



Company	Goodman Group
Code	GMG
Meeting	AGM
Date	17 November 2022
Venue	Hybrid, held in Sydney
Monitor	Lewis Gomes and Richard McDonald

Number attendees at meeting	34 securityholders (23 at venue, 11 on-line), 11 non-voting security holders (mainly staff) and 136 guests
Number of holdings represented by ASA	95
Value of proxies	\$9.6 million (as at 17 November 2022)
Number of shares represented by ASA	523,900 (well outside Top 20 securityholders)
Market capitalisation	\$34.2 billion (as at 17 November 2022)
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chairman Stephen Johns and Head of Investor Relations James Inwood

Goodman scores second strike on remuneration

Opening Addresses

This year's AGM was conducted as a hybrid meeting with the main venue being at the Sheraton Grand Sydney Hyde Park.

The Chairman gave a brief outline of the financial performance for FY22 which, again, continued the pattern of increasing earnings per security (EPS) up a remarkable 24% on FY21. Operating profit was \$1.5 billion, up 25% on FY21.

The Chairman noted that a review of proxy votes indicated that the company had received a second strike on its Remuneration Report, apparently because two proxy advisors had expressed the view that the EPS hurdles were not sufficiently challenging. He also advised that the company was now adopting the face value methodology when valuing performance awards (ie the average

value as recorded by the ASX of recent sales and purchases) rather than the previous practice of “economic” value which had been significantly discounted from face value.

He then spoke to a number of director changes which are the subject of later resolutions.

The CEO again summarised the financial results with a little more detail and gave forward guidance of EPS growth of 11% for FY23 and an operating profit of \$1.7 billion. The return to Goodman from its partnerships arrangements was around 21%, noting that some 75% of its assets are now funded by capital partners. He noted Goodman’s strong balance sheet (gearing around 8.5%) but also drew attention to the increasing challenges of site selection, the time required for approvals and the preference now for brownfield or inner-city infill sites that are close to customers.

Re-election and Election of Directors

Chris Green, Phillip Pryke and Anthony Rozic were put forward for re-election. Chris Green spoke to his investing with Goodman in an agricultural fund along with the Clean Energy Finance Corporation. The ASA asked about a potential conflict of interest with Goodman also committing to a real estate innovation and technology fund also sponsored by Mr Green. The Chairman advised that both funds provided valuable sources of information to Goodman and that the amounts involved with these investments were immaterial to both Goodman and Mr Green. Mr Green was re-elected with just under 80% of cast votes in favour.

Mr Pryke faced questions about his duration as a director of Goodman (first appointed in October 2010) and his role as Chairman of the Remuneration Committee which once again secured a strong vote against its Remuneration Report. The Chairman advised that Mr Pryke had been asked to stay on while a new remuneration chairman was selected and that he expected Mr Pryke to retire from the board during this final term. He was re-elected with 69% of cast votes in favour.

Mr Rozic is one of 3 executive directors which does not align with ASA guidelines. Nevertheless, he was re-elected with nearly 86% of cast votes in favour.

Two new directors were put forward for election, being Hilary Spann and Vanessa Liu, both of whom are based in the United States. Both were strongly endorsed with close to 100% of cast votes in favour.

Remuneration Report

The Chairman again reported that Goodman would receive a second strike. In fact, the final vote was just under 29% of cast votes against the resolution. He noted that the EPS range for performance awards was from 6% per annum to 11% per annum. Over 4 years, the range in total EPS growth over the period would be 26% to 52% from a base EPS of 81.3 cents achieved in FY22. He noted the changed economic outlook and referred to the economic headwinds now facing the company.

Performance Rights to Executive Directors

The Chairman spoke briefly to the arrangements for the issue of performance rights to the 3 executive directors. He noted that for the top 20 executives, there is now a 10 year plan with incremental release of vested securities after 4 years and a 5 year plan for others, which covers most of Goodman's 1,000 staff.

Each of the 3 resolutions was passed with about 77% of cast votes in favour.

Non-Executive Director (NED) Fee Pool

The resolution was for an increase in the NED fee pool from \$2.5 million to \$4.0 million. The Chairman noted that the fee pool had not been increased since 2006 and it was not the intention of the company to increase the number of directors. The resolution was passed with 77% of cast votes in favour.

Spill Resolution

Given that at the last AGM Goodman received a first strike, a spill motion was put to the meeting following the second strike. The motion was lost with nearly 99% of cast votes being against the resolution.

General Business

A question was asked as to why the distribution per security had not increased from 30 cents for over 4 years while the EPS growth over this period had been quite dramatic. The Chairman explained that the company's operations were expanding rapidly and it needed to fund its share of new projects, notwithstanding the inputs from its capital partners. He explained his view that Goodman is a growth company and not an income-based REIT. He stated that he expected the distribution return to security holders would remain at or below 40% of operating profit (actual 37% for FY22). (Note that from Page 54 of the Annual Report, the cumulative growth in EPS has been just over 100% over the 5 year period to FY22 versus close to zero for distributions).