

Goodman Industrial Trust
ARSN 091 213 839
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 statement of comprehensive income	7
Interim statement of changes in equity	8
Interim cash flow statement	10
Notes to the interim financial statements	
1. Statement of significant accounting policies	11
2. Loss for the half year	13
3. Critical accounting estimates used in the preparation of the financial statements	14
4. Distributions	15
5. Receivables	17
6. Inventories	17
7. Investment properties	17
8. Investments accounted for using the equity method	18
9. Payables	19
10. Interest bearing liabilities	19
11. Issued capital	22
12. Reserves	23
13. Accumulated losses	24
14. Minority interests	24
15. Segment reporting	24
16. Commitments	26
17. Non-cash transactions	27
18. Events subsequent to balance date	27
Directors' declaration	28
Independent auditor's review report	29

Goodman Industrial Trust and its controlled entities
Directors' report
for the half year ended 31 December 2009

The directors (Directors) of Goodman Funds Management Limited (Responsible Entity), the responsible entity for Goodman Industrial Trust (GIT or Trust), present their Directors' report together with the interim financial report of GIT and the entities it controlled (Consolidated Entity) at the end of, or during, the half year ended 31 December 2009 (half year) and the review report thereon.

GIT is deemed to be a controlled entity of Goodman Limited (GL). GIT's units are stapled to shares in GL and trade on the Australian Securities Exchange (ASX) as Goodman stapled securities.

Directors

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

	Appointment date
Mr Ian Ferrier, AM (Independent Chairman)	23 February 2005
Mr Gregory Goodman (Group Chief Executive Officer)	17 January 1995
Mr David S Clarke, AO (Non-Executive Director)	26 October 2000 (retired on 2 July 2009)
Mr Patrick Goodman (Non-Executive Director)	23 February 2005
Ms Diane Grady, AM (Independent Director)	30 September 2007
Mr John Harkness (Independent Director)	1 September 2004
Mr James Hodgkinson (Non-Executive Director)	21 February 2003
Ms Anne Keating (Independent Director)	6 February 2004
Mr Jim Sloman, OAM (Independent Director)	1 February 2006

Company Secretary

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

	Appointment date
Mr Carl Bicego	24 October 2006

Distributions

The distribution declared/announced during the half year was 1.5 cents per unit (2008: 9.65 cents per unit). Further details of the distribution paid or declared/announced during the half year are set out in note 4 to the interim financial report.

Review of operations

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

	Consolidated	
	2009	2008
	\$M	\$M
Gross property income	114.3	121.0
Loss attributable to Unitholders	(333.7)	(364.6)

Goodman Industrial Trust and its controlled entities
Directors' report
for the half year ended 31 December 2009

Value of assets

	Consolidated	
	31 Dec	30 Jun
	2009	2009
	\$M	\$M
Carrying value of assets	7,839.9	8,548.7

Units on issue

The movement in units on issue in GIT during the half year is set out below:

	Consolidated	
	2009	2008
	M	M
Units on issue at the beginning of the half year	2,779.7	1,715.8
Units issued during the half year	3,426.0	1,063.9
Units on issue at the end of the half year	6,205.7	2,779.7

State of affairs

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

(a) Equity raising

During August and September 2009, GL and the entities it controlled (Goodman Group) 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. GIT's share of the capital raising amounted to \$1.157 billion.

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

During the half year, Goodman Group 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 of Goodman Group 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 Group may also elect to redeem the preferred equity if the closing price of Goodman Group'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 Group 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.

(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 its bank debt facilities and the bank debt facilities of funds in which the Consolidated Entity has significant influence. 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, Goodman Property Trust (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.

Goodman Industrial Trust and its controlled entities
Directors' report
for the half year ended 31 December 2009

State of affairs (cont)

(e) Disposal of units in GMT

During the half year, Goodman Group completed the sale of 93 million units in GMT to a number of institutional investors at a price of NZ\$0.95 per unit. The Consolidated Entity's share of the sale amounted to 41.3 million units. Subsequent to the disposal, Goodman Group owns 17.0% of GMT, which is in line with Goodman Group's strategy of targeting a long-term holding of 15% to 20% for investments in funds managed by Goodman Group.

