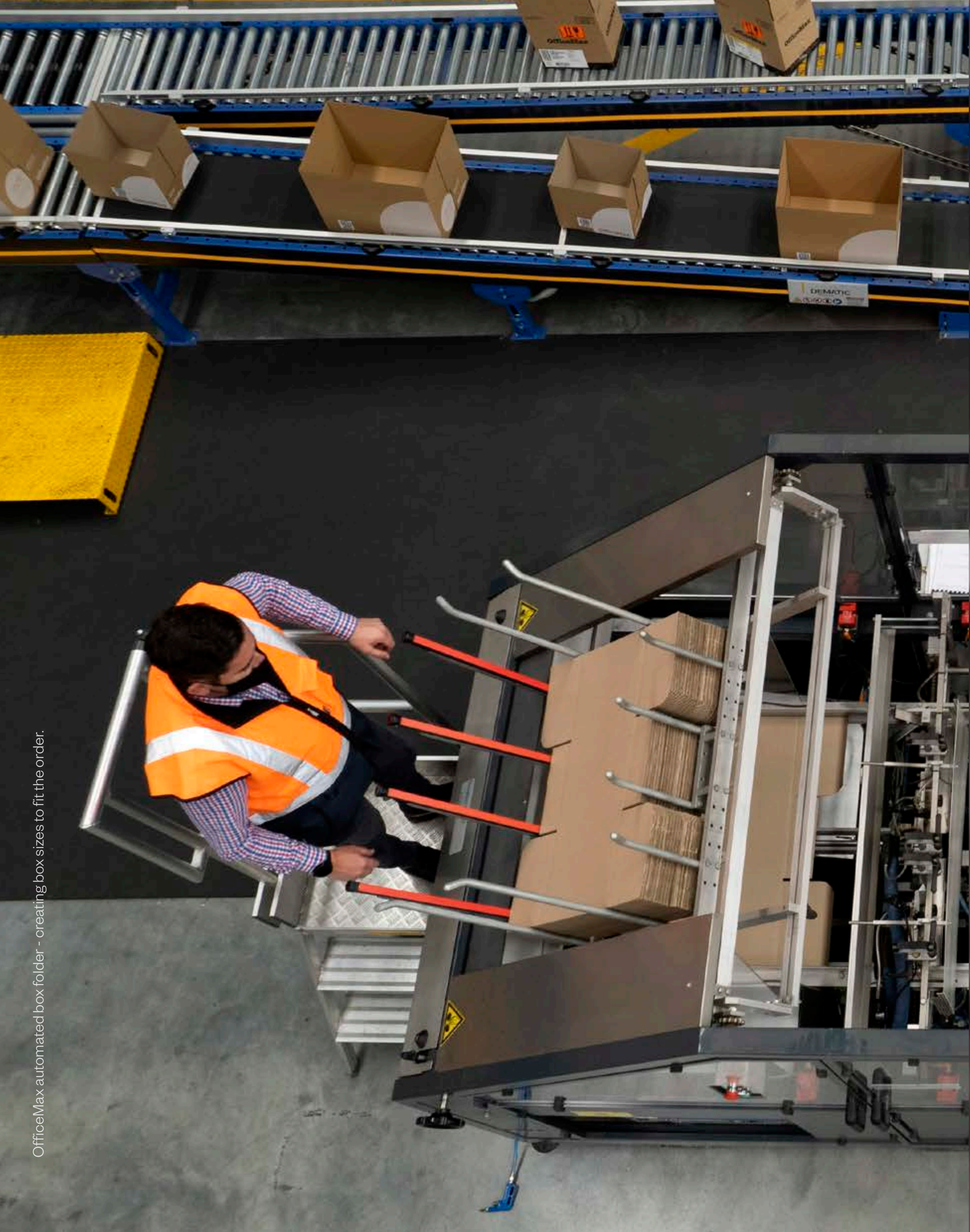

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GMT BOND ISSUER LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2022

