

Goodman Industrial Trust
ARSN 091 213 839
and its controlled entities
Interim financial report for the half year ended 31 December 2015

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

The directors (Directors) of Goodman Funds Management Limited (Responsible Entity), the responsible entity for Goodman Industrial Trust (GIT or Trust), present their Directors' report together with the interim financial report of GIT and the entities it controlled (Consolidated Entity) at the end of, or during, the half year ended 31 December 2015 (half year) and the review report thereon.

GIT is deemed to be a controlled entity of Goodman Limited (GL). In this consolidated financial report, GL and its controlled entities are referred to as Goodman Group.

GIT's units are stapled to both shares in GL and CHES Depository Interests (CDIs) over shares in Goodman Logistics (HK) Limited (GLHK). The units in GIT, shares in GL and CDIs over the ordinary shares in GLHK are quoted as a single security on the Australian Securities Exchange (ASX) as Goodman Group stapled securities.

Directors

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

Directors	Appointment date
Mr Ian Ferrier, AM (Independent Chairman)	23 February 2005
Mr Gregory Goodman (Group Chief Executive Officer)	17 January 1995
Mr Philip Fan (Independent Director)	1 December 2011
Mr John Harkness (Independent Director)	1 September 2004
Ms Anne Keating (Independent Director)	6 February 2004
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:

Company Secretary	Appointment date
Mr Carl Bicego	24 October 2006

Operating and financial review

The performance of the Consolidated Entity, as represented by the results of its operations for the half year, was as follow:

	Consolidated	
	2015	2014
	\$M	\$M
Net property income	58.3	57.2
Share of net results of equity accounted investments (before asset revaluations and derivative mark to market movements)	132.4	122.2
Investment earnings	190.7	179.4
Profit attributable to unitholders of GIT (Unitholders)	741.6	260.3
Total comprehensive income attributable to Unitholders	777.3	419.0

Property investment

Investment earnings comprise gross property income, net of property expenses, and the Consolidated Entity's share of the results (before revaluations) of associates and joint ventures (collectively referred to as partnerships). Investment earnings of \$190.7 million has increased by 6.3% compared to the prior corresponding period, with the growth driven primarily by contributions from partnerships.

The quality of Goodman Group's property portfolio and customers is reflected in the sound underlying property fundamentals experienced across Goodman Group'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 Industrial Trust and its controlled entities
Directors' report
for the half year ended 31 December 2015

Operating and financial review (cont)

Property investment (cont)

Goodman Group has continued to take advantage of the market demand for industrial properties with a further \$1.3 billion of property disposals across Goodman Group and its managed partnerships (excluding urban renewal sites).

However, Goodman Group's 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 Group continues to progress its urban renewal strategy in Australia and has achieved positive planning outcomes on a number of sites. At 31 December 2015, the Consolidated Entity has \$1.5 billion of sites conditionally contracted for sale and further progress was made after balance date, reflecting the strong demand for zoned residential sites. The Consolidated Entity 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 partnerships.

Property valuations

The strength of investment markets in most of the regions the Consolidated Entity operates in has resulted in the Consolidated Entity recognising property valuation gains of \$0.6 billion, with the weighted average capitalisation rate of property assets held by Goodman Group tightening from 7.0% to 6.6% across the half year. Approximately one third of the gains have come through the urban renewal properties.

Statement of financial position

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$M	\$M
Stabilised investment properties	2,321.7	2,052.2
Cornerstone investments in partnerships	3,658.2	3,166.5
Development holdings	171.2	209.0
Loans to related parties	3,158.5	3,233.1
Cash	696.6	602.4
Other assets	385.2	359.9
Total assets	10,391.4	9,623.1
Interest bearing liabilities	2,737.6	2,604.8
Other liabilities	815.5	824.0
Total liabilities	3,553.1	3,428.8
Non-controlling interests	325.8	325.8
Net assets attributable to Unitholders	6,512.5	5,868.5

Stabilised investment properties

The value of stabilised investment properties has increased by \$269.5 million to \$2,321.7 million, which is primarily due to revaluation gains during the year of \$246.2 million partially offset by asset disposals. 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 have been a key driver of the valuation gains.

Cornerstone investments in partnerships

The value of cornerstone investments in partnerships has increased by \$491.7 million to \$3,658.2 million, of which \$58.3 million is a result of movement in foreign currency. Additional capital contributions to fund acquisitions account for a further increase of approximately \$108.5 million. This strong investment market has also resulted in a tightening of capitalisation rates, resulting in valuation gains of \$328.6 million.

