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17 October 2012

ASX/Media Release

STOCKLAND AGM MARKET UPDATE AND SPEECHES

Stockland will update securityholders on its current performance and outlook at its Annual General Meeting in Sydney today.

Stockland's Residential business has continued to come under pressure in the first quarter of the FY13 financial year, reflecting the deep cyclical low in the housing market.

Managing Director Matthew Quinn reiterated that this is the worst new housing market he has seen in more than 20 years and that this will cause a substantial decline in earnings per share in FY13. Conditions in Victoria are particularly challenging following the end of state government stimulus on 30 June 2012; sales volumes have halved and aggressive discounting is required to clear stock.

"I said in August that without a significant improvement in the residential market in the first quarter, our earnings per share in FY13 will be lower than last year. Unfortunately, it is now clear that this will be the case and FY13 EPS is likely to be around 10% below last year and could be up to a further 5% lower if conditions don't improve in Victoria, where our profit per lot is significantly higher than the rest of our portfolio," Mr Quinn said.

The Residential business started the financial year with 700 fewer contracts on hand compared to the previous year, and having seen no improvement in deposits in the first quarter, we expect settlement volumes will be lower this year.

In addition, the downward pressure on residential margins that the Group reported in the second half of last financial year has continued.

"Our operating profit margins for FY13 are expected to be in the range of 12-14% depending on the performance of our Victorian projects. Margins in the first half will be even lower due to more settlements coming from low margin NSW projects and less from higher margin Victorian projects. While we do expect margins to improve in FY14 as profitable new projects come on line, we will also need to see two to three years of good volume and price growth to restore our margins to historical levels.

"Profit in our Residential business is expected to be around $50 million lower this year than last year with potential downside of a further $30 million if conditions in Victoria don't improve. Furthermore, while it is normal for our business to see a skew in profit to the second half, this year this skew will be larger than usual – around a 30/70 split."

Mr Quinn said that while conditions remain challenging in the residential market, the bulk of Stockland's earnings are recurring income from rent generating assets.

"While there is always a big focus on our Residential business, the majority of our assets are investment properties where the profits are very predictable from secure, rental-backed contracts," Mr Quinn said.

Stockland's $5 billion shopping centre portfolio continues to perform well in the challenging environment and is expected to achieve 2-3% comparable net income growth[1] in FY13.

Office comparable net operating income will benefit from positive recent leasing results, but overall profit from Commercial Property will be lower than last year reflecting the sale of non-core assets and resulting reduced income.

The Retirement Living business continues to see strong demand for products, but settlements are being impacted by the soft residential market conditions, particularly in Victoria. The business is expected to deliver modest profit growth in FY13 with a skew to the second half.

Mr Quinn said Stockland is well placed to deliver strong earnings per share growth in FY14 and to potentially recoup the FY13 decline.

"Our confidence in this rebound in earnings is demonstrated by our decision to maintain our 24 cent dividend in FY13, even though this will likely require a payout ratio around 90-95% of Underlying Profit. This is higher than our target ratio but is justified given our positive outlook for FY14, mainly due to our major new Residential projects and recently completed Retail projects coming on line next financial year and not just market improvement," Mr Quinn said.

Stockland Chairman, Graham Bradley thanked Mr Quinn, who will be stepping down at the beginning of next year, for his hard work and dedication over the last 12 years.

"Although we face a number of challenges in the current business cycle, Stockland has grown significantly under Matthew's leadership and he steered the company through the 2008 financial crisis," Mr Bradley said.

"He also oversaw the creation of Stockland's strong capability and reputation in sustainable development and community creation and has been recognised as one of the most sustainable property companies in Australia and globally by groups such as the Dow Jones Sustainability Index."

Mr Bradley said the search for Stockland's next Managing Director is progressing well.

"We look forward to announcing the appointment of our new Managing Director in due course. In terms of day to day operations, we are pleased to have a strong management team in place who will ensure that our business maintains momentum and achieves a smooth leadership transition," Mr Bradley said.

[1] Post-AIFRS

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Chairman's address

AGM 2012

Ladies and gentlemen, I am pleased to welcome you to our Annual General Meeting today – our 55th as a listed company.

In what is Queen Elizabeth II's Silver Jubilee year, Stockland also celebrates a diamond anniversary of its own. It is 60 years since our business was established in 1952. From humble beginnings, Stockland has grown to be a substantial group and one of Australia's largest diversified property companies.

