APPENDIX 4D
GOODMAN GROUP
(comprising Goodman Limited and Goodman Industrial Trust)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the half year ended 31 December 2011

The Appendix 4D should be read in conjunction with the annual report of Goodman Limited for the year ended 30 June 2011. The information included in the Appendix 4D and the interim financial report for the half year ended 31 December 2011 comprises all the information required by ASX Listing Rule 4.2A.

Highlights of results	31 Dec 11	31 Dec 10	Change	
Revenue and other income ($M)	467.3	426.1	**up**	9.7%
Profit attributable to Securityholders ($M)	200.0	226.0	**down**	(11.5%)
Operating profit (before specific non-cash and other significant items attributable to Securityholders) ($M)	229.2	170.5	**up**	34.4%
Basic profit per security (cents)	2.7	3.6	**down**	(25.0%)
Diluted profit per security (cents)	2.6	3.2	**down**	(18.8%)
Interim dividends per share (cents)	-	-	-	0.0%
Interim distributions per security (cents)	1.80	1.50	**up**	20.0%
Interim distributions ($M)	138.6	102.8	**up**	34.8%
Franked amount per security/share (cents)	-	-	-	0.0%
Conduit foreign income	-	-	-	0.0%
Record date for determining entitlements to the distributions	31 Dec 11	31 Dec 10		
Date interim distribution is payable	28 Feb 2012	28 Feb 2011		

Distribution reinvestment plan
Goodman Group's Distribution Reinvestment Plan (DRP) will not operate in respect to the interim 2012 distribution.
The DRP did operate in respect of the final 2011 distribution.

	31 Dec 11	31 Dec 10	Change	
Total assets ($M)	7,953.4	7,100.0	**up**	12.0%
Total liabilities ($M)	2,857.5	2,399.1	**up**	19.1%
Net assets ($M)	5,095.9	4,700.9	**up**	8.4%
Net tangible assets per security/share (cents)	50.03	47.90	**up**	4.4%
Total borrowings to equity ratio (%)	44.6	40.6	**up**	9.9%
Contributed equity ($M)	7,205.3	6,813.4	**up**	5.8%
Security price ($)	0.570	0.650	**down**	(12.3%)
Number of securities on issue on the ASX (M)	7,735.8	6,893.0	**up**	12.2%
Number of securities on issue, net of Treasury Securities (M)	7,699.5	6,856.7	**up**	12.3%
Market capitalisation ($M)	4,409.4	4,480.5	**down**	(1.6%)
Number of Securityholders	20,222	23,523	**down**	(14.0%)

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

Associates and joint venture entities
Refer to note 10 of the annual financial report for the year ended 31 December 2011 for further details.

Goodman Limited
ABN 69 000 123 071
and its controlled entities
Interim financial report for the half year ended 31 December 2011

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Goodman Limited and its controlled entities
Directors' report
for the half year ended 31 December 2011

The directors (Directors) of Goodman Limited (Company) present their Directors' report together with the interim financial report of the consolidated entity consisting of the Company and the entities it controlled (Goodman or Consolidated Entity) at the end of, or during, the half year ended 31 December 2011 (half year) and the review report thereon.

Directors

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

Director	Appointment date
Mr Ian Ferrier, AM (Independent Chairman)	1 Sep 2003
Mr Gregory Goodman (Group Chief Executive Officer)	7 Aug 1998
Mr Philip Fan (Independent Director)	1 Dec 2011
Mr John Harkness (Independent Director)	23 Feb 2005
Ms Anne Keating (Independent Director)	23 Feb 2005
Mr Phillip Pryke (Independent Director)	13 Oct 2010
Mr Jim Sloman, OAM (Independent Director)	1 Feb 2006
Mr James Hodgkinson (Non-Executive Director)	21 Feb 2003 (resigned 30 Sep 2011)

Company Secretary

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

Company Secretary	Appointment date
Mr Carl Bicego	24 Oct 2006

Review and results of operations

The performance of Goodman, as represented by the results of its operations for the half year, was as follows:

	Consolidated	
	2011	**2010**
Revenue and other income before fair value adjustments on investment properties ($M)	431.2	424.2
Fair value adjustments on investment properties including share of the adjustments for associates and joint venture entities ($M)	36.1	1.9
Revenue and other income ($M)	**467.3**	**426.1**
Profit attributable to Securityholders ($M)	200.0	226.0
Basic profit per security (¢)	2.7	3.6
Dividends and distributions provided for or paid by Goodman ($M)	138.6	102.8
Weighted average number of securities on issue (M)	7,373.3	6,353.3

	31 Dec 2011	**30 Jun 2011**
Net assets ($M)	5,095.9	5,013.9
Number of securities on issue (M)[1]	7,699.5	7,358.3
Net tangible assets per security ($)[2]	0.50	0.49
Net assets per security ($)[2]	0.61	0.60

1. Represents amounts as per Australian Securities Exchange (ASX) excluding 36.3 million treasury securities (30 June 2011: 36.3 million).
2. Stated after deducting amounts due to other non-controlling interests.

Dividends and distributions

The Company did not declare any dividends during the half year or up to the date of this report (2010: $nil).

During the half year, Goodman Industrial Trust (GIT) declared a distribution to Securityholders of 1.8 cents per unit (2010: 1.5 cents per unit), resulting in a distribution of $138.6 million to be paid on 28 February 2012.

Reconciliation of operating profit available for distribution to profit attributable to Securityholders

The reconciliation of operating profit available for distribution to profit attributable to Securityholders for the half year can be summarised into four groups of reconciling items:

+ property valuation movements (incorporating adjustments in respect of stabilised and development properties held directly on Goodman's balance sheet and also within funds managed by Goodman);
+ non-property related impairments;
+ fair value movements in derivative financial instruments and foreign exchange gains or losses on interest bearing liabilities not qualifying for net investment hedging; and
+ other non-cash or non-recurring items (principally the share based payments expense but also, in this half year, a $7.5 million reclassification from the foreign currency translation reserve in relation to the Singapore entities that were wound up during the period).

This summarised reconciliation is as follows:

	Consolidated	
	2011	**2010**
	$M	**$M**
Operating profit available for distribution	**229.2**	**170.5**
Adjustments for:		
Property valuation gains/(losses)	1.3	(4.6)
Non-property related impairment losses	(9.3)	(9.5)
Derivative and foreign currency mark to market (losses)/gains	(1.6)	77.4
Other non-cash or non-recurring losses	(19.6)	(7.8)
Profit attributable to Securityholders	**200.0**	**226.0**

The detailed reconciliation, including note references to the financial statements, is set out in the table below:

		Consolidated	
		2011	**2010**
	Note	**$M**	**$M**
Operating profit available for distribution		**229.2**	**170.5**
Valuation adjustments			
- Net loss from fair value adjustments on investment properties	9	(2.6)	(2.9)
- Share of net gain/(loss) from fair value adjustments on investment properties in associates	10(a)	32.5	(0.5)
- Share of net gain from fair value adjustments on investment properties in joint venture entities	10(b)	6.2	5.3
- Impairment losses	5	(44.1)	(16.0)
- Share of impairment reversals in joint venture entities	10(b)	-	0.4
- Fair value gain on derivative financial instruments	6	109.4	73.5
- Share of fair value (loss)/gain on interest rate swaps in associates	10(a)	(49.1)	6.0
- Share of fair value loss on interest rate swaps in joint venture entities	10(b)	(0.4)	(2.1)
- Unrealised foreign exchange losses	6	(61.5)	-
Other adjustments			
- Share of net profit on disposal of investment properties by associates and joint venture entities	10(a),(b)	-	0.1
- Capital (loss)/profit not distributed	14(c)	(7.5)	0.9
- Share of reversal of provision for business acquisition related costs within associates	10(a)	2.6	-
- Straight lining of rent and amortisation of lease incentives		(3.1)	0.6
- Share based payments expense	5	(11.6)	(6.4)
- Loss on dilution of investment in associate	10(a)	-	(3.4)
Profit attributable to Securityholders		**200.0**	**226.0**

State of affairs

The key changes in Goodman's state of affairs during the half year were as follows:

(a) Conversion of preference securities issued to China Investment Corporation

On 23 December 2011, China Investment Corporation (CIC) converted $150.0 million preference securities to 340,909,090 ordinary stapled securities at a price of $0.44 per stapled security.

