

Goodman Limited
ABN 69 000 123 071
and its Controlled Entities
Consolidated financial report for the year ended 30 June 2010

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Goodman Limited and its Controlled Entities
Directors' report

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 2010 (year) and the audit report thereon.

Directors

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

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

1. Mr Ian Ferrier assumed the role of Acting Chairman on 28 November 2008, when Mr David Clarke took leave of absence due to ill health. Mr Ian Ferrier was confirmed as Independent Chairman on 29 July 2009.

Details of the Directors' qualifications and experience are set out on pages 24 and 25 in this Directors' report.

Company Secretary

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

Company Secretary	Appointment date
Mr Carl Bicego	24 October 2006

Details of the Company Secretary's qualifications and experience are set out on page 25 in this Directors' report.

**Goodman Limited and its Controlled Entities
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 ²	
	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended
Mr Ian Ferrier	18	17	5	4	5	5	-	-	5	5	9	9
Mr David Clarke ³	-	-	-	-	-	-	-	-	-	-	-	-
Mr Gregory Goodman	16	15	-	-	-	-	-	-	5	5	-	-
Mr Patrick Goodman	17	17	-	-	-	-	4	4	-	-	-	-
Ms Diane Grady	18	17	-	-	5	5	-	-	-	-	-	-
Mr John Harkness	18	18	5	5	-	-	4	4	-	-	-	-
Mr James Hodgkinson	18	18	5	4	-	-	-	-	2	2	1	1
Ms Anne Keating	18	18	-	-	5	5	1	1	-	-	-	-
Mr Jim Sloman	18	15	-	-	-	-	4	3	5	3	9	8

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 during the financial year to consider the potential acquisition of the business park in Moorabbin, Victoria, currently owned by Goodman Holdings Group (refer to page 26). In addition to the nine meetings held during the financial year, Mr Jim Sloman also attended two meetings that were not official meetings of the sub-committee as a quorum was not reached. Mr James Hodgkinson attended one meeting as an alternate for Mr Jim Sloman.
3. Mr David Clarke retired as a Director on 2 July 2009.

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

Goodman Limited and its Controlled Entities
Directors' report

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 operates 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	
	2010	2009
Revenue and other income before fair value adjustments on investment properties (\$M)	666.6	915.5
Fair value adjustments on investment properties (\$M)	(518.9)	(1,157.7)
Revenue and other income (\$M)	147.7	(242.2)
Loss attributable to Securityholders (\$M)	(562.3)	(1,120.0)
Basic loss per Company share (¢)	(4.6)	(11.1)
Basic loss per security (¢)	(9.9)	(39.2)
Dividends and distributions provided for or paid by Goodman (\$M)	212.9	264.1
Weighted average number of securities on issue (M)	5,668.3	2,857.8
	2010	2009
Net assets (\$M)	4,721.7	3,777.6
Number of securities on issue (M) ¹	6,333.4	2,738.0
Net tangible assets per security (\$) ²	0.47	0.85

1. Represents amounts as per Australian Securities Exchange (ASX) excluding 36.3 million treasury securities (2009: 41.7 million).

2. 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 2010 or up to the date of this report (2009: \$nil).

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

	Distribution cpu	Total \$M	Date of payment
Distributions for the year ended 30 June 2010:			
- 31 Dec 09	1.50	92.6	26 Feb 10
- 30 Jun 10	1.90	120.3	26 Aug 10
	3.40	212.9	
Distributions for the year ended 30 June 2009:			
- 31 Dec 08	9.65	264.1	26 Feb 09
- 30 Jun 09	-	-	-
	9.65	264.1	

Distributions declared during the financial year by controlled entities, Goodman PLUS Trust and CIC Hybrid Investment sub-trust, to holders of hybrid securities were \$18.3 million (2009: \$24.5 million) and \$34.0 million (2009: \$nil) respectively.

Goodman Limited and its Controlled Entities
Directors' report

Reconciliation of (loss)/profit attributable to Securityholders to operating profit available for distribution

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

	Note	2010 \$M	2009 \$M
Loss attributable to Securityholders		(562.6)	(1,120.0)
Valuation adjustments			
- Net loss from fair value adjustments on investment properties	12	210.0	527.0
- Share of net loss from fair value adjustments on investment properties in associates	13(a)	275.3	578.6
- Share of net loss from fair value adjustments on investment properties in joint venture entities	13(b)	33.6	52.1
- Impairment losses	5	145.4	229.7
- Share of impairment losses in joint venture entities	13(b)	4.5	-
- Fair value adjustments on derivative financial instruments	5	75.4	62.3
- Share of fair value adjustments on interest rate swaps in associates	13(a)	4.5	-
- Share of fair value adjustments on interest rate swaps in joint venture entities	13(b)	0.6	8.0
Other adjustments			
- Share of losses on disposals of investment properties by associates	13(a)	19.3	17.1
- Share of (profits)/losses on disposals of investment properties by joint venture entities	13(b)	(0.3)	1.8
- Capital losses not distributed		14.9	2.2
- Straight lining of rent and amortisation of lease incentives		(1.2)	(3.3)
- Share based payments expense/(credit)	19(b)	5.4	(38.1)
- Restructuring costs	5	-	85.7
- Share of restructuring costs incurred within associates	13(a)	-	2.2
- Share of restructuring costs incurred within joint ventures entities	13(b)	0.6	2.8
- Debt restructuring costs	5	59.1	-
- Share of debt restructuring costs incurred within associates	13(a)	19.7	-
- Dilution of Goodman's interest in joint venture entities as a result of the exercise of employee share options	13(b)	0.7	-
- Non-cash items impacting distributable income in associates	13(a)	5.1	-
Operating profit available for distribution		310.0	408.1

State of affairs

Key changes in Goodman's state of affairs during the financial year were as follows:

(a) Equity raisings

During August and September 2009, 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.

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

On 16 October 2009, Goodman received \$500 million from the issue of three tranches of convertible preference securities to CIC. Each tranche will receive a coupon of 10% per annum and can be converted to ordinary stapled securities as follows: tranche one of \$225 million can be converted at a price of \$0.43 per security from 31 October 2009; tranche two of \$150 million can be converted at a price of \$0.44 per security from 30 June 2010; and tranche three of \$125 million can be converted at a price of \$0.45 per security from 31 December 2010. During the financial year and up to the date of signature of the Directors' report none of the securities were converted.

Goodman may also elect to redeem the preferred equity if the closing price of Goodman's stapled securities for 20 out of 30 consecutive trading days is in excess of 125% of the conversion price as follows: tranche one from 31 December 2010; tranche two from 31 December 2011; and tranche three from 30 June 2012.

Goodman Limited and its Controlled Entities Directors' report

State of affairs (cont)

(c) Exercise of options over Goodman stapled securities

During the financial year, Macquarie Group exercised 243,278,351 options over stapled securities at a price of \$0.2464 per stapled security and 150,021,649 options over stapled securities at a price of \$0.3464 per stapled security.

(d) Financing initiatives

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

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

(e) Disposal of units in Goodman Property Trust

On 19 August 2009, the Consolidated Entity completed the sale of 93 million units in Goodman Property Trust to a number of institutional investors at a price of NZ\$0.95 per unit. Subsequent to the disposal, Goodman owns 17% of GMT, which is in line with Goodman's strategy of targeting a long-term holding of 15% to 20% for investments in funds managed by Goodman.

(f) Joint ventures with Canada Pension Plan Investment Board and CB Richard Ellis Realty Trust

On 6 August 2009, Goodman announced a strategic partnership with Canada Pension Plan Investment Board (CPPIB). CPPIB initially invested \$163 million in a fund in China, Goodman China Logistics Holding Limited (GCLHL). This entity was funded on an 80/20 basis, with CPPIB holding the majority share. GCLHL owns four logistics assets and could invest a further \$185 million to develop facilities on land owned by Goodman in Shanghai.

On 17 May 2010, a second fund, Goodman Australia Development Fund (GADF), was established in Australia, again funded on an 80/20 basis, with CPPIB holding the majority share. GADF has an initial equity commitment of \$250 million with a target gross asset value of \$400 million and will be seeded with the acquisition of the Consolidated Entity's Kmart development in Melbourne.

On 11 June 2010, the Consolidated Entity announced the establishment of two new co-investment vehicles with CB Richard Ellis Realty Trust in Continental Europe and the United Kingdom. The co-investment vehicles will invest in pre-committed logistics development opportunities sourced through Goodman and will be funded on an 80/20 basis, with CB Richard Ellis Realty Trust holding the majority share.

The Continental Europe co-investment vehicle will target a total investment of €400 million over an initial investment term of three years, focusing on the core Western European markets of Germany, France and Benelux. The UK co-investment vehicle will target a total investment of £400 million over an initial investment term of three years.

Details of changes in the state of affairs of the Consolidated Entity subsequent to the balance date are set out on page 26 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 clients' needs allows for better client 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 to efficiently satisfy customer needs.

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Directors' report

Strategy and outlook (cont)

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 funds 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 Consolidated Entity intends to continue to follow this strategy in its existing markets.

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

(a) Granted to employees

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
		\$	
Equity settled			
14 May 10	1 Sep 14	-	46,961,409
Cash settled			
14 May 10	1 Sep 14	-	2,988,000
			49,949,409

(b) Granted to finance facility providers

The following options over unissued securities were granted during the prior financial year but only approved by Securityholders at the Extraordinary General Meeting on 24 September 2009. These options were granted under the option deed associated with the financing arrangement with Macquarie Group and CIC:

Date granted	Expiry date	Exercise price	Options issued¹
		\$	
19 May 09	22 May 11	0.2464	294,000,000
15 Jun 09	22 May 11	0.3464	255,300,000

1. On 19 May 2009, in addition to the options over unissued securities included in the table above, 120,000,000 options over unissued securities that did not require Securityholder approval were granted under the option deed associated with the financing arrangement with Macquarie Group and CIC.

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Directors' report

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 or since the end of the financial year, Goodman issued to Macquarie Group 243,278,351 securities with an exercise price of \$0.2464 per stapled security and 150,021,649 securities with an exercise price of \$0.3464 per stapled security.

Unissued securities under option

At the date of signature of the Directors' report, unissued securities under option issued to employees and the applicable return on equity (ROE) performance hurdles are:

Date granted	Expiry date	Exercise price¹ \$	Number of unissued options	Performance hurdle²
3 Nov 05	30 Jun 11	4.00	3,153,445	11% ROE
9 Dec 05	31 Dec 11	4.20	11,250,000	11% ROE
14 Jun 06	31 Dec 11	5.15	2,119,000	12% ROE
13 Oct 06	30 Sep 12	6.27	7,522,500	12% ROE
10 Apr 07	31 Dec 12	7.14	19,745,000	12% ROE
22 Jun 07	31 Dec 12	7.04	6,310,000	12% ROE
19 Oct 07	30 Jun 13	6.27	31,746,500	12% ROE
26 Nov 07	30 Jun 13	6.27	2,700,000	12% ROE
5 Sep 08	30 Jun 13	2.98	42,925,000	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. As a consequence of the entitlement offers on 26 August 2009 and 16 September 2009, the exercise prices have been reduced in accordance with the ASX Listing Rules by \$0.0536 per security. The amounts disclosed in the table above reflect this reduced exercise price.
2. The ROE performance hurdle applicable to the options issued under the Executive Option Plan (EOP) requires the Consolidated Entity 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 the Consolidated Entity).

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).

At the date of signature of the Directors' report, performance rights issued to employees under the LTIP and the applicable total securityholder return (TSR) or earnings per security (EPS) performance hurdles are:

Date granted	Expiry date	Exercise price \$	Number of performance rights¹	Performance hurdles²
14 May 10	1 Sep 14	-	49,813,610	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. The TSR vesting condition is determined by the Consolidated Entity's relative TSR over the three year period from 1 July 2009 to 30 June 2012, as determined by the Board. The Consolidated Entity's TSR performance will be measured against the TSR performance of the entities comprising the Standard & Poor's (S&P)/ASX 200 index. The EPS vesting condition is determined by the Consolidated Entity's aggregated operating EPS over the three year period from 1 July 2009 to 30 June 2012, compared to the target EPS and stretch target EPS as determined by the Board.

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).

Goodman Limited and its Controlled Entities
Directors' report

Unissued securities under option (cont)

At the date of signature of the Directors' report, unissued securities under option issued to CIC are:

Date granted	Expiry date	Exercise price	Number of unissued options
		\$	
19 May 09	22 May 11	0.2464	170,721,649
15 Jun 09	22 May 11	0.3464	105,278,351

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:

Directors	Direct securities	Indirect securities	Total
Non-Executive			
Mr Ian Ferrier	299,839	-	299,839
Mr Patrick Goodman	-	5,955,992	5,955,992
Ms Diane Grady	-	208,200	208,200
Mr John Harkness	269,368	-	269,368
Mr James Hodgkinson	333,730	920,572	1,254,302
Ms Anne Keating	-	304,866	304,866
Mr Jim Sloman	230,361	-	230,361
Executive			
Mr Gregory Goodman	5,955,992	-	5,955,992

None of the Non-Executive Directors held any options over unissued securities at 30 June 2010. Mr Gregory Goodman held 9,700,000 options and 3,900,000 performance rights over securities of Goodman (including units in GIT) at 30 June 2010 (2009: 9,700,000 options and nil performance rights). Mr Patrick Goodman has an indirect interest in respect of those options and performance rights.

None of the Directors holds any interests in the hybrid securities issued by Goodman PLUS Trust, which are listed on the ASX.

Goodman Limited and its Controlled Entities Directors' report

Remuneration report – audited

The remuneration report sets out the Board's policies for determining the remuneration of key management personnel and other senior executives and the relationship between that policy and the performance of Goodman.

In particular, this report discloses prescribed remuneration details for Non-Executive Directors, the Executive Director (Mr Gregory Goodman) and other key management personnel.

The Board, based on advice from the Remuneration and Nomination Committee, has developed policies dealing with fixed pay and short and long-term incentive remuneration. The role of the Remuneration and Nomination Committee in setting these policies is set out below.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee develops and makes recommendations to the Board regarding overall remuneration policy and specific remuneration arrangements applying to Non-Executive Directors, the Group Chief Executive Officer and senior executives. The Committee is also responsible for oversight of specific aspects of remuneration including short-term incentive (STI), long-term incentive (LTI), superannuation/pension entitlements, termination payments and related policies.

Members of the Remuneration and Nomination Committee during the financial year were:

- + Mr Ian Ferrier (Independent Member);
- + Ms Diane Grady (Independent Member);
- + Ms Anne Keating (Independent Member); and
- + Mr David Clarke (Member) (on leave of absence from 28 November 2008 due to ill health and retired as a Member on 2 July 2009).

The Remuneration and Nomination Committee meets as required to consider and recommend to the Board remuneration policy and specific remuneration arrangements for senior employees and Directors and general remuneration outcomes for the wider employee population. Decisions are made by the Committee during the financial year either at meetings or via circular resolutions. The Committee has the resources and authority to appropriately discharge its duties and responsibilities. It directly engages external professionals to advise on any relevant matters. The Committee members' attendance record is disclosed on page 3 in this Directors' report.

Further information relating to the activities of the Committee is available on Goodman's website.

Overview of remuneration policies

The Board recognises that Goodman's performance is dependent upon the quality of its people and the way they are organised, managed and motivated.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Remuneration and Nomination Committee obtains independent advice on the appropriateness of remuneration for both Directors and senior executives. This takes into account remuneration trends in comparable companies and markets. Non-Executive Directors are paid a fixed fee plus consideration for Board Committee responsibilities. Remuneration packages for executives include a mix of fixed remuneration, short-term performance based remuneration and equity based remuneration. The remuneration structures explained below are designed to attract and retain suitably qualified candidates and to align executive performance with the objective of increasing Goodman's return on equity in the short and longer term.

The global nature of Goodman's business requires remuneration and benefits policies that reflect local regulatory requirements. For example, differing approaches to retirement income policy necessitate tailored solutions in terms of superannuation/pension arrangements. Goodman takes account of these differences but does not necessarily attempt to match benefits with those applying in different local or regional environments.

The Committee seeks professional advice to ensure that it determines an approach to remuneration which is sustainable, competitive and attractive in the market. In this regard, it is clear that total remuneration has not altered significantly over the last 12 months in most regional markets and Goodman's remuneration practice reflects this subdued market. For example, no bonuses (STI) were awarded to key management personnel in respect of both the 2008 and 2009 financial years.

The Board keeps itself abreast of public discussion and policy initiatives in the area of remuneration – particularly in relation to the remuneration of senior executives. In this regard it is noted that the findings of the Report into Executive Remuneration prepared by the Productivity Commission, which made a series of recommendations as to appropriate methodologies in setting executive remuneration, were generally reflected in the current practices at Goodman.

Goodman Limited and its Controlled Entities Directors' report

Remuneration report – audited (cont)

Overview of remuneration policies (cont)

One of the challenges faced by all boards is finding the balance between offering competitive remuneration which includes effective retention mechanisms and also delivers appropriate performance based rewards. For example, it is important that any STIs are disbursed over a timeframe that seeks to ensure that no short-term windfalls arise from decisions or performance that subsequently are proven to be inconsistent with such rewards.

During the financial year, the Remuneration and Nomination Committee conducted a review of Goodman's remuneration methodologies and as a result implemented two significant changes.

The first was to formalise a "total remuneration" approach whereby total remuneration was benchmarked against what was offered as total remuneration in comparable roles in comparably sized organisations, as measured by a number of factors including market capitalisation. This analysis also depicted market practice as to the 'mix' between fixed pay, STIs and LTIs for nominated positions. Using this method, Goodman is progressively establishing a preferred mix of components of remuneration consistent with the market practice for key positions.

The second was to introduce a new Long Term Incentive Plan (LTIP) which was approved by Securityholders at the Annual General Meeting on 30 November 2009. Under the LTIP, Goodman may offer performance rights (sometimes known as zero priced options) or options to its employees. Previously, the Company had a scheme which enabled it to offer options over Goodman stapled securities. The design features of the LTIP closely reflect the principles supported by Securityholders including minimum three year vesting periods and relevant, transparent performance hurdles including relative total securityholder return (TSR) and growth in earnings per security (EPS).

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 rates are reviewed annually by the Remuneration and Nomination Committee through a process that considers individual, segment and overall performance of the Consolidated Entity and overall remuneration movements in competitor companies and the wider market. Senior executives' remuneration may also be reviewed by the Remuneration and Nomination Committee on individual appointment or promotion. For key management personnel, apart from one off adjustments to remuneration of particular individuals due to significant changes in role/responsibilities, the fixed base pay element of remuneration has remained unaltered since July 2006.

Performance-linked remuneration

Performance-linked remuneration is reviewed annually and includes both short-term and long-term incentives. The intention is to reward the Group Chief Executive Officer and senior executives for meeting or exceeding performance goals at a business and Consolidated Entity level.

(a) Short-term incentive

The STI provides cash bonuses for individual performance compared to objectives set for the financial year. Total STI amounts are calculated in accordance with the policy established by the Remuneration and Nomination Committee and approved by the Board. The policy determines a potential bonus pool to be allocated across all employees as determined by the Board on the recommendation of the Remuneration and Nomination Committee. Individual allocations are 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. The bonus pool is calculated having regard to a number of factors, including earnings performance, and is dependent upon at least the target earnings guidance announced to the market being achieved.

**Goodman Limited and its Controlled Entities
Directors' report**

Remuneration report – audited (cont)

Remuneration policies (cont)

(a) Short-term incentive (cont)

The current bonus policy provides that the higher of either the first \$100,000 (2009: \$100,000) or 25% of any STI bonus granted is paid in cash in August or September of the financial year following the financial year in which the bonus was earned. This initial instalment limit varies from country to country having regard for local market practice. The remainder is paid with regular salary payments over two years. Employees forfeit any entitlement to accrued but unpaid STI payments if they cease employment by resigning from the Consolidated Entity.

As reported above, no bonuses were awarded to key management personnel in respect of the 2008 and 2009 financial years. However, the Board has approved a provision for a bonus pool in respect of the 2010 financial year and intends that bonuses will be allocated and paid for the 2010 financial year provided individual performance warrants payment of an STI.

(b) Long-term incentive

The LTIP provides equity based remuneration through the opportunity to issue either performance rights or options (including phantom equivalents in certain jurisdictions).

The purpose of the LTIP is to achieve enhanced alignment of the interests of employees and Securityholders by matching rewards under the LTIP with the long-term growth and prosperity of Goodman.

Details of equity based remuneration are as follows:

Long Term Incentive Plan

The LTIP was approved at the Annual General Meeting on 30 November 2009 and replaces the previous EOP.

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 performance rights or options over stapled securities have been issued to Non-Executive Directors.

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 financial year are subject to the following broad terms:

- + 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 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 2012 (refer to page 13 for further details) and continued employment (subject to special circumstances e.g. death, total and permanent disability, redundancy or retirement). These two measures are made in accordance with a graduating scale as set out in the LTIP scheme rules presented to Securityholders in November 2009;
- + 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 3 September 2012, 2 September 2013 and 1 September 2014; 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 Tax Office. The allotment of these securities was made under the Goodman Tax Exempt Plan, as approved by the Board.

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 the Employee Securities Acquisition Plan (ESAP). In accordance with their terms of engagement, Directors and employees are required to comply with the Consolidated Entity's policies.

Goodman Limited and its Controlled Entities
Directors' report

Remuneration report – audited (cont)

Remuneration and past financial performance

The level of remuneration paid in Goodman has been a function of the Company's ability to attract and retain qualified and experienced management. The key longer-term financial drivers used to determine the level of performance-linked pay are growth in relative TSR and EPS. Earnings are relevant to determining the level of performance based remuneration, having regard to the level of returns provided to Securityholders and the Consolidated Entity's capacity to pay such additional remuneration.

The Board has applied a graduating performance hurdle for TSR and EPS that will be used to determine the proportion of performance rights that will vest on vesting dates. For each tranche of performance rights, 50% are subject to the TSR hurdle and 50% are subject to the growth in EPS hurdle. The extent to which the performance rights are subject to the TSR and EPS performance hurdles is set out below:

TSR

- + 100% vesting of the TSR tranche 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;
- + proportional vesting will arise for scores between the 51st and 75th percentiles;

EPS

- + 100% vesting of the EPS tranche will occur if Goodman on average achieves an annual 'stretch' EPS target over the three year vesting period;
- + nil vesting applies if target earnings is not achieved on average over the three year vesting period; and
- + proportional vesting applies for outcomes between the target and the stretch target.

In relation to TSR performance hurdle, 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.

In relation to the EPS performance hurdle, the target EPS for the 2010 financial year was 5.2 cents per security and the stretch target EPS was 5.4 cents per security. Both amounts are fully diluted for the convertible preference securities and securities under option issued to CIC. Consistent with the rigorous standards applying to performance pay in Goodman and for the LTIP performance hurdle purposes only, the 2011 financial year target EPS has been established at 5.5 cents per security, again fully diluted for the convertible preference securities and securities under option issued to CIC. This target is above the average consensus broker forecast for the 2011 financial year. The stretch target EPS will be advised at the end of the 2011 financial year.

The individual short-term performance based remuneration disclosed in this financial year's remuneration report was based on the financial performance delivered in the 2009 financial year. This is consistent with past practice and remuneration reports included in previous annual consolidated financial reports.

Goodman Limited and its Controlled Entities
Directors' report

Remuneration report – audited (cont)

Remuneration and past financial performance (cont)

Historical performance for TSR and EPS over the past five financial years for Goodman is as follows:



1. Based on distributions and the security price movement during each financial year.



1. Earnings per security is the operating profit available for distribution (refer to Director's report page 5) divided by the weighted average number of securities in issue during the year (fully diluted for the convertible preference securities and securities under option issued to CIC from the date of allotment).

2. Before performance fee and merger cost.

During the current financial year, the components of performance-linked remuneration have been closely aligned with the Consolidated Entity's financial performance, as demonstrated by the bonus pool being dependent on at least target earnings guidance announced to the market being achieved and LTIP performance hurdles being TSR and EPS, as stated above.

Goodman Limited and its Controlled Entities
Directors' report

Remuneration report – audited (cont)

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 1 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
Executive director:		
Mr Gregory Goodman	12 months	12 months
Executives:		
Mr Anthony Rozic	6 months	6 months
Mr Nick Kurtis	6 months	6 months
Mr Michael O'Sullivan	6 months	6 months
Mr Nick Vrontas	6 months	6 months
Mr James Inwood	1 month	1 month
Mr Danny Peeters	12 months	12 months

Consistent with local practice in Belgium, Mr Danny Peeters provides his services by means of 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 (2009: \$2.1 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 short-term or long-term incentives 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.

