Goodman Industrial Trust
ARSN 091 213 839
and its Controlled Entities
Consolidated financial report for the year ended 30 June 2011

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The directors (Directors) of Goodman Funds Management Limited (Responsible Entity), the responsible entity for Goodman Industrial Trust (GIT, Trust or Parent Entity), present their Directors' report together with the consolidated financial report of GIT and the entities it controlled (Consolidated Entity) at the end of, or during, the year ended 30 June 2011 and the audit report thereon.

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

Directors

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

	Appointment date
Mr Ian Ferrier, AM (Independent Chairman)	23 February 2005
Mr Gregory Goodman (Group Chief Executive Officer)	17 January 1995
Mr John Harkness (Independent Director)	1 September 2004
Mr James Hodgkinson (Non-Executive Director)	21 February 2003
Ms Anne Keating (Independent Director)	6 February 2004
Mr Phillip Pryke (Independent Director)	13 October 2010
Mr Jim Sloman, OAM (Independent Director)	1 February 2006
Mr Patrick Goodman (Non-Executive Director)	23 February 2005 (resigned on 30 November 2010)
Ms Diane Grady, AM (Independent Director)	30 September 2007 (resigned on 13 October 2010)

Details of the Directors' qualifications, experience and special responsibilities are set out on pages 8 and 9 in this Directors' report.

Company Secretary

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

	Appointment date
Mr Carl Bicego	24 October 2006

Details of the Company Secretary's qualifications and experience are set out on page 9 in this Directors' report.

Directors' meetings

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

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

1. Reflects the number of meetings individuals were entitled to attend. The Directors make themselves available as required but a number of the above meetings were unscheduled with the result that Directors may not have been able to attend the meeting.
2. A separate committee was established to consider the acquisition of Moorabbin Airport Corporation Pty Ltd which has a leasehold interest in Moorabbin Airport and Business Park, Victoria from Goodman Holdings Group, a related party.
3. Mr Patrick Goodman resigned as a Director on 30 November 2010.
4. Ms Diane Grady resigned as a Director on 13 October 2010.

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

Principal activities

The principal activity of the Consolidated Entity during the year was property investment. There were no significant changes to the nature of the Consolidated Entity's activities during the year.

Distributions

The total distribution declared to ordinary unitholders of GIT (Unitholders) during the year was 3.5 cents per unit (2010: 3.4 cents per unit). Further details of distributions paid or declared during the year are set out in note 4 to the consolidated financial statements.

Review of operations

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

	Consolidated	
	2011	2010 Restated[1]
	$M	$M
Gross property income	**215.6**	**225.1**
Profit/(loss) attributable to Unitholders	**514.6**	**(274.0)**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

Value of assets

	Consolidated	
	30 June 2011	30 June 2010 Restated[1]
	$M	$M
Carrying value of assets	**7,700.6**	**7,675.4**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

The basis for valuation of assets is disclosed in notes 1 and 2 of the consolidated financial report.

Issued capital

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

	Consolidated	
	2011	2010
	M	M
Units on issue at the beginning of the year	6,369.8	2,779.7
Units issued	1,024.8	3,590.1
Units on issue at the end of the year	**7,394.6**	**6,369.8**

State of affairs

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

(a) Conversion of preference securities issued to China Investment Corporation

On 24 December 2010, China Investment Corporation (CIC) converted $225.0 million preference securities to 523.3 million stapled securities in Goodman Group at a price of $0.43 per security.

(b) Exercise of options

On 16 May 2011, CIC exercised 276.0 million options over stapled securities for consideration of $78.5 million.

(c) New finance facilities

During the year, the Consolidated Entity has continued its stated capital management objectives of diversifying debt funding sources and extending its debt maturity profile. Initiatives during the year included:

+ issues in November 2010 and March 2011 of US$325.0 million and US$500.0 million respectively of senior unsecured notes in the United States 144A/Reg S bond market, both with effective fixed interest coupons of 6.375% per annum and both for terms of ten years;
+ issue in March 2011 of ¥12.5 billion private note placement through the Euro Medium Term Note programme for a term of twelve years;
+ establishment of a new revolving bank facility for A$127.5 million, maturing over two years;
+ establishment of a new revolving bank facility for A$180.0 million, maturing over four years; and
+ establishment of three new revolving bank facilities with an aggregate limit of A$412.5 million, maturing over five years.

(d) Acquisition of Moorabbin Airport and Business Park

On 24 May 2011, the Consolidated Entity completed the acquisition of 100% of the ordinary units in two intermediate holding entities that collectively own 100% of the ordinary shares of Moorabbin Airport Corporation Pty Limited (MAC) from Goodman Holdings Group. MAC owns Moorabbin Airport and Business Park in Victoria. The consideration included the issue of 225,384,615 stapled securities in Goodman Group to the vendors at an agreed issue price of $0.65 each, cash of $35.0 million and repayment of MAC bank debt of $20.0 million.

(e) Acquisition of ING Industrial Fund

On 29 March 2011, Goodman Trust Australia (GTA), an entity established by Goodman Group and three major pension/sovereign wealth funds, acquired ING Industrial Fund. The Consolidated Entity has a 19.9% share of GTA and was Goodman Group appointed as the manager of GTA on terms consistent with its other managed funds.

Details of changes in the state of affairs of the Consolidated Entity subsequent to the balance date are set out on page 11 in this Directors' report.

Strategy and outlook

Goodman Group's business strategy is to be the leading international provider of industrial property and business space to leading global customers in each of the markets in which the Consolidated Entity operates. Goodman Group's integrated "own+develop+manage" customer service model is a driving principle in the Consolidated Entity's operations.

The Consolidated Entity's "own+develop+manage" customer service model is intended to allow the Consolidated Entity to build an in-depth understanding of customer needs and to assist the Consolidated Entity in providing access to quality information on portfolio performance and market dynamics. The Consolidated Entity believes its ability to establish a better understanding of its customers' needs allows for better customer management opportunities and enables the Consolidated Entity to provide a more tailored property management service. Goodman strives to meet the requirements of its customers "in-house" through the repositioning of existing assets or via the development of new pre-leased sites, while the "in-house" property management team works efficiently to satisfy customer needs.

The Consolidated Entity seeks to create value through expansion, both organically and through strategic acquisitions, while enhancing returns through the active management of its property portfolio. The cornerstone of this strategy is a substantial portfolio (including both directly owned property and cornerstone investments in Goodman Group managed funds) of quality industrial and business space assets, coupled with the Consolidated Entity's integrated property platform. Goodman Group looks to enhance its return on property investments with property and fund management income and development profits.

Development is an important component of the Consolidated Entity's business strategy, because it drives portfolio growth with the expansion of existing customers and the procurement of new customers and provides a source of investment products for the Goodman Group managed funds. The Consolidated Entity's current strategy is to ensure that the majority of developments are conducted within Goodman Group managed funds.

The Consolidated Entity believes that its ability to recycle capital in this way, coupled with the Consolidated Entity's ability to utilise third party capital invested in Goodman managed funds, enables it to grow development and investment activity and earnings outside of the Consolidated Entity's traditional Australian markets. Through cornerstone investments in Goodman managed funds, the Consolidated Entity intends to align its interests with those of the funds' investors and believes that it is able to foster long-term relationships with the funds' investors. By attracting a group of key global investors, the Consolidated Entity aims to secure sources of funding for Goodman managed funds and the Consolidated Entity's joint ventures, allowing for the expansion of the Consolidated Entity's business without needing to fund such expansion entirely with the Consolidated Entity's balance sheet.

The growing contribution from the active components of Goodman's business, being its development and management activities, coupled with the strength of its Asian and European businesses will ensure the Consolidated Entity is well positioned to achieve solid earnings growth in the year ending 30 June 2012. Accordingly, Goodman Group is forecasting a full year operating profit after tax of $460.0 million.

Further information as to other likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in the consolidated financial report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

Environmental regulations

The Consolidated Entity has policies and procedures in place that are designed to ensure that, where operations are subject to any particular and significant environmental regulation under a law of Australia, those obligations are identified and appropriately addressed. The Directors have determined that there has not been any material breach of those obligations during the year.

Interests of the Responsible Entity

The Responsible Entity did not hold any units either directly or indirectly in the Consolidated Entity at any time during the year and up to the date of signature of the consolidated financial report.

Indemnification and insurance of officers and auditors

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

Fees paid to and interests held by related entities and Directors

Fees were paid or are payable to Goodman Group and its associated entities for services provided during the year. Details of these fees and the interests of the Responsible Entity and other related party information are set out in note 22 to the consolidated financial statements.

The relevant interest of each Director in Goodman Group stapled securities as notified by the Directors to the ASX in accordance with section 205G(1) of the Corporations Act 2001 at the date of the consolidated financial report is as follows:

Director	Direct securities	Indirect securities	Total
Non-Executive			
Mr Ian Ferrier	377,784	-	377,784
Mr Patrick Goodman[1]	-	5,955,992	5,955,992
Ms Diane Grady[1]	-	208,200	208,200
Mr John Harkness	298,654	-	298,654
Mr James Hodgkinson	333,730	920,572	1,254,302
Ms Anne Keating	-	304,866	304,866
Mr Jim Sloman	258,465	-	258,465
Mr Phillip Pryke	-	541,160	541,160
Executive			
Mr Gregory Goodman	5,955,992	225,384,615	231,340,607

1. As at the date of their resignation as a Director.

None of the Non-Executive Directors held any options over unissued securities at 30 June 2011. Mr Gregory Goodman held 9,700,000 options and 7,553,846 performance rights over securities of Goodman Group at 30 June 2011 (2010: 9,700,000 options and 3,900,000 performance rights).

At 30 June 2011, James Hodgkinson held 2,660 (2010: nil) of the hybrid securities issued by Goodman PLUS Trust, which are listed on the ASX. None of the other Directors holds any interests in the hybrid securities issued by Goodman PLUS Trust.

Qualifications, experience and special responsibilities of Directors and Company Secretary

Board of Directors

Mr Ian Ferrier, AM – Independent Chairman
Appointed 23 February 2005

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

Mr Gregory Goodman – Group Chief Executive Officer
Appointed 17 January 1995

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

Mr John Harkness – Independent Director
Appointed 1 September 2004

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

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

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

Ms Anne Keating – Independent Director
Appointed 6 February 2004

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

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

Board of Directors (cont)

Mr Phillip Pryke – Independent Director
Appointed 13 October 2010

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

Mr Jim Sloman, OAM – Independent Director
Appointed 1 February 2006

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

Mr Patrick Goodman – Non-Executive Director
Appointed 23 February 2005
Resigned 30 November 2010

Patrick is the Managing Director of Goodman Holdings Group. The diversified interests of Goodman Holdings Group initially focused on direct and indirect property development and have expanded to include the management of a diverse portfolio across sectors covering aviation, food, rural, private and listed equity, infrastructure and financial services globally. Patrick is also a director of companies involved in information technology, property investment and management both in Australasia and the United States. During his 30 year career, he has had considerable public and private company experience both domestically and internationally.

Ms Diane Grady, AM – Independent Director
Appointed 30 September 2007
Resigned 13 October 2010

Diane has been a full-time non-executive director on various companies since 1994 and is currently a director of Woolworths Limited (since 5 July 1996) and BlueScope Steel Limited (since 10 May 2002) and the Chair of Ascham School Limited. Diane is also a senior adviser to McKinsey & Company. Previously, she was a director of Lend Lease Corporation Limited (from 1994 to 2002), Wattyl Ltd (from 1994 to 2006) and a Trustee of the Sydney Opera House. Prior to becoming an independent director, Diane was a partner with McKinsey & Company where she spent 15 years consulting to clients in a broad range of industries on strategic and organisational issues.

Company Secretary

Mr Carl Bicego – Company Secretary

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

Rights and options over Goodman Group stapled securities

Details of the performance rights and options over stapled securities of Goodman Group held by Mr Gregory Goodman are set out below. None of the other Directors held any rights or options over stapled securities of Goodman Group. No rights or options have been granted since the end of the financial year.

(a) Performance rights

	Number of performance rights granted	Grant date	Fair value per performance right $	Exercise price per right[1] $	Expiry date	Number of performance rights vested
Executive Director						
Mr Gregory Goodman	3,653,846	1 Feb 2011	0.56	-	1 Sep 2015	-
	3,900,000	14 May 2010	0.60	-	1 Sep 2014	-

1. Goodman Group stapled securities are issued for nil consideration on vesting.

(b) Options

	Number of options granted	Grant date	Fair value per option $	Exercise price per right $	Expiry date	Number of options vested
Executive Director						
Mr Gregory Goodman	7,000,000	17 Nov 2008	0.04	3.01	30 Jun 2013	-
	2,700,000	26 Nov 2007	0.77	6.27	30 Jun 2013	-

Unissued securities under option

Unissued securities under option include the performance rights awarded to employees of Goodman Group under the Long Term Incentive Plan (LTIP) and options awarded under the Employee Option Plan.

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

(a) Performance rights

Date granted	Expiry date	Exercise price per right $	Number of performance rights	Performance hurdles[1]
1 February 2011	1 Sep 2015	-	42,319,732	TSR[2] (25%) and EPS[3] (75%)
14 May 2010	1 Sep 2014	-	44,973,010	TSR[2] (50%) and EPS[3] (50%)

1. Performance hurdles are based on the results of Goodman Group.
2. The TSR vesting condition is determined by Goodman Group's relative TSR over a three year period since the end of the previously reported 12 months period immediately preceding the date of the grant as determined by the Board of Goodman Group. Goodman Group's TSR performance will be measured against the TSR performance of the entities comprising the ASX 200 Index.
3. The EPS vesting condition is determined by the Goodman Group's aggregated operating EPS over a three year period since the end of the previously reported 12 month period immediately preceding the date of the grant, compared to the target EPS and stretch target EPS as determined by the Board of Goodman Group.

Unissued securities under option (cont)

(b) Options

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

Date granted	Expiry date	Exercise price $	Number of unissued securities under option	Performance hurdle[1]
9 Dec 05	31 Dec 11	4.20	11,250,000	11% ROE
14 Jun 06	31 Dec 11	5.15	1,892,000	12% ROE
13 Oct 06	30 Sep 12	6.27	7,442,500	12% ROE
10 Apr 07	31 Dec 12	7.14	19,355,000	12% ROE
22 Jun 07	31 Dec 12	7.04	5,235,000	12% ROE
19 Oct 07	30 Jun 13	6.27	30,514,000	12% ROE
26 Nov 07	30 Jun 13	6.27	2,700,000	12% ROE
5 Sep 08	30 Jun 13	2.98	41,575,000	12% ROE
5 Sep 08	30 Jun 13	3.01	3,850,000	12% ROE
17 Nov 08	30 Jun 13	3.01	7,000,000	12% ROE

1. Performance hurdles are based on the results of Goodman Group. The ROE performance hurdle requires the Goodman Group achieving compound annual growth ROE as set out above. These hurdles are calculated since the end of the previously reported 12 month period immediately preceding the date of grant (as reported in the Annual Report or Half Yearly Review of Goodman Group). These performance hurdles are unlikely to be achieved.

All options expire on the earlier of their expiry date or one month following the termination of the employee's employment (other than in the event of special circumstances).

Events subsequent to balance date

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

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

The lead auditor's independence declaration is set out on page 12 and forms part of this Directors' report for the year.

