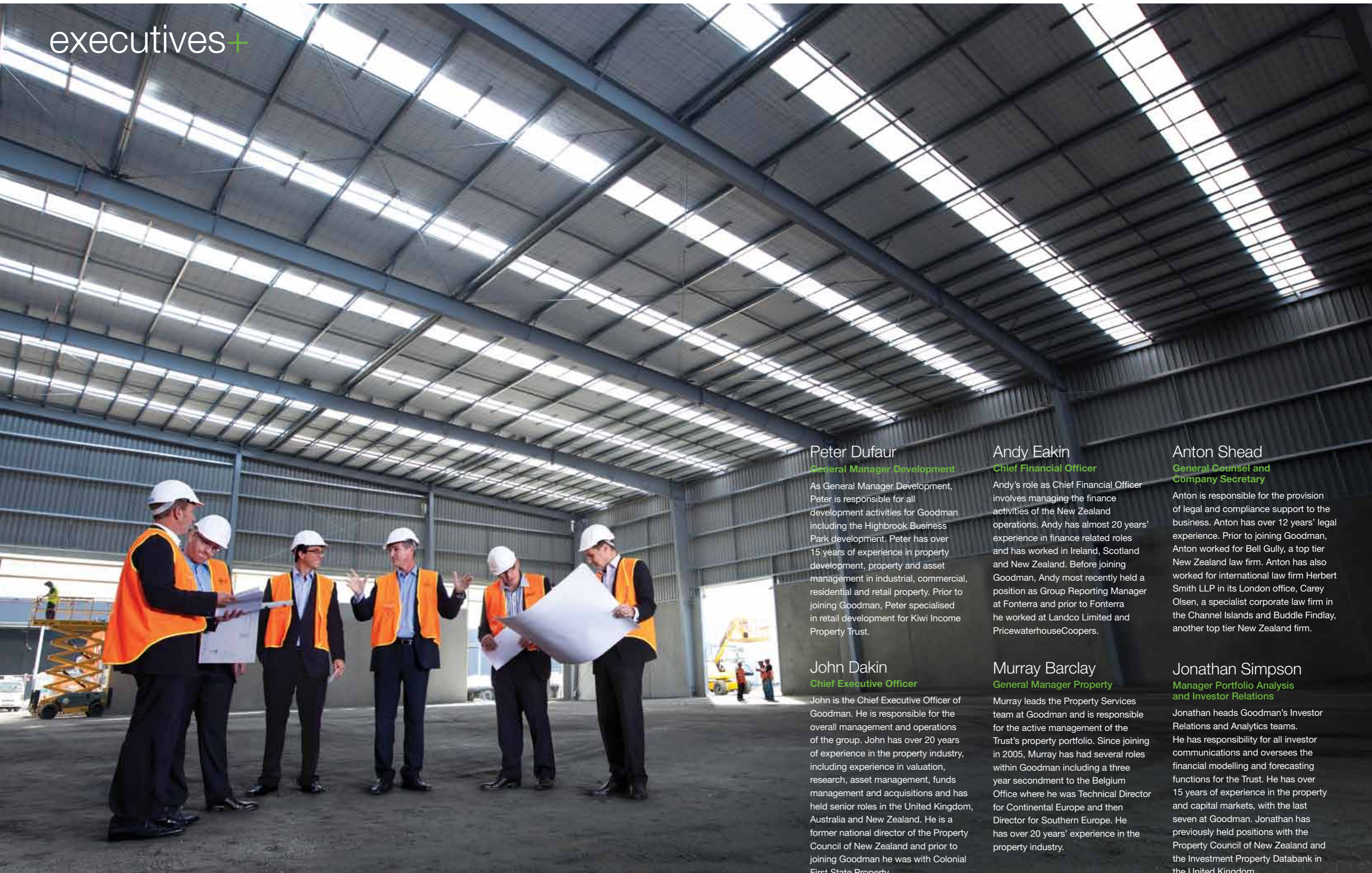
**Keith Smith**

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 Deputy 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 PGG Wrightson Limited and 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.



PARKING DECK OVER  
(C1-C71)



**Peter Dufaur**

**General Manager Development**

As General Manager Development, Peter is responsible for all development activities for Goodman including the Highbrook Business Park development. Peter has over 15 years of experience in property development, property and asset management in industrial, commercial, residential and retail property. Prior to joining Goodman, Peter specialised in retail development for Kiwi Income Property Trust.

**Andy Eakin**

**Chief Financial Officer**

Andy's role as Chief Financial Officer involves managing the finance activities of the New Zealand operations. Andy has almost 20 years' experience in finance related roles and has worked in Ireland, Scotland and New Zealand. Before joining Goodman, Andy most recently held a position as Group Reporting Manager at Fonterra and prior to Fonterra he worked at Landco Limited and PricewaterhouseCoopers.

**Anton Shead**

**General Counsel and Company Secretary**

Anton is responsible for the provision of legal and compliance support to the business. Anton has over 12 years' legal experience. Prior to joining Goodman, Anton worked for Bell Gully, a top tier New Zealand law firm. Anton has also worked for international law firm Herbert Smith LLP in its London office, Carey Olsen, a specialist corporate law firm in the Channel Islands and Buddle Findlay, another top tier New Zealand firm.

**John Dakin**

**Chief Executive Officer**

John is the Chief Executive Officer of Goodman. He is responsible for the overall management and operations of the group. 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.

**Murray Barclay**

**General Manager Property**

Murray leads the Property Services team at Goodman and is responsible for the active management of the Trust's property portfolio. Since joining in 2005, Murray has had several roles within Goodman including a three year secondment to the Belgium Office where he was Technical Director for Continental Europe and then Director for Southern Europe. He has over 20 years' experience in the property industry.

**Jonathan Simpson**

**Manager Portfolio Analysis and Investor Relations**

Jonathan heads Goodman's Investor Relations and Analytics teams. He has responsibility for all investor communications and oversees the financial modelling and forecasting functions for the Trust. He has over 15 years of experience in the property and capital markets, with the last seven at Goodman. Jonathan has previously held positions with the Property Council of New Zealand and the Investment Property Databank in the United Kingdom.

Executives pictured from left to right include: Peter Dufaur, Andy Eakin, Anton Shead, John Dakin, Murray Barclay and Jonathan Simpson.

## Property summary

Property	Location	Asset class	GMT ownership %	Lettable area <sup>1</sup> sqm	Valuation \$M	Market cap rate %	Occupancy %	WALE <sup>2</sup> years	Key customers
<b>Highbrook Business Park</b>									
+ HDL Assets	Highbrook Drive, East Tamaki, Auckland	Business park	50	147,606	269.3	7.25 - 8.38	100	8.3	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	83,219	147.3	7.75 - 9.00	99	6.2	DHL, McPherson's Consumer Products, CSR Building Products, Cottonsoft, Big Chill Distribution, Synnex NZ, BMW, NZ Post, Westpac
<b>M20 Business Park</b>	70 - 100 Plunket Avenue, Wiri, Auckland	Business park	100	78,096	101.0	7.75 - 8.88	100	5.2	Frucor Beverages, Kimberly-Clark, Ford, ACC, Kmart, Ingram Micro
<b>Connect Business Estate</b>	810 Great South Road, Penrose, Auckland	Business park	100	31,204	46.0	9.25	100	4.1	Fletcher Building, Synovate, Electoral Office
<b>The Gate Industry Park</b>	373 Neilson Street, Penrose, Auckland	Industrial estate	100	79,834	126.0	8.25	95	7.1	Crane Distribution, Geoff Penney, Winstone Wallboards, Recall, Norman Ellison Carpets, SCA Hygiene, Design Print, Tapper Transport
<b>Westney Industry Park</b>	Westney Road, Mangere, Auckland	Industrial estate	100	102,573	106.5	9.00 - 9.50	100	4.5	Linfox Logistics, Daniel Silva, Supply Chain Solutions, Toll, Flway, PacNet
<b>Savill Link</b>	Savill Drive, Otahuhu, Auckland	Industrial estate	100	56,287	71.0	8.50 - 8.75	100	5.4	Toll, Furniture City, Prepared Produce, Holden, USG
<b>Enterprise Park</b>	44 Dalgety Drive, Manukau, Auckland	Industrial estate	100	60,195	47.0	9.00	92	4.5	PMP, Network Distribution, Fonterra, Redpaths Furniture
<b>Penrose Industrial Estate</b>	Gavin Street, Penrose, Auckland	Industrial estate	100	30,958	37.0	8.875	96	4.1	Turners Auctions, Loaf Limited, Gilbarco
<b>Gateside Industry Park</b>	345 Neilson Street, Penrose, Auckland	Industrial estate	100	17,861	24.7	8.75	100	3.8	TNL Group, EnviroWaste Services, McDowall Freight, Toll, Metropack (Port of Tauranga Group)
<b>120 Pavilion Drive</b>	120 Pavilion Drive, Mangere, Auckland	Industrial estate	100	6,769	8.7	8.625	100	9.9	Simply Logistics
<b>Viaduct Corporate Centre</b>	18, 20 and 22 Viaduct Harbour Avenue, Auckland	Office park	50	31,198	148.9	8.38 - 8.63	99	6.0	Vodafone, KPMG, Microsoft, Hewlett Packard, Westpac
<b>Central Park Corporate Centre</b>	666 Great South Road, Greenlane, Auckland	Office park	100	33,304	110.5	9.25	89	3.5	Armourguard Security, SIMPL Group, Fairfax, CPSO, Restaurant Brands, Salesforce, Duffill Watts
<b>Millennium Centre, Phase Two</b>	600 Great South Road, Greenlane, Auckland	Office park	100	19,854	67.4	8.75	95	3.8	American Express, Catalyst Risk Management, Spotless Services, MWH, Pharmacy Brands, Lollipops Educare

Property	Location	Asset class	GMT ownership %	Lettable area <sup>1</sup> sqm	Valuation \$M	Market cap rate %	Occupancy %	WALE <sup>2</sup> years	Key customers
<b>Air New Zealand House</b>	Fanshawe Street and 95-99 Beaumont Street, Auckland	Office park	100	15,587	61.0	8.75	100	8.3	Air New Zealand
<b>Millennium Centre</b>	602 Great South Road, Greenlane, Auckland	Office park	100	15,539	55.5	9.00	97	5.3	Mighty River Power, Genesis Energy, First Rescue & Emergency NZ
<b>Yellow HQ</b>	604 Great South Road	Office park	100	8,177	31.7	8.25	94	8.4	Chevron, Yellow Pages, Hollywood Bakery, Pita Pit
<b>OnGas House</b>	103 Carlton Gore Road, Newmarket, Auckland	Office park	100	4,776	18.7	8.50	100	4.2	Vector, BTI, Arnotts
<b>Vector Centre</b>	101 Carlton Gore Road, Newmarket, Auckland	Office park	100	4,821	19.0	8.25	100	9.6	Vector
<b>Southpark Industrial Estate</b>	Baigent Way, Middleton, Christchurch	Industrial estate	100	22,342	19.7	9.85	97	2.7	Tyco, Bullet Freight, Halls Refrigerated Transport, Owens Transport
<b>Glassworks Industry Park</b>	652 Halswell Junction, Hornby, Christchurch	Industrial estate	100	27,989	25.4	8.55	90	6.4	Agmech, Tullocks, Fisher & Paykel, NZ Safety, Big Chill Distribution
<b>Carter Holt Harvey</b>	85 Shands Road, Hornby, Christchurch	Industrial estate	100	20,381	12.2	10.75	100	5.4	Carter Holt Harvey
<b>Show Place Office Park</b>	Showplace, Addington, Christchurch	Office park	100	22,393	85.4	8.55	100	5.1	IAG NZ, Solid Energy, Transpower, Holcim, Westpac, AMI

## Commenced developments

Property	Location	Asset class	GMT ownership %	Lettable area <sup>1</sup> sqm	Expected market value on completion <sup>3</sup> \$M	Adopted cap rate %	Occupancy %	Lease term years	Expected date of practical completion
<b>Highbrook Business Park</b>									
+ Plytech	Highbrook Drive, East Tamaki, Auckland	Business park	50	2,400	4.2	8.00	100	10	Nov 11
+ The Crossing Stage 1	Highbrook Drive, East Tamaki, Auckland	Business park	50	9,800	35.1	8.50	40	6 - 10	Mar 13
<b>M20 Business Park</b>									
+ Bridgestone	100 Plunket Avenue, Wiri, Auckland	Business park	100	4,920	7.3	7.88	100	8	Jul 11

- 1 Net of canopies and yards.
- 2 Weighted average lease expiry as at 31 March 2011.
- 3 Not all developments were sufficiently progressed to be independently valued at 31 March 2011.



## 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"), with the exception that the Audit Committee is not solely comprised of Independent Directors. A more detailed analysis against the NZX Code is included on GMT's website.

## 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 as if it was the absolute owner of such assets, but subject to the UTA and the rights given to the Manager by the UTA and the Trust Deed.

## 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 16.74% 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, Keith Smith is the Chairman of the Manager. Keith Smith is a New Zealand based director. Keith's biography is set out on page 19 of this Report.

John Dakin is the CEO of the Manager and his biography is set out on page 21 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 overleaf. 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 page 19 of this Report.

All Directors (other than Gregory Goodman) are appointed for three year terms, after which they are eligible for reappointment. Gregory Goodman has a standing appointment, in his role as Group CEO of Goodman Group.

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

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.

### 4.4 Independent Directors

The Board has determined that three of its members are Independent Directors (as

Name	Independent	Expiry of current term
Keith Smith	Yes	28 Feb 2013
Susan Paterson	Yes	11 Apr 2014
Phil Pryke <sup>1</sup>	No	28 Feb 2014
Peter Simmonds	Yes	14 Oct 2013
Gregory Goodman	No	N/A
James Hodgkinson	No	31 Dec 2012

<sup>1</sup> Phil Pryke's status changed from Independent Director to Non-executive Director on 14 October 2010.

defined in the Listing Rules) at the Balance Date, as set out in the table above.

Whilst GNZ has always endeavoured to maintain a majority of Independent Directors, the change in status of Phil Pryke to Non-executive Director means that the Board currently has an equal number of Independent and Non-independent directors. It is the Board's intention to appoint an additional Independent Director in due course.

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 21 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 committees is set out below.

- (a) **Audit Committee**  
The Board has established an Audit Committee, which meets at least twice a year. As at the date of this Report, the Audit Committee has a majority of Independent Directors and comprises: Peter Simmonds (Chairman), Phil Pryke, Keith Smith 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 entitled to NZ\$125,000 per annum, the Chairman of the Audit Committee is entitled to NZ\$85,000 per annum and each other director is entitled to 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 is required to take 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 13 to the financial statements (page 56).

During the financial year to 31 March 2011 all of the Directors attended each Board meeting.

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

#### (b) Continuous Disclosure Policy

The Manager is committed to keeping Unitholders, regulators and the market fully and promptly informed of all material information relevant to the Manager 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.

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

The calculation of the Manager's base fee is reviewed 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 (if any) 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 (this waiver has expired).

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) 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.

- (iii) 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.

- (iv) If 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").

## 5. Other statutory and Listing Rule disclosures (continued)

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

- (v) In the event of any default pursuant to the Co-ownership Agreement (including insolvency), the nondefaulting 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.

- (vi) 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 2011.

### 5.3 Summary of recent Trust Deed amendments

During the period between 1 April 2010 and 31 March 2011, 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) <sup>1</sup>	738,935	Nil
Susan Paterson <sup>2</sup>	132,145	Nil
Phil Pryke <sup>3</sup>	354,015	Nil
Peter Simmonds <sup>4</sup>	159,965	Nil
Gregory Goodman	Nil	Nil
James Hodgkinson	Nil*	Nil

<sup>1</sup> Keith holds a beneficial interest in 288,034 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).