CONTENTS

The Board of GMT Bond Issuer Limited, authorised these financial statements for issue on 18 May 2022. For and on behalf of the Board:

Keith Smith
Chair

Laurissa Cooney
Chair, Audit Committee

PROFIT OR LOSS

For the year ended 31 March 2022

$ million	2022	2021
Interest income	20.6	20.8
Interest cost	(20.6)	(20.8)
Profit before tax	**–**	**–**
Tax	–	–
Profit after tax attributable to shareholder	**–**	**–**

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

BALANCE SHEET

As at 31 March 2022

$ million	Note	2022	2021
Non-current assets			
Advances to related parties	2	600.0	500.0
Current assets			
Advances to related parties	2	100.0	–
Interest receivable from related parties		5.6	3.5
Cash		0.1	0.1
Total assets		**705.7**	**503.6**
Non-current liabilities			
Borrowings	1	600.0	500.0
Current liabilities			
Borrowings	1	100.0	–
Interest payable		5.7	3.6
Total liabilities		**705.7**	**503.6**
Net assets		**–**	**–**
Equity			
Contributed equity	7	–	–
Retained earnings		–	–
Total equity		**–**	**–**

CASH FLOWS

For the year ended 31 March 2022

$ million	Note	2022	2021
Cash flows from operating activities			
Interest income received		18.5	22.3
Interest costs paid		(18.5)	(22.4)
Net cash flows from operating activities	5	**–**	**(0.1)**
Cash flows from investing activities			
Repayment of related party advances		–	100.0
Related party advances made		(200.0)	(200.0)
Net cash flows from investing activities		**(200.0)**	**(100.0)**
Cash flows from financing activities			
Proceeds received from issue of wholesale bonds		200.0	200.0
Repayment of retail bonds		–	(100.0)
Net cash flows from financing activities		**200.0**	**100.0**
Net movement in cash		**–**	**(0.1)**
Cash at the beginning of the year		0.1	0.2
Cash at the end of the year		**0.1**	**0.1**

CHANGES IN EQUITY

For the year ended 31 March 2022

$ million	Contributed equity	Retained earnings	Total
As at 1 April 2020	–	–	–
Profit after tax	–	–	–
As at 31 March 2021	**–**	**–**	**–**
Profit after tax	–	–	–
As at 31 March 2022	**–**	**–**	**–**

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

GENERAL INFORMATION

For the year ended 31 March 2022

REPORTING ENTITY

GMT Bond Issuer Limited ("the Company") was incorporated on 5 November 2009. The address of its registered office is Level 2, 18 Viaduct Harbour Avenue, Auckland. GMT Bond Issuer Limited is an issuer for the purposes of the Financial Reporting Act 2013 as its issued retail bonds 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 issues of debt securities with the purpose of on-lending the proceeds to Goodman Property Trust ("GMT") by way of interest bearing advances.

BASIS OF PREPARATION AND MEASUREMENT

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

The financial statements of the Company have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The Company is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements also comply with International Financial Reporting Standards ("IFRS").

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

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

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in the future periods affected.

SIGNIFICANT ACCOUNTING POLICIES

Interest income
Interest income from advances to related parties is recognised using the effective interest method.

Interest cost
Interest expense charged on borrowings is recognised as incurred using the effective interest method.

Advances to related parties
Advances to related parties are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method.

Interest receivable from related parties
These amounts represent the fair value of interest income recognised but not yet due for payment. Due to the short term nature of the receivables, the recoverable value represents the fair value.

Borrowings
Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are carried at amortised cost using the effective interest method.

Interest payable
Interest payable represents interest costs recognised as an expense but not yet due for payment.

Financial risk management
Financial instruments are classified dependent on the purpose for which the financial instrument was acquired or assumed. Management determines the classification of its financial instruments at initial recognition between two categories:

Amortised cost	Instruments recorded at amortised cost are those with fixed or determined receipts / payments that are recorded at their expected value at balance date.
Fair value through Profit or Loss	Instruments recorded at fair value through Profit or Loss have their fair value measured via active market inputs, or by using valuation techniques if no active market exists.

