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27 October 2015

The Manager
Company Announcements Office
ASX Limited
Level 4, Exchange Centre
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Dear Sir/Madam

STOCKLAND GROUP (ASX: SGP)
ANNUAL GENERAL MEETING OF STOCKLAND CORPORATION LIMITED AND MEETING OF UNITHOLDERS OF STOCKLAND TRUST

Attached are copies of the addresses to be given at today's Annual General Meeting by:

- Mr Graham Bradley, Chairman; and
- Mr Mark Steinert, Managing Director.

Yours faithfully

Katherine Grace
General Counsel and Company Secretary

Chairman’s remarks

Annual General Meetings | Tuesday 27 October 2015

Ladies and Gentlemen,

I will now present a short report on the Company’s performance over the past year, our progress towards key objectives and our outlook.

It was a great pleasure in August to report strong profit growth as we realised the benefits of our strategic repositioning to capitalise on favourable market conditions, particularly in the Residential sector.

FY15 Results

Pleasingly, our Underlying Profit grew by 9.4 percent during the past year, and the growth in earnings per security was up 7.8 percent. Our statutory profit, which also reflects the current valuation of our investment properties, rose by over $300 million during the course of the year, to $903 million, more than 70 percent higher than the prior year.

These good results reflect solid increases in earnings across all of our three main businesses: Commercial property (which includes our Shopping Centres, Logistics and Business Parks and Office investments), Residential development and our Retirement Living division. In addition to successfully completing a number of major shopping centre redevelopments during the year (notably Baldivis in WA and Hervey Bay in Queensland), we progressed several other major Commercial redevelopments, all of which will yield very satisfactory returns in future years, and we substantially expanded our Logistics and Business Park operations with the addition of three new properties for a total investment of $66 million.

We sold a record number of residential home sites during FY15–over 5,800– and we ended the year with a record number of sale contracts in hand (over 3,700–17 percent up on the same figure last year). This has provided us with a strong tailwind in the current financial year. In addition, we have progressed our strategy to invest in completed homes, making our first such sales during the past year, and expanding our pipeline of new projects so that we will commence construction on over 500 homes during the current financial year. We have also begun deepening our capability to grow in the medium density and apartment sectors where we have identified a number of highly prospective opportunities on land we already own.

Our Retirement Living business has also gone very well during the past year. We had a record number of 945 unit turnovers, and increased the number of unit reservations at the end of the financial year. Sales have begun very well at our largest ever village redevelopment, the Cardinal Freeman Village at Ashfield, in Sydney's inner west.

In summary, our capable executive team under the leadership of our Managing Director, has in a very disciplined and effective way taken forward the strategy which we refined and announced two years ago, and it's paying dividends.

Turning to our FY15 distribution, as promised we returned 24 cents per security to our investors during year, and this represented a payout of 93 percent of our Underlying Profit.

Looking forward, we have foreshadowed that, in the absence of a major disruption to our markets, we are targeting to pay 24.5 cents in the current year which we expect would bring our payment within our target range of paying the higher of 100 percent of the trust taxable income or 80–90 percent of Underlying Profit. We believe this is an appropriate new target because it should provide steadily growing returns to securityholders while still allowing us to retain a portion of earnings to invest in future growth.

Sustainability

I am very pleased to report that Stockland has maintained its leadership position in the area of sustainable operations during the past year. We have continued our commitment to engage effectively with communities in which we operate, to improve the liveability, convenience and efficiency of our residential projects, our retail centres and our commercial properties, and to continue to improve in the area of energy and water efficiency and reduced impact on the environment. Once again our efforts were recognised as we were named the most sustainable real estate company globally by the Dow Jones Sustainability Index. This is the third time we have received this outstanding acknowledgement. In addition, we have taken steps to test the benefits of even greater investments in this area. An example is the rooftop solar power plant installation which we have constructed at our Shellharbour Shopping Centre at the cost of around $2.1 million which is the largest single rooftop solar installation in Australia at the present time.

In addition, we launched the Stockland CARE Foundation during the year, and seeded the Foundation with an initial donation of $8 million. The income from this capital will be used to support a range of worthy community organisations in the years ahead. Our initial support will be provided to Touched By Olivia–a wonderful organisation that helps to create exciting but safe children's playgrounds that are specially designed to engage children with disabilities, and also the Red Kite Foundation which supports children with cancer and their families.

Our initial donation to the CARE Foundation was approximately 10 percent of the one-off profit we made on the sale of a stake in Australand which we sold after withdrawing from the process that ultimately saw that company acquired by a Singaporean group.

Governance

Let me turn now to some recent developments on the Board.

Firstly, we welcomed to the Board our new director, Dr Nora Scheinkestel, in August. Nora is attending her first Stockland AGM, and is offering herself for election at this meeting. Nora's background and experience is set out in detail in the Notice of Meeting. We are delighted to have her join the Board given her breadth of experience as a public company director across a wide and relevant range of industries, together with her considerable experience in relation to property development, infrastructure and related financial services.

