

Goodman Industrial Trust
ARSN 091 213 839
and its controlled entities
Interim financial report for the half year ended 31 December 2017

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Goodman Industrial Trust and its controlled entities
Directors' report
for the half year ended 31 December 2017

The directors (Directors) of Goodman Funds Management Limited (Responsible Entity), the responsible entity for Goodman Industrial Trust (GIT or Trust), present their Directors' report together with the interim financial report of GIT and the entities it controlled (Consolidated Entity) at the end of, or during, the half year ended 31 December 2017 (half year) and the review report thereon.

GIT is deemed to be a controlled entity of Goodman Limited (GL). In this interim financial report, GL and its controlled entities are referred to as Goodman Group.

GIT's units are stapled to both shares in GL and CHESS Depositary Interests (CDIs) over shares in Goodman Logistics (HK) Limited (GLHK). The units in GIT, shares in GL and CDIs over the ordinary shares in GLHK are quoted as a single security on the Australian Securities Exchange (ASX) as Goodman Group stapled securities.

Directors

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

Directors	Appointment date
Mr Ian Ferrier, AM (Independent Chairman)	23 February 2005
Mr Gregory Goodman (Group Chief Executive Officer)	17 January 1995
Mr Philip Fan (Independent Director)	Appointed 1 December 2011 (retired 16 November 2017)
Mr John Harkness (Independent Director)	Appointed 1 September 2004 (retired 16 November 2017)
Mr Stephen Johns (Independent Director)	1 January 2017
Ms Anne Keating (Independent Director)	6 February 2004 (retired 16 November 2017)
Ms Rebecca McGrath (Independent Director)	3 April 2012
Mr Danny Peeters (Executive Director, Corporate)	1 January 2013
Mr Phillip Pryke (Independent Director)	13 October 2010
Mr Anthony Rozic (Deputy Group Chief Executive Officer and Chief Executive Officer, North America)	1 January 2013
Mr Jim Sloman, OAM (Independent Director)	1 February 2006
Ms Penny Winn (Independent Director)	1 February 2018

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

Operating and financial review

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

	2017	2016
	\$M	\$M
Net property income	30.9	42.8
Share of operating results after tax (before revaluations) of equity accounted investments	113.4	108.8
Property investment earnings	144.3	151.6
Property valuations	288.8	325.0
Profit attributable to unitholders of GIT (Unitholders)	310.8	445.5
Total comprehensive income attributable to Unitholders	291.0	470.2

Property investment

Investment earnings comprise gross property income, net of property expenses, and the Consolidated Entity's share of the results of partnerships. Goodman Group's investment business has performed in line with expectations, with cornerstone investments achieving a return on assets of 5.6%. Occupancy rates in Goodman Group's portfolios remained strong at 98% and the weighted average lease expiry improved to 4.8 years.

Goodman Industrial Trust and its controlled entities
Directors' report
for the half year ended 31 December 2017

Operating and financial review (cont)

Property investment (cont)

However, as a consequence of the continued asset rotation, property investment earnings of \$144.3 million have decreased by 4.8% compared to the prior half year.

Urban renewal

During the half year, the final proceeds from the sale of the first phase of urban renewal assets have been received, with these investment properties reflected as disposals in the current half year. Goodman Group is now focused on the planning and rezoning of future precincts and the potential pipeline of 35,000 apartments across the Australian portfolio has been maintained.

Property valuations

Investment markets continue to be strong in the regions the Consolidated Entity operates in and this has resulted in the Consolidated Entity's share of property valuation gains being \$288.8 million, with the weighted average capitalisation rate of Goodman Group tightening from 5.9% to 5.7% across the half year.

Liability management

Goodman Group took advantage of the positive market conditions during the half year and undertook a significant liability management programme which included the following transactions in the Consolidated Entity:

- + \$1.9 billion in new bonds issued, including US\$850 million 10.5 year and 20 year 144A/Reg S notes and €500 million 8 year Reg S notes;
- + repurchase of the hybrid securities on issue by Goodman PLUS Trust (Goodman PLUS); and
- + part repurchase of shorter-dated bonds denominated in GBP and USD.

Together, these initiatives delivered a substantially lower cost of funding and longer-dated debt. At 31 December 2017, Goodman Group had a weighted average debt maturity of 7.6 years (30 June 2017: 3.7 years) and had available liquidity of \$3.3 billion with debt maturities fully covered up to June 2028. Gearing remains low at 6.4% (30 June 2017: 5.9%) and interest cover is 14.3 times (30 June 2017: 9.5 times), which provides significant headroom relative to Goodman Group's financing covenants.

Statement of financial position

	31 Dec 2017	30 Jun 2017
	\$M	\$M
Stabilised investment properties	1,239.6	1,246.0
Cornerstone investments in partnerships	4,585.9	4,270.8
Development holdings	76.6	77.6
Loans to related parties	3,008.1	2,933.3
Cash	2,053.1	1,882.5
Other assets	204.1	277.0
Total assets	11,167.4	10,687.2
Interest bearing liabilities	2,840.3	2,576.3
Other liabilities	1,172.9	739.1
Total liabilities	4,013.2	3,315.4
Non-controlling interests	-	325.8
Net assets attributable to Unitholders	7,154.2	7,046.0

Stabilised investment properties

The value of stabilised investment properties has decreased by \$6.4 million to \$1,239.6 million. The decrease is due to asset disposals offset by fair value gains and capital expenditure. The majority of the stabilised investment properties are in Australia and include a number of sites with longer-term potential for urban renewal.

