



Announcement to Singapore Exchange

16 February 2017

**GBP250,000,000 9.75 PER CENT NOTES DUE JULY 2018 (THE “NOTES”) ISSUED  
PURSUANT TO THE USD 5 BILLION EURO MEDIUM TERM NOTE PROGRAMME (THE  
‘PROGRAMME’)**

**ANNOUNCEMENT OF GOODMAN GROUP RESULTS FOR THE HALF YEAR ENDED 31  
DECEMBER 2016**

We attach the Goodman Group Results including the Australian Securities Exchange (ASX) release, Investor Presentation, Appendix 4D statement under the ASX Listing Rules and consolidated Goodman Limited Interim Financial Report for the Half Year Ended 31 December 2016.

Yours sincerely,

For Goodman Australia Finance Pty Limited

Carl Bicego  
Company Secretary

## asx release+

### Goodman delivers strong first half FY17 results with operating profit of \$388 million

Date 16 February 2017

Release IMMEDIATE

Goodman Group (Goodman or Group) today announced its results for the half year ended 31 December 2016, delivering an operating profit of \$388 million and statutory profit of \$557 million. The execution of the Group's strategy saw strong operating performance demonstrated across all segments of the business. Goodman is revising up its FY17 operating EPS guidance to 43.1 cents, a 7.5% increase over FY16.

#### Key financial highlights for the period ended 31 December 2016 include:

- + Operating profit of \$388 million, up 9% on 1H FY16
- + Gearing reduced to 8.7%
- + Distribution per security of 12.7 cents, up 6.7% on 1H FY16
- + Statutory accounting profit of \$557million, includes \$275 million valuation gains, contributing to 3.4% growth in net tangible assets to \$4.24 per security
- + \$2.8 billion of liquidity available
- + For the full year, the Group is forecasting FY17 operating EPS growth of 7.5%, following strong first half performance with continued momentum into the second half

Goodman's Group Chief Executive Officer, Greg Goodman said: "The Group has delivered strong results in the first half with operating profit of \$388 million, a 9% increase on the same period last year which equates to growth in operating earnings per security of 7.5%".

"We have continued with the disciplined execution of our strategy to invest and develop in quality locations in major urban centres. Asset rotation, the gateway city strategy and structural macro themes that have been evolving for the sector, are all creating significant opportunities for Goodman to continue to strengthen the quality of its operating platform. This is reflected in the strong progress demonstrated across all areas of the business with sound market conditions during the first half of FY17."

The key structural themes that have been driving the Group's growth remain unchanged. Goodman continues to focus on the execution of its strategy, capitalising on consumerism and the e-commerce led demand for modern, high quality logistics space in key gateway cities globally.

#### Goodman Group

Goodman Limited | ABN 69 000 123 071  
 Goodman Funds Management Limited | ABN 48 067 796 641 | AFSL Number 223621  
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The Group will continue to focus on servicing its customers and investing capital alongside its partners in these key locations.

Goodman's long-term plan has enabled it to capitalise on the significant growth opportunities presented by the e-commerce sector globally. This has resulted in logistics operators expanding their distribution networks and demanding high quality, modern logistics facilities in prime locations that enable them to meet their customers needs. A growing middle class in developing countries is also fuelling this demand.

The evolving needs of Goodman's global customers to meet new market demands are also providing significant opportunities for the Group. Global operators are seeking to consolidate, rationalise or automate facilities to achieve greater cost efficiencies and drive more value from their property solutions. This in turn generates demand for high quality sites in proven logistics locations, close to major urban centres.

Goodman's global operating platform covering 16 countries and 33 key cities underpins the capability to meet the long term needs of its global customers and investment partners. The geographic diversity of the business enhances the stability of earnings, and has seen the contribution from markets outside Australia grow to in excess of 60% of operating EBIT.

Statutory accounting profit under IFRS of \$557 million includes property valuations of \$275 million for Group and its share of the Partnerships, derivative and foreign currency mark to market and other non cash or non recurring items.

The Partnerships have continued to perform well. Valuation uplifts for the half were driven by repositioning of the Group's global portfolio of \$34.8 billion which has had a positive impact on underlying valuation growth and returns. Assets revalued generated a total uplift of \$1.0 billion, reflecting a 3% increase in external assets under management since June 2016, with \$0.9 billion of uplift attributable to the Partnerships. There are four key contributors to this valuation performance:

- + Concentration on consumer dominated markets and in particular infill sites, which are characterised by stronger rental growth as demand for space competes in supply constrained environments, with change of use adding to the tightness of space availability. This reflects strongly across the global portfolio with average upward rental reversion at 2.9%
- + The strengthening underlying fundamentals are being reflected in stronger cap rates as more conviction regarding rental growth is supporting total return expectations and investors continue to pay a premium for location. The Group's weighted average cap rate across its \$34.8 billion of real estate tightened to 6.0% at December
- + The Group remains selective and targeted in its development commitments, focusing on gateway city locations which are delivering strong leasing results (completed developments were 90% leased for the half) and expected to provide superior returns over the long term
- + Urban Renewal remains a strong contributor to the strength of the balance sheet, and through active management of the sites with change of use possibilities (potentially accommodating 35,000 apartments), will continue to deliver valuation uplifts over time. \$2.3 billion of sites have been conditionally contracted across the Group over the past two years with more than \$1.0 billion expected to be settled by 30 June 2017

## Operations

The Group achieved an operating EBIT of \$474 million, up from \$452 million in the prior corresponding period. The development and management businesses remained the key drivers of the out-performance with a combined 61% contribution. The strength of the development business which contributed 39% and management business which contributed 22% of EBIT in the first half, was again driven largely by the strong ongoing demand for prime industrial space across Goodman's global markets. Investment income remained flat compared with the same period last year as a result of asset sales.

## Investments

The Group continued its clear and structured program of improving the quality of the portfolio by concentrating investment in gateway cities, disposing of a further \$1.9 billion of assets in the half (excluding urban renewal).

Investments contributed operating EBIT of \$196 million, representing 39% of EBIT, compared with \$206 million during the same period last year, with strong underlying rental growth offset by asset sales.

Selective rotation of assets, has continued to provide capital for redeployment into development, which remains the most attractive opportunity to the Group. Investment yields have tightened to 6.0% reflecting strength in the market and concentration of ownership in high quality product.

Underlying property fundamentals remained sound as at 31 December:

- + 1.7 million sqm leased globally, equating to \$220 million of annual rental property income across the Group and Partnerships
- + 96% occupancy rate maintained
- + Retention high at 81% with a WALE at 4.8 years
- + Like for like rental growth of 2.6% and positive lease reversions of 2.9% on new leasing

## Developments

The Group continued with its selective development led strategy across key gateway cities, driven by the ongoing demand for prime, well-located logistics space and the positive impact of the structural themes within the industrial sector.

Key highlights for the period include:

- + Development WIP at \$3.5 billion with 62% pre committed across 81 projects in 14 countries
- + Forecast yield on cost of 7.6%
- + Development commencements of \$1.5 billion with 64% pre committed and 53% pre-sold to Partnerships or third parties

- + Development completions of \$1.3 billion with completed developments for the period being 90% leased and 72% pre sold to Partnerships or third parties, with the remainder subsequently transacted

Development EBIT increased by 12% to \$198 million, an increase from \$177 million for 1H FY16. Tightening cap rates continue to support margins and also drive returns in development Partnerships leading to performance fees.

The Group retains its prudent approach to development, diversifying the exposure through partnering in most markets and limiting speculative development to supply constrained, proven logistics locations. As a result 90% of developments were pre committed and 72% pre-sold on completion. New development commitments are being selectively targeted and executed within the gateway city strategy.

## **Management**

Our management business is underpinned by the relationships with our capital partners who represent some of the largest investors in the world. Their co-investment enables the Group to achieve scale and diversification and provides access to substantial financial resources and knowledge. This in turn gives the Group the ability to resource its business to manage the assets to a high standard of service for customers.

Management activities contributed \$110 million or \$22% of operating EBIT, up from \$99 million in 1H FY16. Total assets under management (AUM) increased to \$34.8 billion across 383 properties, with external AUM up 3% over the half to \$30.1 billion. This is net of asset sales of \$1.7 billion, undertaken within the Partnerships in the half. The sales programme provided sufficient capital to enable the Partnerships to be largely self funded, keeping gearing levels low and limiting the need to draw down equity.

Undrawn debt facilities and cash of \$4.1 billion and \$6.8 billion in undrawn equity provides \$10.9 billion of capital commitments available across the sixteen managed Partnerships to support selective opportunities. This further contributes to the Group strategy of improving the overall quality and location of the portfolio to provide improved service options to meet the needs of our global customers.

Market pricing and investment demand remained strong in the half, supporting transactional activity and strong Partnership returns.

Management income growth was also driven by the transactional activities and strength in asset pricing which resulted in a \$900 million uplift in valuation across the Partnerships, and a global WACR of 6%.

## Capital Management

Consistent with Goodman's long-term view and commitment to delivering sustainable growth and competitive returns, the Group has continued to undertake significant activity in ongoing balance sheet improvement. This provides the Group operational flexibility and capacity to appropriately fund its workbook, absorb any changes in market volatility and take advantage of growth opportunities.

Key highlights this half included:

- + Continued assets sales and completion of contracted urban renewal settlements have seen Group liquidity increase to \$2.8 billion at the period end
- + As a result, a continued decline in gearing to 8.7%, with expected settlement of contracted sales likely to see further significant reduction in gearing by the end of the financial year
- + Gearing across the Partnership platform also continued to decline with a similarly strong liquidity position and long average debt expiry and the Group's look through gearing now at 20.6%
- + Refinanced \$3.2 billion of debt across the Group and Partnerships, with \$1.7 billion issued in bond markets and \$1.5 billion in new banking facilities, extending tenor materially and preserving liquidity
- + The Group has a weighted average debt maturity profile of 4.1 years, with debt maturities fully covered until June 2020

The Group continues on its trajectory of financial strength and resilience, and alongside its partners, has significant capacity to support the development book and future opportunities.

## Outlook

The first half results are a reflection of the focus Goodman has had on executing a structured strategy of portfolio and balance sheet improvement, with the business well positioned for sustainable growth through the cycle. The programme of asset sales is largely completed, and while deployment is ongoing, the focus on high quality development in gateway cities has improved the portfolio quality and is expected to lead to superior returns. The Group's \$34.8 billion of AUM, provides a broad diversity of earnings across the business divisions and global diversification. In addition the net cash proceeds have provided the group significant financial flexibility through low gearing and high levels of liquidity. Settlement of contracted Urban Renewal sites will see gearing fall further through to the full year result.

Development activity is expected to remain strong, driven by continuing structural themes, including the growth in consumerism globally and continuing evolution of e-commerce and supply chain transformation. The Group is selectively undertaking projects that meet its strategy and financial requirements.

Given the positive start to the year, Goodman is now forecasting FY17 operating earnings per security of 43.1 cents, up 7.5% on FY16, and a forecast full year distribution of 25.9 cents per security, up from 24.0 cents per security in FY16.

- Ends -

For further information, please contact;  
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### **About Goodman**

Goodman Group is an integrated property group with operations throughout Australia, New Zealand, Asia, Europe, the United Kingdom, North America and Brazil. Goodman Group, comprised of the stapled entities Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited, is the largest industrial property group listed on the Australian Securities Exchange and one of the largest listed specialist investment managers of industrial property and business space globally.

Goodman's global property expertise, integrated own+develop+manage customer service offering and significant investment management platform ensures it creates innovative property solutions that meet the individual requirements of its customers, while seeking to deliver sustainable long-term returns for its Partners.

For more information: [www.goodman.com](http://www.goodman.com)



# RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

16 February 2017



## HIGHLIGHTS

\$388m operating profit  
21.6¢ operating eps up 7.5%  
12.7¢ distribution per security

slide — 04

## RESULTS OVERVIEW

Positioned to drive consistent  
earnings growth over the  
remainder of FY17

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## OPERATIONAL PERFORMANCE

Structural changes, ongoing customer  
and investor demand are key drivers  
of outperformance

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## OUTLOOK

43.1¢ forecast operating eps  
25.9¢ forecast distribution  
per security

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- + This Presentation uses operating profit and operating EPS to present a clear view of the underlying profit from operations. Operating profit comprises profit attributable to Securityholders, adjusted for property valuations resulting from fair value adjustments, non-property impairment losses, derivative and foreign currency mark to market and other non-cash or non-recurring items. It is used consistently and without bias year on year for comparability. A reconciliation to statutory profit is provided in summary on page 10 of this Presentation and in detail on page 4 of the Directors' Report as announced on ASX and available from the Investor Centre at [www.goodman.com](http://www.goodman.com).
- + 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 in the circumstances
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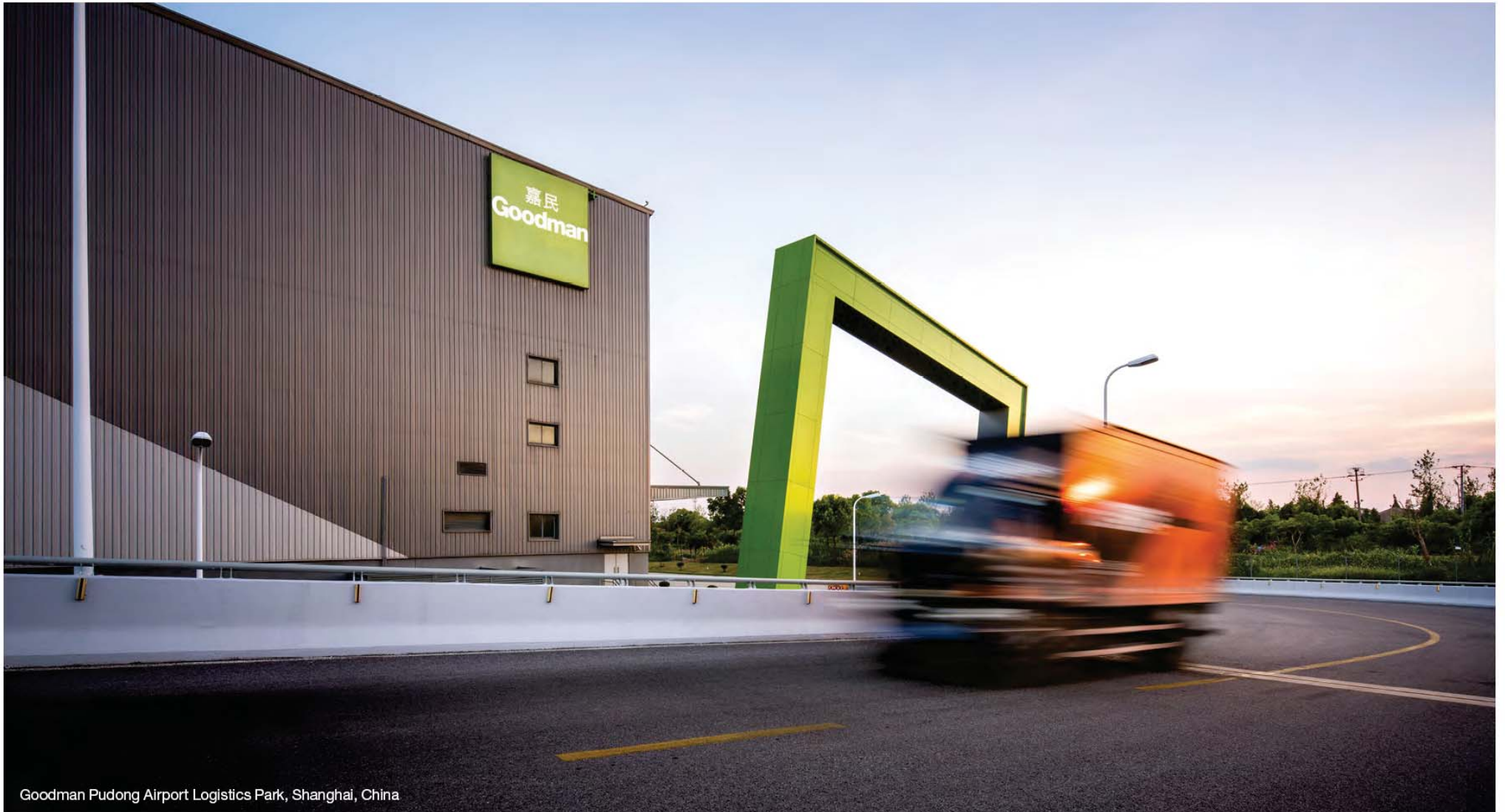
**— MANAGEMENT**

**— CAPITAL MANAGEMENT**



# SECTION 1 — HIGHLIGHTS

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Goodman Pudong Airport Logistics Park, Shanghai, China

# HIGHLIGHTS

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- + **Continued execution of strategy and sound market conditions driving strong first half**
  - Operating profit<sup>1</sup> of \$388.2 million, up 9% on 1H FY16
  - Operating EPS<sup>1</sup> of 21.6 cents<sup>2</sup>, up 7.5% on 1H FY16
  - Gearing reduced to 8.7%<sup>3</sup>
  - Distribution per security of 12.7 cents, up 7% on 1H FY16
  - Statutory accounting profit of \$556.8 million, includes \$275 million valuation gains, contributing to 3.4% growth in net tangible assets to \$4.24 per security since June 2016
  
- + **Repositioning of the Group's portfolio is having a positive impact on portfolio performance**
  - Concentration on consumer dominated markets globally, in particular infill sites, is resulting in average rental reversion of 2.9% and improving
  - Strengthening underlying fundamentals has resulted in \$1 billion in valuation uplift. This is reflected in cap rates tightening by 40bps to 6%
  - The Group remains selective and targeted in its development program, focusing on gateway city locations which are delivering strong leasing results on completion and delivering enhanced financial returns
  - Urban Renewal remains a strong contributor and through active management, and change of use, sites potentially accommodating ~35,000 apartments will continue to deliver valuation uplifts over time
  
- + **Partnerships returns reflecting portfolio quality improvements**
  - Double digit Partnership returns are expected for FY17 and with ongoing improvement in portfolio fundamentals, this should continue to support performance fees

1. Operating profit and operating EPS comprises profit attributable to Securityholders adjusted for property valuations, derivative and foreign currency mark to market and other non-cash or non-recurring items  
2. Calculated based on weighted average diluted securities of 1,796.7 million which includes 11.2 million LTIP securities which have achieved the required performance hurdles and will vest in September 2017 and September 2018  
3. Gearing calculated as total interest bearing liabilities over total assets, both net of cash and fair values of USD/EUR and USD/GBP cross currency swaps that hedge net investments in Continental Europe and the United Kingdom equating to \$252.1 million - refer to Note 9 of the Interim Financial Statements

# HIGHLIGHTS

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- + **Capital management initiatives continue to drive balance sheet strength and financial flexibility**
  - Strength of balance sheet reflected in the \$2.8 billion of liquidity to meet near term obligations and capacity for investment opportunities in the right circumstances
  - Urban renewal receipts continuing, in excess of \$1 billion expected in 2H FY17
  - Further deleveraging expected into FY17 across the Group and Partnerships as conditional sale transactions settle
  - Long term and diversified debt book providing funding surety
- + **Market pricing and investment demand remained strong in the half supporting further asset rotation and focus on development**
- + **Gateway city strategy and global diversity is contributing to outperformance and has positioned the portfolio for the long term**
  - Consumer demand and e-Commerce globally sustaining development volumes
- + **Forecast FY17 operating EPS of 43.1<sup>1</sup> cents (up 7.5% on FY16) on back of first half performance and sustained momentum into the second half**
  - Forecast full year distribution of 25.9 cents per security

# HIGHLIGHTS



## Own

- + High occupancy maintained at 96% with a customer retention rate of 81% and WALE of 4.8 years
- + Like for like rental growth at 2.6% and positive lease reversions of 2.9% on new leasing deals
- + Leased 1.7 million sqm across the global platform equating to \$220 million of annual rental property income across the Group and Partnerships

## Develop

- + Development led strategy continuing to provide the best risk adjusted returns at this point in the cycle
- + WIP at \$3.5 billion across 81 projects in 14 countries with a forecast yield on cost of 7.6%
- + Development commencements of \$1.5 billion with 64% pre-committed and 53% pre-sold to Partnerships or third parties
- + Development completions of \$1.3 billion with 90% leased and 72% pre-sold to Partnerships or third parties, subsequently transacted

## Manage

- + Total assets under management of \$34.8 billion, external assets under management increased to \$30.1 billion
- + Continued focus on asset rotation: disposed \$1.9 billion of property assets (excluding urban renewal) across the Group and managed Partnerships to third parties
- + Strength in asset pricing driving \$0.9 billion in valuation uplift across managed Partnerships resulting in global WACR of 6.0%
- + \$10.9 billion<sup>1</sup> in undrawn debt, equity and cash providing opportunities for Partnerships to participate in growth opportunities from the Group and broader market, limited draw down given asset rotation

1. Partnership investments are subject to Investment Committee approval

# SECTION 2 — RESULTS OVERVIEW

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Goodman Logistics Center Fontana, Southern California, US

# RESULTS OVERVIEW



- + First half performance expected to continue for the full year
  - Result of development strategy and portfolio returns
  - Dilutive impact of asset sales to slow going forward
- + Investment EBIT contributing 39% of earnings, 39% development and 22% management
  - Investment EBIT flat on prior corresponding period reflecting asset sales offset by consolidation of Brazilian assets
- + Statutory accounting profit of \$557 million
  - Includes property valuations, derivative and foreign currency mark to market and other non-cash or non-recurring items
- + Net tangible assets increased 3% to \$4.24 per security driven primarily by unrealised property valuation gains

| 1H FY17                            |       |
|------------------------------------|-------|
| Operating profit (\$m)             | 388.2 |
| Statutory accounting profit (\$m)  | 556.8 |
| Operating EPS (cents) <sup>2</sup> | 21.6  |
| Distribution per security (cents)  | 12.7  |

| As at<br>31 December<br>2016             |      |
|------------------------------------------|------|
| NTA per security (\$)                    | 4.24 |
| Gearing (balance sheet) (%) <sup>3</sup> | 8.7  |
| Available liquidity (\$b)                | 2.8  |
| WACR (look through) (%)                  | 6.0  |

1. 45% Investment, 35% Development and 20% Management on a look through basis
2. Operating profit and operating EPS comprises profit attributable to Securityholders adjusted for property valuations, derivative and foreign currency mark to market and other non-cash or non-recurring items and calculated based on weighted average securities of 1,796.7 million which includes 11.2 million LTIP securities which have achieved the required performance hurdles and will vest in September 2017 and September 2018
3. Gearing calculated as total interest bearing liabilities over total assets, both net of cash and fair values of USD/EUR and USD/GBP cross currency swaps that hedge net investments in Continental Europe and the United Kingdom equating to \$252.1 million - refer to Note 9 of the Interim Financial Statements

## Operating EBIT<sup>1</sup>



## Operating EBIT by geographic segment



# PROFIT AND LOSS



- + Half year statutory profit of \$557 million, includes property valuations, derivative mark-to-markets and other non-cash or non-recurring items
  - Cap rate compression, higher market rents and revaluations from higher and better use sites contributing \$275 million in property revaluations
- + Half year operating profit of \$388 million
  - Investment income affected by asset sales. Performance in line with balance sheet initiatives with cornerstone investment income return of 5.5%
  - Asset management performance and transactional activity levels resulting in management earnings up 11%
  - Development margins increasing, driving increasing EBIT and average ROA of 16%
  - Underlying growth in overheads in line with inflation, stable headcount and remuneration policy
  - Net borrowing costs down 18% due to lower net debt and falling rates despite reduction in capitalised interest
  - Derivative and FX movements low impact this half
- + Operating EPS of 21.6 cents per security, up 7.5% on 1H FY16
- + DPS of 12.7 cents per security, up 7% on 1H FY16

## Income statement

|                                                       | 1H FY16<br>\$M | 1H FY17<br>\$M |
|-------------------------------------------------------|----------------|----------------|
| Investment (look through)                             | 260.9          | 253.8          |
| Management                                            | 99.3           | 110.2          |
| Development                                           | 177.2          | 198.4          |
| Unallocated operating expenses                        | (24.6)         | (26.8)         |
| <b>Operating EBITDA (look through)</b>                | <b>512.8</b>   | <b>535.6</b>   |
| <b>Operating EBIT (look through)</b>                  | <b>507.3</b>   | <b>532.1</b>   |
| Look through interest and tax adjustment <sup>1</sup> | (55.0)         | (57.7)         |
| <b>Operating EBIT</b>                                 | <b>452.3</b>   | <b>474.4</b>   |
| Net borrowing costs                                   | (47.8)         | (38.9)         |
| Tax expense                                           | (37.9)         | (37.8)         |
| <b>Operating profit (pre minorities)</b>              | <b>366.6</b>   | <b>397.7</b>   |
| Minorities <sup>2</sup>                               | (10.0)         | (9.5)          |
| <b>Operating profit (post minorities)</b>             | <b>356.6</b>   | <b>388.2</b>   |
| Weighted average securities (million) <sup>3</sup>    | 1,775.6        | 1,796.7        |
| Operating EPS (cps)                                   | 20.1           | 21.6           |
| <b>Non operating items<sup>4</sup></b>                |                |                |
| Property valuations                                   | 622.6          | 275.2          |
| Derivative and foreign currency mark to market        | (33.3)         | (60.1)         |
| Other non-cash or non-recurring items                 | (26.6)         | (46.5)         |
| <b>Statutory profit</b>                               | <b>919.3</b>   | <b>556.8</b>   |

1. Reflects adjustment to GMG proportionate share of managed Partnerships interest and tax
2. Goodman PLUS Trust hybrid securities
3. Includes 11.2 million securities which have achieved the required performance hurdles and will vest in September 2017 and September 2018
4. Refer Appendix 1 slide 24