(f) GAIF equity raising

On 23 December 2009, GAIF announced the successful close of the 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 Group 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 the Consolidated Entity that occurred during the half year.

Events subsequent to the balance date

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

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

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

Rounding

The Consolidated Entity 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

Sydney, 24 February 2010



Gregory Goodman
Group Chief Executive Officer

**Goodman Industrial Trust 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 Funds Management Limited as responsible entity for Goodman Industrial Trust

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2009, there have been:

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



KPMG



John Teer
Partner

Sydney, 24 February 2010

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

Consolidated			
	Note	31 Dec 2009 \$M	30 Jun 2009 \$M
Current assets			
Cash		633.5	216.7
Receivables	5	1,990.3	2,461.4
Inventories	6	33.3	-
Assets classified as held for sale		-	182.9
Other assets		15.6	31.5
Total current assets		2,672.7	2,892.5
Non-current assets			
Receivables	5	476.8	430.1
Inventories	6	40.8	-
Investment properties	7	2,624.4	2,870.7
Investments accounted for using the equity method	8	1,970.7	2,327.4
Other financial assets		54.5	28.0
Total non-current assets		5,167.2	5,656.2
Total assets		7,839.9	8,548.7
Current liabilities			
Deferred income		8.0	8.1
Payables	9	83.3	216.5
Provision for distributions	4	93.1	-
Interest bearing liabilities	10	89.4	975.4
Liabilities classified as held for sale		-	10.1
Total current liabilities		273.8	1,210.1
Non-current liabilities			
Deferred income		1.2	1.8
Payables	9	203.1	186.6
Interest bearing liabilities	10	2,399.1	3,254.2
Total non-current liabilities		2,603.4	3,442.6
Total liabilities		2,877.2	4,652.7
Net assets		4,962.7	3,896.0
Equity			
Issued capital	11	6,399.5	5,229.1
Reserves	12	(1,952.7)	(1,439.3)
Accumulated losses	13	(234.7)	(212.6)
Total equity attributable to Unitholders		4,212.1	3,577.2
Minority interests	14	750.6	318.8
Total equity		4,962.7	3,896.0

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

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

		Consolidated	
	Note	2009	2008
		\$M	\$M
Revenue and other income			
Gross property income		114.3	121.0
Net loss from fair value adjustments on investment properties		(124.7)	(114.5)
Net gain on disposal of investment properties	2	0.8	4.8
Net (loss)/gain on disposal of controlled entities	2	(9.5)	24.0
Net (loss)/gain on disposal of equity investments	2	(8.1)	13.2
Share of net results of equity accounted investments	8	(222.8)	(175.2)
Distributions from investments		9.5	6.6
Other income		3.9	2.8
Total revenue and other income		(236.6)	(117.3)
Property and other expenses			
Property expenses		(29.9)	(29.5)
Trust expenses		(5.4)	(0.8)
Impairment losses	2	(30.5)	(169.7)
Other expenses		(4.4)	(3.8)
Total property and other expenses		(70.2)	(203.8)
Financing costs			
Financial income	2	110.0	103.4
Financial expenses	2	(119.3)	(129.3)
Net financing costs		(9.3)	(25.9)
Loss before income tax		(316.1)	(347.0)
Income tax expense		(0.2)	(2.1)
Loss for the half year		(316.3)	(349.1)
Loss attributable to Unitholders		(333.7)	(364.6)
Profit attributable to minority interests		17.4	15.5
Loss for the half year		(316.3)	(349.1)
Other comprehensive income			
Change in fair value of other financial assets	12	26.5	(5.3)
Effect of foreign currency translation	12	(174.0)	(31.2)
Cash flow hedges:			
- Change in value of financial instruments	12	10.2	(334.5)
- Transfers to profit or loss	12	28.6	(1.0)
Other comprehensive income for the half year		(108.7)	(372.0)
Total comprehensive income for the half year		(425.0)	(721.1)
Attributable to:			
Unitholders		(442.4)	(736.6)
Minority interests		17.4	15.5
Total comprehensive income for the half year		(425.0)	(721.1)

