

Goodman Limited
ABN 69 000 123 071
and its controlled entities
Interim financial report for the half year ended 31 December 2009

Contents	Page
Directors' report	2
Lead auditor's independence declaration	5
Interim balance sheet	6
Interim income statement	7
Interim statement of comprehensive income	8
Interim statement of changes in equity	9
Interim cash flow statement	11
Notes to the interim financial statements	
1. Statement of significant accounting policies	12
2. Loss per Company share/security	13
3. Critical accounting estimates used in the preparation of the financial statements	14
4. Segment reporting	15
5. Loss before income tax	18
6. Income tax (expense)/benefit	19
7. Dividends and distributions	19
8. Receivables	20
9. Inventories	20
10. Investment properties	21
11. Investments accounted for using the equity method	22
12. Other financial assets	24
13. Intangible assets	24
14. Payables	27
15. Interest bearing liabilities	28
16. Issued capital	30
17. Reserves	32
18. (Accumulated losses)/retained earnings	33
19. Other minority interests	33
20. Disposals of controlled entities	34
21. Commitments	34
22. Non-cash transactions	34
23. Events subsequent to balance date	34
Directors' declaration	35
Independent auditor's review report	36

Goodman Limited and its controlled entities
Directors' report

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 six months ended 31 December 2009 (half year) and the review report thereon.

Directors

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

	Appointment date
Mr Ian Ferrier, AM (Independent Chairman)	1 Sep 2003
Mr Gregory Goodman (Group Chief Executive Officer)	7 Aug 1998
Mr David S Clarke, AO (Non-Executive Director)	26 Oct 2000 (retired 2 Jul 2009)
Mr Patrick Goodman (Non-Executive Director)	14 Apr 1998
Ms Diane Grady, AM (Independent Director)	30 Sep 2007
Mr John Harkness (Independent Director)	23 Feb 2005
Mr James Hodgkinson (Non-Executive Director)	21 Feb 2003
Ms Anne Keating (Independent Director)	23 Feb 2005
Mr James Sloman, OAM (Independent Director)	1 Feb 2006

Company Secretary

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

	Appointment date
Mr Carl Bicego	24 Oct 2006

Review and results of operations

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

	Consolidated	
	2009	2008
Revenue and other income before fair value adjustments on investment properties (\$M)	286.0	507.3
Fair value adjustments on investment properties (\$M)	(478.8)	(473.6)
Revenue and other income (\$M)	(192.8)	33.7
Loss attributable to Securityholders (\$M)	(500.3)	(465.9)
Basic loss per Company share (¢)	(3.3)	(4.1)
Basic loss per security (¢)	(9.8)	(19.1)
Dividends and distributions provided for or paid by Goodman (\$M)	92.5	264.1
Weighted average number of securities on issue (M)	5,122.4	2,445.1
	31 Dec 2009	30 June 2009
Net assets (\$M)	4,910.3	3,777.6
Number of securities on issue (M) ¹	6,169.4	2,738.0
Net tangible assets per security (\$) ²	0.50	0.85

1. Represents amounts as per Australian Securities Exchange excluding 36.3 million treasury securities (30 June 2009: 41.7 million).
2. Net tangible assets per security is stated after deducting amounts due to other minority interests.

Goodman Limited and its controlled entities
Directors' report

Dividends and distributions

The Company did not declare any dividends during the half year ended 31 December 2009 or up to the date of this report (2008: \$nil).

The distributions declared/announced by a controlled entity, Goodman Industrial Trust (GIT), directly to Securityholders during the half year are as follows:

	Distribution cpu	Total amount \$M	Date of payment
Distributions for the half years ended:			
- 31 Dec 2009	1.50	92.5	26 Feb 2010
- 31 Dec 2008	9.65	264.1	26 Feb 2009

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

The reconciliation of loss attributable to Securityholders to operating profit available for distribution is as follows:

	Note	2009 \$M	2008 \$M
Loss attributable to Securityholders		(500.3)	(465.9)
Valuation adjustments			
- Net loss from fair value adjustments on investment properties	10	195.9	208.1
- Share of net loss from fair value adjustments on investment properties in associates	11(a)	271.3	261.0
- Share of net loss from fair value adjustments on investment properties in joint venture entities	11(b)	11.6	4.5
- Impairment losses	5	73.5	170.5
- Fair value adjustments on derivative financial instruments	5	(8.8)	51.7
- Share of fair value adjustments on derivative financial instruments in associates and joint venture entities		(0.5)	19.4
Other adjustments			
- Loss on disposal of units in Goodman Property Trust (GMT)		15.4	-
- Share of losses on disposals of investment properties by associates	11(a)	19.3	-
- Debt restructuring costs	5	52.0	-
- Share of debt restructuring costs incurred within associates	11(a)	4.0	-
- Share of restructuring costs incurred within joint ventures entities	11(b)	3.6	-
- Straight lining of rent and amortisation of lease incentives		1.5	(0.5)
- Share based payments credit	5	-	(34.4)
- Capital losses not distributed		-	1.8
Operating profit available for distribution		138.5	216.2

State of affairs

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

(a) Equity raising

During August and September 2009, Goodman undertook a fully underwritten equity raising to raise a total of \$1.279 billion from the issue of approximately 3.2 billion stapled securities at \$0.40 per security via an institutional placement and a one for one non-renounceable entitlement offering.

(b) China Investment Corporation (CIC) convertible preference securities

During the half year, Goodman received \$500 million from the issue of three tranches of convertible preference securities to CIC. Each tranche will receive a coupon of 10% per annum and can be converted to ordinary stapled securities as follows: tranche one of \$225 million can be converted at a price of \$0.43 per security from 31 October 2009; tranche two of \$150 million can be converted at a price of \$0.44 per security from 30 June 2010; and tranche three of \$125 million can be converted at a price of \$0.45 per security from 31 December 2010. Goodman may also elect to redeem the preferred equity if the closing price of Goodman's stapled securities for 20 out of 30 consecutive trading days is in excess of 125% of the conversion price as follows: tranche one from 31 December 2010, tranche two from 31 December 2011 and tranche three from 30 June 2012.

(c) Exercise of options over Goodman stapled securities

During the half year, Macquarie Bank Limited and Macquarie Special Situations Master Fund Limited exercised 141,912,371 options over stapled securities at a price of \$0.2464 per stapled security and 87,512,628 options over stapled securities at a price of \$0.3464 per stapled security.

**Goodman Limited and its controlled entities
Directors' report**

State of affairs (cont)

(d) Repayment of bank facilities

The proceeds from the equity raising have been used to retire the A\$300 million drawn under the A\$485 million secured loan provided by Macquarie Group and CIC and the amounts drawn under the \$520 million tranche B of the syndicated multi currency facility (SMCF). The Consolidated Entity also renegotiated a significant portion of both Goodman's bank debt facilities and the bank debt facilities of funds managed by Goodman. This included:

- + extension from May 2011 to September 2012 of A\$438.0 million of the \$520 million tranche C of the SMCF and extension from December 2012 to December 2013 of €340 million of the €525 million European revolving credit facility, along with amended covenants to the common terms deed poll, which applies to both facilities;
- + extension of facilities and renegotiation of covenants with Goodman Australia Industrial Fund (GAIF);
- + renegotiation of the covenants for Goodman European Logistics Fund; and
- + renegotiation of covenants for Arlington Business Parks Partnership.

On 6 November 2009, GMT also announced the launch of NZ\$150.0 million of Goodman+Bonds. The bonds have an investment grade credit rating of BBB+ from Standard & Poor's, have a five year term (maturing 19 June 2015), have a senior ranking, sharing security alongside GMT's banks, and have a fixed rate of interest paid semi-annually.

(e) Disposal of units in Goodman Property Trust

During the half year, the Consolidated Entity completed the sale of 93 million units in GMT to a number of institutional investors at a price of NZ\$0.95 per unit. Subsequent to the disposal, Goodman owns 17% of GMT, which is in line with Goodman's strategy of targeting a long-term holding of 15% to 20% for investments in funds managed by Goodman.

(f) Goodman Australia Industrial Fund equity raising

On 23 December 2009, GAIF announced the successful close of a A\$200.0 million pro rata non renounceable rights issue. The Consolidated Entity was a cornerstone investor and will invest a total of A\$81.4 million, payable in two equal tranches on 31 March 2010 and 30 July 2010.

(g) Development of major warehouse and distribution centre in Hong Kong

On 9 December 2009, Goodman and Goodman Hong Kong Logistics Fund announced that the Goodman Interlink Limited joint venture will commence construction of Interlink, a warehouse and distribution development in Hong Kong. The 220,000 square metre development is expected to have a total cost of A\$430.0 million (HK\$3,010.0 million) and deliver a forecast yield on cost of 9%.