Rounding

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

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

Ian Ferrier, AM
Independent Chairman

Gregory Goodman
Group Chief Executive Officer

Sydney, 18 August 2011

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

To: the directors of Goodman Funds Management Limited, as responsible entity for Goodman Industrial Trust

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

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Stuart Marshall
Partner

Sydney

18 August 2011

Goodman Industrial Trust and its Controlled Entities
Consolidated balance sheet
as at 30 June 2011

		Consolidated	
		2011	2010 Restated[1]
	Note	$M	$M
Current assets			
Cash	21(a)	92.6	474.8
Receivables	5	2,095.3	1,989.2
Inventories	6	19.3	28.7
Other assets	7	7.5	27.8
Total current assets		**2,214.7**	**2,520.5**
Non-current assets			
Receivables	5	254.9	445.1
Inventories	6	180.1	70.7
Investment properties	8	2,662.0	2,500.2
Investments accounted for using the equity method	9	2,388.7	2,096.3
Other financial assets	10	0.2	42.6
Total non-current assets		**5,485.9**	**5,154.9**
Total assets		**7,700.6**	**7,675.4**
Current liabilities			
Deferred income		13.7	4.8
Payables	11	169.5	124.7
Provisions	12	163.8	124.8
Interest bearing liabilities	13	-	84.1
Total current liabilities		**347.0**	**338.4**
Non-current liabilities			
Deferred income		-	0.6
Payables	11	178.6	224.1
Provisions	12	2.3	4.1
Interest bearing liabilities	13	1,914.5	2,193.3
Total non-current liabilities		**2,095.4**	**2,422.1**
Total liabilities		**2,442.4**	**2,760.5**
Net assets		**5,258.2**	**4,914.9**
Equity			
Issued capital	14	6,904.1	6,442.9
Reserves	15	(2,095.4)	(1,983.1)
Accumulated losses	16	(97.5)	(295.4)
Total equity attributable to Unitholders		**4,711.2**	**4,164.4**
Non-controlling interests	17	547.0	750.5
Total equity		**5,258.2**	**4,914.9**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

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

Goodman Industrial Trust and its Controlled Entities
Consolidated income statement
for the year ended 30 June 2011

		Consolidated	
		2011	**2010 Restated[1]**
	Note	**$M**	**$M**
Revenue and other income			
Gross property income		215.6	225.1
Net loss from fair value adjustments on investment properties	8	(20.6)	(132.7)
Net (loss)/gain on disposal of investment properties	3	(0.6)	1.7
Net gain/(loss) on disposal of controlled entities	3	18.1	(0.1)
Net gain/(loss) on disposal of equity investments	3	101.3	(8.0)
Share of net results of equity accounted investments	3	162.2	(169.0)
Income from disposal of inventories		14.5	-
Distributions from equity investments		20.3	19.7
Other income		4.3	6.6
		515.1	**(56.7)**
Property and other expenses			
Property expenses		(56.4)	(55.9)
Inventory cost of sales		(11.6)	-
Trust expenses		(2.4)	(2.3)
Management fee		(7.5)	(27.8)
Impairment losses	3	(13.6)	(48.9)
Other expenses		(3.8)	(6.1)
		(95.3)	**(141.0)**
Profit/(loss) before interest and tax		**419.8**	**(197.7)**
Finance costs			
Finance income	3	246.8	210.5
Finance expenses	3	(87.7)	(234.7)
Net finance income/(costs)		**159.1**	**(24.2)**
Profit/(loss) before income tax		**578.9**	**(221.9)**
Income tax (expense)/benefit		**(3.3)**	**0.2**
Profit/(loss) for the year		**575.6**	**(221.7)**
Profit/(loss) attributable to Unitholders		514.6	(274.0)
Profit attributable to non-controlling interests		61.0	52.3
Profit/(loss) for the year		**575.6**	**(221.7)**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

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

Goodman Industrial Trust and its Controlled Entities
Consolidated statement of comprehensive income
for the year ended 30 June 2011

		Consolidated	
		2011	2010 Restated[1]
	Note	$M	$M
Profit/(loss) for the year		**575.6**	**(221.7)**
Other comprehensive income			
Change in fair value of other financial assets	15	14.3	14.7
Fair value of available for sale equity securities transferred to the income statement on disposal	15	(47.2)	-
Cash flow hedges:			
- Change in value of financial instruments	15	36.1	(0.4)
- Transfers to income statement from cash flow hedge reserve	15	37.3	52.7
Effect of foreign currency translation on reserves	15	(218.2)	(204.8)
Other comprehensive income for the year		**(177.7)**	**(137.8)**
Total comprehensive income for the year		**397.9**	**(359.5)**
Attributable to:			
Unitholders		336.9	(411.8)
Non-controlling interests		61.0	52.3
Total comprehensive income for the year		**397.9**	**(359.5)**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

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

Goodman Industrial Trust and its Controlled Entities
Consolidated statement of changes in equity
for the year ended 30 June 2011

Consolidated — **Attributable to Unitholders**

	Note	Issued equity	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Capital profits reserve	Accumulated losses	Total	Non-controlling interests	Total equity
							Restated[1]	Restated[1]		Restated[1]
	Note	$M	$M	$M	$M	$M	$M	$M	$M	$M
Balance at 1 July 2009		**5,229.1**	**(1,283.7)**	**(223.2)**	**(70.7)**	**138.3**	**(212.6)**	**3,577.2**	**318.8**	**3,896.0**
Impact of changes in accounting policies		-	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Restated balance at 1 July 2009		**5,229.1**	**(1,283.7)**	**(223.2)**	**(70.7)**	**138.3**	**(213.3)**	**3,576.5**	**318.8**	**3,895.3**
Total comprehensive income for the year	15,16									
Loss for the year		-	-	-	-	-	(274.0)	**(274.0)**	52.3	**(221.7)**
Total other comprehensive income for the year		-	101.0	75.9	(328.3)	13.6	-	**(137.8)**	-	**(137.8)**
Total comprehensive income for the year		**-**	**101.0**	**75.9**	**(328.3)**	**13.6**	**(274.0)**	**(411.8)**	**52.3**	**(359.5)**
Transfers		-	(375.0)	-	-	(31.0)	406.0	**-**	-	-
Contributions by and distributions to owners										
Ordinary units issued to Unitholders		1,260.2	-	-	-	-	-	**1,260.2**	-	**1,260.2**
Issue costs due to ordinary units		(46.4)	-	-	-	-	-	**(46.4)**	-	**(46.4)**
Ordinary units issued under the earn-out provisions of the Eurinpro acquisition		-	-	-	-	-	-	**-**	452.3	**452.3**
Issue costs due to Goodman PLUS Trust hybrid securities		-	-	-	-	-	-	**-**	(20.6)	**(20.6)**
Distributions declared on ordinary units	4	-	-	-	-	-	(214.1)	**(214.1)**	-	**(214.1)**
Distributions declared on Goodman PLUS Trust hybrid securities	4	-	-	-	-	-	-	**-**	(18.3)	**(18.3)**
Distributions declared on China Investment Corporation (CIC) convertible preference securities	4	-	-	-	-	-	-	**-**	(34.0)	**(34.0)**
Restated balance at 30 June 2010		**6,442.9**	**(1,557.7)**	**(147.3)**	**(399.0)**	**120.9**	**(295.4)**	**4,164.4**	**750.5**	**4,914.9**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

Goodman Industrial Trust and its Controlled Entities
Consolidated statement of changes in equity
for the year ended 30 June 2011

Consolidated (cont)		Attributable to Unitholders								
		Issued equity	Asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Capital profits reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	Note	$M	$M	$M	$M	$M	$M	$M	$M	$M
Balance at 1 July 2010		**6,442.9**	**(1,557.7)**	**(147.3)**	**(399.0)**	**120.9**	**(295.4)**	**4,164.4**	**750.5**	**4,914.9**
Total comprehensive income for the year	15,16									
Profit for the year		-	-	-	-	-	514.6	**514.6**	61.0	**575.6**
Total other comprehensive income for the year		-	37.9	85.5	(314.2)	13.1	-	**(177.7)**	-	**(177.7)**
Total comprehensive income for the year		**-**	**37.9**	**85.5**	**(314.2)**	**13.1**	**514.6**	**336.9**	**61.0**	**397.9**
Transfers		-	289.5	-	-	(224.1)	(65.4)	**-**	-	**-**
Contributions by and distributions to owners										
Issue of ordinary units on acquisition of Moorabbin Airport and Business Park		162.0	-	-	-	-	-	**162.0**	-	**162.0**
Issue costs due to ordinary units		(0.2)	-	-	-	-	-	**(0.2)**	-	**(0.2)**
Increase due to CIC convertible preference securities issued		221.6	-	-	-	-	-	**221.6**	(203.5)	**18.1**
Issue of stapled securities on exercise of options by CIC		77.8	-	-	-	-	-	**77.8**	-	**77.8**
Distributions declared on ordinary units	4	-	-	-	-	-	(251.3)	**(251.3)**	-	**(251.3)**
Distributions declared on Goodman PLUS Trust hybrid securities	4	-	-	-	-	-	-	**-**	(22.2)	**(22.2)**
Distributions declared on CIC convertible preference securities	4	-	-	-	-	-	-	**-**	(38.8)	**(38.8)**
Balance at 30 June 2011		**6,904.1**	**(1,230.3)**	**(61.8)**	**(713.2)**	**(90.1)**	**(97.5)**	**4,711.2**	**547.0**	**5,258.2**

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

Goodman Industrial Trust and its Controlled Entities
Consolidated cash flow statement
for the year ended 30 June 2011

		Consolidated	
		2011	**2010**
	Note	**$M**	**$M**
Cash flows from operating activities			
Property income received		221.4	225.4
Proceeds from disposal of inventories		14.2	-
Other cash receipts from services provided		14.4	80.7
Property expenses paid		(51.6)	(51.1)
Payments for inventories		(21.6)	-
Other cash payments in the course of operations		(62.7)	(81.8)
Dividends/distributions received		121.2	53.7
Interest received		34.3	50.2
Finance costs paid		(114.6)	(162.8)
Net income taxes paid		(3.1)	(0.9)
Net cash provided by operating activities	21(b)	**151.9**	**113.4**
Cash flows from investing activities			
Proceeds from sale of investment properties		9.6	41.4
Proceeds from sale of controlled entities, net of cash disposed	19	43.9	186.8
Proceeds from sale of equity investments		200.7	31.1
Payments for equity investments		(423.0)	(116.1)
Payments for investment properties and developments		(126.5)	(54.7)
Net cash (used in)/provided by investing activities		**(295.3)**	**88.5**
Cash flows from financing activities			
Proceeds from issue of ordinary units		78.5	1,260.2
Proceeds from issue of CIC convertible preference securities		-	500.0
Transaction costs from issue of securities		(0.2)	(46.4)
Transaction costs from issue of CIC convertible preference securities		-	(20.6)
Proceeds from borrowings		2,010.5	895.3
Repayments of borrowings		(2,117.6)	(2,514.8)
Loans from related parties		75.4	125.4
Distributions paid	4	(285.4)	(142.9)
Net cash (used in)/provided by financing activities		**(238.8)**	**56.2**
Net (decrease)/increase in cash held		(382.2)	258.1
Cash at the beginning of the year		474.8	216.7
Cash at the end of the year	21(a)	**92.6**	**474.8**

Non-cash financing and investing activities are included in note 21(c).

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

1 Statement of significant accounting policies

Goodman Industrial Trust (GIT, Trust or Parent Entity) is established in Australia. The consolidated financial report of GIT for the year ended 30 June 2011 comprises GIT and its controlled entities (Consolidated Entity) and the Consolidated Entity's interest in associates and joint venture entities.

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

Statement of compliance

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

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

Changes in accounting policies

During the year, the Consolidated Entity changed its accounting policy with respect to the recognition of deferred tax liabilities or assets on investment property that is measured using the fair value model. The change was the result of an amendment to AASB 12 *Income Taxes*. Under the amended standard, there is a rebuttable presumption that the carrying amount of the investment property will be recovered though sale. Unless the presumption is rebutted, the measurement of the deferred tax liability or asset shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. As the Consolidated Entity does not rebut the presumption of recovery of investment property through sale, the deferred tax liability is determined based on the tax consequences of sale. In prior financial statements, the Consolidated Entity recognised its deferred tax assets and liabilities on the basis that all the economic benefits would be consumed over time rather than through sale.

This change in accounting policy was applied retrospectively and had a positive impact of 0.4 cents on earnings per security for the year ended 30 June 2010. The following table summarises the transitional adjustments made to the balance sheet upon implementation of the new accounting policy:

	Investments accounted for using the equity method $M	Accumulated losses/profit or loss $M
Balance as reporting at 1 July 2009	2,327.4	(212.6)
Effect of tax adjustment on 1 July 2009	(0.7)	(0.7)
Restated balance at 30 June 2009	**2,326.7**	**(213.3)**
Balance as reported at 30 June 2010	2,071.4	(320.3)
Effect of tax adjustment on 1 July 2009	(0.7)	(0.7)
Effect on profit or loss	25.6	25.6
Restated balance at 30 June 2010	**2,096.3**	**(295.4)**

For the year ended 30 June 2010, the effect on the income statement was an increase in share of net results of equity accounted investments of $25.6 million. There was no impact on tax expense as the change only impacted the deferred tax liabilities in the Consolidated Entity's equity accounted investments.

1 Statement of significant accounting policies (cont)

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

(a) Basis of preparation of the consolidated financial report

The consolidated financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at fair value:

+ investment properties;
+ derivative financial instruments; and
+ financial instruments classified as available for sale.

(b) Principles of consolidation

Business combinations

All business combinations that occurred on or after 1 July 2004 and on or prior to 30 June 2009 were accounted for by applying the purchase method.

All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method.

For every business combination, the Consolidated Entity identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Consolidated Entity takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control has passed from one party to another.

Measuring goodwill
The Consolidated Entity measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed, all measured as the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Consolidated Entity to the previous owners of the acquiree, and equity interests issued by the Consolidated Entity. Consideration transferred also includes the fair value of any contingent consideration and share based payment awards of the acquiree that are replaced mandatorily in the business combination.

Contingent liabilities
A contingent liability of the acquiree is recognised in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Non-controlling interest
The Consolidated Entity measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs
Transaction costs that the Consolidated Entity incurs in connection with a business combination, such as legal fees, due diligence fees and other statutory, professional and consulting fees, are expensed as incurred.

Accounting for acquisitions of non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

1 Statement of significant accounting policies (cont)

(b) Principles of consolidation (cont)

Controlled entities
The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Parent Entity as at 30 June 2011 and the results of all such entities for the year ended 30 June 2011. Control exists when the Parent Entity has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

Where an entity either began or ceased to be controlled during the year, the results for that entity are included only from/to the date control commenced or ceased.

Associates
Associates are those entities over which the Consolidated Entity exercises significant influence but not control over their financial and operating policies. In the consolidated financial statements, investments in associates are accounted for using the equity method. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. Under this method, the Consolidated Entity's share of post-acquisition gains or losses of associates is recognised in the consolidated income statement and its share of post-acquisition movements in reserves is recognised in consolidated reserves. Cumulative post-acquisition movements in both profit or loss and reserves are adjusted against the cost of the investment.

Joint venture entities (JVEs)
A joint venture is either an entity or operation that is jointly controlled by the Consolidated Entity.

In the consolidated financial statements, investments in joint venture entities are accounted for using the equity method. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The Consolidated Entity's share of the joint venture entity's net profit or loss is recognised in the consolidated income statement from the date joint control commences to the date joint control ceases. Other movements in reserves are recognised directly in the consolidated reserves.

Transactions eliminated on consolidation
Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Unrealised gains resulting from transactions with associates and JVEs, including those relating to contributions of non-monetary assets on establishment, are eliminated to the extent of the Consolidated Entity's interest. Unrealised gains relating to associates and JVEs are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence an impairment of recoverable amounts.

(c) Revenue recognition

Gross property income
Gross property income comprises rental income entitlements under operating leases, net of incentives provided, plus recoverable outgoings.

Rental income entitlements under operating leases are recognised on a straight-line basis over the term of the lease contract. Where operating lease rental income is recognised relating to fixed increases in rentals in future years, an asset is recognised. This asset is a component of the relevant investment property carrying amount. The cost of lease incentives provided to customers is recognised on a straight-line basis over the life of the lease as a reduction of gross property income.

Recoverable outgoings are recognised as income when the relevant outgoings are recorded as an expense.

Loan facilities
Income from the provision of loan facilities including establishment fees, line fees and interest income is recognised over the relevant service period on an effective yield basis.

1 Statement of significant accounting policies (cont)

(c) Revenue recognition (cont)

Financial income
Interest is brought to account on an accruals basis using the effective interest method, and, if not received at balance date, is reflected in the balance sheet as a receivable.

Income from dividends and distributions
Dividend and distribution income is recognised net of any franking credits and before deduction of any withholding tax.

Dividend and distribution income is recognised when a dividend/distribution is declared and, if not received at balance date, is reflected in the balance sheet as a receivable.

(d) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Trust’s controlled entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial report of GIT is presented in Australian dollars, which is the Trust’s functional and presentation currency.

Transactions
Foreign currency transactions are translated to Australian currency at the exchange rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the reporting date are translated at the rates of exchange ruling on that date. Resulting exchange differences are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost are translated at rates of exchange ruling at the date of the initial transaction. Non-monetary items which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of controlled foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars at foreign exchange rates ruling at the balance sheet date.

Revenue and expenses are translated at weighted average rates for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal or partial disposal of the operations. Fair value adjustments arising on the acquisition of foreign entities are treated as assets of the foreign entities and translated at the closing rate.

Exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in the foreign currency translation reserve on consolidation.

Exchange rates used
The main exchange rates used in translating foreign currency transactions, balances and financial statements are as follows:

	Weighted average		As at 30 June	
Australian dollar to	**2011**	**2010**	**2011**	**2010**
New Zealand dollar	1.3048	1.2554	1.2953	1.2321
Singapore dollar	1.2783	1.2404	1.3156	1.1831
Hong Kong dollar	7.6968	6.8469	8.3336	6.5923
United States dollar	0.9892	0.8822	1.0739	0.8523
Japanese yen	82.0961	80.7539	86.3300	76.7200
Euro	0.7249	0.6359	0.7405	0.705
British pounds sterling	0.6214	0.5588	0.6667	0.5666

1 Statement of significant accounting policies (cont)

(e) Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of leasing to produce rental income and/or for capital appreciation. Investment properties are carried at their fair value.

Components of investment properties
Land and buildings (including integral plant and equipment) comprising investment properties are regarded as composite assets and are disclosed as such in the consolidated financial report. Investment properties are not depreciated as they are subject to continual maintenance and regularly revalued on the basis described below. Taxation allowances for building, plant and equipment depreciation are claimed by trusts within the Consolidated Entity and are declared as tax deferred components of distributions.