# BALANCE SHEET



- + Balance sheet continues to strengthen
  - Financial leverage reduced through asset sales and revaluations. Likely to reduce further this year
- + Further increase in liquidity to \$2.8 billion
  - Gearing of 8.7%<sup>4</sup> (20.6%<sup>5</sup> look through)
  - Capacity to fund development activities and new opportunities should they arise
  - Maturities covered to June 2021
- + Stabilised investment properties reducing as urban renewal sites settle and targeted asset rotation continues
- + Partnership cornerstones stable with asset sales funding developments
- + Development holdings increasing in Partnerships in line with increased activity levels
- + Total property revaluations across the Group and Partnerships of \$1 billion

## Balance sheet

|                                       | 30 June<br>2016<br>\$M | 31 December<br>2016<br>\$M |
|---------------------------------------|------------------------|----------------------------|
| Stabilised investment properties      | 2,553                  | 2,373                      |
| Partnership cornerstones <sup>1</sup> | 4,950                  | 4,939                      |
| Development holdings <sup>2</sup>     | 2,239                  | 2,491                      |
| Intangibles                           | 781                    | 767                        |
| Cash                                  | 1,337                  | 1,710                      |
| Other assets                          | 528                    | 537                        |
| <b>Total assets</b>                   | <b>12,388</b>          | <b>12,817</b>              |
| Interest bearing liabilities          | (2,865)                | (2,903)                    |
| Other liabilities                     | (1,129)                | (1,233)                    |
| <b>Total liabilities</b>              | <b>(3,994)</b>         | <b>(4,136)</b>             |
| Minorities                            | (326)                  | (326)                      |
| <b>Net assets (post minorities)</b>   | <b>8,068</b>           | <b>8,355</b>               |
| <b>Net asset value (\$)³</b>          | <b>4.54</b>            | <b>4.67</b>                |
| <b>Net tangible assets (\$)³</b>      | <b>4.10</b>            | <b>4.24</b>                |
| Balance sheet gearing (%)⁴            | 11.8                   | 8.7                        |

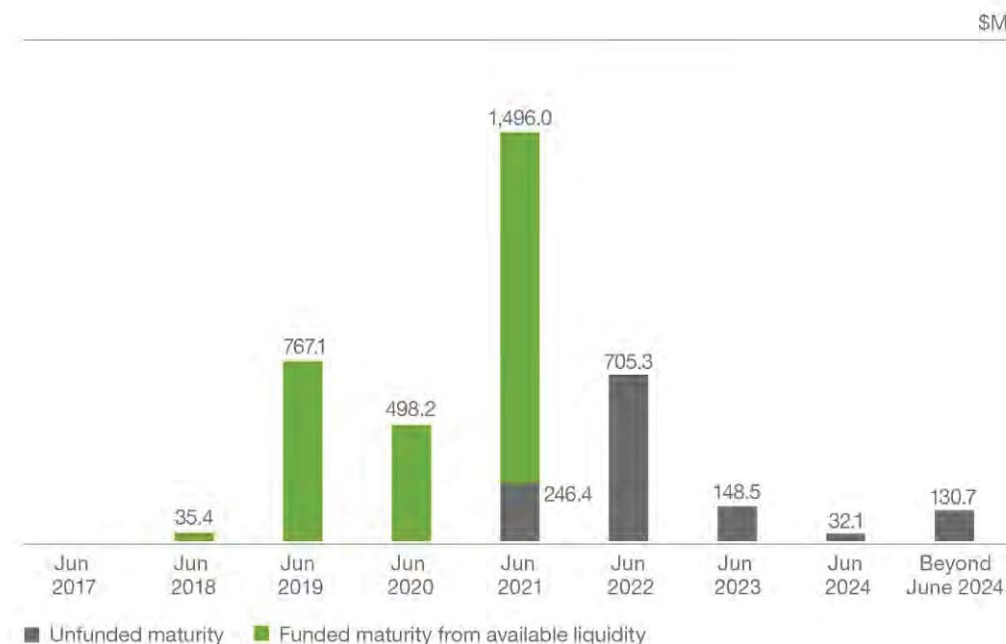
1. Includes Goodman's investments in its managed Partnerships and other investments
2. Includes inventories, investment properties under development and investments in managed Partnerships which have a principle focus on development
3. Based on 1,789.1 million securities on issue
4. Gearing calculated as total interest bearing liabilities over total assets, both net of cash and fair values of USD/EUR and USD/GBP cross currency swaps that hedge net investments in Continental Europe and the United Kingdom equating to \$252.1 million - refer to Note 9 of the Interim Financial Statements
5. Based on \$2.7 billion of Group and proportionate share of managed Partnerships net debt on net assets including managed Partnerships proportionate share of total assets of \$12.9 billion

# GROUP LIQUIDITY POSITION



- + Goodman Group has cash and available lines of credit of \$2.8 billion as at 31 December 2016
  - \$1.7 billion cash
  - \$1.1 billion available credit lines
- + Average debt maturity profile of 4.1 years
- + Strong operating cash flow achieved for 1H FY17 of \$406 million
- + Asset rotation program resulting in lower net investment into Partnerships
- + Continued shift to debt capital markets over the period mainly in the managed Partnerships
  - \$1.7 billion issued into debt capital markets with an average tenor of 8.7 years (mainly refinancing)
  - \$1.5 billion of bank facilities (refinancing)
- + Stable and sustainable ratings across the Group
  - BBB Stable / Baa2 Stable outlook for GMG providing significant balance sheet flexibility in line with strategy
- + Preserve liquidity and balance sheet capacity given current development volume and future obligations
  - Providing the Group with significant financial flexibility for future periods

## Goodman Group debt maturity profile



# SECTION 3 — OPERATIONAL PERFORMANCE

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Goodman Business Park, Chiba, Japan

# INVESTMENT



- + Clear and structured program of concentrating the portfolio in gateway cities and continues to be reflected in key performance indicators
- + Capital allocation to direct and cornerstone investments impacted by asset sales
  - \$1.7 billion of asset sales across managed Partnerships
  - Temporarily lowering income growth but providing funding for development activities driving higher total returns
  - Improving the quality of the portfolio expected to be reflected in better growth and real estate returns over the long term
- + Overall income return on cornerstone investments at 5.5% in line with increasing asset values
  - Direct investments yield lower given the adoption of higher and better use valuations and sale of non core assets
- + \$2.3 billion of urban renewal sites sold and conditionally contracted over the past two years
  - In excess of \$1 billion to be settled by June 2017
  - Current sites under control across the Australian portfolio, capable of accommodating pipeline of 35,000 apartments in various stages of planning with value still to be realised

| Investment (\$m)           | 1H FY16      | 1H FY17      |
|----------------------------|--------------|--------------|
| Direct                     | 69.6         | 69.9         |
| Cornerstones               | 191.3        | 183.9        |
| <b>Look through EBITDA</b> | <b>260.9</b> | <b>253.8</b> |

| Key metrics <sup>1</sup> | 1H FY16 | 1H FY17 |
|--------------------------|---------|---------|
| WACR (%)                 | 6.6     | 6.0     |
| WALE (yrs)               | 4.7     | 4.8     |
| Customer retention (%)   | 74      | 81      |
| Occupancy (%)            | 96      | 96      |

1. Key metrics shown in the above table relate to Goodman and managed Partnership properties

# DEVELOPMENT



- + Development WIP at \$3.5 billion
  - Selective choice of developments
- + Partnerships favouring a develop to hold strategy resulting in a higher return on equity for the Group
  - Partnerships increased their amount of development to average 60% of WIP in 1H FY17
- + Pre-committed WIP at 62%, driven by regions that are mainly developed on a speculative basis; North America, China and Japan
- + Development risk continues to be mitigated through
  - 90% leased and 72% pre-sold on completion
  - Investment partnering approach in most markets
  - Limiting speculative development to supply constrained markets which are proven logistics locations
  - Adopting low financial leverage and rotating assets to reduce risk and ensure funding
- + Development EBITDA increased 12%
  - Driven by strong margins from tightening cap rates
  - Performance fees from developments completed in Partnerships
- + Development yield on cost driven by geographic mix of developments
  - High embedded margin given current weighted average cap rates

| Development (\$M) | 1H FY16      | 1H FY17      |
|-------------------|--------------|--------------|
| Revenue           | 218.0        | 257.2        |
| <b>EBITDA</b>     | <b>177.2</b> | <b>198.4</b> |

| Key metrics                                       | 1H FY16 | 1H FY17 |
|---------------------------------------------------|---------|---------|
| Work in progress (\$b)                            | 3.4     | 3.5     |
| Work in progress (million sqm)                    | 2.4     | 2.7     |
| Number of developments                            | 72      | 81      |
| Development for third parties or Partnerships (%) | 72      | 69      |
| Pre-commitment (%)                                | 70      | 62      |
| Yield (%)                                         | 8.3     | 7.6     |

| Work in progress (end value)   | \$B        |
|--------------------------------|------------|
| <b>Opening (June 2016)</b>     | <b>3.4</b> |
| Completions                    | (1.3)      |
| Commencements                  | 1.5        |
| FX                             | (0.1)      |
| <b>Closing (December 2016)</b> | <b>3.5</b> |

# MANAGEMENT

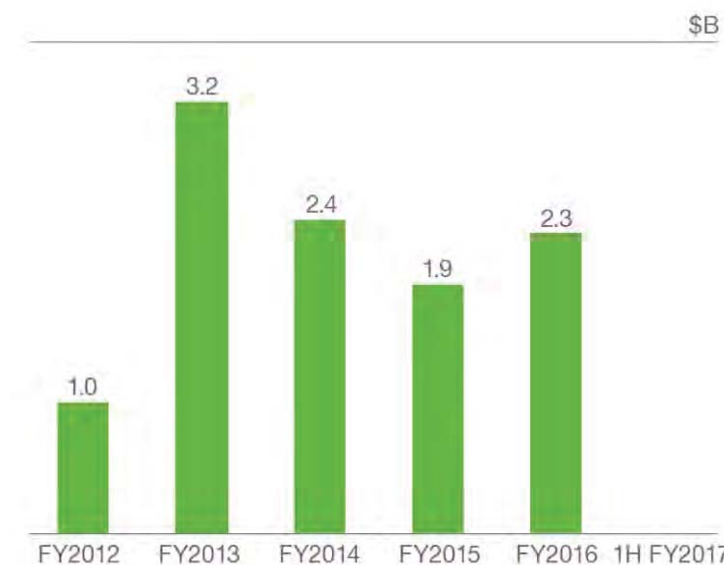


- + Management income up for 1H FY17
  - Valuation results strong, driving base management income
  - Strong cumulative Partnership returns supporting ongoing performance fees
  - Transactional activity levels remain stable
- + External assets under management (AUM) of \$30.1 billion up 3% since 30 June 2016 despite significant asset sales from Partnerships (\$1.7bn)
- + Partnerships primarily self funded through asset rotation, with limited equity drawdown
- + Equity commitments and liquidity available of \$10.9 billion across the Partnership platform providing capital for the Partnerships to participate in growth opportunities
  - \$4.1 billion in undrawn debt facilities and cash
  - \$6.8<sup>1</sup> billion in undrawn equity

| Management (\$M)               | 1H FY16     | 1H FY17      |
|--------------------------------|-------------|--------------|
| Management income <sup>2</sup> | 147.2       | 156.5        |
| <b>EBITDA</b>                  | <b>99.3</b> | <b>110.2</b> |

| Key metrics                        | 1H FY16 | 1H FY17 |
|------------------------------------|---------|---------|
| Number of managed Partnerships     | 16      | 16      |
| External AUM (end of period) (\$B) | 28.1    | 30.1    |

## Third party equity raised within Partnerships



1. Partnership investments are subject to Investment Committee approval  
 2. Includes gross up of property outgoings of \$5.5 million

# MANAGEMENT — AUM



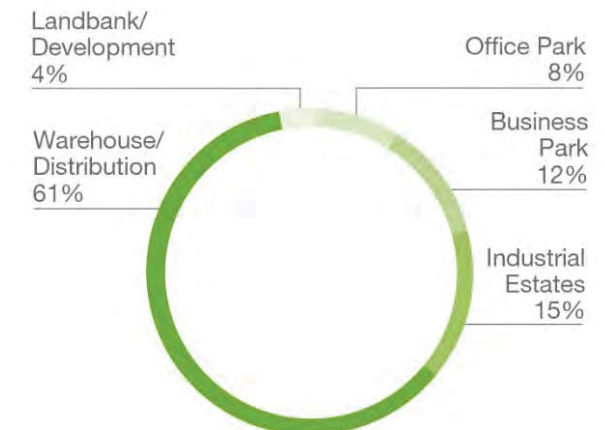
## + Major achievements completed during the half year include

- GAIP Inaugural rating from Moody's Investor Services of Baa1 (stable) and rating upgrade from S&P Global from BBB to BBB+, followed by debut US\$600 million 144A bond issue
- GAP continued execution of asset rotation strategy by disposing \$440 million of non core assets
- GHKLP Completed the restructuring of the Unsecured Debt Platform, with the weighted average debt expiry extending to 5.9 years and net liquidity increasing to HK\$3.0 billion
- GEP issued €650 million bonds, with a 6-year and a 10-year maturity
- GCLP established US\$250 million revolving facility within the existing unsecured platform
- GJCP acquisition of stage 1 of Goodman Business Park, Chiba, Japan
- GUKP identified sites with a build out value now at ~£300 million

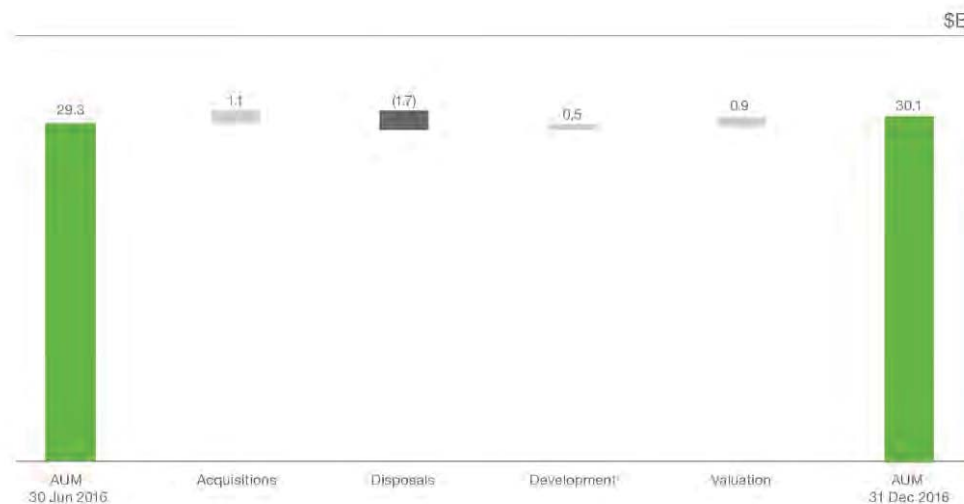
## Third party AUM by region



## Third party AUM by type



## Third party assets under management



# MANAGEMENT PLATFORM



|                                            | GAIP                                                                              | GHKLP                                                                             | GEP                                                                               | GAP                                                                                | GCLP                                                                                | GMT <sup>1</sup>                                                                    | GJCP <sup>5</sup>                                                                   | GNAP                                                                                | ABPP                                                                                |
|--------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|                                            |  |  |  |  |  |  |  |  |  |
| Total assets                               | \$6.9bn                                                                           | \$4.9bn                                                                           | \$4.1bn                                                                           | \$3.8bn                                                                            | \$2.9bn                                                                             | \$2.4bn                                                                             | \$1.9bn                                                                             | \$1.3bn                                                                             | \$0.8bn                                                                             |
| GMG co-investment                          | 27.5%                                                                             | 20.0%                                                                             | 20.4%                                                                             | 19.9%                                                                              | 20.0%                                                                               | 20.9% <sup>2</sup>                                                                  | 16.8% <sup>2</sup>                                                                  | 55%                                                                                 | 43.1%                                                                               |
| GMG co-investment                          | \$1.2bn                                                                           | \$0.8bn                                                                           | \$0.5bn                                                                           | \$0.6bn                                                                            | \$0.5bn                                                                             | \$0.3bn <sup>2</sup>                                                                | \$0.2bn <sup>2</sup>                                                                | \$0.7bn                                                                             | \$0.2bn                                                                             |
| Number of properties                       | 93                                                                                | 12                                                                                | 110                                                                               | 43                                                                                 | 29                                                                                  | 17                                                                                  | 11                                                                                  | 7                                                                                   | 6                                                                                   |
| Occupancy                                  | 96%                                                                               | 98%                                                                               | 98%                                                                               | 97%                                                                                | 94%                                                                                 | 96%                                                                                 | 100%                                                                                | 98%                                                                                 | 90%                                                                                 |
| Weighted average lease expiry <sup>3</sup> | 4.8 years                                                                         | 2.4 years                                                                         | 5.2 years                                                                         | 4.6 years                                                                          | 3.9 years                                                                           | 5.7 years                                                                           | 3.8 years                                                                           | 6.1 years                                                                           | 4.7 years                                                                           |
| WACR                                       | 6.3%                                                                              | 5.3%                                                                              | 6.2%                                                                              | 6.3%                                                                               | 6.3%                                                                                | 6.9%                                                                                | 4.7%                                                                                | 4.3%                                                                                | 6.9%                                                                                |
| Gearing <sup>4</sup>                       | 29.2%                                                                             | 10.3%                                                                             | 35.8%                                                                             | 15.7%                                                                              | 6.1%                                                                                | 28.8% <sup>6</sup>                                                                  | 35.7%                                                                               | n/a                                                                                 | 31.6%                                                                               |
| Weighted average debt expiry               | 6.4 years                                                                         | 5.9 years                                                                         | 6.4 years                                                                         | 4.0 years                                                                          | 2.2 years                                                                           | 4.3 years <sup>2</sup>                                                              | 6.6 years                                                                           | n/a                                                                                 | 0.5 years                                                                           |

1. As at 30 September 2016 (as disclosed to the New Zealand stock exchange in November 2016)
2. As at 31 December 2016
3. WALE of leased portfolio to next break as at 31 December 2016
4. Gearing calculated as total interest bearing liabilities over total assets, both net of cash
5. As at 30 November 2016
6. On a proportionately consolidated basis including the trusts interest in the Viaduct Joint Venture

# SECTION 4 – OUTLOOK AND SUMMARY

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Texaco Centre, Dynamic Cargo Centre, Global Gateway and Tsuen Wan International Centre, Hong Kong, China.

# OUTLOOK AND SUMMARY

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## + **Macro structural themes continue to sustain business growth**

- Growth in consumerism globally, focus on consumer demand dominated markets
- The evolution of e-commerce and supply chain transformation is underway but still in early stages
- Continued focus on gateway cities

## + **Business positioned for sustainable growth through cycle**

- Financial flexibility through low gearing and significant available liquidity
- Broad diversity of earnings across business divisions, scale and global diversification provide security of income
  - \$35 billion of AUM now significantly concentrated in key gateway markets offering superior demand and growth characteristics
- Strong forward order book and development pipeline providing off market product for future years
- Strong Partnership performance and transactional activity supporting performance fees and sustaining management margins
- Increased portfolio quality through structured and targeted asset rotation leading to superior growth versus sector benchmark

## + **Urban renewal pipeline of 35,000 apartments across the Australian portfolio with focus on planning and rezoning of future projects**

## + **Performance across all divisions remains resilient**

- Positioned to deliver a strong second half with revised FY17 forecast operating EPS of 43.1 cents (up 7.5% on FY16)
- Forecast full year distribution of 25.9 cents per security

# APPENDIX 1 – RESULTS ANALYSIS

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Export Motorway Estate, Brisbane, Australia

# PROFIT AND LOSS



Total income by business segment for the half year ended 31 December 2016

| Category                                                          | Total          | Investment   | Management   | Development  | Unallocated   | Non-operating items |
|-------------------------------------------------------------------|----------------|--------------|--------------|--------------|---------------|---------------------|
|                                                                   | \$M            | \$M          | \$M          | \$M          | \$M           | \$M                 |
| Gross property income                                             | 94.4           | 95.1         |              |              |               | (0.7)               |
| Management income                                                 | 156.3          |              | 156.3        |              |               |                     |
| Development income                                                | 510.2          |              |              | 510.2        |               |                     |
| Net gain from fair value adjustments on investment properties     | 132.0          |              |              |              |               | 132.0               |
| Net gain on disposal of investment properties                     | 40.4           |              |              | 38.4         |               | 2.0                 |
| Share of net results of equity accounted investments <sup>1</sup> | 353.1          | 126.2        | 0.2          | 75.1         |               | 151.6               |
| <b>Total income</b>                                               | <b>1,286.4</b> | <b>221.3</b> | <b>156.5</b> | <b>623.7</b> | <b>-</b>      | <b>284.9</b>        |
| Property and development expenses                                 | (391.7)        | (25.2)       |              | (366.5)      |               |                     |
| Operating expenses                                                | (181.2)        |              | (46.3)       | (58.8)       | (30.3)        | (45.8)              |
| Impairment losses                                                 | (42.3)         |              |              |              |               | (42.3)              |
| <b>EBIT</b>                                                       | <b>671.2</b>   | <b>196.1</b> | <b>110.2</b> | <b>198.4</b> | <b>(30.3)</b> | <b>196.8</b>        |
| Look through NPI adjustment <sup>2</sup>                          |                | 57.7         | -            | -            | -             | -                   |
| <b>Look through operating EBIT</b>                                |                | <b>253.8</b> | <b>110.2</b> | <b>198.4</b> | <b>(30.3)</b> | <b>196.8</b>        |

1. Includes share of associate and joint venture property valuation gains of \$192.7 million, share of associate and joint venture unrealised derivative losses of \$(39.1) million and other non-cash, non-recurring items within associates and joint ventures of \$(2.0) million
2. Goodman share of interest and tax within its managed Partnerships

# PROFIT AND LOSS (CONT)



| Category                                                                                                                                                         | Total        | Investment   | Management   | Development  | Unallocated   | Non-operating items |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|---------------|---------------------|
|                                                                                                                                                                  | \$M          | \$M          | \$M          | \$M          | \$M           | \$M                 |
| <b>EBIT – per statutory accounts</b>                                                                                                                             | <b>671.2</b> | <b>196.1</b> | <b>110.2</b> | <b>198.4</b> | <b>(30.3)</b> | <b>196.8</b>        |
| Net gain from fair value adjustments on investment properties                                                                                                    | (132.0)      |              |              |              |               | (132.0)             |
| Net gain on disposal of investment properties                                                                                                                    | (2.0)        |              |              |              |               | (2.0)               |
| Share of net gain from fair value adjustments on investment properties, unrealised derivative gains and non-recurring items within associates and joint ventures | (151.6)      |              |              |              |               | (151.6)             |
| Impairment losses                                                                                                                                                | 42.3         |              |              |              |               | 42.3                |
| Straight-lining of rental income                                                                                                                                 | 0.7          |              |              |              |               | 0.7                 |
| Share based payments expense                                                                                                                                     | 45.8         |              |              |              |               | 45.8                |
| <b>Operating EBIT</b>                                                                                                                                            | <b>474.4</b> | <b>196.1</b> | <b>110.2</b> | <b>198.4</b> | <b>(30.3)</b> | <b>-</b>            |
| Net finance expense (statutory)                                                                                                                                  | (59.9)       |              |              |              |               |                     |
| Less: fair value adjustments on derivative financial instruments                                                                                                 | (4.1)        |              |              |              |               |                     |
| Add: unrealised foreign exchange loss                                                                                                                            | 25.1         |              |              |              |               |                     |
| Net finance expense (operating)                                                                                                                                  | (38.9)       |              |              |              |               |                     |
| Income tax expense (statutory)                                                                                                                                   | (45.0)       |              |              |              |               |                     |
| Add: deferred tax expense on fair value adjustments on investments                                                                                               | 7.2          |              |              |              |               |                     |
| Income tax expense (operating)                                                                                                                                   | (37.8)       |              |              |              |               |                     |
| Minorities                                                                                                                                                       | (9.5)        |              |              |              |               |                     |
| <b>Operating profit available for distribution</b>                                                                                                               | <b>388.2</b> |              |              |              |               |                     |
| <b>Net cash provided by operating activities<sup>1</sup></b>                                                                                                     | <b>406.5</b> |              |              |              |               |                     |

1. Difference between operating profit pre-minorities and cash provided by operating activities of \$8.8 million relates to:
- \$(45.3) million development activities including capitalised interest and pre paid interest
  - \$86.0 million cash share of equity accounted income
  - \$(31.9) million of other working capital movements (derivative financial instruments)

