

APPENDIX 4D
GOODMAN GROUP
(comprising Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the half year ended 31 December 2016

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

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

Controlled entities acquired or disposed

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

Associates and joint venture entities

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

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

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

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

Contents	Page
Directors' report	2
Lead auditor's independence declaration	9
Consolidated interim statement of financial position	10
Consolidated interim income statement	11
Consolidated interim statement of comprehensive income	12
Consolidated interim statement of changes in equity	13
Consolidated interim cash flow statement	14
Notes to the interim financial statements	
Basis of preparation	
1 Basis of preparation	15
Results for the half year	
2 Profit before income tax	16
3 Profit per security	17
4 Segment reporting	17
Operating assets	
5 Property assets	20
6 Intangible assets	25
Capital management	
7 Net finance expense	26
8 Interest bearing liabilities	27
9 Financial instruments	30
10 Dividends and distributions	31
11 Issued capital	31
Other items	
12 Reserves	32
13 (Accumulated losses)/retained earnings	33
14 Significant non-cash transactions	33
15 Commitments	33
16 Related parties	34
17 Events subsequent to balance date	34
Directors' declaration	35
Independent auditor's review report	36

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

The directors (Directors) of Goodman Limited (Company) present their Directors' report together with the interim financial report of the consolidated entity consisting of the Company and the entities it controlled (Goodman or Consolidated Entity) at the end of, or during, the half year ended 31 December 2016 (half year) and the review report thereon.

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

Directors

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

Directors	Appointment date
Mr Ian Ferrier, AM (Independent Chairman)	1 September 2003
Mr Gregory Goodman (Group Chief Executive Officer)	7 August 1998
Mr Philip Fan (Independent Director)	1 December 2011
Mr John Harkness (Independent Director)	23 February 2005
Mr Stephen Johns (Independent Director)	1 January 2017
Ms Anne Keating (Independent Director)	23 February 2005
Ms Rebecca McGrath (Independent Director)	3 April 2012
Mr Philip Pearce (Managing Director, Greater China)	1 January 2013 (resigned 12 July 2016)
Mr Danny Peeters (Executive Director, Corporate)	1 January 2013
Mr Phillip Pryke (Independent Director)	13 October 2010
Mr Anthony Rozic (Deputy Group Chief Executive Officer)	1 January 2013
Mr Jim Sloman, OAM (Independent Director)	1 February 2006

Company Secretary

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

Company Secretary	Appointment date
Mr Carl Bicego	24 October 2006

Dividends and distributions

No dividends were declared by the Company during the half year (2015: \$nil).

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

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

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

Operating and financial review

Financial highlights

	Consolidated		
	2016	2015	Change %
Revenue and other income before fair value adjustments on investment properties (\$M)	961.7	1,100.4	(12.6%)
Fair value adjustments on investment properties including share of adjustments for associates and joint ventures (\$M)	324.7	646.7	(49.8%)
Revenue and other income (\$M)	1,286.4	1,747.1	(26.4%)
Profit attributable to Securityholders (\$M)	556.8	919.3	(39.4%)
Total comprehensive income attributable to Securityholders (\$M)	511.9	980.4	(47.8%)
Operating profit (\$M)	388.2	356.6	8.9%
Basic profit per security (¢)	31.2	52.1	(40.1%)
Operating profit per security (operating EPS) (¢) ¹	21.6	20.1	7.5%
Interim distribution in relation to the half year (\$M)	227.2	210.6	7.9%
Interim distribution per security in relation to the half year (¢)	12.7	11.9	6.7%
Weighted average number of securities on issue (M)	1,785.5	1,764.6	1.2%
	31 Dec 2016	30 Jun 2016	Change %
Total equity attributable to Securityholders (\$M)	8,355.1	8,067.5	3.6%
Number of securities on issue (M)	1,789.1	1,778.3	0.6%
Net tangible assets per security (\$)²	4.24	4.10	3.4%
Net assets per security (\$)²	4.67	4.54	2.9%
External assets under management (\$B)	30.1	29.3	2.7%
Development work in progress (\$B)³	3.5	3.4	2.9%
Gearing (%)⁴	8.7	11.8	(26.3%)
Liquidity (\$B)	2.8	2.6	7.7%
Weighted average debt maturity (years)	4.1	4.4	(6.8%)