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

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

Half year ended 31 December 2008

		Attributable to Unitholders						Minority	Total equity
		Issued equity	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Capital profits reserve	Accumulated losses	interests	
	Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2008		4,349.2	(330.3)	72.6	23.9	231.4	(0.6)	4,346.2	4,666.8
Total comprehensive income for the half year									
Loss for the half year		-	-	-	-	-	(364.6)	15.5	(349.1)
Other comprehensive income	12								
Effect of foreign currency translation		-	3.0	8.0	(42.1)	(0.1)	-	-	(31.2)
Cash flow hedges:									
- Change in value of financial instruments		-	-	(334.5)	-	-	-	-	(334.5)
- Transfers to profit or loss		-	-	(1.0)	-	-	-	-	(1.0)
Decrease due to revaluation of listed/unlisted investments		-	(5.3)	-	-	-	-	-	(5.3)
Transfers		-	(413.1)	-	-	(148.3)	561.4	-	-
Total other comprehensive income for the half year		-	(415.4)	(327.5)	(42.1)	(148.4)	561.4	-	(372.0)
Total comprehensive income for the half year		-	(415.4)	(327.5)	(42.1)	(148.4)	196.8	15.5	(721.1)
Contributions by and distributions to owners									
Ordinary units issued to Unitholders		904.2	-	-	-	-	-	-	904.2
Issue costs due to ordinary units		(28.5)	-	-	-	-	-	-	(28.5)
Ordinary units issued under the earn-out provisions of the Eurinpro acquisition		4.7	-	-	-	-	-	-	4.7
Issue costs due to Goodman PLUS Trust hybrid securities		-	-	-	-	-	-	(1.8)	(1.8)
Distributions declared on ordinary units	4	-	-	-	-	-	(268.2)	-	(268.2)
Distributions declared on Goodman PLUS Trust hybrid securities	4	-	-	-	-	-	-	(15.5)	(15.5)
Minority interest arising on acquisition of a controlled entity		-	-	-	-	-	-	10.8	10.8
Balance at 31 December 2008		5,229.6	(745.7)	(254.9)	(18.2)	83.0	(72.0)	4,221.8	4,551.4

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

Goodman Industrial Trust 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

			Attributable to Unitholders					Minority	Total equity
		Issued equity	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Capital profits reserve	Accumulated losses	interests	
	Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2009		5,229.1	(1,283.7)	(223.2)	(70.7)	138.3	(212.6)	3,577.2	318.8
Total comprehensive income for the half year									
Loss for the half year		-	-	-	-	-	(333.7)	(333.7)	17.4
Other comprehensive income	12								
Effect of foreign currency translation		-	67.6	16.9	(270.8)	12.3	-	(174.0)	-
Cash flow hedges:									
- Change in value of financial instruments		-	-	10.2	-	-	-	10.2	-
- Transfers to profit or loss		-	-	35.4	(6.8)	-	-	28.6	-
Increase due to revaluation of listed/unlisted investments		-	26.5	-	-	-	-	26.5	-
Transfers		-	(397.1)	-	-	(7.6)	404.7	-	-
Total other comprehensive income for the half year		-	(303.0)	62.5	(277.6)	4.7	404.7	(108.7)	-
Total comprehensive income for the half year		-	(303.0)	62.5	(277.6)	4.7	71.0	(442.4)	17.4
Contributions by and distributions to owners									
Ordinary units issued to Unitholders		1,216.0	-	-	-	-	-	1,216.0	-
Issue costs due to ordinary units		(45.6)	-	-	-	-	-	(45.6)	-
Increase due to China Investment Corporation (CIC) convertible preference securities issued		-	-	-	-	-	-	-	452.4
Issue costs due to CIC convertible preference securities		-	-	-	-	-	-	-	(20.6)
Distributions declared on ordinary units	4	-	-	-	-	-	(93.1)	(93.1)	-
Distributions declared on Goodman PLUS Trust hybrid securities	4	-	-	-	-	-	-	-	(8.4)
Distributions declared on convertible preference securities issued to CIC	4	-	-	-	-	-	-	-	(9.0)
Balance at 31 December 2009		6,399.5	(1,586.7)	(160.7)	(348.3)	143.0	(234.7)	4,212.1	750.6