# RECONCILIATION NON-OPERATING ITEMS



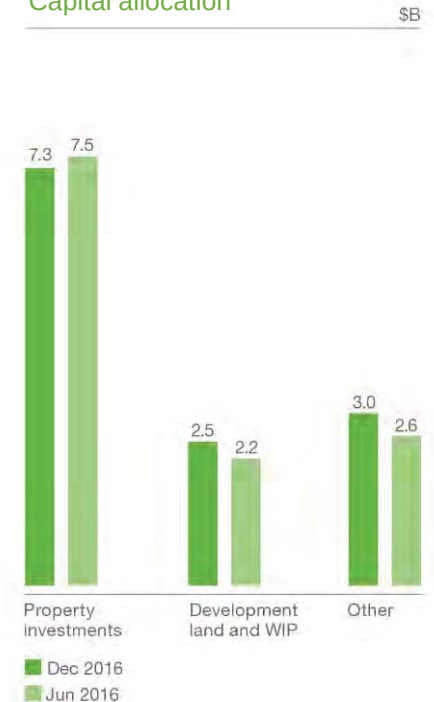
| Non-operating items in statutory profit & loss                                                          |  | Half year ended<br>31 December 2016 |               |
|---------------------------------------------------------------------------------------------------------|--|-------------------------------------|---------------|
|                                                                                                         |  | \$M                                 | \$M           |
| <b>Property valuations</b>                                                                              |  |                                     |               |
| Net gain from fair value adjustments on investment properties                                           |  | 132.0                               |               |
| Share of net gain from fair value adjustments on investment properties in associates and joint ventures |  | 192.7                               |               |
| Deferred tax on fair value adjustments on investment properties                                         |  | (7.2)                               |               |
| <b>Subtotal</b>                                                                                         |  |                                     | <b>317.5</b>  |
| <b>Impairment losses</b>                                                                                |  |                                     |               |
| Impairment – inventories                                                                                |  | (42.3)                              |               |
| <b>Subtotal</b>                                                                                         |  |                                     | <b>(42.3)</b> |
| <b>Derivative and foreign currency mark to market</b>                                                   |  |                                     |               |
| Fair value adjustments on derivative financial instruments – GMG                                        |  | 4.1                                 |               |
| Unrealised foreign exchange loss                                                                        |  | (25.1)                              |               |
| Fair value adjustments on derivative financial instruments – associates and joint ventures              |  | (39.1)                              |               |
| <b>Subtotal</b>                                                                                         |  |                                     | <b>(60.1)</b> |
| <b>Other non-cash or non-recurring items</b>                                                            |  |                                     |               |
| Share based payments expense                                                                            |  | (45.8)                              |               |
| Net gain on disposal of investment properties                                                           |  | 2.0                                 |               |
| Net capital losses not distributed and tax deferred adjustments                                         |  | (2.0)                               |               |
| Straight-lining rental income                                                                           |  | (0.7)                               |               |
| <b>Subtotal</b>                                                                                         |  |                                     | <b>(46.5)</b> |
| <b>TOTAL</b>                                                                                            |  |                                     | <b>168.6</b>  |

# FINANCIAL POSITION



| As at 31 December 2016                        | Direct Assets<br>\$M | Investments<br>\$M | Developments<br>\$M | Other<br>\$M   | Total<br>\$M    |
|-----------------------------------------------|----------------------|--------------------|---------------------|----------------|-----------------|
| Cash                                          | -                    |                    |                     | 1,709.5        | 1,709.5         |
| Receivables                                   | -                    |                    | 140.9               | 194.5          | 335.4           |
| Inventories                                   | -                    |                    | 1,455.2             |                | 1,455.2         |
| Investment properties                         | 2,373.3              |                    | 178.6               |                | 2,551.9         |
| Investments accounted for using equity method |                      | 4,938.0            | 491.1               |                | 5,429.1         |
| Intangibles                                   |                      |                    |                     | 767.3          | 767.3           |
| Other assets                                  |                      | 0.6                | 225.5               | 342.3          | 568.4           |
| <b>Total assets</b>                           | <b>2,373.3</b>       | <b>4,938.6</b>     | <b>2,491.3</b>      | <b>3,013.6</b> | <b>12,816.8</b> |
| Interest bearing liabilities                  |                      |                    |                     |                | 2,902.9         |
| Other liabilities                             |                      |                    |                     |                | 1,233.0         |
| <b>Total liabilities</b>                      |                      |                    |                     |                | <b>4,135.9</b>  |
| <b>Net assets</b>                             |                      |                    |                     |                | <b>8,680.9</b>  |
| <b>Gearing<sup>1</sup> %</b>                  |                      |                    |                     |                | <b>8.7%</b>     |
| <b>NTA (per security)<sup>2</sup> \$</b>      |                      |                    |                     |                | <b>4.24</b>     |
| Australia / NZ                                | 2,319.4              | 2,408.2            | 537.9               | 100.1          | 5,365.6         |
| Asia                                          | -                    | 1,464.8            | 253.6               | 234.7          | 1,953.1         |
| Continental Europe                            | 24.7                 | 564.8              | 369.3               | 673.1          | 1,631.9         |
| UK                                            | 29.2                 | 9.5                | 826.6               | 178.4          | 1,043.7         |
| Americas                                      | -                    | 491.3              | 503.9               | 64.1           | 1,059.3         |
| Other                                         | -                    | -                  | -                   | 1,763.2        | 1,763.2         |
| <b>Total assets</b>                           | <b>2,373.3</b>       | <b>4,938.6</b>     | <b>2,491.3</b>      | <b>3,013.6</b> | <b>12,816.8</b> |

Capital allocation

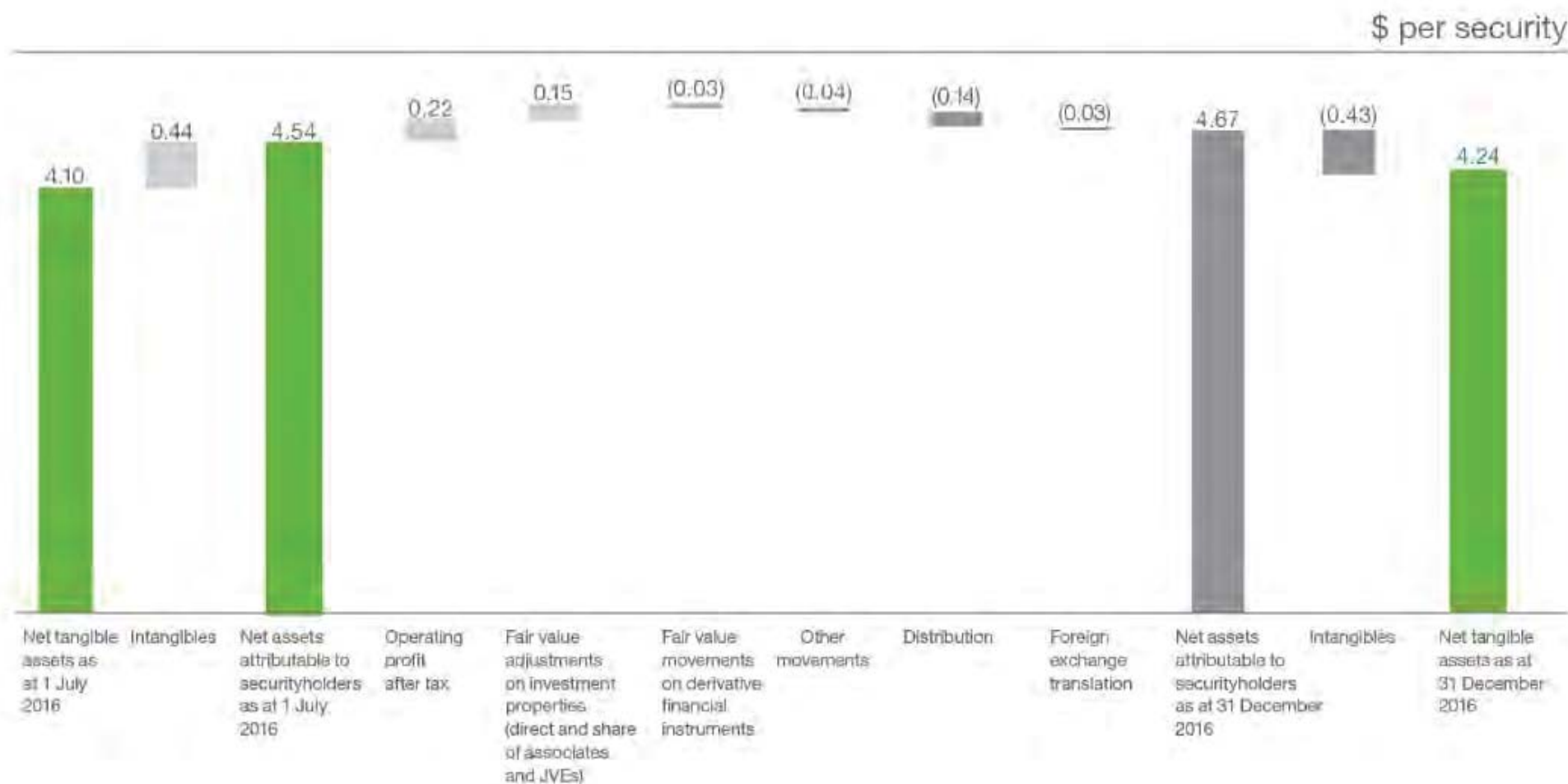


- Gearing calculated as total interest bearing liabilities over total assets, both net of cash and fair values of USD/EUR and USD/GBP cross currency swaps that hedge net investments in Continental Europe and the United Kingdom equating to \$252.1 million - refer to Note 9 of the Interim Financial Statements
- Calculated based on 1,789.1 million securities on issue

# NET TANGIBLE ASSET MOVEMENT



+ For the half year ended 31 December 2016<sup>1</sup>



1. Calculated on 1,789.1 million securities being closing securities on issue

# PROPERTY VALUATIONS



- + The global valuation program has resulted in an \$275 million increase for the six months to 31 December 2016
- + This improvement in the quality of the global portfolio has seen the global average weighted cap rate tighten 40bps to 6.0% for the period
- + Urban Renewal sites in Australia continue to contribute to the Group's revaluation gains reflecting ~\$50 million

## 31 December 2016 property valuations (look through)

|                        | Book value<br>(GMG exposure)<br>\$M | Valuation<br>movement since<br>June 2016<br>\$M | WACR<br>%        | WACR movement since<br>June 2016<br>% |
|------------------------|-------------------------------------|-------------------------------------------------|------------------|---------------------------------------|
| Australia <sup>1</sup> | 5,566.8                             | 280.1                                           | 6.2 <sup>1</sup> | (0.4)                                 |
| New Zealand            | 517.3                               | 1.3                                             | 7.0              | -                                     |
| Hong Kong              | 923.5                               | 21.5                                            | 5.3              | (0.1)                                 |
| China <sup>2</sup>     | 712.6                               | 22.8                                            | 6.3 <sup>2</sup> | (0.2)                                 |
| Japan                  | 372.8                               | 0.6                                             | 4.7              | (0.2)                                 |
| UK                     | 985.4                               | (70.1)                                          | 6.8              | 0.2                                   |
| Continental Europe     | 1,324.6                             | 5.5                                             | 6.2              | (0.1)                                 |
| Americas               | 995.2                               | 13.5                                            | 4.5              | -                                     |
| <b>Total / Average</b> | <b>11,402.7</b>                     | <b>275.2</b>                                    | <b>6.0</b>       | <b>(0.4)</b>                          |

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

2. Reporting has moved from a gross yield to a net yield. Like for like previous period was 6.5%, reflecting WACR movement of (0.2)

# APPENDIX 2 – INVESTMENT

---



Decathlon, Cani Margarit Logistics Centre, Barcelona, Spain.

# LEASING<sup>1</sup>



Across the Group and Partnerships:

- + 1.7 million sqm leased during the period
- + Reversions of 2.9% on new leasing deals, with like for like NPI growing at 2.6%
- + Occupancy maintained at 96%

| Region                   | Leasing area (sqm) | Net annual rent (\$M) | Average lease term (years) |
|--------------------------|--------------------|-----------------------|----------------------------|
| Australia                | 662,107            | 85.8                  | 4.2                        |
| New Zealand <sup>2</sup> | 82,340             | 23.9                  | 7.6                        |
| Greater China            | 481,736            | 76.6                  | 3.6                        |
| Japan                    | 16,499             | 2.5                   | 2.0                        |
| UK                       | 31,340             | 5.1                   | 14.3                       |
| Europe                   | 437,255            | 26.5                  | 3.3                        |
| <b>Total</b>             | <b>1,711,277</b>   | <b>220.4</b>          | <b>4.6</b>                 |

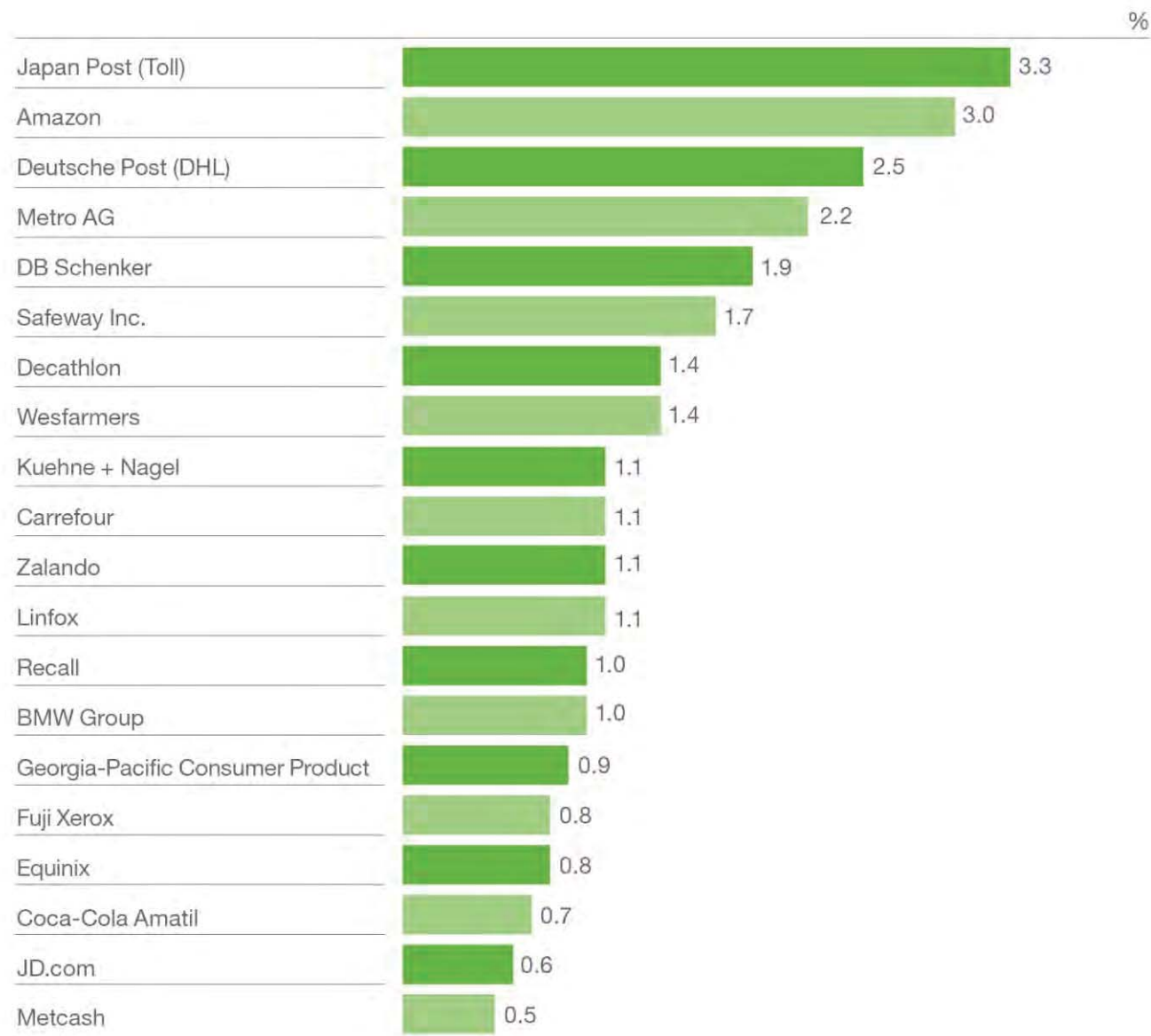
1. Leasing for investment properties only and excludes developments

2. As at 30 September 2016 (as disclosed to the New Zealand Stock Exchange in November 2016)

# CUSTOMERS



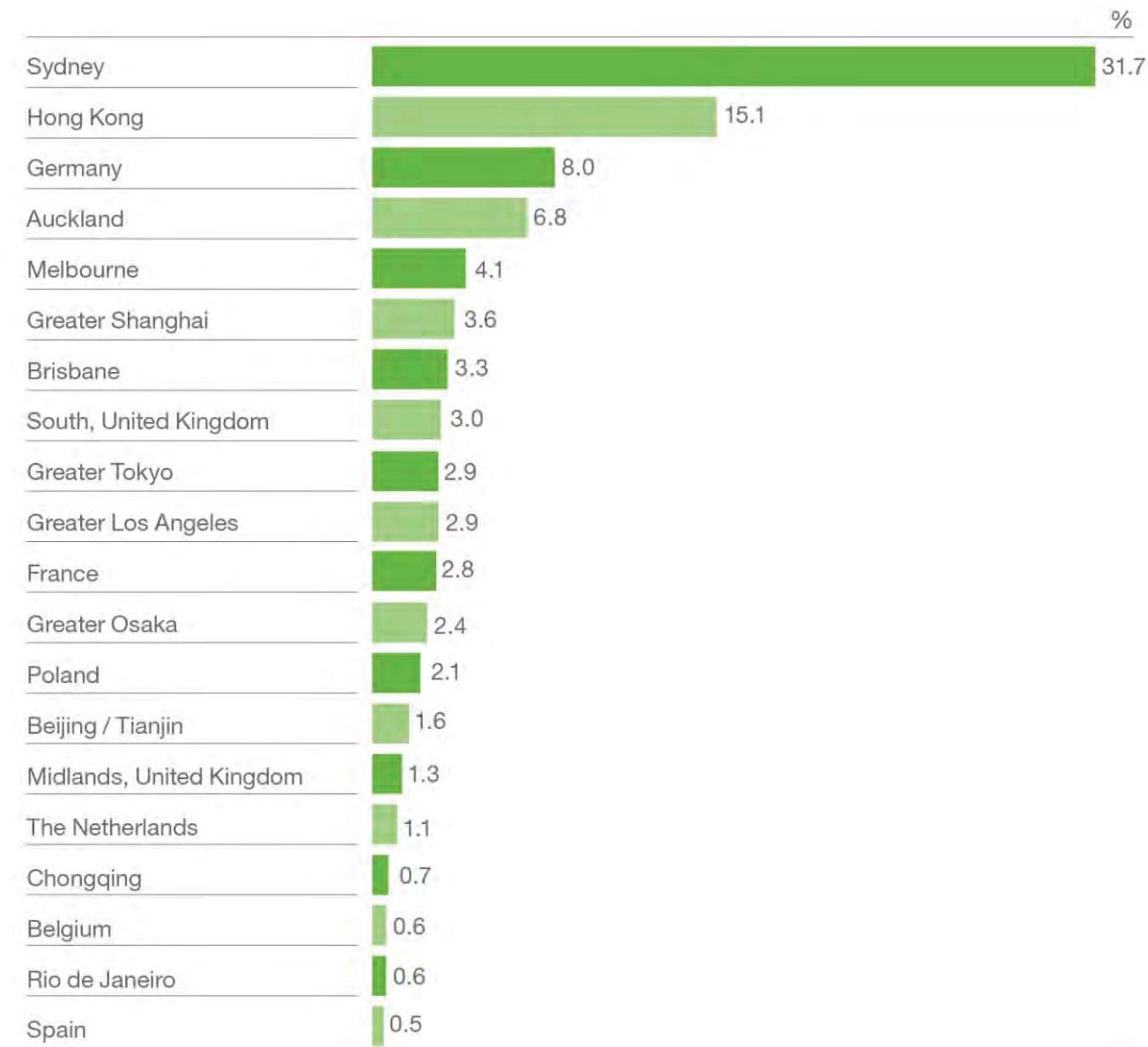
Top 20 global customers (by net income – look through basis)



# GEOGRAPHIC EXPOSURE



## Top 20 sub-regions (by AUM)



# DIRECT PORTFOLIO DETAIL



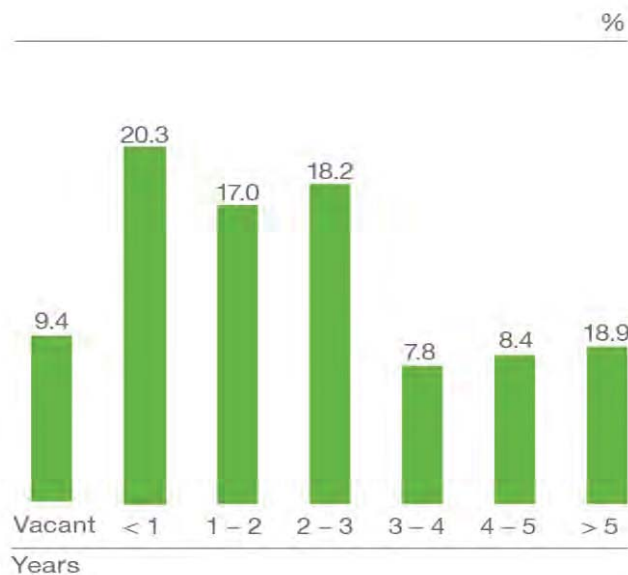
## Portfolio snapshot

- + 27 properties with a total value of \$2.4 billion located primarily in the Sydney market
  - Represents a significant part of the urban renewal portfolio
- + Leasing deals remain strong across the portfolio
  - 121,790 sqm (\$13.3 million net annual rental) of existing space leased
  - customer retention of 62%
- + 91% occupancy and a weighted average lease expiry of 4.5 years
- + Average portfolio valuation cap rate of 6.3%

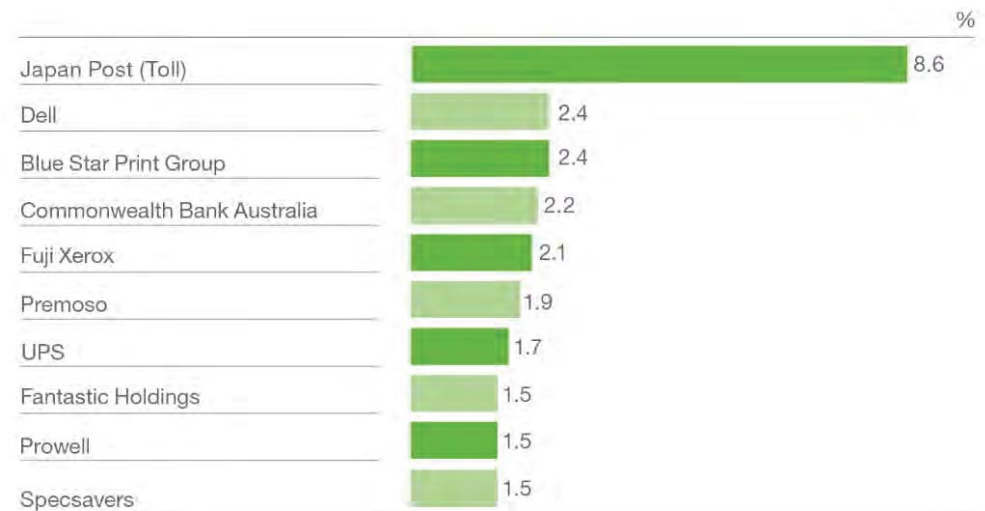
## Key metrics

|                           |                |
|---------------------------|----------------|
| Total assets              | A\$2.4 billion |
| Customers                 | 272            |
| Number of properties      | 27             |
| Occupancy                 | 91%            |
| Weighted average cap rate | 6.3%           |

## WALE of 4.5 years (by net income)



## Top 10 customers make up 25.8% of portfolio income



# APPENDIX 3 — DEVELOPMENT

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# DEVELOPMENTS



| 1H FY17 Developments                              |                                | Completions                     | Commencements       | Work in progress             |                          |
|---------------------------------------------------|--------------------------------|---------------------------------|---------------------|------------------------------|--------------------------|
| Value (\$M)                                       |                                | 1,298                           | 1,497               | 3,523                        |                          |
| Area (m sqm)                                      |                                | 1.0                             | 1.2                 | 2.7                          |                          |
| Yield (%) <sup>1</sup>                            |                                | 7.7                             | 7.4                 | 7.6                          |                          |
| Pre-committed (%)                                 |                                | 90                              | 64                  | 62                           |                          |
| Weighted average lease term (years)               |                                | 8.9                             | 9.6                 | 10.2                         |                          |
| Development for third parties or Partnerships (%) |                                | 72                              | 53                  | 69                           |                          |
| Australia / New Zealand (%)                       |                                | 26                              | 12                  | 23                           |                          |
| Asia (%)                                          |                                | 34                              | 25                  | 28                           |                          |
| Americas (%)                                      |                                | -                               | -                   | 15                           |                          |
| Europe (%)                                        |                                | 39                              | 62                  | 34                           |                          |
| Work in progress by region                        | On balance sheet end value \$M | Third party funds end value \$M | Total end value \$M | Third party funds % of total | Pre committed % of total |
| Australia / New Zealand                           | 95                             | 729                             | 824                 | 89                           | 81                       |
| Asia                                              | 107                            | 866                             | 973                 | 89                           | 36                       |
| Americas                                          | 59                             | 458                             | 517                 | 89                           | 14                       |
| Europe                                            | 828                            | 381                             | 1,209               | 32                           | 90                       |
| Total                                             | 1,089                          | 2,434                           | 3,523               | 69                           | 62                       |

1. Reporting of China development yields has moved from a gross yield to a net yield.

# DEVELOPMENTS (CONT)

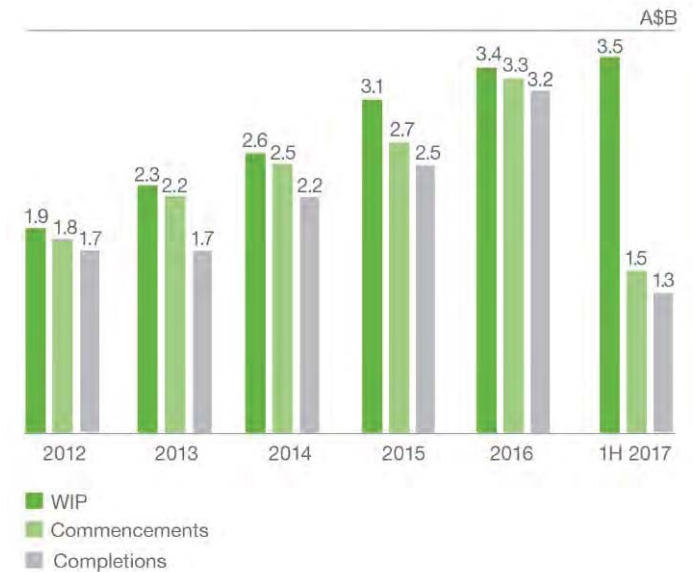


- + Maintained development pipeline of over \$10 billion
  - Forecast GLA of 7 million sqm
  - Development pipeline allocated as Asia Pacific 57%, Europe 28% and Americas 15%
- + The Group's development future cash commitments