1. Operating profit per security (operating EPS) is the operating profit divided by the weighted average number of securities on issue during the half year, including securities relating to performance rights that have not yet vested but where the performance hurdles have been achieved.
2. Net tangible assets and net assets per security are stated after deducting amounts due to other non-controlling interests.
3. Development work in progress is the end value of ongoing developments across Goodman and its managed partnerships.
4. Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the asset component of the fair values of USD/EUR and USD/GBP cross currency interest rate swaps equating to \$252.1 million (30 June 2016: \$258.2 million) that hedge Goodman's net investment in Continental Europe and the United Kingdom.

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

Operating and financial review (cont)

Operating profit

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

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

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

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

Operating and financial review (cont)

Analysis of business unit performance

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

Investment earnings comprise gross property income, net of property expenses and the Consolidated Entity's share of the operating results of managed partnerships that arise from investment activities.

Development earnings comprise development income (including development management fees), income from sales of properties (primarily inventories) and the Consolidated Entity's share of the operating results of managed partnerships that arise from development activities, net of development expenses, inventory cost of sales and employee and administrative expenses.

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

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

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

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

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

Goodman reported an operating profit of \$388.2 million for the half year, an 8.9% increase on the prior half year, which equates to operating profit per security (operating EPS) of 21.6 cents, up 7.5% on the prior half year. Goodman's statutory profit attributable to Securityholders for the half year was \$556.8 million. The Consolidated Entity's international operations contributed 60% of operating earnings before interest and income tax and unallocated operating expenses.

Investment

The investment business has performed in line with expectations, with cornerstone investments achieving a return on assets of 6% per annum. Investment operating EBIT of \$196.1 million has decreased by 4.8% compared to the prior half year and comprises 39% of total operating EBIT before unallocated operating expenses (2015: 43%).

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

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

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

Operating and financial review (cont)

Analysis of business unit performance (cont)

Investment (cont)

Urban renewal

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

Property valuations

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

Development

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

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

Management

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

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

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

Capital management

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

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

Operating and financial review (cont)

Statement of financial position

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

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

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

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

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

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

Cash flow

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

Operating cash flows have been lower than the prior half year, primarily due to the timing of development cash flows. The receipts and payments for Goodman's development activities create volatility as these are often dependent on the timing of development completions relative to the reporting date.

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

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

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

Events subsequent to balance date

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

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

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

Rounding

The Consolidated Entity is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in this Directors' report and the consolidated financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

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



Ian Ferrier, AM
Independent Chairman

Sydney, 16 February 2017



Gregory Goodman
Group Chief Executive Officer



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

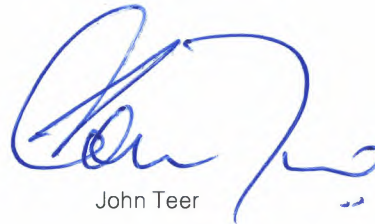
To the Directors of Goodman Limited

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

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



KPMG



John Teer

Partner

Sydney

16 February 2017

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

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

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

Goodman Limited and its controlled entities
Consolidated interim income statement
for the half year ended 31 December 2016

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

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

Goodman Limited and its controlled entities
Consolidated interim statement of comprehensive income
for the half year ended 31 December 2016

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

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

Goodman Limited and its controlled entities
Consolidated interim statement of changes in equity
for the half year ended 31 December 2016

Half year ended 31 December 2015

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

Half year ended 31 December 2016

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

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

Goodman Limited and its controlled entities
Consolidated interim cash flow statement
for the half year ended 31 December 2016

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

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

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

Basis of preparation

1 Basis of preparation

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

(a) Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report is presented in Australian dollars and was authorised for issue by the Directors on 16 February 2017.

The interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual report of the Consolidated Entity as at and for the year ended 30 June 2016.

There are no significant changes to the Consolidated Entity's interim income statement, statement of comprehensive income or statement of financial position as a result of the application of the new and amended standards and interpretations mandatory for annual reporting periods beginning on or after 1 July 2016. The Consolidated Entity has not applied any Australian Accounting Standards available for early adoption in the preparation of these financial statements.

(b) Rounding

The Consolidated Entity is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in this Directors' report and the consolidated financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

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

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

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

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

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

Measurement of fair values

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

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

- + Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- + Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- + Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

Results for the half year

2 Profit before income tax

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

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

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

Results for the half year (cont)

3 Profit per security

	2016	2015
	€	€
Profit per security		
Basic profit per security	31.2	52.1
Diluted profit per security	30.2	50.2
(Loss)/profit per Company share		
Basic (loss)/profit per Company share	(1.9)	4.3
Diluted (loss)/profit per Company share	(1.9)	4.2

(a) Profit (for basic and diluted calculation)

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

(b) Weighted average number of securities/Company shares

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

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

4 Segment reporting

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

The activities and services undertaken by the divisions include:

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

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

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

Results for the half year (cont)

4 Segment reporting (cont)

Information about reportable segments

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2016 \$M	2015 \$M	2016 \$M	2015 \$M	2016 \$M	2015 \$M	2016 \$M	2015 \$M	2016 \$M	2015 \$M	2016 \$M	2015 \$M
Income statement												
External revenues												
Gross property income	75.7	96.1	0.6	1.1	4.4	5.7	2.3	5.8	11.4	-	94.4	108.7
Management income	46.7	58.1	79.6	45.7	22.8	21.9	6.1	9.5	1.1	11.8	156.3	147.0
Development income	94.7	40.8	28.0	8.4	362.3	524.3	14.9	48.6	10.3	4.9	510.2	627.0
Total external revenues	217.1	195.0	108.2	55.2	389.5	551.9	23.3	63.9	22.8	16.7	760.9	882.7
Reportable segment profit before tax	249.7	215.3	178.0	118.7	84.1	135.7	4.3	34.5	19.4	2.4	535.5	506.6
Share of net results of equity accounted investments	201.0	275.0	133.0	205.9	17.0	40.8	(29.4)	52.6	31.5	26.2	353.1	600.5
Material non-cash items not included in reportable segment profit before tax												
Net gain/(loss) from fair value adjustments on investment properties	132.0	260.2	-	-	-	(3.1)	-	(3.5)	-	-	132.0	253.6
Impairment losses	-	(5.0)	(0.1)	-	0.2	(7.6)	(42.4)	-	-	-	(42.3)	(12.6)
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
Statement of financial position												
Reportable segment assets	5,365.6	5,365.1	1,953.1	1,848.3	1,631.9	1,695.6	1,043.7	1,102.0	1,059.3	908.6	11,053.6	10,919.6
Non-current assets	5,177.5	5,155.6	1,780.5	1,687.8	1,354.2	1,375.1	495.3	782.5	697.4	596.6	9,504.9	9,597.6
Included in reportable segment assets are:												
Investment properties	2,478.3	2,645.0	-	-	44.4	45.2	29.2	30.5	-	-	2,551.9	2,720.7
Investments accounted for using the equity method ¹	2,611.4	2,425.6	1,510.5	1,483.6	564.6	542.9	268.0	308.5	687.6	587.5	5,642.1	5,348.1
Reportable segment liabilities	256.6	129.9	76.2	70.8	95.2	97.2	35.8	45.1	67.1	56.0	530.9	399.0

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

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

Results for the half year (cont)