Loans to related parties

Loans to related parties are primarily loans to GL, GLHK and their controlled entities. The majority of interest bearing liabilities in Goodman Group is held by the Consolidated Entity which on lends the proceeds to other members of Goodman Group to fund acquisitions and developments. Loans to related parties have decreased by \$74.6 million to \$3,158.5 million.

Cash and interest bearing liabilities

Interest bearing liabilities net of cash are \$2,041.0 million compared to \$2,002.4 million at 30 June 2015. The increase is primarily due to net cash inflow offset by foreign currency exchange movements. Movements in other assets and other liabilities mainly reflect the changes in the Consolidated Entity's derivative financial instruments.

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

Operating and financial review (cont)

Capital management

Goodman Group has maintained its prudent approach to capital management. At 31 December 2015, Goodman Group 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 at 5.3 times (30 June 2015: 6.0 times) providing significant headroom relative to Goodman Group's financing covenants.

Distributions

The distribution declared/announced to ordinary holders of GIT during the half year was 11.90 cents per unit (2014: 11.10 cents per unit), amounting to \$210.6 million (2014: \$193.7 million).

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 5 and forms part of the Directors' report for the half year.

Rounding

The Consolidated Entity 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 Funds Management Limited as the Responsible Entity for
Goodman Industrial Trust

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 Industrial Trust 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
Current assets			
Cash		696.6	602.4
Receivables	5	3,245.2	3,326.7
Inventories	4(b)	52.3	9.0
Other financial assets		2.3	4.4
Other assets		1.2	5.4
Total current assets		3,997.6	3,947.9
Non-current assets			
Receivables	5	1.5	12.0
Inventories	4(b)	98.5	125.5
Investment properties	4(b)	2,342.1	2,126.7
Investments accounted for using the equity method	4(b)	3,658.2	3,166.5
Other financial assets		293.5	244.5
Total non-current assets		6,393.8	5,675.2
Total assets		10,391.4	9,623.1
Current liabilities			
Deferred income		0.5	0.5
Payables		103.9	148.4
Provision for distributions		210.6	194.6
Other financial liabilities		64.0	50.5
Total current liabilities		379.0	394.0
Non-current liabilities			
Payables		92.7	82.7
Interest bearing liabilities	7	2,737.6	2,604.8
Other financial liabilities		343.8	347.3
Total non-current liabilities		3,174.1	3,034.8
Total liabilities		3,553.1	3,428.8
Net assets		6,838.3	6,194.3
Equity			
Issued capital	10	7,212.9	7,131.4
Reserves	11	100.1	252.0
Accumulated losses	12	(800.5)	(1,514.9)
Total equity attributable to Unitholders		6,512.5	5,868.5
Non-controlling interests	13	325.8	325.8
Total equity		6,838.3	6,194.3

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

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

		Consolidated	
		2015	2014
	Note	\$M	\$M
Revenue and other income			
Gross property income		81.7	81.5
Income from disposal of inventories		1.2	0.1
Net gain from fair value adjustments on investment properties	4(d)	246.2	19.7
Net gain on disposal of investment properties	2	0.1	6.7
Net gain on disposal of controlled entities	2	-	1.6
Share of net results of equity accounted investments	2	459.1	222.6
Net gain on disposal of equity investments	2	15.8	6.5
Other income		0.1	1.3
		804.2	340.0
Property and other expenses			
Property expenses		(23.4)	(24.3)
Inventory cost of sales		(1.2)	(0.1)
Trust expenses		(5.5)	(7.5)
Impairment losses	2	(15.8)	(3.4)
Other expenses		(0.9)	(1.1)
		(46.8)	(36.4)
Profit before interest and tax		757.4	303.6
Net finance income/(expense)			
Finance income	6	152.9	125.0
Finance expense	6	(147.3)	(155.2)
Net finance income/(expense)		5.6	(30.2)
Profit before income tax		763.0	273.4
Income tax expense		(11.4)	(2.2)
Profit for the half year		751.6	271.2
Profit attributable to Unitholders		741.6	260.3
Profit attributable to non-controlling interests		10.0	10.9
Profit for the half year		751.6	271.2

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

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

	Note	Consolidated	
		2015 \$M	2014 \$M
Profit for the half year		751.6	271.2
Other comprehensive income for the half year			
Items that are or may be reclassified subsequently to profit or loss			
Increase due to revaluation of other financial assets	11(a)	4.8	0.5
Cash flow hedges:			
- Change in value of financial instruments	11(b)	0.2	0.6
- Transfers from cash flow hedge reserve	11(b)	-	3.9
Effect of foreign currency translation	11	30.7	153.7
Other comprehensive income for the half year, net of tax		35.7	158.7
Total comprehensive income for the half year		787.3	429.9
Total comprehensive income attributable to:			
Unitholders		777.3	419.0
Non-controlling interests		10.0	10.9
Total comprehensive income for the half year		787.3	429.9

