Stockland

March 2013

Stockland Townsville, Qld

Stockland overview

Large diversified Australian Real Estate Investment Trust (A-REIT)

Listed on Australian Stock Exchange with a market cap of ~AUD8.3b[1]

Stapled security combining Trust and Trading company

Total assets of AUD14.3b

Key metrics[1]

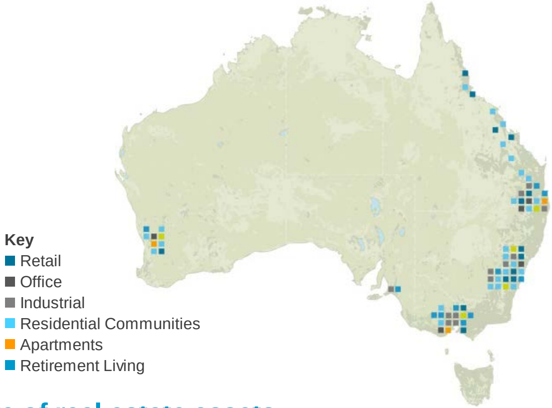
- NTA per share at 1H13: $3.49 (down 5% on 1H12)
- Yield FY13: 6.3% (A-REIT avg 5.7%)
- P/E FY14: 15.6x (A-REIT avg 14.0x)

Strong financial position with an A- stable credit rating (S&P)

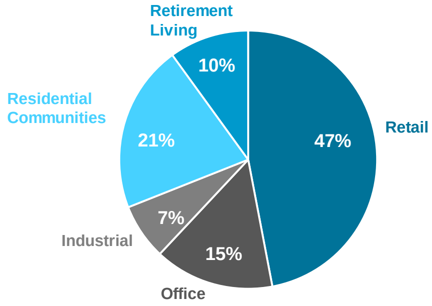
Strong commitment to Environment, Social and Governance (ESG)

- Listed in the Global 100 Most Sustainable Companies for the fourth consecutive year
- Dow Jones Sustainability Index top rated real estate company

Stockland is well positioned and has a diverse portfolio



Share of real estate assets



1. As at 13 March 2013, based on broker consensus

Overview of 1H13

Business performance reflects soft housing market and portfolio transition

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

Statutory earnings down 148% to ($147.1m) and statutory EPS down 151% to (6.7cps)

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

Return on equity of 7.5%, down from 8.2% at FY12

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

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

Retirement Living – solid operating result

Positioning the Group for stronger returns

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

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

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

Reallocation of capital from Trust to Corporation proposed for AGM

1. Includes lots owned and under option

Continuing to maintain a strong balance sheet

Commercial Property non-core asset sales

Asset sales of $271m in 1H13

Additional two assets held for sale[1] for $221m

Average exit yield 7.4%

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

Continue to focus on gearing and cash flow

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

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

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

Actively managing funds employed

Reduced Residential finished goods inventory available for sale; down 33%[2] from 30 June 2012

Key debt metrics

S&P rating	A- stable
Drawn debt[3]	$3.5b
Cash on deposit	$0.2b
Available undrawn committed debt facilities	$0.5b
Gearing (net debt[4] / total tangible assets)	27.6%
Interest cover	3.4:1
Weighted average debt maturity at 31 December 2012	5.2 yrs
Debt fixed/hedged as at 31 December 2012	66%
Weighted average cost of debt for 1H13[5]	6.0%
Weighted average cost of debt at 31 December 2012[5]	6.3%

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

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Residential


Highlands, Vic

Residential performance impacted by challenging market conditions

1H13 performance

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

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

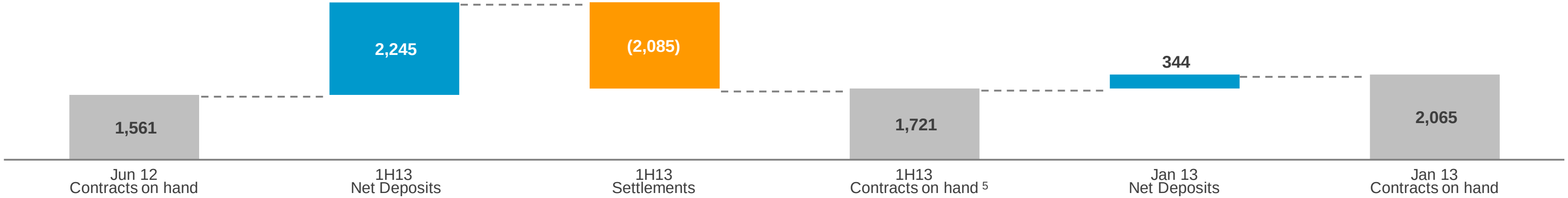
Downward price pressure in most corridors

