



# GMT REMUNERATION FRAMEWORK

SEPTEMBER 2024

# REMUNERATION HIGHLIGHTS

Following the internalisation of GMT on 28 March 2024, the new Remuneration Committee of the Board has undertaken a review of the remuneration framework for employees of GPS, with salaries reviewed effective 1 July 2024 (next review 1 April 2025). Key highlights are set out below, with further detail in the subsequent pages.

<b>Total Potential Remuneration</b>	<p>GMT's remuneration philosophy remains consistent with Goodman Group, comprising of base salaries, short-term incentives ('STI'), and a Long-Term Incentive ('LTI') scheme in which all permanent employees are eligible to participate.</p> <p>Overall base salaries, STI paid, and face value of LTI grant in 2024 are materially consistent with those in 2023 pre-internalisation.</p> <p>Total potential remuneration continues to be heavily weighted towards STI and LTI, which are performance-based and at-risk. For the CEO, this weighting is 87% of total potential remuneration, and for executives this weighting is on average 86% of total potential remuneration. For all other employees, this weighting is on average 65% of total potential remuneration.</p> <p>Permanent employees are eligible for non-cash benefits which may include life, total permanent disability, salary continuance insurance, and employer KiwiSaver contributions of 3%. Some employees are also eligible for a car park and company vehicle.</p>
<b>Short-term Incentive</b>	<p>STIs paid to employees in September 2024, reflect the performance period 1 July 2023 to 30 June 2024, which is consistent with the remuneration timings prior to internalisation. Goodman Group reimbursed GMT for STI costs for the 9 months to March 2024, being the period pre-internalisation.</p> <p>From 1 April 2025, STI payments will be aligned with GMT's financial year.</p> <p>The STI framework is currently being reviewed to make it consistent with the overall remuneration framework.</p>
<b>Long-term Incentive</b>	<p>A new GMT LTI scheme has been established with the performance hurdles for the 2024 grant aligned to GMT's market guidance of 5% to 7% cash earnings growth, and relative performance compared to participants of the NZX50 at the time of grant. Subject to achievement of hurdles and continued employment, performance rights are expected to vest as GMT units ensuring full alignment of employees with GMT performance.</p> <p>The face value of the 2024 grant was \$21.4 million, which equated to 10.1 million performance rights.</p> <p>Pre-internalisation LTI schemes have been grandfathered with the obligation for any vesting to be met by Goodman Group, not GMT. Continued employment is a condition of vesting, so these schemes provide GMT with an employee retention benefit.</p>
<b>CEO Remuneration</b>	<p>CEO base salary and STI paid in 2024 are increased from last year; however, a reduction in the LTI grant results in a 37% reduction in total potential remuneration compared to 2023.</p> <p>CEO remuneration has been benchmarked against a range of NZX-listed comparators of a similar size to GMT selected by the Remuneration Committee. Whilst the CEO's total potential remuneration is higher than the market median, over 87% of total potential remuneration is linked to STI and LTI, and the CEO's fixed remuneration is well below market benchmarks.</p>
<b>Directors' Remuneration</b>	<p>Acknowledging the increasing complexity of GMT's business, the Board engaged PwC to undertake benchmarking on directors' fees. This was tabled for approval at the GMT Annual Meeting in August 2024 with 82.6% of unitholders who voted approving the new fee arrangements.</p>

# REMUNERATION COMMITTEE

This year marked an important milestone for our business following the internalisation of the management of GMT on 28 March 2024. On behalf of the Board, we would like to acknowledge what has been a substantial year of change for our business and our people as we position ourselves for future growth and the delivery of an investment strategy focused on sustainable value creation for all our stakeholders.

With GMT now having responsibility for its own people, a Remuneration Committee was established in March 2024. Following the committee's review, we are pleased to present GMT's remuneration strategy and principles.