<sup>2</sup> Susan holds her GMT units through Scripts Limited (with the exception of 20,165 Units which are held by the SM Taylor Family Trust of which she is a trustee and beneficiary) a company of which she is sole director and majority shareholder.

<sup>3</sup> Phil holds his GMT units through Pryke Superannuation Fund.

<sup>4</sup> Peter holds his GMT units through the Simmonds Family Trust (with the exception of 20,165 units which he holds in his personal name).

\* James may be entitled to GMT units but is yet to be paid for services to GNZ (matter is ongoing).

## contents+

statements of comprehensive income	30
statements of financial position	31
statements of changes in unitholders' funds	32
statements of cash flows	33
notes to the financial statements	34
Independent auditors' report	74

## Financial statements of Goodman Property Trust

### statements of comprehensive income

For the year ended 31 March 2011

\$ million	Note	Group 31 Mar 11	Group 31 Mar 10 Restated <sup>(i)</sup>	Trust 31 Mar 11	Trust 31 Mar 10
<b>Revenue and other income</b>					
Rental income	2	116.4	112.5	–	–
Service charge income	3	21.1	20.2	–	–
Management fees	13	–	–	6.7	6.6
<b>Total revenue</b>		<b>137.5</b>	132.7	<b>6.7</b>	6.6
Service charge expenses	3	(21.1)	(20.2)	–	–
Property operating expenses	3	(7.7)	(6.3)	–	–
<b>Net rental and related income</b>		<b>108.7</b>	106.2	<b>6.7</b>	6.6
Gain/(loss) on disposal of investment property	4	0.2	(2.1)	–	–
Net change in value of property investments	4	(24.8)	(49.9)	–	–
Net gain resulting from business combination	12	0.6	–	–	–
Fair value (loss)/gain on interest rate derivatives		(5.4)	13.2	(2.4)	10.3
Other administrative expenses	4	(7.6)	(10.3)	(7.8)	(11.1)
<b>Finance income/(costs)</b>					
Finance income	4	0.2	0.2	96.0	93.8
Finance costs	4	(24.7)	(20.4)	(31.4)	(35.0)
<b>Net finance (costs)/income before changes in cash flow hedge reserve</b>		<b>(24.5)</b>	(20.2)	<b>64.6</b>	58.8
Changes in cash flow hedge reserve	4	(4.2)	(24.4)	(2.0)	(22.1)
<b>Net finance (costs)/income</b>		<b>(28.7)</b>	(44.6)	<b>62.6</b>	36.7
<b>Profit before income tax</b>		<b>43.0</b>	12.5	<b>59.1</b>	42.5
Taxation	5	(6.3)	(9.7)	(18.0)	(12.5)
<b>Profit for the year attributable to unitholders</b>		<b>36.7</b>	2.8	<b>41.1</b>	30.0
<b>Other comprehensive income</b>					
Change in cash flow hedges transferred to profit or loss, net of tax	20	3.0	17.1	1.4	15.5
<b>Total other comprehensive income for the year, net of tax</b>		<b>3.0</b>	17.1	<b>1.4</b>	15.5
<b>Total comprehensive income for the year attributable to unitholders</b>		<b>39.7</b>	19.9	<b>42.5</b>	45.5

The statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 34 to 73.

Cents	Note	Group 31 Mar 11	Group 31 Mar 10 Restated <sup>(i)</sup>
Basic and diluted earnings per unit	6	4.14	0.33
Distributable earnings before tax per unit	6	8.74	9.31
Distributable earnings after tax per unit	6	8.79	9.10

(i) Restated to reflect the early adoption of the amendment to NZ IAS 12 Deferred Tax: Recovery of Underlying Assets ("NZ IAS 12 (Amendment)") as explained in note 1(e).

### statements of financial position

As at 31 March 2011

\$ million	Note	Group 31 Mar 11	Group 31 Mar 10 Restated <sup>(i)</sup>	Group 1 Apr 09 Restated <sup>(i)</sup>	Trust 31 Mar 11	Trust 31 Mar 10
<b>Current assets</b>						
Cash and cash equivalents	7	4.2	2.4	3.4	–	0.1
Trade and other receivables	8	7.1	5.2	19.8	1.5	1.2
Current tax receivable	5	1.5	1.0	–	–	–
<b>Total current assets</b>		<b>12.8</b>	8.6	23.2	<b>1.5</b>	1.3
<b>Non-current assets</b>						
Investment properties	10	1,393.7	1,278.9	1,297.8	–	–
Development properties	10	182.3	195.3	214.9	–	–
Derivative financial instruments	9	5.5	2.2	0.1	5.5	2.1
Advances to subsidiaries	13	–	–	–	1,168.6	1,135.4
Investments in controlled entities	11	–	–	–	90.3	79.6
Intangible assets	15	6.9	9.9	9.9	–	–
Deferred tax assets	14	16.8	15.5	18.4	6.0	5.7
<b>Total non-current assets</b>		<b>1,605.2</b>	1,501.8	1,541.1	<b>1,270.4</b>	1,222.8
<b>Total assets</b>		<b>1,618.0</b>	1,510.4	1,564.3	<b>1,271.9</b>	1,224.1
<b>Current liabilities</b>						
Trade and other payables	17	25.1	23.8	37.0	4.3	7.8
Current tax payable	5	–	–	1.2	2.1	15.1
Interest bearing liabilities	18	2.8	15.5	–	2.8	–
Derivative financial instruments	9	–	0.7	0.9	–	0.6
<b>Total current liabilities</b>		<b>27.9</b>	40.0	39.1	<b>9.2</b>	23.5
<b>Non-current liabilities</b>						
Trade and other payables	17	17.5	4.0	–	–	–
Interest bearing liabilities	18	579.8	531.6	549.4	250.0	280.1
Advances from subsidiaries	13	–	–	–	195.0	150.0
Derivative financial instruments	9	37.3	26.8	37.6	25.3	18.9
Deferred tax liabilities	14	63.4	53.9	41.2	–	–
<b>Total non-current liabilities</b>		<b>698.0</b>	616.3	628.2	<b>470.3</b>	449.0
<b>Total liabilities</b>		<b>725.9</b>	656.3	667.3	<b>479.5</b>	472.5
<b>Net assets attributable to unitholders</b>		<b>892.1</b>	854.1	897.0	<b>792.4</b>	751.6
<b>Unitholders' funds</b>						
Units	19	1,056.2	987.7	975.2	1,056.2	987.7
Reserves	20	(82.7)	(60.9)	(37.4)	(3.6)	(5.0)
Accumulated losses	21	(81.4)	(72.7)	(40.8)	(260.2)	(231.1)
<b>Total unitholders' funds attributable to unitholders</b>		<b>892.1</b>	854.1	897.0	<b>792.4</b>	751.6

(i) Restated to reflect the early adoption of NZ IAS 12 (Amendment) as explained in note 1(e).

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 34 to 73.

The Board of Goodman (NZ) Limited, the Manager of Goodman Property Trust, authorised these financial statements for issue on 18 May 2011.

For and on behalf of the Board

  
Keith Smith  
Chairman

  
Peter Simmonds  
Chairman Audit Committee

## Financial statements of Goodman Property Trust

### statements of changes in unitholders' funds

For the year ended 31 March 2011

\$ million	Note	Group 31 Mar 11	Group 31 Mar 10 Restated <sup>(i)</sup>	Trust 31 Mar 11	Trust 31 Mar 10
<b>Total unitholders' funds at the beginning of the year</b>		<b>854.1</b>	897.0	<b>751.6</b>	768.9
<b>Total comprehensive income for the year attributable to unitholders</b>		<b>39.7</b>	19.9	<b>42.5</b>	45.5
Net proceeds from issue of units	19	<b>68.5</b>	12.5	<b>68.5</b>	12.5
Distributions provided for or paid to unitholders	21	<b>(70.2)</b>	(75.3)	<b>(70.2)</b>	(75.3)
<b>Total transactions with unitholders in their capacity as unitholders</b>		<b>(1.7)</b>	(62.8)	<b>(1.7)</b>	(62.8)
<b>Total unitholders' funds at the end of the year</b>		<b>892.1</b>	854.1	<b>792.4</b>	751.6

(i) Restated to reflect the early adoption of NZ IAS 12 (Amendment) as explained in note 1(e).

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 73.

### statements of cash flows

For the year ended 31 March 2011

\$ million	Note	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>Cash flows from operating activities</b>					
Net property income received		<b>106.7</b>	108.4	–	–
Net GST (paid)/collected		<b>(0.2)</b>	0.4	–	–
Management fees – intercompany		–	–	<b>6.7</b>	6.6
Other operating expenses paid		<b>(7.4)</b>	(6.8)	<b>(8.4)</b>	(12.6)
Finance income received		<b>0.2</b>	0.1	<b>17.3</b>	29.9
Finance costs paid		<b>(23.7)</b>	(20.4)	<b>(30.9)</b>	(29.9)
Income taxes paid		–	(3.6)	–	(3.5)
<b>Net cash provided by/(used in) operating activities</b>	7	<b>75.6</b>	78.1	<b>(15.3)</b>	(9.5)
<b>Cash flows from investing activities</b>					
Proceeds from sale of investment properties		<b>0.3</b>	64.9	–	–
Payments for investment properties		<b>(22.4)</b>	(17.3)	–	–
Payments for development properties		<b>(31.6)</b>	(38.7)	–	–
Holding costs capitalised to development properties		<b>(23.3)</b>	(22.7)	–	–
Advances to controlled entities		–	–	<b>(166.7)</b>	(145.0)
Repayments from controlled entities		–	–	<b>180.2</b>	220.5
Acquisition of jointly controlled subsidiaries, net of cash acquired		–	–	–	–
<b>Net cash (used in)/provided by investing activities</b>		<b>(77.0)</b>	(13.8)	<b>13.5</b>	75.5
<b>Cash flows from financing activities</b>					
Proceeds from issue of units		<b>33.0</b>	–	<b>33.0</b>	–
Proceeds from borrowings		<b>34.4</b>	64.0	<b>32.5</b>	57.1
Repayment of borrowings		<b>(59.8)</b>	(212.0)	<b>(59.8)</b>	(210.3)
Net proceeds from issue of senior secured bonds		<b>44.6</b>	145.6	–	–
Loan from subsidiary		–	–	<b>45.0</b>	150.0
Distributions paid to unitholders net of reinvestments		<b>(49.0)</b>	(62.9)	<b>(49.0)</b>	(62.9)
<b>Net cash provided by/(used in) financing activities</b>		<b>3.2</b>	(65.3)	<b>1.7</b>	(66.1)
Net decrease/(increase) in cash and cash equivalents held		<b>1.8</b>	(1.0)	<b>(0.1)</b>	(0.1)
Cash and cash equivalents at the beginning of the year		<b>2.4</b>	3.4	<b>0.1</b>	0.2
<b>Cash and cash equivalents at the end of the year</b>	7	<b>4.2</b>	2.4	<b>–</b>	0.1

The statements of cash flow are to be read in conjunction with the notes to the financial statements set out on pages 34 to 73.

## notes to the financial statements

For the year ended 31 March 2011

### 1. Accounting policies

#### Reporting entity

The reporting entity is Goodman Property Trust ("GMT" or "Trust") a profit oriented entity, 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 2011 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 18 May 2011. 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 for assets and 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 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.

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 an 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 date.

##### (iii) Impairment of goodwill

GMT 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 15.

##### (e) Standards early adopted by the Group

The amendment to NZ IAS 12 Income Taxes introduces a rebuttable presumption to the way deferred tax is calculated for investment properties measured at fair value. The amendment is applicable for annual periods beginning on or after 1 January 2012 with early adoption permitted. The amendment introduces a rebuttable presumption that investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time rather than through sale. The directors have elected to early adopt this amendment in the financial year ended at 31 March 2011. As the Group

### 1. Accounting policies (continued)

does not rebut the presumption of recovery of investment properties through sale at 31 March 2011, the deferred tax liability is determined based on the tax consequences of sale.

The amendment is applied retrospectively and therefore comparative figures have been restated and a third restated statement of financial position is presented at the start of the comparative period. As a result, a deferred tax liability decrease of \$4.6 million at 31 March 2010 and a net increase of \$5.2 million at 1 April 2009 relating to previous fair value revaluations above cost has been reversed with a corresponding increase in opening accumulated losses as at 1 April 2009 of \$5.2 million and a reduction in tax expense for the year ended 31 March 2010 of \$9.8 million. In addition, the \$131.7 million charge that was recognised in the interim financial statements for the period ended 30 September 2010 as a result of the 20 May 2010 Budget changes for building depreciation rates has been reversed in the current period as a result of this Amendment. The impact on basic and diluted earnings per share for the year ended 31 March 2010 was an increase of 1.15 cents per unit.

##### (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 January 2011 or later periods which the Group has not early adopted:

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. The requirements for classifying and measuring financial liabilities have been added to the standard and were carried forward largely unchanged from IAS 39. However, the requirements related to the fair value option for financial liabilities were changed to address the issue of own credit risk. This standard when it is adopted is not expected to have a significant impact on the Trust's or Group's reported result or financial position.

NZ IAS 24: Related Parties Revised (mandatory for periods beginning on or after 1 January 2011). The revised standard clarifies and simplifies the definition of a related party which may result in other related parties being identified. Management have reviewed the proposed clarification and do not expect that this will result in further related parties being identified for the Group.

Improvements to NZ IFRS 2010. These improvements include various amendments effective for periods beginning on or after 1 July 2011 and are not expected to have a material impact on these financial statements.

##### (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 gains on transactions between Group companies are eliminated. Losses on transactions between Group companies are also eliminated unless the transaction provides evidence of an impairment of the asset

transferred. Accounting policies of subsidiaries are consistent 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 income and 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 controls jointly and its share of the liabilities for which it is jointly responsible. The consolidated statement of comprehensive income 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. 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 statement of comprehensive income.

###### (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. The Group does not hold or issue derivative financial instruments for trading purposes, however, any derivatives that do not qualify for hedge accounting or which the Group has chosen not to hedge account are accounted for as trading instruments at fair value through the statement of comprehensive income.

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).

The fair values of various derivative instruments used for hedging purposes are disclosed on the face of the statement of financial position. 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.

## notes to the financial statements

For the year ended 31 March 2011

### 1. Accounting policies (continued)

#### Fair value

The fair value of interest rate swaps and interest rate caps 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

On 1 April 2009 the Group ceased hedge accounting under NZ IAS 39 Financial Instruments: Recognition and Measurement.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in unitholders' funds. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income 'finance costs'.

Amounts accumulated in unitholders' funds are recycled in the statement of comprehensive income 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 statement of comprehensive income within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the statement of comprehensive income 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 statement of comprehensive income. 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 statement of comprehensive income 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 statement of comprehensive income during the financial period in which they are incurred.

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

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 expenditure 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.

#### (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 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 statement of financial position.

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 statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the 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 statement of comprehensive income 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.

### 1. Accounting policies (continued)

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 statement of financial position 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 statement of comprehensive income 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 statement of comprehensive income.

#### (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 statement of cash flows.

#### (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 statement of comprehensive income 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 statement of comprehensive income 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.

##### (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.

## Financial statements of Goodman Property Trust

# notes to the financial statements (continued)

For the year ended 31 March 2011

### 1. Accounting policies (continued)

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 statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income 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 statement of comprehensive income (see accounting policy (h)).

Interest payable and receivable is recognised in the statement of comprehensive income 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 statement of comprehensive income 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 balance 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 date. For deferred tax liabilities or assets arising on investment property measured at fair value there is a rebuttable presumption that the carrying amount of the investment property asset will be recovered through sale.

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 statement of comprehensive income and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statements of financial position 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 2010.

NZ IAS 12 Deferred Tax: Recovery of Underlying Assets. The amendment to NZ IAS 12 introduces a rebuttable presumption if investment property measured at fair value is recovered entirely through sale. This has resulted in the Group reversing the deferred tax liability relating to previous fair value revaluations above cost. Refer to note 1(e) for further details.