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

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

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

Residential Communities sales



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

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Margins impacted by volume, project mix and price pressure

Settlement volumes declined

Decline led by soft Victorian market, settlements down 46%

Qld settlements down 13% due to soft Gold Coast market

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

NSW settlements up 101%

Project mix impacts margins

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

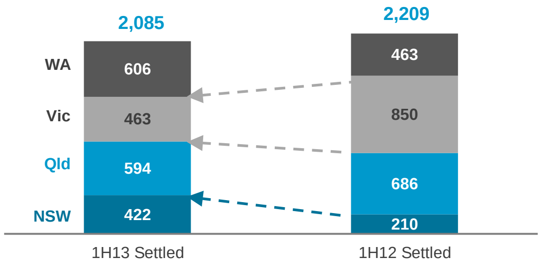
Project margins declined in each state

No price growth to offset inflationary cost increases

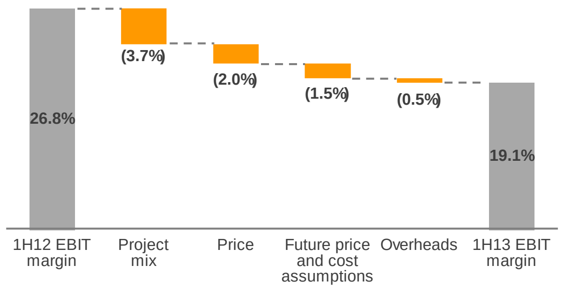
Adopted a more conservative view of future price, sales and cost assumptions

Change in application of capitalised interest policy

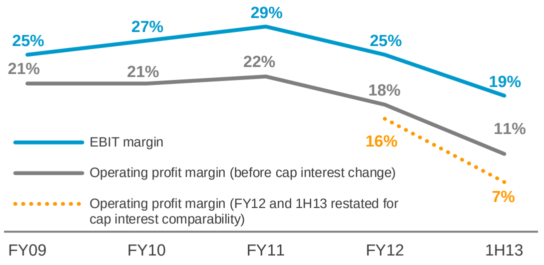
Lots settled by location (lots)



Change in EBIT margin



Residential margins



Reviewed and repositioned portfolio

Review reflects core portfolio focus

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

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

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

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

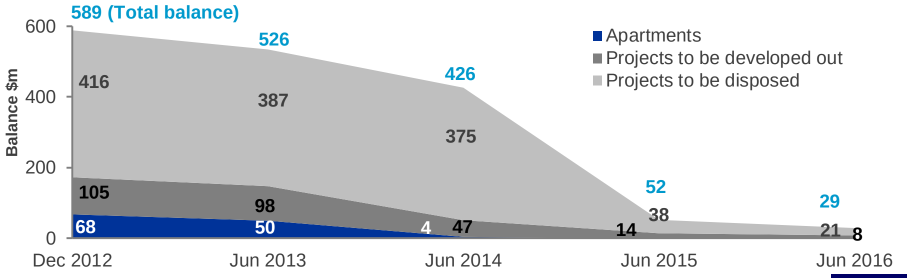
Three apartment projects and two industrial sites also require $19m impairment

Over 90%[1] of lots are aligned with our core strategy and will deliver stronger returns

