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Stockland Rockhampton, Qld



Stockland

1H12 Results Pack



Settlers Hills, WA



Stockland

Financial Management

Historical profit summary

	1H12 (\$m)	1H11 (\$m)	1H10 (\$m)
Residential Communities EBIT (before interest in COGS)	115.5	128.6	107.0
Apartments EBIT (before interest in COGS)	10.2	59.1	23.1
Commercial Property EBIT (before interest in COGS)	257.7	264.4	255.7
Retirement Living EBIT	23.0	22.6	20.9
UK EBIT (before interest in COGS)	18.8	(0.7)	1.7
Strategic income	2.4	10.5	6.3
Unallocated corporate overheads	(25.5)	(29.5)	(32.1)
Group EBIT (before interest in COGS)	402.1	455.0	382.6
Net interest expense:			
Interest paid (net of interest income) ¹	(104.2)	(74.3)	(65.9)
Interest capitalised to inventory ¹	69.9	65.9	56.3
Interest capitalised to Investment Properties under development	12.6	3.3	5.6
Interest expensed in COGS ²	(35.8)	(56.6)	(40.0)
Net interest expense	(57.5)	(61.8)	(44.0)
Tax	6.3	(12.7)	(4.0)
Underlying Profit	350.8	380.2	334.6
Significant Items (post tax)	(43.2)	44.7	(120.9)
Statutory Profit	307.6	425.1	213.7

- Residential profit skew greater in 1H12 than 1H11
- FY11 last meaningful year of Apartments result (mainly Hyde and Tooronga)
- UK result driven by better than expected sales of Central London properties. Expect to complete exit in 2012
- Strategic income reduction due to disposal of share in GPT
- Corporate overheads reduction due to headcount, procurement efficiencies and reduced professional service costs

- 34 - 1. Includes deferred interest on Residential land purchases of \$4.9m in 1H12 (1H11: \$6.3m; 1H10: \$4.9m)
2. Excludes \$2.3m (1H12) and \$0.6m (1H11) of interest in COGS for Retirement Living which is not included for statutory reporting

Underlying Profit reconciliation

	Gross (\$m)	Tax (\$m)	Net 1H12 (\$m)	Net 1H11 (\$m)
Underlying Profit ¹	344.5	6.3	350.8	380.3
Non-cash adjustment to inventories and development profits				
Inventory adjustments – Australia	-	-	-	2.1
Inventory adjustments – UK	-	-	-	(6.6)
Development profit adjustment on The Hyde	1.9	-	1.9	7.0
Fair value adjustment of investment properties				
Net gain from fair value adjustment of investment properties – Commercial Property	65.6	-	65.6	41.9
Share of net gain from fair value adjustment of investment properties in associates and joint ventures	8.7	-	8.7	1.0
Net fair value movement of deferred management fee contracts	(12.3)	3.7	(8.6)	1.9
Capital growth of operational Retirement Living Communities	5.0	(1.5)	3.5	23.9
Existing Retirement Living resident obligations fair value movement	4.4	(1.3)	3.1	(23.6)
Fair value adjustment of other financial assets, impairment and net gain/(loss) on sale of other non current assets				
Net unrealised (loss)/gain from fair value adjustment of other financial assets	(38.0)	11.4	(26.6) ²	31.8 ²
Net gain/(loss) on sale of other non-current assets and impairment of other investments	16.0	-	16.0	(1.6)
Fair value adjustment of financial instruments and foreign exchange movements				
Net unrealised (loss)/gain from hedged items and financial instruments treated as fair value hedges	(2.1)	-	(2.1)	3.0
Net unrealised (loss)/gain on fair value and foreign exchange movement of financial instruments that do not qualify as effective under hedge accounting rules	(83.3)	0.7	(82.6)	2.1
Net realised foreign exchange gain/(loss)	2.9	(0.8)	2.1	-
Net realised foreign exchange loss transferred from the foreign currency translation reserve	(15.6)	(8.6)	(24.2)	-
Net loss on exit of exposure to GPT	-	-	-	(24.9)
Other				
Acquisition and integration costs of Aevum	-	-	-	(13.2)
Profit for the half year attributable to securityholders of Stockland	297.7	9.9	307.6	425.1

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 excludes items such as unrealised fair value gains/(losses), unrealised provision gains/(losses) and adjustments arising from the effect of revaluing assets/liabilities (such as derivatives, financial instruments and investment property). Other Underlying Profit adjustments are made for realised transactions occurring infrequently and those that are outside the course of Stockland's core ongoing business activities. Underlying Profit is also the basis on which distributions are determined. The reconciliation between statutory profit and Underlying Profit has not been audited or reviewed by KPMG. However, KPMG have undertaken procedures to confirm the consistency of Stockland's books and records to the financial information which was used by the Directors in determining the Underlying Profit.
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2. Includes 1H12 FKP stake, 1H11 FKP, GPT and AVE stake

Segment Note to Underlying Profit reconciliation

	Residential (\$m)	Retirement Living (\$m)	Commercial Property (\$m)	UK (\$m)	Other ¹ (\$m)	Total (\$m)
Total external segment revenue	516.7	53.3	341.5	63.5	2.4	977.4
Segment result before interest, share of profits of investments accounted for using the equity method	125.0²	23.0	222.1	8.9	2.4	381.4
Interest expense included in COGS	(33.8)	-	-	(2.0)	-	(35.8)
Net gain on sale of other non-current assets	-	-	-	2.9	-	2.9
Share of profits of investments accounted for using the equity method (excluding certain items)	0.6	-	35.6	7.0	-	43.2
Segment profit (before certain items)	91.8³	23.0⁴	257.7	16.8	2.4	391.7
Unallocated corporate other income and expenses						(25.5)
Interest income						5.0
Net borrowing costs						(26.7)
Underlying Profit before income tax benefit						344.5
Income tax benefit						6.3
Underlying Profit after income tax benefit						350.8

A Total = Operating Profit (incl. interest in COGS) \$366.2m

- 36 -
1. Includes income from strategic stake in FKP of \$2.4m
 2. Includes \$114.8m Residential Communities and \$10.2m Apartments
 3. Includes \$90.0m Residential Communities and \$1.8m Apartments
 4. Includes \$1.9m of profit from Aged Care properties

Net interest

Interest expense - \$m	1H12	1H11
Interest paid ¹	103.6	86.6
Less: capitalised interest		
- Commercial Property development projects	(7.6)	(0.6)
- Residential ¹	(65.0)	(60.6)
- Retirement Living	(5.0)	(1.6)
	<u>(77.6)</u>	<u>(62.8)</u>
Net borrowing cost in P&L	26.0	23.8
Add: capitalised interest expensed in P&L ²	38.1	57.2
Total interest expense in P&L	64.1	81.0

Gap between interest paid and interest expense increased; expect contraction for FY12

- Interest in COGS decreased as significant Apartment sales in 1H11 and capital reinvested in Residential
- Increase to 6.2% in interest cost from 5.3% reflects increased credit spreads on new debt raised and favourable fixed interest swaps matured in May 2011

Deferred Interest - Residential

- Non-cash adjustment for unwinding of present value discount on land acquisitions on deferred terms
- Discount initially booked through balance sheet (inventory and land creditor)
- Unwound over same period through P&L therefore always profit neutral in each period

1H12 Reconciliation of Interest Expense and Capitalised Interest to Financial Report				
\$m	1H12		1H12	Net borrowing cost – P&L
Interest paid	103.6	Less: Capitalised interest	(77.6)	26.0
Deferred interest unwind - Residential	4.9	Deferred interest booked in inventory - Residential	(4.9)	-
Deferred interest unwind - Retirement Living ³	0.7		-	0.7
Interest expense Financial Report (Note 5)	109.2	Capitalised interest Financial Report (Note 5)	(82.5)	26.7

1. Excludes \$4.9m (1H12) and \$6.4m (1H11) of deferred interest on Residential land creditors and \$0.7m (1H12) and \$nil (1H11) of deferred interest on Retirement Living deferred contracts

- 37 - 2. Made up of: Residential - \$33.8m; UK - \$2.0m and Retirement Living - \$2.3m. This differs to statutory reporting in Note 5 by \$2.3m as Retirement Living is reported through the fair value adjustment of investment properties

3. Non-cash adjustment for unwinding of present value discount on deferred payment contracts. Discount initially booked through resident obligation. Unwound over the deferred terms until settlement

Continue to leverage scale and achieve operating efficiencies

Maintained focus on overheads

- Residential overheads up 1.5% due to additional marketing spend from launching 8 new projects
- Retirement Living realised ~20% synergy savings from the Aevum acquisition
- Overhead savings in Office & Industrial following cost efficiency drive and lower employee costs
- Tightly controlled corporate costs with headcount efficiencies and professional services savings

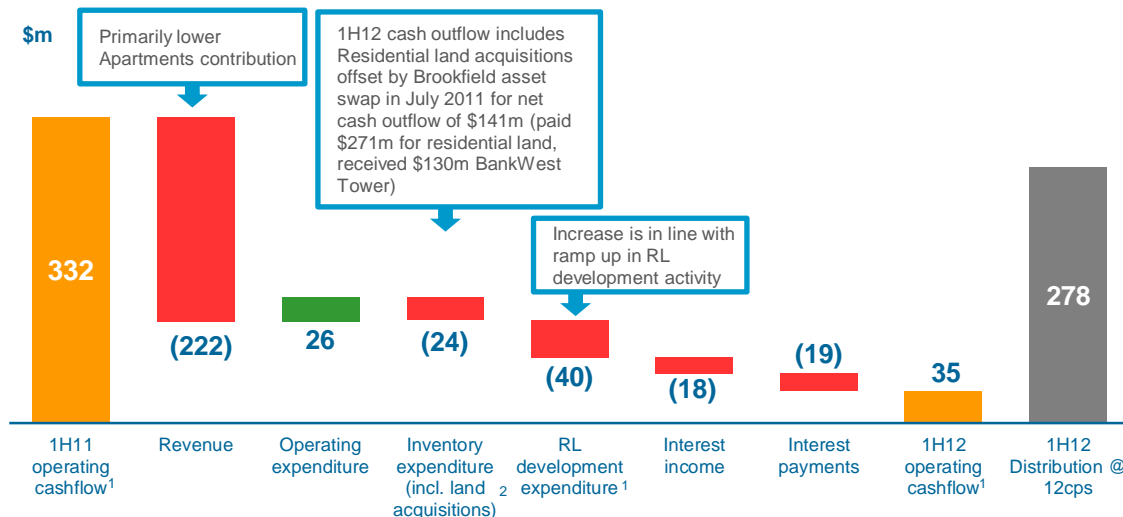
Prudent Cost Management			
\$m	1H12	1H11	1H10
Commercial Property ¹	13	17	19
Residential	68	67	65
Retirement Living ²	19	25	12
Unallocated corporate costs	26	30	32
Underlying management, admin, marketing and selling expense³	126	139	128

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1. Net of tenant recoveries and costs capitalised to development projects
2. 1H12 excludes \$10m of Aged Care. 1H11 is a proforma for 6 months of Aevum and excludes \$18m of Aevum transaction and integration costs
3. Excludes UK and Aged Care

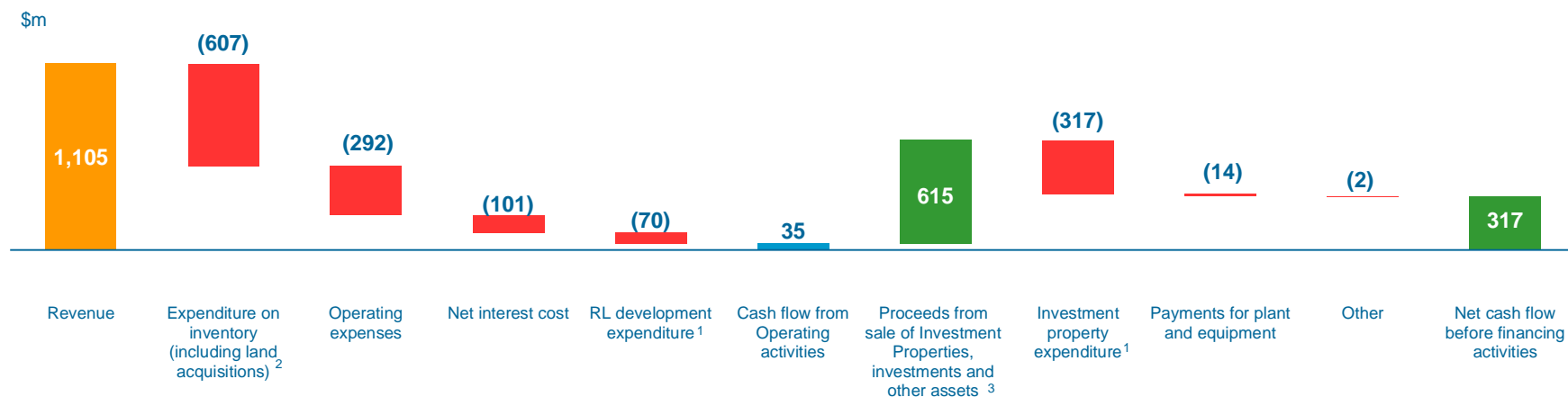
Cash flow

Net operating cashflow movement 1H11 to 1H12



- FY11 was the last year of significant contribution from Apartments - 1H12 revenue \$83m (1H11: \$293m)
- Interest income lower due to cash utilised to fund Aevum acquisition, land and retail acquisitions in FY11
- Interest payments higher due to inter-period drawdown to fund share buyback before asset sales proceeds, and an increase in weighted average cost of debt
- Expect to fund distributions from FY12 operating cashflows as 2H12 revenue is bolstered from Residential settlement skew

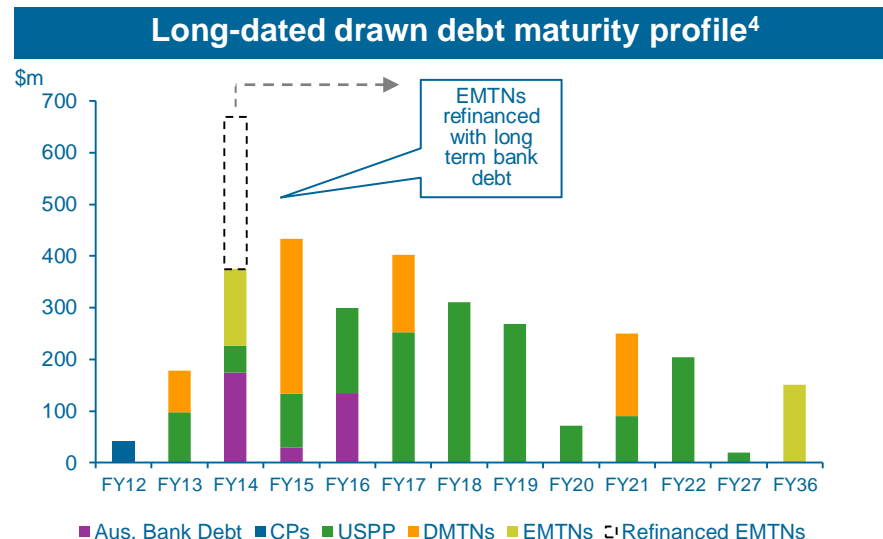
Operating and investing cashflow



- 39 -
- Differs to operating cash flow disclosed in the Financial Report as Retirement Living development expenditure (1H12: \$70m; 1H11: \$30m) is treated as an investing cash flow for statutory purposes but shown here as an operating cash flow
 - Includes \$271m paid for residential land less cash received for sale of Bankwest Tower of \$130m as part of an asset swap transaction with Brookfield
 - Differs to the \$745m disclosed in the statutory accounts as the above excludes \$130m received for sale of Bankwest Tower as it has been disclosed in expenditure for inventory (refer footnote 2)

Strong balance sheet and liquidity management

S&P rating	A- / Stable
Drawn debt ¹	\$3.0b
Cash on deposit	\$0.1b
Available undrawn committed debt facilities	\$0.7b
Gearing (net debt ² / total tangible assets)	23.2%
Interest cover	4.5: 1
Weighted average debt maturity	6.0 years
Debt fixed/hedged as at 31 December 2011	66%
Weighted average cost of debt for FY12 ³	6.2%
Weighted average cost of debt at 31 December 2011 ³	6.2%



