

**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 2017**

The Appendix 4D should be read in conjunction with the annual report of Goodman Limited for the year ended 30 June 2017. The information included in the Appendix 4D and the interim financial report for the half year ended 31 December 2017 comprises all the information required by ASX Listing Rule 4.2A.

<b>Highlights of results</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>	<b>Change</b>	
Operating profit (before specific non-cash and other significant items) attributable to Securityholders (\$M)	421.3	388.2	<b>up</b>	8.5%
Revenue and other income (\$M)	1,316.3	1,286.4	<b>up</b>	2.3%
Profit (statutory) attributable to Securityholders (\$M)	542.7	556.8	<b>down</b>	(2.5%)
Diluted operating profit per security (cents)	23.3	21.6	<b>up</b>	7.9%
Interim distribution per GMG security (cents)	13.75	12.70	<b>up</b>	8.3%
Interim distribution (\$M)	247.6	227.2	<b>up</b>	9.0%
Franked amount per security/share (cents)	-	-	-	-
Conduit foreign income	-	-	-	-
Record date for determining entitlements to the distributions	29 Dec 2017	30 Dec 2016		
Date interim distribution is payable	26 Feb 2018	24 Feb 2017		
<b>Distribution reinvestment plan</b>				
Goodman Group's Distribution Reinvestment Plan (DRP) remains suspended.				
Total assets (\$M)	12,872.3	12,816.8	<b>up</b>	0.4%
Total liabilities (\$M)	4,200.0	4,135.9	<b>up</b>	1.5%
Net assets (\$M)	8,672.3	8,680.9	<b>down</b>	(0.1%)
Net tangible assets per security/share (cents)	437.5	424.1	<b>up</b>	3.2%
Total borrowings to net assets ratio (%)	36.1	33.4	<b>up</b>	8.1%
Contributed equity (\$M)	8,031.7	8,031.7	-	-
Security price (\$)	8.42	7.13	<b>up</b>	18.1%
Number of securities on issue on the ASX (M)	1,800.8	1,789.1	<b>up</b>	0.7%
Market capitalisation (\$M)	15,162.4	12,756.4	<b>up</b>	18.9%
Number of Securityholders	25,183	24,198	<b>up</b>	4.1%

**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 interim 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 (22.5%)
- KWASA Goodman Industrial Partnership (40%)
- Pochin Goodman (Northern Gateway) Ltd (50%)
- South East Asia Joint Venture (50%)

**Goodman Limited**  
**ABN 69 000 123 071**  
**and its controlled entities**  
**Interim financial report for the half year ended 31 December 2017**

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**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2017**

The directors (Directors) of Goodman Limited (Company) present their Directors' report together with the interim financial report consisting of the Company and the entities it controlled (Goodman or Group) at the end of, or during, the half year ended 31 December 2017 (half year or HY18) 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.

**Directors**

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

<b>Directors</b>	<b>Appointment date</b>
Mr Ian Ferrier, AM (Independent Chairman)	1 September 2003
Mr Gregory Goodman (Group Chief Executive Officer)	7 August 1998
Mr Philip Fan (Independent Director)	1 December 2011 (retired 16 November 2017)
Mr John Harkness (Independent Director)	23 February 2005 (retired 16 November 2017)
Mr Stephen Johns (Independent Director)	1 January 2017
Ms Anne Keating (Independent Director)	23 February 2005 (retired 16 November 2017)
Ms Rebecca McGrath (Independent Director)	3 April 2012
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 and Chief Executive Officer, North America)	1 January 2013
Mr Jim Sloman, OAM (Independent Director)	1 February 2006
Ms Penny Winn (Independent Director)	1 February 2018

**Company Secretary**

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

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

**Dividends and distributions**

No dividends were declared by the Company during the half year (2016: \$nil).

An interim distribution in respect of HY18 of 13.75 cents per security, amounting to \$247.6 million (2016: \$227.2 million) was determined by GIT during the half year. This interim distribution will be paid on 26 February 2018.

No dividends were declared by GLHK during the half year. In the prior half year, GLHK 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.

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2017**

**Operating and financial review**

**Financial highlights**

	2017	2016	Change %
Revenue and other income before fair value adjustments on investment properties (\$M)	960.3	961.7	(0.1%)
Fair value adjustments on investment properties including share of adjustments for associates and joint ventures (\$M)	356.0	324.7	9.6%
Revenue and other income (\$M)	1,316.3	1,286.4	2.3%
Profit attributable to Securityholders (\$M)	542.7	556.8	(2.5%)
Total comprehensive income attributable to Securityholders (\$M)	583.3	511.9	13.9%
Operating profit (\$M)	421.3	388.2	8.5%
Basic profit per security (¢)	30.2	31.2	(3.2%)
Operating profit per security (operating EPS) (¢) <sup>1</sup>	23.3	21.6	7.9%
Interim distributions in relation to the half year (\$M)	247.6	227.2	9.0%
Interim distribution per security in relation to the half year (¢)	13.75	12.70	8.3%
Weighted average number of securities on issue (M)	1,796.9	1,785.5	0.6%
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>	<b>Change %</b>
Total equity attributable to Securityholders (\$M)	8,672.3	8,296.4	4.5%
Number of securities on issue (M)	1,800.8	1,789.1	0.7%
Net tangible assets per security (\$)²	4.38	4.21	4.0%
Net assets per security (\$)²	4.82	4.64	3.9%
External assets under management (\$B)	31.1	30.5	2.0%
Development work in progress (\$B)³	3.5	3.5	-
Gearing (%)⁴	6.4	5.9	
Interest cover⁵ (times)	14.3	9.5	
Liquidity (\$B)	3.3	3.2	
Weighted average debt maturity (years)	7.6	3.7	

1. Operating profit per security (operating EPS) is the operating profit divided by the weighted average number of securities on issue during HY18, including securities relating to performance rights that have not yet vested but where the performance hurdles have been achieved.

Operating profit comprises profit attributable to Securityholders adjusted for net property valuations gains, non-property impairment losses, net gains/losses from the fair value movements on derivative financial instruments and unrealised fair value and foreign exchange movements on interest bearing liabilities and other non-cash adjustments or non-recurring items e.g. the share based payments expense associated with Goodman's Long Term Incentive Plan (LTIP).

The Directors consider that the Group's operating profit is a useful means through which to examine the underlying performance of the business, notwithstanding that operating profit is not an income measure under International Financial Reporting Standards.

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 fair values of USD/EUR and USD/GBP cross currency swaps that are reflected as an asset in the statement of financial position equating to \$120.7 million (30 June 2017: \$169.8 million). These cross currency swaps are part of the Group's capital hedging in respect of its net investments in Continental Europe and the United Kingdom.
5. Interest cover is operating profit before net finance expense (operating) and income tax (operating) divided by the net finance expense (operating), excluding capitalised borrowing costs.

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2017**

**Operating and financial review (cont)**

**Overview**

Goodman achieved an operating profit of \$421.3 million for HY18, an 8.5% increase on the prior half year, which equated to an operating EPS of 23.3 cents, up 7.9% on the half year ended 31 December 2016 (prior half year or HY17). Distributions relating to the HY18 performance increased to 13.75 cents per security, up 8.3% on HY17.

The results for HY18 reflected the execution of Goodman's strategy to rotate assets and reposition the portfolio to focus on key locations close to consumers, with excellent occupancy rates and higher rental returns. At the same time, asset rotation has provided funding for the managed partnerships and maintained low gearing. The macro environment continues to favour logistics real estate driven by rising consumption and improved supply chains led by the advance of e-commerce and technology. Development activity continued to provide a significant contribution of the Group's earnings and the growth in income and asset pricing over the past few years is now resulting in the emergence of partnership performance fees.

During HY18, Goodman completed several liability management initiatives in order to enhance its financial and operational flexibility and facilitate sustainable long-term growth. These included repurchasing both the hybrid securities on issue by Goodman PLUS Trust (Goodman PLUS) and certain of the shorter-dated bonds and issuing US\$850 million and €500 million of new notes with maturities in 2025, 2028 and 2037. In addition to increasing the Group's weighted average debt maturity to 7.6 years, the new notes have resulted in a substantially lower cost of funding for the Group. The debt restructure expense in the half year was \$82.1 million.

At 31 December 2017, Goodman's gearing was 6.4%, with cash and available facilities of \$3.3 billion. The Directors consider this appropriate in the current market given the level of development activity, with total development work in progress (WIP) of \$3.5 billion and development contributing over 40% of earnings. Third party assets under management (AUM) was up slightly to \$31.1 billion, reflecting strong valuation gains and development completions offset by asset sales.

Goodman's statutory profit attributable to Securityholders for HY18 was \$542.7 million, a decrease of 2.5% compared with the prior half year. This decrease was primarily due to the debt restructure expense of \$82.1 million (referred to above) partly offset by higher property valuation gains, which included an increased contribution from the developments being undertaken in the managed partnerships.

**Analysis of performance**

Goodman's key operating regions are Australia and New Zealand (reported on a combined basis), Asia (which consists of China, Hong Kong and Japan), Continental Europe, the United Kingdom and the Americas (North America and Brazil reported on a combined basis). The operational performance can be analysed into property investment earnings, management earnings and development earnings, and the Directors consider this presentation of the consolidated results facilitates a better understanding of the underlying performance of Goodman given the differing nature of and risks associated with each earnings stream.