Projects identified for disposal do not fit core portfolio

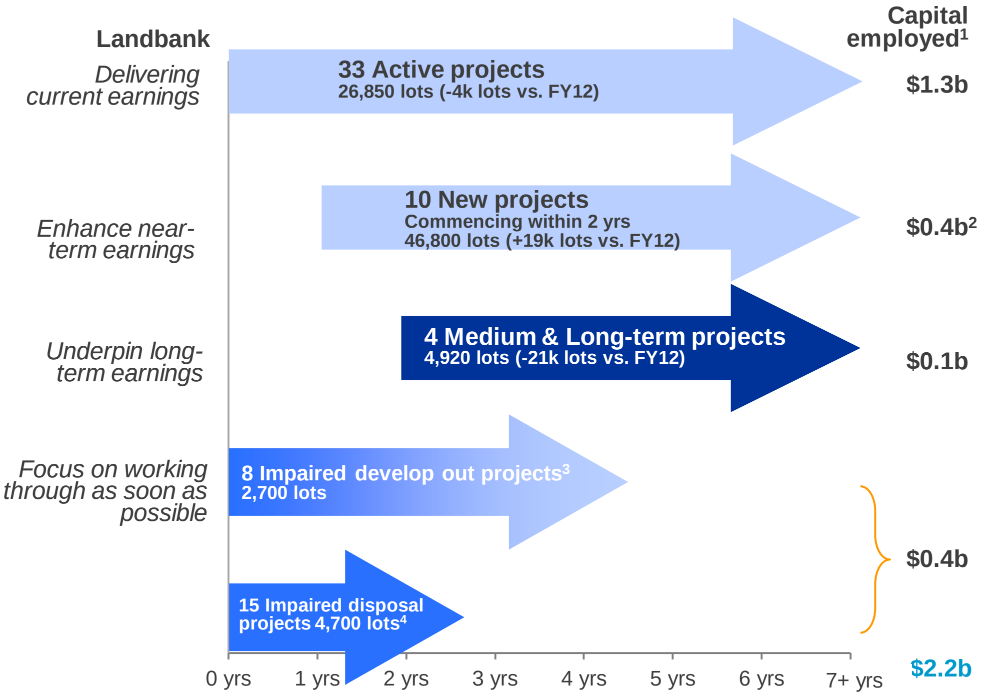
State	No. Projects	Previously impaired	In Strategic corridor	Capital efficient	Year acquired
NSW	5	3	1	-	2003/2004
Qld	6	3	1	-	5 in 2004 1 in 2008
Vic	1	-	-	-	2002
WA	1	1	1	-	2007
Total	**13**	**7**	**3**	**-**	

Residential - Forecast utilisation of impairment provision[2]



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

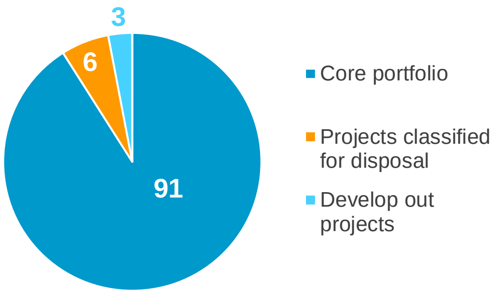
ROA expected to improve from FY14



Total 1H13 ROA[5]: 9% (12 months to 31 December 2012)

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

Impaired lots in portfolio (% lots)[6]



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

Disciplined execution of our strategic criteria

Residential strategic criteria since 2009

Focused on geographic diversity

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

Scale to broaden market reach

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

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

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

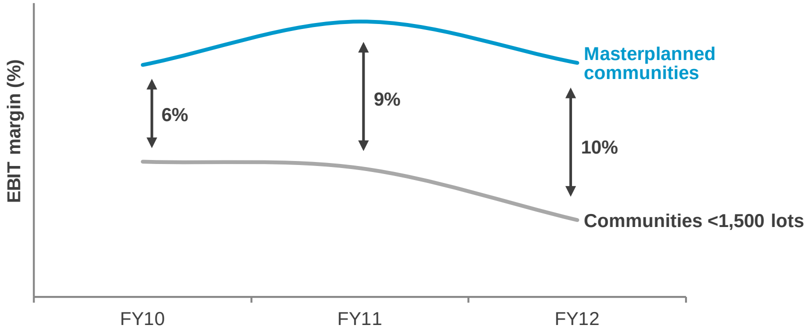
Bring projects to market quickly

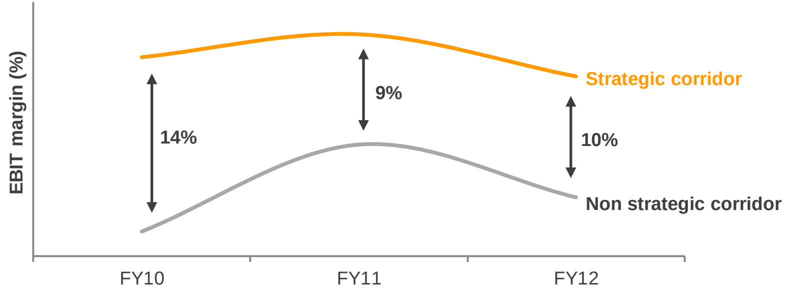
- Minimise interest and lower funds employed
- *East Leppington (NSW) / Marsden Park (NSW)*