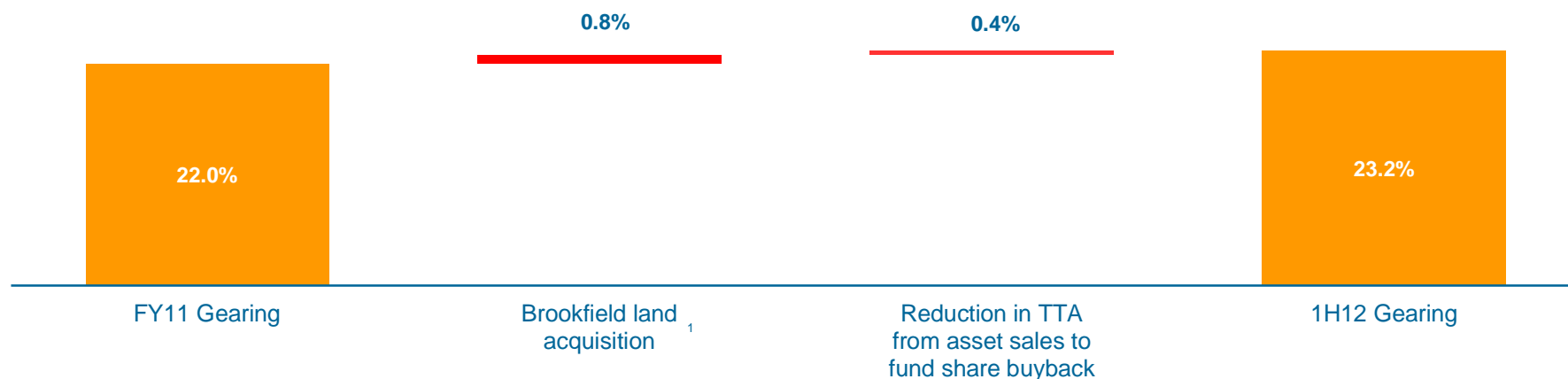
- S&P A- / stable credit rating maintained
- Low gearing maintained below target range (25% - 35%)
- Interest cover reduced primarily due to 2H12 profit skew and increase in weighted average cost of debt. Remains comfortably above covenant and S&P limits
- No refinancing issues – issued \$176m USPP and bought back of \$295m European Medium Term Notes; maintained long dated debt profile of 6 years
- Expect FY12 average cost of debt ~6.2% - takes into consideration costs of recent refinancing and EMTN buyback

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1. Excludes bank guarantees of \$0.2b
2. Drawn debt less cash
3. Excludes bank guarantee fees of 70bps
4. Excludes offset of \$0.1b cash on deposit

Gearing movement from June 2011

Gearing movement Jun-11 to Dec-11



- Increase in gearing (Net Debt/TTA) of 1% from June 2011 is primarily driven by:
 - Brookfield land acquisition with settlement taking place 1 July 2011
 - The operations of the business for 1H12 has had a minimal impact on overall gearing as the development pipeline has been funded by Commercial Property disposals

Debt summary

Facility	Facility limit (\$m) ¹	Amount drawn (\$m) ^{1,2}
Bank Debt	895.0	165.0
Other ³	175.0	175.0 B
Commercial paper	42.0	42.0 A
Domestic Medium Term Notes	690.8	690.8
European Medium Term Notes	148.8	148.8 B
US Senior Term Notes	1,632.2	1,632.2 C
Asian Medium Term Notes	151.3	151.3
Total	3,735.1	3,005.1

Facility	Facility limit (\$m) ¹	Amount drawn (\$m)	Facility maturity
Bank Debt			
- Multi option facility - Australia	120.0	-	Aug 2012
- Multi option facility - Australia	300.0	-	Sep 2012
- Multi option facility - Australia	25.0	-	Nov 2012
- Multi option facility - Australia	175.0	30.0	Nov 2014
- Multi option facility - Australia	100.0	-	Nov 2015
- Multi option facility - Australia	175.0	135.0	Dec 2015
Bank Debt	895.0	165.0	
- Other ³	175.0	175.0	Oct 2013
Total Bank Debt and Other	1,070.0	340.0	

A Commercial paper matured in January 2012 and rolled over to April 2012 as part of ongoing liquidity management

B EMTNs have been reduced by \$470m; \$295m bought back and \$175m has been reclassified as other debt via cross currency interest rate swaps

C New 10-year US Senior Term Note (\$176m) issued during the period:

- \$32m in maturing US notes repaid in October 2011

D New bank debt facilities of \$445m were established to support initial funding of the share buyback and development (before asset sales proceeds were received), and EMTN buyback

- 42 - 1. Facility limit excludes bank guarantees of \$0.3b for which \$0.2b was utilised at 31 December 2011
2. Amount excludes borrowing costs and fair value adjustment required to reconcile to the Financial Report
3. Facility limit and amount drawn is the result of \$175m of principal repayments of EMTN being restructured under cross currency interest rate swap

Debt summary (continued)

Facility	Issued debt (\$m) ¹	Facility maturity
Commercial paper (CP)	42.0	Jan 2012 ²
Total Commercial Paper	42.0	
Domestic Medium Term Note Facility (MTN)		
- MTN	80.8	May 2013
- MTN	300.0	Feb 2015
- MTN	150.0	Jul 2016
- MTN	160.0	Nov 2020
Total Domestic	690.8	
Offshore Medium Term Note Facility (MTN)		
- European MTN	148.8 ³	Oct 2013
- Asia MTN	151.3	Aug 2035
Total Offshore	300.1	

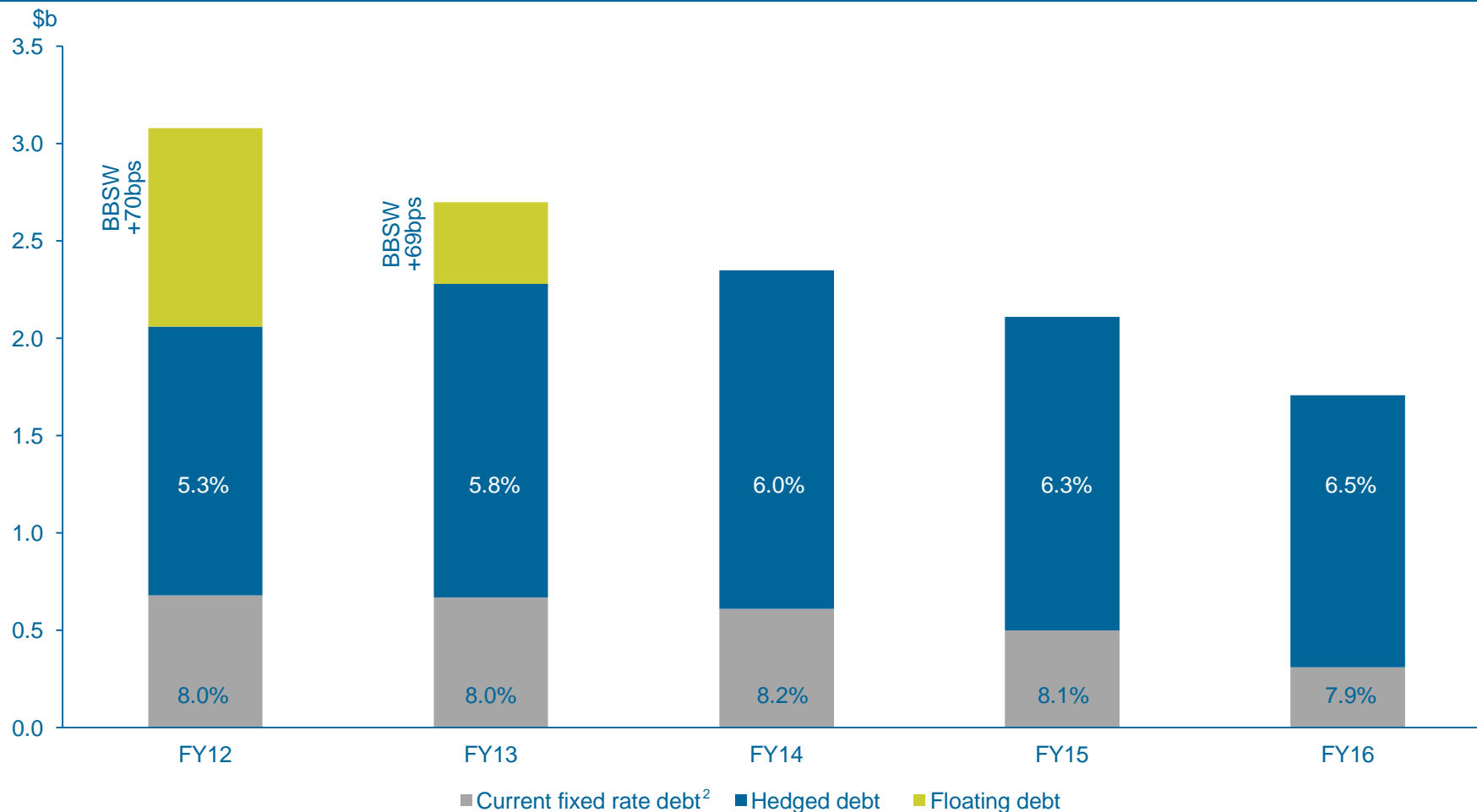
Facility	Issued debt (\$m) ¹	Facility maturity
US Senior Term Note Facility (STN)		
- US STN	51.4	Jul 2012
- US STN	45.8	Oct 2012
- US STN	51.4	Jul 2013
- US STN	28.3	Jul 2014
- US STN	74.7	Jun 2015
- US STN	64.3	Jul 2015
- US STN	99.2	Oct 2015
- US STN	61.7	Jul 2016
- US STN	27.5	Oct 2016
- US STN	163.3	Jun 2017
- US STN	61.1	Oct 2017
- US STN	250.0	Jun 2018
- US STN	268.7	Oct 2018
- US STN	70.7	Jul 2019
- US STN	90.0	Jul 2020
- US STN	175.9	Sep 2021
- US STN	27.7	Jun 2022
- US STN	20.5	Jun 2027
Total US Senior Term Notes	1,632.2	

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1. Amount excludes borrowing costs and fair value adjustments required to reconcile to the Financial Report
2. Commercial paper has since been rolled and will mature in April 2012
3. During 1H12 Stockland repurchased EMTN of \$295m (£190m), with remaining \$175m in cross currency interest rate swaps being reported as Other

Debt and hedging profile¹

Long dated and hedged debt



- 44 - 1. Excludes line fees of approximately 30 basis points pa
2. Higher current fixed debt rates is due to higher base rates and credit spreads charged on debt with longer maturities (~7 years)

Proforma balance sheet

	31 December 2011 (\$m)	30 June 2011 (\$m)
Cash	95.2	194.6
Real estate assets		
- Commercial Property	8,128.7	8,484.7
- Residential	2,741.7	2,383.0
- Retirement Living Communities (including Aged Care)	1,098.6	1,018.4
- UK	112.6	168.8
Retirement Living Communities gross up	1,610.6	1,564.0
Intangibles	116.6	116.6
Derivative assets	238.5	148.0
Other assets	473.7	493.1
Total assets	14,616.2	14,571.2
Interest-bearing liabilities	(2,557.2)	(2,407.4)
Retirement Living resident obligations ¹	(1,668.1)	(1,629.2)
Derivative liabilities	(778.0)	(687.4)
Other liabilities	(951.1)	(1,047.8)
Total liabilities	(5,954.4)	(5,771.8)
Net assets	8,661.8	8,799.4
NTA per share	\$3.69	\$3.65

Covenant calculations

As at 31 December 2011	Statutory Balance Sheet (\$m)	Adjustments (\$m)	Gearing Covenant Balance Sheet (\$m)
Assets			
Cash	95.2	-	95.2
Real estate related assets	13,692.2	(1,610.6)	12,081.6
Intangibles	116.6	(116.6)	-
Derivate assets	238.5	(238.5)	-
Other assets	473.7	-	473.7
Total assets	14,616.2	(2,010.7)	12,650.5
Liabilities			
Interest-bearing liabilities	(2,557.2)	(440.0)	(2,997.3)
Net Retirement Living resident obligations	(1,668.1)	1,610.4	(57.7)
Derivative liabilities	(778.0)	778.0	-
Other liabilities	(951.1)	-	(951.1)
Total liabilities	(5,954.4)	1,948.6	(4,005.9)
Net assets	8,661.8	(62.1)	8,644.6

All lenders have consistent covenants:

- Total liabilities / total tangible assets (TL/TTA): 45%. No adjustment made for cash held
- Interest cover: 2:1 (write-downs and provisions are excluded from calculation)

Gearing covenant limited to Stockland's balance sheet liabilities and excludes:

- MTM of hedges and interest-bearing liabilities **A**
- Net Retirement Living obligation for existing residents **B**

	Interest Cover ²	TL/TTA	D/TTA (net of cash)
31 December 2011	4.5:1	31.7%	23.2% ¹
30 June 2011	5.3:1	31.8%	22.0%
31 December 2010	5.0:1	32.2%	20.2%

- 46 - 1. Debt = Interest-bearing liabilities (\$2,997m) + prepaid borrowing costs (\$7m) - Cash (\$95m)
TTA = Total assets (\$12,651m) - Cash (\$95m)
2. Rolling 12 month average

Group strategic weightings

	Operating Profit 1H12		Assets 31 December 2011	
	Actual	Strategic weighting	Actual	Strategic weighting
Recurring				
Retirement Living	6%		7%	
Commercial Property	71%		67%	
Unallocated corporate overhead	(3%)		-	
Total recurring	74%	60-80%	74%	70-80%
Trading				
Residential	25%		23%	
Retirement Living ¹	-		2%	
Commercial Property	-		1%	
UK and unallocated corporate overhead	1%		1%	
Total trading	26%	20-40%	26%	20-30%

Stockland Corporation statutory income tax calculation

	1H12 (\$m)	1H11 (\$m)
Statutory Group profit before tax	297.7	452.6
Less: Trust profit	(344.5)	(326.8)
Add/(less): Intergroup eliminations	8.9	(27.9)
Corporation (loss)/profit before tax	(37.9)	97.9
Net add back non-deductible expenses/less Australian non-assessable income	(4.1)	(14.0)
UK Utilisation of previously unrecognised tax losses/UK Losses not recognised	(19.7)	7.8
Corporation adjusted taxable (loss)/profit	(61.7)	91.7
Tax benefit/(expense) @ 30%	18.5	(27.5)
Tax expense transferred from Foreign Currency Translation Reserve to the P&L on wind-down of the investment in the UK	(8.6)	-
Tax benefit/(expense)	9.9	(27.5)
Effective tax rate	26%	28%

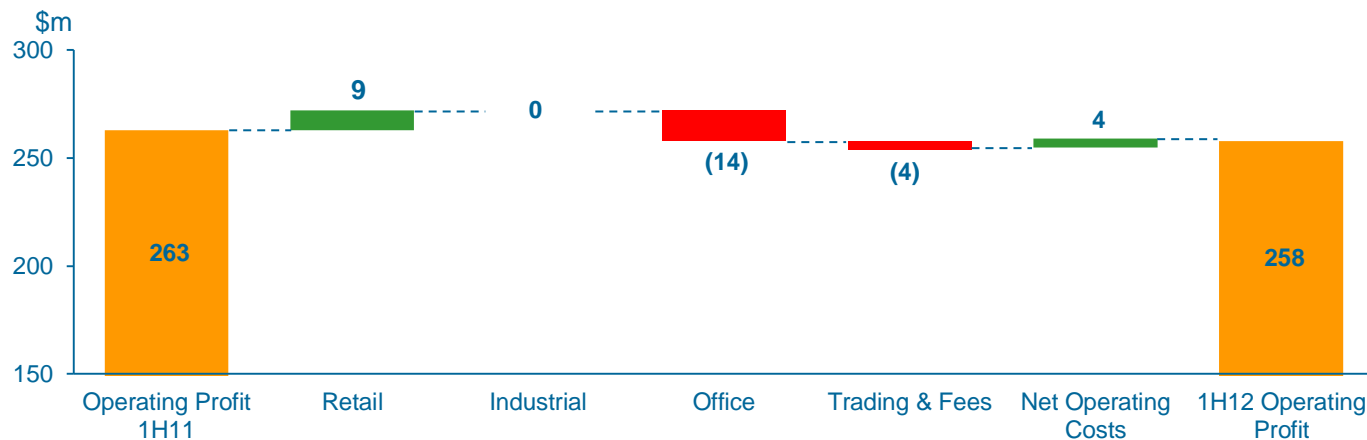
- An income tax benefit of \$9.9m arises due to the skew of settlements to the 2H12 for Residential and Retirement Living businesses resulting in the Corporation's operating profit, on a stand-alone basis, being less than interest paid to the Trust in 1H12 on cross staple debt (eliminated on consolidation)