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

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
Gross lease receipts	119.4	114.2	–	–
Amortisation of capitalised lease incentives	(3.5)	(3.1)	–	–
Fixed rental income adjustment	0.5	1.4	–	–
<b>Rental income</b>	<b>116.4</b>	<b>112.5</b>	<b>–</b>	<b>–</b>

No customer individually contributes greater than 10% of total rental income.

Rental income is earned as a lessor of investment property held on the statement of financial position.

The above includes rental income of \$8.7 million for the year ended 31 March 2011 in relation to Highbrook Business Park which is a jointly controlled asset (31 March 2010: \$8.7 million).

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

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
Less than one year	114.2	104.2	–	–
One to two years	103.6	93.3	–	–
Two to five years	248.8	227.6	–	–
More than five years	186.6	212.4	–	–
	<b>653.2</b>	<b>637.5</b>	<b>–</b>	<b>–</b>

## Financial statements of Goodman Property Trust

### notes to the financial statements (continued)

For the year ended 31 March 2011

#### 3. Net service charge and property operating expenses

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
Service charge income	21.1	20.2	–	–
Service charge expense	(21.1)	(20.2)	–	–
Property operating expenses	(7.7)	(6.3)	–	–
<b>Net service charge and property operating expenses</b>	<b>(7.7)</b>	<b>(6.3)</b>	<b>–</b>	<b>–</b>

There are no material expenses from vacant property.

The above includes property expenses of \$1.2 million for the year ended 31 March 2011 in relation to Highbrook Business Park (31 March 2010: \$1.1 million) which is a jointly controlled asset.

The above property operating expenses also include non-recoverable ground rental costs of \$2.3 million for the year ended 31 March 2011 (31 March 2010: \$2.0 million).

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

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
Less than one year	4.0	3.8	–	–
One to two years	4.2	4.0	–	–
Two to five years	13.3	12.4	–	–
More than five years	67.7	60.6	–	–
	<b>89.2</b>	<b>80.8</b>	<b>–</b>	<b>–</b>

#### 4. Profit before income tax

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>Profit before income tax has been arrived at after (charging)/crediting the following items:</b>				
<b>Finance income/(costs)</b>				
Interest income	0.2	0.2	96.0	93.8
<b>Finance income</b>	<b>0.2</b>	<b>0.2</b>	<b>96.0</b>	<b>93.8</b>
Interest expense on bank loans, interest rate derivatives, senior secured bonds, overdraft and intercompany interest	(44.7)	(44.4)	(29.8)	(30.3)
Amortisation of borrowing costs	(2.2)	(0.5)	(1.6)	(4.7)
Interest on deferred settlements	(0.9)	–	–	–
Borrowing costs capitalised (refer to note 10)	23.1	24.5	–	–
<b>Finance costs before changes in cash flow hedge reserve</b>	<b>(24.7)</b>	<b>(20.4)</b>	<b>(31.4)</b>	<b>(35.0)</b>
Amortisation of cash flow hedge reserve	(4.2)	(11.1)	(2.0)	(8.8)
Ineffectiveness of hedges due to senior secured bond issue	–	(13.3)	–	(13.3)
<b>Changes in cash flow hedge reserve</b>	<b>(4.2)</b>	<b>(24.4)</b>	<b>(2.0)</b>	<b>(22.1)</b>
<b>Net finance (costs)/income</b>	<b>(28.7)</b>	<b>(44.6)</b>	<b>62.6</b>	<b>36.7</b>

On 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 statement of comprehensive income as opposed to previously being deferred in equity and then released to the statement of comprehensive income in line with the hedged item. Amounts previously being deferred in equity will be released through the statement of comprehensive income 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 were therefore released to the statement of comprehensive income in the year ended 31 March 2010.

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>Gain/(loss) on disposal of investment property</b>				
Proceeds from sale of investment properties	0.3	53.0	–	–
Carrying value of investment properties sold	(0.1)	(55.1)	–	–
<b>Net gain/(loss) on disposal of investment property</b>	<b>0.2</b>	<b>(2.1)</b>	<b>–</b>	<b>–</b>

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>Net change in value of property investments</b>				
Fair value adjustment on investment properties	(5.6)	(20.6)	–	–
Fair value adjustment on development properties	(19.2)	(29.3)	–	–
<b>Net change in value of property investments</b>	<b>(24.8)</b>	<b>(49.9)</b>	<b>–</b>	<b>–</b>

## Financial statements of Goodman Property Trust

### notes to the financial statements (continued)

For the year ended 31 March 2011

#### 4. Profit before income tax (continued)

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>Other administrative expenses</b>				
Auditors' fees	(0.2)	(0.2)	(0.1)	(0.1)
Trustee fees and disbursements	(0.3)	(0.2)	(0.3)	(0.2)
Manager's base fee	(5.4)	(5.1)	(6.7)	(6.6)
Manager's performance fee	–	(3.5)	–	(3.5)
Other	(1.7)	(1.3)	(0.7)	(0.7)
<b>Other administrative expenses</b>	<b>(7.6)</b>	<b>(10.3)</b>	<b>(7.8)</b>	<b>(11.1)</b>

Other fees paid to auditors by the Group totalled \$6,600 for other assurance services (31 March 2010: \$27,400 for other assurance and advisory services). These reported amounts are expressed in whole dollars, rounded to the nearest hundred.

#### 5. Taxation

\$ million	Group 31 Mar 11	Group 31 Mar 10 Restated <sup>(i)</sup>	Trust 31 Mar 11	Trust 31 Mar 10
<b>Income tax (expense)/benefit</b>				
<b>Current tax benefit/(expense) (note (a))</b>				
Current year	(1.5)	(0.9)	(18.9)	(16.0)
Adjustment for prior years	1.9	0.6	–	–
	<b>0.4</b>	<b>(0.3)</b>	<b>(18.9)</b>	<b>(16.0)</b>
<b>Deferred tax (expense)/benefit recognised in the statement of comprehensive income</b>				
Movements in deferred tax	(7.4)	(8.8)	0.9	3.5
Adjustment for prior years	0.7	(0.6)	–	–
	<b>(6.7)</b>	<b>(9.4)</b>	<b>0.9</b>	<b>3.5</b>
<b>Total</b>	<b>(6.3)</b>	<b>(9.7)</b>	<b>(18.0)</b>	<b>(12.5)</b>

#### 5. Taxation (continued)

\$ million	Group 31 Mar 11	Group 31 Mar 10 Restated <sup>(i)</sup>	Trust 31 Mar 11	Trust 31 Mar 10
<b>a) Income tax (expense)/benefit</b>				
Profit before tax	43.0	12.5	59.1	42.5
Prima facie income tax expense calculated at 30% on the profit before tax	(12.9)	(3.8)	(17.7)	(12.8)
Increase/(decrease) in income tax due to:				
- loss on realisation of investment property	–	(0.8)	–	–
- revaluation of property investments	(7.4)	(15.0)	–	–
- holding costs capitalised	7.3	7.8	–	–
- deductible capital expenditure	0.7	1.1	–	–
- fair value change on interest rate derivatives	(1.6)	4.0	(0.7)	3.1
- amortisation of cash flow hedge reserve	(1.2)	(7.3)	(0.6)	(6.6)
- other	–	0.7	0.1	0.3
- depreciation	11.6	11.0	–	–
- deferred leasing costs and incentives	2.0	1.4	–	–
<b>Current tax expense</b>	<b>(1.5)</b>	<b>(0.9)</b>	<b>(18.9)</b>	<b>(16.0)</b>
- depreciation	(11.6)	(11.0)	–	–
- deferred leasing costs and incentives	(2.0)	(1.4)	–	–
- fair value change on interest rate derivatives	1.6	(4.0)	0.7	(3.1)
- amortisation of cash flow hedge reserve	1.2	7.3	0.6	6.6
- other	0.1	0.3	–	–
- deferred tax adjustment due to change in corporate tax rate to 28%, effective 1 April 2011	3.3	–	(0.4)	–
<b>Deferred tax (expense)/benefit</b>	<b>(7.4)</b>	<b>(8.8)</b>	<b>0.9</b>	<b>3.5</b>
<b>Income tax expense before prior period adjustments</b>	<b>(8.9)</b>	<b>(9.7)</b>	<b>(18.0)</b>	<b>(12.5)</b>
Over provision in prior year	1.9	0.6	–	–
Deferred tax over/(under) provision prior year	0.7	(0.6)	–	–
<b>Income tax expense attributable to profit from ordinary activities</b>	<b>(6.3)</b>	<b>(9.7)</b>	<b>(18.0)</b>	<b>(12.5)</b>
<b>b) Deferred tax recognised directly in equity</b>				
Relating to interest rate derivatives	(1.2)	(7.3)	(0.6)	(6.6)
	<b>(1.2)</b>	<b>(7.3)</b>	<b>(0.6)</b>	<b>(6.6)</b>
<b>c) Reconciliation of current tax expense to tax deducted from distributable earnings</b>				
Current tax expense	(1.5)	(0.9)	–	–
Less: Tax losses generated outside GMT tax group	(0.6)	(1.4)	–	–
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	0.7	0.4	–	–
Add: Depreciation recovered on properties sold	–	1.1	–	–
Add: Over provision in respect of prior year	1.9	0.6	–	–
<b>Tax deducted from distributable earnings</b>	<b>0.5</b>	<b>(1.7)</b>	<b>–</b>	<b>–</b>

(i) Restated to reflect the early adoption of NZ IAS 12 (Amendment) as explained in note 1 (e).

NZ IAS 12 (Amendment) impact on the Group is that deferred tax liabilities arising from revaluation changes above cost totalling \$9.8 million have been reversed in the financial year ended 2010.

## Financial statements of Goodman Property Trust

### notes to the financial statements (continued)

For the year ended 31 March 2011

#### 5. Taxation (continued)

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>d) Current tax receivable/(payable)</b>				
Balance at beginning of year	1.0	(1.2)	(15.1)	(32.7)
Movements during the year:				
- income tax paid (net of refunds)	-	3.6	0.1	3.5
- income tax expense on current year's profit	(1.5)	(0.9)	(18.9)	(16.0)
- (under)/over provision in prior year	1.9	0.6	-	-
- transfer from related party	-	-	31.8	30.1
- transfer to deferred tax asset	0.1	(1.1)	-	-
<b>Balance at end of year</b>	<b>1.5</b>	<b>1.0</b>	<b>(2.1)</b>	<b>(15.1)</b>

Unused tax losses which have been recognised in the financial statements total \$26.2 million (31 March 2010: \$24.7 million).

\$ million	Trust 31 Mar 11	Trust 31 Mar 10
<b>e) Imputation credits</b>		
Balance at beginning of year	0.7	0.2
Provisional tax paid	-	3.6
Imputation credits distributed to unitholders	-	(3.1)
<b>Balance at end of year</b>	<b>0.7</b>	<b>0.7</b>

#### 6. Earnings per unit

Cents	Group 31 Mar 11	Group 31 Mar 10 Restated <sup>(i)</sup>
<b>Attributable to unitholders of Goodman Property Trust</b>		
Basic and diluted earnings per unit	4.14	0.33
Distributable earnings before tax per unit <sup>(1)</sup>	8.74	9.31
Distributable earnings after tax per unit <sup>(2)</sup>	8.79	9.10

000s	Group 31 Mar 11	Group 31 Mar 10
Weighted average number of units used in calculating basic and diluted earnings per unit and distributable earnings after tax per unit	887,382	851,174

\$ million	Group 31 Mar 11	Group 31 Mar 10 Restated <sup>(i)</sup>
<b>Profit after tax used in calculating earnings per unit</b>		
Profit after tax used in calculating basic and diluted earnings per unit	36.7	2.8
Net change in value of property investments	24.8	49.9
(Gain)/loss on disposal of investment property	(0.2)	2.1
Manager's performance fee	-	3.5
Net gain resulting from business combination	(0.6)	-
Fair value loss/(gain) on interest rate derivatives	5.4	(13.2)
Changes in cash flow hedge reserve	4.2	24.4
Interest on deferred settlements	0.9	-
Income tax expense	6.3	9.7
(1) Profit used in calculating distributable earnings before tax per unit	77.5	79.2
Current tax expense	(1.5)	(0.9)
Adjustment to prior years's current tax expense	1.9	0.6
Tax losses generated outside of GMT Tax Group	(0.6)	(1.4)
Tax impact of performance fee	-	(1.1)
Tax impact of bond issue costs	-	(0.4)
Current tax expense funded through brought forward tax losses	0.7	0.4
Depreciation recovered on properties sold	-	1.1
(2) Profit used in calculating distributable earnings after tax per unit	78.0	77.5

(i) Restated to reflect the early adoption of NZ IAS 12 (Amendment) as explained in note 1(e).

## Financial statements of Goodman Property Trust

### notes to the financial statements (continued)

For the year ended 31 March 2011

#### 7. Cash flows

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>a) Cash and cash equivalents</b>				
Cash	4.2	2.4	–	0.1
<b>Total cash and cash equivalents</b>	<b>4.2</b>	<b>2.4</b>	<b>–</b>	<b>0.1</b>
<b>b) Reconciliation of profit after income tax to net cash flows from operating activities</b>				
Profit for the year	36.7	2.8	41.1	30.0
<b>Items classified as investing/financing activities:</b>				
Net change in value of property investments	24.8	49.9	–	–
(Gain)/loss on disposal of investment property	(0.2)	2.1	–	–
Net gain resulting from business combination	(0.6)	–	–	–
Intercompany interest	–	–	(78.4)	(60.6)
Fair value loss/(gain) on interest rate derivatives	5.3	(13.2)	2.4	(10.3)
Changes in cash flow hedge reserve	4.2	24.4	2.0	22.1
<b>Other non-cash items:</b>				
Manager's performance fee	–	3.5	–	3.5
Deferred tax	7.0	8.2	(0.9)	(3.5)
Amortisation of bond issue costs	0.8	–	–	–
Interest on deferred settlements	0.9	–	–	–
<b>Net cash provided by/(used in) operating activities before change in assets and liabilities</b>	<b>78.9</b>	<b>77.7</b>	<b>(33.8)</b>	<b>(18.8)</b>
<b>Change in assets and liabilities during the year:</b>				
Decrease in trade receivables	0.2	1.3	–	–
(Increase)/decrease in current tax assets	(0.5)	(2.1)	18.8	12.6
(Increase)/decrease in other assets	(2.7)	0.6	(0.2)	0.4
(Decrease)/increase in trade payables	(0.4)	1.0	–	–
(Decrease)/increase in other payables	0.1	(0.4)	(0.1)	(3.7)
<b>Net cash provided by/(used in) operating activities</b>	<b>75.6</b>	<b>78.1</b>	<b>(15.3)</b>	<b>(9.5)</b>

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

#### 8. Trade and other receivables

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>Current</b>				
Trade receivables	0.3	0.5	–	–
Prepayments	1.8	1.7	0.1	–
Other assets	5.0	3.0	1.4	1.2
	<b>7.1</b>	<b>5.2</b>	<b>1.5</b>	<b>1.2</b>

At 31 March 2011 the amount of trade receivables past due but not impaired was \$0.3 million (31 March 2010: \$0.5 million). The ageing analysis of these trade receivables is as follows:

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
Up to three months	0.3	0.4	–	–
Three to six months	–	0.1	–	–
	<b>0.3</b>	<b>0.5</b>	<b>–</b>	<b>–</b>

As at 31 March 2011 there were no impaired trade receivables (31 March 2010: \$nil). There is no provision for impairment of receivables (31 March 2010: \$nil). During the year no provision for impairment of receivables has been released to the statement of comprehensive income (31 March 2010: \$0.2 million).

No provision for impairment of receivables was written off (31 March 2010: \$0.2 million). No additional provisions were made during the year (31 March 2010: \$nil).