Product – responding to consumer desire for less debt

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

Core projects deliver superior returns





Result = future portfolio will deliver solid returns

Residential expected to remain challenging in FY13

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

Sunshine Coast remains challenged by weaker employment

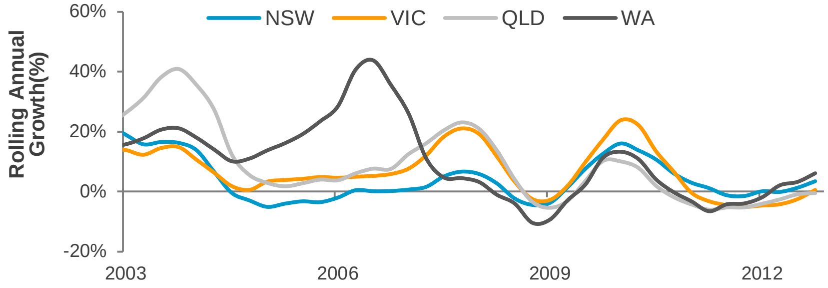
Established housing market is showing signs of trending up with affordable housing leading

Vacant land also basing with expected flow through from existing market

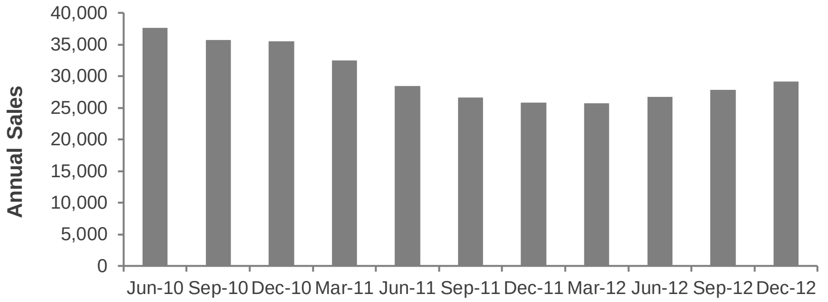
State government incentives shifting from established to new housing is constructive