Investment property carrying values include the costs of acquiring the properties and subsequent costs of development, if applicable. Where a contract of purchase includes a deferred payment arrangement, the acquisition value is determined as the cash consideration payable in the future, discounted to present value at the date of acquisition. Costs of development include the costs of all materials used in construction, costs of managing the project, holding costs and borrowing costs incurred during the development period.

Amounts provided to customers as lease incentives and assets relating to fixed rental income increases in operating lease contracts are included within investment property values. Lease incentives are amortised over the term of the lease on a straight-line basis. The amortisation is applied to reduce gross property income.

Expenditure on direct leasing and tenancy costs is deferred and included within investment property values. Direct leasing and tenancy costs are amortised over the term of the lease in proportion to the rental income recognised in each financial year.

Stabilised investment properties
Stabilised investment properties are completed investment properties that are capable of earning rental income. An independent valuation of stabilised investment properties is obtained at least every three years to use as a basis for measuring the fair value of the properties. The independent registered valuers determine the market value based on market evidence and assuming a willing, but not anxious, buyer and seller, a reasonable period to sell the property, and the property being reasonably exposed to the market.

At each balance date occurring between obtaining independent valuations, the Directors review the carrying value of the Consolidated Entity's investment properties to be satisfied that, in their opinion, the carrying value of the investment properties reflects the fair value of the investment properties at that date.

Changes in fair value are recognised directly in the income statement. The net of unrealised revaluations from investment properties is transferred to the asset revaluation reserve from retained earnings.

Investment properties under development
Investment properties under development include land, new investment properties in the course of construction and investment properties that are being redeveloped. Property under development for future use as an investment property is measured at fair value.

Deposits for investment properties
Deposits and other costs associated with acquiring investment properties that are incurred prior to the Consolidated Entity obtaining legal title are recorded at cost and disclosed as other assets in the balance sheet.

Disposal of investment properties
The disposal of an investment property is recognised when the significant risks and rewards of ownership have been transferred. The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the property at the time of the disposal and the proceeds on disposal (less transaction costs and any provision for future rental guarantees) and is included in the income statement in the period of disposal. On disposal, the balance of previously unrealised gains for the individual properties included in the asset revaluation reserve is transferred to the capital profits reserve.

(f) Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Consolidated Entity's business. Where property developments are forecast to be completed and sold more than 12 months after the balance sheet date then the inventories are classified as non current.

1 Statement of significant accounting policies (cont)

(f) Inventories (cont)

Work in progress in relation to land subdivision and development projects includes the costs of acquisition, planning, management and development and holding costs such as interest and taxes. Work in progress is carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

(g) Financial instruments

Non-derivative financial assets
The Consolidated Entity initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Consolidated Entity is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Consolidated Entity has legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available for sale financial assets
Available for sale financial assets are non-derivative financial assets that are designated as available for sale and that are not classified in any of the previous categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (refer to note 1(i)), are recognised in other comprehensive income and presented in the asset revaluation reserve in equity. When such an asset is derecognised, the cumulative gain or loss in equity is transferred to profit and loss.

Available for sale financial assets comprise investments in equity securities (other financial assets).

Non-derivative financial liabilities
The Consolidated Entity initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

The Consolidated Entity derecognises a financial liability when the contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Consolidated Entity has legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The Consolidated Entity classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

1 Statement of significant accounting policies (cont)

(g) Financial instruments (cont)

Issued capital
Ordinary units
Ordinary units of the Trust are classified as equity. Incremental costs directly attributable to issues of ordinary units and options are recognised as a deduction from equity, net of any tax effects.

Hybrid securities
Certain controlled entities of GIT have issued hybrid securities that meet the definition of equity for the purpose of the Consolidated Entity. Accordingly, hybrid securities have been classified as equity and presented as non-controlling interests. Incremental costs directly attributable to the issue of hybrid securities are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments and hedging
The Consolidated Entity uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operating, investing and financing activities. In accordance with its treasury policy, the Consolidated Entity does not hold or issue derivative financial instruments for trading purposes.

Effective 1 July 2009, the Consolidated Entity amended its financial risk management policy (refer to note 23) such that derivative financial instruments are not designated as a hedge for accounting purposes, and accordingly such derivative financial instruments are treated as trading instruments, with movements in their fair value recognised in the income statement.

In prior years, the Consolidated Entity designated derivative financial instruments as a hedge of an anticipated interest transaction only when they would be expected to reduce exposure to the risks being hedged were designated prospectively so that it was clear when an anticipated transaction had or had not occurred; and it was probable the anticipated transaction would occur as designated.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that were previously designated and qualified as cash flow hedges were recognised in the cash flow hedge reserve. The gain or loss relating to any ineffective portion was recognised in the income statement.

When a hedging instrument expired or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow hedge reserve at that time remains in the reserve and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the cash flow hedge reserve is recognised in the income statement.

(h) Finance costs

Expenditure incurred in obtaining debt finance is offset against the principal amount of the interest bearing liability to which it relates, and is recognised as a finance cost on an effective yield basis over the life of the facility or until the facility is significantly modified. Where a facility is significantly modified, any unamortised expenditure in relation to that facility and incremental expenditure incurred in modifying the facility is recognised as a finance cost in the year in which the significant modification occurs.

Finance costs relating to a qualifying asset are capitalised as part of the cost of that asset using a weighted average cost of debt. Qualifying assets are assets which takes a substantial time to get ready for their intended use or sale. All other finance costs are expensed as incurred.

1 Statement of significant accounting policies (cont)

(i) Impairment

Non-financial assets
The carrying amounts of the Consolidated Entity's assets (except investment properties, refer to note 1(e)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset is written down to the recoverable amount. The write down is expensed in the reporting period in which it occurs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation, with any excess recognised through the income statement.

Financial assets
A financial asset is assessed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the financial asset is written down to the present value of the estimated future cash flows discounted at the original effective interest rate, or in the case of an available for sale financial asset, to its fair value. The impairment is recognised in profit or loss in the reporting period in which it occurs.

When a decline in the fair value of an available for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is transferred to the profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount
The recoverable amount of the Consolidated Entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment
An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses, other than those referred to above, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

Where a group of assets working together supports the generation of cash inflows, the recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets, the relevant cash flows are discounted to their present value.

1 Statement of significant accounting policies (cont)

(j) Assets and liabilities classified as held for sale

Non-current assets that are expected to be recovered through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are measured in accordance with the Consolidated Entity's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount, and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(k) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability most closely matching the expected future payments. The unwinding of the discount is treated as part of the expense related to the particular provision.

Distributions payable
Provisions for distributions payable are recognised in the reporting period in which the distributions are declared for the entire undistributed amount regardless of the extent to which they will be paid in cash.

Rental guarantees
A provision for rental guarantees is recognised when it is expected that the Consolidated Entity will be obliged to make payments in the future to meet rental income targets guaranteed to third parties under the terms of asset disposal contracts. The provision is measured at the present value of the estimated future payments.

(l) Taxation

Under current Australian income tax legislation, GIT is not liable for income tax provided that each year the taxable income and any taxable capital gain derived from the sale of an asset are fully distributed to Unitholders. The wholly-owned entities of GIT that operate in certain foreign jurisdictions are liable to pay tax in those jurisdictions.

Tax allowances for building and plant and equipment depreciation are distributed to Unitholders in the form of tax deferred components of distributions. Any taxable capital gains are distributed.

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or value added tax in certain jurisdictions), except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows.

1 Statement of significant accounting policies (cont)

(n) Segment reporting

The Consolidated Entity reports the results and financial position of its operating segments based on the internal reports regularly reviewed by the Group Chief Executive Officer in order to assess each segment's performance and to allocate resources to them.

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

Segment results that are reported to the Group Chief Executive Officer include items that are directly attributable to a segment and the portion that can be allocated to the segment on a reasonable basis. Unallocated items include fair value adjustments and impairments, interest and tax expense, interest bearing receivables and payables, derivative financial instruments, provision for distributions to Unitholders, provisions for distributions on hybrid securities, corporate assets, head office expenses and income tax assets and liabilities.

Comparative segment information has been restated in accordance with changes to the determination of reportable segments, reflecting current internal management reporting.

(o) Parent Entity financial information

The financial information for the Parent Entity, Goodman Industrial Trust, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in controlled entities
Investments in controlled entities are carried at fair value which is determined with reference to the net assets of the controlled entities. Revaluation increments are credited directly to an asset revaluation reserve. Revaluation decrements are taken directly to the asset revaluation reserve to the extent that such decrements are reversing amounts previously credited to that reserve that are still available in that reserve. Revaluation decrements in excess of amounts available in the reserve are recognised as impairment losses and charged to the income statement. Subsequent revaluation increments are credited to an asset revaluation reserve.

Investments in associates and JVEs
Investments in associates and JVEs are accounted for at cost in the financial statements of Goodman Industrial Trust. Dividends /distributions received from associates and JVEs are recognised in the Parent Entity's income statement, rather than being deducted from the carrying amount of these investments.

(p) Australian Accounting Standards issued but not yet effective

As at the date of this consolidated financial report, the following new Australian Accounting Standards which are expected to have significant effect on the Consolidated Entity's financial statements were available for early adoption at 30 June 2011 but have not been applied in preparing these financial statements:

+ AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Consolidated Entity's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the Consolidated Entity adopts the standard for the financial year ending 30 June 2012 or earlier. The Consolidated Entity has not yet determined the potential effect of the standard;
+ AASB 10 *Consolidated Financial Statements* introduces a new approach to determining which investees should be consolidated. AASB 10 will become mandatory for the Consolidated Entity's 30 June 2014 financial statements and retrospective application is required. The standard may result in the requirement for certain of the Consolidated Entity's investments in associated undertakings to be consolidated as controlled entities; and
+ AASB 13 *Fair Value Measurement* defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. AASB 13 will become mandatory for the Consolidated Entity's 30 June 2014 financial statements. The Consolidated Entity has not yet determined the potential effect of the standard.

(q) Rounding

In accordance with Australian Securities & Investments Commission Class Order 98/100, the amounts shown in the consolidated financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

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

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

(a) Investment property values

Stabilised investment properties

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

Approach to determination of fair value
The approach to determination of fair value of investment properties is applied to both properties held directly on Goodman Group's balance sheet and properties within funds managed by Goodman Group.

Valuations are determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, vacancy rates, market rents and capitalisation and discount rates. Recent and relevant sales evidence and other market data are taken into account. Valuations are either based on an external, independent valuation or on an internal valuation.

External valuations are undertaken only where market segments were observed to be active. Such a determination is made based on the criteria set out below:
+ function of the asset (distribution/warehouse or suburban office);
+ location of asset (city, suburb or regional area);
+ carrying value of asset (categorised by likely appeal to private investors (including syndicates), national and institutional investors); and
+ categorisation as primary or secondary based on a combination of location, weighted average lease expiry, quality of tenant covenant (internal assessment based on available market evidence) and age of construction.

Each property asset is assessed and grouped with assets in the same or similar market segments. Information on all relevant recent sales is also analysed using the same criteria to provide a comparative set. Unless three or more sales are observed in an individual market segment (taken together with any comparable market segments as necessary), that market segment is considered inactive.

Where a market segment is observed to be active, then external, independent valuations are performed for stabilised properties where there has been more than a 25 basis point movement in capitalisation rates and/or there has been a material change in tenancy profile and/or there has been significant capital expenditure and/or it has been three years since the previous external, independent valuation. For all other stabilised properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external, independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a ten year period. The key inputs considered for each individual calculation are rental growth rates, discount rates, market rental rates and letting up incentives. Discount rates are computed using the ten year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

Market assessment
At 30 June 2011, all markets in which Goodman Group operated were observed to be active and no adjustments were made to the carrying value of stabilised investment properties arising from internal valuations using DCF calculations.

At 30 June 2010, adjustments were made to the carrying value of stabilised investment properties arising from internal valuations using DCF calculations for properties held directly on Goodman Group's balance sheet in Australia and Continental Europe only.

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

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

Market assessment (cont)

The weighted average cap rates for those properties valued externally at 30 June 2011 and the overall weighted average cap rates for the portfolio (including managed funds) are set out in the table below:

	Weighted average cap rate for extenal valuations at 30 June[1]		Total portfolio weighted average cap rate	
	2011	2010	2011	2010
Division	%	%	%	%
Australia	**8.1**	8.0	**8.2**	8.2
New Zealand	**8.6**	n/a	**8.6**	8.6
Hong Kong	**6.1**	6.7	**6.1**	6.9
China	**n/a**[2]	n/a	**8.7**	9.2
Japan	**5.6**	6.1	**5.8**	6.1
Logistics - Continental Europe	**7.7**	7.9	**7.7**	7.9
Logistics - United Kingdom	**8.3**	7.5	**8.2**	8.0
Business Parks - United Kingdom	**7.6**	7.6	**7.6**	7.6

1. This represents the average capitalisation rate for external valuations in the quarter ended 30 June 2011.
2. No external valuations were performed in the quarter ended 30 June 2011.

At 30 June 2011, the carrying value of stabilised investment properties held by the Consolidated Entity was $2,349.7 million (2010: $2,244.3 million).

Investment properties under development

External valuations are generally not performed for investment properties under development, but instead valuations are determined using the Consolidated Entity's feasibility studies supporting the properties under development. The end values of the developments in the feasibility study are based on assumptions to determine capitalisation rates, letting up periods and incentives that are consistent with those observed in the relevant market adjusted for a profit and risk factor. This profit and risk factor is dependent on the function, location and size of the development and is generally in a market range of 10.0% to 17.5%.

At 30 June 2011, the carrying value of investment properties under development held by the Consolidated Entity was $312.3 million (2010: $255.9 million).

(b) Inventories

Inventories relate to land and property developments that are held for sale or development and sale in the normal course of the Consolidated Entity's business.

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

At 30 June 2011, the carrying value of inventories held by the Consolidated Entity was $199.4 million (2010: $99.4 million).

3 Profit/(loss) before income tax

	Consolidated	
	2011	2010 Restated[1]
	$M	$M
Profit/(loss) before income tax has been arrived at after crediting/(charging) the following items:		
Net consideration from disposal of investment properties	3.2	30.2
Carrying value of investment properties sold - refer to note 8	(3.8)	(28.5)
Net (loss)/gain on disposal of investment properties	**(0.6)**	**1.7**
Net consideration received and receivable from disposal of controlled entities	43.9	186.8
Net assets disposed	(25.8)	(186.9)
Net gain/(loss) on disposal of controlled entities	**18.1**	**(0.1)**
Net consideration from disposal of equity investments	306.1	30.2
Carrying value of equity investments disposed	(201.0)	(38.2)
Loss on dilution of investment in associate - refer to note 9(a)	(3.8)	-
Net gain/(loss) on disposal of equity investments	**101.3**	**(8.0)**
Share of net results of investments in associates - refer to note 9(a)	156.1	(172.1)
Share of net results of investments in JVEs - refer to note 9(b)	6.1	3.1
Share of net results of equity accounted investments	**162.2**	**(169.0)**
Impairment of receivables	(6.1)	(0.8)
Impairment of inventories	(6.0)	(2.4)
Impairment of loans to related parties[2]	-	(45.3)
Impairment of equity accounted investments	(1.5)	(0.4)
Total impairment losses	**(13.6)**	**(48.9)**
Finance income		
Interest income from:		
- Related parties	184.5	186.7
- Other parties	7.8	23.8
Fair value adjustments on derivative instruments[3]	-	-
Foreign exchange (loss)/gain	0.4	-
Fair value adjustments on derivative financial instruments[4]	54.1	-
	246.8	**210.5**
Finance costs		
Interest expense on third party loans, overdrafts and derivatives	(102.0)	(124.0)
Debt restructuring costs[2]	(0.3)	(50.7)
Other borrowing costs	(11.2)	(8.2)
Foreign exchange loss	-	(6.5)
Fair value adjustments on derivative financial instruments[4]	-	(67.7)
Capitalised borrowing costs[5]	25.8	22.4
	(87.7)	**(234.7)**
Net finance income/(costs)	**159.1**	**(24.2)**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.
2. The impairment loss in the prior financial year relates to loans provided to certain JVEs to fund specific development projects. The impairment is a result of a devaluation of the development asset in the JVE.
3. During the prior financial year, the Consolidated Entity completed a number of financing initiatives. The costs associated with these initiatives of $50.7 million included advisers' fees, arrangers' fees, commitment fees, internal salary costs and write off of the unamortised fees that had previously been capitalised to modified facilities.
4. Includes fair value movements on derivatives where the hedge relationship has not been designated and amortisation from the cash flow hedge reserve of gains or losses on derivative contracts that were previously hedge accounted (refer to note 15(b)). The remaining balance included in the cash flow hedge reserve that relates to derivative contracts that were previously hedge accounted will be amortised over future periods.
5. Borrowing costs were capitalised to investment properties under development at weighted average rates of between 1.8% and 9.1% per annum (2010: 1.8% and 8.0% per annum).

