APPENDIX 4E
GOODMAN GROUP
(comprising Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the year ended 30 Jun 2022

Preliminary final report as required by ASX listing rule 4.3A. The Appendix 4E should be read in conjunction with the Directors' report and Consolidated financial statements of Goodman Limited for the year ended 30 June 2022. The Appendix 4E is based on the Consolidated financial statements which have been audited by KPMG.

Highlights of results	30 Jun 2022	30 Jun 2021	Change	
Operating profit (before specific non-cash and other significant items) attributable to Securityholders ($M)	1,528.0	1,219.4	**up**	25.3%
Revenue and other income ($M)	5,156.4	3,803.0	**up**	35.6%
Profit (statutory) attributable to Securityholders ($M)	3,414.0	2,311.9	**up**	47.7%
Diluted operating profit per security (cents)	81.32	65.57	**up**	24.0%
Diluted statutory profit per security (cents)	178.8	122.1	**up**	46.4%
Dividends and distributions				
Interim distribution per GMG security (cents)	15.00	15.00	-	-
Final dividend and distribution proposed per GMG security (cents)	15.00	15.00	-	-
	30.00	30.00	-	-
Interim distribution ($M)	280.2	277.1	**up**	1.1%
Final dividend and distribution proposed ($M)	280.3	277.1	**up**	1.2%
	560.5	554.2	**up**	1.1%
Franked amount per security/share (cents)	-	-	-	-
Record date for determining entitlements to the final dividend and distribution	30 Jun 2022	30 Jun 2021		
Date interim distribution was paid	24 Feb 2022	25 Feb 2021		
Date final dividend and distribution are payable	25 Aug 2022	26 Aug 2021		

Distribution reinvestment plan
Goodman Group's Distribution Reinvestment Plan (DRP) remains suspended.

Total assets under management ($B)	73.0	57.9	**up**	26.1%
External assets under management ($B)	68.7	54.0	**up**	27.2%
Net tangible assets per security/share (cents)	836.6	667.9	**up**	25.3%
Gearing (%)	8.5	6.8	**up**	170 basis points

Controlled entities acquired or disposed
There were no material acquisitions or disposals of controlled entities during the year.

Associates and joint venture entities
Goodman's Group's associates are set out in note 6 to the 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 Ilias Logistics (Spain) (50%)
- GEP Nervion Logistics (Spain) (50%)
- GEP Rungis Logistics (France) SCI (50%)
- Goodman Australia Development Partnership (20%)
- Goodman Bondi Logistics Netherlands (50%)
- Goodman Brazil Logistics Partnership (15%)
- Goodman China Logistics Partnership (20%)
- Goodman China (Western) Limited (50%)
- Goodman Helena Logistics (Spain) (50%)
- Goodman Japan Development Partnership (50%)
- Goodman Lazulite Logistics (Lux) Sàrl (50%)
- Goodman Manzanares Logistics (Spain) (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 Serpis Logistics (Spain) (50%)
- 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 (19.3%)
- KWASA Goodman Industrial Partnership (40%)
- Pochin Goodman (Northern Gateway) Ltd (50%)

Goodman Limited and its controlled entities

Consolidated financial report for the year ended 30 June 2022

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Directors' report

The directors (Directors) of Goodman Limited (ABN 69 000 123 071) and Goodman Funds Management Limited (GFML), the responsible entity for Goodman Industrial Trust (ARSN 091 213 839), present their Directors' report together with the consolidated 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 financial year ended 30 June 2022 (FY22) and the audit report thereon.

Shares in Goodman Limited (Company or GL), units in Goodman Industrial Trust (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 (ASX). In respect of stapling arrangements, Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised and accordingly GL is identified as having acquired control over the assets of GIT and GLHK. The consolidated financial statements of GL therefore include the results of GIT and GLHK.

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

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

OPERATING AND FINANCIAL REVIEW

About Goodman

Goodman is a specialist global industrial property group. We own, develop and manage high-quality, sustainable properties that are close to consumers and provide essential infrastructure for the digital economy.

Goodman and its Partnerships have 410 properties located in key consumer markets in 14 countries across Asia Pacific, Europe and the Americas. With $73.0 billion of assets under management, Goodman is the largest property group listed on the Australian Securities Exchange (ASX) and invests significantly alongside our capital partners in our Partnerships.

Our integrated business model

Goodman's Own Develop Manage model focuses the business on its customers' current and future needs.

We own and maintain high-quality properties close to consumers, develop sustainable properties, and manage our global investment portfolio to a high standard. Goodman works alongside our capital partners, which include sovereign wealth, pension and large multi-manager funds. In each market, our dedicated local teams take care of all aspects of property asset and investment management, ensuring a high level of customer service.

Our strategy

Maximise returns by providing essential, sustainable infrastructure for the digital economy

+ Urbanisation, globalisation, demographics, digitalisation, sustainability and an increased focus on health and wellbeing: all have changed the way people live, work and consume. These structural shifts have increased the importance of industrial properties in the global supply chain

+ Globally, the logistics and warehousing sectors are now considered essential infrastructure for digital economies, and key to the efficient distribution of products to consumers. As industrial property specialists, Goodman's long-term strategy is built on supporting our customers to deliver in the most sustainable and efficient way possible. Goodman focuses on key markets and concentrates our portfolio where the most value can be created for customers and investors.

Our values

As a specialist global industrial property group, we aim to be the best at what we do, rather than the biggest. Goodman's values reflect who we are today and who we want to be long into the future.

These core values are:

1. **Innovation** – New ideas push our business forward. We focus on the future, proactively looking for new opportunities and improved solutions for our stakeholders that will make the world a better place for all of us
2. **Determination** – Determination gets things done. We are motivated by excellence and work hard to achieve it, actively pursuing the very best outcomes for our stakeholders
3. **Integrity** – We have integrity, always. We work inclusively and transparently, balancing the needs of our business and our people, with the needs of the community and those we do business with
4. **Sustainability** – We are building our business for the long term. That is why we consider the planet and all the people on it in everything we do. Our initiatives demonstrate our ongoing commitment to having a positive economic, environmental and social impact on the world.

Directors' report

Operating and financial review (continued)

$3,414.0M	↑	**PROFIT ATTRIBUTABLE TO SECURITYHOLDERS** $2,311.9 million in FY21 Increase of 47.7% 183.2¢ Statutory profit per security (FY21: 125.4¢)
$1,528.0M	↑	**OPERATING PROFIT** $1,219.4 million in FY21 Increase of 25.3%
81.32¢	↑	**OPERATING PROFIT PER SECURITY (OPERATING EPS)[1]** 65.57¢ in FY21 Increase of 24.0%
30¢	—	**DIVIDENDS/DISTRIBUTIONS PER SECURITY** 30¢ in FY21 Stable, in line with financial risk management objective to sustainably fund future investments 1,863.7 million weighted average number of securities on issue
$8.37	↑	**NET TANGIBLE ASSETS PER SECURITY** $6.68 in FY21 Increase of 25.3% 1,868.2 million securities on issue
$73.0B	↑	**TOTAL ASSETS UNDER MANAGEMENT** $57.9 billion in FY21 Increase of 26.1%
$13.6B	↑	**DEVELOPMENT WORK IN PROGRESS[2]** $10.6 billion in FY21 Increase of 28.3%
8.5%		**GEARING[3]** 6.8% in FY21
$2.8B		**LIQUIDITY** $1.9 billion in FY21
36.7X		**INTEREST COVER[4]** 63.7 times in FY21 6.2 years weighted average debt maturity (FY21: 6.3 years)

1. Operating profit per security (operating EPS) is the operating profit divided by the weighted average number of securities on issue during FY22 , including securities relating to performance rights that have not yet vested but where the performance hurdles have been achieved. Operating profit comprises profit attributable to Securityholders adjusted for net property valuations gains, non-property impairment losses, net gains/losses from the fair value movements on derivative financial instruments and unrealised fair value and foreign exchange movements on interest bearing liabilities and other non-cash adjustments or non-recurring items e.g. the share based payments expense associated with Goodman's Long Term Incentive Plan (LTIP).
   As it is closely aligned with operating cash generation, the Directors consider that Goodman's operating profit is a 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 projected end value of active developments across Goodman and its investments in associates and joint ventures (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 $133.3 million (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 $79.6 million (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.

Overview

Goodman has delivered a strong operating performance during FY22 with operating profit increasing by 25.3% to $1,528.0 million. This equates to an operating EPS of 81.3 cents, up 24.0% on FY21.

The business environment is changing, with increased interest rates, inflation, geopolitical risks and the ongoing impacts of the COVID-19 pandemic; however, the long-term structural drivers of demand for our assets have not changed. Tight supply and strong customer demand continue to support leasing across our stabilised portfolio and developments, with high occupancy in the markets the Group has chosen to invest in. Our customers continue to intensify their warehousing in order to enhance their ability to service their customers in urban locations. There has been an increase in the use of automation and technology to optimise delivery and improve supply chain efficiency and the Group aims to continue to facilitate this with the selection of assets in the portfolio.

We have continued to successfully execute our strategy, which is providing our customers with essential locations and offering productivity improvements to help absorb cost and time. It is also delivering to the Group and Partnerships a portfolio of assets with consistently strong risk adjusted returns. This is reflected in both the Group's property investment earnings and management earnings.

Development activity has again been a significant contributor to the operating performance. Construction costs are increasing globally but the Group has been able to manage these impacts successfully. However, by delivering increased productivity and value from our sites and development execution, Goodman has provided productivity benefits to customers which has assisted in the maintenance of strong returns.

The investor and customer demand for industrial space has led to another strong property valuation result, especially in the first half of the financial year. Rising interest rates have meant that the pace of the capitalisation rate compression, and therefore valuation growth, slowed in the second half of the financial year; however, growth in rental income that is occurring in Goodman's portfolio has contributed an increasing proportion of the valuation result. While transactional activity has slowed in the last quarter, transactions that have completed show that valuations for good quality real estate in the right locations remain supported. The total property uplifts (net of tax), including the Group's share of Partnerships, for FY22 was $2,326.3 million and the weighted average capitalisation rate for the stabilised assets in the portfolios contracted from 4.3% at 30 June 2021 to 4.0% at 30 June 2022.

The operating performance and property valuation results have contributed to Goodman's statutory profit attributable to Securityholders for FY22 increasing by $1,102.1 million to $3,414.0 million. The statutory profit is reported net of the accounting expense of the Goodman LTIP of $257.6 million and a loss of $191.4 million from derivative fair value movements. These items, as well as the property valuation gains, are excluded from the calculation of operating profit.

Goodman's capital position remains sound. At 30 June 2022, gearing was 8.5% and the cash and undrawn bank lines available to the Group were $2.8 billion. In April 2022, the Group closed a US$500 million Sustainability Linked Bond into the US144A/Regulation S market. Dividends and distributions relating to FY22 were maintained at 30 cents per security, equivalent to 37% of operating profit. The cash retained for future investment in the business enables the maintenance of the balance sheet and capital position that is consistent with the financial risk management targets and is considered appropriate given the significant development activity and the commensurate growth in investments that is expected in the near term.

Over the year, progress on Environmental, Social and Governance (ESG) objectives was met or exceeded. Please refer to the FY22 Group Sustainability Report for more detail. This is expected to be released before the 2022 Annual General Meeting (AGM).

Key operational highlights for FY22:

Property investment:

- Property investment earnings of $494.6 million (2021: $411.5 million)
- $73.0 billion (2021: $57.9 billion) of total AUM, of which the Group owns a whole or a part share
- 3.9% like for like growth in net property income (NPI) in Partnerships
- 98.7% occupancy across the Partnerships.

Management:

- Management earnings of $588.4 million (2021: $459.1 million)
- $68.7 billion of external AUM in Partnerships
- Partnerships reported 21.4% weighted average total return on net assets.

Development:

- Development earnings of $960.7 million (2021: $717.9 million)
- $13.6 billion of development WIP (by estimated end value)
- 85% of WIP is currently conducted within, or pre-sold to, Partnerships or third parties.

Directors' report

Operating and financial review (continued)

Analysis of performance

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

Property investment earnings consist of gross property income (excluding straight lining of rental income), less property expenses, plus Goodman's share of the operating results of Partnerships that is allocable to property investment activities which excludes the Group's share of property revaluations and derivative mark to market movements. The key drivers for maintaining or growing Goodman's property investment earnings are increasing the level of AUM (subject also to Goodman's direct and indirect interest), maintaining or increasing occupancy and rental levels within the portfolio, and controlling operating and financing costs within Partnerships.

Management earnings relate to the revenue from managing both the property portfolios and the capital invested in Partnerships (management income). This includes performance related revenues but excludes earnings from managing 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 Goodman's 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 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 for the year attributable to Securityholders for FY22 are set out in the table below:

	Note	2022 $M	2021 $M
Analysis of operating profit			
Property investment earnings		494.6	411.5
Management earnings		588.4	459.1
Development earnings		960.7	717.9
Operating earnings		**2,043.7**	**1,588.5**
Operating expenses		(349.3)	(294.0)
		1,694.4	**1,294.5**
Net finance expense (operating)[1]		(39.3)	(16.4)
Income tax expense (operating)[2]		(127.1)	(58.7)
Operating profit		**1,528.0**	**1,219.4**
Adjustments for:			
Property valuation related movements			
– Net gain from fair value adjustments on investment properties	6(e)	260.1	63.1
– Share of fair value adjustments attributable to investment properties in Partnerships after tax	6(f)	2,272.9	1,295.8
– Deferred tax on fair value adjustments on investment properties	5(d)	(206.7)	(50.4)
		2,326.3	**1,308.5**
Fair value adjustments related to liability management			
– Fair value adjustments on derivative financial instruments	15	(189.7)	83.9
– Share of fair value adjustments on derivative financial instruments in Partnerships	6(f)	(1.7)	(28.9)
		(191.4)	**55.0**
Other non-cash adjustments or non-recurring items			
– Share based payments expense	2	(257.6)	(268.8)
– Straight lining of rental income and tax deferred adjustments		8.7	(2.2)
		(248.9)	**(271.0)**
Profit for the year attributable to Securityholders		**3,414.0**	**2,311.9**

1. Net finance expense (operating) excludes derivative mark to market and unrealised foreign exchange 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, such as the Group's LTIP.

Directors' report

Operating and financial review (continued)

Analysis of performance (continued)

Property investment

Property investment earnings in FY22 of $494.6 million increased by 20% on the prior year and comprised 24% of the total operating earnings (2021: 26%).

	2022 $M	2021 $M
Analysis of property investment earnings:		
Direct	103.7	79.3
Partnerships	390.9	332.2
	494.6	**411.5**

	2022	2021
Key metrics:		
Weighted average capitalisation rate (WACR) (%)	4.0	4.3
Weighted average lease expiry (WALE) (years)	5.2	4.5
Occupancy (%)	99	98

Goodman's property portfolios are concentrated in large, urban locations where available space remains restricted, driven by significant customer demand, combined with relatively high barriers to entry and limited supply. Consequently, we are seeing significant market rental growth across many locations globally. This is supporting strong underlying investment fundamentals and cash flows in our portfolio.

The directly held properties are primarily in Australia and have potential for significant long-term growth from redevelopment to more intense or higher and better uses. The net income from the Group's directly held properties increased compared to the prior year 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 to Partnerships or third parties.

The more significant component of the Group's property investment earnings was from its cornerstone interests in the Partnerships. The earnings from the Group's share of these stabilised assets increased by $58.7 million to $390.9 million compared to the prior year. This was due to the stabilisation of developments in FY21 and FY22, as the Group has continued to invest in the Partnerships to fund its share of those developments and rental income growth from existing stabilised properties. NPI from the Partnership portfolios in FY22 was up by over 3.9% on a like for like basis compared to FY21 and average occupancy increased to 99%.

During FY22, the Group's share of property valuations from the stabilised portfolios (before deferred tax) was $2,138.8 million (2021: $1,174.9 million), which included valuation uplifts of $204.3 million (2021: $164.2 million) on developments that reached completion during the year. In addition, the Group's share of property valuations from investment properties Under Development and those held for sale was $452.1 million (2021: $223.6 million). Valuation gains occurred in all regions and while capitalisation rate compression was the main driver, in the first half of the year, both rental income growth and development activities have provided an increasing contribution. At 30 June 2022, the WACR for the Group's portfolios was 4.0%, compared to 4.3% at the start of the financial year.

The operating income return on Goodman's investment in the stabilised portfolios held by the Partnerships was 4.2% compared to 4.3% in FY21, as the growth in NPI was offset by the impacts of the valuation uplifts that increased the investment base. These valuation uplifts resulted in a 21% total return for the financial year. The income returns from the Partnerships were also impacted by the increased level of active development which has not yet begun to deliver rental income. Gearing was maintained at the lower end of target ranges, which continued to be appropriate given the ongoing development activity and the aim of Goodman and its investment partners to position the Partnerships for sustainable long-term growth.

Management
Management earnings in FY22 of $588.4 million increased by 28% compared to the prior year and comprised 29% of total operating earnings (2021: 29%). This increase was a combination of higher base management and property service fees and higher performance fees.

The higher base management fees were primarily a result of the increased AUM. During FY22, external AUM increased by 27% to $68.7 billion from $54.0 billion, primarily due to valuations, acquisitions and developments in the Partnerships.

External AUM

	2022 $B
At the beginning of the year	54.0
Acquisitions	4.2
Disposals	(0.9)
Capital expenditure (developments)	2.6
Valuations	8.2
Foreign currency translation	0.6
At the end of the year	**68.7**

Excluding performance related income, management fee income earned from the overall management of the Group's Partnerships was $380.4 million (2021: $310.1 million). Base management fee income increased in line with the external AUM, noting that a significant component of the valuation uplifts were recorded at 31 December 2021 and that the completion of developments throughout the year was skewed to the second half of FY22. The base management fee income was supplemented by both property services income, which was based on the gross property income in Partnerships, and other income such as leasing fees and transactional fees.

Performance fee revenue of $208.0 million (2021: $149.0 million) again provided a strong contribution to the Group's operating earnings. As in the prior year, these performance fees arose in Australia/New Zealand, Asia and Continental Europe, with the higher performance fees in FY22 due to the timing of the assessment dates relative to the prior year. For FY22, the Partnerships reported a weighted average total return on net assets of 21.4% (2021: 17.7%) and with the consistently strong performance of the Partnerships in recent times, a significant backlog of potential fees may be earned in the future should conditions remain stable.

Development
In FY22, development earnings were $960.7 million (excluding revaluation gains), an increase of 34% on the prior year and comprised 47% of total operating earnings (2021: 45%).

Strong occupier demand has continued to give the Group confidence to grow the development workbook as customers look for sites closer to consumers and invest in new facilities to accommodate significant investments in technology and automation. Goodman's development activity is underpinning its organic growth with an average annual production rate for FY22 (based on expected development end value) of approximately $7.0 billion, an increase of over $1.0 billion on FY21.

WIP (based on development end value) is $13.6 billion at 30 June 2022 (2021: $10.6 billion). The WIP is globally diversified across 85 projects and has grown in volume, scale and value. The increased scale and complexity have seen the average development period increase from 19 to 23 months over the past year. The majority of development activity in FY22 was again undertaken by or for the Partnerships and third parties (85% of WIP at 30 June 2022).

While costs have increased globally across the construction process due to supply chain, labour and material shortages, Goodman's margins have remained strong. This has been managed proactively through the Group's procurement practices and contingencies for time and cost. In addition, rental growth and value-add activities across the portfolio and development projects have provided the ability to mitigate these costs.

The Group remains focused on regeneration of existing land and buildings and enhancing value through intensification of use such as multi-storey developments which make up $7.7 billion of the current WIP. Goodman is continuing to add opportunities to its portfolio incrementally to support future development in constrained markets, while reducing its impact on the environment through brownfield developments. Brownfield developments and regeneration of sites continues to be greater than 50% of our global WIP

Given the strength in customer demand, especially in locations where the supply of available land is restricted, the Group has chosen to commence certain projects prior to securing a pre-lease commitment. Consequently, of the $7.9 billion of project commencements during the year, 59% had pre-committed leases. However, of the $6.0 billion of development completions during the year, 99% had pre-committed leases, a reflection of the strong customer demand and the Group's ability to convert that into lease contracts that support the value of the investment.

Directors' report

Operating and financial review (continued)

Analysis of performance (continued)

Operating expenses

For FY22, operating expenses were $349.3 million, up from $294.0 million in the prior year, an increase of $55.3 million. This was primarily in wages and salaries, due to additional headcount to support the ongoing activity levels, inflationary pressures in most regions and additional short-term incentives due to the outperformance in the Group's overall operating profit. The Group's aim is to keep base remuneration costs relatively steady, and instead use variable remuneration to incentivise staff.

Administrative and other expenses increased to $90.4 million from $83.2 million due to recommencement of travel and the associated costs, higher information technology expenditure and increased charitable donations.

Net finance expense (operating)

Net finance expense (operating), which excludes interest income on loans to development JVs, derivative mark to market and unrealised foreign exchange movements, increased to $39.3 million from $16.4 million. This was due to a greater level of interest bearing liabilities, including the new US$500 million Sustainability Linked Bond and higher interest rates, partly offset by an increase in capitalised interest.

Income tax expense (operating)

Income tax expense (operating) for FY22 at $127.1 million (2021: $58.7 million) increased compared to the prior year. A significant proportion of Goodman's earnings related to GIT and its controlled entities, which, as trusts, are 'flow through' entities under Australian tax legislation, meaning Securityholders (and not GIT) are taxed on their respective share of income. However, the increase in the tax expense was primarily due to the nature and geographic location of the Group's increased revenues.

Capital management

Interest bearing liabilities

At 30 June 2022, the Group's available debt facilities and fixed rate long-term bonds, which totalled $4.6 billion (of which $2.9 billion had been drawn), had a weighted average maturity of 6.2 years with $0.1 billion due to mature in FY23. The Group's cash and undrawn bank facilities totalled $2.8 billion. During the year, the Group's issued its first US$500 million 10-year Sustainability Linked Bond into the US144A/Regulation S debt capital market.

At 30 June 2022, gearing was 8.5% (2021: 6.8%), which continued to be at the lower end of the Group's policy range of 0% to 25%. Interest cover was 36.7 times (2021: 63.7 times) and the Group continued to have significant headroom relative to its financing covenants. Goodman's strong investment grade credit ratings were unchanged over the year.

During FY22, the Group and its Partnerships issued new long-term bonds of $2.0 billion (including $859.0 million of Sustainability Linked Bonds), refinanced $6.4 billion of bank debt and secured third party equity commitments to allocate $1.8 billion that will provide liquidity for ongoing acquisition and development opportunities. At 30 June 2022, the Partnerships had $18.1 billion in available cash, undrawn bank facilities and equity commitments, noting that the majority of the equity commitments remain subject to the approval by the relevant investment partners, including Goodman, of proposed property investments for which the funding is required.

Dividends and distributions

The Group's distribution for FY22 was maintained at 30 cents per security, a pay-out ratio of 37%, with 15 cents per security paid on 24 February 2022 and 15 cents per security to be paid on 25 August 2022. This pay-out ratio has assisted the Group in retaining sufficient funds for its ongoing development activity and in keeping gearing at an appropriate level, within the desired range. The distribution reinvestment plan was not in operation during the year.

In respect of the separate components that comprise the 30 cents per security distribution for FY22:

+ Goodman Limited did not declare any dividends during the financial year (2021: $nil)
+ Goodman Industrial Trust declared and accrued distributions of 27.5 cents per security (2021: 24.0 cents per security), amounting to $513.8 million (2021: $443.4 million)
+ GLHK declared and accrued a dividend of 2.5 cents per security (2021: 6.0 cents per security), amounting to $46.7 million (2021: $110.8 million).

Summary of items that reconcile operating profit to statutory profit

Property valuation related movements
The net gain from fair value adjustments on investment properties directly held by Goodman was $260.1 million (2021: $63.1 million). The uplift in value was primarily due to the contraction in capitalisation rates.

Goodman's share of net gains from fair value adjustments before deferred tax attributable to investment properties in Partnerships was $2,330.8 million (2021: $1,335.4 million), a reflection of the quality of the property portfolios and the continued customer and investor demand for industrial assets. This valuation uplift comprised $1,674.4 million (2021: $947.6 million) in respect of the stabilised portfolio, $204.3 million (2021: $164.2 million) on developments that stabilised during the year) and $452.1 million (2021: $223.6 million) from investment properties that were still under development at 30 June 2022.

At 30 June 2022, the WACR for Goodman's stabilised property portfolios (both directly held and Partnerships) was 0.3 percentage points lower than 30 June 2021, declining from 4.3% to 4.0%.

At 30 June 2022, 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 $429.6 million (2021: $95.9 million). These gains related to directly held properties and properties held in Partnerships that have been contracted for disposal and included two directly held properties that were contracted for disposal in the current year. The Group's share of these cumulative valuation gains that have been reported as part of the statutory result included $333.7 million recognised in FY22 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 the current year (2021: $nil) and therefore none of the gains has been reflected in the operating profit for the current or any past periods.

There were no impairment losses associated with the Group's inventories during the year.

Fair value adjustments and unrealised foreign currency exchange movements related to liability management
The amount reported in the income statement associated with the Group's derivative financial instruments was a net loss of $191.4 million (2021: $55.0 million net gain). This was primarily due to the weakening of the AUD against the USD and HKD partly offset by a strengthening of the AUD against the JPY, EUR and GBP and the impact of higher interest rates on the associated hedge contracts.

Under the Group's policy, it continues to hedge between 65% and 90% of the net investment in its major overseas operations. Where Goodman invests in foreign assets, it will borrow in that currency or enter into derivative financial instruments to create a similar liability. In so doing, Goodman reduces its economic exposures to those currencies. The unrealised fair value movement of the derivative financial instruments (up or down) 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 FY22, the movement in reserves attributable to foreign currency movements was a gain of $145.3 million (2021: $279.4 million loss).

Other non-cash adjustments or non-recurring items
The principal other non-cash adjustments or non-recurring items for FY22 related to the share based payments expense of $257.6 million (2021: $268.8 million) for Goodman's LTIP. The decrease primarily related to the fact that the Goodman Group security price fell from $21.17 to $17.84 during FY22 compared to an increase from $14.85 to $21.17 in FY21.

Directors' report

Operating and financial review (continued)

Statement of financial position

	2022 $M	2021 $M
Stabilised properties	2,387.1	2,022.2
Cornerstone investments in Partnerships	11,903.9	8,668.6
Development holdings	4,455.2	3,645.1
Intangible assets	795.4	822.6
Cash and cash equivalents	1,056.0	920.4
Other assets	834.8	788.1
Total assets	**21,432.4**	**16,867.0**
Interest bearing liabilities	2,832.2	2,060.3
Other liabilities	2,175.4	1,645.2
Total liabilities	**5,007.6**	**3,705.5**
Net assets	**16,424.8**	**13,161.5**

The carrying value of the directly held stabilised investment properties (which included assets held for sale at 30 June 2022 of $598.1 million) increased by $364.9 million to $2,387.1 million at 30 June 2022. This was due to acquisitions in Australia and Asia of $409.9 million, development completions of $477.5 million and valuation uplifts of $260.1 million being partly offset by disposals of $823.9 million.

The value of Goodman's cornerstone investments in Partnerships, which excludes the Group's share of their development assets, increased by $3,235.3 million to $11,903.9 million. This movements during the year included the Group's net investments in the Partnerships of $462.1 million, the valuation uplifts (net of deferred tax) across the portfolios of $1,821.6 million, transfers from development properties on stabilisation of $709.3 million and the impact of foreign currency translation $195.1 million.

Goodman's development holdings include directly held properties (primarily inventories) of $1,976.4 million (2021: $1,650.5 million) and the Group's share of development assets in the Partnerships of $2,478.8 million (2021: $1,994.6 million), and on a combined basis increased during the year by $810.1 million to $4,455.2 million (2021: $3,645.1 million). This was a reflection of the increased activity levels in most regions with the Group's development WIP (as measured by estimated end value) having increased from $10.6 billion at 20 June 2021 to $13.6 billion at 30 June 2022.

The increase in the directly held development properties is due to the ongoing acquisitions and development expenditure of $1,267.1 million, which was greater than the disposals and transfers to stabilised assets at completion of $909.8 million.

The increase in the Group's share of development assets in the Partnerships was due to acquisitions of $710.2 million and valuation uplifts of $451.3 million (net of deferred tax), partly offset by transfers to stabilised assets at completion of $724.9 million.

The principal goodwill and intangible asset balances are in Continental Europe and the United Kingdom. The movement during the year related to changes in foreign currency exchange rates and there were no impairments or reversals of impairments.

The movement in the cash balance during the year is explained in the cash flows section of this report. In respect of the interest bearing liabilities, Goodman has renegotiated a number of bank facilities to provide ongoing funds for the business, but the principal change in the drawn debt during the year was the completion of a US$500 million Sustainability Linked Bond into the US144A/Regulation S market. The foreign private placement of ¥12.5 billion is scheduled to mature in April 2023 and is disclosed as a current liability.

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. There were no material movement during FY22.

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 in other liabilities is primarily due to mark to market movements on derivative financial instruments.

Cash flows

	2022 $M	2021 $M
Operating cash flows	841.0	1,114.7
Investing cash flows	(1,001.5)	(549.9)
Financing cash flows (excluding dividends and distributions)	856.9	(797.7)
Dividends and distributions paid	(557.2)	(551.4)
Net increase/(decrease) in cash held	139.2	(784.3)
Cash and cash equivalents at the beginning of the year	920.4	1,792.8
Effect of exchange rate fluctuations on cash held	(3.6)	(88.1)
Cash and cash equivalents at the end of the year	**1,056.0**	**920.4**

Operating cash flows

Operating cash flows of $841.0 million (2021: $1,114.7) million were lower than the prior year. This was mainly due to an increase in the payments associated with development activities. There was also an increase in other cash payments, lower cash received from the Partnership distributions (as a result of sales completed last year) that were partly offset by higher cash receipts from portfolio performance fees.

The net development cash inflow was $367.1 million (2021: $612.9 million). The gross receipts from development activities were similar to the prior year at $1,587.8 million (2021: $1,560.3 million), but the gross payments for development activities were higher than the prior year at $1,220.7 million (2021: $947.4 million). This arose in part due to the nature and structure of the development activities and also the timing of completions, especially in respect of the developments that are undertaken directly by the Group and subsequently sold to Partnerships or third parties. However, it also reflected an investment in inventories that will be developed to generate profits in future periods. For FY22 overall, compared to the prior year Goodman undertook a similar percentage of its total development activities in the Partnerships. When Partnerships require funding for development activities, then the Group's share of the investment is reported in investing cash flows.

The increase in other cash payments is due to the increase in operating costs, primarily wages and salaries, and also includes the cost of cash settled performance rights under the LTIP. The cash settled portion of the LTIP was offset by the issue of new securities to raise an equivalent amount of funds. That issue is reported in the financing cash flows. As a result, the LTIP was cash neutral overall.

The distributions received from Partnerships in FY22 were $442.5 million, lower than $536.9 million received in the prior year. The Partnerships continued to distribute their net cash flows from property investment (rental income) but the primary reason for this decrease was the timing of distributions associated with the Group's share of development activities in the Partnerships.

The timing of receipts of portfolio performance fees are dependent on the assessment dates for the Partnerships although revenues may be recognised in advance of the assessment dates where the consistently strong Partnership returns mean that the receipt of revenue is highly probable. The current year included cash receipts from previously accrued portfolio performance fees; hence, overall receipts were higher than the prior year.

Investing cash flows

Investing net cash outflow was $1,001.5 million, an increase of $451.6 million compared to the prior year. During FY22, the principal investing cash outflows related to acquisitions of directly held properties in Asia and the United Kingdom of $431.7 million (2021: $192.2 million) and to investments in the Group's Partnerships of $1,332.3 million (2021: $790.3 million). The Group received proceeds of $671.8 million from the disposals of investment properties in the United Kingdom and Australia. Capital returns from the Partnerships of $91.8 million (2021: $256.3 million) occurred after capital management initiatives in Goodman UK Partnership and Goodman North America Partnership.

Directors' report

Operating and financial review (continued)

Financing cash flows

Financing cash inflow (net of dividends and distributions) was $299.7 million, an increase of $1,648.8 million compared to a net cash outflow of $1,349.1 million in the prior year.

Proceeds from borrowings and derivative financial instruments were $1,466.5 million (2021: $204.6 million). This included cash inflows in respect of the the completion of a US$500 million Sustainability Linked Bond into the US144A/Regulation S debt capital market and drawdowns on the Group's revolving bank loans of $777.3 million.

Payments on borrowings and derivative financial instruments were $789.3 million (2021: $891.9 million). This included repayments on the Group's revolving bank loans of $768.4 million. In the prior year, the cash outflows included the redemption of US$453.8 million notes in the US144A/Regulation S market.

The net cash flow from related party loans was an inflow of $111.4 million (2021: $135.0 million net outflow). These loans are provided by the Group to fund developments in the Partnerships (including JVs) and are repaid either at completion or when the Partnership obtains its own external debt.

The net proceeds from the issue of stapled securities of $109.7 million (2021: $64.8 million) were directly used to fund obligations under the LTIP that have been reported as part of the Group's operating cash flows.

The other principal financing cash outflows were the distributions paid to Securityholders of $557.2 million (2021: $551.4 million).

Outlook

Goodman has developed significant expertise and a deliberate strategy to target high barrier to entry markets and to undertake larger, more complex projects over longer periods of time, providing our customers access to facilities where they are scarce and has positioned the Group well for future growth.

In the near term, market conditions are likely to be volatile and the risks associated with rising inflation, interest rates and slowing economic activity are elevated. This may impact consumers; however, they continue to seek faster and more flexible delivery, which requires ongoing intensification of warehousing in urban locations to optimise delivery and improve productivity. The business remains agile, focused on the changing consumption habits across the physical and digital space and, as a result, the evolving requirements of customers around the world.

Demand is currently exceeding supply in our markets, supporting our development-led growth strategy and producing well located assets for the Group and our Partnerships. In addition to strategic site acquisitions, the opportunities for regeneration of existing assets support our future development workbook by providing value add opportunities, while reducing our environmental impact. Our production rate, depth of customer demand and strong margins are supporting the outlook for development earnings into FY23.

In addition, the Group continues to maintain a strong balance sheet, which combined with retained income, provides significant liquidity, stability and financial resources.

The outlook for property investment and management earnings remains strong, as the customer demand and supply constraints in the Group's markets provide support for both rental growth and a high level of occupancy. Investment and management earnings will also benefit from the completion of ongoing developments. Development completions and market rental growth are also expected to support growth in AUM.

Goodman has made a strong start to FY23 with a significant development workbook underway, continued underlying structural demand from customers and a robust capital position across the Group and Partnerships. The Board believes the Group is positioned to continue to deliver growth despite the risks associated with current market volatility and expects to achieve operating EPS growth of 11% in FY23.

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

Risks

Goodman identifies strategic and operational risks for each of its regions as part of its strategy process. The key risks, an assessment of their likelihood of occurrence and consequences and controls that are in place to mitigate the risks are reported to the Board annually.

Goodman has established formal systems and processes to manage the risks at each stage of its decision making process. This is facilitated by a Group Investment Committee comprising senior executives, chaired by the Group Chief Executive Officer, which considers all major operational decisions and transactions. The Group Investment Committee meets on a weekly basis.

The Board has separate committees to review and assess key risks. The Risk and Compliance Committee reviews and monitors a range of material risks in Goodman's risk management systems including, among other risks, market risks, operational risks, sustainability, regulation and compliance and information technology. The Audit Committee reviews and monitors financial risk management and tax policies.

The key risks faced by Goodman and the controls that have been established to manage those risks are set out below:

	Risk area	Mitigation
Capital management (debt, equity and cash flow)	Goodman could suffer an inability to deliver its strategy, or an acute liquidity or solvency crisis, financial loss or financial distress as a result of a failure in the design or execution of its capital management and financing strategy.	+ Low gearing, ample liquidity and appropriate hedging and duration to absorb market shocks + Appropriate hedging quantities and duration in accordance with Goodman's FRM policy + Diversification and tenure of debt funding sources and maturities + Capital partnering transfers risks into Partnerships + Diversification of investment partners + Distribution pay-out ratio consistent with contribution to increasing development workbook + Strong assets that can generate better rental outcomes + Long lease terms with prime customers + Key urban market strategy – urban, infill locations support re-usability of property + Adaptable and re-usable building design – ease to reconfigure for another customer + Insurance program including project specific insurance.
Economic and geopolitical environment	Global economic conditions and government policies present both risks and opportunities in the property and financial markets and the business of our customers, which can impact the delivery of Goodman's strategy and its financial performance. A continued increase in geopolitical tension between countries could have potential consequences on our people, operations and capital partners. In the near-term, market conditions are likely to be volatile and the risks associated with rising inflation, interest rates and slowing economic activity are elevated.	+ Global diversification of Goodman's property portfolios + Focus on core property portfolios in key urban market locations + Focus on cost management + Prudent capital management with low gearing, appropriate hedging and significant available liquidity to allow for potential market shocks + Co-investment with local capital partners + Long term leases with review mechanisms.
Governance, regulation and compliance	Non-compliance with legislation, regulators, or internal policies, or to understand and respond to changes in the political and regulatory environment (including taxation) could result in legal action, financial consequences and damage our standing and reputation with stakeholders.	+ Independent governance structures + Core values and attitudes, with an embedded compliance culture focused on best practice + Dedicated Chief Risk Officer and Compliance Officer + Review of transactions by the Goodman Investment Committee + Verification and sign off process for all public announcements + Comprehensive insurance program, covering property, liability, directors and officers and professional indemnity.

Directors' report
(continued)

	Risk area	Mitigation
People and culture	Failure to recruit, develop, support, and retain staff with the right skills and experience may result in significant underperformance or impact the effectiveness of operations and decision making, in turn impacting business performance.	+ Succession planning for senior executives + Competitive remuneration structures, including the LTIP + Performance management and review + Goodman values program + Learning, development and engagement programs + Staff engagement through team strategy days, town halls and the (good) life program.
Development	Development risks may arise from location, site complexity, planning and permitting, infrastructure, size, duration along with general contractor capability.	+ Review of development projects by the Goodman Investment Committee + Goodman defined design specifications, which cover environmental, technological, and safety requirements, protecting against short-term obsolescence + Redevelopment of older assets to intensify use + Pre-selecting and engaging general contractors that are appropriately capitalised and reviewing contractor liquidity + Internal audit reviews + Insurance program, both Goodman and general contractor, including project specific insurance + Ongoing monitoring and reporting of WIP and levels of speculative development, with Goodman Board oversight including limits with respect to speculative development and higher development risk provisions + Capital partnering development projects.
Disruption, changes in demand and obsolescence	The longer-term risk that an inability to understand and respond effectively to changes in our competitive landscape and customer value chain could result in business model disruption and asset obsolescence, including the perception of obsolescence in the short term.	+ Key urban market strategy – urban, infill locations support re-usability of property + Adaptable and re-usable building design – ease to reconfigure for another customer + Geographic diversification + Capital partnering transfers risks into Partnerships + Insurance program (both Goodman's and key contractors), including project specific insurance covering design and defects + Long lease terms with prime customers + Investment in innovation and technology strategies.
Environmental sustainability and climate change	Failure to deliver on Goodman's sustainability leadership strategy and ambitions may lead to a negative impact on Goodman's reputation, ability to raise capital and a disruption to operations and stranded assets.	+ Corporate Responsibility and Sustainability policy + 2030 Sustainability Strategy including the assessment of individual assets to improve resilience and implementation of sustainability initiatives + Sustainability guidelines for development projects + Review and approval of acquisitions and development projects by the Goodman Investment Committee and relevant Partnership Investment Committee, including consideration of climate in due diligence and specification + Adoption of the Task Force on Climate-Related Financial Disclosures recommendations as a framework for climate risks.

	Risk area	Mitigation
Asset and portfolio	Inability to execute asset planning and management strategies, including leasing risk exposures, can reduce returns from Goodman's portfolios.	+ Key urban market strategy – urban, infill locations where customer demand is strongest + Diversification of customer base and lease expiries + Review of significant leasing transactions and development projects by the Goodman Investment Committee + Capital expenditure programs keeping pace with property lifecycle.
Concentration of counterparties and markets	Over-exposure to specific areas, such as capital partners, supply chain, customers and markets, may limit growth and sustainability opportunities.	+ Diversification of customer base and lease expiries + Diversification of capital partners and Partnership expiries + Contractor pre-selection and tendering + Independence governance structure.
Information and data security	Maintaining security (including cyber security) of IT environment and data, ensuring continuity of IT infrastructure and applications to support sustainability and growth and prevent operational, regulatory, financial and reputational impacts.	+ Reporting of risks and management activity + Proactive monitoring, review and testing of infrastructure + Disaster recovery and business continuity planning and testing + Benchmarked strategy for delivery of security IT infrastructure and systems + Training and awareness program and other assurance activities for monitoring and improvement.
Infectious disease pandemic	There continues to be significant uncertainty associated with the COVID-19 pandemic, with mutations of the virus and significant outbreaks continuing to occur globally. The approach in enabling the world to stabilise and transition to a "normal" footing is still to be understood, while "Zero COVID" policies by some nations is having both economic and supply chain issues globally.	+ Protect and support our people + Global diversification of Goodman's property portfolios + Diversification of customer base + In-house property management team enabling flexibility to support and respond to customers + Capital model, strong balance sheet with adequate liquidity available.

Directors' report
(continued)

QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES OF DIRECTORS AND COMPANY SECRETARY

Board of Directors

Stephen Johns
Independent Chairman

Stephen is the Independent Chairman and a Non-executive Director of Goodman Limited, Goodman Funds Management Limited and Goodman Logistics (HK) Limited.

Appointed: 1 January 2017 (Goodman Limited and Goodman Funds Management Limited); 19 November 2020 (Goodman Logistics (HK) Limited).

Board Committees: Member of the Audit Committee and Remuneration Committee, and Chairman of the Nomination Committee.

Skills, Experience and Expertise
Stephen retired as Chairman of Brambles Limited in June 2020 after a period of 16 years on that Board and was previously Chairman of Leighton Holdings Limited and Spark Infrastructure Group.

Stephen is a former executive of Westfield Group where he had a long executive career during which he held a number of senior positions including that of Finance Director from 1985 to 2002. He was a non-executive director of Westfield Group from 2003 to 2013.

He has a Bachelor of Economics degree from The University of Sydney and is a Fellow of Chartered Accountants Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

Other Directorships and Offices
+ Director of the Garvan Institute of Medical Research
+ Director of European-Australian Business Council.

Directorships of Other Listed Entities in the Past Three Years
+ Brambles Limited (August 2004 to June 2020).

Gregory Goodman
Group Chief Executive Officer

Greg is the Managing Director of Goodman Limited and Goodman Funds Management Limited and Group Chief Executive Office of Goodman. He is also an alternate director of Goodman Logistics (HK) Limited.

Appointed: 7 August 1998 (Goodman Limited and 17 January 1995 Goodman Funds Management Limited); 18 January 2012 (Goodman Logistics (HK) Limited).

Board Committees: Nil.

Skills, Experience and Expertise
Greg is responsible for Goodman's overall operations and the implementation of its strategic plan. He has over 30 years of experience in the property industry with significant expertise in industrial property. Greg is the founder of Goodman, playing an integral role in establishing its specialist global position in the property market through various corporate transactions, including takeovers, mergers and acquisitions.

Other Directorships and Offices
+ Director of Goodman (NZ) Limited (the manager of the New Zealand Exchange listed Goodman Property Trust)
+ Director and/or representative on other subsidiaries and management companies of Goodman and its Partnerships.

Christopher Green
Independent Director

Chris is an Independent Non-executive Director of Goodman Limited and Goodman Funds Management Limited.

Appointed: 28 April 2019.

Board Committees: Member of the Nomination Committee and the Remuneration Committee (since 19 November 2021). Chris retired as a member of the Audit Committee on 19 November 2021.

Skills, Experience and Expertise
Chris spent 16 years at Macquarie Group and was the Global Head of Macquarie Capital's real estate business leading its global expansion through to 2018.

He has a Bachelor of Laws (Honours) degree and a Bachelor of Commerce (Computer Science and Accounting) degree from The University of Sydney.

Chris is also the Founder and Chief Executive Officer of GreenPoint Partners, a New York headquartered firm investing in real estate innovation, technology and private equity.

Other Directorships and Offices
+ Chief Executive Officer of GreenPoint Partners
+ Director of Wyuna Regenerative Ag Pty Limited
+ Director of Infinium Logistics Solutions UK Limited
+ Director of The Opportunity Network
+ Director of Ility inc.

Mark Johnson
Independent Director

Mark is an Independent Non-executive Director of Goodman Limited and Goodman Funds Management Limited.

Appointed: 1 June 2020.

Board Committees: Chairman of the Audit Committee and member of the Risk and Compliance Committee.

Skills, Experience and Expertise
Mark is a trained accountant and spent 30 years at PricewaterhouseCoopers (PwC) where he was CEO from 2008 to 2012 as well as holding positions as Asian Deputy-Chairman and as a member of PwC's global strategy council.

Mark also has extensive experience as a Director of charities, educational bodies and mutual organisations and he is currently a director of the Smith Family, a Councillor at UNSW Sydney and the Chairman of the Hospitals Contribution Fund of Australia. He was until recently Chairman and a director of G8 Education Limited and was formerly an independent director of Coca-Cola Amatil Limited and Westfield Corporation Limited.

Mark holds a Bachelor of Commerce (UNSW) degree and is a Fellow of Chartered Accountants Australia and New Zealand, Certified Practicing Accountant Australia and Fellow of the Australian Institute of Company Directors.

Other Directorships and Offices
+ Director of Aurecon Limited
+ Director of Boral Limited
+ Director of Metcash Limited.

Former Directorships of Other Listed Entities in the Past Three Years
+ Coca-Cola Amatil Limited (December 2016 – May 2021)
+ G8 Education Limited (January 2016 – November 2021).

Directors' report

Qualifications, experience and special responsibilities of Directors and Company Secretary (continued)

Vanessa Liu
Independent Director

Vanessa is an Independent Non-executive Director of Goodman Limited and Goodman Funds Management Limited.

Appointed: 1 June 2022.

Board Committees: Nil.

Skills, Experience and Expertise

Vanessa is an experienced technology business leader and currently Co-Founder and CEO of SaaS technology company Sugarwork, and an independent director of ASX-listed artificial intelligence company Appen Ltd (since March 2020). She has more than twenty years of experience in the technology sector having started her career at McKinsey in the Telecom, Media & Technology Practice.

She was most recently Vice President of SAP.iO North America, SAP's early-stage venture arm, where she recruited and accelerated 87 enterprise software startups. Prior to SAP, Vanessa was Chief Operating Officer at Trigger Media Group, a digital media venture studio, and co-founded Trigger's portfolio companies: digital media company InsideHook and SaaS technology company Fevo.

Vanessa graduated magna cum laude highest honours with an AB in Psychology from Harvard University and cum laude with a JD from Harvard Law School. She was a Fulbright Scholar at Universiteit Utrecht in the Netherlands. She serves as a Past President Director of the Harvard Alumni Association and is a Board Advisor of Talking Talent Ltd. and a Board Observer of Fevo.

Other Directorships and Offices
+ Director of Appen Ltd
+ CEO of Sugarwork.

Rebecca McGrath
Independent Director

Rebecca is an Independent Non-executive Director of Goodman Limited and Goodman Funds Management Limited.

Appointment: 3 April 2012.

Board Committees: Chairman of the Risk and Compliance Committee and member of the Nomination Committee and the Audit Committee (appointed on 19 November 2021). Rebecca resigned as a member of the Remuneration Committee on 19 November 2021.

Skills, Experience and Expertise
During her executive career at BP plc, Rebecca held numerous senior roles in finance, operations, corporate planning, project management and marketing in Australasia, the UK, and Europe. Her last role as a senior executive was as Chief Financial Officer of BP Australasia. Rebecca was formerly a director of CSR Limited and Incitec Pivot Limited.

Rebecca holds a Bachelors degree of Town Planning and a Masters of Applied Science (Project Management) and is a graduate of the Cambridge University Business and Environment Programme. She is Victorian Council President of the Australian Institute of Company Directors and a member of the National Board and a member of The Australian British Chamber of Commerce Advisory Council.

Other Directorships and Offices
+ Chairman of OZ Minerals Limited (Director since November 2010)
+ Director of Macquarie Group Limited and Macquarie Bank Limited (since January 2021)
+ Director of Investa Wholesale Funds Management Limited
+ Director of Investa Office Management Holdings Pty Ltd
+ Chairman of Scania Australia Pty Limited.

Former Directorships of Other Listed Entities in the Past Three Years
+ Incitec Pivot Limited (September 2011 to December 2020).

Danny Peeters
Executive Director, Corporate

Danny is an Executive Director of Goodman Limited, Goodman Funds Management Limited and Goodman Logistics (HK) Limited.

Appointed: 1 January 2013 (Goodman Limited and Goodman Funds Management Limited); 1 February 2018 (Goodman Logistics (HK) Limited).

Board Committees: Nil.

Skills, Experience and Expertise
Danny was formerly CEO of Goodman's European business and has oversight and is currently the Acting CEO of Goodman's Brazilian operations. Danny has been with Goodman since 2006 and has over 20 years of experience in the property and logistics sectors.

During his career, Danny has built up extensive experience in the design, implementation and outsourcing of pan-European supply chain and real estate strategies for various multinationals. Danny was Chief Executive Officer of Eurinpro, a developer of tailor made logistic property solutions in Europe acquired by Goodman in May 2006.

Other Directorships and Offices
+ Director and/or representative of Goodman's subsidiaries and Partnership entities in Europe and Brazil.

Phillip Pryke
Independent Director

Phillip is an Independent Non-executive Director of Goodman Limited and Goodman Funds Management Limited.

Appointed: 13 October 2010.

Board Committees: Chairman of the Remuneration Committee, member of the Audit Committee and the Risk and Compliance Committee (from 19 November 2021).

Skills, Experience and Expertise
Phillip has wide experience in the fishing, energy, financial services, and health and technology industries and holds a Bachelor of Economics degree.

Phillip is currently a director of Carbine Aginvest Corporation Limited. He was formerly the Deputy Chairman and Lead Independent Director of New Zealand Exchange listed Contact Energy Limited, a director of Tru-Test Corporation Limited and North Ridge Partners Pty Limited, Vice President of EDS, Chief Executive of Nextgen Networks, Chief Executive Officer of Lucent Technologies Australia Pty Limited and New Zealand Health Funding Authority and a member of the Treaty of Waitangi Fisheries Commission.

Other Directorships and Offices
+ Director of Goodman (NZ) Limited (the manager of the New Zealand Exchange listed Goodman Property Trust)
+ Director of Carbine Aginvest Corporation Limited.

Directors' report

Qualifications, experience and special responsibilities of Directors and Company Secretary (continued)

Anthony Rozic
Deputy Chief Executive Officer and Chief Executive Officer North America

Anthony is an Executive Director of Goodman Limited and Goodman Funds Management Limited.

Appointed: 1 January 2013.

Board Committees: Nil.

Skills, Experience and Expertise
Anthony is an Executive Director and Deputy Chief Executive Officer (since August 2010). He was appointed Chief Executive Officer North America in September 2016, and in that role is responsible for setting and managing the strategy, business performance and corporate transactions for the Group's North American business.

Anthony joined Goodman in 2004 as Group Chief Financial Officer and was appointed Group Chief Operating Officer in February 2009 before taking on his current positions.

Anthony is a qualified Chartered Accountant and has over 20 years' experience in the property industry having previously held a number of senior roles in the property funds management industry and chartered accountancy profession.

Other Directorships and Offices
+ Director and/or representative of Goodman's subsidiaries and Partnership entities in North America.

Hilary Spann
Independent Director

Hilary is an Independent Non-executive Director of Goodman Limited and Goodman Funds Management Limited.

Appointed: 4 April 2022.

Board Committees: Nil.

Skills, Experience and Expertise
Hilary has an extensive background in public and private equity markets and is currently a senior executive at NYSE-listed Boston Properties, Inc. (NYSE: BXP), based in New York. There, she is responsible for all aspects of the office developer, owner, and manager's portfolio in the New York region. She was previously the Head of Real Estate for the Americas at CPP Investments and prior to that she held a number of senior real estate roles at JPMorgan in the United States.

Hilary graduated from the Georgia Institute of Technology with a BS and a Masters in City Planning, both from the College of Architecture. She also studied architecture at L'École Nationale Supérieure D'architecture de Paris – La Villette.

Other Directorships and Offices
+ Executive Vice President, Boston Properties, Inc. (NYSE: BXP)
+ Director, ULI Foundation.

Penny Winn
Independent Director

Penny retired as an Independent Non-executive Director of Goodman Limited and Goodman Funds Management Limited.

Appointed: 1 February 2018 and retired on 18 November 2021.

Board Committees: Member of the Remuneration Committee and Risk and Compliance Committee until 18 November 2021.

Skills, Experience and Expertise
Penny has over 30 years of experience in retail, supply chain and digital strategy in senior management roles in Australia and overseas, including as Director Group Retail Services with Woolworths Limited (2011–2015) where she was responsible for leading the Logistics and Information Technology divisions, Online Retailing and the Customer Engagement teams across the organisation. She previously served as a director of a Woolworths business, Greengrocer.com, a Myer business, sass & bide, Quantium Group and Port Waratah Coal Services Limited.

Penny is a graduate of the Australian Institute of Company Directors and holds a Bachelor of Commerce from The Australian National University and a Master of Business Administration from the University of Technology, Sydney.

Other Directorships and Offices
+ Director of CSR Limited (since November 2015)
+ Director of Ampol Limited (since November 2015).

Former Directorships of Other Listed Entities in the Past Three Years
+ Coca-Cola Amatil Limited (December 2019 to May 2021).

Company Secretary

Carl Bicego
Group Head of Legal and Company Secretary

Appointed: 24 October 2006.

Skills, Experience and Expertise
Carl is the Group Head of Legal and Company Secretary of the Company. He was admitted as a solicitor in 1996 and joined Goodman from law firm Allens in 2006. Carl holds a Master of Laws and Bachelor of Economics/Bachelor of Laws (Hons).

Directors' report
(continued)

Directors' meetings (GL and GFML)

The number of Directors' meetings held (including meetings of committees of Directors) and the number of meetings attended by each of the Directors during the financial year were:

	Board meetings		Audit Committee meetings		Remuneration Committee meetings		Risk and Compliance Committee meetings		Nomination Committee meetings	
Directors	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended
Stephen Johns	10	10	4	4	3	3	-	-	6	6
Gregory Goodman	10	10	-	-	-	-	-	-	-	-
Christopher Green[2]	10	10	1	1	2	2	-	-	6	6
Mark Johnson	10	10	4	4	-	-	4	4	-	-
Vanessa Liu[3]	1	1	-	-	-	-	-	-	-	-
Rebecca McGrath[4]	10	10	3	3	1	1	4	3	6	6
Danny Peeters	10	10	-	-	-	-	-	-	-	-
Phillip Pryke[5]	10	10	4	4	3	3	3	3	-	-
Anthony Rozic	10	10	-	-	-	-	-	-	-	-
Hilary Spann[6]	4	4	-	-	-	-	-	-	-	-
Penny Winn[7]	4	4	-	-	1	1	1	1	-	-

1. Reflects the number of meetings individuals were entitled to attend.
2. Christopher Green resigned as a member of the Audit Committee and commenced as a member of the Remuneration Committee on 19 November 2021.
3. Vanessa Liu was appointed to the Board on 1 June 2022.
4. Rebecca McGrath resigned as member of the Remuneration Committee and commenced as a member of the Audit Committee on 19 November 2021.
5. Phillip Pryke commenced as a member of the Risk and Compliance Committee on 19 November 2021.
6. Hilary Spann was appointed to the Board on 4 April 2022.
7. Penny Winn retired on 18 November 2021.

Directors' report
(continued)

REMUNERATION REPORT – AUDITED

Directors' report

Remuneration report - audited (continued)

Letter from the Chairman and the Remuneration Committee Chair

Dear Securityholders,

On behalf of the Board, we are pleased to present the 2022 remuneration report, outlining Goodman's remuneration strategy and principles.

FY22 was another successful year for the Group, significantly exceeding financial performance expectations while making significant progress on our ESG initiatives. This has been delivered in difficult conditions. The ongoing impact of the COVID-19 pandemic, global political instability, rising inflation and higher interest rates have all presented challenges for Goodman's business, our people, customers, investors, and the communities in which we operate and live.

The attraction and retention of talent are critical for the success of the Group and is increasingly challenging as opportunistic competitors seek to recruit high-performing teams around the world. The Group's longstanding and consistent approach to remuneration has been a key driver of our sustained success as an international business.