Property investment earnings consist of gross property income (excluding straight lining of rental income), less property expenses, plus Goodman's share of the operating results of managed partnerships that is allocable to property investment activities. The key drivers of Goodman's property investment earnings are changes in the level of AUM (subject also to Goodman's direct and indirect interest), occupancy and rental levels within the portfolio, and changes in financing arrangements within the managed partnerships.

Management earnings comprise management income plus Goodman's share of the operating results of managed partnerships that is allocable to management activities. The key drivers for management earnings are activity levels, asset performance, and changes in the level of AUM, which can be impacted by property valuations, asset acquisitions and disposals and is also dependent on the continued availability of third party capital to fund both development activity and acquisitions across Goodman's managed partnerships.

Development earnings consist of development income plus Goodman's share of the operating results of managed 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, less development expenses. The key drivers for Goodman's development earnings are the level of development activity and development margins and the continued availability of third party capital to fund development activity.

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2017**

**Operating and financial review (cont)**

**Analysis of performance (cont)**

The analysis of Goodman's performance and the reconciliation of the operating profit to profit attributable to Securityholders for HY18 are set out in the table below:

	Note	2017 \$M	2016 \$M
<b>Analysis of operating profit</b>			
Property investment earnings		193.1	196.1
Management earnings		164.7	156.5
Development earnings		243.4	257.2
		601.2	609.8
Employee expenses		(95.3)	(93.5)
Administrative and other expenses		(33.1)	(41.9)
		<b>472.8</b>	<b>474.4</b>
Net finance expense (operating) <sup>1</sup>		(21.4)	(38.9)
Income tax expense (operating) <sup>2</sup>		(25.5)	(37.8)
		<b>425.9</b>	<b>397.7</b>
Less: Attributable to other non-controlling interests		(4.6)	(9.5)
<b>Operating profit</b>		<b>421.3</b>	<b>388.2</b>
<b>Adjustments for:</b>			
<b>Property valuation related movements</b>			
- Profit on disposal of investment properties		-	2.0
- Net gain from fair value adjustments on investment properties	5(d)	60.0	132.0
- Share of fair value adjustments attributable to investment properties in associates and joint ventures after tax	5(e)(i), 5(e)(ii)	296.0	192.7
- Reversals of previous impairments/(impairment losses)	2	0.2	(42.3)
- Deferred tax on fair value adjustments on investment properties		(15.1)	(7.2)
		<b>341.1</b>	<b>277.2</b>
<b>Fair value adjustments and unrealised foreign currency exchange movements related to liability management</b>			
- Fair value adjustments on derivative financial instruments	7	(80.0)	4.1
- Share of fair value adjustments on derivative financial instruments in associates and joint ventures	5(e)(i), 5(e)(ii)	(11.1)	(39.1)
- Unrealised foreign exchange gains/(losses)	7	15.7	(25.1)
		<b>(75.4)</b>	<b>(60.1)</b>
<b>Other non-cash adjustments or non-recurring items</b>			
- Straight lining of rental income		0.4	(0.7)
- Share based payments expense		(60.4)	(45.8)
- Net capital losses not distributed and tax deferred adjustments		(2.2)	(2.0)
- Debt restructure expense	7	(82.1)	-
		<b>(144.3)</b>	<b>(48.5)</b>
<b>Profit attributable to Securityholders</b>		<b>542.7</b>	<b>556.8</b>

1. Net finance expense (operating) excludes derivative fair value adjustments, unrealised foreign exchange movements and the debt restructure expense.
2. Income tax expense (operating) excludes the deferred tax movements relating to investment property valuations.

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2017**

**Operating and financial review (cont)**

**Analysis of performance (cont)**

***Investment***

The investment business has performed in line with expectations, with cornerstone investments achieving a return on assets of 5.6% per annum. Occupancy rates in Goodman's portfolios remained strong at 98% and the weighted average lease expiry improved to 4.8 years.

During HY18, demand and pricing for industrial assets around the world remained strong and the Group transacted over \$3.0 billion of asset disposals, primarily in Australia, China, Continental Europe and the United Kingdom. These disposals included sale of the Arlington Business Parks Partnership (ABPP) to TPG Real Estate.

Proceeds from these disposals have provided 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. Importantly, gearing remains at low levels for both Goodman and its managed partnerships.

However, as a consequence of the asset disposals, property investment earnings of \$193.1 million decreased by 1.5% compared to the prior half year and comprised 32.1% of total operating earnings for the half year (2016: 32.2%).

***Urban renewal***

During HY18, the final proceeds from the sales of the first phase of urban renewal properties have been received, with these investment properties reflected as disposals. However, the Group has continued to progress the planning and rezoning of future precincts and the potential pipeline of 35,000 apartments across the Australian portfolio has been maintained.

***Property valuations***

Gains in most regions have resulted in Goodman's share of property valuation gains being more than \$0.3 billion in HY18, with the weighted average capitalisation rate tightening from 5.9% to 5.7%. The lower valuation uplifts on directly held investment properties compared to HY17 were due to the gains reflected from urban renewal pre-zoning in the prior half year. The higher valuation gains from managed partnerships included uplifts from developments and reflect the increase in the proportion of the Group's overall development activity now being undertaken in the managed partnerships.

***Management***

The management division has contributed operating earnings (including performance fees) of \$164.7 million, an increase of 5.2% compared to the prior half year. This is partly a result of performance fees, which reflect the income and asset price growth that has been experienced over the past few years. Management earnings comprised 27.4% of total operating earnings for the half year (2016: 25.7%).

Goodman's external AUM was \$31.1 billion, an increase of \$0.6 billion compared to 30 June 2017 and \$1.0 billion compared to 31 December 2016. Asset disposals in HY18, in particular ABPP, have again offset the increase in AUM from development completions and positive revaluations; however, the outlook is for AUM to grow at a higher rate, now that the asset disposal programme is largely complete.

***Development***

Given the strong pricing for stabilised assets, development continues to be the best means of accessing high-quality product. Development earnings of \$243.4 million reflect the strong ongoing activity levels across the platform although earnings have decreased 5.4% compared to the prior half year due to timing of transactions. The result for this half year was higher than the second half of the 2017 financial year. Development earnings comprise 40.5% of total operating earnings for the half year (2016: 42.2%).

During HY18, there were \$1.4 billion (2016: \$1.5 billion) of development commencements and development work in progress was maintained at \$3.5 billion, based on end value (30 June 2017: \$3.5 billion). This included 78 projects in 14 countries spread across the Group's segments, which helps to mitigate the financial risk associated with a development workbook of this size. The forecast yield on cost of these projects was 7.7% (2016: 7.6%).

Goodman's development programme in the Americas accounted for 23% of WIP at 31 December 2017, up from 18% at 30 June 2017. All development activity in North America is being undertaken by the Goodman North America Partnership (GNAP) and this is reflective of the Group's strategy to move development into partnerships.



**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2017**

**Operating and financial review (cont)**

**Liability management**

Goodman's liability management initiatives and financial risk management (FRM) framework have been designed to deliver competitive debt costs, a natural currency hedge and diversified sources of sustainable funding for the Group through the cycle. Following changes to the FRM policy and credit rating upgrades from both Standard & Poor's (to BBB+) and Moody's (to Baa1) in the prior financial year, the Group took advantage of the positive market conditions during HY18 and undertook a significant liability management programme which included:

- + \$1.9 billion in new bonds issued, including US\$850 million 10.5 year and 20 year 144A/Reg S notes and €500 million 8 year Reg S notes;
- + repurchase of Goodman PLUS; and
- + part repurchase of shorter-dated bonds denominated in GBP and USD.

Together, these initiatives delivered a substantially lower cost of funding and longer-dated debt. At 31 December 2017, the Group had a weighted average debt maturity of 7.6 years (30 June 2017: 3.7 years) and had available liquidity of \$3.3 billion with debt maturities fully covered up to June 2028. Gearing remains low at 6.4% (30 June 2017: 5.9%) and interest cover is 14.3 times (30 June 2017: 9.5 times), which provides significant headroom relative to Goodman's financing covenants.

**Statement of financial position**

	31 Dec 2017	30 Jun 2017
	\$M	\$M
Stabilised investment properties	1,752.1	1,833.8
Cornerstone investments in managed partnerships	5,325.6	4,967.4
Asset held for sale	-	203.6
Development holdings	2,216.8	2,371.9
Intangible assets	793.1	771.9
Cash	2,343.8	2,095.1
Other assets	440.9	467.5
<b>Total assets</b>	<b>12,872.3</b>	<b>12,711.2</b>
Interest bearing liabilities	3,130.6	2,878.3
Other liabilities	1,069.4	1,210.7
<b>Total liabilities</b>	<b>4,200.0</b>	<b>4,089.0</b>
Other non-controlling interests	-	325.8
<b>Net assets attributable to Securityholders</b>	<b>8,672.3</b>	<b>8,296.4</b>

The value of directly owned stabilised investment properties has decreased by \$81.7 million to \$1,752.1 million. The majority of the stabilised investment properties are in Australia and include a number of sites with longer-term potential for redevelopment to higher and better uses.

