



FY14 Stockland Results Presentation – A year in focus

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Delivered strong profit growth

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- FY14 earnings per security of 24.0c: 7.1% growth on FY13
 - Exceeded revised 6% target
- Driven by strong momentum in Residential and Retirement Living results
- Commercial Property continues to provide secure, growing earnings
- Good progress on business priorities:
 - Growing our assets and customer base
 - Operational excellence
 - Capital strength
- Continue to be a recognised leader in sustainability
- Strong employee engagement

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

Strong operational performance

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- Strong uplift in underlying profit and FFO, reflecting improving operational performance and efficiencies
- Underlying EPS growth of 7.1%, FFO per security growth of 16.4%
- Capitalising on improving residential markets
- Maintained strong balance sheet, gearing within target range, and improving interest cover
- FY14 distribution stable at 24.0cps, in line with EPS
- Subsequent to period end we accepted Fraser's cash offer for our investment in Australand, resulting in a capital profit of circa \$80 million

| | FY14 | FY13 | Change |
|--|------------|------------|--------|
| Statutory Profit | \$527m | \$105m | nm |
| Statutory Earnings per Security | 22.8 cents | 4.7 cents | nm |
| Underlying Profit ¹ | \$555m | \$495m | 12.2%▲ |
| Underlying Earnings per Security | 24.0 cents | 22.4 cents | 7.1%▲ |
| Distribution per Security | 24.0 cents | 24.0 cents | - |
| Funds from Operations (FFO) ² | \$573m | \$472m | 21.4%▲ |
| FFO per Security | 24.8 cents | 21.3 cents | 16.4%▲ |
| Net Tangible Assets per Security | \$3.53 | \$3.50 | 0.9%▲ |
| Gearing (D/TTA) | 25.0% | 22.7% | |
| Return on Equity ³ | 7.0% | 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 is a measure that accumulates individual business Return on Assets and incorporates the cash interest paid and average drawn debt for the period

Creating sustainable, organic growth

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Retail

50% of SGP portfolio



Stockland Gladstone, Qld

Create market leading or differentiated shopping centres

\$1.5b completed developments

\$500m under construction
\$700m in next wave

Target 7-8%¹ development yield, and incremental IRR of 12-14%

Logistics & Business Parks

13% of SGP portfolio



Ingleburn Distribution Centre, NSW

Grow and develop a quality portfolio

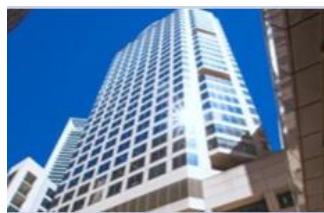
\$274m of acquisitions and one joint venture – providing stable income and development opportunity

Target 7-8% incremental development yield and 9.5-11% incremental IRR

Improved WALE and occupancy

Office

8% of SGP portfolio



Stockland Piccadilly Complex, NSW

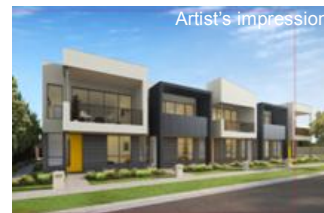
Optimise returns - tactical allocation

Sold over \$200m of assets
Established two joint ventures

Enhancing our assets

Residential

20% of SGP portfolio



Highlands, Vic

Maximise returns by creating better places to live

Repeated sell-outs at three new launch projects

Expanding successful projects by consolidating neighbouring sites

Broadening market reach through medium density and completed homes

Retirement Living

9% of SGP portfolio



Cardinal Freeman, NSW

Leading operator and developer

New team in place, full business review undertaken

Developments underway at 11 villages including our largest project to date

Revised ROA targets

Strategic aged care relationship to provide continuum of care

1. Stabilised incremental FFO yield



Group Finance – Tiernan O'Rourke

Shellharbour, NSW

Significant improvements in Underlying Profit and Funds From Operations

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| \$m | FY14 | FY13 | Change | Commentary |
|--|------------|------------|----------------------|---|
| Retail | 347 | 324 | 7.5%▲ | 2.3% comparable NOI growth; completion of developments |
| Logistics & Business Parks ¹ | 100 | 95 | 5.5%▲ | 1.0% comparable NOI growth; acquisitions |
| Office ¹ | 70 | 87 | (20.3%)▼ | -2.1% comparable NOI; divestments |
| Commercial Property net operating costs | (20) | (24) | (12.8%) | Net of fees and trust costs |
| Total Commercial Property | 497 | 482 | 3.0%▲ | |
| Residential Communities | 95 | 60 | 57.2%▲ | Market upturn and strategic initiatives |
| Retirement Living | 40 | 35 | 13.2%▲ | Higher established unit turnover |
| Other income | 27 | 2 | nm | Includes strategic investment income before offset of debt costs, and other sundry income |
| Net Interest | (79) | (79) | | |
| Unallocated corporate overheads | (52) | (60) | (13.0%) ² | Achieved 8% ² comparable reduction in total overheads |
| Tax benefit on Underlying Profit | 27 | 55 | (51.8%) | Lower benefit due to higher trading profits and capital reallocation |
| Underlying Profit | 555 | 495 | 12.2%▲ | |
| Adjust for: | | | | |
| Amortisation of CP incentives and straight-line rent | 45 | 32 | | |
| Tax benefit on Underlying Profit | (27) | (55) | | Non-cash income tax benefit |
| Group Funds From Operations ("FFO") | 573 | 472 | 21.4%▲ | |

