1H13 Results Presentation

13 February 2013

Stockland Townsville, Qld

Agenda

Introduction Mark Steinert

Financial update Tim Foster

Residential Communities Mark Hunter

Commercial Property John Schroder

Retirement Living David Pitman

Summary and outlook Mark Steinert

Overview of 1H13

Business performance reflects soft housing market and portfolio transition

Disappointing result with Underlying Profit down 26% to $255m and EPS down 20% to 11.6 cents

Distribution of 12 cents per security, in line with full year commitment of 24 cents

Residential – challenging new housing market and settlement mix impacted volumes and margins

Commercial Property – strong retail performance, Office and Industrial solid, although aggregate revenue impacted by asset sales

Retirement Living – solid operating result

Positioning the Group for stronger returns

Changed application of residential capitalised interest policy to reduce the balance over time and deliver more consistent returns over the life of projects

Rigorous review of residential communities portfolio resulting in 13 projects impaired for wholesale disposal and impairment of seven trading communities

Impaired lots represent 9%[1] of lots and 14 cents per share - Net Tangible Assets (NTA) down 5% to $3.49

Reallocation of capital from Trust to Corporation proposed for AGM

1. Includes lots owned and under option

Financial Update

Tim Foster

Group profit

$m	1H13		1H12
Statutory (Loss) / Profit	($147.1m)	▼ 148%	$307.6m
Statutory Earnings per Security	(6.7 cents)	▼ 151%	13.1 cents
Underlying Profit[1]	$255.0m[2]	▼ 26%	$342.3m[3]
Underlying Earnings per Security	11.6 cents	▼ 20%	14.5 cents[4]
Distribution per Security	12.0 cents	-	12.0 cents
Net Tangible Assets per Security	$3.49	▼ 5%	$3.69
Gearing (D/TTA)	27.6%		23.0%
Return on Equity[5]	7.5%		8.2%

1. Underlying Profit is a non-IFRS measure that is determined to present, in the opinion of the Directors, the ongoing operating activities of Stockland in a way that appropriately reflects its underlying performance. Underlying Profit is the basis on which distributions are determined. Refer to the Interim Statutory Accounts for the complete definition
2. The basis for determining the capitalised interest release to the income statement for the Residential Business has been amended from previous periods due to a change in estimates. This change has been applied prospectively from 1 July 2012 impacting 1H13 by $17m. For comparison purposes, a $13m expense would have been incurred if this change had been applied from 1 July 2011 (not included in 1H results shown above)
3. The basis for determining Underlying Profit for the Retirement Living business has been amended from previous periods to be more closely aligned to realised cash profits. The change in recognition basis has been applied retrospectively. As a result, the 1H12 Underlying Profit has been reduced by $12m
4. 1H12 EPS would be 14.9 cents, using the previous method for Retirement Living accounting
5. Return on Equity is a measure that accumulates individual business Return on Assets and incorporates the cash interest paid and average drawn debt for the period, 1H13 represents rolling 12 months to 31 December 2012; the comparative represents the rolling 12 months to 30 June 2012

Profit summary

	1H13	1H12	Change	Commentary
Retail	159	152	▲ 5%	3.5% comparable NOI growth (4.4% pre AIFRS), development completion of Townsville, Merrylands
Office	60	80	▼ 25%	6.2% comparable NOI growth (9.7% pre AIFRS) however asset disposals impact result
Industrial	32	38	▼ 16%	(2.0%) comparable NOI growth ((2.7%) pre AIFRS) and asset disposals impact result
CP net overheads	(11)	(12)	▼ 8%	Prudent cost management
Total Commercial Property[1]	240	258	▼ 7%	
Residential Communities[2]	28	90	▼ 69%	Volumes down due to difficult trading conditions; margins impacted by portfolio mix and $17m increase in cost of goods sold through change in capitalised interest
Retirement Living[3]	12	11	▲ 10%	24% increase in settled development margin, turnover volume up 8%
UK and Apartments	1	19	▼ 95%	Continuation of exit from these segments
Interest and other	(31)	(19)	▲ 63%	Higher average debt levels primarily due to lower operating cashflows in Residential
Unallocated corporate overheads	(23)	(26)	▼ 12%	Prudent cost management
Tax benefit on Underlying Profit	28	9		
Underlying Profit	**255**	**342**	▼ **26%**	
Commercial Property revaluations	35	74		Progressive recognition from the Shellharbour Retail development ($53m) partly offset by foreseeable loss on Kawana Town Centre – Retail ($17m)
Retirement Living revaluations	(61)	10		Driven by reduction in unit price assumptions offset by new DMF creation
MTM of financial instruments	(34)	(98)		Financial instruments revaluation largely driven by downwards movement in the swap curve
Write-down of inventory	(318)	-		Residential Communities ($287m), Apartments ($10m), Industrial land ($9m) and UK ($12m)
FV adjustments of strategic stakes	(44)	(38)		Unrealised fair value movement on FKP stake
Other	(5)	18		Net (loss)/gain on sale of other non-current assets
Tax benefit on significant items	25	-		
Statutory (Loss) / Profit	**(147)**	**308**	▼ **148%**	

1. Post AIFRS
2. The basis for determining the capitalised interest release to the income statement for the Residential Business has been amended from previous periods due to a change in estimates. This change has been applied prospectively from 1 July 2012 impacting 1H13 by $17m. For comparison purposes, a $13m expense would have been incurred if this change had been applied from 1 July 2011
3. The basis for determining Underlying Profit for the Retirement Living business has been amended from previous periods to be more closely aligned to realised cash profits. The change in accounting policy has been applied retrospectively. As a result, the 1H12 Underlying Profit has been reduced by $12m

Changed application of residential capitalised interest policy will deliver more consistent returns over time

Overview

Applied consistent policy since new Borrowing Cost Accounting Standard introduced in 2005

Review objective: reduce capitalised interest balance over time and deliver more consistent returns over the life of the project

Outcome

The capitalised interest allocation methodology changed effective 1 July 2012 to now allocate a share of incurred and estimated future interest for each lot sold, rather than just a share of incurred interest to date

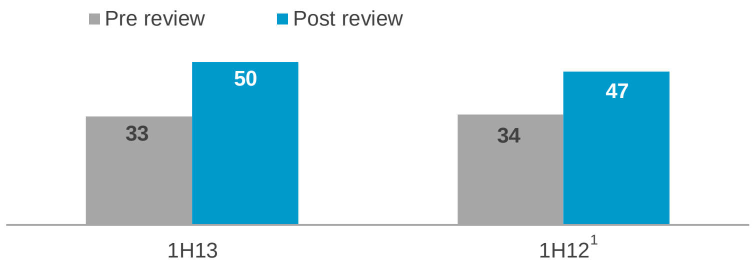
Leads to interest spread more evenly over the life of a project

Impact is an increase in cost of goods sold in the half by $17m and around $36m forecast for the full year

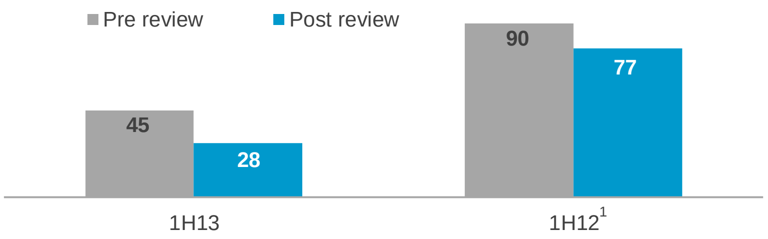
The change brings forward future interest and will negatively impact Residential margins and operating profit but will reverse over the medium term

The capitalised interest balance should reduce in the future as interest will be expensed earlier over the life of the project

Residential interest expensed in cost of goods sold



Residential Communities Operating Profit



1. This change has been applied prospectively from 1 July 2012 impacting 1H13 by $17m. These charts represent what would have been incurred if the change had been applied from 1 July 2011 for comparative purposes ($13m)

Residential review reflects focus on core portfolio

Overview

Conducted our regular residential portfolio review

Review objective: to maximise shareholder value with best use of capital

Outcome

More conservative assumptions about future performance of the housing market

$306m impairment:

- 13 projects were identified as more suited to wholesale disposal – $234m impairment
- Seven community projects impaired by more conservative assumptions on a develop out basis - $53m impairment
- Three Apartments and two Industrial sites held in Residential communities - $19m impairment

The impairment effectively writes off around $150m of capitalised interest

Consistent with our current policy capitalised interest will cease (effective 1/1/13) on those projects now deemed to be inactive; resulting in a $13m increase in Group interest expense in 2H13 (annualised $27m)

In line with our previous practice, any future reversal of impairment provision or profit in relation to impaired projects will not be included in Underlying Profit

Residential portfolio review

13 projects impaired for wholesale disposal	$234m
7 projects impaired for develop out	$53m
Other[1]	$19m
Total Residential impairment	**$306m[2]**

