



28 September 2011

The Manager  
Company Notices Section  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sir

**Goodman PLUS Trust – Annual Report 2011**

We confirm that the Goodman PLUS Trust Annual Report 2011 and Goodman Group Annual Report 2011 were dispatched today to Unitholders together with the attached covering letter.

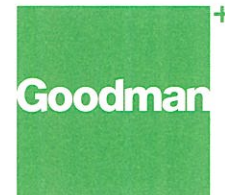
Please contact the undersigned should you have any queries.

Yours faithfully

A handwritten signature in black ink that reads "Carl Bicego".

Carl Bicego  
**Company Secretary**

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28 September 2011

Dear Securityholder

**Goodman PLUS Trust - Annual Report 2011**

We are pleased to present the Goodman PLUS Trust Annual Report 2011. We have also included a copy of the Goodman Securityholder Review and Financial Report 2011 (incorporating the Goodman Industrial Trust Financial Report 2011). The online versions are also available at [www.goodman.com](http://www.goodman.com).

Goodman Group performed strongly in the 2011 financial year, underpinned by our significant international platform, focused own+develop+manage strategy, high quality industrial portfolio, and extensive stakeholder relationships.

This enabled the Group to achieve an operating profit of \$384 million for the year ended 30 June 2011, equivalent to operating earnings per security of 5.66 cents on a fully diluted basis, and distribution of 3.5 cents per security.

In an operating environment characterised by reduced competition and ongoing limited access to capital, we will retain a prudent yet active approach in the delivery of our business strategy, with a focus on capital management, active asset management, and increasing the contribution from our development and management activities.

Thank you for your support over the past year.

Yours faithfully

Gregory Goodman  
**Group Chief Executive Officer**







# Goodman PLUS Trust Annual Report 2011

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## Corporate governance

**Corporate governance is the framework of rules, systems and processes by which authority is exercised within Goodman and accountability placed. It influences how the objectives of Goodman PLUS Trust (Trust) are set and achieved, how risk is monitored and assessed and how performance is optimised.**

The Trust recognises that an effective corporate governance culture is critical to success. We have designed and implemented a substantial range of governance initiatives, described in detail below, and we believe that our corporate governance systems are robust and effective. We recognise corporate governance is not static and systems will need to evolve over time to meet the demands of a changing market and corporate circumstances. At all times, we strive to achieve governance outcomes which balance the needs or requirements of the Trust, its stakeholders, regulators and the market.

The corporate governance statement below outlines the ways in which the Trust has met the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition). Any departures to implementation of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations are described in the corporate governance statement below.

As a result of the Trust not having employees of its own, and as a result of the limited business activities of the Trust, some of the ASX Corporate Governance Council's recommendations are undertaken by Goodman Group (Goodman) rather than the Trust, as set out below.

### The Board

The responsible entity of the Trust is Goodman Funds Management Limited (GFM or Responsible Entity). The Trust is governed by its constitution, applicable laws (including the *Corporations Act 2001*), the ASX Listing Rules and the compliance plan lodged with the Australian Securities & Investments Commission (ASIC). The Trust's main asset is the loan it has provided to a sub-trust of Goodman.

The term "Board" hereafter should be read as a reference to the Board of GFM as Responsible Entity of the Trust.

GFM as Responsible Entity of the Trust (a registered managed investment scheme) must perform its duties in accordance with the constitution of the Trust and the laws applicable to responsible entities of managed investment schemes, as prescribed by the *Corporations Act 2001*. These duties require GFM to:

- + act honestly;
- + exercise the degree of care and diligence that a reasonable person would exercise if they were in the responsible entity's position;
- + act in the best interests of members; and
- + treat members of the same class equally.

The Board is comprised of seven Directors, the majority of whom are independent, and is chaired by Mr Ian Ferrier, AM. The Directors bring a wide range of skills and experience to their respective roles and are committed to achieving a high standard of corporate governance. The diversity of each of the Director's backgrounds strengthens the Board and enables it to bring critical judgement and independent assessment to the oversight of the Trust's business. The Board is responsible for all aspects of the management of the Trust and has ultimate responsibility for its corporate governance practices.

The Board, through its delegation to the Remuneration and Nomination Committee, actively considers the appropriate size, composition and experience of the Board to respond to changing circumstances in its membership, the business and its strategy, and the markets in which it operates. It seeks to ensure that it has the broad base of skills and experience necessary to set the strategic direction of Goodman, oversee management's implementation of strategy and enhance corporate performance.

During the year, there were several changes to the Board with Ms Diane Grady and Mr Patrick Goodman retiring and Mr Phillip Pryke being elected by Securityholders at last year's Annual General Meeting (AGM). Since the end of the financial year the Board has also been notified by Mr James Hodgkinson that he will retire from the Board with effect from 30 September 2011. He will retain a connection with Goodman by continuing to act as its nominee director on several boards including Goodman New Zealand Limited and Goodman Japan Limited.

Having regard to these changes and also the increasing globalisation of the business, the Remuneration and Nomination Committee has identified a need to bring additional experience onto the Board. To ensure that a broad and diverse range of candidates with the relevant skills and experience are considered, international search consultants have been engaged to assist with the process.

The Board has adopted a charter that sets out the functions of the Board. The charter clearly establishes the role of the Board in setting the Trust's objectives and its responsibilities in the implementation of such objectives. A copy of the charter is published on Goodman's website at [www.goodman.com](http://www.goodman.com).

To assist the Directors in exercising their responsibilities with critical judgement and independent thinking, comprehensive Board papers are issued in advance of meetings to enable full and informed participation.

The Board's functions include:

- + appointing the Group Chief Executive Officer (CEO);
- + setting strategic direction;
- + reviewing progress on strategy;
- + developing key policies which impact on the Trust;
- + approving strategic alliances;
- + monitoring organisational performance against set targets;
- + ensuring compliance with statutory, financial and social responsibilities; and
- + ensuring business risks are appropriately identified and managed.

The Board has developed a statement of delegated authority to management. This delegated authority stipulates those matters to be dealt with by the Board and those matters which are delegated to management. The general statement of delegated authority governs areas such as finance, corporate matters and property transactions.

The composition of the Board as at 30 June 2011 is shown below. Please refer to page 17 in the Directors' report for details of each Director's attendance at Board and committee meetings during the year.

Name	Description	Independent	
		Yes	No
Mr Ian Ferrier	Independent Chairman	+	
Mr Gregory Goodman	Group Chief Executive Officer		+
Mr John Harkness	Independent Director	+	
Mr James Hodgkinson	Non-Executive Director		+
Ms Anne Keating	Independent Director	+	
Mr Phillip Pryke	Independent Director	+	
Mr Jim Sloman	Independent Director	+	

The skills and experience of the Board are noted on pages 32 and 33 of the Goodman Group Securityholder Review 2011.

#### Directors' obligations and rights

Goodman uses formal letters of appointment for Directors in order to ensure that the Directors clearly understand the expectations of them and their rights and benefits. Each letter outlines the terms of the Director's appointment and includes matters such as their powers and duties, attendance at meetings, remuneration, appointment on committees, induction and continuing education, and disclosure of interests. Please refer to pages 18 to 19 in the Directors' report for the skills and experience of each Director.

In respect of tenure, Non-Executive Directors are subject to re-election by rotation at least every three years and new Directors appointed to the Board are required to seek election at the first AGM of Goodman following their appointment. However, Unitholders do not have the right to vote (in respect of their holding in the Trust) at the AGM of Goodman. All new Directors undertake an induction process which includes meeting key executives and the provision of an information pack regarding the operations of Goodman, including key company policies and guidelines, constitutions and relevant compliance plans.

Goodman stipulates the standards of ethical behaviour expected of Directors, key executives and employees in its Code of Conduct and requires the observance of those standards. The Code of Conduct and accompanying core policies on conflicts of interest, continuous disclosure, dealing with public officials, gifts, related party dealings, securities trading and sustainability are available on Goodman's website.

Goodman requires Directors to accumulate and hold Goodman securities with a value equivalent to twice their base annual fees and applies 25% of Directors' remuneration to the acquisition of Goodman securities until that value of securities is held. For the purpose of this policy, the value of each parcel acquired is the higher of the purchase price or market value at the end of the financial year.

Goodman has a formal policy allowing Directors to take independent professional advice at Goodman's expense should they believe it necessary for the performance of their duties.

The Company Secretary and senior executives are always available to the Directors to provide them with information or clarification as required. These senior executives also present information at Board meetings in order to provide the Directors with unfettered access to all relevant information and the ability to candidly question senior management in relation to any matter they deem necessary.

Directors are provided with tours of Goodman's properties, both within Australia and overseas. Tours may be conducted prior to the completion of key acquisitions.

## Corporate governance (cont)

Directors and senior executives are also encouraged to participate in further education relevant to their roles. Goodman reimburses the costs of further education relevant to a Director's or executive's role.

### Independent decision-making

The Board recognises the importance of independent decision-making by Directors and has established policies which require the independence of Directors to be assessed annually and that the Directors inform the Chairman prior to accepting any other board appointments offered to them. Each Director provides confirmations on their ability to adequately perform their role on an annual basis. The Directors bring independent thinking, high standards of corporate governance and good judgement to the Board.

The Independent Directors may elect to consider matters without the presence of executives or any Non-Independent Directors where they believe this is appropriate or would bring additional transparency to the conduct of Goodman's affairs.

### Criteria for assessing independence

The Board has assessed individual Directors for independence using the definition of independence provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Independence is assessed annually and was last confirmed in June 2011.

The Board considers that a material professional adviser or material consultant is one that derives more than 5% of their revenue from Goodman. The Board also considers that a substantial Securityholder, for the purpose of assessing independence, holds more than 10% of Goodman's securities but also has regard to other relationships that the Securityholder may have with Goodman.

The Directors consider Mr Ian Ferrier, Mr John Harkness, Ms Anne Keating, Mr Phillip Pryke and Mr Jim Sloman to be independent.

Mr James Hodgkinson is not considered independent due to Goodman's business relationships with Macquarie Group Limited (of which he was an executive until 30 June 2010) which include Macquarie Group Limited's (Macquarie) investment in the manager of Macquarie Goodman Japan Logistics Fund and Macquarie's participation and advisory roles in Goodman's recent capital management initiatives. As noted, James is retiring as a Director with effect from 30 September 2011.

Mr Gregory Goodman is an Executive Director of Goodman.

### Performance review

The Board reviews its performance and that of its committees approximately every two years. The Board considers this is an appropriate time frame having regard to the time taken in the review process, the frequency of Board meetings and the level of change in the Board over time. An assessment of the performance of the Board and individual Directors was conducted during the 2010 financial year. The process for conducting this review consists of each Director completing a self-assessment questionnaire, which also elicits comments and key issues the Director wishes to raise at that time. Following the collation of the questionnaire results, the Chairman meets with each Director individually to discuss their Board participation. In relation to the 2010 performance review, the questionnaires completed by the Directors covered the following matters:

- + Board contribution to developing strategy and policy;
- + interaction between the Board and management;
- + Board processes to monitor business performance and compliance, control risk and evaluate management;
- + Board composition and structure; and
- + operation of the Board including the conduct of Board and committee meetings.

The Board also undertakes ongoing assessment of Goodman's various committees. This process is conducted along with the assessment of the Board and individual Directors through the questionnaire process.

The performance of senior executives is reviewed annually through a structured process of self-assessment and review against previously established goals and objectives by the Group Chief Executive Officer. This process was co-ordinated by Goodman's Human Resources department and applied globally throughout Goodman.

### Chairman

Mr Ian Ferrier was appointed as Acting Chairman on 28 November 2008 and Chairman on 2 July 2009.

Ian is an Independent Director with over 46 years of experience in corporate recovery and turnaround practice.

In his role as Chairman, Ian is responsible for ensuring that the Board functions as an effective and cohesive group, working with the Group CEO to determine the strategic direction for Goodman, establishing high standards of corporate governance and oversight of strategic development and leadership. The role also includes formulation of Board meeting agendas and papers and management of Board meetings to ensure the best performance of each participant. The Chairman acts as a representative of, and spokesperson for, the Board.

### Group CEO

The Group CEO is Mr Gregory Goodman. The terms, conditions and responsibilities of his role are established in an agreement between Gregory and Goodman. His role as Group CEO is to support and encourage his management team to deliver the strategy developed by the Board and management. His role involves an intimate knowledge of all aspects of the business and communication of the strategy and operational results to the Board, management team and other stakeholders.

### Company Secretary

The Company Secretary is Mr Carl Bicego. Carl is responsible for advising Directors on corporate governance matters, liaising with regulators, supervising market disclosures and investor interactions, maintaining Goodman's register and apprising the Board of governance issues. His biographical details appear on page 19 in the Directors' report.

### Remuneration

Goodman follows the principles of remuneration that are set out in the ASX Corporate Governance Council's Recommendations. These include a policy of rewarding employees with a mixture of fixed, performance-linked and equity based remuneration. Further information in relation to the remuneration policies is set out in the remuneration report on pages 24 to 37 in the Directors' report included in the Goodman Group 2011 Financial Report.

The salary and/or fees of each Director, key management personnel and five highest paid company and Group executives are disclosed on pages 24 to 26 in the Directors' report included in the Goodman Group 2011 Financial Report.

### Committees and oversight

Effective oversight and risk management is a fundamental part of the Trust's business strategy and is central to protecting Unitholders' interests. The Board has ultimate responsibility for risk management and compliance of the Trust. The Trust operates within overall guidelines and specific parameters set by the Board. The Board has established a number of committees to assist in the exercise of its functions and the discharge of its duties, such as ensuring that financial reports are true and fair and comply with applicable accounting standards. Each committee can sub-delegate its powers and discretions, including to executives of Goodman, with or without the power to delegate further. A summary of the roles of the various committees is set out below.

#### Audit Committee

The Board has established an Audit Committee, which meets at least four times a year, to assist in fulfilling the Board's legal and regulatory requirements in relation to Goodman's financial statements. The Audit Committee operates under a formal charter and its responsibilities include:

- + overseeing financial reporting principles and policies, controls and procedures;
- + ensuring the integrity of Goodman's (including the Trust's) financial statements, independent external audit and its compliance with legal and regulatory requirements relating to financial statements; and
- + establishing procedures for selecting, appointing, and if necessary, removing Goodman's (including the Trust's) external auditor.

The Committee has the power delegated by the Board to undertake all things necessary to perform its duties and fulfil its purpose including:

- + approving principles, policies, strategies, processes and control frameworks for the management of audit matters; and
- + sub-delegating its powers and discretions to senior executives with or without the power to delegate further.

The Audit Committee has access to the senior executives, internal auditor and the external auditor. In particular:

- + senior members of management are invited to attend Committee meetings and to present to the Committee on key issues;
- + Committee members regularly meet with management, independently of Committee meetings, to further discuss issues relevant to the work of the Committee; and
- + the Committee meets with the external auditor, without management being present.

The Committee reports to the Board on the outcome of its reviews, discussions with the external auditor and its findings on matters which have or are likely to have a material impact on the operating results or financial position of the Trust.

The Trust has engaged KPMG to act as its external auditor. As part of the terms of engagement, KPMG is required to review, or audit as relevant, the half yearly and annual financial report prior to approval by the Board, and discuss its findings with the Committee, including the adequacy of financial and accounting controls.

Each reporting period, the external auditor provides an independence declaration in relation to the review or audit. The Committee is also responsible for assessing whether non-audit services provided by the external auditor are consistent with the external auditor's independence and compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*.

The Audit Committee is chaired by Mr John Harkness, and is also comprised of Mr Ian Ferrier and Mr James Hodgkinson (until 30 September 2011). From 1 October 2011, the Independent Director, Mr Phillip Pryke will join the Committee. John is a Chartered Accountant and was a former partner of KPMG before retiring in June 2000. He was a partner of KPMG while it was engaged to conduct the audit of Goodman's entities; however, he was not involved in those audits. Ian is also a Chartered Accountant with significant financial expertise and was previously the Chairman of the Audit Committee. James was a senior executive at Macquarie Group Limited and has significant experience in the listed property sector. Phillip has extensive business experience and was formerly chief executive at Nextgen Networks and Lucent Technologies Australia. All three members of the Committee during the year were Non-Executive and the majority of the members were Independent Directors. From 1 October 2011, all members of the Committee will be Independent Directors. Please refer to page 17 in the Directors' report for details of the Committee members' attendance at meetings during the year. Goodman's Audit Committee Charter is available on its website.



## Corporate governance (cont)

### Executive confirmations

In addition to the work of the Audit Committee, the Group CEO and the Group Chief Financial Officer provided confirmation to the Board in writing that the Trust's financial reports present a true and fair view, in all material respects, of its financial condition and operational results and are in accordance with relevant accounting standards.

The Group CEO and the Group Chief Financial Officer also provided written confirmation that, to the best of their knowledge and belief:

- + the statement given to the Board on the integrity of the Trust's financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- + the Trust's risk management and internal compliance and control systems are operating efficiently and effectively in all material aspects.

These statements are based on a Group-wide and broad ranging series of half and full year confirmations from senior executives and department heads in relation to the financial integrity, risk management and internal compliance and control system within each department.

### Risk and Compliance Committee

The Board has required that management design and implement a risk management and internal control system to manage Goodman's (including the Trust's) material business risks. The Board has established a Risk and Compliance Committee to provide oversight and direction to Goodman's (including the Trust's) system of risk oversight, management and internal controls. The Committee, which meets at least four times a year, is chaired by Mr John Harkness, and is comprised of a majority of Independent Directors.

The Committee operates under a formal charter (available on Goodman's website) and reports to the Board regarding the effectiveness of its risk management framework in relation to:

- + internal risk management systems;
- + internal audit framework;
- + internal compliance systems and external compliance audit functions (including the Committee acting as the Compliance Committee for each registered managed investment scheme of which GFM is the responsible entity);
- + sustainability programme; and
- + insurance requirements.

The internal audit function involves a rolling programme of reviews and control testing of Goodman's business processes. The internal audit programme is closely aligned to the risk management framework. The internal audit function is wholly independent of the external audit function. The findings of internal audit are reported to the Risk and Compliance Committee and, where relevant, the Audit Committee, and management responds to the recommendations.

Goodman's risk management system has been developed in accordance with international and Australian/New Zealand standards on risk management and has been underpinned by a Risk Management Policy that sets out the oversight and management of risk for Goodman. Goodman's Risk Management Policy is available on its website.

The Committee also oversees the work of several internal management committees which have risk responsibilities. These committees facilitate the sharing of information and seek to ensure that a consistent approach to risk management is applied across the Trust.

Consistent with Goodman's approach of transparent reporting to the Board, members of the Committee have unfettered access to management to discuss risk matters. Senior members of management are invited to attend Committee meetings and present on key issues. External experts and third party service providers are also invited to attend the Committee meetings to provide the Committee with further information and understanding of the way in which Goodman manages its risk and compliance obligations.

The Group Head of Risk is responsible for the implementation of the Risk Management Policy globally. He reviews critical business units and profiles their key risks on an annual basis. Action plans for mitigating key risks are reported to the Committee at each meeting.

The Compliance Manager is responsible for reviewing and monitoring the efficiency of the compliance systems on an ongoing basis and for reporting on the results of these activities to the Risk and Compliance Committee.

Management has reported to the Board and the Board has formed the view that Goodman manages its risks effectively.

### Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee to consider remuneration and nomination issues more effectively and fully and to provide recommendations to the Board for approval. The purpose of the Committee is to:

- + identify and recommend individuals to the Board for nomination as members of the Board and its committees;
- + ensure performance of members of the Board is reviewed;
- + develop and recommend to the Board relevant corporate governance principles;
- + ensure an appropriate Board and committee structure is in place so that the Board can perform a proper review function;
- + review and make recommendations to the Board in respect of the administration of Goodman's remuneration programmes (including the engagement of any remuneration advisers);

- + review and make recommendations to the Board in respect of the approval and remuneration of Goodman's senior executives and Non-Executive Directors;
- + prepare for approval by the Board the Goodman remuneration report; and
- + report regularly to the Board on each of the above matters.

The Committee is responsible for engaging remuneration consultants for the provision of remuneration recommendations for key management personnel.

The Remuneration and Nomination Committee operates under a formal charter, a copy of which is published on Goodman's website.

The Committee is chaired by Mr Phillip Pryke and is also comprised of Mr Ian Ferrier and Ms Anne Keating, with all three being Independent Directors. Further information regarding the attendance of Committee members can be found on page 17 in the Directors' report.

### Investment Committee

The Investment Committee has authority to:

- + review, consider and, if appropriate, approve any transactions falling within its mandate;
- + make recommendations to the Board regarding transactions; and
- + perform other functions as may be delegated from the Board from time to time.

The Committee is chaired by Mr Jim Sloman and is also comprised of Mr Ian Ferrier and Mr Greg Goodman.

A list of attendees at the meetings of the Board, Audit Committee, Remuneration and Nomination Committee, Risk and Compliance Committee and Investment Committee can be found on page 17 in the Directors' report.

## Policies and codes

### Responsible and ethical decision-making

In addition to the responsibilities which apply specifically to Directors, the Board has endorsed a Code of Conduct which applies to Directors and employees of Goodman. The Trust does not have its own employees.

The Code of Conduct requires Directors and employees to, among other things:

- + keep abreast of Goodman's policies and procedures, and where necessary sign acknowledgements that they have read these policies;
- + co-operate fully with any investigations relating to Goodman's policies;
- + notify the Group General Counsel in writing if they are required by any regulatory body to provide information, answer charges or face proceedings in respect of any matter arising during their tenure with Goodman;
- + keep any and all Goodman information confidential except as necessary for marketing Goodman products and services;
- + notify the Group Head of Risk, Group General Counsel and/or General Manager, Human Resources if they have reason to suspect fraud, corrupt, criminal or unethical conduct by any Director or employee of Goodman; and
- + be prohibited from making or accepting payment or any other benefit in money or kind as an inducement or reward for any act or in connection with any matter or business transaction undertaken by or on behalf of Goodman.

The aim of the Code of Conduct is to establish a high standard of conduct and to communicate this to the Directors and employees. Expectations regarding fairness, honesty and the treatment of confidential information are made explicit. The Code of Conduct also charges all employees with responsibility for reporting unethical or corrupt conduct.

The Code of Conduct is provided to Directors upon appointment and all employees upon commencement. The Code of Conduct is supported by a framework of policies that set out Goodman's approach to meeting its legal obligations and the expectations of stakeholders for ethical and responsible decision-making. Key policies forming part of the framework are set out below.

### Diversity

In FY2011, Goodman established a Diversity Policy and several key initiatives have occurred in support of the Policy and wider diversity objectives. The Policy appears below, followed by commentary of the relevant initiatives.

Goodman's Diversity Policy aims to provide a work environment in all locations around the world where diversity and inclusion are valued. This is consistent with the Goodman Values which specifically include Open+Fair and Team+Value.

The Policy provides that Goodman will:

- + ensure all workplaces are free of harassment and unlawful discrimination;
- + recruit, appoint and promote on the basis of merit;
- + provide equal access for all employees for personal development, management skills development and career path opportunities;
- + recognise cultural differences that exist around the world;
- + be aware of and accommodate the needs of individuals with family and carer responsibilities, through flexible and contemporary work practices;
- + be aware of our customers' diversity and their expectations;
- + create an inclusive work environment, where ideas and opinions are shared for the overall benefit of the Group;

## Corporate governance (cont)

- + contribute to the community through a range of philanthropic channels;
- + create and implement programmes that aim to increase career advancement opportunities for female employees across the business globally; and
- + support and achieve the above objectives by inclusion of these within key performance indicators for senior management and ensure Board review of progress.

The main objective of the Group's gender diversity strategy is to increase the representation of female employees to 10% at CEO-1 level, 30% at CEO-2 level and up to 35% at CEO-3 level over a three year time frame from F2012 to FY2014 inclusive at senior levels through reducing barriers to career progression. For the purpose of the objective, senior roles are considered to be those at the Group CEO, CEO-1, CEO-2 and CEO-3 levels which currently amount to the top 117 roles in the organisation worldwide as at the end of June 2011.

Diversity objectives are tracked and referenced to the organisational structure and the relative positioning of a particular role to the Group CEO role. This method has been selected as Goodman remains a relatively small organisation in terms of overall employee numbers. Typically, the organisational structure follows a single line of management control and therefore is not overly matrixed. An outcome of this structure is that even at CEO-3 levels, significant scope and accountabilities are assigned to roles in the various geographic regions.

Goodman engaged Hay Consulting in FY2011 to assess job scope of the more senior roles which has proved useful in determining key skills and competencies for employee development and diversity.

Female employees are not represented at the Group CEO level or at the senior management level immediately below the Group CEO (CEO-1) level. At this level of the organisation, the roles are geographic business head roles or certain specialised corporate function roles such as the Group Chief Financial Officer.

At the CEO-2 level, the roles are senior geographic business roles and corporate function roles (global or regional geographies or sub-specialisation). It is relevant that within these specialised corporate functions, the female representation increases significantly. Female representation at this level is 18% (nine of 50 employees). The Group considers this particular level of employees and the females within it, to be crucial, from diversity strategy intervention and leadership development perspectives, due to this group being a pool from which Goodman's senior management would be selected in the absence of external hires.

At the CEO-3 level, the female representation increases to 23% (13 of 57 employees). Within this level, there are increasing levels of female representation in the business roles (such as senior property management and development roles). The challenge for the Group is to ensure that career advancement occurs for high potential female employees and the barriers to this are eliminated where possible.

On an overall basis, the gender representation of Goodman (as at 28 June 2011) was 54% male and 46% female. Specifically in respect of the geographies, the respective female representations were Greater China at 60%, 40% in Australia (including the Group function), 46% in Continental Europe, 40% in New Zealand and 51% across the United Kingdom businesses. Within these numbers is a strong female representation at more junior levels; however, a tapering of this representation is evident as the level of role increases.

### Specific diversity activities undertaken in FY2011

The diversity programme implemented in FY2011 relate mostly to gender diversity. Further information describing the Group's actions in respect to advancing the representation of indigenous Australians in the workplace, increasing the opportunities for greater community participation and quality of life for individuals with disabilities, and the philanthropic activities of the Group's employees are outlined in the section relating to the Goodman Foundation.

In respect of gender diversity, the Future Women programme commenced in May 2011 and will run until August 2012 in Australia. This programme is open to all female employees irrespective of level, and is designed to provide insight and development specifically on career development, career negotiations, increasing visibility and increasing effectiveness at work. This material is provided and presented by an external consultant and has been very well received.

The Group's middle management leadership development programme (branded as Good+Future) commenced in Australia in April 2011. This programme is aimed at high potential mid-level managers (both male and female) who would benefit from specific leadership development around team management, effective communications, strategic thinking, conflict resolution and presentation skills. Fifty percent of the employees participating in the initial programme which covers a six month period are female. Two more Good+Future programmes are planned in FY2012, commencing in August 2011 and March 2012 for the Australian employee population.

The Group views the successful implementation of the Diversity Policy as a major priority for FY2012. To achieve this aim, the Group will conduct employee information sessions for employees in all locations, outlining the Diversity Policy and articulating the behavioural expectations of employees. Goodman's intranet will be enhanced to facilitate easier access for all employees to internal career opportunities. Other projects include communication of flexible work policies, implementation of remote working policies and implementation of upgraded IT to allow further balance of work with family and/or carer responsibilities. Goodman also intends to introduce policies with external recruiters that they provide shortlists that include a minimum representation of female candidates in roles that are traditionally more male dominated.

Finally, the Group intends to revitalise and publicise the corporate values and include these within the upgraded performance management system due to be implemented in FY2012.

Key performance indicators for the senior management team include diversity objectives.

The Remuneration and Nomination Committee Charter was widened to have oversight of diversity activities and the Committee has the responsibility to report progress against objectives to the Board on a regular basis.

### **The Goodman Foundation – support in the community**

During FY2011, the Goodman Foundation was revitalised and a broad philanthropic strategy, funding capacity and action plan were approved by the Goodman Foundation Board for FY2012 and beyond. The Foundation supports and provides financial assistance to charities and non-profit organisations in the regions in which the business operates.

In addition to the financial and pro bono assistance offered by the Goodman Foundation to our partnered charitable organisations, the Foundation conducts two additional employee focused programmes which are branded internally to employees as good+deeds and good+heart. These two programmes allow Goodman employees to contribute in various ways to several organisations who are making a real difference to people's quality of life.

The good+deeds programme is an Employee Giving programme, where Goodman employees can offer financial support to registered charities they have selected and these contributions are matched by the Goodman Foundation. Selected charities currently for Goodman across our operating regions for the current period include:

- + Queensland Premier's Flood Appeal (Australia);
- + Christchurch Earthquake Appeal (Australia and New Zealand);
- + Cerebral Palsy Alliance (formerly The Spastic Centre);
- + OzHarvest;
- + The Black Dog Institute;
- + The Smith Family;
- + National Centre of Indigenous Excellence (NCIE);
- + TNC (formerly Tuesday Night Club);
- + Good Beginnings Australia;
- + The Cancer Council;
- + McGrath Foundation;
- + Educational Development Association;
- + Duchess of Kent Hospice, Reading (UK);
- + WADE (Wokingham and District Association for the Elderly, UK);
- + Children's Cancer Foundation (Hong Kong);
- + Fu Hong Society (Hong Kong);
- + The Red Cross (Hong Kong and China); and
- + UNICEF (China).

Due to several catastrophic natural disasters during FY2011, the Goodman Foundation created a special opportunity under the good+deeds programme for Goodman employees to donate generously to respective fundraising appeals, including the Queensland Premier's Flood Appeal and the Christchurch Earthquake Appeal.

good+heart (Australia) is a Goodman Foundation programme where employees are encouraged to participate in community based events through volunteering time or arranging fundraising activities. This includes events such as volunteer work days, fun runs and sporting events. Goodman provides support to these events in the form of financial assistance or through involvement with specific fundraising, event participation, charity appeals and awareness programmes.

Two new charities were approved by the Goodman Foundation Committee as partnered organisations during FY2011. The first was Good Beginnings Australia, which strives to build a better outcome for children in vulnerable communities across Australia through the provision of early intervention programmes. The Goodman Foundation has provided essential funding for five vehicles used by Good Beginnings Australia's Early Childhood and Family Support workers to deliver their programmes.

The second charity was NCIE, which offers facilities and programmes for young indigenous Australians which provide excellence, energy and growth in sport, culture, art and learning. The Goodman Foundation has offered support to NCIE including pro bono support for the scoping and ongoing provision of services for facilities maintenance, a contribution towards the salary of NCIE's Facilities Manager, and a cash investment that will go directly towards establishing the NCIE Homework Centre.

Some of our existing partner charities include OzHarvest, Yalari and TNC. OzHarvest collects excess food from commercial establishments to feed the needy. The Goodman Foundation has partnered with OzHarvest for the past six years and currently sponsors two of the collection vehicles and funds to cover their office/warehouse lease. Yalari offers indigenous children from regional, rural and remote communities and towns across Australia the opportunity for a quality secondary education at some of Australia's leading schools via scholarship and sponsorship. Goodman is fortunate enough to sponsor a participant of the program. TNC is an important community based care organisation that provides support and recreational opportunities for adults with a mild to moderate intellectual disability. Goodman provides essential funding for one of TNC's transport buses.

The Goodman Foundation is aiming to expand into China, New Zealand and Europe during FY2012 through the development of new partnerships. It is through ongoing support of employee initiatives such as good+heart and good+deeds that we can develop partnerships with several community based local charities in markets where the Group operates.

## Corporate governance (cont)

### Sustainability

Goodman has adopted a Sustainability Policy which has regard to its own+develop+manage Customer Service Model. The Policy includes a commitment to a sustainable approach to our environment, as well as proper consideration for our social and economic responsibilities to the wider community. This commitment is reflected in our approach to both the workplace and the marketplace.

### Securities trading

The Securities Trading Policy, which is made available to Directors on their appointment and employees on their commencement, prohibits Directors and Goodman employees from trading in the Trust's securities when in possession of inside information. It also prohibits the communication of that inside information to any other person who is likely to purchase or sell the Trust's securities or who is likely to procure a third party to purchase or sell those securities.

Under the Securities Trading Policy, the only appropriate time for a Director or Goodman employee to acquire or sell the Trust's securities is when he or she is not in possession of price sensitive information that is not generally available to the market. To avoid any adverse inference being drawn of unfair dealing, Directors and employees are not to deal in the Trust's securities during the two week period before the end of a financial period through to the release of the Trust's half yearly or yearly results. A trading blackout is notified to Directors and employees during those times and may also be notified by the Company Secretary or Group CEO at other times when considered appropriate.

Approval is not given during a trading blackout unless the Group CEO or Chairman is satisfied of circumstances amounting to hardship and that the person is not in possession of price sensitive information which is not generally available to the market.

Directors and employees are not allowed to engage in short-term trading of the Trust's securities under the Securities Trading Policy nor are Directors or Goodman senior executives allowed to enter into derivative contracts that hedge their exposure to movements in the price of Goodman securities that have not vested.

The Securities Trading Policy applies to decisions to sell the Trust's securities by a mortgagee, chargee or margin lender under a margin loan or other financing arrangements. Directors or Goodman employees may apply, on the basis of hardship, for consent to trade from the Chairman or Group CEO notwithstanding that a trading blackout that might otherwise apply.

Any trade in breach of the Securities Trading Policy must be immediately disclosed to the Company Secretary for reporting to, and consideration by, the Board.

### Conflicts of interest

Goodman has put in place arrangements to identify, assess, manage and report on the types of conflicts of interest which it anticipates will affect or arise from its business. These arrangements include mechanisms to:

- + identify conflicts of interest;
- + manage conflicts of interest by assessing and evaluating actual or potential conflicts, and decide upon and implement an appropriate response to those matters; and
- + maintain written records that demonstrate how Goodman manages conflicts which occur.

Directors, employees and consultants are required to comply with the Conflicts of Interest Policy.

### Related parties

The Trust has implemented a Related Parties Policy for the disclosure and resolution of any matter that may give rise to actual, potential or perceived conflicts of interest between the interests of a Director and the Trust. The Policy ensures that all transactions involving related parties of the Trust conform to the requirements of the *Corporations Act 2001* and ASX Listing Rules.

### Gifts

Goodman has a Gifts Policy to demonstrate its commitment to reasonable and proportionate gift giving and receiving by Directors and employees. Management recognises that the giving and receiving of business related gifts and corporate entertainment is an important part of building business relationships with potential and existing customers. However, Directors and employees must exercise caution to ensure only bona fide gifts are given and received which will not influence, or appear to influence Goodman's or third party judgements. The Gifts Policy outlines the general prohibitions and guiding principles that Directors and employees should consider when giving and receiving gifts, and also details the mechanisms for approving, recording and reporting of gifts.

### Dealing with public officials

Goodman has a Dealing with Public Officials Policy to demonstrate its commitment to conducting its business in accordance with applicable laws and regulations and in a way which will maintain and enhance its reputation in the market. One aspect of this commitment is that Goodman always behaves in a professional, honest and responsible manner and avoids any conduct which may be considered to be corrupt or contrary to good corporate ethics. Goodman strictly prohibits any activity that seeks to bribe, corrupt or otherwise improperly influence a public official or third party in any country or to act (or omit to act) in a way that differs from that official's proper duties, obligations and standards of conduct.

Copies of these policies are available on Goodman's website.



### Timely and balanced disclosure

The Trust is committed to providing timely, balanced and readily available disclosure of material information to Unitholders, the investment community generally, other stakeholders and regulators. It believes that ethical and responsible decision-making is critical to the success of its business. The Trust also believes that the transparency of these processes promotes market and Unitholder confidence in its integrity and sustainability.

Goodman's Continuous Disclosure Policy outlines the procedures followed internally to ensure timely and full disclosure of material through the ASX. Under this Policy, Investor Relations is responsible for the co-ordination of all of the Trust's ASX announcements. The Trust relies on the input and sign-off of key Goodman staff in each division to which the ASX announcement relates. The Group CEO and the Company Secretary (Communications Officer) review all filings prior to lodgement with ASIC or the ASX and are responsible for ensuring timely lodgement of all documentation.

Where possible, the Board's policy is to review announcements on key transactions. In addition, the Board will approve periodic or other mandatory disclosures (or near final drafts) of announcements concerning:

- + half yearly and full year financial statements and results;
- + annual reports;
- + Investor or market updates (especially when including new price sensitive information);
- + Extraordinary or Annual General Meetings;
- + disclosure documents concerning the issues of securities (e.g. prospectuses/PDSs, information memoranda, investor presentations, or cleansing statements in connection with entitlement offers, placements, DRPs or SPPs);
- + transactions that will require Unitholder approval (such as related party transactions, and matters requiring Board recommendations); and
- + corporate transactions such as takeovers or schemes.

All announcements are reported to the Board and a record is made of where the announcement has been reviewed by the Board as part of Board papers or otherwise. The Communications Officer has responsibility for all communications with the ASX. The Communications Officer authorises all market communications and is kept informed of issues discussed during meetings with investors/analysts. The Communications Officer reviews other market communications such as press releases and other corporate publications to ensure a consistent approach is adopted in relation to disclosure. Following receipt of confirmation of lodgement and the release of announcements, relevant information is then published on Goodman's website.

Goodman's senior executives, including the Communications Officer, regularly meet to consider operational matters and regulatory compliance including the consideration of identified potential transactions that may require disclosure. In particular, this includes significant corporate or property transactions, and refinancing at the Group level or within Goodman's managed funds.

The Continuous Disclosure Policy also sets out when trading halts are to be used, how to respond to market speculation and guidelines regarding how communications are to be made through differing forms of media.

Information on continuous disclosure is made available to all Goodman employees on commencement of employment. Goodman's Continuous Disclosure Policy is available on its website.

### Unitholders

The Trust has implemented a number of processes in order to facilitate the effective and efficient exercise of the rights of all Unitholders. The Trust communicates information to Unitholders through a range of media, including annual reports, half yearly results, quarterly updates, general communications and ASX announcements. Key financial information and stock performance are also available on Goodman's website. Unitholders can raise questions by contacting Goodman by telephone, facsimile, email or post. Contact details are provided on Goodman's website and at the back of this Annual Report.

There is no *Corporations Act 2001* requirement for the Trust to hold an AGM. However, meetings of the Trust's members may be called in the following circumstances:

- + the Responsible Entity may call a meeting;
- + Unitholders may requisition the Responsible Entity to call a meeting;
- + Unitholders themselves may call and conduct a meeting of members; and
- + if it is impractical to call a meeting in any other way, a court may call such a meeting.

Unitholders are able to participate in the Trust's affairs through the Remarketing Process. A summary of the exchange and repurchase rights applicable to the Trust can be found on pages 12 to 14.

### Complaints handling

The Trust has both internal and external complaints handling procedures. Investor Relations responds to Unitholder enquiries and complaints and provides a thorough and transparent communications service to Unitholders. GFM is also a member of the Financial Ombudsman Service, an external industry complaints handling service.

## Summary of terms of redemption and exchange of Goodman PLUS

The Remarketing Process is a process initiated by the Responsible Entity to adjust the Margin to the Remarketing Margin and amend certain other terms of the Goodman PLUS on and from each Remarketing Date. Unitholders may participate in this process by responding to a Remarketing Process Invitation.

The First Remarketing Date is 21 March 2013. Subsequent Remarketing Dates may be set as part of a Remarketing Process but will be at least 12 months apart. If a subsequent Remarketing Date is not set through a Remarketing Process, the subsequent Remarketing Date will be the date that is five years after the previous Remarketing Date.

Remarketing is a process that may result in the Responsible Entity establishing a new Margin, a new Market Rate and adjusting certain other terms of the Goodman PLUS.

If Remarketing is not undertaken, Goodman may either:

- + choose to Repurchase or Exchange the Goodman PLUS; or
- + begin paying Distribution Amounts at the Margin applying prior to the Remarketing Date plus the Step-up Margin of 1.00%.

Unitholders may respond to a Remarketing Process Invitation by submitting one of the following notices:

- + a “Step-up Notice” – Unitholders send this notice if they do not wish to continue holding their Goodman PLUS unless the Market Rate does not change and the Remarketing Margin is equal to or more than the current Margin plus a step-up of 1.00%;
- + a “Bid Notice” – Unitholders send this notice if they do not wish to continue holding their Goodman PLUS unless the Remarketing Margin is equal to or more than the margin which they bid, which margin must be within the range proposed by the Responsible Entity; or
- + a “Hold Notice” – Unitholders send this notice if they wish to continue holding their Goodman PLUS at whatever Margin applies with effect from the Remarketing Date.

A Unitholder who does not respond within the time required is deemed to have given a Hold Notice. A Unitholder who gives a Bid Notice that is conditional but that condition is not satisfied is taken to provide a Deemed Step-up Notice. A conditional Bid Notice is a Bid Notice conditional on a Unitholder not holding more than a specific number of Goodman PLUS following a Successful Remarketing Process.

Once undertaken, a Remarketing Process will either be “successful” or “unsuccessful”. Irrespective of the outcome of a Remarketing Process, the Responsible Entity may elect to Repurchase or Exchange Goodman PLUS on the relevant Remarketing Date.

If there is a Successful Remarketing Process, the Responsible Entity may elect to either:

- + set the Remarketing Margin; or
- + Repurchase or Exchange some or all Goodman PLUS.

If the Responsible Entity elects to set the Remarketing Margin, the other terms of the Goodman PLUS are adjusted in accordance with the Remarketing Process Invitation and the Responsible Entity must Repurchase or Exchange the Goodman PLUS of the Unitholders who provided a Step-up Notice (including any Deemed Step-up Notices) or a Bid Notice with a margin higher than the Remarketing Margin. If the Responsible Entity does not set a Remarketing Margin after delivering a Remarketing Process Invitation, it may Repurchase or Exchange the Goodman PLUS. If the Responsible Entity does not elect to Repurchase or Exchange the Goodman PLUS, it must apply a Step-up Margin of 1.00% in the calculation of the Distribution Amounts.

If the Remarketing Process is an Unsuccessful Remarketing Process, the Responsible Entity may Repurchase or Exchange the Goodman PLUS. If the Responsible Entity does not Repurchase or Exchange the Goodman PLUS, it must apply a Step-up Margin of 1.00% in the calculation of the Distribution Amounts.

If there is no Remarketing Process, the Responsible Entity may Repurchase or Exchange some or all of the Goodman PLUS on an equal basis, treating Unitholders equally. A Step-up Margin of 1.00% will apply to any Goodman PLUS which are not Repurchased or Exchanged by the Responsible Entity. The Step-up Margin of 1.00% only applies once.

### Exchange and Repurchase Rights of the Goodman PLUS

#### Repurchase and Exchange by the Unitholder

A Unitholder has the right to request the Repurchase of its Goodman PLUS for cash if:

- + a Winding-up Event occurs in relation to Goodman or the Goodman PLUS Trust (other than a winding-up of the Goodman PLUS Trust initiated by the Unitholders);
- + a De-Stapling Event occurs with Goodman’s approval or consent;
- + an unauthorised amendment to the Goodman PLUS Terms, the Guarantee or the Implementation Deed is made; or
- + the Responsible Entity fails to Repurchase or Exchange the Goodman PLUS of Exiting Unitholders following a Successful Remarketing Process.

A Unitholder has the right to request the Exchange of their Goodman PLUS into Stapled Securities in certain circumstances, including if:

- + any of the circumstances listed above occur;
- + Goodman breaches the Distribution Restriction;
- + a Change of Control Event is recommended by a majority of the Directors of Goodman; or
- + the Unitholders do not receive payment of the net proceeds from the sale of PIK Securities (or, at the election of the Unitholder, the Unitholders do not receive PIK Securities), or a combination of both, equal in value to the Optional Distribution Payment.

In all cases, the Responsible Entity may subsequently determine whether to Repurchase or Exchange the Goodman PLUS of that Unitholder.

#### **Repurchase and Exchange by the Responsible Entity**

The Responsible Entity may, at its discretion, initiate the Repurchase or Exchange of the Goodman PLUS in any of the following circumstances:

- + between six months and 50 Business Days prior to any Remarketing Date (including the First Remarketing Date of 21 March 2013); or
- + no later than 25 Business Days before a Remarketing Date if a Remarketing Process has been conducted; or
- + within 20 Business Days after the occurrence of a Change of Control Event; or
- + within 20 Business Days after a De-Stapling Event occurs in respect of Goodman or a Winding-Up Event occurs in respect of Goodman or, for so long as the Goodman PLUS Trust is part of the Group, the Goodman PLUS Trust; or
- + at any time after the Responsible Entity ceases to be part of the Group without the consent of Goodman RE; or
- + at any time within three months of the Board of Directors of Goodman passing a resolution which constitutes a Regulatory Event; or
- + at any time while the aggregate Face Value of all Goodman PLUS on issue is less than \$100 million; or
- + at any time upon the receipt of a valid notice from a Unitholder that the Unitholder wishes to Repurchase or Exchange; or
- + following a Successful Remarketing Process (in respect of all Goodman PLUS held by Exiting Unitholders).

The Responsible Entity exercises its right to elect for Repurchase or Exchange of Goodman PLUS by issuing an Issuer Realisation Notice (or, if the Responsible Entity has already received a Holder Realisation Notice, a Holder Realisation Date Notice). The Issuer Realisation Notice must specify:

- + the relevant Realisation Date;
- + the number of Goodman PLUS of the Unitholder to be Repurchased or Exchanged;
- + the basis for the Repurchase or Exchange; and
- + whether the Unitholder's Goodman PLUS will be Repurchased or Exchanged or a combination of those methods will be applied.

#### **Amount paid to Unitholders following a Repurchase**

On Repurchase, Unitholders receive an amount equal to the Realisation Amount for each Goodman PLUS.

The Realisation Amount is calculated as follows:

$$\text{Realisation Amount} = \text{FV} + \text{UD} + \text{P}$$

where:

FV is the Face Value of the relevant Goodman PLUS;

UD is the amount (if any) of unpaid scheduled Distribution Amounts for the 12 months preceding the Realisation Date; and

P is an amount of \$5.00 but only where the Realisation Amount is calculated following a Change of Control Event.

#### **Number of Stapled Securities to be issued on Exchange of a Goodman PLUS**

The number of Stapled Securities to be received by a Unitholder of each Goodman PLUS on Exchange is calculated as:

$$\frac{\text{Realisation Amount per Goodman PLUS}}{\text{VWAP} \times 99\%}$$

where:

VWAP is the average daily volume weighted average sale price per Stapled Security sold on the ASX (VWAP) during the 20 Business Days immediately before the Realisation Date.

On Repurchase or Exchange, the Realisation Amount includes an amount for any Unpaid Distribution Amounts equal to the Optional Distribution Payment as at the Realisation Date.

Any unpaid amount above the Optional Distribution Payment will not be paid.

## Summary of terms of redemption and exchange of Goodman PLUS (cont)

### How a Repurchase takes place

If a Repurchase is to take place, then:

- + on the Realisation Date, the relevant Goodman PLUS are automatically transferred to the Transferee; and
- + the Transferee must pay to the Unitholders on the relevant Record Date, in respect of each Goodman PLUS transferred, the Realisation Amount (less certain deductions) on the applicable Realisation Date.

### How an Exchange takes place

If Goodman PLUS are Exchanged, on the Realisation Date:

- + the Responsible Entity will have an obligation to pay an amount to redeem the Goodman PLUS;
- + the obligation will be discharged by the Responsible Entity applying that amount to the subscription of a number of Stapled Securities; and
- + Goodman must allot to the Unitholder this number of Stapled Securities, except that if a Unitholder has an address outside Australia, the Responsible Entity will appoint a nominee to sell the Stapled Securities that would otherwise be issued to the Unitholder and the proceeds will be paid to the Unitholder.

### Restrictions on Repurchase and Exchange

Under the terms of the Replacement Capital Deeds, Goodman has given covenants to certain senior creditors (not the Unitholders) that may restrict the manner in which it may fund a Repurchase or influence its willingness to Exchange.

# Financial report

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## Directors' report

The directors (Directors) of Goodman Funds Management Limited (GFM), the Responsible Entity for Goodman PLUS Trust (Trust), present their Directors' report together with the financial report of the Trust for the year ended 30 June 2011 and the independent auditor's report thereon.

### Directors

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

<b>Director</b>	<b>Appointment date<sup>1</sup></b>
Mr Ian Ferrier, AM (Independent Chairman)	23 February 2005
Mr Gregory Goodman (Group Chief Executive Officer)	17 January 1995
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 Phillip Pryke (Independent Director)	13 October 2010
Mr Jim Sloman, OAM (Independent Director)	1 February 2006
Mr Patrick Goodman (Non-Executive Director)	23 February 2005 (resigned on 30 November 2010)
Ms Diane Grady, AM (Independent Director)	30 September 2007 (resigned on 13 October 2010)

1. Represents the dates Directors were appointed to the Board of GFM.

Details of the Directors' qualifications and experience are set out on pages 18 and 19.

At the date of the financial report, James Hodgkinson held 2,660 (30 June 2010: nil) of the perpetual, preferred units (Goodman PLUS) in the Trust. None of the other Directors has, or has had, any interests in either the Ordinary Unit or the Goodman PLUS in the Trust.

### Company Secretary

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

<b>Company Secretary</b>	<b>Appointment date</b>
Mr Carl Bicego	24 October 2006

Details of the Company Secretary's qualifications and experience are set out on page 19.

## Directors' meetings

The number of Directors' meetings held (including meetings of committees of Directors) and the number of meetings attended by each of the Directors during the year were:

Director	Board meetings		Audit Committee meetings		Remuneration and Nomination Committee meetings		Risk and Compliance Committee meetings		Investment Committee meetings		Moorabbin Sub-Committee meetings <sup>2</sup>	
	Held <sup>1</sup>	Atten- ded	Held <sup>1</sup>	Atten- ded	Held <sup>1</sup>	Atten- ded	Held <sup>1</sup>	Atten- ded	Held <sup>1</sup>	Atten- ded	Held <sup>1</sup>	Atten- ded
Mr Ian Ferrier	15	15	4	4	3	3	–	–	2	2	3	3
Mr Gregory Goodman	12	12	–	–	–	–	–	–	2	2	–	–
Mr John Harkness	15	14	4	4	–	–	4	4	–	–	–	–
Mr James Hodgkinson	15	15	4	4	–	–	1	1	–	–	–	–
Ms Anne Keating	15	14	–	–	3	3	3	3	–	–	–	–
Mr Phillip Pryke	12	12	–	–	2	2	–	–	–	–	–	–
Mr Jim Sloman	15	15	–	–	–	–	4	4	2	2	3	3
Mr Patrick Goodman <sup>3</sup>	5	–	–	–	–	–	1	–	–	–	–	–
Ms Diane Grady <sup>4</sup>	4	3	–	–	1	1	–	–	–	–	–	–

1. Reflects the number of meetings individuals were entitled to attend. The Directors make themselves available as required but a number of the above meetings were unscheduled with the result that Directors may not have been able to attend the meeting.

2. A separate committee was established to consider the acquisition of Moorabbin Airport Corporation Pty Ltd which has a leasehold interest in Moorabbin Airport and business park, Victoria from Goodman Holdings Group, a related party.

3. Mr Patrick Goodman resigned as a Director on 30 November 2010.

4. Ms Diane Grady resigned as a Director on 13 October 2010.

Directors absented themselves from meetings where they had a personal interest in the matters being discussed.

## Principal activities

The principal activities of the Trust during the year were to invest in and lend to Goodman Limited and Goodman Industrial Trust (GIT) and the entities they control (Goodman Group). There were no significant changes in the nature of the activities during the year.

## Review of operations

The performance of the Trust as represented by the results from its operations during the year was as follows:

	2011 \$000	2010 \$000
Revenue	22,308	18,469
Profit	22,308	18,469

## State of affairs

The Trust was created on 31 October 2007 and registered as a managed investment scheme on 14 November 2007. On 21 December 2007, the Trust issued 3,269,665 Goodman PLUS with an issue price of \$100 each and lent the proceeds to a fellow sub-trust of GIT, the parent entity of the Trust. The borrowed funds were used for Goodman Group's general business purposes and to repay debt. This is consistent with the objects of the Trust at the time of admission of the Goodman PLUS on the ASX.

There have been no changes in the state of affairs of the Trust during the year.

## Directors' report (cont)

### Distributions

The total distribution declared to the sole Ordinary Unitholder was \$4,000 (2010: \$3,000). The distribution declared to Goodman PLUS holders totalled 680.1 cents per unit. Further details of distributions paid or declared in the year are set out in note 5 to the financial statements.

### Strategy and outlook

The Trust will continue to loan the proceeds from the issue of the Goodman PLUS to a fellow sub-trust of GIT, receive interest from the sub-trust and pay distributions to Goodman PLUS holders on the due dates.

### Interests of the responsible entity

GFM, as responsible entity for GIT, holds one Ordinary Unit.

### Fees payable to the responsible entity

The management fee payable by the Trust to GFM has been waived.

### Indemnification and insurance of officers and auditors

GFM has insured current and former Directors and officers in respect of directors' and officers' liability and legal expenses. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of those contracts. The auditors of the Trust are not indemnified in any way by this insurance cover.

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

The lead auditor's independence declaration is set out on page 21 and forms part of the Directors' report for the year.

### Qualifications, experience and special responsibilities of Directors and Company Secretary

#### **Board of Directors (Board) of GFM as responsible entity for the Trust**

The Trust was created on 31 October 2007 and registered as a managed investment scheme on 14 November 2007. GFM is the responsible entity for the Trust.

#### **Mr Ian Ferrier, AM – Independent Chairman**

Appointed 23 February 2005

Ian was appointed Chairman on 28 July 2009 (having been Acting Chairman from 28 November 2008). Ian is a Fellow of The Institute of Chartered Accountants in Australia and has 46 years of experience in company corporate recovery and turnaround practice. Ian is also a director of a number of private and public companies. He is currently Chairman of InvoCare Limited (since March 2001) and Australian Vintage Ltd (a director since November 1991) and a director of EnergyOne Limited (since January 2007) and Reckon Limited (since August 2004). He was formerly a director of Australian Oil Limited (from May 2005 to January 2009). His experience is essentially concerned with understanding the financial and other issues confronting companies which require turnaround management, analysing those issues and implementing policies and strategies which lead to a successful rehabilitation. Ian has significant experience in property and development, tourism, manufacturing, retail, hospitality and hotels, infrastructure and aviation and service industries.

#### **Mr Gregory Goodman – Group Chief Executive Officer**

Appointed 17 January 1995

Gregory is responsible for Goodman Group's overall operations and the implementation of its strategic plan. He has 29 years of experience in the property industry with significant expertise in the industrial property arena. Gregory was a co-founder of Goodman Group, playing an integral role in establishing its specialist global position in the property market through various corporate transactions, including takeovers, mergers and acquisitions. He is a director of Goodman (NZ) Limited (the Manager of the New Zealand Exchange listed Goodman Property Trust), J-REP Co., Ltd, the management companies of Goodman Group's unlisted funds and many of its subsidiaries.

#### **Mr John Harkness – Independent Director**

Appointed 1 September 2004

John is a Fellow of The Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. He was a partner of KPMG for 24 years and National Executive Chairman for five years. Since retiring from KPMG in June 2000, John has held a number of non-executive director roles. John is the Chairman of Charter Hall Retail Management Limited (director since August 2003), the management company of Charter Hall Retail REIT. He is also Chairman of the Reliance Rail Group and a director of Sinclair Knight Mertz Management Pty Limited. He was formerly a director of Crane Group Limited (from September 2000 to

December 2010) and the Chairman of Lipa Pharmaceuticals Limited (from June 2004 to November 2007). John is President of Northern Suburbs Rugby Football Club Limited, a member of the Territorial Headquarters and Sydney Advisory Board of the Salvation Army and the Chairman of the Sydney Foundation for Medical Research.

**Mr James Hodgkinson – Non-Executive Director**

Appointed 21 February 2003

James is a senior investment banker with real estate specialisation, most recently as Executive Director of Macquarie Group. James has extensive experience as principal in the establishment, strategy and growth of a number of both listed and unlisted investment vehicles and operating businesses in Australia, Asia and North America. James was also Chief Executive Officer of Macquarie Industrial Trust for six years prior to that trust's merger with GIT. He is a director of J-REP Co., Ltd and Goodman (NZ) Limited, the Manager of the New Zealand Exchange listed Goodman Property Trust. James is an alumni director of the Macquarie Foundation and is active in the 'not for profit' sector. He has initiated and assisted in the fundraising initiatives and strategic support of a number of community based organisations, including as a Founding Governor of the Cerebral Palsy Foundation and as Founder and Chairman of the Cerebral Palsy Alliance of NSW's 20/Twenty Challenge. James has a Bachelor of Economics, is a Certified Practising Accountant and is a Fellow of the Australian Property Institute.

**Ms Anne Keating – Independent Director**

Appointed 6 February 2004

Anne is a non-executive director with board positions in a range of industries. She is on the boards of the management companies of the Ardent Leisure Group (since March 1998) and a director of REVA Medical Inc. (since October 2010), ClearView Wealth Limited (since November 2010) and GI Dynamics Inc. (since June 2011). Anne was formerly a director of STW Communications Group Limited (from May 1995 to February 2011), as well as Spencer Street Station Redevelopment Holdings Limited and Insurance Australia Group Limited. Anne is also a director of the Garvan Institute of Medical Research, a member of the Advisory Council of RBS Group (Australia) Pty Ltd (formerly ABN AMRO), a Governor of the Cerebral Palsy Foundation and a trustee for the Centennial Park and Moore Park Trust. Her last executive position was as General Manager, Australia for United Airlines for nine years until 2001.

**Mr Phillip Pryke – Independent Director**

Appointed 13 October 2010

Phillip was appointed as an Independent Director on 13 October 2010. He is also a director of Co-Investor Group and Tru-Test Corporation Limited, the Deputy Chairman of the New Zealand Exchange listed Contact Energy Limited and a director of Goodman (NZ) Limited, the manager of the New Zealand Exchange listed Goodman Property Trust. In addition, he is Chairman of ASX listed Digital Performance Group Ltd (since January 2009). Phillip has wide experience in the fishing, energy, financial services, health and technology industries.

**Mr Jim Sloman, OAM – Independent Director**

Appointed 1 February 2006

Jim has over 40 years of experience in the building and construction industries in Australia and overseas, including experience with Sir Robert McAlpine & Sons in London and Lend Lease Corporation in Australia and as Deputy Chief Executive and Chief Operating Officer of the Sydney Organising Committee for the Olympic Games (SOCOG) from 1997 to 2001. He is a Principal of MI Associates Pty Limited, a company established by him and comprising some of the leading members of the former SOCOG senior management team, that is working as an adviser to both the London 2012 and the Rio de Janeiro 2016 Olympic Games. In addition, Jim is Chairman of Laing O'Rourke Australia Pty Limited and of several of its associated companies and a director of ISIS Holdings Pty Limited and of several of its associated companies. Jim was a director of Prime Infrastructure Holdings Limited (from February 2010 to December 2010) and Prime Infrastructure RE Limited (from February 2010 to December 2010) (the management company of Prime Infrastructure Trust). With his range of experience, Jim brings significant property, construction and major projects expertise to Goodman Group.

**Company Secretary**

**Mr Carl Bicego – Company Secretary**

Appointed 24 October 2006

Carl is the Company Secretary of Goodman Group and its Australian subsidiaries as well as Legal Counsel – Head of Corporate in Australia. He has over 13 years of legal experience in corporate law and joined Goodman Group from law firm Allens Arthur Robinson in 2006. Carl holds a Masters of Laws and Bachelor of Economics/Bachelor of Laws (Hons).

## Environmental regulations

The Trust has policies and procedures in place that are designed to ensure that significant environmental regulations under Australian law are identified and appropriately addressed. The Directors have determined that there has not been any material breach of those obligations during the year.

## Directors' report (cont)

### Declaration by Group Chief Executive Officer and Group Chief Financial Officer

The Group Chief Executive Officer and Group Chief Financial Officer declared in writing to the Board that, in their opinion, the financial records of the Trust for the year have been properly maintained and the financial report of the Trust for the year ended 30 June 2011 complies with accounting standards and presents a true and fair view of the Trust's financial condition and operational results.

### 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 report which would require adjustment or disclosure in the financial report.

### Rounding

The Trust is of the kind of entity referred to in Australian Securities & Investments Commission Class Order 98/100 dated 10 July 1998 (as amended) and in accordance with that Class Order, amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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



**Ian Ferrier, AM**  
Independent Chairman  
Sydney, 18 August 2011



**Gregory Goodman**  
Group Chief Executive Officer



## 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 PLUS Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2011 there has been:

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



KPMG



**Stuart Marshall**  
Partner

Sydney, 18 August 2011

# Balance sheet

as at 30 June 2011

	Note	2011 \$000	2010 \$000
<b>Assets</b>			
Cash		33	30
Loan to related entity	6	327,550	327,485
<b>Total assets</b>		<b>327,583</b>	<b>327,515</b>
<b>Liabilities</b>			
Other payables		-	-
<b>Total liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>327,583</b>	<b>327,515</b>
<b>Equity</b>			
Units on issue	7	326,967	326,967
Retained earnings		616	548
<b>Total equity</b>		<b>327,583</b>	<b>327,515</b>

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

## Statement of comprehensive income

for the year ended 30 June 2011

	Note	2011 \$000	2010 \$000
Interest income	3	22,308	18,469
<b>Profit for the year</b>		<b>22,308</b>	<b>18,469</b>
<b>Total comprehensive income for the year</b>		<b>22,308</b>	<b>18,469</b>
<b>Attributable to:</b>			
Ordinary Unitholder		4	3
Goodman PLUS holders		22,304	18,466
		<b>22,308</b>	<b>18,469</b>
		<b>cpu</b>	<b>cpu</b>
<b>Earnings per Ordinary Unit</b>	4		
Basic		360,556.0	303,738.0
Diluted		360,556.0	303,738.0
<b>Earnings per Goodman PLUS</b>	4		
Basic		682.2	564.8
Diluted		682.2	564.8

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

## Statement of changes in equity

for the year ended 30 June 2011

	Note	Issued equity \$000	Retained earnings \$000	Total equity \$000
<b>Balance at 1 July 2009</b>		<b>326,967</b>	<b>368</b>	<b>327,335</b>
<b>Total comprehensive income</b>				
Profit for the year		–	18,469	18,469
<b>Total comprehensive income for the year</b>		<b>–</b>	<b>18,469</b>	<b>18,469</b>
<b>Contributions by and distributions to owners</b>				
Distributions declared on Ordinary Unit	5	–	(3)	(3)
Distributions declared on Goodman PLUS	5	–	(18,286)	(18,286)
<b>Total contributions by and distributions to owners</b>		<b>–</b>	<b>(18,289)</b>	<b>(18,289)</b>
<b>Balance at 30 June 2010</b>		<b>326,967</b>	<b>548</b>	<b>327,515</b>
<b>Balance at 1 July 2010</b>		<b>326,967</b>	<b>548</b>	<b>327,515</b>
<b>Total comprehensive income</b>				
Profit for the year		–	22,308	22,308
<b>Total comprehensive income for the year</b>		<b>–</b>	<b>22,308</b>	<b>22,308</b>
<b>Contributions by and distributions to owners</b>				
Distributions declared on Ordinary Unit	5	–	(4)	(4)
Distributions declared on Goodman PLUS	5	–	(22,236)	(22,236)
<b>Total contributions by and distributions to owners</b>		<b>–</b>	<b>(22,240)</b>	<b>(22,240)</b>
<b>Balance at 30 June 2011</b>		<b>326,967</b>	<b>616</b>	<b>327,583</b>

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

## Cash flow statement

for the year ended 30 June 2011

	Note	2011 \$000	2010 \$000
<b>Cash flows from operating activities</b>			
Interest income received		22,240	18,289
<b>Net cash provided by operating activities</b>		<b>22,240</b>	<b>18,289</b>
<b>Cash flows from investing activities</b>			
Loan from related entity		3	3
<b>Net cash provided by investing activities</b>		<b>3</b>	<b>3</b>
<b>Cash flows from financing activities</b>			
Distributions paid	5	(22,240)	(18,289)
<b>Net cash used in financing activities</b>		<b>(22,240)</b>	<b>(18,289)</b>
Net increase in cash		3	3
Cash at the beginning of the year		30	27
<b>Cash at the end of the year</b>		<b>33</b>	<b>30</b>

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

# Notes to the financial statements

for the year ended 30 June 2011

## 1. Statement of significant accounting policies

Goodman PLUS Trust (Trust) was established in Australia. The parent entity of the Trust is Goodman Industrial Trust (GIT).

### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. International Financial Reporting Standards (IFRS) form the basis of accounting standards adopted by the AASB. The financial report also complies with IFRS.

The financial report is presented in Australian dollars and was authorised for issue by the directors (Directors) of the responsible entity for the Trust, Goodman Funds Management Limited (GFM), on 18 August 2011.

The significant accounting policies which have been adopted in the preparation of the financial report are set out below.

### (a) Basis of preparation of the financial report

The financial report is prepared on the historical cost basis.

### (b) Segment reporting

An operating segment is a component of the Trust that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are regularly reviewed by the Group Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### (c) Financial assets

The Trust classifies its financial assets as loans and receivables. Management determines the classification of its investments at initial recognition.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- + those that the Trust intends to sell immediately or in the short term, which are classified as held for trading, and those that the Trust upon initial recognition designates as at fair value through the statement of comprehensive income;
- + those that the Trust upon initial recognition designates as available for sale; or
- + those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

### (d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### (e) Interest income and expense

Interest income and expense for all interest bearing financial instruments are recognised within interest income and interest expense in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

### (f) Impairment of financial assets

#### Assets carried at amortised cost

The Trust assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Trust may measure impairment on the basis of an instrument's fair value using an observable market price.



The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, with the amount of the reversal recognised in the statement of comprehensive income.

#### **(g) Issued capital**

##### **Ordinary Unit and Goodman PLUS**

Both the Ordinary Unit and perpetual, preferred units (Goodman PLUS) are classified as equity.

#### **Distributions**

Distributions on both the Ordinary Unit and Goodman PLUS are recognised as a reduction in equity in the period in which they are declared.

#### **(h) Income tax**

Under current Australian income tax legislation, the Trust is not liable for income tax provided that each year the taxable income is fully distributed to Unitholders.

#### **(i) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

#### **(j) Australian accounting standards issued but not yet effective**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Trust.

#### **(k) Rounding**

In accordance with Australian Securities & Investments Commission Class Order 98/100 (as amended), the amounts shown in the financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

## 2. Segment analysis

The Trust operates in a single business segment, investing (through the provision of an interest bearing loan) in Goodman Limited and GiT and the entities they control (Goodman Group), and operates wholly in Australia.

## 3. Interest income

	2011 \$000	2010 \$000
Interest income from:		
Cash at bank	4	3
Loan to related entity	22,304	18,466
	<b>22,308</b>	<b>18,469</b>

## Notes to the financial statements (cont)

for the year ended 30 June 2011

### 4. Earnings per unit

	2011 cpu	2010 cpu
<b>Attributable to Ordinary Unitholder</b>		
Basic and diluted earnings per unit	360,556.0	303,738.0
<b>Attributable to Goodman PLUS holders</b>		
Basic and diluted earnings per unit	682.2	564.8
<b>(a) Profit for the year used in calculating earnings per unit</b>		
	2011 \$000	2010 \$000
<b>Profit for the year used in calculating earnings per unit</b>		
Attributable to Ordinary Unitholder	4	3
Attributable to Goodman PLUS holders	22,304	18,466
<b>(b) Weighted average number of units used in calculating earnings per unit</b>		
	2011 Number of units	2010 Number of units
<b>Weighted average number of units used in calculating basic and diluted earnings per unit</b>		
Ordinary Unit	1	1
Goodman PLUS	3,269,665	3,269,665

### 5. Distributions

The distributions paid/payable to the Ordinary Unitholder are \$4,000 (2010: \$3,000). Distributions paid to Goodman PLUS holders are set out below:

	Distribution cpu	Total amount \$000	Date of payment
<b>Distributions for the quarter ended:</b>			
21 September 2010	171.4	5,604	21 Sep 10
21 December 2010	167.8	5,486	21 Dec 10
21 March 2011	170.2	5,565	21 Mar 11
21 June 2011	170.7	5,581	21 Jun 11
	<b>680.1</b>	<b>22,236</b>	
<b>Distributions for the quarter ended:</b>			
	Distribution cpu	Total amount \$000	Date of payment
21 September 2009	128.0	4,186	21 Sep 09
21 December 2009	129.2	4,226	21 Dec 09
21 March 2010	148.1	4,842	21 Mar 10
21 June 2010	153.9	5,032	21 Jun 10
	<b>559.2</b>	<b>18,286</b>	

## 6. Loan to related entity

	2011 \$000	2010 \$000
Loan to related entity <sup>1</sup>	327,550	327,485

1. Includes accrued interest of \$616,462 (2010: \$548,000).

The loan to a related entity is made to Goodman Finance Australia Trust, a fellow sub-trust of GIT, and is receivable on demand. Interest accrues on the loan at the annual distribution rate on Goodman PLUS (refer to note 7) and is payable quarterly on 21 March, 21 June, 21 September and 21 December. On satisfying certain conditions, the related entity is able to elect for a financial year not to pay the interest quarterly. In these circumstances, the interest is added to the principal loan and accrues interest at the distribution rate referred to above. This capitalised interest portion and any interest calculated on this capitalised interest portion are payable at the option of the related entity in the period of 10 years from when the capitalised interest portion was originally due.

## 7. Issued capital

	2011 \$000	2010 \$000
1 Ordinary Unit on issue	-	-
3,269,665 Goodman PLUS on issue	326,967	326,967
	<b>326,967</b>	<b>326,967</b>

### Terms and conditions

#### Ordinary Unit

The holder of the Ordinary Unit is entitled to receive distributions as declared from time to time and is entitled to one vote per unit at unitholders' meetings. In the event of the winding-up of the Trust, the Ordinary Unitholder ranks after all other Unitholders and creditors and is fully entitled to any proceeds of liquidation.

#### Goodman PLUS

Goodman PLUS are preferred, perpetual securities with a face value of \$100 per unit which are quoted on the ASX. Goodman PLUS may be exchanged or repurchased in certain circumstances.

Distributions are payable quarterly on 21 March, 21 June, 21 September and 21 December, but at the discretion of GFM.

The distribution rate during the current and prior year was the bill rate plus a margin of 190 basis points.

In the event of the winding-up of the Trust, GFM is to first distribute assets to the holders of Goodman PLUS, up to an amount equal to the face value and an amount equal to the unpaid amount of the scheduled distributions for the period of three months immediately preceding the date on which the Trust commenced to be wound-up. GFM will then distribute the remaining assets to the Ordinary Unitholder.

## 8. Related party disclosures

### Key management personnel disclosures

The Trust does not employ personnel in its own right; however, it is required to have an incorporated responsible entity to manage its activities. GFM as responsible entity is considered to be the key management personnel of the Trust.

### Fees payable to GFM

The management fee payable by the Trust to GFM has been waived.

### Interests of GFM in the Trust

GFM, as responsible entity of GIT, owns the Ordinary Unit issued by the Trust. GFM does not own any Goodman PLUS.

### Transactions with Goodman Group

The Trust has made a loan to Goodman Finance Australia Trust, a fellow sub-trust of GIT. Further details are set out in note 6.

The audit fee for the year of \$26,750 (2010: \$15,000) has been paid by GIT.

## Notes to the financial statements (cont)

for the year ended 30 June 2011

### 9. Financial risk management

The Trust's capital management policy, interest rate risk and liquidity risk are monitored by Goodman Group's treasury function.

The Trust's activities involve ensuring that the Trust has sufficient funds to meet any distributions payable in respect of the Ordinary Unit or Goodman PLUS. This is achieved by matching the interest rates and payment dates on any loans to Goodman Group with the distribution rates on the units.

If interest rates during the year on the loan to Goodman Group had been 100 basis points per annum (2010: 100 basis points per annum) higher/lower, post-tax profit for the year would have been \$3,270,000 (2010: \$3,270,000) lower/higher.

The Trust has a significant concentration of credit risk in Goodman Group. Goodman Group has a Baa3 (positive outlook) credit rating with Moody's and BBB (negative outlook) with Standard & Poor's and therefore the Directors are confident it can control and sustain minimal exposure to credit risk. The only asset of the Trust is a loan to an Australian controlled entity of Goodman Group. This loan is not overdue and there is no impairment allowance at 30 June 2011 (2010: \$nil). The Trust does not have any collateral in respect of this loan.

The Trust has no foreign exchange risk and did not use derivative financial instruments during the year.

The fair values of all the Trust's financial assets and liabilities are their carrying amounts.

### 10. 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 report which would require adjustment or disclosure in the financial report.

## Directors' declaration

In the opinion of the Directors of Goodman Funds Management Limited, the responsible entity for Goodman PLUS Trust:

- (a) the financial statements and notes set out on pages 15 to 30 are in accordance with the *Corporations Act 2001*, including:
  - + giving a true and fair view of the financial position of the Trust as at 30 June 2011 and of its performance for the year ended on that date; and
  - + complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and
- (c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The Directors of the responsible entity have been given the declarations required by section 295A of the *Corporations Act 2001* from the Group Chief Executive Officer and Group Chief Financial Officer for the year ended 30 June 2011.

Signed in accordance with a resolution of the Directors.



**Ian Ferrier, AM**  
Independent Chairman  
Sydney, 18 August 2011



**Gregory Goodman**  
Group Chief Executive Officer

# Independent auditor's report

to the Unitholders of Goodman PLUS Trust

## Report on the financial report

We have audited the accompanying financial report of Goodman PLUS Trust (the Trust), which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration.

### Directors' responsibility for the financial report

The Directors of Goodman Funds Management Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1, the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Trust's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

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

### Auditor's opinion

In our opinion:

- (a) the financial report of Goodman PLUS Trust is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Trust's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.



KPMG



**Stuart Marshall**  
Partner

Sydney, 18 August 2011

## Securities information

		Number of Goodman PLUS	Percentage of total issued Goodman PLUS
<b>Top 20 Unitholders as at 31 August 2011</b>			
1.	JP Morgan Nominees Australia Limited <Cash Income A/C>	595,881	18.22
2.	Questor Financial Services Limited <TPS RF A/C>	207,033	6.33
3.	Calyon Australia Limited	200,000	6.12
4.	JP Morgan Nominees Australia Limited	176,226	5.39
5.	RBC Dexia Investor Services Australia Nominees Pty Limited <GSENIPT A/C>	110,489	3.38
6.	RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI A/C>	83,624	2.56
7.	HSBC Custody Nominees (Australia) Limited	77,709	2.38
8.	Bow Lane Nominees Pty Ltd	69,060	2.11
9.	M F Custodians Ltd	65,306	2.00
10.	Citicorp Nominees Pty Limited	56,018	1.71
11.	Cogent Nominees Pty Limited	48,489	1.48
12.	National Nominees Limited	42,809	1.31
13.	EASN Pty Ltd <Penance A/C>	40,000	1.22
14.	Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	27,853	0.85
15.	Questor Financial Services Limited <TPS PIP A/C>	25,753	0.79
16.	Maniciti Pte Ltd	23,800	0.73
17.	Aust Executor Trustees NSW Ltd <Tea Custodians Limited>	20,292	0.62
18.	RBC Dexia Investor Services Australia Nominees Pty Limited <NMSMT A/C>	16,260	0.50
19.	Australian Executor Trustees Limited <No 1 A/C>	13,862	0.42
20.	Manatee Pty Ltd <Longwave Super Fund A/C>	12,595	0.39
Goodman PLUS held by top 20 Unitholders		1,913,059	58.51
Balance of Goodman PLUS held		1,356,606	41.49
<b>Total issued Goodman PLUS</b>		<b>3,269,665</b>	<b>100.00</b>



## Securities information (cont)

Range of Goodman PLUS	Number of Unitholders	Number of Goodman PLUS	Percentage of total issued Goodman PLUS
1 – 1,000	2,336	694,569	21.24
1,001 – 5,000	213	474,298	14.51
5,001 – 10,000	19	129,655	3.97
10,001 – 100,000	20	681,514	20.84
100,001 – over	5	1,289,629	39.44
<b>Total</b>	<b>2,593</b>	<b>3,269,665</b>	<b>100.00</b>

There were two Unitholders with less than a marketable parcel in relation to five units as at 31 August 2011.

There were no substantial Unitholders as at 31 August 2011.

On a show of hands, every person present who is a Unitholder shall have one vote and on a poll, every person present who is an eligible Unitholder shall have one vote for each dollar value of Goodman PLUS Trust units that the eligible Unitholder holds or represents (as the case may be).

On a show of hands, every person present who is an Ordinary Unitholder shall have one vote and on a poll, every person present who is an eligible Ordinary Unitholder shall have one vote for each Ordinary Unit and one vote for each dollar value of Goodman PLUS Trust units that the eligible Ordinary Unitholder holds or represents (as the case may be).

## Definitions

**AASB** means Australian Accounting Standards Board.

**AIFRS** means Australian equivalents to International Financial Reporting Standards.

**ASIC** means Australian Securities & Investments Commission.

**ASX** means Australian Securities Exchange, or ASX Limited (ABN 98 008 624 691) or the financial market which it operates as the case requires.

**ASX Listing Rules** means the listing rules of the ASX with any modification or waiver in their application to the Goodman PLUS Trust, GIT or GL which the ASX has granted or may grant from time to time.

**Australian Accounting Standards** means:

- + the accounting standards as defined in section 9 of the Corporations Act;
- + the requirements of the Corporations Act for the preparation and content of accounts; and
- + generally accepted accounting principles and practices consistently applied in Australia, including any domestically accepted international accounting standards, except principles and practices that are inconsistent with those referred to in the first two paragraphs of this definition.

**Bid Notice** has the meaning as described at clause 4.5 (“Holder response to Remarketing Process”) of the Terms.

**Bill Rate** means the rate (expressed as a percentage per annum), equal to the average mid-rate for bills for a term of 90 days as displayed on the Reuters BBSW page (or any page which replaces that page) on the first Business Day of the relevant Distribution Period or if there is a manifest error in the calculation of that average rate or that average rate is not displayed by 10.30am (Sydney time) on that date, the rate calculated by the Issuer having regard to the extent possible to:

- + the rates otherwise bid and offered for bills of (or of approximately) 90 days or for funds of that tenor displayed on the Reuters BBSW page (or any page which replaces that page) at that time on that date; and
- + if bid and offer rates for bills of (or of approximately) 90 days are not otherwise available, the rates otherwise bid and offered for funds of (or of approximately) that tenor at or around that time on that date. Business Day has the meaning given in the ASX Listing Rules.

**Bookbuild Margin** means the initial margin determined in accordance with the bookbuild process as described in the Offer Document, being 1.90%.

**Change of Control Event** means:

- + a takeover bid under Chapter 6 of the Corporations Act to acquire all or some of the Stapled Securities and the offer under such takeover bid is, or becomes, unconditional and the bidder has acquired at any time during the offer period a relevant interest in more than 50% of the Stapled Securities on issue; or
- + a meeting of the members of a Goodman Stapled Entity is called to consider a formal or informal scheme of arrangement which, if approved and implemented, will result in a person having a relevant interest in more than 50% of the Stapled Securities that will be on issue after the scheme is implemented, and either:
  - the relevant Goodman Entity releases to the market an opinion from an independent expert that the proposed scheme is fair and reasonable; or
  - the scheme is approved by Stapled Security holders and all other classes of members or creditors where approval is required for the scheme to take effect, but does not include a New Trust Scheme.

Notwithstanding the foregoing, if after a Change of Control Event relating to a scheme occurs, the scheme is not approved by Stapled Security holders and all such other classes of members or creditors, the Change of Control Event shall be deemed never to have occurred and in order to ensure that action is not taken prematurely in relation to clause 5.5(b) (“Realisation Dates for Repurchase or Exchange following Issuer Realisation Notice or Holder Realisation Notice”) of the Terms, the time period of 25 Business Days referred to in clause 5.5(b) (“Realisation Date for Repurchase or Exchange following Issuer Realisation Notice or Holder Realisation Notice”) of the Terms shall be extended if necessary so that it expires on the date of such approval and any notices given as a result of such event will be revoked.

**Constitution** means the deed entitled “Trust Deed of the Goodman PLUS Trust” dated on or about 31 October 2007 as amended from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**CPU** means cents per unit.

**Deemed Hold Notice** has the meaning given to that term in clause 4.5(b) (“Holder Response to Remarketing Process”) of the Terms.

**Deemed Step-Up Notice** has the meaning given to that term in clause 4.5(d) (“Holder Response to Remarketing Process”) of the Terms.

**Distribution Restriction** means the restriction on Goodman paying dividends set out in clause 2 of the Goodman PLUS Terms.

## Definitions (cont)

**Exchange** means Goodman PLUS are exchanged for Stapled Securities as described in clause 6 (“Exchange”) of the Terms and “Exchangeable” and “Exchanged” have corresponding meanings.

**Exiting Unitholder** means, for a Remarketing Date, a Unitholder as at the Remarketing Cut-Off Date who has given either:

- + a Step-Up Notice (including a Deemed Step-Up Notice); or
- + a Bid Notice which specifies a margin which is higher than the Remarketing Margin which applies from (and including) the Remarketing Date.

**Face Value** has the meaning given to it in clause 1.2(c) (“General”) of the Terms.

**First Remarketing Date** means 21 March 2013.

**GFM** means Goodman Funds Management Limited (ABN 48 067 796 641; AFSL Number 223621).

**GL** means Goodman Limited (formerly Goodman International Limited) (ABN 69 000 123 071) and its controlled entities, where the context requires.

**GIT** means Goodman Industrial Trust (ARSN 091 213 839) and its controlled entities or GFM as responsible entity for GIT, where the context requires.

**Goodman Entities** means GL and Goodman RE.

**Goodman Group, Group or Goodman** means GIT and GL and any entity (including without limitation a trust) which GIT or GL must consolidate in their accounts in accordance with Australian Accounting Standards.

**Goodman PLUS** has the meaning as described at clause 1.1 (“Terms”) of the Terms.

**Goodman PLUS Trust or Trust** means the trust named “Goodman PLUS Trust” as established under the Constitution or the Responsible Entity, as the context requires.

**Goodman RE** means the responsible entity for GIT from time to time, the current responsible entity being GFM (ABN 48 067 796 641; AFSL Number 223621) in its capacity as responsible entity for GIT and not any other trust.

**Goodman Stapled Entities** means GIT and GL, the Units and Shares in each (respectively) being stapled together such that they must be dealt with together.

**Guarantee** means the subordinated guarantee provided by each of the Goodman Entities (on a joint and several basis) to Unitholders contained in the Guarantee Deed.

**Guarantee Deed** means the deed of that name entered into by the Goodman Entities for the benefit of the Unitholders dated 19 December 2007.

**Hold Notice** has the meaning as described at clause 4.5 (“Holder Response to Remarketing Process”) of the Terms.

**Margin** (expressed as a percentage) means for each Distribution Period:

- + from (and including) the Issue Date to (and including) the first Remarketing Date, the Bookbuild Margin;
- + from (but excluding) the first Remarketing Date if a Successful Remarketing Process has not occurred until (and including) the next Remarketing Date, the Bookbuild Margin plus the Step-Up Margin;
- + if there was a Successful Remarketing Process at the most recent Remarketing Date, then from (but excluding) that Remarketing Date to (and including) the next Remarketing Date, the Remarketing Margin; and
- + if there was not a Successful Remarketing Process at the most recent Remarketing Date, the Remarketing Margin applying immediately after the most recent Remarketing Date where a Successful Remarketing Process has occurred plus the Step-up Margin.

**Market Rate** means:

- + for a Distribution Period commencing prior to the first Remarketing Date, the Bill Rate; and
- + for a Distribution Period commencing on or after a Remarketing Date:
  - where there has been a Successful Remarketing Process, the Remarketing Market Rate; or
  - otherwise, the Bill Rate.

**New Trust Scheme** means a scheme for reorganising the affairs of the relevant Goodman Entities under which (among other things approved by the boards of directors of the Goodman Entities):

- + the holders of Stapled Securities:
  - stop being the owner of those Stapled Securities and acquire interests in a new unit trust (“interposed trust”) and nothing else (“new trust case”); or
  - retain their interests in the Units (also “interposed trust”), stop being the owner of the Shares and receive nothing other than units in the interposed trust, or an increase in value of their Units in the interposed trust, or both (“existing trust case”); and
- + under the scheme, the interposed trust becomes the holder of:
  - for a new trust case, all of the Stapled Securities; or
  - for an existing trust case, all of the Shares.