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

Events subsequent to balance date

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

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

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

Rounding

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

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



Ian Ferrier
Independent Chairman



Gregory Goodman
Group Chief Executive Officer

Sydney, 24 February 2010

**Goodman Limited and its controlled entities
Lead auditor's independence declaration**

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 2009, there have been:

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



KPMG



John Teer
Partner

Sydney, 24 February 2010

Goodman Limited and its controlled entities
Interim balance sheet
as at 31 December 2009

		Consolidated	
		31 Dec 2009	30 Jun 2009
	Note	\$M	\$M
Current assets			
Cash		676.3	242.5
Receivables	8	224.8	315.6
Inventories		137.5	10.0
Current tax receivables		1.1	5.4
Assets classified as held for sale		-	182.9
Other assets		23.2	42.9
Total current assets		1,062.9	799.3
Non-current assets			
Receivables	8	330.6	303.6
Inventories	9	119.4	35.5
Investment properties	10	3,037.0	3,534.0
Investments accounted for using the equity method	11	2,215.9	2,662.3
Deferred tax assets		17.7	28.2
Other financial assets	12	83.8	71.1
Plant and equipment		16.5	23.6
Intangible assets	13	1,024.5	1,125.4
Total non-current assets		6,845.4	7,783.7
Total assets		7,908.3	8,583.0
Current liabilities			
Payables	14	147.7	245.1
Current tax payables		18.4	13.2
Interest bearing liabilities	15	100.9	986.7
Provisions		117.9	36.0
Liabilities classified as held for sale		-	10.1
Total current liabilities		384.9	1,291.1
Non-current liabilities			
Payables	14	156.5	188.0
Interest bearing liabilities	15	2,398.2	3,253.1
Deferred tax liabilities		21.2	42.4
Provisions		37.2	30.8
Total non-current liabilities		2,613.1	3,514.3
Total liabilities		2,998.0	4,805.4
Net assets		4,910.3	3,777.6
Equity attributable to Shareholders			
Issued capital	16	364.8	241.6
Reserves	17	(300.2)	(235.3)
Accumulated losses	18	(138.1)	(93.7)
Total equity attributable to Shareholders		(73.5)	(87.4)
Minority interests			
Equity attributable to Unitholders			
Issued capital	16	6,178.1	5,003.2
Reserves	17	(1,950.3)	(1,436.9)
Accumulated losses	18	(42.2)	(20.1)
Total equity attributable to Unitholders		4,185.6	3,546.2
Other minority interests	19	798.2	318.8
Total equity		4,910.3	3,777.6

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

Goodman Limited and its controlled entities
Interim income statement
for the half year ended 31 December 2009

		Consolidated	
	Note	31 Dec 2009	31 Dec 2008
		\$M	\$M
Revenue			
Gross property income		119.8	131.5
Fund management income		35.5	47.4
Property services income		26.2	32.1
Development management income		66.8	203.0
Distributions from investments		13.1	7.1
		261.4	421.1
Property and development expenses			
Property expenses		(31.4)	(25.0)
Development expenses		(51.2)	(163.7)
		(82.6)	(188.7)
Other income			
Net loss from fair value adjustments on investment properties	10	(195.9)	(208.1)
Net gain/(loss) on disposal of investment properties	5	0.6	(2.6)
Net gain on disposal of controlled entities	5	2.8	28.1
Share of net results of equity accounted investments	5	(246.3)	(220.3)
Net (loss)/gain on disposal of equity investments	5	(15.4)	15.5
		(454.2)	(387.4)
Other expenses			
Employee expenses		(34.1)	(26.2)
Share based payments credit	5	-	34.4
Administrative and other expenses		(32.5)	(46.0)
Impairment losses	5	(73.5)	(170.5)
		(140.1)	(208.3)
Loss before interest and tax		(415.5)	(363.3)
Financing costs			
Financial income	5	25.4	11.0
Financial expenses	5	(88.0)	(112.7)
Net financing costs		(62.6)	(101.7)
Loss before income tax		(478.1)	(465.0)
Income tax (expense)/benefit	6	(4.8)	14.6
Loss for the half year		(482.9)	(450.4)
Loss attributable to Shareholders	18	(166.6)	(101.3)
Loss attributable to Unitholders	18	(333.7)	(364.6)
Loss attributable to Securityholders		(500.3)	(465.9)
Profit attributable to other minority interests		17.4	15.5
Loss for the half year		(482.9)	(450.4)
Basic loss per Company share (¢)	2	(3.3)	(4.1)
Diluted loss per Company share (¢)	2	(3.3)	(4.1)

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

Goodman Limited and its controlled entities
Interim statement of comprehensive income
for the half year ended 31 December 2009

		Consolidated	
		2009	2008
	Note	\$M	\$M
Loss for the half year		(482.9)	(450.4)
Other comprehensive income			
Effect of foreign currency translation	17	(142.7)	47.4
Cash flow hedges:			
- Change in value of financial instruments	17	11.1	(347.5)
- Transfers to income statement	17	36.5	(1.0)
Increase/(decrease) due to revaluation of listed/unlisted investments	17	47.6	(14.6)
Share based payments adjustments booked directly to reserves	17	0.2	(15.0)
Actuarial losses on defined benefit superannuation funds	17	(4.7)	(2.2)
Other comprehensive income for the half year, net of income tax		(52.0)	(332.9)
Total comprehensive income for the half year		(534.9)	(783.3)
Attributable to:			
Securityholders		(552.3)	(798.8)
Minority interests		17.4	15.5
Total comprehensive income for the half year		(534.9)	(783.3)

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

Goodman Limited and its controlled entities
Interim statement of changes in equity
for the half year ended 31 December 2009

Half year ended 31 December 2008

		Share capital	Asset revaluation reserve	Cash flow hedge reserve	Attributable to Stapled Securityholders Foreign currency translation reserve	Capital profits reserve	Employee compensation reserve	Defined benefit funds actuarial losses reserve	(Accumulated losses)/ retained earnings	Total	Minority interests	Total equity
	Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2008		4,317.2	(356.9)	72.4	6.8	309.1	36.6	(2.9)	(33.8)	4,348.5	320.6	4,669.1
Total comprehensive income for the half year	17											
Loss for the half year		-	-	-	-	-	-	-	(465.9)	(465.9)	15.5	(450.4)
Other comprehensive income												
Effect of foreign currency translation		-	(1.8)	8.0	10.4	28.4	2.3	0.1	-	47.4	-	47.4
Cash flow hedges:												
- Change in value of financial instruments		-	-	(347.5)	-	-	-	-	-	(347.5)	-	(347.5)
- Transfers to income statement		-	-	(1.0)	-	-	-	-	-	(1.0)	-	(1.0)
Decrease due to revaluation of listed/unlisted investments		-	(14.6)	-	-	-	-	-	-	(14.6)	-	(14.6)
Transfers		-	(526.6)	-	-	(168.4)	-	-	695.0	-	-	-
Share based payments adjustments booked directly to reserves		-	-	-	-	-	(15.0)	-	-	(15.0)	-	(15.0)
Actuarial losses on defined benefit superannuation funds		-	-	-	-	-	-	(2.2)	-	(2.2)	-	(2.2)
Total other comprehensive income for the half year		-	(543.0)	(340.5)	10.4	(140.0)	(12.7)	(2.1)	695.0	(332.9)	-	(332.9)
Total comprehensive income for the half year		-	(543.0)	(340.5)	10.4	(140.0)	(12.7)	(2.1)	229.1	(798.8)	15.5	(783.3)
Contributions by and distributions to owners												
Increase due to stapled securities issued to Securityholders	16	956.1	-	-	-	-	-	-	-	956.1	-	956.1
Issue costs due to stapled securities	16	(29.9)	-	-	-	-	-	-	-	(29.9)	-	(29.9)
Securities issued on exercise of options	16	0.1	-	-	-	-	-	-	-	0.1	-	0.1
Securities issued under the earn-out provisions of the Eurinpro acquisition	16	5.0	-	-	-	-	-	-	-	5.0	-	5.0
Treasury securities vested but not converted to securities under the Employee Security Acquisition Plan (ESAP)	16	(3.2)	-	-	-	-	-	-	-	(3.2)	-	(3.2)
Issue costs due to Goodman PLUS Trust hybrid securities		-	-	-	-	-	-	-	-	-	(1.8)	(1.8)
Distributions declared on stapled securities	7	-	-	-	-	-	-	-	(264.2)	(264.2)	-	(264.2)
Distributions declared on Goodman PLUS Trust hybrid securities	7	-	-	-	-	-	-	-	-	-	(15.5)	(15.5)
Minority interest arising on acquisition of a controlled entity		-	-	-	-	-	-	-	-	-	10.8	10.8
Share based payments recognised in profit and loss	5	-	-	-	-	-	(34.4)	-	-	(34.4)	-	(34.4)
Balance at 31 December 2008		5,245.3	(899.9)	(268.1)	17.2	169.1	(10.5)	(5.0)	(68.9)	4,179.2	329.6	4,508.8

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

Goodman Limited and its controlled entities
Interim statement of changes in equity (cont)
for the half year ended 31 December 2009

Half year ended 31 December 2009

		Share capital	Asset revaluation reserve	Cash flow hedge reserve	Attributable to Stapled Securityholders Foreign currency translation reserve	Capital profits reserve	Employee compensation reserve	Defined benefit funds actuarial losses reserve	(Accumulated losses)/ retained earnings	Total	Minority interests	Total equity
	Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2009		5,244.8	(1,521.0)	(235.9)	(62.8)	175.8	(16.0)	(12.3)	(113.8)	3,458.8	318.8	3,777.6
Total comprehensive income for the half year												
Loss for the half year		-	-	-	-	-	-	-	(500.3)	(500.3)	17.4	(482.9)
Other comprehensive income	17											
Effect of foreign currency translation		-	95.2	18.4	(270.5)	13.1	(0.5)	1.6		(142.7)	-	(142.7)
Cash flow hedges:												-
- Change in value of financial instruments		-	-	11.1	-	-	-	-	-	11.1	-	11.1
- Transfers to income statement		-	-	36.5	-	-	-	-	-	36.5	-	36.5
Increase due to revaluation of listed/unlisted investments		-	47.6	-	-	-	-	-	-	47.6	-	47.6
Transfers		-	(506.9)	-	-	(19.4)			526.3	-	-	-
Share based payments adjustments booked directly to reserves		-	-	-	-	-	0.2	-	-	0.2	-	0.2
Actuarial losses on defined benefit superannuation funds		-	-	-	-	-	-	(4.7)	-	(4.7)	-	(4.7)
Total other comprehensive income for the half year		-	(364.1)	66.0	(270.5)	(6.3)	(0.3)	(3.1)	526.3	(52.0)	-	(52.0)
Total comprehensive income for the half year		-	(364.1)	66.0	(270.5)	(6.3)	(0.3)	(3.1)	26.0	(552.3)	17.4	(534.9)
Contributions by and distributions to owners												
Increase due to stapled securities issued to Securityholders	16	1,346.9	-	-	-	-	-	-	-	1,346.9	-	1,346.9
Issue costs due to stapled securities	16	(48.8)	-	-	-	-	-	-	-	(48.8)	-	(48.8)
Increase due to convertible preference securities issued to China Investment Corporation (CIC)		-	-	-	-	-	-	-	-	-	500.0	500.0
Issue costs due to convertible preference securities issued to CIC		-	-	-	-	-	-	-	-	-	(20.6)	(20.6)
Distributions declared on stapled securities	7	-	-	-	-	-	-	-	(92.5)	(92.5)	-	(92.5)
Distributions declared on Goodman PLUS Trust hybrid securities	7	-	-	-	-	-	-	-	-	-	(8.4)	(8.4)
Distributions declared on convertible preference securities issued to CIC	7	-	-	-	-	-	-	-	-	-	(9.0)	(9.0)
Balance at 31 December 2009		6,542.9	(1,885.1)	(169.9)	(333.3)	169.5	(16.3)	(15.4)	(180.3)	4,112.1	798.2	4,910.3

