



Stockland

2007

Corporate responsibility and sustainability report

30 June 2007



Cover image –
Murray's Beach,
Wallarah Peninsula

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About Stockland

Stockland is the largest diversified property group in Australia, with operations also in New Zealand and the United Kingdom.

We are active in retail, commercial and industrial property, as well as residential, retirement living and funds management sectors.

As at June 30 2007, we had a market capitalisation of over A\$11 billion and assets valued in excess of A\$13 billion. We are a top 30 Australian Securities Exchange listed company (ASX: SGP), and have achieved 25 consecutive years of profit growth.

During the past year, in line with our strategy, we made two significant acquisitions: the UK property investment and development group Halladale and Australian Retirement Communities (ARC – Retirement Living) – one of the top five retirement living operators in the country. Stockland Halladale is now our platform for future growth in the UK and Europe.

About this report

This report, for the year 1 July 2006 to 30 June 2007, covers our Australian operations:

- Retail
- Development – Residential Communities and Apartments
- Commercial and Industrial
- Capital Partners

Next year we will commence reporting on Retirement Living and Stockland Halladale. Our first step is to develop CR&S plans to support their strategic business plans. Our priorities include reporting on people metrics, learning and development, and understanding the best opportunities to enhance environmental performance of existing assets and projects in development.

Except where specifically noted, this report does not cover Stockland Halladale and Retirement Living, as they became part of Stockland only in the last half of the reporting year, Saville Hotel Group, due to the sale of the group in January 2007, nor our assets in New Zealand held in joint ownership and managed by others.

The content for this report has been determined and shaped by our CR&S Employee Committee, reporting on our actions reflecting the ongoing delivery of our CR&S strategy. Our CR&S Board Committee has provided sponsorship. We have used the Global Reporting Initiative (G3) criteria to inform the extent and detail of our reporting and we have been assured against the AA1000 Assurance Standard. Employees throughout the organisation have contributed reports on progress, learnings and case studies, capturing our performance over the past year.

Our vision and mission

Our vision is to create a world-class property group. We see that our purpose is to deliver enduring value for our stakeholders through innovative, customer focused property solutions.

Our responsibilities to our stakeholders shape our mission.

- We recognise our **people** are our most important asset.
- We strive to exceed our **customers'** expectations.
- We aim to provide superior returns to our **investors** through outstanding performance.
- We respect our relationship with authorities and **government**.
- We create equitable, rewarding **partnerships** by being clear about our expectations and sharing innovation and knowledge.
- We aim to understand our role in the **community** – those that we create, and beyond – wherever we have an impact.

Doing the right thing as a property manager, owner and developer, through the eyes of our stakeholders, is about dealing with risk, seeking opportunities and creating long-term value for our investors.

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Graham Bradley, Chairman



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Graham Bradley (right)
and Matthew Quinn (left)

Message from the Chairman and Managing Director

We have great pleasure in presenting our second annual Corporate Responsibility and Sustainability (CR&S) Report. This document, along with our Annual Report, provides an account of our environmental, social, governance and financial performance over the past year.

Last year we set out what we mean by corporate responsibility and sustainability. We defined corporate responsibility as embracing a balance of stakeholder interests in a way that is consistent with long term economic prosperity. Sustainability is what we achieve as a consequence.

We have made progress over the past year towards more sustainable residential communities and lowering energy and water use in our commercial offices and shopping centres. We have improved our water and energy data collection, although we have not yet achieved complete coverage of our office and retail portfolios – a significant challenge for a growing organisation.

Looking forward, we see climate change concerns reshaping regulatory and corporate behaviour. We recognise that we too need to take action. This year we submitted our second response to the Carbon Disclosure Project, reporting our emissions for the past year. Our Climate Change Action Plan, currently in development, will define our improvement goals for the years ahead, including more extensive environmental reporting and setting greenhouse gas emission reduction targets.

We paid particular attention this past year to supporting health and safety at our workplaces, properties and projects. We created a new national role of General Manager, Health, Safety & Environment (HSE) and new HSE advisor roles within our operating divisions.

We have also taken steps this year to embed genuine responsibility for environmental and social outcomes across our organisation. All our employees now have the opportunity to be recognised and rewarded for their contribution to CR&S through our new performance management system. We now have in place national sustainability managers in our Retail, Development and Commercial & Industrial divisions to provide expert guidance and share best practice. This year we also established an employee Giving and Volunteering Committee.

For the third successive year our employees recorded a very high employee engagement score in our annual employee survey, putting us in the top quartile of the Global High Performing Companies Norm¹. Our sustained high scores demonstrate the great value our people place on our leadership, values and workplace culture.

Our new head office in Sydney embodies our CR&S commitment. We have created an open, healthy and comfortable place for our people. In addition, it highlights our ability to refurbish an existing office space with a focus on environmental sustainability. One of the biggest opportunities for the property sector is to refurbish existing building stock efficiently, thereby making a large contribution to reducing carbon emissions. Our new office is a demonstration of what can be achieved.

¹ As determined by Towers Perrin International Survey Research (TPISR)

We view this CR&S Report as an important statement of our achievements over the past year and our improvement aspirations for the future. This year we have again used the Global Reporting Initiative and also submitted our report to assurance using the AA1000 Assurance Standard's principles of materiality, responsiveness and completeness. We want this report to be rigorous, accurate and relevant for all our stakeholders.

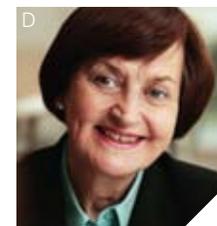
We close by thanking all our people for embracing our CR&S values so fully this year. We are pleased to note that our CR&S progress has received external endorsement with our inclusion in the 2007-08 Dow Jones Sustainability Index. We celebrate our achievements and recommit Stockland to meeting further milestones in the year ahead.



Graham Bradley
Chairman



Matthew Quinn
Managing Director



CR&S Board Committee and Leadership Team (A-F): Graham Bradley (Chairman); Peter Scott (Non-executive Director); Matthew Quinn (Managing Director); Rilla Moore (Executive General Manager, Human Resources); Cliff Bromiley (General Manager, Health, Safety and Environment); Siobhan Toohill (General Manager, Corporate Responsibility and Sustainability)

Our highlights and priorities

This report sets out what we are doing to meet our responsibilities:

- In the **marketplace**, with our suppliers, customers, partners and government.
- In the **workplace**, with our people.
- In the **environment**, where we operate.
- In the **community**, where we have an impact.

Doing the right thing as a property manager, owner and developer, through the eyes of our stakeholders is about dealing with risk, seeking opportunities and creating long-term value for our investors.

Our progress over the past year has shaped our priorities for the coming year:

- Health and safety will benefit from a substantial increase in specialist resources. We are improving our management systems, risk assessment and training processes and the quality of engagement with our many business partners as we seek to realise our vision of a culture that deeply values health and safety.
- We have improved our environmental metrics and targets – both in how we collate them and in terms of results. And we have taken steps to improve systems within each of our operating divisions. Over the next year we will further enhance energy and water data management across our organisation. We are also preparing a Climate Change Action Plan setting out our approach to reduce carbon emissions.

- Our efforts have enabled us to take steps towards a certified environmental management system. We plan to substantially progress this initiative in the year ahead.
- We have recognised the importance in building commitment to our values and CR&S aims with our supply chain. We will now road test our draft sustainable supply chain policy with key suppliers.
- During the past year we relocated our Sydney and Melbourne head offices, demonstrating our commitment to an engaging, healthy and environmentally responsible workplace for our people. We look forward to receiving the formal ratings for the environmental performance of these workplaces.
- We launched a new performance management system to align the expectations of employees and their managers, comprising a balanced scorecard including CR&S objectives for all employees. We will continue to monitor and refine reward for performance.
- And we have developed a plan to enable our people to give and volunteer in the community. In the coming year we will launch workplace giving and extend opportunities for volunteering.

Our new offices

“A great place
to work—

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Creating Stockhome

In April 2007 we moved 600 employees to our new office ‘Stockhome’ at 133 Castlereagh Street, in the Sydney CBD. By innovatively refurbishing over 10,000m² across eight floors, we aimed to create one of Australia’s leading office environments. And importantly for a major office building owner, developer and manager, it has provided the opportunity to demonstrate how the environmental performance of existing office space can be significantly improved.

We sought to create an engaging environment that would unify the business and express who we are.

Keen to nurture a culture of mutual respect, we consulted employees throughout the planning stages. We believe the physical surroundings will enhance employee wellbeing and lead to improved business performance.

Before moving we surveyed employees to identify what they wanted in their new workplace. Essentials included sufficient meeting rooms, improved indoor environmental conditions, good workspace design, and a workplace that reflected the vision and nature of Stockland. Surveys also identified considerable support for onsite childcare facilities. We will conduct an occupancy survey in mid 2008 to measure employees’ experience of our new workplace. This will be compared to the occupancy survey conducted prior to moving.



—and it demonstrates
what we're about”

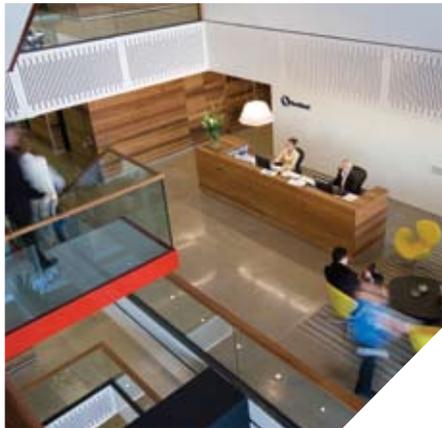
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Keeping Stockhome 'green'

Through this project we are piloting our first 'Green Lease', committing us (both as tenant and building owner) to ongoing energy, water and waste efficient management of our new workplace. We expect to extend this initiative to interested office customers, sharing the responsibility for more sustainable workplaces. Our Stockhome Sustainability Committee meets regularly to guide and track progress.

In late 2008 we will be producing energy on site via a gas turbine, and using the waste heat generated through this process to produce hot water for the premises – a process known as co-generation. We also look forward to the openings of our learning and development centre and project rooms in late 2007 and onsite childcare centre in early 2008.

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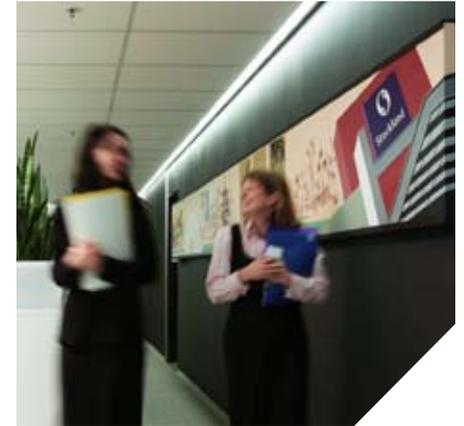


Moving to an open plan, sustainable workspace required focus, engagement and leadership. Employee-led advocate networks such as the 'Stockhome Subbies' were established to help provide two-way communication, build excitement and shift the business from awareness to readiness and action.

A priority in planning the interior refurbishment was to reduce our environmental footprint in line with our company-wide commitment to corporate responsibility and sustainability. To guide our design decisions we used the Green Building Council's Green Star – Office Interiors v1.1 tool. We anticipate that our Green Star rating will be announced in the coming year. Our workspace has also been designed to achieve a five star Australian Building Greenhouse Rating (ABGR). In addition we are improving our ABGR base

Artwalls

Rather than buying artwork from dealers we decided to tap into the talents of our people and community partners. We have created an art wall on each floor, some done by local or interstate Stockland teams with contributions from 'Stockland' children. We also commissioned talented students at Fairfield High School to produce artworks around the theme of their local community and what sustainability means to them.



building rating for our head office building. We have also used these tools to guide the design and construction of our new Melbourne office.

In line with our ABGR commitment, we are also participating in the 3CBDs Greenhouse Initiative – a partnership between the City of Sydney, North Sydney Council and Parramatta City Council and the Department of Environment and Climate Change – to demonstrate the energy savings possible within the workplace.

Key design initiatives to enhance flexibility and collaboration include:

- An atrium with a staircase connecting eight floors, supporting a more engaging work environment
- A café and lounge area
- Video conferencing facilities on every floor
- An open plan layout with many meeting rooms.

Environmental improvements include:

- Using recycled and low toxin materials (Blackbutt timber, low toxin emitting carpets and paints)
- Improving air freshness
- Optimising natural daylight while minimising glare
- Automatically switched lighting control systems
- A reduction in printers from approximately 140 to less than 40 printers and multi-functional devices

The Stockhome project provided the opportunity to reuse a building and demonstrate to our customers the possibilities – and our capability. We recognise the contribution of the many partners who assisted us with this journey.

A sustainable legacy

Our Sydney move was not just about creating a new place to work but about reusing and recycling what we were leaving behind, from both environmentally and socially responsible perspectives. We reused some items in our head office, and items suitable for domestic reuse were auctioned to employees.

At the time of our relocation, Mission Australia, one of Australia's leading not-for-profit welfare organisations, was also planning to move its national office and was facing a considerable cost for fit out. Mission Australia collected our surplus office furniture, some going to its new headquarters, and some to operations in Taree, Wagga Wagga and Canberra. The remaining items will be used for new service openings and site refurbishments.

Mission Australia told us that "Stockland's donation has truly assisted Mission Australia build a sustainable future by allowing funds to be redirected to vital community services, where the inspirational work of building communities takes place."

And because we wanted to manage e-waste in our relocation, we participated in the WorkVentures Connect IT project, donating printers and computer hardware we no longer needed. WorkVentures ensures that the equipment is expertly decommissioned and refurbished and then provided to disadvantaged Australians at affordable prices.

While our relocation allowed for us to make a significant one-off donation, we have also decided to become a national participant in the Connect IT program. So far in 2007 we have donated over 200 PCs from our NSW, Victorian and WA locations. The PCs were in good condition and the majority have now been refurbished and provided to a variety of low income households.

We will develop our former head office at 157 Liverpool Street as apartments, known as The Hyde, that will achieve significant energy and water savings, as compared to typical NSW apartments.





Marketplace

“It’s not just what
we do...”

Being responsible in the marketplace is about upholding the highest standards of ethics and integrity in business practice. Our policies and guidelines (published on our website and expanded upon on our intranet) set out our standards, while our values of openness, service, commitment, innovation, teamwork, empowerment and enjoyment underpin how we do business.

Working towards a more sustainable supply chain

While we strive to apply sustainability principles to our own operations, we would also like our suppliers to have the same focus. We know that we need to be clearer in setting our expectations around social and environmental responsibilities. To that end, we are about to commence working with some of our suppliers and partners to align our supply chain with our sustainability commitments.

We have started to formalise our approach by developing a draft sustainable supply chain management policy and code of conduct. It is intended that these tools set out the prerequisites for doing business with us – initially only for those suppliers typically servicing our corporate functions, engaged via our procurement team. We want to work in partnership with suppliers to meet governance, environment and social principles. We will encourage them to do the same with their own supply chain.

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...it's how
we work

with our partners and suppliers"



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Piloting our sustainable supply chain management initiative

We are participating in the New South Wales Department of Environment and Climate Change's (DECC) Sustainability Advantage Program. This program helps companies to develop strategies for supplier engagement concerning environmental sustainability. The program links businesses with experts to address environmental management, and assist with integrating environmental strategies into business planning.