## Financial statements of Goodman Property Trust

### notes to the financial statements (continued)

For the year ended 31 March 2011

#### 9. Derivative financial instruments

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>Current</b>				
Interest rate derivative assets	–	–	–	–
Interest rate derivative liabilities	–	(0.7)	–	(0.6)
<b>Non-current</b>				
Interest rate derivative assets	5.5	2.2	5.5	2.1
Interest rate derivative liabilities	(37.3)	(26.8)	(25.3)	(18.9)
	<b>(31.8)</b>	<b>(25.3)</b>	<b>(19.8)</b>	<b>(17.4)</b>

Interest rate derivatives mature over the next 9 years in line with the maturity of the related interest bearing liabilities and have fixed derivative rates ranging from 5.04 % to 7.86% (31 March 2010: 9 years ranging from 4.59% to 7.86%).

At 31 March 2011 the Group had interest rate derivatives with a notional contract amount of \$568.2 million (31 March 2010: \$573.9 million).

#### 10. Investment properties and development properties

The Trust has no direct interests in investment properties or development properties. The Group's interests are as disclosed below.

\$ million	31 Mar 11 Investment property	31 Mar 11 Development property	31 Mar 11 Total portfolio	31 Mar 10 Investment property	31 Mar 10 Development property	31 Mar 10 Total portfolio
Carrying amount at the beginning of the year	1,278.9	195.3	1,474.2	1,297.8	214.9	1,512.7
Cost of acquisition – other acquisitions	12.7	–	12.7	–	–	–
Costs capitalised	–	31.6	31.6	–	27.2	27.2
Holding costs capitalised	–	23.1	23.1	1.8	22.7	24.5
Capitalised lease incentives/costs	6.6	–	6.6	5.6	–	5.6
Subsequent expenditure	7.6	–	7.6	9.6	–	9.6
Acquisition through business combination	41.8	3.2	45.0	–	–	–
Transfers in/(out)	51.7	(51.7)	–	40.2	(40.2)	–
Disposals – carrying value of properties sold	–	–	–	(55.5)	–	(55.5)
Net loss from fair value adjustment on property investments	(5.6)	(19.2)	(24.8)	(20.6)	(29.3)	(49.9)
<b>Carrying amount at the end of the year</b>	<b>1,393.7</b>	<b>182.3</b>	<b>1,576.0</b>	<b>1,278.9</b>	<b>195.3</b>	<b>1,474.2</b>

#### Investment property

All investment properties were valued by independent valuers as at 31 March 2011 and 31 March 2010.

The carrying amount of investment and development property is the fair value of the property as determined by a registered independent valuer 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 2011 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 below. GMT has a 100% ownership interest unless otherwise disclosed.

## Financial statements of Goodman Property Trust

### notes to the financial statements (continued)

For the year ended 31 March 2011

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

\$ million	31 Mar 11 Independent valuer	31 Mar 11	31 Mar 10	Asset class	Market cap rate %		Occupancy %		WALE <sup>(1)</sup> years	
					31 Mar 11	31 Mar 10	31 Mar 11	31 Mar 10	31 Mar 11	31 Mar 10
Highbrook Business Park, East Tamaki (50% interest)	Colliers International	134.6	127.8	Business park	7.25 - 8.38	7.25 - 8.38	100	100	8.3	9.3
The Gate Industry Park, Penrose	Jones Lang LaSalle	126.0	126.0	Industrial estate	8.3	8.3	95	89	7.1	7.7
Central Park Corporate Centre, Greenlane	Jones Lang LaSalle	110.5	111.5	Office park	9.3	9.1	89	93	3.5	3.4
Highbrook Business Park, East Tamaki (75% interest)	CB Richard Ellis	110.4	111.2	Business park	7.75 - 9.00	8.00 - 8.50	99	98	6.2	7.1
Westney Industry Park, Mangere	Colliers International	106.5	107.6	Industrial estate	9.00 - 9.50	9.00 - 9.75	100	100	4.5	5.5
M20 Business Park, Manukau	Colliers International	101.0	66.1	Business park	7.75 - 8.88	8.6	100	100	5.2	3.8
Show Place Office Park, Christchurch (31 March 2010: 50% interest)	Colliers International	85.4	41.7	Office park	8.5	7.8	100	86	5.1	4.7
Viaduct Corporate Centre, Auckland (50% interest)	CB Richard Ellis	74.5	70.3	Office park	8.38 - 8.63	8.38 - 8.63	99	99	6.0	6.9
Savill Link, Otahuhu	Colliers International	71.0	70.8	Industrial estate	8.50 - 8.75	8.25 - 8.50	100	100	5.4	5.7
Millennium Centre, Phase Two, Greenlane	CB Richard Ellis	67.4	67.6	Office park	8.8	8.8	95	94	3.8	4.6
Air New Zealand House, Auckland	CB Richard Ellis	61.0	57.4	Office park	8.8	8.8	100	100	8.3	9.3
Millennium Centre, Greenlane	CB Richard Ellis	55.5	56.5	Office park	9.0	8.9	97	98	5.3	5.4
Enterprise Park, Manukau	Colliers International	47.0	44.0	Industrial estate	9.0	9.0	92	92	4.5	1.2
Connect Business Estate (formerly Fletchers West), Penrose	Jones Lang LaSalle	46.0	43.3	Business park	9.3	9.4	100	91	4.1	4.5
Penrose Industrial Estate, Penrose	Colliers International	37.0	36.0	Industrial estate	8.9	9.1	96	100	4.1	1.7
Yellow HQ, Greenlane	CB Richard Ellis	31.7	32.2	Office park	8.3	8.4	94	91	8.4	9.3
Glassworks Industry Park, Christchurch	Colliers International	25.3	21.0	Industrial estate	8.6	8.8	90	95	6.4	6.2
Gateside Industry Park, Penrose	Jones Lang LaSalle	24.7	24.1	Industrial estate	8.8	9.0	100	81	3.8	3.8
Southpark Industrial Estate, Christchurch	Colliers International	19.7	21.6	Industrial estate	9.9	8.9	97	97	2.7	3.5
Vector Centre, Newmarket	CB Richard Ellis	19.0	16.1	Office park	8.3	9.3	100	100	9.6	0.9
OnGas House, Newmarket	CB Richard Ellis	18.7	17.6	Office park	8.5	8.8	100	100	4.2	3.2
Carter Holt Harvey, Christchurch	Colliers International	12.2	-	Industrial estate	10.8	-	100	-	5.4	-
120 Pavilion Drive, Airport Oaks	Colliers International	8.6	8.5	Industrial estate	8.6	8.4	100	100	9.9	10.9
<b>Total fair value of investment properties</b>		<b>1,393.7</b>	<b>1,278.9</b>							

(1) Weighted average lease expiry

## Financial statements of Goodman Property Trust

### notes to the financial statements (continued)

For the year ended 31 March 2011

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

\$ million	31 Mar 11 Independent valuer	31 Mar 11	31 Mar 10	Expected date of practical completion		Adopted market cap rate %		Lease term years		Occupancy %	
				31 Mar 11	31 Mar 10	31 Mar 11	31 Mar 10	31 Mar 11	31 Mar 10	31 Mar 11	31 Mar 10
<b>Development property</b>											
<b>Commenced developments</b>											
Highbrook Business Park, East Tamaki (50% interest)	Colliers International	1.8	2.4	Mar 13	Nov 10	8.5	8.13	6-10	8	30	100
M20 Business Park, Manukau	Colliers International	4.3	12.8	Jul 11	May 10 to Jan 11	7.88	8-8.13	8	10-12	100	100
		6.1	15.2								
<b>Development land</b>											
Highbrook Business Park, East Tamaki (50% interest)	Colliers International	83.0	80.0								
Savill Link, Otahuhu	Colliers International	25.3	26.1								
M20 Business Park, Manukau	Colliers International	20.1	28.4								
Central Park Corporate Centre, Greenlane	Jones Lang LaSalle	19.5	19.5								
Glassworks Industry Park, Christchurch	Colliers International	11.9	13.3								
Gateside Industry Park, Penrose	Jones Lang LaSalle	6.3	6.3								
Show Place Office Park, Christchurch (31 March 2010: 50% interest)	Colliers International	6.2	3.1								
The Gate Industry Park, Penrose	Jones Lang LaSalle	2.0	1.6								
Connect Business Estate (formerly Fletchers West), Penrose	Jones Lang LaSalle	1.0	1.0								
Westney Industrial Park, Mangere		0.9	0.8								
		176.2	180.1								
<b>Total fair value of development properties</b>		<b>182.3</b>	<b>195.3</b>								

Interest costs capitalised during the year ended 31 March 2011 amounted to \$23.1 million (31 March 2010: \$24.5 million), using a weighted average capitalised interest rate of 8.12% (31 March 2010: 8.11%). Of the interest costs capitalised \$17.5 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 \$160 per square metre ("psm") and \$380 psm for industrial development land (31 March 2010: between \$170 psm and \$380 psm) and between \$680 psm and \$1,050 psm for office development land (31 March 2010: between \$500 psm and \$1,000 psm).

## Financial statements of Goodman Property Trust

# notes to the financial statements (continued)

For the year ended 31 March 2011

### 11. Investments in controlled entities

Subsidiaries	Principal activity	Interest held by Group	
		31 Mar 11	31 Mar 10
Goodman Property Aggregated Limited	Property investment	100%	100%
Goodman (Highbrook) Limited	Property investment	100%	100%
GMT Bond Issuer Limited	Bond issuer	100%	100%
GMT Wholesale Bond Issuer Limited	Bond issuer	100%	n/a
Henshaw Holdings Limited <sup>(1)</sup>	Property investment	100%	n/a

The subsidiary companies are incorporated in New Zealand and have balance dates of 31 March. GMT Wholesale Bond Issuer Limited was incorporated on 27 August 2010.

Jointly controlled entities	Principal activity	Interest held by Group	
		31 Mar 11	31 Mar 10
Viaduct Corporate Centre Limited	Property investment	50%	50%
Henshaw Holdings Limited <sup>(1)</sup>	Property investment	n/a	50%
Highbrook Development Limited	Property investment	50%	50%

(1) The Group acquired the remaining 50% interest in Henshaw Holdings Limited, which became a wholly owned subsidiary as of 30 June 2010. Refer to note 12 for further details.

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

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 statement of financial position and statement of comprehensive income on a proportionately consolidated basis:

\$ million	31 Mar 11	31 Mar 10
<b>Assets</b>		
Non-current assets	310.6	346.2
Current assets	1.0	0.7
	<b>311.6</b>	<b>346.9</b>
<b>Liabilities</b>		
Non-current liabilities	125.2	148.2
Current liabilities	3.1	8.0
	<b>128.3</b>	<b>156.2</b>
<b>Net assets</b>	<b>183.3</b>	<b>190.7</b>
Income	16.0	17.7
Expenses	(12.8)	(18.9)
Income tax	(0.6)	(4.3)
Profit/(loss) after income tax	2.6	(5.5)

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 24.

### 12. Business combinations

On 30 June 2010, the Group acquired the remaining 50% interest in Henshaw Holdings Limited. Henshaw Holdings Limited is incorporated in New Zealand and has a balance date of 31 March. The initial 50% interest was acquired on 21 May 2007. The principal activity of Henshaw Holdings Limited and its subsidiary is to invest in real estate in Christchurch. The acquisition of the remaining 50% interest gives the Group greater control of the asset and its strategic direction.

For the period from 1 July 2010 to 31 March 2011, the acquired business contributed revenues of \$4.6 million and a net profit of \$1.4 million for the Group. If the acquisition had occurred on 1 April 2010, Group revenue would have been \$5.8 million and profit before allocations would have been \$1.5 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the entity to reflect the fair value adjustments to investment properties applied from 1 April 2010, together with the consequential tax effects.

\$ million	Group 31 Mar 11
<b>Purchase consideration:</b>	
Issued units in Goodman Property Trust	10.7
Deferred vendor settlement payment	9.5
Acquisition costs	0.6
Fair value of previously held 50% interest	24.0
Total purchase price	44.8
Fair value of net assets acquired	(48.0)
Negative goodwill	(3.2)
<b>Carrying value of assets acquired:</b>	
Cash	0.1
Investment properties	83.6
Development properties	6.2
Payables	(0.4)
Other liabilities	(7.7)
Interest bearing liabilities	(31.0)
Derivative financial instruments	(2.5)
Deferred tax liability	(1.6)
Deferred tax asset	1.3
<b>Net identifiable assets and liabilities</b>	<b>48.0</b>
Less: Negative goodwill on acquisition	(3.2)
Gross consideration	44.8
Fair value of previously held 50% interest	(24.0)
Issued units in Goodman Property Trust	(10.7)
Deferred vendor settlement payment	(10.0)
Cash held by jointly controlled entities on acquisition	(0.1)
<b>Net cash inflow</b>	<b>–</b>

## Financial statements of Goodman Property Trust

# notes to the financial statements (continued)

For the year ended 31 March 2011

### 12. Business combinations (continued)

The negative goodwill of \$3.2 million arises due to the fair value of the assets acquired of \$24.0 million being less than the fair value of the consideration of \$20.8 million. The negative goodwill is included in the statement of comprehensive income.

The Group recognised a loss of \$2.6 million as a result of measuring the fair value of its interest in Henshaw Holdings Limited prior to the acquisition date. The loss is included in the statement of comprehensive income.

The Group recognised a net gain of \$0.6 million which is included in the statement of comprehensive income.

\$ million	Group 31 Mar 11
<b>Net gain resulting from business combination</b>	
Negative goodwill on acquisition	(3.2)
Loss as a result of measuring the fair value of the Group's interest in Henshaw Holdings Limited	2.6
Net gain resulting from business combination	(0.6)

### 13. 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, GNZ, and the key management personnel of the Manager. Management fees of \$6.6 million were payable to GNZ during the year (31 March 2010: \$10.1 million). Of these fees, \$6.6 million was payable in respect of the base fee (31 March 2010: \$6.6 million). There was no performance fee payable for the year ended 31 March 2011 (31 March 2010: \$3.5 million). A deficit amount of \$5.6 million (31 March 2010: surplus \$4.9 million) has been carried forward to be included in the calculation to determine whether a performance fee is payable in subsequent periods. The Manager uses any 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 26(e).

These payments were in accordance with the Trust Deed. At 31 March 2011, \$0.6 million was owing to GNZ (31 March 2010: \$0.6 million) and no performance fee was accrued (31 March 2010: \$3.5 million). No reimbursements of expenses were made to GNZ (31 March 2010: \$nil).

Directors of GNZ and their immediate relatives hold either directly or indirectly 0.16% (31 March 2010: 0.15%) of the units of the Trust.

GNZ's ultimate parent entity, Goodman Group, held 156,274,166 units as at 31 March 2011 (31 March 2010: 144,116,299) out of a total 933,381,802 units (31 March 2010: 858,712,888 units).

### 13. Related party disclosures (continued)

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 Trust or Group:

\$ million	31 Mar 11	31 Mar 10
Short-term benefits	1.6	1.2
Share-based payment	0.5	0.1
<b>Total</b>	<b>2.1</b>	<b>1.3</b>

#### (b) Entities with significant influence over GMT

Fees for property management and development management services of \$6.3 million were payable by GMT to GPSNZ during the year (31 March 2010: \$5.9 million). A significant portion of the property management fees are paid by customers:

- \$1.7 million was in respect of development management fees and was capitalised to properties (31 March 2010: \$1.4 million);
- \$410,152 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 \$546,870 payable under these agreements for the year (such disclosure required by paragraph 46(c) of the NZX waiver dated 1 March 2006); and
- \$630,692 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 \$1,261,385 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 2011, \$1.5 million was owing to GPSNZ (31 March 2010: \$0.6 million). Reimbursement of expenses was made to GPSNZ of \$0.9 million (31 March 2010: \$0.7 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 2010: none).

