



Goodman Australia Finance Pty Limited

€500,000,000 4.250% Guaranteed Senior Notes due 2030

Issue price: 99.647%

Fully and unconditionally guaranteed by

Goodman Limited

(ABN 69 000 123 071)

Goodman Funds Management Limited

(ABN 48 067 796 641)

in its capacity as responsible entity of Goodman Industrial Trust

(ARSN 091 213 839)

Goodman Logistics (HK) Limited

(BRN 59357133; ARBN 155 911 149)

Goodman Australia Finance Pty Limited (ACN 127 959 951) (the "Issuer") is offering €500,000,000 aggregate principal amount of 4.250% Guaranteed Senior Notes due 2030 (the "Notes"). Interest on the Notes will be payable annually in arrears on May 3 of each year, beginning May 3, 2025. The Notes will mature on May 3, 2030.

The Notes will be unsecured and unsubordinated obligations of the Issuer and will rank equally with the Issuer's existing and future unsubordinated debt. The Notes will be guaranteed on a joint and several basis (the "Guarantees") by Goodman Limited (ABN 69 000 123 071), a company incorporated under the laws of Australia ("GL"), Goodman Funds Management Limited (ABN 48 067 796 641), a company incorporated under the laws of Australia ("GFML"), in its capacity as the responsible entity of Goodman Industrial Trust (ARSN 091 213 839) ("GIT", and GFML in its capacity as responsible entity of GIT, the "Responsible Entity"), and Goodman Logistics (HK) Limited (BRN 59357133; ARBN 155 911 149), a company registered in Hong Kong ("GLHK"; and GL, the Responsible Entity and GLHK, each a "Parent Guarantor" and, together, the "Parent Guarantors"). The Guarantees will be unsecured and unsubordinated obligations of the Parent Guarantors and will rank equally with all existing and future unsubordinated debt of each Parent Guarantor. Certain subsidiaries of the Parent Guarantors listed in Appendix E hereto (the "Undertaking Subsidiaries") will agree to either make loans to, or subscribe for equity in, the Issuer if the Issuer would otherwise default in any payment of any principal, premium (if any) and interest on the Notes, pursuant to the Capitalisation Deed Poll as defined and described in "Description of the Notes, Guarantees and Undertakings—Guarantees and Undertakings—Undertakings—Capitalisation Deed Poll".

The Issuer may redeem some or all of the Notes at any time at the redemption prices described in "Description of the Notes, Guarantees and Undertakings—Optional redemption". The Issuer may redeem all, but not less than all, of the Notes if certain tax law changes require payment of additional amounts in the manner described in "Description of the Notes, Guarantees and Undertakings—Payment of additional amounts".

GL, GIT and GLHK operate as a coordinated economic group through a stapled structure and securities in the stapled entities are quoted and traded as a single stapled security on the Australian Securities Exchange (the "ASX"). The consolidated entity comprised of GL, GIT, GLHK and their subsidiaries is referred to as the "Goodman Group", "Goodman", the "Group", "we", "our" or "us". Our Partnerships are not subsidiaries of the Group and, as such, their financial results are not consolidated with those of the Group.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility of the correctness of any of the statements made or opinions expressed or reports contained in this offering memorandum. Approval in-principle granted for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Parent Guarantors, their respective subsidiaries or associates, the applicable guarantees or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies) for so long as the Notes are listed and quoted on the SGX-ST and the rules of the SGX-ST so require.

The Notes are expected to be rated BBB+ by S&P Global Ratings, Inc. (S&P) and Baa1 by Moody's Investors Services, Inc. (Moody's). A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the rating agency at any time without notice.

Investing in the Notes involves risks. See "Risk factors" beginning on page 26.

Neither the Notes nor the Guarantees have been, nor will be, registered under the United States *Securities Act of 1933*, as amended (the "Securities Act"), the securities laws of any state of the United States or the securities laws of any other jurisdiction. Accordingly, the Notes and the Guarantees are being offered and sold outside the United States in accordance with Regulation S under the Securities Act ("Regulation S") to non-US persons (as defined in the Securities Act). For a description of certain restrictions on transfer of the Notes, see "Transfer restrictions".

The Notes will be issued in denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer expects that delivery of the Notes will be made in registered book-entry form through Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") and their participants, on or about May 3, 2024.

Joint Global Coordinators and Joint Bookrunners

HSBC

ING

J.P. Morgan

Morgan Stanley

April 24, 2024

You should rely only on the information contained in this offering memorandum. Goodman Group has not, and HSBC Bank plc, ING Bank N.V., J.P. Morgan Securities plc and Morgan Stanley & Co. International plc (collectively, the “Initial Purchasers”) have not, authorised anyone to provide you with different information. Goodman Group is not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as at any date other than the date on the front of this offering memorandum.

Table of contents

Notice to investors	iii
Enforceability of civil liabilities	vii
Available information	viii
Forward-looking statements	ix
Credit ratings	xii
Currency of presentation and exchange rates	xiii
Financial information presentation	xiv
Exchange controls	xxi
Certain definitions	xxii
Summary	1
The Notes offering	20
Risk factors	26
Use of proceeds	50
The Issuer	51
Capitalization	52
Selected consolidated financial information	53
Business	58
Management	104
Description of other indebtedness	116
Description of the Notes, Guarantees and Undertakings	121
Australian Taxation	151
Plan of distribution	155
Transfer restrictions	159
Legal matters	160
Independent auditors	160
Appendix A	A-1
Appendix B	B-1
Appendix C	C-1
Appendix D	D-1
Appendix E	E-1
Index to consolidated financial statements	F-1

Notice to investors

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes and the Guarantees described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. You are authorised to use this offering memorandum solely for the purpose of considering the purchase of the Notes. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no copies of this offering memorandum or any documents referred to in this offering memorandum.

In making an investment decision, prospective investors must rely on their own examination and appraisal of the Issuer, Goodman Group, its business and financial condition, and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice nor as "financial product" advice for the purposes of chapter 7 of the *Australian Corporations Act 2001* (Cth) (the "Corporations Act"). Each prospective investor should consult its own advisors as needed to make its investment decision and in relation to its evaluation as to legal, tax, financial, credit and related aspects of an investment in the Notes and the suitability of investing in the Notes in light of its particular circumstances, and to determine whether it is legally permitted to purchase the Notes under applicable legal investment or similar laws or regulations. The Initial Purchasers do not undertake to review the financial condition or affairs of the Issuer or Goodman Group after the date of this offering memorandum or to advise any investor or potential investor in the Notes of any information coming to the attention of the Initial Purchasers. Potential investors should, in particular, read carefully the section entitled "Risk factors" set out below before making a decision to invest in the Notes.

We have furnished the information in this offering memorandum. You acknowledge and agree that no representation or warranty, express or implied, as to the accuracy or completeness of such information contained in this offering memorandum is made by the Initial Purchasers or The Bank of New York Mellon, London Branch (the "Indenture Trustee"). Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers or the Indenture Trustee as to the past or future. The Initial Purchasers and the Indenture Trustee assume no responsibility or liability for the accuracy or completeness of any such information.

Additionally, by accepting delivery of this offering memorandum, you acknowledge that (1) you have been afforded an opportunity to request and to review all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum, (2) you have not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with the investigation of the accuracy of such information or your investment decision, (3) this offering memorandum relates to an offering that is exempt from registration under the Securities Act and (4) no person has been authorised to give information or to make any representations concerning us, this offering or the Notes described in this offering memorandum, other than as contained in this offering memorandum and information given by our duly authorised officers and employees in connection with an investor's examination of us and the terms of the offering of the Notes. This offering memorandum may not be copied or reproduced in whole or in part, and it may only be distributed and disclosed to the prospective investors to whom it is provided.

Neither this offering memorandum nor any other information supplied in connection with the issue and sale of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Initial Purchasers that any recipient of this offering memorandum or any other information supplied in connection with the issue and sale of the Notes should purchase any Notes.

This offering memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this offering memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Initial Purchasers do not represent that this offering memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Initial Purchasers which would permit a public offering of any Notes or distribution of this offering memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this offering memorandum, any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this offering

memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this offering memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this offering memorandum and the offer or sale of Notes in Australia, the European Economic Area, the United Kingdom, Switzerland, Hong Kong, Singapore and Japan; see the section entitled "Plan of distribution—Selling Restrictions".

By purchasing the Notes, you will be deemed to have made acknowledgments, representations, warranties and agreements as set forth under "*Transfer restrictions*". We are not, and the Initial Purchasers are not, making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

The Issuer reserves the right to withdraw this offering at any time. The Issuer and the Initial Purchasers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or no reason and to allot to any prospective investor less than the full amount of the Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

In connection with this offering, the Initial Purchasers may purchase and sell the Notes in the open market to stabilise or maintain the market price of the Notes at a higher level than the Notes might otherwise achieve in the open market. These transactions may include short sales, syndicate covering transactions and stabilising transactions. If the Initial Purchasers commence any of these transactions, they may discontinue them at any time. See "Plan of distribution" for further details.

The information set out in those sections of this offering memorandum describing clearing and settlement is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, registered book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such registered book-entry interests.

Notice to prospective investors in Australia

This offering memorandum does not constitute an offer of or an invitation to purchase or subscribe for the Notes in the Commonwealth of Australia or any of its states or territories ("Australia"), and the Notes may not be offered, sold or delivered in or to any resident of Australia except in accordance with applicable law. Neither this offering memorandum, nor any other prospectus or disclosure document (as defined in the Corporations Act) in relation to the Notes or the Guarantees has been, or will be, lodged with the Australian Securities and Investments Commission ("ASIC") or the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) ("ASX") or any other regulatory authority in Australia. Each Initial Purchaser has represented and agreed, or will be required to represent and agree, that it (a) has not offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of any Notes in Australia (including an offer or invitation which is received by a person in Australia) and (b) has not distributed or published, and will not distribute or publish, this offering memorandum or any other offering material or advertisement relating to any Notes or Guarantees in Australia, unless in each case:

- (i) the aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee is at least A\$500,000 (or the equivalent in another currency, in either case disregarding moneys lent by the person making the offer or the invitation or its "associates" (as defined in the Corporations Act)) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act;
- (ii) the offer, invitation or distribution is not made to a person who is a "retail client" within the meaning of section 761G or 761GA of the Corporations Act;
- (iii) the offer, invitation or distribution complies with all applicable Australian laws, regulations and directives relating to the offer, invitation, sale and resale of the Notes; and
- (iv) such action does not require any document to be lodged with ASIC or the ASX or any other regulatory authority in Australia.

Notice to prospective investors in Singapore

NOTIFICATION UNDER SECTIONS 309B(1)(A) AND 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE "SFA") – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP

Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the classification of the Notes shall be “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to prospective investors in the European Economic Area (the “EEA”)

This offering memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129, as amended (the “Prospectus Regulation”). This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will only be made to a legal entity which is a qualified investor under the Prospectus Regulation (“EEA Qualified Investors”). Accordingly, any person making or intending to make an offer in any Member State of Notes which are the subject of the offering contemplated in this offering memorandum may only do so with respect to EEA Qualified Investors. Neither the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes in the EEA other than to EEA Qualified Investors.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of *Directive 2014/65/EU*, as amended (“MiFID II”); or (ii) a customer within the meaning of *Directive (EU) 2016/97*, as amended (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by *Regulation (EU) No 1286/2014*, as amended (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Notice to prospective investors in the United Kingdom

This offering memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (the “EUWA”) (the “UK Prospectus Regulation”). This offering memorandum has been prepared on the basis that any offer of Notes in the United Kingdom will only be made to a legal entity which is a qualified investor under the UK Prospectus Regulation (“UK Qualified Investors”). Accordingly any person making or intending to make an offer in the United Kingdom of Notes which are the subject of the offering contemplated in this offering memorandum may only do so with respect to UK Qualified Investors. Neither the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes other than to UK Qualified Investors.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of *Regulation (EU) No 2017/565* as it forms part of domestic law in the United Kingdom by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the United Kingdom’s *Financial Services and Markets Act 2000*, as amended (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of *Regulation (EU) No 600/2014* as it forms part of domestic law in the United Kingdom by virtue of the EUWA (“UK MiFIR”); or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by *Regulation (EU) No 1286/2014* as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The communication of this offering memorandum and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the FSMA. Accordingly, this offering memorandum and such other documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. This document and such other documents and/or materials are for distribution only to persons who (i) have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the *Financial Services and Markets Act 2000 (Financial Promotion) Order 2005*, as amended (the "Financial Promotion Order")), (ii) fall within Article 49(2)(a) to (d) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This offering memorandum and such other documents and/or materials are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum and any other document or materials relates will be engaged in only with relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this offering memorandum or any other documents and/or materials relating to the issue of the Notes offered hereby or any of their contents.

Notice to prospective investors in Switzerland

The distribution of the Notes in Switzerland and/or to Swiss investors will be exclusively made to, and directed at, (i) regulated financial intermediaries within the meaning of Article 10 para. 3 letter a of the Swiss Collective Investment Schemes Act of 23 June 2006, as amended ("CISA") and (ii) to regulated insurance institutions within the meaning of Article 10 para. 3 letter b CISA ((i) and (ii) together, the "Regulated Qualified Investors"). None of the Issuer nor the Parent Guarantors have been nor will be registered with the Swiss Financial Market Supervisory Authority FINMA and has not appointed a Swiss representative and a Swiss paying agent pursuant to the CISA. This offering memorandum and the Notes, as well as any information and documents in connection therewith, may not be distributed or made available in Switzerland and/or to Swiss investors, except to Regulated Qualified Investors exclusively.

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the CISA, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this offering memorandum nor any other offering or marketing material relating to the offering, nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g. the Swiss Financial Market Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

Enforceability of civil liabilities

The Issuer, the Parent Guarantors and a substantial majority of the Undertaking Subsidiaries are entities organised under the laws of countries other than the United States. Substantially all the directors and officers of these entities reside outside the United States, principally in Australia, New Zealand, the United Kingdom, Continental Europe, Brazil and Asia. A substantial portion of the assets of these entities, and the assets of their directors, officers and experts, including Goodman Group's independent accountants, are located outside the United States. Therefore, you may not be able to effect service of process within the United States upon these entities or persons so that you may enforce judgments of United States courts against them in the United States based on the civil liability provisions of the United States federal securities laws.

In addition, there are doubts as to the enforceability in Australia, New Zealand, the United Kingdom, Continental Europe, Brazil and Asia in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities based on United States federal securities laws. Also, judgments of United States courts (whether or not such judgments relate to United States federal securities laws) may not or will not (as applicable for each jurisdiction) be enforceable in Australia, New Zealand, the United Kingdom, Continental Europe, Brazil or Asia in certain other circumstances, including, among others, where such judgments contravene local public policy, breach the rules of natural justice or general principles of fairness or are obtained by fraud, are not for a fixed or readily ascertainable sum, are subject to appeal, dismissal, stay of execution or otherwise not final and conclusive, or involve multiple or punitive damages or where the proceedings in such courts were of a revenue or penal nature.

Each of (i) the Indenture pursuant to which the Notes and the Guarantees will be issued (the "Indenture"), (ii) the Notes and (iii) the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. Each of the Issuer, the Parent Guarantors and the Undertaking Subsidiaries has appointed National Registered Agents, Inc. as its authorised agent upon which process may be served in any action or proceeding arising out of or based upon the Notes or the Guarantees that may be instituted in any United States federal or state court having subject matter jurisdiction in the city, county and state of New York, and has irrevocably submitted to the non-exclusive jurisdiction of such courts in any such action or proceeding. See "Description of the Notes, Guarantees and Undertakings—Governing law of the Indenture, the Notes, the Capitalisation Deed Poll and the Security Trust Deed".

See "Independent auditors" for a description of KPMG Australia's limitation of liability under a professional limitation on liability scheme in Australia.

Available information

The stapled securities of Goodman Group are listed on the ASX. As an Australian listed entity, we file annual reports and half-year reports with the ASX.

In addition, copies of such documents can be obtained from the website of the SGX-ST at www.sgx.com.

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in any such document.

The information contained on or accessible from the ASX, SGX-ST or on any Goodman Group website, including any references to such websites in this offering memorandum or any documents referred to herein, does not constitute a part of this offering memorandum or any other document incorporated by reference and is not incorporated by reference herein.

Forward-looking statements

This offering memorandum includes forward-looking statements, including, without limitation, terms and phrases such as “anticipate”, “should”, “likely”, “foresee”, “believe”, “estimate”, “expect”, “intend”, “continue”, “could”, “may”, “plan”, “project”, “predict”, “will”, and similar expressions and include references to assumptions that we believe are reasonable and relate to our future prospects, developments and business strategies. Such statements reflect our current views and assumptions with respect to future events and are subject to risks and uncertainties. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors that could cause our actual results to differ materially from those expressed or implied in such forward-looking statements, include, but are not limited to:

- the performance of our real property portfolio, the returns from our investments and our development income are subject to global economic conditions, fluctuations in the value of, and rental income from properties and other factors;
- risks related to general economic conditions and geopolitical events;
- risks related to systemic shocks and other unforeseen circumstances, including future pandemics;
- risks relating to the creditworthiness of tenants;
- our ability to successfully expand and develop existing and newly acquired properties within our projected budget and time frame;
- a decline in demand for e-commerce and third party logistics services or the failure to retain our long-term contracts with these customers;
- limitations on our access to external capital, including limitations caused by a deterioration in economic conditions and volatility in the capital markets;
- third party expectations relating to environmental, social and governance (“ESG”) factors, including our ability to deliver on our 2030 Sustainability Strategy;
- our ability to comply with legal, regulatory or voluntary standards or broader shareholder, community or stakeholder expectations concerning ESG risk performance;
- risks from adverse weather, natural disasters and climate change and climate related events;
- our ability to successfully manage our growth, including in new markets and the risks associated with our acquisition activities, including our ability to identify and consummate acquisitions;
- our ability to successfully manage our asset sale program and the risks associated with our disposition activities, including our ability to identify and consummate dispositions;
- fluctuations in occupancy levels and our ability to re-let properties and/or lease newly developed properties on economically favourable terms, if at all;
- our ability to obtain sufficient power capacity for the delivery of new data centres;
- the ability of our and our Partnerships’ customers to meet their lease obligations or not renew all or a significant portion of our or their lease;
- the performance of our Partnerships;
- our ability to raise future debt and equity funds on favourable terms;
- the ability of our Partnerships to raise or refinance debt funding or issue equity on favourable terms;
- competition in the real estate industry;

- the ability of our customers or potential customers to develop data centres or expand their own existing data centres;
- our ability to understand and respond effectively to changes in our competitive landscape and customer value chain;
- fluctuations in the fair market value of our and our Partnerships' assets as a result of revaluations (including that caused by changes in market capitalisation rates);
- declines in fair market value or our properties, intangible assets and other impairment charges;
- cancellation or amendment of investment manager mandates;
- liquidity facilities in certain of our Partnerships;
- our ability to comply with financing covenants and paying and refinancing debt as required;
- our ability to make required payments on debt, refinance debt or raise funds on favourable terms;
- fluctuations in foreign currency exchange rates;
- ineffective hedging against adverse fluctuations in interest rates;
- risks associated with our joint ventures, alliances and strategic investments;
- conflicts of interest;
- our properties, business, directors and officers being uninsured or underinsured against various losses and the associated risk of default under our debt instruments;
- declines in property income while fixed costs remain unchanged;
- our dependence on our senior management and key employees and our ability to attract and retain such employees, or our workforce more generally;
- our ability to monitor and manage operational risk;
- regulatory issues and changes in laws;
- our ability to comply with extensive environmental regulations;
- our ability to comply with occupational health and safety regulations;
- risks related to change in laws, or the application, interpretation or changes in tax law, that reduce income or increase costs;
- risks associated with the legislative, judicial, accounting, regulatory, political and economic conditions specific to the countries or regions in which we operate;
- risks in connection with information technology, data privacy and cybersecurity;
- risks related to changes in accounting policy;
- our ability to vary our investment portfolio due to illiquidity of property investments;
- counterparty credit risk from financing activities;
- risks associated with change of control events which may adversely affect our liquidity position;
- our ability to effectively execute on our strategy or to change our strategy when required;
- the risk of legal and/or other proceedings arising from our operations; and
- various other factors referred to in "Risk factors" and elsewhere in this offering memorandum.

We caution that the foregoing list of important factors is not exhaustive. Forward-looking statements are based upon management's good faith assumptions relating to the financial, market, industry, regulatory and other relevant environments and conditions that will exist and affect our business and operations in the future. We cannot give investors

any assurance that the assumptions upon which management based its forward-looking statements will prove to be correct, or that our business and operations will not be affected in any substantial manner by other factors not currently foreseen or foreseeable by management or beyond its control. Such factors include, but are not limited to, natural disasters and epidemics, acts of war and terrorism, and escalations in geopolitical tensions.

Accordingly, investors are strongly cautioned not to place undue reliance on any forward-looking statement, particularly in light of the significant volatility, uncertainty and disruption caused by the war between Ukraine and Russia, the ongoing regional conflict in the Middle East, and ongoing tensions between China and the United States and its allies, and each of their associated impacts on global fuel prices, global supply chains and economic growth. These forward-looking statements speak only as at the date of this offering memorandum. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing factors that could cause our actual results to differ materially from those contemplated in any forward-looking statement included in this offering memorandum should not be construed as exhaustive. You should also read, among other things, the risks and uncertainties described in the section of this offering memorandum titled “Risk factors” and in the documents that are referred to in the section of this offering memorandum titled “Available information”. All forward-looking statements are qualified by these cautionary statements.

Credit ratings

There are references in this offering memorandum to credit ratings. Credit ratings are for distribution only to a person (a) who is not a “retail client” as defined for the purposes of Section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this offering memorandum and anyone who receives this offering memorandum must not distribute it to any person who is not entitled to receive it. A credit rating is not a recommendation to buy, sell or hold securities insofar as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for a given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances warrant such revision or withdrawal. Ratings may be changed, withdrawn or suspended at any time. The rating of each credit rating agency should be evaluated independently of any other rating. We are under no obligation to update information regarding such ratings should they change over time.

Currency of presentation and exchange rates

Our annual and interim consolidated financial statements are presented in Australian dollars. In this offering memorandum, references to “A\$” are to Australian dollars; references to “US\$” or “US dollars” are to United States dollars; references to “NZ\$” are to New Zealand dollars; references to “UK£” are to United Kingdom pounds sterling; references to “€” are to Euros; references to “¥” are to Japanese yen; references to “HK\$” are to Hong Kong dollars; references to “CA\$” are to Canadian dollars; references to “R\$” are to Brazilian reais (plural) and the Brazilian real (singular); references to “S\$” are to Singapore dollars; and references to “CNY” are to Chinese Yuan.

Financial information presentation

Historical financial information

The consolidated financial statements of Goodman Group for FY2023, FY2022 and FY2021 included in this offering memorandum have been prepared in accordance Australian Accounting Standards (“AAS”) adopted by the Australian Accounting Standards Board (“AASB”) and the Australian Corporations Act 2001. International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board form the basis of Australian Accounting Standards adopted by the AASB. The consolidated financial statements also comply with IFRS.

The interim consolidated financial statements of Goodman Group for HY2024 and HY2023 included in this offering memorandum have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Australian Corporations Act 2001.

As described further under “Stapling Transactions” below, Goodman Group is comprised of three head entities, GL, GLHK and GIT, which operate as a coordinated economic group through a stapled structure, and their subsidiaries. GIT is a registered managed investment scheme under the Corporations Act and is a trust declared and existing in Australia. GL is a corporation incorporated and existing in Australia and GLHK is a corporation established and domiciled in Hong Kong.

Shares in GL, units in GIT and CHESS Depositary Interests (“CDIs”) over shares in GLHK are stapled to one another and are quoted as a single security on the ASX (for further information, see “—Stapling transactions” below). CDIs confer the beneficial ownership in foreign securities, such as the shares in GLHK, on the CDI holder, with the legal title to such shares being held by an Australian depositary nominee. CDI holders receive all of the economic benefits of actual ownership of the underlying shares. CDIs are traded in a manner similar to shares of Australian companies listed on ASX.

AAS require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the stapling of the GL, GIT and GLHK, GL is identified as having acquired control over the assets of GIT and GLHK. In the consolidated statement of financial position of Goodman Group, equity attributable to GIT and the CDIs over the shares of GLHK are presented as non-controlling interests. As permitted by the relief provided in ASIC Instrument 20-0568, the financial statements of Goodman Group present both the financial statements and accompanying notes of Goodman Group and GIT. GLHK, which is incorporated and domiciled in Hong Kong, prepares its financial statements under Hong Kong Financial Reporting Standards and the applicable requirements of the Hong Kong Companies Ordinance and accordingly the financial statements of GLHK have not been combined and included as adjacent columns in this offering memorandum. The financial statements of GLHK are included as an appendix to Goodman Group’s annual and interim consolidated financial statements and accordingly have been included in the “Index to consolidated financial statements” section of this offering memorandum. Our Partnerships are not subsidiaries of Goodman Group and, as such, their financial results are not consolidated with those of Goodman Group.

Unless the context otherwise requires, references to “FY2023”, “FY2022” and “FY2021” in this offering memorandum are to the fiscal years ended June 30, 2023, 2022 and 2021, respectively, and references to “HY2024” and “HY2023” mean the half years ended December 31, 2023 and 2022, respectively.

Our consolidated financial statements are presented in Australian dollars.

Non-IFRS financial measures

Investors should be aware that certain financial and other measures included in this offering memorandum are “non-IFRS” measures that are not recognised under AAS or IFRS. These non-IFRS measures do not have standardised meanings prescribed by AAS or by other authoritative pronouncements issued by the AASB or IFRS, and therefore may not be comparable with other similarly titled measures presented by other entities, nor should these be interpreted as an alternative to other financial measures determined in accordance with AAS or IFRS. Goodman Group believes that these non-IFRS financial measures provide useful information to investors in measuring the financial performance, financial position and cash flows of Goodman Group and permit a more complete and comprehensive analysis of its operating performance.

Non-IFRS financial measures and other measures included in this offering memorandum include:

- “Adjusted EBITDA” means, EBITDA (a) less, capitalized borrowing costs; (b) plus/less, Realization of Prior Periods’ Property Valuation Gains/Losses, Net of Deferred Tax. For a reconciliation of EBITDA and Adjusted EBITDA to the nearest AAS measure, see Appendix C;

- "Development—Operating Profit" consists of development income (including the Realization of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax on properties that had been repositioned), plus our share of the operating results of Partnerships that is allocable to development activities, plus net gains or losses from disposals of investment properties and equity investments that are allocable to development activities (including our share of Realization of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax, plus interest income on loans to development joint ventures, less development expenses;
- "EBITDA" means, in respect of any period, the loss or earnings before interest and tax and discontinued operations of the Group:
 - (a) plus, to the extent deducted in arriving at such loss or earnings, depreciation, amortization, impairment losses and all Extraordinary Items (which has the meaning given to it under "Description of the Notes, Guarantees and Undertakings—Certain definitions");
 - (b) plus (in the case of profit) or minus (in the case of loss) profit or loss before tax from operating activities of discontinued operations for such period;
 - (c) plus, to the extent included in Interest Expense (which has the meaning given to it under "Description of the Notes, Guarantees and Undertakings—Certain definitions") for such period, such capitalized interest;
 - (d) after excluding (without duplication) unrealized gains and losses from asset revaluations for such period; and
 - (e) after excluding (without duplication) the Group's share of losses from the mark to market of derivative financial instruments in associates and joint ventures and all other non-cash adjustments, in each case for such period,

all with respect to such period on a consolidated basis as would be shown in the Financial Statements of the Group in accordance with Australian Accounting Standards. For a reconciliation of EBITDA to Adjusted EBITDA and to the nearest AAS measure, see Appendix C;

- "Expenses from operations-adjusted" (as shown in Appendix A) consists of (a) employee expenses, as set out in our statutory income statement, plus (b) administrative and other expenses as set out in our statutory income statement;
- "Income tax expense-adjusted" (as shown in Appendix A) consists of (a) income tax expense, minus (b) deferred tax associated with the valuations of investment properties, as set out in Note 3 ("Income taxes") to our interim financial statements for HY2024, Note 4 ("Taxation") to our statutory financial statements for FY2023 and Note 5 ("Taxation") to our statutory financial statements for FY2022. "Net gains/losses from fair value adjustments on investment properties, net of deferred tax" means the amount of net gain/loss from fair value adjustments on investment properties is as set forth in our statutory income statements, plus/minus the deferred tax component associated with these adjustments, as set out in the directors' report to our interim financial statements for HY2024, Note 4 ("Taxation") to our statutory financial statements for FY2023 and Note 5 ("Taxation") to our financial statements for FY2022. Deferred taxes are recognized on temporary differences between the fair value and carrying value of investment properties for taxation purposes that arise from the recognition of fair value adjustments on investment properties;
- "Management—Operating Profit" comprises the revenue from managing both the property portfolios and the capital invested in Partnerships. This includes performance related revenues but excludes earnings from managing development activities in Partnerships, which are included in Development—Operating Profit;
- "Net finance income/(costs)-adjusted" (as shown in Appendix A) consists of (a) financial expenses as set out in our statutory income statement, minus (b) financial income as set out in our statutory income statement, minus/plus (c) unrealized gains/(losses) on fair value of derivative financial instruments, as set out in Note 8 ("Net finance income/expense") to our interim financial statements for HY2024, Note 14 ("Net finance income/(expense)") to our statutory financial statements for FY2023 and Note 15 ("Net finance (expense)/income") to our statutory financial statements for FY2022, minus/plus (d) unrealized foreign currency exchange gains/(losses), as set out in Note 8 ("Net finance income/expense") to our interim financial statements for HY2024, Note 14 ("Net finance income/(expense)") to our statutory financial statements for FY2023 and Note 15 ("Net finance (expense)/income") to our statutory financial statements for FY2022;

- "Net gains/losses from fair value adjustments on property and derivative financial instruments in equity accounted investments" (as shown in Appendix A) means amount of net gain/loss from fair value adjustments on the portion of the net results of equity accounted investments that is attributable to property revaluations and fair value movements in derivative financial instruments, where hedge accounting has not been applied, both as set out in Note 6(e) ("Property assets") to our interim financial statements for HY2024 and Note 5(f) ("Property assets") to our statutory financial statements for FY2023 and Note 6(f) ("Property assets") to our statutory financial statements for FY2022;
- "NPI" or "net property income" means gross property income (a) less, Recovery of property outgoings (b) less, property expenses;
- "Operating Earnings" means the sum of Property Investment—Operating Profit, Management—Operating Profit, and Development—Operating Profit. For a reconciliation of these terms to the nearest AAS measure, see Appendix A;
- "Operating Profit After Tax Attributable to Securityholders" means the statutory profit/(loss) attributable to Securityholders, adjusted for (a) Net gain/loss from fair value adjustments on investment properties, net of deferred tax, (b) Net gain/loss from fair value adjustments on property and derivative financial instruments in equity accounted investments, (c) Realization of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax, (d) Impairment losses as set forth the statutory income statement for the relevant period, (e) Unrealised gains/(losses) on fair value of derivative financial instruments and foreign exchange movements; and (f) Other non-operating items (net). For a reconciliation of Operating Profit After Tax Attributable to Securityholders to profit attributable to Securityholders, see Appendix B. For further information on the nature of these adjustments see "—Additional cautionary note on Operating Profit Measures—Management re-allocation: Realization of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax" below and Appendix A;
- "Other non-operating items (net)" consists of (a) share based payments expense as set forth in our statutory income statements and (b) straight lining of rent and tax deferred adjustments associated with depreciation allowances in Partnerships as set out in the directors' report with respect to our statutory financial statements;
- "Property Investment—Operating Profit" consists of gross property income (excluding straight lining of rental income), less property expenses, plus the Group's share of the operating results of Partnerships that is allocable to property investment activities, which excludes our share of property revaluations and derivative mark to market movements;
- "Realisation of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax" means the Group's share of realised valuation gains (or losses) on repositioned properties (both directly and indirectly owned) that have been sold during the year that management re-allocates along business lines as described further below under "Additional cautionary note in relation to Operating Profit Measures—Management re-allocation: Realization of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax" and as reflected in Appendix A; and
- "Unrealised gains/(losses) on fair value of derivative financial instruments and foreign exchange movements" means the amount of unrealised gains/losses on fair value of derivative financial instruments and unrealised gains/losses on the foreign currency translation of non-Australia dollar denominated interest bearing liabilities, as set out in Note 8 ("Net finance income/expense") to our interim financial statements for HY2024, Note 14 ("Net finance income/(expense)") to our statutory financial statements for FY2023 and Note 15 ("Net finance (expense)/income") to our statutory financial statements for FY2022.

We believe that these Non-IFRS measures provide useful means through which to examine the underlying performance of our business and to understand the implications of our results. Management considers these metrics in measuring our operating performance.

These measures, however, should not be considered to be an indication of, or alternative to, corresponding measures of profit determined in accordance with AAS or IFRS. In addition, such measures may not be comparable to similar measures presented by other companies. The Non-IFRS disclosures in this offering memorandum should be read in conjunction with our statutory income statements.

A reconciliation between Operating Profit Measures and the closest IFRS measures is included in Appendix A to this offering memorandum. A reconciliation of Operating Profit After Tax Attributable to Securityholders to profit attributable to Securityholders, is set out in Appendix B. A reconciliation of profit attributable to Securityholders to EBITDA and Adjusted EBITDA, is set out in Appendix C.

Additional cautionary note in relation to Operating Profit Measures

Operating Earnings, Operating Profit After Tax Attributable to Securityholders and Realization of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax and the Non-IFRS components of these measures (described above) are collectively referred to in this offering memorandum as Operating Profit Measures.

In addition to these Operating Profit Measures, we have included condensed statements of operating profit in Appendix A that present our financial performance by business line (property investment, management and development) presented on a non-IFRS basis. Although the Operating Profit Measures and the condensed statements of operating profit have not been prepared in accordance with AAS or IFRS, we consider these measures (including Property Investment—Operating Profit, Management—Operating Profit and Development—Operating Profit) to be appropriate supplemental measures of our performance because they help both management and investors to evaluate the Group's risk profile, contribution to earnings and distribution policy and understand the core operations of our businesses. We note that the condensed statements of operating profit are calculated using revenues and property and development expenses derived from our financial statements and accounting records.

Operating Profit Measures and the condensed statements of operating profit presented in this offering memorandum are presented in a manner consistent with how we have publicly reported our results to investors and securities analysts in Australia.

Operating Profit Measures and the condensed statements of operating profit are provided for illustrative purposes only and are not represented as being indicative of Goodman Group's actual financial results prepared in accordance with AAS or IFRS. In particular, investors should note that, as described below, the re-allocation of prior periods' valuation gains or losses on repositioned properties (being properties where commercial value has been added through development, capital improvements, renovations or repurposing) to the subsequent period in which the property is realised (sold) is not an accounting principle that is recognised under AAS or IFRS. This approach converts the accounting treatment of the gain or loss from an accrual basis to a cash basis, as described below. Such reallocations are not in accordance with AAS or IFRS. The presentation of these Operating Profit Measures and the condensed statements of operating profit are not of greater importance than, or a substitute for, and should not be relied on in place of, the statutory financial information included in this offering memorandum.

Management re-allocation: Realisation of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax

The Realisation of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax measure relates to the Group's share of realised valuation gains (or losses) on repositioned properties (both directly and indirectly owned) that have sold during the year.

Given the increase in size and scale of the Group's projects in recent years, it has become common for development periods to extend beyond 12 months. Consequently, these properties have become subject to more significant fair value adjustments at reporting dates. Under the Group's historical accounting policies, these valuation movements would not form part of the Group's Operating Profit After Tax Attributable to Securityholders despite being representative of a cash transaction, although they were reflected in the Group's statutory profit attributable to Securityholders as a valuation movement.

In order to better align performance measurement with the commercial outcomes that are linked to the cash generation from the repositioning activities undertaken during these periods, any property valuation movements arising between the date of commencement of the most recent repositioning activities and the date of sale are recorded as part of development earnings, but only in the reporting period when the property has been sold. The effect of this is that the operating profit will be more reflective of the cash gain in the period in which the transaction completes. In the reconciliation of the profit attributable to Securityholders to Operating Profit After Tax Attributable to Securityholders in Appendix B of this offering memorandum, these gains have been notionally offset against the current year valuation gains so that they are not double counted in operating profit.

The representation of Operating Earnings has implications for our capital management planning. Under our financial risk management policy, we also evaluate the mix of earnings and intend to operate at the lower half of our target Gearing range of 0% to 25% whenever development represents a high portion of our income. The mix of earnings also has implications for our distribution policy in that the level of distribution will be considered in light of the capital needs of the business, including our development activities. Earnings are retained if we can demonstrate productive use of the capital. To do this, the return generated from our development activity is a key consideration. Management views this measure and its utility to the management of distributions as a critical part of our capital management planning and ongoing compliance with our financial risk management policy.

Financial ratios

Under the Indenture, we will be required to maintain certain financial ratios, including:

- Leverage Ratio;
- Secured debt to total assets ratio;
- Interest coverage ratio; and
- Unencumbered assets ratio.

The interest coverage ratio is calculated on the basis of a non-IFRS financial measure that we believe provides useful supplemental measures to examine the underlying performance of our business. See “Description of other indebtedness—Funding and liquidity—Financial ratios” for further information about how we calculate these financial ratios.

Non-financial operating measures

Certain non-financial operating measures have been included in this offering memorandum. Such measures include:

- “capitalization rate” means, in respect of a stabilised investment property or properties in our portfolio, a factor calculated as the ratio of net rental market income, divided by property value before allowances for vacancies and incentives, capital expenditure, rental reversions and selling costs. In determining the value of our property investments, capitalization rates are one of the key valuation assumptions we use and are based on sales of comparable properties, if available;
- “occupancy rate” means the ratio of leased space to total available space, measured by lease income, includes stabilised industrial and warehouse assets and excludes office properties which have been earmarked for redevelopment; and
- “weighted average capitalization rate” or “WACR” means the average of the individual property capitalization rates contained in the latest independent valuation report for each property as at each reporting date, weighted by the value of the individual property as reported in the latest independent valuation for each property.

Management considers these non-financial operating measures in measuring our operating performance. These measures, however, should not be considered to be an indication of, or alternative to, measures such as revenue, profit or any other performance measures determined in accordance with AAS or IFRS. In addition, such measures may not be comparable to similar measures presented by other companies.

Stapling transactions

Goodman Group was formed in February 2005 by the stapling of ASX-listed securities of GL and GIT (the “Initial Stapling Transaction”) and the subsequent stapling in August 2012 of CDIs over shares in GLHK to the shares in GL and the units in GIT. Following approval of the stapling by the shareholders of GL and the unitholders of GIT, shares in GL and CDIs over shares in GLHK and units in GIT were stapled to one another and quoted as a single security on the ASX (the “Second Stapling Transaction” and, together with the Initial Stapling Transaction, the “Stapling Transactions”).

Consequently, Goodman Group is comprised of three head entities, GL, GLHK and GIT, which operate as a coordinated economic group through a stapled structure, and their subsidiaries. GL and GFML are run by a common board. The board of GLHK is comprised of a majority of the directors that are also on the board of GL and GFML and seeks to act in coordination with the board of GL and GFML. The stapled securities are quoted and trade together on the ASX under the code “GMG”. The stapled securities cannot be traded separately. Under the stapling deed, each of GL, GLHK and GFML have agreed, to the maximum extent permitted by law and subject to other limitations, to provide each other financial support to the extent called upon to do so.

GFML is a guarantor of the Notes solely in its capacity as the Responsible Entity of GIT. Subject to limited exceptions, the liability of the Responsible Entity in relation to its Guarantee is limited to and can be enforced against it only to the extent that such liability can be satisfied out of the assets of GIT from which GFML is actually indemnified for the liability. See “Risk factors—Risks relating to the Notes—Except in limited circumstances, GFML’s liability and the liability of trustees of those Undertaking Subsidiaries that are trusts will be limited to the extent to which such liability can be satisfied out of the assets of the relevant trust of which it is trustee and/or responsible entity.”

An Australian trust or managed investment scheme, which is a form of trust that is regulated under the Corporations Act (an “Australian Trust”) is not a legal entity and can only act through individuals or entities acting in the capacity of trustee or responsible entity for such Australian Trust. Obligations undertaken by a trustee or responsible entity on behalf of an Australian Trust are those of the trustee or responsible entity personally (subject to limitation clauses, discussed below), but the trustee or responsible entity is entitled to have any liabilities it incurs in its capacity as trustee or responsible entity, except in limited circumstances, satisfied out of the assets of such Australian Trust through a right of indemnity. This right is afforded a priority in respect of the assets of such Australian Trust as against that Australian Trust’s beneficiaries. Unsecured creditors of a trustee or responsible entity who incurred the debts in that capacity have no direct claim upon the assets of the relevant Australian Trust, but are entitled to be subrogated to the trustee or responsible entity’s right of indemnity. In that sense, they have an indirect right of recourse to the assets of the relevant Australian Trust. In the usual course, as a result of limitation clauses, except in limited circumstances (such as fraud or negligence of the trustee or responsible entity) Australian Trust creditors do not have access to the assets held by the trustee or responsible entity company in its personal capacity, or any assets held as trustee of another trust.

An action against an Australian Trust for the payment of money or otherwise would therefore need to be instituted against the trustee or responsible entity of the Australian Trust and not against the Australian Trust itself. If the trustee or responsible entity, as trustee or responsible entity of the Australian Trust, was liable for the payment of money, and was properly entitled to exercise its right of indemnity, such payment would be made out of the assets of such Australian Trust (and the creditors could subrogate to that right in the insolvency of the trustee or responsible entity). A trustee or responsible entity may impair or lose its right of indemnity in circumstances where the trustee or responsible entity acts in breach of the terms of trust or outside its authority or, in the case of a managed investment scheme, otherwise than in the proper performance of its duties.

In addition to GFML (in its capacity as the responsible entity of GIT), GLHK and GL guaranteeing the Notes, in certain circumstances, Undertaking Subsidiaries are also required to either provide loans to or subscribe for equity in, the Issuer to enable the Issuer to repay amounts owing in respect of the Notes. Undertaking Subsidiaries are wholly-owned subsidiaries of either GL, GLHK or GIT. Subject to limited exceptions, where an Undertaking Subsidiary is a trust, any liabilities incurred by the trustee of such trust can only result in the trustee being sued in its capacity as trustee of the relevant trust and not in its personal capacity. See “Risk factors—Risks relating to the Notes—Except in limited circumstances, GFML’s liability and the liability of trustees of those Undertaking Subsidiaries that are trusts will be limited to the extent to which such liability can be satisfied out of the assets of the relevant trust of which it is trustee and/or responsible entity.”

For a more detailed description of the limited circumstances when a trustee or responsible entity may not have the benefit of trust assets in respect of an obligation entered into on behalf of the trust, and when creditors with respect to such obligation may have claims against the trustee or responsible entity personally, see “Description of the Notes, Guarantees and Undertakings—Limitation of liability”.

Segment reporting

An operating segment is a component of Goodman Group that engages in business activities from which it may earn revenues and incur expenses. Goodman Group reports the results and financial position of its operating segments based on the internal reports regularly reviewed by the Group Chief Executive Officer in order to assess each segment’s performance and to allocate resources to them.

Operating segment information is reported on a geographic basis and Goodman Group has determined that its operating segments are Australia and New Zealand (reported on a combined basis), Asia (Greater China (including the Hong Kong Special Administrative Region) and Japan), Continental Europe (with the majority of assets located in Germany, France, Spain and Netherlands), the United Kingdom and the Americas (predominantly the United States but including Brazil).

The activities and services undertaken by the operating segments include:

- Property investment, through both direct ownership and cornerstone investments in Partnerships;
- Management activities, both investment and property management; and
- Development activities, including development of directly owned assets (predominantly disclosed as inventories), development of assets owned in joint venture and management of development activities for Partnerships.

The segment results that are reported to the Group Chief Executive Officer are based on profit before net finance expense and income tax expense, and also exclude non-cash items such as fair value adjustments and impairments, corporate expenses and share based payments expense. The assets allocated to each operating segment are the property assets,

including the investments in Partnerships and trade and other receivables associated with the operating activities, but exclude inter-entity funding, income tax receivables, deferred tax assets, derivative financial instruments and corporate assets. The liabilities allocated to each operating segment primarily relate to trade and other payables associated with the operating activities, but exclude interest bearing liabilities, income tax payables, deferred tax liabilities, derivative financial instruments, provisions for distributions and corporate liabilities.

The accounting policies used to report segment information are the same as those used to prepare the consolidated financial statements of Goodman and GIT.

For the purpose of operating segment reporting, there are not material intersegment revenues and costs.

Exchange controls

At the present time, the Australian dollar is convertible into Euro and other currencies at market-determined rates. Generally, Australians are not restricted from transferring funds from Australia to the credit of non-residents of Australia, but in certain cases are required to: (i) withhold an amount on account of taxes imposed in Australia; or (ii) lodge a report of the details of a transaction.

However, the *Autonomous Sanctions Act 2011* (Cth), the *Autonomous Sanctions Regulations 2011* (Cth), the *Charter of the United Nations Act 1945* (Cth), the *Charter of the United Nations (Dealing with Assets) Regulations 2008*, the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), the *Criminal Code* (Cth) and other Australian legislation, regulations and directions may restrict or prohibit payments, transactions or other dealings with assets or persons having a connection with certain countries or identified with corruption, malicious cyber activity, violations of human rights or the law of war, the proliferation of weapons of mass destruction, terrorism and other threats to international peace and security. Dealings with any person acting on behalf of or at the direction of a person that is subject to sanctions or an entity owned or controlled by a person that is subject to sanctions under these Acts may also be prohibited.

The Australian Department of Foreign Affairs and Trade maintains a list of the persons, entities and assets that are directly subject to sanctions under a number of these Acts. The list is available to the public at the Department's website at <http://dfat.gov.au/international-relations/security/sanctions/pages/consolidated-list.aspx>. This list does not include persons that are subject to sanctions under these Acts because they are owned or controlled by a person that is subject to sanctions. It also does not include persons that are subject to sanctions under these Acts because they are acting at the direction of a person that is subject to sanctions or an entity that is owned or controlled by a person that is subject to sanctions.

The persons, entities and assets that are subject to these sanctions will change over time. This website and the information contained on the website is not incorporated by reference herein and does not otherwise form part of this offering memorandum.

Australian laws also require the reporting of certain transactions either to an agency of the Australian Government known as "AUSTRAC" or the Australian Federal Police. For example, the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) requires reporting entities to report suspicious transactions to AUSTRAC.

We will not make any payments (including remittances of dividends and interest), and may delay or refuse any request or transaction, if we believe that the payment, request or transaction may be in breach of any laws or cause us to commit or participate in a contravention of any law. We may take any action that we reasonably believe is necessary to comply with any laws, including but not limited to disclosing any information that we hold about the investor to service providers whether in Australia or outside Australia, or to any relevant Australian or non-Australian regulator.

Certain definitions

In this offering memorandum, unless the context otherwise requires, all references to the “Issuer” refer to Goodman Australia Finance Pty Limited.

All references to “Goodman Group”, “Goodman”, the “Group”, “we”, “us” and “our” and similar expressions refer to, collectively, Goodman Limited, Goodman Logistics (HK) Limited and Goodman Industrial Trust and their subsidiaries, including the Issuer.

All references to “GL” refer to Goodman Limited or Goodman Limited and its subsidiaries, as the context requires.

All references to “GLHK” refer to Goodman Logistics (HK) Limited or Goodman Logistics (HK) Limited and its subsidiaries, as the context requires.

All references to “GIT” refer only to Goodman Industrial Trust or Goodman Industrial Trust and its subsidiaries, as the context requires.

All references to “GFML” refer only to Goodman Funds Management Limited in its capacity as responsible entity of GIT, and GFML is also referred to as the “Responsible Entity”.

All references to “Parent Guarantors” refer collectively to GL, GLHK and to GFML, as responsible entity of GIT.

All references to “Undertaking Subsidiaries” refer to (a) certain subsidiaries of the Parent Guarantors listed in Appendix E hereto, which will agree to either make loans or advances to, or subscribe for equity in, the Issuer if the Issuer would otherwise default in any payment of any principal, premium (if any) and interest on the Notes pursuant to the Capitalisation Deed Poll and (b) any entities that subsequently become Indenture Undertaking Subsidiaries (as defined in the Indenture) pursuant to a supplemental indenture to the Indenture subsequent to the date of the Indenture.

As used herein, unless the context otherwise requires:

- “BHT” means Build Hold Trust;
- “book value” means the current holding value of a property, including any adjustment to fair value of the property and all capital expenditure with respect to the property;
- “business space” means data centres, business parks, office buildings, and other non-industrial commercial uses;
- “Continental Europe” means the European landmass, which, for the avoidance of doubt, excludes the United Kingdom;
- “CTDP” means the Group’s common terms deed poll which, among other things, sets forth common covenants (including the CTDP Gearing Ratio) and restrictions governing the Group’s senior banking documents;
- “CTDP Gearing Ratio” means total liabilities of the Group (less cash and cash equivalents and after deducting trade payables, marked to market losses and gains on hedging agreements, provisions for distributions and dividends, the marked to market value of liability attributable to breaking the fixed rate on any fixed-rate financial indebtedness and deferred liabilities) over total tangible assets (less cash);
- “distribution payout ratio” means distribution to securityholders as a proportion of the Operating Profit After Tax Attributable to Securityholders;
- “GADP” means Goodman Australia Development Partnership;
- “GAIP” means Goodman Australia Industrial Partnership;
- “GAP” means Goodman Australia Partnership;
- “GBLP” means Goodman Brazil Logistics Partnership;
- “GCIP” means Goodman CPPIB Interlink Partnership;
- “GCLP” means Goodman China Logistics Partnership;

- “Gearing Ratio” means total interest-bearing liabilities (less cash and cash equivalents) over total assets (less cash), both net of the fair value of cross-currency swaps used to hedge non-Australian dollar financial indebtedness, which we report to investors and analysts on a periodic basis;
- “GEP” means Goodman European Partnership;
- “GFM Lux” means Goodman Funds Management (Lux) S.à r.l.;
- “GHKLP” means Goodman Hong Kong Logistics Partnership;
- “GIFML” means Goodman Industrial Funds Management Limited;
- “GJCP” means Goodman Japan Core Partnership;
- “GJDCV” means Goodman Japan Data Centre Venture;
- “GJDP” means Goodman Japan Development Partnership;
- “GJF” means Goodman Japan Funds Limited;
- “GLA” means gross lettable area;
- “GMT” means Goodman Property Trust;
- “GNAP” means Goodman North American Partnership;
- “Goodman Japan” means Goodman Japan Limited;
- “GPSA” means Goodman Property Services (Aust) Pty Limited;
- “Group Member” means a member of the Group. See “Description of the Notes, Guarantees and Undertakings—Certain definitions”;
- “GUKP” means Goodman UK Partnership, which is comprised of three separate partnerships in the United Kingdom that we manage: GUKP LP, GUKP II LP and GUKP III LP;
- “GUKP LP” means Goodman UK Partnership L.P.;
- “GUKP II LP” means Goodman UK Partnership II L.P.;
- “GUKP III LP” means Goodman UK Partnership III L.P.;
- “Indenture” means the indenture to be dated May 3, 2024, among the Issuer, the Parent Guarantors and the Indenture Trustee, that will govern the Notes and the guarantees thereof;
- “Indenture Trustee” means The Bank of New York Mellon, London Branch, as trustee under the Indenture;
- “industrial estates” means multi-tenanted facilities comprised of multiple units of typically less than 10,000 sqm with an office content of up to 15%;
- “Initial Purchasers” means HSBC Bank plc, ING Bank N.V., J.P. Morgan Securities plc and Morgan Stanley & Co. International plc;
- “inventory” means, with respect to our property assets and the property assets of our Partnerships, development property held with the primary intention of sale;
- “investment property” means a property asset we hold either as a stabilised investment property or as land or a development, which has the ability to produce a risk-adjusted return and includes wholly-owned property assets and property assets held by our Partnerships, unless otherwise specified;
- “KGG” means KWASA-Goodman Germany;
- “KGIP” means KWASA-Goodman Industrial Partnership, which is comprised of two separate partnerships in Australia that we manage: KGIP I and KGIP II;

- “KGIP I” means KWASA-Goodman Industrial Partnership I;
- “KGIP II” means KWASA-Goodman Industrial Partnership II;
- “lettable area” means the area, measured in square meters, available to be leased at a property, includes stabilised industrial and warehouse assets and excludes office properties which have been earmarked for redevelopment;
- “Leverage Ratio” refers to the leverage ratio contained in the Indenture that will govern the Notes. See “Description of the Notes, Guarantees and Undertakings—Covenants—Leverage Ratio”;
- “Liquidity” means undrawn debt plus cash;
- “Look through gearing” is a modified measure of the Gearing Ratio that includes a proportionate consolidation of the borrowings contained within our equity accounted investments and the associated assets after deducting from the denominator our interest in the equity of those equity accounted investments;
- “LTIP” means our long-term incentive plan;
- “Moody’s” means Moody’s Investors Services, Inc., a subsidiary of Moody’s Corporation, and its successors;
- “occupancy rate” means the ratio of leased space to total available space, measured by lease income, includes stabilised industrial and warehouse assets and excludes office properties which have been earmarked for redevelopment;
- “OET” means BGMG 1 Oakdale East Trust No. 2;
- “office parks” means non-central business district office property sites in managed environments with access to amenities;
- “OWT” means BGMG 1 Oakdale West Trust;
- “Partnership” refers to a property investment vehicle co-owned and managed by the Group with other equity investor(s). It may be structured in various forms, including, but not limited to, companies, joint ventures, tenants in common, funds, limited partnerships, REITs and trusts. It may own stabilised and/or development properties;
- “prime” or “prime grade” means a well-located and well-maintained functional industrial property in relatively close proximity to key infrastructure that has a relatively high probability of achieving a high occupancy rate due to its location and physical attributes;
- “REIT” means a real estate investment trust;
- “rental income” means lease income plus outgoings recoverable under the lease;
- “S&P” means S&P Global Ratings, Inc.;
- “sqm” means square meters;
- “SSP” means South Sydney Partnership;
- “stabilised” refers to income-producing property assets that are not under development;
- “Stapled Entity” means GL, GIT (including GFML as responsible entity of GIT), GLHK and, if the units or other securities of a trust or other entity are stapled to the foregoing, such trust or other entity. See “Description of the Notes, Guarantees and Undertakings—Certain definitions”;
- “Statutory”, where the term is used in reference to the financial statements, means the Australian Corporations Act requirements to prepare financial statements;
- “subsidiary” has the meaning given to such term in the Corporations Act, but an entity will also be taken to be a subsidiary of such entity if it is controlled by such entity (as defined in section 50AA of the Corporations Act) and, without limitation, (i) a trust may be a subsidiary, for the purposes of which a unit or other beneficial interest will be

regarded as a share and (ii) an entity may be a subsidiary of a trust if it would have been a subsidiary if that trust were a corporation;

- “Tender Offer” means the cash tender offer that we launched on April 22, 2024 for any and all of our outstanding €500 million 1.375% Guaranteed Senior Notes due September 27, 2025 issued in reliance on Regulation S;
- “Total Property Portfolio” means assets we hold directly, together with assets held in our Partnerships and other development joint ventures;
- “urban renewal” means the transformation of a precinct or individual property into a higher allowable use, including a residential use through a land rezoning process;
- “WALE” means weighted average lease expiry and represents the average remaining lease term to expiry (or remaining lease term to first break) by NPI, excluding vacancies, as adjusted to reflect the Partnerships’ pro rata share of any properties not wholly-owned, includes stabilised industrial and warehouse assets and excludes office properties which have been earmarked for redevelopment;
- “distribution centres” means large, free-standing buildings of typically greater than 10,000 sqm located close to infrastructure and occupied by large warehouse users;
- “weighted average debt expiry” means the average number of years to maturity, weighted by the total available facility commitment; and
- “WIP” means work in progress and, when a value is assigned to WIP or work in progress in this offering memorandum, in most cases such value shall refer to the expected aggregate end value of that WIP or work in progress. However, for certain longer dated projects that are in the early stages of development, such value shall refer to the expected aggregate cost of the land and committed works of that WIP or work in progress.

Summary

This summary highlights selected information from this offering memorandum and does not contain all of the information that may be important to you. This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the more detailed information appearing elsewhere in this offering memorandum. You should read this entire offering memorandum carefully, including the risk factors and the consolidated financial statements and the notes related thereto.

Overview of Goodman Group

We operate in the core markets of Australia, the United States, Greater China (including the Hong Kong Special Administrative Region) and Japan in Asia, Germany, France, Spain, Belgium, the Netherlands and Italy in Continental Europe, the United Kingdom and Brazil, as well as having a significant investment in New Zealand. As at April 19, 2024, based on our equity market capitalization of A\$57.9 billion, we are the largest property group listed on the ASX and one of the largest listed specialist investment managers of industrial property (industrial estates, warehouses, distribution centres and other business space) globally. The properties are typically used by our customers for warehousing and distribution but increasingly for data centre activities. We had 975 employees across 29 offices as at March 31, 2024. As at the date of this offering memorandum, we have a portfolio of 10 directly owned stabilised properties and we co-invest in a much larger portfolio of assets held in Partnerships. We manage nearly all of these Partnerships, which gives our investment partners access to our specialist services and property exposure.

Our Total Property Portfolio as at December 31, 2023 was A\$79.0 billion, which included our directly owned portfolio with an aggregate book value of A\$4.1 billion. Our directly owned property portfolio included stabilised investment properties with an aggregate book value of A\$1.3 billion. In addition, we directly held investment properties under development (which includes land, new investment properties under construction and investment properties that are being redeveloped) with an aggregate book value of A\$0.3 billion, inventories (which includes land, properties under development and completed buildings) with an aggregate book value of A\$2.4 billion and assets held for sale of A\$0.1 billion. In addition to our directly owned investment portfolio, as at December 31, 2023 our Partnerships held A\$74.9 billion of properties, which consisted of 418 properties housing more than 1,700 customers across 14 countries, and our co-investments in our Partnerships had an aggregate value of A\$15.7 billion.

We had 53 institutional investors invested in our Partnerships as at December 31, 2023, with the top five investors representing 67% of total capital. These institutional investors include sovereign wealth funds, pension funds, mutual funds, public property funds and global fund-of-funds. As at December 31, 2023, 16 of our investment partners were invested in more than one of our Partnerships and the average investment size from institutional investors in our Partnerships was A\$786.0 million. Over time, investments in our Partnerships have become more concentrated as larger, longer term investment partners have acquired stakes from exiting investors or participated in our new equity offerings. Examples of institutional investors that are invested in our Partnerships include Canada Pension Plan Investment Board ("CPPIB"), APG Asset Management ("APG"), PGGM, China Investment Corporation Ltd ("CIC"), Abu Dhabi Investment Corporation ("ADIC"), PSP Investments ("PSP"), Government of Singapore Investment Authority ("GIC"), Employees Provident Fund ("EPF"), UBS and CBRE Global Investors ("CBRE").

Our property strategy is based on the belief that certain cities and property types offer an attractive combination of high occupier demand relative to a constrained ability to add new supply. We believe that industrial properties that are well located and that appropriately consider the modern needs of our customers, including adaptability, usability and sustainability, should exhibit relatively stable and growing income and remain attractive to investors over the long term. To that end, we have undertaken a significant program to enhance our portfolio, through a combination of asset sales (from our directly owned portfolio and from within our Partnerships), acquisitions and the development of new buildings in an environmentally conscious manner.

Our property portfolio is highly focused on urban infill markets (which are locations within existing built-up areas) in major metropolitan areas. The proximity of these locations to large population centres and strong transport and/or digital infrastructure enables customers to increase their speed to market and their access to large populations of end consumers, while simultaneously reducing transportation-related costs and emissions. We believe that highly productive assets that facilitate a concentration of our customers' activities in locations closer to the consumer population and transport infrastructure will also become increasingly attractive as a result of their sustainability credentials.

We believe that the depth of demand for assets in and around the metropolitan markets that are serviced by our properties is underpinned by the long-term trends of urbanization and will continue to be driven by e-commerce trends and supply chain modernization. In addition, we believe that the growing demand for land in the cities in which we

operate, and the higher than average barriers to new supply in these markets, will create opportunities for higher intensity land uses for many of our assets.

Adaptability is an important part of our investment decision making. We anticipate that in the long run, new opportunities to adapt our buildings or redevelop them to capture higher value uses will be a feature of our portfolio. Historically, a significant number of assets we owned and managed have undergone a transformation to higher value uses, with some properties becoming more suited to large scale residential use. In response, we have participated in the process of re-zoning and planning and divested the assets to specialist residential developers. In other cases, higher intensity commercial uses have eventuated, and in such cases, we either sold the assets to specialist developers or undertook the redevelopment ourselves for our long-term ownership, particularly in the case of multi-level industrial property uses where we remain active.

One emerging area of commercial use for our assets is for data centre activities. Although this still represents a relatively small part of our portfolio, it represents a significant proportion of new demand for the properties we currently own or are redeveloping. In 2006, we developed our first “powered shell” facility, essentially, a warehouse that is equipped with additional power availability. Since then, we have developed and/or converted several properties into powered shell properties in multiple countries. Although we are considering and may in the future own and/or engage in installation of data centre operating equipment, we have no current intention to act as an operator of any data centres as at the date of this offering memorandum, nor have we ever been involved in the operation of data centres or funded any material portion of any data centre operating equipment.

Fundamental to our business model is capitalising on our integrated property platform through our “own+develop+manage” customer service model. We believe that the offering provided by this model fosters long-term relationships and facilitates higher levels of customer service, with the goal of ultimately driving enhanced returns from our properties. Our customers include international market leaders across a broad range of industry sectors, such as third party logistics customers (examples include DHL (Deutsche Post), DB Schenker, A.P. Moller-Maersk, SF Express, Kuehne + Nagel, Australia Post, Nippon Express and Japan Post Group), retail and consumer focused customers (examples include Coles Group, Woolworths, Metro AG, Metcash, Walmart and Coca-Cola), e-commerce customers (examples include Amazon¹, JD.com and Zalando SE) and automotive customers (examples include BMW Group, Tesla, Daimler, Toyota and General Motors). In addition, we have recently begun to attract data centre users such as Alphabet (Google), Amazon Web Services¹, Equinix, Microsoft, ST Telemedia and Vantage Data Centers to our properties. We have the expertise, infrastructure and capital to service our customers across global borders and the flexibility to adapt to their changing business requirements.

Our business model incorporates an integrated property platform comprising property investment, property development and management services. Further details on each of these business lines are set forth below.

- **Property investment** – stabilised investment property assets held directly and through co-investments in our Partnerships. Our investments are located in our core markets of Australia, New Zealand, Asia, the United Kingdom, Continental Europe and the United States and Brazil. For HY2024 and FY2023, our property investment business line contributed 19% and 23%, respectively (23% and 24% for HY2023 and FY2022, respectively) of our Operating Earnings².
- **Property development** – development of industrial properties (industrial estates, warehouses, distribution centres and business space) for each of the Group, our Partnerships and other property investors. Existing development projects are undertaken in our chosen markets and are managed “in-house” by our internal development management teams, while the construction of our properties is outsourced to specialist contractors. We focus on carefully selecting new development projects that are commonly substantially pre-leased, pre-sold and predominately end funded by third party capital. Such equity is most commonly sourced from the Partnerships we manage. Development projects are driven by the requirements of core customers and a significant proportion are being undertaken within our Partnerships allowing us to diversify risk and volatility of development earnings and to reduce our direct capital requirements. We retain the ability to initiate development projects on our own balance sheet in certain circumstances, but we have typically done so either in situations where the end ownership and funding arrangement are known from the outset or for development sites located in land constrained urban infill markets that might involve long-term planning or remediation considerations and also have potential for long-term value growth. This enables the Group to better manage market risks and capital management. In selected circumstances where we identify that some of our industrial land or properties have a

¹ For the purposes of industry classification the Amazon exposure has been characterised by specific use of individual assets.

² Operating Earnings is a non-IFRS measure we use to measure operating performance. See Appendix A for a reconciliation of this financial information to the nearest AAS measure applicable to us. See also “Financial information presentation—Non-IFRS financial measures”.

better alternative use that may be non-core to our long-term holdings, we will seek to rezone this land and sell it. For HY2024 and FY2023, our property development business line contributed 56% and 56%, respectively (53% and 47% for HY2023 and FY2022, respectively) of our Operating Earnings.

- **Management services** – property services and investment management operations. As at December 31, 2023, property services operations comprise a range of property services provided to over 1,700 customers in the 436 properties that we manage across 14 countries, with a total of 24.8 million sqm under management. Investment management comprises the active management of the properties that we own, and those within our Partnerships. For HY2024 and FY2023, our management services business line contributed 25% and 21%, respectively (24% and 29% for HY2023 and FY2022, respectively) of our Operating Earnings.

For HY2024, we reported a loss attributable to securityholders of A\$220.1 million, Operating Earnings of A\$1,443.7 million and Operating Profit After Tax Attributable to Securityholders³ of A\$1,127.4 million. For FY2023, we reported a profit attributable to Securityholders of A\$1,559.9 million, Operating Earnings of A\$2,313.2 million and Operating Profit After Tax Attributable to Securityholders of A\$1,783.2 million.

Notwithstanding the challenging market conditions associated with the post-COVID-19 pandemic, which included global supply chain difficulties, the tightening of central bank monetary policy, higher inflation and the related challenges for our business, people, customers, investors and communities, we have continued to grow our Operating Earnings over the past three years, as at the date of this offering memorandum. This has been driven largely by the success of our property development businesses as we have capitalised on the growth in demand from both our customers and investment partners. These developments also fuel growth in our investments and investment management businesses. The significant asset sale program described above allows us and our Partnerships to focus our human and capital resources on the markets that are experiencing strong demand. Although these asset sales temporarily dampened the growth in our investment portfolio, they allowed us and our Partnerships to operate at low Gearing Ratios, which was deemed appropriate given the increase in development activities.

Despite ongoing inflationary pressures and supply disruptions in the construction industry, we have continued to manage our developments to profitable completion. The impact of the recent expansion of market capitalization rates has been contained to a degree that it has not had a significant adverse impact on the financial performance of the Group. Since June 30, 2022, the global weighted average market capitalization rate employed by the independent appraisers of our properties has increased by 1.1% to 5.1% as at December 31, 2023 offset to a large extent by rental growth. This has resulted in a A\$3.4 billion decline in property valuations, our share of which has been reflected in the GMG financial statements as at December 31, 2023. Notwithstanding those declines in HY2024, we were able to maintain growth in our Operating Earnings. This was due to our ability to manage costs and the strong rental growth in our markets of operation. As a result, we have generated strong margins on developments and ongoing performance fees from our Partnerships.

In recent years we have also conducted a significant volume of developments in our Partnerships to reduce our potential earnings volatility and diversify our sources of funding, which has moderated the capital allocated to developments relative to the growth in development activity and increased the return on our allocated capital. The completed assets have, in the vast majority of cases, been retained in our Partnerships, which has increased our Total Property Portfolio. Our Partnership approach has enabled us to gain further exposure to a globally diversified and high-quality portfolio of assets together with our long-term investment partners. Over time we have successfully employed this approach across a range of property strategies ranging from land acquisition and development to stabilised asset acquisition and management. This Partnership approach and the flexibility to acquire or develop new buildings allows us to invest at what we believe to be the optimum price point. It also allows us to be active in various market conditions and diversify risk across regions and our broader portfolio.

We maintain the flexibility to conduct developments on our own balance sheet or in the Partnerships, but we intend to do so in a manner that continues to rely on a low Gearing Ratio for the Group and with ample liquidity. We anticipate, due to the increase in market capitalization rates, that our investment partners may become more focused on acquiring core stabilised assets rather than undertaking development activity to meet their return requirements. This could create additional balance sheet flexibility for us to initiate more developments, but with greater knowledge of the willingness of the buyers of the completed properties, being the Partnerships we manage. In this manner, we believe that we can continue to manage earnings volatility and capital management needs. Ultimately, we expect that our Partnerships will continue to own the majority of the assets we are developing and that we will continue to invest in a growing portfolio of assets that we will ultimately manage.

³ Operating Profit After Tax Attributable to Securityholders is a non-IFRS measure we use to measure operating performance. See Appendix A for a reconciliation of this financial information to the nearest AAS measure applicable to us. See also "Financial information presentation—Non-IFRS financial measures."

The recent acceleration of demand for data centre properties is providing a large and attractive investment opportunity. This has been a catalyst for us, in conjunction with our investment partners, to review divestments of existing properties as potential sources of funds. As a result, we may undertake more divestments to make way for these new opportunities, which may have a dampening effect initially on our Operating Earnings growth, but we expect that this strategy will provide additional liquidity and financial resources to pursue these new opportunities.

As at December 31, 2023, the Partnerships had A\$16.3 billion of liquidity available for further investments in the form of equity commitments, cash and undrawn debt. We take what we believe to be a conservative but active approach to capital management in order to manage our business through various cycles.

As at December 31, 2023 and June 30, 2023 we have achieved Gearing Ratios of 9.0% and 8.3%, respectively, while maintaining liquidity of A\$3.0 billion as at December 31, 2023. Our distribution payout policy was amended in 2018 to progressively reduce the payout ratio of Operating Profit After Tax Attributable to Securityholders to 40% and below. We have a Gearing Ratio target of 0% to 25%. Since May 2017, we have been rated BBB+ by S&P and Baa1 by Moody's, both with a stable outlook.

Business strategy

Our business strategy is to own a high-quality, large-scale portfolio, through which we can be a leading international provider of industrial property to leading global customers and investors in each of the markets in which we operate. Our business model incorporates an integrated property platform comprising property investment, management services and property development. Our customers are primarily focused on warehousing and distribution, and increasingly on data centre activities.

Over the last decade we have continually refined our global portfolio to better position the business for long-term growth and adapt to a changing world. Under our asset sale program, including through our Partnerships, we undertook A\$32.9 billion of divestments between 2013 and 2023. The most significant sales were business and office park assets (in the United Kingdom, Continental Europe and New Zealand), central and eastern European industrial assets, selected groups of assets in markets where we believed that there were lower barriers to entry to new supply relative to the depth of demand (mainly in Melbourne, Perth and Adelaide in Australia, Christchurch in New Zealand and parts of China, Central Eastern Europe and the United Kingdom) and properties in Australia that had been re-zoned to residential use. We have utilised the capacity created from those sales for the acquisition and development of new, prime grade properties in our chosen sub-markets. This strategy has allowed us to increase the quality of our property portfolio through concentrating it in predominantly urban infill markets in major metropolitan areas, where supply is limited, and use the asset sale proceeds to fund the development of new buildings or higher intensification of existing assets.

In general, land in urban infill markets is scarce and in high demand, as these locations are becoming increasingly important to the fulfilment of online sales and the reduction in transportation time and cost. The global COVID-19 pandemic caused an acceleration of the structural shift to online e-commerce, which is forecast by Euromonitor to account for 25% of all retail sales globally by 2028. We believe that the recent supply chain disruptions have also caused businesses to re-consider the resilience of their storage and distribution networks. Assets in urban infill markets are necessary to achieve timely supply chain solutions. The scarcity of land in these markets has increasingly created significant value opportunities for us to seek planning outcomes for industrial land which we own or manage to allow more intense industrial uses or in some cases higher and better uses. This redevelopment of infill sites to more intense industrial uses such as multi-story warehousing has been a significant feature of our growth over several years. The rising cost of capital and the potential slowing of consumer demand in response to tighter monetary policy has created a significantly greater focus on productivity among our customers. We believe that this favours the urban infill locations with high capacity and an ability to introduce highly mechanised processes. This has enabled us to extract greater value for investors and to service the occupational needs of our customers.

Further exacerbating the shortage of well-located sites with access to sufficient power to run highly mechanised operations has been the growth in demand from data centre users. We have been diverting a number of our potential development opportunities from industrial to data centres.

In situations where land has been rezoned for uses other than industrial such as residential, we have sold to developers of that type of asset. We have identified a number of properties owned in our Australian Partnerships that may become eligible for such changes and we expect to continue to adopt this approach.

Our "own+develop+manage" business capabilities model is a driving principle in our operations.

Our integrated business capabilities model



Own

Investing in property for the long term, providing ongoing relationships with customers and quality returns for our partners

Develop

Our development program encompasses sites across our chosen markets that we believe will meet the needs of our customers and partners

Manage

In-house property services teams to meet our customers' operational needs and to maintain our assets to a high standard to drive increased customer satisfaction, higher occupancy rates and secure returns for our partners

Our “own+develop+manage” business capabilities model is intended to allow us to build an in-depth understanding of customer needs and to assist us in providing access to quality information on portfolio performance and market dynamics. We believe our ability to establish a better understanding of our clients' needs allows for better client management opportunities and enables us to provide a more tailored property management service. We strive to meet the requirements of our customers “in-house” through the rotation of existing assets or through the development of new buildings, while the “in-house” property management team works to efficiently satisfy customer needs. In addition, our development pipeline provides access to new assets when it would be comparatively expensive to buy established industrial properties at lower capitalization rates. The development pipeline also provides us with important market intelligence regarding the replacement cost of assets compared to buying completed assets.

We seek to create value through expansion, both organically and through strategic acquisitions, while enhancing returns through the active management of our property portfolio. As part of our active asset management strategy, we recycle our portfolio by selling developments and investment properties to our Partnerships and to third parties from time to time. The cornerstone of this strategy is a substantial portfolio (including both directly owned property and investments in our Partnerships) of quality industrial and business space assets, coupled with our integrated property platform. We look to enhance our return on property investments with management income and development profits.

Development is an important component of our business strategy because it drives portfolio growth with the expansion of existing customers, the procurement of new customers and provides a source of investments for our Partnerships. Our current strategy is to conduct the majority of our developments within our Partnerships. We believe that our ability to recycle capital in this way, coupled with our ability to utilize third party capital invested in our Partnerships, enables us to grow development and investment activity and earnings without needing to fund such expansion entirely with our own balance sheet. Investors in our Partnerships, which largely consist of global sovereign wealth and pension funds are given a greater influence in the direction of each Partnership through the ability to elect members to an investment committee which oversees key decisions. We also have the infrastructure in place to construct a bespoke reporting framework for our investors. The use of what we believe are best practice governance and reporting standards is integral to attracting and retaining high quality investors in our Partnerships which are committed to investing in prime industrial real estate for the long term.

The components of our earnings vary based on market conditions, which influence our preferences to own, develop and manage industrial properties. Over the last decade, our strategy has been directed towards rotating our portfolio and focusing on higher quality assets in identified long-term industrial property growth markets. Through the implementation of our asset sale program, funds from divestments have primarily been reinvested into new assets arising from our development business line, consequently improving our overall portfolio and income quality. In recent times, the strength of the demand and the limited supply of investment opportunities at attractive pricing has led us to prefer the development of our property investments rather than acquiring properties on the open market. We believe assets in our identified urban infill markets should be more resilient to short term volatility in income and capital value and provide higher capital and income returns relative to the general industrial property sector over the long term. As a result of ongoing strong capital pricing, we are continuing to sell assets that we believe will not perform as strongly as we would like. We intend to continue to use the financial capacity created from our asset sales to fund our development projects and new acquisitions.

In addition, we are now focused on the planning and rezoning of some of our land for future redevelopment, particularly in Sydney, and in other urban infill markets in major metropolitan areas that we have identified outside of Australia, which we believe will allow us to maximize the value of these sites and provide future development opportunities or become a future source of capital if we decide to sell them.

Our strong financial position underpins our business through the property cycle. Our principal capital management objectives are to maintain a strong capital base and provide funds for capital expenditure and investment opportunities as they arise. Our Gearing Ratio⁴ was 9.0% as at December 31, 2023. Over the last ten years we have decreased our financial leverage as a result of cash receipts from our asset sale strategy and the increase in retained earnings, which we have used to fund our development program and the consequential equity we have invested in the Partnerships. Our current policy is to target a Gearing Ratio is 0% to 25%.

Business lines

Our property portfolio management strategy is to deliver strong performance by assets that are well located and suit the current and future needs of our customers as well as actively managing properties through the implementation of our “own+develop+manage” customer service model. We believe that we create value by understanding our customers’ needs and our ability to provide comprehensive solutions. We aim to maintain a prime grade, well-located property portfolio and look to replenish and grow the portfolio through development activities and selective acquisitions. Our strategic locations are driven by the demand of customers, who seek prime locations near the consumers which are typically in urban infill markets and have good access to infrastructure to facilitate their business needs.

Our business operations are made up of three key business lines, property investment, management services and property development. The chart below summarizes these business lines and their activities, which are discussed further below.

 PROPERTY INVESTMENT	Direct property investment	Long-term investments in direct property assets
	Cornerstone investments	Long-term investments in partnerships
 MANAGEMENT SERVICES	Property management	Services provided for the management of direct property investment portfolio and partnerships
	Investment management	Services provided for the management of our partnerships
 PROPERTY DEVELOPMENT	Development	Property development sold to partnerships or third parties Development services provided for partnerships and third parties. Developments for our long-term ownership.

Property investment

Our property portfolio

As at December 31, 2023, we managed a portfolio of 436 properties, with a total of 24.8 million sqm under management, and had Total Property Portfolio of A\$79.0 billion. This includes directly owned properties (stabilised and developments) and the properties in our Partnerships.

Our property investment portfolio is divided into two main categories: (1) directly owned stabilised properties (which are investment properties that are not classed as investment properties under development, which are discussed separately under “—Property development” below), and (2) cornerstone investments in our Partnerships. Our Partnerships may be structured as companies, joint ventures, tenants in common, funds, limited partnerships, REITs or trusts, and are accounted for based on the terms of the arrangement with the other investment partner(s).

⁴ Our Gearing Ratio is an internal measure that we believe is a useful means through which to understand the underlying performance of our business and is distinct from the financial ratios (including the Leverage Ratio) that we are required to maintain under the agreements governing our senior debt. See “Description of other indebtedness” for further information.

The table below sets forth a summary of our portfolio of directly owned stabilised investment properties.

Directly owned stabilised investment properties

	Portfolio value (A\$ billions)	Number of properties	Lettable area (thousand sqm)	WALE ⁽¹⁾ (years)	Occupancy (%)	Weighted average capitalization rate ⁽²⁾ (%)
As at December 31, 2023	1.3	10	552	3.7	96	4.4%
As at June 30, 2023	1.1	8	578	3.7	94	4.4%
As at June 30, 2022	1.3	10	616	4.2	93	4.2%
As at June 30, 2021	1.8	15	886	4.1	90	4.7%

Notes:

(1) WALE has been calculated as described in "Certain definitions".

(2) These are the weighted average capitalization rates (weighted by book value) that are used as one of the key valuation assumptions in the determination of the fair value of our directly owned investment properties for the periods indicated. See also "Financial information presentation—Non-IFRS financial measures".

Our directly owned stabilised investment properties comprise 10 properties, with an aggregate value of A\$1.3 billion as at December 31, 2023. The properties are in Australia (Sydney and Melbourne) and Hong Kong.

As at December 31, 2023, total GLA of the directly owned stabilised investment properties was 0.6 million sqm with occupancy of 96% (by NPI) and a WALE of 3.7 years. A portion of the directly owned stabilised investment properties are being prepared for redevelopment and so the occupancy has been kept intentionally low in order to obtain vacant possession. This process is intended to provide us with the opportunity to extract further value from these properties.

For further information, see "Business—Business operations—Property investment—Directly owned investment properties."

Cornerstone investments in Partnerships

The table below sets forth a summary of our external Total Property Portfolio (which excludes directly owned property) and the book value of our cornerstone investments in our Partnerships.

	Total portfolio value ⁽¹⁾ (A\$ billions)	Cornerstone investment ⁽²⁾ (A\$ billions)	Number of properties	Lettable area (thousand sqm)	WALE ⁽³⁾ (years)	Occupancy (%)	Weighted average capitalization rate ⁽⁴⁾ (%)
As at December 31, 2023	74.9	15.7	418	24,296	5.3	98%	5.1%
As at June 30, 2023	76.3	16.3	413	23,699	5.5	99%	4.5%
As at June 30, 2022	68.7	14.4	379	18,689	5.2	99%	4.0%
As at June 30, 2021	54.0	10.7	342	17,544	4.5	98%	4.3%

Notes:

(1) Total portfolio value represents stabilised and development assets in all Partnerships.

(2) Cornerstone investment represents our equity investments in our Partnerships.

(3) WALE has been calculated as described in "Certain definitions".

(4) These are the weighted average capitalization rates (weighted by book value) that are used as one of the key valuation assumptions in the determination of the fair value of stabilised investment properties for the periods indicated. See also "Financial information presentation—Non-IFRS financial measures".

As at December 31, 2023, the book value of our cornerstone investments in our Partnerships was A\$15.7 billion.

Each Partnership is invested in industrial and business space properties (which may include data centre uses). This includes both stabilised investment properties and investment properties under development. As at December 31, 2023, our cornerstone investments in our major Partnerships ranged from a 10% to a 55% interest and we averaged a 28% equity cornerstone position. These cornerstone investments provide us with access to an interest in high quality properties. They also align our interests with the relevant Partnership's investors and supplement our direct property investment income with additional portfolio diversification. The cornerstone investments in our Partnerships also enhance our integrated property platform, enabling us to share in potential profits from development assets developed within our Partnerships or pre-sold to our Partnerships. Our policy is to hold long-term investment positions in all of our Partnerships and we intend to generally hold a 20% or greater investment in these over time (in certain Partnerships we are required to hold a minimum stake). Our Partnerships maintain their own debt facilities and all debt within our Partnerships is non-recourse to us. The average Gearing in our Partnerships as at December 31, 2023 was 21.4%.

A summary of our cornerstone investments in our major Partnerships by total asset size as at December 31, 2023 are listed below:

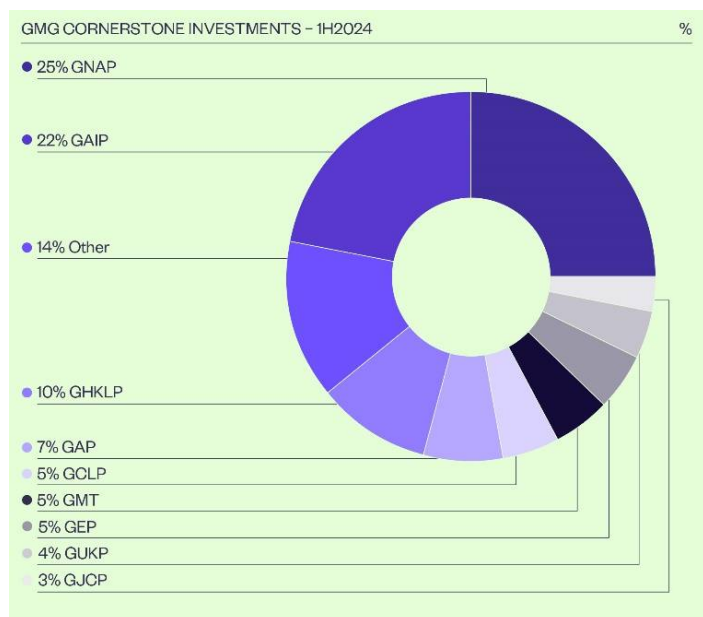
	GAIP	GHKLP	GNAP	GAP	GEP	GCLP	GMT ⁽¹⁾	GJCP	GUKE
Year of Establishment	2005	2006	2012	2011	2006	2009	2004⁽²⁾	2008	2015
Total assets (A\$ billions).....	15.3	11.3	8.8	7.1	6.7	6.6	4.4	4.2	2.3
GMG co-investment (%).....	28.6	20.4	55.0	19.9	19.8	20.0	25.2	14.4	35.2
GMG co-investment (A\$ billions).....	3.4	1.7	4.0	1.1	0.8	0.8	0.8	0.4	0.6
Number of properties	111	15	28	39	109	36	13	20	13
Occupancy ⁽³⁾ (% by NPI).....	97	99	99	99	100	96	100	100	97
WALE ⁽³⁾ (years).....	4.5	4.9	7.8	4.5	5.4	3.5	5.9	3.2	6.8
WACR (%).....	5.1	4.5	5.8	5.1	5.0	5.8	5.6	3.8	5.3
Interest bearing liabilities (A\$ billions).....	3.0	2.5	1.4	1.3	1.8	1.4	1.3	1.3	0.6
Gearing Ratio ⁽⁴⁾ (%)	17.4	22.3	15.6	18.3	26.3	16.4	28.7	28.8	23.2
Weighted average debt expiry (years)	3.5	3.7	5.3	3.4	3.8	3.2	3.5	6.1	1.9
Moody's / S&P credit rating ⁽⁵⁾ ..	A3/A-	NA/BBB+	Private	NA/BBB	Baa1/BBB+	NA/NA	NA/BBB+	NA/NA	N/A

Notes:

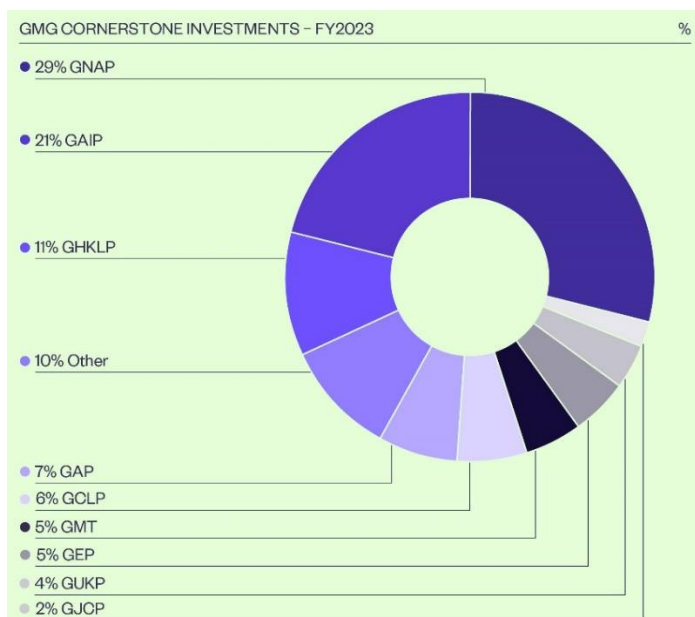
- (1) As at September 30, 2023, as reported to the New Zealand stock exchange.
- (2) We acquired our initial investment in 2004.
- (3) WALE and occupancy of Partnership stabilised industrial and warehouse assets (excludes office properties which have been earmarked for redevelopment and represents 97% of Partnership assets) as at December 31, 2023.
- (4) Gearing is calculated as total interest bearing liabilities over total assets, both net of cash.
- (5) A credit rating is not a recommendation to buy, sell or hold any security and may be amended, reduced or withdrawn by the applicable credit rating agency at any time. The rating of each credit rating agency should be evaluated independently of any other rating.

The charts below show the split of Goodman Group co-investment by Partnership as at December 31, 2023 and June 30, 2023, based on the total book value of A\$15.7 billion and A\$16.3 billion, respectively.

Cornerstone investments by Partnerships (%)
As at December 31, 2023



Cornerstone investments by Partnerships (%)
As at June 30, 2023



A summary description of the Partnerships which we manage (except for GMT, as described below) and have co-investments in, is set forth below. See “—Business operations—Property investment—Cornerstone investments” for more information in relation to our Partnerships. The source of the information presented with respect to our Partnerships is Goodman, as investment manager. Each Partnership is unlisted except for GMT.

Goodman Australia Industrial Partnership (“GAIP”): Established in 2005, GAIP is Australia’s largest industrial property trust, investing in quality industrial property and business space across Australia. GAIP invests in assets concentrated in Sydney, Melbourne and Brisbane on Australia’s east coast.

Goodman Hong Kong Logistics Partnership (“GHKLP”): Established in 2006, GHKLP is an unlisted property company that invests in logistics and warehouse properties in Hong Kong. GHKLP is a leading and diversified owner of modern warehouse space in Hong Kong and holds the largest portfolio of logistics and warehouse properties in Hong Kong.

Goodman North American Partnership (“GNAP”): Established in 2012, GNAP is focused on the development of and investment in prime quality logistics and industrial facilities in key markets in the United States, principally the West Coast logistics hubs of Los Angeles, Inland Empire, and San Francisco as well as New York, New Jersey and Pennsylvania on the East Coast.

Goodman Australia Partnership (“GAP”): GAP was launched in March 2011 with the acquisition and privatization of the ASX listed ING Industrial Fund. GAP invests in industrial property and business space primarily in Sydney, Melbourne and Brisbane on Australia’s east coast.

Goodman European Partnership (“GEP”): Established in 2006, GEP is an unlisted fund that primarily invests in warehouse and logistics properties primarily concentrated in Belgium, France, Germany, Italy, the Netherlands and Spain.

Goodman China Logistics Partnership (“GCLP”): Established in 2009, GCLP is an unlisted property company that invests in high-quality logistics properties across Mainland China (not including the Hong Kong Special Administrative Region), with a development-led strategy centred on major cities including Greater Shanghai area, Beijing, Tianjin, Guangzhou and Shenzhen. GCLP has a right of first refusal over any assets or land that Goodman source in Mainland China.

Goodman Property Trust (“GMT”): GMT is New Zealand’s largest listed property vehicle by equity market capitalization as at April 19, 2024. GMT has an investment strategy focused on the Auckland industrial market. On March 28, 2024, Goodman relinquished its rights as manager and GMT became internally managed. Goodman applied the consideration it received to increase its equity investment from 25.2% to 31.8% and continues to have board representation and provide ongoing support services.

Goodman Japan Core Partnership (“GJCP”): Established in 2008, GJCP is an unlisted fund that invests in prime logistics properties in Japan. Most of the properties in the portfolio are located in the Tokyo and Osaka metropolitan areas.

Goodman UK Partnership (“GUKP”) refers to three separate partnerships:

- *Goodman UK Partnership L.P. (“GUKP LP”)*: Established in 2015, GUKP LP is an investment vehicle focused on developing and holding prime industrial and logistics assets on a long-term basis in Greater London, the South East and the M1/M6 Midlands regions of the United Kingdom;
- *Goodman UK Partnership II L.P. (“GUKP II LP”)*: Established in 2020, GUKP II LP is an investment vehicle which we manage through a discretionary mandate to invest in existing, income generating industrial and logistics assets located in the prime Greater London areas of the United Kingdom; and
- *Goodman UK Partnership III L.P. (“GUKP III LP”)*: Established in 2021, GUKP III LP is a joint venture in which we hold a discretionary mandate to invest in industrial and logistics assets in the United Kingdom which may not meet the investment criteria or are otherwise unsuitable for GUKP LP or GUKP II LP.

KWASA-Goodman Industrial Partnership (“KGIP”) refers to two separate partnerships:

- *KWASA-Goodman Industrial Partnership (“KGIP I”)*: Established in 2012, KGIP I is a joint venture that invests in core Australian industrial properties primarily in Sydney; and
- *KWASA-Goodman Industrial Partnership II (“KGIP II”)*: Established in 2022, KGIP II is a joint venture that invests in core infill locations in Sydney, currently holding two assets in Sydney’s Inner West region.

Goodman Australia Development Partnership (“GADP”): Established in 2010, GADP is a co-investment vehicle between us and CPPIB with the primary objective to invest in high quality, newly developed logistics assets alongside us in prime Australian markets in Sydney, Melbourne and Brisbane.

South Sydney Partnership (“SSP”): Established in 2023, SSP is a co-investment in Australia between us and GAIP and is focused on stable income and development driven returns from industrial properties in Sydney.

Build Hold Trust (“BHT”): Established in 2022, BHT is a co-investment between us and Brickworks, an Australian brick, stone and hardscape supplier, and holds income producing land banks across Australia.

BGMG 1 Oakdale West Trust (“OWT”): Established in 2016, OWT is a co-investment between us, GAIP and Brickworks and owns properties and land currently under development in New South Wales, Australia.

BGMG 1 Oakdale East Trust No.2 (“OET”): Established in 2022, OET is a co-investment between us and Brickworks and owns land currently under development in New South Wales, Australia.

Goodman Japan Development Partnership (“GJDP”): Established in 2012, GJDP is a 50/50 joint venture between us and a Middle Eastern sovereign wealth fund. GJDP’s investment strategy is focused on developing prime industrial property and digital infrastructure in Japan, primarily in Greater Tokyo and Greater Osaka.

KWASA-Goodman Germany (“KGG”): Established in 2013, KGG is a co-investment vehicle that primarily invests in core logistics assets in Continental Europe and the United Kingdom.

Goodman Brazil Logistics Partnership (“GBLP”): Established in 2018, Goodman Brazil Logistics Partnership’s investment strategy is focused on the development and investment in prime quality logistics and industrial facilities in key locations in Brazil, with particular focus on Sao Paulo.

Goodman Japan Data Centre Venture (“GJDCV”): Established in May 2023, GJDCV is a joint venture with a major domestic institutional investor that is focused exclusively on Japanese data centre investments.

For further information, see “Business—Business operations—Property investment—Cornerstone investments”.

Management services

We believe our Partnership platform allows us to efficiently use capital and diversify our global property portfolio, which in turn lowers risk in our earnings by helping provide a more stable revenue stream. We provide management services with respect to our directly held properties and to our Partnerships. We derive management revenue from base fees, performance fees and property service fees. As at December 31, 2023, our property management teams provided services to 436 properties. Our investment management teams were responsible for the management of assets totalling A\$74.9 billion held in our Partnerships comprising 418 stabilised investment properties.

On March 26, 2024, the unitholders of GMT approved an internalization of the management of the Partnership. As a consequence, effective March 28, 2024, the assets of GMT will no longer be part of our external assets under management. Following the internalization, our ownership in GMT has increased to 31.8% and the assets of GMT continue to be reported as part of our Total Property Portfolio. See “Business—Business operations—Property investment—Cornerstone investments—Cornerstone investments in Partnerships—Goodman Property Trust” for further information on the GMT internalization.

Our management services business has a customer base that is diversified across industry segments, which, as at December 31, 2023 was comprised of customers in the following industries (by NPI): transportation and logistics (35%), consumer (24%), information technology (9%), e-commerce (11%), industrials and manufacturing (11%), automotive (5%), healthcare (3%) and other (2%). See “Business—Business operations—Management services” for more information.

Property management

Our property management team provides property related services to our directly held properties and properties in our Partnerships. Our “in-house” services include the procurement of new properties, new customers and lease renewals, maintenance, refurbishments and undertaking environmental assessments. Property management is a key component of our “own+develop+manage” business model. Through managing the needs of customers “in house”, we gain access to current property information, which provides visibility to portfolio performance and the changing requirements of our customers. Through internal property management, we believe we are able to foster long-term relationships, facilitate higher occupancy and ultimately drive superior investment returns. See “Business—Business operations—Management services—Property management” for more information.

Investment management

Our investment management platform is underpinned by our Partnerships that own industrial properties and business space. We derive base management and performance fees from the management of these Partnerships. A summary of our larger Partnerships can be found in “Business—Business operations—Property investment—Cornerstone investments” and a summary of the terms of each investment manager appointment can be found in “Business—Business operations—Management services—Investment management—Partnership manager appointments”.

Property development

Our property development business creates properties for us, our Partnerships and other property investors. Existing development projects are focused on our core markets in Australia, Asia, Continental Europe, the United Kingdom, the United States and Brazil. Development activities are an essential part of our integrated business model as they help us service our customers and fulfil the needs of our investment partners. Developments may originate from within the Partnerships or from the Group. In most cases, the projects initiated by the Group are bought by the Partnership either upon completion or during development.

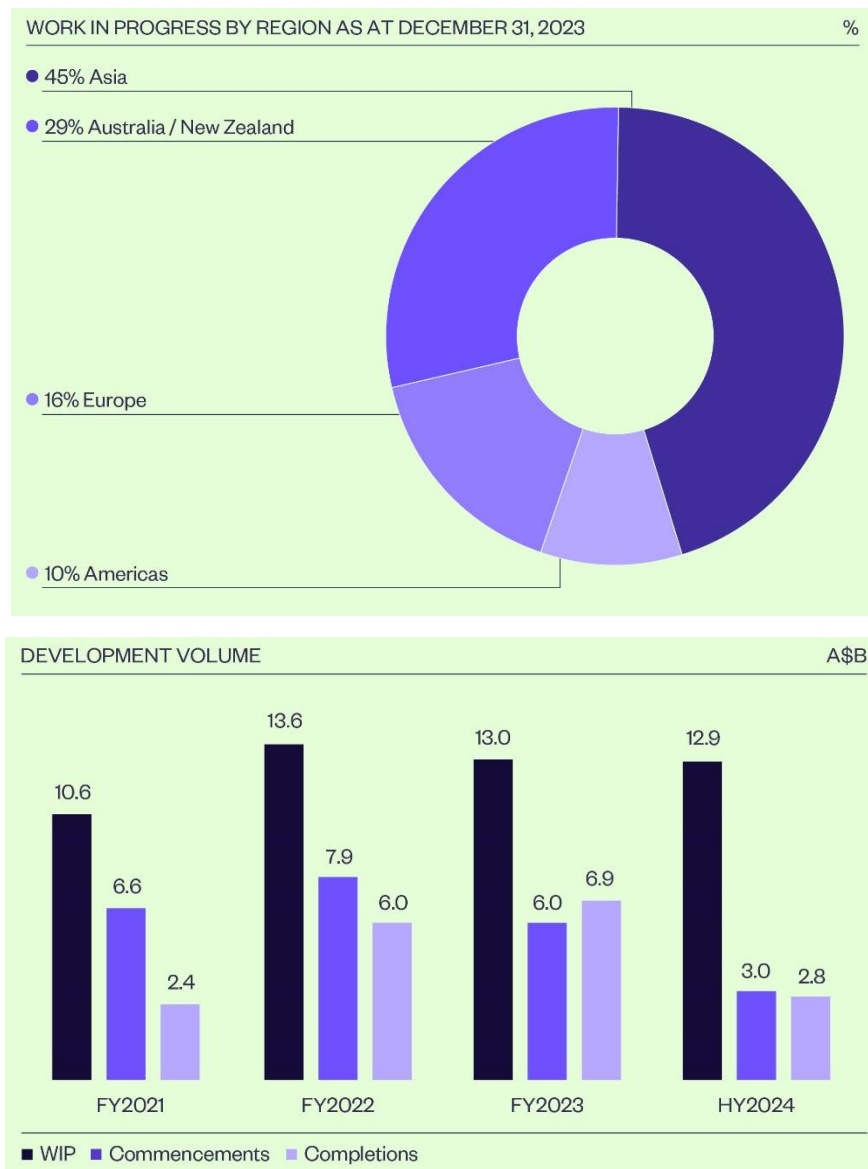
We generate revenue through the sale and management of developments, while also providing acquisition opportunities for our Partnerships. We also generate revenue from the management of developments conducted within our Partnerships. In targeting development projects, our strategy is to focus on urban infill locations and regeneration of existing land and buildings, enhancing value through intensification, while adding to our portfolio of opportunities incrementally. We believe this supports future development work in constrained markets and reduces our impact on the environment.

A key part of our strategy is to continue to acquire and redevelop existing brownfield sites in the large metropolitan areas in which we choose to operate. Brownfield sites are those that have previously been developed yet offer an opportunity to be re-developed into modern, efficient, sustainable properties. Our global portfolio is concentrated in urban locations that are close to consumers. Brownfield redevelopments offer significant benefits to our customers, including being close to the consumer and providing employment to local communities, reducing the demand on rezoning and developing greenfield land, utilising existing infrastructure, and providing the opportunity to recycle materials from the current facility into new construction – thereby reducing waste being sent to landfill. With a growing number of innovative new urban developments, we are focused on providing high quality, sustainable properties for our customers, and solutions are intended to enhance and protect the environment. Relative to greenfield sites, the redevelopment of highly productive properties on brownfield sites in infill locations can help reduce transport related emissions and reduce potential ecological damage.

All development projects are managed “in-house” by internal development management teams. These teams provide the services necessary to source and manage a new development opportunity from conception through to delivery, including master planning and programming, architecture, infrastructure and service planning, project management, detailed planning, approvals processing, customer negotiations and pre-commitment execution. The structural design and construction of a development are outsourced but are overseen by our development management team.

We believe that our development management capabilities provide a competitive advantage because they enable us to capture the expansion of existing customers and understand their respective development requirements. The development pipeline provides access to investment opportunities that are not commonly available and provides important market intelligence regarding the replacement cost of assets compared to buying completed assets in the open market. We, together with our Partnerships, have secured significant amounts of land or properties that are currently income producing but are capable of being further developed.

As at December 31, 2023, we, together with our Partnerships, had development WIP with an estimated value of A\$12.9 billion across 85 projects in 12 countries. Since June 30, 2021, our WIP has grown from A\$10.6 billion. The funding for our development activities has come mainly from the capacity created by asset disposals, our retained earnings, external debt facilities and the ongoing support from our investment partners. The charts below show our WIP by regions, as at December 31, 2023, and our development volume for FY2021, FY2022, FY2023 and HY2024.



Part of the assets we have under development are owned directly on our balance sheet and part are within our Partnerships (with us having a proportionate interest). The combined total allocation of our capital as at December 31, 2023 was A\$5.0 billion. This is made up of A\$2.8 billion that is directly owned and A\$2.2 billion being our share of those held within the Partnerships. See “Business—Development properties held in Partnerships” below for further information.

Directly owned development properties

Our directly owned development properties comprise land, properties under development and completed properties prior to sale. As at December 31, 2023, the aggregate book value of the directly owned development properties was A\$2.8 billion and was classified as either investment properties under development, inventories or assets held for sale.

Investment properties under development

A portion of our directly owned development properties are classified as investment properties under development. These properties are developed for long-term ownership and are reflected on our statement of financial position at fair value, which was A\$0.3 billion at December 31, 2023.

Inventories

The majority of our directly owned developments are held as inventories. Inventories are intended to be sold to our Partnerships or third parties in the normal course of business and comprise land and developments that are either available for development, under development by us directly or completed and awaiting sale. These are carried in our statement of financial position at the lower of cost or net realizable value and, as at December 31, 2023, the book value of inventories was A\$2.4 billion. As at December 31, 2023, the portion of these inventories that had been completed and income producing was A\$0.4 billion.

Assets held for sale

As at December 31, 2023, there was one repositioned investment property under contract for disposal. This property was disclosed in our HY2024 statement of financial position as assets held for sale and had a book value of A\$0.1 billion.

Development properties held in Partnerships

In addition, there is a significant level of development activity being undertaken by our Partnerships. These development properties are included in the total portfolio value presented in the table “Properties held in Partnerships” in the Property investment section.

The Partnerships had an aggregated balance of A\$7.2 billion in development properties on their balance sheets as at December 31, 2023. Our proportionate ownership of the Partnerships means that our share of those assets was valued at A\$2.2 billion as at December 31, 2023.

We believe that our development risks are also mitigated by the integrated property platform under which we operate, which matches the long-term nature of the large pension funds and sovereign wealth funds that co-invest with us in the Partnerships. See “Risk factors—Risks relating to our business and industry—We may not be able to successfully expand and develop existing and newly acquired properties”. Specifically:

- our WIP is spread across a significant number of projects (at December 31, 2023 the WIP represented 85 projects in 12 countries);
- developments are predominantly undertaken on behalf of our Partnerships or third parties with us providing development services on a fee basis; and
- in some regions the pre-sale of our development assets to Partnerships reduces sales and development risk (noting that we manage the Partnerships and therefore have a strong understanding of investor preferences and their financial positions).

Further measures we have adopted with a view to mitigating development risks include:

- transferring building risk to external contractors, while capping building costs through utilising fixed price contracts where appropriate and possible;
- monitoring the performance of the contractors and in many cases the sub-contractors through our in-house resources;
- allowing appropriate contingencies and buffers, including the terms of pre-lease arrangements; and
- ongoing monitoring and reporting of WIP and levels of development without pre-leases, with Goodman Group Board oversight including limits with respect to speculative development.

We undertake development activities on our own behalf, on behalf of our Partnerships and on behalf of third parties, through which we generate fees and development revenues. We have structured these development performance fees to compensate us for providing the resources, skills and intellectual property associated with our development management operations. Depending on the nature of the development and the underlying agreements, the value of the development, including WIP, may be shown either in our financial statements or in the financial statements of the relevant Partnerships or third party. The discussion below addresses the aggregate value of the developments we have undertaken, including developments on our own behalf, on behalf of our Partnerships and on behalf of third parties.

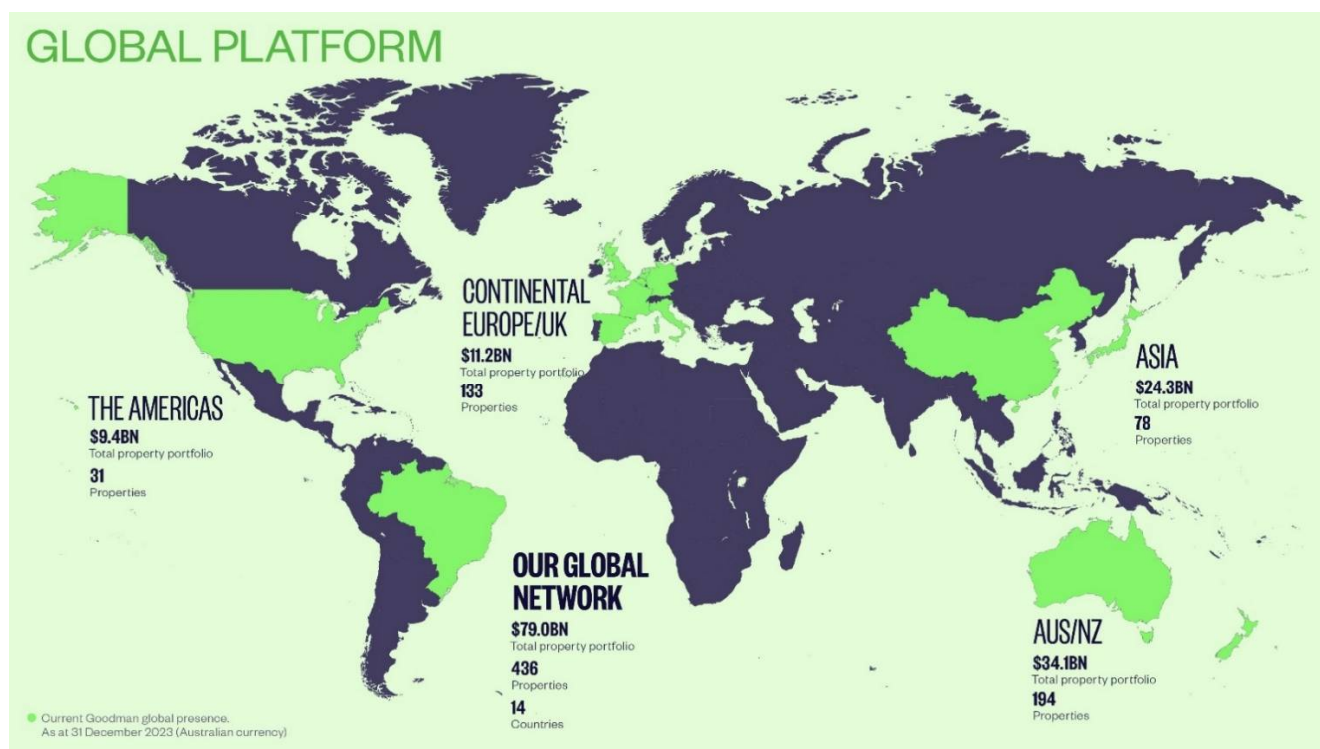
During HY2024, we completed 14 new developments with an estimated aggregate value of A\$2.8 billion and commenced 18 new development projects with an estimated aggregate value of A\$3.0 billion upon completion. The projects in WIP, as at December 31, 2023, have an average duration of 23 months from the initial commitment to construct until final stabilisation. We continue to focus on pre-sold and pre-leased developments. As at December 31, 2023, 68% of development commencements were pre-leased and 97% of developments completed were leased. It is typical that we seek to lease projects during the construction phase of our projects.

Competitive strengths

Large, globally diversified industrial property portfolio in select metropolitan urban infill markets

As at April 19, 2024, based on our equity market capitalization of A\$57.9 billion, we were the largest property group listed on the ASX and one of the largest listed specialist investment managers of industrial property globally. We own, develop and manage a portfolio of industrial and business space properties (including data centres) in Australia, New Zealand, Asia, Continental Europe, the United Kingdom, the United States and Brazil.

As at December 31, 2023, our Total Property Portfolio was A\$79.0 billion and comprised 436 properties, with a total of 24.8 million sqm under management. A map of our global property portfolio is provided below:



As at December 31, 2023, we had directly owned properties with an aggregate book value of A\$4.1 billion, which consisted of 10 directly owned stabilised investment properties with an aggregate book value of A\$1.3 billion and investment properties under development, inventories and assets held for sale with an aggregate book value of A\$2.8 billion.

In addition to our directly owned investment portfolio, as at December 31, 2023 our Partnerships held A\$74.9 billion of properties, which consisted of 418 properties housing more than 1,700 customers across 14 countries, and our co-investments in our Partnerships had an aggregate value of A\$15.7 billion.

We believe that the breadth of our portfolio gives us valuable insights into which target locations to invest in across geographies. The majority of our properties are industrial estates, warehouses, distribution centres and data centres located in industrial precincts, in close to proximity to infrastructure such as transport hubs (airports, ports etc.) or power and water in our identified urban infill markets. We are attracted to these locations as many of our customers wish to be located in these areas and we have typically experienced higher rental growth and higher capital appreciation from properties that are in close proximity to these amenities. We believe that ongoing technological developments and the growth in online sales, along with the drive to reduce costs and emissions, are motivating our customers to move closer to

their customers (the consumer) and this is increasing demand for properties in our urban infill markets. We believe this was demonstrated through the high occupancy rates in the portfolio and rental growth we achieved in the past three years.

We believe that we are well placed to further capitalize on what we believe are material long-term trends in the industrial property sector, including rising land values due to urbanization, the growth in global consumerism/consumption, the further evolution and expansion of e-commerce and the drive for cost-efficient, modern supply chain logistics and premium property locations.

Diversified, stable customer base

We have over 1,700 customers across our direct property assets and in our Partnerships as at December 31, 2023. Our direct portfolio has 125 customers as at December 31, 2023. Our customers are diversified across industries and geographies. As at December 31, 2023, our top five customers (by NPI across our direct property investments) represented 26% of our NPI. As at December 31, 2023, our top 20 customers represented 30% of our NPI (calculated based on our proportionate share of NPI with respect to properties of our directly owned property assets and the assets of our Partnerships) and our single largest customer, Amazon, represented 8.7% of our NPI. A significant number of our top 20 customers are large multinational corporations that have a strong credit rating. A listing of our top 20 customers (together with our Partnerships) as at December 31, 2023 (by our proportionate share of NPI) is below:

Top 20 customers by NPI (%) As at December 31, 2023

CUSTOMERS	NPI %
Amazon	8.7
Samsung Electronics America, Inc.	2.4
Deutsche Post (DHL)	1.8
A.P. Moller – Maersk	1.5
Relativity Space	1.4
VDC Powerbase	1.3
Equinix	1.3
Coles Group	1.2
Iron Mountain	1.1
Brickworks	1.1
Kunchi	1.0
Koch	0.9
BMW Group	0.8
DB Schenker	0.8
DSV	0.8
Global Express	0.8
Mainfreight	0.7
SF Express	0.7
Sprouts	0.6
JD.com	0.6

We believe that the strategic importance of our assets and our strong relationship with our customers is reflected in our WALE and occupancy rate across the portfolio. At December 31, 2023, across our Partnership stabilised portfolio, the

WALE was 5.3 years, and the occupancy rate was 98% (by NPI). Across our direct property assets only, at December 31, 2023, the WALE was 3.7 years and the occupancy rate was 96% (by NPI).

We believe our property management capability gives us a better understanding of our customers' requirements, assists in improving customer satisfaction, which helps to maintain high occupancy rates across the portfolio and increases our ability to create value by enabling management to better understand and cater to customer needs. We also believe the combination of the size and scale of the portfolio and our close relationship with our customers enables us to source pre-commitments for developments as customers expand or upgrade as their requirements change.

The opportunity our properties offer for modern supply chains that include high degrees of mechanization and large-scale distribution networks tend to attract high quality customers. We believe that they will have a greater tendency to value the sustainability features of our properties, which indicates to us that their businesses have greater long-term viability. We also believe that the depth of demand for our properties in our chosen markets means that should we need to replace customers in our buildings, this can be done relatively easily. The maintenance of high occupancy rates whilst generating rental growth is evidence of this valuation.

This close relationship with our customers is exemplified in our work with Amazon. Since 2006, we have delivered 74 projects and more than 2.8 million sqm of space for Amazon. Together, Goodman Group and Amazon have developed an e-commerce property solution that meets the criteria for a precision-built distribution centre, close to transport infrastructure so that products can be collected, sorted, stored and delivered in the most cost-efficient way possible. Goodman Group recently built Amazon Australia's first robotics fulfilment centre at Oakdale West Industrial Estate. The fulfilment centre was built as a 53,000 sqm warehouse to which Amazon added internal mezzanine floors to make it Australia's largest warehouse, spanning 200,000 sqm across four levels.

Our long-term strategic focus on urban infill markets means that we are well positioned to benefit from increased e-commerce penetration and global digital economy

Our long-term strategy is to focus on metropolitan markets, which are characterised by proximity to more affluent consumers; modern infrastructure, including transport networks; relatively high levels of e-commerce consumption; and are in the process of undergoing urban regeneration where infill opportunities exist. The concentration of our business in targeted locations over the past decade has seen us emerge as a specialist provider of logistics real estate in urban infill markets. We have remained flexible and adapted to the changing conditions. Customer demand for space continued to increase across a range of industry segments and the prolonged impacts of the global pandemic accelerated the propensity of consumers to shift to online shopping. Logistics and warehousing have provided critical infrastructure to enable distribution of essential goods to time-sensitive consumers through this period. We believe that this strategy is serving our customers well; during FY2023 we leased 2.5 million sqm of space and our Partnership portfolio occupancy remains high at 98% as at December 31, 2023.

We believe that our ability to identify, source and develop properties that service the needs of our partners is a strength of our business. According to Euromonitor, global online sales increased 6% in 2023 (in US Dollar terms), fuelled by e-commerce and the consumption of digital media and services. We saw a direct correlation between consumer habits, customer demand and our infill strategy and had been positioning our business to service this demand for several years. We recognised, in the early stages of the expansion of e-Commerce, that rapidly changing consumer expectations to have goods delivered quickly was motivating our customers to move closer to their customers, and this was further increasing demand for properties in urban infill markets to achieve last mile delivery and faster speed to market and pace to customer. The result of our long-term focus on certain cities with scarce land is that over time these locations have demanded more intense or higher and better uses, providing opportunities for automation and greater supply chain efficiency. We believe at this significant level of customer demand, high utilization of available space, combined with barriers to entry and supply restrictions in our markets, continues to create a shortage of available space, which has supported and continues to support rental growth and increases the end value of our projects. We expect that the increased online activity should continue and also expect the logistics and warehousing sectors to remain critical infrastructure for the digital economy. We believe that we are well placed to further capitalize on these dynamics.

Diversified institutional investment partner base and strategic investment partner relationships support our investment management platform

We had 53 institutional investment partners across our investment management platform as at December 31, 2023, with the top five representing 67% of total capital. These institutional investment partners include sovereign, wealth, pension, mutual and public property funds and global fund of funds. The average drawn and committed equity per investment partner across our unlisted Partnerships was A\$786.0 million as at December 31, 2023. Examples of institutional investors that are invested in our Partnerships include CPPIB, APG, PGGM, CIC, ADIC, PSP, GIC, EPF, UBS and CBRE.

We believe that our investment partners are attracted by our international footprint, high standards of governance, integrated own+develop+manage capability and the ability to drive strong ongoing total returns and deliver long-term value creation. At December 31, 2023, we held a 28% average equity cornerstone position in the Partnerships to ensure alignment and exposure to a high quality globally diversified portfolio. The develop-to-hold strategy continues to improve the overall portfolio quality and therefore the maintainability of rental income. The size and scale of our global partners, their long-term approach, and our diverse capabilities have resulted in us being able to offer an ability to undertake development within our Partnerships or to access new property opportunities from our development activities. As these Partnerships have grown in size, new developments typically represent a smaller proportion of the Partnership total assets and therefore the Partnerships are able to self-fund developments without significantly increasing leverage and risk. The impact of increased development within the Partnerships has increased their returns and we believe our prospects to earn performance fees in the medium to longer term.

We raised A\$1.6 billion of equity in HY2024 for our Partnerships. As at December 31, 2023, we had equity commitments from various institutional investment partners and available liquidity of A\$16.3 billion (comprised of A\$9.4 billion⁵ in undrawn equity and A\$6.9 billion in undrawn bank loan facilities and cash). We believe that our relationship with these institutional investment partners gives us a competitive advantage by providing potential access to capital which, when coupled with our property expertise, positions us to take advantage of growth opportunities in our existing markets and at various points in the property cycle.

Leading industrial development capability

We expect the quality and size of our portfolio to remain supported by strong development activity over the next few years as we continue to identify sites and deploy capital to support our organic growth strategy. The estimated value of our development WIP was A\$12.9 billion as at December 31, 2023. Development commencement had an estimated aggregate end value totalling A\$3.0 billion over the six months, with 68% of those developments pre-leased. Development completions over the same period had an estimated aggregate end value totalling A\$2.8 billion with 97% of those developments leased. We have continued investment partnering, with 77% of active developments currently undertaken in the Partnerships or for third parties.

We continue to focus on managing risk in our development business through our disciplined and prudent approach. We have also mitigated risk by undertaking development in our Partnerships, reducing the amount of capital that we are directly contributing to fund our overall development projects. Funding for these activities is diversified and mainly through equity or redeployment of the proceeds from asset sales. At December 31, 2023, of the active projects, 77% of current developments undertaken were in Partnerships or for third parties, with us providing development services on a fee basis. In some regions, we believe that the pre-sale of our development assets to Partnerships reduces sales and development risk. Further, our WIP is spread across a large number of projects (as at December 31, 2023 our WIP represented 85 projects in 12 countries) helping to mitigate specific risks of individual projects on the portfolio.

Demand for, and scarcity of, suitable large-scale sites in infill locations has resulted in more intense uses of land so WIP projects have increased in scale and value over recent years. The larger scale and complexity of the projects has increased the average development period to approximately 23 months, providing us with greater visibility over future development contributions. We believe that this is still a relatively short construction cycle compared to other real estate asset types and as such we believe that industrial property has a lower risk development profile than other sectors. We currently expect that our WIP projects will predominantly be leased by e-commerce, data centre, retail and third party logistics customers.

One of our strengths lies in our ability to acquire well located brownfield sites with long-term value-enhancing opportunities that can be redeveloped by targeting higher and better use, such as through re-zoning or intensification through multi-level warehousing facilities. We have extensive development experience in this area and, currently, more than half our global developments are on brownfield sites and are in the process of delivering a number of innovative new urban developments, focused on sustainability, for a variety of our customers.

Commitment to strong capital position

We practice an active and conservative approach to capital management by maintaining a low Gearing Ratio and having ample liquidity through undrawn bank loan facilities and cash reserves. Given the current composition of our earnings and balance sheet and the capital needs, we intend to maintain moderate gearing in the near term. Our Gearing Ratio was 9.0%, 8.3%, 8.5% and 6.8% as at December 31, 2023, June 30, 2023, 2022 and 2021, respectively (Leverage Ratio: 14.5%, 14.3%, 13.8% and 12.6%, respectively). Look Through Gearing was 22.7% as at December 31, 2023. Our capital

⁵ Deployment of which is subject to investor approval.

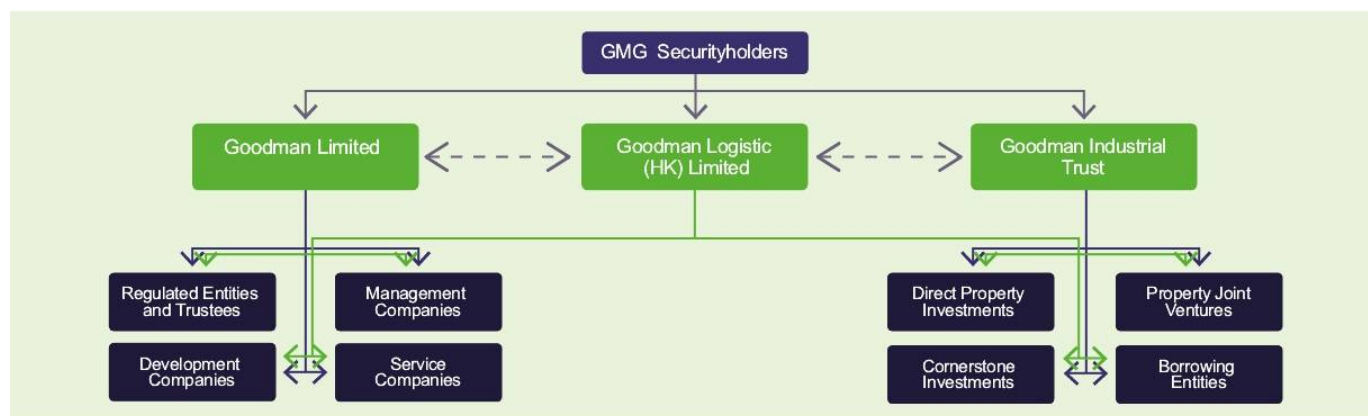
structure included interest bearing liabilities of A\$3.2 billion with additional undrawn bank loan facilities of A\$1.8 billion and total available cash and cash equivalents of A\$1.2 billion as at December 31, 2023.

We have adopted a gearing policy whereby our Gearing Ratio target is 0% to 25%. As a result of our conservative approach to gearing and the successful execution of the business strategy that has put us in a strong position, we are rated BBB+ by S&P and Baa1 by Moody's, both with a stable outlook. We intend to operate within our Gearing Ratio range having regard to the mix of our earnings, capital needs and the ratios consistent with our credit rating. In practice, this means that we will tend to have relatively lower gearing when our development activity is relatively high.

We may from time to time re-evaluate our policy with regard to the Gearing Ratio in light of the capital allocation mix, the mix of earnings, prevailing economic conditions, our credit ratings, relative costs of debt and equity capital, changes in our equity market capitalization, growth and acquisition opportunities or other factors, and modify the gearing policy accordingly. As a result, we may increase our Gearing Ratio target beyond the limits described above.

Structure chart

We are listed on the ASX under ASX code "GMG", whereby our three head entities, GL, GIT and GLHK are stapled together and with their respective subsidiaries, operate as a coordinated economic group, share management and a public investor base, and prepare consolidated financial statements as a stapled group. GL and GFML (as the responsible entity of GIT) share a common board of directors. See "Financial information presentation—Stapling transactions" for additional information. The following chart sets forth a simplified and illustrative version of our current operating structure:



The Issuer

Goodman Australia Finance Pty Limited (the "Issuer") is the Issuer of the Notes. The Issuer is an Australian proprietary company, limited by shares, registered in Australia under the Corporations Act, and is a wholly-owned indirect subsidiary of GIT. The primary purpose of the Issuer is to borrow funds on behalf of its parent entity and advance the net proceeds of such borrowings to its parent entity or subsidiaries of its parent entity.

Borrowing and credit structure for the Notes

The Notes will be the obligations of the Issuer and will be guaranteed on a joint and several basis by GL, GLHK and GFML in its capacity as responsible entity of GIT. In addition, the Notes will have credit support provided by the Undertaking Subsidiaries pursuant to the designation of the Notes as "Finance Documents" and the designation of the holders of the Notes as "Finance Parties" under the Capitalisation Deed Poll. The Capitalisation Deed Poll is governed by the laws of the State of Victoria, Australia and the Undertaking Subsidiaries have not submitted to the jurisdiction of New York courts for legal actions or proceedings arising out of the Capitalisation Deed Poll. Additionally, the credit support for the Notes provided under the Capitalisation Deed Poll does not take the form of a direct guarantee. Rather, in accordance with the Capitalisation Deed Poll (and once the holders of Notes are designated as "Finance Parties" and the Notes are designated as "Finance Documents" under the Capitalisation Deed Poll) each Undertaking Subsidiary will agree to make loans or equity contributions to the Issuer on demand in the event the Issuer fails to make payments under the Notes when due. However, pursuant to the Capitalisation Deed Poll, the Issuer has directed the Undertaking Subsidiaries to remit the proceeds of such loans or equity contributions directly to a "Finance Party" to whom the relevant money is owing or its representative. The holders of Notes will be designated as "Finance Parties" and the Indenture Trustee will be their representative, and the Indenture Trustee (as the representative for the holders of Notes) will be permitted to make a

direct demand for such loans or equity contributions. See “Description of the Notes, Guarantees and Undertakings” for more information about the Guarantees and the obligations of the Undertaking Subsidiaries.

Corporate information

Our principal executive office for GL and GFML is located at The Hayesbery, 1-11 Hayes Rd, Rosebery, New South Wales 2018, Australia where our telephone number is +61-2-9230-7400. Our principal executive office for GLHK is located at Suite 901, Three Pacific Place, 1 Queen's Road East, Hong Kong where our telephone number is +852 2249 3100.

Recent developments

On April 22, 2024, we launched a cash tender offer for any and all of our outstanding €500 million 1.375% Guaranteed Senior Notes due September 27, 2025 issued in reliance on Regulation S (the “Tender Offer”). The Tender Offer is expected to expire on April 29, 2024, unless extended, re-opened, amended and/or earlier terminated. We currently expect settlement of the Tender Offer to occur on or around May 6, 2024 with respect to valid tenders received prior to the expiration date of the Tender Offer and that are accepted for purchase.

The Notes offering

Notes being offered by the Issuer	4.250% Guaranteed Senior Notes due 2030 (the “Notes”).
Principal amount of the Notes	€500,000,000 aggregate principal amount of 4.250% Guaranteed Senior Notes due 2030.
Issuer of Notes	Goodman Australia Finance Pty Limited (the “Issuer”).
Legal Entity Identifier of the Issuer	213800AQVHS7SCC93B80
Issue Price	99.647% plus accrued interest, if any, from May 3, 2024.
Issue Date	May 3, 2024.
Form of the Notes	Each Note is being offered outside of the United States to investors that are not “US persons” or persons acting for the account or benefit of “US persons”, and which are deemed to have made the representations set forth in “Transfer restrictions—Investors’ representations and restrictions on resale”, in offshore transactions, within the meaning of Regulation S.
Guarantors	GL and GFML, in its capacity as responsible entity and trustee of GIT, and GLHK (each a “Parent Guarantor” and together, the “Parent Guarantors”).
Guarantees	Each of the Parent Guarantors will guarantee, on a joint and several basis, the obligations of the Issuer under the Notes, including the payment of the principal of, premium on, if any, and interest on the Notes.
Undertaking Subsidiaries; Capitalisation Deed Poll; Security Trust Deed	The Indenture Trustee will be party to the Security Trust Deed as a representative of the holders of the Notes. Pursuant to the Capitalisation Deed Poll, certain members of the Group listed in Appendix E hereto (the “Undertaking Subsidiaries”) have agreed that, in the event the Issuer fails to pay any money owing to a “Finance Party” (holders of Notes to be designated as such) in connection with a “Finance Document” (Note to be designated as such) when due, such Undertaking Subsidiaries shall immediately pay on demand such amount to the Issuer or as the Issuer otherwise directs (the “Undertakings”). Both the Issuer and the Indenture Trustee, as a representative of the holders of Notes, will be entitled to make a demand under the Undertakings. Additionally, pursuant to the Capitalisation Deed Poll, the Issuer will direct each Undertaking Subsidiary to make each payment under its Undertaking on account of any amount owing in respect of the Notes directly to the Indenture Trustee for the benefit of the holders of Notes. Any amount paid by an Undertaking Subsidiary under its Undertaking on account of moneys owing by the Issuer will constitute either a loan by such Undertaking Subsidiary to the Issuer or a subscription by such Undertaking Subsidiary for shares in the capital of the Issuer. See “Description of the Notes, Guarantees and Undertakings—Guarantees and Undertakings—Undertakings—Capitalisation Deed Poll”. Under an existing Mortgage of Contract granted by the Issuer in favour of the Security Trustee (the “Mortgage of Contract”) the Issuer has mortgaged its rights under the Capitalisation Deed Poll in favour of The Trust Company (Australia) Limited (the “Security Trustee”). The Security Trustee will hold the benefit of the Mortgage of Contract for itself and for the holders of Notes (as “Finance Parties”) and other “Finance Parties” under

a Security Trust Deed dated as of May 23, 2007, as amended and restated on August 10, 2012 and May, 28 2019 (the “Security Trust Deed”). As a result, the Security Trustee, upon its receipt of certain instructions, is entitled to enforce the Mortgage of Contract and exercise the rights of the Issuer under the Capitalisation Deed Poll on behalf of the holders of Notes and such other parties, including the Issuer’s right to make demands in respect of Undertakings. The Security Trustee’s right under the Mortgage of Contract to make demands in respect of Undertakings is in addition to the Indenture Trustee’s right to make such demands directly under the Capitalisation Deed Poll (as a representative of the holders of Notes that will be designated as “Finance Parties” under the Capitalisation Deed Poll). See “Description of the Notes, Guarantees and Undertakings—Undertakings—Security Trust Deed”.

By accepting the Note, each holder of Notes will (a) appoint the Indenture Trustee to act as its financier representative and The Trust Company (Australia) Limited to act as its Security Trustee under the Capitalisation Deed Poll and the Security Trust Deed, (b) acknowledge and agree that such holder has been given an opportunity to review the terms of the Security Trust Deed and the Capitalisation Deed Poll and is familiar with their respective terms, (c) agree to be bound by the terms of the Capitalisation Deed Poll and the Security Trust Deed and all actions taken by the Indenture Trustee or the Security Trustee on its behalf thereunder and (d) irrevocably direct the Security Trustee and each Undertaking Subsidiary to pay all amounts owing to such holder under the Security Trust Deed and the Capitalisation Deed Poll to the Indenture Trustee (instead of to such holder) for allocation pursuant to the Indenture. See “Description of the Notes, Guarantees and Undertakings—Undertakings”.

In certain circumstances, any or all of the Undertaking Subsidiaries may be released from their respective Undertakings under the Capitalisation Deed Poll. See “Description of the Notes, Guarantees and Undertakings—Undertakings—Release of Undertaking Subsidiaries”.

Maturity date	May 3, 2030.
Interest rate	The Notes will bear interest at the rate of 4.250% per year from May 3, 2024, based upon Actual/Actual (ICMA) method, as described under “Description of the Notes, Guarantees and Undertakings—Principal and Interest—Computation of Interest”.
Interest payment dates	Interest on the Notes will be payable annually in arrears on May 3 of each year, commencing May 3, 2025.
Ranking	The Issuer’s payment obligations under the Notes, each Parent Guarantor’s payment obligations under its Guarantee and each Undertaking Subsidiary’s payment obligations under its Undertakings will be unsecured and will rank at least <i>pari passu</i> with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.
Use of proceeds	It is estimated that the net proceeds from the issue and sale of the Notes will be €495,735,000 million, after deducting estimated underwriting discounts and commissions (but excluding estimated offering expenses payable by the Group). We expect to use the net proceeds for general corporate and trust purposes as described more fully in “Use of proceeds”.

Additional amounts	In the event that withholding taxes are required to be withheld or deducted from payments on the Notes sold in this offering or under the Guarantees, the Issuer and the Parent Guarantors will, subject to certain exceptions described in this offering memorandum, pay such additional amounts as will result, after deduction or withholding of such taxes, in the payment of the amounts which would have been payable in respect of such Notes or under the related Guarantees had no such withholding or deduction been required. See “Description of the Notes, Guarantees and Undertakings—Payment of additional amounts”. Additionally, under the Capitalisation Deed Poll, if any Parent Guarantor or Undertaking Subsidiary is obligated to make a deduction in respect of a tax, levy, impost, duty or other charge or withholding of a similar nature (other than certain excluded taxes) from a payment made under the Capitalisation Deed Poll to any holder of Notes, it is obligated to pay such holder an additional amount sufficient to ensure that such holder of Notes receives a net amount equal to the amount it would have received if no deduction had been made.
Optional redemption for tax reasons	The Notes may be redeemed at the option of the Issuer in whole but not in part, at 100% of the principal amount thereof plus accrued interest and any additional amounts due on the date fixed for redemption if certain events occur that would cause the Issuer or any Parent Guarantor to become obligated to pay additional amounts as described under “Description of the Notes, Guarantees and Undertakings—Optional redemption of Notes upon a change in tax law”.
Optional redemption	The Issuer may redeem the Notes at any time in whole or from time to time in part at a price equal to 100% of the principal amount of the Notes plus a make-whole amount, and accrued and unpaid interest; provided, that if the Issuer redeems any Notes on or after February 3, 2030 (3 months prior to the Maturity Date of the Notes), the redemption price for those Notes will equal 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to the redemption date. See “Description of the Notes, Guarantees and Undertakings—Optional redemption”.
Further issues	The Issuer may from time to time without the consent of the holders of the Notes create and issue additional notes having the same terms and conditions as the Notes and with the same ISIN as the Notes so that such issue shall be consolidated and form a single series with the outstanding Notes.
Form and denomination	Notes will be evidenced by a global note in registered form (the “Global Note”), and will be deposited with, and registered in the name of a nominee of, a common depository for Euroclear and/or Clearstream. During an initial 40-day distribution compliance period, beneficial interests in the Global Note may be transferred only to non-US persons in accordance with Regulation S. All Notes sold in the offering will be delivered against payment in immediately available funds. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 thereafter. In limited circumstances, definitive Notes will be issued in exchange for beneficial interests in a Global Note. See “Description of the Notes, Guarantees and Undertakings—Global Notes”.

Transfer restrictions	Neither the Notes nor the Guarantees have been registered under the Securities Act, the securities laws of any state of the United States or the securities laws of any other jurisdiction. The Notes offered by this offering memorandum may not be offered, sold or delivered within the United States or to, or for the account or benefit of, any person that is a “US person” within the meaning of Regulation S under the Securities Act. The Notes will be offered and sold in offshore transactions not subject to the registration requirements of the Securities Act pursuant to Rule 903 or Rule 904 (as applicable) of Regulation S. The Notes may not be reoffered, resold, pledged, exchanged or otherwise transferred except in transactions exempt from or not subject to the registration requirements of the Securities Act and any other applicable securities laws. See “Notice to investors” and “Transfer restrictions”.
Listing	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility of the correctness of any of the statements made or opinions expressed or reports contained in this offering memorandum. Approval in-principle granted for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Parent Guarantors, their respective subsidiaries or associates, the applicable guarantees or the Notes. For so long as the Notes are listed and quoted on the SGX-ST and the rules of the SGX-ST so require, the Notes will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). For so long as the Notes are listed and quoted on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes (as defined herein) are exchanged for Definitive Notes (as defined herein). In addition, in the event that such Global Notes are exchanged for Definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Notes, including details of the paying agent in Singapore.
New Stapled Entity	If at any time after the date of the Indenture the units or other securities of a trust or other entity (the “New Entity”) are stapled to the units in the Stapled Entity, the Parent Guarantors shall (a) ensure that such New Entity shall have executed and delivered to each holder of Notes its assumption of the due and punctual performance and observance of each covenant and condition of the Indenture, (b) provide to the Indenture Trustee an acknowledgment of the assumption set forth in the preceding clause (a) and an affirmation of the Parent Guarantors’ obligations under the Indenture and the Guarantees and (c) cause to be delivered to the Indenture Trustee an opinion of internationally recognised independent counsel in the appropriate jurisdiction(s), to the effect that all agreements or instruments effecting the assumption set forth in the foregoing clause (a) are enforceable in accordance with their terms. Thereafter, the Issuer, the Parent Guarantors and the Indenture Trustee shall agree to any appropriate amendments to the Indenture, the Notes and the Guarantees to give full effect to the New Entity as a Parent Guarantor.
Restrictive covenants	The Indenture includes the following restrictive covenants: Leverage Ratio

The Parent Guarantors will not, and will not permit any Subsidiary to, incur any Financial Indebtedness if, immediately after giving effect to the incurrence of such Financial Indebtedness and the application of the proceeds from such Financial Indebtedness on a *pro forma* basis, the aggregate principal amount of Total Debt is greater than 55% of the sum of the following (without duplication):

- (i) the Total Tangible Assets as of the last day of the semi-annual or annual fiscal period of the Group most recently ended; and
- (ii) the aggregate purchase price of any Real Estate Assets acquired, and the aggregate proceeds of any securities offering received (to the extent such proceeds were not used to acquire Real Estate Assets or mortgages receivable or used to reduce Financial Indebtedness) by any Parent Guarantor or any Subsidiary since the last day of the semi-annual or annual fiscal period of the Group most recently ended, including the proceeds obtained from the incurrence of such additional Financial Indebtedness;

provided that, any Total Tangible Assets, Real Estate Assets and aggregate proceeds of any securities offering included in the preceding clauses (i) and (ii) that are not denominated in Australian dollars shall be converted into Australian dollars at the relevant currency spot rate(s) in effect on the applicable date of determination.

See “Description of the Notes, Guarantees and Undertakings—Covenants—Leverage Ratio”.

Interest coverage ratio

The Parent Guarantors will not, and will not permit any Subsidiary to, incur any Financial Indebtedness if the ratio of EBITDA to Interest Expense for the period of the twelve consecutive months ending on the last day of the semi-annual or annual fiscal period of the Group most recently ended shall have been less than 1.50 to 1.00 on a *pro forma* basis after giving effect to the incurrence of such Financial Indebtedness and the application of the proceeds from such Financial Indebtedness, and calculated on the assumptions set out in “Description of the Notes, Guarantees and Undertakings—Covenants—Interest coverage ratio”.

Secured debt to total assets ratio

The Parent Guarantors will not, and will not permit any Subsidiary to, incur any Financial Indebtedness secured by any Security Interest on any property or assets of the Group, whether owned on the date of the Indenture or subsequently acquired, if, immediately after giving effect to the incurrence of such Financial Indebtedness and the application of the proceeds from such Financial Indebtedness on a *pro forma* basis, the aggregate principal amount of Total Secured Debt is greater than 40% of the sum of the following (without duplication):

- (i) the Total Tangible Assets as of the last day of the semi-annual or annual fiscal period of the Group most recently ended; and
- (ii) the aggregate purchase price of any Real Estate Assets acquired, and the aggregate proceeds of any securities offering received (to the extent such proceeds were not used to acquire

Real Estate Assets or mortgages receivable or used to reduce Financial Indebtedness) by the Group or any Subsidiaries since the last day of the semi-annual or annual fiscal period of the Group most recently ended, including the proceeds obtained from the incurrence of such additional Financial Indebtedness;

provided that, any Total Tangible Assets, Real Estate Assets and aggregate proceeds of any securities offering included in the preceding clauses (i) and (ii) that are not denominated in Australian dollars shall be denominated in Australian dollars at the relevant currency spot rate(s) in effect on the applicable date of determination.

See “Description of the Notes, Guarantees and Undertakings—Covenants—Secured debt to total assets ratio”.

Unencumbered assets ratio

The Parent Guarantors will not permit, at any time, the ratio of (i) Total Tangible Unencumbered Assets at such time to (ii) Total Unsecured Debt at such time, to be less than 1.50 to 1.00.

See “Description of the Notes, Guarantees and Undertakings—Covenants—Unencumbered assets ratio”.

Note Indenture Trustee	The Bank of New York Mellon, London Branch will be the trustee under the Indenture.
Paying Agent	The Bank of New York Mellon, London Branch
Transfer Agent and Registrar	The Bank of New York Mellon SA/NV, Dublin Branch
Governing law	The Notes, the Guarantees and the Indenture will be governed by New York law. The Security Trust Deed is governed by the laws of New South Wales, Australia. The Capitalisation Deed Poll is governed by the laws of Victoria, Australia.
Risk factors	Prospective purchasers of the Notes should consider carefully all of the information set forth in this offering memorandum and, in particular, the information set forth under “Risk factors” before making an investment in the Notes.
Anticipated ratings of the Notes	“BBB+” (S&P)/“Baa1” (Moody’s). Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities and do not comment as to market price or suitability for a particular investor. Each rating should be evaluated independently of any other rating. Ratings may be changed, withdrawn or suspended at any time. The Issuer is under no obligation to update information regarding such ratings should they change over time.
Initial Purchasers	HSBC Bank plc, ING Bank N.V., J.P. Morgan Securities plc and Morgan Stanley & Co. International plc

Risk factors

Investing in the Notes offered by this offering memorandum involves risks. You should consider carefully the risks described below before you decide to purchase the Notes. If any of the following risks actually occur, our business, financial condition and results of operations are likely to suffer. In this case, the trading price of the Notes could decline, or we may become unable to make payments of principal of, or interest on, the Notes, and you may lose all or part of your investment.

Risks relating to our business and industry

Our real property portfolio, the returns from our investments and our development income could be adversely affected by global economic conditions, fluctuations in the value of, and rental income from properties and other factors.

Returns from an investment in real estate depend largely upon the amount of sale proceeds and/or rental income generated from the property and the expenses incurred in the operation of the property, including the management and maintenance of the property, as well as changes in its market value.

Our rental income and the market value of our properties may be adversely affected by a number of factors including:

- global economic conditions and the overall social and economic conditions in the national and local economies in which we and our Partnerships operate, such as growth (or contraction) in gross domestic product, consumer sentiment, employment trends, changes in central bank monetary policy and levels of inflation and interest rates;
- local real estate conditions, such as the level of demand for, and supply of, industrial property and business space;
- the perception of prospective customers of the usefulness and convenience of the relevant property;
- the financial condition of customers and the possible bankruptcy of customers;
- asset planning and management strategies, including redevelopment, investment and maintenance;
- high or increasing vacancy rates;
- changes in tenancy laws;
- changes in local or regional infrastructure;
- changes in building and system technologies;
- changes in supply-chain technologies; and
- external factors including major world events, such as war and terrorist attacks and natural catastrophic events such as floods and earthquakes.

Inflationary pressures currently reflect a combination of issues such as higher energy prices, tightened labour markets and higher costs for freight, oil and materials (including for our data centre construction) caused, in part, by global geopolitical conflicts and associated global supply chain issues. See “—General economic conditions and geopolitical events may impact real estate market conditions and our financial results.” As a result of recent inflationary pressures globally, including in many of the countries in which we operate, many central banks have tightened monetary policy, which has further contributed to increases in everyday prices in the markets where we operate. Everyday price increases as a result of inflation or monetary policy tightening, could result in increased defaults on rental payments by our customers and could adversely affect our business, financial condition, liquidity, results of operations and prospects. In addition, consumer confidence and spending patterns may be impacted when wage growth does not match inflation rates, which may further impact our customers' ability to pay rent. Tightening monetary policy and higher interest rates could also impact on the required rates of return from investors for all asset classes including real estate, which may impact capitalization rates and have an adverse effect on the value of our properties.

In addition, other factors may adversely affect a property's value without necessarily affecting our revenues and operating income from that property, including:

- changes in laws and governmental regulations, including tenancy, zoning, planning, environmental or tax laws;

- potential environmental or other legal liabilities;
- unforeseen capital expenditures;
- the supply of and demand for industrial properties and business space, which are inherently cyclical, and the supply of other new investment assets;
- the availability of debt financing;
- changes in interest rates and foreign exchange rates; and
- fluctuations in prevailing rents for industrial property in the markets in which we and our Partnerships hold property.

These and other factors beyond our control may adversely impact our operating results and financial condition.

General economic conditions and geopolitical events may impact real estate market conditions and our financial results.

General economic conditions and geopolitical events, in each case, both globally and in the specific markets in which we operate, impact real estate market conditions and present risks to our business.

The performance of our businesses is affected by general economic conditions and real estate market conditions in Australia, Continental Europe, Asia, the United Kingdom, the United States and Brazil, as well as by other events and occurrences that affect the markets in which our properties are located. See “—Systemic shocks and other unforeseen circumstances, including future pandemics, may affect our business” below for an example of event that affected our business.)

Our operating performance is also linked to changes in consumption, e-commerce and the warehouse and logistics, manufacturing and information technology sectors, and is further impacted by the economic conditions of the specific markets in which our properties are concentrated. For example, our property investments are concentrated primarily in major urban centres of Australia, Hong Kong, the United Kingdom, Continental Europe, the United States and Brazil across stabilised and development assets (including inventories). As a result of the geographic concentration of our properties in these areas, our stabilised investment property and development portfolios are exposed to potential downturns and volatility in these economies, including increased unemployment and decreased disposable income leading to businesses seeking further efficiencies, and changes in regulations, taxes and real estate market conditions. In addition, any decrease in consumption or demand for warehouse and logistics space or manufacturing or information technology services could have an adverse effect on our operating performance. In the event of similar or other adverse economic changes in our major markets, our business, financial condition, property values, results of operations and cash flow may be materially and adversely affected.

Global macroeconomic conditions have been volatile over the last several years, particularly due to the COVID-19 pandemic and the challenging market conditions associated with the post-COVID-19 pandemic, which included global supply chain difficulties, the tightening of central bank monetary policy, higher inflation and the related challenges for our business, people, customers, investors and communities, and current geopolitical events such as the ongoing tensions between China and the United States and its allies, the ongoing war between Russia and Ukraine, the ongoing regional conflict in the Middle East (including any escalation in conflict between Israel and Iran), and each of their associated impacts, and many of the markets in which we operate have experienced low or no economic growth. Changes in government and other political developments, such as the upcoming elections in the United States and other major economies in 2024, add to the climate of global economic uncertainty. Any such geopolitical events and escalating tensions between countries have the ability to impact the delivery of our strategy and our financial performance.

Over the last several years, geopolitical tensions have increased between China and Australia and China and the United States. As an Australian company with an established presence in China and Hong Kong, we monitor any continued change in relations that may impact our employees (both local citizens and expatriates), our capital partners and other parties involved in our business. If the geopolitical tensions between China and Australia, the United States and other western countries continue to escalate, this could have consequences on our people, operations and capital partners and could result in changes in investment sentiment, thereby adversely impacting our ability to operate as we currently do in these countries.

Ongoing military conflicts and associated political tensions may also impact our business. As a result of the war between Russia and Ukraine, which began in February 2022, the United States, United Kingdom and European Union announced coordinated actions that collectively impose significant and wide-reaching economic sanctions and export controls relating to Russia. Other jurisdictions, including Australia and Hong Kong have announced sanctions, export controls and similar restrictions focusing on some of the same targets and sectors in response to Russia’s invasion of Ukraine. In addition, the

ongoing regional conflict in the Middle East, which began to escalate in October 2023 with armed-conflict between Israel and Hamas-led Palestinian militant groups and recently escalated further in April 2024 with airstrikes between Israeli and Iranian military targets, has significant potential implications involving, but not limited to, broader regional conflict in the Middle East and flow on effects to the global economy, market conditions, political and social instability, supply chain disruptions, regulatory uncertainty, sanctions, export restrictions, security events and terrorist attacks as well as conflict contagion.

The events described above continue to be extremely fluid and new developments may continue to emerge. As a result, the extent and duration of these conflicts and any corresponding economic sanctions, export controls and similar restrictions and resulting market disruptions are highly uncertain and remain difficult to predict or quantify, but could result in prolonged market volatility and economic uncertainty and a prolonged impact on global supply chains (such as fuel prices), any of which could adversely impact economic activity, and as a result, negatively impact our business, financial condition, liquidity, results of operations and prospects.

Systemic shocks and other unforeseen circumstances, including future pandemics, may affect our business.

We derive a substantial portion of our revenue and operating profits from tenants of industrial properties (industrial estates, warehouses, distribution centres and other business space) globally which are closely tied to general economic factors affecting commercial market sentiment and consumer demand. Unforeseen circumstances, including future pandemics, may materially impact commercial market sentiment and consumer demand, our business activities and operations, and the business activities and operations of our Partnerships and customers. Any change in such general commercial market sentiment and consumer demand can affect overall economic outlook and investor confidence, which may lead to a decline in the general demand for our properties, erosion or volatility in property market valuations, changes in the tenant mix and credit standing of tenants (see “—Risks relating to the creditworthiness of tenants” below) or adversely impact demand for future developments, all of which may have an adverse effect on our revenue and operating profits.

Any prolonged downturn, recession or other condition that adversely affects our business and economic environment, including systemic shocks and other unforeseen circumstances such as global pandemics or any other infectious disease, could materially and adversely impact our business activities and operations, including the productivity of our workforce and our ability to proceed with new developments. For example, the COVID-19 pandemic severely affected business activities and operating conditions across a number of industries and across a number of different countries, which had an adverse impact on consumption, economic productivity and required all businesses to quickly adapt business operations and workforces to public health restrictions and regulations. Although restrictions and regulations imposed as a result of COVID-19 have largely been rescinded, future pandemics or disease outbreaks may require such restrictions to be reinstated, which could cause future disruption or permanent changes to our business that would have a lasting impact on our performance and the performance of our Partnerships. There can also be no assurance that any precautionary measures taken against future pandemics or infectious diseases would be effective, or that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it may have an impact on our operations and our results of operations may suffer.

Systemic shocks such as global pandemics and global economic crises may have lasting impacts, including significant volatility, that are difficult to predict. The global recovery from COVID-19 has continued to put pressure on the global economy due to supply chain disruptions, dislocation of labour markets, tightening of economic policy, rising interest rates and inflationary pressures. These economic factors have impacted certain countries differently. For example, the post-COVID recovery in Mainland China has not translated to a rapid recovery in economic activity due to the ongoing property market downturn, which is in its third year. We expect that real estate market conditions in China will remain adversely impacted in the short to medium term, which will result in a reduced development project pipeline in China for Goodman Group and our Partnerships. A further deterioration in domestic demand in China could lead to a decline in rental income and property values from our business in the region. A deterioration of international investor confidence in the Chinese economy may lead to a reduction in the availability of capital for our business in the future. In addition, such conditions may make it more difficult to refinance our Chinese indebtedness over time, which would further restrict the availability of capital. Any future systemic events or unforeseen circumstances of a similar nature could have an adverse impact on our business, financial condition and results of operations.

Risks relating to the creditworthiness of tenants

We are exposed to credit risk, i.e., the risk that our customers that rent the properties making up our real estate portfolio do not fulfil their payment obligations or that difficulties are encountered in collecting credit from the same. The creditworthiness of a tenant can decline over the short or medium term, leading to a risk that the tenant will become insolvent or be otherwise unable to meet its obligations under the lease. Credit risks may arise from events or circumstances that are difficult to anticipate or detect, including, but not limited to, pandemics, political, social, legal,

economic and foreign exchange risks that may have an impact on its customers' ability to make timely payment and render our enforcement for payments ineffective. See “—General economic conditions and geopolitical events may impact real estate market conditions and our financial results”.

Inflation, supply chain disruption and the rise in geopolitical tensions and global conflicts have overtaken COVID-19 in increasing customer credit risk. Even after the COVID-19 pandemic has subsided, we and our Partnerships may continue to experience materially adverse impacts on our business as a result of the pandemic's global economic impact, and this may amplify some of the risks described herein.

A possible deterioration in the creditworthiness of our debtors could adversely affect their ability to honour their lease (or to continue the current lease agreements on the basis of the same terms and conditions) or purchase commitments and we may not be able to limit its potential loss of revenues from tenants who are unable to make their lease payments, resulting in possible adverse effects on the assets, liabilities, results of operations and/or financial condition of our Partnerships. See “—We are exposed to counterparty credit risk from financing activities that may adversely affect our financial performance.”

We may not be able to successfully expand and develop existing and newly acquired properties.

Our future growth prospects and performance depend in part upon the development and improvement of existing and newly acquired properties.

As at December 31, 2023, we and our Partnerships have allocated development capital of A\$2.8 billion and A\$7.2 billion (of which, our interest was valued at A\$2.2 billion), respectively. This allocation includes land that is slated for future development that is in various stages of planning. In most jurisdictions, the zoning, permitting and licensing process, if successful, can take many years.

We will be subject to the risks associated with expansion and development activities, including risks resulting from:

- general construction risks related to location, site complexity, planning and permitting, infrastructure, size, duration and general contractor capability;
- construction not being completed on budget and on schedule, as well as rising costs in the supply chain;
- the inability to provide necessary services to the land;
- power and power grid constraints;
- the development risk that properties may not be leased on the terms anticipated by the feasibility study prepared for the particular project;
- the inability to obtain third party funding on favourable terms, or at all, for the proposed development pipeline;
- required liquidity with respect to development activities undertaken by us on our own behalf;
- the inability to obtain land on favourable economic terms;
- the failure to obtain, or a delay in obtaining, required permits, licenses or approvals;
- development undertaken in new markets is subject to local property market conditions, which may differ from conditions in our and our Partnerships' core urban markets;
- changes in laws and governmental regulations including zoning, planning and environmental laws;
- industrial disputes that may delay projects and/or add to the cost of developments;
- temporary disruption of income from a property;
- failure to maintain leased rates for existing properties and the inability to lease new developments;
- rent abatements;
- termination of lease agreements and pre-sale agreements;
- customers not accepting that a property is delivered in accordance with the underlying contract and commencing a dispute resolution process or litigation;
- loss of customers due to inconveniences caused by construction;

- disputes with contractors, including with respect to defects in the construction of properties and liabilities arising from non-compliance with relevant laws and governmental regulations; and
- lower than expected income derived from developed properties.

If a development project is unsuccessful, delayed or does not proceed, it may not achieve expected cash flows, the investment cost may exceed the value of the project on completion or pre-development costs incurred may have to be written off. Our cash flow and results of operations may be adversely affected in these circumstances.

A decline in demand for e-commerce and third party logistics services or the failure to retain our long-term contracts with these customers may adversely affect our financial performance and prospects.

We are focused on building core property portfolios in key urban market locations and our key urban market strategy seeks to redevelop urban infill locations that both support our customers and their increasing needs for physical space in premium locations while also supporting the reusability of property and our sustainability focus. This strategy is premised upon a continuing shift towards e-commerce (including data centres) and online retail activity, as well as long lease terms and relationships with our customers. As a result, a significant portion of our NPI is derived from e-commerce and third party logistics providers (46%), and our single largest customer, Amazon, which accounted for 8.7% (on a look-through basis based on our proportionate share of NPI) for HY2024. If there is a significant decline in demand for e-commerce and third party logistics services or we fail to retain our long-term contracts with these customers, particularly Amazon, or if this strategy becomes redundant due to shifts in the behaviours or preferences of our customers, then we may fail to deliver successfully on our strategy and our business, financial condition, liquidity, results of operations and prospects will be adversely affected.

Any limitations on our access to external capital, including limitations caused by a deterioration in economic conditions and volatility in the capital markets, may impair our ability to conduct our business.

Our business is capital intensive and our ability to conduct our business is dependent upon our access to capital, both from debt and equity investors and from financial institutions, to fund our ongoing developments, operational needs and acquisitions. Volatility and disruptions in global credit and equity markets, particularly in the United States and Europe, may result in less liquidity, widening of credit spreads and a lack of price transparency in markets generally.

There is a risk that we may fail to obtain sufficient capital and liquidity to fund our growth and development activities. Approximately 81% of our Operating Earnings⁶ in HY2024 came from our management and development activities. If we are unable to access sufficient capital, we will be unable to adequately fund our management and development activities, and our financial condition and performance may be materially adversely impacted.

Further, deterioration in capital markets and constrained economic growth could limit the availability of debt financing, decrease commercial real estate transaction volumes and place pressure on commercial property values. Many of our and our Partnerships' customers or potential customers could also be adversely affected by an economic slowdown, which may result in decreased demand for commercial leasing space. Market disruptions have in the past led to, and any future disruptions or economic slowdown could lead to, among other things:

- a reduced ability to lease space in some properties;
- increased vacancy rates in some markets and increased average vacancy time between leases;
- reduced market rental levels and rental income and increased expenses for customer incentives; and
- reduced ability to undertake development activity.

Our operating results and financial condition in the past have been, and may in the future be, adversely impacted by market disruptions and deterioration in economic conditions.

Third party expectations relating to ESG factors, including our ability to deliver on our 2030 Sustainability Strategy, may impose additional costs and expose us to new risks.

There is an increasing focus among certain investors, customers and other stakeholders concerning corporate responsibility, specifically related to ESG factors. Some investors may use these factors to guide their investment strategies and, in some cases, may choose not to invest in us, or otherwise do business with us, if they believe our policies relating to corporate responsibility are inadequate. Third party providers of corporate responsibility ratings and reports on companies have increased in number, resulting in varied and, in some cases, inconsistent standards. In

⁶ Operating Earnings is a non-IFRS measure which we use to measure operating performance. See Appendix A for a reconciliation of this financial information to the nearest AAS measure applicable to us. See also "Financial information presentation—Non-IFRS financial measures."

addition, the criteria by which companies' corporate responsibility practices are assessed are evolving, which could result in greater expectations of us, including our ability to deliver on our 2030 Sustainability Strategy or any of our other ESG-related strategies, goals, commitments or standards, and cause us to undertake costly initiatives to satisfy such new criteria. Alternatively, if we elect not to or are unable to satisfy such new criteria or do not meet the criteria of a specific third party provider, some investors may conclude that our policies with respect to corporate responsibility are inadequate. If our approach to sustainability and climate change does not meet the expectations of the investment community and our customers, our ability to attract capital in a cost-effective manner and retain customers will be adversely impacted, which will in turn increase the costs associated with our operations and adversely impact our financial performance.

We and our Partnerships, customers and suppliers may fail to comply with legal, regulatory or voluntary standards or broader shareholder, community or stakeholder expectations concerning ESG risk performance.

Globally, and particularly in Australia, regulators have strengthened their policy guidance in relation to sustainability-related disclosures and governance practices, with particular emphasis on greenwashing. Environmental, social and governance issues have been subject to increasing legal, regulatory and voluntary and prudential standards and increasing (and sometimes differing) community and stakeholder expectations. As the impact of each of these issues on businesses and industries become better understood and the associated opportunities, risks and risk management activities can be more accurately quantified and described, corporate ESG commitments, and performance against those commitments, are being more closely monitored by external stakeholders.

In Australia, the Government is seeking to introduce mandatory climate-related financial disclosure requirements which are substantially aligned with international climate-related financial disclosure standards. On March, 27, 2024, the *Treasury Laws Amendment (Financial Markets Infrastructure and Other Measures) Bill 2024* (Cth) (the "Bill") was introduced to the House of Representatives. The Bill seeks to amend parts of the *Australian Securities and Investment Commission Act 2001* (Cth) and the Corporations Act to introduce mandatory requirements for business to disclose their climate-related plans, financial risks and opportunities with a sustainability report contained in the annual report in accordance with Australian Sustainability Reporting Standards ("ASRS Standards") made by the AASB, which are yet to be finalised. The timing for lodgement of the sustainability report is to be consistent with the timing of lodgement of the remainder of the annual report, starting on January 1, 2025. The ASRS Standards also propose a phased approach moving from limited assurance of Scope 1 and 2 emissions disclosures and ending with reasonable assurance of all climate related disclosures made from July 1, 2030 onwards. Concurrently, the AASB recently consulted on the draft ASRS Standards for disclosure of climate related financial information.

Consumer and fair-trading issues in relation to environmental and sustainability claims are a 2023-2024 compliance and enforcement priority of the Australian Competition and Consumer Commission, aimed at improving the integrity of environmental and sustainability claims and to protect consumers from greenwashing. In addition, misleading conduct in relation to sustainable finance, including greenwashing, is a 2024 enforcement priority of ASIC, and Australian regulators (in particular, ASIC) have also increased enforcement activity in relation to sustainability-related disclosures. In November 2023, the Australian Government released a consultation paper on its Sustainable Finance Strategy which indicated that the Government will continue to work with financial regulators and others to identify policy priorities for mainstreaming sustainability considerations in corporate governance and financial institution decision-making.

Separately, GL is a reporting entity for the purposes of the *Modern Slavery Act 2018* (Cth) which requires GL to submit annual Modern Slavery Statements addressing the mandatory criteria under the Modern Slavery Act. There are currently no financial penalties associated with non-compliance with the Modern Slavery Act, however, not complying with the Act's requirements may adversely impact our reputation and any related shareholder, customer and employee sentiment towards us.

In Europe, the Corporate Sustainability Reporting Directive ("CSRD") was introduced by the European Union to enhance the transparency and comparability of sustainability and social information disclosed by large companies. Member States have until June 2024 to implement the CSRD into national law. The reporting requirements under CSRD include independent verification (i.e. third party assurance). The European Sustainability Reporting Standards were also recently adopted and complement the CSRD by providing specific guidelines on how companies should report sustainability metrics. In the UK, the Financial Conduct Authority have released their Policy Statement on Sustainability Disclosure Requirements. The measures include an anti-greenwashing rule effective from May 31, 2024, requiring that all sustainability related claims must be clear, fair and not misleading. As yet, we are unable to fully determine the costs associated with the additional and pending reporting requirements. This may have an adverse consequence on our operating expenses.

Any failure to:

- comply with relevant ESG-related regulatory requirements or standards;
- meet our self-imposed ESG-related commitments, goals and targets or our ESG-related policies;
- meet community and stakeholder expectations in relation to ESG;
- appropriately make representations about our ESG-related products and performance; or
- appropriately manage ESG-related risks and opportunities,

may adversely impact our reputation and any related shareholder, customer and employee sentiment towards us, may increase the risk of ESG-related litigation against us or may result in regulatory fines or penalties, including litigation or regulatory action related to greenwashing. The risk of ESG-related litigation may be exacerbated in some jurisdictions, such as Australia, where there exist certain well-funded and strategic private litigants actively seeking opportunities to take ESG-related litigation action in Australia.

Certain products, services or industries may become subject to heightened public scrutiny, either generally or following a specific adverse event, or because of activism by shareholders, investors or special interest groups. For example, we may draw heightened scrutiny in connection with our data centres and global power bank, our other digital infrastructure assets and/or any related development capabilities, each of which are inherently energy intensive. Any such heightened scrutiny could result in a sudden and significant decrease in demand for these products or services and a negative impact on revenue and access to capital for some businesses, and increasing litigation risk. Reputational damage to impacted suppliers, customers or customer sectors may give rise to associated reputational damage to us. In addition, levels of customer defaults in an impacted sector may increase, adversely impacting our financial performance and position, profitability and returns to investors.

We are subject to risks from adverse weather, natural disasters and climate change and climate related events, and we incur significant costs and invest significant amounts with respect to these matters.

We are subject to risks and could be exposed to additional costs from the physical effects of adverse weather, natural disasters and climate change and climate related events, as well as regulations designed to mitigate the negative impacts of climate change. For example, our properties, the properties of our customers or in our communities, or critical infrastructure in the areas where we operate could be severely disrupted, damaged or destroyed from either singular extreme weather events (for example floods, storms and wildfires) or through long-term systemic impacts of climate change (such as precipitation frequency, weather instability and rise of sea levels). Such events, impacts or conditions could also adversely impact us or our customers if we or they are unable to operate our or their businesses due to damage resulting from such events, impacts or conditions. If we fail to adequately prepare for such events, impacts or conditions, our revenues, results of operations and financial condition may be impacted. In addition, we may incur significant costs in preparing for a lower-carbon environment, future climate change or climate related events or in response to our customers' requests for such investments and we may not realize desirable returns on those investments.

We may not be able to complete acquisitions or successfully operate acquired properties and our entry into new markets may not produce the financial outcomes we expected.

We intend to continue to pursue acquisitions of industrial and business space property assets in Australia, the United Kingdom, Continental Europe, Japan, Greater China, the United States and Brazil and in other international markets as opportunities arise. These acquisitions involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of all property assets. While our policy is to undertake appropriate due diligence in order to assess these risks, unexpected problems and latent liabilities or contingencies, such as the existence of hazardous substances (for example, building materials, asbestos or safety and other environmental liabilities), may still emerge.

Property acquisition activities also involve the following risks:

- the acquired properties may not achieve anticipated rental rates or occupancy levels;
- we may incur unintended or unanticipated capital expenditure or the vendors of property may breach warranted obligations;
- assumptions or judgments with respect to improvements to the financial returns (including the occupancy rates and rents of a completed project) of acquired properties may prove inaccurate;
- we may abandon acquisition opportunities in respect of which costs to explore have been incurred;

- we may not be able to obtain the necessary approvals from financiers or co-owners (including joint venture partners), if applicable, for subsequent expansion activities; and
- we may not be able to obtain necessary regulatory licenses and approvals for current and subsequent expansion activities.

We may also pursue business acquisitions as part of our growth strategy and, as a result, will face the operational and financial risks inherent in such acquisitions, including with respect to the continuity or assimilation of operations or employees, dissipation of management resources and restructuring relationships with employees and customers of the acquired business as a result of changes in ownership and management. In addition, depending on the type of transaction, our operating results may decrease during a period following an acquisition compared to results prior to the acquisition, and it can take time to realize the full benefits of the acquisition. Furthermore, entry into new markets could result in the loss of all or part of any investment if the financial outcomes are not as expected.

In addition, we expect to finance future acquisitions through a combination of borrowings under existing or new credit facilities, equity or debt offerings, and proceeds from property sales. Such additional indebtedness may adversely affect our cash flows and financial condition. We also face the risk of not being able to refinance such financing facilities prior to their stated maturities on favourable terms, or at all. During times of economic uncertainty or global credit market disruption, this risk increases.

We may be unable to complete divestments on favourable economic terms or at all.

We have been engaged in an asset sale strategy over the last three years which is intended to efficiently allocate capital across our portfolio and key markets. For example, during FY2023, we disposed of wholly-owned properties with an aggregate disposal value of A\$1.3 billion and over the past three fiscal years we have disposed of wholly-owned properties with an aggregate disposal value of A\$3.8 billion. We intend to continue to divest ourselves of select non-core properties which do not meet our strategic objectives. We expect that the proceeds realised from these disposals will improve our liquidity, improve the quality of our portfolio, strengthen our balance sheet and, upon using some or all of the proceeds to repay indebtedness as expected, reduce our Gearing Ratio. In addition, we expect these disposals to enable us to further invest in industrial property in our key markets through our Partnerships. Our ability to complete these divestments may be adversely affected by competition from other sellers, issues with planning, changes in the desirability of the locations of the assets, current market conditions (including capitalization rates and the underlying property fundamentals applicable to our properties) and the availability of financing for interested purchasers. Furthermore, purchasers may default on the settlement of purchase agreements and we may not be able to resell those properties on equal or better terms. If we are unable to dispose of our properties on favourable terms or at all, we will not be able to execute our strategy which could adversely affect our financial condition and results of operation.

Our financial condition and results of operations would be adversely affected by a fall in occupancy levels or an inability generally to renew leases, re-let properties and/or lease newly developed properties on economically favourable terms, if at all.

For HY2024 and for FY2023, 19% and 23% of our Operating Earnings was derived from our property investment business line. Our performance depends on our ability to renew leases as they expire, to re-let properties subject to non-renewed leases and to lease newly developed properties on economically favourable terms. As at December 31, 2023, 24.2% of our direct property portfolio leases and 12.2% our Partnerships' leases were due to expire within 12 months, 3.9% of our direct property portfolio was vacant and 1.6% of the properties in our Partnerships were vacant. Additionally, we had under development 3.7 million sqm of industrial space, of which 58% was pre-leased as at December 31, 2023. We expect to undertake further property development in the future.

If a significant number of expiring or terminated leases are unable to be either promptly renewed (including leases broken pursuant to customer lease break options) or we are not able to promptly re-let the space covered by such leases, or if the rental rates upon renewal or re-letting were significantly lower than the current rates or higher lease incentives are required (in order to attract or retain customers), our results of operations and cash flows would be adversely affected. If newly developed properties are unable to be leased, our results of operations and cash flows would also be adversely affected. In addition, the performance of our Partnerships is also driven by the receipt of rental income, which would be impacted by the factors set forth above.

Our business could be adversely affected by our ability to obtain sufficient power capacity.

Delivery of new data centres requires access to significant quantities of electricity. Limitations on generation, transmission and distribution may limit our ability to obtain sufficient power capacity for potential sites for data centres in new or existing markets. Utility companies may impose onerous operating conditions to any approval or provision of power or we may experience significant delays and substantial increased costs to provide the level of electrical service required by our current or future data centre designs.

We may be adversely affected if a significant number of our key customers or a major customer is unable to meet their, or its, lease obligations or elects not to renew all or a significant portion of its or their lease.

We have several key customers. For HY2024, our top 20 customers represented 30% of our NPI (calculated based on our proportionate share of NPI with respect to properties of our direct and Partnerships) and our single largest customer, Amazon, represented 8.7% of our NPI. At any time, a customer may experience a downturn in its business that may weaken its financial condition. As a result, customers may fail to make rental payments when due or require a restructure of their lease terms, or may declare bankruptcy or enter into liquidation, any of which may reduce cash flow from their lease. In the event of a default by a significant number of our key customers or a default by Amazon or any of our other major customers on all or a significant portion of its or their leases, we would suffer decreased rents and incur substantial costs in enforcing our rights as a landlord, which could adversely affect our results of operations and cash flows.

Increasingly, some of the design of our facilities has been integrated with the layout and technology of our major customers, particularly in e-commerce and third party logistics sectors. Most of those facilities are configured to meet such customers' property requirements, including proximity to transportation infrastructure and its customers. Although we believe that they are not highly specialised, they may take time or cost to re-lease. Accordingly, if we do not retain Amazon or these e-commerce and third party logistic providers as customers, these facilities may take time to adapt to alternative customers. In addition, if Amazon or one of those other key customers elected not to renew all or a significant portion of its leases and we were unable to promptly re-let the space on terms (including rental levels) as favourable as those currently, or then, existing, our results of operations and cash flows would be adversely affected. Alternatively, we may be forced to re-let the space to less creditworthy customers which would expose us to a higher risk of customer default in the future and could adversely affect our results of operations and cash flows.

Poor performance of our Partnerships would cause a decline in our revenue and results of operations and may adversely affect our reputation and ability to raise capital for future partnerships.

Our financial condition and results of operation are directly and indirectly affected by the results of our Partnerships. With respect to our Partnerships, our revenue is derived principally from three sources: (i) management fees, based on the size and performance of our Partnerships; (ii) development income based on development volumes; and (iii) investment income, based on our investments in the Partnerships. If the market value of a Partnership declines, our Total Property Portfolio would also decline, which would result in a decrease in our management fees. In the event that any of our Partnerships perform poorly, our revenue and results of operations may decline. In addition, investors may withdraw their investments in our Partnerships or may decline to invest in our Partnerships.

Long-term underperformance of a Partnership may have negative implications for performance fees related to such Partnership. If the return of a Partnership is negative in any relevant period, then generally the amount of the performance deficit must be carried forward until eliminated and performance fees will not be earned until such deficit is so eliminated.

Inability to issue new equity and/or raise debt funding on favourable terms for future acquisitions, developments and refinancing could adversely affect our ability to acquire or develop new properties or could affect our cost of funding.

The real estate investment and development industry is highly capital intensive. The ability to issue new equity and/or raise debt funding on favourable terms for future acquisitions, development activity and refinancing depends on a number of factors, including general economic, political and capital market conditions, investor inflows and credit availability. These factors could increase the cost of funding or reduce the availability of funding for new projects or increase the refinancing risk for maturing debt facilities. At the extreme, we may be unable to access any or all of these sources of financing at reasonable rates or at all. In addition, difficulty in refinancing may necessitate asset sales, which may be transacted at levels below the value at which we hold those assets. Conversely, if these factors caused a decrease in the cost of funding or improvement in the availability of funding for new projects, capital would become more readily available, which could increase competition for assets.

Our Partnerships' investors may not have the appetite or ability to participate in future equity offerings by our Partnerships as a result of their respective constraints and, as a result, our Partnerships may not be able to access additional equity capital. This could require that our Partnerships seek additional equity capital from new investors who may not be familiar with us, our Partnerships and our investment management business and operations and who may not support our Partnerships' longer term business planning and strategic direction. This may in turn make it more difficult for us to carry out the business strategy of our Partnerships, which could adversely affect the return on our cornerstone investments and/or damage our reputation.

The inability of Partnerships in which we have an interest to issue new equity or raise or refinance debt funding could adversely affect our ability to acquire or develop new properties.

Our future growth prospects and performance depend in part upon our ability to grow our Partnership portfolio. The growth of our Partnership portfolio is partly reliant upon our ability to sell development properties to our Partnerships, which may require those Partnerships to either issue equity or raise debt. The ability of our Partnerships to issue new equity or raise or refinance debt funding depends on a number of factors, including general economic, political and capital market conditions and credit availability. If our Partnerships are unable to issue new equity or raise debt, they will be unable to purchase new assets or may be required to sell existing assets, which will constrain growth or decrease the value of our Total Property Portfolio. Consequently, our investment management income and the value of our investments in our Partnerships may be adversely affected.

Competition with other participants in the real estate industry could have an adverse impact on our income and on our ability to acquire and sell properties, develop land and secure customers effectively.

We face competition from other property groups and other commercial organizations active in the Australian, United Kingdom, Continental European, Asian, United States and Brazilian property markets, as well as the threat of new competitors emerging both generally and in the industrial and business space sector specifically. Competition in the property market may lead to, among other things:

- an increased supply of industrial and business space premises through over development, which could lead to downward pressure on rental rates and occupancy levels due to oversupply of industrial and business space premises; and
- inflation of prices for existing properties or land for development through competing bids by potential purchasers, which could lead to the inability to acquire properties or development land at satisfactory cost.

In addition, if our competitors sell assets similar to those that we intend to divest in the same markets and/or at lower prices, we may not be able to divest properties on expected terms or at all. Furthermore, competitors selling similar assets at lower prices than comparable assets that we hold will have an adverse impact on our property valuations. Likewise, the existence of such competition for lettable properties may have a material adverse impact on our ability to secure customers for our properties at satisfactory rental rates and on a timely basis.

We may be adversely affected if our customers or potential customers develop data centres or expand their own existing data centres.

Some of our customers may develop their own data centre facilities. Other customers with their own existing data centres may choose to expand their data centre operations in the future. In the event that any of our customers were to develop or expand their data centres, there is no assurance that we would be able to replace that customer at satisfactory rental rates and on a timely basis.

Our inability to understand and respond effectively to changes in our competitive landscape and customer value chain may adversely impact our business.

There is a risk that our inability to understand and respond effectively to changes in our competitive landscape and customer value chain could result in business model disruption and asset obsolescence, including the perception of asset obsolescence in the short-term. Our business and the attractiveness of our properties to our customers is impacted by government planning and investment expenditure. If governments in the countries in which we operate plan and choose to invest in new locations and infrastructure, this would lead to improved accessibility to new locations which may be lower cost and more attractive to our customers. Increasing market and government concerns about climate change may cause changes in the process for manufacturing, producing and transporting of goods and materials. Market and governmental actions taken in response to these conditions may result in reduced transporting of goods and lower demand for industrial and logistics properties. For example, if increased onshoring of manufacturing to countries where the goods or materials are consumed, decreased global trade and increased localization of commercial ecosystems occurs, there may be reduced volume of, and travel distance for, transporting goods, which may reduce demand for our properties. If a significant portion of our customers, or any of our major customers, choose to terminate their leases or shorten their lease terms and vacate to other areas, our financial performance and business condition may be materially adversely impacted.

Our business is also impacted by advancements in technology, for example, in respect of artificial intelligence ("AI"), 3D printing technology, automation and robotic technologies, and processing capacity. For example, if 3D printing technology, which allows for more localised manufacture and production of products, expands and gains wide market acceptance, the demand for transporting and storing goods at our properties may decrease and other technological changes could be

developed and adopted in the future that have a similar effect. Alternatively, drone delivery may reduce the need for infill warehouse locations. In addition, if the businesses of our customers are impacted by changes in technology, this may impact what features they require from the premises they lease. If our properties are unable to offer the features required by our customers, then our customers may terminate their leases and look for alternative properties that better meet their needs. Furthermore, advances in technology may also impact the supply chains of our customers thereby affecting where the properties they lease need to be located. Changes in consumer behaviour may also affect the operating models implemented by our customers, which could in turn impact their need and demand for real estate space and adversely impact utility assessments for our properties.

Fluctuations in the fair market value of our properties as a result of revaluations (including that caused by changes in market capitalisation rates) could have an adverse impact on our results.

In accordance with AAS and IFRS, investment properties and developments are carried on our balance sheet at their fair value and we recognize increases and decreases in fair value through the income statement in the period during which the revaluation occurs. Fair value of investment property and developments is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. The best evidence of fair value is given by current prices in an active market for a similar property in a comparable location and condition. In determining fair value of investment properties and developments, valuations are based on an external independent valuation or an internal valuation.

While liquidity currently is available in markets in which we operate, there is a risk that in an environment of low commercial property transaction volume, there may be little comparable market evidence relating to pricing assumptions and market drivers, which means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. In such an environment, there is no assurance that available comparable sales data for investment properties will be reflective of the actual value of our investment properties and developments. In addition, it is possible that the industrial property sector becomes less desirable relative to other asset classes which could impact on the demand from investors that could have an adverse impact on the fair market value of our properties.

The fair value of our investment property and developments has been adjusted to reflect market conditions as at December 31, 2023. While these values represent our best estimates of fair value as at December 31, 2023, the ongoing uncertainty in some markets means that if investment properties or developments are sold in the future, the sale price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in our financial statements as at December 31, 2023.

Declines in the fair market value of our properties, intangible assets and other impairment charges could adversely affect our Credit Rating, Gearing Ratio, CTDG Gearing Ratio and Leverage Ratio.

In accordance with AAS and IFRS, our investment properties are revalued to their fair value as at each reporting date and any increase or decrease in the value of our properties is recorded in the income statement in the period during which the revaluation occurs. In addition, we generated 25% and 21% of our Operating Earnings for HY2024 and FY2023, respectively, from our management services business line, which is partly derived from base management fees and performance fees. As property values decline, we will recognize lower base fees, which are calculated as a percentage of Total Property Portfolio, and lower performance fees, which are based on the performance of our Partnerships.

Additionally, we may be required to recognize impairment charges to our intangible assets, a portion of which are comprised of management rights in our Partnerships.

Accordingly, we can have significant non-cash gains or losses depending on the change in fair market value of our real estate assets from period to period, regardless of whether or not we sell such properties. A number of our financing agreements, the indentures governing the US Rule 144A/Regulation S Notes, the Indenture which will govern the Notes and our bank provided loan facilities, contain gearing ratio covenants which are typically calculated as the ratio of total borrowings to total tangible assets. Accordingly, a reduction in the value of our properties as a result of a net loss from fair value adjustments may have an adverse impact on the Leverage Ratio, the CTDG Gearing Ratio and the Gearing Ratio. See "Description of the Notes, Guarantees and Undertakings—Covenants—Leverage Ratio" for details of the Leverage Ratio to be contained in the Indenture which will govern the Notes.

If a substantial decrease occurs in the fair market value of our properties, our results of operations could be adversely affected and, as a result, we may have difficulty maintaining our desired Credit Rating, Gearing Ratio, CTDG Gearing Ratio, Leverage Ratio and other financial measures. Deterioration of global economic conditions or market disruptions and the resulting impact on real estate markets may lead to downward fair value adjustments and losses. Such losses would adversely affect our results of operations and may limit our ability to plan for, or react to, changes in our business or to commence or complete our development projects.

We are subject to investment manager mandates in respect of Partnerships being cancelled or amended, which may adversely affect our financial condition or results of operations.

We possess certain management rights under our management contracts as part of our investment management business. The contracts or statutory appointments may contain various review points, investor redemption provisions or allow investors to resolve to remove the manager. Our Partnerships have provisions concerning the replacement of the manager in certain circumstances. Our negligence or underperformance with respect to Partnerships may give rise to the risk that the investment manager mandates can be cancelled or otherwise changed, which may adversely affect our financial condition or results of operations.

Liquidity facilities in certain of our Partnerships may adversely impact our liquidity position.

In relation to GEP, we offer a limited liquidity facility to investors, which allows the investors to sell to us some or all of their investment in this partnership.

Limits apply to this liquidity facility. In respect of GEP, certain small unitholders have the opportunity to sell to us once every six months for an amount up to €50.0 million in aggregate, with a maximum of €50.0 million in any one calendar year (the liquidity facility is capped at €150.0 million in total over the life of the Partnership) while certain other small unitholders have access to legacy arrangements to sell, on an aggregated basis, up to 2.5% of the issued capital of GEP each quarter. Furthermore, we are only required to purchase units where our co-investment in GEP is below a prescribed level. Currently, our interest in GEP is below the relevant prescribed level and, accordingly, the liquidity facility are currently available to investors and if sold back to us as set forth above, could negatively impact our liquidity and financial position.

Covenants in our financing agreements limit our flexibility and breaches of these covenants could adversely affect our financial condition.

The terms of our various financing agreements, including our credit facilities, the indentures under which the US Rule 144A/Regulation S Notes were issued and the Indenture under which the Notes will be issued, require compliance with a number of financial covenants, such as maintaining interest coverage, total leverage, unsecured leverage, priority debt and other operating covenants. These covenants limit flexibility in our operations, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness and the acceleration of repayment of such indebtedness. Certain of our financing agreements also contain cross-default or cross-acceleration provisions that would permit the lenders thereunder to accelerate repayments of indebtedness in the event of a default or acceleration of repayment of other material indebtedness. Any breaches of such covenants could have a material adverse impact on our financial condition.

Our operating results and financial condition could be adversely affected if we are not able to make required payments on debt, are unable to refinance debt or are unable to raise funds on favourable terms.

We are subject to risks normally associated with debt financing, including the risk that cash flows will be insufficient to meet required payments of principal and interest. As at December 31, 2023, we had interest bearing liabilities of A\$3.2 billion with A\$810.1 million maturing in FY2026 and A\$2,402.3 million maturing beyond FY2026 (see “Description of other indebtedness—Funding and liquidity—Debt maturity profile”). While we had cash and cash equivalents and committed but undrawn bank loans of A\$3.0 billion as at December 31, 2023, there can be no assurance that we will be able to refinance any or all of the maturing indebtedness, that such refinancing would be on terms as favourable as the terms of the maturing indebtedness, or that we will be able to otherwise obtain funds by selling assets or raising equity to make required payments on maturing indebtedness. The inability to refinance indebtedness at maturity or meet payment obligations would adversely affect our cash flows and financial condition.

Our financial condition and results of operations may be adversely affected by exchange rate fluctuations.

We operate in a number of countries and regions, particularly Australia, New Zealand, Japan, Asia, Continental Europe, the United Kingdom, the United States and Brazil. We generally receive revenues and incur expenses in the currencies of the regions in which we operate. However, there may be instances where expenses (for example, construction costs on certain projects) or financing may be in different currencies. To the extent that we incur costs or indebtedness in one currency and have assets, rents or other in-flows in another, our profit margins may be affected by changes in the exchange rates between the two currencies. Exchange rate fluctuations can also affect the value of our investment portfolio and other assets. The strengthening of the Australian dollar against other currencies, will cause a reduction in our net assets as reflected on our balance sheet. To better manage the foreign currency risk of foreign assets, we generally borrow in or swap to that particular foreign currency to provide a hedge against exchange rate fluctuations. We also enter into hedges to manage exchange rate fluctuations. Our policy is to hedge between 65% and 90% of the foreign exchange risk associated with the foreign denominated assets. However, our results of operations may be adversely affected if our hedges are not effective to mitigate exchange rate risk, if we are under hedged or if a hedge provider defaults on its

obligations under our hedging agreements. There can be no assurance that our exchange rate hedging arrangements or hedging policy will be effective. In addition, foreign exchange rate fluctuations can impact the carrying value of our non-Australian dollar denominated assets and liabilities, which may impact our covenant positions.

Failure to hedge effectively against adverse fluctuations in interest rates could negatively impact our results of operations.

We are subject to the risk of rising interest rates associated with borrowing on a floating rate basis. We seek to manage our exposure to adverse fluctuations in floating interest rates by using interest rate hedging arrangements.

Our policy is to ensure that between 60% and 100% of our current year exposure to changes in interest rates on borrowings is swapped to a fixed rate basis. However, under that policy we are subject to certain interest rate risks and, in addition, we may elect to change such policy at any time. Our results of operations may be adversely affected if our hedges are not effective to mitigate interest rate risks, if we are under hedged or if a hedge provider defaults on its obligations under our hedging agreements. There can be no assurance that our interest rate hedging arrangements or hedging policy will be effective.

Joint ventures, alliances and strategic investments with unrelated third parties may not produce successful results.

We carry out some of our activities with other companies through entities such as joint ventures, alliances and strategic investments. However, because results from these activities are largely dependent on industry trends as well as the financial condition and performance of partner companies, weak trends or disappointing performance of such partners may adversely affect the success of these activities. In addition, the success of these activities may be adversely affected by our and our partners' inability to successfully define and reach our common objectives. Although we strive to avoid business duplication by entering into alliances, joint ventures and strategic investments pursuant to written agreements with terms that set out priority rights to business opportunities based on geography and asset class, business overlaps and inefficiencies may arise. In addition, we may face conflicts of interest or loss of control over cash flows through participation in alliances or joint ventures.

Conflicts of interest could limit our current and future business opportunities.

As at December 31, 2023, our investment management business was responsible for 18 Partnerships which held 418 properties across 14 countries, and collectively had Total Property Portfolio of A\$74.9 billion. Each of these Partnerships has a real estate portfolio strategy which overlaps, in part, with our strategy. We have established formalised policies and procedures to determine the allocation of investment opportunities as they arise; however, management of our direct property investment portfolio and our Partnerships' portfolios may give rise to conflicts of interest in respect of investment decisions where assets are owned in the same market. Our reputation could be damaged and the willingness of investors to enter into management agreements or invest in our Partnerships may be adversely affected if we fail, or appear to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to claims by and liabilities to investors, litigation or enforcement actions.

Our properties, business, directors and officers may be uninsured or underinsured against various losses, and failing to maintain adequate insurance, may result in a default under our debt instruments.

We carry material damage, business interruption and liability insurance with respect to our properties and our business with policy specifications and insured limits that are customarily carried for similar properties. All insurance policies are subject to agreed policy terms, conditions and exclusions. In addition, we carry director and officer liability insurance to protect our directors and officers against claims that may arise from decisions and actions taken within the course of their duties associated with Goodman Group. However, such director and officer liability insurance may not cover all decisions and actions taken by such individuals and exclusions or excesses for particular events may apply.

Potential losses of a catastrophic nature, such as those arising from floods, earthquakes, terrorism or other similar catastrophic events, may be either uninsurable or not insurable on a financially reasonable basis, or may not be insured at full replacement cost or may be subject to larger deductibles.

The renewal of insurance will be dependent on a number of factors, such as the continued availability of coverage, the nature of risks to be covered, the extent of the proposed coverage and costs involved. Management undertakes a review of the continued adequacy of our insurance program on an annual basis. However, if a significant uninsured loss occurs, we could lose both the invested capital in, and anticipated profits from, the affected property.

Some of our debt instruments contain covenants requiring us to maintain insurance for our business and assets. If we fail to maintain insurance as required under these covenants, a breach would result under our debt instruments, which may

allow the lenders to declare an event of default and accelerate repayment of the debt. In addition, lenders' requirements regarding coverage for these risks could adversely affect our ability to finance or refinance our properties and to expand our portfolio. See "Business—Insurance".

We are also exposed to risks associated with the financial strength of our insurers and their ability to meet their indemnity obligations in the event claims are made.

There are fixed costs associated with our properties, which could adversely affect the financial performance and the value of a property if the income from that property declines and other related expenses remain unchanged.

Many costs associated with our ownership and management of properties are fixed in nature. Fixed expenditures such as maintenance costs, employment overheads, rates and taxes are generally not reduced when circumstances cause a reduction in income from the investment. As a result, we have only limited opportunity to manage these costs in order to maintain profitability when our income falls.

We rely on senior management and key employees, and the loss of the services of any such personnel or the inability to attract and retain them, or our workforce more generally, may negatively affect our business.

We operate with what we believe to be a flat and relatively streamlined organizational structure. We depend on the services of experienced key senior management to conduct our business. It would be difficult to find and integrate replacement personnel in a timely manner or at all if we lost the services of these key personnel, in particular, our Chief Executive Officer and Chief Financial Officer. The loss of the services of any of our senior management or key personnel or individuals identified as key management personnel under certain of our investment management contracts that require such individuals to be identified, or the inability to attract new qualified personnel in a timely manner, could have a material adverse effect on our operations. In addition, our remuneration strategy relies on the attractiveness of our incentive scheme structures which are dependent upon the performance of our business and certain of these rewards are measured over a longer term period to ensure our remuneration framework is focused on influencing long term decision making. In a competitive or inflationary wages market, such incentive schemes may not be sufficient to retain our senior management and key employees.

We are also experiencing a tightening of the labour market across our operations as a result of high competition for skilled labour. Our ability to attract and retain our key employees and our workforce more generally may be adversely impacted if this competition continues or intensifies. We are also exposed to increased employee expenses in markets where the demand for labour is strong. Workforce shortages may further limit our ability to attract and retain senior management and key employees, which could limit our ability to grow our business or increase our employee expenses further, which could impact our financial performance. Furthermore, competitors could seek to employ a large number of our people in order to establish or expand their competitive position in the market. This could significantly impact our ability to execute our business strategy and our financial performance.

Additionally, there is a risk that individuals within our organization may not follow the expected standards of our workplace and the reputation of our business may be adversely impacted by the actions of such an individual. If our culture is eroded and our workforce consequently fails to adopt our values, our business and reputation may be adversely impacted. In the event that our reputation is adversely impacted, this may impact on our ability to attract capital for Goodman and the Partnerships or to attract and retain customers in the future.

Technological advances such as AI and automation could also have unexpected impacts on our employees and culture. There is a risk that the implementation of such technologies could expose gaps in the skills and capabilities of our employees (for example, in respect of data analytics) and lead to administrative cost reductions. If so, our business could undergo a digital transformation such that the roles of our employees are impacted over time. These effects, along with general market uncertainty, may adversely impact employee morale, retention and external recruitment and there can be no guarantee that we will continue to retain or recruit key personnel.

We may be exposed to operational risks that could negatively impact our business and results of operations.

We face a risk of loss resulting from, among other factors, inadequate or flawed processes or systems, theft, fraud and natural disaster. Operational risks of this kind can occur in many forms including, among others, errors, business interruptions, inappropriate behaviour of, or misconduct by, employees or those contracted to perform services, and third parties that do not perform in accordance with their contractual agreements. These events could cause us to breach our obligations under relevant laws and regulations, resulting in damage to our reputation and financial losses. In such cases, our relationships with our suppliers and customers regulators may be adversely impacted.

We are indemnified under insurance policies and programs for those operating risks that can be mitigated through the purchase of insurance. However, there can be no assurance that we will successfully manage all operational risk or that our insurance coverage will be adequate to insure against all such risk.

Regulatory issues and changes in laws could adversely affect our income and ability to take advantage of business opportunities.

We are subject to the usual business risk that there may be changes in laws that reduce income or increase costs. Complying, or failing to comply, with existing or new regulations in areas such as financial services, securities and accounting disclosure, real estate (including building and construction compliance), competition, employment, environmental and health and safety, pensions, taxation and banking could result in fines being imposed on us or in additional costs for, or financing or sales restrictions on, us. In addition to monetary concerns, any breach of legislative requirements may result in reputational damage which could adversely affect our results of operations.

Our ability to take advantage of acquisition opportunities also may be limited by regulatory issues or regulatory intervention based on competition grounds or for other regulatory reasons.

