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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 2013 and the audit report thereon.

GIT is deemed to be a controlled entity of Goodman Limited (GL). GIT's units are stapled to both shares in GL and CHESS Depositary Interests (CDIs) over shares in Goodman Logistics (HK) Limited (GLHK). The units in GIT, shares in GL and CDIs over the ordinary shares in GLHK are quoted as a single security on the Australian Securities Exchange (ASX) as Goodman Group stapled securities.

Directors

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

Director	Appointment date
Mr Ian Ferrier, AM (Independent Chairman)	23 February 2005
Mr Gregory Goodman (Group Chief Executive Officer)	17 January 1995
Mr Philip Fan (Independent Director)	1 December 2011
Mr John Harkness (Independent Director)	1 September 2004
Ms Anne Keating (Independent Director)	6 February 2004
Ms Rebecca McGrath (Independent Director)	3 April 2012
Mr Philip Pearce (Executive Director)	1 January 2013
Mr Danny Peeters (Executive Director)	1 January 2013
Mr Phillip Pryke (Independent Director)	13 October 2010
Mr Anthony Rozic (Executive Director)	1 January 2013
Mr Jim Sloman, OAM (Independent Director)	1 February 2006

Details of the Directors' qualifications, experience and special responsibilities are set out on pages 8 to 10 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 10 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	
Director	**Held[1]**	**Attended**	**Held[1]**	**Attended**	**Held[1]**	**Attended**	**Held[1]**	**Attended**
Mr Ian Ferrier	11	11	4	4	3	3	-	-
Mr Gregory Goodman	11	11	-	-	-	-	-	-
Mr Philip Fan[2]	11	11	3	3	-	-	3	2
Mr John Harkness	11	11	4	4	-	-	4	4
Ms Anne Keating	11	10	-	-	3	3	4	4
Ms Rebecca McGrath[3]	11	11	-	-	2	2	3	3
Mr Philip Pearce[4]	5	4	-	-	-	-	-	-
Mr Danny Peeters[4]	5	4	-	-	-	-	-	-
Mr Phillip Pryke	11	11	4	4	3	3	-	-
Mr Anthony Rozic[4]	5	5	-	-	-	-	-	-
Mr Jim Sloman[5]	11	10	-	-	2	1	4	4

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. Mr Philip Fan was appointed to the Audit Committee and Risk and Compliance Committee on 10 August 2012.
3. Ms Rebecca McGrath was appointed to the Risk and Compliance Committee on 10 August 2012.
4. Mr Philip Pearce, Mr Danny Peeters and Mr Anthony Rozic were appointed as Directors on 1 January 2013.
5. Mr Jim Sloman was appointed to the Remuneration and Nomination Committee on 10 August 2012.

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.

Restructure of Goodman Group

On 22 August 2012, Goodman Group (Goodman or Group) completed the implementation of an internal restructure to add GLHK to the existing Goodman Group stapled security. Securityholders with a Goodman Group stapled security now hold a CDI over an ordinary share in GLHK, stapled to an ordinary share in Goodman Limited and a unit in Goodman Industrial Trust.

Operating and financial review

Review of operations

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

	Consolidated	
	2013 $M	**2012 $M**
Gross property income	185.5	211.6
Share of net results of equity accounted investments	219.8	155.1
Impairment losses	(112.1)	(252.9)
Profit attributable to Unitholders	18.6	113.9

Value of assets

	Consolidated	
	30 Jun 2013 $M	**30 Jun 2012 $M**
Carrying value of assets	7,753.4	7,985.9

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

Property investment

The key drivers (and also risks) for the Consolidated Entity's property investment earnings are maintaining the Consolidated Entity's direct and indirect interest in investment properties, maintaining or increasing occupancy and rental levels within the portfolio, and changes to rent levels.

Gross property income and the share of net results from equity accounted investments increased by 10.5% from $366.7 million to A$405.3 million. The increase resulted from organic rental growth and increased investment in managed funds, in line with growth in the Consolidated Entity's assets under management. At 30 June 2013, the Consolidated Entity transferred its investment in Goodman China Logistics Holding Limited (GCLHL) to GLHK.

Underlying property fundamentals were robust during the financial year, with overall occupancy at 30 June 2013 of 96% across the Goodman Group, consistent with the prior year. Goodman Group's weighted average lease expiry across the investment portfolio was 4.7 years. Leasing activity undertaken across Goodman Group's portfolio during the financial year has resulted in 2.9 million square metres of industrial and business space being leased, achieving like-for-like net property income growth of 2.6%.

Goodman Group completed the sale of a number of properties held in its direct investment portfolio and investments in its funds for $1.4 billion, taking advantage of asset recycling opportunities. This has resulted in a decrease of $246.9 million from $2.4 billion to $2.1 billion in the Consolidated Entity's investment properties held directly on balance sheet. The Consolidated Entity's investments in associates and joint venture entities have increased $224.0 million from $2.7 billion to $2.9 billion, as the reduction in ownership in Goodman Australia Industrial Fund (GAIF) and GCLHL has been offset by investments in KWASA Goodman Industrial Trust, BGMG1 Oakdale South Trust and Goodman Hong Kong Logistics Fund.

Operating and financial review (cont)

Issued capital

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

	Consolidated	
	2013	**2012**
	M	**M**
Units on issue at the beginning of the year	1,605.1	1,478.9
Units issued	108.1	126.2
Units on issue at the end of the year	**1,713.2**	**1,605.1**

Capital management

Goodman Group's commitment to maintaining a sound financial position was actively demonstrated during the year with the successful completion of its $449.1 million equity raising and the restructure of the $327.0 million of Goodman PLUS Trust hybrid securities.

Goodman Group's available liquidity is currently $1.8 billion and the weighted average debt maturity profile is over five years, with debt maturities fully covered to Financial Year 2019.

Strategy and outlook

Goodman Group's "own+develop+manage" customer service model is intended to allow Goodman to build an in-depth understanding of customer needs and to assist it in providing access to quality information on portfolio performance and market dynamics. Goodman believes its ability to establish a better understanding of its customers' needs allows for better customer management opportunities and enables the Group 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 Group seeks to create value through expansion, both organically and through strategic acquisitions, while enhancing returns through the active management of its property portfolio. The cornerstone of this strategy is a substantial portfolio (including both directly-owned property and cornerstone investments in Goodman managed funds) of quality industrial and business space assets, coupled with the Group's integrated property platform. Goodman looks to enhance its return on property investments with property and fund management income and development profits.

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

The Group believes that its ability to recycle capital in this way, coupled with Goodman's ability to utilise third party capital invested in Goodman managed funds, enables it to grow development and investment activity and earnings outside of Goodman's traditional Australian markets. Through cornerstone investments in Goodman managed funds, the Group 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, Goodman aims to secure sources of funding for Goodman managed funds and the Group's joint ventures, allowing for the expansion of the Group's business without needing to fund such expansion entirely with the Group'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 and its entry into new markets will ensure the Group is well positioned to achieve solid earnings growth in the year ending 30 June 2014.

Distributions

The total distribution declared to ordinary unitholders of GIT (Unitholders) during the year was 14.2 cents per unit (2012 restated: 18.0 cents per unit). Further details of distributions paid or declared during the year are set out in note 4 to the consolidated financial statements.

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 signature of this Directors' report is as follows:

Director	Direct securities	Indirect securities	Total securities	Number of performance rights
Non-Executive				
Mr Ian Ferrier	122,495	-	122,495	-
Mr Philip Fan	9,443	-	9,443	-
Mr John Harkness	79,974	-	79,974	-
Ms Anne Keating	-	64,033	64,033	-
Ms Rebecca McGrath	-	7,506	7,506	-
Mr Phillip Pryke	-	108,232	108,232	-
Mr Jim Sloman	70,830	-	70,830	-
Executive				
Mr Gregory Goodman	3,059	45,076,923	45,079,982	3,157,922
Mr Philip Pearce	37,127	-	37,127	804,638
Mr Danny Peeters	-	584,812	584,812	1,833,200
Mr Anthony Rozic	-	-	-	1,810,799

At both the date of his appointment as a Director and at 30 June 2013, Mr Anthony Rozic held 1,000 of the perpetual preferred units (Goodman PLUS) issued by Goodman PLUS Trust. 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 in excess of 40 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). . His experience is essentially concerned with understanding the financial and other issues confronting company management, analysing those issues and implementing policies and strategies which lead to a success. 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's overall operations and the implementation of its strategic plan. He has over 30 years of experience in the property industry with significant expertise in the industrial property arena. Gregory was a co-founder of Goodman, playing an integral role in establishing its specialist global position in the property market through various corporate transactions, including takeovers, mergers and acquisitions. He is a director of Goodman (NZ) Limited (the manager of the New Zealand Exchange listed Goodman Property Trust) and director and/or representative on other Consolidated Entity controlled entities, management companies and funds.

Mr Philip Fan – Independent Director
Appointed 1 December 2011

Philip was formerly an executive director and is now an Independent non-executive director of Hong Kong Stock Exchange listed China Everbright International Ltd, a company which focuses on the business of environmental protection and develops and manages numerous waste-to-energy and waste water treatments plants in China. Earlier in his career, he was an executive director of CITIC Pacific Ltd in charge of industrial projects in China. Included among his other directorships, he is an Independent Non-executive Director of the Hong Kong Stock Exchange listed Hysan Development Co Ltd, HKC Holdings Limited, First Pacific Company Limited and Independent Director of the New York Stock Exchange listed Suntech Power Holdings Co., Ltd. He is also a member of the Asian Advisory Committee of AustralianSuper.

Philip holds a Bachelor's Degree in Industrial Engineering and a Master's Degree in Operations Research from Stanford University, as well as a Master's Degree in Management Science from Massachusetts Institute of Technology.

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 leaving KPMG in June 2000, John has held a number of non-executive director roles. He is currently 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 (since 2011) and a director of Sinclair Knight Mertz Management Pty Limited (since 2010). He was formerly a director of Crane Group Limited (from September 2000 to December 2010). John is Vice 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.

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

Board of Directors (cont)

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 a director of the management companies of the Ardent Leisure Group (since March 1998), REVA Medical, Inc. (since October 2010), and GI Dynamics, Inc. (since June 2011). Anne was formerly a director of STW Communications Group Limited (from May 1995 to February 2011), ClearView Wealth Limited (November 2010 to October 2012) 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 C.I.M.B Australia, a Governor of the Cerebral Palsy Alliance Research Foundation and was, until May 2012, 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.

Ms Rebecca McGrath – Independent Director
Appointed 3 April 2012

Rebecca is currently a Non-Executive Director of CSR Limited (since February 2012), Incitec Pivot Limited (since September 2011) and Oz Minerals Limited (since November 2010). During her executive career at BP plc she held numerous senior roles in finance, operations, corporate planning, project management and marketing in Australasia, the United Kingdom and Europe. Her most recent executive experience was as Chief Financial Officer of BP Australasia.

Rebecca holds a Bachelors Degree of Town Planning, a Masters of Applied Science (Project Management) and is a graduate of the Cambridge University Business and Environment Program. She is a Fellow of the Australian Institute of Company Directors.

Mr Philip Pearce – Managing Director, Greater China
Appointed 1 January 2013

Philip is responsible for the strategic development and continued expansion of Goodman's industrial investment business in the Greater China region. He joined Goodman in 2002 and has over 16 years of experience in real estate investment in the Asia Pacific region, including four years in Singapore with Ascendas-MGM Funds Management Limited, the manager of Ascendas Real Estate Investment Trust. Prior to joining Goodman, he was at AMP Henderson Global Investors in Sydney where he worked in various roles within the AMP Henderson Property Group including valuation, asset management and fund management.

Philip is a director of Goodman Logistics (HK) Limited (appointed in February 2012) and is also a director of a number of Goodman's controlled entities. Philip holds a Bachelor of Commerce and Graduate Diploma in Finance and Investment.