Throughout our six decades we have seen business cycles come and go, and each has presented its own special challenges and opportunities. Today is no different. We face a number of challenges in the current business cycle, but Stockland has many strengths, built over our long corporate history, which will see us come through this cycle as business conditions improve, as we believe they will, in good shape in the 2014 financial year and 2015 financial year. The present reality is, however, that a combination of factors including low consumer and business confidence, anxiety about global economic conditions and fear of unemployment have combined to produce headwinds which have impacted our profit performance in the year just past and will continue to do so in the current 2013 financial year when, I regret to report, we expect our profit to decline further.

Last year Stockland delivered a reasonable but nevertheless disappointing result in a difficult market environment. Our FY12 underlying Profit was $676 million, down 7 per cent on the prior year, largely due to a sluggish new home market which saw profit in our Residential business fall by 15 per cent.

We did, however, increase our distributions slightly last year to 24 cents per security. We distributed 80 per cent of Underlying Profit, in line with our stated policy to distribute 75 to 85 per cent of Underlying Profit or 100 per cent of Trust Taxable Income, whichever is higher.

We responded to the challenging business environment last year with prudent capital management so that we could produce the best possible returns for our investors. We maintained a strong balance sheet and low gearing, and took steps to reduce overhead costs significantly, including reorganising our operations to achieve greater efficiency.

During the year we sold around $960 million of non-core office and industrial assets at average prices above book value and re-invested the proceeds in several major retail developments which we expect to provide good future returns and a number of new residential and retirement projects, as well as funding our security buyback program.

Under this program we bought back some 7.5 per cent of our issued capital. This represented good value for continuing investors because we bought our securities at an average price of $3.04 per security when the net tangible asset backing was around $3.70. This equates to buying quality property assets at a discount of almost 20 per cent. The benefits of the buyback will be to improve our earnings per security in the current financial year and into the future.

Three key examples of how we reinvested for growth are our major shopping centre projects: Stockland Merrylands, Stockland Townsville and Stockland Shellharbour.

The final stage of our five-year, $400 million Merrylands redevelopment in western Sydney was officially opened by Premier O'Farrell on 5 October. First opened in 1972, Merrylands was one of Stockland's earliest major shopping centres and is located just six kilometres from our first ever development project – a 19 home residential estate at Sefton. This is the Merrylands centre's second redevelopment over the past 40 years. We have increased the centre's retail space by nearly two and a half times its previous size. The response from retailers and shoppers has been tremendous and we are confident this project will enable Merrylands to remain a valued asset for this western Sydney community for the next 40 years and beyond.

Next week we will open a major upgrade of our shopping centre in Townsville in North Queensland. Following an investment of some $180 million, this is now the largest centre in the Townsville region and brings to that community some 20 retailers that have never before had a presence in this growing city.

Our third major retail project of 2012 is the $330 million upgrade of Stockland Shellharbour, about half of which is now open and trading very well. The completed centre is expected to open in July 2013. This will be the only major regional shopping centre in a trade area that extends from Sydney's southern suburbs, south to Batemans Bay and west to the Southern Highlands.

These are but three assets in a retail portfolio which is now 41 centres strong and has a total value of more than $5 billion. When completed, these three centres will have a combined value in excess of $1.5 billion. This figure is close to the value of Stockland's total assets 12 years ago when Matthew Quinn was appointed Managing Director.

As I am sure you are all aware, in July we announced that Matthew had given us notice of his intention to retire as Managing Director by early next year. As only our third Managing Director in 60 years, he has made a transforming contribution to this company and I would like to pay tribute to him today for his numerous achievements.

Matthew joined Stockland in 1999 and was appointed Managing Director succeeding Peter Daly in October 2000. He oversaw a period of significant growth through a number of mergers and acquisitions including AMP Diversified, retirement village operator Aevum, and the $825 million Lensworth acquisition which cemented our position as Australia's largest residential property developer. He also achieved growth through the completion of many industry-leading developments ranging from masterplanned residential communities to innovative green office buildings and major shopping centres.

Under Matthew’s leadership Stockland built a strong capability and reputation in sustainable development and community creation and has led to Stockland being recognised as one of the most sustainable property companies in Australia and globally by groups such as the Dow Jones Sustainability Index.

Matthew also steered the company successfully through the 2008 financial crisis which took such a toll on less well managed property groups. Throughout his term Matthew has provided strong and values-based leadership to our people and to our executive team, and been a voice for improved public policy to make quality housing more affordable for families and retirees.