We are subject to extensive environmental regulations, which could impose significant costs or liabilities on us.

As an owner, lessor, developer and manager of real property in many jurisdictions, we are subject to extensive regulation under environmental laws. These laws vary by jurisdiction and are subject to change. Current and future environmental laws could impose significant costs or liabilities on us.

Many of our properties are located in industrial areas. The nature of the past uses of these properties, as well as the past and current uses of surrounding properties, gives rise to increased risk of contamination. Additionally, with our permission and subject to restrictions, certain of our customers operate underground storage tanks, primarily for storing fuel. The presence of these tanks increases the risk of soil and groundwater contamination.

Environmental legislation in certain jurisdictions imposes strict and retrospective liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination in circumstances where such contamination is causing, or where there is significant possibility of it causing, significant harm to people or the environment. In the United Kingdom, for example, the owner or occupier of contaminated land could become liable as a “knowing permitter” if it became aware of pollution capable of causing significant harm to people or the environment, had the necessary degree of control over operations on the land to prevent such harm and failed to take certain actions to prevent it. This legislation places liability for clean-up costs on the owner or occupier of contaminated land where no person can be found who has caused or knowingly permitted the presence of the substances which have led to the pollution. Thus, if land we own is contaminated, then, where the person who caused or knowingly permitted such contamination to occur cannot be found, we might be liable for the costs of cleaning up such contamination. A polluter or owner/occupier of contaminated land can also be liable to third parties for harm caused to them or their property as a result of the contamination.

Other environmental legislation concerning statutory nuisance also places liability on the owner or occupier of land, in some circumstances instead of the person responsible for the nuisance. In the relevant legislation, the concept of “owner” includes any person with a proprietary interest in the property. The owner or occupier would be responsible where the person responsible for such nuisance cannot be found or where a nuisance is likely to occur but has not yet occurred. The owner would also be responsible where the nuisance arises from any defect of a structural nature.

Owners and occupiers of property are also under a duty to locate, record, manage and (where appropriate) remove asbestos from relevant properties. Asbestos-containing materials are present in a number of our properties as a consequence of building practices typical at the time the buildings were originally constructed. Landlords are under a duty to cooperate with customers in this regard and have responsibility for common areas within properties or parts of properties that are temporarily or permanently vacant. Failure to comply with this duty is an offence and could give rise to civil liabilities in respect of personal injury arising out of exposure to asbestos.

Governments in many of the countries in which we operate have adopted, are proposing to adopt or may in the future adopt, new measures to reduce emissions of “greenhouse gases”, including carbon dioxide. While we do not currently anticipate that the direct effects of such measures would materially affect our business, they may affect the businesses of our customers, which could have a detrimental follow-on effect on our business. As a result, we cannot be certain of the ultimate effect of such measures on our business and profitability.

Liability for any of these environmental risks could be significant and might adversely impact our financial condition and results of operations.

We generally conduct environmental reviews of properties that we acquire and develop. However, these reviews may fail to identify all environmental problems. Based on these reviews and past experience, we are not aware of any environmental claims or other liabilities that would require material expenditures. However, we could become subject to such claims or liabilities in the future.

Occupational health and safety regulations could impose significant costs on us.

We have obligations under the various occupational health and safety regulations throughout the regions in which we operate. While appropriate risk management procedures, training and induction programs are in place at all of our properties and development sites, an adverse event such as a death or permanent disability of an employee or contractor could have an adverse impact on our results of operations as a result of monetary penalties imposed, litigation costs and damages and/or the reputational damage associated with such an incident.

Our tax liabilities may be adversely affected by application, interpretation or changes in tax law.

We are subject to the business risk that there may be changes in laws, or the application or interpretation of laws, that reduce income or increase costs. Changes in tax law, changes in the way tax laws are interpreted or the actual or asserted failure to comply with tax laws in various jurisdictions in which we operate, may adversely affect our future tax liabilities. Under current income tax legislation, GIT is generally not liable for Australian income tax (other than a collection tax in respect of Australian sourced income attributable to Australian tax non-resident unitholders, and income attributable to unitholders under a legal disability), including capital gains tax, provided that its unitholders are presently entitled to receive distributions of all the taxable income of GIT. Should the actions or activities of GFML (the responsible entity of GIT) cause GIT to fall within the operative provisions of Division 6C of the *Income Tax Assessment Act 1936* (Cth), GIT may be taxed on its net income at a rate which is currently equivalent to the corporate income tax rate of 30%. In addition, most of our investment in GNAP is held through a US real estate investment trust (or "REIT"), that benefits from a tax deduction for dividends paid. This REIT currently qualifies as a REIT under US federal income tax laws, however no assurance can be given that it will remain so qualified. If the REIT loses its status as a US REIT, we would be required to pay United States federal and state income tax on its taxable income at regular corporate rates.

Our global operations subject us to risks associated with the legislative, judicial, accounting, regulatory, political and economic conditions specific to the countries or regions in which we operate, which could adversely affect our financial performance.

We currently conduct operations in a number of geographies and countries. Our future operating results in the countries or regions in which we currently, or may in the future, operate could be negatively affected by a variety of factors beyond our control, including political instability, economic conditions, legal, regulatory and accounting constraints, trade policies, currency regulations, and risks associated with holding or managing property in countries which have historically been subject to volatility in one or more of these areas. Additional risks inherent in our global operations generally include, among others, the costs and difficulties of managing international operations, of obtaining and maintaining necessary permits, adverse tax consequences and greater difficulty in enforcing intellectual property rights in certain countries. These risks may be increased if we enter into new markets in which we currently do not operate.

We are subject to risks in connection with information technology, data privacy and cybersecurity.

Our information technology systems are vulnerable to damage, manipulation and disruption from any number of sources, including energy blackouts, severe weather events, natural disasters, terrorism, war, telecommunication failures, fraudulent or inappropriate employee behaviour, human error and cyber security attacks, such as computer viruses or unauthorised access to our systems. There can be no assurance that our security measures will be sufficient to prevent disruption of or unauthorised access to our systems in all cases. Any system failure or accident that interrupts our operations could result in a material disruption to our business. We may also incur additional costs to remedy damage caused by such disruptions.

Our technology systems, and those of our key suppliers, may be subjected to cyber-attacks that could adversely affect our business and reputation. These risks, as well as the number and frequency of cybersecurity events globally, may also be heightened during times of geopolitical tension or instability between countries, including, for example, tensions between China and the United States, the ongoing war between Ukraine and Russia (from where a number of cybersecurity events have been alleged to have originated) and the ongoing regional conflict in the Middle East and risk of escalation across the broader region, with state actors and cyber criminals becoming increasingly more sophisticated in their tools and approach. Cyber incidents may result in disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to our tenant, investor and/or vendor relationships. Any unauthorised access to our technology systems as a result of cyber-attacks could also result in the unauthorised release or misuse of confidential or proprietary information of ours, our employees or

customers. As our reliance on technology has increased, so have the risks posed to our information systems, both internal and those we have outsourced. Any processes, procedures and internal controls that we implement, as well as our increased awareness of the nature and extent of a risk of a cyber incident, do not guarantee that our financial results, operations, business relationships or confidential information will not be negatively impacted by such an incident.

Insider or employee cyber and security threats are increasingly a concern for all companies, including ours. In addition, social engineering and phishing are a particular concern for companies with employees. As a landlord, we are also susceptible to cyberattacks on our tenants and their payment systems. We are continuously working to install new, and to upgrade our existing, network and information technology systems and to provide employee awareness training around phishing, malware and other cyber risks to ensure that we are protected, to the greatest extent possible, against cyber risks and security breaches. However, such upgrades, new technology and training may not be sufficient to protect us from all risks.

From time to time, we use third party vendors to assist us with our network and information technology requirements. While we carefully select these third party vendors, we cannot control their actions. Any problems caused by these third parties, including those resulting from breakdowns or other disruptions in communication services provided by a vendor, failure of a vendor to handle current or higher volumes, cyberattacks and security breaches at a vendor could adversely affect our operations.

We have significant reliance on third parties to provide infrastructure and application services to protect us against cyber security attacks. There is no guarantee that the third party providers upon which we rely will perform their services adequately or sufficiently to protect us against such attacks. Failure on the part of these third parties to perform their services at the level required or expected may compromise the integrity of our data security and systems.

Our results from operations and financial position may be adversely affected by changes in accounting policy.

We prepare financial statements in accordance with AAS and the Corporations Act. IFRS form the basis of the accounting standards adopted by the AASB. Our annual and interim consolidated financial statements comply with AAS and IFRS. Changes in IFRS may adversely affect our results of operations and financial position, including our inability to comply with the financial covenants contained in our various finance agreements, including the Indenture which will govern the Notes.

Illiquidity of our direct investments in property and the property of our Partnerships could adversely affect our ability to vary our and/or our Partnerships' investment portfolio if necessary.

Investments in property are relatively illiquid, and some of our and our Partnerships' properties are subject to contractual limitations on transfer. In addition, our investments in Partnerships are principally in institutional funds for which a liquid market does not exist. This illiquidity limits our ability to vary our and our Partnerships' portfolio promptly in response to changes in economic or other conditions.

If we are or a Partnership is required to sell an asset quickly in order to realize value for any reason, we or that Partnership may be required to accept a significant discount in price in order to achieve a rapid sale. Any such sale could adversely affect our or the Partnerships' financial condition and portfolio asset quality.

There is no assurance that we or our Partnerships will be able to dispose of a property or indirect property investments at the desired time or at a price greater than our or its total investment in the property.

We are exposed to counterparty credit risk from financing activities that may adversely affect our financial performance.

Counterparty credit risk is the risk of our sustaining a loss as a result of a payment default by the counterparty with whom we have placed funds on deposit or entered into hedging transactions to hedge our interest rate and foreign exchange risks. The extent of our loss could be the full amount of the deposit or, in the case of hedging transactions, the cost of replacing those transactions. There can be no assurance that we will successfully manage this risk or that such payment defaults by counterparties will not adversely affect our financial condition or performance.

Change of control events may adversely affect our liquidity position.

In the event that we were subject to a takeover or we experienced a change of control, a change of control provision may be triggered under some of our finance agreements. Such an event may trigger a requirement to renegotiate or the repayment of debts, pre-emptive rights in terms of the ownership of assets or review options under contractual arrangements. To the extent that these outcomes materialize, our liquidity position and financial position may be adversely affected.

Failure to effectively execute on our strategy or to change our strategy when required could affect the value of our portfolio and result in reduced earnings.

The failure to deliver on or to effectively execute our stated strategy, including our asset sale strategy and our urban renewal strategy, or the failure to redefine our strategy to meet changing market conditions could result in a decline in the value of our portfolio and a loss of earnings and/or the inability to comply with our financing arrangements.

We may be involved in legal and/or other proceedings arising from our operations from time to time.

We may be involved in disputes with various parties from time to time, which may lead to litigation and other claims in the ordinary course of business, including public liability matters, employment matters and contractual disputes. To the extent claims exceed insurance levels, such matters could cause additional costs, delays and adversely affect our financial results and our ability to comply with our financing arrangements. Furthermore, we may be involved in disagreements with regulatory bodies in the course of operations, which may subject us to administrative proceedings and unfavourable orders, directives or decrees that would result in financial losses and/or cause delays or increased costs in our development projects.

Risks relating to the Issuer

The Issuer is a special purpose company with no business activities of its own and will be dependent on funds from us and our subsidiaries to make payments under the Notes.

The Issuer is an incorporated entity established specifically for the purpose of raising finance for us, and expects to use the net proceeds from the issue of the Notes for general corporate and trust purposes. The Issuer does not and will not have any business activities other than obtaining bank financing, the issuance of debt securities, the lending of the proceeds of any bank loans, debt securities or the Notes to us, the receipt of loan repayments and interest payments from us, the servicing of its obligations under the bank facilities, other debt securities and the Notes and certain activities ancillary thereto. The Issuer's ability to make payments under the Notes and to pay its other expenses is dependent on its receipt of repayments from the Parent Guarantors and their respective subsidiaries or the performance by the Parent Guarantors of their obligations under their respective Guarantees. Other than the foregoing, the Issuer will not have any significant funds available to meet its obligations under the Notes.

Risks relating to the Notes

The Undertakings of the Undertaking Subsidiaries do not take the form of direct guarantees and claims thereunder are limited in certain cases.

The subsidiaries providing credit support for the Notes will be Undertaking Subsidiaries and will not provide direct guarantees of the Notes. See "Description of the Notes, Guarantees and Undertakings—Guarantees and Undertakings". Rather, in accordance with the Capitalisation Deed Poll, Undertaking Subsidiaries will be required to make loans or equity contributions to the Issuer on demand in the event the Issuer fails to make payments under the Notes when due. Pursuant to the Capitalisation Deed Poll, the Issuer has directed the Undertaking Subsidiaries to remit the proceeds of such loans or equity contributions directly to the "Finance Parties" under the Capitalisation Deed Poll or their representative (which will include the Indenture Trustee as a representative of the holders of Notes) and the Indenture Trustee is permitted to make a direct demand for such loans or equity contributions as representative of the holders of Notes.

In addition to the direct rights afforded to the Indenture Trustee to make a demand for payment under the Capitalisation Deed Poll, the Issuer has granted the Security Trustee a security interest in its rights under the Capitalisation Deed Poll such that, upon receipt of certain required instructions under the Security Trust Deed, the Security Trustee may enforce such security interest and exercise the rights of the Issuer under the Capitalisation Deed Poll as if it were the Issuer. Any instructions from the holders of a majority in aggregate principal amount of the Issuer's Notes to the Security Trustee to enforce the Security Trustee's security interest in the Issuer's rights under the Capitalisation Deed Poll will be considered by the Security Trustee on a pro rata basis with the other creditors of the Issuer that have the benefit of the Security Trust Deed. Under the Security Trust Deed, the Security Trustee is only obligated to enforce such security interest upon instructions from holders of 66²/₃% of the aggregate amount of indebtedness of the Issuer outstanding at the time of such instructions that is supported by the Security Trust Deed. As at December 31, 2023, Goodman Group had A\$3.2 billion of indebtedness outstanding that is supported by the Security Trust Deed and there are no restrictions under the Indenture or otherwise on the Issuer or other members of Goodman Group incurring future indebtedness. Consequently, for so long as the Issuer has its existing indebtedness outstanding and/or if the Issuer or other members of Goodman Group incur substantially more indebtedness in the future, holders of the Notes may be unable to cause the Security Trustee to enforce their rights under the Security Trust Deed without the consent of other creditors of the Issuer and other members of Goodman Group. See "Description of the Notes, Guarantees and Undertakings—Guarantees and Undertakings".

As described in “Description of the Notes, Guarantees and Undertakings—Guarantees and Undertakings—Undertaking limitations”, the Undertakings of Undertaking Subsidiaries incorporated or formed in Belgium or Luxembourg and certain other Undertaking Subsidiaries may be limited in some circumstances.

The holders of Notes may be required to indemnify the Security Trustee.

Under the Security Trust Deed, each holder of Notes is required to indemnify the Security Trustee, within three business days of demand, against any cost, loss or liability incurred by the Security Trustee or its employees, officers and agents (other than by reason of its or their gross negligence or wilful misconduct) in acting as Security Trustee (unless the Security Trustee has otherwise been reimbursed by a relevant Goodman Group entity).

The holders of Notes will be required to instruct the Indenture Trustee and the Security Trustee to take certain actions under the Capitalisation Deed Poll and the Security Trust Deed on their behalf, and the Indenture Trustee and the Security Trustee may not be required to act on such instructions until the holders of Notes have offered security against any related costs, expenses or liability.

The holders of Notes are not permitted to directly exercise any of their rights or powers under the Capitalisation Deed Poll or the Security Trust Deed. All such rights or powers must be exercised by the Indenture Trustee as the representative of the holders of the Issuer's Notes on their behalf. Under the Indenture, except for certain actions to be taken after an event of default has occurred, the Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Capitalisation Deed Poll or the Security Trust Deed as financier representative on behalf of the holders of the Issuer's Notes at the request or direction of any of such holders, unless those holders shall have offered the Indenture Trustee security and/or indemnity satisfactory to the Indenture Trustee in its sole discretion against costs, expenses and liability. Additionally, in the event the Security Trustee proposes to exercise certain rights or take certain actions pursuant to the Security Trust Deed or the Security Trustee is directed to exercise certain rights or take certain actions in connection with the Security Trust Deed, and the Security Trustee reasonably considers that doing so could result in liability, the Security Trustee (a) may request the holders of the Issuer's Notes (and certain other parties) to pay to it an amount at least equal to the amount the Security Trustee reasonably determines would be equal to such liability and (b) need not act until such amounts are paid. See “Description of the Notes, Guarantees and Undertakings—Guarantees and Undertakings—Security Trust Deed—Requirement that the holders of Notes and other Finance Parties provide the Security Trustee funds before it acts”. Accordingly, the holders of the Notes may be required to incur considerable costs and expenses before actions are taken under the Capitalisation Deed Poll and the Security Trust Deed on their behalf.

Our debt levels may affect the way we carry on our business in the future and may have other adverse effects on us.

As at December 31, 2023, on a consolidated basis, we had interest bearing liabilities of A\$3.2 billion. Our Gearing Ratio was 9.0%⁷ (Leverage Ratio was 14.5%) on a consolidated basis at the same date.

The principal consequences of having such debt levels are as follows:

- a substantial portion of cash from operating activities is used to pay interest on our debt;
- to the extent that facilities mature and are not replaced or extended, we will need to fund the repayment of debt with cash from operating activities, equity or other sources;
- flexibility in planning for, or reacting to, changes in the business and the industry in which we operate may be limited because our available cash flow after paying principal and interest on our debt may not be sufficient to make the capital and other expenditures needed to address these changes;
- adverse economic or industry conditions are more likely to have a negative effect on our business because, during periods in which we experience lower earnings and cash flow, we will be required to devote a proportionally greater amount of cash flow to paying principal and interest on our debt;
- we may be at a competitive disadvantage to competitors that have relatively less debt and have more cash flow available to devote to acquisitions, capital expenditures and other strategic purposes;
- our ability to obtain financing in the future for working capital, capital expenditures, acquisitions or other purposes may be limited because of the restrictions contained in our financing agreements, including the Indenture which will govern the Notes;

⁷ Our Gearing Ratio as at December 31, 2023 is calculated as total interest bearing liabilities over total assets, both net of cash and fair values of certain derivative financial instruments included in other financial assets of A\$86.8 million. Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of A\$39.4 million.

- our ability to make acquisitions and take advantage of significant business opportunities may be negatively affected if we need to obtain the consent of lenders to take any such action or if, because of existing debt levels, we are not able to obtain additional financing for these opportunities; and
- we may not be able to obtain the necessary lines of credit to enable it to put in place the desired level of cover to hedge interest rate and foreign currency risks.

We are dependent on generating cash flow from operations to repay our debt. Our cash flows can vary, including as a result of the factors described under “—We may not be able to generate sufficient cash flow to satisfy our existing and future debt obligations”. If our cash flow and capital resources are not sufficient to make principal and interest payments on our debt and fund our working capital and other business needs, which may occur as a result of industry specific or general economic conditions or other events that are beyond our control, we could be forced to:

- reduce or delay scheduled capital expenditures or forgo other business opportunities;
- sell material assets or operations;
- raise additional equity capital;
- restructure or refinance our debt; or
- undertake other protective measures.

Some of these transactions could occur at times or on terms that are disadvantageous to us. Our incurrence of additional debt will increase the leverage risks discussed above.

The rating agencies review our financial ratios from time to time. Any downgrade of our credit rating by the rating agencies could adversely affect our financial condition and business operations by increasing costs for, or limiting or preventing us from securing, financing for future business or liquidity needs.

We may not be able to generate sufficient cash flow to satisfy our existing and future debt obligations.

Our ability to pay the principal and interest on our debt depends on the future performance of our business which is subject to a number of factors, including those discussed in this “Risk factors” section. Our historical financial results have been, and it is anticipated that our future financial results will continue to be, subject to fluctuations. Our business may not generate sufficient cash flow from operations to enable us to satisfy our debt and other obligations. Further, we may have incurred debt to fund property developments that require us to make substantial expenditures before beginning to earn income from the developed property, which may impair our ability to service our debt. In addition, we may not have sufficient future financing facilities available to enable us to pay our debt, including the Notes and amounts outstanding under other financing arrangements, or to fund other liquidity needs. If we are required to quickly dispose of an asset in order to realize value for any reason, including to reduce leverage or make certain contractual payments such as repayments of indebtedness at maturity that cannot be otherwise refinanced, we may be required to accept a significant discount in price in exchange for a rapid sale. During times of economic recession or low economic growth, this risk increases. In addition, because of the terms of other indebtedness, we may not be able to restructure or refinance our debt on satisfactory terms.

Despite our current debt levels, we may be able to incur substantially more debt instruments with debt like components, which could increase the risks described above.

We may be able to incur substantial additional debt in the future. We may also review and modify leverage levels from time to time without notice to or any approval of our Securityholders. Our ability to incur indebtedness depends, in part, upon continued compliance with the financial covenants contained in the agreements governing our indebtedness, including the Indenture which will govern the Notes. The amount of indebtedness that we can incur will vary as a result of changes in our earnings and cash flows and the value of our assets. As at December 31, 2023, our Gearing Ratio was 9.0%⁸ (Leverage Ratio was 14.5%). Accordingly, despite current debt levels, we may be able to incur substantially more debt, which could increase the risks described above.

⁸ Our Gearing Ratio as at December 31, 2023 is calculated as total interest bearing liabilities over total assets, both net of cash and fair values of certain derivative financial instruments included in other financial assets of A\$86.8 million. Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of A\$39.4 million.

Because the Notes, the Guarantees and the Undertakings of the Undertaking Subsidiaries are unsecured, your right to receive payment is effectively junior to that of any secured indebtedness up to the value of the assets securing such indebtedness.

The Notes, the Guarantees and the Undertakings of the Undertaking Subsidiaries will be unsecured. To the extent that the Issuer, the Parent Guarantors or the Undertaking Subsidiaries grant security interests over their assets, the secured lenders will be entitled to exercise the remedies available to such lenders under applicable laws. Depending on the relevant circumstances and applicable laws, if the Issuer defaults on its Notes, the Parent Guarantors default on the Guarantees or the Undertaking Subsidiaries fail to perform the Undertakings, or after the bankruptcy, liquidation or reorganization of any of them, then any assets that are secured will be used to satisfy the obligations under that secured indebtedness before payment on the Notes, the Guarantees or with respect to the Undertakings of the Undertaking Subsidiaries can be made. In such case, there may only be limited assets available to make payments on the Notes, the Guarantees or with respect to the Undertakings of the Undertaking Subsidiaries in the event of an acceleration of the Notes. There can be no assurance that there will be sufficient assets to pay amounts due on the Notes. As a result, you may receive less ratably than the lenders of our secured indebtedness. If there is not enough collateral to satisfy the obligations of the secured indebtedness then, subject to the provisions of the relevant indebtedness documentation and of applicable laws, the amounts remaining unpaid on the secured indebtedness would share equally with all unsubordinated unsecured indebtedness.

Your right to receive payments on the Notes, the Guarantees or the Undertakings of the Undertaking Subsidiaries may be adversely affected by laws relating to creditors' rights, fraudulent conveyance, Australian and Hong Kong insolvency laws and similar laws.

GL, GIT and certain of the Undertaking Subsidiaries are constituted or organised under the laws of the Commonwealth of Australia, and therefore, insolvency proceedings with respect to them would be likely to proceed under, and be governed by, Australian insolvency laws. GLHK is organised under the laws of Hong Kong, and therefore, insolvency proceedings with respect to it would be likely to proceed under, and be governed by, Hong Kong insolvency laws. Other Undertaking Subsidiaries are organised under the laws of the United Kingdom, Luxembourg, Spain, Hong Kong, the Cayman Islands, New Zealand, Jersey, Japan, Delaware and Maryland and any insolvency proceedings in respect of those Undertaking Subsidiaries may proceed under the laws of their respective jurisdictions. The procedural and substantive provisions of Australian insolvency laws afford debtors and unsecured creditors only limited protection from the claims of secured creditors. It may not be possible for the Parent Guarantors, the Undertaking Subsidiaries or other unsecured creditors to prevent or delay the secured creditors from enforcing their security to repay the debts due to them. As at December 31, 2023, on a consolidated basis, we had A\$68.6 million of secured borrowings.

Fraudulent conveyance laws or similar provisions or principles have been enacted or exist for the protection of creditors in a number of jurisdictions and the Guarantees of the Notes by the Parent Guarantors and the Undertakings of the Undertaking Subsidiaries may be subject to claims that they should be subordinated or avoided in favour of creditors of the Parent Guarantors or Undertaking Subsidiaries, as the case may be. To the extent that the Guarantee of any Parent Guarantor or the undertaking of any Undertaking Subsidiary is voided as a fraudulent conveyance or otherwise held to be unenforceable, your claim against that Parent Guarantor or Undertaking Subsidiary could be lost or limited, and you could be required to return payments previously received from any such Parent Guarantor or Undertaking Subsidiary.

Under Australian law, if a liquidator was appointed to any Parent Guarantor or any Undertaking Subsidiary, the liquidator would have the power to investigate the validity of past transactions and may seek various court orders, including orders to void certain transactions entered into prior to the winding up of such Parent Guarantor or Undertaking Subsidiary and for the repayment of money. These include transactions entered into within a specified period prior to the commencement of the winding up that a court considers uncommercial transactions or transactions that had the effect of preferring a creditor or creditors or otherwise defeating, delaying or interfering with the rights of creditors.

In addition to the matters described above, under the laws of the jurisdictions where the Parent Guarantors and Undertaking Subsidiaries are organised, the Guarantees given by the Parent Guarantors and the Undertakings of the Undertaking Subsidiaries may be set aside, subordinated or otherwise avoided by the application of fraudulent conveyance, financial assistance, bankruptcy, insolvency and administration, statutory management, equitable subordination principles or other similar provisions or principles existing under the laws of the relevant jurisdiction, including as a result of the application of laws in relation to the duties of directors to act in good faith and for proper purposes. In addition, other debts and liabilities of the Parent Guarantors and the Undertaking Subsidiaries, such as certain employee entitlements or amounts owed to tax authorities, may rank ahead of claims under the Guarantees and the Undertakings of the Undertaking Subsidiaries in the event of administration or insolvency or statutory management or similar proceedings. If one or more of the Guarantees or Undertakings of the Undertaking Subsidiaries are set aside or otherwise avoided, your claim against the Parent Guarantors or Undertaking Subsidiaries giving those Guarantees or

Undertakings could be lost or limited and it is possible that you will only have a claim against the relevant Issuer and any remaining Parent Guarantors and Undertaking Subsidiaries.

The ability of holders of the Notes to enforce certain rights in connection with the Notes may be limited or affected by reforms to Australian insolvency legislation relating to “ipso facto” rights.

Under Australian law, when a company enters certain types of insolvency proceedings, the enforcement of certain rights against a company under a contract, agreement or arrangement (such as a right entitling a creditor to terminate the contract or to accelerate payments or providing for automatic acceleration) are stayed for a certain period of time (and in some cases indefinitely), if the reason for enforcement is the occurrence of certain events relating to specified insolvency proceedings, namely that the company is in voluntary administration, or a managing controller (including a receiver) is appointed over the whole or substantially the whole of a company’s property, or the company is, or announces that it will be applying to be, subject to a creditors’ scheme of arrangement, or that it relates to the company’s financial position during any of those proceedings (known as “ipso facto” rights). The specified proceedings do not include a winding up or liquidation.

Certain types of contracts and contractual rights are excluded from the “ipso facto” regime by regulations and declaration. The list of excluded contracts includes, among other, contracts, agreements or arrangements that are, or govern, securities, financial products, bonds or promissory notes. Furthermore, a contract, agreement or arrangement under which a party is or may be liable to subscribe for, or to procure subscribers for, securities, financial products, bonds or promissory notes is also excluded. Accordingly, the Regulations should exclude the Notes from the stay. If the Regulations are determined not to exclude the Notes from their operation under the exclusions mentioned above or any other exclusion under the Regulations, this may render unenforceable in Australia provisions of the Notes conditional merely on the occurrence of events giving rise to the “ipso facto” rights.

Because the Parent Guarantors conduct their operations through subsidiaries, your right to receive payments on the Guarantees is dependent on the payment of dividends or distributions to the Parent Guarantors by their respective subsidiaries.

The Parent Guarantors carry on components of their operations through subsidiaries. As such, the ability of the Parent Guarantors to meet their financial obligations is dependent on, among other things, the level of dividends, loan repayments, distributions and other intercompany transfers of funds they receive from their subsidiaries. There is no contractual obligation for any subsidiary to make dividend or distribution payments to any Parent Guarantor. In addition, the ability of the directors of any subsidiary of a Parent Guarantor to declare dividends or distributions to such Parent Guarantor or the amount of dividends or distributions they may pay will depend on that subsidiary’s financial position and will be subject to applicable laws and regulations. In particular, under the Corporations Act, corporate dividends may only be made by a company if the company’s assets exceed its liabilities immediately before the dividend is declared and such excess is sufficient for the payment of the dividend, the payment of the dividend is fair and reasonable to the company’s shareholders as a whole and the payment of the dividend does not materially prejudice the company’s ability to pay its creditors. The Undertaking Subsidiaries have agreed, in certain circumstances, to make loans to and subscribe for equity in the Issuer, as set forth in “Description of the Notes, Guarantees and Undertakings—Guarantees and Undertakings—Undertakings”.

Your right to receive payment under the Notes will effectively rank behind the creditors of our subsidiaries that are not Undertaking Subsidiaries.

Not all of our current and future subsidiaries will be Undertaking Subsidiaries and the group of Undertaking Subsidiaries as of the date of closing may change from time to time. In the event that any of our subsidiaries that are not Undertaking Subsidiaries becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, the assets of such subsidiary will be used first to satisfy the claims of its creditors. Consequently, your claims will be structurally subordinated to all of the claims of the creditors of such subsidiaries that are not Undertaking Subsidiaries.

Except in limited circumstances, GFML’s liability and the liability of trustees of those Undertaking Subsidiaries that are trusts will be limited to the extent to which such liability can be satisfied out of the assets of the relevant trust of which it is trustee and/or responsible entity.

GFML guarantees the obligations of the Issuer under the Notes solely in its capacity as responsible entity of GIT. The liability of GFML in relation to its Guarantees and the liability of the trustees of those Undertaking Subsidiaries that are trusts in relation to the Undertakings provided is limited to and can be enforced against GFML and such trustees only to the extent to which such liability can be satisfied out of the assets of the relevant trusts from which GFML or such trustee is actually indemnified for the liability.

None of the assets of GFML or the trustees of those Undertaking Subsidiaries that are trusts (other than assets which are held by GFML or such trustees in their capacity as trustee of the relevant trust and out of which GFML or such trustees are actually indemnified for the liability and which are available to GFML or such trustees in accordance with the terms of the constitution of the relevant trust to meet its obligations in relation to its Guarantees or the Undertakings provided pursuant to the Capitalisation Deed Poll, as applicable) are available to meet claims under the Guarantees or the Undertakings provided by such Undertaking Subsidiaries.

In addition, GFML and the trustees of those Undertaking Subsidiaries that are trusts are not entitled to indemnification out of the assets of the relevant trust in certain circumstances, such as if they act fraudulently, negligently or breach their duty with respect to the relevant trust (whether or not such breach is in respect of the Guarantees or the Undertakings provided by such Undertaking Subsidiaries, as applicable). GFML and the trustees of those Undertaking Subsidiaries that are trusts are not liable to satisfy any obligation or liability from their personal assets, except to the extent that the obligation or liability is not satisfied because there is a reduction in the extent of GFML's or such trustee's indemnification out of the assets of the relevant trust as a result of GFML's or such trustee's fraud, negligence or wilful misconduct or a breach of a representation and warranty as to authority. Please refer to the section of this offering memorandum titled "Description of the Notes, Guarantees and Undertakings" under "Description of the Notes, Guarantees and Undertakings—Guarantees and Undertakings—Undertaking limitations".

It may be necessary to litigate disputes in respect of the Capitalisation Deed Poll and the Security Trust Deed in Australia and other non-United States jurisdictions.

The Capitalisation Deed Poll is governed by the laws of the State of Victoria, Australia and the Security Trust Deed is governed by the laws of the State of New South Wales, Australia. None of the Undertaking Subsidiaries have submitted to the jurisdiction of New York courts for legal actions or proceedings arising out of the Capitalisation Deed Poll or the Security Trust Deed. Under the Capitalisation Deed Poll, the parties thereto have submitted to the non-exclusive jurisdiction of Victoria and have agreed that the courts of the State of Victoria, Australia are the most appropriate and convenient courts to settle disputes arising out of the Capitalisation Deed Poll and have agreed not to argue anything to the contrary. Under the Security Trust Deed, the parties thereto have submitted to the non-exclusive jurisdiction of New South Wales and have agreed that the courts of the State of New South Wales, Australia are the most appropriate and convenient courts to settle disputes arising out of the Security Trust Deed and have agreed not to argue anything to the contrary. The Capitalisation Deed Poll and the Security Trust Deed permit legal actions to be brought in jurisdictions outside of the State of Victoria, Australia or New South Wales, Australia, respectively. However, it may be difficult to sustain an action in New York or another United States jurisdiction in respect of the Capitalisation Deed Poll or the Security Trust Deed. Accordingly, to litigate a dispute in respect of the Capitalisation Deed Poll or the Security Trust Deed, it may be necessary or desirable to bring an action in an Australian court and, potentially, additional jurisdictions outside of Australia where Undertaking Subsidiaries are located and/or hold assets.

There is no established trading market for the Notes that the Issuer is offering and one may not develop.

The Notes will be new securities for which there currently is no established trading market. We do not intend to apply for listing of the Notes on any stock or securities exchange other than on the SGX-ST. Approval in-principle has been received from the SGX-ST for the listing of the Notes on the SGX-ST. It is expected that the listing of the Notes will, if approval is granted by the SGX-ST for the listing of the Notes on the SGX-ST, commence on or about one business day following the settlement date. However, we cannot assure you that we will obtain or to be able to maintain a listing of the Notes on the SGX-ST, or that if listed, there can be no assurance that a liquid market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the price you receive when you sell will be favourable. The Notes are subject to restrictions on transfer, which are described under the section of this offering memorandum titled "Notice to investors". The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of holders of the Notes;
- our operating performance, creditworthiness, and financial condition;
- general economic conditions;
- the market for similar securities;
- the interest of securities dealers in making a market for the Notes; and
- prevailing interest rates.

An active market for the Notes may not develop and, if it develops, it may not continue.

We cannot guarantee the lawfulness of the acquisition of the Notes by a prospective investor.

Neither the Issuer, the Initial Purchasers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Regulatory and legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Potential purchasers and sellers of the Notes may be required to pay certain taxes.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. The market value of the Notes may be influenced by factors beyond the Issuer's control.

Many factors, most of which are beyond the Issuer's control, will influence the market value of the Notes and the price, if any, at which securities dealers may be willing to purchase or sell the Notes in the secondary market. Such factors include any credit ratings assigned to the Issuer and the Notes (and any subsequent downgrading thereof), the creditworthiness of the Issuer, supply and demand for the Notes, exchange rates and macro-economic, political, regulatory or judicial events which affect the Issuer or the markets in which it operates.

Credit ratings may not reflect all risks.

The credit ratings assigned to the Notes may not reflect the potential impact of all risks that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Because the Issuer will pay principal and interest on the Notes in Euros, holders of the Notes may face certain risks relating to currency conversions.

The Issuer will pay principal and interest on the Notes in Euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the currency used by the investor) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Use of proceeds

We estimate that the net proceeds from this offering will be €492.0 million, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by the Group in connection with this offering.

The Issuer will receive the net proceeds from this offering. Proceeds of the issuance are expected to be used for general corporate and trust purposes.

The Issuer

General

Goodman Australia Finance Pty Limited (ACN 127 959 951) is the Issuer of the Notes. The Issuer is an Australian proprietary company, limited by shares, registered in Australia under the Corporations Act, and is a wholly-owned indirect subsidiary of GIT. The registered office of the Issuer is located at The Hayesbery, 1-11 Hayes Rd, Rosebery, New South Wales 2018, Australia.

The Issuer was registered on October 11, 2007.

The primary purpose of the Issuer is to borrow funds on behalf of its parent entity and advance the net proceeds of such borrowings to its parent entity or subsidiaries of its parent entity.

The Issuer does not have any subsidiaries.

Directors and executive officers

The directors and executive officers of the Issuer are as follows:

Name	Title
Gregory Leith Goodman	Director
Nick Vrondas	Director
Carl Peter Bicego	Company Secretary

Capitalization

The following table sets forth the capitalization of Goodman Group on an actual consolidated basis as at December 31, 2023, and as adjusted to give effect to (i) the proceeds from the Notes offered by this offering memorandum and (ii) the application of the estimated net proceeds of the issuance of the Notes, as described under “Use of proceeds”, noting that the portion of the estimated net proceeds of the issuance of the Notes that will be used for general corporate and trust purposes will be held as available cash until used.

As at December 31, 2023, we had A\$3.2 billion of interest bearing liabilities outstanding and A\$1.2 billion of cash.

You should read the following table in conjunction with the sections of this offering memorandum titled “Selected consolidated financial information” and our annual and interim consolidated financial statements and related notes included elsewhere in this offering memorandum.

	December 31, 2023	December 31, 2023
	Actual	As adjusted
	(A\$ millions)	(A\$ millions)
Long-term debt, excluding current portion:		
Notes offered hereby ⁽¹⁾	—	808.9
Bank loans, secured	67.7	67.7
Bank loans, unsecured	369.9	369.9
Rule 144A/Reg. S Notes, unsecured ⁽²⁾	2,791.8	2,791.8
Borrowing costs ⁽³⁾	(17.9)	(27.9)
Total long-term debt	3,211.5	4,010.4
Equity:		
Stapled Securityholders' equity		
Securities outstanding: 1,899.2 million		
Issued capital	8,343.6	8,343.6
Reserves	589.5	589.5
Retained earnings	8,620.5	8,620.5
Total securityholders' equity	17,553.6	17,553.6
Total capitalization⁽⁴⁾	20,765.1	21,564.0

Notes:

- (1) €500 million translated at the December 31, 2023 exchange rate of A\$1.00 = €0.6181.
- (2) Rule 144A/Reg S Notes include the €500 million 1.375% Guaranteed Senior Notes due September 27, 2025, certain of which we expect to repurchase as part of our ongoing liability management pursuant to the Tender Offer. For further information, see “Summary—Recent Developments”.
- (3) As adjusted borrowing costs include A\$10.0 million of estimated transaction costs for the notes offered hereby.
- (4) Total capitalization represents long-term debt plus total securityholders' equity.

Selected consolidated financial information

The selected consolidated financial information of Goodman Group presented below as of December 31, 2023, and for HY2024 and HY2023 has been derived from, and is qualified in its entirety by reference to, our unaudited consolidated interim financial statements and the selected consolidated financial information presented below as of, and for FY2023, FY2022 and FY2021, which has been derived from, and is qualified in its entirety by reference to, our audited consolidated financial statements, in each case included elsewhere in this offering memorandum. The consolidated financial information set forth below is not necessarily indicative of our future results of operations or financial condition.

The selected consolidated financial information presented below has been prepared in a manner consistent with our accounting policies in accordance with AAS. The selected historical consolidated financial and operating data presented below is in Australian dollars, which is our reporting and functional currency.

You should read this selected consolidated financial information together with the sections of this offering memorandum titled “Financial information presentation” and “Risk factors” and our annual and interim consolidated financial statements and the related notes included elsewhere in this offering memorandum.

Where information has been presented in percentages or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

Selected income statement information

	Half year ended December 31, 2023 (A\$ million)	Half year ended December 31, 2022 (A\$ million)	Year ended June 30, 2023 (A\$ million)	Year ended June 30, 2022 (A\$ million)	Year ended June 30, 2021 (A\$ million)
Revenue					
Gross property income.....	55.2	66.3	122.8	138.0	112.4
Management income	360.8	222.8	438.9	511.4	383.9
Development income	653.7	729.9	1,407.2	1,441.6	1,492.0
Distributions from investments	—	—	—	0.8	—
	1,069.7	1,019.0	1,968.9	2,091.8	1,988.3
Property and development expenses					
Property expenses.....	(11.6)	(15.1)	(31.7)	(33.7)	(32.8)
Development expenses	(197.8)	(273.5)	(606.7)	(554.9)	(862.3)
	(209.4)	(288.6)	(638.4)	(588.6)	(895.1)
Other income					
Net gain from fair value adjustments on investment properties.....	43.3	56.2	278.9	260.1	63.1
Net gain/(loss) on disposal of investment properties	—	—	3.6	73.6	37.7
Net gain/(loss) on disposal of controlled entities.....	9.1	(0.1)	—	—	—
Net gain on disposal of assets held for sale	0.3	—	—	12.5	—
Net gain on disposal of equity investments	—	—	—	0.2	5.0
Share of net results of equity accounted investments.....	(833.0)	818.3	1,022.4	2,718.2	1,708.9
	(780.3)	874.4	1,304.9	3,064.6	1,814.7
Other expenses					
Employee expenses.....	(155.7)	(130.0)	(271.6)	(258.9)	(210.8)
Share based payments expense.....	(181.1)	(122.9)	(286.0)	(257.6)	(268.8)
Administrative and other expenses	(55.7)	(49.6)	(100.9)	(90.4)	(83.2)
	(392.5)	(302.5)	(658.5)	(606.9)	(562.8)
Profit before interest and tax	(312.5)	1,302.3	1,976.9	3,960.9	2,345.1
Net finance income/(expense)					
Finance income	93.5	7.9	22.9	8.3	94.3
Finance expense	(36.2)	(108.6)	(257.7)	(231.1)	(19.4)
Net finance (expense)/income.....	57.3	(100.7)	(234.8)	(222.8)	74.9
Profit before income tax	(255.2)	1,201.6	1,742.1	3,738.1	2,420.0
Income tax credit/(expense).....	35.1	(104.6)	(182.2)	(324.1)	(108.1)
(Loss)/profit for the period	(220.1)	1,097.0	1,559.9	3,414.0	2,311.9
Profit attributable to GL	216.1	231.7	288.2	552.6	300.2
(Loss)/profit attributable to other entities stapled to GL ...	(436.2)	865.3	1,271.7	2,861.4	2,011.7
(Loss)/profit for the period attributable to Securityholders.....	(220.1)	1,097.0	1,559.9	3,414.0	2,311.9
Basic (loss)/profit per security (cents)	(11.6)	58.5	83.0	183.2	125.4
Diluted (loss)/profit per security (cents).....	(11.6)	57.4	81.3	178.8	122.1

Selected statement of financial position information

	As at December 31, 2023 (A\$ million)	As at June 30, 2023 (A\$ million)	As at June 30, 2022 (A\$ million)	As at June 30, 2021 (A\$ million)
Current assets				
Cash and cash equivalents	1,213.8	1,360.1	1,056.0	920.4
Receivables	385.9	243.1	217.8	331.3
Contract assets	48.2	72.9	77.6	80.9
Inventories	391.9	464.2	389.0	235.1
Other financial assets	24.4	87.8	1.6	16.5
Asset held for sale	105.3	509.6	608.2	41.5
Total current assets	2,169.5	2,737.7	2,350.2	1,625.7
Non-current assets				
Receivables	205.6	231.0	173.4	277.5
Inventories	2,048.1	1,781.3	1,727.1	1,192.7
Investment properties	1,571.1	1,644.8	1,423.7	1,851.2
Investments accounted for using the equity method	15,721.0	16,285.2	14,379.6	10,660.0
Deferred tax assets	42.3	43.9	25.2	19.9
Other financial assets	396.5	381.5	496.4	362.8
Property, plant and equipment	71.2	71.7	61.4	54.6
Intangible assets	840.9	850.1	795.4	822.6
Total non-current assets	20,896.7	21,289.5	19,082.2	15,241.3
Total assets	23,066.2	24,027.2	21,432.4	16,867.0
Current liabilities				
Payables	750.6	683.4	606.5	565.9
Current tax payables	177.5	170.2	173.4	160.1
Interest bearing liabilities	0.9	—	133.3	—
Provisions	306.1	301.5	299.2	294.2
Lease liabilities	11.0	12.3	12.5	11.9
Other financial liabilities	75.4	143.9	71.2	1.9
Total current liabilities	1,321.5	1,311.3	1,296.1	1,034.0
Non-current liabilities				
Payables	203.8	390.2	111.0	125.5
Interest bearing liabilities	3,211.5	3,292.9	2,698.9	2,060.3
Deferred tax liabilities	335.5	458.2	380.3	168.4
Provisions	13.1	14.3	15.5	23.7
Lease liabilities	28.8	55.4	58.1	82.1
Other financial liabilities	398.4	480.1	447.7	211.5
Total non-current liabilities	4,191.1	4,691.1	3,711.5	2,671.5
Total liabilities	5,512.6	6,002.4	5,007.6	3,705.5
Net assets	17,553.6	18,024.8	16,424.8	13,161.5
Equity attributable to Securityholders				
Issued capital	8,343.6	8,273.3	8,206.1	8,096.4
Reserves	589.5	774.6	352.7	134.8
Retained earnings	8,620.5	8,976.9	7,866.0	4,930.3
Total equity attributable to Securityholders	17,553.6	18,024.8	16,424.8	13,161.5

Selected statement of changes in equity information

	Attributable to securityholders							
	Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	Retained earnings
	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)
Balance at July 1, 2021	8,096.4	(6.7)	(4.4)	(90.7)	274.7	(38.1)	134.8	4,930.3
Total comprehensive income/(loss) for the year								
Profit for the year	—	—	—	—	—	—	—	3,414.0
Other comprehensive income/(loss)								
Effect of foreign currency translation	—	—	(0.4)	144.1	—	1.6	145.3	—
Cash flow hedges:								
– Change in value of financial instruments	—	—	15.9	—	—	—	15.9	—
Increase due to revaluation of other financial assets	—	0.3	—	—	—	—	0.3	—
Actuarial losses on defined benefit superannuation funds, net of income tax	—	—	—	—	—	5.6	5.6	—
Total other comprehensive income for the year, net of income tax	—	0.3	15.5	144.1	—	7.2	167.1	—
Total comprehensive (loss)/income for the year, net of income tax	—	0.3	15.5	144.1	—	7.2	167.1	3,414.0
Transfers	—	—	—	—	(81.8)	—	(81.8)	81.8
Contributions by and distributions to owners								
Dividends/distributions on stapled securities	—	—	—	—	—	—	—	(560.1)
Issue of stapled securities	109.8	—	—	—	—	—	—	—
Issue costs	(0.1)	—	—	—	—	—	—	—
Purchase of securities for the LTIP	—	—	—	—	(28.0)	—	(28.0)	—
Equity settled share based payments expense	—	—	—	—	164.8	—	164.8	—
Deferred taxes associated with the LTIP	—	—	—	—	(4.2)	—	(4.2)	—
Balance at June 30, 2022	8,206.1	(6.4)	11.1	53.4	325.5	(30.9)	352.7	7,866.0
Total comprehensive income/(loss) for the year								
Profit for the year	—	—	—	—	—	—	—	1,559.9
Other comprehensive income/(loss)								
Effect of foreign currency translation	—	(0.5)	0.5	363.2	—	(2.6)	360.6	—
Cash flow hedges:								
– Change in value of financial instruments	—	—	2.4	—	—	—	2.4	—
Decrease due to revaluation of other financial assets	—	(0.2)	—	—	—	—	(0.2)	—
Actuarial losses on defined benefit superannuation funds, net of income tax	—	—	—	—	—	0.5	0.5	—
Total other comprehensive income/(loss) for the year, net of income tax	—	(0.7)	2.9	363.2	—	(2.1)	363.3	—
Total comprehensive income/(loss) for the year, net of income tax	—	(0.7)	2.9	363.2	—	(2.1)	363.3	1,559.9
Transfers	—	—	—	—	(115.6)	—	(115.6)	115.6
Contributions by and distributions to owners								
Dividends/distributions on stapled securities	—	—	—	—	—	—	—	(564.6)
Issue of stapled securities	67.4	—	—	—	—	—	—	—
Issue costs	(0.2)	—	—	—	—	—	—	—
Equity settled share based payments expense	—	—	—	—	173.6	—	173.6	—
Deferred taxes associated with the LTIP	—	—	—	—	0.6	—	0.6	—
Balance at June 30, 2023	8,273.3	(7.1)	14.0	416.6	384.1	(33.0)	774.6	8,976.9
Balance at July 1, 2023	8,273.3	(7.1)	14.0	416.6	384.1	(33.0)	774.6	8,976.9
Total comprehensive income/(loss) for the half year								
Loss for the half year	—	—	—	—	—	—	—	(220.1)
Other comprehensive income/(loss)								
Effect of foreign currency translation	—	0.1	(0.4)	(120.8)	—	0.7	(120.4)	—
Cash flow hedges:								
– Change in value of financial instruments	—	—	(8.8)	—	—	—	(8.8)	—
Revaluation of other financial assets	—	0.1	—	—	—	—	0.1	—
Total other comprehensive income/(loss) for the half year, net of income tax	—	0.2	(9.2)	(120.8)	—	0.7	(129.1)	—
Total comprehensive income/(loss) for the half year, net of income tax	—	0.2	(9.2)	(120.8)	—	0.7	(129.1)	(349.2)
Transfers	—	—	—	—	(148.6)	—	(148.6)	148.6
Contributions by and distributions to owners								
– Dividends/distributions on stapled securities	—	—	—	—	—	—	—	(284.9)
– Issue of stapled securities	70.4	—	—	—	—	—	—	—
– Issue costs	(0.1)	—	—	—	—	—	—	—
– Equity settled share based payments expense	—	—	—	—	92.6	—	92.6	—
Balance at December 31, 2023	8,343.6	(6.9)	4.8	295.8	328.1	(32.3)	589.5	8,620.5

Selected statement of cash flows information

	Half year ended December 31, 2023 (A\$ million)	Half year ended December 31, 2022 (A\$ million)	Year ended June 30, 2023 (A\$ million)	Year ended June 30, 2022 (A\$ million)	Year ended June 30, 2021 (A\$ million)
Cash flows from operating activities					
Property income received	57.3	67.4	125.2	138.4	108.3
Cash receipts from development activities	732.3	762.9	1,416.7	1,587.8	1,560.3
Other cash receipts from management and other activities	233.0	224.4	477.8	523.8	346.4
Property expenses paid	(8.7)	(11.7)	(30.1)	(28.6)	(41.7)
Payments for development activities	(530.5)	(261.2)	(589.6)	(1,220.7)	(947.4)
Other payments in the course of operations	(338.4)	(341.7)	(495.5)	(456.8)	(381.6)
Distributions received from equity investments (including Partnerships)	302.1	196.5	583.5	442.5	536.9
Interest received	15.9	10.2	19.5	9.3	9.2
Finance costs paid	(48.8)	(25.1)	(59.2)	(44.2)	(34.3)
Net income taxes paid	(76.5)	(106.1)	(164.1)	(110.5)	(41.4)
Net cash provided by operating activities	337.7	515.6	1,284.2	841.0	1,114.7
Cash flows from investing activities					
Net proceeds from disposal of investment properties	697.8	630.1	629.7	671.8	170.2
Proceeds from disposal of controlled entities, net of cash disposed	—	—	—	0.4	—
Net proceeds from disposal of equity investments	—	—	352.4	4.4	13.1
Return of capital by Partnerships	—	—	—	91.8	256.3
Payments for investment properties	(196.2)	(106.9)	(441.2)	(431.7)	(192.2)
Payments for investment in Partnerships	(721.3)	(1,064.8)	(1,243.9)	(1,332.3)	(790.3)
Payments for property, plant and equipment	(7.0)	(2.6)	(13.0)	(5.9)	(7.0)
Net cash used in investing activities	(226.7)	(544.2)	(716.0)	(1,001.5)	(549.9)
Cash flows from financing activities					
Net proceeds from issue of stapled securities	70.3	(0.2)	67.2	109.7	64.8
Net cash inflows/(outflows) from loans with related parties	27.9	(38.7)	(58.0)	111.4	(135.0)
Proceeds from borrowings and derivative financial instruments	21.4	721.1	1,029.3	1,466.5	204.6
Payments on borrowings and derivative financial instruments	(79.2)	(456.3)	(772.0)	(789.3)	(891.9)
Dividends and distributions paid	(282.6)	(280.2)	(562.1)	(557.2)	(551.4)
Payment of lease liabilities	(6.0)	(6.1)	(13.2)	(13.4)	(17.8)
Purchase of securities to fund LTIP obligations	—	—	—	(28.0)	(22.4)
Net cash used in financing activities	(248.2)	(60.4)	(308.8)	299.7	(1,349.1)
Net (decrease)/increase in cash held	(137.2)	(89.0)	259.4	139.2	(784.3)
Cash at the beginning of the half year/year	1,360.1	1,056.0	1,056.0	920.4	1,792.8
Effect of exchange rate fluctuations on cash held	(9.1)	14.6	44.7	(3.6)	(88.1)
Cash at the end of the half year/year	1,213.8	981.6	1,360.1	1,056.0	920.4

Business

Overview of Goodman Group

We are an internally managed, integrated property group that owns, develops and manages industrial real estate, including logistics and warehouse facilities. We operate in the core markets of Australia, the United States, Greater China (including the Hong Kong Special Administrative Region) and Japan in Asia, Germany, France, Spain, Belgium, the Netherlands and Italy in Continental Europe, the United Kingdom and Brazil, as well as having a significant investment in New Zealand. As at April 19, 2024, based on our equity market capitalization of A\$57.9 billion, we are the largest property group listed on the ASX and one of the largest listed specialist investment managers of industrial property (industrial estates, warehouses, distribution centres and other business space) globally. The properties are typically used by our customers for warehousing and distribution but increasingly for data centre activities. We had 975 employees across 29 offices as at March 31, 2024. As at the date of this offering memorandum, we have a portfolio of 10 directly owned stabilised properties and we co-invest in a much larger portfolio of assets held in Partnerships. We manage nearly all of these Partnerships, which gives our investment partners access to our specialist services and property exposure.

Our Total Property Portfolio as at December 31, 2023 was A\$79.0 billion, which included our directly owned portfolio with an aggregate book value of A\$4.1 billion. Our directly owned property portfolio included stabilised investment properties with an aggregate book value of A\$1.3 billion. In addition, we directly held investment properties under development (which includes land, new investment properties under construction and investment properties that are being redeveloped) with an aggregate book value of A\$0.3 billion, inventories (which includes land, properties under development and completed buildings) with an aggregate book value of A\$2.4 billion and assets held for sale of A\$0.1 billion. In addition to our directly owned investment portfolio, as at December 31, 2023 our Partnerships held A\$74.9 billion of properties, which consisted of 418 properties housing more than 1,700 customers across 14 countries, and our co-investments in our Partnerships had an aggregate value of A\$15.7 billion.

We had 53 institutional investors invested in our Partnerships as at December 31, 2023, with the top five investors representing 67% of total capital. These institutional investors include a sovereign wealth funds, pension funds, mutual funds, public property funds and global fund-of-funds. As at December 31, 2023, 16 of our investment partners were invested in more than one of our Partnerships and the average investment size from institutional investors in our Partnerships was A\$786.0 million. Over time, investments in our Partnerships have become more concentrated as larger, longer term investment partners have acquired stakes from exiting investors or participated in our new equity offerings. Examples of institutional investors that are invested in our Partnerships include CPPIB, APG, PGGM, CIC, ADIC, PSP, GIC, EPF, UBS and CBRE.

Our property strategy is based on the belief that certain cities and property types offer an attractive combination of high occupier demand relative to a constrained ability to add new supply. We believe that industrial properties that are well located and that appropriately consider the modern needs of our customers, including adaptability, usability and sustainability, should exhibit relatively stable and growing income and remain attractive to investors over the long term. To that end, we have undertaken a significant program to enhance our portfolio, through a combination of asset sales (from our directly owned portfolio and from within our Partnerships), acquisitions and the development of new buildings in an environmentally conscious manner.

Our property portfolio is highly focused on urban infill markets (which are locations within existing built-up areas) in major metropolitan areas. The proximity of these locations to large population centres and strong transport and/or digital infrastructure enables customers to increase their speed to market and their access to large populations of end consumers, while simultaneously reducing transportation-related costs and emissions. We believe that highly productive assets that facilitate a concentration of our customers' activities in locations closer to the consumer population and transport infrastructure will also become increasingly attractive as a result of their sustainability credentials.

We believe that the depth of demand for assets in and around the metropolitan markets that are serviced by our properties is underpinned by the long-term trends of urbanization and will continue to be driven by e-commerce trends and supply chain modernization. In addition, we believe that the growing demand for land in the cities in which we operate, and the higher than average barriers to new supply in these markets, will create opportunities for higher intensity land uses for many of our assets.

Adaptability is an important part of our investment decision making. We anticipate that in the long run, new opportunities to adapt our buildings or redevelop them to capture higher value uses will be a feature of our portfolio. Historically, a significant number of assets we owned and managed have undergone a transformation to higher value uses, with some properties becoming more suited to large scale residential use. In response, we have participated in the process of re-zoning and planning and divested the assets to specialist residential developers. In other cases, higher intensity

commercial uses have eventuated, and in such cases, we either sold the assets to specialist developers or undertook the redevelopment ourselves for our long-term ownership, particularly in the case of multi-level industrial property uses where we remain active.

One emerging area of commercial use for our assets is for data centre activities. Although this still represents a relatively small part of our portfolio, it represents a significant proportion of new demand for the properties we currently own or are redeveloping. In 2006, we developed our first “powered shell” facility, essentially, a warehouse that is equipped with additional power availability. Since then, we have developed and/or converted several properties into powered shell properties in multiple countries. Although we are considering and may in the future own and/or engage in installation of data centre operating equipment, we have no current intention to act as an operator of any data centres as at the date of this offering memorandum, nor have we ever been involved in the operation of data centres or funded any material portion of any data centre operating equipment.

Fundamental to our business model is capitalising on our integrated property platform through our “own+develop+manage” customer service model. We believe that the offering provided by this model fosters long-term relationships and facilitates higher levels of customer service, with the goal of ultimately driving enhanced returns from our properties. Our customers include international market leaders across a broad range of industry sectors, such as third party logistics customers (examples include DHL (Deutsche Post), DB Schenker, A.P. Moller-Maersk, SF Express, Kuehne + Nagel, Australia Post, Nippon Express and Japan Post Group), retail and consumer focused customers (examples include Coles Group, Woolworths, Metro AG, Metcash, Walmart and Coca-Cola), e-commerce customers (examples include Amazon⁹, JD.com and Zalando SE) and automotive customers (examples include BMW Group, Tesla, Daimler, Toyota and General Motors). In addition, we have recently begun to attract data centre users such as Alphabet (Google), Amazon Web Services⁹, Equinix, Microsoft, ST Telemedia and Vantage Data Centers to our properties. We have the expertise, infrastructure and capital to service our customers across global borders and the flexibility to adapt to their changing business requirements.

Our business model incorporates an integrated property platform comprising property investment, property development and management services. Further details on each of these business lines are set forth below.

- **Property investment** – stabilised investment property assets held directly and through co-investments in our Partnerships. Our investments are located in our core markets of Australia, New Zealand, Asia, the United Kingdom, Continental Europe and the United States and Brazil. For HY2024 and FY2023, our property investment business line contributed 19% and 23%, respectively (23% and 24% for HY2023 and FY2022, respectively) of our Operating Earnings¹⁰.
- **Property development** – development of industrial properties (industrial estates, warehouses, distribution centres and business space) for each of the Group, our Partnerships and other property investors. Existing development projects are undertaken in our chosen markets and are managed “in-house” by our internal development management teams, while the construction of our properties is outsourced to specialist contractors. We focus on carefully selecting new development projects that are commonly substantially pre-leased, pre-sold and predominately end funded by third party capital. Such equity is most commonly sourced from the Partnerships we manage. Development projects are driven by the requirements of core customers and a significant proportion are being undertaken within our Partnerships allowing us to diversify risk and volatility of development earnings and to reduce our direct capital requirements. We retain the ability to initiate development projects on our own balance sheet in certain circumstances, but we have typically done so either in situations where the end ownership and funding arrangement are known from the outset or for development sites located in land constrained urban infill markets that might involve long-term planning or remediation considerations and also have potential for long-term value growth. This enables the Group to better manage market risks and capital management. In selected circumstances where we identify that some of our industrial land or properties have a better alternative use that may be non-core to our long-term holdings, we will seek to rezone this land and sell it. For HY2024 and FY2023, our property development business line contributed 56% and 56%, respectively (53% and 47% for HY2023 and FY2022, respectively) of our Operating Earnings.
- **Management services** – property services and investment management operations. As at December 31, 2023, property services operations comprise a range of property services provided to over 1,700 customers in the 436 properties that we manage across 14 countries, with a total of 24.8 million sqm under management. Investment management comprises the active management of the properties that we own, and those within our

⁹ For the purposes of industry classification the Amazon exposure has been characterised by specific use of individual assets.

¹⁰ Operating Earnings is a non-IFRS measure we use to measure operating performance. See Appendix A for a reconciliation of this financial information to the nearest AAS measure applicable to us. See also “Financial information presentation—Non-IFRS financial measures”.

Partnerships. For HY2024 and FY2023, our management services business line contributed 25% and 21%, respectively (24% and 29% for HY2023 and FY2022, respectively) of our Operating Earnings.

For HY2024, we reported a loss attributable to securityholders of A\$220.1 million, Operating Earnings of A\$1,443.7 million and Operating Profit After Tax Attributable to Securityholders¹¹ of A\$1,127.4 million. For FY2023, we reported a profit attributable to Securityholders of A\$1,559.9 million, Operating Earnings of A\$2,313.2 million and Operating Profit After Tax Attributable to Securityholders of A\$1,783.2 million.

Notwithstanding the challenging market conditions associated with the post-COVID-19 pandemic, which included global supply chain difficulties, the tightening of central bank monetary policy, higher inflation and the related challenges for our business, people, customers, investors and communities, we have continued to grow our Operating Earnings over the past three years, as at the date of this offering memorandum. This has been driven largely by the success of our property development businesses as we have capitalised on the growth in demand from both our customers and investment partners. These developments also fuel growth in our investments and investment management businesses. The significant asset sale program described above allows us and our Partnerships to focus our human and capital resources on the markets that are experiencing strong demand. Although these asset sales temporarily dampened the growth in our investment portfolio, they allowed us and our Partnerships to operate at low Gearing Ratios, which was deemed appropriate given the increase in development activities.

Despite ongoing inflationary pressures and supply disruptions in the construction industry, we have continued to manage our developments to profitable completion. The impact of the recent expansion of market capitalization rates has been contained to a degree that it has not had a significant adverse impact on the financial performance of the Group. Since June 30, 2022, the global weighted average market capitalization rate employed by the independent appraisers of our properties has increased by 1.1% to 5.1% as at December 31, 2023 offset to a large extent by rental growth. This has resulted in a A\$3.4 billion decline in property valuations, our share of which has been reflected in the GMG financial statements as at December 31, 2023. Notwithstanding those declines in HY2024, we were able to maintain growth in our Operating Earnings. This was due to our ability to manage costs and the strong rental growth in our markets of operation. As a result, we have generated strong margins on developments and ongoing performance fees from our Partnerships.

In recent years we have also conducted a significant volume of developments in our Partnerships to reduce our potential earnings volatility and diversify our sources of funding, which has moderated the capital allocated to developments relative to the growth in development activity and increased the return on our allocated capital. The completed assets have, in the vast majority of cases, been retained in our Partnerships, which has increased our Total Property Portfolio. Our Partnership approach has enabled us to gain further exposure to a globally diversified and high-quality portfolio of assets together with our long-term investment partners. Over time we have successfully employed this approach across a range of property strategies ranging from land acquisition and development to stabilised asset acquisition and management. This Partnership approach and the flexibility to acquire or develop new buildings allows us to invest at what we believe to be the optimum price point. It also allows us to be active in various market conditions and diversify risk across regions and our broader portfolio.

We maintain the flexibility to conduct developments on our own balance sheet or in the Partnerships, but we intend to do so in a manner that continues to rely on a low Gearing Ratio for the Group and with ample liquidity. We anticipate, due to the increase in market capitalization rates, that our investment partners may become more focused on acquiring core stabilised assets rather than undertaking development activity to meet their return requirements. This could create additional balance sheet flexibility for us to initiate more developments, but with greater knowledge of the willingness of the buyers of the completed properties, being the Partnerships we manage. In this manner, we believe that we can continue to manage earnings volatility and capital management needs. Ultimately, we expect that our Partnerships will continue to own the majority of the assets we are developing and that we will continue to invest in a growing portfolio of assets that we will ultimately manage.

The recent acceleration of demand for data centre properties is providing a large and attractive investment opportunity. This has been a catalyst for us, in conjunction with our investment partners, to review divestments of existing properties as potential sources of funds. As a result, we may undertake more divestments to make way for these new opportunities, which may have a dampening effect initially on our Operating Earnings growth, but we expect that this strategy will provide additional liquidity and financial resources to pursue these new opportunities.

As at December 31, 2023, the Partnerships had A\$16.3 billion of liquidity available for further investments in the form of equity commitments, cash and undrawn debt. We take what we believe to be a conservative but active approach to capital management in order to manage our business through various cycles.

¹¹ Operating Profit After Tax Attributable to Securityholders is a non-IFRS measure we use to measure operating performance. See Appendix A for a reconciliation of this financial information to the nearest AAS measure applicable to us. See also "Financial information presentation—Non-IFRS financial measures."

As at December 31, 2023 and June 30, 2023 we have achieved Gearing Ratios of 9.0% and 8.3%, respectively, while maintaining liquidity of A\$3.0 billion as at December 31, 2023. Our distribution payout policy was amended in 2018 to progressively reduce the payout ratio of Operating Profit After Tax Attributable to Securityholders to 40% and below. We have a Gearing Ratio target of 0% to 25%. Since May 2017, we have been rated BBB+ by S&P and Baa1 by Moody's, both with a stable outlook.

Business strategy

Our business strategy is to own a high-quality, large-scale portfolio, through which we can be a leading international provider of industrial property to leading global customers and investors in each of the markets in which we operate. Our business model incorporates an integrated property platform comprising property investment, management services and property development. Our customers are primarily focused on warehousing and distribution, and increasingly on data centre activities.

Over the last decade we have continually refined our global portfolio to better position the business for long-term growth and adapt to a changing world. Under our asset sale program, including through our Partnerships, we undertook A\$32.9 billion of divestments between 2013 and 2023. The most significant sales were business and office park assets (in the United Kingdom, Continental Europe and New Zealand), central and eastern European industrial assets, selected groups of assets in markets where we believed that there were lower barriers to entry to new supply relative to the depth of demand (mainly in Melbourne, Perth and Adelaide in Australia, Christchurch in New Zealand and parts of China, Central Eastern Europe and the United Kingdom) and properties in Australia that had been re-zoned to residential use. We have utilised the capacity created from those sales for the acquisition and development of new, prime grade properties in our chosen sub-markets. This strategy has allowed us to increase the quality of our property portfolio through concentrating it in predominantly urban infill markets in major metropolitan areas, where supply is limited, and use the asset sale proceeds to fund the development of new buildings or higher intensification of existing assets.

In general, land in urban infill markets is scarce and in high demand, as these locations are becoming increasingly important to the fulfilment of online sales and the reduction in transportation time and cost. The global COVID-19 pandemic caused an acceleration of the structural shift to online e-commerce, which is forecast by Euromonitor to account for 25% of all retail sales globally by 2028. We believe that the recent supply chain disruptions have also caused businesses to re-consider the resilience of their storage and distribution networks. Assets in urban infill markets are necessary to achieve timely supply chain solutions. The scarcity of land in these markets has increasingly created significant value opportunities for us to seek planning outcomes for industrial land which we own or manage to allow more intense industrial uses or in some cases higher and better uses. This redevelopment of infill sites to more intense industrial uses such as multi-story warehousing has been a significant feature of our growth over several years. The rising cost of capital and the potential slowing of consumer demand in response to tighter monetary policy has created a significantly greater focus on productivity among our customers. We believe that this favours the urban infill locations with high capacity and an ability to introduce highly mechanised processes. This has enabled us to extract greater value for investors and to service the occupational needs of our customers.

Further exacerbating the shortage of well-located sites with access to sufficient power to run highly mechanised operations has been the growth in demand from data centre users. We have been diverting a number of our potential development opportunities from industrial to data centres.

In situations where land has been rezoned for uses other than industrial such as residential, we have sold to developers of that type of asset. We have identified a number of properties owned in our Australian Partnerships that may become eligible for such changes and we expect to continue to adopt this approach.

Our "own+develop+manage" business capabilities model is a driving principle in our operations.

Our integrated business capabilities model



Own

Investing in property for the long term, providing ongoing relationships with customers and quality returns for our partners

Develop

Our development program encompasses sites across our chosen markets that we believe will meet the needs of our customers and partners

Manage

In-house property services teams to meet our customers' operational needs and to maintain our assets to a high standard to drive increased customer satisfaction, higher occupancy rates and secure returns for our partners

Our “own+develop+manage” business capabilities model is intended to allow us to build an in-depth understanding of customer needs and to assist us in providing access to quality information on portfolio performance and market dynamics. We believe our ability to establish a better understanding of our clients' needs allows for better client management opportunities and enables us to provide a more tailored property management service. We strive to meet the requirements of our customers “in-house” through the rotation of existing assets or through the development of new buildings, while the “in-house” property management team works to efficiently satisfy customer needs. In addition, our development pipeline provides access to new assets when it would be comparatively expensive to buy established industrial properties at lower capitalization rates. The development pipeline also provides us with important market intelligence regarding the replacement cost of assets compared to buying completed assets.

We seek to create value through expansion, both organically and through strategic acquisitions, while enhancing returns through the active management of our property portfolio. As part of our active asset management strategy, we recycle our portfolio by selling developments and investment properties to our Partnerships and to third parties from time to time. The cornerstone of this strategy is a substantial portfolio (including both directly owned property and investments in our Partnerships) of quality industrial and business space assets, coupled with our integrated property platform. We look to enhance our return on property investments with management income and development profits.

Development is an important component of our business strategy because it drives portfolio growth with the expansion of existing customers, the procurement of new customers and provides a source of investments for our Partnerships. Our current strategy is to conduct the majority of our developments within our Partnerships. We believe that our ability to recycle capital in this way, coupled with our ability to utilize third party capital invested in our Partnerships, enables us to grow development and investment activity and earnings without needing to fund such expansion entirely with our own balance sheet. Investors in our Partnerships, which largely consist of global sovereign wealth and pension funds are given a greater influence in the direction of each Partnership through the ability to elect members to an investment committee which oversees key decisions. We also have the infrastructure in place to construct a bespoke reporting framework for our investors. The use of what we believe are best practice governance and reporting standards is integral to attracting and retaining high quality investors in our Partnerships which are committed to investing in prime industrial real estate for the long term.

The components of our earnings vary based on market conditions, which influence our preferences to own, develop and manage industrial properties. Over the last decade, our strategy has been directed towards rotating our portfolio and focusing on higher quality assets in identified long-term industrial property growth markets. Through the implementation of our asset sale program, funds from divestments have primarily been reinvested into new assets arising from our development business line, consequently improving our overall portfolio and income quality. In recent times, the strength of the demand and the limited supply of investment opportunities at attractive pricing has led us to prefer the development of our property investments rather than acquiring properties on the open market. We believe assets in our identified urban infill markets should be more resilient to short term volatility in income and capital value and provide higher capital and income returns relative to the general industrial property sector over the long term. As a result of ongoing strong capital pricing, we are continuing to sell assets that we believe will not perform as strongly as we would like. We intend to continue to use the financial capacity created from our asset sales to fund our development projects and new acquisitions. In addition, we are now focused on the planning and rezoning of some of our land for future redevelopment, particularly in

Sydney, and in other urban infill markets in major metropolitan areas that we have identified outside of Australia, which we believe will allow us to maximize the value of these sites and provide future development opportunities or become a future source of capital if we decide to sell them.

Our strong financial position underpins our business through the property cycle. Our principal capital management objectives are to maintain a strong capital base and provide funds for capital expenditure and investment opportunities as they arise. Our Gearing Ratio¹² was 9.0% as at December 31, 2023. Over the last ten years we have decreased our financial leverage as a result of cash receipts from our asset sale strategy and the increase in retained earnings, which we have used to fund our development program and the consequential equity we have invested in the Partnerships. Our current policy is to target a Gearing Ratio is 0% to 25%.

Business lines

Our property portfolio management strategy is to deliver strong performance by assets that are well located and suit the current and future needs of our customers as well as actively managing properties through the implementation of our “own+develop+manage” customer service model. We believe that we create value by understanding our customers’ needs and our ability to provide comprehensive solutions. We aim to maintain a prime grade, well-located property portfolio and look to replenish and grow the portfolio through development activities and selective acquisitions. Our strategic locations are driven by the demand of customers, who seek prime locations near the consumers which are typically in urban infill markets and have good access to infrastructure to facilitate their business needs.

Our business operations are made up of three key business lines, property investment, management services and property development. The chart below summarizes these business lines and their activities, which are discussed further below.

 PROPERTY INVESTMENT	Direct property investment	Long-term investments in direct property assets
	Cornerstone investments	Long-term investments in partnerships
 MANAGEMENT SERVICES	Property management	Services provided for the management of direct property investment portfolio and partnerships
	Investment management	Services provided for the management of our partnerships
 PROPERTY DEVELOPMENT	Development	Property development sold to partnerships or third parties Development services provided for partnerships and third parties. Developments for our long-term ownership.

Property investment

Our property portfolio

As at December 31, 2023, we managed a portfolio of 436 properties, with a total of 24.8 million sqm under management, and had Total Property Portfolio of A\$79.0 billion. This includes directly owned properties (stabilised and developments) and the properties in our Partnerships.

Our property investment portfolio is divided into two main categories: (1) directly owned stabilised properties (which are investment properties that are not classed as investment properties under development, which are discussed separately under “—Property development” below), and (2) cornerstone investments in our Partnerships. Our Partnerships may be structured as companies, joint ventures, tenants in common, funds, limited partnerships, REITs or trusts, and are accounted for based on the terms of the arrangement with the other investment partner(s).

¹² Our Gearing Ratio is an internal measure that we believe is a useful means through which to understand the underlying performance of our business and is distinct from the financial ratios (including the Leverage Ratio) that we are required to maintain under the agreements governing our senior debt. See “Description of other indebtedness” for further information.

The table below sets forth a summary of our portfolio of directly owned stabilised investment properties.

Directly owned stabilised investment properties

	Portfolio value (A\$ billions)	Number of properties	Lettable area (thousand sqm)	WALE ⁽¹⁾ (years)	Occupancy (%)	Weighted average capitalization rate ⁽²⁾ (%)
As at December 31, 2023	1.3	10	552	3.7	96	4.4%
As at June 30, 2023	1.1	8	578	3.7	94	4.4%
As at June 30, 2022	1.3	10	616	4.2	93	4.2%
As at June 30, 2021	1.8	15	886	4.1	90	4.7%

Notes:

(1) WALE has been calculated as described in "Certain definitions".

(2) These are the weighted average capitalization rates (weighted by book value) that are used as one of the key valuation assumptions in the determination of the fair value of our directly owned investment properties for the periods indicated. See also "Financial information presentation—Non-IFRS financial measures".

Our directly owned stabilised investment properties comprise 10 properties, with an aggregate value of A\$1.3 billion as at December 31, 2023. The properties are in Australia (Sydney and Melbourne) and Hong Kong.

As at December 31, 2023, total GLA of the directly owned stabilised investment properties was 0.6 million sqm with occupancy of 96% (by NPI) and a WALE of 3.7 years. A portion of the directly owned stabilised investment properties are being prepared for redevelopment and so the occupancy has been kept intentionally low in order to obtain vacant possession. This process is intended to provide us with the opportunity to extract further value from these properties.

For further information, see "—Business operations—Property investment—Directly owned investment properties."

Cornerstone investments in Partnerships

The table below sets forth a summary of our external Total Property Portfolio (which excludes directly owned property) and the book value of our cornerstone investments in our Partnerships.

	Total portfolio value ⁽¹⁾ (A\$ billions)	Cornerstone investment ⁽²⁾ (A\$ billions)	Number of properties	Lettable area (thousand sqm)	WALE ⁽³⁾ (years)	Occupancy (%)	Weighted average capitalization rate ⁽⁴⁾ (%)
As at December 31, 2023	74.9	15.7	418	24,296	5.3	98%	5.1%
As at June 30, 2023	76.3	16.3	413	23,699	5.5	99%	4.5%
As at June 30, 2022	68.7	14.4	379	18,689	5.2	99%	4.0%
As at June 30, 2021	54.0	10.7	342	17,544	4.5	98%	4.3%

Notes:

(1) Total portfolio value represents stabilised and development assets in all Partnerships.

(2) Cornerstone investment represents our equity investments in our Partnerships.

(3) WALE has been calculated as described in "Certain definitions".

(4) These are the weighted average capitalization rates (weighted by book value) that are used as one of the key valuation assumptions in the determination of the fair value of stabilised investment properties for the periods indicated. See also "Financial information presentation—Non-IFRS financial measures".

As at December 31, 2023, the book value of our cornerstone investments in our Partnerships was A\$15.7 billion.

Each Partnership is invested in industrial and business space properties (which may include data centre uses). This includes both stabilised investment properties and investment properties under development. As at December 31, 2023, our cornerstone investments in our major Partnerships ranged from a 10% to a 55% interest and we averaged a 28% equity cornerstone position. These cornerstone investments provide us with access to an interest in high quality properties. They also align our interests with the relevant Partnership's investors and supplement our direct property investment income with additional portfolio diversification. The cornerstone investments in our Partnerships also enhance our integrated property platform, enabling us to share in potential profits from development assets developed within our Partnerships or pre-sold to our Partnerships. Our policy is to hold long-term investment positions in all of our Partnerships and we intend to generally hold a 20% or greater investment in these over time (in certain Partnerships we are required to hold a minimum stake). Our Partnerships maintain their own debt facilities and all debt within our Partnerships is non-recourse to us. The average Gearing in our Partnerships as at December 31, 2023 was 21.4%.

A summary of our cornerstone investments in our major Partnerships by total asset size as at December 31, 2023 are listed below:

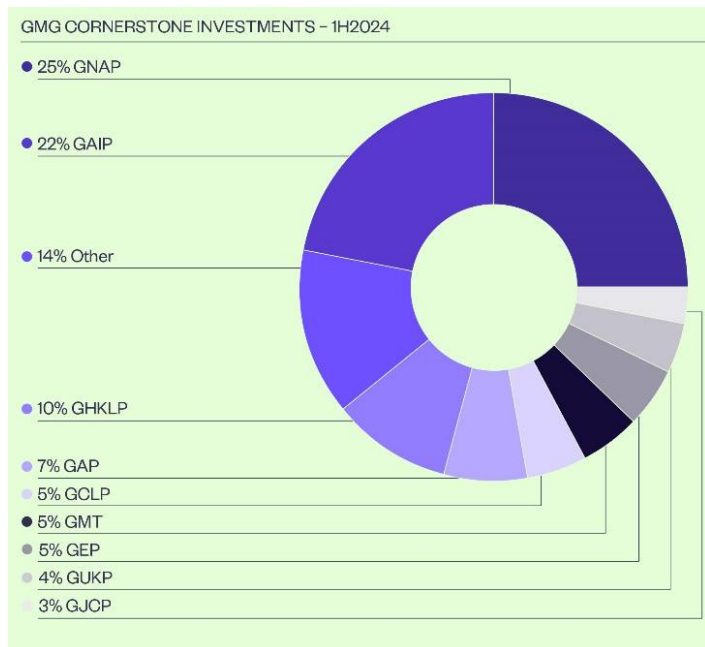
	GAIP	GHKLP	GNAP	GAP	GEP	GCLP	GMT ⁽¹⁾	GJCP	GUKP
Year of Establishment	2005	2006	2012	2011	2006	2009	2004 ⁽²⁾	2008	2015
Total assets (A\$ billions).....	15.3	11.3	8.8	7.1	6.7	6.6	4.4	4.2	2.3
GMG co-investment (%).....	28.6	20.4	55.0	19.9	19.8	20.0	25.2	14.4	35.2
GMG co-investment (A\$ billions).....	3.4	1.7	4.0	1.1	0.8	0.8	0.8	0.4	0.6
Number of properties	111	15	28	39	109	36	13	20	13
Occupancy ⁽³⁾ (% by NPI).....	97	99	99	99	100	96	100	100	97
WALE ⁽³⁾ (years).....	4.5	4.9	7.8	4.5	5.4	3.5	5.9	3.2	6.8
WACR (%).....	5.1	4.5	5.8	5.1	5.0	5.8	5.6	3.8	5.3
Interest bearing liabilities (A\$ billions) ..	3.0	2.5	1.4	1.3	1.8	1.4	1.3	1.3	0.6
Gearing Ratio ⁽⁴⁾ (%)	17.4	22.3	15.6	18.3	26.3	16.4	28.7	28.8	23.2
Weighted average debt expiry (years) ..	3.5	3.7	5.3	3.4	3.8	3.2	3.5	6.1	1.9
Moody's / S&P credit rating ⁽⁵⁾	A3/A-	NA/BBB+	Private	NA/BBB	Baa1/BBB+	NA/NA	NA/BBB+	NA/NA	N/A

Notes:

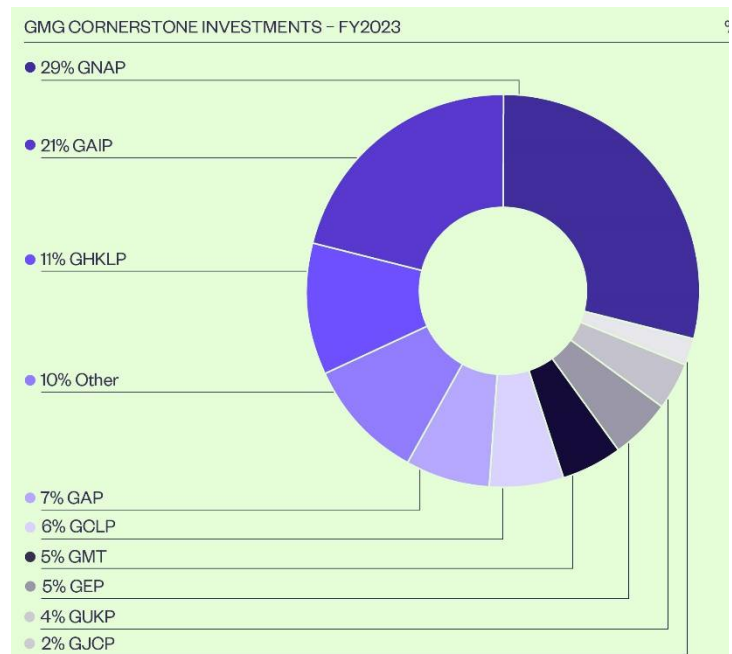
- (1) As at September 30, 2023, as reported to the New Zealand stock exchange.
- (2) We acquired our initial investment in 2004.
- (3) WALE and occupancy of Partnership stabilised industrial and warehouse assets (excludes office properties which have been earmarked for redevelopment and represents 97% of Partnership assets) as at December 31, 2023.
- (4) Gearing is calculated as total interest bearing liabilities over total assets, both net of cash.
- (5) A credit rating is not a recommendation to buy, sell or hold any security and may be amended, reduced or withdrawn by the applicable credit rating agency at any time. The rating of each credit rating agency should be evaluated independently of any other rating.

The charts below show the split of Goodman Group co-investment by Partnership as at December 31, 2023 and June 30, 2023, based on the total book value of A\$15.7 billion and A\$16.3 billion, respectively.

Cornerstone investments by Partnerships (%)
As at December 31, 2023



Cornerstone investments by Partnerships (%)
As at June 30, 2023



A summary description of the Partnerships which we manage (except for GMT, as described below) and have co-investments in, is set forth below. See “—Business operations—Property investment—Cornerstone investments” for more information in relation to our Partnerships. The source of the information presented with respect to our Partnerships is Goodman, as investment manager. Each Partnership is unlisted except for GMT.

Goodman Australia Industrial Partnership (“GAIP”): Established in 2005, GAIP is Australia’s largest industrial property trust, investing in quality industrial property and business space across Australia. GAIP invests in assets concentrated in Sydney, Melbourne and Brisbane on Australia’s east coast.

Goodman Hong Kong Logistics Partnership (“GHKLP”): Established in 2006, GHKLP is an unlisted property company that invests in logistics and warehouse properties in Hong Kong. GHKLP is a leading and diversified owner of modern warehouse space in Hong Kong and holds the largest portfolio of logistics and warehouse properties in Hong Kong.

Goodman North American Partnership (“GNAP”): Established in 2012, GNAP is focused on the development of and investment in prime quality logistics and industrial facilities in key markets in the United States, principally the West Coast logistics hubs of Los Angeles, Inland Empire, and San Francisco as well as New York, New Jersey and Pennsylvania on the East Coast.

Goodman Australia Partnership (“GAP”): GAP was launched in March 2011 with the acquisition and privatization of the ASX listed ING Industrial Fund. GAP invests in industrial property and business space primarily in Sydney, Melbourne and Brisbane on Australia’s east coast.

Goodman European Partnership (“GEP”): Established in 2006, GEP is an unlisted fund that primarily invests in warehouse and logistics properties primarily concentrated in Belgium, France, Germany, Italy, the Netherlands and Spain.

Goodman China Logistics Partnership (“GCLP”): Established in 2009, GCLP is an unlisted property company that invests in high-quality logistics properties across Mainland China (not including the Hong Kong Special Administrative Region), with a development-led strategy centred on major cities including Greater Shanghai area, Beijing, Tianjin, Guangzhou and Shenzhen. GCLP has a right of first refusal over any assets or land that Goodman source in Mainland China.

Goodman Property Trust (“GMT”): GMT is New Zealand’s largest listed property vehicle by equity market capitalization as at April 19, 2024. GMT has an investment strategy focused on the Auckland industrial market. On March 28, 2024, Goodman relinquished its rights as manager and GMT became internally managed. Goodman applied the consideration it received to increase its equity investment from 25.2% to 31.8% and continues to have board representation and provide ongoing support services.

Goodman Japan Core Partnership (“GJCP”): Established in 2008, GJCP is an unlisted fund that invests in prime logistics properties in Japan. Most of the properties in the portfolio are located in the Tokyo and Osaka metropolitan areas.

Goodman UK Partnership (“GUKP”) refers to three separate partnerships:

- *Goodman UK Partnership L.P. (“GUKP LP”)*: Established in 2015, GUKP LP is an investment vehicle focused on developing and holding prime industrial and logistics assets on a long-term basis in Greater London, the South East and the M1/M6 Midlands regions of the United Kingdom;
- *Goodman UK Partnership II L.P. (“GUKP II LP”)*: Established in 2020, GUKP II LP is an investment vehicle which we manage through a discretionary mandate to invest in existing, income generating industrial and logistics assets located in the prime Greater London areas of the United Kingdom; and
- *Goodman UK Partnership III L.P. (“GUKP III LP”)*: Established in 2021, GUKP III LP is a joint venture in which we hold a discretionary mandate to invest in industrial and logistics assets in the United Kingdom which may not meet the investment criteria or are otherwise unsuitable for GUKP LP or GUKP II LP.

KWASA-Goodman Industrial Partnership (“KGIP”) refers to two separate partnerships:

- *KWASA-Goodman Industrial Partnership (“KGIP I”)*: Established in 2012, KGIP I is a joint venture that invests in core Australian industrial properties primarily in Sydney; and
- *KWASA-Goodman Industrial Partnership II (“KGIP II”)*: Established in 2022, KGIP II is a joint venture that invests in core infill locations in Sydney, currently holding two assets in Sydney’s Inner West region.

Goodman Australia Development Partnership (“GADP”): Established in 2010, GADP is a co-investment vehicle between us and CPPIB with the primary objective to invest in high quality, newly developed logistics assets alongside us in prime Australian markets in Sydney, Melbourne and Brisbane.

South Sydney Partnership (“SSP”): Established in 2023, SSP is a co-investment in Australia between us and GAIP and is focused on stable income and development driven returns from industrial properties in Sydney.

Build Hold Trust (“BHT”): Established in 2022, BHT is a co-investment between us and Brickworks, an Australian brick, stone and hardscape supplier, and holds income producing land banks across Australia.

BGMG 1 Oakdale West Trust (“OWT”): Established in 2016, OWT is a co-investment between us, GAIP and Brickworks and owns properties and land currently under development in New South Wales, Australia.

BGMG 1 Oakdale East Trust No.2 ("OET"): Established in 2022, OET is a co-investment between us and Brickworks and owns land currently under development in New South Wales, Australia.

Goodman Japan Development Partnership ("GJDP"): Established in 2012, GJDP is a 50/50 joint venture between us and a Middle Eastern sovereign wealth fund. GJDP's investment strategy is focused on developing prime industrial property and digital infrastructure in Japan, primarily in Greater Tokyo and Greater Osaka.

KWASA-Goodman Germany ("KGG"): Established in 2013, KGG is a co-investment vehicle that primarily invests in core logistics assets in Continental Europe and the United Kingdom.

Goodman Brazil Logistics Partnership ("GBLP"): Established in 2018, Goodman Brazil Logistics Partnership's investment strategy is focused on the development and investment in prime quality logistics and industrial facilities in key locations in Brazil, with particular focus on Sao Paulo.

Goodman Japan Data Centre Venture ("GJDCV"): Established in May 2023, GJDCV is a joint venture with a major domestic institutional investor that is focused exclusively on Japanese data centre investments.

For further information, see "—Business operations—Property investment—Cornerstone investments".

Management services

We believe our Partnership platform allows us to efficiently use capital and diversify our global property portfolio, which in turn lowers risk in our earnings by helping provide a more stable revenue stream. We provide management services with respect to our directly held properties and to our Partnerships. We derive management revenue from base fees, performance fees and property service fees. As at December 31, 2023, our property management teams provided services to 436 properties. Our investment management teams were responsible for the management of assets totalling A\$74.9 billion held in our Partnerships comprising 418 stabilised investment properties.

On March 26, 2024, the unitholders of GMT approved an internalization of the management of the Partnership. As a consequence, effective March 28, 2024, the assets of GMT will no longer be part of our external assets under management. Following the internalization, our ownership in GMT has increased to 31.8% and the assets of GMT continue to be reported as part of our Total Property Portfolio. See "—Business operations—Property investment—Cornerstone investments—Cornerstone investments in Partnerships—Goodman Property Trust" for further information on the GMT internalization.

Our management services business has a customer base that is diversified across industry segments, which, as at December 31, 2023 was comprised of customers in the following industries (by NPI): transportation and logistics (35%), consumer (24%), information technology (9%), e-commerce (11%), industrials and manufacturing (11%), automotive (5%), healthcare (3%) and other (2%). See "—Business operations—Management services" for more information.

Property management

Our property management team provides property related services to our directly held properties and properties in our Partnerships. Our "in-house" services include the procurement of new properties, new customers and lease renewals, maintenance, refurbishments and undertaking environmental assessments. Property management is a key component of our "own+develop+manage" business model. Through managing the needs of customers "in house", we gain access to current property information, which provides visibility to portfolio performance and the changing requirements of our customers. Through internal property management, we believe we are able to foster long-term relationships, facilitate higher occupancy and ultimately drive superior investment returns. See "—Business operations—Management services—Property management" for more information.

Investment management

Our investment management platform is underpinned by our Partnerships that own industrial properties and business space. We derive base management and performance fees from the management of these Partnerships. A summary of our larger Partnerships can be found in "—Business operations—Property investment—Cornerstone investments" and a summary of the terms of each investment manager appointment can be found in "—Business operations—Management services—Investment management—Partnership manager appointments".

Property development

Our property development business creates properties for us, our Partnerships and other property investors. Existing development projects are focused on our core markets in Australia, Asia, Continental Europe, the United Kingdom, the United States and Brazil. Development activities are an essential part of our integrated business model as they help us service our customers and fulfil the needs of our investment partners. Developments may originate from within the Partnerships or from the Group. In most cases, the projects initiated by the Group are bought by the Partnership either upon completion or during development.

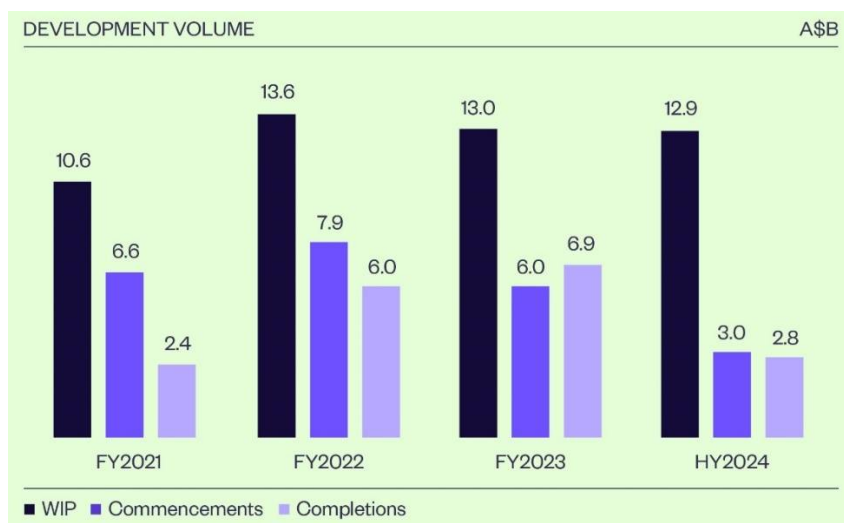
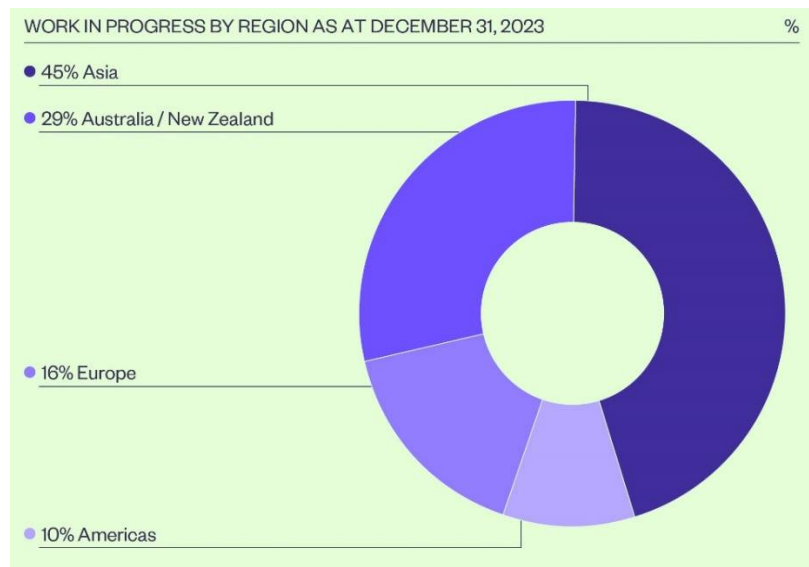
We generate revenue through the sale and management of developments, while also providing acquisition opportunities for our Partnerships. We also generate revenue from the management of developments conducted within our Partnerships. In targeting development projects, our strategy is to focus on urban infill locations and regeneration of existing land and buildings, enhancing value through intensification, while adding to our portfolio of opportunities incrementally. We believe this supports future development work in constrained markets and reduces our impact on the environment.

A key part of our strategy is to continue to acquire and redevelop existing brownfield sites in the large metropolitan areas in which we choose to operate. Brownfield sites are those that have previously been developed yet offer an opportunity to be re-developed into modern, efficient, sustainable properties. Our global portfolio is concentrated in urban locations that are close to consumers. Brownfield redevelopments offer significant benefits to our customers, including being close to the consumer and providing employment to local communities, reducing the demand on rezoning and developing greenfield land, utilising existing infrastructure, and providing the opportunity to recycle materials from the current facility into new construction – thereby reducing waste being sent to landfill. With a growing number of innovative new urban developments, we are focused on providing high quality, sustainable properties for our customers, and solutions are intended to enhance and protect the environment. Relative to greenfield sites, the redevelopment of highly productive properties on brownfield sites in infill locations can help reduce transport related emissions and reduce potential ecological damage.

All development projects are managed “in-house” by internal development management teams. These teams provide the services necessary to source and manage a new development opportunity from conception through to delivery, including master planning and programming, architecture, infrastructure and service planning, project management, detailed planning, approvals processing, customer negotiations and pre-commitment execution. The structural design and construction of a development are outsourced but are overseen by our development management team.

We believe that our development management capabilities provide a competitive advantage because they enable us to capture the expansion of existing customers and understand their respective development requirements. The development pipeline provides access to investment opportunities that are not commonly available and provides important market intelligence regarding the replacement cost of assets compared to buying completed assets in the open market. We, together with our Partnerships, have secured significant amounts of land or properties that are currently income producing but are capable of being further developed.

As at December 31, 2023, we, together with our Partnerships, had development WIP with an estimated value of A\$12.9 billion across 85 projects in 12 countries. Since June 30, 2021, our WIP has grown from A\$10.6 billion. The funding for our development activities has come mainly from the capacity created by asset disposals, our retained earnings, external debt facilities and the ongoing support from our investment partners. The charts below show our WIP by regions, as at December 31, 2023, and our development volume for FY2021, FY2022, FY2023 and HY2024.



Part of the assets we have under development are owned directly on our balance sheet and part are within our Partnerships (with us having a proportionate interest). The combined total allocation of our capital as at December 31, 2023 was A\$5.0 billion. This is made up of A\$2.8 billion that is directly owned and A\$2.2 billion being our share of those held within the Partnerships. See “—Development properties held in Partnerships” below for further information.

Directly owned development properties

Our directly owned development properties comprise land, properties under development and completed properties prior to sale. As at December 31, 2023, the aggregate book value of the directly owned development properties was A\$2.8 billion and was classified as either investment properties under development, inventories or assets held for sale.

Investment properties under development

A portion of our directly owned development properties are classified as investment properties under development. These properties are developed for long-term ownership and are reflected on our statement of financial position at fair value, which was A\$0.3 billion at December 31, 2023.

Inventories

The majority of our directly owned developments are held as inventories. Inventories are intended to be sold to our Partnerships or third parties in the normal course of business and comprise land and developments that are either available for development, under development by us directly or completed and awaiting sale. These are carried in our statement of financial position at the lower of cost or net realizable value and, as at December 31, 2023, the book value of inventories was A\$2.4 billion. As at December 31, 2023, the portion of these inventories that had been completed and income producing was A\$0.4 billion.

Assets held for sale

As at December 31, 2023, there was one repositioned investment property under contract for disposal. This property was disclosed in our HY2024 statement of financial position as assets held for sale and had a book value of A\$0.1 billion.

Development properties held in Partnerships

In addition, there is a significant level of development activity being undertaken by our Partnerships. These development properties are included in the total portfolio value presented in the table “Properties held in Partnerships” in the Property investment section.

The Partnerships had an aggregated balance of A\$7.2 billion in development properties on their balance sheets as at December 31, 2023. Our proportionate ownership of the Partnerships means that our share of those assets was valued at A\$2.2 billion as at December 31, 2023.

We believe that our development risks are also mitigated by the integrated property platform under which we operate, which matches the long-term nature of the large pension funds and sovereign wealth funds that co-invest with us in the Partnerships. See “Risk factors—Risks relating to our business and industry—We may not be able to successfully expand and develop existing and newly acquired properties”. Specifically:

- our WIP is spread across a significant number of projects (at December 31, 2023 the WIP represented 85 projects in 12 countries);
- developments are predominantly undertaken on behalf of our Partnerships or third parties with us providing development services on a fee basis; and
- in some regions the pre-sale of our development assets to Partnerships reduces sales and development risk (noting that we manage the Partnerships and therefore have a strong understanding of investor preferences and their financial positions).

Further measures we have adopted with a view to mitigating development risks include:

- transferring building risk to external contractors, while capping building costs through utilising fixed price contracts where appropriate and possible;
- monitoring the performance of the contractors and in many cases the sub-contractors through our in-house resources;
- allowing appropriate contingencies and buffers, including the terms of pre-lease arrangements; and
- ongoing monitoring and reporting of WIP and levels of development without pre-leases, with Goodman Group Board oversight including limits with respect to speculative development.

We undertake development activities on our own behalf, on behalf of our Partnerships and on behalf of third parties, through which we generate fees and development revenues. We have structured these development performance fees to compensate us for providing the resources, skills and intellectual property associated with our development management operations. Depending on the nature of the development and the underlying agreements, the value of the development, including WIP, may be shown either in our financial statements or in the financial statements of the relevant Partnerships or third party. The discussion below addresses the aggregate value of the developments we have undertaken, including developments on our own behalf, on behalf of our Partnerships and on behalf of third parties.

During HY2024, we completed 14 new developments with an estimated aggregate value of A\$2.8 billion and commenced 18 new development projects with an estimated aggregate value of A\$3.0 billion upon completion. The projects in WIP, as at December 31, 2023, have an average duration of 23 months from the initial commitment to construct until final stabilisation. We continue to focus on pre-sold and pre-leased developments. As at December 31, 2023, 68% of

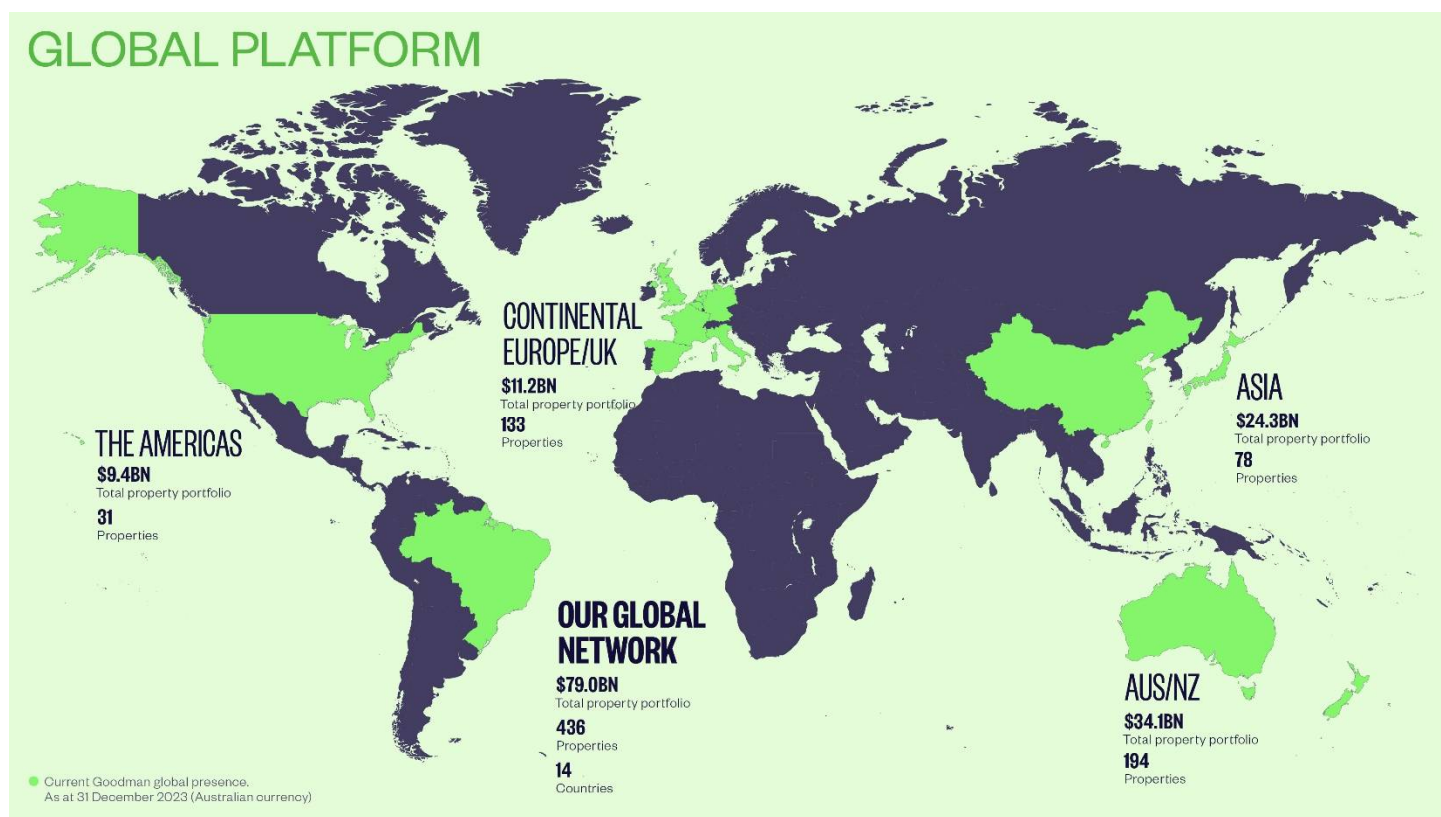
development commencements were pre-leased and 97% of developments completed were leased. It is typical that we seek to lease projects during the construction phase of our projects.

Competitive strengths

Large, globally diversified industrial property portfolio in select metropolitan urban infill markets

As at April 19, 2024, based on our equity market capitalization of A\$57.9 billion, we were the largest property group listed on the ASX and one of the largest listed specialist investment managers of industrial property globally. We own, develop and manage a portfolio of industrial and business space properties (including data centres) in Australia, New Zealand, Asia, Continental Europe, the United Kingdom, the United States and Brazil.

As at December 31, 2023, our Total Property Portfolio was A\$79.0 billion and comprised 436 properties, with a total of 24.8 million sqm under management. A map of our global property portfolio is provided below:



As at December 31, 2023, we had directly owned properties with an aggregate book value of A\$4.1 billion, which consisted of 10 directly owned stabilised investment properties with an aggregate book value of A\$1.3 billion and investment properties under development, inventories and assets held for sale with an aggregate book value of A\$2.8 billion.

In addition to our directly owned investment portfolio, as at December 31, 2023 our Partnerships held A\$74.9 billion of properties, which consisted of 418 properties housing more than 1,700 customers across 14 countries, and our co-investments in our Partnerships had an aggregate value of A\$15.7 billion.

We believe that the breadth of our portfolio gives us valuable insights into which target locations to invest in across geographies. The majority of our properties are industrial estates, warehouses, distribution centres and data centres located in industrial precincts, in close to proximity to infrastructure such as transport hubs (airports, ports etc.) or power and water in our identified urban infill markets. We are attracted to these locations as many of our customers wish to be located in these areas and we have typically experienced higher rental growth and higher capital appreciation from properties that are in close proximity to these amenities. We believe that ongoing technological developments and the growth in online sales, along with the drive to reduce costs and emissions, are motivating our customers to move closer to their customers (the consumer) and this is increasing demand for properties in our urban infill markets. We believe this was demonstrated through the high occupancy rates in the portfolio and rental growth we achieved in the past three years.

We believe that we are well placed to further capitalize on what we believe are material long-term trends in the industrial property sector, including rising land values due to urbanization, the growth in global consumerism/consumption, the further evolution and expansion of e-commerce and the drive for cost-efficient, modern supply chain logistics and premium property locations.

Diversified, stable customer base

We have over 1,700 customers across our direct property assets and in our Partnerships as at December 31, 2023. Our direct portfolio has 125 customers as at December 31, 2023. Our customers are diversified across industries and geographies. As at December 31, 2023, our top five customers (by NPI across our direct property investments) represented 26% of our NPI. As at December 31, 2023, our top 20 customers represented 30% of our NPI (calculated based on our proportionate share of NPI with respect to properties of our directly owned property assets and the assets of our Partnerships) and our single largest customer, Amazon, represented 8.7% of our NPI. A significant number of our top 20 customers are large multinational corporations that have a strong credit rating. A listing of our top 20 customers (together with our Partnerships) as at December 31, 2023 (by our proportionate share of NPI) is below:

Top 20 customers by NPI (%) As at December 31, 2023

CUSTOMERS	NPI %
Amazon	8.7
Samsung Electronics America, Inc.	2.4
Deutsche Post (DHL)	1.8
A.P. Moller – Maersk	1.5
Relativity Space	1.4
VDC Powerbase	1.3
Equinix	1.3
Coles Group	1.2
Iron Mountain	1.1
Brickworks	1.1
Kunchi	1.0
Koch	0.9
BMW Group	0.8
DB Schenker	0.8
DSV	0.8
Global Express	0.8
Mainfreight	0.7
SF Express	0.7
Sprouts	0.6
JD.com	0.6

We believe that the strategic importance of our assets and our strong relationship with our customers is reflected in our WALE and occupancy rate across the portfolio. At December 31, 2023, across our Partnership stabilised portfolio, the WALE was 5.3 years, and the occupancy rate was 98% (by NPI). Across our direct property assets only, at December 31, 2023, the WALE was 3.7 years and the occupancy rate was 96% (by NPI).

We believe our property management capability gives us a better understanding of our customers' requirements, assists in improving customer satisfaction, which helps to maintain high occupancy rates across the portfolio and increases our

ability to create value by enabling management to better understand and cater to customer needs. We also believe the combination of the size and scale of the portfolio and our close relationship with our customers enables us to source pre-commitments for developments as customers expand or upgrade as their requirements change.

The opportunity our properties offer for modern supply chains that include high degrees of mechanization and large-scale distribution networks tend to attract high quality customers. We believe that they will have a greater tendency to value the sustainability features of our properties, which indicates to us that their businesses have greater long-term viability. We also believe that the depth of demand for our properties in our chosen markets means that should we need to replace customers in our buildings, this can be done relatively easily. The maintenance of high occupancy rates whilst generating rental growth is evidence of this valuation.

This close relationship with our customers is exemplified in our work with Amazon. Since 2006, we have delivered 74 projects and more than 2.8 million sqm of space for Amazon. Together, Goodman Group and Amazon have developed an e-commerce property solution that meets the criteria for a precision-built distribution centre, close to transport infrastructure so that products can be collected, sorted, stored and delivered in the most cost-efficient way possible. Goodman Group recently built Amazon Australia's first robotics fulfilment centre at Oakdale West Industrial Estate. The fulfilment centre was built as a 53,000 sqm warehouse to which Amazon added internal mezzanine floors to make it Australia's largest warehouse, spanning 200,000 sqm across four levels.

Our long-term strategic focus on urban infill markets means that we are well positioned to benefit from increased e-commerce penetration and global digital economy

Our long-term strategy is to focus on metropolitan markets, which are characterised by proximity to more affluent consumers; modern infrastructure, including transport networks; relatively high levels of e-commerce consumption; and are in the process of undergoing urban regeneration where infill opportunities exist. The concentration of our business in targeted locations over the past decade has seen us emerge as a specialist provider of logistics real estate in urban infill markets. We have remained flexible and adapted to the changing conditions. Customer demand for space continued to increase across a range of industry segments and the prolonged impacts of the global pandemic accelerated the propensity of consumers to shift to online shopping. Logistics and warehousing have provided critical infrastructure to enable distribution of essential goods to time-sensitive consumers through this period. We believe that this strategy is serving our customers well; during FY2023 we leased 2.5 million sqm of space and our Partnership portfolio occupancy remains high at 98% as at December 31, 2023.

We believe that our ability to identify, source and develop properties that service the needs of our partners is a strength of our business. According to Euromonitor, global online sales increased 6% in 2023 (in US Dollar terms), fuelled by e-commerce and the consumption of digital media and services. We saw a direct correlation between consumer habits, customer demand and our infill strategy and had been positioning our business to service this demand for several years. We recognised, in the early stages of the expansion of e-Commerce, that rapidly changing consumer expectations to have goods delivered quickly was motivating our customers to move closer to their customers, and this was further increasing demand for properties in urban infill markets to achieve last mile delivery and faster speed to market and pace to customer. The result of our long-term focus on certain cities with scarce land is that over time these locations have demanded more intense or higher and better uses, providing opportunities for automation and greater supply chain efficiency. We believe at this significant level of customer demand, high utilization of available space, combined with barriers to entry and supply restrictions in our markets, continues to create a shortage of available space, which has supported and continues to support rental growth and increases the end value of our projects. We expect that the increased online activity should continue and also expect the logistics and warehousing sectors to remain critical infrastructure for the digital economy. We believe that we are well placed to further capitalize on these dynamics.

Diversified institutional investment partner base and strategic investment partner relationships support our investment management platform

We had 53 institutional investment partners across our investment management platform as at December 31, 2023, with the top five representing 67% of total capital. These institutional investment partners include sovereign, wealth, pension, mutual and public property funds and global fund of funds. The average drawn and committed equity per investment partner across our unlisted Partnerships was A\$786.0 million as at December 31, 2023. Examples of institutional investors that are invested in our Partnerships include CPPIB, APG, PGGM, CIC, ADIC, PSP, GIC, EPF, UBS and CBRE.

We believe that our investment partners are attracted by our international footprint, high standards of governance, integrated own+develop+manage capability and the ability to drive strong ongoing total returns and deliver long-term value creation. At December 31, 2023, we held a 28% average equity cornerstone position in the Partnerships to ensure alignment and exposure to a high quality globally diversified portfolio. The develop-to-hold strategy continues to improve the overall portfolio quality and therefore the maintainability of rental income. The size and scale of our global partners,

their long-term approach, and our diverse capabilities have resulted in us being able to offer an ability to undertake development within our Partnerships or to access new property opportunities from our development activities. As these Partnerships have grown in size, new developments typically represent a smaller proportion of the Partnership total assets and therefore the Partnerships are able to self-fund developments without significantly increasing leverage and risk. The impact of increased development within the Partnerships has increased their returns and we believe our prospects to earn performance fees in the medium to longer term.

We raised A\$1.6 billion of equity in HY2024 for our Partnerships. As at December 31, 2023, we had equity commitments from various institutional investment partners and available liquidity of A\$16.3 billion (comprised of A\$9.4 billion¹³ in undrawn equity and A\$6.9 billion in undrawn bank loan facilities and cash). We believe that our relationship with these institutional investment partners gives us a competitive advantage by providing potential access to capital which, when coupled with our property expertise, positions us to take advantage of growth opportunities in our existing markets and at various points in the property cycle.

Leading industrial development capability

We expect the quality and size of our portfolio to remain supported by strong development activity over the next few years as we continue to identify sites and deploy capital to support our organic growth strategy. The estimated value of our development WIP was A\$12.9 billion as at December 31, 2023. Development commencement had an estimated aggregate end value totalling A\$3.0 billion over the six months, with 68% of those developments pre-leased. Development completions over the same period had an estimated aggregate end value totalling A\$2.8 billion with 97% of those developments leased. We have continued investment partnering, with 77% of active developments currently undertaken in the Partnerships or for third parties.

We continue to focus on managing risk in our development business through our disciplined and prudent approach. We have also mitigated risk by undertaking development in our Partnerships, reducing the amount of capital that we are directly contributing to fund our overall development projects. Funding for these activities is diversified and mainly through equity or redeployment of the proceeds from asset sales. At December 31, 2023, of the active projects, 77% of current developments undertaken were in Partnerships or for third parties, with us providing development services on a fee basis. In some regions, we believe that the pre-sale of our development assets to Partnerships reduces sales and development risk. Further, our WIP is spread across a large number of projects (as at December 31, 2023 our WIP represented 85 projects in 12 countries) helping to mitigate specific risks of individual projects on the portfolio.

Demand for, and scarcity of, suitable large-scale sites in infill locations has resulted in more intense uses of land so WIP projects have increased in scale and value over recent years. The larger scale and complexity of the projects has increased the average development period to approximately 23 months, providing us with greater visibility over future development contributions. We believe that this is still a relatively short construction cycle compared to other real estate asset types and as such we believe that industrial property has a lower risk development profile than other sectors. We currently expect that our WIP projects will predominantly be leased by e-commerce, data centre, retail and third party logistics customers.

One of our strengths lies in our ability to acquire well located brownfield sites with long-term value-enhancing opportunities that can be redeveloped by targeting higher and better use, such as through re-zoning or intensification through multi-level warehousing facilities. We have extensive development experience in this area and, currently, more than half our global developments are on brownfield sites and are in the process of delivering a number of innovative new urban developments, focused on sustainability, for a variety of our customers.

Commitment to strong capital position

We practice an active and conservative approach to capital management by maintaining a low Gearing Ratio and having ample liquidity through undrawn bank loan facilities and cash reserves. Given the current composition of our earnings and balance sheet and the capital needs, we intend to maintain moderate gearing in the near term. Our Gearing Ratio was 9.0%, 8.3%, 8.5% and 6.8% as at December 31, 2023, June 30, 2023, 2022 and 2021, respectively (Leverage Ratio: 14.5%, 14.3%, 13.8% and 12.6%, respectively). Look Through Gearing was 22.7% as at December 31, 2023. Our capital structure included interest bearing liabilities of A\$3.2 billion with additional undrawn bank loan facilities of A\$1.8 billion and total available cash and cash equivalents of A\$1.2 billion as at December 31, 2023.

We have adopted a gearing policy whereby our Gearing Ratio target is 0% to 25%. As a result of our conservative approach to gearing and the successful execution of the business strategy that has put us in a strong position, we are rated BBB+ by S&P and Baa1 by Moody's, both with a stable outlook. We intend to operate within our Gearing Ratio

¹³ Deployment of which is subject to investor approval.

range having regard to the mix of our earnings, capital needs and the ratios consistent with our credit rating. In practice, this means that we will tend to have relatively lower gearing when our development activity is relatively high.

We may from time to time re-evaluate our policy with regard to the Gearing Ratio in light of the capital allocation mix, the mix of earnings, prevailing economic conditions, our credit ratings, relative costs of debt and equity capital, changes in our equity market capitalization, growth and acquisition opportunities or other factors, and modify the gearing policy accordingly. As a result, we may increase our Gearing Ratio target beyond the limits described above.

History of Goodman Group

In 1995, the Goodman Hardie Industrial Property Trust (a predecessor of GIT) listed on the ASX with assets consisting of eight properties. Through a series of mergers and acquisitions and the Initial Stapling Transaction, we became the fourth largest property group in Australia by 2005.

We commenced our Asian strategy in 2002 with the launch of Ascendas Real Estate Investment Trust in Singapore, a joint venture with Ascendas Pte Limited. We commenced our Continental European and United Kingdom strategy in 2005 with the acquisition of Arlington Securities Limited, a leading manager and developer of Continental European and United Kingdom business space assets, furthered by subsequent acquisitions in Continental Europe and the United Kingdom of businesses that we subsequently integrated into the Goodman brand. We also launched GAIP, our first Australian wholesale fund, in 2005.

We commenced operations in New Zealand in 2003. From March 28, 2024, GMT became internally managed, and Goodman ceased to be the manager. However, as at the date of this offering memorandum, Goodman has increased its equity investment to 31.8% (from 25.2% as at December 31, 2023), continues to have board representation and provides ongoing administrative services.

We continued to implement our Asian strategy with the launch of the Hong Kong, China and Japan businesses through joint ventures with the Macquarie Group Limited in 2006 and 2007 and through the disposal of our 40% share in the Ascendas Real Estate Investment Trust in 2008. Further expansion into Mainland China in 2009 followed through GCLP, our Partnership with CPPIB. In 2011, we privatised the listed ING Industrial Fund (an Australian REIT previously listed on the ASX) through a scheme of arrangement, with three of our major global private equity partners. See “—Business operations—Property investment—Cornerstone investments”. In 2012, we completed an internal restructure intended to reflect the increasing importance of our international and particularly Asian platforms which culminated in the Second Stapling Transaction. In addition, in 2012 we took 100% control of our Japanese operations from Macquarie Bank.

In 2015 we established GUKP as our primary vehicle for expansion in the United Kingdom, complementing our European offering and in August 2017 we disposed of our interest in ABPP. As a result of the growth of our Asian and European operations, we consider ourselves to be a leading player in the markets in which we operate.

We commenced operations in the United States in 2012 with the establishment of Goodman Birtcher, which was shortly followed by the establishment of GNAP, our Partnership with CPPIB. GNAP is our vehicle to grow real estate investments in the United States, with a focus on the southwestern and northeastern markets of the United States. The business was subsequently rebranded as Goodman, a wholly owned subsidiary of Goodman Group, managing GNAP. We now consider ourselves to be a significant participant in logistics development in the Los Angeles area.

We established operations in Brazil in 2013 through a joint venture with the WTorre Group. The joint venture was terminated in 2016 and our management operations in Brazil are now wholly owned and rebranded as Goodman.

Business operations

Our business model incorporates an integrated property platform comprising property investment, management services and property development, primarily focused on industrial and business space properties (including data centres). We have a strong focus on development capability supporting the business model through the development and management of prime grade properties. We seek to make investments in select urban infill markets, which are proven logistics locations in major metropolitan centres, across our core markets. As a result, as at December 31, 2023, in Australia, 81% of our Total Property Portfolio was located in Sydney; in New Zealand, 100% of our assets were located in Auckland; in Asia, 52% of our assets were located in Hong Kong, 15% in Greater Shanghai, 6% in Greater Beijing (including Tianjin) and 5% in the Greater Bay area (Shenzhen/Guangzhou), 16% in Tokyo, and 5% in Osaka; in Continental Europe and the United Kingdom 38% of our assets were located in Germany, 14% in France, 14% in Belgium and the Netherlands, 16% in Greater London and 7% in the Midlands; in the United States, 80% of our assets were located in Los Angeles; and in Brazil 100% of our assets were located in São Paulo and Rio de Janeiro.

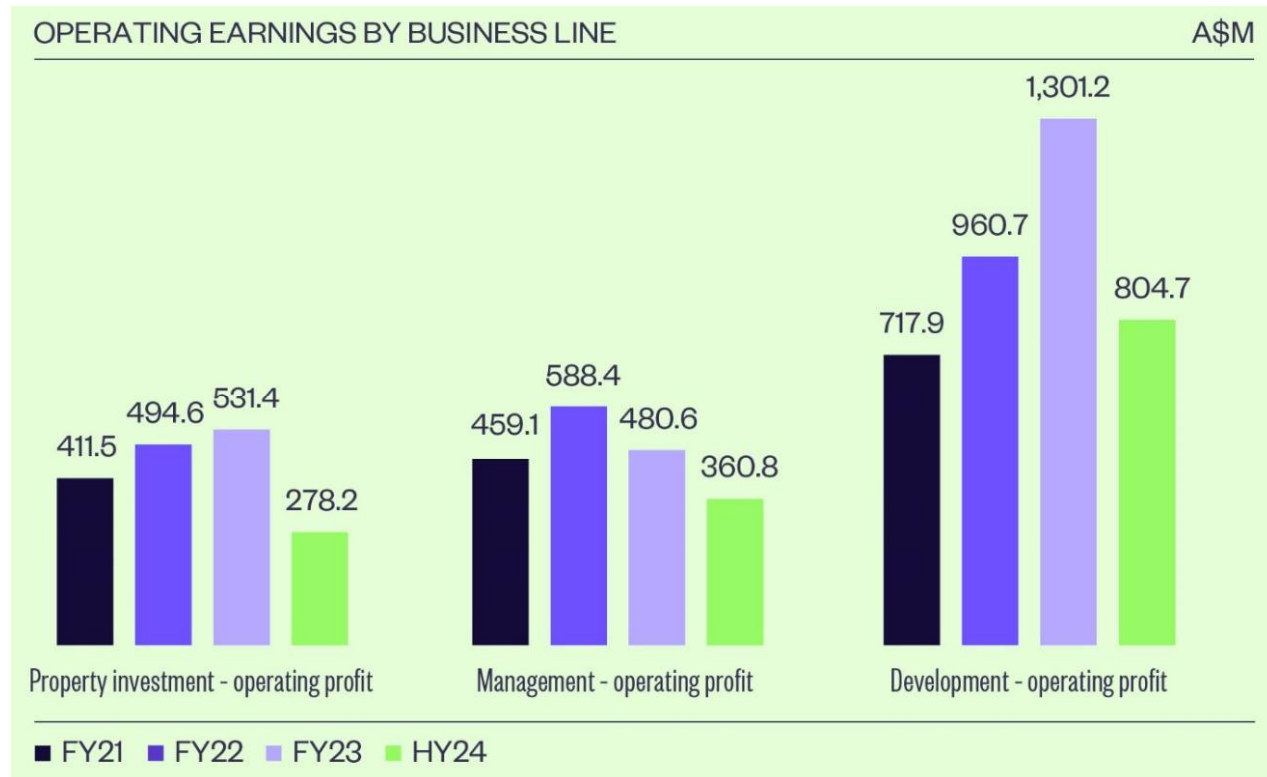
We believe that our integrated property platform across our “own+develop+manage” customer service model provides a full-service offering, which fosters long-term relationships and facilitates higher occupancy rates, with the goal of ultimately driving enhanced returns.

Our business operations are made up of three key business lines, property investment, management services and property development. The chart below summarizes these business lines and their activities, which are discussed further below.

 PROPERTY INVESTMENT	Direct property investment	Long-term investments in direct property assets
	Cornerstone investments	Long-term investments in partnerships
 MANAGEMENT SERVICES	Property management	Services provided for the management of direct property investment portfolio and partnerships
	Investment management	Services provided for the management of our partnerships
 PROPERTY DEVELOPMENT	Development	Property development sold to partnerships or third parties Development services provided for partnerships and third parties. Developments for our long-term ownership.

The chart below shows the relative contribution of each business line to our Operating Earnings for HY2024, HY2023, FY2023, FY2022 and FY2021. Over time the composition of earnings has varied based on our strategy and market conditions. In recent times, the strength of the property cycle has led us to focus on the development of our property investments rather than acquisitions on market. We have also undertaken a significant asset sale program to fund our development book, reduce leverage and focus our property portfolio on our preferred assets in our key select metropolitan target markets.

Operating Earnings by business line (A\$ millions)
FY2021 through HY2024



Property investment

Our Total Property Portfolio as at December 31, 2023 was A\$79.0 billion, which included our directly owned portfolio with an aggregate book value of A\$4.1 billion.

The chart below provides a top 20 geographic split of our Total Property Portfolio.

**Total Property Portfolio by geography
As at December 31, 2023**

TOTAL PROPERTY PORTFOLIO GEOGRAPHIC SPLIT (BY VALUE)	%
Sydney, Australia	30.6
Hong Kong, Hong Kong	16.0
CA, United States of America	9.9
Auckland, New Zealand	5.6
Greater Tokyo, Japan	4.8
Greater Shanghai, China	4.5
Melbourne, Australia	3.8
Brisbane, Australia	3.1
Greater London, United Kingdom	2.3
Rhin-Ruhr, Germany	1.8
Greater Beijing, China	1.7
Greater Osaka, Japan	1.6
Greater Bay Area, China	1.5
North Germany, Germany	1.3
Paris, France	1.2
South Netherlands, Netherlands	1.1
Midlands, United Kingdom	1.0
Barcelona, Spain	0.9
Leipzig, Germany	0.8
PA, United States of America	0.8

As at December 31, 2023, our portfolio of directly owned assets and those in Partnerships was almost entirely located in our desired markets being:

- Australia: Sydney, Melbourne and Brisbane
- New Zealand: Auckland
- Hong Kong
- China: Greater Shanghai area, Greater Beijing area and the Shenzhen/Guangzhou area
- Japan: Tokyo and Osaka areas
- Continental Europe: Germany, France, Spain, Belgium and the Netherlands

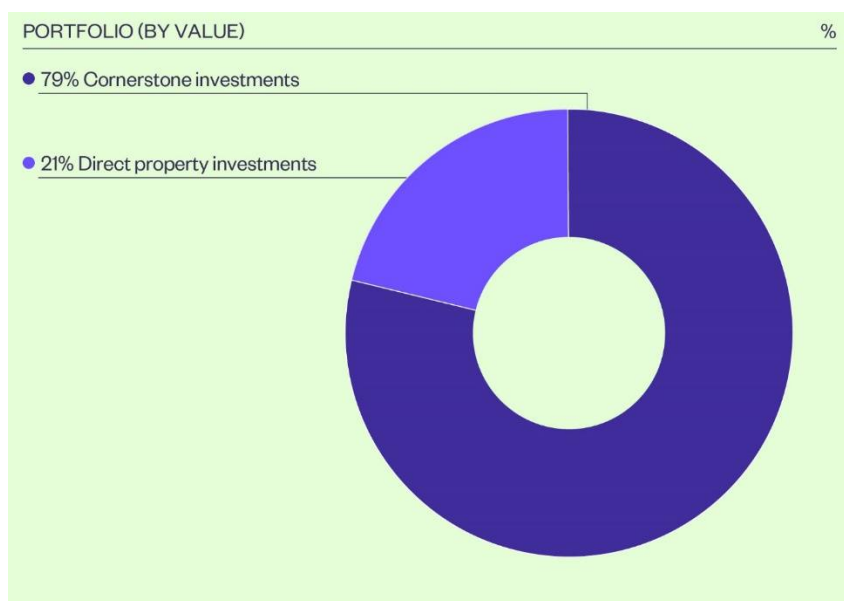
- United Kingdom: Greater London and Midlands
- United States: Greater Los Angeles area, New Jersey and New York area
- Brazil: São Paulo area.

Summary of acquisition and disposal activities

Between 2013 and 2023, we have executed A\$32.9 billion of asset sales as part of our strategy of rotating our portfolio to focus on higher quality assets in identified long-term growth markets. We characterize these assets as being predominantly urban infill locations within metropolitan markets that exhibit strong access to a large consumer base, good access to infrastructure and have higher than average barriers to new supply due to factors such as land scarcity and complex planning laws. Through the implementation of our asset sale program, we have reduced our Gearing Ratio and created additional funding capacity that have been reinvested into new assets arising from our development business line, consequently improving our overall portfolio and income quality. In recent times, the strength of the demand and the limited supply of investment opportunities at attractive pricing has led us to prefer the development of our property investments rather than acquiring properties on the open market.

The chart below shows the split (by value) between directly held properties and properties held through our co-investment in Partnerships as at December 31, 2023.

Investment property portfolio value by type (%)
As at December 31, 2023



Directly owned investment properties

Our directly owned investment properties comprise (1) stabilised investment properties and (2) development properties (including land). Stabilised investment properties are long-term investments in property assets. Development properties include investment properties under development and inventories. Inventories comprise land or developments that are held for sale in the normal course of business.

As at December 31, 2023, our directly held properties had an aggregate book value of A\$4.1 billion, which consisted of 10 stabilised investment properties with an aggregate value of A\$1.3 billion, investment properties under development with an aggregate value of A\$0.3 billion, inventories with an aggregate value of A\$2.4 billion and assets held for sale with an aggregate value of A\$0.1 billion. The directly held stabilised investment properties contributed 3% of Operating Earnings for HY2024 (4%, 5% and 5% for FY2023, FY2022 and FY2021, respectively).

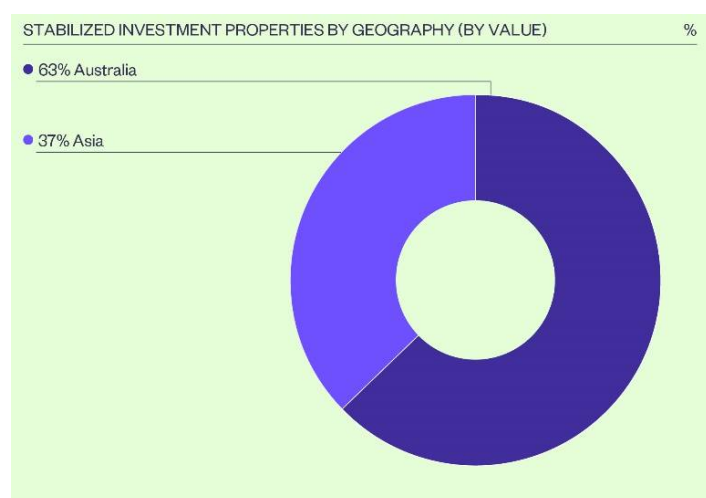
Stabilised investment properties

Our stabilised investment properties are located in key industrial and business space markets positioned close to major infrastructure, with a particular focus on metropolitan urban infill markets. Our directly held properties have a heavy bias towards the Sydney and Melbourne markets on the east coast of Australia (63% of stabilised investment properties as at December 31, 2023) and also include properties in Asia (37% of stabilised investment properties as at December 31, 2023).

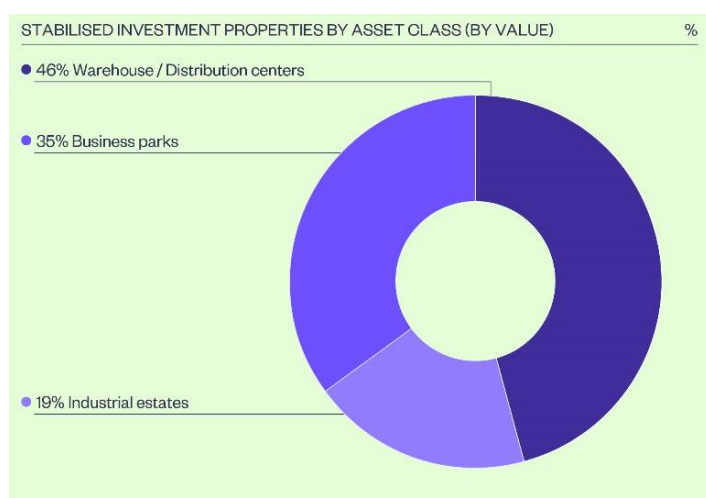
As at December 31, 2023, total GLA for our directly held properties was 0.6 million sqm with occupancy in our stabilised investment properties of 96% (by NPI) and WALE of 3.7 years. A portion of the stabilised investment properties are being prepared for redevelopment and so from time to time the occupancy may be managed intentionally lower than the rest of the property portfolio in order to obtain vacant possession. This process will give us the opportunity to extract further value from these properties.

As at December 31, 2023, our stabilised investment properties were diversified across geography and asset class as shown below.

**Stabilised investment properties
by geography (%)
As at December 31, 2023**



**Stabilised investment properties
by asset class (%)
As at December 31, 2023**



Stabilised investment properties in Australia (63% of the stabilised investment property portfolio) have a significant weighting to Melbourne (82% of the Australian stabilised investment property portfolio), with the remainder in Sydney (18% of the Australian stabilised investment portfolio). As at December 31, 2023, our Australian stabilised investment property portfolio had an aggregate value of A\$0.8 billion and comprised of eight properties, with a GLA of 0.5 million sqm.

We believe our lease structures provide stable revenue growth, with 84% of leases including fixed or CPI related increases.

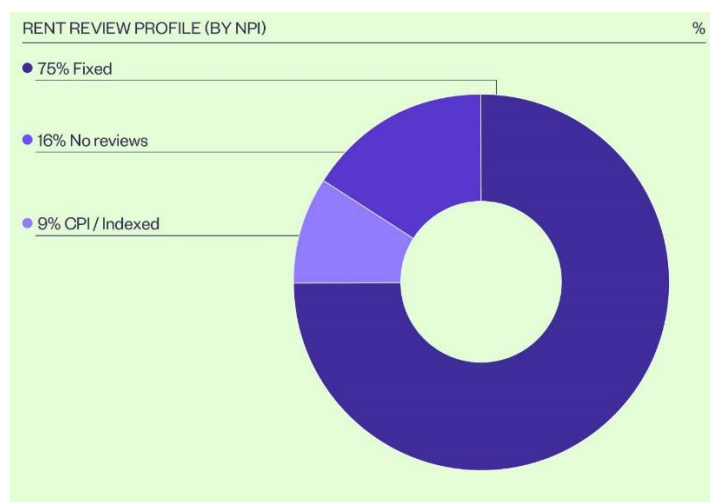
Stabilised investment property values and capitalization rates

The directly owned stabilised investment properties are valued every two years or more frequently if a material movement has occurred within the market location. Our asset sale strategy has repositioned our directly owned and managed portfolios. The result of improved portfolio quality is evidenced by higher occupancy, increased rental growth and lower capitalization rates, which are generally considered a measure of relative risk and return. The capitalization rate across our directly owned stabilised properties has declined from 4.7% as at June 30, 2021 to 4.4% as at December 31, 2023.

Stabilised investment property portfolio—lease structure

As at December 31, 2023, our directly owned stabilised investment property portfolio had a WALE of 3.7 years. Lease structures vary by region, but in aggregate, as at December 31, 2023, 84% of the rent reviews (by NPI) were fixed or linked to CPI related increases.

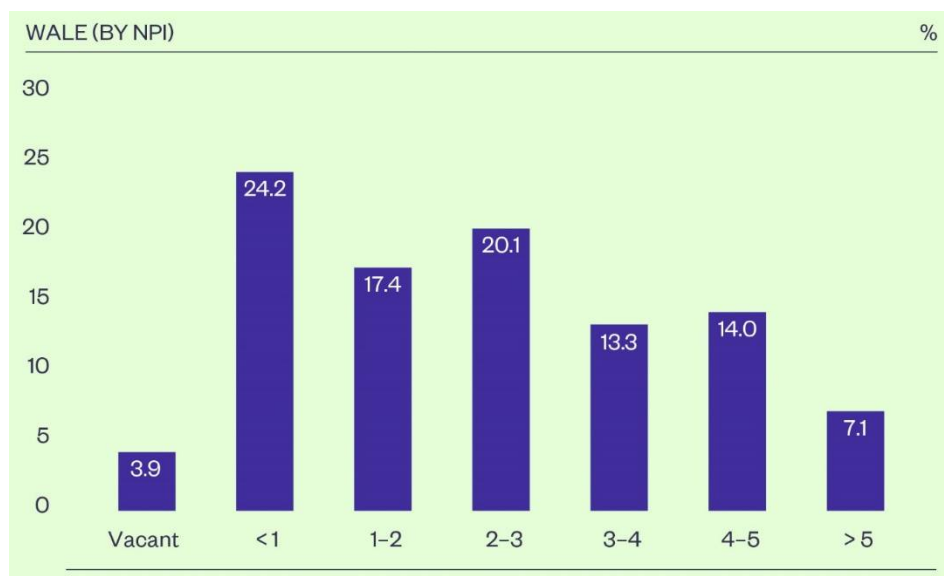
Rent review profile (by NPI)
As at December 31, 2023



Stabilised investment property portfolio—lease expiry

The following chart shows the lease expiry profile for our directly owned stabilised investment properties as at December 31, 2023.

WALE (by NPI)
As at December 31, 2023



Stabilised investment properties—major customers

The following table lists the five largest customers (by NPI) in our directly owned stabilised investment properties as at December 31, 2023. Out of the total of 125 customers, the top five contributed 26% of the portfolio's total NPI.

Top 5 customers (by NPI) As at December 31, 2023

TOP 5 CUSTOMERS	NPI %
Eaton Electrical	6.3
3M Hong Kong	5.9
BDH Commercial Logistics	4.8
Design Group	4.5
Specsavers	4.4

Development property investments

In addition to stabilised investment properties in industrial and business space properties, we also own investment properties under development, land and inventory. These properties are typically developed for long-term ownership either for ourselves or ultimately our Partnerships. These properties are held as either investment properties under development or inventory assets.

Investment properties under development may include land, new investment properties under construction and investment properties that are being redeveloped. As at December 31, 2023, our investment properties under development had an aggregate value of A\$0.3 billion and predominantly related to a property under development in the United States. In addition, an investment property under development in Australia had been conditionally contracted for disposal and at December 31, 2023, has been presented as an asset held for sale with a value of A\$0.1 billion.

Inventory assets are typically those which are either available for development or under development and are held at the lower of cost or realizable value. Inventory assets are predominantly located in Australia, Asia, Continental Europe, the United Kingdom and Brazil. As at December 31, 2023, our inventory assets had an aggregate value of A\$2.4 billion.

As at December 31, 2023, we were managing development WIP with a value of A\$12.9 billion, directly and on behalf of the Partnerships and third parties. The majority of WIP that we own directly is intended to be sold into Partnerships on completion. A portion of these properties currently being developed may be retained on balance sheet or sold to third parties.

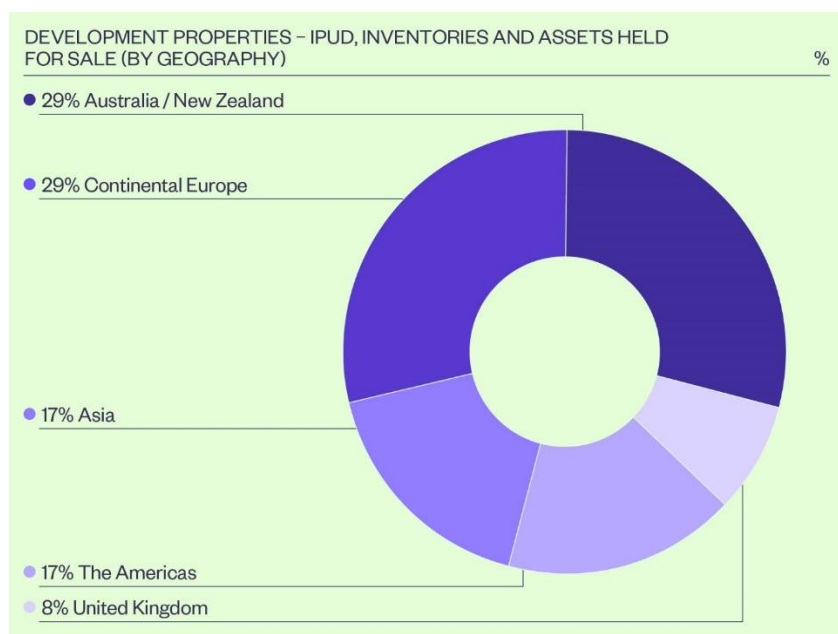
Development projects globally are predominantly being undertaken in our Partnerships (see “—Property development”). In respect of land holdings (that are included in inventories), we still hold small heritage land positions in the United Kingdom and Brazil (which has been progressively developed and sold), but most of the land is held in Continental Europe. Continental European inventory includes projects which are under development and presold to third parties and/or Partnerships or are intended for sale to third parties and/or Partnerships.

The development market in Continental Europe is characterised by pre-commitment driven projects, where the customer requirement is matched to land on a build to suit basis. In some cases, the land is already owned but predominantly it is secured with the pre-commitment. These projects are generally undertaken with the intention of sale to one of the Partnerships and hence we expect to own these properties until such time as the partners agree to purchase the property or in some cases until the project is complete.

We may continue to buy land in the future. However, a significant portion of our development activity is undertaken on brownfield sites, which can include repositioning or redeveloping existing assets in the portfolio where this improves the use of the site and the overall financial returns. As a result, we reduce the need to hold non-income producing land to generate new development opportunities. This is a natural extension of our investment strategy whereby we expect that over time, our portfolio will have a significant portion that will be eligible for redevelopment to extract greater value. As a result, properties we acquire now often become developments in the following decades.

The chart below details investment properties under development, inventories and assets held for sale by geography.

Investment properties under development, inventories and assets held for sale by geography (%)
As at December 31, 2023



Cornerstone investments

Our cornerstone investments in our Partnerships comprise investments in companies, funds, limited partnerships, REITs and trusts that are accounted for as equity accounted investments. The Partnerships hold both stabilised investment properties and developments. Our cornerstone investments had an aggregate value of A\$15.7 billion as at December 31, 2023.

Each Partnership is invested in industrial and business space properties, with most owning both stabilised and development properties. As at December 31, 2023 our cornerstone investments in our major Partnerships ranged from a 10% to a 55% interest and we averaged a 28% equity cornerstone position. These cornerstone investments provide us with access to an interest in high quality properties. They also align our interests with the relevant Partnership’s third party investors and supplement our direct property investment income with additional portfolio diversification. The cornerstone investments in our Partnerships also enhance our integrated property platform, enabling us to share in potential profits from development assets developed within our Partnerships or pre-sold to our Partnerships. Our policy is to hold long-term investment positions in all of our Partnerships, and we intend to generally hold a 20% or greater investment in these over time (in certain Partnerships we are required to hold a minimum stake). Our Partnerships maintain their own debt facilities and all debt within our Partnerships is non-recourse to us. The average Gearing in our Partnerships as at December 31, 2023 is 21.4%.

Partnership investment property values and capitalization rates

Stabilised investment properties in the Partnerships are valued annually or more frequently if a material movement has occurred within the market location. Our asset sale strategy has repositioned the Partnership portfolios towards higher quality assets in the urban infill markets of major metropolitan areas that we believe will perform best over the long term. The result of improved portfolio quality is evidenced by higher occupancy and increased rental growth. The capitalization rate across the stabilised investment properties in the Partnerships has moved from 4.3% as at June 30, 2021 to 5.1% as at December 31, 2023.

For a summary of our cornerstone investments in our major Partnerships by total asset size, see “Summary—Business lines—Property investment—Cornerstone investments in Partnerships”.

Cornerstone investments in Partnerships

See “Risk Factors—Risks relating to our business and industry—Liquidity facilities in certain of our Partnerships may adversely impact our liquidity position” for information regarding the potential impact of the liquidity facilities in our Partnerships on our liquidity position.

Our cornerstone investments as at December 31, 2023, are maintained in the following Partnerships:

Goodman Australia Industrial Partnership

Established in 2005, GAIP is Australia’s largest industrial property trust by value of assets under management as at December 31, 2023. GAIP invests in Australian industrial and business space assets primarily concentrated in Sydney with the remaining assets located in Melbourne and Brisbane locations on Australia’s east coast. It is the leading industrial property investment vehicle in Australia. GAIP has a right of first refusal (with limited exceptions) in respect of Goodman owned Australian properties and developments and properties sourced by Goodman on market.

As at December 31, 2023 GAIP owned 3.7 million sqm of industrial and business space across 111 properties. Total assets were A\$15.3 billion.

As at December 31, 2023, GAIP’s Gearing Ratio was 17.4% GAIP operates a senior unsecured debt platform with a combination of revolving bank lines, US Private Placements and bonds (both Rule 144A/Regulation S and Australian Medium Term Notes). In August 2016, GAIP received an inaugural rating from Moody’s of Baa1 (stable) and a rating upgrade from S&P from BBB to BBB+. Given the strong execution of the strategy and financial risk management, GAIP was again upgraded in 2021 to A3 (stable) by Moody’s and A- (stable) by S&P.

Goodman Hong Kong Logistics Partnership

Established in 2006, GHKLP is an unlisted property company that invests in logistics and warehouse properties in Hong Kong. GHKLP is a leading and diversified owner of modern warehouse space in Hong Kong, and the largest industrial vehicle in Hong Kong (listed or unlisted). GHKLP focuses on providing investors with both a geographically and functionally diverse portfolio concentrating on logistics and warehousing properties. GHKLP has a first right of refusal over properties sourced by Goodman in the Hong Kong market and can acquire both stabilised and development assets.

As at December 31, 2023 GHKLP owned 1.6 million sqm of industrial space across 15 properties. Total assets were A\$11.3 billion.

As at December 31, 2023, its Gearing Ratio was 22.3%. GHKLP operates a senior unsecured debt platform with a combination of revolving bank lines and Regulation S/Euro medium term notes. GHKLP is investment grade credit rated as BBB+ by S&P.

Goodman North American Partnership

GNAP was established in August 2012 as a joint venture between us and CPPIB in which we have a 55% interest. GNAP is focused on the development of and investment in prime quality logistics and industrial facilities in key markets in the United States, principally the West coast logistics hubs of Los Angeles, Inland Empire, and San Francisco as well as New York, New Jersey and Pennsylvania on the East Coast. GNAP is our primary investment vehicle for the United States and has a first right over any logistics assets developed in the United States.

As at December 31, 2023 GNAP owned 1.8 million of industrial space across 28 properties. Total assets were A\$8.8 billion.

GNAP was fully equity funded until 2019, when it began to include debt in its capital structure. It has since issued two tranches of senior unsecured US Private Placement notes and has unsecured revolving credit facilities.

It has a private credit rating with S&P and a gearing ratio of 15.6% as at December 31, 2023.

Goodman Australia Partnership

GAP was launched in March 2011 with the acquisition and privatization of the ASX listed ING Industrial Fund.

GAP invests in industrial property and business space primarily in Sydney, Melbourne and Brisbane on Australia’s east coast. GAP has a right of second refusal (after GAIP) in respect of our Australian stabilised investment properties and has a right of third refusal (after GAIP) in respect of developments we acquire, wish to dispose of, or source.

As at December 31, 2023 GAP owned 1.6 million sqm of industrial and business space across 39 properties. Total assets were A\$7.1 billion.

As at December 31, 2023, GAP had a Gearing Ratio of 18.3%. GAP operates a senior unsecured debt platform with a combination of revolving bank lines, US Private Placement notes and Australian Medium Term Notes. It holds a BBB investment grade credit ratings from S&P.

Goodman European Partnership

Established in 2006, GEP is an unlisted fund that primarily invests in warehouse and logistics properties primarily concentrated in Belgium, France, Germany, Italy, the Netherlands and Spain. GEP benefits from a right of first refusal over stabilised assets developed by Goodman, asset disposals and assets sourced on the market by Goodman and a first right to enter in joint venture in speculative developments with Goodman, in Continental Europe.

As at December 31, 2023, GEP owned 3.1 million sqm of industrial space across 109 properties. Total assets were A\$6.7 billion.

As at December 31, 2023, its Gearing Ratio was 26.3%. GEP operates a senior unsecured debt platform with a combination of revolving bank lines and Euro medium term notes. GEP holds investment grade ratings from S&P and Moody's (BBB+/Baa1).

Goodman China Logistics Partnership

GCLP, an 80/20 partnership between CPPIB and Goodman, was established in 2009 to invest in high-quality logistics properties across Mainland China, with a development-led strategy centred on major cities including Greater Shanghai area, Beijing, Tianjin, Guangzhou and Shenzhen. GCLP has a right of first refusal over any assets or land that Goodman source in China.

As at December 31, 2023 GCLP owned 3.8 million sqm of industrial space across 36 properties with total assets of A\$6.6 billion.

As at December 31, 2023, GCLP's Gearing Ratio was 16.4%. GCLP has in place a combination of revolving unsecured bank lines and secured bank term loans.

Goodman Property Trust

GMT is the only listed Partnership in which we hold a cornerstone investment. GMT is New Zealand's largest listed property vehicle by equity market capitalization as at April 19, 2024. GMT has an investment strategy focused on the Auckland industrial market. In February 2024, Goodman proposed that the management of GMT be internalised and this was approved by unitholders in March 2024. The management company is now wholly owned by GMT while Goodman increased its ownership interest from 25.2% to 31.8%. GMT will continue to operate under the Goodman brand and the Group will have two representative Directors on the Board of GMT. A co-operation agreement has been put in place to enable the two entities to continue to benefit from the local and global expertise. The internalization will enable GMT to provide management services to its own partnerships. Goodman Group has undertaken to invest up to NZ\$200 million in a new partnership alongside other global and local wholesale investors. We expect that this will enable GMT to increase its earnings potential and further diversify its funding sources.

As at September 30, 2023 GMT owned 1.1 million sqm of industrial and business space across 13 properties with total assets of NZ\$4.8 billion.

As at September 30, 2023 it had a debt covenant Gearing Ratio of 28.7%. GMT operates a secured debt platform, which is made up of revolving bank lines, domestic retail and wholesale bonds and notes in the US Private Placement market. GMT holds a BBB rating from S&P and its secured debt holds a BBB+ credit rating.

Goodman Japan Core Partnership

Established in 2008, GJCP is an unlisted fund that invests in prime logistics properties in Japan. Most of the properties in the portfolio are located in the Tokyo and Osaka metropolitan areas, and GJCP is consistently recognised as a leader in the sustainability within the logistics sector. GJCP holds a first right of refusal over stabilised assets developed by Goodman in Japan, including stabilised assets sold by GJDP.

As at December 31, 2023, GJCP owned 1.3 million sqm of industrial space across 20 properties. Total assets were A\$4.2 billion.

It has senior secured mortgage finance on an asset specific basis. As at December 31, 2023, GJCP's consolidated Gearing Ratio was 28.8%.

Goodman UK Partnership

Initially established in 2015 and further expanded in 2020 and 2021, GUKP refers to three separate partnerships (GUKP LP, GUKP II LP and GUKP III LP) with overlapping investors and separate mandates to invest and develop logistics properties in core United Kingdom locations. GUKP III LP has a right of first offer from us for any investment in the United Kingdom but with a target focus on Greater London, the South East and the M1/M6 Midlands regions of the United Kingdom. GUKP II LP was established to focus on existing income producing opportunities within the Greater London areas of the United Kingdom and GUKP LP was established to invest in industrial and logistics assets in Greater London, the South East and the M1/M6 Midlands regions of the United Kingdom and maintains a substantial completed portfolio of investment assets and a development work book.

As at December 31, 2023, GUKP owned 0.4 million sqm of industrial space across 13 properties. Total assets were A\$2.3 billion. We hold a 33.3% cornerstone shareholding in GUKP LP and GUKP II and 50% interest in GUKP III LP.

BGMG 1 Oakdale West Trust

Established in 2016, OWT is a co-investment between us, GAIP and Brickworks and owns properties and land currently under development in New South Wales, Australia. We hold a 10% investment in OWT.

As at December 31, 2023, OWT owned 0.4 million sqm of industrial properties. Total assets were A\$1.7 billion.

As at December 31, 2023, OWT's Gearing Ratio was 35.0%. The Partnership has a secured debt platform.

BGMG 1 Oakdale East Trust No.2

Established in 2022, OET is a co-investment between us and Brickworks and owns land currently under development in New South Wales, Australia. We hold a 50% investment in OET.

Build Hold Trust

Established in 2022, BHT is a co-investment between us and Brickworks and holds income producing land banks across Australia.

As at December 31, 2023, BHT owned 4.4 million sqm across 14 properties. Total assets were A\$0.4 billion. We hold a 49.9% investment in BHT.

Goodman Australia Development Partnership

Established in 2010, GADP is a co-investment vehicle between us and CPPIB with the primary objective to invest in high quality, newly developed logistics assets alongside Goodman in prime Australian markets in Sydney, Melbourne and Brisbane. GADP has returned all the initial equity to the two co-investors with the asset concentration now focused in its entirety to Sydney.

As at December 31, 2023, GADP owned 0.2 million sqm across 6 properties. Total assets were A\$0.5 billion.

GADP has a senior secured debt platform and as at December 31, 2023, its gearing was at 24.3%.

KWASA-Goodman Industrial Partnership

Initially established in June 2012 and further expanded in October 2022, KGIP refers to two separate partnerships (KGIP I and KGIP II) with overlapping investors and separate mandates to invest with a focus on stable income-driven returns from Australian industrial properties in the major cities on the eastern seaboard. KGIP is a co-investment between us and EPF.

As at December 31, 2023, KGIP owned 0.4 million sqm of industrial space across 7 properties. Total assets were A\$1.9 billion. We hold a 40.0% cornerstone shareholding in KGIP I and 51.0% cornerstone shareholding in KGIP II.

As at December 31, 2023, KGIP's Gearing Ratio was 29.5%. The partnership has a secured debt platform.

South Sydney Partnership

Established in 2023, the South Sydney Partnership is a co-investment in Australia between us and GAIP and is focused on stable income and development driven returns from industrial properties in Sydney.

As at December 31, 2023, the South Sydney Partnership owned 0.1 million sqm of industrial space across 2 properties. Total assets were A\$0.9 billion. We hold a 51.0% cornerstone investment in the South Sydney Partnership.

KWASA-Goodman Germany

Established in 2013, KGG is a co-investment between us and EPF for investment in logistics assets in Germany and the United Kingdom. EPF holds the majority share. The co-investment provides for an equity commitment of €500 million and is currently focused on Germany. In March 2024, the Partnership was extended until December 31, 2030 (with a liquidity review on December 31, 2028).

As at December 31, 2023, KGG owned 0.7 million sqm across 11 properties. Total assets were A\$1.4 billion and Gearing Ratio was 35.6%.

Goodman Japan Data Centre Venture

GJDCV was established in May 2023 as a joint venture with a major domestic institutional investor that is focused exclusively on Japanese data centre investments.

Goodman Japan Development Partnership

Established in 2012, GJDP is a 50/50 joint venture between us and a Middle Eastern sovereign wealth fund. GJDP's investment strategy is focused on developing prime industrial property and digital infrastructure in Japan, primarily in Greater Tokyo and Greater Osaka.

As at December 31, 2023 GJDP owned development land and five assets under development with total assets of A\$0.9 billion.

Goodman Brazil Logistics Partnership

Established in 2018, Goodman Brazil Logistics Partnership's investment strategy is focused on the development of and investment in prime quality logistics and industrial facilities in key locations in Brazil, with particular focus on Sao Paulo. The commitment period and exclusivity period has ended in November 2021, but development activity of the existing portfolio will continue to drive the GLBP growth for the upcoming years with current development WIP (at estimated end value) of A\$0.1 billion expected to grow to A\$0.3 billion during FY2025.

As at December 31, 2023 GBLP owned one stabilised property and four assets under development and had total assets of A\$0.2 billion. We hold a 15% cornerstone shareholding in GBLP.

As at December 31, 2023, GBLP had no debt.

Other development joint ventures

In addition to our direct property investments and investments in Partnerships referred to above, we also have other joint venture investment interests that held investments in development properties in Australia, Asia, the United Kingdom and Continental Europe with a consolidated investment carrying value as at December 31, 2023 of A\$332.6 million.

Management services

We provide management services with respect to our direct property investments and our Partnerships. Revenue is derived from base fees, performance fees, property service fees and transaction fees. As at December 31, 2023, our property management teams provided services to 436 properties. Our investment management teams were responsible for the management of assets totalling A\$74.9 billion held in our Partnerships comprising 418 stabilised investment properties.

For HY2024, the management services business contributed A\$360.8 million, or 25% of Operating Earnings. For FY2023, the management services business contributed A\$480.6 million, or 21%, of Operating Earnings. The growth in management services income (primarily base fees and property services fees) over these periods is primarily attributable to growth in Total Property Portfolio. Performance-related income is to some extent dependent on the timing of the assessment dates but has continued to provide a strong contribution to Management—Operating Profit over these periods.

The following table provides a summary of our earnings from the performance of management services and the percentage of Operating Earnings management services contributed compared to our overall business for HY2024, FY2023, FY2022 and FY2021.

Management—Operating Profit (A\$ millions)

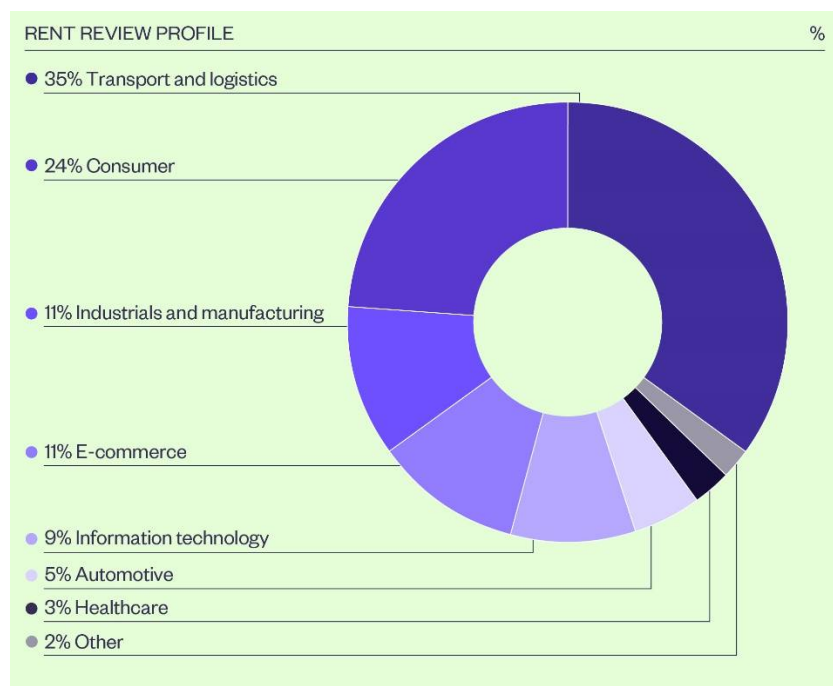
	Half Year ended December 31, 2023	Year ended June 30, 2023	Year ended June 30, 2022	Year ended June 30, 2021
	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)
Management services income	225.1	438.7	380.4	310.1
Performance related income	135.7	41.9	208.0	149.0
Management—Operating profit ⁽¹⁾	360.8	480.6	588.4	459.1
% of Operating Earnings ⁽¹⁾	25	21	29	29

Note:

(1) Management—Operating Profit and Operating Earnings non-IFRS measures we use to measure operating performance. See Appendix A for a reconciliation of this financial information to the nearest AAS measures applicable to us. See also “Financial information presentation—Non-IFRS financial measures”.

Our management services business has a customer base that is diversified across industry segments, which, as at December 31, 2023 was comprised of customers in the following industries (by NPI): transportation and logistics (35%), consumer (24%), information technology (9%), e-commerce (11%), industrials and manufacturing (11%), automotive (5%), healthcare (3%) and other (2%).

Rent review profile As at December 31, 2023



Property management

Our property management team provides property related services to our directly owned properties and properties in our Partnerships. Our “in-house” services include the procurement of new properties, new customers and lease renewals, maintenance, refurbishments and undertaking environmental assessments. Property management is a key component of our “own+develop+manage” business model. Through managing the needs of customers “in house”, we gain access to current property information, which provides visibility to portfolio performance and the changing requirements of our customers. Through internal property management, we believe we are able to foster long-term relationships, facilitate higher occupancy rates and ultimately drive superior investment returns.

Our property management team strives to maintain these buildings to the standard expected by our customers, and to ensure high occupancy and to maximize cash flow. As at December 31, 2023, the WALE for Partnership stabilised properties we managed was 5.3 years and the occupancy rates across Partnership stabilised properties we managed was 98% (by NPI).

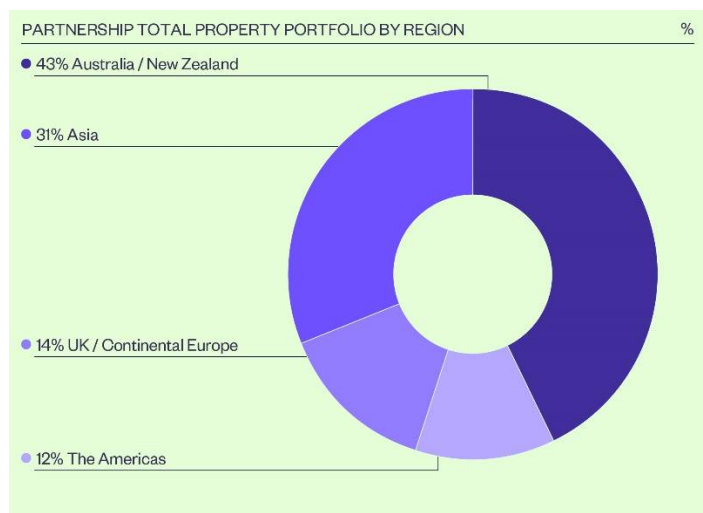
Below is a summary of the top 20 customers across our property portfolio (including our Partnerships) as at December 31, 2023 (by our proportionate share of NPI).

**Top 20 customers (by NPI)
As at December 31, 2023**

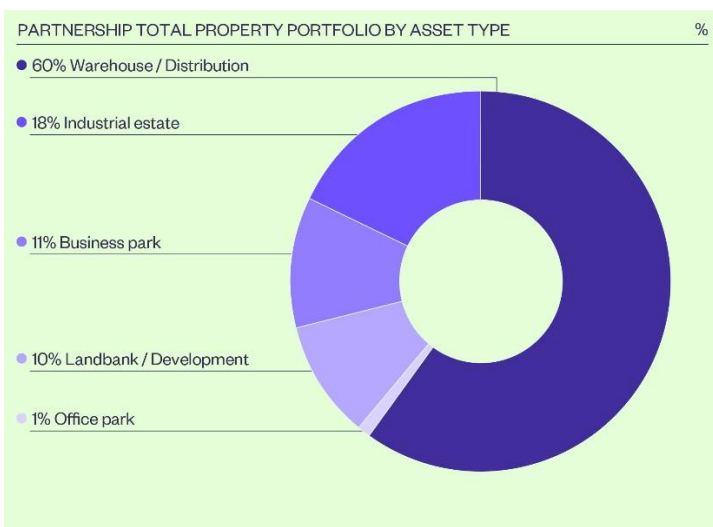
CUSTOMERS	NPI %
Amazon	8.7
Samsung Electronics America, Inc.	2.4
Deutsche Post (DHL)	1.8
A.P. Moller – Maersk	1.5
Relativity Space	1.4
VDC Powerbase	1.3
Equinix	1.3
Coles Group	1.2
Iron Mountain	1.1
Brickworks	1.1
Kunchi	1.0
Koch	0.9
BMW Group	0.8
DB Schenker	0.8
DSV	0.8
Global Express	0.8
Mainfreight	0.7
SF Express	0.7
Sprouts	0.6
JD.com	0.6

Our property management platform serves customers in every region in which we are active, across the full range of properties that we own, manage or develop. The following charts illustrate the percentages of Total Property Portfolio (by value) of our Partnerships across the regions in which we operate and by type of property.

**Total Property Portfolio of Partnerships
by region
As at December 31, 2023**



**Total Property Portfolio of Partnerships
by property type
As at December 31, 2023**



Investment management

Our investment management platform is underpinned by our Partnerships across 14 countries. These entities own, and in many cases develop, industrial properties and business space. Our Partnerships generally conduct business in the local currency of the real estate that the Partnership owns. We manage our Partnerships on behalf of our investment partners, with ownership varying from between one to 27 investment partners. See “—Business operations—Property investment—Cornerstone investments—Cornerstone investments in Partnerships”. In addition to, but distinct from, the property investment revenues derived from our cornerstone investments in our Partnerships, we derive base investment management fees and performance fees.

Each of our Partnerships has its own board and/or investment committee and makes decisions independently. However, there are a number of common characteristics present across many of our Partnerships, which include:

- **Cornerstone interests**—We have an interest in each Partnership we manage (excluding GCIP, in which we have no direct investment but instead hold our interest via GHKLP which in turn has a 50% stake in GCIP) and are required to hold a minimum investment in certain Partnerships. Our ownership interests vary from 10% to 55%.
- **Governance**—Our Partnerships have investment committees and/or boards that comprise investor representatives (including Goodman) which consider and approve material decisions with respect to (but not limited to financing, acquisitions and disposals).
- **Liquidity Reviews**—Some of our Partnerships have provisions which allow our investment partners to vote to review strategy and targets or to realize gains on the Partnership’s assets. Partnership terms (i.e., time between liquidity reviews) are generally five to ten years, reflecting the long-term nature of the Partnership strategy and commitment from investment partners. Important points regarding liquidity reviews include:
 - we have successfully undertaken a liquidity review, and extended our eight largest Partnerships;
 - on average, there are two to three liquidity reviews in these Partnerships per year;
 - liquidity review extension process varies considerably among the Partnerships, with some differences in voting thresholds, timing and strategies to manage alternative outcomes. Should any investment partners seek liquidity, the various strategies across the Partnerships can include finding liquidity for individual unitholders, borrowing, recapitalization, debt, trade sales, listing on the public market, or buying the assets from the selling investment partner;

- the process allows for sufficient time to manage the outcomes in and orderly timescale;
 - one of the eight largest Partnerships has a liquidity review in the next 12 months; and
 - the investment committees in our Partnerships have significant oversight and involvement in the process to ensure a considered result.
- *Investment opportunities*—The unlisted Partnerships generally have a right of first refusal over properties we own and offer for sale or potential property investments we have identified in the jurisdictions in which the applicable Partnership operates. Exceptions include circumstances where there were pre-existing Partnerships in the jurisdiction.
 - *Management of conflicts of interest*—Given that we and our Partnerships operate in the same property markets and that we provide property management and development services to our Partnerships, conflicts of interest may arise from time to time. In order to manage such conflicts, most of the boards or investment committees of our Partnerships are made up of a majority of independent directors or investor representatives. We do not vote on approvals of related party transactions where a conflict of interest exists. See “Risk factors—Risks relating to our business and industry—Conflicts of interest could limit our current and future business opportunities.”

As at December 31, 2023, our investment management business was responsible for Partnerships which held 418 properties across 14 countries, and collectively had Total Property Portfolio of A\$74.9 billion. A summary of our cornerstone investments can be found in “—Business operations—Property investment—Cornerstone investments—Cornerstone investments in Partnerships”.

Partnership manager appointments

Goodman Australia Industrial Partnership

GFMAL is a wholly owned subsidiary of GL and is the responsible entity of GAIP, a stapled structure comprising three registered managed investment schemes. If GAIP’s members wish to remove GFMAL as the responsible entity of GAIP, they may call a meeting to vote on such removal and the appointment of a successor responsible entity (in both cases requiring an extraordinary resolution). To convene a meeting, members with at least 5% of the votes that may be cast on a resolution (or alternatively a minimum of 100 members who are entitled to vote on the resolution) must request GFMAL to convene such a meeting. Alternatively, members who hold 5% of the votes that may be cast at a meeting of GAIP’s members may call and arrange a meeting of members. The responsible entity appointed to manage GAIP must be a public company that holds an Australian financial services license authorising it to operate a managed investment scheme. Separate approvals must be sought for each registered managed investment scheme that comprises GAIP.

As each of the registered managed investment schemes comprising GAIP is unlisted, GFMAL and its associates are not entitled to vote on a resolution of GAIP if they have an interest in the resolution or matter other than as a member.

Pre-emptive rights are triggered under a relationship deed between GFMAL and GFML (amongst others) if GAIP members pass a resolution to remove GFMAL as the responsible entity of GAIP (other than where the resolution is sought following a final determination by a court of competent jurisdiction of fraud, wilful misconduct or gross negligence by GFMAL) and replace it with a company which is not a related body corporate of GL. In this circumstance GFML may require that GFMAL sell to GFML all of the properties at that time held by GAIP.

GPSA, a wholly owned direct subsidiary of GL, provides property management, agency and due diligence services to GAIP under a services agreement. If GPSA commits a material breach of the agreement, GFMAL (as responsible entity of GAIP) may provide a cure notice to GPSA and if GPSA fails to comply with that notice GFMAL may take over the whole or part of any uncompleted service or terminate the agreement. The agreement may also be terminated by GFMAL if GPSA is subject to an insolvency event. Further, the agreement may be terminated in the event that GPSA suspends performance of the services without reasonable cause, ceases to hold an appropriate license to provide the services, fails to perform any service promptly, diligently or competently, refuses or persistently neglects to comply with a direction or other request of GFMAL given under the agreement, commits any other material breach of the agreement or fails to meet the required number of key performance indicators under the agreement and does not rectify the failure within certain timeframes.

Any rights to terminate due to insolvency may be subject to a moratorium on enforcement of those rights as a result of Australian *ipso facto* laws.

Goodman Hong Kong Logistics Partnership

GHKLP is a company incorporated in the Cayman Islands as Goodman Hong Kong Logistics Fund. GHK Investment Management Limited (the “Investment Manager”) and GPS Hong Kong Limited (the “Property Manager”), which are wholly owned subsidiaries of GLHK, are appointed as GLHK’s investment manager and property manager respectively (together, the “Service Providers”) pursuant to a services agreement (the “Services Agreement”). The Investment Manager provides investment management and reporting services to GHKLP and the Property Manager provides property management services in relation to the properties owned by GHKLP.

If the Service Providers fail to meet certain key performance indicator(s), the Service Providers must use reasonable endeavours to remedy the key performance indicator failure within the cure period for the relevant key performance indicator as specified in the Services Agreement or the cure period granted by GHKLP’s Investors Committee, or a key performance indicator review event may occur. There is also a review event where certain key persons change.

Where there has been a key performance indicator review event, a key person review event, change of control of Goodman (if Goodman’s direct or indirect interest in GHKLP falls below a specified number of shares, currently representing more than 20% of the shares in GHKLP) or a Service Provider is found to have committed gross negligence, fraud or wilful misconduct in the performance of its obligations under the Services Agreement, the shareholders of GHKLP may, by passing a resolution by a special majority (75% vote), replace the Service Providers or require that the Service Providers undertake a procedure to realize the properties and assets of GHKLP and ultimately wind up the principal asset owning subsidiary of GHKLP, Goodman HK Investments.

Goodman North American Partnership LP

GNAP is a Delaware Limited Partnership between us and CPPIB. The General Partner is Goodman Investments GP LLC and may be removed by CPPIB on a “Cause Event” by delivering notice to the General Partner. A Cause Event may arise on a breach of fiduciary duties, wilful misfeasance or malfeasance or gross negligence that is expected to have a material adverse effect, insolvency of the general partner or Goodman Group, or in respect of a material violation by certain senior executives of securities laws or a felony involving bribery, fraud, embezzlement or misappropriation of Partnership assets or an uncured breach of the management agreements, where such executive is not terminated and the Partnership reimbursed.

Goodman North America Management LLC has been appointed to provide asset manager services to GNAP under an asset management agreement. GNAP may terminate the agreement on the insolvency of the asset manager or where the asset manager or any of its representatives commits fraud or gross negligence that has a material adverse effect on GNAP, or defaults under its material obligations where such breach or default is not capable of being cured or where it is not cured within 20 business days.

Goodman Australia Partnership

Goodman Industrial Funds Management Limited (“GIFML”) is a wholly owned subsidiary of GL and is the trustee of GAP, an unregistered managed investment scheme. GAP is governed in accordance with its constitution and unitholders’ agreement, which establishes an investment committee. GPSA, a wholly owned subsidiary of GL, provides asset management services to GAP under a management agreement. In addition, GPSA provides property services and GPSA will, where required, provide development and project management services to GAP.

GIFML, on direction of GAP’s investment committee, may terminate the management agreement if GPSA (or its related entities) are subject to an insolvency event, commit fraud, wilful default or misconduct, misappropriation, breach of fiduciary duty or dishonesty, are negligent and this has a material adverse effect, and in certain other circumstances including breach of material obligations and applicable performance benchmarks. GAP’s investment committee may also direct that the management agreement be terminated on a change of control of GPSA. There is also a review event where certain key persons change.

In addition, GPSA may be removed by GIFML acting on direction of GAP’s investment committee. Goodman also has a right to put its investment in GAP back to the other investors in GAP in such circumstances.

Any rights to terminate due to insolvency may be subject to a moratorium on enforcement of those rights as a result of Australian *ipso facto* laws.

Goodman European Partnership

GEP is a *fonds commun de placement—fonds d'investissement spécialisé* ("FCP-FIS") established in Luxembourg that qualifies as an alternative investment fund under AIFMD. As GEP does not have a legal personality but is managed by GELF Management (Lux) S.à. r.l. ("GELF Management Lux"), that also acts as the alternative investment fund manager of GEP for the purposes of AIFMD.

Unitholders can remove GELF Management Lux by a simple majority (greater than 50%, excluding the vote of Goodman entities) vote if a court of first instance passes a judgment that either any of GEP's investment advisors (being Goodman Operator (UK) Limited, Goodman Management Services (Belgium) NV, Goodman Management Holdings (Lux) S.à. r.l., Goodman Logisinsure (Belgium) NV, and Goodman Logistics Developments (UK) Limited), is bankrupt or insolvent, and/or that GELF Management Lux and/or an investment advisor and/or their directors, officers or employees have been fraudulent, or have committed wilful misconduct or have been grossly negligent in the performance of its or their duties under the management regulations or the investment advisory agreement, as the case may be. Such removal will only be effective at the moment a successor management company takes over the functions of GELF Management Lux and such successor management company has obtained the approval of the Luxembourg regulator and of a simple majority vote of a general meeting of unitholders.

In addition, unitholders can remove GELF Management Lux by a special majority (greater than 75%, excluding the vote of Goodman entities) vote upon the occurrence of certain change of control events.

Goodman China Logistics Partnership

GCLP is a company incorporated in the Cayman Islands as Goodman China Logistics Holding Limited. GCL Asset Management Limited (the "GCLP Asset Manager"), which is a wholly owned subsidiary of GLHK, provides asset management services pursuant to an asset management agreement. Group subsidiaries also provide management services and development and project management services to relevant subsidiaries of GCLP. GCLP is governed by the terms of its Memorandum and Articles of Association and a Shareholders' Agreement. GCLP Asset Manager's appointment may be terminated by GCLP in the event that the GCLP Asset Manager commits fraud or acts with gross negligence that results in a material adverse financial effect on GCLP, breaches any of its material obligations and, if capable of remedy, such breach has not been remedied within 20 business days, where we seek to transfer our investment in GCLP or GCLP Asset Manager, or its direct or indirect parent company is subject to insolvency.

Goodman Japan Core Partnership

GJCP is a *fonds commun de placement—fonds d'investissements alternatifs réservés* ("FCP-RAIF") established in Luxembourg that qualifies as an alternative investment fund under the European Union Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD"). As an FCP-RAIF, GJCP does not have a legal personality but is managed by Goodman Funds Management (Lux) S.à. r.l. ("GFM Lux"), a statutory management company (*société de gestion*) having a legal personality that also acts as the alternative investment fund manager of GJCP for the purposes of AIFMD. GFM Lux is a wholly owned subsidiary of GLHK.

Unitholders of GJCP can remove GFM Lux by a special majority (greater than 75%, excluding the vote of Goodman entities). In the event that the unitholders vote to remove GFM Lux, a winding-up of GJCP will be triggered unless there has been a change of control of the management company or GFM Lux, has been found to have been fraudulent, committed wilful misconduct or been grossly negligent in the performance of its duties. GFM Lux will be entitled to its performance fee in the wind-up process unless it is found by a final judgment of a court of competent jurisdiction to have been fraudulent, committed wilful misconduct or been grossly negligent in its performance of its duties.

Goodman Japan Development Partnership

GJDP is managed by its General Partner, GJDP Limited, a Cayman Islands company controlled by Goodman Logistics (HK) Limited. In accordance with the GJDP partnership deed, the General Partner has delegated certain management functions to wholly-owned Japanese subsidiaries of Goodman Group. Goodman Japan Limited ("GJL") acts as Development Manager for each project as well as Property Manager to each completed project, and Goodman Japan Funds Limited ("GJF") acts as Asset Manager to each of the domestic SPCs holding the development assets.

The terms of each of the agreements appointing GJF as Asset Manager, and GJL as Development Manager and Property Manager to each SPC allow for the shareholders of the SPC to remove the Goodman entity, in each case, for (1) unremedied breach of the agreement; (2) dissolution, bankruptcy or other similar insolvency event; (3) material loss of assets, reputation or personnel of the SPC that is attributable to GJF or GJL; (4) breach of representations and warranties; or (5) loss of necessary regulatory licenses or qualifications.

Goodman UK Partnership

GUKP or Goodman UK Partnership refers to three separate legal partnerships managed by Goodman in the United Kingdom, being GUKP LP, GUKP II LP and GUKP III LP.

GUKP LP is an English Limited Partnership among CPPIB, APG and us. Goodman UK Partnership GP LLP, an English LLP acts as General Partner and is itself a joint venture among CPPIB, APG and us. The Members Agreement governs the operation of the General Partner LLP and the mutual rights and duties of the partners. Under the Members Agreement the General Partner appoints Goodman Logistics Management (UK) Limited to manage the business of the General Partner. The Limited Partnership Agreement for GUKP LP sets out the provisions in relation to the operation and management of GUKP LP.

An Investment Advisory and Management Services Agreement (“IAMSAs”) among the General Partner, on behalf of GUKP LP, Goodman Logistics Management (UK) Limited (the “Investment Adviser”) and Goodman Operator (UK) Limited (the “Regulated Investment Adviser”), provides for investment advisory, property management, leasing, development, capital expenditure works and construction management services by the Investment Adviser. The Regulated Investment Adviser provides any services that would constitute regulated activities under the FSMA. Termination of the IAMSAs requires that both APG and CPPIB vote in favour of a resolution to terminate the IAMSAs. The IAMSAs can be terminated in accordance with its terms by the General Partner for the following: (1) cause; (2) certain events of default by Goodman under the IAMSAs; (3) the Operating Agreement is terminated in accordance with its terms; (4) Goodman falls below its minimum holding commitment (without being permitted to do so); (5) certain change of control events with respect to Goodman; or (6) Goodman is one of the partners who votes not to extend the Partnership term and has its interest bought by the other partners.

Under the Operating Agreement, the General Partner, on behalf of GUKP LP, has appointed Goodman Operator (UK) Limited to act as the operator of GUKP LP and to do all acts and things on behalf of GUKP LP requiring authorization under the FSMA. The Operating Agreement can be terminated if Goodman ceases to maintain the necessary regulatory permissions to operate the Collective Investment Scheme and provide the regulated services or the IAMSAs is terminated.

GUKP II LP is an English Limited Partnership among CPPIB, APG and us. Goodman UK Partnership II GP LLP, an English LLP acts as General Partner and is a member of Goodman Group which has a discretionary mandate to manage GUKP II LP. The Limited Partnership Agreement for GUKP II LP sets out the provisions in relation to the operation and management of GUKP II LP.

An Investment Advisory and Management Services Agreement (“IAMSAs”) among the General Partner, on behalf of GUKP II LP, Goodman Logistics Management (UK) Limited (the “Investment Adviser”) and Goodman Operator (UK) Limited (the “Regulated Investment Adviser”), provides for investment advisory, property management, leasing, development, capital expenditure works and construction management services by the Investment Adviser. The Regulated Investment Adviser provides any services that would constitute regulated activities under the FSMA. Termination of the IAMSAs requires that the Limited Partners vote in favour of a resolution to terminate the IAMSAs. The IAMSAs can be terminated in accordance with its terms for the following: (1) cause; (2) certain events of default by Goodman under the IAMSAs; (3) the Operating Agreement is terminated in accordance with its terms; (4) Goodman falls below its minimum holding commitment (without being permitted to do so); (5) certain change of control events with respect to Goodman; or (6) Goodman is one of the partners who votes not to extend the Partnership term and has its interest bought by the other partners.

Under the Operating Agreement, the General Partner, on behalf of GUKP II LP, has appointed Goodman Operator (UK) Limited to act as the operator of GUKP II LP and to do all acts and things on behalf of GUKP II LP requiring authorization under the FSMA. The Operating Agreement can be terminated if Goodman ceases to maintain the necessary regulatory permissions to operate the Collective Investment Scheme and provide the regulated services or the IAMSAs is terminated.

GUKP III LP is an English Limited Partnership among APG and Goodman. Goodman UK Partnership III GP LLP, an English LLP acts as General Partner and is a member of Goodman Group which has a discretionary mandate to manage GUKP III LP. The Limited Partnership Agreement for GUKP III LP sets out the provisions in relation to the operation and management of GUKP III LP.

An Investment Advisory and Management Services Agreement (“IAMSAs”) among the General Partner, on behalf of GUKP III LP, Goodman Logistics Management (UK) Limited (the “Investment Adviser”) and Goodman Operator (UK) Limited (the “Regulated Investment Adviser”), provides for investment advisory, property management, leasing, development, capital expenditure works and construction management services by the Investment Adviser. The Regulated Investment Adviser provides any services that would constitute regulated activities under the FSMA. Termination of the IAMSAs requires that the Limited Partners vote in favour of a resolution to terminate the IAMSAs. The IAMSAs can be terminated in accordance

with its terms for the following: (1) cause; (2) certain events of default by Goodman under the IAMS; (3) the Operating Agreement is terminated in accordance with its terms; (4) Goodman falls below its minimum holding commitment (without being permitted to do so); (5) certain change of control events with respect to Goodman; or (6) Goodman is one of the partners who votes not to extend the Partnership term and has its interest bought by the other partners.

Under the Operating Agreement, the General Partner, on behalf of GUKP III LP, has appointed Goodman Operator (UK) Limited to act as the operator of GUKP III LP and to do all acts and things on behalf of GUKP III LP requiring authorization under the FSMA. The Operating Agreement can be terminated if Goodman ceases to maintain the necessary regulatory permissions to operate the Collective Investment Scheme and provide the regulated services or the IAMS is terminated.

BGMG 1 Oakdale West Trust

BGMG 11 Pty Limited, owned by us (50%) and Brickworks (50%), is the trustee of OWT. OWT is governed in accordance with its trust deed and unitholders deed, which establishes a management committee. GPSA, a wholly owned subsidiary of GL, provides property services to OWT under a property management and services agreement and GPSA will, where required, provide development and project management services to OWT.

BGMG 11 Pty Limited (as owner of the property) may terminate the property management and services agreement if an insolvency event occurs in respect of GPSA or if after a rectification period GPSA remains in breach of certain material obligations under the agreement.

Any rights to terminate due to insolvency may be subject to a moratorium on enforcement of those rights as a result of Australian “ipso facto” laws.

BGMG 1 Oakdale East Trust No.2

BGMG 14 Pty Limited, owned by us (50%) and Brickworks (50%), is the trustee of OET. OET is governed in accordance with its trust deed and unitholders deed, which establishes a management committee. GPSA provides development and project management services to OET under a development and project management deed (infrastructure works).

Build Hold Trust

Build Head Co Pty Limited, owned by us (49.9%) and Brickworks (50.1%), is the trustee of BHT. BHT is governed in accordance with its trust deed and a unitholders deed, which establishes a management committee. GPSA, a wholly owned subsidiary of GL, provides property services to BHT under a property management and services agreement and GPSA will, where required, provide development and project management services to Build Hold Trust.

Build Head Co Pty Limited (as owner of the sub-trusts which own the property) may terminate the property management and services agreement if an insolvency event occurs in respect of GPSA or if after a rectification period GPSA remains in breach of certain material obligations under the agreement.

Any rights to terminate due to insolvency may be subject to a moratorium on enforcement of those rights as a result of Australian “ipso facto” laws.

Goodman Australia Development Partnership

GADP is an unregistered managed investment scheme, and its trustee is GIFML. GPSA, a wholly owned subsidiary of GL, provides asset management services under an asset management agreement. In addition, GPSA provides property services and development and project management services to GADP. GADP is governed by its trust deed, GIFML's constitution and a unitholders' deed. The asset management agreement may be terminated by a trustee of a sub-trust of GADP (as instructed by GADP) in the event that GPSA becomes insolvent, commits fraud or acts with gross negligence that has a material adverse financial effect on GADP, defaults in the performance of its obligations and, if capable of remedy, such breach has not been remedied within 20 business days thereof, if GPSA is no longer a part of the Group, upon the occurrence of an event of default under GADP's unitholders' deed or if GADP becomes listed on a publicly traded market.

Any rights to terminate due to insolvency may be subject to a moratorium on enforcement of those rights as a result of Australian *ipso facto* laws.

KWASA-Goodman Industrial Partnership I

KGIP I is an unregistered managed investment scheme, and its trustee is GIFML. GIFML, as trustee of KGIP I, has appointed GPSA as investment manager under an investment management agreement and as manager under a property management and leasing agreement to provide property management and leasing services (the investment management agreement and the property management and leasing agreement together, the “Management Agreements”). Under

KGIP I's Investors Deed, if the trustee terminates a Management Agreement in accordance with its terms, then EPF may appoint a replacement manager for the purposes of that Management Agreement.

KGIP I's investment management agreement can be terminated by the trustee if the investment manager commits fraud, wilful default or misconduct, misappropriation, breach of fiduciary duty or dishonesty, or is negligent, and such negligence has a material adverse effect that is not remedied, and if the investment manager materially breaches its obligations under the investment management agreement while failing to remedy such breach or if no remediation is possible. The trustee may also terminate KGIP I's investment management agreement if a relevant license necessary to provide the services is not held. The documents expressly provide that the trustee may also terminate a Management Agreement if Goodman no longer controls the manager, or an insolvency event occurs in respect of the manager.

Under KGIP I's property management and leasing agreement, the documents expressly provide that the trustee (as owner of the property) may terminate the agreement if the manager materially breaches its obligations under the agreement while failing to remedy such breach, if the manager does not have a necessary license for the services, Goodman no longer controls the manager or an insolvency event occurs in respect of the manager. Any rights to terminate due to insolvency may be subject to a moratorium on enforcement of those rights as a result of Australian "ipso facto" laws.

KWASA-Goodman Industrial Partnership II

GIFML is the trustee of the trusts comprising KGIP II. GIFML, as trustee of the KGIP II trusts, has appointed GPSA as investment manager under an investment management agreement and as manager under a property management and leasing agreement to provide property management and leasing services (the investment management agreement and the property management and leasing agreement together, the "Management Agreements"). Under KGIP II's Investors Deed, if the trustee terminates a Management Agreement in accordance with its terms, then EPF may appoint a replacement manager for the purposes of that Management Agreement.

KGIP II's investment management agreement can be terminated by the trustee if the investment manager commits fraud, wilful default or misconduct, misappropriation, breach of fiduciary duty or dishonesty, or is negligent, and such negligence has a material adverse effect that is not remedied, and if the investment manager materially breaches its obligations under the investment management agreement while failing to remedy such breach or if no remediation is possible. The trustee may also terminate KGIP II's investment management agreement if a relevant license necessary to provide the services is not held. The trustee may also terminate a Management Agreement if Goodman no longer controls the manager or an insolvency event occurs in respect of the manager.

Under KGIP II's property management and leasing agreement, the trustee (as owner of the property) may terminate the agreement if the manager materially breaches its obligations under the agreement while failing to remedy such breach, if the manager does not have a necessary license for the services, Goodman no longer controls the manager or an insolvency event occurs in respect of the manager.

Any rights to terminate due to insolvency may be subject to a moratorium on enforcement of those rights as a result of Australian "ipso facto" laws.

South Sydney Partnership

Each of the trusts comprising the SSP are governed by their respective trust deeds and a unitholders deed, which establishes a management committee. GPSA, a wholly owned subsidiary of GL, provides services under services agreements to the SSP. GPSA has and will, where required, provide development and project management services to the SSP.

The trustees of the trusts comprising the SSP (as owners of the properties) may terminate their respective services agreement if an insolvency event occurs in respect of GPSA or if after a rectification period GPSA remains in breach of certain material obligations under the agreement.

Any rights to terminate due to insolvency may be subject to a moratorium on enforcement of those rights as a result of Australian "ipso facto" laws.

Goodman CPPIB Interlink Partnership

GCIP, a company incorporated in Cayman Islands as Goodman Interlink Limited, a joint venture which is 50% owned by CPPIB Interlink Investments Inc. ("CPPIII") and 50% owned by GHKLP. GCIP owns Goodman Interlink, a 224,000 sqm warehouse and distribution facility in Hong Kong's Tsing Yi port district. Each shareholder has granted the other pre-emptive rights in respect of its shares.

CPPIII has appointed Goodman Asia Limited, a wholly owned subsidiary of GLHK, to provide management and other services. The management agreement will automatically terminate in the event that CPPIII transfers all of its interests in

GCIP and CPPIII may also terminate the agreement where there is a change in control of Goodman Asia Limited, where Goodman Asia Limited becomes insolvent or if Goodman Asia Limited or its representatives commit fraud or gross negligence that has a material adverse financial effect on CPPIII provided that, where capable of remedy, it is not remedied within 20 business days after Goodman Asia Limited receives written notice of the breach.

KWASA-Goodman Germany

KGG is a co-investment between us and EPF for investment in companies holding logistics assets. Goodman Management Holdings (Lux) S.à r.l., Goodman Logisinsure (Belgium) NV. and Goodman Operator (UK) Ltd, wholly owned subsidiaries of GLHK and GL, respectively, have been appointed to provide investment advisory services under an investment advisory agreement. In addition, Goodman Germany GmbH and Goodman Logistics Developments (UK) Limited provide property management services, development management services and project management services to the German assets and the UK asset (respectively) held by KGG. KGG is governed by the terms of the articles of association of each SPV and shareholders' agreements.