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

Goodman Limited and its controlled entities
Interim cash flow statement
for the half year ended 31 December 2009

		Consolidated	
	Note	2009	2008
		\$M	\$M
Cash flows from operating activities			
Property income received		129.7	145.2
Other cash receipts from services provided		166.9	126.6
Property expenses paid		(21.5)	(27.5)
Other cash payments in the course of operations		(114.5)	(81.9)
Dividends/distributions received		11.6	77.5
Interest received		8.5	11.0
Finance costs paid (including debt restructuring costs paid of \$27.0 million)		(98.1)	(69.3)
Income taxes refunded/(paid) - net		1.8	(26.5)
Net cash provided by operating activities		84.4	155.1
Cash flows from investing activities			
Proceeds from deferred settlement and sale of investment properties		37.3	215.9
Proceeds from sale of controlled entities (net of cash disposed)		123.0	8.2
Proceeds from sale of equity investments		70.7	273.9
Payments to acquire controlled entities (net of cash acquired)		-	(49.3)
Payments for equity investments		(11.4)	(856.0)
Payments for investment properties and developments		(92.8)	(396.8)
Payments for plant and equipment		(0.9)	(4.8)
Net cash provided by/(used in) investing activities		125.9	(808.9)
Cash flows from financing activities			
Proceeds from issue of ordinary securities		1,343.9	956.1
Proceeds from issue of convertible preference securities to CIC		500.0	-
Transaction costs from issue of ordinary securities		(50.3)	(31.6)
Transaction costs from issue of convertible preference securities to CIC		(20.6)	-
Loans to related entities		(27.2)	(6.7)
Proceeds from borrowings		608.3	2,398.6
Repayments of borrowings		(2,113.2)	(2,977.2)
Dividends and distributions paid	7	(17.4)	(157.9)
Net cash provided by financing activities		223.5	181.3
Net increase/(decrease) in cash held		433.8	(472.5)
Cash at the beginning of the half year		242.5	639.2
Cash at the end of the half year		676.3	166.7

The 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 2009

1. Statement of significant accounting policies

The Company (or Parent Entity) is a company domiciled in Australia. The interim financial report of the Company for the half year comprises 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 consolidated interim financial report is presented in Australian dollars and was authorised for issue by the Directors on 24 February 2010.

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 2009.

Except as described below, the accounting policies adopted in the interim financial report are the same as those applied by the Consolidated Entity in the annual report as at and for the year ended 30 June 2009.

Changes in accounting policy

(a) Controlled entities

The Consolidated Entity has adopted revised AASB 3 *Business Combinations* (2008) for business combinations occurring in the financial year starting 1 July 2009. The change in accounting policy has been applied prospectively and has resulted in the following amendments to the Consolidated Entity's disclosed accounting policy:

- + contingent consideration is measured at fair value, with subsequent changes therein recognised in profit or loss;
- + transaction costs, other than share and debt issue costs, are expensed as incurred;
- + any pre-existing interest in the acquiree is measured at fair value with the gain or loss recognised in profit or loss; and
- + any non-controlling (minority) interest is measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

(b) Segment reporting

The Consolidated Entity has adopted AASB 8 *Operating Segments* which requires a change in the presentation of and disclosure of segment information based on the internal reports regularly reviewed by the Group Chief Executive Officer in order to assess each segment's performance and to allocate resources to them.

Segment results that are reported to the Group Chief Executive Officer include items that are directly attributable to a segment and the portion that can be allocated to the segment on a reasonable basis. Unallocated items include interest bearing receivables and payables, derivative financial instruments, provision for distributions to Securityholders, provisions for distributions on both Goodman PLUS hybrid securities and convertible preference securities issued to CIC, corporate assets, head office expenses and income tax assets and liabilities.

Comparative segment information has been re-presented in accordance with AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on loss per Company share/security.

(c) Presentation of financial statements

The Consolidated Entity has adopted revised AASB 101 *Presentation of Financial Statements* (2007) which is effective from 1 July 2009. As a result, the Consolidated Entity presents in the consolidated statement of changes in equity all owner changes in equity, whereas non owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six months ended 31 December 2009.

Comparative information has been re-presented so that it also conforms with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on loss per Company share/security.

(d) Investment properties

The Consolidated Entity has adopted AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* for the six months ended 31 December 2009. The principal impact for the Consolidated Entity relates to the amendments to AASB 140 *Investment Property* which brings into scope property under construction or development for future use as an investment property. As Goodman adopts the fair value approach under AASB 140, property under construction or development for future use as an investment property is now measured at fair value (previously it was measured at the lower of cost and recoverable amount). The change in accounting policy has been applied prospectively with the movement between book value at 1 July 2009 and fair value at 31 December 2009 reported through profit and loss as a component of the net loss from fair value adjustments on investment properties.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

1. Statement of significant accounting policies (cont)

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. Loss per Company share/security

		Consolidated	
		2009	2008¹
	Note	¢	¢
Loss per Company share			
Basic loss per Company share	2(a)	(3.3)	(4.1)
Diluted loss per Company share	2(a)	(3.3)	(4.1)
Loss per security			
Basic loss per security	2(a)	(9.8)	(19.1)
Diluted loss per security	2(a)	(9.8)	(19.1)
Distribution per security	2(b)	1.50	9.65

1. In accordance with AASB 133 *Earnings per Share*, prior half year weighted average number of securities and loss per Company share and loss per security have been adjusted for the equity raisings in November 2008, August 2009 and September 2009. The weighted average number of Company shares and securities on issue for the current half year, prior to the equity raisings in August 2009 and September 2009 have also been adjusted, as required by AASB 133.

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

	2009	2008
	\$M	\$M
Loss after tax used in calculating basic and diluted loss per Company share - refer to note 18	(166.6)	(101.3)
Loss after tax used in calculating basic and diluted loss per security - refer to note 18	(500.3)	(465.9)

	2009	2008¹
	Number of securities	
Weighted average number of securities used in calculating basic loss per Company share/per security and distribution per security	5,122,366,297	2,445,146,050
Effect of ESAP securities and options on issue	-	-
Effect of conversion of Goodman PLUS Trust hybrid securities and CIC convertible preference securities	-	-
Weighted average number of securities used in calculating diluted loss per Company share/per security	5,122,366,297	2,445,146,050

1. Prior half year weighted average number of securities and loss per Company share and loss per security have been adjusted for the equity raisings in November 2008, August 2009 and September 2009.

As at 31 December 2009, the following options and contingently issuable securities were anti-dilutive in accordance with AASB 133 *Earnings per Share*:

- + 36,322,476 securities granted under the ESAP;
- + 137,386,445 options under the Executive Option Plan;
- + 439,875,001 options issued to Macquarie Bank Limited, Macquarie Special Situations Master Fund Limited and CIC;
- + securities contingently issuable on conversion of Goodman PLUS Trust hybrid securities; and
- + securities contingently issuable on conversion of CIC convertible preference securities.

(b) Dividends per Company share and distributions per security

No dividends were declared or paid by the Company during the half year (2008: \$nil). Distributions of 1.50 cents per security were declared by GIT during the half year (2008: 9.65 cents per security). Details of the dates of payment are set out in note 7.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

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

The preparation of financial statements requires estimates and assumptions concerning the application of accounting policies and the future, to be made by the Consolidated Entity. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Investment property values

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.

Valuations are either based on an external, independent valuation or on an internal valuation. 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.

Availability of comparable sales information at 31 December 2009

Investment property markets in most regions have continued to be adversely impacted by the economic conditions. Although the number of transactions involving properties comparable to those owned or managed by Goodman has increased since 30 June 2009, there continues to be significant uncertainty inherent in determining the fair value of individual properties in some markets. The difficulties in determining fair value are exacerbated by an absence of consensus on how to distinguish sales where sellers are forced as opposed to willing. Whilst providing general information on markets, broad index-based valuation approaches may also be insufficiently specific to apply directly to calculations of fair value.

Approach to determination of fair value at 31 December 2009

As a consequence of lack of available comparable sales across most markets at 31 December 2009, external valuations were only undertaken where market segments were observed to be active. This determination was made based on the criteria set out below:

- + function of the asset (distribution/warehouse or suburban office);
- + location of the asset (city, suburb or regional area);
- + carrying value of asset (categorised by likely appeal to private investors (including syndicates), national and institutional investors); and
- + categorisation of the asset 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 was assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales was also analysed using the same criteria to provide a comparative set. Unless three or more sales were observed in an individual market segment (taken together with any comparable market segments as necessary), that market segment was considered inactive with the consequence that no external valuations were undertaken for those property assets at 31 December 2009. Internal valuations were completed for all assets for which an external valuation was not undertaken. This approach was also consistently applied to investment properties within funds managed by Goodman.

Key assumptions for discounted cash flow (DCF) calculations

Internal valuations were prepared using a DCF methodology and referenced to cap rate information where reliable cap rate information was available. The DCF calculations were prepared over a 10 year period. The key inputs considered for each individual calculation (for wholly-owned investment properties as well as investment properties within funds managed by Goodman) were rental growth rates, discount rates, market rental rates and letting up incentives. Discount rates were computed using the average 10 year bond rate over the previous 10 years 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 were benchmarked to available market data. The ranges utilised for the majority of properties within each division/business unit are set out below:

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

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

Division	Forecast average annual rental growth (10 years)	Annual discount rate	Letting up period (months)	Incentives	Derived weighted average cap rate
Australia	3.0% to 3.2%	9.25% to 9.75%	3 to 6	10.0% to 15.0%	8.2%
New Zealand	1.3% to 2.5%	9.5% to 10.8%	4 to 12	8.0% to 12.0%	8.8%
Hong Kong	3.0%	9.25%	6	8.0% to 16.0%	7.1%
Japan	Nil	6.0%	6 to 12	6.0% to 12.0%	5.9%
Continental Europe	1.8%	9.0%	18	12.5%	7.8%
Logistics - United Kingdom	0.06% to 1.16%	6.54% to 8.05%	12	10.0% to 25.0%	8.1%

By comparison, the weighted average cap rates for those properties valued at 31 December 2009 by external independent valuers (including both those held directly by Goodman and those held by funds managed by Goodman) were as follows: Australia 8.3%; Hong Kong 7.0%; China 9.2%; Japan 6.1% and Logistics - Continental Europe 7.9%. None of the properties in New Zealand and Logistics – United Kingdom were externally valued at 31 December 2009. All of the properties within Arlington Business Parks Partnership (Business Parks – United Kingdom division) were externally valued with a weighted average cap rate of 8.0%.

