

**APPENDIX 4D**  
**GOODMAN GROUP**  
**(comprising Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited)**  
**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
**For the half year ended 31 December 2015**

The Appendix 4D should be read in conjunction with the annual report of Goodman Limited for the year ended 30 June 2015. The information included in the Appendix 4D and the interim financial report for the half year ended 31 December 2015 comprises all the information required by ASX Listing Rule 4.2A.

<b>Highlights of results</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>	<b>Change</b>	
Revenue and other income (\$M)	1,747.1	1,115.7	<b>up</b>	56.6%
Operating profit (before specific non-cash and other significant items) attributable to Securityholders (\$M)	356.6	327.1	<b>up</b>	9.0%
Profit (statutory) attributable to Securityholders (\$M)	919.3	512.7	<b>up</b>	79.3%
Total comprehensive income (statutory) attributable to Securityholders (\$M)	980.4	684.1	<b>up</b>	43.3%
Diluted operating profit per security (cents)	20.1	18.7	<b>up</b>	7.5%
Interim distribution per GMG security (cents)	11.9	11.1	<b>up</b>	7.2%
Interim distribution (\$M)	210.6	193.7	<b>up</b>	8.7%
Franked amount per security/share (cents)	-	-	-	0.0%
Conduit foreign income	-	-	-	0.0%
Record date for determining entitlements to the distributions	31 Dec 2015	31 Dec 2014		
Date interim distribution is payable	22 Feb 2016	20 Feb 2015		
<b>Distribution reinvestment plan</b>				
Goodman Group's Distribution Reinvestment Plan (DRP) will operate in respect of the interim 2016 distribution. The last date for receipt of an election notice to participate in the DRP was 4 January 2016.				
Total assets (\$M)	12,262.2	10,402.2	<b>up</b>	17.9%
Total liabilities (\$M)	4,045.5	3,618.3	<b>up</b>	11.8%
Net assets (\$M)	8,216.7	6,783.9	<b>up</b>	21.1%
Net tangible assets per security/share (cents)	389.5	314.6	<b>up</b>	23.8%
Total borrowings to net assets ratio (%)	34.7	38.1	<b>down</b>	(8.9%)
Contributed equity (\$M)	7,981.6	7,892.3	<b>up</b>	1.1%
Security price (\$)	6.27	5.69	<b>up</b>	10.2%
Number of securities on issue on the ASX (M)	1,770.1	1,745.5	<b>up</b>	1.4%
Market capitalisation (\$M)	11,098.5	9,931.7	<b>up</b>	11.7%
Number of Securityholders	21,707	17,328	<b>up</b>	25.3%

**Controlled entities acquired or disposed**

There were no material acquisitions or disposals of controlled entities during the half year.

**Associates and joint venture entities**

Goodman's Group's associates are set out in note 5 to the financial statements.

Goodman Group's joint ventures and its percentage holding in these joint ventures are set out below:

- KWASA Goodman Industrial Partnership (40%)
- Goodman Australia Development Partnership (20%)
- Goodman Princeton Partnership (Lux) Sàrl (20%)
- Goodman Princeton Partnership (Jersey) Ltd (20%)
- BGA1 Pty Limited (50%)
- Toll Goodman Property Services Pty Ltd (50%)
- GGGAIF Bungaribee No.5 (50%)
- BGMG1 Oakdale South Trust (50%)
- BGMG2 Rochedale Trust (50%)
- Euston Road Subtrust No. 2 Trust (50%)
- GGA JV Pty Limited (50%)
- Goodman China Logistics Partnership (20%)
- Goodman Japan Development Partnership (50%)
- South East Asia Joint Venture (50%)
- KWASA Goodman Germany (30%)
- Agate Ingatlanforgalmazó Kft (50%)
- Goodman Lazulite Logistics (Lux) Sàrl (50%)
- Üllő One 2008 Kft (50%)
- Üllő Two 2008 Kft (50%)
- BL Goodman LLP (50%)
- Goodman UK Partnership L.P (50%)
- Pochin Goodman (Deeside) Ltd (50%)
- Desborough Developments Limited (50%)
- Goodman North America Partnership (55%)
- WTGoodman IBP Participações S.A (50%)
- WTGoodman Cajamar Participações S.A (50%)

**Goodman Limited**  
**ABN 69 000 123 071**  
**and its controlled entities**  
**Interim financial report for the half year ended 31 December 2015**

<b>Contents</b>	<b>Page</b>
Directors' report	2
Lead auditor's independence declaration	9
Consolidated interim statement of financial position	10
Consolidated interim income statement	11
Consolidated interim statement of comprehensive income	12
Consolidated interim statement of changes in equity	13
Consolidated interim cash flow statement	14
Notes to the interim financial statements	
<b>Basis of preparation</b>	
1 Basis of preparation	15
<b>Results for the half year</b>	
2 Profit before income tax	16
3 Profit per security	17
4 Segment reporting	17
<b>Operating assets</b>	
5 Property assets	20
6 Intangible assets	25
<b>Capital management</b>	
7 Finance income and expense	26
8 Interest bearing liabilities	27
9 Financial instruments	29
10 Dividends and distributions	30
11 Issued capital	30
<b>Other items</b>	
12 Reserves	31
13 (Accumulated losses)/retained earnings	32
14 Significant non-cash transactions	32
15 Commitments	32
16 Related parties	33
17 Events subsequent to balance date	33
Directors' declaration	34
Independent auditor's review report	35

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2015**

The directors (Directors) of Goodman Limited (Company) present their Directors' report together with the interim financial report of the consolidated entity consisting of the Company and the entities it controlled (Goodman or Consolidated Entity) at the end of, or during, the half year ended 31 December 2015 (half year) and the review report thereon.

**Directors**

The Directors at any time during, or since the end of, the half year were:

<b>Directors</b>	<b>Appointment date</b>
Mr Ian Ferrier, AM (Independent Chairman)	1 September 2003
Mr Gregory Goodman (Group Chief Executive Officer)	7 August 1998
Mr Philip Fan (Independent Director)	1 December 2011
Mr John Harkness (Independent Director)	23 February 2005
Ms Anne Keating (Independent Director)	23 February 2005
Ms Rebecca McGrath (Independent Director)	3 April 2012
Mr Philip Pearce (Managing Director, Greater China)	1 January 2013
Mr Danny Peeters (Chief Executive Officer, Corporate)	1 January 2013
Mr Phillip Pryke (Independent Director)	13 October 2010
Mr Anthony Rozic (Deputy Group Chief Executive Officer)	1 January 2013
Mr Jim Sloman, OAM (Independent Director)	1 February 2006

**Company Secretary**

The Company Secretary at any time during, or since the end of, the half year was:

<b>Company Secretary</b>	<b>Appointment date</b>
Mr Carl Bicego	24 October 2006

**Dividends and distributions**

No dividends were declared by the Company during the half year (2014: \$nil).

Distributions declared/announced by a controlled entity, Goodman Industrial Trust (GIT), directly to Securityholders during the half year totalled 11.9 cents per security, amounting to \$210.6 million (2014: \$193.7 million).

Goodman Logistics (HK) Limited (GLHK), a controlled entity of the Company, did not declare any dividends during the half year (2014: \$nil).

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2015**

**Operating and financial review**

**Financial highlights**

	Consolidated		
	2015	2014	Change %
Revenue and other income before fair value adjustments on investment properties (\$M)	1,100.4	812.9	35.4%
Fair value adjustments on investment properties including share of adjustments for associates and joint ventures (\$M)	646.7	302.8	113.6%
Revenue and other income (\$M)	1,747.1	1,115.7	56.6%
Profit attributable to Securityholders (\$M)	919.3	512.7	79.3%
Total comprehensive income attributable to Securityholders (\$M)	980.4	684.1	43.3%
Operating profit (\$M)	356.6	327.1	9.0%
Basic profit per security (¢)	52.1	29.5	76.6%
Operating profit per security (operating EPS) (¢) <sup>1</sup>	20.1	18.7	7.5%
Distributions in relation to the half year (\$M)	210.6	193.7	8.7%
Distribution per security (¢)	11.9	11.1	7.2%
Weighted average number of securities on issue (M)	1,764.6	1,739.8	1.4%
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>	<b>Change %</b>
Total equity attributable to Securityholders (\$M)	7,890.9	7,050.3	11.9%
Number of securities on issue (M)	1,770.1	1,753.0	1.0%
Net tangible assets per security (\$) <sup>2</sup>	3.90	3.46	12.7%
Net assets per security (\$) <sup>2</sup>	4.46	4.02	10.9%
Gearing (%) <sup>3</sup>	15.9	17.3	(8.1%)
Liquidity (\$M)	1,887.2	1,793.3	5.2%
Weighted average debt maturity (years)	4.3	4.7	(8.5%)

1. Operating profit per security (operating EPS) is the operating profit divided by the weighted average number of securities on issue during the half year, including securities relating to performance rights that have not yet vested but where the performance hurdles have been achieved.
2. Net tangible assets and net assets per security are stated after deducting amounts due to other non-controlling interests.
3. Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the asset component of the fair values of cross currency swaps used to hedge foreign liabilities denominated in currencies other than those to which the proceeds are applied equating to \$217.8 million – refer to note 9 of the interim financial statements.

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2015**

**Operating and financial review (cont)**

**Operating profit**

Operating profit comprises profit attributable to Securityholders adjusted for net property valuations gains, net losses from the fair value movements on derivative financial instruments and unrealised foreign exchange movements on interest bearing liabilities and other non-cash adjustments or non-recurring items.