Cornerstone investments in partnerships

The value of cornerstone investments in partnerships has increased by \$315.1 million to \$4,585.9 million. The increase is driven primarily by valuation uplifts and development completions.

Loans to related parties

Loans to related parties are primarily loans to GL and GLHK and their controlled entities. The majority of Goodman Group's external debt facilities (interest bearing liabilities) are held by the Consolidated Entity which on lends the proceeds to other members of Goodman Group to fund acquisitions and developments. Loans to related parties have increased by \$74.8 million to \$3,008.1 million.

Goodman Industrial Trust and its controlled entities
Directors' report
for the half year ended 31 December 2017

Operating and financial review (cont)

Statement of financial position (cont)

Cash and interest bearing liabilities

The Consolidated Entity's cash and interest bearing liabilities should be considered together. On a net basis, the liability was \$787.2 million at 31 December 2017 compared to \$693.8 million at 30 June 2017; however, the weighted average maturity of the debt was much greater following the refinancing during the half year. This was also after the repurchase of Goodman PLUS in October 2017, which had been classified as non-controlling interests at 30 June 2017. Interest bearing liabilities included \$209.5 million of GBP denominated notes that will mature in July 2018 and will be repaid out of the Consolidated Entity's cash balances.

Other liabilities

Other liabilities comprise principally of loans from relates parties, provisions for distributions and the fair value of derivative financial instruments. Other liabilities have increased by \$433.8 million to \$1,172.9 million due to an increase in loans from other members of Goodman Group.

Non-controlling interests

The non-controlling interests relate to Goodman PLUS, which were repurchased during the half year.

Cash flow

	2017	2016
	\$M	\$M
Operating cash flows	142.4	139.7
Investing cash flows	(70.8)	318.5
Financing cash flows	95.6	(180.6)
Net increase in cash held	167.2	277.6
Cash and cash equivalents at the beginning of the half year	1,882.5	1,183.6
Effect of exchange rate fluctuations on cash held	3.4	-
Cash at the end of the half year	2,053.1	1,461.2

Operating cash flows were slightly higher than the prior half year. The reduction in net property income was offset by lower finance costs due to debt restructuring during the half year.

There was a net outflow from investing activities of \$70.8 million compared to a net inflow of \$318.5 million in the prior half year. This was due to the increased investment in the partnerships, principally Goodman European Logistics Partnership and Goodman North America Partnership to fund development activities. In addition, the proceeds from the disposal of investment properties, reflecting the urban renewal settlements, have decreased in the current half year.

There was a net inflow from financing activities of \$95.6 million compared to a net outflow of \$180.6 million in the prior half year. This was due to the receipt of loans from other members of Goodman Group using the proceeds of asset sales and operating activities and the debt restructuring initiatives undertaken during the half year. The debt restructuring resulted in significant inflows and outflows relating to the notes issued and repurchased in the debt capital markets. Overall there was a net inflow of \$114.2 million, which included costs. The other principal financing cash outflows included the repurchase of Goodman PLUS in October 2017 and the distribution to Unitholders in August 2017.

Distributions

An interim distribution in respect of the half year ended 31 December 2017 of 13.75 cents per unit, amounting to \$247.6 million (2016: 227.2 million) was determined during the half year. This interim distribution will be paid on 26 February 2018.

Events subsequent to balance date

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

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 Industrial Trust and its controlled entities
Directors' report
for the half year ended 31 December 2017**

Rounding

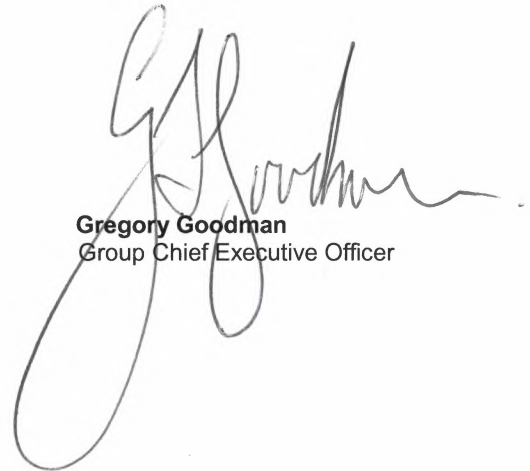
The Consolidated Entity is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in this Directors' report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

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



Ian Ferrier, AM
Independent Chairman

Sydney, 14 February 2018



Gregory Goodman
Group Chief Executive Officer



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

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

I declare that, to the best of my knowledge and belief, in relation to the review of Goodman Industrial
Trust for the half-year ended 31 December 2017 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

John Teer

Partner

Sydney

14 February 2018

Goodman Industrial Trust and its controlled entities
Consolidated interim statement of financial position
as at 31 December 2017

