



# Goodman Property Trust

**Managed Investment Scheme**  
Annual Report 2018

# Contents

<b>Details of the Scheme</b>	<b>1</b>
<b>Description of the Scheme</b>	<b>1</b>
<b>Information on composition of the Scheme</b>	<b>1</b>
<b>Changes relating to the Scheme</b>	<b>2</b>
<b>Financial condition and performance of the Scheme</b>	<b>3</b>
<b>Fees</b>	<b>4</b>
<b>Scheme property</b>	<b>6</b>
<b>Changes to persons involved in the Scheme</b>	<b>7</b>
<b>How to find further information</b>	<b>7</b>
<b>Contact details and complaints</b>	<b>8</b>

This Annual Report has been prepared for the purposes of the Financial Markets Conduct Regulations 2014 and is distinct from the Annual Report prepared in compliance with the NZX Listing Rules.

# Details of the Scheme

The scheme is the Goodman Property Trust ("Scheme" or "GMT") which is a managed investment scheme for the purposes of the Financial Markets Conduct Act 2013 ("FMCA").

The Manager of the Scheme is Goodman (NZ) Limited and the Supervisor is Covenant Trustee Services Limited.

A Product Disclosure Statement has not been prepared for the Scheme as no regulated offers of units have been made pursuant to the FMCA.

The Scheme's latest financial statements and the auditor's report for those statements were lodged with the Registrar on 17 July 2018.

Units in the Scheme are listed on the NZX with the code of GMT.

# Description of the Scheme

The Scheme owns, develops and manages commercial property and business real estate space located in Auckland and Christchurch.

The Scheme is a unit trust established on 23 April 1999 under the Unit Trusts Act 1960.

# Information on composition of the Scheme

This Annual Report covers the accounting period from 1 April 2017 to 31 March 2018.

The number of managed investment products, being units in the Scheme, ("Units") on issue at the start of the accounting period was 1,280,222,885.

The number of Units on issue at the end of the accounting period was 1,287,781,937.

# Changes relating to the Scheme

Material changes to the nature of the Scheme, the Scheme property, or the management of the Scheme over the accounting period are as follows:

## Statement of Investment Policies and Objections (SIPO)

The SIPO was lodged on 16 November 2016. There have been no changes to the SIPO since it was lodged.

## Trust Deed

There have been no amendments to the Trust Deed during the period from 1 April 2017 to 31 March 2018.

A copy of the supplemental deed which amended GMT's Trust Deed with effect from 14 November 2016 is available on the Corporate Governance section of the Goodman Property Trust Website at [www.goodman.com/nz](http://www.goodman.com/nz). It is also available on the Disclose Register accessible on the Companies Office website (<https://www.companiesoffice.govt.nz/disclose>).

## Related party transactions

During the period 1 April 2017 to 31 March 2018 there was no change to the nature and scale of related party transactions.

There were no related party transactions that were not on arm's-length terms.

Further details of the related party fees paid by GMT to Goodman (NZ) Limited and Goodman Property Services (NZ) Limited ("GPSNZ") can be found in the financial statements for GMT which have been lodged with the Registrar.

During the period from 1 April 2017 to 31 March 2018 there have been no material changes to:

- (d) "terms of offer"; and
- (e) "valuation and pricing methodologies" in relation to GMT.

# Financial condition and performance of the Scheme

The successful execution of the Scheme's asset sales programme and the reallocation of capital into its growing development pipeline is focusing investment in the strongly performing Auckland industrial market. This strategy is strengthening the balance sheet and contributing to GMT's strong financial and operational results.

