

APPENDIX 4D
GOODMAN GROUP
(comprising Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the half year ended 31 December 2012

The Appendix 4D should be read in conjunction with the annual report of Goodman Limited for the year ended 30 June 2012. The information included in the Appendix 4D and the interim financial report for the half year ended 31 December 2012 comprises all the information required by ASX Listing Rule 4.2A.

Highlights of results	31 Dec 12	31 Dec 11	Change	
Revenue and other income (\$M)	507.9	467.3	up	8.7%
Profit attributable to Securityholders (\$M)	154.6	200.0	down	(22.7%)
Operating profit (before specific non-cash and other significant items attributable to Securityholders) (\$M)	265.7	229.2	up	15.9%
Basic profit per security (cents) ¹	9.5	13.6	down	(30.1%)
Diluted profit per security (cents) ¹	9.3	13.1	down	(29.0%)
Interim dividends per share (cents) - Goodman Limited	-	-	-	0.0%
Interim dividends per share (cents) - Goodman Logistics (HK) Limited	-	-	-	0.0%
Interim distributions per unit (cents) ¹ - Goodman Industrial Trust	9.70	9.00	up	7.8%
Interim distributions (\$M)	166.2	138.6	up	19.9%
Franked amount per security/share (cents)	-	-	-	0.0%
Conduit foreign income	-	-	-	0.0%
Record date for determining entitlements to the distributions	31 Dec 12	31 Dec 11		
Date interim distribution is payable	28 Feb 2013	28 Feb 2012		
Distribution reinvestment plan				
Goodman Group's Distribution Reinvestment Plan (DRP) will not operate in respect to the interim 2013 distribution.				
Total assets (\$M)	8,412.7	7,953.4	up	5.8%
Total liabilities (\$M)	2,763.2	2,857.5	down	(3.3%)
Net assets (\$M)	5,649.5	5,095.9	up	10.9%
Net tangible assets per security/share (cents) ¹	264.04	250.15	up	5.6%
Total borrowings to equity ratio (%)	38.1	44.6	down	(14.6%)
Contributed equity (\$M)	7,806.2	7,205.3	up	8.3%
Security price (\$) ¹	4.330	2.850	up	51.9%
Number of securities on issue on the ASX (M) ¹	1,713.2	1,547.2	up	10.7%
Number of securities on issue, net of Treasury Securities (M) ¹	1,713.2	1,539.9	up	11.3%
Market capitalisation (\$M)	7,418.2	4,409.4	up	68.2%
Number of Securityholders	17,207	20,222	down	(14.9%)

1. Restated to reflect the consolidation of every five stapled securities into one stapled security in April 2012

Controlled entities acquired or disposed

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

Associates and joint venture entities

Goodman's Group's associates are set out in note 9 to the financial statements.

Goodman Group's joint venture entities are set out below:

MGJL Management Lux Sàrl
413 King William Street Trust
Macquarie Goodman Japan Pte Ltd
KWSA Goodman Industrial Trust
Goodman Japan Development Partnership
Goodman Princeton Holdings (Lux) Sàrl
Goodman Princeton Holdings (Jersey) Ltd
Colworth Park Ltd Partnership
The Harwell Science and Innovation Campus Limited Partnership
Goodman North American Partnership
BGA1 Pty Ltd
Toll Goodman Property Services Pty Ltd
GGGAIH Huntingwood East
GGGAIH Bungarribee No. 1
GGGAIH Bungarribee No. 2
Langfang Goodman Vast Park Service Company
Üllő One 2008 Kft
Üllő Two 2008 Kft
WMP NV
BL Goodman LLP
Pochin Rosemound (Deeside) Ltd
B Logistics Ltd

Goodman Limited
ABN 69 000 123 071
and its controlled entities
Interim financial report for the half year ended 31 December 2012

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**Goodman Limited and its controlled entities
Directors' report
for the half year ended 31 December 2012**

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 2012 (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 September 2003
Mr Gregory Goodman (Group Chief Executive Officer)	7 August 1998
Mr Philip Fan (Independent Director)	1 December 2011
Mr John Harkness (Independent Director)	23 February 2005
Ms Anne Keating (Independent Director)	23 February 2005
Ms Rebecca McGrath (Independent Director)	3 April 2012
Mr Philip Pearce (Executive Director)	1 January 2013
Mr Danny Peeters (Executive Director)	1 January 2013
Mr Phillip Pryke (Independent Director)	13 October 2010
Mr Anthony Rozic (Executive Director)	1 January 2013
Mr Jim Sloman, OAM (Independent Director)	1 February 2006

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 October 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	
	2012	2011
Revenue and other income before fair value adjustments on investment properties (\$M)	516.6	431.2
Fair value adjustments on investment properties including share of the adjustments for associates and joint venture entities (\$M)	(8.7)	36.1
Revenue and other income (\$M)	507.9	467.3
Profit attributable to Securityholders (\$M)	154.6	200.0
Basic profit per security (¢) ¹	9.5	13.6
Dividends and distributions provided for or paid by Goodman (\$M)	166.2	138.6
Weighted average number of securities on issue (M)	1,631.0	1,474.7
	31 Dec 2012	30 Jun 2012
Total equity attributable to securityholders (\$M)	5,323.7	4,855.8
Number of securities on issue (M) ²	1,713.2	1,605.1
Net tangible assets per security (\$) ³	2.64	2.54
Net assets per security (\$) ³	3.11	3.03

1. The comparative figures have been restated to adjust for the consolidation of every five stapled securities into one stapled security.
2. Represents amounts as per Australian Securities Exchange (ASX).
3. 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 (2011: \$nil).

During the half year, Goodman Industrial Trust (GIT) declared a distribution to Securityholders of 9.7 cents per unit (2011 restated: 9.0 cents per unit), resulting in a distribution of \$166.2 million to be paid on 28 February 2013.

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

This summarised reconciliation is as follows:

	Consolidated	
	2012	2011
	\$M	\$M
Operating profit¹	265.7	229.2
Adjustments for:		
Property valuation (losses)/gains	(39.4)	1.3
Derivative and foreign currency mark to market movements	(52.3)	(1.6)
Other non-cash or non-recurring losses	(19.4)	(28.9)
Profit attributable to Securityholders	154.6	200.0

1. Operating profit comprises profit attributable to Securityholders adjusted for property related valuations, non-property related impairment losses, derivative and foreign currency mark to market movements and other non-cash or non-recurring items.

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

	Note	Consolidated	
		2012	2011
		\$M	\$M
Operating profit		265.7	229.2
Valuation adjustments			
- Net gain/(loss) from fair value adjustments on investment properties	8	20.8	(2.6)
- Deferred tax on fair value adjustments on investment properties		(0.2)	-
- Share of net (loss)/gain from fair value adjustments attributable to investment properties in associates	5	(31.0)	32.5
- Share of net gain from fair value adjustments attributable to investment properties in joint ventures	5	1.5	6.2
- Impairment losses	5	(31.3)	(44.1)
- Fair value movements on derivative financial instruments	6	(80.7)	109.4
- Share of fair value movements on interest rate swaps in associates and joint ventures	5	(5.8)	(49.5)
- Unrealised foreign exchange movements	6	34.2	(61.5)
Other adjustments			
- Share based payments expense	5	(13.9)	(11.6)
- Capital profit/(loss) not distributed		0.4	(7.5)
- Straight lining of rent and amortisation of lease incentives		0.8	(3.1)
- Transaction related costs for strategic initiatives		(5.9)	-
- Other non-cash non-operating items relating to associates and joint ventures		-	2.6
Profit attributable to Securityholders		154.6	200.0

Goodman Limited and its controlled entities
Directors' report
for the half year ended 31 December 2012

State of affairs

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

(a) Restructure of Goodman

On 22 August 2012, Goodman completed the implementation of the internal restructure of the Consolidated Entity to add Goodman Logistics (HK) Limited to the existing Goodman Group stapled entities. Securityholders with a Goodman Group stapled security now hold a CHESS Depository Interest (CDI) over an ordinary share in Goodman Logistics (HK) Limited, stapled to an ordinary share in Goodman Limited and a unit in Goodman Industrial Trust.