While overall the group's capital position remains strong, the Residential impairments will require the reallocation of capital between the Trust and Corporation to better position the Corporation for future growth

It is anticipated that shareholder support will be sought at the AGM to reallocate around $500m of capital from the Trust to the Corporation

1. Other includes apartments and industrial sites held in Residential communities
2. Total Group impairment of $318m includes UK ($12m)

Stockland

Continue to drive efficiency and cost management

Good progress on reducing overheads

Reduction in overheads – down 8%

Ongoing savings achieved through:

- Centralisation
- Automation of processes
- Procurement savings

Expect benefit from reduction in number of active projects in Residential due to reclassification to wholesale disposal ~$4m on an annualised basis

Prudent cost management

$m	1H13	1H12	1H11[1]
Commercial Property[2]	12	13	17
Residential	65	68	67
Retirement Living[2]	19	19	25
UK	1	4	5
Unallocated corporate costs	23	26	30
Total management, administration, marketing and selling expense[3]	**120**	**130**	**144**

1. Excluded from Underlying Profit and Retirement Living costs is $20m of transaction and integration costs related to Aevum and three villages acquired from Retirement Villages Group
2. Net of recoveries and costs capitalised to development projects
3. Excludes Aged Care (1H13: $10m; 1H12: $10m; 1H11: $8m)

Stockland

Cash flows impacted by tough Residential market

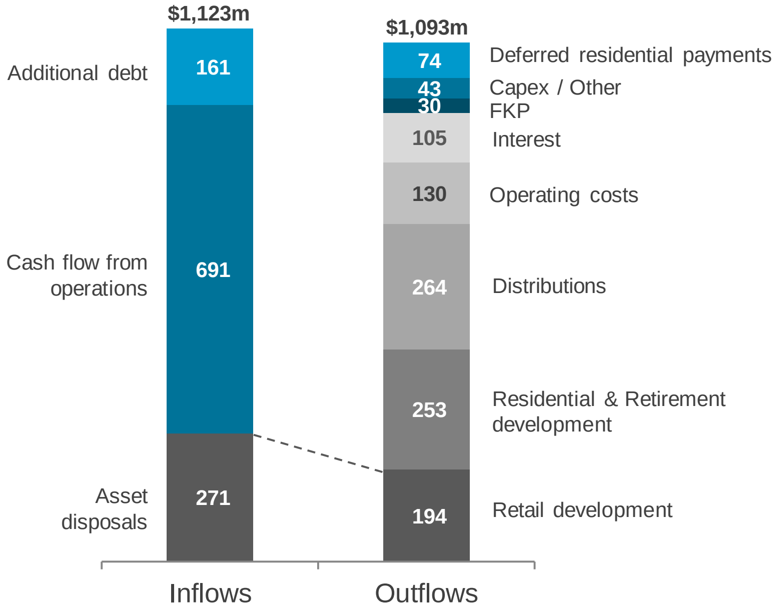
Commercial Property asset sales of $271m exchanged to date with $194m invested in retail development

Successful opening of Merrylands and Townsville in 1H13 along with continued work at Shellharbour (opening later this year)

Cash flows from operations impacted by challenging residential market and normal skew to the 2H13

No new residential acquisitions in 1H13; with $74m of payment for land acquired on capital efficient terms

1H13 cash inflows and outflows ($m)



Continuing to maintain a strong balance sheet

Commercial Property non-core asset sales

Asset sales of $271m in 1H13

Additional two assets held for sale[4] for $221m

Average exit yield 7.4%

Slowing further asset sales for flexibility as we undertake our strategic review

Continue to focus on gearing and cash flow

Balance sheet ratios remain well within A- metrics; rating confirmed on 12 December 2012

Gearing maintained within target range (20%-30%)

Expect FY13 cost of debt of 6.2% (FY12: 6.2%)

Actively managing funds employed

Reduced Residential finished goods inventory available for sale; down 33%[5] from 30 June 2012

Key debt metrics

S&P rating	A- stable
Drawn debt[1]	$3.5b
Cash on deposit	$0.2b
Available undrawn committed debt facilities	$0.5b
Gearing (net debt[2] / total tangible assets)	27.6%
Interest cover	3.4:1
Weighted average debt maturity at 31 December 2012	5.2 yrs
Debt fixed/hedged as at 31 December 2012	66%
Weighted average cost of debt for 1H13[3]	6.0%
Weighted average cost of debt at 31 December 2012[3]	6.3%

1. Excludes bank guarantees of $0.2b and cash on deposit of $0.2b
2. Drawn debt less cash
3. The weighted impact on WACD of bank guarantee fees would be 12bps
4. 175 Castlereagh Street & 9 Castlereagh Street
5. Represents finished goods available for sale on comparable basis (excludes impact of capitalised interest changed and industrial sites acquired since 30 June 2012)

Residential

Mark Hunter

Residential performance impacted by challenging market conditions

1H13 performance

Volumes solid with over 2,000 settlements despite entering FY13 with 700 fewer contracts on hand

Decline in Victoria volume significantly impacting earnings, together with increased low margin or impaired NSW settlements

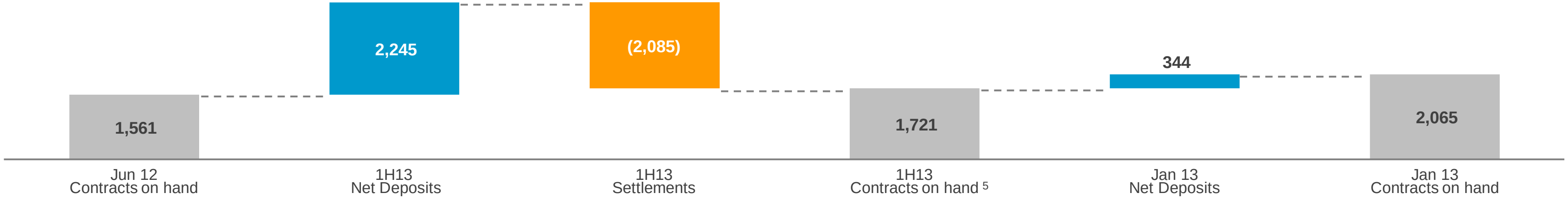
Downward price pressure in most corridors

Rigorous review of portfolio applying more conservative future assumptions on market growth has led to impairment

- Seven community projects to develop out, three of which were previously impaired
- 13 non-core projects identified for wholesale disposal, seven of which were previously impaired

Residential Communities	1H13	1H12	
Lots settled	2,085	2,209	▼ 6%
Revenue - Retail	$381m	$419m	▼ 9%
- Superlots[1]	$17m	$11m	▲ 55%
EBIT (before interest in COGS)	$76m	$115m	▼ 34%
EBIT margin	19.1%	26.8%	▼
Operating Profit[2,3]	$28m	$77m	▼ 64%
Operating Profit margin	7.0%	17.9%	▼
Operating Profit[2] – pre review of capitalised interest	$45m	$90m	▼ 50%
Operating Profit margin – pre review of capital interest	11.3%	20.9%	▼
ROA[4]	9.0%	11.3%	▼

Residential Communities sales



1. 19 superlot settlements 1H13,11 superlot settlements 1H12
2. Pre-tax
3. The basis for determining the capitalised interest release to the income statement for the Residential Business has been amended from previous periods due to a change in estimates. This change has been applied prospectively from 1 July 2012 impacting 1H13 interest by $17m. As presented on this slide, 1H12 Operating Profit has ben restated by $13m to reflect this change for comparative purposes
4. 1H13 represents rolling 12 months to 31 December 2012; the comparative represents the rolling 12 months to 30 June 2012
5. 1,382 contracts are due to settle in 2H13, 339 due to settle in FY14

Margins impacted by volume, project mix and price pressure

Settlement volumes declined

Decline led by soft Victorian market, settlements down 46%

Qld settlements down 13% due to soft Gold Coast market

WA settlements up 31% due to growth from new community launches

NSW settlements up 101%

Project mix impacts margins

Lower settlements from high margin Victorian projects coincides with increased settlements from low margin or impaired projects in NSW

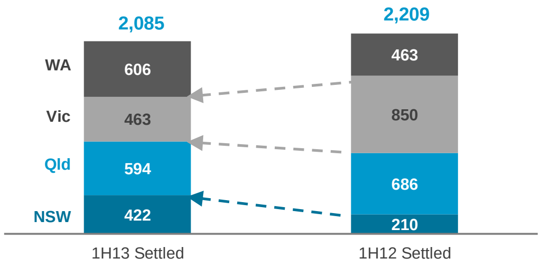
Project margins declined in each state

No price growth to offset inflationary cost increases

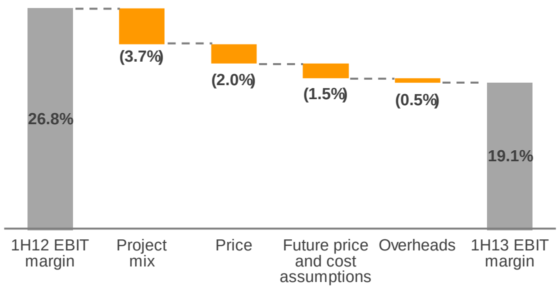
Adopted a more conservative view of future price, sales and cost assumptions