Mr Danny Peeters - Executive Director, Continental Europe and Brazil
Appointed 1 January 2013

Danny oversees Goodman's European and Brazil operations and is responsible for the management, strategy and development of Goodman's property business. Danny has been with Goodman since 2006 and has 17 years of experience in the property and logistics sectors. Danny is a director of a number of Goodman's controlled entities and was responsible for establishing the Consolidated Entity's investment into Brazil.

During his career Danny has built up extensive experience in the design, implementation and outsourcing of pan-European supply chain and real estate strategies for various multinationals. Danny was Chief Executive Officer of Eurinpro, a developer of tailor made logistic property solutions in Europe acquired by Goodman in May 2006.

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

Mr Phillip Pryke – Independent Director
Appointed 13 October 2010

Phillip is a director of Co-Investor Group and Tru-Test Corporation Limited and the Deputy Chairman and Lead Independent Director of New Zealand Exchange listed Contact Energy Limited. He is also a director of Goodman (NZ) Limited, the manager of the New Zealand Exchange listed Goodman Property Trust. He was formerly the Chairman of ASX listed Digital Performance Group Ltd (from January 2009 to August 2012).

Phillip has wide experience in the fishing, energy, financial services, and health and technology industries and holds a Bachelor of Economics Degree.

Mr Anthony Rozic – Deputy Chief Executive Officer
Appointed 1 January 2013
Anthony's responsibilities for the Consolidated Entity include assisting in setting and managing strategy, business performance, corporate transactions and related operational projects with direct line management of Marketing, Information Technology (IT), Human Resources, Legal and Compliance. Anthony joined Goodman in 2004 and until February 2009, was Group Chief Financial Officer where his responsibilities also included financial reporting, management reporting, forecasting and budgeting, tax, and capital and financial risk management. Anthony is a qualified Chartered Accountant and has held a number of senior roles in the property funds management industry and chartered accountancy profession.

Anthony is also a director of a number of Goodman's controlled entities and was recently responsible for establishing the Consolidated Entity's investment into the United States.

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 was the Chief Executive Officer and a Director of MI Associates Pty Limited, a company established by him and comprising some of the leading members of the former SOCOG senior management team. It, and he, advised on major events including the London 2012 Olympic Games and Rio de Janeiro 2016 Olympic Games. Jim is currently working as an advisor to the Qatar 2022 World Cup.

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.

Company Secretary

Mr Carl Bicego – Company Secretary
Appointed 24 October 2006

Carl is the Company Secretary of the Company and its Australian controlled entities, as well as Legal Counsel – Head of Corporate in Australia. He has over 15 years of legal experience in corporate law and joined Goodman from law firm Allens Arthur Robinson in 2006. Carl holds a Masters of Laws and Bachelor of Economics/Bachelor of Laws (Hons).

Rights over Goodman Group stapled securities

Details of the performance rights over Goodman Group stapled securities held by the Directors are set out below. None of the Non-Executive Directors held any rights over Goodman Group stapled securities. No rights have been granted since the end of the financial year.

Performance rights

	Number of performance rights granted	Date performance rights granted	% vested in the year	% forfeited	Financial years in which grant vests
Executive Directors					
Mr Gregory Goodman	927,152	16 Nov 12	-	-	2016 – 2018
	980,000	25 Nov 11	-	-	2015 – 2017
	730,770	1 Feb 11	-	-	2014 – 2016
	780,000	14 May 10	33	-	2013 – 2015
Mr Philip Pearce	298,013	16 Nov 12	-	-	2016 – 2018
	200,000	30 Sep 11	-	-	2015 – 2017
	153,847	1 Feb 11	-	-	2014 – 2016
	229,167	14 May 10	33	-	2013 – 2015
Mr Danny Peeters	463,576	12 Oct 12	-	-	2016 – 2018
	520,000	30 Sep 11	-	-	2015 – 2017
	480,000	1 Feb 11	-	-	2014 – 2016
	554,436	14 May 10	33	-	2013 – 2015
Mr Anthony Rozic	463,576	12 Oct 12	-	-	2016 – 2018
	520,000	30 Sep 11	-	-	2015 – 2017
	480,000	1 Feb 11	-	-	2014 – 2016
	520,834	14 May 10	33	-	2013 – 2015

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).

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:

Expiry date	Exercise price $	Number of performance rights[1]	Performance hurdles[2]
1 Sep 17	-	12,065,315	Relative TSR[3] (25%) and operating EPS[4]
1 Sep 16	-	10,679,864	Relative TSR[3] (25%) and operating EPS[4]
1 Sep 15	-	8,030,950	Relative TSR[3] (25%) and operating EPS[4]
1 Sep 14	-	5,605,583	Relative TSR[3] (50%) and operating EPS[4]

1. The number of performance rights at the date of the Directors' report is net of any rights forfeited.
2. Performance hurdles are based on the results of Goodman Group.
3. 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.
4. The EPS vesting condition is determined by 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.

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 13 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, 15 August 2013

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 2013 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

15 August 2013

Goodman Industrial Trust and its Controlled Entities
Consolidated statement of financial position
as at 30 June 2013

		Consolidated	
		30 Jun 2013	30 Jun 2012
	Note	$M	$M
Current assets			
Cash	21(a)	405.1	261.0
Receivables	5	2,092.6	2,050.7
Inventories	6	31.2	9.3
Other assets	7	5.9	112.9
Total current assets		**2,534.8**	**2,433.9**
Non-current assets			
Receivables	5	166.3	354.3
Inventories	6	59.0	181.5
Investment properties	8	2,108.8	2,355.7
Investments accounted for using the equity method	9	2,884.5	2,660.5
Total non-current assets		**5,218.6**	**5,552.0**
Total assets		**7,753.4**	**7,985.9**
Current liabilities			
Deferred income		3.2	7.0
Payables	11	159.6	196.3
Interest bearing liabilities	13	-	42.5
Provisions	12	77.8	145.1
Total current liabilities		**240.6**	**390.9**
Non-current liabilities			
Payables	11	305.6	163.5
Interest bearing liabilities	13	2,250.3	2,304.7
Provisions	12	-	1.7
Total non-current liabilities		**2,555.9**	**2,469.9**
Total liabilities		**2,796.5**	**2,860.8**
Net assets		**4,956.9**	**5,125.1**
Equity			
Issued capital	14	6,973.2	7,173.1
Reserves	15	(1,491.6)	(2,030.8)
Accumulated losses	16	(856.2)	(336.0)
Total equity attributable to Unitholders		**4,625.4**	**4,806.3**
Non-controlling interests	17	331.5	318.8
Total equity		**4,956.9**	**5,125.1**

The consolidated statement of financial position 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 2013

		Consolidated	
		2013	2012
	Note	$M	$M
Revenue and other income			
Gross property income		185.5	211.6
Income from disposal of inventories		96.6	5.3
Distributions from investments		1.7	15.9
Net gain from fair value adjustments on investment properties	8	30.2	12.0
Net gain on disposal of investment properties	3	7.8	14.0
Net gain on disposal of controlled entities		17.9	45.1
Share of net results of equity accounted investments	3	219.8	155.1
Net (loss)/gain on disposal of equity investments	3	(5.1)	27.4
Other income		10.8	4.6
		565.2	**491.0**
Property and other expenses			
Property expenses		(50.2)	(55.1)
Inventory cost of sales		(96.8)	(4.4)
Trust expenses		(4.4)	(4.6)
Management fee	3	(9.9)	(158.9)
Impairment losses	3	(112.1)	(252.9)
Other expenses		(3.6)	(4.1)
		(277.0)	**(480.0)**
Profit before interest and tax		**288.2**	**11.0**
Net finance income/expense			
Finance income	3	139.6	284.0
Finance expense	3	(381.2)	(138.0)
Net finance (expense)/income		**(241.6)**	**146.0**
Profit before income tax		**46.6**	**157.0**
Income tax expense		(5.7)	(0.9)
Profit for the year		**40.9**	**156.1**
Profit attributable to Unitholders		18.6	113.9
Profit attributable to non-controlling interests		22.3	42.2
Profit for the year		**40.9**	**156.1**

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 2013

		Consolidated	
		2013	**2012**
	Note	**$M**	**$M**
Profit for the year		**40.9**	**156.1**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Decrease due to revaluation of other financial assets	15	(0.3)	(1.9)
Cash flow hedges:			
- Change in value of financial instruments	15	8.3	5.4
- Transfers to the income statement from cash flow hedge reserve	15	7.7	29.0
Effect of foreign currency translation		187.5	(24.0)
Transfers to the income statement from foreign currency translation reserve	15	-	8.1
Other comprehensive income for the year, net of tax		**203.2**	**16.6**
Total comprehensive income for the year		**244.1**	**172.7**
Total comprehensive income attributable to:			
Unitholders		221.8	130.5
Non-controlling interests		22.3	42.2
Total comprehensive income for the year		**244.1**	**172.7**

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 2013

Year ended 30 June 2012

Consolidated		**Attributable to Unitholders**					
		Issued capital	**Reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	Note	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Balance at 1 July 2011		**6,904.1**	**(2,095.4)**	**(97.5)**	**4,711.2**	**547.0**	**5,258.2**
Total comprehensive income for the year							
Profit for the year	16	-	-	113.9	**113.9**	42.2	**156.1**
Other comprehensive income for the year		-	16.6	-	**16.6**	-	**16.6**
Total comprehensive income for the year		**-**	**16.6**	**113.9**	**130.5**	**42.2**	**172.7**
Transfers		-	48.0	(48.0)	**-**	-	**-**
Contributions by and distributions to owners							
Issue of ordinary units under the Security Purchase Plan		7.2	-	-	**7.2**	-	**7.2**
Conversion of preference securities issued to China Investment Corporation (CIC)		261.8	-	(20.7)	**241.1**	(228.2)	**12.9**
Distributions declared on ordinary units	4	-	-	(283.7)	**(283.7)**	-	**(283.7)**
Distributions declared on Goodman PLUS Trust hybrid securities (Goodman PLUS)	4	-	-	-	**-**	(21.5)	**(21.5)**
Distributions declared on CIC convertible preference securities	4	-	-	-	**-**	(20.7)	**(20.7)**
Balance at 30 June 2012		**7,173.1**	**(2,030.8)**	**(336.0)**	**4,806.3**	**318.8**	**5,125.1**

Goodman Industrial Trust and its Controlled Entities
Consolidated statement of changes in equity
for the year ended 30 June 2013

Year ended 30 June 2013

Consolidated		**Attributable to Unitholders**					
		Issued capital	**Reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	Note	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Balance at 1 July 2012		**7,173.1**	**(2,030.8)**	**(336.0)**	**4,806.3**	**318.8**	**5,125.1**
Total comprehensive income for the year							
Profit for the year	16	-	-	18.6	**18.6**	22.3	**40.9**
Other comprehensive income for the year		-	203.2	-	**203.2**	-	**203.2**
Total comprehensive income for the year		**-**	**203.2**	**18.6**	**221.8**	**22.3**	**244.1**
Transfers		8.8	278.2	(287.0)	**-**	-	**-**
Contributions by and distributions to owners							
In specie capital distribution of interests in GLHK		(561.8)	-	-	**(561.8)**	-	**(561.8)**
Issue of units under the Institutional Placement		320.0	-	-	**320.0**	-	**320.0**
Issue of ordinary units under the Security Purchase Plan		39.3	-	-	**39.3**	-	**39.3**
Issue costs due to ordinary units		(6.2)	-	-	**(6.2)**	-	**(6.2)**
Distributions declared on ordinary units	4	-	-	(243.7)	**(243.7)**	-	**(243.7)**
Distributions declared on Goodman PLUS	17	-	-	-	**-**	(16.7)	**(16.7)**
Issue costs arising on modification of Goodman PLUS	17	-	-	-	**-**	(1.0)	**(1.0)**
Transfers to accumulated losses on modification of Goodman PLUS		-	-	(8.1)	**(8.1)**	8.1	**-**
Equity settled share based expense relating to Goodman Group		-	57.8	-	**57.8**	-	**57.8**
Balance at 30 June 2013		**6,973.2**	**(1,491.6)**	**(856.2)**	**4,625.4**	**331.5**	**4,956.9**

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 2013

		Consolidated	
		2013	**2012**
	Note	**$M**	**$M**
Cash flows from operating activities			
Property income received		188.9	215.8
Proceeds from sale of inventories		187.2	5.3
Other cash receipts from services provided		72.6	208.0
Property expenses paid		(51.7)	(55.2)
Payments for inventories		(238.5)	(116.0)
Other cash payments in the course of operations		(80.2)	(96.9)
Dividends/distributions received		163.1	116.9
Interest received		6.4	43.0
Finance costs paid		(86.9)	(128.2)
Net income taxes paid		(0.3)	(0.5)
Net cash provided by operating activities	21(b)	**160.6**	**192.2**
Cash flows from investing activities			
Proceeds from disposal of investment properties		207.9	203.8
Proceeds from disposal of equity investments		393.1	145.2
Payments for investment properties		(74.0)	(132.8)
Payments for equity investments		(374.4)	(302.2)
Net cash provided by/(used in) investing activities		**152.6**	**(86.0)**
Cash flows from financing activities			
Proceeds from issue of ordinary units		359.3	7.2
Transaction costs from issue of securities		(7.2)	(0.1)
Proceeds from borrowings		945.6	2,708.7
Repayments of borrowings		(1,204.3)	(2,331.2)
Loans from related parties		64.8	6.9
Distributions paid		(327.3)	(329.3)
Net cash (used in)/provided by financing activities		**(169.1)**	**62.2**
Net increase in cash held		144.1	168.4
Cash at the beginning of the year		261.0	92.6
Cash at the end of the year	21(a)	**405.1**	**261.0**

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) was established in Australia. The consolidated financial report of GIT for the year ended 30 June 2013 comprises GIT and its controlled entities (Consolidated Entity) and the Consolidated Entity's interest in associates and joint venture entities.