4 Distributions

(a) Distributions declared and paid by GIT

	Distribution cpu	Total amount $M	Date of payment
Distributions for the year ended 30 June 2011			
- 31 Dec 2010	1.50	103.4	28 Feb 2011
- 30 Jun 2011	2.00	147.9	26 Aug 2011
	3.50	**251.3**	
Distributions for the year ended 30 June 2010			
- 31 Dec 2009	1.50	93.1	26 Feb 2010
- 30 Jun 2010	1.90	121.0	26 Aug 2010
	3.40	**214.1**	

(b) Distributions declared and paid by Goodman PLUS Trust

	Distribution cpu	Total amount $M	Date of payment
Distributions for the year ended 30 June 2011			
- 21 Sep 2010	171.4	5.6	21 Sep 2010
- 21 Dec 2010	167.8	5.5	21 Dec 2010
- 21 Mar 2011	170.2	5.5	21 Mar 2011
- 21 Jun 2011	170.7	5.6	21 Jun 2011
	680.1	**22.2**	

	Distribution cpu	Total amount $M	Date of payment
Distributions for the year ended 30 June 2010			
- 21 Sep 2009	128.0	4.2	21 Sep 2009
- 21 Dec 2009	129.2	4.2	21 Dec 2009
- 21 Mar 2010	148.1	4.9	21 Mar 2010
- 21 Jun 2010	153.9	5.0	21 Jun 2010
	559.2	**18.3**	

(c) 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 2011			
- 21 Dec 2010	501,369.9	25.1	21 Dec 2010
- 21 Jun 2011	498,630.1	13.7	21 Jun 2011
	1,000,000.0	**38.8**	
Distributions for the year ended 30 June 2010			
- 21 Dec 2009	180,821.9	9.1	21 Dec 2009
- 21 Jun 2010	498,630.1	24.9	21 Jun 2010
	679,452.0	**34.0**	

5 Receivables

	Consolidated 2011 $M	Consolidated 2010 $M
Current		
Trade receivables	6.4	8.2
Other receivables	75.2	32.4
Loans to related parties	1,972.2	1,917.0
Other amounts due from related parties	36.4	28.7
Derivative financial instruments	5.1	2.9
	2,095.3	**1,989.2**
Non-current		
Other receivables	3.6	17.0
Loans to related parties	179.7	408.0
Derivative financial instruments	71.6	20.1
	254.9	**445.1**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. All non-current receivables of the Consolidated Entity are due within five years from the balance sheet date. There is no material difference between the carrying values and the fair values of receivables.

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

Amounts in A$M	NZD	HKD	USD	GBP	EUR	JPY
2011	**8.8**	**216.2**	**36.4**	**1,120.9**	**734.4**	**231.5**
2010	1.4	179.5	45.6	1,383.2	519.8	238.6

Trade receivables
As at 30 June 2011, trade receivables of $nil were impaired (2010: $0.8 million). The ageing analysis of these trade receivables (before impairment) is as follows:

	Consolidated 2011 $M	Consolidated 2010 $M
Overdue by:		
Up to 1 month	2.3	1.6
1 month to 4 months	0.9	0.8
Greater than 4 months	1.7	2.3
	4.9	**4.7**

The Consolidated Entity holds bank guarantees as security for $2.2 million (2010: $7.2 million) of its trade receivables from investment property customers.

Loans to related parties
The Consolidated Entity's loans to related parties principally relate to loans to fellow controlled entities of GL and loans to associates and JVEs. The interest rates on loans to related parties were 3.6% to 13.0% per annum (2010: 1.6% to 15.6% per annum). At 30 June 2011, cumulative impairment losses of $246.2 million (2010: $262.9 million) had been recognised against loans from controlled entities of GL. These impairment losses were a result of the devaluation of property assets. Further details of loans to related parties are set out in note 22.

6 Inventories

	Consolidated 2011 $M	2010 $M
Current		
Development land	19.3	28.7
	19.3	**28.7**
Non-current		
Development land	180.1	70.7
	180.1	**70.7**

During the financial year, impairments of $6.0 million (2010: $2.4 million) were recognised to write down development land to net realisable value.

7 Other assets

	Consolidated 2011 $M	2010 $M
Prepayments	5.7	7.5
Other	1.8	20.3
	7.5	**27.8**

8 Investment properties

	Stabilised investment properties 2011 $M	2010 $M	Investment properties under development 2011 $M	2010 $M	Total investment properties[1] 2011 $M	2010 $M
Carrying amount at the beginning of the year	2,244.3	2,332.1	255.9	538.6	2,500.2	2,870.7
Acquisitions:						
- On acquisition of Moorabbin Airport and Business Park[2]	132.9	-	102.8	-	235.7	-
- Other acquisitions	-	-	24.4	13.9	24.4	13.9
Capital expenditure	26.8	19.5	62.6	20.6	89.4	40.1
Transfers	(20.0)	138.0	20.0	(138.0)	-	-
Disposals:						
- Carrying value of properties sold	-	(20.2)	(3.8)	(8.3)	(3.8)	(28.5)
- On disposal of interests in controlled entities	-	(79.5)	(40.9)	-	(40.9)	(79.5)
Transfers to inventories	-	-	(63.4)	(104.0)	(63.4)	(104.0)
Net gain/(loss) from fair value adjustments	6.8	(81.7)	(27.4)	(51.0)	(20.6)	(132.7)
Effect of foreign currency translation	(41.1)	(63.9)	(17.9)	(15.9)	(59.0)	(79.8)
Carrying amount at the end of the year	**2,349.7**	**2,244.3**	**312.3**	**255.9**	**2,662.0**	**2,500.2**

1. Investment properties with carrying value of $nil (2010: $72.5 million) were subject to charges to secure bank loans.
2. During the current financial year, the cost of acquisition includes the Consolidated Entity's acquisition of Moorabbin Airport and Business Park from Goodman Holdings Group, a related party (refer to note 22). In accordance with the accounting standards, the initial amount capitalised at the completion date of 24 May 2011 includes:
   + the value of the 225,384,615 Goodman Group securities issued to Goodman Holdings Group, determined by reference to the quoted security price on the ASX at 24 May 2011 of A$0.725. This compares to the agreed issue price of the securities, as approved at the Extraordinary General Meeting (EGM) of Goodman Group on 29 October 2010, of A$0.65 per security;
   + cash consideration as approved at the EGM; and
   + acquisition related costs of $13.3 million, relating to stamp duty arising on the purchase and external advisers' costs.

   As a consequence of both the requirement to recognise the securities initially at the quoted price on the ASX rather than the agreed issue price and to record the acquisition related costs, the total amount capitalised at the time of acquisition was $235.7 million. The excess of $34.2 million between the total cost of acquisition (including related costs of $13.3 million) and the independent valuation of the Moorabbin Airport and Business Park of $201.5 million, has been included as a loss from fair value adjustments in the Consolidated Entity's results.

9 Investments accounted for using the equity method

		Consolidated	
		2011	**2010 Restated[1]**
	Note	**$M**	**$M**
Share of net assets accounted for using the equity method			
Associates	9(a)	2,312.6	1,995.4
JVEs	9(b)	76.1	100.9
		2,388.7	**2,096.3**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

(a) Investments in associates

	Consolidated	
	2011	**2010 Restated[1]**
Movements in carrying amount of investments in associates	**$M**	**$M**
Carrying amount at the beginning of the year	1,995.4	2,250.9
Impact of changes in accounting policies	-	(0.7)
Carrying amount at the beginning of the year as restated	1,995.4	2,250.2
Share of net results after tax (before revaluations)	98.8	75.1
Share of net gain/(loss) from fair value adjustments on investment properties	57.3	(247.2)
Share of net results	**156.1**	**(172.1)**
Share of movements in reserves	50.4	(1.6)
Loss on dilution in investment	(3.8)	-
Acquisitions	406.7	197.5
Disposals	(72.2)	(38.2)
Distributions received and receivable	(109.0)	(116.2)
Effect of foreign currency translation	(111.0)	(124.2)
Carrying amount at the end of the year	**2,312.6**	**1,995.4**

2. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

9 Investments accounted for using the equity method (cont)

(a) Investments in associates (cont)

	Country of establishment/ incorporation	Share of associate's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
		2011	2010 Restated[1]	2011	2010	2011	2010 Restated[1]
		$M	$M	%	%	$M	$M
Property investment associates							
Goodman Australia Industrial Fund (GAIF)	Australia	**74.3**	(87.9)	**43.7**	43.8	**1,136.1**	1,090.8
Goodman Australia Development Fund (GADF)	Australia	**1.7**	-	**20.0**	20.0	**21.6**	-
Goodman Trust Australia (GTA)[2]	Australia	**0.6**	-	**19.9**	-	**281.6**	-
Goodman Property Trust (GMT)[3]	New Zealand	**4.9**	(0.7)	**16.7**	16.8	**125.5**	126.9
Goodman Hong Kong Logistics Fund (GHKLF)	Cayman Islands	**54.5**	25.5	**20.0**	24.2	**199.8**	244.1
Goodman China Logistics Holding Limited (GCLHL)	China	**2.1**	3.0	**20.0**	20.0	**8.5**	9.2
Goodman European Logistics Fund (GELF)	Luxembourg	**17.3**	(65.0)	**27.9**	38.3	**322.5**	292.7
Arlington Business Parks Partnership (ABPP)	United Kingdom	**0.7**	(47.0)	**28.9**	28.9	**217.0**	231.7
		156.1	**(172.1)**			**2,312.6**	**1,995.4**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.
2. During the year, the Consolidated Entity and a consortium of investors established GTA, of which the Consolidated Entity's unitholding was 19.9%. On 29 March 2011, GTA acquired 100% of the units in ING Industrial Fund.
3. GMT is a listed entity. The market value of the Consolidated Entity's investment in GMT at 30 June 2011 using the quoted price on the last day of trading was $117.0 million (2010: $134.4 million). Goodman is assessed to have significant influence over the operations of GMT despite owning 16.7% of its issued equity as it operates as fund manager and is the largest unit holder in GMT with the rest of the units widely held.

Name	Year ended 30 June	Revenue[1] (100%) $M	Result after tax[1] (100%) $M	Total assets (100%) $M	Total liabilities (100%) $M	Net assets as reported by associate (100%) $M
GAIF	**2011**	**401.3**	**169.7**	**4,262.9**	**1,714.7**	**2,548.2**
	2010	413.6	(194.8)	4,430.6	1,953.2	2,477.4
GADF	**2011**	**0.8**	**8.6**	**134.2**	**33.8**	**100.4**
	2010	-	-	-	-	-
GTA	**2011**	**66.2**	**2.8**	**2,647.4**	**1,128.3**	**1,519.1**
	2010	-	-	-	-	-
GMT	**2011**	**65.1**	**27.5**	**1,253.1**	**552.5**	**700.6**
	2010 restated[2]	45.7	(6.7)	1,373.8	671.5	702.3
GHKLF	**2011**	**82.5**	**264.0**	**1,465.7**	**466.6**	**999.1**
	2010 restated[2]	92.1	103.8	1,634.0	625.4	1,008.6
GCLHL	**2011**	**14.5**	**10.6**	**212.4**	**67.8**	**144.6**
	2010	11.1	14.8	216.6	180.1	36.5
GELF	**2011**	**139.0**	**57.8**	**1,989.7**	**830.8**	**1,158.9**
	2010	80.1	27.3	1,925.6	1,175.7	749.9
ABPP	**2011**	**172.3**	**74.4**	**1,862.8**	**1,104.1**	**758.7**
	2010	136.2	(158.9)	2,327.4	1,512.4	815.0

1. Amounts presented above for revenue and result after tax are measured from the beginning of the year or the date that equity accounting commenced, if later, to the end of the year or date equity accounting ceased, if earlier.
3. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

9 Investments accounted for using the equity method (cont)

(b) Investments in JVEs

	Consolidated	
	2011	2010 Restated[1]
Movements in carrying amount of investments in JVEs	**$M**	**$M**
Carrying amount at the beginning of the year	100.9	76.5
Share of net results after tax (before revaluations)	6.5	1.4
Share of net (loss)/gain from fair value adjustments on investment properties	(0.4)	1.7
Share of net results	**6.1**	**3.1**
Share of movements in reserves	0.3	0.3
Acquisitions of investments	22.8	23.3
Disposals of investments	(45.1)	-
Distributions received and receivable	(1.2)	-
Effect of foreign currency translation	(7.7)	(2.3)
Carrying amount at the end of the year	**76.1**	**100.9**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

		Share of JVE's result		Consolidated		Consolidated	
	Country of establishment/	2011	2010 Restated[1]	2011	2010	2011	2010 Restated[1]
Name	**incorporation**	**$M**	**$M**	**%**	**%**	**$M**	**$M**
Property investment JVEs							
413 King William Street Trust (KWS)	Australia	**-**	-	**50.0**	50.0	**0.6**	0.5
MGJ Cayman 1	Cayman Islands	**2.8**	(4.1)	**50.0**	50.0	**-**	11.9
Goodman Princeton Holdings (Lux) Sarl (Princeton Lux)	Luxembourg	**0.8**	-	**20.0**	20.0	**13.8**	9.3
Goodman Princeton Holdings (Jersey) Limited (Princeton Jersey)	Jersey	**0.5**	-	**20.0**	20.0	**8.4**	8.2
Property development JVEs							
GGGAIF Huntingwood East (Huntingwood East)	Australia	**-**	-	**50.0**	50.0	**-**	-
GGGAIF Huntingwood West (Huntingwood West)[2]	Australia	**-**	-	**-**	50.0	**-**	-
GGGAIF Moorebank (Moorebank)	Australia	**-**	-	**50.0**	50.0	**-**	-
Highbrook Development Limited (HDL)	New Zealand	**2.7**	12.1	**25.0**	25.0	**51.2**	50.7
Goodman Seaview Ltd (Seaview)[2]	Cayman Islands	**-**	-	**-**	50.0	**-**	5.2
Goodman Interlink Ltd (Interlink)[2]	Cayman Islands	**-**	-	**-**	50.0	**-**	12.1
Goodman Herten Logistics (Lux) Sàrl (Herten)	Luxembourg	**-**	(1.3)	**50.0**	50.0	**-**	-
Goodman Lazulite Logistics (Lux) Sàrl (Lazulite)	Luxembourg	**(0.1)**	(0.3)	**50.0**	50.0	**-**	0.1
Üllő One 2008 Kft	Hungary	**(0.5)**	(2.8)	**50.0**	50.0	**0.5**	2.9
Üllő Two 2008 Kft	Hungary	**(1.0)**	-	**50.0**	50.0	**0.7**	-
Agate Ingatlanforgalmazo Kft (Agate)	Hungary	**-**	-	**50.0**	50.0	**-**	-
WMP NV	Belgium	**0.9**	(0.5)	**50.0**	50.0	**0.9**	-
		6.1	**3.1**			**76.1**	**100.9**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.
2. The Consolidated Entity's investment in these JVEs was sold during the financial year.

9 Investments accounted for using the equity method (cont)

(b) Investments in JVEs (cont)

Name	Year ended 30 June	Revenue[1] (100%) $M	Result after tax[1] (100%) $M	Total assets (100%)[2] $M	Total liabilities (100%)[2] $M	Net assets as reported by JVE (100%) $M
KWS	**2011**	**-**	**-**	**9.8**	**4.8**	**5.0**
	2010	-	-	9.0	4.0	5.0
MGJ Cayman 1	**2011**	**1.0**	**5.7**	**-**	**-**	**-**
	2010	2.1	(9.0)	27.7	1.4	26.3
Princeton Lux	**2011**	**2.6**	**1.6**	**63.4**	**64.7**	**(1.3)**
	2010	-	-	39.5	-	39.5
Princeton Jersey	**2011**	**3.4**	**2.7**	**35.5**	**1.0**	**34.5**
	2010	0.2	0.2	41.0	1.0	40.0
Huntingwood East	**2011**	**-**	**-**	**26.0**	**36.9**	**(10.9)**
	2010	-	-	23.2	34.1	(10.9)
Huntingwood West	**2011**	**-**	**-**	**-**	**-**	**-**
	2010	-	-	106.4	157.8	(51.4)
Moorebank	**2011**	**-**	**-**	**80.4**	**98.5**	**(18.1)**
	2010	-	-	21.4	21.4	-
HDL	**2011**	**20.2**	**10.8**	**353.6**	**145.8**	**207.8**
	2010 restated[3]	31.9	86.6	359.9	155.9	204.0
Seaview	**2011**	**-**	**-**	**-**	**-**	**-**
	2010	-	-	134.2	125.6	8.6
Interlink	**2011**	**-**	**-**	**-**	**-**	**-**
	2010	-	-	235.6	200.7	34.9
Herten	**2011**	**0.3**	**0.3**	**8.0**	**8.6**	**(0.6)**
	2010	-	0.1	7.8	8.3	(0.5)
Lazulite	**2011**	**-**	**-**	**5.5**	**6.1**	**(0.6)**
	2010	-	0.2	5.7	6.0	(0.3)
Üllő One 2008 Kft	**2011**	**1.2**	**1.7**	**17.0**	**15.9**	**1.1**
	2010	-	0.1	12.7	11.1	1.6
Üllő Two 2008 Kft	**2011**	**(3.0)**	**(2.7)**	**7.7**	**6.5**	**1.2**
	2010	-	-	-	-	-
Agate	**2011**	**-**	**-**	**2.6**	**6.4**	**(3.8)**
	2010	-	0.2	5.5	6.0	(0.5)
WMP NV	**2011**	**(1.8)**	**(1.8)**	**15.1**	**15.9**	**(0.8)**
	2010	-	0.3	15.6	15.1	0.5

1. Amounts presented above for revenue and result after tax are measured from the later of the beginning of the year or the date that equity accounting commenced to the end of the year or date equity accounting ceased, if earlier.
2. Included in the balance sheets of the JVEs disclosed above are total non-current assets of $606.9 million (2010: $1,000.3 million) and total non-current liabilities of $391.2 million (2010: $622.1 million).
3. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

10 Other financial assets

	Consolidated	
	2011	**2010**
	$M	**$M**
Investment in listed securities, at fair value[1]	-	42.3
Investments in unlisted securities, at fair value	0.2	0.3
	0.2	**42.6**

1. In the prior financial year, the investment in listed securities related to ING Industrial Fund, which was valued using the quoted price on the last day of trading in the financial year. The Consolidated Entity's investment was sold to GTA on 29 March 2011.