Our approach is reflected in our strong financial results for FY22 including:

+ Operating profit of $1.5 billion (+25%) for Goodman in FY22 and growth of 59% for the three year period to FY22 (which aligns with the Group's LTIP testing period)
+ Statutory profit of $3.4 billion for Goodman and $9.0 billion across the combined Group and Partnerships
+ Goodman operating EPS growth of 24% materially exceeding initial expectations of 10%
+ Significant growth in the end value of development work in progress up 28% to $13.6 billion at 30 June 2022, providing a solid base for future profitability
+ Total AUM increasing 26% to $73.0 billion
+ Substantial revaluation growth increasing $8.5 billion across the Group and Partnerships reflecting the quality of the portfolio and the contribution management has made to enhance its value
+ Low leverage of 8.5% and significant liquidity of $2.8 billion providing strong financial capacity both for resilience and growth.

We have continued to reflect the importance placed on providing financial returns and operating within appropriate sustainability and environmental objectives, incorporating key targets into the operations and long-term business strategies of the Group.

2021 AGM results and subsequent securityholder engagement

Given the positive feedback from investors on the innovations introduced last year in relation to the new 10 year Long Term Incentive Plan (LTIP) for senior executives and the introduction of environmental objectives into both the five and 10 year plans, and the significant outperformance of the Group in FY21, we were disappointed at the level of support for our remuneration report and executive director grants at the 2021 AGM. The Remuneration Committee takes the result of our remuneration vote extremely seriously and has engaged with a significant proportion of our top 50 securityholders to discuss this and other governance matters. We also engaged with proxy advisory firms to better understand their views.

In response to investor feedback, we have:

+ Retained the ten year plan for senior executives continuing significant long term alignment with securityholders
+ Reduced the proposed quantum of awards significantly while recognising the exceptional outperformance of the Group in FY22
    - for the Group CEO, the proposed number rights under the FY23 awards have declined by 36% and the face value of the proposed award has declined by 46% relative to FY22 award
    - for other executive KMP, the proposed number of rights under the FY23 awards have declined by 20% and the face value of the proposed awards has declined by 33% relative to FY22 award
+ Adopted significantly more challenging and competitive hurdles for operating EPS, notwithstanding the current, considerable market uncertainties, which if achieved at the top end of the range, should provide Securityholders with strong performance in both relative and absolute terms. Full vesting requires almost 60% growth in Operating Profit over four years, relative to the very strong FY22 result.

The Board is always mindful of the focus on overall remuneration levels and spends considerable time each year determining remuneration outcomes. On the one hand, we recognise the need to attract, retain and incentivise our employees while, on the other hand, meet the range of expectations of our Securityholders. This is evidenced by the fact that, notwithstanding the outstanding performance achieved in FY22, the Board intends to grant a significantly reduced number of performance rights to the Group CEO and other executive KMP in FY23 while making the hurdles more challenging.

We look forward to receiving your views and support at our 2022 AGM.

Yours sincerely,

Stephen Johns
Chairman

Phillip Pryke
Chairman, Remuneration Committee

Directors' report

Remuneration report - audited (continued)

1. REMUNERATION GOVERNANCE

1.1 The role of the Board and Remuneration Committee

The Board and the Remuneration Committee is responsible for the structure of the remuneration of the Group's employees and for the specific pay of the Group CEO and other KMP. In setting these, the Board considers remuneration with a five to ten-year horizon. It takes into consideration the impact that decisions made over the last three to five years have had on current performance and how it expects the business to perform over the next five years and beyond. It is not solely an exercise in reviewing a single year.

The Board believes the success of Goodman is primarily due to its people and their ability to execute a global strategy that requires agility, strong collaboration and an inclusive culture, all of which are key elements supported by the LTIP.

The Board:

+ Encourages management to take a long-term strategic view rather than opportunistic approach to property investment
+ Expect the senior leadership team to accept collective responsibility for the outcomes
+ Integrates the operational, financial, environmental, and human strategy to create long-term sustainable returns
+ Focuses on the consistency of cash generation, through the Group's operating profit, as the most tangible means of measuring long-term value creation for Securityholders.

When determining the remuneration levels and outcomes for FY22, the Remuneration Committee has considered

+ Feedback from Securityholder engagement
+ The significant operational and financial outperformance of the Group
+ The specifics of individual performance.

These have been assessed in the context of the ongoing challenges presented by COVID-19, the significant volatility and inflationary conditions affecting the global operating environment and particularly construction and development. Given the nature of the Group's global operations the Remuneration Committee has considered the impact of strong competitor activity in our sector on attracting and retaining employees.

Refinements to the LTIP this year aim to better balance Securityholder and employee outcomes while continuing to reinforce Goodman's long-term decision making. This is in line with the evolution of the business and operational strategy, as well as providing competitive remuneration to attract and retain high quality people.

1.2 Key activities of the Remuneration Committee for FY22

Members of the Remuneration Committee for FY22 were:

Member	Role
Phillip Pryke	Independent Director and Chairman of the Remuneration Committee
Stephen Johns	Independent Director and Chairman of Goodman Group
Chris Green	Independent Director (appointed 19 November 2021)
Rebecca McGrath	Independent Director (resigned as a member of the Remuneration Committee on 19 November 2021)
Penny Winn	Independent Director (retired as a Director on 18 November 2021)

Following significant enhancements to the Remuneration plan in 2021, the Remuneration Committee has made additional changes for the FY23 awards, in response to investor feedback. Key decisions made and items considered in the determination of FY22 remuneration, include the following:

+ The quantum of Long Term Incentive (LTI) awards has been reviewed and in determining these, consideration of both face value and economic value have been taken into account. Subsequently, there has been a significant reduction in the number of performance rights and the face value of proposed FY23 awards:
  - for the Group CEO, the number rights has declined by 36% and the face value of the proposed award has declined by 46% relative to FY22 awards
  - for other executive KMP, the number of rights has declined by 20% and the face value of the proposed award has declined by 33% relative to FY22 awards
+ Agreed with the Group CEO (as in prior years) that he would not participate in the STI award and all his performance-based remuneration in relation to his FY22 performance will be in the form of LTI. In general, LTI remains the significant focus of remuneration awards across the Group

+ Continued the issuance of LTI awards under the ten-year plan for the Group CEO, executive KMP and other senior executives
+ Continued to make the five-year LTIP plan available to the balance of employees
+ Further increase in challenge and outperformance required to achieve hurdles. For the maximum vesting to occur on the operating EPS linked portion of the plan, a compound annual growth rate (CAGR) of 11% per annum must be achieved over four years; this equates to almost 60% growth in Operating Profit in FY26 relative to the very strong FY22 result
+ Additional environmental and sustainability targets have been included in the FY23 performance right testing conditions.

Changes are also proposed to the Non-Executive Director annual fee pool to be considered at the 2022 AGM, to facilitate greater use of committees, keep fees in line with market levels, manage Board succession and accommodate the potential appointment of additional Directors'. This is the first change in the Directors' fee pool since 2006.

1.3 Key Management Personnel (KMP)

Member	Role	Tenure at Goodman
Executive KMP		
Gregory Goodman	Group Chief Executive Officer	27 years
Danny Peeters	Executive Director Corporate	16 years 1 month
Anthony Rozic	Deputy CEO and CEO North America	18 years 1 month
Nick Kurtis	Group Head of Equities	22 years 4 months
Michael O'Sullivan	Group Chief Risk Officer	19 years 10 months
Nick Vrondas	Group Chief Financial Officer	16 years 2 months
Non-Executive KMP		
Stephen Johns	Chairman and Non-Executive Director	5 years 6 months
Chris Green	Non-Executive Director	3 years 2 months
Mark Johnson	Non-Executive Director	2 years 1 month
Vanessa Liu	Non-Executive Director	1 month
Rebecca McGrath	Non-Executive Director	10 years 3 months
Phillip Pryke	Non-Executive Director	11 years 9 months
Hilary Spann	Non-Executive Director	3 months
David Collins	GLHK Non-Executive Director	4 years 5 months

2. REMUNERATION STRATEGY

Goodman is one of the largest listed industrial real estate fund managers and developers globally. The Group's people are largely based outside Australia. The remuneration structure reflects the requirements in the highly competitive labour markets the Group operates in globally, not just in Australia, and the objective of aligning multiple regional businesses and operational segments with a global strategy and pay for performance outcomes.

A significant proportion of the value of the Group, reflected in the $17.7 billion premium between the security price of $17.84 at 30 June 2022 and Goodman's net tangible assets per security of $8.37, is attributable to the value created across the global platform. Given the active nature of the Group's operations, the Board believes that this is almost entirely due to Goodman's people, the decisions they make and their ability to execute consistently and at all levels that has positioned the Group to sustainably grow the cash generation measure of the business that is encapsulated by Operating Profit (as described in the section 3.5.5).

The retention of talent is therefore critical for the long-term success of the Group and is increasingly challenging as opportunistic competitors seek to recruit high-performing teams around the world. The Group's remuneration policy is crucial to its ability to have the appropriate human resources to deliver on the strategy, create the right culture and drive performance for the benefit of all stakeholders.

The Group's remuneration structure, in particular the focus on equity based reward, has been a key component of its success as an international organisation. The Board believes aligning all employees with Securityholders through the Group's remuneration policy has added significant value to the Group. It has been a fundamental differentiator in generating and rewarding long-term performance and retaining quality people in a highly competitive global environment. It is particularly important considering the challenges created by COVID-19 and global political and capital markets volatility, as it binds all employees together as owners of the business and is a powerful incentive and driver of operational resilience.

Directors' report

Remuneration report - audited (continued)

2.1 Key remuneration principles

Continuing alignment of remuneration in line with Group strategy, structural changes and ESG aspirations

Given the cyclical nature of real estate, incentive structures within real estate businesses are highly outcome driven (particularly by private equity real estate managers where most institutional assets reside). The Group's capital and resource allocations shift over time in response to variable market circumstances. The effect of these strategies take time to manifest, requiring rewards to be measured over longer periods. The Group's remuneration framework is therefore focused on influencing long-term decision making and collaboration across business units and international operations to derive sustainable outcomes.

There are several key principles of remuneration that the Board considers to be most relevant:

+ Focus on LTI as the predominant source of pay for performance for senior members and a material factor for all employees of the Group. All employees are eligible to receive LTI grants as a material component of remuneration and are tested using challenging hurdles without encouraging inappropriate risk (see section 3.5.4), enhancing alignment of rewards across the Group with Securityholders
  - Aligning the deliverable outcomes of all employees globally, with Goodman's aspirations of long-term cash flow growth, resilience, and sustainability. This is practically achieved through the focus on operating profit (which is closely aligned with cash profits) as the primary testing measure for LTI awards (see section 3.8.5)
  - Goodman's remuneration structure results in a significantly higher proportion of pay in the form of equity-based performance awards (87% for the Group CEO versus around 45% for S&P/ASX20 and S&P/ASX100 CEO's). As a consequence, despite only 25% of LTI testing against relative total securityholder return (TSR), employees have significant alignment and exposure to TSR outcomes versus typical remuneration structures. In addition, Operating Profit which determines operating EPS is a cash based measure which management globally can have a tangible influence on. Importantly operating EPS is the underlying value driver for Goodman and will ultimately align with TSR outcomes over the longer term
+ Securityholders are the beneficiaries of the Group-wide outcomes. Collaboration is required to achieve Group-wide targets across regions and business units. Remuneration should engender a collective responsibility for the consolidated outcomes which can facilitate decision making that leads to the optimal allocation of resources between locations and activity types to pursue the most appropriate opportunities at different points in time
+ A culture of ownership, inclusion and alignment, where all employees experience investment returns aligned with Securityholders creates stability which reduces turnover
+ Balancing reward and retention with long-term cost to Securityholders at respective levels of performance.

Business evolution requires long remuneration time frames to align outcomes

Goodman's business has evolved significantly over the past 13 years since the introduction of the LTIP. Our increased focus on urban infill markets with their significant increase in complexity has led to longer development horizons to maximise outcomes which have delivered significant rewards to investors. In summary:

+ Site acquisition and value add to existing stabilised sites, typically require five to ten-year (and sometimes longer) time frames to achieve highest and best use and urban regeneration outcomes
+ The Group's approach to development considers the lifecycle of an asset even for new developments which allow further intensification or change of use at a later time. This sometimes comes at the expense of short-term performance; however, this approach is consistent with the Group's strategic objectives and provides future value realisation potential, over significant time periods
+ Increased focus on ESG and integration of environmental sustainability aspirations into the Group's operational activities requires significant time periods (often beyond five years) for implementation. Goodman's approach to community, environmental sustainability and wellbeing are long-term aspirations aligned with the financial sustainability objectives.

In the Board's view, the long-term nature of the structural trends impacting the sector, the Group's approach to real estate investment in relation to this, and investor feedback, supports continuation of the LTIP structure. The 10 year plan for the Group CEO, other executive KMP and other senior executives in the organisation, will continue to influence decision making and closely align with the time periods required to deliver superior operational results on a sustainable basis. It also provides sufficient time to implement key ESG initiatives and achieve the Group's targets, particularly in relation to longer-dated environmental and sustainability objectives, in a manner that creates alignment with the outcomes for Securityholders. The five-year LTIP is longer than most in the S&P/ASX 100 and remains in place for all eligible employees who do not participate in the ten-year plan but will include hurdles aligned with the ten-year plan.

2.2 Objectives of the remuneration strategy

	Attract	Reward	Long-term alignment of our people and Securityholders
	Remuneration structure	**Performance conditions**	**Alignment with strategy and long-term performance**
	Fixed remuneration Low fixed costs, with the focus on "at-risk" equity.	Scope and complexity of the role, individual absolute and relative comparison in the relevant market and comparator group.	Real estate investment management and development are cyclical, so fixed employee costs are kept relatively low, below median and mean for comparable companies. CEO fixed remuneration has not changed for 16 years.
At-risk remuneration (typically 90% of CEO total remuneration)	STI remuneration is a 100% at-risk performance base award tied to operational performance metrics over the past 12 months. However, the Group CEO forgoes STI in favour of LTI. Similarly, other executive KMP received between 11% to 21% of total remuneration in STI. For the other executive KMP, payments will be made in two instalments, the first in September after the financial year end and the second12 months later.	Assessment includes four key components: + Meeting Goodman behavioural expectations per the Code of Conduct + Achieving operating EPS target + Individual financial and operational assessment + Assessment against environmental and sustainability objectives.	STI is an at-risk component, rewarding financial and non-financial performance against objectives of the individual and the Group. Awards in FY22 represent 87% of the maximum for executive KMP (excluding Group CEO). The performance of individuals is assessed through a performance appraisal process based on contribution to strategic, financial, operational and ESG objectives, while also reflecting behavioural expectations (see section 4.4.). Financial performance is the primary measure in determining the maximum level of STI for the individual; however, this can be penalised if behavioural standards or ESG targets are not met or breached (up to 100% of STI for certain measures). These factors together encourage not only the operating EPS targets being met, but also that that the method in which they are met matches appropriate risk and governance settings. Given the complex nature of the Group's global operations, individual financial metrics are reflected in the operating EPS. This structure is simple and transparent and aligns management with the operating EPS growth expectations of Securityholders. Detailed financial metrics for the business are additionally disclosed in reporting STI uses the operating EPS hurdle that forms part of the formal financial guidance to the market. It is not directly linked to LTI operating EPS targets as LTIP targets are set over four years and represent the longer term aspirations of the business.
	LTI is "at-risk" remuneration that rewards long-term sustained performance. New awards will be granted in FY23 in relation to FY22 performance achievements assessment of potential future contributions and relevant alignment of KMP. Ten-year plan awards to Group CEO, executive KMP and senior executives tested over four years and vesting in equal tranches annually from the end of year four to the end of year ten. Five-year plan awards to remaining employees tested over three years and vesting in equal tranches annually from the end of year 3 to the end of year 5.	75% tested based on achieving the cash-based operating EPS hurdle range 25% tested based on relative TSR against the S&P/ASX 100 constituents. The benchmark index aligns with a significant portion of investors' benchmarks relevant to their holdings and provides closest alignment with their performance Environmental and sustainability targets (set by the Board) over the LTIP testing period with penalty to vesting outcomes of up to 20% of rights satisfying the operating EPS hurdle for material underperformance against targets.	The weighting to LTI is believed to be the most effective way of rewarding sustained performance and retaining talent while maintaining alignment with Securityholders' experience. Hurdles are set to be competitive relative to reference groups, challenging for management with a significant stretch component but without encouraging inordinate risk in execution (see sections 3.5.4 and 3.5.5) relative to external and internal reference points. TSR provides an effective check against increasing risk or unsustainable practices within the Group. The price to earnings multiple attributable to securities will reflect the risk in achieving operating EPS targets, which impacts the likelihood of vesting and the ultimate value upon vesting. The relative TSR and operating EPS hurdles interact as TSR impacts the value of all performance rights. Given the significant skew in remuneration to performance rights, the impact of the TSR on remuneration is significantly greater than its 25% weighting. The combination of 25% TSR testing and 70-90% equity based awards for executive KMP, provides significant overall exposure to TSR based on the Group's remuneration structure is high The total number of performance rights outstanding under the LTIP at 30 June 2022 equates to 3.8% of the Group's issued securities. The maximum number of performance rights under the LTIP is limited to 5% of the Group's issued securities. Equity issuance to all employees encourages a collaborative approach and broader distribution of remuneration across the entire workforce when the Group is performing.

2.3 Remuneration mix and alignment across the Group

The Board believes that the alignment between pay and long-term performance is evidenced by the significant proportion of the total remuneration that is at risk for the Group CEO, the other executive KMP and employees throughout the organisation. In respect of the Group CEO, all of his at risk remuneration is in the form of LTI.

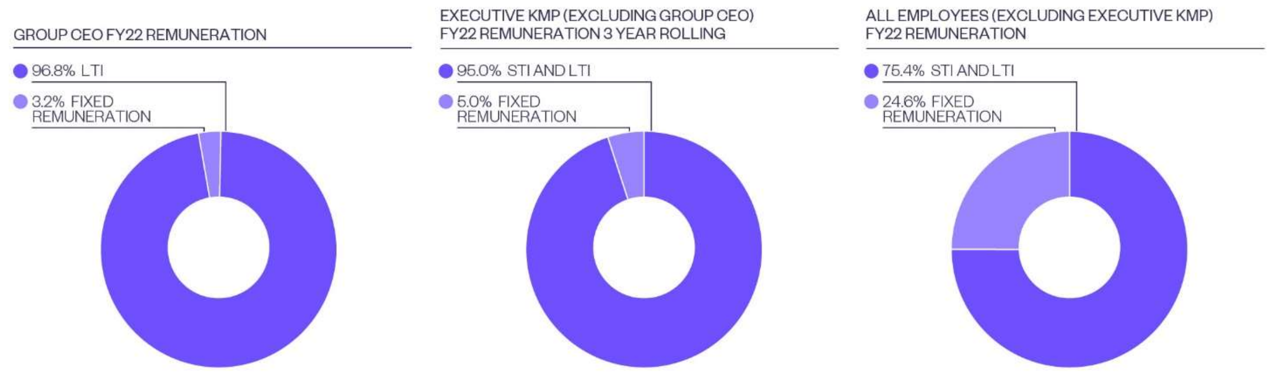
This is demonstrated in the charts below that consider the vested remuneration received during FY22. Vested remuneration represents the value that is received during FY22. It includes fixed base pay, STI and the value of performance rights that vested during FY22 (from prior grants) using the closing Goodman security price on the day of vesting.

Directors' report

Remuneration report - audited (continued)

The Board believes that this demonstrates the alignment of the remuneration outcomes for the Group CEO with the outcomes for Securityholders, who have experienced strong performance over a significant period alongside the Group CEO. Had the Securityholder returns been lower, the level of at risk remuneration would have been lower (due to lower vesting outcomes and lower value of vesting performance rights) and fixed remuneration would have made up a greater proportion of the total vested remuneration in FY22 for all employees, but especially for the Group CEO and the other executive KMP.

FY22 vested remuneration outcome



3. EXECUTIVE REMUNERATION FRAMEWORK

3.1 Feedback and response

Securityholder Feedback	Response
Strong positive feedback regarding the structure of the plan, testing and vesting period.	Continued the issuance of LTI awards under the ten-year plan for the Group CEO, other executive KMP and other senior executives (as detailed in Section 3). This will apply to the intended grant of performance rights to be made in September 2022 in respect of FY22 performance
While Securityholders recognised the long-term nature of LTI awards and many recognize economic value approach, the majority use face value for determining outcomes.	A significant emphasis has been placed on face value comparison while economic value assessment has been reviewed. This has seen a significant reduction in face value of awards. Face value of the proposed FY23 performance rights awards for the Group CEO has declined 46% on FY22 and 33% for executive KMP (excluding Group CEO).
Hurdles are set to be competitive and challenging in line with long term performance and the risk settings appropriate for the Group. However, feedback from some securityholders indicated that additional 'stretch' is desirable in the targets based on market expectations and the Groups strong performance in recent years, resulting in high vesting outcomes.	LTI hurdles have been reviewed and set such that they remain competitive relative to peers and challenging for management. The increase in the Upper level of cumulative operating EPS growth to 11% per annum is in a more uncertain and volatile geopolitical and commercial environment. Noting that for the CEO LTI forms most of the remuneration, so performance below threshold will result in 0% vesting and only base salary. Hurdles for the proposed grants are based off a significant year of outperformance in FY22 (24% operating EPS growth) and if achieved reflects almost 60% Operating Profit growth over the coming four years. This compares very favourably to the average for the peer groups and relative to what the Board believes are reasonable long term "Targets" with considerable additional required stretch.
Preference for Long Term ESG targets.	ESG targets will remain as an additional test for operating EPS tranches of Performance Rights, allowing for up to 20% reduction in vesting outcomes if targets are materially missed. Additional environmental and sustainability targets have been included in the testing conditions for FY23 awards. Progress against targets is reviewed annually.
Preference for long-term at-risk remuneration. Securityholders prefer in principle lower fixed and STI remuneration and more at risk LTI.	Agreed with the Group CEO (as in prior years) that he would not participate in the STI award and all his performance based remuneration in relation to his FY22 performance will be in the form of LTI.

3.2 Remuneration enhancements for executive KMP

Key testing criteria and modifications made to the Long Term Incentive plan

EPS performance testing	Ten-year plan FY22	Change	Ten-Year plan FY23	Comment/rationale
Threshold	6% (CAGR) in operating EPS.	No	6% CAGR in operating EPS.	Performance at the threshold hurdle level (CAGR in operating EPS of 6% for the 4 years to FY26) for performance rights vesting to start has been set such that it requires performance in excess of that expected from relevant peer groups S&P/ASX100 (0%pa) and S&P/ASX200 REIT's (4.6%pa) based on "Visible Alpha" and broker research) but would only result in 25% vesting and subsequent remuneration outcomes that are expected to be in line with the median for the peers.
Vesting at Threshold	25%	No	25%	
Target	Not previously disclosed.	Yes	8-9% CAGR in operating EPS.	Performance at Target hurdle level (CAGR in operating EPS of 8-9% for the 4 years to FY26 pa) is in line with aspirations determined by the Board to be reasonable (which already include a significant number of assumptions concerning growth in activity levels, funding needs and market conditions remaining buoyant) and is in excess of broker research estimates[1] for the Group (7.8% pa) and materially in excess of peers.
Vesting at Target	N/a		55 %-70%	
Upper level	10% CAGR in operating EPS.	Yes	11% CAGR in operating EPS.	Performance at the Upper level (CAGR in operating EPS of 11% pa for the 4 years to FY26) would require outcomes significantly above Target (2%-3% pa) significantly higher than broker research estimates (+3% pa). The upper level of the testing range represents an additional approximately $200 million of additional operating profit to be generated in FY26 relative to the Target and consensus views.
Vesting at Upper level	100%	No	100%	

TSR performance hurdle	Ten-Year plan FY22	Change	Ten-Year plan FY23	Comment/rationale
Testing criteria	TSR against ASX 100.	No	TSR against ASX 100.	Peer group for relative TSR is to remain the S&P/ASX 100, which correlates with most investor benchmarks relevant to Securityholders.
Testing thresholds	0% at 50th percentile 25% at 51st percentile Straight line vesting percentage to 90th percentile where 100% vests.	No	0% at 50th percentile 25% at 51st percentile Straight line vesting percentage to 90th percentile where 100% vests.	Outperformance required before any portion is vested.

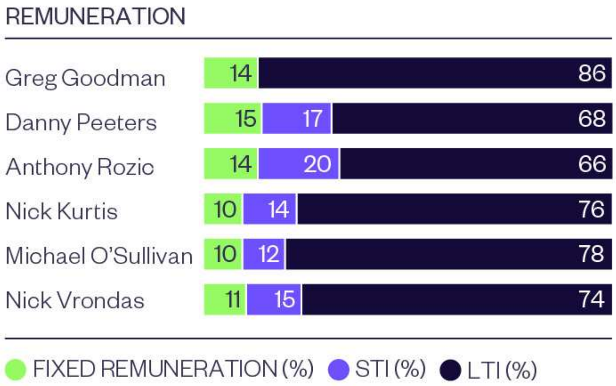
Environmental and sustainability hurdles	Ten-Year plan FY22	Change	Ten-Year plan FY23	Comment/rationale
Environmental and sustainability performance	Targets set by the Board are tested at the end of year four. Penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets.	Yes (additional Hurdles)	Targets set by the Board are tested annually and at the end of year four. Penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets.	Given environmental and sustainability initiatives are integrated into the operations of the business, the penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets.

Directors' report

Remuneration report - audited (continued)

The chart below illustrates the components of KMP remuneration in relation to FY22 performance using:

+ Current fixed base pay
+ STI award (where applicable)
+ LTI award value using 100% of the intended grant to be made in September 2022 based on the face value at 30 June 2022 as detailed in section 3.4.



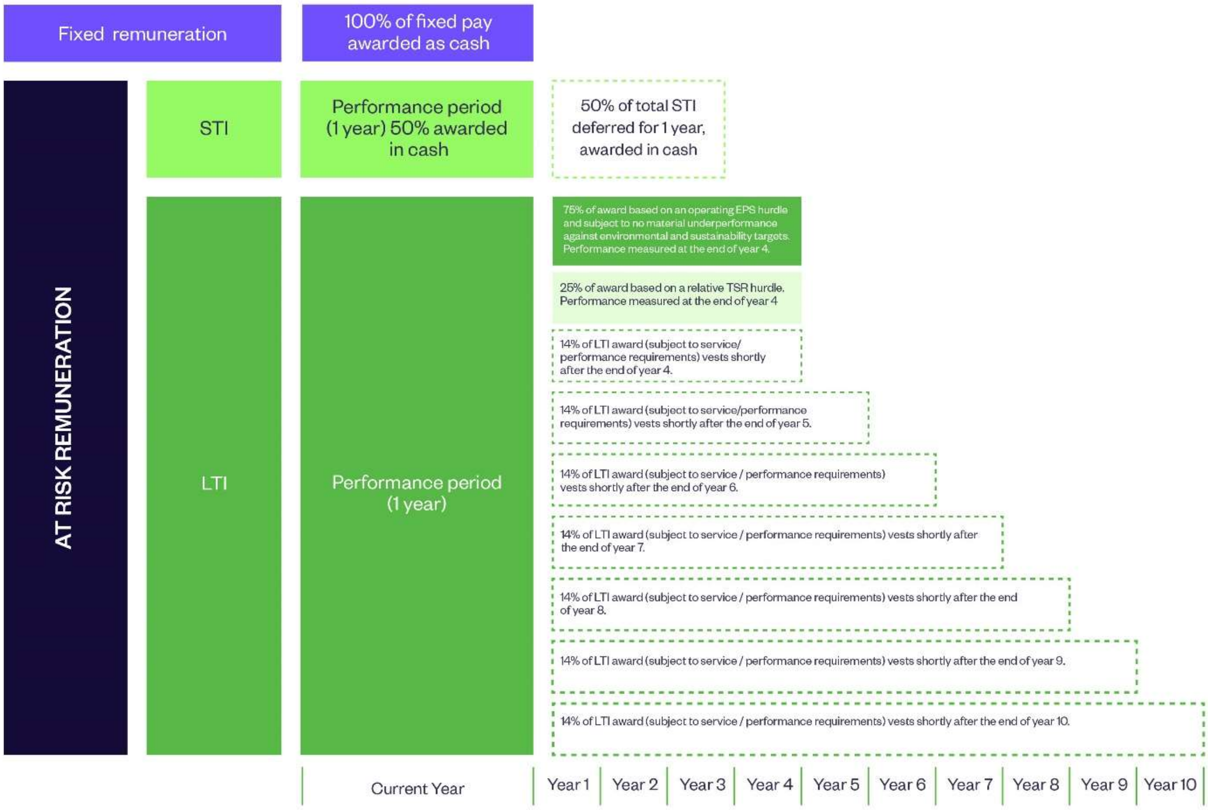
Note: This analysis is different to both the statutory presentation of remuneration and the vested remuneration, which are referred to elsewhere in the remuneration report.

Under the ten-year plan and with the above remuneration structure:

+ The Group CEO would not receive any performance-based reward in respect of his performance for FY22 if the Group does not meet its minimum performance hurdles under the LTIP over the next four years (measured at 30 June 2026)
+ The ultimate value of the award will be subject to Goodman's security price performance and will only be fully realised over the ten years to September 2032.

3.3 When is remuneration earned and received?

The chart below illustrates the timing of receipt of the remuneration components for executive KMP. Performance goals under the ten-year plan must be achieved over a period of four years to qualify for performance-based pay. Vesting then occurs in seven equal tranches from years four to ten. There is no certainty of vesting and the final cash outcome is dependent on the movement in the security price over the next ten years.



Directors' report

Remuneration report - audited (continued)

3.4 Short-term incentive

STI is a component of remuneration that is at risk. It is specific to achievement of financial and non-financial objectives. This structure is very transparent and aligns management with the operating EPS growth expectations of Securityholders.

Questions	
Who is eligible to participate in the STI?	All full-time and part-time permanent employees. The Group CEO agreed with the Board not to participate in the STI awards, to emphasise reward for long-term decision making across the organisation.
What is the form of the STI award?	Cash. For executive KMP, 50% of the STI award is paid on finalisation of Goodman's full year result. 50% of the STI award is deferred and paid in cash after a period of 12 months and the deferred STI amount is subject to forfeiture under malus provisions (see below).
What is the maximum award participants may earn?	STI awards are capped at 150% of fixed remuneration for executive KMP. Target STI for individuals is also compared to market based remuneration data and their manager's own assessment of what an appropriate level of incentive compensation may be relative to the long-term value that person brings to the Group.
How is the STI earned?	The Board sets budget targets for the business annually. These targets are set relative to the market conditions, earnings visibility, financial structure and strategy and are believed to be challenging and appropriate. STI for all staff is subject to: (1) meeting behavioural expectations under the Group Code of Conduct; (2) achieving operating EPS (based on the annual target for the relevant year which is disclosed to the market at the beginning of the year in the form of "guidance" (3) financial and operational assessment; and (4) assessment against environmental and sustainability targets.
How is the individual STI award determined?	STI rewards annual performance against objectives of the individual and the Group. The Group objectives include multiple factors as set from time to time, dependent on the market and strategy of the Group. Overall Group financial performance relative to targets is the primary assessment, overlaid with required achievement against environmental and sustainability objectives and adherence to the Group's core values. The Remuneration Committee looks at conduct and specific judgements are made in relation to this. The performance of individuals is assessed through a detailed and formal performance appraisal process based on contribution to defined objectives, behavioural expectations, annual contribution to results as well as strategic and other contributions where these results or benefits may be reflected in future years. Consideration is also given to the total remuneration package with a view to retaining and appropriately aligning and motivating employees.
Is there malus/clawback?	The executive KMP STI awards are subject to 50% deferral for 12 months from the date of publication of Goodman's financial statements. This deferral period provides protection from malus. The Board has discretion to forfeit deferred amounts for material misstatement, fraud or adverse changes that would have affected the award where there is executive responsibility.
Is STI deferred into equity?	No. A much greater portion of remuneration for executive KMP is in the form of LTI (equity) than arguably any other S&P/ASX 100 entity and hence they are already significantly more aligned with Securityholders' outcomes than executives at other listed entities. As a result, in the Board's view, there is little further benefit in deferring STI into equity.
What happens to STI upon termination?	For all executive KMP, the deferred portion of STI award is subject to immediate forfeiture in circumstances where employees are dismissed for cause without notice (e.g. fraud or serious misconduct) or resign from the organisation. The Board has discretion to pay deferred STI in exceptional circumstances, where employees leave the Group, with good leaver status, due to certain personal circumstances or due to permanent disablement or death.

3.5 Long-term incentive

The LTIP is an equity plan where rewards are at risk and dependent on performance and time. It is open to all permanent employees to create alignment with the interests of Securityholders over the long term.

+ No value is derived from LTI unless minimum performance hurdles of operating EPS and relative TSR are met or exceeded, and performance rights have no entitlement to income or assets until they vest. The threshold target with respect to operating EPS (where only 25% of performance rights vest) is significantly ahead of estimates for the S&P/ASX 100 and S&P/ASX200 REIT sector
+ If performance achieves or exceeds long-term targets and performance rights vest, LTI represents the majority of remuneration for executive KMP and becomes a material component of remuneration for all participating employees.
+ Performance rights represent a small portion of the Group equity and a small percentage of the value created for Securityholders if they vest

The key terms of both plans are set out below.

3.5.1 FY23 LTI awards (five and ten-year plans)

Questions in relation to grants to be made in FY23

Who is eligible to participate?	All full-time and part-time permanent employees are eligible to participate in either the five year or the ten-year plans. Executive KMP and senior executives participate in the ten-year plan.
What is the form of the award?	The LTIP awards performance rights linked to the underlying ASX listed securities. The performance rights do not receive distributions or have any right to income, net assets or voting until vesting.
What is the maximum LTI participants may earn?	When considering the overall size of LTI awards, the Board also considers the number of securities that could vest and the associated impact on the operating EPS growth. The total five year and ten-year performance rights outstanding under the LTIP are capped at 5% of issued capital with vesting of approximately 1% pa, assuming all hurdles are met and all employees remain employed. The Board considers the performance of the Group in comparison with the comparator group, the amount of overall operating profit, the competitive nature of the global labour markets in which the Group operates and the value of the team in the local and global marketplace, as appropriate.
How is the number of rights determined?	The Board's sets the quantum based on a number of factors described in sections 3.7.1 and 3.7.2. The number of rights is then determined by dividing the LTI award amount by face value per right, as determined by the Board.
What are the performance measures?	Behaviour in accordance with Goodman's core values is an absolute requirement for the granting of performance rights. The Board believes that the commercial decisions management makes in fulfilment of its overall financial objectives are best reflected in two key indicators: operating EPS and TSR (relative to the S&P/ASX 100). Operating EPS is a critical measure of long-term Group-wide performance of the operations (see section 3.5.5). The hurdles are set to be competitive and challenging relative to external and internal historical and prospective reference points (see section 3.5.4). TSR provides an effective check against increasing risk practices within the Group in that the security price to earnings multiple will reflect the perceived risk in the Group in achieving operating EPS targets. Focus on LTI is an efficient way of rewarding sustained performance and retaining talent. The proposed FY23 LTI awards, will incorporate environmental and sustainability targets, in addition to the operating EPS and relative TSR hurdles. Targets set by the Board will be tested annually and at the end of the LTIP testing period. A penalty can apply to the number of performance rights that have satisfied the operating EPS hurdle, with 20% maximum reduction if material underperformance against the environmental and sustainability targets occur.
What is the weighting?	75% operating EPS hurdle 25% relative TSR hurdle
What is the performance period?	Ten-Year plan: both operating EPS and relative TSR performance are tested over four financial years starting from 1 July in the year the grant was made. Operating EPS growth is assessed in the fourth year relative to the year preceding the year of the grant. Environmental and sustainability targets are reviewed annually and tested at the end of year four. Five year plan: both operating EPS and relative TSR performance are tested over three financial years starting from 1 July in the year the grant was made. Operating EPS growth is assessed in the third year relative to the year preceding the year of the grant. Environmental and sustainability targets are reviewed annually and tested at the end of year three.
How do the LTIP awards vest?	Ten-Year plan: Subject to meeting performance hurdles, vesting occurs in equal tranches shortly after the end of years 4 - 10, provided participants remain employed by the Group. Five year plan: Subject to meeting performance hurdles, vesting occurs in equal tranches shortly after the end of years 3 - 5, provided participants remain employed by the Group.
Is there malus/clawback?	Subject to immediate forfeiture in circumstances where employees are dismissed for cause without notice (e.g. fraud or serious misconduct). LTI will also be forfeited where employees cease to be employed, unless in Special Circumstances.
What happens to LTIP awards upon termination?	Performance rights lapse upon the employee leaving Goodman unless in Special Circumstances (primarily Death, Total and Permanent Disablement, Redundancy and Retirement in the normal course) in which case they are not subject to the employment requirement and vest subject to performance hurdles being met and the usual timetable.
What rights are attached to the performance rights?	Performance rights have no Securityholder rights prior to vesting (e.g. distributions, voting, rights issue participation). They would be subject to reconstruction in instances of corporate events such as stock splits or stock consolidations.
Executive KMP equity holding	Executive KMP are required to hold 100% of the value of their fixed remuneration in Goodman securities, determined at time of purchase. In addition, Goodman's remuneration structure includes significant emphasis on performance-based remuneration in equity and the overall exposure of executive KMP to Goodman Group securities extends significantly beyond this requirement principally through participation in the LTIP.

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What are the vesting conditions for FY23 ten-year plan grants?	**Operating EPS tested (75% of grant)** The Board has set an operating EPS performance hurdle of growing operating EPS from the FY22 result of 81.3 cents to between 102.7 cents (Threshold level) and 123.4 cents (Upper level) in FY26. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6%pa and 11%pa CAGR in operating EPS or approximately 26% to 52% cumulatively over the four year testing period. In addition, a penalty may apply to the number of performance rights that have satisfied the operating EPS hurdle if environmental and sustainability targets are not met. These are reviewed by the Board annually and at the end of the testing period with 20% maximum reduction in the number of rights vesting under the operating EPS tranches, in the event of material underperformance against targets at final testing year.	**Relative TSR tested (25% of grant)** TSR awards are subject to achievement of cumulative. TSR relative to the S&P/ASX 100 over a four year period: 25% of awards vest for performance at the 51st percentile. Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. 100% of awards vest for performance at the 90th percentile or above.
What are the vesting conditions for FY23 five year plan grants?	**Operating EPS tested (75% of grant)** The Board has set an operating EPS performance hurdle of growing operating EPS from the FY22 result of 81.3 cents to between 96.9 cents (Threshold level) and 111.2 cents (Upper level) in FY25. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% pa and 11% CAGR in operating EPS or approximately 19% to 37% cumulatively over the three year testing period. In addition, a penalty may apply to the number of performance rights that have satisfied the operating EPS hurdle if environmental and sustainability targets are not met. These are reviewed by the Board annually and at the end of the testing period with 20% maximum reduction in the number of rights vesting under the operating EPS tranches, in the event of material underperformance against targets at final testing year.	**Relative TSR tested (25% of grant)** TSR awards are subject to achievement of cumulative TSR relative to the S&P/ASX 100 over a three year period: 25% of awards vest for performance at the 51st percentile. Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. 100% of awards vest for performance at the 90th percentile or above.
Can the hurdles be adjusted?	No (subject to ASX Listing Rule adjustments).	No.

3.5.2 FY22 LTI awards

Questions specific to grants made in FY22

What happens to LTIP awards upon termination?	Performance rights lapse upon the employee leaving Goodman unless in Special Circumstances (primarily Death, TPD, Redundancy and Retirement in the normal course) in which case they are not subject to the employment requirement and vest subject to performance hurdles being met and the usual timetable.	
What are the vesting conditions for FY22 ten-year plan grants?	Operating EPS tested (75% of grant) The Board has set an operating EPS performance hurdle of growing operating EPS from the FY21 result of 65.6 cents to between 82.8 cents (Threshold level) and 96.0 cents (Upper level) in FY25. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% and 10% CAGR in operating EPS or approximately 26% to 46% cumulatively over the four year testing period. In addition, a penalty may apply to the number of performance rights that have satisfied the operating EPS hurdle if environmental and sustainability targets are not met. These are reviewed by the Board annually and at the end of the testing period with 20% maximum reduction in the number of rights vesting under the operating EPS tranches, in the event of material underperformance against targets at final testing year.	Relative TSR tested (25% of grant). TSR awards are subject to achievement of cumulative. TSR relative to the S&P/ASX 100 over a four year period: 25% of awards vest for performance at the 51st percentile. Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. 100% of awards vest for performance at the 90th percentile or above.
What are the vesting conditions for FY22 five year plan grants?	**Operating EPS tested (75% of grant)** The Board has set an operating EPS performance hurdle of growing operating EPS from the FY21 result of 65.6 cents to between 78.1 cents (Threshold level) and 87.3 cents (Upper level) in FY24. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% and 10% CAGR in operating EPS or approximately 19% to 33% cumulatively over the three year testing period.	**Relative TSR tested (25% of grant)** TSR awards are subject to achievement of cumulative TSR relative to the S&P/ASX 100 over a three year period: 25% of awards vest for performance at the 51st percentile. Awards vest on a sliding scale between 25% and 100% for performance between the 51st and the 90th percentile. 100% of awards vest for performance at the 90th percentile or above.

3.5.3 FY21 LTI awards

Questions specific to the grants made in FY21

What are the vesting conditions for FY21 grants?	**Operating EPS tested (75% of grant)** The Board has set an operating EPS performance hurdle of growing operating EPS from the FY20 result of 57.5 cents to between 68.5 cents (Threshold level) and 74.5 cents (Upper level) in FY23. Vesting of 25% of the operating EPS portion occurs upon satisfying testing conditions at the Threshold level with a sliding scale up to 100% at the Upper level. The range is equivalent to between 6% and 9% CAGR in operating EPS or approximately 19% to 30% cumulatively over the three year testing period.	**Relative TSR tested (25% of grant)** TSR awards are subject to achievement of cumulative TSR relative to the S&P/ASX 100 over a three year period: – 50% of awards vest for performance at the 51st percentile – Awards vest on a sliding scale between 50% and 100% for performance between the 51st and the 76th percentile – 100% of awards vest for performance at the 76th percentile or above.

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3.5.4 Setting operating EPS hurdles for proposed ten-year plan awards to the Group CEO, other executive KMP and other senior executives

The operating EPS target range under the ten-year plan is only for the purpose of testing criteria for vesting of performance rights. The range does not constitute earnings guidance for the Group.

The hurdles are set in line with the "pay for performance" culture and the desire for them to be both challenging and competitive while maintaining the integrity of the business strategy and risk management objectives in a sustainable manner.

More challenging hurdles have been set for the FY23 performance rights awards when compared to recent years. The Board has set an operating EPS performance hurdle for operating EPS growth relative to the FY22 result of 81.3 cents of between 102.7 cents (Threshold level) and 123.4 cents (Upper Level) in FY26. At the Threshold level, 25% satisfy the hurdle with a sliding scale up to 100% satisfying the hurdle at the Upper Level. This range is equivalent to between 6% and 11% CAGR in operating EPS or approximately 26% to 52% cumulative growth over the four year testing period.

The range has been set with particular reference to:
+ The significant proportion of the Group's revenue over the next four years, being at risk in the sense that it is not currently contracted and subject to a wide number of variables, particularly in regard to development activities and performance fees
+ The range of potential real estate opportunities for the Group globally, given the Group's risk parameters and concentrated locations of operation
+ The long-run historical performance of the Group, noting that previous history is not a reflection of future earnings
+ Increased volatility across the global economic and political environment which are manifesting in higher cost inflation, slower real GDP growth rates and higher interest rates
+ The ongoing potential for disruption to business activity resulting from COVID-19.

Consistent with the Board's aim to set hurdles which are both challenging for management and competitive against peers, it is believed that achievement at or above the top end of the range will represent a strong performance in both relative and absolute terms. For the Upper Level vesting to occur on the Operating EPS linked portion of the plan, almost 60% growth in operating profit relative to the very strong FY22 result needs to be achieved over the next four years.

The Board believes that the hurdles are competitive and challenging for the following reasons:

+ Goodman's operating EPS grew strongly over FY20, FY21 and FY22, despite the impact of COVID over the period (no hurdles were amended to adjust for COVID during this period). This has resulted in a significantly higher base year from which to measure operating EPS growth compared with peer groups. For the 3 year period from FY19-FY22:
  - The Group has grown operating EPS by 56%
  - The average growth for the S&P/ASX 100 is approximately 24%
  - The S&P/ASX 200 REIT's EPS declined by an average of approximately 14%
+ The strong growth in earnings in FY22, combined with the higher hurdles for Upper Level vesting means that a significant acceleration of growth in operating profit is required to achieve full vesting (relative to that embedded within the FY22 grants). By way of comparison, an extrapolation of the growth rates contained within the FY22 grants to FY26 and applying the previous Upper Level hurdle rate would have resulted in an operating profit benchmark that is over $300 million lower than that which will now be applicable for FY26 under the new hurdles to be applied to the FY23 grant (see table below)

Operating Profit comparison of vesting conditions

	At grant date of FY22 Awards $m	At grant date of FY23 Awards $m
Base year Profit	1,358	1,528
FY26 interpolated profit @ Threshold (6%pa)	1,714	1,929
FY26 interpolated profit @ the Upper Level (10% at FY22, 11% at FY23)	1,988	2,320
Additional profit required due to higher base year and hurdles		331

+ Performance at "Target" hurdle level (CAGR in operating EPS of 8-9% for the 4 years to FY26 pa) is in line with aspirational objectives the Board believes are appropriate (which take into account the risk management constraints of the Group the Board believes appropriate for the business, given the context of the global economic and political environment, higher interest rates, inflation, cost of capital and risk settings). It is contingent upon increased activity levels and market conditions remaining favourable. Importantly the Target hurdles are in excess of peers (see below) and broker research estimates for the Group (CAGR of approximately 8%)

+ Performance at the threshold hurdle level (CAGR in operating EPS of 6% pa for the 4 years to FY26) for performance rights vesting to start has been set such that it requires performance in excess of relevant peer groups (S&P/ASX 100 (current market consensus expectations average 0%pa) and S&P/ASX200 REIT's (current market consensus expectations average 4% per annum) but would only result in 25% vesting. Under this scenario it is estimated that the remuneration outcomes will be well below the median for the above peer groups and the ASX100
+ Performance at the Upper Level hurdle (CAGR in operating EPS of 11% for the four years to FY26) would require outcomes significantly ahead of internal targets and significantly (3% per annum) higher than market consensus expectations (this equates to an additional circa $200 million in operating profit in FY26 compared to the average broker research consensus)
+ The hurdles reflect approximately 50% relative earnings growth outperformance compared to estimates for the S&P/ASX100 and require the Group to absorb the risk associated with the significant increase in volatility in the global operating environment, interest rates and inflation.

The Board believes the higher FY22 hurdle is significantly more challenging given the current economic environment. The hurdles are set for the entire period of the plan and hence performance must be achieved regardless of changes to business conditions globally. Management and other employees carry the risk associated with external factors negatively impacting operating earnings and in the Board's view this risk has increased given the ongoing and unknown impacts of COVID-19, geo-political tensions and impacts on supply chains, and global economic activity.

In addition, the hurdles are set with the desire to achieve a sustainable long-term growth rate that is competitive with the market on a risk adjusted basis. This is reflected in the relatively low gearing of the Group and its other risk settings. Taking into account the difference in gearing, the FY23 hurdles are relatively high compared to peers.

LTI hurdle period (estimated)	Ten-Year plan operating EPS hurdles (cents)	CAGR in EPS[1] FY23 - FY26	Ten-Year plan Cumulative growth in EPS[1] FY23 to FY26
S&P/ASX 100[2]		-0.1%	-0.2%
S&P/ASX 200 REITs[2]		4.6%	19.7%
Broker Consensus for GMG[3]		7.8%	35.2%
Threshold level	102.7	6%	26.4%
Target Level	110.6 - 114.8	8% - 9%	36% - 41%
Upper level	123.4	11%	51.8%

1. Operating EPS for Goodman Group.
2. Broker Estimates
3. Visible Alpha.

3.5.5 Operating EPS – long-term cash flow alignment with vesting outcomes

The Group presents statutory profit in accordance with Australian Accounting Standards, including all required disclosures. The Board believes that managing the business, on what is primarily a cash profit basis, is fundamental to long-term resilience and is the strongest determinant of value creation for Securityholders over time. That is the intent of the Group's Operating Profit definition, and it is one of the key measures used to drive the business strategy that is communicated to employees to execute. This is also why the Board has used operating EPS as one of the principal targets in its awards of both STI and LTI.

Calculation of operating EPS

Operating EPS has been calculated and applied consistently since being adopted in 2005.

+ Operating profit intentionally excludes non-cash measures. Previously, the Group has excluded significant realised gains (such as the urban renewal realisation gains) where these were believed to be cyclical in nature and not reflective of underlying long-term earnings
+ As required under the accounting standards, the share-based payments (SBP) expense in the Group's statutory income statement reflects the amortisation of the aggregated fair value applicable to the outstanding performance rights. Given the volatility inherent in the accounting valuation of the performance rights, the SBP expense is excluded from operating profit, like other non-cash items (such as revaluations). Instead, the Board believes the cost of the plan, which arises from the future dilution through the issuance of securities under the LTIP, is most appropriately reflected by including all vested and tested performance rights in the denominator used for determining operating EPS. This is not subject to accounting estimation and is a more reliable measure

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+ The operating EPS at each reporting date is calculated using the weighted average number of securities, which includes:
  - all securities that have already vested
  - rights that have been tested and assessed as having met the hurdles but have not yet vested

The inclusion of these unvested performance rights in the operating EPS calculation is a conservative treatment as:
+ The financial impact of the performance rights occurs only when securities are issued through the dilution to net assets at the time of issuance and the dilution to future operating EPS
+ Not all performance rights vest. This can only occur if testing criteria are met and by extension, the Group's performance has achieved or exceeded performance criteria, which doesn't align with SBP expense
+ Following successful testing at years three or four (for the five year plan and ten-year plan respectively), performance rights still have no entitlement to income (distributions) or net assets nor do they have any of the other usual Securityholder rights until they vest, which may be up to six years later (under the ten-year plan).

Therefore, in the Board's view realised cash profit as represented by diluted operating EPS is the most reliable measure of value creation for Securityholders and continues to be an appropriate means by which to assess employee performance. It is also consistent with the predominant method of valuation of Goodman by the market.

Use of cash settled "Phantom" performance rights
In certain jurisdictions, it is impractical to issue performance rights which vest into Goodman securities. In these instances, cash settled Phantom performance rights are issued, with the same economic outcome on vesting. From time to time, the Group may issue new securities into the market to fund the settlement of those rights. This results in the same outcome to Securityholders as if the Phantoms had been settled in Goodman securities because it results in the situation where the dilutionary impact to operating EPS is consistent with the equity settled performance rights. As in recent years, the Board's current intention is to issue securities to fund the cash requirements to settle the Phantoms. This results in the effective funding of the LTIP having no cash impact for the Group and as a consequence the share based payments expense remains effectively a non-cash item in the context of the definition of operating profit.

3.6 Non-financial measures

3.6.1 Types of non-financial measures

Goodman continues to increase accountability and transparency across a range of non-financial measures which are important to the Group culture, its stakeholders and the world more broadly. These are integral components to the operations of the organisation, the health and wellbeing of the Group's people and the communities in which Goodman operates.

These values and aspirations encompass a wide range of areas including:
+ Environmental considerations for developments and building operations
+ Energy procurement including renewable targets
+ Group emissions and embodied emissions
+ Health and wellbeing of Goodman's people and communities
+ Good corporate and social governance including diversity and inclusion in the workforce
+ Behaviour in line with Goodman's Code of Conduct.

All of these aspirations are integrated into Goodman's culture and business operations and the Group's financial results are achieved while also implementing and performing to these standards.

The way employees conduct themselves is crucial to the success of the Group. Goodman has consistent and transparent practices in place for managing non-compliance with policies and the approach to risk guides the way all employees are expected to conduct themselves. Within the Code of Conduct, there is a set of eight guiding principles that encourage employees to uphold Goodman's reputation and behave appropriately in dealing with our customers and other team members. The guiding principles are:

+ Act in a professional manner
+ Work as a team and respect others
+ Treat stakeholders fairly
+ Value honesty and integrity
+ Follow the law and our policies
+ Respect confidentiality and do not misuse information
+ Manage conflicts of interest
+ Strive to be a great team member.

Individuals' behaviour and adherence to the Code of Conduct, governance, implementation of diversity principles and social programs are assessed as a gate to STI and LTI awards. Breaches can also result in forfeiture of LTI or potentially more severe consequences depending on severity.

Consequences of breaches of Code of Conduct in FY22

Conduct and or behavioural Issues	
Consequences	Termination, forfeiture of STI, forfeiture of LTI

In respect of the FY22 STI awards and the intended LTI awards that will be made in September 2022 (in respect of FY22 performance), key environmental and sustainability targets will also be assessed based on the individuals' areas of influence and contributions as part of overall assessment.

3.6.2 Integration of non-financial measures into STI

STI process

		Impact
1st Hurdle	Conduct, Governance, Social and Diversity	Gate
2nd Hurdle	Operating EPS	Gate
Financial, and operational assessments (including environmental objectives)	Individual assessment	0% - 100%

3.6.3 Integration of non-financial measures into LTI

The Board also believes that ownership through the LTIP embeds a culture of inclusion and sense of place in the organisation and that this has been strongly reflected in the Group's performance over many years and particularly through COVID-19. Behaviour and adherence to the Group's Code of Conduct have always been a prerequisite to entitlement to vested LTI and since 2021, additional hurdles for vesting, related to our environmental and sustainability targets have been incorporated into intended awards.

+ The Board will review progress on targets annually and set review long term targets each year as they relate to the new testing period
+ Environmental and sustainability objectives and their execution are integrated into the operations of the Group, particularly for development projects. For this reason, the additional penalty criteria will apply to the operating EPS tested performance rights. This aligns operational targets which are within the control of senior executives and employees at all levels and therefore have the most logical connection to operational performance
+ Targets set by Board will be tested formally at the end of the testing period (year four for the ten-year plan)
+ The penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets
+ Targets will be reported each year in the remuneration report.

LTI Process – three and four year testing period

		Impact
1st Hurdle	Conduct and behaviour	Gate: 0% – 100%
2nd hurdle	Operating EPS and relative TSR	0% – 100%
Group assessment	Environmental and sustainability	The penalty applies to the number of performance rights that have satisfied the operating EPS hurdle with 20% maximum reduction in the event of material underperformance against targets

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3.7 Considerations for setting of awards

The Board is focused on creating a remuneration structure that supports the Group's strategy and is aligned with outcomes for Securityholders and then on determining an appropriate quantum of remuneration under that structure. In assessing the Group CEO and other executive KMP remuneration for FY22, the Board has given consideration to:

+ Feedback from investor engagement following the disappointing level of support at the November 2021 AGM for remuneration related matters
+ Maintaining the general structure and principles of the Group's remuneration strategy
+ The Group's relative performance against operational targets FY22
+ The Group's consistent track record over the past ten years that has also positioned the business for the future
+ Global market conditions for human capital in the sector
+ Balancing employee and Securityholder outcomes
+ Hurdles and testing criteria for performance rights.

The Board has assessed outcomes for Securityholders, based on the testing criteria under the five and ten-year plan and that the pay for performance alignment is with all Goodman employees (all permanent employees, 1020 people, are eligible to participate in the LTIP). Based on the proposed hurdles, the Board believes that significant balance and alignment exists between the cost of the plan and net outcomes achieved for Securityholders as demonstrated below (see note 4 below):

+ before any performance awards are realised under the ten-year plan hurdles, significant Securityholder value, that equates to $11 billion in market capitalisation growth, must be created, consistent with >33% TSR over the period (all other things being equal and based on the assumptions set out in the table below)
+ The maximum employee share of the value created will occur if the awards fully vest through reaching the cumulative 11% CAGR in operating EPS after four years and the relative TSR performance is at the 90th percentile. This represents only 3.1% of the $19 billion value potentially created for Securityholders (net of dilution) or 52% potential security price growth (all other things being equal). This would result in approximately 60% TSR
+ If growth were to exceed 11% per annum and the security price grows beyond the assumption above, the employee share diminishes relative to Securityholders.

