

**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 2021**

The Appendix 4D should be read in conjunction with the annual report of Goodman Group for the year ended 30 June 2021. The information included in the Appendix 4D and the interim financial report for the half year ended 31 December 2021 comprises all the information required by ASX Listing Rule 4.2A.

Highlights of results	31 Dec 2021	31 Dec 2020	Change	
Operating profit (before specific non-cash and other significant items) attributable to Securityholders (\$M)	786.2	614.9	up	27.9%
Revenue and other income (\$M)	3,007.9	1,885.7	up	59.5%
Profit (statutory) attributable to Securityholders (\$M)	2,002.8	1,041.5	up	92.3%
Diluted operating profit per security (cents)	41.9	33.1	up	26.6%
Diluted statutory profit per security (cents)	105.2	55.1	up	90.9%
<b>Dividends and distributions</b>				
Interim distribution proposed per GMG security (cents)	15.0	15.0	-	-
Interim distribution (\$M)	280.0	277.1	up	1.0%
Franked amount per security/share (cents)	-	-	-	-
Record date for determining entitlements to the distributions	31 Dec 2021	31 Dec 2020		
Date interim distribution is payable	24 Feb 2022	25 Feb 2021		
<b>Distribution reinvestment plan</b>				
Goodman Group's Distribution Reinvestment Plan (DRP) remains suspended.				
Total assets under management (\$B)	68.2	51.8	up	31.7%
External assets under management (\$B)	64.1	48.5	up	32.2%
Net tangible assets per security/share (cents)	769.3	603.4	up	27.5%
Gearing (%)	7.2	4.8	up	240 basis points

**Controlled entities acquired or disposed**

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

**Associates and joint venture entities**

Goodman 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%)
- BL Goodman Limited Partnership (50%)
- GEP Kiona Logistics (France) SCI (50%)
- GEP Ilias Logistics (Spain) (50%)
- Goodman Australia Development Partnership (20%)
- Goodman Bondi Logistics Netherlands (50%)
- Goodman Blue Logistics (Hungary) Kft. (50%)
- Goodman Brazil Logistics Partnership (15%)
- Goodman China Logistics Partnership (20%)
- 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%)
- Goodman UK Partnership II L.P (33.3%)
- Goodman UK Partnership III L.P (50.0%)
- Loreto Investments, S.L. (50%)
- KWASA Goodman Germany (18.8%)
- KWASA Goodman Industrial Partnership (40%)
- Pochin Goodman (Northern Gateway) Ltd (50%)

# Goodman Limited and its controlled entities

Consolidated interim financial report for the half year ended 31 December 2021

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## Directors' report

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 2021 (half year) 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:

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#### Directors

Mr Stephen Johns (Independent Chairman)  
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) retired on 18 November 2021

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### Company Secretary

The Company Secretary at any time during the half year and up to 17 February 2022 was Mr Carl Bicego.

### Dividends and distributions

No dividends were declared by the Company during the half year (half year ended 31 December 2020: \$nil).

An interim distribution in respect of the half year of 15.0 cents per security, amounting to \$280.0 million (half year ended 31 December 2020: \$277.1 million) was determined by GIT during the half year. This interim distribution will be paid on 24 February 2022.

No dividends were declared by GLHK during the half year (half year ended 31 December 2020: \$nil).

## 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 continue 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.

In the Operating and Financial Review, HY22 has been used to refer to the half year ended 31 December 2021 and HY21 has been used to refer to the half year ended 31 December 2020.

### Financial highlights

	HY22	HY21	Change %
Revenue and other income before fair value adjustments on investment properties (\$M)	1,355.9	1,515.7	(10.5%)
Fair value adjustments on investment properties including share of adjustments for Partnerships (\$M)	1,652.0	370.0	346.5%
Revenue and other income (\$M)	3,007.9	1,885.7	59.5%
Profit attributable to Securityholders (\$M)	2,002.8	1,041.5	92.3%
Statutory profit per security - basic (¢)	107.7	56.6	90.3%
Operating profit (\$M)	786.2	614.9	27.9%
Operating profit per security (operating EPS) (¢) <sup>1</sup>	41.9	33.1	26.6%
Dividends/distributions in relation to the half year (\$M)	280.0	277.1	1.0%
Dividends/distributions per security in relation to the half year (¢)	15.0	15.0	-
Weighted average number of securities on issue (M)	1,860.5	1,841.1	1.1%

  

	31 Dec 2021	30 Jun 2021	Change %
Total equity attributable to Securityholders (\$M)	15,192.2	13,161.5	15.4%
Number of securities on issue (M)	1,868.2	1,847.4	1.1%
Net tangible assets per security (\$)	7.69	6.68	15.1%
Net assets per security (\$)	8.13	7.12	14.2%
External assets under management (\$B)	64.1	54.0	18.7%
Total assets under management (\$B)	68.2	57.9	17.8%
Development work in progress (\$B) <sup>2</sup>	12.7	10.6	19.8%
Gearing (%) <sup>3</sup>	7.2	6.8	
Interest cover <sup>4</sup> (times)	147.8	63.7	
Liquidity (\$B)	2.1	1.9	
Weighted average debt maturity (years)	6.0	6.3	

1. Operating profit per security (operating EPS) is the operating profit divided by the weighted average number of securities on issue during HY22, 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, 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 key measure by which to examine the underlying performance of the business, notwithstanding that operating profit is not an income measure under International Financial Reporting Standards.

2. Development work in progress (WIP) is the end value of active developments across Goodman and its investments in associates and JVs (referred to as Partnerships).

3. 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 \$125.6 million (30 June 2021: \$134.1 million). Total interest bearing liabilities are grossed up for the fair values of certain derivative financial instruments included in other financial liabilities of \$70.9 million (30 June 2021: \$62.3 million).

4. 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.

# Directors' report

## Operating and financial review

### Overview

Goodman has delivered a strong performance in HY22. The COVID-19 pandemic has continued to impact markets globally and Goodman's fully flexible operating environment has allowed the business to successfully respond and adapt. Cost increases that have occurred across construction processes due to supply chain issues have been managed proactively through the Group's procurement practices and contingencies for time and cost, so that the impact on financial performance has not been significant and the increased demand in Goodman's target markets for warehouse and logistics facilities driven by e-commerce has continued to have a positive impact on all segments of the Group's financial results. Overall, the Group's operating profit was \$786.2 million for HY22, a 27.9% increase on HY21, which equated to an operating EPS of 41.9 cents, up 26.6% on HY21.

The Group's property portfolio is deliberately focused on infill locations close to consumers, where supply is relatively constrained and customer demand is expected to be strongest. This has sustained the underlying property investment fundamentals, with like-for-like net property income (NPI) growth compared to the corresponding prior half year of 3.4% and occupancy at 31 December 2021 of 98%.

Well-located industrial real estate is recognised as essential infrastructure for the digital economy and has become a highly sought-after asset class. Recent market transactions and strong demand from capital markets have driven further capitalisation rate compression since 30 June 2021, which together with the rental growth in the Group's portfolio, has resulted in significant valuation growth in HY22. Total assets under management (AUM) increased by 17.8% during the half year from \$57.9 billion to \$68.2 billion, principally due to valuation growth of \$6.0 billion and the ongoing acquisitions and development within the portfolios of \$5.0 billion, offset partly by the impact of asset disposals of \$1.3 billion.

The customer demand and scarcity of supply have also encouraged the Group to escalate development activity and WIP grew to \$12.7 billion at 31 December 2021. The regeneration of brownfield sites has been a major factor in development activity and this is expected to continue in the medium term. The average size of projects (by end value) has further increased and projects are now expected to take 22 months, on average, to reach completion. The rental and valuation growth in the Group's target markets along with the consistent execution of project delivery has meant that margins have been maintained with a yield on cost of 6.7% at 31 December 2021.

Goodman has continued to make significant progress with its Environmental, Social and Governance (ESG) initiatives and targets whilst adding additional objectives where these are contemporary and appropriate. The Group's ESG strategy is integrated throughout the business and has been a contributor to the strong operational performance and will be a key component of the longer-term strategy.

At 31 December 2021, gearing was 7.2% and liquidity (cash and undrawn finance facilities) was \$2.1 billion, with no debt maturities until April 2023. This leaves the Group in a very strong financial position. The forecast distribution for FY22 remains at 30.0 cents per security (cps) given the attractive opportunity to deploy retained earnings into investments and development inventory and is in keeping with the Group's financial risk management policy. The interim distribution of 15.0 cps will be paid on 24 February 2022.

Statutory profit for HY22 was \$2,002.8 million (HY21: \$1,041.5 million). This included the Group's share of property valuation gains of \$1,542.3 million, the expense associated with the LTIP of \$201.8 million and a net \$119.5 million fair value loss on derivatives. The Group hedges between 65% and 90% of the net investment in its overseas businesses. The unrealised fair value movement of the derivatives is recorded in the income statement; however, the foreign currency translation of the net investment that is being hedged is recorded directly in reserves. In HY22, the movement in reserves attributable to foreign currency movements was a translation gain of \$133.0 million. Neither the translation gain of \$133.0 million nor the derivative loss of \$119.5 million form part of the Group's 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 (both non-cash items). 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), maintaining or increasing occupancy and rental levels within the portfolio, and controlling operating and financing costs within Partnerships.

## Goodman Group

Management earnings relate to the revenue from managing both the property portfolios and the capital invested in Partnerships. This includes performance related revenues but excludes earnings from managing individual development activities 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, plus interest income on loans to development JVs, 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 (which are largely influenced by leases and capitalisation rates) 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 HY22 are set out in the table below:

	Note	HY22 \$M	HY21 \$M	Change %
<b>Analysis of operating profit</b>				
Property investment earnings		234.0	196.1	19.3%
Management earnings		258.2	219.2	17.8%
Development earnings		562.8	397.2	41.7%
		<b>1,055.0</b>	<b>812.5</b>	
Operating expenses		(196.1)	(138.9)	41.2%
		<b>858.9</b>	<b>673.6</b>	
Net finance expense (operating) <sup>1</sup>		(20.7)	(28.4)	(27.1%)
Income tax expense (operating) <sup>2</sup>		(52.0)	(30.3)	71.6%
<b>Operating profit</b>		<b>786.2</b>	<b>614.9</b>	<b>27.9%</b>
<b>Adjustments for:</b>				
<b>Property valuation related movements</b>				
- Net gain from fair value adjustments on investment properties	6(d)	93.6	12.1	
- Share of fair value adjustments attributable to investment properties in Partnerships after tax	6(e)	1,558.4	357.9	
- Deferred tax on fair value adjustments on investment properties		(109.7)	(23.8)	
		<b>1,542.3</b>	<b>346.2</b>	
<b>Fair value adjustments related to liability management</b>				
- Fair value adjustments on derivative financial instruments	8	(119.9)	214.9	
- Share of fair value adjustments on derivative financial instruments in Partnerships	6(e)	0.4	(18.5)	
		<b>(119.5)</b>	<b>196.4</b>	
<b>Other non-cash adjustments or non-recurring items</b>				
- Share based payments expense		(201.8)	(111.8)	
- Straight lining of rental income and tax deferred adjustments		(4.4)	(4.2)	
		<b>(206.2)</b>	<b>(116.0)</b>	
<b>Profit for the half year attributable to Securityholders</b>		<b>2,002.8</b>	<b>1,041.5</b>	

1. Net finance expense (operating) excludes the derivative mark to market movements and interest income from related parties of \$6.2 million that has been reported under development earnings in the analysis above.

2. Income tax expense (operating) excludes the deferred tax movements relating to investment property valuations and other non-operating items.

## Directors' report

### Operating and financial review

#### Property investment

The Group's property investment earnings of \$234.0 million increased by 19.3% compared to HY21. Property investment earnings comprised 22.2% of total operating earnings for HY22 (HY21: 24.1%).

Direct net property income increased by \$19.8 million to \$52.6 million as a result of both like for like increases in NPI and rental income earned from completed developments (held in inventories, mainly in Continental Europe) prior to their disposal.

The increase of \$18.1 million in the Group's share of investment earnings from Partnerships to \$181.4 million reflected Goodman's continued net investment in the Partnerships, the stabilisation of developments and/or acquisition of new stabilised properties over the 18 months from 1 July 2020 and increased rents that occur in accordance with contractual terms or when leases have come up for renewal. The concentration of Goodman's portfolios in supply constrained markets close to consumers has been a key factor in the strong property investment result, with good rental growth being achieved and high occupancy levels being maintained.

- + Leased 4.5 million sqm across the platform over the half year, equating to \$619 million of rent per annum
- + Partnership like-for-like NPI growth of 3.4%
- + Occupancy maintained at 98%
- + Weighted average lease expiries of 4.8 years, increased by 0.3 years since 30 June 2021.

#### Property valuations

The strong investor and customer demand for industrial assets in Goodman's markets was maintained during the half year and resulted in valuation gains of \$6.0 billion across the Group's total AUM. Goodman's share of property valuation gains for HY22 was \$1,542.3 million (HY21: \$346.2 million), which included valuation gains from the completion of developments in the Partnerships. The weighted average capitalisation rate for the stabilised portfolio tightened from 4.32% to 4.03%.

#### Management

The management division contributed operating earnings of \$258.2 million, an increase of 17.8% compared to HY21. Management earnings comprised 24.5% of total operating earnings for the half year (HY21: 27.0%).

Most of the increase in management earnings was from base management and property services fee income, a consequence of the strong growth in the level of the Group's external AUM. External AUM increased from \$54.0 billion to \$64.1 billion during HY22 primarily through the valuation growth, further acquisitions and ongoing development activity in all of the Group's operating segments.

Performance and transaction related management income of \$73.6 million was recognised in HY22, up \$6.6 million on the prior corresponding period (HY21: \$67.0 million). This result reflected the ongoing strong total returns generated by the Partnerships.

#### Development

Development earnings for HY22 were \$562.8 million, an increase of 41.7% compared to HY21. Development earnings comprised 53.3% of total operating earnings for the half year (HY21: 48.9%).

The increase in the Group's earnings was primarily volume driven. At 31 December 2021, WIP (based on end value) had increased to \$12.7 billion (30 June 2021: \$10.6 billion) across 81 projects with a forecast yield on cost of 6.7%. Approximately 55% of WIP was multi-storey and at 31 December 2021 the average duration of projects in WIP had increased to around 22 months, which equated to an annualised production rate of nearly \$7 billion of stabilised property.