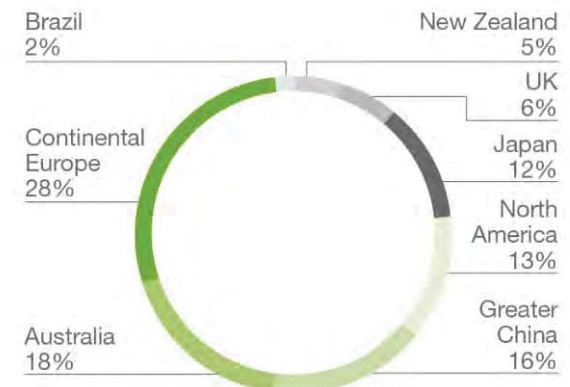
| Commitments as at 31 December 2016            | \$M   |
|-----------------------------------------------|-------|
| Gross GMG cost to complete                    | 745   |
| Less pre-sold <sup>1</sup> cost to complete   | (109) |
| Net GMG cost to complete                      | 636   |
| Net GMG managed Partnerships cost to complete | 1,109 |

1. Pre-sold projects are reimbursed by instalments throughout the project or at practical completion of the project

## Development volume



## Work in progress as at 31 December 2016

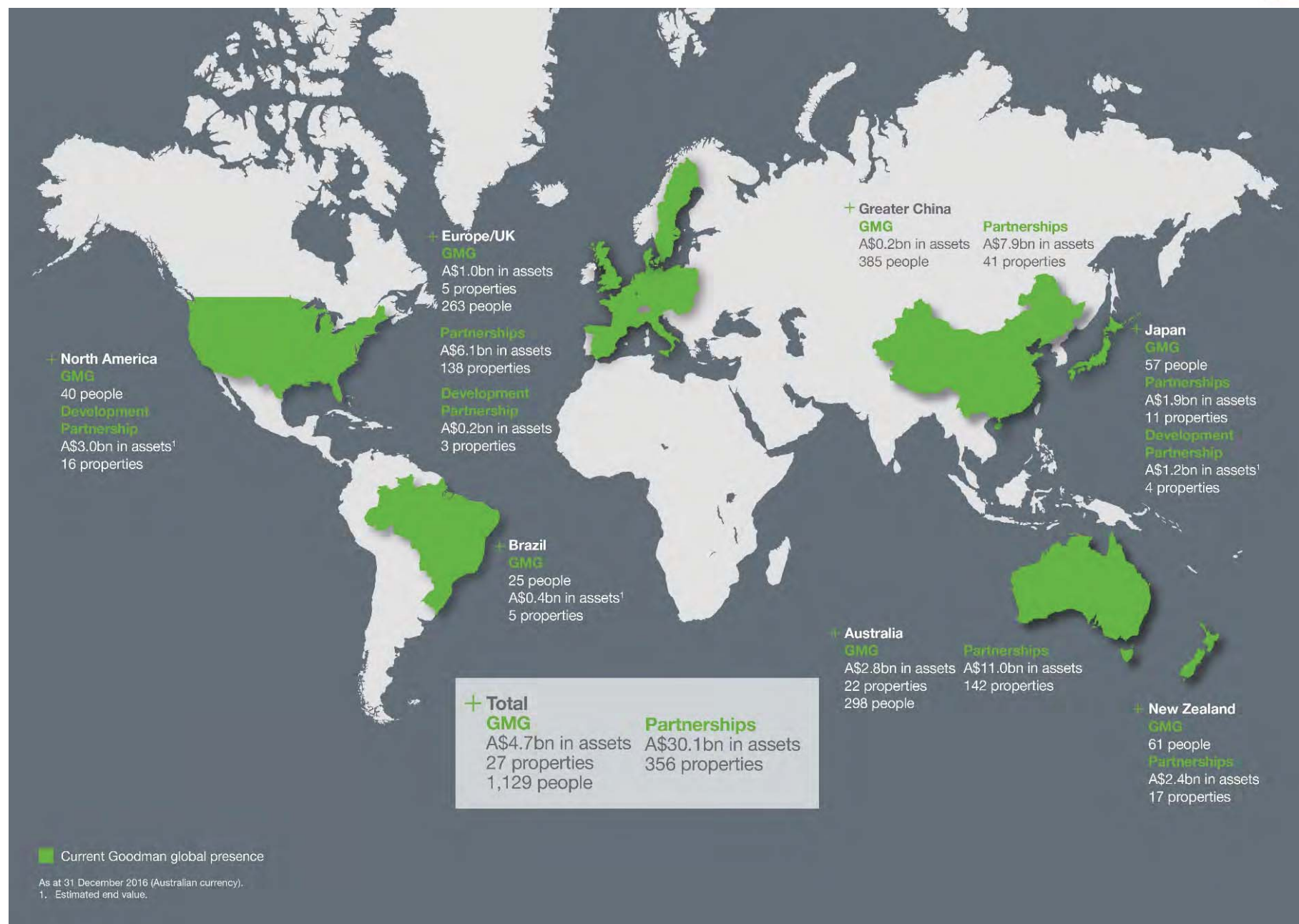


# APPENDIX 4 – MANAGEMENT

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# GLOBAL PLATFORM



# GOODMAN AUSTRALIA INDUSTRIAL PARTNERSHIP



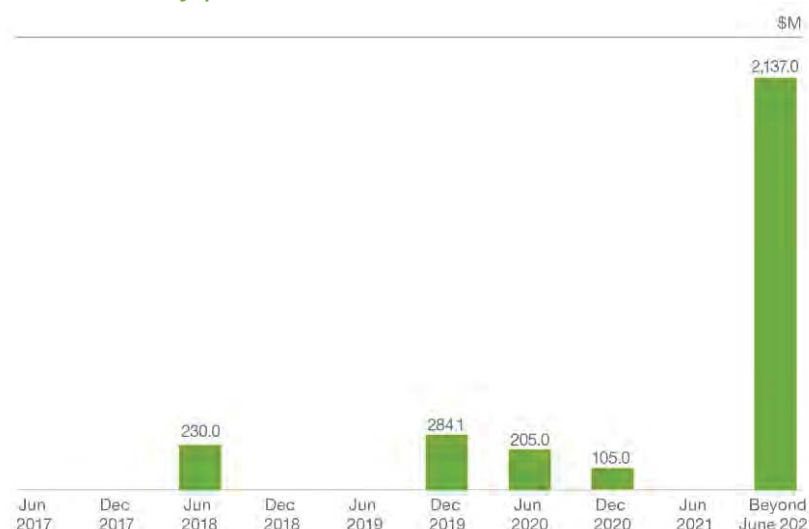
## Key events

- + Continued execution of asset rotation strategy in disposing \$390 million of non core assets in the six months
- + Completed 38,020 sqm of developments with an end value of \$119 million
- + Work in progress at 31 December 2016 of 222,752 sqm with an estimated end value of \$354 million
- + \$308 million of upward revaluations during the half year
- + Rating from Moody's Investor Services of Baa1 (stable) and rating upgrade from S&P Global from BBB to BBB+ in Q1 FY2017
- + Successful completion of a debut \$US600 million 144a / Reg S bond issue in September 2016 on ten year terms with a coupon rate of 4.6%

## Key metrics<sup>1</sup>

|                               |               |
|-------------------------------|---------------|
| Total assets                  | \$6.9 billion |
| Interest bearing liabilities  | \$2.2 billion |
| Gearing <sup>2</sup>          | 29.2%         |
| Customers                     | 565           |
| Number of properties          | 93            |
| Occupancy                     | 96%           |
| Weighted average lease expiry | 4.8 years     |
| Weighted average cap rate     | 6.3%          |
| GMG co-investment             | 27.5%         |
| GMG co-investment             | \$1.2 billion |

## Debt maturity profile



1. As at 31 December 2016  
 2. Gearing calculated as total interest bearing liabilities over total assets, both net of cash

# GOODMAN HONG KONG LOGISTICS PARTNERSHIP



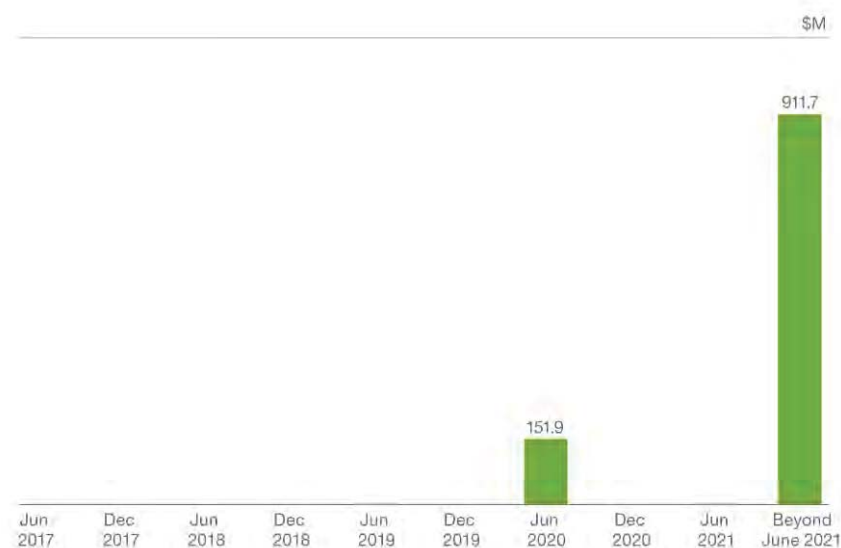
## Key events

- + Leased 235,214 sqm (17% of portfolio GLA) in the six months, resulting in HK\$226 million of additional annual rental income
- + 98% occupancy with a weighted average lease expiry of 2.4 years
- + Revaluation uplift of HK\$0.9 billion over the period driven by tighter market capitalisation rates and market rental growth
- + Completed restructuring of the Unsecured Debt Platform, with the weighted average debt expiry extending to 5.9 years and net liquidity increasing to HK\$3.0 billion

## Key metrics<sup>1</sup>

|                               |               |
|-------------------------------|---------------|
| Total assets                  | \$4.9 billion |
| Interest bearing liabilities  | \$0.7 billion |
| Gearing <sup>2</sup>          | 10.3%         |
| Customers                     | 201           |
| Number of properties          | 12            |
| Occupancy                     | 98%           |
| Weighted average lease expiry | 2.4 years     |
| Weighted average cap rate     | 5.3%          |
| GMG co-investment             | 20.0%         |
| GMG co-investment             | \$0.8 billion |

## Debt maturity profile



1. As at 31 December 2016  
 2. Gearing calculated as total interest bearing liabilities over total assets, both net of cash

# GOODMAN EUROPEAN PARTNERSHIP



## Key events

- + Successfully executed the 2016 liquidity review in July, with 96% of Unitholders approving the proposed changes. A limited amount (~2.5%) of Unitholders requested liquidity as part of the process, of which circa two thirds has been satisfied by 31 December 2016 through secondary trades. The next liquidity review will be held in 2026
- + Secured over 298,367 sqm of new and renewed leases (excluding developments) in the six months, representing €13 million of annual rent
- + Completed €253 million of new acquisitions (391,027 sqm GLA) and €49 million of new developments (85,660 sqm GLA)
- + Issued €650 million bonds, with a 6-year and a 10-year maturity (€325 million each), reducing WACD from 3.0% to 1.8%. The proceeds mainly used to refinance the €500 million bond expiring in 2018
- + The Partnership also expanded the capacity of its revolving credit facility from €100 million to €200 million and extended it until 2021

## Key metrics<sup>1</sup>

|                                            |               |
|--------------------------------------------|---------------|
| Total assets                               | \$4.1 billion |
| Interest bearing liabilities               | \$1.6 billion |
| Gearing <sup>2</sup>                       | 35.8%         |
| Customers                                  | 148           |
| Number of properties                       | 110           |
| Occupancy                                  | 98%           |
| Weighted average lease expiry <sup>3</sup> | 5.2 years     |
| Weighted average cap rate                  | 6.2%          |
| GMG co-investment                          | 20.4%         |
| GMG co-investment                          | \$0.5 billion |

## Debt maturity profile



1. As at 31 December 2016
2. Gearing calculated as total interest bearing liabilities over total assets, both net of cash and not including uncalled equity
3. WALE of leased portfolio to next break

# GOODMAN AUSTRALIA PARTNERSHIP



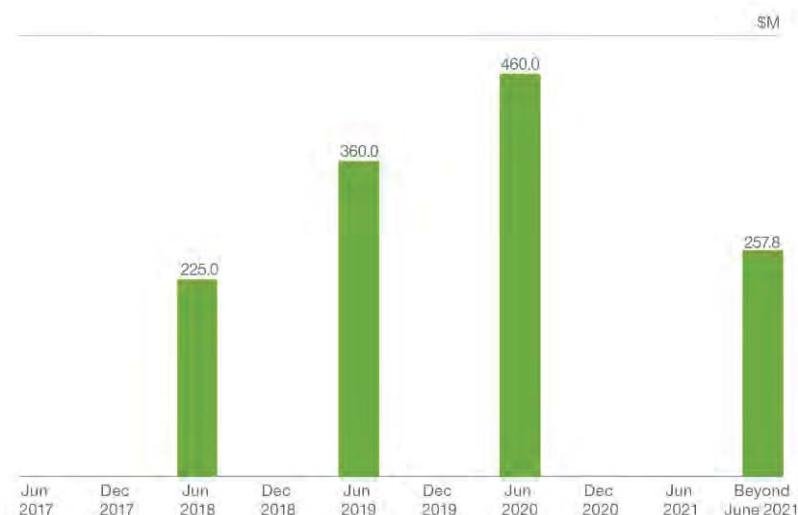
## Key events

- + Continue execution of asset rotation strategy by disposing \$440 million of non core assets
- + Completed 17,146sqm of developments with end value of \$46.5 million
- + Work in progress of 11,230sqm with an estimated end value of \$12.1 million as at 31 December 2016
- + \$179.6 million of upward revaluations across Australia and European portfolios
- + Exchanged over \$400m of assets to settle in the next six months

## Key metrics<sup>1</sup>

|                               |               |
|-------------------------------|---------------|
| Total assets                  | \$3.8 billion |
| Interest bearing liabilities  | \$0.6 billion |
| Gearing <sup>2</sup>          | 15.7%         |
| Customers                     | 268           |
| Number of properties          | 43            |
| Occupancy                     | 97%           |
| Weighted average lease expiry | 4.6 years     |
| Weighted average cap rate     | 6.3%          |
| GMG co-investment             | 19.9%         |
| GMG co-investment             | \$0.6 billion |

## Debt maturity profile



1. As at 31 December 2016  
 2. Gearing calculated as total interest bearing liabilities over total assets, both net of cash

# GOODMAN CHINA LOGISTICS PARTNERSHIP



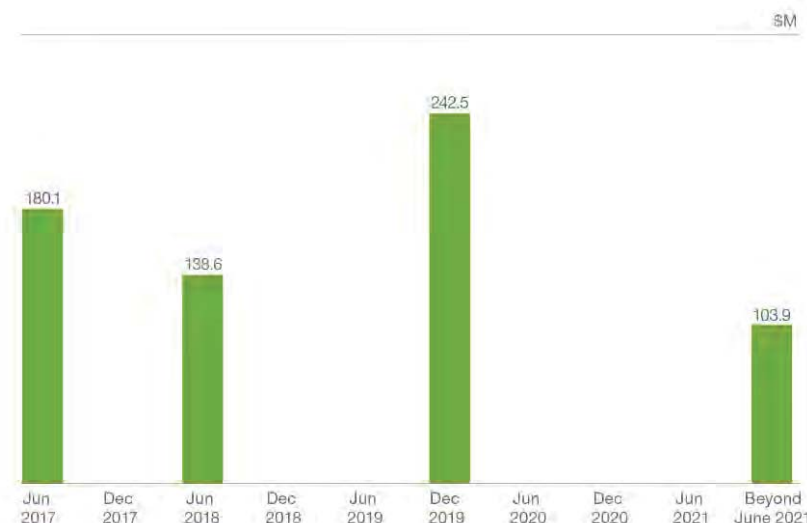
## Key events

- + Platform expansion via high quality developments with 48 properties offering 4.3 million sqm of GLA on a fully developed basis
- + Strong leasing activities with 296,000 sqm (including developments) transacted for the six months ending 31 December 2016
- + Completed five developments of 133,700 sqm with end value of US\$73 million for the six months ending 31 December 2016
- + Work in progress of 532,000 sqm with an estimated end value of US\$276 million as at 31 December 2016
- + US\$142 million of valuation uplift recorded for the six months
- + Establishment of US\$250 million revolving facility within the existing unsecured platform provides liquidity for the refinancing of upcoming debt expiry

## Key metrics<sup>1</sup>

|                                            |               |
|--------------------------------------------|---------------|
| Total assets                               | \$2.9 billion |
| Interest bearing liabilities               | \$0.3 billion |
| Gearing <sup>2</sup>                       | 6.1%          |
| Customers                                  | 80            |
| Number of stabilised properties            | 29            |
| Occupancy                                  | 94%           |
| Weighted average lease expiry <sup>3</sup> | 3.9 years     |
| Weighted average cap rate                  | 6.3%          |
| GMG co-investment                          | 20.0%         |
| GMG co-investment                          | \$0.5 billion |

## Debt maturity profile



1. As at 31 December 2016  
 2. Gearing calculated as total interest bearing liabilities over total assets (net of cash)  
 3. WALE of leased portfolio to next break

# GOODMAN PROPERTY TRUST



## Key events

- + Operating earnings of NZ\$59.9 million before tax or NZ4.70 cents per unit on a weighted average issued unit basis, compared to NZ4.64 cents per unit in the previous period
- + Cash distributions, relating to the first six months, of NZ3.325 cents per unit
- + Profit before tax of NZ\$73.1 million, compared to NZ\$53.1 million previously. The 37.7% increase largely attributable to NZ\$19.8 million of fair value gains on certain investment properties
- + An active sales programme with NZ\$264.8 million of asset disposals announced
- + Greater balance sheet capacity with a look through loan to value ratio of 28.8% compared to 33.9% in the previous period
- + Commencement of three new development projects with a total project cost of NZ\$44.2 million
- + Net tangible assets of NZ122.4 cents per unit compared to NZ120.4 cents per unit at 31 March 2016.

1. As at 30 September 2016 (as disclosed to the NZX in November 2016)

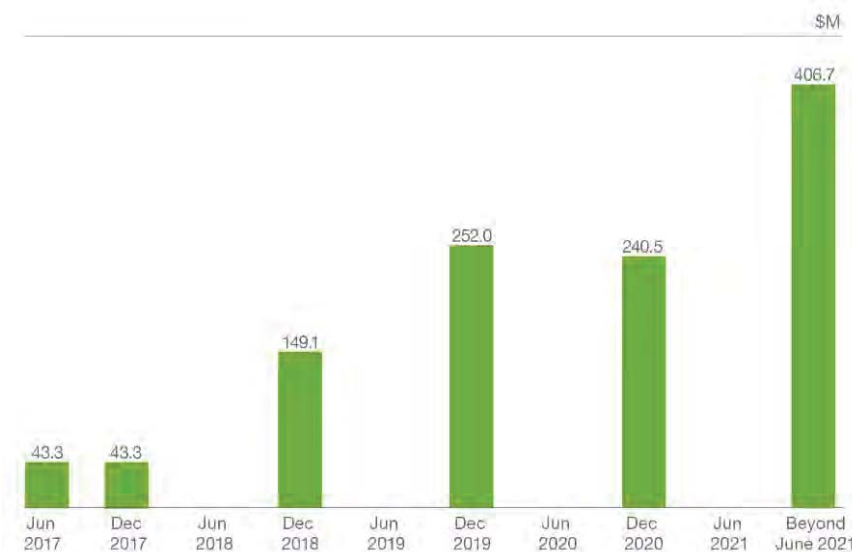
2. As at 31 December 2016

3. On a proportionated consolidated basis including the Trust's interest in the Viaduct joint venture

## Key metrics<sup>1</sup>

|                                |               |
|--------------------------------|---------------|
| Total assets                   | \$2.4 billion |
| Interest bearing liabilities   | \$0.8 billion |
| Gearing <sup>3</sup>           | 28.8%         |
| Customers                      | 276           |
| Number of properties           | 17            |
| Occupancy                      | 96%           |
| Weighted average lease expiry  | 5.7 years     |
| Weighted average cap rate      | 6.9%          |
| GMG co-investment <sup>2</sup> | 20.9%         |
| GMG co-investment <sup>2</sup> | \$0.3 billion |

## Debt maturity profile<sup>2</sup>



# GOODMAN JAPAN CORE PARTNERSHIP



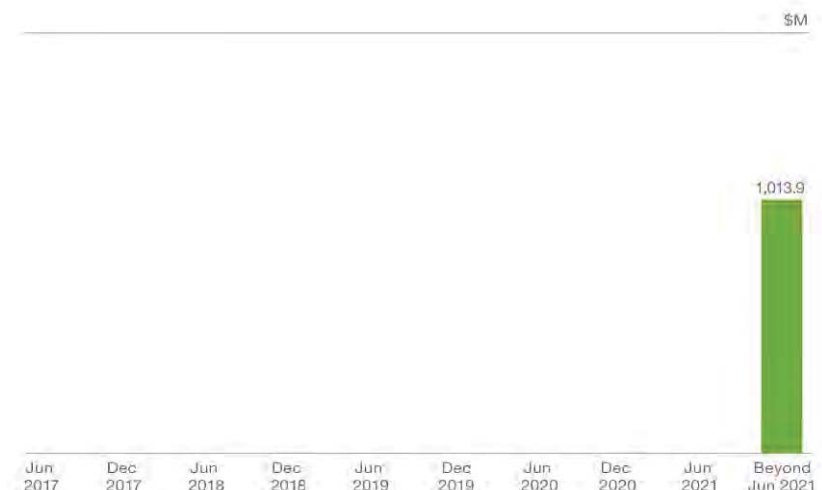
## Key Events

- + Acquired a new industrial asset from Goodman Japan Development Partnership in August 2016 and further improved the quality of the portfolio
- + Recycled non core assets for ¥16 billion in July 2016
- + Maintained 100% occupancy on portfolio with an average lease expiry of 3.8 years as at 30 November 2016
- + Strong liquidity with more than ¥19 in cash, undrawn debt and equity

## Key metrics<sup>1</sup>

|                                 |               |
|---------------------------------|---------------|
| Total assets                    | \$1.9 billion |
| Interest bearing liabilities    | \$0.8 billion |
| Gearing <sup>2</sup>            | 35.7%         |
| Customers                       | 24            |
| Number of stabilised properties | 11            |
| Occupancy                       | 100%          |
| Weighted average lease expiry   | 3.8 years     |
| Weighted average cap rate       | 4.7%          |
| GMG co-investment <sup>3</sup>  | 16.8%         |
| GMG co-investment <sup>3</sup>  | \$0.2 billion |

## Debt maturity profile<sup>3</sup>



1. As at 30 November 2016  
 2. Gearing calculated as total interest bearing liabilities over total assets, both net of cash  
 3. As at 31 December 2016

# GOODMAN NORTH AMERICA PARTNERSHIP



## Key Events

- + Stabilized portfolio of 3.4m sqft with an end value of \$390 million USD
- + Work in progress of 2.5m sqft with end an end value of \$253 million USD as at 31 December 2016
- + Stabilized GLC Fontana with long-term lease with Walmart for 0.6m sqft
- + Stabilized GLC Compton with 2 long term leases totaling 0.1m sqft
- + Commencement of GLC Eastvale Building 1 totaling 1.0m sqft
- + Commencement of GLC Santa Fe Springs Building 1 totaling 0.4m sqft

## Key metrics<sup>1</sup>

|                                 |               |
|---------------------------------|---------------|
| Total assets                    | \$1.3 billion |
| Interest bearing liabilities    | n/a           |
| Gearing                         | n/a           |
| Customers                       | 7             |
| Number of stabilised properties | 7             |
| Occupancy                       | 98%           |
| Weighted average lease expiry   | 6.1 years     |
| Weighted average cap rate       | 4.3%          |
| GMG co-investment               | 55.0%         |
| GMG co-investment               | \$0.7 billion |

# ARLINGTON BUSINESS PARK PARTNERSHIP



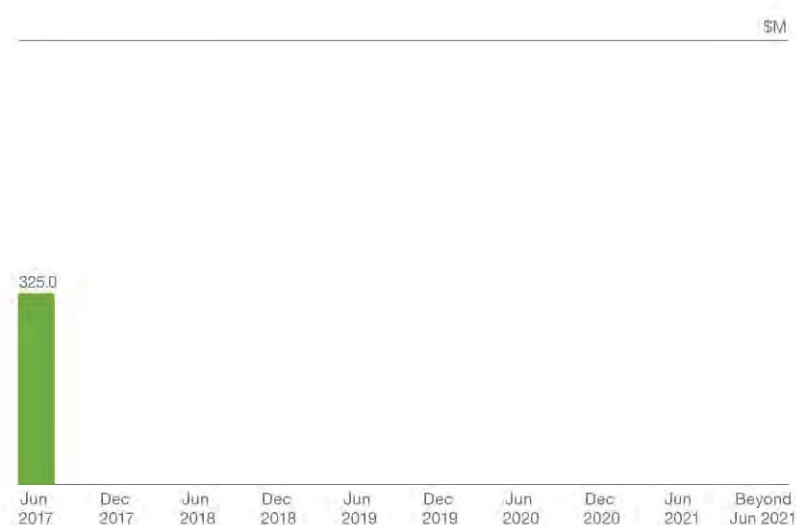
## Key Events

- + The disposal programme continued and over two years £202.8m (\$345.1m) of assets have been sold
- + The remaining portfolio is in the process of being sold with closing expected 2H 2017. This will repay outstanding debt facilities expiring on 14 June 2017
- + The Partnership has £18.4m of pre-let contracted development underway in Oxford, and another £11.6m turnkey project in Gloucester exchanged but conditional on planning