All figures are rounded to nearest million, unless otherwise stated. Percentages are calculated based on the unrounded figures throughout this entire presentation

1. FY13 restated to reflect reallocation of assets from Office to Logistics and Business Parks

2. See annexure for details

Group Funds from Operations (FFO)

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- Group FFO reflects strong growth in Commercial Property and Residential Communities
- FFO in excess of cash distribution
- Expect FFO to exceed Underlying Profit in foreseeable future

| \$m | FY14 | FY13 | Change |
|---|-------------------|-------------------|---------------|
| Underlying Profit | 555 | 495 | 12.2%▲ |
| Adjust for: | | | |
| Amortisation of fit out incentives ¹ | 37 | 32 | |
| Amortisation of rent-free incentives | 15 | 17 | |
| Straight-line rent | (7) | (17) | |
| Tax benefit on Underlying Profit | (27) | (55) | |
| Group FFO² | 573 | 472 | 21.4%▲ |
| FFO per Security | 24.8 cents | 21.3 cents | 16.4%▲ |

- FFO has been determined with reference to the PCA voluntary guidelines on disclosing FFO
- Group Underlying Profit is also adjusted to exclude the non-cash tax benefit
- Apart from Commercial Property, there are no differences between Underlying Profit and FFO for segment/business unit reported results

1. Includes amortisation of lease fees \$9m (FY13: \$8m)

2. FFO for Residential and Retirement Living is consistent with Underlying Profit, as inventory impairment charges and reversals, and non-cash investment property fair value adjustments are excluded from Underlying Profit

Statutory Profit

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| \$m | FY14 | FY13 | Change | Commentary |
|---|------------------|------------|-----------|---|
| Underlying Profit | 555 | 495 | 12.2% | |
| Commercial Property revaluations | 119 ¹ | 65 | | Cap rate compression and income growth |
| Change in fair value of Retirement Living investment properties | (50) | (47) | | |
| Impairment of Retirement Living goodwill | (23) | - | | Change in assumptions re the timing and amount of specific contract cash flows |
| Mark to market loss on financial instruments | (69) | (13) | | |
| Write-down of inventory | - | (367) | | |
| Fair value adjustments on other financial assets | 35 | (37) | | Realised gain on disposal of investment in FKP |
| Net loss on sale of other non-current assets | (6) | (8) | | |
| Tax (expense)/benefit on Statutory Profit adjustments | (34) | 17 | | Non-recognition of tax losses on asset disposals and Retirement Living revaluations |
| Statutory Profit | 527 | 105 | nm | |

1. Includes owner-occupied depreciation expense of \$1m

Strong balance sheet to support growth

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Strong balance sheet remains a priority

- A-/stable metrics; rating confirmed in May 2014:
 - Allows access to a broad range of debt providers
 - Generally lower borrowing costs
 - Through cycle flexibility
- Gearing maintained within target range (20-30%)
- Improved interest cover ratio on June 2013
- Expect FY15 average cost of debt ~6.5%
- Focus on maintaining diverse funding sources
- DRP active, 31% take-up on final distribution
- Proceeds from sale of Australand will be reinvested in growth opportunities

Key debt metrics

| | FY14 | FY13 |
|--|-----------|-----------|
| S&P rating | A-/Stable | A-/Stable |
| Drawn debt ¹ | \$3.3b | \$2.8b |
| Cash on deposit | \$0.2b | \$0.2b |
| Available undrawn committed debt facilities | \$0.8b | \$1.1b |
| Gearing (net debt/total tangible assets) ² | 25.0% | 22.7% |
| Interest cover | 3.9:1 | 3.0:1 |
| Weighted average debt maturity | 5.2 years | 5.4 years |
| Debt fixed/hedged as at 30 June | 59% | 85% |
| Weighted average cost of debt (WACD) for period ³ | 6.3% | 6.2% |
| Weighted average cost of debt at 30 June ³ | 6.2% | 6.8% |

