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## ASX/Media Release

### STOCKLAND ANNOUNCES OUTCOMES OF EXECUTIVE REMUNERATION REVIEW

The Stockland Board today announced the key outcomes of a comprehensive review of the group's executive remuneration policies.

The Board commenced a review last year to more closely align executive remuneration with the interests of securityholders and to ensure Stockland's policies reflect best practice.

The key outcomes of the review, which are applicable to all Key Management Personnel (KMP), are:

- Maximum potential Short Term Incentive (STI) reduced from 200% to 125% of Target STI
- At least one-third of any STI awarded will be in Stockland securities with deferred vesting
  - 100% of any STI awarded above Target performance will be deferred
  - 50% of any deferred STI awarded will vest at the end of year two and 50% will vest at the end of year three
  - to facilitate the introduction of STI deferral, the total reward mix for KMP (not the Managing Director) will be realigned by increasing Target STI by 10% of Fixed Pay and decreasing the Long Term Incentive (LTI) by 10% of Fixed Pay
- For new LTI awards, vesting of 50% of LTI awarded will be extended from three to four years (with hurdles based on a three year performance period)
- Three year EPS growth hurdle applicable for all employee LTIs will be set by the Board and communicated in advance in the Remuneration Report
- New and broadly-framed clawback provisions will apply to all future unvested deferred STI and LTI awards

The total STI pool available for all employees will not exceed 5% of Underlying Profit and will be set by the Board based on its assessment of Company performance against a corporate balanced scorecard which will be set out in the company's Remuneration Report.

All STI changes for KMP, including STI deferral, will be effective in FY12 with other changes effective in FY13. For FY12 Stockland has already communicated a 6% EPS target for STI purposes which, based on our current guidance, will not be achieved. Therefore, the EPS component of STI will not be earned, amounting to 40% of the total potential STI for the Managing Director.

Furthermore, subject to securityholder approval at the AGM in October, the Board and Managing Director have agreed the following changes to the Managing Director's employment arrangements:

- No increase in Fixed Pay for FY13
- No change in total reward mix of 34.5% Fixed Pay and 65.5% variable pay (STI and LTI)
- Maximum possible STI reduced from 200% to 125% of Fixed Pay
- Payment in the event of company-initiated termination reduced to 12 months Fixed Pay plus STI for his six month notice period (currently 1.5 times fixed pay plus 1.5 times STI)
- Unvested deferred STI and LTI continue to original vesting dates post employment, subject to forfeiture in the event of clawback, compliance with new non-compete provisions and achieving applicable LTI performance hurdles

As part of the review process the Board also considered other key elements of Stockland's policies and confirmed the following:

- LTI hurdles will remain three year relative TSR (50%) and three year EPS growth (50%), being the most appropriate LTI performance measures for Stockland
- There will continue to be no re-testing of LTI hurdles
- Executives do not receive distributions for unvested LTI awards during the three year performance period
- KMP will continue to be required to maintain a minimum securityholding equal to two times Fixed Pay for the Managing Director and one times Fixed Pay for other executives for LTI securities awarded after 1 July 2010

Stockland Chairman Graham Bradley said: "The changes we are announcing today represent a comprehensive restructure of our remuneration policies and practices. They demonstrate our commitment to ensuring Stockland's executive pay is fair and competitive and properly reflects management's achievements to create value for securityholders.

"The Board's review was very thorough. We have listened to feedback from our securityholders, analysed recent trends in market practice globally, and received independent advice addressed directly to the Board from remuneration specialists. We are confident our new remuneration policies will be effective and that they reflect best practice.

"The new arrangements agreed with the Managing Director under his ongoing terms of employment demonstrate Mr Quinn's strong commitment to Stockland and clearly reflect investor expectations that remuneration arrangements are appropriate and performance-based.

"In addition to making the changes outlined above, we also re-confirmed that our fixed pay arrangements for KMP are set at market-referenced levels around the 50<sup>th</sup> percentile for the top 50 ASX-listed companies."

Stockland's complete remuneration policies and outcomes will be set out in its FY12 Remuneration Report.

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