The investment advisory agreement can be terminated by KGG if the investment adviser commits fraud, wilful default or misconduct, misappropriation, dishonesty or if the investment adviser is negligent, and such negligence has a material adverse effect, and if the investment advisor materially breaches its obligations under the investment advisory agreement while failing to remedy such breach or if no remediation is possible. KGG may also terminate the investment advisory agreement if Goodman is no longer a shareholder or in the event of a change of control over the investment advisor.

Goodman Japan Data Centre Venture

GJDCV was established in May 2023 pursuant to a Co-Investor Agreement.

GJDCV is managed by GJF, a wholly owned subsidiary of Goodman Group, and its purpose is to invest, directly or indirectly, in data centres in Japan. Each asset within GJDCV will be held in a separate special purpose vehicle, and asset management agreements between GJF and each of the vehicles contain clauses of termination of the agreement under certain conditions. However, there is no removal of manager clause.

Goodman Brazil Logistics Partnership

GBLP is a venture ("Venture") comprised of three Delaware limited partnerships (Logistics Investments LP, Brazil RE Investments LP, and GBLP Investments LP, together the "GBLP LPs"- the GBLP LPs were formed as limited liability companies and were converted into limited partnerships on December 27, 2022), which are bound by the Amended and Restated LP Agreements, signed on June 12, 2018, subsequently amended on August 20, 2021, and the subject of the Written Consent regarding the conversion on December 27, 2022.

The Venture is managed by Goodman Brazil Logistics GP, LLC ("Manager Member") and its purpose is to invest, directly and indirectly, in logistics and industrial assets or companies that own logistics and industrial assets in Brazil. The Venture invests in Brazil through Goodman Brazil Logistics Fundo de Investimento em Participações Multiestratégia ("Brazil FIP"), a *fundo de investimento em participações* established under the laws of Brazil of which each GBLP LP is a quotaholder. The Brazil FIP, in its turn, is managed by Goodman Consultoria, Participações e Administração de Valores Ltda., a Brazilian *sociedade empresária limitada*, owned by Goodman Group (the "Goodman FIP Manager").

The Venture Commitment Period and the Exclusivity Period ended in November 2021. Goodman Group will continue to develop the Venture existing portfolio, but new developments in Brazil will initially be developed on Goodman Group's own balance sheet. In the event of a cause event, as defined in the LLCs Agreements, Manager Member shall provide written notice to the key investors and Manager Member may be removed for any cause event by written notice to the Manager Member from all of the Voting investment Committee Members (other than the Voting IC Member appointed by Goodman Group).

Property development

Our property development business line develops industrial and business space for us, our Partnerships and other property investors. Existing development projects are focused on our core markets in Australia and New Zealand, Asia, the United Kingdom, Continental Europe, the United States and Brazil. Development activities are an essential part of our integrated business model. Development revenues are reflected in three main ways:

- sale of development projects (including stabilised investment properties that are redeveloped);
- fees for managing development projects undertaken inside the Partnerships; and
- development performance fees generated by exceeding hurdle returns on projects within the Partnerships.

The development pipeline provides access to product off-market and provides important market intelligence regarding the replacement cost of assets compared to buying completed assets in the open market. We, together with our Partnerships, have secured access to land in order to continue to add to the portfolio of stabilised investment properties through their development over time.

All development projects are managed “in-house” by internal development management teams. These teams provide the services necessary to source and manage a new development opportunity from conception through to delivery, including master planning and programming, architecture, infrastructure and service planning, project management, detailed planning, approvals processing, customer negotiations and pre-commitment execution. The structural design and construction of a development are outsourced but are overseen by our development management team. Understanding the development requirements and expansion needs of existing customers provides better service and a competitive advantage because it enables us to capture the expansion needs of existing customers and understand their respective development requirements. Moreover, internal development management provides access to information on market dynamics, enabling us to actively manage our development portfolio and respond to changing market conditions.

We believe that our development risks are also mitigated by the integrated property platform under which we operate. Specifically, developments are predominately undertaken on behalf of our Partnerships or third parties. This enables us to pre-sell development assets and thereby reduce sales and development risk. Third party capital is sourced through the Partnerships and strategic investment partners in an attempt to match development projects with available sources of funding. Further measures adopted with a view to mitigating development risks include transferring building risk to external contractors, while capping building costs through utilising fixed price contracts and limiting speculative development to supply-constrained markets such as select metropolitan markets in the United States, Greater China and Japan.

We undertake development activities on our own behalf, on behalf of our Partnerships and on behalf of third parties, through which we generate fees and development revenues.

In recent years a larger portion of development activity has been executed in our Partnerships on a fee for service basis. We believe this has been driven by a number of factors, including:

- our investment partners’ preferences along with our strategy to undertake more development in Partnership and reduce development capital allocation;
- track record and experience with our investment partners and the Partnerships platform;
- increasing returns;
- access to product through the property cycle;
- goodwill built up over many years operation;
- proven delivery; and
- secure funding.

Consequently, our direct exposure to development assets has not grown by the same proportion as the aggregate estimated end value of our WIP as our Partnerships have increased their respective capital allocations.

During HY2024, we completed 14 new developments with an aggregate value of A\$2.8 billion and commenced 18 new development projects with an estimated aggregate value of A\$3.0 billion upon completion. These commenced projects, on average, are expected to be completed within the next 21 months.

The following table summarizes key development metrics and provides an overview of the performance and business fundamentals of our property development business, as conducted on our own behalf and on behalf of our Partnerships and third parties, for HY2024, FY2023, FY2022 and FY2021.

**Key statistics of our developments and
our Partnerships' developments**

	Half Year ended December 31,	Year ended June 30,	Year ended June 30,	Year ended June 30,
	2023	2023	2022	2021
Aggregate WIP—Number of developments.....	85	81	85	73
Aggregate WIP—Total value upon completion (A\$ millions).....	12,887	12,993	13,637	10,625
Aggregate WIP—Balance sheet development (% of total value upon completion) ⁽¹⁾	23%	19%	15%	19%
Aggregate WIP—Pre-leased (% of total value upon completion) ⁽²⁾ ...	58%	59%	62%	70%
Development commencement—Total value upon completion (A\$ millions).....	3,042	5,974	7,873	6,589
Development completions—Total value upon completion (A\$ millions).....	2,808	6,879	6,034	2,394
Developments completed in Asia-Pacific (% of total value upon completion).....	88%	49%	63%	34%
Developments completed in Europe ⁽³⁾ (% of total value upon completion).....	12%	15%	22%	40%
Developments completed in Americas (% of total value upon completion).....	0%	36%	15%	26%

Notes:

- (1) Represents the percentage of aggregate WIP—total value upon completion to be funded by us.
(2) Represents the percentage of aggregate WIP—total value upon completion that is pre-leased by customers.
(3) Includes Continental Europe and the United Kingdom.

As at December 31, 2023 we managed development WIP with an estimated aggregate value upon completion of A\$12.9 billion. Funding of capital expenditure has been committed by our Partnerships, third parties and by us.

Development—Operating Profit comprises A\$804.7 million, or 56% of Operating Earnings, for HY2024. Historically, transactional profits derived from the disposal of properties to our Partnerships have comprised the largest component of development income. This component of development revenue has declined on a relative basis as an increasing share of development activities are being undertaken in our Partnerships. As a result, development fee revenue and development performance fees have increased and are expected to continue to increase in future periods.

The table below sets forth Development—Operating Profit and the percentage of Operating Earnings it represented compared to our overall business for HY2024, FY2023, FY2022 and FY2021.

Development—Operating Profit

	Half Year ended December 31, 2023	Year ended June 30, 2023	Year ended June 30, 2022	Year ended June 30, 2021
	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)
Development—Operating Profit (A\$ millions)	804.7	1,301.2	960.7	717.9
% of Operating Earnings ⁽¹⁾	56	56	47	45

Note:

- (1) Development—Operating Profit and Operating Earnings are non-IFRS measures we use to measure operating performance. See Appendix A for a reconciliation of this financial information to the nearest AAS measures applicable to us. See also "Financial information presentation—Non-IFRS financial measures".

The approach of increasing developments in our Partnerships dovetails with the demand from their long-term investors to invest appropriately through the property cycle.

This approach allows us and our investment partners to focus on development at each point in the property cycle and potentially stabilised assets in another point in the cycle, depending on the relative economics of one compared to the other depending on the current stage of the property cycle.

The table below contains a summary of our development business as at and for December 31, 2023 and June 30, 2023.

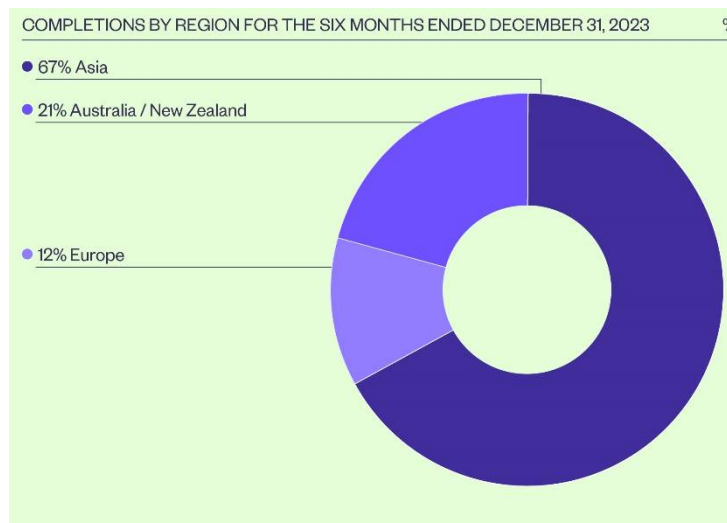
	HY2024			FY2023		
	Completed ⁽¹⁾	New Commencements ⁽¹⁾	WIP ⁽²⁾	Completed ⁽³⁾	New Commencements ⁽³⁾	WIP ⁽⁴⁾
Value (A\$ millions).....	2,808	3,042	12,887	6,879	5,974	12,993
Number of developments.....	14	18	85	44	44	81
GLA (millions sqm).....	0.6	0.8	3.7	1.5	1.1	3.4
Yield (%) ⁽⁵⁾	6.3%	6.9%	6.7%	7.4%	6.5%	6.6%
Pre-leased by customers (% by value).....	97%	68%	58%	99%	57%	59%
Pre-leased WALE (years).....	9.0	12.3	13.6	13.0	15.0	12.7

Notes:

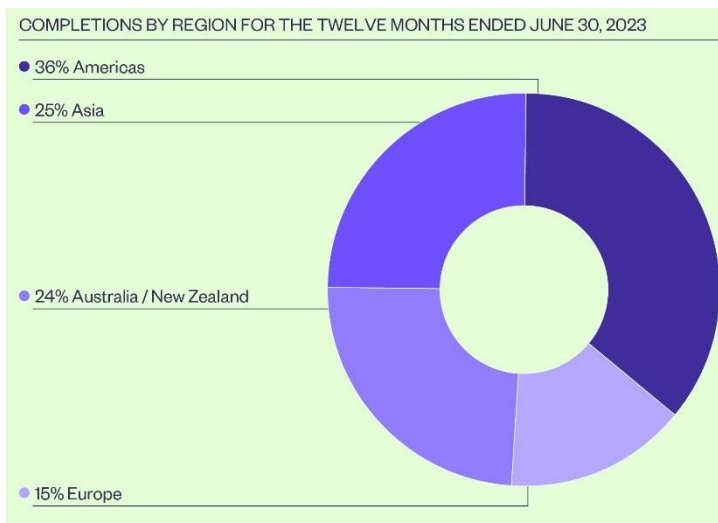
- (1) For the six months ended December 31, 2023.
- (2) As at December 31, 2023.
- (3) For the twelve months ended June 30, 2023.
- (4) As at June 30, 2023.
- (5) Calculated as (forecast NPI/total project cost).

The following charts summarize aggregate development completions by geography for HY2024 and FY2023:

**Completions by region
For the six months ended December 31, 2023**



**Completions by region
For the twelve months ended June 30, 2023**



Note:

- (1) Includes the United Kingdom and Continental Europe.

Case study—Amazon

Globally, we have committed over 2.8 million sqm of industrial and business space leased to Amazon since 2006, primarily in locations in the United States, Continental Europe, Australia and the United Kingdom. These developments include eight locations in the United States totalling 0.5 million sqm, twenty four locations in Germany totalling 0.9 million sqm, ten locations in Australia totalling 0.2 million sqm, nine locations in France totalling 0.4 million sqm, nine locations in Spain totalling 0.3 million sqm, eight locations in the United Kingdom totalling 0.3 million sqm, one location in Poland totalling 0.1 million sqm and five locations in Japan and Italy, in total 0.1 million sqm. Since the first facility in Germany was leased to Amazon, we have leased 74 facilities to Amazon, of which six facilities were under construction as at December 31, 2023 and 51 of which are retained within our portfolio of assets. Together with Amazon, we have developed an e-commerce property solution that meets all the criteria for a precision-built distribution centre, close to transport infrastructure so that products can be collected, sorted, stored and delivered in the most cost-efficient way possible. We built Amazon Australia's first robotics fulfilment centre at Oakdale West Industrial Estate. The fulfilment centre was built as a 53,000 sqm warehouse to which Amazon added internal mezzanine floors to make it Australia's largest warehouse, spanning 200,000 sqm across four levels.

Distribution Policy

Our distribution policy was revised in 2018 so that it will take into account the long term capital needs of the Group. Given the growth in development activity, the desired payout ratio has progressively reduced. Since February 2019, the Group has consistently paid A\$0.15 per ordinary stapled security every six months which has reflected a reducing share of our Operating Profit After Tax Attributable to Securityholders. Our distribution payout ratio for FY2023 was 32% of Operating Profit After Tax Attributable to Securityholders.

We have a Distribution Reinvestment Plan (“DRP”) in place, which has been suspended since June 2016. Under the DRP, Securityholders whose addresses on the register were in Australia and New Zealand (or other jurisdictions where the Securityholders were able to demonstrate that they were lawfully able to participate) were offered the opportunity to have all or part of the distributions for their stapled securities applied to purchase new stapled securities issued by the Parent Guarantors. The issue price for the stapled securities issued under the DRP was the average of the daily volume weighted average price of all sales of our stapled securities recorded on ASX for each of the first 20 ASX Trading Days on and from the first date that they traded on an ex-entitlement basis less a 1% discount (or such other discount as determined by the board not exceeding 10%).

Environmental matters

As a major global industrial landowner and developer, we are well aware of the benefits of incorporating sustainable design principles into our new developments. Sustainability is an extension of our “own+develop+manage” customer service offering. Our long-term philosophy includes a sustainable approach to the environment, as well as proper consideration of our social and economic responsibilities to the wider community. Optimising the sustainability potential in new developments through green design initiatives positions a property well to minimize its environmental impacts and provide long-term benefits for customers and value to our and our Partnerships’ investors.

As such, we work closely with our customers during the planning and design phase to optimize the sustainable design elements of the development.

Our approach to sustainable property development aims to:

- minimize negative environmental impacts and enhance the local area;
- optimize the operational efficiency of the properties we develop;
- reduce the material intensity of property and business space;
- utilize recycled materials where possible and enhance recyclability; and
- enhance functionality and resilience.

We also use various sustainability rating tools for our properties around the world, including GreenStar and NABERS (Australia), LEED (US), BREEAM (UK), CASBEE (Japan) and DGNB (Germany).

As a consumer of environmental resources and an owner, operator and manager of real property, we are subject to various federal, state, provincial and local environmental and safety laws which impose obligations upon our operations in addition to the “in-house” standards we have implemented across our operations. See “Risk factors—Risks relating to our business and industry—We and our Partnerships may fail to comply with legal, regulatory or voluntary standards or broader shareholder, community and stakeholder expectations concerning ESG risk performance” for further information on the risks related to our ESG risks. We are constantly aware of our regulatory landscape and have developed policies and procedures that are designed to ensure that where operations are subject to any particular and significant regulation under a law to which we are subject, those obligations are identified and appropriately addressed.

Environmental regulations, among other things, impose liability on present and former property owners and operators for costs and damages related to soil and water contaminations from hazardous or toxic substances. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence or release of such hazardous or toxic substances. We are particularly mindful of the potential liabilities associated with these regulations. Additionally, the presence of hazardous or toxic substances on our properties may adversely affect our ability to sell such properties or to borrow using such properties as collateral and may cause us to incur penalties and cleanup costs. Such substances include asbestos containing materials which are present in a number of our properties as a consequence of building practices typical at the time the buildings were originally constructed. Generally, asbestos containing materials are removed as required in the ordinary course of any renovation, reconstruction, or expansion. If any of the buildings undergoes renovation or demolition in the future, we will respect the obligation to incur whatever costs are associated with

the removal and disposal of those materials. All funding, development and property management decisions are made with reference to environmental regulations and our own sustainability framework.

The regulations detailed above are accounted for in our standard operating practices. It is our practice on acquisition of a property to subject it to an environmental assessment (which generally involves a review of records and visual inspection of the property, and in some cases, soil or ground water sampling). These environmental assessments have not revealed, nor are we aware of, any environmental liability that we believe will have a material adverse effect on our results or operations. Based on these assessments and past experience, we believe our properties are in material compliance with environmental laws. However, no assurance can be made that existing environmental assessments of our properties reveal all potential environmental liabilities to which we are subject, that any previous owner, occupant or tenant of a property did not create any material environmental condition not known to us, that the current environmental condition of our properties will not be affected by tenants, occupants or by the condition of nearby properties or by other unrelated third parties; or, that changes in environmental laws or their interpretation will not result in environmental liabilities.

We are also aware of the potential impact of climate change regulation on our operations. We have completed a review of climate change regulations within the markets in which we operate. We are aware of increasing minimum standards for construction and increased obligations to report on energy performance in a number of markets, specifically Australia, the United Kingdom and Continental Europe. We are mindful of long-term regulatory changes to ensure that we are compliant with climate change regulation both now and in the medium to long-term.

To date, government initiatives to reduce greenhouse gas emissions have not had a material effect on our business. We will continue to evaluate potential impacts of proposed policy measures in Australia and other markets as required. We have taken steps to measure and monitor our greenhouse gas emissions in our operating regions.

Our 2030 Sustainability Strategy

Our 2030 Sustainability Strategy is about transitioning our business into a truly resilient and low-carbon company. The strategy is based on our people and culture, our engagement with stakeholders and our status as a trusted investment manager and partner in the community. It shapes all aspects of our business and is one important way that we measure our success. Our 2030 Sustainability Strategy is based around three pillars: 1) Sustainable properties and places; 2) People, culture and community; and 3) Corporate governance and performance.

Sustainable properties and places

In the 2023 Global Real Estate Sustainability Benchmark ("GRESB"), we maintained our 'A' rating for our ESG disclosure and achieved the maximum 5 stars for four Partnerships, and Global Sector Leader status for the Goodman Japan Core Partnership in the Industrial category, and Regional Sector Leader for the Goodman Australia Partnership for Oceania in the Diversified, Office/Industrial category

In 2021, we achieved carbon neutral global operations certified by Climate Active, four years ahead of our 2025 target by accelerating the scale and timing of our sustainability goals. We also transitioned to 100% certified green power in our direct Australian operations, which has helped increase our global renewable energy usage to over 80%. Since 2021 we have maintained our carbon neutral operations, which includes emissions within our operational control and excludes embodied emissions from our developments and our customers' emissions. We continue to lower our operational emissions and increase our use of renewable electricity.

Collectively with our contractors and customers, we are working to decarbonize our development projects. We understand the value of strategically located properties and the environmental benefits of repurposing brownfield sites into innovative new facilities. Our properties are designed to be as climate resilient as possible and include sustainable features that create greater amenity as well as appeal to changing customer needs.

We are targeting 400MW of solar PV capacity committed or in operation by 2025 and we are also targeting 100% renewable electricity sources in our operations by 2025. In HY2024, we exceeded the 75% mark of the 400MW target.

We believe our sustainability goals are progressive, appropriate, and aligned with our customers' and investors' aspirations. They reflect our obligation to act decisively on climate change, to help reduce the risk of obsolescence and the future performance of our assets.

People and culture

We value diversity, health, safety, high standards of behaviour and wellbeing – knowing that our people are our greatest asset. Retention of our people remains high due to an effective employee equity plan, internal development programs that reward and advance high potential employees and challenging, yet exciting, work opportunities.

Our target is to have gender ratio of 50/50 with 40% female senior management representation by 2030, which we expect to achieve through strategies we have in place in relation to succession planning, employee development and talent management that focus on senior women with expanded roles and expanded exposure to large customers or investors. As at December 31, 2024, we had a gender ratio of 44% female and 56% male with 30% senior female executives.

We believe that our work culture promotes a safe and inclusive working environment. We focus on the safety of our people and contractors and prioritize business ethics and human rights in our global supply chain. We have implemented a Statement of Business Ethics (Supplier Code of Conduct) to make clear the expectations of our suppliers with regard to protecting human rights and preventing modern slavery. We have mapped our suppliers globally against key attributes including service type, geography and vulnerability to understand the risk that we are causing, contributing to, or directly linked to modern slavery through our operations and supply chains.

Goodman Australia has committed to implementing a Reflect Reconciliation Action Plan (RAP), to help set a vision for how we can create meaningful relationships and promote opportunities for Aboriginal and Torres Strait Islander peoples.

Goodman has high expectations of how our employees will behave and has refreshed its values to further align them with its strategy: Innovation, Determination, Integrity and Sustainability. These four values reflect not only who we are today, but who we want to be, long into the future.

Corporate performance

We believe that our global success in industrial real estate is founded on our capabilities, expertise, and governance structures. Our Sustainability and Innovation Committee oversees the environmental aspect of Goodman Group's ESG function. The committee has been focused on initiatives and investments that support sustainable developments, energy generation and storage solutions. Our Board has also introduced specific ESG key performance indicators into the overall performance and remuneration assessment of Goodman Group's long-term incentive plan.

In 2023, we participated in the GRESB for 13 entities. Our Japanese Partnership received Global Sector Leader status for the Standing Investments Benchmark in the industrial category, and the Goodman Australia Partnership was awarded Regional Sector Leader status for the Standing Investments Benchmark in the Oceania, diversified office/industrial category. In other ESG benchmarks, Goodman Group maintained its MSCI ESG rating of 'AA', the 2nd highest category, and achieved an ESG assessment of 'Low Risk' from Sustainalytics. We have continued to meet financial targets to underpin capital sources. We believe that this financial resilience has allowed us to make a tangible difference to the communities in which we operate, by making donations to community and philanthropic causes, as part of our A\$100 million target for social investment by the Goodman Foundation by 2030.

Insurance

We contract with insurance brokers to purchase insurance coverage, such as industrial special risk and public liability insurance, which are required to own, develop and manage the property portfolios which are directly owned by Goodman Group and those which are held in our Partnerships. Given the size of the portfolios, the insurance risk is spread across a range of insurers both in Australia and in the other jurisdictions in which we operate. We also have insured current and former directors and officers in respect of directors' and officers' liability.

Employees

As at March 31, 2024, we had 975 employees in 29 offices worldwide. Our organizational structure is as set forth in "Summary—Structure chart."

On average, our executive management employees have in excess of 25 years' experience in either the property, logistics or financial industries.

As at December 31, 2023, we had no negotiated collective agreements or similar instruments with any groups of employees or with associated union representatives.

All of our full-time and permanent employees are eligible to receive short-term incentives specific to achievement of financial and non-financial objectives, which are recognised in the form of cash and also long-term incentive grants under either five-year or ten-year long-term incentive plans, which award performance rights linked to the underlying ASX listed securities of Goodman Group. Our senior executives and key management personnel participate in the ten-year plan.

In FY2021, the Board introduced a new long-term incentive plan for the senior leadership team to provide even greater alignment with securityholders. The new 10-year plan extended the testing and vesting periods for the senior leadership team to 4 and 10 years, respectively, with 3 and 5 year periods remaining in place for all other employees. The Board designed the new plan to position Goodman Group with what it believes is a market leading remuneration structure to

help retain key people in a competitive labour market, support Goodman Group's objective to influence its people's long-term decision making given the long-term nature of Goodman's approach to real estate investment, and incorporate environmental and sustainability targets in assessing its operational performance.

Legal proceedings

We are involved in litigation and administrative proceedings arising in the ordinary course of our business. We do not believe that such matters, if determined against us, will have a material adverse effect on our business, financial position or results of operations.

Licenses, regulatory approvals and compliance

We operate in a number of regulated environments and accordingly hold various financial services and operating licenses. These include financial services licenses in Australia, the United Kingdom, Luxembourg, China, Brazil and Japan.

We are required to hold real estate licenses in some markets in which we operate in order to carry out property management services.

We operate under a corporate governance framework that includes, among other things, the review and monitoring of the systems we have in place to ensure compliance with relevant licenses and regulatory requirements. This review and monitoring is the responsibility of the compliance manager who reports to the audit, risk and compliance committee of our board.

Under the Corporations Act, GL is regulated as a public company and GIT is regulated as a registered managed investment scheme. Under the Corporations Act, GL and GIT are required to produce an audited full-year report and a reviewed half-year report prepared in accordance with AAS. The responsible regulator is ASIC.

GLHK was established under the Hong Kong Companies Ordinance as a public company. It is also a registered foreign company under the Corporations Act so that it may carry out business in Australia. GLHK is required to produce an audited full-year report in accordance with Hong Kong Accounting Standards and also produces a reviewed half-year report. The responsible regulator for GLHK in Hong Kong is the Companies Registry.

Our stapled securities are listed on the ASX and we are also subject to regulation by the ASX in relation to our compliance with the ASX Listing Rules. Under the ASX Listing Rules, in addition to the periodic disclosure required by the Corporations Act, we must comply with the continuous disclosure regime which requires the announcement to the market of information that we would expect to have material effect on the price or value of our stapled securities (subject to certain exceptions relating to confidential information). ASIC also has a regulatory responsibility and powers to ensure compliance with the ASX Listing Rules including the continuous disclosure provisions which apply to GL, GLHK and GIT as disclosing entities.

Management

The boards of GL and GFML, as the responsible entity of GIT, comprise the same directors and meet jointly. The board of GLHK is comprised of two of those directors, Mr. Johns (Mr. Goodman is Mr. Johns' alternate) and Mr. Peeters, as well as two Hong Kong based directors, Ms. Chung and Mr. Collins. Each of the boards seeks to act in coordination with the other boards in accordance with the terms of the stapling deed.

Directors

The following table sets forth certain information regarding Goodman Group's directors as of April 19, 2024.

Name	Age	Title
Stephen Johns	76	Chairman (Independent) of GL, GFML and GLHK
Gregory Goodman.....	61	Group Chief Executive Officer and Managing Director of GL and GFML
Anthony Rozic	55	Deputy Group Chief Executive Officer and Chief Executive Officer North America and Executive Director of GL and GFML
Danny Peeters.....	56	Chief Executive Officer of Brazil and Executive Director of GL, GFML and GLHK
Christopher Green.....	48	Independent Director of GL and GFML
Mark G. Johnson	66	Independent Director of GL and GFML
Vanessa Liu.....	49	Independent Director of GL and GFML
Belinda Robson	55	Independent Director of GL and GFML
Hillary Spann	48	Independent Director of GL and GFML
George Zoghbi	57	Independent Director of GL and GFML
Kitty Chung	61	Independent Director of GLHK
David Collins	66	Independent Director of GLHK

Stephen Johns—Independent Chairman

Mr. Johns was appointed Chairman on November 19, 2020. He had previously served as an Independent Director of GL and GFML from January 1, 2017 and GLHK from November 19, 2020. He is the Chairman of the Remuneration and Nomination Committee, a Member of the Audit, Risk and Compliance Committee, and a Member of the Sustainability and Innovation Committee.

Mr. Johns retired as Chairman of Brambles Limited in June 2020 after a period of 16 years on that Board and was previously Chairman of Leighton Holdings Limited and Spark Infrastructure Group. He is a former executive of Westfield Group where he had a long executive career during which he held a number of senior positions including that of Finance Director from 1985 to 2002. Mr. Johns was a non-executive director of Westfield Group from 2003 to 2013.

Mr. Johns holds a Bachelor of Economics from the University of Sydney and is a Fellow of Chartered Accountants Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

Gregory Goodman—Group Chief Executive Officer

Mr. Goodman was the founder of Goodman Group and is the Group Chief Executive Officer responsible for Goodman's overall operations and the implementation of its strategic plan. Mr. Goodman was appointed a director of GFML on January 17, 1995 and of GL on August 7, 1998.

Mr. Goodman has over 30 years of experience in the property industry, with significant expertise in the industrial property arena. He is a director of Goodman Property Services (NZ) Limited (the manager of the New Zealand Exchange listed Goodman Property Trust), and director and/or representative on other subsidiaries, management companies and Partnerships of the Group.

Anthony Rozic—Deputy Group Chief Executive Officer and Chief Executive Officer North America

Mr. Rozic was appointed as a Director of GL and GFML on January 1, 2013.

Mr. Rozic joined Goodman Group in 2004 as Group Chief Financial Officer. In February 2009, Mr. Rozic was appointed Group Chief Operating Officer and then Deputy Chief Executive Officer in August 2010. Mr. Rozic was appointed Chief Executive Officer North America in September 2016 and in that role is responsible for setting and managing the strategy, business performance and corporate transactions for the Group's North American business.

Mr. Rozic is a qualified Chartered Accountant and has over 20 years' experience in the property industry having previously held a number of senior roles in the property funds management industry and chartered accountancy profession.

Mr. Rozic holds a Bachelor of Economics from Macquarie University.

Danny Peeters—Executive Director and Chief Executive Officer Brazil

Mr. Peeters was appointed as a Director of GL and GFML on January 1, 2013 and was appointed as a Director of GLHKL on February 1, 2018.

Mr. Peeters is an Executive Director with oversight of Goodman's Brazilian operations. He has been with Goodman since 2006 and has 30 years of experience in the property and logistics sectors.

During his career, Mr. Peeters has built up extensive experience in the design, implementation and outsourcing of pan-European supply chain and real estate strategies for various multinationals. He was Chief Executive Officer of Eurinpro, a developer of tailor-made logistic property solutions in Europe acquired by Goodman in May 2006.

Mr. Peeters holds a Masters in Civil Engineering from the University of Leuven (Belgium).

Christopher Green—Independent Director

Mr. Green was appointed as an Independent Director of GL and GFML on April 28, 2019. He is the Chairman of the Sustainability and Innovation Committee and a Member of the Remuneration and Nomination Committee.

Mr. Green spent 16 years at Macquarie Group and was the Global Head of Macquarie Capital's real estate business leading its global expansion through to 2018. He is also the Founder and Chief Executive Officer of GreenPoint Partners, a New York headquartered firm investing in real estate innovation, technology and private equity.

Mr. Green holds a Bachelor of Laws with Honours and a Bachelor of Commerce in Computer Science and Accounting from the University of Sydney.

Mark G. Johnson—Independent Director

Mr. Johnson was appointed as an Independent Director of GL and GFML on June 1, 2020. He is the Chairman of the Audit, Risk and Compliance Committee and a Member of the Remuneration and Nomination Committee.

Mr. Johnson is a trained accountant and spent 30 years at PricewaterhouseCoopers ("PwC") where he was CEO from 2008 to 2012 as well as holding positions as Asian Deputy-Chairman and as a member of PwC's global strategy council. He also has extensive experience as a Director of charities, educational bodies and mutual organizations and he is currently a Councillor at UNSW Sydney and the Chairman of the Hospitals Contribution Fund of Australia.

Mr. Johnson is also a director of ASX-listed companies Boral Limited and Metcash Limited, as well as Aurecon Limited and Sydney Airport Corporation.

Mr. Johnson holds a Bachelor of Commerce from the University of New South Wales and is a Fellow, Chartered Accountants Australia and New Zealand, Certified Practising Accountant Australia and Fellow, Australian Institute of Company Directors.

Vanessa Liu —Independent Director

Ms. Liu was appointed as an Independent Director of GL and GFML on June 1, 2022. She is a Member of the Sustainability and Innovation Committee.

Ms. Liu is an experienced technology business leader and is currently the Co-Founder and Chief Executive Officer of the Software as a Service ("SaaS") technology company Sugarwork, and an Independent Director of ASX-listed artificial intelligence company Appen Ltd since March 2020. Ms. Liu has more than 20 years of experience in the technology sector having started her career at McKinsey in the Telecom, Media & Technology Practice. She was most recently Vice President of SAP.iO North America, SAP's early-stage venture arm, where she recruited and accelerated 87 enterprise software startups. Prior to SAP, Ms. Liu was Chief Operating Officer at Trigger Media Group, a digital media venture studio, and co-founded Trigger's portfolio companies: digital media company InsideHook and SaaS technology company Fevo.

Ms. Liu was a Fulbright Scholar at Universiteit Utrecht in the Netherlands. She serves as a Past President Director of the Harvard Alumni Association and is a member of the Harvard Board of Overseers. Ms. Liu is also a Board Advisor of Talking Talent Ltd. and a Board Observer of Fevo.

Ms. Liu graduated magna cum laude highest honours with a Bachelor of Arts in Psychology from Harvard University and cum laude with a Juris Doctor from Harvard Law School.

Belinda Robson—Independent Director

Ms. Robson was appointed as an Independent Director of GL and GFML on March 1, 2023. She is a Member of the Audit, Risk and Compliance Committee.

Ms. Robson has over 30 years of experience in the property industry, with specific expertise in retail and commercial property funds management in the Asia Pacific. Prior to becoming a non-executive director, Ms. Robson was an executive at Lend Lease Investment Management and the fund manager for Australian Prime Property Fund Retail where she was responsible for developing and implementing the fund strategy. She is currently the director of Region Group and GPT Funds Management Limited.

Ms. Robson has a Bachelor of Commerce with Honours in Marketing from the University of New South Wales.

Hillary Spann—Independent Director

Ms. Spann was appointed as an Independent Director of GL and GFML on April 4, 2022. She is a Member of the Sustainability and Innovation Committee.

Ms. Spann has an extensive background in public and private equity markets and is currently a senior executive at NYSE-listed Boston Properties, Inc. (NYSE:BXF), based in New York. There she is responsible for all aspects of the office developer, owner, and manager's portfolio in the New York region. She was previously the Head of Real Estate for the Americas at CPP Investments and prior to that she held a number of senior real estate roles at J.P. Morgan in the United States. Ms. Spann is also a Director of ULI Foundation.

Ms. Spann graduated from the Georgia Institute of Technology with a Bachelor of Science and a Masters in City Planning, both from the College of Architecture. She also studied architecture at L'École Nationale Supérieure D'architecture de Paris – La Villette.

George Zoghbi—Independent Director

Mr. Zoghbi was appointed as an Independent Director of GL and GFML on April 11, 2023. He is a Member of the Sustainability and Innovation Committee.

Currently the Chief Executive Officer of The Arnott's Group following its acquisition by private equity group KKR in 2020, Mr. Zoghbi has extensive international consumer packaged goods and supply chain experience. He is also a Strategic Advisor to Altimetrik – a US-based digital and IT solutions company. He was formerly a Director of Brambles Limited.

Previously, Mr. Zoghbi was Chief Operating Officer – US Businesses at Kraft Heinz and prior to that Chief Operating Officer at Kraft Foods Group. He has also held senior roles with Fonterra Cooperative and Associated British Foods.

Mr. Zoghbi has a Diploma of Business, Marketing, as well as a Master of Enterprise from the University of Melbourne. He has also completed an Accelerated Development Programme at MC London Business School.

Kitty Chung—Independent Director

Ms. Chung was appointed as an Independent Director of GLHK on July 1, 2023.

Ms. Chung has over 35 years of audit and business advisory experience working with a broad spectrum of listed and private companies in Australia and the Greater China region. She was a partner at PwC Hong Kong serving the Entrepreneurial Group and joined the GLHK Board on her retirement from PwC. Ms. Chung is an Independent Non-executive Director of the HK listed company, HKBN Ltd. She is a Hong Kong resident.

Ms. Chung holds a Master of Business Administration degree from the University of Wales and University of Manchester, as well as a Bachelor of Economics degree from Monash University. She is a member of the Hong Kong Institute of Certified Public Accountants and Chartered Accountants Australia and New Zealand.

David Collins—Independent Director

Mr. Collins was appointed as an Independent Director of GLHK on February 1, 2018.

Mr. Collins is a former KPMG partner with substantial accounting and financial experience spanning more than 30 years in the UK and China. He is a Hong Kong resident.

Mr. Collins holds a Bachelor of Arts from the Lancaster University. He is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

Senior management

The following table sets forth certain information regarding our senior management team as of April 19, 2024. See “—Directors” for information in relation to our CEO, Gregory Goodman, our Deputy Group CEO, Anthony Rozic, and our Executive Director, Danny Peeters.

Name	Age	Title
Gregory Goodman.....	61	Group Chief Executive Officer
Anthony Rozic	55	Deputy Group Chief Executive Officer and Chief Executive Officer North America
Danny Peeters.....	55	CEO Brazil and Executive Director
Nick Vrontas	54	Group Chief Financial Officer
Angus Brooks	46	Chief Executive Officer, Japan
Charles Crossland.....	54	Managing Director, UK
Kristoffer Harvey.....	42	Chief Executive Officer, Greater China
Jason Little	53	Chief Executive Officer, Australia
Paul McGarry	48	Head of Asia
Philippe Van der Beken.....	48	Managing Director, Continental Europe
Carl Bicego	53	Company Secretary and Group Head of Legal and Risk
Alison Brink	55	Group General Manager, Marketing and Communications
Scott Farquhar.....	58	Group Chief Information Officer, Technology Services
James Inwood	52	Group Executive and Head of Stakeholder Relations
Nick Kurtis	49	Group Head of Equities
John Taylor.....	55	Group General Manager, Human Resources

Nick Vrontas—Group Chief Financial Officer

Mr. Vrontas was appointed Group Chief Financial Officer in February 2009, having joined Goodman Group in 2006.

Prior to this, Mr. Vrontas held the position of Executive, Group Corporate Finance. He is responsible for our corporate finance function, which includes accounting and finance, treasury, tax, analytics functions and information technology. Mr. Vrontas also plays a key role in our strategic planning and capital management. He began his career in real estate in 1993 gaining experience in public and private markets in roles with Jones Lang LaSalle and Goldman Sachs JBWere.

Mr. Vrontas holds a Bachelor of Economics from the University of New South Wales.

Angus Brooks—Chief Executive Officer, Japan

Mr. Brooks was appointed Chief Executive Officer, Japan, in August 2016 and has overall executive responsibility for Goodman’s operation in Japan.

Mr. Brooks has been living in Tokyo, Japan for the last 11 years. He has over 20 years of real estate, investment and finance experience across a number of global markets. Mr. Brooks began his career in Adelaide, South Australia for a boutique investment company before working for Bank of Scotland in Sydney in real estate and structured finance, before joining the real estate group of Macquarie Group in Sydney and later Johannesburg, South Africa.

Mr. Brooks holds an Honours Degree in Bachelor of Finance from the University of Adelaide.

Charles Crossland—Managing Director, UK

Mr. Crossland was appointed Managing Director, UK, in 2011, and leads our operations in the United Kingdom, being responsible for the management, strategy and development of the business.

Mr. Crossland has over 20 years’ experience in the logistics property sector. He was a Development Director at Rosemound Developments which we acquired in 2007. Prior to joining us, he was a partner in the Industrial Department at Strutt and Parker in London.

Mr. Crossland holds a Bachelor of Estate Management with Honours from the Oxford Brookes University.

Kristoffer Harvey—Chief Executive Officer, Greater China

Mr. Harvey was appointed Chief Executive Officer, Greater China, in July 2016 and is responsible for the overall management and operations of our activities for Greater China. He joined Goodman Group in 2002 and has held various

positions during that time in our corporate, investment management, capital transactions, development and asset management teams.

Mr. Harvey has worked on our investment and expansion plans across Asia Pacific, including Hong Kong, China, Japan and Singapore. He has 20 years of property and investment experience.

Mr. Harvey holds a Bachelor of Property Economics from the University of Technology Sydney and a Master of Applied Finance from Charles Sturt University.

Jason Little—Chief Executive Officer, Australia

Mr. Little was appointed Chief Executive Officer, Australia in 2007. He is responsible for the overall management and operations of the Australian business.

Mr. Little joined us in June 2003 as Capital Transactions Manager, which included all acquisitions, disposals and strata and land subdivisions. He has more than 22 years' experience in the property industry, including previous executive roles at Grant Samuel and Paul Ramsay Holdings. He is the Chairman of Moorabbin Airport Corporation and is a board member of the Goodman Foundation.

Paul McGarry—Head of Asia

Mr. McGarry was appointed Head of Asia in August 2016 and has an overall executive responsibility for our operations in Asia, including Japan, Hong Kong Special Administrative Region and Mainland China.

Mr. McGarry has over 20 years of real estate and finance experience (including over 10 years in Asia), having commenced his professional career in Perth, Western Australia in chartered accounting, before moving to Sydney, where he specialised in real estate and private equity before joining the real estate group of Macquarie Group in Sydney and then to Tokyo in 2007 with Goodman Group. Mr. McGarry relocated to Hong Kong in 2016 where he now resides.

Mr. McGarry holds a Bachelor of Commerce in Accounting and Finance and a Bachelor of Laws, both from the University of Western Australia and a Master of Finance from Macquarie University in Sydney.

Philippe Van der Beken—Managing Director, Continental Europe

Mr. Van der Beken joined Goodman Group as Managing Director, Continental Europe in 2012. He is responsible for Goodman's activities across Continental Europe.

Mr. Van der Beken previously worked at Goodman from 2006 to 2008 as executive, corporate transactions and member of the board of managers of GEP.

Mr. Van der Beken holds an MBA from University of Chicago and a Master of Laws from the University of Leuven.

Carl Bicego—Company Secretary and Group Head of Legal and Risk

Mr. Bicego joined Goodman Group in 2006 as Legal Counsel—Head of Corporate and was appointed Company Secretary of Goodman Group in October, 2006. In 2017 he was appointed Group Head of Legal, and in October 2023 was also appointed Group Head of Risk. He is responsible for the Group legal, compliance and company secretarial functions as well as risk management, internal audit and insurance.

Mr. Bicego has over 25 years of legal experience in corporate law and joined Goodman Group from the law firm Allens. He is currently Chair of the Corporate Governance and Regulation Committee of the Property Council of Australia and a Fellow of the Governance Institute of Australia.

Mr. Bicego holds a Master of Laws from Dalhousie University and a Bachelor of Economics/Bachelor of Laws with Honours from Macquarie University.

Alison Brink—Group General Manager, Marketing and Communications

Ms. Brink was appointed Group General Manager, Marketing and Communications in 2006 and is responsible for marketing and communications across the Group including branding, advertising and corporate communications.

Prior to joining Goodman, Ms. Brink held various marketing positions at DHL in Asia, Europe and the United States, including regional brand director for Asia Pacific and Europe, US marketing vice-president and head of global advertising. She has over 30 years' experience in international marketing.

Ms. Brink holds a Bachelor of Business from the University of Technology, Sydney and a Diploma in Logistics Management.

Scott Farquhar— Group Chief Information Officer, Technology Services

Mr. Farquhar joined Goodman Group in December 2015, and is responsible for our IT strategy and operations.

Mr. Farquhar has 30 years' international and domestic experience in IT from working both within the property and travel industries. He joined us from Lend Lease, where he had fifteen years senior IT experience (including working in the United States and United Kingdom) and prior to that he worked in Australia for IBM.

Mr. Farquhar has a Master of Business Administration from the Newcastle University.

James Inwood—Group Executive and Head of Stakeholder Relations

Mr. Inwood was appointed Group Executive and Head of Stakeholder Relations in 2017 and has been with Goodman Group for 16 years. He is responsible for stakeholder relations across our equity holders as well as private equity and debt.

Mr. Inwood spent three years overseeing Goodman's UK/European investment platform before returning to Australia in 2010 where he was Global Head of Investment Management, responsible for the co-ordination, strategy and performance of our investment management platform. He has significant expertise gained from over 20 years in property finance and structuring in both listed and unlisted environments. Prior to joining us, Mr. Inwood spent 10 years as a REIT analyst, including eight years at J.P. Morgan, which involved advice and equity raisings for listed and unlisted funds.

Mr. Inwood holds a Bachelor of Science in Agriculture with First Class Honours from the University of Sydney.

Nick Kurtis—Group Head of Equities

Mr. Kurtis was appointed Group Head of Equities in 2008 and is responsible for the coordination and performance of our corporate activities and investment management platform. He joined Goodman Group in 2000 and has held a number of senior positions within investment management and corporate services.

Mr. Kurtis has 21 years of experience in the property investment management industry.

Mr. Kurtis holds an undergraduate degree in Real Estate and a Master of Finance from the University of Technology, Sydney.

John Taylor—Group General Manager, Human Resources

Mr. Taylor joined Goodman Group in August 2010 as Group General Manager, Human Resources and is responsible for our HR strategy and HR operations globally.

Mr. Taylor has 30 years' experience in HR, in both international and domestic organizations. He joined us from Thomson Reuters, where he had almost five years senior HR experience (including time in Asia) and prior to that he worked in Australia for J.P. Morgan, The Colonial Group and Australia Post.

Mr. Taylor has a Bachelor of Business from the University of South Australia, and a Master of Commerce in Industrial Relations from the University of Sydney.

Compensation

For information regarding compensation and share ownership of our directors and executive officers, see the Remuneration Report for the years ended June 30, 2023, 2022 and 2021, included in our consolidated financial statements and the related notes included elsewhere in this offering memorandum. We follow the principles of remuneration that are set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. These include a policy of rewarding employees with a mixture of fixed, performance-linked and equity based remuneration.

Share ownership

The following table sets out investors who (as disclosed in the latest substantial securityholder notices lodged with ASX), individually or when grouped with their affiliates, are known to be the beneficial owner or have control of more than 5% of Goodman Group securities on issue. Beneficial interests held by our directors and executive officers are set forth in the Remuneration Report for the years ended June 30, 2023, 2022 and 2021, included in our consolidated financial statements and the related notes included elsewhere in this offering memorandum. As at December 31, 2023 Directors as a group hold or have an interest in approximately 2.21% of the Group's securities, and Executive Directors hold unvested performance rights in respect of an additional 0.44% of the Group's securities under the Goodman Long Term Incentive Plan.

Name of beneficial owner	Number of stapled securities	Percentage voting power ⁽⁵⁾
Vanguard Group, Inc. ⁽¹⁾	167,546,666	8.97%
Leader Investment Corporation; China Investment Corporation ⁽²⁾	149,918,913	7.89%
BlackRock Group ⁽³⁾	162,980,356	8.58%
State Street ⁽⁴⁾	139,135,367	7.33%

Notes:

- (1) Number of stapled securities and percentage voting power based on a substantial securityholder notice lodged with the ASX on November 11, 2021.
- (2) Number of stapled securities and percentage voting power based on a substantial securityholder notice lodged with the ASX on February 22, 2024.
- (3) Number of stapled securities and percentage voting power based on a substantial securityholder notice lodged with the ASX on March 19, 2024.
- (4) Number of stapled securities and percentage voting power based on a substantial securityholder notice lodged with the ASX on March 19, 2024.
- (5) As at date of substantial securityholder notice.

Board practices and responsibilities

The boards of Goodman Group consist of the boards of GL and GFML (as the responsible entity for GIT) and the board of GLHK. The boards of GL and GFML meet jointly and comprise the same Directors.

GLHK is a separate legal entity and is managed by a separate board of directors, which partially overlaps with the GL and GFML boards.

Of the total of twelve directors on the boards, nine are independent. The boards are chaired by Mr. Johns.

The GL, GFML and GLHK boards must exercise their respective functions diligently and, to the extent permitted by law, in the best interests of Securityholders as a whole. The GLHK board is governed by Hong Kong law (including the Companies Ordinance) and GLHK is also subject to the ASX Listing Rules and the Corporations Act requirements for registered foreign companies.

The boards and their committees will continue to have oversight of our business, operations and compliance. The GLHK board is responsible for the preparation of GLHK stand-alone financial statements, the determination of dividends out of GLHK and any other non-delegable acts.

The roles, responsibilities and operation of the boards and their delegation of authority to management are set out in the Board Charter adopted by GL, GFML and GLHK. This Board Charter clearly establishes the role of the boards in setting our objectives and their responsibilities in the implementation of such objectives.

The boards have the power to do all things necessary to perform their duties and fulfil their purpose including to:

- set strategic direction for our business;
- approve strategic alliances;
- review progress against strategy;
- approve principles, policies, strategies, processes and control frameworks for the management of Goodman's business; and
- sub-delegate their powers and discretions to committees of the boards, our executives, or management committees with or without the power to delegate further.

Effective oversight and risk management are a fundamental part of our business strategy and central to protecting the interests of Securityholders. The boards have the ultimate responsibility for risk management and compliance. We operate within overall guidelines and specific parameters set by the boards.

The boards have established a number of committees to assist in the exercise of their functions and the discharge of their duties, such as ensuring that financial reports are true and fair and comply with applicable accounting standards. Each committee can sub-delegate its powers and discretions, including to our executives, with or without the power to delegate further.

The board of GLHK has reserved the right to make decisions in respect of any matters delegated to and considered by the committees and the committees will only make recommendations to the board of GLHK.

The boards have also developed a statement of delegated authority to management. This delegated authority stipulates those matters to be dealt with by the boards and those matters which are delegated to management. The general statement of delegated authority governs areas such as finance, corporate matters and property transactions.

Each Director provides confirmations on their ability to adequately perform their role on an annual basis. Directors are also required to inform the Chairman prior to accepting any other board appointments offered to them.

Independence is assessed annually. In relation to the definition of independence in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the boards considered that a material professional adviser or material consultant is one that derives more than 5% of their revenue from Goodman. When considering whether a person was or is associated with a substantial securityholder, the boards apply the definition of a person holding or having a relevant interest in 5% of our securities but also had regard to other relationships that the Securityholder may have with us. The Board also considers tenure where a board member has been a director for more than 10 years.

The boards consider Mr. Johns, Mr. Green, Mr. Johnson, Ms. Liu, Ms. Robson, Ms. Spann, Mr. Zoghbi, Ms. Chung and Mr. Collins to be independent. Mr. Goodman, Mr. Peeters and Mr. Rozic are Executive Directors of Goodman.

The Independent Directors may elect to consider matters without the presence of executives where they believe this is appropriate or would be beneficial in reviewing the conduct of our affairs.

We have a formal policy allowing Directors to take independent professional advice at our expense should they believe it necessary for the performance of their duties.

The Company Secretary and senior executives are always available to the Directors to provide them with information or clarification as required. These senior executives also present information at board meetings in order to provide the Directors with unfettered access to all relevant information and the ability to candidly question senior management in relation to any matter they deem necessary.

Directors are provided with tours of our properties, both within Australia and overseas. Directors and senior executives are also encouraged to participate in further education relevant to their roles. We reimburse the costs of further education relevant to a Director's or executive's role.

The Directors bring a wide range of skills and experience to their respective roles and are committed to achieving a high standard of corporate governance. The diversity of each Director's background strengthens the boards and enables them to bring critical judgment and independent assessment to the oversight of our business. The boards are responsible for all aspects of our management and have the ultimate responsibility for our corporate governance practices.

We stipulate the standard of ethical behaviour expected of Directors, key executives and employees in our Code of Conduct and require the observance of those standards.

The boards have established the following standing committees: the Audit, Risk and Compliance Committee; the Remuneration and Nomination Committee; and the Sustainability and Innovation Committee.

Audit, Risk and Compliance Committee

The boards have established an Audit, Risk and Compliance Committee, which meets at least four times a year, to assist in fulfilling the board's legal and regulatory requirements in relation to our financial statements and to provide oversight and direction to our system of risk management.

The Audit, Risk and Compliance Committee is comprised solely of independent directors and is chaired by Mr. Johnson. The other members of the Audit, Risk and Compliance Committee are: Mr. Johns and Ms. Robson.

Three members of the Audit, Risk and Compliance Committee have accounting qualifications and all members bring extensive business experience to the Audit, Risk and Compliance Committee.

The Audit, Risk and Compliance Committee operates under a formal charter and its responsibilities include:

- oversight of financial reporting principles and policies, controls and procedures;
- ensuring the integrity of our financial statements, independent external audit and our compliance with legal and regulatory requirements relating to financial statements;
- establishing procedures for selecting, appointing, and if necessary, removing our external auditor;
- oversight of financial risk management policy, our capital strategy, tax compliance and tax risk management policy;
- risk management reporting;
- oversight of the controls and risk management practices in relation to development and asset risk management and safety; and
- compliance risk management.

The Audit, Risk and Compliance Committee has the power delegated by the boards to undertake all things necessary to perform its duties and fulfil its purpose including:

- approving principles, policies, strategies, processes and control frameworks for the management of audit, risk and compliance matters;
- approving policies and strategies in relation to financial risk management, financing, tax compliance and tax risk management; and
- sub-delegating its powers and discretions to senior executives with or without the power to delegate further.

The Audit, Risk and Compliance Committee has access to the senior executives, internal audit function and the external auditor, and seek advice from external consultants or specialists where the committee considers that necessary or appropriate to carry out its duties. Committee members will consult the Chair or Company Secretary before obtaining advice.

The Audit, Risk and Compliance Committee will refer to the boards or other committees any material issues in relation to financial and non-financial risk relevant to their duties and responsibilities.

We have engaged KPMG to act as our external auditor. As part of the terms of engagement, KPMG is required to review or audit as relevant, the half year and annual financial report prior to approval by the boards, discuss its findings with the audit committee including the adequacy of financial and accounting controls, and attend the AGMs and be available to answer questions from Securityholders about the conduct of the audit and the preparation and content of the independent audit report.

Each reporting period, the external auditor provides an independence declaration in relation to the review or audit. The audit committee ensures adherence by the auditor to the Corporations Act requirement of audit partner rotation. The audit committee is also responsible for assessing whether non-audit services provided by the external auditor are consistent with the external auditor's independence and compatible with the general standard of independence of auditors required by the Corporations Act.

Remuneration and Nomination Committee

The boards have established the Remuneration and Nomination Committee to consider remuneration issues more effectively and fully and to provide recommendations to the boards for approval, as well as to assist in relation to the nomination of directors including the board's composition and structure.

The Remuneration and Nomination Committee is comprised solely of independent directors and is chaired by Mr. Johns. The other members of the Remuneration and Nomination Committee are: Mr. Green and Mr. Johnson.

The Remuneration and Nomination Committee operates under a formal charter and the purpose of the Remuneration and Nomination Committee is to:

- ensure performance of members of the boards is reviewed;
- review and monitor the implementation of our diversity policy and goals;
- review and make recommendations to the boards in respect of the administration of our remuneration programs (including the engagement of any remuneration advisers);
- review and make recommendations to the boards in respect of the approval and remuneration of senior executives and non-executive directors;
- prepare for approval by the boards the remuneration report;
- report regularly to the boards on each of the above matters;
- assess desired board competencies and director appointment criteria from time to time so as to maintain an appropriate mix of skills, knowledge, experience, expertise, independence and diversity on the boards;
- identify individuals believed to be qualified to become board members and undertake checks in relation to their character, experience, education, criminal record and bankruptcy history, prior to recommending such candidates to the boards;
- assist the boards in the assessment of the effectiveness and performance of the boards, committees, and individual directors, in particular those directors seeking re-election;
- consider and plan for the succession of board members;
- review the Group's strategy for the succession of the Group CEO, Key Management Personnel and Regional CEOs;
- review and recommend to the boards for approval a process for the induction, orientation and education of directors; and
- approve and review the director's Securities Acquisition Policy and assess compliance with the policy annually.

Sustainability and Innovation Committee

The boards have established the Sustainability and Innovation Committee to assist the boards in fulfilling their responsibilities in relation to our sustainability policies and practices.

The Sustainability and Innovation Committee is comprised solely of independent directors and is chaired by Mr. Green. The other members of the Sustainability and Innovation Committee are: Mr. Johns, Ms. Liu, Ms. Spann and Mr. Zoghbi.

The Sustainability and Innovation Committee operates under a formal charter and its responsibilities include:

- recommend appropriate sustainability targets in relation to the setting of new grants under the long term incentive plan and annually advise on the performance against those targets;
- review and recommend the Sustainability Report to the boards for approval;
- review and monitor the effectiveness of our sustainability strategy;
- review and monitor all material environmental sustainability risks;
- review our climate risk management strategy, including climate disclosures and emission reduction targets aligned with relevant guidelines;
- oversee our innovation strategy in relation to target investment areas including property technology, supply chains and transportation, and construction and manufacturing;
- review innovation and developments in technology that may impact our strategy and assets; and
- monitor the performance of our investments and review new collaborations in respect of innovation and technology including their implementation within the business.

The boards delegate to the Sustainability and Innovation Committee the power to do all things necessary to perform their duties and fulfil their purpose including:

- to approve principles, policies, strategies, processes and control frameworks for the management of sustainability and innovation related matters; and
- to sub-delegate its powers and discretions to executives of Goodman Group, with or without the power to delegate further.

Corporate governance

Goodman Group, its executives, the common boards of GL and GFML and the board of GLHK recognize the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants and the expectations of members and others who deal with Goodman Group. These policies and practices remain under constant review as the corporate governance environment and good practices evolve. As set out in our corporate governance statement, we report on corporate governance in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Description of other indebtedness

Overview

We have entered into a range of bilateral bank financing arrangements and we have issued Rule 144A/Regulation S Notes.

Lenders under our unsecured bilateral bank facilities receive the benefit of our Capitalisation Deed Poll under which certain subsidiaries of the Parent Guarantors (the “Undertaking Subsidiaries”) agree to either make loans or advances to, or subscribe for equity in, the Group’s borrowing entities (including the Issuer) if the borrowing entities would otherwise default in any payment of any principal, premium (if any) or interest on the relevant indebtedness. The holders of the Rule 144A/Regulation S Notes receive the benefit of guarantees from the Parent Guarantors and undertakings from the Undertaking Subsidiaries under the Capitalisation Deed Poll. The Notes will also receive the benefit of guarantees from the Parent Guarantors under the Indenture and the undertakings from the Undertaking Subsidiaries under the Capitalisation Deed Poll. See “Description of the Notes, Guarantees and Undertakings—Guarantees and Undertakings—Undertakings—Capitalisation Deed Poll”.

As at December 31, 2023, we had A\$5.0 billion of available capital under our debt platforms, of which A\$3.2 billion was drawn.

Unsecured bilateral bank loan facilities

We have a number of unsecured bilateral bank revolving facilities in place as at December 31, 2023:

- €25 million single -currency bilateral letter of credit facility, maturing on December 07, 2025;
- A\$100 million multi-currency bilateral revolving credit facility, maturing on July 1, 2026;
- US\$100 million multi-currency bilateral revolving credit facility, maturing on July 31, 2026;
- US\$37.5 million single-currency bilateral revolving credit facility, maturing on September 30, 2026;
- A\$37.5 million single-currency bilateral revolving credit facility, maturing on September 30, 2026;
- ¥27 billion single-currency bilateral revolving credit facility, maturing on September 30, 2026;
- ¥16 billion single-currency bilateral revolving credit facility, maturing on September 30, 2026;
- ¥25 billion single-currency bilateral revolving credit facility, maturing on September 30, 2026;
- A\$150 million single-currency bilateral revolving credit facility, maturing on October 21, 2026;
- US\$100 million single-currency bilateral revolving credit facility, maturing on October 22, 2026;
- €75 million multi-currency bilateral revolving credit facility, maturing on December 31, 2026;
- A\$100 million multi-currency bilateral revolving credit facility, maturing on March 31, 2027;
- A\$100 million multi-currency bilateral revolving credit facility, maturing on June 30, 2027;
- US\$100 million single-currency bilateral revolving credit facility, maturing on December 31, 2027; and
- ¥15 billion single-currency bilateral revolving credit facility, maturing on December 31, 2029.

Each of the above facilities also incorporates the terms of our Common Terms Deed Poll (“CTDP”) which sets out the various financial covenants (including the CTDP Gearing Ratio, maximum secured debt ratios, priority debt ratios and minimum interest coverage ratios), other covenants and undertakings, representations and warranties and relevant events of default for Group borrowings. The CTDP also include a negative pledge covenant on customary terms with customary exceptions, including a general secured indebtedness basket.

As noted above, the lenders under all of our unsecured bank facilities receive the benefit of the Capitalisation Deed Poll.

Each of these unsecured bilateral bank loan facilities have variable interest rates only, with the principal required to be paid at maturity. The floating interest rate is set according to the standard interbank borrowing rates for the applicable currency, for the requested duration, on the date of drawing.

The borrowers under each of these unsecured bilateral bank loan facilities are Goodman Funds Management Limited as responsible entity for Goodman Industrial Trust, Goodman Limited, Goodman Treasury Pty Limited as trustee for the Goodman Finance Australia Trust, Goodman Finance (Lux) S.à. r.l., and Goodman Japan Limited who at December 31, 2023 owed indebtedness of A\$156.2 million, A\$0, A\$0 and A\$213.7 million respectively, under these facilities.

Secured bilateral bank loan facilities

We have a number of secured bilateral term bank facilities in place as at December 31, 2023:

- CNY 130 million single -currency bilateral term credit facility, maturing on March 18, 2034;
- CNY 300 million single -currency bilateral term credit facility, maturing on April 20, 2038;
- US\$53.1 million single -currency bilateral term credit facility, maturing on January 09, 2028; and
- CNY 250 million single -currency bilateral term credit facility, maturing on January 05, 2033.

The secured facilities are secured by certain property interests in China and are non-recourse to the Group. Under these facilities, the Parent Guarantors do not provide guarantees and the lenders do not receive the benefit of Capitalisation Deed Poll. The borrowers under each of these secured bilateral bank loan facilities are Jiatian (Chongqing) Warehouse Co., Ltd., Jiaqun (Suzhou) Equipment Manufacture Co., Ltd., Jiayue (Changxing) Supply Chain Co., Ltd. and Goodman Hong Kong (Zhejiang) Developments No.1 Limited.

Rule 144A/Regulation S Notes

As at December 31, 2023, we had notes on issue in the Rule 144A/Regulation S bond market as set forth in the table below.

On April 22, 2024, we launched a cash tender offer for any and all of our outstanding €500 million 1.375% Guaranteed Senior Notes due September 27, 2025 issued in reliance on Regulation S (the "Tender Offer"). The Tender Offer is expected to expire on April 29, 2024, unless extended, re-opened, amended and/or earlier terminated. We currently expect settlement of the Tender Offer to occur on or around May 6, 2024 with respect to valid tenders received prior to the expiration date of the Tender Offer and that are accepted for purchase.

Maturity date	Carrying amount		Coupon (fixed)
	A\$ millions	\$ millions	per annum
Sep 27, 2025 ⁽¹⁾	810.0	EUR500.0	1.375%
Mar 15, 2028 ⁽²⁾	770.7	US\$525.0	3.700%
May 4, 2032 ⁽³⁾	734.0	US\$500.0	4.625%
Oct 15, 2037 ⁽²⁾	477.1	US\$325.0	4.500%
	2,791.8		

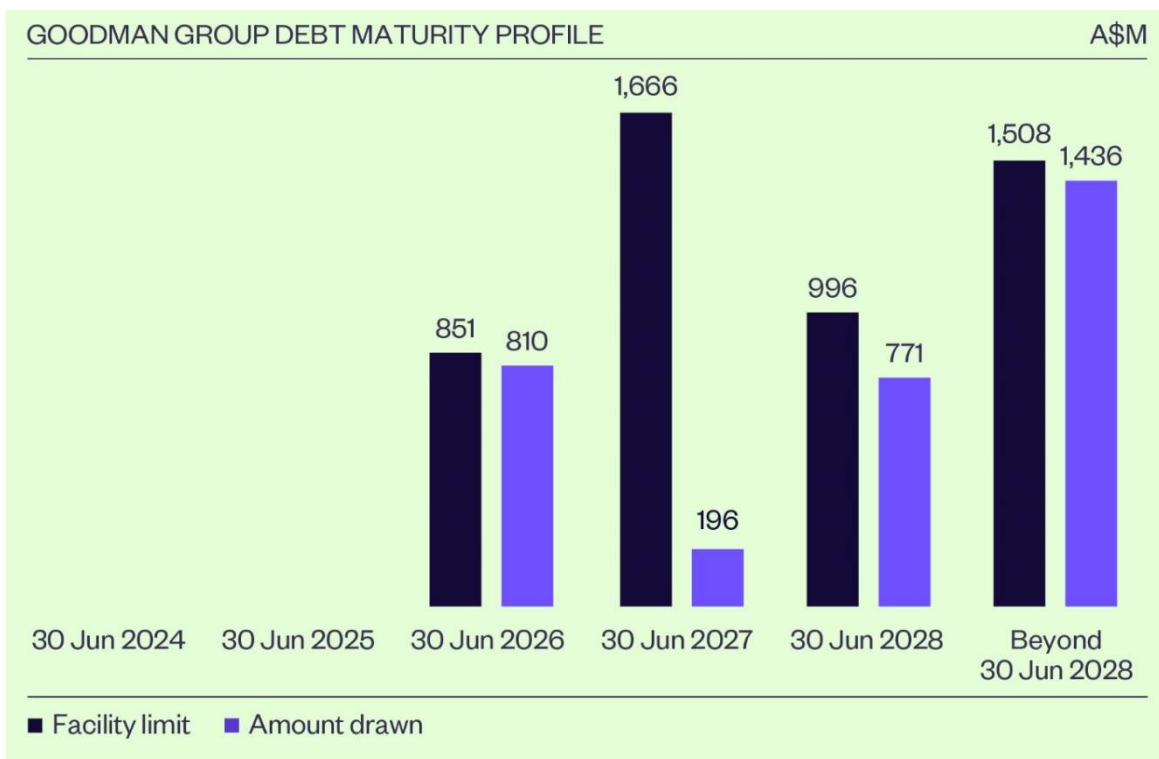
Notes:

- (1) On September 27, 2017, the Issuer issued €500 million aggregate principal amount of 1.375% Guaranteed Senior Notes due 2025. As part of our ongoing liability management, certain of those notes are expected to be repurchased by the Issuer pursuant to the Tender Offer. For further information, see "Summary—Recent Developments".
- (2) On September 19, 2017, Goodman US Finance Three, LLC and Goodman US Finance Four, LLC, finance subsidiaries of GIT, issued US\$525 million aggregate principal amount of 3.700% guaranteed senior notes due 2028 and US\$325 million aggregate principal amount of 4.500% guaranteed senior notes due 2037.
- (3) On April 27, 2022, Goodman US Finance Five, LLC, a finance subsidiary of GIT, issued US\$500 million aggregate principal amount of 4.625% sustainability-linked guaranteed senior notes due 2032.

Funding and liquidity

Debt maturity profile

The maturity profile in respect of the interest-bearing liabilities as at December 31, 2023 is set out below:



Available liquidity and description of liquidity

As at December 31, 2023, we had total available liquidity of A\$3.0 billion, consisting of undrawn committed financing facilities of A\$1,761.6 million after adjustments for cash held in escrow, bank guarantees, deferred borrowing costs and foreign currency adjustments, and cash and cash equivalents of A\$1,213.8 million.

The maturity profile of our committed financing facilities, which consist of unsecured bank loans and unsecured bonds as at December 31, 2023 is set out below:

As at December 31, 2023			
	Facilities available (in millions)	%	Contractual maturities of facilities utilised (in millions) ⁽¹⁾
Due within one year.....	—	0%	—
Due within two years.....	850.6	17%	810.1
Due within three years.....	1,465.5	29%	195.8
Due within four years.....	346.8	7%	—
Due within five years.....	848.7	17%	770.7
Due within six years.....	156.1	3%	156.1
Due within seven years.....	—	0%	—
Due within eight years.....	—	0%	—
Due within nine years.....	734.0	15%	734.0
Due within ten years.....	51.6	1%	22.5
Beyond ten years.....	565.9	11%	523.3
Total.....	5,019.2	100%	3,212.5

Note:

(1) Comprises principal on facilities utilised as at December 31, 2023 and interest payments on fixed rate debt facilities utilised as at December 31, 2023. Excludes any estimate of interest payments that might arise under our floating rate debt facilities.

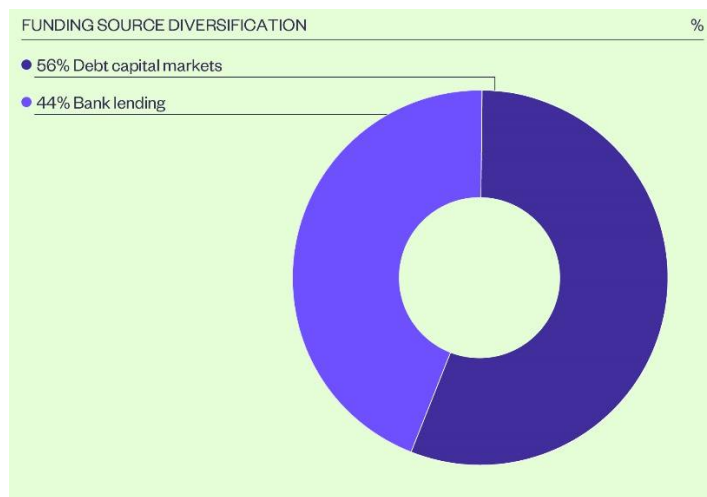
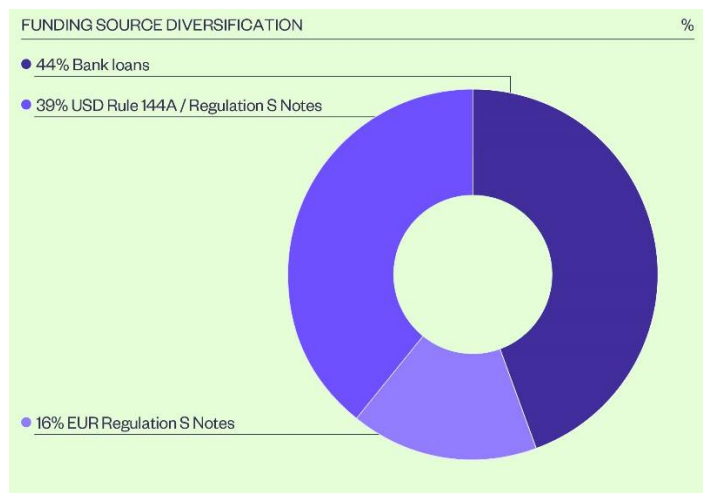
As at December 31, 2023 we had a weighted average debt maturity profile of 5.1 years.

Interest rate profile

As at December 31, 2023, we had fixed 66% of our interest payable exposure either by issuing fixed rate debt or by hedging activities using derivative financial instruments. As at December 31, 2023, the average term of our fixed rate debt and interest rate hedging was 4.8 years.

Diversified debt funding sources

The charts below show our debt funding sources at Goodman Group, excluding Partnerships, as at December 31, 2023:



Financial ratios

Historic financial ratios

Our Gearing Ratio, Leverage Ratio, CTDG Gearing Ratio, interest coverage ratio, priority debt ratio and unencumbered assets ratio as at December 31, 2023, June 30, 2022, 2021 and 2021 are set forth in the table below:

As at	Gearing Ratio ⁽¹⁾ (%)	Leverage Ratio ⁽²⁾ (%)	CTDG Gearing Ratio ⁽³⁾ (%)	Interest coverage ⁽⁴⁾ ratio (x)	Priority debt ratio ⁽⁵⁾ (%)	Unencumbered assets ratio ⁽⁶⁾ (x)
December 31, 2023	9.0	14.5	14.9	21.5	0.3	7.1
June 30, 2023	8.3	14.3	14.6	38.0	0.2	7.1
June 30, 2022	8.5	13.8	13.8	40.6	0.04	7.2
June 30, 2021	6.8	12.6	13.6	72.5	—	8.1

Notes:

- (1) Our Gearing Ratio is calculated as total interest bearing liabilities (less cash and cash equivalents) over total assets (less cash), both net of the fair value of cross-currency swaps used to hedge non-Australian dollar financial indebtedness included in other financial assets of A\$86.8 million in HY2024, A\$81.7 million in FY2023, A\$133.3 million in FY2022 and A\$134.1 million in FY2021. Total interest bearing liabilities are grossed up for the fair values of cross-currency swaps used to hedge non-Australian dollar financial indebtedness included in other financial liabilities of A\$39.4 million in HY2024, A\$34.2 million in FY2023, A\$79.6 million in FY2022 and A\$62.3 million in FY2021.
- (2) Calculated in accordance with the test set forth in "Description of the Notes, Guarantees and Undertakings—Covenants—Leverage Ratio". We are required to maintain a maximum leverage ratio of <55%.
- (3) CTDG Gearing Ratio means total liabilities of the Group (less cash and after deducting trade payables, marked to market losses and gains on hedging agreements, provisions for distributions and dividends, the marked to market value of liability attributable to breaking the fixed rate on any fixed-rate financial indebtedness and deferred liabilities) over total tangible assets (less cash).
- (4) Calculated in accordance with the test set forth in "Description of the Notes, Guarantees and Undertakings—Covenants—Interest coverage ratio". We are required to maintain a maximum interest coverage ratio of at least 1.50:1.00.
- (5) Priority debt ratio means secured debt/total tangible assets. We are required to maintain a maximum priority debt ratio of <40%.
- (6) Calculated in accordance with the test set forth in "Description of the Notes, Guarantees and Undertakings—Covenants—Unencumbered assets ratio". We are required to maintain a maximum unencumbered assets ratio of at least 1.50:1.00.

See Appendix C and Appendix D for more information.

Gearing Ratio policy

We have adopted a gearing policy whereby our Gearing Ratio target is 0% to 25%. As a result of our conservative gearing strategy, we are rated BBB+ by S&P and Baa1 by Moody's, both with a stable outlook. We intend to operate within our Gearing Ratio range having regard to the mix of our earnings and the ratios consistent with our credit rating. In practice, this means that we will tend to have relatively lower gearing when our development activity is relatively high.

We may from time to time re-evaluate our policy with regard to the Gearing Ratio in light of the prevailing economic conditions, credit rating, relative costs of debt and equity capital, changes in our equity market capitalization, growth and acquisition opportunities or other factors, and modify the gearing policy accordingly. As a result, we may increase the Gearing Ratio beyond the limits described above.

Our direct investments in stabilized investment property and development land and cornerstone investments in our Partnerships are the primary components of our total assets. As a result, upward or downward revaluations of real estate assets may affect the Gearing Ratio. In addition, as of December 31, 2023, approximately 62% of our direct investments in stabilized investment property and development land and cornerstone investments in our Partnerships were denominated in currencies other than Australian Dollars. As a result, upward or downward movements in foreign exchange rates will affect the translated amount of our foreign currency assets and liabilities, which may affect our Gearing Ratio. We have adopted a foreign exchange rate hedging policy to hedge against these risks; however, there may be instances where foreign currency assets and liabilities are restated for movements in exchange rates, which may have a material effect on our Gearing Ratio.

We have adopted a foreign exchange rate hedging of capital policy. Our foreign exchange hedging policy is to hedge between 65%-90% of our foreign currency assets and liabilities. As a result, our financial performance is not materially affected by movements in exchange rates. However, there may be instances where foreign currency assets and liabilities are restated for movements in exchange rates, which may have a material effect on the Gearing Ratio and Leverage Ratio.

None of our organizational documents limit the amount of indebtedness that we may incur. However, certain of our financing agreements, including the Indenture, contain certain financial covenants, including our Leverage Ratio. Based on the consolidated condensed statement of financial position as at December 31, 2023, the Leverage Ratio was 14.5%. We intend at all times to be in compliance with the Leverage Ratio.

If the board determines that additional funding is required, we may raise such funds through equity offerings, hybrid equity raisings, debt financing, the disposal of or joint venturing of properties, including to newly established our Partnerships, the retention of operating cash flow or a combination of these methods, subject to restrictions under applicable law and our financing agreements, including limitations under the Indenture.

Indebtedness incurred by us may be in the form of publicly or privately placed debt instruments, financing from banks, institutional investors or other lenders, any of which indebtedness may be unsecured or may, subject to restrictions in our financing agreements, be secured by mortgages or other interests in our assets. Such indebtedness may be recourse, non-recourse or cross-collateralized and, if subject to recourse, such recourse may include our general assets and, if non-recourse, may be limited to the particular property or properties to which the indebtedness relates. In addition, we may invest in properties subject to existing loans secured by mortgages, deeds of trust or similar liens on the properties, or may refinance properties acquired on a leveraged basis. The proceeds from any borrowings by us may be used for working capital, to purchase additional interests in joint ventures or Partnerships in which we participate, to refinance existing indebtedness or to finance acquisitions, expansions or redevelopment of new and existing properties. We may also incur indebtedness for other purposes when, in the opinion of the board, it is advisable to do so.

Description of the Notes, Guarantees and Undertakings

Because this section is a summary, it does not describe every aspect of the Indenture, the Notes, the Undertakings, the Guarantees, the Capitalisation Deed Poll, the Security Trust Deed or any STD Security (including the Mortgage of Contract). This summary is subject to and qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Capitalisation Deed Poll, the Security Trust Deed and each STD Security, including the definitions therein of certain terms a copy of each of which is available upon request from Goodman Group or the Initial Purchasers. The definitions of certain terms used below are set forth under “—Certain definitions”.

General

The Notes offered in this offering memorandum will be unsecured and unsubordinated obligations governed by an indenture (the “Indenture”), to be dated as of May 3, 2024, among Goodman Australia Finance Pty Limited (the “Issuer”), Goodman Limited (“GL”), Goodman Funds Management Limited (“GFML”), in its capacity as the responsible entity of Goodman Industrial Trust (“GIT”), and Goodman Logistics (HK) Limited (“GLHK” and, collectively with GL and GFML as responsible entity of GIT, each, a “Parent Guarantor” and, collectively, the “Parent Guarantors”), and The Bank of New York Mellon, London Branch, as trustee (the “Indenture Trustee”). The Parent Guarantors will provide Guarantees of the Notes pursuant to the Indenture. Certain Group Members will provide undertakings with respect to the Issuer’s obligations under the Notes pursuant to the Amended and Restated Capitalisation Deed Poll, dated as of August 10, 2012 as amended from time to time and most recently amended under the Second Amendment Deed dated May 28, 2019 (the “Capitalisation Deed Poll”), among the Issuer and the other Group Members from time to time party thereto as “Borrowers” (the “Goodman Beneficiaries”), and the Group Members from time to time party thereto (including the Parent Guarantors) as “Investors” (the “Undertaking Subsidiaries”, such term also to include any Group Members that provide undertakings pursuant to the Indenture, as set forth below under “—Guarantees and Undertakings—Undertakings—Additional Undertakings”). Additionally, under the circumstances described below, certain Group Members may become parties to the Indenture as Undertaking Subsidiaries and provide undertakings thereunder with respect to the Issuer’s obligations under the Notes (together with undertakings provided by any Undertaking Subsidiaries pursuant to the Capitalisation Deed Poll, “Undertakings”).

The Indenture and its associated documents, including the Capitalisation Deed Poll and the Security Trust Deed described below, contain the full legal text of the matters described in this section. The agreements to be executed in connection with this offering of Notes are the Notes and the Indenture (which includes the Guarantees), which is governed by New York law, the Mortgage of Contract and certain accession and nomination documents pursuant to which the Issuer has become a Goodman Beneficiary under the Capitalisation Deed Poll and the Indenture and the Notes shall be nominated as Finance Documents under the Security Trust Deed and Capitalisation Deed Poll. The Undertakings of the Undertaking Subsidiaries are set forth in the Capitalisation Deed Poll and certain related provisions are set forth in the Security Trust Deed, each of which is a currently existing document. The Security Trust Deed is governed by the laws of the State of New South Wales and the Capitalisation Deed Poll is governed by the laws of the State of Victoria, each in the Commonwealth of Australia.

A copy of the Indenture (which includes the forms of the Notes), the Capitalisation Deed Poll, the Security Trust Deed and each STD Security is available for inspection during normal business hours at the offices of the Indenture Trustee and of any other paying agents.

Principal and interest

The Notes will mature on May 3, 2030 (the “Final Maturity Date”). The Notes will bear interest from May 3, 2024, to be payable annually in arrears on May 3 of each year, commencing May 3, 2025, at the rate of 4.250% per year. The Issuer will pay interest on the Notes on the interest payment dates stated above, and on the Final Maturity Date. Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid or made available for payment, or from the issue date, if none has been paid or made available for payment, to but excluding the relevant payment date on the Notes on the basis of Actual/Actual (ICMA) method, as described below under “—Computation of Interest”. Any payment of principal or interest required to be made on any date that is not a business day will be made on the next succeeding business day as if made on the date that payment was due and no interest will accrue on that payment for the period from and after the date that payment was due to the date of payment on the next succeeding business day. On the Final Maturity Date (or upon earlier redemption or repurchase of a Note as described below), interest will cease to accrue on such Note under the terms of and subject to the conditions in the Indenture.

Computation of Interest

Interest on the Notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the Notes (or from May 3, 2024, if no interest has been paid on the Notes) to, but excluding, the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) (as defined in the rulebook of the International Capital Market Association).

“business day” means (i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, New York and Sydney and a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereof (*“TARGET”*) is open for the settlement of payment in Euro (a *“TARGET Business Day”*) and (ii) when used with respect to any place of payment (a) a TARGET Business Day in the case of Notes in global form or (b) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business in the relevant place of presentation in the case of Notes in certificated form.

Further issues

The Notes are initially being offered in the principal amount of €500 million. The Issuer may, without the consent of the holders, create and issue additional Notes in the future on the same terms and conditions and with the same ISIN and common code as the Notes offered hereby so that such issue shall be consolidated and form a single series with the outstanding Notes. There is no limit on the aggregate principal amount of Notes that may be outstanding at any time.

Guarantees and Undertakings

The Parent Guarantors and certain Group Members shall provide credit support for the Notes on the following terms. Certain terms used in this section are defined under *“—Certain definitions”*.

Guarantees

The Notes shall be guaranteed (the *“Guarantees”*), on a joint and several basis, by the Parent Guarantors pursuant to the Indenture. Pursuant to the Guarantees, the Parent Guarantors shall fully, unconditionally and irrevocably guarantee to each holder of a Note authenticated and delivered by the Indenture Trustee the due and punctual payment of the principal of and interest on such Note (and any additional amounts (as hereinafter defined) payable in respect thereof), when and as the same shall become due and payable, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise, in accordance with the terms of such Note and of the Indenture.

Undertakings

In addition to their respective obligations under the Notes and the Guarantees, the Issuer and the Parent Guarantors are party to the Capitalisation Deed Poll and the Security Trust Deed. The initial Undertakings of the Undertaking Subsidiaries in respect of the Issuer's obligations under the Notes will be provided pursuant to the Capitalisation Deed Poll. As described below, in the future additional Undertakings may be provided by certain Group Members pursuant to either the Capitalisation Deed Poll or the Indenture. The terms of certain of the Group's Material Indebtedness currently requires the Parent Guarantors to ensure that Undertakings are provided by Undertaking Subsidiaries under the Capitalisation Deed Poll such that, taken together, the assets of the Parent Guarantors and such Undertaking Subsidiaries constitute 75% or more of the *“Total Assets”* and generate 75% or more of *“EBITDA”* (in each case, as defined in the documentation governing such Material Indebtedness) for the Group's most recent financial year or half financial year. The terms of such Material Indebtedness may be amended in the future without the consent of any holder of Notes to reduce or eliminate such requirements.

The Indenture shall provide that the obligations and rights of the Issuer and the Parent Guarantors under the Capitalisation Deed Poll and the Security Trust Deed are in addition to, and without prejudice to, their respective rights and obligations under the Indenture, the Notes and the Guarantees. Each of the Issuer and the Parent Guarantors shall agree in the Indenture that, in the event of any conflict between the terms of the Indenture, the Guarantees and the Notes, on the one hand, and the Security Trust Deed and the Capitalisation Deed Poll, on the other, the Indenture, the Guarantees and the Notes shall control. However, such agreement in the Indenture may not be effective to bind the other parties to, or beneficiaries of, the Capitalisation Deed Poll and the Security Trust Deed.

Capitalisation Deed Poll

Generally

Pursuant to the Capitalisation Deed Poll, each Group Member (including the Parent Guarantors) from time to time party thereto as an Undertaking Subsidiary shall, on a joint and several basis, acknowledge and undertake to each Goodman Beneficiary (which shall include (on execution and delivery of a Finance Party Deed) the Issuer) and to each Finance Party (which shall include each holder of Notes) that:

- (a) whenever any Goodman Beneficiary fails to pay any Money Owing (which shall include any amounts owing under the Notes) when due, such Undertaking Subsidiary shall immediately on demand pay such amount to such Goodman Beneficiary (or as it otherwise directs);
- (b) any such demand may be made by the applicable Goodman Beneficiary or the Finance Party to whom the amount is owing; and
- (c) making any such demand does not prevent further demands being made until such time as the applicable Money Owing has been paid and satisfied in full.

Pursuant to the Capitalisation Deed Poll, the Issuer and each other Goodman Beneficiary have irrevocably authorised and directed each Undertaking Subsidiary to pay all amounts which at any time become due to a Goodman Beneficiary under its Undertaking directly to the Finance Party to whom the relevant Money Owing is owing (or, in the case of any Money Owing in respect of the Notes, to the Indenture Trustee as Financier Representative on behalf of the applicable holders as described below). The Indenture Trustee will agree under the Indenture to promptly remit to each applicable holder of Notes in accordance with the terms of the Indenture any such payments received by it in respect of amounts owing to such holder, subject to the Indenture Trustee's right to first be paid out of such funds any amounts owing to it under the Indenture. Any such proceeds that are first paid to the Indenture Trustee will reduce the amount of funds available to pay the applicable holders of Notes.

Any payment by an Undertaking Subsidiary under its Undertaking will constitute, at the election of the applicable Goodman Beneficiary and such Undertaking Subsidiary, either a loan by such Undertaking Subsidiary to such Goodman Beneficiary or a subscription by such Undertaking Subsidiary for shares or units in the capital of the applicable Goodman Beneficiary. If no such election is made (or, in any event, following any Liquidation in respect of the applicable Goodman Beneficiary), such payment will constitute a loan made to the applicable Goodman Beneficiary.

Appointment of Indenture Trustee as Financier Representative under Capitalisation Deed Poll

By accepting its Note, each holder of Notes will (a) appoint the Indenture Trustee as its Financier Representative under the Capitalisation Deed Poll, (b) acknowledge and agree that such holder has been given an opportunity to review the terms of the Capitalisation Deed Poll and is familiar with its terms, (c) agree to be bound by the terms of the Capitalisation Deed Poll and by all actions taken thereunder by the Indenture Trustee on behalf of such holder and (d) irrevocably direct each Undertaking Subsidiary to pay all amounts owing to such holder under the Capitalisation Deed Poll to the Indenture Trustee (instead of to such holder) for allocation pursuant to the Indenture. As a result, all power, right, authority, discretion or remedy that is granted under the Capitalisation Deed Poll to any holder of Notes in its capacity as a Finance Party (including any right to make a demand under an Undertaking) may only be exercised by the Indenture Trustee on behalf of such holder at the written direction of the required Holders. Additionally, any notice under the Capitalisation Deed Poll that is able or required to be given to or by any holder of Notes may be given to or by the Indenture Trustee on its behalf, and any payment to be made to a holder of Notes under the Capitalisation Deed Poll may be made to the Indenture Trustee on behalf of such holder.

Each obligation of a holder of Notes as a Finance Party under the Capitalisation Deed Poll (including, without limitation, those described below) shall remain an obligation of such holder and shall be unaffected by such holder's appointment of the Indenture Trustee as its Financier Representative. See "—Tax Gross-up Payments and obligation of holders of Notes to pay certain Tax Credits to Parent Guarantors or Undertaking Subsidiaries" for a summary of certain of the material obligations of the holders of Notes under the Capitalisation Deed Poll.

Tax gross-up payments and obligation of holders of Notes to pay certain tax credits to Parent Guarantors or Undertaking Subsidiaries

Under the Capitalisation Deed Poll, if any Goodman Beneficiary or an Undertaking Subsidiary is obligated to make a deduction in respect of a tax, levy, impost, duty or other charge or withholding of a similar nature (other than certain excluded taxes) from a payment made under the Capitalisation Deed Poll to a Finance Party, it is obligated to pay such Finance Party an additional amount sufficient to ensure that such Finance Party receives a net amount equal to the

amount it would have received if no deduction had been made (a “Tax Gross-up Payment”). In the event any Goodman Beneficiary or an Undertaking Subsidiary makes a Tax Gross-up Payment to any Finance Party and such Finance Party determines that a credit against, relief, or omission for, or repayment of any tax (a “Tax Credit”) is attributable to such Tax Gross-up Payment and such Finance Party has obtained, utilised and retained such Tax Credit, such Finance Party is obligated under the Capitalisation Deed Poll to pay to the applicable Goodman Beneficiary or Undertaking Subsidiary an amount which such Finance Party determines will leave it (after such payment) in the same after-tax position it would have been in had the circumstances not arisen which caused such Tax Gross-up Payment to be required to be made.

Actions by the Indenture Trustee and directions by the Holders of Notes

As described above, the Capitalisation Deed Poll provides that the Undertakings thereunder of each Undertaking Subsidiary are made not only to the Goodman Beneficiaries, but also directly to the Finance Parties (including the holders of Notes who will be designated as Finance Parties). As a result, the Indenture Trustee, as Financier Representative on behalf of the holders of Notes (and only the Indenture Trustee), is permitted to make a direct demand for payment under such Undertakings in the event payments under the Notes are not paid when due. The Indenture Trustee will make a demand for payment under each Undertaking within ten business days after a Responsible Officer of the Indenture Trustee (a) receives written notice from any holder of Notes or (b) has actual knowledge, in each case that there has been a default in the payment of any principal of or interest on any Note (or any additional amounts (as hereinafter defined) payable in respect thereof), when and as the same shall become due and payable, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise; provided, that the Indenture Trustee shall not be required to make any such demand if it receives written notice from the applicable holder or otherwise has actual knowledge that such default has been cured. Any such action taken by the Indenture Trustee under the Capitalisation Deed Poll (and any other action properly taken by the Indenture Trustee as Financier Representative on behalf of the holders of Notes under the Capitalisation Deed Poll, regardless of whether it is made at the direction of any holder of Notes) shall be made on behalf of each holder of Notes and their respective Exposure, and each holder of Notes shall be deemed to have directed the Indenture Trustee to take such action on its behalf. See “—Certain definitions” for the definition of Exposure and certain other terms used in this section.

The Indenture shall provide that the Indenture Trustee shall (i) exercise any right, power, authority, discretion or remedy vested in it under the Capitalisation Deed Poll as Financier Representative on behalf of the holders of Notes in accordance with any written instructions given to it by the Required Holders (or, if so instructed by the Required Holders, refrain from acting or exercising any right, power, authority, discretion or remedy vested in it as Financier Representative on behalf of the holders of Notes) subject in every instance to the Indenture Trustee’s right to receive security and/or indemnity satisfactory to the Indenture Trustee in its sole discretion against costs, expenses and liability associated with such action as set forth in the following paragraph and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with such an instruction of the Required Holders. Additionally, any such instructions given by the Required Holders to the Indenture Trustee will be binding on all the holders of Notes. Except in the case of any event of default and other than the requirement to make a demand for payments under Undertakings under the Capitalisation Deed Poll as set forth in the preceding paragraph, in the absence of such instructions from the Required Holders, the Indenture Trustee shall have no obligation to take any action under the Capitalisation Deed Poll as Financier Representative on behalf of the holders of Notes.

Except as described in the preceding paragraph, the Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Capitalisation Deed Poll as Financier Representative on behalf of the holders of Notes at the request or direction of any of the holders, unless those holders shall have offered the Indenture Trustee security and/or indemnity satisfactory to the Indenture Trustee in its sole discretion against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Under the Indenture, the Indenture Trustee may seek instructions from the Required Holders with respect to actions proposed to be taken (or actions proposed not to be taken) by the Indenture Trustee as Financier Representative on behalf of the holders of Notes under the Capitalisation Deed Poll and may specify in writing a period within which such instructions are to be provided (which period shall be required under the Indenture to be as long as reasonably practicable under the circumstances). Additionally, the Indenture Trustee will be obligated under the Indenture to provide to each registered holder of Notes (a) notice of any written request made of the Indenture Trustee as Financier Representative on behalf of the holders of Notes under the Capitalisation Deed Poll and (b) copies of any notice provided to the Indenture Trustee as Financier Representative on behalf of the holders of Notes under the Capitalisation Deed Poll.

Security Trust Deed

Generally

Pursuant to the Security Trust Deed, dated as of May 23, 2007, as amended and restated on August 10, 2012 and May 28, 2019 (the "Security Trust Deed"), among the Parent Guarantors, the Issuer and the other Group Members from time to time party thereto as "Borrowers", and The Trust Company (Australia) Limited, as security trustee (the "Security Trustee"), the Security Trustee holds the benefit of each STD Security (including the Mortgage of Contract) entered into by the Goodman Beneficiaries (including the Issuer) for the benefit of Finance Parties, including the holders of Notes (who will be designated as Finance Parties). Under an STD Security, each Goodman Beneficiary has mortgaged by way of separate deed of mortgage its rights under the Capitalisation Deed Poll in favour of the Security Trustee, such that at any time after commencement of enforcement of such mortgage, the Security Trustee may exercise the rights and perform the obligations of such Goodman Beneficiary under the Capitalisation Deed Poll as if it were such Goodman Beneficiary. Such right is in addition to the right afforded to the Indenture Trustee to directly make a demand for payment under the Capitalisation Deed Poll as described above.

Appointment of Indenture Trustee as Financier Representative and The Trust Company (Australia) Limited as Security Trustee

By accepting its Note, each holder of Notes will (a) appoint The Trust Company (Australia) Limited to act as Security Trustee on its behalf under the Security Trust Deed, (b) acknowledge and agree that such holder has been given an opportunity to review the terms of the Security Trust Deed and is familiar with its terms and (c) agree to be bound by the terms of the Security Trust Deed. Additionally, by accepting its Note, each holder of Notes shall appoint the Indenture Trustee as its Financier Representative for purposes of the Security Trust Deed and will irrevocably direct the Security Trustee to pay all amounts owing to such holder under the Security Trust Deed to the Indenture Trustee (instead of directly to such holder) for allocation pursuant to the Indenture. As a result, all power, right, authority, discretion or remedy which is granted to any holder of Notes under the Security Trust Deed (including, without limitation, all rights to vote or give any instructions to the Security Trustee) may only be exercised by the Indenture Trustee. Additionally, any notice under the Security Trust Deed that is able or required to be given to or by any holder of Notes may be given to or by the Indenture Trustee on its behalf, and payment to be made thereunder to a holder of Notes may be made to the Indenture Trustee on behalf of such holder.

Each obligation of a holder of Notes as a Finance Party under the Security Trust Deed (including, without limitation, those described below) shall remain an obligation of such holder and shall be unaffected by such holder's appointment of the Indenture Trustee as its Financier Representative. See "—Requirement that the holders of Notes and other Finance Parties provide the Security Trustee funds before it acts", "—Indemnities from holders of Notes and other Finance Parties in favour of the Security Trustee" and "—Notice of assignment or transfer by holders of Notes".

Actions by the Security Trustee

With limited exceptions, under the terms of the Security Trust Deed, the Security Trustee shall (i) exercise any right, power, authority, discretion or remedy vested in it as Security Trustee in accordance with any instructions given to it by the Majority Finance Parties (or, if so instructed by the Majority Finance Parties, refrain from acting or exercising any right, power, authority or discretion vested in it as Security Trustee) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with such an instruction of the Finance Parties. Additionally, with limited exceptions, any instructions given by the Majority Finance Parties will be binding on all the Finance Parties. In the absence of instructions from the Majority Finance Parties (or, if required under the Security Trust Deed, all of the Finance Parties), the Security Trustee may act (or refrain from taking action) as it considers to be in the best interest of the Finance Parties. See "—Certain definitions" for the definition of Majority Finance Parties and certain other terms used in this section.

The Security Trustee may refrain from acting until it has received such security as it may require for any cost, loss or liability (together with any associated indirect tax) which it may incur in complying with the instructions. The Indenture shall provide that the Indenture Trustee shall not be required and is exempt from any obligation to provide such security to the Security Trustee. Accordingly, the holders of Notes may be required to provide such security before the Security Trustee shall be obligated to take any particular action under the Security Trust Deed or Capitalisation Deed Poll.

When seeking instructions from the Majority Finance Parties (or, if appropriate, the Finance Parties), the Security Trustee may specify in writing a period within which instructions are to be provided. The period will be, in the case of instructions to be given by the Indenture Trustee as Financier Representative on behalf of the holders of Notes, at least 21 days or any shorter period agreed by the Indenture Trustee. If for any reason the Indenture Trustee does not provide instructions in writing within the period specified (including because it has not received written instruction from Required Holders), it

will be taken to have no Exposure or liability as Financier Representative on behalf of the holders of Notes for the purpose of determining whether instructions have been given by a specified majority of Finance Parties.

Actions by the Indenture Trustee

As described above, except in limited circumstances, the Security Trustee is obligated to take actions under the Security Trust Deed only to the extent it receives instructions from the Majority Finance Parties or, in certain cases, all of the Finance Parties. Any such instructions to be provided by the holders of Notes are required to be made on their behalf by the Indenture Trustee as Financier Representative.

The Indenture shall provide that if there has been a default in the payment of any principal of or interest on the Note of any holder (or any additional amounts (as hereinafter defined) payable in respect thereof), when and as the same shall become due and payable, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise, the Indenture Trustee shall make a direct demand under the Capitalisation Deed Poll for payment under each Undertaking as described under “—Capitalisation Deed Poll” above. However, in the event that the Indenture Trustee (a) is so directed in writing by the Required Holders or (b) has made a direct demand under the Capitalisation Deed Poll that was not satisfied (whether as the result of the application of law or otherwise) within 30 days after such demand (such date that is 30 days after such demand, the “CDP Deadline”), the Indenture Trustee shall be required under the Indenture within ten business days after any written direction pursuant to the foregoing clause (a) or within two business days after the CDP Deadline in the case of the foregoing clause (b), to instruct the Security Trustee to enforce its security interest under Mortgage of Contract (which is held on Trust by the Security Trustee for the Finance Parties under the Security Trust Deed) or any other applicable STD Security in the Issuer’s right to make a demand under the Capitalisation Deed Poll for payment under each Undertaking as soon as is reasonably practicable subject to the Indenture Trustee’s right to receive security and/or indemnity satisfactory to the Indenture Trustee in its sole discretion against costs, expenses and liabilities associated with such action as set forth below. Any such instruction made by the Indenture Trustee to the Security Trustee (and any other instruction made or other action properly taken by the Indenture Trustee as Financier Representative on behalf of the holders of Notes under the Security Trust Deed, regardless of whether it is made at the direction of any holder of Notes) shall be made on behalf of each holder of Notes and their respective Exposure, and each holder shall be deemed to have directed the Indenture Trustee to make such instruction on its behalf. Notwithstanding any instruction made by the Indenture Trustee to the Security Trustee, the Security Trustee shall not be obligated to exercise any right, power or remedy under the Security Trust Deed unless directed to do so by the Majority Finance Parties (or, if required under the Security Trust Deed, all of the Finance Parties).

The Indenture shall provide that the Indenture Trustee shall (i) exercise any right, power, authority, discretion or remedy vested in it under the Security Trust Deed as Financier Representative on behalf of the holders of Notes in accordance with any written instructions given to it by the Required Holders (or, if so instructed by the Required Holders, refrain from acting or exercising any right, power, authority, discretion or remedy vested in it as Financier Representative on behalf of the holders of Notes) subject to the Indenture Trustee’s right to receive security and/or indemnity satisfactory to the Indenture Trustee in its sole discretion against the costs, expenses and liabilities associated with such action as set forth below and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with such an instruction of the Required Holders. Additionally, any such instructions given by the Required Holders to the Indenture Trustee will be binding on all the holders of Notes. Except in the case of any event of default and other than the requirement to instruct the Security Trustee to enforce its security interest under the Mortgage of Contract (which is held on trust by the Security Trustee for the Finance Parties under the Security Trust Deed) and any other applicable STD Security over the Issuer’s right to make a demand under the Capitalisation Deed Poll for payment under each Undertaking as set forth in the preceding paragraph, in the absence of such instructions from the Required Holders, the Indenture Trustee shall have no obligation to take any action under the Security Trust Deed as Financier Representative on behalf of the holders of Notes.

Except as described in the preceding paragraph, the Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Security Trust Deed as Financier Representative on behalf of the holders of Notes at the request or direction of any of the holders, unless those holders shall have offered the Indenture Trustee security and/or indemnity satisfactory to the Indenture Trustee in its sole discretion against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Under the Indenture, the Indenture Trustee may seek written instructions from the Required Holders with respect to actions proposed to be taken (or actions proposed not to be taken) by the Indenture Trustee as Financier Representative on behalf of the holders of Notes under the Security Trust Deed and may specify in writing a period within which such instructions are to be provided (which period shall be required under the Indenture to be as long as reasonably practicable under the circumstances). Additionally, the Indenture Trustee will be obligated under the Indenture to provide to each holder of Notes (a) notice of any written request made of the Indenture Trustee as Financier Representative on behalf of

the holders of Notes under the Security Trust Deed and (b) copies of any written notice provided to the Indenture Trustee as Financier Representative on behalf of the holders of Notes under the Security Trust Deed.

The Indenture Trustee will agree under the Indenture to promptly remit to each applicable holder of Notes in accordance with the terms of the Indenture any payments received by the Indenture Trustee under the Security Trust Deed in respect of amounts owing to such holder, subject to the Indenture Trustee's right to first be paid out of such funds any amounts owing to it under the Indenture. Any such proceeds that are first paid to the Indenture Trustee will reduce the amount of funds available to pay the applicable holders of Notes.

The Indenture shall provide that no provision thereof shall require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder, or in the exercise of any of its rights or powers.

Requirement that the holders of Notes and other Finance Parties provide the Security Trustee funds before it acts

In the event the Security Trustee proposes to exercise a right or take any other action pursuant to the Security Trust Deed (whether or not at the instruction of the Finance Parties) or the Security Trustee is directed to exercise a right or take any action in connection with the Security Trust Deed or any other Finance Document, and the Security Trustee reasonably considers that doing so could result in the Finance Parties becoming obliged to indemnify the Security Trustee as described below, the Security Trustee (a) may request the Finance Parties (including the holders of Notes) to pay to it an amount ("Relevant Sum") at least equal to the amount the Security Trustee reasonably determines would be the Finance Parties' liability; and (b) need not act until the Finance Parties do so.

The Security Trust Deed obligates each holder of Notes and each other Finance Party to fund each Relevant Sum payable under the Security Trust Deed ratably and in proportion to its share of the total Exposures on the applicable day (expressed as a percentage and rounded to the nearest two decimal places (if necessary)).

If any holder of Notes or other Finance Party fails to remit its pro rata share of the Relevant Sum within a period determined by the Security Trustee to be reasonable, then the Security Trustee is obliged to promptly request each other Finance Party to fund the defaulting Finance Party's share. If one or more other Finance Parties agrees to fund the defaulting Finance Party's share, then the indemnity obligations of the Finance Parties under the Security Trust Deed are deemed to be satisfied. Pursuant to the Security Trust Deed, each holder of Notes (as a Finance Party, once it has been designated as such) and each other Finance Party agrees that:

- (a) any such payment by a Finance Party to the Security Trustee shall constitute a loan by the Finance Party to the defaulting Finance Party; and
- (b) such loan accrues interest at the rate and in the manner notified by the paying Finance Party to the defaulting Finance Party and the Security Trustee.

Under the Security Trust Deed, each such defaulting Finance Party agrees to pay to the Security Trustee (for the account of each Finance Party that has funded such defaulting Finance Party's indemnity obligation) on demand the principal and interest on each such loan.

Indemnities from holders of Notes and other Finance Parties in favour of the Security Trustee

Each holder of Notes (as a Finance Party, once it has been designated as such) and each other Finance Party (other than the Security Trustee) shall (in proportion to its share of the total Exposures) agree under the Security Trust Deed to indemnify the Security Trustee, within three business days of demand, against any cost, loss or liability incurred by the Security Trustee or its employees, officers and agents (other than by reason of its or their gross negligence or wilful misconduct) in acting as Security Trustee under the Finance Documents (unless the Security Trustee has been reimbursed by a Goodman Beneficiary or an Undertaking Subsidiary pursuant to a Finance Document).

Under the Security Trust Deed, the Parent Guarantors have agreed to indemnify each Finance Party, within three business days of demand, against any such amount so paid to the Security Trustee if the Parent Guarantors would also have been obligated to indemnify the Security Trustee with respect to such amount pursuant to the Security Trust Deed or other Finance Documents. Under the Security Trust Deed, the Parent Guarantors and the Goodman Beneficiaries are required to (or to procure that another Goodman Beneficiary or Undertaking Subsidiary will), within three business days of demand, indemnify the Security Trustee against any cost, expense, loss or liability (including legal fees) incurred by the Security Trustee as a result of (a) the occurrence of any Event of Default as defined in any Finance Document, (b) investigating any event which it reasonably believes is an Event of Default as defined in any Finance Document, (c) the existence of any interest in or control, power, right, authority, discretion or remedy with respect to the Mortgaged Property, (d) any enquiry, investigation, subpoena (or similar order) or litigation with respect to any Goodman Beneficiary or

Undertaking Subsidiary party to the Capitalisation Deed Poll or with respect to the transactions contemplated under the Security Trust Deed or (e) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

Distributions by the Security Trustee

Under the Security Trust Deed, the Security Trustee is required to apply all money received or recovered by it which is available for distribution in or towards payment or repayment of the Secured Money of any Goodman Beneficiary in the following order:

- (a) First, all costs, charges and expenses of the Security Trustee or any Receiver or Attorney which are incurred in or are incidental to the actual or attempted exercise or performance of a power, right, authority, discretion or remedy in connection with such Goodman Beneficiary or its Mortgaged Property.
- (b) Second, any other outgoings in connection with the Mortgaged Property of such Goodman Beneficiary which the Security Trustee or any Receiver or Attorney thinks fit to pay.
- (c) Third, the remuneration of any Receiver of Mortgaged Property of such Goodman Beneficiary.
- (d) Fourth, to each holder of a Security Interest of which the Security Trustee is aware and which has priority in relation to the relevant Mortgaged Property, to the extent, and in order, of priority.
- (e) Fifth, to the Security Trustee for the account of the Finance Parties of such Goodman Beneficiary towards satisfaction of the Secured Money of such Goodman Beneficiary ratably among those Finance Parties according to their amounts outstanding (including, if any step has been taken to enforce a STD Security of such Goodman Beneficiary or the Secured Money of such Goodman Beneficiary has been declared due before its stated maturity, amounts contingently owing or owing in the future) or in any other manner agreed by the Security Trustee and such Finance Parties.
- (f) Sixth, to each holder of an STD Security Interest of which the Security Trustee is aware and which ranks after any STD Security in relation to the relevant Mortgaged Property, to the extent, and in order, of priority.
- (g) Seventh, the surplus (if any) belongs to such Goodman Beneficiary.

If any Secured Money is contingently owing to any Finance Party at the time of a distribution of an amount as described above, the Security Trustee may retain any of such amount. In such case, the Security Trustee is required under the Security Trust Deed to place the amount retained in a short-term interest bearing deposit until the relevant Secured Money becomes actually due or ceases to be contingently owing, and the Security Trustee will then pay to the applicable Finance Party the amount which becomes actually due to it and apply the balance of the amount so retained (together with interest earned on the deposit) in accordance with the distribution requirements described above.

For the purpose of making an application under the distribution methodology described above, under the Security Trust Deed, the Security Trustee, or any Receiver or Attorney, may purchase one currency with another, whether or not through an intermediate currency, whether spot or forward, in the manner and at the time it thinks fit.

Notice of assignment or transfer by holders of Notes

Each Finance Party (including each holder of Notes) is required under the Security Trust Deed to promptly notify the Security Trustee of any assignment or transfer of such Finance Party's rights, benefits or obligations under any Finance Document (including the Notes and the Indenture) and require any such assignee or transferee to become bound by the Security Trust Deed. See "—Registration of transfer and exchange" for a discussion of the provisions of the Indenture relating to transfers of Notes.

Original Undertakings

The Group Members that shall be Undertaking Subsidiaries and provide Undertakings pursuant to the Capitalisation Deed Poll as of the date of the Indenture, are as set forth on Appendix E.

The Undertaking provided by each of Goodman Property Opportunities (Lux) S.à. r.l., Goodman Management Holdings (Lux) S.à. r.l. and Goodman Midnight Logistics (Lux) S.à. r.l. is limited as set forth in the Capitalisation Deed Poll and as described below under "—Undertaking limitations".

Additional Undertakings

The Parent Guarantors shall covenant and agree in the Indenture that so long as any Group Member provides Credit Support (including, without limitation, pursuant to the Capitalisation Deed Poll) with respect to any Material Indebtedness or is otherwise a co-obligor of any Material Indebtedness, each such Group Member shall provide an Undertaking with respect to the Issuer's obligations under the Notes (notwithstanding the fact such Undertaking may have previously been released as described under "—Release of Undertaking Subsidiaries").

The Indenture does not contain any requirements for any Undertaking Subsidiaries to provide Credit Support for the Notes other than the obligation to ensure that any subsidiary of the Parent Guarantors that is required to provide Credit Support to any Material Indebtedness also provides such Credit Support to the Notes as described above.

If any Group Member that is required to provide an Undertaking with respect to the Issuer's obligations under the Notes is a party to the Capitalisation Deed Poll as an Undertaking Subsidiary, then such Group Member shall not be required to take any further action. However, if such Group Member is not a party to the Capitalisation Deed Poll as an Undertaking Subsidiary (including in cases where the Capitalisation Deed Poll has been terminated in accordance with its terms), such Group Member shall become a party to the Indenture as an Undertaking Subsidiary by entering into a supplemental indenture to the Indenture, pursuant to which it shall irrevocably undertake to each of the Issuer and the Indenture Trustee that:

- (a) whenever the Issuer fails to pay any amounts owing under the Notes or the Indenture when due, it shall immediately on demand pay such amount to the Issuer (or as it otherwise directs);
- (b) any such demand may be made by the Issuer or the Indenture Trustee; and
- (c) making any such demand does not prevent further demands being made until such time as all amounts owing under the Notes and the Indenture have been paid and satisfied in full.

The Indenture Trustee will be required under the Indenture to make a demand for payment under each Undertaking thereunder within ten business days after a Responsible Officer of the Indenture Trustee (a) receives written notice from any holder of Notes or (b) has actual knowledge, in each case that there has been a default in the payment of any principal of or interest on any Note (or any additional amounts (as hereinafter defined) payable in respect thereof), when and as the same shall become due and payable, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise; provided, that the Indenture Trustee shall not be required to make any such demand if it receives notice from the applicable holder or otherwise has actual knowledge that such default has been cured.

Pursuant to the Indenture, the Issuer will authorize and direct each Group Member that has given an Undertaking under the Indenture to pay all amounts which at any time become due to the Issuer under its Undertaking directly to the Indenture Trustee on behalf of itself and the applicable holders of Notes. The Indenture Trustee will be required under the Indenture to promptly remit, in accordance with the terms of the Indenture, to each applicable holder of Notes any such payments received by it and owing to such holder.

Any payment by any Group Member that has given an Undertaking under the Indenture will constitute, at the election of the Issuer and such Undertaking Subsidiary, either a loan by such Undertaking Subsidiary to the Issuer or a subscription by such Undertaking Subsidiary for shares in the capital of the Issuer. If no such election is made (or, in any event, following a Liquidation), such payment will constitute a loan.

Undertaking limitations

The liability under the Capitalisation Deed Poll of any Undertaking Subsidiary incorporated or formed in Belgium is limited to a maximum aggregate amount equal to 90% of its net assets ("*netto-actief / actif net*") as defined in Article 617 of the Belgian Company Code as shown in the most recent audited financial statements of such Undertaking Subsidiary and as approved at a general meeting of its shareholders.

The liability under the Capitalisation Deed Poll of any Undertaking Subsidiary incorporated or formed in Luxembourg is limited to an aggregate amount not exceeding 90% of the greater of (i) such Undertaking Subsidiary's net worth ("*capitaux propres*") (as referred to in article 214 of the Luxembourg Company Act), as reflected in its then most recent annual accounts approved at a general meeting of its shareholders; and (ii) such Undertaking Subsidiary's net worth ("*capitaux propres*") (as referred to in article 214 of the Luxembourg Company Act), as reflected in its then most recent annual accounts provided to the Finance Parties.

In addition, any supplemental indenture to the Indenture entered into by a Group Member in connection with its provision of an Undertaking under the Indenture may include any limitation on such Group Member's Undertaking required or

reasonably necessary or appropriate under the law of the jurisdiction in which such Group Member is organised, provided that such limitation shall also be contained in any other Credit Support provided by such Group Member in respect of any Material Indebtedness.

Release of Undertaking Subsidiaries

Subject to the requirements described under “—Additional Undertakings” above, any or all of the Undertaking Subsidiaries may be released at any time from their respective obligations under the Capitalisation Deed Poll or the Indenture, as applicable, without the consent of any holder of Notes. To seek a release of an Undertaking Subsidiary under the Capitalisation Deed Poll, any Parent Guarantor may deliver to the Finance Parties (or, in the case of the holders of Notes, to the Indenture Trustee as Financier Representative on their behalf) a resignation letter in the form required under the Capitalisation Deed Poll. Any such release of an Undertaking Subsidiary under the Capitalisation Deed Poll shall be effective on the date that the Security Trustee notifies any Parent Guarantor that it accepts such resignation letter, which it shall promptly do unless (a) a Finance Document Default is continuing or would result from such release taking effect or (b) there is an unsatisfied demand duly made on such Undertaking Subsidiary under the Capitalisation Deed Poll or any money due and payable by such Undertaking Subsidiary under the Capitalisation Deed Poll shall be unpaid. An Undertaking Subsidiary shall be released from its obligations under the Indenture upon the delivery by such Undertaking Subsidiary to the Indenture Trustee of an officer’s certificate certifying that (a) such Undertaking Subsidiary does not provide Credit Support, and is not a co-obligor, with respect to any Material Indebtedness (other than the Notes) and (b) no default or event of default exists in respect of the Notes.

Other Finance Documents, Finance Parties and Goodman Beneficiaries

The Undertakings provided by the Undertaking Subsidiaries under the Capitalisation Deed Poll exist for the benefit of all present and future Finance Parties under all Finance Documents, which include, but are not limited to, the holders of Notes. Accordingly, the Finance Parties in respect of such other Finance Documents may make demands under the Undertakings provided under the Capitalisation Deed Poll in the event Money Owing under such Finance Documents is not paid when due.

Creditors may be added or removed as Finance Parties and documents may be added or removed as Finance Documents under the Capitalisation Deed Poll and the Security Trust Deed without the consent of the Indenture Trustee or any holder of Notes. Additionally, Group Members may be added or removed as Goodman Beneficiaries under the Capitalisation Deed Poll and the Security Trust Deed without the consent of the Indenture Trustee or any holder of Notes.

Amendments to Capitalisation Deed Poll and Security Trust Deed

- (a) Any term or provision of the Capitalisation Deed Poll and the Security Trust Deed may be amended or waived with the consent of the Security Trustee. Pursuant to the Security Trust Deed, the Security Trustee is authorised to amend on behalf of the Finance Parties (including the holders of Notes) the Capitalisation Deed Poll, the Security Trust Deed or any other Finance Document to which it is a party or to grant any waiver or release thereunder if:
- (b) the Security Trustee is satisfied that it corrects a manifest or minor error or is of a formal or technical nature only;
- (c) it is necessary to permit a transaction which complies with the Finance Documents; or
- (d) the Majority Finance Parties have notified the Security Trustee of their agreement to it.
- (e) Notwithstanding the foregoing, under the Security Trust Deed, the Security Trustee is prohibited from amending the Capitalisation Deed Poll, the Security Trust Deed or any other Finance Document if it would:
- (f) increase the obligations or Exposure of any Finance Party without the consent of such Finance Party;
- (g) change the date, amount, priority or order of any payment to any Finance Party without the consent of such Finance Party;
- (h) discharge or release any guarantee or Security Interest existing for the benefit of a Finance Party without the consent of such Finance Party, other than to permit a transaction that complies with the Finance Documents;
- (i) change the definition of Majority Finance Parties, without the consent of all Finance Parties; or
- (j) change any requirement for the agreement or instructions of all or a specified majority of Finance Parties (or any category of them) to be obtained, without the consent of each Finance Party entitled to be counted in determining whether that requirement is satisfied.

Each Finance Party (including each holder of Notes) will be bound by any amendment, waiver or release by the Security Trustee made in accordance with the terms of the Security Trust Deed described above. Additionally, the Security Trust Deed provides that the provisions described above do not limit the right of a Finance Party to grant a waiver or release.

How the Notes, Guarantees and Undertakings rank against other debt

The Issuer's payment obligations under the Notes, each Parent Guarantor's payment obligations under its Guarantee and each Undertaking Subsidiary's payment obligations under its Undertakings rank at least *pari passu* with the claims of all of its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally. As of December 31, 2023, the Parent Guarantors had no direct debt, but had Financial Indebtedness as guarantors in respect of the A\$2.8 billion under the US Rule 144A/Reg. S Notes and as "Investors" under the Capitalisation Deed Poll, that supports A\$3.2 billion of Financial Indebtedness as of December 31, 2023. For more information, see "Description of other indebtedness".

Rights to receive payments under the Notes and the Guarantees will be structurally subordinated to all existing and future indebtedness and liabilities of all Group Members that are not the Issuer, a Parent Guarantor or an Undertaking Subsidiary (the "Non-Obligor Group Members"). In a liquidation, all creditors of such Non-Obligor Group Members, including trade creditors, and preferred stockholders (if any) of such Non-Obligor Group Members, will have priority with respect to the assets and earnings of such Non-Obligor Group Members over the claims of the equity holders of such Non-Obligor Group Members. The only claims that holders of Notes will have with respect to the assets and earnings of the Non-Obligor Group Members are indirect claims through the equity holdings of the Issuer, the Parent Guarantors and the Undertaking Subsidiaries in such Non-Obligor Group Members. As of December 31, 2023, Non-Obligor Group Members had external Financial Indebtedness of A\$68.6 million. These Non-Obligor Group Members had aggregate total assets excluding inter-company receivables of only A\$2,743.1 million as of December 31, 2023.

Payment and Paying Agents

Who receives payment

For interest due on the interest payment dates, the Issuer will pay the interest to the holder in whose name the Note is registered at the close of business on the Clearing System Business Day (as defined below) immediately prior to the interest payment date for the Notes in global form. For interest due at maturity, the Issuer will pay the interest to the person or entity entitled to receive the principal of the Note. For principal due on the Notes at maturity, the Issuer will pay the amount to the holders of the Notes against surrender of the Notes at the proper place of payment.

Regular record dates for interest; place and method of payment

The regular record dates relating to the interest payment dates for Notes in definitive form are the day that is fifteen calendar days prior to each interest payment date. For the purpose of determining the holder at the close of business on a regular record date when business is not being conducted, the close of business will mean 5:00 p.m., London time, on that day. Any interest on the Notes will be payable at the office of such paying agent or paying agents as the Issuer may designate for such purpose from time to time; provided, however, that at the option of the Issuer payment of any interest may be made by check mailed to the address of the person entitled thereto as such address appears in the security register; and provided further, that notwithstanding the foregoing, a holder of €10,000,000 or more in aggregate principal amount of the Notes may elect to receive payments on the Notes by electronic funds transfer of immediately available funds to a Euro account maintained by such holder at a bank if appropriate wire transfer instructions are received by the paying agent not less than 15 calendar days prior to the date for such payment. Unless such designation is revoked, any such designation made by such Person with respect to such Notes will remain in effect with respect to any future payments with respect to such Notes payable to such Person. The Issuer will pay any administrative costs imposed by banks in connection with making payments by electronic funds transfer.

Each payment in respect of Notes in global form will be made to, or to the order of, the holder in whose name the Note is registered at the close of business on the Clearing System Business Day immediately prior to the relevant interest payment date, where "Clearing System Business Day" means Monday to Friday inclusive except December 25 and January 1.

Paying Agent

The principal of, and any interest on, the Notes will be payable in Euro at, the office of such paying agent or paying agents as the Issuer may designate for such purpose from time to time; provided, however, that at the option of the Issuer payment of any interest may be made by check mailed to the address of the Person entitled thereto as such address appears in the security register.

The corporate trust office of the Indenture Trustee in London will be designated as the Issuer's paying agent for payments with respect to the Notes. The Issuer may at any time, without the consent of the holders of the Notes, designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts, except that the Issuer will be required to maintain a paying agent in each place of payment for the Notes.

All moneys paid by the Issuer to the Indenture Trustee or a paying agent for the payment of the principal of or interest on any Note which remains unclaimed at the end of two years after such principal or interest has become due and payable will be repaid to the Issuer, and the holder of such Note thereafter may look only to the Issuer for payment thereof.

The Issuer shall deposit all applicable payment amounts with the paying agent at least one Business Day prior to the relevant payment date.

Payment of additional amounts

All payments by the Issuer, any Parent Guarantor or any Undertaking Subsidiary party to the Indenture of, or in respect of, principal of, and any premium and interest on, the Notes and the Guarantees or with respect to any Undertaking under the Indenture, as the case may be, to a holder of the Notes shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any taxing authority within Australia or any other jurisdiction (other than the United States of America, any State, possession or territory thereof, the District of Columbia or any political subdivision or taxing authority of any of the foregoing) in which the Issuer, any Parent Guarantor or any Undertaking Subsidiary is resident for tax purposes or any political subdivision of any of the foregoing (each a "Relevant Jurisdiction"), unless such taxes, duties, assessments or governmental charges are required to be withheld or deducted by law. In the event that any such withholding or deduction is required by the law of the Relevant Jurisdiction, the Issuer, the Parent Guarantors or the Undertaking Subsidiaries, as applicable, will pay such additional amounts as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect thereof) in the receipt by the holder of such Note of the amounts which would have been receivable in respect of such Note had no such withholding or deduction been required. These amounts are referred to as "additional amounts". None of the Issuer, any Parent Guarantor or such Undertaking Subsidiary will, however, be required to pay any additional amounts for or on account of:

- (a) any tax, duty, assessment or other governmental charge which would not have been imposed, deducted or withheld but for the fact that such holder:
 - (i) was a resident, domiciliary or national of, or engaged in business or maintained a permanent establishment or was physically present in the Relevant Jurisdiction or any of its territories or any political subdivision thereof or otherwise had some connection with such Relevant Jurisdiction other than the ownership of the Note;
 - (ii) presented (if presentation shall be required) the Note for payment in the Relevant Jurisdiction or any of its territories or any political subdivision thereof, unless the Note could not have been presented for payment elsewhere; or
 - (iii) presented (if presentation shall be required) the Note more than thirty (30) days after the date on which the payment in respect of the Note first became due and payable or provided for, whichever is later, except to the extent that the holder would have been entitled to such additional amounts if it had presented the Note for payment on any day within such period of thirty (30) days;
- (b) any tax imposed by any jurisdiction on the net income of such holder;
- (c) any tax, duty, assessment or other governmental charge that is imposed or withheld by reason of the holder or the beneficial owner of a Note being an "associate" of the Issuer for the purposes of Section 128F(9) of the Income Tax Assessment Act 1936 of Australia;
- (d) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (e) any tax, duty, assessment or other governmental charge that is imposed or withheld by reason of the failure by the holder or the beneficial owner of a Note to comply with a request from the Issuer, any Guarantor, the Indenture Trustee or any Paying Agent addressed to such holder to provide information concerning the nationality, residence or identity of the holder or such beneficial owner (including, without limitation, the supplying of an Australian Business Number, any appropriate tax file number or other appropriate exemption details), if and to the extent that furnishing such information to the Issuer, such Guarantor, the Indenture Trustee or any Paying Agent would have reduced or eliminated any taxes as to which additional amounts would

have otherwise been payable to such holder or beneficial owner and which is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Jurisdiction (or any territories or political subdivisions or any taxing authority thereof or therein) as a precondition to exemption from all or part of such tax, duty, assessment or other governmental charge;

- (f) any taxes imposed or withheld by reason of the failure of the holder or beneficial owner of the Notes to comply with (i) the requirements of sections 1471 through 1474 (commonly known as "FATCA") of the Code as of the date hereof (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), the US Treasury Regulations issued thereunder or any official interpretation thereof or any agreement entered into pursuant to section 1471 of the Code, (ii) any treaty, law, regulation or other official guidance enacted in any other jurisdiction or relating to any intergovernmental agreement between the United States and any other jurisdiction, which, in either case, facilitates the implementation of clause (i) above and (iii) any agreement pursuant to the implementation of clauses (i) and (ii) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction; or
- (g) any combination of items (a), (b), (c), (d), (e) and (f);

nor shall additional amounts be paid with respect to any payment in respect of the Note or Guarantee or with respect to any Undertaking under the Indenture, as the case may be, to any holder of a Note who is a fiduciary or Partnership or other than the sole beneficial owner of the Note to the extent such payment would be required by the laws of the Relevant Jurisdiction (or any political subdivision or any taxing authority thereof or therein) to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such Partnership or a beneficial owner who would not have been entitled to such additional amounts had it been the holder of the Note.

Whenever there is mentioned, in any context, the payment of any payments pursuant to the Note, such mention shall be deemed to include mention of the payment of additional amounts provided for in the Indenture to the extent that, in such context, additional amounts are, were or would be payable in respect thereof pursuant to the Indenture.

Optional redemption

The Notes may be redeemed by the Issuer at its option at any time in whole or from time to time in part at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the sum of the present values of the Remaining Scheduled Payments discounted to the date of redemption on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate, as defined below, plus 30 basis points, in each case, together with accrued interest on the principal amount of the Notes to be redeemed to the date of redemption (including any additional amounts); provided, that if the Issuer redeems any Notes on or after February 3, 2030 (3 months prior to the Maturity Date of the Notes), the redemption price for those Notes will equal 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to the redemption date. Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date (i) in the case of Notes represented by a global note, to and through Euroclear or Clearstream for communication by them to the holders of interests in the Notes to be so redeemed, or (ii) in the case of definitive notes, to each holder of the Notes to be redeemed at its registered address. If the Issuer elects to redeem fewer than all the Notes, the particular Notes to be redeemed will be selected in accordance with the applicable procedures and customary methods of Euroclear and Clearstream as to global notes.

On and after any redemption date, interest will cease to accrue on the Notes or any portion thereof called for redemption. At least one business day before any redemption date, the Issuer shall deposit with a paying agent (or the Indenture Trustee) money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on such date and, in relation to the final redemption, all expenses and outstanding amounts. If less than all the Notes are to be redeemed, the Notes to be redeemed shall be selected by the Indenture Trustee by such method as the Indenture Trustee shall deem fair and appropriate in accordance with its customary procedures and the requirements of the depository. The redemption price shall be calculated by the Independent Investment Bank and the Issuer. The Indenture Trustee and any paying agent for the Notes shall be entitled to rely on such calculation.

Optional redemption of notes upon a change in tax law

If, (i) as a result of any change in or any amendment to the laws, regulations or published tax rulings of any Relevant Jurisdiction, or of any territory or political subdivision or taxing authority thereof or therein affecting taxation, or (ii) any change in the official administration, application or interpretation by any court or tribunal, government or government authority of such laws, regulations or published tax rulings either generally or in relation to the Notes or any Guarantee, which change or amendment becomes effective on or after the original issue date of the Notes or which change in official

administration, application or interpretation shall not have been available to the public prior to such issue date, the Issuer or a Parent Guarantor would be required to pay any additional amounts under the Notes or the Guarantees and the obligation to pay additional amounts cannot be avoided by the use of commercially reasonable measures available to the Issuer or to the applicable Parent Guarantor, as the case may be, the Issuer may at its option, redeem all (but not less than all) of the Notes in respect of which such additional amounts would be so payable at any time, upon not less than 30 nor more than 60 days' written notice as provided in the Indenture, at a redemption price equal to 100% of the outstanding principal amount thereof plus accrued and unpaid interest due thereon up to, but not including, the date fixed for redemption; provided, however, that (a) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which the Issuer or the Parent Guarantors would be obligated to pay such additional amounts were a payment in respect of the Notes or the Guarantees then due, and (b) at the time any such redemption notice is given, such obligation to pay such additional amounts must remain in effect.

If, (i) the Issuer or any Parent Guarantor shall have on any date consolidated with or merged into, or conveyed or transferred or leased its properties and assets substantially as an entirety to, any person which is organised under the laws of any jurisdiction other than the United States of America, any state thereof or the District of Columbia or the Commonwealth of Australia, and (ii) as a result of any change in or any amendment to the laws, regulations or published tax rulings of such jurisdiction of organization, or of any territory, political subdivision or taxing authority thereof or therein, affecting taxation, or any change in the official administration, application or interpretation of such laws, regulations or published tax rulings either generally or in relation to the Notes or Guarantees, which change or amendment becomes effective on or after the succession date or which change in official administration, application or interpretation shall not have been available to the public prior to such succession date, the successor person would be required to pay any successor additional amounts pursuant to the Indenture or the terms of the Notes or the Guarantees in respect of any interest, premium or principal on any Notes or the Guarantees (assuming, in the case of a successor person, that a payment in respect of such interest, premium or principal were required to be made by such successor person under the Notes or the Guarantees) and such successor additional amounts cannot be avoided by the use of commercially reasonable measures available to the Issuer, the applicable Parent Guarantor or such successor person, the Issuer or such successor person to the Issuer may, at its option, redeem all (but not less than all) of the Notes in respect of which such successor additional amounts would be so payable at any time, upon not less than 30 nor more than 60 days' written notice as provided in the Indenture, at a redemption price equal to 100% of the outstanding principal amount thereof plus accrued and unpaid interest and any successor additional amounts due thereon up to, but not including, the date fixed for redemption; provided, however that (a) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which a successor person would be obligated to pay such successor additional amounts were a payment in respect of the Notes or the Guarantees, as the case may be, then due, and (b) at the time any such redemption notice is given, such obligation to pay such successor additional amounts must remain in effect.

Prior to the publication or mailing of any notice of any such redemption of the Notes pursuant to the foregoing, the Issuer or the successor person shall provide the Indenture Trustee with an opinion of an independent tax counsel of recognised standing that the circumstances referred to above exist and an officer's certificate to the effect that such circumstances cannot be avoided by the taking of commercially reasonable measures by the Issuer, the applicable Parent Guarantor or the successor person, as the case may be, as determined by the board of directors in good faith. Any Notes that are redeemed will be cancelled.

New Stapled Entity

If at any time after the date of the Indenture the units or other securities of a trust or other entity (the "New Entity") are stapled to the units in the Stapled Entity, the Parent Guarantors shall (a) ensure that such New Entity shall have executed and delivered to each holder of Notes its assumption of the due and punctual performance and observance of each covenant and condition of the Indenture, (b) provide to the Indenture Trustee an acknowledgment of the assumption set forth in the preceding clause (a) and an affirmation of the Parent Guarantors' obligations under the Indenture and the Guarantees and (c) cause to be delivered to the Indenture Trustee an opinion of internationally recognised independent counsel in the appropriate jurisdiction(s), to the effect that all agreements or instruments effecting the assumption set forth in the foregoing clause (a) are enforceable in accordance with their terms. Thereafter, the Issuer, the Parent Guarantors and the Indenture Trustee shall agree to any appropriate amendments to the Indenture, the Notes and the Guarantees to give full effect to the New Entity as a Parent Guarantor.

Consolidation, merger and sale of assets

The Indenture provides that for so long as any of the Notes are outstanding, none of the Issuer, any Parent Guarantor or any Undertaking Subsidiary party to the Indenture may consolidate with or merge into any other person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

- (a) any person formed by such consolidation or into which the Issuer, such Parent Guarantor or such Undertaking Subsidiary (as applicable) is merged, or to whom the Issuer, such Parent Guarantor or such Undertaking Subsidiary (as applicable) has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership or trust organised and validly existing under the laws of the United States of America, any State thereof or the District of Columbia, the Commonwealth of Australia or any political subdivision thereof, New Zealand or any political subdivision thereof any other Permitted Jurisdiction or any political subdivision thereof, and such person expressly assumes by supplemental indenture (x) the obligations of the Issuer under the Notes or the applicable Parent Guarantor's obligations under the Guarantee (as applicable) and (y) the Issuer's or the applicable Parent Guarantor's or the applicable Undertaking Subsidiary's (as applicable) obligations under the Indenture (including any obligation to pay any additional amounts);
- (b) immediately after giving effect to the transaction and treating any Financial Indebtedness which becomes an obligation of the Group as a result of such transaction as having been incurred by such Group Member at the time of such transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, shall have happened and be continuing;
- (c) any such person not organised and validly existing under the laws of the United States of America, any State thereof or the District of Columbia or the Commonwealth of Australia or any State thereof or any territory therein, shall expressly agree by a supplemental indenture in addition to the obligations assumed pursuant to the supplemental indenture (i) to indemnify the holder of each Note against (x) any tax, assessment or governmental charge imposed on such holder or required to be withheld or deducted from any payment to such holder as a consequence of such consolidation, merger, conveyance, transfer or lease, and (y) any costs or expenses of the act of such consolidation, merger, conveyance, transfer or lease, and (ii) that all payments pursuant to the Notes or the applicable Guarantee or Undertaking, shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organization of such person, or of any jurisdiction which such Person is resident for tax purposes (or any territory or political subdivision or taxing authority thereof or therein), unless such taxes, duties, assessments or governmental charges are required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case such person will pay such additional amounts of, or in respect of, principal and interest, which the Issuer or the applicable Parent Guarantor (as applicable) refers to as successor additional amounts, as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect thereof) in the payment to each holder of a Note of the amounts which would have been payable pursuant to the Notes or the applicable Guarantee had no such withholding or deduction been required, subject to the same exceptions as would apply with respect to the payment by the Issuer or such Parent Guarantor of additional amounts in respect of the Notes or the applicable Guarantee (substituting the jurisdiction of organization or residence of such person for the relevant jurisdiction in the definition of Relevant Jurisdiction) (see above under "—Payment of additional amounts"); and
- (d) certain other conditions are met.

Notwithstanding the foregoing, any Undertaking Subsidiary party to the Indenture may consolidate with or merge into any other person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, provided that (a) immediately after giving effect to the transaction and treating any Financial Indebtedness which becomes an obligation of the Group as a result of such transaction as having been incurred by such Undertaking Subsidiary at the time of such transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, shall have happened and be continuing, and (b) the Parent Guarantors shall be in compliance with their obligations under the Indenture described above under "—Additional Undertakings".

Covenants

The Indenture includes the following covenants, among others. Certain terms used in this section are defined under "—Certain definitions".

Leverage Ratio

The Parent Guarantors will not, and will not permit any Subsidiary to, incur any Financial Indebtedness if, immediately after giving effect to the incurrence of such Financial Indebtedness and the application of the proceeds from such Financial Indebtedness on a pro forma basis, the aggregate principal amount of Total Debt is greater than 55% of the sum of the following (without duplication):

- (i) the Total Tangible Assets as of the last day of the semi-annual or annual fiscal period of the Group most recently ended; and
- (ii) the aggregate purchase price of any Real Estate Assets acquired, and the aggregate proceeds of any securities offering received (to the extent such proceeds were not used to acquire Real Estate Assets or mortgages receivable or used to reduce Financial Indebtedness) by any Parent Guarantor or any Subsidiary since the last day of the semi-annual or annual fiscal period of the Group most recently ended, including the proceeds obtained from the incurrence of such additional Financial Indebtedness;

provided that, any Total Tangible Assets, Real Estate Assets and aggregate proceeds of any securities offering included in the preceding clauses (i) and (ii) that are not denominated in Australian dollars shall be converted into Australian dollars at the relevant currency spot rate(s) in effect on the applicable date of determination.

Interest coverage ratio

The Parent Guarantors will not, and will not permit any Subsidiary to, incur any Financial Indebtedness if the ratio of EBITDA to Interest Expense for the period of the twelve consecutive months ending on the last day of the semi-annual or annual fiscal period of the Group most recently ended shall have been less than 1.50 to 1.00 on a pro forma basis after giving effect to the incurrence of such Financial Indebtedness and the application of the proceeds from such Financial Indebtedness, and calculated on the following assumptions:

- (i) such Financial Indebtedness and any other Financial Indebtedness incurred by any Parent Guarantor or any Subsidiary since the first day of such twelve-month period had been incurred, and the application of the proceeds from such Financial Indebtedness (including to repay or retire other Financial Indebtedness) had occurred, on the first day of such period;
- (ii) the repayment or retirement of any other Financial Indebtedness of any Parent Guarantor or any Subsidiary since the first day of such twelve-month period had occurred on the first day of such period; and
- (iii) in the case of the conversion by any Parent Guarantor or any Subsidiary of any development asset into a stabilised asset with a fair market value in excess of A\$1,000,000 or any acquisition or disposition by the Group or any Subsidiary of any asset or group of assets with a fair market value in excess of A\$1,000,000, whether by merger, stock purchase or sale or asset purchase or sale or otherwise, in each case since the first day of such twelve-month period, such conversion, acquisition or disposition had occurred as of the first day of such period with the appropriate adjustments with respect to such conversion, acquisition or disposition being included in such pro forma calculation.

If the Financial Indebtedness giving rise to any calculation described above or any other Financial Indebtedness incurred since the first day of the relevant twelve-month period bears interest at a floating rate, then, for purposes of calculating Interest Expense, the interest rate on such Financial Indebtedness will be computed on a pro forma basis by applying the average daily rate which would have been in effect during the entire twelve-month period to the greater of the amount of such Financial Indebtedness outstanding at the end of such period or the average amount of Financial Indebtedness outstanding during such period.

Secured debt to total assets ratio

The Parent Guarantors will not, and will not permit any Subsidiary to, incur any Financial Indebtedness secured by any Security Interest on any property or assets of the Group, whether owned on the date of the Indenture or subsequently acquired, if, immediately after giving effect to the incurrence of such Financial Indebtedness and the application of the proceeds from such Financial Indebtedness on a pro forma basis, the aggregate principal amount of Total Secured Debt is greater than 40% of the sum of the following (without duplication):

- (i) the Total Tangible Assets as of the last day of the semi-annual or annual fiscal period of the Group most recently ended; and
- (ii) the aggregate purchase price of any Real Estate Assets acquired, and the aggregate proceeds of any securities offering received (to the extent such proceeds were not used to acquire Real Estate Assets or mortgages receivable or used to reduce Financial Indebtedness) by the Group or any Subsidiaries since the last day of the semi-annual or annual fiscal period of the Group most recently ended, including the proceeds obtained from the incurrence of such additional Financial Indebtedness;

provided that, any Total Tangible Assets, Real Estate Assets and aggregate proceeds of any securities offering included in the preceding clauses (i) and (ii) that are not denominated in Australian dollars shall be denominated in Australian dollars at the relevant currency spot rate(s) in effect on the applicable date of determination.

Unencumbered assets ratio

The Parent Guarantors will not permit, at any time, the ratio of (i) Total Tangible Unencumbered Assets at such time to (ii) Total Unsecured Debt at such time, to be less than 1.50 to 1.00.

Insurance

Each Parent Guarantor and the Issuer will, and will cause each Undertaking Subsidiary to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

Maintenance of properties

Each Parent Guarantor and the Issuer will, and will cause each Undertaking Subsidiary to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this covenant shall not prevent any Parent Guarantor, the Issuer or any Undertaking Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and such Parent Guarantor, the Issuer or Undertaking Subsidiary has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business of the Group or the ability of the Issuer to make payments in respect of the Notes or the Parent Guarantors to make payments in respect of the Guarantees.

Payment of taxes and claims

Each Parent Guarantor and the Issuer will, and will cause each Undertaking Subsidiary to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, provided that no Parent Guarantor, the Issuer or any Undertaking Subsidiary need make any such filing or pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by such Parent Guarantor, the Issuer or such Undertaking Subsidiary on a timely basis in good faith and in appropriate proceedings, and such Parent Guarantor, the Issuer or such Undertaking Subsidiary has established adequate reserves therefor in accordance with Australian Accounting Standards on the books of such Parent Guarantor, the Issuer or such Undertaking Subsidiary or (ii) the failure to make all such filings and the non-payment of all such taxes, assessments and claims in the aggregate could not reasonably be expected to have a material adverse effect on the business of the Group or the ability of the Issuer to make payments in respect of the Notes or the Parent Guarantors to make payments in respect of the Guarantees.

Events of default and remedies

Events of default

An event of default means any of the following:

- (a) a default in the payment of any principal of or any premium on any Notes when due, whether at maturity, upon redemption or otherwise and, provided that such default is caused by technical or administrative difficulties only, the continuance of such default for a period of three business days;
- (b) a default in the payment of any interest or any additional amounts on any Notes when it becomes due and payable and the continuance of such default for a period of 30 days;
- (c) a default in the performance or observance of any other term, covenant or obligation in the Indenture, the Capitalisation Deed Poll or the Security Trust Deed by the Issuer, a Parent Guarantor or an Undertaking Subsidiary and the continuance of such default for more than 30 days after the earlier of (i) a Responsible Officer of the Issuer or any Parent Guarantor obtaining actual knowledge of such default or a (ii) written notice of such default has been received by a Responsible Officer of the Indenture Trustee from the Issuer or by the

Issuer and a Responsible Officer of the Indenture Trustee from the holders of at least 25% in aggregate principal amount of the Notes outstanding;

- (d) (i) a default in the payment of principal, interest, premium or make-whole amount of any Financial Indebtedness of the Issuer, any Parent Guarantor or any Undertaking Subsidiary under one or more agreements or instruments evidencing an aggregate principal amount in excess of US\$40,000,000 (or its equivalent in any other currency or currencies) after the expiration of any applicable grace period relating thereto; or (ii) a default (other than as set forth in clause (i) above) under any Financial Indebtedness of interest, premium or make-whole of the Issuer, any Parent Guarantor or any Undertaking Subsidiary under one or more agreements or instruments evidencing an aggregate principal amount in excess of US\$40,000,000 (or its equivalent in any other currency or currencies) which default shall have resulted in such Financial Indebtedness becoming or being validly declared due and payable prior to the date on which it would have otherwise become due and payable;
- (e) distress is levied or a judgment order is enforced against any property of the Issuer, any Parent Guarantor or any Undertaking Subsidiary in respect of any Financial Indebtedness under one or more agreements or instruments evidencing an aggregate principal amount in excess of US\$40,000,000 (or its equivalent in any other currency or currencies);
- (f) repeal, revocation, termination or expiration of any authorization of a government agency which is essential (x) to the performance by the Issuer of its obligations in respect of the Notes or the Indenture or a Parent Guarantor of its obligation in respect of a Guarantee or (y) for the validity and enforceability of the Notes, a Guarantee, the Indenture, the Capitalisation Deed Poll or the Security Trust Deed, in each case, which is not replaced by another sufficient authorization;
- (g) a final judgment or judgments for the payment of money aggregating in exceeding US\$40,000,000 (or the equivalent in any other currency or currencies) are rendered against the Issuer, any Parent Guarantor or any Undertaking Subsidiary that is not, within 30 days after entry thereof, discharged, bonded or stayed pending appeal, or are not discharged within 30 days after the expiration of such stay;
- (h) the Guarantees or the obligations of the Undertaking Subsidiaries in the Capitalisation Deed Poll or the Indenture, as the case may be, are held to be unenforceable or invalid in a judicial proceeding, or are claimed in writing by the Issuer, any Parent Guarantor or any Undertaking Subsidiary not to be valid and enforceable, or the Guarantees or the obligations of the Undertaking Subsidiaries in the Capitalisation Deed Poll or the Indenture, as the case may be, are denied or disaffirmed in writing by any Parent Guarantor or any Undertaking Subsidiary except, in each case, as permitted in accordance with the terms of the Indenture or the Capitalisation Deed Poll, as applicable; and
- (i) entry into or the making of any compromise arrangement with all or substantially all of the creditors of the Issuer, any Parent Guarantor or any Undertaking Subsidiary and certain events of bankruptcy or insolvency with respect to the Issuer, any Parent Guarantor or any Undertaking Subsidiary.

Remedies if an event of default occurs

If such an event of default (other than an event of default specified in subparagraph (i) above) occurs and is continuing, then and in every such case the Indenture Trustee, if a Responsible Officer of the Indenture Trustee has actual knowledge or received written notice of such event of default, or the holders of not less than 25% in aggregate principal amount of the outstanding Notes may declare the principal amount of all such outstanding Notes to be due and payable immediately, by a notice in writing to the Issuer (and to a Responsible Officer of the Indenture Trustee if given by holders). Upon such a declaration, such principal amount and any accrued interest shall become immediately due and payable. If an event of default specified in subparagraph (i) above occurs and is continuing, the principal of, additional amounts, if any, and any accrued interest on the Notes then outstanding shall become immediately due and payable.

Each of the situations described above is called a declaration of acceleration of the maturity of the applicable Notes. At any time after a declaration of acceleration with respect to such Notes has been made and before a judgment or decree for payment of money has been obtained by the Indenture Trustee, the Required Holders with respect to such Notes may, under certain circumstances, rescind and annul such acceleration if all events of default, other than the non-payment of the accelerated principal and interest, have been cured or waived as provided in the Indenture.

The foregoing provision shall be without prejudice to the rights of each individual holder to initiate an action against the Issuer for payment of any principal, additional amounts and/or interest past due on any Notes.

If any event of default occurs that a Responsible Officer of the Indenture Trustee has actual knowledge or written notice of, the Indenture Trustee will have special duties. In that situation, the Indenture Trustee will be obligated to use those of its rights and powers under the Indenture, and to use the same degree of care and skill in doing so, that a prudent person would use in that situation in conducting his or her own affairs, subject to the terms and conditions of the Indenture.

Except as described in the prior paragraph, the Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless those holders shall have offered the Indenture Trustee security and/or indemnity satisfactory to the Indenture Trustee in its sole discretion against costs, expenses and liability. Subject to such provisions for security and/or indemnification in favour of the Indenture Trustee, the Required Holders will have the right to direct the time, method and place of conducting any lawsuit or other formal legal action for any remedy available to the Indenture Trustee. The Required Holders may also direct the Indenture Trustee in exercising any trust or power conferred on the Indenture Trustee with respect to the Notes.

A holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless:

- such holder has previously given to a Responsible Officer of the Indenture Trustee written notice of a continuing event of default with respect to the Notes;
- the holders of at least 25% in aggregate principal amount of the outstanding Notes have made written request, and such holder or holders have offered security and/or indemnity satisfactory to the Indenture Trustee, to the Indenture Trustee to institute such proceeding as Indenture Trustee; and
- the Indenture Trustee has failed to institute such proceeding, and has not received from the Required Holders of the applicable Notes a direction inconsistent with such request, within 60 days after receipt of such notice, request and offer. Such limitations do not apply, however, to a suit instituted by a holder of a Note for the enforcement of payment of the principal of or interest on such Note on or after the applicable due date specified in such Note.

Amendment and modification to the Indenture

Modifications and amendments of the Indenture may be made by the Issuer and the Indenture Trustee with the consent of the holders of not less than the Required Holders of the Notes; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby, among other things:

- change the stated maturity of the principal of, or any instalment of principal of or interest on, any Note or change the obligation of the Issuer or a Parent Guarantor to pay any additional amounts;
- reduce the principal amount of, or rate of interest on any Note;
- reduce the amount of principal of, interest or premium with respect to a Note payable upon acceleration of its maturity;
- change the place of payment where, or the currency in which, any Note or any Guarantee or any premium or interest thereon is payable;
- impair the right to institute suit for the enforcement of any payment on or with respect to any Note or any Guarantee on or after the stated maturity or redemption date;
- reduce the percentage in principal amount of outstanding Notes, the consent of whose holders is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- waive a default or event of default in the payment of principal of, or interest or premium, if any, on such Notes (except a rescission of acceleration of such Notes by the Required Holders, and a waiver of the payment default that resulted from such acceleration);
- subordinate the Notes, a Guarantee or the obligations of an Undertaking Subsidiary under the Indenture to any other obligation of the Issuer, such Parent Guarantor or such Undertaking Subsidiary;
- amend or modify the provisions described under “—Payment of additional amounts”;
- change in any manner adverse to the holders of the outstanding Notes the terms and conditions of the obligations of the Issuer or the Parent Guarantors in respect of the due and punctual payment of amounts owing under the

Notes, the Guarantees or the Indenture (and any additional amounts in respect thereof) or any sinking fund payments provided in respect thereof; or

- change in any manner adverse to the holders of the outstanding Notes the obligations of an Undertaking Subsidiary under the Indenture or, to the extent expressly set forth in the Indenture, the rights of the holders of the Notes as Finance Parties under the Capitalisation Deed Poll and the Security Trust Deed.

The Required Holders may, on behalf of all holders of Notes, waive compliance by the Issuer, the Parent Guarantors and any Undertaking Subsidiaries with certain restrictive provisions of the Indenture. The Required Holders may, on behalf of all holders of Notes, waive any past default under the Indenture with respect to its consequences, except a default in the payment of principal of or any premium or interest on, any outstanding Note or in respect of a covenant or provision which, under the Indenture, cannot be modified or amended without the consent of the holder of each outstanding Note affected thereby.

Except in certain limited circumstances, the Issuer will be entitled to set any day as a record date for the purpose of determining the holders of outstanding Notes entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action under the Indenture, in the manner and subject to the limitations provided in the Indenture. If a record date is set for any action to be taken by holders, such action may be taken only by persons who are holders of outstanding Notes on the record date. To be effective, such action must be taken by holders of the requisite principal amount of such Notes within a specified period following the record date. For any particular record date, this period will be 180 days or such shorter period as may be specified by the Issuer and may be shortened or lengthened (but not beyond 180 days) from time to time.

Without the consent of any holder of Notes, the Issuer, the Parent Guarantors, any Undertaking Subsidiaries and the Indenture Trustee may amend the Indenture and the Notes to cure any ambiguity, to correct any defect or inconsistency, to give effect to any provision of the Indenture and to make other changes that do not adversely affect the interests of the holders of Notes in any material respect.

For a description of how amendments and modifications to the Capitalisation Deed Poll and the Security Trust Deed may be made, see “—Guarantees and Undertakings—Undertakings—Amendments to Capitalisation Deed Poll and Security Trust Deed”.

Defeasance and covenant defeasance

The Indenture provides that, at the option of the Issuer, the Parent Guarantors and any Undertaking Subsidiaries:

- (a) will be deemed to have been discharged from their respective obligations in respect of the Notes, the Guarantees and the Undertakings (except for certain obligations, including the obligations to register the transfer of, or exchange of, the Notes, to replace stolen, lost, destroyed or mutilated Notes upon satisfaction of certain requirements (including, without limitation, providing such security or indemnity as the Indenture Trustee or the Issuer may require), to maintain an office or agency where such Notes may be presented and surrendered for payment, to maintain paying agents, to hold certain moneys in trust outside the Commonwealth of Australia for payment); or
- (b) need not comply with certain restrictive covenants of the Indenture,

in each case if the Issuer deposits in trust with the Indenture Trustee money in an amount, or US Government Obligations that through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, prior to the due date of any payment, money in an amount, or a combination thereof, in each case sufficient to pay all the principal of, and any premium and interest on, any outstanding Notes, on the dates such payments are due in accordance with the terms of the Indenture and the Notes.

In the case of discharge pursuant to clause (a) above, the Issuer is required to deliver to the Indenture Trustee an opinion of counsel stating that (i) the Issuer has received from, or there has been published by, the United States Internal Revenue Service, a ruling, or (ii) since the date of the Indenture, there has been a change in the applicable United States federal income tax law, in either case to the effect that the beneficial owners of Notes will not recognize gain or loss for United States federal income tax purposes as a result of the exercise of the option under clause (a) above and will be subject to United States federal income tax on the same amount and in the same manner and at the same times as would have been the case if such option had not been exercised.

In the case of discharge pursuant to clause (b) above, the Issuer is required to deliver to the Indenture Trustee an opinion of counsel stating that the beneficial owners of outstanding Notes will not recognize gain or loss for United States federal income tax purposes as a result of the exercise of the option under clause (b) above and will be subject to United States

federal income tax on the same amount and in the same manner and at the same times as would have been the case if such option had not been exercised.

Notices and title

Notices to holders of Notes will be given by first class mail to the addresses of such holders as they may appear in the security register. As long as the Issuer issues Notes in global form, notices to be given to holders of Notes will be given to Euroclear and Clearstream, in accordance with their respective applicable policies as in effect from time to time. If the Issuer issues Notes in certificated form, notices to be given to holders of such Notes will be sent by mail to the respective addresses of the holders as they appear in the Indenture Trustee's records, and will be deemed given when mailed.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

The Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the person in whose name a Note is registered as the absolute owner thereof (whether or not such Note may be overdue) for the purpose of making payment and for all other purposes.

Governing law of the Indenture, the Notes, the Capitalisation Deed Poll and the Security Trust Deed

The Indenture is, and the Notes will be, governed by and construed in accordance with the laws of the State of New York, excluding choice-of-law principles of the laws of such State that would permit the application of the laws of a jurisdiction other than such State. The Capitalisation Deed Poll is governed by the laws of the State of Victoria and the Security Trust Deed is governed by the laws of the State of New South Wales, each in the Commonwealth of Australia.

Consent to service of process

Each Parent Guarantor is an entity formed under the laws of the Commonwealth of Australia. Substantially all of the directors and officers of the Parent Guarantors reside outside the United States, and a substantial portion of the assets of such persons and the Parent Guarantors are located outside the United States. In addition, all of the Undertaking Subsidiaries as of the date of the Indenture are formed under the laws of a jurisdiction other than the United States. As a result, it may be difficult for investors to effect service of process within the United States upon the Parent Guarantors or any Undertaking Subsidiary, their respective directors, executive officers or experts, or to enforce against the Parent Guarantors or any Undertaking Subsidiary or any of these persons, judgments predicated solely upon civil liability under United States federal or state securities laws. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, including in Australia, liabilities predicated solely upon United States federal or state securities laws.

To enforce a conclusive and unsatisfied judgment that is enforceable by execution in the United States and obtained in relation to the Notes, the Guarantees or any Undertaking under the Indenture in a superior court of New York having jurisdiction to give that judgment, it is necessary for the judgment creditor to bring separate proceedings in the appropriate courts of Australia founded on the judgment. Further, a judgment of a US court (whether or not such judgment relates to US federal securities laws) may not be enforceable in Australia in certain circumstances, including where the judgment contravenes local public policy, was obtained in circumstances where the foreign court did not have jurisdiction or was obtained by fraud or breach of natural justice, is not final or conclusive, is subject to a declaration under the *Foreign Proceedings (Excess of Jurisdiction) Act 1984* (Cth), is not for a fixed or definite sum of money, is of a penal nature or is in the nature of a revenue debt.

In connection with any legal action or proceeding arising out of or relating to the Notes, the Guarantees or any Undertaking under the Indenture, as the case may be, the Issuer, the Parent Guarantors and each Undertaking Subsidiary party to the Indenture have agreed:

- to submit to the jurisdiction of any New York Court;
- that all claims in respect of such legal action or proceeding may be heard and determined in such New York Court and that the Issuer, each Parent Guarantor and each Undertaking Subsidiary party to the Indenture will waive, to the fullest extent permitted by law, the defence of an inconvenient forum to the maintenance of such action or proceeding and any right of jurisdiction in such action or proceeding on account of the place of residence or domicile of the Issuer or any Parent Guarantor; and

- to appoint as its process agent National Registered Agents, Inc., with an office currently at 111 Eighth Avenue, New York, New York 10011.

Undertaking Subsidiaries that are not party to the Indenture have not made such submission, waiver and appointment. The process agent will receive on behalf of the Issuer, the Parent Guarantors and each Undertaking Subsidiary party to the Indenture service of copies of the summons and complaint and any other process which may be served in any such legal action or proceeding brought in such New York Court. Service may be made by mailing or delivering a copy of such process to the Issuer or any relevant Parent Guarantor, as the case may be, at the address specified above for the process agent.

In addition to the foregoing, the Indenture Trustee and the holders of the Notes may serve legal process in any other manner permitted by applicable law. The above provisions do not limit the right of any holder of the Notes to bring any action or proceeding against the Issuer or the property of any of them in other courts where jurisdiction is independently established.

Concerning the Indenture Trustee

The Bank of New York Mellon, London Branch is the Indenture Trustee under the Indenture. The Indenture provides that the Issuer will compensate the Indenture Trustee in such amounts as they from time to time agree and that the Issuer will indemnify the Indenture Trustee, its officers, directors, employees and agents against any loss, liability, claim, damage or expense incurred without negligence, bad faith or wilful misconduct of the Indenture Trustee in connection with the acceptance or administration of the trust created by the Indenture, including but not limited to the costs of defending any claim arising under, or bringing any claim to enforce the indemnification provisions or other obligations of the Issuer under, the Indenture. The Parent Guarantors, on a joint and several basis, shall pay the Indenture Trustee's compensation and any other amounts due to the Indenture Trustee by the Issuer pursuant to the compensation, expense and indemnity section of the Indenture. Under the terms of the Indenture, the Indenture Trustee has no liability for any special, indirect, punitive or consequential damages (including lost profits). Upon any resignation by, or removal of, the Indenture Trustee, the Indenture Trustee shall have the right to petition a court of competent jurisdiction to appoint a successor if the Issuer fails to do so within 30 days. The Bank of New York Mellon, London Branch may have other business relationships with the Issuer from time to time.

Satisfaction and discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

- (1) either:
 - (A) all applicable Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and applicable Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer or discharged from such trust, have been delivered to the Indenture Trustee for cancellation; or
 - (B) all applicable Notes that have not been delivered to the Indenture Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable at their stated maturity within one year or are to be called for redemption within one year, and, in each case the Issuer has irrevocably deposited or caused to be deposited with the Indenture Trustee as trust funds in trust solely for the benefit of the holders of Notes, cash in US dollars, non-callable US Government Obligations, or a combination thereof, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the applicable Notes not delivered to the Indenture Trustee for cancellation for principal, premium, if any, and accrued interest to the Final Maturity Date or redemption;
- (2) no default or event of default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer is a party or by which the Issuer is bound;
- (3) the Issuer has paid or caused to be paid all sums payable by them under the Indenture; and
- (4) the Issuer has delivered irrevocable instructions to the Indenture Trustee under the Indenture to apply the deposited money toward the payment of the applicable Notes at the Final Maturity Date or the redemption date, as the case may be.

In addition, the Issuer must deliver to the Indenture Trustee an officers' certificate of one of its Responsible Officers and an opinion of counsel reasonably acceptable to the Indenture Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Form and denomination of the Notes

The Notes will be issued only in fully registered form, without interest coupons, and in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes will not be issued in bearer form.

The offering

The Notes will be sold to persons outside the United States that are not acting for the account or benefit of US Persons in offshore transactions in reliance on Regulation S. The Notes will be represented by one or more global Notes in definitive, fully registered form without interest coupons (collectively, the "Global Notes") deposited with, and registered in the name of, a common depository for Euroclear and/or Clearstream or a nominee of such common depository. The Notes will be subject to certain restrictions on transfer set forth therein and in the Indenture and will bear the legend relating to such restrictions set forth under "Transfer restrictions".

Registration of transfer and exchange

General

Subject to the restrictions on transfer contained in the Indenture, and described below and in "Notice to investors," and the limitations applicable to the Global Notes, the Notes may be presented for exchange for other Notes of any authorised denomination and of a like tenor and aggregate principal amount or for registration of transfer by the holder thereof or his attorney duly authorised in writing and, if so required by the Issuer or the Indenture Trustee, with the form of transfer thereon duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Issuer or the security registrar duly executed, at the office of the security registrar or at the office of any transfer agent designated by the Issuer for such purpose. No service charge will be made for any exchange or registration of transfer of Notes, but the Issuer or the Indenture Trustee may require payment of a sum by the holder of a Note sufficient to cover any tax or other governmental charge payable in connection with any transfer.

A transfer or exchange will be effected once the security registrar or such transfer agent, as the case may be, becomes satisfied with the documents of title and identity of the person making the request. If any Notes are to be redeemed in part, the Issuer of such Notes will not be required to issue, register the transfer of or exchange any Notes during the period of 15 days preceding the day of the mailing of a notice of redemption or to register the transfer of or exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part. The security registrar may decline to accept any request for an exchange or registration of transfer of any Note during the period of 15 days preceding the due date for any payment of principal of or any other payments on or in respect of the Notes. The Indenture requires that the security register be maintained at all times outside Australia. The Issuer has appointed the Indenture Trustee as security registrar. There shall only be one security registrar for the Notes.

Transfers within Global Notes

Subject to the procedures and limitations described below under "—Global Notes," transfers of beneficial interests within a Global Note may be made without delivery to the Issuer of such Global Note or the Indenture Trustee of any written certifications or other documentation by the transferor or transferee.

Transfers or exchanges from Global Notes to Definitive Notes

If Euroclear and Clearstream or any successor depository is at any time unwilling or unable to continue as a depository for the reasons set forth below under "—Global Notes," and a successor depository is not appointed by the Issuer within 90 days, the Issuer will issue certificated Notes in definitive registered form of like tenor in denominations of €100,000 and integral multiples of €1,000 in excess thereof in exchange for the Global Notes. In all cases, certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by Euroclear and/or Clearstream.

Global Notes

The Notes will be represented initially by one or more definitive, fully registered securities in global form. A global security is a special type of indirectly held debt security.

Each Global Note will be deposited with, and registered in the name of, a common depository for Euroclear and Clearstream or a nominee of such common depository. Any person wishing to own a beneficial interest in the Notes must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with Euroclear and Clearstream.

As an indirect holder, an investor's rights relating to a Global Note will be governed by the account rules of the investor's financial institution and of Euroclear and Clearstream, as well as general laws relating to securities transfers. The Issuer does not recognize this type of investor as a holder of the Notes under the Indenture and instead deals only with Euroclear and Clearstream, which holds the Global Notes.

An investor should be aware that because the Notes are issued only in global form:

- the investor cannot get the Notes registered in his or her own name;
- the investor cannot receive physical certificates for his or her interest in the Notes;
- the investor will be a "street name" holder and must look to his or her own bank or broker for payments on the Notes and protection of his or her legal rights relating to the Notes;
- the investor may not be able to sell interests in the Notes to certain institutions that are required by law to own their securities in the form of physical certificates; and
- the policies of Euroclear and Clearstream will govern payments, transfers, exchange and other matters relating to the investor's interest in the Global Note. The Issuer, the Indenture Trustee, the security registrar and the transfer agent have no responsibility for any aspect of the actions of Euroclear or Clearstream or for their records of ownership interests in the Global Note. The Issuer, the Indenture Trustee, the security registrar and the transfer agent also do not supervise Euroclear or Clearstream in any way.

In a few limited situations described below, the Global Notes will terminate and interests in them will be exchanged for physical certificates representing the Notes. After that exchange, the choice of whether to hold the Notes directly or in "street name" will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in the Notes transferred to their own name so that they will be direct holders.

The limited situations for termination of the Global Notes are when:

- Euroclear and Clearstream or any successor depository notifies the Issuer that they are unwilling, unable or no longer qualified to continue as depository for the Notes and no successor depository has been appointed within 90 days of this notification to them or of becoming aware of this; or
- an Event of Default on the Notes has occurred and not been cured.

Information concerning Euroclear and Clearstream

All registered book-entry interests in the Notes will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we nor any of the Initial Purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can act only on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain

persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Global Notes only through Euroclear or Clearstream participants.

Global clearance and settlement

Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures. Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Initial Purchasers, the Indenture Trustee or the paying agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Settlement for the Notes will be made by the Initial Purchasers in Euros. Interests in the Global Notes owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Interests in the Global Notes will be credited to the securities custody accounts of Euroclear and Clearstream holders on the settlement date against payment for value on such date.

Secondary Market Trading

Interests in the Global Notes will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Notes where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date. Secondary market sales of book-entry interests in any Notes held through Euroclear or Clearstream to purchasers of book entry interests in any Notes through Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures and will follow the settlement procedures applicable to conventional bonds in registered form.

Certain definitions

For purposes of the above discussion of the covenants under the Indenture, the Capitalisation Deed Poll and the Security Trust Deed:

"Applicable Finance Parties" means at any time (a) in the case of any matter relating to a Goodman Beneficiary or its Mortgaged Property, the Finance Parties who at that time have a Commitment or Secured Money in respect of such Goodman Beneficiary or (b) in relation to any other matter, the Finance Parties who have rights, powers, authorities or remedies under the Finance Documents in relation to the relevant matter, or would have if the relevant matter is not waived or occurs or continues without approval.

"Attorney" means any attorney appointed under the Security Trust Deed or any STD Security.

"Commitment" means a Finance Party's commitment under a Finance Document to make available financial accommodation to a Goodman Beneficiary.

"Comparable Government Bond" means, in relation to any Comparable Government Bond Rate (as defined below) calculation, at the discretion of the Independent Investment Bank (as defined below) selected by us, a bond that is a direct obligation of the Federal Republic of Germany ("German government bond"), whose maturity is closest to the date fixed for redemption, or if the Independent Investment Bank in its discretion determines that such similar bond is not in issue, such other German government bond as the Independent Investment Bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

"Comparable Government Bond Rate" means the mid-market annual yield to maturity, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), on the third business day in London prior to the date fixed for redemption, of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by the Independent Investment Bank selected by the Issuer in its sole discretion.

"Core Provision" means (a) the definition of "Core Provision" in the Security Trust Deed, (b) the definitions in the Security Trust Deed and the Capitalisation Deed Poll of "Applicable Finance Parties", "Exposure", "Finance Party", "Finance

Document”, “Majority Finance Parties” and “Money Owning”; and (c) clauses 1.4, 1.5, 2-4 (inclusive), 12.1 and 13.2 of the Security Trust Deed and (d) clauses 2, 3.2, 3.7, 4.2, 5, 6, 9 and 17 of the Capitalisation Deed Poll.

“*Credit Support*” means, with respect to any Person, (a) an Undertaking or an obligation substantially similar to an Undertaking of such Person with respect to any Financial Indebtedness or (b) any Guaranty of such Person with respect to any Financial Indebtedness.

“*EBITDA*” means, in respect of any period, the loss or earnings before interest and tax and discontinued operations of the Group:

- (a) plus, to the extent deducted in arriving at such loss or earnings, depreciation, amortization, impairment losses and all Extraordinary Items;
- (b) plus (in the case of profit) or minus (in the case of loss) profit or loss before tax from operating activities of discontinued operations for such period;
- (c) plus, to the extent included in Interest Expense for such period, such capitalised interest;
- (d) after excluding (without duplication) unrealised gains and losses from asset revaluations for such period; and
- (e) after excluding (without duplication) the Group’s share of losses from the mark to market of derivative financial instruments in associates and joint ventures and all other non-cash adjustments, in each case for such period,

all with respect to such period on a consolidated basis as would be shown in the Financial Statements of the Group in accordance with Australian Accounting Standards.

“*Equity Interests*” means any membership or other interest in, or rights in respect of, an entity, whether such interests or rights arise or are constituted by way of shares, units or otherwise.

“*Exposure*” means at any time (but without double counting):

- (a) in the case of the Security Trustee, the money which a Goodman Beneficiary or an Undertaking Subsidiary is at that time liable to pay to or for the account of it under the Security Trust Deed or a STD Security (but not money payable to it for the account of any other Finance Party or in any other capacity);
- (b) in the case of a Financier Representative, the Secured Money which a Goodman Beneficiary is at that time liable to pay to or for the account of it (but not Secured Money payable to it for the account of any other Finance Party or in any other capacity);
- (c) in the case of a Finance Party in its capacity as counterparty to a Hedging Agreement, the Finance Party’s Realised Swap Loss and its Potential Close-out Amount (if any); or
- (d) in any other case, the undrawn Commitment of the Finance Party plus the total principal amount and unpaid interest of the Secured Money which a Goodman Beneficiary is at that time liable to pay to or for the account of it.

“*Extraordinary Items*” means, in respect of any period, those items that are unusual in nature and infrequent in incurrence and that, with respect to any period ending as of the last day of any semi-annual or annual fiscal period of the Group, are referenced as such in the Financial Statements for such period.

“*Finance Document*” means the Security Trust Deed, the Capitalisation Deed Poll, each STD Security and any agreement or document (a) to which a Goodman Beneficiary or an Undertaking Subsidiary is or becomes a party or by which a Goodman Beneficiary or an Undertaking Subsidiary is or becomes bound and which states that it is a Finance Document for the purposes of the Security Trust Deed, (b) which at any time is agreed in writing between a Parent Guarantor and a Finance Party to be a Finance Document for the purposes of the Security Trust Deed or (c) which at any time is otherwise nominated in writing by a Parent Guarantor to be a Finance Document for purposes of the Security Trust Deed. The Indenture and the Notes shall be Finance Documents.

“*Finance Document Default*” means an Event of Default as defined in any Finance Document or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default as so defined.

“*Finance Party*” means the Security Trustee and each entity, other than a Goodman Beneficiary or an Undertaking Subsidiary or other Group Member, who (a) (i) is or becomes party to or entitled to the benefit of a Finance Document and who is specified in the Finance Document, or in an agreement or nomination referred to in paragraphs (b) or (c) of the definition of Finance Document, to be a Finance Party for the purposes of the Security Trust Deed or (ii) at any time is

otherwise nominated in writing by a Parent Guarantor to be a Finance Party in relation to a Finance Document for the purposes of the Security Trust Deed; (b) executes (or whose Financier Representative on its behalf executes) a Finance Party Deed in relation to such Finance Documents; and (c) is not a Retired Finance Party. The holders of Notes shall be Finance Parties and the Indenture Trustee is not a Finance Party.

"Finance Party Deed" means a deed poll substantially in the form required by the Security Trust Deed pursuant to which an entity agrees to comply with the obligations of a Finance Party under the Security Trust Deed.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised under any acceptance credit, bill acceptance or bill endorsement facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with Australian Accounting Standards, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any redeemable shares where the holder has the right, or the right in certain conditions, to require redemption;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) consideration for the acquisition of assets or services payable more than 120 days after acquisition;
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution (except any counter-indemnity obligation which has not fallen due, in respect of any such instrument which is issued for any of the items referred to in paragraphs (a) to (h) above); and
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above;

provided that, except as specifically included above, "Financial Indebtedness" shall not include those items, if any, which constitute Equity Interests as of the date of the Indenture and are re-characterised as indebtedness as a result of a change in Australian Accounting Standards after the date of the Indenture.

"Financial Statements" means (a) the income statement, (b) the statement of financial position, (c) the statement of comprehensive income, (d) the statement of changes in equity and (e) the cash flow statement, together with any notes to those documents and any accompanying reports, statements, declarations and other documents or information.

"Financier Representative" means a trustee or agent for any Finance Parties (excluding the Security Trustee and the person from time to time appointed as agent under the Group's Common Terms Deed Poll).

"Group" means the Stapled Entity and its Subsidiaries, taken as a whole.

"Group Member" means a member of the Group.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

- (i) to purchase such indebtedness or obligation or any property constituting security therefor;
- (ii) to advance or supply funds (x) for the purchase or payment of such indebtedness or obligation, or (y) to maintain any working capital or other balance sheet condition or
- (iii) any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(iv) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(v) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

"Mortgage of Contract" means the Mortgage of Contract granted by the Issuer in favour of the Security Trustee.

"Hedging Agreement" means each interest rate transaction, foreign exchange transaction, equity or equity index option, bond option, commodity swap, commodity option, cap transaction, currency swap transaction, cross-currency swap rate transaction or any other hedge or derivative agreement, including any master agreement and any transaction or confirmation under it.

"Independent Investment Bank" means one of the Initial Purchasers that we shall appoint to act as the Independent Investment Banker.

"Interest Expense" means, for any period, all interest expense (including without limitation capitalised interest) from third party loans, overdrafts and derivatives paid or payable by the Group with respect to such period, excluding, for the avoidance of doubt, fair value adjustments on derivative instruments with respect to such period, all determined on a consolidated basis as would be shown in the Financial Statements of the Group in accordance with Australian Accounting Standards.

"Liquidation" includes receivership or other appointment of a controller, moratorium, deregistration, deed of arrangement, administration, reconstruction, winding up, dissolution, assignment for the benefit of creditors, arrangement or compromise with creditors or bankruptcy or any other analogous proceeding.

"Majority Finance Parties" means (a) Applicable Finance Parties whose Exposures in that capacity are more than 66.23% of the total Exposures in that capacity of all Applicable Finance Parties; or (b) in the case of an amendment, waiver, release or consent of or under a Core Provision, Applicable Finance Parties whose Exposures in that capacity are more than 90% of the total Exposures in that capacity of all Applicable Finance Parties.

"Material Indebtedness" means (i) Financial Indebtedness under any Finance Document and (ii) Financial Indebtedness of any Parent Guarantor or any Undertaking Subsidiary which has an aggregate principal amount outstanding greater than A\$40,000,000 or its equivalent in other currencies.

"Money Owed" means all money which a Goodman Beneficiary (whether alone or not) is or at any time may become actually or contingently liable to pay to or for the account of a finance Party (whether alone or not) for any reason whatever under or in connection with a Finance Document. It includes money by way of principal, interest, fees, costs, indemnity, charges, duties or expenses or payment of liquidated or unliquidated damages under or in connection with a Finance Document, or as a result of a breach of or default under or in connection with a Finance Document. It also includes money that a Goodman Beneficiary would have been liable to pay but for its Liquidation or certain other reasons specified in the Capitalisation Deed Poll or which a Finance Party repays to the applicable Goodman Beneficiary because of its Liquidation. It excludes money that the applicable Goodman Beneficiary is liable to pay under or in connection with the Capitalisation Deed Poll in its capacity as an Undertaking Subsidiary.

"Mortgaged Property" means the property mortgaged or charged by a STD Security.

"Permitted Jurisdiction" means any country that on April 30, 2004 was a member of the European Union (excluding Spain, Italy, Portugal and Greece).

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company trust, trust, managed investment scheme, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Potential Close-out Amount" means, on any day, the amount (if any) which would be payable to a Goodman Beneficiary to a Finance Party under a Hedging Agreement with such Finance Party which is a Finance Document, if the Hedging Agreement was terminated by the Finance Party on that day for default. The amount is to be calculated on a net basis in accordance with the relevant Hedging Agreement.

"Real Estate Assets" means real property and units or other equity interests in funds that are comprised of at least 50% real property (measured on a book value basis).

"Receiver" means a receiver or receiver and manager appointed under any STD Security.

“Realised Swap Loss” means the amount (if any) payable by a Goodman Beneficiary to a Finance Party under a Hedging Agreement with such Finance Party which is a Finance Document and which has been terminated. The amount is to be calculated on a net basis in accordance with the relevant Hedging Agreement.

“Remaining Scheduled Payments” means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption, *provided, however*, that, if that redemption date is not an interest payment date with respect to such Note, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to that redemption date.

“Required Holders” means holders of a majority in aggregate principal amount of the outstanding Notes.

“Responsible Officer” means (i) when used with respect to the Indenture Trustee, any officer in the Corporate Trust Office, or successor thereto, including any managing director, director, vice president, assistant vice president, associate or any other officer of the Indenture Trustee responsible for the administration of the Indenture, and also means with respect to a particular corporate trust matter any other officer to whom such corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject, and in each case having direct responsibility for the administration of the Indenture, and (ii) with respect to any other Person, a director, company secretary or executive officer of the Person, including the chief executive officer, the chief financial officer, or an executive director responsible for the operations of the Person.

“Retired Finance Party” means at any time a person who has ceased to have any Commitment or Secured Money and is not a Financier Representative.

“Secured Money” means in relation to a Goodman Beneficiary, all money which such Goodman Beneficiary (whether alone or not) is or at any time may become actually or contingently liable to pay to or for the account of a Finance Party (whether alone or not) for any reason whatever under or in connection with a Finance Document. Secured Money includes money by way of principal, interest, fees, costs, indemnities, charges, duties or expenses or payment of liquidated or unliquidated damages under or in connection with a Finance Document, or as a result of a breach of or default under or in connection with a Finance Document. Secured Money also includes money that the applicable Goodman Beneficiary would have been liable to pay but for its Liquidation. Secured Money excludes money that the applicable Goodman Beneficiary is liable to pay under or in connection with the Capitalisation Deed Poll in its capacity as an Undertaking Subsidiary.

“Security Interest” means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind, including (a) anything which gives a creditor priority to other creditors with respect to any asset and (b) retention of title other than in the ordinary course of day-to-day trading and a deposit by way of security.

“Stapled Entity” means GL, GIT (including GFML as responsible entity of GIT), GLHK and, if the units or other securities of a trust or other entity are stapled to the foregoing, such trust or other entity.

“STD Collateral Security” means any Security Interest, guarantee or other document or agreement at any time created or entered into as security for any Secured Money.

“STD Security” means (a) a charge, mortgage, pledge or other security created by a Goodman Beneficiary in favour of the Security Trustee to secure its Secured Money or (b) an STD Collateral Security in favour of the Security Trustee which is a Security Interest and a Finance Document. The Mortgage of Contract shall constitute an STD Security.

“Subsidiary” has the meaning given to such term in the Corporations Act, but an entity will also to be taken to be a Subsidiary of such entity if it is controlled by such entity (as defined in s50AA of the Corporations Act) and, without limitation, (i) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share and (ii) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

“Total Assets” means, at any time, (i) the total book value of all assets, minus (ii) the aggregate value of all liabilities in respect of currency derivative financial instruments used to hedge non-Australian Dollar assets and minus (iii) the aggregate value of all receivables in respect of currency derivative financial instruments used to hedge non-Australian Dollar Financial Indebtedness, in each case on a consolidated basis as would be shown in the Financial Statements of the Group at such time in accordance with Australian Accounting Standards.

“Total Debt” means, at any time, (i) the total amount of all Financial Indebtedness, plus (ii) the aggregate value of all liabilities in respect of currency derivative financial instruments used to hedge non-Australian Dollar Financial Indebtedness and minus (iii) the aggregate value of all receivables in respect of currency derivative financial instruments

used to hedge non-Australian Dollar Financial Indebtedness, in each case on a consolidated basis as would be shown in the Financial Statements of the Group at such time in accordance with Australian Accounting Standards.

“Total Secured Debt” means, at any time, the portion of Total Debt at such time that is secured by any Security Interest over any asset of the Group, other than any STD Security.

“Total Tangible Assets” means, at any time, (i) Total Assets at such time less (ii) intangible assets of the Group on a consolidated basis as would be shown in the Financial Statements of the Group at such time in accordance with Australian Accounting Standards.

“Total Tangible Unencumbered Assets” means, at any time, (i) Total Tangible Assets at such time less (ii) Total Tangible Assets at such time that are then subject to a Security Interest securing Financial Indebtedness, other than any STD Security.

“Total Unsecured Debt” means, at any time, (i) Total Debt at such time less (ii) Total Secured Debt at such time.

“Trust” means, with respect to any Trustee, the relevant trust or scheme as trustee or responsible entity of which it enters into or accedes to a Finance Document.

“Trustee” means GFML and each other Undertaking Subsidiary or Goodman Beneficiary who enters into or accedes to a Finance Document in its capacity as trustee or responsible entity of a trust or scheme.

Limitation of liability

Notwithstanding any provision in the Indenture, the Notes, the Capitalisation Deed Poll, the Security Trust Deed, the Guarantees or the Undertakings to the contrary:

- (a) Each Trustee (including GFML) enters into and is a party to the Indenture, the Notes, the Capitalisation Deed Poll, the Security Trust Deed and each other applicable Finance Document only in its capacity as trustee or responsible entity of the applicable Trust and in no other capacity. A liability incurred by any Trustee arising under or in connection with a Finance Document is limited to and can be enforced against such Trustee only to the extent to which it can be satisfied out of the assets of the Trust out of which the Trustee is actually indemnified for the liability. This limitation of a Trustee's liability applies despite any other provision of any Finance Document (other than as set forth in paragraph (c) below) and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Finance Documents.
- (b) The parties to, or beneficiaries of, any Finance Documents may not sue any Trustee in any capacity other than as trustee or responsible entity of the applicable Trust or seek the appointment of a receiver, liquidator, administrator or similar person to such trustee or provide in any liquidation, administration or arrangements of or affecting such Trustee (except in relation to the assets of the applicable Trust).
- (c) The provisions described in this section do not apply to any obligation or liability of a Trustee to the extent that it is not satisfied because under the constitution of the applicable Trust or by operation of law a Trustee is not indemnified, or there is a reduction in the extent of a Trustee's indemnification, out of the assets of the applicable Trust as a result of a Trustee's fraud, negligence or wilful misconduct or a breach of a representation and warranty as to authority.
- (d) No act or omission of any Trustee (including any related failure to satisfy its obligations or breach of representation or warranty under the Finance Documents) will be considered fraud, negligence or wilful misconduct of such Trustee for the purposes described in paragraph (c) above to the extent to which the act or omission was caused or contributed to by any failure by another person (other than a person whose acts or omissions the Trustee is liable for in accordance with the Finance Documents) to fulfil its obligations relating to the Trust or by any other act or omission of another person (other than a person whose acts or omissions the Trustee is liable for in accordance with the Finance Documents) regardless of whether or not that act or omission is purported to be done on behalf of the Trustee.
- (e) No attorney, agent, receiver or receiver and manager appointed in accordance with a Finance Document has authority to act on behalf of a Trustee in a way which exposes such Trustee to any personal liability and no act or omission of any such person will be considered fraud, negligence or wilful misconduct of such Trustee for the purposes described in paragraph (c) above.

Australian Taxation

The following statements with regard to certain Australian income tax consequences of an investment in the Notes are only general summaries. Moreover, these statements do not take into account all the specific circumstances that may be relevant to a particular holder of the Notes. We urge you to consult your own tax advisors concerning the consequences, as they relate to you and your specific circumstances, under Australian federal, state and local tax laws, and the laws of any other relevant taxing jurisdiction, of investing in the Notes.

Interest withholding tax

Payments of interest (or amounts in the nature of interest, or amounts in a form that is in substitution for interest, which may include payments under the Guarantee) by the Issuer or a Parent Guarantor (if such Issuer or Parent Guarantor is a resident for Australian tax purposes not incurring outgoings under the Notes in carrying on business in a country outside Australia at or through a foreign permanent establishment, or is a non-resident for Australian tax purposes incurring outgoings under the Notes in carrying on business in Australia at or through an Australian permanent establishment) to a holder who is a non-resident for Australian tax purposes or a resident for Australian tax purposes who receives interest under the Notes in carrying on business in a country outside Australia at or through a foreign permanent establishment ("Non-Resident Investor") may be subject to Australian interest withholding tax at a rate of 10% of the gross amount of interest paid. However, Australian interest withholding tax will not be payable if a relevant exemption applies under a Double Taxation Agreement ("DTA") between Australia and the country in which the holder of the Note is a resident for taxation purposes or the exemption provided by Section 128F of the Australian *Income Tax Assessment Act 1936* (Cth) (the "Tax Act") applies.

The exemption in Section 128F of the Tax Act is available in respect of the Notes if the requirements of Section 128F(3) of the Tax Act are satisfied.

In broad terms, the requirements are as follows:

- (a) the Issuer is a company that is resident of Australia when it issues the Notes and continues to be a resident at the time when interest (as defined in Section 128A(1AB) of the Tax Act) is paid;
- (b) the Notes are not equity interests (as defined in Division 974 of the Australian *Income Tax Assessment Act 1997*) and are issued in a manner which satisfies the public offer tests in Section 128F(3) of the Tax Act or else the Notes satisfy the public offer tests by qualifying as "global bonds" (see below);
- (c) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes or interests in those Notes were being, or would later be, acquired, directly or indirectly, by an "associate" (as defined in Section 128F(5) of the Tax Act) of the Issuer, except in the capacity of dealer, manager or underwriter in relation to the placement of the Notes, a clearing house, custodian, funds manager or responsible entity of a registered scheme; and
- (d) at the time of the payment of interest (as defined in Section 128A(1AB) of the Tax Act), the Issuer does not know, or have reasonable grounds to suspect, that the holder of the Notes is an "associate" (as defined in Section 128F(6) of the Tax Act) of the Issuer, except in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

The issue of a global note also satisfies the public offer test if it is a 'global bond'. In summary, a global note is a global bond for the purposes of the public offer test if all of the following conditions are met:

- (a) the global note describes itself as a global bond or a global note;
- (b) it is issued to a clearing house or a trustee or agent for or on behalf of one or more clearing houses (e.g. a common depository);
- (c) in connection with the issue, the clearing house(s) confers rights in relation to the global note on other persons (i.e. the investors) and records the existence of those rights;
- (d) before the issue of the global note, the Issuer or a dealer, manager or underwriter, in relation to the placement of the global note, acting on behalf of the Issuer, announces that such rights will be able to be created as a result of the issue;
- (e) the announcement is made using one of the above five methods; and

- (f) the terms of the global note provide that interests in the global note are able to be surrendered, whether or not in particular circumstances, in exchange for other debentures or debt interests issued by the Issuer that are not themselves global bonds.

The Issuer proposes to issue the Notes in a manner that will satisfy the requirements of Section 128F of the Tax Act.

There are specific rules that can apply to treat a portion of the purchase price of Notes as interest for withholding tax purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to an Australian resident (who does not acquire them in the course of carrying on business at or through a permanent establishment outside Australia) or a non-resident who acquires them in the course of carrying on business at or through a permanent establishment in Australia. These rules do not apply in circumstances where the deemed interest would have been exempt under section 128F of the Tax Act if the Notes had been held to maturity by a non-resident.

Noteholders in Specified Countries

The Australian Government has signed DTAs (“Specified Treaties”) with a number of countries (the “Specified Countries”). The Specified Treaties apply to interest derived by a resident of a Specified Country.

Broadly, certain Specified Treaties effectively prevent Australian interest withholding tax applying to interest derived by:

- (a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; or
- (b) a “financial institution” resident in a Specified Country which is unrelated to and dealing wholly independently with the Issuer. Broadly, the term “financial institution” refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing debt finance. However, interest paid under a back-to-back loan or an economically equivalent arrangement may not qualify for the exemption.

The Australian Federal Treasury currently maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation which is available to the public at the Federal Treasury Department’s website.

Other withholding taxes on payments in respect of Notes

Section 12-140 of Schedule 1 to the *Taxation Administration Act 1953* (Cth) (“TAA”) imposes a type of withholding tax (at a rate that is currently 47%) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number (“TFN”), (in certain circumstances) an Australian Business Number (“ABN”) or provided proof of some other exception (as appropriate).

Provided that the requirements of Section 128F of the Tax Act have been satisfied with respect to the Notes, the TFN/ABN withholding rules will not apply to payments to Non-Resident Investors that do not hold their Notes as part of a business carried on by them through a permanent establishment in Australia.

Additional withholdings from certain payments to non-residents

Section 12-315 of Schedule 1 of the TAA gives the Governor-General power to make regulations requiring withholding from certain payments made by an Australian entity to Non-Resident Investors.

However, section 12-315 expressly provides that the regulations will not apply to interest and certain other payments which are already subject to the Australian interest withholding tax rules or specifically exempt from those rules. Further, regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations released to date do not impose withholding obligations in relation to the types of payments to be made under the Notes. The possible application of any regulations to the proceeds of any sale of the Notes will need to be monitored by investors.

Payments under Guarantees

In the event of default by the Issuer, the Parent Guarantors may be required to make certain payments under the Guarantees. The Australian withholding taxation implications of any such payments will depend on whether the amounts paid by the Parent Guarantors under the Guarantees in respect of the Notes constitute payments of interest (as defined in Section 128A(1AB) of the Tax Act). There are good arguments that such payments (other than interest paid on an overdue amount) do not constitute “interest” for Australian withholding tax purposes, and, if so, would not be subject to Australian interest withholding tax.

The Australian Taxation Office has, however, published a Taxation Determination stating that payments by a guarantor in respect of debentures (such as the Notes) are entitled to the benefit of the exemption contained in section 128F of the Australian Tax Act if payments of interest in respect of those debentures by the Issuer are exempt from Australian interest withholding tax under section 128F. However, there is some doubt as to whether the Taxation Determination applies in the context of the Guarantee and whether the reasoning adopted in the Taxation Determination is strictly correct.

If Australian interest withholding tax is ultimately determined to be due on any payment made by a Parent Guarantor, Australian interest withholding tax at a rate of 10% will be payable on the payment of interest by the Parent Guarantor. In these circumstances, a Non-Resident Investor may be entitled to Additional Amounts. See “Description of the Notes, Guarantees and Undertakings—Payment of additional amounts”.

If Additional Amounts are payable in certain circumstances, then, the Issuer may redeem all but not some of the Notes. See “Description of the Notes, Guarantees and Undertakings—Optional redemption of notes upon a change in tax law”.

Garnishee directions

The Australian Commissioner of Taxation may give a direction under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the TAA or any similar provision requiring the Issuer to deduct or withhold from any payment to any other party (including any holder) any amount in respect of tax payable by that other party. If the Issuer or a Parent Guarantor is served with such a direction, the Issuer or the Parent Guarantor (as the case may be) will comply with that direction and make any deduction or withholding required by that direction.

Stamp duty

No ad valorem stamp duty or similar documentary tax is payable in Australia on the issue, transfer or redemption of the Notes.

Estate Duties

No Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death.

Section 126 of the Tax Act

Section 126 of the Tax Act imposes a type of withholding tax (see below in relation to the rate of withholding tax) on the payment of interest on the Notes (if in bearer form) if the Issuer fails to disclose the names and addresses of the holders to the Australian Taxation Office (“ATO”).

Section 126 does not however apply to the payment of interest on Notes held by non-Australian residents who do not carry on business at or through a permanent establishment in Australia (where the issue of those Notes has satisfied the requirements of section 128F of the Tax Act), or where Australian interest withholding tax is payable.

In addition, the ATO has confirmed that for the purpose of section 126 of the Tax Act that the holder of debentures (such as the Notes) means the person in possession of the debentures. Section 126 is therefore limited in its application to persons in possession of Notes in bearer form, who are residents of Australia or non-Australian residents who are engaged in carrying on business in Australia at or through a permanent establishment in Australia. Where interests in Notes are held through Euroclear or Clearstream or another clearing system, the Issuer intends to treat the operators of those clearing systems as the holders of those Notes for the purposes of section 126 of the Tax Act.

The rate of withholding tax is currently 45%.

Income tax

Assuming the requirements of section 128F of the Tax Act are satisfied with respect to any Notes, payment of principal and interest to a holder of such Notes, who is a non-resident of Australia and who, during the taxable year, does not hold such Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income taxes.

A holder of Notes, who is a non-resident of Australia and who, during the taxable year, does not hold Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income tax on gains realised during that year on the sale or redemption of such Notes, provided such a gain does not have an Australian source. A gain arising on the sale of Notes by a non-Australian resident holder to another non-Australian resident should not be regarded as having an Australian source where such Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia.

Australian residents or non-Australian residents who hold Notes in the course of carrying on business at or through a permanent establishment in Australia ("Australian Holders"), will be assessable for Australian tax purposes on income either received or credited due to them in respect of the Notes. Whether income will be recognised on a cash receipts or accruals basis will depend upon the tax status of the particular holders and the Terms and Conditions of the Notes. Special rules apply to the taxation of Australian residents who hold Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located.