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

The Trust provided advances to Goodman Property Aggregated Limited and Goodman (Highbrook) Limited, with \$1,168.6 million outstanding at year end (31 March 2010: \$1,135.4 million). The advances are repayable on demand and incur a market rate of interest. The Trust received interest of \$96.0 million on these advances (31 March 2010: \$93.8 million).

During the year ended 31 March 2011, the Trust received an advance from GMT Wholesale Bond Issuer Limited with \$45.0 million outstanding at year end. The term of the advance is for 7 years expiring September 2017 bearing a fixed interest rate of 7.58% per annum. The Trust has interest paid of \$1.9 million and an outstanding payable of \$0.2 million at 31 March 2011 on these advances. The Trust also paid issue costs totalling \$0.3 million relating to GMT Wholesale 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 Wholesale Bond Issuer Limited under the Bond Trust documents.

During the year ended 31 March 2010, the Trust received an advance from GMT Bond Issuer Limited with \$150.0 million outstanding at both 31 March 2011 and 31 March 2010. The term of the advance is for 5 years expiring June 2015 bearing a fixed interest rate of 7.75%. The Trust has interest paid of \$11.6 million (31 March 2010: \$3.4 million) and an outstanding payable of \$3.2 million on these advances at 31 March 2011 (31 March 2010: \$3.1 million). 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.

The Trust is grouped with its subsidiaries for tax purposes and during the year tax losses totalling \$31.8 million were transferred from Goodman Property Aggregated Limited and Goodman Highbrook Limited to offset the tax profits of the Trust (31 March 2010: \$30.1 million).

In addition, the Trust charged management fees of \$6.7 million to controlled entities (31 March 2010: \$6.6 million).

## Financial statements of Goodman Property Trust

### notes to the financial statements (continued)

For the year ended 31 March 2011

#### 14. Deferred tax

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

\$ million	Deferred tax assets		Deferred tax liabilities		Net	
	31 Mar 11	31 Mar 10 Restated <sup>(i)</sup>	31 Mar 11	31 Mar 10 Restated <sup>(i)</sup>	31 Mar 11	31 Mar 10 Restated <sup>(i)</sup>
<b>Group</b>						
Investment property	–	–	(63.1)	(53.5)	(63.1)	(53.5)
Derivative financial instruments	9.4	8.1	–	–	9.4	8.1
Brought forward tax losses	7.4	7.4	–	–	7.4	7.4
Bond issue costs	–	–	(0.3)	(0.4)	(0.3)	(0.4)
Net deferred tax assets/(liabilities)	16.8	15.5	(63.4)	(53.9)	(46.6)	(38.4)
<b>Trust</b>						
Derivative financial instruments	6.0	5.7	–	–	6.0	5.7
Net deferred tax assets/(liabilities)	6.0	5.7	–	–	6.0	5.7

#### Movement in temporary differences during the year:

\$ million	Opening balance Restated <sup>(i)</sup>	Recognised in income	Recognised in equity	Closing balance
<b>Group: 2011</b>				
Investment property	(53.5)	(9.6)	–	(63.1)
Development property	–	–	–	–
Derivative financial instruments	8.1	2.5	(1.2)	9.4
Brought forward tax losses	7.4	–	–	7.4
Bond issue costs	(0.4)	0.1	–	(0.3)
Total	(38.4)	(7.0)	(1.2)	(46.6)
<b>Trust: 2011</b>				
Derivative financial instruments	5.7	0.9	(0.6)	6.0

\$ million	Opening balance	Recognised in income	Recognised in equity	Closing balance
<b>Group: 2010 Restated<sup>(i)</sup></b>				
Investment property	(41.2)	(12.3)	–	(53.5)
Derivative financial instruments	12.1	3.3	(7.3)	8.1
Brought forward tax losses	6.3	1.1	–	7.4
Bond issue costs	–	(0.4)	–	(0.4)
Total	(22.8)	(8.3)	(7.3)	(38.4)
<b>Trust: 2010</b>				
Derivative financial instruments	8.8	3.5	(6.6)	5.7

#### 14. Deferred tax (continued)

\$ million	Group 31 Mar 11	Group 31 Mar 10 Restated <sup>(i)</sup>	Trust 31 Mar 11	Trust 31 Mar 10
Deferred tax assets:				
Deferred tax asset to be recovered after more than 12 months	16.8	15.5	6.0	5.7
Deferred tax asset to be recovered within 12 months	–	–	–	–
	16.8	15.5	6.0	5.7
Deferred tax liabilities:				
Deferred tax liability to be recovered after more than 12 months	(63.4)	(53.9)	–	–
Deferred tax liability to be recovered within 12 months	–	–	–	–
	(63.4)	(53.9)	–	–

(i) Restated to reflect the early adoption of NZ IAS 12 (Amendment) as explained in note 1(e).

## Financial statements of Goodman Property Trust

### notes to the financial statements (continued)

For the year ended 31 March 2011

#### 15. Intangible assets

\$ million	Note	Goodwill
<b>Group: Year ended 31 March 2011</b>		
Carrying amount at the beginning of the year		9.9
Derecognition on acquisition through business combination	12	(3.0)
<b>Carrying amount at the end of the year</b>		<b>6.9</b>
<b>Group: Year ended 31 March 2010</b>		
Carrying amount at the beginning of the year		9.9
Acquisition of jointly controlled entity	12	–
<b>Carrying amount at the end of the year</b>		<b>9.9</b>

The carrying value of goodwill as at 31 March 2011 was \$6.9 million (31 March 2010: \$9.9 million). During the period GMT acquired the remaining 50% interest in Henshaw Holdings Limited. There has been no impairment recognised against goodwill (31 March 2010: nil).

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to the lowest level at which the goodwill is monitored. All of the \$6.9 million relates to the Viaduct Corporate Centre CGU (31 March 2010 \$6.9 million Viaduct Corporate Centre, \$3.0 million Henshaw Holdings Limited).

The recoverable amount of a CGU is determined based on the higher of fair value less costs to sell and value in use of the CGU. In assessing the value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. 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 Group prepares five year budgets for its operations, which are used in the value in use calculation.

The key assumptions made in determining the recoverable value are as follows: growth in earnings before interest and tax of 3.0%; weighted average cost of capital of 7.88%; long term growth rates; and the selection of discount rates to reflect the risks involved.

The market value of the deferred tax assets arising from depreciation 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.

#### 16. Financial instruments by category

\$ million	Group	Group	Trust	Trust
	Loans and receivables	Financial assets at fair value through profit or loss	Loans and receivables	Financial assets at fair value through profit or loss
<b>2011</b>				
<b>Financial assets</b>				
Advances to subsidiaries	–	–	1,168.6	–
Derivative financial instruments	–	5.5	–	5.5
Trade and other receivables	5.3	–	1.5	–
Cash and cash equivalents	4.2	–	–	–
<b>Total</b>	<b>9.5</b>	<b>5.5</b>	<b>1,170.1</b>	<b>5.5</b>

\$ million	At fair value through profit or loss	Other financial liabilities	At fair value through profit or loss	Other financial liabilities
<b>Financial liabilities</b>				
Interest bearing liabilities	–	582.6	–	252.8
Derivative financial instruments	37.3	–	25.3	–
Trade and other payables	–	42.6	–	4.3
Advances from subsidiaries	–	–	–	195.0
<b>Total</b>	<b>37.3</b>	<b>625.2</b>	<b>25.3</b>	<b>452.1</b>

\$ million	Loans and receivables	Financial assets at fair value through profit or loss	Loans and receivables	Financial assets at fair value through profit or loss
	<b>2010</b>			
<b>Financial assets</b>				
Advances to subsidiaries	–	–	1,135.4	–
Derivative financial instruments	–	2.2	–	2.1
Trade and other receivables	3.5	–	1.2	–
Cash and cash equivalents	2.4	–	0.1	–
<b>Total</b>	<b>5.9</b>	<b>2.2</b>	<b>1,136.7</b>	<b>2.1</b>

\$ million	At fair value through profit or loss	Other financial liabilities	At fair value through profit or loss	Other financial liabilities
<b>Financial liabilities</b>				
Interest bearing liabilities	–	547.1	–	280.1
Derivative financial instruments	27.5	–	19.5	–
Trade and other payables	–	27.8	–	7.8
Advances from subsidiaries	–	–	–	150.0
<b>Total</b>	<b>27.5</b>	<b>574.9</b>	<b>19.5</b>	<b>437.9</b>

## Financial statements of Goodman Property Trust

### notes to the financial statements (continued)

For the year ended 31 March 2011

#### 17. Trade and other payables

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>Current</b>				
Trade payables	2.3	2.2	–	–
Other payables	9.0	12.0	0.9	4.6
Related party payables	–	–	3.4	3.2
Accrued capital expenditure	13.8	9.6	–	–
	<b>25.1</b>	<b>23.8</b>	<b>4.3</b>	<b>7.8</b>
<b>Non-current liabilities</b>				
Amounts owing in respect of deferred settlements	17.5	4.0	–	–
	<b>17.5</b>	<b>4.0</b>	<b>–</b>	<b>–</b>

#### 18. Interest bearing liabilities

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>Current</b>				
Secured interest bearing liabilities:				
Goodman Property Trust facility	2.8	–	2.8	–
Henshaw Holdings Limited facility	–	15.5	–	–
<b>Total current</b>	<b>2.8</b>	<b>15.5</b>	<b>2.8</b>	<b>–</b>
<b>Non-Current</b>				
Secured interest bearing liabilities:				
Commonwealth Bank of Australia	55.0	65.6	55.0	65.6
Westpac Banking Corporation	55.0	65.6	55.0	65.6
Bank of New Zealand	55.0	65.6	55.0	65.6
ANZ National Bank	55.0	65.6	55.0	65.6
Kiwibank	30.0	17.7	30.0	17.7
Goodman Property Trust facility	250.0	280.1	250.0	280.1
Viaduct Corporate Centre Limited facility	26.0	26.0	–	–
Henshaw Holdings Limited facility	31.0	–	–	–
Highbrook Development Limited facility	81.7	79.9	–	–
Senior secured bonds	150.0	150.0	–	–
Wholesale senior secured bonds	45.0	–	–	–
Unamortised capitalised costs on senior secured bonds	(3.9)	(4.4)	–	–
<b>Total non-current</b>	<b>579.8</b>	<b>531.6</b>	<b>250.0</b>	<b>280.1</b>
<b>Total interest bearing liabilities</b>	<b>582.6</b>	<b>547.1</b>	<b>252.8</b>	<b>280.1</b>

#### Goodman Property Trust facility

Revolving credit facilities totalling \$330.0 million (31 March 2010: \$480.0 million) have been provided as follows:

\$ million	31 Mar 11	31 Mar 10
Commonwealth Bank of Australia	75.0	112.5
Westpac Banking Corporation	75.0	112.5
Bank of New Zealand	75.0	112.5
ANZ National Bank Facility A	75.0	37.5
ANZ National Bank Facility B	–	75.0
Kiwibank	30.0	30.0

These facilities are in three tranches. Tranche A \$80.0 million is expiring October 2011 (31 March 2010: expiring October 2011). Tranche B \$100.0 million is expiring December 2015. Tranche C \$150.0 million is expiring April 2013 (31 March 2010: expiry October 2011 other than ANZ National Bank Facility B February 2011). All banks are equally participating in each Tranche except for Kiwibank which is only participating in Tranche B for \$30.0 million. As at 31 March 2011, \$77.2 million of Tranche A borrowings are able to be refinanced under Tranche C and have therefore been classified as a non-current liability.

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

## Financial statements of Goodman Property Trust

# notes to the financial statements (continued)

For the year ended 31 March 2011

### 18. Interest bearing liabilities (continued)

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 2010: \$52.0 million) (Goodman Property Trust share: \$26.0 million) in two tranches. Tranche A \$13.5 million is for a term of four years expiring February 2015 (31 March 2010: expiring October 2011) and tranche B \$12.5 million is for a term of five years expiring February 2015 (31 March 2010: expiring February 2015). 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 2010: \$31.0 million) (Goodman Property Trust share 31 March 2010: \$15.5 million) for a term of three years expiring October 2013 (31 March 2010: 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, Commonwealth Bank of Australia and ANZ National Bank have provided Highbrook Development Limited ("HDL") with facility amounts of \$75.0 million each (31 March 2010: Bank of New Zealand and Commonwealth Bank of Australia \$110.0 million each). These facilities are in two tranches, tranche A \$75.0 million is for a term of 3 years expiring October 2013. Tranche B \$150.0 million is for a term of 5 years expiring October 2015. 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 2011 were \$0.8 million (31 March 2010: \$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 and the Wholesale senior secured holders on an equally ranking basis. A loan to value covenant 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 2011 is \$157.0 million (31 March 2010: \$150.9 million) which has been estimated using the method outlined in note 25(c).

#### Wholesale senior secured bonds

On 8 September 2010, the Group issued \$45.0 million of fixed rate wholesale senior secured bonds, bearing a fixed interest rate of 7.58% per annum. The bonds mature on 8 September 2017. The Group capitalised \$0.4 million of costs associated with the issuance of the bonds. The costs are amortised over the term of the bonds. 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 and the holders of the secured, unsubordinated fixed rate bonds issued by GMT Bond Issuer Limited on an equally ranking basis. A loan to value covenant restricts total borrowings incurred by GMT and its subsidiaries to 50% of the value of the secured property portfolio. The fair value of the wholesale secured bonds as at 31 March 2011 is \$44.5 million which has been estimated using the method outlined in note 25(c).

### 19. Issued units

	Trust and Group			
	No. of units 31 Mar 11 000s	Value 31 Mar 11 \$ million	No. of units 31 Mar 10 000s	Value 31 Mar 10 \$ million
<b>Reconciliation of movements in Goodman Property Trust units</b>				
<b>Balance at the beginning of the year</b>	858,713	987.7	845,341	975.2
<b>Movements during the year</b>				
Issue of units pursuant to distribution reinvestment scheme	59,332	54.3	13,372	12.5
Issue of units pursuant to performance fee payable to the Manager	3,602	3.5	–	–
Issue of units as consideration for the acquisition of Henshaw Holdings Limited	11,735	10.7	–	–
<b>Balance at the end of the year</b>	<b>933,382</b>	<b>1,056.2</b>	858,713	987.7

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

	Group 31 Mar 11 Cents	Group 31 Mar 10 Restated <sup>(i)</sup> Cents
<b>Net tangible assets per unit</b>		
Net tangible assets per unit	94.8	98.3
Adjusted net tangible assets per unit <sup>(i)</sup>	97.3	100.4

	Group 31 Mar 11 \$ million	Group 31 Mar 10 Restated <sup>(i)</sup> \$ million
<b>Net tangible assets</b>		
Net tangible assets	885.2	844.2
Net derivative financial instruments liability	22.9	17.7
<b>(1) Adjusted net tangible assets</b>	<b>908.1</b>	861.9

(i) Restated to reflect the early adoption of NZ IAS 12 (Amendment) as explained in note 1(e).

## Financial statements of Goodman Property Trust

### notes to the financial statements (continued)

For the year ended 31 March 2011

#### 20. Reserves

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
Property revaluation reserve a)	(74.8)	(50.0)	–	–
Cash flow hedge reserve b)	(7.9)	(10.9)	(3.6)	(5.0)
Total reserves	(82.7)	(60.9)	(3.6)	(5.0)

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>a) Property revaluation reserve</b>				
Balance at the beginning of the year	(50.0)	(9.4)	–	–
Transfer to retained earnings on realisation of investment property	–	9.3	–	–
Transfer from retained earnings: gross revaluation	(24.8)	(49.9)	–	–
Balance at the end of the year	(74.8)	(50.0)	–	–

Investment property and development property are revalued annually and changes in valuation are recognised in the statement of comprehensive income. 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.