We will soon start working with DECC to pilot our sustainable supply chain management policy and code of conduct with a small group of suppliers associated with a development project, and establish a program to optimise social and environmental outcomes.

Our intention is to highlight those practices we would like to promote as well as those we would like to avoid. We will look for robustness in a supplier's environment policies, how it treats its employees and its relationship with the wider community. Our approach is not about disqualifying suppliers from doing business with us. Rather, it is to encourage sustainability action plans, generating business value for all involved.

Developing a "Supplier Performance Tool"

Our Commercial & Industrial Division has developed a Supplier Performance Tool that enables them to identify and monitor quarterly the practices of the majority of their suppliers. The tool is used to map performance against a standard set of questions covering occupational health and safety, service level agreements, corporate responsibility and sustainability, along with financial and administrative performance indicators.

Upon refining our policy through this project, we intend a phased roll out, gradually encouraging more of our suppliers to address the policy's principles.

"The Department of Environment and Climate Change has been pleased to work with Stockland in developing its sustainable supply chain vision... a key component of this project is to build capacity within their supplier group to develop their own sustainability and environmental policies, undertake resource efficiency projects, assess their climate change risks, engage their staff and stakeholders and to work with their own supply chain." (DECC)

We use the results to identify areas for improvement. The process also encourages suppliers to expand and develop internal reporting systems to produce quarterly data for our review.

The corporate responsibility and sustainability components of the assessment will be refined as we develop our sustainable policies, practices and processes.

Sustainability and potential suppliers

Already we are considering sustainability principles in relation to potential suppliers. Our supplier selection process looks at whether a supplier's infrastructure fits with the principles embodied in our draft policy. Once on board, we work with suppliers to establish appropriate objectives and benchmarks to guide our working relationship.

Building a stakeholder engagement system

For the past two years we have been developing a stakeholder relationship management system. The system will provide a means to track our 'touch points' with our stakeholders – enabling us to better identify who our stakeholders are, the nature of these relationships, and to meet their expectations of us. This year we will build upon this system to better measure and understand the satisfaction levels of our customers.

The system has already been launched in our Retail, and Commercial & Industrial divisions and will be rolled out across the rest of the organisation during the coming year. The project will involve a change management program covering both systems and processes.

This year we have registered with the Federal Government to comply with the recently introduced "do not call" register. Our database is regularly updated to comply with this legislation.

Working with government

Our political donations policy is designed to ensure that any political donations made by Stockland are registered and broadly bi-partisan.

Political donations may be made, generally through the business forums of the major political parties, within the annual limit set by the Board. This facilitates transmission of our business views to federal and state governments. In FY07, bi-partisan donations totalling \$129,000 were made.

Recognising the importance of working within a political environment, we created the new position of General Manager of Government Relations in May 2007.

We are refining our government relations strategy to harmonise practices company-wide, improve the quality and depth of our relations with government, and to speak with one voice on industry issues.

We work closely with industry organisations on matters of public debate. During the reporting year we have supported industry submissions across a broad range of regulatory and public policy issues. Our employees occupy senior positions in a range of organisations including the Property Council of Australia, the Urban Development Institute of Australia and the Royal Australian Institute of Architects.



Murray's Beach, Wallarah Peninsula

Working with our builders towards more sustainable housing

Macarthur Gardens is a residential community we are developing in a joint venture with Landcom, located in south western Sydney near Campbelltown. Not only is it environmentally friendly, it is also the 2006 National Urban Development Institute of Australia Winner for most affordable development.

We wanted to ensure a high standard of design and visual appeal at Macarthur Gardens. With the objectives of high quality design and more affordable housing in mind, we forged partnerships with three partner builders – Rawson Homes, Champion Homes and Cosmopolitan Homes – to deliver innovative housing on corner lots at Macarthur Gardens.

Understanding housing affordability

We recognise that housing has become increasingly out of reach for many Australians.

It is generally accepted that when housing costs are below 30 percent of a household's gross income it is considered to be affordable.

As one of the nation's largest residential developers, we can help ensure that there is adequate housing supply at the right entry point for our present and future customers. We seek to provide a range of household types within selected residential communities in a commercially viable manner.

We focused on corner homes, as they typically incur higher costs due to creating two street facades. Together with our builder partners, we created high quality 'duplex' and 'triplex' designs that are cheaper than a conventional four bedroom corner-lot home. The duplex design comprises two dwellings with separate entrances – one accessed from the front and the other from the side street, with each dwelling having a single garage and drying courtyard.

The opportunity to create a new benchmark in affordable housing would not have been realised were it not for our strong relationships with our builder partners. Active partnerships, like these, over a wide range of markets enable us to trial new products, with benefits for our builder partners and, most importantly, for our customers.

Addressing affordability requires innovation not only on our part, but also in how we work with government to address this problem. We will continue to be active in providing input to policy reform.

We are undertaking research into this problem in our local area catchments to explore how we can best respond. We recognise that the problem may require house and urban design solutions as well as financial packaging.

We are also currently recruiting for a senior executive to take responsibility for our ongoing affordable housing strategy.

The Hyde

The Hyde apartments will be built at the site of our former head office, overlooking Hyde Park in the centre of Sydney. This development illustrates a collaborative, transparent and professional approach to managing the design and approval process.

At the outset we identified and engaged with key project stakeholders (such as City of Sydney, RailCorp and Energy Australia) to understand their possible concerns relating to the project and the best manner in which to engage them in the development process. In response, we refined the design after assessing impacts on the amenity of nearby residential buildings.

With the aim of achieving design excellence, the City of Sydney's Development Application stipulated a competitive design process. It also wanted stakeholder issues clearly identified and woven into the brief.

To achieve best possible design and sustainability outcomes, balanced with commercial appropriateness, the project team along with the City of Sydney Council considered and agreed to an "alternate competitive design process". As this was the first time this particular competitive design process was undertaken, there were impacts on the project program. The process however provided learnings on successfully and efficiently managing a competition of this type – a benefit to both council and Stockland in managing similar current and future projects.

The competitive design brief has already informed our design process for our Eagle Street project in Brisbane and Tooronga project in Melbourne.

We worked closely with the City of Sydney Council throughout the process to address statutory requirements and with the New South Wales Department of Planning to demonstrate elements of leading edge sustainable design. As a result, the planning assessment process was straightforward.

Progress and priorities

| Last year, we said that we would: | The past year we have: | In the coming year our priorities are to: |
|--|---|---|
| Develop a Sustainable Supply Chain Management Policy to align our commitment to CR&S with our actions in selecting, influencing and interacting with our supply chain. | Developed a draft policy and supplier code of conduct. | Engage with our suppliers to 'road test' the policy and code of conduct, with a specific focus on our environmental sustainability and occupational health and safety expectations. |
| Participate in CR&S ratings and indices to publicly measure performance and learn from the process. | Secured inclusion in the Dow Jones Sustainability Index survey and participated in the Carbon Disclosure Project. | Continue to use credible tools and surveys to benchmark our performance. |



People and workplace

“We have a work environment where our people are engaged...”

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An engaging workplace

For us, employee engagement is an important indicator of how our people feel about working for Stockland and the extent to which their goals and aspirations are realised. From a technical perspective, employee engagement is defined as a combination of three factors: thinking, feeling and acting. As these relate to an organisation, thinking means a belief in and support for its goals/values; feeling is a sense of belonging, pride and attachment; and acting is the willingness to go the extra mile and the intention to stay.

There are many links between engaged employees and bottom line value for investors. For us it just makes good business sense that our workplace encourages us all to do our best.

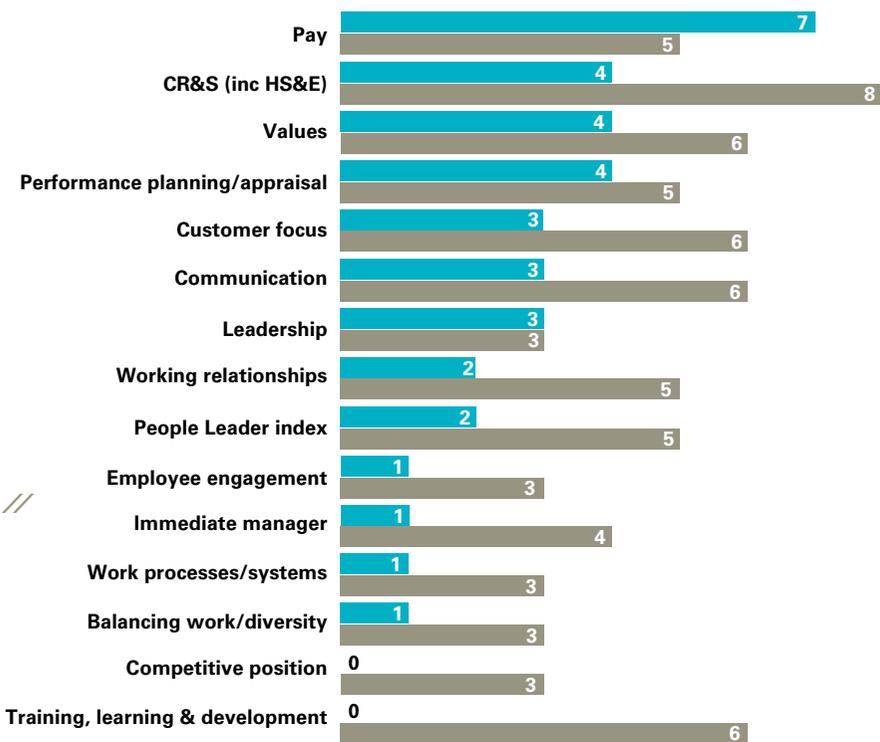
For the past three years we have measured employee engagement via an employee opinion survey conducted by global firm Towers Perrin International Survey Research (TPISR). With a 91 percent employee response rate in 2007, we can be confident that the results accurately reflect their views.

Why are the results important? Because they give us an insight into our employees' ideas on what it's like to work here, as well as issues such as corporate responsibility and sustainability, our values, leadership, work processes and systems, and career development opportunities. We take the survey seriously. Not only do we acknowledge what we are doing well, we also focus on the negative feedback to ensure we continually lift our game.



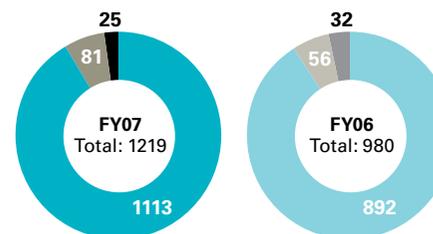
...prepared to go—

// 17
the extra mile”



'Our voice' 2007 employee survey summary
Percentage change: 2007 versus 2006, and 2007 versus 2005

■ 2007 vs 2006 ■ 2007 vs 2005



Stockland workforce

■ Full-time (Permanent full-time 1099) (Fixed full-time 14)
 ■ Part-time (Permanent part-time 77) (Fixed part-time 4)
 ■ Casual

This year, we had an overall employee engagement score of 85 percent. This puts us in the top quartile of the TPISR Global High Performing Companies Norm². We have achieved a steady increase in this score over the three years of the survey.

The key contributing factors to this year's high score were our employment brand, our leadership, our values, and learning and development opportunities. Our employees rated the following items very favourably:

- I fully support the values for which Stockland stands (95 percent of respondents).
- In my opinion, Stockland is socially responsible in the community (93 percent).
- I believe Stockland is an environmentally responsible company (93 percent).



Employee engagement
(Employee survey) %



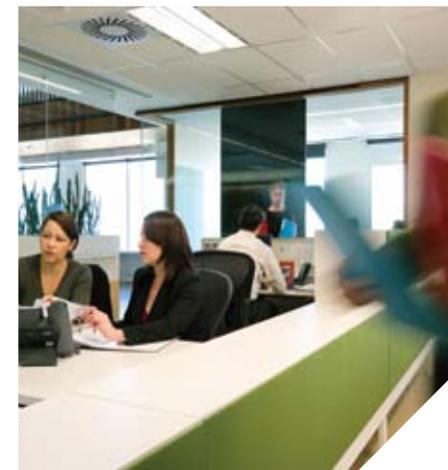
People leader index
(Employee survey) %

- I am willing to work beyond what is required in my job to help Stockland succeed (97 percent).
- My division operates with integrity in its internal (87 percent) and external dealings (90 percent).

Of respondents surveyed, 95 percent feel proud to work at Stockland, and 91 percent feel they fit into the culture and would recommend Stockland as a good place to work. These results are significantly above the TPISR Global High Performing Companies Norm.

Two areas for us to strengthen are in relation to work/life balance and pay. While our survey results for 2007 in these categories were above the average for other Australian companies, there were some areas in each category where we can further improve, namely:

² According to Towers Perrin International Survey Research (TPISR), companies in this norm have demonstrated higher than industry average financial performance over three consecutive years, in addition to having well developed HR practices.



- To continue to support our people to achieve greater flexibility and balance at work. Stockland has experienced significant growth in recent years which has required a growing workforce to meet the additional business demands. Ensuring positions in a growing workforce are filled in a timely manner, within the context of a tight labour market, is an ongoing challenge. Stockland has introduced workforce planning processes to more accurately anticipate people requirements and assist with filling positions expeditiously. Stockland also aims to enhance work life balance through more flexible workplace policies and additional programs such as information and resource services to assist employees with arranging dependant care, health and lifestyle needs to help free up their valuable time. In addition, we are investing in streamlining and automating work practices.

- To further embed our remuneration and performance management frameworks such that people understand their rewards, how they link to performance and market benchmarks. This area has been given a major focus through the introduction of our new remuneration and performance management system.

Enhancing our remuneration framework

In August 2006 we implemented a new performance management system to align the expectations of employees, their managers and Stockland overall. Because we value transparency, the new system makes it easy for employees to track their progress against agreed goals using a balanced scorecard approach.

Employees set themselves goals – with at least one related to each of Financial/ Business, Stakeholder Management, People, and Corporate Responsibility

and Sustainability (including HSE). At year-end, individuals and their managers separately and together assess performance to arrive at an agreed rating.

Over the past year we have made changes to our pay and reward structure, including extending to all employees the opportunity to earn a short-term incentive and the opportunity to achieve ‘out performance’ for the year for those who surpass their targets.

In May 2007, adopting the new framework, we assessed our employees against their goals. In the four weeks prior to our annual results announcement, managers and employees meet to discuss their pay review including short-term incentives achieved. Our aim was to ensure strong correlation between performance and reward.

Other changes during the year included:

- Launching our Tax Exempt Employee Security Plan under which all eligible employees receive securities worth \$1000.
- Implementing a Performance Rights Plan for our Executive Committee, Leadership Team and Senior Managers.



External recognition

In 2007, we were recognised as a Hewitt and Associates 'Best Employer'. As noted by the Hewitt review team, "Stockland leaders hold a genuine belief that people are the foundation of the business. The down-to-earth personalised leadership style found at Stockland creates an environment where employees feel their contribution and ideas are valued and respected. Fostering and maintaining this leadership style is central to maintaining strong employee engagement at Stockland."