## Highlights include:

- + Operating earnings<sup>1</sup> of \$119.1 million before tax or 9.25 cents per unit, compared to \$121.7 million achieved in the previous period.
- + Cash distributions of 6.65 cents per unit, representing around 95% of GMT's cash earnings<sup>2</sup> of 6.99 cents per unit.
- + A statutory profit of \$207.2 million before tax (including look-through<sup>3</sup> valuation gains of \$106.3 million), compared to \$220.5 million (including look-through valuation gains of \$114.7 million) previously.
- + Contracted asset sales of \$243.9 million, with a further \$323.9 million conditionally sold post balance date.
- + Commencement of seven new development projects with a total project cost of \$164.8 million.
- + Greater balance sheet capacity with a look through loan to value ratio<sup>4</sup> of 25.0%, expected to reduce to less than 20% after settlement of all contracted sales.
- + Extension to the retail bond programme, with two \$100 million issues.
- + A 6.5% increase in net tangible assets, from 130.4 cents per unit, to 138.9 cents per unit at 31 March 2018.

As at 31 March 2018 the Scheme had total current assets of \$360.1 million, total non-current assets of \$2,359.4 million and total liabilities of \$925.8 million (net assets of \$1,793.7 million).

Total comprehensive income for the 12 month period to 31 March 2018 was \$194.0 million, and total distributions relating to the period to Unit holders were \$85.5 million, representing 6.65 cents per Unit.

Total comprehensive income for the 12 month period to 31 March 2017 was \$213.8 million, and total distributions relating to the period to Unit holders were \$85.0 million, representing 6.65 cents per Unit.

Total distributions of 6.65 cents per Unit are expected to be maintained for the 12 month period to 31 March 2019.

You can find a copy of the Scheme's financial statements, including information on distributions made by the Scheme on the Disclose register at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose), scheme number SCH11225.

<sup>1</sup> Operating earnings is a non-GAAP financial measure included to provide an assessment of the performance of GMT's principal operating activities. Calculation of operating earnings is set out in GMT's Profit or Loss statement. This can be found in GMT's Annual Report prepared in compliance with the NZX Listing Rules.

<sup>2</sup> A non-GAAP measure of free cash flow that adjusts operating earnings after tax for interest costs capitalised to development land and maintenance related capital expenditure. The calculation is set out on page 50 of GMT's Annual Report prepared in compliance with the NZX Listing Rules.

<sup>3</sup> A non-GAAP measure that includes GMT's proportionate share of Wynyard Precinct Holdings Limited, the joint venture with GIC that owns the VXV Portfolio.

<sup>4</sup> Refer to note 3.5 of GMT's financial statements for further information. This can be found in GMT's Annual Report prepared in compliance with the NZX Listing Rules.

Further information on the financial result is provided in GMT's Annual Report at: [www.goodmanreport.co.nz](http://www.goodmanreport.co.nz).

# Fees

The following fees and expenses were charged in respect of the Scheme in dollars and as a percentage of Scheme's net assets for the 12 month period to 31 March 2018.

<b>Fees and Expenses Description</b>	<b>Value (\$ million)</b>	<b>As percentage of Scheme's net assets.<sup>1</sup></b>
Valuation fees	0.6	0.03
Auditor's fees	0.2	0.01
Trustee fees	0.3	0.02
Other costs	1.5	0.08
<b>Fees/expenses charged by other persons</b>	<b>2.6</b>	<b>0.14</b>
Manager's base fee (reinvested in Units in accordance with the provisions of GMT's Trust Deed)	9.4	0.52
Manager's performance fee	–	–
Property management fees	3.5	0.2
Leasing fees	2.0	0.11
Acquisition and disposal fees	0.3	0.02
Minor project fees	0.7	0.04
Development management fees	4.9	0.27
<b>Fees charged by the Manager and its associated persons</b>	<b>20.8</b>	<b>1.16</b>
<b>Total Fees and Expenses</b>	<b>23.4</b>	<b>1.30</b>

<sup>1</sup> The net assets of the Scheme as at 31 March 2018 were \$1,793.7 million.

## Fees continued

Any performance below the target return is carried forward indefinitely to future periods. 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 indefinitely to future periods (except in a period in which GNZ ceases to hold office, or GMT terminates). 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 indefinitely to future periods.

The Manager is required to use performance fee proceeds to reinvest in GMT units in accordance with the terms of the Trust Deed. The issue price for these units is equal to the higher of market price and the net asset value per unit.