Estimated Securityholder value over the four year testing period under the ten-year plan

Plan	<5.99% CAGR over four years	6.0% CAGR over four years	11.0% (or greater) CAGR over four years
Economic outcomes			
Cumulative operating profit growth	<32.1%	32.1%	58.5%
Cumulative operating EPS growth	<26.2%	26.2%	51.8%
Percentage of performance rights vesting[1]	0.0%	25.0%	100.0%
Year 4 operating profit to meet operating EPS hurdle	<$2.1B	$2.1B	$2.4B
Market capitalisation (MCAP) at end of year 4[2]	<$43.8B	$43.8B	$52.6B
Net value created for Securityholders (growth in MCAP)[2]	**<$10.4B**	**$10.5B**	**$19.3B**
Assumed security price[3]	n/a	$22.52	$27.08
Effect cost of total plan / MCAP	0.0%	0.3%	1.1%
Employee share of Securityholder value created[4]	**0.0%**	**1.4%**	**3.1%**

1. Assumes that the proportion of rights that vest under the operating EPS hurdle also applies to the rights that vest under the relative TSR hurdle.
2. Based on 30 June 2022 security price, assuming the market Price/Earnings (P/E) multiple applied to operating EPS remains unchanged over time and is inclusive of an allowance for increases in the securities on issue because of securities vesting under the LTIP. Excludes distributions and dividend payments that may be made during the period.
3. Assumes constant P/E multiple at the end of year 4 and the relevant CAGR in operating EPS growth.
4. Values the number of vested securities at the assumed security price which is calculated using the 30 June 2021 value and growing it at the same rate as the operating EPS growth. This includes full dilution including the five-year plan securities assuming the same growth rate for FY26.

3.7.1 Considerations for award quantum – Goodman Group in context

The Board and Remuneration Committee have considered the entire enterprise of the Group and its Partnerships globally, when assessing the executives' roles and remuneration awards.

In this context, Goodman:

+ Is an international real estate fund manager
+ Reported $3.4 billion statutory profit, and a combined statutory profit across the Group and Partnerships of $9.0 billion in FY22
+ Delivered $8.5 billion in valuation growth across the Group and Partnerships in FY22
+ Reported NTA of $8.37, with gearing of 8.5% and available liquidity of $2.8 billion
+ Is the largest listed specialist developer of logistics real estate in the world, with $13.6 billion of WIP
+ Manages and creates value across of $73 billion of assets globally which has almost doubled in the past 5 years
+ Manages capital allocation and funding across various activity types, which is sourced from multiple jurisdictions
+ Has grown to $33.3 billion market capitalisation at 30 June 2022 and is a member of the S&P/ASX 20 index
+ Generates 71% of operating earnings from management and development activities which require more intensive day to day activity than a passive investment portfolio
+ Provides its customers and partners with investment management, asset management, development, financial, transaction and capital management services in the listed and private equity capital markets globally
+ Derives 71% of operating earnings from international markets with approximately 70% of employees situated offshore.

The Group has limited direct comparable market peers in Australia, having operating businesses in five continents and 14 countries, each with market driven remuneration outcomes. The Group has 1,025 employees at 30 June 2022, the majority of whom are offshore, and consequently Goodman competes for labour in an international market, which the Board considers when assessing the quantum of remuneration awards. In FY22, the Board has referenced:

+ A range of local and global comparators with operations of similar scale and complexity and certain companies in the ASX 20
+ Private equity (PE) firms. Noting that PE firms are significant players in the logistics real estate sector with considerable new capital with a desire to assemble teams and invest in the sector. PE remuneration is particularly relevant because
  - the nature of pay for performance remuneration structures is highly equity based and outcome-driven similar to the Group's remuneration structure and
  - the period of testing and realisation of remuneration is linked to investor outcomes over significant periods up to ten years, again a similar remuneration structure. The majority of the Group's assets are within PE (unlisted) market entities, which in turn creates significant competition for high quality people
+ Prologis and Segro are relevant global peers from the logistics real estate sector, albeit Segro is predominantly in the UK
  - Prologis is larger by market capitalisation and assets, but Goodman has a more significant proportion of earnings from development and Management activities
  - Segro is smaller, and predominantly UK focused, with small proportion of its assets in Europe whereas Goodman operates in 14 countries globally
  - The range of Remuneration outcomes are approximately $10 million-$37 million for these two companies.

Directors' report
Remuneration report - audited (continued)

Various Reference Groups

Peer group comparator	Reason for comparison	Annual CEO remuneration Range	Average	Median	% LTI	LTI Term years	1 year TSR	3 years TSR	5 year TSR
Goodman	Goodman Group CEO	n/a	$19.2m[1]		86%	10	-14.56%	25%	151%
S&P/ASX 20[2]	Goodman is number 14 in the S&P/ASX 20 index	$6m - $28m	$10.4m	$9.6m	47%	4	0%	18%	77%
Selected global comparators including ASX companies with global operations	71% of Goodman's earnings are outside Australia. The comparator group provides a reference to local companies with international operations and similar global companies	$6m - $37m	$16m	$13m	62%	4	-11%	29%	90%
S&P/ASX 100 Property Companies / REITs	Goodman is in the REIT index, but has limited comparability given, typically this Group: - are domestic only vs Goodman in 14 countries - have <20% active earnings vs Goodman at 70% - have an average MCAP of only $12bn vs Goodman at $33bn	$5m - $19m	$8.3m	$7.2m	47%	3	-7%	21%	114%

1. Based on proposed FY23 Award.

In the Board's view, the competitive environment for logistics assets and consequently also for teams with skills to develop and manage the products and services over the long term, has intensified significantly over the past 24 months. Goodman is seen as a global leader in this space and the potential loss of key employees and regional teams poses significant commercial risk. The Board has also assessed the FY22 awards in this context.

3.7.2 Considerations for award quantum – structure

Given the variability in the components of remuneration structures in the market, Goodman's comparator group analysis of value and quantum of awards is assessed in the context of the degree of risk associated with the structures and the vesting periods:

+ The Board has set the hurdles in respect of the intended LTI award for FY23 to provide substantially increased challenges (and risk of achievement) for all employees and to achieve a high degree of alignment and balance with Securityholder outcomes
+ Performance rights awarded under the LTIP do not have any voting rights or rights to dividends until vested, even after passing testing hurdles
+ Significant financial outperformance in FY22 versus targets and continued outperformance of peer Group over three and five years.

While not the primary measure this year, the Board has considered the economic value of performance rights when allocating awards to employees, as this is a relevant component for how employees and the Board look at value. Employees make commercial assessments of the equity awards based on:

+ The composition of remuneration, taking into consideration the proportion of cash versus conditional equity
+ An appropriate discount to allow for the lower probability of vesting over the testing period and the more challenging hurdles set by the Board
+ A further discount for time value of money differential given the vesting of the rights occurs over ten years.

However, as discussed previously, with respect to quantum, the Board has predominantly made final comparison of the awards based on face value. On this basis of the total remuneration outlined, (noting the proposed LTI awards with longer testing period, longer vesting period and significantly larger portion at risk) and considering the market capitalisation and performance differentials of the groups above, it is considered that an appropriate benchmark for the Group CEO's remuneration is around A$20 million ($10 million economic value).
The Boards proposed award for the Group CEO is detailed below:

	Performance Rights	Price at 30 June	Face Value (25% vesting, $m)	Face Value (100% vesting $m)	Fixed Remuneration ($m)	Total Remuneration (25% vesting $m)	Total Remuneration (100% vesting $m)
FY22 CEO	1,000,000	$17.84	4.5	17.8	1.4	5.9	19.2
FY21 CEO	1,560,000	$21.17	8.3	33.0	1.4	9.7	34.4
% Change	-36%		-46%	-46%	0%	-39%	-44%

Group CEO maximum possible outcomes for FY22 versus FY21

Based on the proposed award, the maximum face value of remuneration which can be received by the Group CEO, (over ten years), if 100% vesting occurs, is 46% lower than the equivalent award last year, noting that FY22 was the strongest financial performance in the Group's history.

+ At Threshold performance, (6% pa CAGR in operating EPS for the 4 years to FY26), the Group will have
  - significantly outperformed S&P/ASX100 EPS growth estimates over the 4 years to FY26 (56% outperformance)
  - significantly outperformed S&P/ASX100 REIT EPS growth estimates over the 4 years to FY26 (32% outperformance)
+ CEO potential remuneration, (all else being equal) to be received over a further 7 years would be $5.9 million, lower than the median of the S&P/ASX20, the S&P/ASX100 REIT's and the S&P/ASX100 average
+ At the Upper level, (11% pa CAGR in operating EPS for the 4 years to FY26), the Group will have also
  - significantly outperformed analyst broker estimates (Visible Alpha) for the Group (7.8% pa CAGR in EPS for the 4 years to FY26)
  - delivered 59% TSR to securityholders
+ CEO potential remuneration, (all else being equal) to be received over a further 7 years would be $19 million, still below various global and local peers as per the table above

In economic value terms, the award is estimated to be $8.4 million using the valuation methodology employed by Deloitte (an international accounting firm) (see below). Applying this same methodology to the FY21 award means that the economic value is down 28%.

3.7.3 Valuation of performance rights (Economic Value) 10 year grants

The Board engaged Deloitte (an international accounting firm) to assist in the determination of an economic value for the performance rights. A modified Black Scholes approach was applied having regard, among other things, to:

+ The probability of achieving the TSR and EPS vesting criteria, and the associated impact that this has on the expected vesting outcome
+ Expectations with respect to the Group's security price (including growth and volatility) and distribution payments
+ The time value of money applied through a discount rate.

For the determination of the discount rate, a single discount rate was determined having regard for a Discount for Lack of Marketability and the Capital Asset Pricing Model (CAPM) framework. The economic valuation has included the probability of achieving the TSR and EPS measures, which are based on historical statistical analysis. This economic valuation returned a value of $8.40 per right as at June 2022. This same methodology applied to the grants made in 2021 would have returned a valuation of $7.47 per right as at June 2021.

The economic value of the performance rights is determined on a different basis to the fair value of the performance rights for accounting purposes.

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4. GROUP PERFORMANCE AND OUTCOMES

The Group has delivered and exceptional result, significantly outperforming the original estimates notwithstanding the challenging operating conditions and market volatility. Despite the volatility in the global equity markets, Goodman's security price has continued to demonstrate a significant premium to underlying net assets and therefore the value creation by employees and subsequently medium and longer term outperformance of the peer group indices.

The Group's remuneration strategy, focused on long-term outcomes, is the key driver of this sustained performance.

4.1 Group FY22 highlights

Financial

- Statutory profit of $3,414.0 million for Goodman and $9,029.6 million for the combined Group and Partnerships
- Operating profit of $1,528.0 million (up 25% on FY21)
- Operating EPS of 81.3 cents (up 24% on FY21)
- Maintained distribution of 30.0 cents per security to sustain financial risk management objectives
- Net tangible assets per security increased 25% to $8.37 per security

Operational property investment, management, and development

- High occupancy maintained at 99% and like for like net property income growth of 3.9%
- Total AUM of $73 billion (up 26% on FY21)
- Significant outperformance by the 16 Partnerships achieving weighted average returns of over 21%
- Development WIP (end value) increased to $13.6 billion and with 99% commitment levels on completions and 14 year weighted average lease terms

People and culture

- Social investment of over $11 million by the Goodman Foundation and through efforts of employees worldwide
- Female senior roles now 30% in FY22. Goodman continues to work towards 40% females in senior roles by 2030 and 50/50 representation overall by 2030
- Expansion of Goodman's supply chain ethics towards a global supplier code of conduct increasing the focus on human rights and potential modern slavery
- Strong focus to employees on reinforcing behaviours that are consistent with the Group's values
- Feedback from employees in the Australian business via surveys undertaken in FY22 indicates strong communication and employee engagement

Environmental

- Goodman's global operations achieved carbon neutrality and certified as a Carbon Neutral Organisation
- Transitioned to 100% certified GreenPower secured for Goodman's Australian operations on 1 July 2021, increasing Goodman's global renewable energy usage to approximately 65%
- Approximately 203MW of solar PV now installed or committed across the global portfolio, an increase of 78MW in FY22
- Commenced calculating the embodied emissions of all of Goodman's logistics developments globally and established a framework for integration into approval processes as we transition to carbon neutral developments

Capital management

- Maintained significant available liquidity of $2.8 billion for the Group and capital resources of $18.1 billion in the Partnerships
- Significant business growth while maintaining low gearing at 8.5%
- Group and Partnerships completed debt refinancing transactions totalling $8.5 billion

Over the past decade, the Group has established a global business with significant specialist expertise, financial resources, and a strategic real estate portfolio. The business has been deliberately positioned to maximise cash flow resilience in varying market cycles, primarily through:

+ Concentration of the portfolio on logistics real estate in urban infill markets, where supply is limited, and demand is relatively high due to the long term structural trends that have been identified many years ago
+ Deleveraging the Group's balance sheet and retaining significant liquidity
+ Partnering with long-term capital to share risk and return over a significant globally diversified platform.

This has included specific actions over several years, including:

+ Significant reduction in financial leverage (gearing) with the target gearing range reduced to 0% to 25% and retaining a position below the mid-point in the past five years
+ Increased quality of the property portfolio through $30 billion of asset sales since 2013, concentrating the portfolio in predominantly urban infill markets and providing funding for the development of new buildings
+ Established an international platform with significant depth of experience required to generate excess returns in competitive high barrier to entry markets
+ Diversification of the Group's sources of debt and tenor
+ Reduced operational risk through undertaking more development activity in Partnerships, which has reduced the volatility of earnings while increasing return on assets for the Group. The impact of increased development within the Partnerships has increased their returns and the prospects for Goodman to earn performance fees in the medium to longer term
+ Significant sales of assets that were reconfigured for higher and better residential use over recent years. For these transactions, the substantial profit was not included in operating profit despite being cash realised gains as they were believed to be over and above the usual course of business
+ Maintained a conservative distribution pay-out ratio to retain funding for growing development activity
+ Investment in innovation and technology to provide knowledge of potential future risks and opportunities for our operations.

Many of these strategic initiatives rely on foregoing some short-term returns to secure potentially larger long-term sustainable returns.

The resilience of the Group through this period is largely due to strategic long-term thinking, a highly talented team with specialist skills, and incentivising those employees through equity, linked to sustained operational performance over a long period.

4.2 Financial measures

Performance measures	FY17	FY18	FY19	FY20	FY21	FY22
Operating profit ($M)	776.0	845.9	942.3	1,060.2	1,219.4	1,528.0
Operating EPS (cents)	43.1	46.7	51.6	57.5	65.6	81.3
Operating EPS growth (%)	7.5	8.3	10.5	11.4	14.1	24.0
Security price as at 30 June ($)	7.87	9.62	15.03	14.85	21.17	17.84
Distributions per security (cents)	25.9	28.0	30.0	30.0	30.0	30.0
3 year rolling TSR (%)[1]	72.7	69.5	130.8	103.4	133.4	24.7
NTA per security ($)	4.21	4.64	5.34	5.84	6.68	8.37
Growth in NTA ($B)	0.2	0.9	1.3	1.0	1.7	3.3
Gearing (%)	5.9	5.1	9.7	7.5	6.8	8.5
AUM ($B)	34.6	38.3	46.2	51.6	57.9	73.0
Market capitalisation premium to NTA ($B)	6.6	9.0	17.6	16.5	26.8	17.7

1. TSR is the increase in market capitalisation plus dividends and distributions, attributable to the respective financial year.

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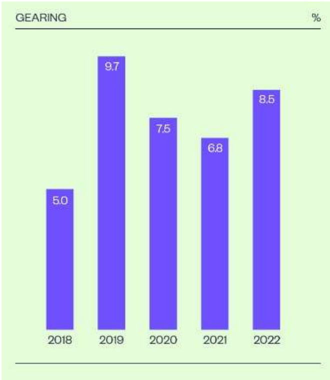
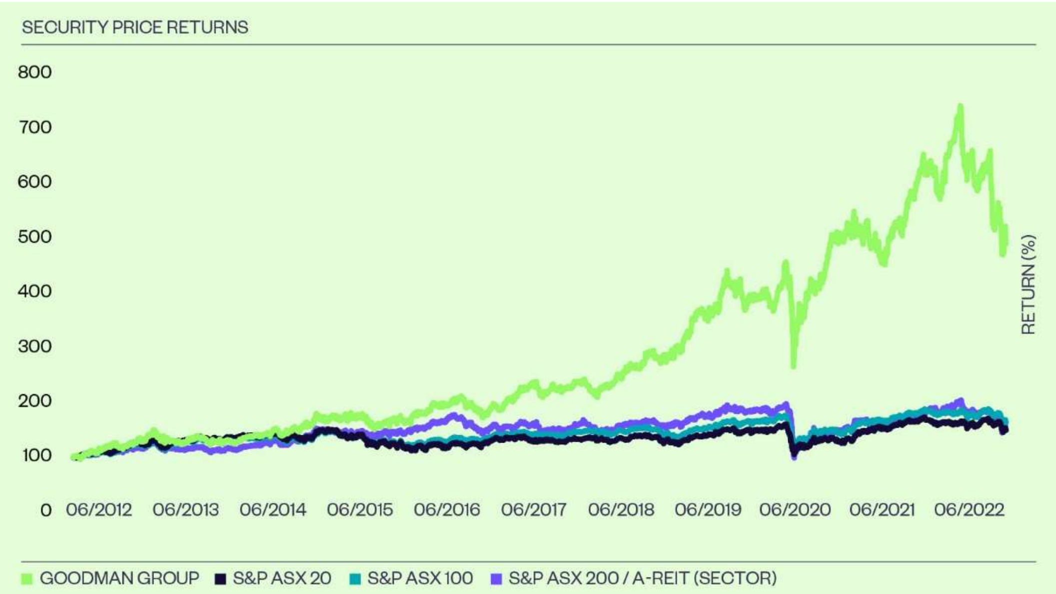
The key financial metrics which are aligned with the Group's strategy, long-term performance and STI and LTI programs for all employees, are operating EPS and relative TSR. CAGR in operating EPS over the past five years has been exceptional at 13.5%, which has exceeded forecasts. This has been achieved while at the same time reducing gearing, and not utilising the short-term benefits of low interest rates to financially engineer performance.



4.3 Total security price returns comparison

Goodman is the only real estate group currently in the ASX 20 and the 14th largest ASX listed entity at 30 June 2022 with a market capitalisation of over $33 billion. Despite the volatility in the past 6 months impacting pricing of global interest rate sensitive sectors, the chart below shows the Group has consistently outperformed the S&P/ASX 20, S&P/ASX 100 and S&P/ASX 200 A-REIT indices over the past three, five and ten years. Importantly, underlying performance of the operations has been significantly ahead of target.



4.4 Remuneration outcomes for FY22

4.4.1 STI outcomes

The Board has again agreed with the Group CEO that he will not participate in the STI award. In line with continued focus on sustained long-term performance, all performance based remuneration relating to the Group CEO's FY22 performance will be awarded in the form of performance rights.

Given the global nature of the Group's operations, the recommendations for the other executive KMP are based on the Remuneration Committee's review of several sources of market information relating to the individual's role, region and global comparisons and specific incentive schemes that apply in competitor organisations.

It should be noted that based on the Group and individual performances in FY22, other executive KMP were eligible for the maximum STI.

Test	Metrics	Result
Gate 1: Behaviour	Code of Conduct: Pass/Fail	Pass
Gate 2: Operating EPS - FY22 operating EPS versus target	Operating EPS growth: Target 10% (72.1 cents)	24.0% operating EPS growth (81.3 cents)
Financial and operational assessments (including environmental objectives)	Individual assessment	Various (0 - 100%)

The table below indicates the maximum possible STI and the actual STI awarded for FY22.

Executive	Year	STI maximum $M	Actual STI awarded $M	Cash component $M	Deferred component $M	Actual STI % of maximum
Gregory Goodman	**FY22**	**2.10**	**-**	**-**	**-**	**-**
	FY21	2.10	-	-	-	-
Nick Kurtis	**FY22**	**1.05**	**1.0**	**0.5**	**0.5**	**95**
	FY21	1.05	-	-	-	-
Michael O'Sullivan	**FY22**	**0.75**	**0.55**	**0.275**	**0.275**	**73**
	FY21	0.75	0.50	0.25	0.25	67
Nick Vrondas	**FY22**	**1.05**	**0.90**	**0.45**	**0.45**	**86**
	FY21	1.05	0.70	0.35	0.35	67
		€M	**€M**	**€M**	**€M**	
Danny Peeters	**FY22**	**0.92**	**0.70**	**0.35**	**0.35**	**76**
	FY21	0.85	0.70	0.35	0.35	82
		US$M	**US$M**	**US$M**	**US$M**	
Anthony Rozic	**FY21**	**1.05**	**1.05**	**0.525**	**0.525**	**100**
	FY21	1.05	1.05	0.525	0.525	100

4.4.2 ESG assessment

STI (and LTI) award grant assessments are undertaken with reflection on behaviour, governance, social, environmental and sustainability goals and targets. The Group has made significant contributions and efforts in a wide range of areas, with key highlights including:

+ Goodman's global operations maintained certification under the Climate Active program for being a Carbon Neutral Organisation*
+ Development of science-based emissions reduction targets validated by the Science Based Target initiative as being ambitious and aligned with a 1.5°C Paris Agreement pathway
+ Approximately 203MW of solar PV installed and committed on Goodman's rooftops globally, reaching the halfway point to our 2025 400MW target
+ Continued transition to renewable energy across Goodman's operations, including 100% GreenPower for Goodman's Australian operations electricity usage
+ Integrated a consistent process for calculating and including embodied emissions into the approval process for new developments, with approximately 750,000 carbon offsets purchased so far for embodied emissions as we transition to carbon neutral developments
+ Development of a Sustainability Linked Bond Framework, providing the criteria for the US$500 million of Sustainability-Linked Bond issuance completed this year
+ Recognised by Sustainalytics as an 'Sector' and 'Region' Top Rated ESG performer during 2022 in the ESG Ratings
+ Achieved Sector Leader in the 2021 Global Real Estate Sustainability Benchmark (GRESB) for the Goodman Japan Partnership in the Japan Industrial Distribution peer group
+ Goodman Group's Task Force on Climate related Financial Disclosures (TCFD) statement has been updated and is available on the Goodman website
+ Cutting edge sustainability design initiatives in our global development specifications including solar PV, electric vehicle charging points, LED lighting and drought tolerant landscaping
+ Greater than 50% of Goodman's developments globally were completed on brownfield developments
+ Continued focus on biodiversity initiatives including support of urban forests and reforestation with tree planting projects completed across the Continental Europe, United Kingdom and NZ operations

Directors' report

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+ Zero workplace fatalities across Goodman's global operations including our workforce and contractors
+ Development of Goodman's Sustainable Sourcing Framework to increase focus on supply chain human rights and help meet our sustainability goals
+ Contributed a further $11.6 million to community and philanthropic causes.

**Subject to final verification*

Key areas of assessment for FY22 are disclosed below in addition to two new targets for FY23 onwards. The form of disclosure below (subject to relevant evolution and changes over time as set by the Board) will be used as the basis for future assessment of environmental and sustainability measures. The measures are formally set over the testing period for performance rights, and are reviewed annually for relevant progress.

Assessment of progress on prior period targets

Target	Long-term target	Progress	
Renewable Energy	100% renewable electricity use within Goodman's operations by 2025	Achieved 100% Renewable electricity use Australia (in Goodman's operations) during FY22, resulting in approximately 65% renewable electricity use globally* **Subject to final verification*	On target
Solar PV Installation	400MW of solar PV installed or committed by 2025[1]	Solar PV installations and commitments increased to approximately 203MW in FY22	On target
Carbon Neutral	Carbon neutral operations by 2025	Maintained Carbon Neutral operations during FY22[2]. This was initially achieved in FY21, four years ahead of target	Ahead of target
TCFD	Achieve TCFD by FY22	TCFD compliance achieved, with FY22 statements updated and registered. This is available online	
Occupancy	>95%	99%	Materially ahead of target

1. Subject to Government regulation in each jurisdiction.
2. Formal confirmation from Climate Active due in October 2022.

Additional Targets for FY23 onwards

Target	Long-term target	Progress	
Embodied Carbon	We are committed to measuring, reducing and offsetting embodied carbon emissions from our global development workbook and have commenced the process to reduce and offset this over time	New Target for FY23 onwards. Embodied carbon emissions calculated and included in all Group Investment Committee development papers in preparation for future carbon neutral buildings. A number of buildings have been built on an embodied carbon neutral basis as offsets have been purchased and retired. Offset procurement guidance and criteria have been established and procedures are in place with global teams. Formal Targets to be established during the year	New target
Science Based Targets	In addition to our continued commitments to renewable energy and carbon neutrality, the Group has committed to Scope 1 and 2 GHG emissions reductions of 42% by 2030 in line with 1.5°C Paris Agreement pathway and validated by SBTi	New Target for FY23 onwards	New target

Code of conduct, behaviour, social and governance requirements

Assessment area	Long-term target	Outcome	Pass/Fail
Diversity			
Gender ratio in the workforce	50% gender ratio in the workforce by 2030	Female representation stable with total employees 44% female, 56% male overall. Senior female roles represent 30% of senior positions. Significant progress has been made on career development (job scope widening, internal promotions etc) and recruitment of females into roles that should over time evolve into senior roles	On target
Women in senior roles	>40% in senior roles by 2030	Senior female roles represent 30% of senior positions. Significant progress has been made on career development (job scope widening, internal promotions etc) and recruitment of females into roles that should over time evolve into senior roles The Group is on track to reach >40% by 2030	On target

Assessment area	Long-term target	Outcome	Pass/Fail
Governance			
Workplace safety	Safe working environment with demonstrable risk controls, contractor management and monitoring of key safety metrics	There have been zero fatalities in FY22. This includes Goodman employees or contractors on Goodman controlled areas or contractor controlled sites. There has been significant focus on ensuring the implementation and execution of the Group's comprehensive safety processes and procedures. made particularly difficult through pandemic given regional visitation was not possible	On target
Significant reputational issues arising from illegal conduct	Zero	Zero	On target
Social			
Social/charitable donations	$50 million in social investment by Goodman Foundation by 2030	$11.6 million was contributed to community and philanthropic causes during FY21, taking our total to $31 million in the past 3 years	Ahead of target

4.4.3 LTI outcomes

Testing as at 30 June 2022 was completed for the grants of performance rights made to executive KMP in respect of executive KMP performance in FY19 (called FY20 awards). These performance rights were tested over three years and vest in three equal tranches shortly after the third, fourth and fifth anniversary of the grant. The FY20 awards had two hurdles: operating EPS and a relative TSR, both measured over the three years ended 30 June 2022.

The mechanics of the testing are detailed in section 3.5.

4.4.3.1 Operating EPS hurdle (75% weighting)

The operating EPS is calculated by dividing operating profit by the weighted average number of securities on issue adjusted to include all performance rights which have passed the testing criteria, even though they are not yet vested (issued) to account for potential operating EPS dilution. Operating EPS growth for the three year period to 30 June 2022 was 57.6%, compared to a cumulative target of 29.5% at the upper level of the threshold.

	Threshold level	Upper level	Actual	Outperformance	Outcome
FY19 LTIP grant – Operating EPS hurdle[1]	61.4 cents	66.8 cents	81.3 cents	14.5 cents	100%

1. Testing period for grant: EPS growth from 1 July 2019 to 30 June 2022. At the threshold level, 25% satisfy the hurdle with a sliding scale up to 100% satisfying the hurdle at the upper level.

4.4.3.2 Relative TSR hurdle (25% weighting)

TSR provides an effective check against increasing risk practices within the Group, as the price to earnings multiple will reflect the perceived risk in the Group. Relative TSR is measured against the S&P/ASX 100 peer group. Vesting applies on a sliding scale:

+ 0% vests up to and including the 50th percentile
+ Vesting of 50% starts at the 51st percentile on a sliding scale with 100% vesting at the 75th percentile.

Goodman posted a three year TSR of 20.5% to 30 June 2022, under the LTIP TSR calculation methodology. This ranked Goodman in the 68th percentile against the S&P/ASX 100 and consequently 84% of these performance rights vested.

	Goodman TSR[1]	S&P/ASX 100 TSR[1]	Percentile	Outcome
FY19 LTIP grant – TSR hurdle[1]	20.5%	16.0%	68th	84%

1. Testing period for grant: 1 July 2019 to 30 June 2022, in accordance with the LTIP the TSR is based on the 10 day volume weighted average price (VWAP) at beginning and end of testing period and is therefore different from the three year TSR, sourced from Bloomberg and presented elsewhere in this report.

As a result of satisfying 100% of the operating EPS hurdle and 84% of the relative TSR hurdle, a total of 10,296,905 equity settled performance rights will vest in September 2022, September 2023 and September 2024. In addition, 2,837,750 cash settled performance rights will also vest. The Group currently intends to issue the equivalent number of new securities to satisfy those obligations in the future.

Directors' report

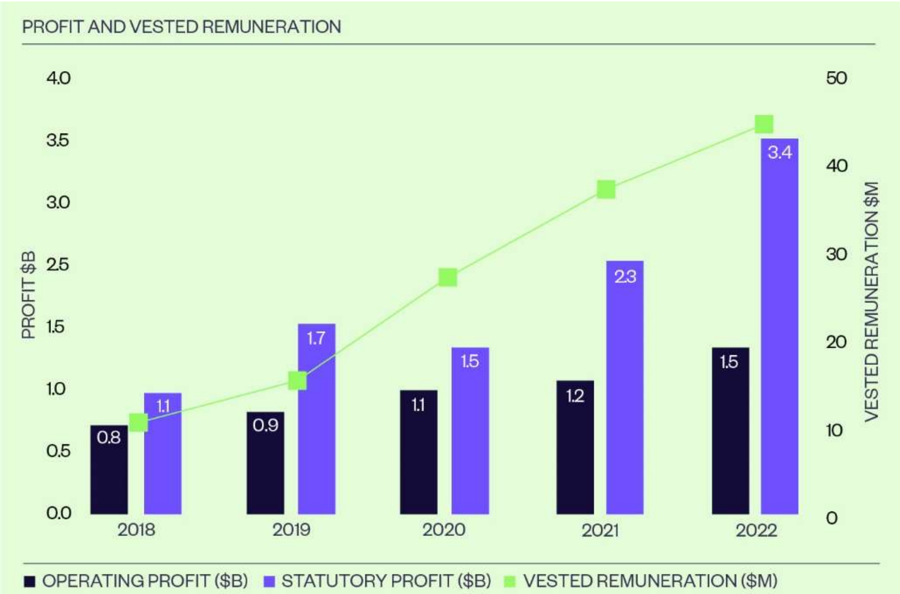
Remuneration report - audited (continued)

4.4.4 Group CEO achievements

In determining the Group CEO's remuneration, the Board acknowledged his strong leadership through the challenges of COVID-19, positioning the business for resilience and significant outperformance in FY22, far exceeding the Group's operational targets. It has also considered the following contributing factors and highlights:

Gregory Goodman	Group CEO
Leadership	+ Developed and drove a consistent global business strategy across all markets to sustain the performance of the Group despite prolonged and significant challenges presented by COVID-19 and the increases in volatility, costs and risk in the global operating environment. The Group has adapted to these challenges and continues to outperform targets, retaining employees and increasing community support and charitable programs + He has positioned the business as a leader in its field, managing, motivating and incentivising key personnel across the platform to perform in highly competitive environment + Fostered a culture that focused on delivering quality across all aspects of the business: people, properties and service + Led global internal programs to promote a strong culture of inclusion, collaboration and conduct across the organisation, underpinned by the long-held principles in the Group's Code of Conduct, treating all stakeholders with integrity, and accountability, reflected in top decile engagement scores + Reinforced Goodman's purpose aimed at understanding the drivers of change and the needs of customers and all stakeholders to support their future success + 6.4% voluntary staff turnover in FY22
Financial and risk	+ He has fostered continuity of strategy over successive years leading to continued outperformance over benchmark indices and comparator companies in FY22, and with strong and sustained TSR of 151.36% over five years + Delivered: - Statutory profit of $3.4 billion (up 48%), driven by growth in property values as a result of asset selection over the past few years and operational activities such as development - Significant Operating Profit growth of 25% on FY21, to $1,528 million, significantly ahead of budget - Revaluation growth across the Group and Partnership of $8.5 billion - Operating EPS of 81.3 cents, up 24% on FY21 - NTA increased 25% to $8.37 per security - Occupancy increased to 99% + Exceeded earnings guidance in FY22 after posting significant outperformance in FY21 through the pandemic and volatile economic conditions + Drove a clearly defined capital management strategy with financial leverage of 8.5% and maintained a strong Group balance sheet with $2.8 billion of liquidity + Continued managing relationships with capital partners and secured additional equity and financial facilities to total $18.1 billion of available funding capacity + Integrated strong risk management approaches globally.
Environment	+ Instrumental in significantly increasing the focus on ESG initiatives and programs throughout the Group and a culture which continually looks to improve Goodman's impact on the world. In particular: - Establishing a carbon neutral emissions target for the Group by 2025 and achieving it in FY21 - Significant progress on the 2025 solar PV installation on the rooftops of Goodman's global portfolios and installing or committing to 78 MW in FY22 taking global installation and commitment to over 200MW - Maintained compliance with TCFD since FY21 + Established a framework for measuring and assessing embodied carbon to transition to carbon neutral developments + Drove the development of science-based emissions reduction targets validated by the Science Based Target initiative as being ambitious and aligned with a 1.5°C Paris Agreement pathway + Supported implementation and progression of EV incentive scheme for staff globally to encourage a shift towards lower emissions vehicles.
Social and cultural	+ Continues to lead the shift for all employees to increase alignment with Securityholders through the LTIP as the preferred form of remuneration by taking 100% of performance based remuneration in performance rights and working with the Board to implement the ten-year plan. + Commenced new initiatives and Goodman Foundation commitments to enable it to meet its $50 million 2030 social impact target. The Group CEO led initiatives that: - Contributed $11.6 million to community and philanthropic causes including $200,000 raised directly by staff. Expansion of Goodman's supply chain ethics towards a global supplier Code of Conduct increasing the focus on human rights and potential modern slavery - Enabled the Goodman team globally to contribute 2,195 hours to volunteering and community events through the year. The Goodman Foundation focuses on children and youth, community and its health, and food rescue and the environment - Through Goodman's founding food rescue partners have provided meals to charities that help feed people in need and made a significant commitment to domestic violence prevention.

The charts below demonstrate the performance of the Group and various key metrics relative to the Group CEO's vested remuneration outcomes in FY22 and prior years. They illustrate that the significant operating profit growth, security price growth and consequently returns for Securityholders over the testing and vesting periods, correlate with increased Group CEO remuneration over time. Despite significant market volatility and price movement in FY22, the market price of securities between the time of the grant and the time of vesting has seen significant growth, and the Group CEO (and all recipients of the LTIP) has participated in this performance alongside Securityholders.



The table below includes awarded remuneration at grant date and the vested remuneration over the past five years for the Group CEO. The figures in this table differ from the statutory disclosure in section 5 primarily due to the differences in the measurement and timing of recognition in respect of performance rights granted under the LTIP and not the final vesting outcome. The below figures show the base salary received by the Group CEO in the respective year plus the value of performance rights which vested during that year at the closing price on the day the performance rights vested.

The table highlights:

+ No change in fixed remuneration over the period
+ The proportion of remuneration from fixed (cash) salary has continued to decline
+ Significant growth in the value of LTI from grant date to the vesting date due to the increase in security price (on average an increase of 169% for grants vesting in FY22).

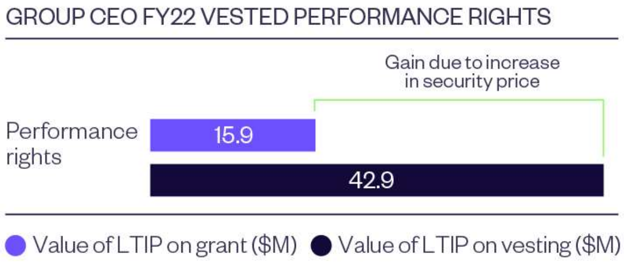
	FY17 $M	FY18 $M	FY19 $M	FY20 $M	FY21 $M	FY22 $M
Base salary	1.4	1.4	1.4	1.4	1.4	1.4
STI	-	-	-	-	-	-
Value of LTI on grant date[1]	3.8	4.7	7.3	11.6	14.4	15.9
Value of LTI on vesting date	7.0	8.8	13.5	25.4	35.6	42.9
Total remuneration based on LTI value at grant date[1]	5.2	6.1	8.7	13.0	15.8	17.3
Total vested remuneration based on LTI value at vesting date	8.4	10.2	14.9	26.8	37.0	44.3
Increase in LTI value due to security price performance of the Group	3.2	4.1	6.2	13.8	21.2	26.9
Percentage growth in value of LTI during vesting period	84%	88%	86%	119%	147%	169%

1. Value based on the security prices at the grant dates for the performance rights that vested in the financial year. This is so as to allow comparison of the security price outperformance over the period between grant and vesting dates.

Directors' report

Remuneration report - audited (continued)

The chart below illustrates the increase in the value of the Group CEO's vested LTI in FY22 from the date of the original awards in 2017, 2018 and 2019. These significant gains have arisen due to consistent earnings growth and security price outperformance of the Group.



4.4.5 Other executive KMP achievements

In FY22, the Board considered the following highlights when assessing other executive KMP:

Danny Peeters	**Executive Director, Corporate**
	+ Successfully overseeing Brazil, playing a critical role in communicating and reinforcing the Group's strategy, both from a real estate and corporate perspective – currently acting as CEO ad interim + Played a key role in overseeing the Brazil Investment Partnership with strong financial outcomes + Continued to progress acquisition and permitting of significant infill development sites, positioning the Group and Partnership in a strong position to capitalise on the growing e-commerce penetration + Construction completion including permits and successful leasing progress of major development sites despite the challenging pandemic context in Brazil – strong leasing results and asset rotation. Strong focus on quality of developments and property management to drive long term value of the assets + Provided guidance and team coaching in a complex acquisition and development environment effecting above-target performance + Embedded key controls and culture with the team working cohesively and capability increasing + Drove further integration of the Brazil operation into the global network + Provided advice and support to senior management in Continental Europe and Group regarding sustainability and innovation initiatives + Important direct link for the Board to the operations in Continental Europe and Brazil + Further improved key controls and culture with the team working cohesively and increasing capability.

Anthony Rozic	**Chief Executive Officer North America, and Deputy Group Chief Executive Officer**
	+ Significant outperformance to budget EBIT and valuations. + Significant investment outperformance during the year through strategic value add, development, re-leasing and debt issuance initiatives + Critical role in communicating and reinforcing the Group's strategy in the region + Managed a focused and motivated team with an emphasis on succession planning strong leadership in embedding the Goodman values in the behaviour of the team and encouraging teamwork and collaboration + With the COVID-19 disruption and employees working remotely, a high level of productivity has been maintained with a focus on key operational priorities + Continued to develop a high-quality portfolio and strongly differentiated brand position and building team capabilities and skill sets for complex acquisitions and developments ahead of future growth + Commenced 2.7 million square feet, completed 2.4 million square feet, stabilised 2.2 million square feet of infill development projects + Continued to grow infill development pipeline with acquisitions of 2.3m sf in major US gateway cities providing strong positioning for future performance + Successfully entered the two new target markets of New York and San Francisco with the acquisition of strategic developments and value add opportunities + Continued to diversify capital sources with the doubling of the debt facility with the second USPP Bond issuance of $400 million and bank debt extension and increase of $300 million taking total debt to $1 billion with $200 million of liquidity at the end of the financial year. Maintained gearing level below 14% + Successfully oversaw strong growth in business operations in North America, achieving a number of key milestones: - Significant growth in AUM to $8.4 billion - Stabilised occupancy of 96.4% - Maintained a long WALE of 8.9 years - Total available uncommitted liquidity in the Partnership $3.8 billion at financial year end + Introduced new regional and global customer relationships to the portfolio over FY22 with a number of developments pre-leased and replenishing the land/value-add inventory. Emphasis on developing major infill sites and value-add development skill sets + Successfully launched numerous ESG initiatives including renewable energy solar power and carbon neutral developments.

Nick Kurtis	Group Head of Equities
	+ Formulated and implemented the Partnerships' strategies to successfully deliver significant total returns. Partnership investment portfolio delivered annualised average total return on net assets of 21.4% (based on the respective Partnership reporting periods). Materially in excess of benchmark and target hurdle returns + Delivered strong performance metrics including: - Management earnings contribution of $588 million to the Group's operating earnings - Performance fee revenue of $208 million - Growth in external AUM up 27% to $68.7 billion across 16 Partnerships in 14 countries + Strategic asset planning and new asset selection focus resulting in superior property level returns + Establishment and communication of Group strategy and values across the investment management platform + Communication with key capital partners during the COVID-19 disruption and established strategies to ensure portfolio strategy and execution was consistent with capital partner expectations + Oversight of Partnership capital management plans, including equity, debt and hedging strategies across the whole portfolio in all jurisdictions + Developed the strategy and led execution on new equity raisings of $1.8 billion in FY22 + Fostered strong relationships with existing and new capital partners + Successfully executed continuation of several Partnerships through the course of FY22 + Established new Partnerships with investors + Provided strategic advice across a range of corporate and structural transactions in the business to position opportunities for future years.

Michael O'Sullivan	Group Chief Risk Officer
	+ Responsible for identifying, assessing, and monitoring risks at Goodman and reporting to the Risk and Compliance Committee + Oversee and aligned the Group Investment Committee (GIC) process with strategy execution to ensure final commercial outcomes remain consistent with Group strategy + A requested member of regional due diligence committee meetings relating to major acquisitions, disposals, and capital market transactions + Performs a critical role in commercial oversight and assessment of globally complex transactions of the Group to allow the required level of autonomy at a regional level within delegated authority limits + Maintained risk management frameworks with improved outcomes across the Group and Partnerships in FY22 adapting to the changing nature of our business including nature, scale, and complexity of development projects globally + Responsible for co-ordination and reporting of Group Corporate Service functions, specifically as they relate to the identification and monitoring of non-financial risks with specific reference to internal audit, safety, sustainability, compliance, insurance and business continuity planning + Work closely with all Group functions, in particular, Finance, Legal, Compliance, Technical, Investment Management and IT where it relates to risk management practices and processes in those specific functions + FY22 saw continued Group activities, in relation to the GIC process including: - Over 400 GIC submissions with over 20% involving detailed involvement from the Group Risk function - WIP of $13.6 billion with an annual production rate of $7.1 billion - $2.3 billion of asset sales, including both the disposals of directly held developments and disposals to external parties globally - $8.4 billion of global acquisitions and development expenditure - 16 Partnership business plans and strategy proposals across $68.7 billion of external AUM, in which the Group's equity investment was $14.4 billion.

Nick Vrondas	Group Chief Financial Officer
	+ Successfully developed and played a key role in the execution of the business strategy including the management and allocation of capital that has delivered strong returns to investors over several years culminating in FY22 operating profit of over $1.5 billion + Full oversight of balance sheet and profit and loss outcomes for the Group and Partnerships across multiple jurisdictions in 14 countries. Effective statutory and management financial reporting giving clarity to support strong operational decision making + Built improvements and resilience into systems and controls framework. Strengthened monitoring, co-ordination and consolidation of financial performance and financial position of regional business units and divisions to exceed budget and financial plans + Effected strong capital management and compliance with financial risk management policies of Group and Partnerships + Established and oversaw debt finance transactions in banking and debt capital markets of over $8 billion for the Group and its Partnerships, adding term to maturity profile and diversity of funding sources + Effective hedging and financial risk management. Involved in and oversaw money market and hedge transactions of $11 billion for the Group and its Partnerships. Progressed framework for future risk mitigation measures and appropriate enhancements in line with changing nature of the business and industry + Led operational improvements in relation to business IT systems and processes, particularly considering the necessary changes that the recent operating climate have given rise to + Updated and improved various operational policies to enhance compliance and reduce risk. Has demonstrated an ability to manage through variable market conditions. Maintains valuable relationships in the capital markets.

Directors' report

Remuneration report - audited (continued)

4.5 LTI grants in relation to FY22 performance

The remuneration proposed by the Board in respect of the executive KMP performance in FY22 comprise fixed remuneration, STI awards and awards under the LTIP.

As discussed in earlier sections, the Board has decided to reduce the number of performance rights to be issued to the Group CEO and other executive KMP under the LTIP. The Board has taken into account the face value of the grants and their economic value in making its determination. The Board believes that the significant reduction will find a new balance between the interests of Securityholders and the recipients. The Board also believes that this will not adversely impact the motivations of the recipients.

The table below lists the maximum number of performance rights which could vest if the maximum hurdles are met over the four years ending 30 June 2026. The minimum vesting percentage is 0% if the threshold hurdles are not met. The vesting of those performance rights that achieve the performance hurdles (if any) will occur in seven equal tranches in September each year, starting from September 2026 with the last tranche vesting ten years from initial grant, in September 2032.

The grants that the Board intends to make in September 2022 and proposes to make for Executive Directors after the AGM (subject to Securityholder approval) in respect of the executive KMP performance in FY22, are detailed below. The FY23 performance rights awards reflect:

+ A reduction in the number of rights for the Group CEO of 36% and other executive KMP of 20%
+ A reduction in the face value for the Group CEO of 46% and 33% for other executive KMP.

Executive	Year of grant	Performance rights proposed	Face value per performance right $	Face value of grant $M	Economic value per performance right $	Economic value of grant $M
Gregory Goodman	FY23	1,000,000	17.84	17.8	8.40	8.4
Danny Peeters	FY23	500,000	17.84	8.9	8.40	4.2
Anthony Rozic	FY23	550,000	17.84	9.8	8.40	4.6
Nick Kurtis	FY23	645,000	17.84	11.5	8.40	5.4
Michael O'Sullivan	FY23	450,000	17.84	8.0	8.40	3.8
Nick Vrondas	FY23	550,000	17.84	9.8	8.40	4.6

5. NON-EXECUTIVE DIRECTOR REMUNERATION

5.1 Key elements of the Non-Executive Director remuneration policy

- The policy is structured to ensure independence of judgement in the performance of their duties.
- Non-Executive Directors receive fixed fees for Board membership and additional fees for membership of committees.
- The fees are set considering the size and scope of Goodman's activities and the responsibilities and experience of the Directors. Periodically, these fees are benchmarked against data for comparable entities provided by external advisers.
- As approved by Securityholders at the 2006 AGM, total remuneration (including superannuation) payable by Goodman to all Non-Executive Directors in aggregate must not exceed $2.5 million per annum. For FY22, total Non-Executive Directors' remuneration was $2.4 million (2021: $2.4 million). With the recent appointments, increasing size and depth of operations of the Group, and responsibilities of Directors, the Group will be seeking an increase in permitted Non-Executive Director fee pool at the 2022 AGM.
- The Board has approved the establishment of a Sustainability and Innovation Committee which will be constituted in FY23.
- Non-Executive Directors are not entitled to participate in any STI or LTI schemes as they may be perceived to create a bias when overseeing executive decision making.
- To align the interests of the Board with Securityholders, the Board updated the Directors' Security Holding Policy in April 2021. The policy requires Non-Executive Directors to accumulate and hold Goodman securities with a value equivalent to their pre-tax annual base fee within three years of appointment, or in the case of the Chairman the pre-tax Chairman's fee within three years of appointment as Chairman (subject to a transitional year following adoption of the new policy). For the purpose of this policy, the value of each parcel acquired is the higher of the purchase price or market value at the end of the financial year.

5.2 Board and committee annual fees

The Board and committee fees that applied for FY22 are set out below:

	Board $	Audit Committee $	Risk and Compliance Committee $	Remuneration Committee $	Nomination Committee $
Chairman	625,000	60,000	50,000	50,000	n/a
Member	240,000	30,000	30,000	30,000	30,000

The remuneration of the Non-Executive Director of GLHK was HK$680,000.

Directors' report

Remuneration report - audited (continued)

6. STATUTORY DISCLOSURES

6.1 KMP remuneration (statutory analysis)

Details of the nature and amount of each major element of the remuneration of each executive KMP, as calculated under Australian Accounting Standards, are set out below:

							Long-term		Share based payments		Performance related	
		Salary and fees[1]	Bonus (STI)[2]	Other[3,4]	Total	Superannuation benefits	Bonus (STI)[2]	Other[3]	Performance rights (LTI)[5]	Total	STI and LTI as % of total	LTI as % of total
Executive KMP		**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Gregory Goodman	**FY22**	**1,445,570**	**-**	**-**	**1,445,570**	**23,568**	**-**	**10,199**	**14,293,367**	**15,772,704**	**90.6**	**90.6**
	FY21	1,447,398	-	11,201	1,458,599	21,694	-	44,203	11,854,105	13,378,601	88.6	88.6
Nick Kurtis	**FY22**	**687,955**	**-**	**-**	**687,955**	**23,568**	**1,000,000**	**8,584**	**6,253,120**	**7,973,227**	**91.0**	**78.4**
	FY21	707,113	-	12,468	719,581	21,694	-	17,509	4,742,939	5,501,723	86.2	86.2
Michael O'Sullivan	**FY22**	**500,095**	**-**	**-**	**500,095**	**23,568**	**550,000**	**6,403**	**4,424,720**	**5,504,786**	**90.4**	**80.4**
	FY21	474,143	-	11,423	485,566	21,694	500,000	13,242	3,336,045	4,356,547	88.1	76.6
Nick Vrondas	**FY22**	**713,882**	**-**	**-**	**713,882**	**23,568**	**900,000**	**8,159**	**5,706,958**	**7,352,567**	**89.9**	**77.6**
	FY21	679,746	-	11,423	691,169	21,694	700,000	18,073	4,598,229	6,029,165	87.9	76.3
		€	**€**	**€**	**€**	**€**	**€**	**€**	**€**	**€**		
Danny Peeters[6]	**FY22**	**610,450**	**-**	**-**	**610,450**	**-**	**700,000**	**-**	**3,539,015**	**4,849,465**	**87.4**	**73.0**
	FY21	593,400	-	-	593,400	-	700,000	-	2,656,555	3,949,955	85.0	67.3
		US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**		
Anthony Rozic[7]	**FY22**	**729,880**	**-**	**20,149**	**750,029**	**17,100**	**1,050,000**	**14,651**	**4,305,210**	**6,136,989**	**87.3**	**70.2**
	FY21	697,211	-	29,466	726,677	16,210	1,050,000	(1,715)	3,445,575	5,236,747	85.8	65.8

The footnotes for this table are set out on the following page.

Executive KMP are engaged under written employment contracts until notice is given by either Goodman or the executive KMP. Notice periods are for six months except for Gregory Goodman and Danny Peeters for whom the period is 12 months. Danny Peeters provides his services through a management company, DPCON Bvba.

Footnotes to the executive KMP remuneration table:

1. Salary and fees represent the amounts due under the terms of executives' service contracts and include movements in annual leave provisions.
2. Executives' bonus (STI) awards are paid in two instalments: 50% on finalisation of Goodman's financial statements and 50% 12 months later. Under Australian Accounting Standards, this means the entire bonus award is considered as a long-term benefit with regard to the disclosure of individual executive's remuneration. No bonuses were forfeited during the financial year.
3. Other includes changes in long service leave provisions and in the prior year, car parking and reportable fringe benefits.
4. The Board agreed certain tax equalisation arrangements with Anthony Rozic in connection with his employment arrangements in the United States and Australia to ensure that he was no better or worse off. As a result, in FY20 Goodman made additional tax related payments of US$150,005 in respect of the period prior to 1 January 2019. These amounts were on top of Anthony Rozic's Australian tax obligations for which he remained exclusively responsible. The Board also advanced under an interest free loan, double-tax amounts in respect of the period prior to 1 January 2019 for which foreign income tax offsets from the Australian Taxation Office will be used to repay the advances.
   At 1 July 2021 the advances made by Goodman amounted to US$503,729, and as there have been no further advances or repayments during the year ended 30 June 2022, the balance at 30 June 2022 is also US$503,729. The amount of interest that would have been payable if charged on an arm's length basis during the year is $20,149 (2021: $20,149). The notional interest amount has been included in Anthony Rozic's statutory remuneration (Other remuneration). No other executive KMP received a loan from the Group during the current or prior financial years.
5. Performance rights are an LTI and in accordance with Australian Accounting Standards: the values of the awards are determined using option pricing models and amortised in the income statement over the vesting periods.
6. The remuneration of Danny Peeters is disclosed in Euros, the currency in which his base remuneration and STI are determined. The value attributed to his performance rights is translated from Australian dollars at the weighted average rate for the relevant financial year.
7. The remuneration of Anthony Rozic is disclosed in US dollars, the currency in which his base remuneration and STI are determined. The value attributed to his performance rights is translated from Australian dollars at the weighted average rate for the relevant financial year.

Directors' report

Remuneration report - audited (continued)

6.2 Movements in performance rights held by executive KMP

The movements in the number of performance rights during FY22 are summarised as follows:

		Held at the start of the year	Granted as compensation	Vested	Forfeited	Held at the end of the year
Executive Directors						
Gregory Goodman	**FY22**	**5,316,667**	**1,560,000**	**(1,866,666)**	**-**	**5,010,001**
	FY21	6,350,000	950,000	(1,983,333)	-	5,316,667
Danny Peeters	**FY22**	**1,846,667**	**625,000**	**(566,666)**	**-**	**1,905,001**
	FY21	1,996,250	380,000	(529,583)	-	1,846,667
Anthony Rozic	**FY22**	**2,013,333**	**690,000**	**(633,333)**	**-**	**2,070,000**
	FY21	2,241,666	400,000	(628,333)	-	2,013,333
Other executive KMP						
Nick Kurtis	**FY22**	**2,103,333**	**805,000**	**(633,333)**	**-**	**2,275,000**
	FY21	2,290,416	490,000	(677,083)	-	2,103,333
Michael O'Sullivan	**FY22**	**1,450,000**	**560,000**	**(413,333)**	**-**	**1,596,667**
	FY21	1,503,750	340,000	(393,750)	-	1,450,000
Nick Vrondas	**FY22**	**2,050,000**	**690,000**	**(650,000)**	**-**	**2,090,000**
	FY21	2,323,750	420,000	(693,750)	-	2,050,000

6.3 Analysis of performance rights held by executive KMP

Details of the awards of performance rights under the LTIP granted by Goodman as compensation to the executive KMP are set out in the following tables:

Executive Directors	Number of performance rights granted	Date performance rights granted	Year	Fair value per performance right[1] $	Total value of performance rights granted[1] $	Vested in prior years %	Vested in the year %[2]	Forfeited %	Value of performance rights vested in the year[3] $	Financial years in which grant vests[4]
Gregory Goodman	1,560,000	18 Nov 2021	FY22	20.16	31,449,600	-	-	-	-	2026–2032
	950,000	19 Nov 2020	FY21	16.07	15,266,500	-	-	-	-	2024–2026
	900,000	20 Nov 2019	FY20	11.48	10,332,000	-	-	-	-	2023–2025
	1,600,000	15 Nov 2018	FY19	8.72	13,952,000	-	33.3	-	12,245,326	2022–2024
	1,600,000	16 Nov 2017	FY18	6.70	10,720,000	33.3	33.3	-	12,245,326	2021–2023
	2,400,000	30 Sep 2016	FY17	5.64	13,536,000	66.7	33.3	-	18,368,000	2020–2022
Danny Peeters	625,000	18 Nov 2021	FY22	20.16	12,600,000	-	-	-	-	2026–2032
	380,000	19 Nov 2020	FY21	16.07	6,106,600	-	-	-	-	2024–2026
	350,000	20 Nov 2019	FY20	11.48	4,018,000	-	-	-	-	2023–2025
	550,000	15 Nov 2018	FY19	8.72	4,796,000	-	33.3	-	4,209,326	2022–2024
	550,000	16 Nov 2017	FY18	6.70	3,685,000	33.3	33.3	-	4,209,326	2021–2023
	600,000	30 Sep 2016	FY17	5.64	3,384,000	66.7	33.3	-	4,592,000	2020–2022
Anthony Rozic	690,000	18 Nov 2021	FY22	20.16	13,910,400	-	-	-	-	2026–2032
	400,000	19 Nov 2020	FY21	16.07	6,428,000	-	-	-	-	2024–2026
	380,000	20 Nov 2019	FY20	11.48	4,362,400	-	-	-	-	2023–2025
	600,000	15 Nov 2018	FY19	8.72	5,232,000	-	33.3	-	4,592,000	2022–2024
	600,000	16 Nov 2017	FY18	6.70	4,020,000	33.3	33.3	-	4,592,000	2021–2023
	700,000	30 Sep 2016	FY17	5.64	3,948,000	66.7	33.3	-	5,357,326	2020–2022

Refer to page 65 for explanatory footnotes.