The reconciliation of operating profit to profit attributable to Securityholders for the half year can be summarised in the table below:

	Note	Consolidated	
		2015 \$M	2014 \$M
<b>Operating profit</b>		<b>356.6</b>	<b>327.1</b>
<b>Adjustments for:</b>			
<b>Property valuation gains</b>			
- Net gain from fair value adjustments on investment properties	5(d)	253.6	183.5
- Share of net gains from fair value adjustments attributable to investment properties in associates and joint ventures after tax	2	393.1	119.3
- Impairment losses	2	(12.6)	(16.8)
- Deferred tax on fair value adjustments on investment properties		(11.5)	-
<b>Total property valuation gains</b>		<b>622.6</b>	<b>286.0</b>
<b>Derivative mark to market and unrealised foreign exchange movements</b>			
- Fair value adjustments on derivative financial instruments	7	27.6	26.4
- Share of fair value adjustments on derivative financial instruments in associates and joint ventures	2	(2.5)	4.3
- Unrealised foreign exchange losses	7	(58.4)	(107.1)
<b>Total derivative mark to market and unrealised foreign exchange movements</b>		<b>(33.3)</b>	<b>(76.4)</b>
<b>Other non-cash adjustments or non-recurring losses</b>			
- Share based payments expense		(33.3)	(23.5)
- Net capital losses not distributed		(1.6)	-
- Straight lining of rental income		8.3	(0.5)
<b>Total other non-cash adjustments or non-recurring losses</b>		<b>(26.6)</b>	<b>(24.0)</b>
<b>Profit attributable to Securityholders</b>		<b>919.3</b>	<b>512.7</b>

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2015**

**Operating and financial review (cont)**

**Analysis of business unit performance**

Goodman's operational performance may be analysed into investment earnings, development earnings and management earnings.

Investment earnings comprise gross property income, net of property expenses, the Consolidated Entity's share of the operating results of associates and joint ventures (collectively referred to as managed partnerships) for those investments in entities whose principal activity is property investment and distributions the Consolidated Entity receives from its investments in other financial assets.

Development earnings comprise development income (including development management fees), income from sales of properties (primarily inventories) and the Consolidated Entity's share of the operating results of managed partnerships for those partnerships whose principal activity is property development, net of development expenses, inventory cost of sales and employee and administrative expenses.

Management earnings comprise fund management and property services fees, net of employee and administrative expenses.

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$M</b>	<b>\$M</b>
<b>Analysis of operating profit</b>		
Investment	205.9	195.4
Development	177.2	127.3
Management	99.3	59.7
Unallocated operating expenses	(30.1)	(28.7)
Operating profit before net finance expense and income tax expense	<b>452.3</b>	<b>353.7</b>
Net finance expense <sup>1</sup>	(47.8)	(6.5)
Income tax expense <sup>2</sup>	(37.9)	(9.2)
	<b>366.6</b>	<b>338.0</b>
Less: Attributable to non-controlling interests	(10.0)	(10.9)
<b>Operating profit</b>	<b>356.6</b>	<b>327.1</b>
Interest cover <sup>3</sup> (times)	5.3	5.9

1. Net finance expense excludes derivative mark to market and unrealised foreign exchange movements.

2. Income tax expense excludes the deferred tax movements relating to investment property valuations.

3. Interest cover is operating profit before net finance expense and income tax (EBIT) divided by net finance expense (before capitalised borrowing costs).

Goodman reported an operating profit of \$356.6 million for the half year, a 9% increase on the prior corresponding half year, which equates to operating profit per security (operating EPS) of 20.1 cents, up 7.5% on the prior half year. Goodman's statutory profit attributable to Securityholders for the half year was \$919.3 million. The Consolidated Entity's international operations contributed 63% of operating earnings before interest and income tax and unallocated operating expenses.

**Investment**

The investment business has performed in line with expectations, with cornerstone investments achieving a return on assets of 6.7%. Investment operating EBIT of \$205.9 million has increased by 5% compared to the prior half year and comprises 43% of total operating EBIT before unallocated operating expenses (2014: 51%).

The quality of Goodman's property portfolio and customers is reflected in the sound underlying property fundamentals experienced across Goodman's operating regions. During the half year, 1.5 million square metres of space has been leased ensuring that occupancy has been maintained at 96% with a weighted average lease expiry of 4.7 years. Like-for-like rental net property income growth across the portfolio is 1.7% and reversions on new leasing deals are 5.2%.

Goodman has continued to take advantage of the market demand for industrial properties with a further \$1.3 billion of property disposals across the Consolidated Entity and its managed partnerships (excluding urban renewal sites). This includes the disposals of properties in Australia, Greater China, Continental Europe and the United Kingdom.

**Goodman Limited and its controlled entities  
Directors' report  
for the half year ended 31 December 2015**

**Operating and financial review (cont)**

**Analysis of business unit performance (cont)**

***Investment (cont)***

However, the managed partnerships have continued to invest in development of new, well located assets funded, at least in part, by the proceeds from asset rotation. The short term loss of rental income resulting from the asset sales will be replaced in time as the new developments are completed.

***Urban renewal***

Goodman continues to progress its urban renewal strategy and has maintained a pipeline across the Australian portfolio in excess of 35,000 apartments, excluding apartment sites that have been completed or conditionally contracted. At 31 December 2015, Goodman and its managed partnerships have \$1.9 billion of sites conditionally contracted for sale and further progress was made after balance date, reflecting the strong demand for zoned residential sites. Goodman expects to realise these sale proceeds over the next three years, providing a substantial long term source of capital to fund opportunities for the Consolidated Entity and its managed partnerships.

***Property valuations***

The strength of investment markets in most of Goodman's regions has resulted in Goodman's share of property valuation gains being in excess of \$0.6 billion, with the weighted average capitalisation rate tightening from 7.0% to 6.6% across the half year. Approximately one third of the property valuation gains have come through the urban renewal properties.

***Development***

The development division continues to grow with operating EBIT of \$177.2 million, an increase of 39% compared to the prior half year. Development EBIT comprises 37% of total operating EBIT for the half year (2014: 33%). At 31 December 2015, development work in progress including managed partnerships (based on end value) is \$3.4 billion (30 June 2015: \$3.1 billion) across 72 projects in 11 countries with a forecast yield on cost of 8.3%.

In December 2015, Goodman completed the transfer of \$260.5 million of inventories to Goodman China Logistics Partnership (GCLP) and will continue to focus on development within that partnership.

***Management***

The management division has contributed operating EBIT of \$99.3 million, an increase of 66% compared to the prior half year, including performance fees. Management EBIT comprises 20% of total operating EBIT for the half year (2014: 16%).

The size and scale of Goodman's management operations are important for maintaining strong margins and during the half year external assets under management have increased to \$28.1 billion from \$25.2 billion at 30 June 2015, an increase of 11.5%. This growth is notwithstanding the asset rotation initiatives undertaken across the platform and reflects valuation uplifts, development completions and favourable foreign currency translation movements during the half year.

Highlighting the support from its capital partners, Goodman has established Goodman UK Partnership (GUKP) with APG Asset Management and Canada Pension Plan Investment Board (CPPIB). The new partnership will provide over £1 billion of investment capacity for high quality logistics and industrial opportunities in the United Kingdom. In addition, during December 2015, Goodman and CPPIB announced a further equity allocation of US\$1.25 billion into GCLP.

**Capital management**

Goodman has maintained its prudent approach to capital management. At 31 December 2015, Goodman had available liquidity of \$1.9 billion and had a weighted average debt maturity profile of 4.3 years, with debt maturities fully covered up to December 2019. Gearing remains low at 15.9% (30 June 2015: 17.3%) and interest cover of 5.3 times (30 June 2015: 6.0 times) provides significant headroom relative to the Group's financing covenants.



**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2015**

**Operating and financial review (cont)**

**Statement of financial position**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$M</b>	<b>\$M</b>
Stabilised investment properties	3,030.7	2,709.6
Cornerstone investments in managed partnerships	4,518.5	3,964.2
Development holdings	2,369.9	2,455.8
Intangible assets	996.3	976.4
Cash	844.7	746.5
Other assets	502.1	409.8
<b>Total assets</b>	<b>12,262.2</b>	<b>11,262.3</b>
Interest bearing liabilities	2,848.8	2,707.9
Other liabilities	1,196.7	1,178.3
<b>Total liabilities</b>	<b>4,045.5</b>	<b>3,886.2</b>
Non-controlling interests	325.8	325.8
<b>Net assets attributable to Securityholders</b>	<b>7,890.9</b>	<b>7,050.3</b>

The value of stabilised investment properties has increased by \$321.1 million to \$3,030.7 million, which is primarily due to the revaluation gains during the half year of \$253.6 million. The majority of the stabilised investment properties are in Australia and include a number of sites with potential for urban renewal. The positive planning outcomes on these urban renewal sites continue to be a principal driver of the valuation gains.

The value of Goodman's cornerstone investments in managed partnerships has increased by \$554.3 million to \$4,518.5 million, primarily due to valuation uplifts, development completions and favourable foreign currency translation movements, which have offset the selective capital rotation that has continued in a number of markets.

Goodman's development holdings have decreased during the half year by \$85.9 million to \$2,369.9 million. This is principally due to the transfer of \$260.5 million of inventories to GCLP in December 2015, partially offset by increased development activity in Continental Europe, United Kingdom and North America and foreign currency exchange movements.