At 31 December 2009, the carrying value of completed investment properties held by the Consolidated Entity was \$2,401.8 million (30 June 2009: \$2,547.2 million).

Consistent assumptions for cap rates, letting up periods and incentives were also adopted in feasibility models supporting development properties and at 31 December 2009, the carrying value of investment properties under development held by the Consolidated Entity was \$635.2 million (30 June 2009: \$889.1 million)

(b) Intangible assets

The Consolidated Entity recognises both indefinite life management rights and goodwill in its balance sheet at 31 December 2009. Details of key assumptions are set out in note 13.

(c) Equity accounted investments

The Consolidated Entity has a 50% investment in a joint venture entity, Macquarie Goodman Japan Pte Ltd (MGJ), which in turn has a 52% investment in J-REP Co., Ltd (J-REP). J-REP established a fund platform in April 2008 with initial equity invested of ¥27.3 billion (A\$351.0 million), but has subsequently undertaken a restructuring of its business. The Consolidated Entity's investment in MGJ has been assessed for impairment based on a value in use calculation. The key assumption continues to be that equity of ¥150 billion (A\$1,811.2 million) is raised by 2014.

At 31 December 2009, the carrying value of the investment in MGJ is A\$144.4 million (30 June 2009: A\$165.4 million).

4. Segment reporting

The Consolidated Entity is based in Australia and has separately managed divisions in Asia Pacific (primarily Australia, New Zealand, Hong Kong, China and Japan) and Europe (Continental Europe and United Kingdom). The Consolidated Entity has three reportable segments defined by AASB 8 *Operating Segments*, namely Australia, Continental Europe and United Kingdom. The other divisions in Asia Pacific do not meet the quantitative requirements, either individually or collectively, to require separate disclosure as reportable segments.

The activities and services undertaken by the divisions include:

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

Information regarding the operations of each reportable segment is included on the following page. Performance is measured based on the return on assets employed and therefore the segment result is presented before interest and tax.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

4. Segment reporting (cont)

Information about reportable segments

	Australia		Continental Europe		United Kingdom		Other ¹		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement										
External revenues										
Gross property income	97.0	95.7	4.5	1.7	16.0	28.7	2.3	5.4	119.8	131.5
Fund management	12.6	10.1	7.6	9.9	5.7	8.4	9.6	19.0	35.5	47.4
Property services	7.1	9.3	4.3	4.3	10.5	15.1	4.3	3.4	26.2	32.1
Development management	31.1	99.0	28.7	92.1	3.8	7.0	3.2	4.9	66.8	203.0
Distributions from investments	-	5.9	1.5	-	11.6	1.2	-	-	13.1	7.1
Total external revenues	147.8	220.0	46.6	108.0	47.6	60.4	19.4	32.7	261.4	421.1
Depreciation and amortisation	2.2	2.6	0.5	0.7	1.2	1.1	0.3	0.4	4.2	4.8
Other key components of financial performance										
Net gain/(loss) on disposal of investment properties	0.7	12.7	(0.1)	(8.4)	-	(6.9)	-	-	0.6	(2.6)
Net gain/(loss) on disposal of controlled entities	-	1.7	3.0	20.5	(0.2)	4.2	-	1.7	2.8	28.1
Share of net results of equity accounted investments	(96.9)	(11.7)	(81.9)	(22.8)	(69.0)	(195.8)	1.5	10.0	(246.3)	(220.3)
Net (loss)/gain on disposal of equity investments	(0.3)	-	-	0.8	-	-	(15.1)	14.7	(15.4)	15.5
Other material non-cash items										
Net loss from fair value adjustments on investment properties	(96.2)	(46.4)	(28.4)	-	(71.3)	(161.7)	-	-	(195.9)	(208.1)
Impairment losses	(23.7)	(161.4)	(49.8)	-	-	(9.1)	-	-	(73.5)	(170.5)
Share based payments credit	-	4.7	-	7.0	-	8.7	-	6.3	-	26.7
Reportable segment (loss)/profit before tax	(132.1)	(78.4)	(148.4)	(13.5)	(113.1)	(339.6)	(7.4)	45.8	(401.0)	(385.7)
	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance sheet										
Reportable segment assets	3,527.4	3,657.6	1,355.1	1,640.8	1,531.0	1,871.6	959.0	1,222.0	7,372.5	8,392.0

1. Other primarily relates to the results and assets of the separately managed divisions in Asia Pacific, excluding Australia.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

4. Segment reporting (cont)

Reconciliation of reportable segment revenues and profit or loss

	2009	2008
	\$M	\$M
Revenues		
Total revenue for reportable segments	242.0	388.4
Other revenue	19.4	32.7
Consolidated revenue	261.4	421.1
Profit or loss		
Total loss for reportable segments	(393.6)	(431.5)
Other (loss)/profit	(7.4)	45.8
Unallocated amounts: other corporate expenses	(14.5)	(12.0)
Share based payments credit	-	34.4
Net financing costs	(62.6)	(101.7)
Consolidated loss before income tax	(478.1)	(465.0)
	31 Dec 2009	30 Jun 2009
	\$M	\$M
Assets		
Total assets for reportable segments	6,413.5	7,170.0
Other assets	959.0	1,222.0
Other unallocated amounts	535.8	191.0
Consolidated total assets	7,908.3	8,583.0

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

5. Loss before income tax

	Consolidated	
	2009	2008
	\$M	\$M
Loss before income tax has been arrived at after crediting/(charging) the following items:		
Net consideration from the sale of investment properties	45.7	369.1
Carrying value of investment properties sold	(45.1)	(371.7)
Net gain/(loss) on disposal of investment properties	0.6	(2.6)
Net consideration received and receivable from the sale of controlled entities	125.8	158.1
Net assets disposed	(123.0)	(130.0)
Net gain on disposal of controlled entities	2.8	28.1
Share of net results of investments in associates - refer to note 11(a)	(233.2)	(218.6)
Share of net results of investments in joint venture entities - refer to note 11(b)	(13.1)	(1.7)
Share of net results of equity accounted investments	(246.3)	(220.3)
Net consideration from the sale of equity investments	68.1	49.2
Carrying value of equity investments sold	(83.5)	(33.7)
Net (loss)/gain on disposal of equity investments	(15.4)	15.5
Amortisation of leasehold improvements	(0.9)	(0.7)
Depreciation of plant and equipment	(3.3)	(4.1)
Total amortisation and depreciation	(4.2)	(4.8)
Impairment of:		
– Receivables	(28.1)	-
– Inventories	(2.4)	-
– Assets classified as held for sale	-	(9.1)
– Other financial asset	(35.6)	(161.4)
– Intangible assets	(7.4)	-
Total impairment losses	(73.5)	(170.5)
Financial income		
Interest income from:		
– Related parties	6.6	5.2
– Other parties	10.0	5.8
Fair value adjustments on derivative instruments ¹	8.8	-
	25.4	11.0
Financial expenses		
Interest expense on third party loans, overdrafts and derivatives	(68.6)	(92.2)
Debt restructuring costs	(52.0)	-
Other borrowing costs	(3.8)	(4.3)
Fair value adjustments on derivative instruments ¹	-	(51.7)
Less: Capitalised borrowing costs	36.4	35.5
	(88.0)	(112.7)
Net financing costs	(62.6)	(101.7)

1. Includes fair value movements on the ineffective portion of derivatives during the half year and amortisation of gains or losses on terminated derivative contracts included in the cash flow hedge reserve. The remaining gains or losses on terminated derivative contracts included in the cash flow hedge reserve will be amortised over future periods.

Share based payments credit

During the comparative half year, the Directors assessed that the non-market related performance hurdles attached to certain of the options issued under the Executive Option Plan and the securities issued under the ESAP were unlikely to be achieved. Accordingly, the expense recognised in the income statement in previous periods was reversed. This resulted in a net credit to the income statement of \$34.4 million.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

6. Income tax (expense)/benefit

	Consolidated	
	2009	2008
	\$M	\$M
Current tax (expense)/benefit recognised in profit or loss		
Current half year	(7.1)	5.2
Adjustment for prior periods	(2.9)	16.3
	(10.0)	21.5
Deferred tax benefit/(expense) recognised in profit or loss		
Movements in deferred tax	(13.6)	(9.8)
Adjustment for prior periods	18.8	(1.0)
Benefit of tax losses recognised	-	3.9
	5.2	(6.9)
Total income tax (expense)/benefit	(4.8)	14.6

7. Dividends and distributions

(a) Dividends declared by the Company

No dividends were declared or paid by the Company during the half year ended 31 December 2009 or up to the date of this report.