The value of Goodman's cornerstone investments in managed partnerships (which excludes the Group's share of development assets held by the partnerships) has increased by \$358.2 million to \$5,325.6 million. This is the result of valuation uplifts and the development completions that have offset the asset disposals during HY18. The asset held for sale as at 30 June 2017 related to ABPP, which was sold during the half year.

Goodman's development holdings (which includes the Group's share of development assets in the partnerships) has decreased during the half year by \$155.1 million to \$2,216.8 million. This is the result of development completions and settlements that have occurred during HY18, combined with a greater proportion of development commencement occurring in the partnerships rather than on the Group's own balance sheet. Development activity continues to be a significant contributor in most regions and the end value of development work in progress has remained at \$3.5 billion.

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.

The Group's cash and interest bearing liabilities should be considered together. On a net basis, the liability was \$786.8 million at 31 December 2017 compared to \$783.2 million at 30 June 2017; however, the weighted average maturity of the debt was much greater following the refinancing during the half year. This was also after repurchase of Goodman PLUS in October 2017, which had been classified as other non-controlling interests at 30 June 2017. Interest bearing liabilities included \$209.5 million of GBP denominated notes that will mature in July 2018 and will be repaid out of the Group's cash balances.

**Goodman Limited and its controlled entities**  
**Directors' report**  
**for the half year ended 31 December 2017**

**Operating and financial review (cont)**

**Statement of financial position (cont)**

Movements in other assets mainly reflected the changes in Goodman's derivative financial instruments which are in place to hedge the Group's interest rate and foreign exchange rate risks.

Other liabilities included trade and other payables, the provision for the distribution to Securityholders, fair values of derivative financial instruments and tax liabilities (including deferred tax). The movement during the half year is a result of changes in the fair values of derivatives and timing of other cash payments.

**Cash flow**

	<b>2017</b>	<b>2016</b>
	<b>\$M</b>	<b>\$M</b>
Operating cash flows	644.6	406.5
Investing cash flows	88.3	192.7
Financing cash flows	(487.2)	(226.7)
Net increase in cash held	245.7	372.5
Cash and cash equivalents at the beginning of the half year	2,095.1	1,337.0
Effect of exchange rate fluctuations on cash held	3.0	-
<b>Cash at the end of the half year</b>	<b>2,343.8</b>	<b>1,709.5</b>

Operating cash flows were higher than the prior half year, primarily due to both the timing of development completions, with cash proceeds often received on completion, and also the increasing level of development undertaken by the partnerships, which requires a lower cash outflow for Goodman and also results in the Group's share of cash outflows to fund the partnerships being reported under investing activities rather than operating activities.

The net investing cash inflow was lower than the prior half year due to the increased investments in the partnerships, principally Goodman Japan Core Partnership, Goodman European Partnership and GNAP to fund development activities. The decrease in the proceeds from the disposal of investment properties in HY18 was offset by an increase in proceeds from disposal of equity investments, which related to ABPP.

Financing cash outflows were higher than the prior half year as a result of the liability management initiatives during HY18. The debt restructuring resulted in significant inflows and outflows relating to the notes issued and repurchased in the debt capital markets. Overall, there was a net inflow of \$107.1 million, which included costs. The other principal financing cash outflows included the repurchase of Goodman PLUS in October 2017 and the distribution to Securityholders in August 2017.

**Goodman Limited and its controlled entities  
Directors' report  
for the half year ended 31 December 2017**

**Events subsequent to balance date**

Other than disclosed elsewhere in the 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 Goodman, the results of those operations, or the state of affairs of Goodman, in future financial years.

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

The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' report for the half year.

**Rounding**

The Group 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 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, 14 February 2018



**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 of Goodman Limited for the half-year ended 31 December 2017 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

14 February 2018

**Goodman Limited and its controlled entities**  
**Consolidated interim statement of financial position**  
**as at 31 December 2017**

	31 Dec 2017	30 Jun 2017
	Note	\$M
		\$M
<b>Current assets</b>		
Cash and cash equivalents		2,343.8
Receivables		549.8
Inventories	5(b)	528.5
Asset held for sale	5(b)	-
Other financial assets		6.4
Other assets		10.1
<b>Total current assets</b>		<b>3,438.6</b>
<b>Non-current assets</b>		
Receivables		44.4
Inventories	5(b)	536.3
Investment properties	5(b)	1,917.7
Investments accounted for using the equity method	5(b)	5,949.0
Deferred tax assets		9.2
Other financial assets		164.8
Intangible assets	6	793.1
Other assets		19.2
<b>Total non-current assets</b>		<b>9,433.7</b>
<b>Total assets</b>		<b>12,872.3</b>
<b>Current liabilities</b>		
Payables		303.5
Current tax payables		64.1
Interest bearing liabilities	8	237.8
Provisions		274.2
Other financial liabilities		89.2
<b>Total current liabilities</b>		<b>968.8</b>
<b>Non-current liabilities</b>		
Payables		183.6
Interest bearing liabilities	8	2,892.8
Deferred tax liabilities		60.3
Provisions		40.3
Other financial liabilities		54.2
<b>Total non-current liabilities</b>		<b>3,231.2</b>
<b>Total liabilities</b>		<b>4,200.0</b>
<b>Net assets</b>		<b>8,672.3</b>
<b>Equity attributable to Goodman Limited (GL)</b>		
Issued capital	11	483.2
Reserves	12	(64.6)
Retained earnings/(accumulated losses)	13	44.0
<b>Total equity attributable to GL</b>		<b>462.6</b>
<b>Equity attributable to Goodman Industrial Trust (GIT) (non-controlling interests)</b>		
Issued capital	11	6,914.1
Reserves	12	(96.6)
Accumulated losses	13	(122.9)
<b>Total equity attributable to GIT (non-controlling interests)</b>		<b>6,694.6</b>
<b>Equity attributable to Goodman Logistics (HK) Limited (GLHK) (non-controlling interests)</b>		
Issued capital	11	634.4
Reserves	12	143.7
Retained earnings	13	737.0
<b>Total equity attributable to GLHK (non-controlling interests)</b>		<b>1,515.1</b>
<b>Total equity attributable to Securityholders</b>		<b>8,672.3</b>
Other non-controlling interests		-
<b>Total equity</b>		<b>8,672.3</b>

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

**Goodman Limited and its controlled entities**  
**Consolidated interim income statement**  
**for the half year ended 31 December 2017**

	Note	2017 \$M	2016 \$M
<b>Revenue</b>			
Gross property income		78.9	94.4
Management income		164.7	156.3
Development income	2	522.6	510.2
		<b>766.2</b>	<b>760.9</b>
<b>Property and development expenses</b>			
Property expenses		(18.2)	(25.2)
Development expenses	2	(353.8)	(366.5)
		<b>(372.0)</b>	<b>(391.7)</b>
<b>Other income</b>			
Net gain from fair value adjustments on investment properties	5(d)	60.0	132.0
Net gain on disposal of investment properties		38.6	40.4
Net gain on disposal of controlled entities		0.3	-
Share of net results of equity accounted investments	5(e)(i), 5(e)(ii)	451.2	353.1
Net profit on disposal of equity investments	2	-	-
		<b>550.1</b>	<b>525.5</b>
<b>Other expenses</b>			
Employee expenses		(95.3)	(93.5)
Share based payments expense		(60.4)	(45.8)
Administrative and other expenses		(33.1)	(41.9)
Reversals of previous impairments/(impairment losses)	2	0.2	(42.3)
		<b>(188.6)</b>	<b>(223.5)</b>
<b>Profit before interest and tax</b>		<b>755.7</b>	<b>671.2</b>
<b>Net finance income/(expense)</b>			
Finance income	7	31.4	14.3
Finance expense	7	(199.2)	(74.2)
<b>Net finance expense</b>		<b>(167.8)</b>	<b>(59.9)</b>
<b>Profit before income tax</b>		<b>587.9</b>	<b>611.3</b>
Income tax expense		(40.6)	(45.0)
<b>Profit for the half year</b>		<b>547.3</b>	<b>566.3</b>
Profit/(loss) attributable to GL	13	71.2	(34.3)
Profit attributable to GIT (non-controlling interests)	13	279.5	470.1
Profit attributable to GLHK (non-controlling interests)	13	192.0	121.0
<b>Profit attributable to Securityholders</b>		<b>542.7</b>	<b>556.8</b>
Profit attributable to other non-controlling interests		4.6	9.5
<b>Profit for the half year</b>		<b>547.3</b>	<b>566.3</b>
Basic profit per security (¢)		3	<b>30.2</b>
Diluted profit per security (¢)		3	<b>30.2</b>

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

**Goodman Limited and its controlled entities**  
**Consolidated interim statement of comprehensive income**  
**for the half year ended 31 December 2017**