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

Goodman Industrial Trust 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 Unitholders						
	Note	Issued capital	Reserves	Accumulated losses	Total	Non- controlling interests	Total equity
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2014		7,025.2	(1,154.4)	(897.3)	4,973.5	325.8	5,299.3
Total comprehensive income for the half year							
Profit for the half year	12	-	-	260.3	260.3	10.9	271.2
Other comprehensive income for the half year		-	158.7	-	158.7	-	158.7
Total comprehensive income for the half year		-	158.7	260.3	419.0	10.9	429.9
Transfers		-	532.9	(532.9)	-	-	-
Contributions by and distributions to owners							
Distributions declared on ordinary units	9(a)	-	-	(193.7)	(193.7)	-	(193.7)
Distributions paid on Goodman PLUS	9(b)	-	-	-	-	(10.9)	(10.9)
Issue of ordinary units under the Goodman Group distribution reinvestment plan (DRP)		35.3	-	-	35.3	-	35.3
Issue of ordinary units under the Goodman Group Long Term Incentive Plan (LTIP)		38.0	-	-	38.0	-	38.0
Equity settled share based payments transaction relating to Goodman Group		-	(7.6)	-	(7.6)	-	(7.6)
Balance at 31 December 2014		7,098.5	(470.4)	(1,363.6)	5,264.5	325.8	5,590.3

Half year ended 31 December 2015

Consolidated	Attributable to Unitholders						
	Note	Issued capital	Reserves	Accumulated losses	Total	Non- controlling interests	Total equity
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2015		7,131.4	252.0	(1,514.9)	5,868.5	325.8	6,194.3
Total comprehensive income for the half year							
Profit for the half year	12	-	-	741.6	741.6	10.0	751.6
Other comprehensive income for the half year		-	35.7	-	35.7	-	35.7
Total comprehensive income for the half year		-	35.7	741.6	777.3	10.0	787.3
Transfers		-	(183.4)	183.4	-	-	-
Contributions by and distributions to owners							
Distributions declared on ordinary units	9(a)	-	-	(210.6)	(210.6)	-	(210.6)
Distributions paid on Goodman PLUS	9(b)	-	-	-	-	(10.0)	(10.0)
Issue of ordinary units under the Goodman Group DRP		34.9	-	-	34.9	-	34.9
Issue of ordinary units under the Goodman Group LTIP		46.6	-	-	46.6	-	46.6
Equity settled share based payments transaction relating to Goodman Group		-	(4.2)	-	(4.2)	-	(4.2)
Balance at 31 December 2015		7,212.9	100.1	(800.5)	6,512.5	325.8	6,838.3

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

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

	Consolidated	
	2015	2014
	\$M	\$M
Cash flows from operating activities		
Property income received	77.3	85.0
Proceeds from disposal of inventories	1.3	-
Other cash receipts from services provided	0.3	2.4
Property expenses paid	(21.0)	(19.5)
Payments for inventories	(46.9)	(34.0)
Other cash payments in the course of operations	(5.3)	(2.1)
Dividends/distributions received from equity accounted investments	99.8	122.9
Interest received	4.2	14.4
Finance costs paid	(126.9)	(78.2)
Net income taxes paid	(1.3)	(0.2)
Net cash (used in)/provided by operating activities	(18.5)	90.7
Cash flows from investing activities		
Proceeds from disposal of investment properties	2.8	14.1
Proceeds from disposal of equity investments	7.3	-
Net cash movement on disposal of controlled entities	(2.3)	30.8
Payments for investment properties	(13.3)	(26.1)
Payments for equity investments	(74.0)	(91.3)
Net cash used in investing activities	(79.5)	(72.5)
Cash flows from financing activities		
Proceeds from borrowings	169.9	330.5
Repayments of borrowings	(159.0)	(254.8)
Loans from related parties	340.4	122.7
Distributions paid	(159.1)	(144.3)
Net cash provided by financing activities	192.2	54.1
Net increase in cash held	94.2	72.3
Cash at the beginning of the half year	602.4	227.9
Cash at the end of the half year	696.6	300.2

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

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Basis of preparation

1. Basis of preparation

Goodman Industrial Trust was established in Australia. The interim financial report for the half year comprises GIT and its controlled entities (Consolidated Entity) and the Consolidated Entity's interests in associates and joint ventures (JVs).

