1H14 Results Presentation

Stockland Townsville, QLD

Agenda

Key achievements

- Created a strong foundation to grow profit
- On track to achieve the upper end of guidance, and have therefore tightened this to 5-6% EPS growth in FY14
- Good progress on business priorities
  - Improving profitability trend for Residential and Retirement Living
  - Over $450m of accretive Commercial Property development underway
  - Process improvement and operational efficiencies emerging
- Recognised leader in sustainability
  - Only Australian property company in the Global 100
  - Awarded Industry Leader and Gold Class distinction by RobecoSAM (DJSI)
- Launched our new employee values: CARE
  - (Community; Accountability; Respect; Excellence)
- Operating performance in line with expectations

Our purpose

We believe there's a better way to live

Our vision

To be a great Australian property company that delivers value to all stakeholders

Our values

Community

Accountability

Respect

Excellence

Our primary objective

To deliver EPS growth and total risk-adjusted securityholder returns above the sector average

Improving results in variable market conditions

- Results reflect improving operational performance
- Underlying profit up 4.8%
- Underlying EPS in line with 1H13 and up 7.4% on 2H13, noting the full effect of impairments and more conservative future assumptions implemented during 2H13
- Capitalising on improving residential markets
- Maintained strong balance sheet, gearing within target range and extended debt tenor
- 1H14 distribution stable at 12.0cps
- ROE impacted by utilisation of impairment provision, due to disposal of non-core projects. ROE would increase by 0.4% if impaired projects were excluded

	1H14	1H13	Change
Statutory Profit/(Loss)	$298m	$(147)m	nm
Statutory Earnings per Security	12.9 cents	(6.7) cents	nm
Underlying Profit[1]	$267m	$255m	4.8% ▲
Underlying Earnings per Security	11.6 cents	11.6 cents	-
Distribution per Security	12.0 cents	12.0 cents	-
Funds from Operations (FFO) [2]	$269m	$247m	9.0% ▲
FFO per Security	11.7 cents	11.2 cents	4.5% ▲
Net Tangible Assets per Security	$3.52	$3.49	0.9% ▲
Gearing (D/TTA)	24.0%	27.6%	▼
Return on Equity[3]	5.7%[4]	6.0%	▼

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 Statutory Accounts for the complete definition
2. Funds from Operations (FFO) is determined with reference to the PCA guidelines
3. Return on Equity (ROE) is a measure that accumulates individual business Return on Assets and incorporates the cash interest paid and average drawn debt for the period. Comparative is based on FY13
4. ROE impacted by utilisation of impairment provision, due to disposal of non-core projects. ROE would increase by 0.4% if impaired projects were excluded

Financial Update – Tiernan O'Rourke

Underlying Profit improving

$m	1H14	1H13	Change	Commentary
Retail	174	159	9%▲	2.6% comparable NOI growth (3.8% comparable FFO growth), completion of Shellharbour, Townsville and Merrylands
Industrial	31	32	3%▼	1.6% comparable NOI reduction (1.0% comparable FFO growth), declining occupancy to 89.7%
Office	53	60	12%▼	1.6% comparable NOI growth (2.0% comparable FFO growth), $300m+ asset sales in past 12 months
Commercial Property net overheads	(9)	(11)	18%▼	Net of fees and trust costs
Total Commercial Property	**249**	**240**	**4%▲**	
Residential Communities	39	28	39%▲	8% increase in lot settlements and operating efficiencies
Retirement Living	17	12	42%▲	21% increase in established unit turnover and operating efficiencies
Other	1	1	-	
Interest	(38)	(31)	23%▲	Lower capitalised interest as retail developments have been completed
Unallocated corporate overheads	(22)	(23)	4%▼	Prudent cost management
Tax benefit on Underlying Profit	21	28	25%▼	
Underlying Profit	**267**	**255**	**5%▲**	
Adjust for:				
Amortisation of CP incentives and straight-line rent	23	20		
Tax benefit on Underlying Profit	(21)	(28)		Non-cash deferred tax benefit
Group Funds From Operations ("FFO")	**269**	**247**	**9%▲**	

