

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 Dec 2020

The Appendix 4D should be read in conjunction with the annual report of Goodman Group for the year ended 30 June 2020. The information included in the Appendix 4D and the interim financial report for the half year ended 31 December 2020 comprises all the information required by ASX Listing Rule 4.2A.

Highlights of results	31 Dec 2020	31 Dec 2019	Change	
Operating profit (before specific non-cash and other significant items) attributable to Securityholders (\$M)	614.9	530.4	up	15.9%
Revenue and other income (\$M)	1,885.7	1,391.6	up	35.5%
Profit (statutory) attributable to Securityholders (\$M)	1,041.5	810.6	up	28.5%
Diluted operating profit per security (cents)	33.1	28.8	up	14.9%
Diluted statutory profit per security (cents)	55.1	43.2	up	27.5%
Interim distribution per GMG security (cents)	15.00	15.00	-	-
Interim distribution (\$M)	277.1	274.3	up	1.0%
Franked amount per security/share (cents)	-	-	-	-
Record date for determining entitlements to the distributions	31 Dec 2020	31 Dec 2019		
Date interim distribution is payable	25 Feb 2021	25 Feb 2020		
Distribution reinvestment plan				
Goodman Group's Distribution Reinvestment Plan (DRP) remains suspended.				
Total assets under management (\$B)	51.8	49.2	up	5.3%
External assets under management (\$B)	48.5	45.7	up	6.1%
Net tangible assets per security/share (cents)	603.4	560.1	up	7.7%
Gearing (%)	4.8	10.0	down	(52.0%)

Controlled entities acquired or disposed

There were no material acquisitions of controlled entities during the half year. The following material controlled entities were disposed during the half year as part of the divestment of Goodman Group's Central and Eastern European operations on 8 July 2020:

Goodman Czech Republic s.r.o.
Goodman Hungary Ingatlankezelő Kft.
Goodman Poland Sp. z o.o.
Goodman Slovakia s.r.o.

Associates and joint venture entities

Goodman's Group's associates are set out in note 6 to the interim financial statements.

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

BGMG1 Oakdale West Trust (50%)
BGMG2 Rochedale North Trust (50%)
BL Goodman Limited Partnership (50%)
Euston Road Subtrust No.2 Trust (50%)
GEP Ilias Logistics (Spain) (50%)
Goodman Australia Development Partnership (20%)
Goodman Beige Logistics (Lux) Sàrl (50%)
Goodman Bondi Logistics Netherlands (50%)
Goodman Blue Logistics (Hungary) Kft. (50%)
Goodman Brazil Logistics Partnership (15%)
Goodman China Logistics Partnership (20%)
Goodman Doris Logistics Netherlands (50%)
Goodman Helena Logistics (Spain) (50%)
Goodman Japan Development Partnership (50%)
Goodman Lazulite Logistics (Lux) Sàrl (50%)
Goodman Mona Logistics (Netherlands) B.V (50%)
Goodman North America Partnership (55%)
Goodman Odysse Logistics (Lux) Sàrl (50%)
Goodman Princeton Partnership (Jersey) Ltd (20%)
Goodman Tangerine Logistics (Lux) Sàrl (50%)
Goodman UK Partnership L.P (33.3%)
Loreto Investments, S.L. (50%)
KWSA Goodman Germany (19.2%)
KWSA Goodman Industrial Partnership (40%)
Pochin Goodman (Northern Gateway) Ltd (50%)
South East Asia Joint Venture (50%)

Goodman Group
Consolidated interim financial report
for the half year ended 31 December 2020

Contents	Page
Directors' report	2
Lead auditor's independence declaration	10
Consolidated interim statements of financial position	11
Consolidated interim income statements	12
Consolidated interim statements of comprehensive income	13
Consolidated interim statements of changes in equity	14
Consolidated interim cash flow statements	16
Notes to the consolidated interim financial statements	
Basis of preparation	
1 Basis of preparation	17
Results for the half year	
2 Profit before income tax	19
3 Profit per security/Company share	20
4 Segment reporting	20
Operating assets	
5 Receivables	24
6 Property assets	24
7 Intangible assets	31
Capital management	
8 Net finance income/(expense)	32
9 Interest bearing liabilities	32
10 Financial instruments	35
11 Dividends and distributions	37
12 Issued capital	37
Other items	
13 Equity attributable to Goodman Limited and non-controlling interests	38
14 Commitments	40
15 Related parties	41
16 Events subsequent to balance date	41
Directors' declaration	42
Independent auditor's review report	43
Appendix A – Goodman Logistics (HK) Limited interim financial report for the half year ended 31 December 2020	A1

**Goodman Group
Directors' report
for the half year ended 31 December 2020**

The directors (Directors) of Goodman Limited (ABN 69 000 123 071) (Company or GL) and Goodman Funds Management Limited (GFML), the responsible entity for Goodman Industrial Trust (ARSN 091 213 839) (Trust), present their Directors' report together with the consolidated interim financial statements of Goodman Limited and the entities it controlled (Goodman or Group) and the consolidated financial statements of Goodman Industrial Trust and the entities it controlled (GIT) at the end of, or during, the half year ended 31 December 2020 (half year or HY21) and the review report thereon.

Shares in the Company, units in the Trust 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.

As permitted by the relief provided in Australian Securities & Investments Commission (ASIC) Instrument 20-0568, the accompanying consolidated interim financial statements present both the interim financial statements and accompanying notes of Goodman and GIT. GLHK, which was incorporated and is domiciled in Hong Kong, prepares its financial statements under Hong Kong Financial Reporting Standards and the applicable requirements of the Hong Kong Companies Ordinance and accordingly the financial statements of GLHK have not been included as adjacent columns in the consolidated interim financial statements. The consolidated interim financial statements of GLHK have been included as an appendix to this interim financial report.

Preparation of the consolidated interim financial report of Goodman Industrial Trust

GFML, a controlled entity of Goodman Limited, as responsible entity for the Trust, is solely responsible for the preparation of the accompanying consolidated interim financial report of GIT, in accordance with the Trust's Constitution and the *Corporations Act 2001*.

Rounding

Goodman and GIT are entities of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in this Directors' report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

Directors

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

Directors

Mr Stephen Johns (Independent Director and, from 19 November 2020, Independent Chairman)
Mr Ian Ferrier, AM (Independent Chairman) retired on 19 November 2020
Mr Gregory Goodman (Group Chief Executive Officer)
Mr Christopher Green (Independent Director)
Mr Mark Johnson (Independent Director)
Ms Rebecca McGrath (Independent Director)
Mr Danny Peeters (Executive Director, Corporate)
Mr Phillip Pryke (Independent Director)
Mr Anthony Rozic (Deputy Group Chief Executive Officer and Chief Executive Officer, North America)
Ms Penny Winn (Independent Director)

Company Secretary

The Company Secretary at any time during the half year and up to 19 February 2021 was Mr Carl Bicego.

Dividends and distributions

No dividends were declared by the Company during the half year (HY20: \$nil).

An interim distribution in respect of HY21 of 15.0 cents per security, amounting to \$277.1 million (HY20: \$274.3 million) was determined by GIT during the half year. This interim distribution will be paid on 25 February 2021.

No dividends were declared by GLHK during the half year (HY20: \$nil).

Goodman Group
Directors' report
for the half year ended 31 December 2020

Operating and financial review

Goodman is a global integrated property group and one of the world's leading listed industrial property groups. Goodman is focused on its proven business model of owning, developing and managing industrial property and business space in key markets around the world.

The principal activities of Goodman continued to be investment in directly and indirectly held industrial property, investment management, property services and property development. The Group's indirect investment in property is via cornerstone holdings in Partnerships (associates and joint ventures (JVs)). Goodman's key operating regions during the half year were Australia and New Zealand, Asia, Continental Europe, the United Kingdom and the Americas.

Financial highlights

	2020	2019	Change %
Revenue and other income before fair value adjustments on investment properties (\$M)	1,515.7	1,000.5	51.5%
Fair value adjustments on investment properties including share of adjustments for Partnerships (\$M)	370.0	391.1	(5.4%)
Revenue and other income (\$M)	1,885.7	1,391.6	35.5%
Profit attributable to Securityholders (\$M)	1,041.5	810.6	28.5%
Operating profit (\$M)	614.9	530.4	15.9%
Statutory profit per security - basic (¢)	56.6	44.4	27.5%
Operating profit per security (operating EPS) (¢) ¹	33.1	28.8	14.9%
Dividends/distributions in relation to the half year (\$M)	277.1	274.3	1.0%
Dividends/distributions per security in relation to the half year (¢)	15.0	15.0	-
Weighted average number of securities on issue (M)	1,841.1	1,823.7	1.0%

	31 Dec 2020	30 Jun 2020	Change %
Total equity attributable to Securityholders (\$M)	11,968.3	11,520.6	3.9%
Number of securities on issue (M)	1,847.4	1,828.4	1.0%
Net tangible assets per security (\$)	6.03	5.84	3.3%
Net assets per security (\$)	6.48	6.30	2.9%
External assets under management (\$B)	48.5	48.0	1.0%
Total assets under management (\$B)	51.8	51.6	0.4%
Development work in progress (\$B) ²	8.4	6.5	29.2%
Gearing (%) ³	4.8	7.5	
Interest cover ⁴ (times)	16.8	15.3	
Liquidity (\$B)	2.3	2.8	
Weighted average debt maturity (years)	6.1	5.8	

- Operating profit per security (operating EPS) is the operating profit divided by the weighted average number of securities on issue during HY21, 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).

As it is closely aligned with operating cash generation, the Directors consider that Goodman'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.

- Development work in progress (WIP) is the end value of active developments across Goodman and its Partnerships.
- Gearing is calculated as total interest bearing liabilities over total assets, both net of cash and the fair values of certain derivative financial instruments included in other financial assets of \$172.7 million (30 June 2020: \$292.5 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of \$77.0 million (30 June 2020: \$194.0 million).
- Interest cover is operating profit before net finance expense (operating) and income tax (operating) divided by net finance expense (operating). The calculation is in accordance with the financial covenants associated with the Group's unsecured bank loans and includes certain adjustments to the numerator and denominator.

**Goodman Group
Directors' report
for the half year ended 31 December 2020**

Operating and financial review (cont)

Overview

COVID-19 is continuing to have a significant impact in almost all countries around the world and Goodman's markets have been affected at various times and to varying degrees. The Group has adopted a fully flexible operating environment to provide safety for, and in support of, the wellbeing of employees, while at the same time delivering high levels of productivity across Goodman's activities and services. Some of the key achievements have been the execution of a large number of leasing transactions across the portfolios, the commencement of several major development projects, the completion of property acquisitions and disposals and the negotiation of new debt facilities and equity commitments for the Group and its Partnerships. As a consequence, Goodman is well positioned to manage future growth in a potentially challenging environment.

Goodman has a quality portfolio in locations that are close to key urban centres, where supply is constrained. The strong demand driven by the digital economy continues to sustain activity and property fundamentals in the Group's chosen markets. Strong occupier demand has resulted in high occupancy of 98% at 31 December 2020 and like for like rent growth during HY21 of 3%. Strong investor demand has led to further valuation growth across the portfolios in HY21.

Given Goodman's customer requirements and ongoing structural change driven by the digital economy, the Group has increased its development activity, with WIP growing to \$8.4 billion at 31 December 2020. This included a number of large projects across the Group's operating regions, with projects expected to take 18 months, on average, to reach completion.

Total assets under management (AUM) have increased during the half year from \$51.6 billion to \$51.8 billion, as the valuation growth and the ongoing development within the portfolios offset the impacts of foreign currency translation and asset disposals.

In terms of the Group's HY21 results, the level of development activity has been a key factor, with development earnings significantly increased compared to HY20. Management earnings have been maintained, with performance and transaction related revenues again being recognised. Property investment earnings were lower compared to the prior corresponding period, but this was mainly a result of the strategic disposals in Europe and the United Kingdom and repositioning of directly held properties in Australia in advance of their redevelopment to higher uses. The underlying property fundamentals have remained consistently sound in the portfolio.

Overall, the Group's operating profit was \$614.9 million for HY21, a 15.9% increase on HY20, which equated to an operating EPS of 33.1 cents, up 14.9% on HY20. The level of operating profit and the outlook for capital requirements to fund investment and development form the basis of the Group's distribution policy. Given the anticipated high levels of activity and in order to maintain an appropriate level of financial leverage, the interim distribution relating to HY21 performance has been maintained at 15.0 cents per security (cps) (HY20: 15.0 cps) and will be paid on 25 February 2021.

At 31 December 2020, gearing was 4.8% and liquidity (cash and undrawn finance facilities) was \$2.3 billion, with no debt maturities in the next 12 months. This leaves the Group in a very strong financial position to support the anticipated future growth.

Statutory profit for HY21 was \$1,041.5 million (HY20: \$810.6 million). This included the Group's share of property valuation gains of \$346.2 million and the expense associated with the LTIP of \$111.8 million. There was also a net \$196.4 million fair value gain on derivatives which is included in the statutory profit but excluded from the determination of operating profit.

Analysis of performance

Goodman's key operating regions are Australia and New Zealand (reported on a combined basis), Asia (Greater China and Japan), Continental Europe (primarily Germany and France), the United Kingdom and the Americas (North America and Brazil). 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 Partnerships that is allocable to property investment activities which excludes the Group's share of property revaluations and derivative mark to market movements. The key drivers for maintaining or growing Goodman's property investment earnings are increasing the level of AUM (subject also to Goodman's direct and indirect interest) and maintaining or increasing occupancy and rental levels within the portfolio. The Group's property investment earnings are also impacted by the gearing and funding costs within the Partnerships, however, Goodman takes a relatively prudent approach to capital management to facilitate the longer-term sustainability of returns.

Goodman Group
Directors' report
for the half year ended 31 December 2020

Operating and financial review (cont)

Analysis of performance (cont)

Management earnings relate to the revenue from managing both the property portfolios and the capital invested in Partnerships (management income). This includes performance related revenues but excludes earnings from managing individual development projects in Partnerships, which are included in development earnings. The key drivers for maintaining or growing management earnings are activity levels, asset performance, and increasing the level of AUM, which can be impacted by property valuations and asset disposals and is also dependent on liquidity including the continued availability of third party capital to fund both development activity and acquisitions across Partnerships.

Development earnings consist of development income, plus Goodman's share of the operating results of Partnerships that is allocable to development activities, plus net gains or losses from disposals of investment properties and equity investments that are allocable to development activities, less development expenses. Development income includes development management fees and also performance related revenues associated with managing individual development projects in Partnerships. The key drivers for Goodman's development earnings are the level of development activity, land and construction prices, property valuations and the continued availability of third party capital to fund development activity.

