

# GMT Bond Issuer Limited interim financial statements+

for the six months ended  
30 September 2014

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# statement of comprehensive income

For the six months ended 30 September 2014

\$ million	Note	6 months 30 Sep 14	12 months 31 Mar 14	6 months 30 Sep 13
<b>Investment income</b>				
Interest income	2	8.9	13.4	5.8
<b>Total investment income</b>		<b>8.9</b>	<b>13.4</b>	<b>5.8</b>
<b>Operating expenses</b>				
Operating expenses	3	-	-	-
<b>Total operating expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Finance costs</b>				
Interest expense		8.9	13.4	5.8
<b>Total finance costs</b>		<b>8.9</b>	<b>13.4</b>	<b>5.8</b>
<b>Profit before income tax</b>				
		-	-	-
Taxation	4	-	-	-
<b>Profit after tax attributable to shareholder</b>		<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period attributable to shareholder</b>		<b>-</b>	<b>-</b>	<b>-</b>

The statement of comprehensive income should be read in conjunction with the accompanying notes.

**statement of financial position**

As at 30 September 2014

\$ million	Note	30 Sep 14	31 Mar 14	30 Sep 13
<b>Assets</b>				
Current tax receivable	4	-	-	-
Related party receivable	5	5.0	5.0	3.2
Related party advance	5	250.0	250.0	150.0
<b>Total assets</b>		<b>255.0</b>	<b>255.0</b>	<b>153.2</b>
<b>Liabilities</b>				
Other payables	6	5.0	5.0	3.2
Retail bonds	7	250.0	250.0	150.0
<b>Total liabilities</b>		<b>255.0</b>	<b>255.0</b>	<b>153.2</b>
<b>Net assets</b>				
		-	-	-
<b>Equity</b>				
Contributed equity	8	-	-	-
Retained earnings		-	-	-
<b>Total equity</b>		<b>-</b>	<b>-</b>	<b>-</b>

The statement of financial position should be read in conjunction with the accompanying notes.

The Board of GMT Bond Issuer Limited authorised these financial statements for issue on 11 November 2014.

For and on behalf of the Board:



Keith Smith  
Chairman



Peter Simmonds  
Chairman, Audit Committee

## statement of changes in equity

For the six months ended 30 September 2014

\$ million	Contributed equity	Retained earnings	Total
<b>6 months to 30 September 2014</b>			
<b>Total equity at 1 April 2014</b>	-	-	-
Total comprehensive income for the period	-	-	-
<b>Total equity at 30 September 2014</b>	-	-	-

\$ million	Contributed equity	Retained earnings	Total
<b>12 months to 31 March 2014</b>			
<b>Total equity at 1 April 2013</b>	-	-	-
Total comprehensive income for the year	-	-	-
<b>Total equity at 31 March 2014</b>	-	-	-

\$ million	Contributed equity	Retained earnings	Total
<b>6 months to 30 September 2013</b>			
<b>Total equity at 1 April 2013</b>	-	-	-
Total comprehensive income for the period	-	-	-
<b>Total equity at 30 September 2013</b>	-	-	-

The statement of changes in equity should be read in conjunction with the accompanying notes.

**statement of cash flows**

For the six months ended 30 September 2014

\$ million	Note	6 months 30 Sep 14	12 months 31 Mar 14	6 months 30 Sep 13
<b>Cash flows from operating activities</b>				
Interest received		8.9	13.4	5.8
Interest paid		(8.9)	(13.4)	(5.8)
<b>Net cash inflow from operating activities</b>	9	-	-	-
<b>Cash flows from investing activities</b>				
Related party advance		-	(100.0)	-
<b>Net cash outflow from investing activities</b>		-	(100.0)	-
<b>Cash flows from financing activities</b>				
Proceeds from issue of retail bonds		-	100.0	-
<b>Net cash inflow from financing activities</b>		-	100.0	-
<b>Net movement 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 cash flows should be read in conjunction with the accompanying notes.

