



Goodman PLUS Trust Annual Report 2011

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Corporate governance

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

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

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

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

The Board

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

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

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

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

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

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

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

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

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

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

The Board's functions include:

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

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

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

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

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

Directors' obligations and rights

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

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

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

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

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

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

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

Corporate governance (cont)

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

Independent decision-making

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

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

Criteria for assessing independence

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

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

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

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

Mr Gregory Goodman is an Executive Director of Goodman.

Performance review

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

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

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

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

Chairman

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

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

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

Group CEO

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

Company Secretary

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

Remuneration

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

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

Committees and oversight

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

Audit Committee

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

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

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

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

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

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

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

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

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

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

Corporate governance (cont)

Executive confirmations

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

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

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

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

Risk and Compliance Committee

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

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

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

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

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

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

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

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

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

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

Remuneration and Nomination Committee

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

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

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

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

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

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

Investment Committee

The Investment Committee has authority to:

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

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

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

Policies and codes

Responsible and ethical decision-making

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

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

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

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

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

Diversity

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

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

The Policy provides that Goodman will:

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

Corporate governance (cont)

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

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

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

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

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

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

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

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

Specific diversity activities undertaken in FY2011

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

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

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

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

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

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

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

The Goodman Foundation – support in the community

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

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

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

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

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

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

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

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

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

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

Corporate governance (cont)

Sustainability

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

Securities trading

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

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

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

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

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

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

Conflicts of interest

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

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

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

Related parties

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

Gifts

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

Dealing with public officials

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

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

Timely and balanced disclosure

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

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

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

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

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

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

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

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

Unitholders

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

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

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

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

Complaints handling

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

Summary of terms of redemption and exchange of Goodman PLUS

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

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

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

If Remarketing is not undertaken, Goodman may either:

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

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

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

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

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

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

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

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

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

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

Exchange and Repurchase Rights of the Goodman PLUS

Repurchase and Exchange by the Unitholder

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

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

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

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

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

Repurchase and Exchange by the Responsible Entity

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

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

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

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

Amount paid to Unitholders following a Repurchase

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

The Realisation Amount is calculated as follows:

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

where:

FV is the Face Value of the relevant Goodman PLUS;

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

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

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

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

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

where:

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

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

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

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

How a Repurchase takes place

If a Repurchase is to take place, then:

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

How an Exchange takes place

If Goodman PLUS are Exchanged, on the Realisation Date:

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

Restrictions on Repurchase and Exchange

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

Financial report

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Directors' report

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

Directors

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

Director	Appointment date¹
Mr Ian Ferrier, AM (Independent Chairman)	23 February 2005
Mr Gregory Goodman (Group Chief Executive Officer)	17 January 1995
Mr John Harkness (Independent Director)	1 September 2004
Mr James Hodgkinson (Non-Executive Director)	21 February 2003
Ms Anne Keating (Independent Director)	6 February 2004
Mr Phillip Pryke (Independent Director)	13 October 2010
Mr Jim Sloman, OAM (Independent Director)	1 February 2006
Mr Patrick Goodman (Non-Executive Director)	23 February 2005 (resigned on 30 November 2010)
Ms Diane Grady, AM (Independent Director)	30 September 2007 (resigned on 13 October 2010)

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

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

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

Company Secretary

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

Company Secretary	Appointment date
Mr Carl Bicego	24 October 2006

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

Directors' meetings

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

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

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

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

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

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

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

Principal activities

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

Review of operations

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

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

State of affairs

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

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

Directors' report (cont)

Distributions

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

Strategy and outlook

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

Interests of the responsible entity

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

Fees payable to the responsible entity

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

Indemnification and insurance of officers and auditors

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

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

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

Qualifications, experience and special responsibilities of Directors and Company Secretary

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

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

Mr Ian Ferrier, AM – Independent Chairman

Appointed 23 February 2005

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

Mr Gregory Goodman – Group Chief Executive Officer

Appointed 17 January 1995

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

Mr John Harkness – Independent Director

Appointed 1 September 2004

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

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

Mr James Hodgkinson – Non-Executive Director

Appointed 21 February 2003

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

Ms Anne Keating – Independent Director

Appointed 6 February 2004

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

Mr Phillip Pryke – Independent Director

Appointed 13 October 2010

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

Mr Jim Sloman, OAM – Independent Director

Appointed 1 February 2006

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

Company Secretary

Mr Carl Bicego – Company Secretary

Appointed 24 October 2006

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

Environmental regulations

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

Directors' report (cont)