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

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

		Consolidated	
	Note	2009 \$M	2008 \$M
Cash flows from operating activities			
Property income received		126.1	129.9
Other cash receipts from services provided		67.2	37.3
Property expenses paid		(20.2)	(36.6)
Other cash payments in the course of operations		(30.0)	(7.0)
Dividends/distributions received		11.6	72.7
Interest and other finance costs paid		(123.1)	(85.9)
Interest received		8.3	8.2
Income taxes received/(paid)		0.3	(2.1)
Net cash provided by operating activities		40.2	116.5
Cash flows from investing activities			
Proceeds from sale of investment properties		34.6	151.3
Proceeds from sale of controlled entities (net of cash disposed)		122.9	3.8
Proceeds from sale of equity investments		31.4	265.4
Payments to acquire controlled entities (net of cash acquired)		-	(1.3)
Payments for equity investments		(11.3)	(767.3)
Payments for investment properties and developments		(84.9)	(225.4)
Net cash provided by/(used in) investing activities		92.7	(573.5)
Cash flows from financing activities			
Proceeds from issue of units to Unitholders		1,216.0	904.2
Proceeds from issue of CIC convertible preference securities		500.0	-
Transaction costs from issue of securities		(45.6)	(30.3)
Transaction costs from issue of CIC convertible preference securities		(20.6)	-
Proceeds from borrowings		588.9	2,397.4
Repayment of borrowings		(2,095.1)	(2,953.7)
Loans from/(to) related parties		157.7	(183.2)
Dividends and distributions paid	4	(17.4)	(161.4)
Net cash provided by/(used in) financing activities		283.9	(27.0)
Net increase/(decrease) in cash held		416.8	(484.0)
Cash at the beginning of the half year		216.7	628.7
Cash at the end of the half year		633.5	144.7

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

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

1. Statement of significant accounting policies

Goodman Industrial Trust (GIT or Trust) is established in Australia. The interim financial report of GIT for the half year ended 31 December 2009 (half year) comprises GIT and its controlled entities and the Consolidated Entity's interest in associates and joint venture entities.

The stapling of GIT and Goodman Limited (GL) was approved at separate meetings of the respective Unitholders and Shareholders on 25 January 2005. Following approval of the stapling, units in GIT and shares in GL were stapled to one another and are quoted as a single security on the Australian Securities Exchange. Both Goodman Funds Management Limited, the responsible entity of GIT, and GL must at all times act in the best interest of the stapled entity.

Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Act 2001 and the requirements of GIT's constitution dated 13 December 1989, as amended. The 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 for 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 unit 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 Chief Executive Officer of GL and the entities it controlled (Goodman Group) in order to assess each segment's performance and to allocate resources to them.

Segment results that are reported to the Goodman 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 Unitholders, corporate assets, head office expenses and income tax assets and liabilities.

Comparative segment information has been re-presented in accordance with AASB 8.

(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 is also in conformity with the revised standard.

Goodman Industrial Trust 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)

Changes in accounting policy (cont)

(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 the Consolidated Entity 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 or loss as a component of the net loss from fair value adjustments on investment properties.

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.

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

2. Loss for the half year

	Consolidated	
	2009	2008
	\$M	\$M
Loss for the half year has been arrived at after crediting/(charging) the following items:		
Net proceeds from the sale of investment properties	25.3	165.8
Carrying value of investment properties sold	(24.5)	(161.0)
Net gain on disposal of investment properties	0.8	4.8
Net proceeds from the sale of controlled entities	122.3	152.7
Net assets disposed	(131.8)	(128.7)
Net (loss)/gain on disposal of controlled entities	(9.5)	24.0
Proceeds from the sale of equity investments	31.5	46.9
Carrying value of equity investments sold	(39.6)	(33.7)
Net (loss)/gain on disposal of equity investments	(8.1)	13.2
Impairment of receivables	(30.5)	-
Impairment of assets classified as held for sale	-	(9.1)
Impairment of other financial assets	-	(160.6)
Total impairment losses	(30.5)	(169.7)
Financial income		
Interest income from:		
- Related parties	91.4	99.4
- Other parties	9.9	4.0
Fair value adjustments on derivative instruments ¹	8.7	-
	110.0	103.4
Financial expenses		
Interest expense on third party loans, overdrafts and derivatives ²	(68.5)	(92.3)
Debt restructuring costs	(51.8)	-
Other borrowing costs ²	(3.6)	(4.4)
Foreign exchange loss	(6.6)	-
Fair value adjustments on derivative instruments ¹	-	(50.5)
Capitalised borrowing costs	11.2	17.9
	(119.3)	(129.3)
Net financing costs	(9.3)	(25.9)

1. Includes fair value losses on the ineffective portion of derivatives and gains or losses on terminated derivative contracts previously included in the cash flow hedge reserve.
2. Other borrowing costs of \$4.4 million have been reclassified in the comparative period from interest expense on third party loans, overdrafts and derivatives.