(b) Equity raisings

On 15 November 2012, Goodman completed a fully underwritten equity raising to raise a total of \$400.0 million from the issue of approximately 94.1 million stapled securities at \$4.25 per security via an institutional placement.

On 19 December 2012, Goodman raised \$49.1 million through the issue of 11.5 million stapled securities at \$4.25 per security under a Security Purchase Plan.

(c) Fund and development joint venture initiatives

During the half year, Goodman completed various initiatives in relation to its managed funds. In particular:

- + Goodman Australia Industrial Fund (GAIF) completed a \$624.0 million equity raising, which reduced Goodman's unitholding in the fund to 38.4% and the fund life was extended to 2019;
- + The life of the Goodman Hong Kong Logistics Fund was extended by seven years to March 2020;
- + Goodman China Logistics Holding Limited (GCLHL) increased its equity commitment to US\$1.0 billion;
- + Goodman established the Goodman Japan Development Partnership (GJDP), which is a 50/50 venture between Goodman and the Abu Dhabi Investment Council. A combined US\$500.0 million of equity has been allocated to GJDP. GJDP has a strategy to develop modern logistics facilities in the major logistics markets of Japan and has invested in three prime development projects in the key logistics markets of Tokyo Bay and Osaka; and
- + Goodman secured US\$890.0 million of equity for Goodman North America Partnership alongside Canadian Pension Plan Investment Board on a 55/45 basis respectively.

(d) Japan

Goodman has agreed commercial terms to consolidate its interest in Macquarie Goodman Japan to 100% by sharing the net assets of Goodman Japan with its joint venture partner Macquarie Group. The transaction will result in Goodman owning 100% of the management company. Goodman will also retain an interest in Goodman Japan Core Fund (GJCF) of approximately 30% of the equity, which is in line with its long-term target holding. Macquarie Group is predominately receiving units in GJCF for its share of the assets. The transaction is expected to complete in the first quarter of 2013.

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 6 and forms part of the Directors' report for the half year.

**Goodman Limited and its controlled entities
Directors' report
for the half year ended 31 December 2012**

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

Sydney, 21 February 2013



Gregory Goodman
Group Chief Executive Officer



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

To: the directors of Goodman Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2012 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

21 February 2013

Goodman Limited and its controlled entities
Consolidated interim statement of financial position
as at 31 December 2012

	Consolidated		
	31 Dec 2012	30 Jun 2012	30 Jun 2012
	Note	\$M	\$M
Current assets			
Cash		378.1	310.8
Receivables		379.6	164.3
Inventories		143.3	194.3
Current tax receivables		0.1	0.1
Other assets		27.4	121.3
Total current assets		928.5	790.8
Non-current assets			
Receivables		331.9	364.4
Inventories		694.4	601.0
Other assets		21.4	67.5
Investment properties	8	2,504.9	2,674.5
Investments accounted for using the equity method	9	3,086.0	2,893.4
Deferred tax assets		17.9	18.8
Other financial assets		13.1	13.6
Plant and equipment		14.5	12.7
Intangible assets	10	800.1	783.2
Total non-current assets		7,484.2	7,429.1
Total assets		8,412.7	8,219.9
Current liabilities			
Payables		160.9	259.5
Current tax payables		37.3	29.9
Interest bearing liabilities	11	-	42.5
Employee benefits		26.7	44.4
Provisions		167.3	145.6
Total current liabilities		392.2	521.9
Non-current liabilities			
Payables		166.7	167.7
Interest bearing liabilities	11	2,153.1	2,305.0
Deferred tax liabilities		6.4	6.3
Employee benefits		34.6	33.7
Provisions		10.2	10.7
Total non-current liabilities		2,371.0	2,523.4
Total liabilities		2,763.2	3,045.3
Net assets		5,649.5	5,174.6
Equity attributable to Goodman Limited (GL)			
Issued capital	12	457.2	413.1
Reserves	13	(188.9)	(344.6)
(Accumulated losses)/retained earnings	14	(112.5)	8.9
Total equity attributable to GL		155.8	77.4
Equity attributable to Goodman Industrial Trust (GIT) (non-controlling interests)			
Issued capital	12	6,742.9	6,950.3
Reserves	13	(1,813.6)	(2,028.4)
Accumulated losses	14	(381.3)	(143.5)
Total equity attributable to GIT		4,548.0	4,778.4
Equity attributable to Goodman Logistics (HK) Limited (GLHK) (non-controlling interests)			
Issued capital	12	606.1	-
Reserves	13	(3.3)	-
Retained earnings	14	17.1	-
Total equity attributable to GLHK		619.9	-
Total equity attributable to Securityholders		5,323.7	4,855.8
Other non-controlling interests	15	325.8	318.8
Total equity		5,649.5	5,174.6

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

Goodman Limited and its controlled entities
Consolidated interim income statement
for the half year ended 31 December 2012

	Note	Consolidated	
		2012 \$M	2011 \$M
Revenue			
Gross property income		112.4	111.3
Fund management income		51.0	36.4
Property services income		35.7	30.7
Development income		80.5	119.3
Income from disposal of inventories		103.4	40.6
Distributions from investments		1.8	11.5
		384.8	349.8
Property and development expenses			
Property expenses		(30.5)	(30.3)
Development expenses		(13.5)	(93.8)
Inventory cost of sales		(101.3)	(40.5)
		(145.3)	(164.6)
Other income			
Net gain/(loss) from fair value adjustments on investment properties	8	20.8	(2.6)
Net gain on disposal of investment properties		8.3	0.6
Net gain on disposal of controlled entities	5	24.2	27.2
Share of net results of equity accounted investments	5	72.9	71.8
Net (loss)/gain on disposal of equity investments	5	(3.1)	20.5
		123.1	117.5
Other expenses			
Employee expenses		(43.4)	(36.4)
Share based payments expense	5	(14.0)	(11.6)
Administrative and other expenses		(30.9)	(29.9)
Impairment losses	5	(31.3)	(44.1)
		(119.6)	(122.0)
Profit before interest and tax		243.0	180.7
Net finance income/expense			
Finance income	6	40.0	114.7
Finance expense	6	(106.4)	(65.9)
Net finance (expense)/income		(66.4)	48.8
Profit before income tax		176.6	229.5
Income tax expense		(10.9)	(4.6)
Profit for the half year		165.7	224.9
Profit/(loss) attributable to GL		20.4	(61.2)
Profit attributable to GIT (non-controlling interests)		121.4	261.2
Profit attributable to GLHK (non-controlling interests)		12.8	-
Profit attributable to Securityholders		154.6	200.0
Profit attributable to other non-controlling interests		11.1	24.9
Profit for the half year		165.7	224.9
Basic profit/(loss) per Company share ¹ (¢)	3	1.3	(4.2)
Diluted profit/(loss) per Company share ¹ (¢)	3	1.2	(4.2)

1. The comparative figures have been restated to adjust for the consolidation of every five stapled securities into one stapled security.