**Goodman Limited and its Controlled Entities
Directors' report**

Remuneration report – audited (cont)

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	Long-term		Share based payments			Proportion of remuneration performance related %	Value of options as proportion of remuneration ⁵ %
		Salary and fees ¹	Bonus ²	Other ³	Total		Bonus ²	Other ³	Securities (ESAP) ⁴	Rights and options ⁴	Total		
Non-Executive													
Mr Ian Ferrier	2010	571,539	-	-	571,539	14,461	-	-	-	-	586,000	-	-
	2009	414,547	-	-	414,547	13,745	-	-	-	-	428,292	-	-
Mr David Clarke	2010	-	-	-	-	-	-	-	-	-	-	-	-
(retired 2 July 2009)	2009	437,755	-	-	437,755	13,745	-	-	-	-	451,500	-	-
Mr Patrick Goodman	2010	173,039	-	-	173,039	14,461	-	-	-	-	187,500	-	-
	2009	173,755	-	-	173,755	13,745	-	-	-	-	187,500	-	-
Ms Diane Grady	2010	173,039	-	-	173,039	14,461	-	-	-	-	187,500	-	-
	2009	173,755	-	-	173,755	13,745	-	-	-	-	187,500	-	-
M John Harkness	2010	193,039	-	-	193,039	14,461	-	-	-	-	207,500	-	-
	2009	190,630	-	-	190,630	13,745	-	-	-	-	204,375	-	-
Mr James Hodgkinson ⁶	2010	235,281	-	-	235,281	14,461	-	-	-	-	249,742	-	-
	2009	237,285	-	-	237,285	13,745	-	-	-	-	251,030	-	-
Ms Anne Keating	2010	173,039	-	-	173,039	14,461	-	-	-	-	187,500	-	-
	2009	173,755	-	-	173,755	13,745	-	-	-	-	187,500	-	-
Mr Jim Sloman	2010	183,039	-	-	183,039	14,461	-	-	-	-	197,500	-	-
	2009	183,755	-	-	183,755	13,745	-	-	-	-	197,500	-	-
Executive													
Mr Gregory Goodman	2010	1,385,539	-	(6,496)	1,379,043	14,461	-	23,942	-	451,763	1,869,209	24.2%	24.2%
	2009	1,386,255	-	39,821	1,426,076	13,745	-	24,342	(1,869,516)	(556,500)	(961,853)		

- 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.
- As in prior financial years, the total individual bonus amounts included in the remuneration report represent the amounts with respect to the previous financial years' performance, as the individual bonus awards are only determined subsequent to the approval of the consolidated financial report. No bonuses were awarded to Mr Gregory Goodman in respect of the 2008 or 2009 financial years' performance.
- Other includes reportable fringe benefits, car parking and per diem allowances and changes in annual leave balances.
- During the comparative financial year, the Directors assessed that the non-market related performance hurdles attached to certain of the options issued under the EOP and securities issued under the ESAP were unlikely to be achieved. Accordingly, the share based payment expense recognised in previous financial years' remuneration for Mr Gregory Goodman was reversed. This resulted in a net credit in reporting the comparative financial year's remuneration.
- For the current financial year, the value of options as a proportion of remuneration included performance rights. For the comparative financial year, the value of options as a proportion of remuneration included the reversal of options issued under the EOP and securities issued under the ESAP.
- Salary and fees reported in the current financial year for Mr James Hodgkinson includes an amount of A\$59,742 (NZ\$ 75,000) (2009: A\$61,030 (NZ\$ 75,000)) due in respect of his role on the board of Goodman (NZ) Limited, the responsible entity of Goodman Property Trust.

**Goodman Limited and its Controlled Entities
Directors' report**

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 ¹		Short-term				Post employment superannuation benefits	Long-term		Share based payments			Proportion of remuneration performance related %	Value of options as proportion of remuneration ⁵ %
		Salary and fees \$	Bonus ² \$	Other ³ \$	Total \$		Bonus ² \$	Other ³ \$	Securities (ESAP) ⁴ \$	Rights and options ⁴ \$	Total \$		
Mr Anthony Rozic, Group Chief Operating Officer	2010	685,539	-	72,880	758,419	14,461	-	14,541	-	301,658	1,089,079	27.7%	27.7%
	2009	686,255	-	25,413	711,668	13,745	-	12,248	(914,148)	(309,167)	(485,654)		
Mr Nick Kurtis, Group Head of Funds	2010	685,539	-	8,063	693,602	14,461	-	11,965	-	301,658	1,021,686	29.5%	29.5%
	2009	686,255	-	36,432	722,687	13,745	-	41,883	(892,606)	(309,167)	(423,458)		
Mr Michael O'Sullivan, Group Corporate Executive	2010	546,273	-	75,325	621,598	10,370	-	(18,702)	-	101,357	714,623	14.2%	14.2%
	2009	864,865	-	187,711	1,052,576	-	-	18,815	(875,828)	(309,167)	(113,604)		
Mr Nick Vrontas, Chief Financial Officer ⁶	2010	585,539	-	46,811	632,350	14,461	-	11,843	-	241,326	899,980	26.8%	26.8%
	2009	159,401	-	18,370	177,771	5,022	-	3,361	-	-	186,154		
Mr David van Aanholt, former Chief Executive Officer, Asia Pacific ⁷	2010	-	-	-	-	-	-	-	-	-	-	-	-
	2009	433,319	-	30,924	464,243	1,037	-	7,166	(923,673)	(309,167)	(760,394)		
Mr James Inwood, Head of European Funds Management	2010	539,458	-	86,895	626,353	6,674	-	11,292	-	217,194	861,513	25.2%	25.2%
	2009	627,027	108,108	181,155	916,290	-	-	3,858	(352,361)	(154,583)	413,204		
Mr Danny Peeters, Chief Executive Officer Continental Europe	2010	788,523	-	-	788,523	-	-	-	-	321,120	1,109,643	28.9%	28.9%
	2009	913,872	-	-	913,872	-	-	-	-	(708,160)	205,712		

- For the current financial year, Mr Anthony Rozic, Mr Nick Kurtis, Mr Michael O'Sullivan and Mr Nick Vrontas are considered to be key management personnel of the Consolidated Entity. Mr Nick Vrontas became a key management person on his appointment as Chief Financial Officer on 24 February 2009.
- Bonuses paid to executives are in accordance with the bonus policy and based on individual performance of executives. As in prior financial years, the total individual bonus amounts included in the remuneration report represent the amounts with respect to the previous financial years' performance, as the individual bonus awards are only determined subsequent to the approval of the consolidated financial report. Accordingly, the bonus amounts of nil for the current financial year disclosed in the table above relate to the 2009 financial year's performance.
- Other includes reportable fringe benefits, car parking and per diem allowances and changes in annual leave and long service leave balances.
- During the prior financial year, the Directors assessed that the non-market related performance hurdles attached to certain of the options issued under the EOP and securities issued under the ESAP were unlikely to be achieved. Accordingly, the share based payment expense recognised in previous financial years' remuneration was reversed. This resulted in a net credit in reporting the comparative financial year's remuneration.
- For the current financial year, the value of options as a proportion of remuneration included performance rights. For the comparative financial year, the value of options as a proportion of remuneration included the reversal of options issued under the EOP and securities issued under the ESAP.
- Mr Nick Vrontas became a key management person on 24 February 2009, and details of his remuneration have been disclosed from that date.
- Effective 11 February 2009, Mr David van Aanholt ceased employment with Goodman. He did not receive any additional benefits on termination beyond what was provided in his service agreement.

**Goodman Limited and its Controlled Entities
Directors' report**

Remuneration report – audited (cont)

Notes in relation to the table of Directors' and executives' remuneration

The Consolidated Entity's share based payment remuneration during the current financial year included performance rights under the LTIP. The share based payment remuneration during the prior financial year reflected the reversal of amounts relating to options issued under the EOP and securities under the ESAP, as the Directors assessed that the non-market related performance hurdles attached to these schemes were unlikely to be achieved.

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 %
2010						
14 May 10	1 Sep 14	0.60	0.67	64.94	5.04	5.23

In the prior financial year, the following assumptions were used in determining the fair value of options on grant date:

Grant date	Expiry date	Fair value per option \$	Exercise price ¹ \$	Market price of security \$	Expected volatility %	Risk free interest rate per annum %	Distribution yield per annum %
2009							
5 Sep 08	30 Jun 13	0.37	3.07	3.07	20.00	6.61	10.60
17 Nov 08	30 Jun 13	0.04	3.07	1.14	20.00	5.19	10.66

- As a consequence of the entitlement offers on 28 November 2008, 26 August 2009 and 16 September 2009, the exercise prices of certain options under the EOP have been reduced. The amounts disclosed in the table above reflect the original exercise price at the grant date.

Analysis of bonuses included in the remuneration

The total bonus amount included in remuneration represents the amount in relation to the previous year's financial performance as the individual bonus awards are only determined subsequent to the approval of the consolidated financial report. The bonuses included in the current financial year are nil as neither the Executive Director nor any of the named executives were awarded bonuses as part of their remuneration in relation to the 2008-2009 financial year's performance. Details of the Consolidated Entity's policy in relation to the proportion of remuneration that is performance related is discussed on pages 11 and 12. No bonuses were forfeited during the financial year.

During the prior financial year, Mr James Inwood was awarded a bonus of \$108,108, all of which was paid in the financial year ended 30 June 2009. Neither the Executive Director nor any of the other named executives were awarded bonuses as part of their remuneration in the prior financial year.

Bonuses may not be paid in the event that an individual ceases employment through resignation.

Goodman Limited and its Controlled Entities
Directors' report

Remuneration report – audited (cont)

Equity instruments

Equity instruments refer to performance rights over Goodman stapled securities issued under the LTIP, options over Goodman stapled securities issued under the EOP and 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. Details of the Consolidated Entity's policy in relation to the proportion of remuneration that is performance related is discussed on pages 11 and 12.

Performance rights over equity instruments granted as compensation

Details of performance rights under the LTIP that were granted by the Company 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 as follows:

	Number of performance rights granted	Grant date	Fair value per performance right ¹ \$	Expiry date	Number of performance rights vested
Executive Director					
Mr Gregory Goodman	3,900,000	14 May 10	0.60	1 Sep 14	-
Executives					
Mr Anthony Rozic	2,604,167	14 May 10	0.60	1 Sep 14	-
Mr Nick Kurtis	2,604,167	14 May 10	0.60	1 Sep 14	-
Mr Michael O'Sullivan	875,000	14 May 10	0.60	1 Sep 14	-
Mr Nick Vrontas	2,083,333	14 May 10	0.60	1 Sep 14	-
Mr James Inwood	1,875,000	14 May 10	0.60	1 Sep 14	-
Mr Danny Peeters	2,772,177	14 May 10	0.60	1 Sep 14	-

1. Fair value determined at the grant date.

No performance rights provided under the LTIP have been granted since the end of the financial year.

All performance rights expire on the earlier of their expiry date or termination of the individual's employment (subject to special circumstances). For performance rights granted during the current financial year, the earliest exercise date is 3 September 2012.

Options over equity instruments granted as compensation

No options under the EOP were granted to any employee during the current financial year. No options granted by the Company as compensation to the Executive Director and each of the named executives vested during the current financial year.

No options provided under the EOP have been granted since the end of the financial year.

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.

Securities granted as compensation under the Employee Securities' Acquisition Plan

No securities were granted to any employee under the ESAP during the current financial year. No securities granted by the Company as compensation to the Executive Director and each of the named executives vested during the current financial year.

No securities provided under the ESAP have been granted since the end of the financial year.

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.

Goodman Limited and its Controlled Entities
Directors' report

Remuneration report – audited (cont)

Modification of terms of equity settled share based payment transactions

During the financial year, the Board approved a new LTIP that provided employees with performance rights over Goodman stapled securities. The LTIP was subsequently approved by the Securityholders at the Annual General Meeting on 30 November 2009.

The terms of other equity settled share based payment transactions (including options under the EOP or securities under the ESAP) have not been altered or modified by Goodman during the current financial year. However, as a consequence of the entitlement offers on 26 August 2009 and 16 September 2009, the exercise prices of certain options on issue have been reduced.

Exercise of options and rights over equity instruments granted as compensation

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 equity instruments granted as compensation

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	Number of performance rights vested in the year	% vested in the year	% forfeited in the year	Financial years in which grant vests
Executive Director						
Mr Gregory Goodman	3,900,000	14 May 10	-	-	-	2012 – 2014
Executives						
Mr Anthony Rozic	2,604,167	14 May 10	-	-	-	2012 – 2014
Mr Nick Kurtis	2,604,167	14 May 10	-	-	-	2012 – 2014
Mr Michael O'Sullivan	875,000	14 May 10	-	-	-	2012 – 2014
Mr Nick Vrontas	2,083,333	14 May 10	-	-	-	2012 – 2014
Mr James Inwood	1,875,000	14 May 10	-	-	-	2012 – 2014
Mr Danny Peeters	2,772,177	14 May 10	-	-	-	2012 – 2014

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:

	Number of options granted	Date options granted	Number of options vested in the year	% vested in the year	% forfeited in the year	Financial years in which grant vests ¹
Executive Director						
Mr Gregory Goodman	7,000,000	17 Nov 08	-	-	-	2011 – 2013
	2,700,000	26 Nov 07	-	-	-	2011 – 2013
Executives						
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 Michael O'Sullivan	3,500,000	5 Sep 08	-	-	-	2011 – 2013
	1,500,000	19 Oct 07	-	-	-	2011 – 2013
Mr Nick Vrontas	3,000,000	5 Sep 08	-	-	-	2011 – 2013
	1,250,000	19 Oct 07	-	-	-	2011 – 2013
Mr James Inwood	3,000,000	5 Sep 08	-	-	-	2011 – 2013
	750,000	19 Oct 07	-	-	-	2011 – 2013
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

1. It is unlikely that the unvested options will vest as performance hurdles attached to these options are unlikely to be achieved.

Goodman Limited and its Controlled Entities
Directors' report

Remuneration report – audited (cont)

Analysis of options and rights over equity instruments granted as compensation (cont)

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:

	Number of securities granted	Date securities granted	Number of securities vested in the year	% vested in the year	% forfeited in the year ¹	Financial years in which grant vests
Executive Director						
Mr Gregory Goodman	2,000,000	26 Nov 07	-	-	-	2010 – 2012
	2,000,000	22 Nov 06	-	-	-	2009 – 2011
	1,955,990	3 Nov 05	-	-	67	2008 – 2010
Executives						
Mr Anthony Rozic	1,000,000	10 Apr 07	-	-	-	2010 – 2012
	1,000,000	14 Jun 06	-	-	-	2009 – 2011
	733,496	3 Nov 05	-	-	67	2008 – 2010
Mr Nick Kurtis	950,000	10 Apr 07	-	-	-	2010 – 2012
	1,000,000	14 Jun 06	-	-	-	2009 – 2011
	733,496	3 Nov 05	-	-	67	2008 – 2010
Mr Michael O'Sullivan	850,000	10 Apr 07	-	-	-	2010 – 2012
	1,000,000	14 Jun 06	-	-	-	2009 – 2011
	855,746	3 Nov 05	-	-	67	2008 – 2010
Mr Nick Vrondas	200,000	10 Apr 07	-	-	-	2010 – 2012
	1,000,000	13 Apr 06	-	-	-	2009 – 2011
Mr James Inwood	200,000	10 Apr 07	-	-	-	2010 – 2012
	1,000,000	29 Sep 06	-	-	-	2009 – 2011
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 vesting criteria not being achieved. It is unlikely that the unvested securities issued under the ESAP will vest as performance hurdles attached to these securities are unlikely to be achieved. Despite vesting criteria not being achieved, the securities remain on issue as they have not expired.

The minimum value of securities yet to vest is \$nil as the performance or service criteria may not be met and consequently the security may not vest.

The maximum value of securities yet to vest is not determinable as it depends on the market price of securities on the ASX at the date the security is exercised.

**Goodman Limited and its Controlled Entities
Directors' report**

Remuneration report – audited (cont)

Analysis of movements in performance rights issued under the LTIP, options issued under the EOP and securities issued under the ESAP

The movement during the financial year, by value, of performance rights granted under the LTIP to the Executive Director and each of the named senior executives is detailed below:

Long Term Incentive Plan	Value of performance rights issued in year¹ \$	Value of performance rights exercised in year \$	Value of performance rights lapsed in year \$
Executive Director			
Mr Gregory Goodman	1,704,006	-	-
Executives			
Mr Anthony Rozic	1,137,825	-	-
Mr Nick Kurtis	1,137,825	-	-
Mr Michael O'Sullivan	382,309	-	-
Mr Nick Vrondas	910,260	-	-
Mr James Inwood	819,234	-	-
Mr Danny Peeters	1,211,233	-	-

1. The value of performance rights under the LTIP granted 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. The total value of the performance rights issued under the LTIP is included in the table above. This amount is allocated to remuneration over the vesting period of the performance rights from 1 July 2009 to 30 June 2012.

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 or securities granted under the ESAP to the Executive Director and each of the named senior executives lapsed in the financial year.

Goodman Limited and its Controlled Entities
Directors' report

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 2010 have been properly maintained and the financial report for the year ended 30 June 2010 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.

	Consolidated	
	2010	2009
	\$000	\$000
Audit services		
Auditor of the Company:		
- Audit and review of financial reports (KPMG Australia)	943.3	1,099.6
- Audit and review of financial reports (overseas KPMG firms)	961.7	1,122.7
	1,905.0	2,222.3
Other regulatory services:		
- Other regulatory services (KPMG Australia)	15.0	100.2
- Other regulatory services (overseas KPMG firms)	34.9	124.4
Other assurance services:		
- Investigative accounting services (KPMG Australia)	967.0	893.9
- Investigative accounting services (overseas KPMG firms)	-	639.5
Taxation services:		
- Taxation compliance services (KPMG Australia)	404.0	358.0
- Taxation compliance services (overseas KPMG firms)	212.7	668.7
- Other taxation advice (KPMG Australia)	17.2	19.3
- Other taxation advice (overseas KPMG firms)	81.5	63.3
	1,732.3	2,867.3
Total paid/payable to KPMG	3,637.3	5,089.6
Other auditors:		
- Audit and review of financial reports (non-KPMG firms)	181.9	244.4

**Goodman Limited and its Controlled Entities
Directors' report**

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 45 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 8 March 2001) and Australian Vintage Ltd (a director since 20 November 1991) and a director of EnergyOne Limited (since 15 January 2007) and Reckon Limited (since 17 August 2004). He was formerly a director of Australian Oil Limited (from 2 May 2005 to 7 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 28 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.

**Mr Patrick Goodman – Non-Executive Director
Appointed 14 April 1998**

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 29 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**

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.

**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 18 August 2003), the management company of Charter Hall Retail REIT, and Crane Group Limited (since 1 September 2000). He was formerly the Chairman of Lipa Pharmaceuticals Limited (from 17 June 2004 to 6 November 2007). John is President of Northern Suburbs Rugby Football Club Limited and a member of the Territorial Headquarters and Sydney Advisory Board of the Salvation Army.

**Goodman Limited and its Controlled Entities
Directors' report**

Qualifications, experience and special responsibilities of Directors and Company Secretary (cont)

**Mr James Hodgkinson – Non-Executive Director
Appointed 21 February 2003**

James is a senior investment banker with real estate specialisation, most recently, as an 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 Goodman (NZ) Limited, the manager of the New Zealand Exchange listed Goodman Property Trust, and J-REP Co., Ltd. James is active in the 'not for profit' sector and has initiated and assisted in the fund raising initiatives and strategic support of a number of community based organisations, including as Founder and Chairman of the Spastic Centre of NSW's 20/Twenty Challenge and as a Founding Governor of the Cerebral Palsy Foundation. 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 Ardent Leisure Management Limited (since 30 March 1998) and Ardent Leisure Limited (since 28 April 2003) (being the management companies of Ardent Leisure Group), Ausflag Limited, STW Communications Group Limited (since 17 May 1995) and the Garvan Institute of Medical Research (since 16 January 2009). Anne is also 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. Anne was previously on the board of Spencer Street Station Redevelopment Holdings Limited (from 31 December 2003 to 14 May 2008) and prior to that was a director of Insurance Australia Group Limited for seven years. Her last executive position was as General Manager, Australia for United Airlines for nine years until 2001.

**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 Limited 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 currently the Chairman of MI Associates Pty Limited, a company established by him and comprising some of the leading members of the former SOCOG senior management team. MI Associates is working as an adviser to the organisers of the London Olympic Games following its work on London's winning bid for the 2012 Olympic Games. In addition, Jim is a director of Prime Infrastructure Holdings Limited (since 9 February 2010), Prime Infrastructure RE Limited (since 9 February 2010) (the management company of Prime Infrastructure Trust), ISIS Holdings Pty Limited and several of its associated companies and is also a member of the Laing O'Rourke Australia Advisory Panel. With his range of experience, Jim brings significant property, construction and major projects expertise to Goodman.

Company Secretary

Mr Carl Bicego – Company Secretary

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 12 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).

**Goodman Limited and its Controlled Entities
Directors' report**

Events subsequent to balance date

On 16 August 2010, Goodman announced the proposed strategic acquisition of Moorabbin Airport and business park, Victoria for \$201.5 million from Goodman Holdings Group. Mr Gregory Goodman and Mr Patrick Goodman are directors of and shareholders in Goodman Holdings Group. The transaction, which is subject to review by an independent expert, Securityholder approval and government and regulatory approvals, would be funded via issue of ordinary equity in Goodman of \$146.5 million, \$35.0 million of vendor finance and \$20.0 million cash to fund working capital.

On 17 August 2010, the Consolidated Entity entered into a new £85 million (A\$150 million) unsecured loan with an international bank. The loan is revolving and available in multiple currencies for a three year term. As a result, the Consolidated Entity's total liquidity position has increased to approximately A\$1.65 billion.

In the opinion of the Directors, other than this proposed strategic acquisition and the new loan facility, 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 27 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 and 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, 19 August 2010



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 2010 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



John Teer
Partner

Sydney, 19 August 2010

Goodman Limited and its Controlled Entities
Balance sheet
as at 30 June 2010

		Consolidated	
		2010	2009
	Note	\$M	\$M
Current assets			
Cash	27(a)	515.1	242.5
Receivables	8	228.0	315.6
Inventories	9	244.3	10.0
Current tax receivables	6(c)	1.1	5.4
Assets classified as held for sale	10	-	182.9
Other assets	11	31.7	42.9
Total current assets		1,020.2	799.3
Non-current assets			
Receivables	8	288.5	303.6
Inventories	9	181.9	35.5
Other assets	11	1.0	-
Investment properties	12	2,797.4	3,534.0
Investments accounted for using the equity method	13	2,279.2	2,662.3
Deferred tax assets	6(e)	18.0	28.2
Other financial assets	14	69.9	71.1
Plant and equipment	15	12.7	23.6
Intangible assets	16	929.4	1,125.4
Total non-current assets		6,578.0	7,783.7
Total assets		7,598.2	8,583.0
Current liabilities			
Payables	17	193.0	245.1
Current tax payables	6(d)	25.3	13.2
Interest bearing liabilities	18	84.1	986.7
Employee benefits	19	32.6	11.4
Provisions	20	125.4	24.6
Liabilities classified as held for sale	10	-	10.1
Total current liabilities		460.4	1,291.1
Non-current liabilities			
Payables	17	177.7	188.0
Interest bearing liabilities	18	2,192.5	3,253.1
Deferred tax liabilities	6(e)	4.5	42.4
Employee benefits	19	22.9	18.4
Provisions	20	18.5	12.4
Total non-current liabilities		2,416.1	3,514.3
Total liabilities		2,876.5	4,805.4
Net assets		4,721.7	3,777.6
Equity attributable to Shareholders			
Issued capital	21	368.3	241.6
Reserves	22	(340.6)	(235.3)
Accumulated losses	23	(215.7)	(93.7)
Total equity attributable to Shareholders		(188.0)	(87.4)
Non-controlling interests			
Equity attributable to Unitholders			
Issued capital	21	6,220.1	5,003.2
Reserves	22	(1,980.7)	(1,436.9)
Accumulated losses	23	(127.8)	(20.1)
Total equity attributable to Unitholders		4,111.6	3,546.2
Other non-controlling interests	24	798.1	318.8
Total equity		4,721.7	3,777.6

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

Goodman Limited and its Controlled Entities
Income statement
for the year ended 30 June 2010

		Consolidated	
		2010	2009
	Note	\$M	\$M
Revenue			
Gross property income		237.4	264.3
Fund management income		76.2	84.4
Property services income		55.8	65.5
Development management income		147.2	305.4
Income from sales of inventories		51.3	-
Distributions from investments		26.7	19.6
		594.6	739.2
Property and development expenses			
Property expenses		(59.8)	(53.2)
Development expenses		(107.9)	(243.4)
Inventory cost of sales		(39.8)	-
		(207.5)	(296.6)
Other income			
Net loss from fair value adjustments on investment properties	12	(210.0)	(527.0)
Net gain on disposal of investment properties	5	2.6	1.8
Net gain on disposal of controlled entities	5	12.3	40.6
Share of net results of equity accounted investments	5	(236.8)	(508.7)
Net (loss)/gain on disposal of equity investments	5	(15.0)	11.9
		(446.9)	(981.4)
Other expenses			
Employee expenses		(78.2)	(68.4)
Share based payments (expense)/credit	19(b)	(5.4)	38.1
Administrative and other expenses		(66.4)	(81.2)
Impairment losses	5	(145.4)	(229.7)
Restructuring costs	5	-	(85.7)
		(295.4)	(426.9)
Loss before interest and tax		(355.2)	(965.7)
Financing costs			
Financial income	5	41.9	18.9
Financial expenses	5	(196.0)	(172.5)
Net financing costs		(154.1)	(153.6)
Loss before income tax		(509.3)	(1,119.3)
Income tax (expense)/benefit	6	(1.0)	23.3
Loss for the year		(510.3)	(1,096.0)
Loss attributable to Shareholders		(263.0)	(317.4)
Loss attributable to Unitholders		(299.6)	(802.6)
Loss attributable to Securityholders		(562.6)	(1,120.0)
Profit attributable to other non-controlling interests		52.3	24.0
Loss for the year		(510.3)	(1,096.0)
Basic loss per Company share (¢)	3	(4.6)	(11.1)
Diluted loss per Company share (¢)	3	(4.6)	(11.1)