Leadership development

There has been a continued rollout of the Leadership Strategy over the past year. The key areas of focus have been:

- The third module of our Leadership Excellence Series 'Social Intelligence for Executives', which aimed at deepening leaders' self insight
- Our second round of 360 Leadership Assessments. For many leaders this provided an opportunity to measure year on year progress against the Stockland Leadership Attributes.

Learning and development

Learning and Development activity over the past year has continued to focus on strengthening and building capability in all of our employees. The range of programs has continued to grow, with an increase in our offering of compliance-related programs in line with changes in the regulatory environment in which our business operates.

We have continued our work on in-house Management and Leadership development by building on areas of need identified through 360 degree reviews and the annual 'Our Voice Employee Survey'. There has been a measurable improvement in the results as compared to last year in the areas of coaching and leadership. In the coming year we will continue our work to improve our managers' career development planning capability.

One of the most measurable changes over the year has been the increase in the breadth of programs available for employees to attend, with employees able to access a range of 183 different programs. We have established a broad menu that enables employees from across the country to access learning which best fits their skills and knowledge requirements, in locations that ensure minimal disruption to their work routine.

Management Essentials is a core Stockland management program for frontline managers and supervisors that was delivered to a further 39 managers across Sydney, Brisbane and Melbourne. The program covers the essentials for any of our managers, including: recruitment, induction, employment, coaching and performance management.

We also launched Management Excellence Two: 'Leading a Team' in November 2006. This program builds on the earlier program by outlining the Australian Management Model, team management and motivation. From the initial program in November 2006, the program has run five times, with a total of 82 participants. In support of our work with Fairfield High School under our Australian Business and Community Network partnership, we have also sponsored twelve school executives alongside our managers on each Management Excellence program to assist in the development of their management skills.

Talent Management Program

We are in the middle of our second year operating the Talent Management Program. The aim of the program is to identify our key talent and offer a differentiated experience to:

- Maximise the retention of our key talent.
- Accelerate their development and growth.
- Strengthen our succession pipelines by growing talent from within.



Annualised training days per employee



Training spend as % of payroll

Enhanced internal communications

This year we launched our new intranet, StockXchange, as a means to share news and information and knowledge across the organisation.

We want our employees to be well informed about what our organisation and our diverse teams are doing, aware of our media coverage and know how to contact each other. Apart from the intranet, we communicate through our fortnightly internal newsletter and our Managing Director's twice-yearly organisational roadshow presentations and state-based networking events.



Newly acquired businesses

In the past year, Stockland acquired two new businesses: Australian Retirement Communities (ARC) a leading retirement living business based in Victoria, and Halladale, a UK-based property development and investment group. Our approach has been to work with senior executives from these groups to share learnings and work practices, informing our common purpose.

Next year we will commence reporting on Retirement Living and Stockland Halladale. Our first step is to develop CR&S plans to support their strategic business plans. Our priorities include reporting on people metrics and learning and development, and understanding the best opportunities to enhance environmental performance of our existing properties and development projects.

As Stockland continues to grow, we face the challenge of being one Stockland, keeping true our values and culture, while being responsive to newly acquired, and specific local and business unit needs.

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| | |
|------|----|
| FY07 | 34 |
| FY06 | 34 |

Median age

Our diversity strategy

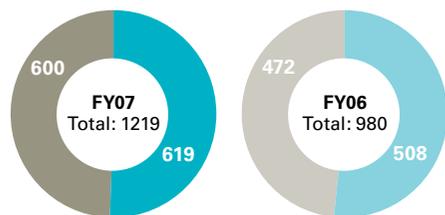
We value diversity. We seek to attract people with unique capabilities that will help us in rapidly changing business environments and markets. We recognise that we are a relatively homogenous organisation. In terms of disability, currently only four employees have indicated that they have a disability that is significant enough to require any workplace adjustments.

To that end, we have developed a diversity strategy that aims to improve employee retention rates, give us a competitive advantage in the 'war for talent', improve our retention rates, support the productivity and efficiency of our business and deepen our reputation for social responsibility.

As with other areas of our business, we aim to go beyond mere compliance with legislation to create a vibrant, diverse group of people working in a flexible environment.

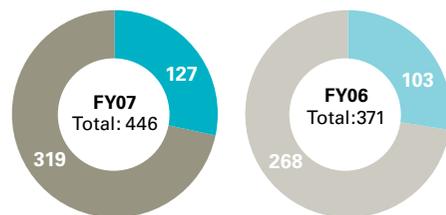
Recognition as an Employer of Choice for Women

In May 2007 we were recognised as an Employer of Choice for Women, accredited by the Federal Government's Equal Opportunity for Women in the Workplace Agency (EOWA). The accreditation acknowledges our adherence to the Equal Opportunity for Women in the Workplace Act by promoting merit in employment, promoting equal employment opportunities and eliminating discrimination. We have regular forums for women to network and discuss these issues. We also encourage our women employees to participate in the National Association for Women in Construction.



Gender profile
(Total numbers)

■ Female (51%) ■ Male (49%)
■ Female (52%) ■ Male (48%)



Overall women in management
(Total numbers)

■ Female (28%) ■ Male (72%)
■ Female (28%) ■ Male (72%)

Gender and age profile

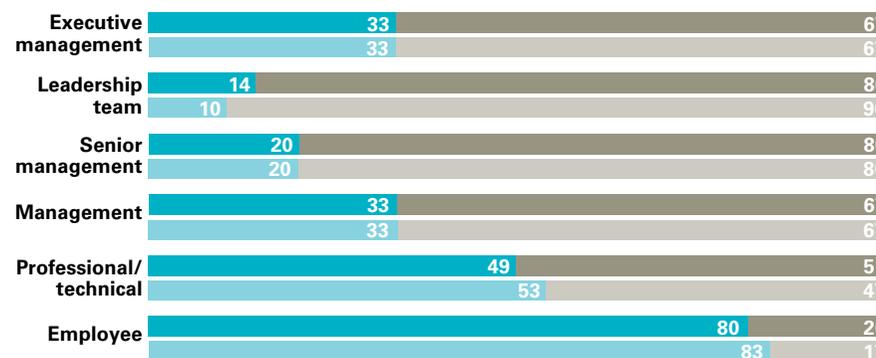
| | 2007 | | 2006 | |
|-------------|--------|------|--------|------|
| | FEMALE | MALE | FEMALE | MALE |
| <30 | 20% | 12% | 19% | 10% |
| 30-39 | 19% | 20% | 18% | 21% |
| 40-49 | 7% | 11% | 8% | 11% |
| 50-60 | 4% | 5% | 5% | 5% |
| >60 | 1% | 1% | 1% | 1% |
| Grand Total | 51% | 49% | 52% | 48% |

Joining the Australian Employers Network on Disability

In 2007 we became a member of the Australian Employers Network on Disability. The Network helps organisations to build skills and confidence in working with disabled employees and customers. By joining the network we want to remove barriers to recruitment of talented and skilled people with disability.

Our Indigenous Employment Strategy

Last year we developed an Indigenous Employment Strategy which aims to create employment and training opportunities for Aboriginal and Torres Strait Islander people across our businesses nationally. We participate in the National Indigenous Cadetship Program (NICP) run by the Australian Government, offering cadships to Indigenous students and providing mentoring and financial support during their tertiary study with the intention of offering full time employment upon graduation. This year we offered our first cadetship under this program.



Women in management – summary %

■ Female 2007 ■ Male 2007
■ Female 2006 ■ Male 2006

Progress with health and safety

Creating a caring culture

We're committed to ensuring the health and safety of everyone who works at and visits our properties, as expressed in our Occupational Health and Safety Policy.

This isn't about ticking boxes: our concern for health and safety extends well beyond regulatory compliance. For example, we appreciate the influence that our corporate culture, the design of our workplaces and our focus on work-life balance have on the wellbeing of our people. And we know we can also influence our business partners' capacity and motivation to achieve the consistently high standards of health and safety care that we target for ourselves.

We are on a journey of creating and sustaining a caring culture. This culture encourages individual participation, supported by clear and consistent direction, effective management systems, meaningful training, sharing of knowledge and learnings and supportive engagement with our stakeholders.

We also acknowledge that much of our journey lies ahead.

Strengthening our resources

A major initiative this year has been to improve our level of specialist health and safety resources. To this end we appointed a General Manager, Health, Safety & Environment (HSE) in early 2007, a new position, and embarked on a program of placing an HSE Advisor in each operating Division.

As of June 30 2007 this resourcing program was substantially complete, with our HSE team comprising eight specialists – up from two since 2006. Their role is broad: improving health and safety culture, knowledge, systems and performance across our business and, increasingly, with our business partners.

Aided by the HSE team, we have consulted with our employees and our external stakeholders more than ever as we strive to create a world-class health and safety culture. Ways we do this include health and safety committees and risk assessment workshops.

We commenced a review of our health and safety management system, asking our employees and external business partners for their views. Our aim is a user-friendly management system, applied consistently across the organisation.

Was the review necessary? While 74 percent of employees surveyed acknowledged that our HSE resources help them manage their HSE responsibilities, we can and will do better.

This year we have improved the quality of reporting and investigation into near-miss incidents. We are seeking to understand more about the root cause of incidents so that we can take more effective corrective and preventive actions.

As part of our incident prevention strategy, we have recently begun preparing and communicating safety alerts, which share such learnings throughout our organisation and wider stakeholder community.

Our new e-Learning system will deliver a wide range of training, including on health and safety. It will be further developed to provide engaging, flexible and easily accessed training for our employees, contractors, retailers and office customers.

Health and safety key performance indicators

There were no fatalities, nor long term debilitating injuries, to Stockland employees during the reporting period.

Including commuting injuries our lost time injury frequency rate (LTIFR) for the period was 7.8.

Excluding commuting injuries (in accordance with the reporting requirements of AS1885.1) our LTIFR for the period was 5.2.

Note :

- i) LTIFR, defined by Australian Standard AS 1885.1, is the number of lost time injuries per million hours worked.
- ii) Commuting injuries are defined by AS 1885.1 as injuries that occur during travel while not on duty or during a recess period.
- iii) Our reporting includes injuries that occur at Stockland sponsored or supported social and sporting events.

| | |
|-----------|--------|
| 2007 | 1.30 |
| Benchmark | < 2.29 |

Absentee rates (%)

Health and safety, and employee engagement

Our internal employee survey included questions on HSE. In addition to the question on management systems, resources and training referred to above, the following responses were received to health and safety questions:

- 94 percent 'think Stockland is a company that cares about the health and safety of its employees' (new indicator).
- 90 percent 'have a good understanding of their health, safety and environmental responsibilities' (new indicator).
- 84 percent consider 'effective action is taken when unsafe conditions are brought to management's attention' (unchanged result from 2006 survey).

We want to maintain our high performance against these indicators during the year ahead.

Stockland scholarship program

We created the Stockland Scholarship Program in 2003 to honour our founder, the late Ervin Graf. We offer scholarships to high performing property undergraduates at several Australian universities. Recipients benefit from a financial award as well as the opportunity to gain insight into the day-to-day operation of the property investment and development industry.

The program initially started with the University of Western Sydney but has now expanded to include formal scholarship programs with the University of Technology Sydney, Curtin University, and the Queensland University of Technology.

All scholarship recipients since 2003 have accepted full-time employment with us after completing their scholarship year. This year we awarded six scholarships around the nation.

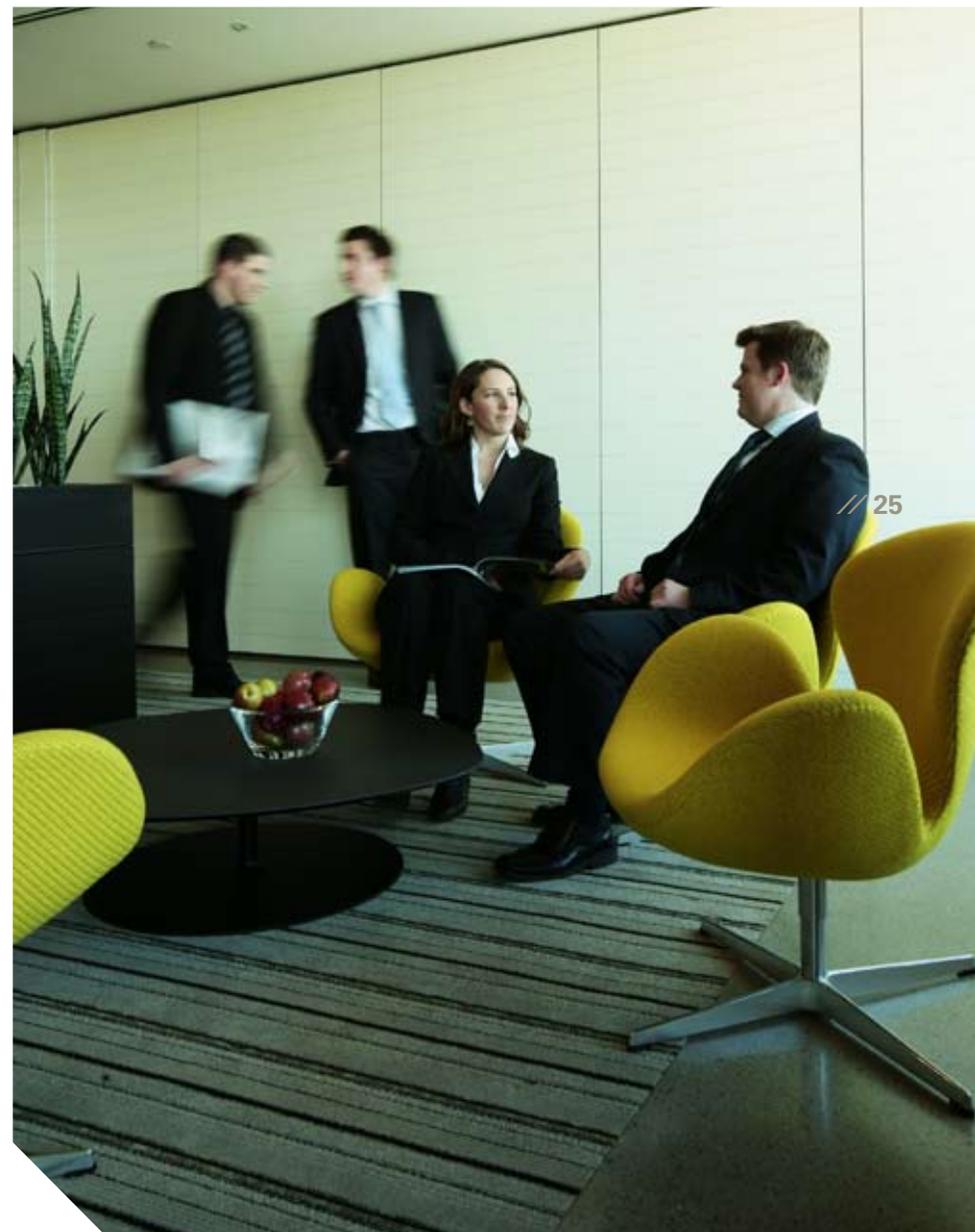
Students are offered the opportunity to work part-time during semester and full-time during semester break. They work a minimum of two months in each of the different areas of our business.

The feedback to date has been enormously positive.