Where the supply of available land is restricted and the customer demand for industrial product is robust, the Group has again commenced some projects prior to securing a pre-lease commitment. Of the \$5.4 billion of project commencements during HY22, 53% had pre-committed leases. However, the strength of the portfolio is illustrated by the fact that of the \$4.1 billion of development completions that occurred in HY22 (HY21: \$2.4 billion), 99% of the space (weighted by income) had been leased prior to completion.

The Group's development earnings arise in each operating segment and from a number of different transaction types, often dependent on the nature of the Partnership. In most of the operating segments, development earnings are a mix of development management income, including performance related income, and the Group's share of transactional profits reported by the Partnerships. Consistent with the prior periods, the majority of development activity in HY22 was undertaken by or for the Partnerships and third parties (89% of WIP at 31 December 2021).



## Goodman Group

As highlighted in the Group's financial report at 30 June 2021, there has been a considerable lengthening of the timeframe for the Group's development projects in recent years. This means it has become increasingly common that at reporting dates, properties that have incomplete contracts for disposal will have been subject to significant fair value movements since the potential for repositioning was identified. Whilst the transactions remain incomplete, these valuation movements will be reflected in the Group's statutory profit but not form part of the Group's operating profit in current and prior reporting periods. It is intended, however, that these development property valuation movements are included as development earnings for the purpose of the Group's operating profit calculation, but this would only occur in the reporting period when control over the property transfers to the purchaser. This will usually be upon cash settlement, which reinforces the principle for determining the Group's operating profit based on cash realisation. In the reporting period when settlement occurs, the reconciliation of the Group's statutory profit to the Group's operating profit will include a separate line item to adjust the property valuation related movements for the period.

At 31 December 2021, the Group's share of cumulative valuation gains on properties that were subject to conditional contracts for disposal, incorporating all valuation gains since the most recent repositioning activities commenced, was \$240.4 million (30 June 2021: \$95.9 million). These gains related to properties that had been contracted for disposal in prior reporting periods. There were no additional properties that were contracted for disposal in the current reporting period. The Group's share of these cumulative valuation gains that have been reported as part of the statutory result included \$144.5 million recognised in HY22 and \$95.9 million in prior reporting periods.

No valuation gains in respect of properties that had previously been subject to a conditional contract for disposal were realised in HY22 (HY21: \$nil) and therefore none of the gains has been reflected in the operating profit for the current or any past periods.

### Operating expenses

Operating expenses continue to be well controlled as the Group focuses on its key markets. The increase in HY22 compared to the prior corresponding period was due to an earlier than usual recognition of employee short-term incentives in operating expenses, a reflection of the outperformance in operating profit. Over the full year, operating expenses are projected to be more comparable with the prior year.

### 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 \$20.7 million (HY21: \$28.4 million).

The Group's interest expense decreased principally due to lower average debt following the repayment of the USD denominated notes in the prior half year.

### Income tax expense (operating)

The HY22 income tax expense (operating) was greater than HY21, a reflection of the nature and location of the Group's development revenues. 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 2021	30 Jun 2021
	\$M	\$M
Stabilised properties	2,383.6	2,022.2
Cornerstone investments in Partnerships	10,669.1	8,668.6
Development holdings	3,789.9	3,645.1
Intangible assets	820.3	822.6
Cash and cash equivalents	719.6	920.4
Other assets	772.0	788.1
<b>Total assets</b>	<b>19,154.5</b>	<b>16,867.0</b>
Interest bearing liabilities	2,087.7	2,060.3
Other liabilities	1,874.6	1,645.2
<b>Total liabilities</b>	<b>3,962.3</b>	<b>3,705.5</b>
<b>Net assets</b>	<b>15,192.2</b>	<b>13,161.5</b>

## Directors' report

### Operating and financial review

The value of directly owned stabilised properties increased by \$361.4 million to \$2,383.6 million, primarily due to valuation increases across the portfolio, new acquisitions in Asia and the net transfers of completed development properties to stabilised prior to their disposal in Continental Europe. This was partly offset by asset disposals, primarily in Australia. The Group's directly held stabilised properties 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 increased by \$2,000.5 million to \$10,669.1 million. The principal driver was property valuation gains on both stabilised assets and development completions, which contributed over \$1.3 billion to the Group's share of stabilised properties in HY22. Other drivers were the Group's continued net investment in Partnerships and the completion of developments by the Partnerships, with a smaller favourable impact from the foreign currency translation of the overseas investments due to a weaker Australian dollar.

Goodman's development holdings (both directly owned and the Group's share of development assets in the Partnerships) increased by \$144.8 million to \$3,789.9 million. This increase included \$0.3 billion of valuation uplifts from ongoing developments and the Group's share of investment in new projects of \$0.6 billion. This was partly offset by development completions of \$0.8 billion during HY22, which meant these assets had been transferred to stabilised properties by 31 December 2021. The Group's share of development holdings in the Partnerships increased by approximately \$0.3 billion during HY22, which reflected both the strong development activity levels globally and an increase in the overall proportion of the Group's work in progress being undertaken by the Partnerships.

The principal intangible asset balance related to Continental Europe. There were no additions to or impairments of intangible assets during HY22.

Other assets included 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 decrease during HY22 was due to the fair value of the Group's cross currency derivative financial instruments that partly offset the favourable impact of changes from foreign currency translation on foreign denominated 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 increase during HY22 was primarily due to the fair value of the Group's cross currency derivative financial instruments and the impact of foreign currency translation on foreign denominated other liabilities.

### Capital management

At 31 December 2021, the Group held cash of \$719.6 million and had interest bearing liabilities of \$2,087.7 million compared to \$920.4 million and \$2,060.3 million respectively at 30 June 2021. The decrease in cash reflects the net investment in the directly and indirectly held property assets.

None of the Group's interest bearing liabilities is scheduled to mature in the period to 31 December 2022, with the next maturity date on the Group's drawn debt being in April 2023. At 31 December 2021, the Group had a weighted average debt maturity of 6.0 years (30 June 2021: 6.3 years) and had available cash and undrawn facilities of \$2.1 billion.

At 31 December 2021, gearing had increased marginally to 7.2% (30 June 2021: 6.8%) but continued to be at the lower end of the Group's 0% to 25% policy range. Management considers that this remains appropriate given the extent and mix of operating activities. Interest cover ratio was 147.8 times (30 June 2021: 63.7 times), which provided significant headroom relative to Goodman's financing covenants.

## Cash flow

	<b>HY22</b>	<b>HY21</b>
	<b>\$M</b>	<b>\$M</b>
Operating cash flows	279.1	878.5
Investing cash flows	(415.5)	(246.6)
Financing cash flows (excluding dividends and distributions)	222.0	(774.3)
Dividends and distributions paid	(277.1)	(274.3)
Net decrease in cash and cash equivalents held	(191.5)	(416.7)
Cash and cash equivalents at the beginning of the half year	920.4	1,792.8
Effect of exchange rate fluctuations on cash held	(9.3)	(100.9)
<b>Cash and cash equivalents at the end of the half year</b>	<b>719.6</b>	<b>1,275.2</b>

Operating cash inflow was \$279.1 million, a decrease of \$599.4 million compared to HY21 primarily due to the timing of development cash flows. The Group's development cash outflows in HY22 of \$585.1 million (HY21: \$448.0 million) related primarily to acquisitions and construction of inventories in Australia and Continental Europe, the increase in outflows being a reflection of development activity levels. However, cash receipts from development activities in HY22 decreased to \$843.0 million (HY21: \$1,121.7 million) principally due to the timing of completions. A significant proportion of the development cash inflows relate to inventory sales and performance fee income, both of which tend to be received at completion. The distributions from Partnerships in HY22 of \$193.4 million were also lower than the prior corresponding period (HY21: \$327.0 million), which was in part due to the timing of transactions in the Partnerships and in part due to the Partnerships retaining funds for potential acquisitions and development expenditure.

Investing cash outflow was \$415.5 million, an increase of \$168.9 million compared to HY21. During HY22, the principal investing cash outflows related to acquisitions of directly held properties in Asia and the United Kingdom of \$360.9 million (HY21: \$10.8 million), although \$278.7 million was subsequently received by the Group on the transfer of the properties in the United Kingdom to Goodman UK Partnership (GUKP), and to investments in the Group's Partnerships of \$822.2 million (HY21: \$457.5 million). Aside from the transfer of properties to GUKP, the Group also received proceeds of \$399.8 million from the disposals of investment properties in Australia. Capital returns from the Partnerships of \$89.8 million occurred after capital management initiatives in GUKP and Goodman North America Partnership.

Financing cash outflow was \$55.1 million, a decrease of \$993.5 million compared to HY21. This lower cash outflow from financing activities was due to:

- + the redemption of USD denominated notes of US\$453.8 million that had occurred in the prior corresponding period
- + the net inflow in HY22 of \$148.9 million compared to a net outflow of \$97.3 million in the prior corresponding period from related party loans provided by the Group to certain of its development JVs
- + the issue of new equity of \$109.8 million, with the proceeds being used immediately to fund obligations under the LTIP that have been reported as part of the Group's operating cash flows.

Whilst the net cash flows in HY22 associated with the Group's external debt and derivatives were only a \$2.0 million outflow, the gross cash flows (which are presented in the consolidated interim cash flow statement) reflected drawdowns on the Group's revolving bank loans of \$571.4 million, which had subsequently been repaid by 31 December 2021.

## Directors' report

### Outlook

Maintaining a strong balance sheet and retaining income, provides significant liquidity, stability and financial resources for growth and agility to optimise returns. The business is performing strongly across all segments, including development projects, leasing success, rental growth, significant valuation uplift and the stronger than expected performance of the Partnerships.

The Group's workspaces have been and continue to be improved in order to provide the business and its people with greater flexibility and efficiency and to support a more diverse environment. As a consequence, the COVID related disruptions in FY22 have been managed such that they have had less impact on the full year projections than had initially been assumed. As a result, the Board is upgrading market guidance for FY22, with Operating EPS growth projected to be 20% compared to FY21.

As mentioned previously in the Operating and Financial Review, the distribution for FY22 will be maintained at 30.0 cps.

The Board sets targets annually and reviews forecasts regularly. Forecasts are subject to there being no material adverse change in the market conditions or the occurrence of other unforeseen events.

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 11 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, 17 February 2022



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

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

I declare that, to the best of my knowledge and belief, in relation to the 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 2021 there have been:

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

KPMG

Eileen Hoggett

*Partner*

Sydney

17 February 2022

# Consolidated interim statements of financial position

as at 31 December 2021

	Note	Goodman		GIT	
		31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
		\$M	\$M	\$M	\$M
<b>Current assets</b>					
Cash and cash equivalents		719.6	920.4	284.5	379.8
Receivables	5	303.8	331.3	273.0	816.1
Contract assets		104.9	80.9	-	-
Inventories	6(b)	418.4	235.1	-	-
Other financial assets		6.3	16.5	6.3	16.5
Assets held for sale	6(b)	-	41.5	-	-
<b>Total current assets</b>		<b>1,553.0</b>	<b>1,625.7</b>	<b>563.8</b>	<b>1,212.4</b>
<b>Non-current assets</b>					
Receivables	5	145.3	277.5	3,290.0	2,528.5
Inventories	6(b)	1,356.0	1,192.7	5.9	5.9
Investment properties	6(b)	1,765.5	1,851.2	930.4	1,155.7
Investments accounted for using the equity method	6(b)	13,093.9	10,660.0	9,844.5	8,078.4
Deferred tax assets		21.0	19.9	-	-
Other financial assets		338.0	362.8	292.2	314.4
Property, plant and equipment		61.5	54.6	-	-
Intangible assets	7	820.3	822.6	-	-
<b>Total non-current assets</b>		<b>17,601.5</b>	<b>15,241.3</b>	<b>14,363.0</b>	<b>12,082.9</b>
<b>Total assets</b>		<b>19,154.5</b>	<b>16,867.0</b>	<b>14,926.8</b>	<b>13,295.3</b>
<b>Current liabilities</b>					
Payables		626.0	565.9	616.9	607.6
Current tax payables		134.3	160.1	-	-
Provisions		300.2	294.2	280.2	166.3
Lease liabilities		12.5	11.9	-	-
Other financial liabilities		10.2	1.9	10.2	1.9
<b>Total current liabilities</b>		<b>1,083.2</b>	<b>1,034.0</b>	<b>907.3</b>	<b>775.8</b>
<b>Non-current liabilities</b>					
Payables		115.3	125.5	235.5	232.2
Interest bearing liabilities	9	2,087.7	2,060.3	2,090.3	2,062.8
Deferred tax liabilities		284.1	168.4	181.7	124.0
Provisions		23.8	23.7	-	-
Lease liabilities		83.2	82.1	-	-
Other financial liabilities		285.0	211.5	163.6	124.6
<b>Total non-current liabilities</b>		<b>2,879.1</b>	<b>2,671.5</b>	<b>2,671.1</b>	<b>2,543.6</b>
<b>Total liabilities</b>		<b>3,962.3</b>	<b>3,705.5</b>	<b>3,578.4</b>	<b>3,319.4</b>
<b>Net assets</b>		<b>15,192.2</b>	<b>13,161.5</b>	<b>11,348.4</b>	<b>9,975.9</b>
<b>Equity attributable to Securityholders</b>					
Issued capital	12	8,206.1	8,096.4	8,154.5	7,849.0
Reserves		251.2	134.8	7.4	(33.7)
Retained earnings		6,734.9	4,930.3	3,186.5	2,160.6
<b>Total equity attributable to Securityholders</b>		<b>15,192.2</b>	<b>13,161.5</b>	<b>11,348.4</b>	<b>9,975.9</b>
<b>Comprising:</b>					
Total equity attributable to GL	13(a)	2,054.5	1,635.6		
Total equity attributable to other entities stapled to GL	13(b)	13,137.7	11,525.9		
<b>Total equity attributable to Securityholders</b>		<b>15,192.2</b>	<b>13,161.5</b>		