Directors' report
Remuneration report - audited (continued)

Other executive KMP	Number of performance rights granted	Date performance rights granted	Year	Fair value per performance right[1] $	Total value of performance rights granted[1] $	Vested in prior years %	Vested in the year %[2]	Forfeited %	Value of performance rights vested in the year[3] $	Financial years in which grant vests[4]
Nick Kurtis	805,000	30 Sep 2021	FY22	17.22	13,862,100	-	-	-	-	2026–2032
	490,000	30 Sep 2020	FY21	15.77	7,727,300	-	-	-	-	2024–2026
	380,000	30 Sep 2019	FY20	11.26	4,278,800	-	-	-	-	2023–2025
	600,000	28 Sep 2018	FY19	8.52	5,112,000	-	33.3	-	4,592,000	2022–2024
	600,000	30 Sep 2017	FY18	6.41	3,846,000	33.3	33.3	-	4,592,000	2021–2023
	700,000	30 Sep 2016	FY17	5.64	3,948,000	66.7	33.3	-	5,357,326	2020–2022
Michael O'Sullivan	560,000	30 Sep 2021	FY22	17.22	9,643,200	-	-	-	-	2026–2032
	340,000	30 Sep 2020	FY21	15.77	5,361,800	-	-	-	-	2024–2026
	300,000	30 Sep 2019	FY20	11.26	3,378,000	-	-	-	-	2023–2025
	400,000	28 Sep 2018	FY19	8.52	3,408,000	-	33.3	-	3,061,326	2022–2024
	390,000	30 Sep 2017	FY18	6.41	2,499,900	33.3	33.3	-	2,984,800	2021–2023
	450,000	30 Sep 2016	FY17	5.64	2,538,000	66.7	33.3	-	3,444,000	2020–2022
Nick Vrondas	690,000	30 Sep 2021	FY22	17.22	11,881,800	-	-	-	-	2026–2032
	420,000	30 Sep 2020	FY21	15.77	6,623,400	-	-	-	-	2024–2026
	380,000	30 Sep 2019	FY20	11.26	4,278,800	-	-	-	-	2023–2025
	600,000	28 Sep 2018	FY19	8.52	5,112,000	-	33.3	-	4,592,000	2022–2024
	600,000	30 Sep 2017	FY18	6.41	3,846,000	33.3	33.3	-	4,592,000	2021–2023
	750,000	30 Sep 2016	FY17	5.64	4,230,000	66.7	33.3	-	5,740,000	2020–2022

Footnotes to the analysis of executive KMP performance rights table:

1. The fair value was determined at grant date for each of the tranches and calculated using a combination of the standard Black Scholes model with a continuous dividend/distribution yield and a Monte Carlo model which simulated total returns for each of the S&P/ASX 100 entities and discounted the future value of any potential future vesting performance rights to arrive at a present value.
2. As performance rights had an exercise price of $nil, Goodman securities were automatically issued to employees when the performance rights vested. Accordingly, the percentage of performance rights that vested during the year equalled the percentage of securities issued during the year.
3. The value of performance rights vested was calculated using the closing price of a Goodman security on the ASX of $22.96 on 1 September 2021, the day the performance rights vested.
4. As Goodman securities were automatically issued to employees when the performance rights vested, and lapsed where they failed to do so, the vesting date was also deemed to be the expiry date.

6.4 Securities issued on exercise of performance rights

During FY22, Goodman issued 14,716,648 securities as a result of the vesting of performance rights. The amount paid by the employees on exercise of these securities was $nil.

No performance rights have vested since the end of the financial year.

6.5 Unissued securities under performance rights

At the date of this Directors' report, unissued securities of Goodman under performance rights, i.e. those performance rights that have not yet vested, were:

Vesting date[1]	Exercise price $	Number of performance rights[2]
Ten-year plan		
Sep 2031	-	1,607,145
Sep 2030	-	1,607,143
Sep 2029	-	1,607,144
Sep 2028	-	1,607,142
Sep 2027	-	1,607,142
Sep 2026	-	1,607,142
Sep 2025	-	1,607,142
Five-year plan		
Sep 2026	-	2,501,648
Sep 2025	-	6,607,973
Sep 2024	-	10,183,285
Sep 2023	-	12,920,177
Sep 2022	-	13,645,975

1. As Goodman securities were automatically issued to employees when the performance rights vested, and lapsed where they failed to do so, the vesting date was also deemed to be the expiry date.
2. The number of performance rights at the date of this Directors' report is net of any rights forfeited and excludes 14,641,586 performance rights where the intention is to cash settle.

Directors' report

Remuneration report - audited (continued)

6.6 Non-Executive Directors' remuneration (statutory analysis)

Details of the nature and amount of each major element of the remuneration of Non-Executive Directors, as calculated under Australian Accounting Standards, are set out below:

Non-Executive Directors – GL and GFML		Salary and fees	Superannuation benefits	Total
		$	$	$
Stephen Johns[1]	**FY22**	**601,432**	**23,568**	**625,000**
	FY21	480,131	21,694	501,825
Ian Ferrier[2]	**FY22**	**-**	**-**	**-**
	FY21	234,619	8,437	243,056
Christopher Green	**FY22**	**300,000**	**-**	**300,000**
	FY21	264,062	-	264,062
Mark Johnson	**FY22**	**306,432**	**23,568**	**330,000**
	FY21	264,060	21,694	285,754
Vanessa Liu[3]	**FY22**	**20,000**	**-**	**20,000**
	FY21	-	-	-
Rebecca McGrath	**FY22**	**344,108**	**5,892**	**350,000**
	FY21	282,368	21,694	304,062
Phillip Pryke[4]	**FY22**	**408,701**	**23,568**	**432,269**
	FY21	357,068	21,694	378,762
Hilary Spann[5]	**FY22**	**59,048**	**-**	**59,048**
	FY21	-	-	-
Penny Winn[6]	**FY22**	**107,850**	**9,195**	**117,045**
	FY21	258,306	21,694	280,000
Non-Executive Director – GLHK				
		HK$	**HK$**	**HK$**
David Collins[7]	**FY22**	**680,000**	**-**	**680,000**
	FY21	625,000	-	625,000

1. Stephen Johns was appointed Chairman on 19 November 2020 and movement in Director's fees reflects this appointment.
2. Ian Ferrier retired as a Director on 19 November 2020.
3. Vanessa Liu was appointed as a Director on 1 June 2022.
4. Salary and fees for Phillip Pryke included an amount of A$93,747 (NZ$100,000) (2021: A$83,760 (NZ$90,000)) due in respect of his role on the board and audit committee of Goodman (NZ) Limited, the manager of Goodman Property Trust.
5. Hilary Spann was appointed as a Director on 4 April 2022.
6. Penny Winn retired as a Director on 18 November 2021.
7. David Collins is a director of GLHK and his director's fees are disclosed in Hong Kong dollars.

6.7 Movements in Goodman securities held

The movements during the year in the number of Goodman securities held, directly, indirectly or beneficially, by each KMP, including their related parties, are set out below:

		Held at the start of the year[1]	Securities issued on vesting of performance rights	Acquisitions	Disposals	Held at the end of the year[2]
Non-Executive Directors – GL and GFML						
Stephen Johns	**FY22**	**41,143**	**-**	**-**	**-**	**41,143**
	FY21	25,000	-	16,182	(39)	41,143
Christopher Green	**FY22**	**78,996**	**-**	**-**	**-**	**78,996**
	FY21	78,996	-	-	-	78,996
Mark Johnson	**FY22**	**5,000**	**-**	**10,000**	**-**	**15,000**
	FY21	-	-	5,000	-	5,000
Vanessa Liu	**FY22**	**-**	**-**	**-**	**-**	**-**
	FY21	-	-	-	-	-
Rebecca McGrath	**FY22**	**43,061**	**-**	**-**	**-**	**43,061**
	FY21	42,144	-	917	-	43,061
Phillip Pryke	**FY22**	**59,880**	**-**	**-**	**-**	**59,880**
	FY21	59,880	-	-	-	59,880
Hilary Spann	**FY22**	**-**	**-**	**3,500**	**-**	**3,500**
	FY21	-	-	-	-	-
Penny Winn	**FY22**	**24,700**	**-**	**-**	**-**	**24,700**
	FY21	24,700	-	-	-	24,700
Non-Executive Director – GLHK						
David Collins	**FY22**	**5,000**	**-**	**-**	**-**	**5,000**
	FY21	5,000	-	-	-	5,000
Executive Directors – GL and GFML						
Gregory Goodman	**FY22**	**38,487,880**	**1,866,666**	**-**	**(1,750,000)**	**38,604,546**
	FY21	38,104,547	1,983,333	-	(1,600,000)	38,487,880
Danny Peeters	**FY22**	**1,633,131**	**566,666**	**-**	**-**	**2,199,797**
	FY21	2,103,548	529,583	-	(1,000,000)	1,633,131
Anthony Rozic	**FY22**	**1,209,460**	**633,333**	**-**	**(891,486)**	**951,307**
	FY21	1,475,958	628,333	-	(894,831)	1,209,460
Other executive KMP						
Nick Kurtis	**FY22**	**554,286**	**633,333**	**-**	**(684,000)**	**503,619**
	FY21	503,330	677,083	-	(626,127)	554,286
Michael O'Sullivan	**FY22**	**843,119**	**413,333**	**-**	**(190,000)**	**1,066,452**
	FY21	666,601	393,750	-	(217,232)	843,119
Nick Vrondas	**FY22**	**129,909**	**650,000**	**-**	**(650,000)**	**129,909**
	FY21	-	693,750	-	(563,841)	129,909

1. Relates to securities held at the later of the start of the financial year or the date of becoming a KMP.
2. Relates to securities held at the earlier of the end of the financial year or the date of ceasing to be a KMP.

Directors' report

Remuneration report - audited (continued)

6.8 Transactions with Directors, executives and their related entities

GreenPoint Real Estate Innovation and Technology Venture, LP

In order to enhance understanding of and access to technologies that may influence the property sector and the business, the Group has committed to investing USD15.0 million in GreenPoint Real Estate Innovation and Technology Venture, LP, a property technology fund that is a Delaware limited partnership, managed by Greenpoint Group LP, also a Delaware limited partnership. Greenpoint Group LP is beneficially owned and controlled by Christopher Green, a director of GL. As at 30 June 2022, the Group had invested USD5.3 million.

Wyuna Regenerative Ag Investment Fund (Wyuna)

The Group has, as part of our ESG strategy, committed to investing $30.0 million in Wyuna, a fund offering a model blending carbon farming, red meat production and regeneration in Australia. The fund is managed by Wyuna Regenerative Ag, which is 50% owned by Christopher Green, a director of Goodman Limited. As at 30 June 2022, the Group had invested $nil.

Other than as disclosed elsewhere in the remuneration report, there were no other transactions with Directors, executives, and their related entities.

Environmental regulations
Goodman has policies and procedures to identify and appropriately address environmental obligations that might arise in respect of Goodman's operations that are subject to significant environmental laws and regulation. The Directors have determined that Goodman has complied with those obligations during the financial year and that there has not been any material breach.

Declaration by the Group Chief Executive Officer and Group Chief Financial Officer
The Group Chief Executive Officer and Group Chief Financial Officer declared in writing to the Board that, in their opinion, the financial records of Goodman for the year ended 30 June 2022 have been properly maintained and the financial report for the year ended 30 June 2022 complies with accounting standards and presents a true and fair view of Goodman's financial condition and operational results. The Group Chief Executive Officer and Group Chief Financial Officer confirmed that the above declaration was, to the best of their knowledge and belief, founded on a sound system of risk management and internal control and that the system was operating effectively in all material respects in relation to the financial reporting risks.

Disclosure in respect of any indemnification and insurance of officers and auditors
Pursuant to the Constitution of Goodman, current and former Directors and officers of Goodman are entitled to be indemnified. Deeds of Indemnity have been executed by Goodman, consistent with the Constitution, in favour of each Director. The Deed indemnifies each Director to the extent permitted by law for liabilities (other than legal costs) incurred in their capacity as a director of Goodman Limited or a controlled entity and, in respect of legal costs, for liabilities incurred in defending or resisting civil or criminal proceedings.

Goodman has insured to the extent permitted by law, current and former Directors and officers of Goodman in respect of liability and legal expenses incurred in their capacity as a director or officer. As it is prohibited under the terms of the contract of insurance, the Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid.

The auditors of Goodman are not indemnified by Goodman or covered in any way by this insurance in respect of the audit.

Non-audit services
During the financial year, KPMG, Goodman and GIT's auditor, performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the financial year by the auditor and, in accordance with written advice authorised by a resolution of the Audit Committee, resolved that it is satisfied that the provision of those non-audit services during the financial year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

+ All non-audit services were subject to the corporate governance procedures adopted by Goodman and have been reviewed by the Audit Committee to determine they do not impact the integrity and objectivity of the auditor
+ The non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Goodman, acting as an advocate for Goodman or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of Goodman and GIT, KPMG and its network firms, for the audit and non-audit services provided during the financial year are set out in note 26 to the consolidated financial statements.

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*
The lead auditor's independence declaration is set out on page 71 and forms part of this Directors' report for the financial year.

Directors' report
(continued)

Rounding

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

Events subsequent to balance date

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

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

Stephen Johns
Independent Chairman

Gregory Goodman
Group Chief Executive Officer

Sydney, 16 August 2022

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

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

I declare that, to the best of my knowledge and belief, in relation to the audits of Goodman Limited (as the deemed parent presenting the stapled security arrangement of the Goodman Group) and Goodman Industrial Trust for the financial year ended 30 June 2022, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audits; and

ii. no contraventions of any applicable code of professional conduct in relation to the audits.

KPMG

Eileen Hoggett

Partner

Sydney

16 August 2022

Consolidated statements of financial position

as at 30 June 2022

		Goodman		GIT	
		2022	2021	2022	2021
	Note	$M	$M	$M	$M
Current assets					
Cash and cash equivalents	21(a)	1,056.0	920.4	473.6	379.8
Receivables	7	217.8	331.3	131.0	816.1
Contract assets	8	77.6	80.9	-	-
Inventories	6(b)	389.0	235.1	-	-
Other financial assets	17	1.6	16.5	1.6	16.5
Assets held for sale	9	608.2	41.5	608.2	-
Total current assets		**2,350.2**	**1,625.7**	**1,214.4**	**1,212.4**
Non-current assets					
Receivables	7	173.4	277.5	3,137.4	2,528.5
Inventories	6(b)	1,727.1	1,192.7	5.9	5.9
Investment properties	6(b)	1,423.7	1,851.2	495.3	1,155.7
Investments accounted for using the equity method	6(b)	14,379.6	10,660.0	11,356.1	8,078.4
Deferred tax assets	5(d)	25.2	19.9	-	-
Other financial assets	17	496.4	362.8	373.1	314.4
Property, plant and equipment	12	61.4	54.6	-	-
Intangible assets	14	795.4	822.6	-	-
Total non-current assets		**19,082.2**	**15,241.3**	**15,367.8**	**12,082.9**
Total assets		**21,432.4**	**16,867.0**	**16,582.2**	**13,295.3**
Current liabilities					
Payables	10	606.5	565.9	72.7	607.6
Current tax payables	5(c)	173.4	160.1	-	-
Interest bearing liabilities	16	133.3	-	133.3	-
Provisions	11	299.2	294.2	233.5	166.3
Lease liabilities	13	12.5	11.9	-	-
Other financial liabilities	17	71.2	1.9	25.9	1.9
Total current liabilities		**1,296.1**	**1,034.0**	**465.4**	**775.8**
Non-current liabilities					
Payables	10	111.0	125.5	723.8	232.2
Interest bearing liabilities	16	2,698.9	2,060.3	2,692.1	2,062.8
Deferred tax liabilities	5(d)	380.3	168.4	267.9	124.0
Provisions	11	15.5	23.7	-	-
Lease liabilities	13	58.1	82.1	-	-
Other financial liabilities	17	447.7	211.5	325.3	124.6
Total non-current liabilities		**3,711.5**	**2,671.5**	**4,009.1**	**2,543.6**
Total liabilities		**5,007.6**	**3,705.5**	**4,474.5**	**3,319.4**
Net assets		**16,424.8**	**13,161.5**	**12,107.7**	**9,975.9**
Equity attributable to Securityholders					
Issued capital	20(a)	8,206.1	8,096.4	8,154.5	7,849.0
Reserves		352.7	134.8	238.8	(33.7)
Retained earnings		7,866.0	4,930.3	3,714.4	2,160.6
Total equity attributable to Securityholders		**16,424.8**	**13,161.5**	**12,107.7**	**9,975.9**
Comprising:					
Total equity attributable to GL	22(a)	2,292.9	1,635.6		
Total equity attributable to other entities stapled to GL	22(b)	14,131.9	11,525.9		
Total equity attributable to Securityholders		**16,424.8**	**13,161.5**		

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

Consolidated income statements

for the year ended 30 June 2022

		Goodman		GIT	
		2022	2021	2022	2021
	Note	$M	$M	$M	$M
Revenue					
Gross property income	2	138.0	112.4	51.7	60.2
Management income	2	511.4	383.9	-	-
Development income	2	1,441.6	1,492.0	-	-
Distributions from investments		0.8	-	6.4	9.1
		2,091.8	**1,988.3**	**58.1**	**69.3**
Property and development expenses					
Property expenses		(33.7)	(32.8)	(16.5)	(20.2)
Development expenses	2	(554.9)	(862.3)	-	(2.3)
		(588.6)	**(895.1)**	**(16.5)**	**(22.5)**
Other income					
Net gain from fair value adjustments on investment properties	6(e)	260.1	63.1	208.3	60.2
Net gain on disposal of investment properties		73.6	37.7	69.8	39.3
Net gain on disposal of assets held for sale		12.5	-	-	-
Net gain on disposal of equity investments	2	0.2	5.0	-	3.2
Share of net results of equity accounted investments	6(f)	2,718.2	1,708.9	2,173.0	1,373.8
		3,064.6	**1,814.7**	**2,451.1**	**1,476.5**
Other expenses					
Employee expenses	2	(258.9)	(210.8)	-	-
Share based payments expense	2	(257.6)	(268.8)	-	-
Administrative and other expenses		(90.4)	(83.2)	(60.4)	(52.1)
Reversal of previous impairment	2	-	-	-	17.6
		(606.9)	**(562.8)**	**(60.4)**	**(34.5)**
Profit before interest and tax		**3,960.9**	**2,345.1**	**2,432.3**	**1,488.8**
Net finance (expense)/income					
Finance income	15	8.3	94.3	72.8	177.9
Finance expense	15	(231.1)	(19.4)	(304.4)	(42.4)
Net finance (expense)/income		**(222.8)**	**74.9**	**(231.6)**	**135.5**
Profit before income tax		**3,738.1**	**2,420.0**	**2,200.7**	**1,624.3**
Income tax expense	5(a)	(324.1)	(108.1)	(133.1)	(49.5)
Profit for the year		**3,414.0**	**2,311.9**	**2,067.6**	**1,574.8**
Profit attributable to GL	22(a)	552.6	300.2		
Profit attributable to other entities stapled to GL	22(b)	2,861.4	2,011.7		
Profit for the year attributable to Securityholders		**3,414.0**	**2,311.9**		
Basic profit per security (¢)	3	183.2	125.4		
Diluted profit per security (¢)	3	178.8	122.1		

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

Consolidated statements of comprehensive income

for the year ended 30 June 2022

		Goodman		GIT	
		2022	2021	2022	2021
	Note	$M	$M	$M	$M
Profit for the year		**3,414.0**	**2,311.9**	**2,067.6**	**1,574.8**
Other comprehensive income/(loss) for the year					
Items that will not be reclassified to profit or loss					
Actuarial gains/(losses) on defined benefit retirement schemes, net of income tax		5.6	(6.0)	-	-
Effect of foreign currency translation		1.6	(0.8)	-	-
		7.2	**(6.8)**	**-**	**-**
Items that are or may be reclassified subsequently to profit or loss					
Increase due to revaluation of other financial assets		0.3	0.3	5.0	(2.2)
Cash flow hedges:					
– Change in value of financial instruments		15.9	0.3	15.9	0.3
Effect of foreign currency translation		143.7	(278.6)	221.8	(182.2)
		159.9	**(278.0)**	**242.7**	**(184.1)**
Other comprehensive income/(loss) for the year, net of income tax		**167.1**	**(284.8)**	**242.7**	**(184.1)**
Total comprehensive income for the year		**3,581.1**	**2,027.1**	**2,310.3**	**1,390.7**
Total comprehensive income attributable to GL	22(a)	542.7	271.6		
Total comprehensive income attributable to other entities stapled to GL	22(b)	3,038.4	1,755.5		
Total comprehensive income for the year attributable to Securityholders		**3,581.1**	**2,027.1**		

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

Consolidated statements of changes in equity

for the year ended 30 June 2022

		Attributable to Securityholders								
Goodman	Note	Issued capital $M	Asset revaluation reserve $M	Cash flow hedge reserve $M	Foreign currency translation reserve $M	Employee compensation reserve $M	Defined benefit retirement schemes reserve $M	Total reserves $M	Retained earnings $M	Total $M
Balance at 1 July 2020		**8,031.7**	**(7.2)**	**(5.2)**	**188.6**	**239.8**	**(31.3)**	**384.7**	**3,104.2**	**11,520.6**
Total comprehensive income/(loss) for the year										
Profit for the year		-	-	-	-	-	-	-	2,311.9	**2,311.9**
Other comprehensive income/(loss)										
Effect of foreign currency translation		-	0.2	0.5	(279.3)	-	(0.8)	(279.4)	-	**(279.4)**
Cash flow hedges:										
- Change in value of financial instruments		-	-	0.3	-	-	-	0.3	-	**0.3**
Increase due to revaluation of other financial assets		-	0.3	-	-	-	-	0.3	-	**0.3**
Actuarial losses on defined benefit superannuation funds, net of income tax		-	-	-	-	-	(6.0)	(6.0)	-	**(6.0)**
Total other comprehensive income/(loss) for the year, net of income tax		-	0.5	0.8	(279.3)	-	(6.8)	(284.8)	-	**(284.8)**
Total comprehensive income/(loss) for the year, net of income tax		**-**	**0.5**	**0.8**	**(279.3)**	**-**	**(6.8)**	**(284.8)**	**2,311.9**	**2,027.1**
Transfers		-	-	-	-	(68.4)	-	(68.4)	68.4	**-**
Contributions by and distributions to owners										
Dividends/distributions on stapled securities	19	-	-	-	-	-	-	-	(554.2)	**(554.2)**
Issue of stapled securities	20(a)	65.1	-	-	-	-	-	-	-	**65.1**
Issue costs		(0.4)	-	-	-	-	-	-	-	**(0.4)**
Purchase of stapled securities for the LTIP		-	-	-	-	(22.4)	-	(22.4)	-	**(22.4)**
Equity settled share based payments expense		-	-	-	-	134.7	-	134.7	-	**134.7**
Deferred taxes associated with the LTIP		-	-	-	-	8.1	-	8.1	-	**8.1**
Transfer to payables		-	-	-	-	(17.1)	-	(17.1)	-	**(17.1)**
Balance at 30 June 2021		**8,096.4**	**(6.7)**	**(4.4)**	**(90.7)**	**274.7**	**(38.1)**	**134.8**	**4,930.3**	**13,161.5**
Total comprehensive income/(loss) for the year										
Profit for the year		-	-	-	-	-	-	-	3,414.0	**3,414.0**
Other comprehensive (loss)/income										
Effect of foreign currency translation		-	-	(0.4)	144.1	-	1.6	145.3	-	**145.3**
Cash flow hedges:										
- Change in value of financial instruments		-	-	15.9	-	-	-	15.9	-	**15.9**
Increase due to revaluation of other financial assets		-	0.3	-	-	-	-	0.3	-	**0.3**
Actuarial gains on defined benefit superannuation funds, net of income tax		-	-	-	-	-	5.6	5.6	-	**5.6**
Total other comprehensive income for the year, net of income tax		-	0.3	15.5	144.1	-	7.2	167.1	-	**167.1**
Total comprehensive income for the year, net of income tax		**-**	**0.3**	**15.5**	**144.1**	**-**	**7.2**	**167.1**	**3,414.0**	**3,581.1**
Transfers		-	-	-	-	(81.8)	-	(81.8)	81.8	**-**
Contributions by and distributions to owners										
Dividends/distributions on stapled securities	19	-	-	-	-	-	-	-	(560.1)	**(560.1)**
Issue of stapled securities	20(a)	109.8	-	-	-	-	-	-	-	**109.8**
Issue costs		(0.1)	-	-	-	-	-	-	-	**(0.1)**
Purchase of stapled securities for the LTIP		-	-	-	-	(28.0)	-	(28.0)	-	**(28.0)**
Equity settled share based payments expense		-	-	-	-	164.8	-	164.8	-	**164.8**
Deferred taxes associated with the LTIP		-	-	-	-	(4.2)	-	(4.2)	-	**(4.2)**
Balance at 30 June 2022		**8,206.1**	**(6.4)**	**11.1**	**53.4**	**325.5**	**(30.9)**	**352.7**	**7,866.0**	**16,424.8**

The consolidated statements of changes in equity is to be read in conjunction with the accompanying notes. For an analysis of equity attributable to non-controlling interests, refer to note 22(b).

GIT	Note	Issued capital $M	Asset revaluation reserve $M	Cash flow hedge reserve $M	Foreign currency translation reserve $M	Employee compensation reserve $M	Total reserves $M	Retained earnings $M	Total $M
		Attributable to Unitholders							
Balance at 1 July 2020		**7,623.5**	**7.0**	**(5.2)**	**(38.4)**	**173.3**	**136.7**	**1,029.2**	**8,789.4**
Total comprehensive (loss)/income for the year									
Profit for the year		-	-	-	-	-	-	1,574.8	**1,574.8**
Other comprehensive (loss)/income									
Effect of foreign currency translation		-	(0.2)	0.4	(182.4)	-	(182.2)	-	**(182.2)**
Cash flow hedges:									
- Change in value of financial instruments		-	-	0.3	-	-	0.3	-	**0.3**
Increase due to revaluation of other financial assets		-	(2.2)	-	-	-	(2.2)	-	**(2.2)**
Total other comprehensive (loss)/income for the year, net of income tax		-	(2.4)	0.7	(182.4)	-	(184.1)	-	**(184.1)**
Total comprehensive (loss)/income for the year		**-**	**(2.4)**	**0.7**	**(182.4)**	**-**	**(184.1)**	**1,574.8**	**1,390.7**
Contributions by and distributions to owners									
Distributions on ordinary units	19	-	-	-	-	-	-	(443.4)	**(443.4)**
Issue of ordinary units	20(a)	42.5	-	-	-	-	-	-	**42.5**
Issue of ordinary units for the LTIP	20(a)	183.2	-	-	-	-	-	-	**183.2**
Issue costs on ordinary units		(0.2)	-	-	-	-	-	-	**(0.2)**
Equity settled share based payments transactions		-	-	-	-	13.7	13.7	-	**13.7**
Balance at 30 June 2021		**7,849.0**	**4.6**	**(4.5)**	**(220.8)**	**187.0**	**(33.7)**	**2,160.6**	**9,975.9**
Total comprehensive income/(loss) for the year									
Profit for the year		-	-	-	-	-	-	2,067.6	**2,067.6**
Other comprehensive (loss)/income									
Effect of foreign currency translation		-	(0.2)	(0.3)	222.3	-	221.8	-	**221.8**
Cash flow hedges:									
- Change in value of financial instruments		-	-	15.9	-	-	15.9	-	**15.9**
Increase due to revaluation of other financial assets		-	5.0	-	-	-	5.0	-	**5.0**
Total other comprehensive income for the year, net of income tax		-	4.8	15.6	222.3	-	242.7	-	**242.7**
Total comprehensive income for the year		**-**	**4.8**	**15.6**	**222.3**	**-**	**242.7**	**2,067.6**	**2,310.3**
Contributions by and distributions to owners									
Distributions on ordinary units	19	-	-	-	-	-	-	(513.8)	**(513.8)**
Issue of ordinary units	20(a)	71.2	-	-	-	-	-	-	**71.2**
Issue of ordinary units for the LTIP	20(a)	234.4	-	-	-	-	-	-	**234.4**
Issue costs on ordinary units		(0.1)	-	-	-	-	-	-	**(0.1)**
Equity settled share based payments transactions		-	-	-	-	29.8	29.8	-	**29.8**
Balance at 30 June 2022		**8,154.5**	**9.4**	**11.1**	**1.5**	**216.8**	**238.8**	**3,714.4**	**12,107.7**

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

Consolidated cash flow statements
for the year ended 30 June 2022

		Goodman		GIT	
		2022	2021	2022	2021
	Note	$M	$M	$M	$M
Cash flows from operating activities					
Property income received		138.4	108.3	50.8	62.1
Cash receipts from development activities		1,587.8	1,560.3	-	-
Other cash receipts from management and other activities		523.8	346.4	-	-
Property expenses paid		(28.6)	(41.7)	(13.9)	(21.1)
Payments for development activities		(1,220.7)	(947.4)	(1.1)	-
Other cash payments in the course of operations		(456.8)	(381.6)	(60.4)	(54.1)
Distributions received from equity investments, including Partnerships		442.5	536.9	245.3	381.7
Interest received		9.3	9.2	8.9	8.7
Finance costs paid		(44.2)	(34.3)	(32.5)	(38.2)
Net income taxes (paid)/refunded		(110.5)	(41.4)	(1.1)	0.5
Net cash provided by operating activities	21(b)	**841.0**	**1,114.7**	**196.0**	**339.6**
Cash flows from investing activities					
Net proceeds from disposal of investment properties		671.8	170.2	345.6	161.9
Proceeds from disposal of controlled entities, net of cash disposed		0.4	-	-	-
Net proceeds from disposal of equity investments		4.4	13.1	22.6	11.3
Return of capital by Partnerships		91.8	256.3	20.9	166.1
Payments for investment properties		(431.7)	(192.2)	(15.1)	(17.5)
Payments for investments in Partnerships		(1,332.3)	(790.3)	(1,050.0)	(464.9)
Payments for plant and equipment		(5.9)	(7.0)	-	-
Net cash used in investing activities		**(1,001.5)**	**(549.9)**	**(676.0)**	**(143.1)**
Cash flows from financing activities					
Net proceeds from issue of stapled securities		109.7	64.8	71.1	42.3
Net cash flows from/to loans with related parties		111.4	(135.0)	279.6	25.1
Proceeds from borrowings and derivative financial instruments		1,466.5	204.6	1,456.4	246.8
Payments on borrowings and derivative financial instruments		(789.3)	(891.9)	(787.4)	(891.9)
Dividends and distributions paid		(557.2)	(551.4)	(446.6)	(478.2)
Payments of lease liabilities		(13.4)	(17.8)	-	-
Purchase of securities to fund LTIP obligations		(28.0)	(22.4)	-	-
Net cash provided by/(used in) financing activities		**299.7**	**(1,349.1)**	**573.1**	**(1,055.9)**
Net increase/(decrease) in cash held		139.2	(784.3)	93.1	(859.4)
Cash and cash equivalents at the beginning of the year		920.4	1,792.8	379.8	1,302.6
Effect of exchange rate fluctuations on cash held		(3.6)	(88.1)	0.7	(63.4)
Cash and cash equivalents at the end of the year	21(a)	**1,056.0**	**920.4**	**473.6**	**379.8**

The consolidated cash flow statements are to be read in conjunction with the accompanying notes.
Non-cash transactions are included in note 21(c).

Notes to the consolidated financial statements

BASIS OF PREPARATION

This section sets out the general basis upon which Goodman and GIT have prepared their financial statements and information that is disclosed to comply with the Australian Accounting Standards, *Corporations Act 2001* or Corporations Regulations.

Specific accounting policies can be found in the sections to which they relate.

1 Basis of preparation

Goodman Limited and Goodman Industrial Trust are for-profit entities domiciled in Australia.

Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards adopted by the AASB. The consolidated financial statements also comply with IFRS.

The consolidated financial statements are presented in Australian dollars and were authorised for issue by the Directors on 16 August 2022.

Basis of preparation of the consolidated financial reports

Shares in the Company, units in the Trust and CDIs over shares in GLHK are stapled to one another and are quoted as a single security on the ASX. Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the stapling of the Company, the Trust and GLHK, the Company is identified as having acquired control over the assets of the Trust and GLHK. In the consolidated statement of financial position of the Group, equity attributable to the Trust and the CDIs over the shares of GLHK are presented as non-controlling interests.

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

The consolidated financial statements are prepared on the historical cost basis, subject to any impairment of assets, except that the following assets and liabilities are stated at fair value:

+ Investment properties
+ Derivative financial instruments
+ Investments in unlisted securities
+ Liabilities for cash settled share based payment arrangements.

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in these consolidated financial statements have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

Foreign currency translation

Functional and presentation currency
Items included in the consolidated financial statements of each of the controlled entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's and the Trust's functional and presentation currency.

Transactions
Foreign currency transactions are translated to each entity's functional currency at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance date are translated at the rates of exchange ruling on that date. Resulting exchange differences are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost are translated at rates of exchange applicable at the date of the initial transaction. Non-monetary items which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of controlled foreign operations
The assets and liabilities of controlled foreign operations are translated into Australian dollars at foreign exchange rates ruling at the balance date.

Revenue and expenses are translated at weighted average rates for the financial year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve. On cessation of operations in a foreign region, the cumulative exchange differences relating to the operations in that region, that have been included in the foreign currency translation reserve, are reclassified to the income statement.

Exchange differences arising on monetary items that form part of the net investment in a controlled foreign operation are recognised in the foreign currency translation reserve on consolidation.

Exchange rates used
The following exchange rates are the main exchange rates used in translating foreign currency transactions, balances and financial statements to Australian dollars:

	Weighted average		As at 30 June	
Australian dollars (AUD) to	**2022**	**2021**	**2022**	**2021**
New Zealand dollars (NZD)	1.0667	1.0745	1.1057	1.0739
Hong Kong dollars (HKD)	5.6626	5.7958	5.4241	5.8222
Chinese yuan (CNY)	4.6840	4.9419	4.6154	4.8412
Japanese yen (JPY)	85.1512	79.6101	93.7770	83.2780
Euros (EUR)	0.6442	0.6262	0.6594	0.6327
British pounds sterling (GBP)	0.5456	0.5546	0.5676	0.5432
United States dollars (USD)	0.7255	0.7472	0.6912	0.7497
Brazilian real (BRL)	3.8037	4.0236	3.5905	3.7528

Changes in accounting policies

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as IBOR reform). The Group has adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) from 1 July 2021. These amendments provide reliefs relating to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate. The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments.

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

See note 18 for related disclosures about risks, financial assets and financial liabilities indexed to IBORs.

Apart from the above, the AASB has also issued other amendments to standards that are first effective from 1 July 2021 but none of these have a material impact on the Group's financial statements.

Australian Accounting Standards issued but not yet effective

The Group has not applied any new or amended standard that is not yet effective but available for early application in the current accounting period. None of the new or amended accounting standards are expected to have a significant impact on the future results of the Group.

Notes to the consolidated financial statements

Basis of preparation (continued)

1 Basis of preparation (continued)

Critical accounting estimates used in the preparation of the consolidated financial statements

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

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

+ Note 6 – Property assets
+ Note 14 – Goodwill and intangible assets
+ Note 18 – Financial risk management.

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

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

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

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

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

+ Note 6 – Property assets
+ Note 18 – Financial risk management.

RESULTS FOR THE YEAR

The notes in this section focus on the significant items in the income statement, and include the profit per security, analysis of the results by operating segment and taxation details.

2 Profit before income tax

Gross property income

Gross property income comprises rental income under operating leases (net of incentives provided) and amounts billed to customers for outgoings (e.g. rates, levies, cleaning, security, etc). Amounts billed to customers for outgoings are a cost recovery for Goodman and are recognised once the expense has been incurred. The expense is included in property expenses.

Rental income under operating leases is recognised on a straight-line basis over the term of the lease contract. Where operating lease rental income is recognised relating to fixed increases in rentals in future years, an asset is recognised. This asset is a component of the relevant investment property carrying amount. The cost of lease incentives provided to customers is amortised on a straight-line basis over the life of the lease as a reduction of gross property income.

Management and development income

The revenue from management and development activities is measured based on the consideration specified in a contract with a customer. Goodman recognises revenue when it transfers control over a product or service to a customer.

Management income

Fee income derived from management services relates to investment management base fees and property services fees and is recognised and invoiced progressively as the services are provided. Customers make payments usually either monthly or quarterly in arrears.

Performance related management income generally relates to portfolio performance fee income, which is recognised progressively as the services are provided but only when the income can be reliably measured and is highly probable of not being reversed. These portfolio performance fees are typically dependent on the overall returns of a Partnership relative to an agreed benchmark return, assessed over the life of the Partnership, which can vary from one year to seven years. The returns are impacted by operational factors such as the quality and location of the portfolio, active property management, rental income rates and development activity but can also be significantly affected by changes in global and local economic conditions. Accordingly, portfolio performance fee revenue is only recognised towards the end of the relevant assessment period, as prior to this revenue recognition is not considered to be sufficiently certain.

In determining the amount of revenue that can be reliably measured, management prepares a sensitivity analysis to understand the impact of changes in asset valuations on the potential performance fee at the assessment date. The assessment of revenue will depend on the prevailing market conditions at the reporting date relative to long-term averages and also the length of time until the assessment date e.g. the longer the time period to assessment date, the greater the impact of the sensitivity analysis. The potential portfolio performance fee revenue is then recognised based on the length of time from the start of the assessment period to the reporting date as a proportion of the total assessment period. Where the income is attributable to development activities or it relates to a combination of inextricable management and development activities that have occurred over the performance fee period, then it is reported as development income; otherwise, the income is reported as management income. The Partnerships make payments in respect of portfolio performances fees at the end of the performance periods once the attainment of the conditions has been verified and the amount of the fee has been agreed by all parties.

Notes to the consolidated financial statements

Results for the year (continued)

2 Profit before income tax (continued)

Development income – disposal of inventories

The disposal of inventories is recognised at the point in time when control over the property asset is transferred to the customer. This will generally occur on transfer of legal title and payment in full by the customer. The gain or loss on disposal of inventories is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal (less transaction costs) and is included in the income statement in the period of disposal.

Development income – development management services

Fee income from development management services (including master-planning, development management and overall project management) is recognised progressively as the services are provided in proportion to the stage of completion by reference to costs. Payments are received in accordance with the achievement of agreed milestones over the development period. The development period can be up to 24 months for larger, more complex projects.

Performance related development income includes income associated with the returns from individual developments under the Group's management and performance fee income that relates to development activity. Income in respect of individual developments is recognised by Goodman on attainment of the performance related conditions, which is when the income can be reliably measured and is highly probable of not being reversed. These amounts are paid by the Partnership when the amounts have been measured and agreed. Income associated with development activities as part of a portfolio assessment is recognised on the same basis as outlined above in the management income section.

Development income – fixed price development contracts

Certain development activities are assessed as being fixed price development contracts. This occurs when a signed contract exists, either prior to the commencement of or during the development phase, to acquire a development asset from Goodman on completion. Revenue and expenses relating to these development contracts are recognised in the income statement in proportion to the stage of completion of the relevant contracts by reference to costs. The payments may be on completion of the development once legal title has been transferred. The development period can be up to 24 months for larger, more complex projects.

Net gain on disposal of investment properties

The disposal of an investment property is recognised at the point in time when control over the property has been transferred to the purchaser.

Employee expenses

Wages, salaries and annual leave

Wages and salaries, including non-monetary benefits, and annual leave represent present obligations resulting from employees' services provided to the balance date. These are calculated at undiscounted amounts based on rates that are expected to be paid as at balance date including related on-costs, such as insurances and payroll tax.

Bonuses

A liability is recognised in other payables and accruals for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation. Liabilities for bonuses are measured at the amounts expected to be paid, including related on-costs, when they are settled.

Superannuation

Defined contribution funds

Obligations for contributions to defined contribution funds are recognised as an expense as incurred.

Defined benefit retirement schemes

The net obligation in respect of defined benefit retirement schemes is recognised in the statement of financial position and is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest), are recognised immediately in other comprehensive income. Net interest expense and other expenses related to defined benefit retirement schemes are recognised in the income statement.

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

		Goodman		GIT	
		2022	2021	2022	2021
		$M	$M	$M	$M
Gross property income					
Rental income		120.9	93.0	41.4	45.9
Recovery of property outgoings		17.1	19.4	10.3	14.3
Gross property income		**138.0**	**112.4**	**51.7**	**60.2**
Management activities					
Management services		380.5	310.1	-	-
Performance related income		130.9	73.8	-	-
Management income		**511.4**	**383.9**	**-**	**-**
Development activities					
Income from disposal of inventories		803.0	890.5	-	-
Income from fixed price development contracts		206.8	195.0	-	-
Other development income, including development management[1]		388.3	274.2	-	-
Net gain on disposal of assets held for sale		-	132.3	-	-
Net gain on disposal of special purpose development entities, including JVs		43.5	-	-	-
Development income		**1,441.6**	**1,492.0**	**-**	**-**
Inventory cost of sales		(381.8)	(686.8)	-	(2.3)
Other development expenses		(173.1)	(175.5)	-	-
Development expenses		**(554.9)**	**(862.3)**	**-**	**(2.3)**
Disposal of equity investments					
Net consideration from disposal of associates and JVs		8.5	17.0	-	11.3
Carrying value of associates and JVs disposed	6(f)	(8.3)	(12.0)	-	(8.1)
Net gain on disposal of equity investments		**0.2**	**5.0**	**-**	**3.2**
Employee expenses					
Wages, salaries and on-costs		(251.4)	(203.4)	-	-
Annual and long service leave		(0.6)	(1.4)	-	-
Superannuation costs		(6.9)	(6.0)	-	-
Employee expenses		**(258.9)**	**(210.8)**	**-**	**-**
Share based payments expense					
Equity settled share based payments expense		(164.8)	(134.7)	-	-
Cash settled share based payments expense		(57.3)	(105.4)	-	-
Other share based payments related costs		(35.5)	(28.7)	-	-
Share based payments expense		**(257.6)**	**(268.8)**	**-**	**-**
Amortisation and depreciation		(17.1)	(23.0)	-	-
Impairment reversals					
Reversal of previous impairment on loans to related parties		-	-	-	17.6
Impairment reversals		**-**	**-**	**-**	**17.6**

1. Fee revenues from single contractual arrangements involving a combination of inextricable investment management and development management services and recognised over the life of the underlying development projects are classified as development income for statutory reporting purposes. During the year, $77.0 million (2021: $75.2 million) of such income was recognised.

Notes to the consolidated financial statements

Results for the year (continued)

3 Profit per security

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

Goodman

	2022	2021
	¢	¢
Profit per security		
Basic profit per security	183.2	125.4
Diluted profit per security	178.8	122.1

Profit after tax of $3,414.0 million (2021: $2,311.9 million) was used in calculating basic and diluted profit per security.

Weighted average number of securities used in calculating basic and diluted profit per security:

	2022	2021
	Number of securities	
Weighted average number of securities used in calculating basic profit per security	1,863,693,802	1,844,221,829
Effect of performance rights on issue	45,396,402	48,908,249
Weighted average number of securities used in calculating diluted profit per security	**1,909,090,204**	**1,893,130,078**

The calculation of profit per security is not required for GIT.

Goodman Limited

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

	2022	2021
	¢	¢
Profit per Goodman Limited share		
Basic profit per Goodman Limited share	29.7	16.3
Diluted profit per Goodman Limited share	28.9	15.9

Profit after tax of $552.6 million (2021: $300.2 million) was used in calculating basic and diluted profit per Goodman Limited share.

4 Segment reporting

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

Operating segment information is reported on a geographic basis and Goodman has determined that its operating segments are Australia and New Zealand (reported on a combined basis), Asia (Greater China (including the Hong Kong SAR) and Japan), Continental Europe (with the vast majority of assets located in Germany and France), the United Kingdom and the Americas (principally North America and including Brazil).

The activities and services undertaken by the operating segments include:

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

The segment results that are reported to the Group Chief Executive Officer are based on profit before net finance expense and income tax expense, and also exclude non-cash items such as fair value adjustments and impairments, corporate expenses and share based remuneration. The assets allocated to each operating segment are the property assets, including the investments in Partnerships and trade and other receivables associated with the operating activities, but exclude inter-entity funding, income tax receivables and corporate assets. The liabilities allocated to each operating segment primarily relate to trade and other payables associated with the operating activities, but exclude interest bearing liabilities, derivative financial instruments, provisions for distributions and corporate liabilities.

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

For the purpose of operating segment reporting, there are no material intersegment revenues and costs.

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

Notes to the consolidated financial statements

Results for the year (continued)

4 Segment reporting (continued)

Information about reportable segments

Goodman	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Income statement	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
External revenues												
Gross property income	90.4	95.8	15.4	6.5	27.5	8.5	3.0	1.0	1.7	0.6	138.0	112.4
Management income	256.2	147.0	131.3	110.2	91.0	107.4	5.7	3.3	27.2	16.0	511.4	383.9
Development income	207.6	223.6	192.0	164.8	891.9	796.5	32.8	245.3	117.3	61.8	1,441.6	1,492.0
Total external revenues	**554.2**	**466.4**	**338.7**	**281.5**	**1,010.4**	**912.4**	**41.5**	**249.6**	**146.2**	**78.4**	**2,091.0**	**1,988.3**
Analysis of external revenues												
Revenue from contracts with customers												
Assets and services transferred at a point in time	71.7	106.3	25.0	17.2	792.0	730.5	12.8	228.7	-	-	901.5	1,082.7
Assets and services transferred over time	405.2	282.6	299.5	260.4	193.7	174.2	25.7	20.0	144.5	77.8	1,068.6	815.0
Other revenue												
Rental income (excludes outgoings recoveries)	77.3	77.5	14.2	3.9	24.7	7.7	3.0	0.9	1.7	0.6	120.9	90.6
Total external revenues	**554.2**	**466.4**	**338.7**	**281.5**	**1,010.4**	**912.4**	**41.5**	**249.6**	**146.2**	**78.4**	**2,091.0**	**1,988.3**
Reportable segment profit before tax	**616.9**	**467.4**	**386.4**	**324.5**	**582.5**	**458.8**	**41.1**	**31.8**	**210.8**	**128.9**	**1,837.7**	**1,411.4**
Share of net results of equity accounted investments	1,171.5	853.0	215.4	273.2	174.9	165.7	213.6	32.9	942.8	384.1	2,718.2	1,708.9
Material non-cash items not included in reportable segment profit before tax												
Net gain/(loss) from fair value adjustments on investment properties	260.4	63.1	(0.3)	-	-	-	-	-	-	-	260.1	63.1
Share of net gain from fair value adjustments in equity accounted investments	1,012.0	667.8	96.2	163.1	119.9	107.5	203.8	26.9	839.3	301.6	2,271.2	1,266.9

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Americas		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Statement of financial position	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Reportable segment assets	**8,106.2**	**6,619.9**	**4,162.0**	**3,565.7**	**2,779.7**	**2,382.2**	**1,024.9**	**840.6**	**4,030.8**	**2,475.9**	**20,103.6**	**15,884.3**
Included in reportable segment assets are:												
Investment properties	1,086.9	1,687.3	336.8	137.7	-	-	-	26.2	-	-	1,423.7	1,851.2
Investments accounted for using the equity method	5,709.6	4,251.0	3,102.8	2,808.8	1,020.7	865.2	680.6	408.0	3,865.9	2,327.0	14,379.6	10,660.0
Non-current assets	**7,195.8**	**6,314.6**	**3,888.8**	**3,261.8**	**2,483.6**	**2,126.5**	**966.6**	**761.8**	**3,876.3**	**2,335.8**	**18,411.1**	**14,800.5**
Additions to non-current assets include:												
– Investment properties	22.9	23.5	181.2	138.5	-	-	243.7	25.8	-	-	447.8	187.8
– Investments accounted for using the equity method	455.8	222.4	159.7	129.6	63.3	10.0	162.1	178.8	431.3	196.1	1,272.2	736.9
Reportable segment liabilities	**129.9**	**113.9**	**268.6**	**242.4**	**122.6**	**111.0**	**94.5**	**80.4**	**319.5**	**156.2**	**935.1**	**703.9**

GIT	Australia and New Zealand		Asia		Continental Europe		Americas		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Income statement	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
External revenues										
Gross property income	51.7	60.2	-	-	-	-	-	-	51.7	60.2
Distributions from investments	-	-	-	-	5.6	9.1	-	-	5.6	9.1
Total external revenues	**51.7**	**60.2**	**-**	**-**	**5.6**	**9.1**	**-**	**-**	**57.3**	**69.3**
Analysis of external revenues										
Revenue from contracts with customers										
Assets and services transferred over time	10.3	14.3	-	-	-	-	-	-	10.3	14.3
Other revenue										
Rental income (excludes outgoings recoveries)	41.4	45.9	-	-	-	-	-	-	41.4	45.9
Distributions from investments	-	-	-	-	5.6	9.1	-	-	5.6	9.1
Total external revenues	**51.7**	**60.2**	**-**	**-**	**5.6**	**9.1**	**-**	**-**	**57.3**	**69.3**
Reportable segment profit before tax	**239.7**	**240.2**	**34.5**	**33.0**	**57.3**	**69.2**	**91.0**	**73.9**	**422.5**	**416.3**
Share of net results of equity accounted investments	1,053.0	726.2	66.4	137.3	144.9	140.0	908.7	370.3	2,173.0	1,373.8
Material non-cash items not included in reportable segment profit before tax										
Net gain from fair value adjustments on investment properties	208.3	60.2	-	-	-	-	-	-	208.3	60.2
Share of net gain from fair value adjustments in equity accounted investments	917.7	562.9	31.7	104.3	97.5	86.1	808.8	290.5	1,855.7	1,043.8

	Australia and New Zealand		Asia		Continental Europe		Americas		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Statement of financial position	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Reportable segment assets	**6,178.8**	**4,947.0**	**1,719.4**	**1,522.5**	**878.5**	**732.9**	**3,736.5**	**2,268.1**	**12,513.3**	**9,470.5**
Included in reportable segment assets are:										
Investment properties	495.3	1,155.7	-	-	-	-	-	-	495.3	1,155.7
Investments accounted for using the equity method	5,054.0	3,601.7	1,719.4	1,522.5	856.4	711.0	3,726.3	2,243.2	11,356.1	8,078.4
Non-current assets	**5,555.1**	**4,939.3**	**1,719.4**	**1,522.5**	**877.8**	**727.9**	**3,726.3**	**2,243.2**	**11,878.6**	**9,432.9**
Additions to non-current assets include:										
– Investment properties	17.6	22.0	-	-	-	-	-	-	17.6	22.0
– Investments accounted for using the equity method	509.9	186.0	35.5	33.6	61.9	-	415.7	189.4	1,023.0	409.0
Reportable segment liabilities	**45.2**	**44.6**	**-**	**-**	**-**	**0.6**	**269.5**	**124.1**	**314.7**	**169.3**

Notes to the consolidated financial statements

Results for the year (continued)

4 Segment reporting (continued)

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

		Goodman		GIT	
		2022	2021	2022	2021
	Note	$M	$M	$M	$M
Revenues					
Total revenues for reportable segments		2,091.0	1,988.3	57.3	69.3
Total revenues for other segments		0.8	-	0.8	-
Consolidated revenues		**2,091.8**	**1,988.3**	**58.1**	**69.3**
Profit or loss					
Total profit before tax for reportable segments					
Property investment earnings		494.6	411.5	422.5	416.3
Management earnings		588.4	459.1	-	-
Development earnings[1]		960.7	717.9	-	-
Operating expenses allocated to reportable segments		(206.0)	(177.1)	-	-
Reportable segment profit before tax		**1,837.7**	**1,411.4**	**422.5**	**416.3**
Corporate expenses not allocated to reportable segments		(143.3)	(116.9)	(59.1)	(51.7)
		1,694.4	**1,294.5**	**363.4**	**364.6**
Valuation and other items not included in reportable segment profit before tax:					
– Net gain from fair value adjustments on investment properties	6(e)	260.1	63.1	208.3	60.2
– Share of fair value adjustments attributable to investment properties in Partnerships	6(f)	2,272.9	1,295.8	1,849.0	1,072.1
– Reversal of previous impairment on loans to related parties		-	-	-	17.6
– Share of fair value adjustments on derivative financial instruments in Partnerships	6(f)	(1.7)	(28.9)	6.7	(28.3)
– Share based payments expense	2	(257.6)	(268.8)	-	-
– Straight lining of rental income and tax deferred adjustments		(1.0)	(3.2)	4.9	2.6
Profit before interest and tax		**3,967.1**	**2,352.5**	**2,432.3**	**1,488.8**
Net finance (expense)/income[1]	15	(229.0)	67.5	(231.6)	135.5
Consolidated profit before income tax		**3,738.1**	**2,420.0**	**2,200.7**	**1,624.3**
Assets					
Assets for reportable segments		20,103.6	15,884.3	12,513.3	9,470.5
Cash		649.4	514.6	450.6	349.6
Other unallocated amounts[2]		679.4	468.1	3,618.3	3,475.2
Consolidated total assets		**21,432.4**	**16,867.0**	**16,582.2**	**13,295.3**
Liabilities					
Liabilities for reportable segments		935.1	703.9	314.7	169.3
Interest bearing liabilities		2,832.2	2,060.3	2,825.4	2,062.8
Provisions for dividends/distributions to Securityholders	19	280.0	277.1	233.5	166.3
Other unallocated amounts[2]		960.3	664.2	1,100.9	921.0
Consolidated total liabilities		**5,007.6**	**3,705.5**	**4,474.5**	**3,319.4**

1. Development earnings include $6.2 million (2021: $7.4 million) of interest income from a loan to a development JV. The interest income is reported under finance income in note 15.
2. Other unallocated amounts in Goodman and GIT included other financial assets and liabilities, deferred tax assets, tax payables and provisions which did not relate to the reportable segments. Additionally, other unallocated assets and liabilities in GIT included loans due from/to controlled entities of Goodman.

5 Taxation

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case the relevant amounts of tax are recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the financial year and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not accounted for:

+ Goodwill
+ The initial recognition of assets or liabilities that affect neither accounting nor taxable profit
+ Differences relating to investments in controlled entities to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax assets or liabilities in respect of investment properties held at fair value are calculated on the presumption that the carrying amount of the investment property will be recovered through sale. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from dividends/distributions are recognised at the same time as the liability to pay the related dividends/distributions.

(a) Amounts recognised in the income statement

	Goodman		GIT	
	2022	2021	2022	2021
	$M	$M	$M	$M
Current tax expense recognised in the income statement				
Current year	(142.4)	(66.3)	(6.0)	(0.9)
Changes in estimates related to prior years	7.3	8.5	-	-
Current tax expense	**(135.1)**	**(57.8)**	**(6.0)**	**(0.9)**
Deferred tax expense recognised in the income statement				
Origination and reversal of temporary differences	(189.0)	(50.3)	(127.1)	(48.6)
Deferred tax expense	**(189.0)**	**(50.3)**	**(127.1)**	**(48.6)**
Total income tax expense recognised in the income statement1	**(324.1)**	**(108.1)**	**(133.1)**	**(49.5)**

Notes to the consolidated financial statements

Results for the year (continued)

5 Taxation (continued)

(b) Reconciliation of profit before income tax to income tax expense

	Goodman	
	2022 $M	**2021 $M**
Profit before income tax	3,738.1	2,420.0
Prima facie income tax expense calculated at 30% (2021: 30%) on the profit before income tax	(1,121.4)	(726.0)
Decrease/(increase) in income tax due to:		
– Profit attributable to GIT Unitholders	680.4	483.5
– Current year losses for which no deferred tax asset was recognised	(36.8)	(34.3)
– Other non-assessable/(non-deductible) items, net	168.7	135.7
– Benefit of previously unrecognised temporary differences, including tax losses	95.7	68.9
– Difference in overseas tax rates	23.6	11.2
– Changes in estimates related to prior years	7.3	8.5
– Taxes on Partnership income	(149.7)	(62.8)
– Other items	8.1	7.2
Income tax expense	**(324.1)**	**(108.1)**

GIT

The income tax expense recorded by GIT relates to withholding taxes on actual distributions and deferred taxes on potential future distributions from Partnerships. Refer to note 5(e).