1. Excludes bank guarantees of \$0.2b, drawn debt in equity accounted joint ventures and cash on deposit of \$0.2b

2. Debt = Interest bearing debt (\$3,307m) + Stockland's share of debt drawn in joint ventures (\$74m) + transaction costs (\$6m) - Cash (\$231m)

TTA = Total assets (\$12,759m) + Stockland's share of assets held by joint ventures (\$74m) - Cash (\$231m)

3. The impact on WACD of bank guarantee fees would be 10bps



Commercial Property – John Schroder

Wetherill Park, NSW

Commercial Property: sustainable growth

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Solid result in a challenging environment

- Operating profit growth of 3.0% across Commercial Property
 - Retail ▲ 7.5%
 - Logistics and Business Parks ▲ 5.5%
 - Office ▼ 20.3%: reflects JV of Piccadilly and sale of Waterloo Rd
- Steady improvement in ROA from 8.2% to 8.4%

| | Asset weighting (\$m) ¹ | Total Underlying Profit (change) | FFO (change) | WALE (years) | Occupancy ² (stable assets) | WACR ³ |
|---------------------|------------------------------------|----------------------------------|--------------|--------------|--|-------------------|
| Retail | 5,533 | 7.5% | 9.9% | 6.2 | 99.6% | 6.8% |
| L&BP ⁴ | 1,571 | 5.5% | 6.9% | 4.9 | 96.4% | 8.3% |
| Office ⁴ | 983 | (20.3%) | (16.5%) | 4.5 | 90.3% | 7.7% |
| Total | 8,087 | 3.0% | 5.1% | | | 7.2% |

Retail development pipeline progressing as planned

- Hervey Bay: Stage one now open
 - Most successful opening for Kmart in a regional location in recent history
 - Increase in capital spend due to design variations, increased scope and incentives
- Baldivis and Wetherill Park: Progressing in line with feasibilities

| Development activity | Total spend (\$m) | Stabilised yield ⁵ | Incremental IRR ⁶ |
|----------------------|-------------------|-------------------------------|------------------------------|
| Hervey Bay | 125 | 7.5% | ~13.4% |
| Baldivis | 116 | 8.0% | ~13.0% |
| Wetherill Park | 222 | 7.3% | ~14.0% |
| Total | 463 | - | - |

1. This is consistent with the Property Portfolio, which excludes capital works in progress and sundry properties, Townsville Kingsvale and Sunvale (Qld), Hervey Bay Central Square (Qld)

2. Retail occupancy based on area, Office and Logistics & Business Parks occupancy based on income

3. Weighted average capitalisation rate

4. FY13 restated to reflect reallocation of assets from Office to Logistics and Business Parks:

5. FFO incremental yield

6. Estimated unlevered 10 year IRR on incremental development from completion

Commercial Property delivered solid result

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| Commercial Property (\$m) | Funds From Operations ¹ | | | | Underlying Profit | | | |
|---|------------------------------------|------------|-------------|--------------------------------|-------------------|------------|-------------|--------------------------------|
| | FY14 | FY13 | Change | Comparable growth ² | FY14 | FY13 | Change | Comparable growth ² |
| Retail | 369 | 336 | 9.9% | 3.9%▲ | 347 | 324 | 7.5% | 2.3%▲ |
| Logistics and Business Parks ³ | 108 | 101 | 6.9% | 1.1%▲ | 100 | 95 | 5.5% | 1.0%▲ |
| Office ³ | 85 | 101 | (16.5%) | 3.2%▲ | 70 | 87 | (20.3%) | (2.1%)▼ |
| Total net operating income | 562 | 538 | 4.4% | 3.1%▲ | 517 | 506 | 2.3% | 1.4%▲ |
| Fees and Trust costs ⁴ | - | 2 | nm | | - | 2 | nm | |
| Net operating costs ⁵ | (20) | (26) | (22.1%) | | (20) | (26) | (22.1%) | |
| Operating Profit | 542 | 514 | 5.1% | | 497 | 482 | 3.0% | |
| ROA | | | | | 8.4% | 8.2% | | |

1. Funds from Operations (FFO) is determined with reference to PCA guidelines

2. Comparable growth excludes unstable/non-comparable properties

3. FY13 restated to reflect reallocation of assets from Office to Logistics and Business Parks: Macquarie Park precinct and North Ryde assets in NSW -Trinitii Business Campus, Optus Centre, 60-66 Waterloo Rd, 16 Giffnock Ave and Macquarie Technology Centre

4. Movement attributed to reallocation of Unlisted Property Funds (UPF) results to Group

5. Net of recoveries and costs capitalised to development projects

Retail: Improving sales growth trend over the past six months

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Specialty store sales supported by growth in non discretionary spend