Matthew, I will propose a final vote of appreciation later in the meeting today but now, on behalf of the Board and of all of our investors, I want to thank you for your hard work, dedication and leadership over the past 12 years. You have enjoyed, but also earned, the respect of your colleagues on the Board, our management team and the broader investment community for the integrity, clarity and intelligence with which you have served as our chief executive officer. On behalf of us all, I would like to thank you most sincerely for your contribution to Stockland.

Our search for Stockland's next Managing Director is progressing well. Following Matthew's decision, we appointed a board sub-committee to progress the internal and external search process, and appointed a leading international executive search firm to review both local and offshore candidates. I won't detail here the specific skills and competencies we are looking for, but needless to say Stockland's next Managing Director will be an outstanding individual capable of providing strategic leadership in an increasingly complex investment, market and regulatory environment, coupled with all the skills you would expect to find in terms of operational management, people management, business judgement and stakeholder relations appropriate to a top 50 listed company.

We look forward to announcing the appointment of our new Managing Director in due course. In terms of day to day operations, we are pleased we have in place a strong management team who will ensure that our business maintains momentum and achieves a smooth leadership transition.

I will now make a few final comments before handing over to Matthew to present his final report.

I encourage all investors to read Stockland's 2012 Annual Review. This is a new document which brings together our financial and non-financial performance in one publication. It sets out not only the highlights of our business performance, but also our contribution to the wider community and our approach to sustainability.

This year Stockland has again received high honours for our sustainability initiatives at group level and across our different asset classes. These are initiatives designed to improve the long-term success of our business. For example, we have piloted a study across three residential projects to identify, rank and benchmark the key factors that our residents believe contribute to their quality of life and sense of community. This study is now informing other major projects where we will bring together our residential, retail and retirement capabilities.

I would now like to thank my Board and executive colleagues for their hard work during the past year. One area of special focus for the Board this past year was executive remuneration, and I thank my colleagues for their contribution to the review of our remuneration policies and practices which we undertook. The results are set out in detail in our Remuneration Report. Peter Scott, Chairman of our Board Human Resources Committee, will say more on this topic when we come to the resolution to adopt this year's Remuneration Report later in the meeting.

In the past year we also undertook a tender for the company's audit services. I thank the Chairman and members of the Audit Committee and our executives for the considerable work involved in this process. It is good governance for boards to test the market for audit services periodically, but it is no small exercise. As you will be aware, PricewaterhouseCoopers won the tender and we are asking securityholders to approve their appointment at this meeting. In doing so, I want to thank most sincerely our outgoing auditor, KPMG and their leadership team, for their dedicated and professional service over more than 40 years as Stockland's auditors.

Ladies and gentlemen, I said in our Annual Report two months ago that all the indications are that we are in for another very tough year. So far we see no reason to depart from that outlook. Then and now, we have been clear about the challenges we face. There is no doubt, however, that the best way forward in the market circumstances we face continues to be the course we have set: robust capital management, improved cost efficiency and considered investment in future growth aligned to deep customer insights and delivered with prudent debt levels.

We are confident, therefore, that our business is in good shape to deliver improved returns from FY14 as market conditions improve, as our three major retail developments come on line and as we launch new residential projects. Our decision to hold our distribution at 24 cents, despite our expectation of a materially reduced profit this year, reflects our confidence in our ability to improve earnings beyond FY13.

I now invite Matthew to provide his update on our current performance and outlook in his final AGM address.

Managing Director's address

AGM 2012

This is my twelfth AGM address as Stockland's Managing Director and it is my pleasure to present to securityholders, one final time, my report on our performance, an update on market conditions and our current outlook. I will also address how we are responding to these conditions to create securityholder value, now and in the future.

As Graham has already noted, financial year 2012 presented a challenging market environment. This was characterised by economic uncertainty and low consumer confidence which, despite low interest rates and unemployment, impacted on both home buying and retail spending. In addition, there has been a softening in demand for CBD office space.

In times like this there is always a big focus on our Residential business, but it's important to remind our securityholders that the majority of our assets are investment properties where the profits are very predictable from secure, rental-backed contracts. And pleasingly, this rent generating portfolio of properties continues to perform well.