The analysis of Goodman's performance and the reconciliation of the operating profit to profit attributable to Securityholders for HY21 are set out in the table below:

	Note	2020 \$M	2019 \$M	Change %
Analysis of operating profit				
Property investment earnings		196.1	213.3	(8.1%)
Management earnings		219.2	219.0	0.1%
Development earnings		397.2	300.1	32.4%
		812.5	732.4	
Operating expenses		(138.9)	(139.7)	(0.6%)
		673.6	592.7	
Net finance expense (operating) ¹		(28.4)	(29.9)	(5.0%)
Income tax expense (operating) ²		(30.3)	(32.4)	(6.5%)
Operating profit		614.9	530.4	15.9%
Adjustments for:				
Property valuation related movements				
- Net gain from fair value adjustments on investment properties	6(d)	12.1	26.2	
- Share of fair value adjustments attributable to investment properties in Partnerships after tax	6(e)	357.9	350.5	
- Deferred tax on fair value adjustments on investment properties		(23.8)	(13.0)	
		346.2	363.7	
Fair value adjustments related to liability management				
- Fair value adjustments on derivative financial instruments	8	214.9	17.8	
- Share of fair value adjustments on derivative financial instruments in Partnerships	6(e)	(18.5)	(2.6)	
		196.4	15.2	
Other non-cash adjustments or non-recurring items				
- Share based payments expense		(111.8)	(87.7)	
- Straight lining of rental income and tax deferred adjustments		(4.2)	(11.0)	
		(116.0)	(98.7)	
Profit for the half year attributable to Securityholders		1,041.5	810.6	

1. Net finance expense (operating) excludes derivative mark to market movements.

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

Goodman Group
Directors' report
for the half year ended 31 December 2020

Operating and financial review (cont)

Analysis of performance (cont)

Property investment

The Group's property investment earnings of \$196.1 million decreased by 8.1% compared to HY20. Property investment earnings comprised 24.1% of total operating earnings for HY21 (HY20: 29.1%).

The decrease in investment earnings reflects asset disposals, as portfolios in the Partnerships are assessed on an ongoing basis to optimise the portfolio and create funding for new investment. During HY21, Goodman European Partnership (GEP) completed the disposal of properties in central and eastern Europe, allowing the Partnership to focus on its key western European markets. In addition, the Group has progressed the redevelopment of certain of its directly held properties in Australia, which necessitates buildings being vacant. As a consequence, direct net property income (NPI) was down \$12.3 million compared to HY20, although longer term, these properties present significant growth potential from the redevelopment to more intense or higher and better use.

The concentration of Goodman's portfolios in key infill markets continued to produce positive results for the Group with rental growth and high occupancy levels being maintained. Furthermore, the Group's share of investment earnings from Partnerships increased as developments reached completion.

- + Partnership like-for-like NPI growth of 3.0%
- + Occupancy maintained at 98%
- + Weighted average lease expiries of 4.4 years.

Property valuations

The strong demand for industrial assets in Goodman's markets was maintained during HY21, putting further downward pressure on capitalisation rates, which combined with the high occupancy and underlying rental growth, has resulted in valuation gains across the Group's investment property portfolios.

Goodman's share of property valuation gains for HY21 was \$346.2 million (HY20: \$363.7 million) and the weighted average capitalisation rate tightened from 4.93% to 4.70%. The valuation gains from Partnerships included uplifts from the completion of developments.

Management

The management division contributed operating earnings of \$219.2 million, an increase of 0.1% compared to HY20. Management earnings comprised 27.0% of total operating earnings for the half year (HY20: 29.9%).

The positive performance of the Partnerships has continued to exceed most benchmarks. External AUM increased from \$48.0 billion to \$48.5 billion during HY21 through the demand driven development workbook, strong underlying rental growth, continued high occupancy and tightening capitalisation rates in most markets, partially offset by a currency translation impact of \$2.1 billion on the overseas assets and strategic disposals of \$2.2 billion. This increase in external AUM resulted in increased base management and property services fee income.

Performance and transaction related management income of \$67.0 million was recognised in HY21, broadly in line with the prior corresponding period (HY20: \$65.0 million). The high investor and occupier demand for industrial assets and the expected growth from the significant development activity, mean that the outlook for performance income remains strong.

Development

Development earnings for HY21 were \$397.2 million, an increase of 32.4% compared to HY20. Development earnings comprised 48.9% of total operating earnings for the half year (HY20: 41.0%). Some of the current period income related to development projects that started in the prior year but had not been completed by 30 June 2020. However, the progress and execution of the Group's developments continue to be robust, with a number of large projects underway that will result in income for the remainder of this financial year and continue into the next.

The Group's confidence in development was evident from the commencements in HY21, with \$3.5 billion (HY20: \$1.7 billion) of projects being started, of which 49% had pre-committed leases. Development completions were \$1.5 billion (HY20: \$1.5 billion), of which 95% had pre-committed leases and 84% had been developed for Partnerships and third parties. At 31 December 2020, WIP (based on end value) had increased to \$8.4 billion across 56 projects with a forecast yield on cost of 6.6%. This increase in development volumes had a significant favourable impact on development income in HY21, which more than offset the impact on income arising from the longer development timeframes required for these higher intensity projects. The current activity levels and the strong development pipeline in all regions position the Group favourably for future growth.

Goodman Group
Directors' report
for the half year ended 31 December 2020

Operating and financial review (cont)

Analysis of performance (cont)

Operating expenses

Operating expenses continue to be well controlled as the Group focuses on its key markets.

Net finance expense (operating)

Net finance expense (operating), which excluded derivative mark to market movements and unrealised foreign exchange movements, was broadly in line with the prior corresponding period at \$28.4 million (HY20: \$29.9 million).

The Group's interest expense decreased due to lower debt following the repayment of the USD denominated notes that had been scheduled to mature in 2021 and 2022, lower weighted average cost of debt and the impact of foreign currency exchange rates. However, this was offset by lower interest income (lower cash balances and lower interest rates) and lower capitalised interest as more of the development activity was undertaken in the Partnerships.

Income tax expense (operating)

The HY21 income tax expense (operating) was consistent with HY20. A significant proportion of Goodman's earnings related to GIT and its controlled entities, which are "flow through" entities under Australian tax legislation, meaning Securityholders (and not the Group) are taxed on their respective share of taxable income.

Statement of financial position

	31 Dec 2020	30 Jun 2020
	\$M	\$M
Stabilised investment properties	1,813.0	1,797.9
Cornerstone investments in Partnerships	7,658.6	7,807.3
Development holdings	3,092.7	3,140.1
Intangible assets	821.1	845.8
Cash and cash equivalents	1,275.2	1,781.9
Other assets	797.6	765.2
Total assets	15,458.2	16,138.2
Interest bearing liabilities	2,043.8	2,938.5
Other liabilities	1,446.1	1,679.1
Total liabilities	3,489.9	4,617.6
Net assets	11,968.3	11,520.6

The value of directly owned stabilised investment properties increased by \$15.1 million to \$1,813.0 million, primarily due to valuation increases and development expenditure. The majority of the stabilised investment properties are in Australia and include a number of sites with potential for redevelopment to higher intensity uses.

The value of stabilised assets within Goodman's cornerstone investments in Partnerships decreased by \$148.7 million to \$7,658.6 million. The valuation gains on stabilised assets and development completions (including valuation uplifts) in HY21 were more than offset by the impacts of foreign currency translation. The Group's net investment in the Partnerships' stabilised portfolios during HY21 was broadly neutral with equity investments in some Partnerships offset by capital returns from others, primarily due to new debt issues and asset sales.

Goodman's development holdings (which included the Group's share of development holdings in Partnerships) decreased by \$47.4 million to \$3,092.7 million. This decrease was driven by net disposals of directly held development assets, primarily in Continental Europe, development stabilisations in the Partnerships and the impact of foreign currency translation. The Group's share of development holdings in the Partnerships increased by approximately \$100 million during HY21 (approximately \$210 million excluding the impact of foreign currency translation), which reflected the increased development activity globally. As noted previously, WIP increased from \$6.5 billion at 30 June 2020 to \$8.4 billion at 31 December 2020, of which 80% was within the Partnerships.

The principal intangible asset balance relates to Continental Europe. The movement in the half year was the result of changes in foreign currency exchange rates. There were no additions to or impairments of intangible assets during HY21.

Goodman Group
Directors' report
for the half year ended 31 December 2020

Operating and financial review (cont)

Statement of financial position (cont)

Other assets include receivables, right of use assets from the Group's operating leases (primarily office premises) and the fair values of certain derivative financial instruments, which hedge the Group's interest rate and foreign exchange rate risks. The increase during HY21 was due to the fair value of the Group's cross currency derivative financial instruments partly offset by the adverse impact of changes from foreign currency translation on foreign denominated other assets.

Other liabilities include trade and other payables, lease liabilities, the provision for distributions to Securityholders, fair values of certain derivative financial instruments and tax liabilities (including deferred tax). The decrease during HY21 was primarily due to the impact of foreign currency translation.

Liability management

At 31 December 2020, the Group held cash of \$1,275.2 million and had interest bearing liabilities of \$2,043.8 million compared to \$1,781.9 million and \$2,938.5 million respectively at 30 June 2020. During the half year, the Group redeemed all of the outstanding USD denominated notes that had been due to mature in FY21 and FY22. All the Group's interest bearing liabilities are due more than 12 months after the balance date, with the next maturity date on the Group's drawn debt in April 2023.

Goodman's approach to the management of capital remains consistent with the policy range for gearing of 0% to 25%, with the actual gearing level determined by the level of and composition of activities in its operating segments. At 31 December 2020, the Group had a weighted average debt maturity of 6.1 years (30 June 2020: 5.8 years) and had available liquidity (cash and undrawn facilities) of \$2.3 billion. Gearing reduced to 4.8% (30 June 2020: 7.5%) and interest cover was 16.8 times (30 June 2020: 15.3 times), which provided significant headroom relative to Goodman's financing covenants.

Cash flow

	2020	2019
	\$M	\$M
Operating cash flows	878.5	495.4
Investing cash flows	(246.6)	(315.8)
Financing cash flows (excluding dividends and distributions)	(774.3)	(152.1)
Dividends and distributions paid	(274.3)	(272.1)
Net decrease in cash and cash equivalents held	(416.7)	(244.6)
Cash and cash equivalents at the beginning of the half year ¹	1,792.8	1,607.1
Effect of exchange rate fluctuations on cash held	(100.9)	(1.6)
Cash and cash equivalents at the end of the half year	1,275.2	1,360.9

1. Cash and cash equivalents at the beginning of the half year included cash and cash equivalents of \$10.9 million (HY20: \$nil) classified as assets held for sale.

Operating cash inflow was \$878.5 million, an increase of \$383.1 million compared to HY20. This was primarily due to higher net receipts from development activities (including distributions arising from development activities in Partnerships). The timing of development receipts can vary period on period as the majority of proceeds for development disposals arise at completion.

Investing cash outflow was \$246.6 million compared to \$315.8 million in HY20. The investments in Partnerships to fund acquisitions and developments have continued, but the net cash outflow in HY21 was lower than HY20 primarily due to the European asset sales and new debt funding in Goodman UK Partnership (GUKP) and Goodman North America Partnership (GNAP).

Financing cash outflow (excluding dividends and distributions) was \$774.3 million (HY20: \$152.1 million), which included the repayment of the USD denominated notes and a revolving bank loan, amounting to A\$673.1 million. In HY20, the net cash outflow from financing activities included the repayment of an external bank loan in Japan.

The dividend and distribution paid during HY21 related to the final payment in respect of FY20 and was paid in August 2020.

**Goodman Group
Directors' report
for the half year ended 31 December 2020**

Operating and financial review (cont)

Outlook

Notwithstanding the impact of the COVID-19 pandemic on global economies, the business conditions for industrial assets remain favourable, with high investor and occupier demand.

The Group's strategy to develop its own property for long-term investment will remain in place. Commensurately, the level of development activity has been elevated in light of the outlook for strong demand from both customers and investment partners. During the half year, the Group commenced a number of larger projects that involve a high intensity use of land with multi-storey structures. The WIP of \$8.4 billion at 31 December 2020 has an average expected duration of about 18 months so the revenue from these projects will emerge during the remainder of FY21 and future years.

Over time, this increase in development is projected to contribute to higher total AUM, resulting in growth in both property investment earnings and management earnings. Also, with these high activity levels and the strong performance of the Partnerships, performance and transaction related fees are likely to continue.

The Board sets targets annually and reviews them regularly. Given the strong start to the financial year and based on the current outlook, the Directors are increasing the Group's forecast operating profit to \$1.2 billion, which equates to approximately 12% growth in the Group's operating earnings per security compared to FY20. The forecast distribution for the full year is maintained at 30 cps, as previously guided. This is consistent with the Group's desire to maintain low financial leverage at this time, which is in line with its financial risk management policy that is to have gearing in a range of 0% to 25% with the actual level to be determined based on the mix of activities and the outlook for capital needs.

Further information as to other likely developments in the operations of Goodman and the expected results of those operations in future financial years has not been included in this Directors' report because disclosure of the information would be likely to result in unreasonable prejudice to Goodman.

Events subsequent to balance date

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of Goodman and GIT, the results of those operations, or the state of affairs of Goodman and GIT, 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.

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



Stephen Johns
Independent Chairman



Gregory Goodman
Group Chief Executive Officer

Sydney, 19 February 2021



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

To the Directors of Goodman Limited and Goodman Funds Management Limited, as Responsible Entity for Goodman Industrial Trust

I declare that, to the best of my knowledge and belief, in relation to the reviews of Goodman Limited (as the deemed parent presenting the stapled security arrangement of the Goodman Group) and Goodman Industrial Trust for the half-year ended 31 December 2020 there have been:

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

A stylized, handwritten signature of the KPMG firm, rendered in black ink.

KPMG

A handwritten signature in black ink, reading 'Eileen Hoggett'.