## Key metrics<sup>1</sup>

|                                            |               |
|--------------------------------------------|---------------|
| Total assets                               | \$0.8 billion |
| Interest bearing liabilities               | \$0.3 billion |
| Gearing <sup>2</sup>                       | 31.6%         |
| Customers                                  | 67            |
| Number of stabilised properties            | 6             |
| Occupancy                                  | 90%           |
| Weighted average lease expiry <sup>3</sup> | 4.7 years     |
| Weighted average cap rate                  | 6.9%          |
| GMG co-investment                          | 43.1%         |
| GMG co-investment                          | \$0.2 billion |

## Debt maturity profile



1. As at 31 December 2016  
 2. Gearing calculated as total interest bearing liabilities over total assets, both net of cash  
 3. WALE of leased portfolio to next break as at 31 December 2016

# APPENDIX 5 — CAPITAL MANAGEMENT

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# GROUP FINANCIAL COVENANTS



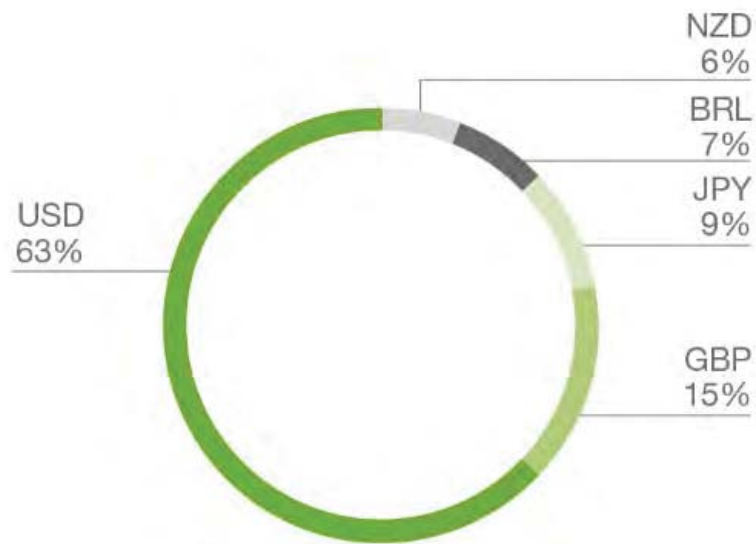
| Covenants                                | Test                                                                                                                                                                                                                                     | Covenant     | Result       | Headroom     |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|
| <b>Gearing ratio</b>                     | Net liabilities <sup>1</sup> as a percentage of net tangible assets is not more than 55.0%                                                                                                                                               | <b>55.0%</b> | <b>17.7%</b> | <b>37.3%</b> |
| <b>Interest cover ratio</b>              | EBITDA to interest expense at least 2.0x                                                                                                                                                                                                 | <b>2.0x</b>  | <b>6.9x</b>  | <b>4.9x</b>  |
| <b>Priority debt</b>                     | Secured debt as a percentage of total tangible assets is not more than 12.5%                                                                                                                                                             | <b>12.5%</b> | <b>1.7%</b>  | <b>10.8%</b> |
| <b>Unencumbered real property assets</b> | Net unsecured debt (total unsecured debt less unrestricted cash) to be not more than 100% of the amount of unencumbered real property assets (all unencumbered direct assets including stabilised assets, development WIP and land bank) | <b>100%</b>  | <b>34.9%</b> | <b>65.1%</b> |
| <b>Unencumbered assets</b>               | Unsecured debt as a percentage of unencumbered assets is not more than 66.7%                                                                                                                                                             | <b>66.7%</b> | <b>26.5%</b> | <b>40.2%</b> |

1. Net liabilities = total liabilities less cash and excludes trade payables, mark to market derivatives, deferred tax liabilities and provisions for Securityholder distributions

# CURRENCY MIX



Currency mix – outstanding debt



Currency mix – including the impact of Capital Hedging FX Swaps



# FINANCIAL RISK MANAGEMENT

---



## Financial risk management in line with Group Board policy

### + Interest risk management:

- Policy to ensure between 60% and 100% of current year interest rates are fixed
- 90% hedged over next 12 months
- Weighted average hedge maturity of 4.8 years
- Weighted average hedge rate of 4.21%<sup>1</sup>

### + Foreign currency risk management:

- Policy to hedge between 65% and 90% of foreign currency denominated net assets
- 74% hedged as at 31 December 2016, of which 68% is debt and liabilities and 32% is derivatives
- Weighted average maturity of derivatives 3.6 years

1. Includes the strike rate on interest rate cap hedges

# FINANCIAL RISK MANAGEMENT (CONT)

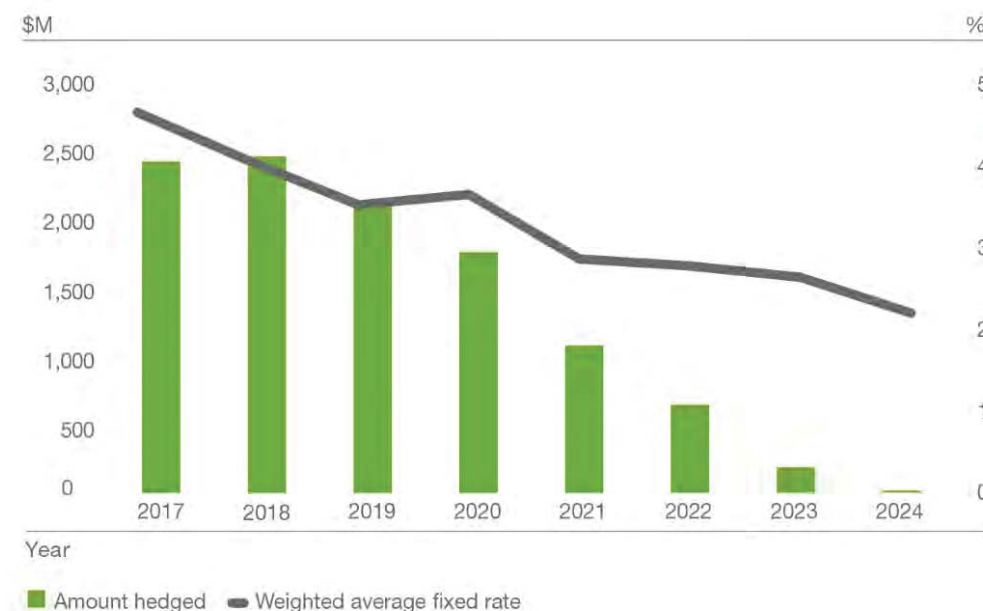


## Interest rate

- + Interest rates are hedged to 90% over next 12 months
- + Weighted average hedge rate of 4.21%<sup>1</sup>
  - NZD – hedge rate 4.06%
  - JPY – hedge rate 2.84%
  - HKD – hedge rate 2.15%
  - GBP – hedge rate 4.91%<sup>2</sup>
  - Euro – hedge rate 1.77%
  - USD – hedge rate 6.34%

- + Weighted average maturity of 4.8 years

## Interest rate hedge profile



1. Includes the strike rate on interest rate cap hedges  
2. Includes the 10 year EMTN £250 million at 9.75% fixed rate

# FINANCIAL RISK MANAGEMENT (CONT)



## Interest rate hedging profile<sup>1</sup>

| As at Dec | Euro payable |              | GBP payable |                           | HKD payable |              | NZD payable |              | JPY payable |              | USD payable |              | AUD receivable |              |
|-----------|--------------|--------------|-------------|---------------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|----------------|--------------|
|           | €M           | Fixed rate % | £M          | Fixed <sup>2</sup> rate % | HK\$M       | Fixed rate % | NZ\$M       | Fixed rate % | ¥M          | Fixed rate % | US\$M       | Fixed rate % | A\$M           | Fixed Rate % |
| 2017      | (599.6)      | 2.21         | (405.0)     | 7.31                      | (2,413.4)   | 2.03         | (237.3)     | 4.46         | (20,500.0)  | 2.51         | (430.0)     | 6.36         | 680.0          | 3.43         |
| 2018      | (497.3)      | 2.06         | (341.2)     | 5.63                      | (2,494.0)   | 2.17         | (232.7)     | 4.43         | (19,524.7)  | 2.56         | (430.0)     | 6.36         | 382.3          | 3.47         |
| 2019      | (300.0)      | 1.12         | (150.0)     | 3.00                      | (2,066.6)   | 2.29         | (214.4)     | 4.06         | (16,500.0)  | 2.76         | (430.0)     | 6.36         | -              | -            |
| 2020      | (252.0)      | 1.28         | (150.0)     | 3.00                      | (1,291.8)   | 2.09         | (133.3)     | 3.70         | (15,549.2)  | 2.87         | (407.2)     | 6.36         | -              | -            |
| 2021      | (193.2)      | 1.35         | (150.0)     | 3.00                      | (944.1)     | 2.12         | (52.7)      | 2.54         | (12,500.0)  | 3.32         | (110.4)     | 6.21         | -              | -            |
| 2022      | (28.8)       | 1.50         | (150.0)     | 3.00                      | (800.0)     | 2.14         | (28.2)      | 2.43         | (12,500.0)  | 3.32         | (11.1)      | 6.12         | -              | -            |
| 2023      | -            | -            | (33.3)      | 3.00                      | (486.6)     | 2.24         | -           | -            | (3,184.9)   | 3.32         | -           | -            | -              | -            |
| 2024      | -            | -            | -           | -                         | (86.3)      | 2.29         | -           | -            | -           | -            | -           | -            | -              | -            |

1. Includes the strike rate on interest rate cap hedges  
2. Includes the 10 year EMTN £250 million at 9.75% fixed rate

# FINANCIAL RISK MANAGEMENT (CONT)



## Foreign currency denominated balance sheet hedging maturity profile

| Currency         | Maturity                         | Weighted average exchange rate | Amount receivable <sup>1</sup> | Amount payable <sup>1</sup> |
|------------------|----------------------------------|--------------------------------|--------------------------------|-----------------------------|
| NZ\$             | 2017 / 2018 / 2021               | 1.1674                         | A\$65.4m                       | NZ\$100.0m                  |
| HK\$             | 2018 / 2020 / 2021 / 2022        | 6.5396                         | A\$529.4m                      | HK\$3,390.0m                |
| €                | 2017 / 2018 / 2020 / 2021 / 2022 | 0.7644                         | A\$616.7m                      | €470.0m                     |
| £                | 2017 / 2018 / 2022               | 0.6084                         | A\$214.1m                      | £130.0m                     |
| US\$             | 2020 / 2022                      | 0.6261                         | US\$160.0m                     | £100.2m                     |
| US\$             | 2020/2021/2022                   | 0.7195                         | US\$455.0m                     | €327.4m                     |
| CNY <sup>2</sup> | 2018/2019/2020                   | 7.1759                         | US\$225.0m                     | CNY1,614.6m                 |

1. Floating rates apply for the payable and receivable legs for the cross currency swaps except for the USDEUR and USDGBP cross currency where the receivable for US\$445 million is fixed at 6.375% and US\$170 million is fixed at 6.0%

2. Forward exchange contract, net settled in USD

# EXCHANGE RATES

---



## + Statement of Financial Position – exchange rates as at 31 December 2016

|                    |                             |
|--------------------|-----------------------------|
| – AUDGBP – 0.5847  | (31 December 2015: 0.4949)  |
| – AUDEUR – 0.6846  | (31 December 2015: 0.6710)  |
| – AUDHKD – 5.5958  | (31 December 2015: 5.6502)  |
| – AUDBRL – 2.3487  | (31 December 2015: 2.8884)  |
| – AUDNZD – 1.0397  | (31 December 2015: 1.0658)  |
| – AUDUSD – 0.7217  | (31 December 2015: 0.7290)  |
| – AUDJPY – 84.1770 | (31 December 2015: 87.6300) |
| – AUDCNY – 5.0059  | (31 December 2015: 4.7307)  |

## + Statement of Financial Performance – average exchange rates for the 6 months to 31 December 2016

|                    |                             |
|--------------------|-----------------------------|
| – AUDGBP – 0.5903  | (31 December 2015: 0.4717)  |
| – AUDEUR – 0.6871  | (31 December 2015: 0.6554)  |
| – AUDHKD – 5.0864  | (31 December 2015: 5.6038)  |
| – AUDBRL – 2.4640  | (31 December 2015: 2.6686)  |
| – AUDNZD – 1.0516  | (31 December 2015: 1.0971)  |
| – AUDUSD – 0.7537  | (31 December 2015: 0.7230)  |
| – AUDJPY – 79.7959 | (31 December 2015: 88.0569) |
| – AUDCNY – 5.0864  | (31 December 2015: 4.5887)  |

# RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

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An aerial photograph of a dense city skyline at sunset. The sky is filled with large, dramatic clouds illuminated by the low sun, creating a warm orange and yellow glow. The city below is a mix of high-rise buildings and lower residential structures. A large body of water is visible on the right side, reflecting the sunset light. A highway interchange is visible in the foreground.

**THANK  
YOU**

**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 2016**

The Appendix 4D should be read in conjunction with the annual report of Goodman Limited for the year ended 30 June 2016. The information included in the Appendix 4D and the interim financial report for the half year ended 31 December 2016 comprises all the information required by ASX Listing Rule 4.2A.

| Highlights of results                                                                                             | 31 Dec 2016 | 31 Dec 2015 | Change |         |
|-------------------------------------------------------------------------------------------------------------------|-------------|-------------|--------|---------|
| Operating profit (before specific non-cash and other significant items) attributable to Securityholders (\$M)     | 388.2       | 356.6       | up     | 8.9%    |
| Revenue and other income (\$M)                                                                                    | 1,286.4     | 1,747.1     | down   | (26.4%) |
| Profit (statutory) attributable to Securityholders (\$M)                                                          | 556.8       | 919.3       | down   | (39.4%) |
| Diluted operating profit per security (cents)                                                                     | 21.6        | 20.1        | up     | 7.5%    |
| Interim distribution per GMG security (cents)                                                                     | 12.7        | 11.9        | up     | 6.7%    |
| Interim distribution (\$M)                                                                                        | 227.2       | 210.6       | up     | 7.9%    |
| Franked amount per security/share (cents)                                                                         | -           | -           | -      | 0.0%    |
| Conduit foreign income                                                                                            | -           | -           | -      | 0.0%    |
| Record date for determining entitlements to the distributions                                                     | 30 Dec 2016 | 31 Dec 2015 |        |         |
| Date interim distribution is payable                                                                              | 24 Feb 2017 | 22 Feb 2016 |        |         |
| <b>Distribution reinvestment plan</b>                                                                             |             |             |        |         |
| Goodman Group's Distribution Reinvestment Plan (DRP) did not operate in respect of the interim 2016 distribution. |             |             |        |         |
| Total assets (\$M)                                                                                                | 12,816.8    | 12,262.2    | up     | 4.5%    |
| Total liabilities (\$M)                                                                                           | 4,135.9     | 4,045.5     | up     | 2.2%    |
| Net assets (\$M)                                                                                                  | 8,680.9     | 8,216.7     | up     | 5.6%    |
| Net tangible assets per security/share (cents)                                                                    | 424.1       | 389.5       | up     | 8.9%    |
| Total borrowings to net assets ratio (%)                                                                          | 33.4        | 34.7        | down   | (3.5%)  |
| Contributed equity (\$M)                                                                                          | 8,031.7     | 7,981.6     | up     | 0.6%    |
| Security price (\$)                                                                                               | 7.13        | 6.27        | up     | 13.7%   |
| Number of securities on issue on the ASX (M)                                                                      | 1,789.1     | 1,770.1     | up     | 1.1%    |
| Market capitalisation (\$M)                                                                                       | 12,756.4    | 11,098.5    | up     | 14.9%   |
| Number of Securityholders                                                                                         | 24,198      | 21,707      | up     | 11.5%   |

**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:

- BGMG1 Oakdale South Trust (50%)
- BGMG1 Oakdale West Trust (50%)
- BGMG2 Rochedale North Trust (50%)
- Brickwords Industrial Developments Pty Ltd & Goodman Vineyard No.2 Pty Ltd Partnership (50%)
- Euston Road Subtrust No.2 Trust (50%)
- Goodman Australia Development Partnership (20%)
- Goodman China Logistics Partnership (20%)
- Goodman Japan Development Partnership (50%)
- Goodman North America Partnership (55%)
- Goodman Princeton Partnership (Jersey) Ltd (20%)
- Goodman UK Partnership L.P (33.3%)
- KWASA Goodman Germany (24.1%)
- KWASA Goodman Industrial Partnership (40%)
- Pochin Goodman (Deeside) Ltd (50%)
- South East Asia Joint Venture (50%)
- Toll Goodman Property Services Pty Ltd (50%)

**Goodman Limited**  
**ABN 69 000 123 071**  
**and its controlled entities**  
**Interim financial report for the half year ended 31 December 2016**

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**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2016**

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 2016 (half year) and the review report thereon.

Shares in the Company, units in Goodman Industrial Trust (GIT) and CHESS Depositary Interests (CDIs) over shares in Goodman Logistics (HK) Limited (GLHK) are stapled to one another and are quoted as a single security on the Australian Securities Exchange (ASX).

**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                       |
| Mr Stephen Johns (Independent Director)                 | 1 January 2017                         |
| 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 (resigned 12 July 2016) |
| Mr Danny Peeters (Executive Director, 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 (2015: \$nil).

Interim distributions declared by a controlled entity, GIT, during the half year totalled 12.7 cents per security, which amounted to \$227.2 million (2015: \$210.6 million). This interim distribution will be paid on 24 February 2017.

On 26 August 2016, GLHK, a controlled entity of the Company, declared and paid a final dividend of 1.0 cent per security amounting to \$17.8 million relating to performance in the 2016 financial year (FY16).

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2016**

**Operating and financial review**

**Financial highlights**

|                                                                                                                        | <b>Consolidated</b> |             |                 |
|------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|-----------------|
|                                                                                                                        | <b>2016</b>         | <b>2015</b> | <b>Change %</b> |
| Revenue and other income before fair value adjustments on investment properties (\$M)                                  | 961.7               | 1,100.4     | (12.6%)         |
| Fair value adjustments on investment properties including share of adjustments for associates and joint ventures (\$M) | 324.7               | 646.7       | (49.8%)         |
| Revenue and other income (\$M)                                                                                         | 1,286.4             | 1,747.1     | (26.4%)         |
| Profit attributable to Securityholders (\$M)                                                                           | 556.8               | 919.3       | (39.4%)         |
| Total comprehensive income attributable to Securityholders (\$M)                                                       | 511.9               | 980.4       | (47.8%)         |
| Operating profit (\$M)                                                                                                 | 388.2               | 356.6       | 8.9%            |
| Basic profit per security (¢)                                                                                          | 31.2                | 52.1        | (40.1%)         |
| Operating profit per security (operating EPS) (¢) <sup>1</sup>                                                         | 21.6                | 20.1        | 7.5%            |
| Interim distribution in relation to the half year (\$M)                                                                | 227.2               | 210.6       | 7.9%            |
| Interim distribution per security in relation to the half year (¢)                                                     | 12.7                | 11.9        | 6.7%            |
| Weighted average number of securities on issue (M)                                                                     | 1,785.5             | 1,764.6     | 1.2%            |

|                                                    | <b>31 Dec 2016</b> | <b>30 Jun 2016</b> | <b>Change %</b> |
|----------------------------------------------------|--------------------|--------------------|-----------------|
| Total equity attributable to Securityholders (\$M) | 8,355.1            | 8,067.5            | 3.6%            |
| Number of securities on issue (M)                  | 1,789.1            | 1,778.3            | 0.6%            |
| Net tangible assets per security (\$) <sup>2</sup> | 4.24               | 4.10               | 3.4%            |
| Net assets per security (\$) <sup>2</sup>          | 4.67               | 4.54               | 2.9%            |
| External assets under management (\$B)             | 30.1               | 29.3               | 2.7%            |
| Development work in progress (\$B) <sup>3</sup>    | 3.5                | 3.4                | 2.9%            |
| Gearing (%) <sup>4</sup>                           | 8.7                | 11.8               | (26.3%)         |
| Liquidity (\$B)                                    | 2.8                | 2.6                | 7.7%            |
| Weighted average debt maturity (years)             | 4.1                | 4.4                | (6.8%)          |

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. Development work in progress is the end value of ongoing developments across Goodman and its managed partnerships.
4. Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the asset component of the fair values of USD/EUR and USD/GBP cross currency interest rate swaps equating to \$252.1 million (30 June 2016: \$258.2 million) that hedge Goodman's net investment in Continental Europe and the United Kingdom.

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2016**

**Operating and financial review (cont)**

**Operating profit**

Operating profit comprises profit attributable to Securityholders adjusted for net property valuations gains, non-property impairment losses (when applicable), net gains/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:

|                                                                                                                                   |             | <b>Consolidated</b> |               |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------|---------------------|---------------|
|                                                                                                                                   |             | <b>2016</b>         | <b>2015</b>   |
|                                                                                                                                   | <b>Note</b> | <b>\$M</b>          | <b>\$M</b>    |
| <b>Operating profit</b>                                                                                                           |             | <b>388.2</b>        | <b>356.6</b>  |
| <b>Adjustments for:</b>                                                                                                           |             |                     |               |
| <b>Property valuation movements</b>                                                                                               |             |                     |               |
| - Net gain from fair value adjustments on investment properties                                                                   | 5(d)        | 132.0               | 253.6         |
| - Share of net gains from fair value adjustments attributable to investment properties in associates and joint ventures after tax | 2           | 192.7               | 393.1         |
| - Impairment losses                                                                                                               | 2           | (42.3)              | (12.6)        |
| - Deferred tax on fair value adjustments on investment properties                                                                 |             | (7.2)               | (11.5)        |
| <b>Total property valuation movements</b>                                                                                         |             | <b>275.2</b>        | <b>622.6</b>  |
| <b>Derivative mark to market and unrealised foreign exchange movements</b>                                                        |             |                     |               |
| - Fair value adjustments on derivative financial instruments                                                                      | 7           | 4.1                 | 27.6          |
| - Share of fair value adjustments on derivative financial instruments in associates and joint ventures                            | 2           | (39.1)              | (2.5)         |
| - Unrealised foreign exchange losses                                                                                              | 7           | (25.1)              | (58.4)        |
| <b>Total derivative mark to market and unrealised foreign exchange movements</b>                                                  |             | <b>(60.1)</b>       | <b>(33.3)</b> |
| <b>Other non-cash adjustments or non-recurring items</b>                                                                          |             |                     |               |
| - Share based payments expense                                                                                                    |             | (45.8)              | (33.3)        |
| - Net capital losses not distributed and tax deferred adjustments                                                                 |             | (2.0)               | (1.6)         |
| - Profit on disposal of investment properties                                                                                     |             | 2.0                 | -             |
| - Straight lining of rental income                                                                                                |             | (0.7)               | 8.3           |
| <b>Total other non-cash adjustments or non-recurring items</b>                                                                    |             | <b>(46.5)</b>       | <b>(26.6)</b> |
| <b>Profit attributable to Securityholders</b>                                                                                     |             | <b>556.8</b>        | <b>919.3</b>  |

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2016**

**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 and the Consolidated Entity's share of the operating results of managed partnerships that arise from investment activities.

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 that arise from development activities, net of development expenses, inventory cost of sales and employee and administrative expenses.

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

|                                                                    | <b>Consolidated</b> |              |
|--------------------------------------------------------------------|---------------------|--------------|
|                                                                    | <b>2016</b>         | <b>2015</b>  |
|                                                                    | <b>\$M</b>          | <b>\$M</b>   |
| <b>Analysis of operating profit</b>                                |                     |              |
| Investment                                                         | 196.1               | 205.9        |
| Management                                                         | 110.2               | 99.3         |
| Development                                                        | 198.4               | 177.2        |
| Unallocated operating expenses                                     | (30.3)              | (30.1)       |
| Operating profit before net finance expense and income tax expense | <b>474.4</b>        | <b>452.3</b> |
| Net finance expense (operating) <sup>1</sup>                       | (38.9)              | (47.8)       |
| Income tax expense <sup>2</sup>                                    | (37.8)              | (37.9)       |
|                                                                    | <b>397.7</b>        | <b>366.6</b> |
| Less: Attributable to non-controlling interests                    | (9.5)               | (10.0)       |
| <b>Operating profit</b>                                            | <b>388.2</b>        | <b>356.6</b> |
| Interest cover <sup>3</sup> (times)                                | 6.9                 | 5.3          |

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 \$388.2 million for the half year, an 8.9% increase on the prior half year, which equates to operating profit per security (operating EPS) of 21.6 cents, up 7.5% on the prior half year. Goodman's statutory profit attributable to Securityholders for the half year was \$556.8 million. The Consolidated Entity's international operations contributed 60% 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% per annum. Investment operating EBIT of \$196.1 million has decreased by 4.8% compared to the prior half year and comprises 39% of total operating EBIT before unallocated operating expenses (2015: 43%).