Change in application of capitalised interest policy

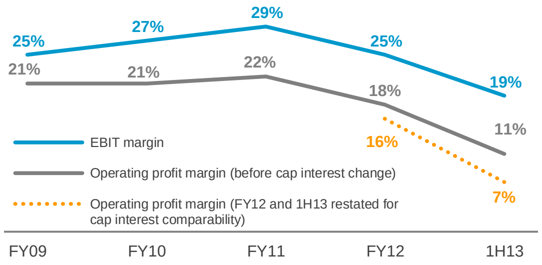
Lots settled by location (lots)



Change in EBIT margin



Residential margins



Stockland

Reviewed and repositioned portfolio

Review reflects core portfolio focus

13 projects identified as more suited to wholesale disposal – $234m impairment:

- $0.5b future capital required to develop out
- Limited impact on future earnings as most projects are impaired or have low margins
- The disposal projects are largely in Qld & NSW and would not pass current acquisition criteria in place since 2009
- Majority of disposals expected by June 2015

In addition, seven community projects require impairment of $53m on a develop out basis:

- Three projects were previously impaired
- Most projects to be developed out in next four years

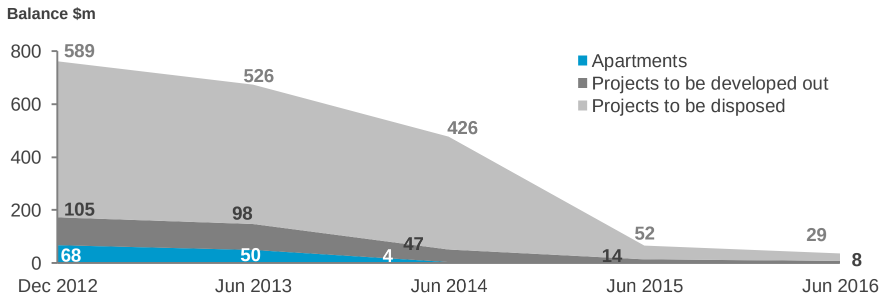
Three apartment projects and two industrial sites also require $19m impairment

Over 90%[2] of lots are aligned with our core strategy and will deliver stronger returns

Projects identified for disposal do not fit core portfolio

State	No. Projects	Previously impaired	In Strategic corridor	Capital efficient	Year acquired
NSW	5	3	1	-	2003/2004
Qld	6	3	1	-	5 in 2004 1 in 2008
Vic	1	-	-	-	2002
WA	1	1	1	-	2007
Total	**13**	**7**	**3**	**-**	

Residential - Forecast utilisation of impairment provision[1]



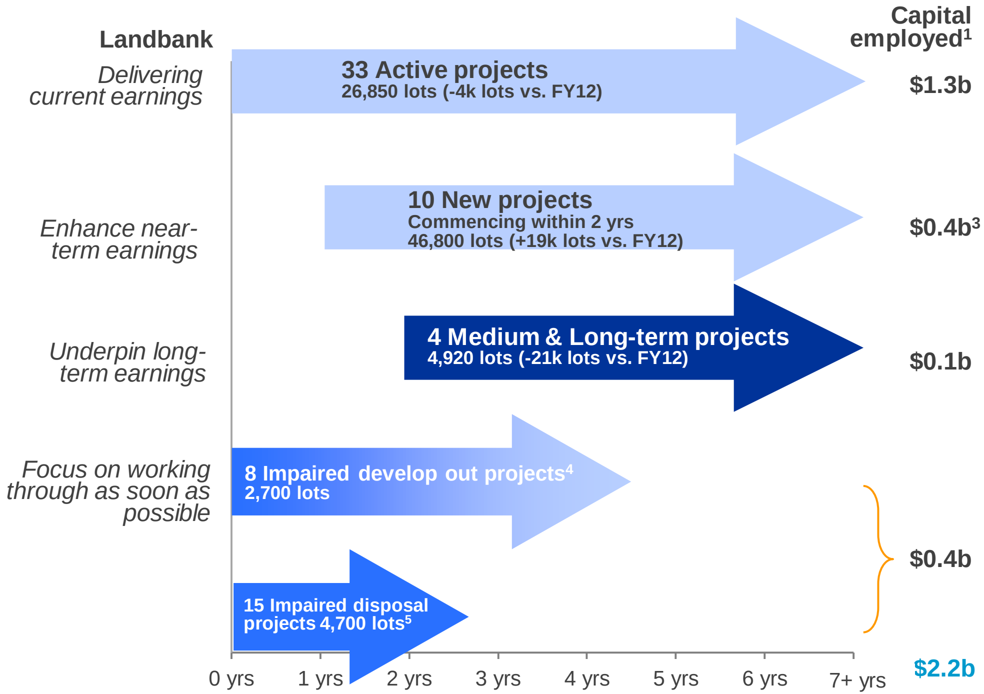
1. Forecast impairment provision balance as at 31 December 2012, based on forecast settlement date, revenue and cost by project
2. Includes lots owned and under option

Residential projects impaired for disposal, primarily lifestyle

Location	Project	Lots remaining to sell (as at 1H13)	Acquisition date	Comment
NSW	Murrays Beach	270	Dec-04	Trade out existing stock, whilst marketing for disposal
	Pinny & Mawson	594	Dec-04	Englobo land. Potential to market for wholesale disposal with Murrays Beach
	Bayswood	394	May-03	Trade out existing stock, whilst marketing for disposal
	West Dapto 2[1]	624	Jun-03	Continue to negotiate planning approvals, then market for disposal
	Warriewood	63	Mar-03	Market for disposal
Qld	Kawana Town Centre (Oceanside)	24	Dec-04	Continue to negotiate planning approvals. Potential wholesale transaction
	Birtinya (Oceanside)	634	Dec-04	Continue to trade. Potential wholesale transaction
	Bokarina Beach (Oceanside)	291	Dec-04	Continue to negotiate planning approvals. Potential wholesale transaction
	Lake Kawana (Oceanside)	1	Dec-04	Apartments superlot disposal
	Bahrs Scrub	869	Feb-08	Negotiate planning approvals for core, market non-core lots for disposal
	Doonella Noosa	126	Dec-04	Continue to trade out existing stock while marketing for disposal
Vic	Point Lonsdale	500	Nov-02	Continue to trade out existing stock while marketing for disposal
WA	Ketelsen	301	Dec-07	Potential disposal to joint venture partner
		~4,700		

1. Part of Illawarra

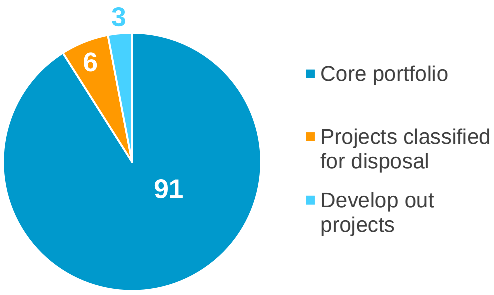
ROA down in short term and expected to improve from FY14



Total 1H13 ROA[2] 9% (12 months to 31 December 2012)

ROA to improve from FY14, as medium and long-term capital employed becomes active

Impaired lots in portfolio (% lots)[6]



1. Based on net funds employed as at 31 December 2012
2. ROA (12 month rolling calculation) = EBIT (before interest in COGS, before impairment release) / (Average Annual Net Funds Employed less capitalised interest, add back impairment provision)
3. Caloundra is ~$0.2b
4. Includes one project not requiring additional impairment
5. Includes disposal of industrial land and excludes apartments
6. Includes lots owned and under option

Disciplined execution of our strategic criteria

Residential strategic criteria since 2009

Focused on geographic diversity

- Growth corridor strategy – attractive demand/supply
- *Wyndham (Vic) / Allura (Vic)*

Scale to broaden market reach

- Focus on larger masterplanned communities
- Certainty obtained through Infrastructure Agreement, cost efficiency
- *North Shore (Qld) / North Lakes (Qld) / Highlands (Vic)*
- *Caloundra South (Qld)*

Buy on capital efficient terms – now ~29% of inventory

- Reduce funds employed and reduce risk
- *Lockerbie (Vic) / East Leppington (NSW)*