Commercial Property

Retail NOI growth and cost efficiencies offset by Office disposals

Key movements between 1H11 and 1H12



Operating Profit down 2.2% to \$258m

- Retail NOI increased 6.0% from acquisitions and developments coming on line
- Office down due to \$730m¹ of asset sales
- Trading profits skewed to 2H12; forecast \$5m for FY12
- Overhead reduction due to:
 - Overhead savings following cost efficiency drive
 - Lower employee costs

Commercial Property (\$m)

Net operating income:

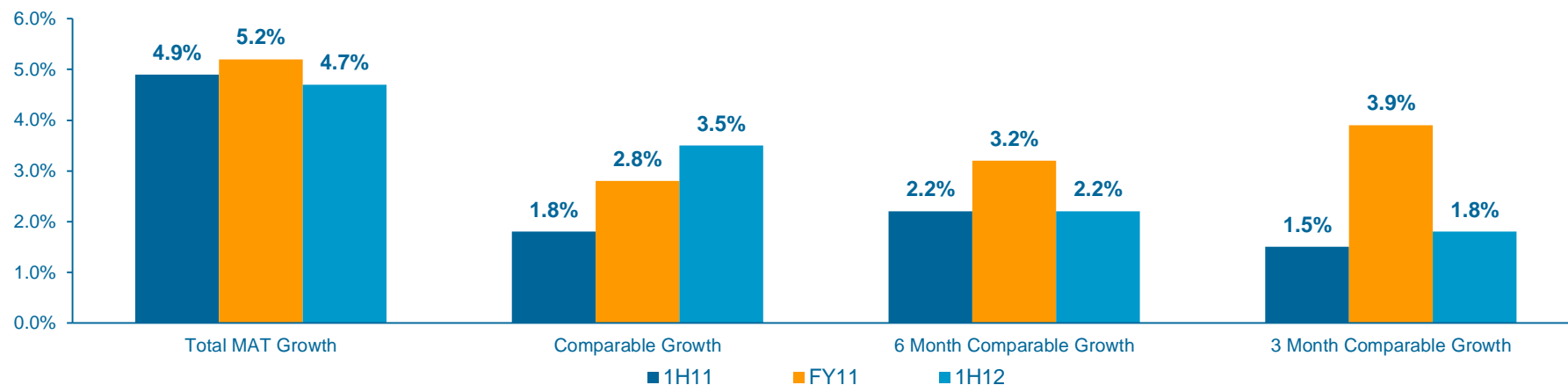
	1H12	1H11	
- Retail	152	143	▲ 6%
- Office	80	94	▼ 15%
- Industrial	38	38	-
Net operating income (NOI)	\$270m	\$275m	▼ 2%
Trading profits	-	4	▼ 100%
Fees	1	1	-
Net operating costs	(13)	(17)	▼ 24%
Operating Profit	\$258m	\$263m	▼ 2%

Comparable NOI up 0.8% in 1H12

- Retail up 2.3% in 1H12
- Office down 2.1% in 1H12 as it was affected by disposals of Riverside Plaza and Exchange Plaza
- Industrial up 1.1% in 1H12

Stockland specialty shop productivity well above benchmark

MAT comparable growth remains strong, higher than FY11

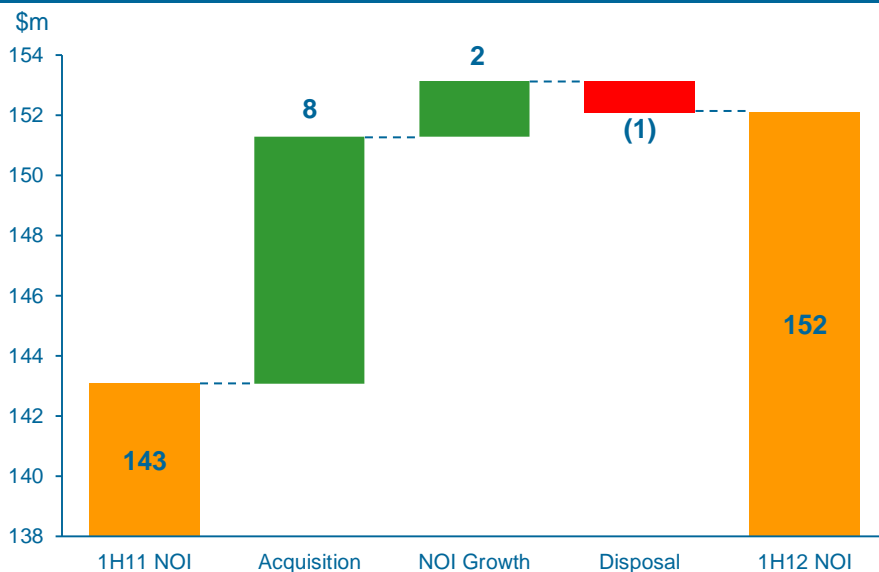


	Total MAT (\$m)	% MAT Growth	% Comparable Growth	% 6mth Comparable Growth	% 3mth Comparable Growth
Supermarkets	2,244	6.4	4.5	3.2	2.2
DDS	826	(1.3)	(0.8)	(1.5)	(0.9)
Specialties	1,519	4.6	4.3	2.3	2.5
Mini Majors/ Cinemas/Other	886	6.6	3.6	3.2	2.5
Total	5,475	4.7	3.5	2.2	1.8

	Urbis Average for Sub-Regional 2010/11 ¹	Stockland December 2010 ¹	Stockland December 2011	Stockland Year on Year Increase
Comparable Specialty MAT per sqm	7,739	8,423	8,695	3.2%

Retail performance is solid in challenging trading environment

Retail NOI movements between 1H11 and 1H12



Retail NOI up 6% to \$152m

- Strong Retail result driven by acquisitions and developments coming on line, high occupancy of 99.6%, low trade debtors¹ of 0.5%
- 99% of specialty leases are on either fixed annual (4% to 5% pa) or CPI+ increases
- New leases showed decline (in 3 centres)² - excluding these centres and administration deals, new leases grew by 4%
- Development project leasing on track:

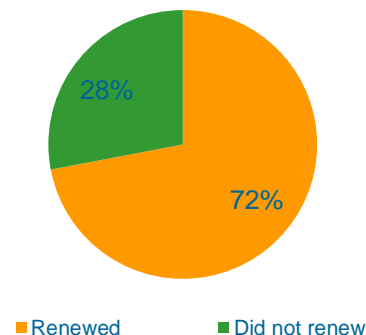
Active Development Projects	% Total income leased	% Specialty income leased
Merrylands	85%	81%
Townsville	79%	71%
Shellharbour	47%	29%

Renewals driving income growth

	No of Deals	Area	Rental growth	Incentive ³
Lease renewals	102	11,568	6.1%	0%
New leases				
- Expiring lease/vacancy	81	12,022	(2.8%)	7.2%
- Retailer Administration	10	1,608	(21.4%)	16.4%
Total portfolio	193	25,198	0.6%⁴	3.7%

Tenant Renewal Retention Rate driving NOI growth

Retention Rate for 1H12 Renewals

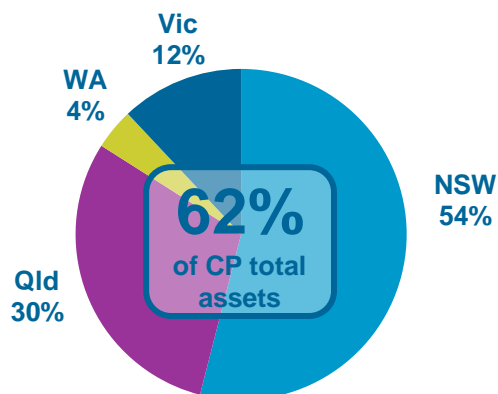


1. Gross debt as % of annual billings
 2. Cairns (Qld), The Pines (Vic) and Bull Creek (WA)
 3. Incentive is Leasing Capital as a percentage of Gross Rent over the term of the lease
 4. Rental growth excluding administration stores is 2.4%, incentive is 3.1%

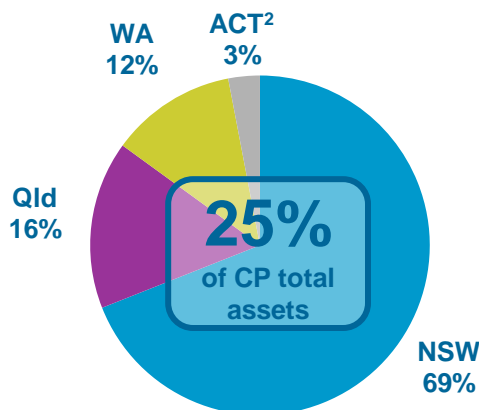
Portfolio weightings and Valuation Movements

Commercial Property assets - \$7.7b

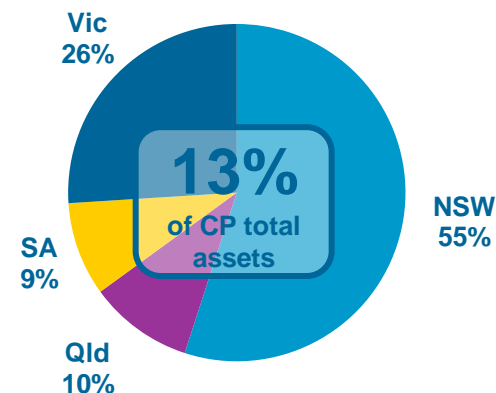
Retail - \$4.8b
41 properties
873,440 sqm gross lettable area



Office - \$1.9b
24 properties
487,198 sqm net lettable area¹



Industrial / Intermodal - \$1.0b
14 properties
1,200,073 sqm gross lettable area¹



	WACR Dec-11	Valuation (\$m)	Previous Book Value (\$m)	1H12 Movement (\$m)
Retail	7.2%	4,764.0 ³	4,706.9	57.1
Office	7.9%	1,901.2	1,879.2	22.0
Industrial	8.5%	955.9	960.5	(4.6)
Assets held for sale	-	46.4	46.4	-
Capital works and sundry properties ⁴	-	386.8	386.8	-
Total	7.5%	8,054.3	7,979.8	74.5

1. Represents 100% ownership and JV properties. Stockland share of Office is 343,663sqm and Industrial share of 1,092,579sqm

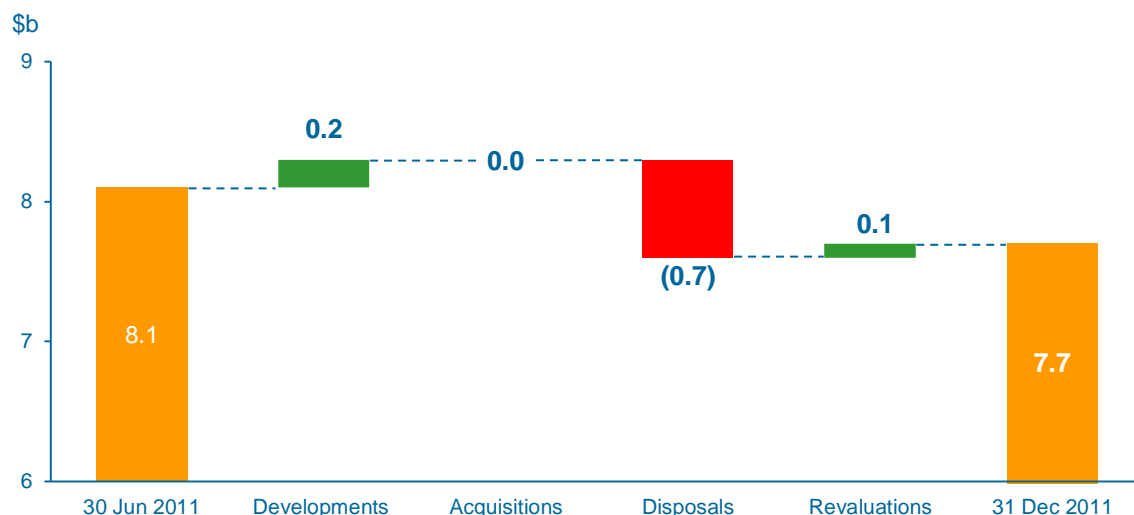
- 53 - 2. Includes Myuna Complex and 150 Charlotte St – held for sale

3. Includes \$5.5m for Townsville Kingsvale and Sunvale

4. Capital works in progress. An independent valuation will be performed on completion of the capital works

Income growth driving positive revaluations

Commercial Property book values (\$b)¹



Net revaluation breakdown (\$m)

1H12

Income growth	51
Change in cap rates	24
Net revaluation²	75

Retail income growth supporting valuation gains

- Retail valuations up \$57m reflecting income growth and low vacancy
- 34% of investment property assets were independently valued in December 2011
- Total net valuation increment \$75m
- Wetherill Park valuation up \$26m (7.9%) following a 25 basis point compression in the cap rate and income growth
- Riverton up \$8m (16.8%) following strong NOI growth and development stabilisation
- Cairns, valuation up \$8m (4.1%) following a 25 basis point compression in the cap rate and income growth from re-mixing program

Office and Industrial valuations steady

- Triniti Business Campus up by \$14m (9.1%) as incentive periods ended and market rental growth flowed through
- Durack Centre, up by \$8m (5.9%) due to strong rental growth in Perth market

Tenancy retention and new leasing: Incentives still high (Syd/Bris)

Office	NLA Leased (sqm) ¹	Operational Portfolio					
		Retention (sqm) ¹	Increase on Base rents	Weighted Average Incentives	New Leases (sqm) ¹	Increase on Base rents	Weighted Average Incentives
Sydney CBD	5,656	1,734	3%	17%	3,922	6%	24%
Sydney metropolitan	14,112	13,778	3%	17%	334	-	21%
Qld	8,139	5,496	15%	24%	2,643	(3%)	25%
WA	4,087	513	-	2%	3,574	(6%)	11%
ACT	5,692	-	-	-	5,692	3%	15%
Total	37,686	21,521	6%	17%	16,165	2%	18%

57% retention

Industrial	GLA Leased (sqm) ¹	Operational Portfolio					
		Retention (sqm) ¹	Increase /decrease on Base rents	Weighted Average Incentives	New Leases (sqm) ¹	Increase /decrease on Base rents	Weighted Average Incentives
NSW	13,574	-	-	-	13,574	(29%) ²	5%
Qld	2,503	2,503	-	-	-	-	-
SA	21,670	15,206	3%	-	6,464	-	3%
Vic	14,164	-	-	-	14,164	24% ³	10%
Total	51,911	17,709	3%	-	34,202	(1%)	5%

34% retention

- 55 -
1. Area represents SGP ownership only
 2. Decrease represents 13,574 sqm new deal at 9-11 Ferndell, where the new passing rent incurred a significant decrease to realign with market
 3. Increase represents two new deals at Altona and Brooklyn (4,877 and 9,287) with the Brooklyn space on a higher rent due to a short term lease

Key Office and Industrial leasing deals - 1H12

	Property	Building Area (sqm)	1H12 Area Leased (sqm)	Leased to	Remaining Vacancy (sqm)	Building WALE (years)	Comments
Office	118 – 120 Pacific Highway	5,130	5,130	Clemenger	-	6.8	Retained tenant in full
	60 - 66 Waterloo Road	18,238	4,130	Jansen Cilag Pty Ltd	-	2.9	Tenant renewal
	Garden Square	12,647	2,774	Department of Public Works	1,690	2.7	Tenant renewal
	Durack Centre	25,308	2,035	BHP Billiton	-	5.7	Leased to a blue chip tenant with Perth asset portfolio now 100% leased accompanying strong market performances
Industrial	9-11a Ferndell Street	48,114	13,574	William Enterprises Group	-	3.9	Asset significantly de-risked, following a lease to William Enterprises Group absorbing vacant space
	Altona DC	36,004	4,877	Petrogas	3,189	3.4	Higher vacancy at this asset attributable to a tenant in administration. Focus on securing long-term leases with good covenants
	Brooklyn DC	129,883	9,287	P&O Australia	-	3.3	Tenant renewal
			10,504	ABB Grain	-	2.8	Tenant renewal
	Port Adelaide DC	168,376	6,464	Koch Fertiliser	-		New tenant
			4,702	Spendless Shoes	-		Tenant renewal