Controlled entities

The significant controlled companies and trusts of the Consolidated Entity are set out below:

		Interest held	
	Country of	**2011**	**2010**
Significant controlled companies	**incorporation**	**%**	**%**
Goodman Funding Pty Limited	Australia	100.0	100.0
Red Pine Logistics nv	Belgium	100.0	100.0
Willebroek Platform Project nv	Belgium	100.0	100.0
MGI HK Finance	Cayman Islands	100.0	100.0
Goodman Developments Asia	Cayman Islands	100.0	100.0
Goodman Management Consulting (Shanghai) Co. Ltd.	China	100.0	100.0
LPR Czech sro	Czech Republic	100.0	100.0
MNB Czech sro	Czech Republic	100.0	100.0
Goodman Nantes Logistics (France) Sàrl	France	100.0	100.0
Goodman Oracle Logistics (France) Sàrl	France	100.0	100.0
ABPP Investment Jersey Limited	Jersey	100.0	100.0
Goodman Burton (Jersey) Limited	Jersey	100.0	100.0
Goodman Citadel (Jersey) Limited	Jersey	100.0	100.0
Goodman Colnbrook (Jersey) Limited	Jersey	100.0	100.0
Goodman Coventry (Jersey) Limited	Jersey	100.0	100.0
Goodman Daventry (Jersey) Limited	Jersey	100.0	100.0
Goodman Ellesmere Port (Jersey) Limited	Jersey	100.0	100.0
Goodman Finance (Jersey) Limited	Jersey	100.0	100.0
Goodman Gloucester (Jersey) Limited	Jersey	100.0	100.0
Goodman Harthills (Jersey) Limited	Jersey	100.0	100.0
Goodman Holdings (Jersey) Limited	Jersey	100.0	100.0
Goodman Logistics (Jersey) Limited	Jersey	100.0	100.0
Goodman Maltby (Jersey) Limited	Jersey	100.0	100.0
Goodman Oceanview Logistics (Jersey) Limited	Jersey	100.0	100.0
Goodman Property Holdings (Jersey) Limited	Jersey	100.0	100.0
Goodman Thurrock (Jersey) Limited	Jersey	100.0	100.0
Goodman West Thurrock (Jersey) Limited	Jersey	100.0	100.0
Goodman APP 1&2 (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman APP 3 (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman APP 4,5, & CdV (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman APP Holdings (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Feldspar Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Finance (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Heliotrope Logistics (Lux) Sàrl	Luxembourg	100.0	100.0

10 Other financial assets (cont)

Significant controlled companies	Country of incorporation	Interest held 2011 %	Interest held 2010 %
Goodman Hematite Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Jasper Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Leucite Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Magnetite Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Property Opportunities (Lux) Sàrl, SICAR	Luxembourg	100.0	100.0
Goodman Serpentine Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
Goodman Turquoise Logistics (Lux) Sàrl	Luxembourg	100.0	100.0
GPO Advisory (Lux) Sàrl	Luxembourg	100.0	100.0
Rowan Logistics Sàrl	Luxembourg	100.0	100.0
Goodman Finance NZ Limited	New Zealand	100.0	100.0
Goodman Funding Singapore Pte Limited	Singapore	100.0	100.0
Goodman Westpoort Logistics (Netherlands) B.V.	The Netherlands	100.0	100.0
Aquamarine Gayrimenkul Ticareti Anonim Şirketi	Turkey	100.0	100.0

10 Other financial assets (cont)

Significant controlled unit trusts	Country of establishment	Interest held 2011 %	2010 %
ABPP Investment Trust	Australia	100.0	100.0
BDE Unit Trust	Australia	100.0	100.0
Biloela Street Unit Trust	Australia	100.0	100.0
Binary No. 2 Trust	Australia	100.0	100.0
Cambridge Office Park Trust	Australia	100.0	100.0
Carter Street Trust	Australia	100.0	100.0
CC Trust	Australia	100.0	100.0
Clayton 3 Trust	Australia	100.0	100.0
Edinburgh Trust	Australia	100.0	100.0
Euston Road Subtrust	Australia	100.0	100.0
Goodman Capital Trust	Australia	100.0	100.0
Goodman Dandenong Trust	Australia	100.0	100.0
Goodman Europe Development Trust	Australia	100.0	100.0
Goodman Finance Australia Trust	Australia	100.0	100.0
Goodman Hong Kong Investment Trust	Australia	100.0	100.0
Goodman Japan Investment Trust	Australia	100.0	100.0
Goodman Jersey Holdings Trust	Australia	100.0	100.0
Goodman JV Holding Trust	Australia	100.0	100.0
Goodman Palmers Trust	Australia	100.0	100.0
Goodman Perth Airport No. 1 Trust	Australia	100.0	100.0
Goodman Perth Airport No. 2 Trust	Australia	100.0	100.0
Goodman Perth Airport No. 3 Trust	Australia	100.0	100.0
Goodman Perth Airport No. 4 Trust	Australia	100.0	100.0
Goodman PLUS Trust	Australia	100.0	100.0
Goodman Treasury Trust	Australia	100.0	100.0
Highbrook Trust	Australia	100.0	100.0
Hill Road Trust	Australia	100.0	100.0
HK Tsuen Wan Development Trust	Australia	100.0	100.0
Homebush Subtrust	Australia	100.0	100.0
IBC Trust	Australia	100.0	100.0
MAC Unit Trust	Australia	100.0	-
MGA Industrial Portfolio Trust	Australia	100.0	100.0
MIP Trust	Australia	100.0	100.0
Moorabbin Airport Unit Trust	Australia	100.0	-
Orion Road Trust	Australia	100.0	100.0
Penrose Trust	Australia	100.0	100.0
Perth Leasing Trust	Australia	100.0	100.0
Port Melbourne 3 Trust	Australia	100.0	100.0
Regal Business Park Trust	Australia	100.0	100.0
Saunders Street Trust	Australia	100.0	100.0
West Melbourne Trust	Australia	100.0	100.0
Waterloo Road Office Trust	Australia	100.0	100.0

11 Payables

	Consolidated	
	2011	**2010**
	$M	**$M**
Current		
Trade payables	34.5	8.9
Other payables and accruals	88.4	60.9
Rental income received in advance	2.4	1.3
Loans from related parties[1]	43.0	28.8
Derivative financial instruments	1.2	24.8
	169.5	**124.7**
Non-current		
Other payables and accruals	41.3	65.9
Derivative financial instruments	137.3	158.2
	178.6	**224.1**

1. Details of loans from related parties are set out in note 22.

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

Amounts in A$M	NZD	HKD	USD	GBP	EUR	JPY
2011	**16.3**	**23.4**	**1.8**	**137.9**	**97.8**	**1.8**
2010	19.5	13.0	9.4	147.7	67.4	4.2

12 Provisions

Consolidated	Distributions to Unitholders	Rental guarantees	Other	Total
	$M	**$M**	**$M**	**$M**
Balance at the beginning of the year	121.0	7.9	-	128.9
Provisions made	251.3	15.1	0.3	266.7
Provisions used	(224.4)	(3.7)	-	(228.1)
Effect of foreign currency translation	-	(1.4)	-	(1.4)
Balance at the end of the year	**147.9**	**17.9**	**0.3**	**166.1**
Analysed as:				
Current	147.9	15.6	0.3	163.8
Non-current	-	2.3	-	2.3
	147.9	**17.9**	**0.3**	**166.1**

Rental guarantees

Rental guarantee provisions relate to estimates of future amounts payable by the Consolidated Entity to meet rental income targets guaranteed to third parties (including associates) under the terms of asset disposal contracts. The rental guarantees principally relate to a three year period expiring 1 February 2015.

13 Interest bearing liabilities

		Consolidated	
		2011	**2010**
	Note	**$M**	**$M**
Current			
Bank loans, unsecured	13(a)	-	84.1
		-	**84.1**
Non-current			
Bank loans, unsecured	13(a)	590.0	1,687.1
Bank loans, secured	13(b)	-	26.7
Euro medium-term notes, unsecured	13(c)	375.0	441.2
US senior notes, unsecured	13(d)	768.2	-
Foreign private placement, unsecured	13(e)	181.3	38.3
		1,914.5	**2,193.3**

13 Interest bearing liabilities (cont)

(a) Bank loans, unsecured

As at 30 June 2011

		Amounts drawn down in A$M equivalents					
Facility		**AUD**	**USD**	**JPY**	**EUR**	**GBP**	**Total**
Syndicated multi currency facility (SMCF)[1]	**30 Jun 2011**	**-**	**-**	**-**	**-**	**-**	**-**
	30 Jun 2010	0.4	164.8	192.1	111.3	279.2	747.8
Bank loan[2]	**30 Jun 2011**	**120.0**	**-**	**-**	**-**	**-**	**120.0**
	30 Jun 2010	-	-	-	-	-	-
Bank loan[3]	**30 Jun 2011**	**150.0**	**-**	**-**	**-**	**-**	**150.0**
	30 Jun 2010	-	-	-	-	-	-
Bank loan[4]	**30 Jun 2011**	**100.0**	**-**	**-**	**-**	**-**	**100.0**
	30 Jun 2010	-	-	-	-	-	-
Bank loan[5]	**30 Jun 2011**	**-**	**46.5**	**-**	**-**	**-**	**46.5**
	30 Jun 2010	-	-	-	-	-	-
Bank loan[6]	**30 Jun 2011**	**-**	**46.5**	**-**	**-**	**-**	**46.5**
	30 Jun 2010	-	-	-	-	-	-
Bank loan[7]	**30 Jun 2011**	**-**	**-**	**-**	**55.4**	**-**	**55.4**
	30 Jun 2010	-	-	-	-	-	-
Bank loan[8]	**30 Jun 2011**	**-**	**35.9**	**0.4**	**-**	**-**	**36.3**
	30 Jun 2010	-	-	-	-	-	-
Bank loans[9]	**30 Jun 2011**	**-**	**-**	**-**	**4.6**	**57.0**	**61.6**
	30 Jun 2010	-	-	-	372.3	-	372.3
Bank loan[10]	**30 Jun 2011**	**-**	**-**	**-**	**-**	**-**	**-**
	30 Jun 2010	-	-	-	-	282.4	282.4
Bank loan[11]	**30 Jun 2011**	**-**	**-**	**-**	**-**	**-**	**-**
	30 Jun 2010	285.9	-	-	92.7	-	378.6
Total	**30 Jun 2011**	**370.0**	**128.9**	**0.4**	**60.0**	**57.0**	**616.3**
	30 Jun 2010	286.3	164.8	192.1	576.3	561.6	1,781.1
Less: Unamortised	30 Jun 2011						**(26.3)**
borrowing costs	30 Jun 2010						(9.9)
Total unsecured bank	**30 Jun 2011**						**590.0**
loans	30 Jun 2010						1,771.2

1. The SMCF comprises a single A$400.0 million tranche (calculated using the exchange rates specified under the facility agreement) which expires on 24 May 2012. The facility had not been drawn as at 30 June 2011. The tranches of the SMCF that had been drawn at the end of the prior financial year were repaid in the current financial year.
2. A controlled entity had a bank loan of A$120.0 million denominated in Australian dollars. At 30 June 2011, the facility limit was A$150.0 million and the facility expires on 27 June 2016.
3. A controlled entity had a bank loan of A$150.0 million denominated in Australian dollars. At 30 June 2011, the facility limit was A$150.0 million and the facility expires on 29 June 2016.
4. A controlled entity had a bank loan of A$100.0 million denominated in Australian dollars. At 30 June 2011, the facility limit was A$100.0 million and the facility expires on 1 February 2015.
5. A controlled entity had a bank loan of A$46.5 million denominated in US dollars. At 30 June 2011, the facility limit was A$46.5 million (US$50.0 million) and the facility expires on 28 June 2013.
6. A controlled entity had a bank loan of A$46.5 million denominated in US dollars. At 30 June 2011, the facility limit was A$46.5 million (US$50.0 million). The facility expires on 24 June 2013.
7. A controlled entity had a bank loan of A$55.4 million denominated in Euros. At 30 June 2011, the facility limit which was stated in British pounds sterling was A$127.5 million (£85.0 million). The facility expires on 17 August 2013.
8. A controlled entity had a bank loan of A$36.3 million denominated in US dollars (A$35.9 million) and Japanese yen (A$0.4 million). At 30 June 2011, the facility limits were A$40.3 million (US$43.3 million) and A$104.3 million (¥9.0 billion). The facility expires on 4 June 2015.
9. Controlled entities had bank loans of A$61.6 million denominated in Euros (A$4.6 million) and British pounds sterling (A$57.0 million). At 30 June 2011, the facility limits were A$124.9 million (€92.5 million) which was drawn to A$11.7 million and expires on 5 December 2012 and A$229.6 million (€170.0 million) which was drawn to A$49.9 million and expires on 5 December 2013.
10. The facility was cancelled and the loan was repaid on 15 April 2011.
11. The facility was cancelled and the loan was repaid on 30 June 2011.

13 Interest bearing liabilities (cont)

(a) Bank loans, unsecured (cont)

In addition to the above facilities, the Consolidated Entity had the following unsecured facilities that had not been drawn as at 30 June 2011:

+ a facility of A$112.5 million (£75.0 million) denominated in British pounds sterling that expires on 13 May 2016;
+ a facility of A$80.0 million (A$80.0 million) denominated in Australian dollars that expires on 29 June 2015; and
+ a facility of A$15.0 million (£10.0 million) denominated in British pounds sterling that expires on 1 September 2012.

(b) Bank loans, secured

At 30 June 2011, a controlled entity had a secured facility that had not been drawn with a facility limit of A$6.1 million (€4.5 million) that expires on 31 December 2011. The facility that had been drawn to A$26.7 million at 30 June 2010 was repaid on 26 April 2011.

Security for the facility referred to above was over the assets of a controlled entity.

(c) Euro medium-term notes, unsecured

Goodman Australia Finance Pty Limited, a controlled entity of GIT, has on issue A$375.0 million (2010: A$441.2 million) Euro medium-term notes. All notes were issued at a fixed coupon of 9.75% payable annually. The notes mature on 16 July 2018. The notes are listed on the Singapore Stock Exchange and the market value of the notes using the quoted price at 30 June 2011 was A$455.3 million (2010: A$503.2 million).

(d) United States senior notes, unsecured

On 12 November 2010, Goodman Funding Pty Limited, a controlled entity of GIT, issued notes in the United States 144A/Reg S bond market for A$302.6 million (US$325.0 million). The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually. The notes mature on 12 November 2020.

On 31 March 2011, Goodman Funding Pty Limited issued further notes in the United States 144A/Reg S bond market for A$465.6 million (US$500.0 million). The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually. The notes mature on 15 April 2021.

(e) Foreign private placement, unsecured

As at 30 June 2011, the Consolidated Entity had an unsecured foreign private placement of A$36.5 million (2010: A$38.3 million) denominated in Euros. The facility expires on 30 June 2023.

On 31 March 2011, Goodman Australia Finance Pty Limited, a controlled entity of GIT, issued an unsecured foreign private placement of A$144.8 million (¥12.5 billion) denominated in Japanese yen. The facility expires on 3 April 2023.

13 Interest bearing liabilities (cont)

Finance facilities

	Consolidated	
	Facilities available $M	Facilities utilised $M
At 30 June 2011		
Bank loans, unsecured	1,727.1	616.3
Bank loans, secured	6.1	-
Euro medium-term notes, unsecured	375.0	375.0
United States senior notes, unsecured	768.2	768.2
Foreign private placement, unsecured	181.3	181.3
Bank guarantees[1]	-	27.7
	3,057.7	**1,968.5**
At 30 June 2010		
Bank loans, unsecured	2,850.2	1,781.1
Bank loans, secured	45.2	26.7
Euro medium-term notes, unsecured	441.2	441.2
Foreign private placement, unsecured	38.3	38.3
Bank guarantees[1]	-	43.1
	3,374.9	**2,330.4**

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

14 Issued capital

	Consolidated	
	2011 $M	2010 $M
7,394,607,411 (2010: 6,369,751,394) fully paid units on issue	7,046.3	6,584.9
Issue costs[1]	(142.2)	(142.0)
	6,904.1	**6,442.9**

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

Terms and conditions

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

14 Issued capital (cont)

Equity raising

	Units
Units on issue at 1 July 2009	2,779,651,716
Issued under the institutional placement and entitlement offer	3,196,599,473
Issued under the earn-out provisions on acquisition of the Eurinpro acquisition	393,300,000
Issued under the Goodman Group Tax Exempt Plan	200,205
Units on issue at 30 June 2010	**6,369,751,394**
Units on issue at 1 July 2010	6,369,751,394
Issued due to conversion of convertible preference securities by CIC	523,255,813
Issued under the Goodman Group Tax Exempt Plan	215,589
Issued on acquisition of Moorabbin Airport and Business Park	225,384,615
Issued due to exercise of options by CIC	276,000,000
Units on issue at 30 June 2011	**7,394,607,411**

Effective from 1 July 1998, the Company Law Review Act 1998 abolished the concept of par value units and the concept of authorised capital. Accordingly, the Trust does not have authorised capital, or par value in respect of its issued units.