Statutory Profit

$m	1H14	1H13	Change	Commentary
Underlying Profit	**267**	**255**	**5%▲**	
Commercial Property revaluations	44	35		Completion of retail developments
Retirement Living revaluations	3	(61)		
MTM of financial instruments	(3)	(34)		
Write-down of inventory	-	(318)		
Fair value adjustment on strategic stake	32	(44)		Realised gain on sale of FKP stake
Net loss on sale of other non-current assets	(5)	(5)		
Tax (expense)/benefit of Statutory Profit adjustments	(40)	25		Relates to gain on FKP
Statutory Profit/(Loss)	**298**	**(147)**		

Efficient capital management maintained a strong balance sheet

Capital management

- Gearing maintained within target range (20-30%)
- A-/stable metrics; rating confirmed in June 2013
- DRP reinstated, 28% take up
- Improved interest cover ratio on June 2013
- Expect FY14 average cost of debt ~6.4%
- Focus on maintaining diverse funding sources
- Recent USPP issuance in February 2014 (USD125m, 15 year) extends weighted average debt maturity to 6.1 years
- Target hedge ratio is 45-55%
- Cash position is strong, cash generation/distribution differential has narrowed to $16m

Key debt metrics

	1H14	1H13
S&P rating	A-/Stable	A-/Stable
Drawn debt[1]	$3.0b	$3.5b
Cash on deposit	$0.2b	$0.2b
Available undrawn committed debt facilities	$0.7b	$0.5b
Gearing (net debt/total tangible assets)[2]	24.0%	27.6%
Interest cover	3.4:1	3.4:1
Weighted average debt maturity	5.7 years	5.2 years
Debt fixed/hedged as at 31 December	65%	66%
Weighted average cost of debt (WACD) for period[3]	6.5%	6.0%
Weighted average cost of debt at 31 December[3]	6.5%	6.3%

1. Excludes bank guarantees of $0.1b, drawn debt in equity accounted joint ventures and cash on deposit of $0.2b
2. Debt = Interest bearing debt ($3,006m) + Stockland's share of debt drawn in joint ventures ($74m) + transaction costs ($7m) - Cash ($201m)
   TTA = Total assets ($12,130m) + Stockland's share of assets held by joint ventures ($74m) - Cash ($201m)
3. The impact on WACD of bank guarantee fees would be 12bps

Commercial Property - John Schroder

Commercial Property Operating Metrics

Solid result in a challenging environment

- ROA improved from 8.2% to 8.6% with steady increase in Underlying Profit
  - Retail ▲9.4%: development and organic growth
  - Industrial ▼3.1%: portfolio repositioning
  - Office ▼11.7%: over $300m of disposals in past 12 months
- Slight compression in portfolio WACR to 7.3% (7.4% Dec 2012)
- Strong community engagement: Stockland Wetherill Park will deliver NSW's first Jamie's Ministry of Food
- Stockland has the highest number of Green Star rated shopping centres in Australia

Retail development pipeline progressing well

- Townsville and Shellharbour completed, independent valuation forecasts achieved
- Hervey Bay, Baldivis and Wetherill Park now under construction

	Asset weighting ($m)[1]	Portfolio value	Total Underlying Profit (change)	WALE (years)	Occupancy (stable assets)	WACR[2]
Retail	5,455	69%	9.4%	6.1	99.6%	6.9%
Industrial	916	12%	(3.1)%	3.7	89.7%	8.6%
Office	1,519	19%	(11.7)%	5.3	91.3%	7.9%
Total	**7,890**					**7.3%**

Development activity	Total spend ($m)	Stabilised yield[3]	Incremental IRR[4]
Hervey Bay	119	7.5%	13.5%
Baldivis	116	8.0%	13.0%
Wetherill Park	222	7.3%	14.0%
Total	**457**	-	-

1. This is consistent with the Property Portfolio, which excludes capital works in progress and sundry properties, Townsville Kingsvale and Sunvale, Hervey Bay Central Square
2. Weighted average capitalisation rate
3. FFO stabilised incremental yield
4. Estimated unlevered 10 year IRR on incremental development from completion