Our $5 billion shopping centre portfolio consistently achieves above industry average sales, giving us confidence that our long-term reweighting from Office and Industrial assets to high quality Retail assets in targeted regional and metropolitan areas will deliver growing future returns. Indeed, our 3.8% comparable net operating income[1] growth last financial year was above our peers and, despite continued subdued consumer spending, we expect to achieve 2-3% growth in FY13.

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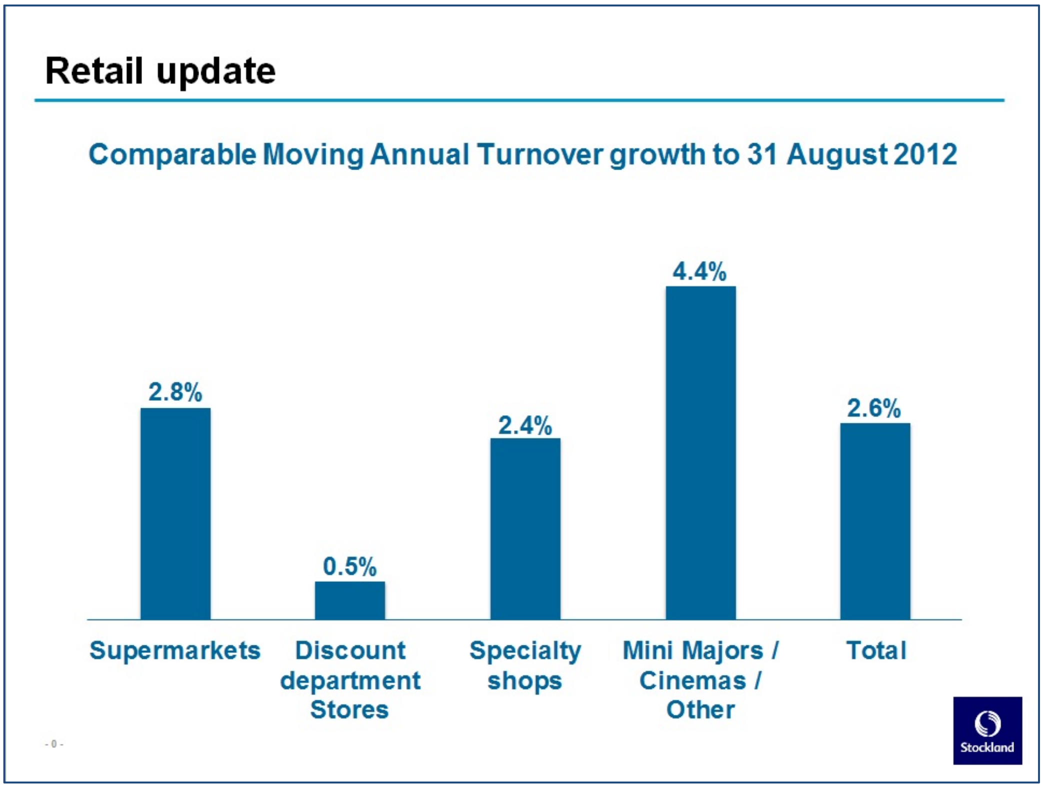
[1] Post-AIFRS



You can see from this graph that while this is clearly a challenging consumer environment, sales in our centres are continuing to grow. In the 12 months to 31 August, shops in our centres achieved total comparable sales growth of 2.6%.