Eileen Hoggett
Partner

Sydney
19 February 2021

Goodman Group
Consolidated interim statements of financial position
as at 31 December 2020

	Note	Goodman		GIT	
		31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
		\$M	\$M	\$M	\$M
Current assets					
Cash and cash equivalents		1,275.2	1,781.9	557.7	1,302.6
Receivables	5	234.9	282.3	1,358.8	1,602.1
Contract assets		58.4	25.7	-	-
Inventories	6(b)	241.1	544.1	-	-
Other financial assets		36.2	59.3	36.2	59.3
Assets held for sale		-	112.5	-	-
Total current assets		1,845.8	2,805.8	1,952.7	2,964.0
Non-current assets					
Receivables	5	237.1	108.3	1,713.5	1,487.4
Inventories	6(b)	900.0	636.1	14.0	5.9
Investment properties	6(b)	1,825.4	1,901.2	1,217.0	1,202.4
Investments accounted for using the equity method	6(b)	9,331.9	9,370.8	7,060.6	7,148.3
Deferred tax assets		12.4	10.5	-	-
Other financial assets		442.7	408.8	442.9	444.1
Property, plant and equipment		41.8	50.9	-	-
Intangible assets	7	821.1	845.8	-	-
Total non-current assets		13,612.4	13,332.4	10,448.0	10,288.1
Total assets		15,458.2	16,138.2	12,400.7	13,252.1
Current liabilities					
Payables		507.8	584.5	580.9	655.3
Current tax payables		160.0	140.8	-	-
Interest bearing liabilities	9	-	260.1	-	260.1
Provisions		296.8	289.4	277.1	201.1
Lease liabilities		13.8	17.6	-	-
Other financial liabilities		15.6	50.4	15.6	50.4
Total current liabilities		994.0	1,342.8	873.6	1,166.9
Non-current liabilities					
Payables		60.1	85.4	269.6	231.5
Interest bearing liabilities	9	2,043.8	2,678.4	2,044.4	2,679.4
Deferred tax liabilities		135.2	121.8	94.2	82.3
Provisions		24.9	29.0	-	-
Lease liabilities		59.4	29.2	-	-
Other financial liabilities		172.5	331.0	112.1	302.6
Total non-current liabilities		2,495.9	3,274.8	2,520.3	3,295.8
Total liabilities		3,489.9	4,617.6	3,393.9	4,462.7
Net assets		11,968.3	11,520.6	9,006.8	8,789.4
Equity attributable to Securityholders					
Issued capital	12	8,096.4	8,031.7	7,849.0	7,623.5
Reserves		(65.1)	384.7	(144.0)	136.7
Retained earnings		3,937.0	3,104.2	1,301.8	1,029.2
Total equity attributable to Securityholders		11,968.3	11,520.6	9,006.8	8,789.4
Comprising:					
Total equity attributable to GL	13(a)	1,364.3	1,278.0		
Total equity attributable to other entities stapled to GL	13(b)	10,604.0	10,242.6		
Total equity attributable to Securityholders		11,968.3	11,520.6	9,006.8	8,789.4

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

Goodman Group
Consolidated interim income statements
for the half year ended 31 December 2020

	Note	Goodman		GIT	
		2020	2019	2020	2019
		\$M	\$M	\$M	\$M
Revenue					
Gross property income	2	48.6	63.4	30.5	34.3
Management income	2	180.0	219.0	-	-
Development income	2	1,082.9	507.2	-	0.3
Distributions from investments		-	1.2	2.9	4.9
		1,311.5	790.8	33.4	39.5
Property and development expenses					
Property expenses		(15.8)	(18.3)	(10.6)	(10.6)
Development expenses		(708.1)	(277.8)	-	-
		(723.9)	(296.1)	(10.6)	(10.6)
Other income					
Net gain from fair value adjustments on investment properties	6(d)	12.1	26.2	11.9	26.0
Net gain on disposal of investment properties		-	9.2	-	9.3
Share of net results of equity accounted investments	6(e)	562.1	564.7	389.2	429.1
Net gain on disposal of equity investments		-	0.7	-	-
		574.2	600.8	401.1	464.4
Other expenses					
Employee expenses		(96.5)	(101.0)	-	-
Share based payments expense		(111.8)	(87.7)	-	-
Administrative and other expenses		(42.4)	(38.7)	(25.9)	(26.5)
		(250.7)	(227.4)	(25.9)	(26.5)
Profit before interest and tax		911.1	868.1	398.0	466.8
Net finance income/(expense)					
Finance income	8	219.1	25.9	247.3	122.2
Finance expense	8	(32.6)	(38.0)	(73.8)	(101.7)
Net finance income/(expense)		186.5	(12.1)	173.5	20.5
Profit before income tax		1,097.6	856.0	571.5	487.3
Income tax expense		(56.1)	(45.4)	(21.8)	(1.0)
Profit for the half year		1,041.5	810.6	549.7	486.3
Profit attributable to GL	13(a)	91.6	151.0		
Profit attributable to other entities stapled to GL	13(b)	949.9	659.6		
Profit for the half year attributable to Securityholders		1,041.5	810.6		
Basic profit per security (¢)	3(a)	56.6	44.4		
Diluted profit per security (¢)	3(a)	55.1	43.2		

The consolidated interim income statements are to be read in conjunction with the accompanying notes.

Goodman Group
Consolidated interim statements of comprehensive income
for the half year ended 31 December 2020

	Goodman		GIT	
	2020	2019	2020	2019
	\$M	\$M	\$M	\$M
Profit for the half year	1,041.5	810.6	549.7	486.3
Other comprehensive income/(loss) for the half year				
Items that will not be reclassified to profit or loss				
Effect of foreign currency translation	0.4	(1.1)	-	-
	0.4	(1.1)	-	-
Items that are or may be reclassified subsequently to profit or loss				
Increase/(decrease) due to revaluation of other financial assets	-	-	1.7	(1.6)
Cash flow hedges:				
- Change in value of financial instruments	(2.4)	1.8	(2.4)	1.8
Effect of foreign currency translation	(414.3)	(14.0)	(252.5)	(7.0)
	(416.7)	(12.2)	(253.2)	(6.8)
Other comprehensive loss for the half year, net of income tax	(416.3)	(13.3)	(253.2)	(6.8)
Total comprehensive income for the half year	625.2	797.3	296.5	479.5
Total comprehensive income attributable to GL	9.6	128.2		
Total comprehensive income attributable to other entities stapled to GL	615.6	669.1		
Total comprehensive income for the half year attributable to Securityholders	625.2	797.3		

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

Goodman Group
Consolidated interim statements of changes in equity
for the half year ended 31 December 2020

Goodman	Attributable to Securityholders								
	Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Defined benefit funds actuarial losses reserve	Total reserves	Retained earnings	Total equity
	Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2019		8,031.7	(7.1)	(3.3)	215.0	216.2	(23.3)	397.5	10,522.5
Total comprehensive income/(loss) for the half year									
Profit for the half year		-	-	-	-	-	-	810.6	810.6
Other comprehensive income/(loss)									
Effect of foreign currency translation		-	0.1	-	(14.1)	-	(1.1)	-	(15.1)
Cash flow hedges:									
- Change in value of financial instruments		-	-	1.8	-	-	1.8	-	1.8
Total other comprehensive income/(loss) for the half year, net of income tax		-	0.1	1.8	(14.1)	-	(1.1)	-	(13.3)
Total comprehensive income/(loss) for the half year, net of income tax		-	0.1	1.8	(14.1)	-	(1.1)	810.6	797.3
Transfers		-	-	-	-	(55.3)	(55.3)	55.3	-
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	11	-	-	-	-	-	-	(274.3)	(274.3)
Purchase of securities for the LTIP		-	-	-	-	(19.0)	(19.0)	-	(19.0)
Equity settled share based payments transactions		-	-	-	-	49.9	49.9	-	49.9
Balance at 31 December 2019		8,031.7	(7.0)	(1.5)	200.9	191.8	(24.4)	2,684.9	11,076.4
Balance at 1 July 2020		8,031.7	(7.2)	(5.2)	188.6	239.8	(31.3)	3,104.2	11,520.6
Total comprehensive income/(loss) for the half year									
Profit for the half year		-	-	-	-	-	-	1,041.5	1,041.5
Other comprehensive income/(loss)									
Effect of foreign currency translation		-	0.2	0.5	(415.0)	-	(413.9)	-	(413.9)
Cash flow hedges:									
- Change in value of financial instruments		-	-	(2.4)	-	-	(2.4)	-	(2.4)
Total other comprehensive income/(loss) for the half year, net of income tax		-	0.2	(1.9)	(415.0)	-	(416.3)	-	(416.3)
Total comprehensive income/(loss) for the half year, net of income tax		-	0.2	(1.9)	(415.0)	-	(416.3)	1,041.5	625.2
Transfers		-	-	-	-	(68.4)	(68.4)	68.4	-
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	11	-	-	-	-	-	-	(277.1)	(277.1)
Issue of securities	12	65.1	-	-	-	-	-	-	65.1
Issue costs		(0.4)	-	-	-	-	-	-	(0.4)
Purchase of securities for the LTIP		-	-	-	-	(22.3)	(22.3)	-	(22.3)
Equity settled share based payments transactions		-	-	-	-	57.2	57.2	-	57.2
Balance at 31 December 2020		8,096.4	(7.0)	(7.1)	(226.4)	206.3	(30.9)	3,937.0	11,968.3

The consolidated interim statement of changes in equity is to be read in conjunction with the accompanying notes. For an analysis of equity attributable to non-controlling interests, refer to note 13(b).

Goodman Group
Consolidated interim statements of changes in equity
for the half year ended 31 December 2020

GIT	Attributable to Unitholders							
		Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Total reserves	Retained earnings
	Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2019		7,477.3	12.6	(3.3)	(71.1)	159.7	97.9	668.5
Total comprehensive income/(loss) for the half year								
Profit for the half year		-	-	-	-	-	-	486.3
Other comprehensive (loss)/income								
Effect of foreign currency translation		-	(0.2)	-	(6.8)	-	(7.0)	-
Cash flow hedges:								
- Change in value of financial instruments		-	-	1.8	-	-	1.8	-
Decrease due to revaluation of other financial assets		-	(1.6)	-	-	-	(1.6)	-
Total other comprehensive (loss)/income for the half year, net of income tax		-	(1.8)	1.8	(6.8)	-	(6.8)	-
Total comprehensive (loss)/income for the half year		-	(1.8)	1.8	(6.8)	-	(6.8)	486.3
Contributions by and distributions to owners								
Distributions on ordinary units	11	-	-	-	-	-	-	(274.3)
Issue of ordinary units for the LTIP	12	146.2	-	-	-	-	-	-
Equity settled share based payments transactions		-	-	-	-	(20.7)	(20.7)	-
Balance at 31 December 2019		7,623.5	10.8	(1.5)	(77.9)	139.0	70.4	880.5
Balance at 1 July 2020		7,623.5	7.0	(5.2)	(38.4)	173.3	136.7	1,029.2
Total comprehensive income/(loss) for the half year								
Profit for the half year		-	-	-	-	-	-	549.7
Other comprehensive (loss)/income								
Effect of foreign currency translation		-	(0.2)	0.5	(252.8)	-	(252.5)	-
Cash flow hedges:								
- Change in value of financial instruments		-	-	(2.4)	-	-	(2.4)	-
Increase due to revaluation of other financial assets		-	1.7	-	-	-	1.7	-
Total other comprehensive income/(loss) for the half year, net of income tax		-	1.5	(1.9)	(252.8)	-	(253.2)	-
Total comprehensive income/(loss) for the half year		-	1.5	(1.9)	(252.8)	-	(253.2)	549.7
Contributions by and distributions to owners								
Distributions on ordinary units	11	-	-	-	-	-	-	(277.1)
Issue of ordinary units	12	42.5	-	-	-	-	-	-
Issue of ordinary units for the LTIP	12	183.2	-	-	-	-	-	-
Issue costs on ordinary units		(0.2)	-	-	-	-	-	-
Equity settled share based payments transactions		-	-	-	-	(27.5)	(27.5)	-
Balance at 31 December 2020		7,849.0	8.5	(7.1)	(291.2)	145.8	(144.0)	1,301.8

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

Goodman Group
Consolidated interim cash flow statements
for the half year ended 31 December 2020

	Goodman		GIT	
	2020	2019	2020	2019
	\$M	\$M	\$M	\$M
Cash flows from operating activities				
Property income received	47.2	68.3	30.1	33.5
Cash receipts from development activities	1,121.7	639.2	-	-
Other cash receipts from services provided	166.7	248.4	-	-
Property expenses paid	(17.6)	(21.2)	(6.0)	(8.9)
Payments for development activities	(448.0)	(346.1)	-	(0.2)
Other cash payments in the course of operations	(255.4)	(224.0)	(0.6)	(21.1)
Distributions received from equity investments, including Partnerships	327.0	222.8	232.1	122.5
Interest received	3.5	9.8	3.0	8.6
Finance costs paid	(51.5)	(63.8)	(54.6)	(66.5)
Net income taxes (paid)/refunded	(15.1)	(38.0)	0.5	(0.9)
Net cash provided by operating activities	878.5	495.4	204.5	67.0
Cash flows from investing activities				
Net proceeds from disposal of investment properties	1.1	1.9	(1.2)	1.8
Net proceeds from disposal of equity investments	-	0.7	-	-
Return of capital by Partnerships	221.9	-	128.7	-
Payments for investment properties	(10.8)	(168.4)	(8.9)	(5.2)
Payments for investments in Partnerships	(457.5)	(149.3)	(320.2)	(51.4)
Payments for plant and equipment	(1.3)	(0.7)	-	-
Net cash used in investing activities	(246.6)	(315.8)	(201.6)	(54.8)
Cash flows from financing activities				
Proceeds from issue of stapled securities	65.1	-	42.5	-
Issue costs due to stapled securities	(0.2)	-	(0.2)	-
Net cash flows from loans (to)/from related parties	(97.3)	(5.2)	192.7	(293.2)
Payments on borrowings and derivative financial instruments	(712.6)	(119.0)	(712.6)	(4.1)
Dividends and distributions paid	(274.3)	(272.1)	(201.1)	(181.4)
Payments of lease liabilities	(7.0)	(8.9)	-	-
Purchase of securities for the LTIP	(22.3)	(19.0)	-	-
Net cash used in financing activities	(1,048.6)	(424.2)	(678.7)	(478.7)
Net decrease in cash held	(416.7)	(244.6)	(675.8)	(466.5)
Cash and cash equivalents at the beginning of the half year ¹	1,792.8	1,607.1	1,302.6	1,214.4
Effect of exchange rate fluctuations on cash held	(100.9)	(1.6)	(69.1)	2.5
Cash and cash equivalents at the end of the half year	1,275.2	1,360.9	557.7	750.4

1. Cash and cash equivalents for Goodman at the beginning of the half year included cash and cash equivalents of \$10.9 million (HY20: \$nil) classified as assets held for sale.

The consolidated interim cash flow statements are to be read in conjunction with the accompanying notes.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Basis of preparation

1 Basis of preparation

Goodman Limited and Goodman Industrial Trust are for profit entities domiciled in Australia. These condensed consolidated interim financial statements as at and for the six months ended 31 December 2020 comprise the results of Goodman Limited and the entities it controlled and the results of Goodman Industrial Trust and the entities it controlled.