## Key highlights

- + GMT's remuneration philosophy remains consistent with Goodman Group, comprising of base salaries, short-term incentives ('STI'), and long-term incentives ('LTI') for all permanent employees.
- + The high weighting towards performance-based and 'at-risk' remuneration components remains part of GMT's remuneration strategy. The establishment of a new GMT Long Term Incentive Plan ('LTIP'), in which all permanent employees are eligible to participate, fully aligns our people's LTI outcomes with those of GMT Unitholders.
- + The Remuneration Committee engaged PwC to provide benchmark data for director, CEO, and executive remuneration in 2024. All benchmark data was extracted from comparator groups selected by the Remuneration Committee.
- + Total base salary costs and the total face value of performance rights granted under the new GMT LTIP in 2024 remain closely aligned to the previous year, when our people were employed by Goodman Group. The total discretionary short-term incentives paid in 2024 were increased by 1.7% on last year to reflect the significant contribution of our people to the successful delivery of the internalisation and other key projects.
- + Total potential CEO remuneration is down from last year, due to a reduction in the face value and number of performance rights granted to the CEO under the GMT LTIP in September 2024. The CEO received an increase in base salary effective from 1 July 2024, and a STI paid in September 2024 in recognition of performance during the period 1 July 2023 to 30 June 2024.
- + An increase in directors' fees to reflect the new business and align with the benchmark was approved by Unitholders at the 2024 Annual Unitholder Meeting, with 82.6% of Unitholders voting in favour of the resolution.

# REMUNERATION COMMITTEE

## Remuneration Committee

The Remuneration Committee was established to assist the Board in developing the remuneration policy and structure for employees of GMT and approving the specific remuneration of the Officers. Since its formation in March 2024, the Committee has convened three times, primarily focusing on the development of the remuneration structure and the outcomes of the 2024 remuneration review.

The Remuneration Committee comprises two Independent Directors, David Gibson (committee chair) and Keith Smith, and Non-Executive Director Greg Goodman and operates in accordance with the GPS Remuneration Committee Charter and Remuneration Policy available at <https://nz.goodman.com/about-goodman/corporate-governance>.

## Our remuneration approach

Our people are key to our long-term success. We look for people who want to realise their ambitions, challenge the status quo, drive change, and develop new ideas that deliver a sustainable business.

Our remuneration framework supports the attraction and retention of talent with the skills and knowledge critical to the long-term commercial and strategic success of GMT. It drives strong performance outcomes and aligns the interests of our people with those of Unitholders and our key stakeholders.

## The key principles of GMT's remuneration approach include:

### Stronger alignment of remuneration with GMT's strategy

Financial, operational, and ESG targets outlined in GMT's strategy are appropriately incorporated into the annual performance objectives for our people. During the biannual performance review process, our people are assessed on their demonstration of GMT's values and the achievement of their individual performance objectives. This assessment contributes to remuneration outcomes.

Prior to internalisation, our permanent employees were eligible to participate in the Goodman Group and Goodman NZ LTIPs. These LTIPs have been fundamental in rewarding long-term performance and have been a powerful incentive and driver of operational resilience and retention of talent. Post internalisation, these LTIPs have been grandfathered with the obligation for any vesting to be met by Goodman Group (not GMT), and a new GMT LTIP has been established, ensuring our people are now fully aligned to the strategy and performance of GMT.

# REMUNERATION COMMITTEE

## **GMT's strategy requires long-term remuneration timeframes to align outcomes**

The Board believes that the portion of the total remuneration that is performance-based and at-risk for the CEO, other executives, and all other employees creates strong alignment between remuneration and long-term performance of GMT. Careful consideration is given to the total remuneration outcomes each year with a view to reward and recognise the contribution to the delivery of the strategy and retention of talent.

GMT's investment strategy focuses on the establishment of a funds management business and the introduction of new capital partners, with the positive income contribution from management fee revenue and an enhanced ability to recycle capital expected to support target cash earnings growth of 5% to 7% per annum over the next three to five years. The GMT LTIP performance hurdles for the 2024 grant align with this guidance, with performance tested over a three-year period from 1 April 2024, and the portion of the performance rights which achieve the hurdles vesting in three equal tranches from years three to five.

## **LTIP hurdles that are appropriate and reflect stretch targets where appropriate**

The performance hurdles for the 2024 GMT LTIP grant have been set by the Remuneration Committee to reflect the cash earnings ('EPU') growth guidance given to the market at the time of internalisation. The Board has set the relative total Unitholder return ('TUR') portion of the 2024 grant to measure GMT against the participants of the S&P/NZX50, which it considers most comparable to GMT. In previous years, the EPU hurdle was measured against the achievement of budget and the TUR portion of the grant was measured against the S&P/NZX All Real Estate Index over the performance testing period.

The 2024 LTIP performance hurdles are ambitious and require significant performance from GMT for vesting to occur at the threshold, target, and upper levels.