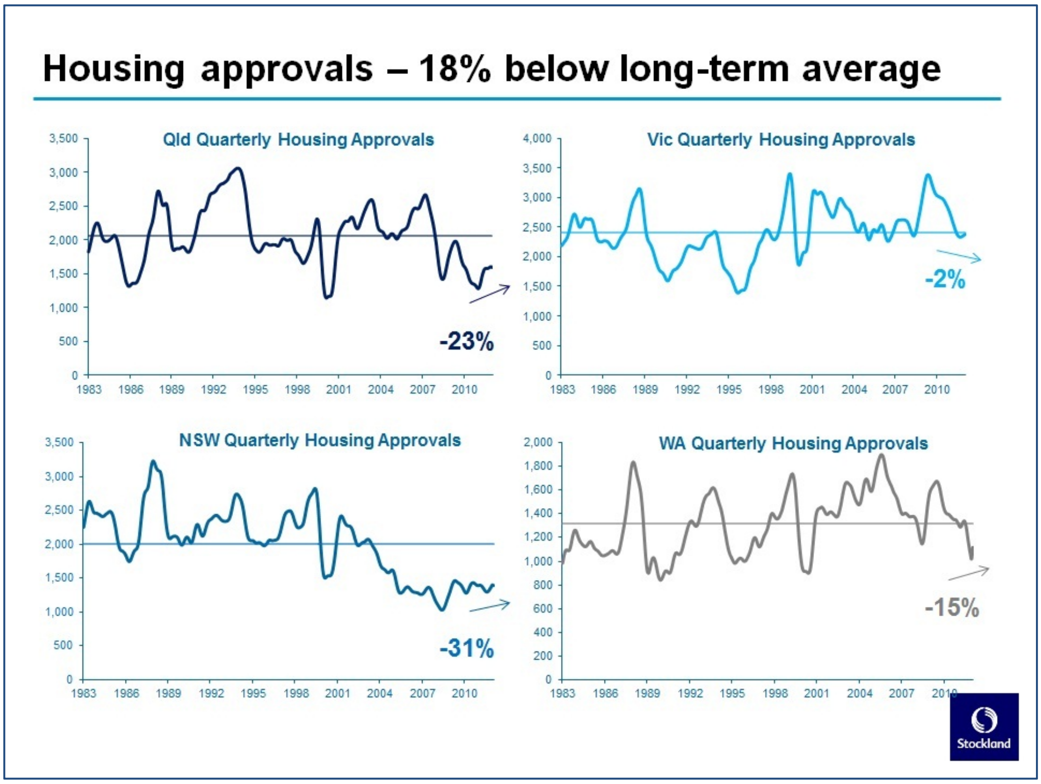
Profit from our $2.7 billion Office and Industrial portfolio will be down overall in FY13 reflecting the income lost from assets we have sold. We do, however, expect to improve our comparable net operating income through the active management and leasing of our assets. For example, in the first quarter we have improved the leasing profile of our portfolio with four major new leases in our Sydney CBD assets, reducing our overall office vacancy rate from 5.5% to 4.4%.

Taking all these factors into account, including asset sales made last year and planned this year, our Commercial Property operating profit in FY13 will be lower than FY12.

Our Residential business faces a high degree of uncertainty given current buyer caution. There have been some signs of improvement in the housing market, particularly in Perth and we have recently been bolstered by first home buyer stimulus targeted at the new housing market in Queensland and NSW.

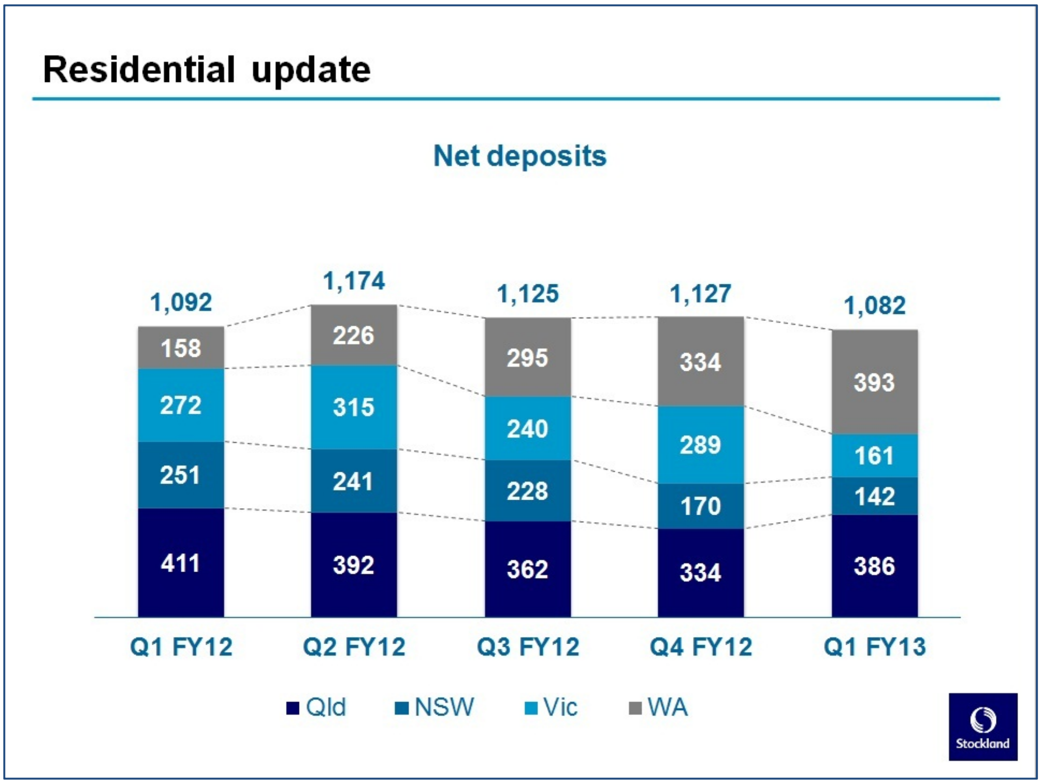
The reality, though, is that conditions are very tough in Victoria where the company's most profitable projects are located.

