

## Remuneration policy

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### 1.0 Purpose

The purpose of this policy is to support and drive achievement of strategic objectives, focusing employees on delivering sustainable, superior Shareholder returns in line with strategic intent. It also assists the Company to attract, retain, motivate and reward employees to deliver superior performance.

### 2.0 Guiding principles

- > We are a performance driven organisation and are committed to rewarding performance through pay.
- > We provide variable pay mechanisms to reward premium performance with premium pay.
- > We align performance expectations to our business strategy, key result areas and values.
- > We aim to deliver pay outcomes that are competitive with our relevant external markets.
- > We aim for remuneration decision-making to be applied consistently and objectively, Company-wide.
- > We disclose our remuneration management approach to employees, investors and other external stakeholders.
- > We consider affordability and our wider financial performance in delivering remuneration outcomes.

### 3.0 Remuneration market

In assessing the competitiveness of our remuneration packages we benchmark against the New Zealand private sector. We consider the New Zealand property and property investment markets when benchmarking property specialist roles.

We access market data from several remuneration consultancies to underpin our remuneration decision-making, using a benchmark job matching approach. The most relevant matches for roles are sought. Where a strong match is not available, we will from time to time undertake commissioned research.

### 4.0 Market positioning

Our remuneration management is underpinned by assessing our current positioning against the median (50th percentile) of the market for fixed remuneration (value of base salary + benefits). For executive and business critical roles, the upper quartile (75<sup>th</sup> percentile) may be used to enable competitiveness in the market.

Fixed remuneration is generally set between 85% and 115% of the median (+/- 15%) to provide flexibility in rewarding relative competency experience levels, while remaining market aligned.

Individuals that are developing in a role are expected to be paid at the lower end of the range, competent performers at the midpoint and highly competent performers at the upper end of the pay range. The 15% premium to the median will generally approximate the 75<sup>th</sup> percentile of the market.

We also consider our alignment with total remuneration (fixed remuneration + short-term incentive) to ensure market competitiveness.

While the median is a starting point in our consideration of fixed remuneration, our aim, through total remuneration, is to ensure premium performance is rewarded with premium pay.

## 5.0 Remuneration and Nominations Committee

The Remuneration and Nominations Committee (RNC) is a subcommittee of the Board of Directors of the Company.

The principal purpose of the RNC is to assist the Board to confirm there are appropriate remuneration policies and practices in place to ensure the Company continues to attract and retain top talent at all levels of the organisation. Specifically, the RNC assists the Board in the following areas of remuneration governance:

- > the establishment of remuneration policies and practices to ensure the Company continues to attract and retain top talent at all levels
- > discharging the Board's responsibilities in relation to setting and reviewing the remuneration of Directors, the Chief Executive Officer and direct reports to the Chief Executive Officer

The RNC discharges its responsibilities by making recommendations to the Board and reporting back on all material matters and issues requiring decisions.

The full responsibilities of RNC are detailed in the RNC Charter.

## 6.0 Performance framework

Our performance framework supports managers' ability to make objective remuneration decisions. Managers make remuneration decisions based on agreed guidelines and policy. Performance and remuneration outcomes are assessed across the company by the GM People and Communications and the Chief Executive Officer to ensure consistency.

## 7.0 Remuneration structure

Our remuneration structure is designed to attract, retain, motivate and reward employees to deliver premium performance aligned to our strategy, our business objectives, Shareholders' interests and investment performance.

Reward element	Description	Purpose
<b>Fixed remuneration</b>	> Base salary + benefits	> Reward for performance of the whole job
	> (The majority of our fixed remuneration is paid in cash).	> Recognises skills, competence experience level, effort and contribution
	> Value of income protection, life and total permanent disability insurance benefits	> Internal and market relativity considered
	> KiwiSaver company contributions at 3%, where applicable	



<b>Reward element</b>	<b>Description</b>	<b>Purpose</b>
	<ul style="list-style-type: none"> <li>&gt; Reviewed annually at 1 April with reference to market movement (rather than CPI). Reviews do not necessitate an increase</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Primary basis for assessing our market alignment year on year</li> </ul>
<b>Short-term incentive (STI)</b>	<ul style="list-style-type: none"> <li>&gt; Variable pay – measuring and rewarding performance within a 12-month period (i.e. the performance year)</li> <li>&gt; STI is discretionary and non-guaranteed remuneration</li> <li>&gt; For a payment to be made, individuals must meet the Values gate and the Company must meet the OEBIT threshold.</li> <li>&gt; Outcomes are influenced by individual, team and company performance</li> <li>&gt; Details of STI participation will be discussed and confirmed with individuals (the level of STI varies with the level/ type of role)</li> <li>&gt; Measures may change year-on-year to best drive business objectives</li> <li>&gt; Set around market median or upper quartile for target performance with potential for participants to earn more for premium outcomes</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Mechanism to reward premium performance with premium pay</li> <li>&gt; Additional basis for assessing and ensuring our market alignment for comparable roles</li> <li>&gt; Enables the Company to differentiate pay outcomes based on performance</li> </ul>
<b>Performance Share Rights (PSR)</b>	<ul style="list-style-type: none"> <li>&gt; Non-guaranteed entitlement to deferred compensation in the form of Company shares</li> <li>&gt; Reflects pay for delivery of sustained results over the longer term</li> <li>&gt; Executive and employee participation by invitation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Ties participant remuneration outcomes to long-term investment performance</li> <li>&gt; Provides strong alignment with Shareholders' interests</li> </ul>
<b>Restricted Share Rights</b>	<ul style="list-style-type: none"> <li>&gt; The plan is designed to encourage broad based employee ownership of shares in the Company</li> <li>&gt; The plan is offered annually to permanent employees to participate in</li> <li>&gt; Eligible employees are granted \$1,164 worth of Company share rights</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Providing the employee is still employed by the Company at the end of the 36 month holding period, share rights are converted to ordinary shares, at which point the employee has the choice of whether to retain the shares or instruct the Trustee to sell them</li> </ul>



## 8.0 Employee benefits

In addition to monetary reward, the Company also aims to reward employees with a range of additional discretionary benefits. Benefit packages are reviewed annually to ensure market competitiveness, relevance to employees and affordability.

## 9.0 Remuneration of officers of the Company

The remuneration framework detailed in paragraph 7.0 above applies to remuneration for officers of the Company.

Consistent with the Company's desire to reward premium performance with premium pay and provide strong alignment with Shareholders' interests, the remuneration package for each officer of the Company contains elements that are dependent on the performance of the individual and the Company respectively.

The remuneration structure for officers is made up of fixed and short and long term variable components. The relative weighting of the short and long term incentive components can vary from year to year, and the weighting range for officers of the Company as at the end of each reporting period will be disclosed in the Company's annual report for the relevant period.

The performance criteria for the short-term incentive and long-term incentive components are outlined in paragraph 7.0 above.

## 10.0 Director remuneration

Directors' remuneration is paid in the form of Directors' fees. Additional fees are paid to committee chairs and committee members to reflect the additional responsibilities of those roles.

Directors' remuneration does not include any short-term incentive, long-term incentive or other performance-based remuneration components.

The Remuneration and Nominations Committee assists the Board in determining the amount of remuneration to be paid to Directors. Any change to the fees available to be paid to Directors is subject to Shareholder approval.

For definitions of all capitalised terms contained in this document, please refer to our 'Glossary', which can be found on the Company's intranet.

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