FY14 included one less week of reported sales than FY13 for the Major tenants

- Improving specialty store sales trend over past six months:
 - Comparable specialty sales:
 - 2.6% for six months to June 2014
 - 3.1% in June 2014 quarter
- Supermarkets, food and services continue to show growth
- DDS headline sales affected by price deflation
- Comparable specialty sales of \$8,630 per square metre², exceed Urbis average by 8.5%

| Sales by Category ¹ | Total MAT Annual Growth % | Comparable Annual Growth % | Sales per sqm Annual Growth (calculated by MLA ²) |
|--------------------------------|---------------------------|----------------------------|---|
| Total Portfolio | 1.4% | (0.5%) | (0.6%) |
| Specialties | 4.2% | 1.4% | 0.3% |
| Supermarkets | 1.2% | 0.0% | 1.3% |
| DDS/DS | (1.5%) | (4.3%) | (4.3%) |
| Mini-Majors and Other | (0.3%) | (1.5%) | (2.7%) |

12 month comparable growth adjusted for one extra week of reported sales for the Majors:

| | |
|-----------------------|--------|
| Total | 0.5% |
| Specialties | 1.4% |
| Supermarkets | 1.7% |
| DDS/DS | (2.5%) |
| Mini-Majors and Other | (1.5%) |

1. Sales data includes all Stockland managed retail assets – including UPF assets

2. Sales per sqm adjusted for moving lettable area (MLA). MLA reflects comparable sales per sqm adjusted for total number of days the store has traded in the full year, if trading for less than two years

Retail: Continuing to drive returns

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- Maintained high occupancy
- Consistent rental growth reflects high sales productivity and moderate occupancy cost ratio
- Tenant retention and incentives improved on 1H14
- No leasing incentives on renewals
- 91% of specialty rents have fixed annual reviews of 4-5%
- Improved rental growth on new leases showing positive impact from development and remixing activity

Improving metrics over past six months

As at December 2013:
Tenant Retention: 66%
Incentives: 9.8 months

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

5. Incentive capital as a percentage of total rent over the primary lease term only

| Retail leasing activity ¹ | FY14 | FY13 |
|---|--------|--------|
| Occupancy | 99.6% | 99.4% |
| Tenant retention | 71% | 75% |
| Average rental growth ² on total lease deals | 2.5% | 2.7% |
| Total lease deals ³ | 734 | 688 |
| Specialty occupancy cost ratio | 14.0% | 14.0% |
| Renewals: Number | 208 | 217 |
| Area (sqm) | 27,683 | 29,149 |
| Rental growth | 2.4% | 3.4% |
| New Leases: Number | 278 | 181 |
| Area (sqm) | 41,311 | 24,154 |
| Rental growth | 2.6% | 1.8% |
| Incentives: Months ⁴ | 8.6 | 6.9 |
| As % of rent over lease term ⁵ | 11.7% | 9.1% |

Logistics and Business Parks: Executing organic growth and repositioning

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It has been an active year

Transactions:

- Acquired \$274m of assets at an average yield of 7.7%¹
 - Forrester Distribution Centre, Sydney, core
 - Balcatta Distribution Centre, Perth, core and development
 - Ingleburn Distribution Centre, Sydney, core and development
 - Created a JV at Optus Centre

Development and upgrading:

- Completed stage one upgrade works at Port Adelaide, commenced stage one at Yennora;
- Pipeline: \$125m through to FY19. Target 7-8% FFO incremental development yields, and incremental IRR's of 9.5-11%

Leasing:

- Very active – leased over one third of the portfolio in FY14
- Materially increased occupancy and WALE
- Lower rental growth reflects new longer term leases at market rental levels
- Further positive momentum post balance date: HOA of 50,000 sqm

Income:

- High proportion of fixed increases: 82% of portfolio fixed at 3-4% per annum

1. Initial FFO Yield - excludes development land

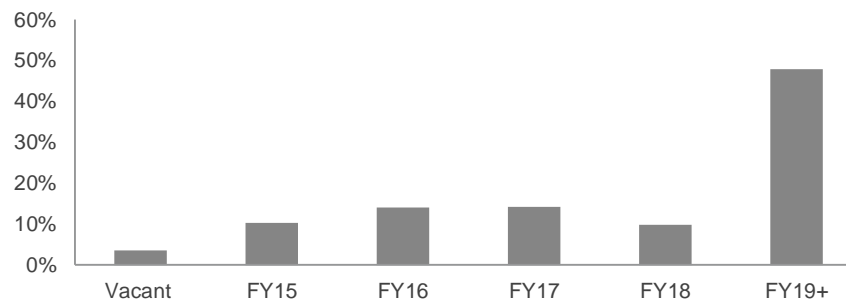
2. FY13 restated to reflect reallocation of assets from Office to Logistics and Business Parks: Macquarie Park precinct and North Ryde assets in NSW-Trinity Business Campus, Optus Centre, 60-66 Waterloo Rd, 16 Giffnock Ave, and Macquarie Technology Centre

