

# Results built on clear vision

## NOTICE OF MEETINGS



### DEAR SECURITYHOLDER,

I am pleased to invite you to Stockland's 2016 Annual General Meeting ("AGM") to be held at 2.30pm on Wednesday 26 October in The Westin Sydney, Ballroom 4, 1 Martin Place, Sydney. The meeting will also be webcast live on the Stockland website.

Our AGM provides an occasion to meet the Board, hear from the Managing Director, and ask any questions you may have. You are welcome to submit questions in advance by mail or via our website.

The AGM also provides the opportunity to vote on the seven resolutions for securityholder approval. If you are unable to attend the meeting I encourage you to vote prior to the meeting online or using the forms included.

### ELECTION AND RE-ELECTION OF DIRECTORS

The first three resolutions seeking approval are for the election of our new director, Stephen Newton, to the Board and for the re-election of Barry Neil and Carol Schwartz. The Board unanimously recommends the election of all three directors.

- Stephen joined the Board in June 2016 and his deep experience across real estate development, property management and infrastructure investment makes him an excellent addition to our team.
- Barry joined the Board in 2007 and is Chairman of Stockland Capital Partners Limited, the Responsible Entity for Stockland's unlisted funds, and a member of the Audit and Sustainability Committees.
- Carol joined the Board in 2010 and serves on the Risk, Human Resources and Sustainability Committees.

### REMUNERATION REPORT, PERFORMANCE RIGHTS AND TERMINATION BENEFITS

Two further resolutions seek approval of the Remuneration Report and the grant of performance rights to the Managing Director as part of his 2017 financial year remuneration. The Board is committed to ensuring that Stockland's executive pay is commensurate with the Group's business outcomes and achievements, and our executives must achieve stretch goals in order to earn annual bonuses and long-term incentives.

The remaining resolution seeks approval to extend Stockland's termination benefits framework for a further four years. This framework was last approved in 2012 and sets out the benefits that may be payable to executives when they cease employment with Stockland.

The Board unanimously recommends the approval of all seven resolutions.

As announced earlier this month, I will be retiring from the Board at the expiry of my current term at the AGM, and I am delighted that Tom Pockett has been elected as my successor. It has been a great privilege to serve as Chairman for the past 11 years. I want to thank all securityholders for their support and confidence during this time and I look forward to speaking with you at the AGM.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Graham Bradley'.

**GRAHAM BRADLEY AM**  
CHAIRMAN

## Annual General Meeting of Stockland Corporation Limited and Meeting of Unit Holders of Stockland Trust

### STOCKLAND CORPORATION LIMITED

ABN 43 000 181 733

### STOCKLAND TRUST MANAGEMENT LIMITED

ABN 86 001 900 741  
AFSL No. 241190  
as the Responsible Entity for Stockland Trust  
ARSN 092 897 348

### DATE

Wednesday  
26 October 2016

### TIME

2.30pm  
(Sydney time)

### PLACE

Ballroom 4  
The Westin Sydney  
1 Martin Place  
Sydney NSW 2000

# Getting there

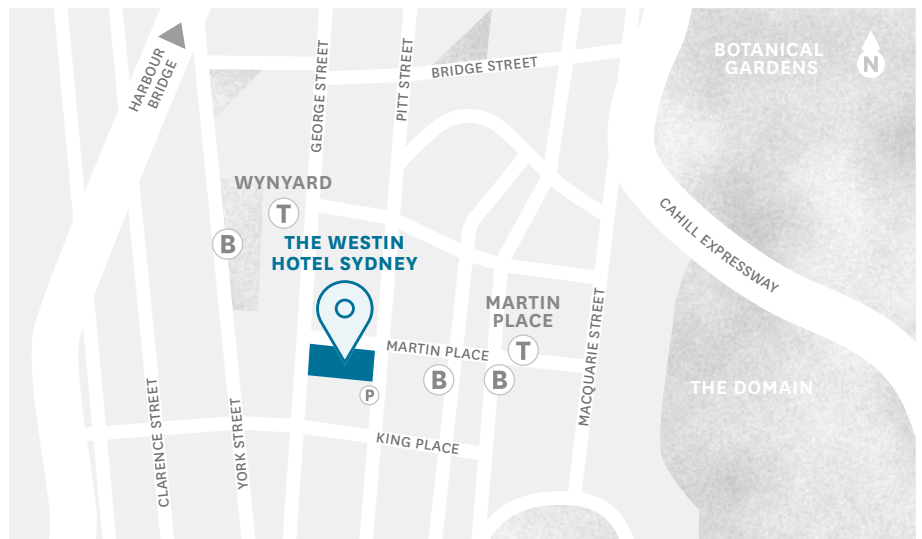
## Annual General Meetings of Stockland Corporation Limited and Meeting of Unit Holders of Stockland Trust

Notice is given that the Annual General Meeting of Shareholders of Stockland Corporation Limited (“the Company”) will be held in conjunction with a meeting of Unit Holders of Stockland Trust (“the Trust”) on:

**Date:** Wednesday, 26 October 2016

**Time:** 2.30pm (Sydney time)

**Place:** Ballroom 4  
The Westin Sydney  
1 Martin Place  
Sydney NSW 2000



### TRAIN

The closest train station is Martin Place. Wynyard and Town Hall stations are also nearby.



### BUS

State Transit buses stop along York, Castlereagh and Elizabeth Streets.



### FERRY

The Circular Quay ferry station is located closest to The Westin Sydney.



### PARKING

There is paid parking available in Pitt Street.

For more information about transit routes please call 131 500 or visit [www.transportnsw.info](http://www.transportnsw.info) to plan your trip.

### FURTHER INFORMATION

If you would like any further information regarding the AGM, please contact the Company's Share Registry, Computershare, on 1800 804 985 if calling from within Australia or +61 3 9415 4000 from outside Australia.

### WEBCAST

If you are unable to attend the AGM, you may view a live webcast of it on the Stockland website via [www.stockland.com.au](http://www.stockland.com.au)

### INFORMATION ABOUT STOCKLAND

You can read about Stockland's FY16 performance in the Shareholder Review, Annual Review and Financial Report available via [www.stockland.com.au/investors](http://www.stockland.com.au/investors)

### CONTACT DETAILS

#### Head office

Stockland  
Level 25, 133 Castlereagh Street  
Sydney NSW 2000

Toll free: 1800 251 813

T: (61 2) 9035 2000

#### Corporation/Responsible Entity

Stockland Corporation Limited  
ACN 000 181 733

Stockland Trust Management Limited

ACN 001 900 741

AFSL 241190

#### Share registry

Computershare Investor  
Services Pty Ltd

Level 4, 60 Carrington Street  
Sydney NSW 2000

Toll free: 1800 804 985

T: (61 3) 9415 4000

E: [stockland@computershare.com.au](mailto:stockland@computershare.com.au)



### GO ELECTRONIC FOR CONVENIENCE AND SPEED

Did you know you can opt to receive all or part of your securityholder communication electronically. You can change your communication preferences at any time by logging into [www.investorcentre.com/ecomms](http://www.investorcentre.com/ecomms) or by contacting Computershare on 1800 804 985.