The stapling of GIT, GL and GLHK was implemented on 22 August 2012. Following approval of the stapling, units in GIT, shares in GL and CDIs over shares in GLHK were stapled to one another and are quoted as a single security on the ASX. Goodman Funds Management Limited (the responsible entity of GIT), GL and GLHK must at all times act in the best interests of the stapled entity.

(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*, the *Corporations Act 2001* and the requirements of GIT's constitution dated 13 December 1989, as amended. 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 for the Consolidated Entity as at and for the year ended 30 June 2015.

There are no significant changes to the Consolidated Entity's interim 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. The Consolidated Entity has not applied any Australian Accounting Standards available for early adoption in the preparation of these financial statements.

(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 the following notes:

- + Note 4 – Property assets; and
- + Note 8 – 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.

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Basis of preparation (cont)

1. Basis of preparation (cont)

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

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 4 – Property assets; and
- + Note 8 – Financial instruments.

Results for the half year

2. Profit before income tax

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

	Consolidated	
	2015	2014
	\$M	\$M
Net consideration from disposal of investment properties	1.1	50.8
Carrying value of investment properties disposed - refer to note 4(d)	(1.0)	(44.1)
Net gain on disposal of investment properties	0.1	6.7
Net consideration received and receivable from the disposal of controlled entities ¹	-	30.7
Carrying value of net assets disposed	-	(29.1)
Net gain on disposal of controlled entities	-	1.6
Share of net results of investments in associates - refer to note 4(e)(i)		
- Operating results after tax (before revaluations)	121.1	106.9
- Fair value adjustments on investment properties	289.1	86.0
- Fair value adjustments on derivative financial instruments	(1.4)	6.6
Share of net results of investments in JVs - refer to note 4(e)(ii)		
- Operating results after tax (before revaluations)	11.3	15.3
- Fair value adjustments on investment properties	39.5	8.6
- Fair value adjustments on derivative financial instruments	(0.5)	(0.8)
Share of net results of equity accounted investments	459.1	222.6
Net consideration from disposal of equity investments	50.3	318.4
Carrying value of equity investments disposed	(34.5)	(311.9)
Net gain on disposal of equity investments	15.8	6.5
Impairment of receivables	(10.8)	-
Impairment of inventories	(5.0)	(3.4)
Impairment losses	(15.8)	(3.4)

1. During the half year, the Consolidated Entity disposed of its entire interest in a wholly owned controlled entity, Goodman Palmers Trust, to GL for \$nil consideration. The net assets of the controlled entity disposed of comprised an investment property with a carrying value of \$50.7 million and payables of \$50.7 million. During the prior corresponding half year, the Consolidated Entity disposed of its entire interest in a wholly owned subsidiary, Goodman West Thurrock (Jersey) Limited, for net consideration of \$30.7 million. The net assets of the subsidiary comprised an investment property with a carrying value of \$31.1 million and trade and other payables with a carrying value of \$2.0 million.

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Results for the half year (cont)

3. Segment reporting

The Consolidated Entity is based in Australia and has divisions in Australia, New Zealand, Asia, Continental Europe, the United Kingdom and North America.

The activities and services undertaken by the divisions are direct and indirect ownership of investment properties. Information regarding the operations of each reportable segment is included below.

Information about reportable segments

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		North America		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
Income statement												
External revenues												
Gross property income	77.8	76.4	-	-	-	-	3.9	5.1	-	-	81.7	81.5
Income from disposal of inventories	1.2	-	-	-	-	-	-	0.1	-	-	1.2	0.1
Other income	-	1.0	-	-	0.1	0.3	-	-	-	-	0.1	1.3
Total external revenues	79.0	77.4	-	-	0.1	0.3	3.9	5.2	-	-	83.0	82.9
Reportable segment profit before tax	136.0	142.6	38.6	10.8	18.3	16.6	3.8	22.5	12.8	-	209.5	192.5
Share of net results of equity accounted investments												
Operating results (excluding fair value adjustments)	73.3	82.4	38.6	10.7	18.1	16.4	0.5	12.7	1.9	-	132.4	122.2
Fair value adjustments - not included in reportable segment profit	192.8	61.8	95.4	31.2	7.0	6.5	-	0.9	31.5	-	326.7	100.4
Other material non-cash items not included in reportable segment profit before tax												
Net gain/(loss) from fair value adjustments on investment properties	250.0	28.0	-	-	-	-	(3.8)	(8.3)	-	-	246.2	19.7
	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position												
Reportable segment assets	4,531.8	4,149.5	739.1	576.8	515.4	480.2	129.1	115.1	349.5	243.1	6,264.9	5,564.7
Total non-current assets	4,407.7	4,037.0	737.2	575.0	515.3	480.2	106.6	106.0	349.4	243.0	6,116.2	5,441.2
Included in reportable segments assets are:												
Investment properties	2,312.2	2,094.6	-	-	-	-	29.9	32.1	-	-	2,342.1	2,126.7
Investments accounted for using the equity method	2,057.5	1,864.4	737.3	575.0	499.4	469.6	14.6	14.5	349.4	243.0	3,658.2	3,166.5
Reportable segment liabilities	105.8	124.2	-	-	-	(0.7)	4.7	9.7	11.1	0.1	121.6	133.3