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

Goodman Limited and its Controlled Entities
Statement of comprehensive income
for the year ended 30 June 2010

		Consolidated	
		2010	2009
	Note	\$M	\$M
Loss for the year		(510.3)	(1,096.0)
Other comprehensive income, net of income tax			
Increase/(decrease) due to revaluation of listed/unlisted investments	22	35.5	(13.8)
Fair value of available for sale equity securities transferred to the income statement on disposal	22	-	4.1
Cash flow hedges:			
- Change in value of financial instruments	22	0.5	(294.7)
- Transfers to the income statement	22	53.8	(16.4)
Effect of foreign currency translation	22	(193.4)	(48.4)
Share based payments adjustments booked directly to reserves	22	(0.6)	(16.6)
Actuarial losses on defined benefit superannuation funds	22	(4.5)	(9.3)
Other comprehensive income for the year, net of income tax		(108.7)	(395.1)
Total comprehensive income for the year		(619.0)	(1,491.1)
Attributable to:			
Securityholders		(671.3)	(1,515.1)
Other non-controlling interests		52.3	24.0
Total comprehensive income for the year		(619.0)	(1,491.1)

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

Goodman Limited and its Controlled Entities
Statement of changes in equity
for the year ended 30 June 2010

Consolidated		Attributable to Securityholders								Non-controlling interests	Total equity	
		Share 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
	Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2008		4,317.2	(356.9)	72.4	6.8	309.1	36.6	(2.9)	(33.8)	4,348.5	320.6	4,669.1
Total comprehensive income for the year	22, 23											
(Loss)/profit for the year		-	-	-	-	-	-	-	(1,120.0)	(1,120.0)	24.0	(1,096.0)
Total other comprehensive income for the year		-	(4.9)	(308.3)	(69.6)	11.6	(14.5)	(9.4)	-	(395.1)	-	(395.1)
Total comprehensive income for the year		-	(4.9)	(308.3)	(69.6)	11.6	(14.5)	(9.4)	(1,120.0)	(1,515.1)	24.0	(1,491.1)
Transfers		-	(1,159.2)	-	-	(144.9)	-	-	1,304.1	-	-	-
Contributions by and distributions to owners												
- Increase due to stapled securities issued to Securityholders	21	956.1	-	-	-	-	-	-	-	956.1	-	956.1
- Issue costs due to stapled securities	21	(30.4)	-	-	-	-	-	-	-	(30.4)	-	(30.4)
- Securities issued on exercise of options	21	0.1	-	-	-	-	-	-	-	0.1	-	0.1
- Securities issued under the earn-out provisions of the Eurinpro acquisition	21	5.0	-	-	-	-	-	-	-	5.0	-	5.0
- Treasury securities vested but not converted to securities under the Employee Securities Acquisition Plan	21	(3.2)	-	-	-	-	-	-	-	(3.2)	-	(3.2)
- Issue costs due to Goodman PLUS Trust hybrid securities		-	-	-	-	-	-	-	-	-	(1.8)	(1.8)
- Distributions declared on stapled securities	7	-	-	-	-	-	-	-	(264.1)	(264.1)	-	(264.1)
- Distributions declared on Goodman PLUS Trust hybrid securities	7	-	-	-	-	-	-	-	-	-	(24.0)	(24.0)
- Share based payments recognised in the income statement	19(b)	-	-	-	-	-	(38.1)	-	-	(38.1)	-	(38.1)
Balance at 30 June 2009		5,244.8	(1,521.0)	(235.9)	(62.8)	175.8	(16.0)	(12.3)	(113.8)	3,458.8	318.8	3,777.6

Goodman Limited and its Controlled Entities
Statement of changes in equity
for the year ended 30 June 2010

Consolidated (cont)											Non-controlling interests	Total equity
		Share capital	Asset revaluation reserve	Cash flow hedge reserve	Attributable to Securityholders Foreign currency translation reserve	Capital profits reserve	Employee compensation reserve	Defined benefit funds actuarial losses reserve	Accumulated losses	Total		
	Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance at 1 July 2009		5,244.8	(1,521.0)	(235.9)	(62.8)	175.8	(16.0)	(12.3)	(113.8)	3,458.8	318.8	3,777.6
Total comprehensive income for the year	22, 23											
(Loss)/profit for the year		-	-	-	-	-	-	-	(562.6)	(562.6)	52.3	(510.3)
Total other comprehensive income for the year		-	153.4	79.5	(351.5)	13.9	(1.3)	(2.7)	-	(108.7)	-	(108.7)
Total comprehensive income for the year		-	153.4	79.5	(351.5)	13.9	(1.3)	(2.7)	(562.6)	(671.3)	52.3	(619.0)
Transfers		-	(503.9)	-	-	(46.3)	4.4	-	545.8	-	-	-
Contributions by and distributions to owners												
- Increase due to stapled securities issued to Securityholders	21	1,393.7	-	-	-	-	-	-	-	1,393.7	-	1,393.7
- Issue costs due to stapled securities	21	(50.1)	-	-	-	-	-	-	-	(50.1)	-	(50.1)
- Increase due to convertible preference securities issued to China Investment Corporation (CIC)		-	-	-	-	-	-	-	-	-	500.0	500.0
- Issue costs due to convertible preference securities issued to CIC		-	-	-	-	-	-	-	-	-	(20.7)	(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)
- Share based payments recognised in the income statement	19(b)	-	-	-	-	-	5.4	-	-	5.4	-	5.4
Balance at 30 June 2010		6,588.4	(1,871.5)	(156.4)	(414.3)	143.4	(7.5)	(15.0)	(343.5)	3,923.6	798.1	4,721.7

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

Goodman Limited and its Controlled Entities
Cash flow statement
for the year ended 30 June 2010

		Consolidated	
		2010	2009
	Note	\$M	\$M
Cash flows from operating activities			
Property income received		260.8	271.8
Proceeds from sale of inventories		28.0	9.7
Other cash receipts from services provided		298.4	364.0
Property expenses paid		(53.0)	(42.8)
Payments for inventories		(36.2)	(27.6)
Other cash payments in the course of operations		(272.1)	(252.4)
Dividends/distributions received		53.7	153.9
Interest received		50.7	18.9
Finance costs paid (including debt restructuring costs paid in 2010 of \$35.0 million (2009: \$nil))		(124.2)	(143.2)
Net income taxes paid		(10.9)	(31.5)
Net cash provided by operating activities	27(b)	195.2	320.8
Cash flows from investing activities			
Proceeds from deferred settlement and sale of investment properties		48.7	204.9
Proceeds from sale of controlled entities (net of cash disposed)	25	193.3	15.2
Cash included in assets held for sale		-	(21.3)
Proceeds from sale of equity investments		70.0	301.9
Proceeds from disposal of discontinued operation (net of cash disposed)		-	0.9
Payments to acquire controlled entities (net of cash acquired)		-	(61.8)
Payments for equity investments		(134.7)	(899.7)
Payments for investment properties and developments		(159.4)	(580.1)
Payments for plant and equipment		(0.8)	(9.6)
Net cash provided by/(used in) investing activities		17.1	(1,049.6)
Cash flows from financing activities			
Proceeds from issue of ordinary securities		1,393.7	956.0
Proceeds from issue of convertible preference securities to CIC		500.0	-
Transaction costs from issue of ordinary securities		(51.7)	(32.1)
Transaction costs from issue of convertible preference securities to CIC		(20.7)	-
Loans to related entities		(32.1)	(49.8)
Proceeds from borrowings		921.7	5,293.0
Repayments of borrowings		(2,508.3)	(5,404.0)
Distributions paid	7	(142.3)	(431.0)
Net cash provided by financing activities		60.3	332.1
Net increase/(decrease) in cash held		272.6	(396.7)
Cash at the beginning of the year		242.5	639.2
Cash at the end of the year	27(a)	515.1	242.5

Non-cash operating, investing and financing activities are included in note 27(c).

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

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

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 2010 comprises the Company and its controlled entities (together Goodman or Consolidated Entity) and the Consolidated Entity's interest 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 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 19 August 2010.

Changes in accounting policy

Starting as of 1 July 2009, Goodman has changed its accounting policies in the following areas:

- + business combinations, refer to note 1(b);
- + investment properties, refer to note 1(g);
- + segment reporting, refer to note 1(x); and
- + presentation of financial statements, refer to note 1(y).

The Corporations Amendment (Corporate Reporting Reform) Act 2010 amended the Corporations Act 2001 to require the presentation of consolidated financial statements only. Summarised financial information of the Parent Entity is disclosed in note 33.

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.

(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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

1 Statement of significant accounting policies (cont)

(b) Principles of consolidation (cont)

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.

Change in accounting policy

The Consolidated Entity has adopted revised AASB 3 *Business Combinations* (2008) and amended AASB 127 *Consolidated and Separate Financial Statements* (2008) for business combinations occurring in the financial year starting 1 July 2009. All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and had no material impact on earnings per share/security.

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 (generally fair value) 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 assumed 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 professional and consulting fees, are expensed as incurred.

Accounting for acquisitions of non-controlling interests

The Consolidated Entity has adopted AASB 3 *Business Combinations* (2008) and amended AASB 127 *Consolidated and Separate Financial Statements* (2008) for acquisitions of non-controlling interests occurring in the financial year starting 1 July 2009. Under the new accounting policy, 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

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 2010 and the results of all such entities for the year ended 30 June 2010.

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.

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 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) 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.

(d) Revenue recognition

Rental income

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 operating lease rental income.

Recoverable outgoings

Recovery of certain outgoings is accrued on an estimated basis and adjusted when the actual amounts are invoiced to respective customers.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

1 Statement of significant accounting policies (cont)

(d) Revenue recognition (cont)

Rendering of services

Fee income derived from fund management, property services and development management is recognised progressively as the services are provided. Any performance related fund management income is recognised on attainment of the performance related conditions.

Construction contracts

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.

Financial income

Interest

Interest is recognised on an accruals basis using the effective interest rate 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.

(e) 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 Australian 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 profit or loss of the Company and recognised in the foreign currency translation reserve on consolidation.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

1 Statement of significant accounting policies (cont)

(e) 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:

	Weighted average		As at 30 June	
	2010	2009	2010	2009
New Zealand dollar	1.2554	1.2289	1.2321	1.2428
Singapore dollar	1.2404	1.0916	1.1831	1.1699
Hong Kong dollar	6.8469	5.8048	6.5923	6.2586
United States dollar	0.8822	0.7473	0.8523	0.8114
Japanese yen	80.7539	74.2058	76.7200	77.7600
Euro	0.6359	0.5416	0.7050	0.5751
British pounds sterling	0.5588	0.4625	0.5666	0.4872

(f) 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 (generally fair value) 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(n)). 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 and/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(n)). Where management rights are for a finite period, they are amortised on a straight-line basis over that term.

(g) 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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

1 Statement of significant accounting policies (cont)

(g) Investment properties (cont)

Stabilised investment properties

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.

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.

The Consolidated Entity has adopted AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* for the financial year ended 30 June 2010. The principal impact for the Consolidated Entity relates to the amendments to AASB 140 *Investment Property* which brings into scope, property under development for future use as an investment property and land. As Goodman adopts the fair value approach under AASB 140, property under development for future use as an investment property is now measured at fair value (previously, it was measured at the lower of cost and recoverable amount). The change in accounting policy has been applied prospectively with the movement between book value at 1 July 2009 and fair value at 30 June 2010 (i.e. including the difference between book value and fair value at 1 July 2009) reported through the income statement as a component of the net loss from fair value adjustments on investment properties.

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.

(h) 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(m) in respect of leased plant and equipment.

(i) Receivables

Trade receivables (including rental debtors) due within 30 days are not discounted (refer to note 1(n) for details of impairment). The collectability of trade receivables is assessed at the balance date. Debts which are known to be uncollectible are written off.

Construction contract receivables 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.

(j) Inventories

Work in progress in relation to on balance sheet construction projects, 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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

1 Statement of significant accounting policies (cont)

(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 as incurred.

(l) Investments

Investments in equity securities

Investments held for trading are classified as current assets and are stated at fair value with any resultant gain or loss recognised in profit or loss.

Other investments held by the Consolidated Entity (apart from investments in associates and joint venture entities) are classified as being available for sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in profit or loss.

Investments in listed entities which are designated as available for sale (other than investments in listed associates and joint venture entities) are measured at fair value which is determined with reference to the quoted bid price at balance date. Changes in the fair value of such investments are recognised in equity, except for impairment losses (refer to note 1(n)). When investments classified as available for sale are sold, the accumulated fair value adjustments are included in the profit or loss as gains or losses from disposal of investment securities.

(m) 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.

Finance lease payments

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.

(n) Impairment

Non-financial assets

The carrying amounts of the Consolidated Entity's assets (except investment properties, refer to note 1(g); inventories, refer to note 1(j); and deferred tax assets, refer to note 1(t)) 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.

1 Statement of significant accounting policies (cont)

(n) Impairment (cont)

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 recognised in 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. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

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

Impairment losses, other than those in respect of goodwill, 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.

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.

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.

(o) Non-current assets 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 re-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.

(p) Interest bearing liabilities

Interest bearing liabilities are recognised on inception at their fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference being recognised in the profit or loss over the period of the borrowings on an effective interest basis, subject to set-off arrangements. Unpaid interest is accrued at the contracted rate and included in the balance sheet under current payables.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

1 Statement of significant accounting policies (cont)

(q) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received by the Consolidated Entity prior to the end of the financial year. Payables are recognised at amortised cost using the effective interest method. Payables that are due in less than 12 months are not discounted.

(r) 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.

Restructuring

A provision for restructuring is recognised when the Consolidated Entity has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

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.

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.

(s) 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 31) 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 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 expired or was 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.

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 was determined to be an effective hedge was recognised in the foreign currency translation reserve. The ineffective portion was recognised immediately in profit or loss.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

1 Statement of significant accounting policies (cont)

(t) 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. 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.

GIT and its controlled entities

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.

(u) 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.

(v) 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.

1 Statement of significant accounting policies (cont)

(v) Employee benefits (cont)

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.

Expected future payments are discounted using market yields at the balance date on government 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.

Where the Company has issued or purchased securities in advance of the ESAP vesting conditions being met by employees, the Company recognises the amount payable to GIT as a payable and the related asset as an increase in its investment in GIT. On exercise of the securities, the Company reduces its investment in GIT and transfers the related option expense from employee compensation reserve to accumulated losses. 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.

When the Company grants rights or options over stapled securities to employees of controlled entities, the fair value at grant date is recognised as an increase in the investment in controlled entities with a corresponding increase in equity over the vesting period of the grant.

(w) 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 of the Company 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 of the Company and weighted average number of Company shares outstanding for all dilutive potential Company shares, which comprise treasury securities and options.

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 the notes to the consolidated financial report.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

1 Statement of significant accounting policies (cont)

(x) Segment reporting

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

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

(y) Presentation of financial statements

The Consolidated Entity has adopted revised AASB 101 *Presentation of Financial Statements* (2007) which is effective from 1 July 2009. As a result, the Consolidated Entity presents in the consolidated statement of changes in equity all owner changes in equity, whereas non owner changes in equity are presented in the consolidated statement of comprehensive income.

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

(z) Parent entity financial information

The financial information for the parent entity, Goodman Limited, disclosed in note 33 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.

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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

1 Statement of significant accounting policies (cont)

(aa) Australian accounting standards issued but not yet effective

As at the date of this consolidated financial report, the following new or revised Australian Accounting Standards on issue with mandatory application for the Consolidated Entity's 30 June 2010 financial statements are available for early adoption at 30 June 2010:

- + 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 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party. The amendments will become mandatory for Goodman's financial statements for the financial year ending 30 June 2012 and are not expected to have any impact on the consolidated financial statements;
- + AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* affect various standards resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Consolidated Entity's financial statements for the financial year ending 30 June 2011, are not expected to have a significant impact on the consolidated financial statements; and
- + AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement - AASB 14* make amendments to Interpretation 14 AASB 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* removing an unintended consequence arising from the treatment of the prepayments of future contributions in some circumstances where there is a minimum funding requirement. The amendments will become mandatory for the Consolidated Entity's 30 June 2012 financial statements with retrospective application required. The amendments are not expected to have any impact on the consolidated financial statements.

(ab) 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.

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 property refers to investment property which is 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

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.

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

(a) Investment property values – stabilised investment properties (cont)

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. This 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 with the consequence that no external valuations are undertaken for those property assets. An internal valuation is completed for each asset for which an external valuation is not undertaken. Internal valuations may be based on discounted cash flow (DCF) calculations or based on cap rates and referenced to independent market data. This approach is also consistently applied to investment properties within funds managed by Goodman.

Key assumptions for internal valuations

Where an internal valuation can be prepared with reference to recent and reliable cap rate information, a cap rate approach is used. Whilst providing general information on markets, broad index based valuation approaches may not be sufficiently specific to apply directly to calculations of fair value.

Alternatively, internal valuations are prepared using a DCF methodology. The DCF calculations are prepared over a 10 year period. The key inputs considered for each individual calculation (for wholly-owned investment properties as well as investment properties within funds managed by Goodman) 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 2010 and 30 June 2009

Investment property markets in most regions were significantly and adversely impacted by the changes in economic conditions during the course of the comparative financial year and during the early part of the current financial year. The scarcity of finance resulted in a reduced number of transactions involving properties comparable to those owned or managed by Goodman which significantly increased the level of uncertainty inherent in determining the fair value of individual properties. The difficulties in determining fair value were exacerbated by an absence of consensus on how to distinguish sales where sellers are forced as opposed to willing.

In the latter part of the current financial year, the increasing number of sales transactions in property markets in which Goodman operates means that more market segments are considered to be active at 30 June 2010. This has increased the extent to which external valuations have been undertaken with a consequent reduction in circumstances where fair value is determined solely by reference to an internal valuation.

Key assumptions adopted at 30 June 2010 and 30 June 2009

As a consequence of lack of available comparable sales across all markets at 30 June 2009, internal valuations using DCF calculations were used to determine adjustments to the carrying values of stabilised properties in each market. The largest adjustments were adopted in the following property markets: Australia; Logistics - Continental Europe; Logistics – United Kingdom; and Business Parks – United Kingdom.

At 30 June 2010, adjustments were made to the carrying value of stabilised investment properties arising from internal valuations using DCF calculations for Goodman properties in Australia and Continental Europe only. No such adjustments were made to properties within managed funds at 30 June 2010. For all other stabilised investment properties, there was sufficient recent and reliable cap rate information available and the underlying parameters supporting the existing internal or external valuation were compared to information derived from recent relevant market transactions and the existing carrying value was considered to represent the fair value of the property at 30 June 2010.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

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

(a) Investment property values – stabilised investment properties (cont)

The cap rates derived for properties internally valued using DCF calculations, the weighted average cap rates for those properties valued externally at 30 June 2010 and the overall weighted average cap rates for the portfolio (including managed funds) are set out in the table below.

Division	Derived weighted average cap rate (DCF method) ¹		Weighted average cap rate for external valuations at 30 June		Total portfolio weighted average cap rate	
	2010	2009	2010	2009	2010	2009
	%	%	%	%	%	%
Australia	8.2	8.0	8.0	8.5	8.2	8.0
New Zealand	n/a	8.7	-	-	8.6	8.7
Hong Kong	n/a	7.1	6.7	7.4	6.9	7.1
China	n/a	9.2	-	-	9.2	9.2
Japan	n/a	5.5	6.1	5.5	6.1	5.5
Logistics - Continental Europe	7.7	7.7	7.9	7.4	7.9	7.7
Logistics - United Kingdom	n/a	8.2	7.5	8.0	8.0	8.2
Business Parks - United Kingdom	n/a	7.9	7.6	-	7.6	7.9

1. Adjustments were made to the carrying value of stabilised investment properties arising from internal valuations at 30 June 2010 in Australia and Continental Europe only. Valuation movements in those divisions reflect increased rental growth assumptions offset by higher discount rates and incentives, and longer letting up allowances.

The table below shows the sensitivity of the fair value of those stabilised investment properties which have been internally valued to a 25 basis point increase in the annual discount rate. All other assumptions are property specific and it is impractical to show sensitivities.

Division	Decrease in investment property values (Goodman properties)		Goodman share of decrease in investment property values (managed funds)	
	2010	2009	2010	2009
	\$M	\$M	\$M	\$M
Australia	(7.0)	(40.7)	n/a ¹	(25.3)
Logistics - Continental Europe	(1.4)	(0.9)	n/a ¹	(9.7)
Logistics - United Kingdom	n/a ¹	(8.2)	n/a ¹	-
Business Parks - United Kingdom	n/a ¹	-	n/a ¹	(15.5)

1. Adjustments were made to the carrying value of stabilised investment properties arising from internal valuations at 30 June 2010 for Goodman properties in Australia and Continental Europe only.

At 30 June 2010, the carrying value of stabilised investment properties held by the Consolidated Entity is \$2,297.1 million (2009: \$2,547.2 million).

Consistent assumptions for cap rates, letting up periods and incentives were also adopted in feasibility models supporting development properties and at 30 June 2010, the carrying value of investment properties under development held by the Consolidated Entity was \$501.8 million (2009: \$986.8 million).

(b) Intangible assets

The Consolidated Entity recognises both indefinite life management rights and goodwill in its balance sheet at 30 June 2010. At 30 June 2010, the carrying value of management rights and goodwill held by the Consolidated Entity are respectively as follows: \$285.4 million (2009: \$326.0 million) and \$644.0 million (2009: \$799.4 million). Details of key assumptions are set out in note 16.

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. The value is dependent on the assessment of uncertain future events, including the future profitability of the businesses acquired.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

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

(c) Equity accounted investments

The Consolidated Entity has a 50% investment in a joint venture entity, Macquarie Goodman Japan Pte Ltd (MGJ), which in turn has a 52% investment in J-REP Co., Ltd (J-REP). J-REP established a fund platform in April 2008 with initial equity invested of ¥27.3 billion but has subsequently completed a restructuring of its business. Given that no new equity was raised by the fund during the financial year, 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 9.52% per annum (2009: 9.15% per annum). The key assumption used in the value in use calculation was that further equity of ¥68 billion will be raised by the fund over the period to March 2015, which will result in a fund size of ¥95 billion (by equity) at 31 March 2015. In the light of declining industrial property values in Japan, 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 would be ¥150 billion.

At 30 June 2010, the carrying value of the investment in MGJ was A\$108.6 million (2009: A\$165.4 million), which was net of an impairment loss of A\$28.7 million (2009: A\$8.3 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 \$M
10% reduction in new equity (¥7 billion) raised in each of the next five years	(1.4)
10% reduction in new equity (¥nil) raised in the next 12 months	-
50% reduction in new equity (¥34 billion) raised in each of the next five years	(20.2)
100 basis point increase in the discount rate per annum	(1.6)

3 Loss per Company share/per security

		Consolidated	
	Note	2010 ¢	2009 ¢
Loss per Company share			
Basic loss per Company share ¹	3(a)	(4.6)	(11.1)
Diluted loss per Company share ¹	3(a)	(4.6)	(11.1)
Loss per security			
Basic loss per security ¹	3(a)	(9.9)	(39.2)
Diluted loss per security ¹	3(a)	(9.9)	(39.2)
Distribution per security	3(b)	3.40	9.65

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

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

	Note	2010 \$M	2009 \$M
Loss per Company share			
Loss after tax used in calculating basic loss per Company share	23	(263.0)	(317.4)
Effect of options on issue		-	-
Loss after tax used in calculating diluted loss per Company share		(263.0)	(317.4)
Loss per security			
Loss after tax used in calculating basic loss per security	23	(562.6)	(1,120.0)
Distribution on Goodman PLUS Trust hybrid securities and CIC convertible preference securities		-	-
Loss after tax used in calculating basic and diluted loss per security		(562.6)	(1,120.0)

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

3 Loss per Company share/per security (cont)

	2010	2009
	Number of securities ¹	
Weighted average number of securities used in calculating basic and diluted loss per Company share/per security and distribution per security	5,668,279,723	2,857,811,373

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

As at 30 June 2010, 36,322,476 securities (2009: 41,649,309 securities) granted under the Employee Securities Acquisition Plan (ESAP) and 138,321,445 options (2009: 139,398,445 options) issued under the Executive Option Plan (EOP) were anti-dilutive and therefore excluded from the calculation of diluted loss per Company share/per security.

As at 30 June 2010, the following options, performance rights and contingently issuable securities are potentially dilutive in future periods:

- + 276,000,000 options issued to CIC;
- + 46,825,610 performance rights granted to employees under the Long Term Incentive Plan (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 (2009: \$nil). Total distributions for the financial year made by GIT equal 3.4 cents per security (2009: 9.65 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 Consolidated Entity has three reportable segments defined by AASB 8 *Operating Segments*, namely Australia, Continental Europe and the United Kingdom. The other divisions in Asia Pacific do not meet the quantitative requirements, either individually or collectively, to require separate disclosure as reportable segments.