		31 Dec 2017	30 Jun 2017
	Note	\$M	\$M
Current assets			
Cash and cash equivalents		2,053.1	1,882.5
Receivables	5	1,699.3	1,737.5
Inventories	4(b)	24.3	23.1
Other financial assets		6.4	27.2
Other assets		1.6	4.7
Total current assets		3,784.7	3,675.0
Non-current assets			
Receivables	5	1,313.4	1,202.3
Inventories	4(b)	37.2	37.0
Investment properties	4(b)	1,254.7	1,263.5
Investments accounted for using the equity method	4(b)	4,585.9	4,270.8
Other financial assets		191.5	238.6
Total non-current assets		7,382.7	7,012.2
Total assets		11,167.4	10,687.2
Current liabilities			
Payables		354.2	93.1
Interest bearing liabilities	7	209.5	-
Provision for distributions		247.6	236.2
Other financial liabilities		89.0	158.4
Total current liabilities		900.3	487.7
Non-current liabilities			
Payables		403.6	163.3
Interest bearing liabilities	7	2,630.8	2,576.3
Deferred tax liabilities		24.3	11.8
Other financial liabilities		54.2	76.3
Total non-current liabilities		3,112.9	2,827.7
Total liabilities		4,013.2	3,315.4
Net assets		7,154.2	7,371.8
Equity			
Issued capital	10	7,381.3	7,310.5
Reserves	11	(105.5)	(80.9)
Accumulated losses	12	(121.6)	(183.6)
Total equity attributable to Unitholders		7,154.2	7,046.0
Non-controlling interests	13	-	325.8
Total equity		7,154.2	7,371.8

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

Goodman Industrial Trust and its controlled entities
Consolidated interim income statement
for the half year ended 31 December 2017

		2017	2016
	Note	\$M	\$M
Revenue and other income			
Gross property income		43.9	61.6
Net gain from fair value adjustments on investment properties	4(d)	56.4	132.1
Net gain on disposal of investment properties	2	10.1	61.2
Share of net results of equity accounted investments	2	335.5	262.2
Net gain/(loss) on disposal of equity investments		0.6	(0.1)
Other income		0.5	0.3
		447.0	517.3
Property and other expenses			
Property expenses		(13.0)	(18.8)
Trust expenses		(16.7)	(14.6)
Other expenses		(1.2)	(1.3)
		(30.9)	(34.7)
Profit before interest and tax		416.1	482.6
Net finance income/(expense)			
Finance income	6	110.8	92.9
Finance expense	6	(199.1)	(113.4)
Net finance expense		(88.3)	(20.5)
Profit before income tax		327.8	462.1
Income tax expense		(12.4)	(7.1)
Profit for the half year		315.4	455.0
Profit attributable to Unitholders		310.8	445.5
Profit attributable to non-controlling interests		4.6	9.5
Profit for the half year		315.4	455.0

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

Goodman Industrial Trust and its controlled entities
Consolidated interim statement of comprehensive income
for the half year ended 31 December 2017

		2017	2016
	Note	\$M	\$M
Profit for the half year		315.4	455.0
Other comprehensive income/(loss) for the half year			
Items that are or may be reclassified to profit or loss			
Increase due to revaluation of other financial assets	11(a)	2.9	1.9
Cash flow hedges:			
- Change in value of financial instruments	11(b)	1.1	2.6
Effect of foreign currency translation	11	(23.8)	20.2
Other comprehensive (loss)/income for the half year, net of tax		(19.8)	24.7
Total comprehensive income for the half year		295.6	479.7
Total comprehensive income attributable to:			
Unitholders		291.0	470.2
Non-controlling interests		4.6	9.5
Total comprehensive income for the half year		295.6	479.7

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

Goodman Industrial Trust and its controlled entities
Consolidated interim statement of changes in equity
for the half year ended 31 December 2017

Half year ended 31 December 2016

		Attributable to Unitholders			Non-controlling interests		Total equity
		Issued capital	Reserves	Accumulated losses	Total		
	Note	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2016		7,249.7	(68.1)	(318.0)	6,863.6	325.8	7,189.4
Total comprehensive income for the half year							
Profit for the half year	12	-	-	445.5	445.5	9.5	455.0
Other comprehensive income for the half year, net of tax		-	24.7	-	24.7	-	24.7
Total comprehensive income for the half year		-	24.7	445.5	470.2	9.5	479.7
Contributions by and distributions to owners							
Distributions declared on ordinary units	9(a)	-	-	(227.2)	(227.2)	-	(227.2)
Distributions paid/payable on Goodman PLUS	9(b)	-	-	-	-	(9.5)	(9.5)
Issue of ordinary units under the Goodman Group Long Term Incentive Plan (LTIP)		60.8	-	-	60.8	-	60.8
Equity settled share based payments relating to Goodman Group	11(d)	-	(1.8)	-	(1.8)	-	(1.8)
Balance at 31 December 2016		7,310.5	(45.2)	(99.7)	7,165.6	325.8	7,491.4

Half year ended 31 December 2017

		Attributable to Unitholders			Non-controlling interests		Total equity
		Issued capital	Reserves	Accumulated losses	Total		
	Note	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2017		7,310.5	(80.9)	(183.6)	7,046.0	325.8	7,371.8
Total comprehensive income for the half year							
Profit for the half year	12	-	-	310.8	310.8	4.6	315.4
Other comprehensive loss for the half year, net of tax		-	(19.8)	-	(19.8)	-	(19.8)
Total comprehensive (loss)/income for the half year		-	(19.8)	310.8	291.0	4.6	295.6
Transfers	13	-	-	(1.2)	(1.2)	1.2	-
Contributions by and distributions to owners							
Distributions declared on ordinary units	9(a)	-	-	(247.6)	(247.6)	-	(247.6)
Distributions paid/payable on Goodman PLUS	9(b)	-	-	-	-	(4.6)	(4.6)
Repurchase of Goodman PLUS		-	-	-	-	(327.0)	(327.0)
Issue of ordinary units under the Goodman Group LTIP		70.8	-	-	70.8	-	70.8
Group	11(d)	-	(4.8)	-	(4.8)	-	(4.8)
Balance at 31 December 2017		7,381.3	(105.5)	(121.6)	7,154.2	-	7,154.2