	2017	2016
Note	\$M	\$M
<b>Profit for the half year</b>	<b>547.3</b>	<b>566.3</b>
<b>Other comprehensive income/(loss) for the half year</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gains/(losses) on defined benefit superannuation funds	12(e) 3.3	(2.6)
Effect of foreign currency translation	12(e) (0.7)	1.3
	<b>2.6</b>	<b>(1.3)</b>
<b>Items that are or may be reclassified subsequently to profit or loss</b>		
Decrease due to revaluation of other financial assets	12(a) (0.4)	(0.4)
Cash flow hedges:		
- Change in value of financial instruments	12(b) 1.1	2.6
Effect of foreign currency translation	12 37.3	(45.8)
	<b>38.0</b>	<b>(43.6)</b>
<b>Other comprehensive income/(loss) for the half year, net of income tax</b>	<b>40.6</b>	<b>(44.9)</b>
<b>Total comprehensive income for the half year</b>	<b>587.9</b>	<b>521.4</b>
Total comprehensive income/(loss) attributable to GL	50.3	(30.7)
Total comprehensive income attributable to GIT (non-controlling interests)	286.9	468.0
Total comprehensive income attributable to GLHK (non-controlling interests)	246.1	74.6
<b>Total comprehensive income attributable to Securityholders</b>	<b>583.3</b>	<b>511.9</b>
Total comprehensive income attributable to other non-controlling interests	4.6	9.5
<b>Total comprehensive income for the half year</b>	<b>587.9</b>	<b>521.4</b>

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

**Goodman Limited and its controlled entities**  
**Consolidated interim statement of changes in equity**  
**for the half year ended 31 December 2017**

**Half year ended 31 December 2016**

	Note	Attributable to Securityholders				Other non-controlling interests	Total equity
		Issued capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M		
<b>Balance at 1 July 2016</b>		<b>8,031.7</b>	<b>32.8</b>	<b>3.0</b>	<b>8,067.5</b>	<b>325.8</b>	<b>8,393.3</b>
<b>Total comprehensive (loss)/income for the half year</b>							
Profit for the half year	13	-	-	556.8	556.8	9.5	566.3
Other comprehensive loss for the half year, net of income tax		-	(44.9)	-	(44.9)	-	(44.9)
<b>Total comprehensive (loss)/income for the half year, net of income tax</b>		<b>-</b>	<b>(44.9)</b>	<b>556.8</b>	<b>511.9</b>	<b>9.5</b>	<b>521.4</b>
Transfers	12, 13	-	(33.3)	33.3	-	-	-
<b>Contributions by and distributions to owners</b>							
- 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)
<b>Balance at 31 December 2016</b>		<b>8,031.7</b>	<b>(12.0)</b>	<b>335.4</b>	<b>8,355.1</b>	<b>325.8</b>	<b>8,680.9</b>

**Half year ended 31 December 2017**

	Note	Attributable to Securityholders				Other non-controlling interests	Total equity
		Issued capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M		
<b>Balance at 1 July 2017</b>		<b>8,031.7</b>	<b>(56.7)</b>	<b>321.4</b>	<b>8,296.4</b>	<b>325.8</b>	<b>8,622.2</b>
<b>Total comprehensive income for the half year</b>							
Profit for the half year	13	-	-	542.7	542.7	4.6	547.3
Other comprehensive income for the half year, net of income tax		-	40.6	-	40.6	-	40.6
<b>Total comprehensive income for the half year, net of income tax</b>		<b>-</b>	<b>40.6</b>	<b>542.7</b>	<b>583.3</b>	<b>4.6</b>	<b>587.9</b>
Transfers	12, 13	-	(42.8)	41.6	(1.2)	1.2	-
<b>Contributions by and distributions to owners</b>							
- Distributions on stapled securities	10(b)	-	-	(247.6)	(247.6)	-	(247.6)
- Distributions on Goodman PLUS	10(d)	-	-	-	-	(4.6)	(4.6)
- Equity settled share based payments expense	12(d)	-	41.4	-	41.4	-	41.4
Repurchase of Goodman PLUS		-	-	-	-	(327.0)	(327.0)
<b>Balance at 31 December 2017</b>		<b>8,031.7</b>	<b>(17.5)</b>	<b>658.1</b>	<b>8,672.3</b>	<b>-</b>	<b>8,672.3</b>

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



**Goodman Limited and its controlled entities**  
**Consolidated interim cash flow statement**  
**for the half year ended 31 December 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$M</b>	<b>\$M</b>
<b>Cash flows from operating activities</b>		
Property income received	76.7	99.7
Cash receipts from development activities	732.1	646.5
Other cash receipts from services provided	133.2	145.5
Property expenses paid	(17.1)	(22.4)
Payments for development activities	(284.7)	(513.1)
Other cash payments in the course of operations	(182.5)	(166.5)
Distributions/dividends received from equity accounted investments	270.2	317.0
Interest received	13.8	22.7
Finance costs paid	(71.9)	(87.9)
Net income taxes paid	(25.2)	(35.0)
<b>Net cash provided by operating activities</b>	<b>644.6</b>	<b>406.5</b>
<b>Cash flows from investing activities</b>		
Net proceeds from disposal of investment properties	223.7	406.8
Net proceeds from disposal of equity investments	196.3	-
Payments for investment properties	(68.1)	(63.0)
Payments for equity investments	(259.8)	(148.6)
Payments for plant and equipment	(3.8)	(2.5)
<b>Net cash provided by investing activities</b>	<b>88.3</b>	<b>192.7</b>
<b>Cash flows from financing activities</b>		
Repurchase of Goodman PLUS	(327.0)	-
Net cash flows to loans to related parties	(26.5)	(18.7)
Proceeds from borrowings	1,836.4	53.4
Payments on borrowings and derivative financial instruments	(1,729.3)	(41.4)
Distributions paid	(240.8)	(220.0)
<b>Net cash used in financing activities</b>	<b>(487.2)</b>	<b>(226.7)</b>
Net increase in cash held	245.7	372.5
Cash and cash equivalents at the beginning of the half year	2,095.1	1,337.0
Effect of exchange rate fluctuations on cash held	3.0	-
<b>Cash and cash equivalents at the end of the half year</b>	<b>2,343.8</b>	<b>1,709.5</b>

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

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2017**

**Basis of preparation**

**1 Basis of preparation**

Goodman Limited (Company) is a company domiciled in Australia. The interim financial statements of the Company as at and for the half year ended 31 December 2017 comprise the Company and its controlled entities (together Goodman or Group) 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 14 February 2018.

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 Group as at and for the year ended 30 June 2017.

There are no significant changes to the Group's interim statement of financial position, income statement or statement of comprehensive income 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 2017. The Group has not applied any Australian Accounting Standards available for early adoption in the preparation of these financial statements.

**(b) Rounding**

The Group 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 interim financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

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

The preparation of the interim financial report requires the use of estimates and assumptions that affect the application of the Group's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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.

**Measurement of fair values**

A number of the Group'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 Group 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 2017**

**Basis of preparation (cont)**

**1 Basis of preparation (cont)**

**(d) Australian Accounting Standards issued but not yet effective**

As at the date of this interim financial report, the following Australian Accounting Standards were available for early adoption but have not been applied in preparing these interim financial statements:

- + revisions to AASB 9 *Financial Instruments* include requirements for the classification and measurement of financial assets and replaces AASB 139 *Financial Instruments: Recognition and Measurement*. The revised AASB 9 *Financial Instruments* will become mandatory for the Group's 30 June 2019 financial statements. The new standard is not expected to have a material impact on the Group's financial statements;
- + AASB 15 *Revenue from Contracts with Customers* provides a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received in return for that transfer. The new standard will become mandatory for the Group's 30 June 2019 financial statements. Goodman's principal revenue streams have been reviewed and the new standard is not expected to impact gross property income and management income. For development income, based on the Group's current contractual arrangements, there would be no material impact on revenue recognition although additional disclosures would be required in respect of material development contracts that are accounted for on a percentage completion basis; and
- + AASB 16 *Leases* introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. The new standard will become mandatory for the Group's 30 June 2020 financial statements and will result in the gross up of assets and liabilities where Goodman leases office buildings, motor vehicles and development land classified as inventories; however, based on existing lease arrangements, the impact is not expected to be material in the context of the Group's financial statements.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2017**

**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	2017 \$M	2016 \$M
<b>Development activities</b>			
Income from disposal of inventories		180.5	124.3
Net gain on disposal of special purpose development entities		14.8	5.2
Other development income		327.3	380.7
<b>Development income</b>		<b>522.6</b>	<b>510.2</b>
Inventory cost of sales		(145.2)	(101.0)
Other development expenses		(208.6)	(265.5)
<b>Development expenses</b>		<b>(353.8)</b>	<b>(366.5)</b>
<b>Disposal of equity investments<sup>1</sup></b>			
Net consideration from disposal of associates and JVs		203.3	3.4
Carrying value of associates and JVs disposed	5(e)(i), 5(e)(ii)	(203.3)	(3.4)
<b>Net profit on disposal of equity investments</b>		<b>-</b>	<b>-</b>
<b>Reversals of previous impairments/(impairment losses)</b>			
Reversals of previous impairment of receivables		0.2	-
Impairment of inventories		-	(42.3)
<b>Reversals of previous impairments/(impairment losses)</b>		<b>0.2</b>	<b>(42.3)</b>

1. During the half year, the net consideration on disposal of equity investments comprises \$203.3 million arising from the disposal of ABPP in the United Kingdom that was classified as held for sale at 30 June 2017 (refer to note 5(e)(i)).