Bring projects to market quickly

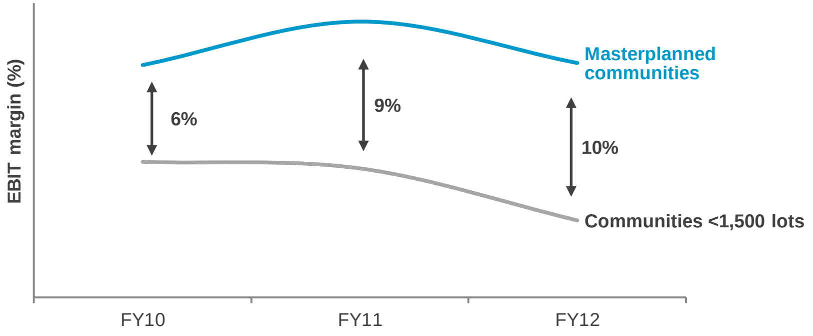
- Minimise interest and lower funds employed
- *East Leppington (NSW) / Marsden Park (NSW)*

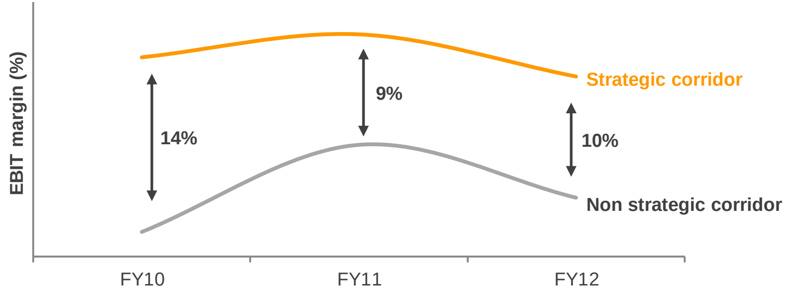
Product – responding to consumer desire for less debt

- Focus on affordability and innovation
- *e.g. Mode (Qld) / Bower Series (Qld) / Waterside Terraces (NSW)*

Result = future portfolio will deliver solid returns

Core projects deliver superior returns





East Leppington is set to deliver on our strategy

East Leppington reflects the new projects coming to market

Geographic diversity

- Key identified growth corridor of SW Sydney
- Supported by State infrastructure investment in road and rail
- Net medium to long-term undersupply

Scale

- Masterplan community delivering 3,000 residential lots
- Retirement living facilities, a retail centre and schools
- Large communities provide certainty of statutory charges

Capital efficient terms

- Acquired on capital efficient terms in 2011- subject to planning approval

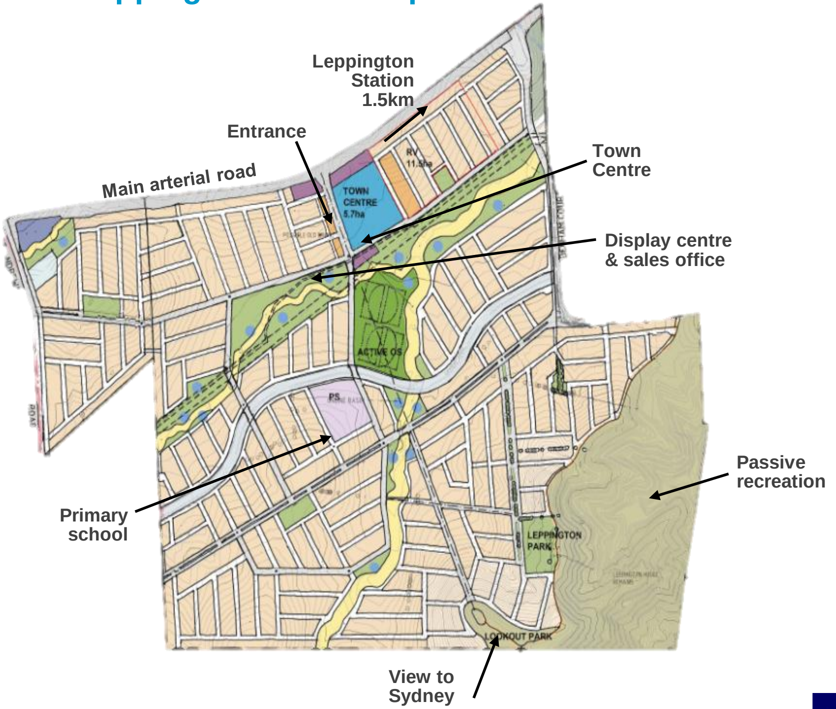
Speed to market

- Expect first settlement in 2H14; under three years from acquisition

Product

- Broad range to cater for all buyer segments
- Lots from 225sqm – 600sqm
- House & land packages will start from $350,000 (vs catchment median house price $450,000)

East Leppington structure plan



Residential market remains challenging; underlying fundamentals are positive

Recovery will be gradual

Consumers still cautious

- Vic remains subdued
- Qld soft, impacted by sentiment
- Metropolitan Sydney showing signs of improvement
- WA market momentum growing

Settlement mix improving but will still impact FY13 results

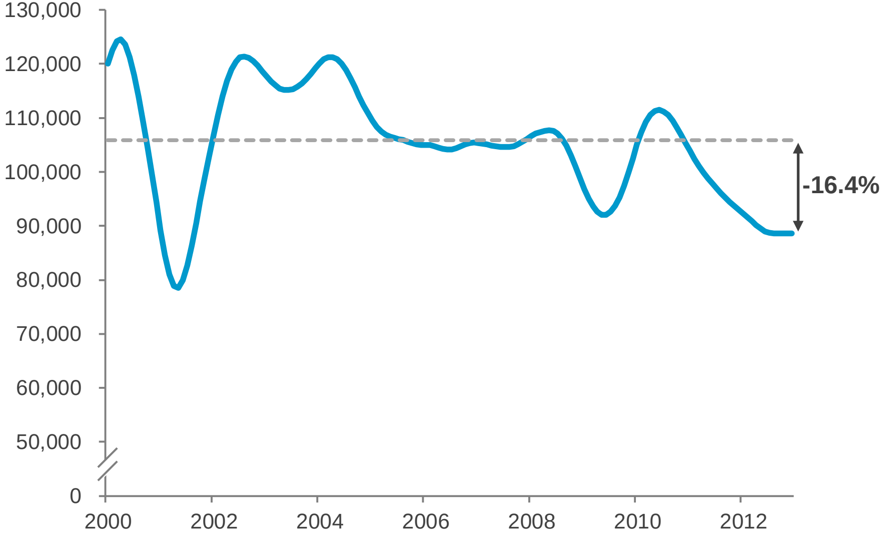
Margins in 2H13 will continue to be impacted by the newly impaired develop out projects and conservative growth forecasts

Population growth, low interest rates and rising incomes will drive return to trend growth for detached housing market

Disciplined execution of our strategy and repositioned portfolio will set us up to grow and leverage market recovery

Approvals around 16% below long-term average

Annual private sector houses building approvals (Trend)



Commercial Property

John Schroder

Stockland Townsville, Qld

Solid comparable growth from Commercial Property

Retail

Redevelopments driving scale and market share

Active asset management and leasing driving comparable growth

Office

Higher occupancy and improved WALE through focused leasing effort

Asset sales impacted headline result

Industrial

Asset sales impacted headline result

Forecast growth and WALE set to improve into FY14 following re-tenanting activity

Commercial Property ($m)	1H13 Post AIFRS	1H13 Pre AIFRS	1H12 Post AIFRS	1H12 Pre AIFRS	Change Post AIFRS	Comparable growth[1] Post AIFRS	Comparable growth[1] Pre AIFRS[2]
- Retail[3]	159	167	152	155	5%	3.5%	4.4%
- Office[4]	60	73	80	92	25%	6.2%	9.7%
- Industrial[5]	32	35	38	42	16%	(2.0%)	(2.7%)
Total net operating income	**251**	**275**	**270**	**289**	7%	**3.2%**	**4.6%**
Fees	1	1	1	1	-		
Net operating costs[6]	(12)	(12)	(13)	(13)	8%		
Operating Profit	**240**	**264**	**258**	**277**	7%		
ROA[7]	**8.1%**		**8.0%**				

1. Comparable growth excludes unstable/non-comparable properties which includes Assets Held for Sale
2. Pre-AIFRS NOI backs out all non-cash accounting entries for comparable properties
3. 1H13 post-AIFRS NOI impact from disposal of Bay Village: ($5m)
4. 1H13 post-AIFRS NOI impact from disposal of 52 Martin Place, Riverside Plaza, Exchange Plaza, 150 Charlotte St, Myuna, 118-120 Pacific Highway, 45 St Georges Terrace, 255 and 267 St Georges Terrace: ($19m)
5. 1H13 post-AIFRS NOI impact from disposal of Wacol and Moorebank 1H12: ($4m)
6. Net of recoveries and costs capitalised to development projects
7. 1H13 represents rolling 12 months to 31 December 2012; the comparative represents the rolling 12 months to 30 June 2012

Retail sales grew despite consumer caution

Strong Retail lease profile

Maintaining high occupancy of 99.4% (99.6% in 1H12)

Increased tenant retention at 78% (72% in 1H12)