# Ordinary Business

## OF THE COMPANY AND THE TRUST

### 1 FINANCIAL STATEMENTS AND REPORT

As required by section 317 of the Corporations Act, the Annual Financial Report, including the Directors' Report and Financial Statements for the year ended 30 June 2016, together with the Independent Auditor's Report will be laid before the meetings. The combined reports of the Company and the Trust for the year ended 30 June 2016 will also be laid before the meetings. No resolution is required for this item of business.

### 2 ELECTION OF DIRECTOR – MR STEPHEN NEWTON

*To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:*

“That Mr Stephen Newton is eligible and having offered himself for election, is elected as a Director of the Company.”

Mr Newton is currently a Director of BAI Communications Group, Gateway Lifestyle Residential Parks Group, VIVA Energy REIT Group and the University of Notre Dame Australia. He is also an Advisory Board Member, representing Alberta Investment Management Corp (Canada), of the Forestry Investment Trust, and Chairman of the Finance Council for the Catholic Archdiocese of Sydney. He is a former Director of Campus Living Funds Management Limited, Australand Property Group and Newcastle Airport Limited.

Mr Newton has deep executive experience across real estate investment, development and management and infrastructure investment and management. He is a Principal of Arcadia Funds Management Limited, a real estate investment management and capital advisory business he established in 2002. Prior to this, Mr Newton was the Chief Executive Officer – Asia/Pacific for the real estate investment management arm of Lend Lease Corporation and a member of the global senior executive management group. His career at Lend Lease spanned almost 23 years and included experience across residential development, retail shopping centres, and commercial and industrial property as well as real estate investment in Australia and overseas.

Mr Newton is a Member of the Institute of Chartered Accountants in Australia, the Australian Institute of Company Directors and the Stockland Sustainability Committee.

*The election of Mr Newton is unanimously recommended by the Board.*

### 3 RE-ELECTION OF DIRECTOR – MR BARRY NEIL

*To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:*

“That Mr Barry Neil, who retires in accordance with the Company's Constitution and, being eligible and having offered himself for re-election, is re-elected as a Director of the Company.”

Mr Neil was appointed to the Board on 23 October 2007 and has over forty years' experience in property, both in Australia and overseas. He is Chairman of Keneco Pty Limited and Bitumen Importers Australia Pty Limited, a Director of Terrace Tower Group Pty Ltd and was previously Director of Property for Woolworths Limited. He also served as Chief Executive Officer, Investment Division (1999 to 2004), and Executive Director (1987 to 2004) of Mirvac Limited. Mr Neil is Chairman of Stockland Capital Partners Limited, the Responsible Entity for Stockland's unlisted funds and a member of the Stockland Audit and Sustainability Committees.

*The re-election of Mr Neil is unanimously recommended by the Board.*

### 4 RE-ELECTION OF DIRECTOR – MS CAROL SCHWARTZ

*To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:*

“That Ms Carol Schwartz, who retires in accordance with the Company's Constitution and, being eligible and having offered herself for re-election, is re-elected as a Director of the Company.”

Ms Schwartz was appointed to the Board on 1 July 2010. She has extensive experience in business, property and community organisations. Ms Schwartz is on the Board of a number of organisations including Bank of Melbourne, Qualitas Property Partners and the Australian Chamber Orchestra. Her other appointments include Chair of the ASX-listed entity Temple and Webster, Chair of Our Community and Creative Partnerships, Australia, and Chair of Women's Leadership Institute Australia. Ms Schwartz serves on the Risk, Human Resources and Sustainability Committees.

*The re-election of Ms Schwartz is unanimously recommended by the Board.*

# Ordinary Business

## OF THE COMPANY AND THE TRUST

### 5 APPROVAL OF REMUNERATION REPORT

*To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:*

“That the Company’s Remuneration Report for the financial year ended 30 June 2016 be approved.”

Note – the vote on this resolution is advisory only and does not bind the Directors of the Company.

*The Directors unanimously recommend that securityholders vote in favour of this resolution.*

### 6 GRANT OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR

*To consider and, if thought fit, to pass the following resolution as separate ordinary resolutions of each of the Company and the Trust:*

“That approval is given for all purposes, including under the Corporations Act and the Listing Rules of ASX Limited, for:

- (a) the participation in the Stockland Performance Rights Plan by Mr Mark Steinert, Managing Director as to 619,579 performance rights as part of his 2017 financial year remuneration; and
- (b) the issue to and acquisition by Mr Mark Steinert, Managing Director of those performance rights and, in consequence of vesting of those performance rights, of Stockland Stapled Securities,

in accordance with the Stockland Performance Rights Plan Rules as amended from time to time and on the basis described in the Explanatory Statement on Items of Business accompanying the Notice of Meetings convening these meetings.”

*The Directors, other than Mr Steinert, unanimously recommend that securityholders vote in favour of this resolution.*

### 7 TERMINATION BENEFITS FRAMEWORK

*To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:*

“That approval is given for all purposes under the Corporations Act for the giving of benefits under Stockland Corporation Limited’s employment agreements, short term incentive arrangements, long term incentive arrangements and superannuation arrangements to a person by any of Stockland Corporation Limited, its related bodies corporate, or their associates or any superannuation fund in connection with that person ceasing to be a director or ceasing to hold a managerial or executive office or position of employment with Stockland Corporation Limited or any of its subsidiaries as described in the Explanatory Memorandum accompanying the Notice of Meetings convening these meetings.”

*The Directors, other than Mr Steinert, unanimously recommend that securityholders vote in favour of this resolution.*

Information concerning Resolutions 5, 6 and 7 is set out in the Explanatory Statement accompanying this Notice of Meetings.

By order of the Board



**KATHERINE GRACE**  
SECRETARY  
23 September 2016



# Background Information

## QUORUM AND VOTING

The constitution of the Company provides that at least five securityholders present in person or by proxy constitute a quorum. The constitution of Stockland Trust provides that at least five securityholders present in person or by proxy who together hold at least 20% of all Units entitled to vote represent a quorum. The quorum must be present at all times during the meetings.

If a quorum is not present within 30 minutes after the scheduled time for the meetings, the meetings will be adjourned. The Directors of the Company and of Stockland Trust Management Limited (“STML”), as Responsible Entity for the Trust, have decided that the adjourned meetings will be held immediately after the adjournment. Members present (being at least two) in person or by proxy 30 minutes after the commencement of the adjourned meetings will constitute a quorum.