The decrease in investment operating EBIT has been primarily due to the asset rotation program that has continued into FY17. During the half year, Goodman and its managed partnerships have completed the disposal of a further \$1.9 billion of properties, primarily in Australia, New Zealand, Japan, United Kingdom and Continental Europe. Asset rotation for FY17 is expected to be consistent with FY16 levels but should moderate into future years as targeted sales are completed. Proceeds from these disposals reflected in the increasing cash held on Goodman's statement of financial position, have reduced gearing for both Goodman and its managed partnerships and provide capital for reinvestment into developments, improving overall portfolio and income quality, strengthening Goodman's presence in its identified gateway cities and positioning the business for long-term growth.

During the half year, 1.7 million square metres of space has been leased ensuring that occupancy has been maintained at 96% with a weighted average lease expiry of 4.8 years. Like-for-like rental net property income growth across the portfolio has been 2.6% and reversions on new leasing deals has been 2.9%.

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2016**

**Operating and financial review (cont)**

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

***Investment (cont)***

***Urban renewal***

During the half year, there have been a further \$280 million of Sydney sites conditionally contracted and over \$1 billion of settlements are expected in the second half of FY17. As this initial phase of urban renewal comes to an end, the key focus is on the planning and rezoning of future precincts. Goodman has maintained its potential pipeline across the Australian portfolio of 35,000 apartments.

***Property valuations***

Investment markets continue to be strong in most of Goodman's regions and this has resulted in Goodman's share of property valuation gains being \$0.3 billion, with the weighted average capitalisation rate tightening from 6.4% to 6.0%. Urban renewal has contributed \$50 million of valuation gains during the half year compared to \$200 million in the prior half year.

***Development***

Development continues to provide the best risk-adjusted returns in this part of the property cycle and development demand has been driven by the continued evolution of e-commerce, customers seeking efficiencies in their supply chain networks and undersupply and obsolescence in certain markets. Development operating EBIT of \$198.4 million has increased 12% compared to the prior half year and comprises 39% of total operating EBIT before unallocated operating expenses for the half year (2015: 37%).

The strong activity levels across Goodman's regions have been reflected in \$1.5 billion of development commencements during the half year and the growth in the development work in progress to \$3.5 billion, based on end value (30 June 2016: \$3.4 billion). This includes 81 projects in 14 countries with a forecast yield on cost of 7.6%.

***Management***

The management division has contributed operating EBIT (including performance fees) of \$110.2 million, an increase of 11.0% compared to the prior half year. Management EBIT comprises 22% of total operating EBIT before unallocated operating expenses for the half year (2015: 20%).

Asset rotation and ongoing development activity continue to strengthen Goodman's presence in its identified gateway cities and enhance the overall quality of the portfolios. During the half year, external assets under management have increased to \$30.1 billion from \$29.3 billion at 30 June 2016, an increase of 2.7%.

In addition, two of Goodman's managed partnerships have accessed the debt capital markets to raise funds for ongoing development opportunities. Goodman Australia Industrial Partnership issued US\$600 million United States 144A/Reg S notes on a 10 year term and Goodman European Partnership (GEP) issued €650 million Euro medium-term notes in two tranches of 6 and 10 years. Separately, Goodman Japan Core Partnership (GJCP) completed a US\$200 million equity raising to fund the acquisition of Stage 1 of Goodman Business Park at Chiba New Town.

***Capital management***

Goodman has maintained its prudent approach to capital management. At 31 December 2016, Goodman has available liquidity of \$2.8 billion and had a weighted average debt maturity profile of 4.1 years, with debt maturities fully covered up to June 2021. Gearing remains low at 8.7% (30 June 2016: 11.8%) and interest cover is 6.9 times (30 June 2016: 5.5 times), which provides significant headroom relative to Goodman's financing covenants.

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2016**

**Operating and financial review (cont)**

**Statement of financial position**

|                                                   | <b>Consolidated</b> |                    |
|---------------------------------------------------|---------------------|--------------------|
|                                                   | <b>31 Dec 2016</b>  | <b>30 Jun 2016</b> |
|                                                   | <b>\$M</b>          | <b>\$M</b>         |
| Stabilised investment properties                  | 2,373.3             | 2,552.5            |
| Cornerstone investments in managed partnerships   | 4,938.6             | 4,950.2            |
| Asset held for sale                               | 213.0               | -                  |
| Development holdings                              | 2,278.3             | 2,238.5            |
| Intangible assets                                 | 767.3               | 780.6              |
| Cash                                              | 1,709.5             | 1,337.0            |
| Other assets                                      | 536.8               | 528.3              |
| <b>Total assets</b>                               | <b>12,816.8</b>     | <b>12,387.1</b>    |
| Interest bearing liabilities                      | 2,902.9             | 2,865.2            |
| Other liabilities                                 | 1,233.0             | 1,128.6            |
| <b>Total liabilities</b>                          | <b>4,135.9</b>      | <b>3,993.8</b>     |
| Non-controlling interests                         | 325.8               | 325.8              |
| <b>Net assets attributable to Securityholders</b> | <b>8,355.1</b>      | <b>8,067.5</b>     |

The value of stabilised investment properties has decreased by \$179.2 million to \$2,373.3 million, which has been primarily due to the asset rotation during the half year. The majority of the stabilised investment properties are in Australia and include a number of sites with longer-term potential for urban renewal.

The value of Goodman's cornerstone investments in managed partnerships has decreased by \$11.6 million to \$4,938.6 million, despite valuation uplifts in most regions. This has been to both asset rotation and also the reclassification of Arlington Business Parks Partnership (ABPP) as held for sale. Goodman's investment in ABPP is expected to be sold by 30 June 2017.

Goodman's development holdings (which include Goodman's share of development activities in the managed partnerships) have increased during the half year by \$39.8 million to \$2,278.3 million. Development activity continues to be a significant contributor in most regions.

The principal intangible asset balances are in Continental Europe and the United Kingdom. The movement in the half year has been a result of changes in foreign currency exchange rates.

Interest bearing liabilities, net of cash, are \$1,193.4 million compared to \$1,528.2 million at 30 June 2016. The decrease has been due to the net cash inflow of \$372.5 million during the half year which has again benefited from receipts of proceeds associated with urban renewal and Goodman's asset rotation program. Movements in other assets and liabilities have mainly reflected the changes in Goodman's derivative financial instruments.

**Cash flow**

|                                         | <b>Consolidated</b> |              |
|-----------------------------------------|---------------------|--------------|
|                                         | <b>2016</b>         | <b>2015</b>  |
|                                         | <b>\$M</b>          | <b>\$M</b>   |
| Operating cash flows                    | 406.5               | 444.8        |
| Investing cash flows                    | 192.7               | (194.2)      |
| Financing cash flows                    | (226.7)             | (152.4)      |
| <b>Net increase in cash held</b>        | <b>372.5</b>        | <b>98.2</b>  |
| <b>Cash at the end of the half year</b> | <b>1,709.5</b>      | <b>844.7</b> |

Operating cash flows have been lower than the prior half year, primarily due to the timing of development cash flows. 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 related to proceeds from the disposal of stabilised properties and the net investments in the Consolidated Entity's managed partnerships. During the half year, Goodman has received proceeds of \$406.8 million from urban renewal settlements and ongoing asset rotation and invested \$148.6 million in its managed partnerships, principally in GJCP, GEP and Goodman North America Partnership to fund development activities.

Financing cash flows include the drawdowns and repayments associated with Goodman's interest bearing liabilities. The principal financing cash outflow related 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 2016**

**Events subsequent to balance date**

In the opinion of the Directors, other than disclosed elsewhere in the interim financial report, 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**

The Consolidated Entity is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in this Directors' report and the consolidated 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, 16 February 2017



**Gregory Goodman**  
Group Chief Executive Officer



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

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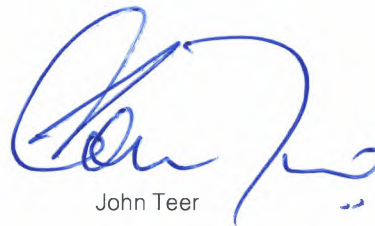
To the Directors of Goodman Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2016 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

16 February 2017

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**Goodman Limited and its controlled entities**  
**Consolidated interim statement of financial position**  
**as at 31 December 2016**

|                                                                                                 |             | <b>Consolidated</b> |                    |
|-------------------------------------------------------------------------------------------------|-------------|---------------------|--------------------|
|                                                                                                 |             | <b>31 Dec 2016</b>  | <b>30 Jun 2016</b> |
|                                                                                                 | <b>Note</b> | <b>\$M</b>          | <b>\$M</b>         |
| <b>Current assets</b>                                                                           |             |                     |                    |
| Cash                                                                                            |             | 1,709.5             | 1,337.0            |
| Receivables                                                                                     |             | 304.9               | 403.2              |
| Inventories                                                                                     | 5(b)        | 745.3               | 687.0              |
| Asset held for sale                                                                             | 5(b)        | 213.0               | -                  |
| Current tax receivables                                                                         |             | 2.0                 | 0.9                |
| Other financial assets                                                                          |             | 10.2                | -                  |
| Other assets                                                                                    |             | 15.4                | 15.7               |
| <b>Total current assets</b>                                                                     |             | <b>3,000.3</b>      | <b>2,443.8</b>     |
| <b>Non-current assets</b>                                                                       |             |                     |                    |
| Receivables                                                                                     |             | 28.5                | 34.3               |
| Inventories                                                                                     | 5(b)        | 709.9               | 688.8              |
| Investment properties                                                                           | 5(b)        | 2,551.9             | 2,720.7            |
| Investments accounted for using the equity method                                               | 5(b)        | 5,429.1             | 5,348.1            |
| Deferred tax assets                                                                             |             | 9.4                 | 12.3               |
| Other financial assets                                                                          |             | 299.7               | 330.1              |
| Plant and equipment                                                                             |             | 18.8                | 19.7               |
| Intangible assets                                                                               | 6           | 767.3               | 780.6              |
| Other assets                                                                                    |             | 1.9                 | 8.7                |
| <b>Total non-current assets</b>                                                                 |             | <b>9,816.5</b>      | <b>9,943.3</b>     |
| <b>Total assets</b>                                                                             |             | <b>12,816.8</b>     | <b>12,387.1</b>    |
| <b>Current liabilities</b>                                                                      |             |                     |                    |
| Payables                                                                                        |             | 371.6               | 407.4              |
| Current tax payables                                                                            |             | 62.9                | 62.1               |
| Interest bearing liabilities                                                                    | 8           | 34.8                | 20.3               |
| Provisions                                                                                      |             | 250.2               | 211.5              |
| Other financial liabilities                                                                     |             | 81.1                | 0.1                |
| <b>Total current liabilities</b>                                                                |             | <b>800.6</b>        | <b>701.4</b>       |
| <b>Non-current liabilities</b>                                                                  |             |                     |                    |
| Payables                                                                                        |             | 200.6               | 85.1               |
| Interest bearing liabilities                                                                    | 8           | 2,868.1             | 2,844.9            |
| Deferred tax liabilities                                                                        |             | 51.4                | 44.7               |
| Provisions                                                                                      |             | 44.3                | 43.4               |
| Other financial liabilities                                                                     |             | 170.9               | 274.3              |
| <b>Total non-current liabilities</b>                                                            |             | <b>3,335.3</b>      | <b>3,292.4</b>     |
| <b>Total liabilities</b>                                                                        |             | <b>4,135.9</b>      | <b>3,993.8</b>     |
| <b>Net assets</b>                                                                               |             | <b>8,680.9</b>      | <b>8,393.3</b>     |
| <b>Equity attributable to Goodman Limited (GL)</b>                                              |             |                     |                    |
| Issued capital                                                                                  | 11          | 483.2               | 483.2              |
| Reserves                                                                                        | 12          | 1.9                 | (24.1)             |
| Accumulated losses                                                                              | 13          | (47.0)              | (11.7)             |
| <b>Total equity attributable to GL</b>                                                          |             | <b>438.1</b>        | <b>447.4</b>       |
| <b>Equity attributable to Goodman Industrial Trust (GIT) (non-controlling interests)</b>        |             |                     |                    |
| Issued capital                                                                                  | 11          | 6,914.1             | 6,914.1            |
| Reserves                                                                                        | 12          | (84.7)              | (47.3)             |
| Accumulated losses                                                                              | 13          | (67.6)              | (344.0)            |
| <b>Total equity attributable to GIT</b>                                                         |             | <b>6,761.8</b>      | <b>6,522.8</b>     |
| <b>Equity attributable to Goodman Logistics (HK) Limited (GLHK) (non-controlling interests)</b> |             |                     |                    |
| Issued capital                                                                                  | 11          | 634.4               | 634.4              |
| Reserves                                                                                        | 12          | 70.8                | 104.2              |
| Retained earnings                                                                               | 13          | 450.0               | 358.7              |
| <b>Total equity attributable to GLHK</b>                                                        |             | <b>1,155.2</b>      | <b>1,097.3</b>     |
| <b>Total equity attributable to Securityholders</b>                                             |             | <b>8,355.1</b>      | <b>8,067.5</b>     |
| Other non-controlling interests                                                                 |             | 325.8               | 325.8              |
| <b>Total equity</b>                                                                             |             | <b>8,680.9</b>      | <b>8,393.3</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 2016**

|                                                               |      | Consolidated   |                |
|---------------------------------------------------------------|------|----------------|----------------|
|                                                               |      | 2016           | 2015           |
|                                                               | Note | \$M            | \$M            |
| <b>Revenue</b>                                                |      |                |                |
| Gross property income                                         |      | 94.4           | 108.7          |
| Management income                                             |      | 156.3          | 147.0          |
| Development income                                            | 2    | 510.2          | 627.0          |
|                                                               |      | <b>760.9</b>   | <b>882.7</b>   |
| <b>Property and development expenses</b>                      |      |                |                |
| Property expenses                                             |      | (25.2)         | (30.8)         |
| Development expenses                                          | 2    | (366.5)        | (494.3)        |
|                                                               |      | <b>(391.7)</b> | <b>(525.1)</b> |
| <b>Other income</b>                                           |      |                |                |
| Net gain from fair value adjustments on investment properties | 5(d) | 132.0          | 253.6          |
| Net gain on disposal of investment properties                 |      | 40.4           | 0.1            |
| Share of net results of equity accounted investments          | 2    | 353.1          | 600.5          |
| Net gain on disposal of equity investments                    | 2    | -              | 10.2           |
|                                                               |      | <b>525.5</b>   | <b>864.4</b>   |
| <b>Other expenses</b>                                         |      |                |                |
| Employee expenses                                             |      | (93.5)         | (80.8)         |
| Share based payments expense                                  |      | (45.8)         | (33.3)         |
| Administrative and other expenses                             |      | (41.9)         | (38.0)         |
| Impairment losses                                             | 2    | (42.3)         | (12.6)         |
|                                                               |      | <b>(223.5)</b> | <b>(164.7)</b> |
| <b>Profit before interest and tax</b>                         |      | <b>671.2</b>   | <b>1,057.3</b> |
| <b>Net finance income/(expense)</b>                           |      |                |                |
| Finance income                                                | 7    | 14.3           | 32.4           |
| Finance expense                                               | 7    | (74.2)         | (111.0)        |
| <b>Net finance expense</b>                                    |      | <b>(59.9)</b>  | <b>(78.6)</b>  |
| <b>Profit before income tax</b>                               |      | <b>611.3</b>   | <b>978.7</b>   |
| Income tax expense                                            |      | (45.0)         | (49.4)         |
| <b>Profit for the half year</b>                               |      | <b>566.3</b>   | <b>929.3</b>   |
| (Loss)/profit attributable to GL                              | 13   | (34.3)         | 76.4           |
| Profit attributable to GIT (non-controlling interests)        | 13   | 470.1          | 741.6          |
| Profit attributable to GLHK (non-controlling interests)       | 13   | 121.0          | 101.3          |
| <b>Profit attributable to Securityholders</b>                 |      | <b>556.8</b>   | <b>919.3</b>   |
| Profit attributable to other non-controlling interests        |      | 9.5            | 10.0           |
| <b>Profit for the half year</b>                               |      | <b>566.3</b>   | <b>929.3</b>   |
| Basic profit per security (¢)                                 | 3    | <b>31.2</b>    | <b>52.1</b>    |
| Diluted profit per security (¢)                               | 3    | <b>30.2</b>    | <b>50.2</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 2016**

|                                                                             |             | <b>Consolidated</b> |              |
|-----------------------------------------------------------------------------|-------------|---------------------|--------------|
|                                                                             |             | <b>2016</b>         | <b>2015</b>  |
|                                                                             | <b>Note</b> | <b>\$M</b>          | <b>\$M</b>   |
| <b>Profit for the half year</b>                                             |             | <b>566.3</b>        | <b>929.3</b> |
| <b>Other comprehensive income for the half year</b>                         |             |                     |              |
| <b>Items that will not be reclassified to profit or loss</b>                |             |                     |              |
| Actuarial losses on defined benefit superannuation funds                    | 12(e)       | (2.6)               | -            |
| Effect of foreign currency translation                                      | 12(e)       | 1.3                 | 0.3          |
|                                                                             |             | <b>(1.3)</b>        | <b>0.3</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)       | (0.4)               | (0.1)        |
| Cash flow hedges:                                                           |             |                     |              |
| - Change in value of financial instruments                                  | 12(b)       | 2.6                 | 0.2          |
| Effect of foreign currency translation                                      | 12          | (45.8)              | 60.7         |
|                                                                             |             | <b>(43.6)</b>       | <b>60.8</b>  |
| <b>Other comprehensive income for the half year, net of income tax</b>      |             | <b>(44.9)</b>       | <b>61.1</b>  |
| <b>Total comprehensive income for the half year</b>                         |             | <b>521.4</b>        | <b>990.4</b> |
| Total comprehensive income attributable to GL                               |             | (30.7)              | 76.9         |
| Total comprehensive income attributable to GIT (non-controlling interests)  |             | 468.0               | 777.3        |
| Total comprehensive income attributable to GLHK (non-controlling interests) |             | 74.6                | 126.2        |
| <b>Total comprehensive income attributable to Securityholders</b>           |             | <b>511.9</b>        | <b>980.4</b> |
| Total comprehensive income attributable to other non-controlling interests  |             | 9.5                 | 10.0         |
| <b>Total comprehensive income for the half year</b>                         |             | <b>521.4</b>        | <b>990.4</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 2016**

**Half year ended 31 December 2015**

| Consolidated                                                           |       | Attributable to Securityholders |                |                    |                | Other non-controlling interests | Total equity   |
|------------------------------------------------------------------------|-------|---------------------------------|----------------|--------------------|----------------|---------------------------------|----------------|
|                                                                        |       | Issued capital                  | Reserves       | Accumulated losses | Total          |                                 |                |
|                                                                        | Note  | \$M                             | \$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              | <b>919.3</b>   | 10.0                            | <b>929.3</b>   |
| Other comprehensive income for the half year, net of income tax        |       | -                               | 61.1           | -                  | <b>61.1</b>    | -                               | <b>61.1</b>    |
| <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                            | -              | -                  | <b>45.4</b>    | -                               | <b>45.4</b>    |
| - Distributions on stapled securities                                  | 10(b) | -                               | -              | (210.6)            | <b>(210.6)</b> | -                               | <b>(210.6)</b> |
| - Distributions on Goodman PLUS                                        | 10(d) | -                               | -              | -                  | -              | (10.0)                          | <b>(10.0)</b>  |
| - Equity settled share based payments expense                          | 12(d) | -                               | 25.4           | -                  | <b>25.4</b>    | -                               | <b>25.4</b>    |
| <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> |

**Half year ended 31 December 2016**

| Consolidated                                                           |              | Attributable to Securityholders |               |                   |                | Other non-controlling interests | Total equity   |
|------------------------------------------------------------------------|--------------|---------------------------------|---------------|-------------------|----------------|---------------------------------|----------------|
|                                                                        |              | Issued capital                  | Reserves      | Retained earnings | Total          |                                 |                |
|                                                                        | Note         | \$M                             | \$M           | \$M               | \$M            | \$M                             | \$M            |
| <b>Balance at 1 July 2016</b>                                          |              | <b>8,031.7</b>                  | <b>32.8</b>   | <b>3.0</b>        | <b>8,067.5</b> | <b>325.8</b>                    | <b>8,393.3</b> |
| <b>Total comprehensive income for the half year</b>                    |              |                                 |               |                   |                |                                 |                |
| Profit for the half year                                               | 13           | -                               | -             | 556.8             | <b>556.8</b>   | 9.5                             | <b>566.3</b>   |
| Other comprehensive income for the half year, net of income tax        |              | -                               | (44.9)        | -                 | <b>(44.9)</b>  | -                               | <b>(44.9)</b>  |
| <b>Total comprehensive income for the half year, net of income tax</b> |              | <b>-</b>                        | <b>(44.9)</b> | <b>556.8</b>      | <b>511.9</b>   | <b>9.5</b>                      | <b>521.4</b>   |
| Transfers                                                              |              | -                               | (33.3)        | 33.3              | -              | -                               | -              |
| <b>Contributions by and distributions to owners</b>                    |              |                                 |               |                   |                |                                 |                |
| - Distributions on stapled securities                                  | 10(b), 10(c) | -                               | -             | (245.0)           | <b>(245.0)</b> | -                               | <b>(245.0)</b> |
| - Distributions on Goodman PLUS                                        | 10(d)        | -                               | -             | -                 | -              | (9.5)                           | <b>(9.5)</b>   |
| - Equity settled share based payments expense                          | 12(d)        | -                               | 33.4          | -                 | <b>33.4</b>    | -                               | <b>33.4</b>    |
| Acquisition of non-controlling interest                                | 13           | -                               | -             | (12.7)            | <b>(12.7)</b>  | -                               | <b>(12.7)</b>  |
| <b>Balance at 31 December 2016</b>                                     |              | <b>8,031.7</b>                  | <b>(12.0)</b> | <b>335.4</b>      | <b>8,355.1</b> | <b>325.8</b>                    | <b>8,680.9</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 2016**

|                                                                     | <b>Consolidated</b> |                |
|---------------------------------------------------------------------|---------------------|----------------|
|                                                                     | <b>2016</b>         | <b>2015</b>    |
|                                                                     | <b>\$M</b>          | <b>\$M</b>     |
| <b>Cash flows from operating activities</b>                         |                     |                |
| Property income received                                            | 99.7                | 103.5          |
| Cash receipts from development activities                           | 646.5               | 930.8          |
| Other cash receipts from services provided                          | 145.5               | 148.3          |
| Property expenses paid                                              | (22.4)              | (31.2)         |
| Payments for development activities                                 | (513.1)             | (668.4)        |
| Other cash payments in the course of operations                     | (166.5)             | (172.0)        |
| Distributions/dividends received from equity accounted investments  | 317.0               | 217.4          |
| Interest received                                                   | 22.7                | 4.7            |
| Finance costs paid                                                  | (87.9)              | (86.9)         |
| Net income taxes paid                                               | (35.0)              | (1.4)          |
| <b>Net cash provided by operating activities</b>                    | <b>406.5</b>        | <b>444.8</b>   |
| <b>Cash flows from investing activities</b>                         |                     |                |
| Proceeds from disposal of investment properties                     | 406.8               | 0.1            |
| Proceeds from disposal of controlled entities, net of cash disposed | -                   | 4.7            |
| Proceeds from disposal of equity investments                        | -                   | 26.2           |
| Payments for equity investments                                     | (148.6)             | (189.0)        |
| Payments for investment properties                                  | (63.0)              | (32.6)         |
| Payments for plant and equipment                                    | (2.5)               | (3.6)          |
| <b>Net cash provided by/(used in) investing activities</b>          | <b>192.7</b>        | <b>(194.2)</b> |
| <b>Cash flows from financing activities</b>                         |                     |                |
| Net cash flows from loans to related parties                        | (18.7)              | (4.5)          |
| Proceeds from borrowings                                            | 53.4                | 170.3          |
| Repayments of borrowings                                            | (41.4)              | (159.0)        |
| Distributions paid                                                  | (220.0)             | (159.2)        |
| <b>Net cash used in financing activities</b>                        | <b>(226.7)</b>      | <b>(152.4)</b> |
| Net increase in cash held                                           | 372.5               | 98.2           |
| Cash at the beginning of the half year                              | 1,337.0             | 746.5          |
| <b>Cash at the end of the half year</b>                             | <b>1,709.5</b>      | <b>844.7</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 2016**

**Basis of preparation**

**1 Basis of preparation**

Goodman Limited (Company or Parent Entity) is a company domiciled in Australia. The interim financial statements of the Company as at and for the half year ended 31 December 2016 comprise the Company and its controlled entities (together Goodman or Consolidated Entity) and Goodman'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 16 February 2017.

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 2016.

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 2016. The Consolidated Entity has not applied any Australian Accounting Standards available for early adoption in the preparation of these financial statements.