Commercial Property delivered solid result

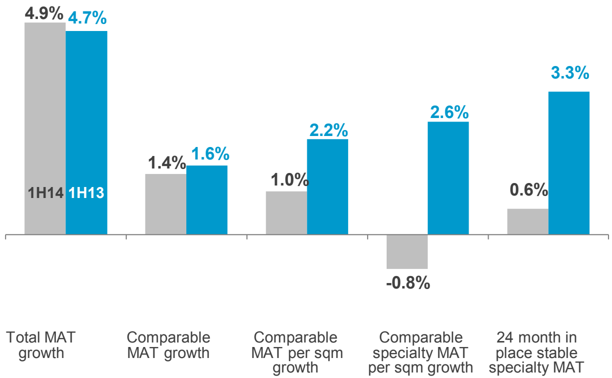
Commercial Property ($m)	Funds From Operations[1]				Underlying Profit			
	1H14	1H13	Change	Comparable growth[2]	1H14	1H13	Change	Comparable growth[2]
Retail	184	165	11.5%	3.8%	174	159	9.4%	2.6%
Industrial	35	35	1.0%	1.0%	31	32	(3.1)%	(1.6)%
Office	62	71	(12.7)%	2.0%	53	60	(11.7)%	1.6%
Total net operating income	**281**	**271**	**3.7%**	**2.8%**	**258**	**251**	**2.8%**	**1.6%**
Fees and Trust costs[3]	0	1	(100.0)%		0	1	(100.0)%	
Net operating costs[4]	(9)	(12)	(25.0)%		(9)	(12)	(25.0)%	
Operating Profit	**272**	**260**	**4.6%**		**249**	**240**	**3.8%**	
ROA[5]					**8.6%**	**8.2%**		

1. Funds from Operations (FFO) is determined with reference to the PCA guidelines
2. Comparable growth excludes unstable/non-comparable properties
3. Movement attributed to reallocation of Unlisted Property Funds(UPF) results to Group
4. Net of recoveries and costs capitalised to development projects
5. 1H14 represents rolling 12 months to 31 December 2013, the comparative represents the 12 months to 30 June 2013

Retail: sales growth positive in challenging market

- Total MAT growth has increased boosted by development completions
- 1.4% annual MAT growth. Supermarkets and specialty sales have trended positively
- Comparable MAT growth improved in Q2 to 1.2%, after a slow Q1
- Comparable specialty sales of over $8,500 per square metre, exceed the Urbis average by 7.6%
- Recovery in specialty sales, up 1.5% in Q2

Moving annual turnover (MAT) growth[1]



1. Excludes UPF assets

Retail: leasing activity reflects remixing strategy

- Maintained high occupancy within our operating retail centres
- Reversionary rental growth has improved despite challenging conditions
- No leasing incentives on renewals
- Reduction in tenant retention compensated by new leases with rent growth
- New leases tied to value added remixing strategy
- Slight reduction in portfolio occupancy cost ratio reflects the changing basket of stable assets
- Majority of specialty rents have fixed annual reviews of 4-5%

Retail leasing activity[1]	1H14	FY13	1H13
Occupancy	99.6%	99.4%	99.4%
Tenant retention	66%	75%	78%
Average rental growth[2] on total lease deals	3.0%	2.7%	2.5%
Total lease deals[3]	361	688	398
Specialty occupancy cost ratio	13.9%	14.0%	14.1%
Renewals: Number	100	217	135
Area (sqm)	14,854	29,149	20,148
Rental growth	3.0%	3.4%	2.6%
New Leases: Number	144	181	106
Area (sqm)	17,927	24,154	14,549
Rental growth	3.1%	1.8%	2.2%
Incentives: Months[4]	9.8	6.9	5.3
As % of rent over lease term	13.4%	9.1%	7.5%

1. Excludes UPF assets. Metrics relate to stable assets unless otherwise stated
2. Rental growth on an annualised basis
3. Includes Project leases
4. Represents the cash contribution made towards the retailer's fit outs, expressed in equivalent months of net rent

Industrial: improving portfolio quality

Portfolio reshaping underway

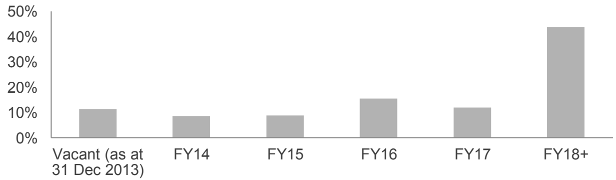
- Accretive acquisition of the Forrester Distribution Centre, Sydney
- Refurbished Port Adelaide Distribution Centre, 37,000 sqm
- EOI to develop 45,000 sqm at Yatala Enterprise Park, Brisbane
- Assessing redevelopment opportunities within the portfolio
- Business Parks and Logistics will be reflected in this portfolio at the end of FY14[1]