\$ million	Group 31 Mar 11	Group 31 Mar 10	Trust 31 Mar 11	Trust 31 Mar 10
<b>b) Cash flow hedge reserve</b>				
Balance at the beginning of the year	(10.9)	(28.0)	(5.0)	(20.5)
Transfer to profit or loss	4.2	24.4	2.0	22.1
Tax on transfers to profit or loss	(1.2)	(7.3)	(0.6)	(6.6)
Balance at the end of the year	(7.9)	(10.9)	(3.6)	(5.0)

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

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

#### 21. Accumulated losses

\$ million	Group 31 Mar 11	Group 31 Mar 10 Restated <sup>(i)</sup>	Group 1 Apr 09 Restated <sup>(i)</sup>	Trust 31 Mar 11	Trust 31 Mar 10
(Accumulated losses)/retained earnings at the beginning of the year	(72.7)	(40.8)	7.1	(231.1)	(185.8)
Profit/(loss) for the year	36.7	2.8	(98.0)	41.1	30.0
Transfer to property revaluation reserve	24.8	49.9	131.6	–	–
Transfer (to)/from revaluation reserve on realisation of investment property	–	(9.3)	3.0	–	–
Distributions declared	(70.2)	(75.3)	(84.5)	(70.2)	(75.3)
<b>Accumulated losses at the end of the year</b>	<b>(81.4)</b>	<b>(72.7)</b>	<b>(40.8)</b>	<b>(260.2)</b>	<b>(231.1)</b>

(i) Restated to reflect the early adoption of NZ IAS 12 (Amendment) as explained in note 1(e).

#### 22. 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 consider all of the properties together. As such there is only one reportable segment.

#### 23. Events subsequent to balance date

On 18 May 2011, a cash distribution of 1.935 cents with no imputation credits attached, was declared to unitholders who are on GMT's register at 9 June 2011.

This distribution has not been recognised in the financial statements.

#### 24. Commitments and contingencies

As at 31 March 2011, the Group had \$9.8 million of material capital commitments relating to development properties (31 March 2010: \$4.0 million). Included in the Group's capital commitments above are \$0.1 million of capital commitments of Highbrook Development Limited (31 March 2010: \$2.4 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 \$5.2 million in respect of land acquired at Central Park in the event of re-zoning of that property (31 March 2010: \$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.

## Financial statements of Goodman Property Trust

# notes to the financial statements (continued)

For the year ended 31 March 2011

### 25. Financial risk management

#### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate 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 manages its interest rate risk in accordance with 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 and interest rate caps. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed 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 opposite are before tax in the profit column and net of tax in the equity column:

### 25. Financial risk management (continued)

\$ million	Group				
	Carrying amounts	-1% Profit	-1% Equity	+1% Profit	+1% Equity
<b>2011</b>					
<b>Financial assets</b>					
Cash and cash equivalents	4.2	-	-	-	-
Derivative financial instruments	5.5	6.4	4.6	(6.1)	(4.4)
<b>Financial liabilities</b>					
Derivative financial instruments	37.3	(13.8)	(9.9)	13.2	9.5
Interest bearing liabilities	582.6	3.9	2.8	(3.9)	(2.8)
Trade and other payables	42.6	-	-	-	-
<b>2010</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2.4	-	-	-	-
Derivative financial instruments	2.2	6.8	4.8	(6.4)	(4.5)
<b>Financial liabilities</b>					
Derivative financial instruments	27.5	(14.5)	(10.1)	14.1	9.9
Interest bearing liabilities	547.1	4.0	2.8	(4.0)	(2.8)
Trade and other payables	23.8	-	-	-	-
\$ million	Trust				
	Carrying amounts	-1% Profit	-1% Equity	+1% Profit	+1% Equity
<b>2011</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	-	-
Derivative financial instruments	5.5	6.4	4.6	(6.1)	(4.4)
Advances to subsidiaries	1,168.6	(11.7)	(8.4)	11.7	8.4
<b>Financial liabilities</b>					
Derivative financial instruments	25.3	(9.0)	(6.5)	8.6	6.2
Interest bearing liabilities	252.8	2.5	1.8	(2.5)	(1.8)
Trade and other payables	4.3	-	-	-	-
Advances from subsidiaries	195.0	-	-	-	-
<b>2010</b>					
<b>Financial assets</b>					
Cash and cash equivalents	0.1	-	-	-	-
Derivative financial instruments	2.1	6.8	4.8	(6.4)	(4.5)
Advances to subsidiaries	1,135.4	(11.4)	(7.9)	11.4	7.9
<b>Financial liabilities</b>					
Derivative financial instruments	19.5	(10.2)	(7.1)	9.7	6.8
Interest bearing liabilities	280.1	2.8	2.0	(2.8)	(2.0)
Trade and other payables	7.8	-	-	-	-
Advances from subsidiaries	150.0	-	-	-	-

## Financial statements of Goodman Property Trust

# notes to the financial statements (continued)

For the year ended 31 March 2011

### 25. 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, derivative financial instrument assets, related party receivables and cash and cash equivalents as shown in the statement of financial position. The Group holds rental deposits in relation to certain receivables totalling \$0.3 million (31 March 2010: \$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 financial instruments are carried at fair value as discussed above.
- Receivables and payables are short term in nature and therefore approximate fair value.
- Interest bearing liabilities reprice every 90 days and therefore approximate fair value.

For instruments for where there is no active market, the Group may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs from the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is a Level 3 measurement.

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 level two financial instruments under NZ IFRS 7, meaning that they are estimated using present value or other valuation techniques based on market rates between 2.76% for the 90 day BKBM and 5.17% for the 10 year swap rate. There have been no transfers in or out of any of the levels during the year. The fair value of the financial instruments held in level two as at 31 March 2011 was \$31.8 million (31 March 2010: \$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 therefore approximate fair value. The fair value of the senior secured bonds is determined by reference to the quoted market price of the underlying debt securities. The fair value of the wholesale senior secured bonds is determined for disclosure using discounted cash flow analysis by reference to current market rates for comparable instruments at 31 March 2011.

#### (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.

### 25. Financial risk management (continued)

\$ million	Group						
	Carrying value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>2011</b>							
<b>Financial liabilities</b>							
Payables	42.6	44.6	25.1	–	8.0	11.5	–
Interest bearing liabilities	582.6	698.3	16.0	94.5	28.5	509.5	49.8
	625.2	742.9	41.1	94.5	36.5	521.0	49.8
Interest rate derivatives	37.3	51.0	9.3	9.3	15.8	11.7	4.9

#### 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 derivatives	27.5	63.5	7.3	7.3	13.9	26.2	8.8

\$ million	Trust						
	Carrying value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>2011</b>							
<b>Financial liabilities</b>							
Payables	4.3	4.3	4.3	–	–	–	–
Interest bearing liabilities	447.8	544.7	13.0	93.0	22.5	366.4	49.8
	452.1	549.0	17.3	93.0	22.5	366.4	49.8
Interest rate derivatives	25.3	17.2	5.9	5.9	9.2	(3.0)	(0.8)

#### 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 derivatives	19.5	40.0	5.3	5.3	10.0	16.8	2.6

## Financial statements of Goodman Property Trust

# notes to the financial statements (continued)

For the year ended 31 March 2011

### 26. 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 156,274,166 units as at 31 March 2011 (31 March 2010: 144,116,299) out of a total 933,381,802 units (31 March 2010: 858,712,888 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 of a gross accumulation index created from NZX listed property entities having a principal focus on investment in real property, excluding GMT, with the index being compiled by a suitably qualified and experienced person (currently Standard & Poor's).
- (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.

### 27. 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 debt and equity, comprising units, reserves and retained earnings as shown in the statement of financial position.

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 these requirements 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.

### 28. Distributions

2011 Distributions	Paid in the period		Relating to the period	
	Cents per unit	Total amount \$ million	Cents per unit	Total amount \$ million
Distribution for the quarter ended:				
30 June 2010	2.125	18.2	1.935	17.0
30 September 2010	1.935	17.0	1.935	17.3
31 December 2010	1.935	17.3	1.935	17.7
31 March 2011	1.935	17.7	1.935	18.1 <sup>(1)</sup>
	<b>7.930</b>	<b>70.2</b>	<b>7.740</b>	<b>70.1</b>

(1) Based on units on issue at 31 March 2011

2010 Distributions	Paid in the period		Relating to the period	
	Cents per unit	Total amount \$ million	Cents per unit	Total amount \$ million
Distribution for the quarter ended:				
30 June 2009	2.479	21.0	2.125	18.0
30 September 2009	2.125	18.0	2.125	18.1
31 December 2009	2.125	18.1	2.125	18.2
31 March 2010	2.125	18.2	2.125	18.2
	<b>8.854</b>	<b>75.3</b>	<b>8.500</b>	<b>72.5</b>

Subsequent to balance date, the amount of distributions declared before the financial statements were authorised for issue but not recognised as a distribution to unitholders for the period was \$18.1 million (31 March 2010: \$18.2 million) equating to 1.935 cents per unit (2010: 2.125 cents per unit).

The record date for the distribution was 9 June 2011, with payment scheduled for 23 June 2011.

# independent auditors' report+

To the unitholders of Goodman Property Trust



## Report on the Financial Statements

We have audited the financial statements of Goodman Property Trust on pages 30 to 73, which comprise the statements of financial position as at 31 March 2011, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Trust and the Group. The Group comprises the Trust and the entities it controlled at 31 March 2011 or from time to time during the financial year.

## Manager's Responsibility for the Financial Statements

The Directors of Goodman (NZ) Limited (the "Manager") are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Trust's and Group's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's and Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We have no relationship with, or interests in, Goodman Property Trust or any of its controlled entities other than in our capacities as auditors and providers of other advisory and assurance services. These services have not impaired our independence as auditors of the Trust and Group.

## Opinion

In our opinion, the financial statements on pages 30 to 73:

- (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 2011, and their financial performance and cash flows for the year then ended.

## Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2011:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Trust as far as appears from an examination of those records.

## Restriction on Distribution or Use

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.

Chartered Accountants  
18 May 2011

Auckland

# GMT Bond Issuer Limited annual report+

## contents+

Chairman's letter	76
Corporate governance	77
Directors' disclosure	79
Financial statements	
statement of comprehensive income	80
statement of financial position	81
statement of changes in equity	82
statement of cash flows	83
notes to the financial statements	84
Independent auditors' report	95

## chairman's letter+



Dear Bondholder

The Directors of GMT Bond Issuer Limited are pleased to present Bondholders with the annual report for the 12 months ended 31 March 2011. During the period, GMT Bond Issuer Limited received \$11.6 million of investment revenue, a 244.3% increase from the previous period, and incurred \$11.6 million of finance costs.

As a wholly-owned subsidiary of Goodman Property Trust, the ongoing success of GMT Bond Issuer Limited is dependent on the financial performance of Goodman Property Trust. The Trust has maintained a stable credit rating and achieved a sound financial result, delivering distributable earnings after tax of \$78.0 million and an after tax profit of \$36.7 million (compared to a restated profit of \$2.8 million in the previous year).

Full details of Goodman Property Trust's annual result are included in the front section of this combined report.

The sound operating results of the Trust, the strength of its balance sheet and an improving economic forecast give the Board confidence about the year ahead and that the obligations to Bondholders will continue to be met.

Yours faithfully

Keith Smith  
Chairman  
GMT Bond Issuer Limited

As Manager of GMT, Goodman (NZ) Limited's ("GNZ") Board and Management Team have a responsibility to achieve the highest standards of corporate performance, ethical behaviour and accountability across GMT (which includes GMT's wholly-owned subsidiary, GMT Bond Issuer Limited ("GMB")). The Board has adopted and developed corporate governance structures and practices that are consistent with best practice and ensure the integrity of the governance framework, with continual reassessment of its practices against these standards. Where developments arise in corporate governance, the Board is committed to reviewing GNZ's practices and incorporating changes where appropriate to ensure GMT maintains best practice governance structures.

GMB's Board is the same as the Board of GNZ and GMB operates under the corporate governance policies, practices and processes adopted and followed by GNZ. A full statement of GNZ's corporate governance approach is set out in the corporate governance section on page 24 (including a statement regarding how the corporate governance principles materially differ from the NZX Corporate Governance Best Practice Code).

The Audit Committee for GMT also acts as the Audit Committee for GMB.

### Directors

The Directors of GMB at 31 March 2011 were:

Keith Smith (Chairman and Independent Director);

Susan Paterson (Independent Director);

Phil Pryke (Non-executive Director); (Phil Pryke's status changed from Independent Director to Non-executive Director on 14 October 2010);

Peter Simmonds (Independent Director and Chairman of the Audit Committee);

Gregory Goodman (Non-executive Director); and

James Hodgkinson (Non-executive Director).

These Directors also comprise the Board of GNZ, and Directors' profiles are included on page 18.

### Directors' interests

GMB is a wholly owned subsidiary of Goodman Property Trust and no Director holds a relevant interest in any shares of GMB. Details of Directors' interests in GMT units and Goodman+Bonds are set out below (as at 31 March 2011):

Director	Units	Goodman+Bonds
Keith Smith (Chairman) <sup>1</sup>	738,935	Nil
Susan Paterson <sup>2</sup>	132,145	Nil
Phil Pryke <sup>3</sup>	354,015	Nil
Peter Simmonds <sup>4</sup>	159,965	Nil
Gregory Goodman	Nil	Nil
James Hodgkinson	Nil*	Nil

<sup>1</sup> Keith holds a beneficial interest in 288,034 GMT units through The Selwyn Trust. He is also a trustee of that trust. Keith has an interest as a trustee only (i.e. no beneficial interest) in a further 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).

<sup>2</sup> Susan holds her GMT units through Scripts Limited (with the exception of 20,165 Units which are held by the SM Taylor Family Trust of which she is a trustee and beneficiary) a company of which she is sole director and majority shareholder.

<sup>3</sup> Phil holds his GMT units through Pryke Superannuation Fund.

<sup>4</sup> Peter holds his GMT units through the Simmonds Family Trust (with the exception of 20,165 units which he holds in his personal name).

\* James may be entitled to GMT Units but is yet to be paid for services to GNZ (matter is ongoing).

### Interests register

GMB is required to maintain an interests register in which the particulars of certain transactions and matters involving the Directors must be recorded. The interests register is available for inspection on request.

### General disclosures of interest

Changes to the Directors' interests register are set out on page 79.

## Specific disclosures of interests

During the financial period, GMB did not enter into any transactions in which GMB Directors were interested. Accordingly, no disclosures of interest were made.

## Indemnity and insurance

In accordance with section 162 of the Companies Act 1993 and its constitution, GMB has provided insurance for and indemnities to, Directors of GMB for losses from actions undertaken in the course of their duties. The insurance includes indemnity costs and expenses incurred to defend an action that falls outside the scope of the indemnity. The cost of such insurance has been certified as fair by the Directors of GMB. Particulars have been entered in GMB's interests register pursuant to section 162 of the Companies Act 1993.

## Use of company information by Directors

No member of the Board issued a notice requesting to use information received in his or her capacity as a Director which would not have otherwise been available to that Director.

## Remuneration

There were no remuneration payments made, or other benefits given, to any Director by GMB during the financial period. The Directors of GMB are also Directors of GNZ and are paid directors' fees by Goodman Group for their duties in this capacity. Details of the remuneration paid by Goodman Group to the Directors is set out on page 25. GMB did not employ any staff during the financial period.

As no remuneration payments were made by GMB, GMB does not maintain a remuneration committee.

As GMB has no employees, GMB does not maintain an appointments committee.

## Donations

GMB did not make any donations during the financial period.

## Audit fees

All audit fees and fees for other services provided by PricewaterhouseCoopers are paid by GMT.

## Credit rating

The bonds issued by GMT Bond Issuer Limited have an investment grade credit rating of BBB+, assigned from Standard and Poor's.