The stapling of GIT, GL and GLHK was implemented on 22 August 2012. Following approval of the stapling, units in GIT, shares in GL and CDIs over shares in GLHK were stapled to one another and are quoted as a single security on the ASX. Goodman Funds Management Limited (the responsible entity of GIT), GL and GLHK must at all times act in the best interests 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 15 August 2013.

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

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

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

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

1 Statement of significant accounting policies (cont)

(b) Principles of consolidation (cont)

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

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

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

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

Controlled entities
The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Parent Entity as at 30 June 2013 and the results of all such entities for the year ended 30 June 2013. 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 ventures
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 (JVEs) are accounted for using the equity method. Investments in JVEs are carried at the lower of the equity accounted amount and recoverable amount.

The Consolidated Entity's share of the JVE'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.

1 Statement of significant accounting policies (cont)

(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.

Finance income
Interest is brought to account on an accruals basis using the effective interest rate method, and, if not received at balance date, is reflected in the statement of financial position as a receivable.

Income from distributions
Distribution income is recognised before deduction of any withholding tax.

Distribution income is recognised when a distribution is declared and, if not received at balance date, is reflected in the statement of financial position 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 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.

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

1 Statement of significant accounting policies (cont)

(d) Foreign currency translation (cont)

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

	Weighted average		As at 30 June	
Australian dollars (AUD) to	**2013**	**2012**	**2013**	**2012**
New Zealand dollars (NZD)	1.2496	1.2832	1.1871	1.2771
Hong Kong dollars (HKD)	7.967	8.0227	7.0739	7.8899
Chinese yuan (CNY)	6.4169	6.5572	5.5989	6.4651
Japanese yen (JPY)	89.8402	81.133	91.6400	80.8900
Euros (EUR)	0.7949	0.7709	0.7095	0.8092
British pounds sterling (GBP)	0.655	0.6513	0.6072	0.6529
United States dollars (USD)	1.0273	1.0317	0.9275	1.0191

Hedges of net investments in foreign operations
The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised in the foreign currency translation reserve. The ineffective portion is recognised immediately in profit or loss.

(e) 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.

1 Statement of significant accounting policies (cont)

(e) Investment properties (cont)

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 statement of financial position.

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.

Prior to 1 July 2012, unrealised gains or losses on properties included in the asset revaluation reserve were transferred to the capital profits reserve on disposal. From 1 July 2012, the Consolidated Entity has amended its practice such that on disposal of properties any previously unrealised gains or losses are now transferred from the asset revaluation reserve to accumulated losses/retained earnings. Accordingly, the balance of the capital profits reserve at 1 July 2012 has been transferred to accumulated losses.

(f) Inventories

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

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

(g) Financial instruments

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

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position 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 or loss.

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

1 Statement of significant accounting policies (cont)

(g) Financial instruments (cont)

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 statement of financial position when, and only when, the Consolidated Entity has legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

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

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

Hybrid securities
The Consolidated Entity has 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 foreign exchange and interest rate 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 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.

Prior to 30 June 2009, the Consolidated Entity designated derivative financial instruments as a hedge of an anticipated interest transaction only when they would be expected to reduce exposure to the risks being hedged; and were designated prospectively so that it was clear when an anticipated transaction had or had not occurred; and it was probable the anticipated transaction would occur as designated. Certain of the Consolidated Entity's investments in associates and continue to designate interest rate swaps as cash flow hedges for accounting purposes.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that were previously designated and qualified as cash flow hedges are recognised in the cash flow hedge reserve. This also applies to the Consolidated Entity's share of the effective portion of changes in the fair value of derivatives in associates. The gain or loss relating to any ineffective portion is 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 are recognised as a finance cost in the year in which the significant modification occurs.

1 Statement of significant accounting policies (cont)

(h) Finance costs (cont)

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 take a substantial time to get ready for their intended use or sale. All other finance costs are expensed using the effective interest method

(i) Impairment

Non-financial assets
The carrying amounts of the Consolidated Entity's assets (except investment properties, refer to note 1(e) and inventories, refer to note 1(f)) 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 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 remeasurement 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 statement of financial position.

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.

(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.

1 Statement of significant accounting policies (cont)

(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.

Financial guarantees
Where the Parent Entity has provided financial guarantees in relation to loans and payables of controlled entities for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(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 2013 but have not been applied in preparing these financial statements:

+ AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets and replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Consolidated Entity's 30 June 2016 financial statements. 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. Based on the application guidance issued to date, the Consolidated Entity has made an assessment of the impact of the new accounting standard on its principal equity accounted investments and does not consider that the application of AASB 10 will result in any material change to those investees that are consolidated. This conclusion arises because for each of the principal funds managed by Goodman Group, the power to direct the activities that significantly affect the returns of the managed funds lies with either an investor committee, comprised of a majority of non-Goodman Group investor representatives, or an independent board;
+ AASB 11 *Joint Arrangements* includes new requirements for the classification and disclosures of joint ventures and replaces AASB 131 *Interests in Joint Ventures*. The AASB has also issued AASB 128 *Investments in Associates and Joint Ventures* (2011), which supersedes AASB 128 *Investments in Associates* (2008). These accounting standards will become mandatory for the Consolidated Entity's 30 June 2014 financial statements. The Consolidated Entity has made an assessment of the impact of the new accounting standard and does not consider that it will have a material impact on the Consolidated Entity's results;
+ AASB 12 *Disclosure of Interests in Other Entities* sets out the required disclosures for interest in entities that are subsidiaries, associates and joint ventures. Application of this standard by the Consolidated Entity will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Consolidated Entity's investments. AASB 12 will become mandatory for the Consolidated Entity's 30 June 2014 financial statements; 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 does not consider that it will have a material impact on the Consolidated Entity's results although may require additional disclosures.

(q) Rounding

In accordance with Australian Securities & Investments Commission Class Order 98/100 dated 10 July 1998, the amounts shown in the consolidated financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

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

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

(a) Investment property values

Stabilised investment properties

Stabilised investment 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 investment 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 investment properties in an active market segment, an internal valuation is performed based on observable capitalisation rates and referenced to independent market data.

Where a market segment is observed to be inactive, then no external, independent valuations are performed and internal valuations are undertaken based on discounted cash flow (DCF) calculations. The DCF calculations are prepared over a 10 year period. The key inputs considered for each individual calculation are rental growth rates, discount rates, market rental rates and letting up incentives. Discount rates are computed using the 10 year bond rate or equivalent in each jurisdiction plus increments to reflect country risk, tenant credit risk and industry risk. Where possible, the components of the discount rate are benchmarked to available market data.

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

(a) Investment property values (cont)

Market assessment
At 30 June 2013, 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 2013, the overall weighted average capitalisation rates for the divisional portfolio (including funds managed by Goodman Group) are set out in the table below:

	Total portfolio weighted average capitalisation rate	
	30 Jun 2013	**30 Jun 2012**
Division	**%**	**%**
Australia	**8.0**	8.1
New Zealand	**8.1**	8.5
Hong Kong	**6.4**	6.2
Logistics - Continental Europe	**7.6**	7.8
Logistics - United Kingdom	**8.5**	8.1
Business Parks - United Kingdom	**8.3**	8.2

At 30 June 2013, the carrying value of stabilised investment properties held by the Consolidated Entity was $1,836.2 million (2012: $1,999.1 million). During the year ended 30 June 2013, 68% (2012: 74%) of stabilised investment properties (by reference to carrying value) were determined based on a valuation by an independent valuer who held a recognised and relevant professional qualification and had recent experience in the location and category of the investment property being valued.

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 studies 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 15.0%.

At 30 June 2013, the carrying value of investment properties under development held by the Consolidated Entity was $272.6 million (2012: $356.6 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 2013, the carrying value of inventories held by the Consolidated Entity was $90.2 million (2012: $190.8 million).

3 Profit before income tax

	Consolidated	
	2013	2012
	$M	$M
Net consideration from disposal of investment properties	206.4	203.8
Carrying value of investment properties disposed - refer to note 8	(198.6)	(189.8)
Net gain on disposal of investment properties	**7.8**	**14.0**
Net consideration received and receivable from the disposal of controlled entities[1]	81.5	239.4
Carrying value of net assets/liabilities disposed	(81.5)	(239.4)
Net gain on disposal of special purpose development entities	17.9	45.1
Net gain on disposal of controlled entities	**17.9**	**45.1**
Share of net results of investments in associates - refer to note 9(a)	207.8	151.5
Share of net results of investments in joint venture entities - refer to note 9(b)	12.0	3.6
Share of net results of equity accounted investments	**219.8**	**155.1**
Net consideration from disposal of equity investments[2]	453.4	102.4
Carrying value of equity investments disposed	(457.8)	(73.1)
Loss on dilution of investment in associate - refer to note 9(a)	(0.7)	(1.9)
Net (loss)/gain on disposal of equity investments	**(5.1)**	**27.4**
Management fee[3]	**(9.9)**	**(158.9)**
Impairment of receivables[4]	(12.2)	(9.6)
Impairment of capital contribution in GL[5]	-	(239.4)
Impairment of inventories	(0.7)	(3.9)
Impairment of other financial assets[6]	(99.2)	-
Impairment losses	**(112.1)**	**(252.9)**
Finance income		
Interest income from:		
- Related parties	135.7	140.3
- Other parties	3.9	4.5
Fair value adjustments on derivative financial instruments[7]	-	139.2
	139.6	**284.0**
Finance expense		
Interest expense from third party loans, overdrafts and derivatives	(116.8)	(94.6)
Other borrowing costs	(17.0)	(13.6)
Fair value adjustments on derivative financial instruments[7]	(207.5)	-
Foreign exchange loss[8]	(75.1)	(64.6)
Capitalised borrowing costs	35.2	34.8
	(381.2)	**(138.0)**
Net finance (expense)/income	**(241.6)**	**146.0**

1. During the year, as part of the restructure of Goodman Group, the Consolidated Entity disposed of two controlled entities to GLHK. Refer to note 22 for details of the transaction.
2. During the year, the Consolidated Entity disposed of its entire interest in Highbrook Development Limited for a consideration of $55.4 million and a portion of its interest in GAIF for a consideration of $367.4 million.
3. The Responsible Entity is entitled to receive management fees from the Consolidated Entity. In the prior financial year, there was a direct increase in funds management costs incurred by the Responsible Entity. The Responsible Entity was charged $150.0 million by Goodman Property Services (Aust) Pty Limited (GPSA), a controlled entity of GL, for certain one-off employee costs incurred by GPSA.
4. The impairment loss on receivables relates primarily to loans provided to certain joint venture entities to fund development projects. The impairment is a result of a devaluation of the development asset in the joint venture entity.
5. In the prior financial year, the Consolidated Entity disposed of two controlled entities with a fair value of $239.4 million to GL for a nominal consideration. Under Australian Accounting Standards, the Consolidated Entity was deemed to have made a capital contribution to GL at a value equal to the fair value of the controlled entities. However, as there was no further return on this capital contribution, the investment was impaired to $nil.
6. On 1 May 2013, an investment in a Consolidated Entity of GL was impaired, resulting in a loss of £65 million (A$99.2 million)
7. These amounts include 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.
8. Foreign exchange losses includes $65.2 million (2012: gain of $34.2 million) of unrealised losses on translation of the United States senior notes and the Japanese yen denominated private placement.