Leasing activity extends WALE to 3.7 years

- Newly created long term leases with Qube Logistics and Aurizon at Yennora, NSW
- New tenant at Brooklyn Estate, VIC takes its WALE to 3.1 years
- New rents up 0.6% on average across executed leases in 1H14
- Weighted average incentives of 3.1% (relative to 5.1% 1H13)

	1H14	FY13	1H13
Leasing Activity – Executed	176,000 sqm	287,000 sqm	127,000 sqm
Leasing Activity – under HOA	45,000 sqm	73,000 sqm	80,000 sqm
Average Rental Growth[2]	0.6%	2.3%	6.4%
Portfolio Occupancy	89.7%	89.1%	93.3%
Portfolio WALE	3.7 yrs	3.3 yrs	2.8 yrs

Industrial Lease Expiry Profile



1. Macquarie Park precinct and North Ryde assets in NSW
2. Rental growth on an annualised basis on leases written in the current period

Office: actively managing the portfolio

Disposals impacting net operating income

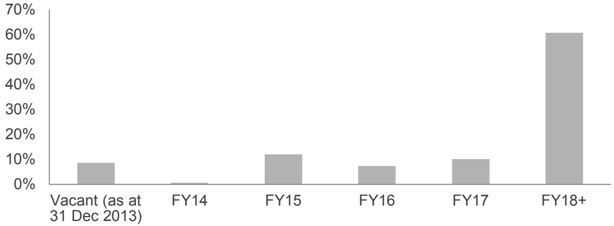
- Net operating income lower as a result of disposals over the past year
- Created JV with AMP AIMS at Optus Centre, 7.8% yield[1]
- New JV created with Investa at 135 King St/Glasshouse
- Divested: 78 Waterloo Road for $72m on a 6.1% yield[1]
- Further selective disposals under consideration

Extended WALE to 5.3 years

- Challenging leasing environment with incentives rising in all markets
- New face rents down (0.9)% on average across executed leases in 1H14
- Average incentives of 18% (relative to 14.0% 1H13)
- New tenants secured at a number of assets, including 263 Adelaide Terrace (Durack Centre), 135 King St, Giffnock Ave, and 66 Waterloo Road
- Extended leases at Piccadilly complex, 40 Cameron Ave and 60 Waterloo Road

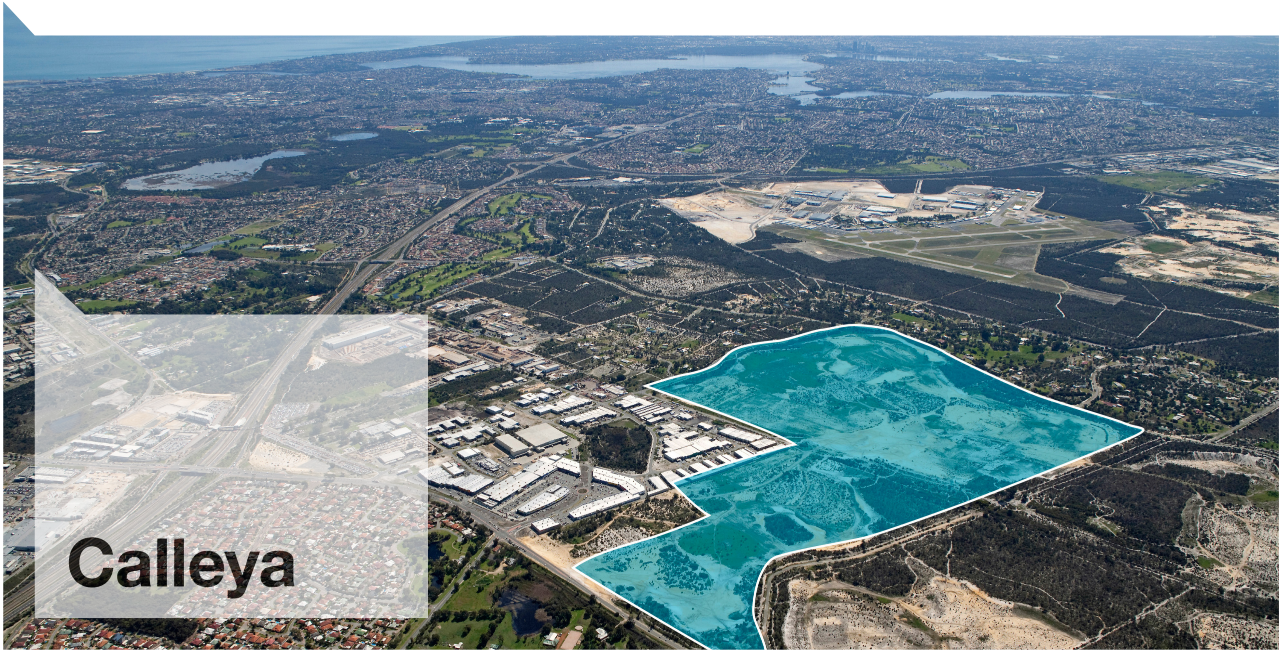
	1H14	FY13	1H13
Leasing Activity – Executed	28,000 sqm	58,000 sqm	33,000 sqm
Leasing Activity – under HOA	24,000 sqm	8,000 sqm	-
Average Rental Growth[2]	(0.9)%	4.7%	3.9%
Portfolio Occupancy	91.3%[3]	96.0%	96.3%[4]
Portfolio WALE[5]	5.3 yrs	4.6 yrs	4.6yrs