Also, we announced in August that two long-standing directors will be retiring at this meeting. They are Terry Williamson and Duncan Boyle. Terry has served on the Board for over 12 years, and has throughout that time chaired with great ability our Audit Committee and earlier our Audit and Risk Committee. Terry has also served on other committees, and has made an enormously valuable contribution through his professional approach, his diligence and dedication, and his wise counsel.

Duncan Boyle will also retire at this meeting after over eight years of service. We thank Duncan very much for his wisdom and for the astute insights which he has provided throughout his service.

Both of these directors will be missed, and I will be moving a vote of thanks to them on behalf of securityholders at the end of this meeting.

We have, however, planned for these changes and, in particular, we were delighted to have Tom Pockett join the Board in September 2014. Tom will succeed Terry Williamson as Chair of our Audit Committee, and will bring to that role, as he does to the Board, his many years of experience as a chief financial officer and a senior business executive.

Following these changes, the Board will have a more balanced tenure across the director group, and we will move forward with a board comprising seven non-executive directors plus the managing director which we believe is the right size for Stockland at the current time.

Another policy change which we made during the year was to increase from 10,000 securities to 40,000 securities the number of Stockland securities which each director is required to own. This change reflects our belief that directors should hold a meaningful number of Stockland securities, and the new minimum equates to roughly one year's base board fees. There is growing focus on the importance of directors having a material stake in the companies which they direct, and our new policy will be at the forefront of a growing trend in this direction.

Outlook

Our Managing Director, Mark Steinert, will say more about our outlook in a few moments, but let me say that I believe the strategy we have adopted and the foundations we have laid over the past two years will serve us well over the next few years. Our disciplined approach to our investments and projects mean that we will be focused on generating good returns for our investors rather than pursuing growth for its own sake. We see continuing strength in the residential housing market due to continued population growth and existing undersupply, supported by low mortgage interest rates which we believe will continue for some time into the future.

Furthermore, the quality of the developments in which we are investing in our retail, logistics and business park portfolios and the quality of tenants we are attracting to those centres will underpin good returns in the year ahead. Our Retirement Living business is now more efficient, more professional and providing an improved product which will continue to attract discerning retirees and generate improved returns. All-in-all, I am confident that the operating platform we have established will allow Stockland to sustain solid growth in the year ahead.

I would, therefore, like to say thank you on behalf of securityholders both to my board colleagues and to Stockland's dedicated employees for their commitment and for their efforts in advancing the Group's strategy and delivering strong results for securityholders over the past year.

Thank you.

Managing Director's remarks

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Thank you Graham. Good afternoon ladies and gentlemen.

As Graham mentioned our key metrics show significant improvement in our performance for the 2015 financial year. This reflects the discipline and hard work of our team to execute the strategy we put in place two years ago.

Our strategic priorities have been to grow our asset returns and our customer base, maintain our capital strength and continue to improve our operational efficiency.

We made good progress in each of these areas in FY15 with key examples including close to $600 million in accretive acquisitions across Retail, Logistics and Business Parks, Residential and Retirement Living; broadening our customer reach with medium density residential products; significant cost savings through ongoing procurement improvements; our global recognition as the most sustainable real estate company by the S&P Dow Jones Sustainability Index; and high customer satisfaction across all areas of our businesses.

Our successful brand refresh in 2014 moved us toward to a more streamlined group customer proposition; focusing on creating places where our customers want to live, shop and work. This has resonated strongly with our target audience improving our brand recognition across the country. We have recently rolled out a national campaign that has lifted customer awareness of Stockland with a 25% increase in customers starting their sales journey with us online. Our campaign has focused on what is important to our customers – community, affordability and quality.

Alongside these achievements we have maintained the strength of our strong balance sheet and retained our A-/stable credit rating. Our gearing remained at the lower end of our target range of 20 – 30% finishing the financial year on 23.4%. This is expected to increase within the range over FY16.

We delivered on our priority to grow asset returns and our customer base with strong results across our operating businesses. Residential, Retirement Living and Logistics and Business Parks were all up more than 15 per cent on the prior year.

Our Commercial Property business remains a key driver of our success, with funds from operations, or FFO, up 5% to $570 million, and operating profit growing 4% on the previous year to $517 million.

Our retail portfolio performed strongly with high occupancy, positive leasing spreads on new leases and renewals of more than 3% and lower incentives, which are only paid on new leases.

We achieved the strongest specialty sales growth we have recorded in four years. Total Moving Annual Turnover in our shopping centres grew 4.5%, with 7.0% growth from specialty stores. Importantly sales, per square metre across our portfolio were 12% above the national average and our specialty occupancy costs remained below average at 14.3%

We are starting to see the benefit of the major redevelopments we have undertaken over recent years as these assets progressively stabilise. In FY15 we opened major redevelopments at Hervey Bay in Queensland, Baldivis in Perth, and the first stage of Wetherill Park in Sydney's west. Each was met with an overwhelmingly positive response from local shoppers.