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

## Consolidated interim income statements

for the half year ended 31 December 2021

		Goodman		GIT	
		2021	2020	2021	2020
	Note	\$M	\$M	\$M	\$M
<b>Revenue</b>					
Gross property income	2	69.3	48.6	26.6	30.5
Management income	2	219.6	180.0	-	-
Development income	2	745.1	1,082.9	-	-
Distributions from investments		-	-	-	2.9
		<b>1,034.0</b>	<b>1,311.5</b>	<b>26.6</b>	<b>33.4</b>
<b>Property and development expenses</b>					
Property expenses		(16.6)	(15.8)	(8.6)	(10.6)
Development expenses		(291.8)	(708.1)	-	-
		<b>(308.4)</b>	<b>(723.9)</b>	<b>(8.6)</b>	<b>(10.6)</b>
<b>Other income</b>					
Net gain from fair value adjustments on investment properties	6(d)	93.6	12.1	41.4	11.9
Net gain on disposal of investment properties		74.4	-	69.9	-
Net gain on disposal of assets held for sale		12.5	-	-	-
Share of net results of equity accounted investments	6(e)	1,793.4	562.1	1,307.3	389.2
		<b>1,973.9</b>	<b>574.2</b>	<b>1,418.6</b>	<b>401.1</b>
<b>Other expenses</b>					
Employee expenses		(151.7)	(96.5)	-	-
Share based payments expense		(201.8)	(111.8)	-	-
Administrative and other expenses		(44.4)	(42.4)	(28.7)	(25.9)
		<b>(397.9)</b>	<b>(250.7)</b>	<b>(28.7)</b>	<b>(25.9)</b>
<b>Profit before interest and tax</b>		<b>2,301.6</b>	<b>911.1</b>	<b>1,407.9</b>	<b>398.0</b>
<b>Net finance income/(expense)</b>					
Finance income	8	6.8	219.1	62.7	247.3
Finance expense	8	(141.2)	(32.6)	(109.7)	(73.8)
<b>Net finance (expense)/income</b>		<b>(134.4)</b>	<b>186.5</b>	<b>(47.0)</b>	<b>173.5</b>
<b>Profit before income tax</b>		<b>2,167.2</b>	<b>1,097.6</b>	<b>1,360.9</b>	<b>571.5</b>
Income tax expense		(164.4)	(56.1)	(54.8)	(21.8)
<b>Profit for the half year</b>		<b>2,002.8</b>	<b>1,041.5</b>	<b>1,306.1</b>	<b>549.7</b>
Profit attributable to GL	13(a)	369.1	91.6		
Profit attributable to other entities stapled to GL	13(b)	1,633.7	949.9		
<b>Profit for the half year attributable to Securityholders</b>		<b>2,002.8</b>	<b>1,041.5</b>		
Basic profit per security (¢)	3	107.7	56.6		
Diluted profit per security (¢)	3	105.2	55.1		

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

## Consolidated interim statements of comprehensive income

for the half year ended 31 December 2021

	Goodman		GIT	
	2021	2020	2021	2020
	\$M	\$M	\$M	\$M
<b>Profit for the half year</b>	<b>2,002.8</b>	<b>1,041.5</b>	<b>1,306.1</b>	<b>549.7</b>
<b>Other comprehensive (loss)/income for the half year</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Effect of foreign currency translation	(0.5)	0.4	-	-
	<b>(0.5)</b>	<b>0.4</b>	<b>-</b>	<b>-</b>
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Increase due to revaluation of other financial assets	0.3	-	3.9	1.7
Cash flow hedges:				
- Change in value of financial instruments	3.7	(2.4)	3.7	(2.4)
Effect of foreign currency translation	133.5	(414.3)	67.4	(252.5)
	<b>137.5</b>	<b>(416.7)</b>	<b>75.0</b>	<b>(253.2)</b>
<b>Other comprehensive income/(loss) for the half year, net of income tax</b>	<b>137.0</b>	<b>(416.3)</b>	<b>75.0</b>	<b>(253.2)</b>
<b>Total comprehensive income for the half year</b>	<b>2,139.8</b>	<b>625.2</b>	<b>1,381.1</b>	<b>296.5</b>
Total comprehensive income attributable to GL	372.2	9.6		
Total comprehensive income attributable to other entities stapled to GL	1,767.6	615.6		
<b>Total comprehensive income for the half year attributable to Securityholders</b>	<b>2,139.8</b>	<b>625.2</b>		

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



# Consolidated interim statements of changes in equity

for the half year ended 31 December 2021

Goodman	Note	Attributable to Securityholders							Total
		Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Balance at 1 July 2020</b>		<b>8,031.7</b>	<b>(7.2)</b>	<b>(5.2)</b>	<b>188.6</b>	<b>239.8</b>	<b>(31.3)</b>	<b>384.7</b>	<b>11,520.6</b>
<b>Total comprehensive income/(loss) for the half year</b>									
Profit for the half year		-	-	-	-	-	-	-	1,041.5
<b>Other comprehensive income/(loss)</b>									
Effect of foreign currency translation		-	0.2	0.5	(415.0)	-	0.4	(413.9)	-
Cash flow hedges:									
- Change in value of financial instruments		-	-	(2.4)	-	-	-	(2.4)	-
<b>Total comprehensive income/(loss) for the half year, net of income tax</b>		<b>-</b>	<b>0.2</b>	<b>(1.9)</b>	<b>(415.0)</b>	<b>-</b>	<b>0.4</b>	<b>(416.3)</b>	<b>625.2</b>
Transfers		-	-	-	-	(68.4)	-	(68.4)	68.4
<b>Contributions by and distributions to owners</b>									
Dividends/distributions on stapled securities	11	-	-	-	-	-	-	-	(277.1)
Issue of stapled securities	12	65.1	-	-	-	-	-	-	-
Issue costs		(0.4)	-	-	-	-	-	-	-
Purchase of stapled securities		-	-	-	-	(22.3)	-	(22.3)	-
Equity settled share based payments expense		-	-	-	-	57.2	-	57.2	-
<b>Balance at 31 December 2020</b>		<b>8,096.4</b>	<b>(7.0)</b>	<b>(7.1)</b>	<b>(226.4)</b>	<b>206.3</b>	<b>(30.9)</b>	<b>(65.1)</b>	<b>3,937.0</b>
<b>Balance at 1 July 2021</b>		<b>8,096.4</b>	<b>(6.7)</b>	<b>(4.4)</b>	<b>(90.7)</b>	<b>274.7</b>	<b>(38.1)</b>	<b>134.8</b>	<b>4,930.3</b>
<b>Total comprehensive income/(loss) for the half year</b>									
Profit for the half year		-	-	-	-	-	-	-	2,002.8
<b>Other comprehensive (loss)/income</b>									
Effect of foreign currency translation		-	(0.1)	(0.1)	133.7	-	(0.5)	133.0	-
Cash flow hedges:									
- Change in value of financial instruments		-	-	3.7	-	-	-	3.7	-
Increase due to revaluation of other financial assets		-	0.3	-	-	-	-	0.3	-
<b>Total comprehensive income/(loss) for the half year, net of income tax</b>		<b>-</b>	<b>0.2</b>	<b>3.6</b>	<b>133.7</b>	<b>-</b>	<b>(0.5)</b>	<b>137.0</b>	<b>2,002.8</b>
Transfers		-	-	-	-	(81.8)	-	(81.8)	81.8
<b>Contributions by and distributions to owners</b>									
Dividends/distributions on stapled securities	11	-	-	-	-	-	-	-	(280.0)
Issue of stapled securities	12	109.8	-	-	-	-	-	-	-
Issue costs		(0.1)	-	-	-	-	-	-	-
Purchase of stapled securities		-	-	-	-	(28.1)	-	(28.1)	-
Equity settled share based payments expense		-	-	-	-	89.3	-	89.3	-
<b>Balance at 31 December 2021</b>		<b>8,206.1</b>	<b>(6.5)</b>	<b>(0.8)</b>	<b>43.0</b>	<b>254.1</b>	<b>(38.6)</b>	<b>251.2</b>	<b>6,734.9</b>

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

# Consolidated interim statements of changes in equity

for the half year ended 31 December 2021

GIT	Note	Attributable to Unitholders							Total
		Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Total reserves	Retained earnings	
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Balance at 1 July 2020</b>		<b>7,623.5</b>	<b>7.0</b>	<b>(5.2)</b>	<b>(38.4)</b>	<b>173.3</b>	<b>136.7</b>	<b>1,029.2</b>	<b>8,789.4</b>
<b>Total comprehensive income/(loss) for the half year</b>									
Profit for the half year		-	-	-	-	-	-	549.7	549.7
<b>Other comprehensive (loss)/income</b>									
Effect of foreign currency translation		-	(0.2)	0.5	(252.8)	-	(252.5)	-	(252.5)
Cash flow hedges:									
- Change in value of financial instruments		-	-	(2.4)	-	-	(2.4)	-	(2.4)
Increase due to revaluation of other financial assets		-	1.7	-	-	-	1.7	-	1.7
<b>Total comprehensive income/(loss) for the half year</b>		<b>-</b>	<b>1.5</b>	<b>(1.9)</b>	<b>(252.8)</b>	<b>-</b>	<b>(253.2)</b>	<b>549.7</b>	<b>296.5</b>
<b>Contributions by and distributions to owners</b>									
Distributions on ordinary units	11	-	-	-	-	-	-	(277.1)	(277.1)
Issue of ordinary units	12	225.7	-	-	-	-	-	-	225.7
Issue costs on ordinary units		(0.2)	-	-	-	-	-	-	(0.2)
Equity settled share based payments transactions		-	-	-	-	(27.5)	(27.5)	-	(27.5)
<b>Balance at 31 December 2020</b>		<b>7,849.0</b>	<b>8.5</b>	<b>(7.1)</b>	<b>(291.2)</b>	<b>145.8</b>	<b>(144.0)</b>	<b>1,301.8</b>	<b>9,006.8</b>
<b>Balance at 1 July 2021</b>		<b>7,849.0</b>	<b>4.6</b>	<b>(4.5)</b>	<b>(220.8)</b>	<b>187.0</b>	<b>(33.7)</b>	<b>2,160.6</b>	<b>9,975.9</b>
<b>Total comprehensive income/(loss) for the half year</b>									
Profit for the half year		-	-	-	-	-	-	1,306.1	1,306.1
<b>Other comprehensive (loss)/income</b>									
Effect of foreign currency translation		-	(0.1)	(0.2)	67.7	-	67.4	-	67.4
Cash flow hedges:									
- Change in value of financial instruments		-	-	3.7	-	-	3.7	-	3.7
Increase due to revaluation of other financial assets		-	3.9	-	-	-	3.9	-	3.9
<b>Total comprehensive income for the half year</b>		<b>-</b>	<b>3.8</b>	<b>3.5</b>	<b>67.7</b>	<b>-</b>	<b>75.0</b>	<b>1,306.1</b>	<b>1,381.1</b>
<b>Contributions by and distributions to owners</b>									
Distributions on ordinary units	11	-	-	-	-	-	-	(280.2)	(280.2)
Issue of ordinary units	12	305.6	-	-	-	-	-	-	305.6
Issue costs on ordinary units		(0.1)	-	-	-	-	-	-	(0.1)
Equity settled share based payments transactions		-	-	-	-	(33.9)	(33.9)	-	(33.9)
<b>Balance at 31 December 2021</b>		<b>8,154.5</b>	<b>8.4</b>	<b>(1.0)</b>	<b>(153.1)</b>	<b>153.1</b>	<b>7.4</b>	<b>3,186.5</b>	<b>11,348.4</b>

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

## Consolidated interim cash flow statements

for the half year ended 31 December 2021

	Goodman		GIT	
	2021	2020	2021	2020
	\$M	\$M	\$M	\$M
<b>Cash flows from operating activities</b>				
Property income received	74.3	47.2	28.2	30.1
Cash receipts from development activities	843.0	1,121.7	-	-
Other cash receipts from management and other activities	191.1	166.7	-	-
Property expenses paid	(17.9)	(17.6)	(4.3)	(6.0)
Payments for development activities	(585.1)	(448.0)	-	-
Other cash payments in the course of operations	(309.4)	(255.4)	(0.7)	(0.6)
Distributions received from equity investments, including Partnerships	193.4	327.0	116.0	232.1
Interest received	4.1	3.5	3.9	3.0
Finance costs paid	(29.6)	(51.5)	(19.9)	(54.6)
Net income taxes (paid)/refunded	(84.8)	(15.1)	(3.3)	0.5
<b>Net cash provided by operating activities</b>	<b>279.1</b>	<b>878.5</b>	<b>119.9</b>	<b>204.5</b>
<b>Cash flows from investing activities</b>				
Net proceeds from disposal of investment properties	678.4	1.1	346.0	(1.2)
Net proceeds from disposal of equity investments	4.3	-	22.6	-
Return of capital by Partnerships	89.8	221.9	20.8	128.7
Payments for investment properties	(360.9)	(10.8)	(7.8)	(8.9)
Payments for investments in Partnerships	(822.2)	(457.5)	(500.1)	(320.2)
Payments for plant and equipment	(4.9)	(1.3)	-	-
<b>Net cash used in investing activities</b>	<b>(415.5)</b>	<b>(246.6)</b>	<b>(118.5)</b>	<b>(201.6)</b>
<b>Cash flows from financing activities</b>				
Net proceeds from issue of stapled securities	109.7	64.9	71.1	42.3
Net cash flows from/to loans with related parties	148.9	(97.3)	(3.7)	192.7
Proceeds from borrowings and derivative financial instruments	569.4	-	569.4	-
Payments on borrowings and derivative financial instruments	(571.4)	(712.6)	(570.9)	(712.6)
Dividends and distributions paid	(277.1)	(274.3)	(166.3)	(201.1)
Payments of lease liabilities	(6.5)	(7.0)	-	-
Purchase of securities to fund LTIP obligations	(28.1)	(22.3)	-	-
<b>Net cash used in financing activities</b>	<b>(55.1)</b>	<b>(1,048.6)</b>	<b>(100.4)</b>	<b>(678.7)</b>
Net decrease in cash held	(191.5)	(416.7)	(99.0)	(675.8)
Cash and cash equivalents at the beginning of the half year	920.4	1,792.8	379.8	1,302.6
Effect of exchange rate fluctuations on cash held	(9.3)	(100.9)	3.7	(69.1)
<b>Cash and cash equivalents at the end of the half year</b>	<b>719.6</b>	<b>1,275.2</b>	<b>284.5</b>	<b>557.7</b>

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

# Notes to the consolidated interim financial statements

## BASIS OF PREPARATION

### 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 2021 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 17 February 2022.

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 2021.

There are no significant changes to the Group's results arising from the application of the new and amended standards and interpretations mandatory for annual reporting periods beginning on or after 1 July 2021. 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 2021.

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.