When I provided my update at our full year results presentation in August I said we were experiencing the worst new housing market I had seen in more than 20 years in the industry. This is not only because sales are at a cyclical low, but because this has persisted despite conditions that would normally stimulate activity – low unemployment, low interest rates, undersupply of housing and low rental vacancy rate.



There is no doubt that the housing market is at a cyclical low. You can see from this chart that in every state where we operate housing approvals are tracking well below the long-term average, and nationally the market is 18% below historical averages. Housing approvals is a lag indicator and these figures don't yet reflect the recent downturn in Victoria which we expect to show through sharply in coming months.

The good news is that population growth remains strong and this cycle will turn, but the question is 'when'. We need to see a trigger for improvement – a sense that the market is moving, so cautious consumers become more concerned about acting too late than acting too soon. Interest rates are normally a driver of this, but in this cycle home owners are just paying off their mortgages more quickly rather than taking on more debt. In the long term this is a good thing, but it's painful while we go through this process.



And this is clearly showing in the volume of deposits we are achieving. We started the year with around 700 fewer contracts on hand than the previous year, reflecting the sluggish market in FY12, and so far we are not seeing any improvement. Our deposits held fairly steady through FY12 and the first quarter of FY13 at a rate well below the 1,800 deposits we achieved two years ago, in the first quarter of FY11.

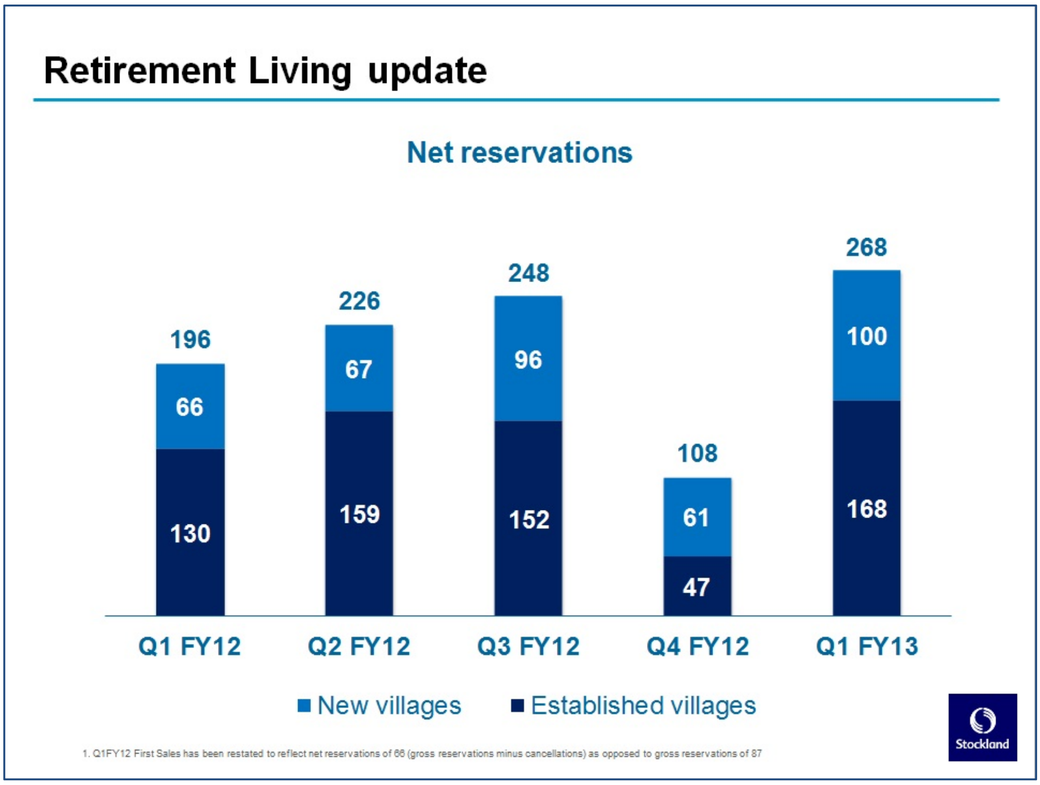
In addition to this, the downward pressure on margins that we saw in the second half of last financial year has continued. We have been unable to achieve any meaningful growth in prices to counter the natural growth in costs. Indeed, in Melbourne, after the expiry of government stimulus, land prices are falling with aggressive discounting required to clear stock.

