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STOCKLAND ANNUAL GENERAL MEETING 2009

CHAIRMAN'S ADDRESS

Good afternoon Ladies and Gentlemen.

It is time to begin our proceedings, and so I welcome you all to Stockland's 52nd Annual General Meeting. I am advised that a quorum is present and I declare the meeting open.

I will begin by introducing my colleagues on the Board, after which I will present a short report on the Company's 2009 results and our current outlook. Our Managing Director, Matthew Quinn, will then provide his report and we will then move to the matters for decision by securityholders as set out in the Notice of Meeting.

On my right is Stockland's Managing Director, Matthew Quinn. Matthew has been Managing Director for the past nine years and has been a steady hand at the helm during the challenges of the past year.

Carolyn Hewson is seated next to Matthew. Carolyn joined the Board in March this year and is a member of our Audit and Risk, and Human Resources Committees.

Next to Carolyn is Nick Greiner. Nick has been our Deputy Chairman since 1992, and is Chairman of the Corporate Responsibility and Sustainability Committee.

Next along is Hugh Thorburn. Hugh has been Finance Director since July 2004 having commenced at Stockland in February 2004. Hugh is a chartered accountant and has held many senior finance and management positions in listed companies.

On my immediate left is Stockland's General Counsel and Company Secretary, Phillip Hepburn who has been our company secretary for the past eight years.

Next is Peter Scott, who was appointed to the Board in August 2005. Peter is the Chairman of the Human Resources Committee and Stockland Capital Partners Limited.

Next to Peter is Duncan Boyle, who was appointed to the Board in August 2007. Duncan is a member of the Audit and Risk Committee and Treasury Policy Committee.

Next to Duncan is Terry Williamson. Terry joined the Board in 2003. He chairs our Stockland and Stockland Capital Partners Audit and Risk Committees, the Treasury Policy Committee and the Stockland and Stockland Capital Partners Financial Services Compliance Committees.

Next to Terry is Barry Neil who was appointed to the Board in October 2007. Barry is a member of the Corporate Responsibility and Sustainability committee.

I would like to now present a brief report on the group's progress in 2009.

When I reported to you last year, I warned that the outlook for the property sector was very challenging. Your board and management acted decisively to prepare Stockland for a downturn. We streamlined our organisation, sold non-core properties, and husbanded our capital resources with care. Nothing we did, however, could insulate us from the global financial crisis that unfolded.

As we all know only too well, this financial crisis spilt over to world economies, precipitating steep falls in share markets, rising unemployment and a sharp downturn in consumer confidence. These economic conditions endured through most of the 2009 financial year. Property values around the world were inevitably pulled down by these factors, and the value of quality commercial property in Australia fell by 20 to 30%, and by even more in the UK.

Naturally, these extraordinary events resulted in a steep fall in Stockland's security price. Although it has improved considerably from our lows of the past 12 months, and we are now trading again above the value of our net tangible assets per security, this past year has seen our lowest security prices in six years. This was influenced both by lower ratings for property securities in the wake of the global financial crisis, and by our decision to raise new capital at discounted prices to strengthen our balance sheet.

Ladies and gentlemen, we on the board recognise that the returns to our securityholders over the past year have been disappointing. They must, however, be viewed in the wider context to appreciate how our performance compared to that of our property sector peers. We can best do this by looking at total shareholder returns - that is security price movements plus accumulated distributions reinvested. This chart shows total shareholder returns over the last five years up to the end of September. You can see that we have outperformed our peer group, the Australian Real Estate Investment Trust Index, over that time by 6% per annum, and over the last year by 12%. This comparison is equally valid when times are good for our sector as a whole as when they are bad, and it is how we determine what role our efforts have played in our result, as distinct from the effects of sector-wide factors that may affect the price of our securities.

Our superior relative shareholder returns over the past year reflect, in part, how well and quickly our management responded to the changed market conditions we faced. For example, we moved fast to adjust our residential projects to offer more affordable house sites to appeal to first home buyers in response to the First Home Owners Boost. This served us well; we sold

more lots in 2009 than we did in 2008, and we ended the year with more residential contracts on hand than ever before.