**Register** means the register of Unitholders maintained by or on behalf of the Responsible Entity in accordance with the Constitution.

**Optional Distribution Payment** has the meaning given in clause 2.8 (“Optional Distribution Payment”) of the Terms.

**Ordinary Unit** means an Ordinary Unit in the Goodman PLUS Trust.

**Ordinary Unitholder** means a person registered as the holder of an Ordinary Unit.

**PIK Securities** means in the discretion of the Responsible Entity (having obtained all relevant consents or approvals enabling the issue and sale of the securities) the issue of:

- + Goodman PLUS;
- + Stapled Securities; or
- + any other security:
  - issued by a person other than the Responsible Entity; and
  - approved in writing to the Responsible Entity by Standard & Poor’s (Australia) Pty Limited and Moody’s Investor Services Pty Limited as a PIK Security, which if issued or transferred to Unitholders in Australia may be sold on the ASX by those Unitholders without any restriction imposed by sections 707 or 1012C of the Corporations Act.

**Realisation Amount** for each Goodman PLUS, means the amount calculated in accordance with the following formula:  $F + UD + P$  where:

F is the Face Value for the Goodman PLUS;

UD is the Unpaid Distribution Amount for the Goodman PLUS;

and

P is an amount of \$5.00, but only where the Realisation Amount is calculated on account of a Change of Control Event.

**Remarketing Margin** means the margin determined by the Responsible Entity through the Successful Remarketing Process.

**Remarketing Market Rate** means the Market Rate set after and as a result of a Successful Remarketing Process.

**Remarketing Cut-Off Date** means the date by which Unitholders are entitled to respond to a Remarketing Process Invitation in accordance with clause 4.5 (“Holder Response to Remarketing Process”) of the Terms.

**Remarketing Date** means:

- + in the case of the first Remarketing Date, 21 March 2013; and
- + for each subsequent Remarketing Date:
  - a date which is:
    - + at least 12 months after the previous Remarketing Date; and
    - + set through a Remarketing Process; or
  - if a date is not set through a Remarketing Process, the date that is five years after the previous Remarketing Date.

**Remarketing Process** means the remarketing process that may be undertaken by the Responsible Entity prior to the Remarketing Date to determine the Remarketing Margin, the Remarketing Market Rate and certain other terms and conditions relating to the Goodman PLUS.

**Remarketing Process Invitation** means a notice in writing from the Responsible Entity which satisfies the requirements of clause 4.3 (“Content of Remarketing Process Invitation”) of the Terms.

**Repurchase** means the Responsible Entity procuring the purchase of the Goodman PLUS by a Transferee and the payment by the Transferee of the Realisation Amount in accordance with the Repurchase Process. Repurchased has the corresponding meaning.

**Responsible Entity** means Goodman Funds Management Limited (ABN 48 067 796 641; AFSL Number 223621) in its capacity as responsible entity for the Goodman PLUS Trust.

**Share** means a fully paid share in GL.

**Stapled Securities** means the stapled securities comprising a Unit, unit or units stapled to a Share, share or shares, so that they may not be transferred separately.

## Definitions (cont)

**Successful Remarketing Process** means a Remarketing Process in relation to which the Responsible Entity receives from Unitholders on the Register on the Remarketing Cut-Off Date:

- + Hold Notices (excluding any Deemed Hold Notices); or
- + Bid Notices (excluding any Deemed Step-Up Notices) specifying a margin equal to or less than the margin specified by the Unitholder within the range of margins set out in the Remarketing Process Invitation, and cumulatively those notices were given in respect of at least 25% of Goodman PLUS on issue at the time that the Remarketing Process Invitation was issued.

**Terms** means the terms of issue of the Goodman PLUS set out in schedule 2 of the Constitution.

**Transferee** means the person (who need not be a member of Goodman Group) nominated by Goodman RE to be the transferee for the purposes of clause 5.9 (“Repurchase Process”) or clause 6 (“Exchange”) of the Terms.

**Unit** means a fully paid Ordinary Unit in GIT.

**Unitholder** or **Goodman PLUS Unitholder** means a holder of Goodman PLUS on the Register.

## Corporate directory

### Goodman PLUS Trust

#### Goodman Limited

ARSN 128 290 808

#### Responsible Entity

Goodman Funds Management Limited  
ABN 48 067 796 641; AFSL Number 223621

#### Offices

##### Registered office

Level 17  
60 Castlereagh Street  
Sydney NSW 2000  
Australia

GPO Box 4703  
Sydney NSW 2001

Telephone 1300 791 100 (within Australia)  
+61 2 9230 7400 (outside Australia)

Facsimile +61 2 9230 7444  
Email [info-au@goodman.com](mailto:info-au@goodman.com)  
Website [www.goodman.com](http://www.goodman.com)

#### Directors

Mr Ian Ferrier, AM (Independent Chairman)  
Mr Gregory Goodman (Group Chief Executive Officer)  
Mr John Harkness (Independent Director)  
Mr James Hodgkinson (Non-Executive Director)  
Ms Anne Keating (Independent Director)  
Mr Phillip Pryke (Independent Director)  
Mr James Sloman, OAM (Independent Director)

### Company Secretary

Mr Carl Bicego

### Security Registrar

#### Computershare Investor Services Pty Limited

Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

GPO Box 2975  
Melbourne VIC 2975

Telephone 1300 723 040 (within Australia)  
+61 3 9415 4043 (outside Australia)  
Facsimile +61 8 8236 2305  
Email [www.investorcentre.com/contact](http://www.investorcentre.com/contact)  
Website [www.computershare.com](http://www.computershare.com)

### Custodian

#### Trust Company Limited

20 Bond Street  
Sydney NSW 2000

### Auditor

#### KPMG

10 Shelley Street  
Sydney NSW 2000

### ASX code

GMP

This Annual Report has been prepared by Goodman Funds Management Limited (ABN 48 067 796 641; AFSL Number 223621) as the responsible entity for Goodman PLUS Trust (ARSN 128 290 808). It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with professional advice, when deciding if an investment is appropriate. This Annual Report is not an offer or invitation for subscription or purchase of securities or other financial products. It does not constitute an offer of securities in the United States. Securities may not be offered or sold in the United States unless they are registered under the US Securities Act of 1933 or an exemption from registration is available. Past performance is no indication of future performance. All values are expressed in Australian currency unless otherwise stated. September 2011.







building the future<sup>+</sup>





## 2011 Highlights

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Cover: 82,015 sqm distribution centre under development for Metcash at Bungarabee Industrial Estate

# str

Distribution  
per security

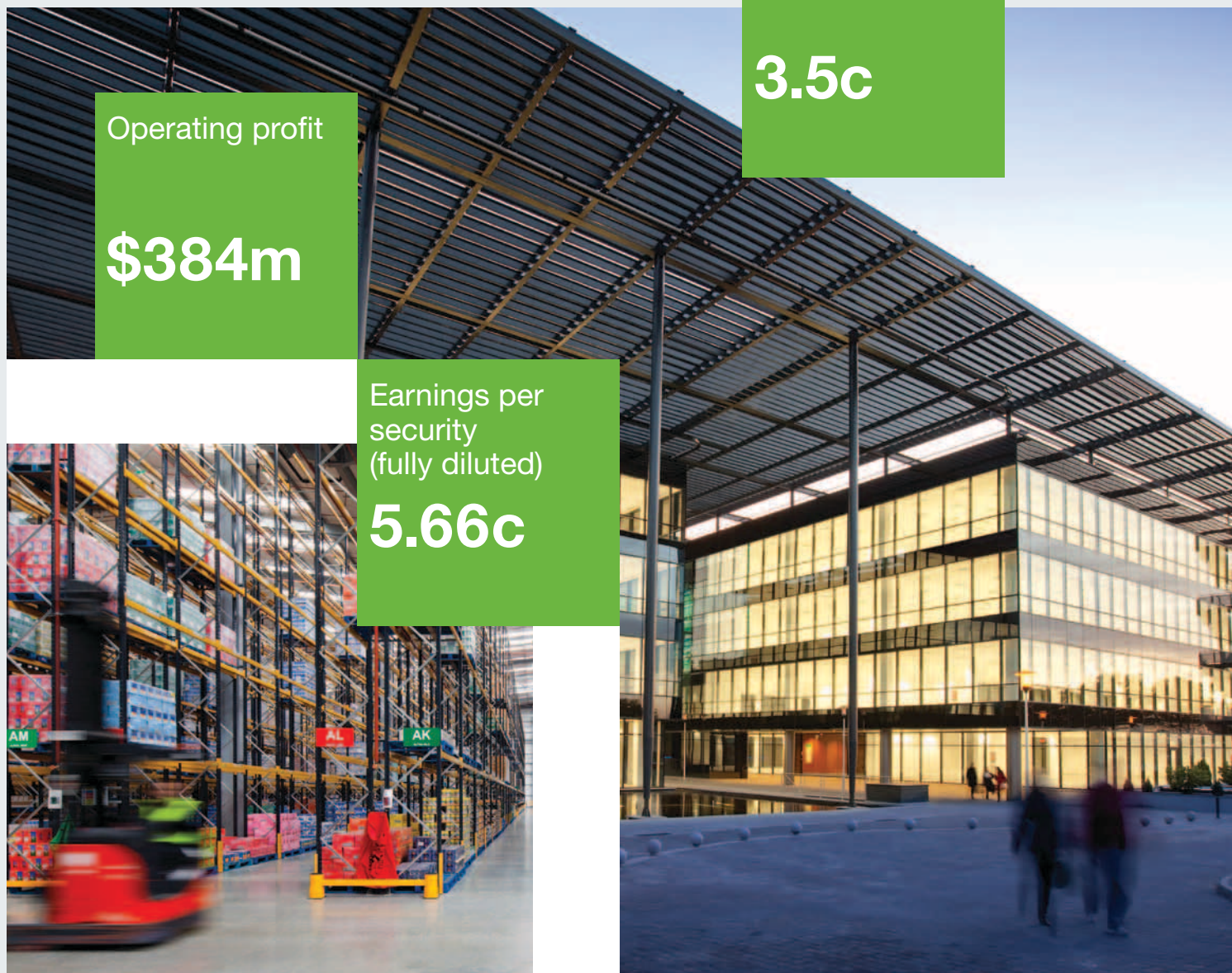
**3.5c**

Operating profit

**\$384m**

Earnings per  
security  
(fully diluted)

**5.66c**



# ongger +



Occupancy

**96%**



Total  
assets under  
management

**\$18.0b**

Space leased  
globally

**1.9msqm**

Weighted  
average  
lease expiry

**5.3 yrs**

# driven +

## Building the future

The 2011 financial year was a strong one for Goodman where we delivered on our stated objectives, remained committed to our strategy and focused on the Group's long-term view of the future. Having come out of one of the toughest economic contractions, we now operate in a vastly different and more conservative environment. Success demands more prudent capital management and diverse sources of capital. With these now in place, we are able to drive growth opportunities and further enhance stakeholder relationships.

In the 2011 financial year, Goodman secured a strong financial result. Financial highlights for the year include:

- + the Group achieved an operating profit after tax of \$384 million;
- + a statutory profit after tax of \$392 million was reported;
- + fully diluted operating earnings per security of 5.66 cents was achieved, an 8% increase on the 2010 financial year;
- + a strong financial position with balance sheet gearing reduced to 23% and interest cover increasing to 4.5 times; and
- + the Group currently has available liquidity of \$1.3 billion with a weighted average debt maturity of 5.6 years.

Goodman has emerged as a global leader in an era of reduced competition primarily brought about by relatively limited access to capital. The Group's competitive advantage is evidenced by its strong capital partners, diverse international platform and size and scale. All of which means we are well positioned for a stronger future with the ability to pursue a range of opportunities in this new operating environment.

This was demonstrated during the year with the acquisition and privatisation of ING Industrial Fund by a Goodman-led consortium of global investors. The transaction, which was finalised in March 2011, was one of the most significant initiatives undertaken by the Group this year. It added \$2.5 billion in assets under management across Australia and Europe and represented an expansion of the Group's relationship with its capital partners, China Investment Corporation (CIC), Canada Pension Plan Investment Board (CPPIB), and All Pensions Group (APG), who formed a consortium with Goodman to fund the acquisition.

A highlight, which reflected our core capability, came in June 2011 with the announcement of the sale of 50% of Interlink. This landmark, 224,000 sqm logistics and distribution facility in Hong Kong was sold to CPPIB for \$274 million. At the time of sale, over 80% of the space was pre-committed (including Heads of Agreement) to major customers including DHL, Yusen and Chanel. Significantly, this transaction will help drive our growth strategy in Asia Pacific by providing capital for reinvestment in new opportunities across Greater China and Japan. The project is on track for completion in January 2012. The success of this project has been largely driven again by the strength of our capital partner and global customer relationships. This transaction supports our prudent approach to development which relies on pre-commitments to significantly de-risk our development activities and maintain our strong balance sheet.



The 2011 financial year was a strong one for Goodman where we delivered on our stated objectives, remained committed to our strategy and focused on the Group's long-term view of the future.





Development enquiry and demand for our products have been robust, particularly in Europe and Australia and we remain focused on expanding our competitive position in China. The Group had \$1.4 billion of new development commitments over the year across 42 projects and over 90% of current development commitments are for third parties or funds. At 30 June 2011, the Group's work in progress was \$1.8 billion.

Goodman continues to explore opportunities to expand its global footprint. Plans are currently underway to continue to develop its business in Japan, including rebranding J REP Co., Ltd to Goodman Japan Limited this month. In August 2011, Goodman announced that it had exchanged contracts to acquire 60,000 sqm of prime development land in the Osaka Bay area. The estimated completion value of this site is in excess of \$300 million and this acquisition is expected to settle in the coming months with construction forecast to commence in 2012.

With the Japanese logistics market being influenced by a number of trends, including ageing logistics stock, demand for larger facilities due to consolidation and an undersupply of high quality, modern logistics facilities, the Group decided that organic growth was currently the most attractive investment strategy. Goodman is focused on leveraging its industry experience and global customer and capital partner relationships to support this growth strategy.

The rapid growth of online trading and the logistics demands that this sector creates also presents the Group with significant opportunities. Having already established a proven track record with large global retailers, global logistics service providers and some of the world's largest online e-commerce providers such as Amazon, Goodman is well positioned to cater to the needs of this sector.

A critical component of our success and strong financial result has been supported by the Group's ability to diversify its sources of capital away from traditional lenders and debt capital markets, thereby extending our maturity profile. In November 2010, we successfully completed our first senior, unsecured note issue in the US bond market raising US\$325 million, and in March 2011, the Group completed a further US\$500 million issue, both for 10 year terms. These were significant steps in the successful execution of our capital management initiatives.

Goodman has also made significant progress across its sustainability programme. Our commitment to sustainability is driven by the creation of long-term value for our stakeholders, respecting the environment and working with the communities in

which we operate, whilst ensuring that our business can continue to grow and evolve. Our strategies include a series of initiatives and programmes that are delivered locally across the business in accordance with local demands and regulatory obligations.

The Group's development philosophy is based around working with customers to deliver an efficient design suitable to meet their business objectives and obligations. In all of our regions the Group has made some strong progress in this area. An update on our sustainability initiatives is detailed later in this Annual Report.

In the 2011 financial year, the Goodman Foundation continued to support our communities. Our philosophy is to facilitate social change and improve the standard of living or health in our community. Whilst our focus is on partnering with charities to help drive long-term strategic value with tangible outcomes, the Foundation and our staff also provided financial assistance to the Queensland Flood Appeal and the Christchurch Earthquake Appeal, amongst others.

Goodman also established a Diversity Policy during the year. This included several initiatives aimed at fostering an environment where diversity and inclusion are promoted and valued.

Our commitment to the Group's long-term strategy combined with our prudent cost management ensured we had a strong 2011 financial year. The decisions we have made have enabled us to both leverage our unique global position and adapt our business model to the changing market conditions. This allows us to mitigate the risk in our operating environment and strategically capture and convert key opportunities.

After joining the Board in 2003, Mr James Hodgkinson is retiring on 30 September 2011 and we thank him for his contribution during his tenure.

Goodman is starting the 2012 financial year in a strong position and I am confident we have the right strategy, leadership and operating platform to continue to build a strong future for the Group. I would like to thank our Securityholders, investment partners and customers for their continued support and commitment and our staff for their dedication and tenacity.



**Ian Ferrier, AM**  
Independent Chairman

The Group's competitive advantage is evidenced by its strong capital partners, diverse international platform and size and scale. All of which means we are well positioned for a stronger future with the ability to pursue a range of opportunities in this new operating environment.

Offices  
worldwide

**31**

Development  
commencements

**\$1.4b**



Greg Goodman, Interlink  
development, Hong Kong

The 2011 financial year saw Goodman Group perform strongly, underpinned by our significant international platform, proven capability, extensive investor and customer relationships, and sound financial position.



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The 2011 financial year saw Goodman Group perform strongly, underpinned by our significant international platform, proven capability, extensive investor and customer relationships, and sound financial position.

This ensured we capitalised on the significant operating momentum in our markets around the world and successfully delivered key opportunities that will underpin Goodman's future growth and further enhance our competitive position.

Goodman completed the 2011 financial year having achieved a range of initiatives that reflect the strong platform for growth we have worked hard to establish. We have benefited from our diverse international platform which currently spans 16 countries, our extensive infrastructure, expert team of people in each local market, and access to third party capital. These strengths have placed us in an enviable competitive position and enable us to selectively pursue growth opportunities around the world. This is not only true of the last year, but is also a competitive advantage going forward, given the significantly changed environment we are now operating in.

Importantly, all parts of our business performed well over the year, particularly across Goodman's development and management activities which capitalised on robust property fundamentals and high level of demand for prime industrial property. We experienced strong momentum in our development business, with the rollout of our development pipeline picking up pace. Goodman's development approach remains prudent and is undertaken with customer pre-commitments in place and the majority of projects pre-sold to third parties or the Group's managed funds. We completed a significant acquisition during the period, and continued to strengthen existing investor relationships and introduced new capital partners into our managed funds. Our property teams worked closely with customers to deliver excellent leasing results, achieving increased occupancy levels and ensuring customer retention remained high.

Goodman achieved an operating profit of 5.66 cents per security on a fully diluted basis and operating earnings after tax of \$384 million. Our operating result was slightly above the guidance range provided by the Group during the 2011 financial

year and is indicative of the significant operating momentum across our business and the value accretive initiatives we have delivered over the full year period.

The Group distributed a total amount of 3.5 cents per security for the full year. This consisted of an interim distribution of 1.5 cents per security for the half year ended 31 December 2010 and paid in February 2011, and a final distribution of 2.0 cents per security for the year ended 30 June 2011 and paid in August 2011.

A key achievement for the year was the Group's acquisition and privatisation of ING Industrial Fund (IIF), which was successfully completed in March 2011. Goodman led a consortium of investors to make a cash offer for IIF, valuing the assets of the fund at \$2.5 billion, which was overwhelmingly approved by IIF unitholders. The acquisition complements the Group's existing portfolio in Australia and Europe, with the addition of 61 quality industrial properties. The IIF acquisition has cemented Goodman's position in Australia as the largest industrial property group with a total of \$9.2 billion of assets under management. We have also grown our European logistics space under management to more than 3.3 million sqm.

The capacity to undertake the IIF transaction, and still maintain our sound financial position, was made possible because of the strength of the Group's global investor relationships. This enabled us to establish a consortium with three of our existing partners, China Investment Corporation (CIC), Canada Pension Plan Investment Board (CPPIB) and All Pensions Group (APG) of The Netherlands.

We fully integrated IIF into Goodman's operations and have been focused on leveraging customer relationship opportunities across the new portfolio, and increasing operational efficiencies.

We further strengthened our investment partnership with CPPIB during the year through the sale of the Group's 50% interest in the Interlink project, with this high profile development representing CPPIB's first direct real estate investment in the Hong Kong market. We continue to retain an ownership interest in Interlink through the Group's cornerstone investment in Goodman's Hong Kong Logistics Fund which owns the remaining 50% of the project.



### New Zealand

A 13,394 sqm and 4,920 sqm distribution centre were completed for Kmart and Bridgestone respectively at M20 Business Park in Auckland; and a 5,187 sqm development was delivered for IBM at Highbrook Business Park in Auckland.



### Asia

The Interlink development in Hong Kong achieved a significant milestone with the 24 storey superstructure now completed, which was celebrated with a topping out ceremony in early September 2011. The project is on schedule for completion in January 2012. A 38,138 sqm multi-customer logistics centre was also completed at Lujia, Kunshan in China.



### Australia

Developments were completed for customers including a 76,735 sqm warehouse and distribution centre for Kmart in Melbourne; a 16,295 sqm facility for Toll IPEC in Perth; and in Sydney, a new 12,475 sqm head office for the Australian Red Cross Blood Service.







## Europe

Development completions include a 46,032 sqm facility for third party logistics provider Seifert Logistik in Leipzig, Germany; a 43,484 sqm regional distribution centre at Andover, United Kingdom for food retailer, The Co-operative Group; a 23,862 sqm distribution centre for third party logistics provider, DSV, in Lille, France; at Manchester in the United Kingdom, a 22,510 sqm Force Headquarters for Greater Manchester Police; and a 15,365 sqm multi-customer logistics centre at Cracow in Poland.

In response to demand from our customers and investors, we took steps during the year to strengthen our operating platform in Japan. This initiative will see Goodman pursue an organic growth strategy, through the development of high quality, modern logistics and distribution facilities. The rebranding to Goodman Japan Limited this month will see our Japanese platform become an integrated part of Goodman Group, enabling us to contribute our extensive financial resources and global expertise for the benefit of our customers and investors.

The hard work and dedication of our people around the world have been significant factors in achieving the strong performance of our business over the last year and in driving our future growth and success. On behalf of the Board and management, I would like to thank all Goodman staff for their valued contribution.

## Group operations

The Group's operations achieved operating earnings of \$384 million, a 24% increase compared with the 2010 financial year. Operating EBIT for the year was \$470.6 million. The main driver of this result was the growth in earnings contribution from our development and management activities, contributing 36%, with our property investment activities contributing 64% of operating EBIT. The composition of our operating EBIT reflects the strength of our international operations, contributing 45% to earnings and led by growth in our Asian and European businesses, with 55% contributed from Australia.

## Property investment

Goodman's direct investment portfolio consists of the Group's direct property investments, cornerstone investments in our managed funds and other financial investments. At year end, the portfolio was valued at \$5.0 billion which compares with \$4.7 billion last year. The increase is due to Goodman's cornerstone investment in Goodman Trust Australia (GTA) which was established following the acquisition of IIF, the acquisition of Moorabbin Airport and business park, and participation in the equity raising initiatives of our managed funds.

Robust property fundamentals were reflected in the performance of the Group's overall investment portfolio during the year. Strong customer demand resulted in approximately 1.9 million sqm of space leased, higher occupancy and rental growth. Occupancy increased to 96% from 93% at 30 June 2010. We achieved like-on-like rental growth of approximately 3% and positive rental reversion of 2.3% on new leases.

## Property development

The momentum in the Group's development business continued to build during the year, with strong demand for prime industrial assets driving growth in all of Goodman's operating markets, particularly across Europe and in China. At year end, we had secured development commitments for \$1.4 billion across 42 new projects at a yield on cost of 8.6%. We achieved an overall leasing pre-commitment of 82% on our new development projects, with an average lease term in excess of 10 years. Importantly, we have maintained our low risk approach, with over 90% of our current development commitments either pre-sold or pre-funded by our managed funds or third parties. New developments we commenced during the year include:

- + two facilities in Germany both for approximately 108,000 sqm on behalf of online e-commerce provider, Amazon;
- + an 82,015 sqm distribution centre in Sydney for leading wholesale distribution and marketing company, Metcash;
- + discount retailer Kmart has committed to a 51,725 sqm warehouse and office facility in Brisbane;
- + a 42,800 sqm logistics park (phase 1) at Pudong Airport in China, in response to the strong demand for logistics space;
- + in Moriya, Japan, a facility totalling 33,109 sqm for leading Japanese logistics provider, Nippon Express;
- + a 28,117 sqm distribution and processing centre for discount fashion retailer, TJX Europe, in Wroclaw, Poland;
- + a 20,530 sqm distribution centre in Auckland for automotive parts and equipment retailer, Supercheap Auto; and
- + a 7,520 sqm head office for British Gas at Oxford Business Park in the United Kingdom.

During the 2011 financial year, the Group and managed funds completed \$773 million of developments, a significant increase from the \$411 million delivered in the 2010 financial year, and equating to approximately 500,000 sqm of space for 17 customers. We achieved a 96% customer pre-commitment on completed developments and 94% were undertaken on behalf of our managed funds or third parties.

We increased the value of our development projects underway, growing this to \$1.8 billion at year end compared with \$1.3 billion for the same time last year. Our development work in progress equates to 1.3 million sqm of space, of which 91% of the projects being undertaken are on behalf of our managed funds or third parties and are 86% pre-committed.

The controlled land inventory across the Group and managed funds was replenished during the year. This will enable the Group to respond to the strong customer and investor demand in our operating markets around the world, and facilitate the progressive rollout of our \$10 billion development pipeline, capable of delivering a forecast gross lettable area of over 6.8 million sqm.

## Property services

Goodman's Property Services teams are responsible for 13 million sqm of total business space under management, equivalent to \$18 billion of total assets under management (AUM). They provide a wide range of services to our 1,500 customers across 386 properties in 16 countries around the world, ranging from leasing and maintenance, to attending to the general day-to-day logistics and business space needs of our customers.

The successful leasing results, improved occupancy levels and consistently high customer retention rates that we have attained are testament to the quality work and high standards of customer service that our Property Services teams have delivered throughout the year.

## Fund management

Goodman increased its third party AUM to \$14.4 billion at year end, compared with \$12.6 billion for the same time last year. This growth was achieved with the strong support of our major investment partners with \$1.8 billion of new third party equity raised across our managed fund platform, enabling Goodman to complete a number of new initiatives in the 2011 financial year. At year end, Goodman's managed funds had \$2.2 billion of uncalled equity and debt facilities available.

We established a new \$2.6 billion unlisted fund during the year called Goodman Trust Australia (GTA) for the properties and land bank that formed part of the acquisitions and privatisation of IIF. GTA was the most significant transaction undertaken by the Group during the year with \$1.1 billion of third party equity contributed, demonstrating the depth of the Group's investor relationships.

Goodman European Logistics Fund successfully completed a €300 million rights issue in November 2010, which was underwritten by two of Goodman's capital partners, Dutch asset managers, APG and PGGM. Separately, in New Zealand, Goodman Property Trust (GMT) raised NZ\$66 million of new equity through the NZ\$43 million underwrite of its Distribution Reinvestment Plan and an asset for equity swap relating to Show Place Office Park in Christchurch.

GMT also completed an extensive refinancing programme during the year, with the renewal and extension of NZ\$487 million of debt funding facilities, increasing its average term to maturity across all facilities to 3.4 years. GMT separately completed a NZ\$45 million private placement of bonds on a seven year term and with a 'BBB+' corporate credit rating from Standard & Poor's (S&P).

In Australia, Goodman Australia Industrial Fund (GAIF) refinanced \$1.5 billion of existing debt facilities and moved to a senior unsecured debt structure, providing it with the ability to diversify its funding sources via the debt capital markets. In April 2011, GAIF was assigned a 'BBB' corporate credit rating with stable outlook by S&P and subsequently completed its inaugural unsecured debt capital market issue, with a five year, \$175 million senior unsecured note.

## Capital management

Goodman maintained its commitment to an efficient capital structure and sound financial position with the completion of a range of initiatives during the year that further strengthened its balance sheet. The Group's gearing position reduced to 23% compared with 25% as at 30 June 2010, and our liquidity position at year end was \$1.3 billion. This provides us with sufficient funding to meet our debt maturities until the 2015 financial year.

Goodman finished the year with a weighted average debt maturity of 5.6 years. This is significantly longer than the 3.3 years reported at 30 June 2010 and demonstrates the delivery of the Group's stated strategy of diversifying its debt funding sources and lengthening its maturity profile. In this regard, Goodman successfully completed two senior unsecured note issues in the United States 144A/Reg S bond market for US\$325 million and US\$500 million respectively, with terms of 10 years, and completed a ¥12.5 billion private placement with a Japanese insurance group on a 12 year term to maturity. The debt capital markets now account for 69% of the Group's debt allocation.

## Outlook

Goodman is well positioned in the current environment as a specialist provider of prime quality industrial and business space. We have worked hard to establish a strong growth platform, which we capitalised on during the year, capturing the significant operating momentum evident across our key markets.

The Group is operating in a sector that is characterised by reduced competition and ongoing limited access to capital. This provides Goodman with a distinct competitive advantage heading into the 2012 financial year and for future years, given our proven expertise, extensive international operating platform and support from major capital partners. We will focus on effectively leveraging our strong competitive position to assess a broad range of initiatives to drive earnings growth and meet the significant customer and investor demand for our product.

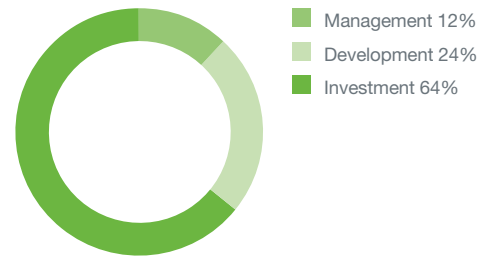
We will retain a prudent yet active approach in the delivery of our business strategy, with a focus on capital management, active asset management, and increasing the contribution from our development and management activities.

For the 2012 financial year, Goodman is forecasting a full year operating profit after tax of \$460 million, equating to a fully diluted operating earnings per security of 6.0 cents.

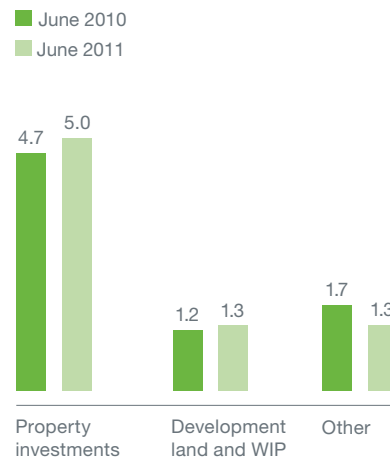


**Gregory Goodman**  
Group Chief Executive Officer

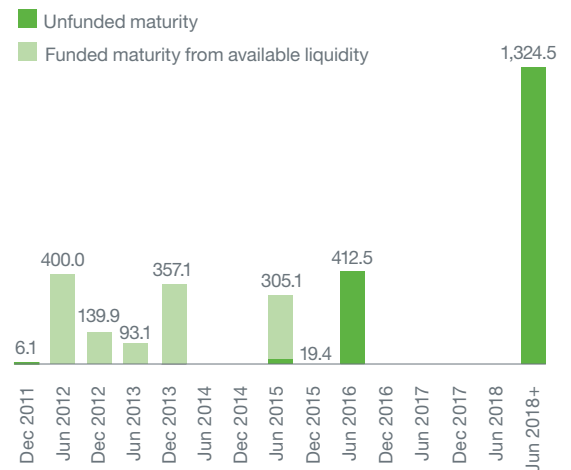
## Operating EBIT contribution



## Capital allocation (\$B)



## Debt maturity profile (\$M)





# internat

“As a major real estate partner in the Asia Pacific region, we value Goodman’s understanding of our business and ability to deliver creative and sustainable property solutions that enhance our competitive advantage, by meeting our requirements for operational excellence alongside the diverse and complex needs of our customers.”

**Paul Graham, CEO  
DHL Supply Chain  
Asia Pacific**

Nuremberg,  
Germany



## DHL case study

In 2001, DHL, a division of Deutsche Post and the world’s largest logistics specialist, first occupied a 3,715 sqm facility in Goodman’s Australian portfolio. In the ensuing years, we have built a strategic cross border relationship with DHL which reflects Goodman’s proven capability and the value of our international operating platform. Today, Goodman and DHL have expanded their relationship to cover approximately 490,000 sqm of logistics space across 24 facilities in 9 countries throughout Asia Pacific and Europe. We continue to work closely with DHL to provide highly flexible property solutions that meet their ever changing logistics and business space needs. Over the last year, this was demonstrated with the completion of approximately 107,000 sqm of leasing transactions, including the commencement of three new pre-committed developments. DHL is also the anchor customer in our landmark Interlink development in Hong Kong.

**DHL and Goodman**  
490,000 sqm  
24 facilities

**9 countries**



# ional +



Kangqiao Distribution  
Centre, Shanghai, China



Purling Distribution Centre,  
Adelaide, Australia



Westney Industry Park,  
Auckland, New Zealand

Goodman's direct property investment portfolio consists of \$2.4 billion of direct property investments across Australia, the United Kingdom and Europe, and \$2.6 billion of cornerstone investments across our managed fund platform. This gives the Group an ownership interest in 386 prime industrial and business space properties in 16 countries and 31 cities around the world.

The quality of the Group's significant portfolio reflects our standing as a leading industrial property and business space partner in the markets in which we operate. Combined with our proven capability and infrastructure it has enabled Goodman to build quality, long-standing customer and investor relationships, and underscores our commitment to servicing the diverse property needs of our 1,500 customers around the world and delivering consistent returns for our investors.

In the 2011 financial year, we welcomed a number of major new customers, and expanded our relationships with many existing blue chip customers, including Deutsche Post (DHL), DB Schenker, Amazon, Toll and Kmart.

Goodman maintained its focus on its active management approach across the Group and managed funds through the recycling of a number of assets in the ordinary course of business. In this context, we disposed of a total of 18 properties, which has provided approximately \$329 million of capital to reinvest in new opportunities across our business.

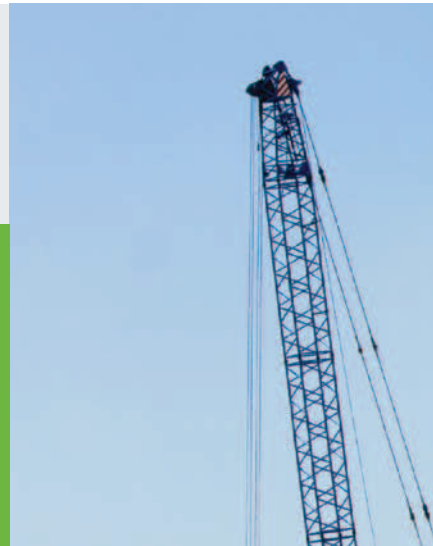
During the year, we continued to work toward achieving our long-term target of a 20% cornerstone investment in our managed funds. This was evident through initiatives such as the formation of Goodman Trust Australia following the acquisition of ING Industrial Fund on an 80/20 basis with our consortium partners. In addition, Goodman European Logistics Fund's €300 million rights issue was fully underwritten by Dutch asset managers, APG and PGM, and reduced the Group's pro-rata equity interest.

The value of Goodman's development work in progress rose to \$1.8 billion over the 2011 financial year in response to the strong customer demand in all of our markets, particularly Europe. To ensure we remain well positioned to take advantage of future opportunities, we replenished our controlled land inventory across the Group and managed funds during the year, which enabled us to maintain our development pipeline at \$10 billion and facilitate its progressive rollout. We achieved this through initiatives including the Group's strategic acquisition of Moorabbin Airport and business park, which incorporates 73 hectares of development land in a prime infill location, and by securing a number of land options, predominantly in Europe.

Goodman's active asset management approach enabled us to capitalise on higher and better use opportunities from our land bank during the year with land sales of more than \$364 million. This enhances returns to our investors and facilitates the recycling of capital into new development opportunities. In this context, we completed two significant land sales in Hong Kong and the United Kingdom during the 2011 financial year. The strong market conditions in Hong Kong saw the Seaview site sold for HK\$875 million (approximately \$118 million), while in the United Kingdom, we disposed of a 2.9 hectare site for more than £80 million (approximately \$137 million) at Hammersmith for residential redevelopment.

Development pipeline

\$10b



growt





## Amazon and Goodman

475,002 sqm  
(developments and  
completed facilities)

3 countries

**6 facilities**

### Amazon Case Study

Goodman has a long-standing relationship with Amazon, one of the world's leading e-commerce providers and has successfully worked with this customer over a number of years in Europe.

Amazon responded to the growing demand for its services in the German market with the decision to develop two new purpose built fulfilment centres, one for 107,814 sqm in Rheinberg, near Duisburg and the other for 107,000 sqm at Graben, south of Augsburg. Goodman was selected as Amazon's preferred development partner for the two projects, which were both announced in March. The Goodman team worked closely with Amazon, including selection and acquisition of the land sites, advice on specifications, negotiations with local municipalities and end-to-end project management of the construction of both facilities.

In the 2011 financial year, Goodman also commenced the construction of a 23,400 sqm extension to Amazon's 46,728 sqm facility in Orléans in France. Goodman's proven capability, significant infrastructure, and the local expertise of our teams has enabled us to expand our relationship with Amazon and successfully undertake six developments in Europe to date on their behalf.



h +

# excellent

## Hong Kong leasing case study

Goodman's Hong Kong Property Services team completed the 2011 financial year with outstanding leasing results, achieving 98.5% occupancy across its existing portfolio of 13 assets, an increase of 6% from a year ago.

Sustained demand for quality warehouse space, particularly from retailers and third party logistics providers, was a key reason for the strong leasing success, with a total of 412,281 sqm (4,437,759 sq ft) of space leased to new and existing customers. The second half of the year was particularly impressive, with a total of 255,241 sqm (2,747,388 sq ft) leased, making it the most successful leasing period since 2005, when Goodman first began operating in Hong Kong.

Overall, 44 new customers were added to the portfolio during the year, including Chanel, Zara, Swatch, AGFA and BEL International Logistics. A number of existing customers, such as DHL, UPS and OM Log (a specialist provider of logistics services for luxury brands including Polo Ralph Lauren, Armani, and Versace) took additional space in response to business expansion, with 84 new leases signed and a further 97 renewals, resulting in a total of 181 leases completed in the year.



Business space under management  
**13m sqm**



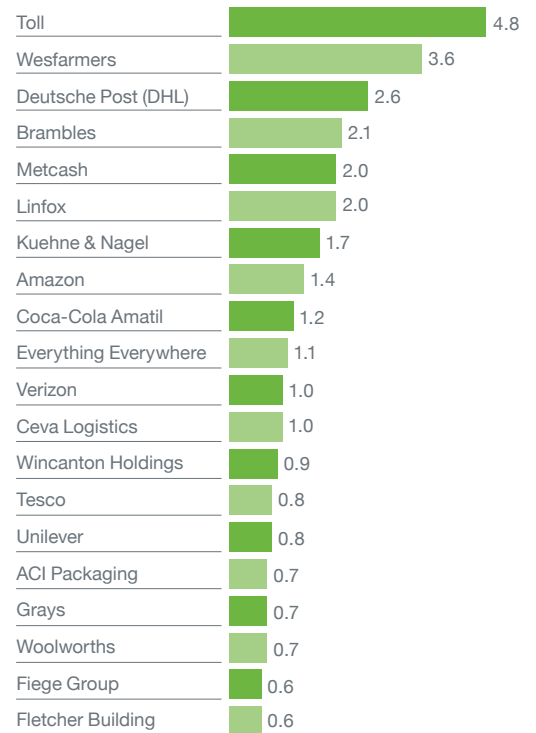
“Over the last three years we have grown our relationship with Goodman from 195,040 sq ft to over 486,000 sq ft. They have provided us with modern, well managed warehouse space that has been upgraded and customised to meet our storage and distribution needs, and we are very satisfied with the responsiveness and level of service we receive from the Goodman team.”

**Luigi Rapetti, Managing Director OM Log**

# nice +



## Top 20 global customers (look through) (%)



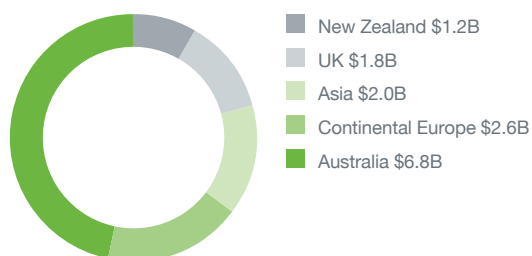
Over the year to 30 June 2011, Goodman's Property Services teams performed strongly to complete 1.9 million sqm of leasing transactions. This enabled us to achieve a 3% increase in overall occupancy to 96% when compared with the same period last year.

Our teams completed a total of 360 new leases for existing and new customers in our property portfolios around the world during the year. We also renewed a total of 236 leases on behalf of Goodman's existing customers, achieving a 76% retention rate. These results demonstrate the day-to-day commitment and effort of our people to deliver service excellence for our customers.

During the year, Goodman, together with its capital partners, acquired and privatised IIF and also made an offer to privatise the €2.4 billion PEPR portfolio in Europe. Our participation was based on the Group's operating strength and specialist own+develop+manage platform, which are key factors in our ability to attract capital globally and assess future opportunities in all markets.

Our successful capital partner relationships also demonstrate the strength of the Goodman brand and the leading fund management platform we have developed, while our size and scale enable us to offer competitive pricing to our capital partners and customers.

**Third party AUM by region**



**IIF acquisition case study**

Goodman has worked hard to build long-term relationships with major capital partners and this is a key strength which has given the Group the ability to take advantage of significant opportunities. This was well demonstrated during the year with the completion in March 2011 of the \$2.6 billion acquisition of IIF which was made possible with the strong support of our three consortium partners CPPIB, APG and CIC. It has provided Goodman with a quality portfolio of 61 industrial assets that have been fully integrated into Goodman's operations and have subsequently been rebranded to Goodman.

The acquisition complements the Group's existing portfolio in Australia, with the addition of 45 industrial properties in the key east coast markets of Sydney, Melbourne and Brisbane, and increases our assets under management by \$2.5 billion to \$9.2 billion. Our development capability in Australia has also been strengthened through access to a significant land bank. In Europe, a further 16 properties valued at \$0.3 billion have been acquired, with 11 properties in Germany and a small number in Spain and Belgium.

The privatisation of IIF was achieved through the establishment of a new unlisted investment vehicle, Goodman Trust Australia (GTA), into which CPPIB, APG and CIC have contributed 80% or approximately \$1.1 billion of the equity capital. Goodman is the manager of GTA and we have retained a 20% cornerstone investment. A separate \$1.1 billion finance facility was negotiated to refinance IIF's existing debt.

partner



The support from Goodman's capital partners highlights the strong demand that exists for prime industrial assets and their willingness to partner with property groups that have proven capability and quality operating platforms.

Third party  
assets under  
management

**\$14.4b**



Parkwest Industrial Estate, Melbourne

# ships +



As a property development and management business, our greatest opportunities for sustainable improvement exist in making new developments greener and existing assets more efficient.

Some of our sustainability activities over the 2011 financial year include:

- + successful implementation of new compliance procedures in Australia;
- + leading green logistics developments across Australia, Europe, the UK and Hong Kong;
- + continued focus on the efficiency of existing assets; and
- + increased reporting, including submissions to the Global Real Estate Sustainability Benchmark (GRESB), the Carbon Disclosure Project (CDP) and Goodman's Sustainability Progress Review 2011.

### Global vision applied locally

Over the 2011 financial year, Goodman's sustainability programme shifted from regional based activities towards an integrated global programme. This provided Goodman with the opportunity to redefine our sustainability vision, supported by the development of a global strategy which consists of six key programme areas managed by our local teams:

- + compliance – to manage the increase in sustainability regulatory obligations;
- + engagement and reporting – to enhance voluntary sustainability reporting;
- + internal performance – to improve Goodman's own sustainability performance, including the Group's carbon footprint;
- + knowledge – to develop Goodman's intellectual capacity and sustainability knowledge;
- + existing assets – to optimise performance through efficient management and strategic capital upgrades; and
- + development – to develop assets which incorporate innovation and sustainable design principles.

Further information on Goodman's vision and strategy for sustainability can be found within our Sustainability Progress Review 2011, at [www.goodman.com/sustainability](http://www.goodman.com/sustainability).

At Goodman, sustainability is a key part of our operating strategy. Sustainability presents an opportunity for Goodman to partner with our customers and to create long-term and sustainable value for all of our stakeholders. Sustainability will play a significant role in shaping the future commercial and logistics property markets as our sector responds to rising energy costs, carbon management, increasing regulation and growing customer demand.

# green



### Improving performance around the world

Improving the performance of Goodman's existing assets presents the greatest opportunity to reduce the Group's carbon emissions globally, which is why we have commenced optimisation programmes across the globe.

In the UK, Goodman is actively exploring technical enhancements such as lighting upgrades and control system alterations. During the 2011 financial year, the majority of the multi-let buildings in the portfolio were also fitted with smart metering to assist with our reporting requirements.

In Hong Kong, recommendations from a recent programme of energy and water audits undertaken at select assets have now been implemented to improve efficiency.

In Australia, the Group met new requirements relating to energy disclosure and separately implemented a new energy and carbon reporting system. The majority of commercial assets were assessed under the National Australian Built Environment Rating System (NABERS) energy rating system to establish a benchmark for ongoing performance, while asset improvement plans for our commercial assets have been separately developed. Several successful applications to secure government funding for green upgrade projects were also undertaken.





### Interlink, Hong Kong

- + Achieved Gold standard certification rating under HK BEAM green rating system
- + Pre-certification under US LEED green rating system
- + Focus on natural ventilation
- + Ventilation fans equipped with variable speed drives
- + Carbon monoxide sensors
- + Efficient lighting equipped with light and motion sensors
- + Destination control lift system



### DSV, Munich Airport Logistics Centre

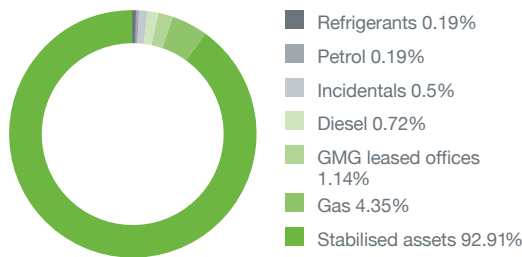
- + Increased ceiling and wall insulation
- + Efficient T5 lighting
- + Additional skylights and windows to maximise natural light
- + Under floor slab heating powered by sustainable wood pellets
- + Automatic external sunscreens
- + Extensive smart metering

## Our Australian greenhouse gas emissions

Goodman's total greenhouse gas (GHG) emissions for the 2011 financial year across our Australian operations have been calculated as 36,088,400 kgCO<sub>2</sub>-e (36.1 ktCO<sub>2</sub>-e).

Scope	kgCO <sub>2</sub> -e
1	2,148,400
2	33,940,000
Total	36,088,400

### Goodman's Australian emissions profile



Our GHG calculation includes emissions generated from Goodman's Australian property and building management services, including assets owned directly by Goodman and those within our Australian managed funds. It does not include the GHG emissions of our customers.

Our calculation methodology is based on the Australian National Greenhouse and Energy Reporting (NGER) protocols and includes scope 1 and 2 emissions from the following sources:

- + electricity;
- + gas;
- + diesel;
- + petrol; and
- + refrigerants.

Electricity consumption (scope 2) accounts for approximately 90% of Goodman's total emissions. Improving the efficiency of our existing buildings therefore provides the greatest opportunity for Goodman to reduce its carbon footprint and mitigate the impact of the proposed carbon pricing scheme due to commence in 2012. Under the proposed carbon pricing scheme, it is unlikely the Group will be required to purchase carbon permits, however there will be some impact from the flow through of increased energy costs.

### Sustainable development

Goodman's development teams continue to seek opportunities to introduce efficient design into our development projects. In the UK for example, the result of this review has resulted in Goodman stating its intention that all new developments will achieve a rating of "Very Good" under the BREEAM system.

In Europe, Goodman's base building specification includes lighting and heating innovations which often significantly exceed local building standards. In Germany for example, Goodman currently has five development projects targeting a rating of "Silver" under the DGNB (German Sustainable Building Council) ratings scheme.

In Hong Kong, the 224,000 sqm Interlink development has recently achieved a gold rating under the HK BEAM scheme and pre-certification under the US Green Building Council's LEED rating scheme, making it one of Hong Kong's most efficient industrial buildings.

In Australia, our development team has introduced a series of tools to assist our customers evaluate green design options or credit points where a green rating is a priority. In line with Goodman's recent sponsorship of the Green Star Industrial rating scheme, we currently have three developments targeting a 4 star rating under the Green Star industrial scheme.

### Sustainability governance

Goodman's sustainability programme is led by the Group Head of Sustainability in Australia, with support from regional sustainability representatives globally. Our Group Head of Sustainability reports to Goodman's Group General Counsel, and in turn reports to the Group Risk and Compliance Committee and the Goodman Board of Directors.

### Shifting regulatory landscape

The legislative requirement for reporting and disclosure legislation by the property sector is increasing across the globe. In Australia and the UK, Goodman has obligations to monitor its energy consumption and carbon emissions which require robust data collection processes and systems to be in place. Disclosure of energy performance at the asset level is a growing area of focus for building owners to ensure their assets rank well in a competitive leasing market.

In Europe, establishing a single consistent approach to carbon reporting is challenging due to a combination of European Union and separate national carbon targets. Goodman is reviewing options to develop a consistent framework to rate the energy performance of our assets, including the Energy Performance Certificate model.

### New green head office

Goodman's Sydney head office staff have moved to a new energy efficient work environment. With a focus to reduce the use of natural resources, the design of the new space incorporates many green features including daylight harvesting, efficient lighting, paperless work environment, recycling system and low emission paints.





### Good Beginnings Australia

Good Beginnings Australia strives to build a better outcome for children in vulnerable communities across Australia through the provision of early intervention programmes. The Goodman Foundation has provided essential funding for five vehicles used by Good Beginnings Australia's Early Childhood and Family Support workers to deliver their programmes.

### Goodman Foundation

The Goodman Foundation was revitalised during the 2011 financial year and a funding and action plan for the 2012 financial year was approved by the Foundation's Board. The Foundation supports and provides financial assistance to charities and non-profit organisations in the regions in which the Group operates.

The Foundation also conducts two employee programmes, branded internally as good+deeds and good+heart under which Goodman employees are able to contribute to a choice of charitable or volunteer organisations dedicated to improving the quality of life or providing opportunities for disadvantaged individuals.

Goodman employees donated to various fundraising appeals created as a response to natural disasters that occurred during the year. They also participated in community based events through volunteering, arranging fundraising activities or contributed under the Goodman brand to large scale community sporting events aimed at fundraising.

### Diversity

In the 2011 financial year, Goodman established a Diversity Policy and launched several key initiatives in support of the Policy and wider diversity objectives. Goodman's Diversity Policy aims to provide a work environment in all locations around the world where diversity and inclusion are valued.


The diversity initiatives undertaken by Goodman during the year were mainly focused on gender diversity, with two new programmes launched:

- + The Future Women programme is open to all female employees and is designed to provide insight and development. Its focus is on career development, career negotiations, increasing visibility and increasing effectiveness at work.
- + The Group's middle management leadership development programme Good+Future is aimed at high potential mid-level managers (both male and female). Participants benefit from specific leadership development around team management, effective communications, strategic thinking, conflict resolution and presentation skills. 50% of the employees participating in the initial programme are female.

Goodman views the successful implementation of the Diversity Policy as a major priority for the coming year. To achieve this, information sessions will be conducted for employees in all locations to communicate the Diversity Policy. Goodman's intranet will also be enhanced to facilitate easier access for all employees to internal career opportunities. Other projects include communication of flexible work policies, and implementation of remote working policies, including implementation of upgraded IT services to allow further balance of work with family and/or carer responsibilities.

More information on the Goodman Foundation and our Diversity Policy and activities is available on pages 12 to 14 of the Corporate Governance section in Goodman's 2011 Financial Report or the Goodman website at [www.goodman.com](http://www.goodman.com).

# progress



Kaleisha Ross (Scotch  
College, Adelaide), Joline  
Bouwer and Taylah Cubillo  
(The Peninsula School)

Goodman supported a number of selected charities in the 2011 financial year including:

- + Queensland Premier's Flood Appeal (Australia);
- + Christchurch Earthquake Appeal (Australia and New Zealand);
- + Cerebral Palsy Alliance (formerly The Spastic Centre);
- + OzHarvest;
- + The Black Dog Institute;
- + The Smith Family;
- + National Centre of Indigenous Excellence (NCIE);
- + TNC (formerly Tuesday Night Club);
- + Good Beginnings Australia;
- + The Cancer Council;
- + McGrath Foundation;
- + Educational Development Association;
- + Duchess of Kent Hospice, Reading (UK);
- + WADE (Wokingham and District Association for the Elderly, UK);
- + Children's Cancer Foundation (Hong Kong);
- + Fu Hong Society (Hong Kong);
- + The Red Cross (Hong Kong and China); and
- + UNICEF (China).

#### Yalari

Yalari offers indigenous children from regional, rural and remote communities and towns across Australia the opportunity for a quality secondary education at some of Australia's leading schools via scholarship and sponsorship. Goodman is fortunate enough to sponsor a participant of the programme.

ive +

	2007 \$M	2008 \$M	2009 \$M	2010 \$M	2011 \$M
<b>Income statement</b>					
Gross property income	419.8	310.5	264.3	237.4	225.1
Fund management income	71.8	86.9	84.4	76.2	64.0
Property services income	65.0	75.1	65.5	55.8	56.9
Development management income	190.1	351.1	305.4	147.2	210.5
Income from sales of inventories	-	-	-	51.3	112.8
Distributions from investments	18.0	28.9	19.6	26.7	27.1
Net gain/(loss) on disposals of assets	173.4	399.6	54.3	(0.1)	85.3
Net gain/(loss) from fair value adjustments on investment properties	64.0	(144.3)	(527.0)	(210.0)	(26.4)
Share of net results of equity accounted investments	121.2	(25.0)	(508.7)	(211.2)	174.5
<b>Total income</b>	<b>1,123.3</b>	<b>1,082.8</b>	<b>(242.2)</b>	<b>173.3</b>	<b>929.8</b>
Property expenses	(94.4)	(64.4)	(53.2)	(59.8)	(58.6)
Development expenses	(134.4)	(296.5)	(243.4)	(107.9)	(159.3)
Inventory cost of sales	-	-	-	(39.8)	(103.6)
Employee expenses	(81.0)	(144.7)	(30.3)	(84.0)	(95.8)
Administrative and other expenses	(93.2)	(77.1)	(81.2)	(66.0)	(53.9)
Impairment losses	-	(108.2)	(229.7)	(145.4)	(47.2)
Restructuring costs	-	-	(85.7)	-	-
Net finance (costs)/income	(96.3)	(110.5)	(153.6)	(154.1)	49.1
<b>Total expenses</b>	<b>(499.3)</b>	<b>(801.4)</b>	<b>(877.1)</b>	<b>(657.0)</b>	<b>(469.3)</b>
<b>Profit/(loss) before income tax</b>	<b>624.0</b>	<b>281.4</b>	<b>(1,119.3)</b>	<b>(483.7)</b>	<b>460.5</b>
Income tax (expense)/benefit	(23.8)	(5.2)	23.3	(1.0)	(7.5)
<b>Profit/(loss) for the year from continuing operations</b>	<b>600.2</b>	<b>276.2</b>	<b>(1,096.0)</b>	<b>(484.7)</b>	<b>453.0</b>
Profit/(loss) from discontinued operation (net of income tax)	22.5	(7.8)	-	-	-
<b>Profit/loss for the year</b>	<b>622.7</b>	<b>268.4</b>	<b>(1,096.0)</b>	<b>(484.7)</b>	<b>453.0</b>
Profit attributable to other non-controlling interests	(0.2)	(17.7)	(24.0)	(52.3)	(61.0)
<b>Profit/(loss) attributable to Securityholders</b>	<b>622.5</b>	<b>250.7</b>	<b>(1,120.0)</b>	<b>(537.0)</b>	<b>392.0</b>
<b>Operating profit summary</b>					
<b>Operating profit available for distribution<sup>1</sup></b>	<b>510.6</b>	<b>564.7</b>	<b>408.1</b>	<b>310.0</b>	<b>383.9</b>
Operating profit per stapled security (cents per security) <sup>2</sup>	31.50	34.00	17.40	5.25	5.66
Distributions (cents per security)	31.50	34.00	9.65	3.40	3.50

	2007 \$M	2008 \$M	2009 \$M	2010 \$M	2011 \$M
<b>Balance sheet</b>					
Cash and receivables	819.6	1,300.4	830.8	1,008.6	548.5
Property assets	5,388.7	4,306.7	3,579.5	3,223.6	3,409.6
Equity accounted investments	1,092.1	2,399.5	2,662.3	2,304.1	2,597.4
Intangible assets	1,281.8	1,073.2	1,125.4	929.4	827.9
Other (including derivative financial instruments)	587.1	553.8	385.0	157.4	181.5
<b>Total assets</b>	<b>9,169.3</b>	<b>9,633.6</b>	<b>8,583.0</b>	<b>7,623.1</b>	<b>7,564.9</b>
Payables and provisions	595.8	630.8	299.7	387.1	467.0
Interest bearing liabilities	3,861.6	4,229.1	4,239.8	2,276.6	1,913.8
Other (including derivative financial instruments)	133.7	104.6	265.9	212.8	170.2
<b>Total liabilities</b>	<b>4,591.1</b>	<b>4,964.5</b>	<b>4,805.4</b>	<b>2,876.5</b>	<b>2,551.0</b>
Net assets	4,578.2	4,669.1	3,777.6	4,746.6	5,013.9
Non-controlling interests	(23.7)	(320.6)	(318.8)	(798.1)	(573.1)
<b>Net assets (after non-controlling interests)</b>	<b>4,554.5</b>	<b>4,348.5</b>	<b>3,458.8</b>	<b>3,948.5</b>	<b>4,440.8</b>
NTA per security (\$)	1.93	1.91	0.84	0.48	0.49
Gearing ratio (%)	41.6	39.9	47.9	24.9	23.0

**Statement of changes in equity**

Total equity at the beginning of the year	3,971.3	4,578.2	4,669.1	3,776.9	4,746.6
Total comprehensive income for the year	711.7	190.4	(1,491.8)	(593.4)	325.7
	<b>4,683.0</b>	<b>4,768.6</b>	<b>3,177.3</b>	<b>3,183.5</b>	<b>5,072.3</b>
Contributions of equity, net of transaction costs	390.5	145.1	927.6	1,343.6	241.7
Distributions provided or paid	(514.0)	(568.2)	(264.1)	(212.9)	(250.0)
Other transactions with equity holders	16.2	26.7	(38.1)	5.4	10.9
Movements in non-controlling interests during the year	2.5	296.9	(25.8)	427.0	(61.0)
<b>Total equity at the end of the year</b>	<b>4,578.2</b>	<b>4,669.1</b>	<b>3,776.9</b>	<b>4,746.6</b>	<b>5,013.9</b>

**Cash flow statement**

Net cash provided by operating activities	334.0	345.2	320.8	195.2	294.4
Net cash (used in)/provided by investing activities	(1,658.8)	(328.1)	(1,049.6)	17.1	(355.5)
Net cash provided by financing activities	1,383.3	540.3	332.1	60.3	(226.2)
Net increase/(decrease) in cash held	58.5	557.4	(396.7)	272.6	(287.3)
Cash at the beginning of the year	23.3	81.8	639.2	242.5	515.1
<b>Cash at the end of the year</b>	<b>81.8</b>	<b>639.2</b>	<b>242.5</b>	<b>515.1</b>	<b>227.8</b>

1. Excludes unrealised property valuation movements, derivative valuation movements and certain other non-cash items

2. Fully diluted for CIC hybrid securities and options





### Gregory Goodman

#### Group Chief Executive Officer

Greg is responsible for Goodman's overall operations and the implementation of its strategic plan. He has 29 years of experience in the property industry with significant expertise in the industrial property arena. Greg was a co-founder of Goodman, playing an integral role in establishing its specialist global position in the property market through various corporate transactions, including takeovers and mergers and acquisitions. He is a director of Goodman (NZ) Limited (the manager of the New Zealand Exchange listed Goodman Property Trust), J REP Co., Ltd, the management companies of Goodman's unlisted funds and many of its subsidiaries.



### Anthony Rozic

#### Deputy Chief Executive Officer

Anthony's responsibilities for the Group include assisting in setting and managing strategy, business performance and related operational projects with direct line management of Marketing, Information Technology (IT), Human Resources, Legal, and Risk and Compliance. Anthony joined the Group in 2004 and until February 2009, was Group Chief Financial Officer where his responsibilities also included financial reporting, management reporting, forecasting and budgeting, tax, and capital and financial risk management. Anthony is a qualified Chartered Accountant and has held a number of senior roles in the property funds management industry and chartered accountancy profession.



### Nick Vrontas

#### Group Chief Financial Officer

Nick is responsible for the Group's corporate finance functions, which include accounting and finance, treasury, tax and the analytics function. He also plays a key role in the Group's strategic planning and capital management. Nick has 16 years of experience in the property industry and prior to joining Goodman was head of the securities research team at Goldman Sachs JBWere. He has also worked in public and private real estate markets in roles at Jones Lang LaSalle and BBY.



### Nick Kurtis

#### Group Head of Equities

Nick is responsible for the co-ordination and performance of the Group's corporate activities and funds management platform. He joined Goodman in 2000 and has held a number of senior positions within funds management and corporate services. Nick has 15 years of experience in the property funds management industry and holds an undergraduate degree in Real Estate and a Masters in Finance from the University of Technology, Sydney.



### Carolyn Scobie

#### Group General Counsel

Carolyn is directly responsible for the legal activities of Goodman including corporate, property, risk, sustainability and compliance matters. Carolyn has over 20 years of legal experience in corporate and commercial property areas including three years within the legal profession and six years as in-house Counsel with Kumagai Australia Group. She holds a Masters of Arts from Sydney University, a Bachelor of Arts/Bachelor of Laws from the Australian National University and a Graduate Diploma in Company Secretarial Practice. She is a member of Chartered Secretaries Australia.

# direction +

**Alison Brink****Group General Manager, Marketing**

Alison is responsible for marketing and communications across the Group including branding, advertising and corporate communications. Prior to joining Goodman, she held various marketing positions at DHL in Asia, Europe and the United States, including regional brand director for Asia Pacific and Europe, US marketing vice-president and head of global advertising. Alison has 20 years of experience in international marketing and holds a Bachelor of Business from the University of Technology, Sydney and a diploma in logistics.

**Michael O'Sullivan****Group Corporate & Investor Relations Executive**

Michael is responsible for managing Goodman's relationship with institutional investors, retail investors and governance groups and is also involved in significant corporate transactions undertaken by the Group. Prior to this role, Michael was Chief Executive Officer, Europe, based in London and responsible for the performance of the Group's business in Europe. He joined the Group in 2002 and has managed complex financial and corporate transactions as well as played a leading role in the corporate strategy and development of the business. Michael has had extensive experience in property and financial services having worked previously at KPMG.

**James Inwood****Group Head of Funds Management**

James has been with the Group for five years and is responsible for the coordination, strategy and performance of the Group's funds management platform. He has significant expertise gained over 16 years in property finance and structuring in both listed and unlisted environments. James spent 10 years as a real estate investment trust analyst, including eight years at JPMorgan, which involved equity raisings for listed and unlisted funds.

**Luc LaFontan****Group Chief Information Officer**

Luc is responsible for the IT function in Goodman and reports to the Deputy CEO. He is responsible for global IT strategy across project/programme management, applications, infrastructure and service delivery. He oversees the activities of IT professionals based in Sydney, Hong Kong, London and Brussels. Luc joined the Group in the UK in March 2008 as the European IT Director and was appointed to his current role based in Sydney in December 2009.

**John Taylor****Group General Manager, Human Resources**

John joined Goodman in August 2010, and is responsible for the Group's HR strategy and HR operations globally. He has over 20 years' experience in HR, in both international and domestic organisations. John joined the Group from Thomson Reuters, where he had almost five years' senior HR experience (including time in Asia) and prior to that he worked in Australia for JP Morgan, Colonial Group and Australia Post. John has a Bachelor of Business from the University of South Australia, and a Masters in Commerce (Industrial Relations) from Sydney University.

Adelaide  
 Auckland  
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 Cracow  
 Milan  
 Düsseldorf  
 Eindhoven  
 Hong Kong  
 London  
 Luxembourg  
 Lyon  
 Marseille  
 Madrid  
 Melbourne  
 Osaka  
 Paris  
 Perth  
 Poznan  
 Prague  
 Reading  
 Senec  
 Shanghai  
 Sydney  
 Tokyo  
 Warsaw



**Danny Peeters**

**Chief Executive Officer,  
Continental Europe**

Danny heads up Goodman's European Logistics and Business Park operations and is responsible for the management, strategy and development of Goodman's property business in continental Europe. Danny has been with the Group since 2000 and has 16 years of experience in the property and logistics sectors. During his career Danny has built up extensive experience in the design, implementation and outsourcing of pan-European supply chain and real estate strategies for various multinationals. Prior to joining Goodman Danny was Chief Executive Officer of Eurinpro, developer of tailor made logistic property solutions. Eurinpro was acquired by the Group in May 2006.



**Graham Pardoe**

**Managing Director,  
UK Logistics**

Graham heads up Goodman's Logistics operations in the United Kingdom and is responsible for the management, strategy and development of the Group's UK Logistics business. He also leads the Group's joint ventures with CBRE RT and Europa Capital. Graham has been with the Group since 2003 and has over 18 years of experience in the property sector. Graham was a Senior Development Director at Rosemound Developments which was acquired by the Group in 2007. Prior to joining Goodman Graham worked for ProLogis as a Development Director, and AXA as a Fund Manager.

**Jason Little****General Manager,  
Australia**

Jason is responsible for the overall operations of the Australian business, including financial, strategic growth, resourcing and leadership. Jason joined Goodman in June 2003 as Capital Transactions Manager, which included all acquisitions, disposals and strata and land subdivisions. Prior to joining Goodman, Jason was an Executive with Grant Samuel where he worked on a number of Grant Samuel's Property Development Funds.

**Jim Johnston****Managing Director,  
UK Business Parks**

Jim heads up Goodman's Business Parks operations in the UK, including Arlington Business Parks Partnership, and is responsible for the overall management and leadership of the business. Jim was part of the senior management team at Arlington Securities Plc which the Group acquired in 2005, and has over 25 years of experience in the property and development industry. Jim also leads Goodman's science park joint ventures with Unilever and the UK Atomic Energy Authority at Colworth and Harwell. Prior to this, Jim ran his own development business.

**John Dakin****Chief Executive Officer,  
New Zealand**

John joined Goodman in 2003 and is responsible for the overall management and operations of Goodman in New Zealand. John has over 21 years of experience in the property industry, including experience in valuation, research, asset management, funds management and acquisitions and has held senior roles in the United Kingdom, Australia and New Zealand. He is a former National Director of the Property Council of New Zealand and prior to joining Goodman he was with Colonial First State Property.

**Philip Pearce****Managing Director,  
Greater China**

Philip is responsible for the strategic development and continued expansion of the Group's industrial investment business in the Greater China region. He joined the Group in 2002 and has over 15 years of experience in real estate investment in the Asia Pacific region, including four years in Singapore with Ascendas Real Estate Investment Trust. Prior to joining Goodman, he was at AMP Henderson Global Investors in Sydney where he worked in various roles within the AMP Henderson Property Group, including valuation, asset management and fund management.



### Mr Ian Ferrier, AM

**Independent Chairman**  
Appointed  
1 September 2003

Ian was appointed Chairman on 28 July 2009 (having been Acting Chairman from 28 November 2008). Ian is a Fellow of The Institute of Chartered Accountants in Australia and has 46 years of experience in company corporate recovery and turnaround practice. Ian is also a director of a number of private and public companies. He is currently Chairman of InvoCare Limited (since March 2001) and Australian Vintage Ltd (a director since November 1991) and a director of EnergyOne Limited (since January 2007) and Reckon Limited (since August 2004). He was formerly a director of Australian Oil Limited (May 2005 to January 2009). His experience is essentially concerned with understanding the financial and other issues confronting companies which require turnaround management, analysing those issues and implementing policies and strategies which lead to a successful rehabilitation. Ian has significant experience in property and development, tourism, manufacturing, retail, hospitality and hotels, infrastructure and aviation and service industries.



### Mr Gregory Goodman

**Group Chief Executive Officer**  
Appointed  
7 August 1998

Greg is responsible for Goodman's overall operations and the implementation of its strategic plan. He has 29 years of experience in the property industry with significant expertise in the industrial property arena. Greg was a co-founder of Goodman, playing an integral role in establishing its specialist global position in the property market through various corporate transactions, including takeovers and mergers and acquisitions. He is a director of Goodman (NZ) Limited (the manager of the New Zealand Exchange listed Goodman Property Trust), J REP Co., Ltd, the management companies of Goodman's unlisted funds and many of its subsidiaries.



### Mr John Harkness

**Independent Director**  
Appointed  
23 February 2005

John is a Fellow of The Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. He was a partner of KPMG for 24 years and National Executive Chairman for five years. Since retiring from KPMG in June 2000, John has held a number of non-executive director roles. He is currently Chairman of ICA Property Development Funds and Sydney Foundation for Medical Research. John is a director of Charter Hall Retail Management Limited (since August 2003), the management company of Charter Hall Retail REIT. He is also Chairman of the Reliance Rail group and a director of Sinclair Knight Mertz Management Pty Limited. He was formerly a director of Crane Group Limited (from September 2000 to December 2010) and the Chairman of Lipa Pharmaceuticals Limited (from June 2004 to November 2007). John is President of Northern Suburbs Rugby Football Club Limited, a member of the Territorial Headquarters and Sydney Advisory Board of the Salvation Army and the Chairman of the Sydney Foundation for Medical Research.



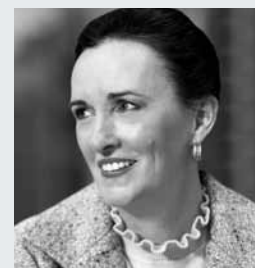
### Mr James Hodgkinson

**Non-Executive Director**  
Appointed  
21 February 2003

James is a Senior Investment Banker with Real Estate specialisation, most recently as Executive Director of Macquarie Group. James has extensive experience as Principal in the establishment, strategy and growth of a number of both listed and unlisted investment vehicles and operating businesses in Australia, Asia and North America. James was also Chief Executive Officer of Macquarie Industrial Trust for six years prior to that trust's merger with GIT. He is a director of J-REP Co., Ltd and Goodman (NZ) Limited, the manager of the New Zealand Exchange listed Goodman Property Trust.

James is an alumni director of the Macquarie Foundation and is active in the 'not for profit' sector. He has initiated and assisted in the fund raising initiatives and strategic support of a number of community based organisations, including as a Founding Governor of the Cerebral Palsy Foundation and as Founder and Chairman of the Cerebral Palsy Alliance of NSW's 20/Twenty Challenge.

James has a Bachelor of Economics, is a Certified Practising Accountant and is a Fellow of the Australian Property Institute.



### Ms Anne Keating

**Independent Director**  
Appointed  
23 February 2005

Anne is a non-executive director with board positions in a range of industries. She is on the boards of the management companies of the Ardent Leisure Group (since March 1998) and a director of REVA Medical Inc (since October 2010), ClearView Wealth Limited (since November 2010) and G.I Dynamics Inc. (since June 2011). Anne was formerly a director of STW Communications Group Limited (from May 1995 to February 2011) as well as Spencer Street Station Redevelopment Holdings Limited and Insurance Australia Group Limited.

Anne is also a director of the Garvan Institute of Medical Research, a member of the Advisory Council of RBS Group (Australia) Pty Ltd (formerly ABN AMRO), a Governor of the Cerebral Palsy Foundation and a trustee for the Centennial Park and Moore Park Trust. Her last executive position was as General Manager, Australia for United Airlines for nine years until 2001.

**Mr Phillip Pryke**

**Independent Director**  
Appointed  
13 October 2010

Phillip was appointed as an Independent Director on 13 October 2010. He is also a director of Co-Investor Group and Tru-Test Corporation Limited, the Deputy Chairman of NZX listed Contact Energy Limited and a director of Goodman (NZ) Limited, the manager of the NZX listed Goodman Property Trust. In addition, he is Chairman of ASX listed Digital Performance Group Ltd (since January 2009). Phillip has wide experience in the fishing, energy, financial services, health and technology industries.

**Mr Jim Sloman, OAM**

**Independent Director**  
Appointed  
1 February 2006

Jim has over 40 years of experience in the building and construction industries in Australia and overseas, including experience with Sir Robert McAlpine & Sons in London and Lend Lease Corporation in Australia and as Deputy Chief Executive and Chief Operating Officer of the Sydney Organising Committee for the Olympic Games (SOCOG) from 1997 to 2001. He is a Principal of MI Associates Pty Limited, a company established by him and comprising some of the leading members of the former SOCOG senior management team, that is working as an adviser to both the London 2012 and the Rio de Janeiro 2016 Olympic Games. In addition, Jim is Chairman of Laing O'Rourke Australia Pty Limited and of several of its associated companies and a director of ISIS Holdings Pty Limited and of several of its associated companies. Jim was a director of Prime Infrastructure Holdings Limited (from February 2010 to December 2010) and Prime Infrastructure RE Limited (from February 2010 to December 2010) (the management company of Prime Infrastructure Trust). With his range of experience, Jim brings significant property, construction and major projects expertise to Goodman.

**Carl Bicego**

**Company Secretary**  
Appointed  
24 October 2006

Carl is the Company Secretary of the Company and its Australian subsidiaries as well as Legal Counsel – Head of Corporate in Australia. He has over 13 years of legal experience in corporate law and joined Goodman from law firm Allens Arthur Robinson in 2006. Carl holds a Masters of Laws and Bachelor of Economics/Bachelor of Laws (Hons).



Top 20 Securityholders As at 31 August 2011	Number of securities	Percentage of total issued securities
1. HSBC Custody Nominees (Australia) Limited	2,192,877,831	29.66
2. National Nominees Limited	1,209,601,121	16.36
3. JP Morgan Nominees Australia Limited	1,104,101,679	14.93
4. JP Morgan Nominees Australia Limited	886,902,938	11.99
5. Citicorp Nominees Pty Limited	327,640,277	4.43
6. Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	244,377,054	3.30
7. AMP Life Limited	112,054,098	1.52
8. Cogent Nominees Pty Limited	109,316,231	1.48
9. Beeside Pty Limited	84,615,385	1.14
10. Goodman Holdings Pty Ltd	75,128,205	1.02
11. Gillman Pty Limited	73,228,507	0.99
12. JP Morgan Nominees Australia Limited <Cash Income A/C>	70,822,754	0.96
13. Goodman Holdings Pty Limited	65,641,025	0.89
14. Cogent Nominees Pty Limited <SMP Accounts>	52,356,036	0.71
15. Australian Reward Investment Alliance	30,747,541	0.42
16. Bond Street Custodians Limited <ENH Property Securities A/C>	29,809,706	0.40
17. Queensland Investment Corporation	25,234,833	0.34
18. Questor Financial Services Limited <TPS RF A/C>	18,851,888	0.25
19. UBS Wealth Management Australia Nominees Pty Ltd	17,552,503	0.24
20. Bond Street Custodians Limited <Property Securities A/C>	16,998,410	0.23
Securities held by top 20 Securityholders	6,747,858,022	91.25
Balance of securities held	646,749,389	8.75
<b>Total issued securities</b>	<b>7,394,607,411</b>	<b>100.00</b>

Range of securities	Number of Securityholders	Number of securities	Percentage of total issued securities
1 – 1,000	2,153	856,505	0.01
1,001 – 5,000	5,335	15,880,479	0.21
5,001 – 10,000	4,127	31,770,458	0.43
10,001 – 100,000	8,314	243,493,260	3.29
100,001 – over	757	7,102,606,709	96.05
Rounding			0.01
<b>Total</b>	<b>20,686</b>	<b>7,394,607,411</b>	<b>100.00</b>

There were 1,633 Securityholders with less than a marketable parcel in relation to 367,858 securities as at 31 August 2011.

Substantial Securityholders <sup>1</sup>	Number of securities
Leader Investment Corporation; China Investment Corporation	812,475,697
Vanguard Investments Australia Ltd	416,182,751
Cohen & Steers Inc	374,911,141

1. In accordance with latest substantial securityholder notices as at 31 August 2011.

## China Investment Corporation (CIC)

As disclosed in the substantial shareholder notice to the ASX on 31 May 2011, CIC holds 2,750 Exchangeable Securities that are exchangeable for 616,686,867 Goodman Group Stapled Securities. Prior to exchange, these securities have a voting interest in Goodman Industrial Trust under the Corporations Act. However, CIC has executed a Voting Deed Poll under which they have undertaken to not exercise their voting power for “non-preference matters”.

## Voting rights

On a show of hands, every person present who is an eligible Securityholder shall have one vote and on a poll, every person present who is an eligible Securityholder shall have one vote for each Goodman Limited share and one vote for each dollar value of Goodman Industrial Trust units that the eligible Securityholder holds or represents (as the case may be).

## On-market buy-back

There is no current on-market buy-back.

## Goodman Group

### Goodman Limited

ABN 69 000 123 071

### Goodman Industrial Trust

ARSN 091 213 839

### Responsible Entity

Goodman Funds Management Limited  
ABN 48 067 796 641; AFSL Number 223621

## Offices

### Registered office

Level 17  
60 Castlereagh Street  
Sydney NSW 2000  
Australia  
GPO Box 4703  
Sydney NSW 2001

Telephone 1300 791 100 (within Australia)  
+61 2 9230 7400 (outside Australia)

Facsimile +61 2 9230 7444

Email [info@goodman.com](mailto:info@goodman.com)

Website [www.goodman.com](http://www.goodman.com)

### Other offices

Adelaide	Eindhoven	Paris
Auckland	Hong Kong	Perth
Barcelona	London	Poznan
Beijing	Luxembourg	Prague
Birmingham	Lyon	Reading
Brisbane	Madrid	Senec
Brussels	Marseille	Shanghai
Budapest	Melbourne	Sydney
Christchurch	Milan	Tokyo
Cracow	Osaka	Warsaw
Düsseldorf		

### Directors

Mr Ian Ferrier, AM	(Independent Chairman)
Mr Gregory Goodman	(Group Chief Executive Officer)
Mr John Harkness	(Independent Director)
Mr James Hodgkinson	(Non-Executive Director)
Ms Anne Keating	(Independent Director)
Mr Phillip Pryke	(Independent Director)
Mr James Sloman, OAM	(Independent Director)

### Company Secretary

Mr Carl Bicego

## Security Registrar

### Computershare Investor Services Pty Limited

Level 5  
115 Grenfell Street  
Adelaide SA 5000  
GPO Box 1903  
Adelaide SA 5001

Telephone 1300 723 040 (within Australia)  
+61 3 9415 4043 (outside Australia)

Facsimile +61 8 8236 2305

Email [www.investorcentre.com/contact](http://www.investorcentre.com/contact)

Website [www.computershare.com](http://www.computershare.com)

## Custodians

### Trust Company Limited

20 Bond Street  
Sydney NSW 2000

### Perpetual Trustee Company Limited

123 Pitt Street  
Sydney NSW 2000

## Auditor

### KPMG

10 Shelley Street  
Sydney NSW 2000

## ASX code

GMG

#### **US Notice**

Goodman Group gives notice that:

- (i) each Securityholder that is in the United States or a U.S. Person is required to be a Qualified Institutional Buyer as defined under the U.S. Securities Act and a Qualified Purchaser under the U.S. Investment Company Act ("QIB/QP") at the time of the acquisition of any Stapled Securities of Goodman Group, and is required to make the representations in the Subscription Agreement as of the time it acquired the applicable Stapled Securities;
- (ii) the Stapled Securities can only be resold or transferred in a regular brokered transaction on the ASX in accordance with Rule 903 or 904 of Regulation S, where neither it nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, in the United States or a U.S. Person (e.g., no prearranged trades ("special crossing") with U.S. Persons or other off-market transactions); and
- (iii) to the maximum extent permitted by law, Goodman Group reserves the right to (i) request any person that they deem to be in the United States or a U.S. Person, who was not at the time of acquisition of the Stapled Securities a QIB/QP, to sell its Stapled Securities, (ii) refuse to record any subsequent sale or transfer of Stapled Securities to a person in the United States or a U.S. Person that Goodman Group reasonably believes is not a QIB/QP, and (iii) take such other action as they deem necessary or appropriate to enable the GL and GIT to maintain the exception from registration under Section 3(c)(7) of the Investment Company Act.

#### **Disclaimer**

This Securityholder Review has been prepared by Goodman Group (Goodman Limited (ABN 69 000 123 071) and Goodman Funds Management Limited (ABN 48 067 796 641; AFSL Number 223621) as the Responsible Entity for Goodman Industrial Trust (ARSN 091 213 839)). It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with professional advice, when deciding if an investment is appropriate. This Securityholder Review is not an offer or invitation for subscription or purchase of securities or other financial products. It does not constitute an offer of securities in the United States. Securities may not be offered or sold in the United States unless they are registered under the US Securities Act of 1933 or an exemption from registration is available. This Securityholder Review contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention have been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Goodman Group, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. All values are expressed in Australian currency unless otherwise stated. September 2011.



**building the future<sup>+</sup>**





#### US Notice

Goodman Group gives notice that:

- (i) each Securityholder that is in the United States or a U.S. Person is required to be a Qualified Institutional Buyer as defined under the U.S. Securities Act and a Qualified Purchaser under the U.S. Investment Company Act ("QIB/QP") at the time of the acquisition of any Stapled Securities of Goodman Group, and is required to make the representations in the Subscription Agreement as of the time it acquired the applicable Stapled Securities;
- (ii) the Stapled Securities can only be resold or transferred in a regular brokered transaction on the ASX in accordance with Rule 903 or 904 of Regulation S, where neither it nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, in the United States or a U.S. Person (e.g., no prearranged trades ("special crossing") with U.S. Persons or other off-market transactions); and
- (iii) to the maximum extent permitted by law, Goodman Group reserves the right to (i) request any person that they deem to be in the United States or a U.S. Person, who was not at the time of acquisition of the Stapled Securities a QIB/QP, to sell its Stapled Securities, (ii) refuse to record any subsequent sale or transfer of Stapled Securities to a person in the United States or a U.S. Person that Goodman Group reasonably believes is not a QIB/QP, and (iii) take such other action as they deem necessary or appropriate to enable the GL and GIT to maintain the exception from registration under Section 3(c)(7) of the Investment Company Act.

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## Building the future

**The 2011 financial year was a strong one for Goodman where we delivered on our stated objectives, remained committed to our strategy and focused on the Group's long-term view of the future. Having come out of one of the toughest economic contractions, we now operate in a vastly different and more conservative environment. Success demands more prudent capital management and diverse sources of capital. With these now in place, we are able to drive growth opportunities and further enhance stakeholder relationships.**

In the 2011 financial year, Goodman secured a strong financial result. Financial highlights for the year include:

- + the Group achieved an operating profit after tax of \$384 million;
- + a statutory profit after tax of \$392 million was reported;
- + fully diluted operating earnings per security of 5.66 cents was achieved, an 8% increase on the 2010 financial year;
- + a strong financial position with balance sheet gearing reduced to 23% and interest cover increasing to 4.5 times; and
- + the Group currently has available liquidity of \$1.3 billion with a weighted average debt maturity of 5.6 years.

Goodman has emerged as a global leader in an era of reduced competition primarily brought about by relatively limited access to capital. The Group's competitive advantage is evidenced by its strong capital partners, diverse international platform and size and scale. All of which means we are well positioned for a stronger future with the ability to pursue a range of opportunities in this new operating environment.

This was demonstrated during the year with the acquisition and privatisation of ING Industrial Fund by a Goodman-led consortium of global investors. The transaction, which was finalised in March 2011, was one of the most significant initiatives undertaken by the Group this year. It added \$2.5 billion in assets under management across Australia and Europe and represented an expansion of the Group's relationship with its capital partners, China Investment Corporation (CIC), Canada Pension Plan Investment Board (CPPIB), and All Pensions Group (APG), who formed a consortium with Goodman to fund the acquisition.