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2017**

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

**3 Profit/(loss) per security/Company share**

Basic profit per security is calculated by dividing the profit attributable to the Securityholders by the weighted average number of securities outstanding during the half 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 and securities contingently issuable on conversion of hybrid securities.

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/(loss) per share and a diluted profit/(loss) per share based on GL's consolidated result after tax, but excluding the results attributable to GIT, GLHK and also other non-controlling interests (Goodman PLUS).

	2017	2016
	¢	¢
<b>Profit per security</b>		
Basic profit per security	30.2	31.2
Diluted profit per security	29.4	30.2
<b>Profit/(loss) per Company share</b>		
Basic profit/(loss) per Company share	4.0	(1.9)
Diluted profit/(loss) per Company share	3.9	(1.9)

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

	Note	2017	2016
		\$M	\$M
<b>Profit per security</b>			
Profit after tax used in calculating basic profit per security	13	542.7	556.8
Distribution on Goodman PLUS		4.6	9.5
<b>Profit after tax used in calculating diluted profit per security</b>		<b>547.3</b>	<b>566.3</b>
<b>Profit/(loss) per Company share</b>			
Profit/(loss) after tax used in calculating basic profit/(loss) per Company share	13	71.2	(34.3)
Impact on conversion of Goodman PLUS		1.1	-
<b>Profit/(loss) after tax used in calculating diluted profit/(loss) per Company share</b>		<b>72.3</b>	<b>(34.3)</b>

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

	2017	2016
	Number of securities	
Weighted average number of securities used in calculating basic profit per security	<b>1,796,904,058</b>	<b>1,785,539,875</b>
Effect of performance rights on issue	44,544,985	41,227,489
Effect of issue of securities to Goodman PLUS holders	20,145,736	47,387,788
<b>Weighted average number of securities used in calculating diluted profit per security</b>	<b>1,861,594,779</b>	<b>1,874,155,152</b>

	2017	2016
	Number of shares	
Weighted average number of shares used in calculating basic profit/(loss) per Company share	<b>1,796,904,058</b>	<b>1,785,539,875</b>
Effect of performance rights on issue	44,544,985	-
Effect of issue of securities to Goodman PLUS holders	20,145,736	-
<b>Weighted average number of shares used in calculating diluted profit/(loss) per Company share</b>	<b>1,861,594,779</b>	<b>1,785,539,875</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2017**

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

**4 Segment reporting**

Operating segment information is reported on a geographic basis and the Group has determined that its operating segments are Australia and New Zealand (reported on a combined basis), Asia (which consists of China, Hong Kong and Japan), Continental Europe, the United Kingdom and the Americas (North America and Brazil reported on a combined basis). The activities and services undertaken by the divisions include:

- + property investment, including both direct ownership and Goodman's cornerstone investments in managed partnerships;
- + management activities, both investment and property management; and
- + development activities, including development of directly owned assets (predominantly disclosed as inventories) and management of development activities for Goodman's managed partnerships.

**Information about reportable segments**

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2017 \$M	2016 \$M	2017 \$M	2016 \$M	2017 \$M	2016 \$M	2017 \$M	2016 \$M	2017 \$M	2016 \$M	2017 \$M	2016 \$M
<b>Income statement</b>												
<b>External revenues</b>												
Gross property income	60.5	75.7	2.6	0.6	4.1	4.4	2.7	2.3	9.0	11.4	78.9	94.4
Management income	72.6	46.7	61.5	79.6	27.9	22.8	1.4	6.1	1.3	1.1	164.7	156.3
Development income	47.2	94.7	48.8	28.0	404.4	362.3	10.6	14.9	11.6	10.3	522.6	510.2
<b>Total external revenues</b>	<b>180.3</b>	<b>217.1</b>	<b>112.9</b>	<b>108.2</b>	<b>436.4</b>	<b>389.5</b>	<b>14.7</b>	<b>23.3</b>	<b>21.9</b>	<b>22.8</b>	<b>766.2</b>	<b>760.9</b>
<b>Reportable segment profit before tax</b>	<b>243.6</b>	<b>249.7</b>	<b>135.5</b>	<b>178.0</b>	<b>120.3</b>	<b>84.1</b>	<b>0.4</b>	<b>4.3</b>	<b>21.7</b>	<b>19.4</b>	<b>521.5</b>	<b>535.5</b>
Share of net results of equity accounted investments	161.9	201.0	125.5	133.0	54.0	17.0	9.7	(29.4)	100.1	31.5	451.2	353.1
<b>Material non-cash items not included in reportable segment profit before tax</b>												
Net gain from fair value adjustments on investment properties	60.0	132.0	-	-	-	-	-	-	-	-	60.0	132.0
(Impairment losses)/reversals of previous impairments	-	-	-	(0.1)	0.2	0.2	-	(42.4)	-	-	0.2	(42.3)
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
<b>Statement of financial position</b>												
<b>Reportable segment assets</b>	<b>4,963.7</b>	<b>4,827.0</b>	<b>1,946.5</b>	<b>1,859.2</b>	<b>1,823.9</b>	<b>1,822.0</b>	<b>748.5</b>	<b>1,042.1</b>	<b>1,181.6</b>	<b>1,047.9</b>	<b>10,664.2</b>	<b>10,598.2</b>
Non-current assets	4,693.1	4,718.5	1,698.4	1,665.4	1,487.6	1,350.0	547.7	442.9	839.2	713.1	9,266.0	8,889.9
<b>Included in reportable segment assets are:</b>												
Investment properties	1,888.1	1,958.8	-	-	-	22.5	29.6	28.9	-	-	1,917.7	2,010.2
Investments accounted for using the equity method	2,756.3	2,670.6	1,554.3	1,471.3	708.0	615.4	100.5	265.4	829.9	703.6	5,949.0	5,726.3
<b>Reportable segment liabilities</b>	<b>187.5</b>	<b>223.8</b>	<b>87.9</b>	<b>87.5</b>	<b>79.2</b>	<b>68.1</b>	<b>86.4</b>	<b>94.3</b>	<b>70.7</b>	<b>45.1</b>	<b>511.7</b>	<b>518.8</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
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**Results for the half year (cont)**

**4 Segment reporting (cont)**

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

	Note	2017 \$M	2016 \$M
<b>Revenues</b>			
Total revenue for reportable segments		766.2	760.9
<b>Consolidated revenues</b>		<b>766.2</b>	<b>760.9</b>
<b>Profit or loss</b>			
<b>Total profit before tax for reportable segments</b>			
Property investment earnings		193.1	196.1
Management earnings		164.7	156.5
Development earnings		243.4	257.2
Operating expenses allocated to reportable segments		(79.7)	(74.3)
<b>Reportable segment profit before tax</b>		<b>521.5</b>	<b>535.5</b>
Corporate expenses not allocated to reportable segments		(48.7)	(61.1)
		<b>472.8</b>	<b>474.4</b>
Valuation and other items not included in reportable segment profit before tax:			
- Profit on disposal of investment properties		-	2.0
- Net gain from fair value adjustments on investment properties	5(d)	60.0	132.0
- Share of fair value adjustments attributable to investment properties in associates and JVs after tax	5(e)(i), 5(e)(ii)	296.0	192.7
- Reversals of previous impairments/(impairment losses)	2	0.2	(42.3)
- Share of fair value adjustments on derivative financial instruments in associates and JVs	5(e)(i), 5(e)(ii)	(11.1)	(39.1)
- Straight lining of rental income		0.4	(0.7)
- Share based payments expense		(60.4)	(45.8)
- Net capital losses not distributed and tax deferred adjustments		(2.2)	(2.0)
<b>Profit before interest and tax</b>		<b>755.7</b>	<b>671.2</b>
Net finance expense	7	(167.8)	(59.9)
<b>Consolidated profit before income tax</b>		<b>587.9</b>	<b>611.3</b>
<b>31 Dec 2017 30 Jun 2017</b>			
		<b>\$M</b>	<b>\$M</b>
<b>Assets</b>			
Assets for reportable segments		10,664.2	10,598.2
Cash		2,040.5	1,877.8
Other unallocated amounts <sup>1</sup>		167.6	235.2
<b>Consolidated total assets</b>		<b>12,872.3</b>	<b>12,711.2</b>
<b>Liabilities</b>			
Liabilities for reportable segments		511.7	518.8
Interest bearing liabilities		3,130.6	2,878.3
Provisions for distributions		247.6	236.2
Other unallocated amounts <sup>1</sup>		310.1	455.7
<b>Consolidated total liabilities</b>		<b>4,200.0</b>	<b>4,089.0</b>

1. Other unallocated amounts include other financial assets and liabilities, deferred tax assets, tax payables and provisions which do not relate to the reportable segments.

**Goodman Limited and its controlled entities**  
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**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 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 twelve 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.