On a show of hands each securityholder present in person or by proxy has one vote. On a poll:

- (a) in the case of a resolution of the Company, each shareholder has one vote for each share held in the Company; and
- (b) in the case of a resolution of the Trust, each unit holder has one vote for each \$1.00 of the value of the Units held in the Trust.

All of the resolutions to be put to the meetings are **ordinary resolutions** which must be passed by more than 50% of the total votes cast on the resolution by securityholders present in person or by proxy and entitled to vote.

## STAPLED SECURITIES

The Company and the Trust only have Stockland Stapled Securities on issue. A Stapled Security consists of a share in the Company and a unit in the Trust. These securities are “stapled” together and quoted jointly on the ASX.

## INDIVIDUALS

If you plan to attend the meetings, we ask that you arrive at the meeting venue at least 30 minutes prior to the designated time so we may validate the number of votes you hold, record your attendance and provide you with your voting cards.

## CORPORATIONS

In order to attend and vote on a show of hands at the meetings, a securityholder which is a corporation must appoint a person to act as its representative or appoint a proxy. The appointment of a corporate representative must comply with Sections 250D and 253B of the Corporations Act. The representative should bring to the meetings evidence of his or her appointment including any authority under which it is signed.

## VOTING ENTITLEMENTS

Pursuant to Corporations Regulations 7.11.37 and 7.11.38, and the ASTC operating rules, the Directors of the Company and of STML have determined that subject to the voting exclusions set out below, the holding of each securityholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting and the meeting of unit holders will be as it appears in the Share/Unit Register at 7pm (Sydney time) on Monday, 24 October 2016.

## VOTING EXCLUSIONS – RESOLUTION 5

A vote must not be cast (in any capacity) on Resolution 5 by or on behalf of the Company’s key management personnel (including the Directors) (“KMP”), details of whose remuneration are included in the Remuneration Report or their closely related parties, whether as a securityholder or as a proxy. However, a vote may be cast on Resolution 5 by a KMP, or a closely related party of a KMP (“voter”), if either:

- the voter is appointed as a proxy in writing that specifies how the proxy is to vote on Resolution 5 by a person who is not also a KMP or a closely related party of a KMP; or
- the voter is the chair of the meeting casting the vote as a proxy and their appointment expressly authorises the chair to exercise the proxy even though Resolution 5 is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

## VOTING EXCLUSIONS – RESOLUTION 6

A vote must not be cast on Resolution 6 by a KMP, or a closely related party of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 6. However, this voting exclusion does not apply if the person is the chairman of the meeting acting as proxy and their appointment expressly authorises the

chairman of the meeting to exercise the proxy even though Resolution 6 is connected directly or indirectly with the remuneration of a member of the KMP.

In accordance with the ASX Listing Rules, the Company and STML will disregard any votes cast on Resolution 6 by any Director of the Company or STML who is eligible to participate in the employee incentive scheme in relation to the Company or STML, in respect of which approval is sought, and any associate of those persons.

However, the Company and STML need not disregard a vote if:

- (i) it is cast by a person referred to above as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) 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 accordance with Section 253E of the Corporations Act, STML and its associates are not entitled to vote on any resolution of the Trust if they have an interest in the resolution other than as a member of the Trust.

## VOTING EXCLUSIONS – RESOLUTION 7

A vote must not be cast on Resolution 7 by a KMP, or a closely related party of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 7. However, this voting exclusion does not apply if the KMP is the Chairman of the Meeting acting as proxy and their appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if that item/resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Group.

If you appoint the Chairman of the Meeting as your proxy, and you do not direct your proxy how to vote on Resolution 7 on the proxy form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy even if Resolution 7 is connected directly or indirectly with the remuneration of a member of the key management personnel of the Group.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 7.

# Background Information

In addition, a vote on Resolution 7 must not be cast (in any capacity) by or on behalf of a person who may be entitled to receive a benefit in connection with that person's retirement from office, or position of employment, the subject of Resolution 7, or an associate of that person (a "relevant person"). However, a relevant person is entitled to cast a vote if:

- (i) it is cast by the relevant person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; and
- (ii) it is not cast on behalf of a relevant person or an associate of a relevant person.

## PROXIES

If you are unable or do not wish to attend the meetings, you may appoint a proxy to attend and vote on your behalf. A proxy need not be a securityholder.

If a securityholder is entitled to two or more votes they may appoint two proxies and may specify the number or percentage of votes each proxy is appointed to exercise. If no such number or percentage is specified, each proxy may exercise half the securityholder's votes.

If you appoint a body corporate as your proxy, the body corporate will need to appoint an individual as its corporate representative to exercise its powers at the meetings and provide satisfactory evidence of the appointment of its corporate representative prior to the commencement of the meetings.

If a securityholder appoints the Chairman of the Meeting as their proxy or the Chairman of the Meeting is appointed as the securityholder's proxy by default, and the securityholder does not mark a voting box for Resolution 5, Resolution 6 or Resolution 7, then by signing and returning the Proxy Form the securityholder will be expressly authorising the Chairman of the meeting to exercise the proxy in respect of the relevant resolution even though the resolution is connected with the remuneration of the KMP.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolutions 2 to 7.

## LODGING PROXY FORMS

Securityholders are able to lodge proxies by electronic means, by facsimile, or by mail. If securityholders wish to lodge their proxies by electronic means, they should do so through Stockland's Registry website ([www.investorvote.com.au](http://www.investorvote.com.au)).

Alternatively, securityholders may complete the enclosed proxy form and return it in the reply paid envelope provided. The proxy form must be lodged at Stockland's registered office or with Stockland's registry using the reply paid envelope or by posting, delivery or facsimile to:

**Stockland Security Registry**  
c/- Computershare Investor Services Pty Limited  
Level 4, 60 Carrington Street,  
Sydney NSW 2000  
GPO Box 242, Melbourne VIC 3001  
Facsimile No. (03) 9473 2555

**Stockland**  
Level 25  
133 Castlereagh Street  
Sydney NSW 2000  
Facsimile No. (02) 8988 2687

Proxy forms must be received no later than 2.30pm (Sydney time) on Monday, 24 October 2016.

The proxy form enables a securityholder to vote for or against, or abstain from voting on a resolution. A securityholder may direct the proxy holder how to vote in respect of each resolution.

## SUBMISSION OF WRITTEN QUESTIONS TO THE COMPANY, TRUST OR AUDITOR

A securityholder who is entitled to vote at the meetings may submit a written question to the Company, Trust or Auditor in advance of the meetings:

- (1) about the business of the Company or Trust;
- (2) about the Remuneration Report (see Explanatory Statement); or
- (3) if the question is directed to the Auditor, provided it relates to:
  - (a) the content of the Auditor's Report to be considered at the meetings;
  - (b) the conduct of the audit or the Auditor's independence; or
  - (c) the accounting policies adopted by Stockland in relation to the preparation of the Financial Statements.