(c) Current tax receivables/payables

	Goodman	
	2022 $M	**2021 $M**
Net income tax payable		
Net income tax payable at the beginning of the year	(144.0)	(131.8)
Decrease/(increase) in current tax payable due to:		
– Net income taxes paid	110.5	41.4
– Current tax expense	(135.1)	(57.8)
– Other	(0.9)	4.2
Net income tax payable at the end of the year	**(169.5)**	**(144.0)**
Current tax receivables (refer to note 7)	3.9	16.1
Current tax payables	(173.4)	(160.1)
	(169.5)	**(144.0)**

(d) Deferred tax assets and liabilities

Deferred tax assets/(liabilities) are attributable to the following:

	Goodman			
	2022	2021	2022	2021
	Deferred tax assets		Deferred tax liabilities	
	$M	$M	$M	$M
Investment properties[1]	-	-	(403.4)	(182.0)
LTIP	39.3	27.3	-	-
Other items	19.9	17.4	(10.9)	(11.2)
Tax assets/(liabilities)	**59.2**	**44.7**	**(414.3)**	**(193.2)**
Set off of tax	(34.0)	(24.8)	34.0	24.8
Net tax assets/(liabilities)	**25.2**	**19.9**	**(380.3)**	**(168.4)**

1. Including potential future distributions from the disposal of investment properties by Partnerships.

Movements in deferred taxes recognised in expenses and equity are attributable to the following:

	Goodman	
	2022	2021
	$M	$M
Deferred tax (expense)/benefit recognised in expenses		
Investment properties - fair value adjustments	(206.7)	(50.4)
LTIP	16.2	19.2
Other items	1.5	(19.1)
Total deferred tax expense recognised in expenses	**(189.0)**	**(50.3)**
Deferred tax (expense)/benefit recognised in equity		
LTIP	(4.2)	8.1
Other items	-	(4.7)
Total deferred tax (expense)/benefit recognised in equity	**(4.2)**	**3.4**
Total deferred tax movements recognised in expenses and equity	**(193.2)**	**(46.9)**

Deferred tax assets of $266.9 million (2021: $323.3 million) arising primarily from tax losses (revenue and capital in nature) and deductions associated with the LTIP have not been recognised by Goodman.

GIT

At 30 June 2022, deferred tax liabilities of $267.9 million (2021: $124.0 million) have been recognised in relation to potential future distributions from the disposal of investment properties by Partnerships.

(e) Taxation of GIT

Under current Australian income tax legislation, the Trust is not liable for income tax, including capital gains tax, provided that Securityholders are presently entitled to the distributable income of the Trust as calculated for trust law purposes. The controlled entities of the Trust that operate in certain foreign jurisdictions are liable to pay tax in those jurisdictions.

Notes to the consolidated financial statements
OPERATING ASSETS AND LIABILITIES

The notes in this section focus on Goodman's property assets, working capital and goodwill and intangible assets.

6 Property assets

(a) Principles and policies
Investment in property assets includes both inventories and investment properties (including those under development), which may be held either directly or through investments in Partnerships (both associates and JVs).

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

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

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

Components of investment properties
Land and buildings (including integral plant and equipment) comprising investment properties are regarded as composite assets and are disclosed as such in the consolidated financial report.

Investment property carrying values include the costs of acquiring the assets and subsequent costs of development, including costs of all labour and materials used in construction, costs of managing the projects, holding costs and borrowing costs incurred during the development periods.

Amounts provided to customers as lease incentives and assets relating to fixed rental income increases in operating lease contracts are included within investment property values. Lease incentives are amortised over the term of the lease on a straight-line basis. Direct expenditure associated with leasing a property is also capitalised within investment property values and amortised over the term of the lease.

Classification of investment properties
Investment properties are classified as either properties under development or stabilised properties. Investment properties under development include land, new investment properties in the course of construction and investment properties that are being redeveloped. Stabilised investment properties are all investment properties not classed as being under development and would be completed properties that are leased or are available for lease to customers.

For investment properties under development, the carrying values are reviewed by management at each reporting date to consider whether they reflect the fair value and at completion external valuations are obtained to determine the fair values.

For stabilised investment properties, independent valuations are obtained at least every two years to determine the fair values. At each reporting date between obtaining independent valuations, the carrying values are reviewed by management to ensure they reflect the fair values.

Deposits for investment properties
Deposits and other costs associated with acquiring investment properties that are incurred prior to obtaining legal title are recorded at cost and disclosed as other receivables in the statement of financial position.

(b) Summary of investment in property assets

		Goodman		GIT	
		2022	2021	2022	2021
	Note	$M	$M	$M	$M
Inventories					
Current	6(d)	389.0	235.1	-	-
Non-current	6(d)	1,727.1	1,192.7	5.9	5.9
		2,116.1	**1,427.8**	**5.9**	**5.9**
Assets held for sale					
Investment properties	9	609.3	41.5	-	-
Investment properties					
Stabilised investment properties		1,286.6	1,791.1	358.3	1,093.4
Investment properties under development		137.1	60.1	137.0	62.3
	6(e)	**1,423.7**	**1,851.2**	**495.3**	**1,155.7**
Investments accounted for using the equity method					
Associates	6(f)(i)	7,850.7	6,302.6	6,814.4	5,292.9
JVs	6(f)(ii)	6,528.9	4,357.4	4,541.7	2,785.5
		14,379.6	**10,660.0**	**11,356.1**	**8,078.4**
Total property assets		**18,528.7**	**13,980.5**	**11,857.3**	**9,240.0**

At 30 June 2022, the total property assets of $18,528.7 million included properties that have been repositioned and were subject to conditional contracts for disposal. As discussed in the Directors' report on page 11, the Group's share of valuation gains since the repositioning activities commenced, was $429.6 million (2021: $95.9 million).

(c) Estimates and assumptions in determining property carrying values

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

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

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

Approach to determination of fair value

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

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

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

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

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. The number of sales and the circumstances of each sale are assessed to determine whether a market segment is active or inactive.

Where a market segment is observed to be active, then external independent valuations are performed for stabilised investment properties where there has been a combination of factors that are likely to have resulted in a material movement in valuation. The considerations include a greater than 10% movement in market rents, more than a 25 basis point movement in capitalisation rates, a material change in tenancy profile (including changes in the creditworthiness of a significant customer that may have a material impact on the property valuation), significant capital expenditure, a change in use (or zoning), a development has reached completion/stabilisation of the asset or it has been two years since the previous external independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10-year period. The key inputs considered for each individual calculation are:

+ Current contractual lease terms
+ Current market rents
+ Projected growth in market rents
+ Expected and likely capital expenditures
+ Projected letting up incentives provided to customers and vacant time on expiry of leases
+ Discount rates – computed using the 10 year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Market assessment

The investment market for industrial, logistics and warehousing properties has continued to be strong during FY22, despite the increased interest rates in the last quarter of FY22. At 30 June 2022, the Board has been able to assess that all markets in which the Group operated were active and as a consequence no adjustments have been made to the carrying values of the Group's stabilised investment property portfolios on the basis of internally prepared discounted cash flow valuations.

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

	Total portfolio weighted average capitalisation rate			
	Goodman		GIT	
	2022	2021	2022	2021
Division	%	%	%	%
Australia and New Zealand	3.9	4.4	3.8	4.4
Asia	4.3	4.4	3.8	3.9
Continental Europe	3.5	3.8	3.5	3.9
United Kingdom	3.7	4.1	-	-
Americas	4.1	4.0	4.1	4.0

In respect of the Group's and GIT's directly held investment properties at 30 June 2022, 57% (2021: 59%) and 100% (2021: 78%), respectively, had been valued by an external independent valuer during the financial year. All independent valuers used by the Group are required to hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment properties being valued.

For the Partnerships, all properties bar one that had been stabilised investment properties throughout FY22 were valued by an external independent valuer during the financial year.

Sensitivity analysis

The fair value measurement approach for directly held investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation method used (see note 1). The stabilised investment property valuations at 30 June 2022 are most sensitive to the following inputs:

+ Capitalisation rates
+ Market rents
+ Incentives provided to customers and/or vacant time on expiry of leases.

The directly held stabilised investment properties are in Australia and Asia. The range of market rents and average capitalisation rates are summarised in the table below:

Valuation technique	Significant unobservable inputs	2022	2021
Income capitalisation	Range of net market rents (per square metre per annum)	$90 to $450	$90 to $450
	Capitalisation rate (weighted average)	4.4%	4.4%

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

The impacts on the Group's financial position that would arise from the changes in capitalisation rates, market rents and incentives/vacant time are set out in the table below. This illustrates the impacts on Goodman in respect of both the directly held stabilised investment properties and its share of those stabilised investment properties held by Partnerships.

	Goodman		GIT	
	Valuation impact for the Group		Valuation impact for GIT	
	Directly held properties $M	Partnerships[1] $M	Directly held properties $M	Partnerships[1] $M
Book value at 30 June 2022	1,286.6	15,215.0	358.3	11,835.5
Changes in capitalisation rates:				
Increase in cap rates +50 bps	(132.9)	(1,722.6)	(41.0)	(1,367.3)
Increase in cap rates +25 bps	(70.1)	(913.4)	(21.7)	(725.6)
Decrease in cap rates -25 bps	78.6	1,039.2	24.8	827.3
Decrease in cap rates -50 bps	167.5	2,232.4	53.3	1,779.5
Changes in market rents:				
Decrease in rents -10%	(70.8)	(627.6)	(16.5)	(466.2)
Decrease in rents -5%	(35.4)	(313.8)	(8.3)	(233.1)
Increase in rents +5%	35.4	313.8	8.3	233.1
Increase in rents +10%	70.8	627.6	16.5	466.2
Changes in voids/incentives[2]:				
Increase in incentives/ vacant time +3 months	(6.9)	(30.6)	(1.4)	(20.7)
Increase in incentives/ vacant time +6 months	(13.9)	(61.2)	(2.8)	(41.3)

1. Goodman's share of stabilised investment properties held by Partnerships.
2. On assumed lease expiries over the next 12 months.

Investment properties under development

For the directly held investment properties under development, external independent valuations are generally not performed, but instead valuations are determined at each reporting date using the feasibility assessments supporting the developments. The end values of the developments in the feasibility assessments are based on assumptions such as capitalisation rates, market rents, incentives provided to customers and vacant time that are consistent with those observed in the relevant market adjusted for a profit and risk factor. This profit and risk factor is dependent on the function, location, size and current status of the development and are generally in a market range of 10% to 15%; although for larger more complex projects that are at an early stage of the development, the profit and risk factor could be up to 35%. This adjusted end value is then compared to the forecast cost of a completed development to determine whether there is an increase or decrease in value.

In respect of the Partnerships, certain Partnerships obtain external independent valuations of investment properties under development at reporting dates. However, the majority determine the fair values at reporting dates by reference to the feasibility assessments, with external independent valuations obtained when the properties has been stabilised.

(d) Inventories

	Goodman		GIT	
	2022	2021	2022	2021
	$M	$M	$M	$M
Current				
Land and development properties	389.0	235.1	-	-
	389.0	**235.1**	**-**	**-**
Non-current				
Land and development properties	1,727.1	1,192.7	5.9	5.9
	1,727.1	**1,192.7**	**5.9**	**5.9**

Goodman
During the current and prior financial year, no impairment losses were recognised on land and development properties.

During the financial year, borrowing costs of $3.1 million (2021: $3.8 million) previously capitalised into the carrying value of inventories were expensed to the income statement on disposal of the inventories.

(e) Investment properties

Reconciliation of carrying amount of directly held investment properties

	Goodman		GIT	
	2022	2021	2022	2021
	$M	$M	$M	$M
Carrying amount at the beginning of the year	1,851.2	1,901.2	1,155.7	1,202.4
Acquisitions	420.4	163.0	-	-
Capital expenditure	27.4	24.8	17.6	22.0
Carrying value of properties disposed	(546.5)	(127.8)	(276.9)	(128.9)
Transfers to assets held for sale	(609.3)	(41.5)	(609.3)	-
Transfers from/(to) inventories	2.5	(131.5)	-	-
Net gain from fair value adjustments	260.1	63.1	208.3	60.2
Effect of foreign currency translation	17.9	(0.1)	(0.1)	-
Carrying amount at the end of the year	**1,423.7**	**1,851.2**	**495.3**	**1,155.7**
Analysed by segment:				
Australia and New Zealand	1,086.9	1,687.3	495.3	1,155.7
Asia	336.8	137.7	-	-
United Kingdom	-	26.2	-	-
	1,423.7	**1,851.2**	**495.3**	**1,155.7**

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

Goodman

During the financial year, borrowing costs of $nil (2021: $nil) previously capitalised into the carrying value of investment properties were expensed to the income statement on disposal of the investment properties.

Non-cancellable operating lease commitments receivable from investment property customers

The analysis in the table below reflects the gross property income, excluding recoverable outgoings, based on existing lease agreements. It assumes that leases will not extend beyond the next review date, where the customer has an option to end the lease.

	Goodman		GIT	
	2022 $M	**2021 $M**	**2022 $M**	**2021 $M**
Non-cancellable operating lease commitments receivable:				
Less than one year	57.6	80.7	27.1	45.8
One to two years	47.4	63.9	20.1	37.0
Two to three years	37.9	49.4	14.8	28.6
Three to four years	24.5	38.4	8.4	21.1
Four to five years	15.9	30.1	5.5	16.8
More than five years	87.0	120.4	10.9	36.9
	270.3	**382.9**	**86.8**	**186.2**

(f) Investments accounted for using the equity method

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

Associates

An associate is an entity in which Goodman exercises significant influence but not control over its financial and operating policies.

JVs

A JV is an arrangement in which Goodman is considered to have joint control for accounting purposes, whereby Goodman has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

In the consolidated financial statements, investments in Partnerships are accounted for using the equity method. Under this method, Goodman's investment is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include Goodman's share of the gains or losses and other comprehensive income of Partnerships until the date on which significant influence or joint control ceases.

(i) **Investments in associates**

Investments in Partnerships classified as associates are set out below:

		Goodman						GIT					
		Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
	Country of	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Name of associate	**establishment**	**$M**	**$M**	**%**	**%**	**$M**	**$M**	**$M**	**$M**	**%**	**%**	**$M**	**$M**
Property investment													
Goodman Australia Industrial Partnership (GAIP)	Australia	**503.4**	366.9	**28.6**	29.1	**3,008.3**	2,208.5	**503.4**	366.9	**28.6**	29.1	**3,008.3**	2,208.5
Goodman Australia Partnership (GAP)	Australia	**234.1**	192.1	**19.9**	19.9	**1,060.0**	850.9	**234.1**	192.1	**19.9**	19.9	**1,060.0**	850.9
Goodman Property Trust (GMT)[1]	New Zealand	**150.0**	126.7	**24.9**	22.4	**825.9**	633.4	**31.6**	-	**5.1**	-	**170.3**	-
Goodman Hong Kong Logistics Partnership (GHKLP)	Cayman Islands	**66.4**	137.3	**20.3**	20.3	**1,719.4**	1,522.5	**66.4**	137.3	**20.3**	20.3	**1,719.4**	1,522.5
Goodman Japan Core Partnership (GJCP)[2]	Japan	**47.3**	29.8	**14.4**	14.7	**380.7**	376.3	**-**	-	**-**	-	**-**	-
Goodman European Partnership (GEP)	Luxembourg	**144.9**	140.0	**19.8**	20.4	**856.4**	711.0	**144.9**	140.0	**19.8**	20.4	**856.4**	711.0
		1,146.1	**992.8**			**7,850.7**	**6,302.6**	**980.4**	**836.3**			**6,814.4**	**5,292.9**

1. GMT is listed on the New Zealand Stock Exchange (NZX). At 30 June 2022, the market value of Goodman's investment in GMT using the quoted price on the last day of trading was $651.7 million (2021: $676.6 million), which compared to the carrying value of $825.9 million. Goodman does not consider its investment impaired as the carrying value is equal to its share of GMT's net assets and is supported by independent valuations of the individual investment properties in GMT.

   GIT has a 5.1% ownership interest in GMT and is part of Goodman, which has a combined ownership in GMT of 24.9%. As a result, the Directors have assessed that GIT has significant influence over GMT and has applied the equity method of accounting for its 5.1% interest.
2. Goodman's ownership interest in GJCP reflected the weighted average ownership interest in the various property investment vehicles.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

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

	Goodman		GIT	
	2022	2021	2022	2021
Movement in carrying amount of investments in associates	**$M**	**$M**	**$M**	**$M**
Carrying amount at the beginning of the year	6,302.6	5,617.2	5,292.9	4,761.4
Share of net results after tax (before fair value adjustments)	242.7	261.7	201.3	225.4
Share of fair value adjustments attributable to investment properties after tax	914.7	765.8	790.9	643.3
Share of fair value adjustments on derivative financial instruments	(11.3)	(34.7)	(11.8)	(32.4)
Share of net results	1,146.1	992.8	980.4	836.3
Share of movements in reserves	15.0	0.3	15.0	0.3
Acquisitions	575.6	287.2	605.1	211.6
Disposals	(4.9)	(3.9)	-	-
Capital return	-	(79.7)	-	(79.7)
Distributions received and receivable	(193.2)	(318.4)	(155.1)	(287.6)
Effect of foreign currency translation	9.5	(192.9)	76.1	(149.4)
Carrying amount at the end of the year	**7,850.7**	**6,302.6**	**6,814.4**	**5,292.9**

The table below includes further information regarding Partnerships classified as associates, held at the end of the financial year:

	GAIP		GAP		GMT		GHKLP		GJCP		GEP	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Summarised statement of financial position												
Total current assets	1,081.6	698.4	100.6	61.3	6.1	8.3	187.4	75.0	232.2	227.6	200.2	461.3
Total non-current assets	12,266.3	9,338.5	6,513.1	5,338.1	4,435.0	3,562.2	10,679.1	9,188.4	3,825.8	3,672.8	6,818.2	5,318.4
Total current liabilities	348.9	402.2	142.1	98.9	24.0	113.7	244.9	176.2	231.8	23.7	233.7	456.5
Total non-current liabilities	2,545.6	2,097.3	1,212.3	1,094.9	1,105.8	685.8	2,236.3	1,584.9	1,189.4	1,324.7	2,456.5	1,832.1
Net assets (100%)	**10,453.4**	**7,537.4**	**5,259.3**	**4,205.6**	**3,311.3**	**2,771.0**	**8,385.3**	**7,502.3**	**2,636.8**	**2,552.0**	**4,328.2**	**3,491.1**
Summarised statement of comprehensive income												
Revenue	459.0	418.1	288.6	256.2	112.1	109.4	287.8	270.9	414.2	189.8	239.0	440.8
Profit after tax and revaluations	1,739.1	1,263.1	1,181.0	964.6	701.7	590.2	326.6	677.1	329.4	189.5	656.1	744.4
Other comprehensive income	-	-	-	-	-	-	74.7	1.5	-	-	-	-
Total comprehensive income (100%)	**1,739.1**	**1,263.1**	**1,181.0**	**964.6**	**701.7**	**590.2**	**401.3**	**678.6**	**329.4**	**189.5**	**656.1**	**744.4**
Goodman												
Consolidated ownership interest	28.6%	29.1%	19.9%	19.9%	24.9%	22.4%	20.3%	20.3%	14.4%	14.7%	19.8%	20.4%
Consolidated share of net assets	2,990.7	2,190.9	1,047.2	837.3	825.7	621.1	1,706.2	1,521.2	380.8	376.2	856.4	711.0
Other items, including capitalised costs	0.1	1.2	-	0.3	0.2	12.3	1.3	1.3	(0.1)	0.1	-	-
Distributions receivable[1]	17.5	16.4	12.8	13.3	-	-	11.9	-	-	-	-	-
Carrying amount of investment	**3,008.3**	**2,208.5**	**1,060.0**	**850.9**	**825.9**	**633.4**	**1,719.4**	**1,522.5**	**380.7**	**376.3**	**856.4**	**711.0**
Distributions received and receivable	**66.3**	**66.2**	**25.1**	**24.1**	**17.8**	**14.7**	**35.5**	**33.6**	**20.3**	**16.1**	**28.2**	**163.7**
GIT												
Consolidated ownership interest	28.6%	29.1%	19.9%	19.9%	5.1%	-	20.3%	20.3%	-	-	19.8%	20.4%
Consolidated share of net assets	2,990.7	2,190.9	1,047.2	837.3	169.6	-	1,706.2	1,521.2	-	-	856.4	711.0
Other items, including capitalised costs	0.1	1.2	-	0.3	0.7	-	1.3	1.3	-	-	-	-
Distributions receivable[1]	17.5	16.4	12.8	13.3	-	-	11.9	-	-	-	-	-
Carrying amount of investment	**3,008.3**	**2,208.5**	**1,060.0**	**850.9**	**170.3**	**-**	**1,719.4**	**1,522.5**	**-**	**-**	**856.4**	**711.0**
Distributions received and receivable	**66.3**	**66.2**	**25.1**	**24.1**	**-**	**-**	**35.5**	**33.6**	**-**	**-**	**28.2**	**163.7**

1. Distributions receivable related to distributions provided for but not paid by the Partnerships at 30 June 2022. This was applicable to trusts in Australia where unitholders were presently entitled to income at the end of the financial year.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

(ii) Investments in JVs

A summary of the results and ownership interests of principal Partnerships classified as JVs is set out below:

		Goodman						GIT					
		Share of net results		Ownership interest		Investment carrying amount		Share of net results		Ownership interest		Investment carrying amount	
Name of JV	Country of establishment/ incorporation	2022 $M	2021 $M	2022 %	2021 %	2022 $M	2021 $M	2022 $M	2021 $M	2022 %	2021 %	2022 $M	2021 $M
Property investment and development													
Goodman China Logistics Partnership (GCLP)	Cayman Islands	**56.8**	65.2	**20.0**	20.0	**918.0**	832.7	**-**	-	**-**	-	**-**	-
Goodman UK Partnership (GUKP)[1]	United Kingdom	**213.4**	32.9	**35.3**	33.3	**676.3**	404.0	**-**	-	**-**	-	**-**	-
Goodman North America Partnership (GNAP)	United States of America	**938.6**	379.5	**55.0**	55.0	**3,846.0**	2,310.6	**904.4**	365.7	**53.0**	53.0	**3,706.4**	2,226.8
Other JVs[2]		**363.3**	238.5			**1,088.6**	810.1	**288.2**	171.8			**835.3**	558.7
		1,572.1	**716.1**			**6,528.9**	**4,357.4**	**1,192.6**	**537.5**			**4,541.7**	**2,785.5**

1. The consolidated ownership interest in GUKP reflected the weighted average ownership in GUKP, GUKP II and GUKP III.
2. Other JVs included a development JV in Australia where GAIP has paid Goodman a refundable fee of $22.6 million for an option to acquire a 40% interest in the JV from the Group. At 30 June 2022, the transaction is conditional on certain matters and settlement would only occur on stabilisation of certain development properties in the JV. Therefore, the disposal transaction had not been reflected in the Group's results at 30 June 2022. The investment carrying amount at 30 June 2022 and the Group's share of the fair value adjustment attributable to the properties in the JV for the year ended 30 June 2022 were aligned with to the disposal price under the option deed.

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

	Goodman		GIT	
Movement in carrying amount of investments in JVs	**2022 $M**	**2021 $M**	**2022 $M**	**2021 $M**
Carrying amount at the beginning of the year	4,357.4	3,753.6	2,785.5	2,386.9
Share of net results after tax (before fair value adjustments)	204.3	180.3	116.0	104.6
Share of fair value adjustments attributable to investment properties after tax	1,358.2	530.0	1,058.1	428.8
Share of fair value adjustments on derivative financial instruments	9.6	5.8	18.5	4.1
Share of net results	1,572.1	716.1	1,192.6	537.5
Share of movements in reserves	7.2	2.9	-	-
Acquisitions	696.8	449.7	417.9	197.4
Disposals	(3.4)	(8.1)	-	(8.1)
Transfer on reclassification as a controlled entity	(15.6)	-	-	-
Capital return	(91.8)	(176.6)	(20.9)	(86.4)
Distributions/dividends received and receivable	(248.7)	(218.0)	(83.8)	(85.0)
Effect of foreign currency translation	254.9	(162.2)	250.4	(156.8)
Carrying amount at the end of the year	**6,528.9**	**4,357.4**	**4,541.7**	**2,785.5**

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

The table below includes further information regarding principal Partnerships classified as JVs, held at the end of the financial year:

	GCLP[1]		GUKP		GNAP	
	2022	2021	2022	2021	2022	2021
	$M	$M	$M	$M	$M	$M
Summarised statement of financial position						
Current assets						
Cash and cash equivalents	427.4	281.3	41.1	43.4	75.0	62.8
Other current assets	148.3	84.4	12.9	1,490.3	56.8	33.7
Total current assets	**575.7**	**365.7**	**54.0**	**1,533.7**	**131.8**	**96.5**
Total non-current assets	**6,303.3**	**5,537.5**	**2,421.8**	**-**	**8,270.0**	**4,846.1**
Current liabilities						
Other current liabilities	2,940.6	2,796.4	24.7	36.1	273.8	102.8
Total current liabilities	**2,940.6**	**2,796.4**	**24.7**	**36.1**	**273.8**	**102.8**
Non-current liabilities						
Financial liabilities	1,111.8	757.7	537.8	287.0	1,144.3	640.3
Other non-current liabilities	718.3	613.7	-	-	-	6.7
Total non-current liabilities	**1,830.1**	**1,371.4**	**537.8**	**287.0**	**1,144.3**	**647.0**
Net assets (100%)	**2,108.3**	**1,735.4**	**1,913.3**	**1,210.6**	**6,983.7**	**4,192.8**
Summarised statement of comprehensive income						
Revenue	215.0	193.6	39.8	28.5	250.0	181.7
Net finance (expense)/income	(20.3)	(19.2)	(1.0)	(3.7)	14.9	6.4
Income tax expense	(46.3)	(37.4)	(0.2)	-	(0.4)	(0.5)
Profit after tax and revaluations	283.8	326.2	575.6	98.7	1,706.6	690.0
Other comprehensive income/(loss)	36.2	(12.8)	-	-	-	-
Total comprehensive income (100%)	**320.0**	**313.4**	**575.6**	**98.7**	**1,706.6**	**690.0**
Goodman						
Consolidated ownership interest	20.0%	20.0%	35.3%	33.3%	55.0%	55.0%
Consolidated share of net assets	421.7	347.1	676.0	403.5	3,841.0	2,306.0
Shareholder loan[1]	492.9	482.3	-	-	-	-
Other items, including capitalised costs	3.4	3.3	0.3	0.5	5.0	4.6
Distributions receivable	-	-	-	-	-	-
Carrying amount of investment	**918.0**	**832.7**	**676.3**	**404.0**	**3,846.0**	**2,310.6**
Distributions/dividends received and receivable	**7.3**	**6.1**	**3.9**	**4.6**	**68.9**	**57.8**
GIT						
Consolidated ownership interest	-	-	-	-	53.0%	53.0%
Consolidated share of net assets	-	-	-	-	3,701.4	2,222.2
Other items, including capitalised costs	-	-	-	-	5.0	4.6
Distributions receivable	-	-	-	-	-	-
Carrying amount of investment in JV	**-**	**-**	**-**	**-**	**3,706.4**	**2,226.8**
Distributions/dividends received and receivable	**-**	**-**	**-**	**-**	**66.4**	**55.7**

1. Shareholder loans have been provided by investors of GCLP in proportion to their ownership interest. The shareholder loans are interest free and unsecured and have no fixed terms of repayment. The shareholder loans are not expected to be repaid within 12 months from the end of the reporting period and the Directors consider the loans to form part of Goodman's investment in GCLP.

With respect to Goodman's other JVs, the total profit after tax and revaluations was $1,333.2 million (2021: $721.5 million) and total other comprehensive income was $nil (2021: $nil). With respect to GIT's other JVs, the total profit after tax and revaluations was $1,024.5 million (2021: $460.1 million) and total other comprehensive income was $nil (2021: $nil).

7 Receivables

Receivables comprise trade and other receivables and loans to related parties and are recognised on the date that they are originated, initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

Receivables are derecognised when the contractual rights to the cash flows from the receivable expire or the Group transfers the rights to receive the contractual cash flows on the receivable in a transaction in which substantially all the risks and rewards of the receivable are transferred.

	Goodman		GIT	
	2022	2021	2022	2021
	$M	$M	$M	$M
Current				
Trade receivables	7.8	16.4	0.1	0.1
Tax receivables	3.9	16.1	-	1.4
Other receivables	123.1	197.2	3.8	5.8
Amounts due from related parties[1]	83.0	101.6	-	0.1
Loans to related parties[1]	-	-	127.1	808.7
	217.8	**331.3**	**131.0**	**816.1**
Non-current				
Other receivables	5.9	7.1	-	-
Loans to related parties[1]	167.5	270.4	3,137.4	2,528.5
	173.4	**277.5**	**3,137.4**	**2,528.5**

1. Refer to note 24 for details of amounts due from and loans to related parties.

Goodman assessed the receivables balances at 30 June 2022 for expected credit losses (risk of non-payment). The level of provisioning was not significant in the context of the Group's financial position.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

8 Contract balances

Contract assets primarily comprise amounts recoverable from fixed price development contracts (disclosed net of any payments received on account) and accrued performance fee income where the Group assesses that the income can be reliably measured.

Contract liabilities primarily comprise consideration received in advance of the completion of development contracts and rental guarantees.

The following table provides an analysis of receivables from contracts with customers (excluding rental income receivables), contract assets and contract liabilities at the reporting dates:

	Goodman	
	2022	2021
	$M	$M
Current		
Receivables, which are included in trade receivables, other receivables and amounts due from related parties	111.7	143.6
Contract assets	77.6	80.9
Contract liabilities	4.7	5.0
Non-current		
Contract liabilities	-	1.0

Significant changes in the contract assets and the contract liabilities balances during the year are set out below:

	Goodman			
	2022		2021	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	$M	$M	$M	$M
Balance at the beginning of the year	80.9	6.0	25.7	13.8
Increase due to changes in the measure of progress during the year	476.9	-	237.5	-
Transfers from contract assets to receivables	(480.5)	-	(182.3)	-
Revenue recognised that was included in the contract liability balance at the beginning of the year	-	(1.6)	-	(7.7)
Increases due to cash received, excluding amounts recognised as revenue during the year	-	0.1	-	0.1
Effect of foreign currency translation	0.3	0.2	-	(0.2)
Balance at the end of the year	**77.6**	**4.7**	**80.9**	**6.0**
Current contract assets and liabilities	77.6	4.7	80.9	5.0
Non-current contract liabilities	-	-	-	1.0
	77.6	**4.7**	**80.9**	**6.0**

Transaction price allocated to the remaining contract obligations
The amount of the transaction price allocated to the remaining performance obligations under Goodman's existing contracts was $nil (2021: $12.5 million). This amount represents revenue expected to be recognised in the future from ongoing management and fixed price development contracts with customers. Goodman will recognise the expected revenue in the future as the work is completed, which is expected to be within the next 12 months.

Details regarding Goodman's future rental income associated with existing lease agreements is included in note 6.

In addition, Goodman receives investment management, development management and property services fees under various contracts that it has with its Partnerships. These contracts are for varying lengths of time and are typically transacted on terms that are consistent with market practice. The revenues under these contracts are linked to the AUM, total development project costs or gross property income of Partnerships and are invoiced as the services are provided.

9 Assets held for sale

In June 2022, the Group entered into a conditional contract to dispose of three controlled entities which own two investment properties. As the conditions under the contracts had not been satisfied as at 30 June 2022, the directly held assets and liabilities to be disposed have been presented as a disposal group held for sale.

Assets and liabilities of disposal group held for sale

At 30 June 2022, the disposal group was held at the lower of carrying amount and fair value less costs to sell, and comprised the following assets and liabilities within the Australia and New Zealand segment:

	$M
Receivables	2.5
Investment properties	609.3
Payables	(3.6)
Assets held for sale	**608.2**

No impairment losses have been recognised in FY22 in respect of the disposal group.

In the prior year, assets held for sale amounting to $41.5 million comprised an investment property in Australia. The disposal of the investment property was completed in FY22.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

10 Payables

Trade and other payables are recognised initially at trade date fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other payables are measured at amortised cost.

Trade and other payables are derecognised when the contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legal right to offset the amounts and an intention to either settle on a net basis or to realise the asset and settle the liability simultaneously.

	Goodman		GIT	
	2022 $M	2021 $M	2022 $M	2021 $M
Current				
Trade payables	76.4	73.1	7.9	7.1
Other payables and accruals	525.4	487.8	61.5	51.3
Contract liabilities	4.7	5.0	-	-
Loans from related parties[1]	-	-	3.3	549.2
	606.5	**565.9**	**72.7**	**607.6**
Non-current				
Other payables and accruals	111.0	124.5	3.3	3.7
Contract liabilities	-	1.0	-	-
Loans from related parties[1]	-	-	720.5	228.5
	111.0	**125.5**	**723.8**	**232.2**

1. Refer to note 24 for details of loans from related parties.

11 Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

		Goodman		GIT	
	Note	2022 $M	2021 $M	2022 $M	2021 $M
Current					
Dividends/distributions to Securityholders	19	280.0	277.1	233.5	166.3
Other		19.2	17.1	-	-
		299.2	**294.2**	**233.5**	**166.3**
Non-current					
Defined benefit retirement schemes in the United Kingdom		13.9	22.0	-	-
Other		1.6	1.7	-	-
		15.5	**23.7**	**-**	**-**

12 Property, plant and equipment

	2022 $M	2021 $M
Property, plant and equipment at cost	147.0	128.7
Accumulated amortisation	(85.6)	(74.1)
Property, plant and equipment at net book value[1]	**61.4**	**54.6**

1. Refer to note 13 for property, plant and equipment held as a lessee.

13 Leases

Goodman leases office buildings, motor vehicles and office equipment. Certain investment properties and developments classified as inventories are also built on land held under leasehold interests.

Goodman recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost plus any direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the lessee's incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest rate method. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change arising from the reassessment of whether Goodman will be reasonably certain to exercise an extension or termination option.

The right of use assets in respect of office buildings, motor vehicles and office equipment are depreciated using the straight-line method over the period of the lease. Right of use assets that meet the definition of investment property are carried at fair value in accordance with note 6(a). Ground leases of development land that are classified as inventories are not depreciated but are assessed at each reporting date for impairments to ensure they are recorded at the lower of cost and net realisable value.

Information about leases for which Goodman is a lessee is detailed below:

	2022 $M	2021 $M
Right of use assets		
Inventories	453.3	359.2
Investment properties	568.0	340.3
Property, plant and equipment	42.4	39.6
	1,063.7	**739.1**
Lease liabilities		
Current	12.5	11.9
Non-current	58.1	82.1
	70.6	**94.0**

The following were recognised during the year:

	2022 $M	2021 $M
Additions to right of use assets	338.4	402.9
Depreciation for right of use assets	12.6	15.1
Interest expense on lease liabilities	1.0	1.0
Cash outflows on lease liabilities	14.4	18.8

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

14 Goodwill and intangible assets

Goodman recognises both goodwill and indefinite life management rights in its statement of financial position.

Goodwill
Goodwill arising on the acquisition of controlled entities is stated at cost less any accumulated impairment losses (refer below). No amortisation is provided.

Management rights
When fund and/or investment management activities are acquired as part of a business combination, management rights are recorded where they arise from contractual or other legal rights, and the fair value can be measured reliably.

Management rights are stated at cost less impairment. Management rights are not amortised as they are assumed to have an indefinite life given they are routinely renewed at minimal cost and on broadly similar terms.

Impairment
The carrying amounts of goodwill and management rights are tested annually for impairment. For the purpose of impairment testing, goodwill and management rights are allocated to the related cash-generating units monitored by management. An impairment loss is recognised whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Recoverable amount is the greater of the fair value (net of disposal costs) and the value in use but given that goodwill and management rights are not frequently traded (i.e. fair value is difficult to ascertain), the recoverable amount will be equal to the value in use of the cash-generating unit. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the goodwill allocated to the cash-generating unit, then to the carrying amount of the management rights allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. An impairment loss for management rights is reversed only to the extent that its carrying amount does not exceed its original cost.

A summary of Goodman's goodwill and intangible assets is set out by below:

	Goodman	
	2022 $M	**2021 $M**
Goodwill	685.6	715.2
Management rights	109.8	107.4
	795.4	**822.6**

The carrying value of goodwill and intangible assets is analysed by division in the table below:

	2022 $M	2021 $M
Analysed:		
Goodwill		
Continental Europe	577.0	601.4
United Kingdom	86.6	90.5
Other	22.0	23.3
Subtotal - goodwill	**685.6**	**715.2**
Management rights		
Continental Europe	32.7	34.1
Other	77.1	73.3
Subtotal - management rights	**109.8**	**107.4**
Total	**795.4**	**822.6**

A reconciliation of the movement in the cost of goodwill and management rights during the year is set out below:

Cost	Balance at 30 June 2020 $M	Effect of foreign currency translation $M	Balance at 30 June 2021 $M	Disposals $M	Effect of foreign currency translation $M	Balance at 30 June 2022 $M
Goodwill						
Continental Europe	628.6	(19.6)	609.0	-	(24.7)	584.3
United Kingdom	127.9	3.1	131.0	-	(5.6)	125.4
Other	33.7	(2.8)	30.9	-	(1.6)	29.3
Subtotal - goodwill	**790.2**	**(19.3)**	**770.9**	**-**	**(31.9)**	**739.0**
Management rights						
Continental Europe	35.3	(1.2)	34.1	-	(1.4)	32.7
Other	87.2	(2.5)	84.7	(10.9)	3.3	77.1
Subtotal - management rights	**122.5**	**(3.7)**	**118.8**	**(10.9)**	**1.9**	**109.8**
Total	**912.7**	**(23.0)**	**889.7**	**(10.9)**	**(30.0)**	**848.8**

A reconciliation of the movement in the impairment losses during the year is set out below:

Impairment losses	Balance at 30 June 2020 $M	Effect of foreign currency translation $M	Balance at 30 June 2021 $M	Disposals $M	Effect of foreign currency translation $M	Balance at 30 June 2022 $M
Goodwill						
Continental Europe	7.8	(0.2)	7.6	-	(0.3)	7.3
United Kingdom	39.5	1.0	40.5	-	(1.7)	38.8
Other	7.8	(0.2)	7.6	-	(0.3)	7.3
Subtotal - goodwill	**55.1**	**0.6**	**55.7**	**-**	**(2.3)**	**53.4**
Management rights						
Other	11.8	(0.4)	11.4	(10.9)	(0.5)	-
Subtotal - management rights	**11.8**	**(0.4)**	**11.4**	**(10.9)**	**(0.5)**	**-**
Total	**66.9**	**0.2**	**67.1**	**(10.9)**	**(2.8)**	**53.4**

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

14 Goodwill and intangible assets (continued)

Impairments and reversals of impairments
There were no impairment losses or reversals of impairment losses during either the current or prior financial year.

Impairment testing for intangible assets
The carrying values of both goodwill and indefinite life management rights are assessed for impairment annually. For the purpose of impairment testing, goodwill and indefinite life management rights are allocated to the Goodman divisions that represent the lowest level within Goodman at which the goodwill and indefinite life management rights are monitored for internal management purposes. Where goodwill and management rights arise in the same division, impairment testing has been performed on the combined intangible asset.

The impairment tests for all intangible assets are based on each division's value in use. Value in use is determined by discounting the future projected cash flows generated from continuing operations. These cash flows are for a five-year period, with a year five terminal value calculated using a terminal growth rate and an appropriate discount rate for each division.

The key drivers of value in respect of the intangible assets are:

+ Development cash flows, which are impacted by development volumes and margins and whether the developments are undertaken directly by Goodman or directly by Partnerships or in joint venture with Partnerships
+ Management cash flows, which are driven by the level of AUM and net property income in Partnerships and, in the case of portfolio performance fee income, the long-term performance of the Partnerships.

The estimation of future cash flows requires assumptions to be made regarding uncertain future events. The cash flows do not assume a downturn in earnings that might arise in the event of a significant adverse change in market conditions for the Group. The cash flows also assume that Goodman's management contracts with Partnerships have an indefinite life. This is on the basis that in the past these contracts have been typically renewed at minimal cost and on broadly similar financial terms.

When assessing a potential impairment, the value in use is compared against the sum of the intangible asset balance and the plant and equipment balance for each division.

Value in use
The value in use for both Continental Europe and the United Kingdom are consistent with the prior years. The Group's strategy remains the same with assets focused on core infill locations.

		Continental Europe	United Kingdom
Value in use (A$M)	**2022**	**2,444.3**	**191.8**
	2021	2,344.9	161.1

Key assumptions

		Continental Europe	United Kingdom
Pre-tax discount rate (per annum)	**2022**	**11.6%**	**11.9%**
	2021	9.7%	9.6%
Average annual development (million square metres)	**2022**	**0.60**	**0.12**
	2021	0.60	0.16
Average annual growth in AUM	**2022**	**7.7%**	**13.2%**
	2021	8.0%	21.6%

All amounts were calculated in local currency and translated to Australian dollars at the closing exchange rate at the end of the financial period. Averages related to average amounts over the five-year forecast period.

Discount rates
The post-tax discount rates were determined using the capital asset pricing model, with individual assumptions referenced to market data, where available, and adjusting for specific factors associated with each division. A risk premium was included in each division's discount rate, reflecting the level of forecasting, size, country and financing risks for that division. The value in use was determined using the after-tax cash flows and the post-tax discount rates, with the discount rates then converted to the equivalent pre-tax rates.

Developments
Demand for modern, well-located industrial product in both Continental Europe and the United Kingdom remains strong. Earnings forecasts for each division include projects which have not yet been contracted.

Continental Europe
The activities will be focused on core markets in western and southern Europe. The average annual development activity over the next five years is expected to be 0.60 million square metres and the estimated cash outflow from Goodman and Partnerships required to fund the assumed development pipeline across the forecast period is A$1.28 billion per annum.

United Kingdom
The activity will continue to be focused on the core markets close to London and along the M1 corridor. In the short term, developments will include a number of sites that have already been acquired. The division's development activity over the next five years is forecast to be 0.12 million square metres per annum, on average, which will be undertaken by GUKP, with Goodman earning development management fee income. The estimated cash outflow from Goodman and GUKP required to finance the assumed development pipeline across the forecast period is A$0.51 billion per annum.

Sources of funding for development activity
Capital inflows required to fund acquisitions and development activity in both divisions are assumed to arise from the following sources: equity investment directly into Partnerships (including distribution reinvestment plans) by Goodman and its investment partners (in some cases, the projections assume future equity investment will be greater than existing commitments); lending facilities advanced to Partnerships; debt capital markets; customer-funded turnkey developments; and proceeds from disposals of assets. It is not practicable to determine the percentage of the total which will flow from each source.

Funds available to Goodman and its investment partners are assumed to be sourced from available global markets and are not limited to lending markets in the regions to which the relevant intangible asset relates.

AUM
For Continental Europe, the average annual increase in AUM of 7.7% (2021: 8.0%) over the forecast period is consistent with the prior year assumption. The projected AUM assumes that most of the development over the forecast period is for Partnerships. For the purpose of the value in use assessments, property values are expected to be stable over the period and no portfolio performance revenue is assumed.

For United Kingdom, the average annual increase in AUM of 13.2% (2021:21.6%) is lower than the prior year forecast due to the stabilisation of developments during FY22 i.e. a higher starting AUM position. The UK Partnerships are developing several sites that underpin the projected growth over the five-year period. For the purpose of the forecasts, property values are expected to be stable over the period.

Assumptions impacting the terminal year

		Continental Europe	United Kingdom
Growth rate applied to future cash flows (per annum)	**2022**	**2.3%**	**2.8%**
	2021	0.4%	1.5%
Development in terminal year (million square metres)	**2022**	**0.60**	**0.14**
	2021	0.60	0.19
Development in terminal year (cost in A$B)	**2022**	**1.34**	**0.55**
	2021	0.92	0.36

Long-term growth rates have been used to extrapolate cash flow projections beyond the period covered by the five-year forecast. For both Continental Europe and United Kingdom, the growth rate was based on the consumer price indices.

The forecast cost of developments in year five represents the estimated total funding requirements for both directly held developments and developments within Partnerships. The cost of developments in Australian dollars has remained relatively stable.

Notes to the consolidated financial statements
CAPITAL MANAGEMENT

The notes in this section focus on Goodman's and GIT's financing activities, capital structure and management of the financial risks involved.

15 Net finance (expense)/income

Interest income and expense are recognised using the effective interest rate method.

Finance costs relating to a qualifying asset are capitalised as part of the cost of that asset using a weighted average cost of debt. Qualifying assets are assets which take a substantial time to get ready for their intended use or sale. All other finance costs are expensed using the effective interest rate method.

	Goodman		GIT	
	2022	**2021**	**2022**	**2021**
	$M	**$M**	**$M**	**$M**
Finance income				
Interest income from:				
– Related parties	6.5	8.1	72.3	69.1
– Other parties	1.8	2.3	0.5	1.4
Fair value adjustments on derivative financial instruments	-	83.9	-	104.0
Foreign exchange gains	-	-	-	3.4
	8.3	**94.3**	**72.8**	**177.9**
Finance expense				
Interest expense from third party loans, overdrafts and derivatives	(42.4)	(18.3)	(38.2)	(25.9)
Interest expense from related party loans	-	-	(9.7)	(11.7)
Other borrowing costs	(9.5)	(7.4)	(5.3)	(4.8)
Fair value adjustments on derivative financial instruments	(189.7)	-	(181.5)	-
Foreign exchange losses	(0.3)	(0.4)	(69.7)	-
Capitalised borrowing costs[1]	10.8	6.7	-	-
	(231.1)	**(19.4)**	**(304.4)**	**(42.4)**
Net finance (expense)/income	**(222.8)**	**74.9**	**(231.6)**	**135.5**

1. Borrowing costs were capitalised to inventories and investment properties under development during the year at rates between 0.95% and 4.85% per annum (2021: 0.92% and 4.0% per annum).

16 Interest bearing liabilities

Interest bearing liabilities comprise bank loans, notes issued in the capital markets and private placements. Interest bearing liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost using the effective interest rate method.

		Goodman		GIT	
	Note	2022 $M	2021 $M	2022 $M	2021 $M
Current					
Unsecured:					
– Foreign private placement	16(d)	133.3	-	133.3	-
		133.3	**-**	**133.3**	**-**
Non-current					
Secured:					
– Bank loans	16(a)	9.0	-	-	-
Unsecured:					
– Bank loans	16(a)	-	-	-	-
– USD denominated notes	16(b)	1,953.1	1,133.8	1,953.1	1,133.8
– EUR denominated notes	16(c)	758.3	790.3	758.3	790.3
– Foreign private placement	16(d)	-	150.1	-	150.1
Borrowing costs		(21.5)	(13.9)	(19.3)	(11.4)
		2,698.9	**2,060.3**	**2,692.1**	**2,062.8**

(a) Bank loans

Secured

As at 30 June 2022, Goodman and GIT had the following secured bank facilities:

	Goodman		GIT	
Facility maturity date	Facility limit $M	Amounts drawn $M	Facility limit $M	Amounts drawn $M
13 May 2026[1]	65.0	-	65.0	-
13 May 2026[1]	65.0	-	65.0	-
13 May 2027[1]	130.0	-	130.0	-
18 March 2034	28.2	9.0	-	-
Total at 30 June 2022	**288.2**	**9.0**	**260.0**	**-**
Total at 30 June 2021	-	-	-	-

1. These facilities, amounting to $260.0 million, are held by a controlled entity that is part of a disposal group at 30 June 2022. The facilities are secured against investment properties that also form part of the disposal group. Refer to note 9.

Notes to the consolidated financial statements

Capital management (continued)

16 Interest bearing liabilities (continued)

Unsecured

As at 30 June 2022, Goodman and GIT had the following unsecured bank facilities:

	Goodman		GIT	
Facility maturity date	Facility limit $M	Amounts drawn $M	Facility limit $M	Amounts drawn $M
31 December 2024	100.0	-	100.0	-
31 March 2025	70.0	-	70.0	-
31 March 2025	30.0	-	30.0	-
31 March 2026	85.2	-	-	-
31 March 2026	160.0	-	-	-
1 July 2026	100.0	-	100.0	-
31 July 2026	144.7	-	144.7	-
30 September 2026	160.0	-	-	-
30 September 2026	54.3	-	54.3	-
30 September 2026	37.5	-	37.5	-
21 October 2026	150.0	-	150.0	-
22 October 2026	150.0	-	150.0	-
31 December 2026	113.7	-	113.7	-
30 June 2027	70.0	-	70.0	-
30 June 2027	30.0	-	30.0	-
Total at 30 June 2022	**1,455.4**	**-**	**1,050.2**	**-**
Total at 30 June 2021	1,045.7	-	589.4	-

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

(b) USD denominated notes

As at 30 June 2022, Goodman and GIT had notes on issue in the US144A/Regulation S bond market as follows:

Maturity date	Carrying amount A$M	Carrying amount US$M	Coupon (fixed) per annum
15 Mar 2028	759.5	525.0	3.70%
04 May 2032	723.4	500.0	4.63%
15 October 2037	470.2	325.0	4.50%
Carrying amount at 30 June 2022	**1,953.1**	**1,350.0**	
Carrying amount at 30 June 2021	1,133.8	850.0	

(c) EUR denominated notes

As at 30 June 2022, Goodman and GIT had A$758.3 million (2021: A$790.3 million) (€500.0 million) Reg S EUR denominated senior notes on issue. The notes have a fixed coupon of 1.375% per annum and mature on 27 September 2025.

(d) Foreign private placement

As at 30 June 2022, Goodman and GIT had A$133.3 million (2021: A$150.1 million) (¥12.5 billion) in a foreign private placement denominated in Japanese yen. The facility has a fixed coupon of 3.32% per annum payable semi-annually and expires on 3 April 2023.

(e) Finance facilities

	Goodman		GIT	
	Facilities available[1] $M	Facilities utilised $M	Facilities available[1] $M	Facilities utilised $M
30 June 2022				
Secured:				
- Bank loans[1]	288.2	9.0	260.0	-
Unsecured:				
– Bank loans	1,455.4	-	1,050.2	-
– USD denominated notes	1,953.1	1,953.1	1,953.1	1,953.1
– EUR denominated notes	758.3	758.3	758.3	758.3
– Foreign private placement	133.3	133.3	133.3	133.3
– Bank guarantees[2]	-	7.3	-	7.3
	4,588.3	**2,861.0**	**4,154.9**	**2,852.0**
30 June 2021				
Unsecured:				
– Bank loans	1,045.7	-	589.4	-
– USD denominated notes	1,133.8	1,133.8	1,133.8	1,133.8
– EUR denominated notes	790.3	790.3	790.3	790.3
– Foreign private placement	150.1	150.1	150.1	150.1
– Bank guarantees[2]	-	32.7	-	32.7
	3,119.9	**2,106.9**	**2,663.6**	**2,106.9**

1. Facilities available under secured bank loans include $260.0 million of unutilised loans held by a controlled entity that is part of a disposal group at 30 June 2022. Refer to note 9.
2. Bank guarantees are drawn from facilities available under unsecured bank loans. The guarantees are not reflected as a liability in the statements of financial position.

Notes to the consolidated financial statements

Capital management (continued)

17 Other financial assets and liabilities

Other financial assets and liabilities primarily comprise derivative financial instruments that are recognised initially on the trade date at which Goodman and GIT become a party to the contractual provisions of the instrument.

Derivative financial instruments and hedging
Goodman and GIT use derivative financial instruments to hedge their economic exposure to foreign exchange and interest rate risks arising from operating, investing and financing activities. In accordance with the Group's financial risk management (FRM) policy, Goodman and GIT do not hold or issue derivative financial instruments for speculative trading purposes.

Goodman and GIT's derivative financial instruments are not designated as a hedge for accounting purposes, and accordingly movements in the fair value of derivative financial instruments are recognised in the income statement.

Cash flow hedges
Certain of Goodman and GIT's associates and JVs continue to designate derivative financial instruments as cash flow hedges for accounting purposes. Goodman's and GIT's share of the effective portion of changes in the fair value of derivative financial instruments in associates and JVs that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve. The gain or loss relating to any ineffective portion is recognised in the income statement.

Other financial assets

	Goodman		GIT	
	2022	2021	2022	2021
	$M	$M	$M	$M
Current				
Derivative financial instruments[1]	1.6	16.5	1.6	16.5
	1.6	**16.5**	**1.6**	**16.5**
Non-current				
Derivative financial instruments[1]	482.8	354.5	341.3	292.4
Investment in unlisted securities, at fair value	13.6	8.3	31.8	22.0
	496.4	**362.8**	**373.1**	**314.4**

1. Includes fair values of derivative financial instruments equating to $133.3 million (2021: $134.1 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

Other financial liabilities

	Goodman		GIT	
	2022	2021	2022	2021
	$M	$M	$M	$M
Current				
Derivative financial instruments[1]	71.2	1.9	25.9	1.9
	71.2	**1.9**	**25.9**	**1.9**
Non-current				
Derivative financial instruments[1]	447.7	211.5	325.3	124.6
	447.7	**211.5**	**325.3**	**124.6**

1. Includes fair values of derivative financial instruments equating to $79.6 million (2021: $62.3 million) that hedge Goodman's net investments in Continental Europe and the United Kingdom.

18 Financial risk management

The Directors have ultimate responsibility for Goodman's FRM processes and have established policies, documented in the FRM policy, to manage Goodman's exposure to financial risks and to utilise capital in an efficient manner.

Goodman's treasury function is responsible for monitoring the day to day compliance with the Group's FRM policy and prepares reports for consideration by management committees and the Board including:

+ Cash flow projections over a period of at least 12 months to assess the level of cash and undrawn facilities, and headline gearing at each month end
+ Debt maturity profile, to allow the Group to plan well in advance of maturing facilities
+ Interest rate hedge profile over the next 10 years, to allow the Group to manage the proportion of fixed and floating rate debt in accordance with its FRM policy
+ Capital hedge position (by currency) and profile of expiring currency derivatives, to allow the Group to manage its net investment hedging in accordance with its FRM policy.

Any significant investments or material changes to the finance facilities or FRM policy require approval by the Board.

Capital management
Goodman's principal capital management objectives are to maintain a strong capital base and provide funds for operating activities (including development expenditure), capital expenditure and investment opportunities as they arise. This is achieved through an appropriate mix of debt and equity.

Goodman is able to alter the capital mix by issuing new Goodman debt and equity securities or hybrid securities, by reinstating the distribution reinvestment plan, by adjusting the timing of development and capital expenditure and by selling assets to reduce borrowings. Goodman also manages capital through its distribution policy in which distributions made to Securityholders are based on the Group's operating profit, subject to a minimum distribution equal to the taxable income of the Trust.

Goodman's key financial risks are market risk (including foreign exchange and interest rate risk), liquidity risk and credit risk.

(a) Market risk

Foreign exchange risk
Goodman is exposed to foreign exchange risk through its investments in New Zealand, Hong Kong, China, Japan, Continental Europe, the United Kingdom, North America and Brazil. Foreign exchange risk represents the gain or loss that would be recognised from fluctuations in currency prices against the Australian dollar as a result of Goodman's net investment in foreign operations, future commercial transactions, and other foreign currency denominated assets and liabilities.

Notes to the consolidated financial statements

Capital management (continued)

18 Financial risk management (continued)

In managing foreign exchange risks, Goodman aims to reduce the impact of short-term fluctuations on Goodman's earnings and net assets. However, over the long term, permanent changes in foreign exchange rates will have an impact on both earnings and net assets.

Goodman's capital hedge policy for each overseas region is to hedge between 65% and 90% of foreign currency denominated assets with foreign currency denominated liabilities. This is achieved by borrowing in the same currency as the overseas investments to form a natural economic hedge against any foreign currency fluctuations and/or using derivatives such as cross currency interest rate swaps (CCIRS) and foreign exchange contracts (FEC).

The Group's hedge position is monitored on an ongoing basis and the Group will enter into new derivatives (including forward start contracts) and close out or enter into contra derivative contracts to manage the capital hedge position.