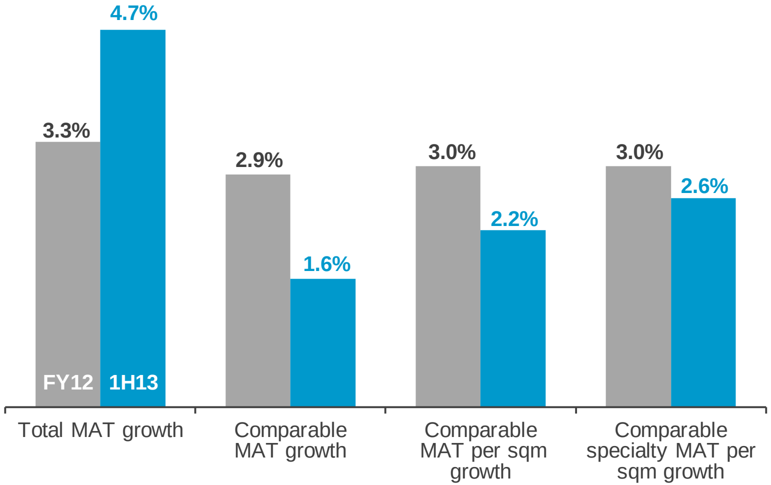
Executed 135 renewals: annualised growth of 2.6% with no incentives

Executed 106 new leases: annualised growth of 2.2% with an average incentive[1] 5.3 months

89% of all specialty shop leases on fixed annual increases of 4-5%; 11% CPI+

Specialty occupancy costs stable at 14.1%

Moving annual turnover growth[2]



Comparable specialty shop turnover up 3.3% per sqm over 24 months

1. Represents the cash contribution made towards the retailer's fitout, expressed in equivalent months of net rent. This is equivalent to 7.5% Trust portfolio

Stockland

Retail strategy: market leader or clearly differentiated in trade area

Strategic objectives

Enhance returns by moving assets up the retail hierarchy

Be the landlord of choice for key national chains and local retailers

How we are delivering

Develop our most productive retail assets to maximise trade area share

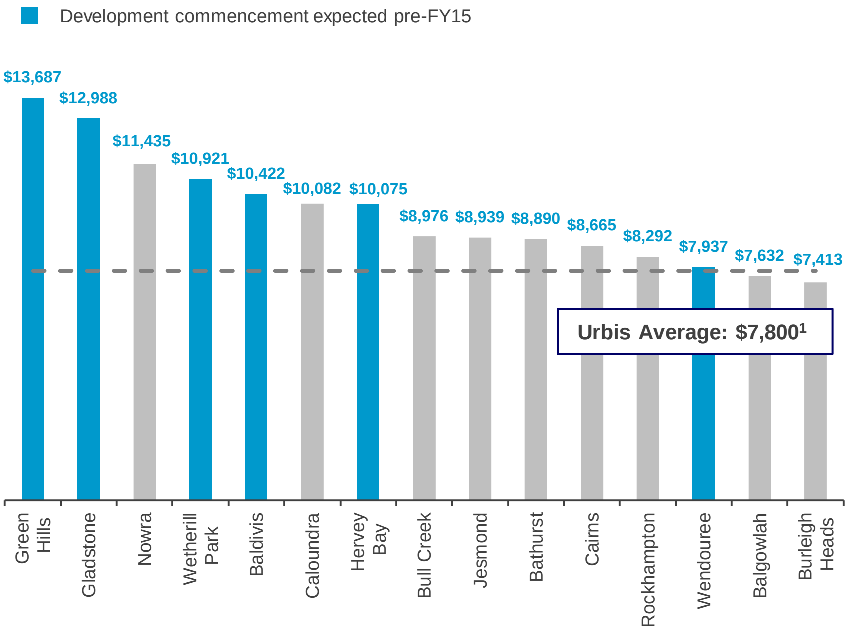
Continue to focus on the deep, mass market customer segment

Create true community and entertainment hubs

Strong retailer relationships and long-term sustainable rents

Highly productive centres well positioned for growth

Specialty MAT per sqm



1. Urbis Retail Averages 2012 Sub-Regional Centres

Diverse and resilient retail portfolio

Sales growth driven by:

Composition of our centres proving resilience to online leakage

Total Australian retail online spend now 6%; growth decelerating

Comparable supermarkets up 2.0% per square metre

Value and convenience specialty shop categories growing strongly:

- Comparable food catering up 2.5% per square metre
- Comparable retail services up 7.6% per square metre

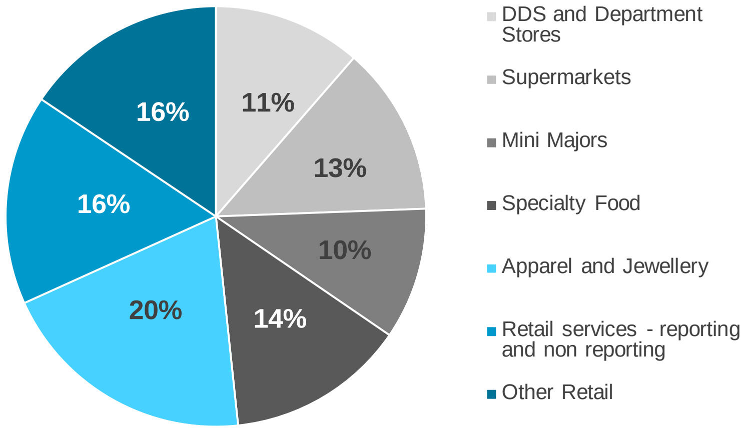
Comparable apparel and jewellery up 1.9% per square metre

37% of the gross rent underpinned by supermarkets, mini majors and specialty food

16% of the gross rent underpinned by retail services (reporting and non reporting)

Limited exposure to highly discretionary retail categories

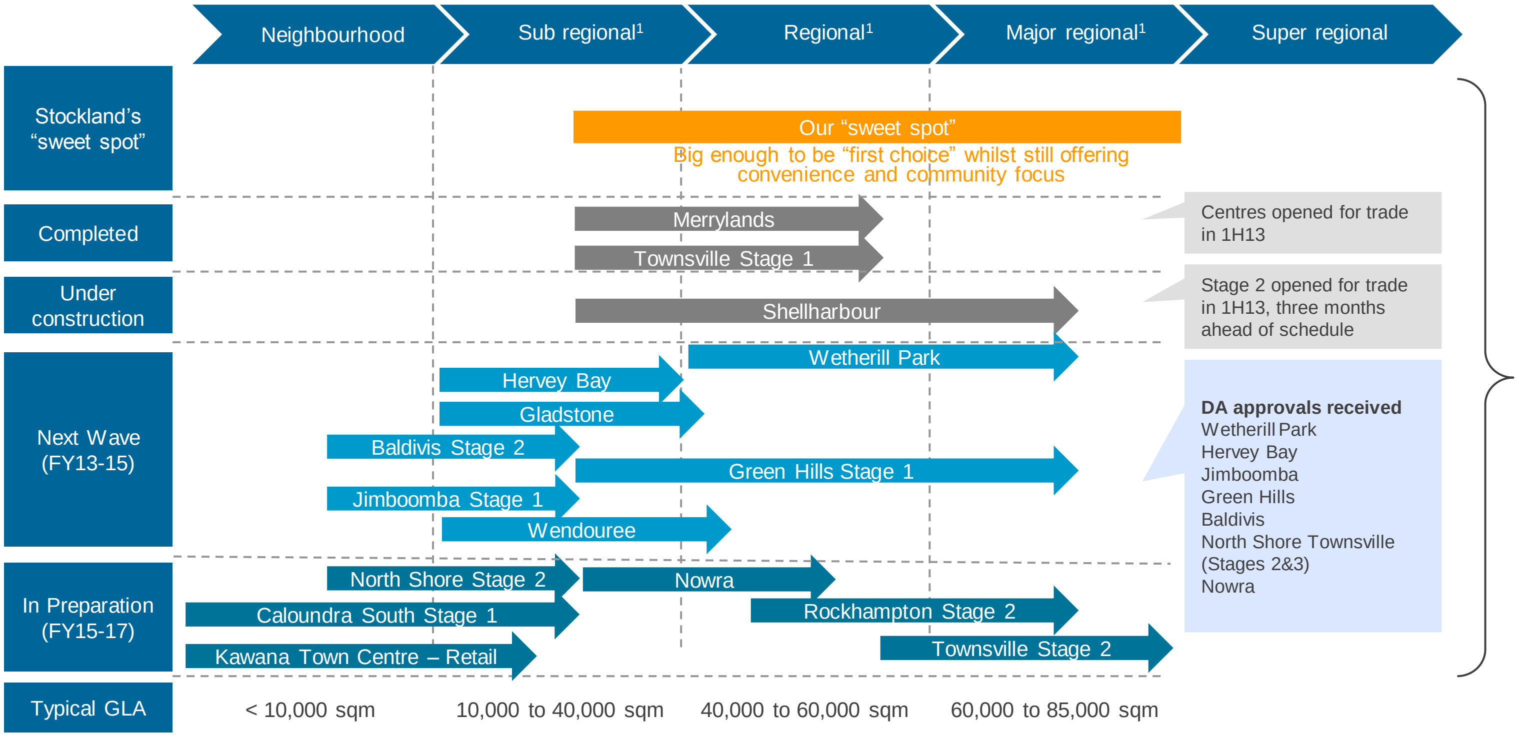
Gross rent - total portfolio



1. Total Australian market share; Quantium 3Q2012

Stockland

Creating high quality retail assets with a focus on regional Australia



Initial cash yields **7 - 8%**

Incremental development IRR average **13 - 14%**

Blended avg. IRR **~12%**

1. Property Council of Australia (PCA); PCA definitions have been adjusted for accurate comparison

Shellharbour: creating a leading major regional centre

Forecast financial metrics	Development
Total development cost	$330 million
Value on completion	$660 – 690 million
Enhanced valuation	$60 – 90 million
Incremental yield	7.6%
Post development incremental IRR	~14.5%
Total return	~12.5%