All questions must be sent to and received by the Company no later than five (5) business days before the date of the Annual General Meeting. Any questions should be directed to [www.stockland.com.au/contact-stockland](http://www.stockland.com.au/contact-stockland).

# Explanatory Statement

This Explanatory Statement contains further information about the resolutions that will be considered at the Annual General Meeting of the Company and the meeting of the Trust to be held on Wednesday, 26 October 2016. The meetings are important. You should read this Explanatory Statement and the enclosed Notice of Meetings carefully and, if necessary, seek your own independent advice on any aspect about which you are not certain.

## ORDINARY BUSINESS OF THE COMPANY

### Resolution 5 – Approval of Remuneration Report

The Company is required by the Corporations Act to submit its Remuneration Report to securityholders for consideration and adoption by way of a non-binding resolution at the Meeting. This resolution is advisory only and does not bind the Directors of the Company.

Stockland's Remuneration Report can be found on pages 35 to 49 of the 2016 Annual Report via the Stockland website.

If the Remuneration Report receives a "no" vote of at least 25% at the Meeting (constituting a first strike), and then again at the 2017 Annual General Meeting (constituting a second strike), a resolution must be put to securityholders at the 2017 Annual General Meeting (spill resolution) as to whether another meeting of securityholders should be held within 90 days at which all Directors (other than the Managing Director) who were in office at the date of the relevant Directors' Report must stand for re-election. Stockland's Remuneration Report was approved by approximately 99% of securityholders who voted at the 2015 Annual General Meeting.

The Board views setting remuneration policies as one of its most important responsibilities – ensuring that Stockland's remuneration policies and practices are fair, responsible and competitive.

During this financial year there were no significant changes to Stockland's remuneration policies and practices.

The Chairman of the Meeting will give securityholders a reasonable opportunity to ask questions about or make comments on the Remuneration Report. Although this vote does not bind the Company, the Board intends to take into account securityholder feedback and the outcome of the vote when considering Stockland's future Remuneration Policy.

The Directors unanimously recommend that securityholders vote in favour of this resolution.

### Resolution 6 – Managing Director participation in the Performance Rights Plan ("PRP") as part of his 2017 financial year remuneration

The Board proposes to offer participation in the PRP to the Managing Director, Mr Mark Steinert, who is eligible to participate in the PRP as an Executive Director. Mr Steinert's participation in the PRP forms part of his usual remuneration arrangements and is consistent with his remuneration arrangements since commencing his role as Managing Director in 2013. Under Listing Rule 10.14, ASX requires that securityholders approve any acquisition of securities under an employee incentive scheme by a Director. Accordingly, securityholder approval is sought for the grant of 619,579 performance rights to Mr Steinert and in consequence of vesting of those performance rights, the acquisition of Stapled Securities by Mr Steinert, in accordance with the PRP Rules and on the terms and conditions summarised in this Explanatory Statement.

### Stockland remuneration policy

Stockland's remuneration policy aims to ensure executive remuneration is commensurate with the executive's position and responsibilities, competitive with market standards, linked with Stockland's strategic goals and performance, and aligned with the interests of securityholders. Remuneration consists of a fixed annual component and a performance related component (including participation in the PRP). The Directors of the Company and of STML (excluding Mr Steinert) believe that participation in the PRP by Mr Steinert, on the terms and conditions described below, is an appropriate equity based incentive given his responsibilities and commitment. In the Board's view, participation by Stockland senior executives in the PRP is an important part of the Board's strategy for retaining key talent and motivating them to improve Stockland's profit performance.

### Level of participation

The level of participation offered to Mr Steinert under the PRP has been determined with reference to market practice and within the framework of Stockland's remuneration philosophy as set out in the Remuneration Report. The Long Term Incentive ("LTI") amount for the Managing Director is 100% of fixed pay (which includes salary, superannuation and other employee benefits). The number of rights allocated

to all participants in the Performance Rights Plan was determined by dividing their LTI amount by the grant value of a performance right at 30 June 2016 (which was \$4.842), rounded to the nearest thousand. The grant value for Mr Steinert for the 2017 financial year is \$3 million.

### Performance conditions of proposed grants

- 1 The performance conditions will be measured over a three year period from 1 July 2016 to 30 June 2019 ("performance period").
- 2 The measures used to determine performance are Earnings Per Security Growth ("EPS Growth") and Total Securityholder Return ("TSR"). The vesting of one half of the performance rights granted to the Managing Director in respect of his remuneration for any financial year will be subject to the applicable EPS Growth condition, while the remaining half will be subject to the applicable TSR condition.

### Earnings Per Security Growth (EPS Growth)

As disclosed in the Notes to Stockland's Financial Statements Stockland announced in August 2016 that Funds From Operations ("FFO") would be its primary reporting metric. For new grants from 1 July 2016, earnings per security ("EPS") will be based on FFO per security. For awards in previous years, EPS has been based on Underlying Earnings.

EPS Growth is measured as the compound annual growth rate ("CAGR") for EPS (with respect to the year prior to grant) over the three year performance period. The actual CAGR for Stockland's EPS over the three year performance period is then compared to the prospective CAGR EPS target set and advised by the Board in the first year of the applicable performance period.

As part of the Board's review of Stockland's reward framework in 2012, it was agreed that for LTI grants after 1 July 2012, a three year CAGR for EPS will be set. The Board believes this approach will provide a more transparent basis for communicating the EPS performance hurdle to both securityholders and PRP participants. The prospective target for maximum or full vesting of the EPS Growth component of FY17 LTI awards is 6.5% CAGR ("EPS Target") or 37.5 cents per Stapled Security over the same period. The threshold hurdle for vesting to commence is a CAGR of 4.75% or 35.8 cents per Stapled Security over the same period.

# Explanatory Statement

The proportion of the EPS grant that vests will be as follows:

Compound Annual Growth Rate in EPS based on FFO over a 3 year period	Proportion of EPS related rights
Less than or equal to 4.75% CAGR	0%
Greater than 4.75% CAGR (threshold hurdle)	50%
Up to 6.5% CAGR	Proportion of EPS grant vesting increases in a straight line between 50% and 100%
6.5% (or more) CAGR (maximum target)	100%

## Total Securityholder Return (TSR)

TSR measures the growth in the price of securities plus cash distributions notionally reinvested in securities. In order for the TSR grant to vest, Stockland's TSR must be greater than the growth in the applicable TSR hurdle. The TSR hurdle is a weighted, composite TSR benchmark for a peer group comprising the 15 companies in the ASX/Australian Real Estate Investment Trust Index other than Westfield and Stockland ("Peer Benchmark"). Each of the six largest capitalised companies from the Peer Benchmark has been allocated a 13.33% weighting, while each of the other nine smaller capitalised companies has been allocated a 2.22% weighting.