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial statements are presented in Australian dollars and were authorised for issue by the Directors on 19 February 2021.

The interim financial statements do not include all of the information required for a full annual financial report and should be read in conjunction with the annual report of Goodman Group as at and for the year ended 30 June 2020.

There are no significant changes to the Group's interim income statement, statement of comprehensive income or statement of financial position as a result of the application of the new and amended standards and interpretations mandatory for annual reporting periods beginning on or after 1 July 2020. The Group has not applied any Australian Accounting Standards available for early adoption in the preparation of these financial statements.

(b) Basis of preparation of the consolidated financial reports

As permitted by the relief provided in ASIC Instrument 20-0568, these financial statements present both the financial statements and accompanying notes of Goodman and GIT. GLHK, which was incorporated and is domiciled in Hong Kong, prepares its financial statements under Hong Kong Financial Reporting Standards and the applicable requirements of the Hong Kong Companies Ordinance and accordingly the financial statements of GLHK have not been included as adjacent columns in this report. The financial statements of GLHK have been included as an appendix to this report.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the preparation of the Group's annual report as at and for the year ended 30 June 2020.

Goodman and GIT are entities of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in this interim financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Basis of preparation (cont)

1 Basis of preparation (cont)

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

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

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

- + Note 6 – Property assets
- + Note 10 – Financial instruments.

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

Measurement of fair values

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

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

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

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

- + Note 6 – Property assets
- + Note 10 – Financial instruments.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Results for the half year

2 Profit before income tax

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

	Goodman		GIT	
	2020	2019	2020	2019
	\$M	\$M	\$M	\$M
Gross property income				
Rental income	39.1	53.6	23.8	27.4
Recovery of property outgoings	9.5	9.8	6.7	6.9
Gross property income	48.6	63.4	30.5	34.3
Management activities				
Management services	152.2	154.0	-	-
Performance related income	27.8	65.0	-	-
Management income	180.0	219.0	-	-
Development activities				
Income from disposal of inventories	677.0	321.3	-	0.3
Income from fixed price development contracts	129.1	47.7	-	-
Other development income, including development management ¹	142.1	120.1	-	-
Net gain on disposal of assets held for sale ²	134.7	-	-	-
Net gain on disposal of special purpose development entities	-	18.1	-	-
Development income	1,082.9	507.2	-	0.3

1. Fee revenues from single contractual arrangements involving a combination of inextricable Investment Management and Development Management services and recognised over the life of the underlying development projects are classified as development income for statutory reporting purposes. During the period, \$39.2 million (HY20: \$nil) of such income was recognised.
2. In March 2020, the Group together with GEP entered into an agreement with a third party to dispose a portfolio of property assets and the Group's operating platform in the Czech Republic, Hungary, Poland and Slovakia. Accordingly, at 30 June 2020, the directly held assets and liabilities to be disposed, all within the Continental European segment, were presented as a disposal group held for sale. The disposal was completed on 8 July 2020.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Results for the half year (cont)

3 Profit per security/Company share

Basic profit per security of the Group is calculated by dividing the profit attributable to the Securityholders by the weighted average number of securities outstanding during the half year. Diluted profit per security is determined by adjusting the profit attributable to the Securityholders and weighted average number of securities outstanding for dilutive potential securities arising from vesting of performance rights issued under the LTIP.

(a) Goodman

	2020	2019
	¢	¢
Profit per security		
Basic profit per security	56.6	44.4
Diluted profit per security	55.1	43.2

Profit after tax of \$1,041.5 million (2019: \$810.6 million) was used in calculating basic and diluted profit per security.

The weighted average number of securities used in calculating basic and diluted profit per security is set out below:

	2020	2019
	Number of securities	
Weighted average number of securities used in calculating basic profit per security	1,841,066,698	1,823,674,788
Effect of performance rights on issue	49,185,765	53,705,801
Weighted average number of securities used in calculating diluted profit per security	1,890,252,463	1,877,380,589

(b) Goodman Limited

Under Australian Accounting Standards, the issued units of GIT and the CDIs over the shares of GLHK are presented as non-controlling interests. As a consequence, the Directors are required to present a basic profit per share and a diluted profit per share based on GL's consolidated result after tax but excluding the results attributable to GIT and GLHK.

	2020	2019
	¢	¢
Profit per Goodman Limited share		
Basic profit per Goodman Limited share	5.0	8.3
Diluted profit per Goodman Limited share	4.8	8.0

The profit after tax used in calculating the basic and diluted profit per Goodman Limited share was \$91.6 million (HY20: \$151.0 million). The weighted average number of shares used in calculating the basic and diluted profit per Goodman Limited share was the same as the Goodman calculation (refer above).

4 Segment reporting

Operating segment information is reported on a geographic basis and Goodman has determined that its operating segments are Australia and New Zealand (reported on a combined basis), Asia (Greater China and Japan), Continental Europe (primarily Germany and France), the United Kingdom and the Americas (North America and Brazil).

The activities and services undertaken by the operating segments include:

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

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Results for the half year (cont)

4 Segment reporting (cont)

Information about reportable segments

Goodman	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement												
External revenues												
Gross property income	47.8	53.5	0.1	0.9	-	4.3	0.4	4.4	0.3	0.3	48.6	63.4
Management income	59.2	90.8	54.5	60.3	57.5	59.5	1.3	1.2	7.5	7.2	180.0	219.0
Development income	76.4	70.3	86.7	48.0	707.4	353.5	186.6	6.3	25.8	29.1	1,082.9	507.2
Distributions from investments	-	-	-	-	-	1.2	-	-	-	-	-	1.2
Total external revenues	183.4	214.6	141.3	109.2	764.9	418.5	188.3	11.9	33.6	36.6	1,311.5	790.8
Analysis of external revenues												
Revenue from contracts with customers												
Assets and services transferred at a point in time	7.3	7.5	8.3	24.6	640.2	347.4	181.9	3.9	-	-	837.7	383.4
Assets and services transferred over time	137.1	162.5	132.9	83.8	124.7	66.5	6.0	3.7	33.3	36.4	434.0	352.9
Other revenue												
Rental income (excludes outgoings recoveries)	39.0	44.6	0.1	0.8	-	3.4	0.4	4.3	0.3	0.2	39.8	53.3
Distributions from investments	-	-	-	-	-	1.2	-	-	-	-	-	1.2
Total external revenues	183.4	214.6	141.3	109.2	764.9	418.5	188.3	11.9	33.6	36.6	1,311.5	790.8
Reportable segment profit before tax	179.7	244.8	161.1	151.0	327.2	196.5	1.5	0.6	53.7	55.6	723.2	648.5
Share of net results of equity accounted investments	179.6	249.7	131.8	198.6	53.7	47.6	19.9	8.0	177.1	60.8	562.1	564.7
Material non-cash items not included in reportable segment profit before tax												
Net gain from fair value adjustments on investment properties	12.1	25.8	-	-	-	-	-	0.4	-	-	12.1	26.2
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position												
Reportable segment assets	6,003.6	5,854.1	3,256.3	3,345.3	2,137.4	2,310.2	805.9	891.8	2,090.0	2,122.8	14,293.2	14,524.2
Non-current assets	5,799.5	5,445.6	2,896.2	2,938.3	1,825.2	1,870.6	594.0	591.2	1,981.8	2,017.3	13,096.7	12,863.0
Included in reportable segment assets are:												
Investment properties	1,818.2	1,894.0	-	-	-	-	7.2	7.2	-	-	1,825.4	1,901.2
Investments accounted for using the equity method	3,651.3	3,451.5	2,621.8	2,732.8	808.9	898.9	277.2	281.0	1,972.7	2,006.6	9,331.9	9,370.8
Reportable segment liabilities	109.0	137.1	232.2	205.9	126.8	101.6	67.9	77.9	119.4	109.5	655.3	632.0

Information about reportable segments (cont)

22

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Results for the half year (cont)

4 Segment reporting (cont)

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

	Note	Goodman		GIT	
		2020	2019	2020	2019
		\$M	\$M	\$M	\$M
Revenues					
Total revenue for reportable segments		1,311.5	790.8	33.4	39.2
Total revenue for other segments		-	-	-	0.3
Consolidated revenues		1,311.5	790.8	33.4	39.5
Profit or loss					
Total profit before tax for reportable segments					
Property investment earnings		196.1	213.3	172.3	187.4
Management earnings		219.2	219.0	-	-
Development earnings		397.2	300.1	-	-
Operating expenses allocated to reportable segments		(89.3)	(83.9)	(0.2)	(0.3)
Reportable segment profit before tax		723.2	648.5	172.1	187.1
Profit before tax for other segments		-	-	-	0.3
Corporate expenses not allocated to reportable segments		(49.6)	(55.8)	(25.7)	(26.2)
		673.6	592.7	146.4	161.2
Valuation and other items not included in reportable segment profit before tax:					
- Net gain from fair value adjustments on investment properties	6(d)	12.1	26.2	11.9	26.0
- Share of fair value adjustments attributable to investment properties in Partnerships	6(e)	357.9	350.5	261.4	289.7
- Share of fair value adjustments on derivative financial instruments in Partnerships	6(e)	(18.5)	(2.6)	(23.0)	(3.0)
- Share based payments expense		(111.8)	(87.7)	-	-
- Straight lining of rental income		(2.2)	(11.0)	1.3	(7.1)
Profit before interest and tax		911.1	868.1	398.0	466.8
Net finance income/(expense)	8	186.5	(12.1)	173.5	20.5
Consolidated profit before income tax		1,097.6	856.0	571.5	487.3
Assets					
Assets for reportable segments		14,293.2	14,524.2	8,491.8	8,649.0
Cash		602.9	1,042.9	521.9	1,039.5
Other unallocated amounts ¹		562.1	571.1	3,387.0	3,563.6
Consolidated total assets		15,458.2	16,138.2	12,400.7	13,252.1
Liabilities					
Liabilities for reportable segments		655.3	632.0	145.4	173.6
Interest bearing liabilities		2,043.8	2,938.5	2,044.4	2,939.5
Provisions for dividends/distributions to Securityholders	11	277.1	274.3	277.1	201.1
Other unallocated amounts ¹		513.7	772.8	927.0	1,148.5
Consolidated total liabilities		3,489.9	4,617.6	3,393.9	4,462.7

1. Other unallocated amounts in Goodman and GIT included other financial assets and liabilities, deferred tax assets, tax payables and provisions which did not relate to the reportable segments. Additionally, other unallocated assets and liabilities in GIT included loans due from/to controlled entities of Goodman.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Operating assets

5 Receivables

	Goodman		GIT	
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	\$M	\$M	\$M	\$M
Current				
Trade receivables	4.7	15.6	-	2.7
Tax receivables	15.4	9.0	2.3	3.0
Other receivables	107.5	91.6	19.2	4.3
Amounts due from related parties	107.3	132.4	-	0.3
Loans to related parties	-	33.7	1,337.3	1,591.8
	234.9	282.3	1,358.8	1,602.1
Non-current				
Other receivables	7.3	8.1	-	-
Loans to related parties	229.8	100.2	1,713.5	1,487.4
	237.1	108.3	1,713.5	1,487.4

6 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 Partnerships.

Inventories

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

Inventories are classified as non-current assets unless they are contracted to be sold within 12 months of the end of the reporting period, in which case they are classified as current assets.

Investment properties

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

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Operating assets (cont)

6 Property assets (cont)

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

	Note	Goodman		GIT	
		31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
		\$M	\$M	\$M	\$M
Inventories					
Current		241.1	544.1	-	-
Non-current		900.0	636.1	14.0	5.9
		1,141.1	1,180.2	14.0	5.9
Investment properties					
Stabilised investment properties		1,813.0	1,797.9	1,205.3	1,192.4
Investment properties under development		12.4	103.3	11.7	10.0
	6(d)	1,825.4	1,901.2	1,217.0	1,202.4
Investments accounted for using the equity method					
Associates	6(e)(i)	5,636.6	5,617.2	4,729.3	4,761.4
JVs	6(e)(ii)	3,695.3	3,753.6	2,331.3	2,386.9
		9,331.9	9,370.8	7,060.6	7,148.3
Total property assets		12,298.4	12,452.2	8,291.6	8,356.6

(c) Estimates and assumptions in determining property carrying values

Inventories

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

Investment properties

Stabilised investment properties

The fair value of stabilised investment properties is based on current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts. The current price is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Approach to determination of fair value

The approach to determination of fair value of investment properties is applied to both investment properties held directly and investment properties held in Partnerships.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. In making the determination of whether a market segment is active, the following characteristics are considered:

- + Function of the asset (distribution/warehouse or suburban office)
- + Location of asset (city, suburb or regional area)
- + Carrying value of the asset (categorised by likely appeal to private (including syndicates), national and institutional investors)
- + Categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Operating assets (cont)

6 Property assets (cont)

(c) Estimates and assumptions in determining property carrying values (cont)

Stabilised investment properties (cont)

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. Unless three or more sales are observed in an individual market segment (taken together with any comparable market segments as necessary), that market segment is considered inactive.

Where a market segment is observed to be active, then external independent valuations are performed for stabilised investment properties where there has been more than a 25 basis point movement in capitalisation rates and/or there has been a material change in tenancy profile and/or there has been significant capital expenditure, and/or there has been a change in use (or zoning) of the asset and/or it has been three years since the previous external independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10 year period. The key inputs considered for each individual calculation are rental growth rates, discount rates, market rental rates and letting up incentives. Discount rates are computed using the 10 year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Market assessment

At 31 December 2020, the Board has been able to assess that all markets in which the Group operated were active and as a consequence, no adjustments have been made to the carrying values of the Group's stabilised investment property portfolios on the basis of internally prepared DCF valuations.

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

Division	Total portfolio weighted average capitalisation rate			
	Goodman		GIT	
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	%	%	%	%
Australia and New Zealand	5.0	5.1	5.0	5.1
Asia	4.6	4.7	4.2	4.2
Continental Europe	4.3	4.9	4.4	5.0
United Kingdom	4.3	4.5	-	-
Americas	4.1	4.4	4.1	4.4

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 Partnerships. However, certain Partnerships do obtain independent valuations for investment properties under development each financial year.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Operating assets (cont)

6 Property assets (cont)

(d) Investment properties

Reconciliation of carrying amount of directly held investment properties

	Goodman		GIT	
	2020	2019	2020	2019
	\$M	\$M	\$M	\$M
Carrying amount at the beginning of the half year	1,901.2	1,897.1	1,202.4	1,158.6
Capital expenditure	13.4	70.2	10.8	3.7
Carrying value of properties disposed	-	(1.0)	-	(1.0)
Transfers to inventories	(101.2)	-	(8.1)	-
Net gain from fair value adjustments	12.1	26.2	11.9	26.0
Effect of foreign currency translation	(0.1)	1.6	-	-
Carrying amount at the end of the half year	1,825.4	1,994.1	1,217.0	1,187.3
Analysed by segment:				
Australia and New Zealand	1,818.2	1,958.4	1,217.0	1,187.3
United Kingdom	7.2	35.7	-	-
	1,825.4	1,994.1	1,217.0	1,187.3

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Operating assets (cont)

6 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 Partnerships.