The activities and services undertaken by the divisions include:

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

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

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

4 Segment reporting (cont)

Information about reportable segments

	Australia		Continental Europe		United Kingdom		Other ¹		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Income statement										
External revenues										
Gross property income	195.1	193.0	8.0	5.5	32.0	52.9	2.3	12.9	237.4	264.3
Fund management income	28.2	20.3	14.5	19.6	11.9	16.6	21.6	27.9	76.2	84.4
Property services income	17.0	17.3	8.4	11.5	21.3	27.7	9.1	9.0	55.8	65.5
Development management income	54.1	136.2	80.2	146.4	5.9	14.5	7.0	8.3	147.2	305.4
Income from sales of inventories	7.5	-	-	-	43.8	-	-	-	51.3	-
Distributions from investments	1.8	6.1	2.9	0.8	22.0	12.7	-	-	26.7	19.6
Total external revenues	303.7	372.9	114.0	183.8	136.9	124.4	40.0	58.1	594.6	739.2
Depreciation and amortisation	(3.9)	(5.1)	(0.9)	(2.4)	(2.9)	(0.7)	(0.6)	(0.8)	(8.3)	(9.0)
Other key components of financial performance										
Net gain/(loss) on disposal of investment properties	1.5	17.8	0.8	(8.4)	0.3	(7.7)	-	0.1	2.6	1.8
Net gain on disposal of controlled entities	-	1.3	9.3	29.8	3.0	7.4	-	2.1	12.3	40.6
Share of net results of equity accounted investments	(87.3)	(155.3)	(69.9)	(70.7)	(56.8)	(242.7)	(22.8)	(40.0)	(236.8)	(508.7)
Net gain/(loss) on disposal of equity investments	-	-	-	0.4	-	(3.6)	(15.0)	15.1	(15.0)	11.9
Other material non-cash items										
Net loss from fair value adjustments on investment properties	(89.2)	(244.5)	(32.3)	(33.3)	(81.7)	(245.6)	(6.8)	(3.6)	(210.0)	(527.0)
Impairment losses	(33.9)	(178.7)	(71.0)	-	(7.5)	(42.7)	(33.0)	(8.3)	(145.4)	(229.7)
Reportable segment (loss)/profit before interest and tax	(34.2)	(346.2)	(139.2)	(75.6)	(76.6)	(476.9)	(52.9)	2.6	(302.9)	(896.1)
Other components of the income statement not included in reportable segment (loss)/profit before tax										
Restructuring costs	-	(13.1)	-	(26.6)	-	(33.4)	-	(12.6)	-	(85.7)
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Balance sheet										
Reportable segment assets	3,479.6	3,657.6	1,161.0	1,640.8	1,553.8	1,871.6	931.4	1,222.0	7,125.8	8,392.0
Investments in equity accounted investments (included in reportable segment assets)	1,093.1	1,124.6	306.6	418.5	335.3	418.8	544.2	700.4	2,279.2	2,662.3
Total non-current assets	3,337.1	3,477.5	1,085.1	1,496.7	1,251.3	1,786.1	881.7	992.5	6,555.2	7,752.8
Capital expenditure	42.8	81.9	8.1	39.8	128.7	227.0	3.6	100.1	183.2	448.8
Reportable segment liabilities	(41.6)	(35.6)	(43.4)	(91.9)	(102.3)	(147.8)	(8.8)	(20.9)	(196.1)	(296.2)

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

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

4 Segment reporting (cont)

Reconciliation of reportable segment revenues and profit or loss

	2010 \$M	2009 \$M
Revenues		
Total revenue for reportable segments	554.6	681.1
Other revenue	40.0	58.1
Consolidated revenue	594.6	739.2
Profit or loss		
Total loss for reportable segments	(250.0)	(898.7)
Other (loss)/profit (primarily Asia Pacific, excluding Australia)	(52.9)	2.6
Unallocated amounts: other corporate expenses	(46.9)	(22.0)
Restructuring costs	-	(85.7)
Share based payments (expense)/credit	(5.4)	38.1
Net financing costs	(154.1)	(153.6)
Consolidated loss before income tax	(509.3)	(1,119.3)
Assets		
Total assets for reportable segments	6,194.4	7,170.0
Other assets	931.4	1,222.0
Other unallocated amounts	472.4	191.0
Consolidated total assets	7,598.2	8,583.0
Liabilities		
Total liabilities for reportable segments	(187.3)	(275.3)
Other liabilities	(8.8)	(20.9)
Interest bearing liabilities	(2,276.6)	(4,239.8)
Distribution payable	(120.3)	-
Other unallocated amounts	(283.5)	(269.4)
Consolidated total liabilities	(2,876.5)	(4,805.4)

	2010			2009		
	Reportable segment totals \$M	Other \$M	Consolidated totals \$M	Reportable segment totals \$M	Other \$M	Consolidated totals \$M
Other material items						
Depreciation and amortisation	(7.7)	(0.6)	(8.3)	(8.2)	(0.8)	(9.0)
Net gain on disposal of investment properties	2.6	-	2.6	1.7	0.1	1.8
Net gain on disposal of controlled entities	12.3	-	12.3	38.5	2.1	40.6
Share of net results of equity accounted investments	(214.0)	(22.8)	(236.8)	(468.7)	(40.0)	(508.7)
Net (loss)/gain on disposal of equity investments	-	(15.0)	(15.0)	(3.2)	15.1	11.9
Net loss from fair value adjustments on investment properties	(203.2)	(6.8)	(210.0)	(523.4)	(3.6)	(527.0)
Impairment losses	(112.4)	(33.0)	(145.4)	(221.4)	(8.3)	(229.7)
Capital expenditure	179.6	3.6	183.2	348.7	100.1	448.8

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

5 Loss before income tax

	Consolidated	
	2010	2009
	\$M	\$M
Loss before income tax has been arrived at after crediting/(charging) the following items:		
Net consideration from disposal of investment properties	55.0	382.7
Carrying value of investment properties disposed	(52.4)	(380.9)
Net gain on disposal of investment properties	2.6	1.8
Net consideration received and receivable from the disposal of controlled entities	193.3	179.4
Carrying value of net assets disposed	(181.0)	(138.8)
Net gain on disposal of controlled entities	12.3	40.6
Share of net results of investments in associates - refer to note 13(a)	(202.6)	(463.5)
Share of net results of investments in joint venture entities - refer to note 13(b)	(34.2)	(45.2)
Share of net results of equity accounted investments	(236.8)	(508.7)
Net consideration from disposal of equity investments	67.6	286.0
Carrying value of equity investments disposed	(82.6)	(274.1)
Net (loss)/gain on disposal of equity investments	(15.0)	11.9
Amortisation of leasehold improvements	(2.0)	(1.3)
Depreciation of plant and equipment	(6.3)	(7.7)
Total amortisation and depreciation	(8.3)	(9.0)
Impairment of receivables - refer below	(43.9)	-
Impairment of inventories - refer to note 9	(8.9)	(15.3)
Impairment of assets classified as held for sale	-	(9.6)
Impairment of other assets - refer below	(3.8)	-
Impairment of equity accounted investments - refer to note 13(b)	(29.1)	(10.2)
Impairment of other financial assets - refer below	(33.5)	(161.4)
Impairment of intangible assets - refer to note 16	(26.2)	(33.2)
Total impairment losses	(145.4)	(229.7)
Restructuring costs		
Employee expenses	-	(23.7)
Development expenses	-	(16.2)
Administrative and other expenses	-	(45.8)
Total restructuring costs	-	(85.7)

(a) Impairment losses

During the financial year, 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

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 financial year, the impairment loss relates to the fair value adjustment arising on the investment in Goodman European Business Parks Fund (GEBPF). In the prior financial year, the impairment loss relates to the mark to market losses on the investment in ING Industrial Fund.

(b) Restructuring costs

During the prior financial year, the Consolidated Entity undertook a review of its strategy relative to business lines and geographical presence. A review of operations was also undertaken encompassing activity levels, underlying cost base, personnel and accommodation.

(i) Employee expenses

As a result of the strategic and operational reviews, the number of employees was significantly reduced. The cost for the prior financial year of employee terminations due to restructuring changes totalled \$23.7 million.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

5 Loss before income tax (cont)

(ii) Development expenses

Costs incurred in postponing or withdrawing from development projects during the prior financial year were included in restructuring costs. These costs were incurred in Australia (\$2.1 million), New Zealand (\$1.4 million), China (\$1.9 million), Continental Europe (\$7.8 million) and the United Kingdom (\$3.0 million).

(iii) Administrative and other expenses

Business development projects

A full review of business development opportunities and related timelines was undertaken during the prior financial year. Key changes as a result of this review related to the Middle East and United Kingdom. Goodman's plans to expand its joint venture operations in the Middle East were put on hold and the cost of investment was expensed to restructuring costs (\$6.2 million). Also, costs relating to the proposed launch of the United Kingdom Logistics fund were expensed to restructuring costs (\$7.9 million). The cost of other commenced business development initiatives included in restructuring costs totalled \$2.0 million.

Office accommodation

During the prior financial year, each office occupied by the Consolidated Entity was reviewed and a decision was taken to vacate certain premises and identify opportunities for subleasing where practical. Unamortised fit-out costs were also expensed. The restructuring cost recognised in the prior financial year in relation to office space totalled \$21.1 million.

Net financing costs

	Consolidated	
	2010	2009
	\$M	\$M
Financial income		
Interest income from:		
Related parties	17.4	9.8
Other parties	24.5	9.1
	41.9	18.9
Financial expenses		
Interest expense from:		
Third party loans, overdrafts and derivatives	(124.8)	(167.0)
Debt restructuring costs	(59.1)	-
Other borrowing costs	(8.4)	(14.9)
Fair value adjustments on derivative financial instruments ¹	(75.4)	(62.3)
Foreign exchange loss	(0.3)	-
Capitalised borrowing costs ²	72.0	71.7
	(196.0)	(172.5)
Net financing costs	(154.1)	(153.6)

1. Includes fair value movements on the derivatives not designated for hedge accounting during the financial year and amortisation of gains or losses on terminated derivative contracts included in the cash flow hedge reserve. The remaining gains or losses on terminated derivative contracts included in the cash flow hedge reserve will be amortised over future periods.

2. Borrowing costs were capitalised during the financial year at rates between 1.3% and 9.4% per annum (2009: 1.4% and 10.8% per annum).

(a) Restructuring costs associated with the financing initiatives

During the financial year, the Consolidated Entity completed a number of financing initiatives including:

- + an institutional placement and a one for one non-renounceable entitlement offering;
- + retirement of the A\$300 million drawn under the A\$485 million secured loan provided by Macquarie Group and CIC;
- + retirement of the amounts drawn under the A\$520 million tranche B of the syndicated multi currency facility (SMCF);
- + renegotiation of the extension from May 2011 to September 2012 of A\$438 million of the A\$520 million tranche C of the SMCF;
- + extension from December 2012 to December 2013 of €340 million of the €525 million European revolving credit facility; and
- + negotiation of amended covenants to the common terms deed poll, which applies to both the SMCF and European revolving credit facility.

The Consolidated Entity also renegotiated a significant portion of the bank debt facilities of funds managed by Goodman.

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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

6 Income tax (expense)/benefit

	Consolidated	
	2010	2009
	\$M	\$M
Current tax (expense)/benefit recognised in the income statement		
Current year	(28.4)	3.7
Adjustment for prior periods	4.8	20.7
	(23.6)	24.4
Deferred tax benefit/(expense) recognised in the income statement		
Origination and reversal of temporary differences	38.0	(1.1)
Derecognition of previously recognised tax losses	(15.4)	-
	22.6	(1.1)
Total income tax (expense)/benefit	(1.0)	23.3

	Consolidated	
	2010	2009
	\$M	\$M
(a) Income tax (expense)/benefit		
Loss before income tax	(509.3)	(1,119.3)
Prima facie income tax benefit calculated at 30% (2009: 30%) on the loss before income tax	152.8	335.8
Decrease/(increase) in income tax due to:		
- Loss attributable to Unitholders	(62.5)	(244.2)
- Current year losses for which no deferred tax asset was recognised	(28.0)	(18.8)
- Non-deductible impairment losses	(29.0)	(9.5)
- Non-deductible losses from share of results of equity accounted investments	(12.6)	(29.9)
- Non-deductible fair value adjustments on investment properties	(23.2)	(33.5)
- Non-deductible interest expense	(12.4)	(7.0)
- Other non-deductible items	(1.6)	(6.4)
- Non-assessable interest income	2.7	2.9
- Net assessable foreign income	-	3.7
- Non-assessable option (expense)/benefit	(1.7)	10.8
- Other non-assessable income	11.2	16.8
- Derecognition of previously recognised deferred taxes	(1.1)	-
- Other items	1.3	(0.1)
- Difference in overseas tax rates	(1.6)	(14.0)
- Adjustment for current tax in prior periods	4.8	20.7
- Adjustment for deferred tax in prior periods	-	(4.0)
Income tax (expense)/benefit attributable to loss	(0.9)	23.3
(b) Deferred tax benefit recognised directly in equity		
Equity issue costs	1.4	3.3
Defined benefits pension scheme	1.9	-
	3.3	3.3

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

6 Income tax (expense)/benefit (cont)

	Consolidated	
	2010	2009
	\$M	\$M
(c) Current tax receivables		
Balance at the beginning of the year	5.4	0.3
(Decrease)/increase in current tax receivables due to:		
- Net income taxes (received)/paid	(4.5)	4.6
- Income tax benefit on current year's loss	-	0.5
- Adjustment for prior periods	0.2	-
Balance at the end of the year	1.1	5.4
(d) Current tax payables		
Balance at the beginning of the year	(13.2)	(50.8)
Decrease/(increase) in current tax payables due to:		
- Net income taxes paid	15.4	26.9
- Income tax (expense)/benefit on current year's loss	(28.4)	3.2
- Income tax on ESAP interest income recognised in reserves	-	(13.2)
- Adjustment for prior periods	4.6	20.7
- Other	(3.7)	-
Balance at the end of the year	(25.3)	(13.2)

(e) Deferred tax assets and liabilities

Deferred tax assets/(liabilities) are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
	2010	2009	2010	2009	2010	2009
Consolidated	\$M	\$M	\$M	\$M	\$M	\$M
Receivables	-	-	(4.5)	(3.3)	(4.5)	(3.3)
Investment properties	-	-	-	(39.1)	-	(39.1)
Tax losses	6.1	19.1	-	-	6.1	19.1
Payables	1.6	1.8	-	-	1.6	1.8
Provisions	7.9	6.5	-	-	7.9	6.5
Other items	2.4	0.8	-	-	2.4	0.8
Tax assets/(liabilities)	18.0	28.2	(4.5)	(42.4)	13.5	(14.2)

Deferred tax assets of \$60.3 million in relation to tax losses have not been recognised by the Consolidated Entity at 30 June 2010 (30 June 2009: \$20.5 million).

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

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 2010 or up to the date of this report (2009: \$nil).

(b) Distributions declared by GIT

	Distribution cpu	Total \$M	Date of payment
Distributions for the year ended 30 June 2010:			
- 31 Dec 09	1.50	92.6	26 Feb 10
- 30 Jun 10	1.90	120.3	26 Aug 10
	3.40	212.9	
Distributions for the year ended 30 June 2009:			
- 31 Dec 08	9.65	264.1	26 Feb 09
- 30 Jun 09	-	-	-
	9.65	264.1	

The distribution for the quarter ended 30 June 2008 of \$142.4 million was paid on 26 August 2008.

Movement in provision for distributions to Securityholders

	Consolidated	
	2010	2009
	\$M	\$M
Balance at the beginning of the year	-	142.4
Provisions for distributions	212.9	264.1
Payment of distributions	(92.6)	(406.5)
Balance at the end of the year	120.3	-

Dividend franking account

	Goodman Limited	
	2010	2009
	\$M	\$M
30% franking credits available to Shareholders for subsequent financial years	43.3	39.8

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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

7 Dividends and distributions (cont)

(c) Distributions declared and paid by Goodman PLUS Trust

	Distribution cpu	Total amount \$M	Date of payment
Distributions for the year ended 30 June 2010:			
- 21 Sep 09	128.0	4.2	21 Sep 09
- 21 Dec 09	129.2	4.2	21 Dec 09
- 21 Mar 10	148.1	4.9	21 Mar 10
- 21 Jun 10	153.9	5.0	21 Jun 10
	559.2	18.3	
Distributions for the year ended 30 June 2009:			
- 21 Sep 08	242.5	7.9	22 Sep 08
- 21 Dec 08	233.7	7.6	22 Dec 08
- 21 Mar 09	150.6	4.9	23 Mar 09
- 21 Jun 09	124.6	4.1	22 Jun 09
	751.4	24.5	

Goodman PLUS Trust, a controlled entity of GIT, has hybrid securities on issue which meet the definition of equity (refer to note 24).

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

	Distribution cpu	Total amount \$M	Date of payment
Distributions for the year ended 30 June 2010:			
- 21 Dec 09	180,821.9	9.1	21 Dec 09
- 21 Jun 10	498,630.1	24.9	21 Jun 10
		34.0	

On 16 October 2009, China Hybrid Investment Sub-Trust, a controlled entity of GIT, issued hybrid securities (CIC convertible preference securities) which meet the definition of equity (refer to note 24).

8 Receivables

	Consolidated	
	2010	2009
	\$M	\$M
Current		
Trade receivables	16.8	38.2
Other receivables	65.5	106.8
Construction contract receivables	59.0	88.1
Other amounts due from related parties	83.8	79.8
Derivative financial instruments	2.9	2.7
	228.0	315.6
Non-current		
Loans to related parties	246.2	243.0
Other amounts due from related parties	-	15.5
Other receivables	22.2	16.9
Derivative financial instruments	20.1	28.2
	288.5	303.6

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

8 Receivables (cont)

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.

Receivables (current and non-current) denominated in currencies other than Australian dollars are as follows:

Amounts in A\$M	NZD	HKD	USD	GBP	EUR
2010	2.5	172.3	23.0	104.7	112.1
2009	2.6	137.1	9.0	90.3	184.0

Trade receivables

As at 30 June 2010, trade receivables of \$0.6 million were impaired (2009: \$0.9 million). The ageing analysis of trade receivables (before impairment) is as follows:

	Consolidated	
	2010	2009
	\$M	\$M
Overdue by:		
Up to 1 month	2.4	6.1
1 month to 4 months	2.4	11.4
Greater than 4 months	3.4	4.1
	8.2	21.6

The Consolidated Entity holds bank guarantees as security for \$7.4 million (2009: \$3.4 million) of its trade receivables from investment property customers.

Other receivables

Other receivables that are past due are not considered impaired. At 30 June 2010, there is no provision for impairment of overdue other receivables (2009: \$nil). The ageing analysis of these other receivables is as follows:

	Consolidated	
	2010	2009
	\$M	\$M
Overdue by:		
Up to 1 month	0.2	5.1
1 month to 4 months	7.1	17.0
Greater than 4 months	0.4	3.6
	7.7	25.7

Construction contract receivables

	Consolidated	
	2010	2009
	\$M	\$M
Net contract debtors excluding retentions	232.2	216.8
Retentions	-	-
Net contract debtors	232.2	216.8
Cash received to date	(159.8)	(130.4)
Effect of foreign currency translation	(13.4)	1.7
Total progressive value	59.0	88.1
Amounts due from customers - contract debtors	59.0	88.1
Amounts due from customers - trade debtors	-	-
Construction contract receivables	59.0	88.1

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

8 Receivables (cont)

Amounts due from related parties

Amounts due from related parties that are past due are not considered impaired. At 30 June 2010, there is no provision for impairment of overdue other receivables (2009: \$nil). The ageing analysis of these amounts due from related parties is as follows:

	Consolidated	
	2010	2009
	\$M	\$M
Overdue by:		
Up to 1 month	5.5	21.0
1 month to 4 months	7.3	12.4
Greater than 4 months	0.4	6.0
	13.2	39.4

Loans to related parties

Details of loans to related parties are set out in note 30. During the financial year impairments of \$43.9 million (2009: \$nil) have been recorded against related party loans provided to fund development projects.

Receivables from the ESAP

At 30 June 2009 and 2010, receivables from employees under the ESAP have been impaired to \$nil as the security exercise prices were above the market price of the stapled security as quoted on the ASX. Gross amounts receivable from employees of \$12.5 million (2009: \$17.2 million) continue to bear interest at the Consolidated Entity's weighted average interest rate of 6.9% per annum (2009: 5.5% per annum) and are for periods of up to five years. Loans shown are full recourse in respect of those securities vested under the ESAP.

9 Inventories

	Consolidated	
	2010	2009
	\$M	\$M
Current		
Development land	244.3	10.0
	244.3	10.0
Non-current		
Development land	181.9	35.5
	181.9	35.5

During the financial year, borrowing costs of \$8.4 million (2009: \$nil) previously capitalised into the carrying value of inventories were expensed to the income statement on disposal.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

10 Assets/liabilities classified as held for sale

	Consolidated	
	2010	2009
	\$M	\$M
Assets classified as held for sale		
Cash	-	21.3
Investment properties	-	157.3
Other assets	-	4.3
	-	182.9
Liabilities classified as held for sale		
Other liabilities	-	(10.1)
	-	(10.1)

At 30 June 2009, the Consolidated Entity's China division was at an advanced stage of negotiations to sell 80% of its interest in an entity incorporated in the Cayman Islands that held four investment properties. This transaction was completed on 9 September 2009. Accordingly, at 30 June 2009, the assets and liabilities of the entity were presented as held for sale and recorded at the lower of cost or net realisable value.

11 Other assets

	Consolidated	
	2010	2009
	\$M	\$M
Current		
Refundable deposits for the purchase of investment properties	-	4.4
Prepayments	11.2	11.6
Other	20.5	26.9
	31.7	42.9
Non-current		
Refundable deposits for the purchase of investment properties	1.0	-
	1.0	-

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

12 Investment properties

	Stabilised investment properties		Investment properties under development		Total investment properties	
	2010	2009	2010	2009	2010	2009
	\$M	\$M	\$M	\$M	\$M	\$M
Carrying amount at the beginning of the year	2,547.2	2,953.1	986.8	1,310.7	3,534.0	4,263.8
Cost of acquisition:						
- On acquisition of controlled entities	-	23.9	-	-	-	23.9
- Other acquisitions	-	36.9	28.1	107.9	28.1	144.8
Transfers in from other assets	-	-	-	37.7	-	37.7
Capital expenditure	53.6	39.3	99.5	255.4	153.1	294.7
Transfers	(36.2)	254.8	36.2	(254.8)	-	-
Disposals:						
- Carrying value of properties sold	(24.9)	(148.1)	(27.5)	(232.8)	(52.4)	(380.9)
- On disposal of interests in controlled entities	(79.5)	(121.0)	-	(90.1)	(79.5)	(211.1)
Transfers to assets held for sale	-	(157.3)	-	-	-	(157.3)
Transfers to inventories	-	-	(393.1)	-	(393.1)	-
Transfers to construction contract receivables	-	-	(12.2)	-	(12.2)	-
Net loss from fair value adjustments	(87.4)	(355.0)	(122.6)	(172.0)	(210.0)	(527.0)
Effect of foreign currency translation	(77.2)	20.6	(93.4)	24.8	(170.6)	45.4
Carrying amount at the end of the year¹	2,295.6	2,547.2	501.8	986.8	2,797.4	3,534.0

1. As at 30 June 2010, investment properties with a carrying value of \$72.5 million (2009: \$1,289.6 million) were subject to charges to secure bank loans.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

12 Investment properties (cont)

Details of the Consolidated Entity's stabilised investment properties are set out below:

Stabilised properties	Last independent valuation date	Last independent valuation \$M	Fair value adjustment during the year \$M	Book value 30 June 2010 \$M	Book value 30 June 2009 \$M
Australia					
Warehouse/Distribution Centres					
MFive Industry Park, Moorebank, NSW	30 Jun 08	152.5	(3.2)	133.4	136.4
Greystanes Park East, Prospect, NSW	30 Jun 08	135.5	(2.4)	121.3	123.5
Greystanes Park West, Prospect, NSW	31 Dec 09	64.0	(2.0)	64.0	66.3
Southend Distribution Centre, Mascot, NSW	31 Dec 09	39.5	(4.8)	39.3	44.2
Roberts Distribution Centre, Chullora, NSW - Building A	31 Dec 08	34.4	(2.3)	33.2	35.0
Roberts Distribution Centre, Chullora, NSW - Building B	30 Jun 10	33.0	(3.0)	33.0	36.4
Perth Airport, Perth, WA	30 Jun 10	35.0	2.7	35.0	32.1
Kingston Distribution Centre, Braeside, Vic	31 Dec 09	24.5	(2.0)	24.5	26.6
Sheffield Distribution Centre, Welshpool, WA	31 Dec 09	24.0	(1.5)	24.1	33.3
Taylor Distribution Centre, Edinburgh, SA	30 Jun 10	9.0	(0.4)	9.0	9.4
Perth Airport - Amerind Development, Perth Airport, WA	31 Dec 09	6.3	(1.5)	6.3	7.8
Perth Airport - ITT Flygt, Perth Airport, WA	31 Dec 09	4.1	0.5	4.1	3.6
Business Parks					
Lidcombe Business Park, Lidcombe, NSW	31 Dec 08	165.0	-	156.5	155.8
Campus Business Park, Homebush, NSW	30 Jun 10	152.5	(3.4)	152.5	154.9
Clayton Business Park, Clayton, Vic	30 Jun 08	116.5	(0.2)	113.1	110.6
Slough Business Park, Silverwater, NSW	31 Dec 08	111.5	(5.5)	101.7	106.3
Homebush Corporate Park, Homebush, NSW ¹	30 Jun 10	98.5	0.9	101.0	97.0
IBC Corporate Centre, Homebush, NSW	30 Jun 10	99.0	(5.0)	99.0	99.9
Airgate Business Park, Mascot, NSW	30 Jun 10	77.5	(5.8)	77.5	83.2
Botany Grove Business Park, Botany, NSW - Stage 1, 2 & 3	31 Dec 08	67.7	(6.1)	61.7	67.5
Euston Business Park, Alexandria, NSW	31 Dec 08	55.9	-	52.2	52.2
Toyotagreen Business Park, Port Melbourne, Vic ²	31 Dec 09	83.6	(5.3)	83.1	89.7
Forestridge Business Park, Frenchs Forest, NSW	31 Dec 09	38.5	(5.7)	39.0	43.7
Orion Business Park, Lane Cove, NSW	30 Jun 09	13.3	-	13.1	13.2
Botany Grove Business Park, Botany, NSW - Stage 4	30 Jun 09	4.8	-	4.8	4.8
Chase Business Park, Chatswood	31 Dec 09	1.3	(0.3)	1.3	1.5
Industrial Estates					
Discovery Cove Industrial Estate, Banksmeadow, NSW	30 Jun 10	89.4	0.9	89.4	88.6
Alexandria Industrial Estate, Alexandria, NSW	30 Jun 10	72.0	0.2	72.0	72.1
Mitchell Industrial Estate, 149 Mitchell Road, Alexandria, NSW	31 Dec 07	60.0	0.1	61.6	61.5
Burrows Industrial Estate, Alexandria, NSW	30 Jun 10	34.1	(0.9)	34.1	35.0
Mitchell Industrial Estate, 165 Mitchell Road, Alexandria, NSW	30 Jun 09	16.8	-	16.7	16.6
Homebush Bay Industrial Estate, Homebush, NSW	30 Jun 09	10.3	-	10.4	10.3
Keylink Industrial Estate, Edinburgh Parks, SA	31 Dec 09	12.4	(0.3)	12.1	12.1
Goldsborough Industrial Estate, Pooraka, SA	31 Dec 09	5.5	(1.6)	5.5	7.0
Westcove Industrial Estate, Lane Cove, NSW	n/a	n/a	-	-	8.1
Kingsford Smith Industrial Estate, Alexandria, NSW	n/a	n/a	(9.4)	-	42.0
			(67.3)	1,885.5	1,988.2