TSR growth for Stockland and the companies in the Peer Benchmark will be calculated as follows:

- TSR will be measured over the performance period and calculated by an independent third party;
- For the purpose of this measurement, Stockland's security price and the Index will be averaged over the 30 days preceding the start and end date of the performance period;
- Dividends or distributions will be assumed to have been re-invested on the ex-dividend date; and
- Tax and any franking credits (or equivalent) will be ignored.

The proportion of the TSR grant that vests will be as follows:

TSR of Stockland compared to Index growth over the 3 year period	Proportion of TSR grant vesting
Less than or equal to the TSR Peer Index	0%
Greater than the TSR Peer Benchmark (threshold hurdle)	50%
Up to 10% greater than the TSR Peer Benchmark	Proportion of TSR grant vesting increases in a straight line between 50% and 100%
10% or more greater than the TSR Peer Benchmark (maximum target)	100%

## Other terms of the proposed grants

- 1 The number of rights which convert to Stockland Stapled Securities is determined at the end of the three year performance period based on the Board's assessment of actual performance against the applicable performance hurdles. 50% of securities immediately vest with the remaining 50% of securities subject to an additional 12 month vesting requirement post the performance period subject to continued employment with Stockland.
- 2 Disposal of Stapled Securities once released from the PRP will be subject to Stockland's securities trading policy.
- 3 If an employee leaves Stockland, any unvested performance rights lapse and are forfeited, except at the discretion of the Board in circumstances such as death, disability, retirement or redundancy. Where the Managing Director is terminated by Stockland other than for cause or retires by mutual agreement, unvested performance rights are pro-rated as a proportion of service during the vesting period, with the subsequent pro-rated unvested rights allowed to remain on foot and continue to vest on the due dates with vesting determined in accordance with original hurdles (subject to clawback under the Stockland clawback policy) and provided the Managing Director complies with the non-compete provisions in his executive services agreement.
- 4 The Board will not accelerate the vesting of any performance right in the event of a change in control of Stockland except to the extent that applicable performance conditions (determined as at the date of the change in control) have been satisfied.
- 5 Performance rights will not attract dividends/distributions and voting rights until they vest and Stapled Securities are allocated whether or not the Stapled Securities are subject to non-disposal restrictions.

## Grant Value

The grant value of \$4.842 for each FY2017 Performance Right is based on volume weighted average price for Stockland for the 10 days post 30 June 2016.

The use of this face value methodology replaces the accounting or fair value methodology used for past LTI awards and is in line with the existing approach for deferred STI awards.

## Maximum number of Stapled Securities

Subject to adjustment, each vested performance right will translate into one Stapled Security. Accordingly, the maximum number of Stapled Securities that may be acquired by Mr Steinert, for which securityholder approval under Resolution 6 is sought, is 619,579. The number of Stapled Securities to which a performance right relates will only be adjusted in the event of a bonus issue or reorganisation of Stapled Securities and only in accordance with the Listing Rules.

## Price payable on grant or exercise of performance rights

Mr Steinert will not be required to pay any amount on the grant or vesting of his performance rights. The performance rights are not transferable. The Company may fund a plan company or plan trust to acquire Stapled Securities on-market or to subscribe Stapled Securities at market value and transfer those Stapled Securities to executives in order to satisfy the Company's obligations under the PRP. Alternatively, the Company may procure the direct issue of Stapled Securities to executives for no payment in satisfaction of its obligations under the PRP.



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### Name of the Executive Director who received Performance Rights under the last approval

Mr Steinert is the only person referred to in Listing Rule 10.14 who is entitled to participate in the PRP. Since approval was last obtained under Listing Rule 10.14 at Stockland's 2015 meeting, 750,000 performance rights were granted to Mr Steinert for nil consideration shortly after the 2015 meeting.

### Date by which grants of performance rights may be made

The proposed grants of performance rights to Mr Steinert will be made as soon as practicable after securityholder approval is obtained, and in any event no later than 12 months after this meeting.

### Current remuneration of the Executive Director

Details of the remuneration of Mr Steinert for the year ended 30 June 2016 and his holding of Stapled Securities is set out in the Remuneration Report section of the 2016 Annual Report on pages 35 to 49.

### Requirements for approval

Securityholder approval of the above participation in the PRP by Mr Steinert and his acquisition of performance rights, and of Stapled Securities on vesting of those performance rights is sought for all purposes under the Corporations Act and the Listing Rules of ASX including under Listing Rule 10.14, as an entity must not permit securities to be acquired by a related party (such as a Director or a company controlled by a Director) under an employee incentive scheme without the approval of securityholders. Accordingly, approval of securityholders is sought for the purpose of Listing Rule 10.14 to enable Mr Steinert to acquire performance rights, and, on vesting of those performance rights, Stapled Securities, by the issue or transfer Stapled Securities to Mr Steinert.

### Recommendations of the Directors of the Company

The Directors of the Company and STML, excluding Mr Steinert, unanimously recommend that securityholders vote in favour of Resolution 6 for the reasons set out below:

- (i) the Directors believe the proposed equity incentives are necessary to attract and retain key executive talent;

- (ii) the Directors believe the total remuneration arrangements are fair and reasonable and consistent with ASX Corporate Governance Guidelines – Principle 8; and
- (iii) the equity incentives proposed align the interests of the Managing Director with the interests of securityholders.

Copies of the PRP Rules are available on the Stockland website [www.stockland.com.au](http://www.stockland.com.au).

### Resolution 7 – Termination Benefits Framework

The Company is seeking securityholder approval for the benefits that may be payable to the Managing Director, Senior Executives, General Managers and Senior Managers (“**executives**”) of Stockland when they cease to hold an office or position of employment with Stockland.

The following information sets out the retirement benefits that may be payable to executives in the event they cease to hold office as a director or their employment with Stockland, how the retirement benefits will be payable, and the matters, events and circumstances that may affect the calculation of the value of the retirement benefits. Securityholder approval of the benefits that may be payable to executives when they cease to hold an office or position of employment with Stockland was last obtained at the 2012 AGM (“**2012 Approval**”). The 2012 Approval was expressed to be for a period of four years, expiring at the end of the 2016 AGM. The approval sought under this resolution is to refresh the approval of Stockland's retirement benefits framework for a further four years.

### Who this resolution affects

Approval is sought for the retirement entitlements or benefits of persons who either now or in the future hold a “managerial or executive office” (as defined in section 200AA(1) of the Corporations Act) in Stockland which includes a person:

- who is a director of any Stockland entity; or
- whose remuneration details are included in Stockland's Remuneration Report

and includes any person who held such an office in the three years prior to ceasing employment with, or ceasing to be a director of, any Stockland company. As at the date of the Notice of Meetings, approximately 150 employees of Stockland hold a “managerial or executive office” within the meaning of the Corporations Act.