**(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.

## Notes to the consolidated interim financial statements

## 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	
	2021	2020	2021	2020
	\$M	\$M	\$M	\$M
<b>Gross property income</b>				
Rental income	60.7	39.1	21.3	23.8
Recovery of property outgoings	8.6	9.5	5.3	6.7
<b>Gross property income</b>	<b>69.3</b>	<b>48.6</b>	<b>26.6</b>	<b>30.5</b>
<b>Management activities</b>				
Management services	184.5	152.2	-	-
Performance related income	35.1	27.8	-	-
<b>Management income</b>	<b>219.6</b>	<b>180.0</b>	<b>-</b>	<b>-</b>
<b>Development activities</b>				
Income from disposal of inventories	312.1	677.0	-	-
Income from fixed price development contracts	194.4	129.1	-	-
Other development income, including development management <sup>1</sup>	199.0	142.1	-	-
Net gain on disposal of assets held for sale	-	134.7	-	-
Net gain on disposal of special purpose development entities, including JVs	39.6	-	-	-
<b>Development income</b>	<b>745.1</b>	<b>1,082.9</b>	<b>-</b>	<b>-</b>

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 half year, \$38.6 million (half year ended 31 December 2020: \$39.2 million) of such income was recognised.

### 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.

#### Goodman

	2021	2020
	¢	¢
<b>Profit per security</b>		
Basic profit per security	107.7	56.6
Diluted profit per security	105.2	55.1

Profit after tax of \$2,002.8 million (half year ended 31 December 2020: \$1,041.5 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:

	2021	2020
	Number of securities	
Weighted average number of securities used in calculating basic profit per security	1,860,452,058	1,841,066,698
Effect of performance rights on issue	42,561,990	49,185,765
<b>Weighted average number of securities used in calculating diluted profit per security</b>	<b>1,903,014,048</b>	<b>1,890,252,463</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.

	2021	2020
	¢	¢
<b>Profit per Goodman Limited share</b>		
Basic profit per Goodman Limited share	19.8	5.0
Diluted profit per Goodman Limited share	19.4	4.8

The profit after tax used in calculating the basic and diluted profit per Goodman Limited share was \$369.1 million (half year ended 31 December 2020: \$91.6 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, through both direct ownership and cornerstone investments in Partnerships
- + Management activities, both investment and property management
- + Development activities, including development of directly owned assets (predominantly disclosed as inventories) and management of development activities for Partnerships.

# Notes to the consolidated interim financial statements

Results for the half year

## 4 Segment reporting

### Information about reportable segments

Goodman	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Income statement</b>												
<b>External revenues</b>												
Gross property income	46.8	47.8	4.9	0.1	14.5	-	2.4	0.4	0.7	0.3	69.3	48.6
Management income	108.5	59.2	68.4	54.5	28.6	57.5	2.3	1.3	11.8	7.5	219.6	180.0
Development income	150.3	76.4	115.1	86.7	401.8	707.4	26.6	186.6	51.3	25.8	745.1	1,082.9
<b>Total external revenues</b>	<b>305.6</b>	<b>183.4</b>	<b>188.4</b>	<b>141.3</b>	<b>444.9</b>	<b>764.9</b>	<b>31.3</b>	<b>188.3</b>	<b>63.8</b>	<b>33.6</b>	<b>1,034.0</b>	<b>1,311.5</b>
<b>Analysis of external revenues</b>												
<b>Revenue from contracts with customers</b>												
Assets and services transferred at a point in time	65.4	7.3	17.1	8.3	291.5	640.2	13.0	181.9	-	-	387.0	837.7
Assets and services transferred over time	200.4	137.1	166.8	132.9	140.1	124.7	15.9	6.0	63.1	33.3	586.3	434.0
<b>Other revenue</b>												
Rental income (excludes outgoings recoveries)	39.8	39.0	4.5	0.1	13.3	-	2.4	0.4	0.7	0.3	60.7	39.8
<b>Total external revenues</b>	<b>305.6</b>	<b>183.4</b>	<b>188.4</b>	<b>141.3</b>	<b>444.9</b>	<b>764.9</b>	<b>31.3</b>	<b>188.3</b>	<b>63.8</b>	<b>33.6</b>	<b>1,034.0</b>	<b>1,311.5</b>
<b>Reportable segment profit before tax</b>	<b>352.6</b>	<b>179.7</b>	<b>230.6</b>	<b>161.1</b>	<b>247.5</b>	<b>327.2</b>	<b>31.0</b>	<b>1.5</b>	<b>94.0</b>	<b>53.7</b>	<b>955.7</b>	<b>723.2</b>
<b>Material non-cash items not included in reportable segment profit before tax</b>												
Net gain from fair value adjustments on investment properties	93.6	12.1	-	-	-	-	-	-	-	-	93.6	12.1
Share of net gain from fair value adjustments in equity accounted investments	904.5	86.1	53.0	59.1	48.8	39.8	198.8	16.9	353.7	137.5	1,558.8	339.4
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
<b>Statement of financial position</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Reportable segment assets</b>	<b>7,591.7</b>	<b>6,619.9</b>	<b>4,007.0</b>	<b>3,565.7</b>	<b>2,490.5</b>	<b>2,382.2</b>	<b>1,054.2</b>	<b>840.6</b>	<b>3,240.4</b>	<b>2,475.9</b>	<b>18,383.8</b>	<b>15,884.3</b>
Non-current assets	7,306.8	6,314.6	3,693.3	3,261.8	2,070.7	2,126.5	973.8	761.8	3,089.8	2,335.8	17,134.4	14,800.5
<b>Included in reportable segment assets are:</b>												
Investment properties	1,513.9	1,687.3	251.6	137.7	-	-	-	26.2	-	-	1,765.5	1,851.2
Investments accounted for using the equity method	5,385.1	4,251.0	3,052.1	2,808.8	905.4	865.2	670.9	408.0	3,080.4	2,327.0	13,093.9	10,660.0
<b>Reportable segment liabilities</b>	<b>111.9</b>	<b>113.9</b>	<b>302.8</b>	<b>242.4</b>	<b>177.3</b>	<b>111.0</b>	<b>112.1</b>	<b>80.4</b>	<b>219.2</b>	<b>156.2</b>	<b>923.3</b>	<b>703.9</b>



Goodman Group

GIT	Australia and New Zealand		Asia		Continental Europe		Americas		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Income statement</b>										
<b>External revenues</b>										
Gross property income	26.6	30.5	-	-	-	-	-	-	26.6	30.5
Distributions from investments	-	-	-	-	-	2.9	-	-	-	2.9
<b>Total external revenues</b>	<b>26.6</b>	<b>30.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.9</b>	<b>-</b>	<b>-</b>	<b>26.6</b>	<b>33.4</b>
<b>Analysis of external revenues</b>										
<b>Revenue from contracts with customers</b>										
Assets and services transferred over time	5.3	6.7	-	-	-	-	-	-	5.3	6.7
<b>Other revenue</b>										
Rental income (excludes outgoings recoveries)	21.3	23.8	-	-	-	-	-	-	21.3	23.8
Distributions from investments	-	-	-	-	-	2.9	-	-	-	2.9
<b>Total external revenues</b>	<b>26.6</b>	<b>30.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.9</b>	<b>-</b>	<b>-</b>	<b>26.6</b>	<b>33.4</b>
<b>Reportable segment profit before tax</b>	<b>152.3</b>	<b>103.7</b>	<b>17.0</b>	<b>16.8</b>	<b>23.4</b>	<b>16.2</b>	<b>42.6</b>	<b>35.4</b>	<b>235.3</b>	<b>172.1</b>
<b>Material non-cash items not included in reportable segment profit before tax</b>										
Net gain from fair value adjustments on investment properties	41.4	11.9	-	-	-	-	-	-	41.4	11.9
Share of net gain/(loss) from fair value adjustments in equity accounted investments	784.2	59.1	(3.5)	20.9	36.9	25.9	340.9	132.5	1,158.5	238.4
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
<b>Statement of financial position</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Reportable segment assets</b>	<b>5,516.0</b>	<b>4,947.0</b>	<b>1,581.9</b>	<b>1,522.5</b>	<b>768.6</b>	<b>732.9</b>	<b>2,995.8</b>	<b>2,268.1</b>	<b>10,862.3</b>	<b>9,470.5</b>
Non-current assets	5,483.9	4,939.3	1,581.9	1,522.5	767.9	727.9	2,969.3	2,243.2	10,803.0	9,432.9
<b>Included in reportable segment assets are:</b>										
Investment properties	930.4	1,155.7	-	-	-	-	-	-	930.4	1,155.7
Investments accounted for using the equity method	4,546.1	3,601.7	1,581.9	1,522.5	747.2	711.0	2,969.3	2,243.2	9,844.5	8,078.4
<b>Reportable segment liabilities</b>	<b>57.8</b>	<b>44.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>181.7</b>	<b>124.1</b>	<b>239.5</b>	<b>169.3</b>

# Notes to the consolidated interim financial statements

## Results for the half year

### 4 Segment reporting

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

		Goodman		GIT	
		2021	2020	2021	2020
	Note	\$M	\$M	\$M	\$M
<b>Revenues</b>					
Total revenue for reportable segments		1,034.0	1,311.5	26.6	33.4
<b>Consolidated revenues</b>		<b>1,034.0</b>	<b>1,311.5</b>	<b>26.6</b>	<b>33.4</b>
<b>Profit or loss</b>					
<b>Total profit before tax for reportable segments</b>					
Property investment earnings		234.0	196.1	235.6	172.3
Management earnings		258.2	219.2	-	-
Development earnings <sup>1</sup>		562.8	397.2	-	-
Operating expenses allocated to reportable segments		(99.3)	(89.3)	(0.3)	(0.2)
<b>Reportable segment profit before tax</b>		<b>955.7</b>	<b>723.2</b>	<b>235.3</b>	<b>172.1</b>
Corporate expenses not allocated to reportable segments		(96.8)	(49.6)	(28.4)	(25.7)
		<b>858.9</b>	<b>673.6</b>	<b>206.9</b>	<b>146.4</b>
Valuation and other items not included in reportable segment profit before tax:					
- Net gain from fair value adjustments on investment properties	6(d)	93.6	12.1	41.4	11.9
- Share of fair value adjustments attributable to investment properties in Partnerships	6(e)	1,558.4	357.9	1,158.6	261.4
- Share of fair value adjustments on derivative financial instruments in Partnerships	6(e)	0.4	(18.5)	(0.1)	(23.0)
- Share based payments expense		(201.8)	(111.8)	-	-
- Straight lining of rental income and tax deferred adjustments		(1.7)	(2.2)	1.1	1.3
<b>Profit before interest and tax</b>		<b>2,307.8</b>	<b>911.1</b>	<b>1,407.9</b>	<b>398.0</b>
Net finance (expense)/income <sup>1</sup>	8	(140.6)	186.5	(47.0)	173.5
<b>Consolidated profit before income tax</b>		<b>2,167.2</b>	<b>1,097.6</b>	<b>1,360.9</b>	<b>571.5</b>
		<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
		<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Assets</b>					
Assets for reportable segments		18,383.8	15,884.3	10,862.3	9,470.5
Cash		281.5	514.6	231.1	349.6
Other unallocated amounts <sup>2</sup>		489.2	468.1	3,833.4	3,475.2
<b>Consolidated total assets</b>		<b>19,154.5</b>	<b>16,867.0</b>	<b>14,926.8</b>	<b>13,295.3</b>
<b>Liabilities</b>					
Liabilities for reportable segments		923.3	703.9	239.5	169.3
Interest bearing liabilities		2,087.7	2,060.3	2,090.3	2,062.8
Provisions for dividends/distributions to Securityholders	11	280.0	277.1	280.2	166.3
Other unallocated amounts <sup>2</sup>		671.3	664.2	968.4	921.0
<b>Consolidated total liabilities</b>		<b>3,962.3</b>	<b>3,705.5</b>	<b>3,578.4</b>	<b>3,319.4</b>

- Interest income of \$6.2 million (half year ended 31 December 2020: \$nil) from a loan to a development JV is reported under development earnings for the purpose of segment reporting.
- Other unallocated amounts in Goodman and GIT included other financial assets and liabilities, deferred tax assets, tax payables and provisions which did not relate to the reportable segments. Additionally, other unallocated assets and liabilities in GIT included loans due from/to controlled entities of Goodman.

## OPERATING ASSETS

### 5 Receivables

	Goodman		GIT	
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	\$M	\$M	\$M	\$M
<b>Current</b>				
Trade receivables	13.3	16.4	0.3	0.1
Tax receivables	20.0	16.1	2.9	1.4
Other receivables	140.8	197.2	3.6	5.8
Amounts due from related parties	129.7	101.6	0.1	0.1
Loans to related parties	-	-	266.1	808.7
	<b>303.8</b>	<b>331.3</b>	<b>273.0</b>	<b>816.1</b>
<b>Non-current</b>				
Other receivables	14.1	7.1	-	-
Loans to related parties	131.2	270.4	3,290.0	2,528.5
	<b>145.3</b>	<b>277.5</b>	<b>3,290.0</b>	<b>2,528.5</b>

### 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.

# Notes to the consolidated interim financial statements

## Operating assets

### 6 Property assets

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

	Note	Goodman		GIT	
		31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
		\$M	\$M	\$M	\$M
<b>Inventories</b>					
Current		418.4	235.1	-	-
Non-current		1,356.0	1,192.7	5.9	5.9
		<b>1,774.4</b>	<b>1,427.8</b>	<b>5.9</b>	<b>5.9</b>
<b>Assets held for sale</b>					
Investment property		-	41.5	-	-
<b>Investment properties</b>					
Stabilised investment properties		1,709.4	1,791.1	867.4	1,093.4
Investment properties under development		56.1	60.1	63.0	62.3
	6(d)	<b>1,765.5</b>	<b>1,851.2</b>	<b>930.4</b>	<b>1,155.7</b>
<b>Investments accounted for using the equity method</b>					
Associates	6(e)(i)	7,372.4	6,302.6	6,124.0	5,292.9
JVs	6(e)(ii)	5,721.5	4,357.4	3,720.5	2,785.5
		<b>13,093.9</b>	<b>10,660.0</b>	<b>9,844.5</b>	<b>8,078.4</b>
<b>Total property assets</b>		<b>16,633.8</b>	<b>13,980.5</b>	<b>10,780.8</b>	<b>9,240.0</b>

At 31 December 2021, the total property assets of \$16,633.8 million included properties that have been repositioned and were subject to conditional contracts for disposal. As discussed in the Directors' report on page 7, the Group's share of valuation gains since the repositioning activities commenced, was \$240.4 million (30 June 2021: \$95.9 million).