4 Segment reporting (cont)

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

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

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

Operating assets

5 Property assets

(a) Types of property assets

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

Inventories

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

Investment properties

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

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

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

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

Operating assets (cont)

5 Property assets (cont)

(c) Estimates and assumptions in determining property carrying values

Inventories

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

Investment properties

Stabilised investment properties

Stabilised investment properties refer to investment properties which are not under development. The fair value of stabilised investment properties is based on current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts. The current price is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Market assessment

At 31 December 2016, all markets in which Goodman operated were observed to be active and no adjustments were made to the carrying value of stabilised investment properties arising from internal valuations using discounted cash flow calculations. The overall weighted average capitalisation rates for the divisional portfolios (including managed partnerships) are as set out in the table below:

Division	Total portfolio weighted average capitalisation rate	
	31 Dec 2016	30 Jun 2016
	%	%
Australia ¹	6.2	6.7
New Zealand	7.0	7.0
Hong Kong	5.3	5.4
China ²	6.3	6.5
Japan	4.7	4.9
Logistics - Continental Europe	6.2	6.3
Logistics - United Kingdom	6.3	6.9
Business Parks - United Kingdom	6.9	6.5
North America	4.5	4.5

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

2. In order to align with market practice, the weighted average capitalisation rates for the China portfolio at 31 December 2016 and the comparative at 30 June 2016 have been presented net of property taxes. In Goodman's 2016 annual report, the weighted average capitalisation rate for the China portfolio of 8.1% was disclosed on a gross basis.

Investment properties under development

External valuations are generally not performed for investment properties under development, but instead valuations are determined using the feasibility studies supporting the developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market adjusted for a profit and risk factor. This profit and risk factor is dependent on the function, location, size and current status of the development and is generally in a market range of 10% to 15%. This adjusted end value is then compared to the forecast cost of a completed development to determine whether there is an increase or decrease in value.

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

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

Operating assets (cont)

5 Property assets (cont)

(d) Investment properties

Reconciliation of carrying amount of directly held investment properties

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

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

Operating assets (cont)

5 Property assets (cont)

(e) Investments accounted for using the equity method

Investments accounted for using the equity method comprise associates and JVs, which are collectively referred to as managed partnerships.

(i) Investments in associates

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

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

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

The Consolidated Entity's associates are set out below:

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

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

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

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

Operating assets (cont)

5 Property assets (cont)

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

(ii) Investments in JVs

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

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

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

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

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

Operating assets (cont)

6 Intangible assets

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$M	\$M
Goodwill	663.2	678.1
Management rights	104.1	102.5
	767.3	780.6

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

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

Impairment

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

At 31 December 2016, management has assessed that there have been no changes in factors or circumstances that would significantly impact the cash flows and discount rates used at 30 June 2016 and accordingly there have been no impairments or reversals of impairments during the half year.

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

Capital management

7 Net finance expense

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

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

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

Capital management (cont)

8 Interest bearing liabilities

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

(a) Bank loans, secured

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

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

(b) Foreign securitised notes

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

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

Capital management (cont)

8 Interest bearing liabilities (cont)

(c) Bank loans, unsecured

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

(d) Euro medium-term notes

As at 31 December 2016, Goodman Australia Finance Pty Limited, a controlled entity of GIT, has on issue A\$427.6 million (30 June 2016: A\$445.4 million) Euro medium-term notes. All notes were issued at a fixed coupon of 9.75% payable annually. The notes mature on 16 July 2018. The notes are listed on the Singapore Stock Exchange and the market value of the notes using the quoted price at 31 December 2016 was A\$480.5 million (30 June 2016: A\$512.0 million).

(e) United States senior notes

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

- + A\$450.3 million (US\$325.0 million) maturing on 12 November 2020. The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually;
- + A\$692.8 million (US\$500.0 million) maturing on 15 April 2021. The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually; and
- + A\$692.8 million (US\$500.0 million) maturing on 22 March 2022. The senior unsecured notes were issued at a fixed coupon of 6.0% payable semi-annually.