"My experience of this scholarship program has been great, as it has allowed me to get a thorough understanding of the property industry as a whole. Throughout university I have developed some key theory skills regarding the property industry, but this program has allowed me to apply this knowledge into practice across a number of different property areas.

I have found the program fantastic, interesting and believe I have contributed and hope to have been an asset to Stockland."

David Bonello, Scholarship Recipient, 2007



Turnover by age

| AGE GROUP | <30 | 30-39 | 40-49 | 50-60 | >60 |
|------------------------|-----|-------|-------|-------|-----|
| No. exits | 60 | 94 | 45 | 26 | 4 |
| Headcount (at 30/6/07) | 385 | 478 | 224 | 107 | 25 |
| Turnover rate | 16% | 20% | 20% | 25% | 16% |

Turnover by gender

| GENDER | MALE | FEMALE |
|------------------------|------|--------|
| No. exits | 107 | 122 |
| Headcount (at 30/6/07) | 600 | 619 |
| Turnover rate | 18% | 20% |

Overall turnover

| | |
|------------------------|------|
| No. exits | 229 |
| Headcount (at 30/6/07) | 1219 |
| Turnover rate | 19% |

Turnover targets

(Rolling turnover %)

| | |
|---------------|-----|
| Regretted | 10% |
| Non-regretted | 5% |
| Total | 15% |

Embedding Corporate Responsibility and Sustainability

Our Corporate Responsibility and Sustainability (CR&S) function is focused on enabling our people to deliver our CR&S strategy. Rather than establishing a stand alone team, our approach is to integrate our CR&S actions such that it is everyone's responsibility. CR&S is now included in all employees' performance scorecards, providing the opportunity for all employees to be rewarded for this area.

Our Employee CR&S Committee, chaired by our General Manager, CR&S, meets monthly to review risks and opportunities, share learnings and news and report on upcoming activities. The committee is responsible for shaping and annually refreshing our CR&S strategy and including determining the approach to, and content for this report.

This network is comprised of members representing a diversity of roles and business units – where each individual has a specific responsibility in providing leadership in an aspect of CR&S.

Through our internal employee survey, our employees told us that they believe Stockland is a responsible organisation:

- 93 percent believe 'Stockland is socially responsible in the community' (7 percent improvement from 2006).
- 93 percent believe 'Stockland is environmentally responsible in the community' (7 percent improvement from 2006).
- 88 percent 'think Stockland achieves the right balance between its social, environmental and financial responsibilities' (8 percent improvement from 2006).

We want to continue to enable all our employees to contribute to, and support our commitment to CR&S at Stockland.

Progress and priorities

| Last year, we said that we would: | The past year we have: | In the coming year our priorities are to: |
|---|---|---|
| Refine the alignment of reward and performance, including the completion of an enhanced performance management process incorporating CR&S objectives for all employees. | Delivered a balanced scorecard for all employees and enhanced our remuneration framework. | Continue to strengthen and embed our remuneration framework, including enhancing employee education and communication on total pay for performance. |
| Continue to enhance people capabilities to deliver the business strategy, through our Leadership and Management Development Programs. | Continued to deliver and enhance our Learning and Development programs. | Sustain the development of leadership and capabilities to match our business growth and needs. |
| Continue to foster a workplace that attracts, retains and motivates talented individuals including the development of career paths for major job categories. | Sustained our high level of employee engagement. | Continue to sustain employee engagement through a range of programs including workforce planning to address business resourcing needs. Our turnover targets are: 10% regretted rolling turnover; and 15% total rolling turnover. |
| | | Develop CR&S plans for Retirement Living and Stockland Halladale to support their strategic business plans. |
| | | Continue to enhance health and safety at Stockland, including: <ul style="list-style-type: none"> • Reducing injuries and serious incidents at Stockland projects and properties. • Integrating health and safety processes into daily operations. • Engaging with external stakeholders to establish high standards of health and safety management and performance expectations throughout our supply chain. • Improving Stockland's health and safety management system, including improving the level and quality of incident reporting and health and safety training. |

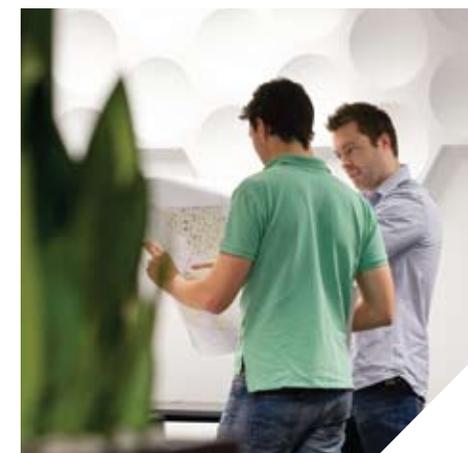
Improving urban planning

Throughout Australia, the planning and approval process is now more complex than ever. The risk of time and cost blow-outs is significant. Effective strategic urban planning requires an awareness of government processes, and transparent and timely engagement with stakeholders.

Consequently, we launched a strategic urban planning course in mid 2007. The course aims to strengthen our strategic urban planning capability to enable us to manage potential risks more effectively and to create better results for us and our stakeholders.

This program is currently being rolled out nationally and incorporated as an option into the learning curriculum for employees with involvement in urban planning.

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Environment

“Managing
our environmental
impact...”

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We recognise that we have a responsibility to minimise the environmental impacts of our properties and projects.

We have made further progress on environmental initiatives over the past year. We have worked at shifting from project-specific initiatives to more strategic actions. That is, we're focused on raising the environmental performance of our entire portfolio, rather than developing isolated green flagships.

Our goal is to embed a consistent approach to environmental management across the organisation. Over the past year we have begun to establish base-line expectations for our projects across each asset class. To do this we have worked with a range of industry tools to measure our impact and improve our performance.



...it's everyday
business for us''



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We have actively participated in the advancement of emerging sustainability tools, particularly as a member of the Green Building Council of Australia:

- Development of Industrial Tool: Silver sponsor and member of Technical Working Group.
- Development of Multi Unit Residential Tool: Gold sponsor and member of Technical Working Group.
- Shopping Centre Design PILOT Tool: Silver sponsor and member of Technical Working Group.

These tools not only guide our design approach as the developer, but also seek to minimise the impacts of the construction works by our contractors and following completion, the commissioning of new buildings to ensure optimal performance.

We continue to liaise with the NSW Department of Environment and Climate Change towards the development performance tools for existing buildings, including a greenhouse gas emissions rating tool for shopping centres.

We have now appointed National Sustainability Managers in three divisions: Retail, Residential Communities and Apartments, and Commercial & Industrial. These managers meet regularly with the General Manager, Corporate Responsibility and Sustainability and the General Manager, Health Safety and Environment to ensure alignment, share project knowledge and experiences and provide assistance wherever possible.

Each of the National Sustainability Managers has mapped a plan specific to the needs of their respective businesses:

- The residential communities and apartments businesses' sustainability 'gameplan' includes a draft 'essential sustainability initiatives' policy setting out minimum requirements to achieve more consistent environmental outcomes across all projects.

Preparing a green retail fit-out guide

Later in 2007 we will launch an easy to use 'green' fit-out guide to raise awareness with our retailers and their shopfitters and designers of how they can create more environmentally responsible tenancies. The guide will focus on reducing energy and water consumption, waste management and the responsible selection of materials.

To be effective the guide has been designed to be practical and easy to use, setting out simple opportunities to reduce, reuse, recycle and relax in our centres.

- Our commercial and industrial business recognises the risk posed by climate change to owning, managing and developing office and industrial buildings. The plan focuses on a consistency of approach in rolling out initiatives towards energy, water and waste management improvement across the existing portfolio. We are also committed to the use of the Green Star tool for new developments.
- The sustainability plan for our retail business is also focused on integrating sustainability considerations and initiatives into everyday business: from more efficient management of energy and water in our existing shopping centres to standardising a range of sustainability initiatives to be implemented in all new developments, all supported by ongoing internal communications campaigns.

We recognise that embedding the principles of sustainability, and understanding the associated risks and opportunities, at the point of acquisition is key to achieving more sustainable outcomes throughout the long life of a project. Our sustainability managers will focus on achieving this over the coming year through policy, and integrating actions and learnings into guidelines and toolkits.

Our Climate Change Action Plan

Why is Stockland creating a Climate Change Action Plan? Because we know it is time to act. As one of Australia's largest property developers and managers we recognise the need to take a leadership role in reducing the environmental impact of our business – in particular, our carbon emissions.

This year we participated, for the second time, in the annual Carbon Disclosure Project (CDP). Participation in the CDP has helped us to understand our carbon footprint and to appreciate how we can influence others to reduce their emissions.

The CDP prompted us to take a strategic approach to responding to risks posed by climate change. Our Climate Change Action Plan (CCAP) to be completed in the coming year, will establish clear goals, with targets and actions to ensure we achieve measurable emission reductions across all of our businesses.

In developing our CCAP, we have been guided by evidence-based research and by our commitment to promote awareness, and accountability for carbon management within our supply chain and among our employees, customers, suppliers and partners, and other stakeholder groups.

Our aims are:

1. Structure and set emissions targets
2. Capture the short and long-term value of our actions – such that our targets and actions are economically competitive
3. Commit to fair and credible offset schemes and carbon markets
4. Provide leadership beyond our direct influence – through forging strategic partnerships with our partners and suppliers to achieve emissions reductions of a greater magnitude than could be achieved on our own
5. Commit to innovation – investigating new ways to manage and develop property assets
6. Use the right metric: our CDP experiences have taught us valuable lessons regarding the manner in which information is reported – shaping and adopting the right metric is important as the investment community seeks to rate exposure and response to climate change risks.

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The Village – a mixed-use residential and retail development

One of our developing strengths is the collaboration between our operating divisions. A recent example of this is our work at The Village, a 2-hectare mixed-use development in Balgowlah, a suburb near Sydney's northern beaches.

The development includes a neighbourhood shopping centre, Stockland Balgowlah, of about 13,000m² and 260 residential apartments in seven apartment buildings. The design of the shopping centre has been strongly guided by the principles embodied in the Green Building Council of Australia's Shopping Centre Design PILOT tool. It is expected that Stockland Balgowlah will be completed in early 2009, with the apartments following in mid to late 2009.

The collaboration between our Development and Retail Divisions will produce innovative sustainability solutions, the two most exciting being the capture and reuse of waste heat from air conditioners in the retail portion of the development, and a large multi-purpose rainwater tank.

Traditionally, commercial air conditioners, such as those in retail centres, produce substantial heat that is vented to the atmosphere and wasted. Under our solution, the waste heat will be captured and used to produce hot water for the residential apartments, and the residents' swimming pool in the shoulder seasons, providing significant energy savings and reducing carbon emissions.

A 500,000-litre rainwater tank will capture rainwater on site. This will be reused primarily to flush toilets in apartments and the retail areas, and for irrigating common landscaped areas, significantly reducing potable water usage.

These and other sustainability initiatives at The Village will mean annual reductions of about 480 tonnes of CO₂ emissions and 14 million litres of water. This equates to taking more than 100 cars off the road and saving enough water to fill four Olympic sized swimming pools each year.

Saving energy and water

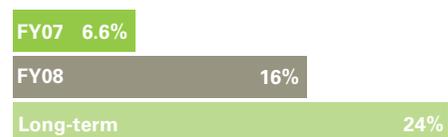
Water and energy efficiency makes good sense. Through investing in capital works in our office, industrial and retail portfolios we can cut energy and water consumption, lessen our impact on the environment, and make financial savings into the medium and longer term. We can also improve the 'green ratings' of our buildings, and thereby enhance their attractiveness to prospective customers and retailers.

We are finding that emerging regulation will require some of the actions that we have already commenced. The Australian Government's Energy Efficiency Opportunities (EEO) program requires the participation of corporations that use more than 0.5 petajoules (PJ) of energy annually. We identified that we used approximately 0.5 PJ of energy in FY06 and have applied to participate in the EEO program.

The EEO program encourages large energy-using businesses to improve their energy efficiency by requiring them to identify, evaluate and report publicly on cost effective energy saving opportunities. It is expected that the program, through a greater scrutiny of energy use, will encourage the uptake of energy efficiency opportunities leading to the reduction of greenhouse gas emissions. The program will lead us to undertake more comprehensive energy reporting than we have to date.

As a natural extension of the EEO program, we are applying the same principles of reporting and identification of opportunities to water saving in our portfolios of existing buildings.

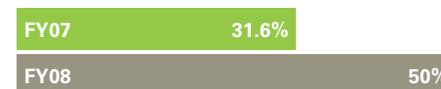
(FY05 baseline)



C&I Electricity usage reduction, as compared to FY05 (%)

- Baseline year
- Actual (compared to baseline)
- Target (compared to baseline)
- Long-term target

(FY05 baseline)



C&I Water usage reduction, as compared to FY05 (%)

- Baseline year
- Actual (compared to baseline)
- Target (compared to baseline)

Our office and industrial portfolio Utilities reduction program

During FY07, the Commercial & Industrial Division (C&I) further reduced its energy and water consumption, and reduced the proportion of waste going to landfill.

C&I worked with technology company EP&T to install energy and water sub metering systems and established monthly reporting protocols across a selection of commercial office buildings in our portfolio. Installing sub meters allows us to understand where energy and water is being consumed, allowing for closer analysis at the site of use. Where we identify excessive use, we take action to avoid future waste. In addition, water and energy saving devices and technologies were installed across the selected buildings to reduce utilities consumption and greenhouse gas emissions:

- Electricity usage has reduced by 6.6 percent as compared to our base year, FY05, short of our end FY07 target reduction of 8 percent. Our best performing buildings have achieved up to 18.5 percent reductions against the base year while sites below target have achieved as little as 2 percent reductions. Some of the lower performing buildings have been undergoing upgrade works focussed on energy efficiency and during this time a short term energy penalty was evident to allow contractors to work in the building outside normal hours. We have re-set our mid term target for end FY08 to a 16 percent reduction as compared to the base year with our long term target remaining at 24 percent.
- Water usage has reduced by 31.6 percent as compared to our base year, FY05, already surpassing our end FY08 target of 30 percent. The best performing sites have achieved savings up to 64 percent against the base year but some sites have achieved far less. We have increased our target for end FY08 to 50 percent reduction as compared to the base year.



Creating energy efficient office buildings

Stockland's 84,000m² Optus Headquarters development at Macquarie Park consists of six low-rise buildings in naturally landscaped surrounds with retail facilities, a childcare centre, a gym and food court. It is located close to the soon to be completed Epping to Chatswood rail link. Optus will house 6,500 employees at the site. The development has been designed to a 4.5 star Australian Building Greenhouse Rating. We have incorporated sun screening to facades, rain water harvesting and recycling (for use in toilet facilities and landscaping),

partial natural ventilation of car parks, selection of building materials that comply with ecologically sustainable design principles, energy efficient light fittings and a more efficient mechanical plant.

This project is just one example of our commitment to environmentally sustainable developments. In line with industry best practice, we will expand the number of projects using the Australian Building Greenhouse Rating and Green Star Office rating tools. Our membership of the Green Building Council of Australia will ensure we stay aware of new ideas for environmentally sustainable development.

Waste and recycling program

In NSW, Queensland and Victoria, waste and recycling programs have been implemented for many of our sites, and monthly reporting protocols established.