(i) Investments in associates

Investments in associates are set out below:

		Goodman						GIT					
		Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
		2020	2019	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	2020	2019	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
Name of associate	Country of establishment	\$M	\$M	%	%	\$M	\$M	\$M	\$M	%	%	\$M	\$M
Property investment													
Goodman Australia Industrial Partnership (GAIP)	Australia	106.7	126.2	29.1	28.8	1,981.3	1,729.8	106.7	126.2	29.1	28.8	1,981.3	1,729.8
Goodman Australia Partnership (GAP)	Australia	34.6	62.0	19.9	19.9	705.0	762.6	34.6	62.0	19.9	19.9	705.0	762.6
Goodman Property Trust (GMT)	New Zealand	36.4	44.3	21.4	21.4	519.3	490.8	-	-	-	-	-	-
Goodman Hong Kong Logistics Partnership (GHKLP)	Cayman Islands	37.7	126.5	20.3	20.2	1,384.2	1,510.6	37.7	126.5	20.3	20.2	1,384.2	1,510.6
Goodman Japan Core Partnership (GJCP) ¹	Japan	15.9	16.5	14.7	15.5	388.0	365.0	-	-	-	-	-	-
Goodman European Partnership (GEP)	Luxembourg	37.5	38.8	20.4	20.4	658.8	758.4	37.5	38.8	20.4	20.4	658.8	758.4
		268.8	414.3			5,636.6	5,617.2	216.5	353.5			4,729.3	4,761.4

1. Goodman's ownership interest in GJCP reflected the weighted average ownership interest in the various property investment vehicles.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Operating assets (cont)

6 Property assets (cont)

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

(i) Investments in associates (cont)

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

	Goodman		GIT	
	2020	2019	2020	2019
	\$M	\$M	\$M	\$M
Movement in carrying amount of investments in associates				
Carrying amount at the beginning of the half year	5,617.2	4,856.0	4,761.4	4,120.4
Share of net results after tax (before fair value adjustments)	122.9	106.7	105.2	90.2
Share of fair value adjustments attributable to investment properties after tax	172.1	310.3	135.8	266.4
Share of fair value adjustments on derivative financial instruments	(26.2)	(2.7)	(24.5)	(3.1)
Share of net results	268.8	414.3	216.5	353.5
Share of movements in reserves	(2.6)	1.9	(2.6)	1.9
Acquisitions	237.6	86.6	196.6	33.5
Capital return	(79.7)	-	(79.7)	-
Distributions received and receivable	(198.6)	(103.1)	(183.1)	(85.9)
Effect of foreign currency translation	(206.1)	(12.5)	(179.8)	(11.6)
Carrying amount at the end of the half year	5,636.6	5,243.2	4,729.3	4,411.8

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Operating assets (cont)

6 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:

		Goodman						GIT					
		Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
		2020	2019	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	2020	2019	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
Name of JV	Country of establishment/ incorporation	\$M	\$M	%	%	\$M	\$M	\$M	\$M	%	%	\$M	\$M
Property investment													
KWASA Goodman Industrial Partnership (KGIP)	Australia	(0.3)	4.7	40.0	40.0	185.1	189.2	(0.3)	4.7	40.0	40.0	185.1	189.2
KWASA Goodman Germany (KGG) ¹	Luxembourg	18.1	6.9	19.2	20.5	147.7	137.4	-	-	-	-	-	-
Property development													
Goodman Japan Development Partnership (GJDP)	Japan	39.5	39.3	50.0	50.0	86.7	119.3	-	-	-	-	-	-
Property investment and development													
Goodman China Logistics Partnership (GCLP)	Cayman Islands	37.9	18.8	20.0	20.0	761.5	737.2	-	-	-	-	-	-
Goodman UK Partnership (GUKP)	United Kingdom	19.9	8.0	33.3	33.3	273.3	277.0	-	-	-	-	-	-
Goodman North America Partnership (GNAP)	United States of America	173.1	58.8	55.0	55.0	1,960.3	1,988.5	166.8	56.5	53.0	53.0	1,889.2	1,916.4
Other JVs		5.1	13.9			280.7	305.0	6.2	14.4			257.0	281.3
		293.3	150.4			3,695.3	3,753.6	172.7	75.6			2,331.3	2,386.9

1. The consolidated ownership interest in KGG reflected the weighted average ownership in the various property investment vehicles.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Operating assets (cont)

6 Property assets (cont)

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

(ii) Investments in JVs (cont)

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

	Goodman		GIT	
	2020	2019	2020	2019
	\$M	\$M	\$M	\$M
Movement in carrying amount of investments in JVs				
Carrying amount at the beginning of the half year	3,753.6	3,596.4	2,386.9	2,280.6
Share of net results after tax (before fair value adjustments)	99.8	95.7	45.6	37.8
Share of fair value adjustments attributable to investment properties after tax	185.8	54.6	125.6	37.7
Share of fair value adjustments on derivative financial instruments	7.7	0.1	1.5	0.1
Share of net results	293.3	150.4	172.7	75.6
Share of movements in reserves	(2.4)	(13.5)	-	-
Acquisitions	177.7	284.1	78.9	231.3
Capital return	(142.2)	-	(49.0)	-
Distributions/dividends received and receivable	(128.0)	(346.9)	(46.0)	(248.4)
Effect of foreign currency translation	(256.7)	(2.6)	(212.2)	(6.2)
Carrying amount at the end of the half year	3,695.3	3,667.9	2,331.3	2,332.9

7 Intangible assets

	Goodman	
	31 Dec 2020	30 Jun 2020
	\$M	\$M
Goodwill	715.6	735.1
Management rights	105.5	110.7
	821.1	845.8
Analysed:		
Continental Europe	638.7	656.1
United Kingdom	87.2	88.4
Other	95.2	101.3
	821.1	845.8

The values in use of the intangible assets for each division were calculated as at 30 June 2020 and the results for the significant balances are disclosed in the 2020 annual report of Goodman Group.

At 31 December 2020, 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 2020 and accordingly there have been no impairments or reversals of impairments during the half year.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Capital management

8 Net finance income/(expense)

	Goodman		GIT	
	2020	2019	2020	2019
	\$M	\$M	\$M	\$M
Finance income				
Interest income from:				
- Related parties	2.5	0.4	32.2	79.9
- Other parties	1.7	7.7	1.2	6.6
Fair value adjustments on derivative financial instruments	214.9	17.8	213.9	-
Foreign exchange gains	-	-	-	35.7
	219.1	25.9	247.3	122.2
Finance expense				
Interest expense from third party loans, overdrafts and derivatives	(33.2)	(40.5)	(37.0)	(47.4)
Interest expense from related party loans	-	-	(5.0)	(4.9)
Other borrowing costs	(3.4)	(3.6)	(2.2)	(13.9)
Fair value adjustments on derivative financial instruments	-	-	-	(35.5)
Foreign exchange losses	(0.2)	(0.2)	(29.6)	-
Capitalised borrowing costs	4.2	6.3	-	-
	(32.6)	(38.0)	(73.8)	(101.7)
Net finance income/(expense)	186.5	(12.1)	173.5	20.5

9 Interest bearing liabilities

		Goodman		GIT	
		31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Note	\$M	\$M	\$M	\$M
Current					
Unsecured:					
- USD denominated notes		-	260.1	-	260.1
		-	260.1	-	260.1
Non-current					
Unsecured:					
- Bank loans	9(a)	-	50.0	-	50.0
- USD denominated notes	9(b)	1,104.7	1,659.2	1,104.7	1,659.2
- EUR denominated notes	9(c)	794.3	815.9	794.3	815.9
- Foreign private placement	9(d)	157.3	168.3	157.3	168.3
Borrowing costs		(12.5)	(15.0)	(11.9)	(14.0)
		2,043.8	2,678.4	2,044.4	2,679.4

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Capital management (cont)

9 Interest bearing liabilities (cont)

(a) Bank loans

Facility maturity date	Goodman		GIT	
	Facility limit	Amounts drawn	Facility limit	Amounts drawn
	\$M	\$M	\$M	\$M
30 Sep 2022	100.7	-	-	-
30 Sep 2022	188.7	-	-	-
30 Sep 2022	188.7	-	-	-
31 Mar 2023	75.0	-	75.0	-
1 Jul 2023	50.0	-	50.0	-
31 Dec 2023	50.0	-	50.0	-
30 Jun 2024	75.0	-	75.0	-
31 Jul 2024	130.0	-	130.0	-
30 Sep 2024	48.7	-	48.7	-
30 Sep 2024	37.5	-	37.5	-
31 Dec 2024	119.2	-	119.2	-
31 Dec 2020	1,063.5	-	585.4	-
30 Jun 2020	1,120.9	50.0	609.4	50.0

The majority of the bank loans are multi-currency facilities.

(b) USD denominated notes

As at 31 December 2020, Goodman and GIT had notes on issue in the United States 144A/Reg S bond market as follows:

Notes maturity date	Carrying amount		Face value		Coupon (fixed) per annum
	A\$M	US\$M	A\$M	US\$M	
15 Mar 2028	682.3	525.0	682.3	525.0	3.700%
15 Oct 2037	422.4	325.0	422.4	325.0	4.500%
31 Dec 2020	1,104.7	850.0	1,104.7	850.0	
30 Jun 2020	1,919.3	1,322.4	1,892.3	1,303.8	

(c) EUR denominated notes

As at 31 December 2020, Goodman and GIT had A\$794.3 million (30 June 2020: A\$815.9 million) (€500.0 million) Reg S EUR denominated senior notes on issue. The notes have a fixed coupon of 1.375% per annum and mature on 27 September 2025.

(d) Foreign private placement

As at 31 December 2020, Goodman and GIT had A\$157.3 million (30 June 2020: A\$168.3 million) (¥12.5 billion) in a foreign private placement denominated in Japanese yen. The facility has a fixed coupon of 3.32% per annum payable semi-annually and expires on 3 April 2023.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Capital management (cont)

9 Interest bearing liabilities (cont)

(e) Finance facilities

	Goodman		GT	
	Facilities available	Facilities utilised	Facilities available	Facilities utilised
	\$M	\$M	\$M	\$M
31 December 2020				
Unsecured:				
- Bank loans	1,063.5	-	585.4	-
- USD denominated notes ¹	1,104.7	1,104.7	1,104.7	1,104.7
- EUR denominated notes	794.3	794.3	794.3	794.3
- Foreign private placement	157.3	157.3	157.3	157.3
- Bank guarantees ²	-	34.0	-	-
	3,119.8	2,090.3	2,641.7	2,056.3
30 June 2020				
Unsecured:				
- Bank loans	1,120.9	50.0	609.4	50.0
- USD denominated notes ¹	1,892.3	1,892.3	1,892.3	1,892.3
- EUR denominated	815.9	815.9	815.9	815.9
- Foreign private placement	168.3	168.3	168.3	168.3
- Bank guarantees ²	-	32.8	-	-
	3,997.4	2,959.3	3,485.9	2,926.5

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 bank loans.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Capital management (cont)

10 Financial instruments

Fair values of financial instruments

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

	Goodman				GIT			
	Carrying amount 31 Dec 2020 \$M	Fair value 31 Dec 2020 \$M	Carrying amount 30 Jun 2020 \$M	Fair value 30 Jun 2020 \$M	Carrying amount 31 Dec 2020 \$M	Fair value 31 Dec 2020 \$M	Carrying amount 30 Jun 2020 \$M	Fair value 30 Jun 2020 \$M
Financial assets								
Cash and cash equivalents	1,275.2	1,275.2	1,781.9	1,781.9	557.7	557.7	1,302.6	1,302.6
Receivables	472.0	472.0	390.6	390.6	3,072.3	3,072.3	3,089.5	3,089.5
Other financial assets:								
- Interest rate derivatives (IRD)	133.6	133.6	160.3	160.3	133.4	133.4	158.3	158.3
- Cross currency interest rate swaps (CCIRS) ¹	300.1	300.1	231.5	231.5	277.3	277.3	231.5	231.5
- Foreign exchange contracts (FEC)	37.8	37.8	73.3	73.3	43.0	43.0	93.9	93.9
- Investments in unlisted securities	7.4	7.4	3.0	3.0	25.4	25.4	19.7	19.7
	2,226.1	2,226.1	2,640.6	2,640.6	4,109.1	4,109.1	4,895.5	4,895.5
Financial liabilities								
Payables (excluding contract liabilities)	557.8	557.8	656.1	656.1	850.5	850.5	886.8	886.8
Interest bearing liabilities ²	2,043.8	2,231.0	2,938.5	3,083.1	2,044.4	2,231.0	2,939.5	3,083.1
Other financial liabilities:								
- IRD	30.6	30.6	35.5	35.5	29.7	29.7	35.5	35.5
- CCIRS ³	84.1	84.1	277.1	277.1	84.1	84.1	268.9	268.9
- FEC	73.4	73.4	68.8	68.8	13.9	13.9	48.6	48.6
	2,789.7	2,976.9	3,976.0	4,120.6	3,022.6	3,209.2	4,179.3	4,322.9

1. Includes fair values of derivative financial instruments equating to \$172.7 million (30 June 2020: \$292.5 million) that hedge Goodman's net investments 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 2020.
3. Includes fair values of derivative financial instruments equating to \$77.0 million (30 June 2020: \$194.0 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Capital management (cont)

10 Financial instruments (cont)

Fair value hierarchy

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

	Goodman				GIT			
	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 31 December 2020								
Derivative financial assets	-	471.5	-	471.5	-	453.7	-	453.7
Investment in unlisted securities	-	-	7.4	7.4	-	-	25.4	25.4
	-	471.5	7.4	478.9	-	453.7	25.4	479.1
Derivative financial liabilities	-	188.1	-	188.1	-	127.7	-	127.7
	-	188.1	-	188.1	-	127.7	-	127.7
As at 30 June 2020								
Derivative financial assets	-	465.1	-	465.1	-	483.7	-	483.7
Investment in unlisted securities	-	-	3.0	3.0	-	-	19.7	19.7
	-	465.1	3.0	468.1	-	483.7	19.7	503.4
Derivative financial liabilities	-	381.4	-	381.4	-	353.0	-	353.0
	-	381.4	-	381.4	-	353.0	-	353.0

Valuation techniques used to derive Level 2 and Level 3 fair values

The Level 2 derivative financial instruments held by Goodman and GIT consist of IRD, CCIRS and FEC.