Goodman Industrial Trust 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.

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 Group 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 the 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 Group.

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 Group) 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 are set out below:

Goodman Industrial Trust 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%
China	4.6%	12.5%	3 to 6	5.0% to 8.0%	9.2%
Japan	Nil	6.0%	6 to 12	6.0% to 12.0%	5.9%
Logistics - 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 Group and those held by funds managed by Goodman Group) 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 business unit) 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 is \$2,279.5 million (30 June 2009: \$2,332.3 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 \$344.9 million (30 June 2009: \$404.0 million).

4. Distributions

(a) Distributions declared and paid by GIT

	Distribution cpu	Total amount \$M	Date of payment
Distribution for the half years ended:			
- 31 Dec 2009	1.50	93.1	26 Feb 2010
- 31 Dec 2008	9.65	268.2	26 Feb 2009

Movement in provision for distributions to Unitholders

	Consolidated	
	2009	2008
	\$M	\$M
Balance at the beginning of the half year	-	145.9
Provisions for distributions	93.1	268.2
Payment of distributions	-	(145.9)
Balance at the end of the half year	93.1	268.2

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

4. Distributions (cont)

(b) 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	

	Distribution cpu	Total amount \$M	Date of payment
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.

(c) 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 14).

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

5. Receivables

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$M	\$M
Current		
Trade receivables	6.5	10.1
Other receivables	9.9	84.2
Loans to related parties	1,972.6	2,364.4
Derivative financial instruments	1.3	2.7
	1,990.3	2,461.4
Non-current		
Loans to related parties	421.1	401.9
Derivative financial instruments	55.7	28.2
	476.8	430.1

6. Inventories

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$M	\$M
Current		
Work in progress	33.3	-
Non-current		
Work in progress	40.8	-

At 31 December 2009, development properties with a fair value of \$74.1 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.

7. 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	2,332.3	2,790.6	134.4	132.6	404.0	522.8	2,870.7	3,446.0
Acquisitions:								
- On acquisition of controlled entities	-	21.3	-	-	-	-	-	21.3
- Other acquisitions	-	0.5	-	-	12.7	-	12.7	0.5
Capital expenditure	9.9	24.0	2.3	6.4	24.5	46.3	36.7	76.7
Transfers in/(out)	89.0	121.1	(124.5)	(8.6)	35.5	(112.5)	-	-
Disposals:								
- Carrying value of properties sold	(16.8)	(129.2)	(5.9)	-	(1.8)	(31.8)	(24.5)	(161.0)
- On disposal of interests in controlled entities	-	(124.4)	-	-	-	(89.6)	-	(214.0)
Net loss from fair value adjustments	(87.6)	(95.8)	-	-	(37.1)	(18.7)	(124.7)	(114.5)
Transfers to inventory	-	-	(6.3)	-	(67.8)	-	(74.1)	-
Effect of foreign currency translation	(47.3)	75.5	-	-	(25.1)	26.7	(72.4)	102.2
Carrying amount at the end of the half year	2,279.5	2,683.6	-	130.4	344.9	343.2	2,624.4	3,157.2

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

8. Investments accounted for using the equity method

Consolidated			
	Note	31 Dec 2009	30 Jun 2009
		\$M	\$M
Share of net assets accounted for using the equity method			
Associates	8(a)	1,896.4	2,250.9
Joint venture entities (JVEs)	8(b)	74.3	76.5
		1,970.7	2,327.4