(b) Capital management initiatives in funds

During the half year, Goodman continued to focus on capital management initiatives at a consolidated and a fund level. In particular:

+ Goodman European Logistics Fund completed a €351 million rights issue and secured a new €800 million debt package;
+ Goodman Australia Industrial Fund completed a US$300 million United States unsecured note issue to institutional investors with 10 and 12 year maturities; and
+ Goodman China Logistics Holding Limited increased its equity commitment to US$500 million and secured a new US$100 million five year facility.

In the opinion of the Directors, there were no other significant changes in the state of affairs of Goodman that occurred during the half year.

Events subsequent to balance date

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

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

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' report for the half year.

Rounding

Goodman is an entity of a kind referred to in Australian Securities & Investments Commission Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the interim financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

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

Ian Ferrier, AM
Independent Chairman

Gregory Goodman
Group Chief Executive Officer

Sydney, 16 February 2012

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

To: the directors of Goodman Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Stuart Marshall
Partner

Sydney

16 February 2012

Goodman Limited and its controlled entities
Consolidated interim balance sheet
as at 31 December 2011

		Consolidated	
		31 Dec 2011	30 Jun 2011
	Note	$M	$M
Current assets			
Cash		296.4	227.8
Receivables	8	242.3	226.5
Inventories		99.5	216.2
Current tax receivables		0.1	0.8
Other assets		3.8	11.5
Total current assets		**642.1**	**682.8**
Non-current assets			
Receivables	8	317.8	186.0
Inventories		553.1	268.7
Other assets		68.2	31.0
Investment properties	9	2,816.0	2,924.7
Investments accounted for using the equity method	10	2,711.1	2,597.4
Deferred tax assets		15.8	13.8
Other financial assets		18.2	25.7
Plant and equipment		8.8	6.9
Intangible assets	11	802.3	827.9
Total non-current assets		**7,311.3**	**6,882.1**
Total assets		**7,953.4**	**7,564.9**
Current liabilities			
Payables		182.3	214.6
Current tax payables		27.8	26.1
Interest bearing liabilities	12	14.9	-
Employee benefits		26.4	40.5
Provisions		139.7	163.8
Total current liabilities		**391.1**	**445.0**
Non-current liabilities			
Payables		166.8	156.3
Interest bearing liabilities	12	2,258.2	1,913.8
Deferred tax liabilities		5.5	5.6
Employee benefits		23.6	17.9
Provisions		12.3	12.4
Total non-current liabilities		**2,466.4**	**2,106.0**
Total liabilities		**2,857.5**	**2,551.0**
Net assets		**5,095.9**	**5,013.9**
Equity attributable to Shareholders			
Issued capital	13	378.5	373.8
Reserves	14	(331.6)	(282.0)
Accumulated losses	15	(360.4)	(334.3)
Total equity attributable to Shareholders		**(313.5)**	**(242.5)**
Equity attributable to Unitholders (non-controlling interests)			
Issued capital	13	6,826.8	6,681.3
Reserves	14	(2,026.8)	(2,093.0)
Retained earnings	15	186.3	95.0
Total equity attributable to Unitholders		**4,986.3**	**4,683.3**
Total equity attributable to Securityholders		**4,672.8**	**4,440.8**
Other non-controlling interests	16	423.1	573.1
Total equity		**5,095.9**	**5,013.9**

The consolidated interim balance sheet is to be read in conjunction with the accompanying notes.

Goodman Limited and its controlled entities
Consolidated interim income statement
for the half year ended 31 December 2011

		Consolidated	
		2011	**2010**
	Note	**$M**	**$M**
Revenue			
Gross property income		111.3	112.3
Fund management income		36.4	30.3
Property services income		30.7	29.5
Development income		119.3	113.6
Income from disposal of inventories		40.6	26.1
Distributions from investments		11.5	14.5
		349.8	**326.3**
Property and development expenses			
Property expenses		(30.3)	(30.0)
Development expenses		(93.8)	(95.2)
Inventory cost of sales		(40.5)	(23.2)
		(164.6)	**(148.4)**
Other income			
Net loss from fair value adjustments on investment properties	9	(2.6)	(2.9)
Net gain on disposal of investment properties		0.6	0.7
Net gain on disposal of controlled entities		27.2	7.2
Share of net results of equity accounted investments	5	71.8	96.4
Net gain/(loss) on disposal of equity investments	5	20.5	(1.6)
		117.5	**99.8**
Other expenses			
Employee expenses		(36.4)	(31.9)
Share based payments expense	5	(11.6)	(6.4)
Administrative and other expenses		(29.9)	(26.5)
Impairment losses	5	(44.1)	(16.0)
		(122.0)	**(80.8)**
Profit before interest and tax		**180.7**	**196.9**
Net finance income			
Finance income	6	114.7	88.2
Finance expense	6	(65.9)	(17.1)
Net finance income		**48.8**	**71.1**
Profit before income tax		**229.5**	**268.0**
Income tax expense		(4.6)	(5.9)
Profit for the half year		**224.9**	**262.1**
Loss attributable to Shareholders		(61.2)	(44.1)
Profit attributable to Unitholders (non-controlling interests)		261.2	270.1
Profit attributable to Securityholders		**200.0**	**226.0**
Profit attributable to other non-controlling interests		24.9	36.1
Profit for the half year		**224.9**	**262.1**
Basic loss per Company share (¢)	3	**(0.8)**	**(0.7)**
Diluted loss per Company share (¢)	3	**(0.8)**	**(0.7)**

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

Goodman Limited and its controlled entities
Consolidated interim statement of comprehensive income
for the half year ended 31 December 2011

		Consolidated	
		2011	**2010**
	Note	**$M**	**$M**
Profit for the half year		**224.9**	**262.1**
Other comprehensive income for the half year, net of income tax			
Increase due to revaluation of available for sale equity securities	14(a)	-	4.8
Cash flow hedges:			
- Change in value of financial instruments	14(b)	5.5	22.4
- Transfers to income statement from cash flow hedge reserve	14(b)	20.9	12.9
Transfers to income statement from foreign currency translation reserve	14(c)	7.5	-
Share based payments adjustments booked directly to reserves	14(e)	-	(1.1)
Actuarial (losses)/gains on defined benefit superannuation funds	14(f)	(3.8)	1.7
Effect of foreign currency translation on reserves	14	(20.7)	(190.7)
Other comprehensive income for the half year, net of income tax		**9.4**	**(150.0)**
Total comprehensive income for the half year		**234.3**	**112.1**
Total comprehensive income attributable to Shareholders		(87.3)	(12.9)
Total comprehensive income attributable to Unitholders		296.7	88.9
Total comprehensive income attributable to Securityholders		**209.4**	**76.0**
Other non-controlling interests		24.9	36.1
Total comprehensive income for the half year		**234.3**	**112.1**

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

Goodman Limited and its controlled entities
Consolidated interim statement of changes in equity
for the half year ended 31 December 2011

Half year ended 31 December 2010

Consolidated		Attributable to Securityholders				Other non-controlling interests	Total equity
		Issued capital	Reserves	Accumulated losses	Total		
	Note	$M	$M	$M	$M	$M	$M
Balance at 1 July 2010		**6,588.4**	**(2,321.3)**	**(318.6)**	**3,948.5**	**798.1**	**4,746.6**
Total comprehensive income for the half year							
Profit for the half year	15	-	-	226.0	**226.0**	36.1	**262.1**
Other comprehensive income for the half year		-	(150.0)	-	**(150.0)**	-	**(150.0)**
Total comprehensive income for the half year, net of income tax		**-**	**(150.0)**	**226.0**	**76.0**	**36.1**	**112.1**
Transfers		-	23.9	(23.9)	**-**	-	**-**
Contributions by and distributions to owners							
- Conversion of convertible preference securities issued to China Investment Corporation (CIC)	13	225.0	-	-	**225.0**	(225.0)	**-**
- Distributions declared on stapled securities	7	-	-	(102.8)	**(102.8)**	-	**(102.8)**
- Distributions declared on Goodman PLUS Trust hybrid securities	7	-	-	-	**-**	(11.1)	**(11.1)**
- Distributions declared on convertible preference securities issued to CIC	7	-	-	-	**-**	(25.0)	**(25.0)**
- Equity settled share based payments recognised in income statement	5	-	6.0	-	**6.0**	-	**6.0**
Balance at 31 December 2010		**6,813.4**	**(2,441.4)**	**(219.3)**	**4,152.7**	**573.1**	**4,725.8**