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 2012

	Note	Consolidated	
		2012 \$M	2011 \$M
Profit for the half year		165.7	224.9
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial losses on defined benefit superannuation funds	13(f)	-	(3.8)
Effect of foreign currency translation	13(f)	(0.4)	(0.3)
		(0.4)	(4.1)
Items that may be reclassified subsequently to profit or loss			
Decrease due to revaluation of other financial assets	13(a)	(0.7)	-
Cash flow hedges:			
- Change in value of financial instruments	13(b)	2.2	5.5
- Transfers to the income statement from cash flow hedge reserve	13(b)	6.6	20.9
Effect of foreign currency translation		27.4	(20.4)
Transfers to the income statement from foreign currency translation reserve	13(c)	-	7.5
		35.5	13.5
Other comprehensive income for the half year, net of income tax		35.1	9.4
Total comprehensive income for the half year		200.8	234.3
Total comprehensive income attributable to GL		25.4	(87.3)
Total comprehensive income attributable to GIT		151.3	296.7
Total comprehensive income attributable to GLHK		13.0	-
Total comprehensive income attributable to Securityholders		189.7	209.4
Other non-controlling interests		11.1	24.9
Total comprehensive income for the half year		200.8	234.3

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 2012

Half year ended 31 December 2011

	Note	Attributable to Securityholders			Total	Other non-controlling interests	Total equity
		Issued capital	Reserves	Accumulated losses			
		\$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	14	-	-	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 China Investment Corporation (CIC)	12	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 expense recognised in the 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

Half year ended 31 December 2012

	Note	Attributable to Securityholders			Total	Other non-controlling interests	Total equity
		Issued capital	Reserves	Accumulated losses			
		\$M	\$M	\$M			
Balance at 1 July 2012		7,363.4	(2,373.0)	(134.6)	4,855.8	318.8	5,174.6
Total comprehensive income for the half year							
Profit for the half year	14	-	-	154.6	154.6	11.1	165.7
Other comprehensive income for the half year		-	35.1	-	35.1	-	35.1
Total comprehensive income for the year, net of income tax		-	35.1	154.6	189.7	11.1	200.8
Transfers		-	322.4	(322.4)	-	-	-
Contributions by and distributions to owners							
- Issue of securities under the Institutional Placement	12	400.0	-	-	400.0	-	400.0
- Issue of securities under the Security Purchase Plan	12	49.1	-	-	49.1	-	49.1
- Issue costs due to stapled securities	12	(6.3)	-	-	(6.3)	-	(6.3)
- Transfers to accumulated losses on modification of Goodman PLUS Trust hybrid securities		-	-	(8.1)	(8.1)	8.1	-
- Distributions declared on stapled securities	7	-	-	(166.2)	(166.2)	-	(166.2)
- Distributions declared on Goodman PLUS Trust hybrid securities	7	-	-	-	-	(11.1)	(11.1)
- Issue costs arising on modification of Goodman PLUS Trust hybrid securities		-	-	-	-	(1.1)	(1.1)
- Equity settled share based payments expense recognised in the income statement	5	-	9.7	-	9.7	-	9.7
Balance at 31 December 2012		7,806.2	(2,005.8)	(476.7)	5,323.7	325.8	5,649.5

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 2012

	Consolidated	
	2012	2011
	\$M	\$M
Cash flows from operating activities		
Property income received	106.6	123.0
Cash receipts from development activities	434.1	274.0
Other cash receipts from services provided	91.6	67.1
Property expenses paid	(17.0)	(30.5)
Payments for development activities	(324.1)	(231.3)
Other cash payments in the course of operations	(102.1)	(91.3)
Dividends/distributions received	77.2	63.7
Interest received	6.9	27.6
Finance costs paid	(43.8)	(59.9)
Net income taxes paid	(3.1)	(2.4)
Net cash provided by operating activities	226.3	140.0
Cash flows from investing activities		
Proceeds from disposal of investment properties	2.0	0.8
Proceeds from disposal of equity investments	9.9	8.3
Payments for intangible assets	(4.8)	-
Payments for equity investments	(216.2)	(48.0)
Payments for investment properties	(27.2)	(133.5)
Payments for plant and equipment	(2.4)	(3.7)
Net cash used in investing activities	(238.7)	(176.1)
Cash flows from financing activities		
Proceeds from issue of ordinary securities	449.1	-
Issue costs due to stapled securities	(6.3)	-
Issue costs arising on modification of Goodman PLUS Trust hybrid securities	(1.1)	-
Net cash flows from loans to related parties	(43.3)	(7.6)
Proceeds from borrowings	719.2	1,185.5
Repayments of borrowings	(882.4)	(901.2)
Distributions paid	(155.5)	(172.0)
Net cash provided by financing activities	79.7	104.7
Net increase in cash held	67.3	68.6
Cash at the beginning of the half year	310.8	227.8
Cash at the end of the half year	378.1	296.4

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

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

1. Statement of significant accounting policies

The Company 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 21 February 2013.

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 2012.

Except as described below, the accounting policies applied in the interim financial statements are the same as those applied by the Consolidated Entity in the annual report for the year ended 30 June 2012. The following changes in accounting policies are also expected to be reflected in the Consolidated Entity's annual report for the year ending 30 June 2013.

Presentation of transactions recognised in other comprehensive income

From 1 July 2012 the Consolidated Entity applied amendments to AASB 134 Interim Financial Reporting outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. The change in accounting policy only relates to disclosures and has had no impact on earnings per security or profit for the half year. The changes have been applied retrospectively and require the Consolidated Entity to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss.

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 knowledgeably, 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.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

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

(a) Investment properties (cont)

Stabilised investment properties (cont)

Approach to determination of fair value (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 2012 and 30 June 2012, 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.

At 31 December 2012, the overall weighted average capitalisation rates for the divisional portfolio (including funds managed by Goodman) are set out in the table below:

Division	Total portfolio weighted average capitalisation rate	
	31 Dec 2012	30 Jun 2012
	%	%
Australia	8.1	8.1
New Zealand	8.3	8.5
Hong Kong	6.1	6.2
China	9.2	8.9
Japan	5.5	5.5
Logistics - Continental Europe	7.7	7.8
Logistics - United Kingdom	8.1	8.1
Business Parks - United Kingdom	8.5	8.2

At 31 December 2012, the carrying value of stabilised investment properties held by the Consolidated Entity was \$2,136.9 million (30 June 2012: \$2,259.0 million).

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

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

(a) 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 2012, the carrying value of investment properties under development held by the Consolidated Entity was \$368.0 million (30 June 2012: \$415.5 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 2012, the carrying value of inventories held by the Consolidated Entity was \$837.7 million (30 June 2012: \$795.3 million) and impairments booked in the half year were \$14.7 million (2011: \$26.4 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 statement of financial position at 31 December 2012. Details of key assumptions are set out in note 10.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

3. Earnings per Company share/security

	Note	2012 €	2011 ¹ €
Profit/(loss) per Company share			
Basic profit/(loss) per Company share	3(a)	1.3	(4.2)
Diluted profit/(loss) per Company share	3(a)	1.2	(4.2)
Profit per security			
Basic profit per security	3(a)	9.5	13.6
Diluted profit per security	3(a)	9.3	13.1
Distributions per security	3(b)	9.7	9.0

1. The comparative figures have been restated to adjust for the consolidation of every five stapled securities into one stapled security.

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

	Note	2012 \$M	2011 \$M
Profit/(loss) per Company share			
Profit/(loss) after tax used in calculating basic and diluted profit/(loss) per Company share	14	20.4	(61.2)
Profit per security			
Profit after tax used in calculating basic profit per security	14	154.6	200.0
Distribution on Goodman PLUS Trust hybrid securities (Goodman PLUS) and CIC convertible preference securities ¹		-	24.9
Profit after tax used in calculating diluted profit per security		154.6	224.9

1. The effect of conversion of Goodman PLUS has been excluded in the calculation of diluted earnings per security in the current period as they are anti-dilutive. The CIC convertible preference securities were converted to ordinary securities in the second half of the prior financial year.