Asset values - Retail

Retail Portfolio	Book Value (\$m)	Val. Incr/ Decr (\$m)	Change (%)	Cap Rate (%)	1H12 AIFRS NOI (\$m) ²
Stockland Wetherill Park	358.0	26.1	7.9	6.75	12.2
Stockland Merrylands ¹	350.6			6.50	3.4
Stockland Rockhampton	345.8			6.75	10.7
Stockland Townsville ¹	280.4			7.75	5.2
Stockland Shellharbour ¹	273.0			7.00	9.1
Stockland Green Hills ¹	259.4			7.00	9.1
Stockland Glendale	248.1			6.75	8.7
Stockland Cairns	215.0	8.4	4.1	6.75	6.5
Stockland Point Cook ¹	187.0			-	6.3
Stockland Bay Village	164.0	(1.7)	(1.0)	8.00	6.3
Stockland Burleigh Hds	145.0	5.7	4.1	7.75	5.5
Stockland The Pines	145.0	3.6	2.5	7.25	5.0
Stockland Forster	132.0	3.0	2.3	7.50	4.6
Stockland Jesmond	120.6			7.75	4.7
Stockland Balgowlah	112.4			7.00	3.4
Stockland Wendouree	110.1			7.50	4.4
Stockland Baulkham Hills	106.9			7.50	3.7
Stockland Caloundra	103.0			7.50	3.8
Stockland Gladstone	99.9			7.50	4.2
Stockland Nowra	85.3			7.75	3.2
Stockland Cleveland	81.1			7.50	3.0
Stockland Bull Creek	81.0	1.1	1.4	7.75	2.9
Stockland Traralgon	77.8			7.75	2.9
Stockland Bathurst	76.0	0.5	0.7	8.00	3.0

Retail Portfolio	Book Value (\$m)	Val. Incr/ Decr (\$m)	Change (%)	Cap Rate (%)	1H12 AIFRS NOI (\$m) ²
Stockland Hervey Bay	71.0			7.50	1.9
Stockland Corrimal	58.2			8.00	2.4
Stockland Riverton	55.0	7.9	16.8	7.50	2.0
Stockland Piccadilly	54.0	0.2	0.4	7.25-8.25	1.4
Stockland Wallsend	51.9			8.25	2.0
Stockland Toroonga	49.0			7.25	1.1
Shellharbour Ret. Park	46.1	1.8	4.1	8.25	1.7
Stockland Baldivis	45.4			7.50	1.0
Glasshouse	41.0			6.90-7.20	1.5
Stockland Cammeray	30.3			7.50	1.0
North Shore Townsville	18.9			7.50	0.7
Jimboomba (50%)	15.9			8.75	0.6
Burleigh Central	15.5	0.3	2.0	9.25	0.6
Adelaide Street Plaza	13.9			8.75	0.5
Woolworths Toowong	13.6			N/A	0.1
Vincentia SC	12.3			9.00	0.4
Merrylands Court	9.1	0.2	2.2	9.00	0.2
T/ville, K/vale & S/vale ¹	5.5			N/A	0.2
Subtotal					151.0
Other ³					0.7
Total Retail	4,764.0	57.1	1.2		151.7

- 57 -
1. Properties impacted by development
 2. NOI includes AIFRS adjustments for straight-lining rental income, amortisation of lease fees and amortisation of incentives
 3. Relates to assets held for sale, sundry properties and properties impacted by development and acquisitions

Asset values - Office

Office Portfolio	Book Value (\$m)	Val Incr/ Dec (\$m)	Change (%)	Cap Rate (%)	1H12 AIFRS NOI (\$m) ²
Piccadilly Tower ¹	268.0	4.1	1.6	7.25-8.25	7.7
Waterfront Place	219.8	-	-	7.50	9.7
9 Castlereagh Street	172.5	(1.0)	(0.6)	7.15	3.8
Trinity Business Campus	169.5	14.1	9.1	7.50	4.7
Durack Centre	150.7	8.4	5.9	8.50-9.00	5.6
Optus Centre	118.0	-	-	7.25	5.1
135 King Street	98.2	-	-	6.90-7.20	2.7
78 Waterloo Road	70.0	4.3	6.5	7.50	1.9
60-66 Waterloo Road	68.5	-	-	8.25-8.50	2.5
601 Pacific Highway	66.3	(5.4)	(7.5)	8.50	3.1
77 Pacific Highway	55.5	3.2	6.1	8.25	1.9
45 St Georges Terrace	55.0	-	-	8.75	2.5
175-181 Castlereagh Street	54.9	-	-	8.75	2.0
7 Macquarie Place	52.3	-	-	7.25	1.4
40 Cameron Ave	41.7	-	-	9.25	2.5
Piccadilly Court	39.0	(1.1)	(2.7)	7.25-8.25	1.2
Garden Square	37.3	(1.2)	(3.1)	9.00	1.6

Office Portfolio	Book Value (\$m)	Val Incr/ Dec (\$m)	Change (%)	Cap Rate (%)	1H12 AIFRS NOI (\$m) ²
Macquarie Technology Ctr	35.1	(2.9)	(7.6)	8.25-9.00	1.3
16 Giffnock Ave	34.2	(0.1)	(0.3)	8.90	0.7
255-267 St Georges Tce	26.8	2.6	10.7	9.31	0.8
110 Walker Street	22.4	(1.3)	(5.5)	8.50	0.7
118-120 Pacific Highway	20.1	-	-	9.00	0.7
80-88 Jephson Street	18.2	(0.9)	(4.7)	9.00	0.5
23 High St	3.9	(0.4)	(9.3)	8.25	0.1
27-29 High Street	3.3	(0.4)	(10.8)	8.50	0.1
Subtotal	1901.2	22.0	1.2		64.8
Other ³					14.7
Total Office	1901.2	22.0	1.2		79.5

- 58 -
1. Excluding stapling adjustment due to owner occupied space
 2. NOI includes AIFRS adjustments for straight-lining rental income, amortisation of lease fees and amortisation of incentives
 3. Relates to assets held for sale and disposed during the period

Asset values - Industrial

Industrial Portfolio	Book Value (\$m)	Val Incr/Dec (\$m)	Change (%)	Cap Rate (%)	1H12 AIFRS NOI (\$m) ¹
Yennora Distribution Centre	335.4	-	-	8.00	12.6
Defence Distribution Centre	134.2	-	-	7.00	4.6
Brooklyn Estate	82.9			9.00	3.2
Port Adelaide DC	82.3	-	-	9.50	3.9
Hendra Distribution Centre	81.6	-	-	9.00	3.5
9-11A Ferndell Street	40.8	(3.8)	(8.5)	9.50-10.00	1.6
1090-1124 Centre Road	33.7			8.79	1.2
20-50 Fillo Dr & 10 Stubb St	33.0	2.2	7.1	9.25	1.3
Altona Distribution Centre	26.2	(0.2)	(0.8)	9.25	1.0
11-25 Toll Drive	17.3	(0.1)	(0.6)	9.00	0.8
2 Davis Road	16.0	(0.4)	(2.4)	9.25	0.9
32-54 Toll Drive	15.8			8.75	0.6
56-60 Toll Drive	13.9	(1.2)	(7.9)	9.50	0.5
76-82 Fillo Drive	13.9	0.2	1.5	9.00	0.6
Export Park, 9-13 Viola Place	12.6	1.1	9.6	9.00	0.7
M1 Yatala Enterprise Park	8.5	(2.4)	(22.0)	n/a	0.0
40 Scanlon Drive	7.8			8.75	0.3
Total Industrial	955.9	(4.6)	(0.5)		37.3

Assets held for sale	Book Value (\$m)	Val Incr/Dec (\$m)	Change (%)	Cap Rate (%)	1H12 AIFRS NOI (\$m) ¹
150 Charlotte St	24.7			-	(0.4)
Myuna Complex	21.7			-	0.6
Total held for sale	46.4	-	-		0.2

Asset Disposals - 1H12

Property Disposed	Asset Class	Settlement Date	Disposal Value (\$m)
Bank West Tower	Office	Jul 2011	130.0
Lilydale	Retail	Jul 2011	28.0
Wacol	Industrial	Nov 2011 – Dec 2011	35.2
52 Martin Place	Office	Nov 2011	172.2
Riverside Plaza	Office	Nov 2011	193.6
Exchange Plaza	Office	Dec 2011	157.7
Total Asset Disposals – 1H12			716.7
150 Charlotte Street	Office	Jun 2012	53.5
Myuna	Office	Jun 2012	24.0
Total Asset Disposals – FY12			794.2

Top 20 tenant customers

Retail Portfolio			Office Portfolio		Industrial Portfolio	
Rank	Tenant	Portfolio (%)	Tenant	Portfolio (%)	Tenant	Portfolio (%)
1	Wesfarmers	28.4%	Singtel (Optus)	7.6%	O-I	14.3%
2	Woolworths	22.9%	IBM Limited	3.4%	Department of Defence	12.0%
3	Retail Adventures	1.7%	Stockland	3.2%	Toll Holdings	11.1%
4	Best & Less	1.5%	Sony	3.1%	P&O	7.3%
5	Amalgamated Holdings Limited	1.4%	Sinclair Knight Merz	3.1%	Australian Wool Handlers	7.1%
6	Aldi	1.1%	Australian Taxation Office	2.8%	Ceva (TNT)	4.6%
7	Specialty Fashion Group	0.8%	Schneider	2.8%	Linfox Australia	4.0%
8	McDonald's	0.8%	Goodman Fielder	2.5%	Visy Industrial Packaging	3.1%
9	Commonwealth Bank of Australia	0.6%	Symbion Health	2.4%	Unitised Building (Aust) Pty Ltd	3.0%
10	Westpac Bank Corporation	0.6%	CSR	2.1%	Kmart Distribution (Wesfarmers)	2.6%
11	Super Retail Group	0.6%	Downer EDI Engineering	2.0%	Silk Logistics	2.2%
12	Terry White Chemist	0.6%	Worley Parsons	1.7%	Hi Fert	1.9%
13	Harris Scarfe	0.6%	Shell	1.7%	Yakka	1.7%
14	Franklins	0.6%	Hewlett Packard	1.7%	CRT Group	1.5%
15	Just Group	0.6%	Schering Plough	1.5%	William Enterprises Group	1.2%
16	Metcash Trading Limited (IGA)	0.5%	Uniting Church	1.5%	Spendless Shoes	1.2%
17	Hoyts Cinemas	0.5%	Clemenger BBDO	1.5%	Simon Transport	1.1%
18	JB HI-FI	0.5%	Jansen Cilag	1.4%	Isuzu	1.1%
19	Sussan Group	0.5%	Boulderstone Hornibrook	1.4%	Amcor	1.1%
20	Prouds Jewellers	0.5%	HMGM QEII (Crown Property)	1.4%	ABB Grain	1.0%
		65.3%		48.8%		83.1%

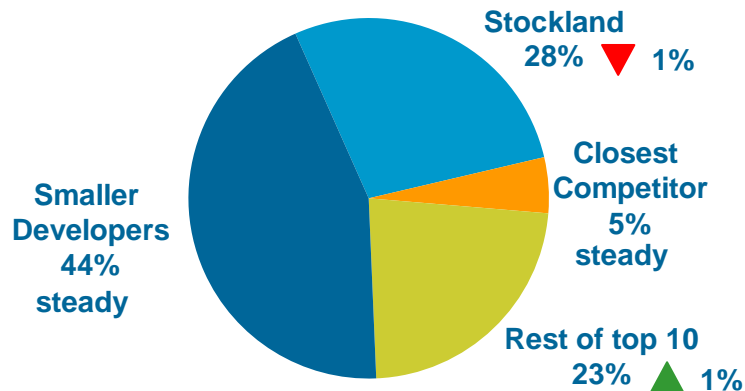


Stockland

Residential

Delivering on our strategy

Market share in active corridors¹



Market Share slightly down but above our 25% target

- Declined slightly due to new entrants emerging in existing corridors and new projects ramping up
- NSW and WA increased market share, whilst Vic and Qld declined as new supply entered the market

New project launches

- New projects take time to reach mature level of sales and market share target of 25%:
 - New projects progressing well with growing market share

Our strategy remains to deliver affordable, high-quality residential communities for middle Australia

Focus on large scale greenfield projects with speed to market

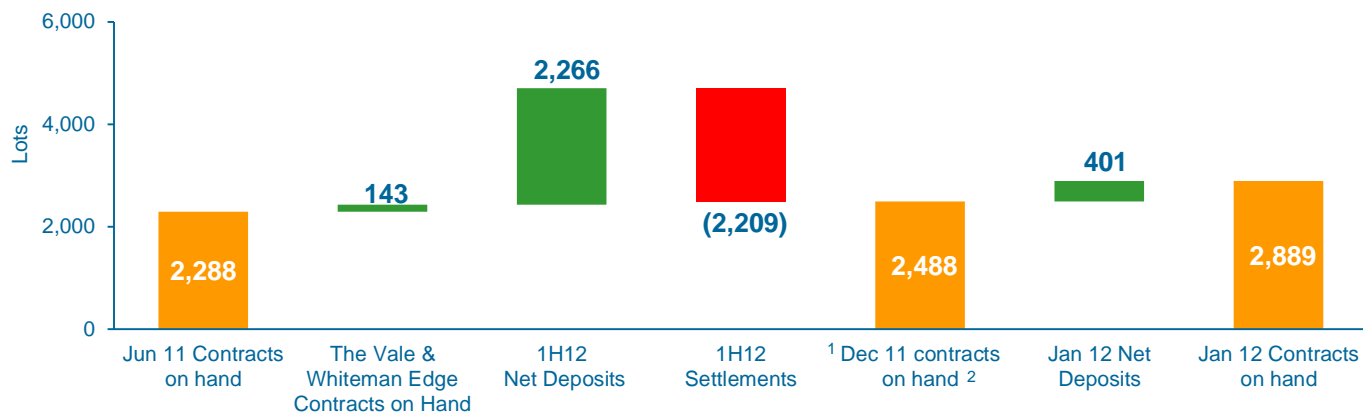
Target high-growth corridors for improved market reach

Continued focus on customer, product and community to drive competitive advantage

Leverage 3-R strategy to deliver better community amenity

Strong contracts on hand position underpins 2H12 profit

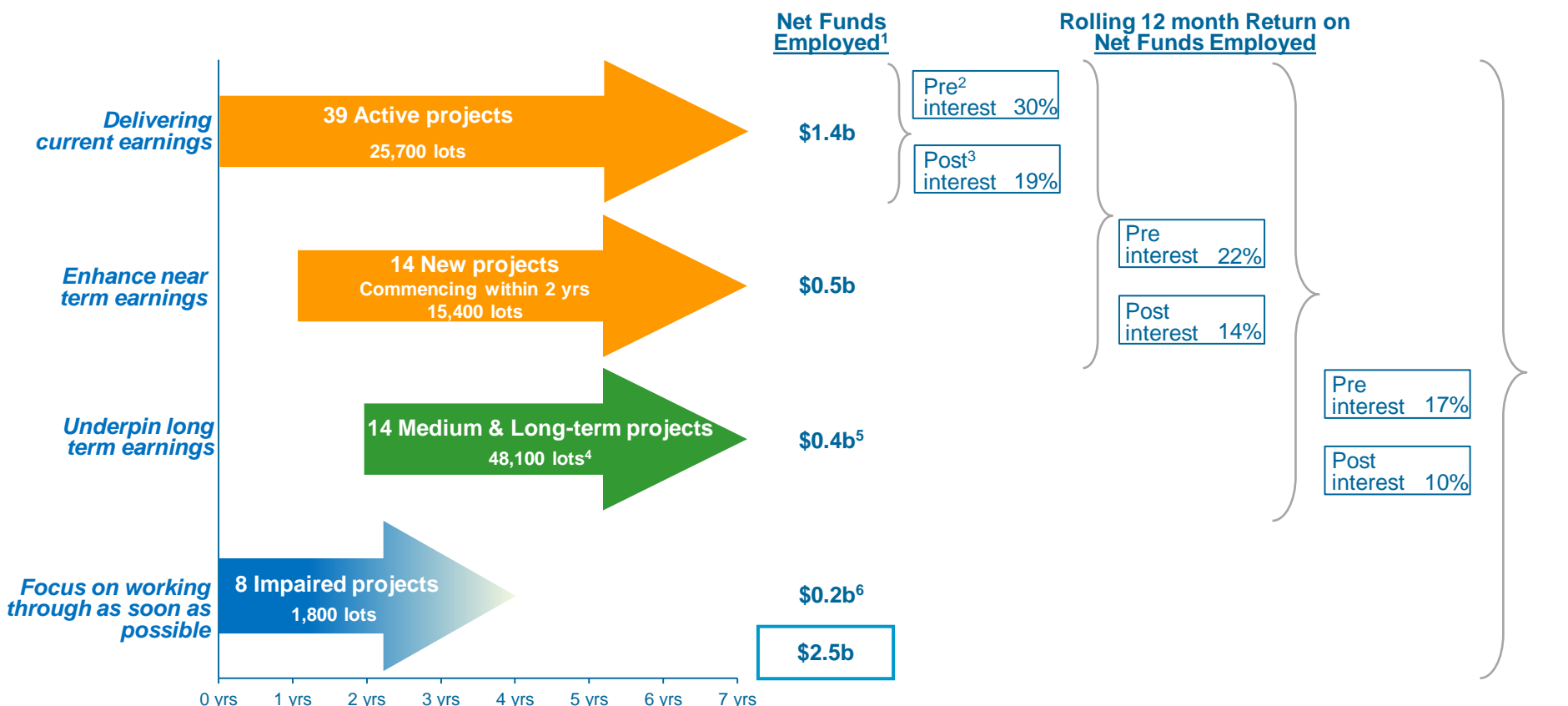
Residential Communities sales



Volumes up 1%

- 1H12 lot settlements 2,209:
 - Strong settlements from new projects in Vic and WA
 - Qld settlements down reflecting soft 2011 market conditions following natural disasters
- Enter 2H12 with 2,488 contracts on hand
- Lead volumes and net deposits in January further strengthens contracts on hand position

