



26 September 2018

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

Dear Sir

GOODMAN GROUP EMPLOYEE EQUITY GRANTS

In accordance with Listing Rule 3.10.3, we advise of the proposed Grants of Performance Rights under the Group's Long Term Incentive Plan (LTIP).

Grant of Performance Rights under the LTIP

1. Class of Securities

Performance Rights in respect of Goodman Group stapled securities (**Securities**). Each Performance Right is a right to be delivered a Security without payment. The proposed Grants to Eligible Employees (as defined in the LTIP Rules) are made under the LTIP approved by Securityholders at the Annual General Meeting held on 25 November 2015.

2. Number of Securities

The proposed Grants of 17,595,388 Performance Rights are expected to occur on or around 28 September 2018 or, in respect of Grants to Executive Directors, after Securityholder approval as noted in paragraph 6 below.

3. Principal terms of the Performance Rights Grant

The following is a summary of the principal terms of the Performance Rights Grants.

Each Grant is divided into three equal tranches which have Vesting Dates after 3, 4 and 5 years being:

- + Tranche 1 - 1 September 2021
- + Tranche 2 - 1 September 2022; and
- + Tranche 3 - 1 September 2023.

**Note: or the next business day where 1 September falls on a non-business day in Sydney, Australia.*

The vesting of Performance Rights is subject to meeting the Vesting Conditions.

Goodman Group

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Goodman Funds Management Limited | ABN 48 067 796 641 | AFSL Number 223621
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The Vesting Conditions include the Performance Hurdles and Employment Condition as set out below.

(a) Performance Hurdles

Under the LTIP, 25% of each Grant will be tested against a relative TSR hurdle and the remaining 75% of each Grant against an aggregate EPS hurdle. The performance hurdles in respect of each Grant will be tested in respect of the period 1 July 2018 to 30 June 2021 (the **Performance Testing Period**).

(i) TSR Performance Hurdle – 25% of each Grant

Total Securityholder Return (**TSR**) is based upon Security price movements on ASX plus distributions paid in respect of those Securities, as determined by the Board. Satisfaction of the Performance Hurdle for 25% of each Grant will be based upon the TSR achieved by Goodman over the three year Performance Testing Period as compared to the TSR achieved by companies in the S&P/ASX 100 for that same period in accordance with the following formula:

TSR Performance in Performance Testing Period Compared to ASX 100	Proportion of Performance Rights subject to TSR hurdle vesting
Less than 51st Percentile	0%
At 51st Percentile	50%
Greater than 51st Percentile but less than 76th Percentile	50% plus additional 2% for every 1% increase in percentile rank
At 76th Percentile or above	100%

(ii) EPS Performance Hurdle – 75% of each Grant

Satisfaction of the Performance Hurdle for 75% of the each Grant will occur if the aggregate Earnings Per Security (**EPS**) achieved by Goodman over the three year Performance Testing Period meets or exceeds the EPS Targets established by the Board for that period.

EPS is defined as the annual operating profit (as determined by the Board) divided by the number of Securities on issue. For this purpose, the number of Securities on issue also includes Performance Rights that have satisfied the Performance Hurdles but not yet vested (as they have not yet satisfied the Employment Condition on a Vesting Date).

The Board has determined that the EPS Target for FY19 is \$0.50 per Security. The EPS Targets for FY20 and FY21 will be advised around the commencement of each of those financial years (generally on announcement of the prior year results).

(b) Employment Condition

In addition to satisfying the relevant Performance Hurdles, for a Performance Right to vest, the participant must also remain an employee of Goodman Group on the relevant Vesting Date, or have left the employment of Goodman in 'Special Circumstances' as defined in the LTIP Rules. Special Circumstances generally means Retirement, Redundancy, death or Permanent Disablement.

Subject to satisfaction of the vesting conditions and the LTIP Rules, the Board has determined that a Performance Right does not require exercise and that upon vesting,

participants will automatically become entitled to receive Securities on the applicable vesting date.

4. Issue Price

No consideration is payable on the grant of the Performance Rights or, following vesting, on the delivery of the Securities.

5. Purpose of the Issue

Remuneration of staff.

6. Securityholder Approval

The following grants to Executive Directors are subject to Securityholder approval at the 2018 AGM:

- + 1,600,000 Performance Rights to Greg Goodman;
- + 600,000 Performance Rights to Anthony Rozic; and
- + 550,000 Performance Rights to Danny Peeters.

The 2018 AGM is to be held on 15 November 2018.

Yours faithfully

A handwritten signature in black ink, appearing to read "Carl Bicego".

Carl Bicego
Company Secretary