Diversion of recyclable waste from landfill in NSW was 86 percent surpassing our FY07 target of 50 percent. In Queensland diversion rates are 42 percent. We now plan to expand the boundaries of our reporting to include a greater proportion of our total office portfolio in FY08.

Greenhouse ratings

We rate the performance of our office buildings. The National Australian Built Environment Rating (NABERS) Office is a voluntary environmental rating system for office premises. The NABERS suite of tools includes the Australian Building Greenhouse Rating (ABGR) which

measures the energy efficiency performance and the NABERS OFFICE Water which measures the water efficiency performance. Our ABGR and National Australian Built Environment Ratings (NABERS) Water were renewed for many sites for the 2006 calendar year with a portfolio average ABGR improvement from 2.5 stars³ in 2005 to 2.9 stars, on track to our target of 3.6 stars by the end of the 2007 calendar year. ABGR is a measure of energy performance and greenhouse gas emissions and is based on electricity and gas usage data. The official ABGR rating period is a calendar year not a financial year. It is expected that our portfolio's ABGR rating will lift towards 3.6 stars in the next rating period in line with our stated target.

Next steps for commercial and industrial

In FY07, sustainability reporting for C&I was limited to a select number of buildings where the EP&T Utilities Reduction Program was implemented and where ABGR and NABERS ratings had been undertaken. Only buildings 100 percent owned and managed by Stockland were included.

Going forward, it is intended to expand the reach of our sustainability initiatives to cover a broader selection of properties, including sites managed by agents and, where practical, sites that are jointly owned.

We will also focus on the opportunities for sustainability initiatives in the Industrial sector. Activities to date on our industrial portfolio have included installation of rainwater tanks, recycling of fire test water and waterless urinals at sites in Sydney and Brisbane.

³ This is a restated figure: from 2.6 (CR&S Report 2006) to 2.5 due to more rigorous assessment.

Our shopping centre portfolio

In our Retail Division our goal is to introduce practical measures to reduce water and energy consumption right across our existing portfolio and design and build our new developments to be environmentally efficient. We do this because we know that resource efficiency leads to better environmental results and a better long-term bottom-line.

Our retail business is working with contractors to develop the best methodology for improved environmental performance. For example, our Wetherill Park Shopping Centre has been the site of two major pilot programs run by EcoSave and Energy Conservation Systems (ECS), supported by a grant from the New South Wales Government's Department of Environment and Climate Change. This retrofit program of existing centres is forecast to reduce energy consumption by 7 percent and water consumption by 10 percent over the next year.

Actions in these programs include:

- Capturing rainwater in a new 60,000 litre rainwater tank.
- Capturing stormwater.
- Ensuring cooling towers and irrigation systems work effectively.
- Retrofitting existing water fixtures (taps, showers, toilets, urinals) to reduce leaks.
- Presenting energy and water awareness programs.
- Ensuring mechanical plant is working efficiently.

ECS refitted all taps in the Centre at no cost to retailers, and installed flow reducers and sub-meters to enable continuous monitoring. They identified areas that recorded high water usage and offered solutions, such as replacing traditional woks with waterless woks in food courts.

To cut energy use we installed variable speed drives on three big fan motors in the underground car park. These are not only energy efficient but also reduce wear and tear on the motors. We also installed voltage reduction units on some lighting circuits. We expect that both initiatives will produce a significant saving in electricity to the centre. To determine savings, we carried out a monitoring and verification program prior to and to be repeated following the completion of work to record energy and water data.

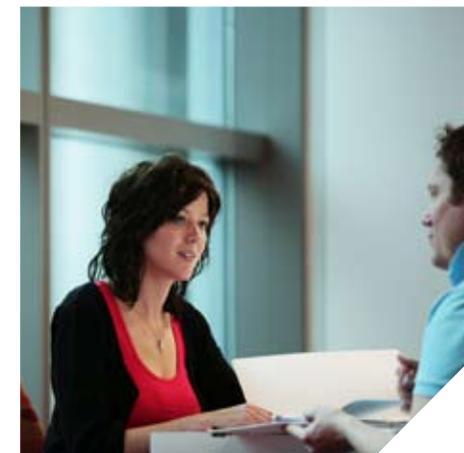
We will implement the water and energy initiatives tested here at a minimum 16 other existing Stockland retail sites over the next two years.

Energy efficiency training in our shopping centres

Our Retail Division is conducting workshops to train all retail centre employees in both energy and water management. This initiative was catalysed by participation in the Energy Efficiency Opportunities program.

Through a series of workshops, aimed at raising awareness, practical education and implementation, shopping centre employees are taught to read and understand power and water data, and to recognise and rectify inefficiencies. The workshops facilitate the development of energy and water efficiency plans. This training will broaden the ownership and responsibility of sustainability to all employees and also assist our retailers, ensuring that sustainable management is embedded into day-to-day activities to ensure ongoing action and performance improvement.

The first round of these workshops is now complete and it is anticipated that all three stages of training will be completed in early 2008.



Adopting water sensitive urban design principles

Managing stormwater runoff from a housing development poses significant challenges – and opportunities. Indeed, many regulators are now using development as an opportunity to bring about significant improvements to regional water quality and flow regimes.

We see poor existing water quality or degraded aquatic environments as an opportunity to deliver cost-effective water management solutions that provide a lasting legacy for future generations. How? By ensuring the water is cleaned as it moves through the development’s catchment.

We have been an early adopter of water sensitive urban design and apply its principles to most of our new housing developments. These are to manage stormwater discharge quantity and quality, to maximise re-use, and to integrate its management and to promote it as a resource. And it also makes good financial sense: this has resulted in a \$4 million benefit for our North Lakes residential community in Queensland.

Mernda Villages and North Lakes are just two of the ten projects where we have introduced water sensitive urban design practices.



Mernda Villages, Victoria

Situated in Melbourne’s northern growth corridor, Mernda Villages is a residential community that will ultimately comprise around 1700 homes. From the outset we were concerned that downstream aquatic environments be protected.

The key water sensitive urban design elements at Mernda Villages are:

- 40 self-irrigating ‘rain gardens’ that treat stormwater to reduce pollutant loads to best practice levels.
- Multi-use corridors of linear open space that provide surface drainage, habitat, and recreational opportunities.
- A network of vegetated swales and buffer strips to treat runoff and floodwater.
- A 1.5 ha wetland system that ‘polishes’ the treated runoff from the network of rain gardens.

The Victorian government provided a grant of \$250,000 under its Stormwater and Urban Water Conservation Fund to pursue an Aquifer Storage and Recovery (ASR) scheme on the project. These types of schemes inject clean water underground in times when there is excess surface water available and then extract water during times of drought. We are well advanced on the Mernda Villages ASR scheme and it is showing considerable promise.

North Lakes, Queensland

North Lakes is a residential community anticipated to grow to around 4000 homes around a town centre north of Brisbane. Market demand is high and the project is being delivered at a rapid rate.

We have integrated water sensitive urban design into the planning and design of the western precincts of the community and have ensured that urban, civil and landscape designs for the current areas of development include bioretention rain gardens and a wetland.

Bioretention rain gardens will be located on the edge of the waterway corridor to capture and treat stormwater from the development zones before discharge to the waterway.

A wetland will be located on the eastern edge of the waterway corridor to capture and treat water from the adjacent residential precinct and school site before discharge to the waterway. If required, the wetland will accept recirculated waters from the lake to manage potential water quality problems.

Newhaven’s ‘Five Star’ display village

It is more important than ever that developers work closely with the home building industry to reduce energy and water use in homes – and we have a track record of doing just that. In 2004, we were the first developer in NSW to deliver a BASIX-compliant display village⁴.

Recognising the need to encourage the design of more sustainable homes in Western Australia, we have joined forces with 11 of Perth’s leading builders, the South East Regional Energy Group⁵ and the Western Australian Government’s Sustainable Energy Development Office. The joint venture has introduced Western Australia’s first display village with a Five Star energy efficiency rating and Waterwise accreditation. Homes with such ratings can achieve reductions of about 50 percent in electricity and water use compared to traditional homes.

The display village of 11 homes, located 18 km from Perth at our Newhaven residential community in North Forrestdale, showcases energy efficient design principles such as:

- building orientation responding to solar access;
- additional roof insulation; and
- attention to window sizing, placement and shading.

The homes also demonstrate a range of Waterwise initiatives including showerheads and tap ware that have at least three star water efficiency ratings, and gardens with a balanced mix of hard stand, garden beds and lawn and water-efficient irrigation systems.

The village’s sustainability has been enhanced by locating it on a hillside amongst existing stands of mature pine trees, providing natural shading and ensuring significantly reduced earthworks.

Are sustainable design homes more expensive? Not necessarily. In fact, we are working to show that such homes are not more expensive and can save owners considerable sums of money over time.

⁴ BASIX is the NSW government’s mandatory program to reduce energy and water use in the residential sector.

⁵ Includes representatives from the Cities of Armadale, Gosnells and Serpentine-Jarrahdale Shire.



Recycling materials

We collected 21kg of mobile phones, batteries and accessories for recycling through Mobile Muster.

We collected 469kg of toner cartridges and related copier disposables for recycling through Planet Ark.

Walk to Work Day

Encouraging our employees to think about their impacts on the environment goes beyond the design of our new offices. In October 2006, we worked with The Pedestrian Council of Australia to promote and participate in Walk to Work Day. This annual event encourages all Australians to develop regular walking habits and aims for better health, cleaner air and less traffic. Participants leave their cars at home for the day and walk or catch public transport to work.

Motor vehicles are still the most significant source of urban air pollution in Sydney. By asking our employees and office customers to participate in Walk to Work Day, we were encouraging them to help reduce potentially harmful emissions from the air. According to the NSW Department of Environment and Climate Change if everyone in Sydney walked, cycled or caught public transport just once a week, around 2,400 tonnes of smog forming chemicals and 13 tonnes of fine particle pollution would be eliminated from the atmosphere each year in the Greater Sydney area.

Progress and priorities

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| Last year, we said that we would: | The past year we have: | In the coming year our priorities are to: |
|---|--|--|
| Improve and rate the performance of our commercial office portfolio by implementing initiatives and using the NABERS Office suite of tools, including ABGR and NABERS Office Water. | Rated office buildings with the NABERS tool, including greenhouse (ABGR) (20 buildings) and water (19 buildings). We have improved our portfolio average and reduced energy and water consumption. | Set and structure targets and timeframes for greenhouse gas emissions across our commercial and industrial and retail portfolios. Establish benchmarks and pilot sustainability reporting for residential communities and apartment projects. |
| Trial the Green Building Council of Australia's Green Star Shopping Centre Design PILOT tool | Undertook the first round trial of the Green Star Shopping Centre Design PILOT tool at our Vincentia project. We are now integrating its principles and our learnings into our retail design guidelines. | Use emerging, credible green rating tools, including use of: <ul style="list-style-type: none"> • Green Star for all new commercial office projects. • Green Star Shopping Centre Design PILOT as a benchmark to guide the design and construction of retail projects. |
| Work towards an Environmental Management System that is eligible for ISO14001 accreditation. | Improved our integrated HS&E systems with the appointment of our GM HSE and dedicated HSE Managers in our operating divisions. | Progress a management system that addresses ISO14001. Improve environmental reporting systems to support more streamlined water and energy use and greenhouse gas emissions reporting. |
| Implement a common approach across divisions as part of developing our Environmental Management System. | Appointed sustainability managers in each of our operating divisions. | Establish a cross-divisional sustainable acquisition and development policy. |
| Embody the principle of CR&S in the establishment of our new head office, most notably through providing an engaging and healthy workplace for our people and demonstrating improved environmental performance. | Created an engaging and environmentally sustainable work environment that will be rated using the Green Star – Office Interiors v1.1 and ABGR tenancy and base building tools. | |



Greenhouse gas results tables

Electricity consumption

| EMISSION TYPE | UNIT | AGO TONNES(CO ₂) | GHG Protocol TONNES(CO ₂) | CALCULATION METHOD |
|---------------|------------------------|------------------------------|---------------------------------------|---|
| Commercial | 45,504,532 kWh * ** | 42,275.5 | 38,255.6 | GHG Protocol calculation worksheet: |
| Industrial | 4,675,243 kWh | 4,175.0 | 3,931.0 | Indirect CO ₂ Emissions from the Consumption of Purchased Electricity, Heat, and/ or Steam: (January 2007) v 1.2 |
| Office Parks | 1,824,154 kWh | 1,629.0 | 1,533.8 | Australian Electricity Emissions Factor 2004 (latest available): 841 g(CO ₂)/kWh OR |
| Retail | 65,572,172 kWh | 60,764.9 | 55,133.7 | AGO Factors and Methods Workbook 2006, p.13 |
| Total | 117,576,101 kWh | 108,844.4 | 98,854.1 | |

Commercial office and office parks: 90% coverage

Coverage = total NLA (commercial office and office parks excluding externally controlled and under construction assets) divided by NLA of those assets for which data has been collated

Retail: 91% coverage

Coverage = total GLA (excluding offshore, externally managed and under construction assets) divided by GLA of those assets for which data has been collated

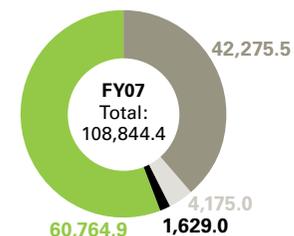
Data represents base-building consumption of Stockland owned assets. Tenant consumption has been subtracted.

NLA: Net lettable area – refers to tenancy area in commercial office and office parks

GLA: Gross lettable area – refers to tenancy area in retail buildings

* Tenant consumption was estimated in Queensland and subtracted from total. Estimates were based on metered data for partial year periods.

** Includes 6.020 kWh of Green Power

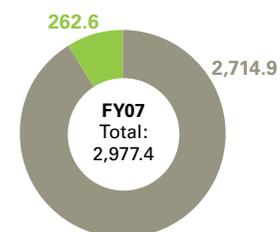


Electricity consumption
Tonnes(CO₂)

Commercial (39%) Office Parks (1%)
Industrial (4%) Retail (56%)

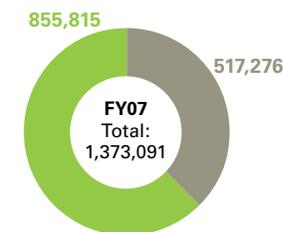
Gas consumption

| EMISSION TYPE | UNIT | AGO TONNES(CO ₂) | GHG Protocol TONNES(CO ₂) | CALCULATION METHOD |
|---------------|----------------------|------------------------------|---------------------------------------|--|
| Commercial | 52,887,390 MJ | 2,735.5 | 2,714.9 | GHG Protocol calculation worksheet: |
| Retail | 5,114,614 MJ | 264.4 | 262.6 | Calculation Tool for Direct Emissions from Stationary Combustion: July 2005. Version 3.0 |
| | | | | Carbon Content of Natural gas: 14 kg(C)/GJ OR |
| | | | | AGO Factors and Methods Workbook 2006, p.8 |
| Total | 58,002,004 MJ | 3,000.0 | 2,977.4 | |



Gas consumption
Tonnes(CO₂)

Commercial (91%)
Retail (9%)



Water consumption
kL

Commercial (38%)
Retail (62%)

Water consumption

| EMISSION TYPE | UNIT | CALCULATION METHOD |
|---------------|---------------------|--------------------|
| Commercial | 517,276 kL | N/A |
| Retail | 855,815 kL | |
| Total | 1,373,091 kL | |

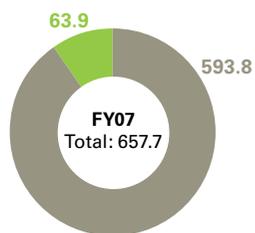
Data includes tenant water use.