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

##### Inventories

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

##### Investment properties

###### Stabilised investment properties

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

###### Approach to determination of fair value

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

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

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

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

## Goodman Group

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 2021, 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 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	%	%	%	%
Australia and New Zealand	3.9	4.4	3.8	4.4
Asia	4.4	4.4	3.9	3.9
Continental Europe	3.7	3.8	3.7	3.9
United Kingdom	3.7	4.1	-	-
Americas	4.0	4.0	4.0	4.0

### 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.

## Notes to the consolidated interim financial statements

### Operating assets

### 6 Property assets

#### (d) Investment properties

Reconciliation of carrying amount of directly held investment properties

	Goodman		GIT	
	2021 \$M	2020 \$M	2021 \$M	2020 \$M
Carrying amount at the beginning of the half year	1,851.2	1,901.2	1,155.7	1,202.4
Acquisitions	355.2	-	-	-
Capital expenditure	9.3	13.4	10.1	10.8
Carrying value of properties disposed	(550.8)	-	(276.8)	-
Transfers from/(to) inventories	2.4	(101.2)	-	(8.1)
Net gain from fair value adjustments	93.6	12.1	41.4	11.9
Effect of foreign currency translation	4.6	(0.1)	-	-
<b>Carrying amount at the end of the half year</b>	<b>1,765.5</b>	<b>1,825.4</b>	<b>930.4</b>	<b>1,217.0</b>
<b>Analysed by segment:</b>				
Australia and New Zealand	1,513.9	1,818.2	930.4	1,217.0
Asia	251.6	-	-	-
United Kingdom	-	7.2	-	-
	<b>1,765.5</b>	<b>1,825.4</b>	<b>930.4</b>	<b>1,217.0</b>

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**(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	
		2021	2020	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	2021	2020	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
Name of associate	Country of establishment	\$M	\$M	%	%	\$M	\$M	\$M	\$M	%	%	\$M	\$M
<b>Property investment</b>													
Goodman Australia Industrial Partnership (GAIP)	Australia	431.9	106.7	29.1	29.1	2,752.1	2,208.5	431.9	106.7	29.1	29.1	2,752.1	2,208.5
Goodman Australia Partnership (GAP)	Australia	204.5	34.6	19.9	19.9	1,042.8	850.9	204.5	34.6	19.9	19.9	1,042.8	850.9
Goodman Property Trust (GMT)	New Zealand	131.8	36.4	24.8	22.4	839.0	633.4	-	-	-	-	-	-
Goodman Hong Kong Logistics Partnership (GHKLP)	Cayman Islands	13.5	37.7	20.3	20.3	1,581.9	1,522.5	13.5	37.7	20.3	20.3	1,581.9	1,522.5
Goodman Japan Core Partnership (GJCP) <sup>1</sup>	Japan	23.2	15.9	14.3	14.7	409.4	376.3	-	-	-	-	-	-
Goodman European Partnership (GEP)	Luxembourg	57.9	37.5	20.4	20.4	747.2	711.0	57.9	37.5	20.4	20.4	747.2	711.0
		862.8	268.8			7,372.4	6,302.6	707.8	216.5			6,124.0	5,292.9

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

## Notes to the consolidated interim financial statements

### Operating assets

### 6 Property assets

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

	Goodman		GIT	
	2021	2020	2021	2020
<b>Movement in carrying amount of investments in associates</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Carrying amount at the beginning of the half year	6,302.6	5,617.2	5,292.9	4,761.4
Share of net results after tax (before fair value adjustments)	115.6	122.9	95.5	105.2
Share of fair value adjustments attributable to investment properties after tax	748.4	172.1	615.1	135.8
Share of fair value adjustments on derivative financial instruments	(1.2)	(26.2)	(2.8)	(24.5)
Share of net results	862.8	268.8	707.8	216.5
Share of movements in reserves	3.7	(2.6)	3.7	(2.6)
Acquisitions	267.1	237.6	164.3	196.6
Capital return	-	(79.7)	-	(79.7)
Distributions received and receivable	(100.7)	(198.6)	(79.2)	(183.1)
Effect of foreign currency translation	36.9	(206.1)	34.5	(179.8)
<b>Carrying amount at the end of the half year</b>	<b>7,372.4</b>	<b>5,636.6</b>	<b>6,124.0</b>	<b>4,729.3</b>



## Goodman Group

### (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	
	Country of establishment/ incorporation	2021	2020	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	2021	2020	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
Name of JV		\$M	\$M	%	%	\$M	\$M	\$M	\$M	%	%	\$M	\$M
Property investment and development													
Goodman China Logistics Partnership (GCLP)	Cayman Islands	52.2	37.9	20.0	20.0	957.9	832.7	-	-	-	-	-	-
Goodman UK Partnership (GUKP) <sup>1</sup>	United Kingdom	203.2	19.9	35.5	33.3	667.0	404.0	-	-	-	-	-	-
Goodman North America Partnership (GNAP)	United States of America	397.7	173.1	55.0	55.0	3,059.9	2,310.6	383.2	166.8	53.0	53.0	2,948.8	2,226.8
Other JVs <sup>2</sup>		277.5	62.4			1,036.7	810.1	216.3	5.9			771.7	558.7
		930.6	293.3			5,721.5	4,357.4	599.5	172.7			3,720.5	2,785.5

1. The consolidated ownership interest in GUKP reflected the weighted average ownership in GUKP, GUKP II and GUKP III.

2. Other JVs included a development JV in Australia where GAIP has paid Goodman a refundable fee of \$22.6 million for an option to acquire a 40% interest in the JV from the Group. At 31 December 2021, the transaction is conditional on certain matters and settlement would only occur on stabilisation of certain development properties in the JV. Therefore, the disposal transaction had not been reflected in the Group's results at 31 December 2021. The investment carrying amount at 31 December 2021 and the Group's share of the fair value adjustment attributable to the properties in the JV for the half year ended 31 December 2021 were aligned with to the disposal price under the option deed.

## Notes to the consolidated interim financial statements

### Operating assets

#### 6 Property assets

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

	Goodman		GIT	
	2021	2020	2021	2020
	\$M	\$M	\$M	\$M
<b>Movement in carrying amount of investments in JVs</b>				
Carrying amount at the beginning of the half year	4,357.4	3,753.6	2,785.5	2,386.9
Share of net results after tax (before fair value adjustments)	119.0	99.8	53.3	45.6
Share of fair value adjustments attributable to investment properties after tax	810.0	185.8	543.5	125.6
Share of fair value adjustments on derivative financial instruments	1.6	7.7	2.7	1.5
Share of net results	930.6	293.3	599.5	172.7
Share of movements in reserves	2.1	(2.4)	-	-
Acquisitions	509.9	177.7	317.9	78.9
Disposals	(3.4)	-	-	-
Transfer on reclassification as a controlled entity	(15.6)	-	-	-
Capital return	(89.8)	(142.2)	(20.8)	(49.0)
Distributions/dividends received and receivable	(93.0)	(128.0)	(36.8)	(46.0)
Effect of foreign currency translation	123.3	(256.7)	75.2	(212.2)
<b>Carrying amount at the end of the half year</b>	<b>5,721.5</b>	<b>3,695.3</b>	<b>3,720.5</b>	<b>2,331.3</b>

#### 7 Intangible assets

	Goodman	
	31 Dec 2021	30 Jun 2021
	\$M	\$M
Goodwill	710.4	715.2
Management rights	109.9	107.4
	<b>820.3</b>	<b>822.6</b>
<b>Analysed:</b>		
Continental Europe	629.2	635.5
United Kingdom	91.6	90.5
Other	99.5	96.6
	<b>820.3</b>	<b>822.6</b>

The values in use of the intangible assets were calculated as at 30 June 2021 and the results for the significant balances are disclosed in the 2021 annual report of Goodman Group.

At 31 December 2021, management 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 2021 and accordingly there were no impairments or reversals of impairments during the half year.

## CAPITAL MANAGEMENT

## 8 Net finance income/(expense)

	Goodman		GIT	
	2021	2020	2021	2020
	\$M	\$M	\$M	\$M
<b>Finance income</b>				
Interest income from:				
- Related parties	6.3	2.5	41.7	32.2
- Other parties	0.5	1.7	-	1.2
Fair value adjustments on derivative financial instruments	-	214.9	-	213.9
Foreign exchange gains	-	-	21.0	-
	<b>6.8</b>	<b>219.1</b>	<b>62.7</b>	<b>247.3</b>
<b>Finance expense</b>				
Interest expense from third party loans, overdrafts and derivatives	(21.4)	(33.2)	(14.6)	(37.0)
Interest expense from related party loans	-	-	(4.5)	(5.0)
Other borrowing costs	(3.8)	(3.4)	(1.8)	(2.2)
Fair value adjustments on derivative financial instruments	(119.9)	-	(88.8)	-
Foreign exchange losses	(0.1)	(0.2)	-	(29.6)
Capitalised borrowing costs	4.0	4.2	-	-
	<b>(141.2)</b>	<b>(32.6)</b>	<b>(109.7)</b>	<b>(73.8)</b>
<b>Net finance (expense)/income</b>	<b>(134.4)</b>	<b>186.5</b>	<b>(47.0)</b>	<b>173.5</b>

## 9 Interest bearing liabilities

		Goodman		GIT	
		31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Note	\$M	\$M	\$M	\$M
<b>Unsecured:</b>					
- Bank loans	9(a)	-	-	-	-
- USD denominated notes	9(b)	1,170.3	1,133.8	1,170.3	1,133.8
- EUR denominated notes	9(c)	782.5	790.3	782.5	790.3
- Foreign private placement	9(d)	149.4	150.1	149.4	150.1
Borrowing costs		(14.5)	(13.9)	(11.9)	(11.4)
		<b>2,087.7</b>	<b>2,060.3</b>	<b>2,090.3</b>	<b>2,062.8</b>

There are no interest bearing liabilities due in less than one year from 31 December 2021 (30 June 2021: \$nil).

# Notes to the consolidated interim financial statements

## Capital management

### 9 Interest bearing liabilities

#### (a) Bank loans

Facility maturity date	Goodman		GIT	
	Facility limit \$M	Amounts drawn \$M	Facility limit \$M	Amounts drawn \$M
31 Mar 2024	75.0	-	75.0	-
1 Jul 2024	50.0	-	50.0	-
31 Dec 2024	50.0	-	50.0	-
31 Mar 2026	95.6	-	-	-
31 Mar 2026	179.2	-	-	-
30 Jun 2026	75.0	-	75.0	-
31 Jul 2026	137.7	-	137.7	-
30 Sep 2026	179.2	-	-	-
30 Sep 2026	51.6	-	51.6	-
30 Sep 2026	37.5	-	37.5	-
21 Oct 2026	150.0	-	150.0	-
22 Oct 2026	150.0	-	150.0	-
31 Dec 2026	117.4	-	117.4	-
<b>Total at 31 December 2021</b>	<b>1,348.2</b>	-	<b>894.2</b>	-
Total at 30 June 2021	1,045.7	-	589.4	-

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

#### (b) USD denominated notes

As at 31 December 2021, Goodman and GIT had notes on issue in the United States 144A/Reg S bond market as follows:

Maturity date	Carrying amount		Coupon (fixed)
	A\$M	US\$M	per annum
15 Mar 2028	722.8	525.0	3.700%
15 Oct 2037	447.5	325.0	4.500%
<b>Total at 31 December 2021</b>	<b>1,170.3</b>	<b>850.0</b>	
Total at 30 June 2021	1,133.8	850.0	

#### (c) EUR denominated notes

As at 31 December 2021, Goodman and GIT had A\$782.5 million (30 June 2021: A\$790.3 million) (€500.0 million) Reg S EUR denominated senior notes on issue. The notes have a fixed coupon of 1.375% per annum and mature on 27 September 2025.

#### (d) Foreign private placement

As at 31 December 2021, Goodman and GIT had A\$149.4 million (30 June 2021: A\$150.1 million) (¥12.5 billion) in a foreign private placement denominated in Japanese yen. The facility has a fixed coupon of 3.32% per annum payable semi-annually and expires on 3 April 2023.

## Goodman Group

### (e) Finance facilities

	Goodman		GIT	
	Facilities available	Facilities utilised	Facilities available	Facilities utilised
	\$M	\$M	\$M	\$M
<b>31 December 2021</b>				
<b>Unsecured:</b>				
- Bank loans	1,348.2	-	894.2	-
- USD denominated notes	1,170.3	1,170.3	1,170.3	1,170.3
- EUR denominated notes	782.5	782.5	782.5	782.5
- Foreign private placement	149.4	149.4	149.4	149.4
- Bank guarantees <sup>1</sup>	-	7.7	-	7.7
	<b>3,450.4</b>	<b>2,109.9</b>	<b>2,996.4</b>	<b>2,109.9</b>
<b>30 June 2021</b>				
<b>Unsecured:</b>				
- Bank loans	1,045.7	-	589.4	-
- USD denominated notes	1,133.8	1,133.8	1,133.8	1,133.8
- EUR denominated	790.3	790.3	790.3	790.3
- Foreign private placement	150.1	150.1	150.1	150.1
- Bank guarantees <sup>1</sup>	-	32.7	-	32.7
	<b>3,119.9</b>	<b>2,106.9</b>	<b>2,663.6</b>	<b>2,106.9</b>

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

### (f) Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as IBOR reform). The Group has exposure to IBORs through certain of its bank loans (interest bearing liabilities) and its derivative instruments (interest rate swaps and cross currency interest rate swaps). Most of the Group's external interest bearing liabilities are bonds with fixed coupons and are not exposed to IBORs. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association master agreements.

The United Kingdom, Japan and the United States had announced plans to discontinue using London Interbank Offered Rate (LIBOR) by 31 December 2021. The alternative reference rate for sterling LIBOR is the Sterling Overnight Index Average rate, for Japanese yen LIBOR is the Tokyo Overnight Average Rate and for US dollar LIBOR is the Secured Overnight Financing Rate. Amendments to the Group's financial instruments with contractual terms indexed to sterling LIBOR or Japanese yen LIBOR, such that they incorporate the new benchmark rates, were completed by 31 December 2021. Although US dollar LIBOR was planned to be discontinued by the end of 2021, in November 2020 the Intercontinental Exchange Benchmark Administration, the Financial Conduct Authority-regulated and authorised administrator of LIBOR, announced that it had started to consult on its intention to cease the publication of certain US dollar LIBORs after June 2023. It is still unclear when the announcement that will set a date for the termination of the publication of US dollar LIBOR will take place. Nevertheless, the Group has finished the process of implementing appropriate fallback provisions for all US dollar LIBOR indexed exposures.

For Goodman's other IBOR exposures, the transition to alternative risk-free rates has been deferred and/or extended and therefore no action has been or will be taken in that regard until such time as the alternative reference rates are defined and scheduled. It is expected that these will follow the conventions established in other markets and the Group will apply the same principles for those transitions as and when they become relevant.

The overall impact of the IBOR reform is not expected to be significant in the context of Goodman's financial position and performance.