Half year ended 31 December 2011

Consolidated		Attributable to Securityholders				Other non-controlling interests	Total equity
		Issued capital	Reserves	Accumulated losses	Total		
	Note	$M	$M	$M	$M	$M	$M
Balance at 1 July 2011		**7,055.1**	**(2,375.0)**	**(239.3)**	**4,440.8**	**573.1**	**5,013.9**
Total comprehensive income for the half year							
Profit for the half year	15	-	-	200.0	**200.0**	24.9	**224.9**
Other comprehensive income for the half year		-	9.4	-	**9.4**	-	**9.4**
Total comprehensive income for the half year, net of income tax		**-**	**9.4**	**200.0**	**209.4**	**24.9**	**234.3**
Transfers		-	(3.8)	3.8	**-**	-	**-**
Contributions by and distributions to owners							
- Conversion of convertible preference securities issued to CIC	13	150.0	-	-	**150.0**	(150.0)	**-**
- Issue costs due to stapled securities		0.2	-	-	**0.2**	-	**0.2**
- Distributions declared on stapled securities	7	-	-	(138.6)	**(138.6)**	-	**(138.6)**
- Distributions declared on Goodman PLUS Trust hybrid securities	7	-	-	-	**-**	(11.1)	**(11.1)**
- Distributions declared on convertible preference securities issued to CIC	7	-	-	-	**-**	(13.8)	**(13.8)**
- Equity settled share based payments recognised in income statement	5	-	11.0	-	**11.0**	-	**11.0**
Balance at 31 December 2011		**7,205.3**	**(2,358.4)**	**(174.1)**	**4,672.8**	**423.1**	**5,095.9**

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

Goodman Limited and its controlled entities
Consolidated interim cash flow statement
for the half year ended 31 December 2011

	Consolidated	
	2011	**2010**
	$M	**$M**
Cash flows from operating activities		
Property income received	123.0	112.6
Cash receipts from development activities[1]	274.0	131.6
Other cash receipts from services provided	67.1	69.8
Property expenses paid	(30.5)	(17.9)
Payments for development activities	(231.3)	(120.6)
Other cash payments in the course of operations	(91.3)	(90.5)
Dividends/distributions received	63.7	39.5
Interest received	27.6	12.0
Finance costs paid	(59.9)	(54.4)
Net income taxes paid	(2.4)	(2.9)
Net cash provided by operating activities	**140.0**	**79.2**
Cash flows from investing activities		
Proceeds from disposal of investment properties	0.8	37.8
Proceeds from disposal of controlled entities, net of cash disposed	-	4.7
Proceeds from disposal of equity investments	8.3	45.9
Payments for equity investments	(48.0)	(110.3)
Payments for investment properties	(133.5)	(70.8)
Payments for plant and equipment	(3.7)	(0.3)
Net cash used in investing activities	**(176.1)**	**(93.0)**
Cash flows from financing activities		
Net cash flows from loans to related parties	(7.6)	36.9
Proceeds from borrowings	1,185.5	586.4
Repayments of borrowings	(901.2)	(747.5)
Distributions paid	(172.0)	(156.4)
Net cash provided by/(used in) financing activities	**104.7**	**(280.6)**
Net increase/(decrease) in cash held	68.6	(294.4)
Cash at the beginning of the half year	227.8	515.1
Cash at the end of the half year	**296.4**	**220.7**

1. Proceeds from the disposal of special purpose development entities of $111.3 million (2010: $17.1 million) in Continental Europe have been included in cash receipts from development activities. In prior periods, such proceeds were included in cash flows from investing activities.

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

1. Statement of significant accounting policies

The Company (or Parent Entity) is a company domiciled in Australia. The interim financial statements for the half year comprise the Company and its controlled entities and the Consolidated Entity's interest in associates and joint venture entities.

Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report is presented in Australian dollars and was authorised for issue by the Directors on 16 February 2012.

The interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual report of the Consolidated Entity as at and for the year ended 30 June 2011.

The accounting policies adopted in the interim financial statements are the same as those applied by the Consolidated Entity in the annual report as at and for the year ended 30 June 2011.

Rounding

In accordance with Australian Securities & Investments Commission Class Order 98/100 dated 10 July 1998, the amounts shown in this interim financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

2. Critical accounting estimates used in the preparation of the financial statements

The preparation of consolidated financial statements requires estimates and assumptions concerning the application of accounting policies in 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 are discussed below. The accounting impacts of revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Investment properties

Stabilised investment properties

Stabilised investment properties refer to investment properties which are not under development. Stabilised investment properties are carried at their fair value. Fair value 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 stabilised investment properties is applied to both properties held directly on Goodman's balance sheet and properties within funds managed by Goodman.

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.

2. Critical accounting estimates used in the preparation of the financial statements (cont)

(a) Investment properties (cont)

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 asset (categorised by likely appeal to private investors (including syndicates), and national and institutional investors); and
- 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. Unless three or more sales are observed in an individual market segment (taken together with any comparable market segments as necessary), that market segment is considered inactive. Where a market segment is observed to be active, then external, independent valuations are performed for stabilised properties where there has been more than a 25 basis point movement in capitalisation rates and/or there has been a material change in tenancy profile and/or there has been significant capital expenditure and/or it has been three years since the previous external, independent valuation. For all other stabilised properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

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

Market assessment
At 31 December 2011 and 30 June 2011, all markets in which Goodman operated were observed to be active and no adjustments were made to the carrying value of stabilised investment properties arising from internal valuations using DCF calculations.

The weighted average cap rates for those properties valued externally in the three months ended 31 December 2011 and the overall weighted average cap rates for the portfolio (including funds managed by Goodman) are set out in the table below:

	Weighted average cap rate for external valuations[1]		Total portfolio weighted average cap rate	
	31 Dec 2011	30 Jun 2011	31 Dec 2011	30 Jun 2011
Division	%	%	%	%
Australia	**8.2**	8.1	**8.2**	8.2
New Zealand	**n/a**[2]	8.6	**8.6**	8.6
Hong Kong	**6.3**	6.1	**6.2**	6.1
China	**8.9**	n/a[2]	**8.9**	8.7
Japan	**n/a**[2]	5.6	**5.6**	5.8
Logistics - Continental Europe	**7.6**	7.7	**7.7**	7.7
Logistics - United Kingdom	**n/a**[2]	8.3	**8.6**	8.2
Business Parks - United Kingdom	**7.8**	7.6	**7.8**	7.6

1. This represents the weighted average capitalisation rate for external valuations in the three months prior to the balance date.
2. No external valuations were performed in the three months prior to the balance date.

At 31 December 2011, the carrying value of stabilised investment properties held by the Consolidated Entity was $2,421.5 million (30 June 2011: $2,408.5 million).

2. Critical accounting estimates used in the preparation of the financial statements (cont)

(b) Investment properties (cont)

Investment properties under development

External valuations are generally not performed for investment properties under development, but instead valuations are determined using the Consolidated Entity's feasibility studies supporting the properties under development. The end values of the developments in the feasibility studies are based on assumptions regarding capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market adjusted for a profit and risk factor. This profit and risk factor is dependent on the function, location and size of the development and is generally in a market range of 10.0% to 17.5%.

At 31 December 2011, the carrying value of investment properties under development held by the Consolidated Entity was $394.5 million (30 June 2011: $516.2 million).

(b) Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Consolidated Entity's business.

External valuations are not performed for inventories but instead valuations are determined using the Consolidated Entity's feasibility studies supporting the land and property developments. The end values of the developments in the feasibility studies are based on assumptions such as capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market. Where the feasibility study calculations indicate that the forecast cost of a completed development will exceed the net realisable value, then the inventory is impaired.

At 31 December 2011, the carrying value of inventories held by the Consolidated Entity was $652.6 million (30 June 2011: $484.9 million) and impairments booked in the half year were $26.4 million (2010: $0.6 million), principally in respect of the Logistics – United Kingdom division.

(c) Intangible assets

The Consolidated Entity recognised both goodwill and indefinite life management rights in its balance sheet at 31 December 2011. Details of key assumptions are set out in note 11.