	2012	2011 ¹
Per Company share	Number of securities	
Weighted average number of securities used in calculating basic profit/(loss) per Company share	1,630,967,234	1,474,651,438
Effect of performance rights on issue	23,661,731	-
Weighted average number of securities used in calculating diluted profit per Company share ²	1,654,628,965	1,474,651,438

	2012	2011 ¹
Per security	Number of securities	
Weighted average number of securities used in calculating basic profit per security and distribution per security	1,630,967,234	1,474,651,438
Effect of performance rights on issue	23,661,731	14,528,957
Effect of conversion of Goodman PLUS and CIC convertible preference securities ²	-	233,205,012
Weighted average number of securities used in calculating diluted profit per security	1,654,628,965	1,722,385,407

1. The comparative figures have been restated to adjust for the consolidation of every five stapled securities into one stapled security.

2. The effect of conversion of Goodman PLUS has been excluded in the calculation of diluted earnings per security in the current period as they are anti-dilutive. The CIC convertible preference securities were converted to ordinary securities in the second half of the prior financial year.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

3. Earnings per Company share/security (cont)

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

As at 31 December 2012, the following performance rights and contingently issuable securities are potentially dilutive in future periods:

- + 36,919,489 equity settled performance rights granted to employees under the Long Term Incentive Plan; and
- + securities contingently issuable on conversion of Goodman PLUS.

(b) Dividends per Company share and distributions per security

No dividends were declared or paid by the Company during the half year (2011: \$nil). Distributions of 9.7 cents per security (2011 restated: 9.0 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, Greater China and Japan), Europe (Continental Europe and the United Kingdom) and America. The activities and services undertaken by the divisions include:

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

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

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

4. Segment reporting (cont)

Information about reportable segments

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		America		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement												
External revenues												
Gross property income	96.7	98.4	1.6	-	3.2	1.9	10.9	11.0	-	-	112.4	111.3
Fund management income	19.0	16.8	19.9	6.6	7.7	8.5	4.1	4.5	0.3	-	51.0	36.4
Property services income	17.2	14.4	3.3	2.1	6.5	4.4	8.7	9.8	-	-	35.7	30.7
Development income	7.9	75.0	46.3	1.8	23.7	39.1	2.6	3.4	-	-	80.5	119.3
Income from disposal of inventories	7.8	16.2	-	-	-	-	-	24.4	95.6	-	103.4	40.6
Distributions from investments	-	-	-	-	0.8	2.0	1.0	9.5	-	-	1.8	11.5
Total external revenues	148.6	220.8	71.1	10.5	41.9	55.9	27.3	62.6	95.9	-	384.8	349.8
Reportable segment profit/(loss) before tax	173.0	156.1	93.1	44.8	43.0	54.5	24.1	27.2	(3.1)	-	330.1	282.6
Other material non-cash items not included in reportable segment profit/(loss) before tax												
Net gain/(loss) from fair value adjustments on investment properties	25.1	1.6	-	-	(4.3)	(4.2)	-	-	-	-	20.8	(2.6)
Impairment losses	(13.4)	(5.1)	-	-	(2.9)	(12.5)	(15.0)	(26.5)	-	-	(31.3)	(44.1)
Other key components of financial performance included in reportable segment profit/(loss) before tax												
Share of net results of equity accounted investments	65.3	61.6	27.2	25.9	8.3	(6.3)	(27.9)	(9.4)	-	-	72.9	71.8
	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position												
Reportable segment assets	4,376.1	4,315.6	867.8	764.3	1,309.1	1,253.3	1,376.0	1,372.8	86.7	101.8	8,015.7	7,807.8
Investments in equity accounted investments (included in reportable segment assets)	1,811.8	1,810.7	451.7	374.6	413.5	357.0	326.3	351.1	82.7	-	3,086.0	2,893.4
Total non-current assets	4,103.4	4,219.9	698.4	618.4	1,226.5	1,141.2	1,205.4	1,201.9	87.7	101.8	7,321.4	7,283.2
Reportable segment liabilities	39.4	61.9	45.5	19.2	66.9	67.0	17.6	59.6	1.1	76.5	170.5	284.2

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

4. Segment reporting (cont)

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

	2012	2011
	\$M	\$M
Revenues		
Total revenue for reportable segments	384.8	349.8
Consolidated revenues	384.8	349.8
Profit or loss		
Total profit before tax for reportable segments	330.1	282.6
Other non-cash items not included in reportable segment profit before tax	(48.2)	(65.5)
Unallocated amounts:		
Other corporate expenses	(24.9)	(24.8)
Share based payments expense - refer to note 5	(14.0)	(11.6)
Net finance (expense)/income - refer to note 6	(66.4)	48.8
Consolidated profit before income tax	176.6	229.5
	31 Dec 2012	30 Jun 2012
	\$M	\$M
Assets		
Total assets for reportable segments	8,015.7	7,807.8
Other unallocated amounts	397.0	412.1
Consolidated total assets	8,412.7	8,219.9
Liabilities		
Total liabilities for reportable segments	170.5	284.2
Interest bearing liabilities	2,153.1	2,347.5
Provisions for distributions to Securityholders	166.2	144.5
Other unallocated amounts	273.4	269.1
Consolidated total liabilities	2,763.2	3,045.3

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

5. Profit before income tax

	Consolidated	
	2012	2011
	\$M	\$M
Profit before income tax has been arrived at after crediting/(charging) the following items:		
Net gain on disposal of special purpose development entities:		
- Continental Europe	16.3	27.2
- Greater China	7.9	-
Net gain on disposal of controlled entities	24.2	27.2
Share of net results of investments in associates - refer to note 9(a)		
- Operating results after tax (before revaluations)	95.3	76.9
- Fair value adjustments attributable to investment properties	(31.0)	32.5
- Fair value adjustments on interest rate swaps	(5.0)	(49.1)
Share of net results of investments in joint venture entities - refer to note 9(b)		
- Operating results after tax (before revaluations)	12.9	5.7
- Fair value adjustments attributable to investment properties	1.5	6.2
- Fair value adjustments on interest rate swaps	(0.8)	(0.4)
Share of net results of equity accounted investments	72.9	71.8
Net consideration from disposal of equity investments ¹	64.5	36.3
Carrying value of equity investments disposed	(66.9)	(15.8)
Loss on dilution of investment in associate - refer to note 9(a)	(0.7)	-
Net (loss)/gain on disposal of equity investments	(3.1)	20.5
Equity settled share based payments expense	(9.7)	(11.0)
Cash settled share based payments expense	(4.2)	(0.6)
Other share based payments related costs	(0.1)	-
Share based payments expense	(14.0)	(11.6)
Depreciation of plant and equipment	(2.1)	(3.1)
Amortisation and depreciation	(2.1)	(3.1)
Impairment of receivables ²	(11.9)	(4.9)
Impairment of inventories - refer to note 2(b)	(14.7)	(26.4)
Impairment of equity accounted investments - refer to note 9(b)	(2.8)	-
Impairment of other financial assets ²	(1.9)	(8.3)
Impairment of intangible assets	-	(4.5)
Impairment losses	(31.3)	(44.1)

1. During December 2012, the Consolidated Entity disposed of its 25% interest in Highbrook Development Limited (HDL) for a consideration of \$54.6 million.
2. 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 \$1.9 million (2011: \$3.5 million) relates to property valuations.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

6. Finance income and expense

	Consolidated	
	2012	2011
	\$M	\$M
Finance income		
Interest income from:		
- Related parties	3.7	2.8
- Other parties	2.1	2.5
Fair value adjustments on derivative financial instruments ¹	-	109.4
Foreign exchange gain ²	34.2	-
	40.0	114.7
Finance expense		
Interest expense from third party loans, overdrafts and derivatives	(66.4)	(40.0)
Other borrowing costs	(6.7)	(7.0)
Fair value adjustments on derivative financial instruments ¹	(80.7)	-
Foreign exchange loss ²	-	(61.7)
Capitalised borrowing costs	47.4	42.8
	(106.4)	(65.9)
Net finance (expense)/income	(66.4)	48.8

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. At 31 December 2012, the fair values of the Consolidated Entity's cross currency interest rate swaps entered into to hedge the United States senior notes (refer to note 11(c)) and the Japanese yen denominated private placement (refer to note 11(d)) were \$100.9 million asset (30 June 2012: \$188.9 million asset) and \$15.1 million liability (30 June 2012: \$nil).
2. Foreign exchange gain includes \$34.2 million (2011: loss of \$61.5 million) of unrealised gains on translation of the United States senior notes (refer to note 11(c)) and the Japanese yen denominated private placement (refer to note 11(d)).