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

	31 Dec 2017	30 Jun 2017
	Note	\$M
		\$M
<b>Inventories</b>		
Current		528.5
Non-current		536.3
		<b>1,064.8</b>
<b>Investment properties</b>		
Stabilised investment properties		1,752.1
Investment properties under development		165.6
	5(d)	<b>1,917.7</b>
<b>Investments accounted for using the equity method</b>		
Current		
Associate - held for sale	5(e)(i)	-
		<b>203.6</b>
Non-current		
Associates	5(e)(i)	3,894.5
JVs	5(e)(ii)	2,054.5
		<b>5,949.0</b>
<b>Total property assets</b>		<b>8,931.5</b>
		<b>8,972.0</b>



**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2017**

**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**

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 2017, all markets in which Goodman operated were observed to be active and no adjustments were made to the carrying value of stabilised investment properties arising from internal valuations using discounted cash flow calculations. The overall weighted average capitalisation rates for the divisional portfolios (including managed partnerships) are as set out in the table below:

<b>Division</b>	<b>Total portfolio weighted average capitalisation rate</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	%	%
Australia <sup>1</sup> and New Zealand	5.9	6.1
Asia	5.3	5.4
Continental Europe	5.7	6.0
United Kingdom	5.5	6.3
Americas	4.2	4.3

1. Excludes urban renewal sites which are valued on a rate per residential unit 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**  
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**Operating assets (cont)**

**5 Property assets (cont)**

**(d) Investment properties**

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

	<b>2017</b>	<b>2016</b>
	<b>\$M</b>	<b>\$M</b>
Carrying amount at the beginning of the half year	2,010.2	2,720.7
Acquisitions	26.7	-
Capital expenditure	29.7	50.1
Carrying value of properties disposed	(186.4)	(349.0)
Transfers to inventories	(23.0)	-
Net gain from fair value adjustments	60.0	132.0
Effect of foreign currency translation	0.5	(1.9)
<b>Carrying amount at the end of the half year</b>	<b>1,917.7</b>	<b>2,551.9</b>
<b>Analysed by segment:</b>		
Australia and New Zealand	1,888.1	2,478.3
Continental Europe	-	44.4
United Kingdom	29.6	29.2
	<b>1,917.7</b>	<b>2,551.9</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
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**Operating assets (cont)**

**5 Property assets (cont)**

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

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

**(i) Investments in associates**

The Group's investments in associates are summarised below:

	31 Dec 2017	30 Jun 2017
	\$M	\$M
Current assets - held for sale <sup>1</sup>	-	203.6
Non-current assets	3,894.5	3,703.4
	<b>3,894.5</b>	<b>3,907.0</b>

1. Current assets - held for sale at 30 June 2017 related to the Group's investment in ABPP.

The Group's associates are set out below:

Name of associate	Country of establishment	Share of net results		Ownership interest		Investment carrying amount	
		2017	2016	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
		\$M	\$M	%	%	\$M	\$M
<b>Property investment</b>							
Goodman Australia Industrial Partnership (GAIP)	Australia	86.6	94.0	27.9	27.5	1,310.7	1,256.7
Goodman Australia Partnership (GAP)	Australia	53.7	67.2	19.9	19.9	665.6	628.1
Goodman Property Trust (GMT)	New Zealand	6.9	10.5	21.2	21.0	329.4	342.8
Goodman Hong Kong Logistics Partnership (GHKLP)	Cayman Islands	48.1	28.9	20.0	20.0	767.4	748.1
Goodman Japan Core Partnership (GJCP)	Japan	11.7	18.2	17.3	16.8	217.0	201.5
Goodman European Partnership (GEP)	Luxembourg	40.8	12.2	20.4	20.4	604.4	526.2
Arlington Business Parks Partnership (ABPP)	United Kingdom	-	(33.0)	-	43.1	-	203.6
		<b>247.8</b>	<b>198.0</b>			<b>3,894.5</b>	<b>3,907.0</b>

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

	2017	2016
	\$M	\$M
<b>Movement in carrying amount of investments in associates</b>		
Carrying amount at the beginning of the half year	3,907.0	3,733.0
Share of net results after tax (before revaluations)	110.5	111.5
Share of fair value adjustments attributable to investment properties after tax	148.6	126.3
Share of fair value adjustments on derivative financial instruments	(11.3)	(39.8)
Share of net results	247.8	198.0
Share of movements in reserves	0.7	2.0
Acquisitions	115.0	53.8
Disposals	(203.3)	-
Distributions received and receivable	(158.0)	(102.5)
Effect of foreign currency translation	(14.7)	(10.3)
<b>Carrying amount at the end of the half year</b>	<b>3,894.5</b>	<b>3,874.0</b>

**Goodman Limited and its controlled entities**  
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**Operating assets (cont)**

**5 Property assets (cont)**

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

**(ii) Investments in JVs**

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

Name of JV	Country of establishment/ incorporation	Share of net results		Ownership interest		Investment carrying amount	
		2017 \$M	2016 \$M	31 Dec 2017 %	30 Jun 2017 %	31 Dec 2017 \$M	30 Jun 2017 \$M
<b>Property investment</b>							
KWASA Goodman Industrial Partnership (KGIP)	Australia	5.1	21.3	40.0	40.0	158.6	158.3
KWASA Goodman Germany (KGG)	Luxembourg	13.2	4.8	22.5	23.9	103.4	89.1
<b>Property development</b>							
Goodman Japan Development Partnership (GJDP)	Japan	18.4	55.0	50.0	50.0	79.7	68.6
<b>Property investment and development</b>							
Goodman China Logistics Partnership (GCLP)	Cayman Islands	48.0	30.9	20.0	20.0	485.3	447.6
Goodman UK Partnership (GUKP)	United Kingdom	9.7	2.4	33.3	33.3	91.3	48.2
Goodman North America Partnership (GNAP)	USA	100.1	31.5	55.0	55.0	829.9	703.6
Other JVs		8.9	9.2			306.3	303.9
		<b>203.4</b>	<b>155.1</b>			<b>2,054.5</b>	<b>1,819.3</b>

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

	2017 \$M	2016 \$M
<b>Movement in carrying amount of investments in JVs</b>		
Carrying amount at the beginning of the half year	1,819.3	1,615.1
Share of net results after tax (before revaluations)	55.8	88.0
Share of fair value adjustments attributable to investment properties after tax	147.4	66.4
Share of fair value adjustments on derivative financial instruments	0.2	0.7
Share of net results	203.4	155.1
Share of movements in reserves	16.3	(23.8)
Acquisitions	145.0	212.2
Disposals	-	(3.4)
Distributions/dividends received and receivable	(115.2)	(214.0)
Effect of foreign currency translation	(14.3)	26.9
<b>Carrying amount at the end of the half year</b>	<b>2,054.5</b>	<b>1,768.1</b>

**Goodman Limited and its controlled entities**  
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**Operating assets (cont)**

**6 Intangible assets**

	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$M</b>	<b>\$M</b>
Goodwill	692.9	671.5
Management rights	100.2	100.4
	<b>793.1</b>	<b>771.9</b>

An analysis of the goodwill and management rights by division is set out below:

	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$M</b>	<b>\$M</b>
<b>Carrying amounts</b>		
<b>Goodwill</b>		
Continental Europe - Logistics	585.1	565.2
United Kingdom - Logistics	85.4	83.4
Other	22.4	22.9
<b>Subtotal - goodwill</b>	<b>692.9</b>	<b>671.5</b>
<b>Management rights</b>		
Continental Europe - Logistics	33.3	32.2
Other	66.9	68.2
<b>Subtotal - management rights</b>	<b>100.2</b>	<b>100.4</b>
<b>Total</b>	<b>793.1</b>	<b>771.9</b>

**Impairment**

The present value of the intangible assets for each division was calculated as at 30 June 2017 and the results for the significant balances are disclosed in Goodman's 2017 annual report.

At 31 December 2017, 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 2017 and accordingly there have been no impairments or reversals of impairments during the half year.

**Goodman Limited and its controlled entities**  
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**Capital management**

**7 Net finance expense**

	<b>2017</b>	<b>2016</b>
	<b>\$M</b>	<b>\$M</b>
<b>Finance income</b>		
Interest income from:		
- Related parties	0.5	-
- Other parties	15.1	10.2
Fair value adjustments on derivative financial instruments	-	4.1
Foreign exchange gain <sup>1</sup>	15.8	-
	<b>31.4</b>	<b>14.3</b>
<b>Finance expense</b>		
Interest expense from third party loans, overdrafts and derivatives	(40.9)	(67.6)
Debt restructure expense <sup>2</sup>	(82.1)	-
Other borrowing costs	(5.4)	(7.2)
Fair value adjustments on derivative financial instruments	(80.0)	-
Foreign exchange loss <sup>1</sup>	-	(25.6)
Capitalised borrowing costs	9.2	26.2
	<b>(199.2)</b>	<b>(74.2)</b>
<b>Net finance expense</b>	<b>(167.8)</b>	<b>(59.9)</b>

1. The foreign exchange gain included an amount of \$15.7 million (2016: loss of \$25.1 million) relating to unrealised gains/(losses) on translation of interest bearing liabilities which do not qualify for net investment hedging.
2. Following the modification of certain tranches of the USD denominated notes in June 2017, the Group completed additional liability management initiatives during the half year. These included repurchasing certain of the USD denominated notes and GBP denominated notes and issuing new USD denominated notes maturing in 10.5 year and 20 years and EUR denominated notes maturing in 8 years. The debt restructure expense as a result of these activities related to transaction costs, tender premium associated with the USD denominated notes maturing in 2021 and 2022 and the GBP denominated notes maturing in 2018, and also 'make-whole' costs associated with the USD denominated notes maturing in 2020.