A highlight, which reflected our core capability, came in June 2011 with the announcement of the sale of 50% of Interlink. This landmark, 224,000 sqm logistics and distribution facility in Hong Kong was sold to CPPIB for \$274 million. At the time of sale, over 80% of the space was pre-committed (including Heads of Agreement) to major customers including DHL, Yusen and Chanel. Significantly, this transaction will help drive our growth strategy in Asia Pacific by providing capital for reinvestment in new opportunities across Greater China and Japan. The project is on track for completion in January 2012. The success of this project has been largely driven again by the strength of our capital partner and global customer relationships. This transaction supports our prudent approach to development which relies on pre-commitments to significantly de-risk our development activities and maintain our strong balance sheet.

Development enquiry and demand for our products have been robust, particularly in Europe and Australia and we remain focused on expanding our competitive position in China. The Group had \$1.4 billion of new development commitments over the year across 42 projects and over 90% of current development commitments are for third parties or funds. At 30 June 2011, the Group's work in progress was \$1.8 billion.

Goodman continues to explore opportunities to expand its global footprint. Plans are currently underway to continue to develop its business in Japan, including rebranding J REP Co., Ltd to Goodman Japan Limited this month. In August 2011, Goodman announced that it had exchanged contracts to acquire 60,000 sqm of prime development land in the Osaka Bay area. The estimated completion value of this site is in excess of \$300 million and this acquisition is expected to settle in the coming months with construction forecast to commence in 2012.

With the Japanese logistics market being influenced by a number of trends, including ageing logistics stock, demand for larger facilities due to consolidation and an undersupply of high quality, modern logistics facilities, the Group decided that organic growth was currently the most attractive investment strategy. Goodman is focused on leveraging its industry experience and global customer and capital partner relationships to support this growth strategy.

The rapid growth of online trading and the logistics demands that this sector creates also presents the Group with significant opportunities. Having already established a proven track record with large global retailers, global logistics service providers and some of the world's largest online e-commerce providers such as Amazon, Goodman is well positioned to cater to the needs of this sector.

A critical component of our success and strong financial result has been supported by the Group's ability to diversify its sources of capital away from traditional lenders and debt capital markets, thereby extending our maturity profile. In November 2010, we successfully completed our first senior, unsecured note issue in the US bond market raising US\$325 million, and in March 2011, the Group completed a further US\$500 million issue, both for 10 year terms. These were significant steps in the successful execution of our capital management initiatives.

Goodman has also made significant progress across its sustainability programme. Our commitment to sustainability is driven by the creation of long-term value for our stakeholders, respecting the environment and working with the communities in which we operate, whilst ensuring that our business can continue to grow and evolve. Our strategies include a series of initiatives and programmes that are delivered locally across the business in accordance with local demands and regulatory obligations.

The Group's development philosophy is based around working with customers to deliver an efficient design suitable to meet their business objectives and obligations. In all of our regions the Group has made some strong progress in this area. An update on our sustainability initiatives is detailed later in this Annual Report.

In the 2011 financial year, the Goodman Foundation continued to support our communities. Our philosophy is to facilitate social change and improve the standard of living or health in our community. Whilst our focus is on partnering with charities to help drive long-term strategic value with tangible outcomes, the Foundation and our staff also provided financial assistance to the Queensland Flood Appeal and the Christchurch Earthquake Appeal, amongst others.

Goodman also established a Diversity Policy during the year. This included several initiatives aimed at fostering an environment where diversity and inclusion are promoted and valued.

Our commitment to the Group's long-term strategy combined with our prudent cost management ensured we had a strong 2011 financial year. The decisions we have made have enabled us to both leverage our unique global position and adapt our business model to the changing market conditions. This allows us to mitigate the risk in our operating environment and strategically capture and convert key opportunities.

After joining the Board in 2003, Mr James Hodgkinson is retiring on 30 September 2011 and we thank him for his contribution during his tenure.

Goodman is starting the 2012 financial year in a strong position and I am confident we have the right strategy, leadership and operating platform to continue to build a strong future for the Group. I would like to thank our Securityholders, investment partners and customers for their continued support and commitment and our staff for their dedication and tenacity.



**Ian Ferrier, AM**  
Independent Chairman

The 2011 financial year saw Goodman Group perform strongly, underpinned by our significant international platform, proven capability, extensive investor and customer relationships, and sound financial position.

This ensured we capitalised on the significant operating momentum in our markets around the world and successfully delivered key opportunities that will underpin Goodman's future growth and further enhance our competitive position.

Goodman completed the 2011 financial year having achieved a range of initiatives that reflect the strong platform for growth we have worked hard to establish. We have benefited from our diverse international platform which currently spans 16 countries, our extensive infrastructure, expert team of people in each local market, and access to third party capital. These strengths have placed us in an enviable competitive position and enable us to selectively pursue growth opportunities around the world. This is not only true of the last year, but is also a competitive advantage going forward, given the significantly changed environment we are now operating in.

Importantly, all parts of our business performed well over the year, particularly across Goodman's development and management activities which capitalised on robust property fundamentals and high level of demand for prime industrial property. We experienced strong momentum in our development business, with the rollout of our development pipeline picking up pace. Goodman's development approach remains prudent and is undertaken with customer pre-commitments in place and the majority of projects pre-sold to third parties or the Group's managed funds. We completed a significant acquisition during the period, and continued to strengthen existing investor relationships and introduced new capital partners into our managed funds. Our property teams worked closely with customers to deliver excellent leasing results, achieving increased occupancy levels and ensuring customer retention remained high.

Goodman achieved an operating profit of 5.66 cents per security on a fully diluted basis and operating earnings after tax of \$384 million. Our operating result was slightly above the guidance range provided by the Group during the 2011 financial year and is indicative of the significant operating momentum across our business and the value accretive initiatives we have delivered over the full year period.

The Group distributed a total amount of 3.5 cents per security for the full year. This consisted of an interim distribution of 1.5 cents per security for the half year ended 31 December 2010 and paid in February 2011, and a final distribution of 2.0 cents per security for the year ended 30 June 2011 and paid in August 2011.

A key achievement for the year was the Group's acquisition and privatisation of ING Industrial Fund (IIF), which was successfully completed in March 2011. Goodman led a consortium of investors to make a cash offer for IIF, valuing the assets of the fund at \$2.5 billion, which was overwhelmingly approved by IIF unitholders. The acquisition complements the Group's existing portfolio in Australia and Europe, with the addition of 61 quality industrial properties. The IIF acquisition has cemented Goodman's position in Australia as the largest industrial property group with a total of \$9.2 billion of assets under management. We have also grown our European logistics space under management to more than 3.3 million sqm.

The capacity to undertake the IIF transaction, and still maintain our sound financial position, was made possible because of the strength of the Group's global investor relationships. This enabled us to establish a consortium with three of our existing partners, China Investment Corporation (CIC), Canada Pension Plan Investment Board (CPPIB) and All Pensions Group (APG) of The Netherlands.

We fully integrated IIF into Goodman's operations and have been focused on leveraging customer relationship opportunities across the new portfolio, and increasing operational efficiencies.

We further strengthened our investment partnership with CPPIB during the year through the sale of the Group's 50% interest in the Interlink project, with this high profile development representing CPPIB's first direct real estate investment in the Hong Kong market. We continue to retain an ownership interest in Interlink through the Group's cornerstone investment in Goodman's Hong Kong Logistics Fund which owns the remaining 50% of the project.

In response to demand from our customers and investors, we took steps during the year to strengthen our operating platform in Japan. This initiative will see Goodman pursue an organic growth strategy, through the development of high quality, modern logistics and distribution facilities. The rebranding to Goodman Japan Limited this month will see our Japanese platform become an integrated part of Goodman Group, enabling us to contribute our extensive financial resources and global expertise for the benefit of our customers and investors.

The hard work and dedication of our people around the world have been significant factors in achieving the strong performance of our business over the last year and in driving our future growth and success. On behalf of the Board and management, I would like to thank all Goodman staff for their valued contribution.



### Group operations

The Group's operations achieved operating earnings of \$384 million, a 24% increase compared with the 2010 financial year. Operating EBIT for the year was \$470.6 million. The main driver of this result was the growth in earnings contribution from our development and management activities, contributing 36%, with our property investment activities contributing 64% of operating EBIT. The composition of our operating EBIT reflects the strength of our international operations, contributing 45% to earnings and led by growth in our Asian and European businesses, with 55% contributed from Australia.

### Property investment

Goodman's direct investment portfolio consists of the Group's direct property investments, cornerstone investments in our managed funds and other financial investments. At year end, the portfolio was valued at \$5.0 billion which compares with \$4.7 billion last year. The increase is due to Goodman's cornerstone investment in Goodman Trust Australia (GTA) which was established following the acquisition of IIF, the acquisition of Moorabbin Airport and business park, and participation in the equity raising initiatives of our managed funds.

Robust property fundamentals were reflected in the performance of the Group's overall investment portfolio during the year. Strong customer demand resulted in approximately 1.9 million sqm of space leased, higher occupancy and rental growth. Occupancy increased to 96% from 93% at 30 June 2010. We achieved like-on-like rental growth of approximately 3% and positive rental reversion of 2.3% on new leases.

### Property development

The momentum in the Group's development business continued to build during the year, with strong demand for prime industrial assets driving growth in all of Goodman's operating markets, particularly across Europe and in China. At year end, we had secured development commitments for \$1.4 billion across 42 new projects at a yield on cost of 8.6%. We achieved an overall leasing pre-commitment of 82% on our new development projects, with an average lease term in excess of 10 years. Importantly, we have maintained our low risk approach, with over 90% of our current development commitments either pre-sold or pre-funded by our managed funds or third parties. New developments we commenced during the year include:

- + two facilities in Germany both for approximately 108,000 sqm on behalf of online e-commerce provider, Amazon;
- + an 82,015 sqm distribution centre in Sydney for leading wholesale distribution and marketing company, Metcash;
- + discount retailer Kmart has committed to a 51,725 sqm warehouse and office facility in Brisbane;

- + a 42,800 sqm logistics park (phase 1) at Pudong Airport in China, in response to the strong demand for logistics space;
- + in Moriya, Japan, a facility totalling 33,109 sqm for leading Japanese logistics provider, Nippon Express;
- + a 28,117 sqm distribution and processing centre for discount fashion retailer, TJX Europe, in Wroclaw, Poland;
- + a 20,530 sqm distribution centre in Auckland for automotive parts and equipment retailer, Supercheap Auto; and
- + a 7,520 sqm head office for British Gas at Oxford Business Park in the United Kingdom.

During the 2011 financial year, the Group and managed funds completed \$773 million of developments, a significant increase from the \$411 million delivered in the 2010 financial year, and equating to approximately 500,000 sqm of space for 17 customers. We achieved a 96% customer pre-commitment on completed developments and 94% were undertaken on behalf of our managed funds or third parties.

We increased the value of our development projects underway, growing this to \$1.8 billion at year end compared with \$1.3 billion for the same time last year. Our development work in progress equates to 1.3 million sqm of space, of which 91% of the projects being undertaken are on behalf of our managed funds or third parties and are 86% pre-committed.

The controlled land inventory across the Group and managed funds was replenished during the year. This will enable the Group to respond to the strong customer and investor demand in our operating markets around the world, and facilitate the progressive rollout of our \$10 billion development pipeline, capable of delivering a forecast gross lettable area of over 6.8 million sqm.

### Property services

Goodman's Property Services teams are responsible for 13 million sqm of total business space under management, equivalent to \$18 billion of total assets under management (AUM). They provide a wide range of services to our 1,500 customers across 386 properties in 16 countries around the world, ranging from leasing and maintenance, to attending to the general day-to-day logistics and business space needs of our customers.

The successful leasing results, improved occupancy levels and consistently high customer retention rates that we have attained are testament to the quality work and high standards of customer service that our Property Services teams have delivered throughout the year.

### Fund management

Goodman increased its third party AUM to \$14.4 billion at year end, compared with \$12.6 billion for the same time last year. This growth was achieved with the strong support of our major investment partners with \$1.8 billion of new third party equity raised across our managed fund platform, enabling Goodman to complete a number of new initiatives in the 2011 financial year. At year end, Goodman's managed funds had \$2.2 billion of uncalled equity and debt facilities available.

We established a new \$2.6 billion unlisted fund during the year called Goodman Trust Australia (GTA) for the properties and land bank that formed part of the acquisitions and privatisation of IIF. GTA was the most significant transaction undertaken by the Group during the year with \$1.1 billion of third party equity contributed, demonstrating the depth of the Group's investor relationships.

Goodman European Logistics Fund successfully completed a €300 million rights issue in November 2010, which was underwritten by two of Goodman's capital partners, Dutch asset managers, APG and PGGM. Separately, in New Zealand, Goodman Property Trust (GMT) raised NZ\$66 million of new equity through the NZ\$43 million underwrite of its Distribution Reinvestment Plan and an asset for equity swap relating to Show Place Office Park in Christchurch.

GMT also completed an extensive refinancing programme during the year, with the renewal and extension of NZ\$487 million of debt funding facilities, increasing its average term to maturity across all facilities to 3.4 years. GMT separately completed a NZ\$45 million private placement of bonds on a seven year term and with a 'BBB+' corporate credit rating from Standard & Poor's (S&P).

In Australia, Goodman Australia Industrial Fund (GAIF) refinanced \$1.5 billion of existing debt facilities and moved to a senior unsecured debt structure, providing it with the ability to diversify its funding sources via the debt capital markets. In April 2011, GAIF was assigned a 'BBB' corporate credit rating with stable outlook by S&P and subsequently completed its inaugural unsecured debt capital market issue, with a five year, \$175 million senior unsecured note.

### Capital management

Goodman maintained its commitment to an efficient capital structure and sound financial position with the completion of a range of initiatives during the year that further strengthened its balance sheet. The Group's gearing position reduced to 23% compared with 25% as at 30 June 2010, and our liquidity position at year end was \$1.3 billion. This provides us with sufficient funding to meet our debt maturities until the 2015 financial year.

Goodman finished the year with a weighted average debt maturity of 5.6 years. This is significantly longer than the 3.3 years reported at 30 June 2010 and demonstrates the delivery of the Group's stated strategy of diversifying its debt funding sources and lengthening its maturity profile. In this regard, Goodman successfully completed two senior unsecured note issues in the United States 144A/Reg S bond market for US\$325 million and US\$500 million respectively, with terms of 10 years, and completed a ¥12.5 billion private placement with a Japanese insurance group on a 12 year term to maturity. The debt capital markets now account for 69% of the Group's debt allocation.

### Outlook

Goodman is well positioned in the current environment as a specialist provider of prime quality industrial and business space. We have worked hard to establish a strong growth platform, which we capitalised on during the year, capturing the significant operating momentum evident across our key markets.

The Group is operating in a sector that is characterised by reduced competition and ongoing limited access to capital. This provides Goodman with a distinct competitive advantage heading into the 2012 financial year and for future years, given our proven expertise, extensive international operating platform and support from major capital partners. We will focus on effectively leveraging our strong competitive position to assess a broad range of initiatives to drive earnings growth and meet the significant customer and investor demand for our product.

We will retain a prudent yet active approach in the delivery of our business strategy, with a focus on capital management, active asset management, and increasing the contribution from our development and management activities.

For the 2012 financial year, Goodman is forecasting a full year operating profit after tax of \$460 million, equating to a fully diluted operating earnings per security of 6.0 cents.



**Gregory Goodman**  
Group Chief Executive Officer

## Corporate governance is the framework of rules, systems and processes by which authority is exercised within an organisation and accountability placed.

Goodman recognises that an effective corporate governance culture is critical to success. At all times, we strive to achieve governance outcomes which balance the needs or requirements of Goodman, its stakeholders, regulators and the market.

The corporate governance statement below outlines the ways in which Goodman has met the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition). Any departures to implementation of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations are described in the corporate governance statement below.

### The Board

In February 2005, Goodman Limited (GL) and Goodman Industrial Trust (Trust) were stapled together to form Goodman, which is listed on the ASX under the ticker GMG. Goodman is governed by its constituent documents, applicable laws (including the *Corporations Act 2001*), the ASX Listing Rules and, in respect of the Trust, the compliance plan lodged with the Australian Securities & Investments Commission (ASIC).

As a result of stapling, the boards of GL and Goodman Funds Management Limited (GFM), as the responsible entity for the Trust, meet jointly as the Board of Goodman and comprise the same Directors. The term "Board" hereafter should be read as a reference to the boards of GL and GFM as responsible entity of the Trust.

The Board is comprised of seven Directors, the majority of whom are independent, and is chaired by Mr Ian Ferrier, AM.

The Directors bring a wide range of skills and experience to their respective roles and are committed to achieving a high standard of corporate governance. The diversity of each Director's background strengthens the Board and enables it to bring critical judgement and independent assessment to the oversight of Goodman's business. The Board is responsible for all aspects of the management of Goodman and has ultimate responsibility for its corporate governance practices.

The Board, through its delegation to the Remuneration and Nomination Committee, actively considers the appropriate size, composition and experience of the Board to respond to changing circumstances in its membership, the business and its strategy, and the markets in which it operates. It seeks to ensure that it has the broad base of skills and experience necessary

to set the strategic direction of Goodman, oversee management's implementation of strategy and enhance corporate performance.

During the year, there were several changes to the Board with Ms Diane Grady and Mr Patrick Goodman retiring and Mr Phillip Pryke being elected by Securityholders at last year's Annual General Meeting (AGM). Since the end of the financial year, the Board has also been notified by Mr James Hodgkinson that he will retire from the Board with effect from 30 September 2011. He will retain a connection with the Group by continuing to act as its nominee director on several boards including Goodman New Zealand Limited and Goodman Japan Limited.

Having regard to these changes and also the increasing globalisation of the business, the Remuneration and Nomination Committee has identified a need to bring additional experience onto the Board. To ensure that a broad and diverse range of candidates with the relevant skills and experience are considered, international search consultants have been engaged to assist with the process.

The Board has adopted a charter that sets out the functions of the Board. The charter clearly establishes the role of the Board in setting Goodman's objectives and its responsibilities in the implementation of such objectives. A copy of the charter is published on Goodman's website at [www.goodman.com](http://www.goodman.com).

To assist the Directors in exercising their responsibilities with critical judgement and independent thinking, comprehensive Board papers are issued in advance of meetings to enable full and informed participation.

The Board's functions include:

- + appointing the Group Chief Executive Officer (CEO);
- + setting strategic direction;
- + reviewing progress on strategy;
- + developing key policies which impact on Goodman;
- + approving strategic alliances;
- + monitoring organisational performance against set targets;
- + ensuring compliance with statutory, financial and social responsibilities; and
- + ensuring business risks are appropriately identified and managed.

The Board has developed a statement of delegated authority to management. This delegated authority stipulates those matters to be dealt with by the Board and those matters which are delegated to management. The general statement of delegated authority governs areas such as finance, corporate matters and property transactions.

The composition of the Board as at 30 June 2011 is shown below. Please refer to page 18 in the Directors' report for details of each Director's attendance at Board and committee meetings during the year.

**The Board (continued)**

Name	Description	Independent	
		Yes	No
Mr Ian Ferrier	Chairman	+	
Mr Gregory Goodman	Group Chief Executive Officer		+
Mr John Harkness	Independent Director	+	
Mr James Hodgkinson	Non-Executive Director		+
Ms Anne Keating	Independent Director	+	
Mr Phillip Pryke	Independent Director	+	
Mr Jim Sloman	Independent Director	+	

The skills and experience of the Board are noted on pages 32 and 33 of the Goodman Group Securityholder Review 2011.

**Directors' obligations and rights**

Goodman uses formal letters of appointment for Directors in order to ensure that the Directors clearly understand the expectations of them. Each letter outlines the terms of the Director's appointment and includes matters such as their powers and duties, attendance at meetings, remuneration, appointment on committees, induction and continuing education, and disclosure of interests. Please refer to pages 39 to 41 in the Directors' report for the skills and experience of each Director.

In respect of tenure, Non-Executive Directors are subject to re-election by rotation at least every three years and new Directors appointed to the Board are required to seek election at the first AGM of Securityholders following their appointment. All new Directors undertake an induction process which includes meeting key executives and the provision of an information pack regarding the operations of Goodman, including key company policies and guidelines, constitutions for GL, GFM and the principal trusts and the relevant compliance plans.

Goodman stipulates the standards of ethical behaviour expected of Directors, key executives and employees in its Code of Conduct and requires the observance of those standards. The Code of Conduct and accompanying core policies on conflicts of interest, continuous disclosure, dealing with public officials, gifts, related party dealings, securities trading and sustainability are available on Goodman's website.

Goodman requires Directors to accumulate and hold Goodman securities with a value equivalent to twice their base annual fees and applies 25% of Directors' remuneration to the acquisition of Goodman securities until that value of securities is held. For the purpose of this policy, the value of each parcel acquired is the higher of the purchase price or market value at the end of the financial year.

Goodman has a formal policy allowing Directors to take independent professional advice at Goodman's expense should they believe it necessary for the performance of their duties.

The Company Secretary and senior executives are always available to the Directors to provide them with information or clarification as required. These senior executives also present information at Board meetings in order to provide the Directors with unfettered access to all relevant information and the ability to candidly question senior management in relation to any matter they deem necessary.

Directors are provided with tours of Goodman's properties, both within Australia and overseas. Tours are also conducted prior to the completion of key acquisitions.

Directors and senior executives are also encouraged to participate in further education relevant to their roles. Goodman reimburses the costs of further education relevant to a Director's or executive's role.

**Independent decision-making**

The Board recognises the importance of independent decision-making by Directors and has established policies which require the independence of Directors to be assessed annually and that the Directors inform the Chairman prior to accepting any other board appointments offered to them. Each Director provides confirmations on their ability to adequately perform their role on an annual basis. The Directors bring independent thinking, high standards of corporate governance and good judgement to the Board.

The Independent Directors may elect to consider matters without the presence of executives or any Non-Independent Directors where they believe this is appropriate or would bring additional transparency to the conduct of Goodman's affairs.

### Criteria for assessing independence

The Board has assessed individual Directors for independence using the definition of independence provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Independence is assessed annually and was last confirmed in June 2011.

The Board considers that a material professional adviser or material consultant is one that derives more than 5% of their revenue from Goodman. The Board also considers that a substantial Securityholder, for the purpose of assessing independence, holds more than 10% of Goodman's securities but also has regard to other relationships that the Securityholder may have with Goodman. The table on page 8 sets out the Directors and their status.

The Directors consider Mr Ian Ferrier, Mr John Harkness, Ms Anne Keating, Mr Phillip Pryke and Mr Jim Sloman to be independent.

Mr James Hodgkinson is not considered independent due to Goodman's business relationships with Macquarie Group Limited (of which he was an executive until 30 June 2010) which include Macquarie Group Limited's (Macquarie) investment in the manager of Macquarie Goodman Japan Logistics Fund and Macquarie's participation and advisory roles in Goodman's recent capital management initiatives. As noted, James is retiring as a Director, with effect from 30 September 2011.

Mr Gregory Goodman is an Executive Director of Goodman.

### Performance review

The Board reviews its performance and that of its committees approximately every two years. The Board considers this is an appropriate timeframe having regard to the time taken in the review process, the frequency of Board meetings and the level of change in the Board over time. An assessment of the performance of the Board and individual Directors was conducted during the 2010 financial year. The process for conducting this review consists of each Director completing a self-assessment questionnaire, which also elicits comments and key issues the Director wishes to raise at that time. Following the collation of the questionnaire results, the Chairman meets with each Director individually to discuss their Board participation. In relation to the 2010 performance review, the questionnaires completed by the Directors covered the following matters:

- + Board contribution to developing strategy and policy;
- + interaction between the Board and management;
- + Board processes to monitor business performance and compliance, control risk and evaluate management;
- + Board composition and structure; and
- + operation of the Board including the conduct of Board and committee meetings.

The Board also undertakes ongoing assessment of Goodman's various committees. This process is conducted along with the assessment of the Board and individual Directors through the questionnaire process.

The performance of senior executives is reviewed annually through a structured process of self-assessment and review against previously established goals and objectives by the Group Chief Executive Officer. This process was co-ordinated by Goodman's Human Resources department and applied globally throughout Goodman.

### Chairman

Mr Ian Ferrier was appointed as Acting Chairman on 28 November 2008 and Chairman on 2 July 2009.

Ian is an Independent Director with over 46 years of experience in corporate recovery and turnaround practice.

In his role as Chairman, Ian is responsible for ensuring that the Board functions as an effective and cohesive group, working with the Group Chief Executive Officer to determine the strategic direction for Goodman, establishing high standards of corporate governance and oversight of strategic development and leadership. The role also includes formulation of Board meeting agendas and papers and management of Board meetings to ensure the best performance of each participant. The Chairman acts as a representative of, and spokesperson for, the Board.

### Group Chief Executive Officer

The Group Chief Executive Officer is Mr Gregory Goodman. The terms, conditions and responsibilities of his role are established in an agreement between Gregory and Goodman. His role as Group Chief Executive Officer is to support and encourage his management team to deliver the strategy developed by the Board and management. His role involves an intimate knowledge of all aspects of the business and communication of the strategy and operational results to the Board, management team and other stakeholders.

### Company Secretary

The Company Secretary is Mr Carl Bicego. Carl is responsible for advising Directors on corporate governance matters, liaising with regulators, supervising market disclosures and investor interactions, maintaining Goodman's register and apprising the Board on legal and governance issues. His biographical details appear on page 41 in the Directors' report.

### Remuneration

Goodman follows the principles of remuneration that are set out in the ASX Corporate Governance Council's Recommendations. These include a policy of rewarding employees with a mixture of fixed, performance-linked and equity based remuneration. Further information in relation to the remuneration policies is set out in the remuneration report on pages 24 to 37 in the Directors' report.

The salary and/or fees of each Director, key management personnel and five highest paid company and Group executives are disclosed on pages 24 to 26 in the Directors' report.



### Committees and oversight

Effective oversight and risk management is a fundamental part of Goodman's business strategy and is central to protecting the interests of Securityholders. The Board has the ultimate responsibility for risk management and compliance. Goodman operates within overall guidelines and specific parameters set by the Board.

The Board has established a number of committees to assist in the exercise of its functions and the discharge of its duties, such as ensuring that financial reports are true and fair and comply with applicable accounting standards. Each committee can sub-delegate its powers and discretions, including to executives of Goodman, with or without the power to delegate further. A summary of the roles of the various committees is set out below.

#### Audit Committee

The Board has established an Audit Committee, which meets at least four times a year, to assist in fulfilling the Board's legal and regulatory requirements in relation to Goodman's financial statements. The Audit Committee operates under a formal charter and its responsibilities include:

- + overseeing financial reporting principles and policies, controls and procedures;
- + ensuring the integrity of Goodman's financial statements, independent external audit and its compliance with legal and regulatory requirements relating to financial statements; and
- + establishing procedures for selecting, appointing, and if necessary, removing Goodman's external auditor.

The Committee has the power delegated by the Board to undertake all things necessary to perform its duties and fulfil its purpose including:

- + approving principles, policies, strategies, processes and control frameworks for the management of audit matters; and
- + sub-delegating its powers and discretions to senior executives with or without the power to delegate further.

The Audit Committee has access to the senior executives, internal auditor and the external auditor. In particular:

- + senior members of management are invited to attend Committee meetings and to present to the Committee on key issues;
- + Committee members regularly meet with management, independently of Committee meetings, to further discuss issues relevant to the work of the Committee; and
- + the Committee meets with the external auditor, without management being present.

The Committee reports to the Board on the outcome of its reviews, discussions with the external auditor and its findings on matters which have or are likely to have a material impact on the operating results or financial position of Goodman.

Goodman has engaged KPMG to act as its external auditor. As part of the terms of engagement, KPMG is required to review or audit as relevant, the half yearly and annual

financial report prior to approval by the Board, discuss its findings with the Committee including the adequacy of financial and accounting controls, and to attend the AGM and be available to answer questions from Securityholders about the conduct of the audit and the preparation and content of the independent audit report.

Each reporting period, the external auditor provides an independence declaration in relation to the review or audit. The Committee is also responsible for assessing whether non-audit services provided by the external auditor are consistent with the external auditor's independence and compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*.

The Audit Committee is chaired by Mr John Harkness, and is also comprised of Mr Ian Ferrier and Mr James Hodgkinson (until 30 September 2011). From 1 October 2011, the Independent Director, Mr Phillip Pryke, will join the Committee. John is a Chartered Accountant and was a former partner of KPMG before retiring in June 2000. He was a partner of KPMG while it was engaged to conduct the audit of Goodman's entities, however, he was not involved in those audits. Ian is also a Chartered Accountant with significant financial expertise and was previously the Chairman of the Audit Committee. James was a senior executive at Macquarie Group Limited and has significant experience in the listed property sector. Phillip has extensive business experience and was formerly chief executive of Nextgen Networks and Lucent Technologies Australia. All three members of the Committee during the year were Non-Executive and the majority of the members were Independent Directors. From 1 October 2011, all members of the Committee will be Independent Directors. Please refer to page 18 in the Directors' report for details of the Committee members' attendance at meetings during the year. Goodman's Audit Committee Charter is available on its website.

#### Executive confirmations

In addition to the work of the Audit Committee, the Group Chief Executive Officer and the Group Chief Financial Officer provided confirmation to the Board in writing that Goodman's financial reports present a true and fair view, in all material respects, of its financial condition and operational results and are in accordance with relevant accounting standards.

The Group Chief Executive Officer and the Group Chief Financial Officer also provided written confirmation that, to the best of their knowledge and belief:

- + the statement given to the Board on the integrity of Goodman's financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- + Goodman's risk management and internal compliance and control systems are operating efficiently and effectively in all material aspects.

These statements are based on a Group-wide and broad ranging series of half and full year confirmations from senior executives and department heads in relation to the financial integrity, risk management and internal compliance and control system within each department.

### **Risk and Compliance Committee**

The Board has required that management design and implement a risk management and internal control system to manage Goodman's material business risks. The Board has established a Risk and Compliance Committee to provide oversight and direction to Goodman's system of risk oversight, management and internal controls. The Committee, which meets at least four times a year, is chaired by Mr John Harkness, and is comprised of a majority of Independent Directors.

The Committee operates under a formal charter (available on Goodman's website) and reports to the Board regarding the effectiveness of its risk management framework in relation to:

- + internal risk management systems;
- + internal audit framework;
- + internal compliance systems and external compliance audit functions (including the Committee acting as the Compliance Committee for each registered managed investment scheme of which GFM is the Responsible Entity);
- + sustainability programme;
- + Occupational Health and Safety (OH&S) Committee; and
- + insurance requirements.

The internal audit function involves a rolling programme of reviews and control testing of Goodman's business processes. The internal audit programme is closely aligned to the risk management framework. The internal audit function is wholly independent of the external audit function. The findings of internal audit are reported to the Risk and Compliance Committee and where relevant, the Audit Committee, and management responds to the recommendations.

Goodman's risk management system has been developed in accordance with international and Australian/New Zealand standards on risk management and has been underpinned by a Risk Management Policy that sets out the oversight and management of risk for Goodman. Goodman's Risk Management Policy is available on its website.

The Committee also oversees the work of several internal management committees which have risk responsibilities. These committees facilitate the sharing of information and seek to ensure that a consistent approach to risk management is applied across Goodman.

Consistent with Goodman's approach of transparent reporting to the Board, members of the Committee have unfettered access to management to discuss risk matters. Senior members of management are invited to attend Committee meetings and present on key issues. External experts and third party service providers are also invited to

attend Committee meetings to provide the Committee with further information and understanding of the way in which Goodman manages its risk and compliance obligations.

The Group Head of Risk is responsible for the implementation of the Risk Management Policy globally. He reviews critical business units and profiles their key risks on an annual basis. Action plans for mitigating key risks are reported to the Committee at each meeting.

The Compliance Manager is responsible for reviewing and monitoring the efficiency of the compliance systems on an ongoing basis and for reporting on the results of these activities to the Risk and Compliance Committee.

Management has reported to the Board and the Board has formed the view that Goodman manages its risks effectively.

### **Remuneration and Nomination Committee**

The Board has established a Remuneration and Nomination Committee to consider remuneration and nomination issues more effectively and fully and to provide recommendations to the Board for approval. The purpose of the Committee is to:

- + identify and recommend individuals to the Board for nomination as members of the Board and its committees;
- + ensure performance of members of the Board is reviewed;
- + develop and recommend to the Board relevant corporate governance principles;
- + ensure an appropriate Board and committee structure is in place so that the Board can perform a proper review function;
- + review and make recommendations to the Board in respect of the administration of Goodman's remuneration programmes (including the engagement of any remuneration advisers);
- + review and make recommendations to the Board in respect of the approval and remuneration of senior executives and Non-Executive Directors;
- + prepare for approval by the Board the remuneration report; and
- + report regularly to the Board on each of the above matters.

The Committee is responsible for engaging remuneration consultants for the provision of remuneration recommendations for key management personnel.

The Remuneration and Nomination Committee operates under a formal charter, a copy of which is published on Goodman's website.

The Committee is chaired by Mr Phillip Pryke and is also comprised of Mr Ian Ferrier and Ms Anne Keating, with all three being Independent Directors. Further information regarding the attendance of Committee members can be found on page 18 of the Directors' report.

### Investment Committee

The Investment Committee has authority to:

- + review, consider and, if appropriate, approve any transactions falling within its mandate;
- + make recommendations to the Board regarding transactions; and
- + perform other functions as may be delegated by the Board from time to time.

The Committee is chaired by Mr Jim Sloman and is also comprised of Mr Ian Ferrier and Mr Greg Goodman.

A list of attendees at the meetings of the Board, Audit Committee, Remuneration and Nomination Committee, Risk and Compliance Committee and Investment Committee can be found on page 18 in the Directors' report.

### Policies and codes

#### Responsible and ethical decision-making

In addition to the responsibilities which apply specifically to Directors, the Board has endorsed a Code of Conduct which applies to Directors and employees of Goodman.

The Code of Conduct requires Directors and employees to, among other things:

- + keep abreast of Goodman's policies and procedures, and where necessary sign acknowledgements that they have read these policies;
- + co-operate fully with any investigations relating to Goodman's policies;
- + notify the Group General Counsel in writing if they are required by any regulatory body to provide information, answer charges or face proceedings in respect of any matter arising during their tenure with Goodman;
- + keep any and all Goodman information confidential except as necessary for marketing Goodman products and services;
- + notify the Group Head of Risk, Group General Counsel and/or Group General Manager, Human Resources if they have reason to suspect fraud, corrupt, criminal or unethical conduct by any Director or employee of Goodman; and
- + be prohibited from making or accepting payment or any other benefit in money or kind as an inducement or reward for any act or in connection with any matter or business transaction undertaken by or on behalf of Goodman.

The aim of the Code of Conduct is to establish a high standard of conduct and to communicate this to the Directors and employees. Expectations regarding fairness, honesty and the treatment of confidential information are made explicit. The Code of Conduct also charges all employees with responsibility for reporting unethical or corrupt conduct.

The Code of Conduct is provided to Directors upon appointment and all employees upon commencement. The Code of Conduct is supported by a framework of policies that set out Goodman's approach to meeting its

legal obligations and the expectations of stakeholders for ethical and responsible decision-making. Key policies forming part of the framework are set out below.

### Diversity

In FY2011 Goodman established a Diversity Policy and several key initiatives have occurred in support of the Policy and wider diversity objectives. The Policy appears below, followed by commentary on the relevant initiatives.

Goodman's Diversity Policy aims to provide a work environment in all locations around the world where diversity and inclusion are valued. This is consistent with the Goodman Values which specifically include Open+Fair and Team+Value.

The Policy provides that Goodman will:

- + ensure all workplaces are free of harassment and unlawful discrimination;
- + recruit, appoint and promote on the basis of merit;
- + provide equal access for all employees for personal development, management skills development and career path opportunities;
- + recognise cultural differences that exist around the world;
- + be aware of and accommodate the needs of individuals with family and carer responsibilities, through flexible and contemporary work practices;
- + be aware of our customers' diversity and their expectations;
- + create an inclusive work environment, where ideas and opinions are shared for the overall benefit of the Group;
- + contribute to the community through a range of philanthropic channels;
- + create and implement programmes that aim to increase career advancement opportunities for female employees across the business globally; and
- + support and achieve the above objectives by inclusion of these within key performance indicators for senior management and ensure Board review of progress.

The main objective of the Group's gender diversity strategy is to increase the representation of female employees to 10% at CEO-1 level, 30% at CEO-2 level and up to 35% at CEO-3 level over a three year time frame from FY2012 to FY2014 inclusive at senior levels through reducing barriers to career progression. For the purpose of the objective, senior roles are considered to be those at the Group CEO, CEO-1, CEO-2 and CEO-3 levels which currently amount to the top 117 roles in the organisation worldwide as at the end of June 2011.

Diversity objectives are tracked and referenced to the organisational structure and the relative positioning of a particular role to the Group CEO role. This method has been selected as Goodman remains a relatively small organisation in terms of overall employee numbers. Typically, the organisational structure follows a single line of management control and therefore is not overly matrixed. An outcome of this structure is that even at CEO-3 levels, significant scope and accountabilities are assigned to roles in the various geographic regions.

Goodman engaged Hay Consulting in FY2011 to assess job scope of the more senior roles which has proved useful in determining key skills and competencies for employee development and diversity.

Female employees are not represented at the Group CEO level or at the senior management level immediately below the Group CEO (CEO-1) level. At this level of the organisation, the roles are geographic business head roles or certain specialised corporate function roles such as the Group Chief Financial Officer.

At the CEO-2 level, the roles are senior geographic business roles and corporate function roles (global or regional geographies or sub-specialisation). It is relevant that within these specialised corporate functions, the female representation increases significantly. Female representation at this level is 18% (nine of 50 employees). The Group considers this particular level of employees, and the females within it, to be crucial, from diversity strategy intervention and leadership development perspectives, due to this group being a pool from which Goodman's senior management would be selected in the absence of external hires.

At the CEO-3 level, the female representation increases to 23% (13 of 57 employees). Within this level, there are increasing levels of female representation in the business roles (such as senior property management and development roles). The challenge for the Group is to ensure that career advancement occurs for high potential female employees and the barriers to this are eliminated where possible.

On an overall basis, the gender representation of Goodman (as at 28 June 2011) was 54% male and 46% female. Specifically in respect of the geographies, the respective female representations were Greater China at 60%, 40% in Australia (including the Group function), 46% in Continental Europe, 40% in New Zealand and 51% across the United Kingdom businesses. Within these numbers is a strong female representation at more junior levels; however, a tapering of this representation is evident as the level of role increases.

#### **Specific diversity activities undertaken in FY2011**

The diversity programmes implemented in FY2011 relate mostly to gender diversity. Further information describing the Group's actions in respect to advancing the representation of indigenous Australians in the workplace, increasing the opportunities for greater community participation and quality of life for individuals with disabilities, and the philanthropic activities of the Group's employees are outlined in the section relating to the Goodman Foundation.

In respect of gender diversity, the Future Women programme commenced in May 2011 and will run until August 2012 in Australia. This programme is open to all female employees irrespective of level, and is designed to provide insight and development specifically on career development, career negotiations, increasing visibility, and

increasing effectiveness at work. This material is provided and presented by an external consultant and has been very well received.

The Group's middle management leadership development programme (branded as Good+Future) commenced in Australia in April 2011. This programme is aimed at high potential mid-level managers (both male and female) who would benefit from specific leadership development around team management, effective communications, strategic thinking, conflict resolution and presentation skills. Fifty percent of the employees participating in the initial programme which covers a six month period are female. Two more Good+Future programmes are planned in FY2012 commencing in August 2011 and March 2012 for the Australian employee population.

The Group views the successful implementation of the Diversity Policy as a major priority for FY2012. To achieve this aim, the Group will conduct information sessions for employees in all locations, outlining the Diversity Policy and articulating the behavioural expectations of employees. Goodman's intranet will be enhanced to facilitate easier access for all employees to internal career opportunities. Other projects include communication of flexible work policies, implementation of remote working policies and implementation of upgraded IT to allow further balance of work with family and/or carer responsibilities. Goodman also intends to introduce policies with external recruiters to provide shortlists that include a minimum representation of female candidates in roles that are traditionally more male dominated.

Finally, the Group intends to revitalise and publicise the corporate values and include these within the upgraded performance management system due to be implemented in FY2012.

Key performance indicators for the senior management team include diversity objectives.

The Remuneration and Nomination Committee Charter was widened to have oversight of diversity activities and the Committee has the responsibility to report progress against objectives to the Board on a regular basis.

#### **The Goodman Foundation – support in the community**

During FY2011, the Goodman Foundation was revitalised and a broad philanthropic strategy, funding capacity and action plan were approved by the Goodman Foundation Board for FY2012 and beyond. The Foundation supports and provides financial assistance to charities and non-profit organisations in the regions in which the business operates.



**Policies and codes (continued)**

In addition to the financial and pro bono assistance offered by the Goodman Foundation to our partnered charitable organisations, the Foundation conducts two additional employee focused programmes which are branded internally to employees as Good+Deeds and Good+Heart. These two programmes allow Goodman employees to contribute in various ways to several organisations which are making a real difference to people's quality of life.

The Good+Deeds programme is an Employee Giving programme, where Goodman employees can offer financial support to registered charities they have selected and these contributions are matched by the Goodman Foundation. Selected charities across Goodman's operating regions for the current period include:

- + Queensland Premier's Flood Appeal (Australia);
- + Christchurch Earthquake Appeal (Australia and New Zealand);
- + Cerebral Palsy Alliance (formerly The Spastic Centre);
- + OzHarvest;
- + The Black Dog Institute;
- + The Smith Family;
- + National Centre of Indigenous Excellence (NCIE);
- + TNC (formerly Tuesday Night Club);
- + Good Beginnings Australia;
- + The Cancer Council;
- + McGrath Foundation;
- + Educational Development Association;
- + Duchess of Kent Hospice, Reading (UK);
- + WADE (Wokingham and District Association for the Elderly, UK);
- + Children's Cancer Foundation (Hong Kong);
- + Fu Hong Society (Hong Kong);
- + The Red Cross (Hong Kong and China); and
- + UNICEF (China).

Due to several catastrophic natural disasters during FY2011, the Goodman Foundation created a special opportunity under the Good+Deeds programme for Goodman employees to donate generously to respective fundraising appeals, including the Queensland Premier's Flood Appeal and the Christchurch Earthquake Appeal.

Good+Heart (Australia) is a Goodman Foundation programme where employees are encouraged to participate in community based events through volunteering time or arranging fundraising activities. This includes events such as volunteer work days, fun runs and sporting events. Goodman provides support to these events in the form of financial assistance or through involvement with specific fundraising, event participation, charity appeals and awareness programmes.

Two new charities were approved by the Goodman Foundation Committee as partnered organisations during FY2011. The first was Good Beginnings Australia, which strives to build a better outcome for children in vulnerable communities across Australia through the provision of

early intervention programmes. The Goodman Foundation has provided essential funding for five vehicles used by Good Beginnings Australia's Early Childhood and Family Support workers to deliver their programmes.

The second charity was NCIE, which offers facilities and programmes for young indigenous Australians which provide excellence, energy and growth in sport, culture, art and learning. The Goodman Foundation has offered support to NCIE including pro bono support for the scoping and ongoing provision of services for facilities maintenance, a contribution towards the salary of NCIE's Facilities Manager, and a cash investment that will go directly towards establishing the NCIE Homework Centre.

Some of our existing partner charities include OzHarvest, Yalari and TNC. OzHarvest collects excess food from commercial establishments to feed the needy. The Goodman Foundation has partnered with OzHarvest for the past six years and currently sponsors two of the collection vehicles and funds to cover their office/warehouse lease. Yalari offers indigenous children from regional, rural and remote communities and towns across Australia the opportunity for a quality secondary education at some of Australia's leading schools via scholarship and sponsorship. Goodman is fortunate enough to sponsor a participant of the programme. TNC is an important community based care organisation that provides support and recreational opportunities for adults with a mild to moderate intellectual disability. Goodman provides essential funding for one of TNC's transport buses.

The Goodman Foundation is aiming to expand into China, New Zealand and Europe during FY2012 through the development of new partnerships. It is through ongoing support of employee initiatives such as Good+Heart and Good+Deeds that we can develop partnerships with several community based local charities in markets where the Group operates.

**Sustainability**

Goodman has adopted a Sustainability Policy which has regard to its own+develop+manage Customer Service Model. The Policy includes a commitment to a sustainable approach to our environment, as well as proper consideration for our social and economic responsibilities to the wider community. This commitment is reflected in our approach to both the workplace and the marketplace.

More information on Goodman's Sustainability approach and our progress with regard to the environment is available on pages 20-23 of Goodman's 2011 Securityholder Review or the Goodman website at [www.goodman.com](http://www.goodman.com).

**Securities trading**

The Securities Trading Policy, which is made available to Directors on their appointment and employees on their commencement, prohibits Directors and employees from trading in Goodman securities when in possession of inside information. It also prohibits the communication of



that inside information to any other person who is likely to purchase or sell Goodman securities or who is likely to procure a third party to purchase or sell those securities.

Under the Securities Trading Policy, the only appropriate time for a Director or employee to acquire or sell Goodman securities is when he or she is not in possession of price sensitive information that is not generally available to the market. To avoid any adverse inference being drawn of unfair dealing, Directors and employees are not to deal in Goodman securities during the two week period before the end of a financial period through to the release of Goodman's half yearly or yearly results. A trading blackout is notified to Directors and employees during those times and may also be notified by the Company Secretary or Group CEO at other times when considered appropriate.

Approval is not given during a trading blackout unless the Group CEO or Chairman is satisfied of circumstances amounting to hardship and that the person is not in possession of price sensitive information which is not generally available to the market.

Directors and employees are not allowed to engage in short-term trading of Goodman securities under the Securities Trading Policy nor are Directors or senior executives allowed to enter into derivative contracts that hedge their exposure to movements in the price of Goodman securities that have not vested.

The Securities Trading Policy applies to decisions to sell Goodman securities by a mortgagee, chargee or margin lender under a margin loan or other financing arrangements. Directors or employees may apply, on the basis of hardship, for consent to trade from the Chairman or Group CEO notwithstanding that a trading blackout might otherwise apply.

Any trade in breach of the Securities Trading Policy must be immediately disclosed to the Company Secretary for reporting to, and consideration by, the Board.

#### **Conflicts of interest**

Goodman has put in place arrangements to identify, assess, manage and report on the types of conflicts of interest which it anticipates will affect or arise from its business. These arrangements include mechanisms to:

- + identify conflicts of interest;
- + manage conflicts of interest by assessing and evaluating actual or potential conflicts, and decide upon and implement an appropriate response to those matters; and
- + maintain written records that demonstrate how Goodman manages conflicts which occur.

Directors, employees and consultants are required to comply with the Conflicts of Interest Policy.

#### **Related parties**

Goodman has implemented a Related Parties Policy for the disclosure and resolution of any matter that may give rise to actual, potential or perceived conflicts of interest

between the interests of a Director and Goodman. The Policy ensures that all transactions involving related parties of Goodman conform to the requirements of the *Corporations Act 2001* and ASX Listing Rules.

#### **Gifts**

Goodman has a Gifts Policy to demonstrate its commitment to reasonable and proportionate gift giving and receiving by Directors and employees. Management recognises that the giving and receiving of business related gifts and corporate entertainment is an important part of building business relationships with potential and existing customers. However, Directors and employees must exercise caution to ensure only bona fide gifts are given and received which will not influence, or appear to influence Goodman's or third party judgements. The Gifts Policy outlines the general prohibitions and guiding principles that Directors and employees should consider when giving and receiving gifts, and also details the mechanisms for approving, recording and reporting of gifts.

#### **Dealing with public officials**

Goodman has a Dealing with Public Officials Policy to demonstrate its commitment to conducting its business in accordance with applicable laws and regulations and in a way which will maintain and enhance its reputation in the market. One aspect of this commitment is that Goodman always behaves in a professional, honest and responsible manner and avoids any conduct which may be considered to be corrupt or contrary to good corporate ethics. Goodman strictly prohibits any activity that seeks to bribe, corrupt or otherwise improperly influence a public official or third party in any country or to act (or omit to act) in a way that differs from that official's proper duties, obligations and standards of conduct.

Copies of these policies are available on Goodman's website.

#### **Group Employee Handbook**

The Handbook is a guide for employees about their obligations and entitlements as employees of Goodman. The rules and policies in the Handbook apply to all employees globally. The Handbook covers matters such as diversity, remuneration, insurance, presentation, leave, performance management, grievance handling, substance abuse, internet/email usage and disciplinary proceedings. The Handbook is regularly reviewed and updated by the General Manager, Group Human Resources.

#### **Occupational Health and Safety (OH&S) Manual**

Goodman recognises its obligations under the OH&S legislation and is committed to the implementation and proper management of appropriate risk management procedures to protect the safety of its employees, contractors, customers and visitors. Goodman's commitment to OH&S extends to all facets of its business with the overall responsibility for OH&S resting at the highest level of management and the Board. However, every employee is also required to comply with the OH&S Manual and to perform all duties in a safe and responsible manner.

Goodman has developed and implemented an OH&S management programme and conducts induction training for contractors at its properties.

Each of the documents referred to above, other than the Employee Handbook and OH&S Manual, is available to Securityholders on Goodman's website. The Employee Handbook and OH&S Manual are available to all employees through Goodman's intranet.

#### **Timely and balanced disclosure**

Goodman is committed to providing timely, balanced and readily available disclosure of material information to Securityholders, the investment community generally, other stakeholders and regulators. It believes that ethical and responsible decision-making is critical to the success of its business. Goodman also believes that the transparency of these processes promotes market and Securityholder confidence in its integrity and sustainability.

Goodman's Continuous Disclosure Policy outlines the procedures followed internally to ensure timely and full disclosure of material through the ASX. Under this Policy, Investor Relations is responsible for the co-ordination of all ASX announcements, however it relies on the input and sign-off of key staff in each division to which the ASX announcement relates. The Group CEO and the Company Secretary (Communications Officer) review all filings prior to lodgement with ASIC or the ASX and are responsible for ensuring timely lodgement of all documentation.

Where possible, the Board's policy is to review announcements on key transactions. In addition, the Board will approve periodic or other mandatory disclosures (or near final drafts) of announcements concerning:

- + half yearly and full year financial statements and results;
- + annual reports;
- + Investor or Market Updates (especially when including new price sensitive information);
- + Extraordinary or Annual General Meetings;
- + disclosure documents concerning the issue of securities (e.g. prospectuses/PDSs, information memoranda, investor presentations, or cleansing statements in connection with entitlement offers, placements, DRPs or SPPs);
- + transactions that will require Securityholder approval (such as related party transactions, and matters requiring Board recommendations); and
- + corporate transactions such as takeovers or schemes.

All announcements are reported to the Board and a record is made of where the announcement has been reviewed by the Board as part of Board papers or otherwise. The Communications Officer has responsibility for all communications with the ASX. The Communications Officer authorises all market communications and is kept informed of issues discussed during meetings with investors/analysts. The Communications Officer reviews other market communications such as press releases and other corporate publications to ensure a consistent approach is adopted in relation to disclosure. Following

receipt of confirmation of lodgement and the release of announcements, relevant information is then published on Goodman's website.

Goodman's senior executives, including the Communications Officer, regularly meet to consider operational matters and regulatory compliance including the consideration of identified potential transactions that may require disclosure. In particular, this includes significant corporate or property transactions, and refinancing at the Group level or within Goodman's managed funds.

The Continuous Disclosure Policy also sets out when trading halts are to be used, how to respond to market speculation and guidelines regarding how communications are to be made through differing forms of media.

Information on continuous disclosure is made available to all employees on commencement of employment. Goodman's Continuous Disclosure Policy is available on its website.

#### **Securityholders**

Goodman has implemented a number of processes in order to facilitate the effective and efficient exercise of the rights of all Securityholders. Goodman communicates information to Securityholders through a range of media, including annual reports, half year results, quarterly updates, general communications and ASX announcements. Results presentations are webcast and available for downloading on the website. Key financial information and stock performance are also available on Goodman's website. Securityholders can raise questions by contacting Goodman by telephone, facsimile, email or post. Contact details are provided on the website and at the back of this Annual Report. Goodman's policy and procedures in relation to investor communications are incorporated into its Continuous Disclosure Policy.

Securityholders are invited to attend the AGM either in person or by proxy. The Board regards the meeting as an excellent forum in which to discuss issues relevant to Goodman. The Board encourages full participation of Securityholders at these meetings to ensure a high level of accountability and identification with Goodman's strategy and objectives. Securityholders are invited to submit questions to the external auditor for discussion at the AGM.

The meeting is webcast to further inform Securityholders who are unable to attend and the address of the Chairman is immediately announced to the ASX. Voting results (including a summary of proxy voting) on matters considered at the meeting are released to the ASX as soon as they are determined.

#### **Complaints handling**

Goodman has both internal and external complaints handling procedures. The Investor Relations department responds to Securityholder enquiries and complaints and provides a thorough and transparent communications service to Securityholders. GFM is also a member of the Financial Ombudsman Service, an external industry complaints handling service.

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## Goodman Limited and its Controlled Entities

The directors (Directors) of Goodman Limited (Company) present their Directors' report on the Consolidated Entity consisting of the Company and the entities it controlled (Goodman or Consolidated Entity) at the end of, or during, the financial year ended 30 June 2011 and the audit report thereon.

## Directors

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

Director	Appointment date
Mr Ian Ferrier, AM (Independent Chairman)	1 Sep 2003
Mr Gregory Goodman (Group Chief Executive Officer)	7 Aug 1998
Mr 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 Phillip Pryke (Independent Director)	13 Oct 2010
Mr Jim Sloman, OAM (Independent Director)	1 Feb 2006
Mr Patrick Goodman (Non-Executive Director)	14 Apr 1998 (resigned 30 Nov 2010)
Ms Diane Grady, AM (Independent Director)	30 Sep 2007 (resigned 13 Oct 2010)

Details of the Directors' qualifications and experience are set out on pages 39 to 41 in this Directors' report.

## Company Secretary

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

Company Secretary	Appointment date
Mr Carl Bicego	24 Oct 2006

Details of the Company Secretary's qualifications and experience are set out on page 41 in this Directors' report.

## Directors' meetings

The number of Directors' meetings held (including meetings of committees of Directors) and the number of meetings attended by each of the Directors during the financial year were:

Director	Board meetings		Audit Committee meetings		Remuneration and Nomination Committee meetings		Risk and Compliance Committee meetings		Investment Committee meetings		Moorabbin Sub-Committee meetings <sup>2</sup>	
	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended
Mr Ian Ferrier	15	15	4	4	3	3	–	–	2	2	3	3
Mr Gregory Goodman	12	12	–	–	–	–	–	–	2	2	–	–
Mr John Harkness	15	14	4	4	–	–	4	4	–	–	–	–
Mr James Hodgkinson	15	15	4	4	–	–	1	1	–	–	–	–
Ms Anne Keating	15	14	–	–	3	3	3	3	–	–	–	–
Mr Phillip Pryke	12	12	–	–	2	2	–	–	–	–	–	–
Mr Jim Sloman	15	15	–	–	–	–	4	4	2	2	3	3
Mr Patrick Goodman <sup>3</sup>	5	–	–	–	–	–	1	–	–	–	–	–
Ms Diane Grady <sup>4</sup>	4	3	–	–	1	1	–	–	–	–	–	–

1. Reflects the number of meetings individuals were entitled to attend. The Directors make themselves available as required but a number of the above meetings were unscheduled with the result that Directors may not have been able to attend the meeting.

2. A separate committee was established to consider the acquisition of Moorabbin Airport Corporation Pty Ltd which has a leasehold interest in Moorabbin Airport and Business Park, Victoria from Goodman Holdings Group, a related party.

3. Mr Patrick Goodman resigned as a Director on 30 November 2010.

4. Ms Diane Grady resigned as a Director on 13 October 2010.

Directors absented themselves from meetings where they had a personal interest in matters being discussed.

## Principal activities

The principal activities of Goodman during the course of the financial year were investment in directly and indirectly held industrial property, fund management, property services and development management. The Consolidated Entity operated in Australia, New Zealand, Asia, Continental Europe and the United Kingdom. There were no significant changes to the nature of the Consolidated Entity's activities during the financial year.

## Review and results of operations

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

	Consolidated	
	2011	2010 Restated <sup>1</sup>
Revenue and other income before fair value adjustments on investment properties (\$M)	892.8	666.6
Fair value adjustments on investment properties (\$M)	37.0	(493.3)
Revenue and other income (\$M)	<b>929.8</b>	<b>173.3</b>
Profit/(loss) attributable to Securityholders (\$M)	392.0	(537.0)
Basic loss per Company share (¢)	(1.8)	(4.6)
Basic profit/(loss) per security (¢)	5.9	(9.5)
Dividends and distributions provided for or paid by Goodman (\$M)	250.0	212.9
Weighted average number of securities on issue (M)	6,651.6	5,668.3
Net assets (\$M)	5,013.9	4,746.6
Number of securities on issue (M) <sup>2</sup>	7,358.3	6,333.4
Net tangible assets per security (\$) <sup>3</sup>	0.49	0.48

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these changes are set out in page 49 in note 1 of the consolidated financial report.

2. Represents amounts as per Australian Securities Exchange (ASX) excluding 36.3 million treasury securities (2010: 36.3 million).

3. Net tangible assets per security is stated after deducting amounts due to other non-controlling interests.

## Dividends and distributions

The Company did not declare any dividends during the financial year ended 30 June 2011 and up to the date of this report (2010: \$nil).

Distributions declared/announced by a controlled entity, Goodman Industrial Trust (GIT), directly to Securityholders during the financial year were as follows:

	Distribution cpu	Total amount \$M	Date of payment
<b>Distributions for the year ended 30 June 2011</b>			
– 31 Dec 2010	1.50	102.8	28 Feb 2011
– 30 Jun 2011	2.00	147.2	26 Aug 2011
	<b>3.50</b>	<b>250.0</b>	
<b>Distributions for the year ended 30 June 2010</b>			
– 31 Dec 2009	1.50	92.6	26 Feb 2010
– 30 Jun 2010	1.90	120.3	26 Aug 2010
	<b>3.40</b>	<b>212.9</b>	

Distributions declared during the financial year by controlled entities, Goodman PLUS Trust and CIC Hybrid Investment Sub-trust, to holders of hybrid securities were \$22.2 million (2010: \$18.3 million) and \$38.8 million (2010: \$34.0 million) respectively.



## Reconciliation of profit/(loss) attributable to Securityholders to operating profit available for distribution

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

	Note	Consolidated	
		2011 \$M	2010 Restated' \$M
<b>Profit/(loss) attributable to Securityholders</b>		<b>392.0</b>	<b>(537.0)</b>
<b>Valuation adjustments</b>			
– Net loss from fair value adjustments on investment properties	11	26.4	210.0
– Share of net (gain)/loss from fair value adjustments on investment properties in associates	12(a)	(55.8)	255.6
– Share of net (gain)/loss from fair value adjustments on investment properties in joint venture entities	12(b)	(7.6)	27.7
– Impairment losses	5	47.2	145.4
– Share of impairment losses in associates	12(a)	0.5	–
– Share of impairment losses in joint venture entities	12(b)	–	4.5
– Fair value adjustments on derivative financial instruments	5	(66.0)	75.4
– Share of fair value adjustments on interest rate swaps in associates	12(a)	30.2	4.5
– Share of fair value adjustments on interest rate swaps in joint venture entities	12(b)	0.7	0.6
<b>Other adjustments</b>			
– Share of loss on disposal of investment properties by associates	12(a)	–	19.3
– Share of gain on disposal of investment properties by joint venture entities	12(b)	–	(0.3)
– Capital (profits)/losses not distributed		(14.1)	14.9
– Share of business acquisition related costs incurred within associates	12(a)	14.1	–
– Straight lining of rent and amortisation of lease incentives		0.1	(1.2)
– Share based payments expense	18(b)	12.2	5.4
– Debt restructuring costs	5	–	59.1
– Share of debt restructuring costs incurred within associates	12(a)	–	19.7
– Share of restructuring costs incurred within joint venture entities	12(b)	–	0.6
– Loss on dilution of investment in associate	12(a)	3.8	–
– Non-cash items impacting distributable income in associates and joint venture entities	12	0.2	5.8
<b>Operating profit available for distribution</b>		<b>383.9</b>	<b>310.0</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

## State of affairs

Key changes in Goodman's state of affairs during the financial year were as follows:

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

On 24 December 2010, China Investment Corporation (CIC) converted \$225.0 million preference securities to 523.3 million stapled securities at a price of \$0.43 per security.

### (b) Exercise of options

On 16 May 2011, CIC exercised 276.0 million options over stapled securities for consideration of \$78.5 million.

### (c) New finance facilities

During the year, the Consolidated Entity has continued its stated capital management objectives of diversifying debt funding sources and extending its debt maturity profile. Initiatives during the year included:

- + issues in November 2010 and March 2011 of US\$325.0 million and US\$500.0 million respectively of senior unsecured notes in the United States 144A/Reg S bond market, both with effective fixed interest coupons of 6.375% per annum and both for terms of 10 years;
- + issue in March 2011 of ¥12.5 billion private note placement through the Euro Medium Term Note programme for a term of 12 years;
- + establishment of a new revolving bank facility for A\$127.5 million, maturing over three years;
- + establishment of a new revolving bank facility for A\$180.0 million, maturing over four years; and
- + establishment of three new revolving bank facilities with an aggregate limit of A\$412.5 million, maturing over five years.

## State of affairs (cont)

### (d) Acquisition of Moorabbin Airport and Business Park

On 24 May 2011, the Consolidated Entity completed the acquisition of 100% of the ordinary units in two intermediate holding entities that collectively own 100% of the ordinary shares of Moorabbin Airport Corporation Pty Limited (MAC) from Goodman Holdings Group. MAC owns Moorabbin Airport and Business Park in Victoria. The consideration included the issue of 225,384,615 stapled securities to the vendors at an agreed issue price of \$0.65 each, cash of \$35.0 million and repayment of MAC bank debt of \$20.0 million.

### (e) Acquisition of ING Industrial Fund by Goodman Trust Australia

On 29 March 2011, Goodman Trust Australia (GTA), an entity established by Goodman and three major pension/sovereign wealth funds, acquired ING Industrial Fund (IIF). Goodman has a 19.9% share of GTA and was appointed as the manager of GTA on terms consistent with those for its other managed funds.

Details of changes in the state of affairs of the Consolidated Entity subsequent to the balance date are set out on page 41 in this Directors' report.

## Strategy and outlook

Goodman's business strategy is to be the leading international provider of industrial property and business space to leading global customers in each of the markets in which the Consolidated Entity operates. Goodman's integrated "own+develop+manage" customer service model is a driving principle in the Consolidated Entity's operations.

The Consolidated Entity's "own+develop+manage" customer service model is intended to allow the Consolidated Entity to build an in-depth understanding of customer needs and to assist the Consolidated Entity in providing access to quality information on portfolio performance and market dynamics. The Consolidated Entity believes its ability to establish a better understanding of its customers' needs allows for better customer management opportunities and enables the Consolidated Entity to provide a more tailored property management service. Goodman strives to meet the requirements of its customers "in-house" through the repositioning of existing assets or via the development of new pre-leased sites, while the "in-house" property management team works efficiently to satisfy customer needs.

The Consolidated Entity seeks to create value through expansion, both organically and through strategic acquisitions, while enhancing returns through the active management of its property portfolio. The cornerstone of this strategy is a substantial portfolio (including both directly owned property and cornerstone investments in Goodman managed funds) of quality industrial and business space assets, coupled with the Consolidated Entity's integrated property platform. Goodman looks to enhance its return on property investments with property and fund management income and development profits.

Development is an important component of the Consolidated Entity's business strategy, because it drives portfolio growth with the expansion of existing customers and the procurement of new customers and provides a source of investment products for the Goodman managed funds. The Consolidated Entity's current strategy is to ensure that the majority of developments are conducted within Goodman managed funds.

The Consolidated Entity believes that its ability to recycle capital in this way, coupled with the Consolidated Entity's ability to utilise third party capital invested in Goodman managed funds, enables it to grow development and investment activity and earnings outside of the Consolidated Entity's traditional Australian markets. Through cornerstone investments in Goodman managed funds, the Consolidated Entity intends to align its interests with those of the funds' investors and believes that it is able to foster long-term relationships with the funds' investors. By attracting a group of key global investors, the Consolidated Entity aims to secure sources of funding for Goodman managed funds and the Consolidated Entity's joint ventures, allowing for the expansion of the Consolidated Entity's business without needing to fund such expansion entirely with the Consolidated Entity's balance sheet.

The growing contribution from the active components of Goodman's business, being its development and management activities, coupled with the strength of its Asian and European businesses will ensure the Consolidated Entity is well positioned to achieve solid earnings growth in the year ending 30 June 2012. Accordingly, Goodman is forecasting a full year operating profit after tax of \$460.0 million.

Further information as to other likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in the consolidated financial report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

## Rights and options granted during the financial year

During the financial year, the following rights over unissued securities were granted by the Company to employees under the Long Term Incentive Plan (LTIP).

Date granted	Expiry date	Exercise price \$	Rights issued
<b>Equity settled</b>			
1 Feb 11	1 Sep 15	–	42,831,232

## Securities issued on exercise of rights or options

During or since the end of the financial year, no securities were issued to employees as a result of the exercise of rights or options.

During the financial year, Goodman issued 276.0 million stapled securities to CIC as a result of the exercise of the options granted in June 2009. At the end of the financial year, CIC held no further options over the stapled securities of the Consolidated Entity.

## Unissued securities under option

Unissued securities under option include the performance rights awarded under the LTIP and options awarded under the Executive Option Plan (EOP).

### (a) Performance rights

At the date of signature of this Directors' report, performance rights issued to employees under the LTIP and the applicable total securityholder return (TSR) or earnings per security (EPS) performance hurdles were:

Date granted	Expiry date	Exercise price \$	Number of performance rights <sup>1</sup>	Performance hurdles <sup>2</sup>
1 Feb 11	1 Sep 15	–	42,319,732	TSR (25%) and EPS (75%)
14 May 10	1 Sep 14	–	44,973,010	TSR (50%) and EPS (50%)

1. The number of performance rights at the date of the Directors' report is net of any rights forfeited.

2. Details of the TSR and EPS performance hurdles are disclosed in the remuneration report on pages 30 and 31.

All performance rights expire on the earlier of their expiry date or one month following the termination of the employee's employment (other than in the event of special circumstances).

### (b) Options

At the date of signature of this Directors' report, unissued securities under option issued to employees and the applicable return on equity (ROE) performance hurdles were:

Date granted	Expiry date	Exercise price \$	Number of unissued securities under option	Performance hurdle <sup>1</sup>
9 Dec 05	31 Dec 11	4.20	11,250,000	11% ROE
14 Jun 06	31 Dec 11	5.15	1,892,000	12% ROE
13 Oct 06	30 Sep 12	6.27	7,442,500	12% ROE
10 Apr 07	31 Dec 12	7.14	19,355,000	12% ROE
22 Jun 07	31 Dec 12	7.04	5,235,000	12% ROE
19 Oct 07	30 Jun 13	6.27	30,514,000	12% ROE
26 Nov 07	30 Jun 13	6.27	2,700,000	12% ROE
5 Sep 08	30 Jun 13	2.98	41,575,000	12% ROE
5 Sep 08	30 Jun 13	3.01	3,850,000	12% ROE
17 Nov 08	30 Jun 13	3.01	7,000,000	12% ROE

1. The ROE performance hurdle applicable to the options issued under the EOP requires the Consolidated Entity achieving compound annual ROE as set out above. These hurdles are calculated since the end of the previously reported 12 month period immediately preceding the date of grant (as reported in the Annual Report or Half Yearly Review of the Consolidated Entity). These performance hurdles are unlikely to be achieved.

All options expire on the earlier of their expiry date or one month following the termination of the employee's employment (other than in the event of special circumstances).

## Directors' interests

The relevant interest of each Director in the issued capital of Goodman as notified by the Directors to the ASX in accordance with section 205G(1) of the *Corporations Act 2001* at the date of signature of this Director's report is as follows:

Director	Direct securities	Indirect securities	Total
<b>Non-Executive</b>			
Mr Ian Ferrier	377,784	–	377,784
Mr Patrick Goodman <sup>1</sup>	–	5,955,992	5,955,992
Ms Diane Grady <sup>1</sup>	–	208,200	208,200
Mr John Harkness	298,654	–	298,654
Mr James Hodgkinson	333,730	920,572	1,254,302
Ms Anne Keating	–	304,866	304,866
Mr Jim Sloman	258,465	–	258,465
Mr Phillip Pryke	–	541,160	541,160
<b>Executive</b>			
Mr Gregory Goodman	5,955,992	225,384,615	231,340,607

1. As at the date of their resignation as a Director.

At 30 June 2011, none of the Non-Executive Directors held any options over unissued securities. At 30 June 2011, Mr Gregory Goodman held 9,700,000 options and 7,553,846 performance rights over securities of Goodman (2010: 9,700,000 options and 3,900,000 performance rights).

At 30 June 2011, James Hodgkinson held 2,660 (2010: nil) of the hybrid securities issued by Goodman PLUS Trust, which are listed on the ASX. None of the other Directors holds any interests in the hybrid securities issued by Goodman PLUS Trust.

## Remuneration report – audited

The remuneration report outlines the Board's remuneration policies for key management personnel, Non-Executive Directors, the Group Chief Executive Officer and other senior executives and explains further the relationship between remuneration policy and Goodman's financial and operational performance. Key management personnel are defined as those employees who have authority and responsibility for planning, directing and controlling the activities of Goodman. In addition, this report discloses the remuneration details for Non-Executive Directors, the Executive Director and other key management personnel and prescribed executives.

### Directors' remuneration

Details of the nature and amount of each major element of the remuneration of each Director in relation to the management of Goodman's affairs are set out below:

Directors		Short-term				Post-employment superannuation benefits	Share based payments		Total	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
		Salary and fees <sup>1</sup> \$	Bonus <sup>2</sup> \$	Other <sup>3</sup> \$	Total \$		Long-term	Performance rights <sup>4</sup> \$			
<b>Non-Executive</b>											
Mr Ian Ferrier	2011	570,801	-	-	570,801	15,199	-	-	586,000	-	-
	2010	571,539	-	-	571,539	14,461	-	-	586,000	-	-
M John Harkness	2011	192,301	-	-	192,301	15,199	-	-	207,500	-	-
	2010	193,039	-	-	193,039	14,461	-	-	207,500	-	-
Mr James Hodgkinson <sup>5</sup>	2011	292,281	-	-	292,281	15,199	-	-	307,480	-	-
	2010	235,281	-	-	235,281	14,461	-	-	249,742	-	-
Ms Anne Keating	2011	176,051	-	-	176,051	15,199	-	-	191,250	-	-
	2010	173,039	-	-	173,039	14,461	-	-	187,500	-	-
Mr Phillip Pryke <sup>6</sup>	2011	173,648	-	-	173,648	10,893	-	-	184,541	-	-
	2010	-	-	-	-	-	-	-	-	-	-
Mr Jim Sloman	2011	182,301	-	-	182,301	15,199	-	-	197,500	-	-
	2010	183,039	-	-	183,039	14,461	-	-	197,500	-	-
Mr Patrick Goodman (resigned 30 November 2010)	2011	71,792	-	-	71,792	6,333	-	-	78,125	-	-
	2010	173,039	-	-	173,039	14,461	-	-	187,500	-	-
Ms Diane Grady (resigned 13 October 2010)	2011	49,039	-	-	49,039	4,326	-	-	53,365	-	-
	2010	173,039	-	-	173,039	14,461	-	-	187,500	-	-
<b>Executive</b>											
Mr Gregory Goodman	2011	1,395,337	2,100,000	16,142	3,511,479	15,199	24,738	966,399	4,517,815	67.9%	21.4%
	2010	1,385,539	1,800,000	(6,496)	3,179,043	14,461	23,942	451,763	3,669,209	61.4%	12.3%

Refer to the following page for explanatory footnotes.



## Remuneration report – audited (cont)

### Notes in relation to the table of Directors' remuneration

- Salary and fees represents the amounts due to the Directors under the terms of their service agreements and does not reflect any salary sacrifice elections by the Directors.
- The bonus paid to Mr Gregory Goodman is in accordance with the bonus policy and based on his individual performance. In the prior year, no bonus in relation to the 2010 financial year was disclosed on the basis that the individual bonus amount relating to that financial year was determined and paid subsequent to approval of the consolidated financial report and was at the discretion of the Board until final determination. In addition, the remuneration report included in the 2010 consolidated financial report disclosed a bonus amount of \$nil relating to the 2009 financial year on the basis that no bonus was paid.  
In the current financial year, the Board has reviewed the manner and process in which short-term bonuses are determined and approved. This is intended to ensure that bonuses can be disclosed in the financial year to which the bonuses relate. This change in process results in improved disclosure and is in line with recent ASIC guidance on remuneration disclosures.  
Accordingly, the effect of this change is to include the bonus paid in the 2011 financial year relating to 2010 financial year in the restated 2010 remuneration figures. The approved bonus relating to the 2011 financial year is included in the 2011 remuneration figures.
- Other includes reportable fringe benefits, car parking and per diem allowances and changes in long service leave.
- For the current and prior financial year, the value attributed to performance rights is based on the Consolidated Entity's accounting policy of amortising the value of the share based payment awards over the vesting periods, and therefore does not take into account awards made subsequent to the financial year end with respect to performance in the year ended 30 June 2011.  
For the current financial year, the following assumptions were used in determining the fair value of performance rights on grant date:

Grant date	Expiry date	Fair value per performance right \$	Market price of security \$	Expected volatility %	Risk free interest rate per annum %	Distribution yield per annum %
<b>2011</b>						
1 Feb 11	1 Sep 15	0.56	0.67	29.29	5.11	4.95
<b>2010</b>						
14 May 10	1 Sep 14	0.60	0.67	64.94	5.04	5.23

- Salary and fees reported in the current financial year for Mr James Hodgkinson includes an amount of A\$57,480 (NZ\$ 75,000) (2010: A\$59,742 (NZ\$ 75,000)) due in respect of his role on the board of Goodman (NZ) Limited, the responsible entity of Goodman Property Trust and also an amount of A\$60,000 (2010: \$nil) in respect of his role in the Consolidated Entity's operations in Japan.
- Salary and fees reported in the current financial year for Mr Phillip Pryke includes an amount of A\$46,582 (NZ\$ 60,780) due in respect of his role on the board and audit committee of Goodman (NZ) Limited, the responsible entity of Goodman Property Trust. This amount relates to the period since Mr Pryke's appointment as a director of Goodman on 13 October 2010, Mr Pryke has been on the board of Goodman (NZ) Limited, the responsible entity of Goodman Property Trust, for a number of years and his fees for a full financial year are NZ\$75,000 for his role on the board and NZ\$10,000 for his role on the audit committee.

## Remuneration report – audited (cont)

## Executives' remuneration

Details of the nature and amount of each major element of the remuneration of each of the key management personnel (excluding the Directors) and the other named executives who receive the highest remuneration are set out below:

Executives <sup>1</sup>		Short-term				Post-employment superannuation benefits \$	Long-term		Share based payments		Proportion of remuneration performance related %	Value of options as proportion of remuneration %
		Salary and fees \$	Bonus <sup>2</sup> \$	Other <sup>3</sup> \$	Total \$		Other <sup>3</sup> \$	Performance rights <sup>4</sup> \$	Total \$			
Mr Anthony Rozic	2011	678,536	1,200,000	17,256	1,895,792	15,199	17,254	639,692	2,567,937	71.6	24.9	
Deputy Chief Executive Officer	2010	685,539	991,000	72,880	1,749,419	14,461	14,541	301,658	2,080,079	62.1	14.5	
Mr Nick Kurtis	2011	669,891	1,200,000	23,506	1,893,397	15,199	12,369	639,692	2,560,657	71.8	25.0	
Group Head of Equities	2010	685,539	991,000	8,063	1,684,602	14,461	11,965	301,658	2,012,686	64.2	15.0	
Mr Nick Vrontas	2011	601,633	900,000	17,893	1,519,526	15,199	10,741	448,161	1,993,627	67.6	22.5	
Chief Financial Officer	2010	585,539	600,000	46,811	1,232,350	14,461	11,843	241,326	1,499,980	56.1	16.1	
Mr Jason Little	2011	403,844	500,000	4,035	907,879	15,199	18,141	253,065	1,194,284	63.1	21.2	
General Manager Australia	2010	-	-	-	-	-	-	-	-	-	-	
Mr Philip Pearce	2011	480,818	1,431,977	-	1,912,795	1,559	-	241,074	2,155,428	77.6	11.2	
Managing Director Greater China	2010	-	-	-	-	-	-	-	-	-	-	
Mr Danny Peeters	2011	702,226	1,172,519	-	1,874,745	-	-	659,154	2,533,899	72.3	26.0	
Chief Executive Officer Continental Europe	2010	788,523	864,916	-	1,653,439	-	-	321,120	1,974,559	60.1	16.3	

## Notes in relation to the table of Executives' remuneration

- For the current financial year, Mr Anthony Rozic, Mr Nick Kurtis and Mr Nick Vrontas are considered to be key management personnel of the Consolidated Entity, as they were in the prior financial year. In the interests of greater transparency, increasing operational authority and the material size and contribution of the Australia, Greater China and Continental Europe businesses to the Consolidated Entity as contemplated in the relevant budgets and business plans for the current financial year, it has been determined that Mr Jason Little, Mr Philip Pearce and Mr Danny Peeters be also considered as key management personnel from 1 July 2010. Mr Peeters remuneration was disclosed in the prior financial year as a prescribed senior executive. In the prior financial year Mr Michael O'Sullivan was considered to be a key management person in his role as Chief Executive Officer, Europe.
- Bonuses paid to executives are in accordance with the bonus policy and based on individual performance of executives. In the prior year, no bonuses in relation to the 2010 financial year were disclosed on the basis that individual bonus amounts relating to that financial year were determined and paid subsequent to approval of the consolidated financial report and were at the discretion of the Board until final determination. In addition, the remuneration report included in the 2010 consolidated financial report disclosed bonus amounts of \$nil relating to the 2009 financial year on the basis that no bonuses were paid.  
In the current year the Board has reviewed the manner and process in which short-term bonuses are determined and approved. This is intended to ensure that bonuses can be disclosed in the financial year in which the bonuses relate. This change in process results in improved disclosure and is in line with recent ASIC guidance on remuneration disclosures.  
Accordingly, the effect of this change is to include the bonuses paid in the 2011 financial year relating to 2010 financial year in the restated 2010 remuneration figures. The approved bonuses relating to the 2011 financial year are included in the 2011 remuneration figures.
- Other includes reportable fringe benefits, car parking and per diem allowances and changes in long service leave balances.
- For the current and prior financial year, the value attributed to performance rights is based on the Consolidated Entity's accounting policy of amortising the value of the share based payment awards over the vesting periods, and therefore does not take into account awards made subsequent to the financial year end with respect to performance in the year ended 30 June 2011. Performance rights for Mr Danny Peeters are cash equivalents of performance rights and are settled in cash.  
For the current financial year, the following assumptions were used in determining the fair value of performance rights on grant date:

Grant date	Expiry date	Fair value per performance right \$	Market price of security \$	Expected volatility %	Risk free interest rate per annum %	Distribution yield per annum %
2011						
1 Feb 11	1 Sep 15	0.56	0.67	29.29	5.11	4.95
2010						
14 May 10	1 Sep 14	0.60	0.67	64.94	5.04	5.23

## Remuneration report – audited (cont)

### Remuneration and Nomination Committee

The Board, based on advice from the Remuneration and Nomination Committee (the Committee), has developed policies dealing with fixed pay, short and long-term incentive remuneration. The role of the Committee in setting these policies is set out below.

The Committee meets as required to consider and recommend to the Board remuneration policy and to recommend specific remuneration arrangements for Non-Executive Directors, the Group Chief Executive Officer, key management personnel, and senior employees. In addition, the Committee considers general remuneration policy issues which have a bearing upon all employees across the Consolidated Entity.

The Committee is also responsible for the oversight of specific remuneration aspects including short-term incentive plan (STI), long-term incentive plan (LTI), superannuation/pension entitlements, termination payments and the development and application of key remuneration and employee related policies such as diversity strategy and planning.

Members of the Committee during the financial year were:

- + Mr Ian Ferrier (Independent Member);
- + Mr Phillip Pryke (Independent Member and Chairman of the Committee); appointed 13 October 2010
- + Ms Diane Grady (Independent Member); resigned 13 October 2010
- + Ms Anne Keating (Independent Member).

The Committee has adequate resources and the appropriate authority to discharge its duties and responsibilities. It directly engages external professionals to advise on any relevant matters and during the year engaged Hay Consulting to advise and assist on market comparability of the remuneration of senior employees. The Committee members' attendance record is disclosed on page 18 in this Directors' report.

Further information relating to the scope and activities of the Committee is available on Goodman's website and the Corporate Governance section of the Annual Report.

### Summary of key Goodman remuneration principles

Set out below is a high level summary of key remuneration principles. This is followed by a more detailed overview:

- + Remuneration includes a fixed (or base) component, STI in the form of discretionary cash bonuses and LTI in the form of equity;
- + Fixed pay is set at competitive market levels so as to attract and retain staff;
- + Incentives (STI and LTI) are intended to be awarded only when key financial metrics are met or exceeded at a Consolidated Entity level. However, absolute discretion remains with the Committee and the Board on the final determination of awards in cases of exceptional individual or divisional performance where financial metrics may not have been met. Conversely there may also be cases where financial metrics have been achieved however, the Board has the discretion to withhold incentives;
- + It is intended that remuneration levels for employees will be referenced against the local market in which the role is performed. The aim is to reward staff at the 60th percentile for fixed pay, at the 75th percentile for fixed pay plus STI where performance is on target, and the 90th percentile for total aggregate remuneration for fixed pay plus STI plus LTI where performance is on target;
- + In an effort to improve transparency, the Consolidated Entity is adopting a revised practice with respect to the determination of bonus awards and has brought this forward so that the disclosure of bonus awards for key management personnel and prescribed executives is now reported in the financial year to which it relates; and
- + The Consolidated Entity's LTI plan serves as an effective long-term retention element as it has an effective timeframe of five years from initial date of issue to the vesting of the final tranche, the exercise of which is subject to achievement of the performance hurdles, which relate to earnings per security and total securityholder return over a three year testing period.

## Remuneration report – audited (cont)

### Overview of remuneration policies

The design and introduction of competitive remuneration strategies that effectively incentivise employees and reward superior performance is vital. Goodman's remuneration policies strive to be innovative, to reward exceptional performance, to provide compelling incentive for high performing employees to remain employed with Goodman and to ensure alignment of individual risk taking behaviour with the acceptable standards within the Consolidated Entity. Remuneration packages for executives include a mix of fixed remuneration, short-term performance based remuneration and longer term equity based remuneration. The remuneration structures explained are designed to attract and retain suitably qualified candidates and to align executive performance with the objective of increasing Goodman's earnings and total securityholder return.

The Consolidated Entity's policy is that remuneration levels for employees are reviewed annually at the close of each financial year, and factors including individual performance against financial and non-financial key performance indicators, validation against local market remuneration levels and overall financial performance of Goodman are considered in assessing whether changes to remuneration levels or wider policy settings should occur. This annual review of remuneration occurs to ensure the Consolidated Entity continues to attract and retain appropriately experienced Directors and employees. The Committee obtains independent advice on the appropriateness of remuneration for Directors and senior executives and directly engages external and independent professionals to advise on relevant matters to assist with validation of remuneration levels.

Specific elements within Goodman's remuneration policy are that base remuneration should be referenced against the specific local market for that particular role where possible. Any short-term incentive payment should recognise exceptional performance against clearly outlined and measureable performance criteria. It is important to note that senior management and the Committee retain discretion within the performance bonus methodology to vary any amount of an award based on other relevant factors. The LTI provides significant incentive for employees to drive long-term high performance, remain employed with Goodman and ensure optimal alignment of individual objectives with those of Securityholders.