The spread of holdings in Goodman+Bonds at 20 May 2011 was:

Size of holdings	Number	%	Holding	%
5,000 to 9,999	231	11.73	1,280,000	0.85
10,000 to 49,999	1,343	68.17	26,103,000	17.40
50,000 to 99,999	263	13.35	14,350,000	9.57
100,000 to 499,999	111	5.63	18,239,000	12.16
500,000 to 999,999	8	0.41	4,959,000	3.31
1,000,000 and above	14	0.71	85,069,000	56.71
<b>Total</b>	<b>1,970</b>	<b>100.00</b>	<b>150,000,000</b>	<b>100.00</b>

## Financial statements

The financial statements for the reporting period 1 April 2010 to 31 March 2011 are set out on pages 80 to 94.

The record date for the interest payment scheduled for 20 June 2011 was 9 June 2011.

## Waivers granted to GMT Bond Issuer Limited by NZX during the financial period

NZX has granted waivers to GMT and GMB 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 ([www.goodman.com/nz](http://www.goodman.com/nz)).

This Annual Report is signed on behalf of the Board by



Keith Smith  
Chairman



Peter Simmonds  
Chairman Audit Committee

During the year ended 31 March 2011, Directors' disclosed interest or cessation of interest (indicated by (C)), in the following entities pursuant to section 140 of the Companies Act 1993.

## James Hodgkinson

No change

## Gregory Goodman

Charmhire Pty Limited

Combac Pty Ltd

GAIF Bond Issuer Pty Limited

GHP Services Pty Limited

Glasdrum PTY LTD

GoldCafe Pty Limited

MAC Investment Corporation Pty Limited

MAC Management Services Pty Limited

McCarthy Capital Pty Limited

Moorabbin Airport Corporation Pty Limited

Nelson Corporate Aviation Pty Limited

Nelson Yachts International Pty Limited

PGC Foods Pty Limited

Wellsack Pty Limited

Arlington Business Parks GP Limited

Dollhurst Limited

Dollmist Limited

Dollplace Limited

Glen Nevis Station Limited

GPI Holdings (Aust) Pty Limited

GPI Operations (Aust) Pty Limited

Graham Street F Pty Limited

Keeto Pty Limited

Kingston Village Limited

## Susan Paterson

Electricity Authority

Housing New Zealand Limited and Associates

Indoor Sports and Leisure Centre Limited

International Accreditation NZ (council member)

SM Taylor Family Trust

## Phil Pryke

N/A

Digital Performance Group Limited

Comtel Corporation Pty Limited

(Comtel Corporation Pty Limited changed its name to Digital Performance Group Limited)

## Keith Smith

Bello Holdings Limited

Eastern Bay Orchards Limited

Harpers Gold Limited

K One W One Limited

KVK Ventures Limited

Lake Pupuke Investments Limited

Links PHC Limited

Panmure Holdings Limited

Salisbury Investments (Gisborne) Limited

Squid Enterprises New Zealand Limited

Stiles Holding Limited

The Bracken Company Limited

The Corporate Trustee Limited

Tindall Family Holdings Limited

UL Marina Limited

Ultimate Lady Limited

NZ Farming Systems Uruguay Limited

## Peter Simmonds

Goodman Limited and Subsidiaries

Goodman Property Trust

Director

Director (C)

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director (C)

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Trustee

## Financial statements of GMT Bond Issuer Limited

### statement of comprehensive income

For the year ended 31 March 2011

\$000	Note	31 Mar 11	Period to 31 Mar 10
<b>Investment revenue</b>			
Interest income	2	11,625	3,376
<b>Total investment revenue</b>		<b>11,625</b>	<b>3,376</b>
<b>Operating expenses</b>			
Operating expenses	3	-	-
<b>Total operating expenses</b>		<b>-</b>	<b>-</b>
<b>Finance costs</b>			
Interest expense		11,625	3,376
<b>Total financing costs</b>		<b>11,625</b>	<b>3,376</b>
<b>Profit before income tax</b>		<b>-</b>	<b>-</b>
Income tax benefit	4	-	-
<b>Profit after tax attributable to shareholders</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year attributable to shareholders</b>		<b>-</b>	<b>-</b>

The statement of comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 84 to 94.

### statement of financial position

As at 31 March 2011

\$000	Note	31 Mar 11	31 Mar 10
<b>Assets</b>			
Current tax receivables	4	-	82
Related party receivables	5	3,185	3,376
Related party advance	5	150,000	150,000
<b>Total assets</b>		<b>153,185</b>	<b>153,458</b>
<b>Liabilities</b>			
Related party payables	5	-	82
Other payables	6	3,185	3,376
Senior secured bonds	7	150,000	150,000
<b>Total liabilities</b>		<b>153,185</b>	<b>153,458</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>
<b>Equity</b>			
Contributed equity	8	-	-
Retained earnings	9	-	-
<b>Total equity</b>		<b>-</b>	<b>-</b>

The statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 84 to 94

The Board of GMT Bond Issuer Limited authorised these financial statements for issue on 18 May 2011.

For and on behalf of the Board

  
Keith Smith  
Chairman

  
Peter Simmonds  
Chairman Audit Committee

## Financial statements of GMT Bond Issuer Limited

### statement of changes in equity

For the year ended 31 March 2011

\$000	Note	31 Mar 11	Period to 31 Mar 10
Total equity at the beginning of the period		-	-
Total comprehensive income for the period		-	-
<b>Total equity at the end of the period</b>		-	-

The statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 84 to 94.

### statement of cash flows

For the year ended 31 March 2011

\$000	Note	31 Mar 11	Period to 31 Mar 10
<b>Cash flows from operating activities</b>			
Interest received		11,625	-
Interest paid		(11,625)	-
Taxes paid		-	-
<b>Net cash inflow from operating activities</b>	13	-	-
<b>Cash flows from investing activities</b>			
Related party advance		-	(150,000)
<b>Net cash outflow from investing activities</b>		-	(150,000)
<b>Cash flows from financing activities</b>			
Proceeds from issue of fixed rate senior secured bonds		-	150,000
<b>Net cash inflow from financing activities</b>		-	150,000
<b>Net increase in cash and cash equivalents</b>		-	-
Cash and cash equivalents at the beginning of the period		-	-
<b>Cash and cash equivalents at the end of the period</b>		-	-

The statement of cashflows should be read in conjunction with the notes to the financial statements set out on pages 84 to 94.

## Financial statements of GMT Bond Issuer Limited

# notes to the financial statements

For the year ended 31 March 2011

### 1. Accounting policies

The principal accounting policies applied in the preparation of the financial report are set out below.

GMT Bond Issuer Limited ("the Company") was incorporated on 5 November 2009. The address of its registered office is Level 3, 203 Queen Street, Auckland. GMT Bond Issuer Limited is an issuer for the purposes of the Financial Reporting Act 1993 and its issued debt securities are listed on the New Zealand Debt Exchange ("NZDX"). GMT Bond Issuer Limited is a registered company under the Companies Act 1993.

GMT Bond Issuer Limited is a profit-oriented company incorporated and domiciled in New Zealand. The Company was incorporated to undertake an issue of debt securities with the purpose of on-lending the proceeds to Goodman Property Trust ("GMT") by way of interest bearing advances.

The financial statements were authorised for issue by the Board of Directors on 18 May 2011. The Board does not have the power to amend these financial statements once issued.

These financial statements are for the 12 months ended 31 March 2011 (comparative period is the period from 5 November 2009 to 31 March 2010).

#### 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 periods presented unless otherwise stated.

These financial statements have been prepared in accordance with the Financial Reporting Act 1993, the Companies Act 1993 and 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 of GMT Bond Issuer Limited comply with International Financial Reporting Standards ("IFRS").

#### 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.

The financial statements have been prepared on a historical cost basis with any exceptions noted in the accounting policies below.

#### Specific accounting policies

##### (a) Investment revenue

Interest income is recognised on an effective interest method.

##### (b) Expenses

Expenses are recognised in the period they are incurred.

##### (c) Financing costs

Financing costs include interest on senior secured bonds recognised on an effective interest method.

##### (d) Taxation

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 shareholders' funds, in which case it is recognised in shareholders' 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. 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.

##### (e) GST

All revenues, expenses and certain assets are recognised net of goods and services tax ("GST") except where the GST is not recoverable. In these circumstances the GST is included in the related asset or expense. Receivables and payables are reported inclusive of GST. The net GST payable to or recoverable from the tax authorities as at balance date is included as a receivable or payable in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis to the extent that the GST is not recoverable and has been included in the expense or asset.

##### (f) Functional and presentation currencies

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

##### (g) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank. 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.

### 1. Accounting policies (continued)

#### (h) Receivables

Receivables are recognised initially at fair value. Due to the short term nature of these assets the recoverable value, i.e. allowing for doubtful debts, will be the fair value.

#### (i) Financial instruments

The Company classifies its financial assets in the following category: 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. Loans and receivables are recognised at settlement date, which is the date that the assets are delivered or received.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The Company's loans and receivables comprise related party receivables and cash and cash equivalents in the statement of financial position. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

#### (j) Impairment of financial assets

Financial assets, with the exception of those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that the estimated future cashflows of the asset have been impacted as a result of one or more events that occurred after the initial recognition of the financial asset.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets' carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. For all financial assets, the carrying amount is reduced by the impairment loss directly.

A previously recognised impairment loss is reversed when, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was initially recognised.

In respect of financial assets carried at amortised cost, the impairment loss is reversed through the income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### (k) Senior secured bonds

Senior secured bonds are initially measured at fair value, net of transactions costs incurred, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of the senior secured bonds is recognised over the term of the borrowings.

#### (l) Payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year which are unsettled.

#### (m) Contributed equity

Ordinary shares issued by the Company are classified as equity and are recognised at fair value less direct issue costs.

#### (n) Segment reporting

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

#### (o) 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 Company's accounting periods beginning on or after 1 January 2010 or later periods. None of these standards impact the Company's financial statements.

## Financial statements of GMT Bond Issuer Limited

### notes to the financial statements (continued)

For the year ended 31 March 2011

#### 2. Investment income

\$000	31 Mar 11	Period to 31 Mar 10
Interest income – related party	11,625	3,376
<b>Total investment income</b>	<b>11,625</b>	<b>3,376</b>

#### 3. Operating expenses

Goodman Property Trust, the Company's parent, paid all fees for audit services provided to the Company (\$5,200), (31 March 2010: \$5,000).

#### 4. Taxation

\$000	31 Mar 11	Period to 31 Mar 10
<b>Analysis of taxation expense</b>		
Resident withholding tax	–	82
Profit before taxation	–	–
Prima facie income tax (expense)/benefit calculated at 30% on the profit before tax	–	–
<b>Current taxation</b>	<b>–</b>	<b>82</b>
<b>Deferred tax</b>		
There is no deferred tax balance as at reporting date. (31 March 10: \$nil)		
Taxation receivable is analysed as:		
Current	–	82
Non-current	–	–
	–	82

#### 5. Related party transactions

GMT Bond Issuer Limited is a wholly-owned subsidiary of Goodman Property Trust ("GMT"). All members of the GMT Group are considered to be related parties of the Company.

Related party receivable and payable balances of GMT Bond Issuer Limited at the reporting date were as follows:

Related party	31 Mar 11 \$000	31 Mar 10 \$000	Nature of relationship	Type of transaction
GMT	150,000	150,000	Parent	Advance
GMT	3,185	3,376	Parent	Accrued interest
GMT	–	(82)	Parent	Other expenses

The Company issued a loan to GMT for \$150,000,000 on 15 December 2009 bearing a fixed rate of 7.75% per annum, which matures on 19 June 2015. As at 31 March 2011, accrued interest on the loan amounted to \$3,184,932 (31 March 2010: \$3,376,027).

The balance owing to GMT as at 31 March 2010 represents resident withholding tax paid on behalf of the Company during the period that is recoverable by the Company from the Inland Revenue. The balance is non-interest bearing.

Related party transactions with GMT Bond Issuer Limited during the year were as follows:

Related party	31 Mar 11 \$000	Period to 31 Mar 10 \$000	Nature of relationship	Type of transaction
GMT	–	150,000	Parent	Loan
GMT	11,625	3,376	Parent	Interest on loan
GMT	–	(82)	Parent	Other expenses

#### Guarantee

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

In the period ended 31 March 2010, the costs associated with issuing the bonds totalling \$4,296,325, including early bird interest, were paid by GMT on behalf of the Company.

## Financial statements of GMT Bond Issuer Limited

### notes to the financial statements (continued)

For the year ended 31 March 2011

#### 6. Other payables

\$000	31 Mar 11	31 Mar 10
Accrued interest on senior secured bonds	3,185	3,376
	<b>3,185</b>	3,376
<b>Analysed as:</b>		
Current	3,185	3,376
	<b>3,185</b>	3,376

#### 7. Senior secured bonds

\$000	31 Mar 11	31 Mar 10
Fixed rate senior secured bonds	150,000	150,000
	<b>150,000</b>	150,000
<b>Analysed as:</b>		
Non-current	150,000	150,000
	<b>150,000</b>	150,000

#### Fixed rate senior secured bonds

On 16 December 2009, the Company issued \$150,000,000 of fixed rate senior secured bonds, bearing a fixed interest rate of 7.75% per annum. The bonds mature on 19 June 2015.

The fair value of fixed rate senior secured bonds as at 31 March 2011 is \$157,015,500 (31 March 2010: \$150,900,000). The fair value has been estimated using the method outlined in note 12 (d).

#### 8. Contributed equity

**Issued share capital** **100 Ordinary shares** (31 March 2010: 100 Ordinary shares)

Shares have been issued for nil consideration on incorporation. All shares rank equally with one vote attached to each share.

#### Net tangible assets

The net tangible assets per bond at 31 March 2011 was \$1.02 (31 March 2010: \$1.02).

#### 9. Retained earnings

\$000	31 Mar 11	Period to 31 Mar 10
Opening balance	-	-
Profit for the period	-	-
Closing balance	-	-

#### 10. Segmental 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.

The chief operating decision-maker has been identified as the Board of Directors of the Company. Management has determined the operating segments based on these reports.

The Company derives its revenue from one single business class, debt issuance, and operates in one geographical segment, New Zealand.

## Financial statements of GMT Bond Issuer Limited

# notes to the financial statements (continued)

For the year ended 31 March 2011

### 11. Financial instruments

The analysis of financial assets and liabilities into their categories and classes is set out in the following table:

\$000	Total	Loans and receivables
<b>2011</b>		
<b>Financial assets</b>		
Related party receivables	3,185	3,185
Related party advance	150,000	150,000
<b>Total financial assets</b>	<b>153,185</b>	<b>153,185</b>

\$000	Total	Financial liabilities
<b>2011</b>		
<b>Financial liabilities</b>		
Senior secured bonds	150,000	150,000
Other payables	3,185	3,185
<b>Total financial liabilities</b>	<b>153,185</b>	<b>153,185</b>

\$000	Total	Loans and receivables
<b>2010</b>		
<b>Financial assets</b>		
Current tax receivables	82	82
Related party receivables	3,376	3,376
Related party advance	150,000	150,000
<b>Total financial assets</b>	<b>153,458</b>	<b>153,458</b>

\$000	Total	Financial liabilities
<b>2010</b>		
<b>Financial liabilities</b>		
Senior secured bonds	150,000	150,000
Related party liabilities	82	82
Other payables	3,376	3,376
<b>Total financial liabilities</b>	<b>153,458</b>	<b>153,458</b>

### 12. Risk management information

The financial condition and operating results of the company are affected by a number of key financial risks. Financial risks include market risk, credit risk and financial and liquidity risk.

Risk management is carried out under policies approved by the Board of Directors. The Company identifies, evaluates and hedges financial risks as appropriate.

The Board has delegated to the Goodman (NZ) Limited Group Audit Committee the responsibility to review the effectiveness and efficiency of management processes, group risk management and internal financial controls and systems as part of their duties.

#### (a) Market Risk

Market risk is the risk of change in the fair value of financial instruments from fluctuations in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to an individual financial instrument of its issuer or factors affecting all financial instruments traded in a market.