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

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 (2011: \$nil).

(b) Distributions declared and paid by GIT

	Distribution cpu	Total amount \$M	Date of payment
Distributions for the half years ended			
- 31 Dec 2012	9.7	166.2	28 Feb 2013
- 31 Dec 2011 ¹	9.0	138.6	28 Feb 2012

1. The distribution per unit for the half year ended 31 December 2011 has been restated to adjust for the consolidation of every five units into one unit.

(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 have been accounted for as equity.

	Distribution cpu	Total amount \$M	Date of payment
Distributions for the half year ended 31 December 2012			
- 21 Sep 2012	136.7	4.5	21 Sep 2012
- 31 Dec 2012 ¹	201.6	6.6	31 Dec 2012
	338.3	11.1	
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	

1. On 26 September 2012, the holders of Goodman PLUS approved certain amendments to the terms of the hybrid securities (refer to note 15). These amendments include a change to the quarterly distribution dates to 31 December, 31 March, 30 June and 30 September.

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

In the prior financial year, China Hybrid Investment Sub-trust, a controlled entity of the Consolidated Entity, had hybrid securities (CIC convertible preference securities) on issue which met the definition of equity. The final tranche of these securities were converted to ordinary stapled securities of the Consolidated Entity on 25 June 2012.

	Distribution cpu	Total amount \$M	Date of payment
Distributions for the half years ended			
- 31 Dec 2012	-	-	n/a
- 31 Dec 2011	501,369.9	13.8	21 Dec 2011

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

8. Investment properties

	Consolidated	
	2012	2011
	\$M	\$M
Carrying amount at the beginning of the half year	2,674.5	2,924.7
Capital expenditure	26.4	48.8
Disposals:		
- Carrying value of properties sold	(195.5)	(0.2)
- On disposal of interests in controlled entities	(20.4)	-
Transfers to inventories ¹	(5.0)	(164.2)
Net gain/(loss) from fair value adjustments	20.8	(2.6)
Effect of foreign currency translation	4.1	9.5
Carrying amount at the end of the half year	2,504.9	2,816.0
Analysed as:		
Stabilised investment properties	2,136.9	2,421.5
Investment properties under development	368.0	394.5
	2,504.9	2,816.0

1. Development properties with a fair value of \$5.0 million (2011: \$164.2 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.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

9. Investments accounted for using the equity method

	Note	Consolidated	
		31 Dec 2012	30 Jun 2012
		\$M	\$M
Share of net assets accounted for using the equity method			
Associates	9(a)	2,613.9	2,522.2
Joint venture entities (JVEs)	9(b)	472.1	371.2
Total		3,086.0	2,893.4

(a) Investments in associates

	Consolidated	
	2012	2011
	\$M	\$M
Movements in carrying amount of investments in associates		
Carrying amount at the beginning of the half year	2,522.2	2,372.7
Share of net results after tax (before revaluations)	95.3	76.9
Share of fair value adjustments attributable to investment properties	(31.0)	32.5
Share of fair value adjustments on interest rate swaps	(5.0)	(49.1)
Share of net results - refer below	59.3	60.3
Share of movements in reserves	2.1	18.5
Loss on dilution of investment	(0.7)	-
Acquisitions	92.6	77.6
Disposals	(2.5)	(8.2)
Distributions received and receivable	(72.1)	(66.2)
Effect of foreign currency translation	13.0	(5.5)
Carrying amount at the end of the half year	2,613.9	2,449.2

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

Name	Country of establishment/ incorporation	Consolidated share of associate's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
		31 Dec 2012 \$M	31 Dec 2011 \$M	31 Dec 2012 %	30 Jun 2012 %	31 Dec 2012 \$M	30 Jun 2012 \$M
Property investment associates							
GAIF	Australia	33.0	33.8	38.4	43.3	1,144.4	1,145.2
Goodman Australia Development Fund	Australia	2.1	0.6	20.0	20.0	46.2	44.8
Goodman Trust Australia (GTA)	Australia	20.0	22.0	19.9	19.9	343.2	323.8
Goodman Property Trust (GMT)	New Zealand	4.6	3.9	18.1	17.2	169.0	136.3
Goodman Hong Kong Logistics Fund	Cayman Islands	16.1	15.0	20.0	20.0	227.9	220.4
GCLHL	China	4.7	2.4	20.0	20.0	16.4	12.1
Goodman European Logistics Fund (GELF)	Luxembourg	7.6	(7.4)	28.4	26.6	379.0	328.3
Arlington Business Parks Partnership (ABPP)	United Kingdom	(28.8)	(10.0)	43.1	43.1	287.8	311.3
		59.3	60.3			2,613.9	2,522.2

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2012

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

(b) Investments in JVEs

	Consolidated	
	2012	2011
	\$M	\$M
Movements in carrying amount of investments in JVEs		
Carrying amount at the beginning of the half year	371.2	224.7
Share of net results after tax (before revaluations)	12.9	5.7
Share of fair value adjustments attributable to investment properties	1.5	6.2
Share of fair value adjustments on interest rate swaps	(0.8)	(0.4)
Share of net results - refer below	13.6	11.5
Share of movements in reserves	0.2	0.1
Impairment	(2.8)	-
Acquisitions	173.8	16.2
Disposals	(64.0)	-
Distributions received and receivable	(1.8)	(0.7)
Effect of foreign currency translation	(18.1)	10.1
Carrying amount at the end of the half year	472.1	261.9

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

Name	Country of establishment/ incorporation	Consolidated share of JVE's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
		31 Dec 2012 \$M	31 Dec 2011 \$M	31 Dec 2012 %	30 Jun 2012 %	31 Dec 2012 \$M	30 Jun 2012 \$M
Property investment JVEs							
KWASA Goodman Industrial Trust	Australia	3.8	-	40.0	40.0	107.2	103.3
Macquarie Goodman Japan Pte Ltd (MGJ)	Singapore	6.4	8.3	50.0	50.0	134.3	142.0
Goodman North America Partnership	USA	-	-	55.0	-	82.7	-
Property development JVEs							
Highbrook Development Ltd (HDL) ¹	New Zealand	1.4	0.8	-	25.0	-	54.8
GJDP	Japan	-	-	42.5	-	73.0	-
Other JVEs		2.0	2.4			74.9	71.1
		13.6	11.5			472.1	371.2

1. During December 2012, the Consolidated Entity disposed of its interest in HDL to GMT.

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Notes to the interim financial statements
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10. Intangible assets

	Consolidated	
	31 Dec 2012	30 Jun 2012
	\$M	\$M
Goodwill relating to European operations, at cost less impairment	559.9	545.4
Goodwill relating to North American operations, at cost less impairment	4.8	4.9
Management rights relating to Asia Pacific operations, at cost less impairment	51.2	51.9
Management rights relating to European operations, at cost less impairment	184.2	181.0
	800.1	783.2

An analysis of the intangible assets at 31 December 2012 is set out below:

Carrying amounts	31 Dec 2012	30 Jun 2012
	\$M	\$M
Goodwill		
Logistics - Continental Europe	483.3	470.1
Logistics - United Kingdom	76.6	75.3
Logistics - North America	4.8	4.9
Subtotal - goodwill	564.7	550.3
Asia Pacific management rights		
Fund management - New Zealand	5.4	5.3
Fund management - Hong Kong	19.5	19.9
Fund management - China	26.3	26.7
Subtotal - Asia Pacific management rights	51.2	51.9
European management rights		
Logistics - Continental Europe	27.6	26.8
Business Parks - United Kingdom	156.6	154.2
Subtotal - European management rights	184.2	181.0
Subtotal - management rights	235.4	232.9
Total	800.1	783.2

During the half year, there have been no impairments and no reversals of impairments in respect of the Consolidated Entity's intangible assets.