# Notes to the consolidated interim financial statements

## Capital management

### 10 Financial instruments

#### Fair values of financial instruments

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

	Goodman				GIT			
	Carrying amount 31 Dec 2021 \$M	Fair value 31 Dec 2021 \$M	Carrying amount 30 Jun 2021 \$M	Fair value 30 Jun 2021 \$M	Carrying amount 31 Dec 2021 \$M	Fair value 31 Dec 2021 \$M	Carrying amount 30 Jun 2021 \$M	Fair value 30 Jun 2021 \$M
<b>Financial assets</b>								
Cash and cash equivalents	719.6	719.6	920.4	920.4	284.5	284.5	379.8	379.8
Receivables	449.1	449.1	608.8	608.8	3,563.0	3,563.0	3,344.6	3,344.6
Other financial assets:								
- Interest rate derivatives (IRD)	116.6	116.6	114.3	114.3	89.4	89.4	111.9	111.9
- Cross currency interest rate swaps (CCIRS) <sup>1</sup>	217.2	217.2	256.7	256.7	171.1	171.1	194.7	194.7
- Foreign exchange contracts (FEC)	-	-	-	-	10.2	10.2	2.3	2.3
- Investments in unlisted securities	10.5	10.5	8.3	8.3	27.8	27.8	22.0	22.0
	<b>1,513.0</b>	<b>1,513.0</b>	<b>1,908.5</b>	<b>1,908.5</b>	<b>4,146.0</b>	<b>4,146.0</b>	<b>4,055.3</b>	<b>4,055.3</b>
<b>Financial liabilities</b>								
Payables (excluding contract liabilities)	725.9	725.9	685.4	685.4	852.4	852.4	839.8	839.8
Interest bearing liabilities <sup>2</sup>	2,087.7	2,258.4	2,060.3	2,236.3	2,090.3	2,258.4	2,062.8	2,236.3
Other financial liabilities:								
- IRD	38.2	38.2	15.9	15.9	38.2	38.2	15.9	15.9
- CCIRS <sup>3</sup>	150.4	150.4	118.0	118.0	135.6	135.6	110.6	110.6
- FEC	106.6	106.6	79.5	79.5	-	-	-	-
	<b>3,108.8</b>	<b>3,279.5</b>	<b>2,959.1</b>	<b>3,135.1</b>	<b>3,116.5</b>	<b>3,284.6</b>	<b>3,029.1</b>	<b>3,202.6</b>

1. Includes fair values of derivative financial instruments equating to \$125.6 million (30 June 2021: \$134.1 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 2021.

3. Includes fair values of derivative financial instruments equating to \$70.9 million (30 June 2021: \$62.3 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

## Goodman Group

### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method (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
<b>As at 31 December 2021</b>								
Derivative financial assets	-	333.8	-	333.8	-	270.7	-	270.7
Investments in unlisted securities	-	-	10.5	10.5	-	-	27.8	27.8
	-	<b>333.8</b>	<b>10.5</b>	<b>344.3</b>	-	<b>270.7</b>	<b>27.8</b>	<b>298.5</b>
Derivative financial liabilities	-	295.2	-	295.2	-	173.8	-	173.8
	-	<b>295.2</b>	-	<b>295.2</b>	-	<b>173.8</b>	-	<b>173.8</b>
<b>As at 30 June 2021</b>								
Derivative financial assets	-	371.0	-	371.0	-	308.9	-	308.9
Investments in unlisted securities	-	-	8.3	8.3	-	-	22.0	22.0
	-	<b>371.0</b>	<b>8.3</b>	<b>379.3</b>	-	<b>308.9</b>	<b>22.0</b>	<b>330.9</b>
Derivative financial liabilities	-	213.4	-	213.4	-	126.5	-	126.5
	-	<b>213.4</b>	-	<b>213.4</b>	-	<b>126.5</b>	-	<b>126.5</b>

### 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.

# Notes to the consolidated interim financial statements

## Capital management

### 11 Dividends and distributions

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

#### Dividends/distributions for the half year ended 31 December 2021

	Dividends/ distributions cents per security	Total amount \$M	Date of payment
GL	-	-	n/a
GIT	15.0	280.2	24 Feb 2022
GLHK	-	-	n/a
	15.0	280.2	
Distributions on treasury securities		(0.2)	
	<b>15.0</b>	<b>280.0</b>	

#### Dividends/distributions for the half year ended 31 December 2020

	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
	<b>15.0</b>	<b>277.1</b>	



## 12 Issued capital

	Goodman				GIT	
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Number of securities		\$M	\$M	\$M	\$M
Stapled securities:						
- Issued and fully paid	1,866,989,276	1,847,429,255	8,367.1	8,257.3	8,303.3	7,997.7
- Treasury securities	1,233,333	-	-	-	-	-
Less: Accumulated issue costs			(161.0)	(160.9)	(148.8)	(148.7)
<b>Total issued capital</b>	<b>1,868,222,609</b>	<b>1,847,429,255</b>	<b>8,206.1</b>	<b>8,096.4</b>	<b>8,154.5</b>	<b>7,849.0</b>

### Terms and conditions of ordinary securities

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

Date	Details	Number of securities	Goodman \$M	GIT \$M
30 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	New securities issued	3,577,778	65.1	42.5
30 Jun 2021	Balance before accumulated issue costs	1,847,429,255	8,257.3	7,997.7
31 Aug 2021	Securities issued to employees under the LTIP	14,716,648	-	216.3
31 Aug 2021	Treasury securities issued	1,233,333	-	18.1
2 Sep 2021	New securities issued	4,843,373	109.8	71.2
	Less: Accumulated issue costs		(161.0)	(148.8)
<b>31 Dec 2021</b>	<b>Closing balance</b>	<b>1,868,222,609</b>	<b>8,206.1</b>	<b>8,154.5</b>

### Share based payments

During the half year, Goodman issued 23,468,860 performance rights under the LTIP. If the rights achieve the hurdles under the LTIP, then vesting will occur from September 2024 to September 2031. Further details of the LTIP can be found in the 2021 annual report of Goodman Group.

# Notes to the consolidated interim financial statements

## OTHER ITEMS

### 13 Equity attributable to Goodman Limited and non-controlling interests

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

#### (a) Equity attributable to Goodman Limited

	Attributable to Goodman Limited						
	Issued capital	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	Retained earnings	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2020	483.2	(36.9)	33.1	(23.3)	(27.1)	821.9	1,278.0
Total comprehensive income/(loss) for the half year							
Profit for the half year	-	-	-	-	-	91.6	91.6
Other comprehensive (loss)/income							
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
Balance at 1 July 2021	494.5	(65.5)	39.4	(23.3)	(49.4)	1,190.5	1,635.6
Total comprehensive income for the half year							
Profit for the half year	-	-	-	-	-	369.1	369.1
Other comprehensive income							
Effect of foreign currency translation	-	3.1	-	-	3.1	-	3.1
Total comprehensive income for the half year, net of income tax	-	3.1	-	-	3.1	369.1	372.2
Transfers	-	-	(81.8)	-	(81.8)	81.8	-
Contributions by and distributions to owners							
Purchase of securities for the LTIP	-	-	(28.1)	-	(28.1)	-	(28.1)
Issue of securities	19.8	-	-	-	-	-	19.8
Equity settled share based payments transactions	-	-	55.0	-	55.0	-	55.0
Balance at 31 December 2021	514.3	(62.4)	(15.5)	(23.3)	(101.2)	1,641.4	2,054.5

Goodman Group

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

	Attributable to other entities stapled to Goodman Limited (non-controlling interests)								
	Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes reserve	Total reserves	Retained earnings	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Balance at 1 July 2020</b>	<b>7,548.5</b>	<b>(7.2)</b>	<b>(5.2)</b>	<b>225.5</b>	<b>206.7</b>	<b>(8.0)</b>	<b>411.8</b>	<b>2,282.3</b>	<b>10,242.6</b>
<b>Total comprehensive income/(loss) for the half year</b>									
Profit for the half year	-	-	-	-	-	-	-	949.9	949.9
<b>Other comprehensive income/(loss)</b>									
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)
<b>Total comprehensive income/(loss) for the half year, net of income tax</b>	<b>-</b>	<b>0.2</b>	<b>(1.9)</b>	<b>(333.0)</b>	<b>-</b>	<b>0.4</b>	<b>(334.3)</b>	<b>949.9</b>	<b>615.6</b>
<b>Contributions by and distributions to owners</b>									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(277.1)	(277.1)
Issue of stapled securities	53.7	-	-	-	-	-	-	-	53.7
Issue costs	(0.3)	-	-	-	-	-	-	-	(0.3)
Equity settled share based payments transactions	-	-	-	-	(30.5)	-	(30.5)	-	(30.5)
<b>Balance at 31 December 2020</b>	<b>7,601.9</b>	<b>(7.0)</b>	<b>(7.1)</b>	<b>(107.5)</b>	<b>176.2</b>	<b>(7.6)</b>	<b>47.0</b>	<b>2,955.1</b>	<b>10,604.0</b>
<b>Balance at 1 July 2021</b>	<b>7,601.9</b>	<b>(6.7)</b>	<b>(4.4)</b>	<b>(25.2)</b>	<b>235.3</b>	<b>(14.8)</b>	<b>184.2</b>	<b>3,739.8</b>	<b>11,525.9</b>
<b>Total comprehensive income/(loss) for the half year</b>									
Profit for the half year	-	-	-	-	-	-	-	1,633.7	1,633.7
<b>Other comprehensive (loss)/income</b>									
Effect of foreign currency translation	-	(0.1)	(0.1)	130.6	-	(0.5)	129.9	-	129.9
Other changes	-	0.3	3.7	-	-	-	4.0	-	4.0
<b>Total comprehensive income/(loss) for the half year, net of income tax</b>	<b>-</b>	<b>0.2</b>	<b>3.6</b>	<b>130.6</b>	<b>-</b>	<b>(0.5)</b>	<b>133.9</b>	<b>1,633.7</b>	<b>1,767.6</b>
<b>Contributions by and distributions to owners</b>									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(280.0)	(280.0)
Issue of stapled securities	90.1	-	-	-	-	-	-	-	90.1
Issue costs	(0.2)	-	-	-	-	-	-	-	(0.2)
Equity settled share based payments transactions	-	-	-	-	34.3	-	34.3	-	34.3
<b>Balance at 31 December 2021</b>	<b>7,691.8</b>	<b>(6.5)</b>	<b>(0.8)</b>	<b>105.4</b>	<b>269.6</b>	<b>(15.3)</b>	<b>352.4</b>	<b>5,093.5</b>	<b>13,137.7</b>

# Notes to the consolidated interim financial statements

## Other items

### 14 Commitments

#### Development activities

At 31 December 2021, Goodman was committed to expenditure in respect of \$463.4 million (30 June 2021: \$534.7 million) on inventories and other development activities. GIT had \$nil of such commitments (30 June 2021: \$nil).

#### Investment properties

At 31 December 2021, Goodman had contracted to acquire investment properties for \$59.5 million (30 June 2021: \$67.7 million).

At 31 December 2021, capital expenditure commitments on Goodman's investment property portfolio were \$0.9 million (30 June 2021: \$nil). GIT had capital expenditure commitments of \$0.8 million in respect of its investment property portfolio (30 June 2021: \$nil).

#### Partnerships

At 31 December 2021, the Group had an equity commitment of \$62.4 million (30 June 2021: \$63.0 million) into GEP and \$nil (30 June 2021: \$144.7 million) into GAIP. The commitment also applied to GIT.

In relation to GEP, Goodman offers a limited liquidity facility 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 €50 million of the issued capital of GEP each half year subject to 1) a maximum of €50 million in any calendar year; and 2) 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:

- + \$816.3 million (30 June 2021: \$808.0 million) into GCLP
- + \$673.0 million (30 June 2021: \$512.8 million) into GUKP
- + \$1,897.2 million (30 June 2021: \$2,156.2 million) into GNAP
- + \$602.4 million (30 June 2021: \$619.0 million) into other JVs.

GIT would contribute its proportionate share of investments in GNAP and certain other JVs of \$65.8 million (30 June 2021: \$74.5 million).

## 15 Related parties

### Transactions with associates and JVs

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

	Revenue from disposal of investment properties and assets held for sale		Revenue from management and development activities		Interest income on loans	
	2021	2020	2021	2020	2021	2020
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Goodman</b>						
Associates	400,825.4	-	545,167.7	336,895.3	-	-
JVs	278,528.9	-	232,963.4	123,626.3	6,346.7	2,455.8
<b>GIT</b>						
Associates	346,825.4	-	-	-	-	-
JVs	-	-	-	-	6,166.6	2,094.3

In addition to the transactions included in the table above:

- + Goodman incurred \$1.2 million on the leasing of office premises from Partnerships.
- + GAIP paid Goodman a refundable fee of \$22.6 million for an option to acquire a 40% interest in a JV from the Group.

### GreenPoint Real Estate Innovation and Technology Venture, LP

GIT has committed to invest 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. During the half year ended 31 December 2021, GIT invested a further USD1.5 million such that the total investment at 31 December 2021 was USD5.3 million (30 June 2021: USD3.8 million).

## 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.

## 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 2021 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



**Gregory Goodman**  
Group Chief Executive Officer

Sydney, 17 February 2022



# Independent Auditor's Review Report

To the stapled security holders of Goodman Group and the unitholders 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 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's Group's and of the Trust's financial position as at 31 December 2021 and of their performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Consolidated interim statement of financial position as at 31 December 2021;
- 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 **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 it controlled at the half-year's end or from time to time during the half-year, and Goodman Logistics (HK) Limited and the entities it controlled at the half-year's end or from time to time during the half-year.



## Basis for Conclusion

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

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

## Responsibilities of the Directors and the Responsible Entity for the Interim Financial Report

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

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

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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Goodman Group and the Trust's financial position as at 31 December 2021 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

17 February 2022



# Goodman Logistics (HK) Limited and its subsidiaries

## Consolidated interim financial report for the half year ended 31 December 2021

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## Report of the directors

The directors have pleasure in submitting their condensed interim financial report for Goodman Logistics (HK) Limited (Company) and its subsidiaries (collectively referred to as the Consolidated Entity) for the half year ended 31 December 2021 (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 26 August 2021, the Company paid a final dividend in respect of the year ended 30 June 2021 of 6.0 cents per share amounting to A\$110.8 million.

### Directors

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

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#### Directors

Stephen Paul Johns  
David Jeremy Collins  
Gregory Leith Goodman (alternate director to Stephen Paul Johns)  
Daniel Cornelius Peeters

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### State of affairs

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

**Events subsequent to the reporting date**

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

By order of the Board

A handwritten signature in black ink, appearing to be 'SPJ', written over a light grey rectangular background.

