133 Castlereagh Street
Sydney NSW 2000

T 02 9035 2000
F 02 8988 2000

www.stockland.com.au

17 October 2012

ASX/Media Release

STOCKLAND AGM MARKET UPDATE AND SPEECHES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[1] Post-AIFRS

For media enquiries

Michelle Taylor
General Manager –
Stakeholder Relations
Stockland

T +61 (0)2 9035 2786
M +61 (0)400 356 692

Lucy Wilson
Stakeholder Relations
Consultant
Stockland

T +61 (0)2 9035 2689
M +61 (0)478 878 279

For investor enquiries

Ross Moffat
Senior Manager Investor
Relations
Stockland

T +61 (0)2 9035 2480
M +61 (0)412 256 224

Annabelle Tait
Investor Relations Analyst
Stockland

T +61 (0)2 9035 2773
M +61 (0)424 547 887

Stockland Corporation Ltd ACN 000 181 733 Stockland Trust Management Ltd ACN 001 900 741
AFSL 241190 As Responsible Entity for Stockland Trust ARSN 092 897 348.