## **Future focus**

Prior to internalisation in March 2024, employees were remunerated on a July to June year, aligned with Goodman Group's financial year. From 1 April 2025, any base salary changes and STIs will be remunerated on an April to March year, aligned with GMT's financial year. To enable this transition, a review of base salaries and a nine-month STI payment to employees for the period 1 July 2024 to 31 March 2025 is expected to be made in June 2025. Grants of performance rights under the GMT LTIP are expected to be made in June 2025, testing and vesting timings will remain consistent with the grandfathered GNZ LTIP. The Remuneration Committee are currently reviewing the structure of STIs and expect to communicate any changes to future STIs in GMT's FY25 annual report.

The Board is always mindful of the overall remuneration levels and has spent considerable time this year in determining the remuneration strategy and remuneration outcomes for 2024. We recognise the need to attract, retain, and incentivise our people who deliver GMT's strategy, while meeting the expectations of our stakeholders.



**John Dakin**  
Chair



**David Gibson**  
Deputy Chair and Chair of the Remuneration Committee



# GMT REMUNERATION FRAMEWORK

## Objectives of GMT’s Remuneration Framework

GMT’s remuneration framework largely reflects that of Goodman Group, with a particular focus on equity-based reward to generate and reward long-term performance, retention of talent, and a strong culture.

	Remuneration Structure	Performance and Reward	Long-term alignment of our people and key stakeholders
	<b>Fixed remuneration</b>	Considers the scope, complexity, experience, individual performance, and market comparisons for individual roles.	Fixed employee costs are kept relatively stable with benchmarking undertaken to understand relativity to market medians.
<b>At-risk performance-based remuneration</b>	<b>Short-Term Incentive ('STI')</b>	<p>The STI outcome for the Chief Executive Officer is determined considering the achievement of the strategy, progress towards sustainability targets, and the financial performance of GMT for the relevant financial year.</p> <p>Individual STI outcomes for all other permanent employees are determined with consideration of biannual performance review outcomes, where individual performance is measured against strategic, financial, operational, and ESG objectives relevant to the individual's role and behaviours aligned with Goodman values.</p>	<p>STIs are a fully discretionary reward for performance of the individual and GMT.</p> <p>The Remuneration Committee is reviewing the STI framework to ensure it appropriately aligns with the overall remuneration framework.</p>
	<b>Long-Term Incentive ('LTI')</b>	<p>All permanent employees are eligible for participation in the GMT LTI plan.</p> <p>Eligible employees are awarded performance rights, which are a “right” to receive GMT units for nil consideration if the vesting conditions are met.</p> <p>The vesting conditions include performance hurdles that must be met over a three-year testing period, with vesting in equal tranches, annually, from the end of year three to the end of year five.</p> <p>The first grant of performance rights under the new GMT LTIP was made in September 2024. The Board has set 2024 LTI hurdles that align with GMT’s strategy and market guidance and require minimum returns for Unitholders before employee’s performance rights can vest at the threshold level. Significant performance for GMT is required for the grant to vest at the maximum level.</p>	<p>The 2024 grant will be tested against the relative total Unitholder returns ('TUR') for GMT compared with the total Shareholder / Unitholder returns of participants of the S&amp;P/NZX50 and GMT’s cash earnings per unit ('EPU') over the three-year performance testing period to March 2027.</p> <p>The EPU portion of the 2024 LTI grant aligns with annualised cash earnings growth targets for GMT which have been set between 5% and 7% CAGR within the next three-to-five years. This is expected to be supported by the establishment of a property funds management business providing a positive contribution from management fee revenue, and an enhanced ability to recycle capital in a way that will generate significant value for GMT Unitholders.</p> <p>The face value of the 2024 LTIP grant aligns with the combined face value awarded to our people under the grandfathered Goodman NZ and Goodman Group LTIP in 2023 prior to internalisation. The move to the new GMT LTIP ensures our people’s LTI outcomes are fully aligned with the long-term performance of GMT.</p> <p>The Board has set a policy cap for the maximum potential Performance Rights which could be issued to employees under the LTIP, which equates to 3% of GMT Units on issue.</p>

# LONG TERM INCENTIVE PLAN

Subsequent to GMT's internalisation, the Board has established a new Long Term Incentive plan for all permanent employees. The operation of this plan is consistent with the pre-internalisation Goodman Group and GNZ plans which have now been grandfathered. The performance hurdles of the 2024 grant under the new GMT LTIP are detailed below.