4 Distributions

(a) Distributions declared and paid by GIT

	Distribution cpu	Total amount $M	Date of payment
Distributions for the year ended 30 June 2013			
- 31 Dec 2012	9.7	166.2	28 Feb 2013
- 30 Jun 2013	4.5	77.5	26 Aug 2013
	14.2	**243.7**	
Distributions for the year ended 30 June 2012			
- 31 Dec 2011	9.0	139.2	28 Feb 2012
- 30 Jun 2012	9.0	144.5	27 Aug 2012
	18.0	**283.7**	

(b) Distributions declared and paid by Goodman PLUS Trust

	Distribution cpu	Total amount $M	Date of payment
Distributions for the year ended 30 June 2013			
- 21 Sep 2012	136.7	4.5	21 Sep 2012
- 31 Dec 2012[1]	201.6	6.6	31 Dec 2012
- 31 Mar 2013	170.4	5.6	2 Apr 2013
- 30 Jun 2013	173.3	5.6	1 Jul 2013
	682.0	**22.3**	
Distributions for the year ended 30 June 2012			
- 21 Sep 2011	173.4	5.7	21 Sep 2011
- 21 Dec 2011	165.8	5.4	21 Dec 2011
- 21 Mar 2012	158.8	5.2	21 Mar 2012
- 21 Jun 2012	159.8	5.2	21 Jun 2012
	657.8	**21.5**	

1. On 26 September 2012, the holders of Goodman PLUS approved certain amendments to the terms of the hybrid securities (refer to note 17). These amendments include a change to the quarterly distribution dates to 31 December, 31 March, 30 June and 30 September.

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

In the prior financial year, China Hybrid Investment Sub-trust, a controlled entity of the Consolidated Entity, had hybrid securities on issue which met the definition of equity. The final tranche of these securities were converted to ordinary stapled securities of the Consolidated Entity on 25 June 2012. The distributions paid by China Hybrid Investment Sub-Trust in the prior financial year were $20.7 million

5 Receivables

	Consolidated	
	2013	**2012**
	$M	**$M**
Current		
Trade receivables	2.4	3.5
Other receivables	2.5	7.5
Amounts due from related parties	2.0	39.3
Loans to related parties	2,085.7	1,995.5
Derivative financial instruments	-	4.9
	2,092.6	**2,050.7**
Non-current		
Other receivables	34.0	7.5
Loans to related parties	11.7	118.1
Derivative financial instruments	120.6	228.7
	166.3	**354.3**

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, excluding derivative financial instruments, 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, excluding derivative financial instruments, denominated in currencies other than Australian dollars are as follows:

Amounts in A$M	NZD	JPY	EUR	GBP	USD
2013	**44.0**	**281.6**	**286.9**	**1,495.8**	**413.8**
2012	19.0	347.1	594.2	1,129.7	79.5

Trade receivables
As at 30 June 2013, trade receivables of $nil were impaired (2012: $nil). The ageing analysis of these trade receivables (before impairment) is as follows:

	Consolidated	
	2013	**2012**
	$M	**$M**
Overdue by:		
Up to 1 month	0.1	0.4
1 month to 4 months	0.2	0.1
Greater than 4 months	-	-
	0.3	**0.5**

The Consolidated Entity holds bank guarantees as security for $1.2 million (2012: $2.3 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 1.2% to 10.1% per annum (2012: 1.7% to 10.3% per annum). During the current financial year, no impairment losses were recognised in respect of loans to controlled entities of GL and the cumulative impairment losses on these loans remains at $246.2 million (2012: $246.2 million). 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	
	2013	**2012**
	$M	**$M**
Current		
Development land	31.2	9.3
	31.2	**9.3**
Non-current		
Development land	59.0	181.5
	59.0	**181.5**

During the year, impairments of $0.7 million (2012: $3.9 million) were recognised to write down development land to net realisable value.

7 Other assets

	Consolidated	
	2013	**2012**
	$M	**$M**
Other property assets	0.8	104.2
Prepayments	5.1	8.7
	5.9	**112.9**

8 Investment properties

	Consolidated	
	2013	**2012**
	$M	**$M**
Carrying amount at the beginning of the year	2,355.7	2,662.0
- Other acquisitions	-	2.3
Capital expenditure	64.5	74.5
Disposals:		
- Carrying value of properties sold	(198.6)	(189.8)
- On disposal of interests in controlled entities	(158.6)	(199.6)
Transfers to inventories	-	(11.3)
Net gain from fair value adjustments	30.2	12.0
Effect of foreign currency translation	15.6	5.6
Carrying amount at the end of the year	**2,108.8**	**2,355.7**
Analysed as:		
Stabilised investment properties	1,836.2	1,999.1
Investment properties under development	272.6	356.6
	2,108.8	**2,355.7**

No investment properties are subject to charges to secure bank loans (2012: $nil).

9 Investments accounted for using the equity method

		Consolidated	
		2013	2012
	Note	$M	$M
Share of net assets accounted for using the equity method			
Associates	9(a)	2,518.8	2,466.3
JVEs	9(b)	365.7	194.2
Total		**2,884.5**	**2,660.5**

(a) Investments in associates

	Consolidated	
	2013	2012
Movement in carrying amount of investments in associates	$M	$M
Carrying amount at the beginning of the year	2,466.3	2,312.6
Share of net results after tax (before revaluations)	197.5	156.8
Share of fair value adjustments on investment properties	29.8	55.6
Share of fair value adjustments on interest rate swaps	(19.5)	(60.9)
Share of net results	207.8	151.5
Share of movement in reserves	6.6	19.9
Loss on dilution of investment	(0.7)	(1.9)
Acquisitions	250.2	190.4
Disposals	(396.4)	(73.2)
Distributions received and receivable	(141.5)	(122.3)
Effect of foreign currency translation	126.5	(10.7)
Carrying amount at the end of the year	**2,518.8**	**2,466.3**

		Consolidated share of associate's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
Name	**Country of establishment/ incorporation**	**2013 $M**	**2012 $M**	**2013 %**	**2012 %**	**2013 $M**	**2012 $M**
Property investment associates							
Goodman Australia Industrial Fund (GAIF)	Australia	**82.9**	81.0	**26.6**	43.3	**815.7**	1,145.2
Goodman Australia Development Fund (GADF)	Australia	**4.5**	2.8	**20.0**	20.0	**47.8**	44.8
Goodman Trust Australia (GTA)	Australia	**49.1**	42.1	**19.9**	19.9	**372.3**	323.8
Goodman Property Trust (GMT)[1]	New Zealand	**12.7**	5.4	**17.6**	17.2	**181.8**	136.3
GHKLF (Goodman Hong Kong Logistics Fund)	Cayman Islands	**58.4**	29.4	**20.0**	20.0	**370.5**	220.4
GCLHL (Goodman China Logistics Holding Limited) [2]	China	**6.6**	3.2	**-**	20.0	**-**	11.9
Goodman European Logistics Fund (GELF)	Luxembourg	**20.8**	(2.0)	**30.8**	26.6	**483.2**	326.8
Arlington Business Parks Partnership (ABPP)	United Kingdom	**(27.2)**	(10.4)	**36.3**	36.3	**247.5**	257.1
		207.8	**151.5**			**2,518.8**	**2,466.3**

1. GMT is listed on the New Zealand Exchange. The market value of the Consolidated Entity's investment in GMT at 30 June 2013 using the quoted price on the last day of trading was $183.7 million (2012: $133.7 million). The Consolidated Entity is assessed to have significant influence over the operations of GMT despite only owning 17.6% of its issued equity as Goodman Group operates as fund manager and is the largest unitholder in GMT with the rest of the units widely held.
2. On 30 June 2013, the Consolidated Entity transferred its investment in GCLHL to GLHK.

9 Investments accounted for using the equity method (cont)

(a) Investments in associates (cont)

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 (100%) $M
GAIF	**2013**	**450.0**	**216.2**	**4,844.7**	**1,836.0**	**3,008.7**
	2012	435.6	187.1	4,468.5	1,882.8	2,585.7
GADF	**2013**	**13.3**	**22.3**	**287.2**	**60.1**	**227.1**
	2012	6.2	13.9	233.9	19.9	214.0
GTA	**2013**	**272.1**	**246.7**	**3,032.3**	**1,300.0**	**1,732.3**
	2012	261.1	202.3	2,796.2	1,185.4	1,610.8
GMT	**2013**	**96.8**	**72.5**	**1,739.3**	**729.9**	**1,009.4**
	2012	89.5	32.0	1,318.5	575.2	743.3
GHKLF	**2013**	**109.8**	**292.6**	**2,625.7**	**813.5**	**1,812.2**
	2012	91.8	147.1	1,663.5	561.3	1,102.2
GCLHL	**2013**	**30.2**	**33.1**	**-**	**-**	**-**
	2012	18.3	16.1	354.4	295.2	59.2
GELF	**2013**	**162.6**	**83.0**	**2,930.1**	**1,363.2**	**1,566.9**
	2012	144.5	20.1	2,181.6	957.9	1,223.7
ABPP	**2013**	**114.4**	**(75.5)**	**1,535.7**	**838.3**	**697.4**
	2012	105.3	(52.0)	1,637.0	914.2	722.8

1. Amounts presented above for revenue and result after tax are measured from the beginning of the financial year or the date that equity accounting commenced, if later, to the end of the financial year or date equity accounting ceased, if earlier.

