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## **ASX ANNOUNCEMENT**

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**27 September 2016**

### **GDI Property Group 2016 AGM – Notice of meeting**

GDI Property Group's 2016 Notice of Annual General Meeting is attached, along with the proxy form.

#### **Media Enquiries:**

Steve Gillard  
Managing Director  
+61 2 9223 4222

[steve@gdi.com.au](mailto:steve@gdi.com.au)

David Williams  
Chief Financial Officer  
+61 2 9223 4222

[david@gdi.com.au](mailto:david@gdi.com.au)



**GDI Property Group Limited (ACN 166 479 189)**

**and**

**GDI Property Trust (ARSN 166 598 161)**

**NOTICE OF GENERAL MEETINGS**

Notice is given that the:

- Annual General Meeting of Members of **GDI Property Group Limited** (ACN 166 479 189) (**GDI Property**); and
- General Meeting of Unitholders of **GDI Property Trust** (ARSN 166 598 161) (**GDI Trust**)

(together, the **Meetings**),

will be held concurrently at 10:30am (Sydney time) on Thursday 10 November 2016 in the Corinthian Room of the SMC Conference and Function Centre, Ground Floor, 66 Goulburn Street, Sydney.

This Notice is issued by GDI Property and GDI Funds Management Limited (ACN 107 354 003, AFSL 253 142), the responsible entity of GDI Trust.

Clause 9.1 of Schedule 2 and clause 10.1 of Schedule 1 of the respective Constitutions of GDI Property and the GDI Trust provide that meetings of members of GDI Property and unitholders of GDI Trust may be held in conjunction with each other while stapling of the shares in GDI Property to the units in the GDI Trust applies. Accordingly, where applicable, the meeting will be a Meeting of Securityholders of both GDI Property and GDI Trust (together, the **GDI Property Group** or **Group**).

The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on the matters to be considered at the AGM. The Explanatory Memorandum and the proxy form are part of this Notice of Meeting.

**A. CONSIDERATION OF REPORTS**

To receive and consider the Annual Financial Report, the Directors' Report and the Independent Auditor's Report of GDI Property and its controlled entities for the year ended 30 June 2016 and for GDI Trust and its controlled entities for the year ended 30 June 2016.

Unless GDI Property Group's Registry has been notified otherwise, Securityholders have not been sent a hard copy of the Annual Report. All Securityholders can view the Annual Report which contains the Financial Report for the year ended 30 June 2016 on GDI Property Group's website at [www.gdi.com.au](http://www.gdi.com.au)

GDI Property Group Limited  
ACN 166 479 189

GDI Property Trust ARSN 166 598 161

Specialist Income and Value  
Add Property Fund Managers  
[www.gdi.com.au](http://www.gdi.com.au)

p. +61 2 9223 4222  
t. +61 2 9252 4821  
e. [info@gdi.com.au](mailto:info@gdi.com.au)

Level 23, 56 Pitt Street Sydney NSW 2000  
PO Box R1845 Royal Exchange NSW 1225

A resolution of Securityholders is not required for this item of business.

## **B. QUESTIONS AND COMMENTS**

Following consideration of the Reports, the Chairman will give Securityholders a reasonable opportunity to ask questions about or comment on the management of GDI Property Group.

The Chairman will also give Securityholders a reasonable opportunity to ask the Auditor questions relevant to:

- a. the conduct of the audit;
- b. the preparation and content of the Independent Auditor's Report;
- c. the accounting policies adopted by GDI Property Group in relation to the preparation of the financial statements; and
- d. the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by Securityholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of written questions submitted by Securityholders will be made available at the start of the Meeting and any written answer tabled by the Auditor at the Meeting will be made available as soon as practicable after the Meeting.

## **C. ITEMS FOR SECURITYHOLDER APPROVAL**

Each of the following resolutions in this Notice relate only to GDI Property. While the shares in GDI Property and the units in the GDI Trust are Stapled Securities, the Corporations Act 2001 (Cth) (**Corporations Act**) does not require any of these resolutions to be approved by the unitholders of GDI Trust.

### **Resolution 1: Remuneration Report**

To consider and, if thought fit, to pass the following as an advisory resolution of GDI Property Group Limited:

*"That, the Remuneration Report (which forms part of the Directors' Report) for GDI Property Group Limited for the year ended 30 June 2016 be adopted."*

The Remuneration Report is set out in the 2016 Annual Report. Please note that, in accordance with section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Directors of GDI Property Group Limited.