Commercial office and office parks: 89% coverage

Coverage = total NLA (commercial office and office parks excluding externally controlled and under construction assets) divided by NLA of those assets for which data has been collated

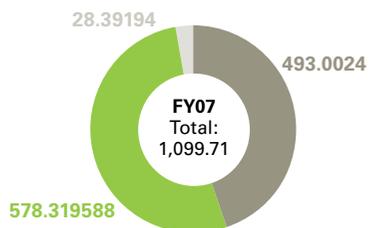
Retail: 95% coverage

Coverage = total GLA (excluding offshore, externally managed and under construction assets) divided by GLA of those assets for which data has been collated



Transport – car use
Tonnes(CO₂)

- Car Fleet (90%)
- Car Hire (10%)



Transport – flights
Tonnes(CO₂)

- Long Haul (45%)
- Short Haul (3%)
- Medium Haul (52%)

Greenhouse gas results tables (continued)

Waste

| EMISSION TYPE | UNIT | TONNES(CO ₂) | CALCULATION METHOD |
|---------------|-------------------------|--------------------------|--|
| Commercial | 239 tonnes (landfill) | 454.5 | Calculated using: Australian Greenhouse Office Factors and Methods Workbook 2006, p. 22 Commercial and Industrial waste emissions factor of 1.9 t(CO ₂ -e) / t(waste) |
| Retail | 9,348 tonnes (landfill) | 17,761.1 | |
| Total | | 9,587 | |

Data is incomplete. For commercial properties, only data from Sydney sites is collected and available. August 2006 – June 2007 data is included, no data for July 2006.
Data includes tenant waste.

Transport

| EMISSION TYPE | UNIT | AGO TONNES(CO ₂) | GHG Protocol TONNES(CO ₂) | CALCULATION METHOD |
|----------------------|---------------------|------------------------------|---------------------------------------|---|
| Car Fleet | 247,891 L(fuel mix) | 593.8 | 590.3 | GHG Protocol calculation worksheet: Mobile Combustion CO ₂ Emissions Calculation Tool. June 2003. Version 1.2 |
| Car Hire | 235,654 km | 63.9 | 57.4 | |
| Total Car Use | | 657.7 | 647.7 | Emissions Factors: Petrol: 0.0344 GJ/L and 69.25 kg(CO ₂)/GJ Diesel: 0.0371 GJ/L and 74.01 kg(CO ₂)/GJ LPG: 0.0249 GJ/L and 63.20 kg(CO ₂)/GJ Medium Gas Auto 10.2L(petrol)/100km Short Haul: 0.18 kg(CO ₂)/passenger land km Medium Haul: 0.126 kg(CO ₂)/passenger land km Long Haul: 0.11 kg(CO ₂)/passenger land km Distances calculated at: http://www.webflyer.com/travel/milemarker/index.php OR (for car emissions) AGO Factors and Methods Workbook, p. 11 & 37 |
| Long Haul | 4,481,840 km | 493.0 | 493.0 | |
| Medium Haul | 4,589,838 km | 578.3 | 578.3 | |
| Short Haul | 157,733 km | 28.4 | 28.3 | |
| Total flights | 9,229,411 km | 1,099.7 | 1,099.7 | |

Total greenhouse gas emissions summary

| TOTAL EMISSIONS | UNIT | AGO TONNES(CO ₂) | GHG Protocol TONNES(CO ₂) |
|------------------------|-------------------------|------------------------------|---------------------------------------|
| Electricity | 117,576,101kWh | 108,844.4 | 98,854.1 |
| Gas | 58,002,004MJ | 3,000.0 | 2,977.4 |
| Waste | 9,587 tonnes (landfill) | 18,215.6 | 18,215.6 |
| Transport – car | – | 657.7 | 647.7 |
| Transport – flights | 9,229,411 km | 1,099.7 | 1,099.7 |
| Total emissions | – | 131,817.4 | 121,794.5 |

Greenhouse gas results tables (continued)

Paper consumption

| EMISSION TYPE | TOTAL WEIGHT (TONNES) | TOTAL RECYCLED CONTENT (TONNES) | EMISSIONS FACTOR* | EMISSIONS TONNES (CO ₂)** |
|---|-----------------------|---------------------------------|---|---------------------------------------|
| Weight of Photocopy / Laser Paper items | 66.7 | 22.8 | 2.5 tonnes(CO ₂)/tonne paper | 166.7 |
| Weight of other paper items | 175.6 | 9.6 | 2.5 tonnes(CO ₂)/tonne paper | 439.1 |
| Weight of printed items | 4.8 | 1.4 | 2.5 tonnes(CO ₂)/tonne paper | 12.1 |
| Total Paper | 247.1 | 33.8 | 2.5 tonnes(CO₂)/tonne paper | 617.9 |

* From AGO Factors and Methods Workbook, 2006, p. 22

** No longer reported

Electricity intensity

| INTENSITIES | GLA/NLA- m ² | TOTAL | INTENSITY | GREENHOUSE - KG(CO ₂)/m ² * |
|---|-------------------------|----------------|--------------------------|--|
| Commercial – NLA | 437,439 | 45,504,532 kWh | 104.0 kWh/m ² | 87.5 kg(CO ₂)/m ² |
| Industrial – NLA | 293,936 | 4,675,243 kWh | 15.9 kWh/m ² | 13.4 kg(CO ₂)/m ² |
| Office Parks – NLA | 34,487 | 1,824,154 kWh | 52.9 kWh/m ² | 44.5 kg(CO ₂)/m ² |
| Retail – Shopping Centres – GLA | 723,760 | 65,572,172 kWh | 90.6 kWh/m ² | 76.2 kg(CO ₂)/m ² |
| Retail – Shopping Centres (Less Majors) – GLA | 309,422 | 65,572,172 kWh | 211.9 kWh/m ² | 178.2 kg(CO ₂)/m ² |

* Using GHG Protocol calculation worksheet emission factors

Gas intensity

| INTENSITIES | GLA/NLA- m ² | TOTAL | INTENSITY | GREENHOUSE - KG(CO ₂)/m ² * |
|------------------|-------------------------|---------------|-------------------------|--|
| Commercial – NLA | 378,591 | 52,887,390 MJ | 139.7 MJ/m ² | 7.2 kg(CO ₂)/m ² |
| Retail – GLA | 108,589 | 5,114,614 MJ | 47.1 MJ/m ² | 2.4 kg(CO ₂)/m ² |

* Using GHG Protocol calculation worksheet emission factors



Paper consumption

Total recycled content (tonnes)

- Weight of Photocopy/Laser Paper items (68%)
- Weight of other paper items (28%)
- Weight of printed items (4%)

Water intensity

| INTENSITIES | GLA/NLA- m ² | TOTAL | INTENSITY |
|------------------|-------------------------|------------|-----------------------|
| Commercial – NLA | 563,805 | 517,276 kL | 0.9 kL/m ² |
| Retail – GLA | 750,591 | 855,815 kL | 1.1 kL/m ² |

Waste intensity

| INTENSITIES | GLA/NLA- m ² | TOTAL | INTENSITY | GREENHOUSE - KG(CO ₂)/m ² * |
|------------------|-------------------------|------------------------|--------------------------------|--|
| Commercial – NLA | 124,101 | 239 tonnes(landfill) | 1.9 kg (waste)/m ² | 3.7 kg(CO ₂)/m ² |
| Retail – GLA | 723,760 | 9,348 tonnes(landfill) | 12.9 kg (waste)/m ² | 24.5 kg(CO ₂)/m ² |

* Using AGO Factors and Methods Workbook 2006 emission factors

Community

“Creating and contributing
to communities—

Community investment

Investing in those communities where we have a presence is integral to our long term sustainability.

We have a particular responsibility in shaping the character of new masterplanned communities. At the outset of these projects we establish a project vision and principles to guide the creation of a community – it’s more than a residential subdivision.

Our projects often contribute to local communities through in-kind initiatives including supporting the early delivery of schools, childcare and other community facilities.



—it's at the heart
of what we do"



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Family facilities at our shopping centres

When customers visit our shopping centres we want them to feel relaxed and looked after, with access to great facilities. So this year we began fitting out our retail centres with family rooms for parents and young children.

With the needs of families in mind, we engaged a designer who had just become a parent herself, and undertook an informal consultation process with local parents to determine what was needed in a family room facility. The brief also reflected the Australian Breastfeeding Association's recommendations.

Six months later the completed rooms are equipped with feeding rooms and toilet facilities, as well as a play area for children. The goal was to create a 'lounge' ambience rather than a public toilet through the use of artwork, plasma televisions, reading material and children's toys.

Family rooms are now available in three of our shopping centres, with another 11 to be opened by June 2008.

The Australian Breastfeeding Association's community educator for the Manning-Great Lakes area welcomed the new family facilities at Stockland Forster, reporting to local media that, "finally facilities to meet their (parents') needs are improving...those who have seen this room will be amazed... shopping is so much easier and enticing now for parents with this convenient and welcoming place."

Sponsorship

Stockland sponsors more than 120 sporting, industry and community-based groups across Australia.

Some of our major sponsorships include Stockland Spirit Awards, Clean Up Australia and industry programs including those led by the Property Council of Australia, the Planning Institute of Australia and the Housing Institute of Australia (including the GreenSmart initiative).

We also sponsor our employees through two major community sporting events, the City to Surf and the BRW Challenge.

Guidelines as to how we make decisions, approve and manage sponsorships have been drafted by our Marketing Steering Committee and are accessible to all our marketing employees via our intranet site.

Engaging our stakeholders

We understand that how we manage our assets and develop projects has an impact on a range of stakeholders. To address this, we are integrating stakeholder engagement into our planning processes and we aim to engage our stakeholders throughout the development of our projects. Key stakeholder groups typically include local residents, community and environment groups and relevant authorities, particularly local government.

Sandon Point

Sometimes stakeholder groups overlap and on occasion, will unite to oppose or to support a particular property development. Understanding how these groups interact and relate to each other is important. This was particularly so the case of our residential development, "The Point" at Sandon Point, located on the south coast of New South Wales, near Bulli.

There have been many different Aboriginal groups with an interest in Sandon Point. We have encountered difficulties in reaching agreement with the different Aboriginal groups in how to move forward.

The significance of Sandon Point goes beyond archaeological evidence. Wider recognition of the significance of Aboriginal sites in the coastal Illawarra region has grown during our period of development.

We have committed to creating an appropriate 'keeping place' for Aboriginal artefacts. The 'keeping place' will be located on public land, with the goal of providing an educational resource regarding the cultural significance of this place.

Stockland has adhered to a practice of consulting as far as possible with all key stakeholders and has maintained a commitment to provide a secure and culturally appropriate 'keeping place' as a way to commemorate and secure the Aboriginal values of the area.

Tooronga Village

We have learnt that the most effective planning outcomes are guided by open, early and regular engagement with our stakeholders. Our Tooronga Village site, located in the inner Melbourne suburb of Glen Iris has had a long history of stop-start planning exercises by past developers, resulting in community anxieties about Stockland's plans for the site.

To address these concerns, we have worked with the local council to agree the appropriate community consultation process prior to meeting the requirements of the formal planning process. We circulated communications to a large area surrounding the Tooronga site and opened up a number of communications channels to receive community information including a website and a phone number, culminating in an onsite community information day.

This feedback was then used to refine the development proposal, which resulted in Stockland lodging a Planning Amendment Request to Council, which was generally well received; however there were still some unresolved issues that needed to be addressed. The decision of the State Minister for Planning to take on the role of Responsible Authority for the project has made regular and proactive consultation with both the State department and the local government authority even more critical.

Stockland continues to evolve its consultation process and is now commencing discussions with Community Planning and Social Planning officers, key community groups and community consultants to create our ongoing engagement plan as the commencement of construction nears.

This project has demonstrated to us the importance of early commencement of a well-planned and strategically sound community engagement approach. Clear two-way communication channels that allow for regular and consistent updates on the planning process across all stakeholder groups enables us to understand and appropriately respond to the concerns of the community.

Supporting our residential communities

We believe in creating healthy and sustainable residential communities where residents take stewardship of the place in which they live. We work with our major residential communities to equip them with the skills to sustain themselves after our role as developer has ended.

One way we do this is to work with residents to establish a residents' association that becomes the liaison point with the local council, and local community, including learning, leisure, business and sporting organisations. Initially our community development teams devise event calendars, distribute communications, organise forums and prompt community initiatives, but eventually we see residents organising such activities themselves. Our role is to ensure they see the value in doing that.

Two of our Western Australian residential communities – Settlers Hill at Baldivis and The Boardwalk on Perth's fringe – illustrate this process. The learnings from these communities are now being applied to the establishment of a residents association at Kawana on the Sunshine Coast, Queensland.

Settlers Hills

At Settlers Hills we work with the local residents' association to organise events and activities, thereby raising the association's profile and promoting the benefits of being an active member in the community. One event, a family fun day, enabled neighbours to become better acquainted. President John Ledger noted that "many new residents have now become contributing members of our Association."

We also work closely with Tranby College, located within the Settlers Hills Community, to identify collaborative opportunities that will benefit community life. The school participates in regular Stockland welcome events and community newsletters, and more recently joined forces with Challenger TAFE and us to bring adult learning classes to the community.

The College's principal, Jo Bedhall, points out that: "With more than half of our students and at least ten staff now living at the estate, Tranby College has developed a unique partnership with Stockland and the community."

The Boardwalk

At The Boardwalk we have created a strong relationship with residents also through their Residents' Association. Our community development coordinator and project manager attend alternate Association meetings. In March this year we joined with the community's local council – the City of Gosnells – for Clean Up Australia Day. The Association's involvement was warmly welcomed and appreciated and has helped the group to foster good relations with the council and the surrounding community.

With our attention also squarely on the environment, we have developed and implemented wetland maintenance and re-vegetation initiatives at The Boardwalk, combining the resources of the Residents' Association, nearby Thornlie Christian College Bush Ranger Unit and the council. As part of Arbour Day celebrations, students planted more than 1,500 native plants to help revegetate conservation category wetland – and to encourage the butterflies to return.

Community engagement at Merrylands

The Stockland Merrylands shopping centre redevelopment will be the largest retail development project ever undertaken by Stockland to date. It will enhance pedestrian access, improve the streetscape and revitalise the town centre. We have consulted extensively with the local community about our development plans and sought input on their ambitions for the development of their community generally.

Our managers are part of community committees. They work with local people to find solutions to concerns. For example, local business owners were worried about the effect of increased competition. To help overcome this, we created marketing strategies which promote 'cross shopping', encouraging consumer presence across the breadth of retail outlets at Stockland Merrylands and in the adjoining shopping precinct.