9 Investments accounted for using the equity method (cont)

(b) Investments in JVEs

Movement in carrying amount of investments in JVEs	Consolidated 2013 $M	Consolidated 2012 $M
Carrying amount at the beginning of the year	194.2	76.1
Share of net results after tax (before revaluations)	14.2	5.1
Share of fair value adjustments on investment properties	(2.6)	(0.6)
Share of fair value adjustments on interest rate swaps	0.4	(0.9)
Share of net results	12.0	3.6
Share of movement in reserves	0.2	0.4
Acquisitions	229.8	116.6
Disposals	(78.6)	-
Distributions received and receivable	(6.7)	(1.4)
Effect of foreign currency translation	14.8	(1.1)
Carrying amount at the end of the year	**365.7**	**194.2**

		Consolidated share of JVE's result recognised		Consolidated ownership interest		Consolidated investment carrying amount	
Name	**Country of establishment/ incorporation**	**2013 $M**	**2012 $M**	**2013 %**	**2012 %**	**2013 $M**	**2012 $M**
Property investment JVEs							
KWASA Goodman Industrial Trust (KGIT)	Australia	**9.5**	0.5	**40.0**	40.0	**178.2**	98.9
Goodman Princeton Holdings (Lux) Sàrl (Princeton Lux)	Luxembourg	**1.1**	0.9	**20.0**	20.0	**31.2**	27.5
Goodman Princeton Holdings (Jersey) Ltd (Princeton Jersey)	Jersey	**0.1**	0.6	**20.0**	20.0	**11.3**	11.2
Goodman North America Partnership (GNAP)	America	**(0.2)**	-	**53.0**	-	**92.2**	-
Property development JVEs							
GGGAIF Huntingwood East (Huntingwood East)	Australia	**-**	-	**50.0**	50.0	**-**	-
GGGAIF Bungarribee No. 3 (Bungarribee No.3)	Australia	**-**		**50.0**	-	**-**	-
BGMG1 Oakdale South Trust (Oakdale South)	Australia	**-**	-	**50.0**	-	**52.8**	-
Highbrook Development Limited (HDL)[1]	New Zealand	**1.4**	2.5	**-**	25.0	**-**	54.8
Other JVEs		**0.1**	**(0.9)**			**-**	**1.8**
		12.0	**3.6**			**365.7**	**194.2**

1. During December 2012, the Consolidated Entity disposed of its investment in HDL to GMT.

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[2] (100%) $M	Total liabilities[2] (100%) $M	Net assets/ (liabilities) (100%) $M
KGIT	**2013**	**51.9**	**23.7**	**726.4**	**283.2**	**443.2**
	2012	1.8	1.3	401.7	154.9	246.8
Princeton Lux	**2013**	**11.4**	**5.5**	**250.2**	**98.7**	**151.5**
	2012	5.2	(2.5)	136.9	6.5	130.4
Princeton Jersey	**2013**	**4.2**	**0.5**	**54.0**	**1.8**	**52.2**
	2012	3.4	2.9	50.3	1.7	48.6
GNAP	**2013**	**-**	**(0.3)**	**167.9**	**0.7**	**167.2**
	2012	-	-	-	-	-
Huntingwood East[3]	**2013**	**-**	**(1.4)**	**17.7**	**34.2**	**(16.5)**
	2012	-	-	28.8	43.9	(15.1)
Bungarribee No. 3[3]	**2013**	**-**	**-**	**29.7**	**46.7**	**(17.0)**
	2012	-	-	-	-	-
Oakdale South	**2013**	**-**	**-**	**105.6**	**-**	**105.6**
	2012	-	-	-	-	-

1. Amounts presented above for revenue and result after tax are measured from the later of the beginning of the financial year or the date that equity accounting commenced to the end of the financial year or date equity accounting ceased, if earlier.
2. Included in the statements of financial position of the Consolidated Entity's JVEs are total non-current assets of $1,325.9 million (2012: $1,061.3 million) and total non-current liabilities of $411.2 million (2012: $444.1 million).
3. These JVEs are primarily funded by shareholder loans. Following the write down of the development properties in these JVEs, the Consolidated Entity has impaired its share of the loans (refer to note 5).

10 Other financial assets

Controlled entities

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

Significant controlled companies	Country of incorporation
Goodman Australia Finance Pty Limited	Australia
Goodman Funding Pty Limited	Australia
MGI HK Finance	Cayman Islands
Goodman Finance (Jersey) Limited	Jersey
Goodman Finance (Lux) Sàrl	Luxembourg
Goodman Finance Two (Lux) Sàrl	Luxembourg
Goodman Finance NZ Limited	New Zealand
Goodman Funding Singapore Pte Limited	Singapore

10 Other financial assets (cont)

Controlled entities (cont)

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

11 Payables

	Consolidated	
	2013	**2012**
	$M	**$M**
Current		
Trade payables	1.2	95.4
Other payables and accruals	67.5	53.8
Rental income received in advance	2.0	2.3
Loans from related parties[1]	85.2	41.7
Derivative financial instruments	3.7	3.1
	159.6	**196.3**
Non-current		
Other payables and accruals	69.6	17.2
Derivative financial instruments	236.0	146.3
	305.6	**163.5**

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

Payables, excluding derivative financial instruments, denominated in currencies other than Australian dollars are as follows:

Amounts in A$M	NZD	HKD	JPY	EUR	GBP	USD
2013	**6.7**	**64.9**	-	**12.8**	**62.9**	**7.4**
2012	1.5	5.5	3.8	51.2	56.0	84.1

12 Provisions

Consolidated	Distributions to Unitholders	Rental guarantees	Other	Total
	$M	**$M**	**$M**	**$M**
Balance at the beginning of the year	144.5	1.9	0.4	146.8
Provisions made	243.7	-	-	243.7
Provisions used	(310.7)	(1.9)	(0.1)	(312.7)
Balance at the end of the year	**77.5**	**-**	**0.3**	**77.8**
Analysed as:				
Current	77.5	-	0.3	77.8
Non-current	-	-	-	-
	77.5	**-**	**0.3**	**77.8**

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 and JVEs) under the terms of asset disposal contracts.

13 Interest bearing liabilities

		Consolidated	
	Note	2013 $M	2012 $M
Current			
Bank loans, unsecured	13(a)	-	42.5
		-	**42.5**
Non-current			
Bank loans, unsecured	13(a)	235.5	433.8
Euro medium-term notes, unsecured	13(b)	411.7	382.9
US senior notes, unsecured	13(c)	1,428.6	1,300.1
Foreign private placements, unsecured	13(d)	174.5	187.9
		2,250.3	**2,304.7**

13 Interest bearing liabilities (cont)

(a) Bank loans, unsecured

		Amounts drawn down in A$M equivalents						
Facility		**AUD**	**NZD**	**USD**	**JPY**	**EUR**	**GBP**	**Total**
Bank loan[1]	**30 Jun 2013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	30 Jun 2012	100.0	2.3	-	-	-	-	102.3
Bank loan[2]	**30 Jun 2013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	30 Jun 2012	150.0	-	-	-	-	-	150.0
Bank loan[3]	**30 Jun 2013**	**-**	**-**	**53.0**	**-**	**-**	**-**	**53.0**
	30 Jun 2012	-	-	-	-	-	-	-
Bank loan[4]	**30 Jun 2013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	30 Jun 2012	-	-	42.5	-	-	-	42.5
Bank loan[5]	**30 Jun 2013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	30 Jun 2012	21.0	-	-	-	-	-	21.0
Bank loan[6]	**30 Jun 2013**	**-**	**-**	**-**	**-**	**89.5**	**-**	**89.5**
	30 Jun 2012	-	-	-	-	-	-	-
Bank loan[7]	**30 Jun 2013**	**-**	**-**	**67.4**	**4.90**	**-**	**-**	**72.3**
	30 Jun 2012	-	-	52.5	5.6	-	-	58.1
Bank loan[8]	**30 Jun 2013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	30 Jun 2012	80.0	-	-	-	-	-	80.0
Bank loans[9]	**30 Jun 2013**	**-**	**-**	**-**	**-**	**-**	**30.8**	**30.8**
	30 Jun 2012	-	-	-	-	-	36.8	36.8
Bank loans[10]	**30 Jun 2013**	**-**	**17.4**	**-**	**-**	**-**	**-**	**17.4**
	30 Jun 2012	-	15.7	-	-	-	-	15.7
Total	**30 Jun 2013**	**-**	**17.4**	**120.4**	**4.9**	**89.5**	**30.8**	**263.0**
	30 Jun 2012	351.0	18.0	95.0	5.6	-	36.8	506.4
Less: Unamortised	**30 Jun 2013**							**(27.5)**
borrowing costs	30 Jun 2012							(30.1)
Total unsecured bank	**30 Jun 2013**							**235.5**
loans	30 Jun 2012							476.3

1. At 30 June 2013, the facility limit was A$150.0 million and the facility expires on 27 June 2016.
2. At 30 June 2013, the facility limit was A$150.0 million and the facility expires on 29 June 2016.
3. At 30 June 2013, the facility limit was A$53.9 million (US$50.0 million) and the facility expires on 21 December 2015.
4. The facility was fully repaid and cancelled on 21 December 2012.
5. At 30 June 2013, the facility limit was A$159.0 million and the facility expires on 21 December 2016.
6. At 30 June 2013, the facility limit was A$140.9 million (€100.0 million) and the facility expires on 6 June 2015.
7. At 30 June 2013, the facility limits were A$67.4 million (US$62.5 million) that expires on 30 April 2015 and A$55.0 million (¥5.04 billion) that expires on 30 April 2016.
8. At 30 June 2013, the facility limit was A$150.0 million and the facility expires on 29 June 2015.
9. At 30 June 2013, the facility limit was A$154.8 million (£94.0 million) and the facility expires on 13 May 2016.
10. At 30 June 2013, the facility limit was A$105.3 million (NZ$125.0 million) and the facility expires on 15 May 2015.

The interest rates on the above unsecured bank facilities, before the impact of derivatives (refer to note 23), are based on variable floating rates plus margins for each of the relevant drawn currencies.

13 Interest bearing liabilities (cont)

(a) Bank loans, unsecured (cont)

In addition to the above facilities, the Consolidated Entity had the following unsecured bank facilities that had not been drawn as at 30 June 2013:

+ an A$100.0 million facility that expires on 1 February 2015;
+ an A$50.0 million facility that expires on 18 July 2016;
+ an A$32.3 million (US$30.0 million) facility that expires on 21 December 2015;
+ an A$40.3 million (US$37.5 million) facility that expires on 21 December 2015;
+ an A$37.5 million facility that expires on 21 December 2015; and
+ an A$50.0 million facility that expires on 21 December 2015.

(b) Euro medium-term notes, unsecured

Goodman Australia Finance Pty Limited, a controlled entity of GIT, has on issue A$411.7 million (2012: A$382.9 million) Euro medium-term notes. All notes were issued at a fixed coupon of 9.75% payable annually. The notes mature on 16 July 2018. The notes are listed on the Singapore Stock Exchange and the market value of the notes using the quoted price at 30 June 2013 was A$524.9 million (2012: A$482.1 million).

(c) United States senior notes, unsecured

As at 30 June 2013, the Consolidated Entity has notes on issue in the United States 144A/Reg S bond market as follows:

+ A$350.4 million (US$325.0 million) maturing on 12 November 2020. The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually;
+ A$539.1 million (US$500.0 million) maturing on 15 April 2021. The senior unsecured notes were issued at a fixed coupon of 6.375% payable semi-annually; and
+ A$539.1 million (US$500.0 million) maturing on 22 March 2022. The senior unsecured notes were issued at a fixed coupon of 6.0% payable semi-annually.

(d) Foreign private placements, unsecured

As at 30 June 2013, the Consolidated Entity had the following unsecured foreign private placements:

+ A$38.1 million (€27.0 million) denominated in Euros. The facility has a variable coupon payable quarterly and expires on 30 June 2023; and
+ A$136.4 million (¥12.5 billion) denominated in Japanese yen. The facility has a fixed coupon payable semi-annually and expires on 3 April 2023.

(e) Finance facilities

	Consolidated	
	Facilities available $M	**Facilities utilised $M**
At 30 June 2013		
Bank loans, unsecured	1,496.6	263.0
Euro medium-term notes, unsecured	411.7	411.7
United States senior notes, unsecured	1,428.6	1,428.6
Foreign private placements, unsecured	174.5	174.5
Bank guarantees[1]	-	33.1
	3,511.4	**2,310.9**
At 30 June 2012		
Bank loans, unsecured	1,549.9	506.4
Euro medium-term notes, unsecured	382.9	382.9
United States senior notes, unsecured	1,300.1	1,300.1
Foreign private placements, unsecured	187.9	187.9
Bank guarantees[1]	-	25.3
	3,420.8	**2,402.6**

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

14 Issued capital

	Consolidated	
	2013	**2012**
	$M	**$M**
1,713,233,947 (30 June 2012: 1,605,107,477) fully paid units on issue[1]	7,121.6	7,315.3
Less: Issue costs[2]	(148.4)	(142.2)
	6,973.2	**7,173.1**

1. On 22 August 2012, GIT paid a subscription amount of HK$4,567,164,781 (A$561.8 million) for the issue of 1,605,107,475 shares by GLHK to CHESS Depositary Nominees Pty Limited (CDN) (in addition to the one share already held). CDN issued corresponding CDIs to GIT. Later that day, GIT carried out a capital distribution in specie of all its CDI interests to its Unitholders so that a CDI was stapled to each GIT unit and GL share.
2. 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 statement of financial position, rather than charged as an expense of GIT, as they are considered to form part of the net equity raised.