3. As at June 30

4. By income

| Logistics and Business Parks ² | FY14 | FY13 |
|--|-------------|-------------|
| Leasing activity executed | 349,600 sqm | 295,700 sqm |
| Leasing activity under HOA ³ | 16,700 sqm | 77,000 sqm |
| Average rental growth on total lease deals | (1.3%) | 2.2% |
| Portfolio occupancy by income | 96.4% | 91.8% |
| Portfolio occupancy by area | 94.8% | 89.9% |
| Portfolio WALE ⁴ | 4.9 yrs | 3.9 yrs |

Logistics and Business Parks Lease Expiry Profile⁴



Office: Optimising portfolio returns

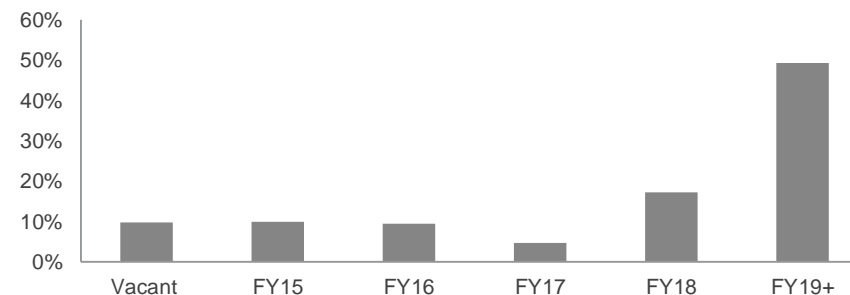
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Active management:

- Extended WALE
- Achieved solid rental growth despite challenging market conditions
- Established two joint ventures at 135 King St and Piccadilly in Sydney CBD
- Occupancy impacted as two recently refurbished assets are recommissioned: 601 Pacific Highway and 40 Cameron Avenue
- Further positive momentum post balance date: HOA of 6,000 sqm

| Office ¹ | FY14 | FY13 |
|--|------------|----------------------|
| Leasing activity executed | 39,700 sqm | 49,000 sqm |
| Leasing activity under HOA ² | 6,500 sqm | 4,500 sqm |
| Average rental growth on total lease deals | 2.4% | 6.0% |
| Portfolio occupancy by income | 90.3% | 96.4% ³ |
| Portfolio occupancy by area | 86.6% | 94.7% ³ |
| Portfolio WALE ⁴ | 4.5 yrs | 4.4 yrs ³ |

Office Lease Expiry Profile⁴



1. FY13 restated to reflect reallocation of assets from Office to Logistics and Business Parks: Macquarie Park precinct and North Ryde assets in NSW-Trinit Business Campus, Optus Centre, 60-66 Waterloo Rd, 16 Giffnock Ave, and Macquarie Technology Centre

2. As at 30 June

3. At 30 June 2013, 40 Cameron Ave was excluded (development)

4. By income

Shane's Park
Conservation
zone

Independent
K-12 school[^]

Community centre[^]

Neighbourhood shops

Playing fields

Local parks

Future residential

Playing fields

Display
village



State primary
school

20 minutes to
Hawkesbury river

Residential – Andrew Whitson

Elara, NSW

Strong profit growth, capitalising on market improvements

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Materially stronger result

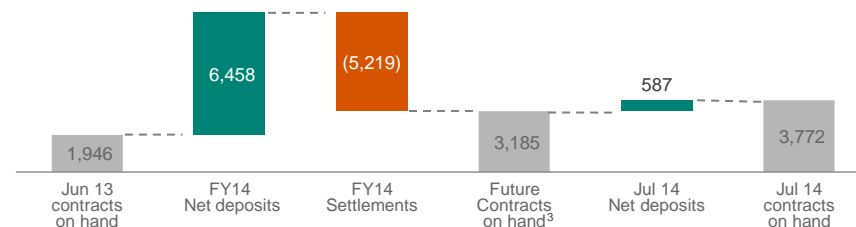
- Improved profitability driven by market upturn and strategic initiatives
- Operating profit margin uplift on track
- Record number of contracts on hand

Executing our strategy

- Repeated sellouts at Willowdale, Calleya and Elara
- Expanding successful projects by consolidating neighbouring sites:
 - 2,300 lots across Highlands, Newhaven, Whiteman Edge, Corimbia
- Commenced construction of Completed Homes and Medium Density dwellings
- Leveraging cost base across increased volumes

| Residential Communities | FY14 | FY13 | Change |
|-----------------------------------|--------|--------|--------|
| Lots settled | 5,219 | 4,641 | 12.5%▲ |
| Revenue – Retail | \$964m | \$849m | 13.6%▲ |
| – Superlots ¹ | \$78m | \$65m | 19.6%▲ |
| EBIT (before interest in COGS) | \$244m | \$181m | 34.1%▲ |
| EBIT margin | 23.4% | 19.9% | |
| Operating Profit | \$95m | \$60m | 57.2%▲ |
| Operating Profit margin | 9.1% | 6.6% | |
| ROA – total portfolio | 5.8% | 5.5% | |
| ROA – core portfolio ² | 12.2% | 8.7% | |