At 31 March 2018 a performance fee deficit of \$1.1 million (2017: deficit of \$16.0 million) was carried forward to include in the calculation to determine whether a performance fee is payable in future periods.

### Property management fees

Property management fees are paid to GPSNZ for day to day management of properties.

### Leasing fees

Leasing fees are paid to GPSNZ for executing leasing transactions.

### Acquisition and disposal fees

Acquisition and disposal fees are paid to GPSNZ for executing sale and purchase agreements.

### Minor project fees

Minor project fees are paid to GPSNZ for services provided to manage capital expenditure projects for stabilised properties.

### Development management fees

Development management fees are paid to GPSNZ for services provided to manage capital expenditure projects for developments.

### Reimbursement of expenses for services provided

Certain services are provided by GPSNZ in lieu of using external providers. Fees and expenses can only be charged to GMT by the Manager and GPSNZ in accordance with the terms of the service arrangements and/or the GMT Trust Deed.

Any change to the service arrangements and the GMT Trust Deed requires the approval of the Supervisor (or in certain circumstances, Unit holders) and would be advised to Unit holders via the NZX.

For more information in respect to the Fees, please refer to the Scheme's financial statements, on the Disclose register at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose), scheme number SCH11225.

A summary of the fees payable can be found in the corporate governance section of the GMT website.

# Scheme property

The table below contains the assets of the Scheme extracted from the balance sheet as at 31 March 2018 and 31 March 2017:

\$ million	2018	2017
<b>Non-current assets</b>		
Stabilised properties	2,043.5	2,025.7
Developments	67.5	48.9
Land	120.0	174.7
Investment in joint venture	114.3	70.7
Derivative financial instruments	8.9	18.9
Other Investments	–	12.0
Deferred tax assets	5.2	3.7
<b>Total non-current assets</b>	<b>2,359.4</b>	<b>2,354.6</b>
<b>Current assets</b>		
Investment property contracted for sale	238.6	7.7
Construction loan receivable	–	65.1
Advances to joint venture	107.5	18.4
Debtors and other assets	9.3	13.4
Cash	4.7	0.9
Derivative financial instruments	–	0.6
<b>Total current assets</b>	<b>360.1</b>	<b>106.1</b>
<b>Total assets</b>	<b>2,719.5</b>	<b>2,460.7</b>



# Changes to persons involved in the Scheme

There have been no changes to persons involved in the Scheme during the accounting period.

## How to find further information

Copies of documents relating to the Scheme, such as the Trust Deed, SIPO and the annual financial statements are available on the Disclose register at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose), scheme number SCH11225.

You have the right, free of charge and during normal office hours, to inspect that part of the Unit register that relates to your Units on giving 5 working days' notice to the Manager.

You also have the right, free of charge, on giving 5 working days' notice and during normal office hours, to inspect a copy of the Trust Deed, SIPO and annual financial statements at the Manager's registered office, which is located at Level 2, 18 Viaduct Harbour Avenue, Auckland 1010. Alternatively, you can obtain a copy free of charge by writing to us at PO Box 90940, Auckland 1142.

# Contact details and complaints

## Manager

### **Goodman (NZ) Limited**

Level 2, 18 Viaduct Harbour Avenue  
Auckland 1010  
PO Box 90940  
Victoria Street West  
Auckland 1142

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

## Helpline

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

## Trustee and Supervisor

### **Covenant Trustee Services Limited**

Level 6, Crombie Lockwood Building  
191 Queen Street  
PO Box 4243  
Auckland 1140

Telephone: +64 9 302 0638

## Registrar

### **Computershare Investor Services Limited**

Level 2, 159 Hurstmere Road  
Takapuna  
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](mailto:enquiry@computershare.co.nz)

## Complaints

Complaints may be made to the Manager or Supervisor.

As a financial service provider registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, the Manager is a member of an approved dispute resolution scheme (registration number FSP36542).