Focus on capital efficiency and visibility of future profits



Total RONFE down from 11% to 10%

- Reflecting 12 months of difficult market conditions and FY12 superlot skew
- RONFE impacted by soft market conditions and timing of new projects delivering profits

1. Based on net funds employed as at 31 December 2011

2. Pre-interest RONFE = EBIT (before interest in COGS) / Average Annual Net Funds Employed (excluding capitalised interest)

3. Post interest RONFE = Operating profit (net of interest in COGS) / Average Annual Net Funds Employed (including capitalised interest)

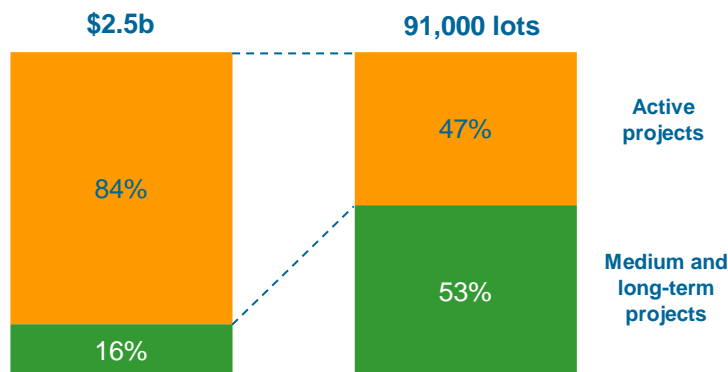
4. Includes Marsden Park, NSW

5. \$0.2bn is Caloundra

6. After impairment provision of \$0.2bn

Future profit underpinned by quality medium and long-term landbank

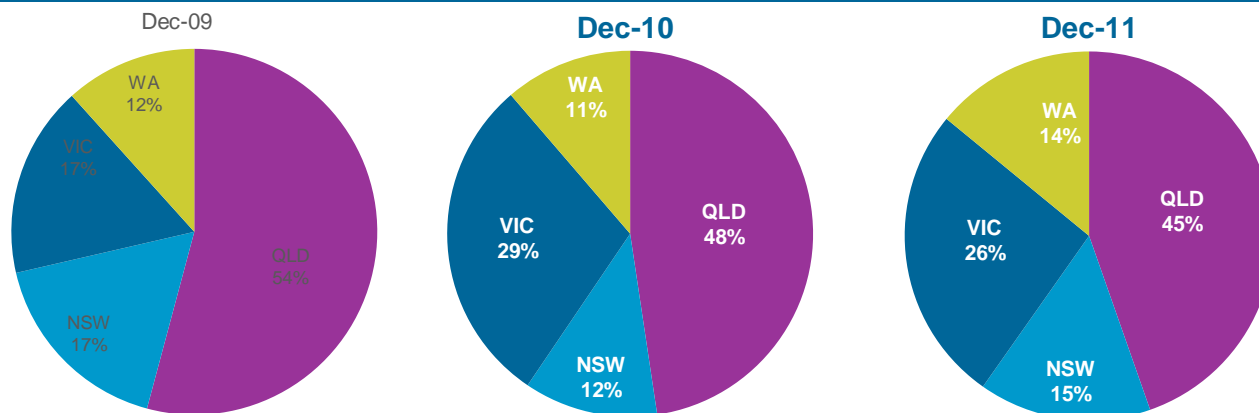
Efficient use of capital to support longer-term growth



Medium and long-term land bank only 16% of NFE

- Represents efficient use of capital (48,100 lots; \$0.4b NFE)
- Provides access to large masterplanned communities with potential to incorporate retail and retirement living
 - ~43% of total lots controlled incorporate the opportunity to develop Residential, Retail and Retirement Living

Diversifying our landbank¹ across the 4 states

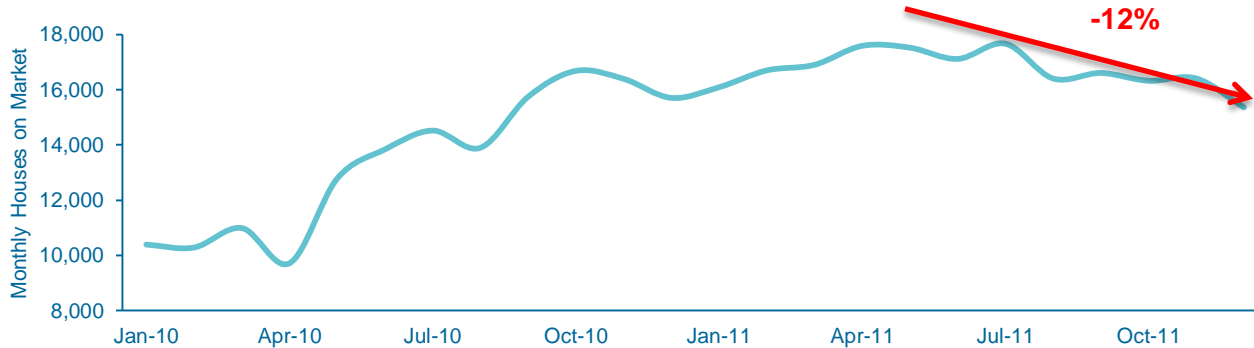


Update on key projects

- Caloundra South (Qld) has received Development Scheme Approval and Bells Reach (Qld) will commence settlements in 2H12
- Lockerbie (Vic), East Leppington (NSW) and Marsden Park (NSW) identified as early release areas – on track for settlements in FY14

Leading indicators point to improving housing activity in WA & Qld

Perth Stock on Market levels falling



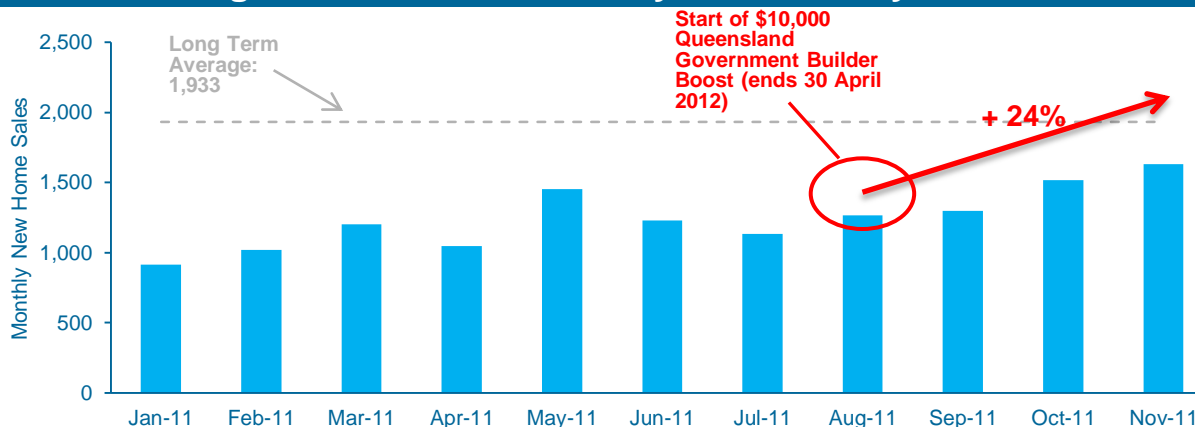
WA market showing positive signs

- Established stock on market down 12% from April 2011 peak
- Owner-occupied housing finance up 13% year-on-year
- Affordability up as incomes continue to grow strongly
- Rental vacancy rate at lowest level in 5 years
- Established prices down 4.3%¹ in 2011

New home sales up 24% in three months to November

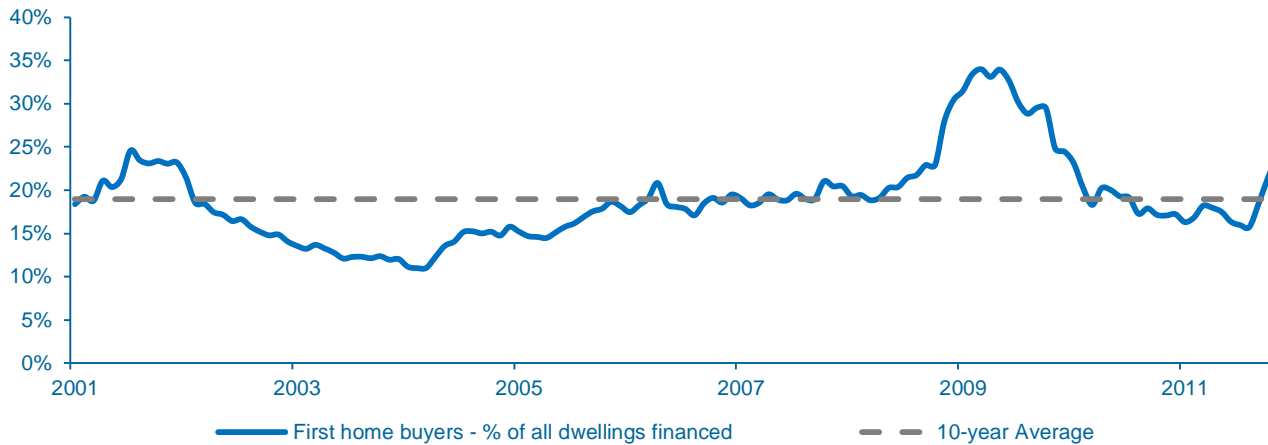
- Monthly new home sales up 24% since August; Building approvals also up 22% off July lows
- Proven demand for innovative, smaller product - e.g. 250sqm "Mode" product at North Lakes
- Established prices down 6.8%¹ in 2011

Qld coming off the bottom of the cycle – monthly new home sales



Demand strong in NSW, VIC returning to long-term average

NSW FHB activity at strongest levels since December 2009¹



NSW market currently strongest in the country

- Housing Finance up 18% year-on-year
- New Home sales up 23% in November off low base
- First Home Buyers back above long term averages:
 - Historically upgraders follow FHB activity
- Established prices down 0.9%³ in 2011

VIC dwelling completions still remain above long term average levels²

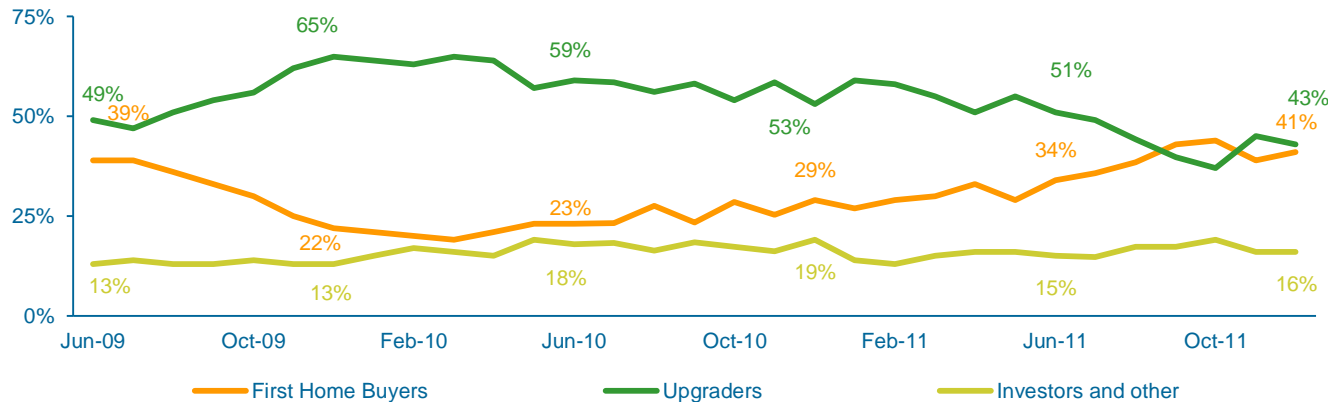


VIC market still above long term average levels

- Expect market to return to long term average:
 - Dwelling completions down 8% from peak
 - Underlying demand underpinned by net international migration
- Further easing of vacant land market expected in 2012
- Established prices down 6.8%³ in 2011

Improvement in Leads driven by FHB segment

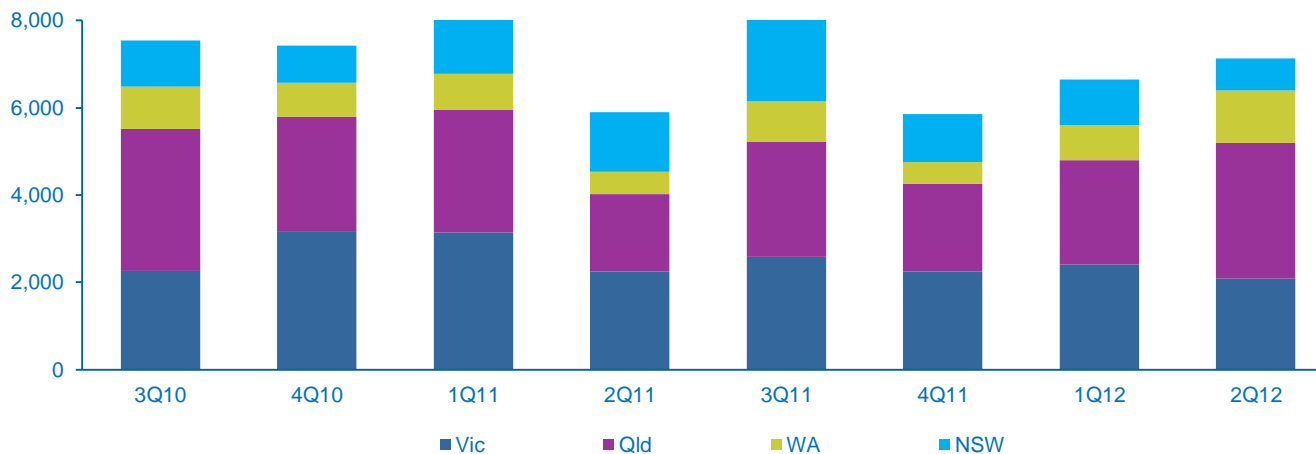
Leads¹ by segment



Lead mix reflecting product demand

- Strong demand from First Home Buyers
- Investors remain steady between 15 – 20%

Lead volumes by State

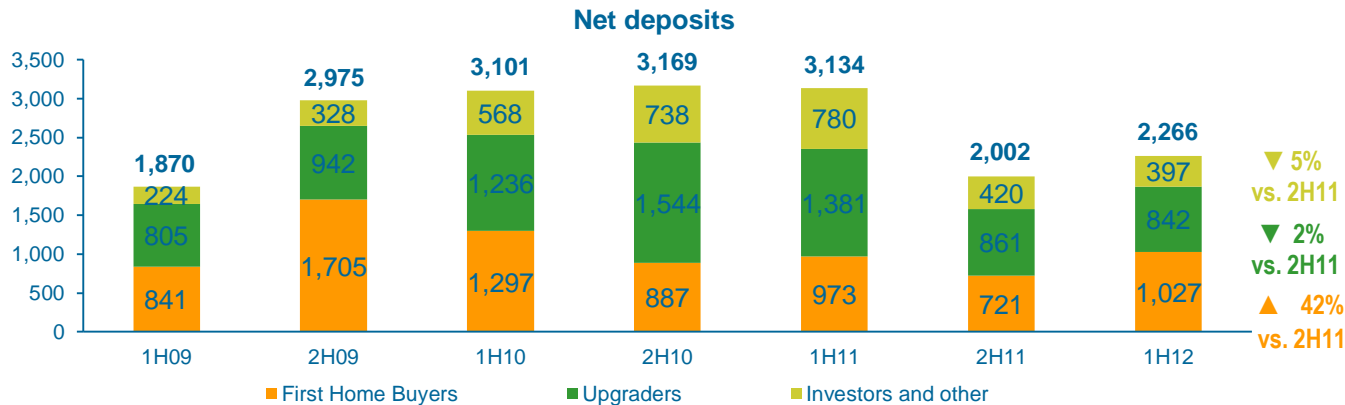


Lead volumes gaining momentum

- Strong leads from QLD underpinned by innovative and affordable product
- WA increasing as market reach is extended into new corridors
- VIC stable with strong interest in new projects
- NSW coming off a higher base from strong interest in Brooks Reach and stage releases in prior periods