The principal intangible asset balances are in Continental Europe and the United Kingdom. The movement in the half year is a result of foreign currency exchange movements.

Interest bearing liabilities, net of cash, are \$2,004.1 million compared to \$1,961.4 million at 30 June 2015. The increase is due to foreign currency exchange movements of \$120.2 million which offsets the net cash inflow of \$98.2 million during the half year. Movements in other assets and liabilities mainly reflect the changes in Goodman's derivative financial instruments.

**Cash flow**

	<b>2015</b>	<b>2014</b>
	<b>\$M</b>	<b>\$M</b>
Operating cash flows	444.8	327.8
Investing cash flows	(194.2)	(237.4)
Financing cash flows	(152.4)	29.7
<b>Net increase in cash</b>	<b>98.2</b>	<b>120.1</b>
<b>Cash at the end of the half year</b>	<b>844.7</b>	<b>480.0</b>

Operating cash flows were improved relative to the prior half year, partly as a result of the increase in operating profit but primarily due to the development receipts in Greater China and Continental Europe. The receipts and payments for Goodman's development activities create volatility as these are often dependent on the timing of development completions relative to the reporting date.

Investing cash flows primarily relate to the net investments in the Consolidated Entity's managed partnerships. During the year, the payments for equity investments of \$189.0 million includes GCLP, Goodman Japan Development Partnership, GUKP and Goodman North America Partnership to fund development activities in those managed partnerships. This amount is lower than that for the prior half year due to the asset rotation that has occurred in most of Goodman's managed partnerships, with proceeds being utilised to fund developments, as well as reduce gearing in the partnerships.

Financing cash flows include the drawdowns and repayments associated with Goodman's interest bearing liabilities. The principal financing cash outflow relates to Goodman's distributions to Securityholders and holders of hybrid securities issued by Goodman PLUS Trust (Goodman PLUS).

**Goodman Limited and its controlled entities  
Directors' report  
for the half year ended 31 December 2015**

**Events subsequent to balance date**

In the opinion of the Directors, there were no events subsequent to balance date, and up to the date of signature of this interim financial report, which would require adjustment or disclosure in the interim financial report.

**Lead auditor's independence declaration under section 307C of the *Corporations Act 2001***

The lead auditor's independence declaration is set out on page 9 and forms part of the Directors' report for the half year.

**Rounding**

Goodman is an entity of a kind referred to in Australian Securities & Investments Commission Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the interim financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

The Directors' report is made in accordance with a resolution of the Directors.



**Ian Ferrier, AM**  
Independent Chairman

Sydney, 11 February 2016



**Gregory Goodman**  
Group Chief Executive Officer



*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of Goodman Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



KPMG

John Teer  
*Partner*

Sydney

11 February 2016

**Goodman Limited and its controlled entities**  
**Consolidated interim statement of financial position**  
**as at 31 December 2015**

	Consolidated		
	31 Dec 2015	30 Jun 2015	
	Note	\$M	\$M
<b>Current assets</b>			
Cash		844.7	746.5
Receivables		415.5	344.8
Inventories	5(b)	298.1	364.3
Current tax receivables		1.5	13.6
Other financial assets		2.3	4.4
Other assets		8.6	13.8
<b>Total current assets</b>		<b>1,570.7</b>	<b>1,487.4</b>
<b>Non-current assets</b>			
Receivables		46.3	45.7
Inventories	5(b)	937.8	1,067.4
Investment properties	5(b)	3,208.3	2,906.0
Investments accounted for using the equity method	5(b)	5,170.9	4,508.8
Deferred tax assets		17.8	16.7
Other financial assets		277.9	234.8
Plant and equipment		16.3	17.5
Intangible assets	6	996.3	976.4
Other assets		19.9	1.6
<b>Total non-current assets</b>		<b>10,691.5</b>	<b>9,774.9</b>
<b>Total assets</b>		<b>12,262.2</b>	<b>11,262.3</b>
<b>Current liabilities</b>			
Payables		340.1	371.4
Current tax payables		57.3	42.9
Provisions		224.0	207.1
Other financial liabilities		64.0	50.5
<b>Total current liabilities</b>		<b>685.4</b>	<b>671.9</b>
<b>Non-current liabilities</b>			
Payables		100.1	100.8
Interest bearing liabilities	8	2,848.8	2,707.9
Deferred tax liabilities		17.2	5.6
Provisions		50.2	52.7
Other financial liabilities		343.8	347.3
<b>Total non-current liabilities</b>		<b>3,360.1</b>	<b>3,214.3</b>
<b>Total liabilities</b>		<b>4,045.5</b>	<b>3,886.2</b>
<b>Net assets</b>		<b>8,216.7</b>	<b>7,376.1</b>
<b>Equity attributable to Goodman Limited (GL)</b>			
Issued capital	11	475.9	471.1
Reserves	12	(205.0)	(508.8)
Retained earnings	13	199.9	398.7
<b>Total equity attributable to GL</b>		<b>470.8</b>	<b>361.0</b>
<b>Equity attributable to Goodman Industrial Trust (GIT) (non-controlling interests)</b>			
Issued capital	11	6,877.4	6,842.3
Reserves	12	121.0	272.9
Accumulated losses	13	(624.1)	(1,338.5)
<b>Total equity attributable to GIT</b>		<b>6,374.3</b>	<b>5,776.7</b>
<b>Equity attributable to Goodman Logistics (HK) Limited (GLHK) (non-controlling interests)</b>			
Issued capital	11	628.3	622.8
Reserves	12	131.1	103.5
Retained earnings	13	286.4	186.3
<b>Total equity attributable to GLHK</b>		<b>1,045.8</b>	<b>912.6</b>
<b>Total equity attributable to Securityholders</b>		<b>7,890.9</b>	<b>7,050.3</b>
Other non-controlling interests		325.8	325.8
<b>Total equity</b>		<b>8,216.7</b>	<b>7,376.1</b>

The consolidated interim statement of financial position is to be read in conjunction with the accompanying notes.

**Goodman Limited and its controlled entities**  
**Consolidated interim income statement**  
**for the half year ended 31 December 2015**

	Note	Consolidated	
		2015 \$M	2014 \$M
<b>Revenue</b>			
Gross property income		108.7	104.3
Management income		147.0	104.8
Development income	2	627.0	400.5
		<b>882.7</b>	<b>609.6</b>
<b>Property and development expenses</b>			
Property expenses		(30.8)	(30.1)
Development expenses	2	(494.3)	(320.8)
		<b>(525.1)</b>	<b>(350.9)</b>
<b>Other income</b>			
Net gain from fair value adjustments on investment properties	5(d)	253.6	183.5
Net gain on disposal of investment properties		0.1	8.5
Share of net results of equity accounted investments	2	600.5	313.7
Net gain on disposal of equity investments		10.2	0.4
		<b>864.4</b>	<b>506.1</b>
<b>Other expenses</b>			
Employee expenses		(80.8)	(68.3)
Share based payments expense		(33.3)	(23.5)
Administrative and other expenses		(38.0)	(36.2)
Impairment losses	2	(12.6)	(16.8)
		<b>(164.7)</b>	<b>(144.8)</b>
<b>Profit before interest and tax</b>		<b>1,057.3</b>	<b>620.0</b>
<b>Net finance income/(expense)</b>			
Finance income	7	32.4	29.1
Finance expense	7	(111.0)	(116.3)
<b>Net finance expense</b>		<b>(78.6)</b>	<b>(87.2)</b>
<b>Profit before income tax</b>		<b>978.7</b>	<b>532.8</b>
Income tax expense		(49.4)	(9.2)
<b>Profit for the half year</b>		<b>929.3</b>	<b>523.6</b>
Profit attributable to GL	13	76.4	207.6
Profit attributable to GIT (non-controlling interests)	13	741.6	260.3
Profit attributable to GLHK (non-controlling interests)	13	101.3	44.8
<b>Profit attributable to Securityholders</b>		<b>919.3</b>	<b>512.7</b>
Profit attributable to other non-controlling interests		10.0	10.9
<b>Profit for the half year</b>		<b>929.3</b>	<b>523.6</b>
Basic profit per security (¢)	3	<b>52.1</b>	<b>29.5</b>
Diluted profit per security (¢)	3	<b>50.2</b>	<b>28.6</b>

The consolidated interim income statement is to be read in conjunction with the accompanying notes.

**Goodman Limited and its controlled entities**  
**Consolidated interim statement of comprehensive income**  
**for the half year ended 31 December 2015**

	Note	Consolidated	
		2015 \$M	2014 \$M
<b>Profit for the half year</b>		<b>929.3</b>	<b>523.6</b>
<b>Other comprehensive income for the half year</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Effect of foreign currency translation	12(e)	0.3	(1.2)
		<b>0.3</b>	<b>(1.2)</b>
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Decrease due to revaluation of other financial assets	12(a)	(0.1)	(0.1)
Cash flow hedges:			
- Change in value of financial instruments	12(b)	0.2	0.6
- Transfers from cash flow hedge reserve	12(b)	-	3.9
Effect of foreign currency translation	12	60.7	168.2
		<b>60.8</b>	<b>172.6</b>
<b>Other comprehensive income for the half year, net of income tax</b>		<b>61.1</b>	<b>171.4</b>
<b>Total comprehensive income for the half year</b>		<b>990.4</b>	<b>695.0</b>
Total comprehensive income attributable to GL		76.9	185.0
Total comprehensive income attributable to GIT (non-controlling interests)		777.3	419.0
Total comprehensive income attributable to GLHK (non-controlling interests)		126.2	80.1
<b>Total comprehensive income attributable to Securityholders</b>		<b>980.4</b>	<b>684.1</b>
Total comprehensive income attributable to other non-controlling interests		10.0	10.9
<b>Total comprehensive income for the half year</b>		<b>990.4</b>	<b>695.0</b>

The consolidated interim statement of comprehensive income is to be read in conjunction with the accompanying notes.