We also completed our $25 million Point Cook redevelopment in August and have welcomed international retailer, H&M, to Glasshouse where they will open their flagship Sydney CBD store next week, ahead of schedule. The final stages of Wetherill Park are also ahead of schedule and now due for completion before Christmas, and stage one of Harrisdale in Perth will open in the second half of FY16. These developments represent a combined investment of $550 million with an expected stabilised average yield of 7-8% and total returns above 11%.

Yesterday we released our first quarter update to the market. In this first quarter of FY16 retail continued to perform well with comparable specialty sales up 2.8% on the prior corresponding quarter, and comparable specialty moving annual turnover up 4.2%. The strongest performing retail categories were communication technology, food catering, retail services and homewares.

We remain focused on creating market leading centres with close to $300 million of retail development under construction and a pipeline of $1.1 billion targeting incremental rates of return of 11-14 per cent.

Turning now to our Logistics and Business Parks portfolio. In FY15 the portfolio delivered strong profit growth with Comparable Net Operating Income up 3.1% and comparable FFO up 5.1% reflecting positive leasing momentum.

We are steadily building up a strong portfolio of Logistics and Business Park assets that deliver solid returns and presents opportunities for future growth. During FY15 we acquired three new sites in Sydney and Melbourne and we most recently acquired a 23,000 square metre warehouse and distribution centre at Wonderland Drive, in Eastern Creek, Sydney. We have made good progress repositioning our portfolio with asset improvements under way at a number of key sites.

In our office portfolio in FY15 we achieved comparable NOI and FFO growth of 6.4% and 4.2% respectively following strong leasing activity in all Sydney office markets.

Our performance is benefiting from our strong weighting to Sydney. Around 65% of the portfolio is now located in the Sydney market, following the settlement of our 50% share in Waterfront Place and Eagle Street Pier in Brisbane during the quarter.

In FY15, our Residential business achieved a substantial 73.5% uplift in profit and ended the year with a record 3,742 contracts on hand, up 17% on last year.

This strong result reflected generally positive market conditions in the corridors where we operate and the progress we have made launching six key projects in two years with over 14% net operating profit margins and broadening our customer reach with diverse product offerings. Providing our customers with more choices is proving to be successful and we are now ramping up production for FY16 at selected projects. In September we launched our first standalone medium density project at Ivanhoe in Melbourne.

During the year we also continued to replenish our land bank with the acquisition of 4,000 lots. We have been quick to activate many of these with the majority of new projects on track to deliver profit within two years of acquisition.

Our residential sales in the first quarter have remained robust with a further 1,557 net deposits, which combined with the deposits already on hand at the end of FY15, brings the total to 5,299.

Residential markets around the country are at different stages, however, our active projects are generally well placed in high demand, low supply corridors. We also offer a clear affordability advantage, coupled with our reputation for creating desirable, liveable communities with 73% of purchases being owner occupiers and 46% first home buyers.

In line with our previous commentary, we expect markets in Sydney and Melbourne will moderate with a more normalised level of growth, Brisbane is showing improvement and Perth has slowed as anticipated.

Earlier this month I was proud to officially launch our $5 billion Caloundra South development on Queensland's Sunshine Coast. Fittingly named Aura – the city of colour – because of its dynamic and innovative design - this masterplanned community will create more that 20,000 new homes over the next three decades and become home to around 50,000 people on completion.

We remain confident we are well placed given the diversification of our business, contingency allowances we have built and we will continue to capitalise on strong demand for our differentiated and affordable offerings. We are very well placed to achieve our target of around 6000 residential sales this year assuming market conditions continue given the activation of new projects and current sales rates.

Finally, our Retirement Living had a strong FY15 with operating profit up 19.9% on FY14 reflecting strong sales, active management and improved efficiency. We are now two years into our five year plan to achieve a 7% cash return on assets in Retirement Living. This plan has seen us take a much more active approach to how we manage our village portfolio.

During FY15 we made good progress reshaping our portfolio via capital recycling with the sale of two non-core villages and the acquisition of eight villages in South Australia which has a particularly strong Retirement Living market. The acquired villages reflect a forecast Return on investment of more than 7%.

We delivered a strong first quarter with both established and development reservations substantially higher than the same period last year, reflecting a successful first quarter sales campaign.

The continued growth of our Retirement Living returns is underpinned by development. In the first quarter we commenced construction on our new village at Willowdale in Sydney which will launch in 2Q16.

Our landmark Cardinal Freeman development in Sydney’s inner west is on track to complete its first two buildings in April 2016 with over 85% of apartments already reserved.

While I am proud to share these strong results with you, I know that you are equally interested in our outlook for this year – FY16. There is clearly some caution among businesses and consumers, we expect conditions to remain reasonably supportive for the rest of FY16. Interest rates are anticipated to be stable and we expect the economy to continue to grow, albeit at below trend levels.

We have commenced FY16 with strong first quarter results and good momentum in sales and leasing across our core businesses.

I am confident in the strategy we are executing and that Stockland is well placed to

deliver our FY16 target growth in earnings per security of 6 – 7.5% and FFO growth of 8.5 – 10%, assuming there is no material change in market conditions.

I look forward to updating you on our progress at our half year results in February.