Net deposits up 13% on 2H11 results

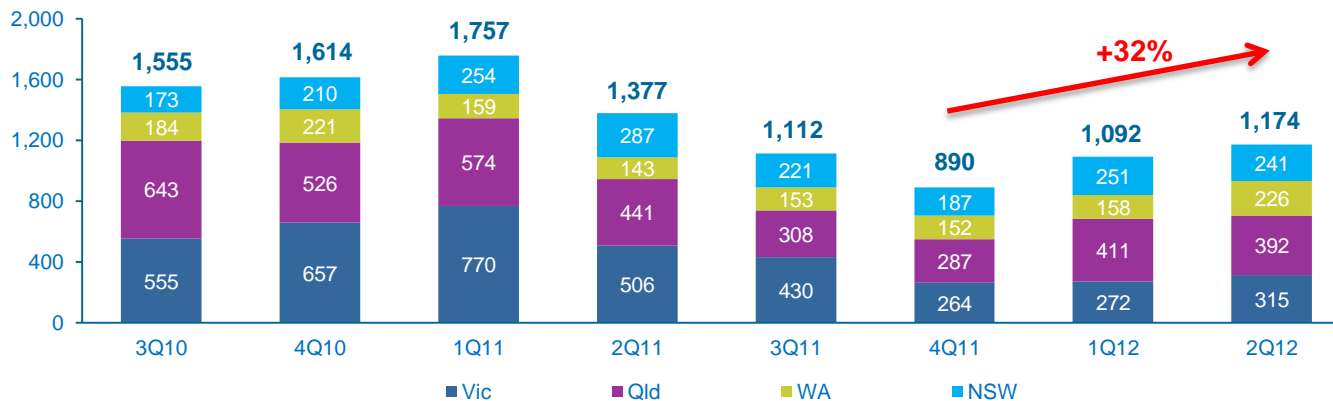
Improving net deposits driven by FHB



Signs of recovery emerging

- First Home Buyer net deposits up 42% vs. 2H11, reflecting increasing appeal of Stockland product to value conscious customers:
- FHB recovery historically flows through to upgrader market

Consecutive quarters of net deposit growth

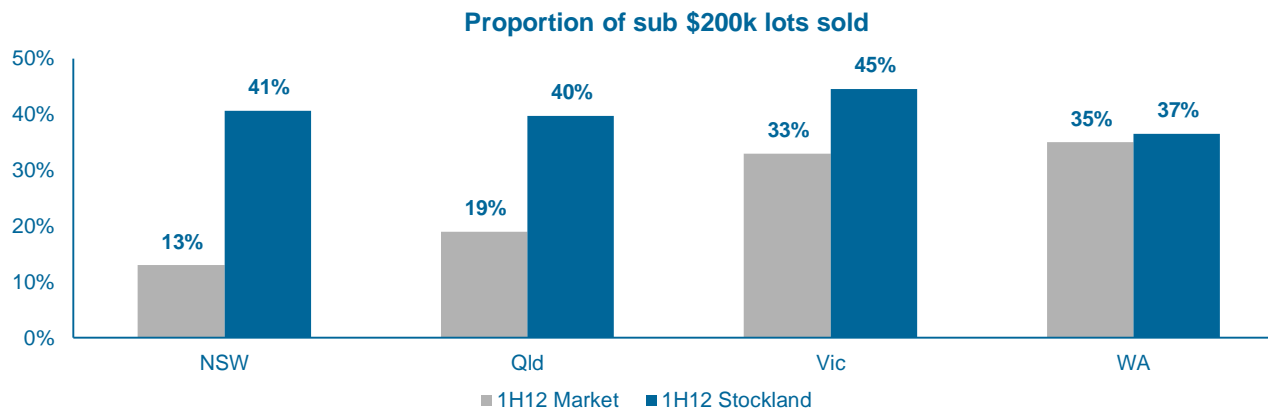


Strong improvement in net deposits

- Qld showing signs of recovery following widespread natural disasters in 2H11
- WA improving as Vale and Whiteman Edge gain momentum
- Brooks Reach and Glenmore Ridge performing well in NSW
- New project launches in Vic driving sales

Leading the market with lower price points

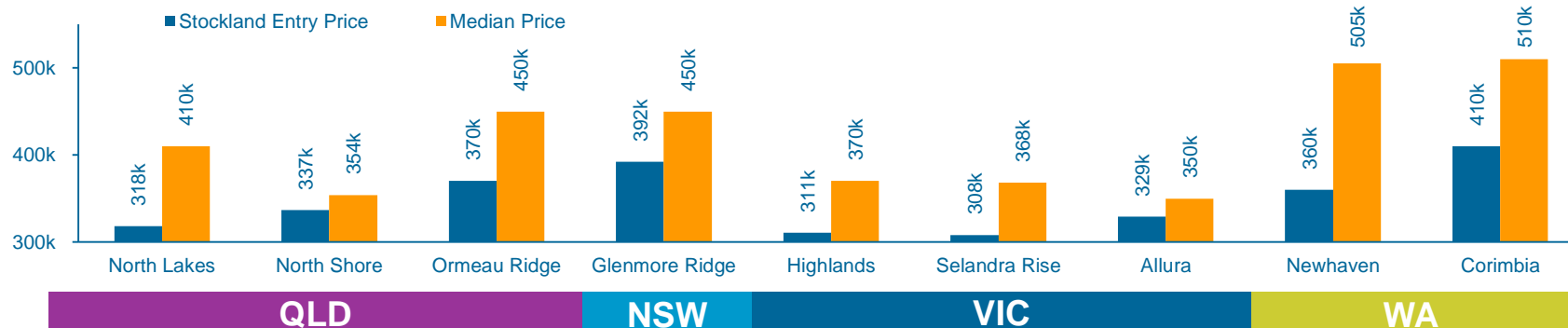
Stockland projects providing more affordable product¹



High proportion of product under \$200k in all 4 states

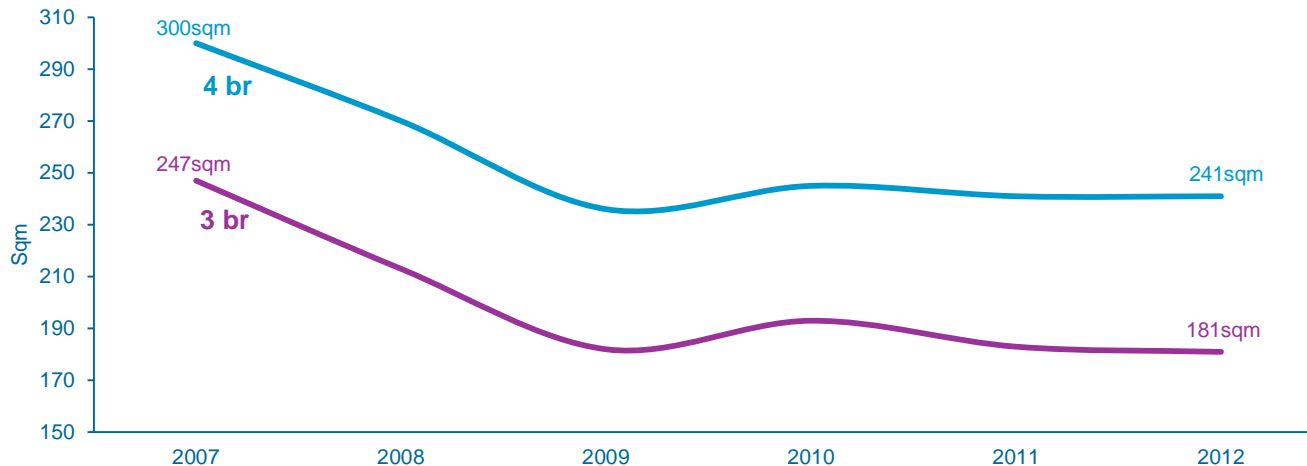
- Our customer insights tell us that \$200,000 is a key price barrier for our buyers:
 - We are leading the market in proportion of lots for sale under \$200,000

Stockland projects consistently more affordable than local median house price^{2,3}



Customers continue to move to more compact living spaces

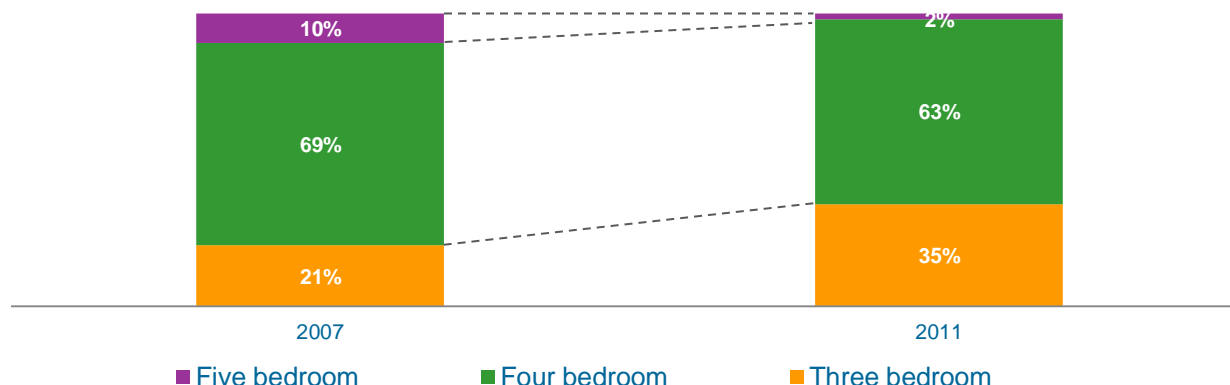
Average house sizes continue to decrease¹



Demand for smaller house sizes

- As housing design continues to become more efficient we are able to meet increasing customer affordability constraints
- At circa \$800-\$1,000 per sqm build cost, reduction in house size presents potential savings of up to \$40,000-\$60,000 for customers

A preference for three bedroom houses is emerging¹







Three bedroom houses becoming more desirable

- Customers are recognising the costs of larger houses are unsustainable

Own vs. rent gap narrowing substantially

Delivering affordable product in our corridors enticing new buyers into Stockland product

	Stockland Package		Established Market			Gap from Own to Rent (1)-(2)	
	Package and Price ¹	(1) Mortgage Repayments ²	Median House Price ³	Mortgage Repayments ²	(2) Rental Equivalent ⁴	June 2011	Dec 2011
 VIC	3 Bed, 2 Bath Highlands, Craigieburn \$310,889	\$382pw	\$370,000	\$454pw	\$340pw	+\$91pw	+\$42pw
 NSW	3 Bed, 2 Bath Glenmore Ridge, Penrith \$391,990	\$481pw	\$450,000	\$552pw	\$420pw	+\$101pw	+\$61pw
 QLD	3 Bed, 2 Bath North Lakes, Mango Hill \$318,010	\$390pw	\$410,000	\$503pw	\$390pw	+\$29pw	+\$0pw
 WA	4 Bed, 2 Bath Settlers Hills, Baldivis \$319,419	\$392pw	\$450,000	\$526pw	\$380pw	+\$109pw	+\$12pw

1. Fixed Price House and Land packages for sale within Stockland House and Land Finder, December 2011

2. Based on nomination package price under a 30 year Principal and Interest loan, using a full recourse variable mortgage rate of 7.0% (average calculated using RBA indicative lending rate 06/02/12) and a 20% deposit

3. APM: Median value of established houses in surrounding suburbs as at September 2011

4. APM: Based on the asking rent for a comparable size established house in surrounding suburb at September 2011

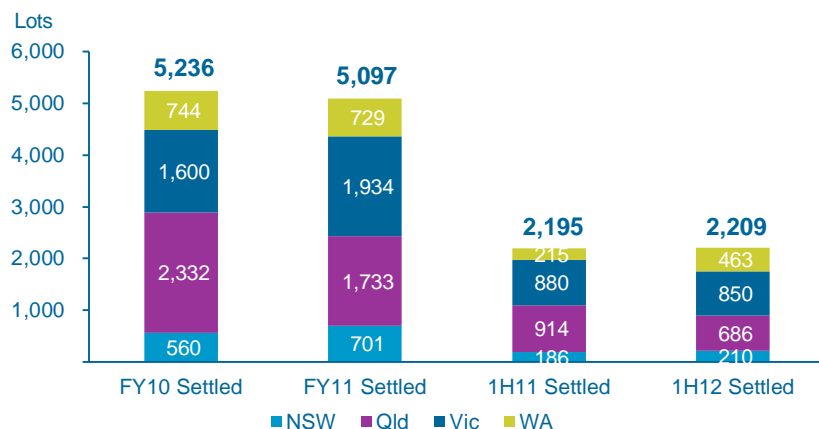
9 new project launches in FY12

Summary of new projects¹

Project		Launch Date	Timing of first settlements	Approximate total lots in project	Approximate life of project
NSW	Brooks Reach	Oct-11	2H12	600	2-3 years
QLD	Vale	Sep-11	2H12	600	4-6 years
	Bells Reach (formerly Bellvista II)	Jan-12	2H12	650	4-6 years
VIC	Arbourlea (formerly Cranbourne North)	Dec-11	2H12	310	2-3 years
	Allura (formerly Leakes Road)	Aug-11	2H12	1,100	4-6 years
WA	Wungong Reach	Aug-11	2H12	2,750	9-11 years
	Amberton	Nov-11	2H12	2,350	9-11 years
	Vale (formerly The Vale)	Jul-11	1H12	2,700	7-8 years
	Whiteman Edge	Jul-11	2H12	1,200	4-5 years
Total lots				12,260	

Strong lot settlement growth in WA

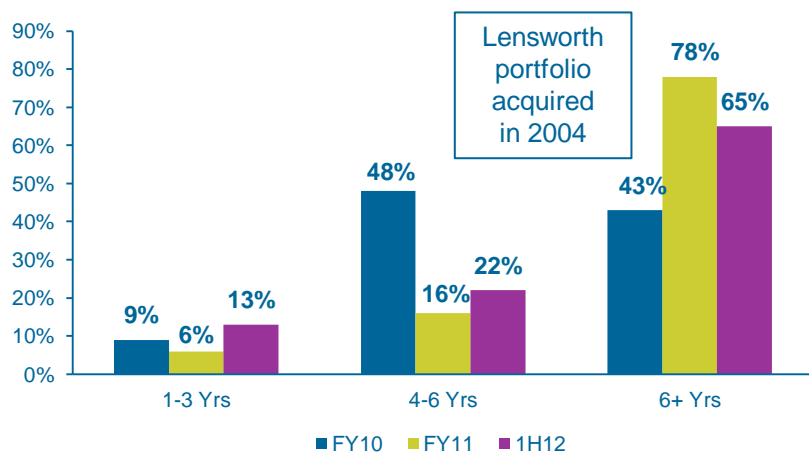
Lots settled by location (units)



Increased investment in WA improving settlement volumes

- WA settlements up 115% on pcp
- Qld settlements down following softer market conditions in 2011 as a result of natural disasters
- Vic settlements stable in declining market
- NSW settlements up due to ramping up of new projects

Lots settled by age¹

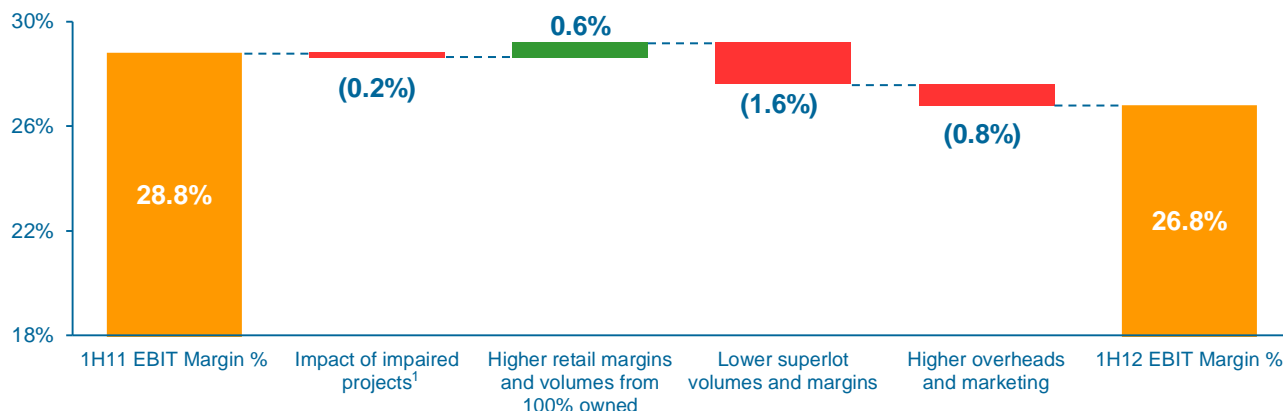


Speed to market focus

- Lots settled older than 6 years decreasing as mature projects trade out
- Newer projects settling with less capitalised interest