15 Reserves

		Consolidated	
		2011	2010
	Note	$M	$M
Asset revaluation reserve	15(a)	(1,230.3)	(1,557.7)
Cash flow hedge reserve	15(b)	(61.8)	(147.3)
Foreign currency translation reserve	15(c)	(713.2)	(399.0)
Capital profits reserve	15(d)	(90.1)	120.9
Total reserves		**(2,095.4)**	**(1,983.1)**
(a) Asset revaluation reserve			
Balance at the beginning of the year		(1,557.7)	(1,283.7)
Change in fair value of other financial assets		14.3	14.7
Transfers to capital profits reserve		224.1	31.0
Transfers from accumulated losses		65.4	(406.0)
Transfers to the income statement due to disposal of investments		(47.2)	-
Effect of foreign currency translation		70.8	86.3
Balance at the end of the year		**(1,230.3)**	**(1,557.7)**
(b) Cash flow hedge reserve			
Balance at the beginning of the year		(147.3)	(223.2)
Change in value of financial instruments		36.1	(0.4)
Transfers to the income statement		37.3	52.7
Effect of foreign currency translation		12.1	23.6
Balance at the end of the year		**(61.8)**	**(147.3)**
(c) Foreign currency translation reserve			
Balance at the beginning of the year		(399.0)	(70.7)
Net exchange differences on conversion of foreign operations		(314.2)	(328.3)
Balance at the end of the year		**(713.2)**	**(399.0)**
(d) Capital profits reserve			
Balance at the beginning of the year		120.9	138.3
Transfers from asset revaluation reserve		(224.1)	(31.0)
Effect of foreign currency translation		13.1	13.6
Balance at the end of the year		**(90.1)**	**120.9**

16 Accumulated losses

	Consolidated	
	2011	2010 Restated[1]
	$M	$M
Accumulated losses at the beginning of the year	(295.4)	(213.3)
Profit/(loss) attributable to Unitholders	514.6	(274.0)
Transfers to asset revaluation reserve	(65.4)	406.0
Distributions declared	(251.3)	(214.1)
Balance at the end of the year	**(97.5)**	**(295.4)**

1. The comparative figures have been restated to reflect changes in accounting policies. Details of these are set out in note 1 of the consolidated financial report.

17 Non-controlling interests

	Consolidated	
	2011	2010
	$M	$M
Goodman PLUS Trust hybrid securities	318.8	318.8
CIC convertible preference securities	228.2	431.7
	547.0	**750.5**

18 Segment reporting

The Consolidated Entity is based in Australia and has separately managed divisions in Asia Pacific (primarily Australia, New Zealand, Hong Kong, China and Japan) and Europe (Continental Europe and the United Kingdom).

The activities and services undertaken by the divisions are direct and indirect ownership of investment properties. Information regarding the operations of each reportable segment is included on the following page.

The Consolidated Entity previously reported three segments as defined by AASB 8 *Operating Segments*, namely Australia, Continental Europe and the United Kingdom as the other divisions in Asia Pacific did not meet the quantitative requirements, either individually or collectively, to require separate disclosure as reportable segments. During the current financial year, the Consolidated Entity has assessed its internal reporting such that:

+ Asia (being Hong Kong, China and Japan) is now reported as a separate operating segment. Australia and New Zealand are now reported as one operating segment; and
+ the operating segments' operating results, as reviewed by the Group Chief Executive Officer, have been more closely aligned with the operating profit available for distribution, albeit divisional performance continues to be measured before interest and tax.

As a consequence, the segment reporting for the prior year has been restated so that it is aligned with the segment reporting in the current financial year.

Information regarding the operations of each reportable segment is included on the following page.

18 Segment reporting (cont)

Information about reportable segments

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		Consolidated	
	2011	2010 Restated[1]	2011	2010 Restated[1]	2011	2010	2011	2010	2011	2010 Restated[1]
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Revenue and other income										
Gross property income	196.4	194.5	0.1	2.3	2.1	4.7	17.0	23.6	215.6	225.1
Distributions from investments	4.2	1.8	-	-	-	-	16.1	17.9	20.3	19.7
Other income	-	3.7	-	-	3.6	2.2	0.7	0.7	4.3	6.6
Total revenue and other income	**200.6**	**200.0**	**0.1**	**2.3**	**5.7**	**6.9**	**33.8**	**42.2**	**240.2**	**251.4**
Reportable segment profit	**237.5**	**226.8**	**75.4**	**1.7**	**43.1**	**38.9**	**48.6**	**34.3**	**404.6**	**301.7**
Other material non-cash items not included in reportable segment profit										
Net gain/(loss) from fair value adjustments on investment properties	6.4	(92.3)	(8.2)	(3.4)	-	(15.3)	(18.8)	(21.7)	(20.6)	(132.7)
Share of net gain/(loss) from fair value adjustments in investment properties in equity accounted investments	22.8	(135.4)	43.8	11.8	(2.7)	(91.5)	(7.0)	(30.4)	56.9	(245.5)
Impairment losses	(4.3)	(33.8)	-	(4.3)	(7.8)	(10.8)	(1.5)	-	(13.6)	(48.9)
Other key components of financial performance included in reportable segment profit										
Net gain/(loss) on disposal of investment properties	0.2	1.5	-	-	(0.7)	0.3	(0.1)	(0.1)	(0.6)	1.7
Net gain/(loss) on disposal of controlled entities	-	-	3.3	(12.0)	14.8	9.4	-	2.5	18.1	(0.1)
Share of net results of equity accounted investments	84.0	(76.6)	59.4	24.4	17.5	(69.8)	1.3	(47.0)	162.2	(169.0)
Net gain/(loss) on disposal of equity investments	47.3	(8.0)	57.0	-	(3.8)	-	-	-	100.5	(8.0)
	2011	2010 Restated[1]	2011	2010 Restated[1]	2011	2010	2011	2010	2011	2010 Restated[1]
Balance sheet	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Reportable segment assets	**4,092.1**	**3,502.7**	**471.1**	**388.7**	**732.6**	**652.3**	**494.9**	**559.5**	**5,790.7**	**5,103.2**
Capital expenditure	66.5	43.1	7.8	(2.7)	38.7	(3.4)	0.8	17.1	113.8	54.1
Reportable segment liabilities	**48.3**	**30.3**	**27.5**	**1.5**	**44.1**	**15.2**	**25.1**	**15.5**	**145.0**	**62.5**

1. The comparative figures have been restated to reflect changes in accounting policies and the classification of segments. Details of the change in accounting policies are set out in note 1 of the consolidated financial report. Details of changes to the classification of segments are set out on page 48.

18 Segment reporting (cont)

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

	2011 $M	2010 Restated[1] $M
Revenues		
Total revenue for reportable segments	240.2	251.4
Consolidated revenue	**240.2**	**251.4**
Profit or loss		
Total profit for reportable segments	404.6	301.7
Other non-cash items not included in reportable segment profit	23.2	(470.8)
Unallocated amounts: other corporate expenses	(8.0)	(28.6)
Net finance income/(costs) - refer to note 3	159.1	(24.2)
Consolidated profit/(loss) before income tax	**578.9**	**(221.9)**

	2011 $M	2010 Restated[1] $M
Assets		
Total assets for reportable segments	5,790.7	5,103.2
Interest bearing assets	1,754.9	2,087.9
Other unallocated amounts	155.0	484.3
Consolidated total assets	**7,700.6**	**7,675.4**
Liabilities		
Total liabilities for reportable segments	145.0	62.5
Interest bearing liabilities	1,914.5	2,277.4
Other unallocated amounts	382.9	420.6
Consolidated total liabilities	**2,442.4**	**2,760.5**

1. The comparative figures have been restated to reflect changes in accounting policies and the classification of segments. Details of the change in accounting policies are set out in note 1 of the consolidated financial report. Details of changes to the classification of segments are set out on page 48.

19 Disposals of interests in controlled entities

In the current year, the Consolidated Entity disposed of controlled entities as set out below:

	Total $M
Cash consideration received:	
- On disposal of special purpose entities in Continental Europe[1]	39.4
- On disposal of Goodman Hong Kong (Jiangsu) Developments No. 1 Limited[2]	4.5
Net cash inflow	**43.9**

1. During the financial year, controlled entities in Continental Europe disposed of several other special purpose development property entities for a net consideration of $39.4 million (2010: $13.5 million). There is no significant impact on the Consolidated Entity's balance sheet as a result of these disposals.
2. On 30 December 2010, the Consolidated Entity disposed of its entire interest in Goodman Hong Kong (Jiangsu) Developments No. 1 Limited, which owned a stabilised investment property, to Canada Pension Plan Investment Board. The principal impact on the Consolidated Entity's balance sheet was a decrease in investment properties of $3.7 million.

20 Auditors' remuneration

	Consolidated 2011 $000	Consolidated 2010 $000
Audit services		
Auditor of GIT:		
- Audit and review of financial reports (KPMG Australia)	741.1	600.6
- Audit and review of financial reports (overseas KPMG firms)	132.9	89.0
	874.0	**689.6**
Other regulatory services		
- Other regulatory services (KPMG Australia)	58.0	15.0
- Other regulatory services (overseas KPMG firms)	1.6	44.0
Other assurance services		
- Investigative accounting services (KPMG Australia)	487.6	866.5
Taxation services		
- Taxation compliance services (KPMG Australia)	126.0	362.0
- Taxation compliance services (overseas KPMG firms)	45.3	22.7
- Other taxation advice (KPMG Australia)	29.2	5.1
	747.7	**1,315.3**
Total paid/payable to KPMG	**1,621.7**	**2,004.9**
Other auditors		
- Audit and review of financial reports (non-KPMG firms)	**21.2**	**80.1**

21 Notes to the consolidated cash flow statement

(a) Reconciliation of cash

Cash as at the end of the year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated 2011 $M	Consolidated 2010 $M
Cash assets	**92.6**	**474.8**

(b) Reconciliation of profit/(loss) for the year to net cash provided by operating activities

	Consolidated 2011 $M	Consolidated 2010 $M
Profit/(loss) for the year	**575.6**	**(221.7)**
Adjustments for:		
- Net loss/(gain) on disposal of investment properties	0.6	(1.7)
- Net (gain)/loss on disposal of controlled entities	(18.1)	0.1
- Net (gain)/loss on disposal of equity investments	(101.3)	8.0
- Net loss from fair value adjustments on investment properties	20.6	132.7
- Impairment losses	13.6	48.9
- Share of net results of equity accounted investments	(162.2)	169.0
- Net finance (income)/costs	(159.1)	24.2
- Income tax expense/(benefit)	3.3	(0.2)
Profit before changes in working capital and provisions	**173.0**	**159.3**
Change in assets and liabilities during the year:		
- (Increase)/decrease in receivables	(33.4)	35.1
- Increase in inventories	(54.4)	-
- Decrease/(increase) in other assets	8.9	(19.3)
- Increase/(decrease) in payables	27.6	(2.8)
- (Decrease)/increase in provisions	(2.6)	1.7
	119.1	**174.0**
Distributions received from equity accounted investments	116.2	52.9
Net finance costs paid	(80.3)	(112.6)
Net income taxes paid	(3.1)	(0.9)
Net cash provided by operating activities	**151.9**	**113.4**

(c) Non-cash financing and investing activities

In the current financial year, the Consolidated Entity acquired Moorabbin Airport and Business Park (refer to note 29) and part of the consideration included the issue of 225,384,615 Goodman stapled securities. The Consolidated Entity also received distributions of $15.1 million and $10.6 million from GAIF and GMT respectively in the form of units under their distribution reinvestment plans.

22 Related party disclosures

Key management personnel disclosures

GIT does not employ personnel in its own right. However, it is required to have an incorporated responsible entity to manage its activities and the Responsible Entity is considered to be the key management personnel of the Consolidated Entity.

Responsible Entity's remuneration

In accordance with GIT's constitution, the Responsible Entity is entitled to receive a management fee and expense reimbursements where expenses have been incurred on behalf of GIT:

	Consolidated	
	2011	**2010**
	$	**$**
Management fees	**7,545,288**	**27,780,287**

As at 30 June 2011, the amounts owed to the Responsible Entity were $nil (2010: $nil).

Goodman Group

Other Goodman Group entities perform a number of services for the Consolidated Entity and have billed the following amounts during the year:

	Consolidated	
	2011	**2010**
	$	**$**
Property services fees (including property management and leasing)	5,797,890	4,636,708
Development management and project fees	3,500,000	3,982,147
Building supervisor costs reimbursed	1,532,908	1,562,335
	10,830,798	**10,181,190**

In addition to the above, there have been the following transactions between other Goodman Group entities and the Consolidated Entity:

+ Goodman Vineyard Pty Limited (Vineyard) is a fellow controlled entity of Goodman Group. The balance of the loan provided by GIT to Vineyard at 30 June 2011 is $67.9 million (2010: $55.2 million). The purpose of the loan to Vineyard is to fund the development of M7 Business Hub, Eastern Creek, NSW. The loan is limited recourse, interest bearing at a rate of 15% per annum and with a maturity date of December 2011. Interest and other amounts charged to Vineyard during the year totalled $13.1 million (2010: $11.0 million);

+ Dollhurst Limited, a fellow controlled entity of Goodman Group, has issued $97.5 million (£65.0 million) (2010: $114.7 million, £65.0 million) of fixed rate notes (Notes) on issue to GIT. The Notes are unsecured with limited recourse and mature in December 2011. Interest at 8.5% per annum is payable on the Notes semi-annually in arrears on 30 June and 31 December;

+ other loans to other Goodman Group entities exist at 30 June 2011 totalling $2,107.1 million (2010: $2,120.1 million), of which $1,716.6 million are interest bearing and $390.5 million are non-interest bearing. Interest bearing loans bear interest at rates determined based on the terms under which the funds are borrowed; and

+ other loans from other Goodman Group entities exist at 30 June 2011 totalling $43.0 million (2010: $28.8 million) of which $34.5 million are interest bearing and $8.5 million are non interest-bearing. Interest bearing loans bear interest at rates determined based on the terms under which the funds are borrowed.

22 Related party disclosures (cont)

Transactions with Goodman Holdings Group

Mr Gregory Goodman and Mr Patrick Goodman are directors of and shareholders in Goodman Holdings Group.

Acquisition of Moorabbin Airport and Business Park

On 24 May 2011, the Consolidated Entity completed the acquisition from Goodman Holdings Group of the units in MAC Unit Trust which had a 66.67% shareholding in Moorabbin Airport Corporation Pty Limited (MAC), which in turn held the leasehold interest in Moorabbin Airport and Business Park. At the same time, the Consolidated Entity also acquired from an independent third party the units in Moorabbin Airport Unit Trust, which owned the remaining shares in MAC.

The consideration for both MAC Unit Trust and Moorabbin Airport Unit Trust, approved by Securityholders at the Extraordinary General Meeting of Goodman Group on 29 October 2010, included the issue of 225,384,615 stapled securities to the vendors at an agreed issue price of $0.65 each, cash of $35.0 million and repayment of MAC bank debt of $20.0 million. The stapled securities will be held in escrow, one third for a period of two years and two thirds for a period of five years, and the cash will be held in escrow for a period of three years. The principal asset of MAC was a leasehold interest in stabilised and development land, which was independently valued at $201.5 million. At the date of acquisition, MAC also had a bank facility drawn to $20.0 million. Goodman incurred costs of $13.3 million in respect of the transaction primarily relating to stamp duty. At 30 June 2011, there were no amounts outstanding in respect of this transaction.

