The next item for consideration is the resolution to approve the 2014 Remuneration Report which is contained in the Directors Report.

As securityholders will know, this is an advisory, non-binding resolution, but your Board takes into consideration the views of our investors on the important subject of executive remuneration policy.

Last year around 99 per cent of votes cast supported Stockland’s Remuneration Report. This year, we have made no material changes to our executive remuneration policies. All of the new senior executives appointed to our Executive Committee in FY14 have commenced on lower base salaries than their predecessors. Also, there were no changes to base directors fees during FY14, and none are planned in FY15, making this the third year in which base fees for directors have remained unchanged. During FY14 we did, however, make a couple of modest increases to the committee fees paid to the hardworking members and chairs of our Human Resources and Risk Committees, in line with market benchmarks, reflecting the increased workload of those board committees.

Aggregate group-wide short term incentive awards were higher in FY14, reflecting our higher profit performance and the achievement of both financial and non-financial goals by executives and employees throughout our business. In total, the bonus pool for the whole company increased from $21.5 million to $27.4 million, an increase of $5.9 million. This total bonus pool remained below the self-imposed cap we set two years ago that total bonuses would not exceed 5.0 per cent of Underlying Earnings. I note that during FY14 Stockland’s total securityholder return, including distributions paid and increase in stock price for the group, was 20.5 per cent.

Following new policies adopted in 2012, a material proportion of annual short-term incentive awards to senior executives are made in the form of Stockland securities which do not immediately vest but are retained and vest over a two-year period, and
will be forfeited if those executives resign. To illustrate, in the case of our managing
director who was in FY14 awarded 110 per cent of target bonus (versus a maximum
125 per cent), more than half of that award will be in the form of securities with
defered vesting.

In FY14, no vesting occurred under our Long-Term Incentive Plan for grants made in
FY12 because, over the three years from FY12–FY14, neither the earnings per
share hurdle (which governs 50 percent of the awards) nor our total securityholder
return hurdle (which also governs 50 percent) were achieved, despite our total
shareholder return over these three years being almost 40 percent. It is now several
years since any benefits vested under our long-term incentive plan largely due to the
company’s fall in profitability in the FY12-13 period. I remind securityholders that
any awards that may be made under these long-term incentives plans vest over
three and four year periods, and we on the Board sincerely hope that these awards
will resume in future years as the company’s earnings and relative performance
improve.

In respect of the FY15 grants under our Long-Term Incentive Plan, we have set
compound annual earnings per security target for at vesting at the minimum level of
4.5 per cent. For full vesting, our earnings must grow at a compound annual rate of
6.25 per cent, or over 19 per cent over the next three years.

Ladies and gentlemen, I believe that our remuneration policies at Stockland are well-
designed to attract talented executives, to retain their commitment and motivation,
and to ensure that their compensation is sensibly aligned with the value being
created for our securityholders. I believe our remuneration policies have
demonstrated this alignment over a good many years and accordingly I commend
the Remuneration Report to you.