Office Lease Expiry Profile



1. Underlying profit yield
2. Rental growth on an annualised basis on leases written in the current period
3. Represents full portfolio excluding spaces currently under refurbishment
4. Excludes 40 Cameron Avenue, 175 Castlereagh Street and 9 Castlereagh Street
5. Includes assets sold; represents 100% ownership

Residential - Andrew Whitson

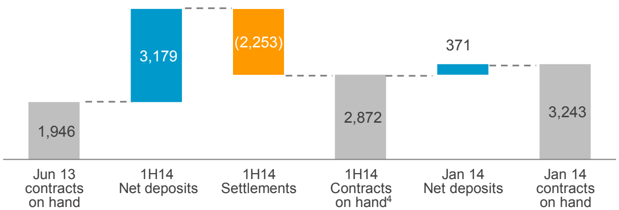


Strong sales result

- Operating profit recovery on track
- Successful launch of Willowdale and Calleya
- Progressing medium density opportunities within existing land bank; received development approval for 71 townhouses at Highlands
- Acquired 1,200 lots at Craigieburn, adjacent to Highlands
- Progressing workout and disposal of impaired land
- Focus on affordability, strong first home buyer sales

Residential Communities	1H14	1H13	Change
Lots settled	2,253	2,085	8.1%▲
Revenue - Retail	$392m	$381m	2.9%▲
- Superlots[1]	$47m	$17m	176.5%▲
EBIT (before interest in COGS)	$120m	$76m	57.9%▲
EBIT margin	27.3%	19.1%	▲
Operating Profit	$39m	$28m	39.3%▲
Operating Profit margin	8.9%	7.0%	▲
ROA – total portfolio[2]	4.0%	5.5%	▼
ROA – core portfolio[3]	9.8%	8.7%	▲

Residential Communities sales



1. 21 superlot settlements in 1H14; 19 superlot settlements in 1H13. 1H14 includes the disposal of impaired projects The Point (VIC) and Doonella Noosa (QLD)
2. 1H14 represents rolling 12 months to 31 December 2013, the comparative represents 12 months rolling to 30 June 2013
3. Core excludes impaired, develop out and disposal projects
4. Of the 2,872 contracts on hand, 2,236 are due to settle in 2H14, and 636 are due to settle in FY15

Market improvement broadening

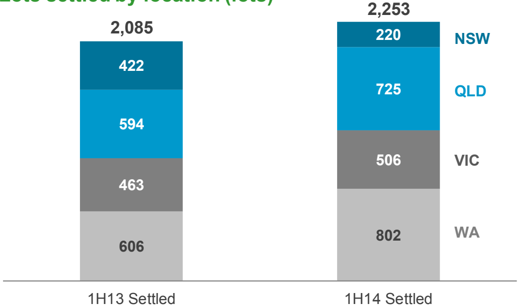
Total settlement volumes have increased by 8%

- **VIC▲9%:** volumes improving, limited price growth to date
- **QLD▲22%:** vacant land sales now growing off a low base
- **WA▲32%:** robust market conditions, expect to moderate
- **NSW▼48%:** market strong, several projects completed, Willowdale settlements to commence 2H14