CHANGES IN ACCOUNTING POLICY

There have been no changes in accounting policies made during the financial year.

NEW ACCOUNTING STANDARDS NOW ADOPTED

There have been no new accounting standards that are applicable to these financial statements.

1. Borrowings

1.1. Composition of borrowings

	Carried at	Date issued	Maturity	Interest rate	2022 $ million	2021 $ million
Retail bonds – GMB030	Amortised cost	Jun 15	Jun 22	5.000%	100.0	100.0
Retail bonds – GMB040	Amortised cost	May 17	May 24	4.540%	100.0	100.0
Retail bonds – GMB050	Amortised cost	Mar 18	Sep 23	4.000%	100.0	100.0
Wholesale bonds – 8 years	Amortised cost	Sep 20	Sep 28	2.262%	50.0	50.0
Wholesale bonds – 10 years	Amortised cost	Sep 20	Sep 30	2.559%	150.0	150.0
Wholesale bonds – 6 years	Amortised cost	Dec 21	Dec 27	3.656%	200.0	–
Total					**700.0**	**500.0**

1.2. Security and covenants

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

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

SIGNIFICANT TRANSACTIONS

In December 2021, the Company issued $200.0 million of wholesale bonds, with a 6 year term expiring in December 2027, paying a fixed interest rate of 3.656%.

SUBSEQUENT EVENT

In April 2022, the Company issued $150.0 million of green bonds, with a 5 year term expiring in April 2027, paying a fixed interest rate of 4.740%.

2. Advances to related parties

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

2.1. Composition of advances to related parties

	Carried at	Date issued	Maturity	Interest rate	2022 $ million	2021 $ million
Advance made to Goodman Property Trust in June 2015	Amortised cost	Jun 15	Jun 22	5.000%	100.0	100.0
Advance made to Goodman Property Trust in May 2017	Amortised cost	May 17	May 24	4.540%	100.0	100.0
Advance made to Goodman Property Trust in March 2018	Amortised cost	Mar 18	Sep 23	4.000%	100.0	100.0
Advance made to Goodman Property Trust in September 2020	Amortised cost	Sep 20	Sep 28	2.262%	50.0	50.0
Advance made to Goodman Property Trust in September 2020	Amortised cost	Sep 20	Sep 30	2.559%	150.0	150.0
Advance made to Goodman Property Trust in December 2021	Amortised cost	Dec 21	Dec 27	3.656%	200.0	–
Total					**700.0**	**500.0**

2.2. Guarantee

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

3. Administrative expenses

Goodman Property Trust, the Company's parent, paid all fees for audit services provided to the Company (2022: $15,000, 2021: $12,500), audit related services of reporting to the Supervisor (2022: $3,000, 2021: $2,000) and fees for materiality guidance on the green bond issuance (2022: $6,000, 2021: $nil).

4. Commitments and contingencies

4.1. Capital commitments payable

GMT Bond Issuer Limited has no capital commitments.

4.2. Contingent liabilities

GMT Bond Issuer Limited has no material contingent liabilities.

5. Reconciliation of profit after tax to net cash flows from operating activities

$ million	2022	2021
Profit after tax	–	–
Movements in working capital from:		
Interest receivable from related parties	(2.1)	1.5
Interest payable	2.1	(1.6)
Movements working capital	**–**	**(0.1)**
Net cash flows from operating activities	**–**	**(0.1)**

6. Financial risk management

The Company is exposed to financial risk for the financial instruments that it holds. Financial risk can be classified in the following categories; interest rate risk, credit risk, liquidity risk and capital management risk.

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

6.1. Financial instruments

The following items in the Balance Sheet are classified as financial instruments: Advances to related parties, cash, interest receivable from related parties, borrowings and interest payable. All items are recorded at amortised cost.

6.2. 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 interest rate risk arising from the external borrowings.