**Goodman Limited and its controlled entities**  
**Consolidated interim statement of changes in equity**  
**for the half year ended 31 December 2015**

**Half year ended 31 December 2014**

Consolidated	Attributable to Securityholders						Other non-controlling interests	Total equity
	Note	Issued capital	Reserves	Accumulated losses	Total			
		\$M	\$M	\$M	\$M	\$M		
<b>Balance at 1 July 2014</b>		<b>7,846.9</b>	<b>(1,330.5)</b>	<b>(611.8)</b>	<b>5,904.6</b>	<b>325.8</b>	<b>6,230.4</b>	
<b>Total comprehensive income for the half year</b>								
Profit for the half year	13	-	-	512.7	512.7	10.9	523.6	
Other comprehensive income for the half year, net of income tax		-	171.4	-	171.4	-	171.4	
<b>Total comprehensive income for the half year, net of income tax</b>		<b>-</b>	<b>171.4</b>	<b>512.7</b>	<b>684.1</b>	<b>10.9</b>	<b>695.0</b>	
Transfers		-	377.7	(377.7)	-	-	-	
<b>Contributions by and distributions to owners</b>								
- Distribution reinvestment plan	11	45.4	-	-	45.4	-	45.4	
- Distributions declared on stapled securities	10(b)	-	-	(193.7)	(193.7)	-	(193.7)	
- Distributions paid on Goodman PLUS	10(d)	-	-	-	-	(10.9)	(10.9)	
- Equity settled share based payments expense recognised in the income statement	12(d)	-	17.7	-	17.7	-	17.7	
<b>Balance at 31 December 2014</b>		<b>7,892.3</b>	<b>(763.7)</b>	<b>(670.5)</b>	<b>6,458.1</b>	<b>325.8</b>	<b>6,783.9</b>	

**Half year ended 31 December 2015**

Consolidated	Attributable to Securityholders						Other non-controlling interests	Total equity
	Note	Issued capital	Reserves	Accumulated losses	Total			
		\$M	\$M	\$M	\$M	\$M		
<b>Balance at 1 July 2015</b>		<b>7,936.2</b>	<b>(132.4)</b>	<b>(753.5)</b>	<b>7,050.3</b>	<b>325.8</b>	<b>7,376.1</b>	
<b>Total comprehensive income for the half year</b>								
Profit for the half year	13	-	-	919.3	919.3	10.0	929.3	
Other comprehensive income for the half year, net of income tax		-	61.1	-	61.1	-	61.1	
<b>Total comprehensive income for the half year, net of income tax</b>		<b>-</b>	<b>61.1</b>	<b>919.3</b>	<b>980.4</b>	<b>10.0</b>	<b>990.4</b>	
Transfers		-	93.0	(93.0)	-	-	-	
<b>Contributions by and distributions to owners</b>								
- Distribution reinvestment plan	11	45.4	-	-	45.4	-	45.4	
- Distributions declared on stapled securities	10(b)	-	-	(210.6)	(210.6)	-	(210.6)	
- Distributions paid on Goodman PLUS	10(d)	-	-	-	-	(10.0)	(10.0)	
- Equity settled share based payments expense recognised in the income statement	12(d)	-	25.4	-	25.4	-	25.4	
<b>Balance at 31 December 2015</b>		<b>7,981.6</b>	<b>47.1</b>	<b>(137.8)</b>	<b>7,890.9</b>	<b>325.8</b>	<b>8,216.7</b>	

The consolidated interim statement of changes in equity is to be read in conjunction with the accompanying notes.

**Goodman Limited and its controlled entities**  
**Consolidated interim cash flow statement**  
**for the half year ended 31 December 2015**

	Consolidated	
	2015	2014
	\$M	\$M
<b>Cash flows from operating activities</b>		
Property income received	103.5	109.9
Cash receipts from development activities	930.8	534.6
Other cash receipts from services provided	148.3	136.8
Property expenses paid	(31.2)	(25.7)
Payments for development activities	(668.4)	(494.7)
Other cash payments in the course of operations	(172.0)	(148.4)
Distributions/dividends received from equity accounted investments	217.4	259.3
Interest received	4.7	14.7
Finance costs paid	(86.9)	(38.8)
Net income taxes paid	(1.4)	(19.9)
<b>Net cash provided by operating activities</b>	<b>444.8</b>	<b>327.8</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investment properties	0.1	23.5
Proceeds from disposal of controlled entities, net of cash disposed	4.7	29.6
Proceeds from disposal of equity investments	26.2	0.4
Payments for equity investments	(189.0)	(257.6)
Payments for investment properties	(32.6)	(31.7)
Payments for plant and equipment	(3.6)	(1.6)
<b>Net cash used in investing activities</b>	<b>(194.2)</b>	<b>(237.4)</b>
<b>Cash flows from financing activities</b>		
Net cash flows from loans to related parties	(4.5)	(7.2)
Proceeds from borrowings	170.3	436.0
Repayments of borrowings	(159.0)	(254.8)
Distributions paid	(159.2)	(144.3)
<b>Net cash (used in)/provided by financing activities</b>	<b>(152.4)</b>	<b>29.7</b>
Net increase in cash held	98.2	120.1
Cash at the beginning of the half year	746.5	359.9
<b>Cash at the end of the half year</b>	<b>844.7</b>	<b>480.0</b>

The consolidated interim cash flow statement is to be read in conjunction with the accompanying notes.



**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Basis of preparation**

**1 Basis of preparation**

Goodman Limited is a company domiciled in Australia. The interim financial statements for the half year comprise the Company and its controlled entities and the Consolidated Entity's interests in associates and joint ventures (JVs).

**(a) Statement of compliance**

The interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report is presented in Australian dollars and was authorised for issue by the Directors on 11 February 2016.

The interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual report of the Consolidated Entity as at and for the year ended 30 June 2015.

There are no significant changes to the Consolidated Entity's half year income statement, statement of comprehensive income or statement of financial position as a result of the application of the new and amended standards and interpretations mandatory for annual reporting periods beginning on or after 1 July 2015.

**(b) Rounding**

In accordance with Australian Securities & Investments Commission Class Order 98/100 dated 10 July 1998, the amounts shown in this interim financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

**(c) Critical accounting estimates used in the preparation of the financial statements**

The preparation of consolidated financial statements requires estimates and assumptions concerning the application of accounting policies and the future to be made by the Consolidated Entity. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year can be found in:

- + Note 5 – Property assets; and
- + Note 9 – Financial instruments.

The accounting impacts of revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Measurement of fair values**

A number of the Consolidated Entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Consolidated Entity uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy and have been defined as follows:

- + 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); and
- + Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the following notes:

- + Note 5 – Property assets; and
- + Note 9 – Financial instruments.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Results for the half year**

**2 Profit before income tax**

Profit before income tax has been arrived at after crediting/(charging) the following items:

	Note	Consolidated	
		2015	2014
		\$M	\$M
<b>Development activities</b>			
Income from disposal of inventories		339.2	134.2
Net gain on disposal of special purpose development entities		0.6	2.2
Other development income		287.2	264.1
<b>Development income</b>		<b>627.0</b>	<b>400.5</b>
Inventory cost of sales		(274.3)	(120.0)
Other development expenses		(220.0)	(200.8)
<b>Development expenses</b>		<b>(494.3)</b>	<b>(320.8)</b>
<b>Equity accounted investments</b>			
Share of net results of investments in associates			
- Operating results after tax (before revaluations)	5(e)(i)	161.3	144.8
- Fair value adjustments attributable to investment properties	5(e)(i)	321.1	101.0
- Fair value adjustments on derivative financial instruments	5(e)(i)	(2.0)	5.1
Share of net results of investments in JVs			
- Operating results after tax (before revaluations)	5(e)(ii)	48.6	45.3
- Fair value adjustments attributable to investment properties	5(e)(ii)	72.0	18.3
- Fair value adjustments on derivative financial instruments	5(e)(ii)	(0.5)	(0.8)
<b>Share of net results of equity accounted investments</b>		<b>600.5</b>	<b>313.7</b>
<b>Impairment losses</b>			
Impairment of receivables		(2.1)	(1.2)
Impairment of inventories		(10.5)	(3.4)
Impairment of other financial assets		-	(12.2)
<b>Impairment losses</b>		<b>(12.6)</b>	<b>(16.8)</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Results for the half year (cont)**

**3 Profit per security**

	<b>2015</b>	<b>2014</b>
	<b>€</b>	<b>€</b>
<b>Profit per security</b>		
Basic profit per security	52.1	29.5
Diluted profit per security	50.2	28.6
<b>Profit per Company share</b>		
Basic profit per Company share	4.3	11.9
Diluted profit per Company share	4.2	11.5

**(a) Profit (for basic and diluted calculation)**

		<b>2015</b>	<b>2014</b>
	<b>Note</b>	<b>\$M</b>	<b>\$M</b>
<b>Profit per security</b>			
Profit after tax used in calculating basic profit per security	13	919.3	512.7
Distribution on Goodman PLUS	10(d)	10.0	10.9
<b>Profit after tax used in calculating diluted profit per security</b>		<b>929.3</b>	<b>523.6</b>
<b>Profit per Company share</b>			
Profit after tax used in calculating basic profit per Company share	13	76.4	207.6
Impact on conversion of Goodman PLUS		1.1	2.0
<b>Profit after tax used in calculating diluted profit per Company share</b>		<b>77.5</b>	<b>209.6</b>

**(b) Weighted average number of securities**

	<b>2015</b>	<b>2014</b>
	<b>Number of securities</b>	
Weighted average number of securities/shares used in calculating basic profit per security/per Company share	<b>1,764,632,099</b>	<b>1,739,752,297</b>
Effect of performance rights on issue	34,563,458	31,345,331
Effect of issue of securities to Goodman PLUS holders	53,033,993	56,840,064
Weighted average number of securities/shares used in calculating diluted profit per security/Company share	<b>1,852,229,550</b>	<b>1,827,937,692</b>

**4 Segment reporting**

The Consolidated Entity is based in Australia and has separately managed divisions in Asia Pacific (primarily Australia, New Zealand, Hong Kong, China and Japan), Europe (Continental Europe and the United Kingdom) and the Americas (North America and Brazil).