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

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Capital management (cont)

11 Dividends and distributions

Dividends and distributions are recognised when they are declared and before deduction of any withholding tax. Any non-recoverable withholding tax is included in income tax. Details of distributions recognised during the half year were as follows:

HY21 dividends/distributions

	Dividends/ distributions cents per security	Total amount \$M	Date of payment
GL	-	-	n/a
GIT	15.0	277.1	25 Feb 2021
GLHK	-	-	n/a

HY20 dividends/distributions

	Dividends/ distributions cents per security	Total amount \$M	Date of payment
GL	-	-	n/a
GIT	15.0	274.3	25 Feb 2020
GLHK	-	-	n/a

12 Issued capital

	Goodman				GIT	
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Number of securities		\$M	\$M	\$M	\$M
Stapled securities - issued and fully paid	1,847,429,255	1,828,413,236	8,257.3	8,192.2	7,997.7	7,772.0
Less: Accumulated issue costs			(160.9)	(160.5)	(148.7)	(148.5)
Total issued capital			8,096.4	8,031.7	7,849.0	7,623.5

Terms and conditions

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

Date	Details	Number of securities	Issue price \$	Goodman \$M	GIT \$M
30 Jun 2019	Balance before accumulated issue costs	1,813,881,995		8,192.2	7,625.8
31 Aug 2019	Securities issued to employees under the LTIP	14,531,241	-	-	146.2
30 Jun 2020	Balance before accumulated issue costs	1,828,413,236		8,192.2	7,772.0
31 Aug 2020	Securities issued to employees under the LTIP	15,438,241	-	-	183.2
4 Sep 2020	Issue of securities	3,577,778	18.20	65.1	42.5
	Less: Accumulated issue costs			(160.9)	(148.7)
31 Dec 2020	Closing balance	1,847,429,255		8,096.4	7,849.0

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Other items

13 Equity attributable to Goodman Limited and non-controlling interests

Under Australian Accounting Standards, stapled entities are required to separately identify equity attributable to the parent entity from equity attributable to other entities stapled to the parent. The equity attributable to other entities stapled to the parent is presented as non-controlling interests in the statement of financial position of the Group. The tables below in notes 13(a) and 13(b) provide an analysis of equity, profit for the half year and total comprehensive income or loss for the half year attributable to each of Goodman Limited and the other entities stapled to Goodman Limited (non-controlling interests).

(a) Equity attributable to Goodman Limited

Goodman	Attributable to Goodman Limited						
	Issued capital	Foreign currency translation reserve	Employee compensation reserve	Defined benefit funds actuarial losses reserve	Total reserves	Retained earnings	Total equity
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2019	483.2	(2.7)	28.3	(23.3)	2.3	450.7	936.2
Total comprehensive income/(loss) for the half year							
Profit for the half year	-	-	-	-	-	151.0	151.0
Other comprehensive loss							
Effect of foreign currency translation	-	(21.7)	-	(1.1)	(22.8)	-	(22.8)
Total comprehensive (loss)/income for the half year, net of income tax	-	(21.7)	-	(1.1)	(22.8)	151.0	128.2
Transfers	-	-	(55.3)	-	(55.3)	55.3	-
Contributions by and distributions to owners							
Purchase of securities for the LTIP	-	-	(19.0)	-	(19.0)	-	(19.0)
Equity settled share based payments transactions	-	-	63.4	-	63.4	-	63.4
Balance at 31 December 2019	483.2	(24.4)	17.4	(24.4)	(31.4)	657.0	1,108.8
Balance at 1 July 2020	483.2	(36.9)	33.1	(23.3)	(27.1)	821.9	1,278.0
Total comprehensive income/(loss) for the half year							
Profit for the half year	-	-	-	-	-	91.6	91.6
Other comprehensive loss							
Effect of foreign currency translation	-	(82.0)	-	-	(82.0)	-	(82.0)
Total comprehensive (loss)/income for the half year, net of income tax	-	(82.0)	-	-	(82.0)	91.6	9.6
Transfers	-	-	(68.4)	-	(68.4)	68.4	-
Contributions by and distributions to owners							
Purchase of securities for the LTIP	-	-	(22.3)	-	(22.3)	-	(22.3)
Issue of securities	11.4	-	-	-	-	-	11.4
Issue costs	(0.1)	-	-	-	-	-	(0.1)
Equity settled share based payments transactions	-	-	87.7	-	87.7	-	87.7
Balance at 31 December 2020	494.5	(118.9)	30.1	(23.3)	(112.1)	981.9	1,364.3

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Other items (cont)

13 Equity attributable to Goodman Limited and non-controlling interests (cont)

(b) Equity attributable to other entities stapled to Goodman Limited (non-controlling interests)

	Attributable to other entities stapled to Goodman Limited (non-controlling interests)								
	Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Defined benefit funds actuarial losses reserve	Total reserves	Retained earnings	Total equity
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2019	7,548.5	(7.1)	(3.3)	217.7	187.9	-	395.2	1,642.6	9,586.3
Total comprehensive income/(loss) for the half year									
Profit for the half year	-	-	-	-	-	-	-	659.6	659.6
Other comprehensive income									
Effect of foreign currency translation	-	0.1	-	7.6	-	-	7.7	-	7.7
Other changes	-	-	1.8	-	-	-	1.8	-	1.8
Total comprehensive income for the half year, net of income tax	-	0.1	1.8	7.6	-	-	9.5	659.6	669.1
Contributions by and distributions to owners									
Distributions on ordinary units	-	-	-	-	-	-	-	(274.3)	(274.3)
Equity settled share based payments transactions	-	-	-	-	(13.5)	-	(13.5)	-	(13.5)
Balance at 31 December 2019	7,548.5	(7.0)	(1.5)	225.3	174.4	-	391.2	2,027.9	9,967.6
Balance at 1 July 2019	7,548.5	(7.2)	(5.2)	225.5	206.7	(8.0)	411.8	2,282.3	10,242.6
Total comprehensive income/(loss) for the half year									
Profit for the half year	-	-	-	-	-	-	-	949.9	949.9
Other comprehensive income/(loss)									
Effect of foreign currency translation	-	0.2	0.5	(333.0)	-	0.4	(331.9)	-	(331.9)
Other changes	-	-	(2.4)	-	-	-	(2.4)	-	(2.4)
Total comprehensive income/(loss) for the half year, net of income tax	-	0.2	(1.9)	(333.0)	-	0.4	(334.3)	949.9	615.6
Contributions by and distributions to owners									
Distributions on ordinary units	-	-	-	-	-	-	-	(277.1)	(277.1)
Issue of securities	53.7	-	-	-	-	-	-	-	53.7
Issue costs	(0.3)	-	-	-	-	-	-	-	(0.3)
Equity settled share based payments transactions	-	-	-	-	(30.5)	-	(30.5)	-	(30.5)
Balance at 31 December 2020	7,601.9	(7.0)	(7.1)	(107.5)	176.2	(7.6)	47.0	2,955.1	10,604.0

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Other items (cont)

14 Commitments

Development activities

At 31 December 2020, Goodman was committed to expenditure in respect of \$331.1 million (30 June 2020: \$251.8 million) on inventories and other development activities. GIT had \$nil of such commitments (30 June 2020: \$nil).

Investment properties

At 31 December 2020, capital expenditure commitments on Goodman's investment property portfolio were \$0.1 million (30 June 2020: \$32.2 million). GIT had \$nil of such commitments (30 June 2020: \$nil).

Partnerships

At 31 December 2020, the Group had an equity commitment of \$63.4 million (30 June 2020: \$65.1 million) into GEP. The commitment also applies to GIT.

In relation to GEP, Goodman offers limited liquidity facilities to investors, which allow the investors to sell to Goodman some or all of their investment in GEP. Limits apply to these liquidity facilities and Goodman is only required to offer to purchase up to €25 million of the issued capital of GEP each half year subject to a cumulative maximum of €150 million. Furthermore, Goodman is only required to purchase units where its co-investment in GEP is either below a prescribed limit or a maximum amount of liquidity has been provided. Currently, Goodman's interest in GEP is below the prescribed limit and the liquidity facility is open for investors. The commitment under the liquidity facility also applies to GIT.

Furthermore, in respect of certain 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:

- + \$144.7 million (30 June 2020: \$nil) into GAIP
- + \$23.8 million (30 June 2020: \$23.8 million) into KGIP
- + \$136.9 million (30 June 2020: \$147.8 million) into KGG
- + \$449.4 million (30 June 2020: \$436.6 million) into GJDP
- + \$791.4 million (30 June 2020: \$853.8 million) into GCLP
- + \$599.1 million (30 June 2020: \$136.8 million) into GUKP
- + \$2,216.2 million (30 June 2020: \$2,546.8 million) into GNAP
- + \$74.5 million (30 June 2020: \$84.4 million) into Goodman Brazil Logistics Partnership (GBLP).

GIT would contribute its proportionate share of investments in GAIP, KGIP, GNAP and GBLP.

Goodman Group
Notes to the consolidated interim financial statements
for the half year ended 31 December 2020

Other items (cont)

15 Related parties

Transactions with associates and JVs

The transactions with Partnerships during the half year were as follows:

	Goodman					
	Revenue from disposal of investment properties		Revenue from management and development activities		Interest charged on loans to associates and JVs	
	2020	2019	2020	2019	2020	2019
	\$000	\$000	\$000	\$000	\$000	\$000
Associates	-	861.6	336,895.3	470,621.2	-	-
JVs	-	-	123,626.3	122,759.0	2,455.8	365.4

GreenPoint Real Estate Innovation and Technology Venture, LP

On 16 July 2020, GIT committed to investing USD15.0 million in GreenPoint Real Estate Innovation and Technology Venture, LP, a property technology fund that is a Delaware limited partnership, managed by Greenpoint Group LP, also a Delaware limited partnership. Greenpoint Group LP is beneficially owned and controlled by Christopher Green, a director of Goodman Limited. As at 31 December 2020, GIT has invested USD3,437,657.

16 Events subsequent to balance date

Other than as disclosed elsewhere in this interim financial report, there has not arisen in the interval between the end of the half year and the date of this interim financial report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of Goodman and GIT, the results of those operations, or the state of affairs of Goodman and GIT, in future financial years.

**Goodman Group
Directors' declaration**

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

- (a) The consolidated interim financial statements and the accompanying notes of Goodman Limited and its controlled entities and Goodman Industrial Trust and its controlled entities are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of Goodman's and GIT's financial position as at 31 December 2020 and of their performance for the half year ended on that date
 - (ii) Complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company and the Trust will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Stephen Johns
Independent Chairman

Sydney, 19 February 2021



Gregory Goodman
Group Chief Executive Officer



Independent Auditor's Review Report

To the stapled security holders of Goodman Group and the unit holders of Goodman Industrial Trust

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Goodman Limited (the Company) as the deemed parent presenting the stapled security arrangement of the **Goodman Group** (the Goodman Group Interim Financial Report).

We have also reviewed the **Interim Financial Statements** of Goodman Industrial Trust (the Trust Interim Financial Report).

Based on our reviews, which are not an audit, we have not become aware of any matter that makes us believe that each of the Goodman Group Interim Financial Report and the Trust Interim Financial Report are not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Goodman Group's** and of the **Trust's** financial positions as at 31 December 2020 and of their performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

The content of each of the Goodman Group and Trust **Interim Financial Report** comprise:

- Consolidated interim statement of financial position as at 31 December 2020;
- 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 16 comprising a summary of significant accounting policies and other explanatory information; and (collectively referred to as **Financial Statements**)
- The Directors' Declaration.

The **Goodman Group** comprises 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 (the **Trust**) and the entities in controlled at the half-year's end or from time to time during the half-year, and Goodman Logistics (HK) Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Goodman Group, Goodman Limited, Goodman Funds Management Limited (the Responsible Entity of the Trust) and the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audits of the annual financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company and the Responsible Entity are responsible for:

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

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Goodman Group and the Trust's financial position as at 31 December 2020 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*.

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

KPMG

Eileen Hoggett

Partner

Sydney

19 February 2021

Goodman Logistics (HK) Limited
ARBN 155 911 149
and its subsidiaries
Condensed interim financial report for the half year ended 31 December 2020

Contents	Page
Report of the directors	A2
Consolidated interim statement of financial position	A4
Consolidated interim statement of comprehensive income	A5
Consolidated interim statement of changes in equity	A6
Consolidated interim cash flow statement	A7
Notes to the condensed interim financial report	
Basis of preparation	
1 Basis of preparation	A8
Results for the half year	
2 Profit before interest and income tax	A10
3 Segment reporting	A10
Operating assets and liabilities	
4 Property assets	A13
5 Receivables	A16
6 Payables	A16
Capital management	
7 Finance income and expense	A17
8 Financial instruments	A17
9 Dividends	A19
10 Share capital	A19
Other items	
11 Reserves	A20
12 Retained earnings	A20
13 Related party transactions	A21
14 Events subsequent to the reporting date	A21
Independent auditor's review report	A22

Goodman Logistics (HK) Limited and its subsidiaries
Report of the directors
for the half year ended 31 December 2020

The directors have pleasure in submitting their condensed interim financial report for Goodman Logistics (HK) Limited (Company) and its subsidiaries (collectively referred to as the Consolidated Entity) for the half year ended 31 December 2020 (half year).

Incorporation and principal place of business

Goodman Logistics (HK) Limited was incorporated in Hong Kong on 18 January 2012 and has its principal place of business at Suite 901, Three Pacific Place, 1 Queen's Road East, Hong Kong.

On 22 August 2012, the Company became a party to the stapling deed with Goodman Limited (GL) and Goodman Industrial Trust (GIT), and together the three entities and their controlled entities are known as Goodman Group. Goodman Group is listed on the Australian Securities Exchange.

Principal activities

The principal activities of the Consolidated Entity are investment in directly and indirectly held industrial property, investment management, property management services and development management.

Condensed interim financial statements

The results of the Consolidated Entity for the half year and the state of the Consolidated Entity's affairs at that date are set out in the condensed interim financial statements on pages A4 to A21.

No interim dividends were declared in respect of the current half year. On 28 August 2020, the Company paid a final dividend in respect of the year ended 30 June 2020 of 4.0 cents per share amounting to A\$73.1 million. This dividend had been declared in June 2020.