Australian holders will be required to include any gain or loss on disposal of Notes in their assessable income. Special rules apply to the taxation of Australian residents who hold Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located.

Division 230 of the Tax Act contains a regime for the taxation of financial arrangements (referred to as the TOFA regime) that may apply to the Notes. The TOFA regime may be relevant to the taxation of holders of Notes who are residents of Australia and who satisfy the threshold requirements for those provisions to apply. For holders who are not resident of Australia and who do not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, the TOFA regime does not contain any measures that would override the exemption from Australian interest withholding tax available under section 128F of the Tax Act in respect of interest payable on the Notes.

Plan of distribution

HSBC Bank plc, ING Bank N.V., J.P. Morgan Securities plc and Morgan Stanley & Co. International plc are acting as representatives of each of the Initial Purchasers named below. Subject to the terms and conditions set forth in the purchase agreement dated April 24, 2024 among us and the Initial Purchasers, we have agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of Notes set forth opposite its name in the tables below.

Notes

Initial Purchaser	Principal Amount of Notes
HSBC Bank plc.	€125,000,000
ING Bank N.V.	€125,000,000
J.P. Morgan Securities plc	€125,000,000
Morgan Stanley & Co. International plc.	€125,000,000
Total	€500,000,000

Subject to the terms and conditions set forth in the purchase agreement, the Initial Purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the purchase agreement if they purchase any of the Notes. If an Initial Purchaser defaults, the purchase agreement provides that a person who is satisfactory to the Issuer and the non-defaulting Initial Purchasers may purchase the defaulting Initial Purchaser's securities, the purchase commitments of the non-defaulting Initial Purchasers may be increased or the purchase agreement may be terminated. The representatives have advised us that the Initial Purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed without notice.

We have agreed to indemnify the Initial Purchasers against certain liabilities or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

Notes and Guarantees are not being registered under the Securities Act

Neither the Notes nor the Guarantees have been registered under the Securities Act, the securities law of any state of the United States or the securities laws of any other jurisdiction. The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act, applicable state securities laws or the securities laws of any other jurisdiction, including sales pursuant to Regulation S. The Initial Purchasers will not offer or sell the Notes except to persons that are not in the United States and are not, and are not acting for the account or benefit of, US persons. For a description of certain restrictions on eligible offerees and transfers of the Notes, see "Transfer restrictions".

In addition, until 40 days following the settlement date of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with an exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "Notice to investors".

New issue of Notes

The Notes are a new issue of securities with no established trading market. We do not intend to make any application for the listing of, and permission to deal in, the Notes other than on the SGX-ST. Approval in-principle has been received from the SGX-ST for the listing of the Notes on the SGX-ST. It is expected that the listing of the Notes will, if approval is granted by the SGX-ST for the listing of the Notes on the SGX-ST, commence on or about one business day following the settlement date. However, we cannot assure you that we will obtain or be able to maintain a listing of the Notes on the SGX-ST, or that, if listed, a liquid trading market for the Notes will develop on the SGX-ST. We have been advised by certain of the Initial Purchasers that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the Notes will be made to investors on or about May 3, 2024, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as "T+5").

No sales of similar securities

We have agreed that we will not, for a period from the date of the purchase agreement with the Initial Purchasers through and including the date that is the earlier of the date of payment for and delivery of the Notes and the termination of the purchase agreement, without first obtaining the prior written consent of the representatives, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by the Company or any of the Parent Guarantors and having a tenor of more than one year, except for the Notes sold to the Initial Purchasers pursuant to the purchase agreement.

Short positions, stabilising transactions and penalty bids

In connection with the offering, the Initial Purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater principal amount of Notes than they are required to purchase in the offering. The Initial Purchasers must close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering.

The Initial Purchasers may engage in stabilising transactions, which consist of certain bids or purchases of the Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. The Initial Purchasers may also impose penalty bids, which occur when a particular Initial Purchaser repays to another Initial Purchaser a portion of the underwriting discount received by it because the Initial Purchaser or its affiliates have repurchased Notes sold by or for the account of such Initial Purchaser in stabilising or short covering transactions.

Similar to other purchase transactions, the Initial Purchasers' purchases to cover the syndicate short sales, as well as stabilising transactions and penalty bids, may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the Initial Purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Selling Restrictions

Notice to prospective investors in Australia

Neither this offering memorandum, nor any other prospectus or disclosure document (as defined in the Corporations Act) in relation to the Notes or the Guarantees has been, or will be, lodged with, or registered by, ASIC or the ASX or any other regulatory authority in Australia and the Notes may not be offered for issue, sale or purchase nor may application for the issue, sale or purchase of any Notes be invited in Australia (including an offer or invitation which is received by a person in Australia) and neither this offering memorandum nor any other offering material or advertisement relating to the Notes or Guarantees may be distributed or published in Australia unless, in each case:

- (a) the aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee is at least A\$500,000 (or its equivalent in another currency, in either case, disregarding moneys lent by the person offering the Notes or making the invitation or its "associates" (as defined in the Corporations Act)) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act and is not made to a person who is a "retail client" within the meaning of section 761G or 761GA of the Corporations Act; and
- (b) the offer, invitation or distribution complies with all applicable Australian laws, regulations and directives; and
- (c) such action does not require any document to be lodged with ASIC or the ASX or any other regulatory authority in Australia.

Prohibition of Sales to EEA Retail Investors

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to United Kingdom Retail Investors

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the United Kingdom by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other Regulatory Restrictions in the United Kingdom

Each Initial Purchaser has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Parent Guarantors; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Switzerland

Each Initial Purchaser has represented and warranted, and agrees, that it has not and will not (i) publicly offer, sell or advertise the Notes directly or indirectly, in, into or from Switzerland; or (ii) publicly distribute or otherwise make publicly available in Switzerland the offering memorandum or any other documents or materials relating to the Notes or the offering thereof.

Hong Kong

The Notes have not been and will not be offered or sold in Hong Kong by means of any document, other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong), as amended from time to time (the “SFO”), and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), as amended from time to time (the “C(WUMP)O”), or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and no advertisement, invitation or document relating to the Notes has been

or will be issued or has been or will be in the possession of any person for the purposes of issue (in each case, whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Initial Purchaser has acknowledged that this Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore, each Initial Purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) under Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to Section 275(1) of the SFA.

Notification under Sections 309B(1)(A) and 309B(1)(C) of the SFA – *In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the classification of the Notes shall be “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

Japan

The Notes have not been and will not be registered under the *Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”)* and accordingly each Initial Purchaser has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the *Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)*), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Other relationships

Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates, including in a lending, financing, advisory or underwriting capacity. They have received, or may in the future receive, customary fees and commissions for these transactions. Affiliates of HSBC Bank plc, ING Bank N.V., J.P. Morgan Securities plc and Morgan Stanley & Co. International plc are lenders under certain of our senior bank debt facilities. See “Use of proceeds.”

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the Initial Purchasers or their affiliates have a lending relationship with us, certain of those Initial Purchasers or their affiliates routinely hedge, and certain other of those Initial Purchasers may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Transfer restrictions

Due to the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Notes.

Offers and sales by the Initial Purchasers

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any US person, except pursuant to an effective registration statement or in a transaction not subject to the registration requirements of the Securities Act or in accordance with an applicable exemption from the registration requirements thereof. Accordingly, the Notes are being offered and sold hereunder only outside the United States to persons that are not, and are not acting for the account or benefit of, US persons in accordance with Regulation S.

Investors' representations and restrictions on resale

Each purchaser of the Notes will be deemed, in making its purchase, to have represented and agreed as follows (terms used in this section that are defined in Regulation S are used in this section as defined in those rules or regulations):

- (1) The purchaser (a) is not in the United States and is not a US person, and is not acting for the account or benefit of, a US person and (b) is aware that the sale of the Notes to it is being made in reliance on Regulation S.
- (2) The purchaser understands that the Notes have not been registered under the Securities Act and they may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any US person until the expiration of forty days from the later of (i) the date on which the Notes were first offered and (ii) the date of issuance of the Notes.
- (3) It understands that the Notes initially will be represented by the Global Note and understands that the Global Notes will bear a legend to the following effect, unless we determine otherwise in accordance with applicable law:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON, UNLESS SUCH NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THE FOREGOING SHALL NOT APPLY FOLLOWING THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (I) THE DATE ON WHICH THESE NOTES WERE FIRST OFFERED AND (II) THE DATE OF ISSUANCE OF THESE NOTES.”

- (4) The purchaser acknowledges that the Issuer, the Parent Guarantors, the Initial Purchasers, the Indenture Trustee, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements, and agrees that if any of the acknowledgments, representations or warranties deemed to have been made by it by its purchase of Notes are no longer accurate, it shall promptly notify us, the Initial Purchasers and the Indenture Trustee. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, warranties and agreements on behalf of each such account.

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges or transfers of interests in Global Notes, see “Description of the Notes, Guarantees and Undertakings—Registration of transfer and exchange”.

The Issuer recognizes that none of Euroclear or Clearstream in any way undertakes to, and none of Euroclear or Clearstream shall have any responsibility to, monitor or ascertain the compliance of any transactions in the Notes with any exemptions from registration under the Securities Act or of any other state or federal securities law.

Legal matters

The validity of the Notes and the Guarantees offered hereby will be passed upon for the Issuer and the Parent Guarantors by Sidley Austin, Sydney, Australia, as to certain matters of New York law. The validity of the Notes and the Guarantees will be passed upon for the Issuer and the Parent Guarantors by Allens, Australia, as to certain matters of Australian law. Certain matters of New York law in connection with the offering of the Notes and Guarantees will be passed upon for the Initial Purchasers by Sullivan & Cromwell, Sydney, Australia.

Independent auditors

The consolidated financial statements of Goodman Group and GIT as of and for the years ended June 30, 2023, 2022 and 2021 included elsewhere in this offering memorandum have been audited by KPMG, independent auditors, as stated in their report appearing herein.

With respect to the unaudited consolidated interim financial statements Goodman Group and GIT as of December 31, 2023 and for the six-months ended December 31, 2023 and 2022, included elsewhere in this offering memorandum, KPMG, independent auditors, has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

The liability of KPMG, in relation to the performance of their professional services provided to Goodman Group including, without limitation, KPMG's audits and reviews of the consolidated financial statements described above, is limited under the Institute of Chartered Accountants in Australia (NSW) Scheme approved by the New South Wales Professional Standards Council or such other applicable scheme approved pursuant to the *Professional Standards Act 1994 (NSW)* (the "Professional Standards Act"), including the *Treasury Legislation Amendment (Professional Standards) Act* (the "Accountants Scheme"). Specifically, the Accountants Scheme limits liability of KPMG to a maximum amount of A\$75 million. The Accountants Scheme does not limit liability for breach of trust, fraud or dishonesty. The Professional Standards Act and the Accountants Scheme have not been subject to relevant judicial consideration and, therefore, how the limitations will be applied by courts and the effect of the limitations on the enforcement of foreign judgments is untested.

Appendix A

RECONCILIATIONS OF STATUTORY INCOME STATEMENTS TO CONDENSED STATEMENTS OF OPERATING PROFIT

	Half Year ended December 31, 2023	Property Investment —Operating Profit ⁽¹⁾	Management —Operating Profit ⁽¹⁾	Development —Operating Profit ^(1,2)	Expenses from operations— adjusted	Net finance costs— adjusted	Income tax expense— adjusted	Net gain from fair value adjustments on investment properties, net of deferred tax	Net gain from fair value adjustments on property and derivative financial instruments in equity accounted investments	Impairment losses	Unrealised gains/(losses) on fair value of derivative financial instruments and foreign exchange movements	Other non- operating items (net)
	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23
Condensed statement of operating profit	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)
Revenue												
Gross property income	55.2	52.9	—	—	—	—	—	—	—	—	—	2.3
Management income	360.8	—	360.8	—	—	—	—	—	—	—	—	—
Development income	653.7	—	—	653.7	—	—	—	—	—	—	—	—
	1,069.7	52.9	360.8	653.7	—	—	—	—	—	—	—	2.3
Property and development expenses												
Property expenses	(11.6)	(11.6)	—	—	—	—	—	—	—	—	—	—
Development expenses	(197.8)	—	—	(197.8)	—	—	—	—	—	—	—	—
	(209.4)	(11.6)	—	(197.8)	—	—	—	—	—	—	—	—
Other income												
Net gain from fair value adjustments on investment properties	43.3	—	—	271.5	—	—	—	(228.2)	—	—	—	—
Net gain on disposal of controlled entities	9.1	—	—	9.1	—	—	—	—	—	—	—	—
Net gain on disposal of assets held for sale	0.3	—	—	0.3	—	—	—	—	—	—	—	—
Net gain on disposal of equity investments	—	—	—	—	—	—	—	—	—	—	—	—
Share of net results of equity accounted investments	(833.0)	236.9	—	67.9	—	—	—	—	(1,142.1)	—	—	4.3
	(780.3)	236.9	—	348.8	—	—	—	(228.2)	(1,142.1)	—	—	4.3
Other expenses												
Employee expenses	(155.7)	—	—	—	(155.7)	—	—	—	—	—	—	—
Share based payments expense	(181.1)	—	—	—	—	—	—	—	—	—	—	(181.1)
Administrative and other expenses	(55.7)	—	—	—	(55.7)	—	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—	—	—	—	—	—	—
	(392.5)	—	—	—	(211.4)	—	—	—	—	—	—	(181.1)
(Loss)/profit before interest and tax	(312.5)	278.2	360.8	804.7	(211.4)	—	—	(228.2)	(1,142.1)	—	—	(174.5)
Net finance income/(expense)												
Finance income	93.5	—	—	—	—	18.7	—	—	—	—	74.8	—
Finance expenses	(36.2)	—	—	—	—	(36.2)	—	—	—	—	—	—
	57.3	—	—	—	—	(17.5)	—	—	—	—	74.8	—
(Loss)/profit before income tax	(255.2)	278.2	360.8	804.7	(211.4)	(17.5)	—	(228.2)	(1,142.1)	—	74.8	(174.5)
Income tax credit/(expense)	35.1	—	—	—	—	—	(87.4)	127.3	—	—	—	(4.8)
(Loss)/profit attributable to Securityholders	(220.1)	278.2	360.8	804.7	(211.4)	(17.5)	(87.4)	(100.9)	(1,142.1)	—	74.8	(179.3)

Notes:

- (1) For a description of each line item see "Financial Information Presentation—Non-IFRS financial measures".
- (2) Development –Operating Profit for the half year ended December 31, 2023 includes A\$271.5 million of profit relating to the Realization of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax. The re-allocation of prior periods' valuation gains or losses on repositioned properties (being properties where commercial value has been added through development, capital improvements, renovations or repurposing) to the subsequent period in which the property is realised (sold) is not an accounting principle that is recognised under AAS or IFRS. See "Financial Information Presentation—Non-IFRS financial measures".

	Half Year ended December 31, 2022	Property Investment —Operating Profit ⁽¹⁾	Management —Operating Profit ⁽¹⁾	Development —Operating Profit ⁽¹⁾⁽²⁾	Expenses from operations—adjusted	Net finance costs —adjusted	Income tax expense—adjusted	Net gain from fair value adjustments on investment properties, net of deferred tax	Net gain from fair value adjustments on property and derivative financial instruments in equity accounted investments	Impairment losses	Unrealised gains/(losses) on fair value of derivative financial instruments and foreign exchange movements	Other non-operating items (net)
	31-Dec-22	31-Dec-22	31-Dec-22	31-Dec-22	31-Dec-22	31-Dec-22	31-Dec-22	31-Dec-22	31-Dec-22	31-Dec-22	31-Dec-22	31-Dec-22
Condensed statement of operating profit	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)
Revenue												
Gross property income	66.3	64.7	—	—	—	—	—	—	—	—	—	1.6
Management income	222.8	—	222.8	—	—	—	—	—	—	—	—	—
Development income	729.9	—	41.9	688.0	—	—	—	—	—	—	—	—
	1,019.0	64.7	264.7	688.0	—	—	—	—	—	—	—	1.6
Property and development expenses												
Property expenses	(15.1)	(15.1)	—	—	—	—	—	—	—	—	—	—
Development expenses	(273.5)	—	—	(273.5)	—	—	—	—	—	—	—	—
	(288.6)	(15.1)	—	(273.5)	—	—	—	—	—	—	—	—
Other income												
Net gain from fair value adjustments on investment properties	56.2	—	—	163.0	—	—	—	(106.8)	—	—	—	—
Net loss on disposal of controlled entities	(0.1)	—	—	(0.1)	—	—	—	—	—	—	—	—
Net gain on disposal of assets held for sale	—	—	—	—	—	—	—	—	—	—	—	—
Net gain on disposal of equity investments	—	—	—	—	—	—	—	—	—	—	—	—
Share of net results of equity accounted investments	818.3	210.5	—	25.0	—	—	—	—	576.1	—	—	6.7
	874.4	210.5	—	187.9	—	—	—	(106.8)	576.1	—	—	6.7
Other expenses												
Employee expenses	(130.0)	—	—	—	(130.0)	—	—	—	—	—	—	—
Share based payments expense	(122.9)	—	—	—	—	—	—	—	—	—	—	(122.9)
Administrative and other expenses	(49.6)	—	—	—	(49.6)	—	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—	—	—	—	—	—	—
	(302.5)	—	—	—	(179.6)	—	—	—	—	—	—	(122.9)
Profit before interest and tax	1,302.3	260.1	264.7	602.4	(179.6)	—	—	(106.8)	576.1	—	—	(114.6)
Net finance income/(expense)												
Finance income	7.9	—	—	—	—	7.9	—	—	—	—	—	—
Finance expenses	(108.6)	—	—	—	—	(8.9)	—	—	—	—	(99.7)	—
Net finance expense	(100.7)	—	—	—	—	(1.0)	—	—	—	—	(99.7)	—
Profit before income tax	1,201.6	260.1	264.7	602.4	(179.6)	(1.0)	—	(106.8)	576.1	—	(99.7)	(114.6)
Income tax expense	(104.6)	—	—	—	—	—	(70.1)	(31.1)	—	—	—	(3.4)
Profit attributable to Securityholders	1,097.0	260.1	264.7	602.4	(179.6)	(1.0)	(70.1)	(137.9)	576.1	—	(99.7)	(118.0)

- Notes:
- (1) For a description of each line item see "Financial Information Presentation—Non-IFRS financial measures".
- (2) Development —Operating Profit for the half year ended December 31, 2022 includes A\$185.6 million of profit relating to the Realization of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax. The re-allocation of prior periods' valuation gains or losses on repositioned properties (being properties where commercial value has been added through development, capital improvements, renovations or repurposing) to the subsequent period in which the property is realised (sold) is not an accounting principle that is recognised under AAS or IFRS. See "Financial Information Presentation—Non-IFRS financial measures".

									Net gain from fair value adjustments on property and derivative financial instruments in equity accounted investments	Net gain from fair value adjustments on property and derivative financial instruments in equity accounted investments	Unrealised gains/(losses) on fair value of derivative financial instruments and foreign exchange movements	Other non-operating items (net)
	Year ended June 30, 2023	Property Investment — Operating Profit ⁽¹⁾	Management — Operating Profit ⁽¹⁾	Development — Operating Profit ^(1,2)	Expenses from operations — adjusted	Net finance costs — adjusted	Income tax expense — adjusted	Net gain from fair value adjustments on investment properties, net of deferred tax	Net gain from fair value adjustments on property and derivative financial instruments in equity accounted investments	Impairment losses	Unrealised gains/(losses) on fair value of derivative financial instruments and foreign exchange movements	Other non-operating items (net)
	30-Jun-23	30-Jun-23	30-Jun-23	30-Jun-23	30-Jun-23	30-Jun-23	30-Jun-23	30-Jun-23	30-Jun-23	30-Jun-23	30-Jun-23	30-Jun-23
Condensed statement of operating profit	(A\$ millions)	A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)
Revenue												
Gross property income	122.8	119.1	—	—	—	—	—	—	—	—	—	3.7
Management income	438.9	—	438.9	—	—	—	—	—	—	—	—	—
Development income	1,407.2	—	41.7	1,365.5	—	—	—	—	—	—	—	—
	1,968.9	119.1	480.6	1,365.5	—	—	—	—	—	—	—	3.7
Property and development expenses												
Property expenses	(31.7)	(31.7)	—	—	—	—	—	—	—	—	—	—
Development expenses	(606.7)	—	—	(606.7)	—	—	—	—	—	—	—	—
	(638.4)	(31.7)	—	(606.7)	—	—	—	—	—	—	—	—
Other income												
Net gain from fair value adjustments on investment properties . . .	278.9	—	—	163.0	—	—	—	115.9	—	—	—	—
Net gain on disposal of investment properties . . .	3.6	—	—	3.6	—	—	—	—	—	—	—	—
Net gain on disposal of assets held for sale	—	—	—	—	—	—	—	—	—	—	—	—
Net gain on disposal of equity investments	—	—	—	—	—	—	—	—	—	—	—	—
Share of net results of equity accounted investments . . .	1,022.4	444.0	—	375.8	—	—	—	—	191.4	—	—	11.2
	1,304.9	444.0	—	542.4	—	—	—	115.9	191.4	—	—	11.2
Other expenses												
Employee expenses	(271.6)	—	—	—	(271.6)	—	—	—	—	—	—	—
Share based payments expense	(286.0)	—	—	—	—	—	—	—	—	—	—	(286.0)
Administrative and other expenses	(100.9)	—	—	—	(100.9)	—	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—	—	—	—	—	—	—
	(658.5)	—	—	(372.5)	—	—	—	—	—	—	—	(286.0)
Profit before interest and tax	(1,976.9)	531.4	480.6	1,301.2	(372.5)	—	—	115.9	191.4	—	—	(271.1)
Net finance income/(expense)												
Finance income	22.9	—	—	—	—	22.9	—	—	—	—	—	—
Finance expenses	(257.7)	—	—	—	—	(36.4)	—	—	—	—	(221.3)	—
	(234.8)	—	—	—	—	(13.5)	—	—	—	—	(221.3)	—
Profit before income tax	1,742.1	531.4	480.6	1,301.2	(372.5)	(13.5)	—	115.9	191.4	—	(221.3)	(271.1)
Income tax expense	(182.2)	—	—	—	—	—	(144.0)	(47.7)	—	—	—	9.5
Profit attributable to Securityholders	1,559.9	531.4	480.6	1,301.2	(372.5)	(13.5)	(144.0)	68.2	191.4	—	(221.3)	(261.6)

Notes:

- (1) For a description of each line item see "Financial Information Presentation—Non-IFRS financial measures".
- (2) Development –Operating Profit for the year ended June 30, 2023 includes A\$511.8 million of profit relating to the Realization of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax. This is not an accounting principle that is recognised under AAS or IFRS. See "Financial Information Presentation—Non-IFRS financial measures".

	Year ended June 30, 2022	Property Investment —Operating Profit ⁽¹⁾	Management —Operating Profit ⁽¹⁾	Development —Operating Profit ⁽¹⁾	Expenses from operations— adjusted	Net finance costs —adjusted	Income tax expense— adjusted	Net gain from fair value adjustments on investment properties, net of deferred tax	Net gain from fair value adjustments on property and derivative financial instruments in equity accounted investments	Impairment losses	Unrealised gains/(losses) on fair value of derivative financial instruments and foreign exchange movements	Other non- operating items (net)
	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22
Condensed statement of operating profit	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)
Revenue												
Gross property income	138.0	137.4	—	—	—	—	—	—	—	—	—	0.6
Management income	511.4	—	511.4	—	—	—	—	—	—	—	—	—
Development income	1,441.6	—	77.0	1,364.6	—	—	—	—	—	—	—	—
Distributions from investments	0.8	0.8	—	—	—	—	—	—	—	—	—	—
	2,091.8	138.2	588.4	1,364.6	—	—	—	—	—	—	—	0.6
Property and development expenses												
Property expenses	(33.7)	(33.7)	—	—	—	—	—	—	—	—	—	—
Development expenses	(554.9)	—	—	(554.9)	—	—	—	—	—	—	—	—
	(588.6)	(33.7)	—	(554.9)	—	—	—	—	—	—	—	—
Other income												
Net gain from fair value adjustments on investment properties	260.1	—	—	—	—	—	—	260.1	—	—	—	—
Net gain on disposal of investment properties	73.6	—	—	73.6	—	—	—	—	—	—	—	—
Net gain on disposal of assets held for sale	12.5	—	—	12.5	—	—	—	—	—	—	—	—
Net gain on disposal of equity investments	0.2	—	—	0.2	—	—	—	—	—	—	—	—
Share of net results of equity accounted investments	2,718.2	390.1	—	58.5	—	—	—	—	2,271.2	—	—	(1.6)
	3,064.6	390.1	—	144.8	—	—	—	260.1	2,271.2	—	—	(1.6)
Other expenses												
Employee expenses	(258.9)	—	—	—	(258.9)	—	—	—	—	—	—	—
Share based payments expense	(257.6)	—	—	—	—	—	—	—	—	—	—	(257.6)
Administrative and other expenses	(90.4)	—	—	—	(90.4)	—	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—	—	—	—	—	—	—
	(606.9)	—	—	—	(349.3)	—	—	—	—	—	—	(257.6)
Profit before interest and tax	3,960.9	494.6	588.4	954.5	(349.3)	—	—	260.1	2,271.2	—	—	(258.6)
Net finance income/(expense)												
Finance income	8.3	—	—	6.2	—	2.1	—	—	—	—	—	—
Finance expenses	(231.1)	—	—	—	—	(41.4)	—	—	—	—	(189.7)	—
Net finance expense	(222.8)	—	—	6.2	—	(39.3)	—	—	—	—	(189.7)	—
Profit before income tax	3,738.1	494.6	588.4	960.7	(349.3)	(39.3)	—	260.1	2,271.2	—	(189.7)	(258.6)
Income tax credit/(expense)	(324.1)	—	—	—	—	—	(127.1)	(206.7)	—	—	—	9.7
Profit attributable to Securityholders	3,414.0	494.6	588.4	960.7	(349.3)	(39.3)	(127.1)	53.4	2,271.2	—	(189.7)	(248.9)

Note:

(1) For a description of each line item see "Financial Information Presentation—Non-IFRS financial measures".

	Year ended June 30, 2021	Property Investment —Operating Profit ⁽¹⁾	Management —Operating Profit ⁽¹⁾	Development —Operating Profit ⁽¹⁾	Expenses from operations— adjusted	Net finance costs —adjusted	Income tax expense— adjusted	Net gain from fair value adjustments on investment properties, net of deferred tax	Net gain from fair value adjustments on property and derivative financial instruments in equity accounted investments	Impairment losses	Unrealised gains/(losses) on fair value of derivative financial instruments and foreign exchange movements	Other non- operating items (net)
	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21
Condensed statement of operating profit	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)	(A\$ millions)
Revenue												
Gross property income	112.4	112.1	—	—	—	—	—	—	—	—	—	0.3
Management income	383.9	—	383.9	—	—	—	—	—	—	—	—	—
Development income	1,492.0	—	75.2	1,416.8	—	—	—	—	—	—	—	—
	1,988.3	112.1	459.1	1,416.8	—	—	—	—	—	—	—	0.3
Property and development expenses												
Property expenses	(32.8)	(32.8)	—	—	—	—	—	—	—	—	—	—
Development expenses	(862.3)	—	—	(862.3)	—	—	—	—	—	—	—	—
	(895.1)	(32.8)	—	(862.3)	—	—	—	—	—	—	—	—
Other income												
Net gain from fair value adjustments on investment properties	63.1	—	—	—	—	—	—	63.1	—	—	—	—
Net gain on disposal of investment properties	37.7	—	—	37.7	—	—	—	—	—	—	—	—
Net gain on disposal of assets held for sale	—	—	—	—	—	—	—	—	—	—	—	—
Net gain on disposal of equity investments	5.0	—	—	5.0	—	—	—	—	—	—	—	—
Share of net results of equity accounted investments	1,708.9	332.2	—	113.3	—	—	—	—	1,266.9	—	—	(3.5)
	1,814.7	332.2	—	156.0	—	—	—	63.1	1,266.9	—	—	(3.5)
Other expenses												
Employee expenses	(210.8)	—	—	—	(210.8)	—	—	—	—	—	—	—
Share based payments expense	(268.8)	—	—	—	—	—	—	—	—	—	—	(268.8)
Administrative and other expenses	(83.2)	—	—	—	(83.2)	—	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—	—	—	—	—	—	—
	(562.8)	—	—	—	(294.0)	—	—	—	—	—	—	(268.8)
Profit before interest and tax	2,345.1	411.5	459.1	710.5	(294.0)	—	—	63.1	1,266.9	—	—	(272.0)
Net finance income/(expense)												
Finance income	94.3	—	—	7.4	—	3.0	—	—	—	—	83.9	—
Finance expenses	(19.4)	—	—	—	—	(19.4)	—	—	—	—	—	—
	74.9	—	—	7.4	—	(16.4)	—	—	—	—	83.9	—
Net financing income	74.9	—	—	7.4	—	(16.4)	—	—	—	—	83.9	—
Profit before income tax	2,420.0	411.5	459.1	717.9	(294.0)	(16.4)	—	63.1	1,266.9	—	83.9	(272.0)
Income tax expense	(108.1)	—	—	—	—	—	(58.7)	(50.4)	—	—	—	1.0
Profit attributable to Securityholders	2,311.9	411.5	459.1	717.9	(294.0)	(16.4)	(58.7)	12.7	1,266.9	—	83.9	(271.0)

Note:

(1) For a description of each line item see "Financial Information Presentation—Non-IFRS financial measures".

Appendix B

Reconciliation of profit attributable to Securityholders to Operating Profit After Tax Attributable to Securityholders

The reconciliation of profit attributable to Securityholders to Operating Profit After Tax Attributable to Securityholders for HY2024 and HY2023 and FY2023, FY2022 and FY2021 is set out in the table below:

	Half Year ended December 31, 2023	Half Year ended December 31, 2022	Year ended June 30, 2023	Year ended June 30, 2022	Year ended June 30, 2021
	(A\$ billions)	(A\$ billions)	(A\$ billions)	(A\$ billions)	(A\$ billions)
(Loss)/profit attributable to Securityholders	(0.2)	1.1	1.6	3.4	2.3
Net gain from fair value adjustments on investment properties, net of deferred tax	(0.2)	—	(0.2)	—	—
Net loss/(gain) from fair value adjustments on property and derivative financial instruments in equity accounted investments	1.1	(0.6)	(0.6)	(2.3)	(1.3)
Realization of prior years' property valuation gains, net of deferred tax	0.3	0.2	0.5	—	—
Impairment losses	—	—	—	—	—
Unrealised (gains)/losses on fair value of derivative financial instruments and foreign exchange movements	(0.1)	0.1	0.2	0.2	(0.1)
Other non-operating items (net)	0.2	0.1	0.3	0.2	0.3
Operating Profit After Tax Attributable to Securityholders	1.1	0.9	1.8	1.5	1.2

Appendix C

Reconciliation of profit attributable to Securityholders to EBITDA and Adjusted EBITDA

The reconciliation of profit attributable to Securityholders to EBITDA and Adjusted EBITDA for HY2024 and HY2023 and FY2023, FY2022 and FY2021 is set out in the table below:

	Half Year ended December 31, 2023 (A\$ millions)	Half Year ended December 31, 2022 (A\$ millions)	Year ended June 30, 2023 (A\$ millions)	Year ended June 30, 2022 (A\$ millions)	Year ended June 30, 2021 (A\$ millions)
Profit attributable to Securityholders	(220.1)	1,097.0	1,559.9	3,414.0	2,311.9
Net finance (income)/expense	(57.3)	100.7	234.8	222.8	(74.9)
Income tax (credit)/expense	(35.1)	104.6	182.2	324.1	108.1
Profit before interest and income tax	(312.5)	1,302.3	1,976.9	3,960.9	2,345.1
Net gain from fair value adjustments on investment properties	(43.3)	(56.2)	(278.9)	(260.1)	(63.1)
Net loss/(gain) from fair value adjustments on property and derivative financial instruments in equity accounted investments	1,142.1	(598.7)	(540.2)	(2,271.2)	(1,266.9)
Other non-operating items	174.5	114.6	271.1	258.6	272.0
Depreciation and amortization	8.9	8.4	16.7	17.1	23.0
Interest income from related parties	—	1.8	2.1	6.5	8.1
Capitalised borrowing costs	11.2	12.0	28.8	10.8	6.7
EBITDA⁽¹⁾	980.9	784.2	1,476.5	1,722.6	1,324.9
Capitalised borrowing costs	(11.2)	(12.0)	(28.8)	(10.8)	(6.7)
Realisation of Prior Periods' Property Valuation Gains/Losses, Net of Deferred Tax	271.5	185.6	511.8	—	—
Adjusted EBITDA⁽¹⁾	1,241.2	957.8	1,959.5	1,711.8	1,318.2

Note:

(1) For further information on our definitions of EBITDA and Adjusted EBITDA, refer to "Financial Information Presentation—Non-IFRS financial measures".

Appendix D

Reconciliation of certain ratios

The reconciliation of Gearing Ratio, Leverage Ratio, CTDG Gearing Ratio, Secured Debt to Total Asset Ratio and Unencumbered Assets Ratio for HY2024 and FY2023, FY2022 and FY2021 is set out in the tables below:

Gearing Ratio

	Total interest bearing liabilities A (A\$ millions)	Total Assets B (A\$ millions)	Cash C (A\$ millions)	Fair value gains of cross-currency swaps used to hedge non-Australian dollar financial indebtedness included in other financial assets D (A\$ millions)	Fair value losses of cross-currency swaps used to hedge non-Australian dollar financial indebtedness included in other financial liabilities E (A\$ millions)	Gearing Ratio ⁽¹⁾ (A-C-D+E)/(B-C-D) %
December 31, 2023	3,212.4	23,066.2	1,213.8	86.8	39.4	9.0
June 30, 2023	3,292.9	24,027.1	1,360.1	81.7	34.2	8.3
June 30, 2022	2,832.2	21,432.4	1,056.0	133.3	79.6	8.5
June 30, 2021	2,060.3	16,867.0	920.4	134.1	62.3	6.8

Note:

- (1) Gearing Ratio is calculated as total interest bearing liabilities over total assets, both net of cash and fair values of cross-currency swaps used to hedge non-Australian dollar financial indebtedness included in other financial assets. Total interest bearing liabilities are grossed up for the fair values of cross-currency swaps used to hedge non-Australian dollar financial indebtedness included in other financial liabilities.

Leverage Ratio

	Total Debt A (A\$ millions)	Total Tangible Assets B (A\$ millions)	Leverage Ratio ⁽¹⁾ (A) / (B) %
December 31, 2023	3,165.0	21,802.7	14.5%
June 30, 2023	3,245.5	22,648.0	14.3%
June 30, 2022	2,778.5	20,190.6	13.8%
June 30, 2021	1,988.5	15,775.1	12.6%

Note:

- (1) Leverage Ratio is calculated in accordance with the test set forth in "Description of the Notes, Guarantees and Undertakings—Covenants—Leverage Ratio". We are required to maintain a maximum leverage ratio of <60%.

CTDG Gearing Ratio

	Net Liabilities A (A\$ millions)	Net Tangible Assets B (A\$ millions)	CTDG Gearing Ratio ⁽¹⁾ (A) / (B) %
December 31, 2023	3,120.3	21,011.5	14.9%
June 30, 2023	3,187.0	21,816.9	14.6%
June 30, 2022	2,696.0	19,581.0	13.8%
June 30, 2021	2,053.1	15,124.0	13.6%

Note:

- (1) CTDG Gearing Ratio means total liabilities of the Group (less cash and after deducting trade payables, marked to market losses and gains on hedging agreements, provisions for distributions and dividends, the marked to market value of liability attributable to breaking the fixed rate on any fixed-rate financial indebtedness and deferred liabilities) over total tangible assets (less cash).

Secured Debt to Total Asset Ratio

	Secured Debt A (A\$ millions)	Total Tangible Assets B (A\$ millions)	Secured Debt to Total Asset Ratio ⁽¹⁾ (A) / (B) %
December 31, 2023	68.6	21,802.7	0.3%
June 30, 2023	47.9	22,648.0	0.2%
June 30, 2022	9.0	20,190.6	0.04%
June 30, 2021	—	15,775.1	—

Note:

- (1) Secured Debt to Total Asset Ratio is in accordance with the test set forth in "Description of the Notes, Guarantees and Undertakings—Covenants—Secured debt to total assets ratio". We are required to maintain a maximum Secured debt to total assets ratio of <40%.

Unencumbered Assets Ratio

	Total Tangible Unencumbered Assets A (A\$ millions)	Total Unsecured Debt B (A\$ millions)	Unencumbered Assets Ratio ⁽¹⁾ (A) / (B) times
December 31, 2023	21,862.3	3,096.4	7.1
June 30, 2023	22,838.0	3,197.5	7.1
June 30, 2022	19,947.6	2,769.5	7.2
June 30, 2021	16,044.4	1,988.5	8.1

Note:

- (1) Unencumbered Assets Ratio is calculated in accordance with the test set forth in "Description of the Notes, Guarantees and Undertakings—Covenants—Unencumbered assets Ratio". We are required to maintain unencumbered asset ratio of at least >1.5 times.

Appendix E

Undertaking subsidiaries

- GIC Vernon LLC
- GIL Holdings (Aust) Pty Limited as trustee for GIL Holdings (Aust) Trust
- GIL Holdings (Aust) Pty Limited as trustee for Southern Avenue Trust
- Goodman (NZ) Limited
- Goodman (Paihia) Limited
- Goodman Acquisitions (Aust) Pty Limited
- Goodman Asia Limited
- Goodman Australia Investments Pty Limited
- Goodman Bidco 1 (UK) Limited
- Goodman Bidco 3 (UK) Limited
- Goodman China Asset Management Limited
- Goodman China Developments
- Goodman China Limited
- Goodman Colnbrook (Jersey) Limited
- Goodman Corish Pty Limited
- Goodman Development Management LLC
- Goodman Developments Asia
- Goodman Europe (Aust) Pty Limited
- Goodman Europe Development Pty Limited as trustee for the Goodman Europe Development Trust
- Goodman Kingsford Smith Pty Limited as trustee of Goodman Industrial Europe Finance Trust
- Goodman Hong Kong Investment (Aust) Pty Limited as trustee for the Goodman Hong Kong Investment Trust
- Goodman Industrial Logistics (Spain), S.L.
- Goodman Investment Holdings (NZ) Limited
- Goodman Investments GP LLC
- Goodman Japan Limited
- Goodman Logistics Developments (UK) Limited
- Goodman Logistics Management (UK) Limited
- Goodman Maltby (Jersey) Ltd
- Goodman Management Holdings (Lux) S.à r.l.
- Goodman Management USA Inc
- Goodman Midnight Logistics (Lux) S.à r.l.
- Goodman North America LLC

- Goodman Palmers Pty Limited as trustee for Goodman Dandenong Trust
- Goodman Palmers Pty Limited as trustee for Goodman Palmers Trust
- Goodman Palmers Pty Limited as trustee for the Goodman Capital Trust
- Goodman Property Management LP
- Goodman Property Opportunities (Lux) S.à r.l.
- Goodman Property Services (Aust) Pty Limited
- Goodman Real Estate (Spain) SL
- Goodman Real Estate (UK) Limited
- Goodman Treasury Pty Limited as trustee of the Goodman Finance Australia Trust
- Goodman UK Investment (HK) Limited
- Goodman UK Limited
- Goodman Vineyard Pty Limited
- Moorabbin Airport Corporation Pty Limited
- Riding Boundary Pty Limited
- Soto DC LLC
- Tallina Pty Ltd as trustee for the BDE Unit Trust
- Tallina Pty Ltd as trustee for the Clayton 3 Trust
- Tallina Pty Ltd as trustee for the GA Industrial Portfolio Trust
- Tallina Pty Ltd as trustee for the Homebush Sub-trust
- Tallina Pty Ltd as trustee for the MIP Trust
- Tallina Pty Ltd as trustee for the Orion Road Trust
- Tallina Pty Ltd as trustee for the Penrose Trust
- Tallina Pty Ltd as trustee for GIT Investments Holding Trust No. 3
- Tallina Pty Ltd as trustee for GIT Investments Holding Trust No. 4
- Tallina Pty Ltd as trustee for Goodman Ultimo Trust
- Tallina Pty Ltd as trustee for Forestridge Trust
- Tallina Pty Ltd as trustee for Port Central Park Trust
- Tallina Pty Ltd as trustee for Port Plus Business Park A
- Tallina Pty Ltd as trustee for Port Plus Business Park B
- Tallina Pty Ltd as trustee of Goodman Kent Road Trust
- Tallina Pty Ltd as trustee of the Amaroo Estate Trust
- Tallina Pty Ltd as trustee of the Bradford Trust
- Tallina Pty Ltd as trustee of the Edinburgh 2 Trust
- Tarpon Properties REIT Inc

Index to consolidated financial statements

Interim Consolidated Financial Statements of Goodman Group for the half years ended December 31, 2023 and 2022

Lead auditor's independence declaration	F-2
Consolidated interim statements of financial position	F-3
Consolidated interim income statement	F-4
Consolidated interim statements of comprehensive income	F-5
Consolidated interim statements of changes in equity	F-6
Consolidated interim cash flow statements	F-8
Notes to the consolidated interim financial statements	F-9
Directors' declaration	F-37
Independent auditor's report	F-38
Appendix A – Goodman Logistics (HK) Limited interim financial report	F-40

Consolidated Financial Statements of Goodman Group for the years ended June 30, 2023 and 2022

Extracts of the Remuneration Report from the Directors' report	F-65
Lead auditor's independence declaration	F-120
Consolidated statements of financial position	F-121
Consolidated income statements	F-122
Consolidated statements of comprehensive income	F-123
Consolidated statements of changes in equity	F-124
Consolidated cash flow statements	F-126
Notes to the consolidated financial statements	F-127
Directors' declaration	F-194
Independent auditor's report	F-195
Appendix A – Goodman Logistics (HK) Limited financial report	F-201

Consolidated Financial Statements of Goodman Group for the years ended June 30, 2022 and 2021

Extracts of the Remuneration Report from the Directors' report	F-265
Lead auditor's independence declaration	F-311
Consolidated statements of financial position	F-312
Consolidated income statements	F-313
Consolidated statements of comprehensive income	F-314
Consolidated statements of changes in equity	F-315
Consolidated cash flow statements	F-317
Notes to the consolidated financial statements	F-318
Directors' declaration	F-384
Independent auditor's report	F-385
Appendix A – Goodman Logistics (HK) Limited financial report	F-391

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

To the Directors of Goodman Limited and Goodman Funds Management Limited,
as Responsible Entity for Goodman Industrial Trust

I declare that, to the best of my knowledge and belief, in relation to the reviews of Goodman Limited (as the deemed parent presenting the stapled security arrangement of the Goodman Group) and Goodman Industrial Trust for the half-year ended 31 December 2023 there have been:

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



KPMG



Nigel Virgo
Partner
Sydney
15 February 2024

Consolidated interim statements of financial position

as at 31 December 2023

	Note	Goodman		GIT	
		31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
		\$M	\$M	\$M	\$M
Current assets					
Cash and cash equivalents		1,213.8	1,360.1	719.1	689.9
Receivables	5	385.9	243.1	201.5	242.1
Contract assets		48.2	72.9	-	-
Inventories	6(b)	391.9	464.2	-	-
Other financial assets		24.4	87.8	1.0	76.6
Assets held for sale		105.3	509.6	105.3	509.6
Total current assets		2,169.5	2,737.7	1,026.9	1,518.2
Non-current assets					
Receivables	5	205.6	231.0	3,468.7	3,122.4
Inventories	6(b)	2,048.1	1,781.3	-	-
Investment properties	6(b)	1,571.1	1,644.8	143.1	234.4
Investments accounted for using the equity method	6(b)	15,721.0	16,285.2	12,450.4	13,012.3
Deferred tax assets		42.3	43.9	-	-
Other financial assets		396.5	381.5	294.4	251.7
Property, plant and equipment		71.2	71.7	-	-
Intangible assets	7	840.9	850.1	-	-
Total non-current assets		20,896.7	21,289.5	16,356.6	16,620.8
Total assets		23,066.2	24,027.2	17,383.5	18,139.0
Current liabilities					
Payables		750.6	683.4	278.5	170.9
Current tax payables		177.5	170.2	-	-
Interest bearing liabilities	9	0.9	-	-	-
Provisions		306.1	301.5	284.9	188.4
Lease liabilities		11.0	12.3	-	-
Other financial liabilities		75.4	143.9	9.4	63.9
Total current liabilities		1,321.5	1,311.3	572.8	423.2
Non-current liabilities					
Payables		203.8	390.2	843.4	778.0
Interest bearing liabilities	9	3,211.5	3,292.9	2,932.7	2,982.8
Deferred tax liabilities		335.5	458.2	257.1	375.0
Provisions		13.1	14.3	-	-
Lease liabilities		28.8	55.4	-	-
Other financial liabilities		398.4	480.1	296.0	383.6
Total non-current liabilities		4,191.1	4,691.1	4,329.2	4,519.4
Total liabilities		5,512.6	6,002.4	4,902.0	4,942.6
Net assets		17,553.6	18,024.8	12,481.5	13,196.4
Equity attributable to Securityholders					
Issued capital	12	8,343.6	8,273.3	8,568.7	8,355.4
Reserves		589.5	774.6	356.3	459.1
Retained earnings		8,620.5	8,976.9	3,556.5	4,381.9
Total equity attributable to Securityholders		17,553.6	18,024.8	12,481.5	13,196.4
Comprising:					
Total equity attributable to GL	13(a)	3,094.3	2,731.4		
Total equity attributable to other entities stapled to GL	13(b)	14,459.3	15,293.4		
Total equity attributable to Securityholders		17,553.6	18,024.8		

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

Consolidated interim income statements

for the half year ended 31 December 2023

	Note	Goodman		GIT	
		2023	2022	2023	2022
		\$M	\$M	\$M	\$M
Revenue					
Gross property income	1	55.2	66.3	7.1	17.2
Management income	1	360.8	222.8	-	-
Development income	1	653.7	729.9	-	4.3
Distributions from investments		-	-	-	19.4
		1,069.7	1,019.0	7.1	40.9
Property and development expenses					
Property expenses		(11.6)	(15.1)	(2.7)	(5.8)
Development expenses	1	(197.8)	(273.5)	-	-
		(209.4)	(288.6)	(2.7)	(5.8)
Other income					
Net gain from fair value adjustments on investment properties	6(d)	43.3	56.2	44.7	54.8
Net gain/(loss) on disposal of controlled entities		9.1	(0.1)	9.1	-
Net gain on disposal of assets held for sale		0.3	-	0.3	-
Share of net results of equity accounted investments	6(e)	(833.0)	818.3	(753.3)	923.7
		(780.3)	874.4	(699.2)	978.5
Other expenses					
Employee expenses		(155.7)	(130.0)	-	-
Share based payments expense		(181.1)	(122.9)	-	-
Administrative and other expenses		(55.7)	(49.6)	(30.3)	(36.5)
		(392.5)	(302.5)	(30.3)	(36.5)
(Loss)/profit before interest and tax		(312.5)	1,302.3	(725.1)	977.1
Net finance income/(expense)					
Finance income	8	93.5	7.9	162.7	59.4
Finance expense	8	(36.2)	(108.6)	(92.0)	(92.7)
Net finance income/(expense)		57.3	(100.7)	70.7	(33.3)
(Loss)/profit before income tax		(255.2)	1,201.6	(654.4)	943.8
Income tax credit/(expense)	3	35.1	(104.6)	113.9	(67.5)
(Loss)/profit after income tax		(220.1)	1,097.0	(540.5)	876.3
Profit attributable to GL	13(a)	216.1	231.7		
(Loss)/profit attributable to other entities stapled to GL	13(b)	(436.2)	865.3		
(Loss)/profit for the half year attributable to Securityholders		(220.1)	1,097.0		
Basic (loss)/profit per security (¢)	2	(11.6)	58.5		
Diluted (loss)/profit per security (¢)	2	(11.6)	57.4		

The consolidated interim income statements are to be read in conjunction with the accompanying notes.

Consolidated interim statements of comprehensive income

for the half year ended 31 December 2023

	Note	Goodman		GIT	
		2023	2022	2023	2022
		\$M	\$M	\$M	\$M
(Loss)/profit for the half year		(220.1)	1,097.0	(540.5)	876.3
Other comprehensive income/(loss) for the half year					
Items that will not be reclassified to profit or loss					
Effect of foreign currency translation		0.7	(0.3)	-	-
		0.7	(0.3)	-	-
Items that are or may be reclassified subsequently to profit or loss					
Increase/(decrease) due to revaluation of other financial assets		0.1	(0.3)	7.1	(15.3)
Cash flow hedges:					
– Change in value of financial instruments		(8.8)	4.0	(8.8)	4.0
Effect of foreign currency translation		(121.1)	172.3	(61.1)	87.0
		(129.8)	176.0	(62.8)	75.7
Other comprehensive (loss)/income for the half year, net of income tax		(129.1)	175.7	(62.8)	75.7
Total comprehensive (loss)/income for the half year		(349.2)	1,272.7	(603.3)	952.0
Total comprehensive income attributable to GL	13(a)	210.3	245.4		
Total comprehensive (loss)/income attributable to other entities stapled to GL	13(b)	(559.5)	1,027.3		
Total comprehensive (loss)/income for the half year attributable to Securityholders		(349.2)	1,272.7		

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

Consolidated interim statements of changes in equity

for the half year ended 31 December 2023

Goodman	Note	Attributable to Securityholders							
		Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	Retained earnings
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2022		8,206.1	(6.4)	11.1	53.4	325.5	(30.9)	352.7	7,866.0
Total comprehensive income/(loss) for the half year									
Profit for the half year		-	-	-	-	-	-	-	1,097.0
Other comprehensive income/(loss)									
Effect of foreign currency translation		-	(0.2)	0.2	172.3	-	(0.3)	172.0	-
Cash flow hedges:									
- Change in value of financial instruments		-	-	4.0	-	-	-	4.0	-
Revaluation of other financial assets		-	(0.3)	-	-	-	-	(0.3)	-
Total other comprehensive income/(loss) for the half year, net of income tax		-	(0.5)	4.2	172.3	-	(0.3)	175.7	-
Total comprehensive income/(loss) for the half year, net of income tax		-	(0.5)	4.2	172.3	-	(0.3)	175.7	1,097.0
Transfers		-	-	-	-	(115.6)	-	(115.6)	115.6
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	11	-	-	-	-	-	-	-	(282.1)
Issue costs		(0.2)	-	-	-	-	-	-	-
Equity settled share based payments expense		-	-	-	-	86.2	-	86.2	-
Balance at 31 December 2022		8,205.9	(6.9)	15.3	225.7	296.1	(31.2)	499.0	8,796.5
Balance at 1 July 2023		8,273.3	(7.1)	14.0	416.6	384.1	(33.0)	774.6	8,976.9
Total comprehensive income/(loss) for the half year									
Loss for the half year		-	-	-	-	-	-	-	(220.1)
Other comprehensive income/(loss)									
Effect of foreign currency translation		-	0.1	(0.4)	(120.8)	-	0.7	(120.4)	-
Cash flow hedges:									
- Change in value of financial instruments		-	-	(8.8)	-	-	-	(8.8)	-
Revaluation of other financial assets		-	0.1	-	-	-	-	0.1	-
Total other comprehensive income/(loss) for the half year, net of income tax		-	0.2	(9.2)	(120.8)	-	0.7	(129.1)	-
Total comprehensive income/(loss) for the half year, net of income tax		-	0.2	(9.2)	(120.8)	-	0.7	(129.1)	(220.1)
Transfers		-	-	-	-	(148.6)	-	(148.6)	148.6
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	11	-	-	-	-	-	-	-	(284.9)
Issue of stapled securities	12	70.4	-	-	-	-	-	-	-
Issue costs		(0.1)	-	-	-	-	-	-	-
Equity settled share based payments expense		-	-	-	-	92.6	-	92.6	-
Balance at 31 December 2023		8,343.6	(6.9)	4.8	295.8	328.1	(32.3)	589.5	8,620.5

The consolidated interim statement of changes in equity is to be read in conjunction with the accompanying notes. For an analysis of equity attributable to non-controlling interests, refer to note 13(b).

Consolidated interim statements of changes in equity

for the half year ended 31 December 2023

GIT	Note	Attributable to Unitholders							Total \$M
		Issued capital \$M	Asset revaluation reserve \$M	Cash flow hedge reserve \$M	Foreign currency translation reserve \$M	Employee compensation reserve \$M	Total reserves \$M	Retained earnings \$M	
Balance at 1 July 2022		8,154.5	9.4	11.1	1.5	216.8	238.8	3,714.4	12,107.7
Total comprehensive income/(loss) for the half year									
Profit for the half year		-	-	-	-	-	-	876.3	876.3
Other comprehensive income/(loss)									
Effect of foreign currency translation		-	0.3	0.2	86.5	-	87.0	-	87.0
Cash flow hedges:									
- Change in value of financial instruments		-	-	4.0	-	-	4.0	-	4.0
Revaluation of other financial assets		-	(15.3)	-	-	-	(15.3)	-	(15.3)
Total other comprehensive income/(loss) for the half year, net of income tax		-	(15.0)	4.2	86.5	-	75.7	-	75.7
Total comprehensive income/(loss) for the half year		-	(15.0)	4.2	86.5	-	75.7	876.3	952.0
Contributions by and distributions to owners									
Distributions on ordinary units	11	-	-	-	-	-	-	(282.1)	(282.1)
Issue of ordinary units	12	158.5	-	-	-	-	-	-	158.5
Issue costs on ordinary units		(0.1)	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions		-	-	-	-	(24.2)	(24.2)	-	(24.2)
Balance at 31 Dec 2022		8,312.9	(5.6)	15.3	88.0	192.6	290.3	4,308.6	12,911.8
Balance at 1 July 2023		8,355.4	(5.4)	13.9	200.9	249.7	459.1	4,381.9	13,196.4
Total comprehensive income/(loss) for the half year									
Loss for the half year		-	-	-	-	-	-	(540.5)	(540.5)
Other comprehensive income/(loss)									
Effect of foreign currency translation		-	-	(0.1)	(61.0)	-	(61.1)	-	(61.1)
Cash flow hedges:									
- Change in value of financial instruments		-	-	(8.8)	-	-	(8.8)	-	(8.8)
Revaluation of other financial assets		-	7.1	-	-	-	7.1	-	7.1
Total other comprehensive income/(loss) for the half year, net of income tax		-	7.1	(8.9)	(61.0)	-	(62.8)	-	(62.8)
Total comprehensive income/(loss) for the half year		-	7.1	(8.9)	(61.0)	-	(62.8)	(540.5)	(603.3)
Contributions by and distributions to owners									
Distributions on ordinary units	11	-	-	-	-	-	-	(284.9)	(284.9)
Issue of ordinary units	12	213.4	-	-	-	-	-	-	213.4
Issue costs on ordinary units		(0.1)	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions		-	-	-	-	(39.9)	(39.9)	-	(39.9)
Balance at 31 Dec 2023		8,568.7	1.7	5.0	139.9	209.8	356.4	3,556.5	12,481.6

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

Consolidated interim cash flow statements

for the half year ended 31 December 2023

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Cash flows from operating activities				
Property income received	57.3	67.4	7.2	19.8
Cash receipts from development activities	732.3	762.9	-	-
Cash receipts from management and other activities	233.0	224.4	4.0	-
Property expenses paid	(8.7)	(11.7)	(2.1)	(3.0)
Payments for development activities	(530.5)	(261.2)	-	(0.3)
Other cash payments in the course of operations	(338.4)	(341.7)	(0.7)	(1.4)
Distributions received from equity investments, including Partnerships	302.1	196.5	157.2	158.0
Interest received	15.9	10.2	8.8	7.7
Finance costs paid	(48.8)	(25.1)	(74.5)	(41.3)
Net income taxes paid	(76.5)	(106.1)	(2.2)	(2.6)
Net cash provided by operating activities	337.7	515.6	97.7	136.9
Cash flows from investing activities				
Net proceeds from disposal of investment properties	697.8	630.1	701.8	630.2
Payments for investment properties	(196.2)	(106.9)	(145.8)	(7.7)
Payments for investments in Partnerships	(721.3)	(1,064.8)	(483.3)	(592.6)
Payments for property, plant and equipment	(7.0)	(2.6)	-	-
Net cash (used in)/provided by investing activities	(226.7)	(544.2)	72.7	29.9
Cash flows from financing activities				
Net proceeds from issue of stapled securities	70.3	(0.2)	43.8	(0.1)
Net cash inflows/(outflows) from loans with related parties	27.9	(38.7)	39.9	109.1
Proceeds from borrowings and derivative financial instruments	21.4	721.1	-	550.0
Payments on borrowings and derivative financial instruments	(79.2)	(456.3)	(26.8)	(456.3)
Dividends and distributions paid	(282.6)	(280.2)	(188.4)	(233.5)
Payments of lease liabilities	(6.0)	(6.1)	-	-
Net cash used in financing activities	(248.2)	(60.4)	(131.5)	(30.8)
Net (decrease)/increase in cash held	(137.2)	(89.0)	38.9	136.0
Cash and cash equivalents at the beginning of the half year	1,360.1	1,056.0	689.9	473.6
Effect of exchange rate fluctuations on cash held	(9.1)	14.6	(9.8)	5.5
Cash and cash equivalents at the end of the half year	1,213.8	981.6	719.1	615.1

The consolidated interim cash flow statements are to be read in conjunction with the accompanying notes.

Notes to the consolidated interim financial statements

BASIS OF PREPARATION

Goodman Limited and Goodman Industrial Trust are for profit entities domiciled in Australia. These condensed consolidated interim financial statements as at and for the six months ended 31 December 2023 comprise the results of Goodman Limited and the entities it controlled and the results of Goodman Industrial Trust and the entities it controlled.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. The interim financial statements are presented in Australian dollars and were authorised for issue by the Directors on 15 February 2024.

The interim financial statements do not include all of the information required for a full annual financial report and should be read in conjunction with Goodman's annual report as at and for the year ended 30 June 2023.

There are no significant changes to the Group's interim results arising from the application of the new and amended standards and interpretations mandatory for annual reporting periods beginning on or after 1 July 2023. The Group has not applied any Australian Accounting Standards available for early adoption in the preparation of these interim financial statements.

Basis of preparation of the consolidated interim financial report

Shares in the Company, units in the Trust and CDIs over shares in GLHK are stapled to one another and are quoted as a single security on the ASX. Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the stapling of the Company, the Trust and GLHK, the Company is identified as having acquired control over the assets of the Trust and GLHK. In the consolidated interim statement of financial position of the Group, equity attributable to the Trust and the CDIs over the shares of GLHK are presented as non-controlling interests.

As permitted by the relief provided in ASIC Instrument 20-0568, these financial statements present both the financial statements and accompanying notes of Goodman and GIT. GLHK, which was incorporated and is domiciled in Hong Kong, prepares its financial statements under Hong Kong Financial Reporting Standards and the applicable requirements of the Hong Kong Companies Ordinance and accordingly the financial statements of GLHK have not been included as adjacent columns in this report. The financial statements of GLHK have been included as an appendix to this report.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the preparation of the Group's annual report as at and for the year ended 30 June 2023.

Goodman and GIT are entities of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in this report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

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 Goodman. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months can be found in the following notes:

Note 6 – Property assets

Note 10 – 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 Goodman'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, Goodman 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)

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 6 – Property assets

Note 10 – Financial instruments.

RESULTS FOR THE HALF YEAR**1 Profit/loss before income tax**

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

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Gross property income				
Rental income	50.5	59.4	6.3	13.8
Recovery of property outgoings	4.7	6.9	0.8	3.4
Gross property income	55.2	66.3	7.1	17.2
Management activities				
Management services	225.1	222.5	-	-
Performance related income	135.7	0.3	-	-
Management income	360.8	222.8	-	-
Development activities				
Income from disposal of inventories	260.7	244.6	-	-
Income from fixed price development contracts	99.7	158.2	-	-
Other development income, including development management	235.1	301.2	-	-
Net gain on disposal of assets held for sale	-	4.3	-	4.3
Net gain on disposal of special purpose development entities, including JVs	58.2	21.6	-	-
Development income	653.7	729.9	-	4.3
Inventory cost of sales	(110.8)	(155.3)	-	-
Other development expenses	(87.0)	(118.2)	-	-
Development expenses	(197.8)	(273.5)	-	-

Notes to the consolidated interim financial statements

Results for the half year

2 Profit/loss per security/Company share

Basic profit/loss per security of the Group is calculated by dividing the profit/loss attributable to the Securityholders by the weighted average number of securities outstanding during the half year. Diluted profit/loss per security is determined by adjusting the profit/loss attributable to the Securityholders and weighted average number of securities outstanding for dilutive potential securities arising from vesting of performance rights issued under the LTIP.

Goodman

	2023	2022
	¢	¢
Profit per security		
Basic (loss)/profit per security	(11.6)	58.5
Diluted (loss)/profit per security	(11.6)	57.4

Loss after tax of \$220.1 million (half year ended 31 December 2022: profit after tax of \$1,097.0 million) was used in calculating basic and diluted profit/loss per security.

The weighted average number of securities used in calculating basic and diluted profit/loss per security is set out below:

	2023	2022
	Number of securities	Number of securities
Weighted average number of securities used in calculating basic profit/loss per security	1,894,207,054	1,876,000,237
Effect of performance rights on issue	-	36,033,456
Weighted average number of securities used in calculating diluted profit/loss per security	1,894,207,054	1,912,033,693

Goodman Limited

Under Australian Accounting Standards, the issued units of GIT and the CDIs over the shares of GLHK are presented as non-controlling interests. As a consequence, the Directors are required to present a basic profit per share and a diluted profit per share based on GL's consolidated result after tax but excluding the results attributable to GIT and GLHK.

	2023	2022
	¢	¢
Profit per Goodman Limited share		
Basic profit per Goodman Limited share	11.4	12.4
Diluted profit per Goodman Limited share	11.2	12.1

The profit after tax used in calculating the basic and diluted profit per Goodman Limited share was \$216.1 million (half year ended 31 December 2022: \$231.7 million).

The weighted average number of securities used in calculating basic and diluted profit per Goodman Limited share is set out below:

	2023	2022
	Number of shares	Number of shares
Weighted average number of shares used in calculating basic profit per Company share	1,894,207,054	1,876,000,237
Effect of performance rights on issue	35,849,324	36,033,456
Weighted average number of shares used in calculating diluted profit per Company share	1,930,056,378	1,912,033,693

3 Income taxes

Amounts recognised in the income statements

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Current tax (expense)/credit recognised in the income statement				
Current period	(84.6)	(76.8)	(0.6)	(0.1)
Changes in estimates related to prior periods	2.5	7.6	-	-
Current tax expense	(82.1)	(69.2)	(0.6)	(0.1)
Deferred tax credit/(expense) recognised in the income statement				
Origination and reversal of temporary differences	117.2	(35.4)	114.5	(67.4)
Deferred tax credit/(expense)	117.2	(35.4)	114.5	(67.4)
Total income tax credit/(expense) recognised in the income statement	35.1	(104.6)	113.9	(67.5)

The Group has adopted Amendments to AASB 112 – International Tax Reform – Pillar Two Model Rules, which was effective from 29 June 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax and will require new disclosures about the Pillar Two exposure in the Group's annual report as at and for the year ending 30 June 2024.

4 Segment reporting

Operating segment information is reported on a geographic basis and Goodman has determined that its operating segments are Australia and New Zealand (reported on a combined basis), Asia, Continental Europe, the United Kingdom and the Americas (North America and Brazil).

The activities and services undertaken by the operating segments include:

- + Property investment, through both direct ownership and cornerstone investments in Partnerships
- + Management activities, both investment and property management
- + Development activities, including development of directly owned assets (predominantly disclosed as inventories) and management of development activities for Partnerships.

Notes to the consolidated interim financial statements

Results for the half year

4 Segment reporting

Information about reportable segments

Goodman	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement												
External revenues												
Gross property income	28.9	36.5	20.4	14.5	3.6	13.5	0.2	0.6	2.1	1.2	55.2	66.3
Management income	195.2	86.4	76.1	82.7	60.0	30.8	4.3	3.9	25.2	19.0	360.8	222.8
Development income	86.9	111.0	112.2	87.8	347.9	306.9	5.4	36.4	101.3	187.8	653.7	729.9
Total external revenues	311.0	233.9	208.7	185.0	411.5	351.2	9.9	40.9	128.6	208.0	1,069.7	1,019.0
Analysis of external revenues												
Revenue from contracts with customers												
Assets and services transferred at a point in time	62.5	92.8	9.5	19.9	268.0	160.9	-	33.1	1.4	-	341.4	306.7
Assets and services transferred over time	222.9	109.1	180.4	151.7	139.7	178.0	9.7	7.3	125.1	206.8	677.8	652.9
Other revenue												
Rental income (excludes outgoings recoveries)	25.6	32.0	18.8	13.4	3.8	12.3	0.2	0.5	2.1	1.2	50.5	59.4
Total external revenues	311.0	233.9	208.7	185.0	411.5	351.2	9.9	40.9	128.6	208.0	1,069.7	1,019.0
Reportable segment profit before tax	630.0	407.2	268.1	182.7	237.9	162.4	7.5	13.4	182.2	252.1	1,325.7	1,017.8
Share of net results of equity accounted investments	(38.7)	410.5	(45.2)	149.5	(29.3)	(108.1)	24.0	(140.3)	(743.8)	506.7	(833.0)	818.3
Material non-cash items not included in reportable segment profit before tax												
Net gain/(loss) from fair value adjustments on investment properties	43.4	56.7	(0.1)	(0.5)	-	-	-	-	-	-	43.3	56.2
Share of net (loss)/gain from fair value adjustments in equity accounted investments	(133.4)	325.5	(151.6)	114.8	(48.2)	(127.7)	17.4	(150.0)	(826.3)	436.1	(1,142.1)	598.7
	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position												
Reportable segment assets	8,943.6	9,070.8	4,483.4	4,592.0	2,546.4	2,634.4	982.0	1,049.5	4,626.5	5,350.3	21,581.9	22,697.0
Included in reportable segment assets are:												
Investment properties	794.4	882.5	459.8	451.7	-	-	-	-	316.9	310.6	1,571.1	1,644.8
Investments accounted for using the equity method	7,013.2	6,666.0	3,162.0	3,231.5	901.7	964.6	590.0	586.6	4,040.4	4,825.4	15,707.3	16,274.1
Non-current assets	8,321.3	7,968.1	4,208.8	4,243.2	2,327.5	2,347.6	894.7	926.8	4,498.9	5,154.6	20,251.2	20,640.3
Reportable segment liabilities	395.3	432.7	283.7	278.2	105.2	139.8	10.2	38.3	309.1	434.9	1,103.5	1,323.9

Goodman Group

GIT	Australia and New Zealand		Asia		Continental Europe		Americas		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement										
External revenues										
Gross property income	7.1	17.2	-	-	-	-	-	-	7.1	17.2
Distributions from investments	-	-	-	-	-	19.4	-	-	-	19.4
Other income	-	4.3	-	-	-	-	-	-	-	4.3
Total external revenues	7.1	21.5	-	-	-	19.4	-	-	7.1	40.9
Analysis of external revenues										
Revenue from contracts with customers										
Assets and services transferred at a point in time	-	4.3	-	-	-	-	-	-	-	4.3
Assets and services transferred over time	0.8	3.4	-	-	-	-	-	-	0.8	3.4
Other revenue										
Rental income (excludes outgoings recoveries)	6.3	13.8	-	-	-	-	-	-	6.3	13.8
Distributions from investments	-	-	-	-	-	19.4	-	-	-	19.4
Total external revenues	7.1	21.5	-	-	-	19.4	-	-	7.1	40.9
Reportable segment profit before tax	93.0	86.7	17.8	16.4	19.4	36.4	71.3	60.7	201.5	200.2
Share of net results of equity accounted investments	7.1	398.4	(25.9)	126.1	(17.8)	(89.1)	(716.7)	488.3	(753.3)	923.7
Material non-cash items not included in reportable segment profit before tax										
Net gain from fair value adjustments on investment properties	44.7	54.8	-	-	-	-	-	-	44.7	54.8
Share of net (loss)/gain from fair value adjustments in equity accounted investments	(72.4)	327.0	(45.5)	107.9	(35.4)	(104.3)	(796.1)	420.2	(949.4)	750.8
	Australia and New Zealand		Asia		Continental Europe		Americas		Total	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position										
Reportable segment assets	6,429.1	6,795.3	1,656.1	1,739.9	765.4	801.7	3,896.5	4,693.3	12,747.1	14,030.2
Included in reportable segment assets are:										
Investment properties	143.1	234.4	-	-	-	-	-	-	143.1	234.4
Investments accounted for using the equity method	6,147.7	5,826.0	1,656.1	1,739.9	751.9	795.2	3,894.7	4,651.2	12,450.4	13,012.3
Non-current assets	6,290.8	6,060.4	1,656.1	1,739.9	764.7	801.0	3,894.7	4,651.2	12,606.3	13,252.5
Reportable segment liabilities	320.6	346.2	-	-	-	-	257.3	376.5	577.9	722.7

Notes to the consolidated interim financial statements

Results for the half year

4 Segment reporting

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

	Note	Goodman		GIT	
		2023	2022	2023	2022
		\$M	\$M	\$M	\$M
Revenues					
Total revenues for reportable segments		1,069.7	1,019.0	7.1	40.9
Consolidated revenues		1,069.7	1,019.0	7.1	40.9
Profit or loss					
Total profit before tax for reportable segments					
Property investment earnings		278.2	260.1	201.8	200.5
Management earnings		360.8	264.7	-	-
Development earnings ¹		804.7	602.4	-	-
Operating expenses allocated to reportable segments		(118.0)	(109.4)	(0.3)	(0.3)
Reportable segment profit before tax		1,325.7	1,017.8	201.5	200.2
Corporate expenses not allocated to reportable segments		(93.4)	(70.2)	(30.0)	(36.2)
		1,232.3	947.6	171.5	164.0
Valuation and other items not included in reportable segment profit before tax:					
- Net gain from fair value adjustments on investment properties	6(d)	43.3	56.2	44.7	54.8
- Share of fair value adjustments attributable to investment properties in Partnerships	6(e)	(1,137.3)	600.4	(941.6)	746.6
- Share of fair value adjustments on derivative financial instruments in Partnerships	6(e)	(4.8)	(1.7)	(7.8)	4.2
- Share based payments expense		(181.1)	(122.9)	-	-
- Straight lining of rental income and tax deferred adjustments		6.6	8.3	8.1	7.5
- Realisation of prior years' property valuation gains, net of deferred tax ¹		(271.5)	(185.6)	-	-
(Loss)/profit before interest and tax		(312.5)	1,302.3	(725.1)	977.1
Net finance expense	8	57.3	(100.7)	70.7	(33.3)
Consolidated (loss)/profit before income tax		(255.2)	1,201.6	(654.4)	943.8
		31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
		\$M	\$M	\$M	\$M
Assets					
Assets for reportable segments		21,581.9	22,697.0	12,747.1	14,030.2
Cash		805.1	590.0	695.4	448.6
Other unallocated amounts ²		679.2	740.2	3,941.0	3,660.2
Consolidated total assets		23,066.2	24,027.2	17,383.5	18,139.0
Liabilities					
Liabilities for reportable segments		1,103.5	1,323.9	577.9	722.7
Interest bearing liabilities		3,212.4	3,292.9	2,932.7	2,982.8
Provisions for dividends/distributions to Securityholders	11	284.9	282.5	284.9	188.4
Other unallocated amounts ²		911.8	1,103.1	1,106.5	1,048.7
Consolidated total liabilities		5,512.6	6,002.4	4,902.0	4,942.6

1. Realisation of prior years' property valuation gains, net of deferred tax is a non-IFRS measure and relates to the Group's share of realised valuation gains on repositioned properties (both directly and indirectly owned) that have transacted during the period. During HY24, \$271.5 million (HY23: \$185.6 million) of these realised valuation gains have been included in development earnings and as at 31 December 2023, the Group's share of unrealised valuation gains since the repositioning activities commenced was \$50.8 million (30 June 2023: \$271.3 million). Refer to page 12 of the Directors report for further details.
2. Other unallocated amounts in Goodman and GIT included other financial assets and liabilities, deferred tax assets, tax payables and provisions which did not relate to the reportable segments. Additionally, other unallocated assets and liabilities in GIT included loans due from/to controlled entities of Goodman.

OPERATING ASSETS

5 Receivables

	Goodman		GIT	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	\$M	\$M	\$M	\$M
Current				
Trade receivables	8.2	20.9	-	-
Tax receivables	14.1	11.9	0.4	-
Other receivables	127.1	110.1	2.9	18.2
Amounts due from related parties	236.5	100.2	10.9	8.9
Loans to related parties	-	-	187.3	215.0
	385.9	243.1	201.5	242.1
Non-current				
Other receivables	2.8	2.8	-	-
Loans to related parties	202.8	228.2	3,468.7	3,122.4
	205.6	231.0	3,468.7	3,122.4

6 Property assets

(a) Types of property assets

Investment in property assets includes both inventories and investment properties (including those under development), which may be held either directly or through investments in Partnerships.

Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Group'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.

Inventories are classified as non-current assets unless they are highly likely to be sold within 12 months of the end of the reporting period, in which case they are classified as current assets.

Investment properties

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

Notes to the consolidated interim financial statements

Operating assets

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

	Note	Goodman		GIT	
		31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
		\$M	\$M	\$M	\$M
Inventories					
Land and development properties - current		391.9	464.2	-	-
Land and development properties - non-current		2,048.1	1,781.3	-	-
		2,440.0	2,245.5	-	-
Assets held for sale					
Investment properties included in assets held for sale		105.4	515.3	105.4	515.3
		105.4	515.3	105.4	515.3
Investment properties					
Stabilised investment properties		1,252.2	1,125.3	141.2	25.2
Investment properties under development		318.9	519.5	1.9	209.2
	6(d)	1,571.1	1,644.8	143.1	234.4
Investments accounted for using the equity method					
Associates	6(e)(i)	8,112.6	8,315.4	7,114.5	7,291.9
JVs	6(e)(ii)	7,608.4	7,969.8	5,335.9	5,720.4
		15,721.0	16,285.2	12,450.4	13,012.3
Total property assets		19,837.5	20,690.8	12,698.9	13,762.0

(c) Estimates and assumptions in determining property carrying values

Inventories

For both inventories held directly and inventories held in Partnerships, external valuations are not performed but instead valuations are determined using the feasibility studies supporting the land and property developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, market rents, incentives provided to customers and vacant time that are consistent with those observed in the relevant market. If 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

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.

Approach to determination of fair value

The approach to determination of fair value of investment properties is applied to both investment properties held directly and investment properties held in Partnerships.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. In making the determination of whether a market segment is active, the following characteristics are considered:

- + Function of the asset (distribution/warehouse or suburban office)
- + Location of the asset (city, suburb or regional area)
- + Carrying value of the asset (categorised by likely appeal to private (including syndicates), national and institutional investors)
- + Categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. The number of sales and the circumstances of each sale are assessed to determine whether a market segment is active or inactive.

Where a market segment is observed to be active, then external independent valuations are performed for those stabilised investment properties where there has been a combination of factors that are likely to have resulted in a material movement in valuation. The factors include movements in capitalisation rates, movements in market rents, a material change in tenancy profile (including changes in the creditworthiness of a significant customer that may have a material impact on the property valuation), significant capital expenditure or a change in use (or zoning). External independent valuations are also performed for developments that have completed or stabilised during the period or for any stabilised investment properties where it has been two years since its last external independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external independent valuations are performed, and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10-year period. The key inputs considered for each individual calculation are:

- + Current contractual lease terms
- + Current market rents
- + Projected growth in market rents
- + Expected and likely capital expenditures
- + Projected letting up incentives provided to customers and vacant time on expiry of leases
- + Discount rates – computed using the 10-year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Market assessment

The volume of activity in investment markets for industrial, logistics and warehousing properties has remained low in the half year ended 31 December 2023, with some potential purchasers assessing how the changes in interest rates and inflation will impact pricing. Nevertheless, recent transactions have occurred, and the directors have been able to assess that all markets in which the Group operates have remained active, except for certain parts of North America. For those stabilised investment properties in North America where markets were assessed as being inactive, internal DCF valuations were performed using similar movements in parameters to those observed in the independent external valuations of the other North American investment properties in active markets.

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

Division	Total portfolio weighted average capitalisation rate			
	Goodman		GIT	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	%	%	%	%
Australia and New Zealand	5.1	4.4	5.1	4.3
Asia	4.7	4.4	4.5	4.1
Continental Europe	5.1	4.5	-	4.5
United Kingdom	5.3	4.9	-	-
Americas ¹	5.8	4.7	5.8	4.7

1. For those stabilised investment properties in North America that were subject to internal valuations, the weighted average capitalisation rate was 5.8% at 31 December 2023, compared to 4.9% at 30 June 2023. These results are included in the figures reported in this table.

Notes to the consolidated interim financial statements

Operating assets

6 Property assets

Investment properties under development

For the directly held investment properties under development, external independent valuations are generally not performed, but instead valuations are determined at each reporting date using the feasibility assessments supporting the developments. The end values of the developments in the feasibility assessments are based on assumptions such as capitalisation rates, market rents, incentives provided to customers and vacant time 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%; although for larger more complex projects that are at an early stage of the development, the profit and risk factor could be higher. 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 increment or decrement is then applied to the book value at the reporting date to determine the fair value.

In respect of the Partnerships, certain Partnerships obtain external independent valuations of investment properties under development at reporting dates. However, the majority determine the fair values at reporting dates by reference to the feasibility assessments, with external independent valuations obtained when the properties have been stabilised.

The impacts on the Group's financial position that would arise from the changes in capitalisation rates, market rents and incentives/re-leasing time associated with lease expiries in the next 12 months are set out in the table below. This illustrates the impacts on Goodman in respect of both the directly held stabilised investment properties and its share of those stabilised investment properties held by Partnerships.

	Goodman		GIT	
	Valuation impact for the Group		Valuation impact for GIT	
	Directly held properties	Partnerships ¹	Directly held properties	Partnerships ¹
	\$M	\$M	\$M	\$M
Book value at 31 December 2023	1,252.2	17,907.3	141.2	13,884.8
Changes in capitalisation rates				
Increase in cap rates +50 bps	(120.2)	(1,582.2)	(9.4)	(1,228.6)
Increase in cap rates +25 bps	(63.2)	(828.1)	(4.9)	(642.9)
Decrease in cap rates -25 bps	70.3	913.6	5.4	709.1
Decrease in cap rates -50 bps	149.1	1,927.0	11.5	1,495.3
Changes in market rents				
Decrease in rents -10%	(53.0)	(809.3)	(4.5)	(639.4)
Decrease in rents -5%	(26.5)	(404.6)	(2.3)	(319.7)
Increase in rents +5%	26.5	404.6	2.3	319.7
Increase in rents +10%	53.0	809.3	4.5	639.4
Changes in incentives/re-leasing time²				
Increase in incentives/ re-leasing time +3 months	(4.1)	(53.3)	(0.4)	(41.1)
Increase in incentives/ re-leasing time +6 months	(8.2)	(106.6)	(0.9)	(82.1)

1. Goodman's share of stabilised investment properties held by Partnerships.

2. On assumed lease expiries over the next 12 months.

(d) Investment properties

Reconciliation of carrying amount of directly held investment properties:

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Carrying amount at the beginning of the half year	1,644.8	1,423.7	234.4	495.3
Acquisitions	139.1	97.5	121.5	-
Capital expenditure	50.9	11.1	33.2	8.1
Carrying value of properties disposed	(185.3)	-	(185.3)	-
Transfers to assets held for sale	(105.4)	-	(105.4)	-
Net gain from fair value adjustments	43.3	56.2	44.7	54.8
Effect of foreign currency translation	(16.3)	5.6	-	-
Carrying amount at the end of the half year	1,571.1	1,594.1	143.1	558.2
Analysed by segment:				
Australia and New Zealand	794.4	1,154.4	143.1	558.2
Asia	459.8	439.7	-	-
Americas	316.9	-	-	-
	1,571.1	1,594.1	143.1	558.2

Notes to the consolidated interim financial statements

Operating assets

6 Property assets

(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 Partnerships.

(i) Investments in associates

Investments in associates are set out below:

Name of associate	Country of establishment	Goodman						GIT					
		Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
		2023	2022	31 Dec	30 Jun	31 Dec	30 Jun	2023	2022	31 Dec	30 Jun	31 Dec	30 Jun
				2023	2023	2023	2023			2023	2023	2023	2023
		\$M	\$M	%	%	\$M	\$M	\$M	\$M	%	%	\$M	\$M
Property investment													
Goodman Australia Industrial Partnership (GAIP)	Australia	(14.2)	236.5	28.6	28.6	3,400.0	3,453.6	(14.2)	236.5	28.6	28.6	3,400.0	3,453.6
Goodman Australia Partnership (GAP)	Australia	24.5	89.7	19.9	19.9	1,146.2	1,133.6	24.5	89.7	19.9	19.9	1,146.2	1,133.6
Goodman Property Trust (GMT) ¹	New Zealand	(40.0)	10.4	25.2	25.2	754.3	797.9	(8.5)	2.2	5.4	5.4	160.3	169.6
Goodman Hong Kong Logistics Partnership (GHKLP)	Cayman Islands	(25.9)	126.1	20.4	20.4	1,656.1	1,739.9	(25.9)	126.1	20.4	20.4	1,656.1	1,739.9
Goodman Japan Core Partnership (GJCP) ²	Japan	17.5	17.1	14.4	14.4	404.0	394.9	-	-	-	-	-	-
Goodman European Partnership (GEP)	Luxembourg	(17.8)	(89.1)	19.8	19.8	751.9	795.2	(17.8)	(89.1)	19.8	19.8	751.9	795.2
Other associates		(0.1)	-			0.1	0.3	-	-			-	-
		(56.0)	390.7			8,112.6	8,315.4	(41.9)	365.4			7,114.5	7,291.9

1. GMT is listed on the New Zealand Stock Exchange. At 31 December 2023, the market value of Goodman's investment in GMT using the quoted price on the last day of trading was \$747.4 million (30 June 2023: \$721.7 million), which compared to the carrying value of \$754.3 million. Goodman does not consider its investment impaired as the carrying value is equal to its share of GMT's net assets and is supported by independent external valuations of the investment properties in GMT.

GIT has a 5.4% ownership interest in GMT. Goodman has a combined ownership in GMT of 25.2%, which includes the unitholding held by GIT. As a result, the Directors have assessed that GIT also has significant influence over GMT and has applied the equity method of accounting for its 5.4% interest.

2. Goodman's ownership interest in GJCP reflects the weighted average ownership interest in the various property investment vehicles at the end of the period.

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

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Movement in carrying amount of investments in associates				
Carrying amount at the beginning of the half year	8,315.4	7,850.7	7,291.9	6,814.4
Share of net results after tax (before fair value adjustments)	123.9	114.1	106.1	97.0
Share of fair value adjustments attributable to investment properties after tax	(178.9)	271.9	(146.8)	263.3
Share of fair value adjustments on derivative financial instruments	(1.0)	4.7	(1.2)	5.1
Share of net results	(56.0)	390.7	(41.9)	365.4
Share of movements in reserves	(9.2)	4.0	(9.2)	4.0
Acquisitions	-	247.5	-	247.5
Distributions received and receivable	(107.3)	(103.3)	(90.6)	(88.7)
Effect of foreign currency translation	(30.3)	104.1	(35.7)	64.8
Carrying amount at the end of the half year	8,112.6	8,493.7	7,114.5	7,407.4

Notes to the consolidated interim financial statements

Operating assets

6 Property assets

(ii) Investments in JVs

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

Name of JV	Country of establishment/ incorporation	Goodman						GIT					
		Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
		2023	2022	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	2023	2022	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
		\$M	\$M	%	%	\$M	\$M	\$M	\$M	%	%	\$M	\$M
Property investment and development													
Goodman China Logistics Partnership (GCLP)	Cayman Islands	(109.6)	7.0	20.0	20.0	825.4	923.3	-	-	-	-	-	-
Goodman UK Partnerships (GUKP) ¹	United Kingdom	29.1	(142.7)	35.2	35.0	582.2	573.7	-	-	-	-	-	-
Goodman North America Partnership (GNAP)	United States of America	(745.4)	503.8	55.0	55.0	4,011.9	4,798.5	(718.3)	485.4	53.0	53.0	3,866.2	4,624.2
Other JVs		48.9	59.5			2,188.9	1,674.3	6.9	72.9			1,469.7	1,096.2
		(777.0)	427.6			7,608.4	7,969.8	(711.4)	558.3			5,335.9	5,720.4

1. The consolidated ownership interest in GUKP reflected the weighted average ownership in GUKP, GUKP II and GUKP III at the end of the period.

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

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Movement in carrying amount of investments in JVs				
Carrying amount at the beginning of the half year	7,969.8	6,528.9	5,720.4	4,541.7
Share of net results after tax (before fair value adjustments)	185.2	105.5	90.0	75.9
Share of fair value adjustments attributable to investment properties after tax	(958.4)	328.5	(794.8)	483.3
Share of fair value adjustments on derivative financial instruments	(3.8)	(6.4)	(6.6)	(0.9)
Share of net results	(777.0)	427.6	(711.4)	558.3
Share of movements in reserves	(4.1)	1.6	-	-
Acquisitions	705.1	1,113.8	466.6	642.7
Disposals	(2.0)	(0.1)	-	-
Distributions/dividends received and receivable	(194.8)	(93.3)	(66.5)	(49.9)
Effect of foreign currency translation	(88.6)	53.4	(73.2)	44.8
Carrying amount at the end of the half year	7,608.4	8,031.9	5,335.9	5,737.6

(iii) Transactions with Partnerships

The transactions with Partnerships during the half year were as follows:

	Revenue from management and development activities		Interest charged on loans to associates and JVs	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Goodman				
Associates	363,039.1	449,988.8	0.8	-
JVs	298,881.0	309,699.5	2.1	1,802.7
GIT				
Associates	-	-	-	2.0
JVs	-	-	2,454.7	1,573.2

In addition to the transactions above, Goodman also entered into the following transactions with Partnerships:

- + Issued new equity in four property owning controlled entities to a Partnership. As a consequence, the four entities are now owned in joint venture and Goodman has accounted for the transactions as disposals. The combined net assets of the controlled entities at the disposal dates were \$811.7 million
- + Incurred \$2.0 million (HY23: \$1.8 million) of costs from Partnerships, primarily for the leasing of office premises.

Notes to the consolidated interim financial statements

Operating assets

7 Intangible assets

	Goodman	
	31 Dec 2023	30 Jun 2023
	\$M	\$M
Goodwill	730.1	738.3
Management rights	110.8	111.8
	840.9	850.1
Analysed:		
Continental Europe	651.4	658.1
Other	189.5	192.0
	840.9	850.1

The values in use of the intangible assets were calculated as at 30 June 2023 and the results were disclosed in the Group's annual report as at and for the year ended 30 June 2023.

At 31 December 2023, management assessed that there have been no material changes in economic conditions or to the projected cash flows, and given the significant headroom between the calculated value in use and the book value of the Group's intangible assets, there were no indicators of impairments at 31 December 2023.

CAPITAL MANAGEMENT

8 Net finance income/expense

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Finance income				
Interest income from:				
– Related parties	-	1.8	76.1	47.3
– Other parties	18.3	6.1	10.5	3.6
Fair value adjustments on derivative financial instruments	74.8	-	76.1	-
Foreign exchange gains	0.4	-	-	8.5
	93.5	7.9	162.7	59.4
Finance expense				
Interest expense from third party loans, overdrafts and derivatives	(40.5)	(15.1)	(63.4)	(17.7)
Interest expense from related party loans	-	-	(15.1)	(8.7)
Other borrowing costs	(6.9)	(5.8)	(3.9)	(3.7)
Fair value adjustments on derivative financial instruments	-	(99.7)	-	(63.7)
Foreign exchange losses	-	-	(10.9)	-
Capitalised borrowing costs	11.2	12.0	1.3	1.1
	(36.2)	(108.6)	(92.0)	(92.7)
Net finance income/(expense)	57.3	(100.7)	70.7	(33.3)

9 Interest bearing liabilities

	Note	Goodman		GIT	
		31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
Carrying amount of drawn debt		\$M	\$M	\$M	\$M
Current					
Secured:					
– Bank loans	9(a)	0.9	-	-	-
		0.9	-	-	-
Non-current					
Secured:					
– Bank loans	9(a)	67.7	47.9	-	-
Unsecured:					
– Bank loans	9(a)	369.9	421.5	156.1	156.0
– USD denominated notes	9(b)	1,981.8	2,025.8	1,981.8	2,025.8
– EUR denominated notes	9(c)	810.0	818.5	810.0	818.5
Borrowing costs		(17.9)	(20.8)	(15.2)	(17.5)
		3,211.5	3,292.9	2,932.7	2,982.8

(a) Bank loans

Secured

At 31 December 2023, Goodman and GIT had the following secured bank facilities:

	Facility maturity date	Goodman		GIT	
		Facility limit	Amounts drawn	Facility limit	Amounts drawn
		\$M	\$M	\$M	\$M
	9 January 2028	78.0	-	-	-
	5 January 2033	51.6	22.4	-	-
	18 March 2034	26.8	17.4	-	-
	20 April 2038	62.0	28.8	-	-
Total at 31 December 2023		218.4	68.6	-	-
Total at 30 June 2023		220.4	47.9	-	-

Notes to the consolidated interim financial statements

Capital management

9 Interest bearing liabilities

Unsecured

At 31 December 2023, Goodman and GIT had the following unsecured bank facilities:

	Goodman		GIT	
	Facility limit	Amounts drawn	Facility limit	Amounts drawn
Facility maturity date	\$M	\$M	\$M	\$M
7 December 2025	40.5	-	40.5	-
1 July 2026	100.0	-	100.0	-
31 July 2026	146.8	-	146.8	-
30 September 2026	55.0	-	55.0	-
30 September 2026	37.5	-	37.5	-
30 September 2026	281.1	105.0	-	-
30 September 2026	83.3	56.7	-	-
30 September 2026	83.3	-	-	-
30 September 2026	156.1	52.1	-	-
30 September 2026	104.1	-	-	-
21 October 2026	150.0	-	150.0	-
22 October 2026	146.8	-	146.8	-
31 December 2026	121.5	-	121.5	-
31 March 2027	70.0	-	70.0	-
31 March 2027	30.0	-	30.0	-
30 June 2027	70.0	-	70.0	-
30 June 2027	30.0	-	30.0	-
31 December 2027	146.8	-	146.8	-
31 December 2029	156.2	156.1	156.2	156.1
Total at 31 December 2023	2,009.0	369.9	1,301.1	156.1
Total at 30 June 2023	1,970.8	421.5	1,263.6	156.0

(b) USD denominated notes

At 31 December 2023, Goodman and GIT had notes on issue in the United States 144A/Reg S bond market as follows:

Maturity date	Carrying amount		Coupon (fixed)
	A\$M	US\$M	per annum
15 March 2028	770.7	525.0	3.70%
4 May 2032	734.0	500.0	4.63%
15 October 2037	477.1	325.0	4.50%
Total at 31 December 2023	1,981.8	1,350.0	
Total at 30 June 2023	2,025.8	1,350.0	

(c) EUR denominated notes

At 31 December 2023, Goodman and GIT had A\$810.0 million (30 June 2023: A\$818.5 million) (€500.0 million) Reg S EUR denominated senior notes on issue. The notes have a fixed coupon of 1.375% per annum and mature on 27 September 2025.

(d) Finance facilities

	Goodman		GIT	
	Facilities available	Facilities utilised	Facilities available	Facilities utilised
	\$M	\$M	\$M	\$M
31 December 2023				
Secured:				
- Bank loans	218.4	68.6	-	-
Unsecured:				
- Bank loans	2,009.0	369.9	1,301.1	156.1
- USD denominated notes	1,981.8	1,981.8	1,981.8	1,981.8
- EUR denominated notes	810.0	810.0	810.0	810.0
- Bank guarantees ¹	-	27.3	-	27.3
	5,019.2	3,257.6	4,092.9	2,975.2
30 June 2023				
Secured:				
- Bank loans	220.4	47.9	-	-
Unsecured:				
- Bank loans	1,970.8	421.5	1,263.6	156.0
- USD denominated notes	2,025.8	2,025.8	2,025.8	2,025.8
- EUR denominated notes	818.5	818.5	818.5	818.5
- Bank guarantees ¹	-	23.6	-	23.6
	5,035.5	3,337.3	4,107.9	3,023.9

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

Notes to the consolidated interim financial statements

Capital management

10 Financial instruments

Fair values of financial instruments

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

	Goodman				GIT			
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	31 Dec 2023	31 Dec 2023	30 Jun 2023	30 Jun 2023	31 Dec 2023	31 Dec 2023	30 Jun 2023	30 Jun 2023
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Financial assets								
Cash and cash equivalents	1,213.8	1,213.8	1,360.1	1,360.1	719.1	719.1	689.9	689.9
Receivables	591.5	591.5	474.1	474.1	3,670.2	3,670.2	3,364.5	3,364.5
Other financial assets:								
– Interest rate derivatives (IRD)	232.6	232.6	305.4	305.4	153.7	153.7	211.0	211.0
– Cross currency interest rate swaps (CCIRS) ¹	161.6	161.6	136.2	136.2	115.3	115.3	97.5	97.5
– Foreign exchange contracts (FEC)	10.2	10.2	9.6	9.6	-	-	0.2	0.2
– Investments in unlisted securities	16.5	16.5	18.1	18.1	26.4	26.4	19.6	19.6
	2,226.2	2,226.2	2,303.5	2,303.5	4,684.7	4,684.7	4,382.7	4,382.7
Financial liabilities								
Payables (excluding contract liabilities)	932.3	932.3	1,052.4	1,052.4	1,121.9	1,121.9	948.9	948.9
Interest bearing liabilities ²	3,212.4	3,037.5	3,292.9	3,034.9	2,932.7	2,755.1	2,982.8	2,721.5
Other financial liabilities:								
– IRD	98.6	98.6	142.4	142.4	78.1	78.1	141.2	141.2
– CCIRS ³	296.9	296.9	410.5	410.5	216.5	216.5	303.6	303.6
– FEC	78.3	78.3	71.1	71.1	10.8	10.8	2.7	2.7
	4,618.5	4,443.6	4,969.3	4,711.3	4,360.0	4,182.4	4,379.2	4,117.9

1. Includes fair values of derivative financial instruments equating to \$86.8 million (30 June 2023: \$81.7 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

2. The fair values of certain fixed rate interest bearing liabilities have been determined by reference to the quoted market prices at 31 December 2023.

3. Includes fair values of derivative financial instruments equating to \$39.4 million (30 June 2023: \$34.2 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

Goodman Group

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method:

	Goodman				GIT			
	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 31 December 2023								
Derivative financial assets	-	404.4	-	404.4	-	269.0	-	269.0
Investments in unlisted securities	-	-	16.5	16.5	-	-	26.4	26.4
	-	404.4	16.5	420.9	-	269.0	26.4	295.4
Derivative financial liabilities	-	473.8	-	473.8	-	305.4	-	305.4
	-	473.8	-	473.8	-	305.4	-	305.4
As at 30 June 2023								
Derivative financial assets	-	451.2	-	451.2	-	308.7	-	308.7
Investments in unlisted securities	-	-	18.1	18.1	-	-	19.6	19.6
	-	451.2	18.1	469.3	-	308.7	19.6	328.3
Derivative financial liabilities	-	624.0	-	624.0	-	447.5	-	447.5
	-	624.0	-	624.0	-	447.5	-	447.5

Valuation techniques used to derive fair values

The Level 2 derivative financial instruments held by Goodman and GIT consist of IRD, CCIRS and FEC.

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, adjusted for specific features of the instruments. Fair values also reflect the current creditworthiness of the derivative counterparties.

The fair values of the Level 3 financial instruments are assessed by reference to the investee's latest financial information.

Notes to the consolidated interim financial statements

Capital management

11 Dividends and distributions

Dividends and distributions are recognised when they are declared and before deduction of any withholding tax. Any non-recoverable withholding tax is included in income tax. Details of distributions recognised during the half year were as follows:

Dividends/distributions for the half year ended 31 December 2023

	Dividends/ distributions cents per security	Total amount \$M	Date of payment
GL	-	-	n/a
GIT	15.0	284.9	23 Feb 2024
GLHK	-	-	n/a
	15.0	284.9	

Dividends/distributions for the half year ended 31 December 2022

	Dividends/ distributions cents per security	Total amount \$M	Date of payment
GL	-	-	n/a
GIT	15.0	282.1	24 Feb 2023
GLHK	-	-	n/a
	15.0	282.1	

12 Issued capital

	Goodman		GIT	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	\$M	\$M	\$M	\$M
Stapled securities:				
– Issued and fully paid	8,504.9	8,434.5	8,717.7	8,504.3
Less: Accumulated issue costs	(161.3)	(161.2)	(149.0)	(148.9)
Total issued capital	8,343.6	8,273.3	8,568.7	8,355.4

Terms and conditions of ordinary securities

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

Date	Details	Number of securities	Goodman \$M	GIT \$M
30 June 2022	Balance before accumulated issue costs	1,868,222,609	8,367.1	8,303.3
1 September 2022	Securities issued to employees under the LTIP	13,479,812	-	158.5
1 September 2022	Treasury securities allocated to employees under the LTIP	(1,233,333)	-	-
19 May 2023	Issue of securities	3,350,795	67.4	42.5
30 June 2023	Balance before accumulated issue costs	1,883,819,883	8,434.5	8,504.3
28 August 2023	Issue of securities	3,164,056	70.4	43.9
30 August 2023	Securities issued to employees under the LTIP	12,198,132	-	169.5
	Less: Accumulated issue costs		(161.3)	(148.9)
31 December 2023	Closing balance	1,899,182,071	8,343.6	8,568.8

Share based payments

During the half year, Goodman issued a total of 21,854,502 equity and cash settled performance rights under the LTIP. If the rights achieve the hurdles under the LTIP then vesting will occur from September 2026 to September 2033. Further details of the LTIP can be found in the Groups' annual report as at and for the year ended 30 June 2023.

Notes to the consolidated interim financial statements

OTHER ITEMS

13 Equity attributable to Goodman Limited and non-controlling interests

Under Australian Accounting Standards, stapled entities are required to separately identify equity attributable to the parent entity from equity attributable to other entities stapled to the parent. The equity attributable to other entities stapled to the parent is presented as non-controlling interests in the statement of financial position of the Group. The tables below in notes 13(a) and 13(b) provide an analysis of equity, profit/loss for the half year and total comprehensive income or loss for the half year attributable to each of Goodman Limited and the other entities stapled to Goodman Limited (non-controlling interests).

(a) Equity attributable to Goodman Limited

	Attributable to Goodman Limited						Total \$M
	Issued capital	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	Retained earnings	
	\$M	\$M	\$M	\$M	\$M	\$M	
Balance at 1 July 2022	514.3	(76.4)	52.4	(22.3)	(46.3)	1,824.9	2,292.9
Total comprehensive income/(loss) for the half year							
Profit for the half year	-	-	-	-	-	231.7	231.7
Other comprehensive income/(loss)							
Effect of foreign currency translation	-	14.2	-	(0.5)	13.7	-	13.7
Total comprehensive income/(loss) for the half year, net of income tax	-	14.2	-	(0.5)	13.7	231.7	245.4
Transfers	-	-	(115.6)	-	(115.6)	115.6	-
Contributions by and distributions to owners							
Issue costs	(0.1)	-	-	-	-	-	(0.1)
Equity settled share based payments transactions	-	-	113.6	-	113.6	-	113.6
Balance at 31 December 2022	514.2	(62.2)	50.4	(22.8)	(34.6)	2,172.2	2,651.8
Balance at 1 July 2023	527.2	(67.5)	67.5	(24.5)	(24.5)	2,228.7	2,731.4
Total comprehensive income/(loss) for the half year							
Profit for the half year	-	-	-	-	-	216.1	216.1
Other comprehensive income/(loss)							
Effect of foreign currency translation	-	(6.3)	-	0.5	(5.8)	-	(5.8)
Total comprehensive income/(loss) for the half year, net of income tax	-	(6.3)	-	0.5	(5.8)	216.1	210.3
Transfers	-	-	(148.6)	-	(148.6)	148.6	-
Contributions by and distributions to owners							
Issue of securities	13.5	-	-	-	-	-	13.5
Equity settled share based payments transactions	-	-	139.1	-	139.1	-	139.1
Balance at 31 December 2023	540.7	(73.8)	58.0	(24.0)	(39.8)	2,593.4	3,094.3

(b) Equity attributable to other entities stapled to Goodman Limited (non-controlling interests)

Attributable to other entities stapled to Goodman Limited (non-controlling interests)

	Issued capital \$M	Asset revaluation reserve \$M	Cash flow hedge reserve \$M	Foreign currency translation reserve \$M	Employee compensation reserve \$M	Defined benefit retirement schemes reserve \$M	Total reserves \$M	Retained earnings \$M	Total \$M
Balance at 1 July 2022	7,691.8	(6.4)	11.1	129.8	273.1	(8.6)	399.0	6,041.1	14,131.9
Total comprehensive income/(loss) for the half year									
Profit for the half year	-	-	-	-	-	-	-	865.3	865.3
Other comprehensive income/(loss)									
Effect of foreign currency translation	-	(0.2)	0.2	158.1	-	0.2	158.3	-	158.3
Other changes	-	(0.3)	4.0	-	-	-	3.7	-	3.7
Total comprehensive income/(loss) for the half year, net of income tax	-	(0.5)	4.2	158.1	-	0.2	162.0	865.3	1,027.3
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(282.1)	(282.1)
Issue costs	(0.1)	-	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions	-	-	-	-	(27.4)	-	(27.4)	-	(27.4)
Balance at 31 December 2022	7,691.7	(6.9)	15.3	287.9	245.7	(8.4)	533.6	6,624.3	14,849.6
Balance at 1 July 2023	7,746.1	(7.1)	14.0	484.1	316.6	(8.5)	799.1	6,748.2	15,293.4
Total comprehensive income/(loss) for the half year									
Loss for the half year	-	-	-	-	-	-	-	(436.2)	(436.2)
Other comprehensive income/(loss)									
Effect of foreign currency translation	-	0.1	(0.4)	(114.5)	-	0.2	(114.6)	-	(114.6)
Other changes	-	0.1	(8.8)	-	-	-	(8.7)	-	(8.7)
Total comprehensive income/(loss) for the half year, net of income tax	-	0.2	(9.2)	(114.5)	-	0.2	(123.3)	(436.2)	(559.5)
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(284.9)	(284.9)
Issue of stapled securities	56.9	-	-	-	-	-	-	-	56.9
Issue costs	(0.1)	-	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions	-	-	-	-	(46.5)	-	(46.5)	-	(46.5)
Balance at 31 December 2023	7,802.9	(6.9)	4.8	369.6	270.1	(8.3)	629.3	6,027.1	14,459.3

Notes to the consolidated interim financial statements

Other items

14 Commitments

Development activities

At 31 December 2023, Goodman was committed to expenditure in respect of \$343.0 million (30 June 2023: \$641.5 million) on inventories and other development activities. GIT had \$nil of such commitments (30 June 2023: \$nil).

Investment properties

At 31 December 2023, Goodman had capital commitments of \$8.6 million (30 June 2023: \$90.1 million) in respect of investment properties. GIT had \$2.8 million (30 June 2023: \$86.7 million) of such commitments.

Partnerships

GEP

At 31 December 2023, Goodman had an equity commitment of \$144.3 million (30 June 2023: \$145.8 million) into GEP. This commitment also applies to GIT.

In addition, Goodman offers two liquidity facilities which allow certain of the partners to sell to the Group some or all of their investments in GEP, but only when Goodman's ownership interest in GEP is below 40.0%. At 31 December 2023, Goodman's ownership interest in GEP was 19.8% and therefore the facilities are available to the partners. The first facility, which applies to 1.3% of the issued and committed units, would require Goodman to purchase up to €37.7 million of units (at a 1% discount to current unit value), subject to a maximum in each quarter of 2.5% of units. The second facility, which applies to 25.6% of the issued and committed units, would require Goodman to purchase up to €150.0 million of units (at a 5% discount to current unit value), subject to a maximum in each calendar year of €50.0 million. This commitment also applies to GIT.

GAIP

Goodman has undertaken to acquire up to 82.1 million units in GAIP if their holder elects to sell them. The price Goodman will pay will be determined by the prevailing unit price at the time of the sale. As at 31 December 2023, this equates to a total commitment of \$171.1 million (cum distribution value). Goodman's commitment to this sale process ends in May 2026. This commitment also applies to GIT.

Other Partnerships

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

- + \$54.5 million (30 June 2023: \$nil) into South Sydney Partnership
- + \$147.5 million (30 June 2023: \$201.3 million) into Goodman Japan Development Partnership
- + \$503.8 million (30 June 2023: \$705.3 million) into GCLP
- + \$134.9 million (30 June 2023: \$135.0 million) into KWSA Goodman Germany
- + \$491.5 million (30 June 2023: \$501.1 million) into GUKP
- + \$1,659.8 million (30 June 2023: \$1,791.1 million) into GNAP
- + \$77.0 million (30 June 2023: \$80.9 million) into Goodman Brazil Logistics Partnership (GBLP).

The commitments in GNAP and GBLP also apply to GIT.

Other investments

GreenPoint Real Estate Innovation and Technology Venture, LP (GreenPoint)

During the year ended 30 June 2021, GIT committed to investing USD15.0 million in GreenPoint, a property technology fund that is a Delaware limited partnership, managed by GreenPoint Partners. GreenPoint Partners is beneficially owned and controlled by Christopher Green, a director of GL.

At 31 December 2023, the Group's investment in GreenPoint was USD7.2 million (30 June 2023: USD7.2 million). The purpose of this investment is to enhance understanding of and provide access to technologies that may influence the property sector and the business. No distributions were received from GreenPoint during the current and comparative period.

Wyuna Regenerative Ag Investment Fund (Wyuna)

As part of its ESG strategy, Goodman has committed to investing up to \$30.0 million in an integrated carbon credit and regenerative platform in Australia – Wyuna. Investing alongside Australia's Clean Energy Finance Corporation, this project assists land regeneration, sustainable food production and land-based solutions to climate change. Wyuna is managed by Wyuna Regenerative Ag Pty Limited, which is 50% owned by Christopher Green, a director of GL.

Total investment in Wyuna at 31 December 2023 was \$14.4 million (30 June 2023: \$11.9 million). No distributions were received from Wyuna during the current and comparative period.

15 Events subsequent to balance date

Other than as disclosed elsewhere in this interim financial report, there has not arisen in the interval between the end of the half year and the date of this interim financial report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of Goodman and GIT, the results of those operations, or the state of affairs of Goodman and GIT, in future financial years.

Directors' declaration

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

- (a) the consolidated interim financial statements and the accompanying notes of Goodman Limited and its controlled entities and Goodman Industrial Trust and its controlled entities are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of Goodman's and GIT's financial position as at 31 December 2023 and of their performance for the half year ended on that date
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001
- (b) there are reasonable grounds to believe that the Company and the Trust will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Stephen Johns
Independent Chairman



Gregory Goodman
Group Chief Executive Officer

Sydney, 15 February 2024

Independent Auditor's Review Report

To the stapled security holders of Goodman Group and the unitholders of Goodman Industrial Trust

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Goodman Limited (the Company) as the deemed parent presenting the stapled security arrangement of the Goodman Group (the Goodman Group Interim Financial Report).

We have also reviewed the **Interim Financial Statements** of Goodman Industrial Trust (the Trust Interim Financial Report).

Based on our reviews, which are not an audit, we have not become aware of any matter that makes us believe that the Goodman Group Interim Financial Report and the Trust Interim Financial Report do not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Goodman Group's and of the Trust's financial position as at 31 December 2023 and of their 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 content of each of the Goodman Group and Trust **Interim Financial Reports** comprises:

- Consolidated interim statement of financial position as at 31 December 2023;
- Consolidated interim income statement, Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the half-year ended on that date;
- Notes 1 to 15 including selected explanatory notes; and
(collectively referred to as Financial Statements)
- The Directors' Declaration.

The **Group** comprises Goodman Limited and the entities it controlled at the half year's end or from time to time during the half-year, Goodman Industrial Trust (The Trust) and the entities it controlled at the half year's end or from time to time during the half-year, and Goodman Logistics (HK) Limited and the entities it controlled at the half year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Goodman Group, Goodman Limited, Goodman Funds Management Limited (the Responsible Entity of the Trust) and Goodman Industrial Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors of the Company and the Responsible Entity for the Interim Financial Report

The Directors of the Company and the Responsible Entity are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of Goodman Group and the Trust's financial position as at 31 December 2023 and their 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*.

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.



KPMG



Nigel Virgo
Partner

Sydney
15 February 2024

Goodman Logistics (HK) Limited and its subsidiaries

Consolidated interim financial report for the half year ended 31 December 2023

CONTENTS

Report of the directors	A2
Consolidated interim statement of financial position	A4
Consolidated interim statement of comprehensive income	A5
Consolidated interim statement of changes in equity	A6
Consolidated interim cash flow statement	A7
Notes to the condensed interim financial report	
Basis of preparation	A8
Results for the half year	
1 Profit before interest and income tax	A10
2 Segment reporting	A10
3 Income taxes	A12
Operating assets and liabilities	
4 Property assets	A13
5 Receivables	A18
6 Payables	A18
Capital management	
7 Net finance income/(expense)	A19
8 Interest bearing liabilities	A20
9 Financial instruments	A21
10 Dividends	A22
11 Share capital	A22
Other items	
12 Reserves	A23
13 Retained earnings	A23
14 Related party transactions	A24
15 Events subsequent to the reporting date	A24
Independent auditor's review report	A25

Report of the directors

The directors have pleasure in submitting their condensed interim financial report for Goodman Logistics (HK) Limited (Company) and its subsidiaries (collectively referred to as the Consolidated Entity) for the half year ended 31 December 2023 (half year).

Incorporation and principal place of business

Goodman Logistics (HK) Limited was incorporated in Hong Kong on 18 January 2012 and has its principal place of business at Suite 901, Three Pacific Place, 1 Queen's Road East, Hong Kong.

On 22 August 2012, the Company became a party to the stapling deed with Goodman Limited (GL) and Goodman Industrial Trust (GIT), and together the three entities and their controlled entities are known as Goodman Group. Goodman Group is listed on the Australian Securities Exchange.

Principal activities

The principal activities of the Consolidated Entity are investment in industrial property (either directly or in partnerships with other investors) and management services provided to the partnerships (including investment management, property management and development management).

Condensed interim financial statements

The results of the Consolidated Entity for the half year and the state of the Consolidated Entity's affairs at that date are set out in the condensed interim financial statements on pages A4 to A24.

No interim dividends were declared in respect of the half year. On 25 August 2023, the Company paid a final dividend in respect of the year ended 30 June 2023 of 5.0 cents per share amounting to A\$94.2 million.

Directors

The directors during the half year and up to the date of this report were:

Directors

Stephen Paul Johns
David Jeremy Collins
Kit Yi Kitty Chung (appointed on 1 July 2023)
Gregory Leith Goodman (alternate director to Stephen Paul Johns)
Daniel Cornelius Peeters

State of affairs

There were no significant changes in the Consolidated Entity's state of affairs during the half year.

Events subsequent to the reporting date

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial periods.

By order of the Board

A handwritten signature in black ink, appearing to be 'SPJ', written over a light gray grid background.

Stephen Paul Johns
Independent Chairman

A handwritten signature in blue ink, appearing to be 'DJC', written over a light gray grid background.

David Jeremy Collins
Director

Hong Kong, 15 February 2024

Consolidated interim statement of financial position

as at 31 December 2023

(expressed in Australian dollars)

		31 Dec 2023	30 Jun 2023
	Note	\$M	\$M
Current assets			
Cash and cash equivalents		315.2	391.9
Inventories	4(b)	86.3	121.6
Receivables	5	159.1	173.8
Contract assets		46.4	70.7
Current tax receivables		1.8	0.3
Other assets		3.6	3.4
Other financial assets	9	23.5	11.3
Total current assets		635.9	773.0
Non-current assets			
Inventories	4(b)	1,457.7	1,410.6
Investment properties	4(b)	459.8	451.7
Investments accounted for using the equity method	4(b)	1,840.2	1,850.6
Receivables	5	747.1	612.0
Other financial assets	9	157.7	161.1
Deferred tax assets		19.4	20.2
Property, plant and equipment		25.0	23.3
Other assets		0.7	0.8
Total non-current assets		4,707.6	4,530.3
Total assets		5,343.5	5,303.3
Current liabilities			
Payables	6	265.9	285.2
Interest bearing liabilities	8	0.9	-
Loans from related parties		111.7	86.6
Current tax payables		45.6	52.1
Employee benefits		39.0	46.0
Dividend payable	10	-	94.2
Other financial liabilities	9	66.0	79.9
Total current liabilities		529.1	644.0
Non-current liabilities			
Payables	6	52.1	93.3
Interest bearing liabilities	8	66.8	46.7
Loans from related parties		1,626.8	1,589.5
Deferred tax liabilities		8.5	9.5
Employee benefits		11.7	12.8
Other financial liabilities	9	110.2	98.1
Total non-current liabilities		1,876.1	1,849.9
Total liabilities		2,405.2	2,493.9
Net assets		2,938.3	2,809.4
Equity attributable to Shareholders			
Share capital	11	994.2	930.9
Reserves	12	(581.5)	(547.3)
Retained earnings	13	2,476.0	2,383.2
Total equity attributable to Shareholders		2,888.7	2,766.8
Non-controlling interests		49.6	42.6
Total equity		2,938.3	2,809.4

The notes on pages A8 to A24 form part of this condensed interim financial report.

Consolidated interim statement of comprehensive income

for the half year ended 31 December 2023

(expressed in Australian dollars)

	Note	2023 \$M	2022 \$M
Revenue			
Gross property income		24.2	28.4
Management income	1	119.8	102.0
Development income	1	399.3	423.4
		543.3	553.8
Property and development expenses			
Property expenses		(2.3)	(3.9)
Development expenses		(165.7)	(214.1)
		(168.0)	(218.0)
Other net losses			
Net loss from fair value adjustments on investment properties	4(e)	(0.1)	(0.5)
Share of net results of equity accounted investments	4(f)	(24.7)	(153.1)
		(24.8)	(153.6)
Other expenses			
Employee expenses		(94.4)	(89.1)
Share based payments expense		(73.6)	(42.6)
Administrative and other expenses		(22.2)	(21.2)
Transaction management fees		(24.2)	(0.6)
		(214.4)	(153.5)
Profit before interest and income tax		136.1	28.7
Net finance income/(expense)			
Finance income	7	49.3	25.5
Finance expense	7	(44.1)	(61.5)
Net finance income/(expense)		5.2	(36.0)
Profit/(loss) before income tax		141.3	(7.3)
Income tax (expense)/credit	3	(41.3)	11.2
Profit for the half year		100.0	3.9
Profit/(loss) for the half year attributable to:			
Shareholders	13	92.8	(0.8)
Non-controlling interests		7.2	4.7
Profit for the half year		100.0	3.9
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Increase/(decrease) due to revaluation of other financial assets	9(c)	3.0	(1.2)
		3.0	(1.2)
Item that may be reclassified subsequently to profit or loss			
Effect of foreign currency translation		(31.3)	39.1
		(31.3)	39.1
Other comprehensive (loss)/income for the half year, net of tax		(28.3)	37.9
Total comprehensive income for the half year		71.7	41.8
Total comprehensive income for the half year attributable to:			
Shareholders		65.2	36.8
Non-controlling interests		6.5	5.0
Total comprehensive income for the half year		71.7	41.8

The notes on pages A8 to A24 form part of this condensed interim financial report.

Consolidated interim statement of changes in equity

for the half year ended 31 December 2023

(expressed in Australian dollars)

Half year ended 31 December 2022

	Note	Attributable to Shareholders				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2022		873.0	(606.1)	2,290.0	2,557.9	28.2	2,586.1
Total comprehensive income/(loss) for the half year							
Profit/(loss) for the half year	13	-	-	(0.8)	(0.8)	4.7	3.9
Other comprehensive income/(loss) for the half year		-	37.6	-	37.6	0.3	37.9
Total comprehensive income/(loss) for the half year, net of income tax		-	37.6	(0.8)	36.8	5.0	41.8
Contributions by and distributions to owners							
Dividends declared/paid		-	-	-	-	(19.4)	(19.4)
Issue of shares to employees of Goodman Group	11	46.1	-	-	46.1	-	46.1
Equity settled share based payments transactions	12(c)	-	(3.3)	-	(3.3)	-	(3.3)
Acquisition of special purpose development entity with non-controlling interests		-	-	-	-	0.7	0.7
Balance at 31 December 2022		919.1	(570.8)	2,289.2	2,637.5	14.5	2,652.0

Half year ended 31 December 2023

	Note	Attributable to Shareholders				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2023		930.9	(547.3)	2,383.2	2,766.8	42.6	2,809.4
Total comprehensive income/(loss) for the half year							
Profit for the half year	13	-	-	92.8	92.8	7.2	100.0
Other comprehensive income/(loss) for the half year		-	(27.6)	-	(27.6)	(0.7)	(28.3)
Total comprehensive income/(loss) for the half year, net of income tax		-	(27.6)	92.8	65.2	6.5	71.7
Contributions by and distributions to owners							
Dividends declared/paid		-	-	-	-	(0.2)	(0.2)
Issue of ordinary shares	11	13.0	-	-	13.0	-	13.0
Issue of shares to employees of Goodman Group	11	50.3	-	-	50.3	-	50.3
Equity settled share based payments transactions	12(c)	-	(6.6)	-	(6.6)	-	(6.6)
Acquisition of special purpose development entity with non-controlling interests		-	-	-	-	0.7	0.7
Balance at 31 December 2023		994.2	(581.5)	2,476.0	2,888.7	49.6	2,938.3

The notes on pages A8 to A24 form part of this condensed interim financial report.

Consolidated interim cash flow statement

for the half year ended 31 December 2023

(expressed in Australian dollars)

	2023	2022
	\$M	\$M
Cash flows from operating activities		
Property income received	24.1	27.0
Cash receipts from development activities	394.7	420.7
Cash receipts from management and other activities	92.1	101.4
Property expenses paid	(0.5)	(2.9)
Payments for development activities	(215.7)	(129.8)
Other cash payments in the course of operations	(214.1)	(186.2)
Dividends/distributions received	82.3	11.4
Interest received	42.9	28.1
Finance costs paid	(0.3)	(0.4)
Net income taxes paid	(49.3)	(29.0)
Net cash provided by operating activities	156.2	240.3
Cash flows from investing activities		
Payments for investment properties	(17.0)	(97.1)
Return of capital from equity accounted investments	39.5	28.7
Payments for equity investments	(155.7)	(239.0)
Payments for plant and equipment	(5.0)	(1.1)
Net cash used in investing activities	(138.2)	(308.5)
Cash flows from financing activities		
Net proceeds from issue of ordinary shares	13.0	-
Proceeds from external borrowings	21.3	5.2
Net (repayments of)/proceeds from loans with related parties	(31.0)	7.3
Dividends paid to Shareholders	(94.2)	(46.7)
Dividends paid to non-controlling interests	(0.2)	(19.4)
Payments of lease liabilities	(3.5)	(3.9)
Capital contributed by non-controlling interests	0.7	0.7
Net cash used in financing activities	(93.9)	(56.8)
Net decrease in cash held	(75.9)	(125.0)
Cash and cash equivalents at the beginning of the half year	391.9	357.5
Effect of exchange rate fluctuations on cash held	(0.8)	1.6
Cash and cash equivalents at the end of the half year	315.2	234.1

The notes on pages A8 to A24 form part of this condensed interim financial report.

Notes to the condensed interim financial report

(expressed in Australian dollars)

BASIS OF PREPARATION

(a) Statement of compliance

This condensed interim financial report of the Company as at and for the half year ended 31 December 2023 comprises the Company and its subsidiaries (together referred to as the Consolidated Entity) and the Consolidated Entity's interests in associates and joint ventures (referred to by the Consolidated Entity as Partnerships).

This condensed interim financial report has been prepared on a going concern basis and in accordance with HKAS 34 *Interim financial reporting*. The condensed interim financial report is presented in Australian dollars and was authorised for issue by the directors on 15 February 2024.

In accordance with the stapling agreement between the Company, GL and Goodman Funds Management Limited as responsible entity for GIT, on request, each party (and its subsidiaries) must provide financial support to the other party (and its subsidiaries). The financial support to the other party (and its subsidiaries) may include:

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

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

The condensed interim financial report has been prepared in accordance with the same accounting policies adopted in the preparation of the annual report of the Consolidated Entity as at and for the year ended 30 June 2023.

The condensed 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 2023.

The financial information relating to the year ended 30 June 2023 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual report for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- + The Company has delivered the financial statements for the year ended 30 June 2023 to the Registrar of Companies in accordance with section 662(3) of, and part 3 of Schedule 6 to, the Companies Ordinance
- + The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not include a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

(b) Critical accounting estimates used in the preparation of the condensed interim financial report

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months can be found in the following notes:

- + Note 4 – Property assets
- + 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)
- + 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 relation to the Consolidated Entity's property assets and financial instruments are included in the following notes:

- + Note 4 – Property assets
- + Note 9 – Financial instruments.

(c) Accounting standards issued but not yet effective

The Consolidated Entity has not applied any new standard or interpretation that is not yet effective for the current accounting period. None of the new accounting standards or interpretations is expected to have a significant impact on the results of the Consolidated Entity.

Notes to the condensed interim financial report

RESULTS FOR THE HALF YEAR

1 Profit before interest and income tax

Profit before interest and income tax has been arrived at after crediting the following items:

	2023	2022
	\$M	\$M
Management services	88.9	101.7
Performance related income	30.9	0.3
Management income	119.8	102.0
Income from disposal of inventories	252.3	163.6
Income from fixed price development contracts	81.8	151.6
Other development income, including development management	53.4	86.6
Net gain on disposal of special purpose development entities, including JVs	11.8	21.6
Development income	399.3	423.4

2 Segment reporting

Operating segment information is reported on a geographic basis and the Consolidated Entity has determined that its operating segments are Asia (Greater China, including the Hong Kong SAR, and Japan), Continental Europe and the United Kingdom.

The activities and services undertaken by the operating segments include:

- + Property investment, comprising the Consolidated Entity's cornerstone investments in Partnerships
- + Management activities, both fund and property management
- + Development activities, including development of directly owned assets (predominantly disclosed as inventories) and management of development activities for Partnerships.

Information about reportable segments

	Asia		Continental Europe		United Kingdom		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of comprehensive income								
External revenues								
Gross property income	20.4	14.3	3.6	13.5	0.2	0.6	24.2	28.4
Management income	55.5	67.3	60.0	30.7	4.3	4.0	119.8	102.0
Development income	51.3	80.2	342.6	306.8	5.4	36.4	399.3	423.4
Total external revenues	127.2	161.8	406.2	351.0	9.9	41.0	543.3	553.8
Analysis of external revenues:								
Revenues from contracts with customers								
Assets and services transferred at a point in time	5.2	19.9	265.6	160.9	0.1	33.2	270.9	214.0
Assets and services transferred over time	103.2	128.6	136.9	177.8	9.7	7.3	249.8	313.7
Other revenue								
Rental income (excludes outgoings recoveries)	18.8	13.3	3.7	12.3	0.1	0.5	22.6	26.1
Total external revenues	127.2	161.8	406.2	351.0	9.9	41.0	543.3	553.8
Reportable segment profit before income tax¹	167.2	126.9	202.9	127.3	8.6	13.8	378.7	268.0
Other key components of financial performance included in reportable segment profit before income tax								
Share of net results of equity accounted investments in Partnerships (before fair value adjustments)	79.4	8.9	1.0	4.4	6.6	9.7	87.0	23.0
Material non-cash items not included in reportable segment profit before income tax								
Share of fair value adjustments attributable to investment properties in Partnerships	(119.2)	2.7	(12.7)	(23.4)	17.4	(150.0)	(114.5)	(170.7)
	Asia		Continental Europe		United Kingdom		Total	
	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	2023	2023	2023	2023	2023	2023	2023	2023
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position								
Reportable segment assets	2,339.8	2,346.0	1,140.0	1,177.5	900.1	958.6	4,379.9	4,482.1
Included in reportable segment assets are:								
Equity accounted investments in Partnerships	1,100.2	1,094.9	149.9	169.0	590.1	586.7	1,840.2	1,850.6
Non-current assets	2,119.1	2,073.9	923.7	893.7	812.8	835.9	3,855.6	3,803.5
Reportable segment liabilities	213.8	201.2	118.8	147.7	32.6	49.8	365.2	398.7

1. Reportable segment profit before income tax comprises profit before tax as reported in the consolidated interim statement of comprehensive income adjusted for property valuations, other non-cash or non-recurring items and net finance expense.

Notes to the condensed interim financial report

Results for the half year

2 Segment reporting

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

	Note	2023 \$M	2022 \$M
Revenue			
Total revenue for reportable segments		543.3	553.8
Consolidated revenues		543.3	553.8
Profit or loss			
Total profit before income tax for reportable segments		378.7	268.0
Corporate expenses not allocated to reportable segments		(54.4)	(20.1)
		324.3	247.9
Valuation and other adjustments not included in reportable segment profit before income tax:			
– Net loss from fair value adjustments on investment properties	4(e)	(0.1)	(0.5)
– Share of fair value adjustments attributable to investment properties in Partnerships	4(f)	(114.5)	(170.7)
– Share of fair value adjustments on derivative financial instruments in Partnerships	4(f)	2.8	(5.4)
– Share based payments expense		(73.6)	(42.6)
– Straight lining of rental income and tax deferred adjustments		(2.8)	-
Net finance income/(expense)	7	5.2	(36.0)
Consolidated profit/(loss) before income tax		141.3	(7.3)
		31 Dec 2023	30 Jun 2023
		\$M	\$M
Assets			
Total assets for reportable segments		4,379.9	4,482.1
Other unallocated amounts ¹		963.6	821.2
Consolidated total assets		5,343.5	5,303.3
Liabilities			
Total liabilities for reportable segments		365.2	398.7
Other unallocated amounts ¹		2,040.0	2,095.2
Consolidated total liabilities		2,405.2	2,493.9

1. Other unallocated amounts comprise principally receivables from and payables to GL and GIT and their controlled entities.

3 Income taxes

Amounts recognised in the statement of comprehensive income

	2023 \$M	2022 \$M
Current tax (expense)/credit – Hong Kong profits tax		
Current period	(4.8)	(11.3)
Changes in estimates related to prior periods	0.7	2.3
	(4.1)	(9.0)
Current tax (expense)/credit – overseas		
Current period	(39.2)	(16.8)
Changes in estimates related to prior periods	1.9	(2.7)
	(37.3)	(19.5)
Deferred tax (expense)/credit		
Origination and reversal of temporary differences	(0.5)	39.8
Other	0.6	(0.1)
	0.1	39.7
Total income tax (expense)/credit	(41.3)	11.2

In the prior financial year, the Consolidated Entity adopted International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax and require new disclosures about the Pillar Two exposure. The new disclosures will be reflected in the Consolidated Entity's financial statements as at and for the year ending 30 June 2024.

OPERATING ASSETS AND LIABILITIES

4 Property assets

(a) Types of property assets

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

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.

Inventories are classified as non-current assets unless they are highly likely to be sold within 12 months of the end of the reporting period, in which case they are classified as current assets.

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 their fair value. The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

(b) Summary of the Consolidated Entity's investment in property assets

		31 Dec 2023	30 Jun 2023
	Note	\$M	\$M
Inventories			
Current	4(d)	86.3	121.6
Non-current	4(d)	1,457.7	1,410.6
		1,544.0	1,532.2
Investment properties			
Stabilised investment properties	4(e)	459.8	451.7
		459.8	451.7
Property held by Partnerships			
Investments accounted for using the equity method	4(f)	1,840.2	1,850.6
		1,840.2	1,850.6

(c) Estimates and assumptions in determining property carrying values

Inventories

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

Notes to the condensed interim financial report

Operating assets and liabilities

4 Property assets

Investment properties

Stabilised investment properties

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.

Approach to determination of fair value

The approach to determination of fair value of investment properties is applied to both investment properties held directly and investment properties held in Partnerships.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external, independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. In making the determination of whether a market segment is active, the following characteristics are considered:

- + Function of the asset (distribution/warehouse or suburban office)
- + Location of the asset (city, suburb or regional area)
- + Carrying value of the asset (categorised by likely appeal to private (including syndicates), national and institutional investors)
- + Categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. The number of sales and the circumstances of each sale are assessed to determine whether a market segment is active or inactive.

Where a market segment is observed to be active, then external independent valuations are performed for those stabilised investment properties where there has been a combination of factors that are likely to have resulted in a material movement in valuation. These factors include movements in capitalisation rates, movements in market rents, a material change in tenancy profile (including changes in the creditworthiness of a significant customer that may have a material impact on the property valuation), significant capital expenditure or a change in use (or zoning). External independent valuations are also performed for developments that have completed or stabilised during the period or for any stabilised investment properties where it has been two years since its last external independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10-year period. The key inputs considered for each individual calculation are:

- + Current contractual lease terms
- + Current market rents
- + Projected growth in market rents
- + Expected and likely capital expenditures
- + Projected letting up incentives provided to customers and vacant time on expiry of leases
- + Discount rates - computed using the 10-year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Market assessment

With the continued increased 10-year bond rates in the half year ended 31 December 2023, there have been further increases in capitalisation rates which has resulted in relatively few recent transactions of industrial, logistics and warehousing properties. Nevertheless, at 31 December 2023, the Board has been able to assess that all markets in which the Consolidated Entity operates are active.

Overall weighted average capitalisation rates for the divisional portfolios (including Partnerships) are set out in the table below:

Segment	Total portfolio weighted average capitalisation rate	
	31 Dec 2023	30 Jun 2023
	%	%
Asia	5.6	5.2
Continental Europe	5.4	4.4
United Kingdom	5.3	4.9

Investment properties under development

For the directly held investment properties under development, external independent valuations are generally not performed, but instead valuations are determined at each reporting date using the feasibility assessments supporting the developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, market rents, incentives provided to customers and vacant time that are consistent with those observed in the relevant market, adjusted for a profit and risk factor. The profit and risk factors are dependent on the function, location, size and current status of the developments and are generally in a market range of 10% to 15%; although for larger more complex projects that are at an early stage of the development, the profit and risk factor could be higher. 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 increment or decrement is then applied to the book value at the reporting date to determine the fair value.

In respect of the Partnerships, certain Partnerships obtain external independent valuations of investment properties under development at reporting dates. However, the majority determine the fair values at reporting dates by reference to the feasibility assessments, with external independent valuations obtained when a property has been stabilised.

The impacts on the Consolidated Entity's financial position that would arise from the changes in capitalisation rates, market rents and incentives/re-leasing time are set out in the table below. This illustrates the impacts on the Consolidated Entity in respect of both the directly held stabilised investment properties and its share of those stabilised investment properties held by Partnerships.

	Directly held properties \$M	Partnerships ¹ \$M
Book value at 31 December 2023	459.8	2,130.2
Changes in capitalisation rates		
Increase in capitalisation rates +50 basis points (bps)	(49.3)	(179.7)
Increase in capitalisation rates +25 bps	(26.1)	(93.8)
Decrease in capitalisation rates -25 bps	29.4	103.1
Decrease in capitalisation rates -50 bps	62.8	216.8
Changes in market rents		
Decrease in rents -5%	(21.6)	(79.2)
Decrease in rents -2.5%	(10.8)	(39.6)
Increase in rents +2.5%	10.8	39.6
Increase in rents +5%	21.6	79.2
Changes in incentives/re-leasing time²		
Increase in incentives/re-leasing times +3 months	(2.2)	(6.5)
Increase in incentives/re-leasing times +6 months	(4.4)	(12.9)

1. Reflects the Consolidated Entity's share in Partnerships.

2. On assumed lease expiries over the next 12 months.

Notes to the condensed interim financial report

Operating assets and liabilities

4 Property assets

(d) Inventories

	31 Dec 2023	30 Jun 2023
	\$M	\$M
Current		
Freehold land and development properties	86.3	29.3
Leasehold land and development properties	-	92.3
	86.3	121.6
Non-current		
Freehold land and development properties	995.5	969.6
Leasehold land and development properties	462.2	441.0
	1,457.7	1,410.6

(e) Investment properties

The reconciliation of the carrying amount of directly held investment properties is set out as follows:

	2023	2022
	\$M	\$M
Leasehold investment properties		
Carrying amount at the beginning of the half year	451.7	336.8
Acquisitions	17.0	97.5
Capital expenditure	0.1	0.4
Net loss from fair value adjustments	(0.1)	(0.5)
Effect of foreign currency translation	(8.9)	5.5
Carrying amount at the end of the half year	459.8	439.7
Analysed by segment:		
Asia	459.8	439.7
	459.8	439.7

(f) Investments accounted for using the equity method

(i) Investments in associates

The Consolidated Entity owns a 39.9% interest in certain development entities in Continental Europe with a carrying value of \$0.1 million.

The consolidated share of the results recognised during the half year was a loss of \$0.2 million.

(ii) Investments in JVs

The Consolidated Entity's principal Partnerships are set out below:

		Consolidated share of net results recognised		Consolidated ownership interest		Consolidated investment carrying amount	
	Country of establishment	2023 \$M	2022 \$M	31 Dec 2023 %	30 Jun 2023 %	31 Dec 2023 \$M	30 Jun 2023 \$M
Name							
Property investment and development							
Goodman China Logistics Partnership (GCLP)	Cayman Islands	(109.6)	7.0	20.0	20.0	825.4	923.3
Goodman UK Partnerships (GUKP) ¹	United Kingdom	29.1	(142.7)	35.2	35.0	582.2	573.7
Other JVs		56.0	(17.4)			432.5	353.4
		(24.5)	(153.1)			1,840.1	1,850.4

1. The consolidated ownership interest in GUKP reflected the weighted average ownership in GUKP, GUKP II and GUKP III.

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

	2023	2022
Movements in carrying amount of investments in JVs	\$M	\$M
Carrying amount at the beginning of the half year	1,850.4	1,845.6
Share of net results after tax (before fair value adjustments)	87.2	23.0
Share of fair value adjustments attributable to investment properties, after tax	(114.5)	(170.7)
Share of fair value adjustments on derivative financial instruments	2.8	(5.4)
Share of net results	(24.5)	(153.1)
Share of movements in reserves	(4.1)	1.6
Acquisitions	154.8	237.8
Disposals	(2.0)	(0.1)
Capital return	(39.5)	(28.7)
Dividends/distributions received and receivable	(82.3)	(11.4)
Effect of foreign currency translation	(12.7)	6.9
Carrying amount at the end of the half year	1,840.1	1,898.6

Notes to the condensed interim financial report

Operating assets and liabilities

5 Receivables

	31 Dec 2023	30 Jun 2023
	\$M	\$M
Current		
Trade receivables	6.9	19.6
Other receivables	69.3	56.6
Amounts due from related parties	75.1	46.3
Loans to related parties	7.8	51.3
	159.1	173.8
Non-current		
Loans to related parties	747.1	612.0
	747.1	612.0

6 Payables

	31 Dec 2023	30 Jun 2023
	\$M	\$M
Current		
Trade payables	50.9	47.5
Other payables and accruals	197.8	220.2
Contract liabilities	11.4	9.8
Lease liabilities	5.8	7.7
	265.9	285.2
Non-current		
Other payables and accruals	46.0	62.9
Lease liabilities	6.1	30.4
	52.1	93.3

CAPITAL MANAGEMENT

7 Net finance income/(expense)

	Note	2023 \$M	2022 \$M
Finance income			
Interest income on loans to:			
– Related parties	14	17.4	10.3
– Other parties		3.4	1.2
Interest income from derivatives		25.4	12.4
Fair value adjustments on derivative financial instruments		3.1	-
Foreign exchange gains		-	1.6
		49.3	25.5
Finance expense			
Interest expense from related party loans	14	(37.5)	(24.0)
Other borrowing costs		(10.2)	(0.9)
Fair value adjustments on derivative financial instruments		-	(40.6)
Foreign exchange losses		(1.0)	-
Capitalised borrowing costs		4.6	4.0
		(44.1)	(61.5)
Net finance income/(expense)		5.2	(36.0)

Notes to the condensed interim financial report

Capital management

8 Interest bearing liabilities

		31 Dec 2023	30 Jun 2023
	Note	\$M	\$M
Current			
Bank loans, secured	8(b)	0.9	-
		0.9	-
Non-current			
Bank loans, secured	8(b)	67.7	47.9
Borrowing costs		(0.9)	(1.2)
		66.8	46.7

(a) Finance facilities

	Facilities available	Facilities utilised
	\$M	\$M
31 December 2023		
Bank loans, secured	218.4	68.6
	218.4	68.6
30 June 2023		
Bank loans, secured	220.4	47.9
	220.4	47.9

(b) Bank loans, secured

As at 31 December 2023, the Consolidated Entity had the following secured bank facilities:

	Facility maturity date	Facility limit \$M	Amounts drawn \$M
	9 January 2028	78.0	-
	5 January 2033	51.6	22.4
	18 March 2034	26.8	17.4
	20 April 2038	62.0	28.8
Total facilities at 31 December 2023		218.4	68.6
Total facilities at 30 June 2023		220.4	47.9

9 Financial instruments

(a) Fair values of financial instruments

The Consolidated Entity's derivative financial instruments and investments in unlisted securities are carried at fair value.

The carrying amounts of the Consolidated Entity's non-derivative financial instruments are carried at cost or amortised cost but these carrying values were not materially different from their fair values as at 31 December 2023 and 30 June 2023.

(b) Fair value hierarchy

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

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 31 December 2023				
Derivative financial assets	-	125.4	-	125.4
Investments in unlisted securities	-	-	55.8	55.8
	-	125.4	55.8	181.2
Derivative financial liabilities	-	176.2	-	176.2
	-	176.2	-	176.2
As at 30 June 2023				
Derivative financial assets	-	117.9	-	117.9
Investments in unlisted securities	-	-	54.5	54.5
	-	117.9	54.5	172.4
Derivative financial liabilities	-	178.0	-	178.0
	-	178.0	-	178.0

(c) Valuation techniques used to derive Level 2 and Level 3 fair values

The Level 2 derivative financial instruments held by the Consolidated Entity consist of interest rate derivatives, cross currency interest rate swaps and foreign exchange contracts.

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, adjusted for specific features of the instruments. Fair values also reflect the current creditworthiness of the derivative counterparties.

The Level 3 investments in unlisted equity securities are carried at fair value. There have been no changes in the significant unobservable inputs used to determine the fair values since 30 June 2023.

Reconciliation of Level 3 fair values

	2023 \$M	2022 \$M
Carrying amount at the beginning of the half year	54.5	43.5
Acquisitions	-	1.2
Return of capital	(1.8)	-
Net change in fair value – included in other comprehensive income	3.0	(1.2)
Effect of foreign currency translation	0.1	2.2
Carrying amount at the end of the half year	55.8	45.7

Notes to the condensed interim financial report

Capital management

10 Dividends

No interim dividends were declared in respect of the half year. On 25 August 2023, the Company paid a final dividend in respect of the year ended 30 June 2023 of 5.0 cents per share amounting to A\$94.2 million. This dividend had been declared in June 2023.

11 Share capital

	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Number of shares		\$M	\$M
Share capital	1,899,182,071	1,883,819,883	994.9	931.6
Less: Accumulated issue costs			(0.7)	(0.7)
Total issued capital	1,899,182,071	1,883,819,883	994.2	930.9

Date	Details	Number of shares	Share capital \$M
	Ordinary shares, issued and fully paid		
	Balance at 30 June 2022	1,868,222,609	873.6
1 Sep 2022	Shares issued to employees of Goodman Group ¹	12,246,479	46.1
19 May 2023	Ordinary shares issued	3,350,795	11.9
	Balance at 30 June 2023	1,883,819,883	931.6
28 Aug 2023	Ordinary shares issued	3,164,056	13.0
30 Aug 2023	Shares issued to employees of Goodman Group ¹	12,198,132	50.3
	Balance at 31 December 2023	1,899,182,071	994.9

1. During the half year, the Company issued shares to employees of Goodman Group under the Goodman Group Long Term Incentive Plan.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

OTHER ITEMS

12 Reserves

		Consolidated	
		31 Dec 2023	30 Jun 2023
	Note	\$M	\$M
Asset revaluation reserve	12(a)	50.4	47.4
Foreign currency translation reserve	12(b)	19.0	49.6
Employee compensation reserve	12(c)	60.3	66.9
Defined benefit retirement schemes reserve	12(d)	(8.3)	(8.3)
Common control reserve ¹	12(e)	(702.9)	(702.9)
Total reserves		(581.5)	(547.3)

1. The common control reserve arises from the acquisition of entities from other members of Goodman Group under the pooling of interest method. The amount in the common control reserve reflects the difference between the consideration paid and the carrying values of the assets and liabilities of the acquired entity at the date of acquisition.

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

	2023	2022
	\$M	\$M
(a) Asset revaluation reserve		
Balance at the beginning of the half year	47.4	36.7
Increase/(decrease) due to revaluation of other financial assets	3.0	(1.2)
Balance at the end of the half year	50.4	35.5
(b) Foreign currency translation reserve		
Balance at the beginning of the half year	49.6	13.6
Net exchange differences on conversion of foreign operations	(30.6)	38.8
Balance at the end of the half year	19.0	52.4
(c) Employee compensation reserve		
Balance at the beginning of the half year	66.9	56.3
Equity settled share based payment transactions	(6.6)	(3.3)
Balance at the end of the half year	60.3	53.0
(d) Defined benefit retirement schemes reserve		
Balance at the beginning of the half year	(8.3)	(8.8)
Balance at the end of the half year	(8.3)	(8.8)
(e) Common control reserve		
Balance at the beginning of the half year	(702.9)	(702.9)
Balance at the end of the half year	(702.9)	(702.9)

13 Retained earnings

	2023	2022
	\$M	\$M
Balance at the beginning of the half year	2,383.2	2,290.0
Profit/(loss) for the half year	92.8	(0.8)
Balance at the end of the half year	2,476.0	2,289.2

Notes to the condensed interim financial report

Other items

14 Related party transactions

Management and development activities and amounts due from related parties

	Management and development activities		Amounts due from related parties ¹	
	2023	2022	31 Dec 2023	30 Jun 2023
	\$M	\$M	\$M	\$M
JVs				
GCLP	67.2	60.7	10.8	13.6
GUKP	9.1	7.0	6.7	2.6
KWASA Goodman Germany	4.3	4.3	-	-
Goodman Japan Development Partnership	-	-	-	0.2
	80.6	72.0	17.5	16.4
Related parties of GL and GIT				
Goodman Hong Kong Logistics Partnership	40.3	81.6	15.7	16.6
Goodman European Partnership	110.3	276.6	65.4	61.5
Other related parties	2.5	4.2	-	-
	153.1	362.4	81.1	78.1

1. Includes contract assets arising from transactions with related parties.

Financing arrangements with related parties

	Loans to related parties		Loans from related parties		Interest income/(expense) charged on loans to/from related parties	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M
JVs	4.8	7.0	-	-	-	0.2
GL, GIT and their controlled entities	750.1	656.3	(1,738.5)	(1,676.1)	(20.1)	(13.9)
	754.9	663.3	(1,738.5)	(1,676.1)	(20.1)	(13.7)

15 Events subsequent to the reporting date

Other than disclosed elsewhere in the condensed interim financial report, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial periods.



Independent Auditor's Review Report

To the Board of directors of Goodman Logistics (HK) Limited

Review report to the Board of directors of Goodman Logistics (HK) Limited

Introduction

We have reviewed the condensed interim financial report set out on pages A4 to A24 which comprises the consolidated interim statement of financial position of Goodman Logistics (HK) Limited as at 31 December 2023 and the related consolidated interim statements of comprehensive income and changes in equity and the condensed consolidated interim cash flow statement for the half year then ended and explanatory notes. The directors are responsible for the preparation and presentation of the condensed interim financial report in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

Our responsibility is to form a conclusion, based on our review, on the condensed interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the condensed 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 Hong Kong Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial report as at 31 December 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

15 February 2024

Directors' report

REMUNERATION REPORT – AUDITED

Letter from the Chairman and the Remuneration Committee Chair

1. REMUNERATION GOVERNANCE

- 1.1. The role of the Board and the Remuneration and Nomination Committee
- 1.2. Key activities of the Remuneration and Nomination Committee for FY23
- 1.3. Key Management Personnel (KMP)

2. REMUNERATION STRATEGY

- 2.1. Key remuneration principles
- 2.2. Objectives of the remuneration strategy
- 2.3. Remuneration mix and alignment across the Group

3. EXECUTIVE REMUNERATION FRAMEWORK

- 3.1. Feedback and response
- 3.2. Remuneration for executive KMP
- 3.3. When is remuneration earned and received?
- 3.4. Short-term incentive (STI)
- 3.5. Long-term incentive (LTI)
 - 3.5.1. FY24 LTI awards (five and ten-year plans)
 - 3.5.2. FY23 LTI awards (five and ten-year plans)
 - 3.5.3. FY22 LTI awards
 - 3.5.4. Setting operating EPS hurdles
 - 3.5.5. Operating EPS – long-term cash flow alignment with vesting outcomes
- 3.6. Non-financial measures
 - 3.6.1. Types of non-financial measures
 - 3.6.2. Integration of non-financial measures into STI
 - 3.6.3. Integration of non-financial measures into LTI
- 3.7. Considerations for setting of awards
 - 3.7.1. Considerations for award quantum – Goodman Group in context
 - 3.7.2. Considerations for award quantum – structure

4. GROUP PERFORMANCE AND OUTCOMES

- 4.1. Goodman FY23 highlights
- 4.2. Financial measures
- 4.3. Total security price returns comparison
- 4.4. Remuneration outcomes for FY23
 - 4.4.1. STI outcomes
 - 4.4.2. ESG assessment
 - 4.4.3. LTI outcomes
 - 4.4.3.1. Operating EPS hurdle (75% weighting)
 - 4.4.3.2. Relative TSR hurdle (25% weighting)
 - 4.4.4. Group CEO achievements
 - 4.4.5. Other executive KMP achievements
- 4.5. LTI grants in relation to FY23 performance

5. NON-EXECUTIVE DIRECTOR REMUNERATION

- 5.1. Key elements of the Non-Executive Director remuneration policy
- 5.2. Board and committee annual fees

6. STATUTORY DISCLOSURES

- 6.1. KMP remuneration (statutory analysis)
- 6.2. Movements in performance rights held by executive KMP
- 6.3. Analysis of performance rights held by executive KMP
- 6.4. Securities issued on exercise of performance rights
- 6.5. Unissued securities under performance rights
- 6.6. Non-Executive Directors' remuneration (statutory analysis)
- 6.7. Movements in Goodman securities held
- 6.8. Transactions with Directors, executives and their related entities

Letter from the Chairman and Chair of the Remuneration and Nomination Committee

Dear Securityholders,

On behalf of the Board, I am delighted to present the 2023 Remuneration Report, outlining Goodman's remuneration strategy and principles which we firmly believe provide appropriate alignment of the interests of management and Securityholders.

FY23 was another successful year for the Group, where we significantly exceeded financial performance expectations while also making excellent progress on our ESG initiatives. This was delivered by our management team in a particularly volatile and difficult global economic and market environment. The ongoing impact of global political instability, rising inflation and higher interest rates continue to present challenges for Goodman's business, our people, customers, investors, and the communities in which we operate and live.

The attraction and retention of talent are critical for the success of the Group. This is increasingly challenging as opportunistic competitors in our business seek to recruit high-performing teams around the world. The Group's longstanding and consistent approach to remuneration has been a key driver of our sustained success as an international business over an extended period of time.

This approach is reflected in our strong financial results for FY23 including:

- + Operating profit of \$1.8 billion (+17%), growth of 68% for the three years ended 30 June 2023 (which aligns with the Group's relevant LTIP testing period)
- + Statutory profit of \$1.6 billion and \$3.0 billion across the combined Group and Partnerships
- + Goodman operating EPS growth of 16%, materially exceeding initial expectations of 11%
- + Significant volume of development work in progress of \$13.0 billion at 30 June 2023, across 81 projects and providing a solid base for future profitability
- + Total AUM increasing 11% to \$81.0 billion
- + Low leverage of 8.3% and significant liquidity of \$3.1 billion providing strong financial capacity both for resilience and growth.

We have continued to reflect the importance placed on providing financial returns and operating within appropriate sustainability and environmental objectives, incorporating key ESG targets into the operations and long-term business strategies of the Group.

2022 AGM results and subsequent securityholder engagement

Despite receiving a second strike at last year's AGM, we recognise the significant support for our Remuneration Report which increased to over 71% from 58% a year before. While, as a Board, we were naturally disappointed with the result, we were grateful at the overwhelming support for the board in relation to the spill resolution. It is important to note that in the lead up to the AGM in 2022, we engaged directly with a large number of our investors representing approximately 60% of the securities on issue. Of this Group only a small proportion voted against the 2022 Remuneration Report. We received strong positive support for the plan structure, in particular our innovative ten year plan for senior executives, and the changes from 2021, specifically:

- + Reducing the proposed quantum of awards significantly (by 46% for the CEO and by 33% for KMP in terms of face value) while retaining the ability to recognise exceptional outperformance
- + Adopting significantly more challenging and competitive hurdles for operating EPS, notwithstanding the considerable market uncertainties existing at the time, which if achieved, at the top end of the range (11% per annum compound growth over the four year testing period; 52% growth overall) would provide Securityholders with exceptional performance in both relative and absolute terms.

Directors' report

Remuneration report - audited (continued)

We have also met with proxy advisors to explain and discuss our remuneration policies. These meetings have been constructive. An issue raised by one of the firms is our method of calculating operating profit and that it should include the share-based payment expense. We detail the reasons for our methodology in determining operating profit in section 3.5.5. In essence, operating profit reflects only cash profits, with non-cash items such as share-based payments and asset revaluations being excluded. Relevantly:

- + Management runs our business primarily on the basis of cash generation and employee performance is assessed accordingly
- + Based on analyst reports and management's discussions with investors and analysts, we believe the market uses operating profit as the most relevant measure to value the Group
- + Cash generation not only supports the payment of distributions but underwrites the robust financial health of the Group.

The Board believes that managing the business, on what is primarily a cash profit basis as represented by diluted operating EPS, is fundamental to long-term resilience and is the strongest determinant of value creation for Securityholders over time.

Despite not receiving sufficient votes to avoid the strike in 2022, the Board is confident that a substantial majority of our Securityholders continue to believe firmly in our remuneration structure, and importantly its alignment with their long-term outcomes.

We have again reflected this sentiment in setting awards and LTI hurdles this year. For KMP:

- + The STI component has been reduced by 10% (with the CEO continuing to not participate in STI awards)
- + The quantum of the FY24 LTI awards has also been reduced by 10% (so as to maintain the equivalent face value of the FY23 awards after taking into account the increase in the Goodman security price over the course of the year)
- + Challenging operating EPS hurdles (6% to 11% compound annual growth over a four year testing period and commencing from a substantially higher base) for LTI have again been imposed.

This remuneration result is particularly significant in the context of the Group's FY23 performance, where operating EPS increased 16%, well ahead of the broader market and our own guidance, but quantum of STI and LTI is similar to FY22. Furthermore, following exceptional results in the past two years where operating profit is up 46%, management will need to increase profit by over \$1 billion by FY27 in order to achieve maximum vesting of the FY24 awards.

The Board is always mindful of the focus on overall remuneration levels and spends considerable time each year determining remuneration outcomes in the context of our complex international operations. We recognise the need on the one hand, to attract, retain and incentivise our employees while, on the other hand, to meet the range of expectations of our Securityholders.

In closing I would like to acknowledge our long serving director, Phillip Pryke, who will be retiring from the Board in the first half of 2024. Phil, who chaired the Remuneration Committee from 2010 until earlier this year, has made a significant contribution to the formulation of the Group's remuneration strategies and to Board deliberations more generally.

We look forward to receiving your views and support at our 2023 AGM.

Yours sincerely,



Stephen Johns
Chairman and Chair of the Remuneration and Nomination Committee

1. REMUNERATION GOVERNANCE

1.1 The role of the Board and the Remuneration and Nomination Committee

The Board and the Remuneration and Nomination Committee are responsible for approving the structure of the remuneration of the Group's employees and for the specific pay of the Group CEO and other KMP. In setting these, the Board considers remuneration with a five to ten year horizon. It takes into consideration the impact that decisions made over the last three to five years have had on current performance and how it expects the business to perform in the longer term. It is not solely an exercise in reviewing a single year.

The Board believes the success of Goodman is primarily due to its people and their ability to execute a global strategy that requires agility, strong collaboration and an inclusive culture, all of which are key elements supported by the LTIP.

The Board:

- + Encourages management to take a long-term strategic view rather than an opportunistic approach to property investment
- + Expects the senior leadership team to accept collective responsibility for the outcomes
- + Focus on the creation of long-term sustainable returns
- + Focuses on the consistency of cash generation, through the Group's operating profit, as the most tangible means of measuring long-term value creation for Securityholders.

When determining the remuneration levels and outcomes for FY23, the Remuneration and Nomination Committee has considered:

- + Feedback from Securityholder engagement
- + The significant operational and financial outperformance of the Group
- + The specifics of individual performance
- + The long-term structure of remuneration and the challenging hurdles employed relative to expectations.

These have been assessed in the context of the current and expected future volatility as a result of inflationary conditions affecting capital markets and the global operating environment. This is particularly evident in the pressures on construction and development operations. It is our view that the logistics real estate sector continues to be favoured for investment, so the Remuneration and Nomination Committee has considered the impact continued competitor activity in our sector is having on attracting and retaining employees.

Remuneration this year aims to further balance Securityholder and employee outcomes and to continue to reinforce Goodman's long-term decision making. While the Group delivered strong operating EPS growth (+16.0%) in FY23, well ahead of original market guidance, for KMP the face value of awards (STI and LTI) has remained the same relative to the prior year and there are no increases in base pay for FY24 (other than where base pay is contractually subject to inflation-based indexation). The Board has:

- + Reduced STI by 10% (increasing the skew to at risk LTI)
- + Increased the difficulty of the hurdles for the proposed FY24 LTI awards compared with FY23 by maintaining the challenging operating EPS hurdles of 6% to 11%, off a substantially higher base year (refer section 3.5.4)
- + Reduced the number of performance rights awarded to KMP by approximately 10%, in order to maintain similar face value of the combined STI and LTI, as a consequence of the increase in Goodman's security price and the reduction in STI.

This approach is consistent with the business and operational strategy as well as providing competitive remuneration to attract and retain high quality people.

The Board acknowledges the strike received at our AGM last year in relation to the 2022 Remuneration Report. However, we remain confident that our remuneration strategies are best suited to the long-term future of Goodman.

Directors' report

Remuneration report - audited (continued)

1.2 Key activities of the Remuneration and Nomination Committee for FY23

From 1 July 2022 to 31 March 2023, the Board had a separate Remuneration Committee and Nomination Committee. From 1 April 2023 these committees were combined into the Remuneration and Nomination Committee. Members of the Remuneration and Nomination Committee (and the predecessor Remuneration Committee during FY23) were:

Member	Role
Stephen Johns	Independent Director and Chairman of Goodman Group, Member of Remuneration Committee 1 July 2022 – 31 March 2023, Chair of the Remuneration and Nomination Committee 1 April 2023 – 30 June 2023
Chris Green	Independent Director – Member of Remuneration Committee 1 July 2022 – 31 March 2023, Member of the Remuneration and Nomination Committee 1 April 2023 – 30 June 2023
Mark Johnson	Independent Director – Member of Remuneration Committee 1 October 2022 – 31 March 2023, Member of Remuneration and Nomination Committee 1 April 2023 – 30 June 2023
Rebecca McGrath	Independent Director, Member of Remuneration Committee 1 July 2022 – 1 October 2022
Phillip Pryke	Independent Director and Chairman of the Remuneration Committee 1 July 2023 – 31 March 2023

Following significant enhancements to the remuneration policies in FY22 and FY23, the Remuneration and Nomination Committee has made additional changes for the FY24 awards. Key decisions made and items considered in the determination of FY24 awards, include the following:

- + An approximate 10% reduction in STI for KMP that receive STI, further increasing the at risk long-term nature of remuneration
- + Agreed with the Group CEO (as in prior years) that he would not participate in the STI award and all his performance-based remuneration in relation to his FY23 performance will be in the form of LTI. In general, LTI remains the significant focus of remuneration awards across the Group
- + The quantum of LTI awards has been reviewed and in determining these, face value and structure relative to peers, the reduction in STI and the more challenging hurdles have been considered. Accordingly:
 - For the Group CEO, the number of rights has declined 10% relative to the FY23 award, offsetting the security price increase during FY23 and resulting in the face value of the FY24 LTI awards being similar to FY23
 - For the other executive KMP, the number of rights has declined by approximately 9% relative to the FY23 awards offsetting the security price increase during FY23 and lower STI and resulting in the face value of the FY24 LTI awards being similar to FY23
- + Continued the issuance of LTI awards under the ten-year plan for the Group CEO, executive KMP and other senior executives
- + Continued to make the five-year LTIP available to the balance of employees
- + Further increase in the challenge and outperformance required to achieve hurdles
 - For the maximum vesting to occur on the operating EPS linked portion of the plan, a compound annual growth rate (CAGR) of 11% per annum (at the Upper Level) must be achieved over four years (in the case of the 10-year plan); this equates to almost 60% growth in operating profit in FY27 relative to the very strong FY23 result
 - The Board's operating EPS growth targets for management have remained consistent despite the deteriorating market and the effect of compounding growth off the 43% increase in operating EPS in the past 2 years. This means all the hurdles are materially higher than in comparable FY22 awards
 - Based on the Board approved business and financial strategy, the Target level of performance is 8.5% CAGR growth in operating EPS over the four year testing period. This is the mid-point of the 6% to 11% operating EPS growth hurdles
 - To achieve maximum vesting at the Upper Level hurdles, equates to operating profit growth in FY27 of over \$1,020 million (from the FY23 base year) and an increase of over \$240 million above the Board's Target level of performance
 - Given the more challenging operating environment globally, analyst consensus expectations for the broader market (as evident in the S&P/ASX 100) and Goodman, are materially lower than both Board Target and the Upper Level. The Upper Level vesting hurdle reflects an approximately 4% higher growth rate per annum than market consensus and Visible Alpha forecasts and therefore a significant stretch component for management.

- + The Board Considers the 6% to 11% operating EPS CAGR range to be a truly challenging hurdle range for management in the current environment
- + Environmental and sustainability targets, included in the FY24 performance rights testing conditions have been reviewed and updated as considered appropriate
- + Fixed remuneration levels for Greg Goodman and Nick Vrondas were unchanged in FY23. Danny Peeters fixed remuneration is contractually subject to inflation-based indexation, calculated by reference to the change in the Luxembourg HICP Index. Accordingly, in respect of FY23 his base pay increased by 10.2% to €585,450. In respect of Nick Kurtis and Anthony Rozic, increases were made to fixed remuneration after benchmarking against similar roles in relevant locations.

1.3 Key Management Personnel (KMP)

Member	Role	Tenure at Goodman
Executive KMP		
Gregory Goodman	Group Chief Executive Officer	28 years
Danny Peeters	Executive Director Corporate	17 years 1 month
Anthony Rozic	Deputy CEO and CEO North America	19 years 1 month
Nick Kurtis	Group Head of Equities	23 years 4 months
Michael O'Sullivan ¹	Group Chief Risk Officer	20 years 10 months
Nick Vrondas	Group Chief Financial Officer	17 years 2 months
Non-Executive KMP		
Stephen Johns	Chairman and Non-Executive Director	6 years 6 months
Chris Green	Non-Executive Director	4 years 2 months
Mark Johnson	Non-Executive Director	3 years 1 month
Vanessa Liu	Non-Executive Director	1 year 1 month
Belinda Robson	Non-Executive Director	2 months
Phillip Pryke	Non-Executive Director	12 years 9 months
Hilary Spann	Non-Executive Director	1 year 3 months
George Zoghbi	Non-Executive Director	2 months
David Collins	GLHK Non-Executive Director	5 years 5 months

1. Michael O'Sullivan retired from his role as Group Chief Risk Officer and ceased to be a KMP on 28 March 2023.

Kitty Chung was appointed as a GLHK Non-Executive Director on 1 July 2023 and became a KMP of Goodman from that date.

2. REMUNERATION STRATEGY

Goodman is one of the largest listed industrial real estate fund managers and developers globally. The Group's people are largely based outside Australia. The remuneration structure reflects the requirements in the highly competitive labour markets the Group operates in globally, not just in Australia, and the objective of aligning multiple regional businesses and operational segments with a global strategy and pay for performance outcomes.

A significant proportion of the value of the Group, reflected in the \$20.6 billion premium between the security price of \$20.07 at 30 June 2023 and Goodman's net tangible assets per security of \$9.12, is attributable to the value created across the global platform. Given the active nature of the Group's operations, the Board believes that this is almost entirely due to Goodman's people, the decisions they make and their ability to execute consistently and at all levels that has positioned the Group to sustainably grow the cash generation measure of the business that is encapsulated by operating profit (as described in the section 3.5.5).

The retention of talent is therefore critical for the long-term success of the Group and is increasingly challenging as opportunistic competitors seek to recruit high-performing teams around the world. The Group's remuneration policy is crucial in its ability to have the appropriate human resources to deliver on the strategy, create the right culture and drive performance for the benefit of all stakeholders.

Directors' report

Remuneration report - audited (continued)

The Group's remuneration structure, in particular the focus on equity-based reward, has been a key component of its success as an international organisation. The Board believes that aligning all employees with Securityholders through the Group's remuneration policy has added significant value to the Group. It has been a fundamental differentiator in generating and rewarding long-term performance and retaining quality people in a highly competitive global environment. It is particularly important considering the challenges created by the volatility in global political and capital markets as it binds all employees together as owners of the business and is a powerful incentive and driver of operational resilience.

2.1 Key remuneration principles

Continuing alignment of remuneration in line with Group strategy, structural changes and ESG aspirations

Given the cyclical nature of real estate, incentive structures within real estate businesses are highly outcome driven (particularly by private equity real estate managers where most institutional assets reside). The Group's capital and resource allocations shift over time in response to variable market circumstances. The effects of these real estate strategies take time to manifest, requiring rewards to be measured over longer periods. The Group's remuneration framework is therefore focused on influencing long-term decision making and collaboration across business units and international operations to derive sustainable outcomes.

There are several key principles of remuneration that the Board considers to be most relevant:

- + Focus on LTI as the predominant source of pay for performance for senior members and a material factor for all employees of the Group. All employees are eligible to receive LTI grants as a material component of remuneration that are tested using challenging hurdles without encouraging inappropriate risk (see section 3.5.4), enhancing alignment of rewards across the Group with Securityholders
 - Aligning the deliverable outcomes of all employees globally, with Goodman's aspirations of long-term cash flow growth, resilience, and sustainability. This is practically achieved through the focus on operating profit (which is closely aligned with cash profits) as the primary testing measure for LTI awards (see section 3.5.5)
 - Goodman's remuneration structure results in a significantly higher proportion of pay in the form of equity-based performance awards (93% for the Group CEO versus less than 43% for S&P/ASX 20 CEO's). Consequently, despite only 25% of LTI testing against relative total securityholder return (TSR), employees have significant alignment and exposure to TSR outcomes versus typical remuneration structures. In addition, operating profit which determines operating EPS is a cash-based measure which management globally can have a tangible influence on
 - Importantly operating EPS is the underlying value driver for Goodman securities and is expected to ultimately align with TSR outcomes over the longer term
- + Securityholders are the beneficiaries of the Group-wide outcomes. Collaboration is required to achieve Group-wide targets across regions and business units. Remuneration should engender a collective responsibility for the consolidated outcomes which can facilitate decision making that leads to the optimal allocation of resources between locations and activity types to pursue the most appropriate opportunities at different points in time
- + A culture of ownership, inclusion and alignment, where all employees experience investment returns aligned with Securityholders creates stability which reduces staff turnover
- + Balancing reward and retention with long-term cost to Securityholders at respective levels of performance.

Business strategy requires long-term remuneration timeframes to align outcomes

Goodman's increased focus on urban infill markets with their significant increase in complexity has led to longer development horizons to maximise outcomes but delivered significant returns to investors. In summary:

- + Site acquisition and value add to existing stabilised sites, often takes five to ten years, and sometimes longer, to achieve highest and best use and urban regeneration outcomes
- + The Group's approach to development considers the lifecycle of an asset even for new developments which allow further intensification or change of use at a later time. This sometimes comes at the expense of short-term performance; however, this approach is consistent with the Group's strategic objectives and provides future value realisation potential, over significant time periods
- + Increased focus on ESG and integration of environmental sustainability aspirations into the Group's operational activities requires significant time periods (often beyond five years) for implementation. Goodman's approach to outcomes for the community, environmental sustainability and wellbeing are long-term aspirations aligned with the financial sustainability objectives.

In the Board's view, the long-term nature of the structural trends impacting the sector, the Group's approach to real estate investment in relation to this, and investor feedback, supports continuation of the LTIP structure. The ten-year plan for the Group CEO, other executive KMP and other senior executives in the organisation, will continue to influence decision making and closely align with the time periods required to deliver superior operational results on a sustainable basis. It also provides sufficient time to implement key ESG initiatives and achieve the Group's targets, particularly in relation to longer-dated environmental and sustainability objectives, in a manner that creates alignment with the desired outcomes for Securityholders. The five-year LTIP is longer than most in the S&P/ASX 100 and remains in place for all eligible employees who do not participate in the ten-year plan and will continue to include hurdles aligned with the ten-year plan.

Directors' report

Remuneration report - audited (continued)

2.2 Objectives of the remuneration strategy

Attract	Reward	Long-term alignment of our people and Securityholders
Remuneration structure	Performance conditions	Alignment with strategy and long-term performance
Fixed remuneration Low fixed costs, with the focus on "at risk" equity.	Scope and complexity of the role, individual absolute and relative comparison in the relevant market and comparator group.	Real estate investment management and development are cyclical, so fixed employee costs are kept relatively low, below median and mean for comparable companies. Group CEO fixed remuneration has not changed for 16 years.
STI remuneration is a 100% at risk performance base award tied to operational performance metrics over the past 12 months. However, the Group CEO forgoes STI in favour of LTI. Other executive KMP received between 6% to 10% of total FY23 remuneration in STI, with payments made in two instalments, the first in August or September after the financial year end and the second 12 months later.	Assessment includes four key components: + Achieving operating EPS target ¹ + Meeting Goodman behavioural expectations per the Code of Conduct + Individual financial and operational assessment + Assessment against environmental and sustainability objectives. <i>1. Achieving the operating EPS target does not determine the level of STI. It is a "gate" to the creation of the STI pool for the entire organisation. The test is therefore different and distinct from the LTI test where operating EPS performance determines the level of LTI vesting.</i>	STI is an at risk component, rewarding financial and non-financial performance against objectives of the individual and the Group. Awards in FY23 represent 67% of the maximum for executive KMP The performance of individuals is assessed through a performance appraisal process based on contribution to strategic, financial, operational and ESG objectives, while also reflecting behavioural expectations (see section 4.4.). Financial performance is the primary measure in determining the maximum level of STI for the individual; however, this can be penalised if behavioural standards or ESG targets are not met or breached (up to 100% of STI for certain measures). These factors together incentivise the executive KMPs to achieve not only the operating EPS targets, but also that the method in which they are met matches appropriate risk and governance settings. Given the complex nature of the Group's global operations, individual financial metrics are reflected in the operating EPS. This structure is simple and transparent and aligns management with the operating EPS growth expectations of Securityholders. Detailed financial metrics for the business are additionally disclosed in reporting. In addition LTI operating EPS targets as LTIP targets are set over four years and represent the longer-term aspirations of the business with performance result directly determining financial outcomes through level of vesting.
LTI is "at risk" remuneration that rewards long-term sustained performance. New awards will be granted in FY24 in relation to FY23 performance achievements, an assessment of potential future contributions and relevant alignment of employees. Ten-year plan awards to the Group CEO, executive KMP and senior executives are tested over four years with vesting in equal tranches, annually, from the end of year four to the end of year ten. Five-year plan awards to remaining employees are tested over three years with vesting in equal tranches, annually, from the end of year 3 to the end of year 5.	75% tested based on achieving the cash-based operating EPS hurdle range 25% tested based on relative TSR against the S&P/ASX 100 constituents. The benchmark index aligns with a significant portion of investors' benchmarks relevant to their holdings and provides closest alignment with their performance. Environmental and sustainability targets (set by the Board) over the LTIP testing period with penalty to vesting outcomes of up to 20% of rights satisfying the operating EPS hurdle for material underperformance against targets.	The high weighting to LTI is believed to be the most effective way of rewarding sustained performance and retaining talent while maintaining alignment with Securityholders' experience. Hurdles are set to be competitive relative to reference groups and challenging for management with a significant stretch component, but without encouraging inordinate risk in execution (see sections 3.5.4 and 3.5.5) relative to external and internal reference points. TSR provides an effective check against increasing risk or unsustainable practices within the Group. The price to earnings multiple attributable to securities will reflect the risk in achieving operating EPS targets, which impacts the likelihood of vesting and the ultimate value upon vesting. The relative TSR and operating EPS hurdles interact as TSR impacts the value of all performance rights. Given the significant skew in remuneration to performance rights, the effective impact of the TSR on remuneration is significantly greater than its 25% weighting. The combination of 25% TSR testing and >80% equity-based remuneration for executive KMP, provides significant overall exposure to TSR, based on the Group's remuneration structure. The total number of performance rights outstanding under the LTIP at 30 June 2023 equates to 4.1% of the Group's issued securities. The maximum number of performance rights under the LTIP is limited to 5% of the Group's issued securities including cash settled performance rights ("phantoms"). Equity issuance to all employees encourages a collaborative approach and broader distribution of remuneration across the entire workforce when the Group is performing well.

At risk remuneration (typically >90% of CEO total remuneration)

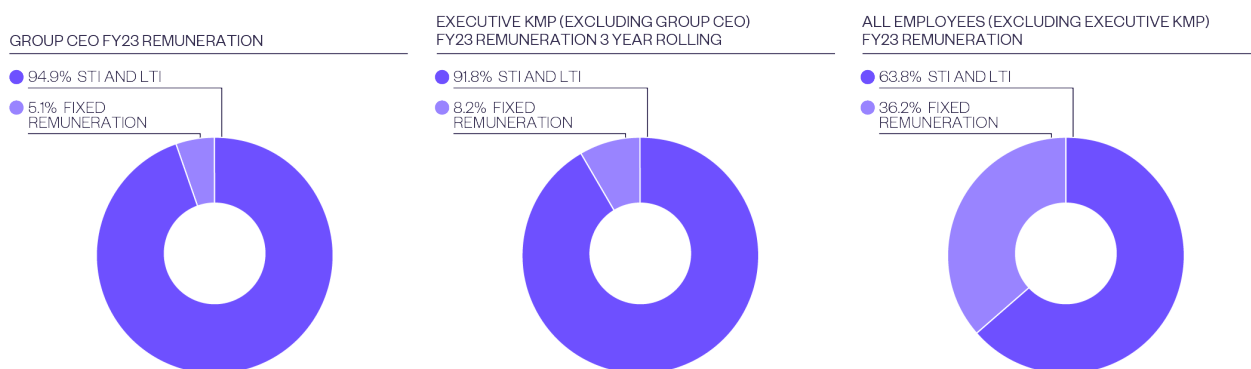
2.3 Remuneration mix and alignment across the Group

The Board believes that the alignment between pay and long-term performance is evidenced by the significant proportion of the total remuneration that is at risk for the Group CEO, the other executive KMP and employees throughout the organisation. In respect of the Group CEO, all of his at risk remuneration is in the form of LTI.

This is demonstrated in the charts below that consider the vested remuneration received during FY23. Vested remuneration represents the value that is received during FY23. It includes fixed base pay, STI and the value of performance rights that vested during FY23 (from prior grants) using the closing Goodman security price on the day of vesting.

The Board believes that this demonstrates the alignment of the remuneration outcomes for the Group CEO with the outcomes for Securityholders, who have experienced strong performance over a significant period alongside the Group CEO. Had the Securityholder returns been lower, the level of at risk remuneration would have been lower (due to lower vesting outcomes and lower value of vesting performance rights) and fixed remuneration would have made up a greater proportion of the total vested remuneration in FY23 for all employees, but especially for the Group CEO and the other executive KMP.

FY23 vested remuneration outcome



3. EXECUTIVE REMUNERATION FRAMEWORK

3.1 Feedback and response

While the Group received a second strike at the AGM in November 2022, the result improved significantly from 58% in 2021 to 71% in 2022. The Chairman and the Group Head of Stakeholder Relations engaged with as many investors as reasonably possible in the lead up to the AGM. This led to engagement with 48 investors representing approximately 60% of Goodman's securities. Of this group only a small percentage voted against the remuneration. We received strong positive support for the changes from 2021 and specifically for the plan structure and hurdles.

Securityholder and Proxy Feedback	Response
Strongly positive feedback regarding the structure of the plan, testing and vesting period.	Continued the issuance of LTI awards under the ten-year plan for the Group CEO, other executive KMP and other senior executives. This ten-year plan will apply for the intended grant of performance rights to be made in September 2023 (therefore in FY24) in respect of FY23 performance.
While Securityholders recognise the long-term nature of LTI awards and many recognize the economic value approach, the majority use face value for determining outcomes.	The Group has relied on face value comparison with peer groups, noting the structure of respective plans, for the setting of awards. Awards have been reviewed relative to our global competitors and local peers. In addition, despite the Group delivering strong operating EPS growth (+16%) in FY23, well ahead of original market guidance, the Board acknowledges the strike received at the November 2022 AGM, and consequently for executive KMP has: - Reduced STI by 10% (which further increases the skew to at risk LTI) - Maintained the face value of the intended FY24 LTI awards at a level equivalent with FY23
Quantum is high relative to the ISS peer group.	In the Board's view, the ISS generated peer group is not a comparable group of companies, as the companies are significantly smaller, less active and operate almost solely in Australia. The Board has outlined what it considers to be relevant peer groups in section 3.7.1 and has considered these when assessing the quantum of remuneration awards.

Directors' report

Remuneration report - audited (continued)

Operating profit/operating EPS has been raised by one of the proxy advisors as a bespoke calculation and that it should include non-cash share-based payment expense.	The Board believes that managing the business, on what is primarily a cash profit basis as represented by diluted operating EPS, is fundamental to long-term resilience and is the strongest determinant of value creation for Securityholders over time. That is the intent of the Group's operating profit definition (and operating EPS), and it is one of the key measures used to drive the business strategy for employees to execute. It is also why the Board has used operating EPS (operating profit per share, diluted for tested performance rights) as one of the principal performance tests in its LTI awards and why it continues to be an appropriate means by which to assess employee performance. Based on analyst reports and investor discussions, the market overwhelmingly uses operating profit as the most relevant and appropriate measure to value the Group. This is covered in further detail in Section 3.5.5.
Hurdles are set to be competitive and challenging in line with long term performance and the risk settings appropriate for the Group. Feedback, from the overwhelming majority of investors was that hurdles and the 'stretch' were appropriate, relative to targets. One proxy considered the hurdles were not challenging enough.	LTI hurdles have been set for FY24 awards with a further increase to the challenge and outperformance required to achieve vesting. For the maximum vesting to occur on the operating EPS linked portion of the plan, a compound annual growth rate (CAGR) of 11% per annum (at the Upper Level) must be achieved over four years (in the case of the 10-year plan); this equates to almost 60% growth in operating profit in FY27 relative to the very strong FY23 result. The Board's operating EPS growth targets for management have remained consistent despite the deteriorating market and the effect of compounding growth off the 43% increase in operating EPS in the past two years. This means all the hurdles are materially higher than in comparable FY22 awards. Based on the Board approved business and financial strategy, the Target level of performance is 8.5% annual growth in operating EPS over the four year testing period. This is the mid-point of the 6% to 11% operating EPS growth hurdles. To achieve maximum vesting at the Upper Level hurdle, equates to operating profit growth in FY27 of over \$1,020 million (from the FY23 base year) and FY27 operating profit more than \$240 million above the Board's Target level of performance. Given the more challenging operating environment globally, analyst consensus expectations for the broader market (as evident in the S&P/ASX 100) and Goodman, are materially lower than both the Board's Target level and the Upper Level. The Upper Level hurdle reflects a 4% per annum higher growth rate than market consensus (Visible Alpha forecasts), and a significant stretch component for management
Should we increase TSR tested portion of performance rights to 50%?	The Board has again considered the appropriate portion of the performance rights to be tested using the TSR measure. We continue to believe the current structure providing 75% operating EPS testing and 25% TSR testing is the appropriate mix for Goodman. The Board believes that managing the business, on what is primarily a cash profit basis, is fundamental to long-term value creation and therefore Securityholder performance over time. The Board gave consideration to: 1. Having engaged with a significant number of investors, there is no clear indication that TSR testing is a preferred approach for Goodman, and strong support remains for long-term cash flow measures 2. The LTI plan is a significant component of all eligible employee remuneration, not just for a small group of senior executives. Importantly, most of these employees are domiciled outside Australia with limited connection to the ASX or the factors which impact equity market volatility and TSR. In the Board's view, it is not appropriate or in the interest of Securityholders to link the most significant portion of remuneration for all employees to TSR, which is subject to short-term factors they have no control over 3. Employees across the business contribute to sustainable cash-based earnings growth in their day to day roles, and therefore the Board believes that in order to effectively incentivise them, operating EPS represents the most appropriate single measure 4. The relative TSR and operating EPS hurdles interact as TSR i.e. the security price, impacts the value of all LTI tranches. Given the significant skew in remuneration to LTI, the effective impact of the TSR on remuneration is significantly greater than its 25% weighting. The combination of 25% TSR testing and >80% equity-based remuneration for employees, provides significant overall exposure to TSR, based on the Group's remuneration structure. 5. The 25% TSR does provides an effective check against increasing risk or unsustainable practices within the Group. The price to earnings multiple attributable to securities will reflect the risk in achieving operating EPS targets, which impacts the likelihood of vesting and the ultimate value upon vesting.
Preference for long-term ESG targets.	ESG targets will remain as an additional test for operating EPS tranches of performance rights, allowing for up to 20% reduction in vesting outcomes in the event of material underperformance against the targets. Targets have been reviewed and additional environmental and sustainability targets have been included in the testing conditions for FY24 awards. Progress against targets is reviewed annually.
Preference for long-term at risk remuneration. Securityholders prefer in principle lower fixed and STI remuneration and more at risk LTI.	Agreed with the Group CEO (as in prior years) that he would not participate in the STI award and all his performance-based remuneration in relation to his FY23 performance will be in the form of LTI.

3.2 Remuneration for executive KMP

Key testing criteria and minor modifications made to the Long-Term Incentive plan

EPS performance testing	Ten-year plan FY23	Change	Ten-Year plan FY24	Comment/rationale
Threshold	6% (CAGR) in operating EPS (25% of performance rights vest at the Threshold).	No	6% CAGR in operating EPS for the 4 years to FY27 (25% of performance rights vest at the Threshold)	Performance at the Threshold level (compound annual growth in operating EPS of 6% for the four years to FY27) for performance rights vesting to start has been set such that it requires performance significantly in excess of that expected from relevant peer groups. Goodman must deliver >15% EPS growth compared to the S&P/ASX 100 (2.5% per annum) and S&P/ASX 200 REIT's (2.7% per annum) based on broker consensus earnings in order to achieve the Threshold Level.
Vesting at Threshold	25%	No	25%	
Target	8-9% CAGR in operating EPS (55% to 70% of performance rights vest at Target)	Yes	8.5% CAGR in operating EPS. For the 4 years to FY27 (62.5% of performance rights vest at Target)	Based on the Board approved business and financial strategy, the Target level of performance is 8.5% compound annual growth in operating EPS over the four year testing period. This is the mid-point of the 6% to 11% operating EPS growth hurdles. It is in excess of average broker research estimates for the Group (of approximately 7% per annum) and materially in excess of peers. The Board's operating EPS growth targets for management have remained consistent despite the deteriorating market and the effect on the hurdles of the 43% increase in operating EPS in the past two years. As a consequence, the Board considers the hurdles are higher than in comparable FY23 awards.
Vesting at Target	55% to 70%		62.5%	
Upper level	11% CAGR in operating EPS. (100% of performance rights vest)	No	11% CAGR in operating EPS for the 4 years to FY27 (100% of performance rights vest)	For the maximum vesting to occur a compound annual growth of 11% per annum, the Upper Level, must be achieved over four years; this equates to almost 60% growth in operating profit in FY27 relative to the very strong FY23 result. Vesting at the Upper Level equates to operating profit growth in FY27 of over \$1,020 million (from the FY23 base year) and the FY27 operating profit would be more than \$240 million above the Board's Target level of performance. Given the more challenging operating environment globally, analyst consensus expectations for the broader market (as evident in the S&P/ASX 100) and Goodman, are materially lower than both the Board's Target level and the Upper Level. The Upper Level vesting hurdle, reflects a 4% per annum higher growth rate than market consensus (Visible Alpha) forecasts and a significant stretch component for management
Vesting at Upper level	100%	No	100%	

TSR performance hurdle	Ten-year plan FY23	Change	Ten-year plan FY24	Comment/rationale
Testing criteria	TSR against S&P/ASX 100.	No	TSR against S&P/ASX 100.	S&P/ASX 100 correlates with most benchmarks relevant to Securityholders.
Testing thresholds	0% at 50th percentile 25% at 51st percentile Straight line vesting percentage to 90th percentile where 100% vests.	No	0% at 50th percentile 25% at 51st percentile Straight line vesting percentage to 90th percentile where 100% vests.	Outperformance of the index average is required before any portion is vested. This aligns with Securityholders albeit underlying operational performance may not be reflected in TSR if macro environment changes (as has happened in FY23)
Environmental and sustainability hurdles	Ten-year plan FY23	Change	Ten-year plan FY24	Comment/rationale
Environmental and sustainability performance	Targets set by the Board are tested at the end of year four. A penalty applies to the number of performance rights that have satisfied the operating EPS hurdle, with 20% maximum reduction in the event of material underperformance against targets.	Yes (refreshed Hurdles)	Targets set by the Board are tested annually and at the end of year four. A penalty is applied to the number of performance rights that have satisfied the operating EPS hurdle, with 20% maximum reduction in the event of material underperformance against targets.	Given environmental and sustainability initiatives are integrated into the operations of the business, in the event of underperformance, a penalty is applied to the number of performance rights that satisfy the operating EPS hurdle. A 20% maximum reduction would apply in the event of material underperformance against targets.

Directors' report

Remuneration report - audited (continued)

While STI and LTI both utilise an operating EPS measure the testing criteria are materially different.

For the STI:

- + Achieving the operating EPS guidance for a particular financial year acts as a gate and not a financial test determining level of payment. The Group's guidance for the financial year ahead must be achieved in order for any bonus pool to be available for that year
- + STI also includes a "gate" relating to conduct and behaviour
- + STI (excluding the CEO) is then determined based on individual employee performance relative to KPI's.

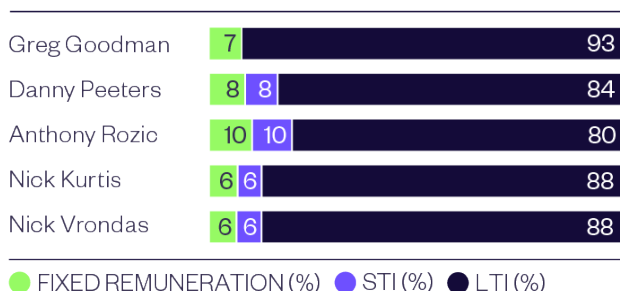
For the LTI:

- + Operating EPS is tested over four years, so while the first year's guidance is relevant, it is only one year of the four years growth required to determine CAGR and therefore the vesting of the operating EPS tranches of the LTI. The level of compound annual growth achieved (from 6% to 11%) will determine the financial outcome under the LTI as it relates to the number of securities that would vest
- + The level of certainty relating to operating EPS growth is lower beyond one year, and hence the guidance for the coming financial year is not indicative of future years.

The chart below illustrates the components of KMP remuneration in relation to FY23 performance using:

- + Current fixed base pay
- + STI award (where applicable)
- + LTI award value using the intended grant to be made in September 2023 based on the face value at 30 June 2023 as detailed in section 4.5.

REMUNERATION



Note: This analysis is different to both the statutory presentation of remuneration and the vested remuneration, which are referred to elsewhere in the remuneration report.

Under the ten-year plan and with the above remuneration structure:

- + The Group CEO would not receive any performance-based reward in respect of his performance for FY23 if the Group does not meet its minimum performance hurdles under the LTIP over the next four years (measured at 30 June 2027)
- + At the Threshold level of performance (6% per annum compound growth in operating EPS), the Group would have significantly outperformed the S&P/ASX 20 (based on market consensus forecasts) but this would only result in 25% vesting and remuneration outcomes that are materially below the current median for the entities in the S&P/ASX 20 and our comparators (Section 3.7).
- + The ultimate value of the award will be subject to Goodman's security price performance and will only be realised in its entirety in September 2033 (ten years).

3.3 When is remuneration earned and received?

The chart below illustrates the timing of receipt of the remuneration components for executive KMP. Performance goals under the ten-year plan must be achieved over a period of four years to qualify for performance-based pay. Vesting then occurs in seven equal tranches from years four to ten. There is significant risk associated with vesting given the required returns to satisfy vesting and the final cash outcome is dependent on the movement in the security price over the next ten years.



Directors' report

Remuneration report - audited (continued)

3.4 Short-term incentive (STI)

STI is a component of remuneration that is at risk. It is assessed through a series of "gates" based on achievement of financial and non-financial objectives. This structure is transparent, ensures minimum performance requirements for eligibility and aligns individuals with Securityholders.

Questions	
Who is eligible to participate in the STI?	All full-time and part-time permanent employees. The Group CEO agreed with the Board not to participate in the STI awards, to emphasise reward for long-term decision making across the organisation.
What is the form of the STI award?	Cash. For executive KMP, 50% of the STI award is paid on finalisation of Goodman's full year result. 50% of the STI award is deferred and paid in cash after a period of 12 months and this deferred STI amount is subject to forfeiture under malus provisions (see below).
What is the maximum award participants may earn?	STI awards are capped at 150% of fixed remuneration for executive KMP. Target STI for individuals is also compared to market-based remuneration data and their manager's own assessment of what an appropriate level of incentive compensation may be relative to the long-term value that person brings to the Group.
How is the STI earned?	The Board sets budget targets for the business annually. These targets are set relative to the market conditions, earnings visibility, financial structure and strategy and are believed to be challenging and appropriate. STI for all staff is subject to: (1) achieving operating EPS (based on the annual target for the relevant year which is disclosed to the market at the beginning of the year in the form of "guidance"; (2) meeting behavioural expectations under the Group's Code of Conduct; (3) financial and operational assessment; and (4) assessment against environmental and sustainability targets. It is important to note, achieving the operating EPS Target does not determine the level of STI. It is a "gate" to the creation of the STI pool for the entire organisation. The test is therefore different and distinct from the LTI test where operating EPS performance determines the level of LTI vesting.
How is the individual STI award determined?	STI rewards annual performance against objectives of the individual and the Group. The Group objectives include multiple factors as set from time to time, dependent on the market and strategy of the Group. Overall Group financial performance relative to targets is the primary assessment, overlaid with required achievement against environmental and sustainability objectives and adherence to the Group's core values and conduct. The performance of individuals is assessed through a detailed and formal performance appraisal process based on contribution to defined objectives, behavioural expectations, annual contribution to results as well as strategic and other contributions where these results or benefits may be reflected in future years. Consideration is also given to the total remuneration package with a view to retaining and appropriately aligning and motivating employees.
Is there malus/clawback?	The executive KMP STI awards are subject to 50% deferral for 12 months from the date of publication of Goodman's financial statements. This deferral period provides protection from malus. The Board has discretion to forfeit deferred amounts for material misstatement, fraud or adverse changes that would have affected the award where there is executive responsibility.
Is STI deferred into equity?	No. A much greater portion of remuneration for executive KMP is in the form of LTI (equity) than arguably any other S&P/ASX 100 entity and hence they are already significantly more aligned with Securityholders' outcomes than executives at other listed entities. As a result, in the Board's view, there is little further benefit in deferring STI into equity.
What happens to STI upon termination or resignation?	For all executive KMP, the deferred portion of STI award is subject to immediate forfeiture in circumstances where employees are dismissed for cause without notice (e.g. fraud or serious misconduct) or resign from the organisation, barring special circumstances.

3.5 Long-term incentive (LTI)

The Goodman LTIP is an equity plan where rewards are at risk and dependent on performance and time. It is open to all permanent employees to create alignment with the interests of Securityholders over the long term.

- + No value is derived from LTI unless minimum performance hurdles of operating EPS and relative TSR are met or exceeded, and performance rights have no entitlement to dividends or assets until they vest. The Threshold target with respect to operating EPS (where only 25% of these performance rights vest) is significantly ahead of estimates for the S&P/ASX 20, S&P/ASX 100 and S&P/ASX 200 REIT sector
- + If performance achieves or exceeds long-term targets and performance rights vest, LTI represents the majority of remuneration for executive KMP and becomes a material component of remuneration for all participating employees
- + Performance rights represent a small portion of the Group's equity and a small percentage of the likely value created for Securityholders if they vest. CAGR for operating EPS is used to test performance and has to absorb dilution created through the vesting of securities under the LTIP, effectively mitigating the impact of the dilution on Securityholders.

The key terms of the LTIP are set out on the next page.