The activities and services undertaken by the divisions include:

- + direct and indirect ownership of investment properties;
- + development; and
- + investment management and property services.

Information regarding the operations of each reportable segment is included on the following page.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Results for the half year (cont)**

**4 Segment reporting (cont)**

**Information about reportable segments**

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Income statement</b>												
<b>External revenues</b>												
Gross property income	96.1	92.0	1.1	2.6	5.7	5.1	5.8	4.6	-	-	108.7	104.3
Management income	58.1	43.1	45.7	32.9	21.9	18.6	9.5	10.2	11.8	-	147.0	104.8
Development income	40.8	126.3	8.4	20.0	524.3	219.0	48.6	32.0	4.9	3.2	627.0	400.5
<b>Total external revenues</b>	<b>195.0</b>	<b>261.4</b>	<b>55.2</b>	<b>55.5</b>	<b>551.9</b>	<b>242.7</b>	<b>63.9</b>	<b>46.8</b>	<b>16.7</b>	<b>3.2</b>	<b>882.7</b>	<b>609.6</b>
<b>Reportable segment profit/(loss) before tax</b>	<b>215.3</b>	<b>211.8</b>	<b>118.7</b>	<b>81.2</b>	<b>135.7</b>	<b>64.6</b>	<b>34.5</b>	<b>45.0</b>	<b>2.4</b>	<b>(0.9)</b>	<b>506.6</b>	<b>401.7</b>
<b>Share of net results of equity accounted investments</b>												
Operating results (excluding fair value adjustments)	82.5	92.7	87.2	41.5	20.9	18.6	25.9	35.8	(6.6)	1.5	209.9	190.1
Fair value adjustments - not included in reportable segment profit/(loss)	192.5	63.1	118.7	43.8	19.9	11.0	26.7	5.7	32.8	-	390.6	123.6
<b>Other material non-cash items not included in reportable segment profit/(loss) before tax</b>												
Net gain/(loss) from fair value adjustments on investment properties	260.2	203.9	-	-	(3.1)	(9.4)	(3.5)	(11.0)	-	-	253.6	183.5
	<b>31 Dec</b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>
	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
<b>Statement of financial position</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Reportable segment assets</b>	<b>5,860.2</b>	<b>5,303.6</b>	<b>1,838.0</b>	<b>1,727.7</b>	<b>1,621.6</b>	<b>1,577.0</b>	<b>1,472.3</b>	<b>1,391.5</b>	<b>499.2</b>	<b>414.3</b>	<b>11,291.3</b>	<b>10,414.1</b>
Non-current assets	5,579.4	5,085.8	1,546.9	1,564.8	1,437.8	1,500.5	1,351.8	968.5	481.3	402.5	10,397.2	9,522.1
<b>Included in reportable segment assets are:</b>												
Investment properties	3,122.7	2,816.5	-	-	51.0	52.7	34.6	36.8	-	-	3,208.3	2,906.0
Investments accounted for using the equity method	2,342.3	2,092.3	1,390.1	1,146.7	581.5	536.9	384.0	338.3	473.0	394.6	5,170.9	4,508.8
<b>Reportable segment liabilities</b>	<b>145.5</b>	<b>185.9</b>	<b>71.9</b>	<b>36.3</b>	<b>74.3</b>	<b>47.9</b>	<b>65.2</b>	<b>65.0</b>	<b>30.4</b>	<b>20.4</b>	<b>387.3</b>	<b>355.5</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Results for the half year (cont)**

**4 Segment reporting (cont)**

**Reconciliation of reportable segment revenues, profit or loss, assets and liabilities**

	Note	2015 \$M	2014 \$M
<b>Revenues</b>			
Total revenue for reportable segments		882.7	609.6
<b>Consolidated revenues</b>		<b>882.7</b>	<b>609.6</b>
<b>Profit or loss</b>			
<b>Total profit before tax for reportable segments</b>		<b>506.6</b>	<b>401.7</b>
Corporate expenses not allocated to reportable segments		(54.3)	(48.0)
<b>Operating profit before net interest and income tax</b>		<b>452.3</b>	<b>353.7</b>
Valuation and other adjustments not included in reportable segment profit before tax:			
- Net gain from fair value adjustments on investment properties	5(d)	253.6	183.5
- Impairment losses	2	(12.6)	(16.8)
- Fair value adjustments relating to associates and JVs	2	390.6	123.6
- Share based payments expense		(33.3)	(23.5)
- Net capital losses not distributed		(1.6)	-
- Straight lining of rental income		8.3	(0.5)
<b>Profit before interest and tax</b>		<b>1,057.3</b>	<b>620.0</b>
Net finance expense - refer to note 7		(78.6)	(87.2)
<b>Consolidated profit before income tax</b>		<b>978.7</b>	<b>532.8</b>
<hr/>			
		31 Dec 2015 \$M	30 Jun 2015 \$M
<b>Assets</b>			
Assets for reportable segments		11,291.3	10,414.1
Other unallocated amounts		970.9	848.2
<b>Consolidated total assets</b>		<b>12,262.2</b>	<b>11,262.3</b>
<b>Liabilities</b>			
Liabilities for reportable segments		387.3	355.5
Interest bearing liabilities		2,848.8	2,707.9
Provisions for distributions to Securityholders		210.6	194.6
Other unallocated amounts		598.8	628.2
<b>Consolidated total liabilities</b>		<b>4,045.5</b>	<b>3,886.2</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Operating assets**

**5 Property assets**

**(a) Types of property assets**

Goodman's investment in property assets includes both inventories and investment properties, which may be held either directly or through its investments in managed partnerships (both associates and JVs).

**Inventories**

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Consolidated Entity's business. Inventories are carried at the lower of cost or net realisable value. The calculation of net realisable value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

**Investment properties**

Investment properties comprise investment interests in land and buildings held for the purpose of leasing to produce rental income and/or for capital appreciation. Investment properties are carried at fair value. The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

**(b) Summary of Goodman's investment in property assets**

	Note	Consolidated	
		31 Dec 2015 \$M	30 Jun 2015 \$M
<b>Inventories</b>			
Current		298.1	364.3
Non-current		937.8	1,067.4
		<b>1,235.9</b>	<b>1,431.7</b>
<b>Investment properties</b>			
Stabilised investment properties		3,030.7	2,709.6
Investment properties under development		177.6	196.4
	5(d)	<b>3,208.3</b>	<b>2,906.0</b>
<b>Investments accounted for using the equity method</b>			
Associates	5(e)(i)	3,664.5	3,195.3
JVs	5(e)(ii)	1,506.4	1,313.5
		<b>5,170.9</b>	<b>4,508.8</b>
<b>Total property assets</b>		<b>9,615.1</b>	<b>8,846.5</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Operating assets (cont)**

**5 Property assets (cont)**

**(c) Estimates and assumptions in determining property carrying values**

**Inventories**

For both inventories held directly and inventories held in managed partnerships, external valuations are not performed but instead valuations are determined using the feasibility studies supporting the land and property developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market. Where the feasibility study calculations indicate that the forecast cost of a completed development will exceed the net realisable value, then the inventories are impaired.

**Investment properties**

**Stabilised investment properties**

Stabilised investment properties refer to investment properties which are not under development. The fair value of stabilised investment properties is based on current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts. The current price is the estimated amount for which a property could be exchanged 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.

**Market assessment**

At 31 December 2015, all markets in which Goodman operated were observed to be active and no adjustments were made to the carrying value of stabilised investment properties arising from internal valuations using discounted cash flow calculations.

The overall weighted average capitalisation rates for the divisional portfolios (including managed partnerships) are as set out in the table below:

<b>Division</b>	<b>Total portfolio weighted average capitalisation rate</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>%</b>	<b>%</b>
Australia <sup>1</sup>	<b>6.9</b>	7.3
New Zealand	<b>7.5</b>	7.5
Hong Kong	<b>5.6</b>	6.0
China	<b>8.1</b>	8.5
Japan	<b>5.0</b>	5.1
Logistics - Continental Europe	<b>6.6</b>	6.8
Logistics - United Kingdom	<b>7.7</b>	7.6
Business Parks - United Kingdom	<b>6.5</b>	6.8
North America	<b>4.3</b>	-

1. Excludes urban renewal sites which are valued on a rate per residential unit site basis.

**Investment properties under development**

External valuations are generally not performed for investment properties under development, but instead valuations are determined using the feasibility studies supporting the developments. The end values of the developments in the feasibility studies are based on assumptions to determine capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market adjusted for a profit and risk factor. This profit and risk factor is dependent on the function, location and size of the development and is generally in a market range of 8% to 15%.