### Remuneration framework

This section describes the key features of the Stockland's current remuneration framework to provide background for the retirement benefits which may be received by executives. Stockland's remuneration structure has three components:

- Fixed remuneration (“**Fixed Pay**”). Includes salary, superannuation and salary sacrifice items.
- Performance based pay, or short-term incentives (“**STI**”). STI is awarded in two forms:
  - Cash Awards – Cash payment paid in the August following the relevant performance year. A maximum of one-half of the Managing Director's and two-thirds of the executives' STI awards (less for outperformance) are to be in the form of cash with the balance being Deferred STI.
  - Deferred STI Awards – Stockland Stapled Securities granted under the Employee Securities Plan (“**ESP**”) which vest over two years following the performance year. At least one-half of the Managing Director and one-third of executives' STI awards (more for outperformance) are to consist of Deferred STI awards.
- Long-term incentives (“**LTI**”) – LTI awards are paid in the form of performance rights granted under Stockland's Performance Rights Plan (“**PRP**”). Performance rights will ordinarily vest or lapse based on Stockland's performance against specified performance and/or service hurdles over a three year performance period. For the Managing Director and Senior Executives, all LTI is subject to performance hurdles, for General Managers, LTI is subject to a combination of performance and service hurdles and for Senior Managers LTI is subject to service only hurdles.

Further details of Stockland's remuneration framework are provided in the Remuneration Report.

# Explanatory Statement

## Termination benefit approval – Part 2D.2.2 of the Corporations Act

The Corporations Amendment (Improving Accountability on Termination Payments) Act 2009 introduced significant changes to the Corporations Act with effect from 24 November 2009. Under Part 2D.2.2 of the Corporations Act, the Company, its associates and any prescribed superannuation fund in connection with the Company are prohibited from giving a person who holds a “managerial or executive office” a benefit in connection with their retirement from an office or position of employment in Stockland unless securityholders approve the giving of the benefit or an exemption applies.

## Benefits that require securityholder approval and benefits that are exempt

“Benefit” is defined broadly in the Corporations Act to include most forms of valuable consideration. Retirement benefits under the Corporations Act include a range of payments or benefits given in connection with a person ceasing to hold an office or position of employment including termination payments or other benefits such as an accelerated or automatic vesting of share-based payments at or due to retirement.

There is an exception to the prohibition on the provision of benefits where the value of the benefits do not exceed one year’s fixed pay (as calculated in accordance with the Corporations Act) (“**Exempt Benefits Cap**”). In addition, there are certain benefits which are excluded from the definition of “benefit” under the Corporations Act and will not require securityholder approval. These include:

- certain types of “deferred bonuses”, including a bonus which is attributable to the release of a deferred bonus from a restriction due to death or incapacity;
- genuine superannuation contributions paid by an employer or employee on or after 24 November 2009;
- genuine accrued benefits, such as accrued untaken annual leave, payable under an Australian law; and
- reasonable payments made in accordance with a policy that applies to all employees as a result of a genuine redundancy having regard to a person’s length of service.

## Reasons why securityholder approval is being sought

Securityholder approval is sought for certain benefits under Stockland’s remuneration framework which will be defined as retirement benefits for the purposes of the termination benefits legislation.

In some circumstances where a person ceases to hold an office or position of employment in Stockland, their benefits will be within the payment limits or otherwise exempt from the termination benefits provisions under the Corporations Act. However, it is not possible to determine in advance the monetary value of the potential benefits that would be received by any particular executive at some point in the future.

The securityholder approval sought will cover the following benefits which executives may potentially receive under their contracts of employment with Stockland companies and the policies and incentive plans of Stockland:

- (i) payment in lieu of notice of termination under individual executive contracts of employment;
- (ii) in the case of a Managing Director, a Senior Executive or General Manager, where employment terminates unrelated to performance or conduct, a termination payment (which also satisfies any entitlement to notice in lieu of termination and redundancy payment) and in the case of a Senior Manager, any redundancy benefits under Stockland’s redundancy policy which forms part of individual executive contracts of employment;
- (iii) the cash component of STI awards (in exceptional circumstances; see below);
- (iv) the vesting of some or all of the securities granted under the ESP (ordinarily unvested deferred STI awards will lapse on an executive ceasing to be an employee, however, the Board retains discretion to review this in certain circumstances where termination is initiated by Stockland, such as in the case of redundancy);
- (v) the vesting of some or all of the performance rights granted under the PRP, and any release of securities under the Stockland \$1,000 Plan; and
- (vi) superannuation benefits.

## Approval is sought for a four-year period

As with the 2012 Approval, if securityholder approval is obtained by Resolution 7 being passed, it will be effective for a period of four years from the meeting. That is, the securityholder approval will be effective:

- in relation to any performance rights granted under the PRP or Stockland securities granted under the ESP; or
- if Stockland or the Board exercises certain discretions under the rules of the PRP or ESP; or
- an executive ceases employment with Stockland,

during the period beginning at the conclusion of the meeting and expiring at the conclusion of the Stockland Annual General Meeting in 2020. If considered appropriate, the Board will seek a new approval from securityholders at the Stockland Annual General Meeting in 2020.

The relevant percentage of total remuneration of an executive which is awarded as STI and LTI awards is important in assessing the potential value of the executive’s termination benefits on termination of that executive’s employment relative to their Exempt Benefits Cap. Full details of the application of total remuneration to fixed pay, STI and LTI awards for Managing Director and Senior Executives is set out on pages 35 to 49 of the 2016 Annual Report.

Securityholders should reasonably anticipate that aspects of the Company’s employment arrangements, including executives’ LTI and STI opportunities as a percentage of their Fixed Pay, will be amended from time to time during the four year period to which this approval relates. This is in line with market practice and changing governance standards and, where relevant, these changes will be reported in Stockland’s Remuneration Report. However, it is intended that the approval set out in Resolution 7 will remain valid throughout the four year period of the approval for as long as the employment arrangements provide for the treatment on cessation of employment as set out in these explanatory notes.

### Details of termination benefits

This section describes the manner in which the amount or value of the potential termination benefits of executives of Stockland who hold a managerial or executive office are to be calculated and the matters, events or circumstances that will, or are likely to, affect the calculation of the value of that benefit.

#### (a) Payment in lieu of notice of termination

Notice of termination is a contractual entitlement provided for in each executive's employment contract. The required notice period for the Managing Director is six months, for Senior Executives it is three months and for other executives it varies between four weeks and three months.

Notice of termination may be given by either the executive or Stockland at any time. During any period of notice, whether the notice has been given by either Stockland or the executive, Stockland has discretion to make a payment in lieu of all or part of the notice period.

Payment will only be made in lieu of notice in appropriate circumstances.

Where an executive is terminated as a consequence of their misconduct or serious or persistent breach of contract (termination for cause), Stockland may terminate their employment immediately without notice or any payment in lieu of notice.