**Stephen Paul Johns**  
Independent Chairman

A handwritten signature in blue ink, appearing to be 'DJC', written over a light grey rectangular background.

**David Jeremy Collins**  
Director

Hong Kong, 17 February 2022

# Consolidated interim statement of financial position

as at 31 December 2021

(expressed in Australian dollars)

	Note	Consolidated	
		31 Dec 2021	30 Jun 2021
		\$M	\$M
<b>Current assets</b>			
Cash and cash equivalents		266.2	358.4
Inventories	4(b)	306.3	106.4
Receivables	5	735.1	744.3
Contract assets		28.6	55.7
Current tax receivables		0.7	4.2
Other assets		13.8	12.9
<b>Total current assets</b>		<b>1,350.7</b>	<b>1,281.9</b>
<b>Non-current assets</b>			
Inventories	4(b)	996.5	1,034.5
Investment properties	4(b)	251.6	163.9
Investments accounted for using the equity method	4(b)	1,887.8	1,470.0
Receivables	5	268.4	276.2
Other financial assets	8	98.2	102.6
Deferred tax assets		15.2	15.2
Property, plant and equipment		22.5	17.1
Other assets		11.6	4.8
<b>Total non-current assets</b>		<b>3,551.8</b>	<b>3,084.3</b>
<b>Total assets</b>		<b>4,902.5</b>	<b>4,366.2</b>
<b>Current liabilities</b>			
Payables	6	371.4	263.0
Loans from related parties		264.4	806.7
Current tax payables		23.3	48.9
Employee benefits		42.7	45.1
Dividend payable	9	-	110.8
<b>Total current liabilities</b>		<b>701.8</b>	<b>1,274.5</b>
<b>Non-current liabilities</b>			
Payables	6	116.9	124.7
Loans from related parties		1,628.2	1,084.4
Deferred tax liabilities		51.1	1.6
Employee benefits		21.5	22.0
Other financial liabilities	8	130.5	89.1
<b>Total non-current liabilities</b>		<b>1,948.2</b>	<b>1,321.8</b>
<b>Total liabilities</b>		<b>2,650.0</b>	<b>2,596.3</b>
<b>Net assets</b>		<b>2,252.5</b>	<b>1,769.9</b>
<b>Equity attributable to Shareholders</b>			
Share capital	10	873.0	791.9
Reserves	11	(582.8)	(629.0)
Retained earnings	12	1,935.1	1,584.8
<b>Total equity attributable to Shareholders</b>		<b>2,225.3</b>	<b>1,747.7</b>
Non-controlling interests		27.2	22.2
<b>Total equity</b>		<b>2,252.5</b>	<b>1,769.9</b>

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

# Consolidated interim statement of comprehensive income

for the half year ended 31 December 2021  
(expressed in Australian dollars)

		Consolidated	
	Note	2021 \$M	2020 \$M
<b>Revenue</b>			
Gross property income		21.8	7.4
Management income	2	80.3	98.2
Development income	2	507.7	952.5
Dividends from investments		-	0.9
		<b>609.8</b>	<b>1,059.0</b>
<b>Property and development expenses</b>			
Property expenses		(2.4)	(1.4)
Development expenses		(200.1)	(603.5)
		<b>(202.5)</b>	<b>(604.9)</b>
<b>Other income</b>			
Net loss from fair value adjustments on investment properties	4(d)	(0.1)	-
Net gain on disposal of investment properties		4.5	-
Share of net results of equity accounted investments	4(f)	316.7	114.2
		<b>321.1</b>	<b>114.2</b>
<b>Other expenses</b>			
Employee expenses		(118.3)	(117.6)
Share based payments expense		(91.8)	(46.6)
Administrative and other expenses		(20.1)	(18.0)
		<b>(230.2)</b>	<b>(182.2)</b>
<b>Profit before interest and income tax</b>		<b>498.2</b>	<b>386.1</b>
<b>Net finance income/(expense)</b>			
Finance income	7	11.0	9.8
Finance expense	7	(64.1)	(40.3)
<b>Net finance expense</b>		<b>(53.1)</b>	<b>(30.5)</b>
<b>Profit before income tax</b>		<b>445.1</b>	<b>355.6</b>
Income tax expense		(90.9)	(7.9)
<b>Profit for the half year</b>		<b>354.2</b>	<b>347.7</b>
<b>Profit for the half year attributable to:</b>			
Shareholders	12	350.3	343.0
Non-controlling interests		3.9	4.7
<b>Profit for the half year</b>		<b>354.2</b>	<b>347.7</b>
<b>Other comprehensive income/(loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Increase/(decrease) due to revaluation of other financial assets		1.2	(0.5)
		<b>1.2</b>	<b>(0.5)</b>
<b>Item that may be reclassified subsequently to profit or loss</b>			
Effect of foreign currency translation		43.6	(54.0)
		<b>43.6</b>	<b>(54.0)</b>
<b>Other comprehensive income/(loss) for the half year, net of tax</b>		<b>44.8</b>	<b>(54.5)</b>
<b>Total comprehensive income for the half year</b>		<b>399.0</b>	<b>293.2</b>
<b>Total comprehensive income for the half year attributable to:</b>			
Shareholders		395.1	289.0
Non-controlling interests		3.9	4.2
<b>Total comprehensive income for the half year</b>		<b>399.0</b>	<b>293.2</b>

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

# Consolidated interim statement of changes in equity

for the half year ended 31 December 2021

(expressed in Australian dollars)

## Half year ended 31 December 2020

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

## Half year ended 31 December 2021

Consolidated	Note	Attributable to Shareholders				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		\$M	\$M	\$M	\$M	\$M	\$M
<b>Balance at 1 July 2021</b>		<b>791.9</b>	<b>(629.0)</b>	<b>1,584.8</b>	<b>1,747.7</b>	<b>22.2</b>	<b>1,769.9</b>
<b>Total comprehensive income for the half year</b>							
Profit for the half year	12	-	-	350.3	<b>350.3</b>	3.9	<b>354.2</b>
Other comprehensive income for the half year		-	44.8	-	<b>44.8</b>	-	<b>44.8</b>
<b>Total comprehensive income for the half year, net of income tax</b>		<b>-</b>	<b>44.8</b>	<b>350.3</b>	<b>395.1</b>	<b>3.9</b>	<b>399.0</b>
<b>Contributions by and distributions to owners</b>							
Issue of shares to employees of Goodman Group	10	57.4	-	-	<b>57.4</b>	-	<b>57.4</b>
Issue of treasury shares	10	4.8	-	-	<b>4.8</b>	-	<b>4.8</b>
Issue of ordinary shares	10	18.9	-	-	<b>18.9</b>	-	<b>18.9</b>
Equity settled share based payments transactions	11(c)	-	1.4	-	<b>1.4</b>	-	<b>1.4</b>
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	1.1	<b>1.1</b>
<b>Balance at 31 December 2021</b>		<b>873.0</b>	<b>(582.8)</b>	<b>1,935.1</b>	<b>2,225.3</b>	<b>27.2</b>	<b>2,252.5</b>

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

## Consolidated interim cash flow statement

for the half year ended 31 December 2021

(expressed in Australian dollars)

	Consolidated	
	2021	2020
	\$M	\$M
<b>Cash flows from operating activities</b>		
Property income received	22.3	6.3
Cash receipts from development activities	511.9	1,014.3
Other cash receipts from services provided	136.6	67.4
Property expenses paid	(2.1)	(1.4)
Payments for development activities	(350.6)	(431.7)
Other cash payments in the course of operations	(158.2)	(161.7)
Dividends/distributions received	32.8	36.6
Interest received	8.2	7.8
Finance costs paid	(2.8)	(0.4)
Net income taxes paid	(64.9)	(7.4)
<b>Net cash provided by operating activities</b>	<b>133.2</b>	<b>529.8</b>
<b>Cash flows from investing activities</b>		
Net proceeds from disposal of investment properties	278.6	-
Payments for investment properties	(357.2)	-
Net proceeds from disposal of equity accounted investments	4.3	-
Return of capital from equity accounted investments	90.1	138.2
Payments for equity investments	(180.1)	(93.8)
Payments for plant and equipment	(1.5)	(0.2)
<b>Net cash (used in)/provided by investing activities</b>	<b>(165.8)</b>	<b>44.2</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of ordinary shares	18.9	11.3
Net proceeds from/(repayment of) loans with related parties	28.8	(252.7)
Dividends paid to Shareholders	(110.8)	(73.1)
Dividends paid to non-controlling interests	-	(2.9)
Payments of lease liabilities	(4.0)	(3.9)
Capital contributed by non-controlling interests	1.1	3.0
<b>Net cash used in financing activities</b>	<b>(66.0)</b>	<b>(318.3)</b>
Net (decrease)/increase in cash held	(98.6)	255.7
Cash and cash equivalents at the beginning of the half year	358.4	368.2
Effect of exchange rate fluctuations on cash held	6.4	(23.7)
<b>Cash and cash equivalents at the end of the half year</b>	<b>266.2</b>	<b>600.2</b>

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

# Notes to the condensed interim financial report

(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 2021 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 JVs or Partnerships).

This condensed interim financial report has been prepared on a going concern basis and in accordance with HKAS 34 *Interim financial reporting*. The condensed interim financial report is presented in Australian dollars and was authorised for issue by the directors on 17 February 2022.

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

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

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

The condensed interim financial report has been prepared in accordance with the same accounting policies adopted in the preparation of the annual report of the Consolidated Entity as at and for the year ended 30 June 2021.

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 2021.

The financial information relating to the year ended 30 June 2021 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 2021 to the Registrar of Companies in accordance with section 662(3) of, and part 3 of Schedule 6 to, the Companies Ordinance
- + The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not include a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

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

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

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

- + Note 4 – Property assets
- + Note 8 – Financial instruments.

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



**Measurement of fair values**

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

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

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

Further information about the assumptions made in relation to the Consolidated Entity's property assets and financial instruments are included in the following notes:

- + Note 4 – Property assets
- + Note 8 – Financial instruments.

**(c) Accounting standards issued but not yet effective**

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

**(d) Managing interest rate benchmark reform and associated risks**

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as IBOR reform). GLHK has exposure to IBORs through certain of its related party loans and its derivative instruments (interest rate swaps and cross currency interest rate swaps). The Consolidated Entity's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association master agreements.

The United Kingdom, Japan and the United States had announced plans to discontinue using London Interbank Offered Rate (LIBOR) by 31 December 2021. The alternative reference rate for sterling LIBOR is the Sterling Overnight Index Average rate, for Japanese yen LIBOR is the Tokyo Overnight Average Rate and for US dollar LIBOR is the Secured Overnight Financing Rate. Amendments to GLHK's financial instruments with contractual terms indexed to sterling LIBOR or Japanese yen LIBOR, such that they incorporate the new benchmark rates, were completed by 31 December 2021. Although US dollar LIBOR was planned to be discontinued by the end of 2021, in November 2020 the Intercontinental Exchange Benchmark Administration, the Financial Conduct Authority-regulated and authorised administrator of LIBOR, announced that it had started to consult on its intention to cease the publication of certain US dollar LIBORs after June 2023. It is still unclear when the announcement that will set a date for the termination of the publication of US dollar LIBOR will take place. Nevertheless, the Consolidated Entity has finished the process of implementing appropriate fallback provisions for all US dollar LIBOR indexed exposures.

For GLHK's other IBOR exposures, the transition to alternative risk-free rates has been deferred and/or extended and therefore no action has been or will be taken in that regard until such time as the alternative reference rates are defined and scheduled. It is expected that these will follow the conventions established in other markets and GLHK will apply the same principles for those transitions as and when they become relevant.

The overall impact of the IBOR reform is not expected to be significant in the context of the Consolidated Entity's financial position and performance.

# Notes to the condensed interim financial report

## 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	
	2021	2020
	\$M	\$M
Management services	79.8	70.4
Performance related income	0.5	27.8
<b>Management income</b>	<b>80.3</b>	<b>98.2</b>
Income from disposal of inventories	256.4	677.0
Development income from fixed price development contracts	130.7	78.8
Other development income, including development management <sup>1</sup>	81.0	62.0
Net gain on disposal of assets previously classified as held for sale	-	134.7
Net gain on disposal of special purpose development entities, including JVs	39.6	-
<b>Development income</b>	<b>507.7</b>	<b>952.5</b>

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, \$38.6 million (2020: \$39.2 million) of such income was recognised.