Breakdown of 1H12 margin

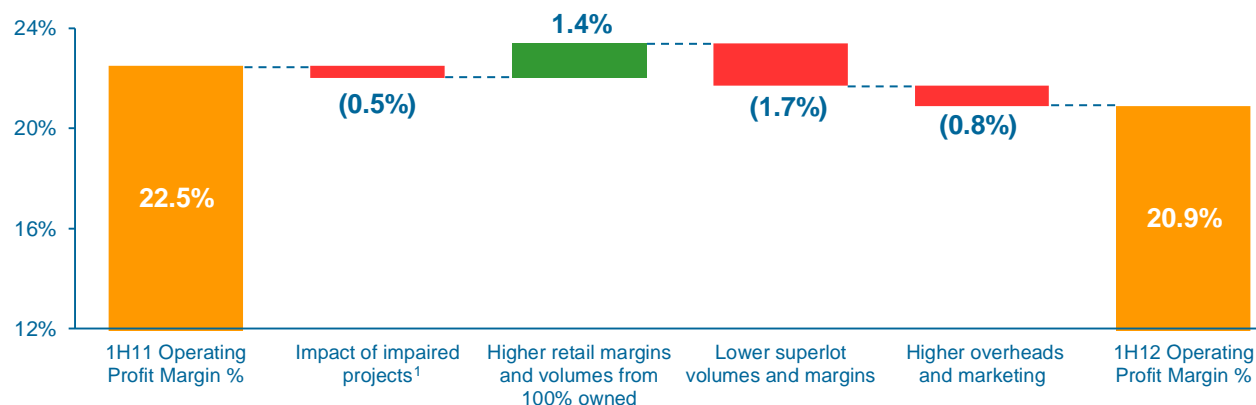
Residential Communities EBIT margin (before interest in COGS)



Retail margins improving

- Higher retail margins on the back of strong price per sqm growth in NSW and Vic
- Overall margins impacted by:
 - Skew of superlot settlements to 2H12
 - Marketing costs relating to 8 new project launches in 1H12
 - Higher proportion of settlements from impaired projects

Residential Communities Operating Profit margin (including interest in COGS)



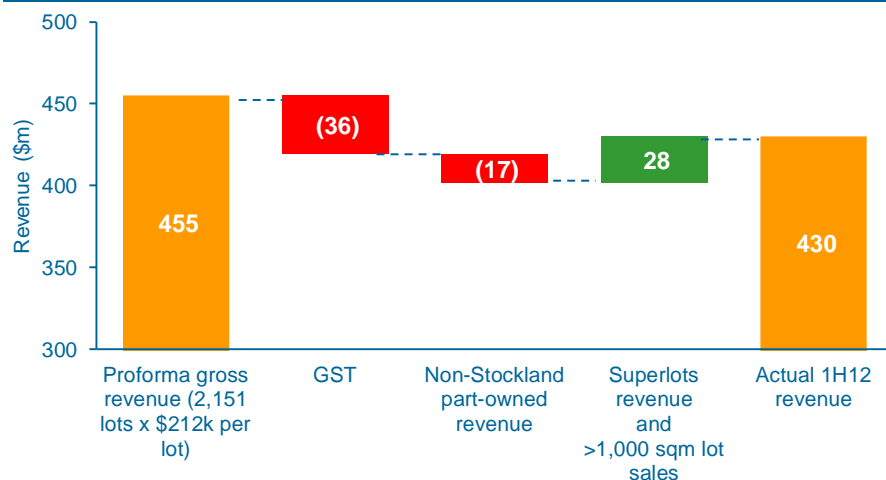
Lower impact of capitalised interest in COGS

- Impact of capitalised interest in COGS 5.9% in 1H12 vs. 6.3% in 1H11
- Decrease reflects impact of new project settlements with lower capitalised interest released through COGS

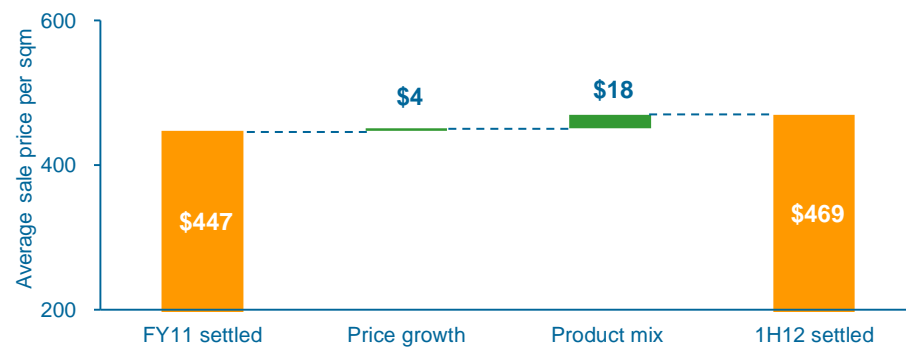
Retail average sales prices

Retail sales prices ¹ - Based on all lots settled								
FY11 Settlements					1H12 Settlements			
State	No. lots	Av. size per lot sqm	Av. Price per lot \$k	\$/sqm	No. lots	Av. size per lot sqm	Av. Price per lot \$k	\$/sqm
NSW	650	542	230	425	191	539	250	464
QLD	1,664	518	219	423	659	520	211	406
VIC	1,917	428	191	447	847	395	195	494
WA	718	480	256	533	454	419	227	542
Residential Communities	4,949	481	215	447	2,151	451	212	469

Revenue Reconciliation



Retail lot settlements - increase in price per sqm

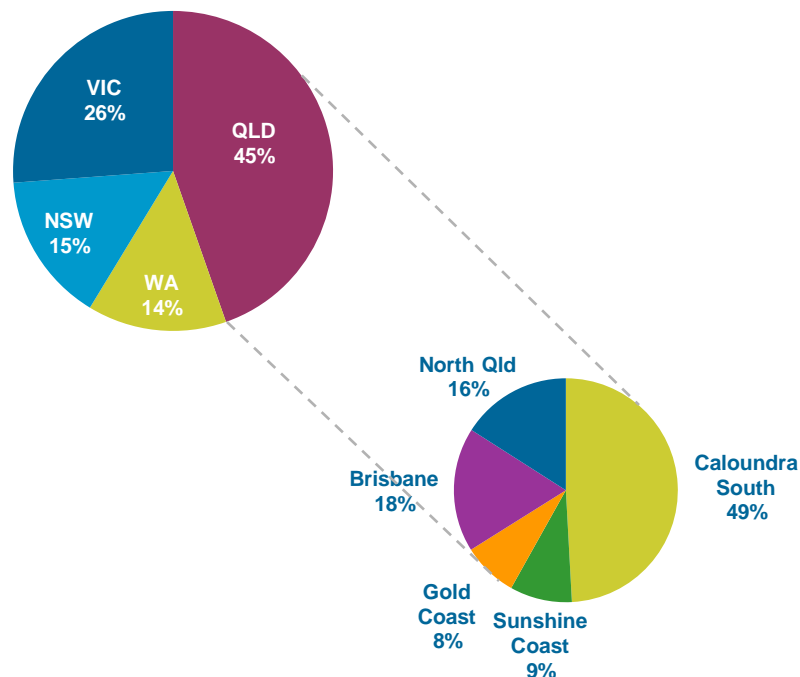


Moving towards a portfolio of larger projects across all states

Major projects

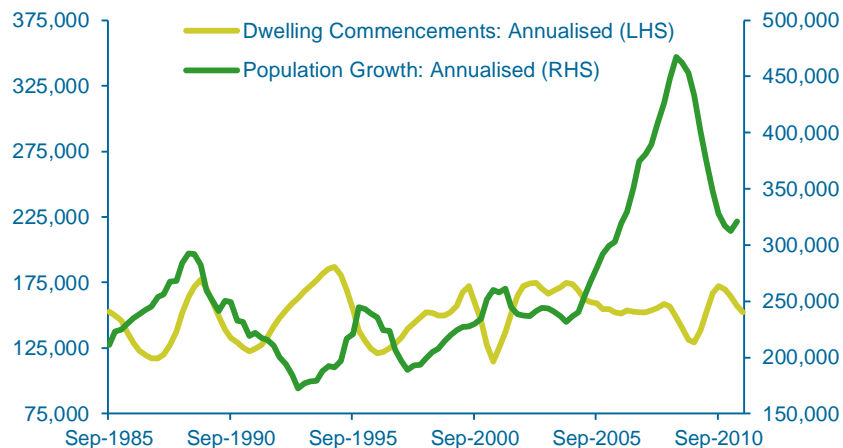
State	Project	Approximate lot sales per annum ¹	Approximate remaining project lots
QLD	North Shore	310	4,400
	North Lakes	400	1,200
	Brightwater	180	800
VIC	Highlands ²	600	4,100
	Mernda Villages	290	1,400
	Allura (formerly Leakes Road)	230	1,200
	Selandra Rise	300	760
WA	Vale (formerly The Vale)	300	2,700
	Whiteman Edge	240	1,200
	Newhaven	240	780
	Corimbia	230	660
NSW	McKeachies Run	200	670
	Brooks Reach	200	600

Total pipeline of 91,000 lots - Geographic mix

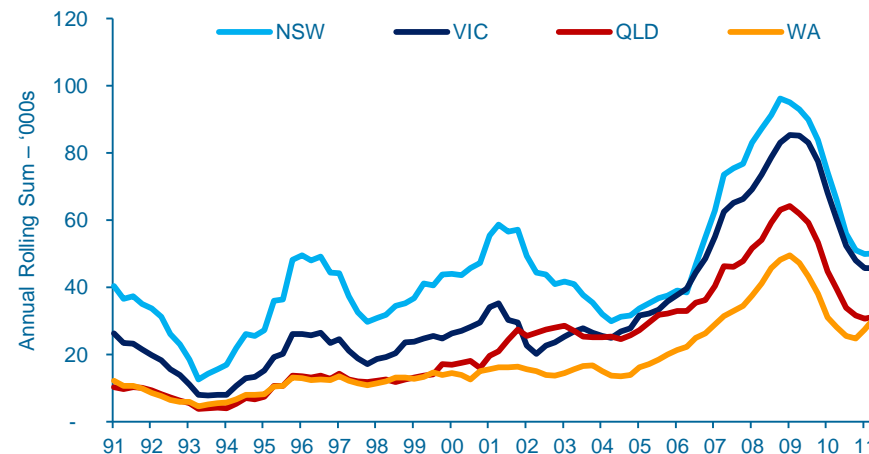


Market fundamentals driven by housing affordability and undersupply in Australia

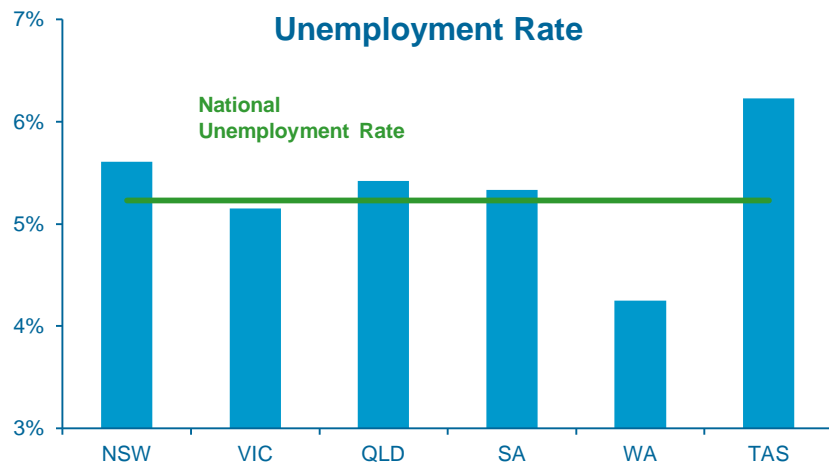
Population growth diverging from dwelling starts¹



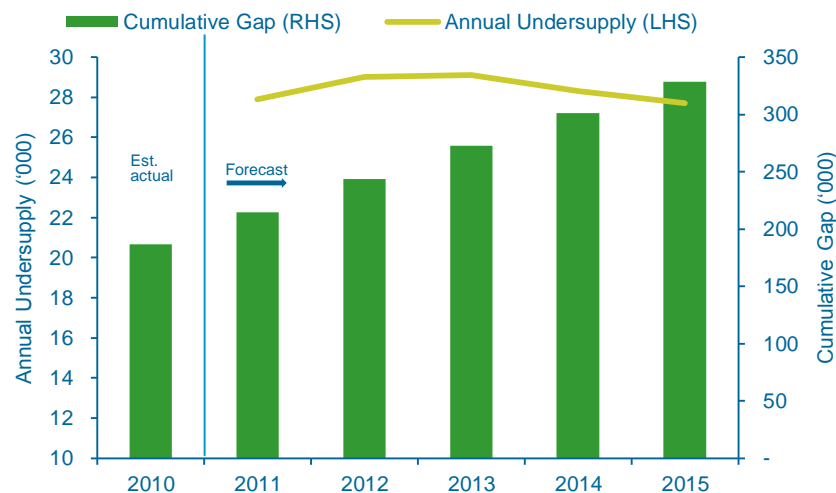
Net overseas migration rising²



Strong labour market supporting household income growth³



Large and growing housing undersupply⁴



1. ABS Cat. No. 8752.0, 3101.0

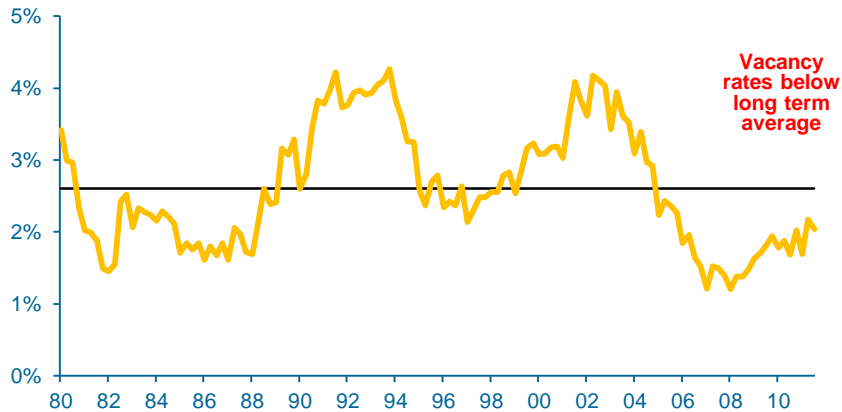
2. ABS Cat. No. 3101.0

3. ABS Cat. No. 6202.0

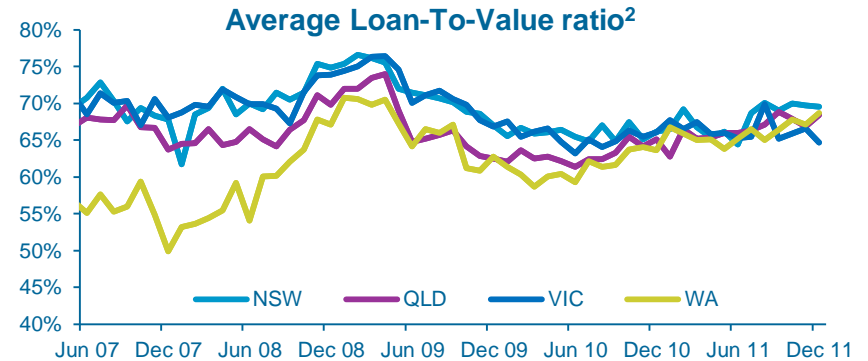
4. National Housing Supply Council - State of Supply Report, 2011, Table 4.6