Transactions with associates and JVEs

Transactions between the Consolidated Entity and its associates and JVEs during the year were as follows:

	Disposals of controlled entities and investment properties		Interest charged on loans to related parties	
	2011	**2010**	**2011**	**2010**
	$M	**$M**	**$M**	**$M**
GELF	**-**	13.5	**1.7**	1.2
Princeton Lux	**-**	34.7	**-**	-
Princeton Jersey	**-**	40.3	**-**	-
Huntingwood East	**-**	-	**1.1**	0.9
Huntingwood West	**-**	-	**0.8**	1.0
Moorebank	**-**	-	**0.2**	-
Seaview	**-**	-	**1.3**	3.7
Interlink	**-**	-	**7.3**	6.1
Herten	**-**	-	**0.3**	-
Lazulite	**-**	-	**0.2**	-
Üllő One 2008 Kft	**-**	-	**0.5**	-
Üllő Two 2008 Kft	**-**	-	**0.2**	-
Agate	**-**	-	**0.2**	-
WMP NV	**-**	-	**0.5**	-

22 Related party disclosures (cont)

Transactions with associates and JVEs (cont)

Amounts due from associates and JVEs at 30 June 2011 were as follows:

	Trade and other receivables[1]		Shareholder loans provided[2]	
	2011 $M	**2010 $M**	**2011 $M**	**2010 $M**
GELF	**28.8**	2.3	**20.8**	17.7
ABPP	**7.6**	26.4	**-**	-
GCLHL	**-**	-	**21.1**	33.6
Huntingwood East	**-**	-	**13.0**	11.6
KWS	**-**	-	**2.6**	2.2
Seaview	**-**	-	**-**	56.8
Interlink	**-**	-	**-**	92.4
Herten	**-**	-	**4.0**	4.1
Lazulite	**-**	-	**2.8**	3.0
Üllő One 2008 Kft	**-**	-	**7.2**	6.3
Üllő Two 2008 Kft	**-**	-	**3.1**	3.0
Agate	**-**	-	**1.3**	1.5
WMP NV	**-**	-	**6.6**	6.3

1. Trade and other receivables due were receivable within 30 days.
2. Loans provided to associates and JVEs have generally been provided on an arm's length basis. At 30 June 2011, details in respect of the principal loan balances are set out below:
   - the shareholders in GCLHL have provided interest free loans to GCLHL in proportion to their respective equity interests;
   - a shareholder loan of $20.7 million (2010: $17.7 million) was provided to Goodman Pyrite Logistics (Lux) Sàrl, a controlled entity of GELF, and incurred interest at 6.9% per annum;
   - shareholder loans to Huntingwood East, Huntingwood West and Moorebank incurred interest at 7.2% per annum. The loan to Huntingwood West was fully repaid in the current financial year; and
   - shareholder loans to Seaview and Interlink incurred interest at the three month Hong Kong Interbank Offer Rate plus 1.5% per annum. The loans were fully repaid in the current financial year.

23 Financial risk management

The Directors have ultimate responsibility for the Consolidated Entity's capital management and financial risk management processes and have established policies, documented in the Consolidated Entity's financial risk management (FRM) policy document, to ensure both the efficient use of capital and the appropriate management of the exposure to financial risk.

Management has established the Group Investment Committee, which is the primary forum where strategic capital and financial management requirements are discussed and decisions made in accordance with the FRM policy. The committee meets at least every week during the financial year.

Goodman's treasury function is responsible for preparing the following reports for consideration at each of the Consolidated Entity's Board meeting:

+ analysis of capital allocation and funding requirements against the Consolidated Entity's gearing constraint;
+ analysis of the Consolidated Entity's liquidity and funding position;
+ analysis of the Consolidated Entity's debt maturity profile;
+ a review of all the hedge exposures and the completed hedges;
+ compliance with the Consolidated Entity's hedging policy and recommendations for future hedging strategies; and
+ full mark to market of all derivative positions.

Under the FRM policy, the Consolidated Entity's derivative financial instruments are not generally designated as a hedge for accounting purposes, and accordingly such derivative financial instruments are treated as trading instruments.

Capital management

The Consolidated Entity's main capital management objectives are to maintain a strong capital base and provide funds for capital expenditure and investment opportunities as they arise. This is achieved through an appropriate mix of debt, equity and hybrid instruments.

The Consolidated Entity is able to alter the capital mix, subject to Board approval, by issuing new stapled securities or hybrid securities, electing to have the distribution reinvestment plan underwritten and recycling assets to funds managed by Goodman or to third parties to reduce borrowings. Equity should be fully invested to ensure that a maximum return on the capital is achieved.

Goodman monitors capital on the basis of both the gearing ratio and the weighted average cost of debt. Gearing is reviewed at a Consolidated Entity basis and the gearing ratio for the Consolidated Entity is calculated as the total interest bearing liabilities less cash as a percentage of the total assets less cash.

Financial risk management

Goodman Group's key financial risks are market risk (including interest rate risk and foreign exchange risk), liquidity risk and credit risk.

(a) Market risk

Interest rate risk

Goodman Group's interest rate risk primarily arises from variable rate borrowings. The Consolidated Entity adopts a policy of ensuring that between 60% and 100% of its current year exposure to changes in interest rates on borrowings is on a fixed rate basis. The Consolidated Entity enters into interest rate swaps to manage cash flow risks associated with the interest rates on borrowings that are floating. The interest rate swap contracts are for 90 day intervals and involve quarterly payments or receipts of the net amount of interest.

23 Financial risk management (cont)

(a) Market risk (cont)

Interest rate risk (cont)

Based on the Consolidated Entity's existing interest rate swap contracts as at 30 June 2011, the principal amounts as at future balance dates and the weighted average interest rates during future financial years, by currency, are set out below:

	2011				2010			
	Interest rate swaps		Fixed rate debt		Interest rate swaps		Fixed rate debt	
Year to	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 payable								
30 June 2011	**(110.0)**	**8.14%**	**-**	**-**	(135.3)	7.77%	-	-
30 June 2012	**(110.0)**	**8.79%**	**-**	**-**	(110.0)	8.79%	-	-
30 June 2013	**(110.0)**	**8.79%**	**-**	**-**	(110.0)	8.79%	-	-
30 June 2014	**(110.0)**	**8.79%**	**-**	**-**	(110.0)	8.79%	-	-
30 June 2015	**(69.5)**	**7.30%**	**-**	**-**	(69.5)	7.30%	-	-
30 June 2016	**(50.0)**	**5.75%**	**-**	**-**	(50.0)	5.75%	-	-
30 June 2017	**(16.2)**	**5.75%**	**-**	**-**	(16.2)	5.75%	-	-
Hong Kong dollars payable								
30 June 2011	**(1,750.0)**	**2.70%**	**-**	**-**	(1,831.1)	3.04%	-	-
30 June 2012	**(1,750.0)**	**2.90%**	**-**	**-**	(1,750.0)	2.90%	-	-
30 June 2013	**(1,406.3)**	**2.76%**	**-**	**-**	(1,406.3)	2.76%	-	-
30 June 2014	**(760.0)**	**2.27%**	**-**	**-**	(760.0)	2.27%	-	-
30 June 2015	**(122.1)**	**1.98%**	**-**	**-**	(122.1)	1.98%	-	-
Japanese yen payable								
30 June 2011	**-**	**-**	**(12,500.0)**	**3.32%**	(7,000.0)	1.54%	-	-
30 June 2012	**-**	**-**	**(12,500.0)**	**3.32%**	(6,639.3)	1.54%	-	-
30 June 2013	**-**	**-**	**(12,500.0)**	**3.32%**	(1,000.0)	1.68%	-	-
30 June 2014	**-**	**-**	**(12,500.0)**	**3.32%**	(939.7)	1.68%	-	-
30 June 2015	**-**	**-**	**(12,500.0)**	**3.32%**	-	-	-	-
30 June 2016	**-**	**-**	**(12,500.0)**	**3.32%**	-	-	-	-
30 June 2017	**-**	**-**	**(12,500.0)**	**3.32%**	-	-	-	-
30 June 2018	**-**	**-**	**(12,500.0)**	**3.32%**	-	-	-	-
30 June 2019	**-**	**-**	**(12,500.0)**	**3.32%**	-	-	-	-
30 June 2020	**-**	**-**	**(12,500.0)**	**3.32%**	-	-	-	-
30 June 2021	**-**	**-**	**(12,500.0)**	**3.32%**	-	-	-	-
30 June 2022	**-**	**-**	**(12,500.0)**	**3.32%**	-	-	-	-
30 June 2023	**-**	**-**	**(9,486.3)**	**3.32%**	-	-	-	-
United States dollars payable								
30 June 2011	**-**	**-**	**(825.0)**	**6.38%**	-	-	-	-
30 June 2012	**-**	**-**	**(825.0)**	**6.38%**	-	-	-	-
30 June 2013	**-**	**-**	**(825.0)**	**6.38%**	-	-	-	-
30 June 2014	**-**	**-**	**(825.0)**	**6.38%**	-	-	-	-
30 June 2015	**-**	**-**	**(825.0)**	**6.38%**	-	-	-	-
30 June 2016	**-**	**-**	**(825.0)**	**6.38%**	-	-	-	-
30 June 2017	**-**	**-**	**(825.0)**	**6.38%**	-	-	-	-
30 June 2018	**-**	**-**	**(825.0)**	**6.38%**	-	-	-	-
30 June 2019	**-**	**-**	**(825.0)**	**6.38%**	-	-	-	-
30 June 2020	**-**	**-**	**(825.0)**	**6.38%**	-	-	-	-
30 June 2021	**-**	**-**	**(516.1)**	**6.38%**	-	-	-	-

1. The amount is the principal balance at each future balance date that is hedged as a result of the existing interest rate swap contracts as at 30 June 2011.
2. Average rate per annum represents the weighted average interest rate payable, by currency, as a result of the existing interest rate swap contracts as at 30 June 2011.

23 Financial risk management (cont)

(a) Market risk (cont)

Interest rate risk (cont)

	2011				2010			
	Interest rate swaps		Fixed rate debt		Interest rate swaps		Fixed rate debt	
Year to	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]
Euros payable								
30 June 2011	**(555.0)**	**3.18%**	**-**	**-**	(415.1)	3.78%	-	-
30 June 2012	**(538.2)**	**3.24%**	**-**	**-**	(384.1)	3.54%	-	-
30 June 2013	**(505.0)**	**3.16%**	**-**	**-**	(305.0)	3.63%	-	-
30 June 2014	**(391.3)**	**3.15%**	**-**	**-**	(191.1)	3.89%	-	-
30 June 2015	**(250.0)**	**2.86%**	**-**	**-**	(50.0)	4.50%	-	-
30 June 2016	**(108.5)**	**3.39%**	**-**	**-**	(50.0)	4.50%	-	-
30 June 2017	**(33.3)**	**4.50%**	**-**	**-**	(33.3)	4.50%	-	-
British pounds sterling payable								
30 June 2011	**(175.0)**	**5.77%**	**(250.0)**	**9.75%**	(209.1)	5.01%	(250.0)	9.75%
30 June 2012	**(175.0)**	**5.96%**	**(250.0)**	**9.75%**	(175.0)	5.96%	(250.0)	9.75%
30 June 2013	**(175.0)**	**5.96%**	**(250.0)**	**9.75%**	(175.0)	5.96%	(250.0)	9.75%
30 June 2014	**(175.0)**	**5.96%**	**(250.0)**	**9.75%**	(175.0)	5.96%	(250.0)	9.75%
30 June 2015	**(187.6)**	**5.55%**	**(250.0)**	**9.75%**	(187.6)	5.55%	(250.0)	9.75%
30 June 2016	**(138.7)**	**5.43%**	**(250.0)**	**9.75%**	(138.7)	5.43%	(250.0)	9.75%
30 June 2017	**(57.2)**	**5.75%**	**(250.0)**	**9.75%**	(57.2)	5.75%	(250.0)	9.75%
30 June 2018	**(16.0)**	**5.20%**	**(250.0)**	**9.75%**	(16.0)	5.20%	(250.0)	9.75%
30 June 2019	**-**	-	**(11.0)**	**9.75%**	-	-	(250.0)	9.75%

1. The amount is the principal balance at each future balance date that is hedged as a result of the existing interest rate swap contracts as at 30 June 2011.
2. Average rate per annum represents the weighted average interest rate payable, by currency, as a result of the existing interest rate swap contracts as at 30 June 2011.

At 30 June 2011, if interest rates on borrowings had been 100 basis points per annum (2010: 100 basis points per annum) higher/lower, with all other variables held constant, the Consolidated Entity result attributable to Unitholders for the financial year would have been A$0.2 million lower/higher (2010: A$0.2 million).

Foreign exchange risk

Goodman is exposed to foreign exchange risk through its investments in New Zealand, Hong Kong, China, Japan, Continental Europe and the United Kingdom. Foreign exchange risk represents the loss that would be recognised from fluctuations in currency prices against the Australian dollar as a result of future commercial transactions, recognised assets and liabilities and principally, net investments in foreign operations.

In managing foreign currency risks, the Consolidated Entity aims to reduce the impact of short-term fluctuations on the Consolidated Entity's earnings and net assets. Over the long term however, permanent changes in foreign exchange will have an impact on both earnings and net assets.

The Consolidated Entity's capital hedge policy for each overseas region is to hedge between 70% and 95% of foreign currency denominated assets with foreign currency denominated liabilities. Goodman's investment in foreign denominated investments is generally achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against any foreign currency fluctuations. Further draw downs or repayments of debt are made to maintain this hedge. Derivatives such as cross currency swaps are also used to achieve the hedge position required under the FRM policy.

23 Financial risk management (cont)

(a) Market risk (cont)

Foreign exchange risk (cont)

Based on the Consolidated Entity's existing cross currency swap contracts as at 30 June 2011, the weighted average foreign exchange rates during future financial years and the principal hedged amount at each future balance date, by currency, are set out below:

	Weighted average exchange rate		Amounts receivable		Amounts payable	
Year to	2011	2010	2011 A$M	2010 A$M	2011 Currency M	2010 Currency M
Australian dollars receivable/New Zealand dollars payable						
30 June 2011	**1.2413**	1.2413	**150.7**	150.7	**(187.0)**	(187.0)
30 June 2012	**1.2413**	1.2413	**150.7**	150.7	**(187.0)**	(187.0)
30 June 2013	**1.2413**	1.2413	**150.7**	150.7	**(187.0)**	(187.0)
30 June 2014	**1.2200**	1.2200	**69.7**	69.7	**(85.0)**	(85.0)
Australian dollars receivable/Hong Kong dollars payable						
30 June 2011	**7.3167**	6.6088	**294.8**	342.0	**(2,150.0)**	(2,250.0)
30 June 2012	**7.3167**	6.8299	**294.8**	256.4	**(2,150.0)**	(1,750.0)
30 June 2013	**7.3167**	6.8299	**294.8**	256.4	**(2,150.0)**	(1,750.0)
30 June 2014	**7.3167**	6.9838	**294.8**	107.4	**(2,150.0)**	(750.0)
30 June 2015	**7.4072**	7.1000	**243.7**	56.3	**(1,800.0)**	(400.0)
30 June 2016	**7.4950**	-	**187.3**	-	**(1,400.0)**	-
Australian dollars receivable/Japanese yen payable						
30 June 2011	**87.9200**	-	**79.6**	-	**(7,000.0)**	-
30 June 2012	**87.9200**	-	**79.6**	-	**(7,000.0)**	-
30 June 2013	**87.9200**	-	**79.6**	-	**(7,000.0)**	-
30 June 2014	**87.9200**	-	**79.6**	-	**(7,000.0)**	-
30 June 2015	**87.9200**	-	**79.6**	-	**(7,000.0)**	-
30 June 2016	**87.9200**	-	**79.6**	-	**(7,000.0)**	-
30 June 2017	**87.9200**	-	**79.6**	-	**(7,000.0)**	-
Australian dollars receivable/Euros payable						
30 June 2011	**0.6858**	0.6705	**248.2**	179.0	**(170.0)**	(120.0)
30 June 2012	**0.6858**	0.6705	**248.2**	179.0	**(170.0)**	(120.0)
30 June 2013	**0.6858**	0.6705	**248.2**	179.0	**(170.0)**	(120.0)
30 June 2014	**0.6858**	0.6705	**248.2**	179.0	**(170.0)**	(120.0)
30 June 2015	**0.6858**	0.6705	**248.2**	179.0	**(170.0)**	(120.0)
30 June 2016	**0.6858**	0.6705	**248.2**	179.0	**(170.0)**	(120.0)
United States dollars receivable/Chinese renminbi payable						
30 June 2011	**6.7099**	7.5266	**60.0**	60.0	**(402.6)**	(451.6)
30 June 2012	**6.7099**	7.2489	**60.0**	20.0	**(402.6)**	(145.0)
30 June 2013	**6.7099**	-	**60.0**	-	**(402.6)**	-

During the year ended 30 June 2011, the Consolidated Entity issued notes in the United States 144A/Reg S bond market and issued an unsecured foreign private placement denominated in Japanese yen.