Residential community sales



1. 40 superlot settlements in FY14; 58 superlot settlements in FY13. FY14 includes the disposal of impaired projects: The Point (Vic) and Doonella Noosa (Qld)

2. Core excludes impaired projects

3. Of the 3,185 contracts on hand, 2,990 are due to settle in FY15, 192 are due to settle in FY16, and three are due to settle in FY17

Operating Profit margin improvement remains on track

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Focus on operating profit margin

- Reduced overheads
- Project rate impacted by:
 - Full year effect of more conservative growth assumptions adopted last year
 - Prudent contingency allowance
- Project mix improvement due to higher margin new launch projects

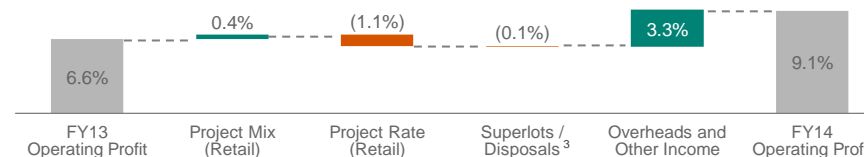
Remain on track for 11-13% operating profit margin by FY16

- Rate of improvement is accelerating

Residential Communities FY14

| | Core | Workout ¹ | Total |
|---------------------------------|--------|----------------------|----------|
| Lots settled | 4,542 | 677 | 5,219 |
| Revenue | \$869m | \$173m | \$1,042m |
| <i>Revenue</i> | 83% | 17% | 100% |
| EBIT | \$175m | \$69m | \$244m |
| <i>EBIT margin</i> | 20.1% | 39.9% | 23.4% |
| Operating Profit | \$95m | - | \$95m |
| <i>Operating Profit margin</i> | 10.9% | - | 9.1% |
| Remaining lots | 93% | 7% | 100% |
| Number of projects ² | 43 | 18 | 61 |
| ROA | 12.2% | (11.2%) | 5.8% |

Residential Communities Operating Profit Margin



1. Includes all impaired projects

2. Excludes two active projects that are 99% complete

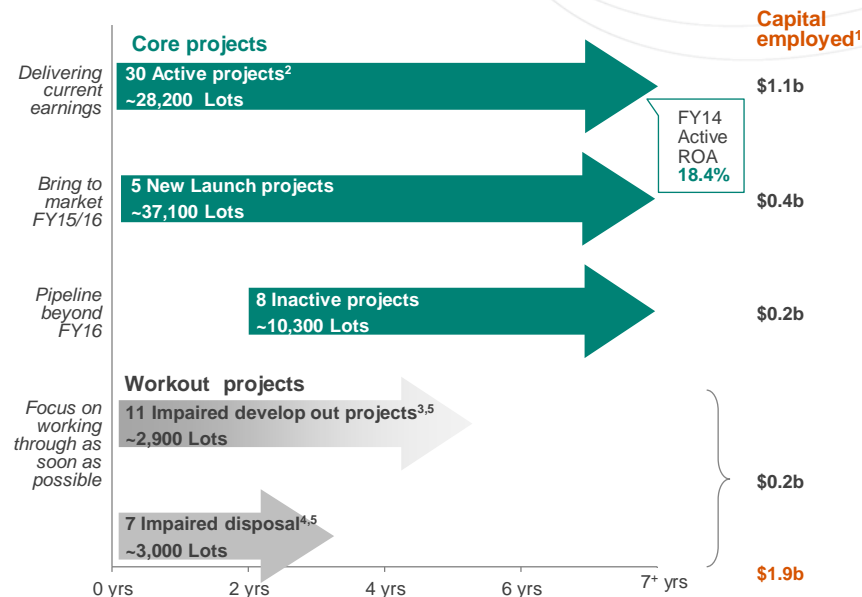
3. 40 superlot settlements in FY14; 58 superlot settlements in FY13. FY14 includes the disposal of impaired projects: The Point (Vic) and Doonella Noosa (Qld)

Executing our strategy to drive returns

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Growing profitability through:

- Accelerating production to take advantage of current market strength
- Five new launch projects including Lockerbie and Caloundra South
- Work through of impaired projects on track
 - Decision to develop out Oceanside precinct due to improving Sunshine Coast fundamentals
- Broadening market reach
 - Commencement of Completed Homes: Target 280 starts in FY15 across four states
 - Medium Density: 1200 dwellings identified for development on our existing land bank, 270 starts in FY15
- Continuing focus on operational efficiencies
- Demand for our product continues to be underpinned by our affordability focus, and providing positive community outcomes



1. Based on net funds employed as at 30 June 2014

2. Excludes two active projects that are 99% complete

3. ~63% of impaired develop out projects expected to be completed in five years

4. Includes disposal of industrial land and excludes apartments. Two projects, The Point (Vic) and Doonella (Qld) Noosa were disposed of in FY14

5. Oceanside Precinct (Birtinya Island, Bokarina Beach, Kawana Business Village and Lake Kawana) moved from impaired disposal to impaired develop out

Market overview: Positive outlook but pace of price growth moderating

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FY14 Stockland Summary

| State | FY14 settlement volumes % | Comments on our sales in FY14 |
|-------|---------------------------|---|
| NSW | (27%) ▼ | Sydney market strong, regions softer. Settlements impacted by several projects completed or near completion. FY15 to reflect full year of Willowdale, Elara settlements to begin in FY15. |
| Vic | 9% ▲ | Limited price growth to date, strong contribution from Highlands. |
| Qld | 28% ▲ | Vacant land sales now growing off a low base, strong lift from Sunshine Coast. |
| WA | 20% ▲ | Market has moderated, settlements driven by Sienna Wood and Vale. First settlements at Calleya. |

FY15 market outlook

| State | Vacant land sales volumes | Vacant land prices | Comments on market outlook |
|-------|---------------------------|--------------------|--|
| NSW | ↑ | ↑ | Stock levels remain low while production levels are high. Strong demand and wider undersupply to sustain market at high levels. Regional markets weaker than metropolitan markets. |
| Vic | ↔ | ↔ | Current high level of sales. Increasing levels of competition may constrain price growth. |
| Qld | ↑ | ↑ | Strong outlook over the next 5 years. Current conditions in regional markets challenging. Expect continued strong sales volumes and rising prices. |
| WA | ↓ | ↔ | Sales volumes moderating but at a declining rate. Supported by strong population growth. Price movements will be driven by available stock. |



Retirement Living – Stephen Bull

Cardinal Freeman, NSW

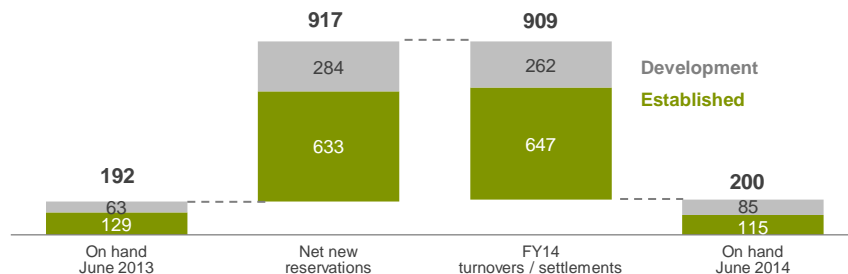
Retirement Living: Continued growth in operating profit

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Retirement Living has delivered strong operating results:

- 18% increase in established unit turnover
- 14% increase in comparable operating profit, with further operational efficiencies
- Margin impacted by product mix and contract type
- Reduced development volumes due to delayed starts whilst undertaking business review
- Higher development net reservations on hand at June 2014

Net reservations



1. Includes established villages and new developments

2. EBIT including Aged Care: FY14 \$46m, FY13 \$45m

3. Operating Profit including Aged Care: FY14 \$41m, FY13 \$38m

4. ROA including Aged Care: FY14 4.5%, FY13 4.5%

5. Margin shown is pre-overheads

Total Portfolio Excluding Aged Care

| | FY14 | FY13 | Change |
|--------------------------------|--------|--------|-----------|
| Established unit turnover | 647 | 547 | 18.3% ▲ |
| New unit settlements | 262 | 304 | (13.8%) ▼ |
| Transaction value ¹ | \$321m | \$303m | 5.9% ▲ |
| EBIT ² | \$45m | \$41m | 8.0% ▲ |
| Operating Profit ³ | \$40m | \$35m | 13.8% ▲ |
| Occupancy | 94.9% | 94.0% | ▲ |
| ROA ⁴ | 4.5% | 4.3% | ▲ |

Established portfolio

| | FY14 | FY13 | Change |
|-----------------------------------|--------|--------|----------|
| Average re-sale price | \$314k | \$310k | 1.2% ▲ |
| Turnover cash per unit | \$75k | \$78k | (3.3%) ▼ |
| Turnover cash margin ⁵ | 24.0% | 25.2% | ▼ |