Despite these discounts our margins in Victoria are still healthy, which means the shift in volume we are seeing from these higher margin projects in Victoria to lower margin projects in NSW is compounding the pressure on our margins. In fact we will see a peak of settlements from our impaired and low-margin NSW projects in the first half of FY13 as we capitalise on the relatively strong NSW market to work through these projects and capture revenue to reinvest in higher returning projects.

Overall we expect our Residential Operating Profit margins for FY13 to be in the range of 12-14% depending on the performance of our Victorian projects. Margins in the first half will be even lower as we reach the bottom of our portfolio transition through our lower margin projects. While we do expect margins to improve in FY14 as profitable new projects come on line, we will also need to see two to three years of good volume and price growth to restore our margins back to historical levels.

All in all we are expecting the FY13 profit in our Residential business to be around $50 million lower than last year with potential downside of a further $30 million if conditions in Victoria don't improve. Furthermore, while it is normal for our business to see a skew in profit to the second half, this year this skew will be larger than usual – around a 30/70 split.

We continue to regularly assess the carrying value of our projects as a going concern and remain comfortable that our carrying values are appropriate at this time. It is our normal practice to rigorously review all of our projects twice a year and we will do so again before our first half results announcement.



Finally, our Retirement Living business, where demand for our products is strong with high reservations in the first quarter after a very challenging final quarter in FY12. Settlements, however, are being impacted as our customers struggle to sell their homes in this soft market, particularly in Victoria. This business is expected to deliver modest profit growth this year and, like Residential, it will have a skew to the second half.

I said in August that without a significant improvement in the residential market in the first quarter, our earnings per share in FY13 will be lower than last year. Unfortunately, it is now clear that this will be the case and FY13 EPS is likely to be around 10% below last year and could be up to a further 5% lower if conditions don't improve in Victoria, where our profit per lot is significantly higher than the rest of our portfolio.

I want to assure to you that, while we are weathering market and broader economic storms through prudent cost and capital management, Stockland is not a company that is standing still and waiting for better times. Important progress was made last year - and more since - that is guarding our returns through this cycle and strengthening our position when things inevitably recover.

Our disciplined approach to capital management includes a concerted effort to reduce our working capital through effective project phasing. We are also recycling capital out of our non-core commercial property assets to selectively invest in Retail, Residential and Retirement Living projects that will underpin our growing future returns and our security buyback.

Our prudent allocation of this capital will provide the foundation for growth from FY14 and beyond. For example, we have invested significantly in our shopping centre redevelopments at Merrylands, Townsville and Shellharbour. These centres are great examples of Stockland's retail strategy – community hubs with a strong focus on value and convenience that are ideally placed to thrive, even in the face of low consumer sentiment and growing online competition. All are on track to be fully leased when opened and will start contributing significantly to our profit from next financial year.

In Residential we are activating our land bank and expect to commence up to 16 new communities within the next three years. Among these is Caloundra South in Queensland, the largest greenfield development in Australia.

In FY14 we will see our first sales from two major new projects in Sydney – East Leppington and Marsden Park – both located in growing corridors and acquired on capital-efficient terms. These projects will contribute to our margin improvement and profit growth, particularly in the second half of FY14 and give us confidence in strong future returns, quite apart from any market improvement.

In these future projects, and our current communities, we are responding to the consumer desire for lower household debt by increasing our supply of smaller lots and working with builders to offer more affordable house and land packages. This year we have offered house and land packages for under $300,000 in all states.

Retirement Living also has a strong pipeline – and this year we expect to develop and settle a record number of new units. This business has shown steady growth over the last three years and is in good shape to continue this trend with 11 active developments underway in four states.

All of this gives us confidence that our business is well placed to deliver strong earnings per share growth in FY14 and to potentially recoup the FY13 decline.