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

Goodman Industrial Trust and its controlled entities
Consolidated interim cash flow statement
for the half year ended 31 December 2017

	2017	2016
	\$M	\$M
Cash flows from operating activities		
Property income received	45.0	64.4
Other cash receipts from services provided	-	0.6
Property expenses paid	(6.8)	(12.3)
Payments for inventories	(0.3)	(2.0)
Other cash payments in the course of operations	(1.3)	(1.2)
Dividends/distributions received from equity accounted investments	162.2	176.0
Interest received	13.7	7.2
Finance costs paid	(71.2)	(92.9)
Net income taxes received/(paid)	1.1	(0.1)
Net cash provided by operating activities	142.4	139.7
Cash flows from investing activities		
Proceeds from disposal of investment properties	80.3	429.8
Proceeds from disposal of equity investments	0.7	-
Net cash movement on disposal of controlled entities	-	(2.3)
Payments for investment properties	(6.2)	(24.6)
Payments for equity investments	(145.6)	(84.4)
Net cash (used in)/provided by investing activities	(70.8)	318.5
Cash flows from financing activities		
Repurchase of Goodman PLUS	(327.0)	-
Proceeds from borrowings	1,836.4	10.3
Payments on borrowings and derivative financial instruments	(1,722.2)	(39.4)
Loans to/from related parties	549.2	50.7
Distributions paid	(240.8)	(202.2)
Net cash provided by/(used in) financing activities	95.6	(180.6)
Net increase in cash and cash equivalents	167.2	277.6
Cash and cash equivalents at the beginning of the half year	1,882.5	1,183.6
Effect of exchange rate fluctuations on cash held	3.4	-
Cash and cash equivalents at the end of the half year	2,053.1	1,461.2

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

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Basis of preparation

1. Basis of preparation

Goodman Industrial Trust was established in Australia. The interim financial report for the half year comprises GIT and its controlled entities (Consolidated Entity) and the Consolidated Entity's interests in associates and joint ventures (JVs).

The stapling of GIT, GL and GLHK was implemented on 22 August 2012. Following approval of the stapling, units in GIT, shares in GL and CDIs over shares in GLHK were stapled to one another and are quoted as a single security on the ASX. Goodman Funds Management Limited (the responsible entity of GIT), GL and GLHK must at all times act in the best interests of the stapled entity.

(a) 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*, the *Corporations Act 2001* and the requirements of GIT's constitution dated 13 December 1989, as amended. The interim financial report is presented in Australian dollars and was authorised for issue by the Directors on 14 February 2018.

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 for the Consolidated Entity as at and for the year ended 30 June 2017.

There are no significant changes to the Consolidated Entity's interim statement of financial position, income statement or statement of comprehensive income as a result of the application of the new and amended standards and interpretations mandatory for annual reporting periods beginning on or after 1 July 2017. The Consolidated Entity has not applied any Australian Accounting Standards available for early adoption in the preparation of these financial statements.

(b) Rounding

The Consolidated Entity is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that Instrument, amounts in the interim financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

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

The preparation of the interim financial report requires the use of estimates and assumptions that affect the application of the Consolidated Entity's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

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

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Basis of preparation (cont)

1. Basis of preparation (cont)

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

Measurement of fair values

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

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

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

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

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

(d) Australian Accounting Standards issued but not yet effective

As at the date of this interim financial report, the following Australian Accounting Standards were available for early adoption but have not been applied in preparing these financial statements:

- + revisions to AASB 9 *Financial Instruments* include requirements for the classification and measurement of financial assets and replaces AASB 139 *Financial Instruments: Recognition and Measurement*. The revised AASB 9 *Financial Instruments* will become mandatory for the Consolidated Entity's 30 June 2019 financial statements. The new standard is not expected to have a material impact on the Consolidated Entity's financial statements;
- + AASB 15 *Revenue from Contracts with Customers* provides a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received in return for that transfer. The new standard will become mandatory for the Consolidated Entity's 30 June 2019 financial statements. However, the new standard does not apply to the recognition of rental income from investment properties and based on the Consolidated Entity's other existing contractual arrangements, the new standard is not expected to have a material impact on the Consolidated Entity's financial statements; and
- + AASB 16 *Leases* introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. The new standard will become mandatory for the Consolidated Entity's 30 June 2020 financial statements; however, based on existing lease arrangements, the impact is not expected to be material in the context of the Consolidated Entity's financial statements.

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Results for the half year

2. Profit before income tax

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

	2017	2016
	\$M	\$M
Disposal of investment properties		
Net consideration from disposal of investment properties	83.0	410.2
Carrying value of investment properties disposed - refer to note 4(d)	(72.9)	(349.0)
Net gain on disposal of investment properties	10.1	61.2
Equity accounted investments		
Share of net results of investments in associates - refer to note 4(e)(i)		
- Operating results after tax (before revaluations)	95.1	88.4
- Fair value adjustments attributable to investment properties after tax	144.7	154.1
- Fair value adjustments on derivative financial instruments	(10.5)	(40.2)
Share of net results of investments in JVs - refer to note 4(e)(ii)		
- Operating results after tax (before revaluations)	18.3	20.4
- Fair value adjustments attributable to investment properties after tax	87.7	38.8
- Fair value adjustments on derivative financial instruments	0.2	0.7
Share of net results of equity accounted investments	335.5	262.2

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Results for the half year (cont)

3. Segment reporting

Operating segment information is reported on a geographic basis and the Consolidated Entity has determined that its operating segments are Australia and New Zealand (reported on a combined basis), Hong Kong, Continental Europe and North America.