Our centre marketing manager participation in the local CBD committee enables her to respond quickly to issues affecting both the centre and the community, such as security matters.

To create a more secure shopping centre, we have been working with the local police to ensure maximum safety and comfort for shoppers – including a program reminding shoppers to lock their vehicles to combat the high incidence of theft from cars.

As part of the Holroyd/Merrylands community, we support a range of community initiatives and programs including the grand final of the annual Youth Talent Quest, jointly hosted and sponsored with the Holroyd City Council and local businesses.





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Community Spirit in Whittlesea and Hume

The Stockland Residential Community Spirit program, established in the cities of Whittlesea and Hume, Victoria, aims to encourage and support community groups and individuals in activities that enhance and embrace their community. Highlands, one of our largest masterplanned communities, is located in Hume and Mernda Villages and Hawkestone are located in Whittlesea. We recognise that local groups are critical to building social sustainability and providing networks for new residents.

This year we awarded grants to ten community groups in Hume totalling \$35,000 and six community groups in Whittlesea totalling \$12,000 as part of the Stockland Community Spirit program. Groups included Salvos 3064, Craigieburn Bowling Club, Craigieburn Eagles Basketball Association, Friends of Woodlands National Park, Mill Park Blue Light Disco and Westland Restoration.

Employee giving and volunteering

We see our employee giving and volunteering program as a way to enhance personal development, enabling our people to contribute to the community. Our program has been designed and driven by a cross-section of our employees, from different business units and geographies.

Our Giving and Volunteering Committee has responsibility for shaping policy and guidelines, and advises on participation in volunteering programs. Significant progress has been made. In May 2007 we selected United Way as our workplace-giving agency, and we expect to launch this program in late 2007. This will allow our employees to make pre-tax salary deductions to charities, matched by Stockland dollar for dollar up to \$250,000 per annum.

We believe that giving and volunteering is a very personal matter and that no one should feel coerced. Our aim is to provide an opportunity should employees wish to participate. These opportunities are being designed to align with our business activities and interests within our regions, supporting our goal to contribute to the community where we have a presence.

Australian Business and Community Network

Our participation in the Australian Business and Community Network (ABCN) has grown quickly and is moving to have a national reach.

ABCN was founded in 2004 by a group of senior business leaders whose vision was to inspire, challenge and engage businesses to have a greater positive impact in the community. As an ABCN member we work with other member companies to provide support to students and teachers at schools located in areas of high need.

This year our Sydney-based corporate services team participated in SPARK, a literacy program for year 1-2 students. Our 24 volunteers worked on a weekly basis with students at Tempe Public School. We continued our involvement in GOALS, mentoring Sydney students in Year 9, and also assisted with a pilot roll out in Perth. A number of senior Stockland executives are 'Partners in Learning' with executive teachers in Sydney, Perth and the Gold Coast.

We have been actively involved in contributing to the development of ABCN with our people around the country involved in state-based operations taskforces, as well as providing professional expertise in assisting with program delivery.

In the past year we have volunteered over 470 hours to support ABCN programs.

Through programs such as 'Partners in Learning' and GOALS, we have also forged relationships with high schools, including Fairfield High School in south west Sydney.

Pathways at North Lakes

Within our North Lakes Residential Community to Brisbane’s north, Pathways is a multi-function community centre like few others in Australia. In line with our policy of building robust relationships with communities Pathways stimulates community networks and promotes education.

The result of an ongoing partnership between Pine Rivers Shire Council, the Queensland State Government, the Hornery Institute and more recently Stockland, this award-winning centre is home to a wide range of community groups. And our Infrastructure Agreement with Pine Rivers Shire Council has resulted in a more flexible use for community infrastructure that benefits a wider spectrum of the community. For example, the school sporting ovals are available to the general public after school hours.

Pathways is really several centres in one. The Enterprise Centre provides equipment to assist with education, skills development, and employment opportunities (complete with library, touch-screen kiosks, internet access, and 24-hour access to books, CDs and DVDs). The Leisure Centre is a multi-purpose sports facility, while the \$3.1 million North Lakes Community Centre has meeting rooms and amphitheatre catering from six to 300 people. The Pathways Small

Business Enterprise Centre, with office space for 12 local home-based businesses, and Pathways Kidz Biz, an adjunct care centre offering child-minding services is due to open soon.

Pathways’ ongoing success is due to a combination of the strength of the original vision for the centre, an extensive community engagement process, and the partnership that continues to bring it to life.

Retail Stockland Spirit

Our Retail division is committed to contributing to local communities served by our shopping centres. We continue to recognise and reward junior sporting clubs through the Stockland Spirit Awards. Prizes are co-sponsored by Stockland and our centre retailers, providing the joint opportunity for our centres and their retailers to contribute to their local community.

Since 2005, around 690 clubs have registered over 12,700 teams with over 99,000 players. Over 220,500 certificates have been awarded.

Progress and priorities

| Last year, we said that we would: | The past year we have: | In the coming year our priorities are to: |
|---|--|---|
| Build a consistent approach to community engagement across our projects. | Focused on improving engagement on some large projects. | Achieve a more consistent approach to stakeholder engagement through policy and embedding processes into development guidelines and toolkits. |
| Develop a robust community involvement strategy including the alignment of sponsorships with business aims. | Drafted sponsorship and donations guidelines. Our community involvement has deepened through emerging programs at local and Divisional levels. | Launch our sponsorship and donations program and make further progress through aligning our sponsorship program with our Brand Strategy. |
| Create a plan for employee giving and volunteering. | Established an employee giving and volunteering committee and appointed a workplace-giving agency – United Way. | Widen our volunteering opportunities nationally and launch our workplace-giving program. |





Independent Assurance statement

Stockland Corporate Responsibility & Sustainability Report 2007

To Stockland's stakeholders,

Banarra Sustainability Assurance and Advice (Banarra) was commissioned by Stockland to assure its Corporate Responsibility & Sustainability Report 2007 (The Report) against the AA1000 Assurance Standard. In conformance with the Standard, our approach assures in terms of materiality, completeness and responsiveness – in other words, ensuring that The Report identifies and addresses the right issues and that the information presented is reliable.

This is Banarra's first reporting cycle with Stockland.

Summary

We believe that The Report provides a fair representation of Stockland's material (most important) sustainability performance areas, issues and responses for 2006/07.

Stockland's most significant opportunities are to better balance accounting for past performance with future commitments; and to better balance challenges and learnings with performance success. These and other opportunities identified in this statement are presented in more detail in a report to Stockland management.

We are pleased to note the high level of engagement internally with our assurance process and the openness with which Stockland responded to our challenges and feedback.

Assurance scope

Our report assurance scope included all sections of The Report, with the exception of the Portfolio Ratings.

Banarra Assurance Methodology

We developed a register of material performance areas and issues, identified through research based on the AccountAbility five-part materiality test. This included interviews with seven Stockland external stakeholders, nine members of the Executive Team including the Managing Director, Mathew Quinn, and with the Chairman, Graham Bradley. Reviews were conducted of internal documentation such as policies, surveys and Board papers and we carried out internet-based research for sector issues, standards and peer sustainability reporting.

Of the 219 relevant areas and issues identified, our criteria found 30 to be material. Of these we ranked 24 as being the highest priority. These issues focused our testing of The Report, which was done by developing audit trails, investigating assumptions, reviewing data generation procedures and conducting interviews with



36 data owners. This testing enabled us to take a view on the materiality, completeness and responsiveness of The Report, along with the level of application of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

Materiality – has Stockland identified what's important?

Stockland has in place a number of internal mechanisms for identifying its material performance areas and issues, including the Employee Corporate Responsibility & Sustainability Committee and the Board Corporate Responsibility & Sustainability Committee. In future cycles Stockland should further develop this into a systematic approach with formal criteria for identifying and prioritising the issues of greatest concern to both internal and external stakeholders.

Most of the material areas and issues that we identified in our testing are acknowledged in The Report. The issues that are not addressed are the results of customer satisfaction surveys and benchmarking; and the environmental and broader sustainability impacts arising from property development – in particular the impacts resulting from biodiversity loss, construction work and transportation requirements for end users.

Completeness – has Stockland understood these issues?

In our assurance interviews with employees, a sophisticated understanding was generally demonstrated in terms of the challenges and learnings arising from the Corporate Responsibility & Sustainability agenda, yet this is not consistently reflected in The Report.

The cases studies are in general positive and would benefit from a more balanced account of favourable and unfavourable results and topics – particularly with regard to retail developments. Sandon Point is a good example of where Stockland has achieved this balance in The Report. Stockland should also articulate more clearly the organisational and divisional strategies and overall management approaches which the detailed case studies illustrate.

We identified some errors in the figures and claims initially presented for assurance. All were addressed and are corrected in The Report. Moving forward Stockland should establish formal procedures and definitions for gathering and reporting quantitative data.

Responsiveness – has Stockland responded to these issues?

The Report contains most of Stockland's responses to material issues, however in many cases the responses provided have

yet to be implemented, for example the sustainable supply chain management initiatives. This future focus reflects a Stockland that is both growing and moving at an extraordinary pace. There should however be greater focus in The Report on responses and performance over the past year, especially in terms of the outcomes achieved and how this compares to previous years.

We believe Stockland has adequate resources to enable the implementation of the commitments articulated in The Report. In some cases these commitments would benefit from being more clearly expressed and linked to measurable targets. Stockland should also consider introducing new priorities in relation to new issues, rather than restricting future commitments to the priority areas articulated in the previous year's report.

Global Reporting Initiative

We concur with Stockland's own assessment that they have achieved GRI application level B+.

In future Stockland could gain greater benefit from the GRI Sustainability Reporting Guidelines by considering the intent and content of the Guidelines earlier in the reporting cycle – in particular identifying which indicators are the most material for the organisation. There is also

an opportunity to raise awareness of the GRI indicators and associated calculation protocols internally amongst the relevant data owners.

Independence

Banarra was paid by Stockland to conduct this assignment. Other than this payment the assurance team declares itself independent in relation to Stockland and its stakeholders. There is a detailed statement on our independence, impartiality and competencies at www.banarra.com.

Richard Boele
Certified Lead Sustainability Assurance
Practitioner IRCA No. 1188527

Katharine Walters
Sustainability Assurance Practitioner

Banarra Sustainability Assurance and Advice
Sydney, Australia
17 October 2007

Portfolio ratings, memberships and awards

Australian Building Greenhouse Ratings (ABGR) Commercial Office and Office Parks Portfolio ratings

| PROPERTY | NLA | ABGR FY06 | ABGR FY07 | NABERS FY06 | NABERS FY07 |
|--|--------|--------------|--------------|----------------|----------------|
| NSW | | | | | |
| 100 Miller St, North Sydney | 34,787 | 1.5 | 2 | 0 | 2.5 |
| 110 Walker St, North Sydney | 4,532 | 3.5 | 3.5 | | 3 |
| 118-120 Pacific Hwy, St Leonards | 5,131 | 2.5 | 3 | 3.5 | 3.5 |
| Piccadilly Tower, 133 Castlereagh St, Sydney | 29,876 | 0 | | 0 | |
| Piccadilly Court, 222 Pitt St, Sydney | 9,724 | 3.5 | 4 | 0 | 3.5 |
| 135 King St, Sydney | 27,056 | 2 | 1.5 | | 1.5 |
| 175 Castlereagh St, Sydney | 12,021 | 3.5 | 3.5 | 0 | 1 |
| 2 Cavill Ave, Ashfield | 5,102 | 3.5 | 3 | 0 | 1.5 |
| 4-6 Cavill Ave, Ashfield | 5,495 | 2.5 | 2.5 | 2.5 | 2 |
| 234 Sussex St, Sydney | 11,104 | 2.5 | 4 | 0 | 0 |
| 333 Kent St, Sydney | 8,938 | | | 0 | |
| 52 Martin Place, Sydney | 39,073 | | | | |
| 601 Pacific Hwy, St Leonards | 12,690 | 1.5 | 2 | 0 | 2 |
| 7 Macquarie Place, Sydney | 13,695 | 3 | | | |
| 72 Christie St, St Leonards | 11,221 | | | | |
| 75 George St, Parramatta | 9,654 | 1.5 | 1.5 | | 0 |
| 77 Pacific Hwy, North Sydney | 9,337 | 1.5 | 2 | 1.5 | 2.5 |
| 3 Byfield Street, North Ryde | 2,695 | | | 1.5 | |
| 16 Giffnock Ave, North Ryde | 11,701 | 2.5 | | 1.5 | |
| 60 Waterloo Road, North Ryde | 8,167 | 2.5 | | 1 | |
| 66 Waterloo Road, North Ryde | 10,082 | | | | |
| 11-17 Khartoum Road, North Ryde | 15,143 | 3.5 | | 2 | |

| PROPERTY | NLA | ABGR FY06 | ABGR FY07 | NABERS FY06 | NABERS FY07 |
|--|--------|--------------|--------------|----------------|----------------|
| ACT | | | | | |
| 15 Mort Street, Cox Building, Canberra | 3,701 | 3.5 | 3 | | 4 |
| 17 Mort Street, Todd Building, Canberra | 1,765 | 3 | | | |
| 68 Northbourne Ave, Canberra | 9,786 | 2.5 | | | |
| 70 Northbourne Ave, Drakeford Building, Canberra | 3,811 | 3 | 3 | | 0 |
| 72 Northbourne Ave, Trace Building, Canberra | 5,196 | 2 | 2.5 | | |
| Edmund Barton Building, Canberra | 46,064 | 1.5 | | | |
| VIC | | | | | |
| 452 Flinders St, Melbourne | 38,496 | 1.5 | 2 | 1.5 | 3 |
| 541 St Kilda Rd, Melbourne | 8,208 | | 4 | 3 | 2.5 |
| SA | | | | | |
| 81-95 Waymouth, Adelaide | 17,878 | | 4.5 | | 3.5 |
| Chesser House, 91-97 Grenfell St, Adelaide | 11,377 | 3 | 3 | | 3 |
| WA | | | | | |
| Exchange Plaza, 2 The Esplanade, Perth | 34,178 | 3.5 | | 3 | |
| Durack Centre, 263 Adelaide Terrace, Perth | 17,312 | 3 | | | |
| QLD | | | | | |
| Waterfront Place, 1 Eagle St, Brisbane | 59,166 | 2.5 | 3 | 3 | 3.5 |



Memberships

To help drive the change to greater sustainability in development we are actively involved in numerous industry groups. This includes membership of committees, steering research projects, speaking at conferences and participating in forums. The groups are:

- Property Council of Australia
 - Residential Development Committee
 - NSW Sustainability Committee
- Urban Development Institute of Australia
 - NSW Sustainability Committee,
- Australian Green Development Forum
- Low Energy High Rise Project
- Green Building Council:
 - Silver sponsor and member of Industrial Tool Technical working group
 - Gold sponsor and member of Multi-unit Residential Tool Technical Working Group
 - Silver sponsor and member of Shopping Centre Design PILOT Tool Technical working group
 - Residential Multi-unit Technical Working Group
- 3CBD Program Member

Other memberships that shape our CR&S activities include:

- National Association of Women in Construction.
- Australian Business and Community Network
 - Deputy Chair
 - Operational Taskforce representation: Western Australia, Queensland and New South Wales