3. Earnings per Company share/security

	Note	2011 ¢	2010 ¢
Loss per Company share			
Basic loss per Company share	3(a)	(0.8)	(0.7)
Diluted loss per Company share	3(a)	(0.8)	(0.7)
Profit per security			
Basic profit per security	3(a)	2.7	3.6
Diluted profit per security	3(a)	2.6	3.2

(a) Basic and diluted earnings per Company share/per security

	Note	2011 $M	2010 $M
Loss per Company share			
Loss after tax used in calculating basic and diluted loss per Company share	15	**(61.2)**	**(44.1)**
Profit per security			
Profit after tax used in calculating basic profit per security	15	200.0	226.0
Distribution on Goodman PLUS Trust hybrid securities and CIC convertible preference securities		24.9	36.1
Profit after tax used in calculating diluted profit per security		**224.9**	**262.1**

3. Earnings per Company share/security (cont)

(a) Basic and diluted earnings per Company share/per security (cont)

	2011	2010
	Number of securities	
Weighted average number of securities used in calculating basic and diluted loss per Company share	**7,373,257,189**	**6,353,335,389**

	2011	2010
	Number of securities	
Weighted average number of securities used in calculating basic profit per security and distribution per security	**7,373,257,189**	**6,353,335,389**
Effect of performance rights on issue	72,644,783	20,000,644
Effect of conversion of Goodman PLUS Trust hybrid securities, CIC convertible preference securities and options issued to CIC	1,166,025,061	1,785,152,209
Weighted average number of securities used in calculating diluted profit per security	**8,611,927,033**	**8,158,488,242**

As at 31 December 2011, 36,322,476 securities (31 December 2010: 36,322,476 securities) granted under the Employee Securities Acquisition Plan (ESAP) and 133,863,945 options (31 December 2010: 134,697,445 options) issued under the Executive Option Plan were anti-dilutive and therefore excluded from the calculation of diluted earnings per Company share/per security.

As at 31 December 2011, the following performance rights and contingently issuable securities are potentially dilutive in future periods:

+ 144,083,762 equity settled performance rights granted to employees under the Long Term Incentive Plan;
+ securities contingently issuable on conversion of Goodman PLUS Trust hybrid securities; and
+ securities contingently issuable on conversion of CIC convertible preference securities.

(b) Dividends per Company share and distributions per security

No dividends were declared or paid by the Company during the financial year (2010: $nil). Distributions of 1.8 cents per security (2010: 1.5 cents per security) were declared by GIT during the half year. Details of the dates of payment are set out in note 7.

4. Segment reporting

The Consolidated Entity is based in Australia and has separately managed divisions in Asia Pacific (primarily Australia, New Zealand, Hong Kong, China and Japan) and Europe (Continental Europe and the United Kingdom). The activities and services undertaken by the divisions include:

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

The Consolidated Entity previously reported three segments as defined by AASB 8 *Operating Segments*, namely Australia, Continental Europe and the United Kingdom, as the other divisions in Asia Pacific did not meet the quantitative requirements, either individually or collectively, to require separate disclosure as reportable segments. As reported in Goodman's Annual Report for the year ended 30 June 2011, the Consolidated Entity reassessed its internal reporting such that in addition to Continental Europe and the United Kingdom:

+ Asia (being Hong Kong, China and Japan) is now reported as a separate operating segment;
+ Australia and New Zealand are now reported as one operating segment; and
+ the operating segments' operating results, as reviewed by the Group Chief Executive Officer, have been more closely aligned with the Consolidated Entity's operating profit available for distribution, albeit divisional performance continues to be measured before interest and tax.

As a consequence, the segment reporting for the half year ended 31 December 2010 has been restated so that it is aligned with the segment reporting in the current half year.

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

4. Segment reporting (cont)

Information about reportable segments

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Total	
	2011	**2010 Restated[1]**	**2011**	**2010 Restated[1]**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010 Restated[1]**
Income statement	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**
External revenues										
Gross property income	98.4	97.5	-	-	1.9	3.1	11.0	11.7	111.3	112.3
Fund management income	16.8	11.3	6.6	6.7	8.5	7.2	4.5	5.1	36.4	30.3
Property services income	14.4	11.9	2.1	2.5	4.4	4.2	9.8	10.9	30.7	29.5
Development income	75.0	25.8	1.8	1.9	39.1	41.4	3.4	44.5	119.3	113.6
Income from disposal of inventories	16.2	1.3	-	-	-	-	24.4	24.8	40.6	26.1
Distributions from investments	-	2.7	-	-	2.0	1.6	9.5	10.2	11.5	14.5
Total external revenues	**220.8**	**150.5**	**10.5**	**11.1**	**55.9**	**57.5**	**62.6**	**107.2**	**349.8**	**326.3**
Reportable segment profit before tax	**156.1**	**137.6**	**44.8**	**18.3**	**54.5**	**21.7**	**27.2**	**49.8**	**282.6**	**227.4**
Other material non-cash items not included in reportable segment profit before tax										
Net gain/(loss) from fair value adjustments on investment properties	1.6	13.3	-	(5.3)	(4.2)	(1.5)	-	(9.4)	(2.6)	(2.9)
Impairment (losses)/reversal of impairment losses	(5.1)	-	-	2.1	(12.5)	(9.5)	(26.5)	(8.6)	(44.1)	(16.0)
Other key components of financial performance included in reportable segment profit before tax										
Share of net results of equity accounted investments	61.6	50.5	25.9	22.8	(6.3)	1.6	(9.4)	21.5	71.8	96.4
	31 Dec 2011	**30 Jun 2011**	**31 Dec 2011**	**30 Jun 2011**	**31 Dec 2011**	**30 Jun 2011**	**31 Dec 2011**	**30 Jun 2011**	**31 Dec 2011**	**30 Jun 2011**
Balance sheet	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**
Reportable segment assets	**4,253.9**	**4,217.4**	**687.4**	**675.6**	**1,223.7**	**1,217.7**	**1,323.7**	**1,292.6**	**7,488.7**	**7,403.3**
Investments in equity accounted investments (included in reportable segment assets)	1,646.9	1,617.7	360.4	328.3	388.2	339.9	315.6	311.5	2,711.1	2,597.4
Total non-current assets	4,165.8	4,117.5	595.4	478.4	1,150.4	1,149.2	1,193.1	1,061.3	7,104.7	6,806.4
Reportable segment liabilities	**(46.5)**	**(55.6)**	**(7.7)**	**(32.9)**	**(106.7)**	**(78.9)**	**(51.1)**	**(44.6)**	**(212.0)**	**(212.0)**

1. Restated to reflect the revision to reportable segments.

5. Profit before income tax

	Consolidated	
	2011	**2010**
	$M	**$M**
Profit before income tax has been arrived at after crediting/(charging) the following items:		
Share of net results of investments in associates - refer to note 10(a)	60.3	87.6
Share of net results of investments in joint venture entities - refer to note 10(b)	11.5	8.8
Share of net results of equity accounted investments	**71.8**	**96.4**
Net consideration from the disposal of equity investments	36.3	63.5
Carrying value of equity investments disposed	(15.8)	(61.7)
Loss on dilution of investment in associate - refer to note 10(a)	-	(3.4)
Net gain/(loss) on disposal of equity investments	**20.5**	**(1.6)**
Equity settled share based payments expense	(11.0)	(6.0)
Cash settled share based payments expense	(0.6)	(0.4)
Share based payments expense	**(11.6)**	**(6.4)**
Amortisation of leasehold improvements	-	(0.4)
Depreciation of plant and equipment	(3.1)	(2.3)
Total amortisation and depreciation	**(3.1)**	**(2.7)**
Impairment of receivables	(4.9)	(5.9)
Impairment of inventories - refer to note 2(b)	(26.4)	(0.6)
Reversal of impairment of joint venture entities - refer to note 10(b)	-	2.2
Impairment of other financial assets	(8.3)	(3.1)
Impairment of intangible assets - refer to note 11	(4.5)	(8.6)
Total net impairment losses[1]	**(44.1)**	**(16.0)**

1. The impairment loss on receivables primarily relates to loans provided to certain joint venture entities to fund development projects. The impairment is a result of a devaluation of the development asset in the joint venture entity. The impairment loss on other financial assets relates to fair value adjustments arising on the Consolidated Entity's investment in Goodman European Business Parks Fund, of which $3.5 million relates to property valuations.