### ***Voting Exclusion Statement***

A vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of, the following persons:

- a. a member of the Key Management Personnel (**KMP**) whose remuneration details are included in the 2016 Remuneration Report; or
- b. a closely related party of such a KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- a. the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for or against) on the resolution; or
- b. the vote is cast by the Chairman of the Meeting and the appointment of the Chairman as proxy:
  - i. does not specify the way the proxy is to vote on the resolution; and
  - ii. expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

“Key management personnel” and “closely related party” have the same meaning as set out in the Corporations Act 2001 (Cth).

### **Resolution 2: Re-Election of Mr Anthony Veale as Director**

To consider and, if thought fit, pass the following as an ordinary resolution of GDI Property Group Limited:

*“That, Anthony Veale, who retires in accordance with clause 11.3(b) of GDI Property Group Limited’s Constitution, having offered himself for re-election and being eligible, is re-elected as a Director of GDI Property Group Limited.”*

### **Resolution 3: Issue of Performance Rights under the GDI Property Group Performance Rights Plan to Mr Steve Gillard, Managing Director**

To consider and, if thought fit, pass the following as an ordinary resolution of GDI Property Group Limited:

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 1,168,594 performance rights to Mr Steven Gillard, Managing Director, in accordance with the GDI Property Group Performance Rights Plan on the terms described in the Explanatory Memorandum which forms part of the Notice of Meeting, is approved.”*

***Voting Exclusion Statement***

The Non-Executive Directors are ineligible to participate in the GDI Property Group Performance Rights Plan, being the only employee incentive scheme within the Group. Therefore, in accordance with ASX Listing Rule 14.11, GDI Property Group will only disregard any votes cast on Resolution 3 by or on behalf of Mr Steve Gillard as the Executive Director of GDI Property Group and his associates.

However, GDI Property Group need not disregard a vote cast on Resolution 3 if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a vote must not be cast on Resolution 3 by a member of the KMP, or a closely related party of a KMP, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Resolution 3.

This restriction on voting undirected proxies does not apply to the Chairman of the Meeting acting as proxy for a person entitled to vote on Resolution 3 because the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies.

By order of the Directors of GDI Property Group Limited and GDI Funds Management Limited as responsible entity for GDI Property Trust.



**David Williams**  
**Company Secretary**  
**27 September 2016**



## ENTITLEMENT TO ATTEND AND VOTE

In accordance with the Corporations Regulations 2001 (Cth), the Directors of GDI Property have determined that the Stapled Securities on issue as at 7:00pm (Sydney time) on Tuesday 8 November 2016 will be taken, for the purposes of the Meetings, to be held by the persons who held them at that time. This means that any Securityholder registered at 7:00pm (Sydney time) on Tuesday 8 November 2016 is entitled to attend and vote at the Meetings.

If more than one joint holder of Stapled Securities is present at the Meetings (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### *Voting by Proxy*

If you are a Securityholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meetings.

A proxy need not be a Securityholder of GDI Property Group.

A Securityholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Securityholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the Securityholder's votes.

To be effective, the proxy must be received at the Share Registry of GDI Property Group no later than 10:30am (Sydney time) on Tuesday 8 November 2016. Proxies must be received before that time by one of the following methods:

- |               |   |
|---------------|---|
| By post:      | GDI Property Group Limited<br>C/ – Link Market Services Limited<br>Locked Bag A14<br>Sydney South NSW 1235<br>Australia   |
| Online:       | Log onto <a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a> and follow the instructions. You will need to put your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), details and postcode. |
| By delivery:  | Link Market Services Limited<br>1A Homebush Bay Drive<br>Rhodes NSW 2138  |
| By facsimile: | In Australia 02 9287 0309<br>From outside Australia +61 2 9287 0309   |



To be valid, a proxy must be received by GDI Property Group in the manner stipulated above. GDI Property Group reserves the right to declare invalid any proxy not received in this manner.

#### *Voting by Attorney*

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by GDI Property Group no later than 10:30am (Sydney time) on Tuesday, 8 November 2016 being 48 hours before the Meetings.

#### *Corporate Representatives*

A body corporate which is a Securityholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Meetings. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the Meetings a properly executed letter or other document confirming its authority to act as the company's representative.

#### *Quorum*

The quorum for a meeting of both GDI Property and the GDI Trust is at least two members present in person or by representative holding securities.