Awards

Equal Opportunity for Woman in the Workplace Agency (EOWA) Employer of Choice for Women for 2007

Hewitt Best Employer for Australia and New Zealand for 2006/07

Urban Development Institute of Australia National Awards for Excellence 2007:

- Affordable Development Award: Macarthur Gardens, NSW

Urban Development Institute of Australia Victoria Awards for Excellence 2006:

- Ecological Engineering of Prahran for its work at Mernda Villages – Won the inaugural Consultants Award
- Mernda Villages – Won Water Sensitive Urban Design Award
- Mernda Villages – Won Landscaping Award
- Hidden Grove – Commendation Environmental Excellence Award

Urban Development Institute of Australia New South Wales Awards for Excellence 2006:

- Murrays Beach – Sustainability Award
- McKeachies Run – Concept Design Award
- Macarthur Gardens – Best Residential Estate greater than 50 lots
- Macarthur Gardens – Marketing Award

Australian Property Industry: New South Wales Excellence in Property Awards 2006:

- Waterside – Highly Commended Environmental Development Award

Housing Industry Association: GreenSmart Awards 2006:

- Murrays Beach – Design Concept Award

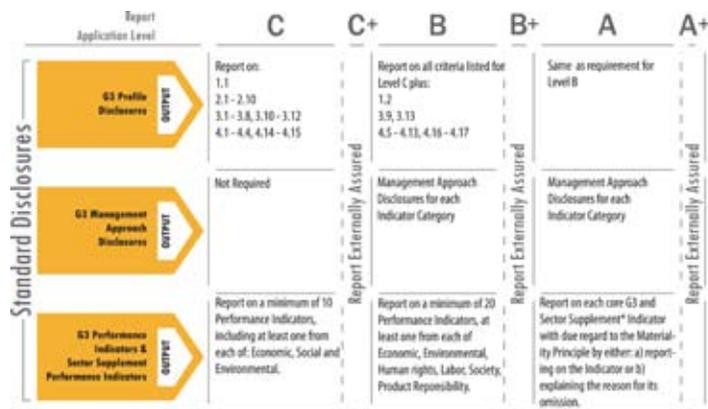
Global Reporting Initiative

We have used the reporting guidelines of the Global Reporting Initiative (GRI) in the preparation of this report. This report complies with GRI application level B+, reflecting the extent of coverage of the GRI Reporting Framework (third party checked) and the external assurance of this report.



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| | | 2002 In accordance | | | | | | |
|------------------|---------------------|--------------------|---------------------------|---|---------------------------|---|---------------------------|--|
| | | C | C+ | B | B+ | A | A+ | |
| Mandatory | Self declared | | | | ✔ | | | |
| Optional | Third party checked | | Report externally assured | | ✔ | | Report externally assured | |
| | GRI checked | | | | Report externally assured | | Report externally assured | |



*Sector supplement in final version

Global Reporting Initiative (GRI) index

| | | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|----------------------------------|---|--|-------------------|---------|-------|
| 1. Strategy and Analysis | | | | | |
| 1.1 | Statement from the most senior decision maker of the organisation about the relevance of sustainability to the organisation and its strategy. | Message from the Chairman and Managing Director | Y | | |
| 1.2 | Description of key impacts, risks and opportunities. | About this report Message from the Chairman and Managing Director Our highlights and opportunities AR | Y | | |
| 2. Organisational Profile | | | | | |
| 2.1 | Name of the organisation. | Stockland | Y | | |
| 2.2 | Primary brands, products, and/or services. | About Stockland AR www | Y | | |
| 2.3 | Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures. | AR www | Y | | |
| 2.4 | Location of organisation's headquarters. | AR www | Y | | |

| | LOCATION | PARTIALLY COVERED | NOTES |
|---|---|-------------------|----------------------------|
| 2.5. Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | About this report AR | Y | |
| 2.6. Nature of ownership and legal form. | AR | Y | |
| 2.7. Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | AR | Y | |
| 2.8. Scale of the reporting organisation. | AR | Y | |
| 2.9. Significant changes during the reporting period regarding size, structure, or ownership. | About Stockland AR | Y | |
| 2.10. Awards received in the reporting period. | Portfolio ratings, memberships and awards | Y | |
| 3. Report Parameters | | | |
| Report Profile | | | |
| 3.1. Reporting period for information provided. | | Y | 1 July 2006 – 30 June 2007 |
| 3.2. Date of the most recent previous report (if any). | | Y | 30 June 2006 |
| 3.3. Reporting cycle. | | Y | Annual |
| 3.4. Contact point for questions regarding the report or its contents. | Contacts | Y | |
| Report Scope and Boundary | | | |
| 3.5. Process for defining report content. | About this report Embedding CR&S | Y | |
| 3.6. Boundary of the report. | About this report | Y | |
| 3.7. State any specific limitations on the scope or boundary of the report. | About this report | Y | |

| | LOCATION | PARTIALLY COVERED | NOTES |
|---|--|-------------------|--|
| 3.8. Basis for reporting in joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations. | About this report AR PP | Y | Introduction |
| 3.9. Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. | CR&S | Y | Techniques footnoted as appropriate |
| 3.10. Explanation of the effects of any re-statements of information provided in earlier reports, and the reasons for such re-statement. | Our office and industrial portfolio Environmental metrics | Y | More rigorous environmental data analysis in FY07. |
| 3.11. Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | | Y | Nil significant changes |
| GRI Content Index | | | |
| 3.12. Table identifying the location of the Standard Disclosures in the report. | GRI Table | Y | |
| Assurance | | | |
| 3.13. Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s). | Message from the Chairman and Managing Director Assurance Statement | Y | |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|--|--|--|---------|---|
| 4. Governance, Commitments and Engagement: Governance | | | | |
| 4.1. | Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. | AR | Y | |
| 4.2. | Indicate if the Chair of the highest governance body is also an executive officer (and if so, their function within the organisation's management and the reasons for this arrangement). | AR | Y | |
| 4.3. | For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. | AR | Y | |
| 4.4. | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | AR Enhanced internal communications | Y | AGM provides the opportunity for shareholders (including employees >9 months) to provide recommendations to the board. In 2006, matters raised included stakeholder engagement and environmental impacts. |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|------|--|---|---------|--|
| 4.5. | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance). | AR | Y | |
| 4.6. | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | AR | Y | |
| 4.7. | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics. | AR | Y | Directors are selected such that the Board has a balance of skills and experience. As such, the Board has extensive experience of the social and environmental context in which the business operates. |
| 4.8. | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | Our vision and mission Marketplace – Introduction www AR | Y | |
| 4.9. | Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | AR | Y | |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|--|---|-------------------|---------|---|
| 4.10. Processes for evaluating the performance of the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. | AR | Y | | The process for evaluating the performance of the Board is documented in the AR p32-33. The process is primarily focused on the relationship between the Board and management, and the effectiveness of the Board itself. This process includes the performance of committees, encompassing the Board CR&S Committee. |
| Commitments to External Initiatives | | | | |
| 4.11. Explanation of whether and how the precautionary approach or principle is addressed by the organisation. | Environment | Y | | Precautionary principle underpins climate change response and approach to environmental responsibility. |
| 4.12. Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses. | Portfolio ratings, memberships and awards | Y | | |
| 4.13. Memberships in associations (such as industry associations) and/or national/international advocacy organisations. | Portfolio ratings, memberships and awards | Y | | |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|---|--|-------------------|---------|---|
| Stakeholder Engagement | | | | |
| 4.14. List of stakeholder groups engaged by the organisation. | About this report | Y | | |
| 4.15. Basis for identification and selection of stakeholders with whom to engage. | About this report Building a stakeholder engagement system | Y | | |
| 4.16. Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | About this report Building a stakeholder engagement system Working with government An engaging workplace Engaging our stakeholders | Y | | Community stakeholders are engaged on a project basis. Examples are discussed at: Engaging our stakeholders |
| 4.17. Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. | An engaging workplace Engaging our stakeholders | Y | | Key community stakeholders concerns are discussed at: Engaging our stakeholders |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|--|-----------------|-------------------|---------|---|
| 5. Management Approach and Performance Indicators | | | | |
| EC. Economic Management Disclosure | AR p1-24 www | | | |
| Economic Performance Indicators | | | | |
| Economic Performance | | | | |
| EC1. Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | AR | | Y | |
| EC2. Financial implications and other risks and opportunities for the organisation's activities due to climate change. | CDP | | Y | Management has not yet quantitatively estimated the financial implications of climate change. |
| EC3. Coverage of the organisation's defined benefit plan obligations. | AR | | Y | |
| Indirect Economic Impacts | | | | |
| EC8. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | Community | | Y | |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|---|---|-------------------|---------|-------|
| Environmental Performance Indicators | | | | |
| EN. Environmental Management Disclosure | Environment – Introduction Environment – Progress and priorities 2006 CR&S p16-17 Embedding CR&S Energy efficiency training in our shopping centres Environmental metrics Our office and industrial portfolio Our retail portfolio Our Climate Change Action Plan | | | |
| Energy | | | | |
| EN3. Direct energy consumption by primary energy source. | Environment metrics | Y | | Gas |
| EN4. Indirect energy consumption by primary source. | Environment metrics | | Y | |
| EN5. Energy saved due to conservation and efficiency improvements. | Environment – Introduction Our office and industrial portfolio Our retail portfolio | | Y | |
| EN6. Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | Environment – Introduction Our Climate Change Action Plan Our office and industrial portfolio Our retail portfolio CDP | | Y | |
| Water | | | | |
| EN8. Total water withdrawal by source. | Environment metrics | Y | | |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|--|--|-------------------|---------|---|
| Emissions, Effluents and Waste | | | | |
| EN16.Total direct and indirect greenhouse gas emissions by weight. | Environment metrics | Y | | |
| EN17.Other relevant indirect greenhouse has emissions by weight. | Environment metrics | | Y | |
| EN18.Initiatives to reduce greenhouse gas emissions by weight. | Environment – Introduction Our Climate Change Action Plan Our office and industrial portfolio Our retail portfolio CDP | | Y | |
| EN22.Total weight of waste by type and disposal method. | Environment metrics | | Y | |
| EN23.Total number and volume of significant spills. | GRI | Y | | Nil significant spills |
| Products and Services | | | | |
| EN26.Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | Environment | | Y | |
| Compliance | | | | |
| EN28.Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | GRI | Y | | Nil fines or sanctions |
| Transport | | | | |
| EN29.Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce. | Workforce transportation emissions | Y | | Transportation of goods and materials is not a direct impact, as this under taken by suppliers. |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|---|---|-------------------|---------|---|
| Overall | | | | |
| Social performance indicators | | | | |
| Labor Practices and Decent Work | | | | |
| LA. Labour Practices Management Disclosure | People and workplace – Progress and priorities www 2006 CR&S p12-13 Leadership development Learning and development Improving our remuneration framework People and workplace metrics AR p12-13 An engaging workplace Improving our remuneration framework Newly acquired businesses Diversity | | | |
| Employment | | | | |
| LA1. Total workforce by employment type, employment contract, and region. | People and workplace metrics | | Y | |
| LA2. Total number and rate of employee turnover by age group, gender and region. | People and workplace metrics | | Y | |
| LA3. Benefits provided. | www | | Y | |
| LA4. Employees covered by collective bargaining agreements | GRI | | Y | Nil employees covered by collective bargaining agreements |
| Occupational Health and Safety | | | | |
| LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. | People and workplace metrics | | Y | |
| Training and Education | | | | |
| LA10.Average hours of training per year per employee by employee category. | People and workplace metrics | | Y | |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|--|--|-------------------|---------|---|
| LA11. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | Leadership development Learning and development | | Y | |
| LA12. % of employees receiving regular performance and career development reviews. | GRI | Y | | Total employees receiving reviews: 83%. Total employees including those on parental leave, excluding casuals, contractors and those people who resigned or started during the performance appraisal period receiving reviews: 96% Performance review period: April – July. Review undertaken for performance in the previous year (that is, FY07). |
| Diversity and Equal Opportunity | | | | |
| LA13. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. | GRI People Metrics | | Y | Minority group membership data not collated. Highest governance group (Board) data: Gender: 1F, 8M Age bands: 1x40-49, 6x50-60, 2x>60 |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|---|--|-------------------|---------|---|
| Human Rights | | | | |
| HR. Human Rights Management Disclosure | Community – Introduction Engaging with our stakeholders About Stockland www Refer to HR3 | | | |
| HR3. Employee training on human rights | GRI | Y | | Human rights training: Equal Employment Opportunity training Total hours on EEO policies and procedures: 3130 Total number of employees trained: 1052 Percentage of employees trained: 90% |
| HR4. Total number of incidents of discrimination and actions taken. | GRI | Y | | Nil incidents |
| Indigenous Rights | | | | |
| HR9. Total number of incidents of violations involving rights of indigenous people and actions taken. | Engaging with our stakeholders | | Y | |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|---|---|-------------------|---------|--|
| Society | | | | |
| SO. Society Management Disclosure | Community – Introduction Marketplace – Introduction Working towards a more sustainable supply chain Working with government www 2006 CR&S Building a stakeholder engagement system Refer GRI: SO3 Marketplace – Progress and priorities Community – Progress and priorities Piloting our sustainable supply chain management initiative with suppliers Understanding housing affordability Community investment Engaging with our stakeholders | | | |
| Community | | | | |
| SO1. Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting. | Community | | Y | |
| Corruption | | | | |
| SO2. Percentage and total number of business units analysed for risks related to corruption. | AR p33 GRI | | Y | All business units analysed for risks related to corruption. |
| SO3. Percentage of employees trained in organisation's anti-corruption policies and procedures. | GRI | | Y | 20% employees completed Trade Practices training |
| SO4. Actions taken in response to incidents of corruption. | | | Y | Nil incidents of corruption |
| Public policy | | | | |
| SO6. Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. | | | Y | |
| Anti-Competitive Behaviour | | | | |
| SO7. Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes. | GRI | | Y | Nil legal actions |

| | LOCATION | PARTIALLY COVERED | COVERED | NOTES |
|---|---|-------------------|---------|------------------------|
| Compliance | | | | |
| SO8. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | GRI | | Y | Nil fines or sanctions |
| Product Responsibility | | | | |
| PR. Product Responsibility Management Disclosure | Marketplace – Introduction Working towards a more sustainable supply chain Building a stakeholder engagement system Community – Introduction www 2006 CR&S Working towards a more sustainable supply chain Refer GRI: PR2, PR7, PR8, PR9 | | | |
| Marketing Communications | | | | |
| PR6. Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | Building a stakeholder engagement system | | Y | |
| PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. | GRI | | Y | Nil incidents |
| Customer Privacy | | | | |
| PR8. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | GRI | | Y | Nil incidents |
| Compliance | | | | |
| PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | GRI | | Y | Nil fines |

Legend

| | | | |
|------|--------------------------------------|------------|---|
| GRI | Global Reporting Initiative Table | www | www.stockland.com.au |
| AR* | 2007 Annual Report | PP* | 2007 Property Portfolio |
| CDP* | Carbon Disclosure Project 5 Response | 2006 CR&S* | 2006 Corporate Responsibility and Sustainability Report |

* Documents can be downloaded at www.stockland.com.au



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