6. Finance income and expense

	Consolidated	
	2011	**2010**
	$M	**$M**
Finance income		
Interest income from:		
- Related parties	2.8	8.2
- Other parties	2.5	6.2
Fair value adjustments on derivative financial instruments[1]	109.4	73.5
Foreign exchange gain	-	0.3
	114.7	**88.2**
Finance expense		
Interest expense from third party loans, overdrafts and derivatives	(40.0)	(48.3)
Other borrowing costs	(7.0)	(5.3)
Foreign exchange loss[2]	(61.7)	-
Capitalised borrowing costs	42.8	36.5
	(65.9)	**(17.1)**
Net finance income	**48.8**	**71.1**

1. Includes both the fair value movements on derivatives where the hedge relationship has not been designated and amortisation from the cash flow hedge reserve of gains or losses on derivative contracts that were previously hedge accounted.
2. Foreign exchange loss includes $61.5 million (2010: $nil) of unrealised losses on translation of the United States senior notes (refer to note 12(c)) and the Japanese yen denominated private placement (refer to note 12(d)).

7. Dividends and distributions

(a) Dividends declared by the Company

No dividends were declared or paid by the Company during the half year and up to the date of this interim financial report (2010: $nil).

(b) Distributions declared and paid by GIT

	Distribution cpu	Total amount $M	Date of payment
Distributions for the half years ended			
- 31 Dec 2011	1.80	138.6	28 Feb 2012
- 31 Dec 2010	1.50	102.8	28 Feb 2011

(c) Distributions declared and paid by Goodman PLUS Trust

Goodman PLUS Trust, a controlled entity of the Consolidated Entity, has hybrid securities on issue which meet the definition of equity.

	Distribution cpu	Total amount $M	Date of payment
Distributions for the half year ended 31 December 2011			
- 21 Sep 2011	173.4	5.7	21 Sep 2011
- 21 Dec 2011	165.8	5.4	21 Dec 2011
	339.2	**11.1**	
Distributions for the half year ended 31 December 2010			
- 21 Sep 2010	171.4	5.6	21 Sep 2010
- 21 Dec 2010	167.8	5.5	21 Dec 2010
	339.2	**11.1**	

(d) Distributions declared and paid by China Hybrid Investment Sub-trust

China Hybrid Investment Sub-trust, a controlled entity of the Consolidated Entity, has hybrid securities (CIC convertible preference securities) on issue which meet the definition of equity.

	Distribution cpu	Total amount $M	Date of payment
Distributions for the half years ended			
- 31 Dec 2011	501,369.9	13.8	21 Dec 2011
- 31 Dec 2010	501,369.9	25.1	21 Dec 2010

8. Receivables

	Consolidated	
	31 Dec 2011	30 Jun 2011
	$M	$M
Current		
Trade receivables	20.1	17.1
Other receivables	118.7	106.5
Construction contract receivables	0.4	11.6
Amounts due from related parties	95.2	82.6
Loans to related parties	1.7	3.6
Derivative financial instruments	6.2	5.1
	242.3	**226.5**
Non-current		
Loans to related parties	104.1	99.3
Derivative financial instruments[1]	213.7	86.7
	317.8	**186.0**

1. Includes the fair values of cross currency interest rate swaps amounting to $119.1 million (30 June 2011: liability of $31.6 million) entered into to hedge the United States senior notes (refer to note 12(c)) and cross currency interest rate swaps amounting to $17.3 million (30 June 2011: liability of $1.9 million) to hedge the Japanese yen denominated private placement (refer to note 12(d)).

9. Investment properties

	Stabilised investment properties		Investment properties under development		Total investment properties	
	2011	2010	2011	2010	2011	2010
	$M	$M	$M	$M	$M	$M
Carrying amount at the beginning of the half year	2,408.5	2,295.6	516.2	501.8	2,924.7	2,797.4
Capital expenditure	2.1	13.2	46.7	57.2	48.8	70.4
Transfers	(0.1)	18.7	0.1	(18.7)	-	-
Disposals:						
- Carrying value of properties sold	-	(29.8)	(0.2)	-	(0.2)	(29.8)
- On disposal of interests in controlled entities	-	-	-	(22.4)	-	(22.4)
Transfers to inventories[1]	-	-	(164.2)	(0.3)	(164.2)	(0.3)
Net gain/(loss) from fair value adjustments	7.5	4.0	(10.1)	(6.9)	(2.6)	(2.9)
Effect of foreign currency translation	3.5	(51.9)	6.0	(40.2)	9.5	(92.1)
Carrying amount at the end of the half year	**2,421.5**	**2,249.8**	**394.5**	**470.5**	**2,816.0**	**2,720.3**

1. Development properties with a fair value of $164.2 million (2010: $0.3 million) were reclassified from investment properties to inventories. This follows a change in strategy such that these assets are being developed with a view to sale.

10. Investments accounted for using the equity method

		Consolidated	
		31 Dec 2011	30 Jun 2011
	Note	$M	$M
Share of net assets accounted for using the equity method			
Associates	10(a)	2,449.2	2,372.7
Joint venture entities (JVEs)	10(b)	261.9	224.7
Total		**2,711.1**	**2,597.4**

(a) Investments in associates

	Consolidated	
	2011	2010
Movements in carrying amount of investments in associates	$M	$M
Carrying amount at the beginning of the half year	2,372.7	2,035.7
Share of net results after tax (before revaluations)[1]	76.9	82.1
Share of fair value adjustments on investment properties	32.5	(0.5)
Share of fair value adjustments on interest rate swaps	(49.1)	6.0
Share of net results	**60.3**	**87.6**
Share of movements in reserves	18.5	16.6
Loss on dilution of investment	-	(3.4)
Acquisitions	77.6	79.9
Disposals	(8.2)	(40.2)
Distributions received and receivable	(66.2)	(55.3)
Effect of foreign currency translation	(5.5)	(115.9)
Carrying amount at the end of the half year	**2,449.2**	**2,005.0**

1. Share of net results after tax (before revaluations) of associates includes $nil (2010: $0.2 million) of profits on disposal of investment properties and $2.6 million (2010: $nil) in respect of the reversal of provision for business acquisition related costs.

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

		Consolidated share of associate's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
Name	**Country of establishment/ incorporation**	**31 Dec 2011 $M**	**31 Dec 2010 $M**	**31 Dec 2011 %**	**30 Jun 2011 %**	**31 Dec 2011 $M**	**30 Jun 2011 $M**
Property investment associates							
Goodman Australia Industrial Fund (GAIF)	Australia	**33.8**	44.1	**43.3**	43.7	**1,128.9**	1,136.1
Goodman Australia Development Fund (GADF)	Australia	**0.6**	-	**20.0**	20.0	**29.8**	21.6
Goodman Trust Australia	Australia	**22.0**	-	**19.9**	19.9	**303.6**	281.6
Goodman Property Trust (GMT)	New Zealand	**3.9**	4.4	**17.2**	16.7	**131.0**	125.5
Goodman Hong Kong Logistics Fund (GHKLF)	Cayman Islands	**15.0**	13.1	**20.0**	20.0	**207.5**	199.8
Goodman China Logistics Holding Limited	China	**2.4**	1.5	**20.0**	20.0	**11.8**	8.8
Goodman European Logistics Fund (GELF)	Luxembourg	**(7.5)**	1.8	**29.5**	27.9	**357.1**	324.1
Arlington Business Parks Partnership	United Kingdom	**(10.0)**	22.6	**35.7**	35.7	**273.2**	270.5

10. Investments accounted for using the equity method (cont)

(b) Investments in JVEs

	Consolidated	
	2011	2010
Movements in carrying amount of investments in JVEs	**$M**	**$M**
Carrying amount at the beginning of the half year	224.7	243.5
Share of net results after tax (before revaluations)[1]	5.7	5.6
Share of fair value adjustments on investment properties	6.2	5.3
Share of fair value adjustments on interest rate swaps	(0.4)	(2.1)
Share of net results	**11.5**	**8.8**
Share of movements in reserves	0.1	(1.0)
Reversal of impairment	-	2.2
Acquisitions	16.2	32.2
Disposals	-	(21.3)
Distributions received and receivable	(0.7)	(1.5)
Effect of foreign currency translation	10.1	(23.1)
Carrying amount at the end of the half year	**261.9**	**239.8**

1. Share of net results after tax (before revaluations) of JVEs includes $nil of losses (2010: $0.1 million) on disposal of investment properties and $nil (2010: $0.4 million) in respect of reversals of asset impairments.