3.5.1 FY24 LTI awards

Questions in relation to grants to be made in FY24

Who is eligible to participate?	All full-time and part-time permanent employees are eligible to participate in either the five-year or the ten-year plans. Executive KMP and senior executives participate in the ten-year plan.
What is the form of the award?	The LTIP awards performance rights linked to the underlying ASX listed securities. The performance rights do not receive distributions or have any right to income, net assets or voting until vesting.
What is the maximum LTI participants may earn?	When considering the overall size of LTI awards, the Board also considers the number of securities that could vest and the associated impact on the operating EPS growth. The total five-year and ten-year performance rights outstanding under the LTIP are capped at 5% of issued capital with vesting of approximately 0.7% pa, assuming all hurdles are met and all employees remain employed. The Board considers the performance of the Group relative to the comparator group, the amount of overall operating profit, the competitive nature of the global labour markets in which the Group operates and the value of the team in the local and global marketplace, as appropriate. Ultimately it is a function of the performance of Goodman and the security price, the better the performance and the higher the price, the greater the reward. This is fully aligned with the outcomes for the Securityholders.
How is the number of rights determined?	The Board sets the quantum based on a number of factors described in sections 3.7.1 and 3.7.2. The Board considers the face value per right as well as other factors when determining the LTI award.
What are the performance measures?	Behaviour in accordance with Goodman's core values is an absolute requirement for the granting of performance rights. The Board believes that the commercial decisions management makes in fulfilment of its overall financial objectives are best reflected in two key indicators: operating EPS and TSR (relative to the S&P/ASX 100). Operating EPS is a critical measure of long-term Group-wide performance of the operations (see section 3.5.5). The hurdles are set to be competitive and challenging relative to external and internal historical and prospective reference points (see section 3.5.4). TSR provides an effective check against increasing risk practices within the Group in that the security price to earnings multiple will reflect the perceived risk in the Group in achieving operating EPS targets. Focus on LTI is an efficient way of rewarding sustained performance and retaining talent. The proposed FY24 LTI awards, will incorporate environmental and sustainability targets, in addition to the operating EPS and relative TSR hurdles. Targets set by the Board will be tested annually and at the end of the LTIP testing period. A penalty can apply to the number of performance rights that have satisfied the operating EPS hurdle, with 20% maximum reduction if material underperformance against the environmental and sustainability targets occurs.
What is the weighting?	75% operating EPS hurdle 25% relative TSR hurdle
What is the performance period?	Ten-year plan: both operating EPS and relative TSR performance are tested over four financial years starting from 1 July in the year the grant was made. Operating EPS growth is assessed in the fourth year relative to the year preceding the year of the grant. Environmental and sustainability targets are reviewed annually and tested at the end of year four. Five-year plan: both operating EPS and relative TSR performance are tested over three financial years starting from 1 July in the year the grant was made. Operating EPS growth is assessed in the third year relative to the year preceding the year of the grant. Environmental and sustainability targets are reviewed annually and tested at the end of year three.
How do the LTIP awards vest?	Ten-year plan: Subject to meeting performance hurdles, vesting occurs in equal tranches shortly after the end of years 4 - 10, provided participants remain employed by the Group. Five-year plan: Subject to meeting performance hurdles, vesting occurs in equal tranches shortly after the end of years 3 - 5, provided participants remain employed by the Group.
Is there malus/clawback?	Subject to immediate forfeiture in circumstances where employees are dismissed for cause (e.g. fraud or serious misconduct). LTI will also be forfeited where employees cease to be employed, unless in Special Circumstances.
What happens to LTIP awards upon termination?	Performance rights lapse upon the employee leaving Goodman unless in Special Circumstances (primarily Death, Total and Permanent Disablement, Redundancy and Retirement in the normal course) in which case they are not subject to the employment requirement and vest subject to performance hurdles being met and the usual vesting timetable.
What rights are attached to the performance rights?	Performance rights have no Securityholder rights prior to vesting (e.g. distributions, voting, rights issue participation). They would be subject to reconstruction in instances of corporate events such as stock splits or stock consolidations.
Executive KMP equity holding	Executive KMP are required to hold 100% of the value of their fixed remuneration in Goodman securities, determined at time of purchase. In addition, Goodman's remuneration structure includes significant emphasis on performance-based remuneration in equity and the overall exposure of executive KMP to Goodman securities extends significantly beyond this requirement principally through participation in the LTIP.

Directors' report

Remuneration report - audited (continued)

Questions in relation to grants to be made in FY24 (continued)		
What are the vesting conditions for FY24 ten-year plan grants?	Operating EPS tested (75% of grant) The Board has set an operating EPS performance hurdle of growing operating EPS from the FY23 result of 94.3 cents to between 119.1 cents (Threshold level) and 143.2 cents (Upper level) in FY27. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6%pa and 11%pa CAGR in operating EPS or approximately 26% to 52% cumulatively over the four-year testing period. In addition, a penalty may apply to the number of performance rights that have satisfied the operating EPS hurdle if environmental and sustainability targets are not met. These are reviewed by the Board annually and at the end of the testing period with 20% maximum reduction in the number of rights vesting under the operating EPS tranches, in the event of material underperformance against targets.	Relative TSR tested (25% of grant) Vesting of the TSR awards is subject to achievement of cumulative TSR relative to the S&P/ASX 100 entities over a four year period: + 25% of awards vest for performance at the 51st percentile. + Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. + 100% of awards vest for performance at the 90th percentile or above.
What are the vesting conditions for FY24 five-year plan grants?	Operating EPS tested (75% of grant) The Board has set an operating EPS performance hurdle of growing operating EPS from the FY23 result of 94.3 cents to between 112.3 cents (Threshold level) and 129.0 cents (Upper level) in FY26. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% pa and 11% CAGR in operating EPS or approximately 19% to 37% cumulatively over the three-year testing period. In addition, a penalty may apply to the number of performance rights that have satisfied the operating EPS hurdle if environmental and sustainability targets are not met. These are reviewed by the Board annually and at the end of the testing period with 20% maximum reduction in the number of rights vesting under the operating EPS tranches, in the event of material underperformance against targets.	Relative TSR tested (25% of grant) Vesting of the TSR awards is subject to achievement of cumulative TSR relative to the S&P/ASX 100 entities over a three year period: + 25% of awards vest for performance at the 51st percentile. + Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. + 100% of awards vest for performance at the 90th percentile or above.
Can the hurdles be adjusted?	No (subject to ASX Listing Rule adjustments).	No.

3.5.2 FY23 LTI awards

Questions specific to grants made in FY23		
What are the vesting conditions for FY23 ten-year plan grants?	Operating EPS tested (75% of grant) The Board set an operating EPS performance hurdle of growing operating EPS from the FY22 result of 81.3 cents to between 102.7 cents (Threshold level) and 123.4 cents (Upper level) in FY26. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% pa and 11% pa CAGR in operating EPS or approximately 26% to 52% cumulatively over the four-year testing period. In addition, a penalty may apply to the number of performance rights that have satisfied the operating EPS hurdle if environmental and sustainability targets are not met. These are reviewed by the Board annually and at the end of the testing period with 20% maximum reduction in the number of rights vesting under the operating EPS tranches, in the event of material underperformance against targets.	Relative TSR tested (25% of grant) Vesting of the TSR awards is subject to achievement of cumulative TSR relative to the S&P/ASX 100 entities over a four year period: + 25% of awards vest for performance at the 51st percentile. + Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. + 100% of awards vest for performance at the 90th percentile or above.
What are the vesting conditions for FY23 five-year plan grants?	Operating EPS tested (75% of grant) The Board set an operating EPS performance hurdle of growing operating EPS from the FY22 result of 81.3 cents to between 96.9 cents (Threshold level) and 111.2 cents (Upper level) in FY25. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% pa and 11% CAGR in operating EPS or approximately 19% to 37% cumulatively over the three-year testing period. In addition, a penalty may apply to the number of performance rights that have satisfied the operating EPS hurdle if environmental and sustainability targets are not met. These are reviewed by the Board annually and at the end of the testing period with 20% maximum reduction in the number of rights vesting under the operating EPS tranches, in the event of material underperformance against targets.	Relative TSR tested (25% of grant) Vesting of the TSR awards is subject to achievement of cumulative TSR relative to the S&P/ASX 100 entities over a three year period: + 25% of awards vest for performance at the 51st percentile. + Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. + 100% of awards vest for performance at the 90th percentile or above.

Directors' report

Remuneration report - audited (continued)

3.5.3 FY22 LTI awards

Questions specific to grants made in FY22		
What are the vesting conditions for FY22 ten-year plan grants?	Operating EPS tested (75% of grant) The Board has set an operating EPS performance hurdle of growing operating EPS from the FY21 result of 65.6 cents to between 82.8 cents (Threshold level) and 96.0 cents (Upper level) in FY25. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% and 10% CAGR in operating EPS or approximately 26% to 46% cumulatively over the four-year testing period. In addition, a penalty may apply to the number of performance rights that have satisfied the operating EPS hurdle if environmental and sustainability targets are not met. These are reviewed by the Board annually and at the end of the testing period with 20% maximum reduction in the number of rights vesting under the operating EPS tranches, in the event of material underperformance against targets.	Relative TSR tested (25% of grant) Vesting of the TSR awards is subject to achievement of cumulative TSR relative to the S&P/ASX 100 entities over a four year period: + 25% of awards vest for performance at the 51st percentile. + Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. + 100% of awards vest for performance at the 90th percentile or above.
What are the vesting conditions for FY22 five-year plan grants?	Operating EPS tested (75% of grant) The Board has set an operating EPS performance hurdle of growing operating EPS from the FY21 result of 65.6 cents to between 78.1 cents (Threshold level) and 87.3 cents (Upper level) in FY24. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% and 10% CAGR in operating EPS or approximately 19% to 33% cumulative growth in operating profit over the three year testing period.	Relative TSR tested (25% of grant) Vesting of the TSR awards is subject to achievement of cumulative TSR relative to the S&P/ASX 100 entities over a three year period: + 25% of awards vest for performance at the 51st percentile. + Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. + 100% of awards vest for performance at the 90th percentile or above.

3.5.4 Setting operating EPS hurdles

The operating EPS target range under the ten-year plan is only for the purpose of testing criteria for vesting of performance rights. The range does not constitute earnings guidance for the Group.

The hurdles are set in line with the “pay for performance” culture and the desire for them to be both challenging and competitive while maintaining the integrity of the business strategy and risk management objectives in a sustainable manner.

The hurdle range, has been set with particular reference to:

- + The significant proportion of the Group's revenue over the next four years, being at risk in the sense that it is not currently contracted and subject to a wide number of variables, particularly in regard to development activities and performance fees
- + The range of potential real estate opportunities for the Group globally, given the Group's risk parameters and concentrated locations of operation
- + The long-run historical performance of the Group, noting that previous history is not a reflection of future earnings
- + Increased volatility across the global economic and political environment which is manifesting in higher cost inflation, slower real GDP growth rates and higher interest rates.

The Board's operating EPS growth targets for executive KMP and the senior executives have remained consistent despite the deteriorating financial market conditions as reflected in the analyst consensus expectations for the broader market (as evident in the S&P/ASX 100) and Goodman being materially lower than both the Target and the Upper Level hurdles. In addition, the Group has delivered a 43% increase in operating EPS in the past two years. Combined, this means the difficulty of the hurdles for the FY24 awards has increased significantly compared with FY23 by maintaining the challenging growth rates in operating EPS of 6% to 11%, despite the substantially higher base. To achieve maximum vesting at the Upper Level hurdle equates to operating profit growth in FY27 of over \$1,020 million (from the FY23 base year) and an increase in operating profit of more than \$240 million compared to the Board's Target level of performance.

Since implementation of the ten-year plan in FY21 there has been two years of significant operating profit growth. As a result, the increase in operating profit from the base year required for full vesting of FY24 awards represents a 46% higher outcome than for the awards made in FY22.

Profit growth to achieve full vesting for the operating EPS tranches

	Award year		
	FY22	FY23	FY24
Base year operating profit (\$M)	1,219	1,528	1,783
Final year operating profit (\$M) at 11% CAGR in operating EPS	1935	2424	2829
Increase in operating profit (\$M) relative to the base year required to achieve Upper Level hurdle	715	896	1046
Percentage increase in operating profit growth versus FY22 awards	n/a	25%	46%

The Board has set the operating EPS hurdles as follows:

Threshold Level hurdle - CAGR in operating EPS of 6% for the four years to FY27

- + Performance at the Threshold Level hurdle is required for performance rights vesting to start and has been set such that it requires performance materially in excess of relevant peer groups (S&P/ASX 20, S&P/ASX 100 S&P/ASX 200 REIT. The Board considers performance at Threshold level to be very good relative to the market and with respect to the required operational outcomes. However, despite significant outperformance required in excess of comparator Groups, only 25% vesting would occur and remuneration outcomes are estimated to be well below the median remuneration outcomes for these comparators.

Target Level hurdle - CAGR in operating EPS of 8.5% for the four years to FY27

- + Performance at "Target" Level is in line with aspirations determined by the Board business and financial strategy and is considered by it to be a very strong outcome. It must be achieved while taking into account what the Board believes are appropriate risk management constraints for the business, and given the context of the global economic and political environment, higher interest rates, inflation, cost of capital and risk settings. It is contingent upon increased activity levels and market conditions remaining favourable. As stated above, the Board's operating EPS growth targets for management have remained consistent despite the deteriorating market and the effect of compounding growth off the 43% increase in operating EPS in the past 2 years, which means all the hurdles are higher than in comparable FY22 awards. Target level is in excess of average broker research estimates¹ for the Group (approximately 7% pa) and materially in excess of peers. Only 62.5% of performance rights vest at Target.

Upper-Level hurdle - CAGR in operating EPS of 11% for the four years to FY27

- + Performance at the Upper-Level hurdle would require outcomes significantly ahead of internal targets and analyst expectations (see below) and is considered by the Board to be an outstanding outcome incorporating a large stretch component.
- + To achieve maximum vesting at the Upper Level hurdles, equates to operating profit growth in FY27 of 60% or over \$1,020 million (from the FY23 base year) and an increase in operating profit of more than \$240 million compared to the Board's Target level of performance.
- + Given the more challenging operating environment globally, analyst consensus expectations for the broader market (as evident in the S&P/ASX 100) and Goodman, are materially lower than the Upper Level. The Upper Level vesting hurdle reflects a 4% per annum higher growth rate than market consensus, Visible Alpha forecasts.

The hurdles are set for the entire period of the plan and hence performance must be achieved regardless of changes to business conditions globally. Management and other employees carry the risk associated with external factors negatively impacting operating earnings and in the Board's view this risk has increased given the ongoing geo-political tensions and impacts on supply chains, and global economic activity. The Board considers the 6% to 11% operating EPS CAGR to be a truly challenging hurdle range for executives in the current environment.

In addition, the hurdles are set with the desire to achieve a sustainable long-term growth rate that is competitive with the market on a risk adjusted basis. This is reflected in the relatively low gearing of the Group (relative to comparators) and its other risk settings. Considering the difference in gearing, the FY24 hurdles are relatively higher compared to peers.

Directors' report

Remuneration report - audited (continued)

Comparator Group	Ten-year plan operating EPS ¹ hurdles (cents)	Estimated CAGR in operating EPS ¹ FY24 – FY27	Growth in operating EPS ¹ FY24 to FY27 based on estimated CAGR	LTI vesting based on estimated CAGR in operating EPS	Additional operating profit ² to achieve Upper Level hurdle (A\$M)
S&P/ASX 20 ³	n/a	2.8%	11.8%	-%	814
S&P/ASX 100 ³	n/a	2.5%	10.2%	-%	841
S&P/ASX 200 REITs ³	n/a	2.7%	11.1%	-%	824
Broker consensus for Goodman ⁴	n/a	7.0%	31.1%	~28%	380
Threshold level	119.1	6.0%	26.2%	25.0%	468
Target Level	130.3	8.5%	38.6%	62.5%	242
Upper level	143.2	11.0%	51.8%	100.0%	n/a

1. Operating EPS for Goodman.

2. Relative to the operating profit based on the broker estimates for growth in operating EPS

3. Source: Broker estimates.

4. Source: Visible Alpha. Broker reports

3.5.5 Operating EPS – long-term cash flow alignment with vesting outcomes

The Group presents statutory profit in accordance with Australian Accounting Standards, including all required disclosures. Operating profit is a Board/Management defined profit measure in addition to Statutory profit which is common market practice (bespoke to each company and typically not an IFRS measure, such as underlying profit, operating profit, management profit, normalised profit, FFO, AFFO etc.) to better reflect the underlying earnings of the business (or in Goodman's case, the underlying cash-based earnings).

The Board believes that managing the business, on what is primarily a cash profit basis, is fundamental to long-term resilience and is the strongest determinant of value creation for Securityholders over time. That is the intent of the Group's operating profit definition (and operating EPS), and it is one of the key measures used to drive the business strategy that is communicated to employees to execute. It is also why the Board has used operating EPS (operating profit per share diluted for tested performance rights) as one of the principal performance tests in its LTI awards. This reflects the actual cash-based operating EPS to Securityholders when testing outcomes are confirmed.

Importantly, based on analyst reports and investor discussions, the market overwhelmingly uses operating profit as the most relevant and appropriate measure to value the Group. This is important as it directly impacts the targets we set.

Calculation of operating EPS

Operating EPS has been calculated and applied consistently since being adopted in 2005.

- + Operating profit intentionally excludes non-cash measures. Previously, the Group has excluded significant realised gains (such as the urban renewal realisation gains) where these were believed to be cyclical in nature and not reflective of underlying long-term earnings
- + As required under the accounting standards, the share-based payments (SBP) expense in the Group's statutory income statement reflects the amortisation of the aggregated "fair value" applicable to the outstanding performance rights. Given the volatility inherent in the accounting valuation of the performance, it is appropriate for the SBP expense to be excluded from operating profit, like other non-cash items (such as revaluations, derivative movements). They have no impact on Securityholders until they are vested.
- + The Board believes the cost of the plan, which arises from the future dilution through the issuance of securities under the LTIP, is most appropriately reflected by including all vested and tested performance rights in the denominator used for determining operating EPS. This is not subject to accounting estimation and is a more reliable measure of the cost to Securityholders and the actual impact on operating EPS
- + The operating EPS at each reporting date is calculated using the weighted average number of securities, which includes:
- + All securities that have already vested
- + Rights that have been tested and assessed as having met the hurdles but have not yet vested
- + Noting that if we amended the calculation to include in the denominator all securities potentially issuable under the LTIP (i.e. including those which have not passed the test and therefore may not ever vest), it would not have made a material difference to operating EPS growth or vesting. For the avoidance of doubt, all rights that have passed the testing hurdles are included in the operating EPS calculation and therefore operating profit needs to absorb this dilution to meet future hurdles.

The inclusion of these unvested performance rights in the operating EPS calculation is a conservative treatment as:

- + The financial impact of the performance rights occurs only when securities are issued through the dilution to net assets per security at the time of issuance and the dilution to future operating EPS
- + Not all performance rights vest even if they have satisfied performance hurdles, which does not align with the accounting for the SBP expense. The accounting for SBP potentially has the effect of incurring an expense impacting prior year performance, which is later reversed if vesting conditions are not met. This is not an appropriate methodology of testing employee performance
- + Following successful testing at years three or four (for the five-year plan and ten-year plan respectively), performance rights still have no entitlement to income (distributions) or net assets nor do they have any of the other usual Securityholder rights until they vest, which may be up to six years later (under the ten-year plan).

Therefore, in the Board's view realised cash profit as represented by diluted operating EPS is the most reliable measure of value creation for Securityholders and continues to be the most appropriate means by which to assess employee performance. It is also consistent with the valuation of Goodman by the market, which primarily uses operating profit and operating EPS to assess security value.

Use of cash settled performance rights

In certain jurisdictions, it is impractical to issue performance rights which vest into Goodman securities. In these instances, cash settled performance rights ("phantoms") are issued, with the same economic outcome on vesting. From time to time, the Group may issue new securities into the market to fund the settlement of those rights. This results in the same outcome to Securityholders as if the phantoms had been settled in Goodman securities because it results in the situation where the dilutionary impact to operating EPS is consistent with the equity settled performance rights. As in recent years, the Board's current intention is to issue securities to fund the cash requirements to settle the phantoms. This results in the effective funding of the LTIP having no cash impact for the Group and therefore the share-based payments expense remains effectively a non-cash item in the context of the definition of operating profit.

Directors' report

Remuneration report - audited (continued)

3.6 Non-financial measures

3.6.1 Types of non-financial measures

Goodman continues to increase accountability and transparency across a range of non-financial measures which are important to the Group's culture, its stakeholders and the world more broadly. These are integral components to the operations of the organisation, the health and wellbeing of the Group's people and the communities in which Goodman operates.

- + These values and aspirations encompass a wide range of areas including:
- + Environmental considerations for developments and building operations
- + Energy procurement including renewable targets
- + Group emissions and embodied emissions
- + Health and wellbeing of Goodman's people and communities
- + Good corporate and social governance including diversity and inclusion in the workforce
- + Behaviour in line with Goodman's Code of Conduct.

All of these aspirations are integrated into Goodman's culture and business operations and the Group's financial results are achieved while also implementing and performing to these standards.

The way employees conduct themselves is crucial to the success of the Group. Goodman has consistent and transparent practices in place for managing non-compliance with policies and the approach to risk guides the way all employees are expected to conduct themselves. Within the Code of Conduct, there is a set of eight guiding principles that encourage employees to uphold Goodman's reputation and behave appropriately in dealing with our customers and other team members. The guiding principles are:

- + Act in a professional manner
- + Work as a team and respect others
- + Treat stakeholders fairly
- + Value honesty and integrity
- + Follow the law and our policies
- + Respect confidentiality and do not misuse information
- + Manage conflicts of interest
- + Strive to be a great team member.

Individuals' behaviour and adherence to the Code of Conduct, governance, implementation of diversity principles and social programs are assessed as a gate to STI and LTI awards. Breaches can also result in forfeiture of LTI or potentially more severe consequences, depending on severity.

Consequences of breaches of Code of Conduct in FY23

Conduct and or behavioural Issues

Consequences	Termination, forfeiture of STI, forfeiture of LTI

In respect of the FY23 STI awards and the intended LTI awards that will be made in September 2023 (in respect of FY23 performance), key environmental and sustainability targets will also be assessed based on the individuals' areas of influence and contributions as part of overall assessment.

3.6.2 Integration of non-financial measures into STI

STI process		
		Impact
1st Hurdle	Conduct, Governance, Social and Diversity	Gate
2nd Hurdle	Operating EPS	Gate
Financial, and operational assessments (including environmental objectives)	Individual assessment	0% to 100%

3.6.3 Integration of non-financial measures into LTI

The Board also believes that ownership through the LTIP assists in creating a common purpose in the organisation and that this has been strongly reflected in the Group's performance over many years. Behaviour and adherence to the Group's Code of Conduct have always been a prerequisite to entitlement to vested LTI and since 2021, additional hurdles for vesting, related to our environmental and sustainability targets have been incorporated into intended awards.

- + The Board will review progress on targets annually and set review long term targets each year as they relate to the new testing period
- + Environmental and sustainability objectives and their execution are integrated into the operations of the Group, particularly for development projects. For this reason, the additional penalty criteria will apply to the operating EPS tested performance rights. This aligns operational targets which are within the control of senior executives and employees at all levels and therefore have the most logical connection to operational performance
- + Targets set by Board will be tested formally at the end of the testing period (year four for the ten-year plan)
- + The penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets
- + Targets will be reported each year in the remuneration report.

LTI Process – three- and four-year testing period

		Impact
1st Hurdle	Conduct and behaviour	Gate: 0% to 100%
2nd hurdle	Operating EPS and relative TSR	0% to 100%
Group assessment	Environmental and sustainability	The penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets

3.7 Considerations for setting of awards

The Board is focused on creating a remuneration structure that supports the Group's strategy and is aligned with outcomes for Securityholders and then on determining an appropriate quantum of remuneration under that structure. In assessing the Group CEO and other executive KMP remuneration for FY23, the Board has given consideration to:

- + Feedback from investor engagement following the November 2022 AGM for remuneration related matters
- + Maintaining the structure and principles of the Group's remuneration strategy
- + The Group's relative performance against operational targets in FY23
- + The Group's consistent track record over the past ten years that has also positioned the business for the future
- + Global market conditions for human capital in the sector
- + Balancing employee and Securityholder outcomes
- + Hurdles and testing criteria for performance rights.

Directors' report

Remuneration report - audited (continued)

The Board has assessed outcomes for Securityholders, based on the testing criteria under the five and ten-year plans and that the pay for performance alignment is with all Goodman employees (all permanent employees, up to 971 people, are eligible to participate in the LTIP). Based on the proposed hurdles, the Board believes that significant balance and alignment exists between the cost of the plan and net outcomes achieved for Securityholders.

- + Before any performance awards are realised under the ten-year plan hurdles, significant Securityholder value that equates to \$12 billion in market capitalisation growth, must be created, consistent with >32% TSR over the testing period (all other things being equal and based on the assumptions set out in the table below)
- + The maximum employee share of the value created will occur if the awards fully vest through achieving the 11% CAGR in operating EPS over the four year testing period and the relative TSR performance is at the 90th percentile. This represents only 3.1% of the \$22 billion value created for Securityholders (net of dilution) or 52% potential security price growth (all other things being equal).
- + Delivered over 10 years, the dilution to Securityholders from the plan at maximum vesting, averages only 0.3% per annum compared to the 52% total security price growth experienced by Securityholders². In addition, by definition, this 0.3% dilution has been absorbed to achieve the hurdles.
- + If growth were to exceed 11% per annum and the security price grows beyond the assumption above, the employee share diminishes relative to value created for Securityholders.

Estimated Securityholder value over the four-year testing period under the LTIP

	CAGR in operating EPS over the four year testing period		
	Less than 6.0%	6.0%	11.0% (or more)
Economic outcomes			
Cumulative operating profit growth	<32.1%	32.1%	58.5%
Cumulative operating EPS growth	<26.2%	26.2%	51.8%
Percentage of performance rights vesting ¹	0.0%	25.0%	100.0%
Year 4 operating profit	<\$2.4B	\$2.4B	\$2.8B
Market capitalisation (MCAP) at end of year 4 ²	<\$49.8B	\$49.9B	\$59.9B
Net value created for Securityholders (growth in MCAP)²	<\$11.9B	\$11.9B	\$22.0B
Assumed security price ³	n/a	\$25.34	\$30.47
Effect cost of total plan / MCAP	0.0%	0.3%	1.1%
Employee share of Securityholder value created⁴	0.0%	1.4%	3.1%

1. Assumes that the proportion of rights that vest under the operating EPS hurdle also applies to the rights that vest under the relative TSR hurdle.
2. Based on 30 June 2023 security price, assuming the market Price/Earnings (P/E) multiple applied to operating EPS remains unchanged over time and is inclusive of an allowance for increases in the securities on issue because of securities vesting under the LTIP. Excludes distributions and dividend payments that may be made during the period.
3. Assumes constant P/E multiple at the end of year 4 and the relevant CAGR in operating EPS growth.
4. Values the number of vested securities at the assumed security price which is calculated using the 30 June 2023 value and growing it at the same rate as the operating EPS growth. This includes full dilution including the five-year plan securities assuming the same growth rate for FY27.

3.7.1 Considerations for award quantum – Goodman Group in context

The Board and Remuneration and Nomination Committee have considered the Group's global operations, including its Partnerships, when assessing the executives' roles and remuneration awards.

In this context, Goodman:

- + Is an international real estate fund manager
- + Reported \$1.8 billion operating profit, and a combined statutory profit across the Group and Partnerships of \$3.0 billion in FY23
- + Reported NTA of \$9.12, with gearing of 8.3% and available liquidity of \$3.1 billion
- + Is the largest listed specialist developer of logistics real estate in the world, \$13.0 billion of WIP and significant growth in scale, value and complexity of our development projects
- + Manages and creates value across \$81 billion of assets globally which has almost doubled in the past five years
- + Manages capital allocation and funding across various activity types, which is sourced from multiple jurisdictions
- + Has a market capitalisation of \$37.8 billion at 30 June 2023 and is a member of the S&P/ASX 20 index
- + Generates 77% of operating earnings from management and development activities, which require more intensive day to day activity than a passive investment portfolio
- + Provides its customers and partners with investment management, asset management, development, financial, transaction and capital management services in the listed and private equity capital markets globally
- + Derives 63% of operating earnings from international markets with approximately 65% of employees situated offshore.

The Group has limited direct comparable market peers in Australia, having operating businesses in five continents and 14 countries, each with market driven remuneration outcomes. The Group has up to 971 employees at 30 June 2023, the majority of whom are offshore, and consequently Goodman competes for labour in an international market, which the Board considers when assessing the quantum of remuneration awards. In FY23, the Board has referenced:

- + A range of local and global comparators with operations of similar scale and complexity and certain companies in the S&P/ASX 20
- + A range of relevant Australian listed comparators with significant (>50%) global operations
- + Global real estate companies, REITs and developer/ fund managers including specifically from the logistics real estate sector. In the Real Estate Sector the closest comparators are Prologis and Segro, noting that:
 - Prologis is larger by market capitalisation and assets, but Goodman has a more significant proportion of earnings from development and management activities. Also Goodman has more globally diversified activities - whilst Prologis operates in a similar number of jurisdictions it is more skewed to one location, being the US
 - Segro is smaller and predominantly UK focused, with a small proportion of its assets in Europe, whereas Goodman operates in 14 countries globally. Again, Goodman has a more significant proportion of earnings from development and management activities.
- + While Goodman is an S&P/ASX REIT under the GICS classification system, the ASX listed REITs:
 - Are significantly smaller (on average <20% of Goodman's market capitalisation)
 - Typically have less than 20% active earnings compared to 77% for Goodman
 - Typically only operate in Australia, whereas Goodman has significant global operation.

Directors' report

Remuneration report - audited (continued)

Private equity (PE) firms. Noting that PE firms are significant players in the logistics real estate sector with considerable new capital with a desire to assemble teams and invest in the sector. PE remuneration structures are particularly relevant because:

- + the nature of pay for performance remuneration structures is highly equity-based and outcome-driven similar to the Group's remuneration structure
- + the period of testing and realisation of remuneration is linked to investor outcomes over significant periods of up to ten years, again a similar remuneration structure. The majority of the Group's assets are within PE (unlisted) market entities, which in turn creates significant competition for high performing people.

Various Reference Groups

Annual CEO remuneration									
Peer group comparator	Reason for comparison	Range	Average	Median	% LTI	LTI term (yrs)	1 year TSR	3 year TSR	5 year TSR
Goodman	Group CEO	n/a	\$19.5m ¹	n/a	92%	10	14%	41%	128%
S&P/ASX 20	Goodman is number 15 in the S&P/ASX 20 index	\$6m - \$37m	\$11m	\$9m	43%	4	16%	49%	59%
Selected ASX listed companies with global operations	63% of Goodman's earnings are outside Australia. The comparator group provides a reference to local companies with international operations	\$6m - \$37m	\$15m	\$11m	49%	4	14%	44%	80%
S&P/ASX 100 and Global Property Companies/ REITs²	Global comparators are included given the jurisdictions in which they operate, the complexity of their operations and the size and scale of the entities.	\$5m - \$73m	\$15m	\$8m	44%	5	-4%	12%	28%

1. Based on proposed FY24 award

In the Board's view, the competitive environment for logistics assets and consequently also for teams with skills to develop and manage the products and services over the long term, remains intense. Goodman is seen as a global leader in this space and the potential loss of key employees and regional teams poses significant commercial risk. The Board has also assessed the FY24 awards in this context.

3.7.2 Considerations for award quantum – structure

The Board has made its comparison of the awards based on face value, assessed against comparator groups. Given the variability in the components of remuneration structures in the market, Goodman's comparator group analysis of value and quantum of awards is assessed in the context of the degree of risk associated with the structures and the vesting periods:

- + The Board has set the hurdles in respect of the intended LTI award for FY24 to provide additional challenges (and risk of achievement) for all employees and to achieve a high degree of alignment and balance with Securityholder outcomes demonstrated in the Economic Outcomes table in section 3.7
- + Performance rights awarded under the LTIP do not have any voting rights or rights to dividends until vested, even after passing testing hurdles
- + Significant financial outperformance in FY23 versus targets and continued outperformance relative to peer group over three and five years
- + The proposed LTI awards have longer testing period, longer vesting period and significantly larger portion at risk than the market generally.

On this basis of the total remuneration outlined, considering the market capitalisation and performance differentials of the groups above, it is considered that an appropriate benchmark for the Group CEO's remuneration remains a potential Face Value of around A\$20 million. The Board has set the remuneration accordingly.

The Board's proposed award for the Group CEO (based on face value of the LTI) is detailed below:

Group CEO:	Number of rights	Goodman security price ¹ \$	LTI at Threshold ² \$M	LTI at Target ² \$M	LTI at Upper level ² \$M	Fixed pay \$M	Fixed pay and LTI (25.0% vesting) \$M	Fixed pay and LTI (62.5% vesting) \$M	Fixed pay and LTI (100% vesting) \$M
FY23	900,000	20.07	4.5	11.3	18.1	1.4	5.9	12.7	19.5
FY22	1,000,000	17.84	4.5	11.2	17.8	1.4	5.9	12.6	19.2
Variance (%)	(10.0)%	12.5%	1.3%	1.3%	1.3%	-%	1.0%	1.1%	1.2%

1. Face value at the end of the financial year

2. Threshold would result in 25.0% LTI vesting, Target would result in 62.5% LTI vesting and Upper level would result in 100.0% LTI vesting

Group CEO maximum possible outcomes for FY23 versus FY22

Based on the proposed award, the maximum Face Value of remuneration which can be received by the Group CEO, over ten years, if 100% vesting occurs, is equivalent to (1% higher than) the remuneration awarded last year, noting that in FY23 the Group posted significant outperformance and followed FY22, the strongest financial performance in the Group's history. Based on the hurdles set for the FY24 awards, the Group CEO would only receive 62.5% vesting at the Board's Target performance level.

	CAGR in EPS	Vesting %	Vesting \$m	Fixed remuneration \$m	Total remuneration \$m	Total return over four years	Out-performance versus S&P/ASX 20	Pay difference ¹ \$m
S&P/ASX 20 consensus	2.8%	n/a	n/a	2.4	10.7	12%	n/a	n/a
Goodman Threshold	6.0%	25%	4.5	1.4	5.9	26%	13%	-4.7
Goodman Target	8.5%	63%	11.1	1.4	12.7	39%	25%	2.1
Goodman Upper level	11.0%	100%	118.1	1.4	19.5	52%	37%	8.9

1. Between Group CEO's potential remuneration vs S&P/ ASX 20 CEO's potential remuneration

Directors' report

Remuneration report - audited (continued)

4. GROUP PERFORMANCE AND OUTCOMES

The Group has delivered an exceptional result, significantly outperforming the original estimates notwithstanding the challenging operating conditions and market volatility. Goodman's security price has continued to demonstrate a significant premium to underlying net assets and medium and longer term outperformance relative to the peer group indices, attributable to the value creation by employees.

The Group's remuneration strategy, focused on long-term outcomes, is the key driver of this sustained performance.

4.1 Goodman FY23 highlights

	Financial
	Statutory profit of \$1.6 billion for Goodman and \$3 billion for the combined Group and Partnerships
	Operating profit of \$1.8 billion (up 17% on FY22)
	Operating EPS of 94.3 cents (up 16% on FY22)
	Distribution maintained at 30.0 cents per security to sustain financial risk management objectives
	Net tangible assets per security increased 9% to \$9.12
	Operational property investment, management, and development
	High occupancy maintained at 99% and like for like net property income growth of 4.7%
	Total AUM of \$81 billion (up 11% on FY22)
	Strong performance by the 20 Partnerships, achieving weighted average returns of over 7%
	Development WIP (end value) of \$13.0 billion and with 99% commitment levels on completions and 13 year weighted average lease terms
	People, culture and community
	Social investment of \$10.8 million by the Goodman Foundation, employee fund raising and contributions in kind through efforts of employees worldwide, contributing almost 3,200 hours to volunteering in our communities
	The level of females in senior roles remained at 30% in FY23. Goodman continues to work towards 40% females in senior roles by 2030 and 50/50 representation overall by 2030
	Continued implementation of our Sustainable Sourcing Framework to support human rights and social procurement initiatives.
	Strong focus on reinforcing employee behaviours that are consistent with the Group's values
	Feedback from employees in various regions via surveys undertaken in FY23 indicates strong leadership, communication and high employee engagement
	Environmental
	Goodman, globally, is expected to maintain certification as a carbon-neutral organisation
	Goodman's global renewable energy usage is expected to be more than 80%, with the Australian operations consuming 100% certified GreenPower and other regions using renewable energy certificates
	Approximately 306 Megawatts (MW) of solar photovoltaic (PV) is now installed or committed across the global portfolio, an increase of 103MW in FY23
	Continued calculating the embodied emissions for all of Goodman's logistics developments globally and established a process for integrating into approval processes
	Capital management
	Maintained significant available liquidity of \$3.1 billion for the Group and capital resources of \$17.6 billion in the Partnerships
	Significant business growth while maintaining low gearing at 8.3%
	Group and Partnerships completed debt refinancing transactions totalling \$6.4 billion

Over the past decade, the focus on the long term as influenced by the LTIP, has enabled the Group to establish a global business with significant specialist expertise, financial resources, and a strategic real estate portfolio. The business has been deliberately positioned to maximise cash flow resilience in varying market cycles, primarily through:

- + Concentration of the portfolio on logistics real estate in urban infill markets, where supply is limited, and demand is relatively high due to the long-term structural trends that have been identified many years ago
- + Proactive pursuit of planning and change of use through site identification, planning and power to intensify site utilisation into multistorey logistics, data centre and residential uses, and over the long term
- + Deleveraging the Group's balance sheet and retaining significant liquidity
- + Partnering with long-term capital to share risk and return over a significant globally diversified platform.

This has included specific actions over several years, including:

- + Significant reduction and maintenance of low financial leverage (gearing) with the target gearing range reduced to 0% to 25% and maintaining a position below the mid-point in the past five years. The Groups significant balance sheet flexibility allows it to be opportunistic in the more challenging Global environment
- + Increased quality of the property portfolio through more than \$30 billion of asset sales since 2013, concentrating the portfolio in predominantly urban infill markets and providing funding for the development of new buildings
- + Established and maintained an international platform with significant depth of experience required to generate excess returns in competitive high barrier to entry markets
- + Diversification of the Group's sources of debt and tenor
- + Reduced operational risk through undertaking a significant proportion of development activity in Partnerships, which has reduced the volatility of earnings while increasing return on assets for the Group. The impact of increased development within the Partnerships has increased their returns and the prospects for Goodman to earn performance fees in the medium to longer term
- + Maintained a conservative distribution pay-out ratio to retain funding for growing development activity
- + Investment in innovation and technology to provide knowledge of potential future risks and opportunities for our operations
- + Many of these strategic initiatives rely on foregoing some short-term returns to secure potentially larger long-term sustainable returns, and hence the value in the LTIP over ten years aligning with, and incentivising, long-term decisions.

The resilience of the Group through this period is largely due to strategic long-term thinking, a highly talented team with specialist skills, and incentivising those employees through equity, linked to sustained operational performance over a long period.

4.2 Financial measures

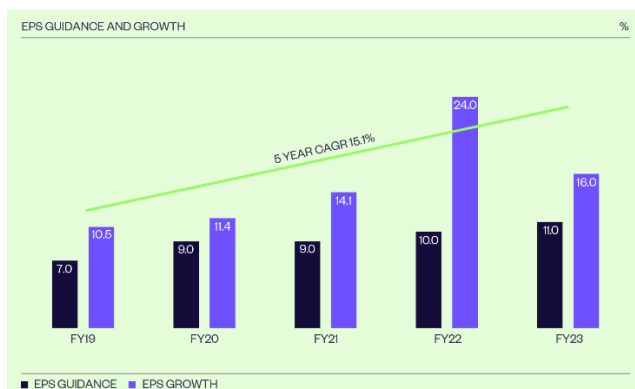
Performance measures	FY18	FY19	FY20	FY21	FY22	FY23
Operating profit (\$M)	845.9	942.3	1,060.2	1,219.4	1,528.0	1,783.2
Operating EPS (cents)	46.7	51.6	57.5	65.6	81.3	94.3
Operating EPS growth (%)	8.3	10.5	11.4	14.1	24.0	16.0
Security price as at 30 June (\$)	9.62	15.03	14.85	21.17	17.84	20.07
Distributions per security (cents)	28.0	30.0	30.0	30.0	30.0	30.0
3-year TSR (%) ¹	69.5	130.8	103.4	133.4	24.7	41.3
NTA per security (\$)	4.64	5.34	5.84	6.68	8.37	9.12
Growth in NTA (\$B)	0.9	1.3	1.0	1.7	3.3	1.5
Gearing (%)	5.1	9.7	7.5	6.8	8.5	8.3
AUM (\$B)	38.3	46.2	51.6	57.9	73.0	81.0
Market capitalisation premium to NTA (\$B)	9.0	17.6	16.5	26.8	17.7	20.6

1. TSR is the increase in market capitalisation plus dividends and distributions, attributable to the respective financial year.

Directors' report

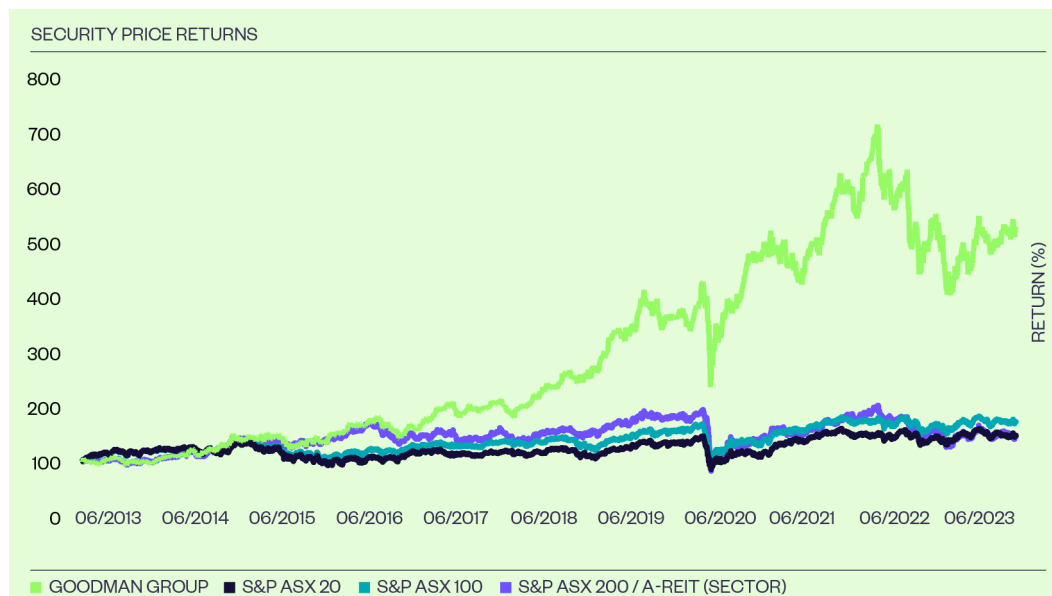
Remuneration report - audited (continued)

The key financial metrics which are aligned with the Group's strategy, long-term performance and LTI programs for all employees, are operating EPS and to a lesser extent relative TSR. CAGR in operating EPS over the past five years has been exceptional at 15.1%, which has exceeded forecasts. This has been achieved while at the same time as maintain low gearing, and not utilising the short-term benefits of low interest rates to financially engineer performance.



4.3 Total security price returns comparison

Goodman is the only real estate group currently in the S&P/ASX 20 and the 15th largest ASX listed entity at 30 June 2023 with a market capitalisation of \$37.8 billion. Despite the volatility in the past 12 to 18 months impacting pricing of global interest rate sensitive sectors, the chart below shows the Group has consistently outperformed the S&P/ASX 20, S&P/ASX 100 and S&P/ASX 200 A-REIT indices over medium to longer term. Importantly, underlying performance of the operations has been significantly ahead of guidance and the indices.



4.4 Remuneration outcomes for FY23

4.4.1 STI outcomes

The Board has again agreed with the Group CEO that he will not participate in the STI award. In line with continued focus on sustained long-term performance, all performance-based remuneration relating to the Group CEO's FY23 performance will be awarded in the form of performance rights.

Given the global nature of the Group's operations, the STI recommendations for the other executive KMP are based on the Remuneration and Nomination Committee's review of several sources of market information relating to the individual's role, region and global comparisons and specific incentive schemes that apply in competitor organisations.

Based on the Group and individual performances in FY23, the executive KMP were eligible for the maximum STI.

Test	Metrics	Result
Gate 1: Behaviour	Code of Conduct: Pass/Fail	Pass
Gate 2: Operating EPS - FY23 operating EPS versus target	Operating EPS growth: Target 11% (90.3 cents)	16.0% operating EPS growth (94.3 cents)
Financial and operational assessments (including environmental objectives)	Individual assessment	Various (0% to 100%)

The table below indicates the maximum possible STI and the actual STI awarded for FY23.

Executive	Year	STI maximum \$M	Actual STI awarded \$M	Cash component \$M	Deferred component \$M	Actual STI % of maximum
Gregory Goodman	FY23	2.1	-	-	-	-
	FY22	2.1	-	-	-	-
Nick Kurtis	FY23	1.35	0.90	0.45	0.45	67
	FY22	1.05	1.0	0.5	0.5	95
Michael O'Sullivan	FY23	0.75	0.45	0.225	0.225	60
	FY22	0.75	0.55	0.275	0.275	73
Nick Vrontas	FY23	1.05	0.81	0.405	0.405	77
	FY22	1.05	0.90	0.45	0.45	86
		€M	€M	€M	€M	
Danny Peeters	FY23	0.97	0.63	0.315	0.315	65
	FY22	0.92	0.70	0.35	0.35	76
		US\$M	US\$M	US\$M	US\$M	
Anthony Rozic	FY23	1.425	0.950	0.475	0.475	67
	FY22	1.05	1.05	0.525	0.525	100

Directors' report

Remuneration report - audited (continued)

4.4.2 ESG assessment

STI and LTI award grant assessments are undertaken with reflection on behaviour, governance, social, environmental and sustainability goals and targets. The Group has made significant contributions and efforts in a wide range of areas, with key highlights including:

- + Goodman's global operations are on track to maintain certification under the Climate Active program for being a Carbon Neutral Organisation (FY23 certification is underway)
- + Committed to reducing and tracking carbon emissions in line with our science-based emissions reduction targets, validated by the Science Based Targets Initiative's (SBTi) validation team
- + Approximately 306MW of solar PV installed or committed on Goodman's properties globally, reaching approx. 75% of our 2025 target of 400MW
- + Continued transition to renewable energy across Goodman's operations, with global renewable energy usage for FY23 expected to be more than 80%. Significant work has been done to enable increased renewable energy use in future years
- + Integrated a consistent process for calculating and including embodied emissions into Goodman's approval process for new developments, with approximately 89 embodied carbon assessments completed on new developments during the year.
- + Identified by Sustainalytics as a 'Sector' and 'Region' Top Rated ESG performer during 2023 with a 'Negligible' ESG risk rating
- + Ten Goodman entities made submissions to the Global Real Estate Sustainability Benchmark (GRESB) in FY23, with results due later this year. In the FY22 results, Goodman achieved an 'A' ESG public disclosure rating, and several Goodman Partnerships were awarded 'Sector Leader' status.
- + Goodman's Task Force on Climate related Financial Disclosures (TCFD) statement has been updated and is available on the Goodman website
- + Sustainable design initiatives were included in our development specifications including solar PV, battery storage, electric vehicle charging points and LED lighting
- + Greater than 50% of Goodman's developments globally were completed on brownfield developments, enhancing circularity opportunities
- + Continued support of biodiversity initiatives relating to urban forests and reforestation, and investigations into collaboration opportunities with research institutes and industry experts.
- + Zero workplace fatalities across Goodman's global operations including our workforce and contractors
- + Facilitated workshops in most regions to raise awareness on environment and social procurement
- + Contributed \$10.8 million to community and philanthropic causes.

The key areas of environmental and sustainability assessment, including new targets for FY24 onwards, are disclosed below. The form of disclosure below (subject to relevant evolution and changes over time as set by the Board) is used as the basis for future assessment of environmental and sustainability measures. The measures are formally set over the testing period for performance rights and are reviewed annually for relevant progress.

Environment and sustainability assessment

Existing LTI targets

Area	Long-term target	Progress	
Renewable Energy	100% renewable electricity use within Goodman's operations by 2025 (subject to government regulation in each jurisdiction)	Goodman's global renewable energy usage for FY23 is expected to be more than 80%, with continued use of certified GreenPower electricity in our Australian operations and use of renewable energy certificates in other regions.	On target
Solar PV Installation	400MW of solar PV installed or committed by 2025	Approximately 103MW of new solar installations or commitments taking global total to approximately 306MW, 75% of the way towards our 400MW target.	On target
Carbon Neutral	Carbon neutral operations by 2025	Carbon neutral certification in FY23 is on track, with certification submission to Climate Active due October 2023. This follows our initial carbon neutral certification in 2021.	Ahead of target
TCFD	Achieve TCFD by FY22	TCFD statement updated and available online.	Target Met
Occupancy	>95% (ensures utilisation of sites and therefore appropriate use of resources)	99%	Materially ahead of target

Additional targets for FY24 onwards

Area	Long-term target	Progress	
Embodied Carbon	We are committed to measuring, reducing and offsetting embodied carbon emissions from our global development workbook and have commenced the process to reduce and offset this over time	Embodied carbon emissions calculated and included in all GIC development papers. During FY23, 89 embodied carbon assessments were completed. Reduction initiatives are longer-term and ongoing, demonstrated by our industry and supplier engagement, collaborations and carbon assessments of materials. Offset procurement guidance and criteria is continually refined and shared with the global teams. Several buildings have been developed on an embodied carbon neutral basis as offsets have been purchased and retired.	New target for FY24
Solar PV Installation	100MW additional solar PV installed or committed in total from 2026 to 2030	To be commenced from FY26 post initial 400MW target.	New target for FY24
Science Based Targets	In addition to our continued commitments to renewable energy and carbon neutrality, the Group has committed to Scope 1 and 2 greenhouse gas emissions reductions of 42% by 2030 in line with 1.5°C Paris Agreement pathway and validated by the SBTi validation team.	Scope 1 and 2 emissions are calculated annually and published within Goodman's annual sustainability report in September. FY23 emissions data will be finalised and included in the Data Metrics section of the FY23 Sustainability Report. For reference, our FY22 Scope 1 and 2 emissions data were on track to meet our 2030 targets under the SBTi.	New target for FY24

In addition, the following non-financial measures are assessed when determining STI and future LTI awards:

Code of conduct, behaviour, social and governance

Area	Long-term target	Progress	
Diversity			
Gender ratio in the workforce	50% gender ratio in the workforce by 2030	Female representation stable with total employees 44% female, 56% male overall. Significant progress has been made on career development (job scope widening, internal promotions etc.) and recruitment of females.	On target
Women in senior roles	More than 40% in senior roles by 2030	Women represent 30% of senior positions. The progress on female career development and recruitment of females into new roles should over time evolve into senior roles.	On target
Governance			
Workplace safety	Safe working environment with demonstrable risk controls, contractor management and monitoring of key safety metrics	There have been zero fatalities in FY23. This includes Goodman employees or contractors on Goodman controlled areas or contractor controlled sites. There has been significant focus on ensuring the implementation and execution of the Group's comprehensive safety processes and procedures.	On target
Significant reputational issues arising from illegal conduct	Zero	No issues have occurred.	On target
Social			
Social/charitable donations	\$50 million cumulative investment by Goodman Foundation from 2019 to 2030	\$10.8 million was contributed to community and philanthropic causes during FY23, taking our total investment to \$42.4 million since 1 July 2019.	Ahead of target

Directors' report

Remuneration report - audited (continued)

4.4.3 LTI outcomes

Testing as at 30 June 2023 was completed for the grants of performance rights made to executive KMP in respect of executive KMP performance in FY20 (called FY21 awards). The FY21 awards had two hurdles: operating EPS and a relative TSR (the mechanics of the testing are detailed in section 3.5.). The operating EPS hurdle was measured in the year ended 30 June 2023 against hurdles set in FY21. The relative TSR hurdle was measured over the three years ended 30 June 2023. Performance rights that achieved the hurdles will vest in three equal tranches in September 2023, September 2024 and September 2025.

4.4.3.1 Operating EPS hurdle (75% weighting)

The operating EPS is calculated by dividing operating profit by the weighted average number of securities on issue, adjusted to include all unissued securities relating to performance rights which had passed the testing criteria at the start of the financial year. This is to account for the operating EPS dilution that will arise when those performance rights vest. Operating EPS for the year ended 30 June 2023 was 94.3 cents, compared to a hurdle of 74.5 cents at the upper level.

	Threshold level	Upper level	Actual	Outperformance	Outcome
FY21 LTIP grant – Operating EPS hurdle¹	68.5 cents	74.5 cents	94.3 cents	19.8 cents	100%

1. Testing period for grant: operating EPS from 1 July 2022 to 30 June 2023. At the threshold level, 25% satisfy the hurdle with a sliding scale up to 100% satisfying the hurdle at the upper level.

4.4.3.2 Relative TSR hurdle (25% weighting)

TSR provides an effective check against increasing risk practices within the Group, as the price to earnings multiple will reflect the perceived risk in the Group. Relative TSR is measured against the S&P/ASX 100 peer group. Vesting applies on a sliding scale:

- + Zero vesting up to and including the 50th percentile
- + Vesting of 50% starts at the 51st percentile on a sliding scale with 100% vesting at the 75th percentile.

Goodman posted a three-year TSR of 35.7% to 30 June 2023, under the LTIP TSR calculation methodology. This ranked Goodman in the 52nd percentile against the S&P/ASX 100 and consequently 52% of these performance rights vested.

	Goodman TSR ¹	S&P/ASX 100 TSR ¹	Percentile	Outcome
FY20 LTIP grant – TSR hurdle¹	35.7%	33.0%	52nd	52%

1. Testing period for grant was 1 July 2020 to 30 June 2023. In accordance with the LTIP, the TSR is based on the 10 day volume weighted average price (VWAP) at beginning and end of testing period and is therefore different from the three year TSR sourced from Bloomberg and presented elsewhere in this report.

As a result of satisfying 100% of the operating EPS hurdle and 52% of the relative TSR hurdle, it is expected that up to 10,723,875 equity settled performance rights will vest in September 2023, September 2024 and September 2025. In addition, up to 2,993,250 cash settled performance rights are also expected to vest and the Group currently intends to issue an equivalent number of new securities to satisfy this obligation.

4.4.4 Group CEO achievements

In determining the Group CEO's remuneration, the Board acknowledged his strong leadership through the challenges of significant economic, market and operational volatility in the past two years, positioning the business for resilience and significant outperformance in FY23, far exceeding the Group's operational targets. It has also considered the following contributing factors and highlights:

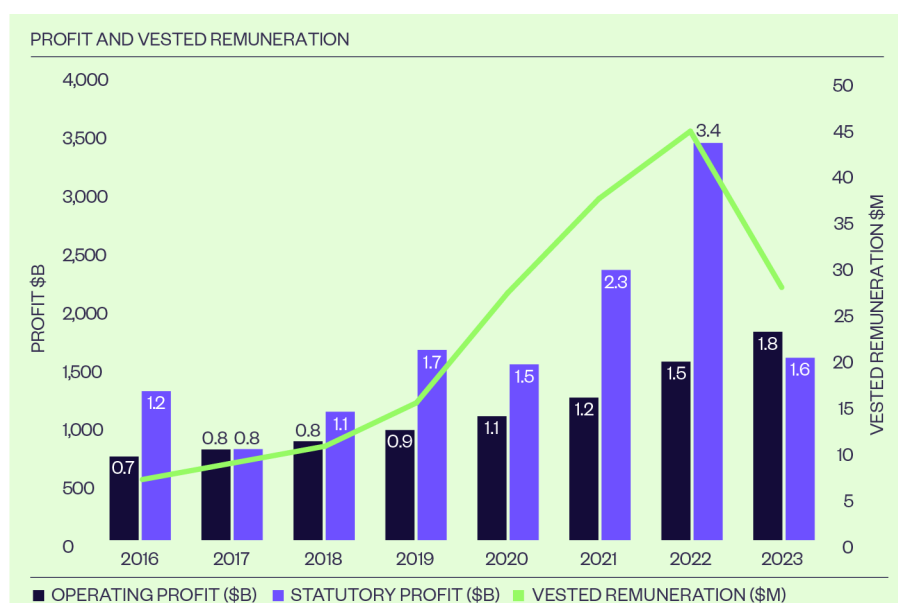
Gregory Goodman	Group CEO
Leadership	+ Developed and drove a consistent global business strategy across all markets to sustain the performance of the Group despite the increases in volatility, costs and risk in the global operating environment. Positioned the business in key locations providing future opportunities for development and higher cash flow resilience + The Group has adapted to the challenging global operating environment and continues to outperform targets, retaining employees and increasing community support and charitable programs + Positioned the business as a leader in its field, managing, motivating and incentivising key personnel across the platform to perform in highly competitive environment + Fostered a culture that focused on delivering quality across all aspects of the business: people, properties and service + Led global internal programs to promote a strong culture of inclusion, collaboration and conduct across the organisation, underpinned by the long-held principles in the Group's Code of Conduct, treating all stakeholders with integrity, and accountability, reflected in top decile engagement scores + Reinforced Goodman's purpose aimed at understanding the drivers of change and the needs of customers and all stakeholders to support their future success + Only 6.2% voluntary staff turnover in FY23, a marginal decrease from the level of FY22.
Financial and risk	+ Fostered continuity of strategy over successive years leading to continued outperformance over benchmark indices and comparator companies in FY23, and with strong and sustained TSR of 151.36% over five years + Delivered: - Statutory profit of \$1.6 billion despite cap rate expansion in many markets and interest rate increases - Significant operating profit growth of 17% on FY22, to \$1,783 million, significantly ahead of budget - Revaluation growth across the Group and Partnership of \$0.8 billion - Operating EPS of 94.3 cents, up 16% on FY22 - NTA increased 9% to \$9.12 per security - Occupancy maintained at 99% + Exceeded earnings guidance in FY23 after posting significant outperformance in FY22 through the pandemic and volatile economic conditions + Drove a clearly defined capital management strategy with financial leverage of 8.3% and maintained a strong Group balance sheet with \$3.1 billion of liquidity + Continued managing relationships with capital partners and secured additional equity and financial facilities to total \$17.6 billion of available funding capacity + Integrated strong risk management approaches globally.
Environment	+ Instrumental in significantly increasing the focus on ESG initiatives and programs throughout the Group and a culture which continually looks to improve Goodman's impact on the world. In particular: - Establishing a carbon neutral emissions target for the Group by 2025, achieving and maintaining since FY21 - Significant progress on the 2025 solar PV installation on the rooftops of Goodman's global portfolios and installing or committing to 103 MW in FY23 taking global installation and commitment to over 306MW - Implemented further Solar installation commitments from 2026-2030 this year - Maintained compliance with TCFD since FY21 + Established a process for measuring and assessing embodied carbon to transition to carbon neutral developments, including 89 projects reviewed in FY23. As part of a greater program to reduce embodied carbon, the CEO has encouraged partnerships with materials suppliers to accelerate production of components which will reduce our carbon footprint + Drove the development of science-based emissions reduction targets validated by the Science Based Target initiative as being ambitious and aligned with a 1.5°C Paris Agreement pathway + Supported implementation and progression of EV incentive scheme for staff globally to encourage a shift towards lower emissions vehicles.

Directors' report

Remuneration report - audited (continued)

Social and cultural	+ Continued to lead the shift for all employees to increase alignment with Securityholders through the LTIP as the preferred form of remuneration by taking 100% of performance-based remuneration in performance rights and working with the Board to implement the ten-year plan. + Commenced new initiatives, including Goodman Foundation commitments. Initiatives during FY23 included: - Expanding Goodman's supply chain ethics towards a global supplier Code of Conduct, increasing the focus on human rights and potential modern slavery, including implementation of Supply Business Code of Conduct - Contributing \$10.8 million to community and philanthropic causes, including \$530,000 raised directly by staff. The Goodman Foundation focuses on community resilience, providing basic human needs e.g. food, housing and employment, psychological wellbeing, prevention of violence against women and children and responding to natural disasters and humanitarian issues. During the year, Goodman's founding food rescue partners have continued to provide meals to feed people in need and the Group has made a significant commitment to domestic violence prevention. The Group remains well ahead of its cumulative social investment target of \$50 million by 2030 - Enabling the Goodman team globally to contribute 3,172 hours to volunteering and community events.

The charts below demonstrate the performance of the Group and various key metrics relative to the Group CEO's vested remuneration outcomes in FY23 and prior years. They illustrate that the significant operating profit growth, security price growth and consequently returns for Securityholders over the testing and vesting periods, correlate with increased Group CEO remuneration over time. Despite significant market volatility and price movement in FY23, the market price of securities between the time of the grant and the time of vesting has seen significant growth, and the Group CEO (and all recipients of the LTIP) has participated in this performance alongside Securityholders.



The table below includes awarded remuneration at grant date and the vested remuneration over the past five years for the Group CEO. The figures in this table differ from the statutory disclosure in section 6 primarily due to the differences in the measurement and timing of recognition in respect of performance rights granted under the LTIP and not the final vesting outcome. The below figures show the base salary received by the Group CEO in the respective year plus the value of performance rights which vested during that year at the closing price on the day the performance rights vested.

The table highlights:

- + No change in fixed remuneration over the period
- + The proportion of remuneration from fixed (cash) salary has declined materially over time
- + Growth in the value of LTI from grant date to the vesting date due to the increase in security price (on average an increase of 82% for grants vesting in FY23).

	FY18	FY19	FY20	FY21	FY22	FY23
	\$M	\$M	\$M	\$M	\$M	\$M
Base salary	1.4	1.4	1.4	1.4	1.4	1.4
STI	-	-	-	-	-	-
Value of LTI on grant date ¹	4.7	7.3	11.6	14.4	15.9	14.3
Value of LTI on vesting date	8.8	13.5	25.4	35.6	42.9	26.0
Total remuneration based on LTI value at grant date ¹	6.1	8.7	13.0	15.8	17.3	15.7
Total vested remuneration based on LTI value at vesting date	10.2	14.9	26.8	37.0	44.3	27.4
Increase in LTI value due to security price performance of the Group	4.1	6.2	13.8	21.2	26.9	11.7
Percentage growth in value of LTI during vesting period	88%	86%	119%	147%	169%	82%

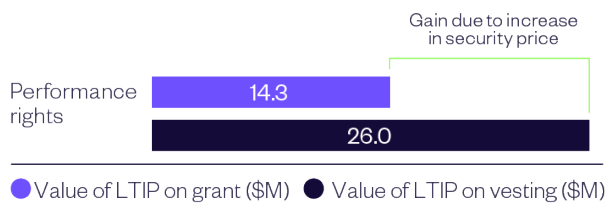
1. Value based on the security prices at the grant dates for the performance rights that vested in the financial year. This is so as to allow comparison of the security price outperformance over the period between grant and vesting dates.

Directors' report

Remuneration report - audited (continued)

The chart below illustrates the increase in the value of the Group CEO's vested LTI in FY23 from the date of the original awards in 2018, 2019 and 2020. These significant gains have arisen due to consistent earnings growth and security price outperformance of the Group.

GROUP CEO FY23 VESTED PERFORMANCE RIGHTS



4.4.5 Other executive KMP achievements

In FY23, the Board considered the following highlights when assessing other executive KMP:

Danny Peeters	Executive Director, Corporate
	+ Successfully overseeing Brazil, playing a critical role in communicating and reinforcing the Group's strategy, both from a real estate and corporate perspective – currently acting as CEO ad interim + Played a key role in overseeing the Brazil Investment Partnership with strong financial outcomes + Continued to progress acquisition and permitting of significant infill development sites, positioning the Group and Partnership in a strong position to capitalise on the growing e-commerce penetration + Construction completion including permits and successful leasing progress of major development sites despite the complicated regulatory and commercial context in Brazil – strong leasing results. Strong focus on quality of developments and property management to drive long term value of the assets + Provided guidance and team coaching in a complex acquisition and development environment effecting above-target performance + Embedded key controls and culture with the team working cohesively and capability increasing + Further integrated the Brazil operation into the global network + Provided advice and support to senior management in Continental Europe and Group regarding sustainability, modern slavery and innovation initiatives + Further improved key controls and culture with the team working cohesively and increasing capability. + Important direct link for the Board to the operations in Continental Europe and Brazil

Anthony Rozio	Chief Executive Officer North America, and Deputy Group Chief Executive Officer
	+ FY23 EBIT exceeded budget by 17.5% and valuations for the Partnership (\$1.1 billion) + Strong investment outperformance of 30.3% during the year + Played a critical role in communicating and reinforcing the Group's strategy in the region + Managed a focused and motivated team with an emphasis on succession planning, strong leadership in embedding the Goodman values in the behaviour of the team and encouraging teamwork and collaboration + With the post COVID-19 disruption, employees have returned to working at the office, enhancing team collaboration and productivity whilst maintaining focus on key operational priorities + Continued to develop a high-quality portfolio and strongly differentiated brand position and building team capabilities and skill sets for complex acquisitions and developments ahead of future growth + Commenced 1.5 million square feet (AUD\$1.2 billion), completed 2.9 million square feet (A\$2.4 billion), stabilised 1.9 million square feet (\$1.6 billion) of infill development projects + Continued to grow infill development pipeline with acquisitions of in major US gateway cities providing strong positioning for future performance + Successfully grew the presence in the two new target markets of New York and San Francisco with the acquisition of strategic developments and value add opportunities + Extended the bank facility to a total debt maturity profile of 5.8 years whilst maintaining a total unsecured and rated debt platform of \$1.5 billion at a significantly below market average cost of debt. Maintained a conservative gearing level of 13.1% in the Partnership + Successfully oversaw strong growth in business operations in North America, achieving a number of key milestones: - Significant growth in AUM to \$10.6 billion - Stabilised occupancy of 100% - Maintained a long WALE of 8.2 years + Introduced new regional and global customer relationships to the portfolio over FY23 with a number of developments pre-leased and replenishing the land/value-add inventory. Emphasis on developing major infill sites and value-add development skill sets + Continued to successfully execute on numerous ESG initiatives including renewable energy, solar power and progressing with our first carbon neutral development in North America at Fullerton.

Nick Kurtis	Group Head of Equities
	+ Formulated and implemented the Partnerships' strategies to successfully deliver significant total returns. + Partnership investment portfolio delivered: - Annualised average total return on net assets of 7.3% (based on the respective Partnership reporting periods) in excess of benchmark and target hurdle returns + Delivered strong performance metrics including: - Management earnings contribution of \$481 million to the Group's operating earnings including Performance fee revenue of \$42 million, with significant future embedded performance fees - Growth in external AUM up 11% to \$76.3billion across 20 Partnerships in 14 countries + Facilitated over \$10bn in real estate transactions and over \$1.2bn in equity arrangements + Established new ventures to facilitate the growth of the partnership platform + Implemented strategic asset planning and new asset selection focus resulting in superior property level returns + Communicated and executed the Group's strategy and values across Investment Management platform. + Communicated with key Capital Partners as the economic landscape evolved during the year and established investment and financing strategies to ensure portfolio investment program and execution was consistent with Capital Partner expectations + Oversight of Partnership capital management plans, including equity, debt and hedging strategies across the whole portfolio in all jurisdictions + Fostered strong relationships with existing and new Capital Partners + Provided strategic advice across a range of corporate and structural transactions in the business to position opportunities for future years.

Directors' report

Remuneration report - audited (continued)

Michael O'Sullivan	Group Chief Risk Officer (up to 28 March 2023)
	+ Responsible for identifying, assessing, and monitoring risks at Goodman and reporting to the Audit, Risk and Compliance Committee + Overseen and aligned the Group Investment Committee (GIC) process with strategy execution to ensure final commercial outcomes remain consistent with Group strategy + A requested member of regional due diligence committee meetings relating to major acquisitions, disposals, and capital market transactions + Performed a critical role in commercial oversight and assessment of globally complex transactions of the Group to allow the required level of autonomy at a regional level within delegated authority limits + Maintained risk management frameworks with improved outcomes across the Group and Partnerships in FY23 adapting to the changing nature of our business including nature, scale, and complexity of development projects globally + Co-ordinated the Group Corporate Service functions, specifically as they relate to the identification and monitoring of non-financial risks with specific reference to internal audit, safety, sustainability, compliance, insurance and business continuity planning + Work closely with all Group functions, in particular, Finance, Legal, Compliance, Technical, Investment Management and IT in respect of risk management practices and processes in those specific functions + FY23 saw continued growth in Group activities, in relation to the GIC process including: - Over 330 GIC submissions with over 40% involving detailed involvement from the Group Risk function - WIP of \$13.0 billion with an annual production rate of circa \$7 billion - \$2.0 billion of asset sales, including both the disposals of directly held developments and disposals to external parties globally - \$7.8 billion of global acquisitions and development expenditure - 20 Partnership business plans and strategy proposals across \$76.3 billion of external AUM, in which the Group's equity investment was \$16.3 billion.

Nick Vrontas	Group Chief Financial Officer
	+ Successfully developed and played a key role in the execution of the business strategy including the management and allocation of capital that has delivered strong returns to investors over several years culminating in the strong FY23 operating profit. + Improved oversight of balance sheet and income outcomes for the Group and Partnerships across multiple jurisdictions. Effective statutory and management financial reporting giving clarity to support strong operational and transactional decision making. + Strengthened monitoring, coordination and consolidation of financial performance and financial position of regional business units to support them in exceeding their financial plans. + Effectuated Financial Risk Management policies and commensurate capital management plans of Group and Partnerships that have placed the Group and Partnerships in a strong position to withstand the recent volatility. + In a volatile market environment, successfully oversaw and/or had direct involvement in debt finance transactions in banking and debt capital markets of over \$6.4bn for the Group and its Partnerships, adding liquidity, term to maturity and diversity of funding sources. + Effective hedging and financial risk management through oversight and/or direct involvement in money market and hedge transactions of over \$8.5bn for the Group and Partnerships. + Built improvements and resilience into systems and controls framework. - Progressed framework for future risk mitigation measures. - Led operational improvements in relation to business IT systems and processes, particularly considering the necessary changes that the recent operating climate have given rise to. - Updated and improved various operational policies to enhance compliance and reduce risk. + Demonstrated an ability to manage through variable market conditions. + Maintained valuable relationships in the capital markets.

4.5 LTI grants in relation to FY23 performance

The remuneration proposed by the Board in respect of the executive KMP performance in FY23 comprise fixed remuneration, STI awards and awards under the LTIP.

As discussed in earlier sections, the Board has decided to reduce the number of performance rights to be issued to the Group CEO and other executive KMP under the LTIP, by approximately 10%. The Board believes the grants reflect a balance between the interests of Securityholders and the recipients.

The table below lists the maximum number of performance rights which could vest if the maximum hurdles are met over the four years ending 30 June 2027. The minimum vesting percentage is 0% if the threshold hurdles are not met. The vesting of those performance rights that achieve the performance hurdles (if any) will occur in seven equal tranches in September each year, starting from September 2027 with the last tranche vesting ten years from initial grant, in September 2033.

The grants that the Board intends to make in September 2023 and proposes to make for Executive Directors after the AGM (subject to Securityholder approval) in respect of the executive KMP performance in FY23, are detailed below:

Executive	Year of grant	Performance rights proposed Number	Face value per performance right \$	Face value of grant \$M
Gregory Goodman	FY24	900,000	20.07	18.1
Danny Peeters	FY24	455,000	20.07	9.1
Anthony Rozio	FY24	500,000	20.07	10.0
Nick Kurtis	FY24	585,000	20.07	11.7
Nick Vrontas	FY24	500,000	20.07	10.0

5. NON-EXECUTIVE DIRECTOR REMUNERATION

5.1 Key elements of the Non-Executive Director remuneration policy

- + The policy is structured to ensure independence of judgement in the performance of their duties.
- + Non-Executive Directors receive fixed fees for Board membership and additional fees for membership of committees.
- + The fees are set considering the size and scope of Goodman's activities and the responsibilities and experience of the Directors. Periodically, these fees are benchmarked against data for comparable entities provided by external advisers.
- + As approved by Securityholders at the 2022 AGM, total remuneration (including superannuation) payable by Goodman to all Non-Executive Directors in aggregate must not exceed \$4.0 million per annum. The increase (previously the pool was capped at \$2.5 million) was to allow for recent Board appointments, which have increased the size and depth of operations of the Group, and responsibilities of Directors. For FY23, total Non-Executive Directors' remuneration was \$2.8 million (2022: \$2.4 million).
- + Non-Executive Directors are not entitled to participate in any STI or LTI schemes as they may be perceived to create a bias when overseeing executive decision making.
- + To align the interests of the Board with Securityholders, the Board updated the Directors' Security Holding Policy in April 2021. The policy requires Non-Executive Directors to accumulate and hold Goodman securities with a value equivalent to their pre-tax annual base fee within three years of appointment, or in the case of the Chairman the pre-tax Chairman's fee within three years of appointment as Chairman (subject to a transitional year following adoption of the new policy). For the purpose of this policy, the value of each parcel acquired is the higher of the purchase price or market value at the end of the financial year.

Directors' report

Remuneration report - audited (continued)

5.2 Board and committee annual fees

The current Board and Committee fees that applied (on an annualised basis) for the period 1 April 2023 to 30 June 2023 (and remain current) are set out below: the Remuneration Committee and the Nomination Committee were merged into the Remuneration & Nomination Committee on 1 April 2023, and the Audit Committee and the Risk and Compliance Committee were merged into the Audit, Risk and Compliance Committee on 1 April 2023. The Sustainability and Innovation Committee was established on 1 October 2022.

	Board	Audit, Risk and Compliance Committee	Remuneration and Nomination Committee	Sustainability and Innovation Committee
	\$	\$	\$	\$
Chairman	625,000	70,000	n/a	50,000
Member	240,000	30,000	30,000	30,000

During the period from 1 July 2022 to 30 March 2023 the Board and Committee fees were as set out below:

	Board	Audit Committee	Risk and Compliance Committee	Remuneration Committee	Nomination Committee
	\$	\$	\$	\$	\$
Chairman	625,000	60,000	50,000	50,000	n/a
Member	240,000	30,000	30,000	30,000	30,000

The remuneration of the Non-Executive Director of GLHK was HK\$680,000.

6. STATUTORY DISCLOSURES

6.1 KMP remuneration (statutory analysis)

Details of the nature and amount of each major element of the remuneration of each executive KMP, as calculated under Australian Accounting Standards, are set out below:

Executive KMP		Salary and fees ¹	Bonus (STI) ²	Other ^{3,4}	Total	Long-term			Share-based payments		Performance related	
						Superannuation benefits	Bonus (STI) ²	Other ³	Performance rights (LTI) ⁵	Total	STI and LTI as % of total	LTI as % of total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Gregory Goodman	FY23	1,417,919	-	-	1,417,919	25,292	-	(77,351)	12,797,691	14,163,551	90.4	90.4
	FY22	1,445,570	-	-	1,445,570	23,568	-	10,199	14,293,367	15,772,704	90.6	90.6
Nick Kurtis	FY23	873,642	-	-	873,642	25,292	900,000	31,622	5,909,166	7,739,722	88.0	76.3
	FY22	687,955	-	-	687,955	23,568	1,000,000	8,584	6,253,120	7,973,227	91.0	78.4
Michael O'Sullivan ⁶	FY23	322,691	-	-	322,691	18,703	450,000	6,952	3,099,847	3,898,193	91.1	79.5
	FY22	500,095	-	-	500,095	23,568	550,000	6,403	4,424,720	5,504,786	90.4	80.4
Nick Vrontas	FY23	712,123	-	-	712,123	25,292	810,000	(18,978)	5,221,710	6,750,147	89.4	77.4
	FY22	713,882	-	-	713,882	23,568	900,000	8,159	5,706,958	7,352,567	89.9	77.6
		€	€	€	€	€	€	€	€	€		
Danny Peeters ⁷	FY23	670,751	-	-	670,571	-	630,000	-	3,318,233	4,618,984	85.5	71.8
	FY22	610,450	-	-	610,450	-	700,000	-	3,539,015	4,849,465	87.4	73.0
		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$		
Anthony Rozic ⁸	FY23	1,047,619	-	30,224	1,077,843	17,024	950,000	29,276	3,757,981	5,832,124	80.7	64.4
	FY22	729,880	-	20,149	750,029	17,100	1,050,000	14,651	4,305,210	6,136,989	87.3	70.2

The footnotes for this table are set out on the following page.

Directors' report

Remuneration report – audited (continued)

Executive KMP are engaged under written employment contracts until notice is given by either Goodman or the executive KMP. Notice periods are for six months except for Gregory Goodman and Danny Peeters for whom the period is 12 months. Danny Peeters provides his services through a management company, DPCON Bvba.

Footnotes to the executive KMP remuneration table:

1. Salary and fees represent the amounts due under the terms of executives' service contracts and include movements in annual leave provisions.
2. Executives' bonus (STI) awards are paid in two instalments: 50% on finalisation of Goodman's financial statements and 50% 12 months later. Under Australian Accounting Standards, this means the entire bonus award is considered as a long-term benefit with regard to the disclosure of individual executive's remuneration. No bonuses were forfeited during the financial year.
3. Other includes changes in long service leave provisions and in the prior year, car parking and reportable fringe benefits.
4. The Board agreed certain tax equalisation payments with Anthony Rozic in connection with his employment arrangements in the United States and Australia to ensure that he was no better or worse off. As a result, in FY20 Goodman made additional tax related payments of USD 150,005 in respect of the period prior to 1 January 2019. These amounts were on top of Anthony Rozic's Australian tax obligations for which he remained exclusively responsible. The Board also advanced under an interest free loan, double-tax amounts for which foreign income tax offsets from the Australian Taxation Office will be used to repay the advances.
At 1 July 2022, the advances made by Goodman amounted to USD 503,729 and as there have been no further advances or repayments during the year ended 30 June 2023, the balance at 30 June 2023 was also US\$503,729. The amount of interest that would have been payable if charged on an arm's length basis during the year is USD 30,224 (2022: USD 20,149). The notional interest amount has been included in Anthony Rozic's statutory remuneration (Other remuneration). No other executive KMP received a loan from the Group during the current or prior financial years.
5. Performance rights are an LTI and in accordance with Australian Accounting Standards: the values of the awards are determined using option pricing models and amortised in the income statement over the vesting periods.
6. Michael O'Sullivan retired from his role as Group Chief Risk Officer and ceased to be a KMP on 28 March 2023. His remuneration disclosed is for the period he was a KMP.
7. The remuneration of Danny Peeters is disclosed in Euros, the currency in which his base remuneration and STI are determined. The value attributed to his performance rights is translated from Australian dollars at the weighted average rate for the relevant financial year.
8. The remuneration of Anthony Rozic is disclosed in US dollars, the currency in which his base remuneration and STI are determined. The value attributed to his performance rights is translated from Australian dollars at the weighted average rate for the relevant financial year.

6.2 Movements in performance rights held by executive KMP

The movements in the number of performance rights during FY23 are summarised as follows:

		Held at the start of the year	Granted as compensation	Vested	Forfeited	Held at the end of the year ¹
Executive Directors						
Gregory Goodman	FY23	5,010,001	1,000,000	(1,354,667)	(36,000)	4,619,334
	FY22	5,316,667	1,560,000	(1,866,666)	-	5,010,001
Danny Peeters	FY23	1,905,001	500,000	(478,668)	(13,998)	1,912,335
	FY22	1,846,667	625,000	(566,666)	-	1,905,001
Anthony Rozic	FY23	2,070,000	550,000	(521,601)	(15,198)	2,083,201
	FY22	2,013,333	690,000	(633,333)	-	2,070,000
Other executive KMP						
Nick Kurtis	FY23	2,275,000	645,000	(521,601)	(15,198)	2,383,201
	FY22	2,103,333	805,000	(633,333)	-	2,275,000
Michael O'Sullivan	FY23	1,596,667	450,000	(359,333)	(12,000)	1,675,334
	FY22	1,450,000	560,000	(413,333)	-	1,596,667
Nick Vrontas	FY23	2,090,000	550,000	(521,601)	(15,198)	2,103,201
	FY22	2,050,000	690,000	(650,000)	-	2,090,000

1. Relates to securities held at the earlier of the end of the financial year or the date of ceasing to be a KMP.

Directors' report

Remuneration report - audited (continued)

6.3 Analysis of performance rights held by executive KMP

Details of the awards of performance rights under the LTIP granted by Goodman as compensation to the executive KMP are set out in the following tables:

	Number of performance rights granted	Date performance rights granted	Year	Fair value per performance right ¹ \$	Total value of performance rights granted ¹ \$	Vested in prior years %	Vested in the year % ²	Forfeited %	Value of performance rights vested in the year ³ \$	Financial years in which grant vests ⁴
Executive Directors										
Gregory Goodman	1,000,000	17 Nov 2022	FY23	13.89	13,890,000	-	-	-	-	2027–2033
	1,560,000	18 Nov 2021	FY22	20.16	31,449,600	-	-	-	-	2026–2032
	950,000	19 Nov 2020	FY21	16.07	15,266,500	-	-	-	-	2024–2026
	900,000	20 Nov 2019	FY20	11.48	10,332,000	-	32.0	4.0	5,520,960	2023–2025
	1,600,000	15 Nov 2018	FY19	8.72	13,952,000	33.3	33.3	-	10,223,994	2022–2024
	1,600,000	16 Nov 2017	FY18	6.70	10,720,000	66.7	33.3	-	10,224,013	2021–2023
Danny Peeters	500,000	17 Nov 2022	FY23	13.89	6,945,000	-	-	-	-	2027–2033
	625,000	18 Nov 2021	FY22	20.16	12,600,000	-	-	-	-	2026–2032
	380,000	19 Nov 2020	FY21	16.07	6,106,600	-	-	-	-	2024–2026
	350,000	20 Nov 2019	FY20	11.48	4,018,000	-	32.0	4.0	2,147,059	2023–2025
	550,000	15 Nov 2018	FY19	8.72	4,796,000	33.3	33.3	-	3,514,494	2022–2024
	550,000	16 Nov 2017	FY18	6.70	3,685,000	66.7	33.3	-	3,514,513	2021–2023
Anthony Rozic	550,000	17 Nov 2022	FY23	13.89	7,639,500	-	-	-	-	2027–2033
	690,000	18 Nov 2021	FY22	20.16	13,910,400	-	-	-	-	2026–2032
	400,000	19 Nov 2020	FY21	16.07	6,428,000	-	-	-	-	2024–2026
	380,000	20 Nov 2019	FY20	11.48	4,362,400	-	32.0	4.0	2,331,091	2023–2025
	600,000	15 Nov 2018	FY19	8.72	5,232,000	33.3	33.3	-	3,834,000	2022–2024
	600,000	16 Nov 2017	FY18	6.70	4,020,000	66.7	33.3	-	3,834,000	2021–2023

The footnotes for this table are set out at the end of this section.

	Number of performance rights granted	Date performance rights granted	Year	Fair value per performance right ¹ \$	Total value of performance rights granted ¹ \$	Vested in prior years %	Vested in the year % ²	Forfeited %	Value of performance rights vested in the year ³ \$	Financial years in which grant vests ⁴
Other executive KMP										
Nick Kurtis	645,000	30 Sep 2022	FY23	11.69	7,540,050	-	-	-	-	2027–2033
	805,000	30 Sep 2021	FY22	17.22	13,862,100	-	-	-	-	2026–2032
	490,000	30 Sep 2020	FY21	15.77	7,727,300	-	-	-	-	2024–2026
	380,000	30 Sep 2019	FY20	11.26	4,278,800	-	32.0	4.0	2,331,091	2023–2025
	600,000	28 Sep 2018	FY19	8.52	5,112,000	33.3	33.3	-	3,834,000	2022–2024
	600,000	30 Sep 2017	FY18	6.41	3,846,000	66.7	33.3	-	3,834,000	2021–2023
Michael O'Sullivan	450,000	30 Sep 2022	FY23	11.69	5,260,500	-	-	-	-	2027–2033
	560,000	30 Sep 2021	FY22	17.22	9,643,200	-	-	-	-	2026–2032
	340,000	30 Sep 2020	FY21	15.77	5,361,800	-	-	-	-	2024–2026
	300,000	30 Sep 2019	FY20	11.26	3,378,000	-	32.0	4.0	1,840,320	2023–2025
	400,000	28 Sep 2018	FY19	8.52	3,408,000	33.3	33.3	-	2,555,994	2022–2024
	390,000	30 Sep 2017	FY18	6.41	2,499,900	66.7	33.3	-	2,492,100	2021–2023
Nick Vrontas	550,000	30 Sep 2022	FY23	11.69	6,429,500	-	-	-	-	2027–2033
	690,000	30 Sep 2021	FY22	17.22	11,881,800	-	-	-	-	2026–2032
	420,000	30 Sep 2020	FY21	15.77	6,623,400	-	-	-	-	2024–2026
	380,000	30 Sep 2019	FY20	11.26	4,278,800	-	32.0	4.0	2,331,091	2023–2025
	600,000	28 Sep 2018	FY19	8.52	5,112,000	33.3	33.3	-	3,834,000	2022–2024
	600,000	30 Sep 2017	FY18	6.41	3,846,000	66.7	33.3	-	3,834,000	2021–2023

The footnotes for this table are set out on the following page.

Directors' report

Remuneration report - audited (continued)

Footnotes to the analysis of executive KMP performance rights table:

1. The fair value was determined at grant date for each of the tranches and calculated using a combination of the standard Black Scholes model with a continuous dividend/distribution yield and a Monte Carlo model which simulated total returns for each of the S&P/ASX 100 entities and discounted the future value of any potential future vesting performance rights to arrive at a present value.
2. As performance rights had an exercise price of \$nil, Goodman securities were automatically issued to employees when the performance rights vested. Accordingly, the percentage of performance rights that vested during the year equalled the percentage of securities issued during the year.
3. The value of performance rights vested was calculated using the closing price of a Goodman security on the ASX of \$19.17 on 1 September 2022, the day the performance rights vested.
4. As Goodman securities were automatically issued to employees when the performance rights vested, and lapsed where they failed to do so, the vesting date was also deemed to be the expiry date.

6.4 Securities issued on exercise of performance rights

During FY23, Goodman issued 13,479,812 securities as a result of the vesting of performance rights. The amount paid by the employees on exercise of these securities was \$nil.

No performance rights have vested since the end of the financial year.

6.5 Unissued securities under performance rights

At the date of this Directors' report, unissued securities of Goodman under performance rights, i.e. those performance rights that have not yet vested, were:

Vesting date ¹	Exercise price \$	Number of performance rights ²
Ten-year plan		
Sep 2032	-	1,276,432
Sep 2031	-	2,883,576
Sep 2030	-	2,883,572
Sep 2029	-	2,883,571
Sep 2028	-	2,883,569
Sep 2027	-	2,883,569
Sep 2026	-	2,883,569
Sep 2025	-	1,607,142
Five-year plan		
Sep 2027	-	2,819,471
Sep 2026	-	5,258,340
Sep 2025	-	9,320,912
Sep 2024	-	9,917,043
Sep 2023	-	12,698,023

1. As Goodman securities were automatically issued to employees when the performance rights vested, and lapsed where they failed to do so, the vesting date was also deemed to be the expiry date.
2. The number of performance rights at the date of this Directors' report is net of any rights forfeited and excludes 16,119,301 performance rights where the intention is to cash settle.

Directors' report

Remuneration report - audited (continued)

6.6 Non-Executive Directors' remuneration (statutory analysis)

Details of the nature and amount of each major element of the remuneration of Non-Executive Directors, as calculated under Australian Accounting Standards, are set out below:

		Salary and fees	Superannuation benefits	Total
		\$	\$	\$
Non-Executive Directors – GL and GFML				
Stephen Johns	FY23	599,708	25,292	625,000
	FY22	601,432	23,568	625,000
Christopher Green	FY23	330,000	-	330,000
	FY22	300,000	-	300,000
Mark Johnson	FY23	323,874	25,292	349,166
	FY22	306,432	23,568	330,000
Vanessa Liu ¹	FY23	262,500	-	262,500
	FY22	20,000	-	20,000
Rebecca McGrath ²	FY23	220,833	-	220,833
	FY22	344,108	5,892	350,000
Phillip Pryke ³	FY23	418,727	25,292	444,019
	FY22	408,701	23,568	432,269
Belinda Robson ⁴	FY23	81,569	8,431	90,000
	FY22	-	-	-
Hilary Spann ⁵	FY23	262,500	-	262,500
	FY22	59,048	-	59,048
Penny Winn ⁶	FY23	-	-	-
	FY22	107,850	9,195	117,045
George Zoghbi ⁷	FY23	55,059	5,691	60,750
	FY22	-	-	-
Non-Executive Director – GLHK		HK\$	HK\$	HK\$
David Collins ⁸	FY23	680,000	-	680,000
	FY22	680,000	-	680,000

1. Vanessa Liu was appointed as a Director on 1 June 2022.

2. Rebecca McGrath retired as a Director on 28 February 2023.

3. Salary and fees for Phillip Pryke included an amount of A\$91,516 (NZ\$100,000) (2022: A\$93,747 (NZ\$100,000)) due in respect of his role on the board and audit committee of Goodman (NZ) Limited, the manager of Goodman Property Trust.

4. Belinda Robson was appointed as a Director on 1 March 2023.

5. Hilary Spann was appointed as a Director on 4 April 2022.

6. Penny Winn retired as a Director on 18 November 2021.

7. George Zoghbi was appointed as a Director on 11 April 2023.

8. David Collins is a Director of GLHK and his Director's fees are disclosed in Hong Kong dollars.

6.7 Movements in Goodman securities held

The movements during the year in the number of Goodman securities held, directly, indirectly or beneficially, by each KMP, including their related parties, are set out below:

		Held at the start of the year ¹	Securities issued on vesting of performance rights	Acquisitions	Disposals	Held at the end of the year ²
Non-Executive Directors – GL and GFML						
Stephen Johns	FY23	41,143	-	-	-	41,143
	FY22	41,143	-	-	-	41,143
Christopher Green	FY23	78,996	-	-	-	78,996
	FY22	78,996	-	-	-	78,996
Mark Johnson	FY23	15,000	-	-	-	15,000
	FY22	5,000	-	10,000	-	15,000
Vanessa Liu	FY23	-	-	1,938	-	1,938
	FY22	-	-	-	-	-
Rebecca McGrath	FY23	43,061	-	-	-	43,061
	FY22	43,061	-	-	-	43,061
Phillip Pryke	FY23	59,880	-	-	-	59,880
	FY22	59,880	-	-	-	59,880
Belinda Robson	FY23	-	-	4,990	-	4,990
	FY22	-	-	-	-	-
Hilary Spann	FY23	3,500	-	9,775	-	13,275
	FY22	-	-	3,500	-	3,500
George Zoghbi	FY23	-	-	-	-	-
	FY22	-	-	-	-	-
Non-Executive Director – GLHK						
David Collins	FY23	5,000	-	-	-	5,000
	FY22	5,000	-	-	-	5,000
Executive Directors – GL and GFML						
Gregory Goodman	FY23	38,604,546	1,354,667	-	(1,289,726)	38,669,487
	FY22	38,487,880	1,866,666	-	(1,750,000)	38,604,546
Danny Peeters	FY23	2,199,797	478,668	-	(1,000,000)	1,678,465
	FY22	1,633,131	566,666	-	-	2,199,797
Anthony Rozic	FY23	951,307	521,601	-	-	1,472,908
	FY22	1,209,460	633,333	-	(891,486)	951,307
Other executive KMP						
Nick Kurtis	FY23	503,619	521,601	-	(525,000)	500,220
	FY22	554,286	633,333	-	(684,000)	503,619
Michael O'Sullivan	FY23	1,066,452	359,333	-	(509,333)	916,452
	FY22	843,119	413,333	-	(190,000)	1,066,452
Nick Vrontas	FY23	129,909	521,601	-	(521,601)	129,909
	FY22	129,909	650,000	-	(650,000)	129,909

1. Relates to securities held at the later of the start of the financial year or the date of becoming a KMP.

2. Relates to securities held at the earlier of the end of the financial year or the date of ceasing to be a KMP.

Directors' report

Remuneration report - audited (continued)

6.8 Transactions with Directors, executives and their related entities

GreenPoint Real Estate Innovation and Technology Venture, LP (GreenPoint)

In order to enhance understanding of and access to technologies that may influence the property sector and the business, the Group committed to investing USD15.0 million in GreenPoint, a property technology fund that is a Delaware limited partnership, managed by GreenPoint Partners. GreenPoint Partners is beneficially owned and controlled by Christopher Green, a director of GL.

In FY23, the Group invested a further USD1.9 million and the total investment in GreenPoint at 30 June 2023 was USD7.2 million (30 June 2022: USD5.3 million). No distributions were received from GreenPoint in the current year (2022: \$0.8 million).

Wyuna Regenerative Ag Investment Fund (Wyuna)

As part of its ESG strategy, Goodman has committed to investing up to \$30.0 million in an integrated carbon credit and regenerative platform in Australia – Wyuna. Investing alongside Australia's Clean Energy Finance Corporation, this project assists land regeneration, sustainable food production and land-based solutions to climate change. Wyuna is managed by Wyuna Regenerative Ag Pty Limited, which is 50% owned by Christopher Green, a director of GL.

In FY23, GL invested \$11.9 million, and the total investment in Wyuna at 30 June 2023 was \$11.9 million (30 June 2022: \$nil). No distributions were received from Wyuna in the current and prior year.

Other than as disclosed elsewhere in the remuneration report, there were no other transactions with Directors, executives, and their related entities.

Environmental regulations

Goodman has policies and procedures to identify and appropriately address environmental obligations that might arise in respect of Goodman's operations that are subject to significant environmental laws and regulation. The Directors have determined that Goodman has complied with those obligations during the financial year and that there has not been any material breach.

Declaration by the Group Chief Executive Officer and Group Chief Financial Officer

The Group Chief Executive Officer and Group Chief Financial Officer declared in writing to the Board that, in their opinion, the financial records of Goodman for the year ended 30 June 2023 have been properly maintained and the financial report for the year ended 30 June 2023 complies with accounting standards and presents a true and fair view of Goodman's financial condition and operational results. The Group Chief Executive Officer and Group Chief Financial Officer confirmed that the above declaration was, to the best of their knowledge and belief, founded on a sound system of risk management and internal control and that the system was operating effectively in all material respects in relation to the financial reporting risks.

Disclosure in respect of any indemnification and insurance of officers and auditors

Pursuant to the Constitution of Goodman, current and former Directors and officers of Goodman are entitled to be indemnified. Deeds of Indemnity have been executed by Goodman, consistent with the Constitution, in favour of each Director. The Deed indemnifies each Director to the extent permitted by law for liabilities (other than legal costs) incurred in their capacity as a director of Goodman Limited or a controlled entity and, in respect of legal costs, for liabilities incurred in defending or resisting civil or criminal proceedings.

Goodman has insured to the extent permitted by law, current and former Directors and officers of Goodman in respect of liability and legal expenses incurred in their capacity as a director or officer. As it is prohibited under the terms of the contract of insurance, the Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid.

The auditors of Goodman are not indemnified by Goodman or covered in any way by this insurance in respect of the audit.

Non-audit services

During the financial year, KPMG, Goodman and GIT's auditor, performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the financial year by the auditor and, in accordance with written advice authorised by a resolution of the Audit, Risk and Compliance Committee, resolved that it is satisfied that the provision of those non-audit services during the financial year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- + All non-audit services were subject to the corporate governance procedures adopted by Goodman and have been reviewed by the Audit, Risk and Compliance Committee to determine they do not impact the integrity and objectivity of the auditor
- + The non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Goodman, acting as an advocate for Goodman or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of Goodman and GIT, KPMG and its network firms, for the audit and non-audit services provided during the financial year are set out in note 25 to the consolidated financial statements.

Directors' report

(continued)

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

The lead auditor's independence declaration is set out on page 87 and forms part of this Directors' report for the financial year.

Rounding

Goodman and GIT are entities 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 statements have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of Goodman, the results of those operations, or the state of affairs of Goodman, in future financial years.

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



Stephen Johns
Independent Chairman



Gregory Goodman
Group Chief Executive Officer

Sydney, 17 August 2023



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

To the Directors of Goodman Limited and Goodman Funds Management Limited, as Responsible Entity for Goodman Industrial Trust

I declare that, to the best of my knowledge and belief, in relation to the audits of Goodman Limited (as the deemed parent presenting the stapled security arrangement of the Goodman Group) and Goodman Industrial Trust for the financial year ended 30 June 2023 there have been:

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

KPMG

Eileen Hoggett

Partner

Sydney

17 August 2023

Consolidated statements of financial position

as at 30 June 2023

		Goodman		GIT	
		2023	2022	2023	2022
	Note	\$M	\$M	\$M	\$M
Current assets					
Cash and cash equivalents	20(a)	1,360.1	1,056.0	689.9	473.6
Receivables	6	243.1	217.8	242.1	131.0
Contract assets	7	72.9	77.6	-	-
Inventories	5(b)	464.2	389.0	-	-
Other financial assets	16	87.8	1.6	76.6	1.6
Assets held for sale	8	509.6	608.2	509.6	608.2
Total current assets		2,737.7	2,350.2	1,518.2	1,214.4
Non-current assets					
Receivables	6	231.0	173.4	3,122.4	3,137.4
Inventories	5(b)	1,781.3	1,727.1	-	5.9
Investment properties	5(b)	1,644.8	1,423.7	234.4	495.3
Investments accounted for using the equity method	5(b)	16,285.2	14,379.6	13,012.3	11,356.1
Deferred tax assets	4(d)	43.9	25.2	-	-
Other financial assets	16	381.5	496.4	251.7	373.1
Property, plant and equipment	11	71.7	61.4	-	-
Intangible assets	13	850.1	795.4	-	-
Total non-current assets		21,289.5	19,082.2	16,620.8	15,367.8
Total assets		24,027.2	21,432.4	18,139.0	16,582.2
Current liabilities					
Payables	9	683.4	606.5	170.9	72.7
Current tax payables	4(c)	170.2	173.4	-	-
Interest bearing liabilities	15	-	133.3	-	133.3
Provisions	10	301.5	299.2	188.4	233.5
Lease liabilities	12	12.3	12.5	-	-
Other financial liabilities	16	143.9	71.2	63.9	25.9
Total current liabilities		1,311.3	1,296.1	423.2	465.4
Non-current liabilities					
Payables	9	390.2	111.0	778.0	723.8
Interest bearing liabilities	15	3,292.9	2,698.9	2,982.8	2,692.1
Deferred tax liabilities	4(d)	458.2	380.3	375.0	267.9
Provisions	10	14.3	15.5	-	-
Lease liabilities	12	55.4	58.1	-	-
Other financial liabilities	16	480.1	447.7	383.6	325.3
Total non-current liabilities		4,691.1	3,711.5	4,519.4	4,009.1
Total liabilities		6,002.4	5,007.6	4,942.6	4,474.5
Net assets		18,024.8	16,424.8	13,196.4	12,107.7
Equity attributable to Securityholders					
Issued capital	19(a)	8,273.3	8,206.1	8,355.4	8,154.5
Reserves		774.6	352.7	459.1	238.8
Retained earnings		8,976.9	7,866.0	4,381.9	3,714.4
Total equity attributable to Securityholders		18,024.8	16,424.8	13,196.4	12,107.7
Comprising:					
Total equity attributable to GL	21(a)	2,731.4	2,292.9		
Total equity attributable to other entities stapled to GL	21(b)	15,293.4	14,131.9		
Total equity attributable to Securityholders		18,024.8	16,424.8		

The consolidated statements of financial position are to be read in conjunction with the accompanying notes.

Consolidated income statements

for the year ended 30 June 2023

Goodman				GIT	
		2023	2022	2023	2022
	Note	\$M	\$M	\$M	\$M
Revenue					
Gross property income	1	122.8	138.0	27.4	51.7
Management income	1	438.9	511.4	-	-
Development income	1	1,407.2	1,441.6	22.6	-
Distributions from investments		-	0.8	27.7	6.4
		1,968.9	2,091.8	77.7	58.1
Property and development expenses					
Property expenses		(31.7)	(33.7)	(9.8)	(16.5)
Development expenses	1	(606.7)	(554.9)	(6.7)	-
		(638.4)	(588.6)	(16.5)	(16.5)
Other income					
Net gain from fair value adjustments on investment properties	5(e)	278.9	260.1	229.0	208.3
Net gain/(loss) on disposal of investment properties		3.6	73.6	(0.6)	69.8
Net gain on disposal of assets held for sale		-	12.5	-	-
Net gain on disposal of equity investments	1	-	0.2	-	-
Share of net results of equity accounted investments	5(f)	1,022.4	2,718.2	1,079.1	2,173.0
		1,304.9	3,064.6	1,307.5	2,451.1
Other expenses					
Employee expenses	1	(271.6)	(258.9)	-	-
Share based payments expense	1	(286.0)	(257.6)	-	-
Administrative and other expenses		(100.9)	(90.4)	(74.5)	(60.4)
		(658.5)	(606.9)	(74.5)	(60.4)
Profit before interest and tax		1,976.9	3,960.9	1,294.2	2,432.3
Net finance expense					
Finance income	14	22.9	8.3	179.2	72.8
Finance expense	14	(257.7)	(231.1)	(236.3)	(304.4)
Net finance expense		(234.8)	(222.8)	(57.1)	(231.6)
Profit before income tax		1,742.1	3,738.1	1,237.1	2,200.7
Income tax expense	4	(182.2)	(324.1)	(99.1)	(133.1)
Profit for the year		1,559.9	3,414.0	1,138.0	2,067.6
Profit attributable to GL	21(a)	288.2	552.6		
Profit attributable to other entities stapled to GL	21(b)	1,271.7	2,861.4		
Profit for the year attributable to Securityholders		1,559.9	3,414.0		
Basic profit per security (¢)	2	83.0	183.2		
Diluted profit per security (¢)	2	81.3	178.8		

The consolidated income statements are to be read in conjunction with the accompanying notes.

Consolidated statements of comprehensive income

for the year ended 30 June 2023

	Note	Goodman		GIT	
		2023	2022	2023	2022
		\$M	\$M	\$M	\$M
Profit for the year		1,559.9	3,414.0	1,138.0	2,067.6
Other comprehensive income/(loss) for the year					
Items that will not be reclassified to profit or loss					
Actuarial gains on defined benefit retirement schemes, net of income tax		0.5	5.6	-	-
Effect of foreign currency translation		(2.6)	1.6	-	-
		(2.1)	7.2	-	-
Items that are or may be reclassified subsequently to profit or loss					
(Decrease)/increase due to revaluation of other financial assets		(0.2)	0.3	(15.6)	5.0
Cash flow hedges:					
– Change in value of financial instruments		2.4	15.9	2.4	15.9
Effect of foreign currency translation		363.2	143.7	200.6	221.8
		365.4	159.9	187.4	242.7
Other comprehensive income for the year, net of income tax		363.3	167.1	187.4	242.7
Total comprehensive income for the year		1,923.2	3,581.1	1,325.4	2,310.3
Total comprehensive income attributable to GL	21(a)	294.9	542.7		
Total comprehensive income attributable to other entities stapled to GL	21(b)	1,628.3	3,038.4		
Total comprehensive income for the year attributable to Securityholders		1,923.2	3,581.1		

The consolidated statements of comprehensive income are to be read in conjunction with the accompanying notes.

Consolidated statements of changes in equity

for the year ended 30 June 2023

Goodman	Note	Attributable to Securityholders							
		Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	Retained earnings
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2021		8,096.4	(6.7)	(4.4)	(90.7)	274.7	(38.1)	134.8	4,930.3
Total comprehensive income/(loss) for the year									
Profit for the year		-	-	-	-	-	-	-	3,414.0
Other comprehensive income/(loss)									
Effect of foreign currency translation		-	-	(0.4)	144.1	-	1.6	145.3	-
Cash flow hedges:									
- Change in value of financial instruments		-	-	15.9	-	-	-	15.9	-
Increase due to revaluation of other financial assets		-	0.3	-	-	-	-	0.3	-
Actuarial gains on defined benefit superannuation funds, net of income tax		-	-	-	-	-	5.6	5.6	-
Total other comprehensive income for the year, net of income tax		-	0.3	15.5	144.1	-	7.2	167.1	-
Total comprehensive income for the year, net of income tax		-	0.3	15.5	144.1	-	7.2	167.1	3,414.0
Transfers		-	-	-	-	(81.8)	-	(81.8)	81.8
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	18	-	-	-	-	-	-	-	(560.1)
Issue of stapled securities	19	109.8	-	-	-	-	-	-	-
Issue costs		(0.1)	-	-	-	-	-	-	-
Purchase of stapled securities for the LTIP		-	-	-	-	(28.0)	-	(28.0)	-
Equity settled share based payments expense		-	-	-	-	164.8	-	164.8	-
Deferred taxes associated with the LTIP		-	-	-	-	(4.2)	-	(4.2)	-
Balance at 30 June 2022		8,206.1	(6.4)	11.1	53.4	325.5	(30.9)	352.7	7,866.0
Total comprehensive income/(loss) for the year									
Profit for the year		-	-	-	-	-	-	-	1,559.9
Other comprehensive income/(loss)									
Effect of foreign currency translation		-	(0.5)	0.5	363.2	-	(2.6)	360.6	-
Cash flow hedges:									
- Change in value of financial instruments		-	-	2.4	-	-	-	2.4	-
Decrease due to revaluation of other financial assets		-	(0.2)	-	-	-	-	(0.2)	-
Actuarial gains on defined benefit superannuation funds, net of income tax		-	-	-	-	-	0.5	0.5	-
Total other comprehensive income for the year, net of income tax		-	(0.7)	2.9	363.2	-	(2.1)	363.3	-
Total comprehensive income for the year, net of income tax		-	(0.7)	2.9	363.2	-	(2.1)	363.3	1,559.9
Transfers		-	-	-	-	(115.6)	-	(115.6)	115.6
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	18	-	-	-	-	-	-	-	(564.6)
Issue of stapled securities	19	67.4	-	-	-	-	-	-	-
Issue costs		(0.2)	-	-	-	-	-	-	-
Equity settled share based payments expense		-	-	-	-	173.6	-	173.6	-
Deferred taxes associated with the LTIP		-	-	-	-	0.6	-	0.6	-
Balance at 30 June 2023		8,273.3	(7.1)	14.0	416.6	384.1	(33.0)	774.6	8,976.9

The consolidated statements of changes in equity is to be read in conjunction with the accompanying notes. For an analysis of equity attributable to non-controlling interests, refer to note 21(b).

GIT	Note	Attributable to Unitholders							Total \$M
		Issued capital \$M	Asset revaluation reserve \$M	Cash flow hedge reserve \$M	Foreign currency translation reserve \$M	Employee compensation reserve \$M	Total reserves \$M	Retained earnings \$M	
Balance at 1 July 2021		7,849.0	4.6	(4.5)	(220.8)	187.0	(33.7)	2,160.6	9,975.9
Total comprehensive income/(loss) for the year									
Profit for the year		-	-	-	-	-	-	2,067.6	2,067.6
Other comprehensive income/(loss)									
Effect of foreign currency translation		-	(0.2)	(0.3)	222.3	-	221.8	-	221.8
Cash flow hedges:									
- Change in value of financial instruments		-	-	15.9	-	-	15.9	-	15.9
Increase due to revaluation of other financial assets		-	5.0	-	-	-	5.0	-	5.0
Total other comprehensive income for the year, net of income tax		-	4.8	15.6	222.3	-	242.7	-	242.7
Total comprehensive income for the year		-	4.8	15.6	222.3	-	242.7	2,067.6	2,310.3
Contributions by and distributions to owners									
Distributions on ordinary units	18	-	-	-	-	-	-	(513.8)	(513.8)
Issue of ordinary units	19(a)	71.2	-	-	-	-	-	-	71.2
Issue of ordinary units for the LTIP	19(a)	234.4	-	-	-	-	-	-	234.4
Issue costs on ordinary units		(0.1)	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions		-	-	-	-	29.8	29.8	-	29.8
Balance at 30 June 2022		8,154.5	9.4	11.1	1.5	216.8	238.8	3,714.4	12,107.7
Total comprehensive income/(loss) for the year									
Profit for the year		-	-	-	-	-	-	1,138.0	1,138.0
Other comprehensive income/(loss)									
Effect of foreign currency translation		-	0.8	0.4	199.4	-	200.6	-	200.6
Cash flow hedges:									
- Change in value of financial instruments		-	-	2.4	-	-	2.4	-	2.4
Decrease due to revaluation of other financial assets		-	(15.6)	-	-	-	(15.6)	-	(15.6)
Total other comprehensive income for the year, net of income tax		-	(14.8)	2.8	199.4	-	187.4	-	187.4
Total comprehensive income for the year		-	(14.8)	2.8	199.4	-	187.4	1,138.0	1,325.4
Contributions by and distributions to owners									
Distributions on ordinary units	18	-	-	-	-	-	-	(470.5)	(470.5)
Issue of ordinary units	19(a)	42.5	-	-	-	-	-	-	42.5
Issue of ordinary units for the LTIP	19(a)	158.5	-	-	-	-	-	-	158.5
Issue costs on ordinary units		(0.1)	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions		-	-	-	-	32.9	32.9	-	32.9
Balance at 30 June 2023		8,355.4	(5.4)	13.9	200.9	249.7	459.1	4,381.9	13,196.4

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

Consolidated cash flow statements

for the year ended 30 June 2023

	Note	Goodman		GIT	
		2023 \$M	2022 \$M	2023 \$M	2022 \$M
Cash flows from operating activities					
Property income received		125.2	138.4	29.5	50.8
Cash receipts from development activities		1,416.7	1,587.8	17.5	-
Cash receipts from management and other activities		477.8	523.8	-	
Property expenses paid		(30.1)	(28.6)	(7.7)	(13.9)
Payments for development activities		(589.6)	(1,220.7)	(0.5)	(1.1)
Other cash payments in the course of operations		(495.5)	(456.8)	(75.8)	(60.4)
Distributions received from equity investments, including Partnerships		583.5	442.5	329.0	245.3
Interest received		19.5	9.3	12.3	8.9
Finance costs paid		(59.2)	(44.2)	(95.1)	(32.5)
Net income taxes paid		(164.1)	(110.5)	(2.1)	(1.1)
Net cash provided by operating activities	20(b)	1,284.2	841.0	207.1	196.0
Cash flows from investing activities					
Net proceeds from disposal of investment properties		629.7	671.8	629.9	345.6
Proceeds from disposal of controlled entities, net of cash disposed		-	0.4	-	-
Net proceeds from disposal of equity investments		352.4	4.4	348.8	22.6
Return of capital by Partnerships		-	91.8	-	20.9
Payments for investment properties		(441.2)	(431.7)	(37.7)	(15.1)
Payments for investments in Partnerships		(1,243.9)	(1,332.3)	(671.5)	(1,050.0)
Payments for property, plant and equipment		(13.0)	(5.9)	-	-
Net cash (used in)/provided by investing activities		(716.0)	(1,001.5)	269.5	(676.0)
Cash flows from financing activities					
Net proceeds from issue of stapled securities		67.2	109.7	42.5	71.1
Net cash (outflows)/inflows from loans with related parties		(58.0)	111.4	191.7	279.6
Proceeds from borrowings and derivative financial instruments		1,029.3	1,466.5	712.3	1,456.4
Payments on borrowings and derivative financial instruments		(772.0)	(789.3)	(722.9)	(787.4)
Dividends and distributions paid		(562.1)	(557.2)	(515.6)	(446.6)
Payments of lease liabilities		(13.2)	(13.4)	-	-
Purchase of securities to fund LTIP obligations		-	(28.0)	-	-
Net cash (used in)/provided by financing activities		(308.8)	299.7	(292.0)	573.1
Net increase in cash held		259.4	139.2	184.6	93.1
Cash and cash equivalents at the beginning of the year		1,056.0	920.4	473.6	379.8
Effect of exchange rate fluctuations on cash held		44.7	(3.6)	31.7	0.7
Cash and cash equivalents at the end of the year	20(a)	1,360.1	1,056.0	689.9	473.6

The consolidated cash flow statements are to be read in conjunction with the accompanying notes.
Non-cash transactions are included in note 20(c).

Notes to the consolidated financial statements

This section sets out the general basis upon which Goodman and GIT have prepared their financial statements and information that is disclosed to comply with the Australian Accounting Standards, *Corporations Act 2001* or Corporations Regulations.

Specific accounting policies can be found in the sections to which they relate.

BASIS OF PREPARATION

Goodman Limited and Goodman Industrial Trust are for-profit entities domiciled in Australia.

Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards adopted by the AASB. The consolidated financial statements also comply with IFRS.

The consolidated financial statements are presented in Australian dollars and were authorised for issue by the Directors on 17 August 2023.

Basis of preparation of the consolidated financial reports

Shares in the Company, units in the Trust and ODIs over shares in GLHK are stapled to one another and are quoted as a single security on the ASX. Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the stapling of the Company, the Trust and GLHK, the Company is identified as having acquired control over the assets of the Trust and GLHK. In the consolidated statement of financial position of the Group, equity attributable to the Trust and the ODIs over the shares of GLHK are presented as non-controlling interests.

As permitted by the relief provided in ASIC Instrument 20-0568, these financial statements present both the financial statements and accompanying notes of Goodman and GIT. GLHK, which is incorporated and domiciled in Hong Kong, prepares its financial statements under Hong Kong Financial Reporting Standards and the applicable requirements of the Hong Kong Companies Ordinance and accordingly the financial statements of GLHK have not been combined and included as adjacent columns in this report. The financial statements of GLHK have been included as an appendix to this report.

The consolidated financial statements are prepared on the historical cost basis, subject to any impairment of assets, except that the following assets and liabilities are stated at fair value:

- + Investment properties
- + Derivative financial instruments
- + Investments in unlisted securities
- + Liabilities for cash settled share-based payment arrangements.

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in these consolidated financial statements have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the controlled entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's and the Trust's functional and presentation currency.

Transactions

Foreign currency transactions are translated to each entity's functional currency at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance date are translated at the rates of exchange ruling on that date. Resulting exchange differences are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost are translated at rates of exchange applicable at the date of the initial transaction. Non-monetary items which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of controlled foreign operations

The assets and liabilities of controlled foreign operations are translated into Australian dollars at foreign exchange rates ruling at the balance date.

Revenue and expenses are translated at weighted average rates for the financial year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve. On cessation of operations in a foreign region, the cumulative exchange differences relating to the operations in that region, that have been included in the foreign currency translation reserve, are reclassified to the income statement.

Exchange differences arising on monetary items that form part of the net investment in a controlled foreign operation are recognised in the foreign currency translation reserve on consolidation.

Exchange rates used

The following exchange rates are the main exchange rates used in translating foreign currency transactions, balances and financial statements to Australian dollars:

Australian dollar (AUD) to	Weighted average		As at 30 June	
	2023	2022	2023	2022
New Zealand dollar (NZD)	1.0927	1.0667	1.0871	1.1057
Hong Kong dollar (HKD)	5.2751	5.6626	5.2235	5.4241
Chinese yuan (CNY)	4.6804	4.6840	4.8339	4.6154
Japanese yen (JPY)	92.3936	85.1512	96.1530	93.7770
Euro (EUR)	0.6433	0.6442	0.6109	0.6594
British pound sterling (GBP)	0.5592	0.5456	0.5249	0.5676
United States dollar (USD)	0.6731	0.7255	0.6664	0.6912
Brazilian real (BRL)	3.4743	3.8037	3.1911	3.5905

Changes in accounting policies

The Group has adopted Amendments to AASB 112 – International Tax Reform – Pillar Two Model Rules, which was effective from 29 June 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately and require new disclosures about the Pillar Two exposure from 30 June 2024. The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 30 June 2023 in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group's financial statements at 30 June 2023.

The AASB has also issued other amendments to standards that were first effective from 1 July 2022 but none of these had a material impact on the Group's financial statements.

Notes to the consolidated financial statements

Basis of preparation (continued)

Australian Accounting Standards issued but not yet effective

The Group has not applied any new or amended standard that is not yet effective but available for early application in the current accounting period. None of the new or amended accounting standards are expected to have a significant impact on the future results of the Group.

Critical accounting estimates used in the preparation of the consolidated 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 Goodman. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- + Note 5 – Property assets
- + Note 13 – Goodwill and intangible assets
- + Note 17 – Financial risk management.

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 Goodman'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, Goodman 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)
- + 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
- + Note 17 – Financial risk management.

RESULTS FOR THE YEAR

The notes in this section focus on the significant items in the income statement, and include the profit per security, analysis of the results by operating segment and taxation details.

1 Profit before income tax

Gross property income

Gross property income comprises rental income under operating leases (net of incentives provided) and amounts billed to customers for outgoings (e.g. rates, levies, cleaning, security, etc). Amounts billed to customers for outgoings are a cost recovery for Goodman and are recognised once the expense has been incurred. The expense is included in property expenses.

Rental income under operating leases is recognised on a straight-line basis over the term of the lease contract. Where operating lease rental income is recognised relating to fixed increases in rentals in future years, an asset is recognised. This asset is a component of the relevant investment property carrying amount. The cost of lease incentives provided to customers is amortised on a straight-line basis over the life of the lease as a reduction of gross property income.

Management and development income

The revenue from management and development activities is measured based on the consideration specified in a contract with a customer. Goodman recognises revenue when it transfers control over a product or service to a customer.

Management income

Fee income derived from management services relates to investment management base fees and property services fees and is recognised and invoiced progressively as the services are provided. Customers make payments usually either monthly or quarterly in arrears.

Performance related management income generally relates to portfolio performance fee income, which is recognised progressively as the services are provided but only when the income can be reliably measured and is highly probable of not being reversed. These portfolio performance fees are typically dependent on the overall returns of a Partnership relative to an agreed benchmark return, assessed over the life of the Partnership, which can vary from one year to seven years. The returns are impacted by operational factors such as the quality and location of the portfolio, active property management, rental income rates and development activity but can also be significantly affected by changes in global and local economic conditions. Accordingly, portfolio performance fee revenue is only recognised towards the end of the relevant assessment period, as prior to this revenue recognition is not considered to be sufficiently certain.

In determining the amount of revenue that can be reliably measured, management prepares a sensitivity analysis to understand the impact of changes in asset valuations on the potential performance fee at the assessment date. The assessment of revenue will depend on the prevailing market conditions at the reporting date relative to long-term averages and also the length of time until the assessment date e.g. the longer the time period to assessment date, the greater the impact of the sensitivity analysis. The potential portfolio performance fee revenue is then recognised based on the length of time from the start of the assessment period to the reporting date as a proportion of the total assessment period. Where the income is attributable to development activities or it relates to a combination of inextricable management and development activities that have occurred over the performance fee period, then it is reported as development income; otherwise, the income is reported as management income. The Partnerships make payments in respect of portfolio performances fees at the end of the performance periods once the attainment of the conditions has been verified and the amount of the fee has been agreed by all parties.

Notes to the consolidated financial statements

Results for the year (continued)

1 Profit before income tax (continued)

Development income – disposal of inventories

The disposal of inventories is recognised at the point in time when control over the property asset is transferred to the customer. This will generally occur on transfer of legal title and payment in full by the customer. The gain or loss on disposal of inventories is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal (less transaction costs) and is included in the income statement in the period of disposal.

Development income – development management services

Fee income from development management services (including master-planning, development management and overall project management) is recognised progressively as the services are provided in proportion to the stage of completion by reference to costs. Payments are received in accordance with the achievement of agreed milestones over the development period. The development period can exceed 24 months for larger, more complex projects.

Performance related development income includes income associated with the returns from individual developments under the Group's management and performance fee income that relates to development activity. Income in respect of individual developments is recognised by Goodman on attainment of the performance related conditions, which is when the income can be reliably measured and is highly probable of not being reversed. These amounts are paid by the Partnership when the amounts have been measured and agreed. Income associated with development activities as part of a portfolio assessment is recognised on the same basis as outlined above in the management income section.

Development income – fixed price development contracts

Certain development activities are assessed as being fixed price development contracts. This occurs when a signed contract exists, either prior to the commencement of or during the development phase, to acquire a development asset from Goodman on completion. Revenue and expenses relating to these development contracts are recognised in the income statement in proportion to the stage of completion of the relevant contracts by reference to costs. The payments by the purchaser usually occur on completion of the development once legal title has been transferred, but payments may be made during the development period on achievement of agreed milestones. The development period can exceed 24 months for larger, more complex projects.

Net gain on disposal of investment properties

The disposal of an investment property is recognised at the point in time when control over the property has been transferred to the purchaser.

Employee expenses

Wages, salaries and annual leave

Wages and salaries, including non-monetary benefits, and annual leave represent present obligations resulting from employees' services provided to the balance date. These are calculated at undiscounted amounts based on rates that are expected to be paid as at balance date including related on-costs, such as insurances and payroll tax.

Bonuses

A liability is recognised in other payables and accruals for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation. Liabilities for bonuses are measured at the amounts expected to be paid, including related on-costs, when they are settled.

Superannuation

Defined contribution funds

Obligations for contributions to defined contribution funds are recognised as an expense as incurred.

Defined benefit retirement schemes

The net obligation in respect of defined benefit retirement schemes is recognised in the statement of financial position and is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest), are recognised immediately in other comprehensive income. Net interest expense and other expenses related to defined benefit retirement schemes are recognised in the income statement.

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

	Note	Goodman		GIT	
		2023	2022	2023	2022
		\$M	\$M	\$M	\$M
Gross property income					
Rental income		110.4	120.9	22.1	41.4
Recovery of property outgoings		12.4	17.1	5.3	10.3
Gross property income		122.8	138.0	27.4	51.7
Management activities					
Management services		438.7	380.5	-	-
Performance related income		0.2	130.9	-	-
Management income		438.9	511.4	-	-
Development activities					
Income from disposal of inventories		706.9	803.0	18.3	-
Income from fixed price development contracts		231.9	206.8	-	-
Other development income, including development management ¹		440.2	388.3	-	-
Net gain on disposal of assets held for sale		4.3	-	4.3	-
Net gain on disposal of special purpose development entities, including JVs		23.9	43.5	-	-
Development income		1,407.2	1,441.6	22.6	-
Inventory cost of sales		(420.7)	(381.8)	(6.7)	-
Other development expenses		(186.0)	(173.1)	-	-
Development expenses		(606.7)	(554.9)	(6.7)	-
Disposal of equity investments					
Net consideration from disposal of associates and JVs		-	8.5	-	-
Carrying value of associates and JVs disposed	5(f)	-	(8.3)	-	-
Net gain on disposal of equity investments		-	0.2	-	-
Employee expenses					
Wages, salaries and on-costs		(265.7)	(251.4)	-	-
Annual and long service leave		2.1	(0.6)	-	-
Superannuation costs		(8.0)	(6.9)	-	-
Employee expenses		(271.6)	(258.9)	-	-
Share based payments expense					
Equity settled share based payments expense		(173.6)	(164.8)	-	-
Cash settled share based payments expense		(85.7)	(57.3)	-	-
Other share based payments related costs		(26.7)	(35.5)	-	-
Share based payments expense		(286.0)	(257.6)	-	-
Amortisation and depreciation		(16.7)	(17.1)	-	-

1. Fee revenues from single contractual arrangements involving a combination of inextricable investment management and development management services and recognised over the life of the underlying development projects are classified as development income for statutory reporting purposes. During the year, \$41.7 million (2022: \$77.0 million) of such income was recognised.

Notes to the consolidated financial statements

Results for the year (continued)

2 Profit per security

Basic profit per security of the Group is calculated by dividing the profit attributable to the Securityholders by the weighted average number of securities outstanding during the year. Diluted profit per security is determined by adjusting the profit attributable to the Securityholders and weighted average number of securities outstanding for all dilutive potential securities, which comprise performance rights issued under the LTIP.

Goodman

	2023	2022
	¢	¢
Profit per security		
Basic profit per security	83.0	183.2
Diluted profit per security	81.3	178.8

Profit after tax of \$1,559.9 million (2022: \$3,414.0 million) was used in calculating basic and diluted profit per security.

Weighted average number of securities used in calculating basic and diluted profit per security:

	2023 Number of securities	2022 Number of securities
Weighted average number of securities used in calculating basic profit per security	1,878,611,049	1,863,693,802
Effect of performance rights on issue	40,542,511	45,396,402
Weighted average number of securities used in calculating diluted profit per security	1,919,153,560	1,909,090,204

The calculation of profit per security is not required for GIT.

Goodman Limited

Under Australian Accounting Standards, the issued units of the Trust and the ODIs over the shares of GLHK are presented as non-controlling interests. As a consequence, the Directors are required to present a profit per share and a diluted profit per share based on Goodman Limited's consolidated result after tax but excluding the results attributable to the Trust and GLHK.

	2023	2022
	¢	¢
Profit per Goodman Limited share		
Basic profit per Goodman Limited share	15.3	29.7
Diluted profit per Goodman Limited share	15.0	28.9

Profit after tax of \$288.2 million (2022: \$552.6 million) was used in calculating basic and diluted profit per Goodman Limited share.

3 Segment reporting

An operating segment is a component of Goodman that engages in business activities from which it may earn revenues and incur expenses. Goodman reports the results and financial position of its operating segments based on the internal reports regularly reviewed by the Group Chief Executive Officer in order to assess each segment's performance and to allocate resources to them.

Operating segment information is reported on a geographic basis and Goodman has determined that its operating segments are Australia and New Zealand (reported on a combined basis), Asia (Greater China (including the Hong Kong SAR) and Japan), Continental Europe (with the majority of assets located in Germany, France, Spain and Netherlands), the United Kingdom and the Americas (principally North America and including Brazil).

The activities and services undertaken by the operating segments include:

- + Property investment, through both direct ownership and cornerstone investments in Partnerships
- + Management activities, both investment and property management
- + Development activities, including development of directly owned assets (predominantly disclosed as inventories) and management of development activities for Partnerships.

The segment results that are reported to the Group Chief Executive Officer are based on profit before net finance expense and income tax expense, and also exclude non-cash items such as fair value adjustments and impairments, corporate expenses and share-based remuneration. The assets allocated to each operating segment are the property assets, including the investments in Partnerships and trade and other receivables associated with the operating activities, but exclude inter-entity funding, income tax receivables and corporate assets. The liabilities allocated to each operating segment primarily relate to trade and other payables associated with the operating activities, but exclude interest bearing liabilities, derivative financial instruments, provisions for distributions and corporate liabilities.

The accounting policies used to report segment information are the same as those used to prepare the consolidated financial statements of Goodman and GIT.

For the purpose of operating segment reporting, there are no material intersegment revenues and costs.

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

Notes to the consolidated financial statements

Results for the year (continued)

3 Segment reporting (continued)

Information about reportable segments

Goodman	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement												
External revenues												
Gross property income	66.3	90.4	29.8	15.4	22.8	27.5	0.7	3.0	3.2	1.7	122.8	138.0
Management income	176.1	256.2	156.8	131.3	57.5	91.0	7.5	5.7	41.0	27.2	438.9	511.4
Development income	238.0	207.6	125.0	192.0	742.2	891.9	93.8	32.8	208.2	117.3	1,407.2	1,441.6
Total external revenues	480.4	554.2	311.6	338.7	822.5	1,010.4	102.0	41.5	252.4	146.2	1,968.9	2,091.0
Analysis of external revenues												
Revenue from contracts with customers												
Assets and services transferred at a point in time	194.6	71.7	28.0	25.0	534.4	792.0	33.7	12.8	-	-	790.7	901.5
Assets and services transferred over time	219.0	405.2	264.8	299.5	267.3	193.7	67.6	25.7	249.1	144.5	1,067.8	1,068.6
Other revenue												
Rental income (excludes outgoings recoveries)	58.2	77.3	27.5	14.2	20.8	24.7	0.7	3.0	3.2	1.7	110.4	120.9
Total external revenues	471.8	554.2	320.3	338.7	822.5	1,010.4	102.0	41.5	252.3	146.2	1,968.9	2,091.0
Reportable segment profit before tax	869.5	616.9	310.3	386.4	392.7	582.5	172.1	41.1	343.7	210.8	2,088.3	1,837.7
Share of net results of equity accounted investments	464.5	1,171.5	28.5	215.4	(100.1)	174.9	(117.6)	213.6	747.9	942.8	1,023.2	2,718.2
Material non-cash items not included in reportable segment profit before tax												
Net gain/(loss) from fair value adjustments on investment properties	279.3	260.4	(0.4)	(0.3)	-	-	-	-	-	-	278.9	260.1
Share of net gain/(loss) from fair value adjustments in equity accounted investments	292.5	1,012.0	(52.2)	96.2	(146.2)	119.9	(152.5)	203.8	598.6	839.3	540.2	2,271.2
	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position												
Reportable segment assets	9,070.8	8,106.2	4,592.0	4,162.0	2,634.4	2,779.7	1,049.5	1,024.9	5,350.3	4,030.8	22,697.0	20,103.6
Included in reportable segment assets are:												
Investment properties	882.5	1,086.9	451.7	336.8	-	-	-	-	310.6	-	1,644.8	1,423.7
Investments accounted for using the equity method	6,666.0	5,709.6	3,231.5	3,102.8	964.6	1,020.7	586.6	680.6	4,825.4	3,865.9	16,274.1	14,379.6
Non-current assets	7,968.1	7,195.8	4,243.2	3,888.8	2,347.6	2,483.6	926.8	966.6	5,154.6	3,876.3	20,640.3	18,411.1
Additions to non-current assets include:												
- Investment properties	31.7	22.9	101.4	181.2	-	-	-	243.7	307.5	-	440.6	447.8
- Investments accounted for using the equity method	974.6	455.8	213.2	159.7	15.6	63.3	138.0	162.1	167.6	431.3	1,509.0	1,272.2
Reportable segment liabilities	432.7	129.9	278.2	268.6	139.8	122.6	38.3	94.5	434.9	319.5	1,323.9	935.1

GIT	Australia and New Zealand		Asia		Continental Europe		Americas		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement										
External revenues										
Gross property income	27.4	51.7	-	-	-	-	-	-	27.4	51.7
Development income	22.6	-	-	-	-	-	-	-	22.6	-
Distributions from investments	-	-	-	-	27.7	5.6	-	-	27.7	5.6
Total external revenues	50.0	51.7	-	-	27.7	5.6	-	-	77.7	57.3
Analysis of external revenues										
Revenue from contracts with customers										
Assets and services transferred at a point in time	22.6	-	-	-	-	-	-	-	22.6	-
Assets and services transferred over time	5.3	10.3	-	-	-	-	-	-	5.3	10.3
Other revenue										
Rental income (excludes outgoings recoveries)	22.1	41.4	-	-	-	-	-	-	22.1	41.4
Distributions from investments	-	-	-	-	27.7	5.6	-	-	27.7	5.6
Total external revenues	50.0	51.7	-	-	27.7	5.6	-	-	77.7	57.3
Reportable segment profit before tax	175.1	239.7	33.7	34.5	63.9	57.3	126.9	91.0	399.6	422.5
Share of net results of equity accounted investments	488.3	1,053.0	(39.8)	66.4	(90.2)	144.9	720.8	908.7	1,079.1	2,173.0
Material non-cash items not included in reportable segment profit before tax										
Net gain from fair value adjustments on investment properties	229.0	208.3	-	-	-	-	-	-	229.0	208.3
Share of net gain/(loss) from fair value adjustments in equity accounted investments	345.3	917.7	(76.3)	31.7	(122.1)	97.5	577.0	808.8	723.9	1,855.7
	Australia and New Zealand		Asia		Continental Europe		Americas		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position										
Reportable segment assets	6,795.3	6,178.8	1,739.9	1,719.4	801.7	878.5	4,693.3	3,736.5	14,030.2	12,513.3
Included in reportable segment assets are:										
Investment properties	234.4	495.3	-	-	-	-	-	-	234.4	495.3
Investments accounted for using the equity method	5,826.0	5,054.0	1,739.9	1,719.4	795.2	856.4	4,651.2	3,726.3	13,012.3	11,356.1
Non-current assets	6,060.4	5,555.1	1,739.9	1,719.4	801.0	877.8	4,651.2	3,726.3	13,252.5	11,878.6
Additions to non-current assets include:										
- Investment properties	25.7	17.6	-	-	-	-	-	-	25.7	17.6
- Investments accounted for using the equity method	756.2	509.9	31.0	35.5	-	61.9	161.6	415.7	948.8	1,023.0
Reportable segment liabilities	346.2	45.2	-	-	-	-	376.5	269.5	722.7	314.7

Notes to the consolidated financial statements

Results for the year (continued)

3 Segment reporting (continued)

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

		Goodman		GIT	
		2023	2022	2023	2022
	Note	\$M	\$M	\$M	\$M
Revenues					
Total revenues for reportable segments		1,968.9	2,091.0	77.7	57.3
Total revenues for other segments		-	0.8	-	0.8
Consolidated revenues		1,968.9	2,091.8	77.7	58.1
Profit or loss					
Total profit before tax for reportable segments					
Property investment earnings		531.4	494.6	400.2	422.5
Management earnings		480.6	588.4	-	-
Development earnings ¹²		1,301.2	960.7	-	-
Operating expenses allocated to reportable segments		(224.9)	(206.0)	(0.6)	-
Reportable segment profit before tax		2,088.3	1,837.7	399.6	422.5
Corporate expenses not allocated to reportable segments		(147.6)	(143.3)	(73.9)	(59.1)
		1,940.7	1,694.4	325.7	363.4
Valuation and other items not included in reportable segment profit before tax:					
– Net gain from fair value adjustments on investment properties	5(e)	278.9	260.1	229.0	208.3
– Share of fair value adjustments attributable to investment properties in Partnerships	5(f)	544.7	2,272.9	716.5	1,849.0
– Share of fair value adjustments on derivative financial instruments in Partnerships	5(f)	(4.5)	(1.7)	7.4	6.7
– Share based payments expense	1	(286.0)	(257.6)	-	-
– Straight lining of rental income and tax deferred adjustments		14.9	(1.0)	15.6	4.9
– Realisation of prior years' property valuation gains, net of deferred tax ¹		(511.8)	-	-	-
Profit before interest and tax		1,976.9	3,967.1	1,294.2	2,432.3
Net finance expense ²	14	(234.8)	(229.0)	(57.1)	(231.6)
Consolidated profit before income tax		1,742.1	3,738.1	1,237.1	2,200.7
Assets					
Assets for reportable segments		22,697.0	20,103.6	14,030.2	12,513.3
Cash		590.0	649.4	448.6	450.6
Other unallocated amounts ³		740.2	679.4	3,660.2	3,618.3
Consolidated total assets		24,027.2	21,432.4	18,139.0	16,582.2
Liabilities					
Liabilities for reportable segments		1,323.9	935.1	722.7	314.7
Interest bearing liabilities		3,292.9	2,832.2	2,982.8	2,825.4
Provisions for dividends/distributions to Securityholders	18	282.5	280.0	188.4	233.5
Other unallocated amounts ³		1,103.1	960.3	1,048.7	1,100.9
Consolidated total liabilities		6,002.4	5,007.6	4,942.6	4,474.5

1. Realisation of prior years' property valuation gains, net of deferred tax is a non-IFRS measure and relates to the Group's share of realised valuation gains on repositioned properties (both directly and indirectly owned) that have transacted during the year. During FY23, \$511.8 million of these realised valuation gains have been included in development earnings and as at 30 June 2023, the Group's share of unrealised valuation gains since the repositioning activities commenced was \$271.3 million (30 June 2022: \$429.6 million). Refer to page 15 of the Directors report for further details.
2. In the prior year, development earnings included \$6.2 million of interest income from a loan to a development JV. The interest income is reported under finance income in note 14.
3. Other unallocated amounts in Goodman and GIT included other financial assets and liabilities, deferred tax assets, tax payables and provisions which did not relate to the reportable segments. Additionally, other unallocated assets and liabilities in GIT included loans due from/to controlled entities of Goodman.

4 Taxation

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case the relevant amounts of tax are recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the financial year and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not accounted for:

- + Goodwill
- + The initial recognition of assets or liabilities that affect neither accounting nor taxable profit
- + Differences relating to investments in controlled entities to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax assets or liabilities in respect of investment properties held at fair value are calculated on the presumption that the carrying amount of the investment property will be recovered through sale. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from dividends/distributions are recognised at the same time as the liability to pay the related dividends/distributions.

(a) Amounts recognised in the income statement

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Current tax expense recognised in the income statement				
Current year	(141.8)	(142.4)	(2.9)	(6.0)
Changes in estimates related to prior years	7.2	7.3	-	-
Current tax expense	(134.6)	(135.1)	(2.9)	(6.0)
Deferred tax expense recognised in the income statement				
Origination and reversal of temporary differences	(47.6)	(189.0)	(96.2)	(127.1)
Deferred tax expense	(47.6)	(189.0)	(96.2)	(127.1)
Total income tax expense recognised in the income statement	(182.2)	(324.1)	(99.1)	(133.1)

Notes to the consolidated financial statements

Results for the year (continued)

4 Taxation (continued)

(b) Reconciliation of profit before income tax to income tax expense

	Goodman	
	2023	2022
	\$M	\$M
Profit before income tax	1,742.1	3,738.1
Prima facie income tax expense calculated at 30% (2022: 30%) on the profit before income tax	(522.6)	(1,121.4)
Decrease/(increase) in income tax expense due to:		
– Profit attributable to GIT Unitholders	333.0	680.4
– Current year losses for which no deferred tax asset was recognised	(8.8)	(36.8)
– Other (non-deductible)/non-assessable items, net	(61.0)	168.7
– Benefit of previously unrecognised temporary differences, including tax losses	128.3	95.7
– Difference in overseas tax rates	50.1	23.6
– Changes in estimates related to prior years	7.2	7.3
– Taxes on Partnership income	(108.6)	(149.7)
– Other items	0.2	8.1
Income tax expense	(182.2)	(324.1)

GIT

The income tax expense recorded by GIT relates to withholding taxes on actual distributions and deferred taxes on potential future distributions from Partnerships. Refer to note 4(e).

(c) Current tax receivables/payables

	Goodman	
	2023	2022
	\$M	\$M
Net income tax payable		
Net income tax payable at the beginning of the year	(169.5)	(144.0)
Decrease/(increase) in current tax payable due to:		
– Net income taxes paid	164.1	110.5
– Current tax expense	(134.6)	(135.1)
– Other	(18.3)	(0.9)
Net income tax payable at the end of the year	(158.3)	(169.5)
Current tax receivables (refer to note 6)	11.9	3.9
Current tax payables	(170.2)	(173.4)
	(158.3)	(169.5)

(d) Deferred tax assets and liabilities

Deferred tax assets/(liabilities) are attributable to the following:

	Goodman			
	2023	2022	2023	2022
	Deferred tax assets		Deferred tax liabilities	
	\$M	\$M	\$M	\$M
Investment properties ¹	-	-	(493.6)	(403.4)
LTIP	68.8	39.3	-	-
Other items	20.4	19.9	(9.9)	(10.9)
Tax assets/(liabilities)	89.2	59.2	(503.5)	(414.3)
Set off of tax	(45.3)	(34.0)	45.3	34.0
Net tax assets/(liabilities)	43.9	25.2	(458.2)	(380.3)

1. Including withholding tax on potential future distributions from the disposal of investment properties by Partnerships.

Movements in deferred taxes recognised in expenses and equity are attributable to the following:

	Goodman	
	2023	2022
	\$M	\$M
Deferred tax (expense)/benefit recognised in expenses		
Investment properties - fair value adjustments	(47.7)	(206.7)
LTIP	28.9	16.2
Other items	(28.8)	1.5
Total deferred tax expense recognised in expenses	(47.6)	(189.0)
Deferred tax (expense)/benefit recognised in equity		
LTIP	0.6	(4.2)
Other items	-	-
Total deferred tax benefit/(expense) recognised in equity	0.6	(4.2)
Total deferred tax movements recognised in expenses and equity	(47.0)	(193.2)

Deferred tax assets of \$281.8 million (2022: \$266.9 million) arising primarily from tax losses (revenue and capital in nature) and deductions associated with the LTIP have not been recognised by Goodman.

GIT

At 30 June 2023, deferred tax liabilities of \$375.0 million (2022: \$267.9 million) have been recognised in relation to withholding tax on potential future distributions from the disposal of investment properties by Partnerships.

(e) Taxation of GIT

Under current Australian income tax legislation, the Trust is not liable for income tax, including capital gains tax, provided that Securityholders are presently entitled to the distributable income of the Trust as calculated for trust law purposes. The controlled entities of the Trust that operate in certain foreign jurisdictions are liable to pay tax in those jurisdictions.

Notes to the consolidated financial statements

OPERATING ASSETS AND LIABILITIES

The notes in this section focus on Goodman's property assets, working capital and goodwill and intangible assets.

5 Property assets

(a) Principles and policies

Investment in property assets includes both inventories and investment properties (including those under development), which may be held either directly or through investments in Partnerships (both associates and JVs).

Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Group'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.

Inventories are classified as non-current assets unless they are contracted to be sold within 12 months of the end of the reporting period, in which case they are classified as current assets.

Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of leasing to produce rental income and/or for capital appreciation. Investment properties are carried at fair value. The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Investment properties are not depreciated as they are subject to continual maintenance and regularly revalued on the basis described below. Changes in the fair value of investment properties are recognised directly in the income statement.

Components of investment properties

Land and buildings (including integral plant and equipment) comprising investment properties are regarded as composite assets and are disclosed as such in the consolidated financial report.

Investment property carrying values include the costs of acquiring the assets and subsequent costs of development, including costs of all labour and materials used in construction, costs of managing the projects, holding costs and borrowing costs incurred during the development periods.

Amounts provided to customers as lease incentives and assets relating to fixed rental income increases in operating lease contracts are included within investment property values. Lease incentives are amortised over the term of the lease on a straight-line basis. Direct expenditure associated with leasing a property is also capitalised within investment property values and amortised over the term of the lease.

Classification of investment properties

Investment properties are classified as either properties under development or stabilised properties. Investment properties under development include land, new investment properties in the course of construction and investment properties that are being redeveloped. Stabilised investment properties are all investment properties not classed as being under development and would be completed properties that are leased or are available for lease to customers.

For investment properties under development, the carrying values are reviewed by management at each reporting date to consider whether they reflect the fair value and at completion external valuations are obtained to determine the fair values.

For stabilised investment properties, independent valuations are obtained at least every two years to determine the fair values. At each reporting date between obtaining independent valuations, the carrying values are reviewed by management to ensure they reflect the fair values.

Deposits for investment properties

Deposits and other costs associated with acquiring investment properties that are incurred prior to obtaining legal title are recorded at cost and disclosed as other receivables in the statement of financial position.

(b) Summary of investment in property assets

	Note	Goodman		GIT	
		2023 \$M	2022 \$M	2023 \$M	2022 \$M
Inventories					
Land and development properties - current	5(d)	464.2	389.0	-	-
Land and development properties - non-current	5(d)	1,781.3	1,727.1	-	5.9
		2,245.5	2,116.1	-	5.9
Assets held for sale					
Investment properties	8	515.3	609.3	515.3	609.3
Investment properties					
Stabilised investment properties		1,125.3	1,286.6	25.2	358.3
Investment properties under development		519.5	137.1	209.2	137.0
	5(e)	1,644.8	1,423.7	234.4	495.3
Investments accounted for using the equity method					
Associates	5(f)(i)	8,315.4	7,850.7	7,291.9	6,814.4
JVs	5(f)(ii)	7,969.8	6,528.9	5,720.4	4,541.7
		16,285.2	14,379.6	13,012.3	11,356.1
Total property assets		20,690.8	18,528.7	13,246.7	11,857.3

(c) Estimates and assumptions in determining property carrying values

Inventories

For both inventories held directly and inventories held in Partnerships, external valuations are not performed but instead valuations are determined using the feasibility studies supporting the land and property developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, letting up periods, rental income and incentives that are consistent with those observed in the relevant market. If 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

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.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

5 Property assets (continued)

Approach to determination of fair value

The approach to determination of fair value of investment properties is applied to both investment properties held directly and investment properties held in Partnerships.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. In making the determination of whether a market segment is active, the following characteristics are considered:

- + Function of the asset (distribution/warehouse or suburban office)
- + Location of asset (city, suburb or regional area)
- + Carrying value of the asset (categorised by likely appeal to private (including syndicates), national and/or institutional investors)
- + Categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. The number of sales and the circumstances of each sale are assessed to determine whether a market segment is active or inactive.

Where a market segment is observed to be active, then external independent valuations are instructed for stabilised investment properties where there has been a combination of factors that are likely to have resulted in a material movement in valuation. The considerations include a greater than 10% movement in market rents, more than a 25 basis point movement in capitalisation rates, a material change in tenancy profile (including changes in the creditworthiness of a significant customer that may have a material impact on the property valuation), significant capital expenditure, a change in use (or zoning), a development has reached completion/stabilisation of the asset or it has been two years since the previous external independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10-year period. The key inputs considered for each individual calculation are:

- + Current contractual lease terms
- + Current market rents
- + Projected growth in market rents
- + Expected and likely capital expenditures
- + Projected letting up incentives provided to customers and vacant time on expiry of leases
- + Discount rates – computed using the 10 year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Market assessment

With the more volatile economic conditions in FY23 compared to prior years, there have been fewer transactions of industrial, logistics and warehousing properties during the year. Nevertheless, at 30 June 2023, the Board has been able to assess that all markets in which the Group operated were active and as a consequence no adjustments have been made to the carrying values of the Group's stabilised investment property portfolios on the basis of internally prepared discounted cash flow valuations.

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

Division	Total portfolio weighted average capitalisation rate			
	Goodman		GIT	
	2023	2022	2023	2022
	%	%	%	%
Australia and New Zealand	4.4	3.9	4.3	3.8
Asia	4.4	4.3	4.1	3.8
Continental Europe	4.5	3.5	4.5	3.5
United Kingdom	4.9	3.7	-	-
Americas	4.7	4.1	4.7	4.1

In respect of the Group's and GIT's directly held stabilised investment properties at 30 June 2023, 72% (2022: 57%) and 100% (2022: 100%), respectively, had been valued by an external independent valuer during the financial year. All independent valuers used by the Group are required to hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment properties being valued.

For the Partnerships, all properties that had been stabilised investment properties throughout FY23 were valued by an external independent valuer during the financial year.

Sensitivity analysis

The fair value measurement approach for directly held investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation method used. The usual valuation methods are either based on income capitalisation or market comparison. Where the income capitalisation method is adopted, then the stabilised investment property valuations at 30 June 2023 are most sensitive to the following inputs:

- + Capitalisation rates
- + Market rents
- + Incentives provided to customers and/or vacant time on expiry of leases.

The directly held stabilised investment properties are in Australia and Asia. The range of market rents and average capitalisation rate and range of prices are summarised in the table below:

Valuation technique	Significant unobservable inputs	2023	2022
Income capitalisation	Range of net market rents (per square metre per annum)	\$110 to \$450	\$90 to \$450
	Average capitalisation rate	4.5%	4.4%
Market comparison	Price per square metre	\$1,851 to \$21,218	\$1,786 to \$18,019

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

5 Property assets (continued)

The impacts on the Group's financial position that would arise from the changes in capitalisation rates, market rents and incentives/re-leasing time are set out in the table below. This illustrates the impacts on Goodman in respect of both the directly held stabilised investment properties and its share of those stabilised investment properties held by Partnerships.

	Goodman		GIT	
	Valuation impact for the Group		Valuation impact for GIT	
	Directly held	Partnerships ¹	Directly held	Partnerships ¹
	properties		properties	
	\$M	\$M	\$M	\$M
Book value at 30 June 2023	1,640.6	18,519.4	540.5	14,651.3
Changes in capitalisation rates				
Increase in cap rates +50 bps	(163.5)	(1,860.8)	(58.0)	(1,499.6)
Increase in cap rates +25 bps	(86.0)	(979.9)	(30.6)	(790.3)
Decrease in cap rates -25 bps	96.2	1,096.8	34.6	886.3
Decrease in cap rates -50 bps	204.3	2,332.9	73.9	1,887.2
Changes in market rents				
Decrease in rents -10%	(57.2)	(791.4)	(19.2)	(627.3)
Decrease in rents -5%	(28.6)	(395.7)	(9.6)	(313.6)
Increase in rents +5%	28.6	395.7	9.6	313.6
Increase in rents +10%	57.2	791.4	19.2	627.3
Changes in incentives/re-leasing time²				
Increase in incentives/ re-leasing time +3 months	(3.6)	(42.4)	(1.8)	(31.7)
Increase in incentives/ re-leasing time +6 months	(7.3)	(84.8)	(3.6)	(63.4)

1. Goodman's share of stabilised investment properties held by Partnerships.

2. On assumed lease expiries over the next 12 months.

Investment properties under development

For the directly held investment properties under development, external independent valuations are generally not performed, but instead valuations are determined at each reporting date using the feasibility assessments supporting the developments. The end values of the developments in the feasibility assessments are based on assumptions such as capitalisation rates, market rents, incentives provided to customers and vacant time 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 are generally in a market range of 10% to 15%; although for larger more complex projects that are at an early stage of the development, the profit and risk factor could be higher. 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.

In respect of the Partnerships, certain Partnerships obtain external independent valuations of investment properties under development at reporting dates. However, the majority determine the fair values at reporting dates by reference to the feasibility assessments, with external independent valuations obtained when the properties have been stabilised.

(d) Inventories

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Current				
Land and development properties	464.2	389.0	-	-
	464.2	389.0	-	-
Non-current				
Land and development properties	1,781.3	1,727.1	-	5.9
	1,781.3	1,727.1	-	5.9

Goodman

During the current and prior financial year, no impairment losses were recognised on land and development properties.

During the financial year, borrowing costs of \$5.1 million (2022: \$3.1 million) previously capitalised into the carrying value of inventories were expensed to the income statement on disposal of the inventories.

(e) Investment properties

Reconciliation of carrying amount of directly held investment properties

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Carrying amount at the beginning of the year	1,423.7	1,851.2	495.3	1,155.7
Acquisitions	407.1	420.4	-	-
Capital expenditure	33.5	27.4	25.4	17.6
Carrying value of properties disposed	(0.2)	(546.5)	-	(276.9)
Transfers to assets held for sale	(515.3)	(609.3)	(515.3)	(609.3)
Transfers from inventories	-	2.5	-	-
Net gain from fair value adjustments	278.9	260.1	229.0	208.3
Effect of foreign currency translation	17.1	17.9	-	(0.1)
Carrying amount at the end of the year	1,644.8	1,423.7	234.4	495.3
Analysed by segment:				
Australia and New Zealand	882.5	1,086.9	234.4	495.3
Asia	451.7	336.8	-	-
Americas	310.6	-	-	-
	1,644.8	1,423.7	234.4	495.3

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

5 Property assets (continued)

Non-cancellable operating lease commitments receivable from investment property customers

The analysis in the table below reflects the gross property income, excluding recoverable outgoings, based on existing lease agreements. It assumes that leases will not extend beyond the next review date, where the customer has an option to end the lease.

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Non-cancellable operating lease commitments receivable:				
Less than one year	58.3	57.6	17.3	27.1
One to two years	51.0	47.4	17.1	20.1
Two to three years	42.6	37.9	14.6	14.8
Three to four years	29.6	24.5	12.5	8.4
Four to five years	22.8	15.9	11.4	5.5
More than five years	137.4	87.0	54.6	10.9
	341.7	270.3	127.5	86.8

(f) Investments accounted for using the equity method

Investments accounted for using the equity method comprise associates and JVs, which are collectively referred to as Partnerships.

Associates

An associate is an entity in which Goodman exercises significant influence but not control over its financial and operating policies.

JVs

A JV is an arrangement in which Goodman is considered to have joint control for accounting purposes, whereby Goodman has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

In the consolidated financial statements, investments in Partnerships are accounted for using the equity method. Under this method, Goodman's investment is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include Goodman's share of the gains or losses and other comprehensive income of Partnerships until the date on which significant influence or joint control ceases.

(i) Investments in associates

Investments in Partnerships classified as associates are set out below:

Name of associate	Country of establishment	Goodman						GIT					
		Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		\$M	\$M	%	%	\$M	\$M	\$M	\$M	%	%	\$M	\$M
Property investment													
Goodman Australia Industrial Partnership (GAIP)	Australia	300.7	503.4	28.6	28.6	3,453.6	3,008.3	300.7	503.4	28.6	28.6	3,453.6	3,008.3
Goodman Australia Partnership (GAP)	Australia	106.8	234.1	19.9	19.9	1,133.6	1,060.0	106.8	234.1	19.9	19.9	1,133.6	1,060.0
Goodman Property Trust (GMT) ¹	New Zealand	(29.5)	150.0	25.2	24.9	797.9	825.9	(6.2)	31.6	5.4	5.1	169.6	170.3
Goodman Hong Kong Logistics Partnership (GHKLP)	Cayman Islands	(39.8)	66.4	20.4	20.3	1,739.9	1,719.4	(39.8)	66.4	20.4	20.3	1,739.9	1,719.4
Goodman Japan Core Partnership (GJCP) ²	Japan	32.7	47.3	14.4	14.4	394.9	380.7	-	-	-	-	-	-
Goodman European Partnership (GEP)	Luxembourg	(90.2)	144.9	19.8	19.8	795.2	856.4	(90.2)	144.9	19.8	19.8	795.2	856.4
Other associates		(0.6)	-			0.3	-	-	-			-	-
		280.1	1,146.1			8,315.4	7,850.7	271.3	980.4			7,291.9	6,814.4

1. GMT is listed on the New Zealand Stock Exchange (NZX). At 30 June 2023, the market value of Goodman's investment in GMT using the quoted price on the last day of trading was \$721.7 million (2022: \$651.7 million), which compared to the carrying value of \$797.9 million. Goodman does not consider its investment impaired as the carrying value is equal to its share of GMT's net assets and is supported by independent valuations of the individual investment properties in GMT.
GIT has a 5.4% ownership interest in GMT, which forms part of Goodman's 25.2% ownership interest in GMT. As a result, the Directors have assessed that GIT has significant influence over GMT and has applied the equity method of accounting for its 5.4% interest.
2. Goodman's ownership interest in GJCP reflected the weighted average ownership interest in the various property investment vehicles.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

5 Property assets (continued)

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

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Movement in carrying amount of investments in associates				
Carrying amount at the beginning of the year	7,850.7	6,302.6	6,814.4	5,292.9
Share of net results after tax (before fair value adjustments)	230.3	242.7	194.9	201.3
Share of fair value adjustments attributable to investment properties after tax	47.1	914.7	71.8	790.9
Share of fair value adjustments on derivative financial instruments	2.7	(11.3)	4.6	(11.8)
Share of net results	280.1	1,146.1	271.3	980.4
Share of movements in reserves	2.4	15.0	2.4	15.0
Acquisitions	261.6	575.6	255.6	605.1
Disposals	-	(4.9)	-	-
Distributions received and receivable	(210.1)	(193.2)	(181.8)	(155.1)
Effect of foreign currency translation	130.7	9.5	130.0	76.1
Carrying amount at the end of the year	8,315.4	7,850.7	7,291.9	6,814.4

The table below includes further information regarding Partnerships classified as associates, held at the end of the financial year:

	GAIP		GAP		GMT		GHKLP		GJOP		GEP	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Summarised statement of financial position												
Total current assets	923.5	1,081.6	38.4	100.6	13.8	6.1	161.4	187.4	220.3	232.2	107.4	200.2
Total non-current assets	13,872.8	12,266.3	7,012.5	6,513.1	4,508.6	4,435.0	11,529.7	10,679.1	3,929.9	3,825.8	6,793.9	6,818.2
Total current liabilities	454.4	348.9	126.5	142.1	131.3	24.0	457.7	244.9	301.6	231.8	226.5	233.7
Total non-current liabilities	2,349.4	2,545.6	1,290.6	1,212.3	1,223.1	1,105.8	2,711.3	2,236.3	1,105.9	1,189.4	2,655.8	2,456.5
Net assets (100%)	11,992.5	10,453.4	5,633.8	5,259.3	3,168.0	3,311.3	8,522.1	8,385.3	2,742.7	2,636.8	4,019.0	4,328.2
Summarised statement of comprehensive income												
Revenue	523.9	459.0	320.5	288.6	117.7	112.1	386.7	287.8	196.3	204.6	280.1	239.0
Profit after tax and revaluations	1,050.2	1,739.1	536.4	1,181.0	(117.7)	701.7	(194.5)	326.6	216.6	329.4	(455.9)	656.1
Other comprehensive income	-	-	-	-	-	-	11.8	74.7	-	-	-	-
Total comprehensive income (100%)	1,050.2	1,739.1	536.4	1,181.0	(117.7)	701.7	(182.7)	401.3	216.6	329.4	(455.9)	656.1
Goodman												
Consolidated ownership interest	28.6%	28.6%	19.9%	19.9%	25.2%	24.9%	20.4%	20.3%	14.4%	14.4%	19.8%	19.8%
Consolidated share of net assets	3,434.7	2,990.7	1,121.7	1,047.2	797.9	825.7	1,738.5	1,706.2	395.1	380.8	795.2	856.4
Other items, including capitalised costs	-	0.1	-	-	-	0.2	1.4	1.3	(0.2)	(0.1)	-	-
Distributions receivable ¹	18.9	17.5	11.9	12.8	-	-	-	11.9	-	-	-	-
Carrying amount of investment	3,453.6	3,008.3	1,133.6	1,060.0	797.9	825.9	1,739.9	1,719.4	394.9	380.7	795.2	856.4
Distributions received and receivable	73.3	66.3	33.1	25.1	19.0	17.8	38.8	35.5	13.3	20.3	32.6	28.2
GIT												
Consolidated ownership interest	28.6%	28.6%	19.9%	19.9%	5.4%	5.1%	20.4%	20.3%	-	-	19.8%	19.8%
Consolidated share of net assets	3,434.7	2,990.7	1,121.7	1,047.2	170.1	169.6	1,738.5	1,706.2	-	-	795.2	856.4
Other items, including capitalised costs	-	0.1	-	-	(0.5)	0.7	1.4	1.3	-	-	-	-
Distributions receivable ¹	18.9	17.5	11.9	12.8	-	-	-	11.9	-	-	-	-
Carrying amount of investment	3,453.6	3,008.3	1,133.6	1,060.0	169.6	170.3	1,739.9	1,719.4	-	-	795.2	856.4
Distributions received and receivable	73.3	66.3	33.1	25.1	4.0	-	38.8	35.5	-	-	32.6	28.2

1. Distributions receivable related to distributions provided for but not paid by the Partnerships at 30 June 2023. This was applicable to trusts in Australia where unitholders were presently entitled to income at the end of the financial year.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

5 Property assets (continued)

(ii) Investments in JVs

A summary of the results and ownership interests of principal Partnerships classified as JVs is set out below:

Goodman								GIT					
Name of JV	Country of establishment/ incorporation	Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		\$M	\$M	%	%	\$M	\$M	\$M	\$M	%	%	\$M	\$M
Property investment and development													
Goodman China Logistics Partnership (GCLP)	Cayman Islands	26.8	56.8	20.0	20.0	923.3	918.0	-	-	-	-	-	-
Goodman UK Partnerships (GUKP) ¹	United Kingdom	(125.4)	213.4	35.0	35.3	573.7	676.3	-	-	-	-	-	-
Goodman North America Partnership (GNAP)	United States of America	745.0	938.6	55.0	55.0	4,798.5	3,846.0	717.9	904.4	53.0	53.0	4,624.2	3,706.4
Other JVs		95.9	363.3			1,674.3	1,088.6	89.9	288.2			1,096.2	835.3
		742.3	1,572.1			7,969.8	6,528.9	807.8	1,192.6			5,720.4	4,541.7

1. The consolidated ownership interest in GUKP reflected the weighted average ownership in GUKP, GUKP II and GUKP III.

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

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Movement in carrying amount of investments in JVs				
Carrying amount at the beginning of the year	6,528.9	4,357.4	4,541.7	2,785.5
Share of net results after tax (before fair value adjustments)	251.9	204.3	160.3	116.0
Share of fair value adjustments attributable to investment properties after tax	497.6	1,358.2	644.8	1,058.1
Share of fair value adjustments on derivative financial instruments	(7.2)	9.6	2.7	18.5
Share of net results	742.3	1,572.1	807.8	1,192.6
Share of movements in reserves	(0.1)	7.2	-	-
Acquisitions	1,259.3	696.8	693.2	417.9
Disposals	(351.0)	(3.4)	(350.9)	-
Transfer on reclassification as a controlled entity	-	(15.6)	-	-
Capital return	-	(91.8)	-	(20.9)
Distributions/dividends received and receivable	(373.9)	(248.7)	(120.0)	(83.8)
Effect of foreign currency translation	164.3	254.9	148.6	250.4
Carrying amount at the end of the year	7,969.8	6,528.9	5,720.4	4,541.7

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

5 Property assets (continued)

The table below includes further information regarding principal Partnerships classified as JVs, held at the end of the financial year:

	GOLP ¹		GUKP		GNAP	
	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M
Summarised statement of financial position						
Current assets						
Cash and cash equivalents	398.2	427.4	44.2	41.1	99.0	75.0
Other current assets	198.2	148.3	15.8	12.9	11.2	56.8
Total current assets	596.4	575.7	60.0	54.0	110.2	131.8
Total non-current assets	6,660.0	6,303.3	2,216.0	2,421.8	10,290.6	8,270.0
Current liabilities						
Other current liabilities	3,067.4	2,940.6	55.1	24.7	246.7	273.8
Total current liabilities	3,067.4	2,940.6	55.1	24.7	246.7	273.8
Non-current liabilities						
Financial liabilities	1,354.2	1,111.8	583.1	537.8	1,445.7	1,144.3
Other non-current liabilities	733.4	718.3	-	-	(6.8)	-
Total non-current liabilities	2,087.6	1,830.1	583.1	537.8	1,438.9	1,144.3
Net assets (100%)	2,101.4	2,108.3	1,637.8	1,913.3	8,715.2	6,983.7
Summarised statement of comprehensive income						
Revenue	210.0	215.0	93.2	39.8	392.3	250.0
Net finance (expense)/income	(32.7)	(20.3)	(11.3)	(1.0)	(13.2)	14.9
Income tax expense	(44.1)	(46.3)	(0.2)	(0.2)	(0.7)	(0.4)
Profit after tax and revaluations	134.2	283.8	(337.0)	575.6	1,354.5	1,706.6
Other comprehensive income	(0.1)	36.2	-	-	-	-
Total comprehensive income (100%)	134.1	320.0	(337.0)	575.6	1,354.5	1,706.6
Goodman						
Consolidated ownership interest	20.0%	20.0%	35.0%	35.3%	55.0%	55.0%
Consolidated share of net assets	420.3	421.7	573.2	676.0	4,793.4	3,841.0
Shareholder loan ¹	499.6	492.9	-	-	-	-
Other items, including capitalised costs	3.4	3.4	0.5	0.3	5.1	5.0
Carrying amount of investment	923.3	918.0	573.7	676.3	4,798.5	3,846.0
Distributions/dividends received and receivable	8.5	7.3	160.5	3.9	110.1	68.9
GIT						
Consolidated ownership interest	-	-	-	-	53.0%	53.0%
Consolidated share of net assets	-	-	-	-	4,619.2	3,701.4
Other items, including capitalised costs	-	-	-	-	5.0	5.0
Carrying amount of investment in JV	-	-	-	-	4,624.2	3,706.4
Distributions/dividends received and receivable	-	-	-	-	106.1	66.4

- Shareholder loans have been provided by investors of GOLP in proportion to their ownership interest. The shareholder loans are interest free and unsecured and have no fixed terms of repayment. The shareholder loans are not expected to be repaid within 12 months from the end of the reporting period and the Directors consider the loans to form part of Goodman's investment in GOLP.

With respect to Goodman's other JVs, the total profit after tax and revaluations was \$254.9 million (2022: \$1,333.2 million) and total other comprehensive income was \$nil (2022: \$nil). With respect to GIT's other JVs, the total profit after tax and revaluations was \$317.2 million (2022: \$1,024.5 million) and total other comprehensive income was \$nil (2022: \$nil).

6 Receivables

Receivables comprise trade and other receivables and loans to related parties and are recognised on the date that they are originated, initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

Receivables are derecognised when the contractual rights to the cash flows from the receivable expire or the Group transfers the rights to receive the contractual cash flows on the receivable in a transaction in which substantially all the risks and rewards of the receivable are transferred.

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Current				
Trade receivables	20.9	7.8	-	0.1
Tax receivables	11.9	3.9	-	-
Other receivables	110.1	123.1	18.2	3.8
Amounts due from related parties	100.2	83.0	8.9	-
Loans to related parties ¹	-	-	215.0	127.1
	243.1	217.8	242.1	131.0
Non-current				
Other receivables	2.8	5.9	-	-
Loans to related parties ¹	228.2	167.5	3,122.4	3,137.4
	231.0	173.4	3,122.4	3,137.4

1. Refer to note 23 for details of amounts due from and loans to related parties.

Goodman assessed the receivables balances at 30 June 2023 for expected credit losses (risk of non-payment). The level of provisioning was not significant in the context of the Group's financial position.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

7 Contract balances

Contract assets primarily comprise amounts recoverable from fixed price development contracts (disclosed net of any payments received on account) and accrued performance fee income where the Group assesses that the income can be reliably measured.

Contract liabilities primarily comprise consideration received in advance of the completion of development contracts and rental guarantees.

The following table provides an analysis of receivables from contracts with customers (excluding rental income receivables), contract assets and contract liabilities at the reporting dates:

	Goodman	
	2023	2022
	\$M	\$M
Current		
Receivables, which are included in trade receivables, other receivables and amounts due from related parties	133.6	111.7
Contract assets	72.9	77.6
Contract liabilities	21.2	4.7
Non-current		
Contract liabilities	-	-

Significant changes in the contract assets and the contract liabilities balances during the year are set out below:

	Goodman			
	2023		2022	
	Contract assets \$M	Contract liabilities \$M	Contract assets \$M	Contract liabilities \$M
Balance at the beginning of the year	77.6	4.7	80.9	6.0
Increase due to changes in the measure of progress during the year	381.9	-	476.9	-
Transfers from contract assets to receivables	(388.8)	-	(480.5)	-
Revenue recognised that was included in the contract liability balance at the beginning of the year	-	(14.0)	-	(1.6)
Increases due to cash received, excluding amounts recognised as revenue during the year	-	30.5	-	0.1
Effect of foreign currency translation	2.2	-	0.3	0.2
Balance at the end of the year	72.9	21.2	77.6	4.7
Current contract assets and liabilities	72.9	21.2	77.6	4.7
Non-current contract liabilities	-	-	-	-
Total	72.9	21.2	77.6	4.7

Details regarding Goodman's future rental income associated with existing lease agreements is included in note 5.

In addition, Goodman receives investment management, development management and property services fees under various contracts that it has with its Partnerships. These contracts are for varying lengths of time and are typically transacted on terms that are consistent with market practice. The revenues under these contracts are linked to the AUM, total development project costs or gross property income of Partnerships and are invoiced as the services are provided.

8 Assets held for sale

In June 2023, the Group entered into a conditional contract to dispose of two controlled entities which own two stabilised investment properties. As the conditions under the contracts had not been satisfied as at 30 June 2023, the directly held assets and liabilities to be disposed have been presented as a disposal group held for sale.

Assets and liabilities of disposal group held for sale

At 30 June 2023, the disposal group was held at the lower of carrying amount and fair value less costs to sell, and comprised the following assets and liabilities within the Australia and New Zealand segment:

	\$M
Investment properties	515.3
Other assets	1.7
Payables	(7.4)
Assets held for sale	509.6

No impairment losses have been recognised in FY23 in respect of the disposal group.

In the prior year, assets held for sale amounting to \$608.2 million related to two investment properties in Australia. The disposal of the investment properties was completed in FY23.

9 Payables

Trade and other payables are recognised initially at trade date fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other payables are measured at amortised cost.

Trade and other payables are derecognised when the contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legal right to offset the amounts and an intention to either settle on a net basis or to realise the asset and settle the liability simultaneously.

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Current				
Trade payables	90.4	76.4	5.8	7.9
Other payables and accruals	571.8	525.4	113.8	61.5
Contract liabilities	21.2	4.7	-	-
Loans from related parties ¹	-	-	51.3	3.3
	683.4	606.5	170.9	72.7
Non-current				
Other payables and accruals	390.2	111.0	256.6	3.3
Loans from related parties ¹	-	-	521.4	720.5
	390.2	111.0	778.0	723.8

1. Refer to note 23 for details of loans from related parties.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

10 Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Current				
Dividends/distributions to Securityholders	282.5	280.0	188.4	233.5
Other	19.0	19.2	-	-
	301.5	299.2	188.4	233.5
Non-current				
Defined benefit retirement schemes in the United Kingdom	12.8	13.9	-	-
Other	1.5	1.6	-	-
	14.3	15.5	-	-

11 Property, plant and equipment

	Goodman	
	2023	2022
	\$M	\$M
Property, plant and equipment at cost	171.9	147.0
Accumulated depreciation	(100.2)	(85.6)
Property, plant and equipment at net book value¹	71.7	61.4

1. Refer to note 12 for property, plant and equipment held as a lessee.

12 Leases

Goodman leases office buildings, motor vehicles and office equipment. Certain investment properties and developments classified as inventories are also built on land held under leasehold interests.

Goodman recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost plus any direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the lessee's incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest rate method. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change arising from the reassessment of whether Goodman will be reasonably certain to exercise an extension or termination option.

The right of use assets in respect of office buildings, motor vehicles and office equipment are depreciated using the straight-line method over the period of the lease. Right of use assets that meet the definition of investment property are carried at fair value in accordance with note 5(a). Ground leases of development land that are classified as inventories are not depreciated but are assessed at each reporting date for impairments to ensure they are recorded at the lower of cost and net realisable value.

Information about leases for which Goodman is a lessee is detailed below:

	Goodman	
	2023	2022
	\$M	\$M
Right of use assets		
Inventories	561.8	453.3
Investment properties	695.6	568.0
Property, plant and equipment	43.8	42.4
	1,301.2	1,063.7
Lease liabilities		
Current	12.3	12.5
Non-current	55.4	58.1
	67.7	70.6

The following were recognised during the year:

	2023	2022
	\$M	\$M
Additions to right of use assets	245.0	338.4
Depreciation for right of use assets	12.4	12.6
Interest expense on lease liabilities	1.1	1.0
Cash outflows on lease liabilities	14.3	14.4

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

13 Goodwill and intangible assets

Goodman recognises both goodwill and indefinite life management rights in its statement of financial position.

Goodwill

Goodwill arising on the acquisition of controlled entities is stated at cost less any accumulated impairment losses (refer below). No amortisation is provided.

Management rights

When fund and/or investment management activities are acquired as part of a business combination, management rights are recorded where they arise from contractual or other legal rights, and the fair value can be measured reliably.

Management rights are stated at cost less impairment. Management rights are not amortised as they are assumed to have an indefinite life, given they are routinely renewed at minimal cost and on broadly similar terms.

Impairment

The carrying amounts of goodwill and management rights are tested annually for impairment. For the purpose of impairment testing, goodwill and management rights are allocated to the related cash-generating units monitored by management. An impairment loss is recognised whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Recoverable amount is the greater of the fair value (net of disposal costs) and the value in use but given that goodwill and management rights are not frequently traded (i.e. fair value is difficult to ascertain), the recoverable amount will be equal to the value in use of the cash-generating unit. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the goodwill allocated to the cash-generating unit, then to the carrying amount of the management rights allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. An impairment loss for management rights is reversed only to the extent that its carrying amount does not exceed its original cost.

A summary of Goodman's goodwill and intangible assets is set out by below:

	Goodman	
	2023	2022
	\$M	\$M
Goodwill	738.3	685.6
Management rights	111.8	109.8
	850.1	795.4

The carrying value of goodwill and intangible assets is analysed by division in the table below:

	2023 \$M	2022 \$M
Analysed:		
Goodwill		
Continental Europe	622.8	577.0
Other	115.5	108.6
Subtotal - goodwill	738.3	685.6
Management rights		
Continental Europe	35.3	32.7
Other	76.5	77.1
Subtotal - management rights	111.8	109.8
Total	850.1	795.4

A reconciliation of the movement in the cost of goodwill and management rights during the year is set out below:

	Balance at 30 June 2021 \$M	Disposals \$M	Effect of foreign currency translation \$M	Balance at 30 June 2022 \$M	Effect of foreign currency translation \$M	Balance at 30 June 2023 \$M
Cost						
Goodwill						
Continental Europe	609.0	-	(24.7)	584.3	46.4	630.7
Other	161.9	-	(7.2)	154.7	10.7	165.4
Subtotal - goodwill	770.9	-	(31.9)	739.0	57.1	796.1
Management rights						
Continental Europe	34.1	-	(1.4)	32.7	2.6	35.3
Other	84.7	(10.9)	3.3	77.1	(0.6)	76.5
Subtotal - management rights	118.8	(10.9)	1.9	109.8	2.0	111.8
Total	889.7	(10.9)	(30.0)	848.8	59.1	907.9

A reconciliation of the movement in the impairment losses during the year is set out below:

	Balance at 30 June 2021 \$M	Disposals \$M	Effect of foreign currency translation \$M	Balance at 30 June 2022 \$M	Effect of foreign currency translation \$M	Balance at 30 June 2023 \$M
Impairment losses						
Goodwill						
Continental Europe	7.6	-	(0.3)	7.3	0.6	7.9
Other	48.1	-	(2.0)	46.1	3.8	49.9
Subtotal - goodwill	55.7	-	(2.3)	53.4	4.4	57.8
Management rights						
Other	11.4	(10.9)	(0.5)	-	-	-
Subtotal - management rights	11.4	(10.9)	(0.5)	-	-	-
Total	67.1	(10.9)	(2.8)	53.4	4.4	57.8

Impairments and reversals of impairments

There were no impairment losses or reversals of impairment losses during either the current or prior financial year.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

13 Goodwill and intangible assets (continued)

Impairment testing for intangible assets

The carrying values of both goodwill and indefinite life management rights are assessed for impairment annually. For the purpose of impairment testing, goodwill and indefinite life management rights are allocated to the Goodman divisions that represent the lowest level within Goodman at which the goodwill and indefinite life management rights are monitored for internal management purposes. Where goodwill and management rights arise in the same division, impairment testing has been performed on the combined intangible asset.

The impairment tests for all intangible assets are based on each division's value in use. Value in use is determined by discounting the future projected cash flows generated from continuing operations. These cash flows are for a five-year period, with a year five terminal value calculated using a terminal growth rate and an appropriate discount rate for each division.

The key drivers of value in respect of the intangible assets are:

- + Development cash flows, which are dependent on development volumes and margins and whether the developments are undertaken directly by Goodman or directly by Partnerships or in joint venture with Partnerships
- + Management cash flows, which are dependent on the level of external AUM and net property income in Partnerships and, in the case of portfolio performance fee income, the long-term performance of the Partnerships.

The estimation of future cash flows requires assumptions to be made regarding uncertain future events. The cash flows do not assume a downturn in earnings that might arise in the event of a significant adverse change in market conditions for the Group. The cash flows also assume that Goodman's management contracts with Partnerships have an indefinite life. This is on the basis that in the past these contracts have been typically renewed at minimal cost and on broadly similar financial terms.

The post-tax discount rates used in the value in use calculations were determined using the capital asset pricing model, with individual assumptions referenced to market data, where available, and adjusting for specific factors associated with each division. A risk premium was included in each division's discount rate, reflecting the level of forecasting, size, country and financing risks for that division. The value in use was determined using the after-tax cash flows and the post-tax discount rates, with the discount rates then converted to the equivalent pre-tax rates.

When assessing a potential impairment, the value in use is compared against the sum of the intangible asset balance and the property, plant and equipment balance for each division.

The principal intangible asset balance relates to the Group's business activities in Continental Europe. The value in use and the key assumptions used to calculate the value in use are set out below.

Value in use – Continental Europe

The value in use for Continental Europe is consistent with the prior years. The Group's strategy remains the same with assets focused on core infill locations, close to consumers.

Continental Europe

	2023	2022
Value in use (A\$M)	2,559.4	2,444.3
Key assumptions:		
Pre-tax discount rate (per annum)	12.7%	11.6%
Average annual development expenditure (A\$B)	1.2	1.3
Average annual growth in AUM	6.6%	7.7%

All amounts were calculated in local currency and translated to Australian dollars at the closing exchange rate at the end of the financial period. Averages related to average amounts over the five-year forecast period.

Development earnings

During FY23 there has been a decrease in the market values of properties in Continental Europe, however, demand continues to exist for modern, well-located industrial product. The activities will be focused on the regions core markets in western and southern Europe and will be a mix of development undertaken directly by Goodman and developments undertaken in joint venture with Partnerships. The average annual development cash outflow to fund the projected development pipeline across the forecast period is A\$1.2 billion per annum (2022: A\$1.3 billion per annum). This is slightly lower than the prior year, with higher inflation and higher interest rates expected to persist in the short term. The development earnings forecasts include projects which have not yet been contracted.

Management earnings and AUM

External AUM at 30 June 2023 was \$A7.8 billion (2022: A\$8.1 billion). The average annual increase in external AUM of 6.6% (2022: 7.7%) assumes most of the projected development over the forecast period is for Partnerships.

For the purpose of the value in use assessments, property values are expected to be stable over the period and no portfolio performance revenue is assumed.

Sources of funding for development activity

Capital inflows required to fund acquisitions and development activity are assumed to arise from the following sources: equity investment directly into Partnerships (including distribution reinvestment plans) by Goodman and its investment partners (in some cases, the projections assume future equity investment will be greater than existing commitments); lending facilities advanced to Partnerships; debt capital markets; customer-funded turnkey developments; and proceeds from disposals of assets. It is not practicable to determine the percentage of the total which will flow from each source.

Funds available to Goodman and its investment partners are assumed to be sourced from available global markets and are not limited to regional lending markets.

Assumptions impacting the terminal year

The cash flow projections assumes that there will be no significant change in regional or global market conditions. Long-term growth rates have been used to extrapolate cash flow projections beyond the period covered by the five-year forecast. For Continental Europe, the growth rate of 3.2% (2022: 2.3%) was based on the average consumer price indices over the past five years.

Notes to the consolidated financial statements

CAPITAL MANAGEMENT

The notes in this section focus on Goodman's and GIT's financing activities, capital structure and management of the financial risks involved.

14 Net finance income/(expense)

Interest income and expense are recognised using the effective interest rate method.

Finance costs relating to a qualifying asset are capitalised as part of the cost of that asset using a weighted average cost of debt. Qualifying assets are assets which take a substantial time to get ready for their intended use or sale. All other finance costs are expensed using the effective interest rate method.

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Finance income				
Interest income from:				
– Related parties	2.1	6.5	93.8	72.3
– Other parties	20.0	1.8	12.3	0.5
Foreign exchange gains	0.8	-	73.1	-
	22.9	8.3	179.2	72.8
Finance expense				
Interest expense from third party loans, overdrafts and derivatives	(52.4)	(42.4)	(55.4)	(38.2)
Interest expense from related party loans	-	-	(20.1)	(9.7)
Other borrowing costs	(12.8)	(9.5)	(6.9)	(5.3)
Fair value adjustments on derivative financial instruments	(221.3)	(189.7)	(156.6)	(181.5)
Foreign exchange losses	-	(0.3)	-	(69.7)
Capitalised borrowing costs	28.8	10.8	2.7	-
	(257.7)	(231.1)	(236.3)	(304.4)
Net finance expense	(234.8)	(222.8)	(57.1)	(231.6)

- Borrowing costs were capitalised to inventories and investment properties under development during the year at rates between 0.95% and 4.85% per annum (2022: 0.95% and 4.85% per annum).

15 Interest bearing liabilities

Interest bearing liabilities comprise bank loans and notes issued in the capital markets. Interest bearing liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost using the effective interest rate method.

		Goodman		GIT	
		2023	2022	2023	2022
Carrying amount of drawn debt	Note	\$M	\$M	\$M	\$M
Current					
Unsecured:					
– Foreign private placement	15(d)	-	133.3	-	133.3
		-	133.3	-	133.3
Non-current					
Secured:					
– Bank loans	15(a)	47.9	9.0	-	-
Unsecured:					
– Bank loans	15(a)	421.5	-	156.0	-
– USD denominated notes	15(b)	2,025.8	1,953.1	2,025.8	1,953.1
– EUR denominated notes	15(c)	818.5	758.3	818.5	758.3
Borrowing costs		(20.8)	(21.5)	(17.5)	(19.3)
		3,292.9	2,698.9	2,982.8	2,692.1

(a) Bank loans

Secured

As at 30 June 2023, Goodman and GIT had the following secured bank facilities:

		Goodman		GIT	
		Facility limit	Amounts drawn	Facility limit	Amounts drawn
Facility maturity date		\$M	\$M	\$M	\$M
9 January 2028		79.7	-	-	-
5 January 2033		51.7	17.9	-	-
18 March 2034		26.9	17.4	-	-
20 April 2038		62.1	12.6	-	-
Total at 30 June 2023		220.4	47.9	-	-
Total at 30 June 2022		288.2	9.0	260.0	-

Notes to the consolidated financial statements

Capital management (continued)

15 Interest bearing liabilities (continued)

Unsecured

As at 30 June 2023, Goodman and GIT had the following unsecured bank facilities:

	Goodman		GIT	
	Facility limit	Amounts drawn	Facility limit	Amounts drawn
Facility maturity date	\$M	\$M	\$M	\$M
31 March 2025	70.0	-	70.0	-
31 March 2025	30.0	-	30.0	-
7 December 2025	40.9	-	40.9	-
31 December 2025	100.0	-	100.0	-
1 July 2026	100.0	-	100.0	-
31 July 2026	150.1	-	150.1	-
30 September 2026	280.8	156.9	-	-
30 September 2026	83.2	56.6	-	-
30 September 2026	83.2	-	-	-
30 September 2026	156.0	52.0	-	-
30 September 2026	104.0	-	-	-
30 September 2026	56.3	-	56.3	-
30 September 2026	37.5	-	37.5	-
21 October 2026	150.0	-	150.0	-
22 October 2026	150.0	-	150.0	-
31 December 2026	122.8	-	122.8	-
30 June 2027	70.0	-	70.0	-
30 June 2027	30.0	-	30.0	-
31 December 2029	156.0	156.0	156.0	156.0
Total at 30 June 2023	1,970.8	421.5	1,263.6	156.0
Total at 30 June 2022	1,455.4	-	1,050.2	-

The majority of the unsecured bank loans are multi-currency facilities.

(b) USD denominated notes

As at 30 June 2023, Goodman and GIT had notes on issue in the US144A/Regulation S bond market as follows:

Maturity date	Carrying amount		Coupon (fixed)
	A\$M	US\$M	per annum
15 March 2028	787.8	525.0	3.70%
4 May 2032	750.3	500.0	4.63%
15 October 2037	487.7	325.0	4.50%
Total at 30 June 2023	2,025.8	1,350.0	
Total at 30 June 2022	1,953.1	1,350.0	

(c) EUR denominated notes

As at 30 June 2023, Goodman and GIT had A\$818.5 million (2022: A\$758.3 million) (€500.0 million) Reg S EUR denominated senior notes on issue. The notes have a fixed coupon of 1.375% per annum and mature on 27 September 2025.

(d) Foreign private placement

At 30 June 2022, Goodman and GIT had A\$133.3 million (¥12.5 billion) in a foreign private placement denominated in Japanese yen. The facility had a fixed coupon of 3.32% per annum payable semi-annually and was repaid on 3 April 2023.

(e) Finance facilities

	Goodman		GIT	
	Facilities available \$M	Facilities utilised \$M	Facilities available \$M	Facilities utilised \$M
30 June 2023				
Secured:				
- Bank loans	220.4	47.9	-	-
Unsecured:				
- Bank loans	1,970.8	421.5	1,263.6	156.0
- USD denominated notes	2,025.8	2,025.8	2,025.8	2,025.8
- EUR denominated notes	818.5	818.5	818.5	818.5
- Bank guarantees ¹	-	23.6	-	-
	5,035.5	3,337.3	4,107.9	3,000.3
30 June 2022				
Secured:				
- Bank loans	288.2	9.0	260.0	-
Unsecured:				
- Bank loans	1,455.4	-	1,050.2	-
- USD denominated notes	1,953.1	1,953.1	1,953.1	1,953.1
- EUR denominated notes	758.3	758.3	758.3	758.3
- Foreign private placement	133.3	133.3	133.3	133.3
- Bank guarantees ¹	-	7.3	-	7.3
	4,588.3	2,861.0	4,154.9	2,852.0

1. Bank guarantees are drawn from facilities available under unsecured bank loans. The guarantees are not reflected as a liability in the statements of financial position.

Notes to the consolidated financial statements

Capital management (continued)

16 Other financial assets and liabilities

Other financial assets and liabilities primarily comprise derivative financial instruments that are recognised initially on the trade date at which Goodman and GIT become a party to the contractual provisions of the instrument.

Derivative financial instruments and hedging

Goodman and GIT use derivative financial instruments to hedge their economic exposure to foreign exchange and interest rate risks arising from operating, investing and financing activities. In accordance with the Group's financial risk management (FRM) policy, Goodman and GIT do not hold or issue derivative financial instruments for speculative trading purposes.

Goodman and GIT's derivative financial instruments are not designated as a hedge for accounting purposes, and accordingly movements in the fair value of derivative financial instruments are recognised in the income statement.

Cash flow hedges

Certain of Goodman and GIT's associates and JVs continue to designate derivative financial instruments as cash flow hedges for accounting purposes. Goodman's and GIT's share of the effective portion of changes in the fair value of derivative financial instruments in associates and JVs that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve. The gain or loss relating to any ineffective portion is recognised in the income statement.

Other financial assets

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Current				
Derivative financial instruments ¹	87.8	1.6	76.6	1.6
	87.8	1.6	76.6	1.6
Non-current				
Derivative financial instruments ¹	363.4	482.8	232.1	341.3
Investment in unlisted securities, at fair value	18.1	13.6	19.6	31.8
	381.5	496.4	251.7	373.1

1. Includes fair values of derivative financial instruments equating to \$81.7 million (2022: \$133.3 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

Other financial liabilities

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Current				
Derivative financial instruments ¹	143.9	71.2	63.9	25.9
	143.9	71.2	63.9	25.9
Non-current				
Derivative financial instruments ¹	480.1	447.7	383.6	325.3
	480.1	447.7	383.6	325.3

1. Includes fair values of derivative financial instruments equating to \$34.2 million (2022: \$79.6 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

17 Financial risk management

The Board has overall responsibility for approving Goodman's risk management framework. The Board has established the Audit, Risk and Compliance committee, which is responsible for reviewing, approving and subsequently monitoring the Group's risk management policies, including the FRM policy. The FRM policy is established to identify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls for managing the financial affairs of the Group, and to monitor those risks and adherence to limits by Management.

Goodman's treasury function is responsible for the day to day compliance with the Group's FRM policy and prepares reports for consideration by management committees and the Board including:

- + Cash flow projections over a period of at least 12 months to assess the level of cash and undrawn facilities, and headline gearing at each month end
- + Debt maturity profile, to allow the Group to plan well in advance of maturing facilities
- + Interest rate hedge profile over the next 10 years, to allow the Group to manage the proportion of fixed and floating rate debt in accordance with its FRM policy
- + Capital hedge position (by currency) and profile of expiring currency derivatives, to allow the Group to manage its net investment hedging in accordance with its FRM policy.

Any significant investments or material changes to the finance facilities or FRM policy require approval by the Board.

Capital management

Goodman's principal capital management objectives are to maintain a strong capital base and provide funds for operating activities (including development expenditure), capital expenditure and investment opportunities as they arise. This is achieved through an appropriate mix of debt and equity.

Goodman is able to alter the capital mix by issuing new Goodman debt and equity securities or hybrid securities, by reinstating the distribution reinvestment plan, by adjusting the timing of development and capital expenditure and by selling assets to reduce borrowings. Goodman also manages capital through its distribution policy in which distributions made to Securityholders are based on the Group's operating profit, subject to a minimum distribution equal to the taxable income of the Trust.

Goodman's key financial risks are market risk (including foreign exchange and interest rate risk), liquidity risk and credit risk.

(a) Market risk

Foreign exchange risk

Goodman is exposed to foreign exchange risk through its investments in New Zealand, Hong Kong, China, Japan, Continental Europe, the United Kingdom, North America and Brazil. Foreign exchange risk represents the gain or loss that would be recognised from fluctuations in currency prices against the Australian dollar as a result of Goodman's net investment in foreign operations, future commercial transactions, and other foreign currency denominated assets and liabilities.

Notes to the consolidated financial statements

Capital management (continued)

17 Financial risk management (continued)

In managing foreign exchange risks, Goodman aims to reduce the impact of short-term fluctuations on Goodman's earnings and net assets. However, over the long term, permanent changes in foreign exchange rates will have an impact on both earnings and net assets.

Goodman's capital hedge policy for each overseas region is to hedge between 65% and 90% of foreign currency denominated assets with foreign currency denominated liabilities. This is achieved by borrowing in the same currency as the overseas investments to form a natural economic hedge against any foreign currency fluctuations and/or using derivatives such as cross currency interest rate swaps (CCIRS) and foreign exchange contracts (FEC).

The Group's hedge position is monitored on an ongoing basis and the Group will enter into new derivatives (including forward start contracts) and close out or enter into contra derivative contracts to manage the capital hedge position.

As at 30 June 2023, the principal that was used to hedge its exposures using derivatives and the weighted average exchange rates, by currency, are set out below:

Goodman

	2023			2022		
	Amounts payable	Amounts receivable	Weighted average exchange rate	Amounts payable	Amounts receivable	Weighted average exchange rate
	NZD'M	AUD'M	AUD/NZD	NZD'M	AUD'M	AUD/NZD
AUD receivable/NZD payable	(750.0)	696.4	1.0775	(750.0)	696.4	1.0775
	HKD'M	AUD'M	AUD/HKD	HKD'M	AUD'M	AUD/HKD
AUD receivable/HKD payable	(8,840.0)	1,598.2	5.5324	(8,340.0)	1,466.9	5.6976
	EUR'M	AUD'M	AUD/EUR	EUR'M	AUD'M	AUD/EUR
AUD receivable/EUR payable	(925.0)	1,460.8	0.6341	(825.0)	1,314.0	0.6283
	GBP'M	AUD'M	AUD/GBP	GBP'M	AUD'M	AUD/GBP
AUD receivable/GBP payable	(435.0)	796.4	0.5468	(380.0)	703.4	0.5403
	USD'M	AUD'M	AUD/USD	USD'M	AUD'M	AUD/USD
AUD receivable/USD payable	(1,050.0)	1,455.5	0.7221	(1,050.0)	1,455.5	0.7221
	JPY'M	AUD'M	AUD/JPY	JPY'M	AUD'M	AUD/JPY
AUD receivable/JPY payable	(14,000.0)	177.7	78.1791	(23,000.0)	297.2	77.5413
	CNY'M	USD'M	USD/CNY	CNY'M	USD'M	USD/CNY
USD receivable/CNY payable	(4,727.6)	642.2	7.3612	(4,258.6)	539.6	7.8927

GIT

	2023			2022		
	Amounts payable	Amounts receivable	Weighted average exchange rate	Amounts payable	Amounts receivable	Weighted average exchange rate
	NZD'M	AUD'M	AUD/NZD	NZD'M	AUDM	AUD/NZD
AUD receivable/NZD payable	(450.0)	416.3	1.0814	(450.0)	416.3	1.0814
	HKD'M	AUD'M	AUD/HKD	HKD'M	A\$M	AUD/HKD
AUD receivable/HKD payable	(7,190.0)	1,297.7	5.5371	(7,190.0)	1,264.6	5.6981
	EUR'M	AUD'M	AUD/EUR	EUR'M	A\$M	AUD/EUR
AUD receivable/EUR payable	(430.0)	657.8	0.6543	(50.0)	75.7	0.6605
	GBP'M	AUD'M	AUD/GBP	GBP'M	A\$M	AUD/GBP
AUD receivable/GBP payable	(285.0)	516.5	0.5524	(125.0)	228.9	0.5460
	USD'M	AUD'M	AUD/USD	USD'M	A\$M	AUD/USD
AUD receivable/USD payable	(600.0)	820.9	0.7318	(600.0)	820.9	0.7318
	JPY'M	A\$M	AUD/JPY	JPY'M	A\$M	AUD/JPY
AUD receivable/JPY payable	-	-	-	(17,000.0)	225.3	75.4506

In addition to the derivatives detailed in the table above, GIT also has FECs with a controlled entity of GL to hedge that entity's USD exposure. On maturity of the contracts, GIT will receive USD 206.8 million from GL (2022: USD 81.8 million) and pay GBP 167.8 million to GL (2022: GBP 53.8 million).