GDI Property Group Limited  
ACN 166 479 189  
  
GDI Property Trust ARSN 166 598 161

Specialist Income and Value  
Add Property Fund Managers  
[www.gdi.com.au](http://www.gdi.com.au)

p. +61 2 9223 4222  
t. +61 2 9252 4821  
e. [info@gdi.com.au](mailto:info@gdi.com.au)

Level 23, 56 Pitt Street Sydney NSW 2000  
PO Box R1845 Royal Exchange NSW 1225

## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the information of Securityholders of GDI Property Group, comprising the stapled entities GDI Property Group Limited (**GDI Property**) and GDI Property Trust (the **GDI Trust**) in relation to the business to be conducted at the Meetings to be held on Thursday, 10 November 2016.

The purpose of this Explanatory Memorandum is to provide Securityholders with information that is reasonably required by Securityholders to decide how to vote upon the resolutions.

The Directors unanimously recommend Securityholders vote in favour of all Resolutions; for reasons of good governance, each Director respectively abstains where that Director has an interest in the outcome of a particular resolution and these interests are identified throughout this Explanatory Memorandum.

Resolution 1 is an Advisory Resolution. An advisory resolution does not bind GDI Property or the Directors. The Directors will consider the outcome of the vote and comments made by Securityholders on the remuneration report at the meeting. Resolutions 2 and 3 to be voted on are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Securityholders entitled to vote on the resolution.

Each of the following resolutions in this Notice relate only to GDI Property. While the shares GDI Property and the units in the GDI Trust are “Stapled Securities”, the Corporations Act does not require any of these resolutions to be approved by the unitholders of the GDI Trust.

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### **Resolution 1: Remuneration Report**

Section 250R(2) of the Corporations Act requires that the section of the Directors' Report dealing with the remuneration of director and key management personnel (**Remuneration Report**) be put to the vote of Securityholders for adoption by way of a non-binding vote.

The Remuneration Report details the remuneration policy for GDI Property Group and:

- reports the remuneration arrangements for Key Management Personnel of GDI Property Group (**KMP**);
- explains Board policies in relation to the nature and value of remuneration paid to KMP; and
- discusses the relationship between the policy and GDI Property Group performance.

The Report is available on pages 20 to 32 in GDI Property Group's 2016 Annual Report (available on GDI Property Group's website: [www.gdi.com.au](http://www.gdi.com.au)).





The Chairman will give Securityholders a reasonable opportunity to ask questions about or make comments on the Remuneration Report.

Resolution 1 is an advisory resolution only (as stipulated by section 250R(3) of the Corporations Act) and does not bind the Directors or GDI Property.

A voting exclusion statement is set out under Resolution 1 in the Notice of Meeting.

*The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution.*

### **Resolution 2: Re-Election of Mr Anthony Veale as Director**

In accordance with clause 11.3(b) of the Constitution, Anthony Veale retires and, being eligible, offers himself for re-election as a Director.

Mr Veale served as executive chairman of the then private GDI group between 2005 and November 2013, having jointly established GDI group in 1993. Mr Veale has been involved in launching 36 property investment projects with a total value in excess of \$1.25 billion. Prior to listing, Mr Veale was also responsible for the establishment of GDI group's unregistered managed investment schemes and promotion activities, and oversight of the operation and performance of those schemes.

Mr Veale is a member of the Audit, Risk and Compliance and Nomination and Remuneration Committees.

*The Directors (with Anthony Veale abstaining) recommend that Securityholders vote in favour of this Resolution.*

### **Resolution 3: Issue of Performance Rights under the GDI Property Group Performance Rights Plan to Managing Director, Mr Steve Gillard**

Resolution 3 deals with the proposed issue of Performance Rights to Managing Director, Steve Gillard under the GDI Property Group Performance Rights Plan (**Plan**) which was approved at the 2014 AGM.

#### The Plan

The object of the Plan is to provide an incentive for Eligible Participants to remain in employment in the long term and recognise future efforts and contribution in the performance and success of the GDI Property Group.

Under the Plan, GDI Property Group is able to grant appropriately structured incentive awards to Mr Gillard, an Eligible Participant. The Board has determined that the equity incentives to be granted to Mr Gillard will be in the form of Performance Rights, which will only vest on the satisfaction of appropriate performance conditions.