**Goodman Limited and its controlled entities**  
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**Capital management (cont)**

**8 Interest bearing liabilities**

		31 Dec 2017	30 Jun 2017
	Note	\$M	\$M
<b>Current</b>			
<b>Secured:</b>			
- Bank loans	8(a)	14.9	15.4
- Foreign securitised notes	8(b)	13.9	13.9
Borrowing costs		(0.5)	(0.5)
<b>Unsecured:</b>			
- GBP denominated notes	8(d)	209.5	-
		<b>237.8</b>	<b>28.8</b>
<b>Non-current</b>			
<b>Secured:</b>			
- Bank loans	8(a)	39.0	43.9
- Foreign securitised notes	8(b)	117.1	120.7
<b>Unsecured:</b>			
- Bank loans	8(c)	113.7	238.6
- GBP denominated notes	8(d)	-	423.6
- USD denominated notes	8(e)	1,736.2	1,892.3
- EUR denominated notes	8(f)	769.5	-
- Foreign private placement	8(g)	142.1	144.9
Borrowing costs		(24.8)	(14.5)
		<b>2,892.8</b>	<b>2,849.5</b>

**(a) Bank loans, secured**

The secured bank loans related to two facilities in Brazil. The loans have ongoing monthly repayments of both principal and interest, with principal of A\$20.4 million maturing in 2022 and A\$33.5 million maturing in 2023.

**(b) Foreign securitised notes**

Goodman owns entities in Brazil that have issued two tranches of notes which are secured by properties and are non-recourse to the Group. The notes have ongoing monthly repayments of both principal and interest, with principal of A\$43.6 million maturing in 2029 and A\$87.4 million maturing in 2030.

**Goodman Limited and its controlled entities**  
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**Capital management (cont)**

**8 Interest bearing liabilities (cont)**

**(c) Bank loans, unsecured**

<b>Facility maturity date</b>	<b>Facility limit</b>	<b>Amounts drawn</b>
	<b>\$M</b>	<b>\$M</b>
31 Dec 2022	50.0	-
31 Jan 2021	50.0	-
31 Jul 2021	128.2	-
30 Sep 2022	48.1	-
30 Sep 2022	37.5	-
31 Jul 2019	86.6	-
31 Dec 2022	75.0	-
31 Mar 2022	75.0	-
31 Dec 2022	115.3	-
30 Sep 2022	91.0	39.8
30 Sep 2022	170.6	73.9
30 Sep 2022	170.6	-
<b>31 Dec 2017</b>	<b>1,097.9</b>	<b>113.7</b>
30 Jun 2017	1,349.3	238.6

The majority of the unsecured bank loans are multi-currency facilities. At 31 December 2017, the amounts drawn were A\$nil (30 June 2017: A\$122.6 million) in New Zealand dollars and A\$113.7 million (30 June 2017: A\$116.0 million) in Japanese yen.

**(d) GBP denominated notes**

As at 31 December 2017, the Group had A\$209.5 million (30 June 2017: A\$423.6 million) of GBP denominated notes issued under the Group's Euro medium-term note programme. The notes have a fixed coupon of 9.75% payable annually. During the half year, the Group repurchased \$223.5 million of the notes, with the remainder maturing 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 2017 was A\$219.4 million (30 June 2017: A\$461.1 million).

**(e) USD denominated notes**

As at 31 December 2017, the Group had senior notes on issue in the United States 144A/Reg S bond market as follows:

<b>Notes maturity date</b>	<b>Book value</b>		<b>Face value</b>		<b>Coupon</b>
	<b>A\$M</b>	<b>US\$M</b>	<b>A\$M</b>	<b>US\$M</b>	<b>(fixed)</b>
15 Apr 2021	247.0	192.7	223.6	174.5	6.375%
22 Mar 2022	399.7	311.8	358.0	279.3	6.000%
15 Mar 2028	672.9	525.0	672.9	525.0	3.700%
15 Oct 2037	416.6	325.0	416.6	325.0	4.500%
	<b>1,736.2</b>	<b>1,354.5</b>	<b>1,671.1</b>	<b>1,303.8</b>	

During the half year, the Group repurchased certain of the 2021 and 2022 notes, following a successful tender process, and repurchased in full the 2020 notes in accordance with the 'make-whole' provisions contained within their terms of issue. The Group also issued new notes, US\$525.0 million maturing in 2028 and US\$325.0 million maturing in 2037.



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**Notes to the interim financial statements**  
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**Capital management (cont)**

**8 Interest bearing liabilities (cont)**

**(f) EUR denominated notes**

During the half year, the Group issued A\$769.5 million (€500.0 million) new Reg S EUR denominated senior notes maturing 27 September 2025. The notes have a fixed coupon of 1.375% per annum.

**(g) Foreign private placement**

As at 31 December 2017, the Group had A\$142.1 million (¥12.5 billion) in a foreign private placement denominated in Japanese yen. The facility has a fixed coupon of 3.32% payable semi-annually and expires on 3 April 2023.

**(h) Finance facilities**

	<b>Facilities available \$M</b>	<b>Facilities utilised \$M</b>
<b>At 31 December 2017</b>		
<b>Secured:</b>		
- Bank loans	53.9	53.9
- Foreign securitised notes	131.0	131.0
<b>Unsecured:</b>		
- Bank loans	1,097.9	113.7
- GBP denominated	209.5	209.5
- USD denominated <sup>1</sup>	1,671.1	1,671.1
- EUR denominated	769.5	769.5
- Foreign private placement	142.1	142.1
- Bank guarantees <sup>2</sup>	-	34.8
	<b>4,075.0</b>	<b>3,125.6</b>
<b>At 30 June 2017</b>		
<b>Secured:</b>		
- Bank loans	59.3	59.3
- Foreign securitised notes	134.6	134.6
<b>Unsecured:</b>		
- Bank loans	1,349.3	238.6
- GBP denominated	423.6	423.6
- USD denominated <sup>1</sup>	1,725.4	1,725.4
- Foreign private placement	144.9	144.9
- Bank guarantees <sup>2</sup>	-	42.0
	<b>3,837.1</b>	<b>2,768.4</b>

1. Facilities available and facilities utilised in respect of the USD denominated notes represent the face value of the notes on issue.
2. Bank guarantees are drawn from facilities available under unsecured bank loans.

**Goodman Limited and its controlled entities**  
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**Capital management (cont)**

**9 Financial instruments**

**Fair values of financial instruments**

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

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

	Carrying amount 31 Dec 2017 \$M	Fair value 31 Dec 2017 \$M	Carrying amount 30 Jun 2017 \$M	Fair value 30 Jun 2017 \$M
<b>Financial assets</b>				
Cash and cash equivalents	2,343.8	2,343.8	2,095.1	2,095.1
Receivables	594.2	594.2	586.8	586.8
Other financial assets:				
- Interest rate swaps (IRS)	17.5	17.5	29.5	29.5
- Cross currency interest rate swaps (CCIRS) <sup>1</sup>	143.5	143.5	196.3	196.3
- Forward exchange contracts (FEC)	9.4	9.4	16.2	16.2
- Investments in unlisted securities	0.8	0.8	0.6	0.6
	<b>3,109.2</b>	<b>3,109.2</b>	<b>2,924.5</b>	<b>2,924.5</b>
<b>Financial liabilities</b>				
Payables	487.1	487.1	557.3	557.3
Interest bearing liabilities <sup>2</sup>	3,130.6	3,175.2	2,878.3	2,982.9
Other financial liabilities:				
- IRS	13.1	13.1	12.5	12.5
- CCIRS	110.2	110.2	197.7	197.7
- FEC	20.1	20.1	24.5	24.5
	<b>3,761.1</b>	<b>3,805.7</b>	<b>3,670.3</b>	<b>3,774.9</b>

1. Includes the fair values of USD/EUR and USD/GBP cross currency swaps equating to \$120.7 million (30 June 2017: \$169.8 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 2017.

**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
<b>As at 31 December 2017</b>				
Available for sale financial assets	-	-	0.8	0.8
Derivative financial assets	-	170.4	-	170.4
	-	<b>170.4</b>	<b>0.8</b>	<b>171.2</b>
Derivative financial liabilities	-	143.4	-	143.4
	-	<b>143.4</b>	-	<b>143.4</b>
<b>As at 30 June 2017</b>				
Available for sale financial assets	-	-	0.6	0.6
Derivative financial assets	-	242.0	-	242.0
	-	<b>242.0</b>	<b>0.6</b>	<b>242.6</b>
Derivative financial liabilities	-	234.7	-	234.7
	-	<b>234.7</b>	-	<b>234.7</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2017**

**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 (2016: \$nil).

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

	Distribution cpu	Total amount \$M	Date of payment
<b>Interim distributions for the half years ended:</b>			
- 31 Dec 2017	13.75	247.6	26 Feb 2018
- 31 Dec 2016	12.70	227.2	24 Feb 2017

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

No dividends were declared or paid by GLHK during the half year and up to the date of this interim financial report. In the prior half year, GLHK 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.