We took other steps as well. We disposed of almost $600 million of non-core commercial property. We reduced our operating costs by managing discretionary spending tightly, reducing full time employee headcount by 11%. We maintained for a second consecutive year our freeze on executive and director remuneration.

We also turned to the capital markets to raise $2.7 billion in new equity funds to strengthen our balance sheet and be prepared should attractive acquisition opportunities emerge. Of this total, some $1.78 billion was raised by our rights issue in May and our underwritten Dividend Reinvestment Plan last March. I would like to note that these amounts were raised at relatively tight discounts and, also pleasingly, this opportunity was available to all our securityholders and we filled all requests including all over-subscription requests.

I now turn to our financial results for the year. Our underlying profit for 2009 was $631.4 million, down 6.3% from $674.0 million last year. In the circumstances of 2009, this was a creditable result.

Our statutory net profit attributable to securityholders was a loss of $1.8 billion. This result takes into account inventory impairments, the substantial but unrealised decrease in the value of our investment properties of about $1.1 billion and other significant items more fully set out in the Directors' Report. This result also reflects full impairment of goodwill from the acquisition of our UK business.

I would like to take a moment to discuss the difference between underlying profit and statutory profit. Our underlying profit and our statutory net profit for the past five years are shown in this chart. You can see that in every year except 2009, our statutory net profit is higher than the

underlying profit we have reported to securityholders. Underlying profit measures profit from operations and is, in the Board's view, the appropriate way to measure our operating performance from year to year. This approach to reporting our results to securityholders accords with the recommendations of the Financial Securities Institute of Australia and the Australian Institute of Company Directors, and is aimed at assisting investors to understand the real performance of companies. Regrettably, it is hard nowadays for investors to discern real performance from statutory accounts due to the complexity of international financial reporting standards.

Our underlying profit per security in 2009 was 38.8 cents, before accounting adjustments resulting from our most recent equity raising. As foreshadowed in February, we declared a final distribution and dividend totalling 17 cents, bringing total distributions and dividends for the year to 34 cents.

There will be a new policy applied to distributions starting in FY10. Following a board review last April, we announced that we have adopted a more conservative distribution policy aimed at rebasing our distributions in future years. From FY10, Stockland will distribute the greater of our trust taxable income, or 80 per cent of our adjusted funds from operations. Adjusted funds from operations is, we believe, a better measure of the amount of free funds which we can distribute to securityholders without the need to fund distributions from increased debt or equity. We will in future distribute 80% of our free funds, allowing us to accumulate 20% for ongoing operations, unless our trust taxable income is greater than this number. We have previously indicated that it is likely our FY10 distributions will be based on 80 per cent of adjusted funds from operations.

Those of you who have read my letters to shareholders or attended our AGMs in the past will know it is my practice to report to you on non-financial aspects of our business, including our commitment to corporate responsibility and sustainability.

I am pleased to report that, despite the difficulties we faced this past year, the Group remains steadfastly committed to meeting the highest standards of governance, corporate responsibility and sustainability.

Last year, we were one of the first major property groups to discontinue all political donations at all levels of government. In doing so, our aim was to put beyond any doubt that when our projects are subject to government approvals, they are judged solely on their own merits. This has always been our ethical position and our operating practice.

We have continued in 2009 to strive for leadership in our sustainability policies, and to balance environmental, social and economic outcomes in all our projects. We achieved recognition for numerous sustainability initiatives during the year.

These included an award for our Sydney office which achieved a Six Star Green Star rating for an internal office refurbishment in Australia – the first refurbishment to achieve a Six Star rating from the Green Building Council of Australia.

They also included an award for our new commercial office development at 2 Victoria Street, Perth which was awarded WA's first Six Star Green Star rating for a commercial office building. We believe this is the first commercial building in an Australian capital city to incorporate wind power generators.