The Board believes that this structure is appropriate for the following reasons:

- the grant of Performance Rights is in accordance with acceptable market practice;
- the grant of Performance Rights can have minimal dilutionary effect on the issued security capital of GDI Property Group;
- the grant of Performance Rights will reward Mr Gillard for his exertion and performance; and
- vested Performance Rights can create recognisable value to executives, which when granted under transparent and robust performance conditions, containing stretch elements, ensure real Securityholder value creation.

Securityholders approved the grant of performance rights to Mr Gillard under the Plan at the 2014 and 2015 AGMs.

How many Performance Rights will Mr Gillard receive?

The Board intends to offer Mr Gillard 1,168,594 of Performance Rights to the “value” of \$803,250. These Performance Rights will be subject to the hurdles described below.

The proposed size of the grant to Mr Gillard is 54% of his Total Remuneration, consistent with the remuneration framework as detailed in the Remuneration Report for the year ended 30 June 2016 and following a review by the Board of Mr Gillard’s performance for the year. The dollar value is converted into the number of Performance Rights based on an independent valuation, taking into account factors including the performance conditions, security price volatility, term, distribution yield and the security price at grant date.

	<i>Number of Performance Rights</i>	<i>Value (\$)</i>
Short term incentive (STI)	259,322	229,500
Long term incentive (LTI)	909,272	573,750
<b>Total</b>	<b>1,168,594</b>	<b>803,250</b>

These Performance Rights may vest into fully paid ordinary Stapled Securities if the Performance Conditions and Vesting Conditions (described below) are met. Alternatively, if the Performance Conditions are met, the Board may determine in its absolute and unfettered discretion that a vested Performance Right will be satisfied by GDI Property Group making a cash payment to Mr Gillard in lieu of allocating Stapled Securities. In this instance, the cash payment made will be an amount equal to the 10 day volume weighted average market price of all GDI Property Group Stapled Securities traded on the ASX up to the date of settlement multiplied by the number of vested Performance Rights.

STI Performance Conditions & Vesting Conditions

The STI provides an annual opportunity for an incentive award. Mr Gillard is assessed on a balanced scorecard based on measures relating to longer term performance outcomes aligned to GDI Property Group’s strategic objectives, as well as annual goals and workplace behaviours, including leadership and commitment.

Notwithstanding Mr Gillard meeting or exceeding his performance measures, or some thereof, the Board may determine to reduce (but not increase) the STI entitlement at its absolute discretion.

For the year ended 30 June 2016, Mr Gillard received an STI award of \$459,000, 80% of his potential entitlement, based on the Balanced Scorecard approach shown below:

Financial		Operational		People and culture		Total
% weighting of total STI	% of total STI granted	% weighting of total STI	% of total STI granted	% weighting of total STI	% of total STI granted	Total STI granted %
40%	20%	30%	30%	30%	30%	80%

To further enhance the alignment with Securityholders, the Board determined that any STI granted to Mr Gillard would be split 50% cash, 50% performance rights where the principle performance condition is continued employment (or a good leaver) for three years from the conclusion of the performance year. Subject to Mr Gillard remaining in employment at 30 June 2019, 259,322 performance rights will vest for nil consideration (value of \$229,500).

#### LTI Performance Conditions & Vesting Conditions

##### *Performance Condition*

The Performance Rights are subject to the achievement of two elements - Target 1 for 50% of Performance Rights granted and Target 2 for the other 50% of the Performance Rights granted (together the **Performance Condition**) as described below. The two elements comprising the Performance Condition drive GDI Property Group's financial performance and have been recognised by the Board as fundamental to the future success of GDI Property Group. Performance Conditions for future awards under the Plan may have similar attributes and although not exhaustive are expected to be based around financial, operational, share price and individual targets.

##### **Target 1 (50% of the Performance Rights)**

Total Securityholder Return (TSR)	Vesting percentage (for TSR measure)
Does not reach the 50 <sup>th</sup> percentile of the TSR of the Comparator Group	0%
Reaches or exceeds the 50 <sup>th</sup> percentile of the TSR of the Comparator Group but does not reach the 75 <sup>th</sup> percentile	50%, plus 2% for every one percentile increase above the 50 <sup>th</sup> percentile.
Reaches or exceeds the 75 <sup>th</sup> percentile of the TSR Comparator Group	100%

**Target 2 (50% of the Performance Rights)**

50% - Absolute Total Return (ATR)	Vesting percentage (for ATR measure)
Does not achieve an ATR of 10%	0%
Achieves or exceeds an ATR of 10% but does not achieve an ATR of 12%	50% up to 100% (at 12% ATR) on a straight line basis
Achieves or exceeds an ATR of 12%	100%