1. The valuation of Homebush Corporate Park at 30 June 2010 excluded a small portion of the site included in the book value above.
2. Toyotagreen Business Park includes land and buildings for redevelopment with book value of \$19.0 million (2009: \$19.2 million). The land and buildings for redevelopment have not been externally revalued.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

12 Investment properties (cont)

	Last independent valuation date	Last independent valuation \$M	Fair value adjustment during the year \$M	Book value 30 June 2010 \$M	Book value 30 June 2009 \$M
Stabilised properties					
Europe					
Warehouse/distribution centres					
Düren Logistics Centre , Duren, Germany	n/a	n/a	(1.3)	-	24.4
Schönberg Logistics Centre, Schonberg, Germany	n/a	n/a	(2.0)	-	25.5
Theodorstrasse, Düsseldorf, Germany	n/a	n/a	-	-	1.5
Business parks					
Air Park Paris-Sud, Wissous, France	30 Jun 08	57.6	(6.6)	36.8	56.1
			(9.9)	36.8	107.5
United Kingdom					
Warehouse/distribution centres					
Royal Oak Ind Estate, Daventry, East Midlands, England	30 Jun 08	129.6	(1.1)	89.3	104.8
Amazon Unit, Jersey Marine, Swansea, Wales	30 Jun 08	49.3	(1.3)	44.4	45.0
Tunnel Industrial Estate, West Thurrock, South East England	30 Jun 08	45.0	-	32.8	38.1
Citadel Junction, Wolverhampton, West Midlands, England	30 Jun 08	44.8	(2.3)	30.0	37.2
Gloucester Business Park, Gloucester, South West England	30 Jun 08	36.0	-	28.5	33.2
Gemini Business Park, Beckton, South East England	-	-	-	27.4	2.0
Pioneer Business Park, Ellesmere Port, North West England	30 Jun 08	23.8	-	18.7	20.9
Centrum 100 Business Park, Burton-on-Trent, East Midlands, England	30 Jun 10	17.8	-	17.8	20.7
Hoddesdon - Innovate Unit Phase 2, South East England	30 Jun 08	20.9	(2.3)	16.6	17.8
Hoddesdon - CERT Unit, Phase 3, South East England	30 Jun 10	14.9	(2.5)	14.9	20.2
Hoddesdon - Recall Unit B, South East England	30 Jun 08	15.4	-	11.7	13.6
Maltby, Rotherham, North East England	30 Jun 08	16.3	-	10.9	12.7
Hoddesdon - Phase 3 G Unit, South East England	30 Jun 08	11.4	-	8.0	9.3
RD Park, Hoddesdon, South East England	30 Jun 08	8.5	(0.7)	6.9	7.5
Scottish Widows Unit 1, Hinckley, East Midlands, England	30 Jun 08	7.3	0.3	5.6	5.6
Johnsons Palace Unit 2, Hinckley, East Midlands, England	30 Jun 08	8.4	-	4.8	5.5
Earlstrees Industrial Estate, Corby, East Midlands, England	30 Jun 08	6.2	-	4.6	5.4
Hoddesdon - K Units Phase 2, South East England	30 Jun 08	1.6	(0.1)	0.4	0.9
Brackmills Industrial Estate, Northampton, East Midlands, England	n/a	n/a	-	-	23.8
Amber Park, South Normanton, East Midlands, England	n/a	n/a	-	-	19.6
Harthills, Glasgow, Scotland	n/a	n/a	-	-	3.9
Golden Business Park, Leyton, South East England	n/a	n/a	(0.2)	-	3.8
			(10.2)	373.3	451.5
Portfolio total			(87.4)	2,295.6	2,547.2

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

13 Investments accounted for using the equity method

		Consolidated	
		2010	2009
	Note	\$M	\$M
Share of net assets accounted for using the equity method			
Associates	13(a)	2,035.7	2,373.6
Joint venture entities	13(b)	243.5	288.7
Total		2,279.2	2,662.3

(a) Investments in associates

	Consolidated	
	2010	2009
	\$M	\$M
Movements in carrying amount of investments in associates		
Carrying amount at the beginning of the year	2,373.6	2,142.1
Share of net results after tax (before revaluations) ¹	77.2	123.1
Share of net loss from fair value adjustments on investment properties ²	(275.3)	(578.6)
Share of fair value adjustments on interest rate swaps	(4.5)	(8.0)
Share of net results	(202.6)	(463.5)
Share of movements in reserves	(0.6)	(132.2)
Acquisitions	193.5	1,100.8
Disposals	(76.2)	(182.9)
Distributions received and receivable	(116.2)	(126.3)
Effect of foreign currency translation	(135.8)	35.6
Carrying amount at the end of the year	2,035.7	2,373.6

1. Share of net results after tax (before revaluations) includes losses on disposals of investment properties of \$19.3 million (2009: \$17.1 million), restructure charges of \$nil (2009: \$2.2 million), debt restructure charges of \$19.7 million (2009: \$nil) and other losses impacting the distributable results of associates of \$5.0 million (2009: \$nil).
2. Share of net loss from fair value adjustments on investment properties includes a non-recurring deferred tax charge of \$21.9 million in the New Zealand division as a result of the removal of the ability to claim depreciation deductions on buildings with an estimated useful life of 50 years or more.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

13 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	
		2010	2009	2010	2009	2010	2009
		\$M	\$M	%	%	\$M	\$M
Property investment associates							
Goodman Australia Industrial Fund (GAIF)	Australia	(87.9)	(156.8)	43.8	45.4	1,090.8	1,122.9
Goodman Australia Development Fund (GADF) ¹	Australia	-	-	20.0	-	-	-
Goodman Property Trust (GMT) ²	New Zealand	(17.8)	(17.4)	16.8	28.1	109.3	215.0
Goodman Hong Kong Logistics Fund (GHKLF)	Cayman Islands	23.3	15.7	24.2	24.2	242.6	244.2
Goodman China Logistics Holding Limited (GCLHL)	China	3.0	-	20.0	-	9.4	-
Goodman European Logistics Fund (GELF)	Luxembourg	(65.0)	(72.2)	38.3	32.9	294.4	411.7
Arlington Business Parks Partnership (ABPP)	United Kingdom	(58.2)	(232.8)	35.7	35.8	289.2	379.8
		(202.6)	(463.5)			2,035.7	2,373.6

- On 17 May 2010, GADF was established in Australia. The Consolidated Entity has a 20% ownership interest in GADF, which has a target gross asset value of \$400 million and is contracted to acquire the Consolidated Entity's Kmart development in Melbourne.
- GMT is a listed entity. The market value of the Consolidated Entity's investment in GMT at 30 June 2010 using the quoted price on the last day of trading was \$134.4 million (2009: \$173.7 million).

Name	Year ended 30 June	Revenue ¹	Result after	Total assets	Total	Net assets
		(100%)	tax ¹ (100%)	(100%)	liabilities	(100%)
		\$M	\$M	\$M	\$M	\$M
GAIF	2010	413.6	(194.8)	4,430.6	1,953.2	2,477.4
	2009	404.6	(336.4)	4,637.8	2,165.1	2,472.7
GADF	2010	-	-	-	-	-
	2009	-	-	-	-	-
GMT	2010	45.7	(111.4)	1,269.1	671.5	597.6
	2009	106.8	(63.2)	1,256.9	530.7	726.2
GHKLF	2010	92.1	94.9	1,628.0	625.4	1,002.6
	2009	121.4	71.2	1,703.4	729.3	974.1
GCLHL	2010	11.1	14.8	216.6	180.1	36.5
	2009	-	-	-	-	-
GELF	2010	80.1	27.3	1,925.6	1,175.7	749.9
	2009	183.9	(229.5)	2,633.3	1,471.6	1,161.7
ABPP	2010	136.2	(158.9)	2,327.4	1,512.4	815.0
	2009	200.9	(517.2)	3,147.6	2,004.0	1,143.6

- 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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

13 Investments accounted for using the equity method (cont)

(b) Investments in joint venture entities (JVEs)

	Consolidated	
	2010	2009
	\$M	\$M
Movements in carrying amount of investments in JVEs		
Carrying amount at the beginning of the year	288.7	257.4
Share of net results after tax (before revaluations) ¹	-	6.9
Share of net loss from fair value adjustments on investment properties ²	(33.6)	(52.1)
Share of fair value adjustments on interest rate swaps	(0.6)	-
Share of net results	(34.2)	(45.2)
Share of movements in reserves	(0.1)	(1.1)
Impairment ³	(29.1)	(10.2)
Acquisitions	26.9	120.4
Transfer on reclassification as a controlled entity ⁴	-	(1.2)
Disposals	-	(73.5)
Transfer from other financial assets ⁵	-	2.5
Distributions received and receivable	-	(19.6)
Effect of foreign currency translation	(8.7)	59.2
Carrying amount at the end of the year	243.5	288.7

1. Share of net results after tax (before revaluations) for the current financial year includes gains of \$0.3 million (2009: losses of \$1.8 million) on disposals of investment properties, impairment losses of \$4.5 million (2009: \$nil), restructure charges of \$0.6 million (2009: \$2.8 million) and losses of \$0.7 million (2009: \$nil) on exercise of employee share options.
2. Share of net loss from fair value adjustments on investment properties includes a non-recurring deferred tax charge of \$7.2 million in the New Zealand division as a result of the removal of the ability to claim depreciation deductions on buildings with an estimated useful life of 50 years or more.
3. Relates to the investments in MGJ (refer to note 2) and 413 King William Street Trust.
4. Relates to the acquisition of remaining 50% share of Goodman Asia Limited on 3 December 2008.
5. Relates to the investment in 413 King William Street Trust.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

13 Investments accounted for using the equity method (cont)

(b) Investments in JVEs (cont)

		Consolidated share of JVE's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
Name	Country of establishment/	2010 \$M	2009 \$M	2010 %	2009 %	2010 \$M	2009 \$M
Fund management JVEs							
Goodman Asia Limited (GAL) ¹	Hong Kong	-	2.1	-	-	-	-
MGJL Management Lux Sàrl	Luxembourg	-	-	50.0	50.0	0.1	0.2
Property investment JVEs							
413 King William Street Trust (KWS)	Australia	-	-	50.0	50.0	0.5	0.5
Macquarie Goodman Japan Pte Ltd (MGJ)	Singapore	(27.0)	(40.8)	50.0	50.0	108.6	165.4
MGJ Cayman 1	Cayman Islands	(4.1)	(0.8)	50.0	50.0	11.9	14.1
Goodman Princeton Holdings (Lux) Sarl (Princeton Lux)	Luxembourg	-	-	20.0	-	9.3	-
Goodman Princeton Holdings (Jersey) Limited (Princeton Jersey)	Jersey	-	-	20.0	-	9.2	-
Colworth Park Ltd Partnership (Colworth)	United Kingdom	1.6	1.8	50.0	50.0	17.8	18.9
The Harwell Science and Innovation Campus Limited Partnership (Harwell)	United Kingdom	(0.3)	(0.2)	50.0	50.0	5.5	6.6
Abu Dhabi Business Parks Company LLC (Abu Dhabi)	United Arab Emirates	-	(0.8)	49.0	49.0	-	-
Property development JVEs							
BGA1 Pty Ltd	Australia	0.1	1.1	50.0	50.0	(0.2)	-
Toll Goodman Property Services Pty Ltd (TGPS)	Australia	0.5	0.4	50.0	50.0	1.9	1.2
GGGAIF Huntingwood East (Huntingwood East)	Australia	-	-	50.0	50.0	-	-
GGGAIF Huntingwood West (Huntingwood West)	Australia	-	-	50.0	50.0	-	-
GGGAIF Moorebank (Moorebank)	Australia	-	-	50.0	50.0	-	-
Highbrook Development Ltd (HDL)	New Zealand	(0.2)	2.1	25.0	25.0	44.9	43.3
Goodman Seaview Ltd (Seaview)	Cayman Islands	-	-	50.0	50.0	5.2	5.5
Goodman Interlink Ltd (Interlink)	Cayman Islands	-	-	50.0	50.0	12.1	12.7
Goodman Herten Logistics (Lux) Sàrl (Herten)	Luxembourg	(1.3)	1.5	50.0	50.0	-	1.4
Goodman Lazulite Logistics (Lux) Sàrl (Lazulite)	Luxembourg	(0.3)	0.4	50.0	50.0	0.1	0.4
Ullo One 2008 Kft	Hungary	(2.8)	(0.4)	50.0	50.0	2.9	4.5
Agate Ingatlanforgalmazó Kft (Agate)	Hungary	-	-	50.0	50.0	-	-
WMP NV	Belgium	(0.5)	-	50.0	50.0	-	0.5
BL Goodman LLP	United Kingdom	0.1	(7.9)	50.0	50.0	6.3	6.2
Desborough Developments Ltd (Desborough)	United Kingdom	-	(2.4)	50.0	50.0	2.8	2.7
Gateway LLP	United Kingdom	-	-	50.0	50.0	3.0	3.2
Pochin Rosemound (Deeside) Ltd (Pochin)	United Kingdom	-	(1.3)	50.0	50.0	1.6	1.4
		(34.2)	(45.2)			243.5	288.7

1. On 3 December 2008, Goodman acquired the remaining 50% of GAL, which is now disclosed as a controlled entity (refer to note 28). The ownership interest for the purposes of the JVE disclosure is nil.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

13 Investments accounted for using the equity method (cont)

(b) Investments in JVEs (cont)

Name	Year ended 30 June	Revenue¹ (100%) \$M	Result after tax¹ (100%) \$M	Total assets² (100%) \$M	Total liabilities² (100%) \$M	Net assets/ (liabilities) (100%) \$M
GAL	2010	-	-	-	-	-
	2009	11.7	4.2	-	-	-
MGJL Management Lux Sàrl	2010	-	-	0.3	-	0.3
	2009	-	-	0.3	-	0.3
KWS	2010	-	-	9.0	4.0	5.0
	2009	-	-	5.0	-	5.0
MGJ	2010	52.9	(115.8)	934.2	577.8	356.4
	2009	36.8	(173.0)	1,139.3	547.8	591.5
MGJ Cayman 1	2010	2.1	(9.0)	27.7	1.4	26.3
	2009	12.7	(1.8)	43.9	12.8	31.1
Princeton Lux	2010	-	-	39.5	-	39.5
	2009	-	-	-	-	-
Princeton Jersey	2010	0.2	0.2	41.0	1.0	40.0
	2009	-	-	-	-	-
Colworth	2010	7.8	3.1	80.0	44.5	35.5
	2009	11.5	4.1	88.8	51.0	37.8
Harwell	2010	2.4	(0.5)	9.0	0.5	8.5
	2009	2.0	(0.3)	11.1	0.6	10.5
Abu Dhabi	2010	-	-	-	-	-
	2009	-	(1.7)	-	-	-
BGA1 Pty Ltd	2010	0.3	0.2	0.3	0.7	(0.4)
	2009	2.1	2.1	2.0	2.6	(0.6)
TGPS	2010	1.4	0.9	3.5	0.1	3.4
	2009	0.7	0.7	2.5	-	2.5
Huntingwood East	2010	-	-	23.2	34.1	(10.9)
	2009	-	-	15.9	15.9	-
Huntingwood West	2010	-	-	106.4	157.8	(51.4)
	2009	-	-	21.4	21.4	-
Moorebank	2010	-	-	-	-	-
	2009	-	-	-	-	-
HDL	2010	73.1	63.3	359.9	155.9	204.0
	2009	11.4	7.9	259.4	150.8	108.6
Seaview	2010	-	-	134.2	125.6	8.6
	2009	-	-	121.4	121.4	-
Interlink	2010	-	-	235.6	200.7	34.9
	2009	-	-	141.8	141.8	-

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

13 Investments accounted for using the equity method (cont)

(b) Investments in JVEs (cont)

Name	Year ended 30 June	Revenue¹ (100%) \$M	Result after tax¹ (100%) \$M	Total assets² (100%) \$M	Total liabilities² (100%) \$M	Net assets/ (liabilities) (100%) \$M
Herten	2010	-	0.1	7.8	8.3	(0.5)
	2009	-	3.0	12.0	9.1	2.9
Lazulite	2010	-	0.2	5.7	6.0	(0.3)
	2009	-	0.8	7.1	6.3	0.8
Ullo One 2008 Kft	2010	-	0.1	12.7	11.1	1.6
	2009	-	(0.8)	14.5	5.4	9.1
Agate	2010	-	0.2	5.5	6.0	(0.5)
	2009	-	-	7.9	7.9	-
WMP NV	2010	-	0.3	15.6	15.1	0.5
	2009	-	-	17.3	16.3	1.0
BL Goodman LLP	2010	0.8	0.2	26.4	27.1	(0.7)
	2009	2.5	(15.9)	32.5	31.4	1.1
Desborough	2010	-	-	-	-	-
	2009	-	(4.7)	-	-	-
Gateway LLP	2010	-	-	1.9	-	1.9
	2009	-	-	1.3	1.3	-
Pochin	2010	-	-	11.4	0.1	11.3
	2009	-	(2.6)	13.1	13.1	-

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 \$1,907.3 million (2009: \$1,666.3 million) and total non-current liabilities of \$1,215.6 million (2009: \$1,059.9 million).

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

14 Other financial assets

	Consolidated	
	2010	2009
	\$M	\$M
Investment in listed securities, at fair value ¹	42.3	27.7
Investment in unlisted securities, at fair value ²	27.6	43.4
	69.9	71.1

1. The investment in listed securities relates to ING Industrial Fund, which is valued using the quoted price on the last day of trading in the financial year.
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.

15 Plant and equipment

	Consolidated	
	2010	2009
	\$M	\$M
Leasehold improvements, at cost	8.1	12.9
Accumulated amortisation	(3.1)	(4.6)
	5.0	8.3
Plant and equipment, at cost	30.2	47.3
Accumulated depreciation	(22.5)	(32.0)
	7.7	15.3
Total plant and equipment, at net book value	12.7	23.6
Reconciliation		
Leasehold improvements		
Carrying amount at the beginning of the year	8.3	10.0
Additions	0.6	1.1
Disposals	(1.3)	(1.4)
Amortisation	(2.0)	(1.3)
Effect of foreign currency translation	(0.6)	(0.1)
Carrying amount at the end of the year	5.0	8.3
Plant and equipment		
Carrying amount at the beginning of the year	15.3	14.9
Additions on acquisition of controlled entities		1.4
Other additions	1.5	8.2
Disposals	(1.4)	(1.7)
Depreciation	(6.3)	(7.7)
Effect of foreign currency translation	(1.4)	0.2
Carrying amount at the end of the year	7.7	15.3

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

16 Intangible assets

	Consolidated	
	2010	2009
	\$M	\$M
Goodwill relating to European operations, at cost	644.0	799.4
Management rights relating to Asia Pacific operations, at cost	61.6	51.4
Management rights relating to European operations, at cost	223.8	274.6
	929.4	1,125.4

The management rights relating to Asia Pacific and European operations have been assessed to have an indefinite life as these rights are routinely renewed at minimal cost.

A reconciliation of the movement in intangible assets for the financial year is set out below:

Reconciliation	Note	Carrying amount at the beginning of the year	Acquisitions	Adjustments²	Impairment	Effect of foreign currency translation	Carrying amount at the end of the year
		\$M	\$M	\$M	\$M	\$M	\$M
Goodwill							
Logistics - Continental Europe	16(a)	669.5	-	-	(7.6)	(122.6)	539.3
Business Parks - Continental Europe	16(b)	8.2	-	-	(7.4)	(0.8)	-
Logistics - United Kingdom	16(c)	121.7	-	-	-	(17.0)	104.7
Subtotal - goodwill		799.4	-	-	(15.0)	(140.4)	644.0
Asia Pacific management rights							
Fund management - New Zealand		5.5	-	-	-	-	5.5
Fund management - Hong Kong	16(d)	25.1	-	-	-	(1.3)	23.8
Fund management - China	16(e)	20.8	12.0	-	-	(0.5)	32.3
Subtotal - Asia Pacific management rights		51.4	12.0	-	-	(1.8)	61.6
European management rights							
Logistics - Continental Europe	16(a)	37.6	-	-	-	(6.8)	30.8
Business Parks - Continental Europe	16(b)	12.5	-	-	(11.2)	(1.3)	-
Business Parks - United Kingdom	16(f)	214.6	-	-	-	(30.2)	184.4
Science Parks - United Kingdom ¹		9.9	-	-	-	(1.3)	8.6
Subtotal - European management rights		274.6	-	-	(11.2)	(39.6)	223.8
Subtotal - management rights		326.0	12.0	-	(11.2)	(41.4)	285.4
Total - 2010		1,125.4	12.0	-	(26.2)	(181.8)	929.4
Total - 2009		1,073.2	56.6	(8.4)	(33.2)	37.2	1,125.4

1. In the consolidated financial report for the previous financial year the Science Parks – United Kingdom business was referred to as Business Parks – Colworth. The management rights in the Science Parks – United Kingdom business relate to the Colworth business unit.

2. In the prior financial year, adjustments related to the release of surplus provisions which arose on the acquisition of Eurinpro.

Impairment charge

The intangible assets relating to the Business Parks - Continental Europe business were impaired and fully written down during the financial year. Given the revision of development estimates during the forecast period and the decline in investment property values, the forecast net cash flows no longer support the carrying value of these intangible assets. The intangible assets that were impaired comprised goodwill totalling \$7.4 million, which arose on the acquisition of the Calliston business during the financial year ended 30 June 2007, and management rights totalling \$11.2 million, which arose on the acquisition of Arlington during the financial year ended 30 June 2006.

An impairment loss of \$7.6 million was also recognised in respect of the Logistics - Continental Europe business. This arose primarily as a result of the increased discount rate for the division, reflecting the adverse change in underlying sovereign credit risk in certain Continental European countries. The impairment loss has been applied against goodwill.

In the comparative financial year, as a result of current conditions in the United Kingdom property market and the consequent delay in establishing a United Kingdom Logistics fund platform, an impairment charge of \$24.5 million was recognised against the goodwill in the Logistics - United Kingdom division. Also, as a result of the revised prospective cash flows from the Colworth business unit, an impairment charge of \$8.7 million was recognised against management rights in the Science Parks – United Kingdom business.

Impairment losses have been reflected as impairment losses in the income statement (refer to note 5). There have been no reversals of impairment losses during the financial year (2009: \$nil).

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

16 Intangible assets (cont)

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 was performed on the combined intangible asset.