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Results for the half year (cont)

3. Segment reporting (cont)

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

	2015	2014
	\$M	\$M
Revenues		
Total revenue for reportable segments	83.0	82.9
Consolidated revenues	83.0	82.9
Profit or loss		
Total profit before tax for reportable segments	209.5	192.5
Corporate expenses not allocated to reportable segments	(5.5)	(5.1)
Operating profit before net interest and income tax expense	204.0	187.4
Valuation adjustments not included in reportable segment profit before tax:		
- Net gain from fair value adjustments on investment properties	246.2	19.7
- Impairment losses	(15.8)	(3.4)
- Fair value adjustments relating to associates and JVs	326.7	100.4
Other non-cash items not included in reportable segment profit before tax	(3.7)	(0.5)
Net finance income/(expense) - refer to note 6	5.6	(30.2)
Consolidated profit before income tax	763.0	273.4

	31 Dec 2015	30 Jun 2015
	\$M	\$M
Assets		
Assets for reportable segments	6,264.9	5,564.7
Unallocated amounts: loans to GL, GLHK and their controlled entities	3,158.3	3,222.2
Other unallocated amounts	968.2	836.2
Consolidated total assets	10,391.4	9,623.1
Liabilities		
Liabilities for reportable segments	121.6	133.3
Unallocated amounts: interest bearing liabilities	2,737.6	2,604.8
Other unallocated amounts	693.9	690.7
Consolidated total liabilities	3,553.1	3,428.8

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Operating assets

4. Property assets

(a) Types of property assets

The Consolidated Entity's investment in property assets includes both inventories and investment properties, which may be held either directly or through its investments in 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 the Consolidated Entity's investment in property assets

	Note	Consolidated	
		31 Dec 2015 \$M	30 Jun 2015 \$M
Inventories			
Current		52.3	9.0
Non-current		98.5	125.5
		150.8	134.5
Investment properties			
Stabilised investment properties		2,321.7	2,052.2
Investment properties under development		20.4	74.5
	4(d)	2,342.1	2,126.7
Investments accounted for using the equity method			
Associates	4(e)(i)	2,870.9	2,495.0
JVs	4(e)(ii)	787.3	671.5
		3,658.2	3,166.5
Total property assets		6,151.1	5,427.7

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Operating assets (cont)

4. Property assets (cont)

(c) Estimates and assumptions in determining property carrying values

Inventories

For both inventories held directly and inventories held in 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

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

Division	Total portfolio weighted average capitalisation	
	31 Dec 2015	30 Jun 2015
	%	%
Australia ¹	6.9	7.3
Hong Kong	5.6	6.0
Logistics - Continental Europe	6.7	6.9
Logistics - United Kingdom	8.0	7.6
North America	4.3	-

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 held directly by the Consolidated Entity, 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 the Consolidated Entity's investments in partnerships. However, a certain number of entities do obtain independent valuations for investment properties under development each financial year.

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Operating assets (cont)

4. Property assets (cont)

(d) Investment properties

Reconciliation carrying amount of directly held investment properties

	Consolidated	
	2015	2014
	\$M	\$M
Carrying amount at the beginning of the half year	2,126.7	1,950.4
Capital expenditure	18.3	22.0
Transfers in from inventories	1.9	-
Disposals:		
- Carrying value of properties sold	(1.0)	(44.1)
- On disposal of interests in controlled entities	(50.7)	(31.1)
Net gain from fair value adjustments	246.2	19.7
Effect of foreign currency translation	0.7	10.9
Carrying amount at the end of the half year	2,342.1	1,927.8
Analysed by segment:		
Australia and New Zealand	2,312.2	1,721.9
United Kingdom	29.9	205.9
	2,342.1	1,927.8

(e) Investments accounted for using the equity method

During the half year, the names of several of Goodman's associates and JVs, which are collectively referred to as partnerships, 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	
		31 Dec 2015	31 Dec 2014	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
		\$M	\$M	%	%	\$M	\$M
Property investment							
Goodman Australia Industrial Partnership (GAIP)	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 Hong Kong Logistics Partnership (GHKLP)	Cayman Islands	134.1	42.0	20.0	20.0	737.1	575.0
Goodman European Logistics Partnership (GEP)	Luxembourg	22.8	20.7	20.4	20.4	443.7	415.3
Arlington Business Parks Partnership (ABPP) ¹	United Kingdom	-	13.2	-	-	-	-
		408.8	199.5			2,870.9	2,495.0

1. During the prior corresponding half year, the Consolidated Entity disposed of its entire interest in ABPP to a subsidiary of GL for net consideration of \$318.4 million.