This practice of determining fair value by reference to the development feasibility is generally also applied for Goodman's investments in managed partnerships. However, a certain number of entities do obtain independent valuations for investment properties under development each financial year.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Operating assets (cont)**

**5 Property assets (cont)**

**(d) Investment properties**

**Reconciliation of carrying amount of directly held investment properties**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$M</b>	<b>\$M</b>
Carrying amount at the beginning of the half year	2,906.0	2,532.9
Capital expenditure	46.0	34.7
Disposals:		
- Carrying value of properties sold	(1.0)	(50.2)
- On disposal of interests in controlled entities	-	(31.1)
Transfers from inventories	1.5	15.0
Net gain from fair value adjustments	253.6	183.5
Effect of foreign currency translation	2.2	12.2
<b>Carrying amount at the end of the half year</b>	<b>3,208.3</b>	<b>2,697.0</b>
<b>Analysed by segment:</b>		
Australia and New Zealand	3,122.7	2,412.9
Continental Europe	51.0	79.2
United Kingdom	34.6	204.9
	<b>3,208.3</b>	<b>2,697.0</b>



**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Operating assets (cont)**

**5 Property assets (cont)**

**(e) Investments accounted for using the equity method**

Investments accounted for using the equity method comprise associates and JVs, which are collectively referred to as managed partnerships. During the half year, the names of several of Goodman's associates and JVs have been amended to reflect the change in terminology.

**(i) Investments in associates**

The Consolidated Entity's associates are set out below:

Name of associate	Country of establishment	Consolidated share of net results		Consolidated ownership interest		Consolidated investment carrying amount	
		2015 \$M	2014 \$M	31 Dec 2015 %	30 Jun 2015 %	31 Dec 2015 \$M	30 Jun 2015 \$M
<b>Property investment</b>							
Goodman Australia Industrial Partnership	Australia	164.2	88.2	27.5	27.5	1,155.6	1,025.3
Goodman Australia Partnership (GAP)	Australia	87.7	35.4	19.9	19.9	534.5	479.4
Goodman Property Trust (GMT)	New Zealand	8.4	11.4	20.6	18.0	277.9	223.0
Goodman Hong Kong Logistics Partnership (GHKLP)	Cayman Islands	134.1	42.0	20.0	20.0	737.1	575.0
Goodman Japan Core Partnership (GJCP)	Japan	11.1	12.0	20.0	22.4	180.9	163.2
Goodman European Partnership (GEP)	Luxembourg	22.8	20.7	20.4	20.4	443.7	415.3
Arlington Business Parks Partnership (ABPP)	United Kingdom	52.1	41.2	43.1	43.1	334.8	314.1
		<b>480.4</b>	<b>250.9</b>			<b>3,664.5</b>	<b>3,195.3</b>

The reconciliation of the carrying amount of investments in associates is set out as follows:

	Consolidated	
	2015 \$M	2014 \$M
<b>Movement in carrying amount of investments in associates</b>		
Carrying amount at the beginning of the half year	3,195.3	2,851.1
Share of net results after tax (before revaluations)	161.3	144.8
Share of fair value adjustments attributable to investment properties	321.1	101.0
Share of fair value adjustments on derivative financial instruments	(2.0)	5.1
Share of net results	480.4	250.9
Share of movements in reserves	0.1	0.3
Acquisitions	71.5	76.0
Disposals	(16.6)	-
Distributions received	(134.4)	(200.6)
Effect of foreign currency translation	68.2	94.6
<b>Carrying amount at the end of the half year</b>	<b>3,664.5</b>	<b>3,072.3</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Operating assets (cont)**

**5 Property assets (cont)**

**(e) Investments accounted for using the equity method (cont)**

**(ii) Investments in JVs**

A summary of the results and ownership interest of the Consolidated Entity's principal JVs is set out below:

Name of JV	Country of establishment/ incorporation	Consolidated share of net results		Consolidated ownership interest		Consolidated investment carrying amount	
		2015 \$M	2014 \$M	31 Dec 2015 %	30 Jun 2015 %	31 Dec 2015 \$M	30 Jun 2015 \$M
<b>Property investment</b>							
KWASA Goodman Industrial Partnership (KGIP)	Australia	14.6	10.5	40.0	40.0	207.3	199.6
Goodman Australia Development Partnership (GADP)	Australia	4.3	10.1	20.0	20.0	76.4	73.3
Goodman China Logistics Partnership (GCLP)	Cayman Islands	27.7	9.5	20.0	20.0	420.3	329.1
KWASA Goodman Germany (KGG)	Luxembourg	15.7	6.8	30.0	30.0	79.5	64.8
<b>Property development</b>							
Goodman Japan Development Partnership (GJDP)	Japan	33.0	21.9	50.0	50.0	50.9	79.3
Goodman North America Partnership (GNAP)	USA	34.7	-	55.0	55.0	362.4	252.0
Other JVs		(9.9)	4.0			309.6	315.4
		<b>120.1</b>	<b>62.8</b>			<b>1,506.4</b>	<b>1,313.5</b>

The reconciliation of the carrying amount of investments in JVs is set out as follows:

	Consolidated	
	2015 \$M	2014 \$M
<b>Movement in carrying amount of investments in JVs</b>		
Carrying amount at the beginning of the half year	1,313.5	1,004.5
Share of net results after tax (before revaluations)	48.6	45.3
Share of fair value adjustments attributable to investment properties	72.0	18.3
Share of fair value adjustments on derivative financial instruments	(0.5)	(0.8)
Share of net results	120.1	62.8
Share of movements in reserves	-	0.2
Acquisitions	147.8	167.9
Distributions/dividends received	(90.7)	(60.8)
Effect of foreign currency translation	15.7	55.2
<b>Carrying amount at the end of the half year</b>	<b>1,506.4</b>	<b>1,229.8</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Operating assets (cont)**

**6 Intangible assets**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$M</b>	<b>\$M</b>
Goodwill	689.0	672.1
Management rights	307.3	304.3
	<b>996.3</b>	<b>976.4</b>

An analysis of the goodwill and management rights by division at 31 December 2015 is set out below:

	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$M</b>	<b>\$M</b>
<b>Carrying amounts</b>		
<b>Goodwill</b>		
Japan	16.0	14.9
Continental Europe - Logistics	566.6	550.3
United Kingdom - Logistics	99.5	100.4
North America	6.9	6.5
<b>Subtotal - goodwill</b>	<b>689.0</b>	<b>672.1</b>
<b>Management rights</b>		
New Zealand	6.4	6.0
Hong Kong	27.8	26.3
China	37.3	35.3
Continental Europe - Logistics	32.3	31.3
United Kingdom - Business Parks	203.5	205.4
<b>Subtotal - management rights</b>	<b>307.3</b>	<b>304.3</b>
<b>Total</b>	<b>996.3</b>	<b>976.4</b>

**Impairment**

The present value of the intangible assets for each division was calculated as at 30 June 2015 and the results for the significant balances are disclosed in Goodman's 2015 annual report.

At 31 December 2015, management has assessed that there have been no changes in factors or circumstances that would significantly impact the cash flows and discount rates used at 30 June 2015 and accordingly there have been no impairments during the half year.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Capital management**

**7 Finance income and expense**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$M</b>	<b>\$M</b>
<b>Finance income</b>		
Interest income from:		
- Related parties	0.2	1.1
- Other parties	4.6	1.6
Fair value adjustments on derivative financial instruments	27.6	26.4
	<b>32.4</b>	<b>29.1</b>
<b>Finance expense</b>		
Interest expense from third party loans, overdrafts and derivatives	(91.1)	(53.6)
Other borrowing costs	(7.4)	(6.8)
Foreign exchange loss <sup>1</sup>	(58.7)	(106.9)
Capitalised borrowing costs	46.2	51.0
	<b>(111.0)</b>	<b>(116.3)</b>
<b>Net finance expense</b>	<b>(78.6)</b>	<b>(87.2)</b>

1. Foreign exchange loss includes an unrealised loss of \$58.4 million (2014: unrealised loss of \$107.1 million) on translation of the United States senior notes (refer to note 8(c)) and the Japanese yen denominated private placement (refer to note 8(d)).