Mortgage debt sustainability, bank mortgage lending is responsible

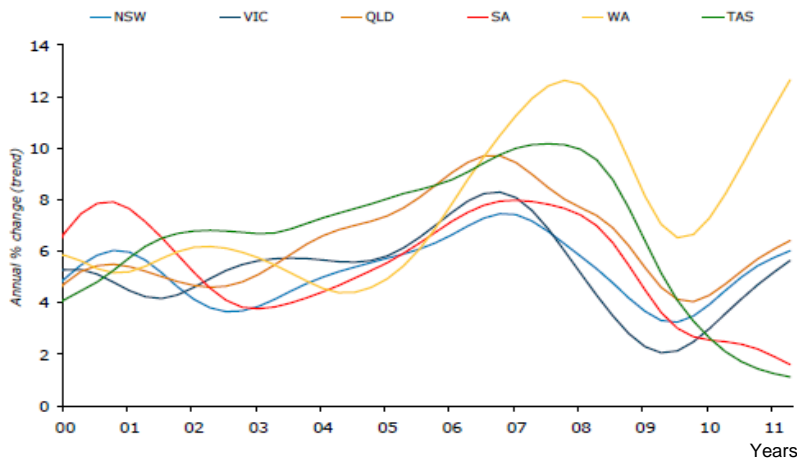
Rental vacancies remain at low levels¹



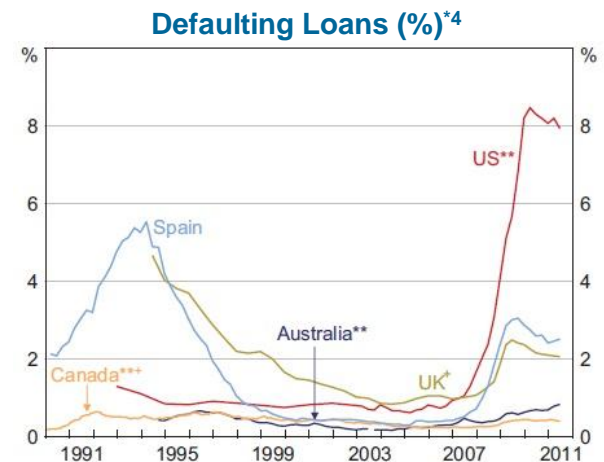
Buyers are taking on sustainable levels of debt



Household income rising³



Loan defaults remain low in Australia



1. REIA
2. AFG Monthly Mortgage Index
3. ANZ Research
4. RBA, APRA, Bank of Spain, Canadian Bankers' Association, Council of Mortgage Lenders, FDIC

* - Per cent of loans by value. Includes impaired loans unless otherwise stated. For Australia, data prior to September 2003 based on loans 90 days in arrears ** Banks only; * Per cent of loans by number that are 90+ days in arrears

Apartments wind down on track

Apartments	1H12	1H11
Apartments settled	89	286
Revenue	\$83m	\$293m
Operating Profit (incl. interest in COGS) ^{1,2,3}	\$2m	\$32m
Operating Profit margin (incl. interest in COGS) ³	2%	11%
Contracts on hand - no.	13	328
- \$	\$28m	\$225m
Net funds employed	\$94m	\$308m

Progress in 1H12

- 1H12 volume predominantly from final settlements at Prince Henry
- Operating Profit of \$2m:
 - No further profit expected

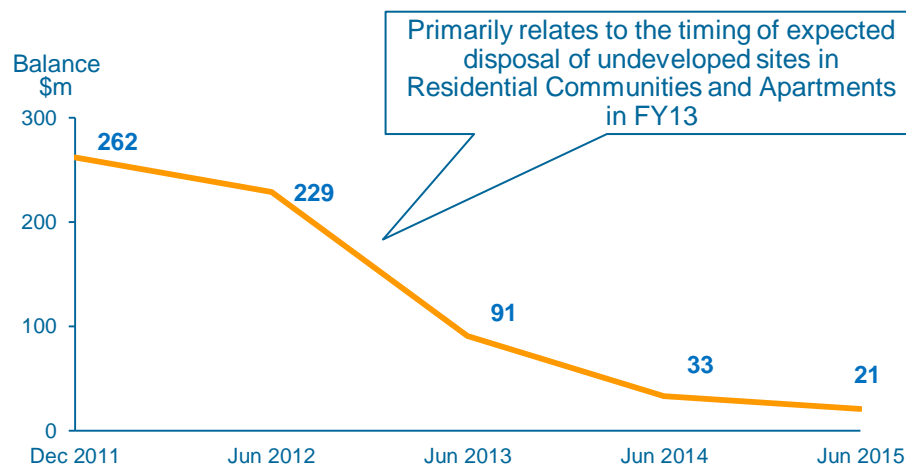
Details of previously impaired projects settled in 1H12

- Projects reviewed quarterly to assess recoverability:
 - Inventory carried at lower of cost and net realisable value
- No further impairment for 1H12
- Net profit on settlements from previously impaired projects excluded from Underlying Profit:
 - 4% of total lots settled in Residential Communities (nil profit impact)
 - 92% of total lots settled in Apartments (nil profit impact)

1H12	Residential Communities (\$m)	Apartments (\$m)	Total (\$m)
Reduction in provision for impairment in 1H12	5.3	13.4	18.7
Utilisation of impairment provision in 1H12	(5.3)	(13.4)	(18.7)
Excess profit from impaired projects	-	-	-

	Estimated future revenue (\$m)	Impairment provision balance 31/12/11 (\$m)	Final settlement
Residential Communities			
Projects to be completed	336	106	5 years
Disposal of undeveloped sites	43	99	4 years
Apartments	62	57	4 years
Total	441	262	

Residential - Forecast utilisation of provision¹





Tarneit Skies Retirement Village, Vic



Stockland

Retirement Living

Business poised for growth

Compelling demand drivers

- Expect demand for new developments of circa \$35b over the next 20 years (at current prices)
- Industry will struggle to meet demand, given fragmented structure
- Underlying demand remains strong, however time to buy is increasing as purchasers take longer to sell their homes

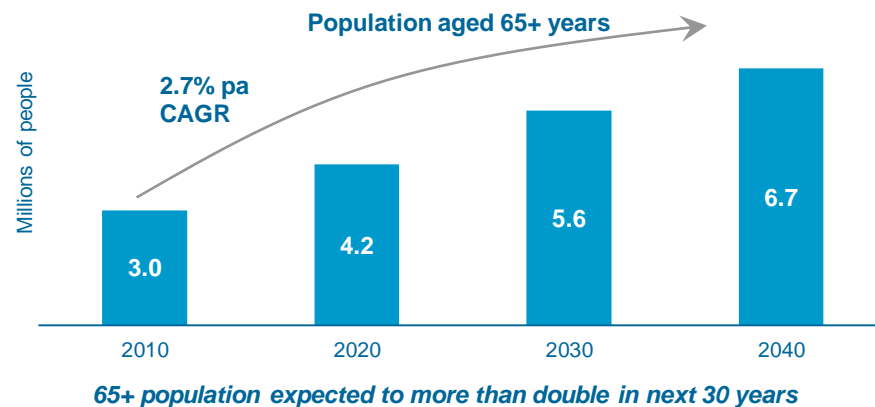
Attractive long-run investment returns

- Business expected to deliver an ongoing unlevered IRR of circa 12%, after overheads
- Higher development settlements and village maturity will drive improved cash metrics

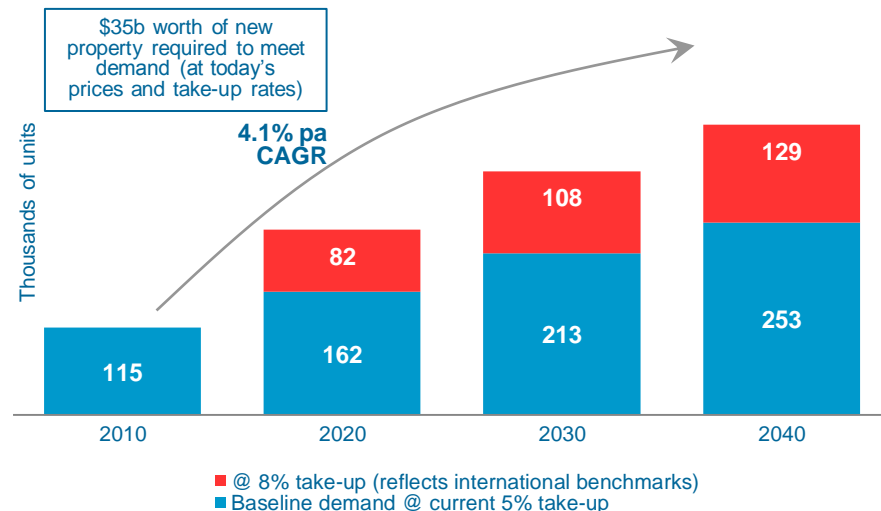
Stockland villages are appealing to residents

- Annual residents' survey shows 88% of residents are satisfied or extremely satisfied with village life
- 56% of residents have referred at least one person to a Stockland village
- 30% of sales are the result of a referral

Growth of >65 year old demographic is an opportunity



Expect large increase in retirement village demand



Retirement Living demand robust despite slower market

Established villages reservations¹



Reservations up 56%
over 30 June 2011

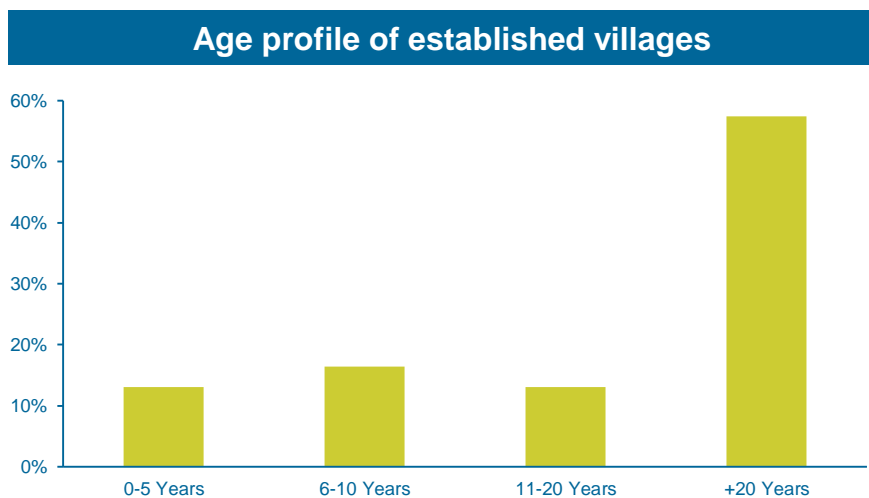
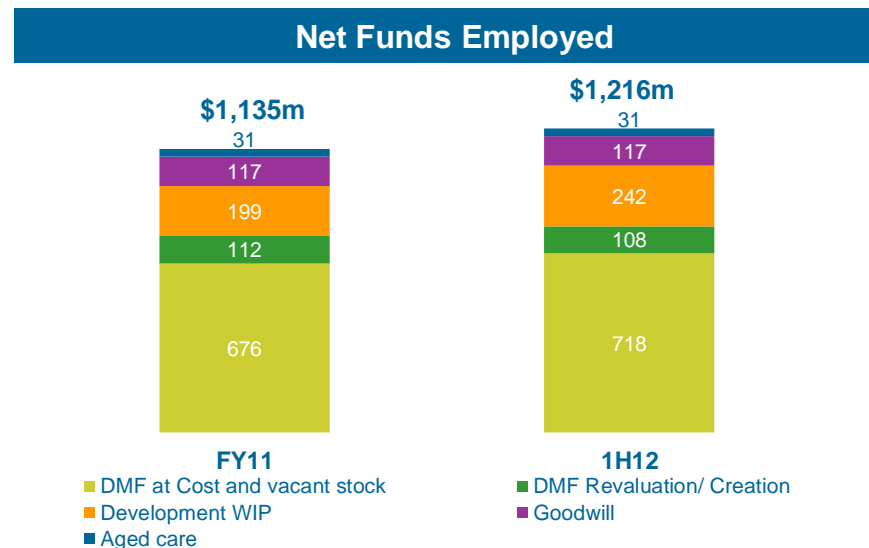
Development villages reservations¹



Reservations up 57%
over 30 June 2011

Portfolio overview

Portfolio Statistics	1H12	FY11
Established villages ¹	61	59
Established units	7,769	7,535
National ranking	#3	#3
Market share ²	~11%	~9%
Established units turned over	230	416
Occupancy ^{3,4}	93%	94%
Average age of resident on entry	73.7 years	73.9 years
Average age of current residents	80.7 years	80.7 years
Average tenure on exit	8.4 years	8.3 years
Average village age	17.9 years	18.1 years
Development pipeline	3,600 units	3,400 units
-Active	1,200 units	1,100 units
-Long-term	2,400 units	2,300 units



- 86 -
1. Excludes Affinity greenfield development
 2. Share ranking based on number of units under management
 3. Newly completed units are classified as unoccupied
 4. Decreased occupancy on FY11 represents ~75 additional units, however there are 115 more reservations than at FY11 and occupancy will increase upon settlement

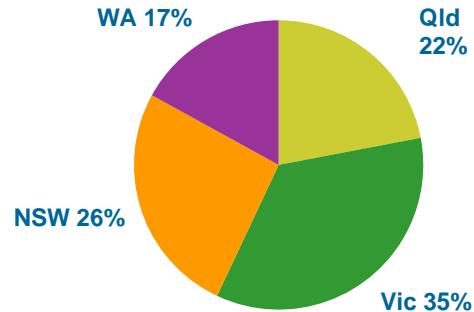
Retirement Living - Operating Profit and Statutory Profit

	1H12	Pro forma 1H11 ¹
New units settled (#)	100	76
Established unit turnovers (#)	230	249
Development Profit		
Settled	6	5
Unsettled	4	4
Accrued DMF	27	43
Conversion Profit	4	5
Net other income including Aged Care contribution	2	-
Net overheads ²	(20)	(25)
Operating Profit	23	32
Less: Accrued DMF	(27)	(43)
Add: Turnover cash	20	17
Cash coverage	16	6
Cash coverage ratio	70%	19%
Reconciliation of Operating Profit to Statutory Profit:		
Operating profit	23	32
Add: Turnover cash	20	17
Less: Accrued DMF	(27)	(43)
Add: DMF creation and revaluation	4	26
Statutory profit before interest and tax	20	32

- 87 - 1. 1H11 pro forma for Aevum and Stockland (i.e. Full six months for both portfolios combined)
2. Excludes overheads relating to Aged Care which are included in the Aged Care profit contribution

Significant organic growth through development pipeline

Geographically diverse development pipeline



Total ~3,600 units
 (~1,200¹ under development,
 in stages, ~2,400 pipeline)

Development pipeline

Development villages ²	26
Total development pipeline units	3,600
- Greenfield pipeline units	2,900
- Village extension pipeline units	700
Average greenfield development stage size (units)	26
Average village extension development stage size (units)	19
Estimated end value ³	\$1.6bn

Retirement Living - Development pipeline

State	Project	Yet to be released	Anticipated Settlements				
			FY12	FY13	FY14	FY15	FY16+
Active Developments							
VIC	Highlands	107					
VIC	Arilla	120					
VIC	Tarneit Skies	36					
VIC	Selandra Rise	202					
QLD	Fig Tree	97					
QLD	North Lakes	44					
NSW	Waratah Highlands	90					
NSW	The Willows	52					
NSW	Macarthur Gardens	219					
WA	Affinity	220					
Development Pipeline							
VIC	Mernda	240					
VIC	Gillin Park	40					
VIC	Highlands Extn	120					
VIC	Eucalypt	180					
VIC	Highlands II	230					
QLD	Farrington Grove	100					
QLD	Brookbent Road	170					
QLD	Caloundra	400					
NSW	Lourdes	10					
NSW	Golden Ponds	50					
NSW	Maybrook	20					
NSW	Cardinal Freeman	220					
NSW	The Cove	60					
NSW	Leppington	200					
WA	Vale	200					
WA	Banjup	200					
Total ILUs yet to be released		3,627					

Valuation overview

Key valuation assumptions		
	1H12	FY11
Discount rate	12.78%	12.78%
Average growth rate ¹	3.9%	4.0%
Average tenure	12 years	12 years

- Valuation assumptions and overall portfolio valuation validated by an independent valuer as at 30 June 2011
- Established DMF asset valuation has increased from \$698m at 30 June 2011 to \$716m primarily driven by the addition of newly constructed units and the acquisition of Farrington Grove.
- No significant change in key valuation assumptions from 30 June 2011
- Directors' valuations are performed every six months with independent valuations commissioned at least once every three years