(b) Distributions declared and paid by GIT

	Distribution cpu	Total amount \$M	Date of payment
Distributions for the half years ended:			
- 31 Dec 2009	1.50	92.5	26 Feb 2010
- 31 Dec 2008	9.65	264.1	26 Feb 2009

Movement in provision for distributions to Securityholders

	Consolidated	
	2009	2008
	\$M	\$M
Balance at the beginning of the half year	-	142.4
Provisions for distributions	92.5	264.1
Payment of distributions	-	(142.4)
Balance at the end of the half year	92.5	264.1

(c) Distributions declared and paid by Goodman PLUS Trust

	Distribution cpu	Total amount \$M	Date of payment
Distributions for the quarters ended:			
- 21 Sep 2009	128.0	4.2	21 Sep 2009
- 21 Dec 2009	129.2	4.2	21 Dec 2009
	257.2	8.4	
Distributions for the quarters ended:			
- 21 Sep 2008	242.5	7.9	22 Sep 2008
- 21 Dec 2008	233.7	7.6	22 Dec 2008
	476.2	15.5	

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

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

7. Dividends and distributions (cont)

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

	Distribution cpu	Total amount \$M	Date of payment
Distributions for the half year ended:			
- 21 Dec 2009	180,821.9	9.0	21 Dec 2009

During the half year, China Hybrid Investment Sub-trust, a controlled entity of the Consolidated Entity, has issued hybrid securities (CIC convertible preference securities) which meet the definition of equity (refer to note 19).

8. Receivables

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$M	\$M
Current		
Trade receivables	25.5	38.2
Other receivables	60.4	106.8
Construction contract receivables	45.1	88.1
Amounts due from related parties	92.5	79.8
Derivative financial instruments	1.3	2.7
	224.8	315.6
Non-current		
Loans to related parties	242.3	243.0
Other amounts due from related parties	15.4	15.5
Other receivables	17.2	16.9
Derivative financial instruments	55.7	28.2
	330.6	303.6

9. Inventories

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$M	\$M
Current		
Work in progress	137.5	10.0
Non-current		
Work in progress	119.4	35.5

At 31 December 2009, development properties with a fair value of \$208.9 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 2009

10. Investment properties

	Completed investment properties		Redevelopment projects		Investment properties under development		Total investment properties	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Carrying amount at the beginning of the half year	2,547.2	2,953.1	97.7	113.5	889.1	1,197.2	3,534.0	4,263.8
Cost of acquisition:								
- On acquisition of controlled entities	-	21.3	-	-	-	-	-	21.3
- Other acquisitions	(0.1)	0.5	-	-	12.7	45.5	12.6	46.0
Capital expenditure	10.1	31.3	2.3	6.4	77.5	211.6	89.9	249.3
Transfers in/(out)	16.8	140.1	(87.7)	(8.6)	70.9	(131.5)	-	-
Disposals:								
- Carrying value of properties sold	(17.2)	(129.9)	(5.9)	-	(22.0)	(241.8)	(45.1)	(371.7)
- On disposal of interests in controlled entities	-	(124.7)	-	-	-	(89.6)	-	(214.3)
Net loss from fair value adjustments	(89.6)	(106.8)	-	-	(106.3)	(101.3)	(195.9)	(208.1)
Transfers to inventory	-	-	(6.3)	-	(202.6)	-	(208.9)	-
Effect of foreign currency translation	(65.4)	75.6	(0.1)	-	(84.1)	72.4	(149.6)	148.0
Carrying amount at the end of the half year	2,401.8	2,860.5	-	111.3	635.2	962.5	3,037.0	3,934.3

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

11. Investments accounted for using the equity method

	Note	Consolidated	
		31 Dec 2009	30 Jun 2009
		\$M	\$M
Share of net assets accounted for using the equity method			
Associates	11(a)	1,953.2	2,373.6
Joint venture entities (JVEs)	11(b)	262.7	288.7
Total		2,215.9	2,662.3

(a) Investments in associates

	Consolidated	
	2009	2008
	\$M	\$M
Movements in carrying amount of investments in associates		
Carrying amount at the beginning of the half year	2,373.6	2,142.1
Share of net results after tax (before revaluations) of associates ¹	38.1	42.4
Share of net loss from fair value adjustments on investment properties	(271.3)	(261.0)
Share of net results of investments in associates	(233.2)	(218.6)
Share of movements in reserves	11.3	(155.7)
Acquisitions of investments in associates	8.3	1,033.6
Disposals of investments in associates	(77.1)	(189.2)
Distributions received and receivable	(31.4)	(62.1)
Effect of foreign currency translation	(98.3)	156.8
Carrying amount at the end of the half year	1,953.2	2,706.9

1. Share of net results after tax (before revaluations) of associates includes \$19.3 million (2008: \$nil) of losses on disposals of investment properties and debt restructuring costs of \$4.0 million (2008: \$nil).

		Consolidated share of associate's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
	Country of incorporation/ establishment	31 Dec 2009 \$M	31 Dec 2008 \$M	31 Dec 2009 %	30 Jun 2009 %	31 Dec 2009 \$M	30 Jun 2009 \$M
Name							
Property investment associates							
Goodman Australia Industrial Fund (GAIF)	Australia	(97.1)	(13.3)	45.4	45.4	1,031.8	1,122.9
Goodman Property Trust (GMT) ¹	New Zealand	3.0	(3.4)	16.8	28.1	130.7	215.0
Goodman Hong Kong Logistics Fund (GHKLF)	Cayman Islands	8.4	12.9	24.2	24.2	221.4	244.2
Goodman European Logistics Fund (GELF)	Luxembourg	(79.5)	(24.7)	34.2	32.9	291.3	411.7
Arlington Business Parks Partnership (ABPP)	United Kingdom	(70.1)	(190.1)	35.8	35.8	269.7	379.8
Goodman China Logistics Holding Limited (GCLHL)	China	2.1	-	20.0	-	8.3	-
		(233.2)	(218.6)			1,953.2	2,373.6

1. In August 2009, the Consolidated Entity sold units in GMT reducing its ownership interest from 28.1% to 16.8%. The Consolidated Entity continues to equity account for its investment as it retains significant influence in GMT.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

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

(b) Investments in JVEs

	Consolidated	
	2009	2008
	\$M	\$M
Movements in carrying amount of investments in JVEs		
Carrying amount at the beginning of the half year	288.7	257.4
Share of net results after tax (before revaluations) of JVEs ¹	(1.5)	2.8
Share of net loss from fair value adjustments on investment properties	(11.6)	(4.5)
Share of net results of investments in JVEs	(13.1)	(1.7)
Share of movements in reserves	0.7	-
Acquisitions of investments in JVEs	4.0	110.1
Transfer on reclassification as a controlled entity	-	(1.3)
Disposals of investments in JVEs	-	(71.5)
Transfer from other financial assets	-	2.5
Distributions received and receivable	-	(4.4)
Effect of foreign currency translation	(17.6)	115.5
Carrying amount at the end of the half year	262.7	406.6

1. Share of net results after tax (before revaluations) of JVEs for the current year includes \$3.6 million (2008: \$nil) of restructuring costs.

costs.

		Consolidated share of		Consolidated		Consolidated	
		JVE's result		ownership interest		investment carrying	
		recognised				amount	
	Country of	31 Dec	31 Dec	31 Dec	30 Jun	31 Dec	30 Jun
	establishment/	2009	2008	2009	2009	2009	2009
Name	incorporation	\$M	\$M	%	%	\$M	\$M
Fund management JVEs							
Goodman Asia Limited	Hong Kong	-	2.0	100.0	100.0	-	-
Macquarie Goodman Japan Pte Ltd	Singapore	(12.0)	(3.9)	50.0	50.0	144.4	165.4
MGJL Management Lux Sàrl	Luxembourg	-	-	50.0	50.0	0.1	0.2
Property investment JVEs							
413 King William Street Trust	Australia	-	-	50.0	50.0	0.5	0.5
MGJ Cayman 1	Cayman Islands	(1.9)	0.1	50.0	50.0	11.4	14.1
Colworth Park Ltd Partnership	United Kingdom	0.8	1.1	50.0	50.0	17.3	18.9
The Harwell Science and Innovation Campus Limited Partnership	United Kingdom	(0.1)	-	50.0	50.0	5.7	6.6
Abu Dhabi Business Parks Company LLC	United Arab Emirates	-	-	49.0	49.0	-	-
Property development JVEs							
BGA1 Pty Ltd	Australia	0.1	1.4	50.0	50.0	(0.2)	-
Toll Goodman Property Services Pty Ltd	Australia	0.2	0.2	50.0	50.0	1.6	1.2
GGGAIF Huntingwood East	Australia	-	-	50.0	50.0	-	-
GGGAIF Huntingwood West	Australia	-	-	50.0	50.0	-	-
Highbrook Development Ltd	New Zealand	1.8	2.3	25.0	25.0	46.6	43.3
Goodman Seaview Ltd	Cayman Islands	-	-	50.0	50.0	4.9	5.5
Goodman Interlink Ltd	Cayman Islands	-	-	50.0	50.0	11.5	12.7
Goodman Herten Logistics (Lux) Sàrl	Luxembourg	(1.3)	1.5	50.0	50.0	-	1.4
Goodman Lazulite Logistics (Lux) Sàrl	Luxembourg	(0.3)	0.4	50.0	50.0	0.1	0.4
Ullo One 2008 Kft	Hungary	(0.2)	-	50.0	50.0	5.9	4.5
Agate Ingatlanforgalmazó Kft	Hungary	-	-	50.0	50.0	-	-
WMP NV	Belgium	(0.5)	-	50.0	50.0	-	0.5
BL Goodman LLP	United Kingdom	0.3	(4.4)	50.0	50.0	6.0	6.2
Desborough Developments Ltd	United Kingdom	-	(1.1)	50.0	50.0	2.5	2.7
Gateway LLP	United Kingdom	-	-	50.0	50.0	3.0	3.2
Pochin Rosemound (Deeside) Ltd	United Kingdom	-	(1.3)	50.0	50.0	1.4	1.4
		(13.1)	(1.7)			262.7	288.7

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

12. Other financial assets

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$M	\$M
Investment in listed securities, at fair value	54.2	27.7
Investments in unlisted securities, at fair value	29.6	43.4
	83.8	71.1

13. Intangible assets

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$M	\$M
Goodwill relating to European operations, at cost	723.2	799.4
Management rights relating to European operations, at cost	242.6	274.6
Management rights relating to Asia Pacific operations, at cost	58.7	51.4
	1,024.5	1,125.4

Reconciliation	Note	Carrying amount at the beginning of the half year \$M	Acquisitions \$M	Impairments \$M	Effect of foreign currency translation \$M	Carrying amount at the end of the half year \$M
Goodwill						
Logistics - United Kingdom	13(a)	121.7	-	-	(15.4)	106.3
Logistics - Continental Europe	13(b)	669.5	-	-	(52.6)	616.9
Business Parks - Continental Europe	13(e)	8.2	-	(7.4)	(0.8)	-
Subtotal - goodwill		799.4	-	(7.4)	(68.8)	723.2
European management rights						
Logistics - Continental Europe	13(b)	37.6	-	-	(2.8)	34.8
Business Parks - United Kingdom	13(c)	214.6	-	-	(27.3)	187.3
Business Parks - Colworth		9.9	-	-	(1.2)	8.7
Business Parks - Continental Europe	13(d)	12.5	-	-	(0.7)	11.8
Subtotal - European management rights		274.6	-	-	(32.0)	242.6
Asia Pacific management rights						
Fund management - Hong Kong		25.1	-	-	(2.6)	22.5
Fund management - China	13(e)	20.8	12.2	-	(2.3)	30.7
Fund management - New Zealand		5.5	-	-	-	5.5
Subtotal - Asia Pacific management rights		51.4	12.2	-	(4.9)	58.7
Subtotal - management rights		326.0	12.2	-	(36.9)	301.3
Total		1,125.4	12.2	(7.4)	(105.7)	1,024.5

Impairment losses

Goodwill totalling \$7.4 million arising on acquisition of the Calliston business during the year ended 30 June 2007 was fully impaired at 31 December 2009 on the basis that the underlying business operation has been substantially curtailed. No other impairment losses were recognised during the half year. There have been no reversals of impairment losses during the half year (2008: \$nil).