Development portfolio

| | FY14 | FY13 | Change |
|-----------------------------|--------|--------|----------|
| Average price per unit | \$389k | \$406k | (4.3%) ▼ |
| Average margin ⁵ | 15.8% | 18.0% | ▼ |

We have undertaken a review of our business :

- We have a clear path to continued profit growth
- We have revised key assumptions:
 - Lower assumed land acquisitions, due to highly competitive market conditions
 - Asset by asset review of capital expenditure assumptions
 - Re-assessed long term growth rates
- As a result the value of our investment properties reduced by \$50m including a reduction in the carrying value of our DMF asset to \$705m
- The carrying value of Retirement Living goodwill has also reduced by \$23m
- We will adopt an active asset recycling approach

ROA targets revised

- We have reduced our ROA target to 7-7.5% by FY19
- We expect ROA to progressively grow towards this target year on year

Key valuation assumptions

| | FY14 | FY13 |
|---|-----------|-------------------|
| Weighted average discount rate | 12.8% | 12.8% |
| Weighted average 20 year growth rate | 3.8% | 3.9% |
| Weighted average 20 year growth rate from FY15 onwards | 3.8% | 4.1% ¹ |
| Weighted average length of stay of future and current residents | 9.9 years | 10.0 years |

1. Adjusted to reflect comparable FY15 onwards growth rates excluding FY14 growth rate

Key achievements include:







- An improved unit turnover process resulting in materially reduced downtime
- Settled sale of our Aged Care business to Opal Aged Care in July, and established our strategic partnership to extend our continuum of care offer
- Strong development pipeline:
 - Development continuing at 11 villages
 - Nine new stages FY14 and 12 new stages in FY15
 - Commenced the \$160m redevelopment of Cardinal Freeman in Ashfield, Sydney, our largest project to date
 - Targeting incremental IRR of more than 15%
 - Inner ring medium density development
- Positioned for continued growth in operating profit





Summary and Outlook – Mark Steinert

Balcatta, WA

| Priority | Progress | |
|-------------------------------|---|--|
| Grow assets and customer base |   | <ul style="list-style-type: none"> ▪ Medium Density and Completed Homes extend customer reach synergistically ▪ Acquired 2,300 Residential lots adjoining successful residential projects ▪ Retail development creating high performing shopping centres ▪ Acquired \$274m of Logistics & Business Park assets at accretive 7.7% yield ▪ Retirement Living Continuum of Care and \$160m development at Cardinal Freeman |
| Operational Excellence |   | <ul style="list-style-type: none"> ▪ Continuous improvement in use of technology ▪ Retirement Living Unit turnover process improvement ▪ Drive operational efficiency ▪ Recognised as leader in sustainability ▪ Continued commitment to safety |
| Capital Strength |   | <ul style="list-style-type: none"> ▪ Maintain strong balance sheet and credit rating ▪ Active capital recycling programme ▪ Capital partnering progress ▪ Investment Review Group |

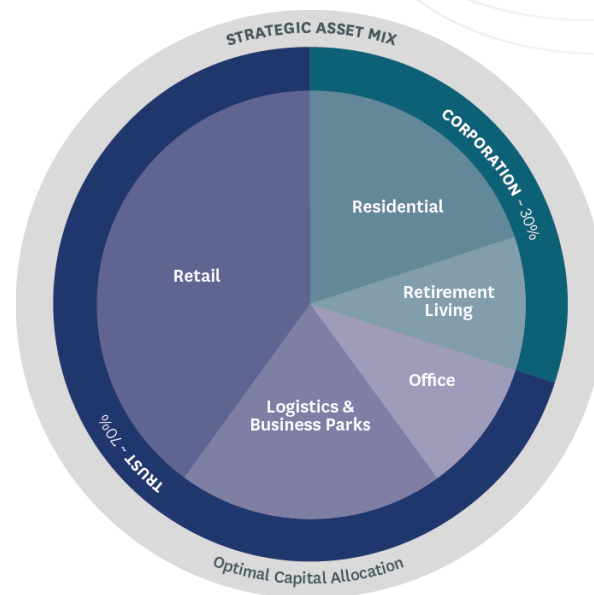
 Achieved

 Ongoing

Well positioned for further growth in FY15

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- EPS growth of 6-7.5%¹ targeted for FY15, underpinned by:
 - Settlement of residential lots – towards the upper end of our 5,000-6,000 through the cycle range
 - 2-3% comparable income growth in Commercial Property
 - Steady improvement in Retirement Living unit turnover
 - Moderate increase in overheads to facilitate business growth
 - FFO growth aligned with EPS growth
- Distribution per security expected to be maintained at 24.0 cents



Five year indicative asset mix

1. Assuming no material adverse change in market conditions. Excludes any impact from the \$80m pre tax capital profit realised from the sale of our Australand strategic stake

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