Our confidence in this rebound in earnings is demonstrated by our decision to maintain our 24 cent dividend in FY13, even though this will likely require a payout ratio around 90-95% of Underlying Profit. This is higher than our target ratio but is justified given our positive outlook for FY14, mainly due to our major new Residential projects and recently completed Retail projects coming on line next financial year.

I would like to finish by thanking the Board, my executive colleagues, our employees and you, our investors, for your support, encouragement, and guidance over the years.

Companies don’t get to be around for 60 years by not changing with the times. You have to predict, respond and adapt. Stockland has done exactly that for over six decades, and more than ever through the fast-changing years of my tenure.

It has been an enormous pleasure to lead the company and I will watch on with pride as it prospers over the coming years.

Thank you.

Remuneration Remarks

AGM 2012

Good afternoon. As Chairman of the HR Committee I would like to provide you with a brief update on Stockland's remuneration approach before you vote on the adoption of our Remuneration Report. I will also discuss the key outcomes of a review of our remuneration policies conducted during the past year.

Your Board views managing executive remuneration as one of our most important responsibilities. Stockland's Human Resources Committee, on behalf of the Board, oversees all of Stockland's employment and remuneration policies to ensure they are well aligned to our securityholders' interests and are fair and balanced.

There are three components of Stockland's executive remuneration framework: fixed pay, short-term incentives and long-term incentives.

Fixed pay for the Managing Director and senior executives is reviewed against market benchmarks for the ASX50 group of companies and larger property firms. And while this benchmarking confirms it is set at an appropriate level, we did not increased fixed pay for any senior executives in financial year 2013 or 2012.

Short-term incentives or bonuses reward annual progress towards long-term objectives. They are funded from underlying profit and are only awarded when individuals achieve or exceed an agreed level of performance. FY12 being a challenging year, the Managing Director received 35 per cent of his target bonus and other members of the Executive Team between 45 and 64 per cent, with the Executive Team having one-third of this deferred into Stockland securities.

Long-term incentives are designed to retain valuable senior employees and reward their contribution to the long-term goals of the company. They are based on performance rights which are divided into two equal tranches with different performance hurdles. The first is total securityholder return, which must be greater than the ASX Australian Real Estate Investment Trust Accumulation Index, excluding Stockland, for vesting to commence. The second is growth in Stockland's underlying earnings per security, which is measured against a three-year stretch target set by the Board.

In 2012 no performance rights allocated in 2009 vested. The Group exceeded the earnings per security target in both FY10 and FY11 but fell short in FY12. And, while Stockland's total shareholder return was 23.8 per cent, we underperformed against our peer group.

It is clear that both short and long term incentives are genuinely at risk.

To ensure our approach remains in line with best contemporary practice, and to achieve even closer alignment of executive rewards with securityholder interests, over the past year we have undertaken a thorough review of our executive remuneration policies. I will mention just a few of the key changes we have made.

We have reduced the maximum short-term incentive opportunity for senior executives from 200 per cent of target to 125 per cent. At least one-third of STI bonuses will be awarded in the form of deferred securities rather than cash. Half of any deferred securities awarded will vest one year after award and the remaining 50 per cent a year later.

In terms of long-term incentives, our review confirmed that our performance hurdles are appropriate and well aligned with securityholder interests. We did however, extend the vesting period of 50 per cent of the total performance rights that meet the three year performance hurdles, by a further year.

In addition, to improve transparency we will now announce in advance our three-year EPS growth target for long-term incentive hurdles only, as determined by the Board. The board has set the FY2015 hurdle for full vesting of the EPS portion of our long term incentive plan at 34.0 cents per security, being at the low end of our previously estimated through-the-cycle EPS growth range of 5-6%. The threshold for any partial vesting is 32.5 cents per security, which requires a minimum compound annual growth rate of 3.5%. Given that we have already indicated that we will have negative EPS growth in FY13, we will need to achieve significant growth in the following two years to achieve this target.

Finally, we also introduced new and broadly-framed clawback provisions which apply to all unvested deferred short term and long term incentives.

We are confident that our remuneration approach and outcomes reflect best market practice and are in the interests of our securityholders. The full details are outlined in the Remuneration Report , which I hope you have had an opportunity to review. You will now be asked to vote on the adoption of this year’s report, and my fellow Directors and I unanimously recommend that you vote in favour of this resolution.

Thank you.