Declaration by Group Chief Executive Officer and Group Chief Financial Officer

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

Events subsequent to balance date

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

Rounding

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

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



Ian Ferrier, AM
Independent Chairman
Sydney, 18 August 2011



Gregory Goodman
Group Chief Executive Officer

Lead auditor's independence declaration

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

To: The directors of Goodman Funds Management Limited as responsible entity for Goodman PLUS Trust

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

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



KPMG



Stuart Marshall
Partner

Sydney, 18 August 2011

Balance sheet

as at 30 June 2011

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

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

Statement of comprehensive income

for the year ended 30 June 2011

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

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

Statement of changes in equity

for the year ended 30 June 2011

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

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

Cash flow statement

for the year ended 30 June 2011

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

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

Notes to the financial statements

for the year ended 30 June 2011

1. Statement of significant accounting policies

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

Statement of compliance

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

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

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

(a) Basis of preparation of the financial report

The financial report is prepared on the historical cost basis.

(b) Segment reporting

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

(c) Financial assets

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

Loans and receivables

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

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

(d) Offsetting financial instruments

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

(e) Interest income and expense

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

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

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

(f) Impairment of financial assets

Assets carried at amortised cost

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

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

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

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

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

(g) Issued capital

Ordinary Unit and Goodman PLUS

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

Distributions

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

(h) Income tax

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

(i) Goods and services tax (GST)

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

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

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

(j) Australian accounting standards issued but not yet effective

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

(k) Rounding

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

2. Segment analysis

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

3. Interest income

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

Notes to the financial statements (cont)

for the year ended 30 June 2011

4. Earnings per unit

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

5. Distributions

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

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

6. Loan to related entity

	2011 \$000	2010 \$000
Loan to related entity ¹	327,550	327,485

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

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

7. Issued capital

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

Terms and conditions

Ordinary Unit

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

Goodman PLUS

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

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

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

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

8. Related party disclosures

Key management personnel disclosures

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

Fees payable to GFM

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

Interests of GFM in the Trust

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

Transactions with Goodman Group

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

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

Notes to the financial statements (cont)

for the year ended 30 June 2011

9. Financial risk management

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

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

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

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

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

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

10. Events subsequent to balance date

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

Directors' declaration

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

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

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

Signed in accordance with a resolution of the Directors.



Ian Ferrier, AM
Independent Chairman
Sydney, 18 August 2011



Gregory Goodman
Group Chief Executive Officer

Independent auditor's report

to the Unitholders of Goodman PLUS Trust

Report on the financial report

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

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

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

KPMG

Stuart Marshall
Partner

Sydney, 18 August 2011

Securities information

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

Securities information (cont)

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

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

There were no substantial Unitholders as at 31 August 2011.

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

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

Definitions

AASB means Australian Accounting Standards Board.

AIFRS means Australian equivalents to International Financial Reporting Standards.

ASIC means Australian Securities & Investments Commission.

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

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

Australian Accounting Standards means:

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

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

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

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

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

Change of Control Event means:

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

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

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

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

CPU means cents per unit.

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

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

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

Definitions (cont)

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

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

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

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

First Remarketing Date means 21 March 2013.

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

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

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

Goodman Entities means GL and Goodman RE.

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

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

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

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

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

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

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

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

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

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

Market Rate means:

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

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

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

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

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

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

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

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

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

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

F is the Face Value for the Goodman PLUS;

UD is the Unpaid Distribution Amount for the Goodman PLUS;

and

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

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

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

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

Remarketing Date means:

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

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

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

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

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

Share means a fully paid share in GL.

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

Definitions (cont)

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

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

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

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

Unit means a fully paid Ordinary Unit in GIT.

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

Corporate directory

Goodman PLUS Trust

Goodman Limited

ARSN 128 290 808

Responsible Entity

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

Offices

Registered office

Level 17
60 Castlereagh Street
Sydney NSW 2000
Australia

GPO Box 4703
Sydney NSW 2001

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

Facsimile +61 2 9230 7444
Email info-au@goodman.com
Website www.goodman.com

Directors

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

Company Secretary

Mr Carl Bicego

Security Registrar

Computershare Investor Services Pty Limited

Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

GPO Box 2975
Melbourne VIC 2975

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

Custodian

Trust Company Limited

20 Bond Street
Sydney NSW 2000

Auditor

KPMG

10 Shelley Street
Sydney NSW 2000

ASX code

GMP

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