Directors

The directors during the half year and up to the date of this report were:

Directors

Stephen Paul Johns (appointed 19 November 2020)
David Jeremy Collins
Gregory Leith Goodman¹ (alternate director to Stephen Paul Johns)
Daniel Cornelius D. Peeters
Ian Douglas Ferrier, AM (retired 19 November 2020)

1. Alternate director to Ian Douglas Ferrier until 19 November 2020.

State of affairs

There were no significant changes in the Consolidated Entity's state of affairs during the half year.

Goodman Logistics (HK) Limited and its subsidiaries
Report of the directors
for the half year ended 31 December 2020

Events subsequent to the reporting date

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

By order of the Board

A handwritten signature in black ink, appearing to be 'SPJ', written in a cursive style.

Stephen Paul Johns
Independent Chairman

Hong Kong, 19 February 2021

A handwritten signature in blue ink, appearing to be 'DJC', written in a cursive style.

David Jeremy Collins
Director

Goodman Logistics (HK) Limited and its subsidiaries
Consolidated interim statement of financial position
as at 31 December 2020

(expressed in Australian dollars)

		Consolidated	
		31 Dec 2020	30 Jun 2020
	Note	\$M	\$M
Current assets			
Cash and cash equivalents		600.2	357.4
Inventories	4(b)	118.4	405.1
Receivables	5	369.1	563.6
Contract assets		49.3	25.1
Current tax receivables		0.9	0.8
Other assets		2.5	1.7
Assets held for sale		-	97.9
Total current assets		1,140.4	1,451.6
Non-current assets			
Inventories	4(b)	724.1	553.2
Investment properties	4(b)	7.2	7.2
Investments accounted for using the equity method	4(b)	1,274.6	1,276.2
Receivables	5	323.5	279.0
Other financial assets	8	54.6	36.4
Deferred tax assets		6.2	6.3
Property, plant and equipment		18.9	23.8
Other assets		4.9	5.3
Total non-current assets		2,414.0	2,187.4
Total assets		3,554.4	3,639.0
Current liabilities			
Payables	6	202.7	200.5
Loans from related parties		1,056.8	1,403.7
Current tax payables		44.2	48.2
Employee benefits		36.1	39.4
Dividend payable	9	-	73.1
Total current liabilities		1,339.8	1,764.9
Non-current liabilities			
Payables	6	73.1	57.5
Loans from related parties		285.3	327.3
Deferred tax liabilities		0.9	0.9
Employee benefits		23.6	24.8
Other financial liabilities	8	65.6	48.9
Total non-current liabilities		448.5	459.4
Total liabilities		1,788.3	2,224.3
Net assets		1,766.1	1,414.7
Equity attributable to Shareholders			
Share capital	10	791.9	732.0
Reserves	11	(681.5)	(624.5)
Retained earnings	12	1,630.2	1,287.2
Total equity attributable to Shareholders		1,740.6	1,394.7
Non-controlling interests		25.5	20.0
Total equity		1,766.1	1,414.7

The notes on pages A8 to A21 form part of this condensed interim financial report.

Goodman Logistics (HK) Limited and its subsidiaries
Consolidated interim statement of comprehensive income
for the half year ended 31 December 2020

(expressed in Australian dollars)

		Consolidated	
	Note	2020	2019
		\$M	\$M
Revenue			
Gross property income		7.4	8.2
Management income	2	98.2	104.2
Development income	2	952.5	369.1
Dividends from investments		0.9	-
		1,059.0	481.5
Property and development expenses			
Property expenses		(1.4)	(2.0)
Development expenses		(603.5)	(233.5)
		(604.9)	(235.5)
Other income			
Net gain from fair value adjustments on investment properties		-	0.4
Share of net results of equity accounted investments	4(e)	114.2	72.3
Net gain on disposal of equity accounted investments		-	15.6
		114.2	88.3
Other expenses			
Employee expenses		(117.6)	(85.4)
Share based payments expense		(46.6)	(31.5)
Administrative and other expenses		(18.0)	(14.9)
		(182.2)	(131.8)
Profit before interest and income tax		386.1	202.5
Net finance income/(expense)			
Finance income	7	9.8	39.2
Finance expense	7	(40.3)	(8.5)
Net finance (expense)/income		(30.5)	30.7
Profit before income tax		355.6	233.2
Income tax expense		(7.9)	(21.0)
Profit for the half year		347.7	212.2
Profit for the half year attributable to:			
Shareholders	12	343.0	209.0
Non-controlling interests		4.7	3.2
Profit for the half year		347.7	212.2
Other comprehensive (loss)/income			
Item that will not be reclassified to profit or loss			
(Decrease)/increase due to revaluation of other financial assets		(0.5)	0.5
		(0.5)	0.5
Item that may be reclassified subsequently to profit or loss			
Effect of foreign currency translation		(54.0)	(31.4)
		(54.0)	(31.4)
Other comprehensive loss for the half year, net of tax		(54.5)	(30.9)
Total comprehensive income for the half year		293.2	181.3
Total comprehensive income for the half year attributable to:			
Shareholders		289.0	178.3
Non-controlling interests		4.2	3.0
Total comprehensive income for the half year		293.2	181.3

The notes on pages A8 to A21 form part of this condensed interim financial report.

Goodman Logistics (HK) Limited and its subsidiaries
Consolidated interim statement of changes in equity
for the half year ended 31 December 2020

(expressed in Australian dollars)

Half year ended 31 December 2019

Consolidated	Attributable to Shareholders					Non-controlling interests	Total equity
	Note	Share capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2019		696.0	(447.4)	1,034.8	1,283.4	24.7	1,308.1
Total comprehensive income for the half year							
Profit for the half year	12	-	-	209.0	209.0	3.2	212.2
Other comprehensive loss for the half year		-	(30.7)	-	(30.7)	(0.2)	(30.9)
Total comprehensive (loss)/income for the half year, net of income tax		-	(30.7)	209.0	178.3	3.0	181.3
Contributions by and distributions to owners							
Dividend declared/paid		-	-	-	-	(4.9)	(4.9)
Issue of shares to employees of Goodman Group	10	36.0	-	-	36.0	-	36.0
Equity settled share based payments transactions	11(c)	-	(1.9)	-	(1.9)	-	(1.9)
Acquisition of entities from Goodman Limited	11(e)	-	(136.6)	-	(136.6)	-	(136.6)
Acquisition of special purpose development entity with non-controlling interests		-	-	-	-	0.8	0.8
Balance at 31 December 2019		732.0	(616.6)	1,243.8	1,359.2	23.6	1,382.8

Half year ended 31 December 2020

Consolidated	Attributable to Shareholders					Non-controlling interests	Total equity
	Note	Share capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2020		732.0	(624.5)	1,287.2	1,394.7	20.0	1,414.7
Total comprehensive income for the half year							
Profit for the half year	12	-	-	343.0	343.0	4.7	347.7
Other comprehensive loss for the half year		-	(54.0)	-	(54.0)	(0.5)	(54.5)
Total comprehensive (loss)/income for the half year, net of income tax		-	(54.0)	343.0	289.0	4.2	293.2
Contributions by and distributions to owners							
Dividend declared/paid		-	-	-	-	(2.9)	(2.9)
Issue of shares to employees of Goodman Group	10	48.6	-	-	48.6	-	48.6
Issue of ordinary shares	10	11.3	-	-	11.3	-	11.3
Equity settled share based payments transactions	11(c)	-	(3.0)	-	(3.0)	-	(3.0)
Acquisition of special purpose development entity with non-controlling interests		-	-	-	-	4.2	4.2
Balance at 31 December 2020		791.9	(681.5)	1,630.2	1,740.6	25.5	1,766.1

The notes on pages A8 to A21 form part of this condensed interim financial report.

Goodman Logistics (HK) Limited and its subsidiaries
Consolidated interim cash flow statement
for the half year ended 31 December 2020

(expressed in Australian dollars)

	Consolidated	
	2020	2019
	\$M	\$M
Cash flows from operating activities		
Property income received	6.3	7.6
Cash receipts from development activities	1,014.3	486.6
Other cash receipts from services provided	67.4	94.8
Property expenses paid	(1.4)	(1.9)
Payments for development activities	(431.7)	(289.6)
Other cash payments in the course of operations	(161.7)	(112.6)
Dividends/distributions received	36.6	9.3
Interest received	7.8	4.7
Finance costs paid	(0.4)	(0.6)
Net income taxes paid	(7.4)	(27.5)
Net cash provided by operating activities	529.8	170.8
Cash flows from investing activities		
Payments for investment properties	-	(94.9)
Capital return from equity accounted investments	138.2	77.7
Payments for equity investments	(93.8)	(46.2)
Payments for plant and equipment	(0.2)	-
Cash acquired on acquisition of subsidiaries	-	34.4
Net cash provided by/(used in) investing activities	44.2	(29.0)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	11.3	-
Net (repayments of)/proceeds from loans with related parties	(252.7)	18.8
Payments of lease liabilities	(3.9)	(5.6)
Dividends paid to Shareholders	(73.1)	(90.7)
Dividends paid to non-controlling interests	(2.9)	(4.9)
Capital contributed by non-controlling interests	3.0	-
Net cash used in financing activities	(318.3)	(82.4)
Net increase in cash held	255.7	59.4
Cash and cash equivalents at the beginning of the half year ¹	368.2	212.7
Effect of exchange rate fluctuations on cash held	(23.7)	(1.4)
Cash and cash equivalents at the end of the half year	600.2	270.7

1. Cash and cash equivalents at the beginning of the half year included cash and cash equivalents of \$10.8 million (2019: \$nil) classified as assets held for sale.

The notes on pages A8 to A21 form part of this condensed interim financial report.

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

(expressed in Australian dollars)

Basis of preparation

1 Basis of preparation

(a) Statement of compliance

This condensed interim financial report of the Company as at and for the half year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the Consolidated Entity) and the Consolidated Entity's interests in joint ventures (referred to by the Consolidated Entity as Partnerships or JVs).

This condensed interim financial report has been prepared on a going concern basis and in accordance with HKAS 34 *Interim financial reporting*. The condensed interim financial report is presented in Australian dollars and was authorised for issue by the directors on 19 February 2021.

In accordance with the stapling agreement between the Company, GL and Goodman Funds Management Limited as responsible entity for GIT, on request, each party (and its subsidiaries) must provide financial support to the other party (and its subsidiaries). The financial support to the other party (and its subsidiaries) may include:

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

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

On the basis of the above, the condensed interim financial report has been prepared on a going concern basis.

The condensed interim financial report has been prepared in accordance with the same accounting policies adopted in the preparation of the annual report of the Consolidated Entity as at and for the year ended 30 June 2020.

The condensed interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual report of the Consolidated Entity as at and for the year ended 30 June 2020.

The financial information relating to the year ended 30 June 2020 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual report for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- + The Company has delivered the financial statements for the year ended 30 June 2020 to the Registrar of Companies in accordance with section 662(3) of, and part 3 of Schedule 6 to, the Companies Ordinance
- + The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not include a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Basis of preparation (cont)

1 Basis of preparation (cont)

(b) Critical accounting estimates used in the preparation of the condensed interim financial report

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year can be found in note 4 – Property assets.

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

Measurement of fair values

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

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

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

Further information about the assumptions made in relation to the Consolidated Entity's property assets are included in note 4.

(c) Accounting standards issued but not yet effective

The Consolidated Entity has not applied any new standard or interpretation that is not yet effective for the current accounting period. None of the new accounting standards or interpretations is expected to have a significant impact on the results of the Consolidated Entity.

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Results for the half year

2 Profit before interest and income tax

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

	Consolidated	
	2020	2019
	\$M	\$M
Management services	70.4	75.5
Performance related income	27.8	28.7
Management income	98.2	104.2
Income from disposal of inventories	677.0	320.5
Development income from fixed price development contracts	78.8	16.1
Other development income, including development management ¹	62.0	32.0
Net gain on disposal of assets previously classified as held for sale ²	134.7	-
Net gain on disposal of special purpose development entities	-	0.5
Development income	952.5	369.1

1. Fee revenues from single contractual arrangements involving a combination of inextricable Investment Management and Development Management services and recognised over the life of the underlying developments projects are classified as development income for statutory reporting purposes. During the period, \$39.2 million (2019: \$nil) of such income was recognised.
2. In March 2020, the Consolidated Entity entered into an agreement with a third party to dispose a portfolio of property assets and the Consolidated Entity's operating platform in the Czech Republic, Hungary, Poland and Slovakia. Accordingly, at 30 June 2020, the directly held assets and liabilities to be disposed, all within the Continental European segment, were presented as a disposal group held for sale. The disposal was completed on 8 July 2020.

3 Segment reporting

Operating segment information is reported on a geographic basis and the Consolidated Entity has determined that its operating segments are Asia (Greater China and Japan), Continental Europe and the United Kingdom.

The activities and services undertaken by the operating segments include:

- + Property investment, comprising the Consolidated Entity's cornerstone investments in Partnerships
- + Management activities, both fund and property management
- + Development activities, including development of directly owned assets (predominantly disclosed as inventories) and management of development activities for the Consolidated Entity's Partnerships.

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Results for the half year (cont)

3 Segment reporting (cont)

Information about reportable segments

	Asia		Continental Europe		United Kingdom		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of comprehensive income								
External revenues								
Gross property income	1.4	1.0	5.6	4.2	0.4	3.0	7.4	8.2
Management income	39.3	43.8	56.9	59.4	2.0	1.0	98.2	104.2
Development income	63.1	29.1	702.8	335.9	186.6	4.1	952.5	369.1
Dividends from investments	0.9	-	-	-	-	-	0.9	-
Total external revenues	104.7	73.9	765.3	399.5	189.0	8.1	1,059.0	481.5
Analysis of external revenues:								
Revenues from contracts with customers								
Assets and services transferred at a point in time	5.3	9.4	640.1	329.6	181.9	3.1	827.3	342.1
Assets and services transferred over time	97.1	63.6	120.1	66.5	6.8	1.9	224.0	132.0
Other revenue								
Rental income (excludes outgoing recoveries)	1.4	0.9	5.1	3.4	0.3	3.1	6.8	7.4
Dividends from investments	0.9	-	-	-	-	-	0.9	-
Total external revenues	104.7	73.9	765.3	399.5	189.0	8.1	1,059.0	481.5
Reportable segment profit before income tax¹	108.4	98.2	297.3	171.2	(6.7)	0.4	399.0	269.8
Other key components of financial performance included in reportable segment profit before income tax								
Share of net results of equity accounted investments in Partnerships (before fair value adjustments)	47.0	47.6	2.9	6.6	3.0	2.3	52.9	56.5
Material non-cash items not included in reportable segment profit before income tax								
Share of fair value adjustments attributable to investment properties in Partnerships	24.7	8.0	13.6	2.1	16.9	5.7	55.2	15.8
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
Statement of financial position	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Reportable segment assets	1,382.6	1,334.5	839.1	880.0	723.7	822.2	2,945.4	3,036.7
Investments accounted for using the equity method (included in reportable segment assets)	847.4	854.7	150.1	140.5	277.1	281.0	1,274.6	1,276.2
Total non-current assets	1,055.4	991.7	527.2	422.0	511.9	523.4	2,094.5	1,937.1
Reportable segment liabilities	102.0	96.1	128.1	98.7	76.0	103.2	306.1	298.0

1. Reportable segment profit before income tax comprises profit before tax as reported in the consolidated interim statement of comprehensive income adjusted for property valuations, other non-cash or non-recurring items and net finance income/(expense).