The activities and services undertaken by the operating segments comprise property investment, including both direct ownership and the Consolidated Entity's cornerstone investments in partnerships.

Information about reportable segments

	Australia and New Zealand		Hong Kong		Continental Europe		North America		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement										
External revenues										
Gross property income	43.1	60.3	-	-	-	-	-	-	43.1	60.3
Other income	-	-	-	-	0.5	0.3	-	-	0.5	0.3
Total external revenues	43.1	60.3	-	-	0.5	0.3	-	-	43.6	60.6
Reportable segment profit before tax	107.1	177.5	14.5	14.2	20.6	8.8	11.2	17.4	153.4	217.9
Share of net results of equity accounted investments	150.2	189.4	48.1	29.0	40.8	12.2	96.4	30.4	335.5	261.0
Material non-cash items not included in reportable segment profit before tax										
Net gain from fair value adjustments on investment properties	56.4	132.1	-	-	-	-	-	-	56.4	132.1
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Statement of financial position										
Reportable segment assets	3,717.9	3,634.3	767.4	748.1	632.7	550.1	806.7	678.3	5,924.7	5,610.8
Included in reportable segment assets are:										
Investment properties	1,254.7	1,263.5	-	-	-	-	-	-	1,254.7	1,263.5
Investments accounted for using the equity method	2,414.2	2,318.2	767.4	748.0	604.3	526.3	800.0	678.3	4,585.9	4,270.8
Reportable segment liabilities	150.7	167.3	-	-	-	0.1	26.5	13.5	177.2	180.9

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Results for the half year (cont)

3. Segment reporting (cont)

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

	2017	2016
	\$M	\$M
Revenues		
Total revenue for reportable segments	43.6	60.6
Total revenue for other segments	0.8	1.3
Consolidated revenues	44.4	61.9
Profit or loss		
Total profit before tax for reportable segments	153.4	217.9
Profit before tax for other segments	0.7	2.1
Corporate expenses not allocated to reportable segments	(17.0)	(15.1)
	137.1	204.9
Valuation adjustments not included in reportable segment profit before tax:		
- Net gain from fair value adjustments on investment properties	56.4	132.1
- Fair value adjustments relating to associates and JVs	222.1	153.4
Other non-cash items not included in reportable segment profit before tax	0.5	(7.8)
Net finance expense - refer to note 6	(88.3)	(20.5)
Consolidated profit before income tax	327.8	462.1
	31 Dec 2017	30 Jun 2017
	\$M	\$M
Assets		
Assets for reportable segments	5,924.7	5,610.8
Assets for other segments	25.3	24.0
Unallocated amounts: loans to GL and GLHK and their controlled entities	3,008.1	2,933.3
Other unallocated amounts	2,209.3	2,119.1
Consolidated total assets	11,167.4	10,687.2
Liabilities		
Liabilities for reportable segments	177.2	180.9
Liabilities for other segments	-	0.2
Unallocated amounts: interest bearing liabilities	2,840.3	2,576.3
Unallocated amounts: loans to GL and GLHK and their controlled entities	557.2	30.8
Other unallocated amounts	438.5	527.2
Consolidated total liabilities	4,013.2	3,315.4

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Operating assets

4. Property assets

(a) Types of property assets

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

Inventories

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

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

Investment properties

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

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

		31 Dec 2017	30 Jun 2017
	Note	\$M	\$M
Inventories			
Current		24.3	23.1
Non-current		37.2	37.0
		61.5	60.1
Investment properties			
Stabilised investment properties		1,239.6	1,246.0
Investment properties under development		15.1	17.5
	4(d)	1,254.7	1,263.5
Investments accounted for using the equity method			
Associates	4(e)(i)	3,348.1	3,159.0
JVs	4(e)(ii)	1,237.8	1,111.8
		4,585.9	4,270.8
Total property assets		5,902.1	5,594.4

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Operating assets (cont)

4. Property assets (cont)

(c) Estimates and assumptions in determining property carrying values

Inventories

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

Investment properties

Stabilised investment properties

Stabilised investment properties refer to investment properties which are not under development. The fair value of stabilised investment properties is based on current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts. The current price is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Market assessment

At 31 December 2017, all markets in which Goodman Group operated were observed to be active and no adjustments were made to the carrying value of stabilised investment properties arising from internal valuations using discounted cash flow calculations.

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

Division	Total portfolio weighted average capitalisation rate	
	31 Dec 2017	30 Jun 2017
	%	%
Australia ¹	5.9	6.1
Hong Kong	5.1	5.2
Continental Europe	5.8	6.1
North America	4.2	4.3

1. Excludes urban renewal sites which are valued on a rate per residential unit site basis.

Investment properties under development

External valuations are generally not performed for investment properties under development held directly by the Consolidated Entity, but instead valuations are determined using the feasibility studies supporting the developments. The end values of the developments in the feasibility studies are based on assumptions to determine 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% to 15%. This adjusted end value is then compared to the forecast cost of a completed development to determine whether there is an increase or decrease in value.