In the current financial year, evaluation and research into market remuneration was undertaken by Hay Consulting. As a result of the data presented, the Committee considered and recommended that the Consolidated Entity's remuneration levels should be at the 60th percentile (against the local market) for fixed pay, the 75th percentile for fixed pay plus STI where performance is on target and the 90th percentile for total aggregate remuneration (fixed, STI and LTI) where performance is on target. This policy is biased towards the usage of long-term incentive instruments, such as the issue of performance rights, with the specific intention of further increasing the alignment between the long-term wealth creation objectives of employees with Securityholders.

It is important to note that where the aggregate remuneration of high-potential employees or employees with relevant strategic value over the long-term is significantly below market levels, the Committee intends to use LTI as the primary method of correcting any gap. This is a preferable approach for two main reasons, firstly that LTI provides a mechanism for increasing the alignment between the wealth creation outcomes for employees and Securityholders and secondly, the issue of LTI does not increase the annual fixed cash costs.

Non-Executive Directors are paid a fixed fee plus consideration for Board Committee responsibilities. The amounts are outlined in the relevant table in this report. The approved Securityholder pool for directors' fees is currently \$2.5 million per year however the actual remuneration paid to directors in the current financial year was \$1.8 million (\$0.7 million under the approved amount).

The Board keeps itself informed of relevant public discussion and policy initiatives in the area of remuneration, particularly in relation to the remuneration of senior executives. During the current financial year the Committee reviewed and approved amendments to previous remuneration policy features with the objective of driving increased shareholder value over the shorter and longer term. The Committee considers also that the objective of increasing alignment between the interests of Securityholders and those of employees has been achieved and details of these amendments are outlined in the relevant sections of the report concerning (a) Short-term incentive remuneration and (b) Long-term incentive remuneration below on pages 29 and 30 respectively.

A key amendment has related to process and disclosure improvements. In previous financial years where STI was paid, the statutory audit was finalised and results released prior to consideration and award of the STI to individual employees. While the pool available for STI allocation was determined and accrued in the financial accounts of the relevant year, the allocation of the pool to individual employees was not determined until after the finalisation of the financial statements. This resulted in the remuneration report in previous years disclosing STI awards relating to the previous year's results. For the current financial year the process of allocating and awarding STI has been completed in conjunction with the statutory audit so that the current year STI can be included in the remuneration disclosure. To ensure comparability and visibility, comparative information has been updated to include 2010 STI in the prior year and 2011 STI in the current year executive remuneration tables.

## Remuneration report – audited (cont)

### Remuneration policies

#### Fixed remuneration

Fixed remuneration consists of a base remuneration package which includes cash, non-cash benefits (e.g. motor vehicles and allowances) including the full cost of any related fringe benefits tax charges, plus any salary sacrificed employer contributions to superannuation and pension funds. Remuneration levels for senior employees are reviewed annually by the Committee, via recommendation by the Group CEO, through a process that considers individual, divisional and overall performance of the Consolidated Entity and remuneration movements in competitor companies and the wider market. Senior executives' remuneration may also be reviewed by the Committee on individual appointment or in cases where considerable change in job scope warrants consideration of promotion.

For key management personnel, apart from one-off adjustments to remuneration for the reasons noted above, the fixed pay element of remuneration has remained unaltered since July 2006.

#### Performance-linked remuneration

Employees are reviewed for eligibility to be awarded short-term and long-term performance-linked remuneration annually. It is important to note that senior management and the Committee retain considerable discretion to award performance-linked remuneration in consideration of multiple factors such as individual achievement against key performance indicators, Consolidated Entity or divisional results and general market conditions.

##### (a) Short-term incentive

The STI provides cash bonuses for individual performance compared to objectives set for the relevant financial year. One clear objective is to align the actual payment of STI to the period in which relevant performance is measured.

Consistent with the way the Consolidated Entity calculates the STI pool, STI are now paid in a single payment following completion of the consolidated financial statements rather than the previous approach of deferring the payment of any STI in excess of \$100,000 (or local currency equivalent) over two years.

This decision was made by the Committee after considering the impact of the relative strengthening and recovery of local employment markets in several overseas locations after the global financial crisis and evidence of increased global competitor activity. The Committee assessed that the flight risk of key executives, functional specialists and high-performing teams, especially in the global markets in which Goodman operates, was increasing and the modification of timing to STI payments brought the Consolidated Entity more into line with market practice in Australia and overseas. The Committee considers that the LTI provides an appropriate retention element as it requires an employee to remain employed with Goodman for a five year time period from date of initial offer to derive the full benefit from that particular offer.

Total STI amounts are calculated in accordance with the policy established by the Committee and approved by the Board. The policy determines a potential bonus pool based on the overall Consolidated Entity's results, and particularly earnings as against target, in the current financial year as well as other factors.

Individual allocations are then made based on an assessment by senior executives and the Group Chief Executive Officer of each individual's performance and contribution to the Consolidated Entity's performance and the individual's performance in meeting their key performance indicators. The Committee is responsible for reviewing these recommended allocations, determines allocations for key management personnel and recommends to the Board for approval the allocation to the Group Chief Executive Officer.

STI payments are made to eligible employees upon the demonstration of achievement and over-performance against agreed key performance indicators that relate to both financial and non-financial criteria. For the current financial year, the financial key performance indicators include achievement of earnings per security, the achievement of operating profit targets, management profit margins and return on assets. Non-financial measures relevant to the key management personnel include investor satisfaction, internal process improvements, satisfactory internal controls, development and execution of fund strategy, customer satisfaction, successful integration of acquired entities and improved operational efficiency. Achievement of the key performance indicators were used to determine actual STI awarded.

During the current financial year, in relation to successful equity raisings and debt refinancing in Goodman managed funds, debt capital market transactions, delivery of large scale development projects and the successful acquisition and integration of ING Industrial Fund in Australia and Europe, several key management personnel have been awarded STI reflecting their over-performance and contribution.



## Remuneration report – audited (cont)

### (b) Long-term incentive

The LTI provides equity based remuneration through the opportunity to issue either performance rights or options (including cash equivalents in certain jurisdictions). The purpose of LTI is to achieve enhanced alignment of the interests of employees and Securityholders by matching rewards under LTI with the long-term growth and prosperity of Goodman. All employees of Goodman are eligible to participate in LTI.

The Long Term Incentive Plan (LTIP), providing for the issue of performance rights, was approved at the Annual General Meeting on 30 November 2009 and replaced the previous Employee Option Plan. Each performance right issued under the LTIP entitles an employee to acquire a Goodman stapled security for nil consideration subject to the achievement of performance hurdles over a three year period (refer below). In order to derive the full benefits of an award, an employee must remain employed over a five year vesting period. The LTIP also provides for the issue of options, though this has not been utilised to date. If options were to be issued it would entitle an employee to acquire a Goodman stapled security on payment of the exercise price for the option, subject to the vesting conditions having been satisfied.

The Committee considers that performance rights are an effective equity incentive because the perceived value and incentive to the employee remains tangible over the term of the instrument, subject to meeting performance hurdles. This differs from options where there may be a loss of perceived value and incentive to employees where there is little or no difference between the market price and the strike price. The Committee has taken account the greater value of performance rights compared to options when making awards of performance rights.

#### LTI performance hurdles

The LTIP uses two different performance hurdles tested over a three year financial period following the award of performance rights.

One performance hurdle is based on operating EPS. Operating EPS is based on the operating profit available for distribution (refer to page 20) and is determined on a fully diluted basis (having regard to options and exchangeable securities on issue) issued at the time of the Consolidated Entity's recapitalisation. It is assessed by the achievement of an aggregate operating EPS over three consecutive financial years. This hurdle measures the direct contribution of employees to the financial performance of Goodman. Strong performance in operating EPS generally correlates with stronger returns to Securityholders through distributions and security price increases, but this may be impacted by other market factors and conditions.

A further performance hurdle is relative TSR, which aligns vesting outcomes for employees with the returns to Securityholders assessed against a comparator group. Goodman considers that the S&P/ASX 200 index is the most appropriate comparator group on the basis that it is sufficiently broad to include a sample of businesses with geographic diversity and business complexity to compare with the Consolidated Entity's performance. The A-REIT index has not been adopted as the Committee's view is that it does not reflect the breadth of the global funds management and development businesses of the Consolidated Entity and is overly concentrated.

To ensure further long-term alignment and retention, vesting is in three yearly tranches in years three, four and five, assuming that the performance hurdles have been achieved.

After the introduction of a new long-term incentive scheme in the 2010 financial year, the Committee undertook extensive consultation with stakeholders, including employees in all jurisdictions and at different levels of seniority, governance advisers, institutional Securityholders and representatives of retail Securityholders to review its effectiveness.

Consistent feedback from this consultation was that employees should have greater influence over remuneration outcomes in a way that was aligned with Securityholder interests. The Committee took the view that it was appropriate to retain the operating EPS and relative TSR performance hurdles. However, re-weighting the performance hurdles towards EPS created greater employee incentive as the EPS target was considered to be more able to be positively influenced, while TSR is more influenced by factors beyond the employees influence. However, security price performance has an additional importance since it ultimately defines the value of any vested awards.

Accordingly, for the 2011 issue it was considered appropriate to amend the weighting of the performance hurdles so that 75% of each award was tested against operating EPS and 25% against relative TSR. This differs from the previous financial year, which was 50% weighting to each performance hurdle.

## Remuneration report – audited (cont)

A feature of the LTIP award in the 2010 financial year was to incorporate a target and “stretch target” in determining the operating EPS performance hurdle. The stretch target had initially been included to reflect, in part, the volatility and uncertainty in the market and the way the business would respond to this. However, it became apparent that the stretch target undermined the EPS target and created ambiguity. In determining the targets for the vesting conditions and acknowledging the significantly enhanced ability to forecast and budget due to the recovery in the business, the Committee has had the ability to recognise that the target performance can now inherently incorporate a stretch component. As a result of these factors and based on internal and external feedback, the Committee determined that the concept of a single EPS target provided a sufficient, clear and compelling incentive for employees to outperform.

However, as the first award under the LTIP included the stretch target, it has been maintained in relation to that first award but in light of the above, the gap between target and stretch target is reducing.

Under the terms of the LTIP and decisions made by the Board in accordance with the plan, issues of performance rights to employees during the current financial year are subject to the following broad terms and conditions:

- + the exercise of performance rights will be conditional on the Consolidated Entity achieving a TSR in excess of that achieved by 50% of listed entities in the S&P/ASX 200 index and a cumulative operating EPS outcome at least at the target level notified to the market over a three year “testing period”;
- + 100% vesting of the TSR tranche (25% of total) will occur where Goodman achieves a TSR score over three years at or above the 76th percentile of that achieved by S&P/ASX 200 entities; nil vesting will arise if a TSR score at or less than the 50th percentile is achieved; 50% vesting will arise if a TSR score at the 51st percentile is achieved; proportional vesting will arise for scores between the 51st and 75th percentiles;
- + 100% vesting of the EPS tranche (75% of total) will occur if Goodman achieves an aggregate annual EPS target over the three year vesting period; nil vesting applies if the aggregate annual target earnings is not achieved over the three year vesting period;
- + continued employment by the employee (subject to special circumstances e.g. death, total and permanent disability, redundancy or retirement);
- + performance rights lapse on the earlier of approximately five years from the offer or the termination of the employee’s employment (unless such termination is due to special circumstances); and
- + performance rights vest in three equal tranches approximately three, four and five years after grant and following results on 2 September 2013, 1 September 2014 and 1 September 2015.

In addition, under a sub-plan, the majority of Australian based employees are also permitted to receive up to \$1,000 of restricted Goodman stapled securities under guidelines issued by the Australian Tax Office. The allotment of these securities was made under the Goodman Tax Exempt Plan, as approved by the Board.

Non-Executive Directors are not entitled to participate in the LTIP and no performance rights or options over stapled securities have been issued to Non-Executive Directors in the current financial year.

The Board’s policy set out in the Securities Trading Policy is that no Director or employee may enter into any arrangement to limit their exposure to risk in relation to unvested performance rights, options or securities issued under an employee incentive plan. In accordance with their terms of engagement, Directors and employees are required to comply with the Consolidated Entity’s policies.

## Remuneration and past financial performance

Set out below is general discussion of the Board’s remuneration policies and how they relate to the Consolidated Entity’s earnings and the consequences of the Consolidated Entity’s performance on shareholder wealth.

The Consolidated Entity reported an operating profit after tax for the current financial year of \$383.9 million, compared to previous financial year of \$310.0 million, and the 2009 financial year of \$408.1 million.

Historical performance for TSR and EPS over the past five financial years for Goodman is as follows:

		2011	2010	2009	2008	2007
TSR <sup>1</sup> – unaudited	%	16.8	99.2	(86.0)	(50.1)	17.3
EPS <sup>2</sup> – audited	cents	5.7	5.3	17.4	34.0	31.5

1. Based on distributions and the security price movement during each financial year and assumes Securityholders reinvested distributions but did not take up any rights issues. (Source: Bloomberg)

2. Earnings per security is the operating profit available for distribution divided by the weighted average number of securities in issue during the year.

### Remuneration report – audited (cont)

As can be seen from the tables above setting out historical performance for TSR and EPS over the past five financial years for the Consolidated Entity, TSR was negatively impacted, particularly by the financial markets events of the 2009 financial year. With Goodman's strategic initiatives and recapitalisation, announced in August 2009, TSR returns rebounded in the 2010 financial year and EPS was rebased from which a recovery has commenced, evidenced by performance in the current financial year.

The impact of these events and the Consolidated Entity's performance have been taken into account by the Board, the Committee and senior management in determination of remuneration policy and its application in respect of fixed, STI and LTI elements. In summary, in response to greater market uncertainty fixed costs have been kept as tight as reasonably possible, STI has only been paid to senior executives when earnings targets have been met and Securityholders enjoyed positive returns, however, LTI granted in the 2009 and prior financial years will not meet performance conditions.

#### Impact on fixed pay

The Consolidated Entity responded to the increasing market uncertainty and TSR losses that arose in the 2008 and 2009 financial years by putting in place a new strategy addressing the fixed cost element in the business. Since that time key management personnel and other senior executives have not had increases in fixed pay unless a significant change to their role and responsibilities has occurred. Similarly, the Directors have not increased their base fees since the 2007 financial year.

#### Impact on STI

A key determinant of bonus pools for allocation to individuals during the period has been the generation of operating profit to at least the target level. Despite having met the operating profit target, it was determined that no STI should be paid to senior executives for the 2008 financial year having regard to the TSR in that year. Nor was STI paid in the 2009 financial year having regard to operating profit target and TSR.

In the prior financial year and current financial year, the Consolidated Entity has met or exceeded operating profit targets that supported the creation of bonus pools while Securityholders have also benefitted as evidenced by TSR.

#### Impact on LTI

Up until the 2009 financial year the Consolidated Entity used ESAP and options that imposed a return on equity performance hurdle of 12% per annum over the vesting period. As a result of the reduction in earnings in the 2009 financial year and the recapitalisation of the Consolidated Entity it is highly unlikely that any long term incentive award from that year or earlier will vest. This reinforces the integrity of performance based pay outcomes.

Further detail about the prior financial year and current financial year LTI and their relationship with performance is set out below.

#### FY10 LTIP grant

As discussed above, 50% of the FY10 grant is tested against an EPS hurdle and 50% against a TSR hurdle. The performance period for each hurdle is the three years from 1 July 2009 to 30 June 2012 and accordingly the Committee reports on progress for the two completed financial years to date.

In respect of the EPS hurdle, for FY10 the actual EPS was 5.25 cps which was above the target EPS of 5.20 cps but below the stretch target of 5.40 cps. In FY11 the actual EPS was 5.66 cps against a target EPS of 5.50 cps and stretch target EPS of 5.6 cps. Currently the two year aggregate EPS is 10.91 cps against the target EPS over that period of 10.70 cps and stretch target of 11.00 cps. If this was the final assessment it would result in 85% vesting of that 50% tranche. The EPS hurdle is assessed against the aggregate of each of the three financial years so results to date will be added to the FY12 performance for final determination. The target EPS for FY12 is 6.00 cps, which the Board believes is an appropriately challenging requirement.

In respect of the TSR hurdle, the Consolidated Entity is assessed against the ASX/S&P 200 and over the two year period from 1 July 2009 to 30 June 2011, the Consolidated Entity provided a TSR of 52.6% per annum which would place it at the 88th percentile. If this was the final assessment it would result in 100% vesting of that tranche. However, the TSR hurdle is assessed against the performance over the three financial years so the final outcome will depend on the Consolidated Entity's performance against the comparator group in FY12.

#### FY11 LTIP grant

As discussed above, 75% of the FY11 grant is tested against an EPS hurdle and 25% against a TSR hurdle. The performance period for each hurdle is the three years from 1 July 2010 to 30 June 2013 and accordingly the Board reports on progress for the first completed year to date.

### Remuneration report – audited (cont)

In respect of the EPS hurdle, for FY11 the actual EPS was 5.66 cps against a target EPS of 5.50 cps. If the aggregate over the three financial years is above the target over the three financial years, 100% of that tranche will vest. However, this remains subject to meeting the target of 6.00 cps for FY12 and the target to be set for FY13.

In respect of the TSR hurdle, the Consolidated Entity is assessed against the ASX/S&P 200 and over the one year period from 1 July 2010 to 30 June 2011, the Consolidated Entity provided a TSR of 16.8% which would place it at the 58th percentile. If this was the final assessment it would result in 64% vesting of that tranche. However, as noted above, the TSR hurdle is assessed against the performance over the three financial years so the final outcome will depend on the Consolidated Entity's performance against the market in FY12 and FY13.

### Service agreements

#### Senior executives

All employees are engaged under written employment agreements that provide for usual conditions of employment applying in the industry, including the need for compliance with specific policies of the Consolidated Entity such as its Code of Conduct and Human Resource Policies.

Goodman has agreed specific notice of termination periods in the employment contracts of senior executives ranging from 6 to 12 months. Statutory entitlements such as accrued leave are payable in the usual course on termination.

As at the date of signature of the Directors' report, the notice periods of the Group Chief Executive Officer and the named executives are as follows:

	Notice period	
	Company	Employee
<b>Executive Director:</b>		
Mr Gregory Goodman	12 months	12 months
<b>Executives:</b>		
Mr Anthony Rozic	6 months	6 months
Mr Nick Kurtis	6 months	6 months
Mr Nick Vrondas	6 months	6 months
Mr Jason Little	6 months	6 months
Mr Philip Pearce	6 months	6 months
Mr Danny Peeters	12 months	12 months

Consistent with local practice in Belgium, Mr Danny Peeters provides his services through a management company, DPCON Bvba.

#### Non-Executive Directors

Total remuneration payable by Goodman to all Non-Executive Directors in aggregate, must not exceed \$2.5 million per annum being the amount approved by Shareholders at the Annual General Meeting of the Company on 16 November 2006. Remuneration is determined on the basis of advice from external advisers about fees paid to other non-executive directors of comparable companies. Directors' fees for the financial year were \$1.8 million (2010: \$1.8 million) which takes into account amounts paid for committee membership, chairing of committees and compulsory contributions to superannuation. The fees payable to Non-Executive Directors have not increased since 1 July 2007. All Non-Executive Directors must act as a member of at least one Board Committee.

While Non-Executive Directors are not entitled to participate in any STI or LTI schemes, the Consolidated Entity does have a Directors' Securities Acquisition Plan under which Directors are required to accumulate a significant long-term holding of stapled securities equal in value to twice their annual base fees. The value of securities for this purpose equals the higher of purchase cost or market value at the end of each financial year. This holding may be acquired at any time but where not held at the beginning of a financial year, 25% of net base fees during the financial year must be applied to the on-market purchase of securities.

#### Analysis of bonuses included in the remuneration

Details of the Consolidated Entity's policy in relation to the proportion of remuneration that is performance related is discussed on pages 29 to 31. No bonuses were forfeited during the financial year. Bonuses may not be paid in the event that an individual ceases employment through resignation.

## Remuneration report – audited (cont)

### Share based payments included as remuneration

Share based payments in the financial report refer to three types of share schemes that the Consolidated Entity has used since 2005. These schemes are:

- + performance rights over Goodman stapled securities issued under the LTIP. These rights have been issued in both the current and prior financial year.
- + options over Goodman stapled securities issued under the EOP. Options under the EOP were issued to employees in the 2008 to 2009 financial years but the return on equity performance hurdles attached to these options are unlikely to be achieved. No options were granted either during or since the end of the current financial year.
- + Goodman stapled securities issued under the ESAP. As the interest bearing loans granted to employees under the ESAP are limited recourse, the value of this feature of the loan is accounted for as an option. Securities under the ESAP were issued to employees in the 2006 to 2008 financial years but the return on equity performance hurdles attached to these options are unlikely to be achieved. No securities under the ESAP were granted either during or since the end of the current financial year.

### Performance rights over Goodman stapled securities

Details of performance rights under the LTIP that were granted by the Company during the year as compensation to the Executive Director and each of the named executives and details of the performance rights that vested during the current financial year are set out below. These grants relate to performance of the relevant executive in the year ended 30 June 2010.

	Number of performance rights granted	Grant date	Fair value per performance right <sup>1</sup> \$	Expiry date	Number of performance rights vested
<b>Executive Director</b>					
Mr Gregory Goodman	3,653,846	1 Feb 11	0.56	1 Sep 15	–
<b>Executives</b>					
Mr Anthony Rozic	2,400,000	1 Feb 11	0.56	1 Sep 15	–
Mr Nick Kurtis	2,400,000	1 Feb 11	0.56	1 Sep 15	–
Mr Nick Vrontas	1,468,500	1 Feb 11	0.56	1 Sep 15	–
Mr Jason Little	1,000,000	1 Feb 11	0.56	1 Sep 15	–
Mr Philip Pearce	769,231	1 Feb 11	0.56	1 Sep 15	–
Mr Danny Peeters	2,400,000	1 Feb 11	0.56	1 Sep 15	–

1. Fair value determined at the grant date.

Goodman stapled securities are automatically issued to employees when the performance rights vest. Performance rights will expire on termination of the individual's employment (subject to special circumstances). For performance rights granted during the current financial year, the earliest exercise date is 2 September 2013.

No performance rights provided under the LTIP have been granted since the end of the financial year. The Committee intends to make an award under the LTIP to eligible employees in the first quarter of the financial year ending 30 June 2012, in recognition of financial performance in the year ended 30 June 2011. The intended number of performance rights to be awarded to the Group Chief Executive Officer and each of the named executives are as follows:

	Number of performance rights
<b>Executive Director</b>	
Mr Gregory Goodman	4,900,000
<b>Executives</b>	
Mr Anthony Rozic	2,600,000
Mr Nick Kurtis	2,600,000
Mr Nick Vrontas	1,800,000
Mr Jason Little	1,000,000
Mr Philip Pearce	1,000,000
Mr Danny Peeters	2,600,000



## Remuneration report – audited (cont)

### Options over Goodman stapled securities issued under the EOP

All options expire on the earlier of their expiry date or termination of the individual's employment (subject to special circumstances). The options are exercisable in three equal tranches from the end of each of years three, four and five after the grant date. In addition to a continuing employment service condition, the ability to exercise options under the EOP is conditional on Goodman achieving the performance hurdle and as referred to above, these hurdles are unlikely to be achieved.

### Goodman stapled securities issued under the Employee Securities' Acquisition Plan

The offers under the ESAP expire on the earlier of their expiry date or termination of the individual's employment (subject to special circumstances). The securities are exercisable in three equal tranches from the end of each of years three, four and five after the grant date. In addition to a continuing employment service condition, the ability to exercise securities under the ESAP is conditional on Goodman achieving the performance hurdle and as referred to above, these hurdles are unlikely to be achieved.

### Modification of terms of equity settled share based payment transactions

The terms of the Consolidated Entity's share based payments have not been altered or modified by Goodman during the current financial year.

### Exercise of options and rights over Goodman stapled securities

No rights under the LTIP, no options under the EOP and no securities under the ESAP previously granted as compensation were exercised in the financial year by the key management personnel and each of the named executives.

### Analysis of options and rights over Goodman stapled securities

Details of vesting profiles of the performance rights granted under the LTIP as remuneration to the Executive Director and each of the named executives are detailed below:

	Number of performance rights granted	Date performance rights granted	% vested in the year	% vested in prior years	% forfeited in the year	% forfeited in prior years	Financial years in which grant vests
<b>Executive Director</b>							
Mr Gregory Goodman	3,653,846	1 Feb 11	–	–	–	–	2014 – 2016
	3,900,000	14 May 10	–	–	–	–	2013 – 2015
<b>Executives</b>							
Mr Anthony Rozic	2,400,000	1 Feb 11	–	–	–	–	2014 – 2016
	2,604,167	14 May 10	–	–	–	–	2013 – 2015
Mr Nick Kurtis	2,400,000	1 Feb 11	–	–	–	–	2014 – 2016
	2,604,167	14 May 10	–	–	–	–	2013 – 2015
Mr Nick Vrondas	1,468,500	1 Feb 11	–	–	–	–	2014 – 2016
	2,083,333	14 May 10	–	–	–	–	2013 – 2015
Mr Jason Little	1,000,000	1 Feb 11	–	–	–	–	2014 – 2016
	968,750	14 May 10	–	–	–	–	2013 – 2015
Mr Philip Pearce	769,231	1 Feb 11	–	–	–	–	2014 – 2016
	1,145,833	14 May 10	–	–	–	–	2013 – 2015
Mr Danny Peeters	2,400,000	1 Feb 11	–	–	–	–	2014 – 2016
	2,772,177	14 May 10	–	–	–	–	2013 – 2015

In relation to the LTIP the minimum value of securities yet to vest is \$nil as the performance or service criteria may not be met and consequently the securities may not vest. The maximum value of securities yet to vest will depend on the market price of securities on the ASX at the date the right is exercised. However, assuming a price of \$0.705, which was the market price on the ASX at 30 June 2011, the value of securities yet to vest for the Executive Director and each of the named executives is \$21.3 million.

## Remuneration report – audited (cont)

Details of vesting profiles of the options granted under the EOP as remuneration to the Executive Director and each of the named executives are detailed below although the return on equity performance hurdles are unlikely to be achieved.

	Number of options granted	Date options granted	% vested in the year	% vested in prior years	% forfeited in the year	% forfeited in prior years	Financial years in which grant vests <sup>1</sup>
<b>Executive Director</b>							
Mr Gregory Goodman	7,000,000	17 Nov 08	–	–	–	–	2011 – 2013
	2,700,000	26 Nov 07	–	–	–	–	2011 – 2013
<b>Executives</b>							
Mr Anthony Rozic	3,500,000	5 Sep 08	–	–	–	–	2011 – 2013
	1,500,000	19 Oct 07	–	–	–	–	2011 – 2013
Mr Nick Kurtis	3,500,000	5 Sep 08	–	–	–	–	2011 – 2013
	1,500,000	19 Oct 07	–	–	–	–	2011 – 2013
Mr Nick Vrondas	3,000,000	5 Sep 08	–	–	–	–	2011 – 2013
	1,250,000	19 Oct 07	–	–	–	–	2011 – 2013
Mr Jason Little	1,500,000	5 Sep 08	–	–	–	–	2011 – 2013
	500,000	19 Oct 07	–	–	–	–	2011 – 2013
Mr Philip Pearce	1,500,000	5 Sep 08	–	–	–	–	2011 – 2013
	500,000	19 Oct 07	–	–	–	–	2011 – 2013
	500,000	10 Apr 07	–	–	–	–	2010 – 2012
	350,000	14 Jun 06	–	–	–	–	2009 – 2011
Mr Danny Peeters	1,500,000	5 Sep 08	–	–	–	–	2011 – 2013
	200,000	19 Oct 07	–	–	–	–	2011 – 2013
	1,000,000	10 Apr 07	–	–	–	–	2010 – 2012
	1,500,000	13 Oct 06	–	–	–	–	2010 – 2012

Details of vesting profiles of the securities granted under the ESAP as remuneration to the Executive Director and each of the named executives are detailed below although the return on equity performance hurdles are unlikely to be achieved.

	Number of securities granted	Date securities granted	% vested in the year	% vested in prior years	% forfeited in the year <sup>1</sup>	% forfeited in prior years <sup>1</sup>	Financial years in which grant vests
<b>Executive Director</b>							
Mr Gregory Goodman	2,000,000	26 Nov 07	–	–	–	–	2010 – 2012
	2,000,000	22 Nov 06	–	–	100	–	2009 – 2011
	1,955,990	3 Nov 05	–	33	–	67	2008 – 2010
<b>Executives</b>							
Mr Anthony Rozic	1,000,000	10 Apr 07	–	–	–	–	2010 – 2012
	1,000,000	14 Jun 06	–	–	100	–	2009 – 2011
	733,496	3 Nov 05	–	33	–	67	2008 – 2010
Mr Nick Kurtis	950,000	10 Apr 07	–	–	–	–	2010 – 2012
	1,000,000	14 Jun 06	–	–	100	–	2009 – 2011
	733,496	3 Nov 05	–	33	–	67	2008 – 2010
Mr Nick Vrondas	200,000	10 Apr 07	–	–	–	–	2010 – 2012
	1,000,000	13 Apr 06	–	–	100	–	2009 – 2011
Mr Jason Little	400,000	10 Apr 07	–	–	–	–	2010 – 2012
	250,000	14 Jun 06	–	–	100	–	2009 – 2011
	488,998	3 Nov 05	–	33	–	67	2008 – 2010
Mr Philip Pearce	–	–	–	–	–	–	–
Mr Danny Peeters	–	–	–	–	–	–	–

1. The percentage forfeited in the financial year represents the reduction from the maximum number of securities available to vest due to performance hurdles not having been met.

In relation to the EOP and ESAP schemes the maximum value of securities yet to vest will be nil as the performance hurdles relating to each of these schemes are unlikely to be achieved.

## Remuneration report – audited (cont)

### Analysis of movements in options and rights over Goodman stapled securities granted as compensation

The movements during the financial year, by value, of performance rights granted under the LTIP to the Executive Director and each of the named senior executives are detailed below:

<b>Long Term Incentive Plan</b>	<b>Value of performance rights issued in year<sup>1</sup> \$</b>	<b>Value of performance rights exercised in year \$</b>	<b>Value of performance rights lapsed in year \$</b>
<b>Executive Director</b>			
Mr Gregory Goodman	2,062,257	–	–
<b>Executives</b>			
Mr Anthony Rozic	1,354,577	–	–
Mr Nick Kurtis	1,354,577	–	–
Mr Nick Vrondas	828,832	–	–
Mr Jason Little	564,407	–	–
Mr Philip Pearce	434,159	–	–
Mr Danny Peeters	1,354,577	–	–

1. The value of performance rights under the LTIP issued in the financial year was the fair value of the performance rights calculated at grant date using a combination of the standard Black Scholes model with a continuous dividend yield and a Monte Carlo model which simulated total returns for each of the ASX 200 stocks, and discounted the future value of any potential future vesting performance rights to arrive at a present value.

During the financial year, there were no issues or exercises of either options under the EOP or securities granted under the ESAP to the Executive Director and each of the named senior executives. None of the options under the EOP granted to the Executive Director and each of the named senior executives lapsed in the financial year. 100% of the securities granted under the ESAP on 14 June 2006 to the named senior executives and the corresponding grant to the Executive Director on 22 November 2006 were forfeited. The forfeited securities had a value of \$nil as the exercise price of the securities were above their market value at the time of forfeiture.

### Environmental regulations

The Consolidated Entity has policies and procedures in place that are designed to ensure that, where operations are subject to any particular and significant environmental regulation under a law of Australia, those obligations are identified and appropriately addressed. The Directors have determined that there has not been any material breach of those obligations during the financial year.

### Declaration by the Group Chief Executive Officer and Group Chief Financial Officer

The Group Chief Executive Officer and Group Chief Financial Officer declared in writing to the Board that, in their opinion, the financial records of the Consolidated Entity for the year ended 30 June 2011 have been properly maintained and the financial report for the year ended 30 June 2011 complies with accounting standards and presents a true and fair view of the Consolidated Entity's financial condition and operational results. This statement is required annually.

### Indemnification and insurance of officers and auditors

Goodman has insured current and former directors and officers of the Consolidated Entity in respect of directors' and officers' liability and legal expenses. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of those contracts. The auditors of the Consolidated Entity are not indemnified in any way by this insurance cover.

### Non-audit services

During the financial year, KPMG, the Company's auditor, performed certain other services in addition to its statutory duties. The Board has considered the non-audit services provided during the financial year to the Company and its controlled entities by the auditor and, in accordance with written advice authorised by a resolution of the Audit Committee, resolved that it is satisfied that the provision of those non-audit services during the financial year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- + all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- + the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to KPMG and its related practices for the audit and non-audit services provided during the financial year to the Company and its controlled entities are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed.

## Non-audit services (cont)

	Consolidated	
	2011 \$000	2010 \$000
<b>Audit services</b>		
Auditor of the Company:		
– Audit and review of financial reports (KPMG Australia)	1,078.7	943.3
– Audit and review of financial reports (overseas KPMG firms)	766.7	961.7
	<b>1,845.4</b>	<b>1,905.0</b>
<b>Other regulatory services</b>		
– Other regulatory services (KPMG Australia)	64.0	15.0
– Other regulatory services (overseas KPMG firms)	11.0	34.9
<b>Other assurance services</b>		
– Investigative accounting services (KPMG Australia)	487.6	967.0
<b>Taxation services</b>		
– Taxation compliance services (KPMG Australia)	164.4	404.0
– Taxation compliance services (overseas KPMG firms)	189.1	212.7
– Other taxation advice (KPMG Australia)	8.9	17.2
– Other taxation advice (overseas KPMG firms)	142.2	81.5
	<b>1,067.2</b>	<b>1,732.3</b>
<b>Total paid/payable to KPMG</b>	<b>2,912.6</b>	<b>3,637.3</b>
<b>Other auditors</b>		
– Audit and review of financial reports (non-KPMG firms)	80.2	181.9

## Qualifications, experience and special responsibilities of Directors and Company Secretary

### Board of Directors

#### Mr Ian Ferrier, AM – Independent Chairman

Appointed 1 September 2003

Ian was appointed Chairman on 28 July 2009 (having been Acting Chairman from 28 November 2008). Ian is a Fellow of The Institute of Chartered Accountants in Australia and has 46 years of experience in company corporate recovery and turnaround practice. Ian is also a director of a number of private and public companies. He is currently Chairman of InvoCare Limited (since March 2001) and Australian Vintage Ltd (a director since November 1991) and a director of EnergyOne Limited (since January 2007) and Reckon Limited (since August 2004). He was formerly a director of Australian Oil Limited (from May 2005 to January 2009). His experience is essentially concerned with understanding the financial and other issues confronting companies which require turnaround management, analysing those issues and implementing policies and strategies which lead to a successful rehabilitation. Ian has significant experience in property and development, tourism, manufacturing, retail, hospitality and hotels, infrastructure and aviation and service industries.

#### Mr Gregory Goodman – Group Chief Executive Officer

Appointed 7 August 1998

Gregory is responsible for Goodman's overall operations and the implementation of its strategic plan. He has 29 years of experience in the property industry with significant expertise in the industrial property arena. Gregory was a co-Founder of Goodman playing an integral role in establishing its specialist global position in the property market through various corporate transactions, including takeovers, mergers and acquisitions. He is a director of Goodman (NZ) Limited (the manager of the New Zealand Exchange listed Goodman Property Trust), J-REP Co, Ltd, the management companies of Goodman's unlisted funds and many of its subsidiaries.



## Qualifications, experience and special responsibilities of Directors and Company Secretary (cont)

### **Mr John Harkness – Independent Director**

Appointed 23 February 2005

John is a Fellow of The Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. He was a partner of KPMG for 24 years and National Executive Chairman for five years. Since retiring from KPMG in June 2000, John has held a number of non-executive director roles. John is the Chairman of Charter Hall Retail Management Limited (director since August 2003), the management company of Charter Hall Retail REIT. He is also Chairman of the Reliance Rail Group and a director of Sinclair Knight Mertz Management Pty Limited. He was formerly a director of Crane Group Limited (from September 2000 to December 2010) and the Chairman of Lipa Pharmaceuticals Limited (from June 2004 to November 2007). John is President of Northern Suburbs Rugby Football Club Limited, a member of the Territorial Headquarters and Sydney Advisory Board of the Salvation Army and the Chairman of the Sydney Foundation for Medical Research.

### **Mr James Hodgkinson – Non-Executive Director**

Appointed 21 February 2003

James is a senior investment banker with Real Estate specialisation, most recently, as Executive Director of Macquarie Group. James has extensive experience as principal in the establishment, strategy and growth of a number of both listed and unlisted investment vehicles and operating businesses in Australia, Asia and North America. James was also Chief Executive Officer of Macquarie Industrial Trust for six years prior to that trust's merger with GIT. He is a director of J-REP Co, Ltd and Goodman (NZ) Limited, the manager of the New Zealand Exchange listed Goodman Property Trust. James is an alumni director of the Macquarie Foundation and is active in the "not for profit" sector. He has initiated and assisted in the fund raising initiatives and strategic support of a number of community based organisations, including as a Founding Governor of the Cerebral Palsy Foundation and as Founder and Chairman of the Cerebral Palsy Alliance of NSW's 20/Twenty Challenge. James has a Bachelor of Economics, is a Certified Practising Accountant and is a Fellow of the Australian Property Institute.

### **Ms Anne Keating – Independent Director**

Appointed 23 February 2005

Anne is a non-executive director with board positions in a range of industries. She is on the boards of the management companies of the Ardent Leisure Group (since March 1998) and a director of REVA Medical Inc (since October 2010), ClearView Wealth Limited (since November 2010) and GI Dynamics Inc. (since June 2011). Anne was formerly a director of STW Communications Group Limited (from May 1995 to February 2011), as well as Spencer Street Station Redevelopment Holdings Limited and Insurance Australia Group Limited. Anne is also a director of the Garvan Institute of Medical Research, a member of the Advisory Council of RBS Group (Australia) Pty Ltd (formerly ABN AMRO), a Governor of the Cerebral Palsy Foundation and a trustee for the Centennial Park and Moore Park Trust. Her last executive position was as General Manager, Australia for United Airlines for nine years until 2001

### **Mr Phillip Pryke – Independent Director**

Appointed 13 October 2010

Phillip was appointed as an Independent Director on 13 October 2010. He is also a director of Co-Investor Group and Tru-Test Corporation Limited, the Deputy Chairman of the New Zealand Exchange listed Contact Energy Limited and a director of Goodman (NZ) Limited, the manager of the New Zealand Exchange listed Goodman Property Trust. In addition, he is Chairman of ASX listed Digital Performance Group Ltd (since January 2009). Phillip has wide experience in the fishing, energy, financial services, health and technology industries.

### **Mr Jim Sloman, OAM – Independent Director**

Appointed 1 February 2006

Jim has over 40 years of experience in the building and construction industries in Australia and overseas, including experience with Sir Robert McAlpine & Sons in London and Lend Lease Corporation in Australia and as Deputy Chief Executive and Chief Operating Officer of the Sydney Organising Committee for the Olympic Games (SOCOG) from 1997 to 2001. He is a Principal of MI Associates Pty Limited, a company established by him and comprising some of the leading members of the former SOCOG senior management team, that is working as an adviser to both the London 2012 and the Rio de Janeiro 2016 Olympic Games. In addition, Jim is Chairman of Laing O'Rourke Australia Pty Limited and of several of its associated companies and a director ISIS Holdings Pty Limited and of several of its associated companies. Jim was a director of Prime Infrastructure Holdings Limited (from February 2010 to December 2010) and Prime Infrastructure RE Limited (from February 2010 to December 2010) (the management company of Prime Infrastructure Trust). With his range of experience, Jim brings significant property, construction and major projects expertise to Goodman.

## Qualifications, experience and special responsibilities of Directors and Company Secretary (cont)

### Mr Patrick Goodman – Non-Executive Director

Appointed 14 April 1998

Resigned 30 November 2010

Patrick is the Managing Director of Goodman Holdings Group. The diversified interests of Goodman Holdings Group initially focused on direct and indirect property development and have expanded to include the management of a diverse portfolio across sectors covering aviation, food, rural, private and listed equity, infrastructure and financial services globally. Patrick is also a director of companies involved in information technology, property investment and management both in Australasia and the United States. During his 30 year career, he has had considerable public and private company experience both domestically and internationally.

### Ms Diane Grady, AM – Independent Director

Appointed 30 September 2007

Resigned 13 October 2010

Diane has been a full-time non-executive director on various companies since 1994 and is currently a director of Woolworths Limited (since 5 July 1996) and BlueScope Steel Limited (since 10 May 2002) and the Chair of Ascham School Limited. Diane is also a senior adviser to McKinsey & Company. Previously, she was a director of Lend Lease Corporation Limited (from 1994 to 2002), Wattyl Ltd (from 1994 to 2006) and a Trustee of the Sydney Opera House. Prior to becoming an independent director, Diane was a partner with McKinsey & Company where she spent 15 years consulting to clients in a broad range of industries on strategic and organisational issues.

## Company Secretary

### Mr Carl Bicego – Company Secretary

Appointed 24 October 2006

Carl is the Company Secretary of the Company and its Australian subsidiaries, as well as Legal Counsel – Head of Corporate in Australia. He has over 13 years of legal experience in corporate law and joined Goodman from law firm Allens Arthur Robinson in 2006. Carl holds a Masters of Laws and Bachelor of Economics/Bachelor of Laws (Hons).

## 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 Directors' report, that would require adjustment or disclosure in the consolidated 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 42 and forms part of this Directors' report for the financial 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 consolidated financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

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



**Ian Ferrier, AM**  
Independent Chairman

Sydney, 18 August 2011



**Gregory Goodman**  
Group Chief Executive Officer

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

### To: The directors of Goodman Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



**KPMG**



**Stuart Marshall**  
Partner

Sydney, 18 August 2011

as at 30 June 2011

	Note	Consolidated	
		2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Current assets</b>			
Cash	26(a)	227.8	515.1
Receivables	8	226.5	228.0
Inventories	9	216.2	244.3
Current tax receivables	6(c)	0.8	1.1
Other assets	10	11.5	31.7
<b>Total current assets</b>		<b>682.8</b>	<b>1,020.2</b>
<b>Non-current assets</b>			
Receivables	8	186.0	288.5
Inventories	9	268.7	181.9
Other assets	10	31.0	1.0
Investment properties	11	2,924.7	2,797.4
Investments accounted for using the equity method	1, 12	2,597.4	2,304.1
Deferred tax assets	6(d)	13.8	18.0
Other financial assets	13	25.7	69.9
Plant and equipment	14	6.9	12.7
Intangible assets	15	827.9	929.4
<b>Total non-current assets</b>		<b>6,882.1</b>	<b>6,602.9</b>
<b>Total assets</b>		<b>7,564.9</b>	<b>7,623.1</b>
<b>Current liabilities</b>			
Payables	16	214.6	193.0
Current tax payables	6(c)	26.1	25.3
Interest bearing liabilities	17	–	84.1
Employee benefits	18	40.5	32.6
Provisions	19	163.8	125.4
<b>Total current liabilities</b>		<b>445.0</b>	<b>460.4</b>
<b>Non-current liabilities</b>			
Payables	16	156.3	177.7
Interest bearing liabilities	17	1,913.8	2,192.5
Deferred tax liabilities	6(d)	5.6	4.5
Employee benefits	18	17.9	22.9
Provisions	19	12.4	18.5
<b>Total non-current liabilities</b>		<b>2,106.0</b>	<b>2,416.1</b>
<b>Total liabilities</b>		<b>2,551.0</b>	<b>2,876.5</b>
<b>Net assets</b>		<b>5,013.9</b>	<b>4,746.6</b>
<b>Equity attributable to Shareholders</b>			
Issued capital	20	373.8	368.3
Reserves	21	(282.0)	(340.6)
Accumulated losses	22	(334.3)	(215.7)
<b>Total equity attributable to Shareholders</b>		<b>(242.5)</b>	<b>(188.0)</b>
<b>Non-controlling interests</b>			
<b>Equity attributable to Unitholders</b>			
Issued capital	20	6,681.3	6,220.1
Reserves	21	(2,093.0)	(1,980.7)
Retained earnings/(accumulated losses)	22	95.0	(102.9)
<b>Total equity attributable to Unitholders</b>		<b>4,683.3</b>	<b>4,136.5</b>
Other non-controlling interests	23	573.1	798.1
<b>Total equity</b>		<b>5,013.9</b>	<b>4,746.6</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

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

# Consolidated income statement

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for the year ended 30 June 2011

	Note	Consolidated	
		2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Revenue</b>			
Gross property income		225.1	237.4
Fund management income		64.0	76.2
Property services income		56.9	55.8
Development income		210.5	147.2
Income from disposal of inventories		112.8	51.3
Distributions from investments		27.1	26.7
		<b>696.4</b>	<b>594.6</b>
<b>Property and development expenses</b>			
Property expenses		(58.6)	(59.8)
Development expenses		(159.3)	(107.9)
Inventory cost of sales		(103.6)	(39.8)
		<b>(321.5)</b>	<b>(207.5)</b>
<b>Other income</b>			
Net loss from fair value adjustments on investment properties	11	(26.4)	(210.0)
Net gain on disposal of investment properties	5	0.8	2.6
Net gain on disposal of controlled entities	5	17.9	12.3
Share of net results of equity accounted investments	5	174.5	(211.2)
Net gain/(loss) on disposal of equity investments	5	66.6	(15.0)
		<b>233.4</b>	<b>(421.3)</b>
<b>Other expenses</b>			
Employee expenses		(83.6)	(78.2)
Share based payments expense	5, 18(b)	(12.2)	(5.8)
Administrative and other expenses		(53.9)	(66.0)
Impairment losses	5	(47.2)	(145.4)
		<b>(196.9)</b>	<b>(295.4)</b>
<b>Profit/(loss) before interest and tax</b>		<b>411.4</b>	<b>(329.6)</b>
<b>Net finance income/(costs)</b>			
Finance income	5	89.3	41.9
Finance costs	5	(40.2)	(196.0)
<b>Net finance income/(costs)</b>		<b>49.1</b>	<b>(154.1)</b>
<b>Profit/(loss) before income tax</b>		<b>460.5</b>	<b>(483.7)</b>
Income tax expense	6	(7.5)	(1.0)
<b>Profit/(loss) for the year</b>		<b>453.0</b>	<b>(484.7)</b>
Loss attributable to Shareholders		(122.6)	(263.0)
Profit/(loss) attributable to Unitholders		514.6	(274.0)
<b>Profit/(loss) attributable to Securityholders</b>		<b>392.0</b>	<b>(537.0)</b>
Profit attributable to other non-controlling interests		61.0	52.3
<b>Profit/(loss) for the year</b>		<b>453.0</b>	<b>(484.7)</b>
Basic loss per Company share (c)	3	(1.8)	(4.6)
Diluted loss per Company share (c)	3	(1.8)	(4.6)

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

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



# Consolidated statement of comprehensive income

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for the year ended 30 June 2011

	Note	Consolidated	
		2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Profit/(loss) for the year</b>		<b>453.0</b>	<b>(484.7)</b>
<b>Other comprehensive income for the year, net of income tax</b>			
Increase due to revaluation of available for sale equity securities	21(a)	14.3	35.5
Fair value of available for sale equity securities transferred to the income statement on disposal	21(a)	(47.2)	–
Cash flow hedges:			
– Change in value of financial instruments	21(b)	36.1	0.5
– Transfers to the income statement from cash flow hedge reserve	21(b)	42.5	53.8
Effect of foreign currency translation on reserves	21	(173.6)	(193.4)
Share based payments adjustments booked directly to reserves	21(e)	(1.2)	(0.6)
Actuarial gains/(losses) on defined benefit superannuation funds	18(a), 21(f)	1.8	(4.5)
<b>Other comprehensive income for the year, net of income tax</b>		<b>(127.3)</b>	<b>(108.7)</b>
<b>Total comprehensive income for the year</b>		<b>325.7</b>	<b>(593.4)</b>
<b>Attributable to:</b>			
Securityholders		264.7	(645.7)
Other non-controlling interests		61.0	52.3
<b>Total comprehensive income for the year</b>		<b>325.7</b>	<b>(593.4)</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

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

# Consolidated statement of changes in equity

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for the year ended 30 June 2011

Consolidated	Attributable to Securityholders										Non-controlling interests	Total equity
	Note	Issued capital \$M	Asset revaluation reserve \$M	Cash flow hedge reserve \$M	Foreign currency translation reserve \$M	Capital profits reserve \$M	Employee compensation reserve \$M	Defined benefit funds actuarial losses reserve \$M	Accumulated losses restated <sup>1</sup> \$M	Total restated <sup>1</sup> \$M		
<b>Balance at 1 July 2009</b>		<b>5,244.8</b>	<b>(1,521.0)</b>	<b>(235.9)</b>	<b>(62.8)</b>	<b>175.8</b>	<b>(16.0)</b>	<b>(12.3)</b>	<b>(113.8)</b>	<b>3,458.8</b>	<b>318.8</b>	<b>3,777.6</b>
Impact of changes in accounting policies		-	-	-	-	-	-	-	(0.7)	(0.7)	-	(0.7)
<b>Restated balance at 1 July 2009</b>		<b>5,244.8</b>	<b>(1,521.0)</b>	<b>(235.9)</b>	<b>(62.8)</b>	<b>175.8</b>	<b>(16.0)</b>	<b>(12.3)</b>	<b>(114.5)</b>	<b>3,458.1</b>	<b>318.8</b>	<b>3,776.9</b>
<b>Total comprehensive income for the year</b>												
(Loss)/profit for the year	22	-	-	-	-	-	-	-	(537.0)	(537.0)	52.3	(484.7)
Total other comprehensive income for the year		-	153.4	79.5	(351.5)	13.9	(1.3)	(2.7)	-	(108.7)	-	(108.7)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>153.4</b>	<b>79.5</b>	<b>(351.5)</b>	<b>13.9</b>	<b>(1.3)</b>	<b>(2.7)</b>	<b>(537.0)</b>	<b>(645.7)</b>	<b>52.3</b>	<b>(593.4)</b>
Transfers		-	(503.9)	-	-	(46.3)	4.4	-	545.8	-	-	-
<b>Contributions by and distributions to owners</b>												
- Increase due to stapled securities issued to Securityholders	20	1,393.7	-	-	-	-	-	-	-	1,393.7	-	1,393.7
- Issue costs due to stapled securities	20	(50.1)	-	-	-	-	-	-	-	(50.1)	-	(50.1)
- Increase due to convertible preference securities issued to China Investment Corporation (CIC)	23	-	-	-	-	-	-	-	-	-	500.0	500.0
- Issue costs due to convertible preference securities issued to CIC	23	-	-	-	-	-	-	-	-	-	(20.7)	(20.7)
- Distributions declared on stapled securities	7	-	-	-	-	-	-	-	(212.9)	(212.9)	-	(212.9)
- Distributions declared on Goodman PLUS Trust hybrid securities	7	-	-	-	-	-	-	-	-	-	(18.3)	(18.3)
- Distributions declared on convertible preference securities issued to CIC	7	-	-	-	-	-	-	-	-	-	(34.0)	(34.0)
- Equity settled share based payments recognised in the income statement	18(b)	-	-	-	-	-	5.4	-	-	5.4	-	5.4
<b>Restated balance at 30 June 2010</b>		<b>6,588.4</b>	<b>(1,871.5)</b>	<b>(156.4)</b>	<b>(414.3)</b>	<b>143.4</b>	<b>(7.5)</b>	<b>(15.0)</b>	<b>(318.6)</b>	<b>3,948.5</b>	<b>798.1</b>	<b>4,746.6</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

# Consolidated statement of changes in equity (cont)

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for the year ended 30 June 2011

Consolidated	Attributable to Securityholders									Non-controlling interests	Total equity	
	Note	Issued capital	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Capital profits reserve	Employee compensation reserve	Defined benefit funds actuarial losses reserve	Accumulated losses			Total
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Balance at 1 July 2010</b>		<b>6,588.4</b>	<b>(1,871.5)</b>	<b>(156.4)</b>	<b>(414.3)</b>	<b>143.4</b>	<b>(7.5)</b>	<b>(15.0)</b>	<b>(318.6)</b>	<b>3,948.5</b>	<b>798.1</b>	<b>4,746.6</b>
Total comprehensive income for the year												
Profit for the year	22	-	-	-	-	-	-	-	392.0	392.0	61.0	453.0
Total other comprehensive income for the year		-	82.1	92.1	(327.4)	23.0	(1.2)	4.1	-	(127.3)	-	(127.3)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>82.1</b>	<b>92.1</b>	<b>(327.4)</b>	<b>23.0</b>	<b>(1.2)</b>	<b>4.1</b>	<b>392.0</b>	<b>264.7</b>	<b>61.0</b>	<b>325.7</b>
Transfers		-	307.1	-	-	(244.4)	-	-	(62.7)	-	-	-
<b>Contributions by and distributions to owners</b>												
- Issue of stapled securities to Goodman Holdings Group for acquisition of Moorabbin Airport and business park	20, 29	163.4	-	-	-	-	-	-	-	163.4	-	163.4
- Issue costs due to stapled securities	20	(0.2)	-	-	-	-	-	-	-	(0.2)	-	(0.2)
- Conversion of convertible preference securities issued to CIC	20	225.0	-	-	-	-	-	-	-	225.0	(225.0)	-
- Issue of stapled securities on exercise of options by CIC	20	78.5	-	-	-	-	-	-	-	78.5	-	78.5
- Distributions declared on stapled securities	7	-	-	-	-	-	-	-	(250.0)	(250.0)	-	(250.0)
- Distributions declared on Goodman PLUS Trust hybrid securities	7	-	-	-	-	-	-	-	-	-	(22.2)	(22.2)
- Distributions declared on convertible preference securities issued to CIC	7	-	-	-	-	-	-	-	-	-	(38.8)	(38.8)
- Equity settled share based payments recognised in the income statement	18(b)	-	-	-	-	-	10.9	-	-	10.9	-	10.9
<b>Balance at 30 June 2011</b>		<b>7,055.1</b>	<b>(1,482.3)</b>	<b>(64.3)</b>	<b>(741.7)</b>	<b>(78.0)</b>	<b>2.2</b>	<b>(10.9)</b>	<b>(239.3)</b>	<b>4,440.8</b>	<b>573.1</b>	<b>5,013.9</b>

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

# Consolidated cash flow statement

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for the year ended 30 June 2011

	Note	Consolidated	
		2011 \$M	2010 \$M
<b>Cash flows from operating activities</b>			
Property income received		227.6	260.8
Proceeds from disposal of inventories		135.1	28.0
Cash receipts from development activities		218.5	159.8
Other cash receipts from services provided		162.9	138.6
Property expenses paid		(60.7)	(53.0)
Payments for inventories		(135.2)	(36.2)
Payments for development activities		(171.2)	(142.1)
Other cash payments in the course of operations		(171.1)	(130.0)
Dividends/distributions received		130.0	53.7
Interest received		34.8	50.7
Finance costs paid		(75.1)	(124.2)
Net income taxes paid		(1.2)	(10.9)
<b>Net cash provided by operating activities</b>	26(b)	<b>294.4</b>	<b>195.2</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investment properties		14.3	48.7
Proceeds from disposal of controlled entities, net of cash disposed	24	43.9	193.3
Proceeds from disposal of equity investments		206.4	70.0
Payments for equity investments		(447.1)	(134.7)
Payments for investment properties and developments		(171.1)	(159.4)
Payments for plant and equipment		(1.9)	(0.8)
<b>Net cash (used in)/provided by investing activities</b>		<b>(355.5)</b>	<b>17.1</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary securities		78.5	1,393.7
Proceeds from issue of convertible preference securities to CIC		–	500.0
Transaction costs from issue of ordinary securities		(0.2)	(51.7)
Transaction costs from issue of convertible preference securities to CIC		–	(20.7)
Net cash flows from loans to related parties		96.8	(32.1)
Proceeds from borrowings		2,041.7	921.7
Repayments of borrowings		(2,158.9)	(2,508.3)
Distributions paid	7	(284.1)	(142.3)
<b>Net cash (used in)/provided by financing activities</b>		<b>(226.2)</b>	<b>60.3</b>
Net (decrease)/increase in cash held		(287.3)	272.6
Cash at the beginning of the year		515.1	242.5
<b>Cash at the end of the year</b>	26(a)	<b>227.8</b>	<b>515.1</b>

Non-cash operating, investing and financing activities are included in note 26(c).

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

for the year ended 30 June 2011

## 1. Statement of significant accounting policies

Goodman Limited (Company or Parent Entity) is a company domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2011 comprises the Company and its controlled entities (together Goodman or Consolidated Entity) and the Consolidated Entity's interests in associates and joint venture entities.

### Statement of compliance

This consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards adopted by the AASB. The consolidated financial report also complies with IFRS.

The consolidated financial report is presented in Australian dollars and was authorised for issue by the Directors on 18 August 2011.

### Changes in accounting policies

During the year, the Consolidated Entity changed its accounting policy with respect to the recognition of deferred tax liabilities or assets on investment property that is measured using the fair value model. The change was the result of an early adoption of an amendment to AASB 112 *Income Taxes*. Under the amended standard, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Unless the presumption is rebutted, the measurement of the deferred tax liability or asset shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. As the Consolidated Entity does not rebut the presumption of recovery of investment property through sale, the deferred tax liability is determined based on the tax consequences of sale. In prior financial statements, the Consolidated Entity recognised its deferred tax assets and liabilities on the basis that all the economic benefits would be consumed over time rather than through sale.

This change in accounting policy was applied retrospectively and had a positive impact of 0.4 cents on earnings per security for the year ended 30 June 2010. For the year ended 30 June 2010, the effect on the income statement was a change in share of net results of equity accounted investments of \$25.6 million. There was no impact on tax expense as the change only impacted the deferred tax liabilities in the Consolidated Entity's equity accounted investments.

The following table summarises the transitional adjustments made to the balance sheet upon implementation of the new accounting policy:

	Investments accounted for using the equity method \$M	Shareholders and Unitholders accumulated losses/profit or loss \$M
Balance as reported at 1 July 2009	2,662.3	(113.8)
Effect of tax adjustment on 1 July 2009	(0.7)	(0.7)
<b>Restated balance at 30 June 2009</b>	<b>2,661.6</b>	<b>(114.5)</b>
Balance as reported at 30 June 2010	2,279.2	(343.5)
Effect of tax adjustment on 1 July 2009	(0.7)	(0.7)
Effect on profit or loss for the year ended 30 June 2010	25.6	25.6
<b>Restated balance at 30 June 2010</b>	<b>2,304.1</b>	<b>(318.6)</b>

The significant accounting policies which have been adopted in the preparation of the consolidated financial report are set out below:

#### (a) Basis of preparation of the consolidated financial report

The consolidated financial report is prepared on the historical cost basis, subject to any impairment of assets, except that the following assets and liabilities are stated at fair value:

- + investment properties;
- + derivative financial instruments;
- + financial instruments classified as available for sale; and
- + liabilities for cash settled share based payment arrangements.



for the year ended 30 June 2011

## 1. Statement of significant accounting policies (cont)

### (b) Principles of consolidation

#### Accounting for the acquisition of control of Goodman Industrial Trust

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

Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the merger of the Company and GIT, the Company is identified as having acquired control over the assets of GIT. To recognise the in-substance acquisition, the following accounting principles have been applied:

- + no goodwill is recognised on acquisition of GIT because no direct ownership interest was acquired by the Company in GIT;
- + the equity issued by the Company to Unitholders to give effect to the transaction is recognised at the dollar value of the consideration payable by the Unitholders. This is because the issue of shares by the Company was administrative in nature rather than for the purpose of the Company acquiring an ownership interest in GIT; and
- + the issued units of GIT are not owned by the Company and are presented as non-controlling interests in the Consolidated Entity notwithstanding that the Unitholders are also the Shareholders by virtue of the stapling arrangement. Accordingly, the equity in the net assets of GIT has been separately identified in the balance sheet and the profit or loss arising from those net assets has been separately identified in the income statement.

#### Business combinations

All business combinations that occurred on or after 1 July 2004 and on or prior to 30 June 2009 were accounted for by applying the purchase method.

All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method.

For every business combination, the Consolidated Entity identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Consolidated Entity takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control has passed from one party to another.

#### Measuring goodwill

The Consolidated Entity measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Consolidated Entity to the previous owners of the acquiree, and equity interests issued by the Consolidated Entity. Consideration transferred also includes the fair value of any contingent consideration and share based payment awards of the acquiree that are replaced mandatorily in the business combination.

#### Contingent liabilities

A contingent liability of the acquiree is recognised in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

#### Non-controlling interest

The Consolidated Entity measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

#### Transaction costs

Transaction costs that the Consolidated Entity incurs in connection with a business combination, such as legal fees, due diligence fees and other statutory, professional and consulting fees, are expensed as incurred.

#### Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no gain or loss and no goodwill is recognised as a result of such transactions.

## 1. Statement of significant accounting policies (cont)

### (b) Principles of consolidation (cont)

#### Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company at 30 June 2011 and the results of all such entities for the year ended 30 June 2011.

Where an entity either began or ceased to be controlled by the Company during the financial year, the results of that entity are included only from or to the date control commenced or ceased.

#### Associates

Associates are those entities over which the Consolidated Entity exercises significant influence but not control over their financial and operating policies. In the consolidated financial statements, investments in associates are accounted for using the equity method. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. Under this method, the Consolidated Entity's share of post-acquisition gains or losses of associates is recognised in the consolidated income statement and its share of post-acquisition movements in reserves is recognised in consolidated reserves. Cumulative post-acquisition movements in both profit or loss and reserves are adjusted against the cost of the investment.

#### Joint ventures

A joint venture is either an entity or operation that is jointly controlled by the Consolidated Entity.

#### Joint venture entities

In the consolidated financial statements, investments in joint venture entities are accounted for using the equity method. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The Consolidated Entity's share of the joint venture entity's net profit or loss is recognised in the consolidated income statement from the date joint control commences to the date joint control ceases. Other movements in reserves are recognised directly in the consolidated reserves.

#### Joint venture operations and assets

The Consolidated Entity's interests in unincorporated joint ventures and jointly controlled assets are brought to account by including its proportionate share of assets and liabilities and the Consolidated Entity's revenue and expenses from the sale of its goods or services on a line-by-line basis from the date joint control commences to the date joint control ceases.

#### Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Unrealised gains resulting from transactions with associates and joint venture entities, including those relating to contributions of non-monetary assets on establishment, are eliminated to the extent of the Consolidated Entity's interest. Unrealised gains relating to associates and joint venture entities are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence an impairment of an asset.

### (c) Revenue recognition

#### Gross property income

Gross property income comprises rental income entitlements under operating leases, net of incentives provided, plus recoverable outgoings.

Rental income entitlements under operating leases are recognised on a straight-line basis over the term of the lease contract. Where operating lease rental income is recognised relating to fixed increases in rentals in future years, an asset is recognised. This asset is a component of the relevant investment property carrying amount. The cost of lease incentives provided to customers is recognised on a straight-line basis over the life of the lease as a reduction of gross property income.

Recoverable outgoings are recognised as income when the relevant outgoings are recorded as an expense.

for the year ended 30 June 2011

## 1. Statement of significant accounting policies (cont)

### (c) Revenue recognition (cont)

#### Rendering of services

Fee income derived from fund management and property services is recognised progressively as the services are provided. Any performance related fund management income is recognised on attainment of the performance related conditions.

#### Development income

Development income comprises fee income from development management contracts and income from fixed price construction contracts.

Fee income from development management services is recognised progressively as the services are provided in proportion to the stage of completion by reference to costs incurred.

Certain development management arrangements are assessed as being fixed price construction contracts rather than a rendering of services. Revenue and expenses relating to construction contracts are recognised in the income statement in proportion to the stage of completion of the relevant contracts. The stage of completion is assessed by reference to costs incurred to date as a percentage of estimated total costs for each contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

#### Finance income

Interest is recognised on an accruals basis using the effective interest method, and, if not received at balance date, is reflected in the balance sheet as a receivable.

#### Dividends and distributions

Dividend income is recognised when a dividend has been declared and, if not received at balance date, is reflected in the balance sheet as a receivable. Dividends are recognised net of any franking credits.

Distributions are recognised when they are declared by the distributing entities and before deduction of any withholding tax. Any non-recoverable withholding tax is included in income tax.

### (d) Foreign currency translation

#### Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's controlled entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

#### Transactions

Foreign currency transactions are translated to each entity's functional currency at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance date are translated at the rates of exchange ruling on that date. Resulting exchange differences are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost are translated at rates of exchange applicable at the date of the initial transaction. Non-monetary items which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### Translation of controlled foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Australian dollars at foreign exchange rates applicable at the balance date.

Revenue and expenses are translated at weighted average rates for the financial year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal or partial disposal of the operations.

Exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in the foreign currency translation reserve on consolidation.

## 1. Statement of significant accounting policies (cont)

### (d) Foreign currency translation (cont)

#### Exchange rates used

The following exchange rates are the main exchange rates used in translating foreign currency transactions, balances and financial statements to Australian dollars:

Australian dollar to	Weighted average		As at 30 June	
	2011	2010	2011	2010
New Zealand dollar	1.3048	1.2554	1.2953	1.2321
Singapore dollar	1.2783	1.2404	1.3156	1.1831
Hong Kong dollar	7.6968	6.8469	8.3336	6.5923
United States dollar	0.9892	0.8822	1.0739	0.8523
Japanese yen	82.0961	80.7539	86.3300	76.7200
Euro	0.7249	0.6359	0.7405	0.705
British pounds sterling	0.6214	0.5588	0.6667	0.5666

#### Hedges of net investment in foreign operation

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised in the foreign currency translation reserve. The ineffective portion is recognised immediately in profit or loss.

### (e) Intangible assets

All business combinations are accounted for by applying the acquisition method (refer to note 1(b)). The Consolidated Entity measures goodwill arising on a business combination as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

#### Goodwill

Goodwill is stated at cost less any accumulated impairment losses (refer to note 1(m)). No amortisation is provided. Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management. Where the recoverable amount of the reporting unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

In respect of associates and joint venture entities, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss that might arise forms part of this carrying amount.

#### Management rights

As distinct from goodwill, management rights acquired as part of a business combination are recognised if the asset is separable or arises from contractual or other legal rights, and its fair value can be measured reliably. Management rights, including indefinite life contracts to manage assets, are carried at cost less accumulated amortisation and impairment losses. Where management rights are for an indefinite term or where renewal of rights is routinely renewed at minimal cost, no amortisation is provided but the rights are subject to an annual impairment test (refer to note 1(m)). Where management rights are for a finite period, they are amortised on a straight-line basis over that term.

### (f) Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of leasing to produce rental income and/or for capital appreciation. Investment properties are carried at their fair value.

#### Components of investment properties

Land and buildings (including integral plant and equipment) comprising investment properties are regarded as composite assets and are disclosed as such in the consolidated financial report. Investment properties are not depreciated as they are subject to continual maintenance and regularly revalued on the basis described below. Taxation allowances for building, plant and equipment depreciation are claimed by trusts within the Consolidated Entity and are declared as tax deferred components of distributions.

Investment property carrying values include the costs of acquiring the properties and subsequent costs of development, if applicable. Where a contract of purchase includes a deferred payment arrangement, the acquisition value is determined as the cash consideration payable in the future, discounted to present value at the date of acquisition. Costs of development include the costs of all materials used in construction, costs of managing the project, holding costs and borrowing costs incurred during the development period.

for the year ended 30 June 2011

## 1. Statement of significant accounting policies (cont)

### (f) Investment properties (cont)

Amounts provided to customers as lease incentives and assets relating to fixed rental income increases in operating lease contracts are included within investment property values. Lease incentives are amortised over the term of the lease on a straight-line basis. The amortisation is applied to reduce gross property income.

Expenditure on direct leasing and tenancy costs is deferred and included within investment property values. Direct leasing and tenancy costs are amortised over the term of the lease in proportion to the rental income recognised in each financial year.

#### Stabilised investment properties

Stabilised investment properties are completed investment properties that are capable of earning rental income. An independent valuation of stabilised investment properties is obtained at least every three years to use as a basis for measuring the fair value of the properties. The independent registered valuers determine the market value based on market evidence and assuming a willing, but not anxious, buyer and seller, a reasonable period to sell the property, and the property being reasonably exposed to the market.

At each balance date occurring between obtaining independent valuations, the Directors review the carrying value of the Consolidated Entity's investment properties to be satisfied that, in their opinion, the carrying value of the investment properties reflects the fair value of the investment properties at that date. Changes in fair value are recognised directly in the income statement. The net of unrealised revaluations from investment properties is transferred to the asset revaluation reserve from retained earnings.

#### Investment properties under development

Investment properties under development include land, new investment properties in the course of construction and investment properties that are being redeveloped. Property under development for future use as an investment property is measured at fair value.

#### Deposits for investment properties

Deposits and other costs associated with acquiring investment properties that are incurred prior to the Consolidated Entity obtaining legal title are recorded at cost and disclosed as other assets in the balance sheet.

#### Disposal of investment properties

The disposal of an investment property is recognised when the significant risks and rewards of ownership have been transferred. The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the property at the time of the disposal and the proceeds on disposal (less transaction costs and any provision for future rental guarantees) and is included in the income statement in the period of disposal. On disposal, the balance of previously unrealised gains or losses for the individual properties included in the asset revaluation reserve is transferred to the capital profits reserve.

### (g) Plant and equipment

Leasehold improvements and items of plant and equipment are initially recorded at cost and depreciated using the straight-line method over their estimated useful lives to the Consolidated Entity. The estimated useful lives used for each class of asset are as follows:

Plant and equipment	Useful lives
Leasehold improvements	4 to 10 years
Plant and equipment	2 to 15 years

Refer also to note 1(l) in respect of leased plant and equipment.

### (h) Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Consolidated Entity's business. Where property developments are forecast to be completed and sold more than 12 months after the balance sheet date then the inventories are classified as non-current.

Work in progress in relation to land subdivision and development projects includes the costs of acquisition, planning, management and development and holding costs such as interest and taxes. Work in progress is carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

## 1. Statement of significant accounting policies (cont)

### (i) Financial instruments

#### Non-derivative financial assets

The Consolidated Entity initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Consolidated Entity is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Consolidated Entity has legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

#### Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale and that are not classified in any of the previous categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (refer to note 1(m)), are recognised in other comprehensive income and presented in the asset revaluation reserve in equity. When such an asset is derecognised, the cumulative gain or loss in equity is transferred to profit and loss.

Available for sale financial assets comprise investments in equity securities (other financial assets).

#### Non-derivative financial liabilities

The Consolidated Entity initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial liability when the contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Consolidated Entity has legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The Consolidated Entity classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise interest bearing liabilities, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

#### Issued capital

##### Ordinary shares

Ordinary shares of the Company are classified as equity. Incremental costs directly attributable to issues of ordinary shares and options are recognised as a deduction from equity, net of any tax effects.

##### Hybrid securities

Certain controlled entities of GIT have issued hybrid securities that meet the definition of equity for the purpose of the Consolidated Entity. Accordingly, hybrid securities have been classified as equity and presented as other non-controlling interests. Incremental costs directly attributable to the issue of hybrid securities are recognised as a deduction from equity, net of any tax effects.



for the year ended 30 June 2011

## 1. Statement of significant accounting policies (cont)

### (i) Financial instruments (cont)

#### **Derivative financial instruments and hedging**

The Consolidated Entity uses derivative financial instruments to hedge its economic exposure to interest rate and foreign exchange risks arising from operating, investing and financing activities. In accordance with its treasury policy, the Consolidated Entity does not hold or issue derivative financial instruments for speculative trading purposes.

Effective 1 July 2009, the Consolidated Entity amended its financial risk management policy (refer to note 30) such that derivative financial instruments are not designated as a hedge for accounting purposes, and accordingly such derivative financial instruments have movements in their fair value recognised in the income statement.

In prior years, the Consolidated Entity designated derivative financial instruments as a hedge of an anticipated interest transaction only when they would be expected to reduce exposure to the risks being hedged; and were designated prospectively so that it was clear when an anticipated transaction had or had not occurred; and it was probable the anticipated transaction would occur as designated.

#### **Cash flow hedges**

The effective portion of changes in the fair value of derivatives that were previously designated and qualified as cash flow hedges were recognised in the cash flow hedge reserve. The gain or loss relating to any ineffective portion was recognised in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow hedge reserve at that time remains in the reserve and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the cash flow hedge reserve is recognised in the income statement.

### (j) Construction contract receivables

Construction contract receivables, which are presented in receivables in the balance sheet, are stated at cost plus profit recognised to date less an allowance for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred, relating to the Consolidated Entity's construction contract activities based on normal operating activity.

### (k) Finance costs

Expenditure incurred in obtaining debt finance is offset against the principal amount of the interest bearing liability to which it relates, and is recognised as a finance cost on an effective yield basis over the life of the facility or until the facility is significantly modified. Where a facility is significantly modified, any unamortised expenditure in relation to that facility and incremental expenditure incurred in modifying the facility is recognised as a finance cost in the financial year in which the significant modification occurs.

Finance costs relating to a qualifying asset are capitalised as part of the cost of that asset using a weighted average cost of debt. Qualifying assets are assets which takes a substantial time to get ready for their intended use or sale. All other finance costs are expensed using the effective interest rate method.

### (l) Leased assets

Leases under which the Consolidated Entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

#### **Finance leases**

A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **Operating lease payments**

Payments made under operating leases are recognised as an expense on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense and are spread over the term of the lease.

## 1. Statement of significant accounting policies (cont)

### (m) Impairment

#### Non-financial assets

The carrying amounts of the Consolidated Entity's assets (except investment properties, refer to note 1(f); inventories, refer to note 1(h); and deferred tax assets, refer to note 1(p)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset is written down to the recoverable amount. The impairment is recognised in the income statement in the reporting period in which it occurs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation, with any excess recognised through the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the goodwill allocated to cash-generating units (group of units), then to the carrying amount of any identified intangible asset and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

#### Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the financial asset is written down to the present value of the estimated future cash flows discounted at the original effective interest rate, or in the case of an available for sale financial asset, to its fair value. The impairment is recognised in profit or loss in the reporting period in which it occurs.

When a decline in the fair value of an available for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is transferred to the profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

#### Calculation of recoverable amount

The recoverable amount of the Consolidated Entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses, other than those referred to above, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

Where a group of assets working together supports the generation of cash inflows, the recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets, the relevant cash flows are discounted to their present value.

for the year ended 30 June 2011

## 1. Statement of significant accounting policies (cont)

### (n) Assets and liabilities classified as held for sale

Non-current assets that are expected to be recovered through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are measured in accordance with the Consolidated Entity's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount, and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### (o) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability most closely matching the expected future payments. The unwinding of the discount is treated as part of the expense related to the particular provision.

#### **Dividends/distributions payable**

Provisions for dividends/distributions payable are recognised in the reporting period in which the dividends/distributions are declared for the entire undistributed amount regardless of the extent to which they will be paid in cash.

#### **Onerous contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the Consolidated Entity from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Consolidated Entity recognises any impairment loss on the assets associated with that contract.

#### **Rental guarantees**

A provision for rental guarantees is recognised when it is expected that the Consolidated Entity will be obliged to make payments in the future to meet rental income targets guaranteed to third parties under the terms of asset disposal contracts. The provision is measured at the present value of the estimated future payments.

### (p) Income tax

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not accounted for:

- + goodwill;
- + the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- + differences relating to investments in controlled entities to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax assets or liabilities in respect of investment properties held at fair value are calculated on the presumption that the carrying amount of the investment property will be recovered through sale.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from dividends/distributions are recognised at the same time as the liability to pay the related dividends/distributions.

## 1. Statement of significant accounting policies (cont)

### (p) Income tax (continued)

#### **GIT**

Under current Australian income tax legislation, GIT is not liable for income tax, including capital gains tax, provided that Securityholders are presently entitled to the distributable income of GIT as calculated for trust law purposes. Tax allowances for building and plant and equipment depreciation are distributed to Securityholders in the form of tax deferred components of distributions. Any taxable capital gains are distributed.

### (q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST (or value added tax in certain jurisdictions), unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

### (r) Segment reporting

The Consolidated Entity reports the results and financial position of its operating segments 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.

An operating segment is a component of the Consolidated Entity that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are regularly reviewed by the Group Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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 fair value adjustments and impairments, interest and tax expense, interest bearing receivables and payables, derivative financial instruments, provision for distributions to Securityholders, provisions for distributions on hybrid securities, corporate assets, head office expenses and income tax assets and liabilities.

Comparative segment information has been restated in accordance with changes to the determination of reportable segments, reflecting current internal management reporting.

### (s) Employee benefits

#### **Wages, salaries and annual leave**

Liabilities for wages and salaries, including non-monetary benefits, and annual leave that are expected to be settled within 12 months of the balance date represent present obligations resulting from employees' services provided to the balance date. These are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at balance date including related on-costs, such as workers' compensation insurance and payroll tax.

#### **Long-term service benefits**

The Consolidated Entity's net obligation in respect of long-term service benefits, other than defined benefit superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior financial years. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted to reflect the estimated timing of benefit payments.

#### **Defined contribution superannuation funds**

Obligations for contributions to defined contribution superannuation funds are recognised as an expense as incurred.

#### **Defined benefit superannuation funds**

A liability or asset in respect of a defined benefit superannuation fund is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the balance date less the fair value of the superannuation fund's assets at that date. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the balance date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

for the year ended 30 June 2011

## 1. Statement of significant accounting policies (cont)

### (s) Employee benefits (cont)

Expected future payments are discounted using market yields at the balance date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited directly to equity.

### Share based payment transactions

The fair value of rights and options over stapled securities at the grant date is expensed with a corresponding increase in the employee compensation reserve. The share based payments expense is calculated over the period to the vesting date and is adjusted to reflect the actual number of rights or options for which the related service and non-market vesting conditions are expected to be met. The fair values of rights and options are measured at grant date using a combination of Monte Carlo simulations and binomial pricing models.

Prior to 30 June 2008, the Consolidated Entity offered Australian based employees the opportunity to participate in the Employee Securities Acquisition Plan (ESAP). This policy was changed following the implementation by the Australian Government of regulatory changes that facilitated Australian employees of stapled groups being offered rights or options over stapled securities. Under the terms of the ESAP, because of the limited recourse nature of certain loans provided to employees in respect of securities granted to them, the value of the limited recourse feature of those loans was required to be accounted for as an option.

On consolidation, the cost of the ESAP securities is recognised as treasury securities. These securities are treated as ordinary issued securities only when these securities under the ESAP have been exercised.

### (t) Earnings per Company share/security

The Consolidated Entity presents basic and diluted earnings per Company share on the face of the income statement. Basic earnings per Company share is calculated by dividing the profit or loss attributable to the Shareholders by the weighted average number of Company shares outstanding during the period. Diluted earnings per Company share is determined by adjusting the profit or loss attributable to the Shareholders and weighted average number of Company shares outstanding for all dilutive potential Company shares, which comprise performance rights issued under the Long Term Incentive Plan and securities contingently issuable on conversion of hybrid securities.

As stated in note 1(b), the issued units of GIT are presented as a non-controlling interest, and therefore the profit attributable to GIT is excluded from the calculation of basic and diluted earnings per Company share presented on the face value of the income statement. Therefore, the Directors also disclose a basic and diluted earnings per stapled security in note 3 to the consolidated financial report.

### (u) Parent Entity financial information

The financial information for the Parent Entity, Goodman Limited, disclosed in note 32 has been prepared on the same basis as the consolidated financial statements, except as set out below:

### Investments in controlled entities, associates and joint venture entities

Investments in controlled entities, associates and joint venture entities are accounted for at cost in the financial statements of Goodman Limited. Dividends received from associates and joint venture entities are recognised in the Parent Entity's income statement, rather than being deducted from the carrying amount of these investments.

### Tax consolidation

The Company is the head entity in a tax consolidated group comprising all Australian wholly-owned subsidiaries (this excludes GIT and its controlled entities). The head entity recognises all of the current tax assets and liabilities of the tax consolidated group (after elimination of intra-group transactions).

The tax consolidated group has entered into a tax funding arrangement that requires wholly-owned subsidiaries to make contributions to the head entity for current tax assets and liabilities arising from external transactions during the financial year. Under the tax funding arrangements, the contributions are calculated on a "stand-alone basis" so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly-owned subsidiaries within the tax consolidated group. The timing of contributions reflects the timing of the head entity's obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding arrangement are recognised as inter-company assets and liabilities with a consequential adjustment to income tax expense/revenue.

## 1. Statement of significant accounting policies (cont)

### Financial guarantees

Where the Parent Entity has provided financial guarantees in relation to loans and payables of controlled entities for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

### (v) Rounding

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

### (w) Australian Accounting Standards issued but not yet effective

As at the date of this consolidated financial report, the following new Australian Accounting Standards which are expected to have significant effect on the Consolidated Entity's financial statements were available for early adoption at 30 June 2011 but have not been applied in preparing these financial statements:

- + AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Consolidated Entity's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if Goodman adopts the standard for the financial year ending 30 June 2012 or earlier. The Consolidated Entity has not yet determined the potential effect of the standard;
- + AASB 10 *Consolidated Financial Statements* introduces a new approach to determining which investees should be consolidated. AASB 10 will become mandatory for the Consolidated Entity's 30 June 2014 financial statements and retrospective application is required. The standard may result in the requirement for certain of the Consolidated Entity's investments in associated undertakings to be consolidated as controlled entities but the effect has not yet been determined; and
- + AASB 13 *Fair Value Measurement* defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. AASB 13 will become mandatory for the Consolidated Entity's 30 June 2014 financial statements. The Consolidated Entity has not yet determined the potential effect of the standard.



for the year ended 30 June 2011

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

The preparation of consolidated 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. The accounting impacts of revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### (a) Investment property values

#### Stabilised investment properties

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

#### Approach to determination of fair value

The approach to determination of fair value of investment properties is applied to both properties held directly on Goodman's balance sheet and properties within funds managed by Goodman.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external, independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. In making the determination of whether a market segment is active, the following characteristics are considered:

- + function of the asset (distribution/warehouse or suburban office);
- + location of asset (city, suburb or regional area);
- + carrying value of asset (categorised by likely appeal to private investors (including syndicates), national and institutional investors); and
- + categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. Unless three or more sales are observed in an individual market segment (taken together with any comparable market segments as necessary), that market segment is considered inactive.

Where a market segment is observed to be active, then external, independent valuations are performed for stabilised properties where there has been more than a 25 basis point movement in capitalisation rates and/or there has been a material change in tenancy profile and/or there has been significant capital expenditure and/or it has been three years since the previous external, independent valuation. For all other stabilised properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

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

#### Market assessment

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

At 30 June 2010, adjustments were made to the carrying value of stabilised investment properties arising from internal valuations using DCF calculations for properties held directly on Goodman's balance sheet in Australia and Continental Europe only.

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

### (a) Investment property values (cont)

The weighted average cap rates for those properties valued externally at 30 June 2011 and the overall weighted average cap rates for the portfolio (including managed funds) are set out in the table below:

Division	Weighted average cap rate for external valuations at 30 June <sup>1</sup>		Total portfolio weighted average cap rate	
	2011 %	2010 %	2011 %	2010 %
Australia	8.1	8.0	8.2	8.2
New Zealand	8.6	n/a	8.6	8.6
Hong Kong	6.1	6.7	6.1	6.9
China	n/a <sup>2</sup>	n/a	8.7	9.2
Japan	5.6	6.1	5.8	6.1
Logistics – Continental Europe	7.7	7.9	7.7	7.9
Logistics – United Kingdom	8.3	7.5	8.2	8.0
Business Parks – United Kingdom	7.6	7.6	7.6	7.6

1. This represents the average capitalisation rate for external valuations in the quarter ended 30 June 2011.

2. No external valuations were performed in the quarter ended 30 June 2011.

At 30 June 2011, the carrying value of stabilised investment properties held by the Consolidated Entity was \$2,408.5 million (2010: \$2,295.6 million).

### Investment properties under development

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

At 30 June 2011, the carrying value of investment properties under development held by the Consolidated Entity was \$516.2 million (2010: \$501.8 million).

### (b) Inventories

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

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

At 30 June 2011, the carrying value of inventories held by the Consolidated Entity was \$484.9 million (2010: \$426.2 million).