The amount of the payment in lieu of notice, if any, will be calculated on the executive's fixed pay (as at the termination date) for any part of the notice period the executive is not required to continue to be employed by Stockland. The amount of these payments can only be determined once notice is given. Accordingly, the amount of any payment in lieu of notice cannot be ascertained as at the date of the Notice of Meetings as neither the period nor the particular executive's fixed pay at the termination date are currently known. However, in all cases the notice period will not exceed the contractual periods described above.

Key matters, events or circumstances which will, or are likely to affect the calculation of the payment in lieu of notice include:

- the executive's fixed pay at the time of termination which will be set on an annual basis following the executive's remuneration review and will be in accordance with Stockland's remuneration policy (current fixed pay details for the Key Management Personnel for FY16 are disclosed in Stockland's Remuneration Report);
- the length of the notice period for which payment is being made;
- who gave the notice of termination and the executive's future employment plans – for instance, an executive who presents a business risk by working through their notice period will most likely receive payment in lieu of notice; and
- whether Stockland's operational requirements at the time notice is given require the executive to work through part or all of their notice period.

#### (b) Termination payment/ Redundancy payment

If the employment of the Managing Director, a Senior Executive or a General Manager is terminated by Stockland other than for reason of their performance or conduct, they are entitled to a single termination payment under their individual contract of employment. This termination payment also satisfies any entitlement the executive may have to any unpaid payment in lieu of notice and any entitlement to a redundancy payment. The termination payment for the Managing Director or a Senior Executive is 12 months fixed pay and for a General Manager is either six or nine months fixed pay (varies by individual employee). In addition, in this circumstance, the executive will be entitled to a pro-rata STI payment for the then current financial year.

Given the termination payment arrangement applicable to the Managing Director, Senior Executives and General Managers, the Stockland redundancy policy only applies to Senior Managers (and other employees).

Senior Managers are entitled to a redundancy payment (in addition to notice of termination) in accordance with Stockland policy where their role is made redundant and Stockland does not offer, or procure an offer of, comparable alternative employment for the executive. A redundancy occurs where a Senior Manager's position ceases to exist due to operational requirements and is not due to any fault on the part of the individual executive.

The redundancy policy provides for a severance payment equal to two weeks' pay for each six months of service or part thereof in the event of redundancy, calculated by reference to the executive's fixed pay as at the date of redundancy. Severance payments for redundancy are capped at a maximum of 52 weeks fixed pay.

Accordingly, because the amount of the redundancy payment is determined by reference to the employee's period of service with Stockland and their fixed pay at the redundancy date, the amount of any redundancy payment cannot be ascertained as at the date of the Notice of Meetings.

The key matters, events or circumstances which will, or are likely to affect the calculation of the redundancy payment include:

- the length of an employee's period of service with Stockland at the time of redundancy; and
- the employee's fixed pay as at the date of redundancy which will be set on an annual basis following the executive's remuneration review and will be in accordance with Stockland's remuneration policy.

#### (c) Short-term incentives – Cash STI awards and Deferred STI awards

All executives who have greater than three months' service with Stockland are entitled to receive an STI award. STI awards are made on an annual basis with any cash STI awards paid in August/September. The maximum amount an individual may receive as an STI award (i.e. their STI Opportunity) is based on a percentage of Fixed Pay and varies by job level. The current Target STI and maximum STI Opportunity percentages for executives are set out below. The maximum STI opportunity for the Managing Director and Senior Executives will increase from 125% to 150% effective from the FY17 performance year. There is no change to the quantum of Target STI Opportunity. The Board may adjust these Target STI and STI Opportunity percentages for executives in the future having regard to STI percentage, LTI percentage and fixed pay.

# Explanatory Statement

Job Band	Target STI (as percentage of Fixed Pay)	Maximum STI Opportunity as a percentage of target
Managing Director	100%	0% to 150%
Senior Executives	80% to 90%	0% to 150%
General Managers	45%	0% to 200%
Senior Managers	30%	0% – 200%

A proportion of an executive's STI must be compulsorily deferred into Stockland securities (granted under the ESP as Deferred STI awards which will ordinarily vest 50% one year after grant and the remaining 50% two years after they are granted). This is designed to further align remuneration outcomes with securityholders as follows:

Job Band	Percentage of STI awarded as Deferred STI	
	Up to and including target STI	Above target STI
Managing Director	50%	100%
Senior Executives	33.3%	100%
General Managers	33.3%	50%
Senior Managers	33.3%	33.3%

The total amount of all STI awards granted to Stockland employees is subject to the size of the STI pool. The size of the STI pool is based on the Board's assessment of Stockland's performance against its Corporate Balance Scorecard which relate to the following categories:

- Business/Financial
- Customer/Stakeholder and Sustainability
- People and Leadership
- Operational Excellence and Risk Management.

The recommended STI pool is reviewed and approved by the Board having regard to performance, risk and financial factors.

STI outcomes for individual executives are recommended by the executive's manager (or in the case of the Managing Director, the Human Resources Committee) after consideration of their performance against their pre-determined objectives and the size of the relevant year's STI pool.

Recommendations are calibrated across the businesses to ensure consistency and are subject to review and approval by the Executive Committee and HR Committee and for the Managing Director by the Board.

Cash based STI awards are normally only payable where the executive remains employed and has not submitted notice of resignation until the applicable date of payment for the relevant financial year. However, the Board retains discretion to award an executive a portion or all of their cash STI payment in certain limited circumstances, such as redundancy.

Unvested Deferred STI awards will ordinarily lapse on an executive ceasing to be an employee; however, the Board retains discretion to review this in circumstances where termination is initiated by Stockland. The Board may exercise its discretion to vest all Deferred

STI awards in the event of retirement, death or total and permanent disablement. Other circumstances where the Board may consider that the vesting of the deferred STI award to the executive is reasonable and warranted in all of the circumstances include where the executive's position is made redundant or where other personal or business circumstances exist. The amount of any deferred STI award that vests in these circumstances cannot be ascertained as at the date of the Notice of Meetings.

In the case of a Managing Director, a Senior Executive or General Manager, where Stockland terminates their employment unrelated to performance or conduct or the executive retires, they may be awarded a STI (based on the completed months of service for the relevant STI period, and in the case of the Managing Director a minimum of six months equivalent to their notice period and determined by Stockland based on their performance in the financial year to the time of ceasing employment).

In the case where the Managing Director is terminated by Stockland other than for cause or retires by mutual agreement, all Deferred STI awards will remain on foot and continue to vest on the due dates (subject to clawback under the Stockland clawback policy) and provided the Managing Director complies with the non-compete provisions in his or her executive service agreement.