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Capital management (cont)**

**8 Interest bearing liabilities**

	Note	Consolidated	
		31 Dec 2015	30 Jun 2015
		\$M	\$M
Bank loans, unsecured	8(a)	367.4	333.2
Euro medium-term notes, unsecured	8(b)	505.2	509.9
US senior notes, unsecured	8(c)	1,817.6	1,719.0
Foreign private placements, unsecured	8(d)	182.9	171.9
Borrowing costs		(24.3)	(26.1)
		<b>2,848.8</b>	<b>2,707.9</b>

**(a) Bank loans, unsecured**

Unsecured bank loans at 31 December 2015 are summarised as follows:

Facility	Facility maturity date	Facility limit - A\$M equivalent	Amounts drawn down in A\$M equivalents		
			NZD	JPY	Total
Bank loan 1	31 Jul 2018	150.0	-	-	-
Bank loan 2	31 Jul 2018	159.5	159.5	-	159.5
Bank loan 3	31 Jul 2018	149.0	-	-	-
Bank loan 4	30 Sep 2019	51.4	-	-	-
Bank loan 5	30 Sep 2019	37.5	-	-	-
Bank loan 6	31 Jul 2018	189.9	-	-	-
Bank loan 7	31 Jul 2018	151.9	46.9	-	46.9
Bank loan 8	31 Aug 2018	150.9	46.9	-	46.9
Bank loan 9	31 Dec 2018	159.0	-	-	-
Bank loan 10	29 Sep 2019	91.3	-	39.9	39.9
Bank loan 11	29 Sep 2019	171.2	-	74.2	74.2
<b>Total bank loans, unsecured</b>	<b>at 31 Dec 2015</b>	<b>1,461.6</b>	<b>253.3</b>	<b>114.1</b>	<b>367.4</b>
	at 30 Jun 2015	1,422.2	227.0	106.2	333.2

The interest rates on the above unsecured bank loans, before the impact of derivatives, are based on variable floating rates plus margins for each of the relevant drawn currencies.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Capital management (cont)**

**8 Interest bearing liabilities (cont)**

**(b) Euro medium-term notes, unsecured**

Goodman Australia Finance Pty Limited, a controlled entity of GIT, has on issue A\$505.2 million (30 June 2015: A\$509.9 million) Euro medium-term notes. All notes were issued at a fixed coupon of 9.75% payable annually. The notes mature on 16 July 2018.

**(c) United States senior notes, unsecured**

As at 31 December 2015, the Consolidated Entity has notes on issue in the United States 144A/Reg S bond market as follows:

- + A\$445.8 million (US\$325.0 million) maturing on 12 November 2020. The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually;
- + A\$685.9 million (US\$500.0 million) maturing on 15 April 2021. The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually; and
- + A\$685.9 million (US\$500.0 million) maturing on 22 March 2022. The senior unsecured notes were issued at a fixed coupon of 6.0% payable semi-annually.

**(d) Foreign private placements, unsecured**

As at 31 December 2015, the Consolidated Entity had the following unsecured foreign private placements:

- + A\$40.3 million (€27.0 million) denominated in Euros. The facility has a variable coupon payable quarterly and expires on 30 June 2023; and
- + A\$142.6 million (¥12.5 billion) denominated in Japanese yen. The facility has a fixed coupon of 3.32% payable semi-annually and expires on 3 April 2023.

**(e) Finance facilities**

	<b>Consolidated</b>	
	<b>Facilities available \$M</b>	<b>Facilities utilised \$M</b>
<b>At 31 December 2015</b>		
Bank loans, unsecured	1,461.7	367.4
Euro medium-term notes, unsecured	505.2	505.2
United States senior notes, unsecured	1,817.6	1,817.6
Foreign private placements, unsecured	182.9	182.9
Bank guarantees <sup>1</sup>	-	37.3
	<b>3,967.4</b>	<b>2,910.4</b>
<b>At 30 June 2015</b>		
Bank loans, unsecured	1,422.2	333.2
Euro medium-term notes, unsecured	509.9	509.9
United States senior notes, unsecured	1,719.0	1,719.0
Foreign private placements, unsecured	171.9	171.9
Bank guarantees <sup>1</sup>	-	30.1
	<b>3,823.0</b>	<b>2,764.1</b>

1. Bank guarantees are drawn from facilities available under unsecured bank loans.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Capital management (cont)**

**9 Financial instruments**

**Fair values of financial instruments**

The fair values of derivative financial instruments are determined using generally accepted pricing models which discount estimated future cash flows based on the terms and maturity of each contract and current market interest rates and/or foreign currency rates. Fair values also reflect the current creditworthiness of the derivative counterparties.

The carrying amounts shown in the statement of financial position and fair values of financial assets and liabilities are as follows:

<b>Consolidated</b>	<b>Carrying amount 31 Dec 2015 \$M</b>	<b>Fair value 31 Dec 2015 \$M</b>	<b>Carrying amount 30 Jun 2015 \$M</b>	<b>Fair value 30 Jun 2015 \$M</b>
<b>Financial assets</b>				
Cash	844.7	844.7	746.5	746.5
Receivables	461.8	461.8	390.5	390.5
Other financial assets:				
- Interest rate swaps	48.4	48.4	43.0	43.0
- Cross currency interest rate swaps <sup>1</sup>	229.5	229.5	189.1	189.1
- Foreign exchange contracts	2.0	2.0	6.3	6.3
- Investments in unlisted securities	0.3	0.3	0.8	0.8
	<b>1,586.7</b>	<b>1,586.7</b>	<b>1,376.2</b>	<b>1,376.2</b>
<b>Financial liabilities</b>				
Payables	440.2	440.2	472.2	472.2
Interest bearing liabilities <sup>2</sup>	2,848.8	3,184.7	2,707.9	3,081.0
Other financial liabilities:				
- Interest rate swaps	35.3	35.3	71.7	71.7
- Cross currency interest rate swaps	366.9	366.9	326.1	326.1
- Foreign exchange contracts	5.6	5.6	-	-
	<b>3,696.8</b>	<b>4,032.7</b>	<b>3,577.9</b>	<b>3,951.0</b>

1. At 31 December 2015, the fair values of the Consolidated Entity's cross currency interest rate swaps entered into to hedge the United States senior notes (refer to note 8(c)) included a \$217.8 million asset (30 June 2015: \$176.9 million asset).
2. The fair value of certain fixed rate interest bearing liabilities has been determined by reference to the quoted market prices at 31 December 2015.

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method (refer to note 1):

	<b>Level 1 \$M</b>	<b>Level 2 \$M</b>	<b>Level 3 \$M</b>	<b>Total \$M</b>
<b>As at 31 December 2015</b>				
Available for sale financial assets	-	-	0.3	0.3
Derivative financial assets	-	279.9	-	279.9
	-	<b>279.9</b>	<b>0.3</b>	<b>280.2</b>
Derivative financial liabilities	-	407.8	-	407.8
	-	<b>407.8</b>	-	<b>407.8</b>
<b>As at 30 June 2015</b>				
Available for sale financial assets	-	-	0.8	0.8
Derivative financial assets	-	238.4	-	238.4
	-	<b>238.4</b>	<b>0.8</b>	<b>239.2</b>
Derivative financial liabilities	-	397.8	-	397.8
	-	<b>397.8</b>	-	<b>397.8</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Capital management (cont)**

**10 Dividends and distributions**

**(a) Dividends declared by the Company**

No dividends were declared or paid by the Company during the half year and up to the date of this interim financial report (2014: \$nil).

**(b) Distributions declared and paid by GIT**

	Distribution cpu	Total amount \$M	Date of payment
<b>Distributions for the half years ended</b>			
- 31 Dec 2015	11.9	210.6	22 Feb 2016
- 31 Dec 2014	11.1	193.7	20 Feb 2015

**(c) Dividends declared by GLHK**

No dividends were declared or paid by GLHK during the half year and up to the date of this interim financial report (2014: \$nil).

**(d) Distributions declared and paid by Goodman PLUS Trust**

Goodman PLUS Trust, a controlled entity of the Consolidated Entity, has hybrid securities on issue which have been accounted for as equity.

During the half year, distributions declared by Goodman PLUS Trust to holders of hybrid securities were \$10.0 million (2014: \$10.9 million), or 305.1 cents per unit (2014: 332.0 cents per unit).

**11 Issued capital**

	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
	Number of securities		\$M	\$M
Stapled securities - issued and fully paid	1,770,098,314	1,753,035,922	8,142.1	8,096.7
Less: Accumulated issue costs			(160.5)	(160.5)
<b>Total issued capital</b>			<b>7,981.6</b>	<b>7,936.2</b>

**Terms and conditions**

Stapled security means one share in the Company stapled to one unit in GIT and one Chess Depository Interest over an ordinary share of GLHK. Holders of stapled securities are entitled to receive dividends or distributions as declared from time to time and are entitled to one vote per security at Securityholders' meetings. In the event of a winding up, Securityholders rank after creditors and are fully entitled to any proceeds of liquidation.

Date	Details	Number of securities	Issue price			Security-holders	
			\$	GL \$M	GIT \$M	GLHK \$M	holders \$M
<b>30 Jun 2014</b>	<b>Balance before accumulated issue costs</b>	<b>1,727,685,976</b>		472.6	6,922.5	612.2	8,007.3
26 Aug 2014	Distribution reinvestment plan	8,888,516	5.11	4.5	35.3	5.6	45.4
1 Sep 2014	Securities issued to employees under the Long Term Incentive Plan (LTIP)	8,843,233	-	-	-	-	-
8 Oct 2014	Securities issued to employees under the Goodman Tax Exempt Plan (GTEP)	42,336	-	-	-	-	-
20 Feb 2015	Distribution reinvestment plan	7,575,861	5.80	5.4	33.0	5.6	44.0
<b>30 Jun 2015</b>	<b>Balance before accumulated issue costs</b>	<b>1,753,035,922</b>		482.5	6,990.8	623.4	8,096.7
26 Aug 2015	Distribution reinvestment plan	7,196,343	6.31	4.8	35.1	5.5	45.4
31 Aug 2015	Securities issued to employees under the LTIP	9,824,337	-	-	-	-	-
23 Sep 2015	Securities issued to employees under the GTEP	41,712	-	-	-	-	-
	Less: Accumulated issue costs			(11.4)	(148.5)	(0.6)	(160.5)
<b>31 Dec 2015</b>	<b>Closing balance</b>	<b>1,770,098,314</b>		<b>475.9</b>	<b>6,877.4</b>	<b>628.3</b>	<b>7,981.6</b>



**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Other items**

**12 Reserves**

	Note	Consolidated	
		31 Dec 2015 \$M	30 Jun 2015 \$M
Asset revaluation reserve <sup>1</sup>	12(a)	(5.5)	(142.8)
Cash flow hedge reserve	12(b)	(4.9)	(5.0)
Foreign currency translation reserve	12(c)	14.8	(28.7)
Employee compensation reserve	12(d)	76.6	78.3
Defined benefit funds actuarial losses reserve	12(e)	(33.9)	(34.2)
<b>Total reserves</b>		<b>47.1</b>	<b>(132.4)</b>

1. In prior periods, unrealised gains or losses on investment properties were transferred from (accumulated losses)/retained earnings to the asset revaluation reserve. From 1 July 2015, the Consolidated Entity has amended its practice such that these unrealised gains or losses are maintained in (accumulated losses)/retained earnings and any relevant amounts included in the asset revaluation reserve at 1 July 2015 have now been transferred back to (accumulated losses)/retained earnings.