Where:

*Both Target 1 & Target 2 will be tested over a three year period (i.e. tested as at 30 June 2019)*

**TSR:** *Movement in security price and distributions.  
For the period ended 30 June 2016, the commencing security price is based on the 30 June 2016 security price of GDI Property Group and its TSR Comparator Group.*

**ATR:** *Movement in Net Tangible Assets (NTA) and distributions.  
For the period ended 30 June 2016, the commencing NTA is based on the 30 June 2016 NTA.*

**TSR Comparator Group** *Dexus Property Group, GPT Group, Cromwell Property Group, Abacus Property Group, Investa Office Fund, 360 Capital Office Trust, 360 Capital Group, Charter Hall Group, GPT Metro Office Fund and Centuria Metropolitan REIT.*

**Vesting Condition**

One of the reasons that GDI Property has introduced the Plan is not only to attract and reward key executives, but to retain them as well. Therefore the Board has resolved that a tenure based vesting condition is the most appropriate hurdle for current purposes.

Therefore, subject to the Performance Condition being met, the Performance Rights will vest provided Mr Gillard remains employed by GDI Property Group as 30 June 2019.

In limited circumstances, the Board in its absolute discretion may determine to vest the Performance Rights granted to Mr Gillard even if the Vesting Condition is not met (for example, should Mr Gillard's employment cease due to redundancy, death or disablement).

**Technical Information (for the purposes of the ASX Listing Rules)**

Listing Rule 10.14 requires the approval of ordinary shareholders to issue securities under an employee incentive scheme to a Director of GDI Property. Accordingly, approval for the grant of the Performance Rights to Mr Gillard is required. Approval of this resolution will result in the grant of Performance Rights to Mr Gillard falling within exception 14 in Listing Rule 7.2 (in addition to exception 9, which already applies). Therefore, the issue of Stapled Securities to Mr Gillard will not be included in the 15% calculation for the purposes of Listing Rule 7.1. The issue of Stapled Securities in GDI Property Group on the vesting of the Rights will also be excluded from Listing Rule 7.1.

Pursuant to the requirements of ASX Listing Rule 10.15, the following information is provided with regard to Resolution 3:

- Mr Steven Gillard is the Managing Director and is an Executive Director of GDI Property Group.
- Mr Gillard will be granted 1,168,594 Performance Rights for nil financial consideration which, subject to the achievement of Performance Conditions and Vesting Conditions, may convert to Stapled Securities in the capital of GDI Property Group on a one-for-one basis. As such up to 1,168,594 Stapled Securities may be allotted to Mr Gillard upon the conversion of vested Performance Rights, for nil financial consideration. Any Stapled Securities allotted to Mr Gillard may be acquired on market or issued by GDI Property Group. Alternatively, should Performance Rights vest, the Board may determine in its absolute discretion that a vested Performance Right will be satisfied by the Group making a cash payment to Mr Gillard in lieu of allocating Stapled Securities.
- Since the date of last securityholder approval, Mr Gillard is the only person identified in ASX Listing Rule 10.14 to have been granted Stapled Securities under the Plan. Mr Gillard was granted 1,304,143 Performance Rights for nil financial consideration following securityholder approval at the 2015 AGM. No other persons identified in ASX Listing Rule 10.14 have received securities under the Plan.
- The Terms and Conditions of the GDI Property Group Performance Rights Plan provide that Executive Directors are eligible to participate in particular awards. Mr Gillard is the only Executive Director of GDI Property Group and accordingly is the only Director entitled to participate in the Plan.
- The Performance Rights will be granted under the terms and conditions of the GDI Property Group Performance Rights Plan.
- A Voting Exclusion Statement is set out under Resolution 3 in the Notice of Meeting.
- There is no loan attaching to the offer under the Plan.
- Details of any Stapled Securities issued under the FY2016 Executive Award will be published in GDI Property Group's future annual Remuneration Reports, including that approval for this issue of Stapled Securities was obtained under ASX Listing Rule 10.14.
- GDI Property Group is expected to allocate the Performance Rights shortly after the Meetings but in any event, no later than 12 months after the Meetings.
- If approval is given for the issue of Stapled Securities under ASX Listing Rule 10.14, approval is not required under Listing Rule 7.1.

*The Directors (with Mr Gillard abstaining) recommend that Securityholders vote in favour of this Resolution.*