(a) Investments in associates

Name	Country of establishment/ incorporation	Share of associate's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
		31 Dec 2009	31 Dec 2008	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
		\$M	\$M	%	%	\$M	\$M
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	New Zealand	2.4	(2.7)	16.8	21.9	130.7	170.7
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	289.4	409.4
Arlington Business Parks Partnership (ABPP)	United Kingdom	(56.8)	(151.7)	28.9	28.9	215.1	303.7
Goodman China Logistics Holding Limited	China	2.1	-	20.0	-	8.0	-
		(220.5)	(179.5)			1,896.4	2,250.9

(b) Investments in JVEs

Name	Country of establishment/ incorporation	Share of JVE's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
		31 Dec 2009	31 Dec 2008	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
		\$M	\$M	%	%	\$M	\$M
Property investment JVEs							
413 King William Street Trust	Australia	-	-	50.0	50.0	0.5	0.5
MGJ Cayman 1	Cayman Islands	(1.8)	0.1	50.0	50.0	11.4	14.1
Abu Dhabi Business Parks Company	United Arab Emirates	-	-	49.0	49.0	-	-
Property development JVEs							
GGAIF Huntingwood East	Australia	-	-	50.0	50.0	-	-
GGAIF Huntingwood West	Australia	-	-	50.0	50.0	-	-
GGAIF Moorebank	Australia	-	-	50.0	50.0	-	-
Highbrook Development Limited	New Zealand	1.8	2.3	25.0	25.0	40.0	36.9
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 Inगतlanforgalmazó Kft	Hungary	-	-	50.0	50.0	-	-
WMP NV	Belgium	(0.5)	-	50.0	50.0	-	0.5
		(2.3)	4.3			74.3	76.5

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

9. Payables

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$M	\$M
Current		
Trade payables	8.1	8.9
Other payables and accruals	51.5	100.6
Rental income recieved in advance	2.4	3.0
Loans from related parties	-	90.3
Derivative financial instruments	21.3	13.7
	83.3	216.5
Non-current		
Other payables and accruals	60.7	-
Derivative financial instruments	142.4	186.6
	203.1	186.6

10. Interest bearing liabilities

		Consolidated	
		31 Dec 2009	30 Jun 2009
	Note	\$M	\$M
Current			
Bank loans, unsecured	10(a)	89.4	584.4
Bank loan, secured	10(b)	-	391.0
		89.4	975.4
Non-current			
Bank loans, unsecured	10(a)	1,853.9	2,694.2
Bank loan, secured	10(b)	54.0	-
Euro medium term notes, unsecured	10(c)	447.9	513.1
Foreign private placement, unsecured	10(d)	43.3	46.9
		2,399.1	3,254.2

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

10. Interest bearing liabilities (cont)

(a) Bank loans, unsecured

Facility		Amounts drawn down in A\$M equivalents						Total
		AUD	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 bank loans		31 Dec 2009	375.9	1.1	162.1	604.1	696.4	1,949.0
		30 Jun 2009	1,465.4	-	270.2	637.8	773.8	3,293.1
Less: Unamortised borrowing costs		31 Dec 2009						(5.7)
		30 Jun 2009						(14.5)
Total unsecured bank loans		31 Dec 2009						1,943.3
		30 Jun 2009						3,278.6

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 (A\$13.8 million). The facility expires on 1 September 2012.
6. Controlled entities have bank loans of A\$461.1 million denominated in British pounds sterling (A\$20.0 million) and euros (A\$441.1million). The terms of the facility were amended in August 2009 such that a A\$296.4 million facility limit 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 Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

10. Interest bearing liabilities (cont)

(b) Bank loan, secured

Facility		Amounts drawn down in A\$M equivalents		
		AUD	GBP	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	300.0	-	300.0
Total	31 Dec 2009	-	54.0	54.0
	30 Jun 2009	300.0	106.2	406.2
Less Unamortised borrowing costs	31 Dec 2009			-
	30 Jun 2009			(15.2)
Total secured bank loans	31 Dec 2009			54.0
	30 Jun 2009			391.0

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

(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 note matures 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.