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 ⁴	Hong Kong ⁵	China	Business Parks - United Kingdom	Science Parks - United Kingdom
Pre-tax discount rate (pa) ^{1,2}	2010	13.3%	18.5%	17.0%	11.8%	18.4%	8.7%	8.7%
	2009	11.5%	15.3%	n/a	9.2%	16.0%	11.4%	11.8%
Average annual development (millions square metres)	2010	0.65	0.25	0.10	0.23	0.20	0.06	-
	2009	0.43	0.23	n/a	0.23	0.20	0.07	-
Average annual growth in assets under management ³	2010	8.1%	46.4%	4.0%	6.9%	35.8%	0.8%	-
	2009	6.0%	31.4%	n/a	9.5%	63.5%	8.3%	-
Total performance fees (A\$M)	2010	-	-	5.8	44.8	0.5	18.0	-
	2009	-	2.3	n/a	32.5	28.5	25.7	-
Average increase in operating expenses	2010	17.1%	3.9%	5.9%	8.0%	7.0%	3.1%	-
	2009	6.8%	(4.0%)	n/a	5.6%	9.0%	(5.0%)	2.0%

1. The gearing assumption used in impairment testing for all intangible assets has been revised from 40% at 30 June 2009 to 30% at 30 June 2010. As the cost of equity exceeds the cost of debt, this had an incremental effect on discount rates.
2. A risk premium is included in each division's discount rate reflecting the level of forecasting, size, country and financing risks for that division. The adverse movement in the underlying sovereign credit risks within Continental Europe has contributed to the increased discount rate for that division. The improvements in underlying forecasting risks and the reduced cost of debt in the United Kingdom have resulted in a significantly lower discount rate for the Business Parks - United Kingdom division. An increase in the market risk premium from 30 June 2009 has been adopted for Hong Kong and China discount rates to reflect changes in investor expectations.
3. Assets under management (AUM) growth rates are highest in UK Logistics and China as the initial portfolios containing a low number of completed properties are augmented by completed developments over the forecast period.
4. No impairment testing was performed for the New Zealand intangible assets at 30 June 2009.
5. The forecast for Hong Kong for both 2010 and 2009 assumed completion of 0.1 million square metres of business space in year two.

Development activity

For impairment testing in both 2010 and 2009, demand is assumed to continue to grow for premium grade industrial production 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 Continental Europe and the United Kingdom. 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, except GEBPF. 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 year four is assumed to flow from a significant expansion in the development pipeline from year three levels of circa 0.6 million square metres of business space to 0.9 million square metres in years four and five. This assumption is based on Goodman continuing to grow its Logistics – Continental Europe development business and recovery in demand for premium grade modern logistics facilities. The estimated total cash outflow required to fund the assumed development pipeline increases from circa \$0.4 billion in year one to circa \$0.8 billion in year five.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

16 Intangible assets (cont)

Impairment testing for intangible assets (cont)

(b) Business parks – Continental Europe

The carrying value of intangible assets relating to Business Parks – Continental Europe was fully impaired during the financial year. In the comparative financial year, the fund was assumed to recommence developments in the year commencing 1 July 2011.

(c) Logistics - United Kingdom

The majority of development land is expected to be sold to the 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 years three and four at approximately 0.4 million square metres of completed product per annum.

(d) Hong Kong

For both 2010 and 2009, 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.

(e) China

Existing properties owned by Goodman are assumed to be fully developed and sold to GCLHL on completion. Additional land will be acquired by Goodman on an ongoing basis to accommodate property developments for ultimate ownership by the joint venture.

(f) Business Parks - United Kingdom

The United Kingdom property market has started to recover in 2010 but will remain a difficult operating environment in the short term. This is reflected in the 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 2010 and 2009, 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 practical to determine the approximate ratio of the total which will flow from each source.

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

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

Margins to be earned from development activity

Assumptions on margins earned from developments included in impairment testing by each business unit are consistent with those adopted at 30 June 2009. An assumption has been made that margins will improve gradually over the forecast period as business conditions continue to recover from lows in 2008, 2009 and 2010. This is consistent with assumptions made in the comparative financial year.

Growth in assets under management

Investment property values in each market have stabilised at 30 June 2010. Growth in property values has been forecast in each division as a result of increased rental income. A decrease in market capitalisation rates of 25 basis points has been included in the forecast for Business Parks – United Kingdom in year one. No other division has included changes in property values as a result of changes in underlying market capitalisation rates in its forecast model. AUM in each division are also forecast to grow as a result of the acquisition of developed product by managed funds. This growth generates an increase in base funds management fees in each division. The above assumptions are consistent with those made in impairment testing for 30 June 2009, with the exception that a decrease in property values was assumed for Business Parks – United Kingdom in year one (2010) with increases over the remainder of the forecast period.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

16 Intangible assets (cont)

Impairment testing for intangible assets (cont)

New funds or joint ventures

No new funds or joint ventures have been assumed by any division in their impairment tests. For the comparative period, new joint venture structures were assumed within Logistics – United Kingdom and China in the year ended 30 June 2010. A further joint venture was forecast by Logistics – United Kingdom in the year ending 30 June 2011. All joint ventures were assumed to be seeded with initial portfolios from investment properties owned by Goodman. On balance sheet properties were assumed to drive further growth in the assets under management of each joint venture. Goodman was assumed to earn fund management revenue from all joint ventures at levels consistent with those earned from other funds managed by Goodman.

Performance fees

Performance fees are assumed to be earned by Business Parks – United Kingdom in years three to five (2009: years four and five). In Hong Kong, performance fees are assumed to be recouped from outperformance in previous years. Additional moderate performance fees are earned in each year commencing on or after 1 July 2010 (2009: each year commencing on or after 1 July 2011).

Operating expenses

Operating expenses in Continental Europe are expected to increase by an average of 17.1% over the forecast period as development activity returns. For all other divisions, operating expenses are expected to increase on average at rates between 3.1% and 8% per annum. As a result of the restructuring implemented during the comparative financial year, each of the other divisions' annual operating expenses were assumed to reduce. For each division, synergies in operating expenses were assumed such that operating expenses increase at a lower rate than projected income.

Assumptions impacting the terminal year¹

		Logistics - Continental Europe	Logistics - United Kingdom	New Zealand ³	Hong Kong	China	Business Parks - United Kingdom	Science Parks - United Kingdom
Development in terminal year (millions square metres)	2010	0.88	0.25	0.11	-	0.05	0.05	-
	2009	0.95	0.29	n/a	-	0.57	0.08	-
Growth rate(pa) ²	2010	2.0%	2.5%	2.5%	2.0%	2.6%	2.5%	2.5%
	2009	2.5%	2.5%	n/a	2.0%	5.0%	2.5%	2.5%
Development in terminal year (cost in A\$ billions) ¹	2010	0.76	0.23	0.07	-	0.03	0.14	-
	2009	0.84	0.72	n/a	-	0.09	0.24	-

- Figures are not disclosed for Business Parks - Continental Europe as the intangible assets have been fully impaired at 30 June 2010. Comparative figures for 30 June 2009 are as follows: pre-tax discount rate: 14.2% per annum; development in year five: 0.02 million square metres; growth rate: 2.5% per annum; and development cost in year five: \$0.06 billion.
- 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.
- No impairment testing was performed for the New Zealand intangible assets at 30 June 2009.

Sensitivity analysis

The table below shows the impact on the impairment charge of changes in key assumptions at 30 June 2010. Figures are not disclosed for Business Parks - Continental Europe as the intangible assets have been fully impaired at 30 June 2010.

	Value in use	Increase pre- tax discount rate by 100 bps ¹	Six month delay in all development starts	10% decrease in development margins in each year	10% decrease in property values in each year	5% increase in forecast operating costs each year	25% reduction in performance fees in each year
30 June 2010	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Logistics - Continental Europe ²	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	-	-	-	-	-	-

- Incremental impairment loss from a 100 basis points increase in the pre-tax discount rate.
- The value in use for intangible assets relating to the Continental European Logistics 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 (representing an average for business area development over the last three financial years), the impairment loss to the business would be \$296.0 million.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

16 Intangible assets (cont)

Impairment testing for intangible assets (cont)

The table below shows the impact on the impairment charge of changes in key assumptions at 30 June 2009.

		Increase pre-tax discount rate by 100 bps ¹	10% reduction in development starts in each year	5% decrease in property values in each year	5% increase in forecast operating costs each year
30 June 2009	Value in use⁷				
	\$M	\$M	\$M	\$M	\$M
Logistics - Continental Europe	756.9	-	(111.8)	(2.6)	(28.0)
Europe	23.3	-	(2.2) ²	(2.3)	(2.7)
Logistics - United Kingdom ³	121.7	(4.3)	(16.1) ⁴	n/a ³	(2.9)
Hong Kong	115.0	-	n/a ⁵	n/a ⁵	n/a ⁵
China	113.3	-	n/a ⁵	n/a ⁵	n/a ⁵
Business Parks - United	297.1	-	n/a ⁶	8.6	(7.6)
Science Parks - United Kingdom	9.9	(0.3)	n/a ⁵	n/a ⁵	n/a ⁵

- Incremental impairment loss from a 100 basis points increase in the pre-tax discount rate.
- The amount disclosed represents the impact of a 10% reduction in development management fees in each year.
- The impact of a one year delay in formation of the first joint venture disclosed at 30 June 2009 was a reduction in UK Logistics intangible assets of \$10.3 million. The impact of a decrease in property values was not disclosed at 30 June 2009.
- The amount disclosed represents the impact of a one year delay in development starts.
- Other than the impact on carrying values as a result of a 100 basis point increase in the pre-tax discount rate, no other sensitivity testing was disclosed at 30 June 2009 for Hong Kong, China or Science Parks – United Kingdom.
- The impact of a 25% reduction in performance fees in years four and five was a reduction in the carrying value of intangible assets for Business Parks – United Kingdom of \$9.0 million. The impact of a reduction in development starts in each year was not disclosed at 30 June 2009.
- Value in use testing was not performed for the New Zealand business in 2009.

17 Payables

	Consolidated	
	2010	2009
	\$M	\$M
Current		
Trade payables	42.1	82.9
Other payables and accruals	126.1	147.6
Deferred settlements ¹	-	0.9
Derivative financial instruments	24.8	13.7
	193.0	245.1
Non-current		
Other payables and accruals	19.5	1.5
Derivative financial instruments	158.2	186.5
	177.7	188.0

- Deferred settlements at 30 June 2009 relate to the acquisition of Eurinpro.

Payables denominated in currencies other than Australian dollars are as follows:

Amounts in A\$M	NZD	HKD	USD	SGD	GBP	EUR	JPY
2010	20.6	25.6	9.6	0.1	217.3	69.2	4.3
2009	21.0	26.7	12.5	0.1	208.1	131.6	18.5

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

18 Interest bearing liabilities

	Note	Consolidated	
		2010 \$M	2009 \$M
Current			
Bank loans, unsecured	18(a)	84.1	584.4
Bank loans, secured	18(b)	-	402.3
		84.1	986.7
Non-current			
Bank loans, unsecured	18(a)	1,686.3	2,693.1
Bank loans, secured	18(b)	26.7	-
Euro medium-term notes, unsecured	18(c)	441.2	513.1
Foreign private placement, unsecured	18(d)	38.3	46.9
		2,192.5	3,253.1

(a) Bank loans, unsecured

		Amounts drawn down in A\$M equivalents							
Facility		AUD	NZD	HKD	USD	GBP	EUR	JPY	Total
Syndicated multi currency facility (SMCF) ¹	2010	0.4	-	-	164.8	279.2	111.3	192.1	747.8
	2009	1,017.2	-	-	270.2	3.3	40.9	44.8	1,376.4
Bank loan ²	2010	-	-	-	-	282.4	-	-	282.4
	2009	-	-	-	-	328.4	-	-	328.4
Bank loan ³	2010	285.9	-	-	-	-	92.7	-	378.6
	2009	448.2	-	-	-	-	109.3	-	557.5
Bank loan ⁴	2010	-	-	-	-	-	-	-	-
	2009	-	-	-	-	-	-	101.1	101.1
Bank loan ⁵	2010	-	-	-	-	-	372.3	-	372.3
	2009	-	-	-	-	306.1	623.6	-	929.7
Total	2010	286.3	-	-	164.8	561.6	576.3	192.1	1,781.1
	2009	1,465.4	-	-	270.2	637.8	773.8	145.9	3,293.1
Less: Unamortised borrowing costs	2010								(10.7)
	2009								(15.6)
Total unsecured bank loans	2010								1,770.4
	2009								3,277.5

1. The terms of the SMCF were amended in August 2009 such that an A\$82.1 million facility (calculated using the exchange rates specified under the facility agreement) expires on 23 May 2011, an A\$400.0 million facility expires on 24 May 2012 and an A\$437.9 million facility expires on 1 September 2012. As at 30 June 2010, the facility is drawn to A\$747.8 million.
2. A controlled entity has a bank loan of A\$282.4 million denominated in British pounds sterling. The facility expires on 7 April 2013.
3. Controlled entities have bank loans of A\$378.6 million denominated in Australian dollars (A\$285.9 million) and Euros (A\$92.7 million). The facility expires on 8 February 2012.
4. The facility, denominated in Japanese yen, was repaid in full in February 2010.
5. Controlled entities have bank loans of A\$372.3 million denominated in Euros. The terms of the facility were amended in August 2009 such that an A\$262.4 million facility expires on 5 December 2012 (drawn to A\$70.9 million as at 30 June 2010) and an A\$482.3 million facility expires on 5 December 2013 (drawn to A\$301.4 million as at 30 June 2010).

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

18 Interest bearing liabilities (cont)

(b) Bank loans, secured

Facility		Amounts drawn down in A\$M equivalents			
		AUD	GBP	EUR	Total
Bank loan ¹	2010	-	26.7	-	26.7
	2009	-	106.2	-	106.2
Bank loan ²	2010	-	-	-	-
	2009	-	5.1	6.2	11.3
Bank loan ³	2010	-	-	-	-
	2009	300.0	-	-	300.0
Total	2010	-	26.7	-	26.7
	2009	300.0	111.3	6.2	417.5
Less: Unamortised borrowing costs	2010				-
	2009				(15.2)
Total secured bank loans	2010				26.7
	2009				402.3

1. A controlled entity has a bank loan of A\$26.7 million denominated in British pounds sterling. The facility expires on 30 September 2011.
2. The terms of this facility were amended in August 2009 and the facility, which has not been drawn at 30 June 2010, is now classified as unsecured (refer to note 18(e)).
3. This facility was cancelled and the loan outstanding was repaid on 25 September 2009.

Security for all loans referred to above is by way of first and second ranking charges over various assets of the Consolidated Entity (refer also to note 12).

(c) Euro medium-term notes, unsecured

Goodman Australia Finance Pty Limited, a controlled entity of GIT, has on issue A\$441.2 million (2009: A\$513.1 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 2010 was A\$503.2 million (2009: A\$343.0 million).

(d) Foreign private placement, unsecured

As at 30 June 2010, the Consolidated Entity has an unsecured foreign private placement of A\$38.3 million (2009: A\$46.9 million) denominated in Euros. The facility was drawn in July 2008 and expires on 30 June 2023.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

18 Interest bearing liabilities (cont)

(e) Finance facilities

	Consolidated	
	Facilities⁴ available \$M	Facilities utilised \$M
At 30 June 2010		
Bank loans, unsecured ¹	2,850.2	1,781.1
Bank loans, secured ²	45.2	26.7
Euro medium-term notes, unsecured	441.2	441.2
Foreign private placement, unsecured	38.3	38.3
Bank guarantees ³	-	43.1
	3,374.9	2,330.4
At 30 June 2009		
Bank loans, unsecured	3,388.1	3,277.5
Bank loans, secured	611.7	402.3
Euro medium-term notes, unsecured	513.1	513.1
Foreign private placement, unsecured	46.9	46.9
Bank guarantees ³	-	50.0
	4,559.8	4,289.8

1. At 30 June 2010, the Consolidated Entity had agreed the following unsecured facilities that had not been drawn: A\$17.7 million, denominated in British pounds sterling, expires on 1 September 2012; A\$58.7 million, denominated in US dollars, was signed on 28 June 2010 and expires on 28 June 2013; A\$58.7 million, denominated in US dollars, was signed on 24 June 2010 and expires on 24 June 2013; and A\$168.1 million, denominated in US dollars and Japanese yen, was signed on 4 June 2010 and expires on 4 June 2015.
2. At 30 June 2010, the Consolidated Entity had agreed the following secured facilities that had not been drawn: A\$12.2 million, denominated in Euros, was signed on 29 April 2010 and expires on 30 April 2011; and A\$6.4 million, denominated in Euros, was signed on 29 June 2010 and expires on 31 December 2011.
3. Bank guarantees relate to the Consolidated Entity's unsecured facilities.
4. On 17 August 2010, the Consolidated Entity entered into a new £85 million (A\$150 million) unsecured loan with an international bank. The loan is revolving and available in multiple currencies for a three year term.

19 Employee benefits

		Consolidated	
		2010 \$M	2009 \$M
Aggregate liability for employee benefits including on-costs	Note		
Current			
Annual leave		3.8	4.3
Long service leave		0.8	0.8
Other employee benefits provision		28.0	6.3
		32.6	11.4
Non-current			
Long service leave		0.9	0.8
Defined benefit pension obligations	19(a)	22.0	17.4
Other employee benefits provision		-	0.2
		22.9	18.4

(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 2011.

There have been no changes to the scheme rules in the current and prior financial year.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

19 Employee benefits (cont)

(a) Liability for defined benefit obligation (cont)

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.

	2010 \$M	2009 \$M
Change in benefit obligation		
Benefit obligation at the beginning of the year	59.4	52.4
Current service cost	1.0	1.0
Interest cost	3.1	3.6
Past service cost	-	1.1
Actuarial losses	9.8	2.2
Members' contributions	0.1	0.3
Curtailments or settlements	(0.1)	(0.1)
Benefits paid	(0.6)	(0.5)
Effect of foreign currency translation	(8.5)	(0.6)
Benefit obligation at the end of the year	64.2	59.4
Analysis of defined benefit obligation		
Funds that are wholly or partly funded	64.2	59.4
Change in fund assets		
Fair value of fund assets at the beginning of the year	42.0	49.1
Expected return on fund assets	2.2	3.4
Actuarial gains/(losses)	3.4	(11.5)
Employer contributions	1.2	1.1
Members' contributions	0.1	0.3
Curtailments or settlements	(0.1)	(0.1)
Benefits paid	(0.6)	(0.5)
Effect of foreign currency translation	(6.0)	0.2
Fair value of fund assets at the end of the year	42.2	42.0
Funding deficit at the end of the year	22.0	17.4
Net liability recognised at the end of the year	22.0	17.4
Components of pension cost		
Current service cost	1.0	1.0
Interest cost	3.1	3.6
Expected return on fund assets	(2.2)	(3.4)
Past service cost	-	1.1
Effects of curtailments or settlements	(0.1)	-
Total cost recognised in income statement	1.8	2.3
Actuarial losses recognised in equity	(6.4)	(13.1)
Less: Deferred tax expense	1.9	3.8
Net actuarial losses recognised in equity	(4.5)	(9.3)

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

19 Employee benefits (cont)

(a) Liability for defined benefit obligation (cont)

Fund assets

The actual return on fund assets during the financial year was a \$5.3 million gain (2009: \$8.1 million loss). The weighted average asset allocation at the end of the financial year was as follows:

	2010 %	2009 %
Equities	65.7	62.0
Bonds	33.6	33.0
Property	-	5.0
Cash	0.7	-
	100.0	100.0

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.

	2010 % per annum	2009 % per annum
Weighted average assumptions used to determine benefit obligations		
Discount rate	5.30	6.00
Rate of compensation increase	-	-
Weighted average assumptions used to determine net pension cost		
Discount rate	6.00	6.00
Expected long-term return on fund assets	5.86	5.90
Rate of benefit increase	3.30	2.30
Rate of compensation increase	-	-

Historical information	2010	2009	2008	2007	2006
Benefit obligation at the end of the year (\$M)	(64.2)	(59.4)	(52.4)	(69.5)	(67.5)
Fair value of fund assets at the end of the year (\$M)	42.2	42.0	49.1	55.1	56.3
Funding deficit (\$M)	(22.0)	(17.4)	(3.3)	(14.4)	(11.2)
Difference between expected and actual return on fund assets					
Amount (\$M)	3.1	(11.5)	(2.5)	(2.8)	(1.0)
Percentage of fund assets (%)	8.8	(25.9)	(5.0)	(5.0)	(2.0)
Experience (losses)/gains on fund liabilities					
Amount (\$M)	(11.2)	0.3	(0.6)	0.4	-
Percentage of fund liabilities (%)	(18.9)	0.6	1.0	1.0	-

(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, during the current financial year the Directors conducted a review of Goodman's remuneration methodologies and as a result the EOP was replaced with the LTIP. The design features of the LTIP more closely reflect the principles supported by Securityholders, including minimum three year vesting periods and relevant, transparent performance hurdles including relative total securityholder return (TSR) and growth in earnings per security (EPS).

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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

19 Employee benefits (cont)

(b) Share based payments (cont)

Details of the Consolidated Entity's equity based remuneration schemes are set out below.

Share based payments expense/(credit) included in the income statement is as follows:

	Consolidated	
	2010	2009
	\$M	\$M
Share based payments expense/(credit)	5.4	(38.1)

The share based payments expense during the current financial year is in relation to the performance rights granted on 14 May 2010. During the prior financial year, the Directors assessed that the non-market related performance hurdles attached to certain of the options issued under the EOP and the securities issued under the ESAP were unlikely to be achieved. Accordingly, the expense recognised in the income statement in previous periods was reversed. This resulted in a net credit to the income statement of \$38.1 million.

(i) Long Term Incentive Plan

The LTIP was approved at the Annual General Meeting on 30 November 2009 and on 14 May 2010, the Consolidated Entity issued 49,949,409 performance rights under the LTIP. 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, issues of performance rights during the financial year to employees are subject to the following broad terms:

- + 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 Standard & Poor's/ASX 200 index and 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 2012 and continued employment (subject to special circumstances e.g. death, total and permanent disability, redundancy or retirement). These two measures are made in accordance with a graduating scale as set out in the LTIP scheme rules presented to Securityholders in November 2009;
- + 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 3 September 2012, 2 September 2013 and 1 September 2014; 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 Tax Office. The allotment of these securities was made under the Goodman Tax Exempt Plan, as approved by the Board.

The movement in the number of performance rights is as follows:

	Number of rights	
	2010	2009
Outstanding at the beginning of the year	-	-
Granted	49,949,409	-
Exercised	-	-
Forfeited	(135,799)	-
Outstanding at the end of the year	49,813,610	-
Exercisable at the end of the year	-	-

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

19 Employee benefits (cont)

(b) Share based payments (cont)

(ii) Long Term Incentive Plan (cont)

The model inputs for performance rights awarded during the financial year ended 30 June 2010 include the following:

	Rights issued on 14 May 2010
Fair value at measurement date (\$)	0.60
Security price (\$)	0.67
Exercise price (\$)	-
Expected volatility (%)	64.94
Rights expected weighted average life (years)	3.3
Distribution/dividend yield per annum (%)	5.23
Average risk free rate of interest per annum (%)	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 covariance; 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 entitle an employee to acquire a stapled security in Goodman on payment of the exercise price for the option subject to the vesting conditions having been satisfied.

Under the terms of the EOP and decisions made by the Directors in accordance with the plan, issues of options to employees are subject to the following broad terms:

- + the ability to exercise options will be conditional on the Consolidated Entity achieving return on equity hurdles of at least 12% per annum aggregated over the vesting period and continued employment (subject to special circumstances);
- + for offers made prior to 30 June 2008, options lapse on the earlier of approximately six years from the offer or the earlier termination of the employee's employment (unless such termination is due to special circumstances e.g. illness and redundancy);
- + for offers made after 30 June 2008, options lapse on the earlier of approximately five years from the offer or the earlier termination of the employee's employment (unless such termination is due to special circumstances e.g. illness and redundancy);
- + for offers made prior to 30 June 2008, options vest in three equal tranches from the third, fourth and fifth anniversaries of the offer;
- + for offers made after 30 June 2008, options vest in three equal tranches from the second, third and fourth anniversaries of the offer; and
- + the exercise price of options was based on the volume weighted average market price of securities traded on the ASX during the 10 trading days immediately prior to the date options are offered to nominated employees.

The weighted average exercise prices and number of options are as follows:

	Weighted average exercise price		Number of securities	
	2010	2009	2010	2009
	\$	\$		
Outstanding at the beginning of the year	4.97	6.23	139,398,445	102,812,279
Granted	-	3.07	-	55,175,000
Exercised	-	2.59	-	(33,334)
Forfeited	4.69	6.03	(1,077,000)	(18,555,500)
Outstanding at the end of the year¹	4.92	4.97	138,321,445	139,398,445
Exercisable at the end of the year	4.00	3.80	1,051,148	1,151,148

1. As at 30 June 2010, the options outstanding have exercise prices in the range of \$2.98 to \$7.14 (2009: \$3.04 to \$7.23).

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

19 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.

The weighted average exercise prices and number of securities issued under the ESAP are as follows:

	Weighted average exercise price		Number of securities	
	2010	2009	2010	2009
	\$	\$		
Outstanding at the beginning of the year	5.63	5.63	41,649,309	41,649,309
Forfeited	5.63	-	(5,326,833)	-
Outstanding at the end of the year¹	5.64	5.63	36,322,476	41,649,309
Exercisable at the end of the year	4.09	3.83	3,192,158	4,723,605

1. The outstanding securities under the ESAP at 30 June 2010 have an exercise price in the range of \$2.59 to \$7.23 (2009: \$2.59 to \$7.23).