Impairment testing for intangible assets

There were no indicators of impairment for intangible assets relating to Colworth, Hong Kong and New Zealand at 31 December 2009. For each of the other intangible assets the assumptions used in impairment testing at 31 December 2009 have been updated as set out in the following sections.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

13. Intangible assets (cont)

Key assumptions made in impairment testing

Sources of funding for development activity

Consistent with 30 June 2009, capital inflows required to fund development activity in each region are assumed to flow from the following sources:

- + equity investment directly into managed funds (including distribution reinvestment plans) from private and public markets, the creation of joint ventures or other investment structures involving Goodman;
- + lending facilities (general term facilities or construction financing facilities) advanced to Goodman and/or equity investors;
- + debt capital markets;
- + turnkey developments; and
- + proceeds from an orderly assets sale programme.

It is not practical to determine the approximate ratio of the total which will flow from each source.

Funds available to Goodman and potential equity investors are assumed to be sourced from available global markets and are not limited to lending markets in the regions to which the relevant intangible asset relates. The level of uncertainty relating to the availability of these cash inflows continues to diminish as global debt and investment market conditions improve however uncertainty remains in forecasting macro economic performance in certain markets.

The downturn in earnings resulting from a combination of the Consolidated Entity's capital preservation strategies and severe adverse conditions in certain markets experienced between 2008 and 2009 is assumed not to recur in the foreseeable property cycle. Business conditions in the United Kingdom and Continental Europe in particular are assumed to improve steadily over the forecast period commencing in 2010.

Margins to be earned from development activity

Assumptions on margins earned from developments included in impairment testing by each business unit are consistent with those adopted at 30 June 2009.

Assumptions impacting the terminal year

	Logistics - United Kingdom	Logistics - Continental Europe	Business Parks - United Kingdom	Business Parks - Continental Europe	China
Discount rate¹					
31 Dec 2009	15.2%	11.9%	11.9%	13.9%	16.9%
30 Jun 2009	15.3%	11.5%	11.4%	14.2%	16.0%
Development in year five (millions square metres)²					
31 Dec 2009	0.33	0.95	0.06	-	0.30
30 Jun 2009	0.29	0.95	0.08	0.02	0.57
Growth rate³					
31 Dec 2009	2.5%	2.5%	2.5%	2.5%	5.0%
30 Jun 2009	2.5%	2.5%	2.5%	2.5%	5.0%
Development in year five (cost in \$'billions)³					
31 Dec 2009	0.65	0.82	0.16	-	0.06
30 Jun 2009	0.72	0.84	0.24	0.06	0.09

- The gearing assumption used in impairment testing for all intangible assets has been revised from 40% at 30 June 2009 to 30% at 31 December 2009. As the cost of equity exceeds the cost of debt, this had an incremental effect on discount rates.
- Demand is assumed to continue to grow for premium grade industrial product in each market. This demand is driven by a trend towards modern distribution methods, use of specialist logistics operations and modern well located facilities.
- Long-term growth rates have been used to extrapolate cash flow projections beyond the period covered by the five year forecast. The cost of developments in year five represents the estimated total funding requirements for assumed developments both on balance sheet and within managed funds and joint ventures.

Other changes in key assumptions used in impairment testing

All other assumptions used in impairment testing are consistent with those adopted at 30 June 2009 except as highlighted below.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

13. Intangible assets (cont)

(a) Logistics – United Kingdom

The carrying value of the goodwill relating to UK Logistics at 30 June 2009 was impaired to its value in use. The estimated value in use at 31 December 2009 has increased marginally due to the changes in key assumptions.

Changes in key assumptions used in the five year forecast

- + the value in use calculation at 30 June 2009 assumed that one stabilised investment property and a number of development properties would be used to create an initial joint venture structure in the year ending 30 June 2010, with a further joint venture created in the year ending 30 June 2011. The creation of both joint ventures is now assumed to be delayed by 12 months. Consequently development and fund management revenues from these joint ventures in future years have been delayed;
- + transactional profits from other development properties have been delayed by 12 months;
- + management fees relating to the stabilised investment property to be included in the initial joint venture have been included in the impairment testing (\$nil at 30 June 2009);
- + gross operating expenses have been reduced over the forecast period reflecting the updated cost profile of the business unit and the implementation of cost saving initiatives beyond those assumed at 30 June 2009; and
- + costs directly related to wholly owned developments have been excluded from gross overhead expenses.

The adverse impacts of a one year delay in the formation of both joint ventures and a one year delay in development starts have been offset by the inclusion of management fees relating to the stabilised asset included in the initial joint venture and the exclusion of costs directly attributable to wholly owned developments. No additional impairment of goodwill for this business unit has been recognised at 31 December 2009. The incremental impairment losses which would be required for a further one year delay in the formation of both joint ventures and a one year delay in development starts are \$26.0 million and \$16.5 million respectively.

(b) Logistics – Continental Europe

Changes in growth assumptions for development pipeline used in the five year forecast

- + no changes have been made to the assumptions made at 30 June 2009 relating to the underlying number and value of projects and related margins Goodman can achieve over the forecast period. However development activity in the fund in years one and two has been reduced to reflect updated assumptions on timing of project commencements. Transactional profits and fees in these years have been reduced.
- + consistent with assumptions made at 30 June 2009, growth in years three to five is assumed to flow from a significant expansion in the development pipeline from currently depressed levels of circa 0.1 million square metres of business space in years one and two to 0.9 million square metres in year five. This assumption is based on Goodman continuing to grow its European Logistics development business and recovery in demand for premium grade modern logistics facilities. For comparison, 0.8 million square metres of industrial business space was developed by Goodman in Europe in the year to 30 June 2008; and
- + the estimated total cash outflow required to fund the assumed development pipeline increases from circa \$0.2 billion in year three to circa \$0.8 billion in year five.

Other changes in key assumptions used in the five year forecast

- + property disposals by GELF in year one have been reduced to reflect updated assumptions. No acquisitions are now forecast by GELF in year one. Management fee income has been reduced to reflect these changes in capital by GELF;
- + assumed yields for GELF properties in year five remain unchanged from 30 June 2009. Base fund management fees have reduced in each year to reflect a lower level of assets under management resulting from lower development activity; and
- + the business unit's annual operating expenses have been reduced in year one to reflect cost savings from office closures and other restructuring of operations.

(c) Business Parks – United Kingdom

Changes in key assumptions used in the five year forecast

- + the timing of future developments for ABPP has been revised and the overall estimate of business space created in the forecast period has been reduced by 30%. As a result, development management fees in the forecast period have been substantially reduced leading to slower growth in assets under management and therefore lower base management fees; and
- + operating expenses over the forecast period have been reduced to reflect the lower levels of development activity.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

13. Intangible assets (cont)

(d) Business parks – Continental Europe

The carrying value of intangible assets relating to Business Parks – Continental Europe decreased during the half year due to the impairment of goodwill relating to Calliston.

As a result of the changes in assumptions noted below, the value in use has reduced from 30 June 2009. However, at 31 December 2009, the revised value in use exceeds the carrying value of intangible assets relating to Business Parks – Continental Europe at 31 December 2009.

Changes in key assumptions used in the five year forecast

- + new development starts by Goodman European Business Parks Fund have been removed from the forecast period. Development management fees over the forecast period have been substantially reduced;
- + growth in assets under management has been further reduced which adversely impacts base fees; and
- + operating expenses have been reduced reflecting the decrease in development activity in the forecast period and the assumed incremental cost base.

(e) Fund management – China

The investment structure with a third party anticipated at 30 June 2009 was created during the half year. Four completed properties held by Goodman in China were sold to GCLHL (refer to note 20).

Changes in key assumptions used in the five year forecast

- + development activity was previously assumed to be undertaken by the joint venture. GCLHL is now assumed to purchase properties from Goodman on a fully completed basis. Development management fees and performance fees included in the assumptions have been substantially reduced and transactional profits included to reflect profits on disposal of completed properties to GCLHL; and
- + the number of unidentified new projects has been revised downwards, with a 22% reduction in forecast business space produced during the forecast period compared to 30 June 2009.