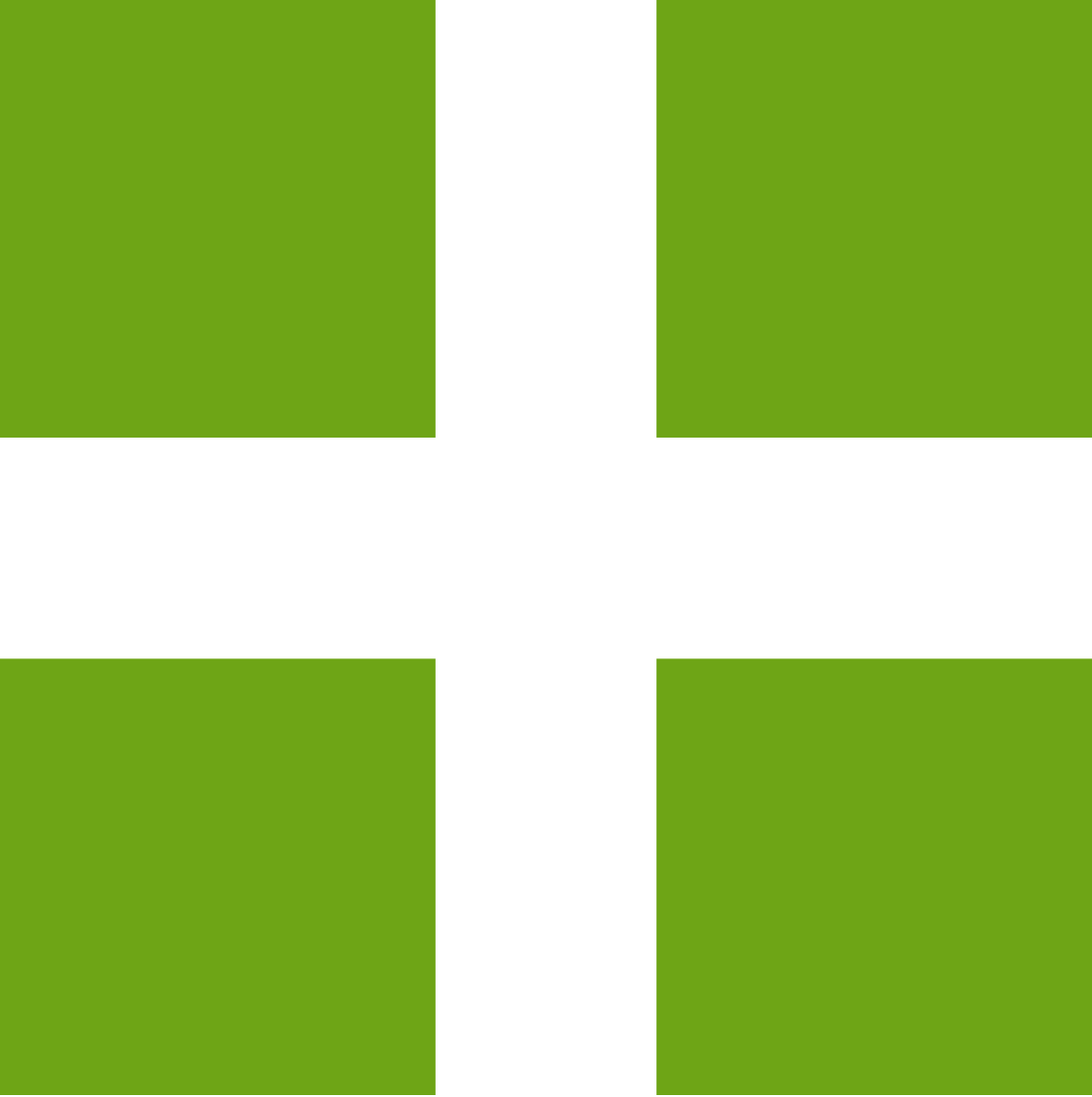
## Financial Dispute Resolution

Freeport 231075  
PO Box 2272  
Wellington 6140

Toll Free: 0508 337 337 (within New Zealand)  
Telephone: +64 4 910 9952  
(outside New Zealand)  
Email: [enquiries@fdr.org.nz](mailto:enquiries@fdr.org.nz)

There will be no fee charged to any complainant in connection with investigation.





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