**(b) Rounding**

The Consolidated Entity is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in this Directors' report and the consolidated 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 regularly 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 2016**

**Results for the half year**

**2 Profit before income tax**

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

|                                                                |             | <b>Consolidated</b> |                |
|----------------------------------------------------------------|-------------|---------------------|----------------|
|                                                                |             | <b>2016</b>         | <b>2015</b>    |
|                                                                | <b>Note</b> | <b>\$M</b>          | <b>\$M</b>     |
| <b>Development activities</b>                                  |             |                     |                |
| Income from disposal of inventories                            |             | 124.3               | 339.2          |
| Net gain on disposal of special purpose development entities   |             | 5.2                 | 0.6            |
| Other development income                                       |             | 380.7               | 287.2          |
| <b>Development income</b>                                      |             | <b>510.2</b>        | <b>627.0</b>   |
| Inventory cost of sales                                        |             | (101.0)             | (274.3)        |
| Other development expenses                                     |             | (265.5)             | (220.0)        |
| <b>Development expenses</b>                                    |             | <b>(366.5)</b>      | <b>(494.3)</b> |
| <b>Equity accounted investments</b>                            |             |                     |                |
| Share of net results of investments in associates              |             |                     |                |
| - Operating results after tax (before revaluations)            | 5(e)(i)     | 111.5               | 161.3          |
| - Fair value adjustments attributable to investment properties | 5(e)(i)     | 126.3               | 321.1          |
| - Fair value adjustments on derivative financial instruments   | 5(e)(i)     | (39.8)              | (2.0)          |
| Share of net results of investments in JVs                     |             |                     |                |
| - Operating results after tax (before revaluations)            | 5(e)(ii)    | 88.0                | 48.6           |
| - Fair value adjustments attributable to investment properties | 5(e)(ii)    | 66.4                | 72.0           |
| - Fair value adjustments on derivative financial instruments   | 5(e)(ii)    | 0.7                 | (0.5)          |
| <b>Share of net results of equity accounted investments</b>    |             | <b>353.1</b>        | <b>600.5</b>   |
| <b>Disposal of equity investments</b>                          |             |                     |                |
| Net consideration from disposal of associates and JVs          |             | 3.4                 | 26.9           |
| Carrying value of associates and JVs disposed                  |             | (3.4)               | (16.7)         |
| <b>Net gain on disposal of equity investments</b>              |             | <b>-</b>            | <b>10.2</b>    |
| <b>Impairment losses</b>                                       |             |                     |                |
| Impairment of receivables                                      |             | -                   | (2.1)          |
| Impairment of inventories                                      |             | (42.3)              | (10.5)         |
| <b>Impairment losses</b>                                       |             | <b>(42.3)</b>       | <b>(12.6)</b>  |

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

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

**3 Profit per security**

|                                         | <b>2016</b> | <b>2015</b> |
|-----------------------------------------|-------------|-------------|
|                                         | <b>¢</b>    | <b>¢</b>    |
| <b>Profit per security</b>              |             |             |
| Basic profit per security               | 31.2        | 52.1        |
| Diluted profit per security             | 30.2        | 50.2        |
| <b>(Loss)/profit per Company share</b>  |             |             |
| Basic (loss)/profit per Company share   | (1.9)       | 4.3         |
| Diluted (loss)/profit per Company share | (1.9)       | 4.2         |

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

|                                                                                            |             | <b>2016</b>   | <b>2015</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          | 556.8         | 919.3        |
| Distribution on Goodman PLUS                                                               |             | 9.5           | 10.0         |
| <b>Profit after tax used in calculating diluted profit per security</b>                    |             | <b>566.3</b>  | <b>929.3</b> |
| <b>(Loss)/profit per Company share</b>                                                     |             |               |              |
| (Loss)/profit after tax used in calculating basic (loss)/profit per Company share          | 13          | (34.3)        | 76.4         |
| Impact on conversion of Goodman PLUS                                                       |             | -             | 1.1          |
| <b>(Loss)/profit after tax used in calculating diluted (loss)/profit per Company share</b> |             | <b>(34.3)</b> | <b>77.5</b>  |

**(b) Weighted average number of securities/Company shares**

|                                                                                       | <b>2016</b>                 | <b>2015</b>          |
|---------------------------------------------------------------------------------------|-----------------------------|----------------------|
|                                                                                       | <b>Number of securities</b> |                      |
| Weighted average number of securities used in calculating basic profit per security   | <b>1,785,539,875</b>        | <b>1,764,632,099</b> |
| Effect of performance rights on issue                                                 | 41,227,489                  | 34,563,458           |
| Effect of issue of securities to Goodman PLUS holders                                 | 47,387,788                  | 53,033,993           |
| Weighted average number of securities used in calculating diluted profit per security | <b>1,874,155,152</b>        | <b>1,852,229,550</b> |

|                                                                                               | <b>2016</b>                 | <b>2015</b>          |
|-----------------------------------------------------------------------------------------------|-----------------------------|----------------------|
|                                                                                               | <b>Number of securities</b> |                      |
| Weighted average number of shares used in calculating basic (loss)/profit per Company share   | <b>1,785,539,875</b>        | <b>1,764,632,099</b> |
| Effect of performance rights on issue                                                         | -                           | 34,563,458           |
| Effect of issue of securities to Goodman PLUS holders                                         | -                           | 53,033,993           |
| Weighted average number of shares used in calculating diluted (loss)/profit per Company share | <b>1,785,539,875</b>        | <b>1,852,229,550</b> |

**4 Segment reporting**

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

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 2016

Results for the half year (cont)

4 Segment reporting (cont)

Information about reportable segments

|                                                                                         | Australia and<br>New Zealand |                | Asia           |                | Continental Europe |                | United Kingdom |                | Americas       |               | Total           |                 |
|-----------------------------------------------------------------------------------------|------------------------------|----------------|----------------|----------------|--------------------|----------------|----------------|----------------|----------------|---------------|-----------------|-----------------|
|                                                                                         | 2016                         | 2015           | 2016           | 2015           | 2016               | 2015           | 2016           | 2015           | 2016           | 2015          | 2016            | 2015            |
|                                                                                         | \$M                          | \$M            | \$M            | \$M            | \$M                | \$M            | \$M            | \$M            | \$M            | \$M           | \$M             | \$M             |
| <b>Income statement</b>                                                                 |                              |                |                |                |                    |                |                |                |                |               |                 |                 |
| <b>External revenues</b>                                                                |                              |                |                |                |                    |                |                |                |                |               |                 |                 |
| Gross property income                                                                   | 75.7                         | 96.1           | 0.6            | 1.1            | 4.4                | 5.7            | 2.3            | 5.8            | 11.4           | -             | 94.4            | 108.7           |
| Management income                                                                       | 46.7                         | 58.1           | 79.6           | 45.7           | 22.8               | 21.9           | 6.1            | 9.5            | 1.1            | 11.8          | 156.3           | 147.0           |
| Development income                                                                      | 94.7                         | 40.8           | 28.0           | 8.4            | 362.3              | 524.3          | 14.9           | 48.6           | 10.3           | 4.9           | 510.2           | 627.0           |
| <b>Total external revenues</b>                                                          | <b>217.1</b>                 | <b>195.0</b>   | <b>108.2</b>   | <b>55.2</b>    | <b>389.5</b>       | <b>551.9</b>   | <b>23.3</b>    | <b>63.9</b>    | <b>22.8</b>    | <b>16.7</b>   | <b>760.9</b>    | <b>882.7</b>    |
| <b>Reportable segment profit before tax</b>                                             | <b>249.7</b>                 | <b>215.3</b>   | <b>178.0</b>   | <b>118.7</b>   | <b>84.1</b>        | <b>135.7</b>   | <b>4.3</b>     | <b>34.5</b>    | <b>19.4</b>    | <b>2.4</b>    | <b>535.5</b>    | <b>506.6</b>    |
| Share of net results of equity accounted investments                                    | 201.0                        | 275.0          | 133.0          | 205.9          | 17.0               | 40.8           | (29.4)         | 52.6           | 31.5           | 26.2          | 353.1           | 600.5           |
| <b>Material non-cash items not included in reportable<br/>segment profit before tax</b> |                              |                |                |                |                    |                |                |                |                |               |                 |                 |
| Net gain/(loss) from fair value adjustments on investment<br>properties                 | 132.0                        | 260.2          | -              | -              | -                  | (3.1)          | -              | (3.5)          | -              | -             | 132.0           | 253.6           |
| Impairment losses                                                                       | -                            | (5.0)          | (0.1)          | -              | 0.2                | (7.6)          | (42.4)         | -              | -              | -             | (42.3)          | (12.6)          |
|                                                                                         | <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>2016</b>                  | <b>2016</b>    | <b>2016</b>    | <b>2016</b>    | <b>2016</b>        | <b>2016</b>    | <b>2016</b>    | <b>2016</b>    | <b>2016</b>    | <b>2016</b>   | <b>2016</b>     | <b>2016</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>Statement of financial position</b>                                                  |                              |                |                |                |                    |                |                |                |                |               |                 |                 |
| <b>Reportable segment assets</b>                                                        | <b>5,365.6</b>               | <b>5,365.1</b> | <b>1,953.1</b> | <b>1,848.3</b> | <b>1,631.9</b>     | <b>1,695.6</b> | <b>1,043.7</b> | <b>1,102.0</b> | <b>1,059.3</b> | <b>908.6</b>  | <b>11,053.6</b> | <b>10,919.6</b> |
| Non-current assets                                                                      | 5,177.5                      | 5,155.6        | 1,780.5        | 1,687.8        | 1,354.2            | 1,375.1        | 495.3          | 782.5          | 697.4          | 596.6         | 9,504.9         | 9,597.6         |
| <b>Included in reportable segment assets are:</b>                                       |                              |                |                |                |                    |                |                |                |                |               |                 |                 |
| Investment properties                                                                   | 2,478.3                      | 2,645.0        | -              | -              | 44.4               | 45.2           | 29.2           | 30.5           | -              | -             | 2,551.9         | 2,720.7         |
| Investments accounted for using the equity method <sup>1</sup>                          | 2,611.4                      | 2,425.6        | 1,510.5        | 1,483.6        | 564.6              | 542.9          | 268.0          | 308.5          | 687.6          | 587.5         | 5,642.1         | 5,348.1         |
| <b>Reportable segment liabilities</b>                                                   | <b>256.6</b>                 | <b>129.9</b>   | <b>76.2</b>    | <b>70.8</b>    | <b>95.2</b>        | <b>97.2</b>    | <b>35.8</b>    | <b>45.1</b>    | <b>67.1</b>    | <b>56.0</b>   | <b>530.9</b>    | <b>399.0</b>    |

1. Investments accounted for using the equity method in the United Kingdom included the investment in ABPP of \$213.0 million, which is classified as held for sale (refer to note 5(b)).

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

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

**4 Segment reporting (cont)**

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

|                                                                                       | Note | 2016<br>\$M                    | 2015<br>\$M                    |
|---------------------------------------------------------------------------------------|------|--------------------------------|--------------------------------|
| <b>Revenues</b>                                                                       |      |                                |                                |
| Total revenue for reportable segments                                                 |      | 760.9                          | 882.7                          |
| <b>Consolidated revenues</b>                                                          |      | <b>760.9</b>                   | <b>882.7</b>                   |
| <b>Profit or loss</b>                                                                 |      |                                |                                |
| <b>Total profit before tax for reportable segments</b>                                |      | <b>535.5</b>                   | <b>506.6</b>                   |
| Corporate expenses not allocated to reportable segments                               |      | (61.1)                         | (54.3)                         |
| <b>Operating profit before net interest and income tax</b>                            |      | <b>474.4</b>                   | <b>452.3</b>                   |
| Valuation and other adjustments not included in reportable segment profit before tax: |      |                                |                                |
| - Net gain from fair value adjustments on investment properties                       | 5(d) | 132.0                          | 253.6                          |
| - Impairment losses                                                                   | 2    | (42.3)                         | (12.6)                         |
| - Fair value adjustments relating to associates and JVs                               | 2    | 153.6                          | 390.6                          |
| - Share based payments expense                                                        |      | (45.8)                         | (33.3)                         |
| - Net capital losses not distributed and tax deferred adjustments                     |      | (2.0)                          | (1.6)                          |
| - Profit on disposal of investment properties                                         |      | 2.0                            | -                              |
| - Straight lining of rental income                                                    |      | (0.7)                          | 8.3                            |
| <b>Profit before interest and tax</b>                                                 |      | <b>671.2</b>                   | <b>1,057.3</b>                 |
| Net finance expense                                                                   | 7    | (59.9)                         | (78.6)                         |
| <b>Consolidated profit before income tax</b>                                          |      | <b>611.3</b>                   | <b>978.7</b>                   |
|                                                                                       |      |                                |                                |
|                                                                                       |      | <b>31 Dec<br/>2016<br/>\$M</b> | <b>30 Jun<br/>2016<br/>\$M</b> |
| <b>Assets</b>                                                                         |      |                                |                                |
| Assets for reportable segments                                                        |      | 11,053.6                       | 10,919.6                       |
| Other unallocated amounts                                                             |      | 1,763.2                        | 1,467.5                        |
| <b>Consolidated total assets</b>                                                      |      | <b>12,816.8</b>                | <b>12,387.1</b>                |
| <b>Liabilities</b>                                                                    |      |                                |                                |
| Liabilities for reportable segments                                                   |      | 530.9                          | 399.0                          |
| Interest bearing liabilities                                                          |      | 2,902.9                        | 2,865.2                        |
| Provisions for distributions                                                          |      | 231.9                          | 197.4                          |
| Other unallocated amounts                                                             |      | 470.2                          | 532.2                          |
| <b>Consolidated total liabilities</b>                                                 |      | <b>4,135.9</b>                 | <b>3,993.8</b>                 |

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

**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 regularly 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 regularly 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**

|                                                          |             | <b>Consolidated</b> |                    |
|----------------------------------------------------------|-------------|---------------------|--------------------|
|                                                          |             | <b>31 Dec 2016</b>  | <b>30 Jun 2016</b> |
|                                                          | <b>Note</b> | <b>\$M</b>          | <b>\$M</b>         |
| <b>Inventories</b>                                       |             |                     |                    |
| Current                                                  |             | 745.3               | 687.0              |
| Non-current                                              |             | 709.9               | 688.8              |
|                                                          |             | <b>1,455.2</b>      | <b>1,375.8</b>     |
| <b>Investment properties</b>                             |             |                     |                    |
| Stabilised investment properties                         |             | 2,373.3             | 2,552.5            |
| Investment properties under development                  |             | 178.6               | 168.2              |
|                                                          | 5(d)        | <b>2,551.9</b>      | <b>2,720.7</b>     |
| <b>Investments accounted for using the equity method</b> |             |                     |                    |
| Current                                                  |             |                     |                    |
| Associate - held for sale                                | 5(e)(i)     | 213.0               | -                  |
|                                                          |             | <b>213.0</b>        | <b>-</b>           |
| Non-current                                              |             |                     |                    |
| Associates                                               | 5(e)(i)     | 3,661.0             | 3,733.0            |
| JVs                                                      | 5(e)(ii)    | 1,768.1             | 1,615.1            |
|                                                          |             | <b>5,429.1</b>      | <b>5,348.1</b>     |
| <b>Total property assets</b>                             |             | <b>9,649.2</b>      | <b>9,444.6</b>     |

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

**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 2016, 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 2016</b>                                          | <b>30 Jun 2016</b> |
|                                 | <b>%</b>                                                    | <b>%</b>           |
| Australia <sup>1</sup>          | <b>6.2</b>                                                  | 6.7                |
| New Zealand                     | <b>7.0</b>                                                  | 7.0                |
| Hong Kong                       | <b>5.3</b>                                                  | 5.4                |
| China <sup>2</sup>              | <b>6.3</b>                                                  | 6.5                |
| Japan                           | <b>4.7</b>                                                  | 4.9                |
| Logistics - Continental Europe  | <b>6.2</b>                                                  | 6.3                |
| Logistics - United Kingdom      | <b>6.3</b>                                                  | 6.9                |
| Business Parks - United Kingdom | <b>6.9</b>                                                  | 6.5                |
| North America                   | <b>4.5</b>                                                  | 4.5                |

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

2. In order to align with market practice, the weighted average capitalisation rates for the China portfolio at 31 December 2016 and the comparative at 30 June 2016 have been presented net of property taxes. In Goodman's 2016 annual report, the weighted average capitalisation rate for the China portfolio of 8.1% was disclosed on a gross 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 such as 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, size and current status of the development and is generally in a market range of 10% to 15%. This adjusted end value is then compared to the forecast cost of a completed development to determine whether there is an increase or decrease in value.

This practice of determining fair value by reference to the development feasibility is generally also applied for Goodman's investments in managed partnerships. However, certain managed partnerships 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 2016**

**Operating assets (cont)**

**5 Property assets (cont)**

**(d) Investment properties**

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

|                                                    | <b>Consolidated</b> |                |
|----------------------------------------------------|---------------------|----------------|
|                                                    | <b>2016</b>         | <b>2015</b>    |
|                                                    | <b>\$M</b>          | <b>\$M</b>     |
| Carrying amount at the beginning of the half year  | 2,720.7             | 2,906.0        |
| Cost of acquisition:                               |                     |                |
| Capital expenditure                                | 50.1                | 46.0           |
| Disposals:                                         |                     |                |
| - Carrying value of properties sold                | (349.0)             | (1.0)          |
| Transfers from inventories                         | -                   | 1.5            |
| Net gain from fair value adjustments               | 132.0               | 253.6          |
| Effect of foreign currency translation             | (1.9)               | 2.2            |
| <b>Carrying amount at the end of the half year</b> | <b>2,551.9</b>      | <b>3,208.3</b> |
| <b>Analysed by segment:</b>                        |                     |                |
| Australia and New Zealand                          | 2,478.3             | 3,122.7        |
| Continental Europe                                 | 44.4                | 51.0           |
| United Kingdom                                     | 29.2                | 34.6           |
|                                                    | <b>2,551.9</b>      | <b>3,208.3</b> |

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

**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.

**(i) Investments in associates**

The Consolidated Entity's investments in associates are summarised below:

|                                | 31 Dec 2016    | 30 Jun 2016    |
|--------------------------------|----------------|----------------|
|                                | \$M            | \$M            |
| <b>Associates</b>              |                |                |
| Current assets - held for sale | 213.0          | -              |
| Non-current assets             | 3,661.0        | 3,733.0        |
|                                | <b>3,874.0</b> | <b>3,733.0</b> |

During the half year, the investors in ABPP commenced a process to sell their units in ABPP. This process is ongoing and the Directors consider it appropriate to classify the Consolidated Entity's investment as held for sale. There were no adjustments to the carrying value of ABPP as a consequence of this reclassification.

The Consolidated Entity's associates are set out below:

|                                                 |                          | Consolidated share of net results |              | Consolidated ownership interest |             | Consolidated investment carrying amount |                |
|-------------------------------------------------|--------------------------|-----------------------------------|--------------|---------------------------------|-------------|-----------------------------------------|----------------|
|                                                 |                          | 2016                              | 2015         | 31 Dec 2016                     | 30 Jun 2016 | 31 Dec 2016                             | 30 Jun 2016    |
| Name of associate                               | Country of establishment | \$M                               | \$M          | %                               | %           | \$M                                     | \$M            |
| <b>Property investment</b>                      |                          |                                   |              |                                 |             |                                         |                |
| Goodman Australia Industrial Partnership (GAIP) | Australia                | 94.0                              | 164.2        | 27.5                            | 27.5        | 1,247.1                                 | 1,186.6        |
| Goodman Australia Partnership (GAP)             | Australia                | 67.2                              | 87.7         | 19.9                            | 19.9        | 611.4                                   | 549.8          |
| Goodman Property Trust (GMT)                    | New Zealand              | 10.5                              | 8.4          | 20.9                            | 20.7        | 322.4                                   | 313.7          |
| Goodman Hong Kong Logistics Partnership (GHKLP) | Cayman Islands           | 28.9                              | 134.1        | 20.0                            | 20.0        | 796.2                                   | 754.9          |
| Goodman Japan Core Partnership (GJCP)           | Japan                    | 18.2                              | 11.1         | 16.8                            | 20.0        | 210.1                                   | 215.3          |
| Goodman European Partnership (GEP)              | Luxembourg               | 12.2                              | 22.8         | 20.4                            | 20.4        | 473.8                                   | 456.1          |
| Arlington Business Parks Partnership (ABPP)     | United Kingdom           | (33.0)                            | 52.1         | 43.1                            | 43.1        | 213.0                                   | 256.6          |
|                                                 |                          | <b>198.0</b>                      | <b>480.4</b> |                                 |             | <b>3,874.0</b>                          | <b>3,733.0</b> |

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

|                                                                       | Consolidated   |                |
|-----------------------------------------------------------------------|----------------|----------------|
|                                                                       | 2016           | 2015           |
|                                                                       | \$M            | \$M            |
| <b>Movement in carrying amount of investments in associates</b>       |                |                |
| Carrying amount at the beginning of the half year                     | 3,733.0        | 3,195.3        |
| Share of net results after tax (before revaluations)                  | 111.5          | 161.3          |
| Share of fair value adjustments attributable to investment properties | 126.3          | 321.1          |
| Share of fair value adjustments on derivative financial instruments   | (39.8)         | (2.0)          |
| Share of net results                                                  | 198.0          | 480.4          |
| Share of movements in reserves                                        | 2.0            | 0.1            |
| Acquisitions                                                          | 53.8           | 71.5           |
| Disposals                                                             | -              | (16.6)         |
| Distributions received and receivable                                 | (102.5)        | (134.4)        |
| Effect of foreign currency translation                                | (10.3)         | 68.2           |
| <b>Carrying amount at the end of the half year</b>                    | <b>3,874.0</b> | <b>3,664.5</b> |

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
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**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:

|                                              |                                               | Consolidated<br>share of net<br>results |       | Consolidated<br>ownership<br>interest |           | Consolidated<br>investment<br>carrying amount |             |
|----------------------------------------------|-----------------------------------------------|-----------------------------------------|-------|---------------------------------------|-----------|-----------------------------------------------|-------------|
|                                              |                                               | 2016                                    | 2015  | 31 Dec                                | 30 Jun    | 31 Dec                                        | 30 Jun      |
| Name of JV                                   | Country of<br>establishment/<br>incorporation | \$M                                     | \$M   | 2016<br>%                             | 2016<br>% | 2016<br>\$M                                   | 2016<br>\$M |
| Property investment                          |                                               |                                         |       |                                       |           |                                               |             |
| KWASA Goodman Industrial Partnership (KGIP)  | Australia                                     | 21.3                                    | 14.6  | 40.0                                  | 40.0      | 145.4                                         | 213.5       |
| Property development                         |                                               |                                         |       |                                       |           |                                               |             |
| Goodman Japan Development Partnership (GJDP) | Japan                                         | 55.0                                    | 33.0  | 50.0                                  | 50.0      | 46.1                                          | 95.9        |
| Property investment and development          |                                               |                                         |       |                                       |           |                                               |             |
| Goodman China Logistics Partnership (GCLP)   | Cayman Islands                                | 30.9                                    | 27.7  | 20.0                                  | 20.0      | 453.5                                         | 414.3       |
| Goodman North America Partnership (GNAP)     | USA                                           | 31.5                                    | 34.7  | 55.0                                  | 55.0      | 687.6                                         | 587.5       |
| Other JVs                                    |                                               | 16.4                                    | 10.1  |                                       |           | 435.5                                         | 303.9       |
|                                              |                                               | 155.1                                   | 120.1 |                                       |           | 1,768.1                                       | 1,615.1     |

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

|                                                                       | Consolidated   |                |
|-----------------------------------------------------------------------|----------------|----------------|
|                                                                       | 2016<br>\$M    | 2015<br>\$M    |
| <b>Movement in carrying amount of investments in JVs</b>              |                |                |
| Carrying amount at the beginning of the half year                     | 1,615.1        | 1,313.5        |
| Share of net results after tax (before revaluations)                  | 88.0           | 48.6           |
| Share of fair value adjustments attributable to investment properties | 66.4           | 72.0           |
| Share of fair value adjustments on derivative financial instruments   | 0.7            | (0.5)          |
| Share of net results                                                  | 155.1          | 120.1          |
| Share of movements in reserves                                        | (23.8)         | -              |
| Acquisitions                                                          | 212.2          | 147.8          |
| Disposals                                                             | (3.4)          | -              |
| Distributions/dividends received and receivable                       | (214.0)        | (90.7)         |
| Effect of foreign currency translation                                | 26.9           | 15.7           |
| <b>Carrying amount at the end of the half year</b>                    | <b>1,768.1</b> | <b>1,506.4</b> |

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

**Operating assets (cont)**

**6 Intangible assets**

|                   | <b>Consolidated</b> |                    |
|-------------------|---------------------|--------------------|
|                   | <b>31 Dec 2016</b>  | <b>30 Jun 2016</b> |
|                   | <b>\$M</b>          | <b>\$M</b>         |
| Goodwill          | 663.2               | 678.1              |
| Management rights | 104.1               | 102.5              |
|                   | <b>767.3</b>        | <b>780.6</b>       |

An analysis of the goodwill and management rights by division at 31 December 2016 is set out below:

|                                     | <b>31 Dec 2016</b> | <b>30 Jun 2016</b> |
|-------------------------------------|--------------------|--------------------|
|                                     | <b>\$M</b>         | <b>\$M</b>         |
| <b>Carrying amounts</b>             |                    |                    |
| <b>Goodwill</b>                     |                    |                    |
| Continental Europe - Logistics      | 555.4              | 565.4              |
| United Kingdom - Logistics          | 84.2               | 87.7               |
| Other                               | 23.6               | 25.0               |
| <b>Subtotal - goodwill</b>          | <b>663.2</b>       | <b>678.1</b>       |
| <b>Management rights</b>            |                    |                    |
| Continental Europe - Logistics      | 31.6               | 32.2               |
| Other                               | 72.5               | 70.3               |
| <b>Subtotal - management rights</b> | <b>104.1</b>       | <b>102.5</b>       |
| <b>Total</b>                        | <b>767.3</b>       | <b>780.6</b>       |

**Impairment**

The present value of the intangible assets for each division was calculated as at 30 June 2016 and the results for the significant balances are disclosed in Goodman's 2016 annual report.