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

During the half year, distributions declared by Goodman PLUS Trust to holders of Goodman PLUS (classified as other non-controlling interests) were \$4.6 million (2016: \$9.5 million), or 141.4 cents per unit (2016: 289.5 cents per unit). The Goodman PLUS was repurchased at par on 1 October 2017.

**11 Issued capital**

	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	Number of securities		\$M	
Stapled securities - issued and fully paid	1,800,763,877	1,789,121,143	8,192.2	8,192.2
Less: Accumulated issue costs			(160.5)	(160.5)
<b>Total issued capital</b>			<b>8,031.7</b>	<b>8,031.7</b>

**Terms and conditions**

Stapled security means one share in the Company stapled to one unit in GIT and one Chess 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 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	-	-	-	-	-
30 Jun 2017	Balance before accumulated issue costs	1,789,121,143	494.6	7,062.6	635.0	8,192.2	
31 Aug 2017	Securities issued to employees under the LTIP	11,642,734	-	-	-	-	-
	Less: Accumulated issue costs		(11.4)	(148.5)	(0.6)	(160.5)	
<b>31 Dec 2017</b>	<b>Closing balance</b>	<b>1,800,763,877</b>	<b>483.2</b>	<b>6,914.1</b>	<b>634.4</b>	<b>8,031.7</b>	

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2017**

**Other items**

**12 Reserves**

	Note	31 Dec 2017 \$M	30 Jun 2017 \$M
Asset revaluation reserve	12(a)	(6.8)	(6.1)
Cash flow hedge reserve	12(b)	(0.3)	(1.4)
Foreign currency translation reserve	12(c)	(111.8)	(149.4)
Employee compensation reserve	12(d)	130.2	131.6
Defined benefit funds actuarial losses reserve	12(e)	(28.8)	(31.4)
<b>Total reserves</b>		<b>(17.5)</b>	<b>(56.7)</b>

The movements in reserves of the Group are analysed below:

	GL		GIT		GLHK		Securityholders	
	2017 \$M	2016 \$M	2017 \$M	2016 \$M	2017 \$M	2016 \$M	2017 \$M	2016 \$M
<b>(a) Asset revaluation reserve</b>								
Balance at the beginning of the half year	-	(21.6)	(6.1)	28.2	-	(11.9)	(6.1)	(5.3)
Decrease due to revaluation of other financial assets	-	-	(0.4)	(0.4)	-	-	(0.4)	(0.4)
Transfers to/from retained earnings/(accumulated losses)	-	21.6	-	(33.5)	-	11.9	-	-
Effect of foreign currency translation	-	-	(0.3)	(0.1)	-	-	(0.3)	(0.1)
<b>Balance at the end of the half year</b>	<b>-</b>	<b>-</b>	<b>(6.8)</b>	<b>(5.8)</b>	<b>-</b>	<b>-</b>	<b>(6.8)</b>	<b>(5.8)</b>
<b>(b) Cash flow hedge reserve</b>								
Balance at the beginning of the half year	-	-	(1.4)	(5.9)	-	-	(1.4)	(5.9)
Change in value of financial instruments	-	-	1.1	2.6	-	-	1.1	2.6
Effect of foreign currency translation	-	-	-	(0.1)	-	-	-	(0.1)
<b>Balance at the end of the half year</b>	<b>-</b>	<b>-</b>	<b>(0.3)</b>	<b>(3.4)</b>	<b>-</b>	<b>-</b>	<b>(0.3)</b>	<b>(3.4)</b>
<b>(c) Foreign currency translation reserve</b>								
Balance at the beginning of the half year	(27.9)	17.3	(195.2)	(150.5)	73.7	105.0	(149.4)	(28.2)
Net exchange differences on conversion of foreign operations	(23.5)	4.9	7.0	(4.1)	54.1	(46.4)	37.6	(45.6)
<b>Balance at the end of the half year</b>	<b>(51.4)</b>	<b>22.2</b>	<b>(188.2)</b>	<b>(154.6)</b>	<b>127.8</b>	<b>58.6</b>	<b>(111.8)</b>	<b>(73.8)</b>
<b>(d) Employee compensation reserve</b>								
Balance at the beginning of the half year	12.2	10.5	103.5	80.9	15.9	11.1	131.6	102.5
Equity settled share based payments expense	33.7	27.9	-	-	7.7	5.5	41.4	33.4
Transfers to retained earnings/(accumulated losses)	(42.8)	(33.3)	-	-	-	-	(42.8)	(33.3)
Other transfers	12.5	6.2	(4.8)	(1.8)	(7.7)	(4.4)	-	-
<b>Balance at the end of the half year</b>	<b>15.6</b>	<b>11.3</b>	<b>98.7</b>	<b>79.1</b>	<b>15.9</b>	<b>12.2</b>	<b>130.2</b>	<b>102.6</b>
<b>(e) Defined benefit funds actuarial losses reserve</b>								
Balance at the beginning of the half year	(31.4)	(30.3)	-	-	-	-	(31.4)	(30.3)
Actuarial gains/(losses) on defined benefit superannuation funds	3.3	(2.6)	-	-	-	-	3.3	(2.6)
Effect of foreign currency translation	(0.7)	1.3	-	-	-	-	(0.7)	1.3
<b>Balance at the end of the half year</b>	<b>(28.8)</b>	<b>(31.6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28.8)</b>	<b>(31.6)</b>
<b>Total reserves</b>	<b>(64.6)</b>	<b>1.9</b>	<b>(96.6)</b>	<b>(84.7)</b>	<b>143.7</b>	<b>70.8</b>	<b>(17.5)</b>	<b>(12.0)</b>

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2017**

**Other items (cont)**

**13 Retained earnings/(accumulated losses)**

The retained earnings/(accumulated losses) of the Group 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	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at the beginning of the half year	(70.0)	(11.7)	(153.6)	(344.0)	545.0	358.7	321.4	3.0
Profit/(loss) for the half year	71.2	(34.3)	279.5	470.1	192.0	121.0	542.7	556.8
Acquisition of non-controlling interest	-	(12.7)	-	-	-	-	-	(12.7)
Transfers to/from asset revaluation reserve	-	(21.6)	-	33.5	-	(11.9)	-	-
Transfers from employee compensation reserve	42.8	33.3	-	-	-	-	42.8	33.3
Transfers from other non-controlling interests on repurchase of Goodman PLUS	-	-	(1.2)	-	-	-	(1.2)	-
Distributions/dividends declared/paid	-	-	(247.6)	(227.2)	-	(17.8)	(247.6)	(245.0)
<b>Balance at the end of the half year</b>	<b>44.0</b>	<b>(47.0)</b>	<b>(122.9)</b>	<b>(67.6)</b>	<b>737.0</b>	<b>450.0</b>	<b>658.1</b>	<b>335.4</b>

**14 Significant non-cash transactions**

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

**15 Commitments**

**Development activities**

At 31 December 2017, the Group was committed to expenditure in respect of \$370.5 million (30 June 2017: \$290.5 million) on inventories and other development activities.

**Investment properties**

At 31 December 2017, capital expenditure commitments on the Group's investment property portfolio were \$67.9 million (30 June 2017: \$72.3 million).

**Managed partnerships**

At 31 December 2017, the Group had an equity commitment of \$61.6 million (30 June 2017: \$96.2 million) into GEP.

In relation to GAIP and GEP, the Group offers limited liquidity facilities to investors, which allow the investors to sell to the Group 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 Group 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:

- + \$385.3 million (30 June 2017: \$396.5 million) into GJDP;
- + \$509.7 million (30 June 2017: \$505.1 million) into GCLP;
- + \$734.7 million (30 June 2017: \$798.7 million) into GNAP; and
- + \$274.1 million (30 June 2017: \$299.4 million) into GUKP.

**Goodman Limited and its controlled entities**  
**Notes to the interim financial statements**  
**for the half year ended 31 December 2017**

**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	
	2017	2016	2017	2016	2017	2016
	\$M	\$M	\$M	\$M	\$M	\$M
Associates	2.1	262.0	374.7	382.9	0.2	-
JVs	-	-	177.3	187.1	0.3	-

In addition to the transactions disclosed above, the Group disposed of a controlled entity to GUKP for consideration of \$91.6 million.

**17 Events subsequent to balance date**

Other than disclosed elsewhere in the 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 Goodman, the results of those operations, or the state of affairs of Goodman, in future financial years.

**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 Group are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the Group as at 31 December 2017 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, 14 February 2018



**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 as the deemed parent presenting the stapled security arrangement of the Goodman Group (the **Goodman Group Interim Financial Report**).

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 Group is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Goodman Group's** financial position as at 31 December 2017 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 interim statement of financial position as at 31 December 2017;
- Consolidated interim income statement, Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim cash flow statement for the Half-year ended on that date;
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Goodman Group** consists of 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 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. Shares in Goodman Limited, CDI's over shares in Goodman Logistics (HK) Limited and units in Goodman Industrial Trust are traded on the Australian Securities Exchange as a Stapled Security under the name of Goodman Group.

### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Goodman Limited 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 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 Goodman Group's financial position as at 31 December 2017 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.

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



KPMG



John Teer

Partner

Sydney

14 February 2018