In the prior half year, an impairment of A\$4.5 million was recognised in the Logistics - United Kingdom division, which was primarily the impact of the slower than anticipated economic recovery in the United Kingdom.

Impairment testing for intangible assets

Detailed impairment testing based on cash flow forecasts was performed as at 30 June 2012 and the results disclosed in the Consolidated Entity's annual report.

One of the key assumptions in relation to the impairment testing is that the management rights are assessed to have an indefinite life as these rights are routinely renewed at minimal cost.

At 31 December 2012, there were no indicators of impairment for intangible assets relating to North America, New Zealand and Greater China. For the intangible assets relating to Logistics - Continental Europe, Logistics - United Kingdom and Business Parks – United Kingdom, given the ongoing economic uncertainty in Europe and relatively low level of headroom, the cash flow forecasts have been reviewed and the discount rates updated. The cash flow forecast assumptions are broadly consistent with those adopted at 30 June 2012 and a summary of the key assumptions is included in the following table.

Goodman Limited and its controlled entities
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for the half year ended 31 December 2012

10. Intangible assets (cont)

Impairment testing for intangible assets (cont)

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 2012	553.0	78.9	160.7
	30 Jun 2012	532.4	75.8	156.4
Pre-tax discount rate (pa)	31 Dec 2012	14.1%	15.4%	9.6%
	30 Jun 2012	14.5%	15.9%	10.0%
Average annual development (million square metres)	31 Dec 2012	0.88	0.23	0.04
	30 Jun 2012	0.83	0.23	0.05
Average annual growth in assets under management (AUM)	31 Dec 2012	16.2%	65.6%	(0.1%)
	30 Jun 2012	17.4%	66.5%	(0.6%)
Total performance fees (A\$M)	31 Dec 2012	-	-	20.2
	30 Jun 2012	-	-	19.9
Average annual increase in operating expenses	31 Dec 2012	6.4%	6.1%	1.4%
	30 Jun 2012	7.3%	5.6%	1.4%

Discount rates have decreased compared to 30 June 2012 as markets have reflected their expectations regarding returns for "risk-free" investments, inflation rates and interest rates.

Continental Europe

Logistics – Continental Europe has performed in line with forecasts despite the ongoing economic uncertainty in the region. It is forecast that development starts (by area) per annum will be maintained at 0.9 million square metres of business space and AUM will grow by an average of 16.2% over the five year forecast period.

United Kingdom

The United Kingdom property market remains a difficult operating environment 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.

Development activity is forecast to increase over the forecast period and be maintained at a level between 0.2 and 0.3 million square metres business space per annum. The majority of development land is expected to be sold to new or existing managed funds with the remaining on balance sheet development properties assumed to be developed by Goodman on behalf of third parties.

Business Parks – United Kingdom reflects a lower level of development activity compared to the other divisions, consistent with the forecasts agreed with investors as part of the extension of ABPP to July 2017. The existing landbank will continue to be developed although the impact on AUM will be offset by the ongoing asset recycling programme.

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10. Intangible assets (cont)

Assumptions impacting the terminal year

		Logistics - Continental Europe	Logistics - United Kingdom	Business Parks - United Kingdom
Growth rate (pa)	31 Dec 2012	1.8%	2.6%	2.6%
	30 Jun 2012	1.6%	2.6%	2.6%
Development in terminal year (million square metres)	31 Dec 2012	0.89	0.28	0.04
	30 Jun 2012	0.89	0.28	0.03
Development in terminal year (cost in A\$ billion)	31 Dec 2012	0.64	0.23	0.08
	30 Jun 2012	0.63	0.23	0.08

Since 30 June 2012, there have been no significant changes to the assumptions adopted relating to the terminal year.

11. Interest bearing liabilities

		Consolidated	
		31 Dec 2012	30 Jun 2012
	Note	\$M	\$M
Current			
Bank loans, unsecured	11(a)	-	42.5
		-	42.5
Non-current			
Bank loans, unsecured	11(a)	314.2	434.1
Euro medium-term notes, unsecured	11(b)	388.9	382.9
US senior notes, unsecured	11(c)	1,276.0	1,300.1
Foreign private placements, unsecured	11(d)	174.0	187.9
		2,153.1	2,305.0

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11. Interest bearing liabilities (cont)

(a) Bank loans, unsecured

Unsecured bank loans at 31 December 2012 are summarised as follows:

Facility		Amounts drawn down in A\$M equivalents					Total
		AUD	NZD	USD	JPY	GBP	
Bank loan ¹	31 Dec 2012	50.0	-	-	-	-	50.0
	30 Jun 2012	100.0	2.3	-	-	-	102.3
Bank loan ²	31 Dec 2012	-	21.2	-	-	-	21.2
	30 Jun 2012	-	15.7	-	-	-	15.7
Bank loans ³	31 Dec 2012	-	-	112.5	-	-	112.5
	30 Jun 2012	-	-	-	-	-	-
Bank loans ⁴	31 Dec 2012	-	-	60.2	5.0	-	65.2
	30 Jun 2012	-	-	52.5	5.6	-	58.1
Bank loan ⁵	31 Dec 2012	-	-	-	-	92.6	92.6
	30 Jun 2012	-	-	-	-	36.8	36.8
Bank loan ⁶	31 Dec 2012	-	-	-	-	-	-
	30 Jun 2012	150.0	-	-	-	-	150.0
Bank loan ⁷	31 Dec 2012	-	-	-	-	-	-
	30 Jun 2012	21.0	-	-	-	-	21.0
Bank loan ⁸	31 Dec 2012	-	-	-	-	-	-
	30 Jun 2012	80.0	-	-	-	-	80.0
Bank loan ⁹	31 Dec 2012	-	-	-	-	-	-
	30 Jun 2012	-	-	42.5	-	-	42.5
Total	31 Dec 2012	50.0	21.2	172.7	5.0	92.6	341.5
	30 Jun 2012	351.0	18.0	95.0	5.6	36.8	506.4
Less: Unamortised borrowing costs	31 Dec 2012						(27.3)
	30 Jun 2012						(29.8)
Total unsecured bank loans	31 Dec 2012						314.2
	30 Jun 2012						476.6

1. At 31 December 2012, the facility limit was A\$150.0 million and the facility expires on 27 June 2016.
2. At 31 December 2012, the facility limit was A\$99.1 million (NZ\$125.0 million) and the facility expires on 15 May 2015.
3. At 31 December 2012, the facility limits were A\$100.0 million that expires on 1 February 2015 and A\$50.0 million that expires on 18 July 2016.
4. At 31 December 2012, the facility limits were A\$60.2 million (US\$62.5 million) that expires on 30 April 2015 and A\$56.3 million (¥5.04 billion) that expires on 30 April 2016.
5. At 31 December 2012, the facility limit was A\$146.2million (£94.0 million) and the facility expires on 13 May 2016.
6. At 31 December 2012, the facility limit was A\$150.0 million and the facility expires on 29 June 2016.
7. At 31 December 2012, the facility limit was A\$107.3 million and the facility expires on 21 December 2016.
8. At 31 December 2012, the facility limit was A\$112.2 million and the facility expires on 29 June 2015.
9. The facility was fully repaid and cancelled on 21 December 2012.

