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STOCKLAND 2011 ANNUAL GENERAL MEETING

Stockland has released first quarter sales figures at its Annual General Meeting in Sydney today, with its three core businesses all showing good results.

In its Residential Communities business, Stockland started FY12 with record contracts on hand. For the three months to 30 September 2011, a total of 1,092 net deposits were achieved. The results for September, which saw the start of the annual Spring marketing campaign, were particularly strong with 499 net deposits – the best monthly result since October last year. Improved momentum has continued this month and while two months doesn't represent a trend, the figures are encouraging.

A positive shift in market sentiment started in late August, particularly in the key South East Queensland market which was soft following the floods earlier this year. The Queensland Government $10,000 Building Boost Grant, available to anyone building or buying a new home in Queensland under $600,000 between 1 August 2011 and 31 January 2012, has improved sentiment and activity in this market. While sales in Victoria are down from the very high levels of a year ago, they seem to be stabilising.

The figures also reflect the sales success at recent launches of new projects at Allura in Melbourne, Vale in Queensland and Whiteman Edge in Perth and with strong interest at Brooks Reach in NSW, to be launched next week, it is clear that our strategy of focusing on affordable product is working. These projects are in the early stages of development and settlements will not take place until after Christmas which will result in a skew in reported profits to the second half of the financial year.

Stockland's Retirement Living business recorded its best ever monthly sales result in September on the back of a highly successful marketing campaign. In total, 130 net reservations were achieved in established villages in the first quarter, and 87 net reservations in new villages under development[1].

Turning to Retail, September comparable Moving Annual Turnover (MAT) from shopping centres was up 3.4% on the previous year. This is a creditable result given the current difficult retail environment, and reflects the retail mix in Stockland centres, which focuses on day-to-day value and convenience, as well as the location of many centres in strongly performing regional locations.

Managing Director Matthew Quinn said the first quarter figures firstly demonstrated a recent general improvement in customer sentiment and buying activity at Stockland projects and secondly, that the focus on high quality, affordable products is bearing

[1] Stockland recognises a reservation when a customer has entered a contract to sell their existing home.

fruit with outperformance against key benchmarks. This gives the company confidence that it is on the right path with its focus on Residential Communities, Retirement Living and Retail as the three key building blocks for vibrant local communities, a point of differentiation which provides a competitive advantage when dealing with customers and government.

“Our goal is to cater for diverse groups (of customers), providing affordable housing solutions built around community hubs with high quality retail centres, social infrastructure and employment generating facilities,” Mr Quinn told shareholders.

“By value, over 60% of our Retail centres have Stockland Residential Communities and/or Stockland Retirement Villages within their trade area and this will grow as new projects come to fruition, further enhancing cross business synergies.”

Mr Quinn said an essential part of the product strategy for all three businesses is to focus on affordable, needs-based customer buying decisions, a category outperforming the high value discretionary segment which is under more pressure.

“Time and time again we have demonstrated that this core customer segment of ours is more resilient and less volatile through the cycles,” he said.

Turning to capital management, Mr Quinn said Stockland was constantly looking for ways to improve the return on funds employed and selling office and industrial assets from its $3.3 billion portfolio was a more cost-effective source of capital than traditional debt or equity.

With the increased cost of debt and the decision to instigate a share buyback, the asset sales target has been lifted from $400-$500 million of assets each year to over $600 million for FY12. Good progress has already been made this financial year with settlements and contracted sales totalling $260 million and more assets in due diligence. The majority of sales are being achieved at, or slightly above, 30 June 2011 book valuations.

The issue of executive remuneration was also addressed at the AGM with Chairman Graham Bradley telling shareholders that the management of executive remuneration is one of the Board’s most important responsibilities.

Mr Bradley said the approach to fixed pay over recent years had been one of restraint.

“For example, the Managing Director has had no increase in fixed pay for the past four years. Indeed, although during that time our external advice has been that increases in Mr Quinn's fixed pay may have been justified by market comparisons, Mr Quinn has not sought any increases and asked the Committee not to recommend any increases to the Board.

“Pay rises for our top team last year were mainly to recognise promotion or enlarged job responsibilities, and there have been no fixed pay rises awarded to any of our top executives for the current financial year,” said Mr Bradley.

The Board regularly reviews Stockland's remuneration policies to ensure that they meet best market practice and has been undertaking a comprehensive review over the past few months. While the review is still underway, Stockland has already announced changes to the structure of Short Term Incentives (STI) for the current financial year. The Executive Committee will now receive a portion of STI in securities and vesting of this equity portion will be deferred until future years. Executives will forfeit these deferred securities if they leave the company before the securities vest.

Summing up his address at the AGM, Mr Quinn said that while challenges arising from global uncertainty and weak consumer and business sentiment were clear, Stockland was in good shape to tackle them head on.

"We have a clear strategy, but we also recognise the need to continually finesse it in response to changing circumstances," he said.

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