Sensitivity analysis

Throughout the financial year, if the Australian dollar had been 5% stronger against all other currencies, with all other variables held constant, the profit attributable to Securityholders, excluding derivative mark to market and unrealised foreign exchange movements, would have decreased by A\$50.0 million (2022: A\$107.9 million decrease) for Goodman and A\$21.0 million (2022: A\$48.1 million) for GIT. If the Australian dollar had been 5% weaker against all other currencies, with all other variables held constant, the profit attributable to Securityholders, excluding derivative mark to market and unrealised foreign exchange movements, would have increased by A\$50.0 million (2022: A\$107.9 million increase) for Goodman and A\$21.0 million (2022: A\$48.1 million) for GIT.

Interest rate risk

Goodman's interest rate payments risk arises from variable rate borrowings and the Group's COIRS that hedge the overseas investments. Goodman has a policy of hedging between 60% and 100% of its payments exposure to changes in interest rates for a 3 year period, progressively decreasing from the fourth year. Goodman enters into interest rate derivatives (IRD) to manage cash flow risks associated with the interest rates on payments that are floating. The IRD contracts are for 90-day intervals and involve quarterly payments or receipts of the net amount of interest.

Notes to the consolidated financial statements

Capital management (continued)

17 Financial risk management (continued)

As at 30 June 2023, Goodman and GIT's fixed and floating interest rate exposure (by principal) based on existing interest bearing liabilities and derivative financial instruments is set out below:

Goodman

	Interest bearing liabilities A\$M	Impact of derivatives CCIRS A\$M	IRD A\$M	Net interest rate exposure A\$M
30 June 2023¹				
Fixed rate liabilities	2,896.3	-	3,886.3	6,782.6
Floating rate liabilities	417.4	6,407.0	(3,886.3)	2,938.1
	3,313.7	6,407.0	-	9,720.7
30 June 2022²				
Fixed rate liabilities	2,844.7	-	2,877.1	5,721.8
Floating rate liabilities	9.0	5,857.8	(2,877.1)	2,989.7
	2,853.7	5,857.8	-	8,711.5

GIT

	Interest bearing liabilities A\$M	Impact of derivatives CCIRS A\$M	IRD A\$M	Net interest rate exposure A\$M
30 June 2023¹				
Fixed rate liabilities	2,844.3	-	2,200.4	5,044.7
Floating rate liabilities	156.0	3,898.2	(2,200.4)	1,853.8
	3,000.3	3,898.2	-	6,898.5
30 June 2022²				
Fixed rate liabilities	2,844.7	-	1,590.2	4,434.9
Floating rate liabilities	-	3,034.9	(1,590.2)	1,444.7
	2,844.7	3,034.9	-	5,879.6

- Goodman and GIT are also exposed to variable interest rates on cash at bank and the principal amount of the Australian dollar receiver legs of the CCIRS. To hedge this interest rate exposure, Goodman and GIT hold IRDs.

At 30 June 2023, Goodman's cash at bank was \$1,360.1 million (FY22: \$1,056.0 million) and the principal amount of the Australian dollar receiver legs of the CCIRS was \$6,184.9 million (FY22: \$5,933.4 million). The principal amount of the IRDs to hedge this exposure amounted to \$3,341.0 million (FY22: \$2,630.0 million). Accordingly, at 30 June 2023, Goodman had a net variable interest rate exposure on its cash and receivables (by principal) of \$4,204.0 million (2022: \$4,359.4 million).

At 30 June 2023, GIT's cash at bank was \$689.9 million (FY22: \$473.6 million) and the principal amount of the Australian dollar receiver legs of the CCIRS was \$3,709.3 million (FY22: \$3,031.8 million). The principal amount of the IRDs to hedge this exposure amounted to \$3,341.0 million (FY22: \$2,630.0 million). Accordingly, at 30 June 2023, GIT had a net variable interest rate exposure on its cash and receivables (by principal) of \$1,058.2 million (2022: \$875.4 million).

- For consistency with the current year's presentation, the comparative figures have been adjusted to exclude the principal amount of the Australian dollar receiver legs of the CCIRS and the principal amount of the IRDs which hedge the interest rate exposure on these receiver legs. For Goodman, the adjustments amounted to \$5,933.4 million to the principal amount of the CCIRS and \$2,130.0 million to the principal amount of the IRDs. For GIT, the adjustments amounted to \$3,031.9 million to the principal amount of the CCIRS and \$2,130.0 million to the principal amount of the IRDs.

As a result of the fixed rate interest bearing liabilities and derivative financial instruments that existed at 30 June 2023, Goodman and GIT would have the following fixed payable interest rate exposure (by principal) at the end of each of the next five financial years. This assumes all interest bearing liabilities and derivative financial instruments mature in accordance with current contractual terms and that no new arrangements are entered into.

Goodman

Number of years post balance date	2023		2022	
	Fixed interest rate (by principal)	Weighted average interest rate	Fixed interest rate (by principal) ¹	Weighted average interest rate ¹
	A\$M	% per annum	A\$M	% per annum
1 year	6,619.0	2.15	5,904.2	2.18
2 years	5,868.2	2.40	5,671.0	2.10
3 years	4,644.8	2.71	4,932.3	2.38
4 years	3,601.6	3.10	3,774.7	2.73
5 years	2,761.5	3.43	2,855.3	3.18

GIT

Number of years post balance date	2023		2022	
	Fixed interest rate (by principal)	Weighted average interest rate	Fixed interest rate (by principal) ¹	Weighted average interest rate ¹
	A\$M	% per annum	A\$M	% per annum
1 year	5,001.1	2.56	4,689.6	2.67
2 years	4,981.7	2.57	4,519.4	2.54
3 years	3,913.7	2.91	4,476.1	2.56
4 years	3,003.6	3.37	3,450.0	2.94
5 years	2,242.2	3.76	2,598.4	3.45

1. For consistency with the current year's presentation, the comparative figures have been adjusted to exclude the principal amount and associated interest rate impact of the Australian dollar receiver legs of OCIRS and the principal amount of IRDs which hedge the inflows arising from them.

Sensitivity analysis

Throughout the financial year, if interest rates (based on the interest bearing liabilities and derivative financial instruments in place at the end of the year) had been 100 basis points per annum higher/lower, with all other variables held constant, the profit attributable to Securityholders, excluding derivative mark to market movements, would have increased/decreased by A\$1.4 million (2022: increased/decreased by A\$8.1 million) for Goodman and decreased/increased by A\$9.3 million (2022: decreased/increased by A\$5.4 million) for GIT.

Notes to the consolidated financial statements

Capital management (continued)

17 Financial risk management (continued)

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks has been undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group had exposure to IBORs through certain of its bank loans (interest bearing liabilities) and its derivative instruments (IRD and COIRS). Most of the Group's external interest bearing liabilities are bonds with fixed coupons and are not exposed to IBORs. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA) master agreements.

Amendments to the Group's financial instruments with contractual terms indexed to sterling LIBOR, Japanese yen LIBOR or US dollar LIBOR, such that they incorporate the new benchmark rates, were completed by 31 December 2021. The sterling and Japanese yen LIBORs transitioned on 1 January 2023 and the US dollar LIBOR transitioned to SOFR on 1 July 2023.

For Goodman's other IBOR exposures, the transition to alternative risk-free rates has been deferred and/or extended and therefore no action has been or will be taken in that regard until such time as the alternative reference rates are defined and scheduled. It is expected that these will follow the conventions established in other markets and the Group will apply the same principles for those transitions as and when they become relevant.

(b) Liquidity risk

Liquidity risk is the risk that Goodman will not be able to meet its financial obligations as they fall due. Goodman's objective is to maintain sufficient liquidity to fund short-term working capital, capital expenditure, investment opportunities, debt expiries and distributions. This is achieved through the monthly preparation of a three-year cash flow forecast to understand the uses of funds and to identify potential shortfalls in funding or potential breaches of financial covenants in its loan arrangements. This allows Goodman to plan for renewal of debt facilities, negotiation of new debt facilities, new issues of securities, including the distribution reinvestment plan, and other potential sources of funding.

Goodman's treasury function is responsible for reporting details of all debt maturities to the Board at its regular meetings.

Goodman seeks to spread its debt maturities such that the total debt repayable in a single financial year does not exceed Board approved policy levels.

The contractual maturities of financial liabilities are set out below:

	Carrying amount \$M	Contractual cash flows \$M	Less than 1 year \$M	1 - 2 year(s) \$M	2 - 3 years \$M	3 - 4 years \$M	4 - 5 years \$M	More than 5 years \$M
Goodman								
As at 30 June 2023								
Non-derivative financial liabilities								
Payables (excluding contract liabilities)	1,052.4	1,052.4	662.2	330.2	30.0	20.0	10.0	-
Lease liabilities	67.7	119.7	12.3	11.0	7.4	6.4	6.0	76.6
Bank loans, secured ¹	47.9	47.9	-	-	-	-	-	47.9
Bank loans, unsecured ¹	421.5	421.5	-	-	-	265.5	-	156.0
USD denominated notes, unsecured	2,025.8	2,783.6	85.8	85.8	85.8	85.8	77.3	2,363.1
EUR denominated notes, unsecured	818.5	843.8	11.3	11.3	821.2	-	-	-
Total non-derivative financial liabilities	4,433.8	5,268.9	771.6	438.3	944.4	377.7	93.3	2,643.6
Derivative financial (assets)/liabilities - net								
Net settled ²	(101.5)	(107.1)	(48.4)	(21.9)	(26.3)	(5.6)	(9.8)	4.9
Gross settled ³ :								
(Inflow)	-	(1,530.2)	(453.5)	(314.7)	(311.7)	(216.8)	(142.4)	(91.1)
Outflow	274.3	1,605.6	480.9	306.3	320.7	308.8	108.7	80.2
Total derivative financial liabilities/(assets) - net	172.8	(31.7)	(21.0)	(30.3)	(17.3)	86.4	(43.5)	(6.0)
As at 30 June 2022								
Non-derivative financial liabilities								
Payables (excluding contract liabilities)	712.8	712.8	601.8	58.2	26.4	17.6	8.8	-
Lease liabilities	70.6	121.6	12.5	14.2	76.5	4.1	3.9	10.4
Bank loans, secured ¹	9.0	9.0	-	-	-	-	-	9.0
USD denominated notes, unsecured	1,953.1	2,822.9	139.2	82.7	82.7	82.7	82.7	2,352.9
EUR denominated notes, unsecured	758.3	799.9	18.3	10.4	10.4	760.8	-	-
Foreign private placement, unsecured	133.3	137.7	137.7	-	-	-	-	-
Total non-derivative financial liabilities	3,637.1	4,603.9	909.5	165.5	196.0	865.2	95.4	2,372.3
Derivative financial (assets)/liabilities - net								
Net settled ²	33.8	35.3	14.0	5.7	22.2	8.2	3.5	(18.3)
Gross settled ³ :								
(Inflow)	0.7	(1,565.0)	(249.5)	(411.0)	(257.1)	(310.8)	(171.2)	(165.5)
Outflow	-	1,113.4	218.5	329.5	169.6	189.7	156.4	49.7
Total derivative financial liabilities/(assets) - net	34.5	(416.3)	(17.0)	(75.8)	(65.3)	(112.9)	(11.3)	(134.1)

1. Contractual cash flows relating to bank loans exclude any estimate of interest payments that might arise under Goodman's revolving loan facilities.

2. Net settled includes IRD and FEC.

3. Gross settled includes COIRS.

Notes to the consolidated financial statements

Capital management (continued)

17 Financial risk management (continued)

The contractual maturities of financial liabilities are set out below:

GIT	Carrying amount \$M	Contractual cash flows \$M	Less than 1 year \$M	1 - 2 year(s) \$M	2 - 3 years \$M	3 - 4 years \$M	4 - 5 years \$M	More than 5 years \$M
As at 30 June 2023								
Non-derivative financial liabilities								
Payables	948.9	948.9	170.9	328.0	126.2	20.5	46.6	256.7
Bank loans, unsecured ¹	156.0	156.0	-	-	-	-	-	156.0
USD denominated notes, unsecured	2,025.8	2,783.6	85.8	85.8	85.8	85.8	77.3	2,363.1
EUR denominated notes, unsecured	818.5	843.8	11.3	11.3	821.2	-	-	-
Total non-derivative financial liabilities	3,949.2	4,732.3	268.0	425.1	1,033.2	106.3	123.9	2,775.8
Derivative financial (assets)/liabilities - net								
Net settled ²	(67.2)	(7.6)	10.8	(1.3)	(16.2)	1.1	(6.0)	4.0
Gross settled ³ :								
(Inflow)	-	(494.1)	(199.1)	(82.9)	(79.1)	(57.7)	(57.6)	(17.7)
Outflow	206.1	1,050.4	322.3	202.1	225.8	180.1	78.5	41.6
Total derivative financial liabilities/(assets) - net	138.9	548.7	134.0	117.9	130.5	123.5	14.9	27.9
As at 30 June 2022								
Non-derivative financial liabilities								
Payables	796.5	796.5	72.7	4.8	64.5	282.7	139.4	232.4
USD denominated notes, unsecured	1,953.1	2,822.9	139.2	82.7	82.7	82.7	82.7	2,352.9
EUR denominated notes, unsecured	758.3	800.0	18.3	10.4	10.4	760.8	-	-
Foreign private placement, unsecured	133.3	137.7	137.7	-	-	-	-	-
Total non-derivative financial liabilities	3,641.2	4,557.1	367.9	97.9	157.6	1,126.2	222.1	2,585.3
Derivative financial (assets)/liabilities - net								
Net settled ²	(22.0)	141.6	39.4	35.5	33.3	33.5	10.5	(10.5)
Gross settled ³ :								
(Inflow)	30.3	(737.3)	(104.8)	(234.6)	(90.9)	(115.1)	(51.6)	(140.1)
Outflow	-	753.2	161.1	237.7	100.7	125.6	87.3	40.8
Total derivative financial liabilities/(assets) - net	8.3	157.5	95.7	38.6	43.1	44.0	46.2	(109.8)

1. Contractual cash flows relating to bank loans exclude any estimate of interest payments that might arise under Goodman's revolving loan facilities.

2. Net settled includes IRD and FEC.

3. Gross settled includes COIRS.

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, which have been recognised on the statement of financial position, is equal to the carrying amount.

Goodman has a policy of assessing the creditworthiness of all potential customers and is not materially exposed to any one customer. Goodman evaluates all customers' perceived credit risk and may require the lodgement of rental bonds or bank guarantees, as appropriate, to reduce credit risk. In addition, all rents are payable monthly in advance. Bank guarantees are accepted from financial institutions which have an investment grade credit rating from a major rating agency.

Concentration of credit risk may exist due to receivables in respect of the disposals of investment properties. The credit risk is minimised as legal title to the properties is only transferred upon receipt of proceeds and typically Goodman will have either received a cash deposit or be the beneficiary of a bank guarantee for 10% to 20% of the total proceeds.

In relation to material bank deposits, Goodman minimises credit risk by dealing with major financial institutions. The counterparty must have a long-term investment grade credit rating from a major rating agency. The amounts and other terms associated with bank deposits are formally reviewed monthly.

The credit risks associated with derivative financial instruments are managed by:

- + Transacting with multiple derivatives counterparties that have a long-term investment grade credit rating
- + Utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through netting of amounts receivable and amounts payable to individual counterparties (refer below)
- + Formally reviewing the mark to market position of derivative financial instruments by counterparty on a monthly basis.

Master netting off or similar agreements

Goodman enters into derivative transactions under ISDA master netting off agreements. Under these agreements, where certain credit events occur (such as a default), all outstanding transactions under the agreement are terminated and a single net termination value is payable in full and final settlement.

As Goodman does not have any current legally enforceable right to offset, the fair values associated with derivative financial instruments have been presented gross in the statement of financial position. However, if a credit event occurred, the ISDA master netting off agreement would allow A\$278.0 million (2022: A\$361.3 million) and A\$227.2 million (2022: A\$256.1 million) of financial assets and financial liabilities in relation to Goodman's and GIT's respective derivative financial instruments to be offset.

Notes to the consolidated financial statements

Capital management (continued)

17 Financial risk management (continued)

(d) Fair values of financial instruments

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

	Goodman				GIT			
	Carrying amount 2023 \$M	Fair value 2023 \$M	Carrying amount 2022 \$M	Fair value 2022 \$M	Carrying amount 2023 \$M	Fair value 2023 \$M	Carrying amount 2022 \$M	Fair value 2022 \$M
Financial assets								
Cash and cash equivalents	1,360.1	1,360.1	1,056.0	1,056.0	689.9	689.9	473.6	473.6
Receivables	474.1	474.1	391.2	391.2	3,364.5	3,364.5	3,268.4	3,268.4
Other financial assets:								
– Interest rate derivatives	305.4	305.4	210.5	210.5	211.0	211.0	129.1	129.1
– Cross currency interest rate swaps	136.2	136.2	271.6	271.6	97.5	97.5	194.8	194.8
– Foreign exchange contracts	9.6	9.6	2.3	2.3	0.2	0.2	19.0	19.0
– Investments in unlisted securities	18.1	18.1	13.6	13.6	19.6	19.6	31.8	31.8
	2,303.5	2,303.5	1,945.2	1,945.2	4,382.7	4,382.7	4,116.7	4,116.7
Financial liabilities								
Payables (excluding contract liabilities)	1,052.4	1,052.4	712.8	712.8	948.9	948.9	796.5	796.5
Interest bearing liabilities ¹	3,292.9	3,034.9	2,832.2	2,670.6	2,982.8	2,721.5	2,825.4	2,528.3
Other financial liabilities:								
– IRD	142.4	142.4	126.2	126.2	141.2	141.2	126.2	126.2
– CCIRS	410.5	410.5	272.3	272.3	303.6	303.6	225.0	225.0
– FEC	71.1	71.1	120.4	120.4	2.7	2.7	-	-
	4,969.3	4,711.3	4,063.9	3,902.3	4,379.2	4,117.9	3,973.1	3,676.0

1. The fair value of certain fixed rate interest bearing liabilities has been determined by reference to the quoted market prices at 30 June 2023.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method:

	Goodman				GIT			
	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 30 June 2023								
Derivative financial assets	-	451.2	-	451.2	-	308.7	-	308.7
Investments in unlisted securities	-	-	18.1	18.1	-	-	19.6	19.6
	-	451.2	18.1	469.3	-	308.7	19.6	328.3
Derivative financial liabilities	-	624.0	-	624.0	-	447.5	-	447.5
	-	624.0	-	624.0	-	447.5	-	447.5
As at 30 June 2022								
Derivative financial assets	-	484.4	-	484.4	-	342.9	-	342.9
Investments in unlisted securities	-	-	13.6	13.6	-	-	31.8	31.8
	-	484.4	13.6	498.0	-	342.9	31.8	374.7
Derivative financial liabilities	-	518.9	-	518.9	-	351.2	-	351.2
	-	518.9	-	518.9	-	351.2	-	351.2

There were no transfers between the levels during the year.

Valuation techniques used to derive Level 2 and Level 3 fair values

The Level 2 derivative financial instruments held by Goodman and GIT consist of IRD, CCIRS and FEC.

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, adjusted for specific features of the instruments.

Notes to the consolidated financial statements

Capital management (continued)

18 Dividends and distributions

Dividends and distributions are recognised when they are declared and before deduction of any withholding tax. Any non-recoverable withholding tax is included in income tax.

Goodman

FY23 dividends/distributions

	Dividends/ distributions cents per security	Total amount \$M	Date of payment
GL	-	-	n/a
GIT			
– 31 December 2022	15.0	282.1	24 Feb 2023
– 30 June 2023	10.0	188.3	25 Aug 2023
GLHK	5.0	94.2	25 Aug 2023
	30.0	564.6	

FY22 dividends/distributions

	Dividends/ distributions cents per security	Total amount \$M	Date of payment
GL	-	-	n/a
GIT			
– 31 December 2021	15.0	280.2	24 Feb 2022
– 30 June 2022	12.5	233.6	25 Aug 2022
GLHK	2.5	46.7	25 Aug 2022
	30.0	560.5	
Distributions on treasury securities		(0.4)	
	30.0	560.1	

GIT

In FY23, GIT's distributions were 25.0 cents per security (2022: 27.5 cents per security) amounting to \$470.5 million (2022: \$513.8 million).

Movement in provision for dividends/distributions to Securityholders

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Balance at the beginning of the year	280.0	277.1	233.5	166.3
Provisions for dividends/distributions	564.6	560.1	470.5	513.8
Dividends/distributions paid	(562.1)	(557.2)	(515.6)	(446.6)
Balance at the end of the year	282.5	280.0	188.4	233.5

19 Issued capital

(a) Ordinary securities

Ordinary securities are classified as equity. Incremental costs directly attributable to issues of ordinary securities are recognised as a deduction from equity, net of any tax effects.

			Goodman		GIT	
	2023	2022	2023	2022	2023	2022
	Number of securities		\$M	\$M	\$M	\$M
Stapled securities:						
– Issued and fully paid	1,883,819,883	1,866,989,276	8,434.5	8,367.1	8,504.3	8,303.3
– Treasury securities	-	1,233,333	-	-	-	-
Less: Accumulated issue costs			(161.2)	(161.0)	(148.9)	(148.8)
Total issued capital	1,883,819,883	1,868,222,609	8,273.3	8,206.1	8,355.4	8,154.5

Terms and conditions

Stapled security means one share in the Company stapled to one unit in the Trust and one CDI over a share in 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 net proceeds of liquidation.

Movement in ordinary securities

Date	Details	Number of securities	Goodman \$M	GIT \$M
30 June 2021	Balance before accumulated issue costs	1,847,429,255	8,257.3	7,997.7
31 August 2021	Securities issued to employees under the LTIP	14,716,648	-	216.3
31 August 2021	Issue of treasury securities	1,233,333	-	18.1
2 September 2021	Issue of securities	4,843,373	109.8	71.2
30 June 2022	Balance before accumulated issue costs	1,868,222,609	8,367.1	8,303.3
1 September 2022	Securities issued to employees under the LTIP	13,479,812	-	158.5
1 September 2022	Treasury securities allocated to employees under the LTIP	(1,233,333)	-	-
19 May 2023	Issue of securities	3,350,795	67.4	42.5
	Less: Accumulated issue costs		(161.2)	(148.9)
30 June 2023	Closing balance	1,883,819,883	8,273.3	8,355.4

(b) Share-based payments

LTIP

The Group's share-based payments primarily relate to performance rights awarded to employees under the LTIP. These performance rights entitle an employee to either acquire Goodman securities for \$nil consideration (equity settled performance rights) or, in certain jurisdictions, to receive an amount in cash equal to the value of the securities (cash settled performance rights), subject to the vesting conditions having been satisfied. Further details regarding the vesting conditions are included in the remuneration report section of the Directors' report.

During the year, the movement in the number of performance rights under the LTIP was as follows:

	Number of rights	
	2023	2022
Outstanding at the beginning of the year	71,750,644	68,640,720
Granted	22,431,397	23,468,860
Exercised	(16,830,607)	(19,545,855)
Forfeited	(1,033,344)	(813,081)
Outstanding at the end of the year	76,318,090	71,750,644
Exercisable at the end of the year	-	-

Notes to the consolidated financial statements

Capital management (continued)

19 Issued capital (continued)

Share-based payments transactions

The fair value of equity settled performance rights at the grant date is expensed with a corresponding increase in the employee compensation reserve over the period from the grant date to the vesting dates. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The accumulated share-based payments expense of performance rights which have vested or lapsed is transferred from the employee compensation reserve to retained earnings.

The fair value of cash settled performance rights is also recognised as an expense but with a corresponding increase in liabilities over the vesting period. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The liability is remeasured at each reporting date and at the vesting date based on the fair value of the rights.

The fair value of services received in return for performance rights granted under the LTIP is measured by reference to the fair value of the performance rights granted. The fair value of the performance rights granted during the year was measured as follows:

- + Operating EPS tranches: these rights were valued as a granted call option, using the standard Black Scholes model with a continuous dividend/distribution yield
- + Relative TSR tranches: these rights were valued using a Monte Carlo model which simulated total returns for each of the ASX 100 stocks and discounted the future value of any potential future vesting performance rights to arrive at a present value. The model uses statistical analysis to forecast total returns, based on expected parameters of variance and co-variance.

The model inputs for performance rights, both equity and cash settled, awarded during the current financial year included the following:

	10-year rights issued on 17 Nov 2022	10-year rights issued on 30 Sep 2022	5-year rights issued on 30 Sep 2022
Fair value at measurement date (\$)	13.89	11.69	12.32
Security price (\$)	18.18	15.78	15.78
Exercise price (\$)	-	-	-
Expected volatility (%)	27.61	27.15	31.49
Rights' expected weighted average life (years)	6.8	6.9	3.9
Dividend/distribution yield per annum (%)	1.65	1.90	1.90
Average risk free rate of interest per annum (%)	3.43	3.76	3.62

The model inputs for the remeasurement of the cash settled performance rights at 30 June 2023 included the following:

	10-year rights issued in FY23	10-year rights issued in FY22	5-year rights issued in FY23	5-year rights issued in FY22	5-year rights issued in FY21	5-year rights issued in FY20	5-year rights issued in FY19
Fair value at measurement date (\$)	9.00	12.11	9.18	14.51	19.72	19.87	20.02
Security price (\$)	20.07	20.07	20.07	20.07	20.07	20.07	20.07
Exercise price (\$)	-	-	-	-	-	-	-
Expected volatility (%)	27.59	27.88	28.50	28.33	26.02	25.28	19.62
Rights' expected weighted average life (years)	6.2	5.7	3.2	2.2	1.2	0.7	0.2
Dividend/distribution yield per annum (%)	1.49	1.49	1.49	1.49	1.49	1.49	1.49
Average risk free rate of interest per annum (%)	3.99	4.01	4.12	4.12	4.17	4.18	4.18

The amounts recognised as a share-based payments expense in the consolidated income statement are set out in note 1. At 30 June 2023, a liability of \$146.1 million (2022: \$126.6 million) was recognised in relation to cash settled performance rights.

Goodman's New Zealand Long Term Incentive Plan

Under Goodman's New Zealand Long Term Incentive Plan, employees receive approximately half of their LTI in the form of performance rights over GMT units that vest subject to meeting performance hurdles based on the achievement of distributable earnings targets by GMT and the relative total unitholder return from holding GMT units compared to other NZX property vehicles. On vesting, delivery of units in GMT is made from units held by Goodman or acquired on-market.

OTHER ITEMS

The notes in this section set out other information that is required to be disclosed to comply with the Australian Accounting Standards, *Corporations Act 2001* or Corporations Regulations.

20 Notes to the cash flow statements

(a) Reconciliation of cash

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand at the bank and short-term deposits at call. Cash at the end of the year as shown in the cash flow statements is reconciled to the related items in the statements of financial position as follows:

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Bank balances	1,360.1	811.3	689.9	184.2
Call deposits	-	244.7	-	289.4
	1,360.1	1,056.0	689.9	473.6

(b) Reconciliation of profit for the year to net cash provided by operating activities

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Profit for the year	1,559.9	3,414.0	1,138.0	2,067.6
Items classified as investing activities				
Net gain on disposal of investment properties	(3.6)	(73.6)	0.6	(69.8)
Net gain on disposal of assets held for sale	(4.3)	-	(4.3)	-
Net gain on disposal of equity investments	-	(0.2)	-	-
Non-cash items				
Amortisation and depreciation	16.7	17.1	-	-
Share based payments expense	286.0	257.0	-	-
Net gain from fair value adjustments on investment properties	(278.9)	(260.1)	(229.0)	(208.3)
Share of net results of equity accounted investments	(1,022.4)	(2,718.2)	(1,079.1)	(2,173.0)
Net finance expense	234.8	222.8	57.1	231.6
Income tax expense	182.2	324.1	99.1	133.1
	970.4	1,182.9	(17.6)	(18.2)
Changes in assets and liabilities during the year:				
- Decrease in receivables	10.2	93.4	0.2	0.7
- (Increase)/decrease in inventories	(27.5)	(646.1)	5.9	-
- Decrease/(increase) in other assets	1.5	(0.1)	0.3	1.4
- (Decrease)/increase in payables	(47.5)	(85.5)	1.9	(1.5)
- Decrease in provisions	(2.6)	(0.1)	-	-
	904.5	544.5	(9.3)	(18.2)
Distributions/dividends received from Partnerships	583.5	441.9	301.3	238.9
Net finance costs paid	(39.7)	(34.9)	(82.8)	(23.6)
Net income taxes paid	(164.1)	(110.5)	(2.1)	(1.1)
Net cash provided by operating activities	1,284.2	841.0	207.1	196.0

(c) Non-cash transactions

During the current and prior financial years, other than disclosed elsewhere in the consolidated financial statements, there were no significant non-cash transactions.

Notes to the consolidated financial statements

Other items (continued)

20 Notes to the cash flow statements (continued)

(d) Reconciliation of liabilities arising from financing activities

	Interest bearing liabilities	Derivative financial instruments	Provision for distributions	Lease liabilities	Total
	\$M	\$M	\$M	\$M	\$M
Goodman					
Balance at 30 June 2021	2,060.3	(167.6)	277.1	94.0	2,273.8
Changes from financing cash flows					
Proceeds from borrowings and derivative financial instruments	1,466.5	-	-	-	1,466.5
Payments on borrowings and derivative financial instruments	(779.2)	(10.1)	-	-	(789.3)
Payment of lease liabilities	-	-	-	(13.4)	(13.4)
Distributions paid	-	-	(557.2)	-	(557.2)
Total changes from financing cash flows	687.3	(10.1)	(557.2)	(13.4)	106.6
Effect of changes in foreign exchange rates	83.2	12.5	-	(1.6)	94.1
Changes in fair value	(2.2)	189.7	-	-	187.5
Other changes					
New leases	-	-	-	15.6	15.6
Other borrowing costs	3.6	-	-	-	3.6
Interest expense on lease liabilities	-	-	-	1.0	1.0
Debt modification costs	-	-	-	-	-
Distributions declared	-	-	560.1	-	560.1
Total other changes	3.6	-	560.1	(8.4)	555.3
Balance at 30 June 2022	2,832.2	34.5	280.0	70.6	3,217.3
Proceeds from borrowings and derivative financial instruments	1,029.3	-	-	-	1,029.3
Payments on borrowings and derivative financial instruments	(687.5)	(84.5)	-	-	(772.0)
Payment of lease liabilities	-	-	-	(13.2)	(13.2)
Distributions paid	-	-	(562.1)	-	(562.1)
Total changes from financing cash flows	341.8	(84.5)	(562.1)	(13.2)	(318.0)
Effect of changes in foreign exchange rates	115.6	1.5	-	2.5	119.6
Changes in fair value	-	221.3	-	-	221.3
Other changes					
New leases	-	-	-	10.9	10.9
Other borrowing costs	3.3	-	-	-	3.3
Interest expense on lease liabilities	-	-	-	1.0	1.0
Disposal of right of use assets	-	-	-	(4.1)	(4.1)
Distributions declared	-	-	564.6	-	564.6
Total other changes	3.3	-	564.6	7.8	575.7
Balance at 30 June 2023	3,292.9	172.8	282.5	67.7	3,815.9

GIT	Interest bearing liabilities \$M	Derivatives used for hedging \$M	Provision for distributions \$M	Loans with related parties, net \$M	Total \$M
Balance at 30 June 2021	2,062.8	(182.4)	166.3	(2,559.5)	(512.8)
Changes from financing cash flows					
Net cash flows from loans to related parties	-	17.4	-	262.2	279.6
Proceeds from borrowings and derivative financial instruments	1,456.4	-	-	-	1,456.4
Payments on borrowings and derivative financial instruments	(777.3)	(10.1)	-	-	(787.4)
Distributions paid	-	-	(446.6)	-	(446.6)
Total changes from financing cash flows	679.1	7.3	(446.6)	262.2	502.0
Effect of changes in foreign exchange rates	79.8	1.9	-	60.3	142.0
Changes in fair value	-	181.5	-	-	181.5
Other changes					
Issue of units under the LTIP	-	-	-	(234.4)	(234.4)
Equity settled share based payments transactions	-	-	-	(29.8)	(29.8)
Interest income	-	-	-	(72.3)	(72.3)
Interest expense	-	-	-	9.7	9.7
Interest paid	-	-	-	5.7	5.7
Other borrowing costs	3.7	-	-	-	3.7
Derivative financial instrument settlement through loans v	-	-	-	17.4	17.4
Distributions declared	-	-	513.8	-	513.8
Total other changes	3.7	-	513.8	(303.7)	213.8
Balance at 30 June 2022	2,825.4	8.3	233.5	(2,540.7)	526.5
Changes from financing cash flows					
Net cash flows from loans to related parties	-	11.9	-	179.8	191.7
Proceeds from borrowings and derivative financial instruments	712.3	-	-	-	712.3
Payments on borrowings and derivative financial instruments	(687.4)	(35.5)	-	-	(722.9)
Distributions paid	-	-	(515.6)	-	(515.6)
Total changes from financing cash flows	24.9	(23.6)	(515.6)	179.8	(334.5)
Effect of changes in foreign exchange rates	127.9	(2.5)	-	(163.4)	(38.0)
Changes in fair value	-	156.6	-	-	156.6
Other changes					
Issue of units under the LTIP	-	-	-	(158.5)	(158.5)
Equity settled share based payments transactions	-	-	-	(32.9)	(32.9)
Interest income	-	-	-	(93.8)	(93.8)
Interest expense	-	-	-	20.1	20.1
Interest paid	-	-	-	12.8	12.8
Other borrowing costs	4.6	-	-	-	4.6
Derivative financial instrument settlement	-	-	-	11.9	11.9
Distributions declared	-	-	470.5	-	470.5
Total other changes	4.6	-	470.5	(240.4)	234.7
Balance at 30 June 2023	2,982.8	138.8	188.4	(2,764.7)	545.3

Notes to the consolidated financial statements

Other items (continued)

21 Equity attributable to Goodman Limited and non-controlling interests

Under Australian Accounting Standards, stapled entities are required to separately identify equity attributable to the parent entity from equity attributable to other entities stapled to the parent. The equity attributable to other entities stapled to the parent is presented as non-controlling interests in the statement of financial position of the Group. The tables below in notes 22(a) and 22(b) provide an analysis of equity, profit for the year and total comprehensive income for the year attributable to each of Goodman Limited and the other entities stapled to Goodman Limited (non-controlling interests).

(a) Equity attributable to Goodman Limited

	Attributable to Goodman Limited						Total
	Issued capital	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	Retained earnings	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2021	494.5	(65.5)	39.4	(23.3)	(49.4)	1,190.5	1,635.6
Total comprehensive income/(loss) for the year							
Profit for the year	-	-	-	-	-	552.6	552.6
Other comprehensive income							
Effect of foreign currency translation	-	(10.9)	-	1.0	(9.9)	-	(9.9)
Total comprehensive income for the year, net of income tax	-	(10.9)	-	1.0	(9.9)	552.6	542.7
Transfers	-	-	(81.8)	-	(81.8)	81.8	-
Contributions by and distributions to owners							
Purchase of securities for the LTIP	-	-	(28.0)	-	(28.0)	-	(28.0)
Issue of securities	19.8	-	-	-	-	-	19.8
Equity settled share based payments transactions	-	-	127.0	-	127.0	-	127.0
Deferred tax associated with the LTIP	-	-	(4.2)	-	(4.2)	-	(4.2)
Balance at 30 June 2022	514.3	(76.4)	52.4	(22.3)	(46.3)	1,824.9	2,292.9
Total comprehensive income/(loss) for the year							
Profit for the year	-	-	-	-	-	288.2	288.2
Other comprehensive income							
Effect of foreign currency translation	-	8.9	-	(2.2)	6.7	-	6.7
Total comprehensive income/(loss) for the year, net of income tax	-	8.9	-	(2.2)	6.7	288.2	294.9
Transfers	-	-	(115.6)	-	(115.6)	115.6	-
Contributions by and distributions to owners							
Issue of securities	13.0	-	-	-	-	-	13.0
Issue costs	(0.1)	-	-	-	-	-	(0.1)
Equity settled share based payments transactions	-	-	129.1	-	129.1	-	129.1
Deferred tax associated with the LTIP	-	-	1.6	-	1.6	-	1.6
Balance at 30 June 2023	527.2	(67.5)	67.5	(24.5)	(24.5)	2,228.7	2,731.4

(b) Equity attributable to other entities stapled to Goodman Limited (non-controlling interests)

Attributable to other entities stapled to Goodman Limited (non-controlling interests)									
	Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	Retained earnings	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2021	7,601.9	(6.7)	(4.4)	(25.2)	235.3	(14.8)	184.2	3,739.8	11,525.9
Total comprehensive income/(loss) for the year									
Profit for the year	-	-	-	-	-	-	-	2,861.4	2,861.4
Other comprehensive income/(loss)									
Effect of foreign currency translation	-	-	(0.4)	155.0	-	0.6	155.2	-	155.2
Actuarial gains on defined benefit superannuation funds	-	-	-	-	-	5.6	5.6	-	5.6
Other changes	-	0.3	15.9	-	-	-	16.2	-	16.2
Total comprehensive income/(loss) for the year, net of income tax	-	0.3	15.5	155.0	-	6.2	177.0	2,861.4	3,038.4
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(560.1)	(560.1)
Issue of stapled securities	90.1	-	-	-	-	-	-	-	90.1
Issue costs	(0.2)	-	-	-	-	-	-	-	(0.2)
Equity settled share based payments transactions	-	-	-	-	37.8	-	37.8	-	37.8
Balance at 30 June 2022	7,691.8	(6.4)	11.1	129.8	273.1	(8.6)	399.0	6,041.1	14,131.9
Total comprehensive income/(loss) for the year									
Profit for the year	-	-	-	-	-	-	-	1,271.7	1,271.7
Other comprehensive income/(loss)									
Effect of foreign currency translation	-	(0.5)	0.5	354.3	-	(0.4)	353.9	-	353.9
Actuarial gains on defined benefit superannuation funds	-	-	-	-	-	0.5	0.5	-	0.5
Other changes	-	(0.2)	2.4	-	-	-	2.2	-	2.2
Total comprehensive income for the year, net of income tax	-	(0.7)	2.9	354.3	-	0.1	356.6	1,271.7	1,628.3
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(564.6)	(564.6)
Issue of stapled securities	54.4	-	-	-	-	-	-	-	54.4
Issue costs	(0.1)	-	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions	-	-	-	-	43.5	-	43.5	-	43.5
Balance at 30 June 2023	7,746.1	(7.1)	14.0	484.1	316.6	(8.5)	799.1	6,748.2	15,293.4

Notes to the consolidated financial statements

Other items (continued)

22 Controlled entities

Controlled entities are entities controlled by the Company. Under Australian Accounting Standards, the Company is identified as having acquired control over the assets of the Trust and GLHK. The consolidated financial statements incorporate the assets and liabilities of all controlled entities as at 30 June 2023 and the results of all such entities for the year ended 30 June 2023.

Where an entity either began or ceased to be controlled during the financial year, the results of that entity are included only from or to the date control commenced or ceased.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

The significant controlled entities of the Company are set out below:

Significant controlled entities of Goodman Limited	Country of establishment/ incorporation
GA Industrial Portfolio Trust ¹	Australia
GIT Investments Holding Trust No.3 ¹	Australia
Goodman Australia Finance Pty Limited ¹	Australia
Goodman Europe Development Trust ¹	Australia
Goodman Finance Australia Trust ¹	Australia
Goodman Funds Management Australia Limited	Australia
Goodman Funds Management Limited	Australia
Goodman Industrial Funds Management Limited	Australia
Goodman Industrial Trust	Australia
Goodman Property Services (Aust) Pty Limited	Australia
Goodman Treasury Trust ¹	Australia
Moorabbin Airport Corporation Pty Ltd	Australia
Goodman Belgium NV	Belgium
Goodman Management Services (Belgium) NV	Belgium
Goodman China Asset Management Limited	Cayman Islands
Goodman China Developments	Cayman Islands
Goodman Developments Asia	Cayman Islands
Goodman Management Consulting (Beijing) Co. Ltd	China
Goodman Management Consulting (Shanghai) Co. Ltd	China
Goodman France Sarl	France
Goodman Germany GmbH	Germany
GCLAM Services (HK) Limited	Hong Kong
GFM Hong Kong Limited	Hong Kong
Goodman Asia Limited	Hong Kong
Goodman China Limited	Hong Kong
Goodman Hong Kong Investment Trust ¹	Hong Kong
Goodman Logistics (HK) Limited	Hong Kong
Goodman UK Investment (HK) Limited	Hong Kong
GPS Hong Kong Limited	Hong Kong
Goodman Italy S.R.L.	Italy

1. Significant controlled entities of Goodman Industrial Trust.

Significant controlled entities of Goodman Limited	Country of establishment/ incorporation
Goodman Japan Funds Limited	Japan
Goodman Japan Limited	Japan
GELF Management (Lux) Sàrl	Luxembourg
Goodman Finance (Lux) Sàrl ¹	Luxembourg
Goodman Finance Two (Lux) Sàrl ¹	Luxembourg
Goodman Management Holdings (Lux) Sàrl	Luxembourg
Goodman Midnight Logistics (Lux) Sàrl	Luxembourg
Goodman Property Opportunities (Lux) Sàrl, SICAR	Luxembourg
GPO Advisory (Lux) Sàrl	Luxembourg
Goodman Finance NZ Limited ¹	New Zealand
Goodman Investment Holdings (NZ) Limited	New Zealand
Goodman (NZ) Limited	New Zealand
Goodman Property Services (NZ) Limited	New Zealand
Goodman Galaxy Holding BV	The Netherlands
Goodman Netherlands BV	The Netherlands
Goodman Real Estate (Spain) S.L.	Spain
Goodman Logistics Developments (UK) Limited	United Kingdom
Goodman Real Estate (UK) Limited	United Kingdom
GIC Vernon LLC	United States
Goodman Development Management LLC	United States
Goodman Management USA Inc	United States
Goodman North America LLC	United States
Goodman North America Management LLC	United States
Goodman US Finance Three, LLC ¹	United States
Goodman US Finance Four, LLC ¹	United States
Goodman US Finance Five, LLC ¹	United States
Tarpon Properties REIT Inc ¹	United States

1. Significant controlled entities of Goodman Industrial Trust.

Notes to the consolidated financial statements

Other items (continued)

23 Related parties

The names of KMP of Goodman at any time during the financial year are as follows:

Non-executive Directors - GL and GFML

Stephen Johns
Christopher Green
Mark Johnson
Vanessa Liu
Rebecca McGrath
Phillip Pryke
Belinda Robson
Hilary Spann
George Zoghbi

Executive KMP

Gregory Goodman
Danny Peeters
Anthony Rozic
Nick Kurtis
Michael O'Sullivan
Nick Vrontas

Non-Executive Director - GLHK

David Collins

Remuneration of KMP

The KMP remuneration totals are as follows:

	Goodman		Goodman Limited ¹	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Short-term employee benefits	8,654.0	7,596.6	-	-
Post-employment benefits	209.9	203.6	-	-
Equity compensation benefits	37,769.7	42,106.0	-	-
Long-term employee benefits	4,536.4	5,037.4	-	-
	51,170.0	54,943.6	-	-

1. The remuneration is paid by wholly owned controlled entities of Goodman Limited.

GIT does not employ personnel in its own right. However, it is required to have an incorporated responsible entity to manage its activities and GFML is considered to be the key management personnel of GIT.

Individual Directors' and executives' compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the Directors' report.

GreenPoint Real Estate Innovation and Technology Venture, LP (GreenPoint)

In order to enhance understanding of and access to technologies that may influence the property sector and the business, GIT committed to investing USD15.0 million in GreenPoint, a property technology fund that is a Delaware limited partnership, managed by GreenPoint Partners. GreenPoint Partners is beneficially owned and controlled by Christopher Green, a director of GL. Total investment in GreenPoint at 30 June 2023 was USD7.2 million (2022: USD5.3 million). No distributions were received from GreenPoint in the current year (2022: \$0.8 million).

Wyuna Regenerative Ag Investment Fund (Wyuna)

As part of its ESG strategy, Goodman has committed to investing up to \$30.0 million in an integrated carbon credit and regenerative platform in Australia – Wyuna. Investing alongside Australia's Clean Energy Finance Corporation, this project assists land regeneration, sustainable food production and land-based solutions to climate change. Wyuna is managed by Wyuna Regenerative Ag Pty Limited, which is 50% owned by Christopher Green, a director of GL.

In FY23, GL invested \$11.9 million, and the total investment in Wyuna at 30 June 2023 was \$11.9 million (30 June 2022: \$nil). No distributions were received from Wyuna in the current and prior year.

Transactions with associates and JVs

The transactions with Partnerships during the year were as follows:

	Revenue from disposal of investment properties		Revenue from management and development activities		Interest charged on loans to associates and JVs	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Goodman						
Associates	-	400,825.4	683,993.9	1,279,744.9	-	-
JVs	-	274,018.6	495,718.3	447,461.7	2,117.3	6,514.7
GIT						
Associates	-	346,825.4	-	-	(19.1)	(36.1)
JVs	-	-	-	-	1,688.6	6,166.6

In addition to the transactions included in the table above:

- + Goodman disposed of a 40% interest in a JV to GAIP for proceeds of \$353.7 million in FY23
- + Goodman incurred \$3.6 million (2022: \$3.7 million) of costs from Partnerships, primarily for the leasing of office premises.

Amounts due from Partnerships at 30 June 2023 were as follows:

	Goodman				GIT			
	Amounts due from related parties		Loans provided by Goodman ¹		Amounts due from related parties		Loans provided by GIT ¹	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Associates								
GAIP	16,074.7	14,204.2	-	-	-	-	-	-
GAP	5,982.5	5,626.5	-	-	-	-	-	-
GMT	3,905.5	3,579.3	-	-	-	-	-	-
GHKLP	16,637.9	9,757.3	-	-	-	-	-	-
GJCP	5,457.5	4,371.3	-	-	-	-	-	-
GEP	10,782.8	13,912.2	-	-	-	-	-	-
	58,840.9	51,450.8	-	-	-	-	-	-
JVs								
GCLP	6,455.2	6,617.4	-	-	-	-	-	-
GUKP	2,442.5	1,989.6	-	-	-	-	-	-
GNAP	10,864.8	16,516.1	-	-	-	-	-	-
Other JVs	21,577.5	6,359.9	228,184.2	167,464.7	8,984.7	4.8	221,188.1	140,162.8
	41,340.0	31,483.0	228,184.2	167,464.7	8,984.7	4.8	221,188.1	140,162.8

1. Loans provided by Goodman and GIT to associates and JVs have been provided on an arm's length basis.

Transactions between GIT and other Goodman entities

The transactions with other Goodman entities during the year were as follows:

	GIT	
	2023	2022
	\$000	\$000
Management income	1,045.5	1,850.9
Reimbursement of expenses	71,192.7	58,381.5
	72,238.2	60,232.4

Interest bearing loans exist between GIT and other Goodman entities. At 30 June 2023, interest bearing loans of \$3,114.4 million (2022: \$3,122.6 million) were receivable by GIT from other Goodman entities and \$572.7 million (2022: \$723.8 million) was payable by GIT to other Goodman entities. Loans to related Goodman entities bear interest at rates referenced to GIT's external funding arrangements.

In the prior year, GIT acquired 65,906,199 units in GMT from a controlled entity of GL for consideration of NZ\$139.1 million.

Notes to the consolidated financial statements

Other items (continued)

24 Commitments

Development activities

At 30 June 2023, Goodman was committed to expenditure in respect of \$641.5 million (2022: \$691.8 million) on inventories and other development activities. GIT had no such commitments (2022: \$nil).

Investment properties

At 30 June 2023, Goodman had capital commitments of \$90.1 million (2022: \$6.1 million) in respect of investment properties. GIT had \$86.7 million (2022: \$4.5 million) of such commitments.

Partnerships

At 30 June 2023, Goodman had remaining equity commitments of \$173.8 million (2022: \$217.9 million) into GAIP and \$145.8 million (2022: \$135.0 million) into GEP. In addition, Goodman has undertaken to acquire up to 82.1 million units in GAIP if their holder elects to sell them. The price Goodman will pay will be determined by the prevailing unit price at the time of the sale. As at 30 June 2023, this equates to a total value of \$173.8 million (cum distribution value) or \$172.8 million (ex-distribution price). Goodman's commitment to this sale process ends in May 2026. These commitments also apply to GIT.

In relation to GEP, Goodman offers two liquidity facilities which allow certain of the partners to sell to the Group some or all of their investments in GEP, but only when Goodman's ownership interest in GEP is below 40.0%. At 30 June 2023, Goodman's ownership interest in GEP was 19.8% and therefore the facilities are available to the partners. The first facility, which applies to 1.3% of the issued and committed units, would require Goodman to purchase up to €39.5 million of units (at a 1% discount to current unit value), subject to a maximum in each quarter of 2.5% of units. The second facility, which applies to 32.2% of the issued and committed units, would require Goodman to purchase up to €150.0 million of units (at a 5% discount to current unit value), subject to a maximum in each calendar year of €50.0 million.

Furthermore, in respect of certain Partnerships, Goodman and its investment partners have committed to invest further capital, subject to the approval by the partners (including Goodman) of the expenditures for which the funding is required. Goodman's commitment in respect of these Partnerships is set out below:

- + \$18.1 million (2022: \$30.0 million) into Wyuna
- + \$135.0 million (2022: \$130.7 million) into KWASA Goodman Germany
- + \$201.3 million (2022: \$344.8 million) into Goodman Japan Development Partnership
- + \$705.3 million (2022: \$793.8 million) into GCLP
- + \$501.1 million (2022: \$599.3 million) into GUKP
- + \$1,791.1 million (2022: \$1,888.9 million) into GNAP
- + \$80.9 million (2022: \$73.0 million) into Goodman Brazil Logistics Partnership (GBLP).

The Commitments in GNAP and GBLP also apply to GIT.

25 Auditors' remuneration

	Goodman		GIT	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Audit services				
Auditor of the Company:				
– Audit and review of financial reports (KPMG Australia)	1,302.0	1,279.1	808.3	737.3
– Audit and review of financial reports (overseas KPMG firms)	1,469.2	1,218.7	101.1	77.3
	2,771.2	2,497.8	909.4	814.6
Other services				
– Other regulatory services (KPMG Australia)	61.5	64.9	46.3	41.8
– Other assurance services (KPMG Australia)	-	670.0	-	-
– Other advisory services (KPMG Australia)	-	15.0	-	-
– Other advisory services (overseas KPMG firms)	5.6	-	-	-
– Taxation compliance services (KPMG Australia)	-	-	-	-
– Taxation compliance services (overseas KPMG firms)	304.2	172.8	-	-
– Taxation advice (KPMG Australia)	102.8	-	68.4	-
– Taxation advice (overseas KPMG firms)	453.2	178.8	-	-
	927.3	1,101.5	114.7	41.8
Total paid/payable to KPMG	3,698.5	3,599.3	1,024.1	856.4
Other auditors				
– Audit and review of financial reports (non-KPMG firms)	190.5	151.5	-	-

26 Parent entity disclosures

As at, and throughout the financial year ended, 30 June 2023, the parent entities of Goodman and GIT were Goodman Limited and Goodman Industrial Trust respectively. The financial information for the parent entities is disclosed as follows:

	Goodman		GIT	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Result of the parent entity				
Profit for the year	224.9	176.8	214.2	451.7
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	224.9	176.8	214.2	451.7
Financial position of the parent entity at year end				
Current assets	411.9	223.9	3,492.8	3,076.5
Total assets	2,390.5	1,895.5	9,913.6	8,075.9
Current liabilities	117.1	108.6	2,018.9	553.9
Total liabilities	1,390.2	1,192.4	4,876.9	3,016.7
Total equity of the parent entity comprising:				
Issued capital	996.5	937.4	8,355.4	8,154.5
Profits reserve	90.7	90.7	-	-
Employee compensation reserve	65.8	52.5	249.8	216.8
Accumulated losses	(152.7)	(377.5)	(3,568.5)	(3,312.1)
Total equity	1,000.3	703.1	5,036.7	5,059.2

Notes to the consolidated financial statements

Other items (continued)

The financial information for the parent entities of Goodman and GIT has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in controlled entities and Partnerships

Investments in controlled entities and Partnerships are accounted for at cost in the financial statements of GL and GIT. Distributions/dividends received from Partnerships are recognised in the income statement, rather than being deducted from the carrying amount of these investments.

Tax consolidation

GL is the head entity in a tax consolidated group comprising all Australian wholly owned subsidiaries (this excludes GIT). The head entity recognises all of the current tax assets and liabilities of the tax consolidated group (after elimination of intra-group transactions).

Financial guarantees

Where the parent entities have provided financial guarantees in relation to loans and payables of controlled entities for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Parent entity capital commitments

At 30 June 2023, the parent entities had no capital commitments (2022: \$nil).

Parent entity contingencies

Capitalisation Deed Poll

The Company, GFML, as responsible entity of the Trust, GLHK and certain of their wholly owned controlled entities are 'investors' under a Capitalisation Deed Poll (CDP) dated 23 May 2007. Under the CDP, each investor undertakes to pay to the relevant controlled entity borrower (borrower) any amounts owing under finance documents for the purpose of the CDP when the borrower fails to make a payment. Any payments by an investor to a borrower will be by way of loan to, or proceeds for the subscription of equity in, the borrower by the investor.

US144A/Regulation S senior notes

Under the issue of notes in the US144A/Regulation S bond market (refer to notes 15(b) and 15(c)), controlled entities of GIT had on issue USD and EUR notes amounting to US\$1,350.0 million and €500.0 million respectively. GL, GFML, as responsible entity of the Trust, and GLHK have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of each of the notes.

27 Events subsequent to balance date

Goodman and GIT

Other than as disclosed elsewhere in the consolidated financial report, there has not arisen in the interval between the end of the financial year and the date of this consolidated financial report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of Goodman and GIT, the results of those operations, or the state of affairs of Goodman and GIT, in future financial years.

DIRECTORS' DECLARATION

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

- a. the consolidated financial statements and the notes of Goodman Limited and its controlled entities and Goodman Industrial Trust and its controlled entities set out on pages 88 to 160 and the remuneration report that is contained on pages 32 to 84 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Goodman's and GIT's financial position as at 30 June 2023 and of their performance for the financial year ended on that date
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*
- b. there are reasonable grounds to believe that the Company and the Trust will be able to pay their debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Group Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.

The Directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



Stephen Johns
Independent Chairman



Gregory Goodman
Group Chief Executive Officer

Sydney, 17 August 2023



Independent Auditor's Report

To the stapled security holders of Goodman Group and the unitholders of Goodman Industrial Trust

Report on the audit of the Financial Reports

Opinion

We have audited the **Financial Report** of Goodman Limited (the Company) as the deemed parent presenting the stapled security arrangement of the **Goodman Group** (the Goodman Group Financial Report).

We have also audited the Financial Statements and Directors' Declaration of Goodman Industrial Trust (the Trust Financial Report).

In our opinion, each of the accompanying Goodman Group Financial Report and Trust Financial Report are in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Goodman Group's** and of the **Trust's** financial position as at 30 June 2023 and of their financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective **Financial Reports** of the Goodman Group and Trust comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and

(Collectively referred to as **Financial Statements**)

- Directors' Declaration.

The **Goodman Group** consists of Goodman Limited and the entities it controlled at the year-end or from time to time during the financial year, Goodman Industrial Trust (the **Trust**) and the entities it controlled at the year-end or from time to time during the financial year, and Goodman Logistics (HK) Limited and the entities it controlled at the year-end or from time to time during the financial year.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Goodman Group, Goodman Limited, Goodman Funds Management Limited (the Responsible Entity of the Trust) and the Trust in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The **Key Audit Matters** we identified for Goodman Group are:

- Valuation of investment properties, investments accounted for using the equity method and inventories; and
- Recognition of development income.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report for the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties (\$1,644.8m), investments accounted for using the equity method (\$16,285.2m) and inventories (\$2,245.5m)

Refer to Note 5 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Goodman Group's investments in property assets include investment properties and inventories, which are held either directly or through its investments accounted for using the equity method. Goodman Group's policy is investment properties are held at fair value and inventories are held at the lower of cost and net realisable value, determined using internal methodologies or through the use of external valuation experts. The valuation of property assets is a key audit matter as they are significant in value (being 84% of total assets) and contain assumptions with estimation uncertainty. This leads to additional audit effort due to	Our procedures included: • Obtaining an understanding of Goodman Group's process regarding the valuation of property assets. • Assessing the methodologies used in the valuations of property assets, for consistency with accounting standards, industry practice and Goodman Group's policies. • Working with real estate valuation specialists to read published reports and industry commentary to gain an understanding of prevailing property market conditions. For a sample of investment properties, taking into account asset classes, geographies and characteristics of individual investment properties:

differing assumptions used by Goodman Group based on asset classes, geographies and characteristics of individual property assets. We considered significant assumptions in the valuation of property assets including: - Investment properties: - capitalisation rates; - discount rates; - market rental income; - weighted average lease expiry and vacancy levels; - projections of capital expenditure; and - lease incentive costs. - Inventories - forecast capitalisation rates and market rental income; - land value per square metre; - letting up periods and lease incentive costs; and - development costs. In assessing this Key Audit Matter, we involved real estate valuation specialists, who understand the Group's investment profile, business and the economic environment it operates in.	- Assessing the scope, competence and objectivity of external valuation experts and Goodman Group's internal valuers. - Challenging significant assumptions, with reference to published industry reports and commentary of prevailing property market conditions. - With the assistance of real estate valuation specialists, assessing a sample of significant assumptions including capitalisation rates, discount rates, customer covenant strength, market rental income, weighted average lease expiry and vacancy levels, projections of capital expenditure and lease incentive costs. We did this by comparing to market analysis published by industry experts, recent market transactions, inquiries with Goodman Group's historical performance of the assets and using our industry experience. - Assessing the disclosures in the financial report using our understanding obtained from our testing, against accounting standard requirements. For a sample of inventories: - Challenging the key assumptions included in Goodman Group's internal recoverability assessments by comparing to commentary published by industry experts, recent market transactions, and our knowledge of historical performance of the assets.

Recognition of development income (\$1,407.2m)	
Refer to Note 1 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
Development income was a key audit matter due to: - its significant value (43% of revenue and other income); - the unique nature of contracts; and - the judgements applied by us to	Our procedures included: - Evaluating Goodman Group's recognition of development income against the criteria in the accounting standards. - Selecting specific contracts from development income recognised based on quantitative and

assess Goodman Group's determination of revenue recognised during the period in relation to contracts which remain in progress at period end. Income from development management services is recognised progressively, requiring judgment by us when considering Goodman Group's determination of the amount and extent of the services provided within the period based on contract deliverables. Goodman Group's policy is for income from inventory disposals to be recognised at a point in time when control is transferred to the customer and fixed price development contracts to be recognised in proportion to the stage of completion of the relevant contracts. We focused on the stage of completion estimation which is based on costs incurred as a percentage of estimated total costs for each contract.	qualitative information (such as the size and complexity of the arrangement) and performed the following: • Understanding the underlying contractual arrangements, in particular their unique terms, for their impact to recognition of development income. • Where recognition of development income was conditional upon certain events occurring, checking conditions within the contract to evidence of achievement of conditions, such as correspondence with external parties. • Assessing Goodman Group's determination of revenue recognised during the period in accordance with the provision of services stipulated in the underlying contract or the stage of completion. • For revenue recognised based on the stage of completion, assess the cost assumptions used by the Group in determining the stage of completion estimate as follows: – Costs incurred – assessing a sample of costs incurred to date to relevant underlying external sources, such as invoices; and – Estimated total costs – assessing a sample of total forecast costs to secured contracts for construction activities, other relevant underlying sources, and our understanding of the industry and economic conditions.

Other Information

Other Information is financial and non-financial information in Goodman Group's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Company and the Directors of the Responsible Entity are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report (including the Remuneration Report).

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report, we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of the Company and the Responsible Entity are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Goodman Group and Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Goodman Group or the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.



A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Goodman Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of Goodman Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 32 to 84 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Eileen Hoggett

Partner

Sydney

17 August 2023

Goodman Logistics (HK) Limited and its subsidiaries

Consolidated financial statements for the year ended 30 June 2023

CONTENTS

Report of the Directors	A2
Independent auditor's report	A16
Consolidated statement of financial position	A18
Consolidated statement of comprehensive income	A19
Consolidated statement of changes in equity	A20
Consolidated cash flow statement	A21
Notes to the consolidated financial statements	
Basis of preparation	A22
Results for the year	
1 Profit before interest and income tax	A24
2 Segment reporting	A27
3 Taxation	A30
4 Profit attributable to equity shareholders of the Company	A31
Operating assets and liabilities	
5 Property assets	A32
6 Receivables	A40
7 Contract assets and liabilities	A42
8 Payables	A43
9 Leases	A44
Capital management	
10 Net finance expense	A45
11 Interest bearing liabilities	A46
12 Other financial assets and liabilities	A47
13 Financial risk management	A48
14 Dividends	A54
15 Share capital	A54
Other items	
16 Notes to the consolidated cash flow statement	A57
17 Reserves	A59
18 Retained earnings	A59
19 Investments in subsidiaries	A60
20 Related party transactions	A61
21 Commitments	A63
22 Contingencies	A63
23 Company level statement of financial position	A64
24 Subsequent events	A64

Report of the Directors

The Directors have pleasure in submitting their annual financial report together with the audited financial statements of Goodman Logistics (HK) Limited (Company) and its subsidiaries (collectively referred to as the Consolidated Entity) for the year ended 30 June 2023 (FY23).

Incorporation and principal place of business

Goodman Logistics (HK) Limited was incorporated in Hong Kong on 18 January 2012 and has its principal place of business at Suite 901, Three Pacific Place, 1 Queen's Road East, Hong Kong.

On 22 August 2012, the Company became a party to the stapling deed with Goodman Limited (GL) and Goodman Industrial Trust (GIT), and together the three entities and their subsidiaries are known as Goodman Group. Goodman Group is listed on the Australian Securities Exchange (ASX).

Principal activities

The principal activities of the Consolidated Entity are investment in industrial property (either directly or in partnerships with other investors) and management services provided to the partnerships (including investment management, property management and development management). The principal activities and other particulars of the subsidiaries are set out in note 19 to the consolidated financial statements.

Financial statements

The financial performance of the Consolidated Entity for the year ended 30 June 2023 and the Consolidated Entity's financial position at that date are set out in the consolidated financial report on pages A18 to A64.

During the financial year, the Company declared a final dividend of 5.0 cents per share amounting to \$94.2 million. This dividend will be paid on 25 August 2023. In the prior year, the Company declared a final dividend of 2.5 cents per share amounting to \$46.7 million, which was paid on 25 August 2022.

Share capital

Details of the movements in share capital of the Company during FY23 are set out in note 15 to the consolidated financial statements.

Directors

The Directors during the year and up to the date of this report were:

Stephen Paul Johns
David Jeremy Collins
Kit Yi Kitty Chung (appointed on 1 July 2023)
Gregory Leith Goodman (alternate Director to Stephen Paul Johns)
Daniel Cornelius D. Peeters.

Directors of subsidiaries

The names of Directors who have served on the Boards of the subsidiaries of the Company during the year and up to the date of this report are set out below:

Andrew McGregor	Izak ten Hove	Palacio Francisco
Aurelien Noel	James Bengé	Paul Adams
Bart Manteleers	James Cornell	Paul Heslop
Charles Crossland	Jason Harris	Peter Ralston
Chen Binghua	Jesse Verbist	Philip Turpin
Chen Zhiming	John Conway	Philippe Arfi
Chi Wing Lin	John Dakin	Philippe Van der Beken
Christof Prange	Jorn Bruyninckx	Robert Reed
Chun Kit Fung	Joseph Salvaggio	Shiling Li
Clare Gow	Karl Dockx	Simone Weyermanns
Paul Heslop	Kelly Moore	Song Yun
David Hinchey	Kristoffer Harvey	Stephen Young
Dirk Mólter	Lien Standaert	Sun Chao
Dominique Prince	Luke Caffey	Tang Chenying
Edwin Chong	Marwan Bustani	Tim Cruypelans
Gareth Owen	Matthew Macdonald	Timothy Downes
Godfrey Abel	Michael Woodford	Wai Ho Stephen Lee
Hans Ongena	Michael O'Sullivan	Wang Chen
Henry Kelly	Nicholas Kurtis	Xiaoyin Zhang
Hugh Baggie	Nick Taunt	
Ignacio Garcia	Nigel Allsop	

Report of the Directors

(continued)

BUSINESS REVIEW

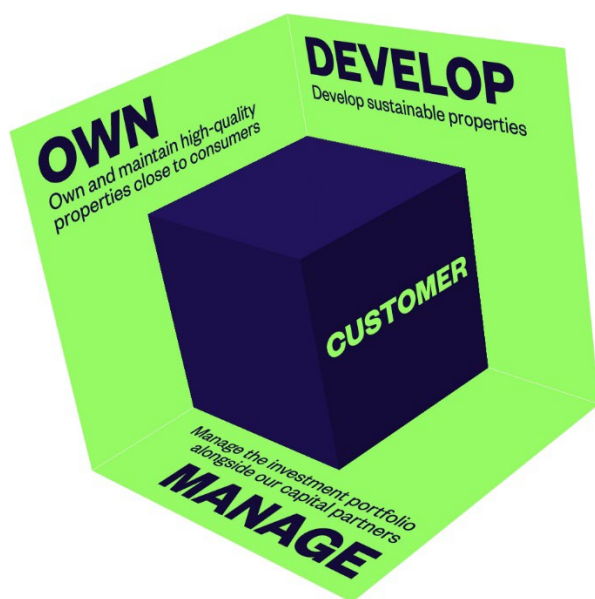
State of affairs

There were no significant changes in the Consolidated Entity's state of affairs during the year.

About Goodman Group

Goodman Group is a global industrial property specialist group whose strategy is to maximise returns by providing essential infrastructure for the digital economy by owning, developing and managing high-quality properties that are close to consumers in key cities around the world.

Goodman Group's integrated business model



Goodman Group's Own Develop Manage model focuses the business on its customers' current and future needs.

The Consolidated Entity owns and maintains high-quality properties close to consumers, develops sustainable properties, and manages its global investment portfolio to a high standard. The Consolidated Entity works alongside its capital partners, which include sovereign wealth, pension and large multi-manager funds.

In each market, the Consolidated Entity has dedicated local teams which take care of property asset and investment management, delivering a high level of customer service.

Performance review

The Consolidated Entity has operations in Asia, Continental Europe and the United Kingdom, and its earnings are derived from property investment, development and management activities.

During the year, governments across Continental Europe and in the United Kingdom have increased interest rates in response to rising inflation. This has impacted property valuations with weighted average capitalisation rates expanding from 3.4% to 4.4% in Continental Europe and 3.7% to 4.9% in the United Kingdom. As a consequence, the Consolidated Entity's share of the fair value adjustments from its Partnerships was a loss of \$160.1 million compared to gain of \$269.8 million in the prior year.

However, the scarcity of space in the Consolidated Entity's locations, and customer need for more productive and sustainable solutions has supported underlying property fundamentals. These have driven and continue to drive development demand and rental growth. Despite the global macro-economic volatility, there is almost zero vacancy in the property portfolios and the Consolidated Entity continues to execute on its development strategy.

As a consequence of the strong rental income growth and the Consolidated Entity's continued investment in its portfolios, property investment earnings have increased compared to the prior year. Management earnings have also increased as the investment in the Partnerships and the stabilisation of properties during both the current and prior year, notably in Asia, has offset the impacts on external assets under management (AUM) from the devaluations in FY23. Development earnings are lower than the prior year, but this is more a reflection of the strength of the FY22 development result, and current year earnings have again been a significant contributor to the Consolidated Entity's overall results. The quality and location of sites has underpinned development activity and project returns. In addition, the locations of the sites are often delivering value add opportunities with intensification and change of use.

In assessing the Consolidated Entity's underlying performance, the Directors consider operating profit as well as statutory profit. Operating profit is a proxy for 'cash earnings' and is not an income measure under Hong Kong Financial Reporting Standards. It is defined as profit attributable to Shareholders adjusted for property valuations, impairment losses and other non-cash adjustments or non-recurring items.

	2023 \$M	2022 \$M
Analysis of operating profit		
Property investment earnings	111.9	82.1
Management earnings	187.9	170.6
Development earnings	494.0	689.1
	793.8	941.8
Operating expenses	(193.4)	(207.9)
	600.4	733.9
Net finance expense (operating) ¹	(2.7)	(12.4)
Income tax expense (operating) ²	(79.3)	(114.1)
Operating profit	518.4	607.4

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

2. Income tax expense (operating) excludes the deferred tax movements relating to investment property valuations and other non-operating items, such as the Goodman Group Long Term Incentive Plan (LTIP).

Report of the Directors

Business review (continued)

Property investment activities

Property investment earnings in FY23 of \$111.9 million were higher than the prior year and comprised 14% of the total earnings (2022: 9%).

	2023	2022
	\$M	\$M
Net property income	42.4	40.9
Partnerships	69.5	41.2
Property investment earnings	111.9	82.1

Key metrics	2023	2022
Weighted average capitalisation rate (%)	5.0	4.7
Weighted average lease expiry (years)	4.6	4.2
Occupancy (%)	96.6	97.6

Property investment earnings comprise gross property income (excluding straight lining of rental income), less property expenses, plus the Consolidated Entity's share of the results of property investment joint ventures (JV) (referred to as Partnerships). The key drivers for maintaining or growing the Consolidated Entity's property investment earnings are increasing the level of AUM (subject also to the Consolidated Entity's direct and indirect interest), maintaining or increasing occupancy and rental levels within the portfolio, and controlling operating and financing costs within Partnerships.

The Consolidated Entity's property portfolios are concentrated in large, urban locations where available space remains restricted due to significant customer demand, high barriers to entry and limited supply. Consequently, the Consolidated Entity has experienced significant market rental growth across its locations and occupancy has remained high. This is supporting strong underlying investment fundamentals and cash flows in the Consolidated Entity's portfolio.

The net income from the Consolidated Entity's directly held properties increased by 4% to \$42.4 million compared to the prior year with acquisitions in Asia in both the current and prior year offsetting the lower contribution to rental income in FY23 from completed inventories, prior to their disposal.

The Consolidated Entity's share of investment earnings from its cornerstone holdings in the Partnerships increased by 69% to \$69.5 million compared to the prior year. This was due to acquisitions and the stabilisation of developments in FY22 and FY23, as the Consolidated Entity and its capital partners have continued to invest in the Partnerships, and also due to the rental income growth from existing stabilised properties.

During FY23, the Consolidated Entity's share of property valuations from the stabilised portfolios was a loss of \$160.1 million. Valuation decrements primarily arose in Continental Europe and the United Kingdom due to the expansion of capitalisation rates, in response to increased interest rates. At 30 June 2023, the weighted average capitalisation rate for the Consolidated Entity's portfolios was 5.0%, compared to 4.7% at the start of FY23.

Management activities

Management earnings in FY23 of \$187.9 million increased by 10% compared to the prior year and comprised 24% of total operating earnings (2022: 18%).

	2023	2022
	\$M	\$M
Management earnings	187.9	170.6

Key metrics	2023	2022
Number of Partnerships	8	8
External AUM (\$B)	28.7	27.8

Management earnings relate to the revenues from managing both the property portfolios and the capital invested in the Partnerships. This includes performance related revenues but excludes earnings from managing development activities in the Partnerships, which are included in development earnings. The key drivers for maintaining or growing management earnings are activity levels, asset performance, and increasing the level of AUM, which can be impacted by property valuations and asset disposals and is also dependent on liquidity including the continued availability of third party capital to fund both development activity and acquisitions across the Consolidated Entity's Partnerships.

The main driver of the increased management earnings was the acquisitions and stabilisations of properties during 2022 and 2023. This has more than offset the impact on base management fee income from property devaluations in Asia, Continental Europe and the United Kingdom.

Development activities

Development earnings in FY23 were \$494.0 million, a decrease of 28% on the prior year, but still comprised 62% of total operating earnings (2022: 73%).

	2023	2022
	\$M	\$M
Net development income	485.2	645.7
Partnerships	8.8	43.4
Development earnings	494.0	689.1

Key metrics	2023	2022
Work in progress (\$B)	5.8	7.1
Work in progress (number of developments)	32	36
Developments completed during the year (number of developments)	14	23

Development earnings consist of development income, plus the Consolidated Entity's share of the operating results of Partnerships that is allocable to development activities, plus net gains or losses from disposals of investment properties and equity investments that are allocable to development activities, plus interest income on loans to development JVs, less development expenses. Development income includes development management fees and performance related revenues associated with managing individual development projects in Partnerships. The key drivers for the Consolidated Entity's development earnings are the level of development activity, land and construction prices, property valuations and the continued availability of capital to fund development activity.

Most of the inventory disposals and fixed price contract income arose in Continental Europe, as Goodman Group's Partnerships in Continental Europe generally acquire completed developments from the Consolidated Entity. In the Consolidated Entity's other operating segments, development earnings are a mix of development management income, including performance related income, and transactional activity, including the Consolidated Entity's share of development profits reported by the Partnerships themselves.

Development activity and margins continued to be sound with work in progress of \$5.8 billion across 32 projects at 30 June 2023. The decrease in the Consolidated Entity's development earnings was volume driven, with lower activity in Continental Europe. However, this follows several years of significant acceleration in the Consolidated Entity's development activity.

Report of the Directors

Business review (continued)

Other items

Operating expenses increased mainly due to lower incentive-based remuneration partly offset by modest inflation pressure. The net finance expense has decreased as a result of increased interest income on the Consolidated Entity's related party loans. The increase in tax expense is primarily a function of changes to the origin and nature of revenue arising from management and development activities.

Statement of financial position

	2023 \$M	2022 \$M
Stabilised investment properties	451.7	336.8
Cornerstone investments in Partnerships	1,850.6	1,845.6
Development holdings	1,532.2	1,552.6
Cash	391.9	357.5
Other assets	1,076.9	1,190.8
Total assets	5,303.3	5,283.3
Loans from related parties	1,676.1	1,941.0
Other liabilities	817.8	756.2
Total liabilities	2,493.9	2,697.2
Non-controlling interests	42.6	28.2
Net assets attributable to Shareholders	2,766.8	2,557.9

The stabilised investment properties are in Asia.

The carrying value of cornerstone investments in Partnerships has increased by \$5.0 million to \$1,850.6 million, principally due to the net investment in the Partnerships partly offset by the valuation decrements. A reconciliation of the current year movement in cornerstone investments in Partnerships is detailed in note 5(f) to the consolidated financial statements.

The decrease in development holdings by \$20.4 million to \$1,532.2 million was primarily due to the completion of development projects during the year.

Other assets included receivables, fair values of derivative financial instruments that are in an asset position, contract assets, property, plant and equipment and tax assets (including deferred tax). Other liabilities included trade and other payables, the provision for dividends to Shareholders, fair values of derivative financial instruments that are in a liability position, employee benefits and tax liabilities (including deferred tax).

Cash flows

	2023 \$M	2022 \$M
Operating cash flows	682.3	216.5
Investing cash flows	(293.0)	(234.8)
Financing cash flows	(360.7)	12.5
Net increase/(decrease) in cash held	28.6	(5.8)
Effect of exchange rate fluctuations on cash held	5.8	4.9
Cash and cash equivalents at the beginning of the year	357.5	358.4
Cash and cash equivalents at the end of the year	391.9	357.5

The increase in the net operating cash flows is primarily due to lower inventory expenditure.

The net investing cash outflow was due to the net investment in the Consolidated Entity's Partnerships, to fund acquisitions and new developments, plus the acquisitions of investment properties in Asia.

Financing cash flows principally relate to the net repayment of loans with related parties and payment of the dividend in August 2022.

Outlook

Goodman Group has developed significant expertise and a deliberate strategy to target high barrier to entry markets, providing our customers access to facilities where they are scarce. In particular, the rapid proliferation of demand for data storage and processing capacity is supplementing demand and reducing the available supply for warehouses and logistics centres. This has positioned the Consolidated Entity well for future growth.

In the near term, market conditions are likely to be volatile and the risks associated with rising inflation, interest rates and slowing economic growth are elevated. This may impact consumers; however, they continue to seek faster and more flexible delivery, which requires ongoing intensification of warehousing in urban locations to optimise delivery and improve productivity. The business remains agile, focused on the changing consumption habits across the physical and digital space and, as a result, the evolving requirements of customers around the world.

Demand is currently exceeding supply in the Consolidated Entity's markets, supporting our development-led growth strategy. This is producing well located assets for the Consolidated Entity and its Partnerships. In addition to strategic site acquisitions, the opportunities for regeneration of existing assets support the future development activities by providing value add opportunities. This can assist in the reduction of the environmental impacts of the Consolidated Entity's business activities. The development activity, project management and depth of customer demand are supporting the positive outlook for development earnings into FY24.

The strong customer demand and the supply constraints are resulting in high levels of occupancy and strong rental growth in the portfolio, which supports investment earnings. Absent a material adverse change in market conditions, the rental growth and the development completions will also support the growth in AUM and therefore management earnings.

In addition, the Consolidated Entity continues to maintain a strong balance sheet, which combined with retained income, provides significant liquidity, stability and financial resources.

The Board believes the Consolidated Entity is positioned to deliver growth in FY24 despite the risks associated with current market volatility.

The Consolidated Entity sets financial performance targets annually and reviews them regularly. Forecasts are subject to there being no material adverse change in market conditions or the occurrence of other unforeseen events.

Risks

Goodman Group identifies strategic and operational risks for each of its regions as part of its strategy process. The key risks, an assessment of their likelihood of occurrence and consequences and controls that are in place to mitigate the risks are reported to the Goodman Group Board regularly.

Goodman Group has established formal systems and processes to manage the risks at each stage of its decision-making process. This is facilitated by a Goodman Group Investment Committee comprising senior executives, chaired by the Group Chief Executive Officer, which considers all major operational decisions and transactions. The Goodman Group Investment Committee meets on a weekly basis.

The Goodman Group Audit, Risk and Compliance Committee reviews and monitors a range of material risks in Goodman Group's risk management systems including, among other risks, market risks, operational risks, financial risk management, sustainability, regulation and compliance, tax policies and information technology.

Report of the Directors

Business review (continued)

The key risks faced by Goodman Group and the controls that have been established to manage those risks are set out in the following table:

Risk area		Mitigation	
Capital management (debt, equity and cash flow)	Goodman Group could suffer an inability to deliver its strategy, or an acute liquidity or solvency crisis, financial loss or financial distress as a result of a failure in the design or execution of its capital management and financing strategy.	+	Monthly preparation of a consolidated Capital Management Plan, which is reported to the Goodman Group Investment Committee and the Finance and Treasury management committee
		+	Financial reporting to the Goodman Group Board
		+	Weekly cashflow monitoring and reporting
		+	Goodman Group Board approved Financial Risk Management (FRM) policy
		+	Capital partnering transfers risks into Partnerships
		+	Low gearing, ample liquidity and appropriate hedging and duration to absorb market shocks
		+	Diversity and tenure of debt funding sources and cash on deposit
		+	Appropriate hedging quantities and duration in accordance with FRM policy
		+	Distribution pay-out ratio consistent with contribution of development earnings
		+	Long lease terms with prime customers
		+	Strong assets that can generate better rental outcomes and growth
		+	Key urban market strategy – urban, infill locations support re-usability of property
		+	Insurance program (both Goodman Group's and key counterparties) including project specific insurance.
Economic and geopolitical environment	Global economic conditions and government policies present both risks and opportunities in the property and financial markets and the business of our customers, which can impact the delivery of Goodman Group's strategy and its financial performance. A continued increase in geopolitical tension between countries could have potential consequences on our people, operations and capital partners. In the near term, market conditions are likely to be volatile and the risks associated with rising inflation, interest rates and slowing economic activity are elevated.	+	Global diversification of Goodman Group's property portfolios
		+	Focus on core property portfolios in key urban market locations and adaptable assets
		+	Annual 5-year business strategy
		+	Focus on cost management
		+	Annual risk assessment and profile
		+	Annual budget
		+	Regular independent property valuations
		+	Asset planning program
		+	Prudent capital management with low gearing and significant available liquidity to allow for potential market shocks
		+	Adherence to FRM policy as it relates to hedging of interest rates and currencies
		+	Review of customer credit
		+	Co-investment with local capital partners.
Governance, regulation and compliance	Non-compliance with legislation, regulators, or internal policies, or to understand and respond to changes in the political and regulatory environment (including taxation) could result in legal action, financial consequences and damage our standing and reputation with stakeholders.	+	Independent governance structures
		+	Core values and attitudes, with an embedded compliance culture focused on best practice
		+	Dedicated Goodman Group Head of Risk and Compliance Officer
		+	Review of transactions by the Goodman Group Investment Committee
		+	Annual compliance plan audits
		+	Partnership investment committees independent of the manager
		+	Global tax risk management framework
		+	Regional and Goodman Group Executive declarations and sign-offs
		+	Verification process and sign-off of public documents
		+	Comprehensive insurance program, covering property, liability, Directors and Officers and Professional Indemnity
		+	Continuous disclosure regime – regular group management meetings.

	Risk area	Mitigation
People and culture	Failure to recruit, develop, support, and retain staff with the right skills and experience may result in significant underperformance or impact the effectiveness of operations and decision making, in turn impacting business performance.	+ Competitive remuneration structures, in particular performance rights under the LTIP, with ALL staff having ownership + Succession planning for senior executives and key roles + Performance management and staff review + Overall performance review ratings to assess culture and engagement + Learning and development program to enhance skills sets + Goodman Values program + Staff engagement through team strategy days, town halls and the (good) life program.
Development	Development risks may arise from location, site complexity, planning and permitting, infrastructure, size, duration along with general contractor capability.	+ Review and approval of development projects by the Goodman Group Investment Committee and relevant Partnership Investment Committee + Targeted returns are higher for the size and complexity of the project + Engaging general contractors that are better capitalised + Senior oversight and responsibility by Executive Directors + Capital partnering transfers risks into partnerships + Specialised staff who understand the development process, including development staff by region + Goodman Group defined design specifications, which cover environmental, technological, and safety requirements, protecting against short term obsolescence + Fixed price, design and construct contracts with appropriately capitalised contractors + Redevelopment of older assets to intensify use + Insurance program (both Goodman Group's and key contractors), including project specific insurance + Spread and diversification of projects + Ongoing monitoring and reporting of WIP and levels of speculative development, with Board oversight including limits with respect to speculative development and higher development risk provisions + Implementation of Goodman Group policies and procedures (e.g. reporting, Safety framework and delegation of authority) + Leasing prior to reaching development completion.
Disruption, changes in demand and obsolescence	The longer-term risk that an inability to understand and respond effectively to changes in our competitive landscape and customer value chain could result in business model disruption and asset obsolescence, including the perception of obsolescence in the short term.	+ Key urban market strategy – urban, infill locations support re-usability of property + Adaptable and reusable building design – ease to reconfigure for another customer + Geographic diversification - capital allocation across regions and location of properties + Capital partnering transfers risks into Partnerships + Insurance program (both Goodman Group's and key contractors), including project specific insurance covering design and defects + Long lease terms with prime customers + Innovation and technology strategy – visibility and insight into technology trends along with direct investment into technology start-ups + Competition analysis and behaviour.

Report of the Directors

Business review (continued)

Risk area		Mitigation
Environmental sustainability and climate change	Failure to deliver on Goodman Group's sustainability leadership strategy and ambitions may lead to a negative impact on Goodman Group's reputation, ability to raise capital and a disruption to operations and stranded assets.	+ Corporate Responsibility and Sustainability policy
		+ 2030 Sustainability Strategy and reporting against those targets
		+ Assessment of individual assets to improve resilience and implementation of sustainability initiatives.
		+ Sustainability guidelines for development projects including embodied carbon measurement and offset
		+ Review and approval of acquisitions and development projects by the Goodman Group Investment Committee and relevant Partnership Investment Committee, including consideration of climate risks in the due diligence process and minimum property specifications
		+ Adoption of the Task Force on Climate-Related Financial Disclosures recommendations as a framework for the assessment, management and disclosure of climate risks
		+ Investor, customer and regulatory requirements
		+ Verification process and sign-off of public sustainability documents
		+ Adherence to Goodman Group Procurement Policy for selection and purchase of Carbon Credits
		+ LTIP performance directly linked to meeting Goodman Group's sustainability initiatives.
Asset and portfolio	Inability to execute asset planning and management strategies, including leasing risk exposures, can reduce returns from Goodman Group's portfolios.	+ Key urban market strategy – urban, infill locations where customer demand is strongest
		+ In-house property management team
		+ Diversification of customer base and lease expiries
		+ Review and approval of significant leasing transactions and development projects by the Goodman Group Investment Committee and relevant Partnership Investment Committee
		+ Capital expenditure programs keeping pace with property lifecycle
		+ Implementation of Goodman Group policies and procedures (e.g. reporting, Safety framework, sustainability measures and minimum design specifications)
		+ Insurance program including Public Liability, including property risk assessment reports
		+ Customer risk assessments
		+ Asset plans - in particular categorisation of assets, maintenance program, customer engagement
		+ Portfolio strategy – locations, type of building.

	Risk area	Mitigation
Concentration of counterparties and markets	Over-exposure to specific areas, such as capital partners, supply chain, customers and markets, may limit growth and sustainability opportunities.	+ Standardised governance structures around Partnerships, which includes: - o Relationship deeds articulating service arrangements - o Pre-emptive rights + Independent governance structure + Diversification of capital partners and fund expiries, including local investors. Analysis of alternate capital sources + Goodman Group's cornerstone investment in each Partnership and the underlying strength of the Manager + Appropriate Management contracts across all Partnerships + Contractor pre-selection and tendering + Diversification of customer base and lease expiry + Investment metrics established for Goodman Group and Partnerships, setting limits including: - o Speculative development - o Geographic and customer exposure + FRM policy establishing criteria for financial institution counterparties.
Information and data security	Maintaining security (including cyber security) of Information Technology (IT) environment and data, ensuring continuity of IT infrastructure and applications to support sustainability and growth and prevent operational, regulatory, financial and reputational impacts.	+ Strategic roadmap for delivery of secured IT systems, benchmarked against the Australian Signal Directorate's Essential maturity model and United States National Institute of Standards and Technology Cyber Security framework + Proactive monitoring, review and testing of infrastructure and system behaviour + Incident response, disaster recovery and business continuity planning + Penetration testing, vulnerability scanning and network review to identify and remediate + IT Dashboard Reporting to the Audit, Risk & Compliance Committee + Phishing awareness program implemented to educate and test employees' awareness and vigilance in avoiding threats + Cyber security awareness/training + Decommissioning legacy systems + Transition from employee password reliance + Speed of threat/vulnerability detection + Data system back-up/restore testing + Phishing simulation testing/reporting + Reporting and compliance with Essential Eight, baseline strategies to mitigate cyber security incidents, developed by the Australian Cyber Security Centre.

Report of the Directors

(continued)

Environmental regulations

The Consolidated Entity has policies and procedures to identify and appropriately address environmental obligations that might arise in respect of the Consolidated Entity's operations that are subject to significant environmental regulation under the laws of the countries the Consolidated Entity operates in. The Directors have determined that the Consolidated Entity has complied with those obligations during the financial year and that there has not been any material breach.

Disclosure in respect of any indemnification of Directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company is currently in force and was in force throughout this year.

Directors' interests in contracts

No contract of significance in relation to the Consolidated Entity's business to which the Company, its subsidiaries or any of its fellow subsidiaries was a party and in which the Directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in shares

At the end of the year, the Directors (including alternate Directors) held the following interests in the stapled securities of Goodman Group, which are listed on the ASX:

Directors	Directly held securities	Indirectly held securities	Total
Stephen Paul Johns	-	41,143	41,143
David Jeremy Collins	5,000	5,000	5,000
Gregory Leith Goodman	-	38,667,487	38,667,487
Daniel Cornelius Peeters	-	1,678,465	1,678,465

In addition, Gregory Goodman and Daniel Peeters participate in the LTIP under which they hold performance rights. Performance rights entitle participants to receive Goodman Group stapled securities without the payment of consideration, subject to Goodman Group satisfying performance criteria and the participants remaining employees of Goodman Group.

Details of the awards of performance rights under the LTIP granted as compensation to the Directors (including alternate Directors) at 30 June 2023 are as follows:

	Number of performance rights at the start of the year	Number of performance rights granted during the year	Number of performance rights vested during the year	Number of performance rights forfeited during the year	Number of performance rights at the end of the year	Date performance rights granted	Financial years in which rights vest
Gregory Leith Goodman	-	1,000,000	-	-	1,000,000	17 Nov 2022	2027 – 2033
	1,560,000	-	-	-	1,560,000	18 Nov 2021	2026 – 2032
	950,000	-	-	-	950,000	19 Nov 2020	2024 – 2026
	900,000	-	(288,000)	(36,000)	576,000	20 Nov 2019	2023 – 2025
	1,066,667	-	(533,333)	-	533,334	15 Nov 2018	2023 – 2024
	533,334	-	(533,334)	-	-	16 Nov 2017	2023
Daniel Cornelius Peeters	-	500,000	-	-	500,000	17 Nov 2022	2027 – 2033
	625,000	-	-	-	625,000	18 Nov 2021	2026 – 2032
	380,000	-	-	-	380,000	19 Nov 2020	2024 – 2026
	350,000	-	(112,001)	(13,998)	224,001	20 Nov 2019	2023 – 2025
	366,667	-	(183,333)	-	183,334	15 Nov 2018	2023 – 2024
	183,334	-	(183,334)	-	-	16 Nov 2017	2023

Apart from the above, at no time during the year was the Company, its subsidiaries or any of its fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other related body corporate.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Declaration by the Group Chief Executive Officer and Chief Financial Officer

The Directors have been given declarations equivalent to those required of listed Australian companies by section 295A of the *Corporations Act 2001* from the Group Chief Executive Officer and Group Chief Financial Officer for the year ended 30 June 2023.

By order of the Board of Directors

A handwritten signature in black ink, appearing to be 'SPJ', on a light blue grid background.

Stephen Paul Johns
Independent Chairman

A handwritten signature in blue ink, appearing to be 'DJC', on a light blue grid background.

David Jeremy Collins
Director

Sydney, 17 August 2023



Independent Auditor's Report

To the members of Goodman Logistics (HK) Limited (Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Goodman Logistics (HK) Limited (the Company) and its subsidiaries (the Group) set out on pages A18 to A64, which comprise the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (HKSAs) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

The Directors are responsible for the other information which comprises all the information included in the Company's Report of the Directors.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report (continued)

To the members of Goodman Logistics (HK) Limited (Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

17 August 2023

Consolidated statement of financial position

as at 30 June 2023

(expressed in Australian dollars)

	Note	2023 \$M	2022 \$M
Current assets			
Cash and cash equivalents	16(a)	391.9	357.5
Inventories	5(b)	121.6	175.2
Receivables	6	173.8	115.6
Contract assets	7	70.7	60.5
Current tax receivables	3(c)	0.3	0.6
Other assets		3.4	3.2
Other financial assets	12	11.3	-
Total current assets		773.0	712.6
Non-current assets			
Inventories	5(b)	1,410.6	1,377.4
Investment properties	5(b)	451.7	336.8
Investments accounted for using the equity method	5(b)	1,850.6	1,845.6
Receivables	6	612.0	789.6
Other financial assets	12	161.1	174.8
Deferred tax assets	3(d)	20.2	18.8
Property, plant and equipment		23.3	24.0
Other assets		0.8	3.7
Total non-current assets		4,530.3	4,570.7
Total assets		5,303.3	5,283.3
Current liabilities			
Payables	8	285.2	274.6
Loans from related parties	20(c)	86.6	125.4
Current tax payables	3(c)	52.1	32.5
Employee benefits		46.0	49.0
Dividend payable	14	94.2	46.7
Other financial liabilities	12	79.9	45.4
Total current liabilities		644.0	573.6
Non-current liabilities			
Payables	8	93.3	93.2
Interest bearing liabilities	11	46.7	9.0
Loans from related parties	20(c)	1,589.5	1,815.6
Deferred tax liabilities	3(d)	9.5	50.5
Employee benefits		12.8	13.9
Other financial liabilities	12	98.1	141.4
Total non-current liabilities		1,849.9	2,123.6
Total liabilities		2,493.9	2,697.2
Net assets		2,809.4	2,586.1
Equity attributable to Shareholders			
Share capital	15(a)	930.9	873.0
Reserves	17	(547.3)	(605.1)
Retained earnings	18	2,383.2	2,290.0
Total equity attributable to Shareholders		2,766.8	2,557.9
Non-controlling interests		42.6	28.2
Total equity		2,809.4	2,586.1

The notes on pages A22 to A64 form part of these consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 17 August 2023.



Stephen Paul Johns
Director



David Jeremy Collins
Director

Consolidated statement of comprehensive income

for the year ended 30 June 2023

(expressed in Australian dollars)

	Note	2023 \$M	2022 \$M
Revenue			
Gross property income		52.8	45.9
Management income	1	189.5	193.7
Development income	1	934.7	1,075.0
Dividends from investments		0.8	0.2
		1,177.8	1,314.8
Property and development expenses			
Property expenses		(10.4)	(5.0)
Development expenses	1	(454.4)	(433.5)
		(464.8)	(438.5)
Other (loss)/income			
Net loss from fair value adjustments on investment properties	5(e)	(0.4)	(0.3)
Net gain on disposal of investment properties		4.1	3.8
Share of net results of equity accounted investments	5(f)	(91.8)	345.3
Net gain on disposal of equity accounted investments		-	0.2
		(88.1)	349.0
Other expenses			
Employee expenses	1	(152.3)	(170.5)
Share based payments expense	15(b)	(111.8)	(94.0)
Administrative and other expenses		(41.1)	(37.4)
Transaction management fees		(1.6)	(23.1)
		(306.8)	(325.0)
Profit before interest and income tax		318.1	900.3
Net finance expense			
Finance income	10	38.1	48.0
Finance expense	10	(129.1)	(71.4)
Net finance expense		(91.0)	(23.4)
Profit before income tax		227.1	876.9
Income tax expense	3(a)	(26.9)	(114.1)
Profit for the year		200.2	762.8
Profit for the year attributable to:			
Shareholders	18	187.4	751.9
Non-controlling interests		12.8	10.9
Profit for the year		200.2	762.8
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Increase due to revaluation of other financial assets		10.7	9.4
Actuarial gains on defined benefit retirement schemes (net of tax)		0.5	5.6
		11.2	15.0
Item that may be reclassified subsequently to profit or loss			
Effect of foreign currency translation		37.0	0.1
		37.0	0.1
Other comprehensive income for the year, net of tax		48.2	15.1
Total comprehensive income for the year		248.4	777.9
Total comprehensive income for the year attributable to:			
Shareholders		234.6	767.8
Non-controlling interests		13.8	10.1
Total comprehensive income for the year		248.4	777.9

The notes on pages A22 to A64 form part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2023

Year ended 30 June 2022

(expressed in Australian dollars)

	Note	Attributable to Shareholders				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2021		791.9	(629.0)	1,584.8	1,747.7	22.2	1,769.9
Total comprehensive income/(loss) for the year							
Profit for the year	18	-	-	751.9	751.9	10.9	762.8
Other comprehensive income/(loss) for the year		-	15.9	-	15.9	(0.8)	15.1
Total comprehensive income for the year, net of income tax		-	15.9	751.9	767.8	10.1	777.9
Contributions by and distributions to owners							
Dividends declared/paid	14	-	-	(46.7)	(46.7)	(5.5)	(52.2)
Issue of shares to employees of Goodman Group	15(a)	57.4	-	-	57.4	-	57.4
Issue of treasury shares	15(a)	4.8	-	-	4.8	-	4.8
Issue of ordinary shares	15(a)	18.9	-	-	18.9	-	18.9
Equity settled share based payments transactions	17(c)	-	12.2	-	12.2	-	12.2
Deferred tax associated with the LTIP	17(c)	-	(4.2)	-	(4.2)	-	(4.2)
Acquisition of special purpose development entity with non-controlling interests		-	-	-	-	1.4	1.4
Balance at 30 June 2022		873.0	(605.1)	2,290.0	2,557.9	28.2	2,586.1

Year ended 30 June 2023

(expressed in Australian dollars)

	Note	Attributable to Shareholders				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2022		873.0	(605.1)	2,290.0	2,557.9	28.2	2,586.1
Total comprehensive income/(loss) for the year							
Profit for the year	18	-	-	187.4	187.4	12.8	200.2
Other comprehensive income/(loss) for the year		-	47.2	-	47.2	1.0	48.2
Total comprehensive income for the year, net of income tax		-	47.2	187.4	234.6	13.8	248.4
Contributions by and distributions to owners							
Dividends declared/paid	14	-	-	(94.2)	(94.2)	(29.3)	(123.5)
Issue of shares to employees of Goodman Group	15(a)	46.1	-	-	46.1	-	46.1
Issue of ordinary shares	15(a)	11.9	-	-	11.9	-	11.9
Issue costs	15(a)	(0.1)	-	-	(0.1)	-	(0.1)
Equity settled share based payments transactions	17(c)	-	11.6	-	11.6	-	11.6
Deferred tax associated with the LTIP	17(c)	-	(1.0)	-	(1.0)	-	(1.0)
Acquisition of special purpose development entity with non-controlling interests		-	-	-	-	1.3	1.3
Issue of preference shares to non-controlling interest	20(b)	-	-	-	-	28.6	28.6
Balance at 30 June 2023		930.9	(547.3)	2,383.2	2,766.8	42.6	2,809.4

The notes on pages A22 to A64 form part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 30 June 2023

(expressed in Australian dollars)

	Note	2023 \$M	2022 \$M
Cash flows from operating activities			
Property income received		50.4	42.7
Cash receipts from development activities		896.4	1,036.2
Cash receipts from management and other activities		218.0	300.0
Property expenses paid		(8.7)	(5.9)
Payments for development activities		(329.8)	(886.8)
Other cash payments in the course of operations		(242.4)	(262.6)
Dividends/distributions received		102.9	66.1
Interest received		65.0	15.5
Finance costs paid		(0.7)	(1.0)
Net income taxes paid		(68.8)	(87.7)
Net cash provided by operating activities	16(b)	682.3	216.5
Cash flows from investing activities			
Net proceeds from disposal of investment properties		(0.1)	272.5
Payments for investment properties		(100.2)	(413.0)
Net proceeds from disposal of equity accounted investments		-	4.4
Return of capital from equity accounted investments		141.7	166.3
Payments for equity investments		(330.9)	(263.3)
Payments for plant and equipment		(3.5)	(1.7)
Net cash used in investing activities		(293.0)	(234.8)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		11.9	18.9
Transaction costs from issue of ordinary securities		(0.1)	-
Proceeds from borrowings		40.6	9.0
Net (repayments of)/proceeds from loans with related parties		(281.8)	107.5
Payments on derivative financial instruments		(49.0)	-
Dividends paid to Shareholders		(46.7)	(110.8)
Dividends paid to non-controlling interests		(29.3)	(5.5)
Payments of lease liabilities		(7.6)	(8.0)
Capital contributed by non-controlling interests		1.3	1.4
Net cash (used in)/provided by financing activities		(360.7)	12.5
Net increase/(decrease) in cash held		28.6	(5.8)
Cash and cash equivalents at the beginning of the year		357.5	358.4
Effect of exchange rate fluctuations on cash held		5.8	4.9
Cash and cash equivalents at the end of the year	16(a)	391.9	357.5

The notes on pages A22 to A64 form part of these consolidated financial statements.

Notes to the consolidated financial statements

(expressed in Australian dollars)

BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance.

Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for investment properties, derivative financial instruments, investment in unlisted securities and liabilities for cash settled share based payment arrangements which are stated at fair value.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no gain or loss and no goodwill is recognised as a result of such transactions.

Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions

Foreign currency transactions are translated to each entity's functional currency at rates approximating the foreign exchange rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the reporting date are translated at the rates of exchange ruling on that date. Resulting exchange differences are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost are translated at rates of exchange applicable at the date of the initial transaction. Non-monetary items which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of controlled foreign operations

The assets and liabilities of controlled foreign operations are translated into Australian dollars at foreign exchange rates applicable at the reporting date.

Revenue and expenses are translated at weighted average rates for the financial year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal or partial disposal of the operations.

Exchange differences arising on monetary items that form part of the net investment in a controlled foreign operation are recognised in the foreign currency translation reserve on consolidation.

Exchange rates used

The following exchange rates are the main exchange rates used in translating foreign currency transactions, balances and financial statements to Australian dollars.

Australian dollar (AUD) to	Weighted average		As at 30 June	
	2023	2022	2023	2022
Hong Kong dollar (HKD)	5.2751	5.6626	5.2235	5.4241
Chinese yuan (CNY)	4.6804	4.6840	4.8339	4.6154
Japanese yen (JPY)	92.3936	85.1512	96.1530	93.7770
Euros (EUR)	0.6433	0.6442	0.6109	0.6594
British pounds sterling (GBP)	0.5592	0.5456	0.5249	0.5676
United States dollar (USD)	0.6731	0.7255	0.6664	0.6912

Changes in accounting policies

The Consolidated Entity has adopted International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12 upon their release in July 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately and require new disclosures about the Pillar Two exposure from 30 June 2024. The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 30 June 2023 in any jurisdiction in which the Consolidated Entity operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Consolidated Entity's financial statements at 30 June 2023.

The HKICPA has also issued other amendments to standards that were first effective from 1 July 2022 but none of these had a material impact on the Consolidated Entity's financial statements.

Accounting standards issued but not yet effective

The Consolidated Entity has not applied any new standard or interpretation that is not yet effective for the current accounting period. None of the new accounting standards or interpretations is expected to have a significant impact on the future results of the Consolidated Entity.

Critical accounting estimates used in the preparation of the consolidated financial statements

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

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

- + Note 5 – Property assets
- + Note 13 – Financial risk management.

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)
- + 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
- + Note 13 – Financial risk management.

Notes to the consolidated financial statements

RESULTS FOR THE YEAR

1 Profit before interest and income tax

Gross property income

Gross property income comprises rental income under operating leases (net of incentives provided) and amounts billed to customers for outgoings (e.g. rates, levies, cleaning, security, etc). Amounts billed to customers for outgoings are a cost recovery for the Consolidated Entity and are recognised once the expense has been incurred. The expense is included in property expenses.

Rental income under operating leases is recognised on a straight-line basis over the term of the lease contract. Where operating lease rental income is recognised relating to fixed increases in rentals in future years, an asset is recognised. This asset is a component of the relevant investment property carrying amount. The cost of lease incentives provided to customers is amortised on a straight-line basis over the life of the lease as a reduction of gross property income.

Management and development income

The revenue from management and development activities is measured based on the consideration specified in a contract with a customer. The Consolidated Entity recognises revenue when it transfers control over a product or service to a customer.

Management income

Fee income derived from management services relates to investment management base fees and property services fees and is recognised and invoiced progressively as the services are provided. Customers make payments usually either monthly or quarterly in arrears.

Performance related management income generally relates to portfolio performance fee income, which is recognised progressively as the services are provided but only when the income can be reliably measured and is highly probable of not being reversed. These portfolio performance fees are typically dependent on the overall returns of a Partnership relative to an agreed benchmark return, assessed over the life of the Partnership, which can vary from one year to seven years. The returns are impacted by operational factors such as the quality and location of the portfolio, active property management, rental income rates and development activity but can also be significantly affected by changes in global and local economic conditions. Accordingly, portfolio performance fee revenue is only recognised towards the end of the relevant assessment period, as prior to this revenue recognition is not considered to be sufficiently certain.

In determining the amount of revenue that can be reliably measured, management prepares a sensitivity analysis to understand the impact of changes in asset valuations on the potential performance fee at the assessment date. The assessment of revenue will depend on the prevailing market conditions at the reporting date relative to long-term averages and also the length of time until the assessment date e.g. the longer the time period to assessment date, the greater the impact of the sensitivity analysis. The potential portfolio performance fee revenue is then recognised based on the length of time from the start of the assessment period to the reporting date as a proportion of the total assessment period. Where the income is attributable to development activities or it relates to a combination of inextricable management and development activities that have occurred over the performance fee period, then it is reported as development income, otherwise the income is reported as management income. The Partnerships make payments in respect of portfolio performances fees at the end of the performance periods, when the attainment of the conditions has been verified and the amount of the fee has been agreed by all parties.

Development income – disposal of inventories

The disposal of inventories is recognised at the point in time when control over the property asset is transferred to the customer. This will generally occur on transfer of legal title and payment in full by the customer. The gain or loss on disposal of inventories is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal (less transaction costs) and is included in profit or loss in the period of disposal.

Development income – development management services

Fee income from development management services (including master-planning, development management and overall project management) is recognised progressively as the services are provided in proportion to the stage of completion by reference to costs. Payments are received in accordance with the achievement of agreed milestones over the development period. The development period can exceed 24 months for larger and more complex developments.

Performance related development income includes income associated with the returns from individual developments under the Consolidated Entity's management and performance fee income that relates to development activity. Income in respect of individual developments is recognised by the Consolidated Entity on attainment of the performance related conditions, which is when the income can be reliably measured and is highly probable of not being reversed. These amounts are paid by the Partnership when the amounts have been measured and agreed. Income associated with development activities as part of a portfolio assessment is recognised on the same basis as outlined above in the management income section.

Development income – fixed price development contracts

Certain development activities are assessed as being fixed price development contracts. This occurs when a signed contract exists, either prior to the commencement of or during the development phase, to acquire a development asset from the Consolidated Entity on completion. Revenue and expenses relating to these development contracts are recognised in profit or loss in proportion to the stage of completion of the relevant contracts by reference to costs. The payments by the purchaser usually occur on completion of the development once legal title has been transferred but payments may be made during the development period on achievement of agreed milestones. The development period can exceed 24 months for larger and more complex developments.

Net gain on disposal of investment properties

The disposal of an investment property is recognised at the point in time when control over the property has been transferred to the purchaser.

Employee benefits

Wages, salaries and annual leave

Wages and salaries, including non-monetary benefits, and annual leave represent present obligations resulting from employees' services provided to the reporting date. These are calculated at undiscounted amounts based on rates that are expected to be paid as at the reporting date including related on-costs, such as workers' compensation insurance and payroll tax.

Bonuses

A liability is recognised in other payables and accruals for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation. Liabilities for bonuses that are expected to be settled within 12 months are measured at the amounts expected to be paid, including related on-costs, when they are settled.

Superannuation

Defined contribution retirement plans

Obligations for contributions to defined contribution retirement plans are recognised as an expense as incurred.

Defined benefit retirement schemes

The net obligation in respect of defined benefit retirement schemes is recognised in the statement of financial position and is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest), are recognised immediately in other comprehensive income. Net interest expense and other expenses related to defined benefit retirement schemes are recognised in profit or loss.

Notes to the consolidated financial statements

Results for the year (continued)

1 Profit before interest and income tax (continued)

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

	2023	2022
	\$M	\$M
Management services	189.2	162.7
Performance related income	0.3	31.0
Management income	189.5	193.7
Income from disposal of inventories	530.7	747.4
Income from fixed price development contracts	215.6	114.6
Other development income, including development management ¹	164.6	169.6
Net gain on disposal of special purpose development entities, including JVs	23.8	43.4
Development income	934.7	1,075.0
Inventory cost of sales	(296.0)	(354.9)
Other development expenses	(158.4)	(78.6)
Development expenses	(454.4)	(433.5)
Included in employee expenses are the following items:		
Salaries, wages and other benefits	(151.4)	(169.1)
Contributions to defined contribution retirement plans	(0.9)	(1.4)
Employee expenses	(152.3)	(170.5)
Depreciation of plant and equipment	(8.5)	(8.7)
Auditor's remuneration	(1.9)	(1.5)

1. Fee revenues from single contractual arrangements involving a combination of inextricable investment management and development management services and recognised over the life of the underlying developments projects are classified as development income for statutory reporting purposes. During the year, \$41.7 million (2022: \$77.0 million) of such income was recognised.

2 Segment reporting

An operating segment is a component of the Consolidated Entity that engages in business activities from which it may earn revenues and incur expenses. The Consolidated Entity reports the results and financial position of its operating segments based on the internal reports regularly reviewed by the Group Chief Executive Officer in order to assess each segment's performance and to allocate resources to them.

Operating segment information is reported on a geographic basis and the Consolidated Entity has determined that its operating segments are Asia (Greater China (including the Hong Kong SAR) and Japan), Continental Europe (with the majority of assets located in Germany, France, Spain and the Netherlands) and the United Kingdom.

The activities and services undertaken by the operating segments include:

- + Property investment, both through direct ownership and cornerstone investments in Partnerships
- + Management activities, both investment and property management
- + Development activities, including development of directly owned assets (predominantly disclosed as inventories) and management of development activities for the Consolidated Entity's Partnerships.

The segment results that are reported to the Group Chief Executive Officer are based on profit before net finance expense and income tax expense, and also exclude non-cash items such as fair value adjustments and impairments, corporate expenses and share based remuneration. The assets allocated to each operating segment relate to the properties, which also include the investments in Partnerships, and the trade and other receivables associated with the operating activities, but exclude receivables from GL, GIT and their controlled entities, income tax receivables and corporate assets. The liabilities allocated to each operating segment primarily relate to trade and other payables associated with the operating activities, but exclude payables to GL, GIT and their controlled entities, provision for dividends to Shareholders, income tax payables and corporate liabilities.

The accounting policies used to report segment information are the same as those used to prepare the consolidated financial statements for the Consolidated Entity.

For the purpose of operating segment reporting, there are no material intersegment revenues and costs.

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

Notes to the consolidated financial statements

Results for the year (continued)

2 Segment reporting (continued)

Information about reportable segments

	Asia		Continental Europe		United Kingdom		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of comprehensive income								
External revenues								
Gross property income	29.3	15.3	22.8	27.6	0.7	3.0	52.8	45.9
Management income	124.4	96.8	57.4	90.9	7.7	6.0	189.5	193.7
Development income	100.2	150.2	740.7	892.1	93.8	32.7	934.7	1,075.0
Dividends from investments	0.8	0.2	-	-	-	-	0.8	0.2
Total external revenues	254.7	262.5	820.9	1,010.6	102.2	41.7	1,177.8	1,314.8
Analysis of external revenues:								
Revenues from contracts with customers								
Assets and services transferred at a point in time	28.0	24.8	534.4	792.2	33.8	12.8	596.2	829.8
Assets and services transferred over time	198.9	223.2	265.7	193.7	67.8	25.9	532.4	442.8
Other revenue								
Rental income (excludes outgoings recoveries)	27.0	14.3	20.8	24.7	0.6	3.0	48.4	42.0
Dividends from investments	0.8	0.2	-	-	-	-	0.8	0.2
Total external revenues	254.7	262.5	820.9	1,010.6	102.2	41.7	1,177.8	1,314.8
Reportable segment profit before income tax	209.1	252.5	336.7	505.2	96.2	42.8	642.0	800.5
Other key components of financial performance included in reportable segment profit before income tax								
Share of net results of equity accounted investments in Partnerships (before fair value adjustments)	29.2	67.2	14.2	7.6	34.9	9.8	78.3	84.6
Material non-cash items not included in reportable segment profit before income tax								
Share of fair value adjustments attributable to investment properties in Partnerships	16.5	43.7	(24.1)	22.3	(152.5)	203.8	(160.1)	269.8
	Asia		Continental Europe		United Kingdom		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position								
Reportable segment assets	2,346.0	1,971.9	1,177.5	1,312.4	958.6	957.2	4,482.1	4,241.5
Included in reportable segment assets are:								
Equity accounted investments in Partnerships	1,094.9	1,000.8	169.0	164.2	586.7	680.6	1,850.6	1,845.6
Non-current assets	2,073.9	1,743.8	893.7	1,017.0	835.9	899.0	3,803.5	3,659.8
Additions to non-current assets include:								
- Investment properties	101.4	181.3	-	-	-	243.6	101.4	424.9
- Equity accounted investments in Partnerships	176.9	99.9	15.5	1.3	138.0	162.1	330.4	263.3
Reportable segment liabilities	201.2	160.8	147.7	124.1	49.8	113.5	398.7	398.4

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

	Note	2023 \$M	2022 \$M
Revenue			
Total revenue for reportable segments		1,177.8	1,314.8
Consolidated revenues		1,177.8	1,314.8
Profit or loss			
Total profit before income tax for reportable segments		642.0	800.5
Corporate expenses not allocated to reportable segments		(41.6)	(66.6)
		600.4	733.9
Valuation and other adjustments not included in reportable segment profit before income tax:			
– Net loss from fair value adjustments on investment properties	5(e)	(0.4)	(0.3)
– Share of fair value adjustments attributable to investment properties in Partnerships	5(f)(ii)	(160.1)	269.8
– Share of fair value adjustments on derivative financial instruments in Partnerships	5(f)(ii)	(10.0)	(9.1)
– Share based payments expense		(111.8)	(94.0)
Net finance expense	10	(91.0)	(23.4)
Consolidated profit before income tax		227.1	876.9
Assets			
Total assets for reportable segments		4,482.1	4,241.5
Other unallocated amounts ¹		821.2	1,041.8
Consolidated total assets		5,303.3	5,283.3
Liabilities			
Total liabilities for reportable segments		398.7	398.4
Other unallocated amounts ¹		2,095.2	2,298.8
Consolidated total liabilities		2,493.9	2,697.2

1. Other unallocated amounts comprise principally receivables from and payables to GL, GIT and their controlled entities.

Notes to the consolidated financial statements

Results for the year (continued)

3 Taxation

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

(a) Taxation in the consolidated statement of comprehensive income

	2023 \$M	2022 \$M
Current tax expense – Hong Kong profits tax		
Current year	(13.2)	(14.2)
Changes in estimates related to prior years	2.3	1.9
	(10.9)	(12.3)
Current tax expense – overseas		
Current year	(57.0)	(59.8)
Changes in estimates related to prior years	(3.1)	0.4
	(60.1)	(59.4)
Deferred tax benefit/(expense)		
Origination and reversal of temporary differences	44.1	(42.4)
	44.1	(42.4)
Total income tax expense	(26.9)	(114.1)

The provision for Hong Kong profits tax for the year ended 30 June 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between accounting profit and income tax expense at applicable tax rates

	2023 \$M	2022 \$M
Profit before income tax	227.1	876.9
Notional tax on profit before income tax, calculated at the rates applicable to profits in the countries concerned	(70.5)	(206.4)
(Increase)/decrease in income tax due to:		
– Current year losses for which no deferred tax asset was recognised	(13.7)	(11.4)
– Non-assessable income	60.9	123.5
– Non-deductible expense	(27.4)	(45.4)
– Utilisation of previously unrecognised tax losses	24.6	23.3
– Changes in estimates related to prior years	(0.8)	2.3
Income tax expense	(26.9)	(114.1)

(c) Current tax receivables/payables

	2023	2022
	\$M	\$M
Net income tax payable at the beginning of the year	(31.9)	(44.7)
Decrease/(increase) in current net tax payable due to:		
– Net income taxes paid	68.8	87.7
– Net income tax expense on current year's profit	(70.2)	(74.0)
– Changes in estimates related to prior years	(0.8)	2.3
– Other	(17.7)	(3.2)
Net income tax payable at the end of the year	(51.8)	(31.9)
Current tax receivables	0.3	0.6
Current tax payables	(52.1)	(32.5)
	(51.8)	(31.9)

(d) Deferred tax assets and liabilities

Deferred tax assets of \$20.2 million (2022: \$18.8 million) arising from performance rights awarded under the LTIP and deferred tax liabilities of \$9.5 million (2022: \$50.5 million) arising from investment properties were recognised in the consolidated statement of financial position.

Movements in deferred taxes recognised in expenses and equity are attributable to the following:

	2023	2022
	\$M	\$M
Deferred tax benefit/(expense) recognised in expenses		
Investment properties - fair value adjustments	50.9	(54.6)
LTIP	1.5	7.8
Other items	(8.3)	4.4
Total deferred tax benefit/(expense) recognised in expenses	44.1	(42.4)
Deferred tax expense recognised in equity		
LTIP	(1.1)	(4.2)
Total deferred tax expense recognised in equity	(1.1)	(4.2)
Total deferred tax movements recognised in expenses and equity	43.0	(46.6)

Deferred tax assets of \$205.2 million (2022: \$190.0 million) arising primarily from tax losses have not been recognised by the Consolidated Entity.

4 Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of \$603.8 million (2022: \$265.3 million) which has been dealt with in the financial statements of the Company.

Notes to the consolidated financial statements

OPERATING ASSETS AND LIABILITIES

5 Property assets

(a) Types of property assets

Investment in property assets includes both inventories and investment properties (including those under development), which may be held either directly or through investments in Partnerships.

Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of 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.

Inventories are classified as non-current assets unless they are contracted to be sold within 12 months of the end of the reporting period, in which case they are classified as current assets.

Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of leasing to produce rental income and/or for capital appreciation. Investment properties are carried at fair value. The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Investment properties are not depreciated as they are subject to continual maintenance and regularly revalued on the basis described below. Changes in the fair value of investment properties are recognised directly in profit or loss.

Components of investment properties

Land and buildings (including integral plant and equipment) comprising investment properties are regarded as composite assets and are disclosed as such in the consolidated financial statements.

Investment property carrying values include the costs of acquiring the assets and subsequent costs of development, including costs of all labour and materials used in construction, costs of managing the projects, holding costs and borrowing costs incurred during the development periods.

Amounts provided to customers as lease incentives and assets relating to fixed rental income increases in operating lease contracts are included within investment property values. Lease incentives are amortised over the term of the lease on a straight-line basis. Direct expenditure associated with leasing a property is also capitalised within investment property values and amortised over the term of the lease.

Classification of investment properties

Investment properties are classified as either properties under development or stabilised properties. Investment properties under development include land, new investment properties in the course of construction and investment properties that are being redeveloped. Stabilised investment properties are all investment properties not classified as being under development and would be completed properties that are leased or are available for lease to customers.

For investment properties under development, the carrying values are reviewed by management at each reporting date to consider whether they reflect their fair values and at completion external valuations are obtained to determine the fair values.

For stabilised investment properties, independent valuations are obtained at least every two years to determine the fair values. At each reporting date between obtaining independent valuations, the carrying values are reviewed by management to ensure they reflect the fair values.

Deposits for investment properties

Deposits and other costs associated with acquiring investment properties that are incurred prior to obtaining legal title are recorded at cost and disclosed as other assets in the consolidated statement of financial position.

(b) Summary of the Consolidated Entity's investment in property assets

		2023	2022
	Note	\$M	\$M
Inventories			
Current	5(d)	121.6	175.2
Non-current	5(d)	1,410.6	1,377.4
		1,532.2	1,552.6
Investment properties			
Stabilised investment properties	5(e)	451.7	336.8
		451.7	336.8
Property held by Partnerships			
Investments accounted for using the equity method	5(f)	1,850.6	1,845.6
		1,850.6	1,845.6

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

For both inventories held directly and inventories held in Partnerships, external valuations are not performed but instead valuations are determined using the feasibility studies supporting the land and property developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, letting up periods, rental income and incentives that are consistent with those observed in the relevant market. If 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**

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.

Approach to determination of fair value

The approach to determination of fair value of investment properties is applied to both investment properties held directly and investment properties held in Partnerships.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external, independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. In making the determination of whether a market segment is active, the following characteristics are considered:

- + Function of the asset (distribution/warehouse or suburban office)
- + Location of the asset (city, suburb or regional area)
- + Carrying value of the asset (categorised by likely appeal to private (including syndicates), national and/or institutional investors)
- + Categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. The number of sales and the circumstances of each sale are assessed to determine whether a market segment is active or inactive.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

5 Property assets (continued)

Where a market segment is observed to be active, then external independent valuations are instructed for stabilised investment properties where there has been a combination of factors that are likely to have resulted in a material movement in valuation. The considerations include a greater than 10% movement in market rents, more than a 25 basis point movement in capitalisation rates, a material change in tenancy profile (including changes in the creditworthiness of a significant customer that may have a material impact on the property valuation), significant capital expenditure, a change in use (or zoning), a development has reached completion/stabilisation of the asset or it has been two years since the previous external independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10-year period. The key inputs considered for each individual calculation are:

- + Current contractual lease terms
- + Current market rents
- + Projected growth in market rents
- + Expected and likely capital expenditures
- + Projected letting up incentives provided to customers and vacant time on expiry of leases
- + Discount rates - computed using the 10-year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Market assessment

With the more volatile economic conditions in FY23 compared to prior years, there have been fewer transactions of industrial, logistics and warehousing properties during the year. Nevertheless, at 30 June 2023, the Board has been able to assess that all markets in which the Consolidated Entity operates are active and as a consequence, no adjustments have been made to the carrying values of the Consolidated Entity's stabilised investment property portfolios on the basis of internally prepared discounted cash flow valuations.

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

Segment	Total portfolio weighted average capitalisation rate	
	2023	2022
	%	%
Asia	5.2	5.2
Continental Europe	4.4	3.4
United Kingdom	4.9	3.7

Sensitivity analysis

The fair value measurement approach for directly held investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation method used. The usual valuation methods are either based on income capitalisation or market comparison. Where the income comparison method is adopted then the stabilised investment property valuations at 30 June 2023 are most sensitive to the following inputs:

- + Capitalisation rates
- + Market rents
- + Incentives provided to customers and/or vacant time on expiry of leases.

The directly held stabilised investment properties are in Asia. The average net market rents, average capitalisation rate and range of prices is summarised in the table below:

Valuation technique	Significant unobservable inputs	2023	2022
Income capitalisation	Average net market rent (per square metre per annum)	\$302	\$258
	Average capitalisation rate	4.2%	4.2%
Market comparison	Price per square metre	\$9,885 - \$21,218	\$9,201 - \$18,019

The impacts on the Consolidated Entity's financial position that would arise from the changes in capitalisation rates, market rents and incentives/re-leasing time are set out in the table below. This illustrates the impacts on the Consolidated Entity in respect of both the directly held stabilised investment properties and its share of those stabilised investment properties held by Partnerships.

	Directly held properties \$M	Partnerships ¹ \$M
Book value at 30 June 2023	451.7	1,991.9
Changes in capitalisation rates		
Increase in capitalisation rates +50 basis points (bps)	(48.5)	(180.7)
Increase in capitalisation rates +25 bps	(25.6)	(94.6)
Decrease in capitalisation rates -25 bps	28.9	104.6
Decrease in capitalisation rates -50 bps	61.8	220.9
Changes in market rents		
Decrease in rents -5%	(20.0)	(88.6)
Decrease in rents -2.5%	(10.0)	(44.3)
Increase in rents +2.5%	10.0	44.3
Increase in rents +5%	20.0	88.6
Changes in incentives/vacant time²		
Increase in incentives/re-leasing times +3 months	(1.8)	(6.3)
Increase in incentives/re-leasing times +6 months	(3.5)	(12.5)

1. Reflects the Consolidated Entity's share in Partnerships.

2. On assumed lease expiries over the next 12 months.

Investment properties under development

For the directly held investment properties under development, external independent valuations are generally not performed, but instead valuations are determined at each reporting date using the feasibility assessments supporting the developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, market rents, incentives provided to customers and vacant time that are consistent with those observed in the relevant market, adjusted for a profit and risk factor. The profit and risk factors are dependent on the function, location, size and current status of the developments and are generally in a market range of 10% to 15%; although for larger more complex projects that are at an early stage of the development, the profit and risk factor could be higher. 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.

In respect of the Partnerships, certain Partnerships obtain external independent valuations of investment properties under development at reporting dates. However, the majority determine the fair values at reporting dates by reference to the feasibility assessments, with external independent valuations obtained when the properties have been stabilised.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

5 Property assets (continued)

(d) Inventories

	2023 \$M	2022 \$M
Current		
Freehold land and development properties	29.3	175.2
Leasehold land and development properties	92.3	-
	121.6	175.2
Non-current		
Freehold land and development properties	969.6	964.1
Leasehold land and development properties	441.0	413.3
	1,410.6	1,377.4

During the current and prior financial year, no impairment losses were recognised on land and development properties.

As at 30 June 2023, the ownership interests in leasehold land and development properties, carried at the lower of cost or net realisable value, are held in China and Continental Europe with remaining lease terms of between 40 and 97 years.

(e) Investment properties

Reconciliation of carrying amount of directly held investment properties

	2023 \$M	2022 \$M
Leasehold investment properties		
Carrying amount at the beginning of the year	336.8	163.9
Acquisitions	100.2	420.4
Capital expenditure	1.2	4.5
Disposals	-	(269.7)
Net loss from fair value adjustments	(0.4)	(0.3)
Effect of foreign currency translation	13.9	18.0
Carrying amount at the end of the year	451.7	336.8
Analysed by segment:		
Asia	451.7	336.8
	451.7	336.8

As at 30 June 2023, the ownership interests in leasehold investment properties, carried at fair value, are held in Hong Kong with remaining lease terms of 24 years.

Non-cancellable operating lease commitments receivable from investment property customers

The analysis in the table below reflects the gross property income, excluding recoverable outgoings, based on existing lease agreements. It assumes that leases will not extend beyond the next review date, where the customer has an option to end the lease.

	2023 \$M	2022 \$M
Non-cancellable operating lease commitments receivable:		
Less than one year	14.5	8.6
One to two years	12.2	8.7
Two to three years	9.9	8.2
Three to four years	4.3	6.6
Four to five years	0.2	3.5
	41.1	35.6

(f) Investments accounted for using the equity method

Investments accounted for using the equity method comprise associates and JVs, which are collectively referred to as Partnerships.

Associates

An associate is an entity in which the Consolidated Entity exercises significant influence but not control over its financial and operating policies.

JVs

A JV is an arrangement in which the Consolidated Entity is considered to have joint control for accounting purposes, whereby the Consolidated Entity has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

In the consolidated financial statements, investments in Partnerships are accounted for using the equity method. Under this method, the Consolidated Entity's investment is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Consolidated Entity's share of the gains or losses and other comprehensive income of Partnerships until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Unrealised gains arising from asset disposals with JVs, including those relating to contributions of non-monetary assets on establishment, are eliminated to the extent of the Consolidated Entity's interest. Unrealised gains relating to JVs are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains unless they evidence an impairment of an asset.

Impairment

Non-financial assets

The carrying amounts of the Consolidated Entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset is written down to the recoverable amount. The impairment is recognised in profit or loss in the reporting period in which it occurs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation, with any excess recognised through profit or loss.

(i) Investments in associates

The Consolidated Entity owns a 39.9% interest in certain development entities in Continental Europe with a carrying value of \$0.2 million.

The consolidated share of the results recognised during the year was a loss of \$0.4 million.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

5 Property assets (continued)

(ii) Investments in JVs

The Consolidated Entity's principal Partnerships are set out below:

		Consolidated share of net results recognised		Consolidated ownership interest		Consolidated investment carrying amount	
Name	Country of establishment	2023 \$M	2022 \$M	2023 %	2022 %	2023 \$M	2022 \$M
Property investment and development							
Goodman China Logistics Partnership (GCLP)	Cayman Islands	26.8	56.8	20.0	20.0	923.3	918.0
Goodman UK Partnerships (GUKP) ¹	United Kingdom	(125.4)	213.4	35.0	35.3	573.7	676.3
Other JVs		7.2	75.1			353.4	251.3
		(91.4)	345.3			1,850.4	1,845.6

1. The consolidated ownership interest in GUKP reflected the weighted average ownership in GUKP, GUKP II and GUKP III.

The Consolidated Entity's property investment Partnerships have a long-term remit to hold investment properties to earn rental income and for capital appreciation, although they will undertake developments when an appropriate opportunity arises.

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

	2023 \$M	2022 \$M
Movements in carrying amount of investments in JVs		
Carrying amount at the beginning of the year	1,845.6	1,470.0
Share of net results after tax (before fair value adjustments)	78.7	84.6
Share of fair value adjustments attributable to investment properties after tax	(160.1)	269.8
Share of fair value adjustments on derivative financial instruments	(10.0)	(9.1)
Share of net results	(91.4)	345.3
Share of movements in reserves	(0.1)	7.2
Acquisitions	329.8	263.3
Disposals	(0.1)	(3.4)
Capital return	(141.7)	(166.3)
Dividends/distributions received and receivable	(102.1)	(65.8)
Effect of foreign currency translation	10.4	(4.7)
Carrying amount at the end of the year	1,850.4	1,845.6

Summary financial information of JVs

The following table summarises the financial information of the material Partnerships as included in their own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Consolidated Entity's interest in the JVs.

	GCLP		GUKP	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
Summarised statement of financial position				
Current assets				
Cash and cash equivalents	398.2	427.4	44.2	41.1
Other current assets	198.2	148.3	15.8	12.9
Total current assets	596.4	575.7	60.0	54.0
Total non-current assets	6,660.0	6,303.3	2,216.0	2,421.8
Current liabilities				
Financial liabilities (excluding trade payables and other provisions)	77.2	70.6	-	-
Other current liabilities	2,989.8	2,870.0	55.1	24.7
Total current liabilities	3,067.0	2,940.6	55.1	24.7
Non-current liabilities				
Financial liabilities (excluding trade payables and other provisions)	1,354.2	1,111.8	583.1	537.8
Other non-current liabilities	733.4	718.3	-	-
Total non-current liabilities	2,087.6	1,830.1	583.1	537.8
Net assets (100%)	2,101.8	2,108.3	1,637.8	1,913.3
Consolidated ownership interest (%)	20.0	20.0	35.0	35.3
Consolidated share of net assets	420.4	421.7	573.2	676.0
Shareholder loans ¹	499.6	492.9	-	-
Other items, including acquisition costs	3.3	3.4	0.5	0.3
Carrying amount of interest in JV	923.3	918.0	573.7	676.3
Summarised statement of comprehensive income				
Revenue	210.0	215.0	93.2	39.8
Net finance expense	(32.7)	(20.3)	(11.3)	(1.0)
Income tax expense	(44.1)	(46.3)	(0.2)	(0.2)
Profit and total comprehensive income (100%)	134.1	320.0	(337.0)	575.6
Consolidated share of profit and total comprehensive income	26.8	64.0	(125.4)	213.4
Dividends/distributions received and receivable by the Consolidated Entity	8.5	7.3	-	3.9

1. Shareholder loans have been provided by investors of GCLP in proportion to their ownership interest. The shareholder loans are interest-free, unsecured and have no fixed terms of repayment. The shareholder loans are not expected to be repaid within 12 months from the end of the reporting period and the Directors consider the loans to form part of the Consolidated Entity's investment in GCLP.

With respect to the Consolidated Entity's other JVs, the total profit after tax and revaluations was \$59.9 million (2022: \$308.7 million) and total other comprehensive income was \$nil (2022: \$nil).

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Receivables

Non-derivative financial assets

The Consolidated Entity initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Consolidated Entity is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Consolidated Entity has a legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade and other receivables, amounts due from related parties and loans to related parties. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Amounts recoverable on development contracts

Amounts recoverable on development contracts arise when the Consolidated Entity contracts to sell a completed development asset either prior to or during the development phase. The receivables are stated at cost plus profit recognised to date less an allowance for foreseeable losses and less amounts already billed.

Impairment

Financial assets and contract assets

The Consolidated Entity recognises an impairment loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets. Financial assets measured at amortised cost include cash and cash equivalents, trade and other receivables, amounts due from related parties and loans to related parties.

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls. In measuring ECLs, the Consolidated Entity takes into account information about past events, current conditions and forecasts of future economic conditions.

Impairment loss allowances for trade and other receivables, amounts due from related parties and contract assets are measured at an amount equal to a lifetime ECL. Lifetime ECLs are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Consolidated Entity recognises an impairment loss allowance equal to the expected losses within 12 months after the reporting date on loans to related parties, unless there has been a significant increase in credit risk of the loans since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

	Note	2023 \$M	2022 \$M
Current			
Trade receivables		19.6	5.0
Other receivables		56.6	70.2
Amounts due from related parties		46.3	37.1
Loans to related parties	20(c)	51.3	3.3
		173.8	115.6
Non-current			
Loans to related parties	20(c)	612.0	789.6
		612.0	789.6

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. All non-current receivables of the Consolidated Entity are due within five years from the reporting date. There is no material difference between the carrying values and the fair values of receivables.

Trade receivables

No trade receivables were impaired at 30 June 2023 and 2022. There are no significant overdue trade receivables at 30 June 2023.

Other receivables

At 30 June 2023, none of the other receivables were overdue or impaired (2022: \$nil).

Amounts due from related parties

At 30 June 2023, none of the amounts due from related parties was overdue or impaired (2022: \$nil). Amounts due from related parties are typically repayable within 30 days. The amounts due from related parties are unsecured.

Loans to related parties

Loans to related parties principally relate to loans to fellow subsidiaries of GL and GIT and loans to JVs. Refer to note 20(c) for details of loans to related parties. During the year, no impairment losses were recognised on loans to related parties (2022: \$nil). The loans to related parties are unsecured.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

7 Contract assets and liabilities

Contract assets primarily comprise amounts recoverable from fixed price development contracts (disclosed net of any payments received on account) and accrued performance fee income where the Consolidated Entity assesses that the income can be reliably measured.

Contract liabilities primarily comprise deposits and other amounts received in advance for development contracts and rental guarantees.

The following table provides an analysis of receivables from contracts with customers (excluding rental income receivables), contract assets and contract liabilities at the reporting dates:

	2023 \$M	2022 \$M
Current		
Receivables from contracts with customers, which are included in trade receivables, other receivables and amounts due from related parties	65.7	42.7
Contract assets	70.7	60.5
Contract liabilities	9.8	4.6

Significant changes in the contract assets and the contract liabilities balances during the year are set out below:

	2023		2022	
	Contract assets \$M	Contract liabilities \$M	Contract assets \$M	Contract liabilities \$M
Balance at the beginning of the year	60.5	4.6	55.7	5.8
Revenue recognised that was included in the contract liability balance at the beginning of the year	-	-	-	(1.4)
Increases due to cash received, excluding amounts recognised as revenue during the year	-	5.2	-	-
Transfers from contract assets to receivables	(371.6)	-	(380.4)	-
Increase due to changes in the measure of progress during the year	379.8	-	385.0	-
Effect of foreign currency translation	2.0	-	0.2	0.2
Balance at the end of the year	70.7	9.8	60.5	4.6
Current contract assets and liabilities	70.7	9.8	60.5	4.6
	70.7	9.8	60.5	4.6

Transaction price allocated to the remaining contract obligations

The amount of the transaction price allocated to the remaining performance obligations under the Consolidated Entity's existing contracts is \$nil (2022: \$nil).

The Consolidated Entity's future rental income from existing lease agreements is included in note 5.

In addition, the Consolidated Entity receives investment management, development management and property services fees under various contracts that it has with its Partnerships. These contracts are for varying lengths of time and are typically transacted on terms that are consistent with market practice. The revenues under these contracts are linked to the AUM, total development project costs or gross property income of the Partnerships and are invoiced as the services are provided.

8 Payables

Non-derivative financial liabilities

The Consolidated Entity initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial liability when the contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Consolidated Entity has a legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise trade payables, other payables and accruals, contract liabilities and lease liabilities.

	Note	2023 \$M	2022 \$M
Current			
Trade payables		47.5	45.7
Other payables and accruals		220.2	216.1
Contract liabilities	7	9.8	4.6
Lease liabilities	9	7.7	8.2
		285.2	274.6
Non-current			
Other payables and accruals		62.9	56.1
Lease liabilities	9	30.4	37.1
		93.3	93.2

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

9 Leases

The Consolidated Entity leases office buildings, motor vehicles and office equipment. Certain investment properties and developments classified as inventories are also built on land held under leasehold interests.

The Consolidated Entity recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost plus any direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the lessee's incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest rate method. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change arising from the reassessment of whether the Consolidated Entity will be reasonably certain to exercise an extension or termination option.

The right of use assets in respect of office buildings, motor vehicles and office equipment are depreciated using the straight-line method over the period of the lease. Right of use assets that meet the definition of investment property are carried at fair value in accordance with note 5(a). Ground leases of development land that are classified as inventories are not depreciated but are assessed at each reporting date for impairments to ensure they are recorded at the lower of cost and net realisable value.

Information about leases for which the Consolidated Entity is a lessee is detailed below:

	2023 \$M	2022 \$M
Right of use assets		
Inventories	533.3	413.3
Investment properties	451.7	336.8
Property, plant and equipment	15.5	18.1
	1,000.5	768.2
Lease liabilities		
Current	7.7	8.2
Non-current	30.4	37.1
	38.1	45.3

The following were recognised during the year:

	2023 \$M	2022 \$M
Additions to right of use assets	229.5	332.0
Depreciation of right of use assets	6.9	6.9
Interest expense on lease liabilities	0.4	0.4
Cash outflows on lease liabilities	7.6	8.0

CAPITAL MANAGEMENT

10 Net finance expense

Finance income

Interest is recognised on an accruals basis using the effective interest rate method, and, if not received at the reporting date, is reflected in the consolidated statement of financial position as a receivable.

Finance expense

Expenditure incurred in obtaining debt finance is offset against the principal amount of the interest bearing liability to which it relates and is recognised as a finance cost on an effective interest rate basis over the life of the facility or until the facility is significantly modified. Where a facility is significantly modified, any unamortised expenditure in relation to that facility and incremental expenditure incurred in modifying the facility are recognised as a finance cost in the financial year in which the significant modification occurs.

Finance costs relating to a qualifying asset are capitalised as part of the cost of that asset using a weighted average cost of debt. Qualifying assets are assets which take a substantial time to get ready for their intended use or sale. All other finance costs are expensed using the effective interest rate method.

	Note	2023 \$M	2022 \$M
Finance income			
Interest income on loans to:			
– Related parties	20	23.1	11.6
– Other parties		4.3	0.9
Interest income from derivatives		10.7	8.0
Foreign exchange gain		-	27.5
		38.1	48.0
Finance expense			
Interest expense from related party loans	20	(47.5)	(41.8)
Other borrowing costs		(2.5)	(2.7)
Fair value adjustments on derivative financial instruments		(69.5)	(38.5)
Foreign exchange losses		(18.8)	-
Capitalised borrowing costs		9.2	11.6
		(129.1)	(71.4)
Net finance expense		(91.0)	(23.4)

Borrowing costs were capitalised to inventories and investment properties under development during the financial year at rates between 1.9% and 8.9% per annum (2022: 1.0% and 10.6% per annum).

Notes to the consolidated financial statements

Capital management (continued)

11 Interest bearing liabilities

Interest bearing liabilities comprise bank loans. Interest bearing liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost using the effective interest rate method.

	Note	2023 \$M	2022 \$M
Non-current			
Bank loans, secured	11(b)	47.9	9.0
Borrowing costs		(1.2)	-
		46.7	9.0

(a) Finance facilities

	Facilities available \$M	Facilities utilised \$M
30 June 2023		
Bank loans, secured	220.4	47.9
	220.4	47.9
30 June 2022		
Bank loans, secured	28.2	9.0
	28.2	9.0

(b) Bank loans, secured

As at 30 June 2023, the Consolidated Entity had the following secured bank facilities.

	Facility maturity date	Facility limit \$M	Amounts drawn \$M
	9 January 2028	79.7	-
	5 January 2033	51.7	17.9
	18 March 2034	26.9	17.4
	20 April 2038	62.1	12.6
Total facilities at 30 June 2023		220.4	47.9
Total facilities at 30 June 2022		28.2	9.0

12 Other financial assets and liabilities

Other financial assets and liabilities are recognised initially on the trade date at which the Consolidated Entity become a party to the contractual provisions of the instrument.

Derivative financial instruments and hedging

The Consolidated Entity uses derivative financial instruments to hedge its economic exposure to foreign exchange and interest rate risks arising from operating, investing and financing activities. In accordance with its treasury policy, the Consolidated Entity does not hold or issue derivative financial instruments for speculative trading purposes.

The Consolidated Entity's derivative financial instruments are not designated as a hedge for accounting purposes, and accordingly movements in the fair value of derivative financial instruments are recognised in profit or loss.

Investments in unlisted securities

Subsequent to initial recognition, investments in unlisted securities are measured at fair value and changes therein are recognised as other comprehensive income and presented in the asset revaluation reserve in equity. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. When such an asset is derecognised, the cumulative gain or loss in equity is transferred to retained earnings.

Other financial assets

	2023	2022
	\$M	\$M
Current		
Derivative financial instruments	11.3	-
	11.3	-
Non-current		
Derivative financial instruments	106.6	131.3
Investments in unlisted securities, at fair value ¹	54.5	43.5
	161.1	174.8

1. Principally relates to the Consolidated Entity's 10.0% (2022: 10.0%) interest in Goodman Japan Limited. During the year, a revaluation gain of \$10.7 million was recognised in other comprehensive income (2022: \$9.4 million gain). Refer to note 13(d) for assumptions made in measuring fair value of the unlisted securities.

Other financial liabilities

	2023	2022
	\$M	\$M
Current		
Derivative financial instruments	79.9	45.4
	79.9	45.4
Non-current		
Derivative financial instruments	98.1	141.4
	98.1	141.4

Notes to the consolidated financial statements

Capital management (continued)

13 Financial risk management

The Goodman Group Board has overall responsibility for approving Goodman Group's risk management framework. The Goodman Group Board has established the Goodman Group Audit, Risk and Compliance committee, which is responsible for reviewing, approving and subsequently monitoring Goodman Group's risk management policies, including the FRM policy. The FRM policy is established to identify and analyse the financial risks faced by Goodman Group, to set appropriate risk limits and controls for managing the financial affairs of Goodman Group, and to monitor those risks and adherence to limits by Goodman Group Management.

Goodman Group's treasury function is responsible for the day to day compliance with Goodman Group's FRM policy and prepares reports for consideration by management committees and the Goodman Group Board including:

- + Cash flow projections over a period of at least 12 months to assess the level of cash and undrawn facilities, and headline gearing at each month end
- + Debt maturity profile, to allow Goodman Group to plan well in advance of maturing facilities
- + Interest rate hedge profile over the next 10 years, to allow Goodman Group to manage the proportion of fixed and floating rate debt in accordance with its FRM policy
- + Capital hedge position (by currency) and profile of expiring currency derivatives, to allow Goodman Group to manage its net investment hedging in accordance with its FRM policy.

Any significant investments or material changes to the finance facilities or FRM policy require approval by the Goodman Group Board.

The Consolidated Entity's key financial risks are market risk (including foreign exchange and interest rate risk), liquidity risk and credit risk.

(a) Market risk

Foreign exchange risk

The Consolidated Entity is exposed to transactional foreign currency risk and net investment foreign currency risk through its investments in Hong Kong, Japan, China, Continental Europe and the United Kingdom and also loans to related parties in North America. Foreign exchange risk represents the loss that would be recognised from adverse fluctuations in currency prices as a result of future commercial transactions, recognised assets and liabilities and, principally, net investments in foreign operations.

Goodman Group manages foreign currency exposure on a consolidated basis. In managing foreign currency risks, Goodman Group aims to reduce the impact of short-term fluctuations on earnings and net assets. However, over the long term, permanent changes in foreign exchange will have an impact on both earnings and net assets.

Goodman Group's capital hedge policy for each overseas region is to hedge between 65% and 90% of foreign currency denominated assets with foreign currency denominated liabilities. This is achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against any foreign currency fluctuations and/or using derivatives such as cross currency interest rate swaps (CCIRS) and forward exchange contracts (FEC).

As at 30 June 2023, a summary of the derivative financial instruments used to hedge the Consolidated Entity's exposures arising from its investments in foreign operations is set out below:

	2023			2022		
	Amounts payable	Amounts receivable	Weighted average exchange rate	Amounts payable	Amounts receivable	Weighted average exchange rate
	HKD'M	AUD'M	AUD/HKD	HKD'M	AUD'M	AUD/HKD
AUD receivable/HKD payable	(1,650.0)	300.5	5.5118	(1,150.0)	202.3	5.6948
	EUR'M	AUD'M	AUD/EUR	EUR'M	AUD'M	AUD/EUR
AUD receivable/EUR payable	(495.0)	803.0	0.6165	(775.0)	1,238.3	0.6263
	GBP'M	AUD'M	AUD/GBP	GBP'M	AUD'M	AUD/GBP
AUD receivable/GBP payable	(150.0)	279.8	0.5361	(255.0)	474.4	0.5375
	USD'M	AUD'M	AUD/USD	USD'M	AUD'M	AUD/USD
AUD receivable/USD payable	(450.0)	634.6	0.7092	(450.0)	634.6	0.7092
	JPY'M	AUD'M	AUD/JPY	JPY'M	AUD'M	AUD/JPY
AUD receivable/JPY payable	(14,000.0)	177.7	78.9821	(6,000.0)	71.9	83.4650
	CNY'M	USD'M	USD/CNY	CNY'M	USD'M	USD/CNY
USD receivable/CNY payable	(4,727.6)	642.2	7.3612	(4,258.6)	539.6	7.8927

Sensitivity analysis

Throughout the financial year, if the Australian dollar had been 5% (2022: 5%) stronger against all other currencies, with all other variables held constant, the Consolidated Entity's profit attributable to Shareholders, excluding derivative mark to market and unrealised foreign exchange movements, would have decreased by \$21.9 million (2022: \$48.8 million). If the Australian dollar had been 5% (2022: 5%) weaker against all other currencies, with all other variables held constant, the Consolidated Entity's profit attributable to Shareholders, excluding derivative mark to market and unrealised foreign exchange movements, would have increased by \$21.9 million (2022: \$48.8 million).

Interest rate risk

Goodman Group's interest rate payments risk arises from variable rate borrowings and Goodman Group's CCIRS that hedge the overseas investments. Goodman Group has a policy of hedging between 60% and 100% of its payments exposure to changes in interest rates for a 3 year period, progressively decreasing from the fourth year. The Consolidated Entity enters into interest rate derivatives (IRD) to manage cash flow risks associated with the interest rates on payments that are floating. The IRD contracts are for 90-day intervals and involve quarterly payments or receipts of the net amount of interest.

As at 30 June 2023, the Consolidated Entity's fixed and floating rate exposure (by principal) based on existing interest bearing liabilities and derivative financial instruments is set out below:

	Interest bearing liabilities \$M	Impact of derivatives CCIRS \$M	IRD \$M	Net interest rate exposure \$M
30 June 2023¹				
Fixed rate liabilities	-	-	1,418.7	1,418.7
Floating rate liabilities	47.9	2,232.8	(1,418.7)	862.0
	47.9	2,232.8	-	2,280.7
30 June 2022²				
Fixed rate liabilities	-	-	1,106.0	1,106.0
Floating rate liabilities	9.0	2,551.6	(1,106.0)	1,454.6
	9.0	2,551.6	-	2,560.6

1. The Consolidated Entity is also exposed to variable interest rates on cash at bank and the principal amount of the Australian dollar receiver legs of the CCIRS. At 30 June 2023, the Consolidated Entity's cash at bank was \$391.9 million (FY22: \$357.5 million) and the principal amount of the Australian dollar receiver legs of the CCIRS was \$2,195.5 million (FY22: \$2,621.5 million). Accordingly, at 30 June 2023, the Consolidated Entity had a total variable interest rate exposure on its cash and receivables (by principal) of \$2,587.4 million (2022: \$2,979.0 million).

2. For consistency with the current year's presentation, the comparative figures have been adjusted to exclude the principal amount of the Australian dollar receiver legs of CCIRS which hedge the Australia dollar receiver legs. The adjustments amounted to \$2,621.5 million to the principal amount of CCIRS.

Notes to the consolidated financial statements

Capital management (continued)

13 Financial risk management (continued)

As a result of the fixed rate interest bearing liabilities and derivative financial instruments that existed at 30 June 2023, the Consolidated Entity would have the following fixed payable interest rate exposure (by principal) at the end of each of the next five financial years. This assumes all interest bearing liabilities and derivative financial instruments mature in accordance with current contractual terms and that no new arrangements are entered into.

Number of years post balance date	2023		2022	
	Fixed interest rate (by principal)	Weighted average interest rate	Fixed interest rate (by principal) ¹	Weighted average interest rate ¹
	\$M	% per annum	\$M	% per annum
1 year	1,350.7	0.88	1,033.7	0.54
2 years	619.3	1.69	970.7	0.54
3 years	491.1	1.98	275.3	0.44
4 years	491.1	1.98	151.7	0.31
5 years	458.4	2.14	151.7	0.31

1. For consistency with the current year's presentation, the comparative figures have been adjusted to exclude the principal amount and associated interest rate impact of the Australian dollar receiver legs of CCIRS and the principal amount of IRDs which hedge the inflows arising from them.

Sensitivity analysis

Based on the Consolidated Entity's interest bearing borrowings and derivative financial instruments at 30 June 2023, if interest rates on borrowings had been 100 bps per annum (2022: 100 bps per annum) higher/lower, with all other variables held constant, the Consolidated Entity's profit attributable to Shareholders, excluding derivative mark to market movements, would have been \$10.2 million lower/higher (2022: \$11.8 million lower/higher).

Managing interest rate benchmark reform and associated risks

In recent years, a fundamental reform of major interest rate benchmarks is being undertaken globally by relevant regulators, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as IBOR reform). The Consolidated Entity had exposure to IBORs that have changed or are soon to change through certain of its related party loans and its derivative instruments (IRD and CCIRS). The Consolidated Entity's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA) master agreements.

Amendments to the Consolidated Entity's financial instruments with contractual terms indexed to sterling London Interbank Offered Rate (LIBOR), Japanese yen LIBOR or US dollar LIBOR, such that they incorporate the new benchmark rates, were completed by 31 December 2021. The sterling and Japanese yen LIBORs transitioned on 1 January 2023 and the US dollar LIBOR transitioned to the Secured Overnight Financing Rate on 1 July 2023.

For the Consolidated Entity's other IBOR exposures, the transition to alternative risk-free rates has been deferred and/or extended and therefore no action has been or will be taken in that regard until such time as the alternative reference rates are defined and scheduled. It is expected that these will follow the conventions established in other markets and the Consolidated Entity will apply the same principles for those transitions as and when they become relevant.

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's objective is to maintain sufficient liquidity to fund short-term working capital, capital expenditure, investment opportunities and dividends. Management seeks to achieve these objectives through the preparation of regular forecast cash flows to understand the application and use of funds and through the identification of future funding, primarily through loans from related parties in Goodman Group.

The contractual maturities of financial liabilities are set out below:

	Carrying amount \$M	Contractual cash flows \$M	Up to 12 months \$M	1 to 2 year(s) \$M	2 to 3 years \$M	3 to 4 years \$M	4 to 5 years \$M	More than 5 years \$M
As at 30 June 2023								
Non-derivative financial liabilities								
Trade and other payables (excluding contract liabilities)	330.6	330.6	267.7	62.9	-	-	-	-
Lease liabilities	38.1	87.1	8.0	5.5	2.8	2.4	2.1	66.3
Bank loans, secured ¹	47.9	47.9	-	-	-	-	-	47.9
Loans from related parties	1,676.1	1,683.5	89.1	538.9	415.9	93.3	474.4	71.9
Total non-derivative financial liabilities	2,092.7	2,149.1	364.8	607.3	418.7	95.7	476.5	186.1
Derivative financial liabilities								
Net settled ² :	(10.4)	(10.8)	(11.7)	12.4	(4.5)	(4.5)	(4.0)	1.5
Gross settled ³ :								
(Inflow)	-	(512.7)	(104.3)	(88.4)	(106.2)	(85.0)	(57.7)	(71.1)
Outflow	70.5	504.8	142.7	90.0	83.3	122.7	27.5	38.6
Total derivative financial liabilities	60.1	(18.7)	26.7	14.0	(27.4)	33.2	(34.2)	(31.0)
As at 30 June 2022								
Non-derivative financial liabilities								
Trade and other payables (excluding contract liabilities)	317.9	317.9	261.8	56.1	-	-	-	-
Lease liabilities	45.3	94.9	8.4	10.9	73.3	0.9	0.6	0.8
Bank loans, secured ¹	9.0	9.0	-	-	-	-	-	9.0
Loans from related parties	1,941.0	1,949.0	129.3	3.1	26.3	504.8	708.9	576.6
Total non-derivative financial liabilities	2,313.2	2,370.8	399.5	70.1	99.6	505.7	709.5	586.4
Derivative financial liabilities								
Net settled ² :	(39.6)	15.5	22.0	5.9	19.6	(20.5)	(5.0)	(6.5)
Gross settled ³ :								
(Inflow)	95.1	(459.5)	(78.4)	(95.3)	(88.8)	(118.5)	(72.8)	(5.7)
Outflow	-	308.4	47.1	80.3	57.8	53.2	63.2	6.8
Total derivative financial liabilities	55.5	(135.6)	(9.3)	(9.1)	(11.4)	(85.8)	(14.6)	(5.4)

1. Contractual cash flows relating to bank loans exclude any estimate of interest payments that might arise under the Consolidated Entity's bank facilities.

2. Net settled includes IRD and FEC.

3. Gross settled includes COIRS.

Notes to the consolidated financial statements

Capital management (continued)

13 Financial risk management (continued)

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the Consolidated Entity which have been recognised in the consolidated statement of financial position, is the carrying amount (refer to note 6).

The Consolidated Entity has a policy of assessing the creditworthiness of all potential customers and is not materially exposed to any one customer. The Consolidated Entity evaluates all customers' perceived credit risk.

In relation to material bank deposits, the Consolidated Entity minimises credit risk by dealing with major financial institutions. The counterparty must have a long-term investment grade credit rating from a major rating agency. The amounts and other terms associated with bank deposits are formally reviewed monthly.

From time to time, the Consolidated Entity also makes loans to JVs, typically to fund development projects. In making its investment decisions, the Consolidated Entity will undertake a detailed assessment of the development feasibility and credit risks associated with the relevant counterparties.

During the current and prior year, credit risk arising from cash and cash equivalents, trade receivables, amounts and loans due from related parties and other receivables was not determined to be significant and no impairment losses were recognised.

The credit risks associated with derivative financial instruments are managed by:

- + Transacting with multiple derivatives counterparties that have a long-term investment grade credit rating
- + Utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through netting of amounts receivable and amounts payable to individual counterparties (refer below)
- + Formal review of the mark to market position of derivative financial instruments by counterparty on a monthly basis.

Master netting off or similar agreements

Goodman Group enters into derivative transactions under ISDA master netting off agreements. Under these agreements, where certain credit events occur (such as a default), all outstanding transactions under the agreement are terminated and a single net termination value is payable in full and final settlement.

(d) Fair values of financial instruments

Except for derivative financial instruments and investments in unlisted securities which are carried at fair value, the Consolidated Entity's financial instruments are carried at cost or amortised cost. The carrying amounts of the Consolidated Entity's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2023 and 2022.

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method (see Basis of preparation):

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 30 June 2023				
Derivative financial assets	-	117.9	-	117.9
Investment in unlisted securities	-	-	54.5	54.5
	-	117.9	54.5	172.4
Derivative financial liabilities	-	178.0	-	178.0
	-	178.0	-	178.0
As at 30 June 2022				
Derivative financial assets	-	131.3	-	131.3
Investment in unlisted securities	-	-	43.5	43.5
	-	131.3	43.5	174.8
Derivative financial liabilities	-	186.8	-	186.8
	-	186.8	-	186.8

There were no transfers between the levels during the year.

(ii) Valuation techniques used to derive Level 2 and Level 3 fair values

The Level 2 derivative financial instruments held by the Consolidated Entity consist of IRD, COIRS and FEC.

The fair values of derivatives 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, adjusted for specific features of the instruments.

The fair value measurement for investment in unlisted securities has been categorised as a Level 3 fair value. The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities + Goodman Japan Limited	DCF: The valuation model was determined by discounting the future cash flows expected to be generated from continuing operations. The future cash flows were based on fund and development forecasts and then estimating a year five terminal value using a terminal growth rate and an appropriate discount rate.	+ Assets under management of \$7.2 billion in year five + Average annual development of 124,982 square metres + Five-year terminal value growth rate of 0.91% + Risk adjusted post tax discount rate of 7.38% per annum.	The estimated fair value would increase/(decrease) if: + The level of assets under management, development activity and terminal value growth rate were higher/(lower) or + The risk adjusted discount rate were lower/(higher).

(iii) Reconciliation of Level 3 fair values

	2023 \$M	2022 \$M
Carrying amount at the beginning of the year	43.5	38.2
Acquisitions	1.2	-
Net change in fair value – included in other comprehensive income	10.7	9.4
Effect of foreign currency translation	(0.9)	(4.1)
Carrying amount at the end of the year	54.5	43.5

Notes to the consolidated financial statements

Capital management (continued)

14 Dividends

During the financial year, the Company declared a final dividend of 5.0 cents per share amounting to \$94.2 million. This dividend will be paid on 25 August 2023. In the prior year, the Company declared a final dividend of 2.5 cents per share amounting to \$46.7 million. This was paid on 25 August 2022.

15 Share capital

(a) Ordinary shares

Ordinary shares of the Company are classified as equity. Incremental costs directly attributable to issues of ordinary shares are recognised as a deduction from equity, net of any tax effects.

	2023	2022	2023	2022
	Number of shares		\$M	\$M
Share capital	1,883,819,883	1,868,222,609	931.6	873.6
Less: Accumulated issue costs			(0.7)	(0.6)
Total issued capital	1,883,819,883	1,868,222,609	930.9	873.0

Date	Details	Number of shares	Share capital \$M
	Ordinary shares, issued and fully paid		
	Balance at 30 June 2021	1,847,429,255	792.5
31 Aug 2021	Shares issued to employees of Goodman Group ¹	14,716,648	57.4
31 Aug 2021	Treasury shares issued	1,233,333	4.8
2 Sep 2021	Ordinary shares issued	4,843,373	18.9
	Balance at 30 June 2022	1,868,222,609	873.6
1 Sep 2022	Shares issued to employees of Goodman Group ¹	12,246,479	46.1
19 May 2023	Ordinary shares issued	3,350,795	11.9
	Balance at 30 June 2023	1,883,819,883	931.6

1. During the year, the Company issued 12,246,479 (2022: 14,716,648) shares to employees of Goodman Group under the LTIP.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Equity settled share based payment transactions

LTIP

Goodman Group's share based payments primarily relate to performance rights awarded to employees under the LTIP. These performance rights entitle an employee to either acquire Goodman Group securities for \$nil consideration (equity settled performance rights) or, in certain jurisdictions, to receive an amount in cash equal to the value of the securities (cash settled performance rights), subject to the vesting conditions having been satisfied.

During the year, the movement in the number of performance rights under the LTIP was as follows:

	Number of rights	
	2023	2022
Outstanding at the beginning of the year	24,616,181	22,734,427
Issued	8,149,820	8,220,860
Vested	(5,568,204)	(6,208,554)
Forfeited	(439,388)	(130,552)
Outstanding at the end of the year	26,758,409	24,616,181
Exercisable at the end of the year	-	-

Share based payments transactions

The fair value of equity settled performance rights at the grant date is expensed with a corresponding increase in the employee compensation reserve over the period from the grant date to the vesting dates. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The accumulated share based payments expense of performance rights which have vested or lapsed is transferred from the employee compensation reserve to retained earnings.

The fair value of cash settled performance rights is also recognised as an expense but with a corresponding increase in liabilities over the vesting period. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The liability is remeasured at each reporting date and at the vesting date based on the fair value of the rights.

The fair value of services received in return for performance rights granted under the LTIP is measured by reference to the fair value of the performance rights granted. The fair value of the performance rights granted during the year was measured as follows:

- + Operating earnings per security tranche: these rights were valued as a granted call option, using the standard Black Scholes model with a continuous dividend yield
- + Relative total shareholder return tranche: these rights were valued using a Monte Carlo model which simulated total returns for each of the ASX 100 stocks and discounted the future value of any potential future vesting performance rights to arrive at a present value. The model uses statistical analysis to forecast total returns, based on expected parameters of variance and co-variance.

Notes to the consolidated financial statements

Capital management (continued)

15 Share capital (continued)

The model inputs for performance rights, both equity and cash settled, awarded during the current financial year included the following:

	10-year rights issued on 17 Nov 2022	10-year rights issued on 30 Sep 2022	5-year rights issued on 30 Sep 2022
Fair value at measurement date (\$)	13.89	11.69	12.32
Security price (\$)	18.18	15.78	15.78
Exercise price (\$)	-	-	-
Expected volatility (%)	27.61	27.15	31.49
Rights' expected weighted average life (years)	6.8	6.9	3.9
Dividend/distribution yield per annum (%)	1.65	1.90	1.90
Average risk-free rate of interest per annum (%)	3.43	3.76	3.62

The model inputs for the remeasurement of the cash settled performance rights at 30 June 2023 included the following:

	10-year rights issued in FY23	10-year rights issued in FY22	5-year rights issued in FY23	5-year rights issued in FY22	5-year rights issued in FY21	5-year rights issued in FY20	5-year rights issued in FY19
Fair value at measurement date (\$)	9.00	12.11	9.18	14.51	19.72	19.87	20.02
Security price (\$)	20.07	20.07	20.07	20.07	20.07	20.07	20.07
Exercise price (\$)	-	-	-	-	-	-	-
Expected volatility (%)	27.59	27.88	28.50	28.33	26.02	25.28	19.62
Rights' expected weighted average life (years)	6.2	5.7	3.2	2.2	1.2	0.7	0.2
Dividend/distribution yield per annum (%)	1.49	1.49	1.49	1.49	1.49	1.49	1.49
Average risk-free rate of interest per annum (%)	3.99	4.01	4.12	4.12	4.17	4.18	4.18

Share based payment expense included in profit or loss was as follows:

	2023 \$M	2022 \$M
Share based payment expense:		
– Equity settled	47.6	41.2
– Cash settled	64.2	52.8
	111.8	94.0

At 30 June 2023, a liability of \$103.6 million (2022: \$91.7 million) was recognised in relation to cash settled performance rights.

OTHER ITEMS

16 Notes to the consolidated cash flow statement

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(a) Reconciliation of cash

Cash as at the end of the year as shown in the consolidated cash flow statement is reconciled to the related items in the consolidated statement of financial position as follows:

	2023	2022
	\$M	\$M
Cash assets	391.9	357.5
	391.9	357.5

(b) Reconciliation of profit for the year to net cash provided by operating activities

	2023	2022
	\$M	\$M
Profit for the year	200.2	762.8
Items classified as investing activities		
Net gain on disposal of investment properties	(4.1)	(3.8)
Net gain on disposal of equity accounted investments	-	(0.2)
Non-cash items		
Depreciation of plant and equipment	8.5	8.7
Share based payments expense	111.8	94.0
Net loss from fair value adjustments on investment properties	0.4	0.3
Share of net results of equity accounted investments	91.8	(345.3)
Net finance expense	91.0	23.4
Income tax expense	26.9	114.1
	526.5	654.0
Changes in assets and liabilities during the year:		
– (Increase)/decrease in receivables	(15.9)	52.0
– Decrease/(increase) in inventories	95.1	(447.8)
– Decrease in other assets	2.5	10.9
– Decrease in payables	(21.1)	(45.8)
– (Decrease)/increase in provisions (including employee benefits)	(2.4)	0.6
	584.7	223.9
Dividends/distributions received from equity accounted investments	102.1	65.8
Net finance income received	64.3	14.5
Net income taxes paid	(68.8)	(87.7)
Net cash provided by operating activities	682.3	216.5

Notes to the consolidated financial statements

Other items (continued)

16 Notes to the consolidated cash flow statement (continued)

(c) Reconciliation of liabilities arising from financing activities

	Interest bearing liabilities \$M	Derivatives used for hedging \$M	Dividends payable \$M	Loans (to)/from related parties \$M	Lease liabilities \$M
Balance at 1 July 2021	-	24.7	110.8	1,052.3	66.0
Changes from financing cash flows					
Proceeds from borrowings	9.0	-	-	-	-
Net (repayments of)/proceeds from loans with related parties	-	(17.4)	-	124.9	-
Payments of lease liabilities	-	-	-	-	(8.0)
Dividends paid	-	-	(110.8)	-	-
Total changes from financing cash flows	9.0	(17.4)	(110.8)	124.9	(8.0)
Changes arising from disposal of controlled entities	-	-	-	1.5	-
Effect of foreign exchange movements	-	9.7	-	11.2	-
Changes in fair value	-	38.5	-	-	-
Other changes					
Issue of shares under the LTIP	-	-	-	(57.4)	-
Equity settled share based payments transactions	-	-	-	(32.0)	-
New leases	-	-	-	-	13.4
Interest income	-	-	-	(11.6)	-
Interest expense	-	-	-	41.8	0.4
Disposal of right of use assets	-	-	-	-	(26.5)
Derivative financial instrument settlement through loans with related parties	-	-	-	17.4	-
Dividends declared	-	-	46.7	-	-
Total other changes	-	-	46.7	(41.8)	(12.7)
Balance at 30 June 2022	9.0	55.5	46.7	1,148.1	45.3
Balance at 1 July 2022	9.0	55.5	46.7	1,148.1	45.3
Changes from financing cash flows					
Proceeds from borrowings	40.6	-	-	-	-
Payments on derivative financial instruments	-	(49.0)	-	-	-
Net repayments of loans with related parties	-	(11.9)	-	(269.9)	-
Payments of lease liabilities	-	-	-	-	(7.6)
Dividends paid	-	-	(46.7)	-	-
Total changes from financing cash flows	40.6	(60.9)	(46.7)	(269.9)	(7.6)
Effect of foreign exchange movements	(1.7)	(4.0)	-	180.4	2.6
Changes in fair value	-	69.5	-	-	-
Other changes					
Issue of shares under the LTIP	-	-	-	(46.1)	-
Equity settled share based payments transactions	-	-	-	(36.0)	-
New leases	-	-	-	-	1.6
Interest income	-	-	-	(23.1)	-
Interest expense	-	-	-	47.5	0.4
Other borrowing costs	(1.2)	-	-	-	-
Disposal of right of use assets	-	-	-	-	(4.2)
Derivative financial instrument settlement through loans with related parties	-	-	-	11.9	-
Dividends declared	-	-	94.2	-	-
Total other changes	(1.2)	-	94.2	(45.8)	(2.2)
Balance at 30 June 2023	46.7	60.1	94.2	1,012.8	38.1

17 Reserves

	Note	Consolidated		Company	
		2023	2022	2023	2022
		\$M	\$M	\$M	\$M
Asset revaluation reserve	17(a)	47.4	36.7	47.1	36.2
Foreign currency translation reserve	17(b)	49.6	13.6	-	-
Employee compensation reserve	17(c)	66.9	56.3	64.0	52.4
Defined benefit retirement schemes reserve	17(d)	(8.3)	(8.8)	-	-
Common control reserve ¹	17(e)	(702.9)	(702.9)	-	-
Total reserves		(547.3)	(605.1)	111.1	88.6

1. The common control reserve arises from the acquisition of entities from other members of Goodman Group under the pooling of interest method. The amount in the common control reserve reflects the difference between the consideration paid and the carrying values of the assets and liabilities of the acquired entity at the date of acquisition.

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

	Consolidated		Company	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
(a) Asset revaluation reserve				
Balance at the beginning of the year	36.7	27.3	36.2	27.0
Increase due to revaluation of other financial assets	10.7	9.4	10.9	9.2
Balance at the end of the year	47.4	36.7	47.1	36.2
(b) Foreign currency translation reserve				
Balance at the beginning of the year	13.6	12.7	-	4.8
Net exchange differences on conversion of foreign operations	36.0	0.9	-	(4.8)
Balance at the end of the year	49.6	13.6	-	-
(c) Employee compensation reserve				
Balance at the beginning of the year	56.3	48.3	52.4	40.2
Equity settled share based payment transactions	11.6	12.2	11.6	12.2
Deferred tax associated with the LTIP	(1.0)	(4.2)	-	-
Balance at the end of the year	66.9	56.3	64.0	52.4
(d) Defined benefit retirement schemes reserve				
Balance at the beginning of the year	(8.8)	(14.4)	-	-
Actuarial gains on defined benefit retirement schemes (net of tax)	0.5	5.6	-	-
Balance at the end of the year	(8.3)	(8.8)	-	-
(e) Common control reserve				
Balance at the beginning of the year	(702.9)	(702.9)	-	-
Balance at the end of the year	(702.9)	(702.9)	-	-

18 Retained earnings

	Note	Consolidated		Company	
		2023	2022	2023	2022
		\$M	\$M	\$M	\$M
Balance at the beginning of the year		2,290.0	1,584.8	1,013.3	794.7
Profit for the year		187.4	751.9	603.8	265.3
Dividends declared	14	(94.2)	(46.7)	(94.2)	(46.7)
Balance at the end of the year		2,383.2	2,290.0	1,522.9	1,013.3

Notes to the consolidated financial statements

Other items (continued)

19 Investments in subsidiaries

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Company has power, only substantive rights (held by the Company and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. When an entity ceases to be controlled by the Company, it is accounted for as a disposal of the entire interest in the entity, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Consolidated Entity. The class of shares held is ordinary unless otherwise stated.

Significant controlled companies	Principal activities	Country of incorporation	Interest held	
			2023 %	2022 %
Goodman Asia Limited	Investment and property management	Hong Kong	100.0	100.0
Goodman China Limited	Property management and development	Hong Kong	100.0	100.0
Goodman UK Holdings (HK) Limited	Intermediate holding company	Hong Kong	100.0	100.0
Goodman China Asset Management Limited	Investment management	Cayman Islands	100.0	100.0
Goodman Developments Asia	Investment and property development	Cayman Islands	100.0	100.0
GJSP Limited	Investment management	Japan	100.0	100.0
GELF Management (Lux) Sàrl	Investment management	Luxembourg	100.0	100.0
Goodman Management Holdings (Lux) Sàrl	Intermediate holding company	Luxembourg	100.0	100.0
Goodman Midnight Logistics (Lux) Sàrl	Investment holding company	Luxembourg	100.0	100.0
Goodman Property Opportunities (Lux) Sàrl	Property investment and development	Luxembourg	94.0	94.0
GPO Advisory (Lux) Sàrl	Property management services	Luxembourg	100.0	100.0
Goodman Logistics Developments (UK) Limited	Investment and property management	United Kingdom	100.0	100.0
Goodman Real Estate (UK) Limited	Investment and property development	United Kingdom	100.0	100.0

Combination of entities or businesses under common control

Where the Consolidated Entity acquires entities or businesses from other members of Goodman Group such that all of the combining entities (businesses) are ultimately controlled by Goodman Group Securityholders both before and after the combination, the Consolidated Entity applies the pooling of interests method.

At the date of the combination of entities under common control, the assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values or recognise any new assets or liabilities that would otherwise be done under the acquisition method. The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration transferred and the equity "acquired" by the Consolidated Entity is reflected within equity (common control reserve).

Similar to the acquisition method, the results of the "acquired" entity are included only from the date control commenced. Comparatives are not restated to present the consolidated financial statements as if the entities had always been combined.

20 Related party transactions

Related parties

- (i) A person, or a close member of that person's family, is related to the Company if that person:
 - (1) Has control or joint control over the Company
 - (2) Has significant influence over the Company or
 - (3) Is a member of the key management personnel of the Company or the Company's parent.
- (ii) An entity is related to the Company if any of the following conditions applies:
 - (1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
 - (2) One entity is an associate or JV of the other entity (or an associate or JV of a member of a group of which the other entity is a member)
 - (3) Both entities are JVs of the same third party
 - (4) One entity is a JV of a third entity and the other entity is an associate of the third entity
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company
 - (6) The entity is controlled or jointly controlled by a person identified in (i)
 - (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) or
 - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(a) Directors' remuneration

Directors' remuneration (including alternate Directors) disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2023	2022
	\$M	\$M
Directors' fees	0.6	0.6
Salaries, allowances and benefits in kind	3.5	3.6
Share based payments	18.0	19.8
	22.1	24.0

Notes to the consolidated financial statements

Other items (continued)

20 Related party transactions (continued)

(b) Transactions and amounts due from related parties

	Management and development activities		Amounts due from related parties ¹	
	2023	2022	2023	2022
	\$M	\$M	\$M	\$M
JVs				
GCLP	96.3	104.5	13.6	6.6
GUKP	67.2	55.8	2.6	2.1
KWASA Goodman Germany	8.4	10.1	-	-
Goodman Japan Development Partnership	-	-	0.2	0.7
	171.9	170.4	16.4	9.4
Related parties of GL and GIT				
Goodman Hong Kong Logistics Partnership	118.8	139.1	16.6	9.8
Goodman European Partnership	348.2	769.2	61.5	47.7
Other related parties	5.1	5.8	-	-
	472.1	914.1	78.1	57.5

1. Includes contract assets arising from transactions with related parties.

Transactions with GL

During the year, the Consolidated Entity recognised expenses of \$1.5 million (2022: \$23.1 million) for services provided by a controlled entity of GL.

In addition, during the year, a subsidiary of the Consolidated Entity issued preference shares amounting to \$28.6 million to a controlled entity of GL.

(c) Financing arrangements with related parties

	Loans to related parties ¹		Loans from related parties ¹		Interest income/(expense) charged on loans to/from related parties	
	2023	2022	2023	2022	2023	2022
	\$M	\$M	\$M	\$M	\$M	\$M
JVs	7.0	27.3	-	-	0.4	0.4
GL, GIT and their controlled entities	656.3	765.6	(1,676.1)	(1,941.0)	(24.8)	(30.6)
	663.3	792.9	(1,676.1)	(1,941.0)	(24.4)	(30.2)

1. Loans by the Consolidated Entity to/from JVs and other related parties have generally been provided on an arm's length basis. At 30 June 2023, details in respect of the principal loan balances are set out below:

- + Loans to GL, GIT and their controlled entities amounting to \$656.3 million (2022: \$765.6 million) are interest bearing and repayable on demand. The interest bearing loans incur interest at rates ranging from 0.8% to 6.4% per annum (2022: 0.6% to 5.1% per annum)
- + Loans from GL, GIT and their controlled entities are interest bearing and amount to \$1,676.1 million (2022: \$1,941.0 million). \$86.6 million of the loans is repayable on demand and \$1,589.5 million is repayable greater than one year from the reporting date. The interest bearing loans incur floating interest at rates ranging from 0.8% to 10.5% per annum (2022: 0.2% to 10.6% per annum).

21 Commitments

Development activities

At 30 June 2023, the Consolidated Entity was committed to \$172.8 million (2022: \$206.4 million) expenditure in respect of inventories and other development activities.

Investment properties

At 30 June 2023, the Consolidated Entity had capital expenditure commitments of \$0.1 million (2022: \$0.1 million) in respect of its stabilised investment property portfolio.

22 Contingencies

Capitalisation Deed Poll

GLHK, GL, GIT and certain of their wholly owned controlled entities are “investors” under a Capitalisation Deed Poll (CDP) dated 23 May 2007. Under the CDP, each investor undertakes to pay to the relevant controlled entity borrower (borrower) any amounts owing under finance documents for the purpose of the CDP when the borrower fails to make a payment. Any payments by an investor to a borrower will be by way of loan to, or proceeds for the subscription of equity in, the borrower by the investor.

US144A/Regulation S senior notes

Under the issue of notes in the US144A/Regulation S bond market, controlled entities of GIT had on issue USD and EUR notes amounting to US\$1,350.0 million and €500.0 million respectively. GL, Goodman Funds Management Limited, as responsible entity of GIT, and GLHK have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of each of the notes.

Notes to the consolidated financial statements

Other items (continued)

23 Company level statement of financial position

	Note	2023 \$M	2022 \$M
Current assets			
Cash		74.7	138.5
Receivables		20.8	7.9
Other financial assets		11.3	-
Total current assets		106.8	146.4
Non-current assets			
Investments in subsidiaries		2,631.3	2,550.5
Receivables		-	32.9
Other financial assets		340.7	267.7
Total non-current assets		2,972.0	2,851.1
Total assets		3,078.8	2,997.5
Current liabilities			
Payables		0.5	0.5
Dividend payable		94.2	46.7
Other financial liabilities		79.9	45.4
Total current liabilities		174.6	92.6
Non-current liabilities			
Payables		241.2	807.7
Other financial liabilities		98.1	122.3
Total non-current liabilities		339.3	930.0
Total liabilities		513.9	1,022.6
Net assets		2,564.9	1,974.9
Equity attributable to Shareholders			
Share capital		930.9	873.0
Reserves	17	111.1	88.6
Retained earnings	18	1,522.9	1,013.3
Total equity attributable to Shareholders		2,564.9	1,974.9

The Company level statement of financial position was approved and authorised for issue by the Board of Directors on 17 August 2023.



Stephen Paul Johns
Director



David Jeremy Collins
Director

24 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this financial report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Directors' report

(continued)

REMUNERATION REPORT – AUDITED

Letter from the Chairman and the Remuneration Committee Chair

1. REMUNERATION GOVERNANCE
 - 1.1 The role of the Board and Remuneration Committee
 - 1.2 Key activities of the Remuneration Committee for FY22
 - 1.3 Key Management Personnel (KMP)
2. REMUNERATION STRATEGY
 - 2.1 Key remuneration principles
 - 2.2 Objectives of the remuneration strategy
 - 2.3 Remuneration mix and alignment across the Group
3. EXECUTIVE REMUNERATION FRAMEWORK
 - 3.1 Feedback and response
 - 3.2 Remuneration enhancements for executive KMP
 - 3.3 When is remuneration earned and received?
 - 3.4 Short-term incentive
 - 3.5 Long-term incentive
 - 3.5.1 FY23 LTI awards (five and ten-year plans)
 - 3.5.2 FY22 LTI awards
 - 3.5.3 FY21 LTI awards
 - 3.5.4 Setting operating EPS hurdles for proposed ten year plan awards to the Group CEO, other executive KMP and other senior executives
 - 3.5.5 Operating EPS – long-term cash flow alignment with vesting outcomes
 - 3.6 Non-financial measures
 - 3.6.1 Types of non-financial measures
 - 3.6.2 Integration of non-financial measures into STI
 - 3.6.3 Integration of non-financial measures into LTI
 - 3.7 Considerations for setting of awards
 - 3.7.1 Considerations for award quantum – Goodman Group in context
 - 3.7.2 Considerations for award quantum – structure
 - 3.7.3 Valuation of performance rights (economic value) ten-year grants
4. GROUP PERFORMANCE AND OUTCOMES
 - 4.1 Group FY22 highlights
 - 4.2 Financial measures
 - 4.3 Total security price returns comparison
 - 4.4 Remuneration outcomes for FY22
 - 4.4.1 STI outcomes
 - 4.4.2 ESG assessment
 - 4.4.3 LTI outcomes
 - 4.4.3.1 Operating EPS hurdle (75% weighting)
 - 4.4.3.2 Relative TSR hurdle (25% weighting)
 - 4.4.4 Group CEO achievements
 - 4.4.5 Other executive KMP achievements
 - 4.5 LTI grants in relation to FY22 performance
5. NON-EXECUTIVE DIRECTOR REMUNERATION
 - 5.1 Key elements of the Non-Executive Director remuneration policy
 - 5.2 Board and committee annual fees
6. STATUTORY DISCLOSURES
 - 6.1 KMP remuneration (statutory analysis)
 - 6.2 Movements in performance rights held by executive KMP
 - 6.3 Analysis of performance rights held by executive KMP
 - 6.4 Securities issued on exercise of performance rights
 - 6.5 Unissued securities under performance rights
 - 6.6 Non-Executive Directors' remuneration (statutory analysis)
 - 6.7 Movements in Goodman securities held
 - 6.8 Transactions with Directors, executives and their related entities

Directors' report

Remuneration report - audited (continued)

Letter from the Chairman and the Remuneration Committee Chair

Dear Securityholders,

On behalf of the Board, we are pleased to present the 2022 remuneration report, outlining Goodman's remuneration strategy and principles.

FY22 was another successful year for the Group, significantly exceeding financial performance expectations while making significant progress on our ESG initiatives. This has been delivered in difficult conditions. The ongoing impact of the COVID-19 pandemic, global political instability, rising inflation and higher interest rates have all presented challenges for Goodman's business, our people, customers, investors, and the communities in which we operate and live.

The attraction and retention of talent are critical for the success of the Group and is increasingly challenging as opportunistic competitors seek to recruit high-performing teams around the world. The Group's longstanding and consistent approach to remuneration has been a key driver of our sustained success as an international business.

Our approach is reflected in our strong financial results for FY22 including:

- + Operating profit of \$1.5 billion (+25%) for Goodman in FY22 and growth of 59% for the three year period to FY22 (which aligns with the Group's LTIP testing period)
- + Statutory profit of \$3.4 billion for Goodman and \$9.0 billion across the combined Group and Partnerships
- + Goodman operating EPS growth of 24% materially exceeding initial expectations of 10%
- + Significant growth in the end value of development work in progress up 28% to \$13.6 billion at 30 June 2022, providing a solid base for future profitability
- + Total AUM increasing 26% to \$73.0 billion
- + Substantial revaluation growth increasing \$8.5 billion across the Group and Partnerships reflecting the quality of the portfolio and the contribution management has made to enhance its value
- + Low leverage of 8.5% and significant liquidity of \$2.8 billion providing strong financial capacity both for resilience and growth.

We have continued to reflect the importance placed on providing financial returns and operating within appropriate sustainability and environmental objectives, incorporating key targets into the operations and long-term business strategies of the Group.

2021 AGM results and subsequent securityholder engagement

Given the positive feedback from investors on the innovations introduced last year in relation to the new 10 year Long Term Incentive Plan (LTIP) for senior executives and the introduction of environmental objectives into both the five and 10 year plans, and the significant outperformance of the Group in FY21, we were disappointed at the level of support for our remuneration report and executive director grants at the 2021 AGM. The Remuneration Committee takes the result of our remuneration vote extremely seriously and has engaged with a significant proportion of our top 50 securityholders to discuss this and other governance matters. We also engaged with proxy advisory firms to better understand their views.

In response to investor feedback, we have:

- + Retained the ten year plan for senior executives continuing significant long term alignment with securityholders
- + Reduced the proposed quantum of awards significantly while recognising the exceptional outperformance of the Group in FY22
 - for the Group CEO, the proposed number rights under the FY23 awards have declined by 36% and the face value of the proposed award has declined by 46% relative to FY22 award
 - for other executive KMP, the proposed number of rights under the FY23 awards have declined by 20% and the face value of the proposed awards has declined by 33% relative to FY22 award
- + Adopted significantly more challenging and competitive hurdles for operating EPS, notwithstanding the current, considerable market uncertainties, which if achieved at the top end of the range, should provide Securityholders with strong performance in both relative and absolute terms. Full vesting requires almost 60% growth in Operating Profit over four years, relative to the very strong FY22 result.

The Board is always mindful of the focus on overall remuneration levels and spends considerable time each year determining remuneration outcomes. On the one hand, we recognise the need to attract, retain and incentivise our employees while, on the other hand, meet the range of expectations of our Securityholders. This is evidenced by the fact that, notwithstanding the outstanding performance achieved in FY22, the Board intends to grant a significantly reduced number of performance rights to the Group CEO and other executive KMP in FY23 while making the hurdles more challenging.

We look forward to receiving your views and support at our 2022 AGM.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'SJ', written in a cursive style.

Stephen Johns
Chairman

A handwritten signature in black ink, appearing to be 'Phillip Pryke', written in a cursive style.

Phillip Pryke
Chairman, Remuneration Committee

Directors' report

Remuneration report - audited (continued)

1. REMUNERATION GOVERNANCE

1.1 The role of the Board and Remuneration Committee

The Board and the Remuneration Committee is responsible for the structure of the remuneration of the Group's employees and for the specific pay of the Group CEO and other KMP. In setting these, the Board considers remuneration with a five to ten-year horizon. It takes into consideration the impact that decisions made over the last three to five years have had on current performance and how it expects the business to perform over the next five years and beyond. It is not solely an exercise in reviewing a single year.

The Board believes the success of Goodman is primarily due to its people and their ability to execute a global strategy that requires agility, strong collaboration and an inclusive culture, all of which are key elements supported by the LTIP.

The Board:

- + Encourages management to take a long-term strategic view rather than opportunistic approach to property investment
- + Expect the senior leadership team to accept collective responsibility for the outcomes
- + Integrates the operational, financial, environmental, and human strategy to create long-term sustainable returns
- + Focuses on the consistency of cash generation, through the Group's operating profit, as the most tangible means of measuring long-term value creation for Securityholders.

When determining the remuneration levels and outcomes for FY22, the Remuneration Committee has considered

- + Feedback from Securityholder engagement
- + The significant operational and financial outperformance of the Group
- + The specifics of individual performance.

These have been assessed in the context of the ongoing challenges presented by COVID-19, the significant volatility and inflationary conditions affecting the global operating environment and particularly construction and development. Given the nature of the Group's global operations the Remuneration Committee has considered the impact of strong competitor activity in our sector on attracting and retaining employees.

Refinements to the LTIP this year aim to better balance Securityholder and employee outcomes while continuing to reinforce Goodman's long-term decision making. This is in line with the evolution of the business and operational strategy, as well as providing competitive remuneration to attract and retain high quality people.

1.2 Key activities of the Remuneration Committee for FY22

Members of the Remuneration Committee for FY22 were:

Member	Role
Phillip Pryke	Independent Director and Chairman of the Remuneration Committee
Stephen Johns	Independent Director and Chairman of Goodman Group
Chris Green	Independent Director (appointed 19 November 2021)
Rebecca McGrath	Independent Director (resigned as a member of the Remuneration Committee on 19 November 2021)
Penny Winn	Independent Director (retired as a Director on 18 November 2021)

Following significant enhancements to the Remuneration plan in 2021, the Remuneration Committee has made additional changes for the FY23 awards, in response to investor feedback. Key decisions made and items considered in the determination of FY22 remuneration, include the following:

- + The quantum of Long Term Incentive (LTI) awards has been reviewed and in determining these, consideration of both face value and economic value have been taken into account. Subsequently, there has been a significant reduction in the number of performance rights and the face value of proposed FY23 awards:
 - for the Group CEO, the number rights has declined by 36% and the face value of the proposed award has declined by 46% relative to FY22 awards
 - for other executive KMP, the number of rights has declined by 20% and the face value of the proposed award has declined by 33% relative to FY22 awards
- + Agreed with the Group CEO (as in prior years) that he would not participate in the STI award and all his performance-based remuneration in relation to his FY22 performance will be in the form of LTI. In general, LTI remains the significant focus of remuneration awards across the Group

- + Continued the issuance of LTI awards under the ten-year plan for the Group CEO, executive KMP and other senior executives
- + Continued to make the five-year LTIP plan available to the balance of employees
- + Further increase in challenge and outperformance required to achieve hurdles. For the maximum vesting to occur on the operating EPS linked portion of the plan, a compound annual growth rate (CAGR) of 11% per annum must be achieved over four years; this equates to almost 60% growth in Operating Profit in FY26 relative to the very strong FY22 result
- + Additional environmental and sustainability targets have been included in the FY23 performance right testing conditions.

Changes are also proposed to the Non-Executive Director annual fee pool to be considered at the 2022 AGM, to facilitate greater use of committees, keep fees in line with market levels, manage Board succession and accommodate the potential appointment of additional Directors'. This is the first change in the Directors' fee pool since 2006.

1.3 Key Management Personnel (KMP)

Member	Role	Tenure at Goodman
Executive KMP		
Gregory Goodman	Group Chief Executive Officer	27 years
Danny Peeters	Executive Director Corporate	16 years 1 month
Anthony Rozic	Deputy CEO and CEO North America	18 years 1 month
Nick Kurtis	Group Head of Equities	22 years 4 months
Michael O'Sullivan	Group Chief Risk Officer	19 years 10 months
Nick Vrontas	Group Chief Financial Officer	16 years 2 months
Non-Executive KMP		
Stephen Johns	Chairman and Non-Executive Director	5 years 6 months
Chris Green	Non-Executive Director	3 years 2 months
Mark Johnson	Non-Executive Director	2 years 1 month
Vanessa Liu	Non-Executive Director	1 month
Rebecca McGrath	Non-Executive Director	10 years 3 months
Phillip Pryke	Non-Executive Director	11 years 9 months
Hilary Spann	Non-Executive Director	3 months
David Collins	GLHK Non-Executive Director	4 years 5 months

2. REMUNERATION STRATEGY

Goodman is one of the largest listed industrial real estate fund managers and developers globally. The Group's people are largely based outside Australia. The remuneration structure reflects the requirements in the highly competitive labour markets the Group operates in globally, not just in Australia, and the objective of aligning multiple regional businesses and operational segments with a global strategy and pay for performance outcomes.

A significant proportion of the value of the Group, reflected in the \$17.7 billion premium between the security price of \$17.84 at 30 June 2022 and Goodman's net tangible assets per security of \$8.37, is attributable to the value created across the global platform. Given the active nature of the Group's operations, the Board believes that this is almost entirely due to Goodman's people, the decisions they make and their ability to execute consistently and at all levels that has positioned the Group to sustainably grow the cash generation measure of the business that is encapsulated by Operating Profit (as described in the section 3.5.5).

The retention of talent is therefore critical for the long-term success of the Group and is increasingly challenging as opportunistic competitors seek to recruit high-performing teams around the world. The Group's remuneration policy is crucial to its ability to have the appropriate human resources to deliver on the strategy, create the right culture and drive performance for the benefit of all stakeholders.

The Group's remuneration structure, in particular the focus on equity based reward, has been a key component of its success as an international organisation. The Board believes aligning all employees with Securityholders through the Group's remuneration policy has added significant value to the Group. It has been a fundamental differentiator in generating and rewarding long-term performance and retaining quality people in a highly competitive global environment. It is particularly important considering the challenges created by COVID-19 and global political and capital markets volatility, as it binds all employees together as owners of the business and is a powerful incentive and driver of operational resilience.

Directors' report

Remuneration report - audited (continued)

2.1 Key remuneration principles

Continuing alignment of remuneration in line with Group strategy, structural changes and ESG aspirations

Given the cyclical nature of real estate, incentive structures within real estate businesses are highly outcome driven (particularly by private equity real estate managers where most institutional assets reside). The Group's capital and resource allocations shift over time in response to variable market circumstances. The effect of these strategies take time to manifest, requiring rewards to be measured over longer periods. The Group's remuneration framework is therefore focused on influencing long-term decision making and collaboration across business units and international operations to derive sustainable outcomes.