To mitigate interest rate risk, all advances to related parties have fixed interest rates receivable that match the fixed interest rates payable on borrowings.

6.3. 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 cash and deposits held with banks and credit exposure for the advances to related parties.

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. All financial assets are with Goodman Property Trust. Goodman Property Trust has been assigned a rating of BBB with a stable outlook by S&P Global Ratings.

6. Financial risk management (continued)

6.4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. The Company's approach to management of liquidity risk is to ensure 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 Company's reputation.

The following table outlines the Company's financial liabilities by their relevant contractual maturity date. Values are the contractual undiscounted cash flows and include both principal and interest where applicable.

$ million	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and later	Total cash flows	Carrying value
2022								
Cash	0.1	–	–	–	–	–	0.1	0.1
Financial assets – Advances to related parties	121.9	118.5	113.0	12.3	12.3	420.1	798.1	705.6
Financial liabilities – Borrowings	(122.0)	(118.5)	(113.0)	(12.3)	(12.3)	(420.1)	(798.2)	(705.7)
Total	–	–	–	–	–	–	–	–
2021								
Cash	0.1	–	–	–	–	–	0.1	0.1
Financial assets – Advances to related parties	18.4	114.7	111.2	105.7	5.0	219.8	574.8	503.5
Financial liabilities – Borrowings	(18.5)	(114.7)	(111.2)	(105.7)	(5.0)	(219.8)	(574.9)	(503.6)
Total	–	–	–	–	–	–	–	–

6.5. Capital management risk

The Company's policy is to match the value, term and maturity of external borrowings to the value, term and maturity of advances made to related parties. This minimises capital management risk for the Company.

6. Financial risk management (continued)

6.6. Fair value of financial instruments

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

$ million	Fair value hierarchy	2022	2021
Related party receivables	Level 2	656.6	499.9
Retail bonds	Level 1	(302.4)	(320.1)
Wholesale bonds	Level 2	(354.2)	(179.8)

For instruments where there is no active market, the Company 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 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:

— Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value of wholesale bonds, classified as Level 2, is measured using a present value calculation of the future cashflows using the relevant term swap rate as the discount factor. The fair value of related party receivables, classified as Level 2, is measured using the quoted prices of the retail bonds liability and the fair value of the wholesale bonds.

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.

7. Equity

As at 31 March 2022, 100 ordinary shares had been issued for nil consideration (2021: 100 ordinary shares for nil consideration). All shares rank equally with one vote attached to each share.

The Company has tangible assets of $0.1 million, and its net assets are nil. Consequently, the net tangible assets per bond at 31 March 2022 are nil (2021: nil).

INDEPENDENT AUDITOR'S REPORT

To the shareholder of GMT Bond Issuer Limited

OUR OPINION

In our opinion, the accompanying financial statements of GMT Bond Issuer Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 31 March 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The financial statements comprise:

+ the balance sheet as at 31 March 2022;
+ the statement of profit or loss for the year then ended;
+ the statement of changes in equity for the year then ended;
+ the statement of cash flows for the year then ended; and
+ the notes to the financial statements, which include significant accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Company in the area of reporting to the supervisor. The provision of these other services has not impaired our independence as auditor of the Company.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. The entity obtains funds from the issue of debt securities and then lends the proceeds to Goodman Property Trust at the same cost. Given the nature of the Company's operations, we determined that there were no key audit matters to communicate in our report.

OUR AUDIT APPROACH

Overview

Materiality	Overall materiality: $206,000, which represents 1% of interest expense. We chose interest expense as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users.
Key audit matters	As reported above, we have not identified any key audit matters from our audit given the nature of the entity. Refer to the Key audit matters section of our report.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), the auditor exercises professional judgement and maintains professional scepticism throughout the audit.

The auditor also:

+ Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
+ Obtains an understanding of internal control relevant to the audit 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 entity's internal control.
+ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
+ Concludes on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
+ Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

The auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WHO WE REPORT TO

This report is made solely to the Company's shareholder. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Richard Day.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
18 May 2022

Auckland