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Operating assets (cont)

4. Property assets (cont)

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

(i) Investments in associates (cont)

The reconciliation of the carrying amount of investments in associates during the half year is as follows:

	Consolidated	
	2015	2014
	\$M	\$M
Movement in carrying amount of investments in associates		
Carrying amount at the beginning of the half year	2,495.0	2,459.3
Share of net results after tax (before revaluations)	121.1	106.9
Share of fair value adjustments on investment properties	289.1	86.0
Share of fair value adjustments on derivative financial instruments	(1.4)	6.6
Share of net results	408.8	199.5
Share of movement in reserves	0.1	0.3
Acquisitions	45.4	53.4
Disposals:		
- Carrying value of investments sold	(34.5)	-
- On disposal of interests in controlled entities	-	(311.9)
Distributions received	(87.6)	(111.3)
Effect of foreign currency translation	43.7	76.3
Carrying amount at the end of the half year	2,870.9	2,365.6

(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	Consolidated share of net results		Consolidated ownership interest		Consolidated investment carrying amount	
		31 Dec 2015	31 Dec 2014	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
		\$M	\$M	%	%	\$M	\$M
Property investment							
KWASA Goodman Industrial Partnership (KGIP)	Australia	14.6	10.5	40.0	40.0	202.8	195.1
Goodman Australia Development Partnership (GADP)	Australia	4.3	10.1	20.0	20.0	76.4	73.3
Property development							
Goodman North America Partnership (GNAP)	USA	33.4	-	53.0	53.0	349.4	243.0
Other JVs		(2.0)	2.5			158.7	160.1
		50.3	23.1			787.3	671.5

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Operating assets (cont)

4. Property assets (cont)

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

(ii) Investments in JVs (cont)

The reconciliation of the carrying amount of investments in JVs during the half year is as follows:

	Consolidated	
	2015	2014
	\$M	\$M
Movement in carrying amount of investments in JVs		
Carrying amount at the beginning of the half year	671.5	541.0
Share of net results after tax (before revaluations)	11.3	15.3
Share of fair value adjustments on investment properties	39.5	8.6
Share of fair value adjustments on derivative financial instruments	(0.5)	(0.8)
Share of net results	50.3	23.1
Acquisitions	63.1	37.9
Distributions/dividends received	(12.2)	(11.6)
Effect of foreign currency translation	14.6	26.7
Carrying amount at the end of the half year	787.3	617.1

5. Receivables

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$M	\$M
Current		
Loans to related parties	3,158.3	3,222.2
Trade receivables	1.9	3.8
Other receivables	84.4	98.6
Amounts due from related parties	0.6	2.1
	3,245.2	3,326.7
Non-current		
Loans to related parties	0.2	10.9
Other receivables	1.3	1.1
	1.5	12.0

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Capital management

6. Finance income and expense

	Consolidated	
	2015	2014
	\$M	\$M
Finance income		
Interest income from:		
- Related parties	121.1	97.3
- Other parties	4.2	1.3
Fair value adjustments on derivative financial instruments	27.6	26.4
	152.9	125.0
Finance expense		
Interest expense from third party loans, overdrafts and derivatives	(89.5)	(52.3)
Other borrowing costs	(6.9)	(6.3)
Foreign exchange loss ¹	(58.4)	(107.1)
Capitalised borrowing costs	7.5	10.5
	(147.3)	(155.2)
Net finance income/(expense)	5.6	(30.2)

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 and the Japanese yen denominated foreign private placement.