	Pre development	Post development
GLA	31,000 sqm	75,000 sqm
Majors	Target, K Mart, Coles, Harris Scarf	New: Myer, K Mart, Coles, Woolworths Refurbished: Target
Specialties	95	220 10 mini majors Restaurant precinct and Town Square

Wetherill Park: a successful regional to become a leading food, lifestyle, service and community focused centre

Forecast financial metrics	Development
Total development cost	$195 million
Value on completion	$620 – 640 million
Enhanced valuation	$60 – 80 million
Incremental yield	~7.25 – 7.75%
Post development incremental IRR	~14%
Total return	~12.5%

	Pre development	Post development
GLA	55,000 sqm	72,000 sqm
Majors	Target, Big W, Woolworths, Hoyts	Target, Big W, Woolworths, Hoyts, New anchor
Specialties	140	220 5 mini majors Restaurants and cafes Large lifestyle food & café court

Actively managing our Office portfolio to improve performance

Occupancy[1] up to 96.3%[2] (95.8% in 1H12)

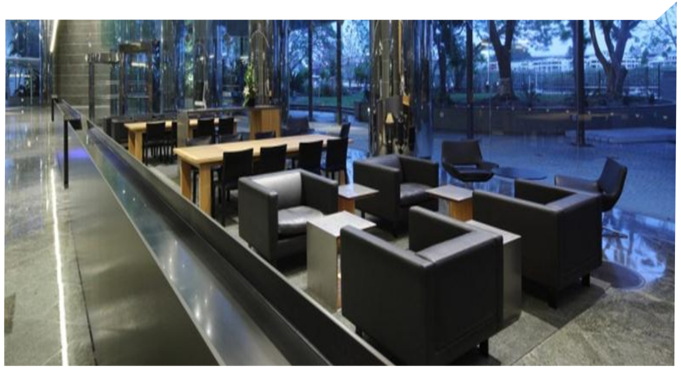
WALE improved to 4.6 yrs[2] (4.1 yrs in 1H12)

Executed ~33,000 sqm of leases in 1H13

Weighted average base rent growth of 4%; weighted average incentive of 14%

Incentives in the Sydney CBD market remain high at 25-30%

Refurbished foyer at Waterfront Place, Brisbane



Key Office leasing deals

Property	Building area (sqm)	1H13 Area leased (sqm)	Leased to	Building WALE (years)	Comments
Waterfront Place[3]	58,754	7,860	Minter Ellison	5.8	Tenant renewal
601 Pacific Highway	12,677	7,283	IBM	4.0	Tenant renewal
135 King Street[3]	27,159	6,499	Moore Stephens; M&D Sevices; Regus; Gadens	4.9	New Tenants
Piccadilly Tower	29,680	2,950	University of Sydney; EWON	4.5	New Tenants
110 Walker Street	4,417	1,009	Super IQ	4.1	New Tenant

1. Comparable basis using 1H13 as the base, excludes 40 Cameron Ave (development), 175 Castlereagh Street and 9 Castlereagh Street (Assets Held for Sale)
2. Excludes 40 Cameron Ave, 175 Castlereagh Street and 9 Castlereagh Street
3. Represents 100% property ownership. Stockland ownership is 50%

Stockland

Industrial reletting progressing well

Occupancy of 93.3% (99.5% in 1H12)

WALE stable at 2.8 yrs (2.8 yrs in 1H12)

Executed ~127,000 sqm of leases in 1H13

Over 80,000 sqm of leases pending execution

Weighted average base rent growth of 6%; weighted average incentive of 5%

Expect re-letting to improve occupancy and WALE into FY14

Development of Toll warehouse, Yennora

Value of $15.6 million at completion; 8.3% incremental development yield

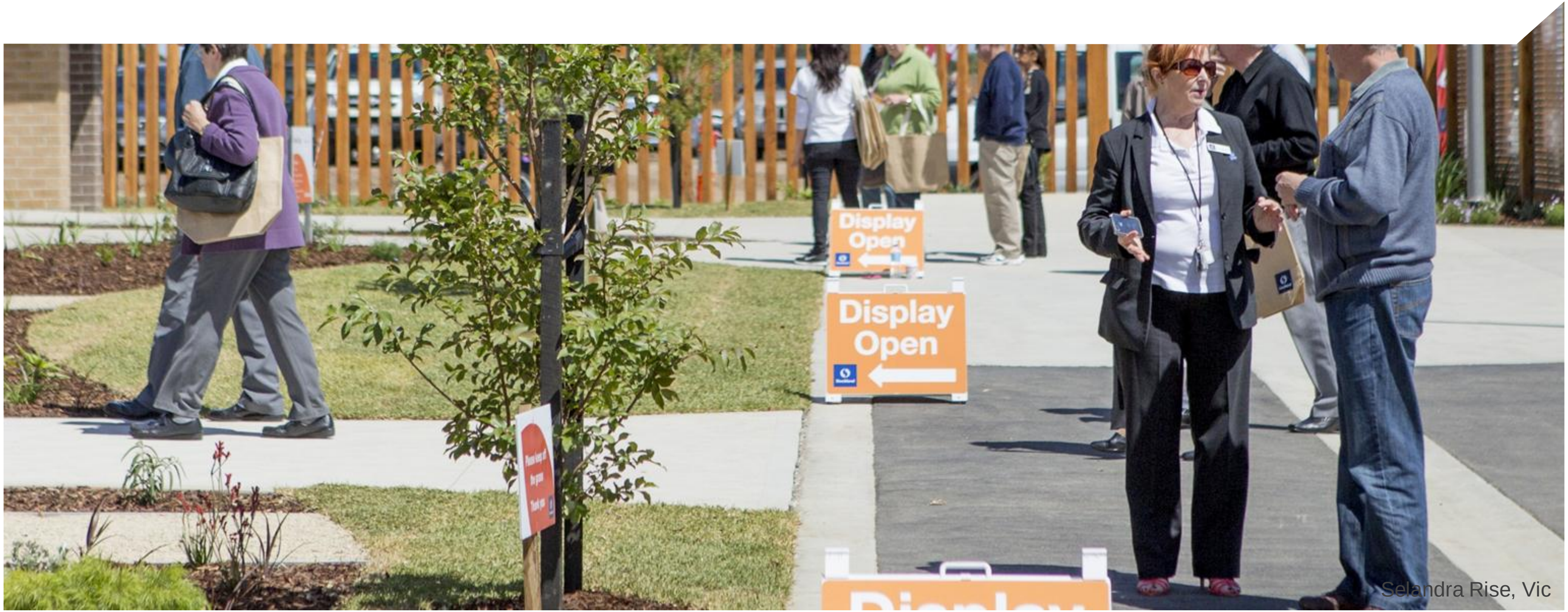
Key Industrial leasing deals

Property	Building area (sqm)	1H13 Area leased (sqm)	Leased to	Building WALE (years)	Comments
Yennora	297,342	71,533	Australian Wool Handlers; Queensland Cotton; Sussan Corporation	3.1	New Tenant, Tenant renewals
Port Adelaide	167,614	10,503	Viterra	2.0	Tenant renewal
Hendra	83,780	6,889	Global Express (Fastways)	4.7	Tenant renewal

Stockland

Retirement Living

David Pitman



Selandra Rise, Vic

Retirement Living continued to grow in a challenging market

Development portfolio

131 new units settled

Price realisation in-line with project plans

Margins slightly lower due to project/product mix

Established portfolio

249 units turned over (6.4%pa turnover rate; 6.2%pa in 1H12)

Reduced prices on average by 2.3% across portfolio to better align with current market; expect no price increases in 2H13

Deferred Management Fee (DMF) revaluation – price review reflects market conditions

Price reduction and lower forecast price growth in established portfolio for FY13/14 resulted in DMF asset revaluation of ($68.5m)