Our leadership in sustainability was recognised, once again, by our inclusion in the Dow Jones Sustainability Index which recognises top corporate leaders in sustainability around the world.

We are proud of these and our many other achievements in the area of sustainability.

I would also like to say a word about executive remuneration, which has been subject to considerable media attention of late. Later in our proceedings Mr. Scott will discuss our remuneration policies in more detail, when he speaks to the resolution to adopt the Remuneration Report.

The Board takes very seriously its responsibility to ensure that Stockland's remuneration policies result in pay that is fair, competitive, not excessive and structured around incentives that align with sound management disciplines and the interests of securityholders. During the year, both our Human Resources Committee and the Board as a whole reviewed our pay structures carefully against these criteria and, as set out fully and I hope clearly in the Remuneration Report, concluded that our arrangements are sensible and lead to appropriate outcomes looked at through the business cycle.

Individual and collective annual bonuses paid at Stockland were much lower in 2009 than the prior year. In addition, as a result of the Company missing the 2009 Earnings Per Security target set by the Board at the beginning of the year, the Group missed its three-year target for the period 2006-2009 and accordingly, 50% of Long-Term Incentive shares awarded to our senior executives in 2006 were forfeited. As I have already mentioned, the effective freeze on executive base salaries, which we instituted in FY09, has been continued for a second year in FY10.

We believe executive remuneration is well managed at Stockland and our policies can stand up to any critical scrutiny.

In closing my report, I would like to take this opportunity to thank my board colleagues for their hard work during the year. Demands on directors have been considerably higher than normal and your directors have worked hard this past year.

We have seen a few changes in our ranks this year starting with the retirement of Lyn Gearing in December. We thank Lyn for her contribution. In March 2009, Carolyn Hewson joined the Board, bringing outstanding experience in the financial sector and as a public company director. We very much look forward to her future contribution.

On behalf of all securityholders, I would like to thank our Managing Director, Matthew Quinn, and his executive team for their dedication this year. It has been a tough year for all our employees, and their efforts have been greatly appreciated.

I would also like to say a special word of thanks to our Finance Director, Hugh Thorburn. Hugh plans to retire within the next 12 months when a suitable replacement can be found, for which an executive search process is underway. He has done a first-rate job as our Chief Financial Officer and in managing our debt profile skilfully and prudently, and in many other ways that have preserved our S&P A- credit rating through the years. He has helped us weather the financial storms of the past year better than many of our peers.

Ladies and gentlemen, looking to the year ahead, it is encouraging to note signs pointing to economic recovery. Financial markets have stabilised. World equity markets have rebounded sharply—and this has recently been true for listed property groups. While unemployment is increasing in most developed countries, consumer and business confidence has lifted strongly in recent months. It looks like Australia may emerge more quickly from the recessionary cycle than many expected.

The Board believes that the quality of Stockland's retail and commercial portfolio is high, and the quality of our residential communities and retirement villages has been clearly demonstrated during the downturn of the past two years. We have great confidence in the capabilities of our executive team and our employees right across the Company. These strengths will continue to underpin our performance as Australia moves closer to economic recovery in the year ahead.

Thank you.

I would now like to invite Matthew Quinn, your Managing Director, to provide an update on the company's operational performance and future strategy.

MANAGING DIRECTOR'S ADDRESS

Thank you Graham and good afternoon ladies and gentlemen.

As Graham highlighted, our business operated against a backdrop of remarkable events last financial year and our results clearly show the impact of falling asset prices and tough trading conditions. I'm pleased however, to report that we ended the year in a very strong financial position and with our key operating businesses in good shape.

Building on Graham's discussion of our high level results, I'd like to take this opportunity to look more closely at some of the key achievements in our operating businesses and outline our plans for the future.

Our Residential Communities business delivered an operating profit of $184 million, down 33 per cent from the previous year. It was a year of two very different halves for us; the first being very slow, reflecting the soft market conditions in the middle of 2008 as the GFC took its toll, but the second half was much stronger as we adapted our product to these changed conditions.