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

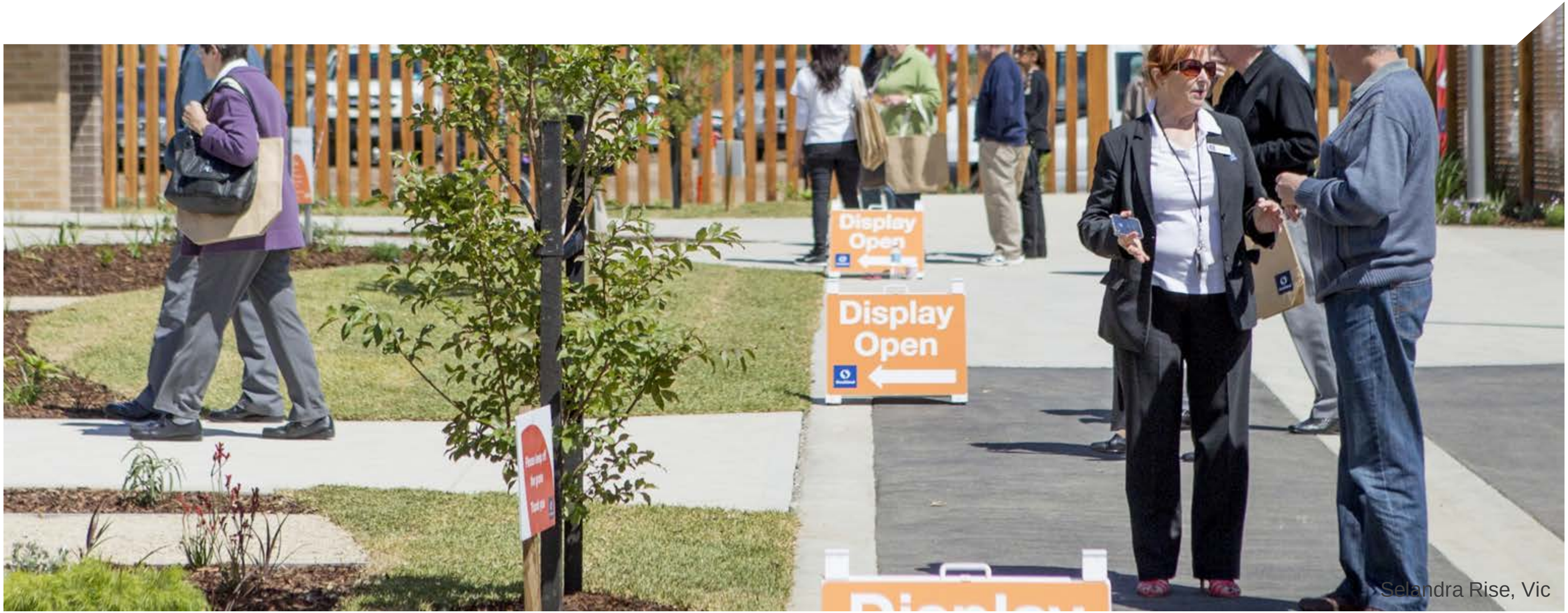
Capital city house prices stabilised



Annual vacant land sales



Retirement Living



Selandra Rise, Vic

Retirement Living
strong underlying demand tempered by housing market challenges

Short-term challenges remain due to soft residential market

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

Expect flat or slight increases in prices through FY13-14

Margins likely to remain at current levels

Demand fundamentals

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

Current penetration of Retirement Living villages ~ 5%

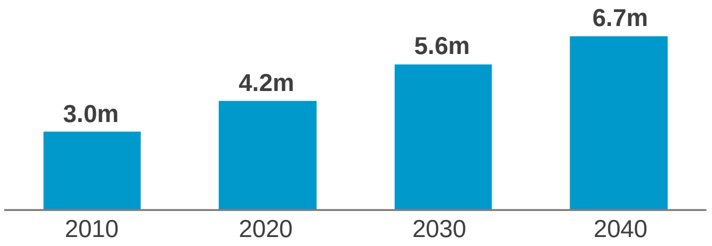
At 5% continued penetration, the implied demand for new supply is ~100,000 units over 20 years (5,000pa average); sector currently supplying less than 40% of this level

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

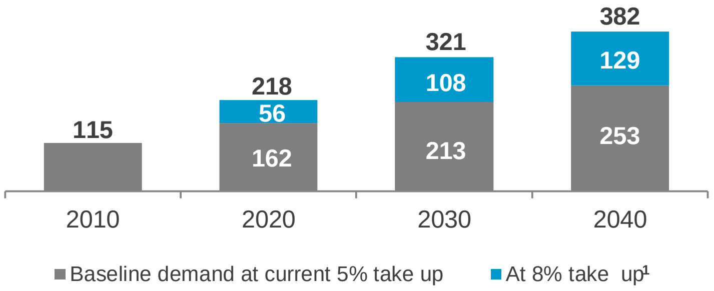
Customer value proposition is proven

Governments are supportive of the sector

Australian population aged 65 or older
(Millions of people)



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



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

Retirement Living continued to grow in a challenging market

Development portfolio

131 new units settled

Price realisation in-line with project plans

Margins slightly lower due to project/product mix

Established portfolio

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

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

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

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

No cash or operating profit impact in 1H13

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

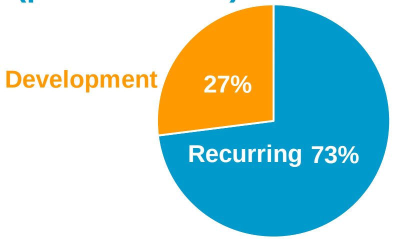
Expect same seasonality as last year

Large profit skew to second half

Underlying demand remains solid; strong level of enquiry

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

Net margin mix (pre-overhead)



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

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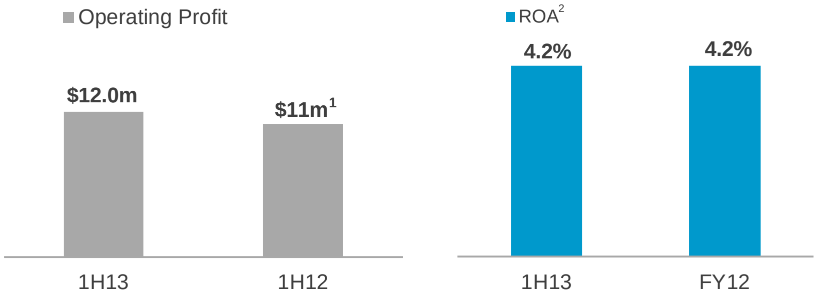
Volumes and improved occupancy drives profit growth