The movements in reserves of the Consolidated Entity are analysed below:

	GL		GIT		GLHK		Securityholders	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M
<b>(a) Asset revaluation reserve</b>								
Balance at the beginning of the half year	(326.0)	(178.0)	191.3	(929.8)	(8.1)	2.1	(142.8)	(1,105.7)
(Decrease)/increase due to revaluation of other financial assets	(4.9)	(0.6)	4.8	0.5	-	-	(0.1)	(0.1)
Transfers to/from (accumulated losses)/retained earnings	302.3	(134.3)	(183.4)	532.9	1.2	1.8	120.1	400.4
Effect of foreign currency translation	(3.3)	(6.4)	13.7	3.0	6.9	2.0	17.3	(1.4)
<b>Balance at the end of the half year</b>	<b>(31.9)</b>	<b>(319.3)</b>	<b>26.4</b>	<b>(393.4)</b>	<b>-</b>	<b>5.9</b>	<b>(5.5)</b>	<b>(706.8)</b>
<b>(b) Cash flow hedge reserve</b>								
Balance at the beginning of the half year	(0.1)	(0.1)	(4.9)	(9.6)	-	-	(5.0)	(9.7)
Change in value of financial instruments	-	-	0.2	0.6	-	-	0.2	0.6
Transfers to other comprehensive income	-	-	-	3.9	-	-	-	3.9
Effect of foreign currency translation	-	(0.1)	(0.1)	(0.5)	-	-	(0.1)	(0.6)
<b>Balance at the end of the half year</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(4.8)</b>	<b>(5.6)</b>	<b>-</b>	<b>-</b>	<b>(4.9)</b>	<b>(5.8)</b>
<b>(c) Foreign currency translation reserve</b>								
Balance at the beginning of the half year	(155.4)	(83.5)	21.8	(251.1)	104.9	77.5	(28.7)	(257.1)
Net exchange differences on conversion of foreign operations	8.4	(14.3)	17.1	151.2	18.0	33.3	43.5	170.2
<b>Balance at the end of the half year</b>	<b>(147.0)</b>	<b>(97.8)</b>	<b>38.9</b>	<b>(99.9)</b>	<b>122.9</b>	<b>110.8</b>	<b>14.8</b>	<b>(86.9)</b>
<b>(d) Employee compensation reserve</b>								
Balance at the beginning of the half year	6.9	4.1	64.7	57.0	6.7	3.2	78.3	64.3
Equity settled share based payments expense	19.4	14.5	-	-	6.0	3.2	25.4	17.7
Transfers to (accumulated losses)/retained earnings	(27.1)	(22.7)	-	-	-	-	(27.1)	(22.7)
Other transfers	8.7	9.1	(4.2)	(7.6)	(4.5)	(1.5)	-	-
<b>Balance at the end of the half year</b>	<b>7.9</b>	<b>5.0</b>	<b>60.5</b>	<b>49.4</b>	<b>8.2</b>	<b>4.9</b>	<b>76.6</b>	<b>59.3</b>
<b>(e) Defined benefit funds actuarial losses reserve</b>								
Balance at the beginning of the half year	(34.2)	(22.3)	-	-	-	-	(34.2)	(22.3)
Effect of foreign currency translation	0.3	(1.2)	-	-	-	-	0.3	(1.2)
<b>Balance at the end of the half year</b>	<b>(33.9)</b>	<b>(23.5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33.9)</b>	<b>(23.5)</b>
<b>Total reserves</b>	<b>(205.0)</b>	<b>(435.8)</b>	<b>121.0</b>	<b>(449.5)</b>	<b>131.1</b>	<b>121.6</b>	<b>47.1</b>	<b>(763.7)</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Other items (cont)**

**13 (Accumulated losses)/retained earnings**

The (accumulated losses)/retained earnings of the Consolidated Entity are apportioned below between the amounts Securityholders are entitled to by virtue of their shareholding in the Company and GLHK and their unitholding in GIT:

	GL		GIT		GLHK		Securityholders	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at the beginning of the half year	398.7	14.9	(1,338.5)	(720.9)	186.3	94.2	(753.5)	(611.8)
Profit for the half year	76.4	207.6	741.6	260.3	101.3	44.8	919.3	512.7
Transfers to/from asset revaluation reserve	(302.3)	134.3	183.4	(532.9)	(1.2)	(1.8)	(120.1)	(400.4)
Transfers from employee compensation reserve	27.1	22.7	-	-	-	-	27.1	22.7
Dividends/distributions declared	-	-	(210.6)	(193.7)	-	-	(210.6)	(193.7)
<b>Balance at the end of the half year</b>	<b>199.9</b>	<b>379.5</b>	<b>(624.1)</b>	<b>(1,187.2)</b>	<b>286.4</b>	<b>137.2</b>	<b>(137.8)</b>	<b>(670.5)</b>

**14 Significant non-cash transactions**

During the half year, the significant non-cash transactions are as follows:

- + the Consolidated Entity's distribution reinvestment plan remained in place. In relation to the distribution paid in August 2015, \$45.4 million (2014: \$45.4 million) was issued in the form of stapled securities; and
- + the Consolidated Entity received units in GMT amounting to \$34.5 million as deferred consideration for the sale of its entire interest in Highbrook Development Limited in prior years.

In the prior half year, the Consolidated Entity received a distribution from GADP of \$1.4 million in the form of units in the fund.

**15 Commitments**

**Development activities**

At 31 December 2015, the Consolidated Entity was committed to expenditure in respect of \$452.1 million (30 June 2015: \$431.4 million) on inventories and other development activities.

**Investment properties**

At 31 December 2015, capital expenditure commitments on the Consolidated Entity's investment property portfolio were \$51.3 million (30 June 2015: \$18.9 million).

**Managed partnerships**

At 31 December 2015, the Consolidated Entity has made an equity commitment of \$89.9 million (30 June 2015: \$97.6 million) into GEP.

In relation to GAIP and GEP, the Consolidated Entity offers limited liquidity facilities to investors, which allow the investors to sell to the Consolidated Entity some or all of their investment in the funds. Limits apply to these liquidity facilities and Goodman is only required to offer to purchase up to \$7.5 million of the issued capital of GAIP each quarter and 2.5% of the issued capital of GEP each quarter. Furthermore, the Consolidated Entity is only required to purchase units where its co-investment in GAIP or GEP is below a prescribed limit. Currently, Goodman's interest (together with its custodian's interest) in GAIP and GEP is below the prescribed limit and both liquidity facilities are open for investors.

Furthermore, in respect of certain managed partnerships, Goodman and its capital partners have committed to invest further capital, subject to the unanimous approval by the partners of the relevant property acquisition and/or development for which the funding is required. Goodman's commitment in respect of these partnerships is set out below:

- + \$571.5 million (30 June 2015: \$223.3 million) into GCLP;
- + \$394.2 million (30 June 2015: \$336.0 million) into GJDP;
- + \$379.5 million (30 June 2015: \$nil) into GUKP;
- + \$1,159.0 million (30 June 2015: \$1,212.0 million) into GNAP; and
- + \$149.8 million (30 June 2015: \$10.7 million) into other development partnerships.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2015**

**Other items (cont)**

**16 Related parties**

**Transactions with associates and JVs**

The significant transactions with associates and JVs are set out as follows:

	Revenue from management and development activities		Interest charged on loans to related parties	
	2015	2014	2015	2014
	\$M	\$M	\$M	\$M
Associates	535.4	368.6	0.1	0.6
JVs	108.6	94.4	0.1	0.5

**17 Events subsequent to balance date**

In the opinion of the Directors, there were no events subsequent to balance date, and up to the date of signature of this interim financial report, which would require adjustment or disclosure in the interim financial report.

**Goodman Limited and its controlled entities  
Directors' declaration**

In the opinion of the directors of Goodman Limited:

- (a) the interim financial statements and the accompanying notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2015 and of its performance for the half year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



**Ian Ferrier, AM**  
Independent Chairman

Sydney, 11 February 2016



**Gregory Goodman**  
Group Chief Executive Officer



## **Independent auditor's review report to the members of Goodman Limited**

We have reviewed the accompanying interim financial report of Goodman Limited, which comprises the consolidated interim statement of financial position as at 31 December 2015, consolidated interim income statement, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim cash flow statement for the half-year ended on that date, notes 1 to 17 comprising a statement of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated Entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### *Directors' responsibility for the interim financial report*

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Goodman Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Goodman Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

John Teer  
*Partner*

Sydney  
11 February 2016

Eileen Hoggett  
*Partner*

Sydney  
11 February 2016