(e) Finance facilities

	Consolidated	
	Facilities available \$M	Facilities utilised \$M
At 31 December 2009		
Bank loans, unsecured	2,764.8	1,943.3
Bank loans, secured	54.0	54.0
Euro medium term notes, unsecured	447.9	447.9
Foreign private placement, unsecured	43.3	43.3
Bank guarantees ¹	-	45.3
	3,310.0	2,533.8
At 30 June 2009		
Bank loans, unsecured	3,388.1	3,278.6
Bank loans, secured	591.2	391.0
Euro medium term notes, unsecured	513.1	513.1
Foreign private placement, unsecured	46.9	46.9
Bank guarantees ¹	-	50.0
	4,539.3	4,279.6

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

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

11. Issued capital

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$M	\$M
6,205,676,188 (30 June 2009: 2,779,651,716) fully paid units on issue	6,540.7	5,324.7
Issue costs ¹	(141.2)	(95.6)
	6,399.5	5,229.1

1. Issue costs associated with the issue of units have been directly paid from the proceeds of the issues. These costs have been deducted from the issued capital in the balance sheet, rather than charged as an expense of GIT, as they are considered to form part of the net equity raised.

Terms and conditions

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

Equity raising

During August and September 2009, Goodman Group 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. The Consolidated Entity's share of the capital raising amounted to \$1.157 billion.

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

12. Reserves

Consolidated			
		31 Dec 2009	30 Jun 2009
	Note	\$M	\$M
Asset revaluation reserve	12(a)	(1,586.7)	(1,283.7)
Cash flow hedge reserve	12(b)	(160.7)	(223.2)
Foreign currency translation reserve	12(c)	(348.3)	(70.7)
Capital profits reserve	12(d)	143.0	138.3
Total reserves		(1,952.7)	(1,439.3)
		2009	2008
		\$M	\$M
(a) Asset revaluation reserve			
Balance at the beginning of the half year		(1,283.7)	(330.3)
Change in fair value of other financial assets		26.5	(5.3)
Transfers to capital profits reserve		7.6	72.3
Transfers from accumulated losses		(404.7)	(485.4)
Effect of foreign currency translation		67.6	3.0
Balance at the end of the half year		(1,586.7)	(745.7)
(b) Cash flow hedge reserve			
Balance at the beginning of the half year		(223.2)	72.6
Change in value of financial instruments		10.2	(334.5)
Transfers to profit or loss		35.4	(1.0)
Effect of foreign currency translation		16.9	8.0
Balance at the end of the half year		(160.7)	(254.9)
(c) Foreign currency translation reserve			
Balance at the beginning of the half year		(70.7)	23.9
Net exchange differences on conversion of foreign operations		(270.8)	(42.1)
Transfers to profit or loss		(6.8)	-
Balance at the end of the half year		(348.3)	(18.2)
(d) Capital profits reserve			
Balance at the beginning of the half year		138.3	231.4
Transfer from asset revaluation reserve		(7.6)	(72.3)
Transfers to accumulated losses		-	(76.0)
Effect of foreign currency translation		12.3	(0.1)
Balance at the end of the half year		143.0	83.0

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

13. Accumulated losses

	Consolidated	
	2009	2008
	\$M	\$M
Accumulated losses at the beginning of the half year	(212.6)	(0.6)
Loss attributable to Unitholders	(333.7)	(364.6)
Transfers to asset revaluation reserve	404.7	485.4
Transfers to capital profits reserve	-	76.0
Distributions declared	(93.1)	(268.2)
Accumulated losses at the end of the half year	(234.7)	(72.0)

14. Minority interests

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$M	\$M
Goodman PLUS Trust hybrid securities	318.8	318.8
CIC convertible preference securities	431.8	-
	750.6	318.8

During the half year, the Goodman Group received \$500 million from the issue of three tranches of convertible preference securities to CIC. The Consolidated Entity's share of the convertible preference securities amounted to \$452.4 million before issue costs of \$20.6 million. Each tranche will receive a coupon of 10% per annum and can be converted to ordinary stapled securities of Goodman 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 Group may also elect to redeem the preferred equity if the closing price of Goodman Group'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.