In addition to the above facilities, the Consolidated Entity had the following unsecured bank facilities that had not been drawn as at 31 December 2012:

- + an A\$132.2 million (£85.0 million) facility that expires on 17 August 2013;
- + an A\$216.1 million (€170.0 million) facility that expires on 5 December 2013;
- + an A\$89.0 million (€70.0 million) facility that expires on 6 June 2015;
- + an A\$48.2 million (US\$50.0 million) facility that expires on 21 December 2015;
- + an A\$36.1 million (US\$37.5 million) facility that expires on 21 December 2015; and
- + an A\$37.5 million facility that expires on 21 December 2015.

Goodman Limited and its controlled entities
Notes to the interim financial statements
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11. Interest bearing liabilities (cont)

(b) Euro medium-term notes, unsecured

Goodman Australia Finance Pty Limited, a controlled entity of GIT, has on issue A\$388.9 million (30 June 2012: A\$382.9 million) Euro medium-term notes. All notes were issued at a fixed coupon of 9.75% payable annually. The notes mature on 16 July 2018.

(c) United States senior notes, unsecured

As at 31 December 2012, the Consolidated Entity has notes on issue in the United States 144A/Reg S bond market as follows:

- + A\$313.0 million (US\$325.0 million) maturing on 12 November 2020. The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually;
- + A\$481.5 million (US\$500.0 million) maturing on 15 April 2021. The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually; and
- + A\$481.5 million (US\$500.0 million) maturing on 22 March 2022. The senior unsecured notes were issued at a fixed coupon of 6.0% payable semi-annually.

(d) Foreign private placements, unsecured

As at 31 December 2012, the Consolidated Entity had the following unsecured foreign private placements:

- + A\$34.3 million (€27.0 million) denominated in Euros. The facility has a variable coupon payable quarterly and expires on 30 June 2023; and
- + A\$139.7 million (¥12.5 billion) denominated in Japanese yen. The facility has a fixed coupon payable semi-annually and expires on 3 April 2023.

(e) Finance facilities

	Consolidated	
	Facilities available	Facilities utilised
	\$M	\$M
At 31 December 2012		
Bank loans, unsecured	1,590.4	341.5
Euro medium-term notes, unsecured	388.9	388.9
United States senior notes, unsecured	1,276.0	1,276.0
Foreign private placements, unsecured	174.0	174.0
Bank guarantees ¹	-	34.5
	3,429.3	2,214.9
At 30 June 2012		
Bank loans, unsecured	1,549.9	506.4
Euro medium-term notes, unsecured	382.9	382.9
United States senior notes, unsecured	1,300.1	1,300.1
Foreign private placements, unsecured	187.9	187.9
Bank guarantees ¹	-	25.3
	3,420.8	2,402.6

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

Goodman Limited and its controlled entities
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12. Issued capital

	31 Dec 2012	30 Jun 2012	31 Dec 2012	30 Jun 2012
	Number of securities		\$M	
Stapled securities - issued and fully paid	1,713,233,947	1,605,107,475	7,965.1	7,516.0
Accumulated issue costs			(158.9)	(152.6)
Total issued capital			7,806.2	7,363.4

Terms and conditions

A stapled security means one share in the Company stapled to one unit in GIT and one share in GLHK. 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 Securityholders' meetings. In the event of a winding up of the Company, GIT and GLHK, Securityholders rank after creditors and are fully entitled to any proceeds of liquidation.

Date	Details	Number of securities	Issue price \$	Security			holders \$M
				GL \$M	GIT \$M	GLHK \$M	
1 Jul 2011	Opening balance	1,471,656,986		384.2	6,823.5	-	7,207.7
30 Sep 2011	Securities issued to employees under the Goodman Tax Exempt Plan	60,048	-	-	-	-	-
23 Dec 2011	Securities issued on conversion of preference securities by CIC	68,181,818	2.20	4.5	145.5	-	150.0
2 Apr 2012	Disposal of treasury securities	7,264,495	3.52	25.6	-	-	25.6
2 Apr 2012	Securities issued under the Security Purchase Plan	2,383,468	3.25	0.5	7.2	-	7.7
12 Apr 2012	Securities issued due to upward rounding on consolidation of every five stapled securities to one stapled security	5,105	-	-	-	-	-
25 Jun 2012	Securities issued on conversion of preference securities by CIC	55,555,555	2.25	8.7	116.3	-	125.0
30 Jun 2012	Balance	1,605,107,475		423.5	7,092.5	-	7,516.0
22 Aug 2012	In specie capital distribution of interests in GLHK shares ¹	-	-	-	(561.8)	561.8	-
3 Sep 2012	Securities issued to employees under the Long Term Incentive Plan	2,409,834	-	-	-	-	-
19 Oct 2012	Securities issued to employees under the Goodman Tax Exempt Plan	46,295	-	-	-	-	-
15 Nov 2012	Securities issued under the Institutional Placement	94,117,700	4.25	40.0	320.0	40.0	400.0
19 Dec 2012	Securities issued under the Security Purchase Plan	11,552,643	4.25	4.9	39.3	4.9	49.1
31 Dec 2012	Balance						
	Less: Accumulated issue costs	-		(11.2)	(147.1)	(0.6)	(158.9)
31 Dec 2012	Closing balance	1,713,233,947		457.2	6,742.9	606.1	7,806.2

Movement of treasury securities:

Date	Details	Number of securities	Issue price \$	Security			holders \$M
				GL \$M	GIT \$M	GLHK \$M	
1 Jul 2011	Opening balance	7,264,495	-	-	-	-	-
2 Apr 2012	Disposal of treasury securities	(7,264,495)	-	-	-	-	-
30 Jun 2012	Balance	-		-	-	-	-
31 Dec 2012	Closing balance	-		-	-	-	-
31 Dec 2012	Issued capital	1,713,233,947		457.2	6,742.9	606.1	7,806.2
	Number of securities on issue on the ASX	1,713,233,947		-	-	-	7,806

1. On 22 August 2012, GIT paid a subscription amount of HK\$4,567,164,781 (A\$561.8 million) for the issue of 1,605,107,475 shares by GLHK to CHES Depository Nominees Pty Limited (CDN) (in addition to the one share already held). CDN issued corresponding CDIs to GIT. Later that day, GIT carried out a capital distribution in specie of all its CDI interests to its unitholders so that a CDI was stapled to each GIT unit and GL share.

Goodman Limited and its controlled entities
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13. Reserves

	Consolidated		
		31 Dec 2012	30 Jun 2012
	Note	\$M	\$M
Asset revaluation reserve	13(a)	(1,253.9)	(1,384.9)
Cash flow hedge reserve	13(b)	(18.4)	(27.0)
Foreign currency translation reserve	13(c)	(745.3)	(790.8)
Capital profits reserve ¹	13(d)	-	(172.8)
Employee compensation reserve	13(e)	35.8	26.1
Defined benefit funds actuarial losses reserve	13(f)	(24.0)	(23.6)
Total reserves		(2,005.8)	(2,373.0)

1. In prior periods, unrealised gains or losses on properties included in the asset revaluation reserve were transferred to the capital profits reserve on disposal. From 1 July 2012, the Consolidated Entity has amended its policy such that on disposal of properties any previously unrealised gains or losses are now transferred from the asset revaluation reserve to accumulated losses/retained earnings. Accordingly, the balance of the capital profit reserve at 1 July 2012 has been transferred to accumulated losses.