### (c) Intangible assets

The Consolidated Entity recognises both indefinite life management rights and goodwill in its balance sheet. At 30 June 2011, the carrying values of management rights and goodwill held by the Consolidated Entity were respectively \$229.7 million (2010: \$285.4 million) and \$598.2 million (2010: \$644.0 million). Details of key assumptions are set out in note 15.

Management rights represent the cost less impairment of direct and indirect asset management arrangements. The carrying values of these assets are assessed annually taking into account uncertain future events, including the period over which the future fee income streams continue to be received, the likelihood of renewal at minimal cost of contractual agreements to manage funds, and the future financial performance of the entities which generate those future fee income streams.

Goodwill carried by the Consolidated Entity represents the excess of the purchase price paid to acquire control over entities or groups of entities over the fair value of the net assets acquired. The carrying value of these assets is reviewed annually for impairment. The value is dependent on the assessment of uncertain future events, including the future profitability of the businesses acquired.

for the year ended 30 June 2011

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

### (d) Equity accounted investments

At 30 June 2011, the Consolidated Entity had a 50% investment in a joint venture entity, Macquarie Goodman Japan Pte Ltd (MGJ), which in turn had a 72% (2010: 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 but subsequently completed a restructuring of its business. MGJ acquired a further 20% of the shares in J-REP in December 2010 and at 30 June 2011 management re-assessed the carrying value of the Consolidated Entity's investment in MGJ based on a value in use calculation using a discount rate of 10.26% per annum (2010: 9.52% per annum). The key assumption used in the value in use calculation was that further equity of ¥58 billion will be raised by the fund over the period to March 2016, which will result in a fund size of ¥85 billion (by equity) at 31 March 2016. Given the impact of the earthquake and tsunami on the Japanese economy, this assumption was revised down from the prior financial year assumption that the fund size (by equity) at the end of the five year forecast period (31 March 2015) would be ¥95 billion.

At 30 June 2011, the carrying value of the investment in MGJ was A\$114.9 million (2010: A\$108.6 million), which was net of an impairment loss of A\$nil (2010: A\$28.7 million). The table below sets out the sensitivity of the fair value to the amount of equity raised in the next five years:

Sensitivity	Impact on fair value of investment in MGJ	
	2011 \$M	2010 \$M
10% reduction in new equity raised in each of the next five years	(3.4)	(1.4)
10% reduction in new equity raised in the next 12 months	(0.9)	–
50% reduction in new equity raised in the next five years	(17.2)	(20.2)
100 basis point increase in the discount rate per annum	(4.9)	(1.6)

## 3. (Loss)/profit per Company share/per security

Note	Consolidated		
	2011 ¢	2010 Restated <sup>1</sup> ¢	
<b>Loss per Company share</b>			
Basic loss per Company share	3(a)	(1.8)	(4.6)
Diluted loss per Company share	3(a)	(1.8)	(4.6)
<b>Profit/(loss) per security</b>			
Basic profit/(loss) per security	3(a)	5.9	(9.5)
Diluted profit/(loss) per security	3(a)	5.6	(9.5)
<b>Distribution per security</b>	3(b)	<b>3.5</b>	<b>3.4</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

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

Note	Consolidated		
	2011 \$M	2010 Restated <sup>1</sup> \$M	
<b>Loss per Company share</b>			
Loss after tax used in calculating basic and diluted loss per Company share	22	(122.6)	(263.0)
<b>Profit/(loss) per security</b>			
Profit/(loss) after tax used in calculating basic profit/(loss) per security	22	392.0	(537.0)
Distribution on Goodman PLUS Trust hybrid securities and CIC convertible preference securities	7	61.0	–
<b>Profit/(loss) after tax used in calculating diluted profit/(loss) per security</b>		<b>453.0</b>	<b>(537.0)</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

### 3. (Loss)/profit per Company share/per security (cont)

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

	Number of securities	
	2011	2010
Weighted average number of securities used in calculating basic profit/(loss) per security and distribution per security	<b>6,651,586,305</b>	<b>5,668,279,723</b>
Effect of performance rights on issue	42,046,947	–
Effect of conversion of Goodman PLUS Trust hybrid securities and CIC convertible preference securities and CIC options	1,461,262,420	–
Weighted average number of securities used in calculating diluted profit/(loss) per security	<b>8,154,895,672</b>	<b>5,668,279,723</b>
	Number of securities	
	2011	2010
Weighted average number of securities used in calculating basic and diluted loss per Company share	<b>6,651,586,305</b>	<b>5,668,279,723</b>

As at 30 June 2011, 36,322,476 securities (2010: 36,322,476 securities) granted under the ESAP and 130,813,500 options (2010: 138,321,445 options) issued under the Executive Option Plan (EOP) were anti-dilutive and therefore excluded from the calculation of both the diluted loss per Company share and the diluted profit/loss per security.

As at 30 June 2011, the following performance rights and contingently issuable securities are potentially dilutive in future periods:

- + 87,292,742 equity settled performance rights granted to employees under the LTIP;
- + securities contingently issuable on conversion of Goodman PLUS Trust hybrid securities; and
- + securities contingently issuable on conversion of CIC convertible preference securities.

#### (b) Dividends per Company share and distributions per security

No dividends were declared or paid by the Company during the financial year (2010: \$nil). Total distributions for the financial year declared by GIT were 3.5 cents per security (2010: 3.4 cents per security). Details of the dates of payment are set out in note 7.

### 4. Segment reporting

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

The activities and services undertaken by the divisions include:

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

The Consolidated Entity previously reported three segments as defined by AASB 8 Operating Segments, namely Australia, Continental Europe and the United Kingdom as the other divisions in Asia Pacific did not meet the quantitative requirements, either individually or collectively, to require separate disclosure as reportable segments. During the current financial year, the Consolidated Entity has reassessed its internal reporting such that:

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

As a consequence, the segment reporting for the prior year has been restated so that it is aligned with the segment reporting in the current financial year.

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

for the year ended 30 June 2011

## 4. Segment reporting (cont)

## Information about reportable segments

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Total	
	2011	2010 Restated <sup>1</sup>	2011	2010 Restated <sup>1</sup>	2011	2010	2011	2010	2011	2010 Restated <sup>1</sup>
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Income statement</b>										
<b>External revenues</b>										
Gross property income	198.0	195.1	0.1	2.3	4.5	8.0	22.5	32.0	225.1	237.4
Fund management income	28.0	36.2	12.9	13.6	13.6	14.5	9.5	11.9	64.0	76.2
Property services income	22.9	21.2	5.4	4.9	8.7	8.4	19.9	21.3	56.9	55.8
Development income	75.2	55.2	4.4	5.9	77.5	80.2	53.4	5.9	210.5	147.2
Income from disposal of inventories	80.1	7.5	–	–	–	–	32.7	43.8	112.8	51.3
Distributions from investments	4.2	1.8	–	–	3.3	2.9	19.6	22.0	27.1	26.7
<b>Total external revenues</b>	<b>408.4</b>	<b>317.0</b>	<b>22.8</b>	<b>26.7</b>	<b>107.6</b>	<b>114.0</b>	<b>157.6</b>	<b>136.9</b>	<b>696.4</b>	<b>594.6</b>
<b>Reportable segment profit before depreciation and amortisation</b>										
Amortisation and depreciation	(3.6)	(4.0)	(0.3)	(0.5)	(0.8)	(0.9)	(1.1)	(2.9)	(5.8)	(8.3)
<b>Reportable segment profit before tax</b>	<b>292.8</b>	<b>266.6</b>	<b>92.1</b>	<b>31.1</b>	<b>60.3</b>	<b>59.8</b>	<b>67.2</b>	<b>72.4</b>	<b>512.4</b>	<b>429.9</b>
<b>Other material non-cash items not included in reportable segment profit before tax</b>										
Net gain/(loss) from fair value adjustments on investment properties	6.3	(92.6)	(8.2)	(3.4)	(2.9)	(32.3)	(21.6)	(81.7)	(26.4)	(210.0)
Share of net gain/(loss) from fair value adjustments in investment properties in equity accounted investments	22.8	(141.8)	52.0	(12.3)	(2.8)	(91.5)	(8.6)	(37.7)	63.4	(283.3)
Impairment losses	(5.3)	(33.9)	2.1	(33.0)	(12.0)	(71.0)	(32.0)	(7.5)	(47.2)	(145.4)
<b>Other key components of financial performance included in reportable segment profit/(loss) before tax</b>										
Net gain/(loss) on disposal of investment properties	0.2	1.5	–	–	(0.4)	0.8	1.0	0.3	0.8	2.6
Net gain on disposal of controlled entities	–	–	2.7	–	15.2	9.3	–	3.0	17.9	12.3
Share of net results of equity accounted investments	84.5	(82.0)	71.0	(2.5)	17.5	(69.9)	1.5	(56.8)	174.5	(211.2)
Net gain/(loss) on disposal of equity investments	12.8	(15.1)	57.6	0.1	(3.8)	–	–	–	66.6	(15.0)
	2011	2010 Restated <sup>1</sup>	2011	2010 Restated <sup>1</sup>	2011	2010	2011	2010	2011	2010 Restated <sup>1</sup>
<b>Balance sheet</b>										
<b>Reportable segment assets</b>	<b>4,217.4</b>	<b>3,682.9</b>	<b>675.6</b>	<b>753.2</b>	<b>1,217.7</b>	<b>1,161.0</b>	<b>1,292.6</b>	<b>1,553.8</b>	<b>7,403.3</b>	<b>7,150.9</b>
Investments in equity accounted investments (included in reportable segment assets)	1,617.7	1,270.8	328.3	391.4	339.9	306.6	311.5	335.3	2,597.4	2,304.1
Total non-current assets	4,117.5	3,534.8	478.4	709.0	1,149.2	1,085.1	1,061.3	1,251.3	6,806.4	6,580.2
Capital expenditure	68.5	44.2	10.7	2.2	40.7	8.1	37.5	128.7	157.4	183.2
<b>Reportable segment liabilities</b>	<b>(55.6)</b>	<b>(44.0)</b>	<b>(32.9)</b>	<b>(6.4)</b>	<b>(78.9)</b>	<b>(43.4)</b>	<b>(44.6)</b>	<b>(102.3)</b>	<b>(212.0)</b>	<b>(196.1)</b>

1. The comparative figures have been restated to reflect changes in accounting policies and the classification of segments. Details of the change in accounting policies are set out in note 1 of the consolidated financial report. Details of changes to the classification of segments are set out on page 65.

## 4. Segment reporting (cont)

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

	2011	2010
	\$M	Restated' \$M
<b>Revenues</b>		
Total revenue for reportable segments	696.4	594.6
<b>Consolidated revenues</b>	<b>696.4</b>	<b>594.6</b>
<b>Profit or loss</b>		
Total profit for reportable segments	512.4	429.9
Other non-cash items not included in reportable segment profit	(45.7)	(707.1)
Unallocated amounts: other corporate expenses	(43.1)	(46.6)
Share based payments expense	(12.2)	(5.8)
Net finance income/(costs) – refer to note 5	49.1	(154.1)
<b>Consolidated profit/(loss) before income tax</b>	<b>460.5</b>	<b>(483.7)</b>
<b>Assets</b>		
Total assets for reportable segments	7,403.3	7,150.9
Other unallocated amounts	161.6	472.2
<b>Consolidated total assets</b>	<b>7,564.9</b>	<b>7,623.1</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	(212.0)	(196.1)
Interest bearing liabilities	(1,913.8)	(2,276.6)
Distribution payable	(147.2)	(120.3)
Other unallocated amounts	(278.0)	(283.5)
<b>Consolidated total liabilities</b>	<b>(2,551.0)</b>	<b>(2,876.5)</b>

1. The comparative figures have been restated to reflect changes in accounting policies and the classification of segments. Details of the change in accounting policies are set out in note 1 of the consolidated financial report. Details of changes to the classification of segments are set out on page 65.



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## 5. Profit/(loss) before income tax

	Consolidated	
	2011	2010
	\$M	Restated <sup>1</sup> \$M
<b>Profit/(loss) before income tax has been arrived at after crediting/(charging) the following items:</b>		
Net consideration from disposal of investment properties	34.4	55.0
Carrying value of investment properties disposed – refer to note 11	(33.6)	(52.4)
<b>Net gain on disposal of investment properties</b>	<b>0.8</b>	<b>2.6</b>
Net consideration received and receivable from the disposal of controlled entities	43.9	193.3
Carrying value of net assets disposed	(26.0)	(181.0)
<b>Net gain on disposal of controlled entities</b>	<b>17.9</b>	<b>12.3</b>
Share of net results of investments in associates – refer to note 12(a)	155.8	(182.9)
Share of net results of investments in joint venture entities – refer to note 12(b)	18.7	(28.3)
<b>Share of net results of equity accounted investments</b>	<b>174.5</b>	<b>(211.2)</b>
Net consideration from the disposal of equity investments	258.9	67.6
Carrying value of equity investments disposed	(188.5)	(82.6)
Loss on dilution of investment in associate – refer to note 12(a)	(3.8)	–
<b>Net gain/(loss) on disposal of equity investments</b>	<b>66.6</b>	<b>(15.0)</b>
Equity settled share based payments expense	(10.9)	(5.4)
Cash settled share based payments expense	(0.8)	(0.4)
Other share based payment related costs	(0.5)	–
<b>Share based payments expense</b>	<b>(12.2)</b>	<b>(5.8)</b>
Amortisation of leasehold improvements – refer to note 14	(0.4)	(2.0)
Depreciation of plant and equipment – refer to note 14	(5.4)	(6.3)
<b>Total amortisation and depreciation</b>	<b>(5.8)</b>	<b>(8.3)</b>
Impairment of receivables – refer below	(6.1)	(43.9)
Impairment of inventories – refer to note 9	(14.9)	(8.9)
Impairment of other assets – refer below	–	(3.8)
Impairment of equity accounted investments – refer to note 12	(3.2)	(29.1)
Impairment of other financial assets – refer below	(4.0)	(33.5)
Impairment of intangible assets – refer to note 15	(19.0)	(26.2)
<b>Total impairment losses</b>	<b>(47.2)</b>	<b>(145.4)</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

**Impairment losses**

The impairment losses on receivables, other assets and other financial assets relate to the following items:

**(i) Receivables**

The impairment loss relates to loans provided to certain joint venture entities to fund specific development projects. The impairment is a result of a devaluation of the development asset in the joint venture entity.

**(ii) Other assets**

In the prior financial year, the impairment loss relates to the write off of property related costs following the Consolidated Entity's decision to withdraw from certain projects.

**(iii) Other financial assets**

In the current and prior financial year, the impairment loss relates to the fair value adjustment arising on the investment in Goodman European Business Parks Fund (GEBPF).

## 5. Profit/(loss) before income tax (cont)

### Net financing costs

	Consolidated	
	2011 \$M	2010 \$M
<b>Finance income</b>		
Interest income from:		
– Related parties	14.5	17.4
– Other parties	8.6	24.5
Fair value adjustments on derivative financial instruments <sup>1</sup>	66.0	–
Foreign exchange gain	0.2	–
	<b>89.3</b>	<b>41.9</b>
<b>Finance costs</b>		
Interest expense from third party loans, overdrafts and derivatives	(102.4)	(124.8)
Debt restructuring costs <sup>2</sup>	–	(59.1)
Other borrowing costs	(12.0)	(8.4)
Fair value adjustments on derivative financial instruments <sup>1</sup>	–	(75.4)
Foreign exchange loss	–	(0.3)
Capitalised borrowing costs <sup>3</sup>	74.2	72.0
	<b>(40.2)</b>	<b>(196.0)</b>
<b>Net finance income/(costs)</b>	<b>49.1</b>	<b>(154.1)</b>

1. Includes both the fair value movements on derivatives where the hedge relationship has not been designated and amortisation from the cash flow hedge reserve of gains or losses on derivative contracts that were previously hedge accounted (refer to note 21(b)). The remaining balance included in the cash flow hedge reserve that relates to derivative contracts that were previously hedge accounted will be amortised over future periods.
2. During the prior financial year, the Consolidated Entity completed a number of financing initiatives. The costs associated with these initiatives of \$59.1 million included advisers' fees, arrangers' fees, commitment fees, internal salary costs and write off of the unamortised fees that had previously been capitalised to modified facilities.
3. Borrowing costs were capitalised to inventories and investment properties under development during the financial year at rates between 1.8% and 9.1% per annum (2010: 1.3% and 9.4% per annum).

## 6. Income tax expense

	Consolidated	
	2011 \$M	2010 \$M
<b>Current tax expense recognised in the income statement</b>		
Current year	(7.3)	(28.4)
Adjustment for prior periods	3.1	4.8
	<b>(4.2)</b>	<b>(23.6)</b>
<b>Deferred tax (expense)/benefit recognised in the income statement</b>		
Origination and reversal of temporary differences	(0.9)	38.0
Derecognition of previously recognised tax losses	(2.4)	(15.4)
	<b>(3.3)</b>	<b>22.6</b>
<b>Total income tax expense</b>	<b>(7.5)</b>	<b>(1.0)</b>

for the year ended 30 June 2011

## 6. Income tax expense (cont)

	Consolidated	
	2011	2010
	\$M	Restated' \$M
<b>(a) Income tax expense</b>		
Profit/(loss) before income tax	460.5	(483.7)
Prima facie income tax expense/benefit calculated at 30% (2010: 30%) on the profit/(loss) before income tax	(138.2)	145.1
Decrease/(increase) in income tax due to:		
– Profit/(loss) attributable to Unitholders	178.1	(54.8)
– Current year losses for which no deferred tax asset was recognised	(30.6)	(28.0)
– Non-deductible impairment losses	(1.0)	(29.0)
– Non-deductible losses from share of results of equity accounted investments	3.7	(12.6)
– Non-deductible fair value adjustments on investment properties	–	(23.2)
– Non-deductible interest expense	(8.2)	(12.4)
– Other non-deductible items	–	(0.4)
– Non-assessable interest income	2.4	2.7
– Non-assessable option expense	(3.5)	(1.7)
– Other non-assessable income	–	11.2
– Derecognition of previously recognised deferred taxes	–	(1.1)
– Difference in overseas tax rates	(14.7)	(1.6)
– Adjustment for current tax in prior periods	4.5	4.8
<b>Income tax expense attributable to profit/(loss)</b>	<b>(7.5)</b>	<b>(1.0)</b>
	–	–
<b>(b) Deferred tax (expense)/benefit recognised directly in equity</b>		
Equity issue costs	0.4	1.4
Defined benefits pension scheme	(0.9)	1.9
	<b>(0.5)</b>	<b>3.3</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

	Consolidated	
	2011	2010
	\$M	\$M
<b>(c) Current net tax payable</b>		
Net balance at the beginning of the year	(24.2)	(7.8)
Increase/(decrease) in current tax receivables due to:		
– Net income taxes paid	1.2	10.9
– Net income tax expense on current year's profit	(7.3)	(28.4)
– Adjustment for prior periods	3.1	4.8
– Other	1.9	(3.7)
<b>Net balance at the end of the year</b>	<b>(25.3)</b>	<b>(24.2)</b>
Current tax receivables	0.8	1.1
Current tax payables	(26.1)	(25.3)
	<b>(25.3)</b>	<b>(24.2)</b>

## 6. Income tax expense (cont)

### (d) Deferred tax assets and liabilities

Deferred tax assets/(liabilities) are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M	2011 \$M	2010 \$M
<b>Consolidated</b>						
Receivables	–	–	(5.2)	(4.5)	(5.2)	(4.5)
Tax losses	2.6	6.1	–	–	2.6	6.1
Payables	0.9	1.6	(0.3)	–	0.6	1.6
Provisions	5.8	7.9	–	–	5.8	7.9
Other items	4.5	2.4	(0.1)	–	4.4	2.4
<b>Tax assets/(liabilities)</b>	<b>13.8</b>	<b>18.0</b>	<b>(5.6)</b>	<b>(4.5)</b>	<b>8.2</b>	<b>13.5</b>

Deferred tax assets of \$72.9 million in relation to tax losses have not been recognised by the Consolidated Entity at 30 June 2011 (2010: \$60.3 million).

## 7. Dividends and distributions

### (a) Dividends declared by the Company

No dividends were declared or paid by the Company during the financial year ended 30 June 2011 or up to the date of this report (2010: \$nil).

### (b) Distributions declared by GIT

	Distribution cpu	Total amount \$M	Date of payment
<b>Distributions for the year ended 30 June 2011</b>			
– 31 Dec 2010	1.50	102.8	28 Feb 2011
– 30 Jun 2011	2.00	147.2	26 Aug 2011
	<b>3.50</b>	<b>250.0</b>	
<b>Distributions for the year ended 30 June 2010</b>			
– 31 Dec 2009	1.50	92.6	26 Feb 2010
– 30 Jun 2010	1.90	120.3	26 Aug 2010
	<b>3.40</b>	<b>212.9</b>	

### Movement in provision for distributions to Securityholders

	Consolidated	
	2011 \$M	2010 \$M
Balance at the beginning of the year	120.3	–
Provisions for distributions	250.0	212.9
Payment of distributions	(223.1)	(92.6)
<b>Balance at the end of the year</b>	<b>147.2</b>	<b>120.3</b>

### Dividend franking account

	Goodman Limited	
	2011 \$M	2010 \$M
<b>30% franking credits available to Shareholders for subsequent financial years</b>	<b>44.1</b>	<b>43.3</b>

There were no franked dividends paid during the current or prior financial year.

The above amounts are based on the dividend franking account at the balance date adjusted for:

- + franking credits that will arise from the payment of the current tax liability;
- + franking debits that will arise from the payment of dividends recognised as a liability at the balance date;
- + franking credits that will arise from the receipt of dividends recognised as a receivable at the balance date; and
- + franking credits that the entity may be prevented from distributing in subsequent financial years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

for the year ended 30 June 2011

## 7. Dividends and distributions (cont)

## (c) Distributions declared and paid by Goodman PLUS Trust

	Distribution cpu	Total amount \$M	Date of payment
<b>Distributions for the year ended 30 June 2011</b>			
- 21 Sep 2010	171.4	5.6	21 Sep 2010
- 21 Dec 2010	167.8	5.5	21 Dec 2010
- 21 Mar 2011	170.2	5.5	21 Mar 2011
- 21 Jun 2011	170.7	5.6	21 Jun 2011
	<b>680.1</b>	<b>22.2</b>	
<b>Distributions for the year ended 30 June 2010</b>			
- 21 Sep 2009	128.0	4.2	21 Sep 2009
- 21 Dec 2009	129.2	4.2	21 Dec 2009
- 21 Mar 2010	148.1	4.9	21 Mar 2010
- 21 Jun 2010	153.9	5.0	21 Jun 2010
	<b>559.2</b>	<b>18.3</b>	

Goodman PLUS Trust, a controlled entity of GIT, has hybrid securities on issue which meet the definition of equity (refer to note 23).

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

	Distribution cpu	Total amount \$M	Date of payment
<b>Distributions for the year ended 30 June 2011</b>			
- 21 Dec 2010	501,369.9	25.1	21 Dec 2010
- 21 Jun 2011	498,630.1	13.7	21 Jun 2011
	<b>1,000,000.0</b>	<b>38.8</b>	
<b>Distributions for the year ended 30 June 2010</b>			
- 21 Dec 2009	180,821.9	9.1	21 Dec 2009
- 21 Jun 2010	498,630.1	24.9	21 Jun 2010
	<b>679,452.0</b>	<b>34.0</b>	

China Hybrid Investment Sub-Trust, a controlled entity of GIT, has hybrid securities (CIC convertible preference securities) which meet the definition of equity (refer to note 23). On 24 December 2010, CIC converted 2,250 of these hybrid securities to 523.3 million stapled securities of the Consolidated Entity.

## 8. Receivables

	Consolidated	
	2011 \$M	2010 \$M
<b>Current</b>		
Trade receivables	17.1	16.8
Other receivables	106.5	65.5
Construction contract receivables	11.6	59.0
Amounts due from related parties	82.6	83.8
Loans to related parties	3.6	-
Derivative financial instruments	5.1	2.9
	<b>226.5</b>	<b>228.0</b>
<b>Non-current</b>		
Loans to related parties	99.3	246.2
Other receivables	-	22.2
Derivative financial instruments	86.7	20.1
	<b>186.0</b>	<b>288.5</b>

The maximum exposure to credit risk at the balance date is the fair value of each class of receivable mentioned above. All non-current receivables of the Consolidated Entity are due within five years from the balance date. There is no material difference between the carrying values and the fair values of all current and non-current receivables.

## 8. Receivables (cont)

Receivables (current and non-current) denominated in currencies other than Australian dollars are as follows:

Amounts in A\$M	NZD	HKD	USD	GBP	EUR	JPY
<b>2011</b>	<b>11.4</b>	<b>114.2</b>	<b>21.4</b>	<b>52.5</b>	<b>124.3</b>	<b>15.1</b>
2010	2.5	172.3	23.0	104.7	112.1	–

### Trade receivables

As at 30 June 2011, trade receivables of \$0.6 million were impaired (2010: \$0.6 million). The ageing analysis of trade receivables (before impairment) is as follows:

	Consolidated	
	2011 \$M	2010 \$M
Overdue by:		
Up to one month	4.6	2.4
1 month to four months	6.6	2.4
Greater than four months	1.8	3.4
	<b>13.0</b>	<b>8.2</b>

The Consolidated Entity holds bank guarantees as security for \$2.2 million (2010: \$7.4 million) of its trade receivables from investment property customers.

### Other receivables

At 30 June 2011, there is no provision for impairment of overdue other receivables (2010: \$nil). The ageing analysis of these other receivables is as follows:

	Consolidated	
	2011 \$M	2010 \$M
Overdue by:		
Up to one month	–	0.2
1 month to four months	–	7.1
Greater than four months	–	0.4
	<b>–</b>	<b>7.7</b>

### Construction contract receivables

	Consolidated	
	2011 \$M	2010 \$M
Net contract debtors excluding retentions	231.6	232.2
Retentions	–	–
<b>Net contract debtors</b>	<b>231.6</b>	<b>232.2</b>
Cash received to date	(218.4)	(159.8)
Effect of foreign currency translation	(1.6)	(13.4)
<b>Total progressive value</b>	<b>11.6</b>	<b>59.0</b>
Amounts due from customers – contract debtors	11.6	59.0
Amounts due from customers – trade debtors	–	–
<b>Construction contract receivables</b>	<b>11.6</b>	<b>59.0</b>



for the year ended 30 June 2011

## 8. Receivables (cont)

### Amounts due from related parties

At 30 June 2011, there is no provision for impairment of overdue amounts due from related parties (2010: \$nil). The ageing analysis of these amounts due from related parties is as follows:

	Consolidated	
	2011 \$M	2010 \$M
Overdue by:		
Up to one month	0.7	5.5
1 month to four months	0.1	7.3
Greater than four months	0.1	0.4
	<b>0.9</b>	<b>13.2</b>

### Loans to related parties

Details of loans to related parties are set out in note 29. During the financial year, impairments of \$6.1 million (2010: \$43.9 million) have been recorded against related party loans provided to fund development projects. These impairments are a result of devaluations in the developments funded by the loans.

## 9. Inventories

	Consolidated	
	2011 \$M	2010 \$M
<b>Current</b>		
Development land	216.2	244.3
	<b>216.2</b>	<b>244.3</b>
<b>Non-current</b>		
Development land	268.7	181.9
	<b>268.7</b>	<b>181.9</b>

During the financial year, impairments of \$14.9 million (2010: \$8.9 million) were recognised to write down development land to net realisable value.

During the financial year, borrowing costs of \$13.1 million (2010: \$8.4 million) previously capitalised into the carrying value of inventories were expensed to the income statement on disposal.

## 10. Other assets

	Consolidated	
	2011 \$M	2010 \$M
<b>Current</b>		
Refundable deposits for the purchase of investment properties	1.2	–
Prepayments	8.9	11.2
Other	1.4	20.5
	<b>11.5</b>	<b>31.7</b>
<b>Non-current</b>		
Refundable deposits for the purchase of investment properties	31.0	1.0
	<b>31.0</b>	<b>1.0</b>

## 11. Investment properties

	Stabilised investment properties		Investment properties under development		Total investment properties <sup>1</sup>	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M	2011 \$M	2010 \$M
Carrying amount at the beginning of the year	2,295.6	2,547.2	501.8	986.8	2,797.4	3,534.0
Cost of acquisition:						
– On acquisition of controlled entities <sup>2</sup>	132.9	–	102.8	–	235.7	–
– Other acquisitions	–	–	24.4	28.1	24.4	28.1
Capital expenditure	28.8	53.6	101.4	99.5	130.2	153.1
Transfers	30.6	(36.2)	(30.6)	36.2	–	–
Disposals:						
– Carrying value of properties sold	(28.9)	(24.9)	(4.7)	(27.5)	(33.6)	(52.4)
– On disposal of interests in controlled entities	–	(79.5)	(40.9)	–	(40.9)	(79.5)
Transfers to inventories	–	–	(63.7)	(393.1)	(63.7)	(393.1)
Transfers to construction contract receivables	–	–	–	(12.2)	–	(12.2)
Net gain/(loss) from fair value adjustments	4.0	(87.4)	(30.4)	(122.6)	(26.4)	(210.0)
Effect of foreign currency translation	(54.5)	(77.2)	(43.9)	(93.4)	(98.4)	(170.6)
<b>Carrying amount at the end of the year</b>	<b>2,408.5</b>	<b>2,295.6</b>	<b>516.2</b>	<b>501.8</b>	<b>2,924.7</b>	<b>2,797.4</b>

1. As at 30 June 2011, investment properties with a carrying value of \$nil (2010: \$72.5 million) were subject to charges to secure bank loans.

2. During the current financial year, the cost of acquisition includes the Consolidated Entity's acquisition of Moorabbin Business Park from Goodman Holdings Group, a related party (refer to note 29). In accordance with the accounting standards, the initial amount capitalised at the completion date of 24 May 2011 includes:

- + the value of the 225,384,615 Goodman securities issued to Goodman Holdings Group, determined by reference to the quoted security price on the ASX at 24 May 2011 of A\$0.725. This compares to the agreed issue price of the securities, as approved at the Extraordinary General Meeting (EGM) on 29 October 2010, of A\$0.65 per security;
- + cash consideration as approved at the EGM; and
- + acquisition related costs of \$13.3 million, relating to stamp duty arising on the purchase and external advisers' costs.

As a consequence of both the requirement to recognise the securities initially at the quoted price on the ASX rather than the agreed issue price and to record the acquisition related costs, the total amount capitalised at the time of acquisition was \$235.7 million. The excess of \$34.2 million between the total cost of acquisition (including related costs of \$13.3 million) and the independent valuation of the Moorabbin Business Park of \$201.5 million, has been included as a loss from fair value adjustments in the Consolidated Entity's results.

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**11. Investment properties (cont)**

Details of the Consolidated Entity's stabilised investment properties are set out below:

	Last independent valuation date	Last independent valuation \$M	Fair value adjustment during the year \$M	Book value 30 June 2011 \$M	Book value 30 June 2010 \$M
<b>Stabilised properties</b>					
<b>Australia</b>					
<b>Warehouse/distribution centres</b>					
MFive Industry Park, Moorebank, NSW	31 Dec 10	140.4	7.3	140.2	133.4
Greystanes Park East, Prospect, NSW	31 Dec 10	122.0	0.7	121.8	121.3
Greystanes Park West, Prospect, NSW	31 Dec 10	66.0	1.3	67.6	64.0
Southend Distribution Centre, Mascot, NSW	30 Jun 11	41.7	2.6	41.7	39.3
Roberts Distribution Centre, Chullora, NSW – Building A	31 Dec 10	33.5	(0.2)	33.5	33.2
Roberts Distribution Centre, Chullora, NSW – Building B	30 Jun 10	33.0	0.1	33.8	33.0
Perth Airport, Perth, WA	30 Jun 10	35.0	(0.1)	35.1	35.0
Kingston Distribution Centre, Braeside, Vic	31 Dec 09	24.5	0.1	28.2	24.5
Sheffield Distribution Centre, Welshpool, WA	31 Dec 09	24.0	–	24.4	24.1
Taylor Distribution Centre, Edinburgh, SA	30 Jun 10	9.0	–	9.1	9.0
Perth Airport – Amerind Development, Perth Airport, WA	31 Dec 09	6.3	(0.1)	6.3	6.3
Perth Airport – ITT Flygt, Perth Airport, WA	31 Dec 09	4.1	–	4.1	4.1
<b>Business parks</b>					
Campus Business Park, Homebush, NSW	30 Jun 11	161.5	7.6	161.5	152.5
Lidcombe Business Park, Lidcombe, NSW	31 Dec 10	159.0	1.9	160.0	156.5
Homebush Corporate Park, Homebush, NSW <sup>1</sup>	30 Jun 10	98.5	(0.3)	119.0	101.0
Clayton Business Park, Clayton, Vic	31 Dec 10	116.6	0.7	117.3	113.1
Moorabbin Business Park (including aviation), Mentone, Vic	31 Jul 10	113.7	(19.2)	113.7	–
IBC Corporate Centre, Homebush, NSW	30 Jun 11	107.8	6.2	107.8	99.0
Toyotagreen Business Park, Port Melbourne, Vic <sup>2</sup>	30 Jun 11	80.9	6.7	104.9	83.1
Slough Business Park, Silverwater, NSW	30 Jun 11	104.5	2.2	104.5	101.7
Airgate Business Park, Mascot, NSW	30 Jun 10	77.5	0.1	79.1	77.5
Botany Grove Business Park, Botany, NSW – Stage 1, 2 & 3	31 Dec 10	63.3	1.8	63.2	61.7
Euston Business Park, Alexandria, NSW	30 Jun 11	53.3	1.4	53.3	52.2
Forestridge Business Park, Frenchs Forest, NSW	31 Dec 09	38.5	–	39.8	39.0
Orion Business Park, Lane Cove, NSW	30 Jun 09	13.3	–	13.1	13.1
Botany Grove Business Park, Botany, NSW – Stage 4	30 Jun 09	4.8	–	4.8	4.8
Chase Business Park, Chatswood, NSW	31 Dec 09	1.3	–	1.3	1.3
<b>Industrial estates</b>					
Discovery Cove Industrial Estate, Banksmeadow, NSW	30 Jun 10	89.4	0.3	90.0	89.4
Alexandria Industrial Estate, Alexandria, NSW	30 Jun 11	76.0	4.3	76.0	72.0
Mitchell Industrial Estate, 149 Mitchell Road, Alexandria, NSW	31 Dec 10	63.0	0.7	63.4	61.6
Burrows Industrial Estate, Alexandria, NSW	30 Jun 10	34.1	–	34.6	34.1
Mitchell Industrial Estate, 165 Mitchell Road, Alexandria, NSW	30 Jun 11	18.7	(0.1)	18.7	16.7
Keylink Industrial Estate, Edinburgh, SA	31 Dec 09	12.4	(0.3)	12.5	12.1
Homebush Bay Industrial Estate, Homebush, NSW	30 Jun 09	10.3	–	10.9	10.4
Goldsborough Industrial Estate, Pooraka, SA	31 Dec 09	5.5	(0.1)	5.7	5.5
			<b>25.6</b>	<b>2,100.9</b>	<b>1,885.5</b>

1. The book value of Homebush Corporate Park at 30 June 2011 includes a transfer from investment properties under development.

2. Toyotagreen Business Park includes land and buildings for redevelopment with book value of \$19.3 million (2010: \$19.0 million). The land and buildings for redevelopment have not been externally revalued at 30 June 2011.

## 11. Investment properties (cont)

	Last independent valuation date	Last independent valuation \$M	Fair value adjustment during the year \$M	Book value 30 June 2011 \$M	Book value 30 June 2010 \$M
<b>Stabilised properties</b>					
<b>Europe</b>					
<b>Business parks</b>					
Air Park Paris-Sud, Wissous, France	30 Jun 11	36.7	–	36.7	36.8
			–	<b>36.7</b>	<b>36.8</b>
<b>United Kingdom</b>					
<b>Warehouse/distribution centres</b>					
Royal Oak Industrial Estate, Daventry, East Midlands, England	30 Jun 11	66.0	(10.9)	66.0	89.3
Amazon Unit, Jersey Marine, Swansea, Wales	31 Dec 10	34.1	(4.4)	33.7	44.4
Tunnel Industrial Estate, West Thurrock, South East England	31 Dec 10	27.0	(0.9)	27.0	32.8
Citadel Junction, Wolverhampton, West Midlands, England	30 Jun 11	24.0	(1.6)	24.0	30.0
Gloucester Business Park, Gloucester, South West England	31 Dec 10	24.8	–	24.3	28.5
Gemini Business Park, Beckton, South East England	–	–	–	–	27.4
Pioneer Business Park, Ellesmere Port, North West England	31 Dec 10	15.7	(0.1)	15.7	18.7
Centrum 100 Business Park, Burton-on-Trent, East Midlands, England	30 Jun 10	15.0	–	15.1	17.8
Hoddesdon – Innovate Unit Phase 2, South East England	31 Dec 10	15.4	–	15.3	16.6
Hoddesdon – CERT Unit, Phase 3, South East England	30 Jun 10	12.7	–	12.7	14.9
Hoddesdon – Recall Unit B, South East England	31 Dec 10	10.0	0.1	9.9	11.7
Maltby, Rotherham, North East England	31 Dec 10	6.9	(2.6)	6.9	10.9
Hoddesdon – Phase 3 G Unit, South East England	31 Dec 10	6.9	0.1	6.9	8.0
RD Park, Hoddesdon, South East England	31 Dec 10	5.6	(0.2)	5.6	6.9
Scottish Widows Unit 1, Hinckley, East Midlands, England	31 Dec 10	4.4	(0.4)	4.5	5.6
Johnsons Palace Unit 2, Hinckley, East Midlands, England	31 Dec 10	–	–	–	4.8
Earlstrees Industrial Estate, Corby, East Midlands, England	31 Dec 10	3.3	(0.7)	3.3	4.6
Hoddesdon – K Units Phase 2, South East England	31 Dec 10	–	–	–	0.4
			<b>(21.6)</b>	<b>270.9</b>	<b>373.3</b>
<b>Portfolio total</b>			<b>4.0</b>	<b>2,408.5</b>	<b>2,295.6</b>

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## 12. Investments accounted for using the equity method

	Note	Consolidated	
		2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Share of net assets accounted for using the equity method</b>			
Associates	12(a)	2,372.7	2,054.7
Joint venture entities	12(b)	224.7	249.4
<b>Total</b>		<b>2,597.4</b>	<b>2,304.1</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

## (a) Investments in associates

	Consolidated	
	2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Movements in carrying amount of investments in associates</b>		
Carrying amount at the beginning of the year	2,054.7	2,373.6
Impact of change on accounting policy	–	(0.7)
Carrying amount at the beginning of the year as restated	2,054.7	2,372.9
Share of net results after tax (before revaluations) <sup>2</sup>	130.2	77.2
Share of net gain/(loss) from fair value adjustments on investment properties	55.8	(255.6)
Share of fair value adjustments on interest rate swaps	(30.2)	(4.5)
<b>Share of net results</b>	<b>155.8</b>	<b>(182.9)</b>
Share of movements in reserves	55.9	(0.6)
Impairment	(1.5)	–
Loss on dilution of investment	(3.8)	–
Acquisitions	416.6	193.5
Disposals	(75.7)	(76.2)
Distributions received and receivable	(109.0)	(116.2)
Effect of foreign currency translation	(120.3)	(135.8)
<b>Carrying amount at the end of the year</b>	<b>2,372.7</b>	<b>2,054.7</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

2. Share of net results after tax (before revaluations) includes loss on disposal of investment properties of \$nil (2010: \$19.3 million), debt restructure charges of \$nil (2010: \$19.7 million), business acquisition related costs of \$14.1 million (2010: \$nil), impairment losses of \$0.5 million (2010: \$nil) and other non-cash impacting the distributable results of associates of \$0.2 million (2010: \$5.1 million).

## 12. Investments accounted for using the equity method (cont)

## (a) Investments in associates (cont)

Name	Country of establishment/ incorporation	Consolidated share of associate's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
		2011 \$M	Restated <sup>1</sup> 2010 \$M	2011 %	2010 %	2011 \$M	Restated <sup>1</sup> 2010 \$M
<b>Property investment associates</b>							
Goodman Australia Industrial Fund (GAIF)	Australia	74.3	(87.9)	43.7	43.8	1,136.1	1,090.8
Goodman Australia Development Fund (GADF)	Australia	1.7	–	20.0	20.0	21.6	–
Goodman Trust Australia (GTA) <sup>2</sup>	Australia	0.6	–	19.9	–	281.6	–
Goodman Property Trust (GMT) <sup>3</sup>	New Zealand	4.9	(0.3)	16.7	16.8	125.5	126.8
Goodman Hong Kong Logistics Fund (GHKLF)	Cayman Islands	54.5	25.5	20.0	24.2	199.8	244.1
Goodman China Logistics Holding Limited (GCLHL)	China	2.1	3.0	20.0	20.0	8.8	9.4
Goodman European Logistics Fund (GELF)	Luxembourg	17.3	(65.0)	27.9	38.3	324.1	294.4
Arlington Business Parks Partnership (ABPP)	United Kingdom	0.3	(58.2)	35.7	35.7	270.5	289.2
<b>Property development associate</b>							
Moriya GK	Japan	0.1	–	30.0	–	4.7	–
		<b>155.8</b>	<b>(182.9)</b>			<b>2,372.7</b>	<b>2,054.7</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

2. During the year, Goodman and a consortium of investors established GTA, of which Goodman's unitholding was 19.9%. On 29 March 2011, GTA acquired 100% of the units in ING Industrial Fund.

3. GMT is listed on the New Zealand stock exchange. The market value of the Consolidated Entity's investment in GMT at 30 June 2011 using the quoted price on the last day of trading was \$117.0 million (2010: \$134.4 million). Goodman is assessed to have significant influence over the operations of GMT despite owning 16.7% of its issued equity as it operates as fund manager and is the largest unit holder in GMT with the rest of the units widely held.



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## 12. Investments accounted for using the equity method (cont)

## (a) Investments in associates (cont)

Name	Year ended 30 June	Revenue <sup>1</sup> (100%) \$M	Result after tax <sup>1</sup> (100%) \$M	Total assets (100%) \$M	Total liabilities (100%) \$M	Net assets (100%) \$M
GAIF	2011	401.3	169.7	4,262.9	1,714.7	2,548.2
	2010	413.6	(194.8)	4,430.6	1,953.2	2,477.4
GADF	2011	0.8	8.6	134.2	33.8	100.4
	2010	–	–	–	–	–
GTA	2011	66.2	2.8	2,647.4	1,128.3	1,519.1
	2010	–	–	–	–	–
GMT	2011	65.1	27.5	1,253.1	552.5	700.6
	2010 restated <sup>2</sup>	45.7	(6.7)	1,373.8	671.5	702.3
GHKLF	2011	82.5	264.0	1,465.7	466.6	999.1
	2010 restated <sup>2</sup>	92.1	103.8	1,634.0	625.4	1,008.6
GCLHL	2011	14.5	10.6	212.4	67.8	144.6
	2010	11.1	14.8	216.6	180.1	36.5
GELF	2011	139.0	57.8	1,989.7	830.8	1,158.9
	2010	80.1	27.3	1,925.6	1,175.7	749.9
ABPP	2011	172.3	74.4	1,862.8	1,104.1	758.7
	2010	136.2	(158.9)	2,327.4	1,512.4	815.0
Moriya GK	2011	0.9	0.5	30.3	9.8	20.5
	2010	–	–	–	–	–

1. Amounts presented above for revenue and result after tax are measured from the later of the beginning of the financial year or the date that equity accounting commenced to the end of the financial year or date equity accounting ceased, if earlier.

2. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

## (b) Investments in joint venture entities (JVEs)

	Consolidated	
	2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Movements in carrying amount of investments in JVEs</b>		
Carrying amount at the beginning of the year	249.4	288.7
Share of net results after tax (before revaluations) <sup>2</sup>	11.8	–
Share of net profit/(loss) from fair value adjustments on investment properties	7.6	(27.7)
Share of fair value adjustments on interest rate swaps	(0.7)	(0.6)
<b>Share of net results</b>	<b>18.7</b>	<b>(28.3)</b>
Share of movements in reserves	(1.0)	(0.1)
Impairment	(1.7)	(29.1)
Acquisitions	33.3	26.9
Disposals	(45.1)	–
Distributions received and receivable	(2.4)	–
Effect of foreign currency translation	(26.5)	(8.7)
<b>Carrying amount at the end of the year</b>	<b>224.7</b>	<b>249.4</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

2. Share of net results after tax (before revaluations) for the current financial year includes gain of \$nil (2010: gain of \$0.3 million) on disposal of investment properties, impairment losses of \$nil (2010: \$4.5 million), restructure charges of \$nil (2010: \$0.6 million) and other non-cash items impacting the distributable results of JVEs of \$nil (2010: \$0.7 million).

## 12. Investments accounted for using the equity method (cont)

## (b) Investments in joint venture entities (JVEs) (cont)

Name	Country of establishment/ incorporation	Consolidated share of JVE's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
		2011 \$M	Restated <sup>1</sup> 2010 \$M	2011 %	2010 %	2011 \$M	Restated <sup>1</sup> 2010 \$M
<b>Fund management JVE</b>							
MGJL Management Lux Sàrl Luxembourg		–	–	50.0	50.0	0.1	0.1
<b>Property investment JVEs</b>							
413 King William Street Trust (KWS)	Australia	–	–	50.0	50.0	0.6	0.5
Macquarie Goodman Japan Pte Ltd (MGJ)	Singapore	11.5	(27.0)	50.0	50.0	114.9	108.6
MGJ Cayman 1	Cayman Islands	2.8	(4.1)	50.0	50.0	–	11.9
Goodman Princeton Holdings (Lux) Sàrl (Princeton Lux)	Luxembourg	0.8	–	20.0	20.0	13.8	9.3
Goodman Princeton Holdings (Jersey) Ltd (Princeton Jersey)	Jersey	0.5	–	20.0	20.0	8.3	9.2
Colworth Park Ltd Partnership (Colworth)	United Kingdom	1.3	1.6	50.0	50.0	16.3	17.8
The Harwell Science and Innovation Campus Limited Partnership (Harwell)	United Kingdom	0.3	(0.3)	50.0	50.0	3.8	5.5
<b>Property development JVEs</b>							
BGA1 Pty Ltd	Australia	0.3	0.1	50.0	50.0	0.1	(0.2)
Toll Goodman Property Services Pty Ltd (TGPS)	Australia	0.2	0.5	50.0	50.0	0.9	1.9
GGGAIF Huntingwood East (Huntingwood East)	Australia	–	–	50.0	50.0	–	–
GGGAIF Huntingwood West <sup>2</sup> (Huntingwood West)	Australia	–	–	–	50.0	–	–
GGGAIF Moorebank (Moorebank)	Australia	–	–	50.0	50.0	–	–
Highbrook Development Ltd (HDL)	New Zealand	2.7	5.7	25.0	25.0	51.2	50.8
Goodman Seaview Ltd (Seaview) <sup>2</sup>	Cayman Islands	–	–	–	50.0	–	5.2
Goodman Interlink Ltd (Interlink) <sup>2</sup>	Cayman Islands	–	–	–	50.0	–	12.1
Goodman Herten Logistics (Lux) Sàrl (Herten)	Luxembourg	–	(1.3)	50.0	50.0	–	–
Goodman Lazulite Logistics (Lux) Sàrl (Lazulite)	Luxembourg	(0.1)	(0.3)	50.0	50.0	–	0.1
Üllö One 2008 Kft	Hungary	(0.5)	(2.8)	50.0	50.0	0.5	2.9
Üllö Two 2008 Kft	Hungary	(1.0)	–	50.0	50.0	0.7	–
Agate Inगतlanforgalmazo Kft (Agate)	Hungary	–	–	50.0	50.0	–	–
WMP NV	Belgium	0.9	(0.5)	50.0	50.0	0.9	–
BL Goodman LLP Desborough Developments Ltd (Desborough)	United Kingdom	(0.1)	0.1	50.0	50.0	5.5	6.3
Gateway LLP	United Kingdom	–	–	50.0	50.0	2.4	2.8
Pochin Rosemound (Deeside) Ltd (Pochin)	United Kingdom	(0.9)	–	50.0	50.0	–	3.0
B Logistics Ltd	United Kingdom	–	–	50.0	50.0	1.6	1.6
		–	–	33.3	–	3.1	–
		<b>18.7</b>	<b>(28.3)</b>			<b>224.7</b>	<b>249.4</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

2. Goodman's investment in these JVE's was sold during the financial year.

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## 12. Investments accounted for using the equity method (cont)

## (b) Investments in joint venture entities (JVEs) (cont)

Name	Year ended 30 June	Revenue <sup>1</sup> (100%) \$M	Result after tax <sup>1</sup> (100%) \$M	Total assets <sup>2</sup> (100%) \$M	Total liabilities <sup>2</sup> (100%) \$M	Net assets/ (liabilities) (100%) \$M
MGJL Management Lux Sàrl	2011	0.1	–	0.1	–	0.1
	2010	–	–	0.3	–	0.3
KWS	2011	–	–	9.8	4.8	5.0
	2010	–	–	9.0	4.0	5.0
MGJ	2011	54.7	50.6	823.0	499.3	323.7
	2010	52.9	(115.8)	934.2	577.8	356.4
MGJ Cayman 1	2011	1.0	5.7	–	–	–
	2010	2.1	(9.0)	27.7	1.4	26.3
Princeton Lux	2011	2.6	1.6	63.4	64.7	(1.3)
	2010	–	–	39.5	–	39.5
Princeton Jersey	2011	3.4	2.7	35.5	1.0	34.5
	2010	0.2	0.2	41.0	1.0	40.0
Colworth	2011	6.5	2.7	73.0	40.3	32.7
	2010	7.8	3.1	80.0	44.5	35.5
Harwell	2011	1.1	0.5	8.5	0.7	7.8
	2010	2.4	(0.5)	9.0	0.5	8.5
BGA1 Pty Ltd	2011	0.1	0.5	0.2	–	0.2
	2010	0.3	0.2	0.3	0.7	(0.4)
TGPS	2011	1.3	0.4	1.6	0.2	1.4
	2010	1.4	0.9	3.5	0.1	3.4
Huntingwood East	2011	–	–	26.0	36.9	(10.9)
	2010	–	–	23.2	34.1	(10.9)
Huntingwood West	2011	–	–	–	–	–
	2010	–	–	106.4	157.8	(51.4)
Moorebank	2011	–	–	80.4	98.5	(18.1)
	2010	–	–	–	–	–
HDL	2011	20.2	10.8	353.6	145.8	207.8
	2010 restated <sup>3</sup>	73.1	86.6	359.9	155.9	204.0
Seaview	2011	–	–	–	–	–
	2010	–	–	134.2	125.6	8.6
Interlink	2011	–	–	–	–	–
	2010	–	–	235.6	200.7	34.9
Herten	2011	0.3	0.3	8.0	8.6	(0.6)
	2010	–	0.1	7.8	8.3	(0.5)
Lazulite	2011	–	–	5.5	6.1	(0.6)
	2010	–	0.2	5.7	6.0	(0.3)
Ullo One 2008 Kft	2011	1.2	1.7	17.0	15.9	1.1
	2010	–	0.1	12.7	11.1	1.6
Ullo Two 2008 Kft	2011	(3.0)	(2.7)	7.7	6.5	1.2
	2010	–	–	–	–	–
Agate	2011	–	–	2.6	6.4	(3.8)
	2010	–	0.2	5.5	6.0	(0.5)
WMP NV	2011	(1.8)	(1.8)	15.1	15.9	(0.8)
	2010	–	0.3	15.6	15.1	0.5
BL Goodman LLP	2011	–	(0.4)	23.0	23.2	(0.2)
	2010	0.8	0.2	26.4	27.1	(0.7)
Desborough	2011	–	–	–	–	–
	2010	–	–	–	–	–
Gateway LLP	2011	–	(0.9)	–	–	–
	2010	–	–	1.9	–	1.9
Pochin	2011	–	–	8.9	0.1	8.8
	2010	–	–	11.4	0.1	11.3
B Logistics Ltd	2011	–	–	11.4	2.3	9.1
	2010	–	–	–	–	–

1. Amounts presented above for revenue and result after tax are measured from the later of the beginning of the financial year or the date that equity accounting commenced to the end of the financial year or date equity accounting ceased, if earlier.

2. Included in the balance sheets of the JVEs disclosed above are total non-current assets of \$1,356.9 million (2010: \$1,907.3 million) and total non-current liabilities of \$407.9 million (2010: \$1,215.6 million).

3. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

### 13. Other financial assets

	Consolidated	
	2011 \$M	2010 \$M
Investment in listed securities, at fair value <sup>1</sup>	–	42.3
Investment in unlisted securities, at fair value <sup>2</sup>	25.7	27.6
	<b>25.7</b>	<b>69.9</b>

1. In the prior financial year, the investment in listed securities related to ING Industrial Fund, which was valued using the quoted price on the last day of trading in the financial year. The Consolidated Entity's investment was sold to GTA on 29 March 2011.
2. The investment in unlisted securities relates to GEBPF. The fair value of GEBPF is determined by reference to the net asset value per security advised to investors.

### 14. Plant and equipment

	Consolidated	
	2011 \$M	2010 \$M
Leasehold improvements, at cost	4.1	8.1
Accumulated amortisation	(1.3)	(3.1)
	<b>2.8</b>	<b>5.0</b>
Plant and equipment, at cost	20.1	30.2
Accumulated depreciation	(16.0)	(22.5)
	<b>4.1</b>	<b>7.7</b>
<b>Total plant and equipment, at net book value</b>	<b>6.9</b>	<b>12.7</b>
<b>Reconciliation</b>		
<b>Leasehold improvements</b>		
Carrying amount at the beginning of the year	5.0	8.3
Additions	0.3	0.6
Disposals	(1.2)	(1.3)
Amortisation	(0.4)	(2.0)
Effect of foreign currency translation	(0.9)	(0.6)
<b>Carrying amount at the end of the year</b>	<b>2.8</b>	<b>5.0</b>
<b>Plant and equipment</b>		
Carrying amount at the beginning of the year	7.7	15.3
Additions	3.7	1.5
Disposals	(1.6)	(1.4)
Depreciation	(5.4)	(6.3)
Effect of foreign currency translation	(0.3)	(1.4)
<b>Carrying amount at the end of the year</b>	<b>4.1</b>	<b>7.7</b>

### 15. Intangible assets

	Consolidated	
	2011 \$M	2010 \$M
Goodwill relating to European operations, at cost less impairment	598.2	644.0
Management rights relating to Asia Pacific operations, at cost less impairment	49.5	61.6
Management rights relating to European operations, at cost less impairment	180.2	223.8
	<b>827.9</b>	<b>929.4</b>

The management rights relating to Asia Pacific and European operations were assessed to have an indefinite life as these rights are routinely renewed at minimal cost.

for the year ended 30 June 2011

## 15. Intangible assets (cont)

A reconciliation of the movement in intangible assets for the financial year is set out below:

Cost	Balance at 1 July 2009 \$M	Acquisitions \$M	Effect of foreign currency translation \$M	Balance at 30 June 2010 \$M	Acquisitions \$M	Effect of foreign currency translation \$M	Balance at 30 June 2011 \$M
<b>Goodwill</b>							
Logistics – Continental Europe	669.5	–	(123.4)	546.1	–	(26.0)	520.1
Business Parks – Continental Europe	8.2	–	(1.5)	6.7	–	(0.3)	6.4
Logistics – United Kingdom	146.2	–	(21.5)	124.7	–	(18.1)	106.6
<b>Subtotal – goodwill</b>	<b>823.9</b>	<b>–</b>	<b>(146.4)</b>	<b>677.5</b>	<b>–</b>	<b>(44.4)</b>	<b>633.1</b>
<b>Asia Pacific management rights</b>							
Fund management – New Zealand	5.5	–	–	5.5	–	(0.3)	5.2
Fund management – Hong Kong	25.1	–	(1.3)	23.8	–	(5.0)	18.8
Fund management – China	20.8	12.0	(0.5)	32.3	–	(6.8)	25.5
<b>Subtotal – Asia Pacific management rights</b>	<b>51.4</b>	<b>12.0</b>	<b>(1.8)</b>	<b>61.6</b>	<b>–</b>	<b>(12.1)</b>	<b>49.5</b>
<b>European management rights</b>							
Logistics – Continental Europe	37.6	–	(6.8)	30.8	–	(1.5)	29.3
Business Parks – Continental Europe	12.5	–	(2.4)	10.1	–	(0.5)	9.6
Business Parks – United Kingdom	214.6	–	(30.2)	184.4	–	(27.8)	156.6
Science Parks – United Kingdom	18.6	–	(2.9)	15.7	–	(2.4)	13.3
<b>Subtotal – European management rights</b>	<b>283.3</b>	<b>–</b>	<b>(42.3)</b>	<b>241.0</b>	<b>–</b>	<b>(32.2)</b>	<b>208.8</b>
<b>Subtotal – management rights</b>	<b>334.7</b>	<b>12.0</b>	<b>(44.1)</b>	<b>302.6</b>	<b>–</b>	<b>(44.3)</b>	<b>258.3</b>
<b>Total</b>	<b>1,158.6</b>	<b>12.0</b>	<b>(190.5)</b>	<b>980.1</b>	<b>–</b>	<b>(88.7)</b>	<b>891.4</b>

Impairment losses	Balance at 1 July 2009 \$M	Impairment \$M	Effect of foreign currency translation \$M	Balance at 30 June 2010 \$M	Impairment \$M	Effect of foreign currency translation \$M	Balance at 30 June 2011 \$M
<b>Goodwill</b>							
Logistics – Continental Europe	–	7.6	(0.8)	6.8	–	(0.3)	6.5
Business Parks – Continental Europe	–	7.4	(0.7)	6.7	–	(0.3)	6.4
Logistics – United Kingdom	24.5	–	(4.5)	20.0	5.0	(3.0)	22.0
<b>Subtotal – goodwill</b>	<b>24.5</b>	<b>15.0</b>	<b>(6.0)</b>	<b>33.5</b>	<b>5.0</b>	<b>(3.6)</b>	<b>34.9</b>
<b>Asia Pacific management rights</b>							
Fund management – New Zealand	–	–	–	–	–	–	–
Fund management – Hong Kong	–	–	–	–	–	–	–
Fund management – China	–	–	–	–	–	–	–
<b>Subtotal – Asia Pacific management rights</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>European management rights</b>							
Logistics – Continental Europe	–	–	–	–	–	–	–
Business Parks – Continental Europe	–	11.2	(1.1)	10.1	–	(0.5)	9.6
Business Parks – United Kingdom	–	–	–	–	6.0	(0.3)	5.7
Science Parks – United Kingdom	8.7	–	(1.6)	7.1	8.0	(1.8)	13.3
<b>Subtotal – European management rights</b>	<b>8.7</b>	<b>11.2</b>	<b>(2.7)</b>	<b>17.2</b>	<b>14.0</b>	<b>(2.6)</b>	<b>28.6</b>
<b>Subtotal – management rights</b>	<b>8.7</b>	<b>11.2</b>	<b>(2.7)</b>	<b>17.2</b>	<b>14.0</b>	<b>(2.6)</b>	<b>28.6</b>
<b>Total</b>	<b>33.2</b>	<b>26.2</b>	<b>(8.7)</b>	<b>50.7</b>	<b>19.0</b>	<b>(6.2)</b>	<b>63.5</b>

## 15. Intangible assets (cont)

Carrying amounts	Note	Balance at 1 July 2009 \$M	Balance at 30 June 2010 \$M	Balance at 30 June 2011 \$M
<b>Goodwill</b>				
Logistics – Continental Europe	15(a)	669.5	539.3	513.6
Business Parks – Continental Europe		8.2	–	–
Logistics – United Kingdom	15(b)	121.7	104.7	84.6
<b>Subtotal – goodwill</b>		<b>799.4</b>	<b>644.0</b>	<b>598.2</b>
<b>Asia Pacific management rights</b>				
Fund management – New Zealand		5.5	5.5	5.2
Fund management – Hong Kong	15(c)	25.1	23.8	18.8
Fund management – China	15(d)	20.8	32.3	25.5
<b>Subtotal – Asia Pacific management rights</b>		<b>51.4</b>	<b>61.6</b>	<b>49.5</b>
<b>European management rights</b>				
Logistics – Continental Europe	15(a)	37.6	30.8	29.3
Business Parks – Continental Europe		12.5	–	–
Business Parks – United Kingdom	15(e)	214.6	184.4	150.9
Science Parks – United Kingdom		9.9	8.6	–
<b>Subtotal – European management rights</b>		<b>274.6</b>	<b>223.8</b>	<b>180.2</b>
<b>Subtotal – management rights</b>		<b>326.0</b>	<b>285.4</b>	<b>229.7</b>
<b>Total</b>		<b>1,125.4</b>	<b>929.4</b>	<b>827.9</b>

### Impairment charge

In the current financial year, impairment losses have been reflected against the goodwill in the Logistics – United Kingdom division and the management rights in the Business Parks – United Kingdom division. For Logistics – United Kingdom this primarily reflects a revision of the timing of developments during the forecast period and for Business Parks – United Kingdom this primarily relates to an increase in pre-tax discount rate, with both the cost of equity and cost of debt increasing in respect of this division.

Additionally, the management rights in respect of Science Parks – United Kingdom have been fully impaired as an offer has been received for the purchase of Goodman's interest in the Colworth and Harwell JVEs and the offer price does not attribute sufficient value to the management fees to support the intangible asset.

In the comparative financial year, the intangible assets relating to the Business Parks – Continental Europe division were impaired and fully written down and an impairment loss of \$7.6 million was also recognised in respect of the goodwill in the Logistics – Continental Europe division.

Impairment losses have been reflected in the income statement (refer to note 5). There have been no reversals of impairment losses during the financial year (2010: \$nil).

### Impairment testing for intangible assets

For the purpose of impairment testing, goodwill and indefinite life management rights are allocated to Goodman's divisions or subdivisions (business units) representing the lowest level within Goodman at which the goodwill and indefinite life management rights are monitored for internal management purposes.

The impairment tests for all intangible assets were based on each of the division's or business unit's value in use. Value in use was determined by discounting the future cash flows generated from continuing operations. The future cash flows for all intangible assets were based on the most recent fund and development forecasts and then estimating a year five terminal value using a terminal growth rate and the business unit's discount rate. Where goodwill and management rights arise in the same division or business unit, impairment testing has been performed on the combined intangible asset.



for the year ended 30 June 2011

## 15. Intangible assets (cont)

### Impairment testing for intangible assets (cont)

The impairment testing for intangible assets was based on the key assumptions set out below. Averages relate to average amounts over the five year forecast period.

		Logistics – Continental Europe	Logistics – United Kingdom	New Zealand	Hong Kong	China	Business Parks – United Kingdom	Science Parks – United Kingdom
Pre-tax discount rate (pa) <sup>1</sup>	2011	14.4%	17.3%	18.3%	12.0%	20.3%	10.6%	n/a
	2010	13.3%	18.5%	17.0%	11.8%	18.4%	8.7%	8.7%
Average annual development (millions square metres) <sup>2</sup>	2011	0.81	0.24	0.06	0.04	0.55	0.05	n/a
	2010	0.65	0.25	0.10	0.23	0.20	0.06	–
Average annual growth in assets under management <sup>3</sup>	2011	22.2%	49.0%	3.2%	8.0%	26.4%	0.9%	n/a
	2010	8.1%	46.4%	4.0%	6.9%	35.8%	0.8%	–
Total performance fees (A\$M)	2011	–	–	3.7	32.4	–	14.2	n/a
	2010	–	–	5.8	44.8	0.5	18.0	–
Average annual increase in operating expenses <sup>4</sup>	2011	11.0%	3.0%	2.6%	7.3%	8.0%	2.5%	n/a
	2010	17.1%	3.9%	5.9%	8.0%	7.0%	3.1%	–

1. A risk premium is included in each division's discount rate reflecting the level of forecasting, size, country and financing risks for that division.

2. The average annual development square metres have reduced in Hong Kong following the partial completion of the development in the Interlink JVE, but has increased in China to reflect the development opportunities that exist in the division.

3. Assets under management (AUM) growth rates are highest in Logistics – Continental Europe, Logistics – United Kingdom and China. For Logistics – Continental Europe, the increase relative to the comparative period is based on increased investor activity during the current financial year, which is reflected in the funds acquiring an increased proportion of the developments. For Logistics – United Kingdom and China, this reflects the fact that the initial portfolios contain a low number of completed properties and the AUM is augmented by completed developments over the forecast period.

4. The average year on year increase in operating expenses in Logistics – Continental Europe has reduced as the level of expenses in year one of the forecast has increased in the current financial year compared to the prior year.

### Development activity

For impairment testing in both 2011 and 2010, 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. Earnings forecasts for each division include projects which have not yet been contracted. The majority of developed product is expected to be sold to funds managed by Goodman although sales to third parties are also anticipated in Logistics – Continental Europe and the United Kingdom divisions. For most divisions, the forecasts assume an increase in development starts (by area) each year.

The forecast models assume that capital continues to be available to each fund managed by Goodman in the divisions referred to above. This capital is assumed to be made available to fund acquisitions of property (complete or under development) and services from Goodman. These investment activities generate development and transactional profits for the Consolidated Entity.

### Specific development assumptions included in the five year forecasts

#### (a) Logistics – Continental Europe

The forecasts assume an increase in development starts (by area) each year. Growth in years one to three is assumed to flow from an expansion in the development pipeline from circa 0.6 million square metres of business space to 0.9 million square metres of business space. This level of development is then maintained in years four and five. This assumption is based on Goodman continuing the growth in its Logistics – Continental Europe development business that has been seen in the current financial year. The estimated total cash outflow required to fund the assumed development pipeline stays relatively constant across the forecast period at between A\$0.6 billion and A\$0.7 billion per annum.

#### (b) Logistics – United Kingdom

The majority of development land is expected to be sold to the Princeton Jersey joint venture with the remaining on balance sheet development properties assumed to be developed by Goodman on behalf of third parties. This is consistent with the assumption made in the comparative financial year. Development activity is forecast to peak in year three at approximately 0.3 million square metres business space per annum.

#### (c) Hong Kong

For both 2011 and 2010, development management income is earned on identified projects until completion in the year ending 30 June 2012. The forecast does not include any significant contributions from development activity thereafter.

## 15. Intangible assets (cont)

### Impairment testing for intangible assets (cont)

#### (d) China

Existing properties owned by Goodman are assumed to be fully developed and sold to GCLHL on completion. Additional land in both existing and new markets will be acquired by Goodman on an ongoing basis to accommodate property developments for ultimate ownership by the joint venture.

#### (e) Business Parks – United Kingdom

The United Kingdom property market remains a difficult operating environment in the short term. This is reflected in the relatively low level of future developments for ABPP, which drives the growth in AUM, and therefore impacts both base fees and development fees for the Consolidated Entity.

#### Sources of funding for development activity

For impairment testing in both 2011 and 2010, capital inflows required to fund development activity in each division 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 practicable 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. There continues to be uncertainty relating to the availability of these cash inflows given the uncertainty in global debt and investment market conditions.

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 Continental Europe in particular have improved during 2011 and are assumed to improve steadily over the forecast period.

#### Margins to be earned from development activity

For the majority of divisions, margins from development activity are relatively consistent over the forecast period. An assumption has been made that in the United Kingdom divisions, margins will improve gradually over the forecast period as business conditions improve.

#### Growth in assets under management

Based on the successful equity raising by GELF and improved levels of development activity during the current financial year, Logistics – Continental Europe has assumed an average annual increase in AUM of 22.2% over the forecast period. However, in all divisions AUM are forecast to grow as a result of the acquisition of developed product by managed funds. This growth generates an increase in base fund management fees in each division.

In the year ended 30 June 2011, investment property values in each market were relatively stable. For each division, growth in property values has been forecast as a result of increased rental income; however, only Hong Kong and Business Parks – United Kingdom have assumed a growth in property values through movements in capitalisation rates. Hong Kong has assumed a decrease in market capitalisation rates of 20 basis points in year one and Business Parks – United Kingdom has assumed a decrease of 25 basis points over the forecast period.

#### New funds or joint ventures

No new funds or joint ventures have been assumed by any division in their impairment testing.

#### Performance fees

Performance fees are assumed to be earned by Business Parks – United Kingdom in each of years two to five (2010: years three to five). Consistent with the prior year, moderate performance fees are assumed to be earned by Hong Kong in each year over the forecast period.

#### Operating expenses

Operating expenses in Logistics – Continental Europe are forecast to increase by an average of 11.0% per annum over the forecast period as development activity continues to increase, although this average increase has reduced compared to the prior year as a result of the higher level of operating expenses in year one. For all other divisions, operating expenses are expected to increase on average at rates between 2.5% and 8.0% per annum, which is consistent with the prior year.

for the year ended 30 June 2011

## 15. Intangible assets (cont)

## Impairment testing for intangible assets (cont)

## Assumptions impacting the terminal year

		Logistics – Continental Europe	Logistics – United Kingdom	New Zealand	Hong Kong	China	Business Parks – United Kingdom	Science Parks – United Kingdom
Development in terminal year (millions square metres)	2011	0.89	0.24	0.07	–	0.69	0.04	n/a
	2010	0.88	0.25	0.11	–	0.05	0.05	–
Growth rate(pa) <sup>1</sup>	2011	1.8%	2.7%	2.9%	3.1%	1.6%	2.7%	n/a
	2010	2.0%	2.5%	2.5%	2.0%	2.6%	2.5%	2.5%
Development in terminal year (cost in A\$ billions)	2011	0.70	0.20	0.08	–	0.31	0.09	n/a
	2010	0.76	0.23	0.07	–	0.03	0.14	–

1. 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.

## Sensitivity analysis

The table below shows the impact on the impairment charge of changes in key assumptions at 30 June 2011:

	Value in use \$M	Increase pre-tax discount rate by 100 bps <sup>1</sup> \$M	Six month delay in development management contracts \$M	10% decrease in development margins in each year \$M	10% decrease in property values in each year \$M	5% increase in forecast operating costs each year \$M	25% reduction in performance fees in each year \$M
<b>30 June 2011</b>							
Logistics – Continental Europe <sup>2</sup>	612.4	–	–	(110.8)	–	–	–
Logistics – United Kingdom	84.6	(3.1)	–	(21.7)	(1.5)	(2.5)	–
New Zealand	55.5	–	–	–	–	–	–
Hong Kong	82.2	–	–	–	–	–	–
China	41.3	–	–	(2.7)	–	–	–
Business Parks – United Kingdom	153.0	(5.7)	(4.1)	(1.5)	(12.5)	(7.5)	(7.2)

1. Incremental impairment loss from a 100 basis points increase in the pre-tax discount rate.

2. The value in use for intangible assets relating to the Logistics – Continental Europe business is sensitive to changes in the volume of business space expected to be developed. Using development area of 0.5 million square metres in years four and five, the impairment loss to the business would be \$201.9 million.

The table below shows the impact on the impairment charge of changes in key assumptions at 30 June 2010:

	Value in use \$M	Increase pre-tax discount rate by 100 bps <sup>1</sup> \$M	Six month delay in development management contracts \$M	10% decrease in development margins in each year \$M	10% decrease in property values in each year \$M	5% increase in forecast operating costs each year \$M	25% reduction in performance fees in each year \$M
<b>30 June 2010</b>							
Logistics – Continental Europe <sup>2</sup>	570.1	(18.9)	(40.6)	(122.9)	(10.5)	(20.3)	–
Logistics – United Kingdom	106.4	(1.3)	–	(28.1)	–	(1.5)	–
New Zealand	54.5	–	–	–	–	–	–
Hong Kong	88.9	–	–	–	–	–	–
China	42.9	–	–	–	–	–	–
Business Parks – United Kingdom	187.1	(7.3)	(4.2)	–	(11.6)	(7.7)	(9.3)
Science Parks – United Kingdom	8.8	–	–	–	–	–	–

1. Incremental impairment loss from a 100 basis points increase in the pre-tax discount rate.

2. The value in use for intangible assets relating to the Logistics – Continental Europe business is sensitive to changes in the volume of business space expected to be developed. For comparison, 0.8 million square metres of industrial business space was developed by Goodman in Europe in the year to 30 June 2008. Using development area of 0.5 million square metres in years four and five, the impairment loss to the business would be \$296.0 million.

## 16. Payables

	Consolidated	
	2011 \$M	2010 \$M
<b>Current</b>		
Trade payables	86.5	42.1
Other payables and accruals	126.9	126.1
Derivative financial instruments	1.2	24.8
	<b>214.6</b>	<b>193.0</b>
<b>Non-current</b>		
Other payables and accruals	19.0	19.5
Derivative financial instruments	137.3	158.2
	<b>156.3</b>	<b>177.7</b>

Payables denominated in currencies other than Australian dollars were as follows:

Amounts in A\$M	NZD	HKD	USD	SGD	GBP	EUR	JPY
<b>2011</b>	17.1	25.0	1.9	–	149.1	117.2	4.1
2010	20.6	25.6	9.6	0.1	217.3	69.2	4.3

## 17. Interest bearing liabilities

	Note	Consolidated	
		2011 \$M	2010 \$M
<b>Current</b>			
Bank loans, unsecured	17(a)	–	84.1
		<b>–</b>	<b>84.1</b>
<b>Non-current</b>			
Bank loans, unsecured	17(a)	589.3	1,686.3
Bank loans, secured	17(b)	–	26.7
Euro medium-term notes, unsecured	17(c)	375.0	441.2
US senior notes, unsecured	17(d)	768.2	–
Foreign private placement, unsecured	17(e)	181.3	38.3
		<b>1,913.8</b>	<b>2,192.5</b>

for the year ended 30 June 2011

## 17. Interest bearing liabilities (cont)

## (a) Bank loans, unsecured

Facility		Amounts drawn down in A\$M equivalents					Total
		AUD	USD	JPY	EUR	GBP	
Syndicated multi currency facility (SMCF) <sup>1</sup>	30 Jun 2011	–	–	–	–	–	–
	30 Jun 2010	0.4	164.8	192.1	111.3	279.2	747.8
Bank loan <sup>2</sup>	30 Jun 2011	120.0	–	–	–	–	120.0
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>3</sup>	30 Jun 2011	150.0	–	–	–	–	150.0
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>4</sup>	30 Jun 2011	100.0	–	–	–	–	100.0
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>5</sup>	30 Jun 2011	–	46.5	–	–	–	46.5
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>6</sup>	30 Jun 2011	–	46.5	–	–	–	46.5
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>7</sup>	30 Jun 2011	–	–	–	55.4	–	55.4
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>8</sup>	30 Jun 2011	–	35.9	0.4	–	–	36.3
	30 Jun 2010	–	–	–	–	–	–
Bank loans <sup>9</sup>	30 Jun 2011	–	–	–	4.6	57.0	61.6
	30 Jun 2010	–	–	–	372.3	–	372.3
Bank loan <sup>10</sup>	30 Jun 2011	–	–	–	–	–	–
	30 Jun 2010	–	–	–	–	282.4	282.4
Bank loan <sup>11</sup>	30 Jun 2011	–	–	–	–	–	–
	30 Jun 2010	285.9	–	–	92.7	–	378.6
<b>Total</b>	<b>30 Jun 2011</b>	<b>370.0</b>	<b>128.9</b>	<b>0.4</b>	<b>60.0</b>	<b>57.0</b>	<b>616.3</b>
	30 Jun 2010	286.3	164.8	192.1	576.3	561.6	1,781.1
Less: Unamortised borrowing costs	30 Jun 2011						(27.0)
	30 Jun 2010						(10.7)
<b>Total unsecured bank loans</b>	<b>30 Jun 2011</b>						<b>589.3</b>
	30 Jun 2010						1,770.4

- The SMCF comprises a single A\$400.0 million tranche (calculated using the exchange rates specified under the facility agreement) which expires on 24 May 2012. The facility had not been drawn as at 30 June 2011. The tranches of the SMCF that had been drawn at the end of the prior financial year were repaid in the current financial year.
- A controlled entity had a bank loan of A\$120.0 million denominated in Australian dollars. At 30 June 2011, the facility limit was A\$150.0 million and the facility expires on 27 June 2016.
- A controlled entity had a bank loan of A\$150.0 million denominated in Australian dollars. At 30 June 2011, the facility limit was A\$150.0 million and the facility expires on 29 June 2016.
- A controlled entity had a bank loan of A\$100.0 million denominated in Australian dollars. At 30 June 2011, the facility limit was A\$100.0 million and the facility expires on 1 February 2015.
- A controlled entity had a bank loan of A\$46.5 million denominated in US dollars. At 30 June 2011, the facility limit was A\$46.5 million (US\$50.0 million) and the facility expires on 28 June 2013.
- A controlled entity had a bank loan of A\$46.5 million denominated in US dollars. At 30 June 2011, the facility limit was A\$46.5 million (US\$50.0 million). The facility expires on 24 June 2013.
- A controlled entity had a bank loan of A\$55.4 million denominated in Euros. At 30 June 2011, the facility limit which was stated in British pounds sterling was A\$127.5 million (£85.0 million). The facility expires on 17 August 2013.
- A controlled entity had a bank loan of A\$36.3 million denominated in US dollars (A\$35.9 million) and Japanese yen (A\$0.4 million). At 30 June 2011, the facility limits were A\$40.3 million (US\$43.3 million) and A\$104.3 million (¥9.0 billion). The facility expires on 4 June 2015.
- Controlled entities had bank loans of A\$61.6 million denominated in Euros (A\$4.6 million) and British pounds sterling (A\$57.0 million). At 30 June 2011, the facility limits were A\$124.9 million (€92.5 million) which was drawn to A\$11.7 million and expires on 5 December 2012 and A\$229.6 million (€170.0 million) which was drawn to A\$49.9 million and expires on 5 December 2013.
- The facility was cancelled and the loan was repaid on 15 April 2011.
- The facility was cancelled and the loan was repaid on 30 June 2011.

In addition to the above facilities, the Consolidated Entity had the following unsecured facilities that had not been drawn as at 30 June 2011:

- + a facility of A\$112.5 million (£75.0 million) denominated in British pounds sterling that expires on 13 May 2016;
- + a facility of A\$80.0 million (A\$80.0 million) denominated in Australian dollars that expires on 29 June 2015; and
- + a facility of A\$15.0 million (£10.0 million) denominated in British pounds sterling that expires on 1 September 2012.

## 17. Interest bearing liabilities (cont)

### (b) Bank loans, secured

At 30 June 2011, a controlled entity had a secured facility that had not been drawn with a facility limit of A\$6.1 million (€4.5 million) that expires on 31 December 2011. The facility that had been drawn to A\$26.7 million at 30 June 2010 was repaid on 26 April 2011.

Security for the facility referred to above was over the assets of a controlled entity.

### (c) Euro medium-term notes, unsecured

Goodman Australia Finance Pty Limited, a controlled entity of GIT, has on issue A\$375.0 million (2010: A\$441.2 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. The notes are listed on the Singapore Stock Exchange and the market value of the notes using the quoted price at 30 June 2011 was A\$455.3 million (2010: A\$503.2 million).

### (d) United States senior notes, unsecured

On 12 November 2010, Goodman Funding Pty Limited, a controlled entity of GIT, issued notes in the United States 144A/Reg S bond market for A\$302.6 million (US\$325.0 million). The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi annually. The notes mature on 12 November 2020.

On 31 March 2011, Goodman Funding Pty Limited issued further notes in the United States 144A/Reg S bond market for A\$465.6 million (US\$500.0 million). The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually. The notes mature on 15 April 2021.

### (e) Foreign private placement, unsecured

As at 30 June 2011, the Consolidated Entity had an unsecured foreign private placement of A\$36.5 million (2010: A\$38.3 million) denominated in Euros. The facility expires on 30 June 2023.

On 31 March 2011, Goodman Australia Finance Pty Limited, a controlled entity of GIT, issued an unsecured foreign private placement of A\$144.8 million (¥12.5 billion) denominated in Japanese yen. The facility expires on 3 April 2023.



for the year ended 30 June 2011

## 17. Interest bearing liabilities (cont)

## (f) Finance facilities

	Consolidated	
	Facilities available \$M	Facilities utilised \$M
<b>At 30 June 2011</b>		
Bank loans, unsecured	1,727.1	616.3
Bank loans, secured	6.1	–
Euro medium-term notes, unsecured	375.0	375.0
United States senior notes, unsecured	768.2	768.2
Foreign private placement, unsecured	181.3	181.3
Bank guarantees <sup>1</sup>	–	27.7
	<b>3,057.7</b>	<b>1,968.5</b>
<b>At 30 June 2010</b>		
Bank loans, unsecured	2,850.2	1,781.1
Bank loans, secured	45.2	26.7
Euro medium-term notes, unsecured	441.2	441.2
Foreign private placement, unsecured	38.3	38.3
Bank guarantees <sup>1</sup>	–	43.1
	<b>3,374.9</b>	<b>2,330.4</b>

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

## 18. Employee benefits

	Note	Consolidated	
		2011 \$M	2010 \$M
<b>Aggregate liability for employee benefits including on-costs</b>			
<b>Current</b>			
Annual leave		4.1	3.8
Long service leave		0.9	0.8
Other employee benefits provision		35.5	28.0
		<b>40.5</b>	<b>32.6</b>
<b>Non-current</b>			
Long service leave		1.4	0.9
Defined benefit pension obligation	18(a)	16.5	22.0
Other employee benefits provision		–	–
		<b>17.9</b>	<b>22.9</b>

## 18. Employee benefits (cont)

### (a) Liability for defined benefit obligation

During the current and prior financial year, the Consolidated Entity operated two United Kingdom defined benefit funds of the “final salary” type, both of which are closed to new entrants. Employer contributions payable over the annual period after the balance date will be re-assessed on conclusion of the actuarial valuations of the defined benefit funds due in the financial year ending 30 June 2012.

There have been no changes to the scheme rules in the current and prior financial year.

The pension expense charged to the income statement does not include actuarial gains or losses, which are recognised in the period in which they occur directly in equity.

	2011 \$M	2010 \$M
<b>Change in benefit obligation</b>		
Benefit obligation at the beginning of the year	64.2	59.4
Current service cost	0.6	1.0
Interest cost	3.1	3.1
Actuarial losses	1.6	9.8
Members' contributions	0.1	0.1
Curtailments or settlements	(0.4)	(0.1)
Benefits paid	(0.7)	(0.6)
Effect of foreign currency translation	(10.0)	(8.5)
<b>Benefit obligation at the end of the year</b>	<b>58.5</b>	<b>64.2</b>
<b>Analysis of defined benefit obligation</b>		
Funds that are wholly or partly funded	<b>58.5</b>	<b>64.2</b>
<b>Change in fund assets</b>		
Fair value of fund assets at the beginning of the year	42.2	42.0
Expected return on fund assets	2.2	2.2
Actuarial gains	4.4	3.4
Employer contributions	1.1	1.2
Members' contributions	0.1	0.1
Curtailments or settlements	(0.5)	(0.1)
Benefits paid	(0.7)	(0.6)
Effect of foreign currency translation	(6.8)	(6.0)
<b>Fair value of fund assets at the end of the year</b>	<b>42.0</b>	<b>42.2</b>
Funding deficit at the end of the year	16.5	22.0
<b>Net liability recognised at the end of the year</b>	<b>16.5</b>	<b>22.0</b>
<b>Components of pension cost</b>		
Current service cost	0.6	1.0
Interest cost	3.1	3.1
Expected return on fund assets	(2.2)	(2.2)
Effects of curtailments or settlements	–	(0.1)
<b>Total pension cost recognised in the income statement</b>	<b>1.5</b>	<b>1.8</b>
Actuarial gains/(losses) recognised in equity	2.8	(6.4)
Less: Deferred tax expense	(1.0)	1.9
<b>Net actuarial gains/(losses) recognised in equity</b>	<b>1.8</b>	<b>(4.5)</b>

for the year ended 30 June 2011

**18. Employee benefits (cont)****(a) Liability for defined benefit obligation (cont)****Fund assets**

The actual return on fund assets during the financial year was a \$6.0 million gain (2010: \$5.3 million gain). The weighted average asset allocation at the end of the financial year was as follows:

	2011 %	2010 %
Equities	69.5	65.7
Bonds	29.9	33.6
Cash	0.6	0.7
	<b>100.0</b>	<b>100.0</b>

To develop the expected long-term rate of return on assets assumption, Goodman considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

	2011 % per annum	2010 % per annum
<b>Weighted average assumptions used to determine benefit obligations</b>		
Discount rate	5.50	5.30
Rate of compensation increase	–	–
<b>Weighted average assumptions used to determine net pension cost</b>		
Discount rate	5.30	6.00
Expected long-term return on fund assets	5.60	5.86
Rate of benefit increase	3.30	3.30
Rate of compensation increase	–	–

<b>Historical information</b>	2011	2010	2009	2008	2007
Benefit obligation at the end of the year (\$M)	(58.5)	(64.2)	(52.4)	(69.5)	(69.5)
Fair value of fund assets at the end of the year (\$M)	42.0	42.2	49.1	55.1	55.1
Funding deficit (\$M)	(16.5)	(22.0)	(3.3)	(14.4)	(14.4)

**Difference between expected and actual return on fund assets**

Amount (\$M)	4.0	3.1	(11.5)	(2.5)	(2.8)
Percentage of fund assets (%)	9.9	8.8	(25.9)	(5.0)	(5.0)

**Experience (losses)/gains on fund liabilities**

Amount (\$M)	(1.8)	(11.2)	0.3	(0.6)	0.4
Percentage of fund liabilities (%)	3.2	(18.9)	0.6	1.0	1.0

## 18. Employee benefits (cont)

### (b) Share based payments

The Company provides equity based remuneration through the issue of shares under the LTIP. Under the LTIP Goodman can offer performance rights (sometimes known as zero priced options) and options to its employees.