The total market for vacant land sales in FY09 in the four states we operate in fell 38 per cent below the long-term average, but we countered this by significantly increasing our market share and our volumes were actually higher than the previous year – a creditable outcome and one we intend to further strengthen this year. Our reduced profits were mainly due to a fall in super

lot sales due to buyers' inability to access finance, rather than single retail lot sales which were actually quite strong for us.

A great example of this is Highlands in Melbourne's northern suburbs. This master planned community includes 5,500 residential lots, several medium density sites, retirement living opportunities, together with many new schools and retail and commercial centres. It truly is a great example of a modern day, innovative community development of which we're very proud. Our diverse mix of products for first home buyers, trade-up home buyers and investors saw record sales last year and it continues to perform extremely well for us.

Unfortunately, our Apartments business did not perform well last year, recording an operating loss of $9 million. This business faced the challenge of being highly capital intensive in a capital constrained environment and produced returns below our hurdle rates. This is partly a result of poor execution by us on some of our projects, but it also unfortunately reflects the significant barriers to development that various levels of government place against urban consolidation, even when we are able to produce truly world class outcomes.

A good example of this is our high quality mixed-use development at Balgowlah on Sydney's north. This integrated development incorporates a state of the art retail complex and 265 apartments and townhouses and will be finished in [November], the seventh anniversary of when we acquired the site. We were only able to start development after four and a half long years of navigating unnecessary hurdles in the planning system. While we're justifiably proud of this landmark development, the reality is it will be some time before we see a return on our investment as the retail centre matures. This situation is mirrored on many of our in-fill sites around the country and this makes it very difficult to justify more investment in these types of projects. This is why we are reviewing the viability of our apartments business, and while we'll complete the projects we currently have underway to a very high standard, we may trade out of our remaining vacant sites rather than develop them.

During the year we conducted a thorough review of our Residential Communities and Apartments inventory carrying values in light of the market downturn, and this unfortunately resulted in a pre-tax impairment charge of $425 million. Issues were identified in two parts of our business – New South Wales where the market was particularly soft, and projects across the eastern sea board pitched at the high end of the market where prices had fallen.

While this is very disappointing and had a substantial impact on our headline profit, we have been thorough in our approach and further impairment charges are unlikely unless market conditions materially deteriorate.

Our Retirement Living business continued to perform well delivering an operating profit of $43 million. We recently restructured our reporting lines to create a separate Retirement Living business unit, which will improve our focus on providing high quality villages catering for the growing ageing demographic, and provide greater transparency and accountability for the business.

This business represents a significant growth opportunity for us. It plays to our core strengths of residential development and asset management. And recent results auger well for future profit growth as we roll out our pipeline of new projects. An excellent example is Fig Tree Village in Queensland, a new development that features innovative design based on extensive research with our residents. The village is generating a lot of excitement and stage one is selling well.

Our customer research tells us that 89 per cent of residents in our villages are highly satisfied with their experience. The type of comment we hear most often is: “I wish I had made the move sooner”. This is certainly a great foundation to grow the business from.

Our Commercial Property business performed well delivering an operating profit of $541 million, and comparable income growth of a healthy 5.9 per cent. Our retail assets performed better than expected and vacancies did not materially increase.
Our strong focus on leasing and risk management in our office and industrial portfolios means we are in good shape to get through what remains a challenging cycle, with minimal income at risk in FY10.

As expected there were significant downward revaluations in our Commercial Property portfolio with capitalisation rates increasing as credit conditions deteriorated. But there are growing signs that we are near the end of this cycle and we expect only modest further softening in cap rates before they stabilise. Values of office towers will also be impacted by softening rents and rising lease incentives, but there are signs that demand is improving and this situation may also stabilise in the next year.