14. Payables

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$M	\$M
Current		
Trade payables	57.5	82.9
Other payables and accruals	68.1	147.6
Deferred settlements	0.8	0.9
Derivative financial instruments	21.3	13.7
	147.7	245.1
Non-current		
Other payables and accruals	14.1	1.5
Derivative financial instruments	142.4	186.5
	156.5	188.0

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

15. Interest bearing liabilities

		Consolidated	
		31 Dec 2009	30 Jun 2009
	Note	\$M	\$M
Current			
Bank loans, unsecured	15(a)	89.4	584.4
Bank loans, secured	15(b)	11.5	402.3
		100.9	986.7
Non-current			
Bank loans, unsecured	15(a)	1,853.0	2,693.1
Bank loans, secured	15(b)	54.0	-
Euro medium term notes, unsecured	15(c)	447.9	513.1
Foreign private placement, unsecured	15(d)	43.3	46.9
		2,398.2	3,253.1

(a) Bank loans, unsecured

Unsecured bank loans at 31 December 2009 are summarised as follows:

		Amounts drawn down in A\$M equivalents							Total
Facility		AUD	NZD	HKD	USD	GBP	EUR	JPY	
Syndicated Multi-currency Facility (SMCF) ¹	31 Dec 2009	90.0	-	1.1	162.1	283.6	154.6	20.0	711.4
	30 Jun 2009	1,017.2	-	-	270.2	3.3	40.9	44.8	1,376.4
Bank loan ²	31 Dec 2009	-	-	-	-	286.7	-	-	286.7
	30 Jun 2009	-	-	-	-	328.4	-	-	328.4
Bank loan ³	31 Dec 2009	285.9	-	-	-	-	100.7	-	386.6
	30 Jun 2009	448.2	-	-	-	-	109.3	-	557.5
Bank loan ⁴	31 Dec 2009	-	-	-	-	-	-	89.4	89.4
	30 Jun 2009	-	-	-	-	-	-	101.1	101.1
Bank loan ⁵	31 Dec 2009	-	-	-	-	13.8	-	-	13.8
	30 Jun 2009	-	-	-	-	-	-	-	-
Bank loan ⁶	31 Dec 2009	-	-	-	-	20.0	441.1	-	461.1
	30 Jun 2009	-	-	-	-	306.1	623.6	-	929.7
Total	31 Dec 2009	375.9	-	1.1	162.1	604.1	696.4	109.4	1,949.0
	30 Jun 2009	1,465.4	-	-	270.2	637.8	773.8	145.9	3,293.1
Less: Unamortised borrowing costs	31 Dec 2009								(6.6)
	30 Jun 2009								(15.6)
Total unsecured bank loans	31 Dec 2009								1,942.4
	30 Jun 2009								3,277.5

1. The terms of the SMCF were amended in August 2009 such that a A\$82.1 million facility expires on 23 May 2011 (drawn to A\$81.7 million as at 31 December 2009), a A\$400.0 million facility expires on 24 May 2012 (drawn to A\$194.4 million as at 31 December 2009) and a A\$437.9 million facility expires on 30 September 2012 (drawn to A\$435.3 million as at 31 December 2009).
2. A controlled entity has a bank loan of A\$286.7 million denominated in British pounds sterling. The facility expires on 7 April 2013.
3. Controlled entities have bank loans of A\$386.6 million denominated in Australian dollars (A\$285.9 million) and euros (A\$100.7 million). The facility expires on 8 February 2012.
4. A controlled entity has a bank loan of A\$89.4 million denominated in Japanese yen. The facility expires on 28 February 2010.
5. Controlled entities have bank loans of A\$13.8 million denominated in British pounds sterling. The facility expires on 1 September 2012. This loan was classified as secured at 30 June 2009.
6. Controlled entities have bank loans of A\$461.1 million denominated in British pounds sterling (A\$20.0 million) and euros (A\$441.1 million). The terms of the facility were amended in August 2009 such that a A\$296.4 million facility expires on 5 December 2012 (drawn to A\$87.8 million as at 31 December 2009) and a A\$544.8 million facility expires on 5 December 2013 (drawn to A\$373.3 million as at 31 December 2009).

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

15. Interest bearing liabilities (cont)

(b) Bank loans, secured

Secured bank loans at 31 December 2009 are summarised as follows:

Facility		Amounts drawn down in A\$M equivalents			
		AUD	GBP	EUR	Total
Bank loan ¹	31 Dec 2009	-	54.0	-	54.0
	30 Jun 2009	-	106.2	-	106.2
Bank loan ²	31 Dec 2009	-	-	-	-
	30 Jun 2009	-	5.1	6.2	11.3
Bank loan ³	31 Dec 2009	-	-	-	-
	30 Jun 2009	300.0	-	-	300.0
Bank loan ⁴	31 Dec 2009	-	-	11.5	11.5
	30 Jun 2009	-	-	-	-
Total	31 Dec 2009	-	54.0	11.5	65.5
	30 Jun 2009	300.0	111.3	6.2	417.5
Less Unamortised borrowing costs	31 Dec 2009				-
	30 Jun 2009				(15.2)
Total secured bank loans	31 Dec 2009				65.5
	30 Jun 2009				402.3

1. A controlled entity has a bank loan of A\$54.0 million denominated in British pounds sterling. The facility expires on 30 September 2011.

2. The terms of this facility were amended in August 2009 and the facility is now classified as unsecured.

3. This facility was cancelled and the loan outstanding was repaid on 25 September 2009.

4. A controlled entity has a bank loan of A\$11.5 million denominated in euros. The facility expires on 30 June 2010.

Security for all loans referred to above is by way of first and second ranking charges over various assets of the Consolidated Entity.

(c) Euro medium term notes, unsecured

The Consolidated Entity has on issue A\$447.9 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.

(d) Foreign private placement, unsecured

The Consolidated Entity has an unsecured foreign private placement denominated in euros. The facility expires on 30 June 2023.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

15. Interest bearing liabilities (cont)

(e) Finance facilities

	Consolidated	
	Facilities available \$M	Facilities utilised \$M
At 31 December 2009		
Bank loans, unsecured	2,764.8	1,942.4
Bank loans, secured	66.2	65.5
Euro medium term notes, unsecured	447.9	447.9
Foreign private placement, unsecured	43.3	43.3
Bank guarantees ¹	-	45.3
	3,322.2	2,544.4
At 30 June 2009		
Bank loans, unsecured	3,388.1	3,277.5
Bank loans, secured	611.7	402.3
Euro medium term notes, unsecured	513.1	513.1
Foreign private placement, unsecured	46.9	46.9
Bank guarantees ¹	-	50.0
	4,559.8	4,289.8

1. Bank guarantees relate to the Consolidated Entity's unsecured facilities.

16. Issued capital

	Consolidated	
	31 Dec 2009	30 Jun 2009
Securities on issue		
Number of securities on issue on the Australian Securities Exchange	6,205,676,188	2,779,651,716
Less: Treasury securities issued under the ESAP	(36,322,476)	(41,649,311)
Balance included in issued capital	6,169,353,712	2,738,002,405
	\$M	\$M
Parent Entity		
Issued capital, fully paid	377.7	249.8
Treasury securities	(1.4)	(1.5)
Issue costs	(11.5)	(6.7)
Equity attributable to Shareholders	364.8	241.6
GIT		
Issued capital, fully paid	6,540.6	5,324.7
Issue costs	(139.7)	(95.6)
	6,400.9	5,229.1
Less: Amounts attributable to Shareholders ¹	(222.8)	(225.9)
Equity attributable to Unitholders	6,178.1	5,003.2
Total issued capital	6,542.9	5,244.8

1. The equity attributable to Unitholders is reduced on consolidation by the Company's interest in GIT units issued under the ESAP which are not vested. The Company retains an economic interest in these units until they vest under the ESAP.

Terms and conditions

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

Equity raising

During August and September 2009, Goodman undertook a fully underwritten equity raising to raise a total of \$1.279 billion from the issue of approximately 3.2 billion stapled securities at \$0.40 per security via an institutional placement and a one for one non-renounceable entitlement offering.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

16. Issued capital (cont)

	Securities per ASX		Treasury securities		Consolidated		Equity		Treasury securities		Consolidation eliminations		GIT		Parent Entity	
	M	M	M	M	M	M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Balance at the beginning of the half year																
Securities on issue at 1 July	2,779.7	1,715.8	-	-	2,779.7	1,715.8	5,410.8	4,452.8	-	-	(163.8)	(163.8)	5,324.7	4,415.8	249.9	200.8
Treasury securities at 1 July	-	-	(41.6)	(40.6)	(41.6)	(40.6)	-	-	(63.6)	(63.6)	(62.1)	(62.1)	-	-	(1.5)	(1.5)
Less: Issue costs	-	-	-	-	-	-	(102.4)	(72.0)	-	-	-	-	(95.6)	(66.6)	(6.8)	(5.4)
	2,779.7	1,715.8	(41.6)	(40.6)	2,738.1	1,675.2	5,308.4	4,380.8	(63.6)	(63.6)	(225.9)	(225.9)	5,229.1	4,349.2	241.6	193.9
Movements during the half year																
- 3,196,599,473 securities issued under the institutional placement and entitlement offer (2008: 1,062,207,693)	3,196.6	1,062.2	-	-	3,196.6	1,062.2	1,278.5	956.1	-	-	-	-	1,156.9	904.1	121.6	52.0
- 229,424,999 securities issued on exercise of options by Macquarie Group	229.4	-	-	-	229.4	-	65.2	-	-	-	-	-	59.0	-	6.2	-
- nil securities issued to employees on exercise of options (2008: 33,334)	-	0.1	-	-	-	0.1	-	0.1	-	-	-	-	-	0.1	-	-
- 5,326,834 treasury securities forfeited (2008: nil)	-	-	5.3	-	5.3	-	(5.4)	-	8.6	-	3.1	-	-	-	0.1	-
- nil securities issued under the earn out provisions of the Eurinpro acquisition (2008:1,605,684)	-	1.6	-	-	-	1.6	-	5.0	-	-	-	-	-	4.7	-	0.3
- nil treasury securities vested but not converted to securities under the ESAP (2008:1,066,669)	-	-	-	(1.1)	-	(1.1)	-	(3.2)	-	-	-	-	-	-	-	(3.2)
	6,205.7	2,779.7	(36.3)	(41.7)	6,169.4	2,738.0	6,749.1	5,410.8	(55.0)	(63.6)	(222.8)	(225.9)	6,540.6	5,324.7	376.3	248.4
Less: Issue costs	-	-	-	-	-	-	(151.2)	(101.9)	-	-	-	-	(139.7)	(95.1)	(11.5)	(6.8)
Balance at the end of the half year	6,205.7	2,779.7	(36.3)	(41.7)	6,169.4	2,738.0	6,597.9	5,308.9	(55.0)	(63.6)	(222.8)	(225.9)	6,400.9	5,229.6	364.8	241.6
Comprises:																
Securities on issue at 31 December	6,205.7	2,779.7	-	-	6,205.7	2,779.7	6,749.1	5,410.8	-	-	(169.1)	(163.8)	6,540.6	5,324.7	377.7	249.9
Treasury securities on issue at 31 December	-	-	(36.3)	(41.7)	(36.3)	(41.7)	-	-	(55.0)	(63.6)	(53.7)	(62.1)	-	-	(1.4)	(1.5)
Less: Issue costs	-	-	-	-	-	-	(151.2)	(101.9)	-	-	-	-	(139.7)	(95.1)	(11.5)	(6.8)
	6,205.7	2,779.7	(36.3)	(41.7)	6,169.4	2,738.0	6,597.9	5,308.9	(55.0)	(63.6)	(222.8)	(225.9)	6,400.9	5,229.6	364.8	241.6