Terms and conditions

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

	Units
Units on issue at 1 July 2011	1,478,921,481
Issued due to conversion of convertible preference securities by CIC	123,737,373
Issued under the Goodman Group Tax Exempt Plan	60,048
Issued under the Security Purchase Plan	2,383,468
Units issued due to upward rounding on consolidation of every five units to one unit	5,105
Units on issue at 30 June 2012	**1,605,107,475**
Units on issue at 1 July 2012	1,605,107,475
Issued under the Long Term Incentive Plan	2,409,834
Issued under the Goodman Group Tax Exempt Plan	46,295
Issued under the Institutional Placement	94,117,700
Issued under the Security Purchase Plan	11,552,643
Units on issue at 30 June 2013	**1,713,233,947**

15 Reserves

		Consolidated	
	Note	2013 $M	2012 $M
Asset revaluation reserve	15(a)	(1,030.9)	(1,111.2)
Cash flow hedge reserve	15(b)	(12.7)	(26.6)
Foreign currency translation reserve	15(c)	(497.0)	(742.0)
Capital profits reserve[1]	15(d)	-	(151.0)
Employee compensation reserve[2]	15(e)	49.0	-
Total reserves		**(1,491.6)**	**(2,030.8)**

1. In prior periods, unrealised gains or losses on properties included in the asset revaluation reserve were transferred to the capital profits reserve on disposal. From 1 July 2012, the Consolidated Entity has amended its practice such that on disposal of properties any previously unrealised gains or losses are now transferred from the asset revaluation reserve to accumulated losses. Accordingly, the balance of the capital profits reserve at 1 July 2012 has been transferred to accumulated losses.
2. The employee compensation reserve arises from the amortisation of performance rights issue by Goodman Group to employees of GL and GLHK under the Long Term Incentive Plan.

	2013 $M	2012 $M
(a) Asset revaluation reserve		
Balance at the beginning of the year	(1,111.2)	(1,230.3)
Decrease due to revalution of other financial assets	(0.3)	(1.9)
Transfers to capital profits reserve	-	58.9
Transfers to accumulated losses	126.8	48.0
Effect of foreign currency translation	(46.2)	14.1
Balance at the end of the year	**(1,030.9)**	**(1,111.2)**
(b) Cash flow hedge reserve		
Balance at the beginning of the year	(26.6)	(61.8)
Change in value of financial instruments	8.3	5.4
Transfers to the income statement	7.7	29.0
Effect of foreign currency translation	(2.1)	0.8
Balance at the end of the year	**(12.7)**	**(26.6)**
(c) Foreign currency translation reserve		
Balance at the beginning of the year	(742.0)	(713.2)
Transfers to the income statement	-	8.1
Net exchange differences on conversion of foreign operations	245.0	(36.9)
Balance at the end of the year	**(497.0)**	**(742.0)**
(d) Capital profits reserve		
Balance at the beginning of the year	(151.0)	(90.1)
Transfers from asset revaluation reserve	-	(58.9)
Transfers to accumulated losses	160.2	-
Effect of foreign currency translation	(9.2)	(2.0)
Balance at the end of the year	**-**	**(151.0)**
(e) Employee compensation reserve		
Balance at the beginning of the year	-	-
Equity settled share based payments expense relating to Goodman Group	57.8	-
Transfers to accumulated losses	-	-
Transfers to issued capital	(8.8)	-
Balance at the end of the year	**49.0**	**-**

16 Accumulated losses

	Consolidated	
	2013	**2012**
	$M	**$M**
Balance at the beginning of the year	(336.0)	(97.5)
Profit attributable to Unitholders	18.6	113.9
Transfers from asset revaluation reserve	(126.8)	(48.0)
Transfers from capital profit reserve	(160.2)	-
Transfers from non-controlling interests[1]	(8.1)	(20.7)
Distributions declared	(243.7)	(283.7)
Balance at the end of the year	**(856.2)**	**(336.0)**

1. Issue costs previously incurred on the issue of Goodman PLUS have been transferred to accumulated losses following amendments to the terms of Goodman PLUS (refer to note 17).

17 Non-controlling interests

At 30 June 2013, other non-controlling interests comprise of Goodman PLUS Trust hybrid securities. The movement in other non-controlling interests is as follows:

	Consolidated	
	2013	**2012**
	$M	**$M**
Balance at the beginning of the year	318.8	573.1
Conversion of preference securities issued to CIC	-	(275.0)
Transfers to (accumulated losses)/retained earnings on modification of Goodman PLUS	8.1	20.7
Issue costs arising on modification of Goodman PLUS	(1.0)	-
Profit attributable to non-controlling interests	22.3	42.2
Distributions paid to non-controlling interests	(16.7)	(42.2)
Balance at the end of the year	**331.5**	**318.8**

Goodman PLUS
Goodman PLUS Trust, a controlled entity of GIT, had 3,269,665 hybrid securities on issue at a face value of $100 each. The hybrid securities are preferred, perpetual non-call securities which are listed on the ASX. Goodman PLUS Trust pays, at its discretion, distributions at a market rate plus a margin. The hybrid securities may be exchanged or repurchased in certain circumstances.

On 26 September 2012, the terms of the Goodman PLUS were amended in response to market conditions. The key amendments, which came into effect on 27 September 2012, are as follows:

+ distributions under the Goodman PLUS increased from a margin of 1.90% per annum to a margin of 3.90% per annum over the three month Bank Bill Swap Rate;
+ a step up margin of 0.25% per annum will apply if the Goodman PLUS are not repurchased, exchanged or successfully remarketed on or before 30 September 2022. The first remarketing date under the amended terms is 31 December 2017 and thereafter every five years;
+ a final step up margin of 0.75% per annum will apply if the Goodman PLUS are not repurchased or exchanged on or before 31 December 2038; and
+ Goodman PLUS holders will have the right to require Goodman PLUS Trust to elect to repurchase or exchange the Goodman PLUS on 31 December 2073.

18 Segment reporting

The Consolidated Entity is based in Australia and has divisions in Australia, New Zealand, Continental Europe, the United Kingdom and North America. During the year, most of the activities in Asia have been transferred to GLHK.

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.

18 Segment reporting (cont)

Information about reportable segments

	Australia and New Zealand		Asia		Continental Europe		United Kingdom		North America		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Income statement	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**
External revenues												
Gross property income	165.7	191.9	2.8	0.1	1.2	3.7	15.8	15.9	-	-	185.5	211.6
Income from disposal of inventories	-	4.7	-	-	-	-	-	0.6	96.6	-	96.6	5.3
Distributions from investments	-	-	-	-	-	-	1.7	15.9	-	-	1.7	15.9
Other income	1.5	2.0	-	-	9.3	2.0	-	0.6	-	-	10.8	4.6
Total external revenues	**167.2**	**198.6**	**2.8**	**0.1**	**10.5**	**5.7**	**17.5**	**33.0**	**96.6**	**-**	**294.6**	**237.4**
Reportable segment profit/(loss) before tax	**268.1**	**264.6**	**36.3**	**40.1**	**48.1**	**75.5**	**41.9**	**35.3**	**(0.2)**	**-**	**394.2**	**415.5**
Other material non-cash items not included in reportable segment profit/(loss) before tax												
Net gain/(loss) from fair value adjustments on investment properties	30.2	18.8	-	(4.8)	-	(0.3)	-	(1.7)	-	-	30.2	12.0
Impairment losses	(12.9)	(248.9)	-	-	-	(4.0)	(99.2)	-	-	-	(112.1)	(252.9)
Other key components of financial performance included in reportable segment profit/(loss) before tax												
Share of net results of equity accounted investments	160.0	134.4	65.1	32.6	22.1	(2.1)	(27.2)	(9.8)	(0.2)	-	219.8	155.1
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Statement of financial position	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**	**\$M**
Reportable segment assets	**3,655.3**	**3,882.8**	**370.5**	**396.4**	**520.4**	**571.5**	**511.4**	**537.2**	**92.3**	**-**	**5,149.9**	**5,387.9**
Investments in equity accounted investments (included in reportable segment assets)	1,648.8	1,804.5	370.4	232.3	514.5	355.4	258.6	268.3	92.2	-	2,884.5	2,660.5
Reportable segment liabilities	**73.4**	**29.2**	**0.3**	**17.9**	**(1.9)**	**35.6**	**0.9**	**15.4**	**0.1**	**-**	**72.8**	**98.1**

18 Segment reporting (cont)

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

	2013 $M	2012 $M
Revenues		
Total revenue for reportable segments	294.6	237.4
Consolidated revenues	**294.6**	**237.4**
Profit or loss		
Total profit before tax for reportable segments	394.2	415.5
Other non-cash items not included in reportable segment profit before tax	(88.7)	(245.2)
Unallocated amounts: other corporate expenses	(17.3)	(159.3)
Net finance (expense)/income - refer to note 3	(241.6)	146.0
Consolidated profit before income tax	**46.6**	**157.0**
Assets		
Total assets for reportable segments	5,149.9	5,387.9
Unallocated amounts: loans to GL and GLHK	2,085.7	2,111.1
Other unallocated amounts	517.8	486.9
Consolidated total assets	**7,753.4**	**7,985.9**
Liabilities		
Total liabilities for reportable segments	72.8	98.1
Unallocated amounts: interest bearing liabilities	2,250.3	2,347.2
Other unallocated amounts	473.4	415.5
Consolidated total liabilities	**2,796.5**	**2,860.8**

19 Disposal of interests in controlled entities

During the year, the Consolidated Entity disposed of two controlled entities with a fair value of $81.5 million to GLHK for a consideration of $81.5 million. The effect of the disposal on the statement of financial position of the Consolidated Entity is as follows:

	Goodman Developments Asia (GDA) $M	Goodman Property Opportunities (Lux) Sàrl SICAR (GPO) $M	Total $M
Total assets	253.7	295.5	549.2
Total liabilities	(231.9)	(231.8)	(463.7)
Net assets disposed	**21.8**	**63.7**	**85.5**
Less: Fair value of 6% interest retained in GPO			4.0
Total consideration			**81.5**

In the prior year, the Consolidated Entity disposed of two controlled entities with a fair value of $239.4 million to GL for a nominal consideration. Under Australian Accounting Standards, the Consolidated Entity was deemed to have made a capital contribution to GL at a value equal to the fair value of the controlled entities. However, as there was no further return on this capital contribution, the investment was impaired to $nil at 30 June 2013. The principal impact on the Consolidated Entity's statement of financial position was a decrease in investment properties and inventories of $199.5 million and $72.3 million respectively and a decrease of other payables of $32.4 million.

20 Auditors' remuneration

	Consolidated 2013 $000	Consolidated 2012 $000
Audit services		
Auditor of GIT:		
- Audit and review of financial reports (KPMG Australia)	471.2	630.0
- Audit and review of financial reports (overseas KPMG firms)	84.3	242.5
	555.5	**872.5**
Other regulatory services		
- Other regulatory services (KPMG Australia)	36.2	35.0
- Other regulatory services (overseas KPMG firms)	-	2.1
Other assurance services		
- Investigative accounting services (KPMG Australia)	177.1	356.0
Taxation services		
- Taxation compliance services (KPMG Australia)	15.3	201.5
- Taxation compliance services (overseas KPMG firms)	25.3	74.7
- Other taxation advice (KPMG Australia)	107.2	14.1
	361.1	**683.4**
Total paid/payable to KPMG	**916.6**	**1,555.9**
Other auditors		
- Audit and review of financial reports (non-KPMG firms)	**70.0**	**32.6**

21 Notes to the consolidated cash flow statement

(a) Reconciliation of cash

Cash as at the end of the year as shown in the consolidated cash flow statement is reconciled to the related items in the consolidated statement of financial position as follows:

	Consolidated	
	2013	**2012**
	$M	**$M**
Cash assets	**405.1**	**261.0**

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

	Consolidated	
	2013	**2012**
	$M	**$M**
Profit for the year	**40.9**	**156.1**
Items classified as investing/financing activities		
Net gain on disposal of investment properties	(7.8)	(14.0)
Net loss/(gain) on disposal of equity investments	5.1	(27.4)
Non-cash items		
Net gain from fair value adjustments on investment properties	(30.2)	(12.0)
Impairment losses	112.1	252.9
Share of net results of equity accounted investments	(219.8)	(155.1)
Net finance expense/(income)	241.6	(146.0)
Income tax expense	5.7	0.9
Operating profit before changes in working capital and provisions	**147.6**	**55.4**
Changes in assets and liabilities during the year:		
- (Increase)/decrease in receivables	(6.8)	179.0
- Increase in inventories	(77.4)	(41.2)
- Decrease in other assets	85.6	0.3
- Decrease in payables	(70.0)	(30.2)
- Decrease in provisions	(0.7)	(2.3)
	78.3	**161.0**
Dividends/distributions received from equity accounted investments	163.1	116.9
Net finance costs paid	(80.5)	(85.2)
Net income taxes paid	(0.3)	(0.5)
Net cash provided by operating activities	**160.6**	**192.2**

(c) Non-cash financing and investing activities

Disposal of controlled entities and equity investments

During the year, the Consolidated Entity disposed of its entire interest in HDL for a consideration of $54.6 million. This consideration was received in the form of units in GMT, of which $24.8 million was deferred.