This practice of determining fair value by reference to the development feasibility is generally also applied for the Consolidated Entity's investments in partnerships. However, certain managed partnerships do obtain independent valuations for investment properties under development each financial year.

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Operating assets (cont)

4. Property assets (cont)

(d) Investment properties

Reconciliation carrying amount of directly held investment properties

	2017	2016
	\$M	\$M
Carrying amount at the beginning of the half year	1,263.5	2,079.5
Capital expenditure	8.1	7.1
Disposals:		
- Carrying value of properties disposed	(72.9)	(349.0)
- On disposal of interests in controlled entities	-	(25.1)
Net gain from fair value adjustments	56.4	132.1
Effect of foreign currency translation	(0.4)	(1.2)
Carrying amount at the end of the half year	1,254.7	1,843.4

(e) Investments accounted for using the equity method

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

(i) Investments in associates

The Consolidated Entity's associates are set out below:

		Share of net results		Ownership interest		Investment carrying amount	
				31 Dec	30 Jun	31 Dec	30 Jun
		2017	2016	2017	2017	2017	2017
Name of associate	Country of establishment	\$M	\$M	%	%	\$M	\$M
Property investment							
Goodman Australia Industrial Partnership (GAIP)	Australia	86.7	94.0	27.9	27.5	1,310.7	1,256.6
Goodman Australia Partnership (GAP)	Australia	53.7	67.2	19.9	19.9	665.6	628.1
Goodman Hong Kong Logistics Partnership (GHKLP)	Cayman Islands	48.1	28.9	20.0	20.0	767.4	748.1
Goodman European Partnership (GEP)	Luxembourg	40.8	12.2	20.4	20.4	604.4	526.2
		229.3	202.3			3,348.1	3,159.0

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Operating assets (cont)

4. Property assets (cont)

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

(i) Investments in associates (cont)

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

	2017	2016
	\$M	\$M
Movement in carrying amount of investments in associates		
Carrying amount at the beginning of the half year	3,159.0	2,947.4
Share of net results after tax (before revaluations)	95.1	88.4
Share of fair value adjustments attributable to investment properties after tax	144.7	154.1
Share of fair value adjustments on derivative financial instruments	(10.5)	(40.2)
Share of net results	229.3	202.3
Share of movement in reserves	0.7	2.0
Acquisitions	94.8	29.7
Distributions received	(142.0)	(70.6)
Effect of foreign currency translation	6.3	17.8
Carrying amount at the end of the half year	3,348.1	3,128.6

(ii) Investments in JVs

A summary of the results and ownership interest of the Consolidated Entity's principal JVs is set out below:

Name of JV	Country of establishment	Share of net results		Ownership interest		Investment carrying amount	
		2017	2016	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
		\$M	\$M	%	%	\$M	\$M
Property investment							
KWASA Goodman Industrial Partnership (KGIP)	Australia	5.1	21.3	40.0	40.0	158.6	158.3
Property investment and development							
Goodman North America Partnership (GNAP)	USA	96.4	30.4	53.0	53.0	799.9	678.2
Other JVs		4.7	8.2			279.3	275.3
		106.2	59.9			1,237.8	1,111.8

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Operating assets (cont)

4. Property assets (cont)

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

(ii) Investments in JVs (cont)

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

	2017	2016
	\$M	\$M
Movement in carrying amount of investments in JVs		
Carrying amount at the beginning of the half year	1,111.8	945.9
Share of net results after tax (before revaluations)	18.3	20.4
Share of fair value adjustments attributable to investment properties after tax	87.7	38.8
Share of fair value adjustments on derivative financial instruments	0.2	0.7
Share of net results	106.2	59.9
Acquisitions	50.8	171.3
Capital return	-	(2.9)
Distributions received	(20.2)	(102.0)
Effect of foreign currency translation	(10.8)	20.8
Carrying amount at the end of the half year	1,237.8	1,093.0

5. Receivables

	31 Dec 2017	30 Jun 2017
	\$M	\$M
Current		
Loans to related parties	1,694.7	1,731.0
Trade receivables	0.3	2.2
Amounts due from related parties	4.3	4.3
	1,699.3	1,737.5
Non-current		
Loans to related parties	1,313.4	1,202.3
	1,313.4	1,202.3

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Capital management

6. Finance income and expense

	2017	2016
	\$M	\$M
Finance income		
Interest income from:		
- Related parties	49.3	81.2
- Other parties	13.9	7.6
Fair value adjustments on derivative financial instruments	-	4.1
Foreign exchange gain ¹	47.6	-
	110.8	92.9
Finance expense		
Interest expense from third party loans, overdrafts and derivatives	(31.2)	(58.6)
Interest expense from related party loans	(1.8)	-
Debt restructure expense ²	(82.1)	-
Other borrowing costs	(4.2)	(6.3)
Fair value adjustments on derivative financial instruments	(79.8)	-
Foreign exchange loss ¹	-	(49.7)
Capitalised borrowing costs	-	1.2
	(199.1)	(113.4)
Net finance expense	(88.3)	(20.5)

1. The foreign exchange gain/loss comprised a gain of \$47.6 million (2016: loss of \$49.7 million) on translation of loans to related parties and interest bearing liabilities which do not qualify for hedge accounting.
2. Following the modification of certain tranches of the USD denominated notes in June 2017, the Consolidated Entity completed additional liability management initiatives during the half year. These included repurchasing certain of the USD denominated notes and GBP denominated notes and issuing USD denominated notes maturing in 10.5 year and 20 years and EUR denominated notes maturing in 8 years. The debt restructure expense as a result of these initiatives related to transaction costs, tender premium associated with the USD denominated notes maturing in 2021 and 2022 and the GBP denominated notes maturing in 2018, and also 'make-whole' costs associated with the USD notes maturing in 2020.