There are several key principles of remuneration that the Board considers to be most relevant:

- + Focus on LTI as the predominant source of pay for performance for senior members and a material factor for all employees of the Group. All employees are eligible to receive LTI grants as a material component of remuneration and are tested using challenging hurdles without encouraging inappropriate risk (see section 3.5.4), enhancing alignment of rewards across the Group with Securityholders
 - Aligning the deliverable outcomes of all employees globally, with Goodman's aspirations of long-term cash flow growth, resilience, and sustainability. This is practically achieved through the focus on operating profit (which is closely aligned with cash profits) as the primary testing measure for LTI awards (see section 3.8.5)
 - Goodman's remuneration structure results in a significantly higher proportion of pay in the form of equity-based performance awards (87% for the Group CEO versus around 45% for S&P/ASX20 and S&P/ASX100 CEO's). As a consequence, despite only 25% of LTI testing against relative total securityholder return (TSR), employees have significant alignment and exposure to TSR outcomes versus typical remuneration structures. In addition, Operating Profit which determines operating EPS is a cash based measure which management globally can have a tangible influence on. Importantly operating EPS is the underlying value driver for Goodman and will ultimately align with TSR outcomes over the longer term
- + Securityholders are the beneficiaries of the Group-wide outcomes. Collaboration is required to achieve Group-wide targets across regions and business units. Remuneration should engender a collective responsibility for the consolidated outcomes which can facilitate decision making that leads to the optimal allocation of resources between locations and activity types to pursue the most appropriate opportunities at different points in time
- + A culture of ownership, inclusion and alignment, where all employees experience investment returns aligned with Securityholders creates stability which reduces turnover
- + Balancing reward and retention with long-term cost to Securityholders at respective levels of performance.

Business evolution requires long remuneration time frames to align outcomes

Goodman's business has evolved significantly over the past 13 years since the introduction of the LTIP. Our increased focus on urban infill markets with their significant increase in complexity has led to longer development horizons to maximise outcomes which have delivered significant rewards to investors. In summary:

- + Site acquisition and value add to existing stabilised sites, typically require five to ten-year (and sometimes longer) time frames to achieve highest and best use and urban regeneration outcomes
- + The Group's approach to development considers the lifecycle of an asset even for new developments which allow further intensification or change of use at a later time. This sometimes comes at the expense of short-term performance; however, this approach is consistent with the Group's strategic objectives and provides future value realisation potential, over significant time periods
- + Increased focus on ESG and integration of environmental sustainability aspirations into the Group's operational activities requires significant time periods (often beyond five years) for implementation. Goodman's approach to community, environmental sustainability and wellbeing are long-term aspirations aligned with the financial sustainability objectives.

In the Board's view, the long-term nature of the structural trends impacting the sector, the Group's approach to real estate investment in relation to this, and investor feedback, supports continuation of the LTIP structure. The 10 year plan for the Group CEO, other executive KMP and other senior executives in the organisation, will continue to influence decision making and closely align with the time periods required to deliver superior operational results on a sustainable basis. It also provides sufficient time to implement key ESG initiatives and achieve the Group's targets, particularly in relation to longer-dated environmental and sustainability objectives, in a manner that creates alignment with the outcomes for Securityholders. The five-year LTIP is longer than most in the S&P/ASX 100 and remains in place for all eligible employees who do not participate in the ten-year plan but will include hurdles aligned with the ten-year plan.

2.2 Objectives of the remuneration strategy

	Attract	Reward	Long-term alignment of our people and Securityholders
	Remuneration structure	Performance conditions	Alignment with strategy and long-term performance
At-risk remuneration (typically 90% of CEO total remuneration)	Fixed remuneration Low fixed costs, with the focus on "at-risk" equity. STI remuneration is a 100% at-risk performance base award tied to operational performance metrics over the past 12 months. However, the Group CEO forgoes STI in favour of LTI. Similarly, other executive KMP received between 11% to 21% of total remuneration in STI. For the other executive KMP, payments will be made in two instalments, the first in September after the financial year end and the second 12 months later.	Scope and complexity of the role, individual absolute and relative comparison in the relevant market and comparator group. Assessment includes four key components: + Meeting Goodman behavioural expectations per the Code of Conduct + Achieving operating EPS target + Individual financial and operational assessment + Assessment against environmental and sustainability objectives.	Real estate investment management and development are cyclical, so fixed employee costs are kept relatively low, below median and mean for comparable companies. CEO fixed remuneration has not changed for 16 years. STI is an at-risk component, rewarding financial and non-financial performance against objectives of the individual and the Group. Awards in FY22 represent 87% of the maximum for executive KMP (excluding Group CEO). The performance of individuals is assessed through a performance appraisal process based on contribution to strategic, financial, operational and ESG objectives, while also reflecting behavioural expectations (see section 4.4.). Financial performance is the primary measure in determining the maximum level of STI for the individual; however, this can be penalised if behavioural standards or ESG targets are not met or breached (up to 100% of STI for certain measures). These factors together encourage not only the operating EPS targets being met, but also that the method in which they are met matches appropriate risk and governance settings. Given the complex nature of the Group's global operations, individual financial metrics are reflected in the operating EPS. This structure is simple and transparent and aligns management with the operating EPS growth expectations of Securityholders. Detailed financial metrics for the business are additionally disclosed in reporting STI uses the operating EPS hurdle that forms part of the formal financial guidance to the market. It is not directly linked to LTI operating EPS targets as LTIP targets are set over four years and represent the longer term aspirations of the business.
	LTI is "at-risk" remuneration that rewards long-term sustained performance. New awards will be granted in FY23 in relation to FY22 performance achievements assessment of potential future contributions and relevant alignment of KMP. Ten-year plan awards to Group CEO, executive KMP and senior executives tested over four years and vesting in equal tranches annually from the end of year four to the end of year ten. Five-year plan awards to remaining employees tested over three years and vesting in equal tranches annually from the end of year 3 to the end of year 5.	75% tested based on achieving the cash-based operating EPS hurdle range 25% tested based on relative TSR against the S&P/ASX 100 constituents. The benchmark index aligns with a significant portion of investors' benchmarks relevant to their holdings and provides closest alignment with their performance Environmental and sustainability targets (set by the Board) over the LTIP testing period with penalty to vesting outcomes of up to 20% of rights satisfying the operating EPS hurdle for material underperformance against targets.	The weighting to LTI is believed to be the most effective way of rewarding sustained performance and retaining talent while maintaining alignment with Securityholders' experience. Hurdles are set to be competitive relative to reference groups, challenging for management with a significant stretch component but without encouraging inordinate risk in execution (see sections 3.5.4 and 3.5.5) relative to external and internal reference points. TSR provides an effective check against increasing risk or unsustainable practices within the Group. The price to earnings multiple attributable to securities will reflect the risk in achieving operating EPS targets, which impacts the likelihood of vesting and the ultimate value upon vesting. The relative TSR and operating EPS hurdles interact as TSR impacts the value of all performance rights. Given the significant skew in remuneration to performance rights, the impact of the TSR on remuneration is significantly greater than its 25% weighting. The combination of 25% TSR testing and 70-90% equity based awards for executive KMP, provides significant overall exposure to TSR based on the Group's remuneration structure is high The total number of performance rights outstanding under the LTIP at 30 June 2022 equates to 3.8% of the Group's issued securities. The maximum number of performance rights under the LTIP is limited to 5% of the Group's issued securities. Equity issuance to all employees encourages a collaborative approach and broader distribution of remuneration across the entire workforce when the Group is performing.

2.3 Remuneration mix and alignment across the Group

The Board believes that the alignment between pay and long-term performance is evidenced by the significant proportion of the total remuneration that is at risk for the Group CEO, the other executive KMP and employees throughout the organisation. In respect of the Group CEO, all of his at risk remuneration is in the form of LTI.

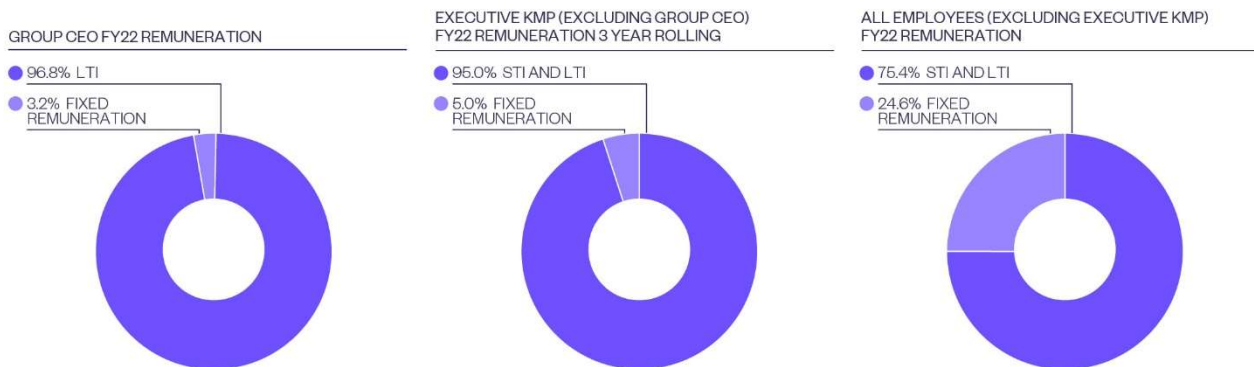
This is demonstrated in the charts below that consider the vested remuneration received during FY22. Vested remuneration represents the value that is received during FY22. It includes fixed base pay, STI and the value of performance rights that vested during FY22 (from prior grants) using the closing Goodman security price on the day of vesting.

Directors' report

Remuneration report - audited (continued)

The Board believes that this demonstrates the alignment of the remuneration outcomes for the Group CEO with the outcomes for Securityholders, who have experienced strong performance over a significant period alongside the Group CEO. Had the Securityholder returns been lower, the level of at risk remuneration would have been lower (due to lower vesting outcomes and lower value of vesting performance rights) and fixed remuneration would have made up a greater proportion of the total vested remuneration in FY22 for all employees, but especially for the Group CEO and the other executive KMP.

FY22 vested remuneration outcome



3. EXECUTIVE REMUNERATION FRAMEWORK

3.1 Feedback and response

Securityholder Feedback	Response
Strong positive feedback regarding the structure of the plan, testing and vesting period.	Continued the issuance of LTI awards under the ten-year plan for the Group CEO, other executive KMP and other senior executives (as detailed in Section 3). This will apply to the intended grant of performance rights to be made in September 2022 in respect of FY22 performance
While Securityholders recognised the long-term nature of LTI awards and many recognize economic value approach, the majority use face value for determining outcomes.	A significant emphasis has been placed on face value comparison while economic value assessment has been reviewed. This has seen a significant reduction in face value of awards. Face value of the proposed FY23 performance rights awards for the Group CEO has declined 46% on FY22 and 33% for executive KMP (excluding Group CEO).
Hurdles are set to be competitive and challenging in line with long term performance and the risk settings appropriate for the Group. However, feedback from some securityholders indicated that additional 'stretch' is desirable in the targets based on market expectations and the Groups strong performance in recent years, resulting in high vesting outcomes.	LTI hurdles have been reviewed and set such that they remain competitive relative to peers and challenging for management. The increase in the Upper level of cumulative operating EPS growth to 11% per annum is in a more uncertain and volatile geopolitical and commercial environment. Noting that for the CEO LTI forms most of the remuneration, so performance below threshold will result in 0% vesting and only base salary. Hurdles for the proposed grants are based off a significant year of outperformance in FY22 (24% operating EPS growth) and if achieved reflects almost 60% Operating Profit growth over the coming four years. This compares very favourably to the average for the peer groups and relative to what the Board believes are reasonable long term "Targets" with considerable additional required stretch.
Preference for Long Term ESG targets.	ESG targets will remain as an additional test for operating EPS tranches of Performance Rights, allowing for up to 20% reduction in vesting outcomes if targets are materially missed. Additional environmental and sustainability targets have been included in the testing conditions for FY23 awards. Progress against targets is reviewed annually.
Preference for long-term at-risk remuneration. Securityholders prefer in principle lower fixed and STI remuneration and more at risk LTI.	Agreed with the Group CEO (as in prior years) that he would not participate in the STI award and all his performance based remuneration in relation to his FY22 performance will be in the form of LTI.

3.2 Remuneration enhancements for executive KMP

Key testing criteria and modifications made to the Long Term Incentive plan

EPS performance testing	Ten-year plan FY22	Change	Ten-Year plan FY23	Comment/rationale
Threshold	6% (CAGR) in operating EPS.	No	6% CAGR in operating EPS.	Performance at the threshold hurdle level (CAGR in operating EPS of 6% for the 4 years to FY26) for performance rights vesting to start has been set such that it requires performance in excess of that expected from relevant peer groups S&P/ASX100 (0%pa) and S&P/ASX200 REIT's (4.6%pa) based on "Visible Alpha" and broker research) but would only result in 25% vesting and subsequent remuneration outcomes that are expected to be in line with the median for the peers.
Vesting at Threshold	25%	No	25%	
Target	Not previously disclosed.	Yes	8-9% CAGR in operating EPS.	Performance at Target hurdle level (CAGR in operating EPS of 8-9% for the 4 years to FY26 pa) is in line with aspirations determined by the Board to be reasonable (which already include a significant number of assumptions concerning growth in activity levels, funding needs and market conditions remaining buoyant) and is in excess of broker research estimates ¹ for the Group (7.8% pa) and materially in excess of peers.
Vesting at Target	N/a		55 %-70%	
Upper level	10% CAGR in operating EPS.	Yes	11% CAGR in operating EPS.	Performance at the Upper level (CAGR in operating EPS of 11% pa for the 4 years to FY26) would require outcomes significantly above Target (2%-3% pa) significantly higher than broker research estimates (+3% pa). The upper level of the testing range represents an additional approximately \$200 million of additional operating profit to be generated in FY26 relative to the Target and consensus views.
Vesting at Upper level	100%	No	100%	
TSR performance hurdle	Ten-Year plan FY22	Change	Ten-Year plan FY23	Comment/rationale
Testing criteria	TSR against ASX 100.	No	TSR against ASX 100.	Peer group for relative TSR is to remain the S&P/ASX 100, which correlates with most investor benchmarks relevant to Securityholders.
Testing thresholds	0% at 50th percentile 25% at 51st percentile Straight line vesting percentage to 90th percentile where 100% vests.	No	0% at 50th percentile 25% at 51st percentile Straight line vesting percentage to 90th percentile where 100% vests.	Outperformance required before any portion is vested.
Environmental and sustainability hurdles	Ten-Year plan FY22	Change	Ten-Year plan FY23	Comment/rationale
Environmental and sustainability performance	Targets set by the Board are tested at the end of year four. Penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets.	Yes (additional Hurdles)	Targets set by the Board are tested annually and at the end of year four. Penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets.	Given environmental and sustainability initiatives are integrated into the operations of the business, the penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets.

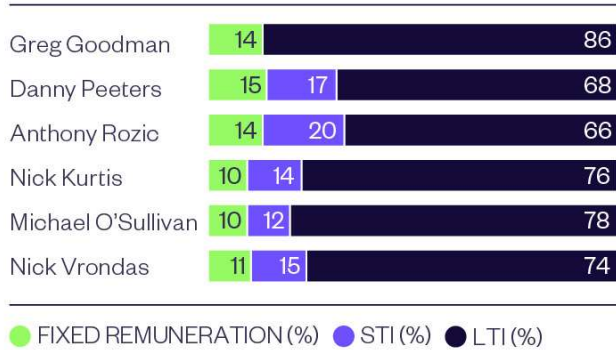
Directors' report

Remuneration report - audited (continued)

The chart below illustrates the components of KMP remuneration in relation to FY22 performance using:

- + Current fixed base pay
- + STI award (where applicable)
- + LTI award value using 100% of the intended grant to be made in September 2022 based on the face value at 30 June 2022 as detailed in section 3.4.

REMUNERATION



Note: This analysis is different to both the statutory presentation of remuneration and the vested remuneration, which are referred to elsewhere in the remuneration report.

Under the ten-year plan and with the above remuneration structure:

- + The Group CEO would not receive any performance-based reward in respect of his performance for FY22 if the Group does not meet its minimum performance hurdles under the LTIP over the next four years (measured at 30 June 2026)
- + The ultimate value of the award will be subject to Goodman's security price performance and will only be fully realised over the ten years to September 2032.

3.3 When is remuneration earned and received?

The chart below illustrates the timing of receipt of the remuneration components for executive KMP. Performance goals under the ten-year plan must be achieved over a period of four years to qualify for performance-based pay. Vesting then occurs in seven equal tranches from years four to ten. There is no certainty of vesting and the final cash outcome is dependent on the movement in the security price over the next ten years.



Directors' report

Remuneration report - audited (continued)

3.4 Short-term incentive

STI is a component of remuneration that is at risk. It is specific to achievement of financial and non-financial objectives. This structure is very transparent and aligns management with the operating EPS growth expectations of Securityholders.

Questions	
Who is eligible to participate in the STI?	All full-time and part-time permanent employees. The Group CEO agreed with the Board not to participate in the STI awards, to emphasise reward for long-term decision making across the organisation.
What is the form of the STI award?	Cash. For executive KMP, 50% of the STI award is paid on finalisation of Goodman's full year result. 50% of the STI award is deferred and paid in cash after a period of 12 months and the deferred STI amount is subject to forfeiture under malus provisions (see below).
What is the maximum award participants may earn?	STI awards are capped at 150% of fixed remuneration for executive KMP. Target STI for individuals is also compared to market based remuneration data and their manager's own assessment of what an appropriate level of incentive compensation may be relative to the long-term value that person brings to the Group.
How is the STI earned?	The Board sets budget targets for the business annually. These targets are set relative to the market conditions, earnings visibility, financial structure and strategy and are believed to be challenging and appropriate. STI for all staff is subject to: (1) meeting behavioural expectations under the Group Code of Conduct; (2) achieving operating EPS (based on the annual target for the relevant year which is disclosed to the market at the beginning of the year in the form of "guidance" (3) financial and operational assessment; and (4) assessment against environmental and sustainability targets.
How is the individual STI award determined?	STI rewards annual performance against objectives of the individual and the Group. The Group objectives include multiple factors as set from time to time, dependent on the market and strategy of the Group. Overall Group financial performance relative to targets is the primary assessment, overlaid with required achievement against environmental and sustainability objectives and adherence to the Group's core values. The Remuneration Committee looks at conduct and specific judgements are made in relation to this. The performance of individuals is assessed through a detailed and formal performance appraisal process based on contribution to defined objectives, behavioural expectations, annual contribution to results as well as strategic and other contributions where these results or benefits may be reflected in future years. Consideration is also given to the total remuneration package with a view to retaining and appropriately aligning and motivating employees.
Is there malus/clawback?	The executive KMP STI awards are subject to 50% deferral for 12 months from the date of publication of Goodman's financial statements. This deferral period provides protection from malus. The Board has discretion to forfeit deferred amounts for material misstatement, fraud or adverse changes that would have affected the award where there is executive responsibility.
Is STI deferred into equity?	No. A much greater portion of remuneration for executive KMP is in the form of LTI (equity) than arguably any other S&P/ASX 100 entity and hence they are already significantly more aligned with Securityholders' outcomes than executives at other listed entities. As a result, in the Board's view, there is little further benefit in deferring STI into equity.
What happens to STI upon termination?	For all executive KMP, the deferred portion of STI award is subject to immediate forfeiture in circumstances where employees are dismissed for cause without notice (e.g. fraud or serious misconduct) or resign from the organisation. The Board has discretion to pay deferred STI in exceptional circumstances, where employees leave the Group, with good leaver status, due to certain personal circumstances or due to permanent disablement or death.

3.5 Long-term incentive

The LTIP is an equity plan where rewards are at risk and dependent on performance and time. It is open to all permanent employees to create alignment with the interests of Securityholders over the long term.

- + No value is derived from LTI unless minimum performance hurdles of operating EPS and relative TSR are met or exceeded, and performance rights have no entitlement to income or assets until they vest. The threshold target with respect to operating EPS (where only 25% of performance rights vest) is significantly ahead of estimates for the S&P/ASX 100 and S&P/ASX200 REIT sector
- + If performance achieves or exceeds long-term targets and performance rights vest, LTI represents the majority of remuneration for executive KMP and becomes a material component of remuneration for all participating employees.
- + Performance rights represent a small portion of the Group equity and a small percentage of the value created for Securityholders if they vest

The key terms of both plans are set out below.

3.5.1 FY23 LTI awards (five and ten-year plans)

Questions in relation to grants to be made in FY23

Who is eligible to participate?	All full-time and part-time permanent employees are eligible to participate in either the five year or the ten-year plans. Executive KMP and senior executives participate in the ten-year plan.
What is the form of the award?	The LTIP awards performance rights linked to the underlying ASX listed securities. The performance rights do not receive distributions or have any right to income, net assets or voting until vesting.
What is the maximum LTI participants may earn?	When considering the overall size of LTI awards, the Board also considers the number of securities that could vest and the associated impact on the operating EPS growth. The total five year and ten-year performance rights outstanding under the LTIP are capped at 5% of issued capital with vesting of approximately 1% pa, assuming all hurdles are met and all employees remain employed. The Board considers the performance of the Group in comparison with the comparator group, the amount of overall operating profit, the competitive nature of the global labour markets in which the Group operates and the value of the team in the local and global marketplace, as appropriate.
How is the number of rights determined?	The Board's sets the quantum based on a number of factors described in sections 3.7.1 and 3.7.2. The number of rights is then determined by dividing the LTI award amount by face value per right, as determined by the Board.
What are the performance measures?	Behaviour in accordance with Goodman's core values is an absolute requirement for the granting of performance rights. The Board believes that the commercial decisions management makes in fulfilment of its overall financial objectives are best reflected in two key indicators: operating EPS and TSR (relative to the S&P/ASX 100). Operating EPS is a critical measure of long-term Group-wide performance of the operations (see section 3.5.5). The hurdles are set to be competitive and challenging relative to external and internal historical and prospective reference points (see section 3.5.4). TSR provides an effective check against increasing risk practices within the Group in that the security price to earnings multiple will reflect the perceived risk in the Group in achieving operating EPS targets. Focus on LTI is an efficient way of rewarding sustained performance and retaining talent. The proposed FY23 LTI awards, will incorporate environmental and sustainability targets, in addition to the operating EPS and relative TSR hurdles. Targets set by the Board will be tested annually and at the end of the LTIP testing period. A penalty can apply to the number of performance rights that have satisfied the operating EPS hurdle, with 20% maximum reduction if material underperformance against the environmental and sustainability targets occur.
What is the weighting?	75% operating EPS hurdle 25% relative TSR hurdle
What is the performance period?	Ten-Year plan: both operating EPS and relative TSR performance are tested over four financial years starting from 1 July in the year the grant was made. Operating EPS growth is assessed in the fourth year relative to the year preceding the year of the grant. Environmental and sustainability targets are reviewed annually and tested at the end of year four. Five year plan: both operating EPS and relative TSR performance are tested over three financial years starting from 1 July in the year the grant was made. Operating EPS growth is assessed in the third year relative to the year preceding the year of the grant. Environmental and sustainability targets are reviewed annually and tested at the end of year three.
How do the LTIP awards vest?	Ten-Year plan: Subject to meeting performance hurdles, vesting occurs in equal tranches shortly after the end of years 4 - 10, provided participants remain employed by the Group. Five year plan: Subject to meeting performance hurdles, vesting occurs in equal tranches shortly after the end of years 3 - 5, provided participants remain employed by the Group.
Is there malus/clawback?	Subject to immediate forfeiture in circumstances where employees are dismissed for cause without notice (e.g. fraud or serious misconduct). LTI will also be forfeited where employees cease to be employed, unless in Special Circumstances.
What happens to LTIP awards upon termination?	Performance rights lapse upon the employee leaving Goodman unless in Special Circumstances (primarily Death, Total and Permanent Disablement, Redundancy and Retirement in the normal course) in which case they are not subject to the employment requirement and vest subject to performance hurdles being met and the usual timetable.
What rights are attached to the performance rights?	Performance rights have no Securityholder rights prior to vesting (e.g. distributions, voting, rights issue participation). They would be subject to reconstruction in instances of corporate events such as stock splits or stock consolidations.
Executive KMP equity holding	Executive KMP are required to hold 100% of the value of their fixed remuneration in Goodman securities, determined at time of purchase. In addition, Goodman's remuneration structure includes significant emphasis on performance-based remuneration in equity and the overall exposure of executive KMP to Goodman Group securities extends significantly beyond this requirement principally through participation in the LTIP.

Directors' report

Remuneration report - audited (continued)

What are the vesting conditions for FY23 ten-year plan grants?	Operating EPS tested (75% of grant) The Board has set an operating EPS performance hurdle of growing operating EPS from the FY22 result of 81.3 cents to between 102.7 cents (Threshold level) and 123.4 cents (Upper level) in FY26. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6%pa and 11%pa CAGR in operating EPS or approximately 26% to 52% cumulatively over the four year testing period. In addition, a penalty may apply to the number of performance rights that have satisfied the operating EPS hurdle if environmental and sustainability targets are not met. These are reviewed by the Board annually and at the end of the testing period with 20% maximum reduction in the number of rights vesting under the operating EPS tranches, in the event of material underperformance against targets at final testing year.	Relative TSR tested (25% of grant) TSR awards are subject to achievement of cumulative. TSR relative to the S&P/ASX 100 over a four year period: 25% of awards vest for performance at the 51st percentile. Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. 100% of awards vest for performance at the 90th percentile or above.
What are the vesting conditions for FY23 five year plan grants?	Operating EPS tested (75% of grant) The Board has set an operating EPS performance hurdle of growing operating EPS from the FY22 result of 81.3 cents to between 96.9 cents (Threshold level) and 111.2 cents (Upper level) in FY25. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% pa and 11% CAGR in operating EPS or approximately 19% to 37% cumulatively over the three year testing period. In addition, a penalty may apply to the number of performance rights that have satisfied the operating EPS hurdle if environmental and sustainability targets are not met. These are reviewed by the Board annually and at the end of the testing period with 20% maximum reduction in the number of rights vesting under the operating EPS tranches, in the event of material underperformance against targets at final testing year.	Relative TSR tested (25% of grant) TSR awards are subject to achievement of cumulative TSR relative to the S&P/ASX 100 over a three year period: 25% of awards vest for performance at the 51st percentile. Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. 100% of awards vest for performance at the 90th percentile or above.
Can the hurdles be adjusted?	No (subject to ASX Listing Rule adjustments).	No.

3.5.2 FY22 LTI awards

Questions specific to grants made in FY22		
What happens to LTIP awards upon termination?	Performance rights lapse upon the employee leaving Goodman unless in Special Circumstances (primarily Death, TPD, Redundancy and Retirement in the normal course) in which case they are not subject to the employment requirement and vest subject to performance hurdles being met and the usual timetable.	
What are the vesting conditions for FY22 ten-year plan grants?	Operating EPS tested (75% of grant) The Board has set an operating EPS performance hurdle of growing operating EPS from the FY21 result of 65.6 cents to between 82.8 cents (Threshold level) and 96.0 cents (Upper level) in FY25. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% and 10% CAGR in operating EPS or approximately 26% to 46% cumulatively over the four year testing period. In addition, a penalty may apply to the number of performance rights that have satisfied the operating EPS hurdle if environmental and sustainability targets are not met. These are reviewed by the Board annually and at the end of the testing period with 20% maximum reduction in the number of rights vesting under the operating EPS tranches, in the event of material underperformance against targets at final testing year.	Relative TSR tested (25% of grant). TSR awards are subject to achievement of cumulative TSR relative to the S&P/ASX 100 over a four year period: 25% of awards vest for performance at the 51st percentile. Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. 100% of awards vest for performance at the 90th percentile or above.
What are the vesting conditions for FY22 five year plan grants?	Operating EPS tested (75% of grant) The Board has set an operating EPS performance hurdle of growing operating EPS from the FY21 result of 65.6 cents to between 78.1 cents (Threshold level) and 87.3 cents (Upper level) in FY24. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% and 10% CAGR in operating EPS or approximately 19% to 33% cumulatively over the three year testing period.	Relative TSR tested (25% of grant) TSR awards are subject to achievement of cumulative TSR relative to the S&P/ASX 100 over a three year period: 25% of awards vest for performance at the 51st percentile. Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. 100% of awards vest for performance at the 90th percentile or above.

3.5.3 FY21 LTI awards

Questions specific to the grants made in FY21		
What are the vesting conditions for FY21 grants?	Operating EPS tested (75% of grant) The Board has set an operating EPS performance hurdle of growing operating EPS from the FY20 result of 57.5 cents to between 68.5 cents (Threshold level) and 74.5 cents (Upper level) in FY23. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% and 9% CAGR in operating EPS or approximately 19% to 30% cumulatively over the three year testing period.	Relative TSR tested (25% of grant) TSR awards are subject to achievement of cumulative TSR relative to the S&P/ASX 100 over a three year period: – 50% of awards vest for performance at the 51st percentile – Awards vest on a sliding scale between 50% and 100% for performance between the 51st and the 76th percentile – 100% of awards vest for performance at the 76th percentile or above.

Directors' report

Remuneration report - audited (continued)

3.5.4 Setting operating EPS hurdles for proposed ten-year plan awards to the Group CEO, other executive KMP and other senior executives

The operating EPS target range under the ten-year plan is only for the purpose of testing criteria for vesting of performance rights. The range does not constitute earnings guidance for the Group.

The hurdles are set in line with the “pay for performance” culture and the desire for them to be both challenging and competitive while maintaining the integrity of the business strategy and risk management objectives in a sustainable manner.

More challenging hurdles have been set for the FY23 performance rights awards when compared to recent years. The Board has set an operating EPS performance hurdle for operating EPS growth relative to the FY22 result of 81.3 cents of between 102.7 cents (Threshold level) and 123.4 cents (Upper Level) in FY26. At the Threshold level, 25% satisfy the hurdle with a sliding scale up to 100% satisfying the hurdle at the Upper Level. This range is equivalent to between 6% and 11% CAGR in operating EPS or approximately 26% to 52% cumulative growth over the four year testing period.

The range has been set with particular reference to:

- + The significant proportion of the Group's revenue over the next four years, being at risk in the sense that it is not currently contracted and subject to a wide number of variables, particularly in regard to development activities and performance fees
- + The range of potential real estate opportunities for the Group globally, given the Group's risk parameters and concentrated locations of operation
- + The long-run historical performance of the Group, noting that previous history is not a reflection of future earnings
- + Increased volatility across the global economic and political environment which are manifesting in higher cost inflation, slower real GDP growth rates and higher interest rates
- + The ongoing potential for disruption to business activity resulting from COVID-19.

Consistent with the Board's aim to set hurdles which are both challenging for management and competitive against peers, it is believed that achievement at or above the top end of the range will represent a strong performance in both relative and absolute terms. For the Upper Level vesting to occur on the Operating EPS linked portion of the plan, almost 60% growth in operating profit relative to the very strong FY22 result needs to be achieved over the next four years.

The Board believes that the hurdles are competitive and challenging for the following reasons:

- + Goodman's operating EPS grew strongly over FY20, FY21 and FY22, despite the impact of COVID over the period (no hurdles were amended to adjust for COVID during this period). This has resulted in a significantly higher base year from which to measure operating EPS growth compared with peer groups. For the 3 year period from FY19-FY22:
 - The Group has grown operating EPS by 56%
 - The average growth for the S&P/ASX 100 is approximately 24%
 - The S&P/ASX 200 REIT's EPS declined by an average of approximately 14%
- + The strong growth in earnings in FY22, combined with the higher hurdles for Upper Level vesting means that a significant acceleration of growth in operating profit is required to achieve full vesting (relative to that embedded within the FY22 grants). By way of comparison, an extrapolation of the growth rates contained within the FY22 grants to FY26 and applying the previous Upper Level hurdle rate would have resulted in an operating profit benchmark that is over \$300 million lower than that which will now be applicable for FY26 under the new hurdles to be applied to the FY23 grant (see table below)

Operating Profit comparison of vesting conditions

	At grant date of FY22 Awards	At grant date of FY23 Awards
	\$m	\$m
Base year Profit	1,358	1,528
FY26 interpolated profit @ Threshold (6%pa)	1,714	1,929
FY26 interpolated profit @ the Upper Level (10% at FY22, 11% at FY23)	1,988	2,320
Additional profit required due to higher base year and hurdles		331

- + Performance at “Target” hurdle level (CAGR in operating EPS of 8-9% for the 4 years to FY26 pa) is in line with aspirational objectives the Board believes are appropriate (which take into account the risk management constraints of the Group the Board believes appropriate for the business, given the context of the global economic and political environment, higher interest rates, inflation, cost of capital and risk settings). It is contingent upon increased activity levels and market conditions remaining favourable. Importantly the Target hurdles are in excess of peers (see below) and broker research estimates for the Group (CAGR of approximately 8%)

- + Performance at the threshold hurdle level (CAGR in operating EPS of 6% pa for the 4 years to FY26) for performance rights vesting to start has been set such that it requires performance in excess of relevant peer groups (S&P/ASX 100 (current market consensus expectations average 0%pa) and S&P/ASX200 REIT's (current market consensus expectations average 4% per annum) but would only result in 25% vesting. Under this scenario it is estimated that the remuneration outcomes will be well below the median for the above peer groups and the ASX100
- + Performance at the Upper Level hurdle (CAGR in operating EPS of 11% for the four years to FY26) would require outcomes significantly ahead of internal targets and significantly (3% per annum) higher than market consensus expectations (this equates to an additional circa \$200 million in operating profit in FY26 compared to the average broker research consensus)
- + The hurdles reflect approximately 50% relative earnings growth outperformance compared to estimates for the S&P/ASX100 and require the Group to absorb the risk associated with the significant increase in volatility in the global operating environment, interest rates and inflation.

The Board believes the higher FY22 hurdle is significantly more challenging given the current economic environment. The hurdles are set for the entire period of the plan and hence performance must be achieved regardless of changes to business conditions globally. Management and other employees carry the risk associated with external factors negatively impacting operating earnings and in the Board's view this risk has increased given the ongoing and unknown impacts of COVID-19, geo-political tensions and impacts on supply chains, and global economic activity.

In addition, the hurdles are set with the desire to achieve a sustainable long-term growth rate that is competitive with the market on a risk adjusted basis. This is reflected in the relatively low gearing of the Group and its other risk settings. Taking into account the difference in gearing, the FY23 hurdles are relatively high compared to peers.

LTI hurdle period (estimated)	Ten-Year plan operating EPS hurdles (cents)	CAGR in EPS ¹ FY23 - FY26	Ten-Year plan Cumulative growth in EPS ¹ FY23 to FY26
S&P/ASX 100 ²		-0.1%	-0.2%
S&P/ASX 200 REITs ²		4.6%	19.7%
Broker Consensus for GMG ³		7.8%	35.2%
Threshold level	102.7	6%	26.4%
Target Level	110.6 - 114.8	8% - 9%	36% - 41%
Upper level	123.4	11%	51.8%

1. Operating EPS for Goodman Group.

2. Broker Estimates

3. Visible Alpha.

3.5.5 Operating EPS – long-term cash flow alignment with vesting outcomes

The Group presents statutory profit in accordance with Australian Accounting Standards, including all required disclosures. The Board believes that managing the business, on what is primarily a cash profit basis, is fundamental to long-term resilience and is the strongest determinant of value creation for Securityholders over time. That is the intent of the Group's Operating Profit definition, and it is one of the key measures used to drive the business strategy that is communicated to employees to execute. This is also why the Board has used operating EPS as one of the principal targets in its awards of both STI and LTI.

Calculation of operating EPS

Operating EPS has been calculated and applied consistently since being adopted in 2005.

- + Operating profit intentionally excludes non-cash measures. Previously, the Group has excluded significant realised gains (such as the urban renewal realisation gains) where these were believed to be cyclical in nature and not reflective of underlying long-term earnings
- + As required under the accounting standards, the share-based payments (SBP) expense in the Group's statutory income statement reflects the amortisation of the aggregated fair value applicable to the outstanding performance rights. Given the volatility inherent in the accounting valuation of the performance rights, the SBP expense is excluded from operating profit, like other non-cash items (such as revaluations). Instead, the Board believes the cost of the plan, which arises from the future dilution through the issuance of securities under the LTIP, is most appropriately reflected by including all vested and tested performance rights in the denominator used for determining operating EPS. This is not subject to accounting estimation and is a more reliable measure

Directors' report

Remuneration report - audited (continued)

- + The operating EPS at each reporting date is calculated using the weighted average number of securities, which includes:
 - all securities that have already vested
 - rights that have been tested and assessed as having met the hurdles but have not yet vested

The inclusion of these unvested performance rights in the operating EPS calculation is a conservative treatment as:

- + The financial impact of the performance rights occurs only when securities are issued through the dilution to net assets at the time of issuance and the dilution to future operating EPS
- + Not all performance rights vest. This can only occur if testing criteria are met and by extension, the Group's performance has achieved or exceeded performance criteria, which doesn't align with SBP expense
- + Following successful testing at years three or four (for the five year plan and ten-year plan respectively), performance rights still have no entitlement to income (distributions) or net assets nor do they have any of the other usual Securityholder rights until they vest, which may be up to six years later (under the ten-year plan).

Therefore, in the Board's view realised cash profit as represented by diluted operating EPS is the most reliable measure of value creation for Securityholders and continues to be an appropriate means by which to assess employee performance. It is also consistent with the predominant method of valuation of Goodman by the market.

Use of cash settled "Phantom" performance rights

In certain jurisdictions, it is impractical to issue performance rights which vest into Goodman securities. In these instances, cash settled Phantom performance rights are issued, with the same economic outcome on vesting. From time to time, the Group may issue new securities into the market to fund the settlement of those rights. This results in the same outcome to Securityholders as if the Phantoms had been settled in Goodman securities because it results in the situation where the dilutionary impact to operating EPS is consistent with the equity settled performance rights. As in recent years, the Board's current intention is to issue securities to fund the cash requirements to settle the Phantoms. This results in the effective funding of the LTIP having no cash impact for the Group and as a consequence the share based payments expense remains effectively a non-cash item in the context of the definition of operating profit.

3.6 Non-financial measures

3.6.1 Types of non-financial measures

Goodman continues to increase accountability and transparency across a range of non-financial measures which are important to the Group culture, its stakeholders and the world more broadly. These are integral components to the operations of the organisation, the health and wellbeing of the Group's people and the communities in which Goodman operates.

These values and aspirations encompass a wide range of areas including:

- + Environmental considerations for developments and building operations
- + Energy procurement including renewable targets
- + Group emissions and embodied emissions
- + Health and wellbeing of Goodman's people and communities
- + Good corporate and social governance including diversity and inclusion in the workforce
- + Behaviour in line with Goodman's Code of Conduct.

All of these aspirations are integrated into Goodman's culture and business operations and the Group's financial results are achieved while also implementing and performing to these standards.

The way employees conduct themselves is crucial to the success of the Group. Goodman has consistent and transparent practices in place for managing non-compliance with policies and the approach to risk guides the way all employees are expected to conduct themselves. Within the Code of Conduct, there is a set of eight guiding principles that encourage employees to uphold Goodman's reputation and behave appropriately in dealing with our customers and other team members. The guiding principles are:

- + Act in a professional manner
- + Work as a team and respect others
- + Treat stakeholders fairly
- + Value honesty and integrity
- + Follow the law and our policies
- + Respect confidentiality and do not misuse information
- + Manage conflicts of interest
- + Strive to be a great team member.

Individuals' behaviour and adherence to the Code of Conduct, governance, implementation of diversity principles and social programs are assessed as a gate to STI and LTI awards. Breaches can also result in forfeiture of LTI or potentially more severe consequences depending on severity.

Consequences of breaches of Code of Conduct in FY22

Conduct and or behavioural Issues

Consequences	Termination, forfeiture of STI, forfeiture of LTI

In respect of the FY22 STI awards and the intended LTI awards that will be made in September 2022 (in respect of FY22 performance), key environmental and sustainability targets will also be assessed based on the individuals' areas of influence and contributions as part of overall assessment.

3.6.2 Integration of non-financial measures into STI

STI process

		Impact
1st Hurdle	Conduct, Governance, Social and Diversity	Gate
2nd Hurdle	Operating EPS	Gate
Financial, and operational assessments (including environmental objectives)	Individual assessment	0% - 100%

3.6.3 Integration of non-financial measures into LTI

The Board also believes that ownership through the LTIP embeds a culture of inclusion and sense of place in the organisation and that this has been strongly reflected in the Group's performance over many years and particularly through COVID-19. Behaviour and adherence to the Group's Code of Conduct have always been a prerequisite to entitlement to vested LTI and since 2021, additional hurdles for vesting, related to our environmental and sustainability targets have been incorporated into intended awards.

- + The Board will review progress on targets annually and set review long term targets each year as they relate to the new testing period
- + Environmental and sustainability objectives and their execution are integrated into the operations of the Group, particularly for development projects. For this reason, the additional penalty criteria will apply to the operating EPS tested performance rights. This aligns operational targets which are within the control of senior executives and employees at all levels and therefore have the most logical connection to operational performance
- + Targets set by Board will be tested formally at the end of the testing period (year four for the ten-year plan)
- + The penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets
- + Targets will be reported each year in the remuneration report.

LTI Process – three and four year testing period

		Impact
1st Hurdle	Conduct and behaviour	Gate: 0% – 100%
2nd hurdle	Operating EPS and relative TSR	0% – 100%
Group assessment	Environmental and sustainability	The penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets

Directors' report

Remuneration report - audited (continued)

3.7 Considerations for setting of awards

The Board is focused on creating a remuneration structure that supports the Group's strategy and is aligned with outcomes for Securityholders and then on determining an appropriate quantum of remuneration under that structure. In assessing the Group CEO and other executive KMP remuneration for FY22, the Board has given consideration to:

- + Feedback from investor engagement following the disappointing level of support at the November 2021 AGM for remuneration related matters
- + Maintaining the general structure and principles of the Group's remuneration strategy
- + The Group's relative performance against operational targets FY22
- + The Group's consistent track record over the past ten years that has also positioned the business for the future
- + Global market conditions for human capital in the sector
- + Balancing employee and Securityholder outcomes
- + Hurdles and testing criteria for performance rights.

The Board has assessed outcomes for Securityholders, based on the testing criteria under the five and ten-year plan and that the pay for performance alignment is with all Goodman employees (all permanent employees, 1020 people, are eligible to participate in the LTIP). Based on the proposed hurdles, the Board believes that significant balance and alignment exists between the cost of the plan and net outcomes achieved for Securityholders as demonstrated below (see note 4 below):

- + before any performance awards are realised under the ten-year plan hurdles, significant Securityholder value, that equates to \$11 billion in market capitalisation growth, must be created, consistent with >33% TSR over the period (all other things being equal and based on the assumptions set out in the table below)
- + The maximum employee share of the value created will occur if the awards fully vest through reaching the cumulative 11% CAGR in operating EPS after four years and the relative TSR performance is at the 90th percentile. This represents only 3.1% of the \$19 billion value potentially created for Securityholders (net of dilution) or 52% potential security price growth (all other things being equal). This would result in approximately 60% TSR
- + If growth were to exceed 11% per annum and the security price grows beyond the assumption above, the employee share diminishes relative to Securityholders.

Estimated Securityholder value over the four year testing period under the ten-year plan

Plan	<5.99% CAGR over four years	6.0% CAGR over four years	11.0% (or greater) CAGR over four years
Economic outcomes			
Cumulative operating profit growth	<32.1%	32.1%	58.5%
Cumulative operating EPS growth	<26.2%	26.2%	51.8%
Percentage of performance rights vesting ¹	0.0%	25.0%	100.0%
Year 4 operating profit to meet operating EPS hurdle	<\$2.1B	\$2.1B	\$2.4B
Market capitalisation (MCAP) at end of year 4 ²	<\$43.8B	\$43.8B	\$52.6B
Net value created for Securityholders (growth in MCAP)²	<\$10.4B	\$10.5B	\$19.3B
Assumed security price ³	n/a	\$22.52	\$27.08
Effect cost of total plan / MCAP	0.0%	0.3%	1.1%
Employee share of Securityholder value created⁴	0.0%	1.4%	3.1%

1. Assumes that the proportion of rights that vest under the operating EPS hurdle also applies to the rights that vest under the relative TSR hurdle.

2. Based on 30 June 2022 security price, assuming the market Price/Earnings (P/E) multiple applied to operating EPS remains unchanged over time and is inclusive of an allowance for increases in the securities on issue because of securities vesting under the LTIP. Excludes distributions and dividend payments that may be made during the period.

3. Assumes constant P/E multiple at the end of year 4 and the relevant CAGR in operating EPS growth.

4. Values the number of vested securities at the assumed security price which is calculated using the 30 June 2021 value and growing it at the same rate as the operating EPS growth. This includes full dilution including the five-year plan securities assuming the same growth rate for FY26.

3.7.1 Considerations for award quantum – Goodman Group in context

The Board and Remuneration Committee have considered the entire enterprise of the Group and its Partnerships globally, when assessing the executives' roles and remuneration awards.

In this context, Goodman:

- + Is an international real estate fund manager
- + Reported \$3.4 billion statutory profit, and a combined statutory profit across the Group and Partnerships of \$9.0 billion in FY22
- + Delivered \$8.5 billion in valuation growth across the Group and Partnerships in FY22
- + Reported NTA of \$8.37, with gearing of 8.5% and available liquidity of \$2.8 billion
- + Is the largest listed specialist developer of logistics real estate in the world, with \$13.6 billion of WIP
- + Manages and creates value across of \$73 billion of assets globally which has almost doubled in the past 5 years
- + Manages capital allocation and funding across various activity types, which is sourced from multiple jurisdictions
- + Has grown to \$33.3 billion market capitalisation at 30 June 2022 and is a member of the S&P/ASX 20 index
- + Generates 71% of operating earnings from management and development activities which require more intensive day to day activity than a passive investment portfolio
- + Provides its customers and partners with investment management, asset management, development, financial, transaction and capital management services in the listed and private equity capital markets globally
- + Derives 71% of operating earnings from international markets with approximately 70% of employees situated offshore.

The Group has limited direct comparable market peers in Australia, having operating businesses in five continents and 14 countries, each with market driven remuneration outcomes. The Group has 1,025 employees at 30 June 2022, the majority of whom are offshore, and consequently Goodman competes for labour in an international market, which the Board considers when assessing the quantum of remuneration awards. In FY22, the Board has referenced:

- + A range of local and global comparators with operations of similar scale and complexity and certain companies in the ASX 20
- + Private equity (PE) firms. Noting that PE firms are significant players in the logistics real estate sector with considerable new capital with a desire to assemble teams and invest in the sector. PE remuneration is particularly relevant because
 - the nature of pay for performance remuneration structures is highly equity based and outcome-driven similar to the Group's remuneration structure and
 - the period of testing and realisation of remuneration is linked to investor outcomes over significant periods up to ten years, again a similar remuneration structure. The majority of the Group's assets are within PE (unlisted) market entities, which in turn creates significant competition for high quality people
- + Prologis and Segro are relevant global peers from the logistics real estate sector, albeit Segro is predominantly in the UK
 - Prologis is larger by market capitalisation and assets, but Goodman has a more significant proportion of earnings from development and Management activities
 - Segro is smaller, and predominantly UK focused, with small proportion of its assets in Europe whereas Goodman operates in 14 countries globally
 - The range of Remuneration outcomes are approximately \$10 million-\$37 million for these two companies.

Directors' report

Remuneration report - audited (continued)

Various Reference Groups

Peer group comparator	Reason for comparison	Annual CEO remuneration							
		Range	Average	Median	% LTI	LTI Term years	1 year TSR	3 years TSR	5 year TSR
Goodman	Goodman Group CEO	n/a	\$19.2m ¹		86%	10	-14.56%	25%	151%
S&P/ASX 20²	Goodman is number 14 in the S&P/ASX 20 index	\$6m - \$28m	\$10.4m	\$9.6m	47%	4	0%	18%	77%
Selected global comparators including ASX companies with global operations	71% of Goodman's earnings are outside Australia. The comparator group provides a reference to local companies with international operations and similar global companies	\$6m - \$37m	\$16m	\$13m	62%	4	-11%	29%	90%
S&P/ASX 100 Property Companies / REITs	Goodman is in the REIT index, but has limited comparability given, typically this Group: - are domestic only vs Goodman in 14 countries - have <20% active earnings vs Goodman at 70% - have an average MCAP of only \$12bn vs Goodman at \$33bn	\$5m - \$19m	\$8.3m	\$7.2m	47%	3	-7%	21%	114%

1. Based on proposed FY23 Award.

In the Board's view, the competitive environment for logistics assets and consequently also for teams with skills to develop and manage the products and services over the long term, has intensified significantly over the past 24 months. Goodman is seen as a global leader in this space and the potential loss of key employees and regional teams poses significant commercial risk. The Board has also assessed the FY22 awards in this context.

3.7.2 Considerations for award quantum – structure

Given the variability in the components of remuneration structures in the market, Goodman's comparator group analysis of value and quantum of awards is assessed in the context of the degree of risk associated with the structures and the vesting periods:

- + The Board has set the hurdles in respect of the intended LTI award for FY23 to provide substantially increased challenges (and risk of achievement) for all employees and to achieve a high degree of alignment and balance with Securityholder outcomes
- + Performance rights awarded under the LTIP do not have any voting rights or rights to dividends until vested, even after passing testing hurdles
- + Significant financial outperformance in FY22 versus targets and continued outperformance of peer Group over three and five years.

While not the primary measure this year, the Board has considered the economic value of performance rights when allocating awards to employees, as this is a relevant component for how employees and the Board look at value. Employees make commercial assessments of the equity awards based on:

- + The composition of remuneration, taking into consideration the proportion of cash versus conditional equity
- + An appropriate discount to allow for the lower probability of vesting over the testing period and the more challenging hurdles set by the Board
- + A further discount for time value of money differential given the vesting of the rights occurs over ten years.

However, as discussed previously, with respect to quantum, the Board has predominantly made final comparison of the awards based on face value. On this basis of the total remuneration outlined, (noting the proposed LTI awards with longer testing period, longer vesting period and significantly larger portion at risk) and considering the market capitalisation and performance differentials of the groups above, it is considered that an appropriate benchmark for the Group CEO's remuneration is around A\$20 million (\$10 million economic value).

The Boards proposed award for the Group CEO is detailed below:

	Performance Rights	Price at 30 June	Face Value (25% vesting, \$m)	Face Value (100% vesting \$m)	Fixed Remuneration (\$m)	Total Remuneration (25% vesting \$m)	Total Remuneration (100% vesting \$m)
FY22 CEO	1,000,000	\$17.84	4.5	17.8	1.4	5.9	19.2
FY21 CEO	1,560,000	\$21.17	8.3	33.0	1.4	9.7	34.4
% Change	-36%		-46%	-46%	0%	-39%	-44%

Group CEO maximum possible outcomes for FY22 versus FY21

Based on the proposed award, the maximum face value of remuneration which can be received by the Group CEO, (over ten years), if 100% vesting occurs, is 46% lower than the equivalent award last year, noting that FY22 was the strongest financial performance in the Group's history.

- + At Threshold performance, (6% pa CAGR in operating EPS for the 4 years to FY26), the Group will have
 - significantly outperformed S&P/ASX100 EPS growth estimates over the 4 years to FY26 (56% outperformance)
 - significantly outperformed S&P/ASX100 REIT EPS growth estimates over the 4 years to FY26 (32% outperformance)
- + CEO potential remuneration, (all else being equal) to be received over a further 7 years would be \$5.9 million, lower than the median of the S&P/ASX20, the S&P/ASX100 REIT's and the S&P/ASX100 average
- + At the Upper level, (11% pa CAGR in operating EPS for the 4 years to FY26), the Group will have also
 - significantly outperformed analyst broker estimates (Visible Alpha) for the Group (7.8% pa CAGR in EPS for the 4 years to FY26)
 - delivered 59% TSR to securityholders
- + CEO potential remuneration, (all else being equal) to be received over a further 7 years would be \$19 million, still below various global and local peers as per the table above

In economic value terms, the award is estimated to be \$8.4 million using the valuation methodology employed by Deloitte (an international accounting firm) (see below). Applying this same methodology to the FY21 award means that the economic value is down 28%.

3.7.3 Valuation of performance rights (Economic Value) 10 year grants

The Board engaged Deloitte (an international accounting firm) to assist in the determination of an economic value for the performance rights. A modified Black Scholes approach was applied having regard, among other things, to:

- + The probability of achieving the TSR and EPS vesting criteria, and the associated impact that this has on the expected vesting outcome
- + Expectations with respect to the Group's security price (including growth and volatility) and distribution payments
- + The time value of money applied through a discount rate.

For the determination of the discount rate, a single discount rate was determined having regard for a Discount for Lack of Marketability and the Capital Asset Pricing Model (CAPM) framework. The economic valuation has included the probability of achieving the TSR and EPS measures, which are based on historical statistical analysis. This economic valuation returned a value of \$8.40 per right as at June 2022. This same methodology applied to the grants made in 2021 would have returned a valuation of \$7.47 per right as at June 2021.

The economic value of the performance rights is determined on a different basis to the fair value of the performance rights for accounting purposes.

Directors' report

Remuneration report - audited (continued)

4. GROUP PERFORMANCE AND OUTCOMES

The Group has delivered an exceptional result, significantly outperforming the original estimates notwithstanding the challenging operating conditions and market volatility. Despite the volatility in the global equity markets, Goodman's security price has continued to demonstrate a significant premium to underlying net assets and therefore the value creation by employees and subsequently medium and longer term outperformance of the peer group indices.

The Group's remuneration strategy, focused on long-term outcomes, is the key driver of this sustained performance.

4.1 Group FY22 highlights



Financial

Statutory profit of \$3,414.0 million for Goodman and \$9,029.6 million for the combined Group and Partnerships

Operating profit of \$1,528.0 million (up 25% on FY21)

Operating EPS of 81.3 cents (up 24% on FY21)

Maintained distribution of 30.0 cents per security to sustain financial risk management objectives

Net tangible assets per security increased 25% to \$8.37 per security



Operational property investment, management, and development

High occupancy maintained at 99% and like for like net property income growth of 3.9%

Total AUM of \$73 billion (up 26% on FY21)

Significant outperformance by the 16 Partnerships achieving weighted average returns of over 21%

Development WIP (end value) increased to \$13.6 billion and with 99% commitment levels on completions and 14 year weighted average lease terms



People and culture

Social investment of over \$11 million by the Goodman Foundation and through efforts of employees worldwide

Female senior roles now 30% in FY22. Goodman continues to work towards 40% females in senior roles by 2030 and 50/50 representation overall by 2030

Expansion of Goodman's supply chain ethics towards a global supplier code of conduct increasing the focus on human rights and potential modern slavery

Strong focus to employees on reinforcing behaviours that are consistent with the Group's values

Feedback from employees in the Australian business via surveys undertaken in FY22 indicates strong communication and employee engagement



Environmental

Goodman's global operations achieved carbon neutrality and certified as a Carbon Neutral Organisation

Transitioned to 100% certified GreenPower secured for Goodman's Australian operations on 1 July 2021, increasing Goodman's global renewable energy usage to approximately 65%

Approximately 203MW of solar PV now installed or committed across the global portfolio, an increase of 78MW in FY22

Commenced calculating the embodied emissions of all of Goodman's logistics developments globally and established a framework for integration into approval processes as we transition to carbon neutral developments



Capital management

Maintained significant available liquidity of \$2.8 billion for the Group and capital resources of \$18.1 billion in the Partnerships

Significant business growth while maintaining low gearing at 8.5%

Group and Partnerships completed debt refinancing transactions totalling \$8.5 billion

Over the past decade, the Group has established a global business with significant specialist expertise, financial resources, and a strategic real estate portfolio. The business has been deliberately positioned to maximise cash flow resilience in varying market cycles, primarily through:

- + Concentration of the portfolio on logistics real estate in urban infill markets, where supply is limited, and demand is relatively high due to the long term structural trends that have been identified many years ago
- + Deleveraging the Group's balance sheet and retaining significant liquidity
- + Partnering with long-term capital to share risk and return over a significant globally diversified platform.

This has included specific actions over several years, including:

- + Significant reduction in financial leverage (gearing) with the target gearing range reduced to 0% to 25% and retaining a position below the mid-point in the past five years
- + Increased quality of the property portfolio through \$30 billion of asset sales since 2013, concentrating the portfolio in predominantly urban infill markets and providing funding for the development of new buildings
- + Established an international platform with significant depth of experience required to generate excess returns in competitive high barrier to entry markets
- + Diversification of the Group's sources of debt and tenor
- + Reduced operational risk through undertaking more development activity in Partnerships, which has reduced the volatility of earnings while increasing return on assets for the Group. The impact of increased development within the Partnerships has increased their returns and the prospects for Goodman to earn performance fees in the medium to longer term
- + Significant sales of assets that were reconfigured for higher and better residential use over recent years. For these transactions, the substantial profit was not included in operating profit despite being cash realised gains as they were believed to be over and above the usual course of business
- + Maintained a conservative distribution pay-out ratio to retain funding for growing development activity
- + Investment in innovation and technology to provide knowledge of potential future risks and opportunities for our operations.

Many of these strategic initiatives rely on foregoing some short-term returns to secure potentially larger long-term sustainable returns.

The resilience of the Group through this period is largely due to strategic long-term thinking, a highly talented team with specialist skills, and incentivising those employees through equity, linked to sustained operational performance over a long period.

4.2 Financial measures

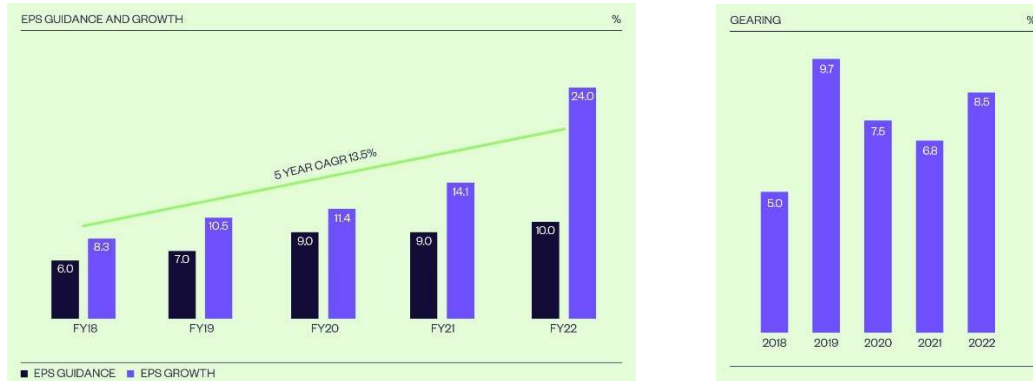
Performance measures	FY17	FY18	FY19	FY20	FY21	FY22
Operating profit (\$M)	776.0	845.9	942.3	1,060.2	1,219.4	1,528.0
Operating EPS (cents)	43.1	46.7	51.6	57.5	65.6	81.3
Operating EPS growth (%)	7.5	8.3	10.5	11.4	14.1	24.0
Security price as at 30 June (\$)	7.87	9.62	15.03	14.85	21.17	17.84
Distributions per security (cents)	25.9	28.0	30.0	30.0	30.0	30.0
3 year rolling TSR (%) ¹	72.7	69.5	130.8	103.4	133.4	24.7
NTA per security (\$)	4.21	4.64	5.34	5.84	6.68	8.37
Growth in NTA (\$B)	0.2	0.9	1.3	1.0	1.7	3.3
Gearing (%)	5.9	5.1	9.7	7.5	6.8	8.5
AUM (\$B)	34.6	38.3	46.2	51.6	57.9	73.0
Market capitalisation premium to NTA (\$B)	6.6	9.0	17.6	16.5	26.8	17.7

1. TSR is the increase in market capitalisation plus dividends and distributions, attributable to the respective financial year.

Directors' report

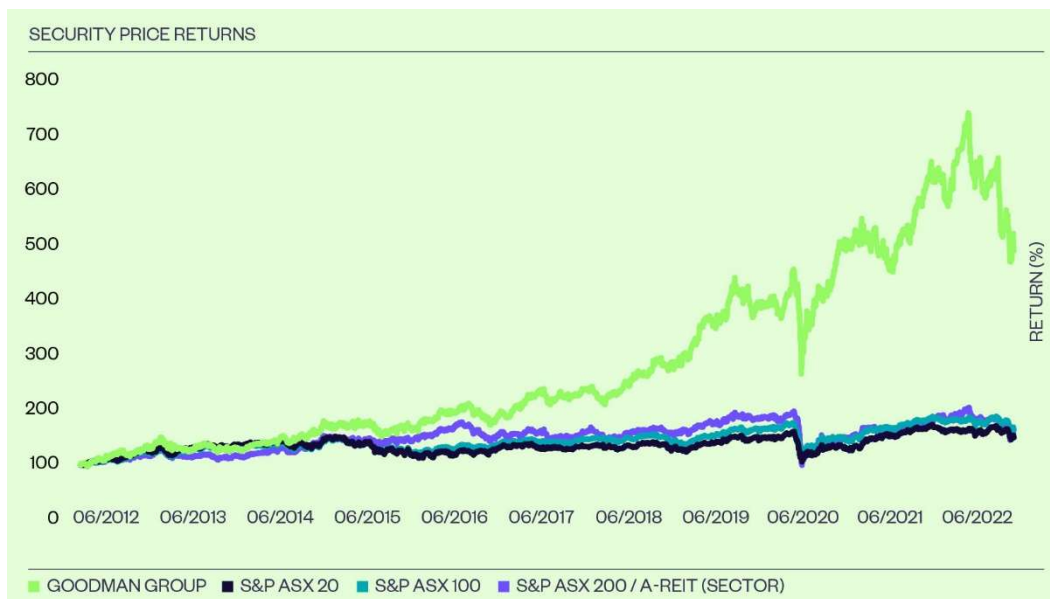
Remuneration report - audited (continued)

The key financial metrics which are aligned with the Group's strategy, long-term performance and STI and LTI programs for all employees, are operating EPS and relative TSR. CAGR in operating EPS over the past five years has been exceptional at 13.5%, which has exceeded forecasts. This has been achieved while at the same time reducing gearing, and not utilising the short-term benefits of low interest rates to financially engineer performance.



4.3 Total security price returns comparison

Goodman is the only real estate group currently in the ASX 20 and the 14th largest ASX listed entity at 30 June 2022 with a market capitalisation of over \$33 billion. Despite the volatility in the past 6 months impacting pricing of global interest rate sensitive sectors, the chart below shows the Group has consistently outperformed the S&P/ASX 20, S&P/ASX 100 and S&P/ASX 200 A-REIT indices over the past three, five and ten years. Importantly, underlying performance of the operations has been significantly ahead of target.



4.4 Remuneration outcomes for FY22

4.4.1 STI outcomes

The Board has again agreed with the Group CEO that he will not participate in the STI award. In line with continued focus on sustained long-term performance, all performance based remuneration relating to the Group CEO's FY22 performance will be awarded in the form of performance rights.

Given the global nature of the Group's operations, the recommendations for the other executive KMP are based on the Remuneration Committee's review of several sources of market information relating to the individual's role, region and global comparisons and specific incentive schemes that apply in competitor organisations.

It should be noted that based on the Group and individual performances in FY22, other executive KMP were eligible for the maximum STI.

Test	Metrics	Result
Gate 1: Behaviour	Code of Conduct: Pass/Fail	Pass
Gate 2: Operating EPS - FY22 operating EPS versus target	Operating EPS growth: Target 10% (72.1 cents)	24.0% operating EPS growth (81.3 cents)
Financial and operational assessments (including environmental objectives)	Individual assessment	Various (0 - 100%)

The table below indicates the maximum possible STI and the actual STI awarded for FY22.

Executive	Year	STI maximum \$M	Actual STI awarded \$M	Cash component \$M	Deferred component \$M	Actual STI % of maximum
Gregory Goodman	FY22	2.10	-	-	-	-
	FY21	2.10	-	-	-	-
Nick Kurtis	FY22	1.05	1.0	0.5	0.5	95
	FY21	1.05	-	-	-	-
Michael O'Sullivan	FY22	0.75	0.55	0.275	0.275	73
	FY21	0.75	0.50	0.25	0.25	67
Nick Vrontas	FY22	1.05	0.90	0.45	0.45	86
	FY21	1.05	0.70	0.35	0.35	67
		€M	€M	€M	€M	
Danny Peeters	FY22	0.92	0.70	0.35	0.35	76
	FY21	0.85	0.70	0.35	0.35	82
		US\$M	US\$M	US\$M	US\$M	
Anthony Rozic	FY21	1.05	1.05	0.525	0.525	100
	FY21	1.05	1.05	0.525	0.525	100

4.4.2 ESG assessment

STI (and LTI) award grant assessments are undertaken with reflection on behaviour, governance, social, environmental and sustainability goals and targets. The Group has made significant contributions and efforts in a wide range of areas, with key highlights including:

- + Goodman's global operations maintained certification under the Climate Active program for being a Carbon Neutral Organisation*
- + Development of science-based emissions reduction targets validated by the Science Based Target initiative as being ambitious and aligned with a 1.5°C Paris Agreement pathway
- + Approximately 203MW of solar PV installed and committed on Goodman's rooftops globally, reaching the halfway point to our 2025 400MW target
- + Continued transition to renewable energy across Goodman's operations, including 100% GreenPower for Goodman's Australian operations electricity usage
- + Integrated a consistent process for calculating and including embodied emissions into the approval process for new developments, with approximately 750,000 carbon offsets purchased so far for embodied emissions as we transition to carbon neutral developments
- + Development of a Sustainability Linked Bond Framework, providing the criteria for the US\$500 million of Sustainability-Linked Bond issuance completed this year
- + Recognised by Sustainalytics as an 'Sector' and 'Region' Top Rated ESG performer during 2022 in the ESG Ratings
- + Achieved Sector Leader in the 2021 Global Real Estate Sustainability Benchmark (GRESB) for the Goodman Japan Partnership in the Japan Industrial Distribution peer group
- + Goodman Group's Task Force on Climate related Financial Disclosures (TCFD) statement has been updated and is available on the Goodman website
- + Cutting edge sustainability design initiatives in our global development specifications including solar PV, electric vehicle charging points, LED lighting and drought tolerant landscaping
- + Greater than 50% of Goodman's developments globally were completed on brownfield developments
- + Continued focus on biodiversity initiatives including support of urban forests and reforestation with tree planting projects completed across the Continental Europe, United Kingdom and NZ operations

Directors' report

Remuneration report - audited (continued)

- + Zero workplace fatalities across Goodman's global operations including our workforce and contractors
- + Development of Goodman's Sustainable Sourcing Framework to increase focus on supply chain human rights and help meet our sustainability goals
- + Contributed a further \$11.6 million to community and philanthropic causes.

*Subject to final verification

Key areas of assessment for FY22 are disclosed below in addition to two new targets for FY23 onwards. The form of disclosure below (subject to relevant evolution and changes over time as set by the Board) will be used as the basis for future assessment of environmental and sustainability measures. The measures are formally set over the testing period for performance rights, and are reviewed annually for relevant progress.

Assessment of progress on prior period targets			
Target	Long-term target	Progress	
Renewable Energy	100% renewable electricity use within Goodman's operations by 2025	Achieved 100% Renewable electricity use Australia (in Goodman's operations) during FY22, resulting in approximately 65% renewable electricity use globally* *Subject to final verification	On target
Solar PV Installation	400MW of solar PV installed or committed by 2025 ¹	Solar PV installations and commitments increased to approximately 203MW in FY22	On target
Carbon Neutral	Carbon neutral operations by 2025	Maintained Carbon Neutral operations during FY22 ² . This was initially achieved in FY21, four years ahead of target	Ahead of target
TCFD	Achieve TCFD by FY22	TCFD compliance achieved, with FY22 statements updated and registered. This is available online	
Occupancy	>95%	99%	Materially ahead of target

1. Subject to Government regulation in each jurisdiction.
2. Formal confirmation from Climate Active due in October 2022.

Additional Targets for FY23 onwards			
Target	Long-term target	Progress	
Embodied Carbon	We are committed to measuring, reducing and offsetting embodied carbon emissions from our global development workbook and have commenced the process to reduce and offset this over time	New Target for FY23 onwards. Embodied carbon emissions calculated and included in all Group Investment Committee development papers in preparation for future carbon neutral buildings. A number of buildings have been built on an embodied carbon neutral basis as offsets have been purchased and retired. Offset procurement guidance and criteria have been established and procedures are in place with global teams. Formal Targets to be established during the year	New target
Science Based Targets	In addition to our continued commitments to renewable energy and carbon neutrality, the Group has committed to Scope 1 and 2 GHG emissions reductions of 42% by 2030 in line with 1.5°C Paris Agreement pathway and validated by SBTi	New Target for FY23 onwards	New target

Code of conduct, behaviour, social and governance requirements

Assessment area	Long-term target	Outcome	Pass/Fail
Diversity			
Gender ratio in the workforce	50% gender ratio in the workforce by 2030	Female representation stable with total employees 44% female, 56% male overall. Senior female roles represent 30% of senior positions. Significant progress has been made on career development (job scope widening, internal promotions etc) and recruitment of females into roles that should over time evolve into senior roles	On target
Women in senior roles	>40% in senior roles by 2030	Senior female roles represent 30% of senior positions. Significant progress has been made on career development (job scope widening, internal promotions etc) and recruitment of females into roles that should over time evolve into senior roles The Group is on track to reach >40% by 2030	On target

Assessment area	Long-term target	Outcome	Pass/Fail
Governance			
Workplace safety	Safe working environment with demonstrable risk controls, contractor management and monitoring of key safety metrics	There have been zero fatalities in FY22. This includes Goodman employees or contractors on Goodman controlled areas or contractor controlled sites. There has been significant focus on ensuring the implementation and execution of the Group's comprehensive safety processes and procedures, made particularly difficult through pandemic given regional visitation was not possible	On target
Significant reputational issues arising from illegal conduct	Zero	Zero	On target
Social			
Social/charitable donations	\$50 million in social investment by Goodman Foundation by 2030	\$11.6 million was contributed to community and philanthropic causes during FY21, taking our total to \$31 million in the past 3 years	Ahead of target

4.4.3 LTI outcomes

Testing as at 30 June 2022 was completed for the grants of performance rights made to executive KMP in respect of executive KMP performance in FY19 (called FY20 awards). These performance rights were tested over three years and vest in three equal tranches shortly after the third, fourth and fifth anniversary of the grant. The FY20 awards had two hurdles: operating EPS and a relative TSR, both measured over the three years ended 30 June 2022.

The mechanics of the testing are detailed in section 3.5.

4.4.3.1 Operating EPS hurdle (75% weighting)

The operating EPS is calculated by dividing operating profit by the weighted average number of securities on issue adjusted to include all performance rights which have passed the testing criteria, even though they are not yet vested (issued) to account for potential operating EPS dilution. Operating EPS growth for the three year period to 30 June 2022 was 57.6%, compared to a cumulative target of 29.5% at the upper level of the threshold.

	Threshold level	Upper level	Actual	Outperformance	Outcome
FY19 LTIP grant – Operating EPS hurdle ¹	61.4 cents	66.8 cents	81.3 cents	14.5 cents	100%

1. Testing period for grant: EPS growth from 1 July 2019 to 30 June 2022. At the threshold level, 25% satisfy the hurdle with a sliding scale up to 100% satisfying the hurdle at the upper level.

4.4.3.2 Relative TSR hurdle (25% weighting)

TSR provides an effective check against increasing risk practices within the Group, as the price to earnings multiple will reflect the perceived risk in the Group. Relative TSR is measured against the S&P/ASX 100 peer group. Vesting applies on a sliding scale:

- + 0% vests up to and including the 50th percentile
- + Vesting of 50% starts at the 51st percentile on a sliding scale with 100% vesting at the 75th percentile.

Goodman posted a three year TSR of 20.5% to 30 June 2022, under the LTIP TSR calculation methodology. This ranked Goodman in the 68th percentile against the S&P/ASX 100 and consequently 84% of these performance rights vested.

	Goodman TSR ¹	S&P/ASX 100 TSR ¹	Percentile	Outcome
FY19 LTIP grant – TSR hurdle ¹	20.5%	16.0%	68th	84%

1. Testing period for grant: 1 July 2019 to 30 June 2022, in accordance with the LTIP the TSR is based on the 10 day volume weighted average price (VWAP) at beginning and end of testing period and is therefore different from the three year TSR, sourced from Bloomberg and presented elsewhere in this report.

As a result of satisfying 100% of the operating EPS hurdle and 84% of the relative TSR hurdle, a total of 10,296,905 equity settled performance rights will vest in September 2022, September 2023 and September 2024. In addition, 2,837,750 cash settled performance rights will also vest. The Group currently intends to issue the equivalent number of new securities to satisfy those obligations in the future.

Directors' report

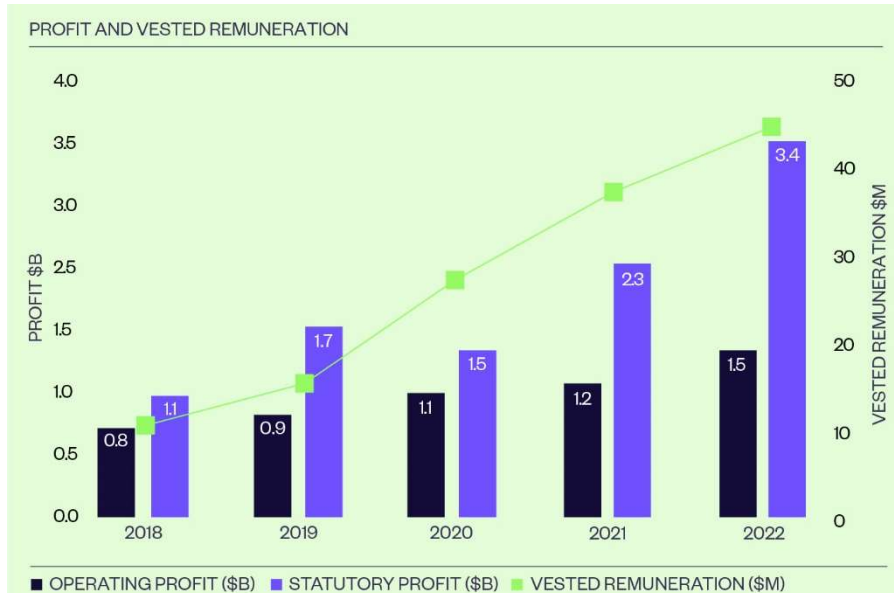
Remuneration report - audited (continued)

4.4.4 Group CEO achievements

In determining the Group CEO's remuneration, the Board acknowledged his strong leadership through the challenges of COVID-19, positioning the business for resilience and significant outperformance in FY22, far exceeding the Group's operational targets. It has also considered the following contributing factors and highlights:

Gregory Goodman	Group CEO
Leadership	+ Developed and drove a consistent global business strategy across all markets to sustain the performance of the Group despite prolonged and significant challenges presented by COVID-19 and the increases in volatility, costs and risk in the global operating environment. The Group has adapted to these challenges and continues to outperform targets, retaining employees and increasing community support and charitable programs + He has positioned the business as a leader in its field, managing, motivating and incentivising key personnel across the platform to perform in highly competitive environment + Fostered a culture that focused on delivering quality across all aspects of the business: people, properties and service + Led global internal programs to promote a strong culture of inclusion, collaboration and conduct across the organisation, underpinned by the long-held principles in the Group's Code of Conduct, treating all stakeholders with integrity, and accountability, reflected in top decile engagement scores + Reinforced Goodman's purpose aimed at understanding the drivers of change and the needs of customers and all stakeholders to support their future success + 6.4% voluntary staff turnover in FY22
Financial and risk	+ He has fostered continuity of strategy over successive years leading to continued outperformance over benchmark indices and comparator companies in FY22, and with strong and sustained TSR of 151.36% over five years + Delivered: - Statutory profit of \$3.4 billion (up 48%), driven by growth in property values as a result of asset selection over the past few years and operational activities such as development - Significant Operating Profit growth of 25% on FY21, to \$1,528 million, significantly ahead of budget - Revaluation growth across the Group and Partnership of \$8.5 billion - Operating EPS of 81.3 cents, up 24% on FY21 - NTA increased 25% to \$8.37 per security - Occupancy increased to 99% + Exceeded earnings guidance in FY22 after posting significant outperformance in FY21 through the pandemic and volatile economic conditions + Drove a clearly defined capital management strategy with financial leverage of 8.5% and maintained a strong Group balance sheet with \$2.8 billion of liquidity + Continued managing relationships with capital partners and secured additional equity and financial facilities to total \$18.1 billion of available funding capacity + Integrated strong risk management approaches globally.
Environment	+ Instrumental in significantly increasing the focus on ESG initiatives and programs throughout the Group and a culture which continually looks to improve Goodman's impact on the world. In particular: - Establishing a carbon neutral emissions target for the Group by 2025 and achieving it in FY21 - Significant progress on the 2025 solar PV installation on the rooftops of Goodman's global portfolios and installing or committing to 78 MW in FY22 taking global installation and commitment to over 200MW - Maintained compliance with TCFD since FY21 + Established a framework for measuring and assessing embodied carbon to transition to carbon neutral developments + Drove the development of science-based emissions reduction targets validated by the Science Based Target initiative as being ambitious and aligned with a 1.5°C Paris Agreement pathway + Supported implementation and progression of EV incentive scheme for staff globally to encourage a shift towards lower emissions vehicles.
Social and cultural	+ Continues to lead the shift for all employees to increase alignment with Securityholders through the LTIP as the preferred form of remuneration by taking 100% of performance based remuneration in performance rights and working with the Board to implement the ten-year plan. + Commenced new initiatives and Goodman Foundation commitments to enable it to meet its \$50 million 2030 social impact target. The Group CEO led initiatives that: - Contributed \$11.6 million to community and philanthropic causes including \$200,000 raised directly by staff. Expansion of Goodman's supply chain ethics towards a global supplier Code of Conduct increasing the focus on human rights and potential modern slavery - Enabled the Goodman team globally to contribute 2,195 hours to volunteering and community events through the year. The Goodman Foundation focuses on children and youth, community and its health, and food rescue and the environment - Through Goodman's founding food rescue partners have provided meals to charities that help feed people in need and made a significant commitment to domestic violence prevention.

The charts below demonstrate the performance of the Group and various key metrics relative to the Group CEO's vested remuneration outcomes in FY22 and prior years. They illustrate that the significant operating profit growth, security price growth and consequently returns for Securityholders over the testing and vesting periods, correlate with increased Group CEO remuneration over time. Despite significant market volatility and price movement in FY22, the market price of securities between the time of the grant and the time of vesting has seen significant growth, and the Group CEO (and all recipients of the LTIP) has participated in this performance alongside Securityholders.



The table below includes awarded remuneration at grant date and the vested remuneration over the past five years for the Group CEO. The figures in this table differ from the statutory disclosure in section 5 primarily due to the differences in the measurement and timing of recognition in respect of performance rights granted under the LTIP and not the final vesting outcome. The below figures show the base salary received by the Group CEO in the respective year plus the value of performance rights which vested during that year at the closing price on the day the performance rights vested.

The table highlights:

- + No change in fixed remuneration over the period
- + The proportion of remuneration from fixed (cash) salary has continued to decline
- + Significant growth in the value of LTI from grant date to the vesting date due to the increase in security price (on average an increase of 169% for grants vesting in FY22).

	FY17	FY18	FY19	FY20	FY21	FY22
	\$M	\$M	\$M	\$M	\$M	\$M
Base salary	1.4	1.4	1.4	1.4	1.4	1.4
STI	-	-	-	-	-	-
Value of LTI on grant date ¹	3.8	4.7	7.3	11.6	14.4	15.9
Value of LTI on vesting date	7.0	8.8	13.5	25.4	35.6	42.9
Total remuneration based on LTI value at grant date ¹	5.2	6.1	8.7	13.0	15.8	17.3
Total vested remuneration based on LTI value at vesting date	8.4	10.2	14.9	26.8	37.0	44.3
Increase in LTI value due to security price performance of the Group	3.2	4.1	6.2	13.8	21.2	26.9
Percentage growth in value of LTI during vesting period	84%	88%	86%	119%	147%	169%

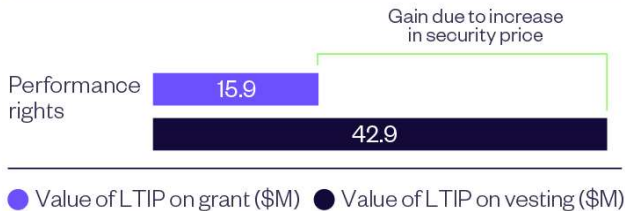
1. Value based on the security prices at the grant dates for the performance rights that vested in the financial year. This is so as to allow comparison of the security price outperformance over the period between grant and vesting dates.

Directors' report

Remuneration report - audited (continued)

The chart below illustrates the increase in the value of the Group CEO's vested LTI in FY22 from the date of the original awards in 2017, 2018 and 2019. These significant gains have arisen due to consistent earnings growth and security price outperformance of the Group.

GROUP CEO FY22 VESTED PERFORMANCE RIGHTS



4.4.5 Other executive KMP achievements

In FY22, the Board considered the following highlights when assessing other executive KMP:

Danny Peeters	Executive Director, Corporate
	+ Successfully overseeing Brazil, playing a critical role in communicating and reinforcing the Group's strategy, both from a real estate and corporate perspective – currently acting as CEO ad interim + Played a key role in overseeing the Brazil Investment Partnership with strong financial outcomes + Continued to progress acquisition and permitting of significant infill development sites, positioning the Group and Partnership in a strong position to capitalise on the growing e-commerce penetration + Construction completion including permits and successful leasing progress of major development sites despite the challenging pandemic context in Brazil – strong leasing results and asset rotation. Strong focus on quality of developments and property management to drive long term value of the assets + Provided guidance and team coaching in a complex acquisition and development environment effecting above-target performance + Embedded key controls and culture with the team working cohesively and capability increasing + Drove further integration of the Brazil operation into the global network + Provided advice and support to senior management in Continental Europe and Group regarding sustainability and innovation initiatives + Important direct link for the Board to the operations in Continental Europe and Brazil + Further improved key controls and culture with the team working cohesively and increasing capability.
Anthony Rozic	Chief Executive Officer North America, and Deputy Group Chief Executive Officer
	+ Significant outperformance to budget EBIT and valuations. + Significant investment outperformance during the year through strategic value add, development, re-leasing and debt issuance initiatives + Critical role in communicating and reinforcing the Group's strategy in the region + Managed a focused and motivated team with an emphasis on succession planning strong leadership in embedding the Goodman values in the behaviour of the team and encouraging teamwork and collaboration + With the COVID-19 disruption and employees working remotely, a high level of productivity has been maintained with a focus on key operational priorities + Continued to develop a high-quality portfolio and strongly differentiated brand position and building team capabilities and skill sets for complex acquisitions and developments ahead of future growth + Commenced 2.7 million square feet, completed 2.4 million square feet, stabilised 2.2 million square feet of infill development projects + Continued to grow infill development pipeline with acquisitions of 2.3m sf in major US gateway cities providing strong positioning for future performance + Successfully entered the two new target markets of New York and San Francisco with the acquisition of strategic developments and value add opportunities + Continued to diversify capital sources with the doubling of the debt facility with the second USPP Bond issuance of \$400 million and bank debt extension and increase of \$300 million taking total debt to \$1 billion with \$200 million of liquidity at the end of the financial year. Maintained gearing level below 14% + Successfully oversaw strong growth in business operations in North America, achieving a number of key milestones: - Significant growth in AUM to \$8.4 billion - Stabilised occupancy of 96.4% - Maintained a long WALE of 8.9 years - Total available uncommitted liquidity in the Partnership \$3.8 billion at financial year end + Introduced new regional and global customer relationships to the portfolio over FY22 with a number of developments pre-leased and replenishing the land/value-add inventory. Emphasis on developing major infill sites and value-add development skill sets + Successfully launched numerous ESG initiatives including renewable energy solar power and carbon neutral developments.

Nick Kurtis	Group Head of Equities
	+ Formulated and implemented the Partnerships' strategies to successfully deliver significant total returns. Partnership investment portfolio delivered annualised average total return on net assets of 21.4% (based on the respective Partnership reporting periods). Materially in excess of benchmark and target hurdle returns + Delivered strong performance metrics including: - Management earnings contribution of \$588 million to the Group's operating earnings - Performance fee revenue of \$208 million - Growth in external AUM up 27% to \$68.7 billion across 16 Partnerships in 14 countries + Strategic asset planning and new asset selection focus resulting in superior property level returns + Establishment and communication of Group strategy and values across the investment management platform + Communication with key capital partners during the COVID-19 disruption and established strategies to ensure portfolio strategy and execution was consistent with capital partner expectations + Oversight of Partnership capital management plans, including equity, debt and hedging strategies across the whole portfolio in all jurisdictions + Developed the strategy and led execution on new equity raisings of \$1.8 billion in FY22 + Fostered strong relationships with existing and new capital partners + Successfully executed continuation of several Partnerships through the course of FY22 + Established new Partnerships with investors + Provided strategic advice across a range of corporate and structural transactions in the business to position opportunities for future years.
Michael O'Sullivan	Group Chief Risk Officer
	+ Responsible for identifying, assessing, and monitoring risks at Goodman and reporting to the Risk and Compliance Committee + Oversee and aligned the Group Investment Committee (GIC) process with strategy execution to ensure final commercial outcomes remain consistent with Group strategy + A requested member of regional due diligence committee meetings relating to major acquisitions, disposals, and capital market transactions + Performs a critical role in commercial oversight and assessment of globally complex transactions of the Group to allow the required level of autonomy at a regional level within delegated authority limits + Maintained risk management frameworks with improved outcomes across the Group and Partnerships in FY22 adapting to the changing nature of our business including nature, scale, and complexity of development projects globally + Responsible for co-ordination and reporting of Group Corporate Service functions, specifically as they relate to the identification and monitoring of non-financial risks with specific reference to internal audit, safety, sustainability, compliance, insurance and business continuity planning + Work closely with all Group functions, in particular, Finance, Legal, Compliance, Technical, Investment Management and IT where it relates to risk management practices and processes in those specific functions + FY22 saw continued Group activities, in relation to the GIC process including: - Over 400 GIC submissions with over 20% involving detailed involvement from the Group Risk function - WIP of \$13.6 billion with an annual production rate of \$7.1 billion - \$2.3 billion of asset sales, including both the disposals of directly held developments and disposals to external parties globally - \$8.4 billion of global acquisitions and development expenditure - 16 Partnership business plans and strategy proposals across \$68.7 billion of external AUM, in which the Group's equity investment was \$14.4 billion.
Nick Vrontas	Group Chief Financial Officer
	+ Successfully developed and played a key role in the execution of the business strategy including the management and allocation of capital that has delivered strong returns to investors over several years culminating in FY22 operating profit of over \$1.5 billion + Full oversight of balance sheet and profit and loss outcomes for the Group and Partnerships across multiple jurisdictions in 14 countries. Effective statutory and management financial reporting giving clarity to support strong operational decision making + Built improvements and resilience into systems and controls framework. Strengthened monitoring, co-ordination and consolidation of financial performance and financial position of regional business units and divisions to exceed budget and financial plans + Effected strong capital management and compliance with financial risk management policies of Group and Partnerships + Established and oversaw debt finance transactions in banking and debt capital markets of over \$8 billion for the Group and its Partnerships, adding term to maturity profile and diversity of funding sources + Effective hedging and financial risk management. Involved in and oversaw money market and hedge transactions of \$11 billion for the Group and its Partnerships. Progressed framework for future risk mitigation measures and appropriate enhancements in line with changing nature of the business and industry + Led operational improvements in relation to business IT systems and processes, particularly considering the necessary changes that the recent operating climate have given rise to + Updated and improved various operational policies to enhance compliance and reduce risk. Has demonstrated an ability to manage through variable market conditions. Maintains valuable relationships in the capital markets.

Directors' report

Remuneration report - audited (continued)

4.5 LTI grants in relation to FY22 performance

The remuneration proposed by the Board in respect of the executive KMP performance in FY22 comprise fixed remuneration, STI awards and awards under the LTIP.

As discussed in earlier sections, the Board has decided to reduce the number of performance rights to be issued to the Group CEO and other executive KMP under the LTIP. The Board has taken into account the face value of the grants and their economic value in making its determination. The Board believes that the significant reduction will find a new balance between the interests of Securityholders and the recipients. The Board also believes that this will not adversely impact the motivations of the recipients.

The table below lists the maximum number of performance rights which could vest if the maximum hurdles are met over the four years ending 30 June 2026. The minimum vesting percentage is 0% if the threshold hurdles are not met. The vesting of those performance rights that achieve the performance hurdles (if any) will occur in seven equal tranches in September each year, starting from September 2026 with the last tranche vesting ten years from initial grant, in September 2032.

The grants that the Board intends to make in September 2022 and proposes to make for Executive Directors after the AGM (subject to Securityholder approval) in respect of the executive KMP performance in FY22, are detailed below. The FY23 performance rights awards reflect:

- + A reduction in the number of rights for the Group CEO of 36% and other executive KMP of 20%
- + A reduction in the face value for the Group CEO of 46% and 33% for other executive KMP.

Executive	Year of grant	Performance rights proposed	Face value per performance right \$	Face value of grant \$M	Economic value per performance right \$	Economic value of grant \$M
Gregory Goodman	FY23	1,000,000	17.84	17.8	8.40	8.4
Danny Peeters	FY23	500,000	17.84	8.9	8.40	4.2
Anthony Rozic	FY23	550,000	17.84	9.8	8.40	4.6
Nick Kurtis	FY23	645,000	17.84	11.5	8.40	5.4
Michael O'Sullivan	FY23	450,000	17.84	8.0	8.40	3.8
Nick Vrontas	FY23	550,000	17.84	9.8	8.40	4.6

5. NON-EXECUTIVE DIRECTOR REMUNERATION

5.1 Key elements of the Non-Executive Director remuneration policy

–	The policy is structured to ensure independence of judgement in the performance of their duties.
–	Non-Executive Directors receive fixed fees for Board membership and additional fees for membership of committees.
–	The fees are set considering the size and scope of Goodman's activities and the responsibilities and experience of the Directors. Periodically, these fees are benchmarked against data for comparable entities provided by external advisers.
–	As approved by Securityholders at the 2006 AGM, total remuneration (including superannuation) payable by Goodman to all Non-Executive Directors in aggregate must not exceed \$2.5 million per annum. For FY22, total Non-Executive Directors' remuneration was \$2.4 million (2021: \$2.4 million). With the recent appointments, increasing size and depth of operations of the Group, and responsibilities of Directors, the Group will be seeking an increase in permitted Non-Executive Director fee pool at the 2022 AGM.
–	The Board has approved the establishment of a Sustainability and Innovation Committee which will be constituted in FY23.
–	Non-Executive Directors are not entitled to participate in any STI or LTI schemes as they may be perceived to create a bias when overseeing executive decision making.
–	To align the interests of the Board with Securityholders, the Board updated the Directors' Security Holding Policy in April 2021. The policy requires Non-Executive Directors to accumulate and hold Goodman securities with a value equivalent to their pre-tax annual base fee within three years of appointment, or in the case of the Chairman the pre-tax Chairman's fee within three years of appointment as Chairman (subject to a transitional year following adoption of the new policy). For the purpose of this policy, the value of each parcel acquired is the higher of the purchase price or market value at the end of the financial year.

5.2 Board and committee annual fees

The Board and committee fees that applied for FY22 are set out below:

	Board \$	Audit Committee \$	Risk and Compliance Committee \$	Remuneration Committee \$	Nomination Committee \$
Chairman	625,000	60,000	50,000	50,000	n/a
Member	240,000	30,000	30,000	30,000	30,000

The remuneration of the Non-Executive Director of GLHK was HK\$680,000.

Directors' report

Remuneration report - audited (continued)

6. STATUTORY DISCLOSURES

6.1 KMP remuneration (statutory analysis)

Details of the nature and amount of each major element of the remuneration of each executive KMP, as calculated under Australian Accounting Standards, are set out below:

		Long-term						Share based payments		Performance related		
		Salary and fees ¹	Bonus (STI) ²	Other ^{3,4}	Total	Superannuation benefits	Bonus (STI) ²	Other ³	Performance rights (LTI) ⁵	Total	STI and LTI as % of total	LTI as % of total
Executive KMP		\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Gregory Goodman	FY22	1,445,570	-	-	1,445,570	23,568	-	10,199	14,293,367	15,772,704	90.6	90.6
	FY21	1,447,398	-	11,201	1,458,599	21,694	-	44,203	11,854,105	13,378,601	88.6	88.6
Nick Kurtis	FY22	687,955	-	-	687,955	23,568	1,000,000	8,584	6,253,120	7,973,227	91.0	78.4
	FY21	707,113	-	12,468	719,581	21,694	-	17,509	4,742,939	5,501,723	86.2	86.2
Michael O'Sullivan	FY22	500,095	-	-	500,095	23,568	550,000	6,403	4,424,720	5,504,786	90.4	80.4
	FY21	474,143	-	11,423	485,566	21,694	500,000	13,242	3,336,045	4,356,547	88.1	76.6
Nick Vrontas	FY22	713,882	-	-	713,882	23,568	900,000	8,159	5,706,958	7,352,567	89.9	77.6
	FY21	679,746	-	11,423	691,169	21,694	700,000	18,073	4,598,229	6,029,165	87.9	76.3
		€	€	€	€	€	€	€	€	€		
Danny Peeters ⁶	FY22	610,450	-	-	610,450	-	700,000	-	3,539,015	4,849,465	87.4	73.0
	FY21	593,400	-	-	593,400	-	700,000	-	2,656,555	3,949,955	85.0	67.3
		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$		
Anthony Rozic ⁷	FY22	729,880	-	20,149	750,029	17,100	1,050,000	14,651	4,305,210	6,136,989	87.3	70.2
	FY21	697,211	-	29,466	726,677	16,210	1,050,000	(1,715)	3,445,575	5,236,747	85.8	65.8

The footnotes for this table are set out on the following page.

Executive KMP are engaged under written employment contracts until notice is given by either Goodman or the executive KMP. Notice periods are for six months except for Gregory Goodman and Danny Peeters for whom the period is 12 months. Danny Peeters provides his services through a management company, DPCON Bvba.

Footnotes to the executive KMP remuneration table:

1. Salary and fees represent the amounts due under the terms of executives' service contracts and include movements in annual leave provisions.
2. Executives' bonus (STI) awards are paid in two instalments: 50% on finalisation of Goodman's financial statements and 50% 12 months later. Under Australian Accounting Standards, this means the entire bonus award is considered as a long-term benefit with regard to the disclosure of individual executive's remuneration. No bonuses were forfeited during the financial year.
3. Other includes changes in long service leave provisions and in the prior year, car parking and reportable fringe benefits.
4. The Board agreed certain tax equalisation arrangements with Anthony Rozic in connection with his employment arrangements in the United States and Australia to ensure that he was no better or worse off. As a result, in FY20 Goodman made additional tax related payments of US\$150,005 in respect of the period prior to 1 January 2019. These amounts were on top of Anthony Rozic's Australian tax obligations for which he remained exclusively responsible. The Board also advanced under an interest free loan, double-tax amounts in respect of the period prior to 1 January 2019 for which foreign income tax offsets from the Australian Taxation Office will be used to repay the advances.
At 1 July 2021 the advances made by Goodman amounted to US\$503,729, and as there have been no further advances or repayments during the year ended 30 June 2022, the balance at 30 June 2022 is also US\$503,729. The amount of interest that would have been payable if charged on an arm's length basis during the year is \$20,149 (2021: \$20,149). The notional interest amount has been included in Anthony Rozic's statutory remuneration (Other remuneration). No other executive KMP received a loan from the Group during the current or prior financial years.
5. Performance rights are an LTI and in accordance with Australian Accounting Standards: the values of the awards are determined using option pricing models and amortised in the income statement over the vesting periods.
6. The remuneration of Danny Peeters is disclosed in Euros, the currency in which his base remuneration and STI are determined. The value attributed to his performance rights is translated from Australian dollars at the weighted average rate for the relevant financial year.
7. The remuneration of Anthony Rozic is disclosed in US dollars, the currency in which his base remuneration and STI are determined. The value attributed to his performance rights is translated from Australian dollars at the weighted average rate for the relevant financial year.

Directors' report

Remuneration report - audited (continued)

6.2 Movements in performance rights held by executive KMP

The movements in the number of performance rights during FY22 are summarised as follows:

		Held at the start of the year	Granted as compensation	Vested	Forfeited	Held at the end of the year
Executive Directors						
Gregory Goodman	FY22	5,316,667	1,560,000	(1,866,666)	-	5,010,001
	FY21	6,350,000	950,000	(1,983,333)	-	5,316,667
Danny Peeters	FY22	1,846,667	625,000	(566,666)	-	1,905,001
	FY21	1,996,250	380,000	(529,583)	-	1,846,667
Anthony Rozic	FY22	2,013,333	690,000	(633,333)	-	2,070,000
	FY21	2,241,666	400,000	(628,333)	-	2,013,333
Other executive KMP						
Nick Kurtis	FY22	2,103,333	805,000	(633,333)	-	2,275,000
	FY21	2,290,416	490,000	(677,083)	-	2,103,333
Michael O'Sullivan	FY22	1,450,000	560,000	(413,333)	-	1,596,667
	FY21	1,503,750	340,000	(393,750)	-	1,450,000
Nick Vrondas	FY22	2,050,000	690,000	(650,000)	-	2,090,000
	FY21	2,323,750	420,000	(693,750)	-	2,050,000

6.3 Analysis of performance rights held by executive KMP

Details of the awards of performance rights under the LTIP granted by Goodman as compensation to the executive KMP are set out in the following tables:

	Number of performance rights granted	Date performance rights granted	Year	Fair value per performance right ¹ \$	Total value of performance rights granted ¹ \$	Vested in prior years %	Vested in the year % ²	Forfeited %	Value of performance rights vested in the year ³ \$	Financial years in which grant vests ⁴
Executive Directors										
Gregory Goodman	1,560,000	18 Nov 2021	FY22	20.16	31,449,600	-	-	-	-	2026–2032
	950,000	19 Nov 2020	FY21	16.07	15,266,500	-	-	-	-	2024–2026
	900,000	20 Nov 2019	FY20	11.48	10,332,000	-	-	-	-	2023–2025
	1,600,000	15 Nov 2018	FY19	8.72	13,952,000	-	33.3	-	12,245,326	2022–2024
	1,600,000	16 Nov 2017	FY18	6.70	10,720,000	33.3	33.3	-	12,245,326	2021–2023
	2,400,000	30 Sep 2016	FY17	5.64	13,536,000	66.7	33.3	-	18,368,000	2020–2022
Danny Peeters	625,000	18 Nov 2021	FY22	20.16	12,600,000	-	-	-	-	2026–2032
	380,000	19 Nov 2020	FY21	16.07	6,106,600	-	-	-	-	2024–2026
	350,000	20 Nov 2019	FY20	11.48	4,018,000	-	-	-	-	2023–2025
	550,000	15 Nov 2018	FY19	8.72	4,796,000	-	33.3	-	4,209,326	2022–2024
	550,000	16 Nov 2017	FY18	6.70	3,685,000	33.3	33.3	-	4,209,326	2021–2023
	600,000	30 Sep 2016	FY17	5.64	3,384,000	66.7	33.3	-	4,592,000	2020–2022
Anthony Rozic	690,000	18 Nov 2021	FY22	20.16	13,910,400	-	-	-	-	2026–2032
	400,000	19 Nov 2020	FY21	16.07	6,428,000	-	-	-	-	2024–2026
	380,000	20 Nov 2019	FY20	11.48	4,362,400	-	-	-	-	2023–2025
	600,000	15 Nov 2018	FY19	8.72	5,232,000	-	33.3	-	4,592,000	2022–2024
	600,000	16 Nov 2017	FY18	6.70	4,020,000	33.3	33.3	-	4,592,000	2021–2023
	700,000	30 Sep 2016	FY17	5.64	3,948,000	66.7	33.3	-	5,357,326	2020–2022

Refer to page 65 for explanatory footnotes.

Directors' report

Remuneration report - audited (continued)

	Number of performance rights granted	Date performance rights granted	Year	Fair value per performance right ¹ \$	Total value of performance rights granted ¹ \$	Vested in prior years %	Vested in the year % ²	Forfeited %	Value of performance rights vested in the year ³ \$	Financial years in which grant vests ⁴
Other executive KMP										
Nick Kurtis	805,000	30 Sep 2021	FY22	17.22	13,862,100	-	-	-	-	2026–2032
	490,000	30 Sep 2020	FY21	15.77	7,727,300	-	-	-	-	2024–2026
	380,000	30 Sep 2019	FY20	11.26	4,278,800	-	-	-	-	2023–2025
	600,000	28 Sep 2018	FY19	8.52	5,112,000	-	33.3	-	4,592,000	2022–2024
	600,000	30 Sep 2017	FY18	6.41	3,846,000	33.3	33.3	-	4,592,000	2021–2023
	700,000	30 Sep 2016	FY17	5.64	3,948,000	66.7	33.3	-	5,357,326	2020–2022
Michael O'Sullivan	560,000	30 Sep 2021	FY22	17.22	9,643,200	-	-	-	-	2026–2032
	340,000	30 Sep 2020	FY21	15.77	5,361,800	-	-	-	-	2024–2026
	300,000	30 Sep 2019	FY20	11.26	3,378,000	-	-	-	-	2023–2025
	400,000	28 Sep 2018	FY19	8.52	3,408,000	-	33.3	-	3,061,326	2022–2024
	390,000	30 Sep 2017	FY18	6.41	2,499,900	33.3	33.3	-	2,984,800	2021–2023
	450,000	30 Sep 2016	FY17	5.64	2,538,000	66.7	33.3	-	3,444,000	2020–2022
Nick Vrontas	690,000	30 Sep 2021	FY22	17.22	11,881,800	-	-	-	-	2026–2032
	420,000	30 Sep 2020	FY21	15.77	6,623,400	-	-	-	-	2024–2026
	380,000	30 Sep 2019	FY20	11.26	4,278,800	-	-	-	-	2023–2025
	600,000	28 Sep 2018	FY19	8.52	5,112,000	-	33.3	-	4,592,000	2022–2024
	600,000	30 Sep 2017	FY18	6.41	3,846,000	33.3	33.3	-	4,592,000	2021–2023
	750,000	30 Sep 2016	FY17	5.64	4,230,000	66.7	33.3	-	5,740,000	2020–2022

Footnotes to the analysis of executive KMP performance rights table:

1. The fair value was determined at grant date for each of the tranches and calculated using a combination of the standard Black Scholes model with a continuous dividend/distribution yield and a Monte Carlo model which simulated total returns for each of the S&P/ASX 100 entities and discounted the future value of any potential future vesting performance rights to arrive at a present value.
2. As performance rights had an exercise price of \$nil, Goodman securities were automatically issued to employees when the performance rights vested. Accordingly, the percentage of performance rights that vested during the year equalled the percentage of securities issued during the year.
3. The value of performance rights vested was calculated using the closing price of a Goodman security on the ASX of \$22.96 on 1 September 2021, the day the performance rights vested.
4. As Goodman securities were automatically issued to employees when the performance rights vested, and lapsed where they failed to do so, the vesting date was also deemed to be the expiry date.

6.4 Securities issued on exercise of performance rights

During FY22, Goodman issued 14,716,648 securities as a result of the vesting of performance rights. The amount paid by the employees on exercise of these securities was \$nil.

No performance rights have vested since the end of the financial year.

6.5 Unissued securities under performance rights

At the date of this Directors' report, unissued securities of Goodman under performance rights, i.e. those performance rights that have not yet vested, were:

Vesting date ¹	Exercise price \$	Number of performance rights ²
Ten-year plan		
Sep 2031	-	1,607,145
Sep 2030	-	1,607,143
Sep 2029	-	1,607,144
Sep 2028	-	1,607,142
Sep 2027	-	1,607,142
Sep 2026	-	1,607,142
Sep 2025	-	1,607,142
Five-year plan		
Sep 2026	-	2,501,648
Sep 2025	-	6,607,973
Sep 2024	-	10,183,285
Sep 2023	-	12,920,177
Sep 2022	-	13,645,975

1. As Goodman securities were automatically issued to employees when the performance rights vested, and lapsed where they failed to do so, the vesting date was also deemed to be the expiry date.
2. The number of performance rights at the date of this Directors' report is net of any rights forfeited and excludes 14,641,586 performance rights where the intention is to cash settle.

Directors' report

Remuneration report - audited (continued)

6.6 Non-Executive Directors' remuneration (statutory analysis)

Details of the nature and amount of each major element of the remuneration of Non-Executive Directors, as calculated under Australian Accounting Standards, are set out below:

Non-Executive Directors – GL and GFML		Salary and fees	Superannuation benefits	Total
		\$	\$	\$
Stephen Johns ¹	FY22	601,432	23,568	625,000
	FY21	480,131	21,694	501,825
Ian Ferrier ²	FY22	-	-	-
	FY21	234,619	8,437	243,056
Christopher Green	FY22	300,000	-	300,000
	FY21	264,062	-	264,062
Mark Johnson	FY22	306,432	23,568	330,000
	FY21	264,060	21,694	285,754
Vanessa Liu ³	FY22	20,000	-	20,000
	FY21	-	-	-
Rebecca McGrath	FY22	344,108	5,892	350,000
	FY21	282,368	21,694	304,062
Phillip Pryke ⁴	FY22	408,701	23,568	432,269
	FY21	357,068	21,694	378,762
Hilary Spann ⁵	FY22	59,048	-	59,048
	FY21	-	-	-
Penny Winn ⁶	FY22	107,850	9,195	117,045
	FY21	258,306	21,694	280,000
Non-Executive Director – GLHK		HK\$	HK\$	HK\$
David Collins ⁷	FY22	680,000	-	680,000
	FY21	625,000	-	625,000

1. Stephen Johns was appointed Chairman on 19 November 2020 and movement in Director's fees reflects this appointment.

2. Ian Ferrier retired as a Director on 19 November 2020.

3. Vanessa Liu was appointed as a Director on 1 June 2022.

4. Salary and fees for Phillip Pryke included an amount of A\$93,747 (NZ\$100,000) (2021: A\$83,760 (NZ\$90,000)) due in respect of his role on the board and audit committee of Goodman (NZ) Limited, the manager of Goodman Property Trust.

5. Hilary Spann was appointed as a Director on 4 April 2022.

6. Penny Winn retired as a Director on 18 November 2021.

7. David Collins is a director of GLHK and his director's fees are disclosed in Hong Kong dollars.

6.7 Movements in Goodman securities held

The movements during the year in the number of Goodman securities held, directly, indirectly or beneficially, by each KMP, including their related parties, are set out below:

		Held at the start of the year ¹	Securities issued on vesting of performance rights	Acquisitions	Disposals	Held at the end of the year ²
Non-Executive Directors – GL and GFML						
Stephen Johns	FY22	41,143	-	-	-	41,143
	FY21	25,000	-	16,182	(39)	41,143
Christopher Green	FY22	78,996	-	-	-	78,996
	FY21	78,996	-	-	-	78,996
Mark Johnson	FY22	5,000	-	10,000	-	15,000
	FY21	-	-	5,000	-	5,000
Vanessa Liu	FY22	-	-	-	-	-
	FY21	-	-	-	-	-
Rebecca McGrath	FY22	43,061	-	-	-	43,061
	FY21	42,144	-	917	-	43,061
Phillip Pryke	FY22	59,880	-	-	-	59,880
	FY21	59,880	-	-	-	59,880
Hilary Spann	FY22	-	-	3,500	-	3,500
	FY21	-	-	-	-	-
Penny Winn	FY22	24,700	-	-	-	24,700
	FY21	24,700	-	-	-	24,700
Non-Executive Director – GLHK						
David Collins	FY22	5,000	-	-	-	5,000
	FY21	5,000	-	-	-	5,000
Executive Directors – GL and GFML						
Gregory Goodman	FY22	38,487,880	1,866,666	-	(1,750,000)	38,604,546
	FY21	38,104,547	1,983,333	-	(1,600,000)	38,487,880
Danny Peeters	FY22	1,633,131	566,666	-	-	2,199,797
	FY21	2,103,548	529,583	-	(1,000,000)	1,633,131
Anthony Rozic	FY22	1,209,460	633,333	-	(891,486)	951,307
	FY21	1,475,958	628,333	-	(894,831)	1,209,460
Other executive KMP						
Nick Kurtis	FY22	554,286	633,333	-	(684,000)	503,619
	FY21	503,330	677,083	-	(626,127)	554,286
Michael O'Sullivan	FY22	843,119	413,333	-	(190,000)	1,066,452
	FY21	666,601	393,750	-	(217,232)	843,119
Nick Vrontas	FY22	129,909	650,000	-	(650,000)	129,909
	FY21	-	693,750	-	(563,841)	129,909

1. Relates to securities held at the later of the start of the financial year or the date of becoming a KMP.

2. Relates to securities held at the earlier of the end of the financial year or the date of ceasing to be a KMP.

Directors' report

Remuneration report - audited (continued)

6.8 Transactions with Directors, executives and their related entities

GreenPoint Real Estate Innovation and Technology Venture, LP

In order to enhance understanding of and access to technologies that may influence the property sector and the business, the Group has committed to investing USD15.0 million in GreenPoint Real Estate Innovation and Technology Venture, LP, a property technology fund that is a Delaware limited partnership, managed by Greenpoint Group LP, also a Delaware limited partnership. Greenpoint Group LP is beneficially owned and controlled by Christopher Green, a director of GL. As at 30 June 2022, the Group had invested USD5.3 million.

Wyuna Regenerative Ag Investment Fund (Wyuna)

The Group has, as part of our ESG strategy, committed to investing \$30.0 million in Wyuna, a fund offering a model blending carbon farming, red meat production and regeneration in Australia. The fund is managed by Wyuna Regenerative Ag, which is 50% owned by Christopher Green, a director of Goodman Limited. As at 30 June 2022, the Group had invested \$nil.

Other than as disclosed elsewhere in the remuneration report, there were no other transactions with Directors, executives, and their related entities.

Environmental regulations

Goodman has policies and procedures to identify and appropriately address environmental obligations that might arise in respect of Goodman's operations that are subject to significant environmental laws and regulation. The Directors have determined that Goodman has complied with those obligations during the financial year and that there has not been any material breach.

Declaration by the Group Chief Executive Officer and Group Chief Financial Officer

The Group Chief Executive Officer and Group Chief Financial Officer declared in writing to the Board that, in their opinion, the financial records of Goodman for the year ended 30 June 2022 have been properly maintained and the financial report for the year ended 30 June 2022 complies with accounting standards and presents a true and fair view of Goodman's financial condition and operational results. The Group Chief Executive Officer and Group Chief Financial Officer confirmed that the above declaration was, to the best of their knowledge and belief, founded on a sound system of risk management and internal control and that the system was operating effectively in all material respects in relation to the financial reporting risks.

Disclosure in respect of any indemnification and insurance of officers and auditors

Pursuant to the Constitution of Goodman, current and former Directors and officers of Goodman are entitled to be indemnified. Deeds of Indemnity have been executed by Goodman, consistent with the Constitution, in favour of each Director. The Deed indemnifies each Director to the extent permitted by law for liabilities (other than legal costs) incurred in their capacity as a director of Goodman Limited or a controlled entity and, in respect of legal costs, for liabilities incurred in defending or resisting civil or criminal proceedings.

Goodman has insured to the extent permitted by law, current and former Directors and officers of Goodman in respect of liability and legal expenses incurred in their capacity as a director or officer. As it is prohibited under the terms of the contract of insurance, the Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid.

The auditors of Goodman are not indemnified by Goodman or covered in any way by this insurance in respect of the audit.

Non-audit services

During the financial year, KPMG, Goodman and GIT's auditor, performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the financial year by the auditor and, in accordance with written advice authorised by a resolution of the Audit Committee, resolved that it is satisfied that the provision of those non-audit services during the financial year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- + All non-audit services were subject to the corporate governance procedures adopted by Goodman and have been reviewed by the Audit Committee to determine they do not impact the integrity and objectivity of the auditor
- + The non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Goodman, acting as an advocate for Goodman or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of Goodman and GIT, KPMG and its network firms, for the audit and non-audit services provided during the financial year are set out in note 26 to the consolidated financial statements.

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

The lead auditor's independence declaration is set out on page 71 and forms part of this Directors' report for the financial year.

Directors' report

(continued)

Rounding

Goodman and GIT are entities 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 statements have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of Goodman, the results of those operations, or the state of affairs of Goodman, in future financial years.

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



Stephen Johns
Independent Chairman



Gregory Goodman
Group Chief Executive Officer

Sydney, 16 August 2022



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

To the Directors of Goodman Limited and Goodman Funds Management Limited, as Responsible Entity for Goodman Industrial Trust

I declare that, to the best of my knowledge and belief, in relation to the audits of Goodman Limited (as the deemed parent presenting the stapled security arrangement of the Goodman Group) and Goodman Industrial Trust for the financial year ended 30 June 2022, there have been:

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

KPMG

Eileen Hoggett

Partner

Sydney

16 August 2022

Consolidated statements of financial position

as at 30 June 2022

		Goodman		GIT	
		2022	2021	2022	2021
	Note	\$M	\$M	\$M	\$M
Current assets					
Cash and cash equivalents	21(a)	1,056.0	920.4	473.6	379.8
Receivables	7	217.8	331.3	131.0	816.1
Contract assets	8	77.6	80.9	-	-
Inventories	6(b)	389.0	235.1	-	-
Other financial assets	17	1.6	16.5	1.6	16.5
Assets held for sale	9	608.2	41.5	608.2	-
Total current assets		2,350.2	1,625.7	1,214.4	1,212.4
Non-current assets					
Receivables	7	173.4	277.5	3,137.4	2,528.5
Inventories	6(b)	1,727.1	1,192.7	5.9	5.9
Investment properties	6(b)	1,423.7	1,851.2	495.3	1,155.7
Investments accounted for using the equity method	6(b)	14,379.6	10,660.0	11,356.1	8,078.4
Deferred tax assets	5(d)	25.2	19.9	-	-
Other financial assets	17	496.4	362.8	373.1	314.4
Property, plant and equipment	12	61.4	54.6	-	-
Intangible assets	14	795.4	822.6	-	-
Total non-current assets		19,082.2	15,241.3	15,367.8	12,082.9
Total assets		21,432.4	16,867.0	16,582.2	13,295.3
Current liabilities					
Payables	10	606.5	565.9	72.7	607.6
Current tax payables	5(c)	173.4	160.1	-	-
Interest bearing liabilities	16	133.3	-	133.3	-
Provisions	11	299.2	294.2	233.5	166.3
Lease liabilities	13	12.5	11.9	-	-
Other financial liabilities	17	71.2	1.9	25.9	1.9
Total current liabilities		1,296.1	1,034.0	465.4	775.8
Non-current liabilities					
Payables	10	111.0	125.5	723.8	232.2
Interest bearing liabilities	16	2,698.9	2,060.3	2,692.1	2,062.8
Deferred tax liabilities	5(d)	380.3	168.4	267.9	124.0
Provisions	11	15.5	23.7	-	-
Lease liabilities	13	58.1	82.1	-	-
Other financial liabilities	17	447.7	211.5	325.3	124.6
Total non-current liabilities		3,711.5	2,671.5	4,009.1	2,543.6
Total liabilities		5,007.6	3,705.5	4,474.5	3,319.4
Net assets		16,424.8	13,161.5	12,107.7	9,975.9
Equity attributable to Securityholders					
Issued capital	20(a)	8,206.1	8,096.4	8,154.5	7,849.0
Reserves		352.7	134.8	238.8	(33.7)
Retained earnings		7,866.0	4,930.3	3,714.4	2,160.6
Total equity attributable to Securityholders		16,424.8	13,161.5	12,107.7	9,975.9
Comprising:					
Total equity attributable to GL	22(a)	2,292.9	1,635.6		
Total equity attributable to other entities stapled to GL	22(b)	14,131.9	11,525.9		
Total equity attributable to Securityholders		16,424.8	13,161.5		

The consolidated statements of financial position are to be read in conjunction with the accompanying notes.

Consolidated income statements

for the year ended 30 June 2022

		Goodman		GIT	
		2022	2021	2022	2021
	Note	\$M	\$M	\$M	\$M
Revenue					
Gross property income	2	138.0	112.4	51.7	60.2
Management income	2	511.4	383.9	-	-
Development income	2	1,441.6	1,492.0	-	-
Distributions from investments		0.8	-	6.4	9.1
		2,091.8	1,988.3	58.1	69.3
Property and development expenses					
Property expenses		(33.7)	(32.8)	(16.5)	(20.2)
Development expenses	2	(554.9)	(862.3)	-	(2.3)
		(588.6)	(895.1)	(16.5)	(22.5)
Other income					
Net gain from fair value adjustments on investment properties	6(e)	260.1	63.1	208.3	60.2
Net gain on disposal of investment properties		73.6	37.7	69.8	39.3
Net gain on disposal of assets held for sale		12.5	-	-	-
Net gain on disposal of equity investments	2	0.2	5.0	-	3.2
Share of net results of equity accounted investments	6(f)	2,718.2	1,708.9	2,173.0	1,373.8
		3,064.6	1,814.7	2,451.1	1,476.5
Other expenses					
Employee expenses	2	(258.9)	(210.8)	-	-
Share based payments expense	2	(257.6)	(268.8)	-	-
Administrative and other expenses		(90.4)	(83.2)	(60.4)	(52.1)
Reversal of previous impairment	2	-	-	-	17.6
		(606.9)	(562.8)	(60.4)	(34.5)
Profit before interest and tax		3,960.9	2,345.1	2,432.3	1,488.8
Net finance (expense)/income					
Finance income	15	8.3	94.3	72.8	177.9
Finance expense	15	(231.1)	(19.4)	(304.4)	(42.4)
Net finance (expense)/income		(222.8)	74.9	(231.6)	135.5
Profit before income tax		3,738.1	2,420.0	2,200.7	1,624.3
Income tax expense	5(a)	(324.1)	(108.1)	(133.1)	(49.5)
Profit for the year		3,414.0	2,311.9	2,067.6	1,574.8
Profit attributable to GL	22(a)	552.6	300.2		
Profit attributable to other entities stapled to GL	22(b)	2,861.4	2,011.7		
Profit for the year attributable to Securityholders		3,414.0	2,311.9		
Basic profit per security (¢)	3	183.2	125.4		
Diluted profit per security (¢)	3	178.8	122.1		

The consolidated income statements are to be read in conjunction with the accompanying notes.

Consolidated statements of comprehensive income

for the year ended 30 June 2022

	Note	Goodman		GIT	
		2022 \$M	2021 \$M	2022 \$M	2021 \$M
Profit for the year		3,414.0	2,311.9	2,067.6	1,574.8
Other comprehensive income/(loss) for the year					
Items that will not be reclassified to profit or loss					
Actuarial gains/(losses) on defined benefit retirement schemes, net of income tax		5.6	(6.0)	-	-
Effect of foreign currency translation		1.6	(0.8)	-	-
		7.2	(6.8)	-	-
Items that are or may be reclassified subsequently to profit or loss					
Increase due to revaluation of other financial assets		0.3	0.3	5.0	(2.2)
Cash flow hedges:					
– Change in value of financial instruments		15.9	0.3	15.9	0.3
Effect of foreign currency translation		143.7	(278.6)	221.8	(182.2)
		159.9	(278.0)	242.7	(184.1)
Other comprehensive income/(loss) for the year, net of income tax		167.1	(284.8)	242.7	(184.1)
Total comprehensive income for the year		3,581.1	2,027.1	2,310.3	1,390.7
Total comprehensive income attributable to GL	22(a)	542.7	271.6		
Total comprehensive income attributable to other entities stapled to GL	22(b)	3,038.4	1,755.5		
Total comprehensive income for the year attributable to Securityholders		3,581.1	2,027.1		

The consolidated statements of comprehensive income are to be read in conjunction with the accompanying notes.

Consolidated statements of changes in equity

for the year ended 30 June 2022

Goodman	Note	Attributable to Securityholders							Retained earnings	Total
		Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves		
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2020		8,031.7	(7.2)	(5.2)	188.6	239.8	(31.3)	384.7	3,104.2	11,520.6
Total comprehensive income/(loss) for the year										
Profit for the year		-	-	-	-	-	-	-	2,311.9	2,311.9
Other comprehensive income/(loss)										
Effect of foreign currency translation		-	0.2	0.5	(279.3)	-	(0.8)	(279.4)	-	(279.4)
Cash flow hedges:										
- Change in value of financial instruments		-	-	0.3	-	-	-	0.3	-	0.3
Increase due to revaluation of other financial assets		-	0.3	-	-	-	-	0.3	-	0.3
Actuarial losses on defined benefit superannuation funds, net of income tax		-	-	-	-	-	(6.0)	(6.0)	-	(6.0)
Total other comprehensive income/(loss) for the year, net of income tax		-	0.5	0.8	(279.3)	-	(6.8)	(284.8)	-	(284.8)
Total comprehensive income/(loss) for the year, net of income tax		-	0.5	0.8	(279.3)	-	(6.8)	(284.8)	2,311.9	2,027.1
Transfers		-	-	-	-	(68.4)	-	(68.4)	68.4	-
Contributions by and distributions to owners										
Dividends/distributions on stapled securities	19	-	-	-	-	-	-	-	(554.2)	(554.2)
Issue of stapled securities	20(a)	65.1	-	-	-	-	-	-	-	65.1
Issue costs		(0.4)	-	-	-	-	-	-	-	(0.4)
Purchase of stapled securities for the LTIP		-	-	-	-	(22.4)	-	(22.4)	-	(22.4)
Equity settled share based payments expense		-	-	-	-	134.7	-	134.7	-	134.7
Deferred taxes associated with the LTIP		-	-	-	-	8.1	-	8.1	-	8.1
Transfer to payables		-	-	-	-	(17.1)	-	(17.1)	-	(17.1)
Balance at 30 June 2021		8,096.4	(6.7)	(4.4)	(90.7)	274.7	(38.1)	134.8	4,930.3	13,161.5
Total comprehensive income/(loss) for the year										
Profit for the year		-	-	-	-	-	-	-	3,414.0	3,414.0
Other comprehensive (loss)/income										
Effect of foreign currency translation		-	-	(0.4)	144.1	-	1.6	145.3	-	145.3
Cash flow hedges:										
- Change in value of financial instruments		-	-	15.9	-	-	-	15.9	-	15.9
Increase due to revaluation of other financial assets		-	0.3	-	-	-	-	0.3	-	0.3
Actuarial gains on defined benefit superannuation funds, net of income tax		-	-	-	-	-	5.6	5.6	-	5.6
Total other comprehensive income for the year, net of income tax		-	0.3	15.5	144.1	-	7.2	167.1	-	167.1
Total comprehensive income for the year, net of income tax		-	0.3	15.5	144.1	-	7.2	167.1	3,414.0	3,581.1
Transfers		-	-	-	-	(81.8)	-	(81.8)	81.8	-
Contributions by and distributions to owners										
Dividends/distributions on stapled securities	19	-	-	-	-	-	-	-	(560.1)	(560.1)
Issue of stapled securities	20(a)	109.8	-	-	-	-	-	-	-	109.8
Issue costs		(0.1)	-	-	-	-	-	-	-	(0.1)
Purchase of stapled securities for the LTIP		-	-	-	-	(28.0)	-	(28.0)	-	(28.0)
Equity settled share based payments expense		-	-	-	-	164.8	-	164.8	-	164.8
Deferred taxes associated with the LTIP		-	-	-	-	(4.2)	-	(4.2)	-	(4.2)
Balance at 30 June 2022		8,206.1	(6.4)	11.1	53.4	325.5	(30.9)	352.7	7,866.0	16,424.8

The consolidated statements of changes in equity is to be read in conjunction with the accompanying notes. For an analysis of equity attributable to non-controlling interests, refer to note 22(b).

Goodman Group

GIT	Note	Attributable to Unitholders							Total \$M
		Issued capital \$M	Asset revaluation reserve \$M	Cash flow hedge reserve \$M	Foreign currency translation reserve \$M	Employee compensation reserve \$M	Total reserves \$M	Retained earnings \$M	
Balance at 1 July 2020		7,623.5	7.0	(5.2)	(38.4)	173.3	136.7	1,029.2	8,789.4
Total comprehensive (loss)/income for the year									
Profit for the year		-	-	-	-	-	-	1,574.8	1,574.8
Other comprehensive (loss)/income									
Effect of foreign currency translation		-	(0.2)	0.4	(182.4)	-	(182.2)	-	(182.2)
Cash flow hedges:									
- Change in value of financial instruments		-	-	0.3	-	-	0.3	-	0.3
Increase due to revaluation of other financial assets		-	(2.2)	-	-	-	(2.2)	-	(2.2)
Total other comprehensive (loss)/income for the year, net of income tax		-	(2.4)	0.7	(182.4)	-	(184.1)	-	(184.1)
Total comprehensive (loss)/income for the year		-	(2.4)	0.7	(182.4)	-	(184.1)	1,574.8	1,390.7
Contributions by and distributions to owners									
Distributions on ordinary units	19	-	-	-	-	-	-	(443.4)	(443.4)
Issue of ordinary units	20(a)	42.5	-	-	-	-	-	-	42.5
Issue of ordinary units for the LTIP	20(a)	183.2	-	-	-	-	-	-	183.2
Issue costs on ordinary units		(0.2)	-	-	-	-	-	-	(0.2)
Equity settled share based payments transactions		-	-	-	-	13.7	13.7	-	13.7
Balance at 30 June 2021		7,849.0	4.6	(4.5)	(220.8)	187.0	(33.7)	2,160.6	9,975.9
Total comprehensive income/(loss) for the year									
Profit for the year		-	-	-	-	-	-	2,067.6	2,067.6
Other comprehensive (loss)/income									
Effect of foreign currency translation		-	(0.2)	(0.3)	222.3	-	221.8	-	221.8
Cash flow hedges:									
- Change in value of financial instruments		-	-	15.9	-	-	15.9	-	15.9
Increase due to revaluation of other financial assets		-	5.0	-	-	-	5.0	-	5.0
Total other comprehensive income for the year, net of income tax		-	4.8	15.6	222.3	-	242.7	-	242.7
Total comprehensive income for the year		-	4.8	15.6	222.3	-	242.7	2,067.6	2,310.3
Contributions by and distributions to owners									
Distributions on ordinary units	19	-	-	-	-	-	-	(513.8)	(513.8)
Issue of ordinary units	20(a)	71.2	-	-	-	-	-	-	71.2
Issue of ordinary units for the LTIP	20(a)	234.4	-	-	-	-	-	-	234.4
Issue costs on ordinary units		(0.1)	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions		-	-	-	-	29.8	29.8	-	29.8
Balance at 30 June 2022		8,154.5	9.4	11.1	1.5	216.8	238.8	3,714.4	12,107.7

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

Consolidated cash flow statements

for the year ended 30 June 2022

		Goodman		GIT	
		2022	2021	2022	2021
	Note	\$M	\$M	\$M	\$M
Cash flows from operating activities					
Property income received		138.4	108.3	50.8	62.1
Cash receipts from development activities		1,587.8	1,560.3	-	-
Other cash receipts from management and other activities		523.8	346.4	-	-
Property expenses paid		(28.6)	(41.7)	(13.9)	(21.1)
Payments for development activities		(1,220.7)	(947.4)	(1.1)	-
Other cash payments in the course of operations		(456.8)	(381.6)	(60.4)	(54.1)
Distributions received from equity investments, including Partnerships		442.5	536.9	245.3	381.7
Interest received		9.3	9.2	8.9	8.7
Finance costs paid		(44.2)	(34.3)	(32.5)	(38.2)
Net income taxes (paid)/refunded		(110.5)	(41.4)	(1.1)	0.5
Net cash provided by operating activities	21(b)	841.0	1,114.7	196.0	339.6
Cash flows from investing activities					
Net proceeds from disposal of investment properties		671.8	170.2	345.6	161.9
Proceeds from disposal of controlled entities, net of cash disposed		0.4	-	-	-
Net proceeds from disposal of equity investments		4.4	13.1	22.6	11.3
Return of capital by Partnerships		91.8	256.3	20.9	166.1
Payments for investment properties		(431.7)	(192.2)	(15.1)	(17.5)
Payments for investments in Partnerships		(1,332.3)	(790.3)	(1,050.0)	(464.9)
Payments for plant and equipment		(5.9)	(7.0)	-	-
Net cash used in investing activities		(1,001.5)	(549.9)	(676.0)	(143.1)
Cash flows from financing activities					
Net proceeds from issue of stapled securities		109.7	64.8	71.1	42.3
Net cash flows from/to loans with related parties		111.4	(135.0)	279.6	25.1
Proceeds from borrowings and derivative financial instruments		1,466.5	204.6	1,456.4	246.8
Payments on borrowings and derivative financial instruments		(789.3)	(891.9)	(787.4)	(891.9)
Dividends and distributions paid		(557.2)	(551.4)	(446.6)	(478.2)
Payments of lease liabilities		(13.4)	(17.8)	-	-
Purchase of securities to fund LTIP obligations		(28.0)	(22.4)	-	-
Net cash provided by/(used in) financing activities		299.7	(1,349.1)	573.1	(1,055.9)
Net increase/(decrease) in cash held		139.2	(784.3)	93.1	(859.4)
Cash and cash equivalents at the beginning of the year		920.4	1,792.8	379.8	1,302.6
Effect of exchange rate fluctuations on cash held		(3.6)	(88.1)	0.7	(63.4)
Cash and cash equivalents at the end of the year	21(a)	1,056.0	920.4	473.6	379.8

The consolidated cash flow statements are to be read in conjunction with the accompanying notes.
Non-cash transactions are included in note 21(c).

Notes to the consolidated financial statements

BASIS OF PREPARATION

This section sets out the general basis upon which Goodman and GIT have prepared their financial statements and information that is disclosed to comply with the Australian Accounting Standards, *Corporations Act 2001* or Corporations Regulations.

Specific accounting policies can be found in the sections to which they relate.

1 Basis of preparation

Goodman Limited and Goodman Industrial Trust are for-profit entities domiciled in Australia.

Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards adopted by the AASB. The consolidated financial statements also comply with IFRS.

The consolidated financial statements are presented in Australian dollars and were authorised for issue by the Directors on 16 August 2022.

Basis of preparation of the consolidated financial reports

Shares in the Company, units in the Trust and CDIs over shares in GLHK are stapled to one another and are quoted as a single security on the ASX. Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the stapling of the Company, the Trust and GLHK, the Company is identified as having acquired control over the assets of the Trust and GLHK. In the consolidated statement of financial position of the Group, equity attributable to the Trust and the CDIs over the shares of GLHK are presented as non-controlling interests.

As permitted by the relief provided in ASIC Instrument 20-0568, these financial statements present both the financial statements and accompanying notes of Goodman and GIT. GLHK, which is incorporated and domiciled in Hong Kong, prepares its financial statements under Hong Kong Financial Reporting Standards and the applicable requirements of the Hong Kong Companies Ordinance and accordingly the financial statements of GLHK have not been combined and included as adjacent columns in this report. The financial statements of GLHK have been included as an appendix to this report.

The consolidated financial statements are prepared on the historical cost basis, subject to any impairment of assets, except that the following assets and liabilities are stated at fair value:

- + Investment properties
- + Derivative financial instruments
- + Investments in unlisted securities
- + Liabilities for cash settled share based payment arrangements.

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in these consolidated financial statements have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the controlled entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's and the Trust's functional and presentation currency.

Transactions

Foreign currency transactions are translated to each entity's functional currency at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance date are translated at the rates of exchange ruling on that date. Resulting exchange differences are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost are translated at rates of exchange applicable at the date of the initial transaction. Non-monetary items which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of controlled foreign operations

The assets and liabilities of controlled foreign operations are translated into Australian dollars at foreign exchange rates ruling at the balance date.

Revenue and expenses are translated at weighted average rates for the financial year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve. On cessation of operations in a foreign region, the cumulative exchange differences relating to the operations in that region, that have been included in the foreign currency translation reserve, are reclassified to the income statement.

Exchange differences arising on monetary items that form part of the net investment in a controlled foreign operation are recognised in the foreign currency translation reserve on consolidation.

Exchange rates used

The following exchange rates are the main exchange rates used in translating foreign currency transactions, balances and financial statements to Australian dollars:

Australian dollars (AUD) to	Weighted average		As at 30 June	
	2022	2021	2022	2021
New Zealand dollars (NZD)	1.0667	1.0745	1.1057	1.0739
Hong Kong dollars (HKD)	5.6626	5.7958	5.4241	5.8222
Chinese yuan (CNY)	4.6840	4.9419	4.6154	4.8412
Japanese yen (JPY)	85.1512	79.6101	93.7770	83.2780
Euros (EUR)	0.6442	0.6262	0.6594	0.6327
British pounds sterling (GBP)	0.5456	0.5546	0.5676	0.5432
United States dollars (USD)	0.7255	0.7472	0.6912	0.7497
Brazilian real (BRL)	3.8037	4.0236	3.5905	3.7528

Changes in accounting policies

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as IBOR reform). The Group has adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) from 1 July 2021. These amendments provide reliefs relating to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate. The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments.

The overall impact of the IBOR reform is not significant in the context of Goodman's financial position and performance.

See note 18 for related disclosures about risks, financial assets and financial liabilities indexed to IBORs.

Apart from the above, the AASB has also issued other amendments to standards that are first effective from 1 July 2021 but none of these have a material impact on the Group's financial statements.

Australian Accounting Standards issued but not yet effective

The Group has not applied any new or amended standard that is not yet effective but available for early application in the current accounting period. None of the new or amended accounting standards are expected to have a significant impact on the future results of the Group.

Notes to the consolidated financial statements

Basis of preparation (continued)

1 Basis of preparation (continued)

Critical accounting estimates used in the preparation of the consolidated 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 Goodman. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- + Note 6 – Property assets
- + Note 14 – Goodwill and intangible assets
- + Note 18 – Financial risk management.

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 Goodman'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, Goodman 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)
- + 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 6 – Property assets
- + Note 18 – Financial risk management.

RESULTS FOR THE YEAR

The notes in this section focus on the significant items in the income statement, and include the profit per security, analysis of the results by operating segment and taxation details.

2 Profit before income tax

Gross property income

Gross property income comprises rental income under operating leases (net of incentives provided) and amounts billed to customers for outgoings (e.g. rates, levies, cleaning, security, etc). Amounts billed to customers for outgoings are a cost recovery for Goodman and are recognised once the expense has been incurred. The expense is included in property expenses.

Rental income under operating leases is recognised on a straight-line basis over the term of the lease contract. Where operating lease rental income is recognised relating to fixed increases in rentals in future years, an asset is recognised. This asset is a component of the relevant investment property carrying amount. The cost of lease incentives provided to customers is amortised on a straight-line basis over the life of the lease as a reduction of gross property income.

Management and development income

The revenue from management and development activities is measured based on the consideration specified in a contract with a customer. Goodman recognises revenue when it transfers control over a product or service to a customer.

Management income

Fee income derived from management services relates to investment management base fees and property services fees and is recognised and invoiced progressively as the services are provided. Customers make payments usually either monthly or quarterly in arrears.

Performance related management income generally relates to portfolio performance fee income, which is recognised progressively as the services are provided but only when the income can be reliably measured and is highly probable of not being reversed. These portfolio performance fees are typically dependent on the overall returns of a Partnership relative to an agreed benchmark return, assessed over the life of the Partnership, which can vary from one year to seven years. The returns are impacted by operational factors such as the quality and location of the portfolio, active property management, rental income rates and development activity but can also be significantly affected by changes in global and local economic conditions. Accordingly, portfolio performance fee revenue is only recognised towards the end of the relevant assessment period, as prior to this revenue recognition is not considered to be sufficiently certain.

In determining the amount of revenue that can be reliably measured, management prepares a sensitivity analysis to understand the impact of changes in asset valuations on the potential performance fee at the assessment date. The assessment of revenue will depend on the prevailing market conditions at the reporting date relative to long-term averages and also the length of time until the assessment date e.g. the longer the time period to assessment date, the greater the impact of the sensitivity analysis. The potential portfolio performance fee revenue is then recognised based on the length of time from the start of the assessment period to the reporting date as a proportion of the total assessment period. Where the income is attributable to development activities or it relates to a combination of inextricable management and development activities that have occurred over the performance fee period, then it is reported as development income; otherwise, the income is reported as management income. The Partnerships make payments in respect of portfolio performances fees at the end of the performance periods once the attainment of the conditions has been verified and the amount of the fee has been agreed by all parties.

Notes to the consolidated financial statements

Results for the year (continued)

2 Profit before income tax (continued)

Development income – disposal of inventories

The disposal of inventories is recognised at the point in time when control over the property asset is transferred to the customer. This will generally occur on transfer of legal title and payment in full by the customer. The gain or loss on disposal of inventories is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal (less transaction costs) and is included in the income statement in the period of disposal.

Development income – development management services

Fee income from development management services (including master-planning, development management and overall project management) is recognised progressively as the services are provided in proportion to the stage of completion by reference to costs. Payments are received in accordance with the achievement of agreed milestones over the development period. The development period can be up to 24 months for larger, more complex projects.

Performance related development income includes income associated with the returns from individual developments under the Group's management and performance fee income that relates to development activity. Income in respect of individual developments is recognised by Goodman on attainment of the performance related conditions, which is when the income can be reliably measured and is highly probable of not being reversed. These amounts are paid by the Partnership when the amounts have been measured and agreed. Income associated with development activities as part of a portfolio assessment is recognised on the same basis as outlined above in the management income section.

Development income – fixed price development contracts

Certain development activities are assessed as being fixed price development contracts. This occurs when a signed contract exists, either prior to the commencement of or during the development phase, to acquire a development asset from Goodman on completion. Revenue and expenses relating to these development contracts are recognised in the income statement in proportion to the stage of completion of the relevant contracts by reference to costs. The payments may be on completion of the development once legal title has been transferred. The development period can be up to 24 months for larger, more complex projects.

Net gain on disposal of investment properties

The disposal of an investment property is recognised at the point in time when control over the property has been transferred to the purchaser.

Employee expenses

Wages, salaries and annual leave

Wages and salaries, including non-monetary benefits, and annual leave represent present obligations resulting from employees' services provided to the balance date. These are calculated at undiscounted amounts based on rates that are expected to be paid as at balance date including related on-costs, such as insurances and payroll tax.

Bonuses

A liability is recognised in other payables and accruals for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation. Liabilities for bonuses are measured at the amounts expected to be paid, including related on-costs, when they are settled.

Superannuation

Defined contribution funds

Obligations for contributions to defined contribution funds are recognised as an expense as incurred.

Defined benefit retirement schemes

The net obligation in respect of defined benefit retirement schemes is recognised in the statement of financial position and is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest), are recognised immediately in other comprehensive income. Net interest expense and other expenses related to defined benefit retirement schemes are recognised in the income statement.

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

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Gross property income				
Rental income	120.9	93.0	41.4	45.9
Recovery of property outgoings	17.1	19.4	10.3	14.3
Gross property income	138.0	112.4	51.7	60.2
Management activities				
Management services	380.5	310.1	-	-
Performance related income	130.9	73.8	-	-
Management income	511.4	383.9	-	-
Development activities				
Income from disposal of inventories	803.0	890.5	-	-
Income from fixed price development contracts	206.8	195.0	-	-
Other development income, including development management ¹	388.3	274.2	-	-
Net gain on disposal of assets held for sale	-	132.3	-	-
Net gain on disposal of special purpose development entities, including JVs	43.5	-	-	-
Development income	1,441.6	1,492.0	-	-
Inventory cost of sales	(381.8)	(686.8)	-	(2.3)
Other development expenses	(173.1)	(175.5)	-	-
Development expenses	(554.9)	(862.3)	-	(2.3)
Disposal of equity investments				
Net consideration from disposal of associates and JVs	8.5	17.0	-	11.3
Carrying value of associates and JVs disposed 6(f)	(8.3)	(12.0)	-	(8.1)
Net gain on disposal of equity investments	0.2	5.0	-	3.2
Employee expenses				
Wages, salaries and on-costs	(251.4)	(203.4)	-	-
Annual and long service leave	(0.6)	(1.4)	-	-
Superannuation costs	(6.9)	(6.0)	-	-
Employee expenses	(258.9)	(210.8)	-	-
Share based payments expense				
Equity settled share based payments expense	(164.8)	(134.7)	-	-
Cash settled share based payments expense	(57.3)	(105.4)	-	-
Other share based payments related costs	(35.5)	(28.7)	-	-
Share based payments expense	(257.6)	(268.8)	-	-
Amortisation and depreciation	(17.1)	(23.0)	-	-
Impairment reversals				
Reversal of previous impairment on loans to related parties	-	-	-	17.6
Impairment reversals	-	-	-	17.6

1. Fee revenues from single contractual arrangements involving a combination of inextricable investment management and development management services and recognised over the life of the underlying development projects are classified as development income for statutory reporting purposes. During the year, \$77.0 million (2021: \$75.2 million) of such income was recognised.

Notes to the consolidated financial statements

Results for the year (continued)

3 Profit per security

Basic profit per security of the Group is calculated by dividing the profit attributable to the Securityholders by the weighted average number of securities outstanding during the year. Diluted profit per security is determined by adjusting the profit attributable to the Securityholders and weighted average number of securities outstanding for all dilutive potential securities, which comprise performance rights issued under the LTIP.

Goodman

	2022	2021
	¢	¢
Profit per security		
Basic profit per security	183.2	125.4
Diluted profit per security	178.8	122.1

Profit after tax of \$3,414.0 million (2021: \$2,311.9 million) was used in calculating basic and diluted profit per security.

Weighted average number of securities used in calculating basic and diluted profit per security:

	2022	2021
	Number of securities	
Weighted average number of securities used in calculating basic profit per security	1,863,693,802	1,844,221,829
Effect of performance rights on issue	45,396,402	48,908,249
Weighted average number of securities used in calculating diluted profit per security	1,909,090,204	1,893,130,078

The calculation of profit per security is not required for GIT.

Goodman Limited

Under Australian Accounting Standards, the issued units of the Trust and the CDIs over the shares of GLHK are presented as non-controlling interests. As a consequence, the Directors are required to present a profit per share and a diluted profit per share based on Goodman Limited's consolidated result after tax but excluding the results attributable to the Trust and GLHK.

	2022	2021
	¢	¢
Profit per Goodman Limited share		
Basic profit per Goodman Limited share	29.7	16.3
Diluted profit per Goodman Limited share	28.9	15.9

Profit after tax of \$552.6 million (2021: \$300.2 million) was used in calculating basic and diluted profit per Goodman Limited share.

4 Segment reporting

An operating segment is a component of Goodman that engages in business activities from which it may earn revenues and incur expenses. Goodman reports the results and financial position of its operating segments based on the internal reports regularly reviewed by the Group Chief Executive Officer in order to assess each segment's performance and to allocate resources to them.

Operating segment information is reported on a geographic basis and Goodman has determined that its operating segments are Australia and New Zealand (reported on a combined basis), Asia (Greater China (including the Hong Kong SAR) and Japan), Continental Europe (with the vast majority of assets located in Germany and France), the United Kingdom and the Americas (principally North America and including Brazil).

The activities and services undertaken by the operating segments include:

- + Property investment, through both direct ownership and cornerstone investments in Partnerships
- + Management activities, both investment and property management
- + Development activities, including development of directly owned assets (predominantly disclosed as inventories) and management of development activities for Partnerships.

The segment results that are reported to the Group Chief Executive Officer are based on profit before net finance expense and income tax expense, and also exclude non-cash items such as fair value adjustments and impairments, corporate expenses and share based remuneration. The assets allocated to each operating segment are the property assets, including the investments in Partnerships and trade and other receivables associated with the operating activities, but exclude inter-entity funding, income tax receivables and corporate assets. The liabilities allocated to each operating segment primarily relate to trade and other payables associated with the operating activities, but exclude interest bearing liabilities, derivative financial instruments, provisions for distributions and corporate liabilities.

The accounting policies used to report segment information are the same as those used to prepare the consolidated financial statements of Goodman and GIT.

For the purpose of operating segment reporting, there are no material intersegment revenues and costs.

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

Notes to the consolidated financial statements

Results for the year (continued) 4 Segment reporting (continued)

Information about reportable segments

Goodman	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement												
External revenues												
Gross property income	90.4	95.8	15.4	6.5	27.5	8.5	3.0	1.0	1.7	0.6	138.0	112.4
Management income	256.2	147.0	131.3	110.2	91.0	107.4	5.7	3.3	27.2	16.0	511.4	383.9
Development income	207.6	223.6	192.0	164.8	891.9	796.5	32.8	245.3	117.3	61.8	1,441.6	1,492.0
Total external revenues	554.2	466.4	338.7	281.5	1,010.4	912.4	41.5	249.6	146.2	78.4	2,091.0	1,988.3
Analysis of external revenues												
Revenue from contracts with customers												
Assets and services transferred at a point in time	71.7	106.3	25.0	17.2	792.0	730.5	12.8	228.7	-	-	901.5	1,082.7
Assets and services transferred over time	405.2	282.6	299.5	260.4	193.7	174.2	25.7	20.0	144.5	77.8	1,068.6	815.0
Other revenue												
Rental income (excludes outgoings recoveries)	77.3	77.5	14.2	3.9	24.7	7.7	3.0	0.9	1.7	0.6	120.9	90.6
Total external revenues	554.2	466.4	338.7	281.5	1,010.4	912.4	41.5	249.6	146.2	78.4	2,091.0	1,988.3
Reportable segment profit before tax	616.9	467.4	386.4	324.5	582.5	458.8	41.1	31.8	210.8	128.9	1,837.7	1,411.4
Share of net results of equity accounted investments	1,171.5	853.0	215.4	273.2	174.9	165.7	213.6	32.9	942.8	384.1	2,718.2	1,708.9
Material non-cash items not included in reportable segment profit before tax												
Net gain/(loss) from fair value adjustments on investment properties	260.4	63.1	(0.3)	-	-	-	-	-	-	-	260.1	63.1
Share of net gain from fair value adjustments in equity accounted investments	1,012.0	667.8	96.2	163.1	119.9	107.5	203.8	26.9	839.3	301.6	2,271.2	1,266.9
	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position												
Reportable segment assets	8,106.2	6,619.9	4,162.0	3,565.7	2,779.7	2,382.2	1,024.9	840.6	4,030.8	2,475.9	20,103.6	15,884.3
Included in reportable segment assets are:												
Investment properties	1,086.9	1,687.3	336.8	137.7	-	-	-	26.2	-	-	1,423.7	1,851.2
Investments accounted for using the equity method	5,709.6	4,251.0	3,102.8	2,808.8	1,020.7	865.2	680.6	408.0	3,865.9	2,327.0	14,379.6	10,660.0
Non-current assets	7,195.8	6,314.6	3,888.8	3,261.8	2,483.6	2,126.5	966.6	761.8	3,876.3	2,335.8	18,411.1	14,800.5
Additions to non-current assets include:												
- Investment properties	22.9	23.5	181.2	138.5	-	-	243.7	25.8	-	-	447.8	187.8
- Investments accounted for using the equity method	455.8	222.4	159.7	129.6	63.3	10.0	162.1	178.8	431.3	196.1	1,272.2	736.9
Reportable segment liabilities	129.9	113.9	268.6	242.4	122.6	111.0	94.5	80.4	319.5	156.2	935.1	703.9

Goodman Group

GIT	Australia and New Zealand		Asia		Continental Europe		Americas		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement										
External revenues										
Gross property income	51.7	60.2	-	-	-	-	-	-	51.7	60.2
Distributions from investments	-	-	-	-	5.6	9.1	-	-	5.6	9.1
Total external revenues	51.7	60.2	-	-	5.6	9.1	-	-	57.3	69.3
Analysis of external revenues										
Revenue from contracts with customers										
Assets and services transferred over time	10.3	14.3	-	-	-	-	-	-	10.3	14.3
Other revenue										
Rental income (excludes outgoings recoveries)	41.4	45.9	-	-	-	-	-	-	41.4	45.9
Distributions from investments	-	-	-	-	5.6	9.1	-	-	5.6	9.1
Total external revenues	51.7	60.2	-	-	5.6	9.1	-	-	57.3	69.3
Reportable segment profit before tax	239.7	240.2	34.5	33.0	57.3	69.2	91.0	73.9	422.5	416.3
Share of net results of equity accounted investments	1,053.0	726.2	66.4	137.3	144.9	140.0	908.7	370.3	2,173.0	1,373.8
Material non-cash items not included in reportable segment profit before tax										
Net gain from fair value adjustments on investment properties	208.3	60.2	-	-	-	-	-	-	208.3	60.2
Share of net gain from fair value adjustments in equity accounted investments	917.7	562.9	31.7	104.3	97.5	86.1	808.8	290.5	1,855.7	1,043.8
	Australia and New Zealand		Asia		Continental Europe		Americas		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position										
Reportable segment assets	6,178.8	4,947.0	1,719.4	1,522.5	878.5	732.9	3,736.5	2,268.1	12,513.3	9,470.5
Included in reportable segment assets are:										
Investment properties	495.3	1,155.7	-	-	-	-	-	-	495.3	1,155.7
Investments accounted for using the equity method	5,054.0	3,601.7	1,719.4	1,522.5	856.4	711.0	3,726.3	2,243.2	11,356.1	8,078.4
Non-current assets	5,555.1	4,939.3	1,719.4	1,522.5	877.8	727.9	3,726.3	2,243.2	11,878.6	9,432.9
Additions to non-current assets include:										
– Investment properties	17.6	22.0	-	-	-	-	-	-	17.6	22.0
– Investments accounted for using the equity method	509.9	186.0	35.5	33.6	61.9	-	415.7	189.4	1,023.0	409.0
Reportable segment liabilities	45.2	44.6	-	-	-	0.6	269.5	124.1	314.7	169.3

Notes to the consolidated financial statements

Results for the year (continued)

4 Segment reporting (continued)

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

Goodman				GIT	
		2022	2021	2022	2021
	Note	\$M	\$M	\$M	\$M
Revenues					
Total revenues for reportable segments		2,091.0	1,988.3	57.3	69.3
Total revenues for other segments		0.8	-	0.8	-
Consolidated revenues		2,091.8	1,988.3	58.1	69.3
Profit or loss					
Total profit before tax for reportable segments					
Property investment earnings		494.6	411.5	422.5	416.3
Management earnings		588.4	459.1	-	-
Development earnings ¹		960.7	717.9	-	-
Operating expenses allocated to reportable segments		(206.0)	(177.1)	-	-
Reportable segment profit before tax		1,837.7	1,411.4	422.5	416.3
Corporate expenses not allocated to reportable segments		(143.3)	(116.9)	(59.1)	(51.7)
		1,694.4	1,294.5	363.4	364.6
Valuation and other items not included in reportable segment profit before tax:					
– Net gain from fair value adjustments on investment properties	6(e)	260.1	63.1	208.3	60.2
– Share of fair value adjustments attributable to investment properties in Partnerships	6(f)	2,272.9	1,295.8	1,849.0	1,072.1
– Reversal of previous impairment on loans to related parties		-	-	-	17.6
– Share of fair value adjustments on derivative financial instruments in Partnerships	6(f)	(1.7)	(28.9)	6.7	(28.3)
– Share based payments expense	2	(257.6)	(268.8)	-	-
– Straight lining of rental income and tax deferred adjustments		(1.0)	(3.2)	4.9	2.6
Profit before interest and tax		3,967.1	2,352.5	2,432.3	1,488.8
Net finance (expense)/income ¹	15	(229.0)	67.5	(231.6)	135.5
Consolidated profit before income tax		3,738.1	2,420.0	2,200.7	1,624.3
Assets					
Assets for reportable segments		20,103.6	15,884.3	12,513.3	9,470.5
Cash		649.4	514.6	450.6	349.6
Other unallocated amounts ²		679.4	468.1	3,618.3	3,475.2
Consolidated total assets		21,432.4	16,867.0	16,582.2	13,295.3
Liabilities					
Liabilities for reportable segments		935.1	703.9	314.7	169.3
Interest bearing liabilities		2,832.2	2,060.3	2,825.4	2,062.8
Provisions for dividends/distributions to Securityholders	19	280.0	277.1	233.5	166.3
Other unallocated amounts ²		960.3	664.2	1,100.9	921.0
Consolidated total liabilities		5,007.6	3,705.5	4,474.5	3,319.4

1. Development earnings include \$6.2 million (2021: \$7.4 million) of interest income from a loan to a development JV. The interest income is reported under finance income in note 15.

2. Other unallocated amounts in Goodman and GIT included other financial assets and liabilities, deferred tax assets, tax payables and provisions which did not relate to the reportable segments. Additionally, other unallocated assets and liabilities in GIT included loans due from/to controlled entities of Goodman.

5 Taxation

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case the relevant amounts of tax are recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the financial year and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not accounted for:

- + Goodwill
- + The initial recognition of assets or liabilities that affect neither accounting nor taxable profit
- + Differences relating to investments in controlled entities to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax assets or liabilities in respect of investment properties held at fair value are calculated on the presumption that the carrying amount of the investment property will be recovered through sale. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from dividends/distributions are recognised at the same time as the liability to pay the related dividends/distributions.

(a) Amounts recognised in the income statement

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Current tax expense recognised in the income statement				
Current year	(142.4)	(66.3)	(6.0)	(0.9)
Changes in estimates related to prior years	7.3	8.5	-	-
Current tax expense	(135.1)	(57.8)	(6.0)	(0.9)
Deferred tax expense recognised in the income statement				
Origination and reversal of temporary differences	(189.0)	(50.3)	(127.1)	(48.6)
Deferred tax expense	(189.0)	(50.3)	(127.1)	(48.6)
Total income tax expense recognised in the income statement¹	(324.1)	(108.1)	(133.1)	(49.5)

Notes to the consolidated financial statements

Results for the year (continued)

5 Taxation (continued)

(b) Reconciliation of profit before income tax to income tax expense

	Goodman	
	2022	2021
	\$M	\$M
Profit before income tax	3,738.1	2,420.0
Prima facie income tax expense calculated at 30% (2021: 30%) on the profit before income tax	(1,121.4)	(726.0)
Decrease/(increase) in income tax due to:		
– Profit attributable to GIT Unitholders	680.4	483.5
– Current year losses for which no deferred tax asset was recognised	(36.8)	(34.3)
– Other non-assessable/(non-deductible) items, net	168.7	135.7
– Benefit of previously unrecognised temporary differences, including tax losses	95.7	68.9
– Difference in overseas tax rates	23.6	11.2
– Changes in estimates related to prior years	7.3	8.5
– Taxes on Partnership income	(149.7)	(62.8)
– Other items	8.1	7.2
Income tax expense	(324.1)	(108.1)

GIT

The income tax expense recorded by GIT relates to withholding taxes on actual distributions and deferred taxes on potential future distributions from Partnerships. Refer to note 5(e).

(c) Current tax receivables/payables

	Goodman	
	2022	2021
	\$M	\$M
Net income tax payable		
Net income tax payable at the beginning of the year	(144.0)	(131.8)
Decrease/(increase) in current tax payable due to:		
– Net income taxes paid	110.5	41.4
– Current tax expense	(135.1)	(57.8)
– Other	(0.9)	4.2
Net income tax payable at the end of the year	(169.5)	(144.0)
Current tax receivables (refer to note 7)	3.9	16.1
Current tax payables	(173.4)	(160.1)
	(169.5)	(144.0)

(d) Deferred tax assets and liabilities

Deferred tax assets/(liabilities) are attributable to the following:

	Goodman			
	2022	2021	2022	2021
	Deferred tax assets		Deferred tax liabilities	
	\$M	\$M	\$M	\$M
Investment properties ¹	-	-	(403.4)	(182.0)
LTIP	39.3	27.3	-	-
Other items	19.9	17.4	(10.9)	(11.2)
Tax assets/(liabilities)	59.2	44.7	(414.3)	(193.2)
Set off of tax	(34.0)	(24.8)	34.0	24.8
Net tax assets/(liabilities)	25.2	19.9	(380.3)	(168.4)

1. Including potential future distributions from the disposal of investment properties by Partnerships.

Movements in deferred taxes recognised in expenses and equity are attributable to the following:

	Goodman	
	2022	2021
	\$M	\$M
Deferred tax (expense)/benefit recognised in expenses		
Investment properties - fair value adjustments	(206.7)	(50.4)
LTIP	16.2	19.2
Other items	1.5	(19.1)
Total deferred tax expense recognised in expenses	(189.0)	(50.3)
Deferred tax (expense)/benefit recognised in equity		
LTIP	(4.2)	8.1
Other items	-	(4.7)
Total deferred tax (expense)/benefit recognised in equity	(4.2)	3.4
Total deferred tax movements recognised in expenses and equity	(193.2)	(46.9)

Deferred tax assets of \$266.9 million (2021: \$323.3 million) arising primarily from tax losses (revenue and capital in nature) and deductions associated with the LTIP have not been recognised by Goodman.

GIT

At 30 June 2022, deferred tax liabilities of \$267.9 million (2021: \$124.0 million) have been recognised in relation to potential future distributions from the disposal of investment properties by Partnerships.

(e) Taxation of GIT

Under current Australian income tax legislation, the Trust is not liable for income tax, including capital gains tax, provided that Securityholders are presently entitled to the distributable income of the Trust as calculated for trust law purposes. The controlled entities of the Trust that operate in certain foreign jurisdictions are liable to pay tax in those jurisdictions.

Notes to the consolidated financial statements

OPERATING ASSETS AND LIABILITIES

The notes in this section focus on Goodman's property assets, working capital and goodwill and intangible assets.

6 Property assets

(a) Principles and policies

Investment in property assets includes both inventories and investment properties (including those under development), which may be held either directly or through investments in Partnerships (both associates and JVs).

Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Group'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.

Inventories are classified as non-current assets unless they are contracted to be sold within 12 months of the end of the reporting period, in which case they are classified as current assets.

Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of leasing to produce rental income and/or for capital appreciation. Investment properties are carried at fair value. The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Investment properties are not depreciated as they are subject to continual maintenance and regularly revalued on the basis described below. Changes in the fair value of investment properties are recognised directly in the income statement.

Components of investment properties

Land and buildings (including integral plant and equipment) comprising investment properties are regarded as composite assets and are disclosed as such in the consolidated financial report.

Investment property carrying values include the costs of acquiring the assets and subsequent costs of development, including costs of all labour and materials used in construction, costs of managing the projects, holding costs and borrowing costs incurred during the development periods.

Amounts provided to customers as lease incentives and assets relating to fixed rental income increases in operating lease contracts are included within investment property values. Lease incentives are amortised over the term of the lease on a straight-line basis. Direct expenditure associated with leasing a property is also capitalised within investment property values and amortised over the term of the lease.

Classification of investment properties

Investment properties are classified as either properties under development or stabilised properties. Investment properties under development include land, new investment properties in the course of construction and investment properties that are being redeveloped. Stabilised investment properties are all investment properties not classed as being under development and would be completed properties that are leased or are available for lease to customers.

For investment properties under development, the carrying values are reviewed by management at each reporting date to consider whether they reflect the fair value and at completion external valuations are obtained to determine the fair values.

For stabilised investment properties, independent valuations are obtained at least every two years to determine the fair values. At each reporting date between obtaining independent valuations, the carrying values are reviewed by management to ensure they reflect the fair values.

Deposits for investment properties

Deposits and other costs associated with acquiring investment properties that are incurred prior to obtaining legal title are recorded at cost and disclosed as other receivables in the statement of financial position.

(b) Summary of investment in property assets

	Note	Goodman		GIT	
		2022 \$M	2021 \$M	2022 \$M	2021 \$M
Inventories					
Current	6(d)	389.0	235.1	-	-
Non-current	6(d)	1,727.1	1,192.7	5.9	5.9
		2,116.1	1,427.8	5.9	5.9
Assets held for sale					
Investment properties	9	609.3	41.5	-	-
Investment properties					
Stabilised investment properties		1,286.6	1,791.1	358.3	1,093.4
Investment properties under development		137.1	60.1	137.0	62.3
	6(e)	1,423.7	1,851.2	495.3	1,155.7
Investments accounted for using the equity method					
Associates	6(f)(i)	7,850.7	6,302.6	6,814.4	5,292.9
JVs	6(f)(ii)	6,528.9	4,357.4	4,541.7	2,785.5
		14,379.6	10,660.0	11,356.1	8,078.4
Total property assets		18,528.7	13,980.5	11,857.3	9,240.0

At 30 June 2022, the total property assets of \$18,528.7 million included properties that have been repositioned and were subject to conditional contracts for disposal. As discussed in the Directors' report on page 11, the Group's share of valuation gains since the repositioning activities commenced, was \$429.6 million (2021: \$95.9 million).

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

For both inventories held directly and inventories held in Partnerships, external valuations are not performed but instead valuations are determined using the feasibility studies supporting the land and property developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market. If 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**

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.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

Approach to determination of fair value

The approach to determination of fair value of investment properties is applied to both investment properties held directly and investment properties held in Partnerships.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. In making the determination of whether a market segment is active, the following characteristics are considered:

- + Function of the asset (distribution/warehouse or suburban office)
- + Location of asset (city, suburb or regional area)
- + Carrying value of the asset (categorised by likely appeal to private (including syndicates), national and/or institutional investors)
- + Categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. The number of sales and the circumstances of each sale are assessed to determine whether a market segment is active or inactive.

Where a market segment is observed to be active, then external independent valuations are performed for stabilised investment properties where there has been a combination of factors that are likely to have resulted in a material movement in valuation. The considerations include a greater than 10% movement in market rents, more than a 25 basis point movement in capitalisation rates, a material change in tenancy profile (including changes in the creditworthiness of a significant customer that may have a material impact on the property valuation), significant capital expenditure, a change in use (or zoning), a development has reached completion/stabilisation of the asset or it has been two years since the previous external independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10-year period. The key inputs considered for each individual calculation are:

- + Current contractual lease terms
- + Current market rents
- + Projected growth in market rents
- + Expected and likely capital expenditures
- + Projected letting up incentives provided to customers and vacant time on expiry of leases
- + Discount rates – computed using the 10 year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Market assessment

The investment market for industrial, logistics and warehousing properties has continued to be strong during FY22, despite the increased interest rates in the last quarter of FY22. At 30 June 2022, the Board has been able to assess that all markets in which the Group operated were active and as a consequence no adjustments have been made to the carrying values of the Group's stabilised investment property portfolios on the basis of internally prepared discounted cash flow valuations.

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

Division	Total portfolio weighted average capitalisation rate			
	Goodman		GIT	
	2022	2021	2022	2021
	%	%	%	%
Australia and New Zealand	3.9	4.4	3.8	4.4
Asia	4.3	4.4	3.8	3.9
Continental Europe	3.5	3.8	3.5	3.9
United Kingdom	3.7	4.1	-	-
Americas	4.1	4.0	4.1	4.0

In respect of the Group's and GIT's directly held investment properties at 30 June 2022, 57% (2021: 59%) and 100% (2021: 78%), respectively, had been valued by an external independent valuer during the financial year. All independent valuers used by the Group are required to hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment properties being valued.

For the Partnerships, all properties bar one that had been stabilised investment properties throughout FY22 were valued by an external independent valuer during the financial year.

Sensitivity analysis

The fair value measurement approach for directly held investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation method used (see note 1). The stabilised investment property valuations at 30 June 2022 are most sensitive to the following inputs:

- + Capitalisation rates
- + Market rents
- + Incentives provided to customers and/or vacant time on expiry of leases.

The directly held stabilised investment properties are in Australia and Asia. The range of market rents and average capitalisation rates are summarised in the table below:

Valuation technique	Significant unobservable inputs	2022	2021
Income capitalisation	Range of net market rents (per square metre per annum)	\$90 to \$450	\$90 to \$450
	Capitalisation rate (weighted average)	4.4%	4.4%

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

The impacts on the Group's financial position that would arise from the changes in capitalisation rates, market rents and incentives/vacant time are set out in the table below. This illustrates the impacts on Goodman in respect of both the directly held stabilised investment properties and its share of those stabilised investment properties held by Partnerships.

	Goodman		GIT	
	Valuation impact for the Group		Valuation impact for GIT	
	Directly held properties	Partnerships ¹	Directly held properties	Partnerships ¹
	\$M	\$M	\$M	\$M
Book value at 30 June 2022	1,286.6	15,215.0	358.3	11,835.5
Changes in capitalisation rates:				
Increase in cap rates +50 bps	(132.9)	(1,722.6)	(41.0)	(1,367.3)
Increase in cap rates +25 bps	(70.1)	(913.4)	(21.7)	(725.6)
Decrease in cap rates -25 bps	78.6	1,039.2	24.8	827.3
Decrease in cap rates -50 bps	167.5	2,232.4	53.3	1,779.5
Changes in market rents:				
Decrease in rents -10%	(70.8)	(627.6)	(16.5)	(466.2)
Decrease in rents -5%	(35.4)	(313.8)	(8.3)	(233.1)
Increase in rents +5%	35.4	313.8	8.3	233.1
Increase in rents +10%	70.8	627.6	16.5	466.2
Changes in voids/incentives²:				
Increase in incentives/ vacant time +3 months	(6.9)	(30.6)	(1.4)	(20.7)
Increase in incentives/ vacant time +6 months	(13.9)	(61.2)	(2.8)	(41.3)

1. Goodman's share of stabilised investment properties held by Partnerships.

2. On assumed lease expiries over the next 12 months.

Investment properties under development

For the directly held investment properties under development, external independent valuations are generally not performed, but instead valuations are determined at each reporting date using the feasibility assessments supporting the developments. The end values of the developments in the feasibility assessments are based on assumptions such as capitalisation rates, market rents, incentives provided to customers and vacant time 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 are generally in a market range of 10% to 15%; although for larger more complex projects that are at an early stage of the development, the profit and risk factor could be up to 35%. 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.

In respect of the Partnerships, certain Partnerships obtain external independent valuations of investment properties under development at reporting dates. However, the majority determine the fair values at reporting dates by reference to the feasibility assessments, with external independent valuations obtained when the properties has been stabilised.

(d) Inventories

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Current				
Land and development properties	389.0	235.1	-	-
	389.0	235.1	-	-
Non-current				
Land and development properties	1,727.1	1,192.7	5.9	5.9
	1,727.1	1,192.7	5.9	5.9

Goodman

During the current and prior financial year, no impairment losses were recognised on land and development properties.

During the financial year, borrowing costs of \$3.1 million (2021: \$3.8 million) previously capitalised into the carrying value of inventories were expensed to the income statement on disposal of the inventories.

(e) Investment properties**Reconciliation of carrying amount of directly held investment properties**

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Carrying amount at the beginning of the year	1,851.2	1,901.2	1,155.7	1,202.4
Acquisitions	420.4	163.0	-	-
Capital expenditure	27.4	24.8	17.6	22.0
Carrying value of properties disposed	(546.5)	(127.8)	(276.9)	(128.9)
Transfers to assets held for sale	(609.3)	(41.5)	(609.3)	-
Transfers from/(to) inventories	2.5	(131.5)	-	-
Net gain from fair value adjustments	260.1	63.1	208.3	60.2
Effect of foreign currency translation	17.9	(0.1)	(0.1)	-
Carrying amount at the end of the year	1,423.7	1,851.2	495.3	1,155.7
Analysed by segment:				
Australia and New Zealand	1,086.9	1,687.3	495.3	1,155.7
Asia	336.8	137.7	-	-
United Kingdom	-	26.2	-	-
	1,423.7	1,851.2	495.3	1,155.7

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

Goodman

During the financial year, borrowing costs of \$nil (2021: \$nil) previously capitalised into the carrying value of investment properties were expensed to the income statement on disposal of the investment properties.

Non-cancellable operating lease commitments receivable from investment property customers

The analysis in the table below reflects the gross property income, excluding recoverable outgoings, based on existing lease agreements. It assumes that leases will not extend beyond the next review date, where the customer has an option to end the lease.

	Goodman		GIT	
	2022 \$M	2021 \$M	2022 \$M	2021 \$M
Non-cancellable operating lease commitments receivable:				
Less than one year	57.6	80.7	27.1	45.8
One to two years	47.4	63.9	20.1	37.0
Two to three years	37.9	49.4	14.8	28.6
Three to four years	24.5	38.4	8.4	21.1
Four to five years	15.9	30.1	5.5	16.8
More than five years	87.0	120.4	10.9	36.9
	270.3	382.9	86.8	186.2

(f) Investments accounted for using the equity method

Investments accounted for using the equity method comprise associates and JVs, which are collectively referred to as Partnerships.

Associates

An associate is an entity in which Goodman exercises significant influence but not control over its financial and operating policies.

JVs

A JV is an arrangement in which Goodman is considered to have joint control for accounting purposes, whereby Goodman has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

In the consolidated financial statements, investments in Partnerships are accounted for using the equity method. Under this method, Goodman's investment is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include Goodman's share of the gains or losses and other comprehensive income of Partnerships until the date on which significant influence or joint control ceases.

Goodman Group

(i) Investments in associates

Investments in Partnerships classified as associates are set out below:

		Goodman						GIT					
		Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
Name of associate	Country of establishment	2022 \$M	2021 \$M	2022 %	2021 %	2022 \$M	2021 \$M	2022 \$M	2021 \$M	2022 %	2021 %	2022 \$M	2021 \$M
Property investment													
Goodman Australia Industrial Partnership (GAIP)	Australia	503.4	366.9	28.6	29.1	3,008.3	2,208.5	503.4	366.9	28.6	29.1	3,008.3	2,208.5
Goodman Australia Partnership (GAP)	Australia	234.1	192.1	19.9	19.9	1,060.0	850.9	234.1	192.1	19.9	19.9	1,060.0	850.9
Goodman Property Trust (GMT) ¹	New Zealand	150.0	126.7	24.9	22.4	825.9	633.4	31.6	-	5.1	-	170.3	-
Goodman Hong Kong Logistics Partnership (GHKLP)	Cayman Islands	66.4	137.3	20.3	20.3	1,719.4	1,522.5	66.4	137.3	20.3	20.3	1,719.4	1,522.5
Goodman Japan Core Partnership (GJCP) ²	Japan	47.3	29.8	14.4	14.7	380.7	376.3	-	-	-	-	-	-
Goodman European Partnership (GEP)	Luxembourg	144.9	140.0	19.8	20.4	856.4	711.0	144.9	140.0	19.8	20.4	856.4	711.0
		1,146.1	992.8			7,850.7	6,302.6	980.4	836.3			6,814.4	5,292.9

1. GMT is listed on the New Zealand Stock Exchange (NZX). At 30 June 2022, the market value of Goodman's investment in GMT using the quoted price on the last day of trading was \$651.7 million (2021: \$676.6 million), which compared to the carrying value of \$825.9 million. Goodman does not consider its investment impaired as the carrying value is equal to its share of GMT's net assets and is supported by independent valuations of the individual investment properties in GMT.
GIT has a 5.1% ownership interest in GMT and is part of Goodman, which has a combined ownership in GMT of 24.9%. As a result, the Directors have assessed that GIT has significant influence over GMT and has applied the equity method of accounting for its 5.1% interest.
2. Goodman's ownership interest in GJCP reflected the weighted average ownership interest in the various property investment vehicles.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

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

	Goodman		GIT	
	2022	2021	2022	2021
Movement in carrying amount of investments in associates	\$M	\$M	\$M	\$M
Carrying amount at the beginning of the year	6,302.6	5,617.2	5,292.9	4,761.4
Share of net results after tax (before fair value adjustments)	242.7	261.7	201.3	225.4
Share of fair value adjustments attributable to investment properties after tax	914.7	765.8	790.9	643.3
Share of fair value adjustments on derivative financial instruments	(11.3)	(34.7)	(11.8)	(32.4)
Share of net results	1,146.1	992.8	980.4	836.3
Share of movements in reserves	15.0	0.3	15.0	0.3
Acquisitions	575.6	287.2	605.1	211.6
Disposals	(4.9)	(3.9)	-	-
Capital return	-	(79.7)	-	(79.7)
Distributions received and receivable	(193.2)	(318.4)	(155.1)	(287.6)
Effect of foreign currency translation	9.5	(192.9)	76.1	(149.4)
Carrying amount at the end of the year	7,850.7	6,302.6	6,814.4	5,292.9

Goodman Group

The table below includes further information regarding Partnerships classified as associates, held at the end of the financial year:

	GAIP		GAP		GMT		GHKLP		GJCP		GEP	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Summarised statement of financial position												
Total current assets	1,081.6	698.4	100.6	61.3	6.1	8.3	187.4	75.0	232.2	227.6	200.2	461.3
Total non-current assets	12,266.3	9,338.5	6,513.1	5,338.1	4,435.0	3,562.2	10,679.1	9,188.4	3,825.8	3,672.8	6,818.2	5,318.4
Total current liabilities	348.9	402.2	142.1	98.9	24.0	113.7	244.9	176.2	231.8	23.7	233.7	456.5
Total non-current liabilities	2,545.6	2,097.3	1,212.3	1,094.9	1,105.8	685.8	2,236.3	1,584.9	1,189.4	1,324.7	2,456.5	1,832.1
Net assets (100%)	10,453.4	7,537.4	5,259.3	4,205.6	3,311.3	2,771.0	8,385.3	7,502.3	2,636.8	2,552.0	4,328.2	3,491.1
Summarised statement of comprehensive income												
Revenue	459.0	418.1	288.6	256.2	112.1	109.4	287.8	270.9	414.2	189.8	239.0	440.8
Profit after tax and revaluations	1,739.1	1,263.1	1,181.0	964.6	701.7	590.2	326.6	677.1	329.4	189.5	656.1	744.4
Other comprehensive income	-	-	-	-	-	-	74.7	1.5	-	-	-	-
Total comprehensive income (100%)	1,739.1	1,263.1	1,181.0	964.6	701.7	590.2	401.3	678.6	329.4	189.5	656.1	744.4
Goodman												
Consolidated ownership interest	28.6%	29.1%	19.9%	19.9%	24.9%	22.4%	20.3%	20.3%	14.4%	14.7%	19.8%	20.4%
Consolidated share of net assets	2,990.7	2,190.9	1,047.2	837.3	825.7	621.1	1,706.2	1,521.2	380.8	376.2	856.4	711.0
Other items, including capitalised costs	0.1	1.2	-	0.3	0.2	12.3	1.3	1.3	(0.1)	0.1	-	-
Distributions receivable ¹	17.5	16.4	12.8	13.3	-	-	11.9	-	-	-	-	-
Carrying amount of investment	3,008.3	2,208.5	1,060.0	850.9	825.9	633.4	1,719.4	1,522.5	380.7	376.3	856.4	711.0
Distributions received and receivable	66.3	66.2	25.1	24.1	17.8	14.7	35.5	33.6	20.3	16.1	28.2	163.7
GIT												
Consolidated ownership interest	28.6%	29.1%	19.9%	19.9%	5.1%	-	20.3%	20.3%	-	-	19.8%	20.4%
Consolidated share of net assets	2,990.7	2,190.9	1,047.2	837.3	169.6	-	1,706.2	1,521.2	-	-	856.4	711.0
Other items, including capitalised costs	0.1	1.2	-	0.3	0.7	-	1.3	1.3	-	-	-	-
Distributions receivable ¹	17.5	16.4	12.8	13.3	-	-	11.9	-	-	-	-	-
Carrying amount of investment	3,008.3	2,208.5	1,060.0	850.9	170.3	-	1,719.4	1,522.5	-	-	856.4	711.0
Distributions received and receivable	66.3	66.2	25.1	24.1	-	-	35.5	33.6	-	-	28.2	163.7

1. Distributions receivable related to distributions provided for but not paid by the Partnerships at 30 June 2022. This was applicable to trusts in Australia where unitholders were presently entitled to income at the end of the financial year.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

(ii) Investments in JVs

A summary of the results and ownership interests of principal Partnerships classified as JVs is set out below:

		Goodman						GIT					
		Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
Name of JV	Country of establishment/ incorporation	2022 \$M	2021 \$M	2022 %	2021 %	2022 \$M	2021 \$M	2022 \$M	2021 \$M	2022 %	2021 %	2022 \$M	2021 \$M
Property investment and development													
Goodman China Logistics Partnership (GCLP)	Cayman Islands	56.8	65.2	20.0	20.0	918.0	832.7	-	-	-	-	-	-
Goodman UK Partnership (GUKP) ¹	United Kingdom	213.4	32.9	35.3	33.3	676.3	404.0	-	-	-	-	-	-
Goodman North America Partnership (GNAP)	United States of America	938.6	379.5	55.0	55.0	3,846.0	2,310.6	904.4	365.7	53.0	53.0	3,706.4	2,226.8
Other JVs ²		363.3	238.5			1,088.6	810.1	288.2	171.8			835.3	558.7
		1,572.1	716.1			6,528.9	4,357.4	1,192.6	537.5			4,541.7	2,785.5

1. The consolidated ownership interest in GUKP reflected the weighted average ownership in GUKP, GUKP II and GUKP III.

2. Other JVs included a development JV in Australia where GAIP has paid Goodman a refundable fee of \$22.6 million for an option to acquire a 40% interest in the JV from the Group. At 30 June 2022, the transaction is conditional on certain matters and settlement would only occur on stabilisation of certain development properties in the JV. Therefore, the disposal transaction had not been reflected in the Group's results at 30 June 2022. The investment carrying amount at 30 June 2022 and the Group's share of the fair value adjustment attributable to the properties in the JV for the year ended 30 June 2022 were aligned with to the disposal price under the option deed.

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

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Movement in carrying amount of investments in JVs				
Carrying amount at the beginning of the year	4,357.4	3,753.6	2,785.5	2,386.9
Share of net results after tax (before fair value adjustments)	204.3	180.3	116.0	104.6
Share of fair value adjustments attributable to investment properties after tax	1,358.2	530.0	1,058.1	428.8
Share of fair value adjustments on derivative financial instruments	9.6	5.8	18.5	4.1
Share of net results	1,572.1	716.1	1,192.6	537.5
Share of movements in reserves	7.2	2.9	-	-
Acquisitions	696.8	449.7	417.9	197.4
Disposals	(3.4)	(8.1)	-	(8.1)
Transfer on reclassification as a controlled entity	(15.6)	-	-	-
Capital return	(91.8)	(176.6)	(20.9)	(86.4)
Distributions/dividends received and receivable	(248.7)	(218.0)	(83.8)	(85.0)
Effect of foreign currency translation	254.9	(162.2)	250.4	(156.8)
Carrying amount at the end of the year	6,528.9	4,357.4	4,541.7	2,785.5

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

The table below includes further information regarding principal Partnerships classified as JVs, held at the end of the financial year:

	GCLP ¹		GUKP		GNAP	
	2022	2021	2022	2021	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M
Summarised statement of financial position						
Current assets						
Cash and cash equivalents	427.4	281.3	41.1	43.4	75.0	62.8
Other current assets	148.3	84.4	12.9	1,490.3	56.8	33.7
Total current assets	575.7	365.7	54.0	1,533.7	131.8	96.5
Total non-current assets	6,303.3	5,537.5	2,421.8	-	8,270.0	4,846.1
Current liabilities						
Other current liabilities	2,940.6	2,796.4	24.7	36.1	273.8	102.8
Total current liabilities	2,940.6	2,796.4	24.7	36.1	273.8	102.8
Non-current liabilities						
Financial liabilities	1,111.8	757.7	537.8	287.0	1,144.3	640.3
Other non-current liabilities	718.3	613.7	-	-	-	6.7
Total non-current liabilities	1,830.1	1,371.4	537.8	287.0	1,144.3	647.0
Net assets (100%)	2,108.3	1,735.4	1,913.3	1,210.6	6,983.7	4,192.8
Summarised statement of comprehensive income						
Revenue	215.0	193.6	39.8	28.5	250.0	181.7
Net finance (expense)/income	(20.3)	(19.2)	(1.0)	(3.7)	14.9	6.4
Income tax expense	(46.3)	(37.4)	(0.2)	-	(0.4)	(0.5)
Profit after tax and revaluations	283.8	326.2	575.6	98.7	1,706.6	690.0
Other comprehensive income/(loss)	36.2	(12.8)	-	-	-	-
Total comprehensive income (100%)	320.0	313.4	575.6	98.7	1,706.6	690.0
Goodman						
Consolidated ownership interest	20.0%	20.0%	35.3%	33.3%	55.0%	55.0%
Consolidated share of net assets	421.7	347.1	676.0	403.5	3,841.0	2,306.0
Shareholder loan ¹	492.9	482.3	-	-	-	-
Other items, including capitalised costs	3.4	3.3	0.3	0.5	5.0	4.6
Distributions receivable	-	-	-	-	-	-
Carrying amount of investment	918.0	832.7	676.3	404.0	3,846.0	2,310.6
Distributions/dividends received and receivable	7.3	6.1	3.9	4.6	68.9	57.8
GIT						
Consolidated ownership interest	-	-	-	-	53.0%	53.0%
Consolidated share of net assets	-	-	-	-	3,701.4	2,222.2
Other items, including capitalised costs	-	-	-	-	5.0	4.6
Distributions receivable	-	-	-	-	-	-
Carrying amount of investment in JV	-	-	-	-	3,706.4	2,226.8
Distributions/dividends received and receivable	-	-	-	-	66.4	55.7

1. Shareholder loans have been provided by investors of GCLP in proportion to their ownership interest. The shareholder loans are interest free and unsecured and have no fixed terms of repayment. The shareholder loans are not expected to be repaid within 12 months from the end of the reporting period and the Directors consider the loans to form part of Goodman's investment in GCLP.

With respect to Goodman's other JVs, the total profit after tax and revaluations was \$1,333.2 million (2021: \$721.5 million) and total other comprehensive income was \$nil (2021: \$nil). With respect to GIT's other JVs, the total profit after tax and revaluations was \$1,024.5 million (2021: \$460.1 million) and total other comprehensive income was \$nil (2021: \$nil).

7 Receivables

Receivables comprise trade and other receivables and loans to related parties and are recognised on the date that they are originated, initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

Receivables are derecognised when the contractual rights to the cash flows from the receivable expire or the Group transfers the rights to receive the contractual cash flows on the receivable in a transaction in which substantially all the risks and rewards of the receivable are transferred.

	Goodman		GIT	
	2022 \$M	2021 \$M	2022 \$M	2021 \$M
Current				
Trade receivables	7.8	16.4	0.1	0.1
Tax receivables	3.9	16.1	-	1.4
Other receivables	123.1	197.2	3.8	5.8
Amounts due from related parties ¹	83.0	101.6	-	0.1
Loans to related parties ¹	-	-	127.1	808.7
	217.8	331.3	131.0	816.1
Non-current				
Other receivables	5.9	7.1	-	-
Loans to related parties ¹	167.5	270.4	3,137.4	2,528.5
	173.4	277.5	3,137.4	2,528.5

1. Refer to note 24 for details of amounts due from and loans to related parties.

Goodman assessed the receivables balances at 30 June 2022 for expected credit losses (risk of non-payment). The level of provisioning was not significant in the context of the Group's financial position.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

8 Contract balances

Contract assets primarily comprise amounts recoverable from fixed price development contracts (disclosed net of any payments received on account) and accrued performance fee income where the Group assesses that the income can be reliably measured.

Contract liabilities primarily comprise consideration received in advance of the completion of development contracts and rental guarantees.

The following table provides an analysis of receivables from contracts with customers (excluding rental income receivables), contract assets and contract liabilities at the reporting dates:

	Goodman	
	2022	2021
	\$M	\$M
Current		
Receivables, which are included in trade receivables, other receivables and amounts due from related parties	111.7	143.6
Contract assets	77.6	80.9
Contract liabilities	4.7	5.0
Non-current		
Contract liabilities	-	1.0

Significant changes in the contract assets and the contract liabilities balances during the year are set out below:

	Goodman			
	2022		2021	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	\$M	\$M	\$M	\$M
Balance at the beginning of the year	80.9	6.0	25.7	13.8
Increase due to changes in the measure of progress during the year	476.9	-	237.5	-
Transfers from contract assets to receivables	(480.5)	-	(182.3)	-
Revenue recognised that was included in the contract liability balance at the beginning of the year	-	(1.6)	-	(7.7)
Increases due to cash received, excluding amounts recognised as revenue during the year	-	0.1	-	0.1
Effect of foreign currency translation	0.3	0.2	-	(0.2)
Balance at the end of the year	77.6	4.7	80.9	6.0
Current contract assets and liabilities	77.6	4.7	80.9	5.0
Non-current contract liabilities	-	-	-	1.0
	77.6	4.7	80.9	6.0

Transaction price allocated to the remaining contract obligations

The amount of the transaction price allocated to the remaining performance obligations under Goodman's existing contracts was \$nil (2021: \$12.5 million). This amount represents revenue expected to be recognised in the future from ongoing management and fixed price development contracts with customers. Goodman will recognise the expected revenue in the future as the work is completed, which is expected to be within the next 12 months.

Details regarding Goodman's future rental income associated with existing lease agreements is included in note 6.

In addition, Goodman receives investment management, development management and property services fees under various contracts that it has with its Partnerships. These contracts are for varying lengths of time and are typically transacted on terms that are consistent with market practice. The revenues under these contracts are linked to the AUM, total development project costs or gross property income of Partnerships and are invoiced as the services are provided.

9 Assets held for sale

In June 2022, the Group entered into a conditional contract to dispose of three controlled entities which own two investment properties. As the conditions under the contracts had not been satisfied as at 30 June 2022, the directly held assets and liabilities to be disposed have been presented as a disposal group held for sale.

Assets and liabilities of disposal group held for sale

At 30 June 2022, the disposal group was held at the lower of carrying amount and fair value less costs to sell, and comprised the following assets and liabilities within the Australia and New Zealand segment:

	\$M
Receivables	2.5
Investment properties	609.3
Payables	(3.6)
Assets held for sale	608.2

No impairment losses have been recognised in FY22 in respect of the disposal group.

In the prior year, assets held for sale amounting to \$41.5 million comprised an investment property in Australia. The disposal of the investment property was completed in FY22.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

10 Payables

Trade and other payables are recognised initially at trade date fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other payables are measured at amortised cost.

Trade and other payables are derecognised when the contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legal right to offset the amounts and an intention to either settle on a net basis or to realise the asset and settle the liability simultaneously.

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Current				
Trade payables	76.4	73.1	7.9	7.1
Other payables and accruals	525.4	487.8	61.5	51.3
Contract liabilities	4.7	5.0	-	-
Loans from related parties ¹	-	-	3.3	549.2
	606.5	565.9	72.7	607.6
Non-current				
Other payables and accruals	111.0	124.5	3.3	3.7
Contract liabilities	-	1.0	-	-
Loans from related parties ¹	-	-	720.5	228.5
	111.0	125.5	723.8	232.2

1. Refer to note 24 for details of loans from related parties.

11 Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

	Note	Goodman		GIT	
		2022	2021	2022	2021
		\$M	\$M	\$M	\$M
Current					
Dividends/distributions to Securityholders	19	280.0	277.1	233.5	166.3
Other		19.2	17.1	-	-
		299.2	294.2	233.5	166.3
Non-current					
Defined benefit retirement schemes in the United Kingdom		13.9	22.0	-	-
Other		1.6	1.7	-	-
		15.5	23.7	-	-

12 Property, plant and equipment

	2022 \$M	2021 \$M
Property, plant and equipment at cost	147.0	128.7
Accumulated amortisation	(85.6)	(74.1)
Property, plant and equipment at net book value¹	61.4	54.6

1. Refer to note 13 for property, plant and equipment held as a lessee.

13 Leases

Goodman leases office buildings, motor vehicles and office equipment. Certain investment properties and developments classified as inventories are also built on land held under leasehold interests.

Goodman recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost plus any direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the lessee's incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest rate method. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change arising from the reassessment of whether Goodman will be reasonably certain to exercise an extension or termination option.

The right of use assets in respect of office buildings, motor vehicles and office equipment are depreciated using the straight-line method over the period of the lease. Right of use assets that meet the definition of investment property are carried at fair value in accordance with note 6(a). Ground leases of development land that are classified as inventories are not depreciated but are assessed at each reporting date for impairments to ensure they are recorded at the lower of cost and net realisable value.

Information about leases for which Goodman is a lessee is detailed below:

	2022 \$M	2021 \$M
Right of use assets		
Inventories	453.3	359.2
Investment properties	568.0	340.3
Property, plant and equipment	42.4	39.6
	1,063.7	739.1
Lease liabilities		
Current	12.5	11.9
Non-current	58.1	82.1
	70.6	94.0

The following were recognised during the year:

	2022 \$M	2021 \$M
Additions to right of use assets	338.4	402.9
Depreciation for right of use assets	12.6	15.1
Interest expense on lease liabilities	1.0	1.0
Cash outflows on lease liabilities	14.4	18.8

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

14 Goodwill and intangible assets

Goodman recognises both goodwill and indefinite life management rights in its statement of financial position.

Goodwill

Goodwill arising on the acquisition of controlled entities is stated at cost less any accumulated impairment losses (refer below). No amortisation is provided.

Management rights

When fund and/or investment management activities are acquired as part of a business combination, management rights are recorded where they arise from contractual or other legal rights, and the fair value can be measured reliably.

Management rights are stated at cost less impairment. Management rights are not amortised as they are assumed to have an indefinite life given they are routinely renewed at minimal cost and on broadly similar terms.

Impairment

The carrying amounts of goodwill and management rights are tested annually for impairment. For the purpose of impairment testing, goodwill and management rights are allocated to the related cash-generating units monitored by management. An impairment loss is recognised whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Recoverable amount is the greater of the fair value (net of disposal costs) and the value in use but given that goodwill and management rights are not frequently traded (i.e. fair value is difficult to ascertain), the recoverable amount will be equal to the value in use of the cash-generating unit. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the goodwill allocated to the cash-generating unit, then to the carrying amount of the management rights allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. An impairment loss for management rights is reversed only to the extent that its carrying amount does not exceed its original cost.

A summary of Goodman's goodwill and intangible assets is set out by below:

	Goodman	
	2022 \$M	2021 \$M
Goodwill	685.6	715.2
Management rights	109.8	107.4
	795.4	822.6

The carrying value of goodwill and intangible assets is analysed by division in the table below:

	2022 \$M	2021 \$M
Analysed:		
Goodwill		
Continental Europe	577.0	601.4
United Kingdom	86.6	90.5
Other	22.0	23.3
Subtotal - goodwill	685.6	715.2
Management rights		
Continental Europe	32.7	34.1
Other	77.1	73.3
Subtotal - management rights	109.8	107.4
Total	795.4	822.6

A reconciliation of the movement in the cost of goodwill and management rights during the year is set out below:

Cost	Balance at 30 June 2020 \$M	Effect of foreign currency translation \$M	Balance at 30 June 2021 \$M	Disposals \$M	Effect of foreign currency translation \$M	Balance at 30 June 2022 \$M
Goodwill						
Continental Europe	628.6	(19.6)	609.0	-	(24.7)	584.3
United Kingdom	127.9	3.1	131.0	-	(5.6)	125.4
Other	33.7	(2.8)	30.9	-	(1.6)	29.3
Subtotal - goodwill	790.2	(19.3)	770.9	-	(31.9)	739.0
Management rights						
Continental Europe	35.3	(1.2)	34.1	-	(1.4)	32.7
Other	87.2	(2.5)	84.7	(10.9)	3.3	77.1
Subtotal - management rights	122.5	(3.7)	118.8	(10.9)	1.9	109.8
Total	912.7	(23.0)	889.7	(10.9)	(30.0)	848.8

A reconciliation of the movement in the impairment losses during the year is set out below:

Impairment losses	Balance at 30 June 2020 \$M	Effect of foreign currency translation \$M	Balance at 30 June 2021 \$M	Disposals \$M	Effect of foreign currency translation \$M	Balance at 30 June 2022 \$M
Goodwill						
Continental Europe	7.8	(0.2)	7.6	-	(0.3)	7.3
United Kingdom	39.5	1.0	40.5	-	(1.7)	38.8
Other	7.8	(0.2)	7.6	-	(0.3)	7.3
Subtotal - goodwill	55.1	0.6	55.7	-	(2.3)	53.4
Management rights						
Other	11.8	(0.4)	11.4	(10.9)	(0.5)	-
Subtotal - management rights	11.8	(0.4)	11.4	(10.9)	(0.5)	-
Total	66.9	0.2	67.1	(10.9)	(2.8)	53.4

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

14 Goodwill and intangible assets (continued)

Impairments and reversals of impairments

There were no impairment losses or reversals of impairment losses during either the current or prior financial year.