# notes to the financial statements

For the six months ended 30 September 2014

## 1. Accounting policies

### General information

GMT Bond Issuer Limited ("the Company") was incorporated on 5 November 2009. The address of its registered office is Level 28, 151 Queen Street, Auckland. GMT Bond Issuer Limited is an issuer for the purposes of the Financial Reporting Act 2013 as its issued debt securities are listed on the New Zealand Debt Market ("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 lending the proceeds to Goodman Property Trust ("GMT") by way of interest bearing advances. It made an initial issue of bonds on 15 December 2009 and a second issue on 15 December 2013.

The interim financial statements were authorised for issue by the Board of Directors on 11 November 2014. The Board does not have the power to amend these financial statements once issued.

### Basis of preparation

These interim financial statements for the six month period ended 30 September 2014 have been prepared in accordance with generally accepted accounting practice in New Zealand, International Accounting Standard 34 Interim Financial Reporting and New Zealand equivalent to International Accounting Standard 34 Interim Financial Reporting.

The interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 31 March 2014, prepared in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards.

The interim financial statements for the six months ended 30 September 2014 and 30 September 2013 are unaudited. The interim financial statements are presented in New Zealand Dollars (\$), which is the Company's functional currency. All financial information has been presented in millions, unless stated otherwise.

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

### Changes in accounting policies

There have been no changes in accounting policies during the current financial period.

The accounting policies that materially affect the measurement of the statement of comprehensive income, statement of financial position and the statement of cash flows have been applied on a basis consistent with those used in the audited financial statements for the year ended 31 March 2014 and unaudited interim financial statements for the six months ended 30 September 2013.

## 2. Investment income

\$ million	6 months 30 Sep 14	12 months 31 Mar 14	6 months 30 Sep 13
Interest income	8.9	13.4	5.8
<b>Total investment income</b>	<b>8.9</b>	<b>13.4</b>	<b>5.8</b>

## 3. Operating expenses

Goodman Property Trust, the Company's parent, paid \$2,900 for audit and review services provided to the Company (31 March 2014: \$5,700, 30 September 2013: \$2,850).

# notes to the financial statements (continued)

For the six months ended 30 September 2014

## 4. Taxation

\$ million	6 months 30 Sep 14	12 months 31 Mar 14	6 months 30 Sep 13
<b>Analysis of taxation expense</b>			
Resident withholding tax	-	-	-
Profit before taxation	-	-	-
Prima facie income tax (expense)/benefit calculated at 28%	-	-	-
<b>Current taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>			
There is no deferred tax balance as at reporting date (31 March 2014: nil; 30 September 2013: nil).			
Taxation receivable is analysed as:			
Current	-	-	-
Non-current	-	-	-
<b>Total taxation receivable</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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	30 Sep 14 \$ million	31 Mar 14 \$ million	30 Sep 13 \$ million	Nature of Relationship	Type of Transaction
Goodman Property Trust	250.0	250.0	150.0	Parent	Loans
Goodman Property Trust	5.0	5.0	3.2	Parent	Accrued Interest

The Company issued a loan to GMT for \$150.0 million on 15 December 2009 bearing interest at a fixed rate of 7.75% per annum, maturing on 19 June 2015. The Company issued a loan to GMT for \$100.0 million on 15 December 2013 bearing interest at a fixed rate of 6.20% per annum, maturing on 16 December 2020. As at 30 September 2014, accrued interest on the loans amounted to \$5.0 million (31 March 2014: \$5.0 million; September 2013: \$3.2 million).

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

Related party	30 Sep 14 \$ million	31 Mar 14 \$ million	30 Sep 13 \$ million	Nature of Relationship	Type of Transaction
Goodman Property Trust	-	100.0	-	Parent	Loan
Goodman Property Trust	8.9	13.4	5.8	Parent	Interest on loans

# notes to the financial statements (continued)

For the six months ended 30 September 2014

## 5. Related party transactions (continued)

### Guarantee

Corporate 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.