At 31 December 2016, 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 2016 and accordingly there have been no impairments or reversals of impairments during the half year.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

**Capital management**

**7 Net finance expense**

|                                                                     | <b>Consolidated</b> |                |
|---------------------------------------------------------------------|---------------------|----------------|
|                                                                     | <b>2016</b>         | <b>2015</b>    |
|                                                                     | <b>\$M</b>          | <b>\$M</b>     |
| <b>Finance income</b>                                               |                     |                |
| Interest income from:                                               |                     |                |
| - Related parties                                                   | -                   | 0.2            |
| - Other parties                                                     | 10.2                | 4.6            |
| Fair value adjustments on derivative financial instruments          | 4.1                 | 27.6           |
|                                                                     | <b>14.3</b>         | <b>32.4</b>    |
| <b>Finance expense</b>                                              |                     |                |
| Interest expense from third party loans, overdrafts and derivatives | (67.6)              | (91.1)         |
| Other borrowing costs                                               | (7.2)               | (7.4)          |
| Foreign exchange loss <sup>1</sup>                                  | (25.6)              | (58.7)         |
| Capitalised borrowing costs                                         | 26.2                | 46.2           |
|                                                                     | <b>(74.2)</b>       | <b>(111.0)</b> |
| <b>Net finance expense</b>                                          | <b>(59.9)</b>       | <b>(78.6)</b>  |

1. Includes unrealised foreign exchange losses of \$25.1 million (2015: losses of \$58.4 million) relating to the translation of interest bearing liabilities which do not qualify for net investment hedging.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

**Capital management (cont)**

**8 Interest bearing liabilities**

|                              |      | Consolidated   |                |
|------------------------------|------|----------------|----------------|
|                              |      | 31 Dec 2016    | 30 Jun 2016    |
|                              | Note | \$M            | \$M            |
| <b>Current</b>               |      |                |                |
| <b>Secured:</b>              |      |                |                |
| - Bank loans                 | 8(a) | 23.6           | 12.0           |
| - Foreign securitised notes  | 8(b) | 11.8           | 8.7            |
| Borrowing costs              |      | (0.6)          | (0.4)          |
|                              |      | <b>34.8</b>    | <b>20.3</b>    |
| <b>Non-current</b>           |      |                |                |
| <b>Secured:</b>              |      |                |                |
| - Bank loans                 | 8(a) | 44.6           | 52.9           |
| - Foreign securitised notes  | 8(b) | 130.7          | 85.9           |
| <b>Unsecured:</b>            |      |                |                |
| - Bank loans                 | 8(c) | 306.5          | 306.5          |
| - Euro medium-term notes     | 8(d) | 427.6          | 445.4          |
| - United States senior notes | 8(e) | 1,835.9        | 1,779.2        |
| - Foreign private placements | 8(f) | 148.5          | 202.8          |
| Borrowing costs              |      | (25.7)         | (27.8)         |
|                              |      | <b>2,868.1</b> | <b>2,844.9</b> |

**(a) Bank loans, secured**

Secured bank loans at 31 December 2016 are summarised as follows:

| Amounts drawn down in A\$M equivalents |                        |                                  |             |             |
|----------------------------------------|------------------------|----------------------------------|-------------|-------------|
| Facility                               | Facility maturity date | Facility limit - A\$M equivalent | BRL         | Total       |
| Bank loan 1                            | 26 Sep 2023            | 40.8                             | 40.8        | 40.8        |
| Bank loan 2                            | 10 Jan 2022            | 27.4                             | 27.4        | 27.4        |
| <b>Total bank loans, secured</b>       | <b>at 31 Dec 2016</b>  | <b>68.2</b>                      | <b>68.2</b> | <b>68.2</b> |
|                                        | at 30 Jun 2016         | 64.9                             | 64.9        | 64.9        |

**(b) Foreign securitised notes**

Goodman owns an entity in Brazil that has issued notes which are secured by a property asset and are non-recourse to the Consolidated Entity. As at 31 December 2016, the entity has issued A\$142.5 million (BRL 334.7 million) of the notes, of which A\$96.1 million expires on 9 August 2030 and A\$46.4 million expires on 10 January 2029. The notes have ongoing monthly repayments of both capital and interest.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

**Capital management (cont)**

**8 Interest bearing liabilities (cont)**

**(c) Bank loans, unsecured**

| Facility                           | Facility maturity date | Facility limit -<br>A\$M equivalent | Amounts drawn down in<br>A\$M equivalents |              | Total        |
|------------------------------------|------------------------|-------------------------------------|-------------------------------------------|--------------|--------------|
|                                    |                        |                                     | NZD                                       | JPY          |              |
| Bank loan 1                        | 31 Jul 2019            | 50.0                                | -                                         | -            | -            |
| Bank loan 2                        | 31 Jul 2018            | 163.5                               | 91.5                                      | -            | <b>91.5</b>  |
| Bank loan 3                        | 31 Jul 2018            | 146.1                               | -                                         | -            | -            |
| Bank loan 4                        | 30 Sep 2019            | 52.0                                | -                                         | -            | -            |
| Bank loan 5                        | 30 Sep 2019            | 37.5                                | -                                         | -            | -            |
| Bank loan 6                        | 31 Jul 2019            | 85.5                                | -                                         | -            | -            |
| Bank loan 7                        | 14 Apr 2021            | 152.5                               | 48.1                                      | -            | <b>48.1</b>  |
| Bank loan 8                        | 31 Mar 2021            | 122.5                               | 48.1                                      | -            | <b>48.1</b>  |
| Bank loan 9                        | 31 Mar 2019            | 30.0                                | -                                         | -            | -            |
| Bank loan 10                       | 31 Mar 2021            | 146.1                               | -                                         | -            | -            |
| Bank loan 11                       | 25 Sep 2019            | 95.0                                | -                                         | 41.6         | <b>41.6</b>  |
| Bank loan 12                       | 29 Sep 2019            | 178.2                               | -                                         | 77.2         | <b>77.2</b>  |
| Bank loan 13                       | 31 Mar 2021            | 178.2                               | -                                         | -            | -            |
| <b>Total bank loans, unsecured</b> | <b>at 31 Dec 2016</b>  | <b>1,437.1</b>                      | <b>187.7</b>                              | <b>118.8</b> | <b>306.5</b> |
|                                    | at 30 Jun 2016         | 1,564.3                             | 176.4                                     | 130.1        | 306.5        |

**(d) Euro medium-term notes**

As at 31 December 2016, Goodman Australia Finance Pty Limited, a controlled entity of GIT, has on issue A\$427.6 million (30 June 2016: A\$445.4 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. The notes are listed on the Singapore Stock Exchange and the market value of the notes using the quoted price at 31 December 2016 was A\$480.5 million (30 June 2016: A\$512.0 million).

**(e) United States senior notes**

As at 31 December 2016, the Consolidated Entity has notes on issue in the United States 144A/Reg S bond market as follows:

- + A\$450.3 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\$692.8 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\$692.8 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.

**(f) Foreign private placements**

As at 31 December 2016, the Consolidated Entity had A\$148.5 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.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

**Capital management (cont)**

**8 Interest bearing liabilities (cont)**

**(g) Finance facilities**

|                                | <b>Consolidated</b>                     |                                        |
|--------------------------------|-----------------------------------------|----------------------------------------|
|                                | <b>Facilities<br/>available<br/>\$M</b> | <b>Facilities<br/>utilised<br/>\$M</b> |
| <b>At 31 December 2016</b>     |                                         |                                        |
| <b>Secured:</b>                |                                         |                                        |
| - Bank loans                   | 68.2                                    | 68.2                                   |
| - Foreign securitised notes    | 142.5                                   | 142.5                                  |
| <b>Unsecured:</b>              |                                         |                                        |
| - Bank loans                   | 1,437.1                                 | 306.5                                  |
| - Euro medium-term notes       | 427.6                                   | 427.6                                  |
| - United States senior notes   | 1,835.9                                 | 1,835.9                                |
| - Foreign private placements   | 148.5                                   | 148.5                                  |
| - Bank guarantees <sup>1</sup> | -                                       | 42.5                                   |
|                                | <b>4,059.8</b>                          | <b>2,971.7</b>                         |
| <b>At 30 June 2016</b>         |                                         |                                        |
| <b>Secured:</b>                |                                         |                                        |
| - Bank loans                   | 64.9                                    | 64.9                                   |
| - Foreign securitised notes    | 94.6                                    | 94.6                                   |
| <b>Unsecured:</b>              |                                         |                                        |
| - Bank loans                   | 1,564.3                                 | 306.5                                  |
| - Euro medium-term notes       | 445.4                                   | 445.4                                  |
| - United States senior notes   | 1,779.2                                 | 1,779.2                                |
| - Foreign private placements   | 202.8                                   | 202.8                                  |
| - Bank guarantees <sup>1</sup> | -                                       | 38.0                                   |
|                                | <b>4,151.2</b>                          | <b>2,931.4</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 2016**

**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:

|                                                   | Carrying<br>amount<br>31 Dec 2016<br>\$M | Fair value<br>31 Dec 2016<br>\$M | Carrying<br>amount<br>30 Jun 2016<br>\$M | Fair value<br>30 Jun 2016<br>\$M |
|---------------------------------------------------|------------------------------------------|----------------------------------|------------------------------------------|----------------------------------|
| <b>Consolidated</b>                               |                                          |                                  |                                          |                                  |
| <b>Financial assets</b>                           |                                          |                                  |                                          |                                  |
| Cash                                              | 1,709.5                                  | 1,709.5                          | 1,337.0                                  | 1,337.0                          |
| Receivables                                       | 333.4                                    | 333.4                            | 437.5                                    | 437.5                            |
| Other financial assets:                           |                                          |                                  |                                          |                                  |
| - Interest rate swaps                             | 39.9                                     | 39.9                             | 57.4                                     | 57.4                             |
| - Cross currency interest rate swaps <sup>1</sup> | 265.7                                    | 265.7                            | 272.4                                    | 272.4                            |
| - Forward exchange contracts                      | 3.7                                      | 3.7                              | -                                        | -                                |
| - Investments in unlisted securities              | 0.6                                      | 0.6                              | 0.3                                      | 0.3                              |
|                                                   | <b>2,352.8</b>                           | <b>2,352.8</b>                   | <b>2,104.6</b>                           | <b>2,104.6</b>                   |
| <b>Financial liabilities</b>                      |                                          |                                  |                                          |                                  |
| Payables                                          | 572.2                                    | 572.2                            | 492.5                                    | 492.5                            |
| Interest bearing liabilities <sup>2</sup>         | 2,902.9                                  | 3,212.3                          | 2,865.2                                  | 3,097.6                          |
| Other financial liabilities:                      |                                          |                                  |                                          |                                  |
| - Interest rate swaps                             | 13.3                                     | 13.3                             | 36.8                                     | 36.8                             |
| - Cross currency interest rate swaps              | 219.7                                    | 219.7                            | 218.1                                    | 218.1                            |
| - Forward exchange contracts                      | 19.0                                     | 19.0                             | 19.5                                     | 19.5                             |
|                                                   | <b>3,727.1</b>                           | <b>4,036.5</b>                   | <b>3,632.1</b>                           | <b>3,864.5</b>                   |

1. Includes the fair values of USD/EUR and USD/GBP cross currency interest rate swaps equating to \$252.1 million (30 June 2016: \$258.2 million) that hedge Goodman's net investment in Continental Europe and the United Kingdom.
2. The fair value of certain fixed rate interest bearing liabilities has been determined by reference to the quoted market prices at 31 December 2016.

**Fair value hierarchy**

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

|                                     | Level 1<br>\$M | Level 2<br>\$M | Level 3<br>\$M | Total<br>\$M |
|-------------------------------------|----------------|----------------|----------------|--------------|
| <b>As at 31 December 2016</b>       |                |                |                |              |
| Available for sale financial assets | -              | -              | 0.6            | 0.6          |
| Derivative financial assets         | -              | 309.3          | -              | 309.3        |
|                                     | -              | <b>309.3</b>   | <b>0.6</b>     | <b>309.9</b> |
| Derivative financial liabilities    | -              | 252.0          | -              | 252.0        |
|                                     | -              | <b>252.0</b>   | -              | <b>252.0</b> |
| <b>As at 30 June 2016</b>           |                |                |                |              |
| Available for sale financial assets | -              | -              | 0.3            | 0.3          |
| Derivative financial assets         | -              | 329.8          | -              | 329.8        |
|                                     | -              | <b>329.8</b>   | <b>0.3</b>     | <b>330.1</b> |
| Derivative financial liabilities    | -              | 274.4          | -              | 274.4        |
|                                     | -              | <b>274.4</b>   | -              | <b>274.4</b> |

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
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**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 (2015: \$nil).

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

|                                                       | Distribution<br>cpu | Total<br>amount<br>\$M | Date of<br>payment |
|-------------------------------------------------------|---------------------|------------------------|--------------------|
| <b>Interim distributions for the half years ended</b> |                     |                        |                    |
| - 31 Dec 2016                                         | 12.7                | 227.2                  | 24 Feb 2017        |
| - 31 Dec 2015                                         | 11.9                | 210.6                  | 22 Feb 2016        |

**(c) Dividends declared and paid by GLHK**

On 26 August 2016, GLHK declared and paid a final dividend of 1.0 cent per security amounting to \$17.8 million relating to performance in FY16. GLHK did not pay a dividend in the prior half year.

**(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, interim distributions declared by Goodman PLUS Trust to holders of hybrid securities were \$9.5 million (2015: \$10.0 million), or 289.5 cents per unit (2015: 305.1 cents per unit).

**11 Issued capital**

|                                            | 31 Dec 2016<br>Number of securities | 30 Jun 2016<br>Number of securities | 31 Dec 2016<br>\$M | 30 Jun 2016<br>\$M |
|--------------------------------------------|-------------------------------------|-------------------------------------|--------------------|--------------------|
| Stapled securities - issued and fully paid | 1,789,121,143                       | 1,778,318,630                       | 8,192.2            | 8,192.2            |
| Less: Accumulated issue costs              |                                     |                                     | (160.5)            | (160.5)            |
| <b>Total issued capital</b>                |                                     |                                     | <b>8,031.7</b>     | <b>8,031.7</b>     |

**Terms and conditions**

Stapled security means one share in the Company stapled to one unit in GIT and one Chess Depositary 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<br>securities | Issue<br>price<br>\$ | GL<br>\$M    | GIT<br>\$M     | GLHK<br>\$M  | Security-<br>holders<br>\$M |
|--------------------|--------------------------------------------------------------------------|-------------------------|----------------------|--------------|----------------|--------------|-----------------------------|
| 30 Jun 2015        | Balance before accumulated issue costs                                   | 1,753,035,922           |                      | 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 Long Term Incentive Plan (LTIP) | 9,824,337               | -                    | -            | -              | -            | -                           |
| 23 Sep 2015        | Securities issued to employees under the Goodman Tax Exempt Plan         | 41,712                  | -                    | -            | -              | -            | -                           |
| 22 Feb 2016        | Distribution reinvestment plan                                           | 8,220,316               | 6.09                 | 7.3          | 36.7           | 6.1          | 50.1                        |
| 30 Jun 2016        | Balance before accumulated issue costs                                   | 1,778,318,630           |                      | 494.6        | 7,062.6        | 635.0        | 8,192.2                     |
| 31 Aug 2016        | Securities issued to employees under the LTIP                            | 10,802,513              |                      | -            | -              | -            | -                           |
|                    | Less: Accumulated issue costs                                            |                         |                      | (11.4)       | (148.5)        | (0.6)        | (160.5)                     |
| <b>31 Dec 2016</b> | <b>Closing balance</b>                                                   | <b>1,789,121,143</b>    |                      | <b>483.2</b> | <b>6,914.1</b> | <b>634.4</b> | <b>8,031.7</b>              |

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

**Other items**

**12 Reserves**

|                                                | Note  | Consolidated  |             |
|------------------------------------------------|-------|---------------|-------------|
|                                                |       | 31 Dec 2016   | 30 Jun 2016 |
|                                                |       | \$M           | \$M         |
| Asset revaluation reserve                      | 12(a) | (5.8)         | (5.3)       |
| Cash flow hedge reserve                        | 12(b) | (3.4)         | (5.9)       |
| Foreign currency translation reserve           | 12(c) | (73.8)        | (28.2)      |
| Employee compensation reserve                  | 12(d) | 102.6         | 102.5       |
| Defined benefit funds actuarial losses reserve | 12(e) | (31.6)        | (30.3)      |
| <b>Total reserves</b>                          |       | <b>(12.0)</b> | <b>32.8</b> |

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

|                                                                  | GL            |                | GIT            |              | GLHK        |              | Securityholders |               |
|------------------------------------------------------------------|---------------|----------------|----------------|--------------|-------------|--------------|-----------------|---------------|
|                                                                  | 2016          | 2015           | 2016           | 2015         | 2016        | 2015         | 2016            | 2015          |
|                                                                  | \$M           | \$M            | \$M            | \$M          | \$M         | \$M          | \$M             | \$M           |
| <b>(a) Asset revaluation reserve</b>                             |               |                |                |              |             |              |                 |               |
| Balance at the beginning of the half year                        | (21.6)        | (326.0)        | 28.2           | 191.3        | (11.9)      | (8.1)        | (5.3)           | (142.8)       |
| (Decrease)/increase due to revaluation of other financial assets | -             | (4.9)          | (0.4)          | 4.8          | -           | -            | (0.4)           | (0.1)         |
| Transfers to/from retained earnings/(accumulated losses)         | 21.6          | 302.3          | (33.5)         | (183.4)      | 11.9        | 1.2          | -               | 120.1         |
| Effect of foreign currency translation                           | -             | (3.3)          | (0.1)          | 13.7         | -           | 6.9          | (0.1)           | 17.3          |
| <b>Balance at the end of the half year</b>                       | <b>-</b>      | <b>(31.9)</b>  | <b>(5.8)</b>   | <b>26.4</b>  | <b>-</b>    | <b>-</b>     | <b>(5.8)</b>    | <b>(5.5)</b>  |
| <b>(b) Cash flow hedge reserve</b>                               |               |                |                |              |             |              |                 |               |
| Balance at the beginning of the half year                        | -             | (0.1)          | (5.9)          | (4.9)        | -           | -            | (5.9)           | (5.0)         |
| Change in value of financial instruments                         | -             | -              | 2.6            | 0.2          | -           | -            | 2.6             | 0.2           |
| Effect of foreign currency translation                           | -             | -              | (0.1)          | (0.1)        | -           | -            | (0.1)           | (0.1)         |
| <b>Balance at the end of the half year</b>                       | <b>-</b>      | <b>(0.1)</b>   | <b>(3.4)</b>   | <b>(4.8)</b> | <b>-</b>    | <b>-</b>     | <b>(3.4)</b>    | <b>(4.9)</b>  |
| <b>(c) Foreign currency translation reserve</b>                  |               |                |                |              |             |              |                 |               |
| Balance at the beginning of the half year                        | 17.3          | (155.4)        | (150.5)        | 21.8         | 105.0       | 104.9        | (28.2)          | (28.7)        |
| Net exchange differences on conversion of foreign operations     | 4.9           | 8.4            | (4.1)          | 17.1         | (46.4)      | 18.0         | (45.6)          | 43.5          |
| <b>Balance at the end of the half year</b>                       | <b>22.2</b>   | <b>(147.0)</b> | <b>(154.6)</b> | <b>38.9</b>  | <b>58.6</b> | <b>122.9</b> | <b>(73.8)</b>   | <b>14.8</b>   |
| <b>(d) Employee compensation reserve</b>                         |               |                |                |              |             |              |                 |               |
| Balance at the beginning of the half year                        | 10.5          | 6.9            | 80.9           | 64.7         | 11.1        | 6.7          | 102.5           | 78.3          |
| Equity settled share based payments expense                      | 34.1          | 19.4           | (1.8)          | -            | 1.1         | 6.0          | 33.4            | 25.4          |
| Transfers to retained earnings/(accumulated losses)              | (33.3)        | (27.1)         | -              | -            | -           | -            | (33.3)          | (27.1)        |
| Other transfers                                                  | -             | 8.7            | -              | (4.2)        | -           | (4.5)        | -               | -             |
| <b>Balance at the end of the half year</b>                       | <b>11.3</b>   | <b>7.9</b>     | <b>79.1</b>    | <b>60.5</b>  | <b>12.2</b> | <b>8.2</b>   | <b>102.6</b>    | <b>76.6</b>   |
| <b>(e) Defined benefit funds actuarial losses reserve</b>        |               |                |                |              |             |              |                 |               |
| Balance at the beginning of the half year                        | (30.3)        | (34.2)         | -              | -            | -           | -            | (30.3)          | (34.2)        |
| Actuarial losses on defined benefit superannuation funds         | (2.6)         | -              | -              | -            | -           | -            | (2.6)           | -             |
| Effect of foreign currency translation                           | 1.3           | 0.3            | -              | -            | -           | -            | 1.3             | 0.3           |
| <b>Balance at the end of the half year</b>                       | <b>(31.6)</b> | <b>(33.9)</b>  | <b>-</b>       | <b>-</b>     | <b>-</b>    | <b>-</b>     | <b>(31.6)</b>   | <b>(33.9)</b> |
| <b>Total reserves</b>                                            | <b>1.9</b>    | <b>(205.0)</b> | <b>(84.7)</b>  | <b>121.0</b> | <b>70.8</b> | <b>131.1</b> | <b>(12.0)</b>   | <b>47.1</b>   |

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

**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 |                |
|------------------------------------------------------|---------------|--------------|---------------|----------------|--------------|--------------|-----------------|----------------|
|                                                      | 2016          | 2015         | 2016          | 2015           | 2016         | 2015         | 2016            | 2015           |
|                                                      | \$M           | \$M          | \$M           | \$M            | \$M          | \$M          | \$M             | \$M            |
| Balance at the beginning of the half year            | (11.7)        | 398.7        | (344.0)       | (1,338.5)      | 358.7        | 186.3        | 3.0             | (753.5)        |
| (Loss)/profit for the half year                      | (34.3)        | 76.4         | 470.1         | 741.6          | 121.0        | 101.3        | 556.8           | 919.3          |
| Acquisition of non-controlling interest <sup>1</sup> | (12.7)        | -            | -             | -              | -            | -            | (12.7)          | -              |
| Transfers to/from asset revaluation reserve          | (21.6)        | (302.3)      | 33.5          | 183.4          | (11.9)       | (1.2)        | -               | (120.1)        |
| Transfers from employee compensation reserve         | 33.3          | 27.1         | -             | -              | -            | -            | 33.3            | 27.1           |
| Dividends/distributions declared                     | -             | -            | (227.2)       | (210.6)        | (17.8)       | -            | (245.0)         | (210.6)        |
| <b>Balance at the end of the half year</b>           | <b>(47.0)</b> | <b>199.9</b> | <b>(67.6)</b> | <b>(624.1)</b> | <b>450.0</b> | <b>286.4</b> | <b>335.4</b>    | <b>(137.8)</b> |

1. During the half year, Goodman acquired the remaining interest in the shares of a subsidiary it did not already own.

**14 Significant non-cash transactions**

During the half year, there were no significant non-cash transactions.

In the prior half year, the significant non-cash transactions were as follows:

- + the Consolidated Entity's distribution reinvestment plan was in place. In relation to the distribution paid in August 2015, \$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 consideration for the sale of its interest in Highbrook Development Limited.

**15 Commitments**

**Development activities**

At 31 December 2016, the Consolidated Entity was committed to expenditure in respect of \$488.1 million (30 June 2016: \$393.2 million) on inventories and other development activities.

**Investment properties**

At 31 December 2016, capital expenditure commitments on the Consolidated Entity's investment property portfolio were \$55.6 million (30 June 2016: \$69.7 million).

**Managed partnerships**

At 31 December 2016, the Consolidated Entity had an equity commitment of \$58.4 million (30 June 2016: \$89.7 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 these managed partnerships. 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 EUR 25 million of the issued capital of GEP each half year. Furthermore, the Consolidated Entity is only required to purchase units where its co-investment in GAIP or GEP is either below a prescribed limit or a maximum amount of liquidity has been provided. 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 investment 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:

- + \$482.1 million (30 June 2016: \$467.2 million) into GCLP;
- + \$419.9 million (30 June 2016: \$411.2 million) into GJDP;
- + \$308.1 million (30 June 2016: \$327.2 million) into Goodman UK Partnership;
- + \$904.8 million (30 June 2016: \$1,200.3 million) into GNAP; and
- + \$4.9 million (30 June 2016: \$10.6 million) into other development partnerships.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2016**

**Other items (cont)**

**16 Related parties**

**Transactions with associates and JVs**

A summary of the transactions with associates and JVs is set out as follows:

|            | Revenue from disposal<br>of investment<br>properties |      | Revenue from<br>management and<br>development activities |       | Interest<br>charged on loans to<br>related parties |      |
|------------|------------------------------------------------------|------|----------------------------------------------------------|-------|----------------------------------------------------|------|
|            | 2016                                                 | 2015 | 2016                                                     | 2015  | 2016                                               | 2015 |
|            | \$M                                                  | \$M  | \$M                                                      | \$M   | \$M                                                | \$M  |
| Associates | 262.0                                                | -    | 382.9                                                    | 535.4 | -                                                  | 0.1  |
| JVs        | -                                                    | -    | 187.1                                                    | 108.6 | -                                                  | 0.1  |

**17 Events subsequent to balance date**

In the opinion of the Directors, other than disclosed elsewhere in the interim financial report, 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 2016 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, 16 February 2017



**Gregory Goodman**  
Group Chief Executive Officer



# Independent Auditor's Review Report

To the members of Goodman Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of Goodman Limited.

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:

- giving a true and fair view of the **Consolidated Entity's** financial position as at 31 December 2016 and of 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*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2016
- Consolidated statement of profit or loss, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Consolidated Entity** comprises Goodman Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

### Responsibilities of the Directors 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*
- 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 for the review of the Interim Financial Report

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 2016 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*.



KPMG



John Teer

Partner

Sydney

16 February 2017