As at 30 June 2022, the principal that was used to hedge its exposures using derivatives and the weighted average exchange rates, by currency, are set out below:

Goodman

	2022			2021		
	Amounts payable	**Amounts receivable**	**Weighted average exchange rate**	**Amounts payable**	**Amounts receivable**	**Weighted average exchange rate**
	NZD'M	**AUD'M**	**AUD/NZD**	**NZD'M**	**AUD'M**	**AUD/NZD**
AUD receivable/NZD payable	**(750.0)**	**696.4**	**1.0775**	(600.0)	557.3	1.0771
	HKD'M	**AUD'M**	**AUD/HKD**	**HKD'M**	**AUD'M**	**AUD/HKD**
AUD receivable/HKD payable	**(8,340.0)**	**1,466.9**	**5.6976**	(7,490.0)	1,301.8	5.7659
	EUR'M	**AUD'M**	**AUD/EUR**	**EUR'M**	**AUD'M**	**AUD/EUR**
AUD receivable/EUR payable	**(825.0)**	**1,314.0**	**0.6283**	(675.0)	1,086.7	0.6214
	GBP'M	**AUD'M**	**AUD/GBP**	**GBP'M**	**AUD'M**	**AUD/GBP**
AUD receivable/GBP payable	**(380.0)**	**703.4**	**0.5403**	(330.0)	587.6	0.5635
	USD'M	**AUD'M**	**AUD/USD**	**USD'M**	**AUD'M**	**AUD/USD**
AUD receivable/USD payable	**(1,050.0)**	**1,455.5**	**0.7221**	(650.0)	894.7	0.7276
	JPY'M	**AUD'M**	**AUD/JPY**	**JPY'M**	**AUD'M**	**AUD/JPY**
AUD receivable/JPY payable	**(23,000.0)**	**297.2**	**77.5413**	(23,000.0)	297.2	77.5413
	CNY'M	**USD'M**	**USD/CNY**	**CNY'M**	**USD'M**	**USD/CNY**
USD receivable/CNY payable	**(4,258.6)**	**539.6**	**7.8927**	(4,545.2)	600.0	7.5753

GIT

	2022			2021		
	Amounts payable	Amounts receivable	Weighted average exchange rate	Amounts payable	Amounts receivable	Weighted average exchange rate
	NZD'M	AUDM	AUD/NZD	NZD'M	AUDM	AUD/NZD
AUD receivable/NZD payable	**(450.0)**	**416.3**	**1.0814**	(600.0)	557.3	1.0771
	HKD'M	A$M	AUD/HKD	HKD'M	A$M	AUD/HKD
AUD receivable/HKD payable	**(7,190.0)**	**1,264.6**	**5.6981**	(6,990.0)	1,217.8	5.7523
	EUR'M	A$M	AUD/EUR	EUR'M	A$M	AUD/EUR
AUD receivable/EUR payable	**(50.0)**	**75.7**	**0.6605**	-	-	-
	GBP'M	A$M	AUD/GBP	GBP'M	A$M	AUD/GBP
AUD receivable/GBP payable	**(125.0)**	**228.9**	**0.5460**	(330.0)	587.6	0.5635
	USD'M	A$M	AUD/USD	USD'M	A$M	AUD/USD
AUD receivable/USD payable	**(600.0)**	**820.9**	**0.7318**	(200.0)	260.2	0.7688
	JPY'M	A$M	AUD/JPY	JPY'M	A$M	AUD/JPY
AUD receivable/JPY payable	**(17,000.0)**	**225.3**	**75.4506**	(17,000.0)	225.3	75.4506

In addition to the derivatives detailed in the table above, GIT also has a FEC with a controlled entity of GL to hedge that entity's USD exposure. On maturity of the contract, GIT will receive USD 81.8 million from GL (2021: USD 257.3 million) and pay GBP 53.8 million to GL (2021: GBP 183.9 million).

Sensitivity analysis
Throughout the financial year, if the Australian dollar had been 5% stronger against all other currencies, with all other variables held constant, the profit attributable to Securityholders, excluding derivative mark to market and unrealised foreign exchange movements, would have decreased by A$107.9 million (2021: A$72.9 million decrease) for Goodman and A$48.1 million (2021: A$28.6 million) for GIT. If the Australian dollar had been 5% weaker against all other currencies, with all other variables held constant, the profit attributable to Securityholders, excluding derivative mark to market and unrealised foreign exchange movements, would have increased by A$107.9 million (2021: A$72.9 million increase) for Goodman and A$48.1 million (2021: A$28.6 million) for GIT.

Interest rate risk
Goodman's interest rate risk arises from variable rate borrowings and the Group's CCIRS that hedge the overseas investments. Goodman adopts a policy of hedging such that between 60% and 100% of its current year exposure to changes in interest rates on borrowings is on a fixed rate basis. Goodman enters into interest rate derivatives (IRD), comprising both interest rate swaps and interest rate caps, to manage cash flow risks associated with the interest rates on borrowings that are floating. The IRD contracts are for 90-day intervals and involve quarterly payments or receipts of the net amount of interest.

Notes to the consolidated financial statements
Capital management (continued)
18 Financial risk management (continued)

As at 30 June 2022, Goodman and GIT's fixed and floating interest rate exposure (by principal) based on existing interest bearing liabilities and derivative financial instruments is set out below:

Goodman

	Interest bearing liabilities A$M	Impact of derivatives CCIRS A$M	IRD A$M	Net interest rate exposure A$M
30 June 2022				
Fixed rate liabilities	2,844.7	-	747.1	3,591.8
Floating rate liabilities	9.0	(75.6)	(747.1)	(813.7)
	2,853.7	**(75.6)**	**-**	**2,778.1**
30 June 2021				
Fixed rate liabilities	2,074.2	-	(101.4)	1,972.8
Floating rate liabilities	-	(123.6)	101.4	(22.2)
	2,074.2	**(123.6)**	**-**	**1,950.6**

GIT

	Interest bearing liabilities A$M	Impact of derivatives CCIRS A$M	IRD A$M	Net interest rate exposure A$M
30 June 2022				
Fixed rate liabilities	2,844.7	-	(539.8)	2,304.9
Floating rate liabilities	-	3.0	539.8	542.8
	2,844.7	**3.0**	**-**	**2,847.7**
30 June 2021				
Fixed rate liabilities	2,074.2	-	(575.6)	1,498.6
Floating rate liabilities	-	(71.6)	575.6	504.0
	2,074.2	**(71.6)**	**-**	**2,002.6**

As a result of the fixed rate interest bearing liabilities and derivative financial instruments that existed at 30 June 2022, Goodman and GIT would have the following fixed interest rate exposure (by principal) at the end of each of the next five financial years. This assumes all interest bearing liabilities and derivative financial instruments mature in accordance with current contractual terms.

Goodman

	2022		2021	
Number of years post balance date	Fixed interest rate (by principal) A$M	Weighted average interest rate % per annum	Fixed interest rate (by principal) A$M	Weighted average interest rate % per annum
1 year	3,716.6	2.12	1,951.0	2.15
2 years	3,826.1	2.06	2,075.2	2.12
3 years	3,107.3	2.51	2,176.4	1.97
4 years	2,160.9	3.22	1,900.8	2.29
5 years	1,368.3	4.43	1,065.2	3.36

GIT

	2022		2021	
Number of years post balance date	Fixed interest rate exposure A$M	Weighted average interest rate % per annum	Fixed interest rate exposure A$M	Weighted average interest rate % per annum
1 year	2,502.1	3.01	1,476.9	2.99
2 years	2,674.5	2.80	1,601.0	2.89
3 years	2,651.1	2.84	1,767.9	2.54
4 years	1,836.2	3.70	1,742.8	2.53
5 years	1,111.4	5.33	907.1	4.00

Sensitivity analysis
Throughout the financial year, if interest rates on borrowings (based on the interest bearing liabilities and derivative financial instruments in place at the end of the year) had been 100 basis points per annum higher/lower, with all other variables held constant, the profit attributable to Securityholders would have increased/decreased by A$8.1 million (2021: increased/decreased by A$0.2 million) for Goodman and decreased/increased by A$5.4 million (2021: decreased/increased by A$5.0 million) for GIT.

Managing interest rate benchmark reform and associated risks

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

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

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

The table below details the Group's exposure at 30 June 2022 to significant IBORs subject to reform that have yet to transition to alternate benchmark rates:

	USD LIBOR Notional amount	
	Goodman	GIT
	$M	$M
IRD	900.0	500.0
CCIRS	2,330.0	1,430.0
	3,230.0	**1,930.0**

The exposure disclosed is for derivatives with contractual maturities after 30 June 2022. Derivative exposure has been reported using the notional contract amount and where derivatives such as CCIRS have both a receiver and a payer leg with exposure to IBOR reform, the notional contract amount is disclosed for both legs.

(b) Liquidity risk

Liquidity risk is the risk that Goodman will not be able to meet its financial obligations as they fall due. Goodman's objective is to maintain sufficient liquidity to fund short-term working capital, capital expenditure, investment opportunities, debt expiries and distributions. This is achieved through the monthly preparation of a three-year cash flow forecast to understand the uses of funds and to identify potential shortfalls in funding or potential breaches of financial covenants in its loan arrangements. This allows Goodman to plan for renewal of debt facilities, negotiation of new debt facilities, new issues of securities, including the distribution reinvestment plan, and other potential sources of funding.

Goodman's treasury function is responsible for reporting details of all debt maturities to the Board at its regular meetings.

Goodman seeks to spread its debt maturities such that the total debt repayable in a single financial year does not exceed Board approved policy levels.

Notes to the consolidated financial statements

Capital management (continued)

18 Financial risk management (continued)

The contractual maturities of financial liabilities are set out below:

Goodman	Carrying amount $M	Contractual cash flows $M	Less than 1 year $M	1 - 2 year(s) $M	2 - 3 years $M	3 - 4 years $M	4 - 5 years $M	More than 5 years $M
As at 30 June 2022								
Non-derivative financial liabilities								
Payables (excluding contract liabilities)	712.8	712.8	601.8	58.2	26.4	17.6	8.8	-
Lease liabilities	70.6	121.6	12.5	14.2	76.5	4.1	3.9	10.4
Bank loans, secured[1]	9.0	9.0	-	-	-	-	-	9.0
USD denominated notes, unsecured	1,953.1	2,822.9	139.2	82.7	82.7	82.7	82.7	2,352.9
EUR denominated notes, unsecured	758.3	799.9	18.3	10.4	10.4	760.8	-	-
Foreign private placement, unsecured	133.3	137.7	137.7	-	-	-	-	-
Total non-derivative financial liabilities	**3,637.1**	**4,603.9**	**909.5**	**165.5**	**196.0**	**865.2**	**95.4**	**2,372.3**
Derivative financial (assets)/liabilities - net								
Net settled[2]	33.8	35.3	14.0	5.7	22.2	8.2	3.5	(18.3)
Gross settled[3]:								
(Inflow)	0.7	(1,565.0)	(249.5)	(411.0)	(257.1)	(310.8)	(171.2)	(165.5)
Outflow	-	1,113.4	218.5	329.5	169.6	189.7	156.4	49.7
Total derivative financial (assets)/liabilities - net	**34.5**	**(416.3)**	**(17.0)**	**(75.8)**	**(65.3)**	**(112.9)**	**(11.3)**	**(134.1)**
As at 30 June 2021								
Non-derivative financial liabilities								
Payables (excluding contract liabilities)	685.4	685.4	560.9	61.9	31.3	20.9	10.4	-
Lease liabilities	94.0	179.2	11.9	7.9	6.3	6.8	6.3	140.0
USD denominated notes, unsecured	1,133.8	1,625.3	45.4	45.4	45.4	45.4	45.4	1,398.3
EUR denominated notes, unsecured	790.3	836.5	10.9	10.9	10.9	10.9	792.9	-
Foreign private placement, unsecured	150.1	158.9	5.0	153.9	-	-	-	-
Total non-derivative financial liabilities	**2,853.6**	**3,485.3**	**634.1**	**280.0**	**93.9**	**84.0**	**855.0**	**1,538.3**
Derivative financial (assets)/liabilities - net								
Net settled[2]	(18.9)	(17.8)	(36.8)	0.8	10.2	16.9	(1.2)	(7.7)
Gross settled[3]:								
(Inflow)	(138.7)	(570.0)	(82.9)	(78.0)	(176.1)	(77.1)	(75.7)	(80.2)
Outflow	-	371.2	57.5	87.3	72.1	29.8	62.5	62.0
Total derivative financial (assets)/liabilities - net	**(157.6)**	**(216.6)**	**(62.2)**	**10.1**	**(93.8)**	**(30.4)**	**(14.4)**	**(25.9)**

1. Contractual cash flows relating to bank loans exclude any estimate of interest payments that might arise under Goodman's revolving loan facilities.
2. Net settled includes IRD and FEC.
3. Gross settled includes CCIRS.

The contractual maturities of financial liabilities are set out below:

GIT	Carrying amount $M	Contractual cash flows $M	Less than 1 year $M	1 - 2 year(s) $M	2 - 3 years $M	3 - 4 years $M	4 - 5 years $M	More than 5 years $M
As at 30 June 2022								
Non-derivative financial liabilities								
Payables	796.5	796.5	72.7	4.8	64.5	282.7	139.4	232.4
USD denominated notes, unsecured	1,953.1	2,822.9	139.2	82.7	82.7	82.7	82.7	2,352.9
EUR denominated notes, unsecured	758.3	800.0	18.3	10.4	10.4	760.8	-	-
Foreign private placement, unsecured	133.3	137.7	137.7	-	-	-	-	-
Total non-derivative financial liabilities	**3,641.2**	**4,557.1**	**367.9**	**97.9**	**157.6**	**1,126.2**	**222.1**	**2,585.3**
Derivative financial (assets)/liabilities - net								
Net settled[1]	(22.0)	141.6	39.4	35.5	33.3	33.5	10.5	(10.5)
Gross settled[2]:								
(Inflow)	30.3	(737.3)	(104.8)	(234.6)	(90.9)	(115.1)	(51.6)	(140.1)
Outflow	-	753.2	161.1	237.7	100.7	125.6	87.3	40.8
Total derivative financial liabilities/(assets) - net	**8.3**	**157.5**	**95.7**	**38.6**	**43.1**	**44.0**	**46.2**	**(109.8)**
As at 30 June 2021								
Non-derivative financial liabilities								
Payables	839.8	839.8	607.6	-	95.9	9.2	123.3	3.8
USD denominated notes, unsecured	1,133.8	1,625.4	45.4	45.4	45.4	45.4	45.4	1,398.3
EUR denominated notes, unsecured	790.3	836.4	10.9	10.9	10.9	10.9	792.9	-
Foreign private placement, unsecured	150.1	158.9	5.0	153.9	-	-	-	-
Total non-derivative financial liabilities	**2,914.0**	**3,460.5**	**668.9**	**210.2**	**152.2**	**65.5**	**961.6**	**1,402.1**
Derivative financial (assets)/liabilities - net								
Net settled[1]	(98.3)	(91.3)	(37.0)	(28.2)	(12.5)	(6.6)	(0.8)	(6.2)
Gross settled[2]:								
(Inflow)	(84.1)	(446.9)	(71.4)	(60.7)	(120.0)	(54.4)	(62.7)	(77.7)
Outflow	-	303.7	56.3	84.1	67.2	28.6	36.9	30.6
Total derivative financial (assets)/liabilities - net	**(182.4)**	**(234.5)**	**(52.1)**	**(4.8)**	**(65.3)**	**(32.4)**	**(26.6)**	**(53.3)**

1. Net settled includes IRD and FEC.
2. Gross settled includes CCIRS.

Notes to the consolidated financial statements

Capital management (continued)
18 Financial risk management (continued)

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, which have been recognised on the statement of financial position, is equal to the carrying amount.

Goodman has a policy of assessing the creditworthiness of all potential customers and is not materially exposed to any one customer. Goodman evaluates all customers' perceived credit risk and may require the lodgement of rental bonds or bank guarantees, as appropriate, to reduce credit risk. In addition, all rents are payable monthly in advance. Bank guarantees are accepted from financial institutions which have an investment grade credit rating from a major rating agency.

Concentration of credit risk may exist due to receivables in respect of the disposals of investment properties. The credit risk is minimised as legal title to the properties is only transferred upon receipt of proceeds and typically Goodman will have either received a cash deposit or be the beneficiary of a bank guarantee for 10% to 20% of the total proceeds.

In relation to material bank deposits, Goodman minimises credit risk by dealing with major financial institutions. The counterparty must have a long-term investment grade credit rating from a major rating agency. The amounts and other terms associated with bank deposits are formally reviewed monthly.

The credit risks associated with derivative financial instruments are managed by:

+ Transacting with multiple derivatives counterparties that have a long-term investment grade credit rating
+ Utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through netting of amounts receivable and amounts payable to individual counterparties (refer below)
+ Formally reviewing the mark to market position of derivative financial instruments by counterparty on a monthly basis.

Master netting off or similar agreements
Goodman enters into derivative transactions under ISDA master netting off agreements. Under these agreements, where certain credit events occur (such as a default), all outstanding transactions under the agreement are terminated and a single net termination value is payable in full and final settlement.

As Goodman does not have any current legally enforceable right to offset, the fair values associated with derivative financial instruments have been presented gross in the statement of financial position. However, if a credit event occurred, the ISDA master netting off agreement would allow A$361.3 million (2021: A$175.2 million) and A$256.1 million (2021: A$112.9 million) of financial assets and financial liabilities in relation to Goodman's and GIT's respective derivative financial instruments to be offset.

(d) Fair values of financial instruments

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

	Goodman				GIT			
	Carrying amount 2022 $M	Fair value 2022 $M	Carrying amount 2021 $M	Fair value 2021 $M	Carrying amount 2022 $M	Fair value 2022 $M	Carrying amount 2021 $M	Fair value 2021 $M
Financial assets								
Cash and cash equivalents	1,056.0	1,056.0	920.4	920.4	473.6	473.6	379.8	379.8
Receivables	391.2	391.2	608.8	608.8	3,268.4	3,268.4	3,344.6	3,344.6
Other financial assets:								
– IRD	210.5	210.5	114.3	114.3	129.1	129.1	111.9	111.9
– CCIRS	271.6	271.6	256.7	256.7	194.8	194.8	194.7	194.7
– FEC	2.3	2.3	-	-	19.0	19.0	2.3	2.3
– Investments in unlisted securities	13.6	13.6	8.3	8.3	31.8	31.8	22.0	22.0
	1,945.2	**1,945.2**	**1,908.5**	**1,908.5**	**4,116.7**	**4,116.7**	**4,055.3**	**4,055.3**
Financial liabilities								
Payables (excluding contract liabilities)	712.8	712.8	685.4	685.4	796.5	796.5	839.8	839.8
Interest bearing liabilities[1]	2,832.2	2,670.6	2,060.3	2,236.3	2,825.4	2,528.3	2,062.8	2,236.3
Other financial liabilities:								
– IRD	126.2	126.2	15.9	15.9	126.2	126.2	15.9	15.9
– CCIRS	272.3	272.3	118.0	118.0	225.0	225.0	110.6	110.6
– FEC	120.4	120.4	79.5	79.5	-	-	-	-
	4,063.9	**3,902.3**	**2,959.1**	**3,135.1**	**3,973.1**	**3,676.0**	**3,029.1**	**3,202.6**

1. The fair value of certain fixed rate interest bearing liabilities has been determined by reference to the quoted market prices at 30 June 2022.

Notes to the consolidated financial statements

Capital management (continued)

18 Financial risk management (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method:

	Goodman				GIT			
	Level 1 $M	Level 2 $M	Level 3 $M	Total $M	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
As at 30 June 2022								
Derivative financial assets	-	484.4	-	484.4	-	342.9	-	342.9
Investments in unlisted securities	-	-	13.6	13.6	-	-	31.8	31.8
	-	**484.4**	**13.6**	**498.0**	**-**	**342.9**	**31.8**	**374.7**
Derivative financial liabilities	-	518.9	-	518.9	-	351.2	-	351.2
	-	**518.9**	**-**	**518.9**	**-**	**351.2**	**-**	**351.2**
As at 30 June 2021								
Derivative financial assets	-	371.0	-	371.0	-	308.9	-	308.9
Investments in unlisted securities	-	-	8.3	8.3	-	-	22.0	22.0
	-	**371.0**	**8.3**	**379.3**	**-**	**308.9**	**22.0**	**330.9**
Derivative financial liabilities	-	213.4	-	213.4	-	126.5	-	126.5
	-	**213.4**	**-**	**213.4**	**-**	**126.5**	**-**	**126.5**

There were no transfers between the levels during the year.

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

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

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

19 Dividends and distributions

Dividends and distributions are recognised when they are declared and before deduction of any withholding tax. Any non-recoverable withholding tax is included in income tax.

Goodman

FY22 dividends/distributions

	Dividends/ distributions cents per security	Total amount $M	Date of payment
GL	-	-	n/a
GIT			
– 31 December 2021	15.0	280.2	24 Feb 2022
– 30 June 2022	12.5	233.6	25 Aug 2022
GLHK	2.5	46.7	25 Aug 2022
	30.0	560.5	
Distributions on treasury securities		(0.4)	
	30.0	**560.1**	

FY21 dividends/distributions

	Dividends/ distributions cents per security	Total amount $M	Date of payment
GL	-	-	n/a
GIT			
– 31 Dec 2020	15.0	277.1	25 Feb 2021
– 30 Jun 2021	9.0	166.3	26 Aug 2021
GLHK	6.0	110.8	26 Aug 2021
	30.0	**554.2**	

GIT

In FY22, GIT's distributions were 27.5 cents per security (2021: 24.0 cents per security) amounting to $513.8 million (2021: $443.4 million).

Movement in provision for dividends/distributions to Securityholders

	Goodman		GIT	
	2022 $M	2021 $M	2022 $M	2021 $M
Balance at the beginning of the year	277.1	274.3	166.3	201.1
Provisions for dividends/distributions	560.1	554.2	513.8	443.4
Dividends/distributions paid	(557.2)	(551.4)	(446.6)	(478.2)
Balance at the end of the year	**280.0**	**277.1**	**233.5**	**166.3**

Notes to the consolidated financial statements

Capital management (continued)

20 Issued capital

(a) Ordinary securities

Ordinary securities are classified as equity. Incremental costs directly attributable to issues of ordinary securities are recognised as a deduction from equity, net of any tax effects.

			Goodman		GIT	
	2022	2021	2022	2021	2022	2021
	Number of securities		$M	$M	$M	$M
Stapled securities:						
– Issued and fully paid	1,866,989,276	1,847,429,255	8,367.1	8,257.3	8,303.3	7,997.7
– Treasury securities	1,233,333	-	-	-	-	-
Less: Accumulated issue costs			(161.0)	(160.9)	(148.8)	(148.7)
Total issued capital	**1,868,222,609**	**1,847,429,255**	**8,206.1**	**8,096.4**	**8,154.5**	**7,849.0**

Terms and conditions

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

Movement in ordinary securities

Date	Details	Number of securities	Goodman $M	GIT $M
30 Jun 2020	Balance before accumulated issue costs	1,828,413,236	8,192.2	7,772.0
31 Aug 2020	Securities issued to employees under the LTIP	15,438,241	-	183.2
4 Sep 2020	Issue of securities	3,577,778	65.1	42.5
30 Jun 2021	Balance before accumulated issue costs	1,847,429,255	8,257.3	7,997.7
31 Aug 2021	Securities issued to employees under the LTIP	14,716,648	-	216.3
31 Aug 2021	Issue of treasury securities	1,233,333	-	18.1
2 Sep 2021	Issue of securities	4,843,373	109.8	71.2
	Less: Accumulated issue costs		(161.0)	(148.8)
30 Jun 2022	**Closing balance**	**1,868,222,609**	**8,206.1**	**8,154.5**

(b) Share based payments

LTIP

The Group's share based payments primarily relate to performance rights awarded to employees under the LTIP. These performance rights entitle an employee to either acquire Goodman securities for $nil consideration (equity settled performance rights) or, in certain jurisdictions, to receive an amount in cash equal to the value of the securities (cash settled performance rights), subject to the vesting conditions having been satisfied. Further details regarding the vesting conditions are included in the remuneration report section of the Directors' report.

During the year, the movement in the number of equity settled and cash settled performance rights under the LTIP was as follows:

	Number of rights	
	2022	2021
Outstanding at the beginning of the year	68,640,720	73,987,645
Granted	23,468,860	16,079,977
Exercised	(19,545,855)	(19,016,019)
Forfeited	(813,081)	(2,410,883)
Outstanding at the end of the year	**71,750,644**	**68,640,720**
Exercisable at the end of the year	**-**	**-**

Share based payments transactions

The fair value of equity settled performance rights at the grant date is expensed with a corresponding increase in the employee compensation reserve over the period from the grant date to the vesting dates. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The accumulated share based payments expense of performance rights which have vested or lapsed is transferred from the employee compensation reserve to retained earnings.

The fair value of cash settled performance rights is also recognised as an expense but with a corresponding increase in liabilities over the vesting period. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The liability is remeasured at each reporting date and at the vesting date based on the fair value of the rights.

The fair value of services received in return for performance rights granted under the LTIP is measured by reference to the fair value of the performance rights granted. The fair value of the performance rights granted during the year was measured as follows:

+ Operating EPS tranche: these rights were valued as a granted call option, using the standard Black Scholes model with a continuous dividend/distribution yield
+ Relative TSR tranche: these rights were valued using a Monte Carlo model which simulated total returns for each of the ASX 100 stocks and discounted the future value of any potential future vesting performance rights to arrive at a present value. The model uses statistical analysis to forecast total returns, based on expected parameters of variance and co-variance.

The model inputs for performance rights, both equity and cash settled, awarded during the current financial year included the following:

	10-year rights issued on 18 Nov 2021	10-year rights issued on 30 Sep 2021	5-year rights issued on 30 Sep 2021
Fair value at measurement date ($)	20.16	17.22	17.87
Security price ($)	24.49	21.68	21.68
Exercise price ($)	-	-	-
Expected volatility (%)	25.45	25.36	28.54
Rights' expected weighted average life (years)	6.8	6.9	3.9
Dividend/distribution yield per annum (%)	1.23	1.38	1.38
Average risk free rate of interest per annum (%)	1.51	1.03	0.49

The model inputs for the remeasurement of the cash settled performance rights at 30 June 2022 included the following:

	10-year rights issued in FY22	5-year rights issued In FY22	5-year rights issued In FY21	5-year rights issued In FY20	5-year rights issued In FY19	5-year rights issued In FY18
Fair value at measurement date ($)	13.61	14.12	15.02	17.49	17.64	17.79
Security price ($)	17.84	17.84	17.84	17.84	17.84	17.84
Exercise price ($)	-	-	-	-	-	-
Expected volatility (%)	27.44	29.24	28.56	32.65	36.02	44.77
Rights' expected weighted average life (years)	6.2	3.2	2.2	1.2	0.7	0.2
Dividend/distribution yield per annum (%)	1.68	1.68	1.68	1.68	1.68	1.68
Average risk free rate of interest per annum (%)	3.42	3.09	2.90	2.35	2.12	1.53

The amounts recognised as an expense are set out in note 2. At 30 June 2022, a liability of $126.6 million (2021: $158.0 million) was recognised in relation to cash settled performance rights.

Goodman's New Zealand Long Term Incentive Plan

Under Goodman's New Zealand Long Term Incentive Plan, employees receive approximately half of their LTI in the form of performance rights over GMT units that vest subject to meeting performance hurdles based on the achievement of distributable earnings targets by GMT and the relative total unitholder return from holding GMT units compared to other NZX property vehicles. On vesting, delivery of units in GMT is made from units held by Goodman or acquired on-market.

Notes to the consolidated financial statements

OTHER ITEMS

The notes in this section set out other information that is required to be disclosed to comply with the Australian Accounting Standards, *Corporations Act 2001* or Corporations Regulations.

21 Notes to the cash flow statements

(a) Reconciliation of cash

For the purpose of the cash flow statements, cash and cash equivalents includes cash on hand at the bank and short-term deposits at call. Cash at the end of the year as shown in the cash flow statements is reconciled to the related items in the statements of financial position as follows:

	Goodman		GIT	
	2022	**2021**	**2022**	**2021**
	$M	**$M**	**$M**	**$M**
Bank balances	811.3	853.7	184.2	313.1
Call deposits	244.7	66.7	289.4	66.7
	1,056.0	**920.4**	**473.6**	**379.8**

(b) Reconciliation of profit for the year to net cash provided by operating activities

	Goodman		GIT	
	2022	**2021**	**2022**	**2021**
	$M	**$M**	**$M**	**$M**
Profit for the year	3,414.0	2,311.9	2,067.6	1,574.8
Items classified as investing activities				
Net gain on disposal of investment properties	(73.6)	(37.7)	(69.8)	(39.3)
Net gain on disposal of equity investments	(0.2)	(5.0)	-	(3.2)
Non-cash items				
Amortisation and depreciation	17.1	23.0	-	-
Share based payments expense	257.0	266.9	-	-
Net gain from fair value adjustments on investment properties	(260.1)	(63.1)	(208.3)	(60.2)
Reversal of previous impairments	-	-	-	(17.6)
Share of net results of equity accounted investments	(2,718.2)	(1,708.9)	(2,173.0)	(1,373.8)
Net finance expense/(income)	222.8	(74.9)	231.6	(135.5)
Income tax expense	324.1	108.1	133.1	49.5
	1,182.9	**820.3**	**(18.8)**	**(5.3)**
Changes in assets and liabilities during the year:				
– Decrease/(increase) in receivables	93.4	(146.7)	0.7	1.7
– Increase in inventories	(646.1)	(29.9)	-	-
– (Increase)/decrease in other assets	(0.1)	(6.0)	1.4	(2.2)
– (Decrease)/increase in payables	(85.5)	6.7	(1.5)	1.8
– Decrease in provisions	(0.1)	(0.1)	-	-
	544.5	**644.3**	**(18.2)**	**(4.0)**
Distributions/dividends received from Partnerships	441.9	536.9	238.9	372.6
Net finance costs paid	(34.9)	(25.1)	(23.6)	(29.5)
Net income taxes (paid)/received	(110.5)	(41.4)	(1.1)	0.5
Net cash provided by operating activities	**841.0**	**1,114.7**	**196.0**	**339.6**

(c) Non-cash transactions

During the current and prior financial years, other than disclosed elsewhere in the consolidated financial statements, there were no significant non-cash transactions.

(d) Reconciliation of liabilities arising from financing activities

Goodman	Interest bearing liabilities $M	Derivative financial instruments $M	Provision for distributions $M	Lease liabilities $M	Total $M
Balance at 30 June 2020	**2,938.5**	**(83.7)**	**274.3**	**46.8**	**3,175.9**
Changes from financing cash flows					
Proceeds from borrowings and derivative financial instruments	200.0	4.6	-	-	**204.6**
Payments on borrowings and derivative financial instruments	(891.9)	-	-	-	**(891.9)**
Payment of lease liabilities	-	-	-	(17.8)	**(17.8)**
Distributions paid	-	-	(551.4)	-	**(551.4)**
Total changes from financing cash flows	**(691.9)**	**4.6**	**(551.4)**	**(17.8)**	**(1,256.5)**
Effect of changes in foreign exchange rates	(195.8)	5.4	-	-	**(190.4)**
Changes in fair value	(25.7)	(83.9)	-	-	**(109.6)**
Other changes					
New leases	-	-	-	64.2	**64.2**
Other borrowing costs	0.6	-	-	-	**0.6**
Interest expense on lease liabilities	-	-	-	0.8	**0.8**
Debt modification costs	34.6	-	-	-	**34.6**
Distributions declared	-	-	554.2	-	**554.2**
Total other changes	**35.2**	**-**	**554.2**	**65.0**	**654.4**
Balance at 30 June 2021	**2,060.3**	**(157.6)**	**277.1**	**94.0**	**2,273.8**
Proceeds from borrowings and derivative financial instruments	1,466.5	-	-	-	**1,466.5**
Payments on borrowings and derivative financial instruments	(779.2)	(10.1)	-	-	**(789.3)**
Payment of lease liabilities	-	-	-	(13.4)	**(13.4)**
Distributions paid	-	-	(557.2)	-	**(557.2)**
Total changes from financing cash flows	**687.3**	**(10.1)**	**(557.2)**	**(13.4)**	**106.6**
Effect of changes in foreign exchange rates	83.2	12.5	-	(1.6)	**94.1**
Changes in fair value	(2.2)	189.7	-	-	**187.5**
Other changes					
New leases	-	-	-	15.6	**15.6**
Other borrowing costs	3.6	-	-	-	**3.6**
Interest expense on lease liabilities	-	-	-	1.0	**1.0**
Disposal of right of use assets	-	-	-	(25.0)	**(25.0)**
Distributions declared	-	-	560.1	-	**560.1**
Total other changes	**3.6**	**-**	**560.1**	**(8.4)**	**555.3**
Balance at 30 June 2022	**2,832.2**	**34.5**	**280.0**	**70.6**	**3,217.3**

Notes to the consolidated financial statements

Other items (continued)

21 Notes to the cash flow statements (continued)

GIT	Interest bearing liabilities $M	Derivatives used for hedging $M	Provision for distribution $M	Loans with related parties, net $M	Total $M
Balance at 30 June 2020	**2,939.5**	**(130.7)**	**201.1**	**(2,319.2)**	**690.7**
Changes from financing cash flows					
Net cash flows from loans to related parties	-	-	-	25.1	**25.1**
Proceeds from borrowings and derivative financial instruments	200.0	46.8	-	-	**246.8**
Payments on borrowings and derivative financial instruments	(891.9)	-	-	-	**(891.9)**
Distributions paid	-	-	(478.2)	-	**(478.2)**
Total changes from financing cash flows	**(691.9)**	**46.8**	**(478.2)**	**25.1**	**(1,098.2)**
Effect of changes in foreign exchange rates	(195.4)	5.5	-	(4.0)	**(193.9)**
Changes in fair value	(25.8)	(104.0)	-	(0.2)	**(130.0)**
Other changes					
Issue of units under the LTIP	-	-	-	(183.2)	**(183.2)**
Equity settled share based payments transactions	-	-	-	(13.7)	**(13.7)**
Interest income	-	-	-	(69.1)	**(69.1)**
Interest expense	-	-	-	11.7	**11.7**
Interest paid	-	-	-	(6.9)	**(6.9)**
Other borrowing costs	2.1	-	-	-	**2.1**
Debt modification costs	34.3	-	-	-	**34.3**
Distributions declared	-	-	443.4	-	**443.4**
Total other changes	**36.4**	**-**	**443.4**	**(261.2)**	**218.6**
Balance at 30 June 2021	**2,062.8**	**(182.4)**	**166.3**	**(2,559.5)**	**(512.8)**
Changes from financing cash flows					
Net cash flows from loans to related parties	-	17.4	-	262.2	**279.6**
Proceeds from borrowings and derivative financial instruments	1,456.4	-	-	-	**1,456.4**
Payments on borrowings and derivative financial instruments	(777.3)	(10.1)	-	-	**(787.4)**
Distributions paid	-	-	(446.6)	-	**(446.6)**
Total changes from financing cash flows	**679.1**	**7.3**	**(446.6)**	**262.2**	**502.0**
Effect of changes in foreign exchange rates	79.8	1.9	-	60.3	**142.0**
Changes in fair value	-	181.5	-	-	**181.5**
Other changes					
Issue of units under the LTIP	-	-	-	(234.4)	**(234.4)**
Equity settled share based payments transactions	-	-	-	(29.8)	**(29.8)**
Interest income	-	-	-	(72.3)	**(72.3)**
Interest expense	-	-	-	9.7	**9.7**
Interest paid	-	-	-	5.7	**5.7**
Other borrowing costs	3.7	-	-	-	**3.7**
Derivative financial instrument settlement through loans with related parties	-	-	-	17.4	**17.4**
Distributions declared	-	-	513.8	-	**513.8**
Total other changes	**3.7**	**-**	**513.8**	**(303.7)**	**213.8**
Balance at 30 June 2022	**2,825.4**	**8.3**	**233.5**	**(2,540.7)**	**526.5**

22 Equity attributable to Goodman Limited and non-controlling interests

Under Australian Accounting Standards, stapled entities are required to separately identify equity attributable to the parent entity from equity attributable to other entities stapled to the parent. The equity attributable to other entities stapled to the parent is presented as non-controlling interests in the statement of financial position of the Group. The tables below in notes 22(a) and 22(b) provide an analysis of equity, profit for the year and total comprehensive income for the year attributable to each of Goodman Limited and the other entities stapled to Goodman Limited (non-controlling interests).

(a) Equity attributable to Goodman Limited

	Attributable to Goodman Limited						
	Issued capital	Foreign currency translation reserve	Employee compensation reserve	Defined benefit retirement schemes	Total reserves	Retained earnings	Total
	$M	$M	$M	$M	$M	$M	$M
Balance at 1 July 2020	**483.2**	**(36.9)**	**33.1**	**(23.3)**	**(27.1)**	**821.9**	**1,278.0**
Total comprehensive (loss)/income for the year							
Profit for the year	-	-	-	-	-	300.2	**300.2**
Other comprehensive (loss)/income							
Effect of foreign currency translation	-	(28.6)	-	-	(28.6)	-	**(28.6)**
Total comprehensive (loss)/income for the year, net of income tax	**-**	**(28.6)**	**-**	**-**	**(28.6)**	**300.2**	**271.6**
Transfers	-	-	(68.4)	-	(68.4)	68.4	**-**
Contributions by and distributions to owners							
Purchase of securities for the LTIP	-	-	(22.4)	-	(22.4)	-	**(22.4)**
Issue of securities	11.4	-	-	-	-	-	**11.4**
Issue costs	(0.1)	-	-	-	-	-	**(0.1)**
Equity settled share based payments transactions	-	-	106.1	-	106.1	-	**106.1**
Deferred tax associated with the LTIP	-	-	8.1	-	8.1	-	**8.1**
Transfer to payables	-	-	(17.1)	-	(17.1)	-	**(17.1)**
Balance at 30 June 2021	**494.5**	**(65.5)**	**39.4**	**(23.3)**	**(49.4)**	**1,190.5**	**1,635.6**
Total comprehensive (loss)/income for the year							
Profit for the year	-	-	-	-	-	552.6	**552.6**
Other comprehensive (loss)/income							
Effect of foreign currency translation	-	(10.9)	-	1.0	(9.9)	-	**(9.9)**
Total comprehensive (loss)/income for the year, net of income tax	**-**	**(10.9)**	**-**	**1.0**	**(9.9)**	**552.6**	**542.7**
Transfers	-	-	(81.8)	-	(81.8)	81.8	**-**
Contributions by and distributions to owners							
Purchase of securities for the LTIP	-	-	(28.0)	-	(28.0)	-	**(28.0)**
Issue of securities	19.8	-	-	-	-	-	**19.8**
Equity settled share based payments transactions	-	-	127.0	-	127.0	-	**127.0**
Deferred tax associated with the LTIP	-	-	(4.2)	-	(4.2)	-	**(4.2)**
Balance at 30 June 2022	**514.3**	**(76.4)**	**52.4**	**(22.3)**	**(46.3)**	**1,824.9**	**2,292.9**

Notes to the consolidated financial statements

Other items (continued)

22 Equity attributable to Goodman Limited and non-controlling interests (continued)

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

	Attributable to other entities stapled to Goodman Limited (non-controlling interests)								
	Issued capital $M	Asset revaluation reserve $M	Cash flow hedge reserve $M	Foreign currency translation reserve $M	Employee compensation reserve $M	Defined benefit retirement schemes reserve $M	Total reserves $M	Retained earnings $M	Total $M
Balance at 1 July 2020	**7,548.5**	**(7.2)**	**(5.2)**	**225.5**	**206.7**	**(8.0)**	**411.8**	**2,282.3**	**10,242.6**
Total comprehensive income/(loss) for the year									
Profit for the year	-	-	-	-	-	-	-	2,011.7	**2,011.7**
Other comprehensive income/(loss)									
Effect of foreign currency translation	-	0.2	0.5	(250.7)	-	(0.8)	(250.8)	-	**(250.8)**
Actuarial losses on defined benefit superannuation funds, net of income tax	-	-	-	-	-	(6.0)	(6.0)	-	**(6.0)**
Other changes	-	0.3	0.3	-	-	-	0.6	-	**0.6**
Total comprehensive income/(loss) for the year, net of income tax	**-**	**0.5**	**0.8**	**(250.7)**	**-**	**(6.8)**	**(256.2)**	**2,011.7**	**1,755.5**
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(554.2)	**(554.2)**
Issue of securities	53.7	-	-	-	-	-	-	-	**53.7**
Issue costs	(0.3)	-	-	-	-	-	-	-	**(0.3)**
Equity settled share based payments transactions	-	-	-	-	28.6	-	28.6	-	**28.6**
Balance at 30 June 2021	**7,601.9**	**(6.7)**	**(4.4)**	**(25.2)**	**235.3**	**(14.8)**	**184.2**	**3,739.8**	**11,525.9**
Total comprehensive income/(loss) for the year									
Profit for the year	-	-	-	-	-	-	-	2,861.4	**2,861.4**
Other comprehensive income/(loss)									
Effect of foreign currency translation	-	-	(0.4)	155.0	-	0.6	155.2	-	**155.2**
Actuarial gains on defined benefit superannuation funds, net of income tax	-	-	-	-	-	5.6	5.6	-	**5.6**
Other changes	-	0.3	15.9	-	-	-	16.2	-	**16.2**
Total comprehensive income for the year, net of income tax	**-**	**0.3**	**15.5**	**155.0**	**-**	**6.2**	**177.0**	**2,861.4**	**3,038.4**
Contributions by and distributions to owners									
Dividends/distributions on stapled securities	-	-	-	-	-	-	-	(560.1)	**(560.1)**
Issue of stapled securities	90.1	-	-	-	-	-	-	-	**90.1**
Issue costs	(0.2)	-	-	-	-	-	-	-	**(0.2)**
Equity settled share based payments transactions	-	-	-	-	37.8	-	37.8	-	**37.8**
Balance at 30 June 2022	**7,691.8**	**(6.4)**	**11.1**	**129.8**	**273.1**	**(8.6)**	**399.0**	**6,041.1**	**14,131.9**

23 Controlled entities

Controlled entities are entities controlled by the Company. Under Australian Accounting Standards, the Company is identified as having acquired control over the assets of the Trust and GLHK. The consolidated financial statements incorporate the assets and liabilities of all controlled entities as at 30 June 2022 and the results of all such entities for the year ended 30 June 2022.

Where an entity either began or ceased to be controlled during the financial year, the results of that entity are included only from or to the date control commenced or ceased.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

The significant controlled entities of the Company are set out below:

Significant controlled entities of Goodman Limited	Country of establishment/ incorporation
GA Industrial Portfolio Trust[1]	Australia
GIT Investments Holding Trust No.3[1]	Australia
Goodman Australia Finance Pty Limited[1]	Australia
Goodman Capital Trust[1]	Australia
Goodman Europe Development Trust[1]	Australia
Goodman Finance Australia Trust[1]	Australia
Goodman Funds Management Australia Limited	Australia
Goodman Funds Management Limited	Australia
Goodman Industrial Funds Management Limited	Australia
Goodman Industrial Trust	Australia
Goodman Property Services (Aust) Pty Limited	Australia
Goodman Treasury Trust[1]	Australia
Moorabbin Airport Corporation Pty Ltd	Australia
Goodman Belgium NV	Belgium
Goodman Management Services (Belgium) NV	Belgium
Goodman China Asset Management Limited	Cayman Islands
Goodman China Developments	Cayman Islands
Goodman Developments Asia	Cayman Islands
Goodman Management Consulting (Beijing) Co. Ltd	China
Goodman Management Consulting (Shanghai) Co. Ltd	China
Goodman France Sàrl	France
Goodman Germany GmbH	Germany
GFM Hong Kong Limited	Hong Kong
Goodman Asia Limited	Hong Kong
Goodman China Limited	Hong Kong
Goodman Hong Kong Investment Trust[1]	Hong Kong
Goodman Logistics (HK) Limited	Hong Kong
Goodman UK Investment (HK) Limited	Hong Kong
GPS Hong Kong Limited	Hong Kong
Goodman Italy S.R.L.	Italy

1. Significant controlled entities of Goodman Industrial Trust.

Notes to the consolidated financial statements

Other items (continued)

23 Controlled entities (continued)

Significant controlled entities of Goodman Limited	Country of establishment/ incorporation
Goodman Japan Funds Limited	Japan
Goodman Japan Limited	Japan
GELF Management (Lux) Sàrl	Luxembourg
Goodman Finance (Lux) Sàrl[1]	Luxembourg
Goodman Finance Two (Lux) Sàrl[1]	Luxembourg
Goodman Management Holdings (Lux) Sàrl	Luxembourg
Goodman Midnight Logistics (Lux) Sàrl	Luxembourg
Goodman Property Opportunities (Lux) Sàrl, SICAR	Luxembourg
GPO Advisory (Lux) Sàrl	Luxembourg
Goodman Finance NZ Limited[1]	New Zealand
Goodman Investment Holdings (NZ) Limited	New Zealand
Goodman (NZ) Limited	New Zealand
Goodman Property Services (NZ) Limited	New Zealand
Goodman Galaxy Holding BV	The Netherlands
Goodman Netherlands BV	The Netherlands
Goodman Real Estate (Spain) S.L.	Spain
Goodman Logistics Developments (UK) Limited	United Kingdom
Goodman Real Estate (UK) Limited	United Kingdom
Goodman Development Management LLC	United States
Goodman Management USA Inc	United States
Goodman North America LLC	United States
Goodman North America Management LLC	United States
Goodman US Finance Three, LLC[1]	United States
Goodman US Finance Four, LLC[1]	United States
Goodman US Finance Five, LLC[1]	United States
Tarpon Properties REIT Inc[1]	United States

1. Significant controlled entities of Goodman Industrial Trust.

24 Related parties

The names of KMP of Goodman at any time during the financial year are as follows:

Non-executive Directors - GL and GFML
Stephen Johns
Christopher Green
Mark Johnson
Vanessa Liu
Rebecca McGrath
Phillip Pryke
Hilary Spann
Penny Winn

Executive KMP
Gregory Goodman
Danny Peeters
Anthony Rozic
Nick Kurtis
Michael O'Sullivan
Nick Vrondas

Non-Executive Director - GLHK
David Collins

Remuneration of KMP
The KMP remuneration totals are as follows:

	Goodman		Goodman Limited[1]	
	2022	2021	2022	2021
	$000	$000	$000	$000
Short-term employee benefits	7,596.6	7,693.9	-	-
Post-employment benefits	203.6	211.8	-	-
Equity compensation benefits	42,106.0	27,760.3	-	-
Long-term employee benefits	5,037.4	3,787.7	-	-
	54,943.6	**39,453.7**	**-**	**-**

1. The remuneration is paid by wholly owned controlled entities of Goodman Limited.

GIT does not employ personnel in its own right. However, it is required to have an incorporated responsible entity to manage its activities and GFML is considered to be the key management personnel of GIT.

Individual Directors' and executives' compensation disclosures
Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the Directors' report.

GreenPoint Real Estate Innovation and Technology Venture, LP
In order to enhance understanding of and access to technologies that may influence the property sector and the business, GIT committed to investing USD15.0 million in GreenPoint Real Estate Innovation and Technology Venture, LP, a property technology fund that is a Delaware limited partnership, managed by Greenpoint Group LP, also a Delaware limited partnership. Greenpoint Group LP is beneficially owned and controlled by Christopher Green, a director of GL. During the year, GIT invested a further USD1.5 million, such that that the total investment at 30 June 2022 was USD5.3 million (2021: USD3.8 million).

Wyuna Regenerative Ag Investment Fund (Wyuna)
During the year, as part of its ESG strategy, Goodman committed to investing $30.0 million in Wyuna, a fund offering a model blending carbon farming, red meat production and regeneration in Australia. The fund is managed by Wyuna Regenerative Ag, which is 50% owned by Christopher Green, a director of GL. Total investment in Wyuna at 30 June 2022 is $nil.

Notes to the consolidated financial statements

Other items (continued)

24 Related parties (continued)

Transactions with associates and JVs

The transactions with Partnerships during the year were as follows:

Goodman	Revenue from disposal of investment properties 2022 $000	Revenue from disposal of investment properties 2021 $000	Revenue from management and development activities 2022 $000	Revenue from management and development activities 2021 $000	Interest charged on loans to associates and JVs 2022 $000	Interest charged on loans to associates and JVs 2021 $000
Associates	**400,825.4**	163,046.2	**1,279,744.9**	712,234.5	**-**	-
JVs	**274,018.6**	-	**447,461.7**	442,607.0	**6,514.7**	8,131.9
GIT						
Associates	**346,825.4**	163,046.2	**-**	-	**(36.1)**	15.7
JVs	**-**	-	**-**	-	**6,166.6**	7,417.6

In addition to the transactions included in the table above:

+ Goodman incurred $3.7 million of costs from Partnerships, primarily for the leasing of office premises
+ GAIP paid Goodman a refundable fee of $22.6 million for an option to acquire a 40% interest in a JV from the Group.

Amounts due from Partnerships at 30 June 2022 were as follows:

	Goodman				GIT			
	Amounts due from related parties[1]		Loans provided by Goodman[2]		Amounts due from related parties[1]		Loans provided by GIT[2]	
	2022 $000	2021 $000	2022 $000	2021 $000	2022 $000	2021 $000	2022 $000	2021 $000
Associates								
GAIP	**14,204.2**	10,811.2	**-**	-	**-**	-	**-**	-
GAP	**5,626.5**	3,843.9	**-**	-	**-**	-	**-**	-
GMT	**3,579.3**	2,123.8	**-**	-	**-**	-	**-**	-
GHKLP	**9,757.3**	41,987.7	**-**	-	**-**	-	**-**	-
GJCP	**4,371.3**	3,017.4	**-**	-	**-**	-	**-**	-
GEP	**13,912.2**	8,454.0	**-**	-	**-**	-	**-**	-
	51,450.8	**70,238.0**	**-**	**-**	**-**	**-**	**-**	**-**
JVs								
GCLP	**6,617.4**	12,566.5	**-**	-	**-**	-	**-**	-
Other JVs	**24,865.6**	18,803.7	**167,464.7**	270,368.8	**4.8**	70.5	**140,162.8**	240,731.6
	31,483.0	**31,370.2**	**167,464.7**	**270,368.8**	**4.8**	**70.5**	**140,162.8**	**240,731.6**

1. Amounts due from related parties include contract assets arising from transactions with related parties.
2. Loans provided by Goodman and GIT to associates and JVs have been provided on an arm's length basis.

Transactions between GIT and other Goodman entities

The transactions with other Goodman entities during the year were as follows:

	GIT 2022 $000	GIT 2021 $000
Management income	1,850.9	2,384.0
Revenue from disposal of investment properties	-	8,073.0
Reimbursement of expenses	58,381.5	50,392.9
	60,232.4	**60,849.9**

Interest bearing loans exist between GIT and other Goodman entities. At 30 June 2022, interest bearing loans of $3,122.6 million (2021: $3,096.5 million) were receivable by GIT from other Goodman entities and $723.8 million (2021: $777.7 million) was payable by GIT to other Goodman entities. Loans to related Goodman entities bear interest at rates referenced to GIT's external funding arrangements.

Additionally, during the year GIT acquired 65,906,199 units in GMT from a controlled entity of GL for consideration of NZ$139.1 million.

25 Commitments

Development activities
At 30 June 2022, Goodman was committed to expenditure in respect of $691.8 million (2021: $534.7 million) on inventories and other development activities. GIT has no such commitments (2021: $nil).

Investment properties
At 30 June 2022, Goodman had capital expenditure commitments of $6.1 million (2021: $nil) in respect of its existing investment property portfolio. GIT had capital expenditure commitments of $4.5 million (2021: $nil).

Partnerships
At 30 June 2022, Goodman had remaining equity commitments of $217.9 million (2021: $144.7 million) into GAIP and $135.0 million (2021: $63.0 million) into GEP. In addition, Goodman has undertaken to acquire up to 82.1 million units in GAIP if their holder elects to sell them. The price Goodman will pay will be determined by the prevailing unit price at the time of the sale. As at 30 June 2022, this equates to a total value of $162.1 million (cum distribution value) or $161.1 million (ex distribution price). Goodman's commitment to this sale process ends in May 2026. These commitments also apply to GIT.

In relation to GEP, Goodman offers two liquidity facilities which allow certain of the partners to sell to the Group some or all of their investments in GEP, but only when Goodman's ownership interest in GEP is below 40.0%. At 30 June 2022, Goodman's ownership interest in GEP was 19.8% and therefore the facilities are available to the partners. The first facility, which applies to 6.4% of the issued and committed units, would require Goodman to purchase up to €210.5 million of units (at a 1% discount to current unit value), subject to a maximum in each quarter of 2.5% of units. The second facility, which applies to 12.7% of the issued and committed units, would require Goodman to purchase up to €150.0 million of units (at a 5% discount to current unit value), subject to a maximum in each calendar year of €50.0 million.

Furthermore, in respect of certain Partnerships, Goodman and its investment partners have committed to invest further capital, subject to the approval by the partners (including Goodman) of the expenditures for which the funding is required. Goodman's commitment in respect of these Partnerships is set out below:

+ $30.0 million (2021: $nil) into Wyuna
+ $130.7 million (2021: $136.2 million) into KWASA Goodman Germany
+ $344.8 million (2021: $410.1 million) into Goodman Japan Development Partnership
+ $793.8 million (2021: $808.0 million) into GCLP
+ $599.3 million (2021: $512.8 million) into GUKP
+ $1,888.9 million (2021: $2,156.2 million) into GNAP
+ $73.0 million (2021: $72.7 million) into Goodman Brazil Logistics Partnership.

Notes to the consolidated financial statements

Other items (continued)

26 Auditors' remuneration

	Goodman		GIT	
	2022	**2021**	**2022**	**2021**
	$000	**$000**	**$000**	**$000**
Audit services				
Auditor of the Company:				
– Audit and review of financial reports (KPMG Australia)	1,279.1	1,161.9	737.3	691.9
– Audit and review of financial reports (overseas KPMG firms)	1,218.7	1,127.9	77.3	85.8
	2,497.8	**2,289.8**	**814.6**	**777.7**
Other services				
– Other regulatory services (KPMG Australia)	64.9	56.7	41.8	35.7
– Other assurance services (KPMG Australia)[1]	670.0	-	-	-
– Other advisory services (KPMG Australia)	15.0	-	-	-
– Other advisory services (overseas KPMG firms)	-	18.2	-	-
– Taxation compliance services (KPMG Australia)	-	100.0	-	91.7
– Taxation compliance services (overseas KPMG firms)	172.8	196.3	-	-
– Taxation advice (KPMG Australia)	-	23.0	-	-
– Taxation advice (overseas KPMG firms)	178.8	338.5	-	-
	1,101.5	**732.7**	**41.8**	**127.4**
Total paid/payable to KPMG	**3,599.3**	**3,022.5**	**856.4**	**905.1**
Other auditors				
– Audit and review of financial reports (non-KPMG firms)	**151.5**	**163.4**	**-**	**-**

1. These assurance services relate to the issue of the US$500 million Sustainability Linked Bond in the US144A/Regulation S market.

27 Parent entity disclosures

As at, and throughout the financial year ended, 30 June 2022, the parent entities of Goodman and GIT were Goodman Limited and Goodman Industrial Trust respectively. The financial information for the parent entities is disclosed as follows:

	Goodman		GIT	
	2022	**2021**	**2022**	**2021**
	$M	**$M**	**$M**	**$M**
Result of the parent entity				
Profit for the year	176.8	63.0	451.7	140.0
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	**176.8**	**63.0**	**451.7**	**140.0**
Financial position of the parent entity at year end				
Current assets	223.9	49.1	3,076.5	2,329.3
Total assets	1,895.5	1,591.9	8,075.8	7,424.8
Current liabilities	108.6	164.4	553.9	1,107.4
Total liabilities	1,192.4	1,163.7	3,016.6	2,666.1
Total equity of the parent entity comprising:				
Issued capital	937.4	852.5	8,154.5	7,849.0
Profits reserve	90.7	90.7	-	-
Employee compensation reserve	52.4	39.3	216.8	159.8
Accumulated losses	(377.4)	(554.3)	(3,312.1)	(3,250.1)
Total equity	**703.1**	**428.2**	**5,059.2**	**4,758.7**

The financial information for the parent entities of Goodman and GIT has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in controlled entities and Partnerships
Investments in controlled entities and Partnerships are accounted for at cost in the financial statements of GL and GIT. Distributions/dividends received from Partnerships are recognised in the income statement, rather than being deducted from the carrying amount of these investments.

Tax consolidation
GL is the head entity in a tax consolidated group comprising all Australian wholly owned subsidiaries (this excludes GIT). The head entity recognises all of the current tax assets and liabilities of the tax consolidated group (after elimination of intra-group transactions).

Financial guarantees
Where the parent entities have provided financial guarantees in relation to loans and payables of controlled entities for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Parent entity capital commitments
At 30 June 2022, the parent entities had no capital commitments (2021: $nil).

Parent entity contingencies

Capitalisation Deed Poll
The Company, GFML, as responsible entity of the Trust, GLHK and certain of their wholly owned controlled entities are ‘investors’ under a Capitalisation Deed Poll (CDP) dated 23 May 2007. Under the CDP, each investor undertakes to pay to the relevant controlled entity borrower (borrower) any amounts owing under finance documents for the purpose of the CDP when the borrower fails to make a payment. Any payments by an investor to a borrower will be by way of loan to, or proceeds for the subscription of equity in, the borrower by the investor.

US144A/Regulation S senior notes
Under the issue of notes in the US144A/Regulation S bond market (refer to notes 16(b) and 16(c)), controlled entities of GIT had on issue USD and EUR notes amounting to US$1,350.0 million and €500.0 million respectively. GL, GFML, as responsible entity of the Trust, and GLHK have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of each of the notes.