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

		Consolidated share of JVE's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
Name	**Country of establishment/ incorporation**	**31 Dec 2011 $M**	**31 Dec 2010 $M**	**31 Dec 2011 %**	**30 Jun 2011 %**	**31 Dec 2011 $M**	**30 Jun 2011 $M**
Property investment JVE							
Macquarie Goodman Japan Pte Ltd	Singapore	**8.3**	7.7	**50.0**	50.0	**134.7**	114.9
Property development JVE							
Highbrook Development Ltd	New Zealand	**0.8**	1.1	**25.0**	25.0	**51.4**	51.2

11. Intangible assets

	Consolidated	
	31 Dec 2011	30 Jun 2011
	$M	$M
Goodwill relating to European operations, at cost less impairment	568.6	598.2
Management rights relating to Asia Pacific operations, at cost less impairment	51.9	49.5
Management rights relating to European operations, at cost less impairment	181.8	180.2
	802.3	**827.9**

11. Intangible assets (cont)

An analysis of the intangible assets at 31 December 2011 is set out below:

	Consolidated	
Carrying amounts	**31 Dec 2011 $M**	**30 Jun 2011 $M**
Goodwill		
Logistics - Continental Europe	486.8	513.6
Logistics - United Kingdom	81.8	84.6
Subtotal - goodwill	**568.6**	**598.2**
Asia Pacific management rights		
Fund management - New Zealand	5.2	5.2
Fund management - Hong Kong	19.7	18.8
Fund management - China	27.0	25.5
Subtotal - Asia Pacific management rights	**51.9**	**49.5**
European management rights		
Logistics - Continental Europe	27.8	29.3
Business Parks - United Kingdom	154.0	150.9
Subtotal - European management rights	**181.8**	**180.2**
Subtotal - management rights	**233.7**	**229.7**
Total	**802.3**	**827.9**

During the half year, an impairment of A$4.5 million was recognised in the Logistics - United Kingdom division, which is primarily the impact of the slower than anticipated economic recovery in the United Kingdom. There were no reversals of impairments in respect of the Consolidated Entity's intangible assets.

Impairment testing for intangible assets

Detailed impairment testing based on cash flow forecasts was performed as at 30 June 2011 and the results disclosed in the Consolidated Entity's Annual Report.

At 31 December 2011, there were no indicators of impairment for intangible assets relating to New Zealand, Hong Kong and China. For the intangible assets relating to Logistics - Continental Europe, Logistics - United Kingdom and Business Parks – United Kingdom, given the ongoing economic uncertainty and relatively low level of headroom, the cash flow forecasts have been updated and the following table illustrates that as at 31 December 2011, the cash flow forecast assumptions are broadly consistent with those adopted at 30 June 2011.

Averages relate to average amounts over the five year forecast period.

		Logistics - Continental Europe	Logistics - United Kingdom	Business Parks - United Kingdom
Value in use (A$M)	**31 Dec 2011**	**653.0**	**82.3**	**160.3**
	30 Jun 2011	612.4	84.6	153.0
Pre-tax discount rate (pa)	**31 Dec 2011**	**13.1%**	**15.2%**	**9.4%**
	30 Jun 2011	14.4%	17.3%	10.6%
Average annual development (millions square metres)	**31 Dec 2011**	**0.85**	**0.23**	**0.05**
	30 Jun 2011	0.81	0.24	0.05
Average annual growth in assets under management	**31 Dec 2011**	**17.7%**	**47.4%**	**(0.7%)**
	30 Jun 2011	22.2%	49.0%	0.9%
Total performance fees (A$M)	**31 Dec 2011**	**-**	**-**	**21.2**
	30 Jun 2011	-	-	14.2
Average annual increase in operating expenses	**31 Dec 2011**	**8.0%**	**5.1%**	**2.3%**
	30 Jun 2011	11.0%	3.0%	2.5%

Discount rates have decreased compared to 30 June 2011 as markets have revised their expectations regarding returns for "risk-free" investments, inflation rates and interest rates. Management has also revised its terminal growth rates downwards by 50 basis points for each division when compared to the current ten year inflation averages.

11. Intangible assets (cont)

Continental Europe

Logistics – Continental Europe has continued to perform ahead of prior forecasts with over 1 million square metres of new pre-committed developments secured in the 2011 calendar year despite the ongoing economic uncertainty in the region. During the half year, GELF completed a €351 million rights issue and secured a new €800 million debt package.

United Kingdom

The United Kingdom property market remains a difficult operating environment with weak economic growth expectations and as a consequence of the weak economic growth expectations the Directors consider that, with the exception of certain prime locations, investment and development activity is likely to remain subdued in the short term.

The forecasts for Logistics – United Kingdom continue to assume an increase in development starts (by area) each year with development activity forecast to peak in FY13 and FY14; however, the profitability of these development projects has been revised down for FY12, FY13 and FY14.

Business Parks – United Kingdom reflects a lower level of development activity compared to the other divisions, consistent with the relatively stable assets under management. The decrease in assets under management since 30 June 2011 reflects the sale of investment properties. The increase in total performance fees over the five year forecast period compared to 30 June 2011, is a result of the roll forward of the cash flows by six months, which brings an additional year's fee into the five year forecast period.

Assumptions impacting the terminal year

		Logistics - Continental Europe	**Logistics - United Kingdom**	**Business Parks - United Kingdom**
Development in terminal year (millions square metres)	**31 Dec 2011**	**0.89**	**0.23**	**0.04**
	30 Jun 2011	0.89	0.24	0.04
Growth rate (pa)	**31 Dec 2011**	**1.4%**	**2.2%**	**2.2%**
	30 Jun 2011	1.8%	2.7%	2.7%
Development in terminal year (cost in A$ billions)	**31 Dec 2011**	**0.66**	**0.19**	**0.09**
	30 Jun 2011	0.70	0.20	0.09

Other than the reduction in terminal growth rates, which are consistent with the decreases in discount rates since 30 June 2011, there have been no significant changes to the assumptions adopted relating to the terminal year. The impairment testing continues to assume that management contracts are routinely renewed at minimal cost.

12. Interest bearing liabilities

		Consolidated	
		31 Dec 2011	**30 Jun 2011**
	Note	**$M**	**$M**
Current			
Bank loans, unsecured	12(a)	14.9	-
		14.9	**-**
Non-current			
Bank loans, unsecured	12(a)	865.3	589.3
Euro medium-term notes, unsecured	12(b)	382.4	375.0
US senior notes, unsecured	12(c)	816.8	768.2
Foreign private placements, unsecured	12(d)	193.7	181.3
		2,258.2	**1,913.8**

12. Interest bearing liabilities (cont)

(a) Bank loans, unsecured

Unsecured bank loans at 31 December 2011 are summarised as follows:

Facility		Amounts drawn down in A$M equivalents					
		AUD	USD	JPY	EUR	GBP	Total
Syndicated multi currency facility (SMCF)[1]	**31 Dec 2011**	**-**	**14.9**	**-**	**-**	**-**	**14.9**
	30 Jun 2011	-	-	-	-	-	-
Bank loan[2]	**31 Dec 2011**	**120.0**	**-**	**-**	**-**	**-**	**120.0**
	30 Jun 2011	120.0	-	-	-	-	120.0
Bank loan[3]	**31 Dec 2011**	**150.0**	**-**	**-**	**-**	**-**	**150.0**
	30 Jun 2011	150.0	-	-	-	-	150.0
Bank loan[4]	**31 Dec 2011**	**100.0**	**-**	**-**	**-**	**-**	**100.0**
	30 Jun 2011	100.0	-	-	-	-	100.0
Bank loan[5]	**31 Dec 2011**	**-**	**49.5**	**-**	**-**	**-**	**49.5**
	30 Jun 2011	-	46.5	-	-	-	46.5
Bank loan[6]	**31 Dec 2011**	**-**	**49.5**	**-**	**-**	**-**	**49.5**
	30 Jun 2011	-	46.5	-	-	-	46.5
Bank loan[7]	**31 Dec 2011**	**-**	**-**	**-**	**75.5**	**39.8**	**115.3**
	30 Jun 2011	-	-	-	55.4	-	55.4
Bank loan[8]	**31 Dec 2011**	**-**	**42.9**	**114.5**	**-**	**-**	**157.4**
	30 Jun 2011	-	35.9	0.4	-	-	36.3
Bank loans[9]	**31 Dec 2011**	**80.0**	**-**	**-**	**-**	**-**	**80.0**
	30 Jun 2011	-	-	-	-	-	-
Bank loan[10]	**31 Dec 2011**	**-**	**-**	**-**	**-**	**70.4**	**70.4**
	30 Jun 2011	-	-	-	-	-	-
Bank loan[11]	**31 Dec 2011**	**-**	**-**	**-**	**-**	**-**	**-**
	30 Jun 2011	-	-	-	4.6	57.0	61.6
Total	**31 Dec 2011**	**450.0**	**156.8**	**114.5**	**75.5**	**110.2**	**907.0**
	30 Jun 2011	370.0	128.9	0.4	60.0	57.0	616.3
Less: Unamortised borrowing costs	**31 Dec 2011**						**(26.8)**
	30 Jun 2011						(27.0)
Total unsecured bank loans	**31 Dec 2011**						**880.2**
	30 Jun 2011						589.3