Key matters, events or circumstances which will, or are likely to affect the calculation of the cash STI payment made to an executive, or the value of the Deferred STI award that will vest on an executive's termination, include:

- executive's seniority level, role, responsibilities and performance;
- the circumstances in which the executive leaves Stockland;
- the achievement by the executive of their relevant objectives;
- the executive's fixed pay which will be set on an annual basis following the executive's remuneration review and will be in accordance with Stockland's remuneration policy;
- the executive's target STI opportunity for the relevant year which will be set each year by the Board in accordance with Stockland's remuneration policy; and
- the proportion of the financial year or, in the case of Deferred STI awards, the deferral period served by the executive.

#### (d) Long-term incentives – Performance Rights under the PRP and any participation in the Stockland \$1,000 Plan

Under the PRP, Stockland grants performance rights to participating employees. Each performance right constitutes a right to have a Stockland security registered in the name of the relevant participating employee. Further details of the PRP are provided in the Remuneration Report.

The LTI participation is set by reference to fixed pay and varies by job level and is currently as follows:

Job Band	LTI participation (as percentage of Fixed Pay)
Managing Director	Up to 200%
Senior Executives	Up to 120%
General Managers	Up to 35%
Senior Managers	Up to 10%



The LTI participation as a percentage of Fixed Pay for the Managing Director, Senior Executives and General Managers was adjusted with effect from FY17 to recognise the change in the approach to grant value of LTI awards from a 'fair' or accounting value to a 'face' value approach using the volume weighted average price of Stockland securities for the 10 days after 30 June in the year of award. The number of rights awarded to executives using the 'face' value approach will remain similar to the number that would have been awarded under previous 'fair' or accounting approach.

The Board may adjust the LTI participation percentage of the Managing Director, Senior Executives, General Managers and Senior Managers in the future having regard to other adjustments to mix of LTI percentage, STI percentage and fixed pay.

The potential retirement benefits which may be received by executives under the PRP include the accelerated vesting of performance rights or the non-lapse of performance rights approved by the Board in accordance with the rules of the PRP.

Under the PRP, on the termination of an executive's employment<sup>1</sup> the Board may, in its absolute discretion, decide that all or a portion of the unvested performance rights held by an executive:

- are to vest in certain circumstances specified in the PRP; or
- remain outstanding, and not lapse (i.e., the performance rights will vest or lapse at the end of the performance period as if the executive's employment had not been terminated).

The Board will usually only exercise its discretion to vest all unvested performance rights in the event of death or total and permanent disablement. In other circumstances, the Board will generally only exercise its discretion such that any unvested performance rights will vest on a pro-rata basis based on the period of service to the date of termination. In the case of performance rights subject

to performance hurdles ("hurdled rights") measured against relative TSR and/or EPS growth, the performance rights may be allowed to remain on foot for the remainder of the measurement period, with subsequent vesting determined in accordance with the original hurdles.

LTI awards for Senior Managers and a portion of LTI awards for General Managers include performance rights whose only hurdle is ongoing service ("restricted rights"). In the case of restricted rights, the Board may exercise its discretion to vest all restricted rights awards in the event of retirement, death or total and permanent disablement. Other circumstances where the Board may consider that the vesting of the restricted rights award to the executive is reasonable and warranted in all of the circumstances include where the executive's position is made redundant or where other personal or business circumstances exist. The amount of any restricted rights award that vests in these circumstances cannot be ascertained as at the date of the Notice of Meetings.

In the case where a Managing Director is terminated by Stockland other than for cause or retires by mutual agreement, all unvested performance rights will remain on foot and continue to vest on the due dates (subject to clawback under the Stockland clawback policy) and provided the Managing Director complies with the non-compete provisions in their executive service agreement.

The exercise of a discretion by the Board to accelerate the vesting of performance rights, or for performance rights to remain outstanding, on the termination of an executive is potentially a termination benefit to which the termination benefits provisions of the Corporations Act apply. The value of any such benefit cannot be ascertained as at the date of the Notice of Meetings. The value of the benefit will depend on:

- the number of performance rights granted and held by the participant under the PRP;

- the number of performance rights held by the participant which the Board determines should vest (which may be a portion or all of the performance rights determined at the Board's absolute discretion);
- the number of performance rights held by the participant which the Board determines should remain outstanding (which may be a portion or all of the performance rights determined at the Board's absolute discretion); and
- the market price of the Stockland securities.

Key matters, events or circumstances which will, or are likely to affect the calculation of the value of any accelerated vesting, or non-lapse, of performance rights (including the number of performance rights that vest, remain outstanding and lapse) include:

- the financial performance of Stockland and the business or support area in which the participant works;
- the personal performance of the relevant participant each year;
- the seniority level and geographic location of the participant; and
- the circumstances in which the participant leaves Stockland.

It is possible that an executive may have participated in the Stockland Tax Exempt Employee Security Plan ("**\$1,000 Plan**") prior to being appointed as an executive. Under that plan an employee may receive up to \$1,000 of Stockland stapled securities which are automatically released from the \$1,000 Plan on the earlier of three years from the date of acquisition or termination of employment for any reason.

<sup>1</sup> This would include where the Stockland entity which employs the executive ceasing to be an entity in Stockland or its business being transferred to a non-Stockland entity.

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**(e) Superannuation**

Stockland makes the compulsory superannuation contributions required by law (currently 9.5% subject to the maximum contribution base which is indexed annually) on behalf of executives into complying funds plus additional contributions by way of salary sacrifice as instructed by any executive.

Currently, Stockland does not contribute more than the statutory contribution of an executive's base salary as an employer superannuation contribution although executives may choose to salary sacrifice additional employer contributions.

There is potential for the payment of superannuation benefits to a person holding a managerial or executive office to be regarded as a retirement benefit payable in connection with the person ceasing to hold an office or position of employment in Stockland, and thus the payment of those superannuation benefits may be subject to the approval requirements in Part 2D.2.2 of the Corporations Act.

The value of an executive's superannuation benefit on retirement (at least to the extent these are referable to Stockland) will be equal to the superannuation contributions made by Stockland to the executive's nominated superannuation fund plus, in relation to these contributions, any earnings and any capital growth or loss, less taxes and fees. The value of any such benefit cannot be ascertained as at the date of the Notice of Meetings.

Key matters, events or circumstances which will, or are likely to affect the value of superannuation benefits include:

- legal requirements regarding the minimum compulsory superannuation contributions which may increase over time;
- the executive's fixed pay which will be set on an annual basis following the executive's remuneration review and will be in accordance with Stockland's remuneration policy;
- any voluntary salary sacrifice contributions made by the executive; and
- any earnings and capital growth or loss, less taxes and fees, on Stockland's compulsory superannuation contributions.

The Directors, other than Mr Steinert, unanimously recommend that securityholders vote in favour of this resolution.

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**Stockland Corporation Ltd**

ACN 000 181 733

**Stockland Trust  
Management Limited**

ACN 001 900 741; AFSL 241190

**As responsible entity  
for Stockland Trust**

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