28 Events subsequent to balance date

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

DIRECTORS' DECLARATION

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

a. the consolidated financial statements and the notes of Goodman Limited and its controlled entities and Goodman Industrial Trust and its controlled entities set out on pages 72 to 143 and the remuneration report that is contained on pages 25 to 68 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of Goodman's and GIT's financial position as at 30 June 2022 and of their performance for the financial year ended on that date
   (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001
b. there are reasonable grounds to believe that the Company and the Trust will be able to pay their debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Group Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.

The Directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

Stephen Johns
Independent Chairman

Gregory Goodman
Group Chief Executive Officer

Sydney, 16 August 2022

Independent Auditor's Report

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

Report on the audits of the Financial Report

Opinion

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

We have also audited the ***Financial Statements*** and Directors' Declaration of Goodman Industrial Trust (the Trust Financial Report).

In our opinion, each of the accompanying Goodman Group Financial Report and Trust Financial Report are in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Goodman Group's*** and of the ***Trust's*** financial position as at 30 June 2022 and of their financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

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

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated cash flow statement for the year then ended;
- Notes including a summary of significant accounting policies; and

  (collectively referred to as ***Financial Statements***)
- Directors' Declaration.

The ***Goodman Group*** consists of Goodman Limited and the entities it controlled at the year-end or from time to time during the financial year, Goodman Industrial Trust (the ***Trust***) and the entities it controlled at the year-end or from time to time during the financial year, and Goodman Logistics (HK) Limited and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Key Audit Matters

The ***Key Audit Matters*** we identified for the Goodman Group are:

- Recognition of development income; and
- Valuation of investment properties, investments accounted for using the equity method and inventories.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of development income ($1,441.6m)

Refer to Note 2 to the Financial Report

The key audit matter	How the matter was addressed in our audit

Development income was a key audit matter due to:
• its significant value (28% of revenue and other income);
• the unique nature of contracts; and
• the judgements applied by us to assess Goodman Group's determination of revenue recognised during the period in relation to contracts which remain in progress at period end.
 	
Income from development management services is recognised progressively, requiring judgment by us when considering Goodman Group's determination of the amount and extent of the services provided within the period based on contract deliverables.
 	
Goodman Group's policy is for income from inventory disposals to be recognised at a point in time when control is transferred to the customer and fixed price development
	Our procedures included:
	• Evaluating Goodman Group's recognition of development income against the criteria in the accounting standards;
	• Selecting specific contracts from development income recognised based on quantitative and qualitative information (such as the size and complexity of the arrangement) and performed the following:
	    • Understanding the underlying contractual arrangements, in particular their unique terms, for their impact to recognition of development income;
	    • Where recognition of development income was conditional upon certain events occurring, checking conditions within the contract to evidence of achievement of conditions, such as correspondence with external parties;

contracts to be recognised in proportion to the stage of completion of the relevant contracts. We focused on the stage of completion estimation which is based on costs incurred as a percentage of estimated total costs for each contract.	• Assessing Goodman Group's determination of revenue recognised during the period in accordance with the provision of services stipulated in the underlying contract or the stage of completion; and
	• For revenue recognised based on the stage of completion, assess the cost assumptions used by the Group in determining the stage of completion estimate as follows:
	  • Costs incurred – assessing a sample of costs incurred to date to relevant underlying external sources, such as invoices; and
	  • Estimated total costs – assessing a sample of total forecast costs to secured contracts for construction activities, other relevant underlying sources, and our understanding of the industry and economic conditions.

Valuation of investment properties ($1,423.7m), investments accounted for using the equity method ($14,379.6m) and inventories (2,116.1m)

Refer to Note 6 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Goodman Group's investments in property assets include investment properties and inventories, which are held either directly or through its investments accounted for using the equity method. Goodman Group's policy is investment properties are held at fair value and inventories are held at the lower of cost and net realisable value, determined using internal methodologies or through the use of external valuation experts. The valuation of property assets is a key audit matter as they are significant in value (being 84% of total assets) and contain assumptions with estimation uncertainty. This leads to additional audit effort due to differing assumptions used by Goodman Group based on asset classes, geographies and characteristics of individual property assets. We considered significant assumption in the	Our procedures included: • Obtaining an understanding of Goodman Group's process regarding the valuation of property assets; • Assessing the methodologies used in the valuations of property assets, for consistency with accounting standards, industry practice and Goodman Group's policies; • Working with real estate valuation specialists to read published reports and industry commentary to gain an understanding of prevailing property market conditions. For a sample of investment properties, taking into account asset classes, geographies and characteristics of individual investment properties: • Assessing the scope, competence and

valuation of property assets including : • Investment properties: - capitalisation rates; - discount rates; - market rental income; - weighted average lease expiry and vacancy levels; - projections of capital expenditure; and - lease incentive costs. • Inventories: - forecast capitalisation rates and market rental income; - land value per square metre; - letting up periods and lease incentive costs; and - development costs. In assessing this Key Audit Matter, we involved real estate valuation specialists, who understand the Group's investment profile, business and the economic environment it operates in.	objectivity of external valuation experts and Goodman Group's internal valuers; • Challenging significant assumptions, with reference to published industry reports and commentary of prevailing property market conditions; • With assistance of real estate valuation specialists, assessing a sample of significant assumptions including capitalisation rates, discount rates, customer covenant strength, market rental income, weighted average lease expiry and vacancy levels, projections of capital expenditure and lease incentive costs. We did this by comparing to market analysis published by industry experts, recent market transactions, inquiries with Goodman Group's historical performance of the assets and using our industry experience; • Assessing the disclosures in the financial report using our understanding obtained from our testing, against accounting standard requirements. For a sample of inventories: • Challenging the key assumptions included in Goodman Group's internal recoverability assessments and valuations by comparing to commentary published by industry experts, recent market transactions, and our knowledge of historical performance of the assets.

Other Information

Other Information is financial and non-financial information in Goodman Group's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Company and the Directors of the Responsible Entity are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report (including the Remuneration Report).

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report, we have nothing to report.

Responsibilities of the Directors for the Financial Report

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

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Goodman Group and Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Goodman Group or the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Goodman Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of Goodman Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included on pages 25 to 68 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Eileen Hoggett

Eileen Hoggett

Partner

Sydney

16 August 2022

Goodman Logistics (HK) Limited and its subsidiaries

Consolidated financial statements for the year ended 30 June 2022

CONTENTS

Report of the Directors

The Directors have pleasure in submitting their annual financial report together with the audited financial statements of Goodman Logistics (HK) Limited (Company) and its subsidiaries (collectively referred to as the Consolidated Entity) for the year ended 30 June 2022 (FY22).

Incorporation and principal place of business

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

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

Principal activities

The principal activities of the Consolidated Entity are investment in directly and indirectly held industrial property, investment management, property management services and development management. The principal activities and other particulars of the subsidiaries are set out in note 20 to the consolidated financial statements.

Financial statements

The financial performance of the Consolidated Entity for the year ended 30 June 2022 and the Consolidated Entity's financial position at that date are set out in the consolidated financial report on pages A16 to A61.

During the financial year, the Company declared a final dividend of 2.5 cents per share amounting to $46.7 million. This dividend will be paid on 25 August 2022. In the prior year, the Company declared a final dividend of 6.0 cents per share amounting to $110.8 million. This was paid on 26 August 2021.

Share capital

Details of the movements in share capital of the Company during FY22 are set out in note 16 to the consolidated financial statements.

Directors

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

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

Directors of subsidiaries

The names of Directors who have served on the Boards of the subsidiaries of the Company during FY22 are set out below:

Ai Ning Tan	Goh Hoi Lai	Kristoffer Allan Harvey	Philippe Arfi
Andrew McGregor	Hans Ongena	Lien Standaert	Philippe Van der Beken
Aurelien Noel	Henry Kelly	Luke Caffey	Robert Nicholson
Bart Manteleers	Hugh Baggie	Mak Chun Kit Jacky	Robert Reed
Béla Kakuk	Izak ten Hove	Marwan Bustani	Shiling Li
Charles Crossland	James Cornell	Matthew Macdonald	Simone Weyermanns
Chi Wing Lin	James Nicholson	Matthew Phillips	Stephen Young
Christof Prange	Jan Palek	Michael O'Sullivan	Song Yun
Chun Kit Fung	Jason Harris	Michael Woodford	Tai Yit Chan
David Anthony Hinchey	Jie Yang	Nicholas Kurtis	Tan Ai Ning
Dirk Mölter	John Conway	Nick Taunt	Tang Chenying
Dominique Prince	John Morton Dakin	Nigel Allsop	Tim Cruypelans
Edwin Chong Chee Wai	Jorn Bruyninckx	Paul Adams	Timothy Downes
Francisco Palacio	Joseph Salvaggio	Paul Heslop	Timour Wielemans
Garcia Cuenca Ignacio	Karl Dockx	Peck Khim Yap	Wai Ho Stephen Lee
Gareth Owen	Kelly Moore	Peter Ralston	Wang Chen
Godfrey Abel	Kim Swee Seah	Philip Turpin	Xiaoyin Zhang

BUSINESS REVIEW

State of affairs

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

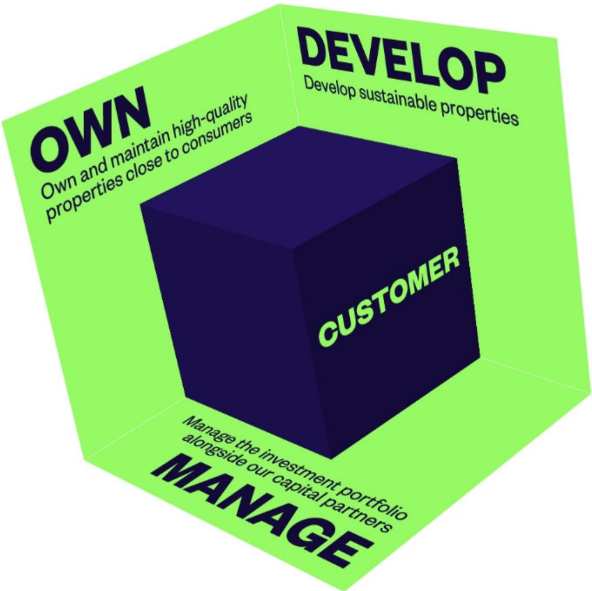
About Goodman Group

Goodman Group is a global industrial property specialist group whose strategy is to maximise returns by providing essential infrastructure for the digital economy.

+ Urbanisation, globalisation, demographics, digitalisation, sustainability and an increased focus on health and wellbeing: all have changed the way people live, work and consume. These structural shifts have increased the importance of industrial properties in the global supply chain

+ Globally, the logistics and warehousing sectors are now considered essential infrastructure for digital economies, and key to the efficient distribution of products to consumers. As industrial property specialists, Goodman Group's long-term strategy is built on supporting its customers to deliver in the most sustainable and efficient way possible. Goodman focuses on key markets and concentrates our portfolio where the most value can be created for customers and investors.

Goodman Group's integrated business model



Goodman Group's Own Develop Manage model focuses the business on its customers' current and future needs.

The Consolidated Entity owns and maintains high-quality properties close to consumers, develops sustainable properties, and manages its global investment portfolio to a high standard. The Consolidated Entity works alongside its capital partners, which include sovereign wealth, pension and large multi-manager funds. In each market, the Consolidated Entity has dedicated local teams which take care of property asset and investment management, delivering a high level of customer service.

Report of the Directors

Business review (continued)

Performance review

The Consolidated Entity has operations in Asia, Continental Europe and the United Kingdom, and its earnings are derived from property investment, development and management activities.

The business environment is changing, with increased interest rates, inflation, geopolitical risks and the ongoing impacts of the COVID-19 pandemic; however, the long-term structural drivers of demand have not changed. Tight supply and customer demand continues to support leasing across the stabilised portfolio and developments, with high occupancy in the Consolidated Entity's markets. The Consolidated Entity's customers continue to intensify warehousing in urban locations and increase automation and technology to optimise delivery and improve supply chain efficiency.

The Consolidated Entity has continued to successfully execute its strategy, which is providing customers with essential locations and offering productivity improvements to help absorb cost and time. It is also delivering the Consolidated Entity and its Partnerships a portfolio of assets at consistently strong risk adjusted returns. This is reflected in both the property investment earnings and the management earnings.

Development activity has again been a significant contributor to the operating performance. Construction costs are increasing globally. However, by delivering increased productivity and value from the project sites and development execution, the Consolidated Entity has maintained strong returns.

In assessing the Consolidated Entity's underlying performance, the Directors consider operating profit as well as statutory profit. Operating profit is a proxy for 'cash earnings' and is not an income measure under Hong Kong Financial Reporting Standards. It is defined as profit attributable to Shareholders adjusted for property valuations, impairment losses and other non-cash adjustments or non-recurring items.

The Consolidated Entity has delivered a strong operating performance for FY22, with operating profit increasing by 21.5% to $607.4 million, compared to $499.8 million for the prior year.

	2022 $M	2021 $M
Analysis of operating profit		
Property investment earnings	82.1	46.1
Management earnings	170.6	146.3
Development earnings	689.1	528.0
	941.8	720.4
Operating expenses	(207.9)	(199.6)
	733.9	**520.8**
Net finance expense (operating)[1]	(12.4)	(8.8)
Income tax expense	(114.1)	(12.2)
Operating profit	**607.4**	**499.8**

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

Property investment activities

Property investment earnings in FY22 of $82.1 million were higher than the prior year and comprised 9% of the total earnings (2021: 6%).

	2022 $M	2021 $M
Net property income	40.9	13.4
Partnerships	41.2	32.7
Property investment earnings	**82.1**	**46.1**

Key metrics	2022	2021
Weighted average capitalisation rate (%)	4.7	4.9
Weighted average lease expiry (years)	4.2	3.8
Occupancy (%)	97.6	98.0

Property investment earnings comprise gross property income (excluding straight lining of rental income), less property expenses, plus the Consolidated Entity's share of the results of property investment joint ventures (JV) (referred to by the Consolidated Entity as Partnerships). The key drivers for maintaining or growing the Consolidated Entity's property investment earnings are increasing the level of assets under management (AUM) (subject also to the Consolidated Entity's direct and indirect interest), maintaining or increasing occupancy and rental levels within the portfolio, and controlling operating and financing costs within Partnerships.

The Consolidated Entity's property portfolios are concentrated in large, urban locations where available space remains restricted, driven by significant customer demand, combined with barriers to entry and limited supply. Consequently, the Consolidated Entity is seeing significant market rental growth across its locations. This is supporting strong underlying investment fundamentals and cash flows in the Consolidated Entity's portfolio.

The net income from the Consolidated Entity's directly held properties increased by 205% to $40.9 million compared to the prior year as a result of acquisitions in Asia in both the current and prior year and rental income earned from completed developments (held in inventories, mainly in Continental Europe) prior to their disposal.

The Consolidated Entity's share of investment earnings from its cornerstone holdings in the Partnerships increased by 26% to $41.2 million compared to the prior year. This was due to the stabilisation of developments in FY21 and FY22, as the Consolidated Entity has continued to invest in the Partnerships to fund its share of those developments and rental income growth from existing stabilised properties.

During FY22, the Consolidated Entity's share of property valuations from the stabilised portfolios was $269.8 million. Valuation gains occurred in all regions and while capitalisation rate compression was the main driver, especially in the first half of the year, both rental income growth and development completions have provided an increasing contribution. At 30 June 2022, the weighted average capitalisation rate for the Consolidated Entity's portfolios was 4.7%, compared to 4.9% at the start of FY22.

Report of the Directors

Business review (continued)

Management activities

Management earnings in FY22 of $170.6 million increased by 17% compared to the prior year and comprised 18% of total operating earnings (2021: 20%). The main driver of management earnings was the increase in external AUM. A reduction in performance related revenue was the result of the timing of calculation and recognition of fees.

	2022 $M	2021 $M
Management earnings	170.6	146.3

Key metrics	2022	2021
Number of Partnerships	8	7
External AUM ($B)	27.8	23.0

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

Development activities

In FY22, development earnings were $689.1 million, an increase of 31% on the prior year, and comprised 73% of total operating earnings (2021: 73%).

Development activity continued to be strong with work in progress of $7.1 billion across 36 projects at 30 June 2022. The increase in the Consolidated Entity's development earnings was primarily volume driven.

	2022 $M	2021 $M
Net development income	645.7	487.7
Partnerships	43.4	40.3
Development earnings	**689.1**	**528.0**

Key metrics	2022	2021
Work in progress ($B)	7.1	5.8
Work in progress (million square metres)	2.3	2.0
Work in progress (number of developments)	36	37
Developments completed during the year (number of developments)	23	18

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

Most of the inventory disposals and fixed price contract income arose in Continental Europe, as Goodman Group's Partnerships in Continental Europe generally acquire completed developments from the Consolidated Entity. In the Consolidated Entity's other operating segments, development earnings are a mix of development management income, including performance related income, and transactional activity, including the Consolidated Entity's share of development profits reported by the Partnerships themselves. Consistent with the prior year, most of the development activity in FY22 was undertaken by or for the Partnerships and third parties.

Other items

Operating expenses increased mainly due to remuneration costs as a result of modest inflation pressure and cash incentives paid as a result of the Consolidated Entity's overall performance. Borrowing costs have increased as a result of increased borrowings on the Consolidated Entity's loans. The increase in tax expense is primarily a function of changes to the origin and nature of revenue arising from management and development activities.

Statement of financial position

	2022 $M	2021 $M
Stabilised investment properties	336.8	163.9
Cornerstone investments in Partnerships	1,845.6	1,470.0
Development holdings	1,552.6	1,140.9
Cash	357.5	358.4
Other assets	1,190.8	1,233.0
Total assets	**5,283.3**	**4,366.2**
Loans from related parties	1,941.0	1,891.1
Other liabilities	756.2	705.2
Total liabilities	**2,697.2**	**2,596.3**
Non-controlling interests	28.2	22.2
Net assets attributable to Shareholders	**2,557.9**	**1,747.7**

The stabilised investment properties relate to acquisitions in Asia.

The carrying value of cornerstone investments in Partnerships has increased by $375.6 million to $1,845.6 million, principally due to the net investment in the Partnerships and the valuation uplifts. A reconciliation of the current year movement in cornerstone investments in Partnerships is detailed in note 6(f) to the consolidated financial statements.

The increase in development holdings by $411.7 million to $1,552.6 million is primarily due to additional expenditure on development projects in Continental Europe, China and the United Kingdom during the year.

Other assets included receivables, fair values of derivative financial instruments that are in an asset position, contract assets, property, plant and equipment and tax assets (including deferred tax). Other liabilities included trade and other payables, the provision for dividends to Shareholders, fair values of derivative financial instruments that are in a liability position, employee benefits and tax liabilities (including deferred tax).

Cash flows

	2022 $M	2021 $M
Operating cash flows	216.5	473.6
Investing cash flows	(234.8)	(271.2)
Financing cash flows	12.5	(200.5)
Net (decrease)/increase in cash held	**(5.8)**	**1.9**
Effect of exchange rate fluctuations on cash held	4.9	(11.7)
Cash and cash equivalents at the beginning of the year	358.4	368.2
Cash and cash equivalents at the end of the year	**357.5**	**358.4**

The decrease in the net operating cash flows is primarily due to more development disposals in Continental Europe in the prior year and the increased investment into new development opportunities.

The net investing cash outflow was due to the net investment in the Consolidated Entity's Partnerships, to fund acquisitions and new developments, plus the acquisitions of investment properties in Asia.

Financing cash flows principally relate to the net proceeds from loans with related parties and payment of the dividend in August 2021.

Report of the Directors

Business review (continued)

Outlook

The Consolidated Entity has developed significant expertise and a deliberate strategy to target high barrier to entry markets and to undertake larger, more complex projects over longer periods of time, providing our customers access to facilities where they are scarce and has positioned the Consolidated Entity well for future growth.

In the near term, market conditions are likely to be volatile and the risks associated with rising inflation, interest rates and slowing economic activity are elevated. This may impact consumers; however, they continue to seek faster and more flexible delivery, which requires ongoing intensification of warehousing in urban locations to optimise delivery and improve productivity. The business remains agile, focused on the changing consumption habits across the physical and digital space and, as a result, the evolving requirements of customers around the world.

Demand is currently exceeding supply in the Consolidated Entity's markets, supporting the Consolidated Entity's development-led growth strategy and producing well located assets for the Consolidated Entity and its Partnerships. In addition to strategic site acquisitions, the opportunities for regeneration of existing assets support our future development workbook by providing value add opportunities, while reducing the Consolidated Entity's environmental impact. The Consolidated Entity's production rate, depth of customer demand and strong margins are supporting the outlook for development earnings into FY23.

The outlook for property investment and management earnings remains strong, as the customer demand and supply constraints in the Consolidated Entity's markets provide support for both rental growth and a high level of occupancy. Investment and management earnings will also benefit from the completion of ongoing developments. Development completions and market rental growth are also expected to support growth in AUM.

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

Risks

Goodman Group identifies strategic and operational risks for each of its regions as part of its strategy process. The key risks, an assessment of their likelihood of occurrence and consequences and controls that are in place to mitigate the risks are reported to the Goodman Group Board annually.

Goodman Group has established formal systems and processes to manage the risks at each stage of its decision-making process. This is facilitated by a Goodman Group Investment Committee comprising senior executives, chaired by the Group Chief Executive Officer, which considers all major operational decisions and transactions. The Goodman Group Investment Committee meets on a weekly basis.

The Goodman Group Board has separate Board committees to review and assess key risks. The Risk and Compliance Committee reviews and monitors a range of material risks in Goodman Group's risk management systems including, among other risks, market, operational, sustainability, regulation and compliance and information technology. The Goodman Group Audit Committee reviews and monitors financial risk management and tax policies.

The key risks faced by Goodman Group and the controls that have been established to manage those risks are set out below:

	Risk area	Mitigation
Capital management (debt, equity and cash flow)	Goodman Group could suffer an inability to deliver its strategy, or an acute liquidity or solvency crisis, financial loss or financial distress as a result of a failure in the design or execution of its capital management and financing strategy.	+ Low gearing, ample liquidity and appropriate hedging and duration to absorb market shocks + Appropriate hedging quantities and duration in accordance with Goodman Group's financial risk management policy + Diversification and tenure of debt funding sources and maturities + Capital partnering transfers risks into Partnerships + Diversification of investment partners + Change in distribution pay-out ratio consistent with contribution to increasing development workbook + Strong assets that can generate better rental outcomes + Long lease terms with prime customers + Key urban market strategy – urban, infill locations support re-usability of property + Adaptable and re-usable building design – ease to reconfigure for another customer + Insurance program including project specific insurance.
Economic and geopolitical environment	Global economic conditions and government policies present both risks and opportunities in the property and financial markets and the business of customers, which can impact the delivery of Goodman Group's strategy and its financial performance. A continued increase in geopolitical tension between countries could have potential consequences on its people, operations and capital partners. In the near term, market conditions are likely to be volatile and the risks associated with rising inflation, interest rates and slowing economic activity are elevated.	+ Global diversification of Goodman Group's property portfolios + Focus on core property portfolios in key urban market locations + Focus on cost management + Prudent capital management with low gearing, appropriate hedging and significant available liquidity to allow for potential market shocks + Co-investment with local capital partners + Long-term leases with review mechanisms.
Governance, regulation and compliance	Non-compliance with legislation, regulators, or internal policies, or to understand and respond to changes in the political and regulatory environment (including taxation) could result in legal action, financial consequences and damage its standing and reputation with stakeholders.	+ Independent governance structures + Core values and attitudes, with an embedded compliance culture focused on best practice + Dedicated Chief Risk Officer and Compliance Officer + Review of transactions by the Goodman Group Investment Committee + Verification and sign off process for all public announcements + Comprehensive insurance program, covering property, liability, directors and officers and professional indemnity.
People and culture	Failure to recruit, develop, support, and retain staff with the right skills and experience may result in significant underperformance or impact the effectiveness of operations and decision making, in turn impacting business performance.	+ Succession planning for senior executives + Competitive remuneration structures, including the Goodman Group Long Term Incentive Plan (LTIP) + Performance management and review + Goodman Group values program + Learning, development and engagement programs + Staff engagement through team strategy days, town halls and the (good) life program.
Development	Development risks may arise from location, site complexity, planning and permitting, infrastructure, size, duration along with general contractor capability.	+ Review of development projects by the Goodman Group Investment Committee + Goodman Group defined design specifications, which cover environmental, technological, and safety requirements, protecting against short-term obsolescence + Redevelopment of older assets to intensify use + Pre-selecting and engaging general contractors that are appropriately capitalised and reviewing contractor liquidity + Internal audit reviews + Insurance program, both Goodman Group and general contractor, including project specific insurance + Ongoing monitoring and reporting of work in progress and levels of speculative development, with Goodman Group Board oversight including limits with respect to speculative development and higher development risk provisions + Capital partnering development projects.

Report of the Directors

Business review (continued)

	Risk area	Mitigation
Disruption, changes in demand and obsolescence	The longer-term risk that an inability to understand and respond effectively to changes in the competitive landscape and customer value chain could result in business model disruption and asset obsolescence, including the perception of obsolescence in the short term.	+ Key urban market strategy – urban, infill locations support re-usability of property + Adaptable and re-usable building design – ease to reconfigure for another customer + Geographic diversification + Capital partnering transfers risks into Partnerships + Insurance program (both Goodman Group's and key contractors), including project specific insurance covering design and defects + Long lease terms with prime customers + Investment in innovation and technology strategies.
Environmental sustainability and climate change	Failure to deliver on Goodman Group's sustainability leadership strategy and ambitions may lead to a negative impact on Goodman Group's reputation, ability to raise capital and a disruption to operations and stranded assets.	+ Corporate Responsibility and Sustainability policy + 2030 Sustainability Strategy including the assessment of individual assets to improve resilience and implementation of sustainability initiatives + Sustainability guidelines for development projects + Review and approval of acquisitions and development projects by the Goodman Group Investment Committee and relevant Partnership Investment Committee, including consideration of climate in due diligence and specification + Adoption of the Task Force on Climate-Related Financial Disclosures recommendations as a framework for climate risks.
Asset and portfolio	Inability to execute asset planning and management strategies, including leasing risk exposures, can reduce returns from Goodman Group's portfolios.	+ Key urban market strategy – urban, infill locations where customer demand is strongest + Diversification of customer base and lease expiries + Review of significant leasing transactions and development projects by the Goodman Group Investment Committee + Capital expenditure programs keeping pace with property lifecycle.
Concentration of counterparties and markets	Over-exposure to specific areas, such as capital partners, supply chain, customers and markets, may limit growth and sustainability opportunities.	+ Diversification of customer base and lease expiries + Diversification of capital partners and Partnership expiries + Contractor pre-selection and tendering + Independence governance structure.
Information and data security	Maintaining security (including cyber security) of IT environment and data, ensuring continuity of IT infrastructure and applications to support sustainability and growth and prevent operational, regulatory, financial and reputational impacts.	+ Reporting of risks and management activity + Proactive monitoring, review and testing of infrastructure + Disaster recovery and business continuity planning and testing + Benchmarked strategy for delivery of security information technology infrastructure and systems + Training and awareness program and other assurance activities for monitoring and improvement.
Infectious disease pandemic	There continues to be significant uncertainty associated with the COVID-19 pandemic, with mutations of the virus and significant outbreaks continuing to occur globally. The approach in enabling the world to stabilise and transition to a "normal" footing is still to be understood, while "Zero COVID" policies by some nations is having both economic and supply chain issues globally.	+ Protect and support Goodman Group's people + Global diversification of Goodman Group's property portfolios + Diversification of customer base + In-house property management team enabling flexibility to support and respond to customers + Capital model, strong balance sheet with adequate liquidity available.

Environmental regulations

The Consolidated Entity has policies and procedures to identify and appropriately address environmental obligations that might arise in respect of the Consolidated Entity's operations that are subject to significant environmental regulation under the laws of the countries the Consolidated Entity operates in. The Directors have determined that the Consolidated Entity has complied with those obligations during the financial year and that there has not been any material breach.

Disclosure in respect of any indemnification of Directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company is currently in force and was in force throughout this year.

Directors' interests in contracts

No contract of significance in relation to the Consolidated Entity's business to which the Company, its subsidiaries or any of its fellow subsidiaries was a party and in which the Directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in shares

At the end of the year, the Directors (including alternate Directors) held the following interests in the stapled securities of Goodman Group, which are listed on the ASX:

Directors	Directly held securities	Indirectly held securities	Total
Stephen Paul Johns	-	41,143	41,143
David Jeremy Collins	5,000	-	5,000
Gregory Leith Goodman	874,873	37,729,673	38,604,546
Daniel Cornelius Peeters	-	2,199,797	2,199,797

In addition, Gregory Goodman and Daniel Peeters participate in the LTIP under which they hold performance rights. Performance rights entitle participants to receive Goodman Group stapled securities without the payment of consideration, subject to Goodman Group satisfying performance criteria and the participants remaining employees of Goodman Group.

Details of the awards of performance rights under the LTIP granted as compensation to the Directors (including alternate Directors) at 30 June 2022 are as follows:

	Number of performance rights at the start of the year	Number of performance rights granted during the year	Number of performance rights vested during the year	Number of performance rights forfeited during the year	Number of performance rights at the end of the year	Date performance rights granted	Financial years in which grant vests
Gregory Leith Goodman	-	1,560,000	-	-	1,560,000	18 Nov 21	2026 – 2032
	950,000	-	-	-	950,000	19 Nov 20	2024 – 2026
	900,000	-	-	-	900,000	20 Nov 19	2023 – 2025
	1,600,000	-	(533,333)	-	1,066,667	15 Nov 18	2022 – 2024
	1,066,667	-	(533,333)	-	533,334	16 Nov 17	2021 – 2023
	800,000	-	(800,000)	-	-	30 Sep 16	2020 – 2022
Daniel Cornelius Peeters	-	625,000	-	-	625,000	18 Nov 21	2026 – 2032
	380,000	-	-	-	380,000	19 Nov 20	2024 – 2026
	350,000	-	-	-	350,000	20 Nov 19	2023 – 2025
	550,000	-	(183,333)	-	366,667	15 Nov 18	2022 – 2024
	366,667	-	(183,333)	-	183,334	16 Nov 17	2021 – 2023
	200,000	-	(200,000)	-	-	30 Sep 16	2020 – 2022

Apart from the above, at no time during the year was the Company, its subsidiaries or any of its fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other related body corporate.

Report of the Directors

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Subsequent events

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

Declaration by the Group Chief Executive Officer and Chief Financial Officer

The Directors have been given declarations equivalent to those required of listed Australian companies by section 295A of the *Corporations Act 2001* from the Group Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2022.

By order of the Board of Directors

Stephen Paul Johns
Independent Chairman

David Jeremy Collins
Director

Sydney, 16 August 2022

KPMG

Independent Auditor's Report

To the members of Goodman Logistics (HK) Limited (Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Goodman Logistics (HK) Limited (the Company) and its subsidiaries (the Group) set out on pages A16 to A61, which comprise the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (HKSAs) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

The Directors are responsible for the other information which comprises all the information included in the Company's Report of the Directors.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

KPMG

Independent Auditor's Report (continued)

To the members of Goodman Logistics (HK) Limited (Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (continued)

To the members of Goodman Logistics (HK) Limited (Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Certified Public Accountants

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

16 August 2022

Consolidated statement of financial position

as at 30 June 2022

(expressed in Australian dollars)

	Note	2022 $M	2021 $M
Current assets			
Cash and cash equivalents	17(a)	357.5	358.4
Inventories	6(b)	175.2	106.4
Receivables	7	115.6	744.3
Contract assets	8	60.5	55.7
Current tax receivables	4(c)	0.6	4.2
Other assets		3.2	12.9
Total current assets		**712.6**	**1,281.9**
Non-current assets			
Inventories	6(b)	1,377.4	1,034.5
Investment properties	6(b)	336.8	163.9
Investments accounted for using the equity method	6(b)	1,845.6	1,470.0
Receivables	7	789.6	276.2
Other financial assets	13	174.8	102.6
Deferred tax assets	4(d)	18.8	15.2
Property, plant and equipment		24.0	17.1
Other assets		3.7	4.8
Total non-current assets		**4,570.7**	**3,084.3**
Total assets		**5,283.3**	**4,366.2**
Current liabilities			
Payables	9	274.6	263.0
Loans from related parties	21(c)	125.4	806.7
Current tax payables	4(c)	32.5	48.9
Employee benefits		49.0	45.1
Dividend payable	15	46.7	110.8
Other financial liabilities	13	45.4	-
Total current liabilities		**573.6**	**1,274.5**
Non-current liabilities			
Payables	9	93.2	124.7
Interest bearing liabilities	12	9.0	-
Loans from related parties	21(c)	1,815.6	1,084.4
Deferred tax liabilities	4(d)	50.5	1.6
Employee benefits		13.9	22.0
Other financial liabilities	13	141.4	89.1
Total non-current liabilities		**2,123.6**	**1,321.8**
Total liabilities		**2,697.2**	**2,596.3**
Net assets		**2,586.1**	**1,769.9**
Equity attributable to Shareholders			
Share capital	16(a)	873.0	791.9
Reserves	18	(605.1)	(629.0)
Retained earnings	19	2,290.0	1,584.8
Total equity attributable to Shareholders		**2,557.9**	**1,747.7**
Non-controlling interests		28.2	22.2
Total equity		**2,586.1**	**1,769.9**

The notes on pages A20 to A61 form part of these consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 16 August 2022.

Stephen Paul Johns
Director

David Jeremy Collins
Director

Consolidated statement of comprehensive income

for the year ended 30 June 2022

(expressed in Australian dollars)

	Note	2022 $M	2021 $M
Revenue			
Gross property income		45.9	15.6
Management income	2	193.7	188.7
Development income	2	1,075.0	1,171.7
Dividends from investments		0.2	0.8
		1,314.8	**1,376.8**
Property and development expenses			
Property expenses		(5.0)	(2.2)
Development expenses	2	(433.5)	(684.7)
		(438.5)	**(686.9)**
Other income			
Net loss from fair value adjustments on investment properties	6(e)	(0.3)	-
Net gain/(loss) on disposal of investment properties		3.8	(1.9)
Share of net results of equity accounted investments	6(f)	345.3	164.7
Net gain on disposal of equity accounted investments		0.2	1.8
		349.0	**164.6**
Other expenses			
Employee expenses		(170.5)	(166.6)
Share based payments expense	16(b)	(94.0)	(124.0)
Administrative and other expenses		(37.4)	(33.0)
Transaction management fees		(23.1)	(42.4)
		(325.0)	**(366.0)**
Profit before interest and income tax		**900.3**	**488.5**
Net finance expense			
Finance income	11	48.0	21.8
Finance expense	11	(71.4)	(82.9)
Net finance expense		**(23.4)**	**(61.1)**
Profit before income tax		**876.9**	**427.4**
Income tax expense	4 (a)	(114.1)	(12.2)
Profit for the year		**762.8**	**415.2**
Profit for the year attributable to:			
Shareholders	19	751.9	408.4
Non-controlling interests		10.9	6.8
Profit for the year		**762.8**	**415.2**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Increase due to revaluation of other financial assets		9.4	7.6
Actuarial gains/(losses) on defined benefit retirement schemes (net of tax)		5.6	(6.0)
		15.0	**1.6**
Item that may be reclassified subsequently to profit or loss			
Effect of foreign currency translation		0.1	(21.5)
		0.1	**(21.5)**
Other comprehensive income/(loss) for the year, net of tax		**15.1**	**(19.9)**
Total comprehensive income for the year		**777.9**	**395.3**
Total comprehensive income for the year attributable to:			
Shareholders		767.8	389.0
Non-controlling interests		10.1	6.3
Total comprehensive income for the year		**777.9**	**395.3**

The notes on pages A20 to A61 form part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2022

Year ended 30 June 2021

(expressed in Australian dollars)

	Note	Attributable to Shareholders				Non-controlling interests	Total equity
		Share capital $M	Reserves $M	Retained earnings $M	Total $M	$M	$M
Balance at 1 July 2020		**732.0**	**(624.5)**	**1,287.2**	**1,394.7**	**20.0**	**1,414.7**
Total comprehensive income/(loss) for the year							
Profit for the year	19	-	-	408.4	**408.4**	6.8	**415.2**
Other comprehensive loss for the year		-	(19.4)	-	**(19.4)**	(0.5)	**(19.9)**
Total comprehensive (loss)/income for the year, net of income tax		**-**	**(19.4)**	**408.4**	**389.0**	**6.3**	**395.3**
Contributions by and distributions to owners							
Dividends declared/paid	15	-	-	(110.8)	**(110.8)**	(9.0)	**(119.8)**
Issue of shares to employees of Goodman Group	16(a)	48.6	-	-	**48.6**	-	**48.6**
Issue of ordinary shares	16(a)	11.3	-	-	**11.3**	-	**11.3**
Equity settled share based payments transactions	18(c)	-	6.8	-	**6.8**	-	**6.8**
Deferred tax associated with the LTIP	18(c)	-	8.1	-	**8.1**	-	**8.1**
Acquisition of special purpose development entity with non-controlling interests		-	-	-	**-**	4.9	**4.9**
Balance at 30 June 2021		**791.9**	**(629.0)**	**1,584.8**	**1,747.7**	**22.2**	**1,769.9**

Year ended 30 June 2022

(expressed in Australian dollars)

	Note	Attributable to Shareholders				Non-controlling interests	Total equity
		Share capital $M	Reserves $M	Retained earnings $M	Total $M	$M	$M
Balance at 1 July 2021		**791.9**	**(629.0)**	**1,584.8**	**1,747.7**	**22.2**	**1,769.9**
Total comprehensive income/(loss) for the year							
Profit for the year	19	-	-	751.9	**751.9**	10.9	**762.8**
Other comprehensive income/(loss) for the year		-	15.9	-	**15.9**	(0.8)	**15.1**
Total comprehensive income for the year, net of income tax		**-**	**15.9**	**751.9**	**767.8**	**10.1**	**777.9**
Contributions by and distributions to owners							
Dividends declared/paid	15	-	-	(46.7)	**(46.7)**	(5.5)	**(52.2)**
Issue of shares to employees of Goodman Group	16(a)	57.4	-	-	**57.4**	-	**57.4**
Issue of treasury shares	16(a)	4.8	-	-	**4.8**	-	**4.8**
Issue of ordinary shares	16(a)	18.9	-	-	**18.9**	-	**18.9**
Equity settled share based payments transactions	18(c)	-	12.2	-	**12.2**	-	**12.2**
Deferred tax associated with the LTIP	18(c)	-	(4.2)	-	**(4.2)**	-	**(4.2)**
Acquisition of special purpose development entity with non-controlling interests		-	-	-	**-**	1.4	**1.4**
Balance at 30 June 2022		**873.0**	**(605.1)**	**2,290.0**	**2,557.9**	**28.2**	**2,586.1**

The notes on pages A20 to A61 form part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 30 June 2022

(expressed in Australian dollars)

	Note	2022 $M	2021 $M
Cash flows from operating activities			
Property income received		42.7	14.7
Cash receipts from development activities		1,036.2	1,155.0
Other cash receipts from services provided		300.0	251.7
Property expenses paid		(5.9)	(2.0)
Payments for development activities		(886.8)	(821.6)
Other cash payments in the course of operations		(262.6)	(204.8)
Dividends/distributions received		66.1	81.7
Interest received		15.5	16.1
Finance costs paid		(1.0)	(1.0)
Net income taxes paid		(87.7)	(16.2)
Net cash provided by operating activities	17(b)	**216.5**	**473.6**
Cash flows from investing activities			
Net proceeds from disposal of investment properties		272.5	5.4
Payments for investment properties		(413.0)	(173.0)
Net proceeds from disposal of equity accounted investments		4.4	-
Return of capital from equity accounted investments		166.3	139.8
Payments for equity investments		(263.3)	(243.1)
Payments for plant and equipment		(1.7)	(0.3)
Net cash used in investing activities		**(234.8)**	**(271.2)**
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		18.9	11.3
Proceeds from borrowings		9.0	-
Net proceeds from/(repayments of) loans with related parties		107.5	(83.7)
Payments on derivative financial instruments		-	(42.2)
Dividends paid to Shareholders		(110.8)	(73.1)
Dividends paid to non-controlling interests		(5.5)	(9.0)
Payments of lease liabilities		(8.0)	(8.7)
Capital contributed by non-controlling interests		1.4	4.9
Net cash provided by/(used in) financing activities		**12.5**	**(200.5)**
Net (decrease)/increase in cash held		(5.8)	1.9
Cash and cash equivalents at the beginning of the year		358.4	368.2
Effect of exchange rate fluctuations on cash held		4.9	(11.7)
Cash and cash equivalents at the end of the year	17(a)	**357.5**	**358.4**

The notes on pages A20 to A61 form part of these consolidated financial statements.

Notes to the consolidated financial statements

(expressed in Australian dollars)

BASIS OF PREPARATION

1 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance.

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for investment properties and other financial assets which are stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no gain or loss and no goodwill is recognised as a result of such transactions.

(d) Foreign currency translation

Functional and presentation currency
Items included in the consolidated financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions
Foreign currency transactions are translated to each entity's functional currency at rates approximating the foreign exchange rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the reporting date are translated at the rates of exchange ruling on that date. Resulting exchange differences are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost are translated at rates of exchange applicable at the date of the initial transaction. Non-monetary items which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of controlled foreign operations
The assets and liabilities of controlled foreign operations are translated into Australian dollars at foreign exchange rates applicable at the reporting date.

Revenue and expenses are translated at weighted average rates for the financial year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal or partial disposal of the operations.

Exchange differences arising on monetary items that form part of the net investment in a controlled foreign operation are recognised in the foreign currency translation reserve on consolidation.

Exchange rates used
The following exchange rates are the main exchange rates used in translating foreign currency transactions, balances and financial statements to Australian dollars.

	Weighted average		As at 30 June	
Australian dollars (AUD) to	**2022**	**2021**	**2022**	**2021**
Hong Kong dollars (HKD)	5.6626	5.7958	5.4241	5.8222
Chinese yuan (CNY)	4.6840	4.9419	4.6154	4.8412
Japanese yen (JPY)	85.1512	79.6101	93.7770	83.2780
Euros (EUR)	0.6442	0.6262	0.6594	0.6327
British pounds sterling (GBP)	0.5456	0.5546	0.5676	0.5432
United States dollars (USD)	0.7255	0.7472	0.6912	0.7497

(e) Changes in accounting policies

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative risk-free rates (referred to as IBOR reform). The Consolidated Entity has adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to International Financial Reporting Standard (IFRS) 9, International Accounting Standard (IAS) 39, IFRS 7, IFRS 4 and IFRS 16) from 1 July 2021. These amendments provide reliefs relating to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

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

See note 14 for related disclosures about risks, financial assets and financial liabilities indexed to IBORs.

(f) Accounting standards issued but not yet effective

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

Notes to the consolidated financial statements

Basis of preparation (continued)

1 Basis of preparation (continued)

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

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

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

+ Note 6 – Property assets
+ Note 14 – Financial risk management.

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

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

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

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

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

+ Note 6 – Property assets
+ Note 14 – Financial risk management.

RESULTS FOR THE YEAR

2 Profit before interest and income tax

Gross property income
Gross property income comprises rental income under operating leases (net of incentives provided) and amounts billed to customers for outgoings (e.g. rates, levies, cleaning, security, etc). Amounts billed to customers for outgoings are a cost recovery for the Consolidated Entity and are recognised once the expense has been incurred. The expense is included in property expenses.

Rental income under operating leases is recognised on a straight-line basis over the term of the lease contract. Where operating lease rental income is recognised relating to fixed increases in rentals in future years, an asset is recognised. This asset is a component of the relevant investment property carrying amount. The cost of lease incentives provided to customers is amortised on a straight-line basis over the life of the lease as a reduction of gross property income.

Management and development income
The revenue from management and development activities is measured based on the consideration specified in a contract with a customer. The Consolidated Entity recognises revenue when it transfers control over a product or service to a customer.

Management income
Fee income derived from management services relates to investment management base fees and property services fees and is recognised and invoiced progressively as the services are provided. Customers make payments usually either monthly or quarterly in arrears.

Performance related management income generally relates to portfolio performance fee income, which is recognised progressively as the services are provided but only when the income can be reliably measured and is highly probable of not being reversed. These portfolio performance fees are typically dependent on the overall returns of a Partnership relative to an agreed benchmark return, assessed over the life of the Partnership, which can vary from one year to seven years. The returns are impacted by operational factors such as the quality and location of the portfolio, active property management, rental income rates and development activity but can also be significantly affected by changes in global and local economic conditions. Accordingly, portfolio performance fee revenue is only recognised towards the end of the relevant assessment period, as prior to this revenue recognition is not considered to be sufficiently certain.

In determining the amount of revenue that can be reliably measured, management prepares a sensitivity analysis to understand the impact of changes in asset valuations on the potential performance fee at the assessment date. The assessment of revenue will depend on the prevailing market conditions at the reporting date relative to long-term averages and also the length of time until the assessment date e.g. the longer the time period to assessment date, the greater the impact of the sensitivity analysis. The potential portfolio performance fee revenue is then recognised based on the length of time from the start of the assessment period to the reporting date as a proportion of the total assessment period. Where the income is attributable to development activities or it relates to a combination of inextricable management and development activities that have occurred over the performance fee period, then it is reported as development income, otherwise the income is reported as management income. The Partnerships make payments in respect of portfolio performances fees at the end of the performance periods, when the attainment of the conditions has been verified and the amount of the fee has been agreed by all parties.

Development income – disposal of inventories
The disposal of inventories is recognised at the point in time when control over the property asset is transferred to the customer. This will generally occur on transfer of legal title and payment in full by the customer. The gain or loss on disposal of inventories is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal (less transaction costs) and is included in profit or loss in the period of disposal.

Development income – development management services
Fee income from development management services (including master-planning, development management and overall project management) is recognised progressively as the services are provided in proportion to the stage of completion by reference to costs. Payments are received in accordance with the achievement of agreed milestones over the development period. The development period can be up to 24 months for larger and more complex developments.

Performance related development income includes income associated with the returns from individual developments under the Consolidated Entity’s management and performance fee income that relates to development activity. Income in respect of individual developments is recognised by the Consolidated Entity on attainment of the performance related conditions, which is when the income can be reliably measured and is highly probable of not being reversed. These amounts are paid by the Partnership when the amounts have been measured and agreed. Income associated with development activities as part of a portfolio assessment is recognised on the same basis as outlined above in the management income section.

Notes to the consolidated financial statements

Results for the year (continued)

2 Profit before interest and income tax (continued)

Development income – fixed price development contracts

Certain development activities are assessed as being fixed price development contracts. This occurs when a signed contract exists, either prior to the commencement of or during the development phase, to acquire a development asset from the Consolidated Entity on completion. Revenue and expenses relating to these development contracts are recognised in profit or loss in proportion to the stage of completion of the relevant contracts by reference to costs. The payments may be on completion of the development once legal title has been transferred. The development period can be up to 24 months for larger and more complex developments.

Net gain/(loss) on disposal of investment properties

The disposal of an investment property is recognised at the point in time when control over the property has been transferred to the purchaser.

Employee benefits

Wages, salaries and annual leave

Wages and salaries, including non-monetary benefits, and annual leave represent present obligations resulting from employees' services provided to the reporting date. These are calculated at undiscounted amounts based on rates that are expected to be paid as at the reporting date including related on-costs, such as workers' compensation insurance and payroll tax.

Bonuses

A liability is recognised in other payables and accruals for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation. Liabilities for bonuses that are expected to be settled within 12 months are measured at the amounts expected to be paid, including related on-costs, when they are settled.

Superannuation

Defined contribution retirement plans

Obligations for contributions to defined contribution retirement plans are recognised as an expense as incurred.

Defined benefit retirement schemes

The net obligation in respect of defined benefit retirement schemes is recognised in the statement of financial position and is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest), are recognised immediately in other comprehensive income. Net interest expense and other expenses related to defined benefit retirement schemes are recognised in profit or loss.

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

	2022 $M	2021 $M
Management services	162.7	135.1
Performance related income	31.0	53.6
Management income	**193.7**	**188.7**
Income from disposal of inventories	747.4	809.8
Development income from fixed price development contracts	114.6	98.5
Other development income, including development management[1]	169.6	131.1
Net gain on disposal of assets previously classified as held for sale	-	132.3
Net gain on disposal of special purpose development entities, including JVs	43.4	-
Development income	**1,075.0**	**1,171.7**
Inventory cost of sales	(354.9)	(619.4)
Other development expenses	(78.6)	(65.3)
Development expenses	**(433.5)**	**(684.7)**
Included in employee expenses are the following items:		
Salaries, wages and other benefits	(169.1)	(163.5)
Contributions to defined contribution retirement plans	(1.4)	(3.1)
Employee expenses	**(170.5)**	**(166.6)**
Depreciation of plant and equipment	(8.7)	(9.6)
Auditor's remuneration	(1.5)	(1.5)

1. Fee revenues from single contractual arrangements involving a combination of inextricable investment management and development management services and recognised over the life of the underlying developments projects are classified as development income for statutory reporting purposes. During the period, $77.0 million (2021: $75.2 million) of such income was recognised.

3 Segment reporting

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

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

The activities and services undertaken by the operating segments include:

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

The segment results that are reported to the Group Chief Executive Officer are based on profit before net finance expense and income tax expense, and also exclude non-cash items such as fair value adjustments and impairments, corporate expenses and share based remuneration. The assets allocated to each operating segment relate to the properties, which also include the investments in Partnerships, and the trade and other receivables associated with the operating activities, but exclude receivables from GL, GIT and their controlled entities, income tax receivables and corporate assets. The liabilities allocated to each operating segment primarily relate to trade and other payables associated with the operating activities, but exclude payables to GL, GIT and their controlled entities, provision for dividends to Shareholders, income tax payables and corporate liabilities.

The accounting policies used to report segment information are the same as those used to prepare the consolidated financial statements for the Consolidated Entity.

For the purpose of operating segment reporting, there are no material intersegment revenues and costs.

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

Notes to the consolidated financial statements

Results for the year (continued)

3 Segment reporting (continued)

Information about reportable segments

	Asia		Continental Europe		United Kingdom		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Statement of comprehensive income	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
External revenues								
Gross property income	15.3	6.2	27.6	8.4	3.0	1.0	45.9	15.6
Management income	96.8	77.8	90.9	106.7	6.0	4.2	193.7	188.7
Development income	150.2	129.9	892.1	796.5	32.7	245.3	1,075.0	1,171.7
Dividends from investments	0.2	0.8	-	-	-	-	0.2	0.8
Total external revenues	**262.5**	**214.7**	**1,010.6**	**911.6**	**41.7**	**250.5**	**1,314.8**	**1,376.8**
Analysis of external revenues:								
Revenues from contracts with customers								
Assets and services transferred at a point in time	24.8	10.3	792.2	729.9	12.8	228.8	829.8	969.0
Assets and services transferred over time	223.2	197.7	193.7	174.0	25.9	20.8	442.8	392.5
Other revenue								
Rental income (excludes outgoings recoveries)	14.3	5.9	24.7	7.7	3.0	0.9	42.0	14.5
Dividends from investments	0.2	0.8	-	-	-	-	0.2	0.8
Total external revenues	**262.5**	**214.7**	**1,010.6**	**911.6**	**41.7**	**250.5**	**1,314.8**	**1,376.8**
Reportable segment profit before income tax	**252.5**	**205.4**	**505.2**	**376.5**	**42.8**	**20.4**	**800.5**	**602.3**
Other key components of financial performance included in reportable segment profit before income tax								
Share of net results of equity accounted investments in Partnerships (before fair value adjustments)	67.2	60.4	7.6	6.5	9.8	6.1	84.6	73.0
Material non-cash items not included in reportable segment profit before income tax								
Share of fair value adjustments attributable to investment properties in Partnerships	43.7	44.2	22.3	19.2	203.8	26.8	269.8	90.2

	Asia		Continental Europe		United Kingdom		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Statement of financial position	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Reportable segment assets	**1,971.9**	**1,573.6**	**1,312.4**	**1,030.2**	**957.2**	**752.2**	**4,241.5**	**3,356.0**
Included in reportable segment assets are:								
Investments in Partnerships	1,000.8	908.0	164.2	154.0	680.6	408.0	1,845.6	1,470.0
Non-current assets	**1,743.8**	**1,306.6**	**1,017.0**	**779.6**	**899.0**	**673.6**	**3,659.8**	**2,759.8**
Additions to non-current assets include:								
– Investment properties	181.3	138.4	-	-	243.6	25.8	424.9	164.2
– Investments accounted for using the equity method	99.9	57.1	1.3	10.0	162.1	178.8	263.3	245.9
Reportable segment liabilities	**160.8**	**137.0**	**124.1**	**106.3**	**113.5**	**85.8**	**398.4**	**329.1**

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

	Note	2022 $M	2021 $M
Revenue			
Total revenue for reportable segments		1,314.8	1,376.8
Consolidated revenues		**1,314.8**	**1,376.8**
Profit or loss			
Total profit before income tax for reportable segments		**800.5**	**602.3**
Corporate expenses not allocated to reportable segments		(66.6)	(81.5)
		733.9	**520.8**
Valuation and other adjustments not included in reportable segment profit before income tax:			
– Net loss from fair value adjustments on investment properties	6(e)	(0.3)	-
– Share of fair value adjustments attributable to investment properties in Partnerships	6(f)	269.8	90.2
– Share of fair value adjustments on derivative financial instruments in Partnerships	6(f)	(9.1)	1.5
– Share based payments expense	16(b)	(94.0)	(124.0)
Net finance expense	11	(23.4)	(61.1)
Consolidated profit before income tax		**876.9**	**427.4**
Assets			
Total assets for reportable segments		4,241.5	3,356.0
Other unallocated amounts[1]		1,041.8	1,010.2
Consolidated total assets		**5,283.3**	**4,366.2**
Liabilities			
Total liabilities for reportable segments		398.4	329.1
Other unallocated amounts[1]		2,298.8	2,267.2
Consolidated total liabilities		**2,697.2**	**2,596.3**

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

Notes to the consolidated financial statements

Results for the year (continued)

4 Taxation

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

(a) Taxation in the consolidated statement of comprehensive income

	2022 $M	2021 $M
Current tax expense – Hong Kong profits tax		
Current year	(14.2)	(15.1)
Changes in estimates related to prior years	1.9	1.6
	(12.3)	**(13.5)**
Current tax expense – overseas		
Current year	(59.8)	(9.2)
Changes in estimates related to prior years	0.4	5.7
	(59.4)	**(3.5)**
Deferred tax (expense)/benefit		
Origination and reversal of temporary differences	(42.4)	4.8
	(42.4)	**4.8**
Total income tax expense	**(114.1)**	**(12.2)**

The provision for Hong Kong profits tax for the year ended 30 June 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between accounting profit and income tax expense at applicable tax rates

	2022 $M	2021 $M
Profit before income tax	876.9	427.4
Notional tax on profit before income tax, calculated at the rates applicable to profits in the countries concerned	(206.4)	(133.3)
(Increase)/decrease in income tax due to:		
– Current year losses for which no deferred tax asset was recognised	(11.4)	(15.3)
– Non-assessable income	123.5	172.8
– Non-deductible expense	(45.4)	(47.1)
– Utilisation of previously unrecognised tax losses	23.3	3.4
– Changes in estimates related to prior years	2.3	7.3
Income tax expense	**(114.1)**	**(12.2)**

(c) Current tax receivables/payables

	2022 $M	2021 $M
Net income tax payable at the beginning of the year	(44.7)	(47.4)
Decrease/(increase) in current net tax payable due to:		
– Net income taxes paid	87.7	16.2
– Net income tax expense on current year's profit	(74.0)	(24.3)
– Changes in estimates related to prior years	2.3	7.3
– Other	(3.2)	3.5
Net income tax payable at the end of the year	**(31.9)**	**(44.7)**
Current tax receivables	0.6	4.2
Current tax payables	(32.5)	(48.9)
	(31.9)	**(44.7)**

(d) Deferred tax assets and liabilities

Deferred tax assets of $18.8 million (2021: $15.2 million) arising from performance rights awarded under the LTIP and deferred tax liabilities of $50.5 million (2021: $1.6 million) arising from investment properties were recognised in the consolidated statement of financial position.

Movements in deferred taxes recognised in expenses and equity are attributable to the following:

	2022 $M	2021 $M
Deferred tax (expense)/benefit recognised in expenses		
Investment properties - fair value adjustments	(54.6)	(0.1)
LTIP	7.8	5.6
Other items	4.4	(0.7)
Total deferred tax (expense)/benefit recognised in expenses	**(42.4)**	**4.8**
Deferred tax benefit/(expense) recognised in equity		
LTIP	(4.2)	8.1
Other items	-	(4.7)
Total deferred tax (expense)/benefit recognised in equity	**(4.2)**	**3.4**
Total deferred tax movements recognised in expenses and equity	**(46.6)**	**8.2**

Deferred tax assets of $190.0 million (2021: $236.6 million) arising primarily from tax losses have not been recognised by the Consolidated Entity.