No cash or operating profit impact in 1H13

Net accumulated non-cash revaluation[1] balance $177m at 31 December 2012

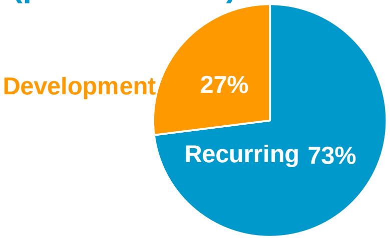
Expect same seasonality as last year

Large profit skew to second half

Underlying demand remains solid; strong level of enquiry

Key metrics			
	1H13	1H12	
New unit settlement	131	100	▲ 31%
Established unit turnover	249	230	▲ 8%
Transaction value[2]	$131m	$109m	▲ 20%
Operating Profit	$12m	$11m[3]	▲ 10%
Occupancy	93.6%	92.7%	▲
ROA[4,5]	4.2%	4.2%	▼

Net margin mix (pre-overhead)



1. Consists of revaluation of existing DMFs, DMFs created through development and unsettled profit
2. Total price paid by incoming residents at established villages and new developments
3. The basis for determining Underlying Profit for the Retirement Living business has been amended from previous periods to be more closely aligned to realised cash profits. The change in accounting policy has been applied retrospectively. As a result, the 1H12 Operating Profit has been reduced by $12m
4. Pre-interest Underlying Profit divided by average cash funds employed in the period (i.e. before revaluation and DMF creation)
5. 1H13 represents rolling 12 months to 31 December 2012; the comparative represents the rolling 12 months to 30 June 2012

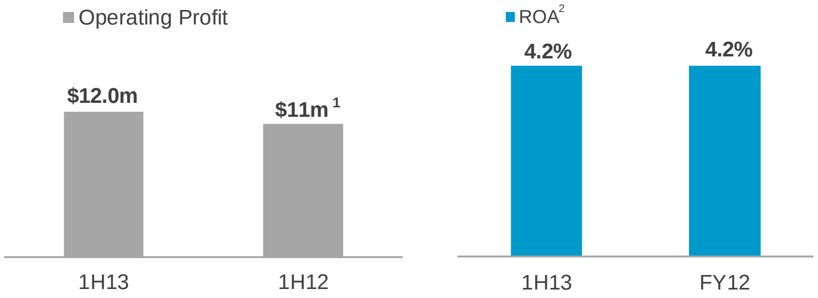
Stockland

Volumes and improved occupancy drives profit growth

Established portfolio

	1H13	1H12	
Established unit turnover	249	230	8% ▲
- Average re-sale price	$315k	$312k	1% ▲
-Turnover cash per unit	$82k	$80k	3% ▲
-Turnover cash margin	26%	26%	
Net new reservations	258	298	13% ▼
Established occupancy	**93.6%**	**92.7%**	▲

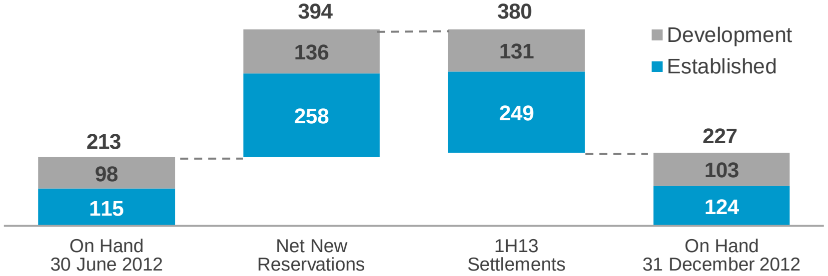
Operating Profit and returns



Development portfolio

	1H13	1H12	
New unit settlements	131	100	31% ▲
- Average price	$403k	$377k	7% ▲
- Average margin[3]	17%	19%	▼
Net new reservations	**136**	**147**	**7%** ▼

Net reservations



1. The basis for determining Underlying Profit for the Retirement Living business has been amended from previous periods to be more closely aligned to realised cash profits. The change in accounting policy has been applied retrospectively. As a result, the 1H12 Underlying Profit has been reduced by $12m
2. 1H13 represents rolling 12 months to 31 December 2012; the comparative represents the rolling 12 months to 30 June 2012
3. 1H12 has been restated to reflect changes to accounting methodology, capitalisation of community centres; development margin shown is pre-overheads

Stockland

Retirement Living business progressing well

Development pipeline providing growth

Project home builder strategy now implemented

Selandra Rise launched with a record sales rate

Commenced development at Mernda (Vic)

Improving customer offering

Property and relocation consultation services introduced at no cost to customers to improve conversion rates

First ever Green Star rating awarded for Affinity Village clubhouse (WA) 5 stars

Streamlining processes

Contract management processes now performed in house; delivers 40% annualised cost saving and improved customer experience

Commenced internalisation of village management at six additional locations; when complete 75% of villages will be internally managed

Selandra Rise, Vic

Summary and outlook

Mark Steinert

Macro view

Global

Global macro economic outlook is improving, underpinned by ongoing recoveries in US housing and Asian economic growth

Key risks: renewed social upheaval in Europe and US political impasse regarding the deficit

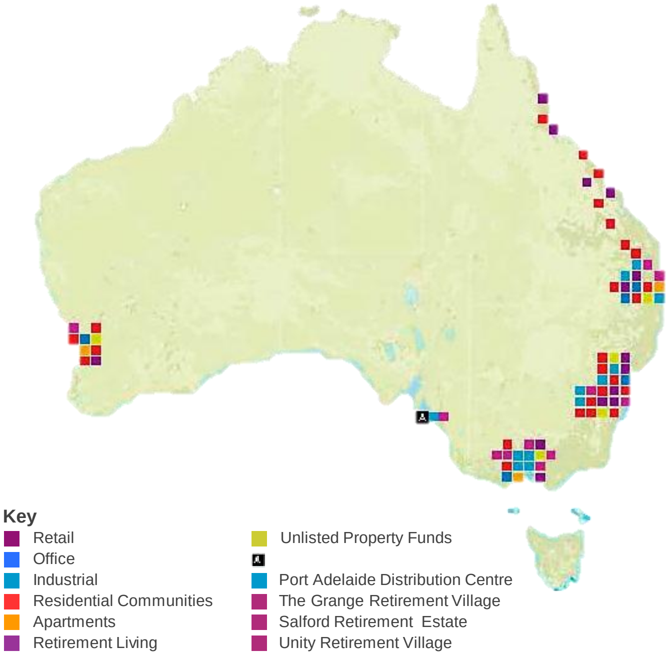
Australia

Australia remains reasonably well positioned with low unemployment and business sentiment improving, but the high AUD is an impediment to international tourism and domestic manufacturing and mining infrastructure spend is declining

Australian commercial real estate remains attractive to domestic and international institutions

Key risks: Federal election related slowdown in activity, new global supply of key resources and housing failing to respond to improved affordability

Stockland is well positioned and has a diverse portfolio



Stockland

Residential expected to remain challenging in FY13

Victoria is expected to lag due to increased supply in growth corridors, lack of new housing incentives and the residual pull forward effect from previous incentives

Sunshine Coast remains challenged by weaker employment

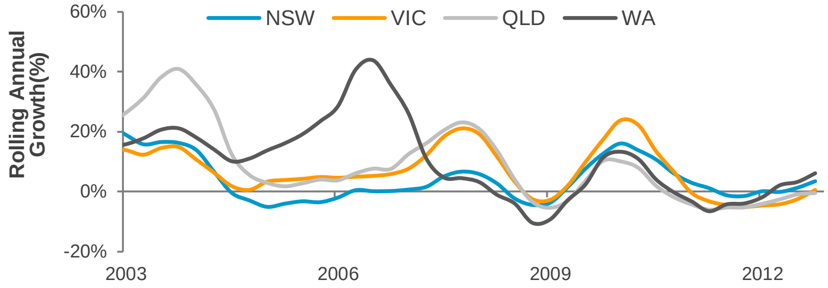
Established housing market is showing signs of trending up with affordable housing leading

Vacant land also basing with expected flow through from existing market

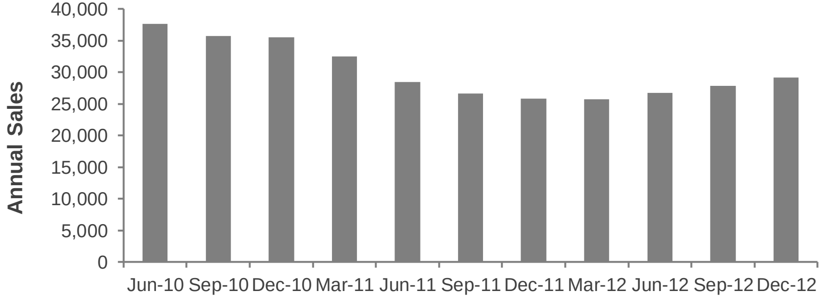
State government incentives shifting from established to new housing is constructive