## Relative Total Unitholder Return ('TUR') – 25% weighting

GMT has a market capitalisation of around \$3.1 billion, by comparison, the average market capitalisation of the NZX50 is \$2.8 billion. Accordingly, the Board has determined that measuring GMT's TUR against participants of the S&P/NZX50 for the LTI is most comparable.

The vesting of performance rights tested against the relative TUR performance hurdle will be based upon the following formula:

- + Less than 51<sup>st</sup> percentile – 0% vests
- + At 51<sup>st</sup> percentile – 50% vests
- + At 90<sup>th</sup> percentile or above – 100% vests

With a straight-line scale of vesting in between the 51<sup>st</sup> and 90<sup>th</sup> percentile.

For the TUR portion of the grant, GMT will need to outperform half the participants of the S&P/NZX50 over the performance testing period (three years) for any vesting to occur.

## Cash Earnings Per Unit ('EPU') – 75% weighting

The Board believes cash earnings is one of the key measures of the successful execution of GMT's strategy and therefore employee performance. The vesting of performance rights tested against the EPU performance hurdle after the three-year period will be based upon the following formula:

At *Threshold Level* of performance 5% CAGR<sup>1</sup> in EPU (8.31 cpu) – 25% vests

- + For this level of performance to be reached GMT must generate \$27 million in cash earnings growth when compared to FY24.

At *Target Level* of performance 6% CAGR<sup>1</sup> in EPU (8.55 cpu) – 62.5% vests

- + The target level is the mid-point of GMT's earnings guidance released alongside the internalisation (cash EPU growth between 5% to 7% per year over three to five years).

At *Upper Level* of performance 7% CAGR<sup>1</sup> in EPU (8.80 cpu) – 100% vests

- + This equates to cash earnings growth to FY27 of \$34.5 million when compared to FY24, which reflects an increase in cash earnings of \$3.8 million compared to the Target level of performance (6% CAGR).

With straight-line scale of vesting in between.

## Quantum

The face value of the 2024 LTI awards remain consistent with the 2023 awards made pre-internalisation under the combined grandfathered Goodman Group and GNZ LTIPs to employees of GPS of \$21.4m, which equated to 10.1m performance rights.

<sup>1</sup>Cash earnings growth targets have been calculated off a starting point of restated FY24 cash earnings of 7.18 cpu (normalised for the removal of building depreciation tax deductions from FY25 onwards) and assume no further GMT units issued in the testing period

# CEO REMUNERATION

In establishing the remuneration outcomes for the CEO, the Board has considered a range of NZX-listed comparators of a similar size, complexity, and scale to GMT. PwC were engaged to provide benchmark data for CEO and executive remuneration in 2024, extracted from comparators selected by the Remuneration Committee.

The total remuneration for the CEO comprises:

- + Base salary of \$500,000 effective 1 July 2024. The CEO's fixed remuneration is 39% of the median of the benchmark market data, demonstrating the Board's philosophy of keeping fixed remuneration low compared to market, and placing a stronger focus and weighting on the performance-based remuneration components.
- + STI of \$550,000 was paid in September 2024 reflecting performance for the period 1 July 2023 to 30 June 2024. Compared to the benchmarked peer group, the CEO's STI was 94% of the median of the benchmark market data.
- + LTI grant of 1,296,435 performance rights in September 2024, which equates to \$2.74m face value based on GMT's one-day VWAP on 30 August 2024. Subject to the level of performance against the hurdles, the 2024 LTIP grant will vest in three equal tranches in June 2027, 2028, and 2029.
- + Other benefits valued at \$14,816 per annum.

Whilst the CEO's base salary and STI outcomes are an increase on last year, the reduction in performance rights awarded to the CEO results in a 37% reduction in potential overall total remuneration compared to the year prior. At maximum vesting of the LTI grant, 87% of the CEO's total remuneration is performance-based and 'at-risk', significantly higher than that of benchmarked comparators, providing strong alignment with outcomes for GMT's unitholders.

Whilst the CEO's total potential remuneration is higher than market, there is a significantly higher portion of remuneration linked to the LTI grant, requiring significant levels of performance for GMT for maximum total remuneration to be achieved, as demonstrated in the table below.

Following internalisation of GMT, two pre-existing LTIP schemes were grandfathered with no further awards being made under them. The obligation for any vesting under the Goodman Group and GNZ LTIPs will be met by Goodman Group. These provide retention and performance incentives to the CEO. The CEO's outstanding performance rights under the grandfathered schemes are: GNZ LTIP – 2,362,615 performance rights; Goodman Group LTIP – 240,440 performance rights. Vesting of these rights is subject to continued employment and achievement of required performance hurdles.