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Results for the half year (cont)

3 Segment reporting (cont)

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

	2020	2019
	\$M	\$M
Revenue		
Total revenue for reportable segments	1,059.0	481.5
Consolidated revenues	1,059.0	481.5
Profit or loss		
Total profit before income tax for reportable segments	399.0	269.8
Corporate expenses not allocated to reportable segments	(27.6)	(52.0)
	371.4	217.8
Valuation and other adjustments not included in reportable segment profit before income tax:		
- Net gain from fair value adjustments on investment properties	-	0.4
- Share of fair value adjustments attributable to investment properties in Partnerships	55.2	15.8
- Share of fair value adjustments on derivative financial instruments in Partnerships	6.1	-
- Share based payments expense	(46.6)	(31.5)
Net finance (expense)/income - refer to note 7	(30.5)	30.7
Consolidated profit before income tax	355.6	233.2
	31 Dec 2020	30 Jun 2020
	\$M	\$M
Assets		
Total assets for reportable segments	2,945.4	3,036.7
Other unallocated amounts ¹	609.0	602.3
Consolidated total assets	3,554.4	3,639.0
Liabilities		
Total liabilities for reportable segments	306.1	298.0
Other unallocated amounts ¹	1,482.2	1,926.3
Consolidated total liabilities	1,788.3	2,224.3

1. Other unallocated amounts comprise principally receivables from and payables to GL and GIT and their controlled entities.

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Operating assets and liabilities

4 Property assets

(a) Types of property assets

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

Inventories

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

Inventories are classified as non-current assets unless they are contracted to be sold within 12 months of the end of the reporting period, in which case they are classified as current assets.

Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of leasing to produce rental income and/or for capital appreciation. Investment properties are carried at their fair value. The calculation of fair value requires estimates and assumptions which are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. Investment properties are not depreciated as they are subject to continual maintenance and regularly revalued on the basis described below. Changes in the fair value of investment properties are recognised directly in profit or loss.

(b) Summary of the Consolidated Entity's investment in property assets

		Consolidated	
		31 Dec 2020	30 Jun 2020
	Note	\$M	\$M
Directly held properties:			
Inventories			
Current	4(d)	118.4	405.1
Non-current	4(d)	724.1	553.2
		842.5	958.3
Investment properties			
Stabilised investment properties		7.2	7.2
		7.2	7.2
Property held by Partnerships:			
Investments accounted for using the equity method - JVs	4(e)	1,274.6	1,276.2
		1,274.6	1,276.2

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Operating assets and liabilities (cont)

4 Property assets (cont)

(c) Estimates and assumptions in determining property carrying values

Inventories

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

Investment properties

Stabilised investment properties

The fair value of stabilised investment properties is based on current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts. The current price is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Market assessment

At 31 December 2020, the Board has been able to assess that all markets in which the Consolidated Entity operated were active and as a consequence, no adjustments have been made to the carrying values of the Consolidated Entity's stabilised investment property portfolios on the basis of internally prepared discounted cash flow valuations.

Overall weighted average capitalisation rates for the divisional portfolios (including Partnerships) are set out in the table below:

Division	Total portfolio weighted average capitalisation rate	
	31 Dec 2020	30 Jun 2020
	%	%
Asia	5.6	5.6
Continental Europe	3.9	4.3
United Kingdom	4.3	4.4

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 the Consolidated Entity's investments in Partnerships. However, certain Partnerships do obtain independent valuations for investment properties under development each financial year.

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Operating assets and liabilities (cont)

4 Property assets (cont)

(d) Inventories

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$M	\$M
Current		
Land and development properties	118.4	405.1
	118.4	405.1
Non-current		
Land and development properties	682.1	524.8
Leasehold land and development properties	42.0	28.4
	724.1	553.2

(e) Investments accounted for using the equity method – JVs

The Consolidated Entity's principal Partnerships are set out below:

		Consolidated share of net results recognised		Consolidated ownership interest		Consolidated investment carrying amount	
		2020	2019	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
Name	Country of establishment	\$M	\$M	%	%	\$M	\$M
Property investment							
KWASA Goodman Germany (KGG)	Luxembourg	18.1	6.9	19.2	20.5	147.7	137.4
Property development							
Goodman Japan Development Partnership (GJDP)	Japan	39.5	39.3	50.0	50.0	84.4	116.8
Property investment and development							
Goodman China Logistics Partnership (GCLP)	Cayman Islands	37.9	18.8	20.0	20.0	761.5	737.2
Goodman UK Partnership (GUKP)	United Kingdom	19.9	8.0	33.3	33.3	273.3	277.0
Other JVs		(1.2)	(0.7)			7.7	7.8
		114.2	72.3			1,274.6	1,276.2

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Operating assets and liabilities (cont)

4 Property assets (cont)

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

	Consolidated	
	2020	2019
	\$M	\$M
Movements in carrying amount of investments in JVs		
Carrying amount at the beginning of the half year	1,276.2	1,226.9
Share of net results after tax (before fair value adjustments)	52.9	56.5
Share of fair value adjustments attributable to investment properties after tax	55.2	15.8
Share of fair value adjustments on derivative financial instruments	6.1	-
Share of net results	114.2	72.3
Share of movements in reserves	(2.4)	(13.5)
Acquisitions	96.3	48.1
Capital return	(138.2)	(77.7)
Dividends/distributions received and receivable	(35.2)	(11.1)
Effect of foreign currency translation	(36.3)	4.2
Carrying amount at the end of the half year	1,274.6	1,249.2

5 Receivables

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$M	\$M
Current		
Trade receivables	4.0	11.1
Other receivables	77.5	61.8
Amounts due from related parties	78.9	106.3
Loans to related parties	208.7	384.4
	369.1	563.6
Non-current		
Loans to related parties	323.5	279.0
	323.5	279.0

6 Payables

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$M	\$M
Current		
Trade payables	48.7	63.0
Other payables and accruals	137.4	114.7
Contract liabilities	8.8	12.3
Lease liabilities	7.8	10.5
	202.7	200.5
Non-current		
Other payables and accruals	21.5	38.2
Contract liabilities	1.2	1.5
Lease liabilities	50.4	17.8
	73.1	57.5

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Capital management

7 Finance income and expense

	Note	Consolidated	
		2020	2019
		\$M	\$M
Finance income			
Interest income on loans to:			
- Related parties	13	4.4	3.4
- Other parties		0.4	0.5
Interest income from derivatives		3.9	-
Fair value adjustments on derivative financial instruments		1.1	35.3
		9.8	39.2
Finance expense			
Interest expense from related party loans	13	(16.0)	(13.2)
Other borrowing costs		(0.6)	(0.2)
Foreign exchange losses		(27.6)	-
Capitalised borrowing costs		3.9	4.9
		(40.3)	(8.5)
Net finance (expense)/income		(30.5)	30.7

8 Financial instruments

(a) Fair values of financial instruments

Except for derivative financial instruments and investments in unlisted securities which are carried at fair value, the Consolidated Entity's financial instruments are carried at cost or amortised cost. The carrying amounts of the Consolidated Entity's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2020 and 30 June 2020.

(b) Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
	\$M	\$M	\$M	\$M
As at 31 December 2020				
Derivative financial assets	-	23.0	-	23.0
Investment in unlisted securities	-	-	31.6	31.6
	-	23.0	31.6	54.6
Derivative financial liabilities	-	65.6	-	65.6
	-	65.6	-	65.6
As at 30 June 2020				
Derivative financial assets	-	2.1	-	2.1
Investment in unlisted securities	-	-	34.3	34.3
	-	2.1	34.3	36.4
Derivative financial liabilities	-	48.9	-	48.9
	-	48.9	-	48.9

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Capital management (cont)

8 Financial instruments (cont)

(c) Valuation techniques used to derive Level 2 and Level 3 fair values

The Level 2 derivative financial instruments held by the Consolidated Entity consist of interest rate swaps, cross currency interest rate swaps and foreign exchange contracts.

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

The Level 3 investment in unlisted securities relate to the Consolidated Entity's investments in equity securities and is carried at fair value. There have been no changes in the significant unobservable inputs used to determine the fair value since 30 June 2020.

Reconciliation of Level 3 fair values

	Consolidated	
	2020	2019
	\$M	\$M
Carrying amount at the beginning of the half year	34.3	28.2
Acquisitions	-	0.1
Net change in fair value - included in other comprehensive income	(0.5)	0.5
Effect of foreign currency translation	(2.2)	(0.2)
Carrying amount at the end of the half year	31.6	28.6

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Capital management (cont)

9 Dividends

No interim dividends were declared in respect of the current half year. On 28 August 2020, the Company paid a final dividend in respect of the year ended 30 June 2020 of 4.0 cents per share amounting to A\$73.1 million. This dividend had been declared in June 2020.

10 Share capital

	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Number of shares		\$M	\$M
Share capital	1,847,429,255	1,828,413,236	792.5	732.6
Accumulated issue costs			(0.6)	(0.6)
Total issued capital			791.9	732.0

		Share capital
Details	Number of shares	\$M
Ordinary shares, issued and fully paid		
Balance at 30 June 2019	1,813,881,995	696.6
Shares issued to employees of Goodman Group ¹	14,531,241	36.0
Balance at 30 June 2020	1,828,413,236	732.6
Shares issued to employees of Goodman Group ¹	15,438,241	48.6
Issue of ordinary shares	3,577,778	11.3
Balance at 31 December 2020	1,847,429,255	792.5

1. During the half year, the Company issued 15,438,241 (2019: 14,531,241) shares to employees of Goodman Group under the Goodman Group Long Term Incentive Plan.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Other items

11 Reserves

	Note	Consolidated	
		31 Dec 2020	30 Jun 2020
		\$M	\$M
Asset revaluation reserve	11(a)	19.2	19.7
Foreign currency translation reserve	11(b)	(20.1)	33.5
Employee compensation reserve	11(c)	30.4	33.4
Defined benefits funds actuarial losses reserve	11(d)	(8.1)	(8.2)
Common control reserve ¹	11(e)	(702.9)	(702.9)
Total reserves		(681.5)	(624.5)

1. The common control reserve arises from the acquisition of entities from other members of Goodman Group under the pooling of interest method. The amount in the common control reserve reflects the difference between the consideration paid and the carrying values of the assets and liabilities of the acquired entity at the date of acquisition.

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

	Consolidated	
	2020	2019
	\$M	\$M
(a) Asset revaluation reserve		
Balance at the beginning of the half year	19.7	14.2
(Decrease)/increase due to revaluation of other financial assets	(0.5)	0.5
Balance at the end of the half year	19.2	14.7
(b) Foreign currency translation reserve		
Balance at the beginning of the half year	33.5	48.3
Net exchange differences on conversion of foreign operations	(53.6)	(31.2)
Balance at the end of the half year	(20.1)	17.1
(c) Employee compensation reserve		
Balance at the beginning of the half year	33.4	28.2
Equity settled share based payment transactions	(3.0)	(1.9)
Balance at the end of the half year	30.4	26.3
(d) Defined benefits funds actuarial losses reserve		
Balance at the beginning of the half year	(8.2)	-
Effect of foreign currency translation	0.1	-
Balance at the end of the half year	(8.1)	-
(e) Common control reserve		
Balance at the beginning of the half year	(702.9)	(538.1)
Acquisition of entities from GL	-	(136.6)
Balance at the end of the half year	(702.9)	(674.7)

12 Retained earnings

	Consolidated	
	2020	2019
	\$M	\$M
Balance at the beginning of the half year	1,287.2	1,034.8
Profit for the half year	343.0	209.0
Balance at the end of the half year	1,630.2	1,243.8

Goodman Logistics (HK) Limited and its subsidiaries
Notes to the condensed interim financial report
for the half year ended 31 December 2020

Other items (cont)

13 Related party transactions

Management and development activities and amounts due from related parties

	Management and development activities		Amounts due from related parties ¹	
	2020	2019	31 Dec 2020	30 Jun 2020
	\$M	\$M	\$M	\$M
JVs				
GCLP	29.2	48.1	10.4	20.4
KGG	138.1	3.5	-	-
	167.3	51.6	10.4	20.4
Related parties of GL and GIT				
Goodman Hong Kong Logistics Partnership	68.1	2.3	39.2	56.8
Goodman European Partnership	145.0	284.6	45.8	20.1
Other related parties	5.0	4.9	10.6	9.0
	218.1	291.8	95.6	85.9

1. Includes contract assets arising from transactions with related parties.

Financing arrangements with related parties

	Loans to related parties		Loans from related parties		Interest income/(expense) charged on loans to/from related parties	
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	2020	2019
	\$M	\$M	\$M	\$M	\$M	\$M
JVs	27.1	60.8	-	-	0.2	-
GL, GIT and their controlled entities	505.1	599.0	(1,342.1)	(1,731.0)	(11.8)	(9.8)
Related parties of GL and GIT						
Goodman European Partnership	-	3.6	-	-	-	-
Related parties of GL and GIT	-	3.6	-	-	-	-
	532.2	663.4	(1,342.1)	(1,731.0)	(11.6)	(9.8)

14 Events subsequent to the reporting date

Other than disclosed elsewhere in the condensed interim financial report, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.



**Independent auditor's review report
to the board of directors of Goodman Logistics (HK) Limited**

Review report to the board of directors of Goodman Logistics (HK) Limited

Introduction

We have reviewed the condensed interim financial report set out on pages A4 to A21 which comprises the consolidated interim statement of financial position of Goodman Logistics (HK) Limited as at 31 December 2020 and the related consolidated interim statements of comprehensive income and changes in equity and the condensed consolidated interim cash flow statement for the half year then ended and explanatory notes. The directors are responsible for the preparation and presentation of the condensed interim financial report in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

Our responsibility is to form a conclusion, based on our review, on the condensed interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the condensed interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial report as at 31 December 2020 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 February 2021