Capital efficiency of ownership (~29% 1H13 vs ~15% 1H09), the growth corridor strategy, new NSW projects and WA ramp up is expected to position the business for sustainable growth from 2H14

Capital city house prices stabilised

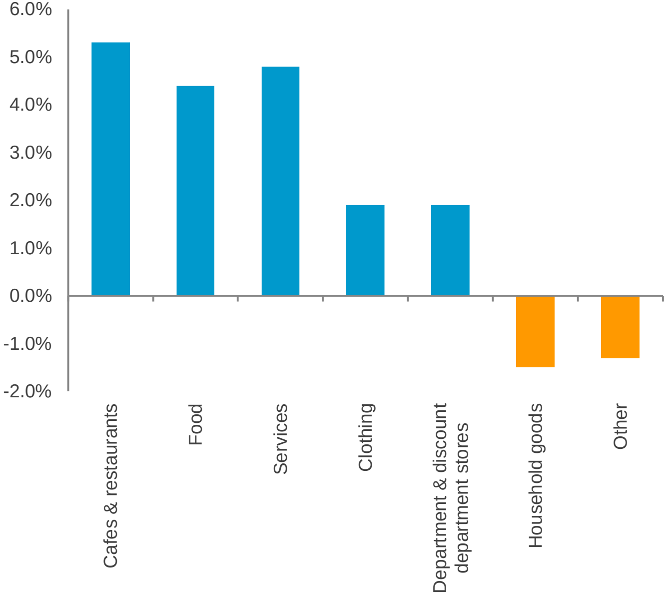


Annual vacant land sales

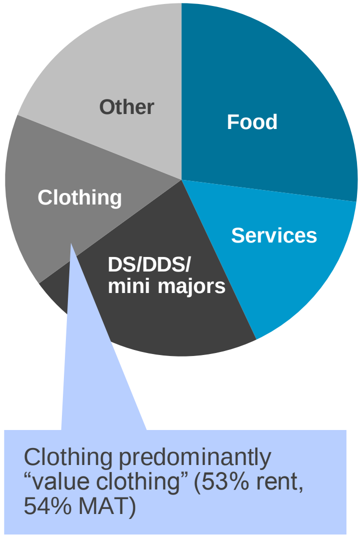


Stockland's Retail portfolio well placed for growth

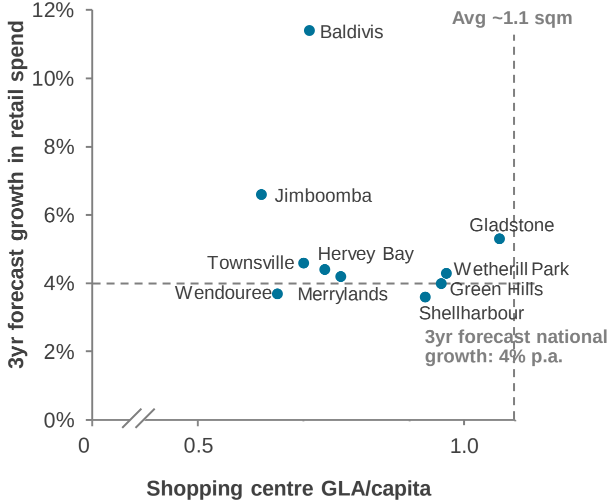
Annual sales growth by industry[1]



43% of rent from food & services where growth is 2x avg



Developments in growing markets with capacity for more supply



Source: ABS Retail Trade, Cat. No. 8501.0 (Services excludes education); Location IQ; Property Council of Australia; Stockland research

Office and Industrial has core strength

Office

88% of Stockland portfolio in Sydney CBD, Sydney metro and Brisbane CBD

Vacancy rate expected to trend up in Sydney markets and Brisbane CBD over time

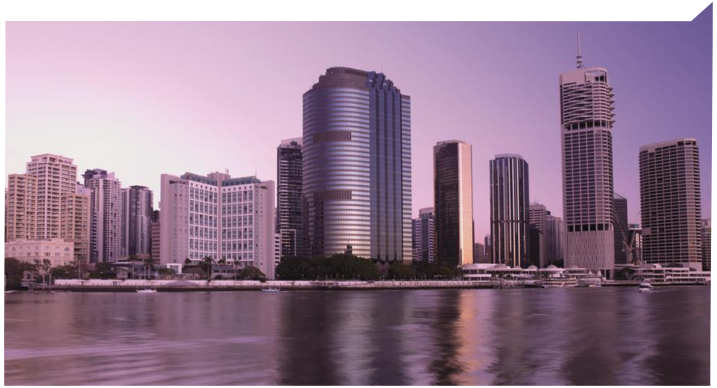
WALE: Waterfront Place Brisbane 5.8 yrs, Sydney CBD 4.7yrs

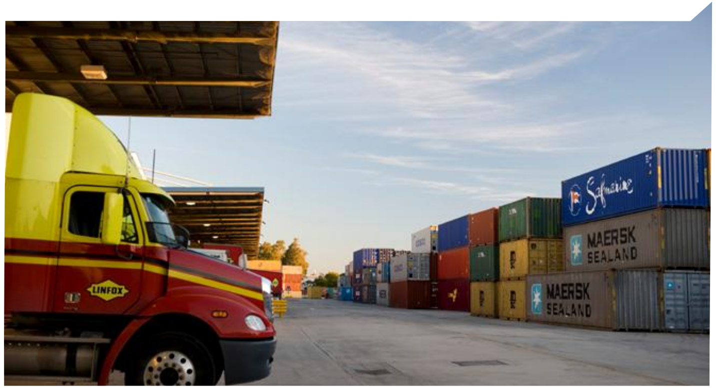
Industrial

Top five assets represent 75% of the portfolio, geographic diversification broadly aligned with Gross State Product, overweight NSW and underweight WA

Solid tenant enquiry and 80% tenant retention

New leases reflect average effective rental growth of 6%





Stockland

Retirement Living
strong underlying demand tempered by housing market challenges

Short-term challenges remain due to soft residential market

Volumes to remain subdued despite increased enquiry due to customer difficulties in selling their current homes first

Expect flat or slight increases in prices through FY13-14

Margins likely to remain at current levels

Demand fundamentals

Population is aging: over-65s now 14%, will be 20% by 2030

Current penetration of Retirement Living villages ~ 5%

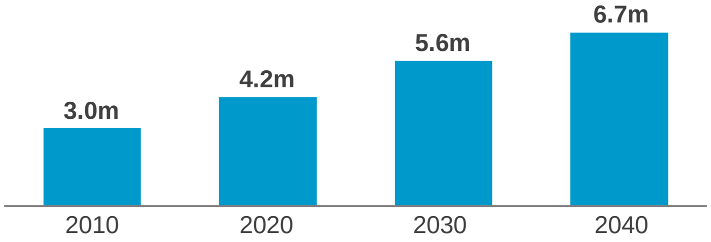
At 5% continued penetration, the implied demand for new supply is ~100,000 units over 20 years (5,000pa average); sector currently supplying less than 40% of this level

Overseas penetration benchmarks are higher – over 10% in the US

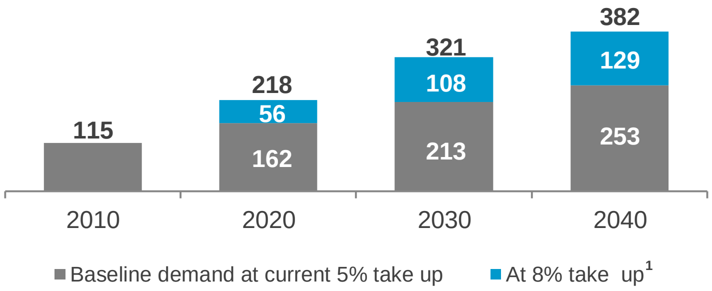
Customer value proposition is proven

Governments are supportive of the sector

Australian population aged 65 or older
(Millions of people)



Demand for retirement units
(Thousands of units required to meet demand)



1. Potential national penetration by 2025 estimated by the RVA in its submission to the Productivity Commission enquiry “Caring for Older Australians”, August 2011

Stockland

Group outlook

FY13 will continue to be challenging

Business in transition as we position ourselves for growth in FY14 and beyond

Expect FY13 full year EPS to be 20-25% below FY12 after impact of capitalised interest application change

Distribution for FY13 maintained at 24 cents

Solid balance sheet and focus on maintaining A- Standard & Poor’s credit rating

Ceasing the buyback

Strategic review

A comprehensive review of the whole business to determine the optimum resource allocation to maximise securityholder returns within an acceptable level of risk

Focus on emphasising centres of excellence: creating communities and developing/managing shopping centres – while maintaining our commitment to sustainability and employee engagement

Key focus areas:

- Strategic direction and process improvement
- Capital management
- Capital partnering

During the review we will slow down the commercial property asset sales program

We expect to provide an update on the strategic review at our 3rd quarter investor briefing in May

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