15. 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 are direct and indirect ownership of investment properties. 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 Industrial Trust and its controlled entities
Notes to the interim financial statements
for the half year ended 31 December 2009

15. Segment reporting (cont)

Information about reportable segments

	Australia		Continental Europe		United Kingdom		Other¹		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement										
Revenue and other income										
Gross property income	96.7	95.0	2.6	-	12.7	20.4	2.3	5.6	114.3	121.0
Distributions from investments	-	6.0	-	-	9.5	0.6	-	-	9.5	6.6
Other income	3.7	-	-	0.3	0.2	2.2	-	0.3	3.9	2.8
Total revenue and other income	100.4	101.0	2.6	0.3	22.4	23.2	2.3	5.9	127.7	130.4
Other key components of financial performance										
Net gain/(loss) on disposal of investment properties	0.7	10.0	0.1	(0.6)	-	(4.4)	-	(0.2)	0.8	4.8
Net gain/(loss) on disposal of controlled entities	-	0.9	2.7	20.6	-	2.5	(12.2)	-	(9.5)	24.0
Net gain/(loss) on disposal of equity investments	-	-	-	0.9	-	-	(8.1)	12.3	(8.1)	13.2
Share of net results of equity accounted investments	(97.1)	(13.2)	(81.9)	(22.8)	(56.7)	(151.7)	12.9	12.5	(222.8)	(175.2)
Other material non-cash items										
Net losses from fair value adjustments on investment properties	(96.2)	(44.2)	(14.3)	-	(14.2)	(70.4)	-	-	(124.7)	(114.6)
Impairment losses	(23.8)	(161.4)	(6.7)	-	-	(8.3)	-	-	(30.5)	(169.7)
Reportable segment (loss)/profit before tax	(142.5)	(130.9)	(100.5)	(2.8)	(51.1)	(207.0)	(8.2)	29.0	(302.3)	(311.7)
	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
Balance sheet	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Reportable segment assets	3,365.4	3,436.6	748.4	1,102.8	570.2	735.4	545.9	793.9	5,229.9	6,068.7

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

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

15. Segment reporting (cont)

Reconciliation of reportable segment revenues, profit or loss and assets

	2009	2008
	\$M	\$M
Revenues		
Total revenue for reportable segments	125.4	124.5
Other revenue	2.3	5.9
Consolidated revenue	127.7	130.4
Profit or loss		
Total loss for reportable segments	(294.1)	(340.7)
Other profit or loss	(8.2)	29.0
Unallocated amounts: other corporate expenses/income	(4.5)	(9.4)
Net financing costs	(9.3)	(25.9)
Consolidated loss before income tax	(316.1)	(347.0)

	31 Dec 2009	30 Jun 2009
	\$M	\$M
Assets		
Total assets for reportable segments	4,684.0	5,274.8
Other assets	545.9	793.9
Interest bearing assets	2,088.6	2,305.1
Other unallocated amounts	521.4	174.9
Consolidated total assets	7,839.9	8,548.7

16. Commitments

Commitment to investment in managed funds

At 31 December 2009, the Consolidated Entity was committed to invest A\$81.4 million into GAIF (30 June 2009: A\$nil) and A\$91.9 million into GHKLF (30 June 2009: A\$102.9 million).

In 2008, the Consolidated Entity committed to subscribe for the lower of €222 million (A\$356 million) or such amount as represents 40% of the GELF units on issue, which is the maximum that Goodman Group is currently permitted to hold under the terms of the GELF constitutional documents. That commitment has been drawn down as and when required by the capital management plan of GELF. At 31 December 2009, that commitment had been drawn to €119 million (A\$191 million), although Goodman Group 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.

The Consolidated Entity 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).

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

17. Non-cash transactions

There are no significant non-cash transactions in the current half year. In the comparative half year, the Consolidated Entity transferred three investment property entities to ABPP in return for equity. The combined consideration for these assets was \$149.3 million.

18. Events subsequent to balance date

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

Goodman Industrial Trust and its controlled entities
Directors' declaration

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

- (a) the interim financial statements and accompanying notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2009 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.
- (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 of the Responsible Entity.



Ian Ferrier
Independent Chairman

Sydney, 24 February 2010



Gregory Goodman
Group Chief Executive Officer

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

Report on the interim financial report

We have reviewed the accompanying interim financial report of Goodman Industrial Trust, which comprises the balance sheet as at 31 December 2009, statement of comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date, a statement of accounting policies and other explanatory notes 1 to 18 and the directors' declaration of the Consolidated Entity comprising the Trust and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of Goodman Funds Management Limited (the Responsible Entity), 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 interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As auditor of Goodman Industrial Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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 Industrial Trust 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 interim period 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