In the prior year, the Consolidated Entity disposed of two controlled entities to GL for a deemed consideration of $239.4 million in the form of an investment in GL.

Distribution reinvestment plans

The Consolidated Entity received distributions of $nil and $9.6 million from GMT and GTA respectively in the form of units under their distribution reinvestment plans. In the prior financial year, the Consolidated Entity received distributions of $9.7 million and $nil from GMT and GTA respectively in the form of units under their distribution reinvestment plans.

Conversion of CIC convertible preference securities to ordinary stapled securities

The Consolidated Entity issued $nil (2012: $261.8 million) ordinary units on conversion of preference securities by CIC.

Other non-cash financing and investing activities

In the prior financial year, the Consolidated Entity incurred management fees of $158.9 million which was settled through a related party loan.

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	
	2013	**2012**
	$	**$**
Management fees	**9,934,430**	**158,889,902**

In the prior financial year, the increase in management fees was a direct result of an increase in fund management costs incurred by the Responsible Entity. The Responsibly Entity was charged $150.0 million by Goodman Property Services (Aust) Pty Limited (GPSA), a controlled entity of GL, for certain one-off employee costs incurred by GPSA.

As at 30 June 2013, the amounts owed to the Responsible Entity were $nil (2012: $nil).

Goodman Group

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

	Consolidated	
	2013	**2012**
	$	**$**
Property services fees (including property management and leasing)	4,901,604	5,081,801
Development management and project fees	3,793,615	3,671,989
Building supervisor costs reimbursed	1,262,953	1,260,212
Transaction management fee	2,552,390	-
	12,510,562	**10,014,002**

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

+ as part of the restructure of Goodman Group, the Consolidated Entity disposed of the following controlled entities to GLHK:
  - 94% of its interest in GPO to GLHK for a consideration of $59.7 million, an amount equal to the book value of the net assets held by the Consolidated Entity; and
  - 100% of its interest in GDA for a consideration of $21.8 million, an amount equal to the book value of the net assets held by the Consolidated Entity;

+ in prior financial years, GIT provided Goodman Vineyard Pty Limited (Vineyard), a fellow controlled entity of Goodman Group, a loan to fund the development of M7 Business Hub, Eastern Creek, NSW. This loan matured in December 2011. In the prior financial year, interest and other amounts charged to Vineyard was $5.1 million;

+ other loans to other Goodman Group entities exist at 30 June 2013 totalling $2,288.1 million (2012: $2,197.9 million), of which $2,283.9 million are interest bearing and $4.2 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 2013 totalling $85.2 million (2012: $41.7 million) of which $75.4 million are interest bearing and $9.8 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 associates and JVEs

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

	Revenue from disposals of property assets		Interest charged on loans to related parties		Other	
	2013 $M	2012 $M	2013 $M	2012 $M	2013 $M	2012 $M
Associates	**23.4**	**34.2**	**0.7**	**2.3**	**1.6**	**-**
JVEs[1]	**286.1**	**211.9**	**2.8**	**3.3**	**-**	**-**

1. Revenue from disposals of property assets to JVEs includes $189.4 million (2012: $203 million) from the disposal of investment properties to KGIT.

Amounts due from associates and JVEs at 30 June 2013 were as follows:

	Amounts due from related parties[1]		Loans provided by the Consolidated Entity[2]	
	2013 $M	2012 $M	2013 $M	2012 $M
Associates	**2.0**	**38.8**	**-**	**69.2**
JVEs	**-**	**0.5**	**11.7**	**48.9**

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 2013, details in respect of the principal loan balances are set out below:
   + the shareholder loan provided to Huntingwood East incurred interest at 6.0% per annum; and
   + in the prior financial year, a shareholder loan of $29.5 million was provided to Goodman Pyrite Logistics (Lux) Sàrl, a controlled entity of GELF.

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

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

Under the FRM policy, the Consolidated Entity's derivative financial instruments are not generally designated as a hedge for accounting purposes, and accordingly such derivative financial instruments are marked to market with the movement in value recognised in profit or loss.

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 Group or to third parties to reduce borrowings. Equity should be fully invested to ensure that a maximum return on the capital is achieved.

Goodman Group monitors capital on the basis of both the gearing ratio and the weighted average cost of debt. Gearing is reviewed on 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

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

(a) Market risk

Foreign exchange risk

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

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

The Consolidated Entity's capital hedge policy for each overseas region is to hedge between 70% and 95% of foreign currency denominated assets with foreign currency denominated liabilities. This is achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against any foreign currency fluctuations and/or using derivatives such as cross currency interest rate swaps (CCIRS).

23 Financial risk management (cont)

(a) Market risk (cont)

Foreign exchange risk (cont)

As at 30 June 2013, the principal that is hedged, the weighted average exchange rates and the periods of expiry, by currency, are set out below:

	2013			2012		
CCIRS: AUD receivable Expiry by currency	**Amounts payable LC'M**	**Amounts receivable AUD'M**	**Weighted average exchange rate LC/AUD**	**Amounts payable LC'M**	**Amounts receivable AUD'M**	**Weighted average exchange rate LC/AUD**
NZD payable						
1 - 2 years	**-**	**-**	**-**	(85.0)	69.7	1.2200
2 - 5 years	**(220.0)**	**172.0**	**1.2795**	(120.0)	92.2	1.3015
	(220.0)	**172.0**		**(205.0)**	**161.9**	
HKD payable						
2 - 5 years	**(2,150.0)**	**274.2**	**7.8626**	(1,450.0)	184.7	7.8870
Over 5 years	**(200.0)**	**24.5**	**8.1610**	-	-	-
	(2,350.0)	**298.7**		**(1,450.0)**	**184.7**	
JPY payable						
2 - 5 years	**(15,500.0)**	**180.4**	**85.9348**	(8,500.0)	97.3	87.3694
Over 5 years	**-**	**-**	**-**	(8,500.0)	100.8	84.3000
	(15,500.0)	**180.4**		**(17,000.0)**	**198.1**	
EUR payable						
2 - 5 years	**(350.0)**	**457.7**	**0.7656**	(50.0)	69.2	0.7226
Over 5 years	**(120.0)**	**152.7**	**0.7877**	(200.0)	263.7	0.7587
	(470.0)	**610.4**		**(250.0)**	**332.9**	
GBP payable						
2 - 5 years	**(50.0)**	**77.8**	**0.6427**	-	-	-
	(50.0)	**77.8**		**-**	**-**	
CCIRS: USD receivable	**Amounts payable CNY'M**	**Amounts receivable USD'M**	**Weighted average exchange rate CNY/USD**	**Amounts payable CNY'M**	**Amounts receivable USD'M**	**Weighted average exchange rate CNY/USD**
CNY payable						
Less than 1 year	**-**	**-**	**-**	(402.6)	60.0	6.7099
	-	**-**		**(402.6)**	**60.0**	

23 Financial risk management (cont)

(a) Market risk (cont)

Foreign exchange risk (cont)

At 30 June 2013, Goodman's notes issued in the United States 144A/Reg S bond market and also foreign private placements denominated in Japanese yen create both an interest rate and a foreign currency risk exposure. Goodman's policy is to minimise its exposure to both interest rate and exchange rate movements. Accordingly, Goodman has entered into both USD/EUR, USD/GBP and JPY/GBP CCIRS, to provide a capital hedge against assets denominated in Euros and British pounds sterling. Details of these CCIRS are set out below:

	2013			2012		
CCIRS: USD receivable **Expiry by currency**	**Amounts payable LC'M**	**Amounts receivable USD'M**	**Weighted average exchange rate USD/LC**	**Amounts payable LC'M**	**Amounts receivable USD'M**	**Weighted average exchange rate USD/LC**
EUR payable						
Over 5 years	**(376.7)**	**525.0**	**0.7175**	(531.2)	735.0	0.7228
	(376.7)	**525.0**		**(531.2)**	**735.0**	
GBP payable						
Over 5 years	**(221.8)**	**355.0**	**0.6247**	(255.7)	410.0	0.6237
	(221.8)	**355.0**		**(255.7)**	**410.0**	
CCIRS: JPY receivable	**Amounts payable GBP'M**	**Amounts receivable JPY'M**	**Weighted average exchange rate JPY/GBP**	**Amounts payable GBP'M**	**Amounts receivable JPY'M**	**Weighted average exchange rate JPY/GBP**
GBP payable						
Over 5 years	**(85.9)**	**11,300.0**	**0.0076**	(85.9)	11,300.0	0.0076
	(85.9)	**11,300.0**		**(85.9)**	**11,300.0**	

Additionally, the Consolidated Entity may enter into forward foreign exchange contracts to hedge a proportion of the income received/receivable from its investments denominated in overseas currencies. Goodman has no foreign exchange contracts in place at 30 June 2013, but details of contracts that were in place at the end of the prior financial year are set out below:

	2013			2012		
Forward contract: AUD receivable	**Expiry date**	**Amounts receivable AUD'M**	**Weighted average exchange rate LC/AUD**	**Expiry date**	**Amounts receivable AUD'M**	**Weighted average exchange rate LC/AUD**
NZD payable	**by 30 Jun 2013**	**-**	**-**	by 30 Jun 2013	4.2	1.1932
HKD payable	**by 30 Jun 2013**	**-**	**-**	by 30 Jun 2013	12.8	4.9077

Sensitivity analysis

At 30 June 2013, if the Australian dollar had strengthened by 5% (2012: 5%), with all other variables, in particular interest rates, held constant, the Consolidated Entity's result attributable to Unitholders would have increased by A$7.7 million (2012: A$3.3 million decrease). If the Australian dollar had weakened by 5% (2012: 5%), with all other variables, in particular interest rates, held constant, the Consolidated Entity's result attributable to Unitholders would have decreased by A$8.5 million (2012: A$3.7 million increase).

23 Financial risk management (cont)

(a) Market risk (cont)

Interest rate risk

Goodman's interest rate risk arises from variable rate borrowings and also fixed rate to floating rate CCIRS that hedge the currency risk associated with the USD denominated notes and JPY denominated private placement. 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 (IRS) to manage cash flow risks associated with the interest rates on borrowings that are floating. The IRS contracts are for 90 day intervals and involve quarterly payments or receipts of the net amount of interest.

The Consolidated Entity's interest rate risk exposure on interest bearing liabilities together with the net exposure based on the Consolidated Entity's existing derivative financial instruments as at 30 June 2013, are set out below:

	Interest bearing liabilities AUD'M	Impact of derivatives CCIRS[1] AUD'M	IRS AUD'M	Net interest rate exposure AUD'M
30 June 2013				
Fixed rate liabilities	1,977.2	(1,072.1)	929.7	1,834.3
Floating rate liabilities	273.1	1,129.6	(929.7)	473.0
	2,250.3	**57.5**	**-**	**2,307.3**
30 June 2012				
Fixed rate liabilities	1,837.5	(1,263.2)	1,516.0	2,090.3
Floating rate liabilities	509.7	1,165.5	(1,516.0)	159.2
	2,347.2	**(97.7)**	**-**	**2,249.5**

1. The impact of the CCIRS amends the total borrowings exposure as a result of the difference in the foreign currency exchange rate between the contracted rate and the year end spot rate.