20 Provisions

Consolidated	Distributions to Security- holders	Onerous contracts	Rental guarantees	Other	Total
	\$M	\$M	\$M	\$M	\$M
Balance at the beginning of the year	-	24.0	11.8	1.2	37.0
Provisions made	212.9	3.9	4.2	0.1	221.1
Provisions used	(92.6)	(8.4)	(6.1)	(1.2)	(108.3)
Effect of foreign currency translation	-	(3.9)	(2.0)	-	(5.9)
Balance at the end of the year	120.3	15.6	7.9	0.1	143.9
Analysed as:					
Current	120.3	1.2	3.8	0.1	125.4
Non-current	-	14.4	4.1	-	18.5
	120.3	15.6	7.9	0.1	143.9

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 2010 and November 2013. 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 expected 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 for certain properties guaranteed to GELF under the terms of asset disposal contracts.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

21 Issued capital

	Consolidated	
	2010	2009
Securities on issue		
Number of securities on issue on the ASX	6,369,751,394	2,779,651,716
Treasury securities issued under the ESAP	(36,322,476)	(41,649,311)
Balance included in issued capital	6,333,428,918	2,738,002,405
	\$M	\$M
Parent Entity		
Issued capital, fully paid	380.1	249.8
Treasury securities	(1.4)	(1.5)
Issue costs	(10.4)	(6.7)
Equity attributable to Shareholders	368.3	241.6
GIT		
Issued capital, fully paid	6,584.9	5,324.7
Issue costs	(142.0)	(95.6)
	6,442.9	5,229.1
Amounts attributable to Shareholders ¹	(222.8)	(225.9)
Equity attributable to Unitholders	6,220.1	5,003.2
Total issued capital	6,588.4	5,244.8

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

Terms and conditions

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 August and September 2009, 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.

On 28 November 2008, Goodman completed an equity raising of \$956.0 million, comprising a \$229.5 million institutional placement and a \$726.5 million, 0.47 for one accelerated non-renounceable entitlement offer of Goodman stapled securities at an issue price of \$0.90 per security.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

21 Issued capital (cont)

	Securities per ASX		Treasury securities		Consolidated		Equity		Treasury securities		Consolidation		GIT		Parent Entity	
	M	M	M	M	M	M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Balance at the beginning of the year																
Securities on issue at 1 July	2,779.7	1,715.8	-	-	2,779.7	1,715.8	5,410.7	4,452.8	-	-	(163.8)	(163.8)	5,324.7	4,415.8	249.8	200.8
Treasury securities at 1 July	-	-	(41.7)	(40.6)	(41.7)	(40.6)	-	-	(63.6)	(63.6)	(62.1)	(62.1)	-	-	(1.5)	(1.5)
Less: Issue costs	-	-	-	-	-	-	(102.3)	(72.0)	-	-	-	-	(95.6)	(66.6)	(6.7)	(5.4)
	2,779.7	1,715.8	(41.7)	(40.6)	2,738.0	1,675.2	5,308.4	4,380.8	(63.6)	(63.6)	(225.9)	(225.9)	5,229.1	4,349.2	241.6	193.9
Movements during the year																
- 3,196,599,473 securities issued under the institutional placement and entitlement offer (2009: 1,062,207,693)	3,196.6	1,062.2	-	-	3,196.6	1,062.2	1,278.6	956.0	-	-	-	-	1,156.9	904.1	121.7	51.9
- 393,300,000 securities issued on exercise of options by Macquarie Group	393.3	-	-	-	393.3	-	111.9	-	-	-	-	-	103.3	-	8.6	-
- nil securities issued to employees on exercise of options (2009: 33,334)	-	0.1	-	-	-	0.1	-	0.1	-	-	-	-	-	0.1	-	-
- 200,205 securities issued to employees under the Goodman Tax Exempt Plan (2009: nil)	0.1	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-
- 5,326,833 treasury securities forfeited (2009: nil)	-	-	5.4	-	5.4	-	(5.4)	-	8.6	-	3.1	-	-	-	0.1	-
- nil securities issued under the earn-out provisions of the Eurinpro acquisition (2009: 1,605,684)	-	1.6	-	-	-	1.6	-	5.0	-	-	-	-	-	4.7	-	0.3
- nil treasury securities vested but not converted to securities under the ESAP (2009: 1,066,669)	-	-	-	(1.1)	-	(1.1)	-	(3.2)	-	-	-	-	-	-	-	(3.2)
	6,369.7	2,779.7	(36.3)	(41.7)	6,333.4	2,738.0	6,795.8	5,410.7	(55.0)	(63.6)	(222.8)	(225.9)	6,584.9	5,324.7	378.7	248.3
Less: Issue costs	-	-	-	-	-	-	(152.4)	(102.3)	-	-	-	-	(142.0)	(95.6)	(10.4)	(6.7)
Balance at the end of the year	6,369.7	2,779.7	(36.3)	(41.7)	6,333.4	2,738.0	6,643.4	5,308.4	(55.0)	(63.6)	(222.8)	(225.9)	6,442.9	5,229.1	368.3	241.6
Comprises:																
Securities on issue at 30 June	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 on issue at 30 June	-	-	(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)
	6,369.7	2,779.7	(36.3)	(41.7)	6,333.4	2,738.0	6,643.4	5,308.4	(55.0)	(63.6)	(222.8)	(225.9)	6,442.9	5,229.1	368.3	241.6

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

22 Reserves

	Note	Consolidated	
		2010 \$M	2009 \$M
Asset revaluation reserve	22(a)	(1,871.5)	(1,521.0)
Cash flow hedge reserve	22(b)	(156.4)	(235.9)
Foreign currency translation reserve	22(c)	(414.3)	(62.8)
Capital profits reserve	22(d)	143.4	175.8
Employee compensation reserve	22(e)	(7.5)	(16.0)
Defined benefit funds actuarial losses reserve	22(f)	(15.0)	(12.3)
Total reserves		(2,321.3)	(1,672.2)

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	
	2010 \$M	2009 \$M	2010 \$M	2009 \$M	2010 \$M	2009 \$M
(a) Asset revaluation reserve						
Balance at the beginning of the year	(260.3)	(49.6)	(1,260.7)	(307.3)	(1,521.0)	(356.9)
Increase/(decrease) due to revaluation of listed/unlisted investments, net of tax	20.8	(21.9)	14.7	8.1	35.5	(13.8)
Transfers to capital profits reserve	15.3	52.7	31.0	90.4	46.3	143.1
Transfers from accumulated losses	(144.2)	(243.8)	(406.0)	(1,058.5)	(550.2)	(1,302.3)
Fair value of available for sale equity securities transferred to the income statement on disposal	-	1.3	-	2.8	-	4.1
Effect of foreign currency translation	31.6	1.0	86.3	3.8	117.9	4.8
Balance at the end of the year	(336.8)	(260.3)	(1,534.7)	(1,260.7)	(1,871.5)	(1,521.0)

Refer to notes 1(g) and 1(l) for the accounting policies relating to this reserve.

(b) Cash flow hedge reserve						
Balance at the beginning of the year	(12.7)	(0.2)	(223.2)	72.6	(235.9)	72.4
Change in value of financial instruments	0.9	(12.5)	(0.4)	(282.2)	0.5	(294.7)
Transfers to the income statement	1.1	-	52.7	(16.4)	53.8	(16.4)
Effect of foreign currency translation	1.6	-	23.6	2.8	25.2	2.8
Balance at the end of the year	(9.1)	(12.7)	(147.3)	(223.2)	(156.4)	(235.9)

Refer to note 1(s) for the accounting policy relating to this reserve.

(c) Foreign currency translation reserve						
Balance at the beginning of the year	7.9	(17.1)	(70.7)	23.9	(62.8)	6.8
Net exchange differences on conversion of foreign operations	(23.2)	25.0	(328.3)	(94.6)	(351.5)	(69.6)
Balance at the end of the year	(15.3)	7.9	(399.0)	(70.7)	(414.3)	(62.8)

(d) Capital profits reserve						
Balance at the beginning of the year	58.1	98.3	117.7	210.8	175.8	309.1
Transfers from asset revaluation reserve	(15.3)	(52.7)	(31.0)	(90.4)	(46.3)	(143.1)
Transfers to/(from) accumulated losses	-	0.9	-	(2.7)	-	(1.8)
Effect of foreign currency translation	0.3	11.6	13.6	-	13.9	11.6
Balance at the end of the year	43.1	58.1	100.3	117.7	143.4	175.8

Refer to note 1(g) for the accounting policy relating to this reserve.

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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

22 Reserves (cont)

	Shareholders		Unitholders		Securityholders	
	2010	2009	2010	2009	2010	2009
	\$M	\$M	\$M	\$M	\$M	\$M
(e) Employee compensation reserve						
Balance at the beginning of the year	(16.0)	36.6	-	-	(16.0)	36.6
Expense/(credit) recognised in the income statement	5.4	(38.1)	-	-	5.4	(38.1)
Difference between the ESAP interest income and distribution	-	8.6	-	-	-	8.6
Transfers to accumulated losses	4.4	-	-	-	4.4	-
Other	(0.6)	(25.2)	-	-	(0.6)	(25.2)
Effect of foreign currency translation	(0.7)	2.1	-	-	(0.7)	2.1
Balance at the end of the year	(7.5)	(16.0)	-	-	(7.5)	(16.0)

Refer to note 1(v) for the accounting policy relating to this reserve.

(f) Defined benefit funds actuarial losses reserve						
Balance at the beginning of the year	(12.3)	(2.9)	-	-	(12.3)	(2.9)
Actuarial losses, net of tax	(4.5)	(9.3)	-	-	(4.5)	(9.3)
Effect of foreign currency translation	1.8	(0.1)	-	-	1.8	(0.1)
Balance at the end of the year	(15.0)	(12.3)	-	-	(15.0)	(12.3)

Refer to note 1(v) for the accounting policy relating to this reserve.

23 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	
	2010	2009	2010	2009	2010	2009
	\$M	\$M	\$M	\$M	\$M	\$M
Balance at the beginning of the year	(93.7)	(23.3)	(20.1)	(10.5)	(113.8)	(33.8)
Loss for the year	(263.0)	(317.4)	(299.6)	(802.6)	(562.6)	(1,120.0)
Transfers to asset revaluation reserve	144.2	243.8	406.0	1,058.5	550.2	1,302.3
Transfers (from)/to capital profits reserve	-	(0.9)	-	2.7	-	1.8
Transfers from employee compensation reserve	(4.4)	-	-	-	(4.4)	-
Distributions declared ¹	1.2	4.1	(214.1)	(268.2)	(212.9)	(264.1)
Balance at the end of the year	(215.7)	(93.7)	(127.8)	(20.1)	(343.5)	(113.8)

1. 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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

24 Other non-controlling interests

Other non-controlling interests in controlled entities comprise:

	Consolidated	
	2010	2009
	\$M	\$M
Goodman PLUS Trust hybrid securities	318.8	318.8
CIC convertible preference securities	479.3	-
	798.1	318.8

Goodman PLUS Trust hybrid securities

Goodman PLUS Trust, a controlled entity of GIT, has 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 16 October 2009, Goodman received \$500 million from the issue of three tranches of convertible preference securities to CIC. Each tranche will receive a coupon of 10% per annum and can be converted to ordinary stapled securities as follows: tranche one of \$225 million can be converted at a price of \$0.43 per security from 31 October 2009; tranche two of \$150 million can be converted at a price of \$0.44 per security from 30 June 2010; and tranche three of \$125 million can be converted at a price of \$0.45 per security from 31 December 2010. During the financial year and up to the date of signature of the consolidated financial report none of the securities were converted.

Goodman may also elect to redeem the preferred equity if the closing price of Goodman's stapled securities for 20 out of 30 consecutive trading days is in excess of 125% of the conversion price as follows: tranche one from 31 December 2010; tranche two from 31 December 2011; and tranche three from 30 June 2012.

The non-controlling interest balance is net of issue costs.

25 Disposals of interests in controlled entities

In the current financial year, Goodman disposed of controlled entities as set out below:

	Total
	\$M
Cash consideration received:	
- On part disposal of Goodman China Investments ¹	98.3
- On disposal of entities to Princeton Lux and Princeton Jersey ²	75.0
- On disposal of other special purpose entities in Continental Europe ³	20.0
Net cash inflow	193.3

1. On 9 September 2009, Goodman effectively disposed of 80% of its interest in Goodman China Investments, which owned four stabilised investment properties, to Canada Pension Plan Investment Board. The principal impact on the Consolidated Entity's balance sheet was a decrease in investment properties within assets classified as held for sale of \$151.4 million.
2. On 11 June 2010, Goodman effectively disposed of 80% of its interest in four special purpose vehicles to two JVEs with CB Richard Ellis Realty Trust in Continental Europe (Princeton Lux) and the United Kingdom (Princeton Jersey). The net consideration for the 80% share was A\$75.0 million, which included repayment of inter-company loans provided to the special purpose vehicles. The principal impact on the Consolidated Entity's balance sheet was a decrease in investment properties of \$79.5 million.
3. In addition to the disposals of controlled entities to Princeton Lux and Princeton Jersey, during the financial year, controlled entities in Continental Europe disposed of several other special purpose development property entities for a net consideration of \$20.0 million (2009: \$12.4 million). There is no significant impact on the Consolidated Entity's balance sheet as a result of these disposals.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

26 Commitments

	Consolidated	
	2010	2009
	\$M	\$M
Capital expenditure commitments		
Contracted but not provided for and payable:		
- Within one year	26.8	21.8
- One year or later and no later than five years	8.8	9.1
- Later than five years	-	-
	35.6	30.9
Non-cancellable operating lease commitments		
Future operating lease commitments not provided for in the financial statements and payable:		
- Within one year	7.6	3.9
- One year or later and no later than five years	19.8	12.4
- Later than five years	29.5	39.0
	56.9	55.3

At 30 June 2010, the Consolidated Entity was also committed to expenditure on inventories of \$6.1 million (2009: \$nil) and expenditure in relation to construction contracts of \$81.1 million (2009: \$nil).

Commitment to investment in funds managed by Goodman

At 30 June 2010, the Consolidated Entity was committed to invest A\$97.1 million into GHKLF (2009: A\$102.2 million).

In 2008, Goodman committed to subscribe for the lower of €222 million (A\$315 million) or such amount as represents 40% of the issued and committed but uncalled GELF units, which is the maximum that Goodman is currently permitted to hold under the terms of the GELF constitutional documents. That commitment has been drawn down as and when required under the capital management plan of GELF. At 30 June 2010, that commitment had been drawn to €152 million (A\$216 million), although based on GELF's latest current unit value, the Consolidated Entity is only able to invest a further €15 million (A\$21 million) before it reaches the maximum permitted holding of 40% of the issued and committed but uncalled GELF units.

At 30 June 2010, the Consolidated Entity was committed to invest A\$12.0 million (2009: A\$nil) into GADF, A\$8.5 million into GCLHL (2009: A\$nil) and A\$4.8 million into Princeton Lux (2009: A\$nil) 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\$0.9 million (2009: A\$2.0 million) into HDL, A\$3.6million (2009: A\$9.5 million) into Seaview and A\$30.5 million (2009: A\$16.7 million) into Interlink. This is to fund development projects committed to by these JVEs.

Acquisition of investment properties

Amounts contracted for the acquisition of investment properties not provided for at 30 June 2010 is \$78.1 million (2009: \$54.4 million).

Guaranteed land payments – M7 Business Hub development

A commitment exists at 30 June 2010 in respect of a Heads of Agreement signed between the Parent Entity, GIT, Goodman Vineyard Pty Limited (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 has provided Austral with a guarantee for all amounts payable by Vineyard and as at 30 June 2010, the maximum amount payable, in the event that there are no further disposals of the lots of land between now and 31 December 2011, is \$13.0 million (2009: \$16.8 million).

Non-cancellable operating lease receivables from investment property customers

	Consolidated	
	2010	2009
	\$M	\$M
Non-cancellable operating lease commitments receivable:		
- Within one year	173.8	155.3
- One year or later and no later than five years	532.6	415.2
- Later than five years	238.6	143.9
	945.0	714.4

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

27 Notes to the 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	
	2010	2009
	\$M	\$M
Cash assets	515.1	242.5

(b) Reconciliation of loss after income tax to net cash provided by operating activities

	Consolidated	
	2010	2009
	\$M	\$M
Loss for the year	(510.3)	(1,096.0)
Items classified as investing/financing activities		
Net gain on disposal of investment properties	(2.6)	(1.8)
Net loss/(gain) on disposal of equity investments	2.7	(52.5)
Non-cash items		
Amortisation and depreciation	8.3	9.0
Share based payments expense/(credit)	5.4	(38.1)
Net loss on fair value adjustments on investment properties	210.0	527.0
Impairment losses	145.4	229.7
Share of net results of equity accounted investments	236.8	508.7
Net financing costs paid	154.1	153.6
Income tax expense/(benefit)	1.0	(23.3)
Operating profit before changes in working capital and provisions	250.8	216.3
Changes in assets and liabilities during the year:		
- (Increase)/decrease in receivables	(5.8)	94.8
- Decrease/(increase) in inventories	20.6	(17.9)
- (Increase)/decrease in other assets	(45.5)	30.4
- (Decrease)/increase in payables	(24.3)	27.8
- Increase/(decrease) in provisions (including employee benefits)	31.0	(9.1)
	226.8	342.3
Distributions received from equity accounted investments	52.8	134.3
Net financing costs paid	(73.5)	(124.3)
Net income taxes paid	(10.9)	(31.5)
Net cash provided by operating activities	195.2	320.8

(c) Non-cash financing and investing activities

During the current financial year, GAIF activated its distribution re-investment plan, and the Consolidated Entity received its distribution of \$63.7 million in the form of units in GAIF. In the prior financial year, the Consolidated Entity transferred three special purpose entities and one investment property to ABPP in return for equity. The combined consideration for these assets was \$321.8 million.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

28 Controlled entities

The significant controlled companies and trusts of Goodman Limited are set out below:

Significant controlled companies	Country of incorporation	Interest held	
		2010 %	2009 %
Goodman Finance Australia Limited	Australia	100.0	100.0
Goodman Funds Management Limited	Australia	100.0	100.0
Goodman Singapore Industrial Management (Aust) Pty Limited	Australia	100.0	100.0
Goodman Property Services (Aust) Pty Limited	Australia	100.0	100.0
Goodman Vineyard Pty Limited	Australia	100.0	100.0
Goodman Funds Management Australia Limited	Australia	100.0	100.0
Goodman Singapore Holdings (Aust) Pty Limited	Australia	100.0	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 China Investments	Cayman Islands	100.0	100.0
Goodman Management Consulting (Shanghai) Co. Ltd	China	100.0	100.0
Goodman MKR (Shanghai) Warehouse Co. Ltd	China	100.0	100.0
Jia Meng (Shanghai) Warehouse 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 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	94.6	94.6
Goodman Asia Limited	Hong Kong	100.0	100.0
Goodman China Limited	Hong Kong	100.0	100.0
Goodman Hungary Ingatlankezelő 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 Funding (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 Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

28 Controlled entities (cont)

Significant controlled companies	Country of incorporation	Interest held	
		2010	2009
		%	%
Goodman Holdings (Jersey) Limited	Jersey	100.0	100.0
Goodman Leicester (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 UAE (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
Goodman APP 4,5, & CdV (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman APP Holdings (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Aventurine Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Bad Hersfeld Logistics (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 Malachite Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Management Holdings (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Marcasite Logistics (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 Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

28 Controlled entities (cont)

Significant controlled companies	Country of incorporation	Interest held	
		2010	2009
		%	%
Goodman Senec 1 Logistics (Slovakia) sro	Slovakia	100.0	100.0
Goodman Slovakia sro	Slovakia	100.0	100.0
Girona Global Logistics SL	Spain	100.0	100.0
Goodman Spain SL	Spain	100.0	100.0
Goodman Real Estate (Spain) SL	Spain	100.0	100.0
Goodman Växjö Logistics (Sweden) AB	Sweden	100.0	-
Demeter Logistics B.V.	The Netherlands	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 Şirketi	Turkey	100.0	100.0
Goodman Gayrimenkul Ticareti Anonim Şirketi	Turkey	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
Frenbury Properties Limited	United Kingdom	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 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 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 LP (UK) Limited	United Kingdom	100.0	100.0
Goodman NCP (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
Goodman Real Estate Services Limited	United Kingdom	100.0	100.0
Goodman Real Estate Services (UK) Limited	United Kingdom	100.0	100.0
Goodman Real Estate (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 Top Co (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
Junegrange Ltd	United Kingdom	100.0	100.0
Junehurst Limited	United Kingdom	100.0	100.0
Property Management Employment Services Ltd	United Kingdom	100.0	100.0

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

28 Controlled entities (cont)

Significant controlled unit trusts	Country of establishment	Interest held	
		2010	2009
		%	%
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
GEBPF Investment Trust	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
MGA Industrial Portfolio Trust	Australia	100.0	100.0
MIP Trust	Australia	100.0	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

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

29 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 26).

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	
	2010	2009
	\$M	\$M
Balance sheet		
Trade receivables	25.7	13.5
Inventories	16.6	33.1
Payables	(46.5)	(21.5)
Net assets	(4.2)	25.1
Contribution to profit		
Sale of inventories	7.6	6.1
Cost of sales	(7.5)	(3.7)
Income tax benefit	-	8.2
Profit after tax	0.1	10.6

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

30 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 David S Clarke, AO¹
 Mr Patrick Goodman
 Ms Diane Grady, AM
 Mr John Harkness
 Mr James Hodgkinson
 Ms Anne Keating
 Mr Jim Sloman, OAM

Executive Director

Mr Gregory Goodman

Executives²

Mr Anthony Rozic
 Mr Nick Kurtis
 Mr Michael O'Sullivan
 Mr Nick Vrontas³

1. Mr David Clarke retired as a Director on 2 July 2009.
2. Mr David van Aanholt was a key management person in the prior financial year until his resignation effective 11 February 2009.
3. Mr Nick Vrontas became a key management person on his appointment as Chief Financial Officer on 24 February 2009.

Key management personnel compensation

The key management personnel compensation totals are as follows:

	Consolidated		Goodman Limited¹	
	2010	2009	2010	2009
	\$M	\$M	\$M	\$M
Short-term employee benefits	5.8	6.5	-	-
Post-employment benefits	0.2	0.2	-	-
Equity compensation benefits	1.4	(7.3)	-	-
Long-term employee benefits	-	0.1	-	-
	7.4	(0.5)	-	-

1. The Directors' compensation is paid by Goodman Property Services (Aust) Pty Limited, a wholly-owned controlled entity of the Company.

Individual Directors' and executives' compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the Directors' report on pages 10 to 22.

Loans to key management personnel and their related parties

On 6 August 2008, an interest free loan of \$219,852 to Mr Michael O'Sullivan was repaid. The interest that would have been charged on an arm's length basis from 1 July 2008 until the date of repayment amounted to \$1,825.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

30 Related parties (cont)

Rights and options over equity instruments

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, is as follows:

							Vested but not exercised at the end of the year
	Year	Held at the start of the year ¹	Granted as compensation	Exercised	Forfeited	Held at the end of the year	Vested during the year
Executive Director							
Mr Gregory	2010	-	3,900,000	-	-	3,900,000	-
Goodman	2009	-	-	-	-	-	-
Executives							
Mr Anthony	2010	-	2,604,167	-	-	2,604,167	-
Rozic	2009	-	-	-	-	-	-
Mr Nick	2010	-	2,604,167	-	-	2,604,167	-
Kurtis	2009	-	-	-	-	-	-
Mr Michael	2010	-	875,000	-	-	875,000	-
O'Sullivan	2009	-	-	-	-	-	-
Mr Nick	2010	-	2,083,333	-	-	2,083,333	-
Vrondas	2009	-	-	-	-	-	-

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.

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:

							Vested but not exercised at the end of the year
	Year	Held at the start of the year ¹	Granted as compensation	Exercised	Forfeited	Held at the end of the year	Vested during the year
Executive Director							
Mr Gregory	2010	9,700,000	-	-	-	9,700,000	-
Goodman	2009	2,700,000	7,000,000	-	-	9,700,000	-
Executives							
Mr Anthony	2010	5,000,000	-	-	-	5,000,000	-
Rozic	2009	1,500,000	3,500,000	-	-	5,000,000	-
Mr Nick	2010	5,000,000	-	-	-	5,000,000	-
Kurtis	2009	1,500,000	3,500,000	-	-	5,000,000	-
Mr Michael	2010	5,000,000	-	-	-	5,000,000	-
O'Sullivan	2009	1,500,000	3,500,000	-	-	5,000,000	-
Mr Nick	2010	4,250,000	-	-	-	4,250,000	-
Vrondas	2009	4,250,000	-	-	-	4,250,000	-

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. Mr Nick Vrondas became a key management person on his appointment as Chief Financial Officer on 24 February 2009.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

30 Related parties (cont)

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 ¹	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
Executive Director								
Mr Gregory	2010	5,955,990	-	-	-	5,955,990	-	651,996
Goodman	2009	5,955,990	-	-	-	5,955,990	-	651,996
Executives								
Mr Anthony	2010	2,733,496	-	-	-	2,733,496	-	244,498
Rozic	2009	2,733,496	-	-	-	2,733,496	-	244,498
Mr Nick	2010	2,683,496	-	-	-	2,683,496	-	244,498
Kurtis	2009	2,683,496	-	-	-	2,683,496	-	244,498
Mr Michael	2010	2,705,746	-	-	-	2,705,746	-	285,248
O'Sullivan	2009	2,705,746	-	-	-	2,705,746	-	285,248
Mr Nick	2010	1,200,000	-	-	-	1,200,000	-	-
Vrondas	2009	1,200,000	-	-	-	1,200,000	-	-

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.