While we've been strongly focused on managing risk in this business, we've also had some great success stories this year. One example is Triniti Business Campus in Macquarie Park, Sydney, where we recently completed construction of the third and final building on the site. This well located grade A office building features innovative environmental design including rainwater harvesting, high performance glazing and energy efficient lighting, designed to achieve a four and a half star NABERS energy rating – an independent measure of a building's environmental performance during operation. Despite the tough market conditions, the building was fully leased before completion.

In the UK, market conditions remained tough throughout the year. Our business achieved a break even operating result and we had significant impairment of inventory values and goodwill.

After careful consideration we have decided we will not invest material new capital in the UK as we move towards an orderly sell down of our remaining properties over the next two to three years. Following this, our strategy is to remain solely Australia-focused.

Overall, our operating businesses performed well under the circumstances. Our people, led by a strong executive team, faced the challenges head on and we maintained high employee engagement, which we measure through an independently conducted annual survey. We made some substantial structural changes in our business over the year and this resulted in significant impacts on our workforce. I thank all of our employees for their continued hard work and enthusiasm during this difficult time.

Looking forward, we continue to focus on managing, leasing and developing our diverse property portfolio for the best returns. Last year we achieved cost and operational efficiencies through new management structures and enhanced customer insight capability that stands us in good stead for the year to come.

Our balance sheet is very strong; at 30 June 2009 our gearing was a low 16 per cent with a weighted average debt maturity of 6.6 years.

Growing our business is high on our agenda but in assessing this we will always put strategy first and opportunity second. We will pursue a disciplined assessment of opportunities that enhance value for our security holders, are in line with our strategy, and maintain our strong capital position.

Our Residential Communities business started FY10, with a record level of contracts on hand. And while there is some uncertainty about how the residential market will fare as the First Home Owners Boost is phased out and interest rates are increased, early signs are positive. We've recently seen an increase in leads from second and subsequent home buyers who are now

significantly out-stripping first home buyers as a proportion of our overall enquiries. Just as our speed to market for first home buyers worked well for us last year, this year we've quickly adapted our products and marketing to target second and subsequent home buyers – our traditional core strength.

Our other business areas are also well positioned. Retirement Living is poised for growth as we speed up our development pipeline. We'll also make the most of synergies with our other businesses to improve efficiency and support our growth plans.

We have actively managed lease risk in our office and industrial properties. Retail sales in our shopping centres are holding up well and retailers are increasingly positive about the medium term outlook. We continue to focus on increasing traffic in our centres with initiatives such as the opening of our first My Funland playground in Cairns this month enhancing the experience for our younger shoppers and their parents. This initiative builds on our successful My Funland campaign, which was awarded gold at the International Council of Shopping Centres marketing awards last week.

We are confident about the year ahead and remain on track to achieve our FY10 guidance of 28 cents earnings per security, assuming no material decline in market conditions.

Like last financial year, we will have a skew in profits to the second half, as settlement of a good proportion of our recent residential sales will not be completed until 2010. While we've achieved strong sales results so far this financial year, the consequently high production levels are physically constraining us from completing construction of many of the finished lots until after Christmas.

All in all, we're looking forward to building on the achievements of the last year, learning from the set backs and managing our business for the best outcomes through market cycles. We're confident this approach will see us increase our returns over coming years.

Thank you for your attendance today and your continued support of Stockland.

HUMAN RESOURCES COMMITTEE CHAIRMAN'S ADDRESS

Good afternoon.

Setting remuneration policy and managing executive performance and reward is a responsibility your Board takes very seriously. I would like to take a few minutes to discuss our approach to remuneration and address some issues that have arisen this year before you vote on our Remuneration Report.

Stockland's Human Resources Committee on behalf of the Board considers and reviews all matters related to the appointment, performance and remuneration of Directors, the Managing Director, and other employees whose total remuneration includes a significant variable component. The HR Committee also oversees all of Stockland's employment and remuneration policies to ensure fairness and balance are maintained at all levels between reward and performance, and in addition, monitors the succession planning and leadership development activities of the group.