7. Interest bearing liabilities

	31 Dec 2017	30 Jun 2017
	Note	\$M
Current		
Unsecured:		
- GBP denominated notes	7(a)	209.5
		209.5
Non-current		
Unsecured:		
- Bank loans		122.7
- GBP denominated notes	7(a)	423.6
- USD denominated notes	7(b)	1,892.3
- EUR denominated notes	7(c)	-
- Foreign private placement		144.9
Borrowing costs		(7.2)
		2,630.8
		2,576.3

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Capital management (cont)

7. Interest bearing liabilities (cont)

(a) GBP denominated notes

As at 31 December 2017, the Consolidated Entity had A\$209.5 million (30 June 2017: A\$423.6 million) of GBP denominated notes issued under the Group's Euro medium-term note programme. The notes have a fixed coupon of 9.75% payable annually. During the half year, the Consolidated Entity repurchased \$223.5 million of the notes, with the remainder maturing 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 2017 was A\$219.4 million (30 June 2017: A\$461.1 million).

(b) USD denominated notes

As at 31 December 2017, the Consolidated Entity had senior notes on issue in the United States 144A/Reg S bond market as follows:

Notes maturity date	Book value		Face value		Coupon (fixed)
	A\$M	US\$M	A\$M	US\$M per annum	
15 Apr 2021	247.0	192.7	223.6	174.5	6.375%
22 Mar 2022	399.7	311.8	358.0	279.3	6.000%
15 Mar 2028	672.9	525.0	672.9	525.0	3.700%
15 Oct 2037	416.6	325.0	416.6	325.0	4.500%
	1,736.2	1,354.5	1,671.1	1,303.8	

During the half year, the Consolidated Entity repurchased certain of the 2021 and 2022 notes, following a successful tender process, and repurchased in full the 2020 notes in accordance with the 'make-whole' provisions contained within their terms of issue. The Consolidated Entity also issued new notes, US\$525.0 million maturing in 2028 and US\$325.0 million maturing in 2037.

(c) EUR denominated notes

During the half year, the Consolidated Entity issued A\$769.5 million (€500.0 million) new Reg S EUR denominated senior notes maturing 27 September 2025. The notes have a fixed coupon of 1.375% per annum.

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Capital management (cont)

8. Financial instruments

Fair values of financial instruments

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

	Carrying amount 31 Dec 2017 \$M	Fair value 31 Dec 2017 \$M	Carrying amount 30 Jun 2017 \$M	Fair value 30 Jun 2017 \$M
Financial assets				
Cash and cash equivalents	2,053.1	2,053.1	1,882.5	1,882.5
Receivables:				
- Loans to related parties	3,008.1	3,008.1	2,933.3	2,933.3
- Trade and other receivables	4.6	4.6	6.5	6.5
Other financial assets:				
- Interest rate swaps (IRS)	17.5	17.5	29.4	29.4
- Cross currency interest rate swaps (CCIRS)	143.5	143.5	196.3	196.3
- Forward exchange contracts (FEC)	9.4	9.4	16.2	16.2
- Investments in unlisted securities	27.5	27.5	23.9	23.9
	5,263.7	5,263.7	5,088.1	5,088.1
Financial liabilities				
Payables	757.8	757.8	256.4	256.4
Interest bearing liabilities ¹	2,840.3	2,876.7	2,576.3	2,673.1
Other financial liabilities:				
- IRS	13.1	13.1	12.5	12.5
- CCIRS	110.0	110.0	197.6	197.6
- FEC	20.1	20.1	24.6	24.6
	3,741.3	3,777.7	3,067.4	3,164.2

1. The fair value of certain fixed rate interest bearing liabilities has been determined by reference to the quoted market prices at 31 December 2017.

Fair value hierarchy

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

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
As at 31 December 2017				
Available for sale financial assets	-	-	27.5	27.5
Derivative financial assets	-	170.4	-	170.4
	-	170.4	27.5	197.9
Derivative financial liabilities	-	143.2	-	143.2
	-	143.2	-	143.2
As at 30 June 2017				
Available for sale financial assets	-	-	23.9	23.9
Derivative financial assets	-	241.9	-	241.9
	-	241.9	23.9	265.8
Derivative financial liabilities	-	234.7	-	234.7
	-	234.7	-	234.7

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Capital management (cont)

9. Distributions

(a) Distributions declared and paid by GIT

	Distribution cpu	Total amount \$M	Date of payment
Interim distributions for the half year			
- 31 Dec 2017	13.75	247.6	26 Feb 2018
- 31 Dec 2016	12.70	227.2	24 Feb 2017

(b) Distributions declared and paid by Goodman PLUS Trust

During the half year, distributions declared by Goodman PLUS Trust to holders of Goodman PLUS (refer to note 13) were \$4.6 million (2016: \$9.5 million), or 141.4 cents per unit (2016: 289.5 cents per unit). The Goodman PLUS were repurchased at par on 1 October 2017.