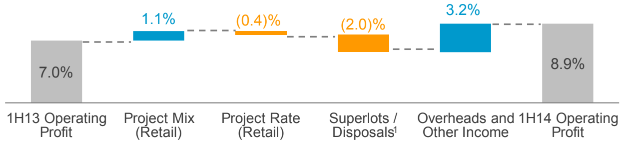
Operating profit recovery on track

- Continuing to drive operating efficiencies including marketing and project management
- Increased sales from high margin projects in VIC and WA
- Cost allocation per lot has increased as a result of more conservative escalation rates adopted from 2H13
- Adverse impact from the disposal of impaired projects

Lots settled by location (lots)



Residential Communities Operating Profit Margin



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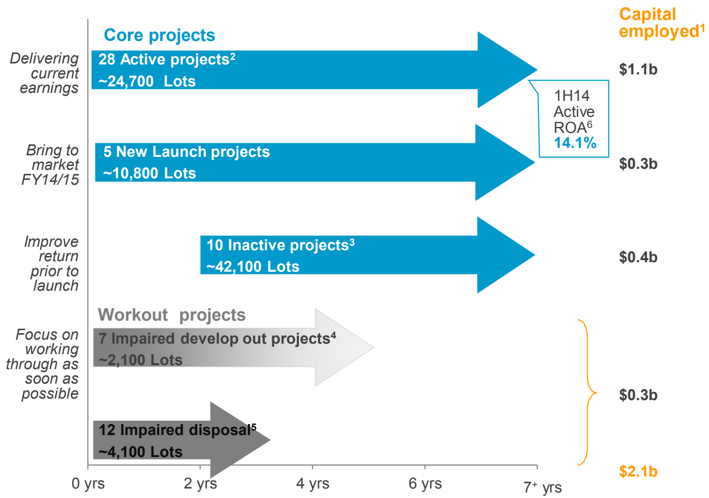
Reshaping portfolio to drive higher returns



Residential Communities 1H14

	Core	Workout	Total
Lots settled	1,873	380	2,253
Revenue	$340m	$99m	$439m
Revenue	*77.4%*	*22.6%*	*100%*
EBIT	$70m	$50m	$120m
EBIT margin	*20.6%*	*50.5%*	*27.3%*
Operating Profit	$39m	-	$39m
Operating Profit margin	*11.5%*	-	*8.9%*
Remaining lots	93%	7%	100%
Number of projects[2]	43	19	62
ROA[6]	9.8%	(9.7)%	4.0%

1. Based on net funds employed as at 31 December 2013
2. Excludes two active projects that are 99% complete
3. Caloundra is ~$0.2b capital employed and ~20,000 dwellings
4. ~75% of impaired develop out projects expected to be completed in five years
5. Includes disposal of industrial land and excludes apartments. Two projects, The Point and Doonella Noosa were disposed of in 1H14. Of the remaining project disposals two are under unconditional contracts
6. 1H14 represents rolling 12 months to 31 December 2013

Retirement Living - Stephen Bull

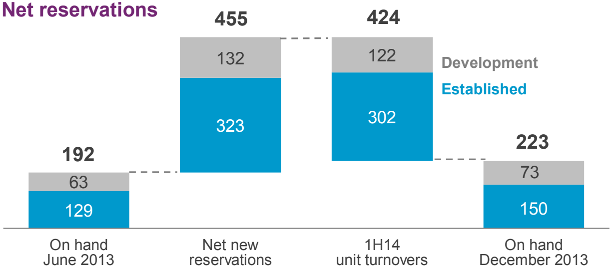
Improved Retirement Living result

Steady improvement in returns

- 21.3% increase in established unit turnover. New unit settlements down, impacted by project timing
- Establishment of new management team
- Reviewing asset mix within the portfolio
- Continued focus on efficiency
- Reduced cancellation rates, assisted by the recovering housing market
- Achieved Australia's first 4 Star, Green Star Retirement Village at Selandra Rise
- Increased ROA, targeting development to drive further improvement