##### (i) Interest rate risk

Interest rate risk is the risk that the value or future value of cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Board is responsible for the management of the interest rate risk arising from the external borrowings. As at 31 March 2011 there were no interest rate swaps in place in relation to senior secured bonds. Interest on senior secured bonds is fixed therefore mitigating the cash flow risk arising from changes in interest rates.

##### (ii) Currency risk

The Company is not exposed to currency risk, as there are no assets, liabilities or transactions which are denominated in a currency that is not the Company's functional currency.

##### (iii) Price risk

The Company is not exposed to price risk because it holds no investments in publicly traded equity securities.

#### (b) Credit risk

Credit risk is the risk of loss that arises from a counterparty failing to meet their contractual commitment in full and on time, or from losses arising from the change in value of a trading financial instrument as a result of changes in credit risk of that instrument.

The Company's exposure to credit risk is limited to deposits held with banks and other financial institutions as well as credit exposure to a related party.

##### (i) Credit risk concentration

Concentration of credit risk exists when the Company enters into contracts or financial instruments with a number of counterparties that are engaged in similar business activities or exposed to similar economic factors that might affect their ability to meet contractual obligations. The Company manages concentration of credit risk by credit rating, industry type and individual counterparty.

The credit risk concentration is within one geographical segmental, New Zealand. The significant concentrations of credit risk are outlined below.

\$000	31 Mar 11 Carrying value	31 Mar 10 Carrying value
Related party	153,185	153,376
Current tax receivable	–	82
<b>Total financial assets with credit exposure</b>	<b>153,185</b>	<b>153,458</b>

##### (ii) Maximum exposure to credit risk

The Company's maximum exposure to credit risk without taking account of any collateral or any other credit enhancements is the carrying amount of the financial assets held by the Company at the reporting date, which is as follows:

\$000	31 Mar 11 Carrying value	31 Mar 10 Carrying value
<b>Asset</b>		
Related party receivable	153,185	153,376
Current tax receivable	–	82
<b>Total credit risk</b>	<b>153,185</b>	<b>153,458</b>

## Financial statements of GMT Bond Issuer Limited

# notes to the financial statements (continued)

For the year ended 31 March 2011

### 12. Risk management information (continued)

#### (iii) Credit quality of financial assets that are neither past due nor impaired

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

\$000	31 Mar 11 Carrying value	31 Mar 10 Carrying value
<b>Credit exposure by credit rating</b>		
AAA	–	82
Related parties with credit rating*	153,185	153,376
Related parties with no credit rating	–	–
	153,185	153,458

\* GMT has been assigned a rating of BBB by Standard & Poor's

#### (iv) Financial assets that would otherwise be past due whose terms have been renegotiated

None of the financial assets have been renegotiated in the past period.

#### (v) Financial assets that are past due but not impaired

None of the financial assets are past due or impaired.

#### (c) Financing and liquidity risk

Financing and liquidity risk is the risk that the Company will not be able to meet its cash outflows or refinance debt obligations, as they fall due, because of lack of liquid assets or access to funding on acceptable terms.

To mitigate financing and liquidity risk the Company maintains sufficient current assets to ensure that it can meet its debt obligations and other cash outflows on a timely basis.

### 12. Risk management information (continued)

#### Financial assets and liabilities by expected and contractual maturity

The tables below summarise the Company's financial assets and liabilities into relevant maturity groups based on the remaining period at the balance date to the contractual and expected maturity date. All amounts disclosed are contractual undiscounted cash flows that include interest payments and exclude the impact of netting agreements.

\$000	Carrying value	Total contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>2011</b>							
<b>Financial assets</b>							
Related party receivables	153,185	199,017	5,813	5,813	11,625	175,766	–
<b>Total financial assets</b>	153,185	199,017	5,813	5,813	11,625	175,766	–
<b>Financial liabilities</b>							
Interest bearing liabilities	153,185	199,017	5,813	5,813	11,625	175,766	–
<b>Total financial liabilities</b>	153,185	199,017	5,813	5,813	11,625	175,766	–

\$000	Carrying value	Total contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>2010</b>							
<b>Financial assets</b>							
Current tax receivables	82	82	82	–	–	–	–
Related party receivables	153,376	210,642	5,813	5,813	11,625	34,875	152,516
<b>Total financial assets</b>	153,458	210,724	5,895	5,813	11,625	34,875	152,516
<b>Financial liabilities</b>							
Interest bearing liabilities	153,376	210,642	5,813	5,813	11,625	34,875	152,516
Related party payables	82	82	82	–	–	–	–
<b>Total financial liabilities</b>	153,458	210,724	5,895	5,813	11,625	34,875	152,516

#### (d) Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settles, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques referred to below:

The following methods and assumptions were used by the Company in estimating the fair values of financial instruments:

##### (i) Cash and cash equivalents

The carrying amount of cash and cash equivalents reasonably approximates its fair values.

##### (ii) Related party receivables

The fair value of related party receivables is approximately \$157,015,500 (31 March 2010: \$150,900,000) which has been estimated using the fair value of the underlying debt security.

##### (iii) Related party payables

The carrying amount of related party payables reasonably approximates its fair values.

##### (iv) Current tax receivables

The carrying amount of current tax receivables reasonably approximates its fair values.

##### (v) Senior secured bonds

The fair value of fixed rate senior secured bonds is determined by reference to the average quoted market price of the underlying debt securities at the end of the period, adjusted for accrued interest. The fair value of the senior secured bonds has been disclosed in note 6.

#### (e) Sensitivity analysis

No sensitivity analysis has been disclosed as there is no impact on the shareholder profit after tax or equity from changes in interest rates, exchange rates and equity prices. Cash, related party advances and interest bearing liabilities are held at amortised cost and subject to fixed interest rates and other related party balances are interest free. The fair value of the senior secured bonds has been disclosed in note 6.

13. Reconciliation of profit for the period to net cash flows from operating activities

\$000	31 Mar 11	Period to 31 Mar 10
Profit for the period attributable to shareholders	-	-
<b>Add/(less) movements in working capital</b>		
Decrease/(increase) in related party receivables	191	(3,376)
(Decrease)/increase in other payables	(191)	3,376
	-	-
<b>Net cash inflow from operating activities</b>	-	-

14. Contingent liabilities

There were no material contingent liabilities as at 31 March 2011 (31 March 2010: \$nil).

15. Capital commitments

There were no material capital commitments as at 31 March 2011 (31 March 2010: \$nil).

16. Subsequent events

There have been no material events subsequent to 31 March 2011 (31 March 2010: \$nil).

# independent auditors' report+

To the shareholder of GMT Bond Issuer Limited



Report on the Financial Statements

We have audited the financial statements of GMT Bond Issuer Limited on pages 80 to 94, which comprise the statement of financial position as at 31 March 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We have no relationship with, or interests in, GMT Bond Issuer Limited other than in our capacities as auditors and providers of other advisory and assurance services. These services have not impaired our independence as auditors of the Company.

Opinion

In our opinion, the financial statements on pages 80 to 94:

- (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 Company as at 31 March 2011, and its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2011:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholder, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholder those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder, as a body, for our audit work, for this report or for the opinions we have formed.

Chartered Accountants  
18 May 2011

Auckland

# Goodman Property Trust GMT Bond Issuer Limited other information+

## contents+

Investor relations	97
Glossary	100
Corporate directory	101

## investor relations+

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

### Annual meeting

GMT's Trust Deed requires at least one general meeting of Unitholders each year. The next Annual General Meeting is scheduled for 2 August 2011. Further details will be provided closer to the time.

### Publications

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

### Website

The Trust's website [www.goodman.com/nz](http://www.goodman.com/nz), enables Unitholders and Bondholders to view information about their investment, download investor forms, check current prices and view publications and announcements.

### Investor helpline

The Manger has a dedicated toll free number, 0800 000 656 (+64 9 375 6073 from outside New Zealand), which will connect Unitholders and Bondholders directly with the investor relations team who will assist with any queries.

### Unitholder distribution

The Trust typically pays its distributions quarterly in the third month that follows each quarter. for example the distribution for the March 2011 quarter was paid in June 2011.

### Distribution reinvestment plan

GMT currently offers a Distribution Reinvestment Plan ("DRP") for Unitholders that have registered addresses in New Zealand and a limited number of Australian "wholesale clients", as that term is defined in section 761G of the Australian Corporations Act 2001. If Unitholders elect to participate in the DRP, they will receive additional units in GMT in exchange for quarterly cash distributions. If no election is made, Unitholders will receive distributions in the form of cash only. The last day for delivery of an election notice under the DRP is the record date for the relevant distribution, which is disclosed to NZX at the same time as the details of the distribution payment.

### Bondholder interest payment

Interest is paid semi-annually in June and December, each year, until redemption.

### Registrar

Computershare Investor Services Limited is the registrar of GMT with responsibility for administering and maintaining the Trust's Unit and Bond Registers. If you have a question about the administration of your investment, Computershare can be contacted directly:

- + by phone, on their toll free number 0800 359 999 (+64 9 488 8777 outside New Zealand);
- + by email, to [enquiry@computershare.co.nz](mailto: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 2 May 2011

Rank	Holder Name	Number of units held	% of total issued units
1	Trust Company Limited	156,274,166	16.74
2	HSBC Nominees (New Zealand) Limited - NZCSD	59,983,098	6.43
3	Accident Compensation Corporation - NZCSD	53,406,343	5.72
4	Investment Custodial Services Limited	37,588,023	4.03
5	HSBC Nominees (New Zealand) Limited A/C - NZCSD	34,919,481	3.74
6	Custodial Services Limited	26,301,985	2.82
7	FNZ Custodians Limited	26,217,161	2.81
8	BT NZ Unit Trust Nominees Limited - NZCSD	25,320,513	2.71
9	Premier Nominees Limited - Onepath Wholesale Property Services - NZCSD	24,255,743	2.60
10	National Nominees New Zealand Limited - NZCSD	19,595,440	2.10
11	Forsyth Barr Custodians Limited	14,160,586	1.52
12	NZ Guardian Trust Investment Nominees Limited - NZCSD	13,498,284	1.45
13	Mssrs. Parsons, Henshaw, Thomson and Williams	11,734,694	1.26
14	Custodial Services Limited	10,928,479	1.17
15	Forsyth Barr Custodians Limited	9,958,172	1.07
16	New Zealand Superannuation Fund Nominees Limited - NZCSD	8,559,749	0.92
17	Custodial Services Limited	8,269,397	0.89
18	MFL Mutual Fund Limited - NZCSD	8,176,198	0.88
19	Citibank Nominees (New Zealand) Limited - NZCSD	7,582,832	0.81
20	TEA Custodians Limited - NZCSD	6,672,527	0.72
<b>Units held by Top 20 Unitholders</b>		<b>563,402,871</b>	<b>60.36</b>
<b>Balance of Units held</b>		<b>369,978,931</b>	<b>39.64</b>
<b>Total of issued Units</b>		<b>933,381,802</b>	<b>100.00</b>

## Unitholder distribution as at 2 May 2011

Unitholding Range	Number of Unitholders	Number of Units
1 to 499	65	13,695
500 to 999	71	50,760
1,000 to 1,999	210	290,990
2,000 to 4,999	1112	3,883,376
5,000 to 9,999	2026	13,977,379
10,000 to 49,999	5657	120,746,138
50,000 to 99,999	808	52,527,227
100,000 to 499,999	464	79,894,369
500,000 to 999,999	22	14,160,947
1,000,000 and above	50	647,836,921
Total	10,485	933,381,802

## Substantial Unitholder as at 2 May 2011

As at 2 May 2011 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<sup>1</sup>:

Unitholder	Number of units held
Goodman Limited	144,164,365 <sup>2</sup>
Goodman Funds Management Limited	144,164,365 <sup>2</sup>
Goodman Industrial Trust	144,164,365 <sup>2</sup>
Tallina Pty Limited	144,164,365 <sup>2</sup>
Trust Company Limited	144,164,365 <sup>2</sup>
Commonwealth Bank Group	62,515,758
DIAM Co., Limited	55,739,771
Accident Compensation Corporation	45,813,472

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 97.

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.

<b>\$ and cents</b>	New Zealand currency.
<b>Associated Persons</b>	has the meaning given to that term in the Listing Rules.
<b>ASX</b>	ASX Limited or any market operated by it, as the context requires.
<b>Balance Date</b>	31 March 2011.
<b>Board</b>	the board of directors of the Manager and the Issuer.
<b>Bondholder</b>	a person whose name is recorded in the register as a holder of a Goodman+Bond.
<b>Co-ownership Agreement</b>	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.
<b>Director</b>	a director of the Manager and the Issuer.
<b>DRP</b>	the distribution reinvestment plan for the Trust in operation from time to time.
<b>GIT</b>	Goodman Industrial Trust and its controlled entities, as the context requires.
<b>GL</b>	Goodman Limited and its controlled entities, as the context requires.
<b>GMB</b>	GMT Bond Issuer Limited, a wholly owned subsidiary of Goodman Property Trust.
<b>Goodman Group or GMG</b>	means 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.
<b>Goodman+Bond</b>	a bond issued by GMB.
<b>GPSNZ</b>	Goodman Property Services (NZ) Limited.
<b>Independent Directors</b>	has the meaning given to that term in the Listing Rules which, for the Manager at the date of this Report, are Susan Paterson, Peter Simmonds and Keith Smith.
<b>Listing Rules</b>	the Listing Rules of NZX from time to time and 'LR' is a reference to any of those rules.
<b>Management</b>	the senior executives of the Manager.
<b>Manager or GNZ</b>	the manager of the Trust, Goodman (NZ) Limited.
<b>NTA</b>	net tangible assets.
<b>NZ IFRS</b>	New Zealand Equivalents to International Financial Reporting Standards.
<b>NZDX</b>	the New Zealand debt market operated by NZX.
<b>NZX</b>	NZX Limited or any market operated by it, as the context requires.
<b>Registrar</b>	the unit registrar for GMT and Goodman+Bond registrar for GMB which, at the date of this Report, is Computershare Investor Services Limited.
<b>sqm</b>	square metres.
<b>Trust Deed</b>	the GMT trust deed dated 23 April 1999, as amended from time to time.
<b>Trust or GMT</b>	Goodman Property Trust and its controlled entities, including GMB, as the context requires.
<b>Trustee</b>	the trustee of the Trust, Perpetual Trust Limited.
<b>Unitholder or unitholder</b>	any holder of a Unit whose name is recorded in the register.
<b>Unit or unit</b>	a unit in GMT.

## Manager of Goodman Property Trust

Goodman (NZ) Limited  
Level 3, 203 Queen Street  
Auckland

PO Box 90940  
Victoria Street West  
Auckland 1142

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

## Issuer of Goodman+Bonds

GMT Bond Issuer Limited  
Level 3, 203 Queen Street  
Auckland

PO Box 90940  
Victoria Street West  
Auckland 1142

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

## Directors of Goodman (NZ) Limited and GMT Bond Issuer Limited at Balance Date

### Chairman and Independent Director

Keith Smith

### Independent Directors

Susan Paterson  
Peter Simmonds

### Non-executive Directors

Gregory Goodman  
James Hodgkinson  
Phil Pryke

## Auditors

PricewaterhouseCoopers  
PricewaterhouseCoopers Tower  
188 Quay Street  
Auckland

Private Bag 92162  
Auckland 1142

This Annual Report for the year ended 31 March 2011 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 2011.

## 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

## Trustee for Goodman Property Trust

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

PO Box 3376  
Shortland Street  
Auckland 1140

## Bond Trustee

Public Trust  
Level 35, Vero Centre  
48 Shortland Street  
Auckland

PO Box 1598  
Shortland Street  
Auckland 1140

## Legal advisors

Russell McVeagh  
Level 30, Vero Centre  
48 Shortland Street  
Auckland

## Legal advisors to Bond Trustee

Buddle Findlay  
PricewaterhouseCoopers Tower  
188 Quay Street  
Auckland



[www.goodman.com/nz](http://www.goodman.com/nz)