1. The SMCF comprises a single A$400.0 million tranche and the facility expires on 24 May 2012.
2. At 31 December 2011, the facility limit was A$150.0 million and the facility expires on 27 June 2016.
3. At 31 December 2011, the facility limit was A$150.0 million and the facility expires on 29 June 2016.
4. At 31 December 2011, the facility limit was A$100.0 million and the facility expires on 1 February 2015.
5. At 31 December 2011, the facility limit was A$49.5 million (US$50.0 million) and the facility expires on 28 June 2013.
6. At 31 December 2011, the facility limit was A$49.5 million (US$50.0 million) and the facility expires on 24 June 2013.
7. At 31 December 2011, the facility limit was A$130.0 million (£85.0 million) and the facility expires on 17 August 2013.
8. At 31 December 2011, the facility limits were A$42.9 million (US$43.3 million) and A$114.5 million (¥9.0 billion). The facility expires on 4 June 2015.
9. At 31 December 2011, the facility limit was A$88.2 million and the facility expires on 29 June 2015.
10. At 31 December 2011, the facility limit was A$114.7 million (£75.0 million) and the facility expires on 13 May 2016.
11. At 31 December 2011, the facility limits were A$118.4 million (€92.5 million) that expires on 5 December 2012 and A$217.6 million (€170.0 million) that expires on 5 December 2013.

In addition to the above facilities, the Consolidated Entity had the following unsecured facilities that had not been drawn as at 31 December 2011:

+ a A$69.0 million facility that expires on 21 December 2016; and
+ a A$1.4 million (£0.9 million) facility that expires on 1 September 2012.

12. Interest bearing liabilities (cont)

(b) Euro medium-term notes, unsecured

As at 31 December 2011, Goodman Australia Finance Pty Limited, a controlled entity of GIT, had on issue A$382.4 million (£250.0 million) (30 June 2011: A$375.0 million) of Euro medium-term notes. All notes were issued at a fixed coupon of 9.75%, payable annually. The notes mature on 16 July 2018. The notes are listed on the Singapore Stock Exchange and the market value of the notes using the quoted price at 31 December 2011 was A$476.0 million (30 June 2011: A$455.3 million).

(c) United States senior notes, unsecured

As at 31 December 2011, Goodman Funding Pty Limited, a controlled entity of GIT, had on issue two tranches of senior unsecured notes in the United States 144A/Reg S bond market. The first tranche of A$321.8 million (US$325.0 million) (30 June 2011: A$302.6 million) was issued at a fixed coupon of 6.375% payable semi annually and matures on 12 November 2020. The second tranche of A$495.0 million (US$500.0 million) (30 June 2011: A$465.6 million) was issued at a fixed coupon of 6.375% payable semi annually and matures on 15 April 2021.

(d) Foreign private placements, unsecured

As at 31 December 2011, the Consolidated Entity had an unsecured foreign private placement of A$34.6 million (€27.0 million) (30 June 2011: A$36.5 million). The facility expires on 30 June 2023.

As at 31 December 2011, the Consolidated Entity had an unsecured foreign private placement of A$159.1 million (¥12.5 billion) (30 June 2011: A$144.8 million). The facility expires on 3 April 2023.

(e) Finance facilities

	Consolidated	
	Facilities available $M	Facilities utilised $M
At 31 December 2011		
Bank loans, unsecured	1,795.7	907.0
Euro medium-term notes, unsecured	382.4	382.4
United States senior notes, unsecured	816.8	816.8
Foreign private placements, unsecured	193.7	193.7
Bank guarantees[1]	-	27.3
	3,188.6	**2,327.2**
At 30 June 2011		
Bank loans, unsecured	1,727.1	616.3
Bank loans, secured	6.1	-
Euro medium-term notes, unsecured	375.0	375.0
United States senior notes, unsecured	768.2	768.2
Foreign private placements, unsecured	181.3	181.3
Bank guarantees[1]	-	27.7
	3,057.7	**1,968.5**

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

13. Issued capital

	31 Dec 2011	30 Jun 2011	31 Dec 2011	30 Jun 2011
	Number of securities		$M	$M
Stapled securities - issued and fully paid	7,699,494,265	7,358,284,935	7,357.7	7,207.7
Accumulated issue costs			(152.4)	(152.6)
Total issued capital			**7,205.3**	**7,055.1**

Terms and conditions

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

Effective 1 July 1998, the *Company Law Review Act 1998* abolished the concept of authorised capital and the concept of par value shares. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Date	Details	Number of securities	Issue price $	Share-holders $M	Unit-holders $M	Security-holders $M
1 Jul 2010	Opening balance	6,333,428,918		378.7	6,362.1	6,740.8
24 Dec 2010	Securities issued on conversion of preference securities by CIC	523,255,813	0.4300	3.4	221.6	225.0
31 Dec 2010	Balance	6,856,684,731		382.1	6,583.7	6,965.8
1 Feb 2011	Securities issued to employees under the Goodman Tax Exempt Plan	215,589	-	-	-	-
24 May 2011	Securities issued to Goodman Holdings Group for acquisition of Moorabbin Airport and Business Park	225,384,615	0.7250	1.4	162.0	163.4
27 May 2011	Securities issued on exercise of options by CIC	170,721,649	0.2464	0.4	41.7	42.1
27 May 2011	Securities issued on exercise of options by CIC	105,278,351	0.3464	0.3	36.1	36.4
30 Jun 2011	Balance	7,358,284,935		384.2	6,823.5	7,207.7
30 Sep 2011	Securities issued to employees under the Goodman Tax Exempt Plan	300,240	-	-	-	-
23 Dec 2011	Securities issued on conversion of preference securities by CIC	340,909,090	0.4400	4.5	145.5	150.0
31 Dec 2011	Balance	7,699,494,265		388.7	6,969.0	7,357.7
	Less: Accumulated issue costs	-		(10.2)	(142.2)	(152.4)
31 Dec 2011	**Closing balance**	**7,699,494,265**		**378.5**	**6,826.8**	**7,205.3**

Movement of treasury securities:

Date	Details	Number of securities	Issue price $	Share-holders $M	Unit-holders $M	Security-holders $M
1 Jul 2010	Opening balance	36,322,476	-	-	-	-
31 Dec 2010	Balance	36,322,476	-	-	-	-
30 Jun 2011	Balance	36,322,476	-	-	-	-
31 Dec 2011	**Closing balance**	**36,322,476**	-	-	-	-
31 Dec 2011	**Issued capital**	**7,699,494,265**	-	-	-	-
	Number of securities on issue on the ASX	**7,735,816,741**	-	-	-	-

14. Reserves

		Consolidated	
		31 Dec 2011	30 Jun 2011
	Note	$M	$M
Asset revaluation reserve	14(a)	(1,450.4)	(1,482.3)
Cash flow hedge reserve	14(b)	(39.5)	(64.3)
Foreign currency translation reserve	14(c)	(749.3)	(741.7)
Capital profits reserve	14(d)	(117.2)	(78.0)
Employee compensation reserve	14(e)	13.0	2.2
Defined benefit funds actuarial losses reserve	14(f)	(15.0)	(10.9)
Total reserves		**(2,358.4)**	**(2,375.0)**