23 Financial risk management (cont)

(a) Market risk (cont)

Foreign exchange risk (cont)

Proceeds from the debt issuances were used by the Consolidated Entity to repay drawn debt denominated in Euros and British pounds sterling and resulted in the following cross currency swap contracts:

	Weighted average exchange rate		Amounts receivable		Amounts payable	
Year to	2011	2010	2011 US$M	2010 US$M	2011 Currency M	2010 Currency M
United States dollars receivable/Euros payable						
30 June 2011	**0.7068**	-	**535.0**	-	**(378.1)**	-
30 June 2012	**0.7068**	-	**535.0**	-	**(378.1)**	-
30 June 2013	**0.7068**	-	**535.0**	-	**(378.1)**	-
30 June 2014	**0.7068**	-	**535.0**	-	**(378.1)**	-
30 June 2015	**0.7068**	-	**535.0**	-	**(378.1)**	-
30 June 2016	**0.7068**	-	**535.0**	-	**(378.1)**	-
30 June 2017	**0.7068**	-	**535.0**	-	**(378.1)**	-
30 June 2018	**0.7068**	-	**535.0**	-	**(378.1)**	-
30 June 2019	**0.7068**	-	**535.0**	-	**(378.1)**	-
30 June 2020	**0.7068**	-	**535.0**	-	**(378.1)**	-
30 June 2021	**0.7068**	-	**535.0**	-	**(378.1)**	-
United States dollars receivable/British pounds sterling payable						
30 June 2011	**0.6182**	-	**290.0**	-	**(179.3)**	-
30 June 2012	**0.6182**	-	**290.0**	-	**(179.3)**	-
30 June 2013	**0.6182**	-	**290.0**	-	**(179.3)**	-
30 June 2014	**0.6182**	-	**290.0**	-	**(179.3)**	-
30 June 2015	**0.6182**	-	**290.0**	-	**(179.3)**	-
30 June 2016	**0.6182**	-	**290.0**	-	**(179.3)**	-
30 June 2017	**0.6182**	-	**290.0**	-	**(179.3)**	-
30 June 2018	**0.6182**	-	**290.0**	-	**(179.3)**	-
30 June 2019	**0.6182**	-	**290.0**	-	**(179.3)**	-
30 June 2020	**0.6182**	-	**290.0**	-	**(179.3)**	-
30 June 2021	**0.6182**	-	**290.0**	-	**(179.3)**	-
Japanese yen receivable/British pounds sterling payable						
30 June 2011	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2012	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2013	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2014	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2015	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2016	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2017	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2018	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2019	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2020	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2021	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2022	**0.0076**	-	**11,300.0**	-	**(85.9)**	-
30 June 2023	**0.0076**	-	**11,300.0**	-	**(85.9)**	-

23 Financial risk management (cont)

(a) Market risk (cont)

Foreign exchange risk (cont)

Additionally, the Consolidated Entity enters into forward foreign exchange contracts to hedge a proportion of the income received/receivable from its investments denominated in overseas currencies. Based on the Consolidated Entity's existing forward foreign exchange contracts as at 30 June 2011, the weighted average exchange rates and the principal amounts expiring in future financial years, by currency, are set out below:

	Weighted average exchange rate		Amounts receivable		Amounts payable	
Year to	2011	2010	2011 A$M	2010 A$M	2011 Currency M	2010 Currency M
Contracts to buy Australian dollars and sell New Zealand dollars						
30 June 2011	**-**	1.1630	**-**	4.6	**-**	(5.3)
30 June 2012	**1.1768**	1.1768	**4.5**	4.5	**(5.3)**	(5.3)
30 June 2013	**1.1932**	1.1932	**4.2**	4.2	**(5.0)**	(5.0)
Contracts to buy Australian dollars and sell Hong Kong dollars						
30 June 2011	**-**	5.0557	**-**	12.4	**-**	(62.6)
30 June 2012	**4.9885**	4.9743	**12.6**	12.6	**(62.6)**	(62.6)
30 June 2013	**4.9077**	4.8940	**12.8**	12.8	**(62.6)**	(62.6)

At 30 June 2011, if the Australian dollar had strengthened by 5% (2010: 5%), with all other variables, in particular interest rates, held constant, the Consolidated Entity's result attributable to Unitholders would have decreased by A$10.0 million (2010: A$10.6 million decrease). If the Australian dollar had weakened by 5% (2010: 5%), with all other variables, in particular interest rates, held constant, the Consolidated Entity's result attributable to Unitholders would have increased by A$11.1 million (2010: A$11.7 million increase).

Price risk

Following the disposal of the Consolidated Entity's investment in ING Industrial Fund to GTA, Goodman has no other listed investments classified as available for sale. Accordingly, the Consolidated Entity is not exposed to price risk. At 30 June 2010, a 5% movement in the security price of ING Industrial Fund would have impacted equity by A$2.1 million.

The Consolidated Entity is not exposed to commodity price risk.

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's objective is to maintain sufficient liquidity resources to maintain operations, meet its financial obligations and liabilities, pay distributions and provide funds for capital expenditure and investment opportunities. Management seeks to achieve these objectives through:

+ preparation of regular forecast cash flows to understand the application and use of funds; and
+ identification of future funding, including new debt facilities, new issues of securities or the distribution re-investment plan.

Goodman's treasury function is responsible for reporting details of all debt maturities for all loans across the regions to the Board at their regular meetings. Goodman's treasury function is also responsible for reporting to the Board all the information and term sheets relating to any financing arrangements being contemplated or negotiated by the Consolidated Entity for their review and approval.

The Consolidated Entity seeks to spread its debt maturities such that the total debt maturing in a single financial year does not exceed Board approved policy levels.

23 Financial risk management (cont)

(b) Liquidity risk (cont)

Contractual maturities of financial liabilities

	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 2011								
Non-derivative financial liabilities								
Payables	209.6	209.6	168.3	30.4	-	-	-	10.9
Bank loans, unsecured[1]	590.0	616.3	-	104.8	105.2	136.3	270.0	-
Euro medium-term notes, unsecured	375.0	667.6	71.4	36.6	36.6	36.6	36.7	449.7
US senior notes, unsecured	768.2	1,256.1	59.2	49.7	49.7	49.7	49.8	998.0
Foreign private placement, unsecured	181.3	256.4	7.7	6.2	6.2	6.2	6.3	223.8
Total non-derivative financial liabilities	**2,124.1**	**3,006.0**	**306.6**	**227.7**	**197.7**	**228.8**	**362.8**	**1,682.4**
Derivative financial liabilities								
Net settled[2]	86.2	89.9	31.1	23.9	15.6	8.3	5.9	5.1
Gross settled[3]:								
Inflow	-	730.7	93.3	90.9	94.3	88.8	72.0	291.4
Outflow	(24.4)	(704.3)	(52.2)	(59.0)	(67.2)	(72.8)	(98.4)	(354.7)
Total derivative financial liabilities	**61.8**	**116.3**	**72.2**	**55.8**	**42.7**	**24.3**	**(20.5)**	**(58.2)**
As at 30 June 2010								
Non-derivative financial liabilities								
Payables	165.8	165.8	99.9	65.9	-	-	-	-
Bank loans, unsecured[1]	1,771.2	1,771.2	84.1	593.8	791.9	301.4	-	-
Bank loans, secured[1]	26.7	26.7	-	26.7	-	-	-	-
Euro medium-term notes, unsecured[4]	441.2	828.3	83.9	43.1	43.0	43.0	43.0	572.3
Foreign private placement, unsecured[4]	38.3	53.1	1.3	1.1	1.1	1.1	1.1	47.4
Total non-derivative financial liabilities	**2,443.2**	**2,845.1**	**269.2**	**730.6**	**836.0**	**345.5**	**44.1**	**619.7**
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**

1. Cash flows relating to non-derivative financial liabilities under revolving facilities exclude any estimated interest payments.
2. Net settled includes interest rate swaps and forward foreign currency contracts.
3. Gross settled includes cross currency interest rate swaps.
4. Restated to include estimated interest payments.

23 Financial risk management (cont)

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the Consolidated Entity which have been recognised on the balance sheet, is the carrying amount (refer to note 5).

The Consolidated Entity has a policy of assessing the creditworthiness of all potential customers and is not materially exposed to any one customer. The Consolidated Entity evaluates all customers' perceived credit risk and may require the lodgement of rental bonds or bank guarantees, as appropriate, to reduce credit risk. In addition, all rents are payable monthly in advance.

The Consolidated Entity minimises credit risk by dealing with major financial institutions in relation to cash and short-term borrowings. Concentration of credit risk exists from time to time on receivables for the proceeds of disposals of investment properties. The credit risk is minimised as legal title is transferred only upon receipt of proceeds for the sale of those assets.

From time to time, the Consolidated Entity also makes loans to associates and JVEs, typically to fund development projects. In making its investment decisions, the Consolidated Entity will undertake a detailed assessment of the development feasibility and credit risks associated with the relevant counterparties.

The credit risks associated with financial instruments are managed by:

+ transacting with multiple derivatives counterparties that have a long-term credit rating of at least AA- (or its equivalent); and
+ utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through netting of amounts receivable and amounts payable to individual counterparties.

(d) Fair values of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	Note	Carrying amount 2011 $M	Fair value 2011 $M	Carrying amount 2010 $M	Fair value 2010 $M
Assets carried at fair value					
Receivables:					
- Derivative financial instruments	5	76.7	76.7	23.0	23.0
Other financial assets:	10				
- Investment in listed securities		-	-	42.3	42.3
- Investments in unlisted securities		0.2	0.2	0.3	0.3
		76.9	**76.9**	**65.6**	**65.6**
Assets carried at amortised cost					
Cash	21(a)	92.6	92.6	474.8	474.8
Loans to related parties	5	2,151.9	2,151.9	2,325.0	2,325.0
Trade and other receivables	5	121.6	121.6	86.3	86.3
		2,366.1	**2,366.1**	**2,886.1**	**2,886.1**
Liabilities carried at fair value					
Payables:					
- Derivative financial instruments	11	138.5	138.5	183.0	183.0
		138.5	**138.5**	**183.0**	**183.0**
Liabilities carried at amortised cost					
Payables	11	209.6	209.6	165.8	165.8
Interest bearing liabilities[1]	13	1,914.5	1,994.8	2,277.4	2,339.4
Provisions	12	166.1	166.1	128.9	128.9
		2,290.2	**2,370.5**	**2,572.1**	**2,634.1**

1. The methods used for determining fair values of financial instruments are discussed in notes 1, 2, 5 and 10. The fair value of the Euro medium-term notes included in interest bearing liabilities was determined by reference to their quoted price on the Singapore Stock Exchange at 30 June 2011.

23 Financial risk management (cont)

(d) Fair values of financial instruments (cont)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
As at 30 June 2011				
Available for sale financial assets	-	-	0.2	0.2
Derivative financial assets	-	76.7	-	76.7
	-	**76.7**	**0.2**	**76.9**
Derivative financial liabilities	-	138.5	-	138.5
	-	**138.5**	**-**	**138.5**
As at 30 June 2010				
Available for sale financial assets	42.3	-	0.3	42.6
Derivative financial assets	-	23.0	-	23.0
	42.3	**23.0**	**0.3**	**65.6**
Derivative financial liabilities	-	183.0	-	183.0
	-	**183.0**	**-**	**183.0**

24 Commitments

	Consolidated	
	2011	**2010**
	$M	**$M**
Capital expenditure commitments		
Contracted but not provided for and payable:		
- Within one year	22.2	16.6
- One year or later and no later than five years	-	0.2

Acquisition of investment properties
The amount contracted for the acquisition of investment properties not provided for is $41.8 million (2010: $62.5 million).

Commitment to investment in managed funds

At 30 June 2011, the Consolidated Entity was committed to invest A$76.8 million into GHKLF (2010: A$97.1 million).

At 30 June 2011, the Consolidated Entity was committed to invest A$14.7 million (2010: A$12.0 million) into GADF, A$nil into GCLHL (2010: A$8.5 million) and A$nil into Princeton Lux (2010: A$4.8 million) to fund the acquisitions of completed properties by these associates and JVEs.

The Consolidated Entity has a commitment to provide additional shareholder funding of up to A$nil (2010: A$0.9 million) into HDL. This is to fund development projects committed to by the JVE.

In relation to GAIF and GELF, the Consolidated Entity offers a limited liquidity facility to investors, which allows the investors to sell to the Consolidated Entity some or all of their investment in the funds. Limits apply to these liquidity facilities and Goodman is only required to offer to purchase up to 2.5% of the issued capital of GAIF and GELF each quarter. Furthermore, the Consolidated Entity is only required to purchase units where its co-investment in GAIF or GELF is below a prescribed limit. Currently, Goodman's interest (together with its custodian's interest) in GAIF is above the prescribed limit and this liquidity facility is not open for investors; however, Goodman's interest in GELF is below the prescribed limit and this liquidity facility is open for investors.

Stapling agreement with GL

As at 30 June 2011, GL had net assets of $63.5 million (2010: net assets of $131.4 million). Under the stapling agreement between GIT and GL, the Responsible Entity and GL are obliged to provide financial support to each other to enable both entities to repay their debts as and when they become due and payable.

Guaranteed land payments – M7 Business Hub development

In the prior year, a commitment existed in respect of a Heads of Agreement signed between GIT, Vineyard, Brickworks Limited and The Austral Brick Company Pty Ltd (Austral). Austral has a put option which gives it the right to require Vineyard to take a transfer of unsold saleable lots of land. GIT had provided Austral with a guarantee for all amounts payable by Vineyard. In the current year, Vineyard fulfilled its obligation under the put option and no longer has an obligation to take ownership of any unsold lots of land (2010: $13.0 million).

Non-cancellable operating lease receivable from investment property customers

	Consolidated	
	2011	**2010**
	$M	**$M**
Non-cancellable operating lease commitments receivable:		
- Within one year	169.6	168.0
- Later than one year but not later than five years	476.3	511.0
- Later than five years	172.5	191.6
	818.4	**870.6**

25 Parent Entity financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	2011 $M	2010 $M
Result of the Parent Entity		
Profit/(loss) for the year	405.6	(742.2)
Other comprehensive income for the year	(47.2)	-
Total comprehensive income for the year	**358.4**	**(742.2)**
Balance sheet of the Parent Entity at year end		
Current assets	1,596.5	1,327.0
Total assets	4,979.9	4,310.9
Current liabilities	154.7	120.8
Total liabilities	154.7	121.4
Total equity of the Parent Entity comprising of:		
Issued capital	6,904.1	6,442.9
Asset revaluation reserve	(845.8)	(822.3)
Accumulated losses	(1,233.1)	(1,431.1)
Total equity	**4,825.2**	**4,189.5**

Parent Entity capital commitments

The Parent Entity has no capital commitments (2010: $nil).

Parent Entity contingencies

Capitalisation Deed Poll
GIT, GL and certain of their wholly-owned controlled entities are "investors" under a Capitalisation Deed Poll (CDP) dated 23 May 2007. Under the CDP, each investor undertakes to pay to the relevant controlled entity borrower (borrower) any amounts owing under the CDP when the borrower fails to make a payment. Any payments by an investor to a borrower will be by way of loan or proceeds for the subscription of equity in the borrower by the investor. As at 30 June 2011, the Consolidated Entity had A$616.3 million (2010: A$1,770.4 million) of debt which had the benefit of the CDP.

Euro medium-term note programme
Under the Euro medium-term note programme (refer to note 13), Goodman Australia Finance Pty Limited issued £250 million notes, maturing on 16 July 2016, at a fixed coupon of 9.75%. Goodman Funds Management Limited, as responsible entity of GIT, and GL have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of the Euro medium-term notes.

United States senior note programme
Under the issue of notes in the United States 144A/Reg S bond market (refer to note 13), Goodman Funding Pty Limited issued US$325.0 million and US$500.0 million notes maturing on 12 November 2020 and 15 April 2021 respectively. Goodman Limited and Goodman Funds Management Limited, as responsible entity of GIT, have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of the notes.

Performance guarantee
Goodman Funds Management Limited, as responsible entity of GIT and GHKLF, have guaranteed to an unrelated party the completion of Interlink, a distribution and warehouse facility being developed by Goodman Interlink Ltd in Hong Kong, with an estimated completion value of HK$3,010 million (A$361.2 million).

Goodman PLUS Trust hybrid securities guarantee
Goodman Funds Management Limited, as responsible entity of GIT, and GL guarantee jointly and severally, unconditionally and irrevocably the payment of the moneys owing to the holders of Goodman PLUS Trust hybrid securities (refer to note 17) under the terms of issue and subscription terms for those securities to the holders under the hybrid securities terms of issue on a subordinated and unsecured basis.

CIC convertible preference securities guarantee
Goodman Funds Management Limited, as responsible entity of GIT, and GL guarantee jointly and severally, unconditionally and irrevocably the payment of the moneys owing to the holders of convertible preference securities (refer to note 17) under the terms of issue and subscription terms for those securities.

Stapling agreement with GL
As at 30 June 2011, GL had net assets of $63.5 million (2010: net assets of $131.4 million). Under the stapling agreement between GIT and GL, the Responsible Entity and GL are obliged to provide financial support to each other to enable both entities to repay their debts as and when they become due and payable.

26 Events subsequent to balance date

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

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

(a) the consolidated financial statements and the notes that are set out on pages 13 to 67, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The directors of the Responsible Entity have been given the declarations required by section 295A of the Corporations Act 2001 from the Group Chief Executive Officer and Group Chief Financial Officer for the financial year ended 30 June 2011.

The directors of the Responsible Entity draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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

Ian Ferrier, AM
Independent Chairman

Gregory Goodman
Group Chief Executive Officer

Sydney, 18 August 2011

Independent auditor's report to the Unitholders of Goodman Industrial Trust

Report on the financial report

We have audited the accompanying financial report of Goodman Industrial Trust (the Trust), which comprises the consolidated balance sheet as at 30 June 2011, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, notes 1 to 26 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated Entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Goodman Industrial Trust is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

KPMG

KPMG

Stuart Marshall
Partner

Sydney

18 August 2011