In prior financial years, Goodman offered options over securities under the EOP; however, the EOP was replaced with the LTIP as the design features of the LTIP more closely reflect the principles supported by Securityholders.

Prior to the EOP, Australian based employees were able to participate in the ESAP but this policy was changed following the implementation by the Australian Government of regulatory changes that facilitated Australian employees of stapled groups being offered options.

Details of the Consolidated Entity's equity based remuneration schemes are set out below.

Share based payments expense included in the income statement was as follows:

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$M</b>	<b>\$M</b>
Share based payments expense:		
– Equity settled	10.9	5.4
– Cash settled	0.8	0.4
– Other costs	0.5	–
	<b>12.2</b>	<b>5.8</b>

The share based payments expense during the current financial year is in relation to the performance rights granted under the LTIP and the Goodman Tax Exempt Plan (refer below). At 30 June 2011, a liability of \$1.1 million (2010: \$0.3 million) was recognised in relation to cash settled performance rights.

### (i) Long Term Incentive Plan

The LTIP was approved at the Annual General Meeting on 30 November 2009 and each performance right issued under the LTIP entitles an employee to acquire a Goodman stapled security for nil consideration subject to the vesting conditions having been satisfied. The LTIP also provides for the issue of options, though this has not been utilised to date. If options were to be issued, it would entitle an employee to acquire a Goodman stapled security on payment of the exercise price for the option subject to the vesting conditions having been satisfied.

Non-Executive Directors are not entitled to participate in the LTIP and no rights over stapled securities were issued to Non-Executive Directors during the financial year and up to the date of signature of the consolidated financial report.

Under the terms of the LTIP and decisions made by the Directors in accordance with the plan, the issues of performance rights on 1 February 2011 to employees were subject to the following broad terms:

- + the exercise of 25% of the total performance rights will be conditional on the Consolidated Entity achieving a TSR in excess of that achieved by 50% of listed entities in the Standard & Poor's/ASX 200 index and the exercise of 75% of the total performance rights will be conditional on the Consolidated Entity achieving an operating EPS outcome at least at the target level notified to the market over a three year "testing period" which ends on 30 June 2013 and continued employment (subject to special circumstances e.g. death, total and permanent disability, redundancy or retirement). To the extent that the Consolidated Entity achieves the aggregate target EPS, 100% of the tranche will vest, to the extent the Consolidated Entity exceeds the 51st percentile in TSR, there is proportionate increases in vesting of performance rights up to 100% at the 76th percentile under the grants made pursuant to the rules and disclose to the market;
- + performance rights lapse on the earlier of approximately five years from the offer or the termination of the employee's employment (unless such termination is due to special circumstances);
- + performance rights vest in three equal tranches on 2 September 2013, 1 September 2014 and 1 September 2015; and
- + the majority of Australian based employees were also permitted to receive up to \$1,000 of restricted Goodman stapled securities under guidelines issued by the Australian Taxation Office. The allotment of these securities was made under the Goodman Tax Exempt Plan, as approved by the Board.

for the year ended 30 June 2011

**18. Employee benefits (cont)****(b) Share based payments (cont)**

The movement in the number of performance rights is as follows:

	Number of rights	
	2011	2010
Outstanding at the beginning of the year	49,813,610	–
Granted	45,552,832	49,949,409
Exercised	–	–
Forfeited	(2,466,700)	(135,799)
<b>Outstanding at the end of the year</b>	<b>92,899,742</b>	<b>49,813,610</b>
<b>Exercisable at the end of the year</b>	<b>–</b>	<b>–</b>

The model inputs for performance rights awarded during the current and prior financial year include the following:

	Rights issued on 1 Feb 2011	Rights issued on 14 May 2010
Fair value at measurement date (\$)	0.56	0.60
Security price (\$)	0.67	0.67
Exercise price (\$)	–	–
Expected volatility (%)	29.29	64.94
Rights expected weighted average life (years)	3.6	3.3
Dividend/distribution yield per annum (%)	4.95	5.23
Average risk free rate of interest per annum (%)	5.11	5.04

The fair value of services received in return for performance rights granted under the LTIP is measured by reference to the fair value of the performance rights granted. The estimate of the fair value of the services received is measured as follows:

- + TSR performance hurdle: these rights have been valued using a Monte Carlo model which simulated total returns for each of the ASX 200 stocks, and discounted the future value of any potential future vesting performance rights to arrive at a present value. The model uses statistical analysis to forecast total returns, based on expected parameters of variance and co-variance; and
- + EPS performance hurdle: these rights have been valued as a granted call option, using the standard Black Scholes model with a continuous dividend yield.

**(ii) Executive Option Plan**

No employees were granted options under the EOP during the financial year and up to the date of signature of the consolidated financial report. Options previously issued under the EOP would have entitled an employee to acquire a Goodman stapled security on payment of the exercise price for the option; however, the options are unlikely to vest as the return on equity performance hurdles are unlikely to be achieved.

At 30 June 2011, the weighted average exercise prices and number of options that have not formally lapsed were as follows:

	Weighted average exercise price		Number of securities	
	2011 \$	2010 \$	2011	2010
Outstanding at the beginning of the year	4.92	4.97	138,321,445	139,398,445
Forfeited	4.85	4.69	(7,507,945)	(1,077,000)
<b>Outstanding at the end of the year<sup>1</sup></b>	<b>4.92</b>	<b>4.92</b>	<b>130,813,500</b>	<b>138,321,445</b>
<b>Exercisable at the end of the year</b>	<b>–</b>	<b>4.00</b>	<b>–</b>	<b>1,051,148</b>

1. As at 30 June 2011, the options outstanding have exercise prices in the range of \$2.98 to \$7.14 (2010: \$2.98 to \$7.14).

## 18. Employee benefits (cont)

### (b) Share based payments (cont)

#### (iii) Employee Securities Acquisition Plan

No employees were granted securities under the ESAP during the financial year and up to the date of signature of the consolidated financial report. Securities previously issued under the ESAP would have entitled an employee to acquire a Goodman stapled security on payment of the exercise price for the security; however, the securities are unlikely to vest as the return on equity performance hurdles are unlikely to be achieved.

At 30 June 2011, the weighted average exercise prices and number of securities issued under the ESAP that have not lapsed were as follows:

	Weighted average exercise price		Number of securities	
	2011 \$	2010 \$	2011	2010
Outstanding at the beginning of the year	5.64	5.63	36,322,476	41,649,309
Forfeited	4.60	5.63	(21,686,976)	(5,326,833)
<b>Outstanding at the end of the year<sup>1</sup></b>	<b>7.17</b>	<b>5.64</b>	<b>14,635,500</b>	<b>36,322,476</b>
<b>Exercisable at the end of the year</b>	<b>–</b>	<b>4.09</b>	<b>–</b>	<b>3,192,158</b>

1. The outstanding securities under the ESAP at 30 June 2011 have an exercise price in the range of \$6.28 to \$7.23 (2010: \$2.59 to \$7.23).

## 19. Provisions

	Distributions to Securityholders	Onerous contracts	Rental guarantees	Other	Total
Consolidated	\$M	\$M	\$M	\$M	\$M
Balance at the beginning of the year	120.3	15.6	7.9	0.1	143.9
Provisions made	250.0	0.1	16.4	–	266.5
Provisions used	(223.1)	(3.2)	(3.6)	(0.1)	(230.0)
Provisions reversed	–	–	(1.4)	–	(1.4)
Effect of foreign currency translation	–	(1.4)	(1.4)	–	(2.8)
<b>Balance at the end of the year</b>	<b>147.2</b>	<b>11.1</b>	<b>17.9</b>	<b>–</b>	<b>176.2</b>
<b>Analysed as:</b>					
Current	147.2	1.0	15.6	–	163.8
Non-current	–	10.1	2.3	–	12.4
	<b>147.2</b>	<b>11.1</b>	<b>17.9</b>	<b>–</b>	<b>176.2</b>

### Onerous contracts

The provision for onerous contracts includes both onerous lease provisions and onerous fund management contract provisions.

Onerous lease provisions relate to future lease costs of office accommodation vacated by Goodman. The leases expire at various dates between July 2011 and May 2022. Subleasing of certain surplus space has been agreed or assumed in future periods. A provision has been recognised for the obligation for all discounted future payments, net of assumed rental income.

Onerous management contracts arise where the net operating result is forecast to be a loss over the remaining contract life. The principal management contract to which the provision relates expires in December 2012.

### Rental guarantees

Rental guarantee provisions relate to estimates of future amounts payable by the Consolidated Entity to meet rental income targets guaranteed to third parties (including associates) under the terms of asset disposal contracts. The rental guarantees principally relate to a three year period expiring 1 February 2015.



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## 20. Issued capital

	Consolidated	
	2011	2010
<b>Securities on issue</b>		
Number of securities on issue on the ASX	7,394,607,411	6,369,751,394
Treasury securities issued under the ESAP	(36,322,476)	(36,322,476)
<b>Balance included in issued capital</b>	<b>7,358,284,935</b>	<b>6,333,428,918</b>
	<b>\$M</b>	<b>\$M</b>
<b>Parent Entity</b>		
Issued capital, fully paid	385.6	380.1
Treasury securities	(1.4)	(1.4)
Issue costs	(10.4)	(10.4)
<b>Equity attributable to Shareholders</b>	<b>373.8</b>	<b>368.3</b>
<b>GIT</b>		
Issued capital, fully paid	7,046.3	6,584.9
Issue costs	(142.2)	(142.0)
	<b>6,904.1</b>	<b>6,442.9</b>
Amounts attributable to Shareholders <sup>1</sup>	(222.8)	(222.8)
<b>Equity attributable to Unitholders</b>	<b>6,681.3</b>	<b>6,220.1</b>
<b>Total issued capital</b>	<b>7,055.1</b>	<b>6,588.4</b>

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**

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

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

**Equity raising**

During the prior financial year, Goodman undertook a fully underwritten equity raising to raise a total of \$1,278.6 million 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.

## 20. 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
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<b>Balance at the beginning of the year</b>																
Securities on issue at 1 July	6,369.7	2,779.7	-	-	6,369.7	2,779.7	6,795.8	5,410.7	-	-	(169.1)	(163.8)	6,584.9	5,324.7	380.1	249.8
Treasury securities at 1 July	-	-	(36.3)	(41.7)	(36.3)	(41.7)	-	-	(55.0)	(63.6)	(53.7)	(62.1)	-	-	(1.4)	(1.5)
Less: Issue costs	-	-	-	-	-	-	(152.4)	(102.3)	-	-	-	-	(142.0)	(95.6)	(10.4)	(6.7)
	<b>6,369.7</b>	<b>2,779.7</b>	<b>(36.3)</b>	<b>(41.7)</b>	<b>6,333.4</b>	<b>2,738.0</b>	<b>6,643.4</b>	<b>5,308.4</b>	<b>(55.0)</b>	<b>(63.6)</b>	<b>(222.8)</b>	<b>(225.9)</b>	<b>6,442.9</b>	<b>5,229.1</b>	<b>368.3</b>	<b>241.6</b>
<b>Movements during the year</b>																
- 523,255,813 securities issued on conversion of preference securities by CIC (2010: nil)	523.3	-	-	-	523.3	-	225.0	-	-	-	-	-	221.6	-	3.4	-
- nil securities issued under the institutional placement and entitlement offer (2010: 3,196,599,473)	-	3,196.6	-	-	-	3,196.6	-	1,278.6	-	-	-	-	-	1,156.9	-	121.7
- 276,000,000 securities issued on exercise of options by CIC (2010: nil)	276.0	-	-	-	276.0	-	78.5	-	-	-	-	-	77.8	-	0.7	-
- nil securities issued on exercise of options by Macquarie Group (2010: 393,300,000)	-	393.3	-	-	-	393.3	-	111.9	-	-	-	-	-	103.3	-	8.6
- 225,384,615 securities issued to Goodman Holdings Group for acquisition of Moorabbin Airport and Business Park (2010: nil)	225.4	-	-	-	225.4	-	163.4	-	-	-	-	-	162.0	-	1.4	-
- 215,589 securities issued to employees under the Goodman Tax Exempt Plan (2010: 200,205)	0.2	0.1	-	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-
- nil treasury securities forfeited (2010: 5,326,834)	-	-	-	5.4	-	5.4	-	(5.4)	-	8.6	-	3.1	-	-	-	0.1
	<b>7,394.6</b>	<b>6,369.7</b>	<b>(36.3)</b>	<b>(36.3)</b>	<b>7,358.3</b>	<b>6,333.4</b>	<b>7,262.7</b>	<b>6,795.8</b>	<b>(55.0)</b>	<b>(55.0)</b>	<b>(222.8)</b>	<b>(222.8)</b>	<b>7,046.3</b>	<b>6,584.9</b>	<b>384.2</b>	<b>378.7</b>
Less: Issue costs	-	-	-	-	-	-	(152.6)	(152.4)	-	-	-	-	(142.2)	(142.0)	(10.4)	(10.4)
<b>Balance at the end of the year</b>	<b>7,394.6</b>	<b>6,369.7</b>	<b>(36.3)</b>	<b>(36.3)</b>	<b>7,358.3</b>	<b>6,333.4</b>	<b>7,110.1</b>	<b>6,643.4</b>	<b>(55.0)</b>	<b>(55.0)</b>	<b>(222.8)</b>	<b>(222.8)</b>	<b>6,904.1</b>	<b>6,442.9</b>	<b>373.8</b>	<b>368.3</b>
<b>Comprises:</b>																
Securities on issue at 30 June	7,394.6	6,369.7	-	-	7,394.6	6,369.7	7,262.7	6,795.8	-	-	(169.1)	(169.1)	7,046.3	6,584.9	385.6	380.1
Treasury securities on issue at 30 June	-	-	(36.3)	(36.3)	(36.3)	(36.3)	-	-	(55.0)	(55.0)	(53.7)	(53.7)	-	-	(1.4)	(1.4)
Less: Issue costs	-	-	-	-	-	-	(152.6)	(152.4)	-	-	-	-	(142.2)	(142.0)	(10.4)	(10.4)
	<b>7,394.6</b>	<b>6,369.7</b>	<b>(36.3)</b>	<b>(36.3)</b>	<b>7,358.3</b>	<b>6,333.4</b>	<b>7,110.1</b>	<b>6,643.4</b>	<b>(55.0)</b>	<b>(55.0)</b>	<b>(222.8)</b>	<b>(222.8)</b>	<b>6,904.1</b>	<b>6,442.9</b>	<b>373.8</b>	<b>368.3</b>

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## 21. Reserves

	Note	Consolidated	
		2011 \$M	2010 \$M
Asset revaluation reserve	21(a)	(1,482.3)	(1,871.5)
Cash flow hedge reserve	21(b)	(64.3)	(156.4)
Foreign currency translation reserve	21(c)	(741.7)	(414.3)
Capital profits reserve	21(d)	(78.0)	143.4
Employee compensation reserve	21(e)	2.2	(7.5)
Defined benefit funds actuarial losses reserve	21(f)	(10.9)	(15.0)
<b>Total reserves</b>		<b>(2,375.0)</b>	<b>(2,321.3)</b>

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

	Shareholders		Unitholders		Securityholders	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M	2011 \$M	2010 \$M
<b>(a) Asset revaluation reserve</b>						
Balance at the beginning of the year	(336.8)	(260.3)	(1,534.7)	(1,260.7)	(1,871.5)	(1,521.0)
Increase due to revaluation of available for sale equity securities	–	20.8	14.3	14.7	14.3	35.5
Transfers to capital profits reserve	20.3	15.3	224.1	31.0	244.4	46.3
Transfers from accumulated losses	(2.7)	(144.2)	65.4	(406.0)	62.7	(550.2)
Fair value of available for sale equity securities transferred to the income statement on disposal	–	–	(47.2)	–	(47.2)	–
Effect of foreign currency translation	44.2	31.6	70.8	86.3	115.0	117.9
<b>Balance at the end of the year</b>	<b>(275.0)</b>	<b>(336.8)</b>	<b>(1,207.3)</b>	<b>(1,534.7)</b>	<b>(1,482.3)</b>	<b>(1,871.5)</b>
<b>(b) Cash flow hedge reserve</b>						
Balance at the beginning of the year	(9.1)	(12.7)	(147.3)	(223.2)	(156.4)	(235.9)
Change in value of financial instruments	–	0.9	36.1	(0.4)	36.1	0.5
Transfers to the income statement	5.2	1.1	37.3	52.7	42.5	53.8
Effect of foreign currency translation	1.4	1.6	12.1	23.6	13.5	25.2
<b>Balance at the end of the year</b>	<b>(2.5)</b>	<b>(9.1)</b>	<b>(61.8)</b>	<b>(147.3)</b>	<b>(64.3)</b>	<b>(156.4)</b>
<b>(c) Foreign currency translation reserve</b>						
Balance at the beginning of the year	(15.3)	7.9	(399.0)	(70.7)	(414.3)	(62.8)
Net exchange differences on conversion of foreign operations	(13.2)	(23.2)	(314.2)	(328.3)	(327.4)	(351.5)
<b>Balance at the end of the year</b>	<b>(28.5)</b>	<b>(15.3)</b>	<b>(713.2)</b>	<b>(399.0)</b>	<b>(741.7)</b>	<b>(414.3)</b>
<b>(d) Capital profits reserve</b>						
Balance at the beginning of the year	43.1	58.1	100.3	117.7	143.4	175.8
Transfers from asset revaluation reserve	(20.3)	(15.3)	(224.1)	(31.0)	(244.4)	(46.3)
Effect of foreign currency translation	9.9	0.3	13.1	13.6	23.0	13.9
<b>Balance at the end of the year</b>	<b>32.7</b>	<b>43.1</b>	<b>(110.7)</b>	<b>100.3</b>	<b>(78.0)</b>	<b>143.4</b>

The foreign currency translation reserve records the foreign currency difference arising from the translation of foreign operations in New Zealand, Hong Kong, China, Japan, Continental Europe and the United Kingdom.

Refer to note 1(f) for the accounting policy relating to this reserve.

## 21. Reserves (cont)

	Shareholders		Unitholders		Securityholders	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M	2011 \$M	2010 \$M
<b>(e) Employee compensation reserve</b>						
Balance at the beginning of the year	(7.5)	(16.0)	–	–	(7.5)	(16.0)
Equity settled share based payments recognised in the income statement	10.9	5.4	–	–	10.9	5.4
Transfers to accumulated losses	–	4.4	–	–	–	4.4
Other	(1.2)	(0.6)	–	–	(1.2)	(0.6)
Effect of foreign currency translation	–	(0.7)	–	–	–	(0.7)
<b>Balance at the end of the year</b>	<b>2.2</b>	<b>(7.5)</b>	<b>–</b>	<b>–</b>	<b>2.2</b>	<b>(7.5)</b>
<b>(f) Defined benefit funds actuarial losses reserve</b>						
Balance at the beginning of the year	(15.0)	(12.3)	–	–	(15.0)	(12.3)
Actuarial gains/(losses), net of tax	1.8	(4.5)	–	–	1.8	(4.5)
Effect of foreign currency translation	2.3	1.8	–	–	2.3	1.8
<b>Balance at the end of the year</b>	<b>(10.9)</b>	<b>(15.0)</b>	<b>–</b>	<b>–</b>	<b>(10.9)</b>	<b>(15.0)</b>

Refer to note 1(s) for the accounting policy relating to this reserve.

## 22. Accumulated losses

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

	Shareholders		Unitholders		Securityholders	
	2011 \$M	2010 \$M	2011 \$M	2010 Restated <sup>1</sup> \$M	2011 \$M	2010 Restated <sup>1</sup> \$M
Balance at the beginning of the year	(215.7)	(93.7)	(102.9)	(20.8)	(318.6)	(114.5)
(Loss)/profit for the year	(122.6)	(263.0)	514.6	(274.0)	392.0	(537.0)
Transfers to asset revaluation reserve	2.7	144.2	(65.4)	406.0	(62.7)	550.2
Transfers from employee compensation reserve	–	(4.4)	–	–	–	(4.4)
Distributions declared <sup>2</sup>	1.3	1.2	(251.3)	(214.1)	(250.0)	(212.9)
<b>Balance at the end of the year</b>	<b>(334.3)</b>	<b>(215.7)</b>	<b>95.0</b>	<b>(102.9)</b>	<b>(239.3)</b>	<b>(318.6)</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report

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

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### 23. Other non-controlling interests

Other non-controlling interests in controlled entities comprise:

	Consolidated	
	2011 \$M	2010 \$M
Goodman PLUS Trust hybrid securities	318.8	318.8
CIC convertible preference securities	254.3	479.3
	<b>573.1</b>	<b>798.1</b>

#### Goodman PLUS Trust hybrid securities

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

The non-controlling interest balance is net of issue costs.

#### CIC convertible preference securities

On 24 December 2010, CIC converted \$225.0 million preference securities to stapled securities at a price of \$0.43 per security.

At 30 June 2011, Goodman had on issue two further tranches of convertible preference securities to CIC. The Consolidated Entity pays, at its discretion, distributions on both tranches at 10% per annum. CIC is able to convert the preference securities to Goodman stapled securities as follows: a tranche of \$150.0 million can be converted at a price of \$0.44 per security from 30 June 2010 and a tranche of \$125.0 million can be converted at a price of \$0.45 per security from 31 December 2010.

Goodman may also elect to redeem the CIC convertible preference securities 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: the \$150.0 million tranche from 31 December 2011 and the \$125.0 million tranche from 30 June 2012.

The non-controlling interest balance is net of issue costs.

### 24. Disposals of interests in controlled entities

In the current financial year, Goodman disposed of controlled entities as set out below:

	Total \$M
<b>Cash consideration received</b>	
– On disposal of Goodman Hong Kong (Jiangsu) Developments No. 1 Limited <sup>1</sup>	4.5
– On disposal of special purpose entities in Continental Europe <sup>2</sup>	39.4
<b>Net cash inflow</b>	<b>43.9</b>

1. On 30 December 2010, the Consolidated Entity disposed of its entire interest in Goodman Hong Kong (Jiangsu) Developments No. 1 Limited, which owned a stabilised investment property to Canada Pension Plan Investment Board. The principal impact on the Consolidated Entity's balance sheet was a decrease in investment properties of \$3.7 million.
2. During the financial year, controlled entities in Continental Europe disposed of several other special purpose development property entities for a net consideration of \$39.4 million (2010: \$20.0 million). There is no significant impact on the Consolidated Entity's balance sheet as a result of these disposals.

## 25. Commitments

	Consolidated	
	2011 \$M	2010 \$M
<b>Capital expenditure commitments</b>		
Contracted but not provided for and payable:		
– Within one year	34.2	26.8
– One year or later and no later than five years	–	8.8
– Later than five years	–	–
	<b>34.2</b>	<b>35.6</b>
<b>Non-cancellable operating lease commitments</b>		
Future operating lease commitments not provided for in the financial statements and payable:		
– Within one year	10.0	7.6
– One year or later and no later than five years	24.1	19.8
– Later than five years	26.9	29.5
	<b>61.0</b>	<b>56.9</b>

At 30 June 2011, the Consolidated Entity was also committed to expenditure on inventories of \$91.6 million (2010: \$6.1 million) and expenditure in relation to construction contracts of \$19.0 million (2010: \$81.1 million).

### Commitment to investment in funds managed by Goodman

At 30 June 2011, the Consolidated Entity was committed to invest A\$76.8 million into GHKLF (2010: A\$97.1 million).

At 30 June 2011, the Consolidated Entity was committed to invest A\$14.7 million (2010: A\$12.0 million) into GADF, A\$nil into GCLHL (2010: A\$8.5 million) and A\$nil into Princeton Lux (2010: A\$4.8 million) to fund the acquisitions of completed properties by these associates and JVEs.

Goodman also has a commitment to provide additional shareholder funding of up to A\$nil (2010: A\$0.9 million) into HDL. This is to fund development projects committed to by the JVE.

In relation to GAIF and GELF, the Consolidated Entity offers a limited liquidity facility to investors, which allows the investors to sell to the Consolidated Entity some or all of their investment in the funds. Limits apply to these liquidity facilities and Goodman is only required to offer to purchase up to 2.5% of the issued capital of GAIF and GELF each quarter. Furthermore, the Consolidated Entity is only required to purchase units where its co-investment in GAIF or GELF is below a prescribed limit. Currently, Goodman's interest (together with its custodian's interest) in GAIF is above the prescribed limit and this liquidity facility is not open for investors; however, Goodman's interest in GELF is below the prescribed limit and this liquidity facility is open for investors.

### Acquisition of investment properties

Amounts contracted for the acquisition of investment properties not provided for at 30 June 2011 is \$47.7 million (2010: \$78.1 million).

### Guaranteed land payments – M7 Business Hub development

In the prior year, a commitment existed in respect of a Heads of Agreement signed between GIT, Vineyard, Brickworks Limited and The Austral Brick Company Pty Ltd (Austral). Austral has a put option which gives it the right to require Vineyard to take a transfer of unsold saleable lots of land. GIT had provided Austral with a guarantee for all amounts payable by Vineyard. In the current year, Vineyard fulfilled its obligation under the put option and no longer has an obligation to take ownership of any unsold lots of land (2010: \$13.0 million).

### Non-cancellable operating lease receivables from investment property customers

	Consolidated	
	2011 \$M	2010 \$M
<b>Non-cancellable operating lease commitments receivable:</b>		
– Within one year	173.5	173.8
– One year or later and no later than five years	490.7	532.6
– Later than five years	199.3	238.6
	<b>863.5</b>	<b>945.0</b>



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**26. Notes to the consolidated cash flow statement****(a) Reconciliation of cash**

For the purpose of the cash flow statement, cash includes cash on hand at the bank and short-term deposits at call. Cash at the balance date as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	2011	2010
	\$M	\$M
<b>Cash assets</b>	<b>227.8</b>	<b>515.1</b>

**(b) Reconciliation of profit/(loss) for the year to net cash provided by operating activities**

	Consolidated	
	2011	2010
	\$M	Restated' \$M
Profit/(loss) for the year	453.0	(484.7)
<b>Items classified as investing/financing activities</b>		
Net gain on disposal of investment properties	(0.8)	(2.6)
Net (gain)/loss on disposal of investments	(84.5)	2.7
<b>Non-cash items</b>		
Amortisation and depreciation	5.8	8.3
Share based payments expense	12.2	5.4
Net loss on fair value adjustments on investment properties	26.4	210.0
Impairment losses	47.2	145.4
Share of net results of equity accounted investments	(174.5)	211.2
Net financing costs	(49.1)	154.1
Income tax expense	7.5	1.0
<b>Operating profit before changes in working capital and provisions</b>	<b>243.2</b>	<b>250.8</b>
Changes in assets and liabilities during the year:		
– Decrease/(increase) in receivables	25.5	(5.8)
– (Increase)/decrease in inventories	(68.5)	20.6
– Increase in other assets	(13.4)	(45.5)
– Increase/(decrease) in payables	14.5	(24.3)
– Increase in provisions (including employee benefits)	9.3	31.0
	<b>210.6</b>	<b>226.8</b>
Distributions received from equity accounted investments	125.3	52.8
Net financing costs paid <sup>2</sup>	(40.3)	(73.5)
Net income taxes paid	(1.2)	(10.9)
<b>Net cash provided by operating activities</b>	<b>294.4</b>	<b>195.2</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

2. Net financing costs paid includes debt restructuring costs of \$nil (2010: \$35.0 million).

**(c) Non-cash financing and investing activities**

In the current financial year, the Consolidated Entity acquired Moorabbin Airport and business park (refer to note 29) and part of the consideration included the issue of 225,384,615 Goodman stapled securities. The Consolidated Entity also received distributions of \$15.1 million and \$10.6 million from GAIF and GMT respectively in the form of units under their distribution reinvestment plans.

In the prior financial year, the Consolidated Entity received its June 2010 distribution of \$63.7 million in the form of units in GAIF under GAIF's distribution reinvestment plan.

## 27. Controlled entities

The significant controlled companies and trusts of Goodman Limited are set out below:

Significant controlled companies	Country of incorporation	Interest held	
		2011 %	2010 %
Goodman Europe (Aust) Pty Limited	Australia	100.0	100.0
Goodman Finance Australia Limited	Australia	100.0	100.0
Goodman Funding Pty Limited	Australia	100.0	100.0
Goodman Funds Management Australia Limited	Australia	100.0	100.0
Goodman Funds Management Limited	Australia	100.0	100.0
Goodman Property Services (Aust) Pty Limited	Australia	100.0	100.0
Goodman Singapore Industrial Management (Aust) Pty Limited	Australia	100.0	100.0
Goodman Vineyard Pty Limited	Australia	100.0	100.0
Goodman Singapore Holdings (Aust) Pty Limited	Australia	100.0	100.0
Moorabbin Airport Corporation Pty Limited	Australia	100.0	–
Goodman Belgium NV	Belgium	100.0	100.0
Goodman Management Services (Belgium) NV	Belgium	100.0	100.0
Red Pine Logistics NV	Belgium	100.0	100.0
Willebroek Platform Project NV	Belgium	100.0	100.0
MGI HK Finance	Cayman Islands	100.0	100.0
Goodman Developments Asia	Cayman Islands	100.0	100.0
Goodman Management Consulting (Shanghai) Co. Ltd	China	100.0	100.0
Goodman Czech Republic sro	Czech Republic	100.0	100.0
LPR Czech sro	Czech Republic	100.0	100.0
MNB Czech sro	Czech Republic	100.0	100.0
Goodman France Sàrl (formerly Goodman Logistics Developments (France) Sàrl)	France	100.0	100.0
Goodman Nantes Logistics (France) Sàrl	France	100.0	100.0
Goodman Oracle Logistics (France) Sàrl	France	100.0	100.0
Goodman Germany GmbH	Germany	100.0	100.0
SMH Sparkasse Mannesmann Hoffmeister Projektentwicklung GmbH & Co. KG	Germany	99.7	99.7
SMH Sparkasse Mannesmann Hoffmeister Projektentwicklung Verwaltungsgesellschaft mbH	Germany	94.8	94.6
Goodman Asia Limited	Hong Kong	100.0	100.0
Goodman China Limited	Hong Kong	100.0	100.0
Goodman Hungary Ingtatlankezekelo Kft	Hungary	100.0	100.0
Goodman Italy srl	Italy	100.0	100.0
ABPP Investment Jersey Limited	Jersey	100.0	100.0
Goodman Burton (Jersey) Limited	Jersey	100.0	100.0
Goodman Citadel (Jersey) Limited	Jersey	100.0	100.0
Goodman Colnbrook (Jersey) Limited	Jersey	100.0	100.0
Goodman Coventry (Jersey) Limited	Jersey	100.0	100.0
Goodman Daventry (Jersey) Limited	Jersey	100.0	100.0
Goodman Ellesmere Port (Jersey) Limited	Jersey	100.0	100.0
Goodman Finance (Jersey) Limited	Jersey	100.0	100.0
Goodman Gloucester (Jersey) Limited	Jersey	100.0	100.0
Goodman Harthills (Jersey) Limited	Jersey	100.0	100.0
Goodman Holdings (Jersey) Limited	Jersey	100.0	100.0
Goodman Logistics (Jersey) Limited	Jersey	100.0	100.0
Goodman Maltby (Jersey) Limited	Jersey	100.0	100.0
Goodman Management (Jersey) Limited	Jersey	100.0	100.0
Goodman Oceanview Logistics (Jersey) Limited	Jersey	100.0	100.0
Goodman Property Holdings (Jersey) Limited	Jersey	100.0	100.0
Goodman Thurrock (Jersey) Limited	Jersey	100.0	100.0
Goodman West Thurrock (Jersey) Limited	Jersey	100.0	100.0
GELF Management (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman APP 1&2 (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman APP 3 (Lux) Sàrl	Luxembourg	100.0	100.0

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## 27. Controlled entities (cont)

Significant controlled companies	Country of incorporation	Interest held	
		2011 %	2010 %
Goodman APP 4,5, & CdV (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman APP Holdings (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Europe (Lux) SA	Luxembourg	100.0	100.0
Goodman Feldspar Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Finance (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Heliotrope Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Hematite Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Jasper Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Leucite Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Magnetite Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Management Holdings (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Property Opportunities (Lux) Sàrl, SICAR	Luxembourg	100.0	100.0
Goodman Serpentine Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Turquoise Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
GPO Advisory (Lux) Sàrl	Luxembourg	100.0	100.0
Oak Logistics Sàrl	Luxembourg	100.0	100.0
Rowan Logistics Sàrl	Luxembourg	100.0	100.0
Goodman Finance NZ Limited	New Zealand	100.0	100.0
Goodman (NZ) Limited	New Zealand	100.0	100.0
Goodman Property Services (NZ) Limited	New Zealand	100.0	100.0
Goodman Poland Sp zoo	Poland	100.0	100.0
Goodman Singapore Pte Limited	Singapore	100.0	100.0
Ascendas Global Gateway Pte Limited	Singapore	60.0	60.0
Goodman Japan Holdings (Singapore) Pte Limited	Singapore	100.0	100.0
Goodman Funding Singapore Pte Limited	Singapore	100.0	100.0
Goodman Senec 1 Logistics (Slovakia) sro	Slovakia	100.0	100.0
Goodman Slovakia sro	Slovakia	100.0	100.0
Goodman Spain SL	Spain	100.0	100.0
Goodman Real Estate (Spain) SL	Spain	100.0	100.0
Goodman Logistics Developments (Netherlands) B.V.	The Netherlands	100.0	100.0
Goodman Westpoort Logistics (Netherlands) B.V.	The Netherlands	100.0	100.0
Aquamarine Gayrimenkul Ticareti Anonim Sirketi	Turkey	100.0	100.0
Goodman Gayrimenkul Ticareti Anonim Sirketi	Turkey	100.0	100.0
Goodman BidCo 1 (UK) Limited	United Kingdom	100.0	100.0
Goodman BidCo 3 (UK) Limited	United Kingdom	100.0	100.0
Goodman Group Holdings (UK) Limited	United Kingdom	100.0	100.0
Goodman Hinckley (UK) Limited	United Kingdom	100.0	100.0
Goodman Logistics Developments (UK) Limited	United Kingdom	100.0	100.0
Goodman NCP (UK) Limited	United Kingdom	100.0	100.0
Goodman Peterborough (UK) Limited (formerly Frenbury Properties Limited)	United Kingdom	100.0	100.0
Goodman Real Estate (UK) Limited	United Kingdom	100.0	100.0
Goodman Top Co (UK) Limited	United Kingdom	100.0	100.0
Ancosec Limited	United Kingdom	100.0	100.0
Arlington Business Parks GP Limited	United Kingdom	99.6	99.6
Dollhurst Limited	United Kingdom	100.0	100.0
Dollmist Limited	United Kingdom	100.0	100.0
Dollplace Limited	United Kingdom	100.0	100.0
Goodman Business Parks (UK) Limited	United Kingdom	100.0	100.0
Goodman Business Services (UK) Limited	United Kingdom	100.0	100.0
Goodman Development Management (UK) Limited	United Kingdom	100.0	100.0
Goodman LP (UK) Limited	United Kingdom	100.0	100.0
Goodman Net Services (UK) Limited	United Kingdom	100.0	100.0
Goodman Operator (UK) Limited	United Kingdom	100.0	100.0
Goodman Real Estate Adviser (UK) Limited	United Kingdom	100.0	100.0
Goodman Real Estate Developments (2003) Limited	United Kingdom	100.0	100.0

## 27. Controlled entities (cont)

Significant controlled companies	Country of incorporation	Interest held	
		2011 %	2010 %
Goodman Real Estate Services (UK) Limited	United Kingdom	100.0	100.0
Goodman Science Park GP (UK) Limited	United Kingdom	100.0	100.0
Goodman Science Park LP (UK) Limited	United Kingdom	100.0	100.0
Goodman UK Limited	United Kingdom	100.0	100.0
Goodman UK Pension Plan Trustees Limited	United Kingdom	100.0	100.0
Property Management Employment Services Ltd	United Kingdom	100.0	100.0

Significant controlled unit trusts	Country of establishment	Interest held	
		2011 %	2010 %
ABPP Investment Trust	Australia	100.0	100.0
BDE Unit Trust	Australia	100.0	100.0
Biloela Street Unit Trust	Australia	100.0	100.0
Binary No. 2 Trust	Australia	100.0	100.0
Cambridge Office Park Trust	Australia	100.0	100.0
Carter Street Trust	Australia	100.0	100.0
CC Trust	Australia	100.0	100.0
Clayton 3 Trust	Australia	100.0	100.0
Edinburgh Trust	Australia	100.0	100.0
Euston Road Subtrust	Australia	100.0	100.0
GIL Holdings (Aust) Trust	Australia	100.0	100.0
Goodman Capital Trust	Australia	100.0	100.0
Goodman Dandenong Trust	Australia	100.0	100.0
Goodman Europe Development Trust	Australia	100.0	100.0
Goodman Finance Australia Trust	Australia	100.0	100.0
Goodman Hong Kong Investment Trust	Australia	100.0	100.0
Goodman Industrial Trust	Australia	100.0	100.0
Goodman Japan Investment Trust	Australia	100.0	100.0
Goodman Jersey Holdings Trust	Australia	100.0	100.0
Goodman JV Holding Trust	Australia	100.0	100.0
Goodman Palmers Trust	Australia	100.0	100.0
Goodman Perth Airport No. 1 Trust	Australia	100.0	100.0
Goodman Perth Airport No. 2 Trust	Australia	100.0	100.0
Goodman Perth Airport No. 3 Trust	Australia	100.0	100.0
Goodman Perth Airport No. 4 Trust	Australia	100.0	100.0
Goodman PLUS Trust	Australia	100.0	100.0
Goodman Stockyards Trust	Australia	100.0	100.0
Goodman Treasury Trust	Australia	100.0	100.0
Highbrook Trust	Australia	100.0	100.0
Hill Road Trust	Australia	100.0	100.0
HK Tsuen Wan Development Trust	Australia	100.0	100.0
Homebush Subtrust	Australia	100.0	100.0
IBC Trust	Australia	100.0	100.0
MAC Unit Trust	Australia	100.0	–
MGA Industrial Portfolio Trust	Australia	100.0	100.0
MIP Trust	Australia	100.0	100.0
Moorabbin Airport Unit Trust	Australia	100.0	–
Orion Road Trust	Australia	100.0	100.0
Penrose Trust	Australia	100.0	100.0
Perth Leasing Trust	Australia	100.0	100.0
Port Melbourne 3 Trust	Australia	100.0	100.0
Regal Business Park Trust	Australia	100.0	100.0
Saunders Street Trust	Australia	100.0	100.0
West Melbourne Trust	Australia	100.0	100.0
Waterloo Road Office Trust	Australia	100.0	100.0
Harwell Unit Trust	Jersey	100.0	100.0

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## 28. Interest in joint venture operation

The Consolidated Entity participates equally in a joint venture operation with Austral relating to the M7 Business Hub development in Sydney.

Under the terms of the joint venture agreement, the Consolidated Entity pays for infrastructure works. In addition, Austral holds a put option whereby it has the right to require the Consolidated Entity to purchase unsold lots of land. The Consolidated Entity also has the right to acquire unsold lots of land after specified dates subject to certain conditions (refer to note 25).

Included in the assets and liabilities and the revenue and expenses of the Consolidated Entity are the following items which represent the Consolidated Entity's interest in the assets and liabilities employed in the joint venture operation and the revenue and expenses recorded by the joint venture operation. These amounts are recorded in accordance with the Consolidated Entity's accounting policies (refer to note 1).

	Consolidated	
	2011 \$M	2010 \$M
<b>Balance sheet</b>		
Trade receivables	11.8	25.7
Inventories	25.1	16.6
Payables	(40.9)	(46.5)
<b>Net liabilities</b>	<b>(4.0)</b>	<b>(4.2)</b>
<b>Contribution to profit</b>		
Sale of inventories	18.8	7.6
Cost of sales	(18.2)	(7.5)
<b>Profit after tax</b>	<b>0.6</b>	<b>0.1</b>

## 29. Related parties

The names of key management personnel of the Consolidated Entity at any time during the financial year are as follows:

### Non-Executive Directors

Mr Ian Ferrier, AM  
Mr John Harkness  
Mr James Hodgkinson  
Ms Anne Keating  
Mr Phillip Pryke<sup>1</sup>  
Mr Jim Sloman, OAM  
Mr Patrick Goodman<sup>2</sup>  
Ms Diane Grady, AM<sup>3</sup>

### Executive Director

Mr Gregory Goodman

### Executives<sup>4</sup>

Mr Anthony Rozic  
Mr Nick Kurtis  
Mr Nick Vrondas  
Mr Jason Little  
Mr Philip Pearce  
Mr Danny Peeters

1. Mr Phillip Pryke became a Non-Executive Director on 13 October 2010.
2. Mr Patrick Goodman retired as a Non-Executive Director on 30 November 2010.
3. Ms Diane Grady retired as an Independent Director on 13 October 2010.
4. From 1 July 2010, it was determined that Mr Jason Little, Mr Philip Pearce and Mr Danny Peeters were key management personnel. This determination was a result of the overall size of the divisions that are managed by these individuals. Mr Michael O'Sullivan was a key management person during the prior financial year in his role as Chief Executive Officer, Europe.

## 29. Related parties (cont)

### Key management personnel compensation

The key management personnel compensation totals are as follows:

	Consolidated		Goodman Limited <sup>1</sup>	
	2011	2010 Restated <sup>2</sup>	2011	2010
	\$M	\$M	\$M	\$M
Short-term employee benefits	15.2	10.1	–	–
Post-employment benefits	0.2	0.2	–	–
Equity compensation benefits	3.8	1.4	–	–
Long-term employee benefits	0.1	0.1	–	–
	<b>19.3</b>	<b>11.8</b>	<b>–</b>	<b>–</b>

- The Directors' compensation is paid by Goodman Property Services (Aust) Pty Limited, a wholly-owned controlled entity of the Company.
- Bonuses paid to key management personnel are in accordance with the bonus policy and based on individual performance of key management personnel. In the prior year, no bonuses in relation to the 2010 financial year were disclosed on the basis that individual bonus amounts relating to that financial year were determined and paid subsequent to approval of the consolidated financial report and were at the discretion of the Board until final determination. In addition, the key management personnel compensation table included in the 2010 consolidated financial report disclosed bonus amounts of \$nil relating to the 2009 financial year on the basis that no bonuses were paid. In the current year the Board has reviewed the manner and process in which short-term bonuses are determined and approved. This is intended to ensure that bonuses can be disclosed in the financial year in which the bonuses relate. This change in process results in improved disclosure and is in line with recent ASIC guidance on remuneration disclosures. Accordingly, the effect of this change is to include the bonuses paid in the 2011 financial year relating to 2010 financial year in the restated 2010 remuneration figures. The approved bonuses relating to the 2011 financial year are included in the 2011 remuneration figures.

### Individual Directors' and executives' compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the Directors' report on pages 24 to 37.

### Rights and options over equity instruments

#### Performance rights

The movement during the financial year in the number of performance rights over securities in Goodman held, directly or beneficially, by each key management person, including their related parties, were as follows:

	Year	Held at the start of the year <sup>1</sup>	Granted as compensation	Exercised	Forfeited	Held at the end of the year	Vested during the year	Vested but not exercised at the end of the year
<b>Executive Director</b>								
Mr Gregory Goodman	2011	3,900,000	3,653,846	–	–	7,553,846	–	–
	2010	–	3,900,000	–	–	3,900,000	–	–
<b>Executives</b>								
Mr Anthony Rozic	2011	2,604,167	2,400,000	–	–	5,004,167	–	–
	2010	–	2,604,167	–	–	2,604,167	–	–
Mr Nick Kurtis	2011	2,604,167	2,400,000	–	–	5,004,167	–	–
	2010	–	2,604,167	–	–	2,604,167	–	–
Mr Nick Vrondas	2011	2,083,333	1,468,500	–	–	3,551,833	–	–
	2010	–	2,083,333	–	–	2,083,333	–	–
Mr Jason Little	2011	968,750	1,000,000	–	–	1,968,750	–	–
	2010	–	–	–	–	–	–	–
Mr Philip Pearce	2011	1,145,833	769,231	–	–	1,915,064	–	–
	2010	–	–	–	–	–	–	–
Mr Danny Peeters	2011	2,772,177	2,400,000	–	–	5,172,177	–	–
	2010	–	–	–	–	–	–	–

- These figures represent the securities held at the later of either the start of the financial year or the date of becoming a key management person.



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## 29. Related parties (cont)

## Rights and options over equity instruments (cont)

## Options

The movement during the financial year in the number of options over securities in Goodman held, directly or beneficially, by each key management person, including their related parties, is as follows:

	Year	Held at the start of the year <sup>1</sup>	Granted as compensation	Exercised	Forfeited	Held at the end of the year <sup>2</sup>	Vested during the year	Vested but not exercised at the end of the year
<b>Executive Director</b>								
Mr Gregory Goodman	2011	9,700,000	–	–	–	9,700,000	–	–
	2010	9,700,000	–	–	–	9,700,000	–	–
<b>Executives</b>								
Mr Anthony Rozic	2011	5,000,000	–	–	–	5,000,000	–	–
	2010	5,000,000	–	–	–	5,000,000	–	–
Mr Nick Kurtis	2011	5,000,000	–	–	–	5,000,000	–	–
	2010	5,000,000	–	–	–	5,000,000	–	–
Mr Nick Vrondas	2011	4,250,000	–	–	–	4,250,000	–	–
	2010	4,250,000	–	–	–	4,250,000	–	–
Mr Jason Little	2011	2,000,000	–	–	–	2,000,000	–	–
	2010	–	–	–	–	–	–	–
Mr Philip Pearce	2011	2,850,000	–	–	–	2,850,000	–	–
	2010	–	–	–	–	–	–	–
Mr Danny Peeters	2011	4,200,000	–	–	–	4,200,000	–	–
	2010	–	–	–	–	–	–	–

1. These figures represent the securities held at the later of either the start of the financial year or the date of becoming a key management person.

2. The number of options under the EOP are unlikely to vest as the performance hurdles are unlikely to be achieved.

## Employee Securities Acquisition Plan

The movement during the financial year in the number of securities of Goodman held under the ESAP, by each key management person is detailed below:

	Year	Held at the start of the year <sup>1</sup>	Granted as compensation	Exercised	Forfeited <sup>2</sup>	Held at the end of the year <sup>3</sup>	Vested during the year	Vested but not exercised at the end of the year
<b>Executive Director</b>								
Mr Gregory Goodman	2011	5,955,990	–	–	(3,955,990)	2,000,000	–	–
	2010	5,955,990	–	–	–	5,955,990	–	651,996
<b>Executives</b>								
Mr Anthony Rozic	2011	2,733,496	–	–	(1,733,496)	1,000,000	–	–
	2010	2,733,496	–	–	–	2,733,496	–	244,498
Mr Nick Kurtis	2011	2,683,496	–	–	(1,733,496)	950,000	–	–
	2010	2,683,496	–	–	–	2,683,496	–	244,498
Mr Nick Vrondas	2011	1,200,000	–	–	(1,000,000)	200,000	–	–
	2010	1,200,000	–	–	–	1,200,000	–	–
Mr Jason Little	2011	1,138,998	–	–	(738,998)	400,000	–	–
	2010	–	–	–	–	–	–	–
Mr Philip Pearce	2011	–	–	–	–	–	–	–
	2010	–	–	–	–	–	–	–
Mr Danny Peeters	2011	–	–	–	–	–	–	–
	2010	–	–	–	–	–	–	–

1. These figures represent the securities held at the later of either the start of the financial year or the date of becoming a key management person.

2. These figures represent securities that have lapsed or have been forfeited during the year as vesting criteria have not been met.

3. For the purposes of this table, securities over which the employee's rights have been forfeited have been deducted from the number held at the end of the year notwithstanding that the securities may remain registered in the employee's name.

## 29. Related parties (cont)

### Movement in Goodman stapled securities

The movement during the financial year in the number of Goodman stapled securities held, directly or beneficially, by each key management person, including their related parties, is as follows:

	Year	Held at the start of the year <sup>1</sup>	Acquisitions	Disposals <sup>2</sup>	Held at the end of the year <sup>3</sup>
<b>Non-Executive Directors</b>					
Mr Ian Ferrier	2011	299,839	78,035	–	377,874
	2010	107,718	192,121	–	299,839
Mr John Harkness	2011	269,368	29,286	–	298,654
	2010	117,460	151,908	–	269,368
Mr James Hodgkinson	2011	1,254,302	–	–	1,254,302
	2010	627,151	627,151	–	1,254,302
Ms Anne Keating	2011	304,866	–	–	304,866
	2010	152,433	239,179	(86,746)	304,866
Mr Phillip Pryke	2011	541,160	–	–	541,160
	2010	–	–	–	–
Mr Jim Sloman	2011	230,361	28,104	–	258,465
	2010	99,103	131,258	–	230,361
Mr Patrick Goodman <sup>4</sup>	2011	5,955,992	–	–	5,955,992
	2010	76,294,926	75,549,345	(145,888,279)	5,955,992
Ms Diane Grady <sup>5</sup>	2011	208,200	–	–	208,200
	2010	104,100	104,100	–	208,200
<b>Executive Director</b>					
Mr Gregory Goodman	2011	5,955,992	225,384,615	–	231,340,607
	2010	76,294,926	75,549,345	(145,888,279)	5,955,992
<b>Executives</b>					
Mr Anthony Rozic	2011	2,733,496	–	–	2,733,496
	2010	3,786,751	5,036,751	(6,090,006)	2,733,496
Mr Nick Kurtis	2011	2,683,496	–	–	2,683,496
	2010	3,233,505	4,283,496	(4,833,505)	2,683,496
Mr Nick Vrontas	2011	1,400,000	–	–	1,400,000
	2010	1,324,950	1,324,950	(1,249,900)	1,400,000
Mr Jason Little	2011	1,138,998	–	–	1,138,998
	2010	–	–	–	–
Mr Philip Pearce	2011	1,220,224	–	–	1,220,224
	2010	–	–	–	–
Mr Danny Peeters	2011	7,718,438	–	(2,675,000)	5,043,438
	2010	–	–	–	–

1. These figures represent the securities held at the later of the start of the financial year or the date of becoming a key management person.

2. In the prior financial year, the disposals figure for Mr Patrick Goodman and Mr Gregory Goodman includes 745,581 stapled securities that were personally held by Mr Craig Goodman and over which they had no relevant interest.

3. These figures represent the securities held at the earlier of the end of the financial year or the date of ceasing to be a key management person.

4. Mr Patrick Goodman retired as a Non-Executive Director on 30 November 2010.

5. Ms Diane Grady retired as an Independent Director on 13 October 2010.

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**29. Related parties (cont)****Movement in hybrid securities issued by Goodman PLUS Trust**

Certain key management personnel hold, directly or beneficially, hybrid securities issued by Goodman PLUS Trust. The movement during the financial year in the number of securities held by those key management personnel, including their related parties, is as follows:

	Year	Held at the start of the year <sup>1</sup>	Acquisitions	Disposals	Held at the end of the year
<b>Non-Executive Directors</b>					
James Hodgkinson	2011	–	2,660	–	2,660
	2010	–	–	–	–
<b>Executives</b>					
Mr Anthony Rozic	2011	1,000	–	–	1,000
	2010	1,000	–	–	1,000
Mr Nick Vrondas	2011	120	–	–	120
	2010	120	–	–	120

1. These figures represent the securities held at the later of either the start of the financial year or the date of becoming a key management person.

None of the other Directors had any interests in the hybrid securities issued by Goodman PLUS Trust.

**Transactions with key management personnel and their related entities****(a) Goodman Holdings Group**

Mr Gregory Goodman and Mr Patrick Goodman are directors of and shareholders in Goodman Holdings Group.

**Acquisition of Moorabbin Airport and business park**

On 24 May 2011, Goodman completed the acquisition from Goodman Holdings Group of the units in MAC Unit Trust which had a 66.67% shareholding in Moorabbin Airport Corporation Pty Limited (MAC), which in turn held the leasehold interest in Moorabbin Airport and business park. At the same time, Goodman also acquired from an independent third party the units in Moorabbin Airport Unit Trust, which owned the remaining shares in MAC.

The consideration for both MAC Unit Trust and Moorabbin Airport Unit Trust, approved by Securityholders at the Extraordinary General Meeting of Goodman on 29 October 2010, included the issue of 225,384,615 stapled securities to the vendors at an agreed issue price of \$0.65 each, cash of \$35.0 million and repayment of MAC bank debt of \$20.0 million. The stapled securities will be held in escrow, one third for a period of two years and two thirds for a period of five years, and the cash will be held in escrow for a period of three years. The principal asset of MAC was a leasehold interest in stabilised and development land, which was independently valued at \$201.5 million. At the date of acquisition, MAC also had a bank facility drawn to \$20.0 million. Goodman incurred costs of \$13.3 million in respect of the transaction primarily relating to stamp duty. At 30 June 2011, there were no amounts outstanding in respect of this transaction.

**Office rental costs**

During the financial year, Goodman Holdings Group reimbursed the Consolidated Entity for office rental costs of \$377,155 (2010: \$374,002). There are no amounts outstanding from Goodman Holdings Group at 30 June 2011.

**(b) Moorabbin Airport Corporation Pty Limited**

In prior financial years, the Consolidated Entity paid all infrastructure costs as part of the development agreement for Chifley Business Park, part of the Moorabbin business park in which MAC had a leasehold interest. At 30 June 2010, the Consolidated Entity was to be reimbursed an amount of \$3.6 million from MAC in respect of these infrastructure costs. This has been settled in full during the current financial year as part of the consideration paid for the acquisition of Moorabbin Airport and business park.

## 29. Related parties (cont)

### Transactions with associates and JVEs

The transactions with associates and JVEs during the financial year were as follows:

	Proceeds from disposals of investment properties		Proceeds from disposals of controlled entities and other equity investments		Management services and other income		Interest charged on loans to related parties	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M	2011 \$M	2010 \$M	2011 \$M	2010 \$M
GAIF	–	–	–	–	46.9	37.5	–	–
GADF	60.1	–	–	–	7.8	6.9	–	–
GTA	–	–	–	–	5.0	–	–	–
GMT	–	–	–	–	9.5	12.6	–	–
GHKLF	–	–	–	–	17.0	17.8	–	–
GCLHL	–	–	–	98.3	1.9	0.8	–	–
GELF	–	–	15.1	6.3	46.9	23.4	1.7	1.2
ABPP	–	–	–	–	37.9	20.0	–	–
KWS	–	–	–	–	–	–	0.2	–
Princeton Lux	–	–	–	34.7	1.2	–	–	–
Princeton Jersey	–	–	–	40.3	0.2	–	–	–
Colworth	–	–	–	–	3.3	2.9	–	–
Harwell	–	–	–	–	1.1	1.1	–	–
Huntingwood East	–	–	–	–	–	–	1.1	0.9
Huntingwood West	–	–	–	–	–	–	0.8	1.0
Moorebank	–	–	–	–	–	–	0.2	–
HDL	–	–	–	–	1.2	0.7	–	–
Seaview	–	–	–	–	–	2.0	1.3	3.7
Interlink	–	–	–	–	3.6	4.0	7.3	6.1
Herten	–	–	–	–	–	–	0.3	–
Lazulite	–	–	–	–	–	–	0.2	0.2
Üllö One 2008 Kft	–	–	–	–	0.2	–	0.5	0.2
Üllö Two 2008 Kft	–	–	–	–	–	–	0.2	–
Agate	–	–	–	–	–	–	0.2	–
WMP NV	–	–	–	–	1.0	–	0.5	–
BL Goodman LLP	–	–	–	–	0.3	0.4	–	–
GEBPF	–	–	–	–	7.0	5.0	–	2.9

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## 29. Related parties (cont)

## Transactions with associates and JVEs (cont)

Amounts due from associates and JVEs at 30 June 2011 were as follows:

	Trade and other receivables <sup>1</sup>		Loans provided by Goodman <sup>2</sup>	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
GAIF	21.0	20.7	–	–
GADF	5.3	6.9	–	–
GTA	2.0	–	–	–
GMT	0.9	0.3	–	–
GHKLF	1.8	–	–	–
GCLHL	–	–	21.1	22.6
GELF	34.8	6.0	24.3	17.7
ABPP	13.8	44.0	–	–
KWS	–	–	2.6	2.2
Colworth	0.1	0.4	–	–
Harwell	0.2	0.2	–	–
BGA1 Pty Ltd	–	–	–	(0.8)
Huntingwood East	–	–	13.0	11.6
Seaview	–	–	–	56.8
Interlink	0.8	–	–	92.4
Herten	–	–	4.0	4.1
Lazulite	–	–	2.8	3.0
Ullo One 2008 Kft	–	–	7.2	6.3
Ullo Two 2008 Kft	–	–	3.1	3.0
Agate	0.1	–	1.3	1.5
WMP NV	–	–	6.6	6.3
BL Goodman LLP	0.1	–	11.7	12.9
B Logistics Ltd	–	–	0.8	–
Gateway LLP	–	–	–	0.9
Pochin	–	–	4.4	5.7
Scottish Widows partnership <sup>3</sup>	0.9	1.5	–	–
GEBPF	0.8	0.2	–	–
	<b>82.6</b>	<b>80.2</b>	<b>102.9</b>	<b>246.2</b>

1. Trade and other amounts due were receivable within 30 days.

2. Loans provided by Goodman to associates and JVEs have generally been provided on an arm's length basis. At 30 June 2011, details in respect of the principal loan balances are set out below:

- + the shareholders in GCLHL have provided interest free loans to GCLHL in proportion to their respective equity interests;
- + a shareholder loan of \$20.7 million (2010: \$17.7 million) was provided to Goodman Pyrite Logistics (Lux) Sàrl, a controlled entity of GELF, and incurred interest at 6.9% per annum;
- + shareholder loans to Huntingwood East, Huntingwood West and Moorebank incurred interest at 7.2% per annum. The loan to Huntingwood West was fully repaid in the current financial year;
- + shareholder loans to Seaview and Interlink incurred interest at the three month Hong Kong Interbank Offer Rate plus 1.5% per annum. The loans were fully repaid in the current financial year; and
- + as agreed with the joint venture partner, no interest income was recognised on the loan to BL Goodman LLP.

3. The Consolidated Entity is in a partnership arrangement with Scottish Widows in the United Kingdom in relation to co-ownership of certain properties.

### 30. Financial risk management

The Directors have ultimate responsibility for the Consolidated Entity's capital management and financial risk management processes and have established policies, documented in the Consolidated Entity's financial risk management (FRM) policy document, to ensure both the efficient use of capital and the appropriate management of the exposure to financial risk.

Management has established the Group Investment Committee, which is the primary forum where strategic capital and financial management requirements are discussed and decisions made in accordance with the FRM policy. The committee meets at least every week during the financial year.

Goodman's treasury function is responsible for preparing the following reports for consideration at each of the Consolidated Entity's Board meetings:

- + analysis of capital allocation and funding requirements against the Consolidated Entity's gearing constraint;
- + analysis of the Consolidated Entity's liquidity and funding position;
- + analysis of the Consolidated Entity's debt maturity profile;
- + a review of all the hedge exposures and the completed hedges;
- + compliance with the Consolidated Entity's hedging policy and recommendations for future hedging strategies; and
- + full mark to market of all derivative positions.

Under the FRM policy, the Consolidated Entity's derivative financial instruments are not generally designated as a hedge for accounting purposes, and accordingly such derivative financial instruments are treated as trading instruments.

#### Capital management

The Consolidated Entity's main capital management objectives are to maintain a strong capital base and provide funds for capital expenditure and investment opportunities as they arise. This is achieved through an appropriate mix of debt, equity and hybrid instruments.

The Consolidated Entity is able to alter the capital mix, subject to Board approval, by issuing new stapled securities or hybrid securities, electing to have the distribution reinvestment plan underwritten and recycling assets to funds managed by Goodman or to third parties to reduce borrowings. Equity should be fully invested to ensure that a maximum return on the capital is achieved.

Goodman monitors capital on the basis of both the gearing ratio and the weighted average cost of debt. Gearing is reviewed at a Consolidated Entity basis and the gearing ratio for the Consolidated Entity is calculated as the total interest bearing liabilities less cash as a percentage of the total assets less cash.

#### Financial risk management

Goodman's key financial risks are market risk (including interest rate risk and foreign exchange risk), liquidity risk and credit risk.

##### (a) Market risk

###### Interest rate risk

Goodman's interest rate risk primarily arises from variable rate borrowings. The Consolidated Entity adopts a policy of ensuring that between 60% and 100% of its current year exposure to changes in interest rates on borrowings is on a fixed rate basis. The Consolidated Entity enters into interest rate swaps to manage cash flow risks associated with the interest rates on borrowings that are floating. The interest rate swap contracts are for 90 day intervals and involve quarterly payments or receipts of the net amount of interest.



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## 30. Financial risk management (cont)

## (a) Market risk (cont)

## Interest rate risk (cont)

Based on the Consolidated Entity's existing interest rate swap contracts as at 30 June 2011, the principal amounts as at future balance dates and the weighted average interest rates during future financial years, by currency, are set out below:

Year to	2011				2010			
	Interest rate swaps		Fixed rate debt		Interest rate swaps		Fixed rate debt	
	Notional principal currency <sup>1</sup> M	Average rate pa <sup>2</sup> %	Principal currency M	Average rate pa <sup>2</sup> %	Notional principal currency <sup>1</sup> M	Average rate pa <sup>2</sup> %	Principal currency M	Average rate pa <sup>2</sup> %
<b>New Zealand dollars payable</b>								
30 June 2011	(110.0)	8.14	–	–	(135.3)	7.77	–	–
30 June 2012	(110.0)	8.79	–	–	(110.0)	8.79	–	–
30 June 2013	(110.0)	8.79	–	–	(110.0)	8.79	–	–
30 June 2014	(110.0)	8.79	–	–	(110.0)	8.79	–	–
30 June 2015	(69.5)	7.30	–	–	(69.5)	7.30	–	–
30 June 2016	(50.0)	5.75	–	–	(50.0)	5.75	–	–
30 June 2017	(16.2)	5.75	–	–	(16.2)	5.75	–	–
<b>Hong Kong dollars payable</b>								
30 June 2011	(1,750.0)	2.70	–	–	(1,831.1)	3.04	–	–
30 June 2012	(1,750.0)	2.90	–	–	(1,750.0)	2.90	–	–
30 June 2013	(1,406.3)	2.76	–	–	(1,406.3)	2.76	–	–
30 June 2014	(760.0)	2.27	–	–	(760.0)	2.27	–	–
30 June 2015	(122.1)	1.98	–	–	(122.1)	1.98	–	–
<b>Japanese yen payable</b>								
30 June 2011	–	–	(12,500.0)	3.32	(7,000.0)	1.54	–	–
30 June 2012	–	–	(12,500.0)	3.32	(6,639.3)	1.54	–	–
30 June 2013	–	–	(12,500.0)	3.32	(1,000.0)	1.68	–	–
30 June 2014	–	–	(12,500.0)	3.32	(939.7)	1.68	–	–
30 June 2015	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2016	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2017	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2018	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2019	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2020	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2021	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2022	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2023	–	–	(9,486.3)	3.32	–	–	–	–
<b>United States dollars payable</b>								
30 June 2011	–	–	(825.0)	6.38	–	–	–	–
30 June 2012	–	–	(825.0)	6.38	–	–	–	–
30 June 2013	–	–	(825.0)	6.38	–	–	–	–
30 June 2014	–	–	(825.0)	6.38	–	–	–	–
30 June 2015	–	–	(825.0)	6.38	–	–	–	–
30 June 2016	–	–	(825.0)	6.38	–	–	–	–
30 June 2017	–	–	(825.0)	6.38	–	–	–	–
30 June 2018	–	–	(825.0)	6.38	–	–	–	–
30 June 2019	–	–	(825.0)	6.38	–	–	–	–
30 June 2020	–	–	(825.0)	6.38	–	–	–	–
30 June 2021	–	–	(516.1)	6.38	–	–	–	–

1. The amount is the principal balance at each future balance date that is hedged as a result of the existing interest rate swap contracts as at 30 June 2011.

2. Average rate per annum represents the weighted average interest rate payable, by currency, as a result of the existing interest rate swap contracts as at 30 June 2011.

### 30. Financial risk management (cont)

#### (a) Market risk (cont)

##### Interest rate risk (cont)

Year to	2011				2010			
	Interest rate swaps		Fixed rate debt		Interest rate swaps		Fixed rate debt	
	Notional principal currency <sup>1</sup> M	Average rate pa <sup>2</sup> %	Principal currency M	Average rate pa <sup>2</sup> %	Notional principal currency <sup>1</sup> M	Average rate pa <sup>2</sup> %	Principal currency M	Average rate pa <sup>2</sup> %
<b>Euros payable</b>								
30 June 2011	(555.0)	3.18	–	–	(415.1)	3.78	–	–
30 June 2012	(538.2)	3.24	–	–	(384.1)	3.54	–	–
30 June 2013	(505.0)	3.16	–	–	(305.0)	3.63	–	–
30 June 2014	(391.3)	3.15	–	–	(191.1)	3.89	–	–
30 June 2015	(250.0)	2.86	–	–	(50.0)	4.50	–	–
30 June 2016	(108.5)	3.39	–	–	(50.0)	4.50	–	–
30 June 2017	(33.3)	4.50	–	–	(33.3)	4.50	–	–
<b>British pounds sterling payable</b>								
30 June 2011	(175.0)	5.77	(250.0)	9.75	(209.1)	5.01	(250.0)	9.75
30 June 2012	(175.0)	5.96	(250.0)	9.75	(175.0)	5.96	(250.0)	9.75
30 June 2013	(175.0)	5.96	(250.0)	9.75	(175.0)	5.96	(250.0)	9.75
30 June 2014	(175.0)	5.96	(250.0)	9.75	(175.0)	5.96	(250.0)	9.75
30 June 2015	(187.6)	5.55	(250.0)	9.75	(187.6)	5.55	(250.0)	9.75
30 June 2016	(138.7)	5.43	(250.0)	9.75	(138.7)	5.43	(250.0)	9.75
30 June 2017	(57.2)	5.75	(250.0)	9.75	(57.2)	5.75	(250.0)	9.75
30 June 2018	(16.0)	5.20	(250.0)	9.75	(16.0)	5.20	(250.0)	9.75
30 June 2019	–	–	(11.0)	9.75	–	–	(250.0)	9.75

1. The amount is the principal balance at each future balance date that is hedged as a result of the existing interest rate swap contracts as at 30 June 2011.

2. Average rate per annum represents the weighted average interest rate payable, by currency, as a result of the existing interest rate swap contracts as at 30 June 2011.

At 30 June 2011, if interest rates on borrowings had been 100 basis points per annum (2010: 100 basis points per annum) higher/lower, with all other variables held constant, the Consolidated Entity's result attributable to Securityholders for the financial year would have been A\$0.2 million lower/higher (2010: A\$0.2 million).

#### Foreign exchange risk

Goodman is exposed to foreign exchange risk through its investments in New Zealand, Hong Kong, China, Japan, Continental Europe and the United Kingdom. Foreign exchange risk represents the loss that would be recognised from fluctuations in currency prices against the Australian dollar as a result of future commercial transactions, recognised assets and liabilities and principally, net investments in foreign operations.

In managing foreign currency risks, the Consolidated Entity aims to reduce the impact of short-term fluctuations on the Consolidated Entity's earnings and net assets. However over the long term, permanent changes in foreign exchange will have an impact on both earnings and net assets.

The Consolidated Entity's capital hedge policy for each overseas region is to hedge between 70% and 95% of foreign currency denominated assets with foreign currency denominated liabilities. Goodman's investment in foreign denominated investments is generally achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against any foreign currency fluctuations. Further draw downs or repayments of debt are made to maintain this hedge. Derivatives such as cross currency swaps are also used to achieve the hedge position required under the FRM policy.

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## 30. Financial risk management (cont)

## (a) Market risk (cont)

## Foreign exchange risk (cont)

Based on the Consolidated Entity's existing cross currency swap contracts as at 30 June 2011, the weighted average foreign exchange rates during future financial years and the principal hedged amount at each future balance date, by currency, are set out below:

Year to	Weighted average exchange rate		Amounts receivable		Amounts payable	
	2011	2010	2011 A\$M	2010 A\$M	2011 Currency M	2010 Currency M
<b>Australian dollars receivable/New Zealand dollars payable</b>						
30 June 2011	1.2413	1.2413	150.7	150.7	(187.0)	(187.0)
30 June 2012	1.2413	1.2413	150.7	150.7	(187.0)	(187.0)
30 June 2013	1.2413	1.2413	150.7	150.7	(187.0)	(187.0)
30 June 2014	1.2200	1.2200	69.7	69.7	(85.0)	(85.0)
<b>Australian dollars receivable/Hong Kong dollars payable</b>						
30 June 2011	7.3167	6.6088	294.8	342.0	(2,150.0)	(2,250.0)
30 June 2012	7.3167	6.8299	294.8	256.4	(2,150.0)	(1,750.0)
30 June 2013	7.3167	6.8299	294.8	256.4	(2,150.0)	(1,750.0)
30 June 2014	7.3167	6.9838	294.8	107.4	(2,150.0)	(750.0)
30 June 2015	7.4072	7.1000	243.7	56.3	(1,800.0)	(400.0)
30 June 2016	7.4950	–	187.3	–	(1,400.0)	–
<b>Australian dollars receivable/Japanese yen payable</b>						
30 June 2011	87.9200	–	79.6	–	(7,000.0)	–
30 June 2012	87.9200	–	79.6	–	(7,000.0)	–
30 June 2013	87.9200	–	79.6	–	(7,000.0)	–
30 June 2014	87.9200	–	79.6	–	(7,000.0)	–
30 June 2015	87.9200	–	79.6	–	(7,000.0)	–
30 June 2016	87.9200	–	79.6	–	(7,000.0)	–
30 June 2017	87.9200	–	79.6	–	(7,000.0)	–
<b>Australian dollars receivable/Euros payable</b>						
30 June 2011	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
30 June 2012	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
30 June 2013	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
30 June 2014	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
30 June 2015	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
30 June 2016	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
<b>United States dollars receivable/Chinese renminbi payable</b>						
30 June 2011	6.7099	7.5266	60.0	60.0	(402.6)	(451.6)
30 June 2012	6.7099	7.2489	60.0	20.0	(402.6)	(145.0)
30 June 2013	6.7099	–	60.0	–	(402.6)	–

During the year ended 30 June 2011, the Consolidated Entity issued notes in the United States 144A/Reg S bond market and issued an unsecured foreign private placement denominated in Japanese yen.

### 30. Financial risk management (cont)

#### (a) Market risk (cont)

##### Foreign exchange risk (cont)

Proceeds from the debt issuances were used by the Consolidated Entity to repay drawn debt denominated in Euros and British pounds sterling and resulted in the following cross currency swap contracts:

Year to	Weighted average exchange rate		Amounts receivable		Amounts payable	
	2011	2010	2011 US\$M	2010 US\$M	2011 Currency M	2010 Currency M
<b>United States dollars receivable/Euros payable</b>						
30 June 2011	0.7068	–	535.0	–	(378.1)	–
30 June 2012	0.7068	–	535.0	–	(378.1)	–
30 June 2013	0.7068	–	535.0	–	(378.1)	–
30 June 2014	0.7068	–	535.0	–	(378.1)	–
30 June 2015	0.7068	–	535.0	–	(378.1)	–
30 June 2016	0.7068	–	535.0	–	(378.1)	–
30 June 2017	0.7068	–	535.0	–	(378.1)	–
30 June 2018	0.7068	–	535.0	–	(378.1)	–
30 June 2019	0.7068	–	535.0	–	(378.1)	–
30 June 2020	0.7068	–	535.0	–	(378.1)	–
30 June 2021	0.7068	–	535.0	–	(378.1)	–
<b>United States dollars receivable/British pounds sterling payable</b>						
30 June 2011	0.6182	–	290.0	–	(179.3)	–
30 June 2012	0.6182	–	290.0	–	(179.3)	–
30 June 2013	0.6182	–	290.0	–	(179.3)	–
30 June 2014	0.6182	–	290.0	–	(179.3)	–
30 June 2015	0.6182	–	290.0	–	(179.3)	–
30 June 2016	0.6182	–	290.0	–	(179.3)	–
30 June 2017	0.6182	–	290.0	–	(179.3)	–
30 June 2018	0.6182	–	290.0	–	(179.3)	–
30 June 2019	0.6182	–	290.0	–	(179.3)	–
30 June 2020	0.6182	–	290.0	–	(179.3)	–
30 June 2021	0.6182	–	290.0	–	(179.3)	–
<b>Japanese yen receivable/British pounds sterling payable</b>						
30 June 2011	0.0076	–	11,300.0	–	(85.9)	–
30 June 2012	0.0076	–	11,300.0	–	(85.9)	–
30 June 2013	0.0076	–	11,300.0	–	(85.9)	–
30 June 2014	0.0076	–	11,300.0	–	(85.9)	–
30 June 2015	0.0076	–	11,300.0	–	(85.9)	–
30 June 2016	0.0076	–	11,300.0	–	(85.9)	–
30 June 2017	0.0076	–	11,300.0	–	(85.9)	–
30 June 2018	0.0076	–	11,300.0	–	(85.9)	–
30 June 2019	0.0076	–	11,300.0	–	(85.9)	–
30 June 2020	0.0076	–	11,300.0	–	(85.9)	–
30 June 2021	0.0076	–	11,300.0	–	(85.9)	–
30 June 2022	0.0076	–	11,300.0	–	(85.9)	–
30 June 2023	0.0076	–	11,300.0	–	(85.9)	–

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**30. Financial risk management (cont)****(a) Market risk (cont)****Foreign exchange risk (cont)**

Additionally, the Consolidated Entity enters into forward foreign exchange contracts to hedge a proportion of the income received/receivable from its investments denominated in overseas currencies. Based on the Consolidated Entity's existing forward foreign exchange contracts as at 30 June 2011, the weighted average exchange rates and the principal amounts expiring in future financial years, by currency, are set out below:

Year to	Weighted average exchange rate		Amounts receivable		Amounts payable	
	2011	2010	2011 A\$M	2010 A\$M	2011 Currency M	2010 Currency M
<b>Contracts to buy Australian dollars and sell New Zealand dollars</b>						
30 June 2011	–	1.1630	–	4.6	–	(5.3)
30 June 2012	1.1768	1.1768	4.5	4.5	(5.3)	(5.3)
30 June 2013	1.1932	1.1932	4.2	4.2	(5.0)	(5.0)
<b>Contracts to buy Australian dollars and sell Hong Kong dollars</b>						
30 June 2011	–	5.0557	–	12.4	–	(62.6)
30 June 2012	4.9885	4.9743	12.6	12.6	(62.6)	(62.6)
30 June 2013	4.9077	4.8940	12.8	12.8	(62.6)	(62.6)

At 30 June 2011, if the Australian dollar had strengthened by 5% (2010: 5%), with all other variables, in particular interest rates, held constant, the Consolidated Entity's result attributable to Securityholders would have decreased by A\$6.8 million (2010: A\$21.1 million decrease). If the Australian dollar had weakened by 5% (2010: 5%), with all other variables, in particular interest rates, held constant, the Consolidated Entity's result attributable to Securityholders would have increased by A\$7.5 million (2010: A\$23.3 million increase).

**Price risk**

Following the disposal of the Consolidated Entity's investment in ING Industrial Fund to GTA, Goodman has no other listed investments classified as available for sale. Accordingly, the Consolidated Entity is not exposed to price risk. At 30 June 2010, a 5% movement in the security price of ING Industrial Fund would have impacted equity by A\$2.1 million.

The Consolidated Entity is not exposed to commodity price risk.

**(b) Liquidity risk**

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's objective is to maintain sufficient liquidity resources to maintain operations, meet its financial obligations and liabilities, pay distributions and provide funds for capital expenditure and investment opportunities. Management seeks to achieve these objectives through:

- + preparation of regular forecast cash flows to understand the application and use of funds; and
- + identification of future funding, including new debt facilities, new issues of securities or the distribution re-investment plan.

Goodman's treasury function is responsible for reporting details of all debt maturities for all loans across the regions to the Board at their regular meetings. Goodman's treasury function is also responsible for reporting to the Board all the information and term sheets relating to any financing arrangements being contemplated or negotiated by the Consolidated Entity for their review and approval.

The Consolidated Entity seeks to spread its debt maturities such that the total debt maturing in a single financial year does not exceed Board approved policy levels.

### 30. Financial risk management (cont)

#### (b) Liquidity risk (cont)

The contractual maturities of financial liabilities are set out below:

As at 30 June 2011	Carrying amount \$M	Contractual cash flows \$M	Up to 12 months \$M	1 – 2 year(s) \$M	2 – 3 years \$M	3 – 4 years \$M	4 – 5 years \$M	More than 5 years \$M
<b>Non-derivative financial liabilities</b>								
Payables	232.4	232.4	213.4	8.1	–	–	–	10.9
Bank loans, unsecured <sup>1</sup>	589.3	616.3	–	104.8	105.2	136.3	270.0	–
Euro medium-term notes, unsecured	375.0	667.6	71.4	36.6	36.6	36.6	36.7	449.7
United States senior notes, unsecured	768.2	1,256.1	59.2	49.7	49.7	49.7	49.8	998.0
Foreign private placement, unsecured	181.3	256.4	7.7	6.2	6.2	6.2	6.3	223.8
<b>Total non-derivative financial liabilities</b>	<b>2,146.2</b>	<b>3,028.8</b>	<b>351.7</b>	<b>205.4</b>	<b>197.7</b>	<b>228.8</b>	<b>362.8</b>	<b>1,682.4</b>
<b>Derivative financial liabilities</b>								
Net settled <sup>2</sup>	86.2	89.9	31.1	23.9	15.6	8.3	5.9	5.1
Gross settled <sup>3</sup> :								
Inflow	–	730.7	93.3	90.9	94.3	88.8	72.0	291.4
Outflow	(24.4)	(704.3)	(52.2)	(59.0)	(67.2)	(72.8)	(98.4)	(354.7)
<b>Total derivative financial liabilities</b>	<b>61.8</b>	<b>116.3</b>	<b>72.2</b>	<b>55.8</b>	<b>42.7</b>	<b>24.3</b>	<b>(20.5)</b>	<b>(58.2)</b>
<b>As at 30 June 2010</b>								
<b>Non-derivative financial liabilities</b>								
Payables	187.7	187.7	168.2	19.5	–	–	–	–
Bank loans, unsecured <sup>1</sup>	1,770.4	1,770.4	84.1	593.8	791.1	301.4	–	–
Bank loans, secured <sup>1</sup>	26.7	26.7	–	26.7	–	–	–	–
Euro medium-term notes, unsecured <sup>4</sup>	441.2	828.3	83.9	43.1	43.0	43.0	43.0	572.3
Foreign private placement, unsecured <sup>4</sup>	38.3	53.1	1.3	1.1	1.1	1.1	1.1	47.4
<b>Total non-derivative financial liabilities</b>	<b>2,464.3</b>	<b>2,866.2</b>	<b>337.5</b>	<b>684.2</b>	<b>835.2</b>	<b>345.5</b>	<b>44.1</b>	<b>619.7</b>
<b>Derivative financial liabilities</b>								
Net settled <sup>2</sup>	150.0	162.9	42.2	40.0	27.2	20.6	13.5	19.4
Gross settled <sup>3</sup> :								
Inflow	–	(119.7)	(32.4)	(29.4)	(22.9)	(16.8)	(13.5)	(4.7)
Outflow	10.0	118.4	13.6	10.9	30.8	16.6	19.4	27.1
<b>Total derivative financial liabilities</b>	<b>160.0</b>	<b>161.6</b>	<b>23.4</b>	<b>21.5</b>	<b>35.1</b>	<b>20.4</b>	<b>19.4</b>	<b>41.8</b>

1. Cash flows relating to non-derivative financial liabilities under revolving facilities exclude any estimated interest payments.

2. Net settled includes interest rate swaps and forward foreign currency contracts.

3. Gross settled includes cross currency interest rate swaps.

4. Restated to include estimated interest payments.



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### 30. Financial risk management (cont)

#### (c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the Consolidated Entity which have been recognised on the balance sheet, is the carrying amount (refer to note 8).

The Consolidated Entity has a policy of assessing the creditworthiness of all potential customers and is not materially exposed to any one customer. The Consolidated Entity evaluates all customers' perceived credit risk and may require the lodgement of rental bonds or bank guarantees, as appropriate, to reduce credit risk. In addition, all rents are payable monthly in advance.

The Consolidated Entity minimises credit risk by dealing with major financial institutions in relation to cash and short-term borrowings. Concentration of credit risk exists from time to time on receivables for the proceeds of disposals of investment properties. The credit risk is minimised as legal title is generally transferred only upon receipt of proceeds for the sale of those assets.

From time to time, the Consolidated Entity also makes loans to associates and JVEs, typically to fund development projects. In making its investment decisions, the Consolidated Entity will undertake a detailed assessment of the development feasibility and credit risks associated with the relevant counterparties.

The credit risks associated with financial instruments are managed by:

- + transacting with multiple derivatives counterparties that have a long-term credit rating of at least AA- (or its equivalent); and
- + utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through netting of amounts receivable and amounts payable to individual counterparties.

#### (d) Fair values of financial instruments

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

Consolidated	Note	Carrying amount	Fair value	Carrying amount	Fair value
		2011	2011	2010	2010
		\$M	\$M	\$M	\$M
<b>Financial assets</b>					
Cash	26(a)	227.8	227.8	515.1	515.1
Receivables:	8				
– Loans and receivables		320.7	320.7	493.5	493.5
– Interest rate derivatives		5.9	5.9	2.8	2.8
– Cross currency swaps		61.1	61.1	13.0	13.0
– Foreign exchange contracts		9.7	9.7	7.2	7.2
– Other derivatives		15.1	15.1	–	–
Other financial assets:	13				
– Investments in listed securities		–	–	42.3	42.3
– Investments in unlisted securities		25.7	25.7	27.6	27.6
		<b>666.0</b>	<b>666.0</b>	<b>1,101.5</b>	<b>1,101.5</b>
<b>Financial liabilities</b>					
Payables:	16				
– Trade, other payables and accruals and deferred settlements		232.4	232.4	187.7	187.7
– Interest rate derivatives		101.8	101.8	159.2	159.2
– Cross currency swaps		36.7	36.7	23.8	23.8
Interest bearing liabilities <sup>1</sup>	17	1,913.8	1,994.1	2,276.6	2,338.6
		<b>2,284.7</b>	<b>2,365.0</b>	<b>2,647.3</b>	<b>2,709.3</b>

1. The methods used for determining fair values of financial instruments are discussed in notes 1, 2 and 13. The fair value of the Euro medium-term notes included in interest bearing liabilities was determined by reference to their quoted price on the Singapore Stock Exchange at 30 June 2011 (refer to note 17).