## 6. Other payables

\$ million	30 Sep 14	31 Mar 14	30 Sep 13
Accrued interest on senior secured bonds	5.0	5.0	3.2
<b>Analysed as:</b>			
Current	5.0	5.0	3.2

## 7. Senior secured bonds

\$ million	30 Sep 14	31 Mar 14	30 Sep 13
2015 senior secured bonds	150.0	150.0	150.0
2017 senior secured bonds	100.0	100.0	-
<b>Total senior secured bonds</b>	<b>250.0</b>	<b>250.0</b>	<b>150.0</b>
<b>Analysed as:</b>			
Current	150.0	-	-
Non-current	100.0	250.0	150.0
<b>Total senior secured bonds</b>	<b>250.0</b>	<b>250.0</b>	<b>150.0</b>

### Fixed rate senior secured bonds

On 15 December 2009, the Company issued \$150.0 million of fixed rate retail bonds, bearing a fixed interest rate of 7.75% per annum. The bonds mature on 19 June 2015.

On 16 December 2013, the Company issued \$100.0 million of fixed rate retail bonds, bearing a fixed interest rate of 6.20% per annum. The bonds mature on 16 December 2020.

The fair value of retail bonds as at 30 September 2014 is \$256.7 million (31 March 2014: \$255.7 million; 30 September 2013: \$158.8 million). The fair value has been estimated using the method outlined in Note 12.



# notes to the financial statements (continued)

For the six months ended 30 September 2014

## 8. Contributed equity

### Issued share capital

As at 30 September 2014, 100 ordinary shares had been issued for \$nil consideration on incorporation. All shares rank equally with one vote attached to each share (31 March 2014: 100 ordinary shares; 30 September 2013: 100 ordinary shares).

### Net tangible assets

The net tangible assets per bond at 30 September 2014 was \$1.02 (31 March 2014: \$1.02; 30 September 2013: \$1.02).

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

\$ million	6 months 30 Sep 14	12 months 31 Mar 14	6 months 30 Sep 13
Profit for the period attributable to shareholder	-	-	-
<b>Add/(less) movements in working capital</b>			
Decrease/(increase) in related party receivable	-	-	-
(Decrease)/increase in other payables	-	-	-
<b>Net cash inflow from operating activities</b>	-	-	-

## 10. Commitments and contingencies

There were no material capital commitments or material contingent liabilities as at 30 September 2014 (31 March 2014: \$nil; 30 September 2013: \$nil).

## 11. Events subsequent to balance date

There have been no material events subsequent to 30 September 2014 (31 March 2014: \$nil, 30 September 2013: \$nil).

## 12. Financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, 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 Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- + 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 (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- + Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

## notes to the financial statements (continued)

For the six months ended 30 September 2014

### 12. Financial instruments (continued)

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

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There have been no transfers into or out of the levels of the fair value hierarchy during the year.

Except for the retail bonds, the carrying values of all balance sheet financial instruments of the Company approximate their estimated fair value:

+ related party payables are short term in nature and therefore approximate fair value.

(i) Related party receivables

The fair value of related party receivables is approximately \$256.7 million (31 March 2014: \$255.7 million, 30 September 2013: \$158.8 million) which has been estimated using the fair value of the underlying debt security. Related party receivables are classified as level 2 in the fair value hierarchy.

(ii) Retail bonds

The fair value of fixed rate retail 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 7. Senior secured bonds are classified as level 1 in the fair value hierarchy.

# independent review report

to the Shareholder of GMT Bond Issuer Limited



## Report on the Interim Financial Statements

We have reviewed the accompanying interim financial statements of GMT Bond Issuer Limited on pages 38 to 46, which comprise the statement of financial position as at 30 September 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and the notes to the interim financial statements that include a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Interim Financial Statements

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

### Our Responsibility

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

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

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of GMT Bond Issuer Limited, do not present fairly, in all material respects the financial position of GMT Bond Issuer Limited as at 30 September 2014, and of its financial performance and its cash flows for the period ended on that date, in accordance with IAS 34 and NZ IAS 34.

### Restriction on Use of our Report

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

Chartered Accountants  
11 November 2014

Auckland