As a result of the fixed rate interest bearing liabilities and IRS that exist as at 30 June 2013, the Consolidated Entity would have the following fixed interest rate exposure at the end of each of the next five financial years:

	2013		2012	
Years from balance date	**Fixed interest rate exposure AUD'M**	**Weighted average interest rate per annum**	**Fixed interest rate exposure AUD'M**	**Weighted average interest rate per annum**
1 year	2,110.4	4.87%	2,090.3	4.48%
2 years	1,889.9	4.91%	2,083.3	4.50%
3 years	1,575.4	5.76%	1,873.0	4.64%
4 years	1,205.4	6.70%	1,212.0	5.98%
5 years	1,005.7	7.26%	760.6	7.63%

Sensitivity analysis

At 30 June 2013, if interest rates on borrowings had been 100 basis points per annum (2012: 100 basis points per annum) higher/lower, with all other variables held constant, the Consolidated Entity's result attributable to Unitholders for the financial year would have been A$0.2 million lower/higher (2012: A$0.1 million).

Price risk

The Consolidated Entity is not exposed to price risk.

23 Financial risk management (cont)

(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 for working capital, meet its financial obligations and liabilities, pay distributions and provide funds for capital expenditure and investment opportunities. Management seeks to achieve these objectives through the preparation of regular forecast cash flows to understand the application and use of funds and through the identification of future funding, including new debt facilities, new issues of securities or the distribution reinvestment plan.

Goodman's treasury function is responsible for reporting details of all debt maturities for all loans across the regions to the Board at its 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 its 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)

The contractual maturities of financial liabilities are set out below:

	Carrying amount $M	Contractual cash flows $M	Up to 12 months $M	1 - 2 year(s) $M	2 - 3 years $M	3 - 4 years $M	4 - 5 years $M	More than 5 years $M
As at 30 June 2013								
Non-derivative financial liabilities								
Payables	225.5	237.9	155.9	16.0	11.0	19.4	16.2	19.4
Bank loans, unsecured[1]	235.5	291.0	-	175.8	91.5	0.7	-	23.0
Euro medium-term notes, unsecured	411.7	655.8	78.7	40.3	40.4	40.3	40.3	415.8
United States senior notes, unsecured	1,428.6	2,191.0	108.6	90.3	90.5	90.3	90.3	1,721.0
Foreign private placement, unsecured	174.5	231.3	6.7	5.5	5.5	5.5	5.5	202.6
Total non-derivative financial liabilities	**2,475.8**	**3,607.0**	**349.9**	**327.9**	**238.9**	**156.2**	**152.3**	**2,381.8**
Derivative financial liabilities/(assets) - net								
Net settled[2]	79.9	85.1	29.2	23.3	14.8	11.0	6.0	0.8
Gross settled[3]:								
(Inflow)	-	(745.0)	(104.0)	(108.9)	(113.9)	(110.5)	(88.0)	(219.7)
Outflow	39.3	776.9	51.0	59.0	104.8	86.5	208.7	266.9
Total derivative financial liabilities/(assets) - net	**119.2**	**117.0**	**(23.8)**	**(26.6)**	**5.7**	**(13.0)**	**126.7**	**48.0**
As at 30 June 2012								
Non-derivative financial liabilities								
Payables	210.4	213.5	193.2	5.6	-	-	14.7	-
Bank loans, unsecured[1]	476.3	506.4	43.3	-	150.2	267.9	21.7	23.3
United States senior notes, unsecured	382.9	644.1	72.9	37.3	37.3	37.4	37.3	421.9
Euro medium-term notes, unsecured	1,300.1	2,058.9	98.7	82.2	82.2	82.4	82.2	1,631.2
Foreign private placement, unsecured	187.9	255.6	7.5	6.1	6.1	6.2	6.1	223.6
Total non-derivative financial liabilities	**2,557.6**	**3,678.5**	**415.6**	**131.2**	**275.8**	**393.9**	**162.0**	**2,300.0**
Derivative financial liabilities/(assets) - net								
Net settled[2]	108.2	98.5	18.9	30.6	24.1	15.9	7.3	1.7
Gross settled[3]:								
(Inflow)	(192.4)	(923.7)	(106.9)	(107.1)	(107.1)	(105.1)	(96.3)	(401.2)
Outflow	-	728.4	60.0	61.5	62.8	86.2	98.0	359.9
Total derivative financial (assets)/liabilities - net	**(84.2)**	**(96.8)**	**(28.0)**	**(15.0)**	**(20.2)**	**(3.0)**	**9.0**	**(39.6)**

1. Cash flows relating to non-derivative financial liabilities under revolving facilities exclude any estimated interest payments.
2. Net settled relates to IRS and forward foreign currency contracts.
3. Gross settled relates to CCIRS.

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 statement of financial position, 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 generally transferred only upon receipt of proceeds for the sale of those assets.

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

The credit risks associated with financial instruments are managed by:

+ transacting with multiple derivatives counterparties that have a long-term investment credit rating; and
+ utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through netting of amounts receivable and amounts payable to individual counterparties.

(d) Fair values of financial instruments

The carrying amounts shown in the statement of financial position and fair values of financial assets and liabilities are as follows:

Consolidated	Note	Carrying amount 2013 $M	Fair value[1] 2013 $M	Carrying amount 2012 $M	Fair value[1] 2012 $M
Financial assets					
Cash	21(a)	405.1	405.1	261.0	261.0
Receivables:	5				
- Loans and receivables		2,097.4	2,097.4	2,113.6	2,113.6
- Trade and other receivables		40.9	40.9	57.8	57.8
- IRS		16.5	16.5	11.6	11.6
- CCIRS		104.1	104.1	217.1	217.1
- Foreign exchange contracts		-	-	4.9	4.9
		2,664.0	**2,664.0**	**2,666.0**	**2,666.0**
Financial liabilities					
Payables:	11				
- Trade payables and other payables and accruals		225.5	225.5	210.4	210.4
- IRS		96.4	96.4	124.7	124.7
- CCIRS		143.3	143.3	24.7	24.7
Interest bearing liabilities[2]	13	2,250.3	2,490.8	2,347.2	2,488.0
Provisions	12	77.8	77.8	146.8	146.8
		2,793.3	**3,033.8**	**2,853.8**	**2,994.6**

1. The methods used for determining fair values of financial instruments are discussed in notes 1, 2 and 5.
2. The fair value of certain fixed rate interest bearing liabilities has been determined by reference to the quoted market prices at 30 June 2013.

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 2013				
Derivative financial assets	-	120.6	-	120.6
	-	**120.6**	**-**	**120.6**
Derivative financial liabilities	-	239.7	-	239.7
	-	**239.7**	**-**	**239.7**
As at 30 June 2012				
Derivative financial assets	-	233.6	-	233.6
	-	**233.6**	**-**	**233.6**
Derivative financial liabilities	-	149.4	-	149.4
	-	**149.4**	**-**	**149.4**

24 Commitments

	Consolidated	
	2013	**2012**
	$M	**$M**
Capital expenditure commitments on the Consolidated Entity's existing portfolio		
Contracted but not provided for and payable:		
- Within one year	-	30.6
- One year or later and no later than five years	-	2.4
- Later than five years	-	-
	-	**33.0**

At 30 June 2013, the Consolidated Entity was also committed to the following expenditure in respect of development activities:

+ $nil (2012: $44.9 million) on inventories;
+ $nil (2012: $3.1 million) on construction contracts; and
+ $23.5 million (2012: $36.4 million) on funding for developments in JVEs.

Commitment to invest in funds managed by Goodman Group

At 30 June 2013, subject to amounts being called by the relevant fund board or committee, the Consolidated Entity was committed to invest:

+ A$nil (30 June 2012: A$58.0 million) into GCLHL to fund property acquisitions; and
+ A$435.0 million (30 June 2012: A$nil) into GNAP to fund property acquisitions.

At 30 June 2013, the Consolidated Entity was committed to underwrite GAIF's distribution reinvestment plan for the quarters ending 30 June 2013, 30 September 2013 and 31 December 2013 to a maximum of $175.1million in equity for GAIF.

At the end of the prior financial year, the Consolidated Entity was committed to invest A$82.1 million into GELF, being Goodman's share of the uncalled amount of the rights issue that was finalised in November 2011. This was called and paid during the current financial year.

In relation to GAIF and GELF, the Consolidated Entity offers limited liquidity facilities to investors, which allow 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 $7.5 million of the issued capital of GAIF each quarter and 2.5% of the issued capital of 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 Group's interest (together with its custodian's interest) in GAIF and GELF is below the prescribed limit and both liquidity facilities are open for investors.

Non-cancellable operating lease receivable from investment property customers

	Consolidated	
	2013	**2012**
	$M	**$M**
Non-cancellable operating lease commitments receivable:		
- Within one year	120.9	173.4
- One year or later and no later than five years	258.3	459.3
- Later than five years	60.3	146.2
	439.5	**778.9**

25 Parent Entity disclosures

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

	2013 $M	2012 $M
Result of the Parent Entity		
Profit/(loss) for the year	81.8	(113.3)
Other comprehensive income	126.4	167.0
Total comprehensive income for the year	**208.2**	**53.7**
Financial position of the Parent Entity at year end		
Current assets	1,664.3	1,753.4
Total assets	4,756.0	5,049.8
Current liabilities	66.4	183.9
Total liabilities	66.4	183.9
Total equity of the Parent Entity comprising of:		
Issued capital	6,964.3	7,173.1
Reserves	(314.0)	(687.4)
Accumulated losses	(1,960.7)	(1,619.8)
Total equity	**4,689.6**	**4,865.9**

Parent Entity capital commitments

The Parent Entity has no capital commitments (2012: $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 to or proceeds for the subscription of equity in, the borrower by the investor. As at 30 June 2013, the Consolidated Entity had A$263.0 million (2012: A$506.4 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, a controlled entity of GIT, issued £250 million notes, maturing on 16 July 2016, at a fixed coupon of 9.75% per annum. Goodman Funds Management Limited, as responsible entity of GIT and GL and GLHK have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of these 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, a controlled entity of GIT, issued US$325.0 million, US$500.0 million and US$500.0 million notes maturing on 12 November 2020, 15 April 2021 and 22 March 2022 respectively. Goodman Funds Management Limited, as responsible entity of GIT and GL and GLHK have unconditionally and irrevocably guaranteed on a joint and several basis the payment of principal and interest in respect of the notes.

Goodman PLUS Trust hybrid securities guarantee
Goodman Funds Management Limited, as responsible entity of GIT, GL and GLHK 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.

25 Parent Entity disclosures (cont)

Stapling agreement with GL and GLHK

In accordance with the stapling agreement between GIT, GL and GLHK, on request each party (and its subsidiaries) must provide financial support to the other party (and its subsidiaries). The financial support to the other party (and its subsidiaries) may include:

(a) lending money or providing financial accommodation;
(b) guaranteeing any loan or other financing facility including providing any security;
(c) entering into any covenant, undertaking, restraint or negative pledge on the obtaining of any financial accommodation or the provision of any guarantee or security in connection with any financial accommodation; and
(d) entering into any joint borrowing or joint financial accommodation and providing any guarantee, security, indemnities and undertakings in connection with the relevant joint borrowing or joint financial accommodation.

A party need not do anything under the above arrangements to the extent that the party considers that it is not in the interests of the Goodman Group Securityholders as a whole, or would cause a member of the party's group to contravene or breach applicable laws or particular finance arrangements.

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.

Directors' declaration

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 14 to 63, 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 2013 and of its performance for the financial year ended on that date; and
  (ii) complying with Australian Accounting Standards (including 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 Chief Financial Officer for the financial year ended 30 June 2013.

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, 15 August 2013

KPMG

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 statement of financial position as at 30 June 2013, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, notes 1 to 26 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated Entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2013 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

15 August 2013