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

17. Reserves

	Note	Consolidated	
		31 Dec 2009	30 Jun 2009
		\$M	\$M
Asset revaluation reserve	17(a)	(1,885.1)	(1,521.0)
Cash flow hedge reserve	17(b)	(169.9)	(235.9)
Foreign currency translation reserve	17(c)	(333.3)	(62.8)
Capital profits reserve	17(d)	169.5	175.8
Employee compensation reserve	17(e)	(16.3)	(16.0)
Defined benefit funds actuarial losses reserve	17(f)	(15.4)	(12.3)
Total reserves		(2,250.5)	(1,672.2)

The reserves of the Consolidated Entity are apportioned below between the amounts Securityholders are entitled by virtue of their shareholding in the Company and their unitholding in GIT:

	Shareholders		Unitholders		Securityholders	
	2009	2008	2009	2008	2009	2008
	\$M	\$M	\$M	\$M	\$M	\$M
(a) Asset revaluation reserve						
Balance at the beginning of the half year	(260.3)	(49.6)	(1,260.7)	(307.3)	(1,521.0)	(356.9)
Increase/(decrease) due to revaluation of listed/unlisted investments, net of tax	21.1	(9.3)	26.5	(5.3)	47.6	(14.6)
Transfers to capital profits reserve	11.8	22.6	7.6	72.3	19.4	94.9
Transfers from (accumulated losses)/retained earnings	(121.6)	(136.1)	(404.7)	(485.4)	(526.3)	(621.5)
Effect of foreign currency translation	27.6	(4.8)	67.6	3.0	95.2	(1.8)
Balance at the end of the half year	(321.4)	(177.2)	(1,563.7)	(722.7)	(1,885.1)	(899.9)
(b) Cash flow hedge reserve						
Balance at the beginning of the half year	(12.7)	(0.2)	(223.2)	72.6	(235.9)	72.4
Change in value of financial instruments	0.9	(13.0)	10.2	(334.5)	11.1	(347.5)
Transfers to income statement	1.1	-	35.4	(1.0)	36.5	(1.0)
Effect of foreign currency translation	1.5	-	16.9	8.0	18.4	8.0
Balance at the end of the half year	(9.2)	(13.2)	(160.7)	(254.9)	(169.9)	(268.1)
(c) Foreign currency translation reserve						
Balance at the beginning of the half year	7.9	(17.1)	(70.7)	23.9	(62.8)	6.8
Net exchange differences on conversion of foreign operations	0.3	52.5	(270.8)	(42.1)	(270.5)	10.4
Transfers to income statement	6.8	-	(6.8)	-	-	-
Balance at the end of the half year	15.0	35.4	(348.3)	(18.2)	(333.3)	17.2
(d) Capital profits reserve						
Balance at the beginning of the half year	58.1	98.3	117.7	210.8	175.8	309.1
Transfers from asset revaluation reserve	(11.8)	(22.6)	(7.6)	(72.3)	(19.4)	(94.9)
Transfers from (accumulated losses)/retained earnings	-	2.5	-	(76.0)	-	(73.5)
Effect of foreign currency translation	0.8	28.5	12.3	(0.1)	13.1	28.4
Balance at the end of the half year	47.1	106.7	122.4	62.4	169.5	169.1

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

17. Reserves (cont)

	Shareholders		Unitholders		Securityholders	
	2009	2008	2009	2008	2009	2008
	\$M	\$M	\$M	\$M	\$M	\$M
(e) Employee compensation reserve						
Balance at the beginning of the half year	(16.0)	36.6	-	-	(16.0)	36.6
Credit recognised in profit or loss	-	(34.4)	-	-	-	(34.4)
Difference between the ESAP interest income and distribution	5.9	1.6	-	-	5.9	1.6
Other	(5.7)	(16.6)	-	-	(5.7)	(16.6)
Effect of foreign currency translation	(0.5)	2.3	-	-	(0.5)	2.3
Balance at the end of the half year	(16.3)	(10.5)	-	-	(16.3)	(10.5)

(f) Defined benefit funds actuarial losses reserve

Balance at the beginning of the half year	(12.3)	(2.9)	-	-	(12.3)	(2.9)
Actuarial losses, net of tax	(4.7)	(2.2)	-	-	(4.7)	(2.2)
Effect of foreign currency translation	1.6	0.1	-	-	1.6	0.1
Balance at the end of the half year	(15.4)	(5.0)	-	-	(15.4)	(5.0)

18. (Accumulated losses)/retained earnings

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

	Shareholders		Unitholders		Securityholders	
	2009	2008	2009	2008	2009	2008
	\$M	\$M	\$M	\$M	\$M	\$M
Balance at the beginning of the half year	(93.7)	(23.3)	(20.1)	(10.5)	(113.8)	(33.8)
Loss for the half year	(166.6)	(101.3)	(333.7)	(364.6)	(500.3)	(465.9)
Transfers to asset revaluation reserve	121.6	136.1	404.7	485.4	526.3	621.5
Transfers to capital profits reserve	-	(2.5)	-	76.0	-	73.5
Distributions declared ¹	0.6	4.0	(93.1)	(268.2)	(92.5)	(264.2)
Balance at the end of the half year	(138.1)	13.0	(42.2)	(81.9)	(180.3)	(68.9)

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

19. Other minority interests

Other minority interests in controlled entities comprise:

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$M	\$M
Goodman PLUS Trust hybrid securities	318.8	318.8
CIC convertible preference securities	479.4	-
	798.2	318.8

CIC convertible preference securities

During the half year, Goodman received \$500 million from the issue of three tranches of convertible preference securities to CIC. Each tranche will receive a coupon of 10% per annum and can be converted to ordinary stapled securities as follows: tranche one of \$225 million can be converted at a price of \$0.43 per security from 31 October 2009; tranche two of \$150 million can be converted at a price of \$0.44 per security from 30 June 2010; and tranche three of \$125 million can be converted at a price of \$0.45 per security from 31 December 2010. Goodman may also elect to redeem the preferred equity if the closing price of Goodman's stapled securities for 20 out of 30 consecutive trading days is in excess of 125% of the conversion price as follows: tranche one from 31 December 2010, tranche two from 31 December 2011 and tranche three from 30 June 2012.

Goodman Limited and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

20. Disposals of interests in controlled entities

During the half year, Goodman disposed of controlled entities as set out below:

	Total \$M
Cash consideration received on part disposal Goodman China Investments ¹	106.2
Cash consideration received on sale of special purpose entities in Europe	16.8
Net cash inflow	123.0

1. On 9 September 2009, Goodman effectively disposed of 80% of its interest in Goodman China Investments, which owned four stabilised investment properties, to Canada Pension Plan Investment Board. The principal impact on the Consolidated Entity's balance sheet was a decrease in investment properties within assets classified as held for sale of \$151.4 million and an increase in the investments in associates of \$30.8 million.

21. Commitments

Commitment to investment in managed funds

At 31 December 2009, the Consolidated Entity was committed to invest A\$81.4 million (30 June 2009: A\$nil) into GAIF, payable in two equal tranches on 31 March 2010 and 30 July 2010; and A\$91.9 million into GHKLF (30 June 2009: A\$102.9 million).

In 2008, Goodman committed to subscribe for the lower of €222 million (A\$356 million) or such amount as represents 40% of the issued and committed but uncalled GELF units, which is the maximum that Goodman is currently permitted to hold under the terms of the GELF constitutional documents. That commitment has been drawn down as and when required under the capital management plan of GELF. At 31 December 2009, that commitment had been drawn to €119 million (A\$191 million), although based on GELF's latest current unit value, the Consolidated Entity is only able to invest a further €49 million (A\$79 million) before it reaches the maximum permitted holding of 40% of the issued and committed but uncalled GELF units.

Goodman has a commitment to provide additional shareholder funding of A\$20.0 million (30 June 2009: A\$nil) into GGGAIF Huntingwood East, A\$20.5 million (30 June 2009: A\$nil) into GGGAIF Huntingwood West, up to A\$2.0 million (30 June 2009: A\$2.0 million) into Highbrook Development Limited, A\$5.1 million (30 June 2009: A\$9.5 million) into Goodman Seaview Limited and A\$39.4 million (30 June 2009: A\$16.7 million) into Goodman Interlink Limited. This is to fund development projects committed to by these JVEs.

Acquisition of investment properties

Amounts contracted for the acquisition of investment properties not provided for at 31 December 2009 were \$15.6 million (30 June 2009: \$54.4 million).

22. Non-cash transactions

There were no significant non-cash transactions in the current half year. In the comparative half year, the Consolidated Entity transferred three special purpose entities and one investment property to ABPP in return for equity. The combined consideration for these assets was \$287.7 million.

23. 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 2009 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*.
- (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Ian Ferrier
Independent Chairman

Sydney, 24 February 2010



Gregory Goodman
Group Chief Executive Officer

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

Report on the interim financial report

We have reviewed the accompanying interim financial report of Goodman Limited which comprises the balance sheet as at 31 December 2009, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the half year ended on that date, a statement of accounting policies and other explanatory notes 1 to 23 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 and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 2009 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 2009 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



John Teer
Partner

Sydney, 24 February 2010