	1H14	1H13	Change
Established unit turnover	302	249	21.3%▲
New unit settlements	122	131	6.9%▼
Transaction value[1]	$144m	$131m	9.9%▲
EBIT[2]	$19m	$15m	26.7%▲
Operating Profit[2]	$17m	$12m	41.7%▲
Occupancy	94.3%	93.6%	▲
ROA[3]	4.8%	4.5%	▲

Net reservations



1. Includes established villages and new developments
2. Cash basis
3. 1H14 represents rolling 12 months to 31 December 2013, the comparative represents 12 months to 30 June 2013

Retirement portfolio continues to transition in line with strategy

Established portfolio

- Strong result, increased turnover, re-sale prices and reservations on hand
- Turnover cash margin driven by product and contract mix

Development portfolio

- 122 new units settled across 11 projects in four states
- Affordable product settlements result in lower prices, not margin
- Volumes impacted by timing of development completions

Second half profit skew

- Less material than FY13
- Seven new stages commenced at seven villages
- Significant development completions in the fourth quarter

Established portfolio

	1H14	1H13	Change
Established unit turnover	302	249	21.3% ▲
Average re-sale price	$320k	$315k	1.6% ▲
Turnover cash per unit	$75k	$82k	8.5% ▼
Turnover cash margin	23.5%	25.9%	▼
Reservations on hand	150	124	21.0% ▲

Development portfolio

	1H14	1H13	Change
New unit settlements	122	131	6.9% ▼
Average price	$383k	$403k	5.0% ▼
Average margin[1]	16.5%	16.7%	
Reservations on hand	73	103	29.1% ▼

Development pipeline

	Settlements	FY14	FY15	FY16	FY17+
Under construction	1,027				
Starting in 18 months	933				
Master Plan	1,430				
Total	3,390				

1. Development margin shown is pre-overheads

Summary and overview - Mark Steinert

Market trends

Asset class	Market trends
Retail	▪ On balance, positive impact of a more competitive $AUD ▪ Positive wealth effect from residential market ▪ Expect modest improvement in sales environment overall
Industrial	▪ Very competitive market for acquisitions ▪ Demand dependent on location ▪ Sydney market strongest outlook
Office	▪ Near term new supply limited, but low absorption ▪ Market conditions remain difficult overall ▪ Incentives to remain high
Residential	▪ Market improvement broadening geographically ▪ NSW: Pent up demand / historic undersupply should continue to support Sydney market ▪ WA: Very strong conditions of CY13 should begin to moderate ▪ VIC: Good improvement in sales volumes although price growth constrained by supply ▪ QLD: Volumes now clearly improving off a low base
Retirement Living	▪ Positive demographics trend continues ▪ Cancellation rates lower due to improved housing market

Progress on **business priorities**

Priority		Progress
Improve Residential profitability	Achieved; Ongoing	▪ Continue to reshape portfolio ▪ Medium density / built form progress ▪ Impaired asset sales progressing ▪ Ahead of 5,000 lot settlement target for FY14, on track for 11-13% operating profit margin by FY16
Grow Retail and Industrial portfolios through development and acquisitions	Achieved; Ongoing	▪ Commenced development at Hervey Bay, Wetherill Park and Baldivis ▪ Appointment of industrial specialist team ▪ Pursue selective capital partnerships ▪ Continue to pursue selective acquisitions
Improve Retirement Living return on assets	Ongoing	▪ ROA increased to 4.8% from 4.2% in CY12 ▪ High number of established settlements, development pipeline progressing but tracking below target ▪ Continued focus on efficiency and aged care position
Improve organisational efficiency	Achieved; Ongoing	▪ Centralised key functions, including Group Marketing and Brand Strategy; established Investment Review Group ▪ Process improvement: enhanced risk management and compliance ▪ Cost efficiencies realised
Strengthen Corporation	Achieved	▪ Recapitalisation complete

Achieved

Ongoing

Primary objective is to
deliver EPS growth and total risk-adjusted shareholder returns above A-REIT sector average

Outlook

- New projects and re-letting activity support earnings improvement
- Reinvesting to enhance sales and acquisition capabilities and control functions
- On track to achieve the upper end of guidance, and have therefore tightened this to 5-6% EPS growth in FY14 assuming no material decline in market conditions
- Distribution per security expected to be maintained at 24.0 cents

Clear vision to be a great Australian Property company that delivers value to all our stakeholders

Stockland Corporation Limited
ACN 000 181 733

Stockland Trust Management Limited
ACN 001 900 741

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