### 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

Information about reportable segments

	Asia		Continental Europe		United Kingdom		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Statement of comprehensive income</b>								
<b>External revenues</b>								
Gross property income	4.9	1.4	14.5	5.6	2.4	0.4	21.8	7.4
Management income	49.3	39.3	28.5	56.9	2.5	2.0	80.3	98.2
Development income	79.5	63.1	401.7	702.8	26.5	186.6	507.7	952.5
Dividends from investments	-	0.9	-	-	-	-	-	0.9
<b>Total external revenues</b>	<b>133.7</b>	<b>104.7</b>	<b>444.7</b>	<b>765.3</b>	<b>31.4</b>	<b>189.0</b>	<b>609.8</b>	<b>1,059.0</b>
<b>Analysis of external revenues:</b>								
<b>Revenues from contracts with customers</b>								
Assets and services transferred at a point in time	12.0	5.3	291.4	640.1	13.0	181.9	316.4	827.3
Assets and services transferred over time	117.2	97.1	140.0	120.1	16.0	6.8	273.2	224.0
<b>Other revenue</b>								
Rental income (excludes outgoings recoveries)	4.5	1.4	13.3	5.1	2.4	0.3	20.2	6.8
Dividends from investments	-	0.9	-	-	-	-	-	0.9
<b>Total external revenues</b>	<b>133.7</b>	<b>104.7</b>	<b>444.7</b>	<b>765.3</b>	<b>31.4</b>	<b>189.0</b>	<b>609.8</b>	<b>1,059.0</b>
<b>Reportable segment profit/(loss) before income tax<sup>1</sup></b>	<b>140.4</b>	<b>108.4</b>	<b>197.7</b>	<b>297.3</b>	<b>31.8</b>	<b>(6.7)</b>	<b>369.9</b>	<b>399.0</b>
<b>Other key components of financial performance included in reportable segment profit/(loss) before income tax</b>								
Share of net results of equity accounted investments in Partnerships (before fair value adjustments)	56.3	47.0	3.4	2.9	4.4	3.0	64.1	52.9
<b>Material non-cash items not included in reportable segment profit before income tax</b>								
Share of fair value adjustments attributable to investment properties in Partnerships	43.1	24.7	11.9	13.6	198.8	16.9	253.8	55.2
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
<b>Statement of financial position</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Reportable segment assets</b>	<b>1,924.3</b>	<b>1,573.6</b>	<b>1,112.8</b>	<b>1,030.2</b>	<b>972.7</b>	<b>752.2</b>	<b>4,009.8</b>	<b>3,356.0</b>
Investments in Partnerships (included in reportable segment assets)	1,058.6	908.0	158.2	154.0	671.0	408.0	1,887.8	1,470.0
Total non-current assets	1,647.0	1,306.6	693.8	779.6	892.4	673.6	3,233.2	2,759.8
<b>Reportable segment liabilities</b>	<b>181.2</b>	<b>137.0</b>	<b>179.0</b>	<b>106.3</b>	<b>125.8</b>	<b>85.8</b>	<b>486.0</b>	<b>329.1</b>

1. Reportable segment profit/(loss) 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).

# Notes to the condensed interim financial report

Results for the half year

3 Segment reporting

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

	Note	2021 \$M	2020 \$M
<b>Revenue</b>			
Total revenue for reportable segments		609.8	1,059.0
<b>Consolidated revenues</b>		<b>609.8</b>	<b>1,059.0</b>
<b>Profit or loss</b>			
<b>Total profit before income tax for reportable segments</b>		<b>369.9</b>	<b>399.0</b>
Corporate expenses not allocated to reportable segments		(32.4)	(27.6)
		<b>337.5</b>	<b>371.4</b>
Valuation and other adjustments not included in reportable segment profit before income tax:			
– Net loss from fair value adjustments on investment properties	4(d)	(0.1)	-
– Share of fair value adjustments attributable to investment properties in Partnerships	4(f)	253.8	55.2
– Share of fair value adjustments on derivative financial instruments in Partnerships	4(f)	(1.2)	6.1
– Share based payments expense		(91.8)	(46.6)
Net finance expense	7	(53.1)	(30.5)
<b>Consolidated profit before income tax</b>		<b>445.1</b>	<b>355.6</b>
		<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
		<b>\$M</b>	<b>\$M</b>
<b>Assets</b>			
Total assets for reportable segments		4,009.8	3,356.0
Other unallocated amounts <sup>1</sup>		892.7	1,010.2
<b>Consolidated total assets</b>		<b>4,902.5</b>	<b>4,366.2</b>
<b>Liabilities</b>			
Total liabilities for reportable segments		486.0	329.1
Other unallocated amounts <sup>1</sup>		2,164.0	2,267.2
<b>Consolidated total liabilities</b>		<b>2,650.0</b>	<b>2,596.3</b>

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

## 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 2021	30 Jun 2021
	Note	\$M	\$M
<b>Directly held properties:</b>			
<b>Inventories</b>			
Current	4(e)	306.3	106.4
Non-current	4(e)	996.5	1,034.5
		<b>1,302.8</b>	<b>1,140.9</b>
<b>Investment properties</b>			
Stabilised investment properties	4(d)	251.6	163.9
		<b>251.6</b>	<b>163.9</b>
<b>Property held by Partnerships:</b>			
Investments accounted for using the equity method – JVs	4(f)	1,887.8	1,470.0
		<b>1,887.8</b>	<b>1,470.0</b>

# Notes to the condensed interim financial report

## Operating assets and liabilities

### 4 Property assets

#### (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 2021, 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 2021	30 Jun 2021
	%	%
Asia	5.3	5.4
Continental Europe	3.5	3.7
United Kingdom	3.7	4.1

##### 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.

#### (d) Investment properties

The reconciliation of the carrying amount of directly held investment properties is set out as follows:

	Consolidated	
	2021	2020
	\$M	\$M
Carrying amount at the beginning of the half year	163.9	7.2
Acquisitions	355.2	-
Capital expenditure	2.0	0.1
Disposals	(274.1)	-
Net loss from fair value adjustments	(0.1)	-
Effect of foreign currency translation	4.7	(0.1)
<b>Carrying amount at the end of the half year</b>	<b>251.6</b>	<b>7.2</b>
<b>Analysed by segment:</b>		
Asia	251.6	-
United Kingdom	-	7.2
	<b>251.6</b>	<b>7.2</b>

(e) Inventories

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$M	\$M
<b>Current</b>		
Land and development properties	225.0	106.4
Leasehold land and development properties	81.3	-
	<b>306.3</b>	<b>106.4</b>
<b>Non-current</b>		
Land and development properties	657.9	719.1
Leasehold land and development properties	338.6	315.4
	<b>996.5</b>	<b>1,034.5</b>

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

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

Name	Country of establishment	Consolidated share of net results recognised		Consolidated ownership interest		Consolidated investment carrying amount	
		2021	2020	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
		\$M	\$M	%	%	\$M	\$M
<b>Property investment and development</b>							
Goodman China Logistics Partnership (GCLP)	Cayman Islands	52.2	37.9	20.0	20.0	957.9	832.7
Goodman UK Partnership (GUKP) <sup>1</sup>	United Kingdom	203.2	19.9	35.5	33.3	666.9	404.0
Other JVs		61.3	56.4			263.0	233.3
		<b>316.7</b>	<b>114.2</b>			<b>1,887.8</b>	<b>1,470.0</b>

1. The consolidated ownership interest in GUKP reflected the weighted average ownership in GUKP, GUKP II and GUKP III.

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

	Consolidated	
	2021	2020
	\$M	\$M
<b>Movements in carrying amount of investments in JVs</b>		
Carrying amount at the beginning of the half year	1,470.0	1,276.2
Share of net results after tax (before fair value adjustments)	64.1	52.9
Share of fair value adjustments attributable to investment properties after tax	253.8	55.2
Share of fair value adjustments on derivative financial instruments	(1.2)	6.1
Share of net results	316.7	114.2
Share of movements in reserves	2.1	(2.4)
Acquisitions	180.1	96.3
Disposals	(3.4)	-
Capital return	(90.1)	(138.2)
Dividends/distributions received and receivable	(32.8)	(35.2)
Effect of foreign currency translation	45.2	(36.3)
<b>Carrying amount at the end of the half year</b>	<b>1,887.8</b>	<b>1,274.6</b>

# Notes to the condensed interim financial report

## Operating assets and liabilities

### 5 Receivables

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$M	\$M
<b>Current</b>		
Trade receivables	11.0	12.4
Other receivables	76.0	94.0
Amounts due from related parties	98.5	75.3
Loans to related parties	549.6	562.6
	<b>735.1</b>	<b>744.3</b>
<b>Non-current</b>		
Loans to related parties	268.4	276.2
	<b>268.4</b>	<b>276.2</b>

### 6 Payables

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$M	\$M
<b>Current</b>		
Trade payables	50.7	50.3
Other payables and accruals	308.5	201.2
Contract liabilities	5.1	4.8
Lease liabilities	7.1	6.7
	<b>371.4</b>	<b>263.0</b>
<b>Non-current</b>		
Other payables and accruals	54.8	64.4
Contract liabilities	0.8	1.0
Lease liabilities	61.3	59.3
	<b>116.9</b>	<b>124.7</b>



## CAPITAL MANAGEMENT

## 7 Finance income and expense

	Note	Consolidated	
		2021	2020
		\$M	\$M
<b>Finance income</b>			
Interest income on loans to:			
– Related parties	13	5.2	4.4
– Other parties		0.4	0.4
Interest income from derivatives		3.9	3.9
Fair value adjustments on derivative financial instruments		-	1.1
Foreign exchange gain		1.5	-
		<b>11.0</b>	<b>9.8</b>
<b>Finance expense</b>			
Interest expense from related party loans	13	(24.2)	(16.0)
Other borrowing costs		(1.0)	(0.6)
Fair value adjustments on derivative financial instruments		(44.7)	-
Foreign exchange losses		-	(27.6)
Capitalised borrowing costs		5.8	3.9
		<b>(64.1)</b>	<b>(40.3)</b>
<b>Net finance expense</b>		<b>(53.1)</b>	<b>(30.5)</b>

## 8 Financial instruments

## (a) Fair values of financial instruments

Except for derivative financial instruments and investment 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 2021 and 30 June 2021.

## (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
<b>As at 31 December 2021</b>				
Derivative financial assets	-	58.9	-	58.9
Investment in unlisted securities	-	-	39.3	39.3
	-	<b>58.9</b>	<b>39.3</b>	<b>98.2</b>
Derivative financial liabilities	-	130.5	-	130.5
	-	<b>130.5</b>	-	<b>130.5</b>
<b>As at 30 June 2021</b>				
Derivative financial assets	-	64.4	-	64.4
Investment in unlisted securities	-	-	38.2	38.2
	-	<b>64.4</b>	<b>38.2</b>	<b>102.6</b>
Derivative financial liabilities	-	89.1	-	89.1
	-	<b>89.1</b>	-	<b>89.1</b>

# Notes to the condensed interim financial report

## Capital management

## 8 Financial instruments

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

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

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

The Level 3 investment in unlisted securities relate to the Consolidated Entity's investment 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 2021.

### Reconciliation of Level 3 fair values

	Consolidated	
	2021	2020
	\$M	\$M
Carrying amount at the beginning of the half year	38.2	34.3
Net change in fair value – included in other comprehensive income/(loss)	1.2	(0.5)
Effect of foreign currency translation	(0.1)	(2.2)
<b>Carrying amount at the end of the half year</b>	<b>39.3</b>	<b>31.6</b>

## 9 Dividends

No interim dividends were declared in respect of the current half year. On 26 August 2021, the Company paid a final dividend in respect of the year ended 30 June 2021 of 6.0 cents per share amounting to A\$110.8 million. This dividend had been declared in June 2021.

## 10 Share capital

	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Number of shares		\$M	\$M
Share capital	1,868,222,609	1,847,429,255	873.6	792.5
Less: Accumulated issue costs			(0.6)	(0.6)
<b>Total issued capital</b>	<b>1,868,222,609</b>	<b>1,847,429,255</b>	<b>873.0</b>	<b>791.9</b>

Date	Details	Number of shares	Share capital \$M
<b>Ordinary shares, issued and fully paid</b>			
30 Jun 2020	Balance at 30 June 2020	1,828,413,236	732.6
31 Aug 2020	Shares issued to employees of Goodman Group <sup>1</sup>	15,438,241	48.6
4 Sep 2020	Ordinary shares issued	3,577,778	11.3
<b>30 Jun 2021</b>	<b>Balance at 30 June 2021</b>	<b>1,847,429,255</b>	<b>792.5</b>
31 Aug 2021	Shares issued to employees of Goodman Group <sup>1</sup>	14,716,648	57.4
31 Aug 2021	Treasury shares issued	1,233,333	4.8
2 Sep 2021	Ordinary shares issued	4,843,373	18.9
<b>31 Dec 2021</b>	<b>Balance at 31 December 2021</b>	<b>1,868,222,609</b>	<b>873.6</b>

1. During the half year, the Company issued 14,716,648 (2021: 15,438,241) 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.

# Notes to the condensed interim financial report

## OTHER ITEMS

### 11 Reserves

	Note	Consolidated	
		31 Dec 2021	30 Jun 2021
		\$M	\$M
Asset revaluation reserve	11(a)	28.5	27.3
Foreign currency translation reserve	11(b)	56.5	12.7
Employee compensation reserve	11(c)	49.7	48.3
Defined benefit retirement schemes reserve	11(d)	(14.6)	(14.4)
Common control reserve <sup>1</sup>	11(e)	(702.9)	(702.9)
<b>Total reserves</b>		<b>(582.8)</b>	<b>(629.0)</b>

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	
	2021	2020
	\$M	\$M
<b>(a) Asset revaluation reserve</b>		
Balance at the beginning of the half year	27.3	19.7
Increase/(decrease) due to revaluation of other financial assets	1.2	(0.5)
<b>Balance at the end of the half year</b>	<b>28.5</b>	<b>19.2</b>
<b>(b) Foreign currency translation reserve</b>		
Balance at the beginning of the half year	12.7	33.5
Net exchange differences on conversion of foreign operations	43.8	(53.6)
<b>Balance at the end of the half year</b>	<b>56.5</b>	<b>(20.1)</b>
<b>(c) Employee compensation reserve</b>		
Balance at the beginning of the half year	48.3	33.4
Equity settled share based payment transactions	1.4	(3.0)
<b>Balance at the end of the half year</b>	<b>49.7</b>	<b>30.4</b>
<b>(d) Defined benefit retirement schemes reserve</b>		
Balance at the beginning of the half year	(14.4)	(8.2)
Effect of foreign currency translation	(0.2)	0.1
<b>Balance at the end of the half year</b>	<b>(14.6)</b>	<b>(8.1)</b>
<b>(e) Common control reserve</b>		
Balance at the beginning of the half year	(702.9)	(702.9)
<b>Balance at the end of the half year</b>	<b>(702.9)</b>	<b>(702.9)</b>

### 12 Retained earnings

	Consolidated	
	2021	2020
	\$M	\$M
Balance at the beginning of the half year	1,584.8	1,287.2
Profit for the half year	350.3	343.0
<b>Balance at the end of the half year</b>	<b>1,935.1</b>	<b>1,630.2</b>

### 13 Related party transactions

#### Management and development activities and amounts due from related parties

	Management and development activities		Amounts due from related parties <sup>1</sup>	
	2021 \$M	2020 \$M	31 Dec 2021 \$M	30 Jun 2021 \$M
<b>JVs</b>				
GCLP	51.8	29.2	17.0	12.6
GUKP	49.7	-	8.8	-
KWASA Goodman Germany	5.0	138.1	-	-
	<b>106.5</b>	<b>167.3</b>	<b>25.8</b>	<b>12.6</b>
<b>Related parties of GL and GIT</b>				
Goodman Hong Kong Logistics Partnership	72.5	68.1	36.0	42.0
Goodman European Partnership	257.5	145.0	36.7	36.4
Other related parties	3.3	5.0	-	10.4
	<b>333.3</b>	<b>218.1</b>	<b>72.7</b>	<b>88.8</b>

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 2021 \$M	30 Jun 2021 \$M	31 Dec 2021 \$M	30 Jun 2021 \$M	2021 \$M	2020 \$M
JVs	22.4	29.6	-	-	0.1	0.2
GL, GIT and their controlled entities	795.6	809.2	(1,892.6)	(1,891.1)	(19.1)	(11.8)
	<b>818.0</b>	<b>838.8</b>	<b>(1,892.6)</b>	<b>(1,891.1)</b>	<b>(19.0)</b>	<b>(11.6)</b>

### 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 2021 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 2021 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

Certified Public Accountants

8<sup>th</sup> Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

17 February 2022