10. Issued capital

	31 Dec 2017 \$M	30 Jun 2017 \$M
1,800,763,877 (30 June 2017: 1,789,121,143) fully paid units on issue	7,529.8	7,459.0
Less: Accumulated issue costs ¹	(148.5)	(148.5)
	7,381.3	7,310.5

1. Issue costs associated with the issue of units have been directly paid from the proceeds of the issues.

Terms and conditions

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

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Other items

11. Reserves

		31 Dec 2017	30 Jun 2017
	Note	\$M	\$M
Asset revaluation reserve	11(a)	15.6	12.3
Cash flow hedge reserve	11(b)	(0.3)	(1.5)
Foreign currency translation reserve	11(c)	(219.5)	(195.2)
Employee compensation reserve	11(d)	98.7	103.5
Total reserves		(105.5)	(80.9)

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

	2017	2016
	\$M	\$M
(a) Asset revaluation reserve		
Balance at the beginning of the half year	12.3	7.4
Increase due to revaluation of other financial assets	2.9	1.9
Effect of foreign currency translation	0.4	(0.2)
Balance at the end of the half year	15.6	9.1
(b) Cash flow hedge reserve		
Balance at the beginning of the half year	(1.5)	(5.9)
Change in value of financial instruments	1.1	2.6
Effect of foreign currency translation	0.1	(0.1)
Balance at the end of the half year	(0.3)	(3.4)
(c) Foreign currency translation reserve		
Balance at the beginning of the half year	(195.2)	(150.5)
Net exchange differences on conversion of foreign operations	(24.3)	20.5
Balance at the end of the half year	(219.5)	(130.0)
(d) Employee compensation reserve		
Balance at the beginning of the half year	103.5	80.9
Equity settled share based payments relating to Goodman Group	(4.8)	(1.8)
Balance at the end of the half year	98.7	79.1
Total reserves	(105.5)	(45.2)

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Other items (cont)

12. Accumulated losses

	2017	2016
	\$M	\$M
Balance at the beginning of the half year	(183.6)	(318.0)
Profit attributable to Unitholders	310.8	445.5
Transfers from non-controlling interests	(1.2)	-
Distributions declared	(247.6)	(227.2)
Balance at the end of the half year	(121.6)	(99.7)

13. Non-controlling interests

Non-controlling interests comprise:

	31 Dec 2017	30 Jun 2017
	\$M	\$M
Goodman PLUS	-	325.8

Goodman PLUS

During the half year, the Consolidated Entity repurchased, at par, all the Goodman PLUS units on issue. Issue costs of \$1.2 million previously incurred on the issue of Goodman PLUS have been transferred to accumulated losses following the repurchase.

14. Significant non-cash transactions

During the current and prior half year, there were no significant non-cash transactions.

Goodman Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2017

Other items (cont)

15. Commitments

Partnerships

At 31 December 2017, the Consolidated Entity had an equity commitment of \$61.6 million (30 June 2017: \$96.2 million) into GEP.

In relation to GAIP and GEP, 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 partnerships. Limits apply to these liquidity facilities and the Consolidated Entity is only required to offer to purchase up to \$7.5 million of the issued capital of GAIP each quarter and EUR 25 million of the issued capital of GEP each half year. Furthermore, the Consolidated Entity is only required to purchase units where its co-investment in GAIP or GEP is either below a prescribed limit or a maximum amount of liquidity has been provided. Currently, the Consolidated Entity's interest (together with its custodian's interest) in GAIP and GEP is below the prescribed limit and both liquidity facilities are open for investors.

Stapling agreement with GL and GLHK

In accordance with the stapling agreement between GIT, GL and GLHK, on request each party (and its subsidiaries) must provide financial support to the other party (and its subsidiaries). The financial support to the other party (and its subsidiaries) may include:

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

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

16. Related parties

Significant transactions with related parties

During the half year, there were no significant transactions with related parties.

During the prior corresponding half year, the Consolidated Entity disposed of:

- + its entire interest in seven controlled entities to GL for a nominal consideration. The net assets of the controlled entities disposed comprised principally of investment properties and inventories amounting to \$83.3 million and payables amounting to \$83.3 million; and
- + a number of investment properties to partnerships for a consideration of \$262.0 million.

17. Events subsequent to balance date

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

Goodman Industrial Trust and its controlled entities
Directors' declaration

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

- (a) the interim financial statements and accompanying notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2017 and of its performance for the half year ended on that date; and
 - (ii) 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 Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity.



Ian Ferrier, AM
Independent Chairman

Sydney, 14 February 2018



Gregory Goodman
Group Chief Executive Officer



Independent Auditor's Review Report

To the unitholders of Goodman Industrial Trust

Report on the Interim Financial Report

Conclusion

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

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 Goodman Industrial Trust is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Trust's** financial position as at 31 December 2017 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*.

The **Interim Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2017;
- Consolidated interim income statement, Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim cash flow statement for the Half-year ended on that date;
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Trust** consists of Goodman Industrial Trust and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of Goodman Funds Management Limited (the Responsible Entity) are responsible for:

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

Auditor's responsibility for the review of the Interim Financial Report

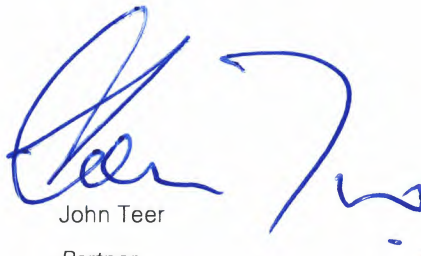
Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, 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 Trust's financial position as at 31 December 2017 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 Industrial Trust, *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.

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



KPMG



John Teer

Partner

Sydney

14 February 2018