I am the Chairman of the HR Committee and my colleagues on the committee are Graham Bradley and Carolyn Hewson. We regard the preparation of the Remuneration Report as one of our most important tasks. This year we have attempted to make the document more readable within the constraints of the accounting standards and current disclosure requirements. We also

addressed five key questions and our findings are contained in the report, which can be found on pages 19-39 of the 2009 Financial Report.

We understand that remuneration is a sensitive issue, particularly in times like these when many of our securityholders, have seen the value of our investment decline substantially. This year we undertook a thorough review of our remuneration philosophy, principles and policies, and found our approach to be robust and appropriate through market cycles.

I'd like to look briefly at each of the three elements of our remuneration framework.

Firstly, fixed pay. Recognising the challenges of the economic climate, for the second year running, the Board decided that there should be no increase in executive fixed pay except where an individual's responsibilities materially changed. There will also be no increase in non-executive director fees for 2010, following no increase last year. We believe these are responsible decisions in the current climate and, based on our external benchmarking, that our Fixed pay is competitive but not excessive.

The **second element** of our remuneration framework is annual performance pay. This is determined by measuring the individual's performance against a set of balanced scorecard objectives and any payments are funded out of the year's underlying profit. The Board makes a series of judgments when determining these bonuses, including assessing the quality of earnings. In doing this we seek to balance all relevant considerations to achieve fair and reasonable pay outcomes in the interests of our securityholders. Your Board believes we have achieved that outcome this year.

The Chairman in his address highlighted that this year we paid significantly lower bonuses than previous years, reflecting Stockland's lower underlying profit.

For our Managing Director Matthew Quinn, this resulted in a bonus that was 27 per cent lower than the previous year, while underlying profit was down six per cent. We believe this result is appropriate given the Group's lower underlying profit, and the Board's decision to recognise the high achievements across many aspects of our balanced scorecard.

The **final element** of our remuneration framework is long-term incentives, or equity pay. It's important to note that the way the value of long-term incentives are required to be disclosed in the Remuneration Report often differs markedly from the actual value of the awards achieved in practice. For example, at the time of our 2007 report the disclosed estimated value of the Managing Director's equity incentive grant was $1.3 million. Three years later, as a result of the fall in the market generally and in our security price, the actual value of that grant at 30 June 2009 was about $800,000.

Some securityholders have expressed concern about equity pay vesting when our security price declines. Stockland's total shareholder return, or TSR, hurdle measures performance relative to other companies and is designed so that executives do not simply benefit from a rising market but are rewarded only if Stockland's securities perform better in a relative sense than those of our peers. The Board is of the view that we must be consistent in the application of the measures in all market cycles and therefore in a falling market it is still appropriate to reward executives when our performance has been better than that of our peers. The TSR returns delivered are illustrated on page 23 of the Remuneration Report and shows a consistently better performance that our peers.

I'd also like to note that award of equity pay is based on two hurdles – total shareholder returns and earnings per share – with each hurdle accounting for 50 per cent of the award. Our earnings per share targets and results for recent years are set out on page 2 of the Shareholder Review and page 24 of the Financial Report. I'd like to note that the 2009 EPS growth target disclosed in this table – 1 per cent – was incorrect as the actual EPS target was significantly

more demanding at 2.5 per cent. Due to not achieving the earnings performance hurdle this year, no performance rights linked to the EPS element of all equity pay awarded in 2006 will vest. It is also quite unlikely that the EPS portion of equity pay awarded in 2007 will vest next year. This means that half of all equity pay over a two year period is unlikely to vest. This demonstrates that our incentive arrangement is genuinely at risk and aligned with Group performance.

Finally, let me say that setting and applying effective remuneration policy is viewed by the Board as one of our most important responsibilities. We are committed to ensuring executive pay is not excessive, is fair, competitive and reasonable and does not provide windfall benefits unrelated to an individual's performance. In short, remuneration must be structured to align management's objectives with long-term securityholder interests in a way that is balanced and consistently applied through the different economic cycles. We're confident we have a remuneration framework which is aligned with your interests as securityholders.

I commend the remuneration report to you.

Thank you.

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