CEO James Spence	Fixed remuneration and STI		Long Term Incentive				Total Potential Remuneration		
	Base salary and benefits	STI	Number of performance rights granted	Face value per unit \$	LTI at Threshold \$	LTI at Target \$	LTI at Upper level \$	(LTI Threshold vesting) \$	(LTI 100% vesting) \$
<b>1 July 2024</b>	\$ 514,816	\$ 550,000	1,296,435	\$ 2.1158	\$ 857,187	\$ 1,800,092	\$ 2,742,997	\$ 1,922,003	\$ 3,807,813

The face value per unit for the 2024 LTI grant and the LTI at Threshold to Upper Level was calculated based on GMT's one-day VWAP of \$2.1158 on 30 August 2024. This grant was made in September 2024 and has the potential to vest from June 2027 to June 2029.



# DIRECTOR'S REMUNERATION

The Board considers that alignment of Directors' fees to market is important in order for GPS to continue to attract and retain high performing Directors whose skills and experience are well-suited to GMT's requirements.

GMT engaged PwC to provide New Zealand listed company benchmark data for the roles of chair, committee chairs, committee members, and base non-executive / independent directors underpinned by a comparator group selected by the Remuneration Committee. The Board reviewed this benchmark data and based on comparison of Directors' fees to the market data, considered the increases to the Directors' remuneration of \$255,000 as set out in the table below was appropriate.

This resolution was passed at the Annual Meeting on 27 August 2024 and the new entitlements took effect on 1 September 2024. Both John Dakin (Chair) and Gregory Goodman (Non-Executive Director) have indicated that they will continue their pre-internalisation practice of not accepting a fee for their roles on the Board of GPS.

It is the Board's policy that Directors of GMT hold GMT units so that their interests are aligned with those of unitholders. Under this policy, Directors are expected to accumulate and hold a stake equivalent to two years of fees for that Director.

	Number of persons holding office	Previous remuneration entitlement	New remuneration entitlement effective 1 Sept 24	PwC Benchmark
Chair	1	\$165,000	\$210,000	\$223,700
Deputy Chair	1	\$150,000	\$150,000	N/A
Non-Executive Director	4	\$100,000	\$120,000	\$110,000
Audit Committee Chair	1	\$25,000	\$25,000	\$26,500
Remuneration Committee Chair	1	\$0	\$10,000	\$20,000
Audit Committee Member	3	\$0	\$10,000	\$15,300
Remuneration Committee Member	2	\$0	\$7,500	\$11,600
Pool available for ad hoc committee roles	-	\$75,000	\$150,000	N/A
<b>Total Remuneration Entitlement</b>		<b>\$815,000</b>	<b>\$1,070,000</b>	<b>\$1,147,000</b>

# GLOSSARY

**Board**

means the Board of GPS.

**CAGR**

means compound annual growth rate.

**Cash EPU**

means cash earnings per unit.

**ESG**

means environmental, social, and governance.

**GMT**

means Goodman Property Trust and its controlled entities, as the context requires.

**Goodman values**

means determination, integrity, sustainability, and innovation.

**GPS**

means Goodman Property Services (NZ) Limited the Manager of GMT.

**Grant**

means a grant of performance rights under the terms of the GPS LTIP being made to employees.

**Internalisation**

means internalisation of the management function of GMT.

**LTI**

means long-term incentive.

**LTIP**

means long-term incentive plan.

**Performance Hurdles**

means criteria or targets that must be met for performance rights to vest.

**Performance Rights**

means a right, subject to the satisfaction of certain performance hurdles and employment conditions, to be issued units in GMT (or a cash equivalent if law so requires) on nominated vesting dates without payment of consideration.

**Relative TUR**

means relative total Unitholder return.

**STI**

means short-term incentive.

**Unit**

means a unit in GMT.

**Unitholder**

means a holder of Units.

**Vesting**

means subject to the satisfaction of the vesting conditions for the performance rights, employees will be delivered one GMT Unit in respect of each vested award.

**Vesting Conditions**

means the satisfaction of certain performance hurdles and employment conditions.

Goodman's core corporate governance framework documents, including Charters and Policies are available at [Corporate governance \(goodman.com\)](https://www.goodman.com)



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