7. Interest bearing liabilities

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$M	\$M
Bank loans, unsecured	253.2	227.0
Euro medium-term notes, unsecured	505.2	509.9
United States senior notes, unsecured	1,817.6	1,719.0
Foreign private placements, unsecured	182.9	171.9
Borrowing costs	(21.3)	(23.0)
	2,737.6	2,604.8

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Capital management (cont)

8. Financial instruments

Fair values of financial instruments

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

	Carrying amount 31 Dec 2015 \$M	Fair value 31 Dec 2015 \$M	Carrying amount 30 Jun 2015 \$M	Fair value 30 Jun 2015 \$M
Consolidated				
Financial assets				
Cash	696.6	696.6	602.4	602.4
Receivables:				
- Loans to related parties	3,158.5	3,158.5	3,233.1	3,233.1
- Trade and other receivables	88.2	88.2	105.6	105.6
Other financial assets:				
- Interest rate swaps	48.4	48.4	43.0	43.0
- Cross currency interest rate swaps	229.5	229.5	189.1	189.1
- Foreign exchange contracts	2.0	2.0	6.3	6.3
- Investments in unlisted securities	15.9	15.9	10.5	10.5
	4,239.1	4,239.1	4,190.0	4,190.0
Financial liabilities				
Payables	196.6	196.6	231.1	231.1
Interest bearing liabilities ¹	2,737.6	3,070.5	2,604.8	2,974.8
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	-	-
	3,342.0	3,674.9	3,233.7	3,603.7

1. 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):

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 31 December 2015				
Available for sale financial assets	-	-	15.9	15.9
Derivative financial assets	-	279.9	-	279.9
	-	279.9	15.9	295.8
Derivative financial liabilities	-	407.8	-	407.8
	-	407.8	-	407.8
As at 30 June 2015				
Available for sale financial assets	-	-	10.5	10.5
Derivative financial assets	-	238.4	-	238.4
	-	238.4	10.5	248.9
Derivative financial liabilities	-	397.8	-	397.8
	-	397.8	-	397.8

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Capital management (cont)

9. Distributions

(a) Distributions declared and paid by GIT

	Distribution cpu	Total amount \$M	Date of payment
Distributions for the half year ended			
- 31 Dec 2015	11.90	210.6	22 Feb 2016
- 31 Dec 2014	11.10	193.7	20 Feb 2015

(b) 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.

	Distribution cpu	Total amount \$M	Date of payment
Distributions for the half year ended 31 December 2015			
- 30 Sep 2015	152.2	5.0	30 Sep 2015
- 31 Dec 2015	152.9	5.0	31 Dec 2015
	305.1	10.0	
Distributions for the half year ended 31 December 2014			
- 30 Sep 2014	165.7	5.4	30 Sep 2014
- 31 Dec 2014	166.3	5.5	31 Dec 2014
	332.0	10.9	

10. Issued capital

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$M	\$M
1,770,098,314 (2014: 1,753,035,922) fully paid units on issue	7,361.4	7,279.9
Less: Accumulated issue costs ¹	(148.5)	(148.5)
	7,212.9	7,131.4

1. Issue costs associated with the issue of units have been directly paid from the proceeds of the issues.

Terms and conditions

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

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Other items

11. Reserves

	Consolidated		
		31 Dec 2015	30 Jun 2015
	Note	\$M	\$M
Asset revaluation reserve ¹	11(a)	5.6	170.5
Cash flow hedge reserve	11(b)	(4.9)	(5.0)
Foreign currency translation reserve	11(c)	38.9	21.8
Employee compensation reserve	11(d)	60.5	64.7
Total reserves		100.1	252.0

1. In prior periods, unrealised gains or losses on investment properties were transferred from accumulated losses 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 and any relevant amounts included in the asset revaluation reserve at 1 July 2015 have now been transferred back to accumulated losses.

	2015	2014
	\$M	\$M
(a) Asset revaluation reserve		
Balance at the beginning of the half year	170.5	(950.6)
Increase due to revaluation of other financial assets	4.8	0.5
Transfers to accumulated losses	(183.4)	532.9
Effect of foreign currency translation	13.7	3.0
Balance at the end of the half year	5.6	(414.2)
(b) Cash flow hedge reserve		
Balance at the beginning of the half year	(5.0)	(9.7)
Change in value of financial instruments	0.2	0.6
Transfers to other comprehensive income	-	3.9
Effect of foreign currency translation	(0.1)	(0.5)
Balance at the end of the half year	(4.9)	(5.7)
(c) Foreign currency translation reserve		
Balance at the beginning of the half year	21.8	(251.1)
Net exchange differences on conversion of foreign operations	17.1	151.2
Balance at the end of the half year	38.9	(99.9)
(d) Employee compensation reserve		
Balance at the beginning of the half year	64.7	57.0
Equity settled share based payments transaction relating to Goodman Group	(4.2)	(7.6)
Balance at the end of the half year	60.5	49.4
Total reserves	100.1	(470.4)

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Other items (cont)

12. Accumulated losses

	Consolidated	
	2015	2014
	\$M	\$M
Balance at the beginning of the half year	(1,514.9)	(897.3)
Profit attributable to Unitholders	741.6	260.3
Transfers from asset revaluation reserve	183.4	(532.9)
Distributions declared	(210.6)	(193.7)
Balance at the end of the half year	(800.5)	(1,363.6)

13. Non-controlling interests

Non-controlling interests comprise:

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$M	\$M
Goodman PLUS ¹	325.8	325.8

1. The non-controlling interest balance is net of issue costs.

Goodman PLUS

Goodman PLUS Trust, a controlled entity of GIT, had 3,269,665 hybrid securities on issue at a face value of \$100 each. The hybrid securities are preferred, perpetual non-call securities which are listed on the ASX. Goodman PLUS Trust pays, at its discretion, distributions at a market rate plus a margin. The hybrid securities may be exchanged or repurchased in certain circumstances.