5 Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of $265.3 million (2021: $329.9 million) which has been dealt with in the financial statements of the Company.

Notes to the consolidated financial statements

OPERATING ASSETS AND LIABILITIES

6 Property assets

(a) Types of property assets

Investment in property assets includes both inventories and investment properties (including those under development), which may be held either directly or through investments in Partnerships.

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

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

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

Components of investment properties
Land and buildings (including integral plant and equipment) comprising investment properties are regarded as composite assets and are disclosed as such in the consolidated financial statements.

Investment property carrying values include the costs of acquiring the assets and subsequent costs of development, including costs of all labour and materials used in construction, costs of managing the projects, holding costs and borrowing costs incurred during the development periods.

Amounts provided to customers as lease incentives and assets relating to fixed rental income increases in operating lease contracts are included within investment property values. Lease incentives are amortised over the term of the lease on a straight-line basis. Direct expenditure associated with leasing a property is also capitalised within investment property values and amortised over the term of the lease.

Classification of investment properties
Investment properties are classified as either properties under development or stabilised properties. Investment properties under development include land, new investment properties in the course of construction and investment properties that are being redeveloped. Stabilised investment properties are all investment properties not classified as being under development and would be completed properties that are leased or are available for lease to customers.

For investment properties under development, the carrying values are reviewed by management at each reporting date to consider whether they reflect their fair values and at completion external valuations are obtained to determine the fair values.

For stabilised investment properties, independent valuations are obtained at least every two years to determine the fair values. At each reporting date between obtaining independent valuations, the carrying values are reviewed by management to ensure they reflect the fair values.

Deposits for investment properties
Deposits and other costs associated with acquiring investment properties that are incurred prior to obtaining legal title are recorded at cost and disclosed as other assets in the consolidated statement of financial position.

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

	Note	2022 $M	2021 $M
Directly held properties:			
Inventories			
Current	6(d)	175.2	106.4
Non-current	6(d)	1,377.4	1,034.5
		1,552.6	**1,140.9**
Investment properties			
Stabilised investment properties	6(e)	336.8	163.9
		336.8	**163.9**
Property held by Partnerships:			
Investments accounted for using the equity method – JVs	6(f)	1,845.6	1,470.0
		1,845.6	**1,470.0**

(c) Estimates and assumptions in determining property carrying values

Inventories

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

Investment properties

Stabilised investment properties

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

Approach to determination of fair value

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

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

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

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

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. The number of sales and the circumstances of each sale are assessed to determine whether a market segment is active or inactive.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

Where a market segment is observed to be active, then external independent valuations are performed for stabilised investment properties where there has been a combination of factors that are likely to have resulted in a material movement in valuation. The considerations include a greater than 10% movement in market rents, more than a 25 basis point movement in capitalisation rates, a material change in tenancy profile (including changes in the creditworthiness of a significant customer that may have a material impact on the property valuation), significant capital expenditure, a change in use (or zoning), a development has reached completion/stabilisation of the asset or it has been two years since the previous external independent valuation. For all other stabilised investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10-year period. The key inputs considered for each individual calculation are:

+ Current contractual lease terms
+ Current market rents
+ Projected growth in market rents
+ Expected and likely capital expenditures
+ Projected letting up incentives provided to customers and vacant time on expiry of leases
+ Discount rates - computed using the 10-year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Market assessment

The investment market for industrial, logistics and warehousing properties has continued to be strong during FY22, despite the increased interest rates in the last quarter of FY22. At 30 June 2022, the Board has been able to assess that all markets in which the Consolidated Entity operated were active and as a consequence no adjustments have been made to the carrying values of the Consolidated Entity's stabilised investment property portfolios on the basis of internally prepared DCF valuations.

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

	Total portfolio weighted average capitalisation rate	
	2022	**2021**
Segment	**%**	**%**
Asia	5.2	5.4
Continental Europe	3.4	3.7
United Kingdom	3.7	4.1

Sensitivity analysis

The fair value measurement approach for directly held investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation method used (see note 1(g)). The stabilised investment property valuations at 30 June 2022 are most sensitive to the following inputs:

+ Capitalisation rates
+ Market rents
+ Incentives provided to customers and/or vacant time on expiry of leases.

The directly held stabilised investment properties are in Asia. The average net market rent and weighted average capitalisation rate is summarised in the table below:

Valuation technique	Significant unobservable inputs	2022
Income capitalisation	Average net market rent (per square metre per annum)	$258
	Capitalisation rate (weighted average)	4.2%

The impacts on the Consolidated Entity's financial position that would arise from the changes in capitalisation rates, market rents and incentives/vacant time are set out in the table below. This illustrates the impacts on the Consolidated Entity in respect of both the directly held stabilised investment properties and its share of those stabilised investment properties held by Partnerships.

	Directly held properties A$M	Partnerships[1] $M
Book value at 30 June 2022	336.8	1,907.8
Changes in capitalisation rates:		
Increase in capitalisation rates +50 basis points (bps)	(35.6)	(195.2)
Increase in capitalisation rates +25 bps	(18.8)	(103.0)
Decrease in capitalisation rates -25 bps	21.1	116.1
Decrease in capitalisation rates -50 bps	45.1	248.1
Changes in market rents:		
Decrease in rents -5%	(14.0)	(86.0)
Decrease in rents -2.5%	(7.0)	(43.0)
Increase in rents +2.5%	7.0	43.0
Increase in rents +5%	14.0	86.0
Changes in incentives/vacant time[2]:		
Increase in incentives/vacant time +3 months	(3.4)	(6.0)
Increase in incentives/vacant time +6 months	(6.8)	(12.0)

1. Reflects the Consolidated Entity's share in Partnerships.
2. On assumed lease expiries over the next 12 months.

Investment properties under development

For the directly held investment properties under development, external independent valuations are generally not performed, but instead valuations are determined at each reporting date using the feasibility assessments supporting the developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, market rents, incentives provided to customers and vacant time that are consistent with those observed in the relevant market, adjusted for a profit and risk factor. The profit and risk factors are dependent on the function, location, size and current status of the developments and are generally in a market range of 10% to 15%; although for larger more complex projects that are at an early stage of the development, the profit and risk factor could be in the order of 25%. This adjusted end value is then compared to the forecast cost of a completed development to determine whether there is an increase or decrease in value.

In respect of the Partnerships, certain Partnerships obtain external independent valuations of investment properties under development at reporting dates. However, the majority determine the fair values at reporting dates by reference to the feasibility assessments, with external independent valuations obtained when the properties has been stabilised.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

(d) Inventories

	2022 $M	2021 $M
Current		
Land and development properties	175.2	106.4
	175.2	**106.4**
Non-current		
Land and development properties	964.1	719.1
Leasehold land and development properties	413.3	315.4
	1,377.4	**1,034.5**

During the current and prior financial year, no impairment losses were recognised on land and development properties.

(e) Investment properties

Reconciliation of carrying amount of directly held investment properties

	2022 $M	2021 $M
Carrying amount at the beginning of the year	163.9	7.2
Acquisitions	420.4	163.0
Capital expenditure	4.5	1.2
Disposals	(269.7)	(7.4)
Net loss from fair value adjustments	(0.3)	-
Effect of foreign currency translation	18.0	(0.1)
Carrying amount at the end of the year	**336.8**	**163.9**
Analysed by segment:		
Asia	336.8	137.7
United Kingdom	-	26.2
	336.8	**163.9**

Non-cancellable operating lease commitments receivable from investment property customers

The analysis in the table below reflects the gross property income, excluding recoverable outgoings, based on existing lease agreements. It assumes that leases will not extend beyond the next review date, where the customer has an option to end the lease.

	2022 $M	2021 $M
Non-cancellable operating lease commitments receivable:		
Less than one year	8.6	4.1
One to two years	8.7	2.7
Two to three years	8.2	1.1
Three to four years	6.6	1.1
Four to five years	3.5	0.2
	35.6	**9.2**

(f) Investments accounted for using the equity method

JVs
A JV is an arrangement (referred to by the Consolidated Entity as a Partnership) in which the Consolidated Entity is considered to have joint control for accounting purposes, whereby the Consolidated Entity has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

In the consolidated financial statements, investments in Partnerships are accounted for using the equity method. Under this method, the Consolidated Entity's investment is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Consolidated Entity's share of the gains or losses and other comprehensive income of Partnerships until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation
Unrealised gains arising from asset disposals with JVs, including those relating to contributions of non-monetary assets on establishment, are eliminated to the extent of the Consolidated Entity's interest. Unrealised gains relating to JVs are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains unless they evidence an impairment of an asset.

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

		Consolidated share of net results recognised		Consolidated ownership interest		Consolidated investment carrying amount	
Name	**Country of establishment**	**2022 $M**	**2021 $M**	**2022 %**	**2021 %**	**2022 $M**	**2021 $M**
Property investment and development							
Goodman China Logistics Partnership (GCLP)	Cayman Islands	56.8	65.2	20.0	20.0	918.0	832.7
Goodman UK Partnership (GUKP)[1]	United Kingdom	213.4	32.9	35.3	33.3	676.3	404.0
Other JVs		75.1	66.6			251.3	233.3
		345.3	**164.7**			**1,845.6**	**1,470.0**

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

The Consolidated Entity's property investment Partnerships have a long-term remit to hold investment properties to earn rental income and for capital appreciation, although they will undertake developments when an appropriate opportunity arises.

The reconciliation of the carrying value at the beginning of the year to the carrying value at the end of the year is set out as follows:

Movements in carrying amount of investments in JVs	**2022 $M**	**2021 $M**
Carrying amount at the beginning of the year	1,470.0	1,276.2
Share of net results after tax (before fair value adjustments)	84.6	73.0
Share of fair value adjustments attributable to investment properties after tax	269.8	90.2
Share of fair value adjustments on derivative financial instruments	(9.1)	1.5
Share of net results	345.3	164.7
Share of movements in reserves	7.2	3.1
Acquisitions	263.3	245.9
Disposals	(3.4)	-
Capital return	(166.3)	(143.2)
Dividends/distributions received and receivable	(65.8)	(76.4)
Effect of foreign currency translation	(4.7)	(0.3)
Carrying amount at the end of the year	**1,845.6**	**1,470.0**

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

6 Property assets (continued)

Summary financial information of JVs

The following table summarises the financial information of the material Partnerships as included in their own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Consolidated Entity's interest in the JVs.

	GCLP		GUKP	
	2022	2021	2022	2021
	$M	$M	$M	$M
Summarised statement of financial position				
Current assets				
Cash and cash equivalents	427.4	281.3	41.1	43.4
Other current assets	148.3	84.4	12.9	1,490.3
Total current assets	**575.7**	**365.7**	**54.0**	**1,533.7**
Total non-current assets	**6,303.3**	**5,537.5**	**2,421.8**	**-**
Current liabilities				
Financial liabilities (excluding trade payables and other provisions)	70.6	89.6	-	-
Other current liabilities	2,870.0	2,707.0	24.7	36.1
Total current liabilities	**2,940.6**	**2,796.6**	**24.7**	**36.1**
Non-current liabilities				
Financial liabilities (excluding trade payables and other provisions)	1,111.8	757.7	537.8	287.0
Other non-current liabilities	718.3	613.7	-	-
Total non-current liabilities	**1,830.1**	**1,371.4**	**537.8**	**287.0**
Net assets (100%)	**2,108.3**	**1,735.2**	**1,913.3**	**1,210.6**
Consolidated ownership interest (%)	20.0	20.0	35.3	33.3
Consolidated share of net assets	421.7	347.0	676.0	403.1
Shareholder loans[1]	492.9	482.3	-	-
Other items, including acquisition costs	3.4	3.4	0.3	0.9
Carrying amount of interest in JV	**918.0**	**832.7**	**676.3**	**404.0**
Summarised statement of comprehensive income				
Revenue	215.0	193.6	39.8	28.5
Net finance expense	(20.3)	(19.2)	(1.0)	(3.7)
Income tax expense	(46.3)	(37.4)	(0.2)	-
Profit and total comprehensive income (100%)	320.0	313.4	575.6	98.7
Consolidated share of profit and total comprehensive income	**64.0**	**67.8**	**213.4**	**32.9**
Dividends/distributions received and receivable by the Consolidated Entity	**7.3**	**6.1**	**3.9**	**4.6**

1. Shareholder loans have been provided by investors of GCLP in proportion to their ownership interest. The shareholder loans are interest-free, unsecured and have no fixed terms of repayment. The shareholder loans are not expected to be repaid within 12 months from the end of the reporting period and the Directors consider the loans to form part of the Consolidated Entity's investment in GCLP.

With respect to the Consolidated Entity's other JVs, the total profit after tax and revaluations was $308.7 million and total other comprehensive income was $nil.

7 Receivables

Non-derivative financial assets
The Consolidated Entity initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Consolidated Entity is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Consolidated Entity has a legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Loans and receivables comprise trade and other receivables, amounts due from related parties and loans to related parties.

Amounts recoverable on development contracts
Amounts recoverable on development contracts arise when the Consolidated Entity contracts to sell a completed development asset either prior to or during the development phase. The receivables are stated at cost plus profit recognised to date less an allowance for foreseeable losses and less amounts already billed.

Impairment

Non-financial assets
The carrying amounts of the Consolidated Entity's assets (except inventories, refer to note 6(d); and deferred tax assets, refer to note 4) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset is written down to the recoverable amount. The impairment is recognised in profit or loss in the reporting period in which it occurs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation, with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated to the carrying amount of any identified intangible asset and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Financial assets and contract assets
The Consolidated Entity recognises an impairment loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets. Financial assets measured at amortised cost include cash and cash equivalents, trade receivables, amounts and loans due from related parties and other receivables.

Other financial assets measured at fair value are not subject to the ECL assessment.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

7 Receivables (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls. In measuring ECLs, the Consolidated Entity takes into account information about past events, current conditions and forecasts of future economic conditions.

Impairment loss allowances for trade receivables, amounts due from related parties, other receivables and contract assets are measured at an amount equal to a lifetime ECL. Lifetime ECLs are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Consolidated Entity recognises an impairment loss allowance equal to the expected losses within 12 months after the reporting date on loans to related parties, unless there has been a significant increase in credit risk of the loans since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

	Note	2022 $M	2021 $M
Current			
Trade receivables		5.0	12.4
Other receivables		70.2	94.0
Amounts due from related parties		37.1	75.3
Loans to related parties	21(c)	3.3	562.6
		115.6	**744.3**
Non-current			
Loans to related parties	21(c)	789.6	276.2
		789.6	**276.2**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. All non-current receivables of the Consolidated Entity are due within five years from the reporting date. There is no material difference between the carrying values and the fair values of receivables.

Trade receivables

No trade receivables were impaired at 30 June 2022 and 2021. There are no significant overdue trade receivables at 30 June 2022.

Other receivables

At 30 June 2022, none of the other receivables balance was overdue or impaired (2021: $nil).

Amounts due from related parties

At 30 June 2022, none of the amounts due from related parties was overdue or impaired (2021: $nil). Amounts due from related parties are typically repayable within 30 days. The amounts due from related parties are unsecured.

Loans to related parties

Loans to related parties principally relate to loans to fellow subsidiaries of GL and GIT and loans to JVs. Refer to note 21(c) for details of loans to related parties. During the year, no impairment losses were recognised on loans to related parties (2021: $nil). The loans to related parties are unsecured.

8 Contract balances

Contract assets primarily comprise amounts recoverable from fixed price development contracts (disclosed net of any payments received on account) and accrued performance fee income where the Consolidated Entity assesses that the income can be reliably measured.

Contract liabilities primarily comprise deposits and other amounts received in advance for development contracts and rental guarantees.

The following table provides an analysis of receivables from contracts with customers (excluding rental income receivables), contract assets and contract liabilities at the reporting dates:

	2022	2021
	$M	$M
Current		
Receivables from contracts with customers, which are included in trade receivables, other receivables and amounts due from related parties	42.7	87.2
Contract assets	60.5	55.7
Contract liabilities	4.6	4.8
Non-current		
Contract liabilities	-	1.0

Significant changes in the contract assets and the contract liabilities balances during the year are set out below:

	2022		2021	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	$M	$M	$M	$M
Balance at the beginning of the year	55.7	5.8	25.1	13.8
Revenue recognised that was included in the contract liability balance at the beginning of the year	-	(1.4)	-	(7.7)
Transfers from contract assets to receivables	(380.4)	-	(70.5)	-
Increase due to changes in the measure of progress during the year	385.0	-	101.1	-
Effect of foreign currency translation	0.2	0.2	-	(0.3)
Balance at the end of the year	**60.5**	**4.6**	**55.7**	**5.8**
Current contract assets and liabilities	60.5	4.6	55.7	4.8
Non-current contract liabilities	-	-	-	1.0
	60.5	**4.6**	**55.7**	**5.8**

Transaction price allocated to the remaining contract obligations

The amount of the transaction price allocated to the remaining performance obligations under the Consolidated Entity's existing contracts is $nil (2021: $nil).

Details regarding the Consolidated Entity's future rental income associated with existing lease agreements is included in note 6.

In addition, the Consolidated Entity receives investment management, development management and property services fees under various contracts that it has with its Partnerships. These contracts are for varying lengths of time and are typically transacted on terms that are consistent with market practice. The revenues under these contracts are linked to the AUM, total development project costs or gross property income of the Partnerships and are invoiced as the services are provided.

Notes to the consolidated financial statements

Operating assets and liabilities (continued)

9 Payables

Non-derivative financial liabilities

The Consolidated Entity initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial liability when the contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Consolidated Entity has a legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The Consolidated Entity has classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise trade payables, other payables and accruals and contract and lease liabilities.

	Note	2022 $M	2021 $M
Current			
Trade payables		45.7	50.3
Other payables and accruals		216.1	201.2
Contract liabilities	8	4.6	4.8
Lease liabilities	10	8.2	6.7
		274.6	**263.0**
Non-current			
Other payables and accruals		56.1	64.4
Contract liabilities	8	-	1.0
Lease liabilities	10	37.1	59.3
		93.2	**124.7**

10 Leases

The Consolidated Entity leases office buildings, motor vehicles and office equipment. Certain investment properties and developments classified as inventories are also built on land held under leasehold interests.

The Consolidated Entity recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost plus any direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the lessee's incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest rate method. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change arising from the reassessment of whether the Consolidated Entity will be reasonably certain to exercise an extension or termination option.

The right of use assets in respect of office buildings, motor vehicles and office equipment are depreciated using the straight-line method over the period of the lease. Right of use assets that meet the definition of investment property are carried at fair value in accordance with note 6(a). Ground leases of development land that are classified as inventories are not depreciated but are assessed at each reporting date for impairments to ensure they are recorded at the lower of cost and net realisable value.

Information about leases for which the Consolidated Entity is a lessee is detailed below:

	2022 $M	2021 $M
Right of use assets		
Inventories	413.3	315.5
Investment properties	336.8	137.7
Property, plant and equipment	18.1	12.1
	768.2	**465.3**
Lease liabilities		
Current	8.2	6.7
Non-current	37.1	59.3
	45.3	**66.0**

The following were recognised during the year:

	2022 $M	2021 $M
Additions to right of use assets	332.0	344.3
Depreciation of right of use assets	6.9	7.6
Interest expense on lease liabilities	0.4	0.5
Cash outflows on lease liabilities	8.0	8.7

Notes to the consolidated financial statements

CAPITAL MANAGEMENT

11 Net finance expense

Finance income
Interest is recognised on an accruals basis using the effective interest rate method, and, if not received at the reporting date, is reflected in the consolidated statement of financial position as a receivable.

Finance expense
Expenditure incurred in obtaining debt finance is offset against the principal amount of the interest bearing liability to which it relates, and is recognised as a finance cost on an effective interest rate basis over the life of the facility or until the facility is significantly modified. Where a facility is significantly modified, any unamortised expenditure in relation to that facility and incremental expenditure incurred in modifying the facility are recognised as a finance cost in the financial year in which the significant modification occurs.

Finance costs relating to a qualifying asset are capitalised as part of the cost of that asset using a weighted average cost of debt. Qualifying assets are assets which take a substantial time to get ready for their intended use or sale. All other finance costs are expensed using the effective interest rate method.

	Note	2022 $M	2021 $M
Finance income			
Interest income on loans to:			
– Related parties	21(c)	11.6	12.7
– Other parties		0.9	0.8
Interest income from derivatives		8.0	8.3
Foreign exchange gain		27.5	-
		48.0	**21.8**
Finance expense			
Interest expense from related party loans	21(c)	(41.8)	(38.9)
Other borrowing costs		(2.7)	(1.1)
Fair value adjustments on derivative financial instruments		(38.5)	(20.1)
Foreign exchange losses		-	(32.2)
Capitalised borrowing costs		11.6	9.4
		(71.4)	**(82.9)**
Net finance expense		**(23.4)**	**(61.1)**

Borrowing costs were capitalised to inventories and investment properties under development during the financial year at rates between 1.0% and 10.6% per annum (2021: 1.0% and 10.6% per annum).

12 Interest bearing liabilities

Interest bearing liabilities comprise bank loans. Interest bearing liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost using the effective interest rate method.

	Note	2022 $M	2021 $M
Secured:			
– Bank loans	12(a)	9.0	-
		9.0	**-**

(a) Bank loans, secured

As at 30 June 2022, the Consolidated Entity had the following secured bank facilities.

Facility maturity date	Facility limit $M	Amounts drawn $M
18 March 2034	28.2	9.0
Total at 30 June 2022	**28.2**	**9.0**
Total at 30 June 2021	-	-

(b) Finance facilities

	Facilities available $M	Facilities utilised $M
30 June 2022		
Secured:		
– Bank loans	28.2	9.0
	28.2	**9.0**
30 June 2021		
Secured:		
– Bank loans	-	-
	-	**-**

Notes to the consolidated financial statements
Capital management (continued)

13 Other financial assets and liabilities

Other financial assets and liabilities are recognised initially on the trade date at which the Consolidated Entity become a party to the contractual provisions of the instrument.

Derivative financial instruments and hedging
The Consolidated Entity uses derivative financial instruments to hedge its economic exposure to foreign exchange and interest rate risks arising from operating, investing and financing activities. In accordance with its treasury policy, the Consolidated Entity does not hold or issue derivative financial instruments for speculative trading purposes.

The Consolidated Entity's derivative financial instruments are not designated as a hedge for accounting purposes, and accordingly movements in the fair value of derivative financial instruments are recognised in profit or loss.

Investments in unlisted securities
Subsequent to initial recognition, investments in unlisted securities are measured at fair value and changes therein are recognised as other comprehensive income and presented in the asset revaluation reserve in equity. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. When such an asset is derecognised, the cumulative gain or loss in equity is transferred to retained earnings.

Other financial assets

	2022 $M	2021 $M
Derivative financial instruments	131.3	64.4
Investment in unlisted securities, at fair value[1]	43.5	38.2
	174.8	**102.6**

1. Principally relates to the Consolidated Entity's 10.0% (2021: 10.0%) interest in Goodman Japan Limited. During the year, a revaluation gain of $9.4 million was recognised in other comprehensive income (2021: $7.6 million gain). Refer to note 14(d) for assumptions made in measuring fair value of the unlisted securities.

Other financial liabilities

	2022 $M	2021 $M
Current		
Derivative financial instruments	45.4	-
	45.4	**-**
Non-current		
Derivative financial instruments	141.4	89.1
	141.4	**89.1**

14 Financial risk management

The Consolidated Entity's capital management and financial risk management processes are managed as part of the wider Goodman Group. There are established policies, documented in Goodman Group's financial risk management (FRM) policy document, to ensure both the efficient use of capital and the appropriate management of the exposure to financial risk.

Goodman Group's treasury function is responsible for monitoring the day to day compliance with Goodman Group's FRM policies and prepares reports for consideration by management committees and Goodman Group's Board including:

+ Cash flow projections over a period of at least 12 months to assess the level of cash and undrawn facilities, and headline gearing at each month end
+ Debt maturity profile, to allow the Goodman Group to plan well in advance of maturing facilities
+ Interest rate hedge profile over the next 10 years, to allow Goodman Group to manage the proportion of fixed and floating rate debt in accordance with its FRM policy
+ Capital hedge position (by currency) and profile of expiring currency derivatives, to allow Goodman Group to manage its net investment hedging in accordance with its FRM policy.

Any significant investments or material changes to the finance facilities or FRM policies require approval by the Goodman Group Board.

The Consolidated Entity's key financial risks are market risk (including foreign exchange and interest rate risk), liquidity risk and credit risk.

(a) Market risk

Foreign exchange risk
The Consolidated Entity is exposed to transactional foreign currency risk and net investment foreign currency risk through its investments in Hong Kong, Japan, China, Continental Europe and the United Kingdom and also loans to related parties in North America. Foreign exchange risk represents the loss that would be recognised from adverse fluctuations in currency prices as a result of future commercial transactions, recognised assets and liabilities and, principally, net investments in foreign operations.

Goodman Group manages foreign currency exposure on a consolidated basis. In managing foreign currency risks, Goodman Group aims to reduce the impact of short-term fluctuations on earnings and net assets. However, over the long term, permanent changes in foreign exchange will have an impact on both earnings and net assets.

Goodman Group's capital hedge policy for each overseas region is to hedge between 65% and 90% of foreign currency denominated assets with foreign currency denominated liabilities. This is achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against any foreign currency fluctuations and/or using derivatives such as cross currency interest rate swaps (CCIRS) and forward exchange contracts (FEC).

Notes to the consolidated financial statements
Capital management (continued)
14 Financial risk management (continued)

As at 30 June 2022, a summary of the derivative financial instruments used to hedge the Consolidated Entity's exposures arising from its investments in foreign operations is set out below:

	2022			2021		
	Amounts payable	Amounts receivable	Weighted average exchange rate	Amounts payable	Amounts receivable	Weighted average exchange rate
	HKD'M	AUD'M	AUD/HKD	HKD'M	AUD'M	AUD/HKD
AUD receivable/HKD payable	**(1,150.0)**	**202.3**	**5.6948**	(500.0)	83.9	5.9560
	EUR'M	AUD'M	AUD/EUR	EUR'M	AUD'M	AUD/EUR
AUD receivable/EUR payable	**(775.0)**	**1,238.3**	**0.6263**	(675.0)	1,086.7	0.6214
	GBP'M	AUD'M	AUD/GBP	GBP'M	AUD'M	AUD/GBP
AUD receivable/GBP payable	**(255.0)**	**474.4**	**0.5375**	-	-	-
	USD'M	AUD'M	AUD/USD	USD'M	AUD'M	AUD/USD
AUD receivable/USD payable	**(450.0)**	**634.6**	**0.7092**	(450.0)	634.6	0.7092
	JPY'M	AUD'M	AUD/JPY	JPY'M	AUD'M	AUD/JPY
AUD receivable/JPY payable	**(6,000.0)**	**71.9**	**83.4650**	(6,000.0)	71.9	83.4650
	CNY'M	USD'M	USD/CNY	CNY'M	USD'M	USD/CNY
USD receivable/CNY payable	**(4,258.6)**	**539.6**	**7.8927**	(4,545.2)	600.0	7.5753

Sensitivity analysis
Throughout the financial year, if the Australian dollar had been 5% (2021: 5%) stronger against all other currencies, with all other variables held constant, the Consolidated Entity's profit attributable to Shareholders, excluding derivative mark to market and unrealised foreign exchange movements, would have decreased by $48.8 million (2021: $36.7 million). If the Australian dollar had been 5% (2021: 5%) weaker against all other currencies, with all other variables held constant, the Consolidated Entity's profit attributable to Shareholders, excluding derivative mark to market and unrealised foreign exchange movements, would have increased by $48.8 million (2021: $36.7 million).

Interest rate risk
Goodman Group adopts a policy that at all times interest rates on between 60% and 100% of the Group's external borrowings and derivatives (by principal) are hedged for the next 12 months. The Consolidated Entity's interest rate risk arises from floating interest rates on related party loans (receivable and payable) and from the floating interest rate legs of certain CCIRS. The Consolidated Entity does not hedge its interest rate exposure on related party loans but has entered into interest rate derivatives (IRD) to manage certain cash flow risks associated with floating interest rates on its CCIRS.

As at 30 June 2022, the Consolidated Entity's fixed and floating rate exposure (by principal) arising from its derivative financial instruments is set out below:

	Interest bearing liabilities $M	Impact of derivatives CCIRS $M	IRD $M	Net interest rate exposure $M
30 June 2022				
Fixed rate liabilities	-	-	1,106.0	1,106.0
Floating rate liabilities	9.0	(69.9)	(1,106.0)	(1,166.9)
	9.0	**(69.9)**	**-**	**(60.9)**
30 June 2021				
Fixed rate liabilities	-	-	474.2	474.2
Floating rate liabilities	-	(52.1)	(474.2)	(526.3)
	-	**(52.1)**	**-**	**(52.1)**

As a result of the derivative financial instruments that existed at 30 June 2022, the Consolidated Entity would have the following fixed interest rate exposure (by principal) at the end of each of the next five financial years. This assumes all derivative financial instruments mature in accordance with current contractual terms.

	2022		2021	
Number of years post balance date	Fixed interest rate (by principal) $M	Weighted average interest rate % per annum	Fixed interest rate (by principal) $M	Weighted average interest rate % per annum
1 year	1,033.7	0.54	474.2	(0.47)
2 years	970.7	0.54	474.2	(0.47)
3 years	275.3	0.44	408.5	(0.45)
4 years	151.7	0.31	158.1	(0.31)
5 years	151.7	0.31	158.1	(0.31)

Sensitivity analysis

Based on the Consolidated Entity's interest bearing borrowings at 30 June 2022, if interest rates on borrowings had been 100 bps per annum (2021: 100 bps per annum) higher/lower, with all other variables held constant, the Consolidated Entity's profit attributable to Shareholders would have been $11.8 million lower/higher (2021: $10.8 million lower/higher).

Managing interest rate benchmark reform and associated risks

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

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

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

The table below details the Consolidate Entity's exposure at 30 June 2022 to significant IBORs subject to reform that have yet to transition to alternate benchmark rates:

	USD LIBOR Notional amount $M
IRD	400.0
CCIRS	900.0
	1,300.0

The exposure disclosed is for derivatives with contractual maturities after 30 June 2022. Derivatives exposure has been reported using the notional contract amount and where derivatives such as CCIRS have both a receiver and a payer leg with exposure to IBOR reform, the notional contract amount is disclosed for both legs.

Notes to the consolidated financial statements

Capital management (continued)

14 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's objective is to maintain sufficient liquidity to fund short-term working capital, capital expenditure, investment opportunities and dividends. Management seeks to achieve these objectives through the preparation of regular forecast cash flows to understand the application and use of funds and through the identification of future funding, primarily through loans from related parties in Goodman Group.

The contractual maturities of financial liabilities are set out below:

	Carrying amount $M	Contractual cash flows $M	Up to 12 months $M	1 to 2 year(s) $M	2 to 3 years $M	3 to 4 years $M	4 to 5 years $M	More than 5 years $M
As at 30 June 2022								
Non-derivative financial liabilities								
Trade and other payables (excluding contract liabilities)	317.9	317.9	261.8	56.1	-	-	-	-
Lease liabilities	45.3	94.9	8.4	10.9	73.3	0.9	0.6	0.8
Bank loans, secured	9.0	9.0	-	-	-	-	-	9.0
Loans from related parties	1,941.0	1,949.0	129.3	3.1	26.3	504.8	708.9	576.6
Total non-derivative financial liabilities	**2,313.2**	**2,370.8**	**399.5**	**70.1**	**99.6**	**505.7**	**709.5**	**586.4**
Derivative financial liabilities								
Net settled[1]:	(39.6)	15.5	22.0	5.9	19.6	(20.5)	(5.0)	(6.5)
Gross settled[2]:								
(Inflow)	95.1	(459.5)	(78.4)	(95.3)	(88.8)	(118.5)	(72.8)	(5.7)
Outflow	-	308.4	47.1	80.3	57.8	53.2	63.2	6.8
Total derivative financial liabilities	**55.5**	**(135.6)**	**(9.3)**	**(9.1)**	**(11.4)**	**(85.8)**	**(14.6)**	**(5.4)**
As at 30 June 2021								
Non-derivative financial liabilities								
Trade and other payables (excluding contract liabilities)	315.9	315.9	251.5	64.4	-	-	-	-
Lease liabilities	66.0	151.4	6.7	3.8	3.3	3.8	3.3	130.5
Loans from related parties	1,891.1	1,905.3	811.1	104.4	43.2	74.6	540.5	331.5
Total non-derivative financial liabilities	**2,273.0**	**2,372.6**	**1,069.3**	**172.6**	**46.5**	**78.4**	**543.8**	**462.0**
Derivative financial liabilities								
Net settled[1]:	79.4	73.5	0.2	29.0	22.7	23.5	(0.3)	(1.6)
Gross settled[2]:								
(Inflow)	(54.7)	(123.1)	(11.5)	(17.3)	(56.1)	(22.7)	(13.0)	(2.5)
Outflow	-	67.5	1.2	3.2	4.9	1.1	25.6	31.5
Total derivative financial liabilities	**24.7**	**17.9**	**(10.1)**	**14.9**	**(28.5)**	**1.9**	**12.3**	**27.4**

1. Net settled includes IRD and FEC.
2. Gross settled includes CCIRS.

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the Consolidated Entity which have been recognised in the consolidated statement of financial position, is the carrying amount (refer to note 7).

The Consolidated Entity has a policy of assessing the creditworthiness of all potential customers and is not materially exposed to any one customer. The Consolidated Entity evaluates all customers' perceived credit risk.

In relation to material bank deposits, the Consolidated Entity minimises credit risk by dealing with major financial institutions. The counterparty must have a long-term investment grade credit rating from a major rating agency. The amounts and other terms associated with bank deposits are formally reviewed monthly.

From time to time, the Consolidated Entity also makes loans to JVs, typically to fund development projects. In making its investment decisions, the Consolidated Entity will undertake a detailed assessment of the development feasibility and credit risks associated with the relevant counterparties.

During the current and prior year, credit risk arising from cash and cash equivalents, trade receivables, amounts and loans due from related parties and other receivables was not determined to be significant and no impairment losses were recognised.

The credit risks associated with derivative financial instruments are managed by:

+ Transacting with multiple derivatives counterparties that have a long-term investment grade credit rating
+ Utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through netting of amounts receivable and amounts payable to individual counterparties (refer below)
+ Formal review of the mark to market position of derivative financial instruments by counterparty on a monthly basis.

Master netting off or similar agreements
Goodman Group enters into derivative transactions under ISDA master netting off agreements. Under these agreements, where certain credit events occur (such as a default), all outstanding transactions under the agreement are terminated and a single net termination value is payable in full and final settlement.

(d) Fair values of financial instruments

Except for derivative financial instruments and investments in unlisted securities which are carried at fair value, the Consolidated Entity's financial instruments are carried at cost or amortised cost. The carrying amounts of the Consolidated Entity's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2022 and 2021.

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method (see note 1(g)):

	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
As at 30 June 2022				
Derivative financial assets	-	131.3	-	131.3
Investment in unlisted securities	-	-	43.5	43.5
	-	**131.3**	**43.5**	**174.8**
Derivative financial liabilities	-	186.8	-	186.8
	-	**186.8**	**-**	**186.8**
As at 30 June 2021				
Derivative financial assets	-	64.4	-	64.4
Investment in unlisted securities	-	-	38.2	38.2
	-	**64.4**	**38.2**	**102.6**
Derivative financial liabilities	-	89.1	-	89.1
	-	**89.1**	**-**	**89.1**

There were no transfers between the levels during the year.

Notes to the consolidated financial statements

Capital management (continued)

14 Financial risk management (continued)

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

The Level 2 derivative financial instruments held by the Consolidated Entity consist of IRD, CCIRS and FEC.

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

The fair value measurement for investment in unlisted securities has been categorised as a Level 3 fair value. The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities + Goodman Japan Limited	DCF: The valuation model was determined by discounting the future cash flows expected to be generated from continuing operations. The future cash flows were based on fund and development forecasts and then estimating a year five terminal value using a terminal growth rate and an appropriate discount rate.	+ Assets under management of $6.1 billion in year five + Average annual development of 82,500 square metres + Five-year terminal value growth rate of 0.63% + Risk adjusted post tax discount rate of 7.20% per annum.	The estimated fair value would increase/(decrease) if: + The level of assets under management, development activity and terminal value growth rate were higher/(lower) or + The risk adjusted discount rate were lower/(higher).

(iii) Reconciliation of Level 3 fair values

	2022 $M	2021 $M
Carrying amount at the beginning of the year	38.2	34.3
Net change in fair value – included in other comprehensive income/(loss)	9.4	7.6
Effect of foreign currency translation	(4.1)	(3.7)
Carrying amount at the end of the year	**43.5**	**38.2**

15 Dividends

During the financial year, the Company declared a final dividend of 2.5 cents per share amounting to $46.7 million. This dividend will be paid on 25 August 2022. In the prior year, the Company declared a final dividend of 6.0 cents per share amounting to $110.8 million. This was paid on 26 August 2021.

16 Share capital

(a) Ordinary shares

Ordinary shares of the Company are classified as equity. Incremental costs directly attributable to issues of ordinary shares are recognised as a deduction from equity, net of any tax effects.

	2022	2021	2022	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)
Total issued capital	**1,868,222,609**	**1,847,429,255**	**873.0**	**791.9**

Date	Details	Number of shares	Share capital $M
	Ordinary shares, issued and fully paid		
30 Jun 2020	Balance at 30 June 2020	1,828,413,236	732.6
31 Aug 2020	Shares issued to employees of Goodman Group[1]	15,438,241	48.6
4 Sep 2020	Ordinary shares issued	3,577,778	11.3
30 Jun 2021	**Balance at 30 June 2021**	**1,847,429,255**	**792.5**
31 Aug 2021	Shares issued to employees of Goodman Group[1]	14,716,648	57.4
31 Aug 2021	Treasury shares issued	1,233,333	4.8
2 Sep 2021	Ordinary shares issued	4,843,373	18.9
30 Jun 2022	**Balance at 30 June 2022**	**1,868,222,609**	**873.6**

1. During the year, the Company issued 14,716,648 (2021: 15,438,241) shares to employees of Goodman Group under the LTIP.

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

Notes to the consolidated financial statements

Capital management (continued)

16 Share capital (continued)

(b) Equity settled share based payment transactions

LTIP

Goodman Group's share based payments primarily relate to performance rights awarded to employees under the LTIP. These performance rights entitle an employee to either acquire Goodman Group securities for $nil consideration (equity settled performance rights) or, in certain jurisdictions, to receive an amount in cash equal to the value of the securities (cash settled performance rights), subject to the vesting conditions having been satisfied.

During the year, the movement in the number of equity settled and cash settled performance rights under the LTIP was as follows:

	Number of rights	
	2022	**2021**
Outstanding at the beginning of the year	22,734,427	24,921,436
Issued	8,220,860	5,580,560
Vested	(6,208,554)	(5,952,229)
Forfeited	(130,552)	(1,815,340)
Outstanding at the end of the year	**24,616,181**	**22,734,427**
Exercisable at the end of the year	**-**	**-**

Share based payments transactions

The fair value of equity settled performance rights at the grant date is expensed with a corresponding increase in the employee compensation reserve over the period from the grant date to the vesting dates. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The accumulated share based payments expense of performance rights which have vested or lapsed is transferred from the employee compensation reserve to retained earnings.

The fair value of cash settled performance rights is also recognised as an expense but with a corresponding increase in liabilities over the vesting period. The expense is adjusted to reflect the actual number of performance rights for which the related service and non-market vesting conditions are expected to be met. The liability is remeasured at each reporting date and at the vesting date based on the fair value of the rights.

The fair value of services received in return for performance rights granted under the LTIP is measured by reference to the fair value of the performance rights granted. The fair value of the performance rights granted during the year was measured as follows:

+ Operating earnings per security tranche: these rights were valued as a granted call option, using the standard Black Scholes model with a continuous dividend yield
+ Relative total shareholder return tranche: these rights were valued using a Monte Carlo model which simulated total returns for each of the ASX 100 stocks and discounted the future value of any potential future vesting performance rights to arrive at a present value. The model uses statistical analysis to forecast total returns, based on expected parameters of variance and co-variance.

The model inputs for performance rights, both equity and cash settled, awarded during the current financial year included the following:

	10-year rights issued on 18 Nov 2021	**10-year rights issued on 30 Sep 2021**	**5-year rights issued on 30 Sep 2021**
Fair value at measurement date ($)	20.16	17.22	17.87
Security price ($)	24.49	21.68	21.68
Exercise price ($)	-	-	-
Expected volatility (%)	25.45	25.36	28.54
Rights' expected weighted average life (years)	6.8	6.9	3.9
Dividend/distribution yield per annum (%)	1.23	1.38	1.38
Average risk-free rate of interest per annum (%)	1.51	1.03	0.49

The model inputs for the remeasurement of the cash settled performance rights at 30 June 2022 included the following:

	10-year rights issued in FY22	**5-year rights issued In FY22**	**5-year rights issued In FY21**	**5-year rights issued In FY20**	**5-year rights issued In FY19**	**5-year rights issued In FY18**
Fair value at measurement date ($)	13.61	14.12	15.02	17.49	17.64	17.79
Security price ($)	17.84	17.84	17.84	17.84	17.84	17.84
Exercise price ($)	-	-	-	-	-	-
Expected volatility (%)	27.44	29.24	28.56	32.65	36.02	44.77
Rights' expected weighted average life (years)	6.2	3.2	2.2	1.2	0.7	0.2
Dividend/distribution yield per annum (%)	1.68	1.68	1.68	1.68	1.68	1.68
Average risk-free rate of interest per annum (%)	3.42	3.09	2.90	2.35	2.12	1.53

Share based payment expense included in profit or loss was as follows:

	2022 $M	**2021 $M**
Share based payment expense:		
– Equity settled	41.2	44.5
– Cash settled	52.8	79.5
	94.0	**124.0**

At 30 June 2022, a liability of $91.7 million (2021: $111.2 million) was recognised in relation to cash settled performance rights.

Notes to the consolidated financial statements

OTHER ITEMS

17 Notes to the consolidated cash flow statement

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(a) Reconciliation of cash

Cash as at the end of the year as shown in the consolidated cash flow statement is reconciled to the related items in the consolidated statement of financial position as follows:

	2022 $M	2021 $M
Cash assets	357.5	358.4
	357.5	**358.4**

(b) Reconciliation of profit for the year to net cash provided by operating activities

	2022 $M	2021 $M
Profit for the year	**762.8**	**415.2**
Items classified as investing activities		
Net gain/(loss) on disposal of investment properties	(3.8)	1.9
Net gain on disposal of equity accounted investments	(0.2)	(1.8)
Non-cash items		
Depreciation of plant and equipment	8.7	9.6
Share based payments expense	94.0	124.0
Net loss from fair value adjustments on investment properties	0.3	-
Share of net results of equity accounted investments	(345.3)	(164.7)
Net finance expense	23.4	61.1
Income tax expense	114.1	12.2
	654.0	**457.5**
Changes in assets and liabilities during the year:		
– Decrease/(increase) in receivables	52.0	(39.5)
– Increase in inventories	(447.8)	(93.2)
– Decrease/(increase) in other assets	10.9	(1.5)
– (Decrease)/increase in payables	(45.8)	69.5
– Increase in provisions (including employee benefits)	0.6	1.0
	223.9	**393.8**
Dividends/distributions received from equity accounted investments	65.8	80.9
Net finance income received	14.5	15.1
Net income taxes paid	(87.7)	(16.2)
Net cash provided by operating activities	**216.5**	**473.6**

(c) Reconciliation of liabilities arising from financing activities

	Interest bearing liabilities $M	Derivatives used for hedging $M	Dividends payable $M	Loans (to)/from related parties $M	Lease liabilities $M
Balance at 1 July 2020	**-**	**46.8**	**73.1**	**1,067.6**	**28.3**
Changes from financing cash flows					
Payments on derivative financial instruments	-	(42.2)	-	-	-
Net repayments of loans with related parties	-	-	-	(83.7)	-
Payments of lease liabilities	-	-	-	-	(8.7)
Dividends paid	-	-	(73.1)	-	-
Total changes from financing cash flows	**-**	**(42.2)**	**(73.1)**	**(83.7)**	**(8.7)**
Changes arising from disposal of controlled entities	-	-	-	14.6	-
Effect of foreign exchange movements	-	-	-	50.0	-
Changes in fair value	-	20.1	-	-	-
Other changes					
Issue of shares under the LTIP	-	-	-	(48.6)	-
Equity settled share based payments transactions	-	-	-	26.2	-
New leases	-	-	-	-	45.9
Interest income	-	-	-	(12.7)	-
Interest expense	-	-	-	38.9	0.5
Dividends declared	-	-	110.8	-	-
Total other changes	**-**	**-**	**110.8**	**3.8**	**46.4**
Balance at 30 June 2021	**-**	**24.7**	**110.8**	**1,052.3**	**66.0**
Balance at 1 July 2021	**-**	**24.7**	**110.8**	**1,052.3**	**66.0**
Changes from financing cash flows					
Proceeds from borrowings	9.0	-	-	-	-
Net (repayments of)/proceeds from loans with related parties	-	(17.4)	-	124.9	-
Payments of lease liabilities	-	-	-	-	(8.0)
Dividends paid	-	-	(110.8)	-	-
Total changes from financing cash flows	**9.0**	**(17.4)**	**(110.8)**	**124.9**	**(8.0)**
Changes arising from disposal of controlled entities	-	-	-	1.5	-
Effect of foreign exchange movements	-	9.7	-	11.2	-
Changes in fair value	-	38.5	-	-	-
Other changes					
Issue of shares under the LTIP	-	-	-	(57.4)	-
Equity settled share based payments transactions	-	-	-	(32.0)	-
New leases	-	-	-	-	13.4
Interest income	-	-	-	(11.6)	-
Interest expense	-	-	-	41.8	0.4
Disposal of right of use assets	-	-	-	-	(26.5)
Derivative financial instrument settlement through loans with related parties	-	-	-	17.4	-
Dividends declared	-	-	46.7	-	-
Total other changes	**-**	**-**	**46.7**	**(41.8)**	**(12.7)**
Balance at 30 June 2022	**9.0**	**55.5**	**46.7**	**1,148.1**	**45.3**

Notes to the consolidated financial statements

Other items (continued)

18 Reserves

		Consolidated		Company	
	Note	2022 $M	2021 $M	2022 $M	2021 $M
Asset revaluation reserve	18(a)	36.7	27.3	36.2	27.0
Foreign currency translation reserve	18(b)	13.6	12.7	-	4.8
Employee compensation reserve	18(c)	56.3	48.3	52.4	40.2
Defined benefit retirement schemes reserve	18(d)	(8.8)	(14.4)	-	-
Common control reserve[1]	18(e)	(702.9)	(702.9)	-	-
Total reserves		**(605.1)**	**(629.0)**	**88.6**	**72.0**

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

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

	Consolidated		Company	
	2022 $M	2021 $M	2022 $M	2021 $M
(a) Asset revaluation reserve				
Balance at the beginning of the year	27.3	19.7	27.0	19.7
Increase due to revaluation of other financial assets	9.4	7.6	9.2	7.3
Balance at the end of the year	**36.7**	**27.3**	**36.2**	**27.0**
(b) Foreign currency translation reserve				
Balance at the beginning of the year	12.7	33.5	4.8	-
Net exchange differences on conversion of foreign operations	0.9	(20.8)	(4.8)	4.8
Balance at the end of the year	**13.6**	**12.7**	**-**	**4.8**
(c) Employee compensation reserve				
Balance at the beginning of the year	48.3	33.4	40.2	33.4
Equity settled share based payment transactions	12.2	6.8	12.2	6.8
Deferred tax associated with the LTIP	(4.2)	8.1	-	-
Balance at the end of the year	**56.3**	**48.3**	**52.4**	**40.2**
(d) Defined benefit retirement schemes reserve				
Balance at the beginning of the year	(14.4)	(8.2)	-	-
Actuarial gains/(losses) on defined benefit retirement schemes (net of tax)	5.6	(6.0)	-	-
Effect of foreign currency translation	-	(0.2)	-	-
Balance at the end of the year	**(8.8)**	**(14.4)**	**-**	**-**
(e) Common control reserve				
Balance at the beginning of the year	(702.9)	(702.9)	-	-
Balance at the end of the year	**(702.9)**	**(702.9)**	**-**	**-**

19 Retained earnings

		Consolidated		Company	
	Note	2022 $M	2021 $M	2022 $M	2021 $M
Balance at the beginning of the year		1,584.8	1,287.2	794.7	575.6
Profit for the year		751.9	408.4	265.3	329.9
Dividends declared	15	(46.7)	(110.8)	(46.7)	(110.8)
Balance at the end of the year		**2,290.0**	**1,584.8**	**1,013.3**	**794.7**

20 Investments in subsidiaries

Subsidiaries
Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Company has power, only substantive rights (held by the Company and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. When an entity ceases to be controlled by the Company, it is accounted for as a disposal of the entire interest in the entity, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Consolidated Entity. The class of shares held is ordinary unless otherwise stated.

			Interest held	
		Country of	2022	2021
Significant controlled companies	**Principal activities**	**incorporation**	**%**	**%**
Goodman Asia Limited	Investment and property management services	Hong Kong	100.0	100.0
Goodman China Limited	Property management and development management consultancy services	Hong Kong	100.0	100.0
Goodman UK Holdings (HK) Limited	Intermediate holding company	Hong Kong	100.0	100.0
Goodman China Asset Management Limited	Investment management	Cayman Islands	100.0	100.0
Goodman Developments Asia	Investment and property development	Cayman Islands	100.0	100.0
GJSP Limited	Investment management	Japan	100.0	100.0
GELF Management (Lux) Sàrl	Investment management	Luxembourg	100.0	100.0
Goodman Management Holdings (Lux) Sàrl	Intermediate holding company	Luxembourg	100.0	100.0
Goodman Midnight Logistics (Lux) Sàrl	Investment holding company	Luxembourg	100.0	100.0
Goodman Property Opportunities (Lux) Sàrl SICAR	Property investment and development	Luxembourg	94.0	94.0
GPO Advisory (Lux) Sàrl	Property management services	Luxembourg	100.0	100.0
Goodman Logistics Developments (UK) Limited	Investment and property management services	United Kingdom	100.0	100.0
Goodman Real Estate (UK) Limited	Investment and property development	United Kingdom	100.0	100.0

Combination of entities or businesses under common control
Where the Consolidated Entity acquires entities or businesses from other members of Goodman Group such that all of the combining entities (businesses) are ultimately controlled by Goodman Group Securityholders both before and after the combination, the Consolidated Entity applies the pooling of interests method.

At the date of the combination of entities under common control, the assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities that would otherwise be done under the acquisition method. The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration transferred and the equity "acquired" by the Consolidated Entity is reflected within equity (common control reserve).

Similar to the acquisition method, the results of the "acquired" entity are included only from the date control commenced. Comparatives are not restated to present the consolidated financial statements as if the entities had always been combined.

Notes to the consolidated financial statements

Other items (continued)

21 Related party transactions

Related parties

(i) A person, or a close member of that person's family, is related to the Company if that person:
   (1) Has control or joint control over the Company
   (2) Has significant influence over the Company or
   (3) Is a member of the key management personnel of the Company or the Company's parent.

(ii) An entity is related to the Company if any of the following conditions applies:
   (1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
   (2) One entity is an associate or JV of the other entity (or an associate or JV of a member of a group of which the other entity is a member)
   (3) Both entities are JVs of the same third party
   (4) One entity is a JV of a third entity and the other entity is an associate of the third entity
   (5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company
   (6) The entity is controlled or jointly controlled by a person identified in (i)
   (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) or
   (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(a) Directors' remuneration

Directors' remuneration (including alternate Directors) disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2022 $M	2021 $M
Directors' fees	0.6	0.7
Salaries, allowances and benefits in kind	3.6	3.7
Share based payments	19.8	16.1
	24.0	**20.5**

(b) Transactions and amounts due from related parties

	Management and development activities		Amounts due from related parties[1]	
	2022 $M	2021 $M	2022 $M	2021 $M
JVs				
GCLP	104.5	64.9	6.6	12.6
GUKP	55.8	-	2.1	-
KWASA Goodman Germany	10.1	141.7	-	-
Goodman Japan Development Partnership	-	-	0.7	-
	170.4	**206.6**	**9.4**	**12.6**
Related parties of GL and GIT				
Goodman Hong Kong Logistics Partnership	139.1	135.2	9.8	42.0
Goodman European Partnership	769.2	221.9	47.7	36.4
Other related parties	5.8	67.0	-	10.4
	914.1	**424.1**	**57.5**	**88.8**

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

Transactions with GL

During the year, the Consolidated Entity recognised expenses of $23.1 million (2021: $42.4 million) for services provided by a controlled entity of GL.

(c) Financing arrangements with related parties

	Loans to related parties[1]		Loans from related parties[1]		Interest income/(expense) charged on loans to/from related parties	
	2022 $M	2021 $M	2022 $M	2021 $M	2022 $M	2021 $M
JVs	27.3	29.6	-	-	0.4	0.3
GL, GIT and their controlled entities	765.6	809.2	(1,941.0)	(1,891.1)	(30.6)	(26.5)
	792.9	**838.8**	**(1,941.0)**	**(1,891.1)**	**(30.2)**	**(26.2)**

1. Loans by the Consolidated Entity to/from JVs and other related parties have generally been provided on an arm's length basis. At 30 June 2022, details in respect of the principal loan balances are set out below:
   + Loans to GL, GIT and their controlled entities amounting to $765.6 million (2021: $809.2 million) are interest bearing and repayable on demand. The interest bearing loans incur interest at rates ranging from 0.6% to 5.1% per annum (2021: 0.7% to 7.2% per annum)
   + Loans from GL, GIT and their controlled entities are interest bearing and amount to $1,941.0 million (2021: $1,891.1 million). $125.4 million of the loans is repayable on demand and $1,815.6 million is repayable greater than one year from the reporting date. The interest bearing loans incur floating interest at rates ranging from 0.2% to 10.6% per annum (2021: 0.9% to 10.6% per annum).

Notes to the consolidated financial statements

Other items (continued)

22 Commitments

Development activities

At 30 June 2022, the Consolidated Entity was committed to $206.4 million (2021: $351.3 million) expenditure in respect of inventories and other development activities.

Investment properties

At 30 June 2022, the Consolidated Entity had capital expenditure commitments of $0.1 million (2021: $nil). In the prior year, the Consolidated Entity had contracted to acquire an investment property for $67.7 million.

23 Contingencies

Capitalisation Deed Poll

GLHK, GL, GIT and certain of their wholly owned controlled entities are “investors” under a Capitalisation Deed Poll (CDP) dated 23 May 2007. Under the CDP, each investor undertakes to pay to the relevant controlled entity borrower (borrower) any amounts owing under finance documents for the purpose of the CDP when the borrower fails to make a payment. Any payments by an investor to a borrower will be by way of loan to, or proceeds for the subscription of equity in, the borrower by the investor.

US144A/Regulation S senior notes

Under the issue of notes in the US144A/Regulation S bond market, controlled entities of GIT had on issue USD and EUR notes amounting to US$1,350.0 million and €500.0 million respectively. GL, Goodman Funds Management Limited, as responsible entity of GIT, and GLHK have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of each of the notes.

24 Company level statement of financial position

	Note	2022 $M	2021 $M
Current assets			
Cash		138.5	167.8
Receivables		7.9	126.1
Total current assets		**146.4**	**293.9**
Non-current assets			
Investments in subsidiaries		2,550.5	1,821.9
Receivables		32.9	169.8
Other financial assets		267.7	171.8
Total non-current assets		**2,851.1**	**2,163.5**
Total assets		**2,997.5**	**2,457.4**
Current liabilities			
Payables		0.5	96.0
Dividend payable		46.7	110.8
Other financial liabilities		45.4	-
Total current liabilities		**92.6**	**206.8**
Non-current liabilities			
Payables		807.7	505.2
Other financial liabilities		122.3	86.8
Total non-current liabilities		**930.0**	**592.0**
Total liabilities		**1,022.6**	**798.8**
Net assets		**1,974.9**	**1,658.6**
Equity attributable to Shareholders			
Share capital		873.0	791.9
Reserves	18	88.6	72.0
Retained earnings	19	1,013.3	794.7
Total equity attributable to Shareholders		**1,974.9**	**1,658.6**

The Company level statement of financial position was approved and authorised for issue by the Board of Directors on 16 August 2022.

Stephen Paul Johns
Director

David Jeremy Collins
Director

25 Subsequent events

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