



25 September 2019

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 previously approved by Securityholders.

##### **2. Number of Securities**

The proposed Grants of 11,730,082 Performance Rights are expected to occur on or around 30 September 2019 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 2022
- + Tranche 2 - 1 September 2023; and
- + Tranche 3 - 1 September 2024.

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

#### **Goodman Group**

Goodman Limited | ABN 69 000 123 071  
Goodman Funds Management Limited | ABN 48 067 796 641 | AFSL Number 223621  
as responsible entity for Goodman Industrial Trust | ARSN 091213 839  
Level 17, 60 Castlereagh Street, Sydney NSW 2000 | GPO Box 4703, Sydney NSW 2001 Australia  
Tel +61 2 9230 7400 | Fax +61 2 9230 7444

Goodman Logistics (HK) Limited | Company No. 1700359 | ARBN 155 911 149 | a Hong Kong company with limited liability  
Suite 901, Three Pacific Place, 1 Queen's Road East, Hong Kong | Tel +852 2249 3100 | Fax +852 2525 2070

info-au@goodman.com | www.goodman.com

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

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 performance hurdle and the remaining 75% of each Grant against an Operating EPS performance hurdle. The performance hurdles in respect of each Grant will be tested in respect of the period 1 July 2019 to 30 June 2022 (**the Performance Testing Period**).

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

Satisfaction of the Performance Hurdle for 25% of the Total Grant will be based upon the Total Securityholder Return (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 satisfying TSR Performance Hurdle
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%

TSR is based upon security price movements on ASX plus distributions paid in respect of those stapled securities, as determined by the Board.

**(ii) Operating EPS Performance Hurdle – 75% of the Grant**

In respect of 75% of the Total Grant the Board has set an EPS Performance Hurdle of growing Operating EPS (EPS) from the FY19 result of 51.6 cents per security (cps) to between 61.4 cps and 66.8 cps in FY22, with 25% satisfying the hurdle at the threshold level, 100% satisfying the hurdle at the upper level, and with a sliding scale of satisfying the hurdle in between this range. This is equivalent to between 6% and 9% per annum compound growth or approximately 19% to 30% over the 3-year testing period.

FY22 Operating EPS	Proportion of Performance Rights satisfying Operating EPS Performance Hurdle
Less than 61.4 cps	0%
At Threshold Level of 61.4 cps	25%
Between Threshold Level of 61.4 cps and Upper Level of 66.8 cps	25% plus 75% of the proportionate share of the increased EPS, between the threshold and upper levels, expressed as a percentage  $= 25\% + 75\% \times \left( \frac{EPS - Threshold\ Level}{Upper\ Level - Threshold\ Level} \right)$
At Upper Level of 66.8 cps or above	100%

Operating Earnings Per Security (Operating EPS) is defined as the annual Operating Profit (as determined by the Board) divided by the number of stapled securities on issue. For this purpose, the number of stapled 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).

**(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 employees.

**6. Securityholder Approval**

The following grants to Executive Directors are subject to Securityholder approval at the 2019 AGM:

- + 900,000 Performance Rights to Greg Goodman;
- + 380,000 Performance Rights to Danny Peeters; and
- + 350,000 Performance Rights to Anthony Rozic.

The 2019 AGM is to be held on 20 November 2019.

Yours faithfully



Carl Bicego  
**Company Secretary**