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

	Shareholders		Unitholders		Securityholders	
	2011	2010	2011	2010	2011	2010
	$M	$M	$M	$M	$M	$M
(a) Asset revaluation reserve						
Balance at the beginning of the half year	(275.0)	(336.8)	(1,207.3)	(1,534.7)	(1,482.3)	(1,871.5)
Increase due to revaluation of available for sale equity securities	-	-	-	4.8	-	4.8
Transfers to capital profits reserve	10.7	5.8	22.9	36.5	33.6	42.3
Transfers from accumulated losses	(34.5)	4.5	30.7	19.4	(3.8)	23.9
Effect of foreign currency translation	(4.5)	41.1	6.6	73.5	2.1	114.6
Balance at the end of the half year	**(303.3)**	**(285.4)**	**(1,147.1)**	**(1,400.5)**	**(1,450.4)**	**(1,685.9)**
(b) Cash flow hedge reserve						
Balance at the beginning of the half year	(2.5)	(9.1)	(61.8)	(147.3)	(64.3)	(156.4)
Change in value of financial instruments	-	-	5.5	22.4	5.5	22.4
Transfers to income statement	1.4	-	19.5	12.9	20.9	12.9
Effect of foreign currency translation	-	1.3	(1.6)	12.7	(1.6)	14.0
Balance at the end of the half year	**(1.1)**	**(7.8)**	**(38.4)**	**(99.3)**	**(39.5)**	**(107.1)**
(c) Foreign currency translation reserve						
Balance at the beginning of the half year	(28.5)	(15.3)	(713.2)	(399.0)	(741.7)	(414.3)
Transfers to income statement	(0.6)	-	8.1	-	7.5	-
Net exchange differences on conversion of foreign operations	(14.5)	(22.3)	(0.6)	(319.8)	(15.1)	(342.1)
Balance at the end of the half year	**(43.6)**	**(37.6)**	**(705.7)**	**(718.8)**	**(749.3)**	**(756.4)**
(d) Capital profits reserve						
Balance at the beginning of the half year	32.7	43.1	(110.7)	100.3	(78.0)	143.4
Transfers from asset revaluation reserve	(10.7)	(5.8)	(22.9)	(36.5)	(33.6)	(42.3)
Effect of foreign currency translation	(3.6)	8.4	(2.0)	12.3	(5.6)	20.7
Balance at the end of the half year	**18.4**	**45.7**	**(135.6)**	**76.1**	**(117.2)**	**121.8**
(e) Employee compensation reserve						
Balance at the beginning of the half year	2.2	(7.5)	-	-	2.2	(7.5)
Equity settled share based payments recognised in income statement	11.0	6.0	-	-	11.0	6.0
Other	-	(1.1)	-	-	-	(1.1)
Effect of foreign currency translation	(0.2)	-	-	-	(0.2)	-
Balance at the end of the half year	**13.0**	**(2.6)**	**-**	**-**	**13.0**	**(2.6)**
(f) Defined benefit funds actuarial losses reserve						
Balance at the beginning of the half year	(10.9)	(15.0)	-	-	(10.9)	(15.0)
Actuarial (losses)/gains, net of tax	(3.8)	1.7	-	-	(3.8)	1.7
Effect of foreign currency translation	(0.3)	2.1	-	-	(0.3)	2.1
Balance at the end of the half year	**(15.0)**	**(11.2)**	**-**	**-**	**(15.0)**	**(11.2)**

15. (Accumulated losses)/retained earnings

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

	Shareholders		Unitholders		Securityholders	
	2011	2010	2011	2010	2011	2010
	$M	$M	$M	$M	$M	$M
Balance at the beginning of the half year	(334.3)	(215.7)	95.0	(102.9)	(239.3)	(318.6)
(Loss)/profit for the half year	(61.2)	(44.1)	261.2	270.1	200.0	226.0
Transfers to asset revaluation reserve	34.5	(4.5)	(30.7)	(19.4)	3.8	(23.9)
Distributions declared[1]	0.6	0.6	(139.2)	(103.4)	(138.6)	(102.8)
Balance at the end of the half year	**(360.4)**	**(263.7)**	**186.3**	**44.4**	**(174.1)**	**(219.3)**

1. Distributions declared by GIT relating to ESAP securities are deducted in calculating Unitholders' allocation of retained earnings/(accumulated losses) and added to Shareholders' allocation of accumulated losses. This amount is eliminated on consolidation.

16. Other non-controlling interests

Other non-controlling interests comprise:

	Consolidated	
	31 Dec 2011	30 Jun 2011
	$M	$M
Goodman PLUS Trust hybrid securities	318.8	318.8
CIC convertible preference securities	104.3	254.3
	423.1	**573.1**

Goodman PLUS Trust hybrid securities
At 31 December 2011, Goodman PLUS Trust, a controlled entity of GIT, had 3,269,665 hybrid securities on issue at a face value of $100 each. The hybrid securities are preferred, perpetual non-call securities which are listed on the ASX. Goodman PLUS Trust pays, at its discretion, distributions at a market rate plus a margin. The hybrid securities may be exchanged or repurchased in certain circumstances.

CIC convertible preference securities
On 23 December 2011, CIC converted $150.0 million preference securities to ordinary stapled securities at a price of $0.44 per security.

At 31 December 2011, Goodman had on issue $125.0 million of convertible preference securities to CIC. The convertible preference securities bear a coupon, the payment of which is at the discretion of the Consolidated Entity. During the half year, the coupon was 10% per annum but from 1 January 2012, the coupon increased to 11% per annum. CIC is able to convert these preference securities to ordinary stapled securities at a price of $0.45 per security from 31 December 2011.

Goodman may also elect to redeem the CIC convertible preference securities from 30 June 2012 if the closing price of Goodman's stapled securities for 20 out of 30 consecutive trading days is in excess of 125% of the conversion price.

17. Commitments

	Consolidated	
	31 Dec 2011	**30 Jun 2011**
	$M	**$M**
Capital expenditure commitments on Goodman's existing portfolio		
Contracted but not provided for and payable:		
- Within one year	35.3	34.2
- One year or later and no later than five years	4.4	-
- Later than five years	-	-
	39.7	**34.2**

At 31 December 2011, amounts contracted but not provided for the acquisition of investment properties were $nil (30 June 2011: $47.7 million).

At 31 December 2011, the Consolidated Entity was also committed to expenditure on inventories of $61.6 million (30 June 2011: $91.6 million) and expenditure in relation to construction contracts of $52.0 million (30 June 2011: $19.0 million).

Commitment to invest in managed funds

At 31 December 2011, the Consolidated Entity was committed to invest A$12.6 million (30 June 2011: A$14.7 million) into GADF and $41.8 million (30 June 2011: A$nil) into GGGAIF Huntingwood East, a JVE, to fund ongoing developments.

At 31 December 2011, the Consolidated Entity was committed to invest A$143.2 million (30 June 2011: A$nil) into GELF, being Goodman's share of the uncalled amount of the rights issue that was finalised in November 2011.

In relation to GAIF and GELF, the Consolidated Entity offers a limited liquidity facility to investors, which allows the investors to sell to the Consolidated Entity some or all of their investment in the funds. Limits apply to these liquidity facilities and Goodman is only required to offer to purchase up to 2.5% of the issued capital of GAIF and GELF each quarter. Furthermore, the Consolidated Entity is only required to purchase units where its co-investment in GAIF or GELF is below a prescribed limit. At 31 December 2011, Goodman's interests in GAIF (together with its custodian's interest) and GELF were below the prescribed limits and the liquidity facilities were open for investors. However, during January 2012, following the acquisition of 4.1 million GAIF units for $3.2 million, Goodman's interest in GAIF is above the prescribed limit.

The Consolidated Entity's commitment to invest in GHKLF expired on 2 November 2011. At 30 June 2011, this commitment was A$76.8 million.

18. Non-cash transactions

Distribution reinvestment plans

During the half year, the Consolidated Entity received its distributions from GMT of $3.2 million (2010: $4.5 million) in the form of units in the fund.

During the prior half year, the Consolidated Entity also received its distributions from GAIF of $15.0 million in the form of units in the fund.

Conversion of CIC convertible preference securities to ordinary stapled securities

During the half year, CIC converted $150.0 million (2010: $225.0 million) preference securities to ordinary stapled securities at a price of $0.44 (2010: $0.43) per security.

19. Events subsequent to balance date

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

Goodman Limited and its controlled entities
Directors' declaration

In the opinion of the directors of Goodman Limited:

(a) the interim financial statements and the accompanying notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

+ giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2011 and of its performance for the half year ended on that date; and

+ complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Ian Ferrier, AM
Independent Chairman

Gregory Goodman
Group Chief Executive Officer

Sydney, 16 February 2012

KPMG

Independent auditor's review report to the members of Goodman Limited

We have reviewed the accompanying interim financial report of Goodman Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2011, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes 1 to 19 comprising a statement of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated Entity comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Goodman Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Stuart Marshall
Partner
Sydney
16 February 2012