### 30. Financial risk management (cont)

#### (e) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
<b>As at 30 June 2011</b>				
Available for sale financial assets	–	–	25.7	25.7
Derivative financial assets	–	91.8	–	91.8
	–	<b>91.8</b>	<b>25.7</b>	<b>117.5</b>
Derivative financial liabilities	–	138.5	–	138.5
	–	<b>138.5</b>	–	<b>138.5</b>
<b>As at 30 June 2010</b>				
Available for sale financial assets	42.3	–	27.6	69.9
Derivative financial assets	–	23.0	–	23.0
	<b>42.3</b>	<b>23.0</b>	<b>27.6</b>	<b>92.9</b>
Derivative financial liabilities	–	183.0	–	183.0
	–	<b>183.0</b>	–	<b>183.0</b>

The reconciliation of the carrying amount for Level 3 financial instruments is set out below:

	Available for sale financial assets	
	2011 \$M	2010 \$M
Carrying amount at the beginning of the year	27.6	43.4
Additions	3.3	4.0
Revaluation loss to other comprehensive income	(3.9)	(11.3)
Effect of foreign currency translation	(1.3)	(8.5)
<b>Carrying amount at the end of the year</b>	<b>25.7</b>	<b>27.6</b>

In both the current and prior financial year, Level 3 available for sale financial assets related to GEBPF. The fair value was determined by reference to the net asset value of GEBPF, which incorporated the fair values of investment properties.

for the year ended 30 June 2011

## 31. Auditors' remuneration

	Consolidated	
	2011 \$000	2010 \$000
<b>Audit services</b>		
Auditor of the Company:		
– Audit and review of financial reports (KPMG Australia)	1,078.7	943.3
– Audit and review of financial reports (overseas KPMG firms)	766.7	961.7
	<b>1,845.4</b>	<b>1,905.0</b>
<b>Other regulatory services</b>		
– Other regulatory services (KPMG Australia)	64.0	15.0
– Other regulatory services (overseas KPMG firms)	11.0	34.9
<b>Other assurance services</b>		
– Investigative accounting services (KPMG Australia)	487.6	967.0
<b>Taxation services</b>		
– Taxation compliance services (KPMG Australia)	164.4	404.0
– Taxation compliance services (overseas KPMG firms)	189.1	212.7
– Other taxation advice (KPMG Australia)	8.9	17.2
– Other taxation advice (overseas KPMG firms)	142.2	81.5
	<b>1,067.2</b>	<b>1,732.3</b>
<b>Total paid/payable to KPMG</b>	<b>2,912.6</b>	<b>3,637.3</b>
<b>Other auditors</b>		
– Audit and review of financial reports (non-KPMG firms)	80.2	181.9

## 32. Parent Entity disclosures

As at, and throughout the financial year ended, 30 June 2011, the parent company of the Consolidated Entity was Goodman Limited.

	2011 \$M	2010 \$M
<b>Result of the Parent Entity</b>		
(Loss)/profit for the year	(85.9)	92.5
Other comprehensive income	1.3	(0.3)
<b>Total comprehensive income for the year</b>	<b>(84.6)</b>	<b>92.2</b>
<b>Financial position of the Parent Entity at year end</b>		
Current assets	951.6	924.0
Total assets	1,022.0	1,382.0
Current liabilities	957.4	1,250.3
Total liabilities	958.5	1,250.6
<b>Total equity of the Parent Entity comprising of:</b>		
Share capital	374.0	368.3
Foreign currency translation reserve	–	(0.1)
Employee compensation reserve	4.3	(7.9)
Accumulated losses	(314.8)	(228.9)
<b>Total equity</b>	<b>63.5</b>	<b>131.4</b>

## Parent Entity capital commitments

The Parent Entity has no capital commitments (2010: \$nil).

## 32. Parent Entity disclosures (cont)

### Parent Entity contingencies

#### Capitalisation Deed Poll

Goodman Limited and certain of its wholly-owned controlled entities are “investors” under a Capitalisation Deed Poll (CDP) dated 23 May 2007. Under the CDP, each investor undertakes to pay to the relevant controlled entity borrower (borrower) any amounts owing under the CDP when the borrower fails to make a payment. Any payments by an investor to a borrower will be by way of loan or proceeds for the subscription of equity in the borrower by the investor. As at 30 June 2011, the Consolidated Entity had A\$616.3 million of debt which had the benefit of the CDP.

#### Euro medium-term note programme

Under the Euro medium-term note programme (refer to note 17), Goodman Australia Finance Pty Limited issued £250 million notes, maturing on 16 July 2018, at a fixed coupon of 9.75%. Goodman Limited and Goodman Funds Management Limited, as responsible entity of GIT, have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of the Euro medium-term notes.

#### United States senior note programme

Under the issue of notes in the United States 144A/Reg S bond market (refer to note 17), Goodman Funding Pty Limited issued US\$325.0 million and US\$500.0 million notes maturing on 12 November 2020 and 15 April 2021 respectively. Goodman Limited and Goodman Funds Management Limited, as responsible entity of GIT, have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of the notes.

#### Performance guarantee

Goodman Limited, Goodman Funds Management Limited, as responsible entity of GIT, and GHKLF have guaranteed to an unrelated party the completion of Interlink, a distribution and warehouse facility being developed by Goodman Interlink Ltd in Hong Kong, with an estimated completion value of HK\$3,010 million.

#### Goodman PLUS Trust hybrid securities guarantee

Goodman Limited and Goodman Funds Management Limited, as responsible entity of GIT, guarantee jointly and severally, unconditionally and irrevocably the payment of the moneys owing to the holders of Goodman PLUS Trust hybrid securities (refer to note 23) under the terms of issue and subscription terms for those securities.

#### CIC convertible preference securities guarantee

Goodman Limited and Goodman Funds Management Limited, as responsible entity of GIT, guarantee jointly and severally, unconditionally and irrevocably the payment of the moneys owing to the holders of convertible preference securities (refer to note 23) under the terms of issue and subscription terms for those securities.

## 33. 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 the consolidated financial report, that would require adjustment or disclosure in the consolidated financial report.

In the opinion of the directors of Goodman Limited:

- (a) the consolidated financial statements and the notes set out on pages 43 to 125 and the remuneration report that are contained on pages 24 to 37 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Group Chief Executive Officer and Group Chief Financial Officer for the financial year ended 30 June 2011.

The Directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



**Ian Ferrier, AM**  
Independent Chairman

Sydney, 18 August 2011



**Gregory Goodman**  
Group Chief Executive Officer

**Report on the financial report**

We have audited the accompanying financial report of the Goodman Limited (the company), which comprises the consolidated balance sheet as at 30 June 2011, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated Entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

**Directors' responsibility for the financial report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Consolidated Entity comply with International Financial Reporting Standards.

**Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Consolidated Entity's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

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

**Auditor's opinion**

In our opinion:

- (a) the financial report of Goodman Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

**Report on the remuneration report**

We have audited the remuneration report included in pages 24 to 37 of the Directors' Report for the year ended 30 June 2011. The Directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

**Auditor's opinion**

In our opinion, the remuneration report of Goodman Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

**KPMG**

**Stuart Marshall**  
Partner

Sydney, 18 August 2011



# Consolidated financial report for Goodman Industrial Trust

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and its Controlled Entities for the year ended 30 June 2011

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The directors (Directors) of Goodman Funds Management Limited (Responsible Entity), the responsible entity for Goodman Industrial Trust (GIT, Trust or Parent Entity), present their Directors' report together with the consolidated financial report of GIT and the entities it controlled (Consolidated Entity) at the end of, or during, the year ended 30 June 2011 and the audit report thereon.

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

## Directors

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

Director	Appointment date
Mr Ian Ferrier, AM (Independent Chairman)	23 Feb 2005
Mr Gregory Goodman (Group Chief Executive Officer)	17 Jan 1995
Mr John Harkness (Independent Director)	1 Sep 2004
Mr James Hodgkinson (Non-Executive Director)	21 Feb 2003
Ms Anne Keating (Independent Director)	6 Feb 2004
Mr Phillip Pryke (Independent Director)	13 Oct 2010
Mr Jim Sloman, OAM (Independent Director)	1 Feb 2006
Mr Patrick Goodman (Non-Executive Director)	23 Feb 2005 (resigned on 30 Nov 2010)
Ms Diane Grady, AM (Independent Director)	30 Sep 2007 (resigned on 13 Oct 2010)

Details of the Directors' qualifications, experience and special responsibilities are set out on pages 133 and 134 in this Directors' report.

## Company Secretary

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

Company Secretary	Appointment date
Mr Carl Bicego	24 Oct 2006

Details of the Company Secretary's qualifications and experience are set out on page 134 in this Directors' report.

## Directors' meetings

The number of Directors' meetings held (including meetings of committees of Directors) and the number of meetings attended by each of the Directors during the year were:

Director	Board meetings		Audit Committee meetings		Remuneration and Nomination Committee meetings		Risk and Compliance Committee meetings		Investment Committee meetings		Moorabbin Sub-Committee meetings <sup>2</sup>	
	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended
Mr Ian Ferrier	15	15	4	4	3	3	–	–	2	2	3	3
Mr Gregory Goodman	12	12	–	–	–	–	–	–	2	2	–	–
Mr John Harkness	15	14	4	4	–	–	4	4	–	–	–	–
Mr James Hodgkinson	15	15	4	4	–	–	1	1	–	–	–	–
Ms Anne Keating	15	14	–	–	3	3	3	3	–	–	–	–
Mr Phillip Pryke	12	12	–	–	2	2	–	–	–	–	–	–
Mr Jim Sloman	15	15	–	–	–	–	4	4	2	2	3	3
Mr Patrick Goodman <sup>3</sup>	5	–	–	–	–	–	1	–	–	–	–	–
Ms Diane Grady <sup>4</sup>	4	3	–	–	1	1	–	–	–	–	–	–

1. Reflects the number of meetings individuals were entitled to attend. The Directors make themselves available as required but a number of the above meetings were unscheduled with the result that Directors may not have been able to attend the meeting.

2. A separate committee was established to consider the acquisition of Moorabbin Airport Corporation Pty Ltd which has a leasehold interest in Moorabbin Airport and Business Park, Victoria from Goodman Holdings Group, a related party.

3. Mr Patrick Goodman resigned as a Director on 30 November 2010.

4. Ms Diane Grady resigned as a Director on 13 October 2010.

Directors absented themselves from meetings where they had a personal interest in the matters being discussed.

## Principal activities

The principal activity of the Consolidated Entity during the year was property investment. There were no significant changes to the nature of the Consolidated Entity's activities during the year.

## Distributions

The total distribution declared to ordinary unitholders of GIT (Unitholders) during the year was 3.5 cents per unit (2010: 3.4 cents per unit). Further details of distributions paid or declared during the year are set out in note 4 to the consolidated financial statements.

## Review of operations

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

	Consolidated	
	2011	2010 Restated <sup>1</sup>
	\$M	\$M
<b>Gross property income</b>	<b>215.6</b>	<b>225.1</b>
<b>Profit/(loss) attributable to Unitholders</b>	<b>514.6</b>	<b>(274.0)</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

## Value of assets

	Consolidated	
	30 June 2011	30 June 2010 Restated <sup>1</sup>
	\$M	\$M
<b>Carrying value of assets</b>	<b>7,700.6</b>	<b>7,675.4</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

The basis for valuation of assets is disclosed in notes 1 and 2 of the consolidated financial report.

## Issued capital

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

	Consolidated	
	2011 M	2010 M
Units on issue at the beginning of the year	6,369.8	2,779.7
Units issued	1,024.8	3,590.1
<b>Units on issue at the end of the year</b>	<b>7,394.6</b>	<b>6,369.8</b>

## State of affairs

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

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

On 24 December 2010, China Investment Corporation (CIC) converted \$225.0 million preference securities to 523.3 million stapled securities in Goodman Group at a price of \$0.43 per security.

### (b) Exercise of options

On 16 May 2011, CIC exercised 276.0 million options over stapled securities for consideration of \$78.5 million.

### (c) New finance facilities

During the year, the Consolidated Entity has continued its stated capital management objectives of diversifying debt funding sources and extending its debt maturity profile. Initiatives during the year included:

- + issues in November 2010 and March 2011 of US\$325.0 million and US\$500.0 million respectively of senior unsecured notes in the United States 144A/Reg S bond market, both with effective fixed interest coupons of 6.375% per annum and both for terms of 10 years;

## State of affairs (cont)

- + issue in March 2011 of ¥12.5 billion private note placement through the Euro Medium Term Note programme for a term of 12 years;
- + establishment of a new revolving bank facility for A\$127.5 million, maturing over two years;
- + establishment of a new revolving bank facility for A\$180.0 million, maturing over four years; and
- + establishment of three new revolving bank facilities with an aggregate limit of A\$412.5 million, maturing over five years.

### (d) Acquisition of Moorabbin Airport and business park

On 24 May 2011, the Consolidated Entity completed the acquisition of 100% of the ordinary units in two intermediate holding entities that collectively own 100% of the ordinary shares of Moorabbin Airport Corporation Pty Limited (MAC) from Goodman Holdings Group. MAC owns Moorabbin Airport and business park in Victoria. The consideration included the issue of 225,384,615 stapled securities in Goodman Group to the vendors at an agreed issue price of \$0.65 each, cash of \$35.0 million and repayment of MAC bank debt of \$20.0 million.

### (e) Acquisition of ING Industrial Fund

On 29 March 2011, Goodman Trust Australia (GTA), an entity established by Goodman Group and three major pension/sovereign wealth funds, acquired ING Industrial Fund. The Consolidated Entity has a 19.9% share of GTA and was Goodman Group appointed as the manager of GTA on terms consistent with its other managed funds.

Details of changes in the state of affairs of the Consolidated Entity subsequent to the balance date are set out on page 136 in this Directors' report.

## Strategy and outlook

Goodman Group's business strategy is to be the leading international provider of industrial property and business space to leading global customers in each of the markets in which the Consolidated Entity operates. Goodman Group's integrated "own+develop+manage" customer service model is a driving principle in the Consolidated Entity's operations.

The Consolidated Entity's "own+develop+manage" customer service model is intended to allow the Consolidated Entity to build an in-depth understanding of customer needs and to assist the Consolidated Entity in providing access to quality information on portfolio performance and market dynamics. The Consolidated Entity believes its ability to establish a better understanding of its customers' needs allows for better customer management opportunities and enables the Consolidated Entity to provide a more tailored property management service. Goodman strives to meet the requirements of its customers "in-house" through the repositioning of existing assets or via the development of new pre-leased sites, while the "in-house" property management team works efficiently to satisfy customer needs.

The Consolidated Entity seeks to create value through expansion, both organically and through strategic acquisitions, while enhancing returns through the active management of its property portfolio. The cornerstone of this strategy is a substantial portfolio (including both directly owned property and cornerstone investments in Goodman Group managed funds) of quality industrial and business space assets, coupled with the Consolidated Entity's integrated property platform. Goodman Group looks to enhance its return on property investments with property and fund management income and development profits.

Development is an important component of the Consolidated Entity's business strategy, because it drives portfolio growth with the expansion of existing customers and the procurement of new customers and provides a source of investment products for the Goodman Group managed funds. The Consolidated Entity's current strategy is to ensure that the majority of developments are conducted within Goodman Group managed funds.

The Consolidated Entity believes that its ability to recycle capital in this way, coupled with the Consolidated Entity's ability to utilise third party capital invested in Goodman managed funds, enables it to grow development and investment activity and earnings outside of the Consolidated Entity's traditional Australian markets. Through cornerstone investments in Goodman managed funds, the Consolidated Entity intends to align its interests with those of the funds' investors and believes that it is able to foster long-term relationships with the funds' investors. By attracting a group of key global investors, the Consolidated Entity aims to secure sources of funding for Goodman managed funds and the Consolidated Entity's joint ventures, allowing for the expansion of the Consolidated Entity's business without needing to fund such expansion entirely with the Consolidated Entity's balance sheet.

The growing contribution from the active components of Goodman's business, being its development and management activities, coupled with the strength of its Asian and European businesses will ensure the Consolidated Entity is well positioned to achieve solid earnings growth in the year ending 30 June 2012. Accordingly, Goodman Group is forecasting a full year operating profit after tax of \$460.0 million.

### Strategy and outlook (cont)

Further information as to other likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in the consolidated financial report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

#### Environmental regulations

The Consolidated Entity has policies and procedures in place that are designed to ensure that, where operations are subject to any particular and significant environmental regulation under a law of Australia, those obligations are identified and appropriately addressed. The Directors have determined that there has not been any material breach of those obligations during the year.

#### Interests of the Responsible Entity

The Responsible Entity did not hold any units either directly or indirectly in the Consolidated Entity at any time during the year and up to the date of signature of the consolidated financial report.

#### Indemnification and insurance of officers and auditors

The Responsible Entity has insured current and former directors and officers of the Consolidated Entity in respect of directors' and officers' liability and legal expenses. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of those contracts. The auditors of the Consolidated Entity are not indemnified in any way by this insurance cover.

#### Fees paid to and interests held by related entities and Directors

Fees were paid or are payable to Goodman Group and its associated entities for services provided during the year. Details of these fees and the interests of the Responsible Entity and other related party information are set out in note 22 to the consolidated financial statements.

The relevant interest of each Director in Goodman Group stapled securities as notified by the Directors to the ASX in accordance with section 205G(1) of the *Corporations Act 2001* at the date of the consolidated financial report is as follows:

Director	Direct securities	Indirect securities	Total
<b>Non-Executive</b>			
Mr Ian Ferrier	377,784	–	377,784
Mr Patrick Goodman <sup>1</sup>	–	5,955,992	5,955,992
Ms Diane Grady <sup>1</sup>	–	208,200	208,200
Mr John Harkness	298,654	–	298,654
Mr James Hodgkinson	333,730	920,572	1,254,302
Ms Anne Keating	–	304,866	304,866
Mr Jim Sloman	258,465	–	258,465
Mr Phillip Pryke	–	541,160	541,160
<b>Executive</b>			
Mr Gregory Goodman	5,955,992	225,384,615	231,340,607

1. As at the date of their resignation as a Director.

None of the Non-Executive Directors held any options over unissued securities at 30 June 2011. Mr Gregory Goodman held 9,700,000 options and 7,553,846 performance rights over securities of Goodman Group at 30 June 2011 (2010: 9,700,000 options and 3,900,000 performance rights).

At 30 June 2011, James Hodgkinson held 2,660 (2010: nil) of the hybrid securities issued by Goodman PLUS Trust, which are listed on the ASX. None of the other Directors holds any interests in the hybrid securities issued by Goodman PLUS Trust.

## Qualifications, experience and special responsibilities of Directors and Company Secretary

### Board of Directors

#### **Mr Ian Ferrier, AM – Independent Chairman**

Appointed 23 February 2005

Ian was appointed Chairman on 28 July 2009 (having been Acting Chairman from 28 November 2008). Ian is a Fellow of The Institute of Chartered Accountants in Australia and has 46 years of experience in company corporate recovery and turnaround practice. Ian is also a director of a number of private and public companies. He is currently Chairman of InvoCare Limited (since March 2001) and Australian Vintage Ltd (a director since November 1991) and a director of EnergyOne Limited (since January 2007) and Reckon Limited (since August 2004). He was formerly a director of Australian Oil Limited (from May 2005 to January 2009). His experience is essentially concerned with understanding the financial and other issues confronting companies which require turnaround management, analysing those issues and implementing policies and strategies which lead to a successful rehabilitation. Ian has significant experience in property and development, tourism, manufacturing, retail, hospitality and hotels, infrastructure and aviation and service industries.

#### **Mr Gregory Goodman – Group Chief Executive Officer**

Appointed 17 January 1995

Gregory is responsible for Goodman Group's overall operations and the implementation of its strategic plan. He has 29 years of experience in the property industry with significant expertise in the industrial property arena. Gregory was a co-Founder of Goodman Group playing an integral role in establishing its specialist global position in the property market through various corporate transactions, including takeovers, mergers and acquisitions. He is a director of Goodman (NZ) Limited (the manager of the New Zealand Exchange listed Goodman Property Trust), J-REP Co, Ltd, the management companies of Goodman Group's unlisted funds and many of its subsidiaries.

#### **Mr John Harkness – Independent Director**

Appointed 1 September 2004

John is a Fellow of The Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. He was a partner of KPMG for 24 years and National Executive Chairman for five years. Since retiring from KPMG in June 2000, John has held a number of non-executive director roles. John is the Chairman of Charter Hall Retail Management Limited (director since August 2003), the management company of Charter Hall Retail REIT. He is also Chairman of the Reliance Rail Group and a director of Sinclair Knight Mertz Management Pty Limited. He was formerly a director of Crane Group Limited (from September 2000 to December 2010) and the Chairman of Lipa Pharmaceuticals Limited (from June 2004 to November 2007). John is President of Northern Suburbs Rugby Football Club Limited, a member of the Territorial Headquarters and Sydney Advisory Board of the Salvation Army and the Chairman of the Sydney Foundation for Medical Research.

#### **Mr James Hodgkinson – Non-Executive Director**

Appointed 21 February 2003

James is a senior investment banker with Real Estate specialisation, most recently, as Executive Director of Macquarie Group. James has extensive experience as principal in the establishment, strategy and growth of a number of both listed and unlisted investment vehicles and operating businesses in Australia, Asia and North America. James was also Chief Executive Officer of Macquarie Industrial Trust for six years prior to that trust's merger with GIT. He is a director of J-REP Co, Ltd and Goodman (NZ) Limited, the manager of the New Zealand Exchange listed Goodman Property Trust. James is an alumni director of the Macquarie Foundation and is active in the "not for profit" sector. He has initiated and assisted in the fund raising initiatives and strategic support of a number of community based organisations, including as a Founding Governor of the Cerebral Palsy Foundation and as Founder and Chairman of the Cerebral Palsy Alliance of NSW's 20/Twenty Challenge. James has a Bachelor of Economics, is a Certified Practising Accountant and is a Fellow of the Australian Property Institute.

#### **Ms Anne Keating – Independent Director**

Appointed 6 February 2004

Anne is a non-executive director with board positions in a range of industries. She is on the boards of the management companies of the Ardent Leisure Group (since March 1998) and a director of REVA Medical Inc (since October 2010), ClearView Wealth Limited (since November 2010) and GI Dynamics Inc. (since June 2011). Anne was formerly a director of STW Communications Group Limited (from May 1995 to February 2011), as well as Spencer Street Station Redevelopment Holdings Limited and Insurance Australia Group Limited. Anne is also a director of the Garvan Institute of Medical Research, a member of the Advisory Council of RBS Group (Australia) Pty Ltd (formerly ABN AMRO), a Governor of the Cerebral Palsy Foundation and a trustee for the Centennial Park and Moore Park Trust. Her last executive position was as General Manager, Australia for United Airlines for nine years until 2001.



## Qualifications, experience and special responsibilities of Directors and Company Secretary (cont)

### **Mr Phillip Pryke – Independent Director**

Appointed 13 October 2010

Phillip was appointed as an Independent Director on 13 October 2010. He is also a director of Co-Investor Group and Tru-Test Corporation Limited, the Deputy Chairman of the New Zealand Exchange listed Contact Energy Limited and a director of Goodman (NZ) Limited, the manager of the New Zealand Exchange listed Goodman Property Trust. In addition, he is Chairman of ASX listed Digital Performance Group Ltd (since January 2009). Phillip has wide experience in the fishing, energy, financial services, health and technology industries.

### **Mr Jim Sloman, OAM – Independent Director**

Appointed 1 February 2006

Jim has over 40 years of experience in the building and construction industries in Australia and overseas, including experience with Sir Robert McAlpine & Sons in London and Lend Lease Corporation in Australia and as Deputy Chief Executive and Chief Operating Officer of the Sydney Organising Committee for the Olympic Games (SOCOG) from 1997 to 2001. He is a Principal of MI Associates Pty Limited, a company established by him and comprising some of the leading members of the former SOCOG senior management team, that is working as an adviser to both the London 2012 and the Rio de Janeiro 2016 Olympic Games. In addition, Jim is Chairman of Laing O'Rourke Australia Pty Limited and of several of its associated companies and a director of ISIS Holdings Pty Limited and of several of its associated companies. Jim was a director of Prime Infrastructure Holdings Limited (from February 2010 to December 2010) and Prime Infrastructure RE Limited (from February 2010 to December 2010) (the management company of Prime Infrastructure Trust). With his range of experience, Jim brings significant property, construction and major projects expertise to Goodman Group.

### **Mr Patrick Goodman – Non-Executive Director**

Appointed 23 February 2005

Resigned 30 November 2010

Patrick is the Managing Director of Goodman Holdings Group. The diversified interests of Goodman Holdings Group initially focused on direct and indirect property development and have expanded to include the management of a diverse portfolio across sectors covering aviation, food, rural, private and listed equity, infrastructure and financial services globally. Patrick is also a director of companies involved in information technology, property investment and management both in Australasia and the United States. During his 30 year career, he has had considerable public and private company experience both domestically and internationally.

### **Ms Diane Grady, AM – Independent Director**

Appointed 30 September 2007

Resigned 13 October 2010

Diane has been a full-time non-executive director on various companies since 1994 and is currently a director of Woolworths Limited (since 5 July 1996) and BlueScope Steel Limited (since 10 May 2002) and the Chair of Ascham School Limited. Diane is also a senior adviser to McKinsey & Company. Previously, she was a director of Lend Lease Corporation Limited (from 1994 to 2002), Wattyl Ltd (from 1994 to 2006) and a Trustee of the Sydney Opera House. Prior to becoming an independent director, Diane was a partner with McKinsey & Company where she spent 15 years consulting to clients in a broad range of industries on strategic and organisational issues.

## Company Secretary

### **Mr Carl Bicego – Company Secretary**

Appointed 24 October 2006

Carl is the Company Secretary of Goodman Group and its Australian subsidiaries as well as Legal Counsel – Head of Corporate in Australia. He has over 13 years of legal experience in corporate law and joined Goodman Group from law firm Allens Arthur Robinson in 2006. Carl holds a Masters of Laws and Bachelor of Economics/Bachelor of Laws (Hons).

## Rights and options over Goodman Group stapled securities

Details of the performance rights and options over stapled securities of Goodman Group held by Mr Gregory Goodman are set out below. None of the other Directors held any rights or options over stapled securities of Goodman Group. No rights or options have been granted since the end of the financial year.

### (a) Performance rights

	Number of performance rights granted	Grant date	Fair value per performance right \$	Exercise price per right <sup>1</sup> \$	Expiry date	Number of performance rights vested
<b>Executive Director</b>						
Mr Gregory Goodman	3,653,846	1 Feb 2011	0.56	–	1 Sep 2015	–
	3,900,000	14 May 2010	0.60	–	1 Sep 2014	–

1. Goodman Group stapled securities are issued for nil consideration on vesting.

### (b) Options

	Number of options granted	Grant date	Fair value per option \$	Exercise price \$	Expiry date	Number of options vested
<b>Executive Director</b>						
Mr Gregory Goodman	7,000,000	17 Nov 2008	0.04	3.01	30 Jun 2013	–
	2,700,000	26 Nov 2007	0.77	6.27	30 Jun 2013	–

## Unissued securities under option

Unissued securities under option include the performance rights awarded to employees of Goodman Group under the Long Term Incentive Plan (LTIP) and options awarded under the Employee Option Plan.

At the date of signature of this Directors' report, performance rights issued to employees under the LTIP and the applicable total securityholder return (TSR) or earnings per security (EPS) performance hurdles were:

### (a) Performance rights

Date granted	Expiry date	Exercise price per right \$	Number of performance rights	Performance hurdles <sup>1</sup>
1 Feb 2011	1 Sep 2015	–	42,319,732	TSR <sup>2</sup> (25%) and EPS <sup>3</sup> (75%)
14 May 2010	1 Sep 2014	–	44,973,010	TSR <sup>2</sup> (50%) and EPS <sup>3</sup> (50%)

1. Performance hurdles are based on the results of Goodman Group.

2. The TSR vesting condition is determined by Goodman Group's relative TSR over a three year period since the end of the previously reported 12 months period immediately preceding the date of the grant as determined by the Board of Goodman Group. Goodman Group's TSR performance will be measured against the TSR performance of the entities comprising the ASX 200 Index.

3. The EPS vesting condition is determined by the Goodman Group's aggregated operating EPS over a three year period since the end of the previously reported 12 month period immediately preceding the date of the grant, compared to the target EPS and stretch target EPS as determined by the Board of Goodman Group.

## Rights and options over Goodman Group stapled securities (cont)

### (b) Options

At the date of signature of this Directors' report, unissued securities under option issued to employees and the applicable return on equity (ROE) performance hurdles are:

Date granted	Expiry date	Exercise price \$	Number of unissued securities under option	Performance hurdle <sup>1</sup>
9 Dec 2005	31 Dec 2011	4.20	11,250,000	11% ROE
14 Jun 2006	31 Dec 2011	5.15	1,892,000	12% ROE
13 Oct 2006	30 Sep 2012	6.27	7,442,500	12% ROE
10 Apr 2007	31 Dec 2012	7.14	19,355,000	12% ROE
22 Jun 2007	31 Dec 2012	7.04	5,235,000	12% ROE
19 Oct 2007	30 Jun 2013	6.27	30,514,000	12% ROE
26 Nov 2007	30 Jun 2013	6.27	2,700,000	12% ROE
5 Sep 2008	30 Jun 2013	2.98	41,575,000	12% ROE
5 Sep 2008	30 Jun 2013	3.01	3,850,000	12% ROE
17 Nov 2008	30 Jun 2013	3.01	7,000,000	12% ROE

1. Performance hurdles are based on the results of Goodman Group. The ROE performance hurdle requires the Goodman Group achieving compound annual growth ROE as set out above. These hurdles are calculated since the end of the previously reported 12 month period immediately preceding the date of grant (as reported in the Annual Report or Half Yearly Review of Goodman Group). These performance hurdles are unlikely to be achieved.

All options expire on the earlier of their expiry date or one month following the termination of the employee's employment (other than in the event of special circumstances).

### 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 Directors' report, that would require adjustment or disclosure in the consolidated 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 137 and forms part of this Directors' report for the 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 this Directors' report and the consolidated financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

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



**Ian Ferrier, AM**  
Independent Chairman

Sydney, 18 August 2011



**Gregory Goodman**  
Group Chief Executive Officer

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

### To: the directors of Goodman Funds Management Limited, as responsible entity for Goodman Industrial Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



**KPMG**



**Stuart Marshall**  
Partner

Sydney, 18 August 2011

# Consolidated balance sheet

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as at 30 June 2011

	Note	Consolidated	
		2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Current assets</b>			
Cash	21(a)	92.6	474.8
Receivables	5	2,095.3	1,989.2
Inventories	6	19.3	28.7
Other assets	7	7.5	27.8
<b>Total current assets</b>		<b>2,214.7</b>	<b>2,520.5</b>
<b>Non-current assets</b>			
Receivables	5	254.9	445.1
Inventories	6	180.1	70.7
Investment properties	8	2,662.0	2,500.2
Investments accounted for using the equity method	9	2,388.7	2,096.3
Other financial assets	10	0.2	42.6
<b>Total non-current assets</b>		<b>5,485.9</b>	<b>5,154.9</b>
<b>Total assets</b>		<b>7,700.6</b>	<b>7,675.4</b>
<b>Current liabilities</b>			
Deferred income		13.7	4.8
Payables	11	169.5	124.7
Provisions	12	163.8	124.8
Interest bearing liabilities	13	–	84.1
<b>Total current liabilities</b>		<b>347.0</b>	<b>338.4</b>
<b>Non-current liabilities</b>			
Deferred income		–	0.6
Payables	11	178.6	224.1
Provisions	12	2.3	4.1
Interest bearing liabilities	13	1,914.5	2,193.3
<b>Total non-current liabilities</b>		<b>2,095.4</b>	<b>2,422.1</b>
<b>Total liabilities</b>		<b>2,442.4</b>	<b>2,760.5</b>
<b>Net assets</b>		<b>5,258.2</b>	<b>4,914.9</b>
<b>Equity</b>			
Issued capital	14	6,904.1	6,442.9
Reserves	15	(2,095.4)	(1,983.1)
Accumulated losses	16	(97.5)	(295.4)
<b>Total equity attributable to Unitholders</b>		<b>4,711.2</b>	<b>4,164.4</b>
Non-controlling interests	17	547.0	750.5
<b>Total equity</b>		<b>5,258.2</b>	<b>4,914.9</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

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

# Consolidated income statement

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for the year ended 30 June 2011

	Note	Consolidated	
		2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Revenue and other income</b>			
Gross property income		215.6	225.1
Net loss from fair value adjustments on investment properties	8	(20.6)	(132.7)
Net (loss)/gain on disposal of investment properties	3	(0.6)	1.7
Net gain/(loss) on disposal of controlled entities	3	18.1	(0.1)
Net gain/(loss) on disposal of equity investments	3	101.3	(8.0)
Share of net results of equity accounted investments	3	162.2	(169.0)
Income from disposal of inventories		14.5	–
Distributions from equity investments		20.3	19.7
Other income		4.3	6.6
		<b>515.1</b>	<b>(56.7)</b>
<b>Property and other expenses</b>			
Property expenses		(56.4)	(55.9)
Inventory cost of sales		(11.6)	–
Trust expenses		(2.4)	(2.3)
Management fee		(7.5)	(27.8)
Impairment losses	3	(13.6)	(48.9)
Other expenses		(3.8)	(6.1)
		<b>(95.3)</b>	<b>(141.0)</b>
<b>Profit/(loss) before interest and tax</b>		<b>419.8</b>	<b>(197.7)</b>
<b>Finance costs</b>			
Finance income	3	246.8	210.5
Finance expenses	3	(87.7)	(234.7)
<b>Net finance income/(costs)</b>		<b>159.1</b>	<b>(24.2)</b>
<b>Profit/(loss) before income tax</b>		<b>578.9</b>	<b>(221.9)</b>
Income tax (expense)/benefit		(3.3)	0.2
<b>Profit/(loss) for the year</b>		<b>575.6</b>	<b>(221.7)</b>
Profit/(loss) attributable to Unitholders		514.6	(274.0)
Profit attributable to non-controlling interests		61.0	52.3
<b>Profit/(loss) for the year</b>		<b>575.6</b>	<b>(221.7)</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

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



# Consolidated statement of comprehensive income

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for the year ended 30 June 2011

	Note	Consolidated	
		2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Profit/(loss) for the year</b>		<b>575.6</b>	<b>(221.7)</b>
<b>Other comprehensive income</b>			
Change in fair value of other financial assets	15	14.3	14.7
"Fair value of available for sale equity securities transferred to the income statement on disposal"	15	(47.2)	–
Cash flow hedges:			
– Change in value of financial instruments	15	36.1	(0.4)
– Transfers to income statement from cash flow hedge reserve	15	37.3	52.7
Effect of foreign currency translation on reserves	15	(218.2)	(204.8)
<b>Other comprehensive income for the year</b>		<b>(177.7)</b>	<b>(137.8)</b>
<b>Total comprehensive income for the year</b>		<b>397.9</b>	<b>(359.5)</b>
<b>Attributable to:</b>			
Unitholders		336.9	(411.8)
Non-controlling interests		61.0	52.3
<b>Total comprehensive income for the year</b>		<b>397.9</b>	<b>(359.5)</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

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

# Consolidated statement of changes in equity

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for the year ended 30 June 2011

Consolidated	Attributable to Unitholders									
	Note	Issued equity \$M	Asset revaluation reserve \$M	Cash flow hedge reserve \$M	Foreign currency translation reserve \$M	Capital profits reserve \$M	Accumulated losses Restated <sup>1</sup> \$M	Total Restated <sup>1</sup> \$M	Non-controlling interests \$M	Total equity Restated <sup>1</sup> \$M
<b>Balance at 1 July 2009</b>		<b>5,229.1</b>	<b>(1,283.7)</b>	<b>(223.2)</b>	<b>(70.7)</b>	<b>138.3</b>	<b>(212.6)</b>	<b>3,577.2</b>	<b>318.8</b>	<b>3,896.0</b>
Impact of changes in accounting policies		-	-	-	-	-	(0.7)	(0.7)	-	(0.7)
<b>Restated balance at 1 July 2009</b>		<b>5,229.1</b>	<b>(1,283.7)</b>	<b>(223.2)</b>	<b>(70.7)</b>	<b>138.3</b>	<b>(213.3)</b>	<b>3,576.5</b>	<b>318.8</b>	<b>3,895.3</b>
Total comprehensive income for the year	15, 16									
Loss for the year		-	-	-	-	-	(274.0)	(274.0)	52.3	(221.7)
Total other comprehensive income for the year		-	101.0	75.9	(328.3)	13.6	-	(137.8)	-	(137.8)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>101.0</b>	<b>75.9</b>	<b>(328.3)</b>	<b>13.6</b>	<b>(274.0)</b>	<b>(411.8)</b>	<b>52.3</b>	<b>(359.5)</b>
Transfers		-	(375.0)	-	-	(31.0)	406.0	-	-	-
<b>Contributions by and distributions to owners</b>										
Ordinary units issued to Unitholders		1,260.2	-	-	-	-	-	1,260.2	-	1,260.2
Issue costs due to ordinary units		(46.4)	-	-	-	-	-	(46.4)	-	(46.4)
Ordinary units issued under the earn-out provisions of the Eurinpro acquisition		-	-	-	-	-	-	-	452.3	452.3
Issue costs due to Goodman PLUS Trust hybrid securities		-	-	-	-	-	-	-	(20.6)	(20.6)
Distributions declared on ordinary units	4	-	-	-	-	-	(214.1)	(214.1)	-	(214.1)
Distributions declared on Goodman PLUS Trust hybrid securities	4	-	-	-	-	-	-	-	(18.3)	(18.3)
Distributions declared on China Investment Corporation (CIC) convertible preference securities	4	-	-	-	-	-	-	-	(34.0)	(34.0)
<b>Restated balance at 30 June 2010</b>		<b>6,442.9</b>	<b>(1,557.7)</b>	<b>(147.3)</b>	<b>(399.0)</b>	<b>120.9</b>	<b>(295.4)</b>	<b>4,164.4</b>	<b>750.5</b>	<b>4,914.9</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

Consolidated	Attributable to Unitholders									
	Note	Issued equity \$M	Asset revaluation reserve \$M	Cash flow hedge reserve \$M	Foreign currency translation reserve \$M	Capital profits reserve \$M	Accumulated losses \$M	Total \$M	Non-controlling interests \$M	Total equity \$M
<b>Balance at 1 July 2010</b>		<b>6,442.9</b>	<b>(1,557.7)</b>	<b>(147.3)</b>	<b>(399.0)</b>	<b>120.9</b>	<b>(295.4)</b>	<b>4,164.4</b>	<b>750.5</b>	<b>4,914.9</b>
Total comprehensive income for the year	15, 16									
Profit for the year		-	-	-	-	-	514.6	514.6	61.0	575.6
Total other comprehensive income for the year		-	37.9	85.5	(314.2)	13.1	-	(177.7)	-	(177.7)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>37.9</b>	<b>85.5</b>	<b>(314.2)</b>	<b>13.1</b>	<b>514.6</b>	<b>336.9</b>	<b>61.0</b>	<b>397.9</b>
Transfers		-	289.5	-	-	(224.1)	(65.4)	-	-	-
<b>Contributions by and distributions to owners</b>										
Issue of ordinary units on acquisition of Moorabbin Airport and Business Park		162.0	-	-	-	-	-	162.0	-	162.0
Issue costs due to ordinary units		(0.2)	-	-	-	-	-	(0.2)	-	(0.2)
Increase due to CIC convertible preference securities issued		221.6	-	-	-	-	-	221.6	(203.5)	18.1
Issue of stapled securities on exercise of options by CIC		77.8	-	-	-	-	-	77.8	-	77.8
Distributions declared on ordinary units	4	-	-	-	-	-	(251.3)	(251.3)	-	(251.3)
Distributions declared on Goodman PLUS Trust hybrid securities	4	-	-	-	-	-	-	-	(22.2)	(22.2)
Distributions declared on CIC convertible preference securities	4	-	-	-	-	-	-	-	(38.8)	(38.8)
<b>Balance at 30 June 2011</b>		<b>6,904.1</b>	<b>(1,230.3)</b>	<b>(61.8)</b>	<b>(713.2)</b>	<b>(90.1)</b>	<b>(97.5)</b>	<b>4,711.2</b>	<b>547.0</b>	<b>5,258.2</b>

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

# Consolidated cash flow statement

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for the year ended 30 June 2011

	Note	Consolidated	
		2011 \$M	2010 \$M
<b>Cash flows from operating activities</b>			
Property income received		221.4	225.4
Proceeds from disposal of inventories		14.2	–
Other cash receipts from services provided		14.4	80.7
Property expenses paid		(51.6)	(51.1)
Payments for inventories		(21.6)	–
Other cash payments in the course of operations		(62.7)	(81.8)
Dividends/distributions received		121.2	53.7
Interest received		34.3	50.2
Finance costs paid		(114.6)	(162.8)
Net income taxes paid		(3.1)	(0.9)
<b>Net cash provided by operating activities</b>	21(b)	<b>151.9</b>	<b>113.4</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investment properties		9.6	41.4
Proceeds from sale of controlled entities, net of cash disposed	19	43.9	186.8
Proceeds from sale of equity investments		200.7	31.1
Payments for equity investments		(423.0)	(116.1)
Payments for investment properties and developments		(126.5)	(54.7)
<b>Net cash (used in)/provided by investing activities</b>		<b>(295.3)</b>	<b>88.5</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary units		78.5	1,260.2
Proceeds from issue of CIC convertible preference securities		–	500.0
Transaction costs from issue of securities		(0.2)	(46.4)
Transaction costs from issue of CIC convertible preference securities		–	(20.6)
Proceeds from borrowings		2,010.5	895.3
Repayments of borrowings		(2,117.6)	(2,514.8)
Loans from related parties		75.4	125.4
Distributions paid	4	(285.4)	(142.9)
<b>Net cash (used in)/provided by financing activities</b>		<b>(238.8)</b>	<b>56.2</b>
Net (decrease)/increase in cash held		(382.2)	258.1
Cash at the beginning of the year		474.8	216.7
<b>Cash at the end of the year</b>	21(a)	<b>92.6</b>	<b>474.8</b>

Non-cash financing and investing activities are included in note 21(c).

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

for the year ended 30 June 2011

## 1. Statement of significant accounting policies

Goodman Industrial Trust (GIT, Trust or Parent Entity) is established in Australia. The consolidated financial report of GIT for the year ended 30 June 2011 comprises GIT and its controlled entities (Consolidated Entity) 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 (ASX). Both Goodman Funds Management Limited (Responsible Entity), the responsible entity for the Trust, and GL must at all times act in the best interest of the stapled entity.

### Statement of compliance

This consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards adopted by the AASB. The consolidated financial report also complies with IFRS.

The consolidated financial report is presented in Australian dollars and was authorised for issue by the directors (Directors) of Goodman Funds Management Limited on 18 August 2011.

### Changes in accounting policies

During the year, the Consolidated Entity changed its accounting policy with respect to the recognition of deferred tax liabilities or assets on investment property that is measured using the fair value model. The change was the result of an amendment to AASB 12 *Income Taxes*. Under the amended standard, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Unless the presumption is rebutted, the measurement of the deferred tax liability or asset shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. As the Consolidated Entity does not rebut the presumption of recovery of investment property through sale, the deferred tax liability is determined based on the tax consequences of sale. In prior financial statements, the Consolidated Entity recognised its deferred tax assets and liabilities on the basis that all the economic benefits would be consumed over time rather than through sale.

This change in accounting policy was applied retrospectively and had a positive impact of 0.4 cents on earnings per security for the year ended 30 June 2010. The following table summarises the transitional adjustments made to the balance sheet upon implementation of the new accounting policy:

	Investments accounted for using the equity method \$M	Accumulated losses/ profit or loss \$M
Balance as reporting at 1 July 2009	2,327.4	(212.6)
Effect of tax adjustment on 1 July 2009	(0.7)	(0.7)
<b>Restated balance at 30 June 2009</b>	<b>2,326.7</b>	<b>(213.3)</b>
Balance as reported at 30 June 2010	2,071.4	(320.3)
Effect of tax adjustment on 1 July 2009	(0.7)	(0.7)
Effect on profit or loss	25.6	25.6
<b>Restated balance at 30 June 2010</b>	<b>2,096.3</b>	<b>(295.4)</b>

For the year ended 30 June 2010, the effect on the income statement was an increase in share of net results of equity accounted investments of \$25.6 million. There was no impact on tax expense as the change only impacted the deferred tax liabilities in the Consolidated Entity's equity accounted investments.

for the year ended 30 June 2011

## 1. Statement of significant accounting policies (cont)

The significant accounting policies which have been adopted in the preparation of the consolidated financial report are set out below:

### (a) Basis of preparation of the consolidated financial report

The consolidated financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at fair value:

- + investment properties;
- + derivative financial instruments; and
- + financial instruments classified as available for sale.

### (b) Principles of consolidation

#### Business combinations

All business combinations that occurred on or after 1 July 2004 and on or prior to 30 June 2009 were accounted for by applying the purchase method.

All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method.

For every business combination, the Consolidated Entity identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Consolidated Entity takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control has passed from one party to another.

#### Measuring goodwill

The Consolidated Entity measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed, all measured as the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Consolidated Entity to the previous owners of the acquiree, and equity interests issued by the Consolidated Entity. Consideration transferred also includes the fair value of any contingent consideration and share based payment awards of the acquiree that are replaced mandatorily in the business combination.

#### Contingent liabilities

A contingent liability of the acquiree is recognised in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

#### Non-controlling interest

The Consolidated Entity measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

#### Transaction costs

Transaction costs that the Consolidated Entity incurs in connection with a business combination, such as legal fees, due diligence fees and other statutory, professional and consulting fees, are expensed as incurred.

#### Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

#### Controlled entities

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Parent Entity as at 30 June 2011 and the results of all such entities for the year ended 30 June 2011. Control exists when the Parent Entity has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

Where an entity either began or ceased to be controlled during the year, the results for that entity are included only from/to the date control commenced or ceased.

## 1. Statement of significant accounting policies (cont)

### (b) Principles of consolidation (cont)

#### Associates

Associates are those entities over which the Consolidated Entity exercises significant influence but not control over their financial and operating policies. In the consolidated financial statements, investments in associates are accounted for using the equity method. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. Under this method, the Consolidated Entity's share of post-acquisition gains or losses of associates is recognised in the consolidated income statement and its share of post-acquisition movements in reserves is recognised in consolidated reserves. Cumulative post-acquisition movements in both profit or loss and reserves are adjusted against the cost of the investment.

#### Joint venture entities (JVEs)

A joint venture is either an entity or operation that is jointly controlled by the Consolidated Entity.

In the consolidated financial statements, investments in joint venture entities are accounted for using the equity method. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The Consolidated Entity's share of the joint venture entity's net profit or loss is recognised in the consolidated income statement from the date joint control commences to the date joint control ceases. Other movements in reserves are recognised directly in the consolidated reserves.

#### Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Unrealised gains resulting from transactions with associates and JVEs, including those relating to contributions of non-monetary assets on establishment, are eliminated to the extent of the Consolidated Entity's interest. Unrealised gains relating to associates and JVEs are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence an impairment of recoverable amounts.

### (c) Revenue recognition

#### Gross property income

Gross property income comprises rental income entitlements under operating leases, net of incentives provided, plus recoverable outgoings.

Rental income entitlements under operating leases are recognised on a straight-line basis over the term of the lease contract. Where operating lease rental income is recognised relating to fixed increases in rentals in future years, an asset is recognised. This asset is a component of the relevant investment property carrying amount. The cost of lease incentives provided to customers is recognised on a straight-line basis over the life of the lease as a reduction of gross property income.

Recoverable outgoings are recognised as income when the relevant outgoings are recorded as an expense.

#### Loan facilities

Income from the provision of loan facilities including establishment fees, line fees and interest income is recognised over the relevant service period on an effective yield basis.

#### Financial income

Interest is brought to account on an accruals basis using the effective interest method, and, if not received at balance date, is reflected in the balance sheet as a receivable.

#### Income from dividends and distributions

Dividend and distribution income is recognised net of any franking credits and before deduction of any withholding tax.

Dividend and distribution income is recognised when a dividend/distribution is declared and, if not received at balance date, is reflected in the balance sheet as a receivable.

### (d) Foreign currency translation

#### Functional and presentation currency

Items included in the financial statements of each of the Trust's controlled entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial report of GIT is presented in Australian dollars, which is the Trust's functional and presentation currency.



for the year ended 30 June 2011

## 1. Statement of significant accounting policies (cont)

### (d) Foreign currency translation (cont)

#### Transactions

Foreign currency transactions are translated to Australian currency at the exchange rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the reporting date are translated at the rates of exchange ruling on that date. Resulting exchange differences are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost are translated at rates of exchange ruling at the date of the initial transaction. Non-monetary items which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### Translation of controlled foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars at foreign exchange rates ruling at the balance sheet date.

Revenue and expenses are translated at weighted average rates for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal or partial disposal of the operations. Fair value adjustments arising on the acquisition of foreign entities are treated as assets of the foreign entities and translated at the closing rate.

Exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in the foreign currency translation reserve on consolidation.

#### Exchange rates used

The main exchange rates used in translating foreign currency transactions, balances and financial statements are as follows:

	Weighted average		As at 30 June	
	2011	2010	2011	2010
New Zealand dollar	1.3048	1.2554	1.2953	1.2321
Singapore dollar	1.2783	1.2404	1.3156	1.1831
Hong Kong dollar	7.6968	6.8469	8.3336	6.5923
United States dollar	0.9892	0.8822	1.0739	0.8523
Japanese yen	82.0961	80.7539	86.3300	76.7200
Euro	0.7249	0.6359	0.7405	0.7050
British pounds sterling	0.6214	0.5588	0.6667	0.5666

### (e) Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of leasing to produce rental income and/or for capital appreciation. Investment properties are carried at their fair value.

#### Components of investment properties

Land and buildings (including integral plant and equipment) comprising investment properties are regarded as composite assets and are disclosed as such in the consolidated financial report. Investment properties are not depreciated as they are subject to continual maintenance and regularly revalued on the basis described below. Taxation allowances for building, plant and equipment depreciation are claimed by trusts within the Consolidated Entity and are declared as tax deferred components of distributions.

Investment property carrying values include the costs of acquiring the properties and subsequent costs of development, if applicable. Where a contract of purchase includes a deferred payment arrangement, the acquisition value is determined as the cash consideration payable in the future, discounted to present value at the date of acquisition. Costs of development include the costs of all materials used in construction, costs of managing the project, holding costs and borrowing costs incurred during the development period.

Amounts provided to customers as lease incentives and assets relating to fixed rental income increases in operating lease contracts are included within investment property values. Lease incentives are amortised over the term of the lease on a straight-line basis. The amortisation is applied to reduce gross property income.

Expenditure on direct leasing and tenancy costs is deferred and included within investment property values. Direct leasing and tenancy costs are amortised over the term of the lease in proportion to the rental income recognised in each financial year.

## 1. Statement of significant accounting policies (cont)

### (e) Investment properties (cont)

#### Stabilised investment properties

Stabilised investment properties are completed investment properties that are capable of earning rental income.

An independent valuation of stabilised investment properties is obtained at least every three years to use as a basis for measuring the fair value of the properties. The independent registered valuers determine the market value based on market evidence and assuming a willing, but not anxious, buyer and seller, a reasonable period to sell the property, and the property being reasonably exposed to the market.

At each balance date occurring between obtaining independent valuations, the Directors review the carrying value of the Consolidated Entity's investment properties to be satisfied that, in their opinion, the carrying value of the investment properties reflects the fair value of the investment properties at that date.

Changes in fair value are recognised directly in the income statement. The net of unrealised revaluations from investment properties is transferred to the asset revaluation reserve from retained earnings.

#### Investment properties under development

Investment properties under development include land, new investment properties in the course of construction and investment properties that are being redeveloped. Property under development for future use as an investment property is measured at fair value.

#### Deposits for investment properties

Deposits and other costs associated with acquiring investment properties that are incurred prior to the Consolidated Entity obtaining legal title are recorded at cost and disclosed as other assets in the balance sheet.

#### Disposal of investment properties

The disposal of an investment property is recognised when the significant risks and rewards of ownership have been transferred. The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the property at the time of the disposal and the proceeds on disposal (less transaction costs and any provision for future rental guarantees) and is included in the income statement in the period of disposal. On disposal, the balance of previously unrealised gains for the individual properties included in the asset revaluation reserve is transferred to the capital profits reserve.

### (f) Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Consolidated Entity's business. Where property developments are forecast to be completed and sold more than 12 months after the balance sheet date then the inventories are classified as non-current.

Work in progress in relation to land subdivision and development projects includes the costs of acquisition, planning, management and development and holding costs such as interest and taxes. Work in progress is carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

### (g) Financial instruments

#### Non-derivative financial assets

The Consolidated Entity initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Consolidated Entity is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Consolidated Entity has legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

for the year ended 30 June 2011

## 1. Statement of significant accounting policies (cont)

### (g) Financial instruments (cont)

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

#### Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale and that are not classified in any of the previous categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (refer to note 1(i)), are recognised in other comprehensive income and presented in the asset revaluation reserve in equity. When such an asset is derecognised, the cumulative gain or loss in equity is transferred to profit and loss.

Available for sale financial assets comprise investments in equity securities (other financial assets).

#### Non-derivative financial liabilities

The Consolidated Entity initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial liability when the contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Consolidated Entity has legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The Consolidated Entity classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

#### Issued capital

##### Ordinary units

Ordinary units of the Trust are classified as equity. Incremental costs directly attributable to issues of ordinary units and options are recognised as a deduction from equity, net of any tax effects.

##### Hybrid securities

Certain controlled entities of GIT have issued hybrid securities that meet the definition of equity for the purpose of the Consolidated Entity. Accordingly, hybrid securities have been classified as equity and presented as non-controlling interests. Incremental costs directly attributable to the issue of hybrid securities are recognised as a deduction from equity, net of any tax effects.

#### Derivative financial instruments and hedging

The Consolidated Entity uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operating, investing and financing activities. In accordance with its treasury policy, the Consolidated Entity does not hold or issue derivative financial instruments for trading purposes.

Effective 1 July 2009, the Consolidated Entity amended its financial risk management policy (refer to note 23) such that derivative financial instruments are not designated as a hedge for accounting purposes, and accordingly such derivative financial instruments are treated as trading instruments, with movements in their fair value recognised in the income statement.

In prior years, the Consolidated Entity designated derivative financial instruments as a hedge of an anticipated interest transaction only when they would be expected to reduce exposure to the risks being hedged were designated prospectively so that it was clear when an anticipated transaction had or had not occurred; and it was probable the anticipated transaction would occur as designated.

#### Cash flow hedges

The effective portion of changes in the fair value of derivatives that were previously designated and qualified as cash flow hedges were recognised in the cash flow hedge reserve. The gain or loss relating to any ineffective portion was recognised in the income statement.

## 1. Statement of significant accounting policies (cont)

### (g) Financial instruments (cont)

When a hedging instrument expired or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow hedge reserve at that time remains in the reserve and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the cash flow hedge reserve is recognised in the income statement.

### (h) Finance costs

Expenditure incurred in obtaining debt finance is offset against the principal amount of the interest bearing liability to which it relates, and is recognised as a finance cost on an effective yield basis over the life of the facility or until the facility is significantly modified. Where a facility is significantly modified, any unamortised expenditure in relation to that facility and incremental expenditure incurred in modifying the facility is recognised as a finance cost in the year in which the significant modification occurs.

Finance costs relating to a qualifying asset are capitalised as part of the cost of that asset using a weighted average cost of debt. Qualifying assets are assets which takes a substantial time to get ready for their intended use or sale. All other finance costs are expensed as incurred.

### (i) Impairment

#### Non-financial assets

The carrying amounts of the Consolidated Entity's assets (except investment properties, refer to note 1(e)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset is written down to the recoverable amount. The write down is expensed in the reporting period in which it occurs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation, with any excess recognised through the income statement.

#### Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the financial asset is written down to the present value of the estimated future cash flows discounted at the original effective interest rate, or in the case of an available for sale financial asset, to its fair value. The impairment is recognised in profit or loss in the reporting period in which it occurs.

When a decline in the fair value of an available for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is transferred to the profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

#### Calculation of recoverable amount

The recoverable amount of the Consolidated Entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

for the year ended 30 June 2011

## 1. Statement of significant accounting policies (cont)

### (i) Impairment (cont)

#### Reversals of impairment (cont)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses, other than those referred to above, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

Where a group of assets working together supports the generation of cash inflows, the recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets, the relevant cash flows are discounted to their present value.

### (j) Assets and liabilities classified as held for sale

Non-current assets that are expected to be recovered through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are measured in accordance with the Consolidated Entity's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount, and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### (k) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability most closely matching the expected future payments. The unwinding of the discount is treated as part of the expense related to the particular provision.

#### Distributions payable

Provisions for distributions payable are recognised in the reporting period in which the distributions are declared for the entire undistributed amount regardless of the extent to which they will be paid in cash.

#### Rental guarantees

A provision for rental guarantees is recognised when it is expected that the Consolidated Entity will be obliged to make payments in the future to meet rental income targets guaranteed to third parties under the terms of asset disposal contracts. The provision is measured at the present value of the estimated future payments.

### (l) Taxation

Under current Australian income tax legislation, GIT is not liable for income tax provided that each year the taxable income and any taxable capital gain derived from the sale of an asset are fully distributed to Unitholders. The wholly-owned entities of GIT that operate in certain foreign jurisdictions are liable to pay tax in those jurisdictions.

Tax allowances for building and plant and equipment depreciation are distributed to Unitholders in the form of tax deferred components of distributions. Any taxable capital gains are distributed.

### (m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or value added tax in certain jurisdictions), except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows.

## 1. Statement of significant accounting policies (cont)

### (n) Segment reporting

The Consolidated Entity reports the results and financial position of its operating segments 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.

An operating segment is a component of the Consolidated Entity that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are regularly reviewed by the Group Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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 fair value adjustments and impairments, interest and tax expense, interest bearing receivables and payables, derivative financial instruments, provision for distributions to Unitholders, provisions for distributions on hybrid securities, corporate assets, head office expenses and income tax assets and liabilities.

Comparative segment information has been restated in accordance with changes to the determination of reportable segments, reflecting current internal management reporting.

### (o) Parent Entity financial information

The financial information for the Parent Entity, Goodman Industrial Trust, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements, except as set out below:

#### Investments in controlled entities

Investments in controlled entities are carried at fair value which is determined with reference to the net assets of the controlled entities. Revaluation increments are credited directly to an asset revaluation reserve. Revaluation decrements are taken directly to the asset revaluation reserve to the extent that such decrements are reversing amounts previously credited to that reserve that are still available in that reserve. Revaluation decrements in excess of amounts available in the reserve are recognised as impairment losses and charged to the income statement. Subsequent revaluation increments are credited to an asset revaluation reserve.

#### Investments in associates and JVEs

Investments in associates and JVEs are accounted for at cost in the financial statements of Goodman Industrial Trust. Dividends/distributions received from associates and JVEs are recognised in the Parent Entity's income statement, rather than being deducted from the carrying amount of these investments.

### (p) Australian Accounting Standards issued but not yet effective

As at the date of this consolidated financial report, the following new Australian Accounting Standards which are expected to have significant effect on the Consolidated Entity's financial statements were available for early adoption at 30 June 2011 but have not been applied in preparing these financial statements:

- + AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Consolidated Entity's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the Consolidated Entity adopts the standard for the financial year ending 30 June 2012 or earlier. The Consolidated Entity has not yet determined the potential effect of the standard;
- + AASB 10 *Consolidated Financial Statements* introduces a new approach to determining which investees should be consolidated. AASB 10 will become mandatory for the Consolidated Entity's 30 June 2014 financial statements and retrospective application is required. The standard may result in the requirement for certain of the Consolidated Entity's investments in associated undertakings to be consolidated as controlled entities; and
- + AASB 13 *Fair Value Measurement* defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. AASB 13 will become mandatory for the Consolidated Entity's 30 June 2014 financial statements. The Consolidated Entity has not yet determined the potential effect of the standard.

### (q) Rounding

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



for the year ended 30 June 2011

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

The preparation of consolidated 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. The accounting impacts of revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### (a) Investment property values

#### Stabilised investment properties

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

#### Approach to determination of fair value

The approach to determination of fair value of investment properties is applied to both properties held directly on Goodman Group's balance sheet and properties within funds managed by Goodman Group.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external, independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. Such a determination is made based on the criteria set out below:

- + function of the asset (distribution/warehouse or suburban office);
- + location of asset (city, suburb or regional area);
- + carrying value of asset (categorised by likely appeal to private investors (including syndicates), national and institutional investors); and
- + categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. Unless three or more sales are observed in an individual market segment (taken together with any comparable market segments as necessary), that market segment is considered inactive.

Where a market segment is observed to be active, then external, independent valuations are performed for stabilised properties where there has been more than a 25 basis point movement in capitalisation rates and/or there has been a material change in tenancy profile and/or there has been significant capital expenditure and/or it has been three years since the previous external, independent valuation. For all other stabilised properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

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

#### Market assessment

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

At 30 June 2010, adjustments were made to the carrying value of stabilised investment properties arising from internal valuations using DCF calculations for properties held directly on Goodman Group's balance sheet in Australia and Continental Europe only.

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

### (a) Investment property values (cont)

The weighted average cap rates for those properties valued externally at 30 June 2011 and the overall weighted average cap rates for the portfolio (including managed funds) are set out in the table below:

Division	Weighted average cap rate for external valuations at 30 June <sup>1</sup>		Total portfolio weighted average cap rate	
	2011 %	2010 %	2011 %	2010 %
Australia	8.1	8.0	8.2	8.2
New Zealand	8.6	n/a	8.6	8.6
Hong Kong	6.1	6.7	6.1	6.9
China	n/a <sup>2</sup>	n/a	8.7	9.2
Japan	5.6	6.1	5.8	6.1
Logistics – Continental Europe	7.7	7.9	7.7	7.9
Logistics – United Kingdom	8.3	7.5	8.2	8.0
Business Parks – United Kingdom	7.6	7.6	7.6	7.6

1. This represents the average capitalisation rate for external valuations in the quarter ended 30 June 2011.

2. No external valuations were performed in the quarter ended 30 June 2011.

At 30 June 2011, the carrying value of stabilised investment properties held by the Consolidated Entity was \$2,349.7 million (2010: \$2,244.3 million).

### Investment properties under development

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

At 30 June 2011, the carrying value of investment properties under development held by the Consolidated Entity was \$312.3 million (2010: \$255.9 million).

### (b) Inventories

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

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

At 30 June 2011, the carrying value of inventories held by the Consolidated Entity was \$199.4 million (2010: \$99.4 million).

for the year ended 30 June 2011

## 3. Profit/(loss) before income tax

	Consolidated	
	2011	2010
	\$M	Restated' \$M
<b>Profit/(loss) before income tax has been arrived at after crediting/(charging) the following items:</b>		
Net consideration from disposal of investment properties	3.2	30.2
Carrying value of investment properties sold – refer to note 8	(3.8)	(28.5)
<b>Net (loss)/gain on disposal of investment properties</b>	<b>(0.6)</b>	<b>1.7</b>
Net consideration received and receivable from disposal of controlled entities	43.9	186.8
Net assets disposed	(25.8)	(186.9)
<b>Net gain/(loss) on disposal of controlled entities</b>	<b>18.1</b>	<b>(0.1)</b>
Net consideration from disposal of equity investments	306.1	30.2
Carrying value of equity investments disposed	(201.0)	(38.2)
Loss on dilution of investment in associate – refer to note 9(a)	(3.8)	–
<b>Net gain/(loss) on disposal of equity investments</b>	<b>101.3</b>	<b>(8.0)</b>
Share of net results of investments in associates – refer to note 9(a)	156.1	(172.1)
Share of net results of investments in JVEs – refer to note 9(b)	6.1	3.1
<b>Share of net results of equity accounted investments</b>	<b>162.2</b>	<b>(169.0)</b>
Impairment of receivables	(6.1)	(0.8)
Impairment of inventories	(6.0)	(2.4)
Impairment of loans to related parties <sup>2</sup>	–	(45.3)
Impairment of equity accounted investments	(1.5)	(0.4)
<b>Total impairment losses</b>	<b>(13.6)</b>	<b>(48.9)</b>
<b>Finance income</b>		
Interest income from:		
– Related parties	184.5	186.7
– Other parties	7.8	23.8
Fair value adjustments on derivative instruments <sup>3</sup>	–	–
Foreign exchange (loss)/gain	0.4	–
Fair value adjustments on derivative financial instruments <sup>4</sup>	54.1	–
	<b>246.8</b>	<b>210.5</b>
<b>Finance costs</b>		
Interest expense on third party loans, overdrafts and derivatives	(102.0)	(124.0)
Debt restructuring costs <sup>2</sup>	(0.3)	(50.7)
Other borrowing costs	(11.2)	(8.2)
Foreign exchange loss	–	(6.5)
Fair value adjustments on derivative financial instruments <sup>4</sup>	–	(67.7)
Capitalised borrowing costs <sup>5</sup>	25.8	22.4
	<b>(87.7)</b>	<b>(234.7)</b>
<b>Net finance income/(costs)</b>	<b>159.1</b>	<b>(24.2)</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.
2. The impairment loss in the prior financial year relates to loans provided to certain JVEs to fund specific development projects. The impairment is a result of a devaluation of the development asset in the JVE.
3. During the prior financial year, the Consolidated Entity completed a number of financing initiatives. The costs associated with these initiatives of \$50.7 million included advisers' fees, arrangers' fees, commitment fees, internal salary costs and write off of the unamortised fees that had previously been capitalised to modified facilities.
4. Includes fair value movements on derivatives where the hedge relationship has not been designated and amortisation from the cash flow hedge reserve of gains or losses on derivative contracts that were previously hedge accounted (refer to note 15(b)). The remaining balance included in the cash flow hedge reserve that relates to derivative contracts that were previously hedge accounted will be amortised over future periods.
5. Borrowing costs were capitalised to investment properties under development at weighted average rates of between 1.8% and 9.1% per annum (2010: 1.8% and 8.0% per annum).

## 4. Distributions

### (a) Distributions declared and paid by GIT

	Distribution cpu	Total amount \$M	Date of payment
<b>Distributions for the year ended 30 June 2011</b>			
- 31 Dec 2010	1.50	103.4	28 Feb 2011
- 30 Jun 2011	2.00	147.9	26 Aug 2011
	<b>3.50</b>	<b>251.3</b>	
<b>Distributions for the year ended 30 June 2010</b>			
- 31 Dec 2009	1.50	93.1	26 Feb 2010
- 30 Jun 2010	1.90	121.0	26 Aug 2010
	<b>3.40</b>	<b>214.1</b>	

### (b) Distributions declared and paid by Goodman PLUS Trust

	Distribution cpu	Total amount \$M	Date of payment
<b>Distributions for the year ended 30 June 2011</b>			
- 21 Sep 2010	171.4	5.6	21 Sep 2010
- 21 Dec 2010	167.8	5.5	21 Dec 2010
- 21 Mar 2011	170.2	5.5	21 Mar 2011
- 21 Jun 2011	170.7	5.6	21 Jun 2011
	<b>680.1</b>	<b>22.2</b>	
<b>Distributions for the year ended 30 June 2010</b>			
- 21 Sep 2009	128.0	4.2	21 Sep 2009
- 21 Dec 2009	129.2	4.2	21 Dec 2009
- 21 Mar 2010	148.1	4.9	21 Mar 2010
- 21 Jun 2010	153.9	5.0	21 Jun 2010
	<b>559.2</b>	<b>18.3</b>	

### (c) Distributions declared and paid by China Hybrid Investment Sub-Trust

	Distribution cpu	Total amount \$M	Date of payment
<b>Distributions for the year ended 30 June 2011</b>			
- 21 Dec 2010	501,369.9	25.1	21 Dec 2010
- 21 Jun 2011	498,630.1	13.7	21 Jun 2011
	<b>1,000,000.0</b>	<b>38.8</b>	
<b>Distributions for the year ended 30 June 2010</b>			
- 21 Dec 2009	180,821.9	9.1	21 Dec 2009
- 21 Jun 2010	498,630.1	24.9	21 Jun 2010
	<b>679,452.0</b>	<b>34.0</b>	

for the year ended 30 June 2011

## 5. Receivables

	Consolidated	
	2011 \$M	2010 \$M
<b>Current</b>		
Trade receivables	6.4	8.2
Other receivables	75.2	32.4
Loans to related parties	1,972.2	1,917.0
Other amounts due from related parties	36.4	28.7
Derivative financial instruments	5.1	2.9
	<b>2,095.3</b>	<b>1,989.2</b>
<b>Non-current</b>		
Other receivables	3.6	17.0
Loans to related parties	179.7	408.0
Derivative financial instruments	71.6	20.1
	<b>254.9</b>	<b>445.1</b>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. All non-current receivables of the Consolidated Entity are due within five years from the balance sheet date. There is no material difference between the carrying values and the fair values of receivables.

Receivables denominated in currencies other than Australian dollars are as follows:

Amounts in A\$M	NZD	HKD	USD	GBP	EUR	JPY
2011	8.8	216.2	36.4	1,120.9	734.4	231.5
2010	1.4	179.5	45.6	1,383.2	519.8	382.6

### Trade receivables

As at 30 June 2011, trade receivables of \$nil were impaired (2010: \$0.8 million). The ageing analysis of these trade receivables (before impairment) is as follows:

	Consolidated	
	2011 \$M	2010 \$M
<b>Overdue by:</b>		
Up to one month	2.3	1.6
1 month to four months	0.9	0.8
Greater than four months	1.7	2.3
	<b>4.9</b>	<b>4.7</b>

The Consolidated Entity holds bank guarantees as security for \$2.2 million (2010: \$7.2 million) of its trade receivables from investment property customers.

### Loans to related parties

The Consolidated Entity's loans to related parties principally relate to loans to fellow controlled entities of GL and loans to associates and JVEs. The interest rates on loans to related parties were 3.6% to 13.0% per annum (2010: 1.6% to 15.6% per annum). At 30 June 2011, cumulative impairment losses of \$246.2 million (2010: \$262.9 million) had been recognised against loans from controlled entities of GL. These impairment losses were a result of the devaluation of property assets. Further details of loans to related parties are set out in note 22.

## 6. Inventories

	Consolidated	
	2011 \$M	2010 \$M
<b>Current</b>		
Development land	19.3	28.7
	<b>19.3</b>	<b>28.7</b>
<b>Non-current</b>		
Development land	180.1	70.7
	<b>180.1</b>	<b>70.7</b>

During the financial year, impairments of \$6.0 million (2010: \$2.4 million) were recognised to write down development land to net realisable value.

## 7. Other assets

	Consolidated	
	2011 \$M	2010 \$M
Prepayments	5.7	7.5
Other	1.8	20.3
	<b>7.5</b>	<b>27.8</b>

## 8. Investment properties

	Stabilised investment properties		Investment properties under development		Total investment properties <sup>1</sup>	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M	2011 \$M	2010 \$M
Carrying amount at the beginning of the year	2,244.3	2,332.1	255.9	538.6	2,500.2	2,870.7
Acquisitions:						
– On acquisition of Moorabbin Airport and business park <sup>2</sup>	132.9	–	102.8	–	235.7	–
– Other acquisitions	–	–	24.4	13.9	24.4	13.9
Capital expenditure	26.8	19.5	62.6	20.6	89.4	40.1
Transfers	(20.0)	138.0	20.0	(138.0)	–	–
Disposals:						
– Carrying value of properties sold	–	(20.2)	(3.8)	(8.3)	(3.8)	(28.5)
– On disposal of interests in controlled entities	–	(79.5)	(40.9)	–	(40.9)	(79.5)
Transfers to inventories	–	–	(63.4)	(104.0)	(63.4)	(104.0)
Net gain/(loss) from fair value adjustments	6.8	(81.7)	(27.4)	(51.0)	(20.6)	(132.7)
Effect of foreign currency translation	(41.1)	(63.9)	(17.9)	(15.9)	(59.0)	(79.8)
<b>Carrying amount at the end of the year</b>	<b>2,349.7</b>	<b>2,244.3</b>	<b>312.3</b>	<b>255.9</b>	<b>2,662.0</b>	<b>2,500.2</b>

1. Investment properties with carrying value of \$nil (2010: \$72.5 million) were subject to charges to secure bank loans.

2. During the current financial year, the cost of acquisition includes the Consolidated Entity's acquisition of Moorabbin Airport and business park from Goodman Holdings Group, a related party (refer to note 22). In accordance with the accounting standards, the initial amount capitalised at the completion date of 24 May 2011 includes:

- + the value of the 225,384,615 Goodman Group securities issued to Goodman Holdings Group, determined by reference to the quoted security price on the ASX at 24 May 2011 of A\$0.725. This compares to the agreed issue price of the securities, as approved at the Extraordinary General Meeting (EGM) of Goodman Group on 29 October 2010, of A\$0.65 per security;
- + cash consideration as approved at the EGM; and
- + acquisition related costs of \$13.3 million, relating to stamp duty arising on the purchase and external advisers' costs.

As a consequence of both the requirement to recognise the securities initially at the quoted price on the ASX rather than the agreed issue price and to record the acquisition related costs, the total amount capitalised at the time of acquisition was \$235.7 million. The excess of \$34.2 million between the total cost of acquisition (including related costs of \$13.3 million) and the independent valuation of the Moorabbin Airport and business park of \$201.5 million, has been included as a loss from fair value adjustments in the Consolidated Entity's results.



for the year ended 30 June 2011

## 9. Investments accounted for using the equity method

	Note	Consolidated	
		2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Share of net assets accounted for using the equity method</b>			
Associates	9(a)	2,312.6	1,995.4
JVEs	9(b)	76.1	100.9
		<b>2,388.7</b>	<b>2,096.3</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

## (a) Investments in associates

	Consolidated	
	2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Movements in carrying amount of investments in associates</b>		
Carrying amount at the beginning of the year	1,995.4	2,250.9
Impact of changes in accounting policies	–	(0.7)
Carrying amount at the beginning of the year as restated	1,995.4	2,250.2
Share of net results after tax (before revaluations)	98.8	75.1
Share of net gain/(loss) from fair value adjustments on investment properties	57.3	(247.2)
<b>Share of net results</b>	<b>156.1</b>	<b>(172.1)</b>
Share of movements in reserves	50.4	(1.6)
Loss on dilution in investment	(3.8)	–
Acquisitions	406.7	197.5
Disposals	(72.2)	(38.2)
Distributions received and receivable	(109.0)	(116.2)
Effect of foreign currency translation	(111.0)	(124.2)
<b>Carrying amount at the end of the year</b>	<b>2,312.6</b>	<b>1,995.4</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

	Country of establishment/ incorporation	Share of associate's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
		2011	2010 Restated <sup>1</sup>	2011	2010	2011	2010 Restated <sup>1</sup>
		\$M	\$M	%	%	\$M	\$M
<b>Property investment associates</b>							
Goodman Australia Industrial Fund (GAIF)	Australia	74.3	(87.9)	43.7	43.8	1,136.1	1,090.8
Goodman Australia Development Fund (GADF)	Australia	1.7	–	20.0	20.0	21.6	–
Goodman Trust Australia (GTA) <sup>2</sup>	Australia	0.6	–	19.9	–	281.6	–
Goodman Property Trust (GMT) <sup>3</sup>	New Zealand	4.9	(0.7)	16.7	16.8	125.5	126.9
Goodman Hong Kong Logistics Fund (GHKLF)	Cayman Islands	54.5	25.5	20.0	24.2	199.8	244.1
Goodman China Logistics Holding Limited (GCLHL)	China	2.1	3.0	20.0	20.0	8.5	9.2
Goodman European Logistics Fund (GELF)	Luxembourg	17.3	(65.0)	27.9	38.3	322.5	292.7
Arlington Business Parks Partnership (ABPP)	United Kingdom	0.7	(47.0)	28.9	28.9	217.0	231.7
		<b>156.1</b>	<b>(172.1)</b>			<b>2,312.6</b>	<b>1,995.4</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

2. During the year, the Consolidated Entity and a consortium of investors established GTA, of which the Consolidated Entity's unitholding was 19.9%. On 29 March 2011, GTA acquired 100% of the units in ING Industrial Fund.

3. GMT is a listed entity. The market value of the Consolidated Entity's investment in GMT at 30 June 2011 using the quoted price on the last day of trading was \$117.0 million (2010: \$134.4 million). Goodman is assessed to have significant influence over the operations of GMT despite owning 16.7% of its issued equity as it operates as fund manager and is the largest unit holder in GMT with the rest of the units widely held.

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

## (a) Investments in associates (cont)

Name	Year ended 30 June	Revenue <sup>1</sup>	Result	Total	Total	Net assets as
		(100%) \$M	after tax <sup>1</sup> (100%) \$M	assets (100%) \$M	liabilities (100%) \$M	reported by associate (100%) \$M
GAIF	2011	401.3	169.7	4,262.9	1,714.7	2,548.2
	2010	413.6	(194.8)	4,430.6	1,953.2	2,477.4
GADF	2011	0.8	8.6	134.2	33.8	100.4
	2010	–	–	–	–	–
GTA	2011	66.2	2.8	2,647.4	1,128.3	1,519.1
	2010	–	–	–	–	–
GMT	2011	65.1	27.5	1,253.1	552.5	700.6
	2010 restated <sup>2</sup>	45.7	(6.7)	1,373.8	671.5	702.3
GHKLF	2011	82.5	264.0	1,465.7	466.6	999.1
	2010 restated <sup>2</sup>	92.1	103.8	1,634.0	625.4	1,008.6
GCLHL	2011	14.5	10.6	212.4	67.8	144.6
	2010	11.1	14.8	216.6	180.1	36.5
GELF	2011	139.0	57.8	1,989.7	830.8	1,158.9
	2010	80.1	27.3	1,925.6	1,175.7	749.9
ABPP	2011	172.3	74.4	1,862.8	1,104.1	758.7
	2010	136.2	(158.9)	2,327.4	1,512.4	815.0

1. Amounts presented above for revenue and result after tax are measured from the beginning of the year or the date that equity accounting commenced, if later, to the end of the year or date equity accounting ceased, if earlier.

2. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

## (b) Investments in JVEs

	Consolidated	
	2011	2010 Restated <sup>1</sup>
	\$M	\$M
<b>Movements in carrying amount of investments in JVEs</b>		
Carrying amount at the beginning of the year	100.9	76.5
Share of net results after tax (before revaluations)	6.5	1.4
Share of net (loss)/gain from fair value adjustments on investment properties	(0.4)	1.7
<b>Share of net results</b>	<b>6.1</b>	<b>3.1</b>
Share of movements in reserves	0.3	0.3
Acquisitions of investments	22.8	23.3
Disposals of investments	(45.1)	–
Distributions received and receivable	(1.2)	–
Effect of foreign currency translation	(7.7)	(2.3)
<b>Carrying amount at the end of the year</b>	<b>76.1</b>	<b>100.9</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

for the year ended 30 June 2011

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

## (b) Investments in JVEs (cont)

Name	Country of establishment/ incorporation	Share of JVE's result		Consolidated		Consolidated	
		2011 \$M	2010 Restated <sup>1</sup> \$M	2011 %	2010 %	2011 \$M	2010 Restated <sup>1</sup> \$M
<b>Property investment JVEs</b>							
413 King William Street Trust (KWS)	Australia	–	–	50.0	50.0	0.6	0.5
MGJ Cayman 1	Cayman Islands	2.8	(4.1)	50.0	50.0	–	11.9
Goodman Princeton Holdings (Lux) Sarl (Princeton Lux)	Luxembourg	0.8	–	20.0	20.0	13.8	9.3
Goodman Princeton Holdings (Jersey) Limited (Princeton Jersey)	Jersey	0.5	–	20.0	20.0	8.4	8.2
<b>Property development JVEs</b>							
GGAIF Huntingwood East (Huntingwood East)	Australia	–	–	50.0	50.0	–	–
GGAIF Huntingwood West (Huntingwood West) <sup>2</sup>	Australia	–	–	–	50.0	–	–
GGAIF Moorebank (Moorebank)	Australia	–	–	50.0	50.0	–	–
Highbrook Development Limited (HDL)	New Zealand	2.7	12.1	25.0	25.0	51.2	50.7
Goodman Seaview Ltd (Seaview) <sup>2</sup>	Cayman Islands	–	–	–	50.0	–	5.2
Goodman Interlink Ltd (Interlink) <sup>2</sup>	Cayman Islands	–	–	–	50.0	–	12.1
Goodman Herten Logistics (Lux) Sàrl (Herten)	Luxembourg	–	(1.3)	50.0	50.0	–	–
Goodman Lazulite Logistics (Lux) Sàrl (Lazulite)	Luxembourg	(0.1)	(0.3)	50.0	50.0	–	0.1
Üllö One 2008 Kft	Hungary	(0.5)	(2.8)	50.0	50.0	0.5	2.9
Üllö Two 2008 Kft	Hungary	(1.0)	–	50.0	50.0	0.7	–
Agate Inगतlanforgalmazo Kft (Agate)	Hungary	–	–	50.0	50.0	–	–
WMP NV	Belgium	0.9	(0.5)	50.0	50.0	0.9	–
		<b>6.1</b>	<b>3.1</b>			<b>76.1</b>	<b>100.9</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

2. The Consolidated Entity's investment in these JVEs was sold during the financial year.

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

## (b) Investments in JVEs (cont)

Name	Year ended 30 June	Revenue <sup>1</sup> (100%) \$M	Result after tax <sup>1</sup> (100%) \$M	Total assets (100%) <sup>2</sup> \$M	Total liabilities (100%) <sup>2</sup> \$M	Net assets as reported by JVE (100%) \$M
KWS	2011	–	–	9.8	4.8	5.0
	2010	–	–	9.0	4.0	5.0
MGJ Cayman 1	2011	1.0	5.7	–	–	–
	2010	2.1	(9.0)	27.7	1.4	26.3
Princeton Lux	2011	2.6	1.6	63.4	64.7	(1.3)
	2010	–	–	39.5	–	39.5
Princeton Jersey	2011	3.4	2.7	35.5	1.0	34.5
	2010	0.2	0.2	41.0	1.0	40.0
Huntingwood East	2011	–	–	26.0	36.9	(10.9)
	2010	–	–	23.2	34.1	(10.9)
Huntingwood West	2011	–	–	–	–	–
	2010	–	–	106.4	157.8	(51.4)
Moorebank	2011	–	–	80.4	98.5	(18.1)
	2010	–	–	21.4	21.4	–
HDL	2011	20.2	10.8	353.6	145.8	207.8
	2010 restated <sup>3</sup>	31.9	86.6	359.9	155.9	204.0
Seaview	2011	–	–	–	–	–
	2010	–	–	134.2	125.6	8.6
Interlink	2011	–	–	–	–	–
	2010	–	–	235.6	200.7	34.9
Herten	2011	0.3	0.3	8.0	8.6	(0.6)
	2010	–	0.1	7.8	8.3	(0.5)
Lazulite	2011	–	–	5.5	6.1	(0.6)
	2010	–	0.2	5.7	6.0	(0.3)
Üllö One 2008 Kft	2011	1.2	1.7	17.0	15.9	1.1
	2010	–	0.1	12.7	11.1	1.6
Üllö Two 2008 Kft	2011	(3.0)	(2.7)	7.7	6.5	1.2
	2010	–	–	–	–	–
Agate	2011	–	–	2.6	6.4	(3.8)
	2010	–	0.2	5.5	6.0	(0.5)
WMP NV	2011	(1.8)	(1.8)	15.1	15.9	(0.8)
	2010	–	0.3	15.6	15.1	0.5

1. Amounts presented above for revenue and result after tax are measured from the later of the beginning of the year or the date that equity accounting commenced to the end of the year or date equity accounting ceased, if earlier.