Movement in ordinary securities

The movement during the financial year in the number of stapled 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 ¹	Acquisitions	Disposals ²	Held at the end of the year
Non-Executive Directors					
Mr Ian Ferrier	2010	107,718	192,121	-	299,839
	2009	10,188	97,530	-	107,718
Mr Patrick Goodman	2010	76,294,926	75,549,345	(145,888,279)	5,955,992
	2009	74,398,414	36,625,386	(34,728,874)	76,294,926
Ms Diane Grady	2010	104,100	104,100	-	208,200
	2009	30,000	74,100	-	104,100
Mr John Harkness	2010	117,460	151,908	-	269,368
	2009	21,931	95,529	-	117,460
Mr James Hodgkinson	2010	627,151	627,151	-	1,254,302
	2009	426,632	200,519	-	627,151
Ms Anne Keating	2010	152,433	239,179	(86,746)	304,866
	2009	53,583	98,850	-	152,433
Mr Jim Sloman	2010	99,103	131,258	-	230,361
	2009	7,736	91,367	-	99,103
Executive Director					
Mr Gregory Goodman	2010	76,294,926	75,549,345	(145,888,279)	5,955,992
	2009	74,398,414	36,625,386	(34,728,874)	76,294,926
Executives					
Mr Anthony Rozic	2010	3,786,751	5,036,751	(6,090,006)	2,733,496
	2009	2,831,195	955,556	-	3,786,751
Mr Nick Kurtis	2010	3,233,505	4,283,496	(4,833,505)	2,683,496
	2009	4,063,505	540,000	(1,370,000)	3,233,505
Mr Michael O'Sullivan	2010	4,273,208	4,273,208	(3,705,746)	4,840,670
	2009	4,278,070	923,202	(928,064)	4,273,208
Mr Nick Vrondas	2010	1,324,950	1,324,950	(1,249,900)	1,400,000
	2009	1,324,950	-	-	1,324,950

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 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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

30 Related parties (cont)

Movement in hybrid securities issued by Goodman PLUS Trust

The movement during the financial year in the number of hybrid securities issued by Goodman PLUS Trust held, directly or beneficially, by each key management person, including their related parties, is as follows:

	Year	Held at the start of the year ¹	Acquisitions	Disposals	Held at the end of the year
Executives					
Mr Anthony Rozic	2010	1,000	-	-	1,000
	2009	1,000	-	-	1,000
Mr Nick Kurtis	2010	-	-	-	-
	2009	-	-	-	-
Mr Michael O'Sullivan	2010	-	-	-	-
	2009	-	-	-	-
Mr Nick Vrontas	2010	120	-	-	120
	2009	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 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. During the financial year, Goodman Holdings Group reimbursed the Consolidated Entity for office rental costs of \$374,002 (2009: \$315,120) and for IT licence costs of \$nil (2009: \$45,312).

(b) Moorabbin Airport Corporation Pty Limited

Mr Gregory Goodman and Mr Patrick Goodman are directors of and shareholders in Moorabbin Airport Corporation Pty Limited (MAC). Subsequent to the balance date, the Consolidated Entity announced the proposed strategic acquisition of a business park in Moorabbin, which would include the acquisition of MAC (refer to note 34).

In prior financial years, the Consolidated Entity paid all infrastructure costs as part of the development agreement for Chifley Business Park, Moorabbin, Victoria, a site owned by MAC. At 30 June 2010, the Consolidated Entity is to be reimbursed an amount of \$3.6 million (2009: \$3.6 million) from MAC in respect of these infrastructure costs. This amount is included in receivables (refer to note 8).

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

30 Related parties (cont)

Transactions with associates and joint venture entities

The transactions with associates and JVEs during the financial year are as follows:

	Proceeds from disposals of investment properties		Proceeds from disposals of controlled entities and other equity		Management services and other income		Interest charged on loans to related parties	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
GAIF	-	75.2	-	-	37.5	106.9	-	-
GADF	-	-	-	-	6.9	-	-	-
GMT	-	2.7	-	2.1	12.6	12.1	-	-
GHKLF	-	-	-	80.2	17.8	11.5	-	-
GCLHL	-	-	98.3	-	0.8	-	-	-
GELF	-	-	6.3	68.4	23.4	41.9	1.2	-
ABPP	-	-	-	21.8	20.0	22.6	-	-
Princeton Lux	-	-	34.7	-	-	-	-	-
Princeton Jersey	-	-	40.3	-	-	-	-	-
Colworth	-	-	-	-	2.9	6.8	-	-
Harwell	-	-	-	-	1.1	0.9	-	-
Huntingwood East	-	-	-	-	-	-	0.9	0.7
Huntingwood West	-	-	-	-	-	-	1.0	1.0
HDL	-	-	-	-	0.7	1.7	-	-
Seaview	-	-	-	-	2.0	1.1	3.7	2.6
Interlink	-	-	-	-	4.0	2.1	6.1	3.0
Lazulite	-	-	-	-	-	-	0.2	-
Uilo One 2008 Kft	-	-	-	-	-	-	0.2	-
BL Goodman LLP	-	-	-	-	0.4	0.4	-	-
GEBPF	-	-	-	-	5.0	4.3	2.9	0.5

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

30 Related parties (cont)

Transactions with associates and joint venture entities (cont)

Amounts due from associates and JVEs at 30 June 2010 are as follows:

	Trade and other receivables ¹		Loans provided by Goodman ²	
	2010	2009	2010	2009
	\$M	\$M	\$M	\$M
GAIF	20.7	21.3	-	-
GADF	6.9	-	-	-
GMT	0.3	0.3	-	-
GCLHL	-	-	22.6	-
GELF	6.0	31.9	17.7	25.8
ABPP	44.0	36.8	-	-
KWS	-	-	2.2	2.1
Colworth	0.4	0.4	-	-
Harwell	0.2	-	-	-
Abu Dhabi	-	1.0	-	-
BGA1 Pty Ltd	-	-	(0.8)	1.2
TGPS	-	-	-	0.3
Huntingwood East	-	-	11.6	15.9
Huntingwood West	-	-	-	21.4
Seaview	-	-	56.8	60.4
Interlink	-	-	92.4	70.4
Herten	-	-	4.1	4.8
Lazulite	-	-	3.0	3.4
Ullo One 2008 Kft	-	-	6.3	3.1
Ullo 2 Kft	-	-	3.0	-
Agate	-	-	1.5	3.6
WMP NV	-	-	6.3	8.3
BL Goodman LLP	-	-	12.9	15.0
Gateway LLP	-	-	0.9	0.2
Pochin	-	-	5.7	6.5
Scottish Widows partnership ³	1.5	-	-	0.6
GEBPF	0.2	-	-	-
	80.2	91.7	246.2	243.0

1. Trade and other amounts due are receivable within 30 days.
2. Loans provided by Goodman to associates and JVEs have generally been provided on an arm's length basis. Details in respect of the principle loan balances are set out below:
 - + a shareholder loan of \$17.7million (2009: \$22.4 million) has been provided to Goodman Pyrite Logistics (Lux) Sàrl, a controlled entity of GELF. The loan bears interest at 6.9% per annum, and interest of \$1.2 million was recognised in the financial year (2009: \$nil);
 - + interest income of \$1.9 million (2009 \$1.7 million) was recognised on loans to Huntingwood East and Huntingwood West. The loans bear interest at 4.5% per annum;
 - + interest income of \$9.8 million (2009: \$5.6 million) was recognised on loans to Seaview and Interlink. The loans bear interest at the three month Hong Kong Interbank Offer Rate plus 1.5% per annum; 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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

31 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 a finance and treasury 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 six times during the financial year.

Goodman's treasury function is responsible for preparing the following reports for consideration at each committee 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 Goodman's hedging policy and recommendations for future hedging strategies; and
- + full mark to market of all derivative positions.

During the financial year, the Consolidated Entity amended its FRM policy such that 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 re-investment 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; however, at 30 June 2010 and in the period since the completion of the refinancing in the first half of the financial year the Consolidated Entity has held cash, which is placed on deposit for periods ranging from overnight up to three months.

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 and price 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 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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

31 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 2010, 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	2010				2009			
	Interest rate swaps		Fixed rate debt		Interest rate swaps		Fixed rate debt	
	Notional principal currency ¹ M	Average rate pa ²	Principal currency M	Average rate pa ²	Notional principal currency ¹ M	Average rate pa ²	Principal currency M	Average rate pa ²
New Zealand dollars receivable/payable								
30 June 2010	(165.0)	8.05%	-	-	(173.0)	7.70%	-	-
30 June 2011	(135.3)	7.77%	-	-	(135.2)	8.10%	-	-
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%	-	-	(68.8)	7.33%	-	-
30 June 2016	(50.0)	5.75%	-	-	(50.0)	5.75%	-	-
30 June 2017	(16.2)	5.75%	-	-	(16.2)	5.75%	-	-
Hong Kong dollars receivable/payable								
30 June 2010	(1,550.0)	2.81%	-	-	(1,530.4)	4.28%	-	-
30 June 2011	(1,831.1)	3.04%	-	-	(871.2)	4.25%	-	-
30 June 2012	(1,750.0)	2.90%	-	-	(345.5)	4.30%	-	-
30 June 2013	(1,406.3)	2.76%	-	-	(124.7)	4.25%	-	-
30 June 2014	(760.0)	2.27%	-	-	-	-	-	-
30 June 2015	(122.1)	1.98%	-	-	-	-	-	-
Japanese yen receivable/payable								
30 June 2010	(7,000.0)	1.56%	-	-	(15,750.0)	1.51%	-	-
30 June 2011	(7,000.0)	1.54%	-	-	(14,911.6)	1.53%	-	-
30 June 2012	(6,639.3)	1.54%	-	-	(13,633.9)	1.55%	-	-
30 June 2013	(1,000.0)	1.68%	-	-	(4,000.0)	1.69%	-	-
30 June 2014	(939.7)	1.68%	-	-	(3,758.9)	1.69%	-	-
Euro receivable/payable								
30 June 2010	(430.0)	3.76%	-	-	(660.0)	3.82%	-	-
30 June 2011	(415.1)	3.78%	-	-	(386.1)	4.17%	-	-
30 June 2012	(384.1)	3.54%	-	-	(173.2)	4.98%	-	-
30 June 2013	(305.0)	3.63%	-	-	(140.0)	5.12%	-	-
30 June 2014	(191.1)	3.89%	-	-	(132.4)	5.16%	-	-
30 June 2015	(50.0)	4.50%	-	-	(50.0)	5.91%	-	-
30 June 2016	(50.0)	4.50%	-	-	(50.0)	4.50%	-	-
30 June 2017	(33.3)	4.50%	-	-	(33.3)	4.50%	-	-
British pounds sterling receivable/payable								
30 June 2010	(335.0)	5.63%	(250.0)	9.75%	(535.0)	3.56%	(250.0)	9.75%
30 June 2011	(209.1)	5.01%	(250.0)	9.75%	(494.8)	4.69%	(250.0)	9.75%
30 June 2012	(175.0)	5.96%	(250.0)	9.75%	(435.0)	5.38%	(250.0)	9.75%
30 June 2013	(175.0)	5.96%	(250.0)	9.75%	(435.0)	5.38%	(250.0)	9.75%
30 June 2014	(175.0)	5.96%	(250.0)	9.75%	(435.0)	5.38%	(250.0)	9.75%
30 June 2015	(187.6)	5.55%	(250.0)	9.75%	(398.8)	5.40%	(250.0)	9.75%
30 June 2016	(138.7)	5.43%	(250.0)	9.75%	(280.5)	5.54%	(250.0)	9.75%
30 June 2017	(57.2)	5.75%	(250.0)	9.75%	(128.0)	5.80%	(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	-	-	(250.0)	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 2010.
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 2010.

At 30 June 2010, if interest rates on borrowings had been 100 basis points per annum (2009: 100 basis points per annum) higher/lower, with all other variables held constant, the Consolidated Entity result attributable to Securityholders for the financial year would have been A\$0.2 million lower/higher (2009: A\$0.1 million).

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

31 Financial risk management (cont)

(a) Market risk (cont)

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.

Based on the Consolidated Entity's existing cross currency swap contracts as at 30 June 2010, 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:

	Weighted average exchange rate		Amounts receivable		Amounts payable	
					2010	2009
Year to	2010	2009	2010 A\$M	2009 A\$M	Currency M	Currency M
Australian dollars receivable/New Zealand dollars payable						
30 June 2010	1.2413	1.2590	150.7	81.0	(187.0)	(102.0)
30 June 2011	1.2413	1.2590	150.7	81.0	(187.0)	(102.0)
30 June 2012	1.2413	1.2590	150.7	81.0	(187.0)	(102.0)
30 June 2013	1.2413	1.2590	150.7	81.0	(187.0)	(102.0)
30 June 2014	1.2200	-	69.7	-	(85.0)	-
Australian dollars receivable/Hong Kong dollars payable						
30 June 2010	6.6088	6.4213	342.0	234.6	(2,250.0)	(1,500.0)
30 June 2011	6.6088	6.4213	342.0	148.9	(2,250.0)	(1,500.0)
30 June 2012	6.8299	6.7145	256.4	148.9	(1,750.0)	(1,000.0)
30 June 2013	6.8299	6.7145	256.4	148.9	(1,750.0)	(1,000.0)
30 June 2014	6.9838	-	107.4	-	(750.0)	-
30 June 2015	7.1000	-	56.3	-	(400.0)	-
Australian dollars receivable/Japanese yen payable						
30 June 2010	-	97.4500	-	44.5	-	(4,340.0)
30 June 2011	-	97.4500	-	44.5	-	(4,340.0)
30 June 2012	-	97.4500	-	44.5	-	(4,340.0)
30 June 2013	-	97.4500	-	44.5	-	(4,340.0)
Australian dollars receivable/Euros payable						
30 June 2010	0.6705	0.5665	179.0	369.3	(120.0)	(209.0)
30 June 2011	0.6705	0.5665	179.0	369.3	(120.0)	(209.0)
30 June 2012	0.6705	0.5665	179.0	369.3	(120.0)	(209.0)
30 June 2013	0.6705	0.5500	179.0	198.2	(120.0)	(109.0)
30 June 2014	0.6705	0.5500	179.0	198.2	(120.0)	(109.0)
30 June 2015	0.6705	-	179.0	-	(120.0)	-
30 June 2016	0.6705	-	179.0	-	(120.0)	-
Australian dollars receivable/British pounds sterling payable						
30 June 2010	-	0.4700	-	272.3	-	(128.0)
30 June 2011	-	0.4700	-	272.3	-	(128.0)
30 June 2012	-	0.4700	-	183.0	-	(86.0)
30 June 2013	-	0.4700	-	183.0	-	(86.0)

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

31 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 2010, 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	
	2010	2009	2010	2009	2010	2009
			A\$M	A\$M	Currency M	Currency M
Contracts to buy Australian dollars and sell New Zealand dollars						
30 June 2010	-	1.1491	-	4.9	-	(5.6)
30 June 2011	1.1630	1.1630	4.6	4.6	(5.3)	(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)
Contracts to buy Australian dollars and sell Hong Kong dollars						
30 June 2010	-	5.3333	-	13.0	-	(68.5)
30 June 2011	5.0557	5.0701	12.4	12.4	(62.6)	(62.6)
30 June 2012	4.9743	4.9885	12.6	12.6	(62.6)	(62.6)
30 June 2013	4.8940	4.9077	12.8	12.8	(62.6)	(62.6)
Contracts to buy Australian dollars and sell Euros						
30 June 2010	-	0.5667	-	42.5	-	(24.0)
30 June 2011	-	0.5273	-	32.4	-	(17.0)
30 June 2012	-	0.5229	-	27.9	-	(14.5)
30 June 2013	-	0.4837	-	18.6	-	(9.0)

At 30 June 2010, if the Australian dollar had strengthened by 5% (2009: 5%), with all other variables, in particular interest rates, held constant, the Consolidated Entity's result attributable to Securityholders would have decreased by A\$21.1 million (2009: A\$33.2 million decrease). If the Australian dollar had weakened by 5% (2009: 5%), with all other variables, in particular interest rates, held constant, the Consolidated Entity's result attributable to Securityholders would have increased by A\$23.3 million (2009: A\$36.7 million increase).

Price risk

Goodman is exposed to equity securities price risk because of its investment in ING Industrial Fund, which is listed on the ASX and classified on the balance sheet as an other financial asset (refer to note 14). As at 30 June 2010, a 5% (2009: 5%) movement in the security price of ING Industrial Fund would have impacted equity by A\$2.1 million (2009: A\$1.4 million). There would be no impact on the Consolidated Entity's result attributable to Securityholders. The analysis is based on the assumption that all other variables are held constant.

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 finance, treasury and tax committee and the Board at their regular meetings. Goodman's treasury function is also responsible for reporting to the finance, treasury and tax committee and 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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

31 Financial risk management (cont)

(b) Liquidity risk (cont)

The contractual maturities of financial liabilities are set out below:

	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
As at 30 June 2010								
Non-derivative financial liabilities¹								
Payables	187.7	187.7	168.2	19.5	-	-	-	-
Bank loans, unsecured	1,770.4	1,770.4	84.1	593.8	791.1	301.4	-	-
Bank loans, secured	26.7	26.7	-	26.7	-	-	-	-
Euro medium-term notes, unsecured	441.2	441.2	-	-	-	-	-	441.2
Foreign private placement, unsecured	38.3	38.3	-	-	-	-	-	38.3
Total non-derivative financial liabilities	2,464.3	2,464.3	252.3	640.0	791.1	301.4	-	479.5
Derivative financial liabilities								
Net settled ²	150.0	162.9	42.2	40.0	27.2	20.6	13.5	19.4
Gross settled ³ :								
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
Total derivative financial liabilities	160.0	161.6	23.4	21.5	35.1	20.4	19.4	41.8
As at 30 June 2009								
Non-derivative financial liabilities¹								
Payables	232.9	232.9	231.4	1.5	-	-	-	-
Bank loans, unsecured	3,277.5	3,277.5	584.4	485.1	949.9	1,258.1	-	-
Bank loans, secured	402.3	402.3	402.3	-	-	-	-	-
Euro medium-term notes, unsecured	513.1	513.1	-	-	-	-	-	513.1
Foreign private placement, unsecured	46.9	46.9	-	-	-	-	-	46.9
Total non-derivative financial liabilities	4,472.7	4,472.7	1,218.1	486.6	949.9	1,258.1	-	560.0
Derivative financial liabilities								
Net settled ²	152.3	156.6	60.5	39.5	17.6	9.7	11.7	17.6
Gross settled ³ :								
Inflow		(176.3)	(45.9)	(52.2)	(47.3)	(27.2)	(3.7)	-
Outflow	17.0	182.5	15.9	34.3	44.9	69.8	17.6	-
Total derivative financial liabilities	169.3	162.8	30.5	21.6	15.2	52.3	25.6	17.6

1. Cash flows relating to non-derivative financial liabilities 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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

31 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.

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:

		Carrying amount 2010 \$M	Fair value 2010 \$M	Carrying amount 2009 \$M	Fair value 2009 \$M
Consolidated	Note				
Financial assets					
Cash	27(a)	515.1	515.1	242.5	242.5
Receivables:	8				
- Loans and receivables		493.5	493.5	588.3	588.3
- Interest rate derivatives		2.8	2.8	1.3	1.3
- Cross currency swaps		13.0	13.0	18.5	18.5
- Foreign exchange contracts		7.2	7.2	11.1	11.1
Other financial assets:	14				
- Investments in listed securities		42.3	42.3	27.7	27.7
- Investments in other unlisted securities		27.6	27.6	43.4	43.4
		1,101.5	1,101.5	932.8	932.8
Financial liabilities					
Payables:	17				
- Trade, other payables and accruals and deferred settlements		187.7	187.7	232.9	232.9
- Interest rate derivatives		159.2	159.2	163.4	163.4
- Cross currency swaps		23.8	23.8	35.6	35.6
- Foreign exchange contracts		-	-	1.2	1.2
Interest bearing liabilities ¹	18	2,276.6	2,338.6	4,239.8	4,069.7
		2,647.3	2,709.3	4,672.9	4,502.8

1. The methods used for determining fair values of financial instruments are discussed in notes 1, 2 and 14. The fair value of the Euro medium-term notes included in interest bearing liabilities has been determined by reference to their quoted price on the Singapore Stock Exchange at 30 June 2010 (refer to note 18).

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

31 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	Level 2	Level 3	Total
As at 30 June 2010	\$M	\$M	\$M	\$M
Available for sale financial assets	42.3	-	27.6	69.9
Derivative financial assets	-	23.0	-	23.0
	42.3	23.0	27.6	92.9
Derivative financial liabilities	-	183.0	-	183.0
	-	183.0	-	183.0
As at 30 June 2009				
Available for sale financial assets	27.7	-	43.4	71.1
Derivative financial assets	-	30.9	-	30.9
	27.7	30.9	43.4	102.0
Derivative financial liabilities	-	200.2	-	200.2
	-	200.2	-	200.2

The reconciliation of the carrying amount for Level 3 financial instruments is set out below:

	Available for sale financial assets \$M
Carrying amount at the beginning of the year	43.4
Additions	4.0
Revaluation loss to other comprehensive income	(11.3)
Effect of foreign currency translation	(8.5)
Carrying amount at the end of the year	27.6

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.

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

32 Auditors' remuneration

	Consolidated	
	2010	2009
	\$000	\$000
Audit services		
Auditor of the Company:		
- Audit and review of financial reports (KPMG Australia)	943.3	1,099.6
- Audit and review of financial reports (overseas KPMG firms)	961.7	1,122.7
	1,905.0	2,222.3
Other regulatory services:		
- Other regulatory services (KPMG Australia)	15.0	100.2
- Other regulatory services (overseas KPMG firms)	34.9	124.4
Other assurance services:		
- Investigative accounting services (KPMG Australia)	967.0	893.9
- Investigative accounting services (overseas KPMG firms)	-	639.5
Taxation services:		
- Taxation compliance services (KPMG Australia)	404.0	358.0
- Taxation compliance services (overseas KPMG firms)	212.7	668.7
- Other taxation advice (KPMG Australia)	17.2	19.3
- Other taxation advice (overseas KPMG firms)	81.5	63.3
	1,732.3	2,867.3
Total paid/payable to KPMG	3,637.3	5,089.6
Other auditors:		
- Audit and review of financial reports (non-KPMG firms)	181.9	244.4

33 Parent Entity disclosures

As at, and throughout the financial year ended, 30 June 2010, the parent company of the Consolidated Entity was Goodman Limited.

	2010	2009
	\$M	\$M
Result of the Parent Entity		
Profit/(loss) for the year	92.5	(104.2)
Other comprehensive income	(0.3)	(10.2)
Total comprehensive income	92.2	(114.4)
Financial position of the Parent Entity at year end		
Current assets	623.7	709.9
Total assets	1,081.7	1,104.3
Current liabilities	950.0	1,197.1
Total liabilities	950.3	1,197.1
Total equity of the Parent Entity comprising of:		
Share capital	368.3	241.6
Foreign currency translation reserve	(0.1)	-
Employee compensation reserve	(7.9)	41.3
Accumulated losses	(228.9)	(375.7)
Total equity	131.4	(92.8)

Parent Entity capital commitments

The Parent Entity has no capital commitments (2009: \$nil)

Goodman Limited and its Controlled Entities
Notes to the consolidated financial statements for the year ended 30 June 2010

33 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 2010, the Consolidated Entity had 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 18), Goodman Australia Finance Pty Limited issued £250 million notes, maturing on 16 July 2016, at a fixed coupon of 9.75%. Goodman Limited and Goodman Funds Management Limited, as responsible entity of GIT, has unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of the Euro medium-term 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 24) 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 24) under the terms of issue and subscription terms for those securities.

34 Events subsequent to balance date

On 16 August 2010, Goodman announced the proposed strategic acquisition of Moorabbin Airport and business park, Victoria for \$201.5 million from Goodman Holdings Group. Mr Gregory Goodman and Mr Patrick Goodman are directors of and shareholders in Goodman Holdings Group. The transaction, which is subject to review by an independent expert, Securityholder approval and government and regulatory approvals, would be funded via issue of ordinary equity in Goodman of \$146.5 million, \$35.0 million of vendor finance and \$20.0 million cash to fund working capital.

On 17 August 2010, the Consolidated Entity entered into a new £85 million (A\$150 million) unsecured loan with an international bank. The loan is revolving and available in multiple currencies for a three year term. As a result, the Consolidated Entity's total liquidity position has increased to approximately A\$1.65 billion.

In the opinion of the Directors, other than this proposed strategic acquisition and the new loan facility, there were no events subsequent to balance date, and up to the date of signature of this consolidated financial report, that would require adjustment or disclosure in the consolidated financial report.

Goodman Limited and its Controlled Entities
Directors' declaration

In the opinion of the directors of Goodman Limited:

- (a) the consolidated financial statements and the accompanying notes set out on pages 28 to 111 and the remuneration disclosures that are contained on pages 10 to 22 in the remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2010 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 Consolidated Entity 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 year ended 30 June 2010.

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, 19 August 2010



Gregory Goodman
Group Chief Executive Officer

Independent auditor's report to the members of Goodman Limited

Report on the financial report

We have audited the accompanying financial report of the Consolidated Entity comprising Goodman Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the balance sheet as at 30 June 2010, and income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 34 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations), a 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 2010 and of its performance for the year ended on that date; and
 - (ii) 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.

**Independent auditor's report to the members of
Goodman Limited (cont)**

Report on the remuneration report

We have audited the remuneration report included on pages 10 to 22 in the Directors' report for the year ended 30 June 2010. 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 2010, complies with Section 300A of the *Corporations Act 2001*.



KPMG



John Teer
Partner

Sydney, 19 August 2010