Impairment testing for intangible assets

The carrying values of both goodwill and indefinite life management rights are assessed for impairment annually. For the purpose of impairment testing, goodwill and indefinite life management rights are allocated to the Goodman divisions that represent the lowest level within Goodman at which the goodwill and indefinite life management rights are monitored for internal management purposes. Where goodwill and management rights arise in the same division, impairment testing has been performed on the combined intangible asset.

The impairment tests for all intangible assets are based on each division's value in use. Value in use is determined by discounting the future projected cash flows generated from continuing operations. These cash flows are for a five-year period, with a year five terminal value calculated using a terminal growth rate and an appropriate discount rate for each division.

The key drivers of value in respect of the intangible assets are:

- + Development cash flows, which are impacted by development volumes and margins and whether the developments are undertaken directly by Goodman or directly by Partnerships or in joint venture with Partnerships
- + Management cash flows, which are driven by the level of AUM and net property income in Partnerships and, in the case of portfolio performance fee income, the long-term performance of the Partnerships.

The estimation of future cash flows requires assumptions to be made regarding uncertain future events. The cash flows do not assume a downturn in earnings that might arise in the event of a significant adverse change in market conditions for the Group. The cash flows also assume that Goodman's management contracts with Partnerships have an indefinite life. This is on the basis that in the past these contracts have been typically renewed at minimal cost and on broadly similar financial terms.

When assessing a potential impairment, the value in use is compared against the sum of the intangible asset balance and the plant and equipment balance for each division.

Value in use

The value in use for both Continental Europe and the United Kingdom are consistent with the prior years. The Group's strategy remains the same with assets focused on core infill locations.

		Continental Europe	United Kingdom
Value in use (A\$M)	2022	2,444.3	191.8
	2021	2,344.9	161.1

Key assumptions

		Continental Europe	United Kingdom
Pre-tax discount rate (per annum)	2022	11.6%	11.9%
	2021	9.7%	9.6%
Average annual development (million square metres)	2022	0.60	0.12
	2021	0.60	0.16
Average annual growth in AUM	2022	7.7%	13.2%
	2021	8.0%	21.6%

All amounts were calculated in local currency and translated to Australian dollars at the closing exchange rate at the end of the financial period. Averages related to average amounts over the five-year forecast period.

Discount rates

The post-tax discount rates were determined using the capital asset pricing model, with individual assumptions referenced to market data, where available, and adjusting for specific factors associated with each division. A risk premium was included in each division's discount rate, reflecting the level of forecasting, size, country and financing risks for that division. The value in use was determined using the after-tax cash flows and the post-tax discount rates, with the discount rates then converted to the equivalent pre-tax rates.

Developments

Demand for modern, well-located industrial product in both Continental Europe and the United Kingdom remains strong. Earnings forecasts for each division include projects which have not yet been contracted.

Continental Europe

The activities will be focused on core markets in western and southern Europe. The average annual development activity over the next five years is expected to be 0.60 million square metres and the estimated cash outflow from Goodman and Partnerships required to fund the assumed development pipeline across the forecast period is A\$1.28 billion per annum.

United Kingdom

The activity will continue to be focused on the core markets close to London and along the M1 corridor. In the short term, developments will include a number of sites that have already been acquired. The division's development activity over the next five years is forecast to be 0.12 million square metres per annum, on average, which will be undertaken by GUKP, with Goodman earning development management fee income. The estimated cash outflow from Goodman and GUKP required to finance the assumed development pipeline across the forecast period is A\$0.51 billion per annum.

Sources of funding for development activity

Capital inflows required to fund acquisitions and development activity in both divisions are assumed to arise from the following sources: equity investment directly into Partnerships (including distribution reinvestment plans) by Goodman and its investment partners (in some cases, the projections assume future equity investment will be greater than existing commitments); lending facilities advanced to Partnerships; debt capital markets; customer-funded turnkey developments; and proceeds from disposals of assets. It is not practicable to determine the percentage of the total which will flow from each source.

Funds available to Goodman and its investment partners are assumed to be sourced from available global markets and are not limited to lending markets in the regions to which the relevant intangible asset relates.

AUM

For Continental Europe, the average annual increase in AUM of 7.7% (2021: 8.0%) over the forecast period is consistent with the prior year assumption. The projected AUM assumes that most of the development over the forecast period is for Partnerships. For the purpose of the value in use assessments, property values are expected to be stable over the period and no portfolio performance revenue is assumed.

For United Kingdom, the average annual increase in AUM of 13.2% (2021:21.6%) is lower than the prior year forecast due to the stabilisation of developments during FY22 i.e. a higher starting AUM position. The UK Partnerships are developing several sites that underpin the projected growth over the five-year period. For the purpose of the forecasts, property values are expected to be stable over the period.

Assumptions impacting the terminal year

		Continental Europe	United Kingdom
Growth rate applied to future cash flows (per annum)	2022	2.3%	2.8%
	2021	0.4%	1.5%
Development in terminal year (million square metres)	2022	0.60	0.14
	2021	0.60	0.19
Development in terminal year (cost in A\$B)	2022	1.34	0.55
	2021	0.92	0.36

Long-term growth rates have been used to extrapolate cash flow projections beyond the period covered by the five-year forecast. For both Continental Europe and United Kingdom, the growth rate was based on the consumer price indices.

The forecast cost of developments in year five represents the estimated total funding requirements for both directly held developments and developments within Partnerships. The cost of developments in Australian dollars has remained relatively stable.

Notes to the consolidated financial statements

CAPITAL MANAGEMENT

The notes in this section focus on Goodman's and GIT's financing activities, capital structure and management of the financial risks involved.

15 Net finance (expense)/income

Interest income and expense are recognised using the effective interest rate method.

Finance costs relating to a qualifying asset are capitalised as part of the cost of that asset using a weighted average cost of debt. Qualifying assets are assets which take a substantial time to get ready for their intended use or sale. All other finance costs are expensed using the effective interest rate method.

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Finance income				
Interest income from:				
– Related parties	6.5	8.1	72.3	69.1
– Other parties	1.8	2.3	0.5	1.4
Fair value adjustments on derivative financial instruments	-	83.9	-	104.0
Foreign exchange gains	-	-	-	3.4
	8.3	94.3	72.8	177.9
Finance expense				
Interest expense from third party loans, overdrafts and derivatives	(42.4)	(18.3)	(38.2)	(25.9)
Interest expense from related party loans	-	-	(9.7)	(11.7)
Other borrowing costs	(9.5)	(7.4)	(5.3)	(4.8)
Fair value adjustments on derivative financial instruments	(189.7)	-	(181.5)	-
Foreign exchange losses	(0.3)	(0.4)	(69.7)	-
Capitalised borrowing costs ¹	10.8	6.7	-	-
	(231.1)	(19.4)	(304.4)	(42.4)
Net finance (expense)/income	(222.8)	74.9	(231.6)	135.5

1. Borrowing costs were capitalised to inventories and investment properties under development during the year at rates between 0.95% and 4.85% per annum (2021: 0.92% and 4.0% per annum).

16 Interest bearing liabilities

Interest bearing liabilities comprise bank loans, notes issued in the capital markets and private placements. Interest bearing liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost using the effective interest rate method.

	Note	Goodman		GIT	
		2022 \$M	2021 \$M	2022 \$M	2021 \$M
Current					
Unsecured:					
– Foreign private placement	16(d)	133.3	-	133.3	-
		133.3	-	133.3	-
Non-current					
Secured:					
– Bank loans	16(a)	9.0	-	-	-
Unsecured:					
– Bank loans	16(a)	-	-	-	-
– USD denominated notes	16(b)	1,953.1	1,133.8	1,953.1	1,133.8
– EUR denominated notes	16(c)	758.3	790.3	758.3	790.3
– Foreign private placement	16(d)	-	150.1	-	150.1
Borrowing costs		(21.5)	(13.9)	(19.3)	(11.4)
		2,698.9	2,060.3	2,692.1	2,062.8

(a) Bank loans

Secured

As at 30 June 2022, Goodman and GIT had the following secured bank facilities:

	Goodman		GIT	
	Facility limit \$M	Amounts drawn \$M	Facility limit \$M	Amounts drawn \$M
Facility maturity date				
13 May 2026 ¹	65.0	-	65.0	-
13 May 2026 ¹	65.0	-	65.0	-
13 May 2027 ¹	130.0	-	130.0	-
18 March 2034	28.2	9.0	-	-
Total at 30 June 2022	288.2	9.0	260.0	-
Total at 30 June 2021	-	-	-	-

1. These facilities, amounting to \$260.0 million, are held by a controlled entity that is part of a disposal group at 30 June 2022. The facilities are secured against investment properties that also form part of the disposal group. Refer to note 9.

Notes to the consolidated financial statements

Capital management (continued)

16 Interest bearing liabilities (continued)

Unsecured

As at 30 June 2022, Goodman and GIT had the following unsecured bank facilities:

Facility maturity date	Goodman		GIT	
	Facility limit	Amounts drawn	Facility limit	Amounts drawn
	\$M	\$M	\$M	\$M
31 December 2024	100.0	-	100.0	-
31 March 2025	70.0	-	70.0	-
31 March 2025	30.0	-	30.0	-
31 March 2026	85.2	-	-	-
31 March 2026	160.0	-	-	-
1 July 2026	100.0	-	100.0	-
31 July 2026	144.7	-	144.7	-
30 September 2026	160.0	-	-	-
30 September 2026	54.3	-	54.3	-
30 September 2026	37.5	-	37.5	-
21 October 2026	150.0	-	150.0	-
22 October 2026	150.0	-	150.0	-
31 December 2026	113.7	-	113.7	-
30 June 2027	70.0	-	70.0	-
30 June 2027	30.0	-	30.0	-
Total at 30 June 2022	1,455.4	-	1,050.2	-
Total at 30 June 2021	1,045.7	-	589.4	-

The majority of the unsecured bank loans are multi-currency facilities.

(b) USD denominated notes

As at 30 June 2022, Goodman and GIT had notes on issue in the US144A/Regulation S bond market as follows:

Maturity date	Carrying amount		Coupon (fixed)
	A\$M	US\$M	per annum
15 Mar 2028	759.5	525.0	3.70%
04 May 2032	723.4	500.0	4.63%
15 October 2037	470.2	325.0	4.50%
Carrying amount at 30 June 2022	1,953.1	1,350.0	
Carrying amount at 30 June 2021	1,133.8	850.0	

(c) EUR denominated notes

As at 30 June 2022, Goodman and GIT had A\$758.3 million (2021: A\$790.3 million) (€500.0 million) Reg S EUR denominated senior notes on issue. The notes have a fixed coupon of 1.375% per annum and mature on 27 September 2025.

(d) Foreign private placement

As at 30 June 2022, Goodman and GIT had A\$133.3 million (2021: A\$150.1 million) (¥12.5 billion) in a foreign private placement denominated in Japanese yen. The facility has a fixed coupon of 3.32% per annum payable semi-annually and expires on 3 April 2023.

(e) Finance facilities

	Goodman		GIT	
	Facilities available ¹ \$M	Facilities utilised \$M	Facilities available ¹ \$M	Facilities utilised \$M
30 June 2022				
Secured:				
- Bank loans ¹	288.2	9.0	260.0	-
Unsecured:				
- Bank loans	1,455.4	-	1,050.2	-
- USD denominated notes	1,953.1	1,953.1	1,953.1	1,953.1
- EUR denominated notes	758.3	758.3	758.3	758.3
- Foreign private placement	133.3	133.3	133.3	133.3
- Bank guarantees ²	-	7.3	-	7.3
	4,588.3	2,861.0	4,154.9	2,852.0
30 June 2021				
Unsecured:				
- Bank loans	1,045.7	-	589.4	-
- USD denominated notes	1,133.8	1,133.8	1,133.8	1,133.8
- EUR denominated notes	790.3	790.3	790.3	790.3
- Foreign private placement	150.1	150.1	150.1	150.1
- Bank guarantees ²	-	32.7	-	32.7
	3,119.9	2,106.9	2,663.6	2,106.9

1. Facilities available under secured bank loans include \$260.0 million of unutilised loans held by a controlled entity that is part of a disposal group at 30 June 2022. Refer to note 9.
2. Bank guarantees are drawn from facilities available under unsecured bank loans. The guarantees are not reflected as a liability in the statements of financial position.

Notes to the consolidated financial statements

Capital management (continued)

17 Other financial assets and liabilities

Other financial assets and liabilities primarily comprise derivative financial instruments that are recognised initially on the trade date at which Goodman and GIT become a party to the contractual provisions of the instrument.

Derivative financial instruments and hedging

Goodman and GIT use derivative financial instruments to hedge their economic exposure to foreign exchange and interest rate risks arising from operating, investing and financing activities. In accordance with the Group's financial risk management (FRM) policy, Goodman and GIT do not hold or issue derivative financial instruments for speculative trading purposes.

Goodman and GIT's derivative financial instruments are not designated as a hedge for accounting purposes, and accordingly movements in the fair value of derivative financial instruments are recognised in the income statement.

Cash flow hedges

Certain of Goodman and GIT's associates and JVs continue to designate derivative financial instruments as cash flow hedges for accounting purposes. Goodman's and GIT's share of the effective portion of changes in the fair value of derivative financial instruments in associates and JVs that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve. The gain or loss relating to any ineffective portion is recognised in the income statement.

Other financial assets

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Current				
Derivative financial instruments ¹	1.6	16.5	1.6	16.5
	1.6	16.5	1.6	16.5
Non-current				
Derivative financial instruments ¹	482.8	354.5	341.3	292.4
Investment in unlisted securities, at fair value	13.6	8.3	31.8	22.0
	496.4	362.8	373.1	314.4

1. Includes fair values of derivative financial instruments equating to \$133.3 million (2021: \$134.1 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

Other financial liabilities

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Current				
Derivative financial instruments ¹	71.2	1.9	25.9	1.9
	71.2	1.9	25.9	1.9
Non-current				
Derivative financial instruments ¹	447.7	211.5	325.3	124.6
	447.7	211.5	325.3	124.6

1. Includes fair values of derivative financial instruments equating to \$79.6 million (2021: \$62.3 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

18 Financial risk management

The Directors have ultimate responsibility for Goodman's FRM processes and have established policies, documented in the FRM policy, to manage Goodman's exposure to financial risks and to utilise capital in an efficient manner.

Goodman's treasury function is responsible for monitoring the day to day compliance with the Group's FRM policy and prepares reports for consideration by management committees and the Board including:

- + Cash flow projections over a period of at least 12 months to assess the level of cash and undrawn facilities, and headline gearing at each month end
- + Debt maturity profile, to allow the Group to plan well in advance of maturing facilities
- + Interest rate hedge profile over the next 10 years, to allow the Group to manage the proportion of fixed and floating rate debt in accordance with its FRM policy
- + Capital hedge position (by currency) and profile of expiring currency derivatives, to allow the Group to manage its net investment hedging in accordance with its FRM policy.

Any significant investments or material changes to the finance facilities or FRM policy require approval by the Board.

Capital management

Goodman's principal capital management objectives are to maintain a strong capital base and provide funds for operating activities (including development expenditure), capital expenditure and investment opportunities as they arise. This is achieved through an appropriate mix of debt and equity.

Goodman is able to alter the capital mix by issuing new Goodman debt and equity securities or hybrid securities, by reinstating the distribution reinvestment plan, by adjusting the timing of development and capital expenditure and by selling assets to reduce borrowings. Goodman also manages capital through its distribution policy in which distributions made to Securityholders are based on the Group's operating profit, subject to a minimum distribution equal to the taxable income of the Trust.

Goodman's key financial risks are market risk (including foreign exchange and interest rate risk), liquidity risk and credit risk.

(a) Market risk

Foreign exchange risk

Goodman is exposed to foreign exchange risk through its investments in New Zealand, Hong Kong, China, Japan, Continental Europe, the United Kingdom, North America and Brazil. Foreign exchange risk represents the gain or loss that would be recognised from fluctuations in currency prices against the Australian dollar as a result of Goodman's net investment in foreign operations, future commercial transactions, and other foreign currency denominated assets and liabilities.

Notes to the consolidated financial statements

Capital management (continued)

18 Financial risk management (continued)

In managing foreign exchange risks, Goodman aims to reduce the impact of short-term fluctuations on Goodman's earnings and net assets. However, over the long term, permanent changes in foreign exchange rates will have an impact on both earnings and net assets.

Goodman's capital hedge policy for each overseas region is to hedge between 65% and 90% of foreign currency denominated assets with foreign currency denominated liabilities. This is achieved by borrowing in the same currency as the overseas investments to form a natural economic hedge against any foreign currency fluctuations and/or using derivatives such as cross currency interest rate swaps (CCIRS) and foreign exchange contracts (FEC).

The Group's hedge position is monitored on an ongoing basis and the Group will enter into new derivatives (including forward start contracts) and close out or enter into contra derivative contracts to manage the capital hedge position.

As at 30 June 2022, the principal that was used to hedge its exposures using derivatives and the weighted average exchange rates, by currency, are set out below:

Goodman

	2022			2021		
	Amounts payable	Amounts receivable	Weighted average exchange rate	Amounts payable	Amounts receivable	Weighted average exchange rate
	NZD'M	AUD'M	AUD/NZD	NZD'M	AUD'M	AUD/NZD
AUD receivable/NZD payable	(750.0)	696.4	1.0775	(600.0)	557.3	1.0771
	HKD'M	AUD'M	AUD/HKD	HKD'M	AUD'M	AUD/HKD
AUD receivable/HKD payable	(8,340.0)	1,466.9	5.6976	(7,490.0)	1,301.8	5.7659
	EUR'M	AUD'M	AUD/EUR	EUR'M	AUD'M	AUD/EUR
AUD receivable/EUR payable	(825.0)	1,314.0	0.6283	(675.0)	1,086.7	0.6214
	GBP'M	AUD'M	AUD/GBP	GBP'M	AUD'M	AUD/GBP
AUD receivable/GBP payable	(380.0)	703.4	0.5403	(330.0)	587.6	0.5635
	USD'M	AUD'M	AUD/USD	USD'M	AUD'M	AUD/USD
AUD receivable/USD payable	(1,050.0)	1,455.5	0.7221	(650.0)	894.7	0.7276
	JPY'M	AUD'M	AUD/JPY	JPY'M	AUD'M	AUD/JPY
AUD receivable/JPY payable	(23,000.0)	297.2	77.5413	(23,000.0)	297.2	77.5413
	CNY'M	USD'M	USD/CNY	CNY'M	USD'M	USD/CNY
USD receivable/CNY payable	(4,258.6)	539.6	7.8927	(4,545.2)	600.0	7.5753

GIT

	2022			2021		
	Amounts payable	Amounts receivable	Weighted average exchange rate	Amounts payable	Amounts receivable	Weighted average exchange rate
	NZD'M	AUDM	AUD/NZD	NZD'M	AUDM	AUD/NZD
AUD receivable/NZD payable	(450.0)	416.3	1.0814	(600.0)	557.3	1.0771
	HKD'M	A\$M	AUD/HKD	HKD'M	A\$M	AUD/HKD
AUD receivable/HKD payable	(7,190.0)	1,264.6	5.6981	(6,990.0)	1,217.8	5.7523
	EUR'M	A\$M	AUD/EUR	EUR'M	A\$M	AUD/EUR
AUD receivable/EUR payable	(50.0)	75.7	0.6605	-	-	-
	GBP'M	A\$M	AUD/GBP	GBP'M	A\$M	AUD/GBP
AUD receivable/GBP payable	(125.0)	228.9	0.5460	(330.0)	587.6	0.5635
	USD'M	A\$M	AUD/USD	USD'M	A\$M	AUD/USD
AUD receivable/USD payable	(600.0)	820.9	0.7318	(200.0)	260.2	0.7688
	JPY'M	A\$M	AUD/JPY	JPY'M	A\$M	AUD/JPY
AUD receivable/JPY payable	(17,000.0)	225.3	75.4506	(17,000.0)	225.3	75.4506

In addition to the derivatives detailed in the table above, GIT also has a FEC with a controlled entity of GL to hedge that entity's USD exposure. On maturity of the contract, GIT will receive USD 81.8 million from GL (2021: USD 257.3 million) and pay GBP 53.8 million to GL (2021: GBP 183.9 million).

Sensitivity analysis

Throughout the financial year, if the Australian dollar had been 5% stronger against all other currencies, with all other variables held constant, the profit attributable to Securityholders, excluding derivative mark to market and unrealised foreign exchange movements, would have decreased by A\$107.9 million (2021: A\$72.9 million decrease) for Goodman and A\$48.1 million (2021: A\$28.6 million) for GIT. If the Australian dollar had been 5% weaker against all other currencies, with all other variables held constant, the profit attributable to Securityholders, excluding derivative mark to market and unrealised foreign exchange movements, would have increased by A\$107.9 million (2021: A\$72.9 million increase) for Goodman and A\$48.1 million (2021: A\$28.6 million) for GIT.

Interest rate risk

Goodman's interest rate risk arises from variable rate borrowings and the Group's CCIRS that hedge the overseas investments. Goodman adopts a policy of hedging such that between 60% and 100% of its current year exposure to changes in interest rates on borrowings is on a fixed rate basis. Goodman enters into interest rate derivatives (IRD), comprising both interest rate swaps and interest rate caps, to manage cash flow risks associated with the interest rates on borrowings that are floating. The IRD contracts are for 90-day intervals and involve quarterly payments or receipts of the net amount of interest.

Notes to the consolidated financial statements

Capital management (continued)

18 Financial risk management (continued)

As at 30 June 2022, Goodman and GIT's fixed and floating interest rate exposure (by principal) based on existing interest bearing liabilities and derivative financial instruments is set out below:

Goodman

	Interest bearing liabilities A\$M	Impact of derivatives CCIRS A\$M	IRD A\$M	Net interest rate exposure A\$M
30 June 2022				
Fixed rate liabilities	2,844.7	-	747.1	3,591.8
Floating rate liabilities	9.0	(75.6)	(747.1)	(813.7)
	2,853.7	(75.6)	-	2,778.1
30 June 2021				
Fixed rate liabilities	2,074.2	-	(101.4)	1,972.8
Floating rate liabilities	-	(123.6)	101.4	(22.2)
	2,074.2	(123.6)	-	1,950.6

GIT

	Interest bearing liabilities A\$M	Impact of derivatives CCIRS A\$M	IRD A\$M	Net interest rate exposure A\$M
30 June 2022				
Fixed rate liabilities	2,844.7	-	(539.8)	2,304.9
Floating rate liabilities	-	3.0	539.8	542.8
	2,844.7	3.0	-	2,847.7
30 June 2021				
Fixed rate liabilities	2,074.2	-	(575.6)	1,498.6
Floating rate liabilities	-	(71.6)	575.6	504.0
	2,074.2	(71.6)	-	2,002.6

As a result of the fixed rate interest bearing liabilities and derivative financial instruments that existed at 30 June 2022, Goodman and GIT would have the following fixed interest rate exposure (by principal) at the end of each of the next five financial years. This assumes all interest bearing liabilities and derivative financial instruments mature in accordance with current contractual terms.

Goodman

	2022		2021	
Number of years post balance date	Fixed interest rate (by principal) A\$M	Weighted average interest rate % per annum	Fixed interest rate (by principal) A\$M	Weighted average interest rate % per annum
1 year	3,716.6	2.12	1,951.0	2.15
2 years	3,826.1	2.06	2,075.2	2.12
3 years	3,107.3	2.51	2,176.4	1.97
4 years	2,160.9	3.22	1,900.8	2.29
5 years	1,368.3	4.43	1,065.2	3.36

GIT

	2022		2021	
Number of years post balance date	Fixed interest rate exposure A\$M	Weighted average interest rate % per annum	Fixed interest rate exposure A\$M	Weighted average interest rate % per annum
1 year	2,502.1	3.01	1,476.9	2.99
2 years	2,674.5	2.80	1,601.0	2.89
3 years	2,651.1	2.84	1,767.9	2.54
4 years	1,836.2	3.70	1,742.8	2.53
5 years	1,111.4	5.33	907.1	4.00

Sensitivity analysis

Throughout the financial year, if interest rates on borrowings (based on the interest bearing liabilities and derivative financial instruments in place at the end of the year) had been 100 basis points per annum higher/lower, with all other variables held constant, the profit attributable to Securityholders would have increased/decreased by A\$8.1 million (2021: increased/decreased by A\$0.2 million) for Goodman and decreased/increased by A\$5.4 million (2021: decreased/increased by A\$5.0 million) for GIT.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as IBOR reform). The Group has exposure to IBORs through certain of its bank loans (interest bearing liabilities) and its derivative instruments (IRD and CCIRS). Most of the Group's external interest bearing liabilities are bonds with fixed coupons and are not exposed to IBORs. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA) master agreements.

The United Kingdom, Japan and the United States had announced plans to discontinue using London Interbank Offered Rate (LIBOR) by 31 December 2021. The alternative reference rate for sterling LIBOR is the Sterling Overnight Index Average rate, for Japanese yen LIBOR is the Tokyo Overnight Average Rate and for US dollar LIBOR is the Secured Overnight Financing Rate. Amendments to the Group's financial instruments with contractual terms indexed to sterling LIBOR or Japanese yen LIBOR, such that they incorporate the new benchmark rates, were completed by 31 December 2021. Although US dollar LIBOR was planned to be discontinued by the end of 2021, in November 2020 the Intercontinental Exchange Benchmark Administration, the Financial Conduct Authority-regulated and authorised administrator of LIBOR, announced that it had started to consult on its intention to cease the publication of certain US dollar LIBORs after June 2023. It is still unclear when the announcement that will set a date for the termination of the publication of US dollar LIBOR will take place. Nevertheless, the Group has finished the process of implementing appropriate fallback provisions for all US dollar LIBOR indexed exposures.

For Goodman's other IBOR exposures, the transition to alternative risk-free rates has been deferred and/or extended and therefore no action has been or will be taken in that regard until such time as the alternative reference rates are defined and scheduled. It is expected that these will follow the conventions established in other markets and the Group will apply the same principles for those transitions as and when they become relevant.

The table below details the Group's exposure at 30 June 2022 to significant IBORs subject to reform that have yet to transition to alternate benchmark rates:

	USD LIBOR	
	Notional amount	
	Goodman	GIT
	\$M	\$M
IRD	900.0	500.0
CCIRS	2,330.0	1,430.0
	3,230.0	1,930.0

The exposure disclosed is for derivatives with contractual maturities after 30 June 2022. Derivative exposure has been reported using the notional contract amount and where derivatives such as CCIRS have both a receiver and a payer leg with exposure to IBOR reform, the notional contract amount is disclosed for both legs.

(b) Liquidity risk

Liquidity risk is the risk that Goodman will not be able to meet its financial obligations as they fall due. Goodman's objective is to maintain sufficient liquidity to fund short-term working capital, capital expenditure, investment opportunities, debt expiries and distributions. This is achieved through the monthly preparation of a three-year cash flow forecast to understand the uses of funds and to identify potential shortfalls in funding or potential breaches of financial covenants in its loan arrangements. This allows Goodman to plan for renewal of debt facilities, negotiation of new debt facilities, new issues of securities, including the distribution reinvestment plan, and other potential sources of funding.

Goodman's treasury function is responsible for reporting details of all debt maturities to the Board at its regular meetings.

Goodman seeks to spread its debt maturities such that the total debt repayable in a single financial year does not exceed Board approved policy levels.

Notes to the consolidated financial statements

Capital management (continued)

18 Financial risk management (continued)

The contractual maturities of financial liabilities are set out below:

	Carrying amount \$M	Contractual cash flows \$M	Less than 1 year \$M	1 - 2 year(s) \$M	2 - 3 years \$M	3 - 4 years \$M	4 - 5 years \$M	More than 5 years \$M
Goodman								
As at 30 June 2022								
Non-derivative financial liabilities								
Payables (excluding contract liabilities)	712.8	712.8	601.8	58.2	26.4	17.6	8.8	-
Lease liabilities	70.6	121.6	12.5	14.2	76.5	4.1	3.9	10.4
Bank loans, secured ¹	9.0	9.0	-	-	-	-	-	9.0
USD denominated notes, unsecured	1,953.1	2,822.9	139.2	82.7	82.7	82.7	82.7	2,352.9
EUR denominated notes, unsecured	758.3	799.9	18.3	10.4	10.4	760.8	-	-
Foreign private placement, unsecured	133.3	137.7	137.7	-	-	-	-	-
Total non-derivative financial liabilities	3,637.1	4,603.9	909.5	165.5	196.0	865.2	95.4	2,372.3
Derivative financial (assets)/liabilities - net								
Net settled ²	33.8	35.3	14.0	5.7	22.2	8.2	3.5	(18.3)
Gross settled ³ :								
(Inflow)	0.7	(1,565.0)	(249.5)	(411.0)	(257.1)	(310.8)	(171.2)	(165.5)
Outflow	-	1,113.4	218.5	329.5	169.6	189.7	156.4	49.7
Total derivative financial (assets)/liabilities - net	34.5	(416.3)	(17.0)	(75.8)	(65.3)	(112.9)	(11.3)	(134.1)
As at 30 June 2021								
Non-derivative financial liabilities								
Payables (excluding contract liabilities)	685.4	685.4	560.9	61.9	31.3	20.9	10.4	-
Lease liabilities	94.0	179.2	11.9	7.9	6.3	6.8	6.3	140.0
USD denominated notes, unsecured	1,133.8	1,625.3	45.4	45.4	45.4	45.4	45.4	1,398.3
EUR denominated notes, unsecured	790.3	836.5	10.9	10.9	10.9	10.9	792.9	-
Foreign private placement, unsecured	150.1	158.9	5.0	153.9	-	-	-	-
Total non-derivative financial liabilities	2,853.6	3,485.3	634.1	280.0	93.9	84.0	855.0	1,538.3
Derivative financial (assets)/liabilities - net								
Net settled ²	(18.9)	(17.8)	(36.8)	0.8	10.2	16.9	(1.2)	(7.7)
Gross settled ³ :								
(Inflow)	(138.7)	(570.0)	(82.9)	(78.0)	(176.1)	(77.1)	(75.7)	(80.2)
Outflow	-	371.2	57.5	87.3	72.1	29.8	62.5	62.0
Total derivative financial (assets)/liabilities - net	(157.6)	(216.6)	(62.2)	10.1	(93.8)	(30.4)	(14.4)	(25.9)

1. Contractual cash flows relating to bank loans exclude any estimate of interest payments that might arise under Goodman's revolving loan facilities.

2. Net settled includes IRD and FEC.

3. Gross settled includes CCIRS.

Goodman Group

The contractual maturities of financial liabilities are set out below:

GIT	Carrying amount \$M	Contractual cash flows \$M	Less than 1 year \$M	1 - 2 year(s) \$M	2 - 3 years \$M	3 - 4 years \$M	4 - 5 years \$M	More than 5 years \$M
As at 30 June 2022								
Non-derivative financial liabilities								
Payables	796.5	796.5	72.7	4.8	64.5	282.7	139.4	232.4
USD denominated notes, unsecured	1,953.1	2,822.9	139.2	82.7	82.7	82.7	82.7	2,352.9
EUR denominated notes, unsecured	758.3	800.0	18.3	10.4	10.4	760.8	-	-
Foreign private placement, unsecured	133.3	137.7	137.7	-	-	-	-	-
Total non-derivative financial liabilities	3,641.2	4,557.1	367.9	97.9	157.6	1,126.2	222.1	2,585.3
Derivative financial (assets)/liabilities - net								
Net settled ¹	(22.0)	141.6	39.4	35.5	33.3	33.5	10.5	(10.5)
Gross settled ² :								
(Inflow)	30.3	(737.3)	(104.8)	(234.6)	(90.9)	(115.1)	(51.6)	(140.1)
Outflow	-	753.2	161.1	237.7	100.7	125.6	87.3	40.8
Total derivative financial liabilities/(assets) - net	8.3	157.5	95.7	38.6	43.1	44.0	46.2	(109.8)
As at 30 June 2021								
Non-derivative financial liabilities								
Payables	839.8	839.8	607.6	-	95.9	9.2	123.3	3.8
USD denominated notes, unsecured	1,133.8	1,625.4	45.4	45.4	45.4	45.4	45.4	1,398.3
EUR denominated notes, unsecured	790.3	836.4	10.9	10.9	10.9	10.9	792.9	-
Foreign private placement, unsecured	150.1	158.9	5.0	153.9	-	-	-	-
Total non-derivative financial liabilities	2,914.0	3,460.5	668.9	210.2	152.2	65.5	961.6	1,402.1
Derivative financial (assets)/liabilities - net								
Net settled ¹	(98.3)	(91.3)	(37.0)	(28.2)	(12.5)	(6.6)	(0.8)	(6.2)
Gross settled ² :								
(Inflow)	(84.1)	(446.9)	(71.4)	(60.7)	(120.0)	(54.4)	(62.7)	(77.7)
Outflow	-	303.7	56.3	84.1	67.2	28.6	36.9	30.6
Total derivative financial (assets)/liabilities - net	(182.4)	(234.5)	(52.1)	(4.8)	(65.3)	(32.4)	(26.6)	(53.3)

1. Net settled includes IRD and FEC.

2. Gross settled includes CCIRS.

Notes to the consolidated financial statements

Capital management (continued)

18 Financial risk management (continued)

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, which have been recognised on the statement of financial position, is equal to the carrying amount.

Goodman has a policy of assessing the creditworthiness of all potential customers and is not materially exposed to any one customer. Goodman evaluates all customers' perceived credit risk and may require the lodgement of rental bonds or bank guarantees, as appropriate, to reduce credit risk. In addition, all rents are payable monthly in advance. Bank guarantees are accepted from financial institutions which have an investment grade credit rating from a major rating agency.

Concentration of credit risk may exist due to receivables in respect of the disposals of investment properties. The credit risk is minimised as legal title to the properties is only transferred upon receipt of proceeds and typically Goodman will have either received a cash deposit or be the beneficiary of a bank guarantee for 10% to 20% of the total proceeds.

In relation to material bank deposits, Goodman minimises credit risk by dealing with major financial institutions. The counterparty must have a long-term investment grade credit rating from a major rating agency. The amounts and other terms associated with bank deposits are formally reviewed monthly.

The credit risks associated with derivative financial instruments are managed by:

- + Transacting with multiple derivatives counterparties that have a long-term investment grade credit rating
- + Utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through netting of amounts receivable and amounts payable to individual counterparties (refer below)
- + Formally reviewing the mark to market position of derivative financial instruments by counterparty on a monthly basis.

Master netting off or similar agreements

Goodman enters into derivative transactions under ISDA master netting off agreements. Under these agreements, where certain credit events occur (such as a default), all outstanding transactions under the agreement are terminated and a single net termination value is payable in full and final settlement.

As Goodman does not have any current legally enforceable right to offset, the fair values associated with derivative financial instruments have been presented gross in the statement of financial position. However, if a credit event occurred, the ISDA master netting off agreement would allow A\$361.3 million (2021: A\$175.2 million) and A\$256.1 million (2021: A\$112.9 million) of financial assets and financial liabilities in relation to Goodman's and GIT's respective derivative financial instruments to be offset.

Goodman Group

(d) Fair values of financial instruments

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

	Goodman				GIT			
	Carrying amount 2022 \$M	Fair value 2022 \$M	Carrying amount 2021 \$M	Fair value 2021 \$M	Carrying amount 2022 \$M	Fair value 2022 \$M	Carrying amount 2021 \$M	Fair value 2021 \$M
Financial assets								
Cash and cash equivalents	1,056.0	1,056.0	920.4	920.4	473.6	473.6	379.8	379.8
Receivables	391.2	391.2	608.8	608.8	3,268.4	3,268.4	3,344.6	3,344.6
Other financial assets:								
– IRD	210.5	210.5	114.3	114.3	129.1	129.1	111.9	111.9
– CCIRS	271.6	271.6	256.7	256.7	194.8	194.8	194.7	194.7
– FEC	2.3	2.3	-	-	19.0	19.0	2.3	2.3
– Investments in unlisted securities	13.6	13.6	8.3	8.3	31.8	31.8	22.0	22.0
	1,945.2	1,945.2	1,908.5	1,908.5	4,116.7	4,116.7	4,055.3	4,055.3
Financial liabilities								
Payables (excluding contract liabilities)	712.8	712.8	685.4	685.4	796.5	796.5	839.8	839.8
Interest bearing liabilities ¹	2,832.2	2,670.6	2,060.3	2,236.3	2,825.4	2,528.3	2,062.8	2,236.3
Other financial liabilities:								
– IRD	126.2	126.2	15.9	15.9	126.2	126.2	15.9	15.9
– CCIRS	272.3	272.3	118.0	118.0	225.0	225.0	110.6	110.6
– FEC	120.4	120.4	79.5	79.5	-	-	-	-
	4,063.9	3,902.3	2,959.1	3,135.1	3,973.1	3,676.0	3,029.1	3,202.6

1. The fair value of certain fixed rate interest bearing liabilities has been determined by reference to the quoted market prices at 30 June 2022.

Notes to the consolidated financial statements

Capital management (continued)

18 Financial risk management (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method:

	Goodman				GIT			
	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 30 June 2022								
Derivative financial assets	-	484.4	-	484.4	-	342.9	-	342.9
Investments in unlisted securities	-	-	13.6	13.6	-	-	31.8	31.8
	-	484.4	13.6	498.0	-	342.9	31.8	374.7
Derivative financial liabilities	-	518.9	-	518.9	-	351.2	-	351.2
	-	518.9	-	518.9	-	351.2	-	351.2
As at 30 June 2021								
Derivative financial assets	-	371.0	-	371.0	-	308.9	-	308.9
Investments in unlisted securities	-	-	8.3	8.3	-	-	22.0	22.0
	-	371.0	8.3	379.3	-	308.9	22.0	330.9
Derivative financial liabilities	-	213.4	-	213.4	-	126.5	-	126.5
	-	213.4	-	213.4	-	126.5	-	126.5

There were no transfers between the levels during the year.

Valuation techniques used to derive Level 2 and Level 3 fair values

The Level 2 derivative financial instruments held by Goodman and GIT consist of IRD, CCIRS and FEC.

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, adjusted for specific features of the instruments.

19 Dividends and distributions

Dividends and distributions are recognised when they are declared and before deduction of any withholding tax. Any non-recoverable withholding tax is included in income tax.

Goodman

FY22 dividends/distributions

	Dividends/ distributions cents per security	Total amount \$M	Date of payment
GL	-	-	n/a
GIT			
– 31 December 2021	15.0	280.2	24 Feb 2022
– 30 June 2022	12.5	233.6	25 Aug 2022
GLHK	2.5	46.7	25 Aug 2022
	30.0	560.5	
Distributions on treasury securities		(0.4)	
	30.0	560.1	

FY21 dividends/distributions

	Dividends/ distributions cents per security	Total amount \$M	Date of payment
GL	-	-	n/a
GIT			
– 31 Dec 2020	15.0	277.1	25 Feb 2021
– 30 Jun 2021	9.0	166.3	26 Aug 2021
GLHK	6.0	110.8	26 Aug 2021
	30.0	554.2	

GIT

In FY22, GIT's distributions were 27.5 cents per security (2021: 24.0 cents per security) amounting to \$513.8 million (2021: \$443.4 million).

Movement in provision for dividends/distributions to Securityholders

	Goodman		GIT	
	2022 \$M	2021 \$M	2022 \$M	2021 \$M
Balance at the beginning of the year	277.1	274.3	166.3	201.1
Provisions for dividends/distributions	560.1	554.2	513.8	443.4
Dividends/distributions paid	(557.2)	(551.4)	(446.6)	(478.2)
Balance at the end of the year	280.0	277.1	233.5	166.3

Notes to the consolidated financial statements

Capital management (continued)

20 Issued capital

(a) Ordinary securities

Ordinary securities are classified as equity. Incremental costs directly attributable to issues of ordinary securities are recognised as a deduction from equity, net of any tax effects.

			Goodman		GIT	
	2022	2021	2022	2021	2022	2021
	Number of securities		\$M	\$M	\$M	\$M
Stapled securities:						
– Issued and fully paid	1,866,989,276	1,847,429,255	8,367.1	8,257.3	8,303.3	7,997.7
– Treasury securities	1,233,333	-	-	-	-	-
Less: Accumulated issue costs			(161.0)	(160.9)	(148.8)	(148.7)
Total issued capital	1,868,222,609	1,847,429,255	8,206.1	8,096.4	8,154.5	7,849.0

Terms and conditions

Stapled security means one share in the Company stapled to one unit in the Trust and one CDI over a share in 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 net proceeds of liquidation.

Movement in ordinary securities

Date	Details	Number of securities	Goodman \$M	GIT \$M
30 Jun 2020	Balance before accumulated issue costs	1,828,413,236	8,192.2	7,772.0
31 Aug 2020	Securities issued to employees under the LTIP	15,438,241	-	183.2
4 Sep 2020	Issue of securities	3,577,778	65.1	42.5
30 Jun 2021	Balance before accumulated issue costs	1,847,429,255	8,257.3	7,997.7
31 Aug 2021	Securities issued to employees under the LTIP	14,716,648	-	216.3
31 Aug 2021	Issue of treasury securities	1,233,333	-	18.1
2 Sep 2021	Issue of securities	4,843,373	109.8	71.2
	Less: Accumulated issue costs		(161.0)	(148.8)
30 Jun 2022	Closing balance	1,868,222,609	8,206.1	8,154.5

(b) Share based payments

LTIP

The Group's share based payments primarily relate to performance rights awarded to employees under the LTIP. These performance rights entitle an employee to either acquire Goodman securities for \$nil consideration (equity settled performance rights) or, in certain jurisdictions, to receive an amount in cash equal to the value of the securities (cash settled performance rights), subject to the vesting conditions having been satisfied. Further details regarding the vesting conditions are included in the remuneration report section of the Directors' report.

During the year, the movement in the number of equity settled and cash settled performance rights under the LTIP was as follows:

	Number of rights	
	2022	2021
Outstanding at the beginning of the year	68,640,720	73,987,645
Granted	23,468,860	16,079,977
Exercised	(19,545,855)	(19,016,019)
Forfeited	(813,081)	(2,410,883)
Outstanding at the end of the year	71,750,644	68,640,720
Exercisable at the end of the year	-	-

Share based payments transactions

The fair value of equity settled performance rights at the grant date is expensed with a corresponding increase in the employee compensation reserve over the period from the grant date to the vesting dates. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The accumulated share based payments expense of performance rights which have vested or lapsed is transferred from the employee compensation reserve to retained earnings.

The fair value of cash settled performance rights is also recognised as an expense but with a corresponding increase in liabilities over the vesting period. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The liability is remeasured at each reporting date and at the vesting date based on the fair value of the rights.

The fair value of services received in return for performance rights granted under the LTIP is measured by reference to the fair value of the performance rights granted. The fair value of the performance rights granted during the year was measured as follows:

- + Operating EPS tranche: these rights were valued as a granted call option, using the standard Black Scholes model with a continuous dividend/distribution yield
- + Relative TSR tranche: these rights were valued using a Monte Carlo model which simulated total returns for each of the ASX 100 stocks and discounted the future value of any potential future vesting performance rights to arrive at a present value. The model uses statistical analysis to forecast total returns, based on expected parameters of variance and co-variance.

The model inputs for performance rights, both equity and cash settled, awarded during the current financial year included the following:

	10-year rights issued on 18 Nov 2021	10-year rights issued on 30 Sep 2021	5-year rights issued on 30 Sep 2021
Fair value at measurement date (\$)	20.16	17.22	17.87
Security price (\$)	24.49	21.68	21.68
Exercise price (\$)	-	-	-
Expected volatility (%)	25.45	25.36	28.54
Rights' expected weighted average life (years)	6.8	6.9	3.9
Dividend/distribution yield per annum (%)	1.23	1.38	1.38
Average risk free rate of interest per annum (%)	1.51	1.03	0.49

The model inputs for the remeasurement of the cash settled performance rights at 30 June 2022 included the following:

	10-year rights issued in FY22	5-year rights issued in FY22	5-year rights issued in FY21	5-year rights issued in FY20	5-year rights issued in FY19	5-year rights issued in FY18
Fair value at measurement date (\$)	13.61	14.12	15.02	17.49	17.64	17.79
Security price (\$)	17.84	17.84	17.84	17.84	17.84	17.84
Exercise price (\$)	-	-	-	-	-	-
Expected volatility (%)	27.44	29.24	28.56	32.65	36.02	44.77
Rights' expected weighted average life (years)	6.2	3.2	2.2	1.2	0.7	0.2
Dividend/distribution yield per annum (%)	1.68	1.68	1.68	1.68	1.68	1.68
Average risk free rate of interest per annum (%)	3.42	3.09	2.90	2.35	2.12	1.53

The amounts recognised as an expense are set out in note 2. At 30 June 2022, a liability of \$126.6 million (2021: \$158.0 million) was recognised in relation to cash settled performance rights.

Goodman's New Zealand Long Term Incentive Plan

Under Goodman's New Zealand Long Term Incentive Plan, employees receive approximately half of their LTI in the form of performance rights over GMT units that vest subject to meeting performance hurdles based on the achievement of distributable earnings targets by GMT and the relative total unitholder return from holding GMT units compared to other NZX property vehicles. On vesting, delivery of units in GMT is made from units held by Goodman or acquired on-market.

Notes to the consolidated financial statements

OTHER ITEMS

The notes in this section set out other information that is required to be disclosed to comply with the Australian Accounting Standards, *Corporations Act 2001* or Corporations Regulations.

21 Notes to the cash flow statements

(a) Reconciliation of cash

For the purpose of the cash flow statements, cash and cash equivalents includes cash on hand at the bank and short-term deposits at call. Cash at the end of the year as shown in the cash flow statements is reconciled to the related items in the statements of financial position as follows:

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Bank balances	811.3	853.7	184.2	313.1
Call deposits	244.7	66.7	289.4	66.7
	1,056.0	920.4	473.6	379.8

(b) Reconciliation of profit for the year to net cash provided by operating activities

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Profit for the year	3,414.0	2,311.9	2,067.6	1,574.8
Items classified as investing activities				
Net gain on disposal of investment properties	(73.6)	(37.7)	(69.8)	(39.3)
Net gain on disposal of equity investments	(0.2)	(5.0)	-	(3.2)
Non-cash items				
Amortisation and depreciation	17.1	23.0	-	-
Share based payments expense	257.0	266.9	-	-
Net gain from fair value adjustments on investment properties	(260.1)	(63.1)	(208.3)	(60.2)
Reversal of previous impairments	-	-	-	(17.6)
Share of net results of equity accounted investments	(2,718.2)	(1,708.9)	(2,173.0)	(1,373.8)
Net finance expense/(income)	222.8	(74.9)	231.6	(135.5)
Income tax expense	324.1	108.1	133.1	49.5
	1,182.9	820.3	(18.8)	(5.3)
Changes in assets and liabilities during the year:				
– Decrease/(increase) in receivables	93.4	(146.7)	0.7	1.7
– Increase in inventories	(646.1)	(29.9)	-	-
– (Increase)/decrease in other assets	(0.1)	(6.0)	1.4	(2.2)
– (Decrease)/increase in payables	(85.5)	6.7	(1.5)	1.8
– Decrease in provisions	(0.1)	(0.1)	-	-
	544.5	644.3	(18.2)	(4.0)
Distributions/dividends received from Partnerships	441.9	536.9	238.9	372.6
Net finance costs paid	(34.9)	(25.1)	(23.6)	(29.5)
Net income taxes (paid)/received	(110.5)	(41.4)	(1.1)	0.5
Net cash provided by operating activities	841.0	1,114.7	196.0	339.6

(c) Non-cash transactions

During the current and prior financial years, other than disclosed elsewhere in the consolidated financial statements, there were no significant non-cash transactions.

(d) Reconciliation of liabilities arising from financing activities

Goodman	Interest bearing liabilities \$M	Derivative financial instruments \$M	Provision for distributions \$M	Lease liabilities \$M	Total \$M
Balance at 30 June 2020	2,938.5	(83.7)	274.3	46.8	3,175.9
Changes from financing cash flows					
Proceeds from borrowings and derivative financial instruments	200.0	4.6	-	-	204.6
Payments on borrowings and derivative financial instruments	(891.9)	-	-	-	(891.9)
Payment of lease liabilities	-	-	-	(17.8)	(17.8)
Distributions paid	-	-	(551.4)	-	(551.4)
Total changes from financing cash flows	(691.9)	4.6	(551.4)	(17.8)	(1,256.5)
Effect of changes in foreign exchange rates	(195.8)	5.4	-	-	(190.4)
Changes in fair value	(25.7)	(83.9)	-	-	(109.6)
Other changes					
New leases	-	-	-	64.2	64.2
Other borrowing costs	0.6	-	-	-	0.6
Interest expense on lease liabilities	-	-	-	0.8	0.8
Debt modification costs	34.6	-	-	-	34.6
Distributions declared	-	-	554.2	-	554.2
Total other changes	35.2	-	554.2	65.0	654.4
Balance at 30 June 2021	2,060.3	(157.6)	277.1	94.0	2,273.8
Proceeds from borrowings and derivative financial instruments	1,466.5	-	-	-	1,466.5
Payments on borrowings and derivative financial instruments	(779.2)	(10.1)	-	-	(789.3)
Payment of lease liabilities	-	-	-	(13.4)	(13.4)
Distributions paid	-	-	(557.2)	-	(557.2)
Total changes from financing cash flows	687.3	(10.1)	(557.2)	(13.4)	106.6
Effect of changes in foreign exchange rates	83.2	12.5	-	(1.6)	94.1
Changes in fair value	(2.2)	189.7	-	-	187.5
Other changes					
New leases	-	-	-	15.6	15.6
Other borrowing costs	3.6	-	-	-	3.6
Interest expense on lease liabilities	-	-	-	1.0	1.0
Disposal of right of use assets	-	-	-	(25.0)	(25.0)
Distributions declared	-	-	560.1	-	560.1
Total other changes	3.6	-	560.1	(8.4)	555.3
Balance at 30 June 2022	2,832.2	34.5	280.0	70.6	3,217.3

Notes to the consolidated financial statements

Other items (continued)

21 Notes to the cash flow statements (continued)

GIT	Interest bearing liabilities \$M	Derivatives used for hedging \$M	Provision for distribution \$M	Loans with related parties, net \$M	Total \$M
Balance at 30 June 2020	2,939.5	(130.7)	201.1	(2,319.2)	690.7
Changes from financing cash flows					
Net cash flows from loans to related parties	-	-	-	25.1	25.1
Proceeds from borrowings and derivative financial instruments	200.0	46.8	-	-	246.8
Payments on borrowings and derivative financial instruments	(891.9)	-	-	-	(891.9)
Distributions paid	-	-	(478.2)	-	(478.2)
Total changes from financing cash flows	(691.9)	46.8	(478.2)	25.1	(1,098.2)
Effect of changes in foreign exchange rates	(195.4)	5.5	-	(4.0)	(193.9)
Changes in fair value	(25.8)	(104.0)	-	(0.2)	(130.0)
Other changes					
Issue of units under the LTIP	-	-	-	(183.2)	(183.2)
Equity settled share based payments transactions	-	-	-	(13.7)	(13.7)
Interest income	-	-	-	(69.1)	(69.1)
Interest expense	-	-	-	11.7	11.7
Interest paid	-	-	-	(6.9)	(6.9)
Other borrowing costs	2.1	-	-	-	2.1
Debt modification costs	34.3	-	-	-	34.3
Distributions declared	-	-	443.4	-	443.4
Total other changes	36.4	-	443.4	(261.2)	218.6
Balance at 30 June 2021	2,062.8	(182.4)	166.3	(2,559.5)	(512.8)
Changes from financing cash flows					
Net cash flows from loans to related parties	-	17.4	-	262.2	279.6
Proceeds from borrowings and derivative financial instruments	1,456.4	-	-	-	1,456.4
Payments on borrowings and derivative financial instruments	(777.3)	(10.1)	-	-	(787.4)
Distributions paid	-	-	(446.6)	-	(446.6)
Total changes from financing cash flows	679.1	7.3	(446.6)	262.2	502.0
Effect of changes in foreign exchange rates	79.8	1.9	-	60.3	142.0
Changes in fair value	-	181.5	-	-	181.5
Other changes					
Issue of units under the LTIP	-	-	-	(234.4)	(234.4)
Equity settled share based payments transactions	-	-	-	(29.8)	(29.8)
Interest income	-	-	-	(72.3)	(72.3)
Interest expense	-	-	-	9.7	9.7
Interest paid	-	-	-	5.7	5.7
Other borrowing costs	3.7	-	-	-	3.7
Derivative financial instrument settlement through loans with related parties	-	-	-	17.4	17.4
Distributions declared	-	-	513.8	-	513.8
Total other changes	3.7	-	513.8	(303.7)	213.8
Balance at 30 June 2022	2,825.4	8.3	233.5	(2,540.7)	526.5

22 Equity attributable to Goodman Limited and non-controlling interests

Under Australian Accounting Standards, stapled entities are required to separately identify equity attributable to the parent entity from equity attributable to other entities stapled to the parent. The equity attributable to other entities stapled to the parent is presented as non-controlling interests in the statement of financial position of the Group. The tables below in notes 22(a) and 22(b) provide an analysis of equity, profit for the year and total comprehensive income for the year attributable to each of Goodman Limited and the other entities stapled to Goodman Limited (non-controlling interests).

(a) Equity attributable to Goodman Limited

	Attributable to Goodman Limited						
	Issued capital	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes	Total reserves	Retained earnings	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2020	483.2	(36.9)	33.1	(23.3)	(27.1)	821.9	1,278.0
Total comprehensive (loss)/income for the year							
Profit for the year	-	-	-	-	-	300.2	300.2
Other comprehensive (loss)/income							
Effect of foreign currency translation	-	(28.6)	-	-	(28.6)	-	(28.6)
Total comprehensive (loss)/income for the year, net of income tax	-	(28.6)	-	-	(28.6)	300.2	271.6
Transfers	-	-	(68.4)	-	(68.4)	68.4	-
Contributions by and distributions to owners							
Purchase of securities for the LTIP	-	-	(22.4)	-	(22.4)	-	(22.4)
Issue of securities	11.4	-	-	-	-	-	11.4
Issue costs	(0.1)	-	-	-	-	-	(0.1)
Equity settled share based payments transactions	-	-	106.1	-	106.1	-	106.1
Deferred tax associated with the LTIP	-	-	8.1	-	8.1	-	8.1
Transfer to payables	-	-	(17.1)	-	(17.1)	-	(17.1)
Balance at 30 June 2021	494.5	(65.5)	39.4	(23.3)	(49.4)	1,190.5	1,635.6
Total comprehensive (loss)/income for the year							
Profit for the year	-	-	-	-	-	552.6	552.6
Other comprehensive (loss)/income							
Effect of foreign currency translation	-	(10.9)	-	1.0	(9.9)	-	(9.9)
Total comprehensive (loss)/income for the year, net of income tax	-	(10.9)	-	1.0	(9.9)	552.6	542.7
Transfers	-	-	(81.8)	-	(81.8)	81.8	-
Contributions by and distributions to owners							
Purchase of securities for the LTIP	-	-	(28.0)	-	(28.0)	-	(28.0)
Issue of securities	19.8	-	-	-	-	-	19.8
Equity settled share based payments transactions	-	-	127.0	-	127.0	-	127.0
Deferred tax associated with the LTIP	-	-	(4.2)	-	(4.2)	-	(4.2)
Balance at 30 June 2022	514.3	(76.4)	52.4	(22.3)	(46.3)	1,824.9	2,292.9

Notes to the consolidated financial statements

Other items (continued)

22 Equity attributable to Goodman Limited and non-controlling interests (continued)

(b) Equity attributable to other entities stapled to Goodman Limited (non-controlling interests)

Attributable to other entities stapled to Goodman Limited (non-controlling interests)									
	Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	Retained earnings	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2020	7,548.5	(7.2)	(5.2)	225.5	206.7	(8.0)	411.8	2,282.3	10,242.6
Total comprehensive income/(loss) for the year									
Profit for the year	-	-	-	-	-	-	-	2,011.7	2,011.7
Other comprehensive income/(loss)									
Effect of foreign currency translation	-	0.2	0.5	(250.7)	-	(0.8)	(250.8)	-	(250.8)
Actuarial losses on defined benefit superannuation funds, net of income tax	-	-	-	-	-	(6.0)	(6.0)	-	(6.0)
Other changes	-	0.3	0.3	-	-	-	0.6	-	0.6
Total comprehensive income/(loss) for the year, net of income tax	-	0.5	0.8	(250.7)	-	(6.8)	(256.2)	2,011.7	1,755.5
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(554.2)	(554.2)
Issue of securities	53.7	-	-	-	-	-	-	-	53.7
Issue costs	(0.3)	-	-	-	-	-	-	-	(0.3)
Equity settled share based payments transactions	-	-	-	-	28.6	-	28.6	-	28.6
Balance at 30 June 2021	7,601.9	(6.7)	(4.4)	(25.2)	235.3	(14.8)	184.2	3,739.8	11,525.9
Total comprehensive income/(loss) for the year									
Profit for the year	-	-	-	-	-	-	-	2,861.4	2,861.4
Other comprehensive income/(loss)									
Effect of foreign currency translation	-	-	(0.4)	155.0	-	0.6	155.2	-	155.2
Actuarial gains on defined benefit superannuation funds, net of income tax	-	-	-	-	-	5.6	5.6	-	5.6
Other changes	-	0.3	15.9	-	-	-	16.2	-	16.2
Total comprehensive income for the year, net of income tax	-	0.3	15.5	155.0	-	6.2	177.0	2,861.4	3,038.4
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(560.1)	(560.1)
Issue of stapled securities	90.1	-	-	-	-	-	-	-	90.1
Issue costs	(0.2)	-	-	-	-	-	-	-	(0.2)
Equity settled share based payments transactions	-	-	-	-	37.8	-	37.8	-	37.8
Balance at 30 June 2022	7,691.8	(6.4)	11.1	129.8	273.1	(8.6)	399.0	6,041.1	14,131.9

23 Controlled entities

Controlled entities are entities controlled by the Company. Under Australian Accounting Standards, the Company is identified as having acquired control over the assets of the Trust and GLHK. The consolidated financial statements incorporate the assets and liabilities of all controlled entities as at 30 June 2022 and the results of all such entities for the year ended 30 June 2022.

Where an entity either began or ceased to be controlled during the financial year, the results of that entity are included only from or to the date control commenced or ceased.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

The significant controlled entities of the Company are set out below:

Significant controlled entities of Goodman Limited	Country of establishment/ incorporation
GA Industrial Portfolio Trust ¹	Australia
GIT Investments Holding Trust No.3 ¹	Australia
Goodman Australia Finance Pty Limited ¹	Australia
Goodman Capital Trust ¹	Australia
Goodman Europe Development Trust ¹	Australia
Goodman Finance Australia Trust ¹	Australia
Goodman Funds Management Australia Limited	Australia
Goodman Funds Management Limited	Australia
Goodman Industrial Funds Management Limited	Australia
Goodman Industrial Trust	Australia
Goodman Property Services (Aust) Pty Limited	Australia
Goodman Treasury Trust ¹	Australia
Moorabbin Airport Corporation Pty Ltd	Australia
Goodman Belgium NV	Belgium
Goodman Management Services (Belgium) NV	Belgium
Goodman China Asset Management Limited	Cayman Islands
Goodman China Developments	Cayman Islands
Goodman Developments Asia	Cayman Islands
Goodman Management Consulting (Beijing) Co. Ltd	China
Goodman Management Consulting (Shanghai) Co. Ltd	China
Goodman France Sàrl	France
Goodman Germany GmbH	Germany
GFM Hong Kong Limited	Hong Kong
Goodman Asia Limited	Hong Kong
Goodman China Limited	Hong Kong
Goodman Hong Kong Investment Trust ¹	Hong Kong
Goodman Logistics (HK) Limited	Hong Kong
Goodman UK Investment (HK) Limited	Hong Kong
GPS Hong Kong Limited	Hong Kong
Goodman Italy S.R.L.	Italy

1. Significant controlled entities of Goodman Industrial Trust.

Notes to the consolidated financial statements

Other items (continued)

23 Controlled entities (continued)

Significant controlled entities of Goodman Limited	Country of establishment/ incorporation
Goodman Japan Funds Limited	Japan
Goodman Japan Limited	Japan
GELF Management (Lux) Sàrl	Luxembourg
Goodman Finance (Lux) Sàrl ¹	Luxembourg
Goodman Finance Two (Lux) Sàrl ¹	Luxembourg
Goodman Management Holdings (Lux) Sàrl	Luxembourg
Goodman Midnight Logistics (Lux) Sàrl	Luxembourg
Goodman Property Opportunities (Lux) Sàrl, SICAR	Luxembourg
GPO Advisory (Lux) Sàrl	Luxembourg
Goodman Finance NZ Limited ¹	New Zealand
Goodman Investment Holdings (NZ) Limited	New Zealand
Goodman (NZ) Limited	New Zealand
Goodman Property Services (NZ) Limited	New Zealand
Goodman Galaxy Holding BV	The Netherlands
Goodman Netherlands BV	The Netherlands
Goodman Real Estate (Spain) S.L.	Spain
Goodman Logistics Developments (UK) Limited	United Kingdom
Goodman Real Estate (UK) Limited	United Kingdom
Goodman Development Management LLC	United States
Goodman Management USA Inc	United States
Goodman North America LLC	United States
Goodman North America Management LLC	United States
Goodman US Finance Three, LLC ¹	United States
Goodman US Finance Four, LLC ¹	United States
Goodman US Finance Five, LLC ¹	United States
Tarpon Properties REIT Inc ¹	United States

1. Significant controlled entities of Goodman Industrial Trust.

24 Related parties

The names of KMP of Goodman at any time during the financial year are as follows:

Non-executive Directors - GL and GFML

Stephen Johns
Christopher Green
Mark Johnson
Vanessa Liu
Rebecca McGrath
Phillip Pryke
Hilary Spann
Penny Winn

Executive KMP

Gregory Goodman
Danny Peeters
Anthony Rozic
Nick Kurtis
Michael O'Sullivan
Nick Vrontas

Non-Executive Director - GLHK

David Collins

Remuneration of KMP

The KMP remuneration totals are as follows:

	Goodman		Goodman Limited ¹	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Short-term employee benefits	7,596.6	7,693.9	-	-
Post-employment benefits	203.6	211.8	-	-
Equity compensation benefits	42,106.0	27,760.3	-	-
Long-term employee benefits	5,037.4	3,787.7	-	-
	54,943.6	39,453.7	-	-

1. The remuneration is paid by wholly owned controlled entities of Goodman Limited.

GIT does not employ personnel in its own right. However, it is required to have an incorporated responsible entity to manage its activities and GFML is considered to be the key management personnel of GIT.

Individual Directors' and executives' compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the Directors' report.

GreenPoint Real Estate Innovation and Technology Venture, LP

In order to enhance understanding of and access to technologies that may influence the property sector and the business, GIT committed to investing USD15.0 million in GreenPoint Real Estate Innovation and Technology Venture, LP, a property technology fund that is a Delaware limited partnership, managed by Greenpoint Group LP, also a Delaware limited partnership. Greenpoint Group LP is beneficially owned and controlled by Christopher Green, a director of GL. During the year, GIT invested a further USD1.5 million, such that the total investment at 30 June 2022 was USD5.3 million (2021: USD3.8 million).

Wyuna Regenerative Ag Investment Fund (Wyuna)

During the year, as part of its ESG strategy, Goodman committed to investing \$30.0 million in Wyuna, a fund offering a model blending carbon farming, red meat production and regeneration in Australia. The fund is managed by Wyuna Regenerative Ag, which is 50% owned by Christopher Green, a director of GL. Total investment in Wyuna at 30 June 2022 is \$nil.

Notes to the consolidated financial statements

Other items (continued)

24 Related parties (continued)

Transactions with associates and JVs

The transactions with Partnerships during the year were as follows:

	Revenue from disposal of investment properties		Revenue from management and development activities		Interest charged on loans to associates and JVs	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
Goodman						
Associates	400,825.4	163,046.2	1,279,744.9	712,234.5	-	-
JVs	274,018.6	-	447,461.7	442,607.0	6,514.7	8,131.9
GIT						
Associates	346,825.4	163,046.2	-	-	(36.1)	15.7
JVs	-	-	-	-	6,166.6	7,417.6

In addition to the transactions included in the table above:

- + Goodman incurred \$3.7 million of costs from Partnerships, primarily for the leasing of office premises
- + GAIP paid Goodman a refundable fee of \$22.6 million for an option to acquire a 40% interest in a JV from the Group.

Amounts due from Partnerships at 30 June 2022 were as follows:

	Goodman				GIT			
	Amounts due from related parties ¹		Loans provided by Goodman ²		Amounts due from related parties ¹		Loans provided by GIT ²	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Associates								
GAIP	14,204.2	10,811.2	-	-	-	-	-	-
GAP	5,626.5	3,843.9	-	-	-	-	-	-
GMT	3,579.3	2,123.8	-	-	-	-	-	-
GHKLP	9,757.3	41,987.7	-	-	-	-	-	-
GJCP	4,371.3	3,017.4	-	-	-	-	-	-
GEP	13,912.2	8,454.0	-	-	-	-	-	-
	51,450.8	70,238.0	-	-	-	-	-	-
JVs								
GCLP	6,617.4	12,566.5	-	-	-	-	-	-
Other JVs	24,865.6	18,803.7	167,464.7	270,368.8	4.8	70.5	140,162.8	240,731.6
	31,483.0	31,370.2	167,464.7	270,368.8	4.8	70.5	140,162.8	240,731.6

1. Amounts due from related parties include contract assets arising from transactions with related parties.

2. Loans provided by Goodman and GIT to associates and JVs have been provided on an arm's length basis.

Transactions between GIT and other Goodman entities

The transactions with other Goodman entities during the year were as follows:

	GIT	
	2022	2021
	\$000	\$000
Management income	1,850.9	2,384.0
Revenue from disposal of investment properties	-	8,073.0
Reimbursement of expenses	58,381.5	50,392.9
	60,232.4	60,849.9

Interest bearing loans exist between GIT and other Goodman entities. At 30 June 2022, interest bearing loans of \$3,122.6 million (2021: \$3,096.5 million) were receivable by GIT from other Goodman entities and \$723.8 million (2021: \$777.7 million) was payable by GIT to other Goodman entities. Loans to related Goodman entities bear interest at rates referenced to GIT's external funding arrangements.

Additionally, during the year GIT acquired 65,906,199 units in GMT from a controlled entity of GL for consideration of NZ\$139.1 million.

25 Commitments

Development activities

At 30 June 2022, Goodman was committed to expenditure in respect of \$691.8 million (2021: \$534.7 million) on inventories and other development activities. GIT has no such commitments (2021: \$nil).

Investment properties

At 30 June 2022, Goodman had capital expenditure commitments of \$6.1 million (2021: \$nil) in respect of its existing investment property portfolio. GIT had capital expenditure commitments of \$4.5 million (2021: \$nil).

Partnerships

At 30 June 2022, Goodman had remaining equity commitments of \$217.9 million (2021: \$144.7 million) into GAIP and \$135.0 million (2021: \$63.0 million) into GEP. In addition, Goodman has undertaken to acquire up to 82.1 million units in GAIP if their holder elects to sell them. The price Goodman will pay will be determined by the prevailing unit price at the time of the sale. As at 30 June 2022, this equates to a total value of \$162.1 million (cum distribution value) or \$161.1 million (ex distribution price). Goodman's commitment to this sale process ends in May 2026. These commitments also apply to GIT.

In relation to GEP, Goodman offers two liquidity facilities which allow certain of the partners to sell to the Group some or all of their investments in GEP, but only when Goodman's ownership interest in GEP is below 40.0%. At 30 June 2022, Goodman's ownership interest in GEP was 19.8% and therefore the facilities are available to the partners. The first facility, which applies to 6.4% of the issued and committed units, would require Goodman to purchase up to €210.5 million of units (at a 1% discount to current unit value), subject to a maximum in each quarter of 2.5% of units. The second facility, which applies to 12.7% of the issued and committed units, would require Goodman to purchase up to €150.0 million of units (at a 5% discount to current unit value), subject to a maximum in each calendar year of €50.0 million.

Furthermore, in respect of certain Partnerships, Goodman and its investment partners have committed to invest further capital, subject to the approval by the partners (including Goodman) of the expenditures for which the funding is required. Goodman's commitment in respect of these Partnerships is set out below:

- + \$30.0 million (2021: \$nil) into Wyuna
- + \$130.7 million (2021: \$136.2 million) into KWASA Goodman Germany
- + \$344.8 million (2021: \$410.1 million) into Goodman Japan Development Partnership
- + \$793.8 million (2021: \$808.0 million) into GCLP
- + \$599.3 million (2021: \$512.8 million) into GUKP
- + \$1,888.9 million (2021: \$2,156.2 million) into GNAP
- + \$73.0 million (2021: \$72.7 million) into Goodman Brazil Logistics Partnership.

Notes to the consolidated financial statements

Other items (continued)

26 Auditors' remuneration

	Goodman		GIT	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Audit services				
Auditor of the Company:				
– Audit and review of financial reports (KPMG Australia)	1,279.1	1,161.9	737.3	691.9
– Audit and review of financial reports (overseas KPMG firms)	1,218.7	1,127.9	77.3	85.8
	2,497.8	2,289.8	814.6	777.7
Other services				
– Other regulatory services (KPMG Australia)	64.9	56.7	41.8	35.7
– Other assurance services (KPMG Australia) ¹	670.0	-	-	-
– Other advisory services (KPMG Australia)	15.0	-	-	-
– Other advisory services (overseas KPMG firms)	-	18.2	-	-
– Taxation compliance services (KPMG Australia)	-	100.0	-	91.7
– Taxation compliance services (overseas KPMG firms)	172.8	196.3	-	-
– Taxation advice (KPMG Australia)	-	23.0	-	-
– Taxation advice (overseas KPMG firms)	178.8	338.5	-	-
	1,101.5	732.7	41.8	127.4
Total paid/payable to KPMG	3,599.3	3,022.5	856.4	905.1
Other auditors				
– Audit and review of financial reports (non-KPMG firms)	151.5	163.4	-	-

1. These assurance services relate to the issue of the US\$500 million Sustainability Linked Bond in the US144A/Regulation S market.

27 Parent entity disclosures

As at, and throughout the financial year ended, 30 June 2022, the parent entities of Goodman and GIT were Goodman Limited and Goodman Industrial Trust respectively. The financial information for the parent entities is disclosed as follows:

	Goodman		GIT	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Result of the parent entity				
Profit for the year	176.8	63.0	451.7	140.0
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	176.8	63.0	451.7	140.0
Financial position of the parent entity at year end				
Current assets	223.9	49.1	3,076.5	2,329.3
Total assets	1,895.5	1,591.9	8,075.8	7,424.8
Current liabilities	108.6	164.4	553.9	1,107.4
Total liabilities	1,192.4	1,163.7	3,016.6	2,666.1
Total equity of the parent entity comprising:				
Issued capital	937.4	852.5	8,154.5	7,849.0
Profits reserve	90.7	90.7	-	-
Employee compensation reserve	52.4	39.3	216.8	159.8
Accumulated losses	(377.4)	(554.3)	(3,312.1)	(3,250.1)
Total equity	703.1	428.2	5,059.2	4,758.7

The financial information for the parent entities of Goodman and GIT has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in controlled entities and Partnerships

Investments in controlled entities and Partnerships are accounted for at cost in the financial statements of GL and GIT. Distributions/dividends received from Partnerships are recognised in the income statement, rather than being deducted from the carrying amount of these investments.

Tax consolidation

GL is the head entity in a tax consolidated group comprising all Australian wholly owned subsidiaries (this excludes GIT). The head entity recognises all of the current tax assets and liabilities of the tax consolidated group (after elimination of intra-group transactions).

Financial guarantees

Where the parent entities have provided financial guarantees in relation to loans and payables of controlled entities for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Parent entity capital commitments

At 30 June 2022, the parent entities had no capital commitments (2021: \$nil).

Parent entity contingencies

Capitalisation Deed Poll

The Company, GFML, as responsible entity of the Trust, GLHK and certain of their wholly owned controlled entities are 'investors' under a Capitalisation Deed Poll (CDP) dated 23 May 2007. Under the CDP, each investor undertakes to pay to the relevant controlled entity borrower (borrower) any amounts owing under finance documents for the purpose of the CDP when the borrower fails to make a payment. Any payments by an investor to a borrower will be by way of loan to, or proceeds for the subscription of equity in, the borrower by the investor.

US144A/Regulation S senior notes

Under the issue of notes in the US144A/Regulation S bond market (refer to notes 16(b) and 16(c)), controlled entities of GIT had on issue USD and EUR notes amounting to US\$1,350.0 million and €500.0 million respectively. GL, GFML, as responsible entity of the Trust, and GLHK have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of each of the notes.

28 Events subsequent to balance date

Goodman and GIT

Other than as disclosed elsewhere in the consolidated financial report, there has not arisen in the interval between the end of the financial year and the date of this consolidated financial report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of Goodman and GIT, the results of those operations, or the state of affairs of Goodman and GIT, in future financial years.

DIRECTORS' DECLARATION

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

- a. the consolidated financial statements and the notes of Goodman Limited and its controlled entities and Goodman Industrial Trust and its controlled entities set out on pages 72 to 143 and the remuneration report that is contained on pages 25 to 68 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Goodman's and GIT's financial position as at 30 June 2022 and of their performance for the financial year ended on that date
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001
- b. there are reasonable grounds to believe that the Company and the Trust will be able to pay their debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Group Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.

The Directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



Stephen Johns
Independent Chairman



Gregory Goodman
Group Chief Executive Officer

Sydney, 16 August 2022



Independent Auditor's Report

To the stapled security holders of Goodman Group and the unitholders of Goodman Industrial Trust

Report on the audits of the Financial Report

Opinion

We have audited the **Financial Report** of Goodman Limited (the Company) as the deemed parent presenting the stapled security arrangement of the **Goodman Group** (the Goodman Group Financial Report).

We have also audited the **Financial Statements** and Directors' Declaration of Goodman Industrial Trust (the Trust Financial Report).

In our opinion, each of the accompanying Goodman Group Financial Report and Trust Financial Report are in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Goodman Group's** and of the **Trust's** financial position as at 30 June 2022 and of their financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The content of each of the Goodman Group and Trust **Financial Reports** comprise:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated cash flow statement for the year then ended;
- Notes including a summary of significant accounting policies; and
(collectively referred to as **Financial Statements**)
- Directors' Declaration.

The **Goodman Group** consists of Goodman Limited and the entities it controlled at the year-end or from time to time during the financial year, Goodman Industrial Trust (the **Trust**) and the entities it controlled at the year-end or from time to time during the financial year, and Goodman Logistics (HK) Limited and the entities it controlled at the year-end or from time to time during the financial year.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

Basis for opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Goodman Group, Goodman Limited, Goodman Funds Management Limited (the Responsible Entity of the Trust) and the Trust in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audits of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The **Key Audit Matters** we identified for the Goodman Group are:

- Recognition of development income; and
- Valuation of investment properties, investments accounted for using the equity method and inventories.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of development income (\$1,441.6m)

Refer to Note 2 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Development income was a key audit matter due to: • its significant value (28% of revenue and other income); • the unique nature of contracts; and • the judgements applied by us to assess Goodman Group's determination of revenue recognised during the period in relation to contracts which remain in progress at period end. Income from development management services is recognised progressively, requiring judgment by us when considering Goodman Group's determination of the amount and extent of the services provided within the period based on contract deliverables. Goodman Group's policy is for income from inventory disposals to be recognised at a point in time when control is transferred to the customer and fixed price development	Our procedures included: • Evaluating Goodman Group's recognition of development income against the criteria in the accounting standards; • Selecting specific contracts from development income recognised based on quantitative and qualitative information (such as the size and complexity of the arrangement) and performed the following: • Understanding the underlying contractual arrangements, in particular their unique terms, for their impact to recognition of development income; • Where recognition of development income was conditional upon certain events occurring, checking conditions within the contract to evidence of achievement of conditions, such as correspondence with external parties;

contracts to be recognised in proportion to the stage of completion of the relevant contracts. We focused on the stage of completion estimation which is based on costs incurred as a percentage of estimated total costs for each contract.	- Assessing Goodman Group's determination of revenue recognised during the period in accordance with the provision of services stipulated in the underlying contract or the stage of completion; and - For revenue recognised based on the stage of completion, assess the cost assumptions used by the Group in determining the stage of completion estimate as follows: - Costs incurred – assessing a sample of costs incurred to date to relevant underlying external sources, such as invoices; and - Estimated total costs – assessing a sample of total forecast costs to secured contracts for construction activities, other relevant underlying sources, and our understanding of the industry and economic conditions.

Valuation of investment properties (\$1,423.7m), investments accounted for using the equity method (\$14,379.6m) and inventories (2,116.1m)	
Refer to Note 6 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
Goodman Group's investments in property assets include investment properties and inventories, which are held either directly or through its investments accounted for using the equity method. Goodman Group's policy is investment properties are held at fair value and inventories are held at the lower of cost and net realisable value, determined using internal methodologies or through the use of external valuation experts. The valuation of property assets is a key audit matter as they are significant in value (being 84% of total assets) and contain assumptions with estimation uncertainty. This leads to additional audit effort due to differing assumptions used by Goodman Group based on asset classes, geographies and characteristics of individual property assets. We considered significant assumption in the	Our procedures included: - Obtaining an understanding of Goodman Group's process regarding the valuation of property assets; - Assessing the methodologies used in the valuations of property assets, for consistency with accounting standards, industry practice and Goodman Group's policies; - Working with real estate valuation specialists to read published reports and industry commentary to gain an understanding of prevailing property market conditions. For a sample of investment properties, taking into account asset classes, geographies and characteristics of individual investment properties: - Assessing the scope, competence and

valuation of property assets including : • Investment properties: - capitalisation rates; - discount rates; - market rental income; - weighted average lease expiry and vacancy levels; - projections of capital expenditure; and - lease incentive costs. • Inventories: - forecast capitalisation rates and market rental income; - land value per square metre; - letting up periods and lease incentive costs; and - development costs. In assessing this Key Audit Matter, we involved real estate valuation specialists, who understand the Group's investment profile, business and the economic environment it operates in.	objectivity of external valuation experts and Goodman Group's internal valuers; • Challenging significant assumptions, with reference to published industry reports and commentary of prevailing property market conditions; • With assistance of real estate valuation specialists, assessing a sample of significant assumptions including capitalisation rates, discount rates, customer covenant strength, market rental income, weighted average lease expiry and vacancy levels, projections of capital expenditure and lease incentive costs. We did this by comparing to market analysis published by industry experts, recent market transactions, inquiries with Goodman Group's historical performance of the assets and using our industry experience; • Assessing the disclosures in the financial report using our understanding obtained from our testing, against accounting standard requirements. For a sample of inventories: • Challenging the key assumptions included in Goodman Group's internal recoverability assessments and valuations by comparing to commentary published by industry experts, recent market transactions, and our knowledge of historical performance of the assets.

Other Information

Other Information is financial and non-financial information in Goodman Group's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Company and the Directors of the Responsible Entity are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report (including the Remuneration Report).

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report, we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of the Company and the Responsible Entity are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Goodman Group and Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Goodman Group or the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Goodman Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of Goodman Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included on pages 25 to 68 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Eileen Hoggett

Partner

Sydney

16 August 2022

Goodman Logistics (HK) Limited and its subsidiaries

Consolidated financial statements for the year ended 30 June 2022

CONTENTS

Report of the Directors	A2
Independent auditor's report	A13
Consolidated statement of financial position	A16
Consolidated statement of comprehensive income	A17
Consolidated statement of changes in equity	A18
Consolidated cash flow statement	A19
Notes to the consolidated financial statements	
Basis of preparation	
1 Basis of preparation	A20
Results for the year	
2 Profit before interest and income tax	A23
3 Segment reporting	A25
4 Taxation	A28
5 Profit attributable to equity shareholders of the Company	A29
Operating assets and liabilities	
6 Property assets	A30
7 Receivables	A37
8 Contract balances	A39
9 Payables	A40
10 Leases	A41
Capital management	
11 Net finance expense	A42
12 Interest bearing liabilities	A43
13 Other financial assets and liabilities	A44
14 Financial risk management	A45
15 Dividends	A51
16 Share capital	A51
Other items	
17 Notes to the consolidated cash flow statement	A54
18 Reserves	A56
19 Retained earnings	A56
20 Investments in subsidiaries	A57
21 Related party transactions	A58
22 Commitments	A60
23 Contingencies	A60
24 Company level statement of financial position	A61
25 Subsequent events	A61

Report of the Directors

The Directors have pleasure in submitting their annual financial report together with the audited financial statements of Goodman Logistics (HK) Limited (Company) and its subsidiaries (collectively referred to as the Consolidated Entity) for the year ended 30 June 2022 (FY22).

Incorporation and principal place of business

Goodman Logistics (HK) Limited was incorporated in Hong Kong on 18 January 2012 and has its principal place of business at Suite 901, Three Pacific Place, 1 Queen's Road East, Hong Kong.

On 22 August 2012, the Company became a party to the stapling deed with Goodman Limited (GL) and Goodman Industrial Trust (GIT), and together the three entities and their subsidiaries are known as Goodman Group. Goodman Group is listed on the Australian Securities Exchange (ASX).

Principal activities

The principal activities of the Consolidated Entity are investment in directly and indirectly held industrial property, investment management, property management services and development management. The principal activities and other particulars of the subsidiaries are set out in note 20 to the consolidated financial statements.

Financial statements

The financial performance of the Consolidated Entity for the year ended 30 June 2022 and the Consolidated Entity's financial position at that date are set out in the consolidated financial report on pages A16 to A61.

During the financial year, the Company declared a final dividend of 2.5 cents per share amounting to \$46.7 million. This dividend will be paid on 25 August 2022. In the prior year, the Company declared a final dividend of 6.0 cents per share amounting to \$110.8 million. This was paid on 26 August 2021.

Share capital

Details of the movements in share capital of the Company during FY22 are set out in note 16 to the consolidated financial statements.

Directors

The Directors during the year and up to the date of this report were:

Stephen Paul Johns
David Jeremy Collins
Gregory Leith Goodman (alternate Director to Stephen Paul Johns)
Daniel Cornelius D. Peeters.

Directors of subsidiaries

The names of Directors who have served on the Boards of the subsidiaries of the Company during FY22 are set out below:

Ai Ning Tan	Goh Hoi Lai	Kristoffer Allan Harvey	Philippe Arfi
Andrew McGregor	Hans Ongena	Lien Standaert	Philippe Van der Beken
Aurelien Noel	Henry Kelly	Luke Caffey	Robert Nicholson
Bart Manteleers	Hugh Baggie	Mak Chun Kit Jacky	Robert Reed
Béla Kakuk	Izak ten Hove	Marwan Bustani	Shiling Li
Charles Crossland	James Cornell	Matthew Macdonald	Simone Weyermanns
Chi Wing Lin	James Nicholson	Matthew Phillips	Stephen Young
Christof Prange	Jan Palek	Michael O'Sullivan	Song Yun
Chun Kit Fung	Jason Harris	Michael Woodford	Tai Yit Chan
David Anthony Hinchey	Jie Yang	Nicholas Kurtis	Tan Ai Ning
Dirk Mölter	John Conway	Nick Taunt	Tang Chenying
Dominique Prince	John Morton Dakin	Nigel Allsop	Tim Cruypelans
Edwin Chong Chee Wai	Jorn Bruyninckx	Paul Adams	Timothy Downes
Francisco Palacio	Joseph Salvaggio	Paul Heslop	Timour Wielemans
Garcia Cuenca Ignacio	Karl Dockx	Peck Khim Yap	Wai Ho Stephen Lee
Gareth Owen	Kelly Moore	Peter Ralston	Wang Chen
Godfrey Abel	Kim Swee Seah	Philip Turpin	Xiaoyin Zhang

BUSINESS REVIEW

State of affairs

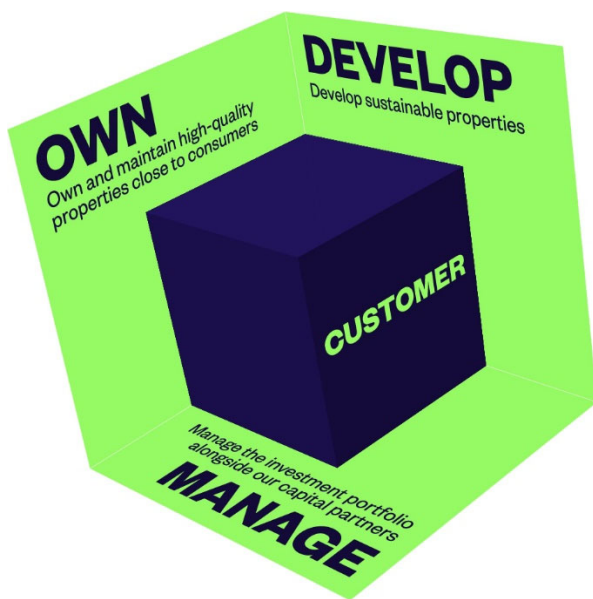
There were no significant changes in the Consolidated Entity's state of affairs during the year.

About Goodman Group

Goodman Group is a global industrial property specialist group whose strategy is to maximise returns by providing essential infrastructure for the digital economy.

- + Urbanisation, globalisation, demographics, digitalisation, sustainability and an increased focus on health and wellbeing: all have changed the way people live, work and consume. These structural shifts have increased the importance of industrial properties in the global supply chain
- + Globally, the logistics and warehousing sectors are now considered essential infrastructure for digital economies, and key to the efficient distribution of products to consumers. As industrial property specialists, Goodman Group's long-term strategy is built on supporting its customers to deliver in the most sustainable and efficient way possible. Goodman focuses on key markets and concentrates our portfolio where the most value can be created for customers and investors.

Goodman Group's integrated business model



Goodman Group's Own Develop Manage model focuses the business on its customers' current and future needs.

The Consolidated Entity owns and maintains high-quality properties close to consumers, develops sustainable properties, and manages its global investment portfolio to a high standard. The Consolidated Entity works alongside its capital partners, which include sovereign wealth, pension and large multi-manager funds. In each market, the Consolidated Entity has dedicated local teams which take care of property asset and investment management, delivering a high level of customer service.

Report of the Directors

Business review (continued)

Performance review

The Consolidated Entity has operations in Asia, Continental Europe and the United Kingdom, and its earnings are derived from property investment, development and management activities.

The business environment is changing, with increased interest rates, inflation, geopolitical risks and the ongoing impacts of the COVID-19 pandemic; however, the long-term structural drivers of demand have not changed. Tight supply and customer demand continues to support leasing across the stabilised portfolio and developments, with high occupancy in the Consolidated Entity's markets. The Consolidated Entity's customers continue to intensify warehousing in urban locations and increase automation and technology to optimise delivery and improve supply chain efficiency.

The Consolidated Entity has continued to successfully execute its strategy, which is providing customers with essential locations and offering productivity improvements to help absorb cost and time. It is also delivering the Consolidated Entity and its Partnerships a portfolio of assets at consistently strong risk adjusted returns. This is reflected in both the property investment earnings and the management earnings.

Development activity has again been a significant contributor to the operating performance. Construction costs are increasing globally. However, by delivering increased productivity and value from the project sites and development execution, the Consolidated Entity has maintained strong returns.

In assessing the Consolidated Entity's underlying performance, the Directors consider operating profit as well as statutory profit. Operating profit is a proxy for 'cash earnings' and is not an income measure under Hong Kong Financial Reporting Standards. It is defined as profit attributable to Shareholders adjusted for property valuations, impairment losses and other non-cash adjustments or non-recurring items.

The Consolidated Entity has delivered a strong operating performance for FY22, with operating profit increasing by 21.5% to \$607.4 million, compared to \$499.8 million for the prior year.

	2022 \$M	2021 \$M
Analysis of operating profit		
Property investment earnings	82.1	46.1
Management earnings	170.6	146.3
Development earnings	689.1	528.0
	941.8	720.4
Operating expenses	(207.9)	(199.6)
	733.9	520.8
Net finance expense (operating) ¹	(12.4)	(8.8)
Income tax expense	(114.1)	(12.2)
Operating profit	607.4	499.8

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

Property investment activities

Property investment earnings in FY22 of \$82.1 million were higher than the prior year and comprised 9% of the total earnings (2021: 6%).

	2022	2021
	\$M	\$M
Net property income	40.9	13.4
Partnerships	41.2	32.7
Property investment earnings	82.1	46.1
Key metrics	2022	2021
Weighted average capitalisation rate (%)	4.7	4.9
Weighted average lease expiry (years)	4.2	3.8
Occupancy (%)	97.6	98.0

Property investment earnings comprise gross property income (excluding straight lining of rental income), less property expenses, plus the Consolidated Entity's share of the results of property investment joint ventures (JV) (referred to by the Consolidated Entity as Partnerships). The key drivers for maintaining or growing the Consolidated Entity's property investment earnings are increasing the level of assets under management (AUM) (subject also to the Consolidated Entity's direct and indirect interest), maintaining or increasing occupancy and rental levels within the portfolio, and controlling operating and financing costs within Partnerships.

The Consolidated Entity's property portfolios are concentrated in large, urban locations where available space remains restricted, driven by significant customer demand, combined with barriers to entry and limited supply. Consequently, the Consolidated Entity is seeing significant market rental growth across its locations. This is supporting strong underlying investment fundamentals and cash flows in the Consolidated Entity's portfolio.

The net income from the Consolidated Entity's directly held properties increased by 205% to \$40.9 million compared to the prior year as a result of acquisitions in Asia in both the current and prior year and rental income earned from completed developments (held in inventories, mainly in Continental Europe) prior to their disposal.

The Consolidated Entity's share of investment earnings from its cornerstone holdings in the Partnerships increased by 26% to \$41.2 million compared to the prior year. This was due to the stabilisation of developments in FY21 and FY22, as the Consolidated Entity has continued to invest in the Partnerships to fund its share of those developments and rental income growth from existing stabilised properties.

During FY22, the Consolidated Entity's share of property valuations from the stabilised portfolios was \$269.8 million. Valuation gains occurred in all regions and while capitalisation rate compression was the main driver, especially in the first half of the year, both rental income growth and development completions have provided an increasing contribution. At 30 June 2022, the weighted average capitalisation rate for the Consolidated Entity's portfolios was 4.7%, compared to 4.9% at the start of FY22.

Report of the Directors

Business review (continued)

Management activities

Management earnings in FY22 of \$170.6 million increased by 17% compared to the prior year and comprised 18% of total operating earnings (2021: 20%). The main driver of management earnings was the increase in external AUM. A reduction in performance related revenue was the result of the timing of calculation and recognition of fees.

	2022 \$M	2021 \$M
Management earnings	170.6	146.3
Key metrics	2022	2021
Number of Partnerships	8	7
External AUM (\$B)	27.8	23.0

Management earnings relate to the revenue from managing both the property portfolios and the capital invested in the Partnerships (management income). This includes performance related revenues but excludes earnings from managing development activities in the Partnerships, which are included in development earnings. The key drivers for maintaining or growing management earnings are activity levels, asset performance, and increasing the level of AUM, which can be impacted by property valuations and asset disposals and is also dependent on liquidity including the continued availability of third party capital to fund both development activity and acquisitions across the Consolidated Entity's Partnerships.

Development activities

In FY22, development earnings were \$689.1 million, an increase of 31% on the prior year, and comprised 73% of total operating earnings (2021: 73%).

Development activity continued to be strong with work in progress of \$7.1 billion across 36 projects at 30 June 2022. The increase in the Consolidated Entity's development earnings was primarily volume driven.

	2022 \$M	2021 \$M
Net development income	645.7	487.7
Partnerships	43.4	40.3
Development earnings	689.1	528.0
Key metrics	2022	2021
Work in progress (\$B)	7.1	5.8
Work in progress (million square metres)	2.3	2.0
Work in progress (number of developments)	36	37
Developments completed during the year (number of developments)	23	18

Development earnings consist of development income, plus the Consolidated Entity's share of the operating results of Partnerships that is allocable to development activities, plus net gains or losses from disposals of investment properties and equity investments that are allocable to development activities, plus interest income on loans to development JVs, less development expenses. Development income includes development management fees and performance related revenues associated with managing individual development projects in Partnerships. The key drivers for the Consolidated Entity's development earnings are the level of development activity, land and construction prices, property valuations and the continued availability of capital to fund development activity.

Most of the inventory disposals and fixed price contract income arose in Continental Europe, as Goodman Group's Partnerships in Continental Europe generally acquire completed developments from the Consolidated Entity. In the Consolidated Entity's other operating segments, development earnings are a mix of development management income, including performance related income, and transactional activity, including the Consolidated Entity's share of development profits reported by the Partnerships themselves. Consistent with the prior year, most of the development activity in FY22 was undertaken by or for the Partnerships and third parties.

Other items

Operating expenses increased mainly due to remuneration costs as a result of modest inflation pressure and cash incentives paid as a result of the Consolidated Entity's overall performance. Borrowing costs have increased as a result of increased borrowings on the Consolidated Entity's loans. The increase in tax expense is primarily a function of changes to the origin and nature of revenue arising from management and development activities.

Statement of financial position

	2022 \$M	2021 \$M
Stabilised investment properties	336.8	163.9
Cornerstone investments in Partnerships	1,845.6	1,470.0
Development holdings	1,552.6	1,140.9
Cash	357.5	358.4
Other assets	1,190.8	1,233.0
Total assets	5,283.3	4,366.2
Loans from related parties	1,941.0	1,891.1
Other liabilities	756.2	705.2
Total liabilities	2,697.2	2,596.3
Non-controlling interests	28.2	22.2
Net assets attributable to Shareholders	2,557.9	1,747.7

The stabilised investment properties relate to acquisitions in Asia.

The carrying value of cornerstone investments in Partnerships has increased by \$375.6 million to \$1,845.6 million, principally due to the net investment in the Partnerships and the valuation uplifts. A reconciliation of the current year movement in cornerstone investments in Partnerships is detailed in note 6(f) to the consolidated financial statements.

The increase in development holdings by \$411.7 million to \$1,552.6 million is primarily due to additional expenditure on development projects in Continental Europe, China and the United Kingdom during the year.

Other assets included receivables, fair values of derivative financial instruments that are in an asset position, contract assets, property, plant and equipment and tax assets (including deferred tax). Other liabilities included trade and other payables, the provision for dividends to Shareholders, fair values of derivative financial instruments that are in a liability position, employee benefits and tax liabilities (including deferred tax).

Cash flows

	2022 \$M	2021 \$M
Operating cash flows	216.5	473.6
Investing cash flows	(234.8)	(271.2)
Financing cash flows	12.5	(200.5)
Net (decrease)/increase in cash held	(5.8)	1.9
Effect of exchange rate fluctuations on cash held	4.9	(11.7)
Cash and cash equivalents at the beginning of the year	358.4	368.2
Cash and cash equivalents at the end of the year	357.5	358.4

The decrease in the net operating cash flows is primarily due to more development disposals in Continental Europe in the prior year and the increased investment into new development opportunities.

The net investing cash outflow was due to the net investment in the Consolidated Entity's Partnerships, to fund acquisitions and new developments, plus the acquisitions of investment properties in Asia.

Financing cash flows principally relate to the net proceeds from loans with related parties and payment of the dividend in August 2021.

Report of the Directors

Business review (continued)

Outlook

The Consolidated Entity has developed significant expertise and a deliberate strategy to target high barrier to entry markets and to undertake larger, more complex projects over longer periods of time, providing our customers access to facilities where they are scarce and has positioned the Consolidated Entity well for future growth.

In the near term, market conditions are likely to be volatile and the risks associated with rising inflation, interest rates and slowing economic activity are elevated. This may impact consumers; however, they continue to seek faster and more flexible delivery, which requires ongoing intensification of warehousing in urban locations to optimise delivery and improve productivity. The business remains agile, focused on the changing consumption habits across the physical and digital space and, as a result, the evolving requirements of customers around the world.

Demand is currently exceeding supply in the Consolidated Entity's markets, supporting the Consolidated Entity's development-led growth strategy and producing well located assets for the Consolidated Entity and its Partnerships. In addition to strategic site acquisitions, the opportunities for regeneration of existing assets support our future development workbook by providing value add opportunities, while reducing the Consolidated Entity's environmental impact. The Consolidated Entity's production rate, depth of customer demand and strong margins are supporting the outlook for development earnings into FY23.

The outlook for property investment and management earnings remains strong, as the customer demand and supply constraints in the Consolidated Entity's markets provide support for both rental growth and a high level of occupancy. Investment and management earnings will also benefit from the completion of ongoing developments. Development completions and market rental growth are also expected to support growth in AUM.

Further information as to other likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in this report of the Directors because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

Risks

Goodman Group identifies strategic and operational risks for each of its regions as part of its strategy process. The key risks, an assessment of their likelihood of occurrence and consequences and controls that are in place to mitigate the risks are reported to the Goodman Group Board annually.

Goodman Group has established formal systems and processes to manage the risks at each stage of its decision-making process. This is facilitated by a Goodman Group Investment Committee comprising senior executives, chaired by the Group Chief Executive Officer, which considers all major operational decisions and transactions. The Goodman Group Investment Committee meets on a weekly basis.

The Goodman Group Board has separate Board committees to review and assess key risks. The Risk and Compliance Committee reviews and monitors a range of material risks in Goodman Group's risk management systems including, among other risks, market, operational, sustainability, regulation and compliance and information technology. The Goodman Group Audit Committee reviews and monitors financial risk management and tax policies.

Goodman Logistics (HK) Limited

The key risks faced by Goodman Group and the controls that have been established to manage those risks are set out below:

	Risk area	Mitigation
Capital management (debt, equity and cash flow)	Goodman Group could suffer an inability to deliver its strategy, or an acute liquidity or solvency crisis, financial loss or financial distress as a result of a failure in the design or execution of its capital management and financing strategy.	+ Low gearing, ample liquidity and appropriate hedging and duration to absorb market shocks + Appropriate hedging quantities and duration in accordance with Goodman Group's financial risk management policy + Diversification and tenure of debt funding sources and maturities + Capital partnering transfers risks into Partnerships + Diversification of investment partners + Change in distribution pay-out ratio consistent with contribution to increasing development workbook + Strong assets that can generate better rental outcomes + Long lease terms with prime customers + Key urban market strategy – urban, infill locations support re-usability of property + Adaptable and re-usable building design – ease to reconfigure for another customer + Insurance program including project specific insurance.
Economic and geopolitical environment	Global economic conditions and government policies present both risks and opportunities in the property and financial markets and the business of customers, which can impact the delivery of Goodman Group's strategy and its financial performance. A continued increase in geopolitical tension between countries could have potential consequences on its people, operations and capital partners. In the near term, market conditions are likely to be volatile and the risks associated with rising inflation, interest rates and slowing economic activity are elevated.	+ Global diversification of Goodman Group's property portfolios + Focus on core property portfolios in key urban market locations + Focus on cost management + Prudent capital management with low gearing, appropriate hedging and significant available liquidity to allow for potential market shocks + Co-investment with local capital partners + Long-term leases with review mechanisms.
Governance, regulation and compliance	Non-compliance with legislation, regulators, or internal policies, or to understand and respond to changes in the political and regulatory environment (including taxation) could result in legal action, financial consequences and damage its standing and reputation with stakeholders.	+ Independent governance structures + Core values and attitudes, with an embedded compliance culture focused on best practice + Dedicated Chief Risk Officer and Compliance Officer + Review of transactions by the Goodman Group Investment Committee + Verification and sign off process for all public announcements + Comprehensive insurance program, covering property, liability, directors and officers and professional indemnity.
People and culture	Failure to recruit, develop, support, and retain staff with the right skills and experience may result in significant underperformance or impact the effectiveness of operations and decision making, in turn impacting business performance.	+ Succession planning for senior executives + Competitive remuneration structures, including the Goodman Group Long Term Incentive Plan (LTIP) + Performance management and review + Goodman Group values program + Learning, development and engagement programs + Staff engagement through team strategy days, town halls and the (good) life program.
Development	Development risks may arise from location, site complexity, planning and permitting, infrastructure, size, duration along with general contractor capability.	+ Review of development projects by the Goodman Group Investment Committee + Goodman Group defined design specifications, which cover environmental, technological, and safety requirements, protecting against short-term obsolescence + Redevelopment of older assets to intensify use + Pre-selecting and engaging general contractors that are appropriately capitalised and reviewing contractor liquidity + Internal audit reviews + Insurance program, both Goodman Group and general contractor, including project specific insurance + Ongoing monitoring and reporting of work in progress and levels of speculative development, with Goodman Group Board oversight including limits with respect to speculative development and higher development risk provisions + Capital partnering development projects.

Report of the Directors

Business review (continued)

	Risk area	Mitigation
Disruption, changes in demand and obsolescence	The longer-term risk that an inability to understand and respond effectively to changes in the competitive landscape and customer value chain could result in business model disruption and asset obsolescence, including the perception of obsolescence in the short term.	+ Key urban market strategy – urban, infill locations support re-usability of property + Adaptable and re-usable building design – ease to reconfigure for another customer + Geographic diversification + Capital partnering transfers risks into Partnerships + Insurance program (both Goodman Group's and key contractors), including project specific insurance covering design and defects + Long lease terms with prime customers + Investment in innovation and technology strategies.
Environmental sustainability and climate change	Failure to deliver on Goodman Group's sustainability leadership strategy and ambitions may lead to a negative impact on Goodman Group's reputation, ability to raise capital and a disruption to operations and stranded assets.	+ Corporate Responsibility and Sustainability policy + 2030 Sustainability Strategy including the assessment of individual assets to improve resilience and implementation of sustainability initiatives + Sustainability guidelines for development projects + Review and approval of acquisitions and development projects by the Goodman Group Investment Committee and relevant Partnership Investment Committee, including consideration of climate in due diligence and specification + Adoption of the Task Force on Climate-Related Financial Disclosures recommendations as a framework for climate risks.
Asset and portfolio	Inability to execute asset planning and management strategies, including leasing risk exposures, can reduce returns from Goodman Group's portfolios.	+ Key urban market strategy – urban, infill locations where customer demand is strongest + Diversification of customer base and lease expiries + Review of significant leasing transactions and development projects by the Goodman Group Investment Committee + Capital expenditure programs keeping pace with property lifecycle.
Concentration of counterparties and markets	Over-exposure to specific areas, such as capital partners, supply chain, customers and markets, may limit growth and sustainability opportunities.	+ Diversification of customer base and lease expiries + Diversification of capital partners and Partnership expiries + Contractor pre-selection and tendering + Independence governance structure.
Information and data security	Maintaining security (including cyber security) of IT environment and data, ensuring continuity of IT infrastructure and applications to support sustainability and growth and prevent operational, regulatory, financial and reputational impacts.	+ Reporting of risks and management activity + Proactive monitoring, review and testing of infrastructure + Disaster recovery and business continuity planning and testing + Benchmarked strategy for delivery of security information technology infrastructure and systems + Training and awareness program and other assurance activities for monitoring and improvement.
Infectious disease pandemic	There continues to be significant uncertainty associated with the COVID-19 pandemic, with mutations of the virus and significant outbreaks continuing to occur globally. The approach in enabling the world to stabilise and transition to a "normal" footing is still to be understood, while "Zero COVID" policies by some nations is having both economic and supply chain issues globally.	+ Protect and support Goodman Group's people + Global diversification of Goodman Group's property portfolios + Diversification of customer base + In-house property management team enabling flexibility to support and respond to customers + Capital model, strong balance sheet with adequate liquidity available.

Environmental regulations

The Consolidated Entity has policies and procedures to identify and appropriately address environmental obligations that might arise in respect of the Consolidated Entity's operations that are subject to significant environmental regulation under the laws of the countries the Consolidated Entity operates in. The Directors have determined that the Consolidated Entity has complied with those obligations during the financial year and that there has not been any material breach.

Disclosure in respect of any indemnification of Directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company is currently in force and was in force throughout this year.

Directors' interests in contracts

No contract of significance in relation to the Consolidated Entity's business to which the Company, its subsidiaries or any of its fellow subsidiaries was a party and in which the Directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in shares

At the end of the year, the Directors (including alternate Directors) held the following interests in the stapled securities of Goodman Group, which are listed on the ASX:

Directors	Directly held securities	Indirectly held securities	Total
Stephen Paul Johns	-	41,143	41,143
David Jeremy Collins	5,000	-	5,000
Gregory Leith Goodman	874,873	37,729,673	38,604,546
Daniel Cornelius Peeters	-	2,199,797	2,199,797

In addition, Gregory Goodman and Daniel Peeters participate in the LTIP under which they hold performance rights. Performance rights entitle participants to receive Goodman Group stapled securities without the payment of consideration, subject to Goodman Group satisfying performance criteria and the participants remaining employees of Goodman Group.

Details of the awards of performance rights under the LTIP granted as compensation to the Directors (including alternate Directors) at 30 June 2022 are as follows:

	Number of performance rights at the start of the year	Number of performance rights granted during the year	Number of performance rights vested during the year	Number of performance rights forfeited during the year	Number of performance rights at the end of the year	Date performance rights granted	Financial years in which grant vests
Gregory Leith Goodman	-	1,560,000	-	-	1,560,000	18 Nov 21	2026 – 2032
	950,000	-	-	-	950,000	19 Nov 20	2024 – 2026
	900,000	-	-	-	900,000	20 Nov 19	2023 – 2025
	1,600,000	-	(533,333)	-	1,066,667	15 Nov 18	2022 – 2024
	1,066,667	-	(533,333)	-	533,334	16 Nov 17	2021 – 2023
	800,000	-	(800,000)	-	-	30 Sep 16	2020 – 2022
Daniel Cornelius Peeters	-	625,000	-	-	625,000	18 Nov 21	2026 – 2032
	380,000	-	-	-	380,000	19 Nov 20	2024 – 2026
	350,000	-	-	-	350,000	20 Nov 19	2023 – 2025
	550,000	-	(183,333)	-	366,667	15 Nov 18	2022 – 2024
	366,667	-	(183,333)	-	183,334	16 Nov 17	2021 – 2023
	200,000	-	(200,000)	-	-	30 Sep 16	2020 – 2022

Apart from the above, at no time during the year was the Company, its subsidiaries or any of its fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other related body corporate.

Report of the Directors

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

Declaration by the Group Chief Executive Officer and Chief Financial Officer

The Directors have been given declarations equivalent to those required of listed Australian companies by section 295A of the *Corporations Act 2001* from the Group Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2022.

By order of the Board of Directors

A handwritten signature in black ink, appearing to be 'SPJ', on a light blue grid background.

Stephen Paul Johns
Independent Chairman

A handwritten signature in blue ink, appearing to be 'DJC', on a light blue grid background.

David Jeremy Collins
Director

Sydney, 16 August 2022



Independent Auditor's Report

To the members of Goodman Logistics (HK) Limited (Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Goodman Logistics (HK) Limited (the Company) and its subsidiaries (the Group) set out on pages A16 to A61, which comprise the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (HSAs) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

The Directors are responsible for the other information which comprises all the information included in the Company's Report of the Directors.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report (continued)

To the members of Goodman Logistics (HK) Limited (Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



Independent Auditor's Report (continued)

To the members of Goodman Logistics (HK) Limited (Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, appearing to be 'K.P.M.' or similar, written in a cursive style.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

16 August 2022

Consolidated statement of financial position

as at 30 June 2022

(expressed in Australian dollars)

	Note	2022 \$M	2021 \$M
Current assets			
Cash and cash equivalents	17(a)	357.5	358.4
Inventories	6(b)	175.2	106.4
Receivables	7	115.6	744.3
Contract assets	8	60.5	55.7
Current tax receivables	4(c)	0.6	4.2
Other assets		3.2	12.9
Total current assets		712.6	1,281.9
Non-current assets			
Inventories	6(b)	1,377.4	1,034.5
Investment properties	6(b)	336.8	163.9
Investments accounted for using the equity method	6(b)	1,845.6	1,470.0
Receivables	7	789.6	276.2
Other financial assets	13	174.8	102.6
Deferred tax assets	4(d)	18.8	15.2
Property, plant and equipment		24.0	17.1
Other assets		3.7	4.8
Total non-current assets		4,570.7	3,084.3
Total assets		5,283.3	4,366.2
Current liabilities			
Payables	9	274.6	263.0
Loans from related parties	21(c)	125.4	806.7
Current tax payables	4(c)	32.5	48.9
Employee benefits		49.0	45.1
Dividend payable	15	46.7	110.8
Other financial liabilities	13	45.4	-
Total current liabilities		573.6	1,274.5
Non-current liabilities			
Payables	9	93.2	124.7
Interest bearing liabilities	12	9.0	-
Loans from related parties	21(c)	1,815.6	1,084.4
Deferred tax liabilities	4(d)	50.5	1.6
Employee benefits		13.9	22.0
Other financial liabilities	13	141.4	89.1
Total non-current liabilities		2,123.6	1,321.8
Total liabilities		2,697.2	2,596.3
Net assets		2,586.1	1,769.9
Equity attributable to Shareholders			
Share capital	16(a)	873.0	791.9
Reserves	18	(605.1)	(629.0)
Retained earnings	19	2,290.0	1,584.8
Total equity attributable to Shareholders		2,557.9	1,747.7
Non-controlling interests		28.2	22.2
Total equity		2,586.1	1,769.9

The notes on pages A20 to A61 form part of these consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 16 August 2022.



Stephen Paul Johns
Director



David Jeremy Collins
Director

Consolidated statement of comprehensive income

for the year ended 30 June 2022

(expressed in Australian dollars)

	Note	2022 \$M	2021 \$M
Revenue			
Gross property income		45.9	15.6
Management income	2	193.7	188.7
Development income	2	1,075.0	1,171.7
Dividends from investments		0.2	0.8
		1,314.8	1,376.8
Property and development expenses			
Property expenses		(5.0)	(2.2)
Development expenses	2	(433.5)	(684.7)
		(438.5)	(686.9)
Other income			
Net loss from fair value adjustments on investment properties	6(e)	(0.3)	-
Net gain/(loss) on disposal of investment properties		3.8	(1.9)
Share of net results of equity accounted investments	6(f)	345.3	164.7
Net gain on disposal of equity accounted investments		0.2	1.8
		349.0	164.6
Other expenses			
Employee expenses		(170.5)	(166.6)
Share based payments expense	16(b)	(94.0)	(124.0)
Administrative and other expenses		(37.4)	(33.0)
Transaction management fees		(23.1)	(42.4)
		(325.0)	(366.0)
Profit before interest and income tax		900.3	488.5
Net finance expense			
Finance income	11	48.0	21.8
Finance expense	11	(71.4)	(82.9)
Net finance expense		(23.4)	(61.1)
Profit before income tax		876.9	427.4
Income tax expense	4 (a)	(114.1)	(12.2)
Profit for the year		762.8	415.2
Profit for the year attributable to:			
Shareholders	19	751.9	408.4
Non-controlling interests		10.9	6.8
Profit for the year		762.8	415.2
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Increase due to revaluation of other financial assets		9.4	7.6
Actuarial gains/(losses) on defined benefit retirement schemes (net of tax)		5.6	(6.0)
		15.0	1.6
Item that may be reclassified subsequently to profit or loss			
Effect of foreign currency translation		0.1	(21.5)
		0.1	(21.5)
Other comprehensive income/(loss) for the year, net of tax		15.1	(19.9)
Total comprehensive income for the year		777.9	395.3
Total comprehensive income for the year attributable to:			
Shareholders		767.8	389.0
Non-controlling interests		10.1	6.3
Total comprehensive income for the year		777.9	395.3

The notes on pages A20 to A61 form part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2022

Year ended 30 June 2021

(expressed in Australian dollars)

	Note	Attributable to Shareholders				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2020		732.0	(624.5)	1,287.2	1,394.7	20.0	1,414.7
Total comprehensive income/(loss) for the year							
Profit for the year	19	-	-	408.4	408.4	6.8	415.2
Other comprehensive loss for the year		-	(19.4)	-	(19.4)	(0.5)	(19.9)
Total comprehensive (loss)/income for the year, net of income tax		-	(19.4)	408.4	389.0	6.3	395.3
Contributions by and distributions to owners							
Dividends declared/paid	15	-	-	(110.8)	(110.8)	(9.0)	(119.8)
Issue of shares to employees of Goodman Group	16(a)	48.6	-	-	48.6	-	48.6
Issue of ordinary shares	16(a)	11.3	-	-	11.3	-	11.3
Equity settled share based payments transactions	18(c)	-	6.8	-	6.8	-	6.8
Deferred tax associated with the LTIP	18(c)	-	8.1	-	8.1	-	8.1
Acquisition of special purpose development entity with non-controlling interests		-	-	-	-	4.9	4.9
Balance at 30 June 2021		791.9	(629.0)	1,584.8	1,747.7	22.2	1,769.9

Year ended 30 June 2022

(expressed in Australian dollars)

	Note	Attributable to Shareholders				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2021		791.9	(629.0)	1,584.8	1,747.7	22.2	1,769.9
Total comprehensive income/(loss) for the year							
Profit for the year	19	-	-	751.9	751.9	10.9	762.8
Other comprehensive income/(loss) for the year		-	15.9	-	15.9	(0.8)	15.1
Total comprehensive income for the year, net of income tax		-	15.9	751.9	767.8	10.1	777.9
Contributions by and distributions to owners							
Dividends declared/paid	15	-	-	(46.7)	(46.7)	(5.5)	(52.2)
Issue of shares to employees of Goodman Group	16(a)	57.4	-	-	57.4	-	57.4
Issue of treasury shares	16(a)	4.8	-	-	4.8	-	4.8
Issue of ordinary shares	16(a)	18.9	-	-	18.9	-	18.9
Equity settled share based payments transactions	18(c)	-	12.2	-	12.2	-	12.2
Deferred tax associated with the LTIP	18(c)	-	(4.2)	-	(4.2)	-	(4.2)
Acquisition of special purpose development entity with non-controlling interests		-	-	-	-	1.4	1.4
Balance at 30 June 2022		873.0	(605.1)	2,290.0	2,557.9	28.2	2,586.1

The notes on pages A20 to A61 form part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 30 June 2022

(expressed in Australian dollars)

	Note	2022 \$M	2021 \$M
Cash flows from operating activities			
Property income received		42.7	14.7
Cash receipts from development activities		1,036.2	1,155.0
Other cash receipts from services provided		300.0	251.7
Property expenses paid		(5.9)	(2.0)
Payments for development activities		(886.8)	(821.6)
Other cash payments in the course of operations		(262.6)	(204.8)
Dividends/distributions received		66.1	81.7
Interest received		15.5	16.1
Finance costs paid		(1.0)	(1.0)
Net income taxes paid		(87.7)	(16.2)
Net cash provided by operating activities	17(b)	216.5	473.6
Cash flows from investing activities			
Net proceeds from disposal of investment properties		272.5	5.4
Payments for investment properties		(413.0)	(173.0)
Net proceeds from disposal of equity accounted investments		4.4	-
Return of capital from equity accounted investments		166.3	139.8
Payments for equity investments		(263.3)	(243.1)
Payments for plant and equipment		(1.7)	(0.3)
Net cash used in investing activities		(234.8)	(271.2)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		18.9	11.3
Proceeds from borrowings		9.0	-
Net proceeds from/(repayments of) loans with related parties		107.5	(83.7)
Payments on derivative financial instruments		-	(42.2)
Dividends paid to Shareholders		(110.8)	(73.1)
Dividends paid to non-controlling interests		(5.5)	(9.0)
Payments of lease liabilities		(8.0)	(8.7)
Capital contributed by non-controlling interests		1.4	4.9
Net cash provided by/(used in) financing activities		12.5	(200.5)
Net (decrease)/increase in cash held		(5.8)	1.9
Cash and cash equivalents at the beginning of the year		358.4	368.2
Effect of exchange rate fluctuations on cash held		4.9	(11.7)
Cash and cash equivalents at the end of the year	17(a)	357.5	358.4

The notes on pages A20 to A61 form part of these consolidated financial statements.

Notes to the consolidated financial statements

(expressed in Australian dollars)

BASIS OF PREPARATION

1 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance.

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for investment properties and other financial assets which are stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no gain or loss and no goodwill is recognised as a result of such transactions.

(d) Foreign currency translation**Functional and presentation currency**

Items included in the consolidated financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions

Foreign currency transactions are translated to each entity's functional currency at rates approximating the foreign exchange rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the reporting date are translated at the rates of exchange ruling on that date. Resulting exchange differences are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost are translated at rates of exchange applicable at the date of the initial transaction. Non-monetary items which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of controlled foreign operations

The assets and liabilities of controlled foreign operations are translated into Australian dollars at foreign exchange rates applicable at the reporting date.

Revenue and expenses are translated at weighted average rates for the financial year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal or partial disposal of the operations.

Exchange differences arising on monetary items that form part of the net investment in a controlled foreign operation are recognised in the foreign currency translation reserve on consolidation.

Exchange rates used

The following exchange rates are the main exchange rates used in translating foreign currency transactions, balances and financial statements to Australian dollars.

Australian dollars (AUD) to	Weighted average		As at 30 June	
	2022	2021	2022	2021
Hong Kong dollars (HKD)	5.6626	5.7958	5.4241	5.8222
Chinese yuan (CNY)	4.6840	4.9419	4.6154	4.8412
Japanese yen (JPY)	85.1512	79.6101	93.7770	83.2780
Euros (EUR)	0.6442	0.6262	0.6594	0.6327
British pounds sterling (GBP)	0.5456	0.5546	0.5676	0.5432
United States dollars (USD)	0.7255	0.7472	0.6912	0.7497

(e) Changes in accounting policies

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as IBOR reform). The Consolidated Entity has adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to International Financial Reporting Standard (IFRS) 9, International Accounting Standard (IAS) 39, IFRS 7, IFRS 4 and IFRS 16) from 1 July 2021. These amendments provide reliefs relating to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

The overall impact of the IBOR reform is not significant in the context of the Consolidated Entity's financial position and performance.

See note 14 for related disclosures about risks, financial assets and financial liabilities indexed to IBORs.

(f) Accounting standards issued but not yet effective

The Consolidated Entity has not applied any new standard or interpretation that is not yet effective for the current accounting period. None of the new accounting standards or interpretations is expected to have a significant impact on the future results of the Consolidated Entity.

Notes to the consolidated financial statements

Basis of preparation (continued)

1 Basis of preparation (continued)

(g) Critical accounting estimates used in the preparation of the consolidated financial statements

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

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

- + Note 6 – Property assets
- + Note 14 – Financial risk management.

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)
- + 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 6 – Property assets
- + Note 14 – Financial risk management.

RESULTS FOR THE YEAR

2 Profit before interest and income tax

Gross property income

Gross property income comprises rental income under operating leases (net of incentives provided) and amounts billed to customers for outgoings (e.g. rates, levies, cleaning, security, etc). Amounts billed to customers for outgoings are a cost recovery for the Consolidated Entity and are recognised once the expense has been incurred. The expense is included in property expenses.

Rental income under operating leases is recognised on a straight-line basis over the term of the lease contract. Where operating lease rental income is recognised relating to fixed increases in rentals in future years, an asset is recognised. This asset is a component of the relevant investment property carrying amount. The cost of lease incentives provided to customers is amortised on a straight-line basis over the life of the lease as a reduction of gross property income.

Management and development income

The revenue from management and development activities is measured based on the consideration specified in a contract with a customer. The Consolidated Entity recognises revenue when it transfers control over a product or service to a customer.

Management income

Fee income derived from management services relates to investment management base fees and property services fees and is recognised and invoiced progressively as the services are provided. Customers make payments usually either monthly or quarterly in arrears.

Performance related management income generally relates to portfolio performance fee income, which is recognised progressively as the services are provided but only when the income can be reliably measured and is highly probable of not being reversed. These portfolio performance fees are typically dependent on the overall returns of a Partnership relative to an agreed benchmark return, assessed over the life of the Partnership, which can vary from one year to seven years. The returns are impacted by operational factors such as the quality and location of the portfolio, active property management, rental income rates and development activity but can also be significantly affected by changes in global and local economic conditions. Accordingly, portfolio performance fee revenue is only recognised towards the end of the relevant assessment period, as prior to this revenue recognition is not considered to be sufficiently certain.

In determining the amount of revenue that can be reliably measured, management prepares a sensitivity analysis to understand the impact of changes in asset valuations on the potential performance fee at the assessment date. The assessment of revenue will depend on the prevailing market conditions at the reporting date relative to long-term averages and also the length of time until the assessment date e.g. the longer the time period to assessment date, the greater the impact of the sensitivity analysis. The potential portfolio performance fee revenue is then recognised based on the length of time from the start of the assessment period to the reporting date as a proportion of the total assessment period. Where the income is attributable to development activities or it relates to a combination of inextricable management and development activities that have occurred over the performance fee period, then it is reported as development income, otherwise the income is reported as management income. The Partnerships make payments in respect of portfolio performances fees at the end of the performance periods, when the attainment of the conditions has been verified and the amount of the fee has been agreed by all parties.

Development income – disposal of inventories

The disposal of inventories is recognised at the point in time when control over the property asset is transferred to the customer. This will generally occur on transfer of legal title and payment in full by the customer. The gain or loss on disposal of inventories is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal (less transaction costs) and is included in profit or loss in the period of disposal.

Development income – development management services

Fee income from development management services (including master-planning, development management and overall project management) is recognised progressively as the services are provided in proportion to the stage of completion by reference to costs. Payments are received in accordance with the achievement of agreed milestones over the development period. The development period can be up to 24 months for larger and more complex developments.

Performance related development income includes income associated with the returns from individual developments under the Consolidated Entity's management and performance fee income that relates to development activity. Income in respect of individual developments is recognised by the Consolidated Entity on attainment of the performance related conditions, which is when the income can be reliably measured and is highly probable of not being reversed. These amounts are paid by the Partnership when the amounts have been measured and agreed. Income associated with development activities as part of a portfolio assessment is recognised on the same basis as outlined above in the management income section.

Notes to the consolidated financial statements

Results for the year (continued)

2 Profit before interest and income tax (continued)

Development income – fixed price development contracts

Certain development activities are assessed as being fixed price development contracts. This occurs when a signed contract exists, either prior to the commencement of or during the development phase, to acquire a development asset from the Consolidated Entity on completion. Revenue and expenses relating to these development contracts are recognised in profit or loss in proportion to the stage of completion of the relevant contracts by reference to costs. The payments may be on completion of the development once legal title has been transferred. The development period can be up to 24 months for larger and more complex developments.

Net gain/(loss) on disposal of investment properties

The disposal of an investment property is recognised at the point in time when control over the property has been transferred to the purchaser.

Employee benefits

Wages, salaries and annual leave

Wages and salaries, including non-monetary benefits, and annual leave represent present obligations resulting from employees' services provided to the reporting date. These are calculated at undiscounted amounts based on rates that are expected to be paid as at the reporting date including related on-costs, such as workers' compensation insurance and payroll tax.

Bonuses

A liability is recognised in other payables and accruals for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation. Liabilities for bonuses that are expected to be settled within 12 months are measured at the amounts expected to be paid, including related on-costs, when they are settled.

Superannuation

Defined contribution retirement plans

Obligations for contributions to defined contribution retirement plans are recognised as an expense as incurred.

Defined benefit retirement schemes

The net obligation in respect of defined benefit retirement schemes is recognised in the statement of financial position and is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest), are recognised immediately in other comprehensive income. Net interest expense and other expenses related to defined benefit retirement schemes are recognised in profit or loss.

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

	2022 \$M	2021 \$M
Management services	162.7	135.1
Performance related income	31.0	53.6
Management income	193.7	188.7
Income from disposal of inventories	747.4	809.8
Development income from fixed price development contracts	114.6	98.5
Other development income, including development management ¹	169.6	131.1
Net gain on disposal of assets previously classified as held for sale	-	132.3
Net gain on disposal of special purpose development entities, including JVs	43.4	-
Development income	1,075.0	1,171.7
Inventory cost of sales	(354.9)	(619.4)
Other development expenses	(78.6)	(65.3)
Development expenses	(433.5)	(684.7)
Included in employee expenses are the following items:		
Salaries, wages and other benefits	(169.1)	(163.5)
Contributions to defined contribution retirement plans	(1.4)	(3.1)
Employee expenses	(170.5)	(166.6)
Depreciation of plant and equipment	(8.7)	(9.6)
Auditor's remuneration	(1.5)	(1.5)

1. Fee revenues from single contractual arrangements involving a combination of inextricable investment management and development management services and recognised over the life of the underlying developments projects are classified as development income for statutory reporting purposes. During the period, \$77.0 million (2021: \$75.2 million) of such income was recognised.

3 Segment reporting

An operating segment is a component of the Consolidated Entity that engages in business activities from which it may earn revenues and incur expenses. The Consolidated Entity reports the results and financial position of its operating segments based on the internal reports regularly reviewed by the Group Chief Executive Officer in order to assess each segment's performance and to allocate resources to them.

Operating segment information is reported on a geographic basis and the Consolidated Entity has determined that its operating segments are Asia (which consists of Greater China and Japan), Continental Europe and the United Kingdom.

The activities and services undertaken by the operating segments include:

- + Property investment, both through direct ownership and cornerstone investments in Partnerships
- + Management activities, both investment and property management
- + Development activities, including development of directly owned assets (predominantly disclosed as inventories) and management of development activities for the Consolidated Entity's Partnerships.

The segment results that are reported to the Group Chief Executive Officer are based on profit before net finance expense and income tax expense, and also exclude non-cash items such as fair value adjustments and impairments, corporate expenses and share based remuneration. The assets allocated to each operating segment relate to the properties, which also include the investments in Partnerships, and the trade and other receivables associated with the operating activities, but exclude receivables from GL, GIT and their controlled entities, income tax receivables and corporate assets. The liabilities allocated to each operating segment primarily relate to trade and other payables associated with the operating activities, but exclude payables to GL, GIT and their controlled entities, provision for dividends to Shareholders, income tax payables and corporate liabilities.

The accounting policies used to report segment information are the same as those used to prepare the consolidated financial statements for the Consolidated Entity.

For the purpose of operating segment reporting, there are no material intersegment revenues and costs.

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

Notes to the consolidated financial statements

Results for the year (continued) 3 Segment reporting (continued)

Information about reportable segments

	Asia		Continental Europe		United Kingdom		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of comprehensive income								
External revenues								
Gross property income	15.3	6.2	27.6	8.4	3.0	1.0	45.9	15.6
Management income	96.8	77.8	90.9	106.7	6.0	4.2	193.7	188.7
Development income	150.2	129.9	892.1	796.5	32.7	245.3	1,075.0	1,171.7
Dividends from investments	0.2	0.8	-	-	-	-	0.2	0.8
Total external revenues	262.5	214.7	1,010.6	911.6	41.7	250.5	1,314.8	1,376.8
Analysis of external revenues:								
Revenues from contracts with customers								
Assets and services transferred at a point in time	24.8	10.3	792.2	729.9	12.8	228.8	829.8	969.0
Assets and services transferred over time	223.2	197.7	193.7	174.0	25.9	20.8	442.8	392.5
Other revenue								
Rental income (excludes outgoings recoveries)	14.3	5.9	24.7	7.7	3.0	0.9	42.0	14.5
Dividends from investments	0.2	0.8	-	-	-	-	0.2	0.8
Total external revenues	262.5	214.7	1,010.6	911.6	41.7	250.5	1,314.8	1,376.8
Reportable segment profit before income tax	252.5	205.4	505.2	376.5	42.8	20.4	800.5	602.3
Other key components of financial performance included in reportable segment profit before income tax								
Share of net results of equity accounted investments in Partnerships (before fair value adjustments)	67.2	60.4	7.6	6.5	9.8	6.1	84.6	73.0
Material non-cash items not included in reportable segment profit before income tax								
Share of fair value adjustments attributable to investment properties in Partnerships	43.7	44.2	22.3	19.2	203.8	26.8	269.8	90.2
	Asia		Continental Europe		United Kingdom		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position								
Reportable segment assets	1,971.9	1,573.6	1,312.4	1,030.2	957.2	752.2	4,241.5	3,356.0
Included in reportable segment assets are:								
Investments in Partnerships	1,000.8	908.0	164.2	154.0	680.6	408.0	1,845.6	1,470.0
Non-current assets	1,743.8	1,306.6	1,017.0	779.6	899.0	673.6	3,659.8	2,759.8
Additions to non-current assets include:								
– Investment properties	181.3	138.4	-	-	243.6	25.8	424.9	164.2
– Investments accounted for using the equity method	99.9	57.1	1.3	10.0	162.1	178.8	263.3	245.9
Reportable segment liabilities	160.8	137.0	124.1	106.3	113.5	85.8	398.4	329.1

Goodman Logistics (HK) Limited

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

	Note	2022 \$M	2021 \$M
Revenue			
Total revenue for reportable segments		1,314.8	1,376.8
Consolidated revenues		1,314.8	1,376.8
Profit or loss			
Total profit before income tax for reportable segments		800.5	602.3
Corporate expenses not allocated to reportable segments		(66.6)	(81.5)
		733.9	520.8
Valuation and other adjustments not included in reportable segment profit before income tax:			
– Net loss from fair value adjustments on investment properties	6(e)	(0.3)	-
– Share of fair value adjustments attributable to investment properties in Partnerships	6(f)	269.8	90.2
– Share of fair value adjustments on derivative financial instruments in Partnerships	6(f)	(9.1)	1.5
– Share based payments expense	16(b)	(94.0)	(124.0)
Net finance expense	11	(23.4)	(61.1)
Consolidated profit before income tax		876.9	427.4
Assets			
Total assets for reportable segments		4,241.5	3,356.0
Other unallocated amounts ¹		1,041.8	1,010.2
Consolidated total assets		5,283.3	4,366.2
Liabilities			
Total liabilities for reportable segments		398.4	329.1
Other unallocated amounts ¹		2,298.8	2,267.2
Consolidated total liabilities		2,697.2	2,596.3

1. Other unallocated amounts comprise principally receivables from and payables to GL, GIT and their controlled entities.

Notes to the consolidated financial statements

Results for the year (continued)

4 Taxation

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

(a) Taxation in the consolidated statement of comprehensive income

	2022	2021
	\$M	\$M
Current tax expense – Hong Kong profits tax		
Current year	(14.2)	(15.1)
Changes in estimates related to prior years	1.9	1.6
	(12.3)	(13.5)
Current tax expense – overseas		
Current year	(59.8)	(9.2)
Changes in estimates related to prior years	0.4	5.7
	(59.4)	(3.5)
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	(42.4)	4.8
	(42.4)	4.8
Total income tax expense	(114.1)	(12.2)

The provision for Hong Kong profits tax for the year ended 30 June 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between accounting profit and income tax expense at applicable tax rates

	2022	2021
	\$M	\$M
Profit before income tax	876.9	427.4
Notional tax on profit before income tax, calculated at the rates applicable to profits in the countries concerned	(206.4)	(133.3)
(Increase)/decrease in income tax due to:		
– Current year losses for which no deferred tax asset was recognised	(11.4)	(15.3)
– Non-assessable income	123.5	172.8
– Non-deductible expense	(45.4)	(47.1)
– Utilisation of previously unrecognised tax losses	23.3	3.4
– Changes in estimates related to prior years	2.3	7.3
Income tax expense	(114.1)	(12.2)

(c) Current tax receivables/payables

	2022	2021
	\$M	\$M
Net income tax payable at the beginning of the year	(44.7)	(47.4)
Decrease/(increase) in current net tax payable due to:		
– Net income taxes paid	87.7	16.2
– Net income tax expense on current year's profit	(74.0)	(24.3)
– Changes in estimates related to prior years	2.3	7.3
– Other	(3.2)	3.5
Net income tax payable at the end of the year	(31.9)	(44.7)
Current tax receivables	0.6	4.2
Current tax payables	(32.5)	(48.9)
	(31.9)	(44.7)

(d) Deferred tax assets and liabilities

Deferred tax assets of \$18.8 million (2021: \$15.2 million) arising from performance rights awarded under the LTIP and deferred tax liabilities of \$50.5 million (2021: \$1.6 million) arising from investment properties were recognised in the consolidated statement of financial position.

Movements in deferred taxes recognised in expenses and equity are attributable to the following:

	2022	2021
	\$M	\$M
Deferred tax (expense)/benefit recognised in expenses		
Investment properties - fair value adjustments	(54.6)	(0.1)
LTIP	7.8	5.6
Other items	4.4	(0.7)
Total deferred tax (expense)/benefit recognised in expenses	(42.4)	4.8
Deferred tax benefit/(expense) recognised in equity		
LTIP	(4.2)	8.1
Other items	-	(4.7)
Total deferred tax (expense)/benefit recognised in equity	(4.2)	3.4
Total deferred tax movements recognised in expenses and equity	(46.6)	8.2

Deferred tax assets of \$190.0 million (2021: \$236.6 million) arising primarily from tax losses have not been recognised by the Consolidated Entity.

5 Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of \$265.3 million (2021: \$329.9 million) which has been dealt with in the financial statements of the Company.

Notes to the consolidated financial statements

OPERATING ASSETS AND LIABILITIES

6 Property assets

(a) Types of property assets

Investment in property assets includes both inventories and investment properties (including those under development), which may be held either directly or through investments in Partnerships.

Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of 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.

Inventories are classified as non-current assets unless they are contracted to be sold within 12 months of the end of the reporting period, in which case they are classified as current assets.

Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of leasing to produce rental income and/or for capital appreciation. Investment properties are carried at fair value. The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Investment properties are not depreciated as they are subject to continual maintenance and regularly revalued on the basis described below. Changes in the fair value of investment properties are recognised directly in profit or loss.

Components of investment properties

Land and buildings (including integral plant and equipment) comprising investment properties are regarded as composite assets and are disclosed as such in the consolidated financial statements.

Investment property carrying values include the costs of acquiring the assets and subsequent costs of development, including costs of all labour and materials used in construction, costs of managing the projects, holding costs and borrowing costs incurred during the development periods.

Amounts provided to customers as lease incentives and assets relating to fixed rental income increases in operating lease contracts are included within investment property values. Lease incentives are amortised over the term of the lease on a straight-line basis. Direct expenditure associated with leasing a property is also capitalised within investment property values and amortised over the term of the lease.

Classification of investment properties

Investment properties are classified as either properties under development or stabilised properties. Investment properties under development include land, new investment properties in the course of construction and investment properties that are being redeveloped. Stabilised investment properties are all investment properties not classified as being under development and would be completed properties that are leased or are available for lease to customers.

For investment properties under development, the carrying values are reviewed by management at each reporting date to consider whether they reflect their fair values and at completion external valuations are obtained to determine the fair values.

For stabilised investment properties, independent valuations are obtained at least every two years to determine the fair values. At each reporting date between obtaining independent valuations, the carrying values are reviewed by management to ensure they reflect the fair values.

Deposits for investment properties

Deposits and other costs associated with acquiring investment properties that are incurred prior to obtaining legal title are recorded at cost and disclosed as other assets in the consolidated statement of financial position.

(b) Summary of the Consolidated Entity's investment in property assets

	Note	2022 \$M	2021 \$M
Directly held properties:			
Inventories			
Current	6(d)	175.2	106.4
Non-current	6(d)	1,377.4	1,034.5
		1,552.6	1,140.9
Investment properties			
Stabilised investment properties	6(e)	336.8	163.9
		336.8	163.9
Property held by Partnerships:			
Investments accounted for using the equity method – JVs	6(f)	1,845.6	1,470.0
		1,845.6	1,470.0

(c) Estimates and assumptions in determining property carrying values

Inventories

For both inventories held directly and inventories held in Partnerships, external valuations are not performed but instead valuations are determined using the feasibility studies supporting the land and property developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market. If 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

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.

Approach to determination of fair value

The approach to determination of fair value of investment properties is applied to both investment properties held directly and investment properties held in Partnerships.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external, independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. In making the determination of whether a market segment is active, the following characteristics are considered:

- + Function of the asset (distribution/warehouse or suburban office)
- + Location of the asset (city, suburb or regional area)
- + Carrying value of the asset (categorised by likely appeal to private (including syndicates), national and/or institutional investors)
- + Categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. The number of sales and the circumstances of each sale are assessed to determine whether a market segment is active or inactive.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

Where a market segment is observed to be active, then external independent valuations are performed for stabilised investment properties where there has been a combination of factors that are likely to have resulted in a material movement in valuation. The considerations include a greater than 10% movement in market rents, more than a 25 basis point movement in capitalisation rates, a material change in tenancy profile (including changes in the creditworthiness of a significant customer that may have a material impact on the property valuation), significant capital expenditure, a change in use (or zoning), a development has reached completion/stabilisation of the asset or it has been two years since the previous external independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10-year period. The key inputs considered for each individual calculation are:

- + Current contractual lease terms
- + Current market rents
- + Projected growth in market rents
- + Expected and likely capital expenditures
- + Projected letting up incentives provided to customers and vacant time on expiry of leases
- + Discount rates - computed using the 10-year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Market assessment

The investment market for industrial, logistics and warehousing properties has continued to be strong during FY22, despite the increased interest rates in the last quarter of FY22. At 30 June 2022, the Board has been able to assess that all markets in which the Consolidated Entity operated were active and as a consequence no adjustments have been made to the carrying values of the Consolidated Entity's stabilised investment property portfolios on the basis of internally prepared DCF valuations.

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

Segment	Total portfolio weighted average capitalisation rate	
	2022	2021
	%	%
Asia	5.2	5.4
Continental Europe	3.4	3.7
United Kingdom	3.7	4.1

Sensitivity analysis

The fair value measurement approach for directly held investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation method used (see note 1(g)). The stabilised investment property valuations at 30 June 2022 are most sensitive to the following inputs:

- + Capitalisation rates
- + Market rents
- + Incentives provided to customers and/or vacant time on expiry of leases.

The directly held stabilised investment properties are in Asia. The average net market rent and weighted average capitalisation rate is summarised in the table below:

Valuation technique	Significant unobservable inputs	2022
Income capitalisation	Average net market rent (per square metre per annum)	\$258
	Capitalisation rate (weighted average)	4.2%

The impacts on the Consolidated Entity's financial position that would arise from the changes in capitalisation rates, market rents and incentives/vacant time are set out in the table below. This illustrates the impacts on the Consolidated Entity in respect of both the directly held stabilised investment properties and its share of those stabilised investment properties held by Partnerships.

	Directly held properties A\$M	Partnerships ¹ \$M
Book value at 30 June 2022	336.8	1,907.8
Changes in capitalisation rates:		
Increase in capitalisation rates +50 basis points (bps)	(35.6)	(195.2)
Increase in capitalisation rates +25 bps	(18.8)	(103.0)
Decrease in capitalisation rates -25 bps	21.1	116.1
Decrease in capitalisation rates -50 bps	45.1	248.1
Changes in market rents:		
Decrease in rents -5%	(14.0)	(86.0)
Decrease in rents -2.5%	(7.0)	(43.0)
Increase in rents +2.5%	7.0	43.0
Increase in rents +5%	14.0	86.0
Changes in incentives/vacant time²:		
Increase in incentives/vacant time +3 months	(3.4)	(6.0)
Increase in incentives/vacant time +6 months	(6.8)	(12.0)

1. Reflects the Consolidated Entity's share in Partnerships.

2. On assumed lease expiries over the next 12 months.

Investment properties under development

For the directly held investment properties under development, external independent valuations are generally not performed, but instead valuations are determined at each reporting date using the feasibility assessments supporting the developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, market rents, incentives provided to customers and vacant time that are consistent with those observed in the relevant market, adjusted for a profit and risk factor. The profit and risk factors are dependent on the function, location, size and current status of the developments and are generally in a market range of 10% to 15%; although for larger more complex projects that are at an early stage of the development, the profit and risk factor could be in the order of 25%. 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.

In respect of the Partnerships, certain Partnerships obtain external independent valuations of investment properties under development at reporting dates. However, the majority determine the fair values at reporting dates by reference to the feasibility assessments, with external independent valuations obtained when the properties has been stabilised.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

(d) Inventories

	2022 \$M	2021 \$M
Current		
Land and development properties	175.2	106.4
	175.2	106.4
Non-current		
Land and development properties	964.1	719.1
Leasehold land and development properties	413.3	315.4
	1,377.4	1,034.5

During the current and prior financial year, no impairment losses were recognised on land and development properties.

(e) Investment properties

Reconciliation of carrying amount of directly held investment properties

	2022 \$M	2021 \$M
Carrying amount at the beginning of the year	163.9	7.2
Acquisitions	420.4	163.0
Capital expenditure	4.5	1.2
Disposals	(269.7)	(7.4)
Net loss from fair value adjustments	(0.3)	-
Effect of foreign currency translation	18.0	(0.1)
Carrying amount at the end of the year	336.8	163.9
Analysed by segment:		
Asia	336.8	137.7
United Kingdom	-	26.2
	336.8	163.9

Non-cancellable operating lease commitments receivable from investment property customers

The analysis in the table below reflects the gross property income, excluding recoverable outgoings, based on existing lease agreements. It assumes that leases will not extend beyond the next review date, where the customer has an option to end the lease.

	2022 \$M	2021 \$M
Non-cancellable operating lease commitments receivable:		
Less than one year	8.6	4.1
One to two years	8.7	2.7
Two to three years	8.2	1.1
Three to four years	6.6	1.1
Four to five years	3.5	0.2
	35.6	9.2

(f) Investments accounted for using the equity method

JVs

A JV is an arrangement (referred to by the Consolidated Entity as a Partnership) in which the Consolidated Entity is considered to have joint control for accounting purposes, whereby the Consolidated Entity has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

In the consolidated financial statements, investments in Partnerships are accounted for using the equity method. Under this method, the Consolidated Entity's investment is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Consolidated Entity's share of the gains or losses and other comprehensive income of Partnerships until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Unrealised gains arising from asset disposals with JVs, including those relating to contributions of non-monetary assets on establishment, are eliminated to the extent of the Consolidated Entity's interest. Unrealised gains relating to JVs are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains unless they evidence an impairment of an asset.

The Consolidated Entity's principal Partnerships are set out below:

		Consolidated share of net results recognised		Consolidated ownership interest		Consolidated investment carrying amount	
Name	Country of establishment	2022 \$M	2021 \$M	2022 %	2021 %	2022 \$M	2021 \$M
Property investment and development							
Goodman China Logistics Partnership (GCLP)	Cayman Islands	56.8	65.2	20.0	20.0	918.0	832.7
Goodman UK Partnership (GUKP) ¹	United Kingdom	213.4	32.9	35.3	33.3	676.3	404.0
Other JVs		75.1	66.6			251.3	233.3
		345.3	164.7			1,845.6	1,470.0

1. The consolidated ownership interest in GUKP reflected the weighted average ownership in GUKP, GUKP II and GUKP III.

The Consolidated Entity's property investment Partnerships have a long-term remit to hold investment properties to earn rental income and for capital appreciation, although they will undertake developments when an appropriate opportunity arises.

The reconciliation of the carrying value at the beginning of the year to the carrying value at the end of the year is set out as follows:

	2022 \$M	2021 \$M
Movements in carrying amount of investments in JVs		
Carrying amount at the beginning of the year	1,470.0	1,276.2
Share of net results after tax (before fair value adjustments)	84.6	73.0
Share of fair value adjustments attributable to investment properties after tax	269.8	90.2
Share of fair value adjustments on derivative financial instruments	(9.1)	1.5
Share of net results	345.3	164.7
Share of movements in reserves	7.2	3.1
Acquisitions	263.3	245.9
Disposals	(3.4)	-
Capital return	(166.3)	(143.2)
Dividends/distributions received and receivable	(65.8)	(76.4)
Effect of foreign currency translation	(4.7)	(0.3)
Carrying amount at the end of the year	1,845.6	1,470.0

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

Summary financial information of JVs

The following table summarises the financial information of the material Partnerships as included in their own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Consolidated Entity's interest in the JVs.

	GCLP		GUKP	
	2022	2021	2022	2021
	\$M	\$M	\$M	\$M
Summarised statement of financial position				
Current assets				
Cash and cash equivalents	427.4	281.3	41.1	43.4
Other current assets	148.3	84.4	12.9	1,490.3
Total current assets	575.7	365.7	54.0	1,533.7
Total non-current assets	6,303.3	5,537.5	2,421.8	-
Current liabilities				
Financial liabilities (excluding trade payables and other provisions)	70.6	89.6	-	-
Other current liabilities	2,870.0	2,707.0	24.7	36.1
Total current liabilities	2,940.6	2,796.6	24.7	36.1
Non-current liabilities				
Financial liabilities (excluding trade payables and other provisions)	1,111.8	757.7	537.8	287.0
Other non-current liabilities	718.3	613.7	-	-
Total non-current liabilities	1,830.1	1,371.4	537.8	287.0
Net assets (100%)	2,108.3	1,735.2	1,913.3	1,210.6
Consolidated ownership interest (%)	20.0	20.0	35.3	33.3
Consolidated share of net assets	421.7	347.0	676.0	403.1
Shareholder loans ¹	492.9	482.3	-	-
Other items, including acquisition costs	3.4	3.4	0.3	0.9
Carrying amount of interest in JV	918.0	832.7	676.3	404.0
Summarised statement of comprehensive income				
Revenue	215.0	193.6	39.8	28.5
Net finance expense	(20.3)	(19.2)	(1.0)	(3.7)
Income tax expense	(46.3)	(37.4)	(0.2)	-
Profit and total comprehensive income (100%)	320.0	313.4	575.6	98.7
Consolidated share of profit and total comprehensive income	64.0	67.8	213.4	32.9
Dividends/distributions received and receivable by the Consolidated Entity	7.3	6.1	3.9	4.6

1. Shareholder loans have been provided by investors of GCLP in proportion to their ownership interest. The shareholder loans are interest-free, unsecured and have no fixed terms of repayment. The shareholder loans are not expected to be repaid within 12 months from the end of the reporting period and the Directors consider the loans to form part of the Consolidated Entity's investment in GCLP.

With respect to the Consolidated Entity's other JVs, the total profit after tax and revaluations was \$308.7 million and total other comprehensive income was \$nil.

7 Receivables

Non-derivative financial assets

The Consolidated Entity initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Consolidated Entity is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Consolidated Entity has a legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Loans and receivables comprise trade and other receivables, amounts due from related parties and loans to related parties.

Amounts recoverable on development contracts

Amounts recoverable on development contracts arise when the Consolidated Entity contracts to sell a completed development asset either prior to or during the development phase. The receivables are stated at cost plus profit recognised to date less an allowance for foreseeable losses and less amounts already billed.

Impairment

Non-financial assets

The carrying amounts of the Consolidated Entity's assets (except inventories, refer to note 6(d); and deferred tax assets, refer to note 4) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset is written down to the recoverable amount. The impairment is recognised in profit or loss in the reporting period in which it occurs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation, with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated to the carrying amount of any identified intangible asset and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Financial assets and contract assets

The Consolidated Entity recognises an impairment loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets. Financial assets measured at amortised cost include cash and cash equivalents, trade receivables, amounts and loans due from related parties and other receivables.

Other financial assets measured at fair value are not subject to the ECL assessment.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

7 Receivables (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls. In measuring ECLs, the Consolidated Entity takes into account information about past events, current conditions and forecasts of future economic conditions.

Impairment loss allowances for trade receivables, amounts due from related parties, other receivables and contract assets are measured at an amount equal to a lifetime ECL. Lifetime ECLs are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Consolidated Entity recognises an impairment loss allowance equal to the expected losses within 12 months after the reporting date on loans to related parties, unless there has been a significant increase in credit risk of the loans since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

	Note	2022 \$M	2021 \$M
Current			
Trade receivables		5.0	12.4
Other receivables		70.2	94.0
Amounts due from related parties		37.1	75.3
Loans to related parties	21(c)	3.3	562.6
		115.6	744.3
Non-current			
Loans to related parties	21(c)	789.6	276.2
		789.6	276.2

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. All non-current receivables of the Consolidated Entity are due within five years from the reporting date. There is no material difference between the carrying values and the fair values of receivables.

Trade receivables

No trade receivables were impaired at 30 June 2022 and 2021. There are no significant overdue trade receivables at 30 June 2022.

Other receivables

At 30 June 2022, none of the other receivables balance was overdue or impaired (2021: \$nil).

Amounts due from related parties

At 30 June 2022, none of the amounts due from related parties was overdue or impaired (2021: \$nil). Amounts due from related parties are typically repayable within 30 days. The amounts due from related parties are unsecured.

Loans to related parties

Loans to related parties principally relate to loans to fellow subsidiaries of GL and GIT and loans to JVs. Refer to note 21(c) for details of loans to related parties. During the year, no impairment losses were recognised on loans to related parties (2021: \$nil). The loans to related parties are unsecured.

8 Contract balances

Contract assets primarily comprise amounts recoverable from fixed price development contracts (disclosed net of any payments received on account) and accrued performance fee income where the Consolidated Entity assesses that the income can be reliably measured.

Contract liabilities primarily comprise deposits and other amounts received in advance for development contracts and rental guarantees.

The following table provides an analysis of receivables from contracts with customers (excluding rental income receivables), contract assets and contract liabilities at the reporting dates:

	2022 \$M	2021 \$M
Current		
Receivables from contracts with customers, which are included in trade receivables, other receivables and amounts due from related parties	42.7	87.2
Contract assets	60.5	55.7
Contract liabilities	4.6	4.8
Non-current		
Contract liabilities	-	1.0

Significant changes in the contract assets and the contract liabilities balances during the year are set out below:

	2022		2021	
	Contract assets \$M	Contract liabilities \$M	Contract assets \$M	Contract liabilities \$M
Balance at the beginning of the year	55.7	5.8	25.1	13.8
Revenue recognised that was included in the contract liability balance at the beginning of the year	-	(1.4)	-	(7.7)
Transfers from contract assets to receivables	(380.4)	-	(70.5)	-
Increase due to changes in the measure of progress during the year	385.0	-	101.1	-
Effect of foreign currency translation	0.2	0.2	-	(0.3)
Balance at the end of the year	60.5	4.6	55.7	5.8
Current contract assets and liabilities	60.5	4.6	55.7	4.8
Non-current contract liabilities	-	-	-	1.0
	60.5	4.6	55.7	5.8

Transaction price allocated to the remaining contract obligations

The amount of the transaction price allocated to the remaining performance obligations under the Consolidated Entity's existing contracts is \$nil (2021: \$nil).

Details regarding the Consolidated Entity's future rental income associated with existing lease agreements is included in note 6.

In addition, the Consolidated Entity receives investment management, development management and property services fees under various contracts that it has with its Partnerships. These contracts are for varying lengths of time and are typically transacted on terms that are consistent with market practice. The revenues under these contracts are linked to the AUM, total development project costs or gross property income of the Partnerships and are invoiced as the services are provided.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

9 Payables

Non-derivative financial liabilities

The Consolidated Entity initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial liability when the contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Consolidated Entity has a legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The Consolidated Entity has classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise trade payables, other payables and accruals and contract and lease liabilities.

	Note	2022 \$M	2021 \$M
Current			
Trade payables		45.7	50.3
Other payables and accruals		216.1	201.2
Contract liabilities	8	4.6	4.8
Lease liabilities	10	8.2	6.7
		274.6	263.0
Non-current			
Other payables and accruals		56.1	64.4
Contract liabilities	8	-	1.0
Lease liabilities	10	37.1	59.3
		93.2	124.7

10 Leases

The Consolidated Entity leases office buildings, motor vehicles and office equipment. Certain investment properties and developments classified as inventories are also built on land held under leasehold interests.

The Consolidated Entity recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost plus any direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the lessee's incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest rate method. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change arising from the reassessment of whether the Consolidated Entity will be reasonably certain to exercise an extension or termination option.

The right of use assets in respect of office buildings, motor vehicles and office equipment are depreciated using the straight-line method over the period of the lease. Right of use assets that meet the definition of investment property are carried at fair value in accordance with note 6(a). Ground leases of development land that are classified as inventories are not depreciated but are assessed at each reporting date for impairments to ensure they are recorded at the lower of cost and net realisable value.

Information about leases for which the Consolidated Entity is a lessee is detailed below:

	2022 \$M	2021 \$M
Right of use assets		
Inventories	413.3	315.5
Investment properties	336.8	137.7
Property, plant and equipment	18.1	12.1
	768.2	465.3
Lease liabilities		
Current	8.2	6.7
Non-current	37.1	59.3
	45.3	66.0

The following were recognised during the year:

	2022 \$M	2021 \$M
Additions to right of use assets	332.0	344.3
Depreciation of right of use assets	6.9	7.6
Interest expense on lease liabilities	0.4	0.5
Cash outflows on lease liabilities	8.0	8.7

Notes to the consolidated financial statements

CAPITAL MANAGEMENT

11 Net finance expense

Finance income

Interest is recognised on an accruals basis using the effective interest rate method, and, if not received at the reporting date, is reflected in the consolidated statement of financial position as a receivable.

Finance expense

Expenditure incurred in obtaining debt finance is offset against the principal amount of the interest bearing liability to which it relates, and is recognised as a finance cost on an effective interest rate basis over the life of the facility or until the facility is significantly modified. Where a facility is significantly modified, any unamortised expenditure in relation to that facility and incremental expenditure incurred in modifying the facility are recognised as a finance cost in the financial year in which the significant modification occurs.

Finance costs relating to a qualifying asset are capitalised as part of the cost of that asset using a weighted average cost of debt. Qualifying assets are assets which take a substantial time to get ready for their intended use or sale. All other finance costs are expensed using the effective interest rate method.

	Note	2022 \$M	2021 \$M
Finance income			
Interest income on loans to:			
– Related parties	21(c)	11.6	12.7
– Other parties		0.9	0.8
Interest income from derivatives		8.0	8.3
Foreign exchange gain		27.5	-
		48.0	21.8
Finance expense			
Interest expense from related party loans	21(c)	(41.8)	(38.9)
Other borrowing costs		(2.7)	(1.1)
Fair value adjustments on derivative financial instruments		(38.5)	(20.1)
Foreign exchange losses		-	(32.2)
Capitalised borrowing costs		11.6	9.4
		(71.4)	(82.9)
Net finance expense		(23.4)	(61.1)

Borrowing costs were capitalised to inventories and investment properties under development during the financial year at rates between 1.0% and 10.6% per annum (2021: 1.0% and 10.6% per annum).

12 Interest bearing liabilities

Interest bearing liabilities comprise bank loans. Interest bearing liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost using the effective interest rate method.

	Note	2022 \$M	2021 \$M
Secured:			
– Bank loans	12(a)	9.0	-
		9.0	-

(a) Bank loans, secured

As at 30 June 2022, the Consolidated Entity had the following secured bank facilities.

Facility maturity date	Facility limit \$M	Amounts drawn \$M
18 March 2034	28.2	9.0
Total at 30 June 2022	28.2	9.0
Total at 30 June 2021	-	-

(b) Finance facilities

	Facilities available \$M	Facilities utilised \$M
30 June 2022		
Secured:		
– Bank loans	28.2	9.0
	28.2	9.0
30 June 2021		
Secured:		
– Bank loans	-	-
	-	-

Notes to the consolidated financial statements

Capital management (continued)

13 Other financial assets and liabilities

Other financial assets and liabilities are recognised initially on the trade date at which the Consolidated Entity become a party to the contractual provisions of the instrument.

Derivative financial instruments and hedging

The Consolidated Entity uses derivative financial instruments to hedge its economic exposure to foreign exchange and interest rate risks arising from operating, investing and financing activities. In accordance with its treasury policy, the Consolidated Entity does not hold or issue derivative financial instruments for speculative trading purposes.

The Consolidated Entity's derivative financial instruments are not designated as a hedge for accounting purposes, and accordingly movements in the fair value of derivative financial instruments are recognised in profit or loss.

Investments in unlisted securities

Subsequent to initial recognition, investments in unlisted securities are measured at fair value and changes therein are recognised as other comprehensive income and presented in the asset revaluation reserve in equity. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. When such an asset is derecognised, the cumulative gain or loss in equity is transferred to retained earnings.

Other financial assets

	2022	2021
	\$M	\$M
Derivative financial instruments	131.3	64.4
Investment in unlisted securities, at fair value ¹	43.5	38.2
	174.8	102.6

1. Principally relates to the Consolidated Entity's 10.0% (2021: 10.0%) interest in Goodman Japan Limited. During the year, a revaluation gain of \$9.4 million was recognised in other comprehensive income (2021: \$7.6 million gain). Refer to note 14(d) for assumptions made in measuring fair value of the unlisted securities.

Other financial liabilities

	2022	2021
	\$M	\$M
Current		
Derivative financial instruments	45.4	-
	45.4	-
Non-current		
Derivative financial instruments	141.4	89.1
	141.4	89.1

14 Financial risk management

The Consolidated Entity's capital management and financial risk management processes are managed as part of the wider Goodman Group. There are established policies, documented in Goodman Group's financial risk management (FRM) policy document, to ensure both the efficient use of capital and the appropriate management of the exposure to financial risk.

Goodman Group's treasury function is responsible for monitoring the day to day compliance with Goodman Group's FRM policies and prepares reports for consideration by management committees and Goodman Group's Board including:

- + Cash flow projections over a period of at least 12 months to assess the level of cash and undrawn facilities, and headline gearing at each month end
- + Debt maturity profile, to allow the Goodman Group to plan well in advance of maturing facilities
- + Interest rate hedge profile over the next 10 years, to allow Goodman Group to manage the proportion of fixed and floating rate debt in accordance with its FRM policy
- + Capital hedge position (by currency) and profile of expiring currency derivatives, to allow Goodman Group to manage its net investment hedging in accordance with its FRM policy.

Any significant investments or material changes to the finance facilities or FRM policies require approval by the Goodman Group Board.

The Consolidated Entity's key financial risks are market risk (including foreign exchange and interest rate risk), liquidity risk and credit risk.

(a) Market risk

Foreign exchange risk

The Consolidated Entity is exposed to transactional foreign currency risk and net investment foreign currency risk through its investments in Hong Kong, Japan, China, Continental Europe and the United Kingdom and also loans to related parties in North America. Foreign exchange risk represents the loss that would be recognised from adverse fluctuations in currency prices as a result of future commercial transactions, recognised assets and liabilities and, principally, net investments in foreign operations.

Goodman Group manages foreign currency exposure on a consolidated basis. In managing foreign currency risks, Goodman Group aims to reduce the impact of short-term fluctuations on earnings and net assets. However, over the long term, permanent changes in foreign exchange will have an impact on both earnings and net assets.

Goodman Group's capital hedge policy for each overseas region is to hedge between 65% and 90% of foreign currency denominated assets with foreign currency denominated liabilities. This is achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against any foreign currency fluctuations and/or using derivatives such as cross currency interest rate swaps (CCIRS) and forward exchange contracts (FEC).

Notes to the consolidated financial statements

Capital management (continued)

14 Financial risk management (continued)

As at 30 June 2022, a summary of the derivative financial instruments used to hedge the Consolidated Entity's exposures arising from its investments in foreign operations is set out below:

	2022			2021		
	Amounts payable	Amounts receivable	Weighted average exchange rate	Amounts payable	Amounts receivable	Weighted average exchange rate
	HKD'M	AUD'M	AUD/HKD	HKD'M	AUD'M	AUD/HKD
AUD receivable/HKD payable	(1,150.0)	202.3	5.6948	(500.0)	83.9	5.9560
	EUR'M	AUD'M	AUD/EUR	EUR'M	AUD'M	AUD/EUR
AUD receivable/EUR payable	(775.0)	1,238.3	0.6263	(675.0)	1,086.7	0.6214
	GBP'M	AUD'M	AUD/GBP	GBP'M	AUD'M	AUD/GBP
AUD receivable/GBP payable	(255.0)	474.4	0.5375	-	-	-
	USD'M	AUD'M	AUD/USD	USD'M	AUD'M	AUD/USD
AUD receivable/USD payable	(450.0)	634.6	0.7092	(450.0)	634.6	0.7092
	JPY'M	AUD'M	AUD/JPY	JPY'M	AUD'M	AUD/JPY
AUD receivable/JPY payable	(6,000.0)	71.9	83.4650	(6,000.0)	71.9	83.4650
	CNY'M	USD'M	USD/CNY	CNY'M	USD'M	USD/CNY
USD receivable/CNY payable	(4,258.6)	539.6	7.8927	(4,545.2)	600.0	7.5753

Sensitivity analysis

Throughout the financial year, if the Australian dollar had been 5% (2021: 5%) stronger against all other currencies, with all other variables held constant, the Consolidated Entity's profit attributable to Shareholders, excluding derivative mark to market and unrealised foreign exchange movements, would have decreased by \$48.8 million (2021: \$36.7 million). If the Australian dollar had been 5% (2021: 5%) weaker against all other currencies, with all other variables held constant, the Consolidated Entity's profit attributable to Shareholders, excluding derivative mark to market and unrealised foreign exchange movements, would have increased by \$48.8 million (2021: \$36.7 million).

Interest rate risk

Goodman Group adopts a policy that at all times interest rates on between 60% and 100% of the Group's external borrowings and derivatives (by principal) are hedged for the next 12 months. The Consolidated Entity's interest rate risk arises from floating interest rates on related party loans (receivable and payable) and from the floating interest rate legs of certain CCIRS. The Consolidated Entity does not hedge its interest rate exposure on related party loans but has entered into interest rate derivatives (IRD) to manage certain cash flow risks associated with floating interest rates on its CCIRS.

As at 30 June 2022, the Consolidated Entity's fixed and floating rate exposure (by principal) arising from its derivative financial instruments is set out below:

	Interest bearing liabilities	Impact of derivatives	IRD	Net interest rate exposure
	\$M	CCIRS \$M	\$M	\$M
30 June 2022				
Fixed rate liabilities	-	-	1,106.0	1,106.0
Floating rate liabilities	9.0	(69.9)	(1,106.0)	(1,166.9)
	9.0	(69.9)	-	(60.9)
30 June 2021				
Fixed rate liabilities	-	-	474.2	474.2
Floating rate liabilities	-	(52.1)	(474.2)	(526.3)
	-	(52.1)	-	(52.1)

As a result of the derivative financial instruments that existed at 30 June 2022, the Consolidated Entity would have the following fixed interest rate exposure (by principal) at the end of each of the next five financial years. This assumes all derivative financial instruments mature in accordance with current contractual terms.

	2022		2021	
Number of years post balance date	Fixed interest rate (by principal) \$M	Weighted average interest rate % per annum	Fixed interest rate (by principal) \$M	Weighted average interest rate % per annum
1 year	1,033.7	0.54	474.2	(0.47)
2 years	970.7	0.54	474.2	(0.47)
3 years	275.3	0.44	408.5	(0.45)
4 years	151.7	0.31	158.1	(0.31)
5 years	151.7	0.31	158.1	(0.31)

Sensitivity analysis

Based on the Consolidated Entity's interest bearing borrowings at 30 June 2022, if interest rates on borrowings had been 100 bps per annum (2021: 100 bps per annum) higher/lower, with all other variables held constant, the Consolidated Entity's profit attributable to Shareholders would have been \$11.8 million lower/higher (2021: \$10.8 million lower/higher).

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as IBOR reform). The Consolidated Entity has exposure to IBORs through certain of its related party loans and its derivative instruments (IRD and CCIRS). The Consolidated Entity's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA) master agreements.

The United Kingdom, Japan and the United States had announced plans to discontinue using London Interbank Offered Rate (LIBOR) by 31 December 2021. The alternative reference rate for sterling LIBOR is the Sterling Overnight Index Average rate, for Japanese yen LIBOR is the Tokyo Overnight Average Rate and for US dollar LIBOR is the Secured Overnight Financing Rate. Amendments to the Consolidated Entity's financial instruments with contractual terms indexed to sterling LIBOR or Japanese yen LIBOR, such that they incorporate the new benchmark rates, were completed by 31 December 2021. Although US dollar LIBOR was planned to be discontinued by the end of 2021, in November 2020 the Intercontinental Exchange Benchmark Administration, the Financial Conduct Authority-regulated and authorised administrator of LIBOR, announced that it had started to consult on its intention to cease the publication of certain US dollar LIBORs after June 2023. It is still unclear when the announcement that will set a date for the termination of the publication of US dollar LIBOR will take place. Nevertheless, the Consolidated Entity has finished the process of implementing appropriate fallback provisions for all US dollar LIBOR indexed exposures.

For the Consolidated Entity's other IBOR exposures, the transition to alternative risk-free rates has been deferred and/or extended and therefore no action has been or will be taken in that regard until such time as the alternative reference rates are defined and scheduled. It is expected that these will follow the conventions established in other markets and the Consolidated Entity will apply the same principles for those transitions as and when they become relevant.

The table below details the Consolidated Entity's exposure at 30 June 2022 to significant IBORs subject to reform that have yet to transition to alternate benchmark rates:

	USD LIBOR Notional amount \$M
IRD	400.0
CCIRS	900.0
	1,300.0

The exposure disclosed is for derivatives with contractual maturities after 30 June 2022. Derivatives exposure has been reported using the notional contract amount and where derivatives such as CCIRS have both a receiver and a payer leg with exposure to IBOR reform, the notional contract amount is disclosed for both legs.

Notes to the consolidated financial statements

Capital management (continued)

14 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's objective is to maintain sufficient liquidity to fund short-term working capital, capital expenditure, investment opportunities and dividends. Management seeks to achieve these objectives through the preparation of regular forecast cash flows to understand the application and use of funds and through the identification of future funding, primarily through loans from related parties in Goodman Group.

The contractual maturities of financial liabilities are set out below:

	Carrying amount \$M	Contractual cash flows \$M	Up to 12 months \$M	1 to 2 year(s) \$M	2 to 3 years \$M	3 to 4 years \$M	4 to 5 years \$M	More than 5 years \$M
As at 30 June 2022								
Non-derivative financial liabilities								
Trade and other payables (excluding contract liabilities)	317.9	317.9	261.8	56.1	-	-	-	-
Lease liabilities	45.3	94.9	8.4	10.9	73.3	0.9	0.6	0.8
Bank loans, secured	9.0	9.0	-	-	-	-	-	9.0
Loans from related parties	1,941.0	1,949.0	129.3	3.1	26.3	504.8	708.9	576.6
Total non-derivative financial liabilities	2,313.2	2,370.8	399.5	70.1	99.6	505.7	709.5	586.4
Derivative financial liabilities								
Net settled ¹ :	(39.6)	15.5	22.0	5.9	19.6	(20.5)	(5.0)	(6.5)
Gross settled ² :								
(Inflow)	95.1	(459.5)	(78.4)	(95.3)	(88.8)	(118.5)	(72.8)	(5.7)
Outflow	-	308.4	47.1	80.3	57.8	53.2	63.2	6.8
Total derivative financial liabilities	55.5	(135.6)	(9.3)	(9.1)	(11.4)	(85.8)	(14.6)	(5.4)
As at 30 June 2021								
Non-derivative financial liabilities								
Trade and other payables (excluding contract liabilities)	315.9	315.9	251.5	64.4	-	-	-	-
Lease liabilities	66.0	151.4	6.7	3.8	3.3	3.8	3.3	130.5
Loans from related parties	1,891.1	1,905.3	811.1	104.4	43.2	74.6	540.5	331.5
Total non-derivative financial liabilities	2,273.0	2,372.6	1,069.3	172.6	46.5	78.4	543.8	462.0
Derivative financial liabilities								
Net settled ¹ :	79.4	73.5	0.2	29.0	22.7	23.5	(0.3)	(1.6)
Gross settled ² :								
(Inflow)	(54.7)	(123.1)	(11.5)	(17.3)	(56.1)	(22.7)	(13.0)	(2.5)
Outflow	-	67.5	1.2	3.2	4.9	1.1	25.6	31.5
Total derivative financial liabilities	24.7	17.9	(10.1)	14.9	(28.5)	1.9	12.3	27.4

1. Net settled includes IRD and FEC.

2. Gross settled includes CCIRS.

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the Consolidated Entity which have been recognised in the consolidated statement of financial position, is the carrying amount (refer to note 7).

The Consolidated Entity has a policy of assessing the creditworthiness of all potential customers and is not materially exposed to any one customer. The Consolidated Entity evaluates all customers' perceived credit risk.

In relation to material bank deposits, the Consolidated Entity minimises credit risk by dealing with major financial institutions. The counterparty must have a long-term investment grade credit rating from a major rating agency. The amounts and other terms associated with bank deposits are formally reviewed monthly.

From time to time, the Consolidated Entity also makes loans to JVs, typically to fund development projects. In making its investment decisions, the Consolidated Entity will undertake a detailed assessment of the development feasibility and credit risks associated with the relevant counterparties.

During the current and prior year, credit risk arising from cash and cash equivalents, trade receivables, amounts and loans due from related parties and other receivables was not determined to be significant and no impairment losses were recognised.

The credit risks associated with derivative financial instruments are managed by:

- + Transacting with multiple derivatives counterparties that have a long-term investment grade credit rating
- + Utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through netting of amounts receivable and amounts payable to individual counterparties (refer below)
- + Formal review of the mark to market position of derivative financial instruments by counterparty on a monthly basis.

Master netting off or similar agreements

Goodman Group enters into derivative transactions under ISDA master netting off agreements. Under these agreements, where certain credit events occur (such as a default), all outstanding transactions under the agreement are terminated and a single net termination value is payable in full and final settlement.

(d) Fair values of financial instruments

Except for derivative financial instruments and investments in unlisted securities which are carried at fair value, the Consolidated Entity's financial instruments are carried at cost or amortised cost. The carrying amounts of the Consolidated Entity's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2022 and 2021.

(i) Fair value hierarchy

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

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 30 June 2022				
Derivative financial assets	-	131.3	-	131.3
Investment in unlisted securities	-	-	43.5	43.5
	-	131.3	43.5	174.8
Derivative financial liabilities	-	186.8	-	186.8
	-	186.8	-	186.8
As at 30 June 2021				
Derivative financial assets	-	64.4	-	64.4
Investment in unlisted securities	-	-	38.2	38.2
	-	64.4	38.2	102.6
Derivative financial liabilities	-	89.1	-	89.1
	-	89.1	-	89.1

There were no transfers between the levels during the year.

Notes to the consolidated financial statements

Capital management (continued)

14 Financial risk management (continued)

(ii) Valuation techniques used to derive Level 2 and Level 3 fair values

The Level 2 derivative financial instruments held by the Consolidated Entity consist of IRD, CCIRS and FEC.

The fair values of derivatives 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, adjusted for specific features of the instruments.

The fair value measurement for investment in unlisted securities has been categorised as a Level 3 fair value. The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities + Goodman Japan Limited	DCF: The valuation model was determined by discounting the future cash flows expected to be generated from continuing operations. The future cash flows were based on fund and development forecasts and then estimating a year five terminal value using a terminal growth rate and an appropriate discount rate.	+ Assets under management of \$6.1 billion in year five + Average annual development of 82,500 square metres + Five-year terminal value growth rate of 0.63% + Risk adjusted post tax discount rate of 7.20% per annum.	The estimated fair value would increase/(decrease) if: + The level of assets under management, development activity and terminal value growth rate were higher/(lower) or + The risk adjusted discount rate were lower/(higher).

(iii) Reconciliation of Level 3 fair values

	2022 \$M	2021 \$M
Carrying amount at the beginning of the year	38.2	34.3
Net change in fair value – included in other comprehensive income/(loss)	9.4	7.6
Effect of foreign currency translation	(4.1)	(3.7)
Carrying amount at the end of the year	43.5	38.2

15 Dividends

During the financial year, the Company declared a final dividend of 2.5 cents per share amounting to \$46.7 million. This dividend will be paid on 25 August 2022. In the prior year, the Company declared a final dividend of 6.0 cents per share amounting to \$110.8 million. This was paid on 26 August 2021.

16 Share capital

(a) Ordinary shares

Ordinary shares of the Company are classified as equity. Incremental costs directly attributable to issues of ordinary shares are recognised as a deduction from equity, net of any tax effects.

	2022 Number of shares	2021 Number of shares	2022 \$M	2021 \$M
Share capital	1,868,222,609	1,847,429,255	873.6	792.5
Less: Accumulated issue costs			(0.6)	(0.6)
Total issued capital	1,868,222,609	1,847,429,255	873.0	791.9

Date	Details	Number of shares	Share capital \$M
	Ordinary shares, issued and fully paid		
30 Jun 2020	Balance at 30 June 2020	1,828,413,236	732.6
31 Aug 2020	Shares issued to employees of Goodman Group ¹	15,438,241	48.6
4 Sep 2020	Ordinary shares issued	3,577,778	11.3
30 Jun 2021	Balance at 30 June 2021	1,847,429,255	792.5
31 Aug 2021	Shares issued to employees of Goodman Group ¹	14,716,648	57.4
31 Aug 2021	Treasury shares issued	1,233,333	4.8
2 Sep 2021	Ordinary shares issued	4,843,373	18.9
30 Jun 2022	Balance at 30 June 2022	1,868,222,609	873.6

1. During the year, the Company issued 14,716,648 (2021: 15,438,241) shares to employees of Goodman Group under the LTIP.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the consolidated financial statements

Capital management (continued)

16 Share capital (continued)

(b) Equity settled share based payment transactions

LTIP

Goodman Group's share based payments primarily relate to performance rights awarded to employees under the LTIP. These performance rights entitle an employee to either acquire Goodman Group securities for \$nil consideration (equity settled performance rights) or, in certain jurisdictions, to receive an amount in cash equal to the value of the securities (cash settled performance rights), subject to the vesting conditions having been satisfied.

During the year, the movement in the number of equity settled and cash settled performance rights under the LTIP was as follows:

	Number of rights	
	2022	2021
Outstanding at the beginning of the year	22,734,427	24,921,436
Issued	8,220,860	5,580,560
Vested	(6,208,554)	(5,952,229)
Forfeited	(130,552)	(1,815,340)
Outstanding at the end of the year	24,616,181	22,734,427
Exercisable at the end of the year	-	-

Share based payments transactions

The fair value of equity settled performance rights at the grant date is expensed with a corresponding increase in the employee compensation reserve over the period from the grant date to the vesting dates. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The accumulated share based payments expense of performance rights which have vested or lapsed is transferred from the employee compensation reserve to retained earnings.

The fair value of cash settled performance rights is also recognised as an expense but with a corresponding increase in liabilities over the vesting period. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The liability is remeasured at each reporting date and at the vesting date based on the fair value of the rights.

The fair value of services received in return for performance rights granted under the LTIP is measured by reference to the fair value of the performance rights granted. The fair value of the performance rights granted during the year was measured as follows:

- + Operating earnings per security tranche: these rights were valued as a granted call option, using the standard Black Scholes model with a continuous dividend yield
- + Relative total shareholder return tranche: these rights were valued using a Monte Carlo model which simulated total returns for each of the ASX 100 stocks and discounted the future value of any potential future vesting performance rights to arrive at a present value. The model uses statistical analysis to forecast total returns, based on expected parameters of variance and co-variance.

The model inputs for performance rights, both equity and cash settled, awarded during the current financial year included the following:

	10-year rights issued on 18 Nov 2021	10-year rights issued on 30 Sep 2021	5-year rights issued on 30 Sep 2021
Fair value at measurement date (\$)	20.16	17.22	17.87
Security price (\$)	24.49	21.68	21.68
Exercise price (\$)	-	-	-
Expected volatility (%)	25.45	25.36	28.54
Rights' expected weighted average life (years)	6.8	6.9	3.9
Dividend/distribution yield per annum (%)	1.23	1.38	1.38
Average risk-free rate of interest per annum (%)	1.51	1.03	0.49

The model inputs for the remeasurement of the cash settled performance rights at 30 June 2022 included the following:

	10-year rights issued in FY22	5-year rights issued in FY22	5-year rights issued in FY21	5-year rights issued in FY20	5-year rights issued in FY19	5-year rights issued in FY18
Fair value at measurement date (\$)	13.61	14.12	15.02	17.49	17.64	17.79
Security price (\$)	17.84	17.84	17.84	17.84	17.84	17.84
Exercise price (\$)	-	-	-	-	-	-
Expected volatility (%)	27.44	29.24	28.56	32.65	36.02	44.77
Rights' expected weighted average life (years)	6.2	3.2	2.2	1.2	0.7	0.2
Dividend/distribution yield per annum (%)	1.68	1.68	1.68	1.68	1.68	1.68
Average risk-free rate of interest per annum (%)	3.42	3.09	2.90	2.35	2.12	1.53

Share based payment expense included in profit or loss was as follows:

	2022 \$M	2021 \$M
Share based payment expense:		
– Equity settled	41.2	44.5
– Cash settled	52.8	79.5
	94.0	124.0

At 30 June 2022, a liability of \$91.7 million (2021: \$111.2 million) was recognised in relation to cash settled performance rights.

Notes to the consolidated financial statements

OTHER ITEMS

17 Notes to the consolidated cash flow statement

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(a) Reconciliation of cash

Cash as at the end of the year as shown in the consolidated cash flow statement is reconciled to the related items in the consolidated statement of financial position as follows:

	2022	2021
	\$M	\$M
Cash assets	357.5	358.4
	357.5	358.4

(b) Reconciliation of profit for the year to net cash provided by operating activities

	2022	2021
	\$M	\$M
Profit for the year	762.8	415.2
Items classified as investing activities		
Net gain/(loss) on disposal of investment properties	(3.8)	1.9
Net gain on disposal of equity accounted investments	(0.2)	(1.8)
Non-cash items		
Depreciation of plant and equipment	8.7	9.6
Share based payments expense	94.0	124.0
Net loss from fair value adjustments on investment properties	0.3	-
Share of net results of equity accounted investments	(345.3)	(164.7)
Net finance expense	23.4	61.1
Income tax expense	114.1	12.2
	654.0	457.5
Changes in assets and liabilities during the year:		
– Decrease/(increase) in receivables	52.0	(39.5)
– Increase in inventories	(447.8)	(93.2)
– Decrease/(increase) in other assets	10.9	(1.5)
– (Decrease)/increase in payables	(45.8)	69.5
– Increase in provisions (including employee benefits)	0.6	1.0
	223.9	393.8
Dividends/distributions received from equity accounted investments	65.8	80.9
Net finance income received	14.5	15.1
Net income taxes paid	(87.7)	(16.2)
Net cash provided by operating activities	216.5	473.6

(c) Reconciliation of liabilities arising from financing activities

	Interest bearing liabilities \$M	Derivatives used for hedging \$M	Dividends payable \$M	Loans (to)/from related parties \$M	Lease liabilities \$M
Balance at 1 July 2020	-	46.8	73.1	1,067.6	28.3
Changes from financing cash flows					
Payments on derivative financial instruments	-	(42.2)	-	-	-
Net repayments of loans with related parties	-	-	-	(83.7)	-
Payments of lease liabilities	-	-	-	-	(8.7)
Dividends paid	-	-	(73.1)	-	-
Total changes from financing cash flows	-	(42.2)	(73.1)	(83.7)	(8.7)
Changes arising from disposal of controlled entities	-	-	-	14.6	-
Effect of foreign exchange movements	-	-	-	50.0	-
Changes in fair value	-	20.1	-	-	-
Other changes					
Issue of shares under the LTIP	-	-	-	(48.6)	-
Equity settled share based payments transactions	-	-	-	26.2	-
New leases	-	-	-	-	45.9
Interest income	-	-	-	(12.7)	-
Interest expense	-	-	-	38.9	0.5
Dividends declared	-	-	110.8	-	-
Total other changes	-	-	110.8	3.8	46.4
Balance at 30 June 2021	-	24.7	110.8	1,052.3	66.0
Balance at 1 July 2021	-	24.7	110.8	1,052.3	66.0
Changes from financing cash flows					
Proceeds from borrowings	9.0	-	-	-	-
Net (repayments of)/proceeds from loans with related parties	-	(17.4)	-	124.9	-
Payments of lease liabilities	-	-	-	-	(8.0)
Dividends paid	-	-	(110.8)	-	-
Total changes from financing cash flows	9.0	(17.4)	(110.8)	124.9	(8.0)
Changes arising from disposal of controlled entities	-	-	-	1.5	-
Effect of foreign exchange movements	-	9.7	-	11.2	-
Changes in fair value	-	38.5	-	-	-
Other changes					
Issue of shares under the LTIP	-	-	-	(57.4)	-
Equity settled share based payments transactions	-	-	-	(32.0)	-
New leases	-	-	-	-	13.4
Interest income	-	-	-	(11.6)	-
Interest expense	-	-	-	41.8	0.4
Disposal of right of use assets	-	-	-	-	(26.5)
Derivative financial instrument settlement through loans with related parties	-	-	-	17.4	-
Dividends declared	-	-	46.7	-	-
Total other changes	-	-	46.7	(41.8)	(12.7)
Balance at 30 June 2022	9.0	55.5	46.7	1,148.1	45.3

Notes to the consolidated financial statements

Other items (continued)

18 Reserves

	Note	Consolidated		Company	
		2022 \$M	2021 \$M	2022 \$M	2021 \$M
Asset revaluation reserve	18(a)	36.7	27.3	36.2	27.0
Foreign currency translation reserve	18(b)	13.6	12.7	-	4.8
Employee compensation reserve	18(c)	56.3	48.3	52.4	40.2
Defined benefit retirement schemes reserve	18(d)	(8.8)	(14.4)	-	-
Common control reserve ¹	18(e)	(702.9)	(702.9)	-	-
Total reserves		(605.1)	(629.0)	88.6	72.0

1. The common control reserve arises from the acquisition of entities from other members of Goodman Group under the pooling of interest method. The amount in the common control reserve reflects the difference between the consideration paid and the carrying values of the assets and liabilities of the acquired entity at the date of acquisition.

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

	Consolidated		Company	
	2022 \$M	2021 \$M	2022 \$M	2021 \$M
(a) Asset revaluation reserve				
Balance at the beginning of the year	27.3	19.7	27.0	19.7
Increase due to revaluation of other financial assets	9.4	7.6	9.2	7.3
Balance at the end of the year	36.7	27.3	36.2	27.0
(b) Foreign currency translation reserve				
Balance at the beginning of the year	12.7	33.5	4.8	-
Net exchange differences on conversion of foreign operations	0.9	(20.8)	(4.8)	4.8
Balance at the end of the year	13.6	12.7	-	4.8
(c) Employee compensation reserve				
Balance at the beginning of the year	48.3	33.4	40.2	33.4
Equity settled share based payment transactions	12.2	6.8	12.2	6.8
Deferred tax associated with the LTIP	(4.2)	8.1	-	-
Balance at the end of the year	56.3	48.3	52.4	40.2
(d) Defined benefit retirement schemes reserve				
Balance at the beginning of the year	(14.4)	(8.2)	-	-
Actuarial gains/(losses) on defined benefit retirement schemes (net of tax)	5.6	(6.0)	-	-
Effect of foreign currency translation	-	(0.2)	-	-
Balance at the end of the year	(8.8)	(14.4)	-	-
(e) Common control reserve				
Balance at the beginning of the year	(702.9)	(702.9)	-	-
Balance at the end of the year	(702.9)	(702.9)	-	-

19 Retained earnings

	Note	Consolidated		Company	
		2022 \$M	2021 \$M	2022 \$M	2021 \$M
Balance at the beginning of the year		1,584.8	1,287.2	794.7	575.6
Profit for the year		751.9	408.4	265.3	329.9
Dividends declared	15	(46.7)	(110.8)	(46.7)	(110.8)
Balance at the end of the year		2,290.0	1,584.8	1,013.3	794.7

20 Investments in subsidiaries

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Company has power, only substantive rights (held by the Company and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. When an entity ceases to be controlled by the Company, it is accounted for as a disposal of the entire interest in the entity, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Consolidated Entity. The class of shares held is ordinary unless otherwise stated.

Significant controlled companies	Principal activities	Country of incorporation	Interest held	
			2022 %	2021 %
Goodman Asia Limited	Investment and property management services	Hong Kong	100.0	100.0
Goodman China Limited	Property management and development management consultancy services	Hong Kong	100.0	100.0
Goodman UK Holdings (HK) Limited	Intermediate holding company	Hong Kong	100.0	100.0
Goodman China Asset Management Limited	Investment management	Cayman Islands	100.0	100.0
Goodman Developments Asia	Investment and property development	Cayman Islands	100.0	100.0
GJSP Limited	Investment management	Japan	100.0	100.0
GELF Management (Lux) Sàrl	Investment management	Luxembourg	100.0	100.0
Goodman Management Holdings (Lux) Sàrl	Intermediate holding company	Luxembourg	100.0	100.0
Goodman Midnight Logistics (Lux) Sàrl	Investment holding company	Luxembourg	100.0	100.0
Goodman Property Opportunities (Lux) Sàrl SICAR	Property investment and development	Luxembourg	94.0	94.0
GPO Advisory (Lux) Sàrl	Property management services	Luxembourg	100.0	100.0
Goodman Logistics Developments (UK) Limited	Investment and property management services	United Kingdom	100.0	100.0
Goodman Real Estate (UK) Limited	Investment and property development	United Kingdom	100.0	100.0

Combination of entities or businesses under common control

Where the Consolidated Entity acquires entities or businesses from other members of Goodman Group such that all of the combining entities (businesses) are ultimately controlled by Goodman Group Securityholders both before and after the combination, the Consolidated Entity applies the pooling of interests method.

At the date of the combination of entities under common control, the assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities that would otherwise be done under the acquisition method. The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration transferred and the equity "acquired" by the Consolidated Entity is reflected within equity (common control reserve).

Similar to the acquisition method, the results of the "acquired" entity are included only from the date control commenced. Comparatives are not restated to present the consolidated financial statements as if the entities had always been combined.

Notes to the consolidated financial statements

Other items (continued)

21 Related party transactions

Related parties

- (i) A person, or a close member of that person's family, is related to the Company if that person:
 - (1) Has control or joint control over the Company
 - (2) Has significant influence over the Company or
 - (3) Is a member of the key management personnel of the Company or the Company's parent.
- (ii) An entity is related to the Company if any of the following conditions applies:
 - (1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
 - (2) One entity is an associate or JV of the other entity (or an associate or JV of a member of a group of which the other entity is a member)
 - (3) Both entities are JVs of the same third party
 - (4) One entity is a JV of a third entity and the other entity is an associate of the third entity
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company
 - (6) The entity is controlled or jointly controlled by a person identified in (i)
 - (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) or
 - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(a) Directors' remuneration

Directors' remuneration (including alternate Directors) disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2022	2021
	\$M	\$M
Directors' fees	0.6	0.7
Salaries, allowances and benefits in kind	3.6	3.7
Share based payments	19.8	16.1
	24.0	20.5

(b) Transactions and amounts due from related parties

	Management and development activities		Amounts due from related parties ¹	
	2022 \$M	2021 \$M	2022 \$M	2021 \$M
JVs				
GCLP	104.5	64.9	6.6	12.6
GUKP	55.8	-	2.1	-
KWASA Goodman Germany	10.1	141.7	-	-
Goodman Japan Development Partnership	-	-	0.7	-
	170.4	206.6	9.4	12.6
Related parties of GL and GIT				
Goodman Hong Kong Logistics Partnership	139.1	135.2	9.8	42.0
Goodman European Partnership	769.2	221.9	47.7	36.4
Other related parties	5.8	67.0	-	10.4
	914.1	424.1	57.5	88.8

1. Includes contract assets arising from transactions with related parties.

Transactions with GL

During the year, the Consolidated Entity recognised expenses of \$23.1 million (2021: \$42.4 million) for services provided by a controlled entity of GL.

(c) Financing arrangements with related parties

	Loans to related parties ¹		Loans from related parties ¹		Interest income/(expense) charged on loans to/from related parties	
	2022 \$M	2021 \$M	2022 \$M	2021 \$M	2022 \$M	2021 \$M
JVs	27.3	29.6	-	-	0.4	0.3
GL, GIT and their controlled entities	765.6	809.2	(1,941.0)	(1,891.1)	(30.6)	(26.5)
	792.9	838.8	(1,941.0)	(1,891.1)	(30.2)	(26.2)

1. Loans by the Consolidated Entity to/from JVs and other related parties have generally been provided on an arm's length basis. At 30 June 2022, details in respect of the principal loan balances are set out below:
- + Loans to GL, GIT and their controlled entities amounting to \$765.6 million (2021: \$809.2 million) are interest bearing and repayable on demand. The interest bearing loans incur interest at rates ranging from 0.6% to 5.1% per annum (2021: 0.7% to 7.2% per annum)
 - + Loans from GL, GIT and their controlled entities are interest bearing and amount to \$1,941.0 million (2021: \$1,891.1 million). \$125.4 million of the loans is repayable on demand and \$1,815.6 million is repayable greater than one year from the reporting date. The interest bearing loans incur floating interest at rates ranging from 0.2% to 10.6% per annum (2021: 0.9% to 10.6% per annum).

Notes to the consolidated financial statements

Other items (continued)

22 Commitments

Development activities

At 30 June 2022, the Consolidated Entity was committed to \$206.4 million (2021: \$351.3 million) expenditure in respect of inventories and other development activities.

Investment properties

At 30 June 2022, the Consolidated Entity had capital expenditure commitments of \$0.1 million (2021: \$nil). In the prior year, the Consolidated Entity had contracted to acquire an investment property for \$67.7 million.

23 Contingencies

Capitalisation Deed Poll

GLHK, GL, GIT and certain of their wholly owned controlled entities are “investors” under a Capitalisation Deed Poll (CDP) dated 23 May 2007. Under the CDP, each investor undertakes to pay to the relevant controlled entity borrower (borrower) any amounts owing under finance documents for the purpose of the CDP when the borrower fails to make a payment. Any payments by an investor to a borrower will be by way of loan to, or proceeds for the subscription of equity in, the borrower by the investor.

US144A/Regulation S senior notes

Under the issue of notes in the US144A/Regulation S bond market, controlled entities of GIT had on issue USD and EUR notes amounting to US\$1,350.0 million and €500.0 million respectively. GL, Goodman Funds Management Limited, as responsible entity of GIT, and GLHK have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of each of the notes.

24 Company level statement of financial position

	Note	2022 \$M	2021 \$M
Current assets			
Cash		138.5	167.8
Receivables		7.9	126.1
Total current assets		146.4	293.9
Non-current assets			
Investments in subsidiaries		2,550.5	1,821.9
Receivables		32.9	169.8
Other financial assets		267.7	171.8
Total non-current assets		2,851.1	2,163.5
Total assets		2,997.5	2,457.4
Current liabilities			
Payables		0.5	96.0
Dividend payable		46.7	110.8
Other financial liabilities		45.4	-
Total current liabilities		92.6	206.8
Non-current liabilities			
Payables		807.7	505.2
Other financial liabilities		122.3	86.8
Total non-current liabilities		930.0	592.0
Total liabilities		1,022.6	798.8
Net assets		1,974.9	1,658.6
Equity attributable to Shareholders			
Share capital		873.0	791.9
Reserves	18	88.6	72.0
Retained earnings	19	1,013.3	794.7
Total equity attributable to Shareholders		1,974.9	1,658.6

The Company level statement of financial position was approved and authorised for issue by the Board of Directors on 16 August 2022.



Stephen Paul Johns
Director



David Jeremy Collins
Director

25 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this financial report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