(f) Foreign private placements

As at 31 December 2016, the Consolidated Entity had A\$148.5 million (¥12.5 billion) denominated in Japanese yen. The facility has a fixed coupon of 3.32% payable semi-annually and expires on 3 April 2023.

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

Capital management (cont)

8 Interest bearing liabilities (cont)

(g) Finance facilities

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

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

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

Capital management (cont)

9 Financial instruments

Fair values of financial instruments

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

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

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

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

Fair value hierarchy

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

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

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

Capital management (cont)

10 Dividends and distributions

(a) Dividends declared by the Company

No dividends were declared or paid by the Company during the half year and up to the date of this interim financial report (2015: \$nil).

(b) Distributions declared and paid by GIT

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

(c) Dividends declared and paid by GLHK

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

(d) Distributions declared and paid by Goodman PLUS Trust

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

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

11 Issued capital

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

Terms and conditions

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

Date	Details	Number of securities	Issue price			Security-holders	
			\$	GL \$M	GIT \$M	GLHK \$M	\$M
30 Jun 2015	Balance before accumulated issue costs	1,753,035,922		482.5	6,990.8	623.4	8,096.7
26 Aug 2015	Distribution reinvestment plan	7,196,343	6.31	4.8	35.1	5.5	45.4
31 Aug 2015	Securities issued to employees under the Long Term Incentive Plan (LTIP)	9,824,337	-	-	-	-	-
23 Sep 2015	Securities issued to employees under the Goodman Tax Exempt Plan	41,712	-	-	-	-	-
22 Feb 2016	Distribution reinvestment plan	8,220,316	6.09	7.3	36.7	6.1	50.1
30 Jun 2016	Balance before accumulated issue costs	1,778,318,630		494.6	7,062.6	635.0	8,192.2
31 Aug 2016	Securities issued to employees under the LTIP	10,802,513		-	-	-	-
	Less: Accumulated issue costs			(11.4)	(148.5)	(0.6)	(160.5)
31 Dec 2016	Closing balance	1,789,121,143		483.2	6,914.1	634.4	8,031.7

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

Other items

12 Reserves

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

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

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

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

Other items (cont)

13 (Accumulated losses)/retained earnings

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

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

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

14 Significant non-cash transactions

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

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

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

15 Commitments

Development activities

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

Investment properties

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

Managed partnerships

At 31 December 2016, the Consolidated Entity had an equity commitment of \$58.4 million (30 June 2016: \$89.7 million) into GEP.

In relation to GAIP and GEP, the Consolidated Entity offers limited liquidity facilities to investors, which allow the investors to sell to the Consolidated Entity some or all of their investment in these managed partnerships. Limits apply to these liquidity facilities and Goodman is only required to offer to purchase up to \$7.5 million of the issued capital of GAIP each quarter and EUR 25 million of the issued capital of GEP each half year. Furthermore, the Consolidated Entity is only required to purchase units where its co-investment in GAIP or GEP is either below a prescribed limit or a maximum amount of liquidity has been provided. Currently, Goodman's interest (together with its custodian's interest) in GAIP and GEP is below the prescribed limit and both liquidity facilities are open for investors.

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

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

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

Other items (cont)

16 Related parties

Transactions with associates and JVs

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

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

17 Events subsequent to balance date

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

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

In the opinion of the directors of Goodman Limited:

- (a) the interim financial statements and the accompanying notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2016 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Ian Ferrier, AM
Independent Chairman

Sydney, 16 February 2017



Gregory Goodman
Group Chief Executive Officer



Independent Auditor's Review Report

To the members of Goodman Limited

Report on the Interim Financial Report

Conclusion

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

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

- giving a true and fair view of the **Consolidated Entity's** financial position as at 31 December 2016 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

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

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

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Goodman Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



KPMG



John Teer

Partner

Sydney

16 February 2017