14. Significant non-cash transactions

Distribution reinvestment plans

During the half year, the Goodman Group DRP was active. In relation to the distribution paid by the Consolidated Entity in August 2015, \$45.4 million was issued in the form of stapled securities in Goodman Group.

In the prior corresponding half year, the Consolidated Entity received a distribution from GADP of \$1.4 million in the form of units in the fund. In relation to the distribution paid by the Consolidated Entity in August 2014, \$45.4 million was issued in the form of stapled securities in Goodman Group.

Disposal of equity investment

During the half year, the Consolidated Entity received units in Goodman Property Trust (GMT) amounting to \$34.5 million as deferred consideration for the sale of its entire interest in Highbrook Development Limited in prior years. The units in GMT were subsequently sold to a controlled entity of GL and settled via a related party loan.

During the prior corresponding half year, the Consolidated Entity disposed of its entire interest in ABPP to a controlled entity of GL for net consideration of \$318.4 million in the form of a related party loan to a controlled entity of GL.

Goodman Industrial Trust and its controlled entities
Notes to the interim financial report
for the half year ended 31 December 2015

Other items (cont)

15. Commitments

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 Goodman Group some or all of their investment in the funds. Limits apply to these liquidity facilities and Goodman Group 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 Group'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.

Stapling agreement with GL and GLHK

In accordance with the stapling agreement between GIT, GL and GLHK, on request each party (and its subsidiaries) must provide financial support to the other party (and its subsidiaries). The financial support to the other party (and its subsidiaries) may include:

- + lending money or providing financial accommodation;
- + guaranteeing any loan or other financing facility including providing any security;
- + entering into any covenant, undertaking, restraint or negative pledge on the obtaining of any financial accommodation or the provision of any guarantee or security in connection with any financial accommodation; and
- + entering into any joint borrowing or joint financial accommodation and providing any guarantee, security, indemnities and undertakings in connection with the relevant joint borrowing or joint financial accommodation.

A party need not do anything under the above arrangements to the extent that the party considers that it is not in the interests of Goodman Group Securityholders as a whole, or would cause a member of the party's group to contravene or breach applicable laws or particular finance arrangements.

16. Related parties

Significant transactions with related parties

During the half year, the Consolidated Entity:

- + disposed of its entire interest in a wholly owned controlled entity, Goodman Palmers Trust, to GL for nil consideration. The net assets of the controlled entity disposed of comprised an investment property with a carrying value of \$50.7 million and payables of \$50.7 million; and
- + disposed of its units in an equity investment, GMT, to a controlled entity of GL for net consideration of \$43.0 million.

During the prior corresponding half year, the Consolidated Entity disposed of its entire interest in ABPP to a controlled entity of GL for net consideration of \$318.4 million in the form of a related party loan to the controlled entity of GL.

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 Industrial Trust and its controlled entities
Directors' declaration**

In the opinion of the directors of Goodman Funds Management Limited, the responsible entity for Goodman Industrial Trust:

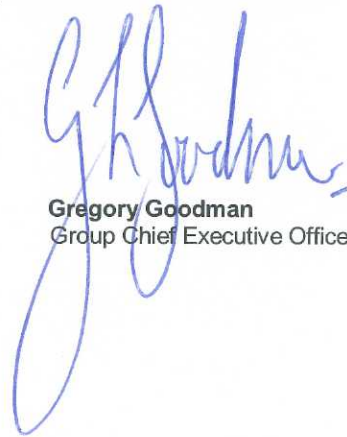
- (a) the interim financial report and accompanying notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2015 and of its performance for the half year ended 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 Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity.



Ian Ferrier, AM
Independent Chairman

Sydney, 11 February 2016



Gregory Goodman
Group Chief Executive Officer



Independent auditor's review report to the unitholders of Goodman Industrial Trust

We have reviewed the accompanying interim financial report of Goodman Industrial Trust, 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 trust 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 Goodman Funds Management Limited ("the Responsible Entity") 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 Industrial Trust, 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 Industrial Trust 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