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

	GL		GIT		GLHK		Securityholders	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
(a) Asset revaluation reserve								
Balance at the beginning of the half year	(296.7)	(275.0)	(1,088.2)	(1,207.3)	-	-	(1,384.9)	(1,482.3)
Decrease due to revaluation of other financial assets	(0.2)	-	(0.5)	-	-	-	(0.7)	-
Transfers to capital profits reserve	-	10.7	-	22.9	-	-	-	33.6
Transfers to/from (accumulated losses)/retained earnings	140.6	(34.5)	13.4	30.7	(4.3)	-	149.7	(3.8)
Effect of foreign currency translation	(4.2)	(4.5)	(13.6)	6.6	(0.2)	-	(18.0)	2.1
Balance at the end of the half year	(160.5)	(303.3)	(1,088.9)	(1,147.1)	(4.5)	-	(1,253.9)	(1,450.4)
(b) Cash flow hedge reserve								
Balance at the beginning of the half year	(0.4)	(2.5)	(26.6)	(61.8)	-	-	(27.0)	(64.3)
Change in value of financial instruments	-	-	2.2	5.5	-	-	2.2	5.5
Transfers to the income statement	0.4	1.4	6.2	19.5	-	-	6.6	20.9
Effect of foreign currency translation	-	-	(0.2)	(1.6)	-	-	(0.2)	(1.6)
Balance at the end of the half year	-	(1.1)	(18.4)	(38.4)	-	-	(18.4)	(39.5)
(c) Foreign currency translation reserve								
Balance at the beginning of the half year	(48.8)	(28.5)	(742.0)	(713.2)	-	-	(790.8)	(741.7)
Transfers to the income statement	-	(0.6)	-	8.1	-	-	-	7.5
Net exchange differences on conversion of foreign operations	9.4	(14.5)	35.7	(0.6)	0.4	-	45.5	(15.1)
Balance at the end of the half year	(39.4)	(43.6)	(706.3)	(705.7)	0.4	-	(745.3)	(749.3)
(d) Capital profits reserve								
Balance at the beginning of the half year	(1.2)	32.7	(171.6)	(110.7)	-	-	(172.8)	(78.0)
Transfers from asset revaluation reserve	-	(10.7)	-	(22.9)	-	-	-	(33.6)
Transfers to (accumulated losses)/retained earnings	1.2	-	171.5	-	-	-	172.7	-
Effect of foreign currency translation	-	(3.6)	0.1	(2.0)	-	-	0.1	(5.6)
Balance at the end of the half year	-	18.4	-	(135.6)	-	-	-	(117.2)
(e) Employee compensation reserve								
Balance at the beginning of the half year	26.1	2.2	-	-	-	-	26.1	2.2
Equity settled share based payments expense recognised in the income statement	8.9	11.0	-	-	0.8	-	9.7	11.0
Other	-	(0.2)	-	-	-	-	-	(0.2)
Balance at the end of the half year	35.0	13.0	-	-	0.8	-	35.8	13.0

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13. Reserves (cont)

	GL		GIT		GLHK		Securityholders	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
(f) Defined benefit funds actuarial losses reserve								
Balance at the beginning of the half year	(23.6)	(10.9)	-	-	-	-	(23.6)	(10.9)
Actuarial losses, net of tax	-	(3.8)	-	-	-	-	-	(3.8)
Effect of foreign currency translation	(0.4)	(0.3)	-	-	-	-	(0.4)	(0.3)
Balance at the end of the half year	(24.0)	(15.0)	-	-	-	-	(24.0)	(15.0)

14. (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 GLHK and their unitholding in GIT:

	GL		GIT		GLHK		Securityholders	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at the beginning of the half year	8.9	(334.3)	(143.5)	95.0	-	-	(134.6)	(239.3)
Profit/(loss) for the half year	20.4	(61.2)	121.4	261.2	12.8	-	154.6	200.0
Transfers to/from asset revaluation reserve	(140.6)	34.5	(13.4)	(30.7)	4.3	-	(149.7)	3.8
Transfers from capital profit reserve	(1.2)	-	(171.5)	-	-	-	(172.7)	-
Transfers from non-controlling interests ¹	-	-	(8.1)	-	-	-	(8.1)	-
Distributions declared	-	0.6	(166.2)	(139.2)	-	-	(166.2)	(138.6)
Balance at the end of the half year	(112.5)	(360.4)	(381.3)	186.3	17.1	-	(476.7)	(174.1)

1. Issue costs previously incurred on the issue of Goodman PLUS have been transferred to retained earnings/accumulated losses following amendments to the terms of the hybrid securities (refer to note 15).

15. Other non-controlling interests

Other non-controlling interests comprise:

	Consolidated	
	31 Dec 2012	30 Jun 2012
	\$M	\$M
Goodman PLUS	325.8	318.8

Goodman PLUS

At 31 December 2012, 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.

On 26 September 2012, the terms of the Goodman PLUS were amended in response to market conditions. The key amendments, which came into effect on 27 September 2012, are as follows:

- + distributions under the Goodman PLUS increased from a margin of 1.90% to a margin of 3.90% over the three month Bank Bill Swap Rate;
- + a step up margin of 0.25% will apply if the Goodman PLUS are not repurchased, exchanged or successfully remarketed on or before 30 September 2022. The first remarketing date under the amended terms is 31 December 2017 and thereafter every five years;
- + a final step up margin of 0.75% per annum will apply if the Goodman PLUS are not repurchased or exchanged on or before 31 December 2038; and
- + Goodman PLUS holders will have the right to require Goodman PLUS Trust to elect to repurchase or exchange the Goodman PLUS on 31 December 2073.

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16. Non-cash transactions

During the half year, the Consolidated Entity:

- + disposed of its entire interest in HDL for a consideration of \$54.6 million. This consideration was received in the form of units in GMT, of which \$24.8 million was deferred; and
- + received its distributions from GTA of \$9.6 million in the form of units in the fund.

During the prior half year, the Consolidated Entity received its distributions from GMT of \$3.2 million in the form of units in the fund.

17. Commitments

	Consolidated	
	31 Dec 2012	30 Jun 2012
	\$M	\$M
Capital expenditure commitments on Goodman's existing portfolio		
Contracted but not provided for and payable:		
- Within one year	19.2	30.6
- One year or later and no later than five years	2.3	2.4
- Later than five years	-	-
	21.5	33.0

At 31 December 2012, the Consolidated Entity was also committed to expenditure on inventories of \$153.8 million (30 June 2012: \$98.7 million) and expenditure in relation to construction contracts of \$16.2 million (30 June 2012: \$11.8 million).

Commitment to invest in managed funds and joint ventures

At 31 December 2012, the Consolidated Entity was committed to invest:

- + A\$138.8 million (30 June 2012: A\$nil) into GJDP, being Goodman's share of the uncalled equity commitment agreed with the joint venture partner on 10 September 2012;
- + A\$47.7 million (30 June 2012: A\$82.1 million) into GELF, being Goodman's share of the uncalled amount of the rights issue that was finalised in November 2011;
- + A\$111.8 million (30 June 2012: A\$58.0 million) into GCLHL to fund property acquisitions; and
- + A\$ 453.7 million (30 June 2012: A\$nil) into GNAP to fund property acquisitions.

In relation to GAIF and GELF, the Consolidated Entity offers limited liquidity facilities to investors, which allow 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 \$7.5 million of the issued capital of GAIF each quarter and 2.5% of the issued capital of 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. Currently, Goodman's interest (together with its custodian's interest) in GAIF and GELF is below the prescribed limit and both liquidity facilities are open for investors.

During the half year, Goodman and WTORRE established WTGoodman, a 50/50 logistics and industrial property joint venture in Brazil. Subject to the satisfactory completion of certain conditions precedent, principally in respect of planning consents, WTORRE will contribute four development sites into the fund and Goodman will commit equity of up to US\$175.0 million to fund the development of those sites.

18. 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 2012 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 Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Ian Ferrier, AM
Independent Chairman

Sydney, 21 February 2013



Gregory Goodman
Group Chief Executive Officer



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

We have reviewed the accompanying interim financial report of Goodman Limited, which comprises the consolidated interim statement of financial position as at 31 December 2012, consolidated interim income statement and consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim cash flow statement for the half year ended on that date, notes 1 to 18 comprising a summary 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 2012 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 2012 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

21 February 2013