2. Included in the balance sheets of the JVEs disclosed above are total non-current assets of \$606.9 million (2010: \$1,000.3 million) and total non-current liabilities of \$391.2 million (2010: \$622.1 million).

3. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

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## 10. Other financial assets

	Consolidated	
	2011 \$M	2010 \$M
Investment in listed securities, at fair value <sup>1</sup>	–	42.3
Investments in unlisted securities, at fair value	0.2	0.3
	<b>0.2</b>	<b>42.6</b>

1. In the prior financial year, the investment in listed securities related to ING Industrial Fund, which was valued using the quoted price on the last day of trading in the financial year. The Consolidated Entity's investment was sold to GTA on 29 March 2011.

## Controlled entities

The significant controlled companies and trusts of the Consolidated Entity are set out below:

Significant controlled companies	Country of incorporation	Interest held	
		2011 %	2010 %
Goodman Funding Pty Limited	Australia	100.0	100.0
Red Pine Logistics NV	Belgium	100.0	100.0
Willebroek Platform Project NV	Belgium	100.0	100.0
MGI HK Finance	Cayman Islands	100.0	100.0
Goodman Developments Asia	Cayman Islands	100.0	100.0
Goodman Management Consulting (Shanghai) Co. Ltd	China	100.0	100.0
LPR Czech sro	Czech Republic	100.0	100.0
MNB Czech sro	Czech Republic	100.0	100.0
Goodman Nantes Logistics (France) Sàrl	France	100.0	100.0
Goodman Oracle Logistics (France) Sàrl	France	100.0	100.0
ABPP Investment Jersey Limited	Jersey	100.0	100.0
Goodman Burton (Jersey) Limited	Jersey	100.0	100.0
Goodman Citadel (Jersey) Limited	Jersey	100.0	100.0
Goodman Colnbrook (Jersey) Limited	Jersey	100.0	100.0
Goodman Coventry (Jersey) Limited	Jersey	100.0	100.0
Goodman Daventry (Jersey) Limited	Jersey	100.0	100.0
Goodman Ellesmere Port (Jersey) Limited	Jersey	100.0	100.0
Goodman Finance (Jersey) Limited	Jersey	100.0	100.0
Goodman Gloucester (Jersey) Limited	Jersey	100.0	100.0
Goodman Harthills (Jersey) Limited	Jersey	100.0	100.0
Goodman Holdings (Jersey) Limited	Jersey	100.0	100.0
Goodman Logistics (Jersey) Limited	Jersey	100.0	100.0
Goodman Maltby (Jersey) Limited	Jersey	100.0	100.0
Goodman Oceanview Logistics (Jersey) Limited	Jersey	100.0	100.0
Goodman Property Holdings (Jersey) Limited	Jersey	100.0	100.0
Goodman Thurrock (Jersey) Limited	Jersey	100.0	100.0
Goodman West Thurrock (Jersey) Limited	Jersey	100.0	100.0
Goodman APP 1&2 (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman APP 3 (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman APP 4,5, & CdV (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman APP Holdings (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Feldspar Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Finance (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Heliotrope Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Hematite Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Jasper Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Leucite Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Magnetite Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Property Opportunities (Lux) Sàrl, SICAR	Luxembourg	100.0	100.0

## 10. Other financial assets (cont)

Significant controlled companies	Country of incorporation	Interest held	
		2011 %	2010 %
Goodman Serpentine Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Turquoise Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
GPO Advisory (Lux) Sàrl	Luxembourg	100.0	100.0
Rowan Logistics Sàrl	Luxembourg	100.0	100.0
Goodman Finance NZ Limited	New Zealand	100.0	100.0
Goodman Funding Singapore Pte Limited	Singapore	100.0	100.0
Goodman Westpoort Logistics (Netherlands) B.V.	The Netherlands	100.0	100.0
Aquamarine Gayrimenkul Ticareti Anonim Sirketi	Turkey	100.0	100.0

Significant controlled unit trusts	Country of establishment	Interest held	
		2011 %	2010 %
ABPP Investment Trust	Australia	100.0	100.0
BDE Unit Trust	Australia	100.0	100.0
Biloela Street Unit Trust	Australia	100.0	100.0
Binary No. 2 Trust	Australia	100.0	100.0
Cambridge Office Park Trust	Australia	100.0	100.0
Carter Street Trust	Australia	100.0	100.0
CC Trust	Australia	100.0	100.0
Clayton 3 Trust	Australia	100.0	100.0
Edinburgh Trust	Australia	100.0	100.0
Euston Road Subtrust	Australia	100.0	100.0
Goodman Capital Trust	Australia	100.0	100.0
Goodman Dandenong Trust	Australia	100.0	100.0
Goodman Europe Development Trust	Australia	100.0	100.0
Goodman Finance Australia Trust	Australia	100.0	100.0
Goodman Hong Kong Investment Trust	Australia	100.0	100.0
Goodman Japan Investment Trust	Australia	100.0	100.0
Goodman Jersey Holdings Trust	Australia	100.0	100.0
Goodman JV Holding Trust	Australia	100.0	100.0
Goodman Palmers Trust	Australia	100.0	100.0
Goodman Perth Airport No. 1 Trust	Australia	100.0	100.0
Goodman Perth Airport No. 2 Trust	Australia	100.0	100.0
Goodman Perth Airport No. 3 Trust	Australia	100.0	100.0
Goodman Perth Airport No. 4 Trust	Australia	100.0	100.0
Goodman PLUS Trust	Australia	100.0	100.0
Goodman Treasury Trust	Australia	100.0	100.0
Highbrook Trust	Australia	100.0	100.0
Hill Road Trust	Australia	100.0	100.0
HK Tsuen Wan Development Trust	Australia	100.0	100.0
Homebush Subtrust	Australia	100.0	100.0
IBC Trust	Australia	100.0	100.0
MAC Unit Trust	Australia	100.0	–
MGA Industrial Portfolio Trust	Australia	100.0	100.0
MIP Trust	Australia	100.0	100.0
Moorabbin Airport Unit Trust	Australia	100.0	–
Orion Road Trust	Australia	100.0	100.0
Penrose Trust	Australia	100.0	100.0
Perth Leasing Trust	Australia	100.0	100.0
Port Melbourne 3 Trust	Australia	100.0	100.0
Regal Business Park Trust	Australia	100.0	100.0
Saunders Street Trust	Australia	100.0	100.0
West Melbourne Trust	Australia	100.0	100.0
Waterloo Road Office Trust	Australia	100.0	100.0



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## 11. Payables

	Consolidated	
	2011 \$M	2010 \$M
<b>Current</b>		
Trade payables	34.5	8.9
Other payables and accruals	88.4	60.9
Rental income received in advance	2.4	1.3
Loans from related parties <sup>1</sup>	43.0	28.8
Derivative financial instruments	1.2	24.8
	<b>169.5</b>	<b>124.7</b>
<b>Non-current</b>		
Other payables and accruals	41.3	65.9
Derivative financial instruments	137.3	158.2
	<b>178.6</b>	<b>224.1</b>

1. Details of loans from related parties are set out in note 22.

Payables denominated in currencies other than Australian dollars are as follows:

Amounts in A\$M	NZD	HKD	USD	GBP	EUR	JPY
2011	16.3	23.4	1.8	137.9	97.8	1.8
2010	19.5	13.0	9.4	147.7	67.4	4.2

## 12. Provisions

Consolidated	Distributions to Unitholders \$M	Rental guarantees \$M	Other \$M	Total \$M
Balance at the beginning of the year	121.0	7.9	–	128.9
Provisions made	251.3	15.1	0.3	266.7
Provisions used	(224.4)	(3.7)	–	(228.1)
Effect of foreign currency translation	–	(1.4)	–	(1.4)
<b>Balance at the end of the year</b>	<b>147.9</b>	<b>17.9</b>	<b>0.3</b>	<b>166.1</b>
<b>Analysed as:</b>				
Current	147.9	15.6	0.3	163.8
Non-current	–	2.3	–	2.3
	<b>147.9</b>	<b>17.9</b>	<b>0.3</b>	<b>166.1</b>

## Rental guarantees

Rental guarantee provisions relate to estimates of future amounts payable by the Consolidated Entity to meet rental income targets guaranteed to third parties (including associates) under the terms of asset disposal contracts. The rental guarantees principally relate to a three year period expiring 1 February 2015.

## 13. Interest bearing liabilities

	Note	Consolidated	
		2011 \$M	2010 \$M
<b>Current</b>			
Bank loans, unsecured	13(a)	–	84.1
		<b>–</b>	<b>84.1</b>
<b>Non-current</b>			
Bank loans, unsecured	13(a)	590.0	1,687.1
Bank loans, secured	13(b)	–	26.7
Euro medium-term notes, unsecured	13(c)	375.0	441.2
US senior notes, unsecured	13(d)	768.2	–
Foreign private placement, unsecured	13(e)	181.3	38.3
		<b>1,914.5</b>	<b>2,193.3</b>

### 13. Interest bearing liabilities (cont)

#### (a) Bank loans, unsecured

As at 30 June 2011

Facility		Amounts drawn down in A\$M equivalents					Total
		AUD	USD	JPY	EUR	GBP	
Syndicated multi currency facility (SMCF) <sup>1</sup>	30 Jun 2011	–	–	–	–	–	–
	30 Jun 2010	0.4	164.8	192.1	111.3	279.2	747.8
Bank loan <sup>2</sup>	30 Jun 2011	120.0	–	–	–	–	120.0
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>3</sup>	30 Jun 2011	150.0	–	–	–	–	150.0
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>4</sup>	30 Jun 2011	100.0	–	–	–	–	100.0
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>5</sup>	30 Jun 2011	–	46.5	–	–	–	46.5
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>6</sup>	30 Jun 2011	–	46.5	–	–	–	46.5
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>7</sup>	30 Jun 2011	–	–	–	55.4	–	55.4
	30 Jun 2010	–	–	–	–	–	–
Bank loan <sup>8</sup>	30 Jun 2011	–	35.9	0.4	–	–	36.3
	30 Jun 2010	–	–	–	–	–	–
Bank loans <sup>9</sup>	30 Jun 2011	–	–	–	4.6	57.0	61.6
	30 Jun 2010	–	–	–	372.3	–	372.3
Bank loan <sup>10</sup>	30 Jun 2011	–	–	–	–	–	–
	30 Jun 2010	–	–	–	–	282.4	282.4
Bank loan <sup>11</sup>	30 Jun 2011	–	–	–	–	–	–
	30 Jun 2010	285.9	–	–	92.7	–	378.6
<b>Total</b>	<b>30 Jun 2011</b>	<b>370.0</b>	<b>128.9</b>	<b>0.4</b>	<b>60.0</b>	<b>57.0</b>	<b>616.3</b>
	30 Jun 2010	286.3	164.8	192.1	576.3	561.6	1,781.1
Less: Unamortised borrowing costs	30 Jun 2011						(26.3)
	30 Jun 2010						(9.9)
<b>Total unsecured bank loans</b>	<b>30 Jun 2011</b>						<b>590.0</b>
	30 Jun 2010						1,771.2

- The SMCF comprises a single A\$400.0 million tranche (calculated using the exchange rates specified under the facility agreement) which expires on 24 May 2012. The facility had not been drawn as at 30 June 2011. The tranches of the SMCF that had been drawn at the end of the prior financial year were repaid in the current financial year.
- A controlled entity had a bank loan of A\$120.0 million denominated in Australian dollars. At 30 June 2011, the facility limit was A\$150.0 million and the facility expires on 27 June 2016.
- A controlled entity had a bank loan of A\$150.0 million denominated in Australian dollars. At 30 June 2011, the facility limit was A\$150.0 million and the facility expires on 1 February 2015.
- A controlled entity had a bank loan of A\$100.0 million denominated in Australian dollars. At 30 June 2011, the facility limit was A\$100.0 million and the facility expires on 1 February 2015.
- A controlled entity had a bank loan of A\$46.5 million denominated in US dollars. At 30 June 2011, the facility limit was A\$46.5 million (US\$50.0 million) and the facility expires on 28 June 2013.
- A controlled entity had a bank loan of A\$46.5 million denominated in US dollars. At 30 June 2011, the facility limit was A\$46.5 million (US\$50.0 million). The facility expires on 24 June 2013.
- A controlled entity had a bank loan of A\$55.4 million denominated in Euros. At 30 June 2011, the facility limit which was stated in British pounds sterling was A\$127.5 million (£85.0 million). The facility expires on 17 August 2013.
- A controlled entity had a bank loan of A\$36.3 million denominated in US dollars (A\$35.9 million) and Japanese yen (A\$0.4 million). At 30 June 2011, the facility limits were A\$40.3 million (US\$43.3 million) and A\$104.3 million (¥9.0 billion). The facility expires on 4 June 2015.
- Controlled entities had bank loans of A\$61.6 million denominated in Euros (A\$4.6 million) and British pounds sterling (A\$57.0 million). At 30 June 2011, the facility limits were A\$124.9 million (€92.5 million) which was drawn to A\$11.7 million and expires on 5 December 2012 and A\$229.6 million (€170.0 million) which was drawn to A\$49.9 million and expires on 5 December 2013.
- The facility was cancelled and the loan was repaid on 15 April 2011.
- The facility was cancelled and the loan was repaid on 30 June 2011.

In addition to the above facilities, the Consolidated Entity had the following unsecured facilities that had not been drawn as at 30 June 2011:

- + a facility of A\$112.5 million (£75.0 million) denominated in British pounds sterling that expires on 13 May 2016;
- + a facility of A\$80.0 million (A\$80.0 million) denominated in Australian dollars that expires on 29 June 2015; and
- + a facility of A\$15.0 million (£10.0 million) denominated in British pounds sterling that expires on 1 September 2012.

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**13. Interest bearing liabilities (cont)****(b) Bank loans, secured**

At 30 June 2011, a controlled entity had a secured facility that had not been drawn with a facility limit of A\$6.1 million (€4.5 million) that expires on 31 December 2011. The facility that had been drawn to A\$26.7 million at 30 June 2010 was repaid on 26 April 2011.

Security for the facility referred to above was over the assets of a controlled entity.

**(c) Euro medium-term notes, unsecured**

Goodman Australia Finance Pty Limited, a controlled entity of GIT, has on issue A\$375.0 million (2010: A\$441.2 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. The notes are listed on the Singapore Stock Exchange and the market value of the notes using the quoted price at 30 June 2011 was A\$455.3 million (2010: A\$503.2 million).

**(d) United States senior notes, unsecured**

On 12 November 2010, Goodman Funding Pty Limited, a controlled entity of GIT, issued notes in the United States 144A/Reg S bond market for A\$302.6 million (US\$325.0 million). The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually. The notes mature on 12 November 2020.

On 31 March 2011, Goodman Funding Pty Limited issued further notes in the United States 144A/Reg S bond market for A\$465.6 million (US\$500.0 million). The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually. The notes mature on 15 April 2021.

**(e) Foreign private placement, unsecured**

As at 30 June 2011, the Consolidated Entity had an unsecured foreign private placement of A\$36.5 million (2010: A\$38.3 million) denominated in Euros. The facility expires on 30 June 2023.

On 31 March 2011, Goodman Australia Finance Pty Limited, a controlled entity of GIT, issued an unsecured foreign private placement of A\$144.8 million (¥12.5 billion) denominated in Japanese yen. The facility expires on 3 April 2023.

**Finance facilities**

	Consolidated	
	Facilities available \$M	Facilities utilised \$M
<b>At 30 June 2011</b>		
Bank loans, unsecured	1,727.1	616.3
Bank loans, secured	6.1	–
Euro medium-term notes, unsecured	375.0	375.0
United States senior notes, unsecured	768.2	768.2
Foreign private placement, unsecured	181.3	181.3
Bank guarantees <sup>1</sup>	–	27.7
	<b>3,057.7</b>	<b>1,968.5</b>
<b>At 30 June 2010</b>		
Bank loans, unsecured	2,850.2	1,781.1
Bank loans, secured	45.2	26.7
Euro medium-term notes, unsecured	441.2	441.2
Foreign private placement, unsecured	38.3	38.3
Bank guarantees <sup>1</sup>	–	43.1
	<b>3,374.9</b>	<b>2,330.4</b>

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

## 14. Issued capital

	Consolidated	
	2011 \$M	2010 \$M
7,394,607,411 (2010: 6,369,751,394) fully paid units on issue	7,046.3	6,584.9
Issue costs <sup>1</sup>	(142.2)	(142.0)
	<b>6,904.1</b>	<b>6,442.9</b>

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 Goodman Group 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 the entities it controlled, Unitholders and Shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

### Equity raising

	Units
<b>Units on issue at 1 July 2009</b>	2,779,651,716
Issued under the institutional placement and entitlement offer	3,196,599,473
Issued under the earn-out provisions on acquisition of the Eurinpro acquisition	393,300,000
Issued under the Goodman Group Tax Exempt Plan	200,205
<b>Units on issue at 30 June 2010</b>	<b>6,369,751,394</b>
<b>Units on issue at 1 July 2010</b>	6,369,751,394
Issued due to conversion of convertible preference securities by CIC	523,255,813
Issued under the Goodman Group Tax Exempt Plan	215,589
Issued on acquisition of Moorabbin Airport and business park	225,384,615
Issued due to exercise of options by CIC	276,000,000
<b>Units on issue at 30 June 2011</b>	<b>7,394,607,411</b>

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

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## 15. Reserves

	Note	Consolidated	
		2011 \$M	2010 \$M
Asset revaluation reserve	15(a)	(1,230.3)	(1,557.7)
Cash flow hedge reserve	15(b)	(61.8)	(147.3)
Foreign currency translation reserve	15(c)	(713.2)	(399.0)
Capital profits reserve	15(d)	(90.1)	120.9
<b>Total reserves</b>		<b>(2,095.4)</b>	<b>(1,983.1)</b>
<b>(a) Asset revaluation reserve</b>			
Balance at the beginning of the year		(1,557.7)	(1,283.7)
Change in fair value of other financial assets		14.3	14.7
Transfers to capital profits reserve		224.1	31.0
Transfers from accumulated losses		65.4	(406.0)
Transfers to the income statement due to disposal of investments		(47.2)	–
Effect of foreign currency translation		70.8	86.3
<b>Balance at the end of the year</b>		<b>(1,230.3)</b>	<b>(1,557.7)</b>
<b>(b) Cash flow hedge reserve</b>			
Balance at the beginning of the year		(147.3)	(223.2)
Change in value of financial instruments		36.1	(0.4)
Transfers to the income statement		37.3	52.7
Effect of foreign currency translation		12.1	23.6
<b>Balance at the end of the year</b>		<b>(61.8)</b>	<b>(147.3)</b>
<b>(c) Foreign currency translation reserve</b>			
Balance at the beginning of the year		(399.0)	(70.7)
Net exchange differences on conversion of foreign operations		(314.2)	(328.3)
<b>Balance at the end of the year</b>		<b>(713.2)</b>	<b>(399.0)</b>
<b>(d) Capital profits reserve</b>			
Balance at the beginning of the year		120.9	138.3
Transfers from asset revaluation reserve		(224.1)	(31.0)
Effect of foreign currency translation		13.1	13.6
<b>Balance at the end of the year</b>		<b>(90.1)</b>	<b>120.9</b>

## 16. Accumulated losses

	Consolidated	
	2011	2010 Restated <sup>1</sup>
	\$M	\$M
Accumulated losses at the beginning of the year	(295.4)	(213.3)
Profit/(loss) attributable to Unitholders	514.6	(274.0)
Transfers to asset revaluation reserve	(65.4)	406.0
Distributions declared	(251.3)	(214.1)
<b>Balance at the end of the year</b>	<b>(97.5)</b>	<b>(295.4)</b>

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

## 17. Non-controlling interests

	Consolidated	
	2011	2010
	\$M	\$M
Goodman PLUS Trust hybrid securities	318.8	318.8
CIC convertible preference securities	228.2	431.7
	<b>547.0</b>	<b>750.5</b>

## 18. Segment reporting

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

The activities and services undertaken by the divisions are direct and indirect ownership of investment properties. Information regarding the operations of each reportable segment is included on the following page.

The Consolidated Entity previously reported three segments as defined by AASB 8 *Operating Segments*, namely Australia, Continental Europe and the United Kingdom as the other divisions in Asia Pacific did not meet the quantitative requirements, either individually or collectively, to require separate disclosure as reportable segments. During the current financial year, the Consolidated Entity has assessed its internal reporting such that:

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

As a consequence, the segment reporting for the prior year has been restated so that it is aligned with the segment reporting in the current financial year.

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



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## 18. Segment reporting (cont)

## Information about reportable segments

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Consolidated	
	2011	2010 Restated <sup>1</sup>	2011	2010 Restated <sup>1</sup>	2011	2010	2011	2010	2011	2010 Restated <sup>1</sup>
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Revenue and other income</b>										
Gross property income	196.4	194.5	0.1	2.3	2.1	4.7	17.0	23.6	215.6	225.1
Distributions from investments	4.2	1.8	–	–	–	–	16.1	17.9	20.3	19.7
Other income	–	3.7	–	–	3.6	2.2	0.7	0.7	4.3	6.6
<b>Total revenue and other income</b>	<b>200.6</b>	<b>200.0</b>	<b>0.1</b>	<b>2.3</b>	<b>5.7</b>	<b>6.9</b>	<b>33.8</b>	<b>42.2</b>	<b>240.2</b>	<b>251.4</b>
<b>Reportable segment profit</b>	<b>237.5</b>	<b>226.8</b>	<b>75.4</b>	<b>1.7</b>	<b>43.1</b>	<b>38.9</b>	<b>48.6</b>	<b>34.3</b>	<b>404.6</b>	<b>301.7</b>
<b>Other material non-cash items not included in reportable segment profit</b>										
Net gain/(loss) from fair value adjustments on investment properties	6.4	(92.3)	(8.2)	(3.4)	–	(15.3)	(18.8)	(21.7)	(20.6)	(132.7)
Share of net gain/(loss) from fair value adjustments in investment properties in equity accounted investments	22.8	(135.4)	43.8	11.8	(2.7)	(91.5)	(7.0)	(30.4)	56.9	(245.5)
Impairment losses	(4.3)	(33.8)	–	(4.3)	(7.8)	(10.8)	(1.5)	–	(13.6)	(48.9)
<b>Other key components of financial performance included in reportable segment profit</b>										
Net gain/(loss) on disposal of investment properties	0.2	1.5	–	–	(0.7)	0.3	(0.1)	(0.1)	(0.6)	1.7
Net gain/(loss) on disposal of controlled entities	–	–	3.3	(12.0)	14.8	9.4	–	2.5	18.1	(0.1)
Share of net results of equity accounted investments	84.0	(76.6)	59.4	24.4	17.5	(69.8)	1.3	(47.0)	162.2	(169.0)
Net gain/(loss) on disposal of equity investments	47.3	(8.0)	57.0	–	(3.8)	–	–	–	100.5	(8.0)
<b>Balance sheet</b>	<b>2011</b>	<b>2010 Restated<sup>1</sup></b>	<b>2011</b>	<b>2010 Restated<sup>1</sup></b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010 Restated<sup>1</sup></b>
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>Reportable segment assets</b>	<b>4,092.1</b>	<b>3,502.7</b>	<b>471.1</b>	<b>388.7</b>	<b>732.6</b>	<b>652.3</b>	<b>494.9</b>	<b>559.5</b>	<b>5,790.7</b>	<b>5,103.2</b>
Capital expenditure	66.5	43.1	7.8	(2.7)	38.7	(3.4)	0.8	17.1	113.8	54.1
<b>Reportable segment liabilities</b>	<b>48.3</b>	<b>30.3</b>	<b>27.5</b>	<b>1.5</b>	<b>44.1</b>	<b>15.2</b>	<b>25.1</b>	<b>15.5</b>	<b>145.0</b>	<b>62.5</b>

1. The comparative figures have been restated to reflect changes in accounting policies and the classification of segments. Details of the change in accounting policies are set out in note 1 of the consolidated financial report. Details of changes to the classification of segments are set out on page 169.

## 18. Segment reporting (cont)

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

	2011	2010
	\$M	Restated' \$M
<b>Revenues</b>		
Total revenue for reportable segments	240.2	251.4
<b>Consolidated revenue</b>	<b>240.2</b>	<b>251.4</b>
<b>Profit or loss</b>		
Total profit for reportable segments	404.6	301.7
Other non-cash items not included in reportable segment profit	23.2	(470.8)
Unallocated amounts: other corporate expenses	(8.0)	(28.6)
Net finance income/(costs) – refer to note 3	159.1	(24.2)
<b>Consolidated profit/(loss) before income tax</b>	<b>578.9</b>	<b>(221.9)</b>
	2011	2010
	\$M	Restated' \$M
<b>Assets</b>		
Total assets for reportable segments	5,790.7	5,103.2
Interest bearing assets	1,754.9	2,087.9
Other unallocated amounts	155.0	484.3
<b>Consolidated total assets</b>	<b>7,700.6</b>	<b>7,675.4</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	145.0	62.5
Interest bearing liabilities	1,914.5	2,277.4
Other unallocated amounts	382.9	420.6
<b>Consolidated total liabilities</b>	<b>2,442.4</b>	<b>2,760.5</b>

1. The comparative figures have been restated to reflect changes in accounting policies and the classification of segments. Details of the change in accounting policies are set out in note 1 of the consolidated financial report. Details of changes to the classification of segments are set out on page 169.

## 19. Disposals of interests in controlled entities

In the current year, the Consolidated Entity disposed of controlled entities as set out below:

	Total \$M
<b>Cash consideration received:</b>	
– On disposal of special purpose entities in Continental Europe <sup>1</sup>	39.4
– On disposal of Goodman Hong Kong (Jiangsu) Developments No. 1 Limited <sup>2</sup>	4.5
<b>Net cash inflow</b>	<b>43.9</b>

1. During the financial year, controlled entities in Continental Europe disposed of several other special purpose development property entities for a net consideration of \$39.4 million (2010: \$13.5 million). There is no significant impact on the Consolidated Entity's balance sheet as a result of these disposals.
2. On 30 December 2010, the Consolidated Entity disposed of its entire interest in Goodman Hong Kong (Jiangsu) Developments No. 1 Limited, which owned a stabilised investment property, to Canada Pension Plan Investment Board. The principal impact on the Consolidated Entity's balance sheet was a decrease in investment properties of \$3.7 million.

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## 20. Auditors' remuneration

	Consolidated	
	2011 \$000	2010 \$000
<b>Audit services</b>		
Auditor of GIT:		
– Audit and review of financial reports (KPMG Australia)	741.1	600.6
– Audit and review of financial reports (overseas KPMG firms)	132.9	89.0
	<b>874.0</b>	<b>689.6</b>
<b>Other regulatory services</b>		
– Other regulatory services (KPMG Australia)	58.0	15.0
– Other regulatory services (overseas KPMG firms)	1.6	44.0
<b>Other assurance services</b>		
– Investigative accounting services (KPMG Australia)	487.6	866.5
<b>Taxation services</b>		
– Taxation compliance services (KPMG Australia)	126.0	362.0
– Taxation compliance services (overseas KPMG firms)	45.3	22.7
– Other taxation advice (KPMG Australia)	29.2	5.1
	<b>747.7</b>	<b>1,315.3</b>
<b>Total paid/payable to KPMG</b>	<b>1,621.7</b>	<b>2,004.9</b>
<b>Other auditors</b>		
– Audit and review of financial reports (non-KPMG firms)	21.2	80.1

## 21. Notes to the consolidated cash flow statement

### (a) Reconciliation of cash

Cash as at the end of the year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	2011 \$M	2010 \$M
<b>Cash assets</b>	<b>92.6</b>	<b>474.8</b>

### (b) Reconciliation of profit/(loss) for the year to net cash provided by operating activities

	Consolidated	
	2011 \$M	2010 \$M
<b>Profit/(loss) for the year</b>	<b>575.6</b>	<b>(221.7)</b>
Adjustments for:		
– Net loss/(gain) on disposal of investment properties	0.6	(1.7)
– Net (gain)/loss on disposal of controlled entities	(18.1)	0.1
– Net (gain)/loss on disposal of equity investments	(101.3)	8.0
– Net loss from fair value adjustments on investment properties	20.6	132.7
– Impairment losses	13.6	48.9
– Share of net results of equity accounted investments	(162.2)	169.0
– Net finance (income)/costs	(159.1)	24.2
– Income tax expense/(benefit)	3.3	(0.2)
<b>Profit before changes in working capital and provisions</b>	<b>173.0</b>	<b>159.3</b>
Change in assets and liabilities during the year:		
– (Increase)/decrease in receivables	(33.4)	35.1
– Increase in inventories	(54.4)	–
– Decrease/(increase) in other assets	8.9	(19.3)
– Increase/(decrease) in payables	27.6	(2.8)
– (Decrease)/increase in provisions	(2.6)	1.7
	<b>119.1</b>	<b>174.0</b>
Distributions received from equity accounted investments	116.2	52.9
Net finance costs paid	(80.3)	(112.6)
Net income taxes paid	(3.1)	(0.9)
<b>Net cash provided by operating activities</b>	<b>151.9</b>	<b>113.4</b>

### (c) Non-cash financing and investing activities

In the current financial year, the Consolidated Entity acquired Moorabbin Airport and business park (refer to note 29) and part of the consideration included the issue of 225,384,615 Goodman stapled securities. The Consolidated Entity also received distributions of \$15.1 million and \$10.6 million from GAIF and GMT respectively in the form of units under their distribution reinvestment plans.

for the year ended 30 June 2011

## 22. Related party disclosures

### Key management personnel disclosures

GIT does not employ personnel in its own right. However, it is required to have an incorporated responsible entity to manage its activities and the Responsible Entity is considered to be the key management personnel of the Consolidated Entity.

### Responsible Entity's remuneration

In accordance with GIT's constitution, the Responsible Entity is entitled to receive a management fee and expense reimbursements where expenses have been incurred on behalf of GIT:

	Consolidated	
	2011	2010
	\$	\$
Management fees	7,545,288	27,780,287

As at 30 June 2011, the amounts owed to the Responsible Entity were \$nil (2010: \$nil).

### Goodman Group

Other Goodman Group entities perform a number of services for the Consolidated Entity and have billed the following amounts during the year:

	Consolidated	
	2011	2010
	\$	\$
Property services fees (including property management and leasing)	5,797,890	4,636,708
Development management and project fees	3,500,000	3,982,147
Building supervisor costs reimbursed	1,532,908	1,562,335
	<b>10,830,798</b>	<b>10,181,190</b>

In addition to the above, there have been the following transactions between other Goodman Group entities and the Consolidated Entity:

- + Goodman Vineyard Pty Limited (Vineyard) is a fellow controlled entity of Goodman Group. The balance of the loan provided by GIT to Vineyard at 30 June 2011 is \$67.9 million (2010: \$55.2 million). The purpose of the loan to Vineyard is to fund the development of M7 Business Hub, Eastern Creek, NSW. The loan is limited recourse, interest bearing at a rate of 15% per annum and with a maturity date of December 2011. Interest and other amounts charged to Vineyard during the year totalled \$13.1 million (2010: \$11.0 million);
- + Dollhurst Limited, a fellow controlled entity of Goodman Group, has issued \$97.5 million (£65.0 million) (2010: \$114.7 million, £65.0 million) of fixed rate notes (Notes) on issue to GIT. The Notes are unsecured with limited recourse and mature in December 2011. Interest at 8.5% per annum is payable on the Notes semi-annually in arrears on 30 June and 31 December;
- + other loans to other Goodman Group entities exist at 30 June 2011 totalling \$2,107.1 million (2010: \$2,120.1 million), of which \$1,716.6 million are interest bearing and \$390.5 million are non-interest bearing. Interest bearing loans bear interest at rates determined based on the terms under which the funds are borrowed; and
- + other loans from other Goodman Group entities exist at 30 June 2011 totalling \$43.0 million (2010: \$28.8 million) of which \$34.5 million are interest bearing and \$8.5 million are non-interest bearing. Interest bearing loans bear interest at rates determined based on the terms under which the funds are borrowed.

### Transactions with Goodman Holdings Group

Mr Gregory Goodman and Mr Patrick Goodman are directors of and shareholders in Goodman Holdings Group.

### Acquisition of Moorabbin Airport and business park

On 24 May 2011, the Consolidated Entity completed the acquisition from Goodman Holdings Group of the units in MAC Unit Trust which had a 66.67% shareholding in Moorabbin Airport Corporation Pty Limited (MAC), which in turn held the leasehold interest in Moorabbin Airport and business park. At the same time, the Consolidated Entity also acquired from an independent third party the units in Moorabbin Airport Unit Trust, which owned the remaining shares in MAC.

## 22. Related party disclosures (cont)

### Acquisition of Moorabbin Airport and business park (cont)

The consideration for both MAC Unit Trust and Moorabbin Airport Unit Trust, approved by Securityholders at the Extraordinary General Meeting of Goodman Group on 29 October 2010, included the issue of 225,384,615 stapled securities to the vendors at an agreed issue price of \$0.65 each, cash of \$35.0 million and repayment of MAC bank debt of \$20.0 million. The stapled securities will be held in escrow, one third for a period of two years and two thirds for a period of five years, and the cash will be held in escrow for a period of three years. The principal asset of MAC was a leasehold interest in stabilised and development land, which was independently valued at \$201.5 million. At the date of acquisition, MAC also had a bank facility drawn to \$20.0 million. Goodman incurred costs of \$13.3 million in respect of the transaction primarily relating to stamp duty. At 30 June 2011, there were no amounts outstanding in respect of this transaction.

### Transactions with associates and JVEs

Transactions between the Consolidated Entity and its associates and JVEs during the year were as follows:

	Disposals of controlled entities and investment properties		Interest charged on loans to related parties	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
GELF	–	13.5	1.7	1.2
Princeton Lux	–	34.7	–	–
Princeton Jersey	–	40.3	–	–
Huntingwood East	–	–	1.1	0.9
Huntingwood West	–	–	0.8	1.0
Moorebank	–	–	0.2	–
Seaview	–	–	1.3	3.7
Interlink	–	–	7.3	6.1
Herten	–	–	0.3	–
Lazulite	–	–	0.2	–
Üllö One 2008 Kft	–	–	0.5	–
Üllö Two 2008 Kft	–	–	0.2	–
Agate	–	–	0.2	–
WMP NV	–	–	0.5	–

Amounts due from associates and JVEs at 30 June 2011 were as follows:

	Trade and other receivables <sup>1</sup>		Shareholder loans provided <sup>2</sup>	
	2011 \$M	2010 \$M	2011 \$M	2010 \$M
GELF	28.8	2.3	20.8	17.7
ABPP	7.6	26.4	–	–
GCLHL	–	–	21.1	33.6
Huntingwood East	–	–	13.0	11.6
KWS	–	–	2.6	2.2
Seaview	–	–	–	56.8
Interlink	–	–	–	92.4
Herten	–	–	4.0	4.1
Lazulite	–	–	2.8	3.0
Üllö One 2008 Kft	–	–	7.2	6.3
Üllö Two 2008 Kft	–	–	3.1	3.0
Agate	–	–	1.3	1.5
WMP NV	–	–	6.6	6.3

1. Trade and other receivables due were receivable within 30 days.

2. Loans provided to associates and JVEs have generally been provided on an arm's length basis. At 30 June 2011, details in respect of the principal loan balances are set out below:

- + the shareholders in GCLHL have provided interest free loans to GCLHL in proportion to their respective equity interests;
- + a shareholder loan of \$20.7 million (2010: \$17.7 million) was provided to Goodman Pyrite Logistics (Lux) Sàrl, a controlled entity of GELF, and incurred interest at 6.9% per annum;
- + shareholder loans to Huntingwood East, Huntingwood West and Moorebank incurred interest at 7.2% per annum. The loan to Huntingwood West was fully repaid in the current financial year; and
- + shareholder loans to Seaview and Interlink incurred interest at the three month Hong Kong Interbank Offer Rate plus 1.5% per annum. The loans were fully repaid in the current financial year.

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## 23. Financial risk management

The Directors have ultimate responsibility for the Consolidated Entity's capital management and financial risk management processes and have established policies, documented in the Consolidated Entity's financial risk management (FRM) policy document, to ensure both the efficient use of capital and the appropriate management of the exposure to financial risk.

Management has established the Group Investment Committee, which is the primary forum where strategic capital and financial management requirements are discussed and decisions made in accordance with the FRM policy. The committee meets at least every week during the financial year.

Goodman's treasury function is responsible for preparing the following reports for consideration at each of the Consolidated Entity's Board meeting:

- + analysis of capital allocation and funding requirements against the Consolidated Entity's gearing constraint;
- + analysis of the Consolidated Entity's liquidity and funding position;
- + analysis of the Consolidated Entity's debt maturity profile;
- + a review of all the hedge exposures and the completed hedges;
- + compliance with the Consolidated Entity's hedging policy and recommendations for future hedging strategies; and
- + full mark to market of all derivative positions.

Under the FRM policy, the Consolidated Entity's derivative financial instruments are not generally designated as a hedge for accounting purposes, and accordingly such derivative financial instruments are treated as trading instruments.

### Capital management

The Consolidated Entity's main capital management objectives are to maintain a strong capital base and provide funds for capital expenditure and investment opportunities as they arise. This is achieved through an appropriate mix of debt, equity and hybrid instruments.

The Consolidated Entity is able to alter the capital mix, subject to Board approval, by issuing new stapled securities or hybrid securities, electing to have the distribution reinvestment plan underwritten and recycling assets to funds managed by Goodman or to third parties to reduce borrowings. Equity should be fully invested to ensure that a maximum return on the capital is achieved.

Goodman monitors capital on the basis of both the gearing ratio and the weighted average cost of debt. Gearing is reviewed at a Consolidated Entity basis and the gearing ratio for the Consolidated Entity is calculated as the total interest bearing liabilities less cash as a percentage of the total assets less cash.

### Financial risk management

Goodman Group's key financial risks are market risk (including interest rate risk and foreign exchange risk), liquidity risk and credit risk.

#### (a) Market risk

##### Interest rate risk

Goodman Group's interest rate risk primarily arises from variable rate borrowings. The Consolidated Entity adopts a policy of ensuring that between 60% and 100% of its current year exposure to changes in interest rates on borrowings is on a fixed rate basis. The Consolidated Entity enters into interest rate swaps to manage cash flow risks associated with the interest rates on borrowings that are floating. The interest rate swap contracts are for 90 day intervals and involve quarterly payments or receipts of the net amount of interest.



## 23. Financial risk management (cont)

### (a) Market risk (cont)

#### Interest rate risk (cont)

Based on the Consolidated Entity's existing interest rate swap contracts as at 30 June 2011, the principal amounts as at future balance dates and the weighted average interest rates during future financial years, by currency, are set out below:

Year to	2011				2010			
	Interest rate swaps		Fixed rate debt		Interest rate swaps		Fixed rate debt	
	Notional principal currency <sup>1</sup> M	Average rate pa <sup>2</sup> %	Principal currency M	Average rate pa <sup>2</sup> %	Notional principal currency <sup>1</sup> M	Average rate pa <sup>2</sup> %	Principal currency M	Average rate pa <sup>2</sup> %
<b>New Zealand dollars payable</b>								
30 June 2011	(110.0)	8.14	–	–	(135.3)	7.77	–	–
30 June 2012	(110.0)	8.79	–	–	(110.0)	8.79	–	–
30 June 2013	(110.0)	8.79	–	–	(110.0)	8.79	–	–
30 June 2014	(110.0)	8.79	–	–	(110.0)	8.79	–	–
30 June 2015	(69.5)	7.30	–	–	(69.5)	7.30	–	–
30 June 2016	(50.0)	5.75	–	–	(50.0)	5.75	–	–
30 June 2017	(16.2)	5.75	–	–	(16.2)	5.75	–	–
<b>Hong Kong dollars payable</b>								
30 June 2011	(1,750.0)	2.70	–	–	(1,831.1)	3.04	–	–
30 June 2012	(1,750.0)	2.90	–	–	(1,750.0)	2.90	–	–
30 June 2013	(1,406.3)	2.76	–	–	(1,406.3)	2.76	–	–
30 June 2014	(760.0)	2.27	–	–	(760.0)	2.27	–	–
30 June 2015	(122.1)	1.98	–	–	(122.1)	1.98	–	–
<b>Japanese yen payable</b>								
30 June 2011	–	–	(12,500.0)	3.32	(7,000.0)	1.54	–	–
30 June 2012	–	–	(12,500.0)	3.32	(6,639.3)	1.54	–	–
30 June 2013	–	–	(12,500.0)	3.32	(1,000.0)	1.68	–	–
30 June 2014	–	–	(12,500.0)	3.32	(939.7)	1.68	–	–
30 June 2015	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2016	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2017	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2018	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2019	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2020	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2021	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2022	–	–	(12,500.0)	3.32	–	–	–	–
30 June 2023	–	–	(9,486.3)	3.32	–	–	–	–
<b>United States dollars payable</b>								
30 June 2011	–	–	(825.0)	6.38	–	–	–	–
30 June 2012	–	–	(825.0)	6.38	–	–	–	–
30 June 2013	–	–	(825.0)	6.38	–	–	–	–
30 June 2014	–	–	(825.0)	6.38	–	–	–	–
30 June 2015	–	–	(825.0)	6.38	–	–	–	–
30 June 2016	–	–	(825.0)	6.38	–	–	–	–
30 June 2017	–	–	(825.0)	6.38	–	–	–	–
30 June 2018	–	–	(825.0)	6.38	–	–	–	–
30 June 2019	–	–	(825.0)	6.38	–	–	–	–
30 June 2020	–	–	(825.0)	6.38	–	–	–	–
30 June 2021	–	–	(516.1)	6.38	–	–	–	–

1. The amount is the principal balance at each future balance date that is hedged as a result of the existing interest rate swap contracts as at 30 June 2011.

2. Average rate per annum represents the weighted average interest rate payable, by currency, as a result of the existing interest rate swap contracts as at 30 June 2011.

for the year ended 30 June 2011

## 23. Financial risk management (cont)

## (a) Market risk (cont)

## Interest rate risk (cont)

Year to	2011				2010			
	Interest rate swaps		Fixed rate debt		Interest rate swaps		Fixed rate debt	
	Notional principal currency <sup>1</sup> M	Average rate pa <sup>2</sup> %	Principal currency M	Average rate pa <sup>2</sup> %	Notional principal currency <sup>1</sup> M	Average rate pa <sup>2</sup> %	Principal currency M	Average rate pa <sup>2</sup> %
<b>Euro payable</b>								
30 June 2011	(555.0)	3.18	–	–	(415.1)	3.78	–	–
30 June 2012	(538.2)	3.24	–	–	(384.1)	3.54	–	–
30 June 2013	(505.0)	3.16	–	–	(305.0)	3.63	–	–
30 June 2014	(391.3)	3.15	–	–	(191.1)	3.89	–	–
30 June 2015	(250.0)	2.86	–	–	(50.0)	4.50	–	–
30 June 2016	(108.5)	3.39	–	–	(50.0)	4.50	–	–
30 June 2017	(33.3)	4.50	–	–	(33.3)	4.50	–	–
<b>British pounds sterling payable</b>								
30 June 2011	(175.0)	5.77	(250.0)	9.75	(209.1)	5.01	(250.0)	9.75
30 June 2012	(175.0)	5.96	(250.0)	9.75	(175.0)	5.96	(250.0)	9.75
30 June 2013	(175.0)	5.96	(250.0)	9.75	(175.0)	5.96	(250.0)	9.75
30 June 2014	(175.0)	5.96	(250.0)	9.75	(175.0)	5.96	(250.0)	9.75
30 June 2015	(187.6)	5.55	(250.0)	9.75	(187.6)	5.55	(250.0)	9.75
30 June 2016	(138.7)	5.43	(250.0)	9.75	(138.7)	5.43	(250.0)	9.75
30 June 2017	(57.2)	5.75	(250.0)	9.75	(57.2)	5.75	(250.0)	9.75
30 June 2018	(16.0)	5.20	(250.0)	9.75	(16.0)	5.20	(250.0)	9.75
30 June 2019	–	–	(11.0)	9.75	–	–	(11.0)	9.75

1. The amount is the principal balance at each future balance date that is hedged as a result of the existing interest rate swap contracts as at 30 June 2011.

2. Average rate per annum represents the weighted average interest rate payable, by currency, as a result of the existing interest rate swap contracts as at 30 June 2011.

At 30 June 2011, if interest rates on borrowings had been 100 basis points per annum (2010: 100 basis points per annum) higher/lower, with all other variables held constant, the Consolidated Entity result attributable to Unitholders for the financial year would have been A\$0.2 million lower/higher (2010: A\$0.2 million).

**Foreign exchange risk**

Goodman is exposed to foreign exchange risk through its investments in New Zealand, Hong Kong, China, Japan, Continental Europe and the United Kingdom. Foreign exchange risk represents the loss that would be recognised from fluctuations in currency prices against the Australian dollar as a result of future commercial transactions, recognised assets and liabilities and principally, net investments in foreign operations.

In managing foreign currency risks, the Consolidated Entity aims to reduce the impact of short-term fluctuations on the Consolidated Entity's earnings and net assets. Over the long-term however, permanent changes in foreign exchange will have an impact on both earnings and net assets.

The Consolidated Entity's capital hedge policy for each overseas region is to hedge between 70% and 95% of foreign currency denominated assets with foreign currency denominated liabilities. Goodman's investment in foreign denominated investments is generally achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against any foreign currency fluctuations. Further draw downs or repayments of debt are made to maintain this hedge. Derivatives such as cross currency swaps are also used to achieve the hedge position required under the FRM policy.

## 23. Financial risk management (cont)

### (a) Market risk (cont)

#### Foreign exchange risk (cont)

Based on the Consolidated Entity's existing cross currency swap contracts as at 30 June 2011, the weighted average foreign exchange rates during future financial years and the principal hedged amount at each future balance date, by currency, are set out below:

Year to	Weighted average exchange rate		Amounts receivable		Amounts payable	
	2011	2010	2011 A\$M	2010 A\$M	2011 Currency M	2010 Currency M
<b>Australian dollars receivable/New Zealand dollars payable</b>						
30 June 2011	1.2413	1.2413	150.7	150.7	(187.0)	(187.0)
30 June 2012	1.2413	1.2413	150.7	150.7	(187.0)	(187.0)
30 June 2013	1.2413	1.2413	150.7	150.7	(187.0)	(187.0)
30 June 2014	1.2200	1.2200	69.7	69.7	(85.0)	(85.0)
<b>Australian dollars receivable/Hong Kong dollars payable</b>						
30 June 2011	7.3167	6.6088	294.8	342.0	(2,150.0)	(2,250.0)
30 June 2012	7.3167	6.8299	294.8	256.4	(2,150.0)	(1,750.0)
30 June 2013	7.3167	6.8299	294.8	256.4	(2,150.0)	(1,750.0)
30 June 2014	7.3167	6.9838	294.8	107.4	(2,150.0)	(750.0)
30 June 2015	7.4072	7.1000	243.7	56.3	(1,800.0)	(400.0)
30 June 2016	7.4950	–	187.3	–	(1,400.0)	–
<b>Australian dollars receivable/Japanese yen payable</b>						
30 June 2011	87.9200	–	79.6	–	(7,000.0)	–
30 June 2012	87.9200	–	79.6	–	(7,000.0)	–
30 June 2013	87.9200	–	79.6	–	(7,000.0)	–
30 June 2014	87.9200	–	79.6	–	(7,000.0)	–
30 June 2015	87.9200	–	79.6	–	(7,000.0)	–
30 June 2016	87.9200	–	79.6	–	(7,000.0)	–
30 June 2017	87.9200	–	79.6	–	(7,000.0)	–
<b>Australian dollars receivable/Euros payable</b>						
30 June 2011	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
30 June 2012	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
30 June 2013	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
30 June 2014	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
30 June 2015	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
30 June 2016	0.6858	0.6705	248.2	179.0	(170.0)	(120.0)
<b>United States dollars receivable/Chinese renminbi payable</b>						
30 June 2011	6.7099	7.5266	60.0	60.0	(402.6)	(451.6)
30 June 2012	6.7099	7.2489	60.0	20.0	(402.6)	(145.0)
30 June 2013	6.7099	–	60.0	–	(402.6)	–

During the year ended 30 June 2011, the Consolidated Entity issued notes in the United States 144A/Reg S bond market and issued an unsecured foreign private placement denominated in Japanese yen.

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## 23. Financial risk management (cont)

## (a) Market risk (cont)

## Foreign exchange risk (cont)

Proceeds from the debt issuances were used by the Consolidated Entity to repay drawn debt denominated in Euros and British pounds sterling and resulted in the following cross currency swap contracts:

Year to	Weighted average exchange rate		Amounts receivable		Amounts payable	
	2011	2010	2011 US\$M	2010 US\$M	2011 Currency M	2010 Currency M
<b>United States dollars receivable/Euros payable</b>						
30 June 2011	0.7068	–	535.0	–	(378.1)	–
30 June 2012	0.7068	–	535.0	–	(378.1)	–
30 June 2013	0.7068	–	535.0	–	(378.1)	–
30 June 2014	0.7068	–	535.0	–	(378.1)	–
30 June 2015	0.7068	–	535.0	–	(378.1)	–
30 June 2016	0.7068	–	535.0	–	(378.1)	–
30 June 2017	0.7068	–	535.0	–	(378.1)	–
30 June 2018	0.7068	–	535.0	–	(378.1)	–
30 June 2019	0.7068	–	535.0	–	(378.1)	–
30 June 2020	0.7068	–	535.0	–	(378.1)	–
30 June 2021	0.7068	–	535.0	–	(378.1)	–
<b>United States dollars receivable/British pounds sterling payable</b>						
30 June 2011	0.6182	–	290.0	–	(179.3)	–
30 June 2012	0.6182	–	290.0	–	(179.3)	–
30 June 2013	0.6182	–	290.0	–	(179.3)	–
30 June 2014	0.6182	–	290.0	–	(179.3)	–
30 June 2015	0.6182	–	290.0	–	(179.3)	–
30 June 2016	0.6182	–	290.0	–	(179.3)	–
30 June 2017	0.6182	–	290.0	–	(179.3)	–
30 June 2018	0.6182	–	290.0	–	(179.3)	–
30 June 2019	0.6182	–	290.0	–	(179.3)	–
30 June 2020	0.6182	–	290.0	–	(179.3)	–
30 June 2021	0.6182	–	290.0	–	(179.3)	–
<b>Japanese yen receivable/British pounds sterling payable</b>						
30 June 2011	0.0076	–	11,300.0	–	(85.9)	–
30 June 2012	0.0076	–	11,300.0	–	(85.9)	–
30 June 2013	0.0076	–	11,300.0	–	(85.9)	–
30 June 2014	0.0076	–	11,300.0	–	(85.9)	–
30 June 2015	0.0076	–	11,300.0	–	(85.9)	–
30 June 2016	0.0076	–	11,300.0	–	(85.9)	–
30 June 2017	0.0076	–	11,300.0	–	(85.9)	–
30 June 2018	0.0076	–	11,300.0	–	(85.9)	–
30 June 2019	0.0076	–	11,300.0	–	(85.9)	–
30 June 2020	0.0076	–	11,300.0	–	(85.9)	–
30 June 2021	0.0076	–	11,300.0	–	(85.9)	–
30 June 2022	0.0076	–	11,300.0	–	(85.9)	–
30 June 2023	0.0076	–	11,300.0	–	(85.9)	–

## 23. Financial risk management (cont)

### (a) Market risk (cont)

#### Foreign exchange risk (cont)

Additionally, the Consolidated Entity enters into forward foreign exchange contracts to hedge a proportion of the income received/receivable from its investments denominated in overseas currencies. Based on the Consolidated Entity's existing forward foreign exchange contracts as at 30 June 2011, the weighted average exchange rates and the principal amounts expiring in future financial years, by currency, are set out below:

Year to	Weighted average exchange rate		Amounts receivable		Amounts payable	
	2011	2010	2011 A\$M	2010 A\$M	2011 Currency M	2010 Currency M
<b>Contracts to buy Australian dollars and sell New Zealand dollars</b>						
30 June 2011	–	1.1630	–	4.6	–	(5.3)
30 June 2012	1.1768	1.1768	4.5	4.5	(5.3)	(5.3)
30 June 2013	1.1932	1.1932	4.2	4.2	(5.0)	(5.0)
<b>Contracts to buy Australian dollars and sell Hong Kong dollars</b>						
30 June 2011	–	5.0557	–	12.4	–	(62.6)
30 June 2012	4.9885	4.9743	12.6	12.6	(62.6)	(62.6)
30 June 2013	4.9077	4.8940	12.8	12.8	(62.6)	(62.6)

At 30 June 2011, if the Australian dollar had strengthened by 5% (2010: 5%), with all other variables, in particular interest rates, held constant, the Consolidated Entity's result attributable to Unitholders would have decreased by A\$10.0 million (2010: A\$10.6 million decrease). If the Australian dollar had weakened by 5% (2010: 5%), with all other variables, in particular interest rates, held constant, the Consolidated Entity's result attributable to Unitholders would have increased by A\$11.1 million (2010: A\$11.7 million increase).

#### Price risk

Following the disposal of the Consolidated Entity's investment in ING Industrial Fund to GTA, Goodman has no other listed investments classified as available for sale. Accordingly, the Consolidated Entity is not exposed to price risk. At 30 June 2010, a 5% movement in the security price of ING Industrial Fund would have impacted equity by A\$2.1 million.

The Consolidated Entity is not exposed to commodity price risk.

### (b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's objective is to maintain sufficient liquidity resources to maintain operations, meet its financial obligations and liabilities, pay distributions and provide funds for capital expenditure and investment opportunities. Management seeks to achieve these objectives through:

- + preparation of regular forecast cash flows to understand the application and use of funds; and
- + identification of future funding, including new debt facilities, new issues of securities or the distribution re-investment plan.

Goodman's treasury function is responsible for reporting details of all debt maturities for all loans across the regions to the Board at their regular meetings. Goodman's treasury function is also responsible for reporting to the Board all the information and term sheets relating to any financing arrangements being contemplated or negotiated by the Consolidated Entity for their review and approval.

The Consolidated Entity seeks to spread its debt maturities such that the total debt maturing in a single financial year does not exceed Board approved policy levels.

for the year ended 30 June 2011

## 23. Financial risk management (cont)

## (b) Liquidity risk (cont)

## Contractual maturities of financial liabilities

As at 30 June 2011	Carrying amount \$M	Contractual cash flows \$M	Up to 12 months \$M	1 – 2 year(s) \$M	2 – 3 years \$M	3 – 4 years \$M	4 – 5 years \$M	More than 5 years \$M
<b>Non-derivative financial liabilities</b>								
Payables	209.6	209.6	168.3	30.4	–	–	–	10.9
Bank loans, unsecured <sup>1</sup>	590.0	616.3	–	104.8	105.2	136.3	270.0	–
Euro medium-term notes, unsecured	375.0	667.6	71.4	36.6	36.6	36.6	36.7	449.7
US senior notes, unsecured	768.2	1,256.1	59.2	49.7	49.7	49.7	49.8	998.0
Foreign private placement, unsecured	181.3	256.4	7.7	6.2	6.2	6.2	6.3	223.8
<b>Total non-derivative financial liabilities</b>	<b>2,124.1</b>	<b>3,006.0</b>	<b>306.6</b>	<b>227.7</b>	<b>197.7</b>	<b>228.8</b>	<b>362.8</b>	<b>1,682.4</b>
<b>Derivative financial liabilities</b>								
Net settled <sup>2</sup>	86.2	89.9	31.1	23.9	15.6	8.3	5.9	5.1
Gross settled <sup>3</sup> :								
Inflow	–	730.7	93.3	90.9	94.3	88.8	72.0	291.4
Outflow	(24.4)	(704.3)	(52.2)	(59.0)	(67.2)	(72.8)	(98.4)	(354.7)
<b>Total derivative financial liabilities</b>	<b>61.8</b>	<b>116.3</b>	<b>72.2</b>	<b>55.8</b>	<b>42.7</b>	<b>24.3</b>	<b>(20.5)</b>	<b>(58.2)</b>
<b>As at 30 June 2010</b>								
<b>Non-derivative financial liabilities</b>								
Payables	165.8	165.8	99.9	65.9	–	–	–	–
Bank loans, unsecured <sup>1</sup>	1,771.2	1,771.2	84.1	593.8	791.1	301.4	–	–
Bank loans, secured <sup>1</sup>	26.7	26.7	–	26.7	–	–	–	–
Euro medium-term notes, unsecured <sup>4</sup>	441.2	828.3	83.9	43.1	43.0	43.0	43.0	572.3
Foreign private placement, unsecured <sup>4</sup>	38.3	53.1	1.3	1.1	1.1	1.1	1.1	47.4
<b>Total non-derivative financial liabilities</b>	<b>2,443.2</b>	<b>2,845.1</b>	<b>269.2</b>	<b>730.6</b>	<b>836.0</b>	<b>345.5</b>	<b>44.1</b>	<b>619.7</b>
<b>Derivative financial liabilities</b>								
Net settled <sup>2</sup>	150.0	162.9	42.2	40.0	27.2	20.6	13.5	19.4
Gross settled <sup>3</sup> :								
Inflow	–	(119.7)	(32.4)	(29.4)	(22.9)	(16.8)	(13.5)	(4.7)
Outflow	10.0	118.4	13.6	10.9	30.8	16.6	19.4	27.1
<b>Total derivative financial liabilities</b>	<b>160.0</b>	<b>161.6</b>	<b>23.4</b>	<b>21.5</b>	<b>35.1</b>	<b>20.4</b>	<b>19.4</b>	<b>41.8</b>

1. Cash flows relating to non-derivative financial liabilities under revolving facilities exclude any estimated interest payments.

2. Net settled includes interest rate swaps and forward foreign currency contracts.

3. Gross settled includes cross currency interest rate swaps.

4. Restated to include estimated interest payments.

## 23. Financial risk management (cont)

### (c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the Consolidated Entity which have been recognised on the balance sheet, is the carrying amount (refer to note 5).

The Consolidated Entity has a policy of assessing the creditworthiness of all potential customers and is not materially exposed to any one customer. The Consolidated Entity evaluates all customers' perceived credit risk and may require the lodgement of rental bonds or bank guarantees, as appropriate, to reduce credit risk. In addition, all rents are payable monthly in advance.

The Consolidated Entity minimises credit risk by dealing with major financial institutions in relation to cash and short-term borrowings. Concentration of credit risk exists from time to time on receivables for the proceeds of disposals of investment properties. The credit risk is minimised as legal title is transferred only upon receipt of proceeds for the sale of those assets.

From time to time, the Consolidated Entity also makes loans to associates and JVEs, typically to fund development projects. In making its investment decisions, the Consolidated Entity will undertake a detailed assessment of the development feasibility and credit risks associated with the relevant counterparties.

The credit risks associated with financial instruments are managed by:

- + transacting with multiple derivatives counterparties that have a long-term credit rating of at least AA- (or its equivalent); and
- + utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through netting of amounts receivable and amounts payable to individual counterparties.

### (d) Fair values of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	Note	Carrying amount 2011 \$M	Fair value 2011 \$M	Carrying amount 2010 \$M	Fair value 2010 \$M
<b>Assets carried at fair value</b>					
Receivables:					
- Derivative financial instruments	5	76.7	76.7	23.0	23.0
Other financial assets:					
- Investment in listed securities	10	-	-	42.3	42.3
- Investments in other unlisted securities		0.2	0.2	0.3	0.3
		<b>76.9</b>	<b>76.9</b>	<b>65.6</b>	<b>65.6</b>
<b>Assets carried at amortised cost</b>					
Cash	21(a)	92.6	92.6	474.8	474.8
Loans to related parties	5	2,151.9	2,151.9	2,325.0	2,325.0
Trade and other receivables	5	121.6	121.6	86.3	86.3
		<b>2,366.1</b>	<b>2,366.1</b>	<b>2,886.1</b>	<b>2,886.1</b>
<b>Liabilities carried at fair value</b>					
Payables:					
- Derivative financial instruments	11	138.5	138.5	183.0	183.0
		<b>138.5</b>	<b>138.5</b>	<b>183.0</b>	<b>183.0</b>
<b>Liabilities carried at amortised cost</b>					
Payables	11	209.6	209.6	165.8	165.8
Interest bearing liabilities <sup>1</sup>	13	1,914.5	1,994.8	2,277.4	2,339.4
Provisions	12	166.1	166.1	128.9	128.9
		<b>2,290.2</b>	<b>2,370.5</b>	<b>2,572.1</b>	<b>2,634.1</b>

1. The methods used for determining fair values of financial instruments are discussed in notes 1, 2, 5 and 10. The fair value of the Euro medium-term notes included in interest bearing liabilities was determined by reference to their quoted price on the Singapore Stock Exchange at 30 June 2011.



for the year ended 30 June 2011

**23. Financial risk management (cont)****(d) Fair values of financial instruments (cont)****Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
<b>As at 30 June 2011</b>				
Available for sale financial assets	–	–	0.2	0.2
Derivative financial assets	–	76.7	–	76.7
	<b>–</b>	<b>76.7</b>	<b>0.2</b>	<b>76.9</b>
Derivative financial liabilities	–	138.5	–	138.5
	<b>–</b>	<b>138.5</b>	<b>–</b>	<b>138.5</b>
<b>As at 30 June 2010</b>				
Available for sale financial assets	42.3	–	0.3	42.6
Derivative financial assets	–	23.0	–	23.0
	<b>42.3</b>	<b>23.0</b>	<b>0.3</b>	<b>65.6</b>
Derivative financial liabilities	–	183.0	–	183.0
	<b>–</b>	<b>183.0</b>	<b>–</b>	<b>183.0</b>

## 24. Commitments

	Consolidated	
	2011 \$M	2010 \$M
<b>Capital expenditure commitments</b>		
Contracted but not provided for and payable:		
– Within one year	22.2	16.6
– One year or later and no later than five years	–	0.2

### Acquisition of investment properties

The amount contracted for the acquisition of investment properties not provided for is \$41.8 million (2010: \$62.5 million).

### Commitment to investment in managed funds

At 30 June 2011, the Consolidated Entity was committed to invest A\$76.8 million into GHKLF (2010: A\$97.1 million).

At 30 June 2011, the Consolidated Entity was committed to invest A\$14.7 million (2010: A\$12.0 million) into GADF, A\$nil into GCLHL (2010: A\$8.5 million) and A\$nil into Princeton Lux (2010: A\$4.8 million) to fund the acquisitions of completed properties by these associates and JVEs.

The Consolidated Entity has a commitment to provide additional shareholder funding of up to A\$nil (2010: A\$0.9 million) into HDL. This is to fund development projects committed to by the JVE.

In relation to GAIF and GELF, the Consolidated Entity offers a limited liquidity facility to investors, which allows the investors to sell to the Consolidated Entity some or all of their investment in the funds. Limits apply to these liquidity facilities and Goodman is only required to offer to purchase up to 2.5% of the issued capital of GAIF and GELF each quarter. Furthermore, the Consolidated Entity is only required to purchase units where its co-investment in GAIF or GELF is below a prescribed limit. Currently, Goodman's interest (together with its custodian's interest) in GAIF is above the prescribed limit and this liquidity facility is not open for investors; however, Goodman's interest in GELF is below the prescribed limit and this liquidity facility is open for investors.

### Stapling agreement with GL

As at 30 June 2011, GL had net assets of \$63.5 million (2010: net assets of \$131.4 million). Under the stapling agreement between GIT and GL, the Responsible Entity and GL are obliged to provide financial support to each other to enable both entities to repay their debts as and when they become due and payable.

### Guaranteed land payments – M7 Business Hub development

In the prior year, a commitment existed in respect of a Heads of Agreement signed between GIT, Vineyard, Brickworks Limited and The Austral Brick Company Pty Ltd (Austral). Austral has a put option which gives it the right to require Vineyard to take a transfer of unsold saleable lots of land. GIT had provided Austral with a guarantee for all amounts payable by Vineyard. In the current year, Vineyard fulfilled its obligation under the put option and no longer has an obligation to take ownership of any unsold lots of land (2010: \$13.0 million).

### Non-cancellable operating lease receivable from investment property customers

	Consolidated	
	2011 \$M	2010 \$M
<b>Non-cancellable operating lease commitments receivable:</b>		
– Within one year	169.6	168.0
– Later than one year but not later than five years	476.3	511.0
– Later than five years	172.5	191.6
	<b>818.4</b>	<b>870.6</b>

for the year ended 30 June 2011

## 25. Parent Entity financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	2011 \$M	2010 \$M
<b>Result of the Parent Entity</b>		
Profit/(loss) for the year	405.6	(742.2)
Other comprehensive income for the year	(47.2)	–
<b>Total comprehensive income for the year</b>	<b>358.4</b>	<b>(742.2)</b>
<b>Balance sheet of the Parent Entity at year end</b>		
Current assets	1,596.5	1,327.0
Total assets	4,979.9	4,310.9
Current liabilities	154.7	120.8
Total liabilities	154.7	121.4
<b>Total equity of the Parent Entity comprising of:</b>		
Issued capital	6,904.1	6,442.9
Asset revaluation reserve	(845.8)	(822.3)
Accumulated losses	(1,233.1)	(1,431.1)
<b>Total equity</b>	<b>4,825.2</b>	<b>4,189.5</b>

### Parent Entity capital commitments

The Parent Entity has no capital commitments (2010: \$nil).

### Parent Entity contingencies

#### Capitalisation Deed Poll

GIT, GL and certain of their wholly-owned controlled entities are “investors” under a Capitalisation Deed Poll (CDP) dated 23 May 2007. Under the CDP, each investor undertakes to pay to the relevant controlled entity borrower (borrower) any amounts owing under the CDP when the borrower fails to make a payment. Any payments by an investor to a borrower will be by way of loan or proceeds for the subscription of equity in the borrower by the investor. As at 30 June 2011, the Consolidated Entity had A\$616.3 million (2010: A\$1,770.4 million) of debt which had the benefit of the CDP.

#### Euro medium-term note programme

Under the Euro medium-term note programme (refer to note 13), Goodman Australia Finance Pty Limited issued £250 million notes, maturing on 16 July 2016, at a fixed coupon of 9.75%. Goodman Funds Management Limited, as responsible entity of GIT, and GL have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of the Euro medium-term notes.

#### United States senior note programme

Under the issue of notes in the United States 144A/Reg S bond market (refer to note 13), Goodman Funding Pty Limited issued US\$325.0 million and US\$500.0 million notes maturing on 12 November 2020 and 15 April 2021 respectively. Goodman Limited and Goodman Funds Management Limited, as responsible entity of GIT, have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of the notes.

#### Performance guarantee

Goodman Funds Management Limited, as responsible entity of GIT and GHKLF, have guaranteed to an unrelated party the completion of Interlink, a distribution and warehouse facility being developed by Goodman Interlink Ltd in Hong Kong, with an estimated completion value of HK\$3,010 million (A\$361.2 million).

#### Goodman PLUS Trust hybrid securities guarantee

Goodman Funds Management Limited, as responsible entity of GIT, and GL guarantee jointly and severally, unconditionally and irrevocably the payment of the moneys owing to the holders of Goodman PLUS Trust hybrid securities (refer to note 17) under the terms of issue and subscription terms for those securities to the holders under the hybrid securities terms of issue on a subordinated and unsecured basis.

## 25. Parent Entity financial information (cont)

### Parent Entity contingencies (cont)

#### CIC convertible preference securities guarantee

Goodman Funds Management Limited, as responsible entity of GIT, and GL guarantee jointly and severally, unconditionally and irrevocably the payment of the moneys owing to the holders of convertible preference securities (refer to note 17) under the terms of issue and subscription terms for those securities.

#### Stapling agreement with GL

As at 30 June 2011, GL had net assets of \$63.5 million (2010: net assets of \$131.4 million). Under the stapling agreement between GIT and GL, the Responsible Entity and GL are obliged to provide financial support to each other to enable both entities to repay their debts as and when they become due and payable.

## 26. 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 the consolidated financial report, that would require adjustment or disclosure in the consolidated financial report.

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

- (a) the consolidated financial statements and the notes that are set out on pages 138 to 187, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The directors of the Responsible Entity have been given the declarations required by section 295A of the *Corporations Act 2001* from the Group Chief Executive Officer and Group Chief Financial Officer for the financial year ended 30 June 2011.

The directors of the Responsible Entity draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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



**Ian Ferrier, AM**  
Independent Chairman

Sydney, 18 August 2011



**Gregory Goodman**  
Group Chief Executive Officer

## Report on the financial report

We have audited the accompanying financial report of Goodman Industrial Trust (the Trust), which comprises the consolidated balance sheet as at 30 June 2011, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, notes 1 to 26 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated Entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' responsibility for the financial report

The directors of Goodman Funds Management Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Consolidated Entity comply with International Financial Reporting Standards.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Consolidated Entity's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

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

### Auditor's opinion

In our opinion:

- (a) the financial report of Goodman Industrial Trust is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.



**KPMG**



**Stuart Marshall**  
Partner

Sydney, 18 August 2011

Top 20 Securityholders As at 31 August 2011	Number of securities	Percentage of total issued securities
1. HSBC Custody Nominees (Australia) Limited	2,192,877,831	29.66
2. National Nominees Limited	1,209,601,121	16.36
3. JP Morgan Nominees Australia Limited	1,104,101,679	14.93
4. JP Morgan Nominees Australia Limited	886,902,938	11.99
5. Citicorp Nominees Pty Limited	327,640,277	4.43
6. Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	244,377,054	3.30
7. AMP Life Limited	112,054,098	1.52
8. Cogent Nominees Pty Limited	109,316,231	1.48
9. Beeside Pty Limited	84,615,385	1.14
10. Goodman Holdings Pty Ltd	75,128,205	1.02
11. Gillman Pty Limited	73,228,507	0.99
12. JP Morgan Nominees Australia Limited <Cash Income A/C>	70,822,754	0.96
13. Goodman Holdings Pty Limited	65,641,025	0.89
14. Cogent Nominees Pty Limited <SMP Accounts>	52,356,036	0.71
15. Australian Reward Investment Alliance	30,747,541	0.42
16. Bond Street Custodians Limited <ENH Property Securities A/C>	29,809,706	0.40
17. Queensland Investment Corporation	25,234,833	0.34
18. Questor Financial Services Limited <TPS RF A/C>	18,851,888	0.25
19. UBS Wealth Management Australia Nominees Pty Ltd	17,552,503	0.24
20. Bond Street Custodians Limited <Property Securities A/C>	16,998,410	0.23
Securities held by top 20 Securityholders	6,747,858,022	91.25
Balance of securities held	646,749,389	8.75
<b>Total issued securities</b>	<b>7,394,607,411</b>	<b>100.00</b>

Range of securities	Number of Securityholders	Number of securities	Percentage of total issued securities
1 – 1,000	2,153	856,505	0.01
1,001 – 5,000	5,335	15,880,479	0.21
5,001 – 10,000	4,127	31,770,458	0.43
10,001 – 100,000	8,314	243,493,260	3.29
100,001 – over	757	7,102,606,709	96.05
Rounding			0.01
<b>Total</b>	<b>20,686</b>	<b>7,394,607,411</b>	<b>100.00</b>

There were 1,633 Securityholders with less than a marketable parcel in relation to 367,858 securities as at 31 August 2011.

Substantial Securityholders <sup>1</sup>	Number of securities
Leader Investment Corporation; China Investment Corporation	812,475,697
Vanguard Investments Australia Ltd	416,182,751
Cohen & Steers Inc	374,911,141

1. In accordance with latest substantial securityholder notices as at 31 August 2011.

### China Investment Corporation (CIC)

As disclosed in the substantial shareholder notice to the ASX on 31 May 2011, CIC holds 2,750 Exchangeable Securities that are exchangeable for 616,686,867 Goodman Group Stapled Securities. Prior to exchange, these securities have a voting interest in Goodman Industrial Trust under the Corporations Act. However, CIC has executed a Voting Deed Poll under which they have undertaken to not exercise their voting power for “non-preference matters”.

### Voting rights

On a show of hands, every person present who is an eligible Securityholder shall have one vote and on a poll, every person present who is an eligible Securityholder shall have one vote for each Goodman Limited share and one vote for each dollar value of Goodman Industrial Trust units that the eligible Securityholder holds or represents (as the case may be).

### On-market buy-back

There is no current on-market buy-back.



A summary of the key terms of the Exchangeable Securities is set out below.

Summary terms and conditions	
<b>Issuer</b>	Goodman Funds Management Limited (ACN 067 796 641) in its capacity as trustee of the China Hybrid Investment sub-trust, a special purpose sub-trust of Goodman Industrial Trust
<b>Number of Exchangeable Securities on Issue</b>	2,750 (Issue price of A\$100,000 per Exchangeable Security)
<b>Holder</b>	A wholly-owned subsidiary of CIC
<b>Description of securities</b>	Perpetual, unsecured, subordinated securities exchangeable into ordinary stapled securities of Goodman
<b>Issue size and initial Exchange Price</b>	A\$500 million split into three tranches: + Tranche 1: A\$225 million at A\$0.43 (exchangeable into 523,255,814 Stapled Securities) <sup>1</sup> + Tranche 2: A\$150 million at A\$0.44 (exchangeable into 340,909,090 Stapled Securities) + Tranche 3: A\$125 million at A\$0.45 (exchangeable into 277,777,777 Stapled Securities) Exchange Price subject to anti-dilution adjustments for future events
<b>Transferability</b>	The Exchangeable Securities are not transferable until each Exchange Date after which time the applicable Exchangeable Securities will be fully transferable. Exchange Dates are as set out under "Holder exchange rights" below
<b>Ranking</b>	The Exchangeable Securities shall at all times rank pari passu and without any preference or priority among themselves and among Goodman PLUS, and subordinate to all other debts of the Exchangeable Securities Issuer, but ranking in priority to all Stapled Securities and all ordinary units in the sub-trust, both for distributions and on a winding up
<b>Voting rights</b>	Usual voting rights for preference securities
<b>Allotment date</b>	16 October 2009
<b>Distributions</b>	10% per annum payable semi-annually in arrears on each distribution date (21 June or 21 December) Distributions are non-cumulative and payable at the sole discretion of the Exchangeable Securities Issuer Step-up of 1.00% from 1 January 2012 if the Exchangeable Securities are not exchanged into Stapled Securities Distributions cannot be paid in cash in the event of a breach of the Triggers
<b>Alternative Coupon Satisfaction Mechanism (ACSM)</b>	If Distributions are paid in Stapled Securities, the Stapled Securities will be issued at a 2.5% discount to the 15 day VWAP If the Exchangeable Securities Issuer is unable to pay the Distribution in Stapled Securities at the time for a legal or regulatory reason, the coupon, which is not cumulative, will be paid as soon as reasonably practicable
<b>Triggers</b>	The Exchangeable Securities Issuer must comply with the following financial covenants in order to be able to pay a cash Distribution: i. Interest cover $\geq 2.5x$ (EBITDA to Interest Expense) ii. Gearing $\leq 55\%$ (Net Liabilities to Net Tangible Assets) Trigger calculation definitions are to be consistent with the calculation definitions applied under Goodman's Common Terms Deed Poll Triggers will not be calculated until post the 30 June 2010 balance date
<b>Holder exchange rights</b>	No exchange before the relevant Exchange Date: + Tranche 1: 31 October 2009 <sup>1</sup> + Tranche 2: 30 June 2010 + Tranche 3: 31 December 2010 Earlier exchange is permitted in limited circumstances including where a change of control occurs before 31 December 2010. A change of control includes the making of an offer for Stapled Securities which becomes unconditional and gives a person relevant interests in 20% or more of the Stapled Securities. After each period, CIC may exchange the Exchangeable Security tranche available for exchange (in full or in two tranches, with the minimum conversion tranche being A\$60 million) into Stapled Securities at the Exchange Price at any time

<b>Exchangeable Securities Issuer redemption right</b>	Redeemable by the Exchangeable Securities Issuer at its election if the closing price of Stapled Securities for 20 out of 30 consecutive trading days is in excess of 125% of the exchange price from: + Tranche 1: 31 December 2010 (where the trading price is above A\$0.5375) <sup>1</sup> + Tranche 2: 31 December 2011 (where the trading price is above A\$0.55) + Tranche 3: 30 June 2012 (where the trading price is above A\$0.5625)
<b>Distribution stopper</b>	No dividends or distributions may be made or paid to holders of Stapled Securities or Goodman PLUS (subject to payments which cannot be lawfully deferred or waived) if not all the Exchangeable Securities coupons are paid in cash or ACSM
<b>Anti-dilution</b>	Exchange Price to be adjusted to reflect the dilutionary impact of future events including (but not limited to) a reorganisation of Goodman's capital, extraordinary distributions, pro rata issues or bonus issues No adjustment to the Exchange Price is to be made for Distributions (other than extraordinary distributions), Stapled Securities issued pursuant to an employee share scheme or the broader equity raising announced by Goodman in August 2009
<b>Governing law</b>	New South Wales, Australia
<b>Listing</b>	None Stapled Securities of Goodman issued on exchange to be listed on ASX

1. Tranche 1 was redeemed and exchanged for 523,255,814 Stapled Securities on 24 December 2010.

There have been no Stapled Securities issued in satisfaction of the distributions paid on the Exchangeable Securities.

If the December 2011 distribution on the Exchangeable Securities was to be satisfied by the issue of Stapled Securities at an issue price of \$0.6058, (being the 15 business day VWAP as at 16 September 2011 of \$0.6213 at a discount of 2.5%), the notional number of Stapled Securities to be issued would be approximately 22,759,444.

**AASB** Australian Accounting Standards Board.

**ASIC** Australian Securities and Investments Commission.

**ASX** Australian Securities Exchange, or ASX Limited (ABN 98 008 624 691) or the financial market which it operates as the case requires.

**AUM** Assets under management: total value of properties directly held or under management.

**Cps** Cents per security.

**Cpu** Cents per unit.

**Customer Service Model** Customer Service Model means Goodman Group's operating and cultural philosophy, which is based on providing complete property solutions to its customers through the delivery of a diverse range of industrial property and business space products and in-house property services.

**Distribution yield** The annual distribution expressed as a percentage of the security price.

**DPS** Distribution per security. Total distributions to investors divided by the number of securities outstanding.

**EBIT** Earnings before interest and tax.

**EPS** Earnings per security.

**ESAP** Employee Securities Acquisition Plan.

**Eurinpro** Eurinpro International SA.

**Executive Option Plan** The Executive Option Plan was approved by Securityholders on 16 November 2006.

**GAIF** Goodman Australia Industrial Trust No 1 (ARSN 088 750 627); Goodman Australia Industrial Trust No 2 (ARSN 116 208 612); and Goodman Australia Industrial Trust No 3 (ARSN 130 854 938) stapled to form Goodman Australia Industrial Fund.

**GAL** Goodman Asia Limited a Goodman company which has investments in Hong Kong and China.

**GFM** Goodman Funds Management Limited (ABN 48 067 796 641; AFSL Number 223621) (formerly Macquarie Goodman Funds Management Limited).

**GHKLF** Goodman Hong Kong Logistics Fund (formerly Macquarie Goodman Hong Kong Logistics Fund), an unlisted property fund specialising in the investment of industrial property in Hong Kong (formerly Macquarie Goodman Hong Kong Wholesale Fund).

**GL** Goodman Limited (formerly Goodman International Limited ABN 69 000 123 071) and its controlled entities, where the context requires.

**GIT** Goodman Industrial Trust (ARSN 091 213 839) and its controlled entities or GFM as Responsible Entity for GIT, where the context requires.

**GMT** Goodman Property Trust, a listed property trust on the NZX managed by GMG.

**Goodman Group** or **GMG** Goodman Limited and Goodman Industrial Trust, trading as Goodman Group and where the context requires, their controlled entities.

**Goodman Holdings Group** Goodman Holdings Pty Limited and its controlled entities.

**GTA** Goodman Trust Australia (ABN 23 709 332 966), a special purpose investment vehicle launched in March 2011 with the acquisition of the ING Industrial Fund (IIF) of which Goodman Group owns a 19.9% share.

**GSTA** Goodman Sub Trust Australia (ARSN 089 038 175), a registered managed investment scheme formerly known as ING Industrial Fund (IIF).

**J-REP** Japan Representative: an industrial property management company listed on the Tokyo Stock Exchange.

**Macquarie Group** Macquarie Group Limited and its controlled entities, where the context requires.

**NAV** Net asset value: the value of the total assets less liabilities. For this purpose, liabilities include both current and long-term liabilities. To calculate the net asset value per ordinary security, divide the net asset value by the number of securities on issue.

**NLA** Net lettable area.

**NTA** Net tangible assets: the value of gross assets less all debts and other liabilities, divided by the number of securities on issue expressed as a dollar value.

**NZX** New Zealand Exchange Limited or New Zealand Exchange being the equity security market operated by it, as the case requires.

**OH&S** Occupational health and safety.

**Responsible Entity** Responsible Entity means a public company that holds an Australian Financial Services Licence ("AFSL") authorising it to operate a managed investment scheme. In respect of GIT, the Responsible Entity is GFM, a wholly-owned subsidiary of GL.

**S&P** Standard & Poor's: an independent rating agency that provides evaluation of securities investments and credit risk.

**Securityholder** A holder of a Stapled Security.

**Shareholder** A shareholder of GL.

**Sqm** Square metres.

**Sq ft** Square feet.

**Stapled** The linking together of a GIT unit and a GIL share so that one may not be transferred or otherwise dealt with without the other and which are quoted on the ASX jointly as a "stapled security".

**Stapled Security** A GIT unit and a GL share which are stapled so that they can only be traded together.

**Substantial Securityholder** A person or company that holds at least 5% of Goodman Group's voting rights.

**Unitholder** A unitholder of GIT.

**Wholesale fund** An unlisted fund managed by a professional fund manager that pools moneys from institutional investors to invest in assets that would not normally be accessible to individuals. Wholesale funds aim to deliver income and capital growth to investors, e.g. GAIF and GHKLF.

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### Goodman Group

#### Goodman Limited

ABN 69 000 123 071

#### Goodman Industrial Trust

ARSN 091 213 839

#### Responsible Entity

Goodman Funds Management Limited

ABN 48 067 796 641; AFSL Number 223621

### Offices

#### Registered office

Level 17

60 Castlereagh Street

Sydney NSW 2000

Australia

GPO Box 4703

Sydney NSW 2001

Telephone 1300 791 100 (within Australia)

+61 2 9230 7400 (outside Australia)

Facsimile +61 2 9230 7444

Email [info@goodman.com](mailto:info@goodman.com)

Website [www.goodman.com](http://www.goodman.com)

#### Other offices

Adelaide	Eindhoven	Paris
Auckland	Hong Kong	Perth
Barcelona	London	Poznan
Beijing	Luxembourg	Prague
Birmingham	Lyon	Reading
Brisbane	Madrid	Senec
Brussels	Marseille	Shanghai
Budapest	Melbourne	Sydney
Christchurch	Milan	Tokyo
Cracow	Osaka	Warsaw
Düsseldorf		

#### Directors

Mr Ian Ferrier, AM	(Independent Chairman)
Mr Gregory Goodman	(Group Chief Executive Officer)
Mr John Harkness	(Independent Director)
Mr James Hodgkinson	(Non-Executive Director)
Ms Anne Keating	(Independent Director)
Mr Phillip Pryke	(Independent Director)
Mr James Sloman, OAM	(Independent Director)

#### Company Secretary

Mr Carl Bicego

### Security Registrar

#### Computershare Investor Services Pty Limited

Level 5

115 Grenfell Street

Adelaide SA 5000

GPO Box 1903

Adelaide SA 5001

Telephone 1300 723 040 (within Australia)

+61 3 9415 4043 (outside Australia)

Facsimile +61 8 8236 2305

Email [www.investorcentre.com/contact](http://www.investorcentre.com/contact)

Website [www.computershare.com](http://www.computershare.com)

### Custodians

#### Trust Company Limited

20 Bond Street

Sydney NSW 2000

#### Perpetual Trustee Company Limited

123 Pitt Street

Sydney NSW 2000

### Auditor

#### KPMG

10 Shelley Street

Sydney NSW 2000

### ASX code

GMG