Established portfolio

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

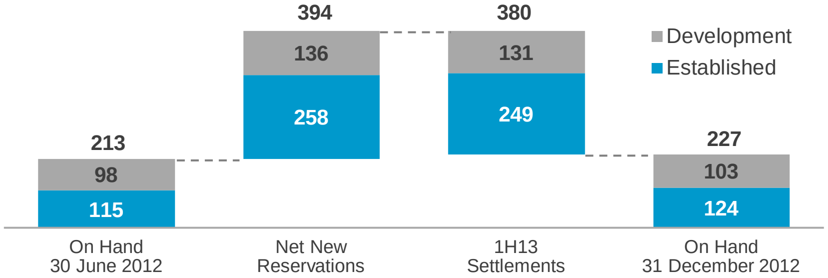
Operating Profit and returns



Development portfolio

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

Net reservations



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

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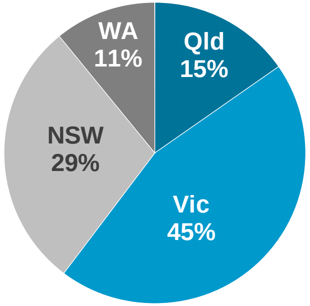
Growth is supported by strong development pipeline

Geographically diverse development pipeline

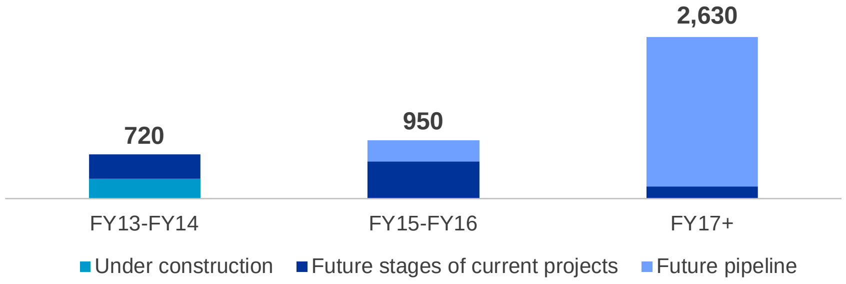


Total 4,300 units

Development pipeline	1H13
Development villages[1]	26
Total development pipeline units	4,300
- Greenfield pipeline units	3,630
- Village extension pipeline units	670
Average greenfield development stage size (units)	31
Average village extension development stage size (units)	29
Estimated end value	$2.1bn

Pipeline capacity will continue to increase settlements

Retirement Living Independent Living Units development pipeline[2]



1. Includes 13 villages under construction and 13 pipeline villages
2. Timing subject to market conditions

Commercial Property

Stockland Townsville, Qld

Solid comparable growth from Commercial Property

Retail

Redevelopments driving scale and market share

Active asset management and leasing driving comparable growth

Office

Higher occupancy and improved WALE through focused leasing effort

Asset sales impacted headline result

Industrial

Asset sales impacted headline result

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

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

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

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Retail sales grew driven by strategic focus

Strong Retail lease profile

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

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

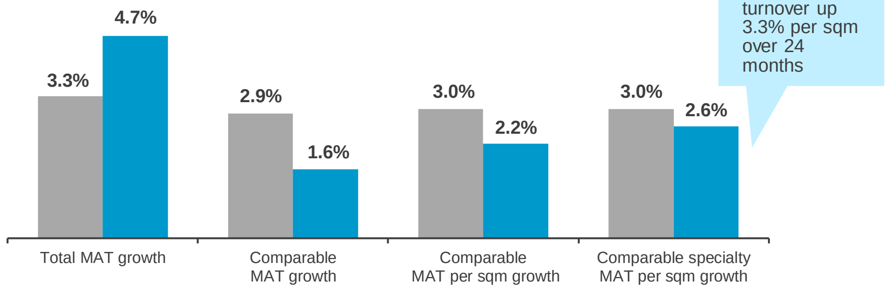
Executed 135 renewals: annualised growth of 2.6% with no incentives

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

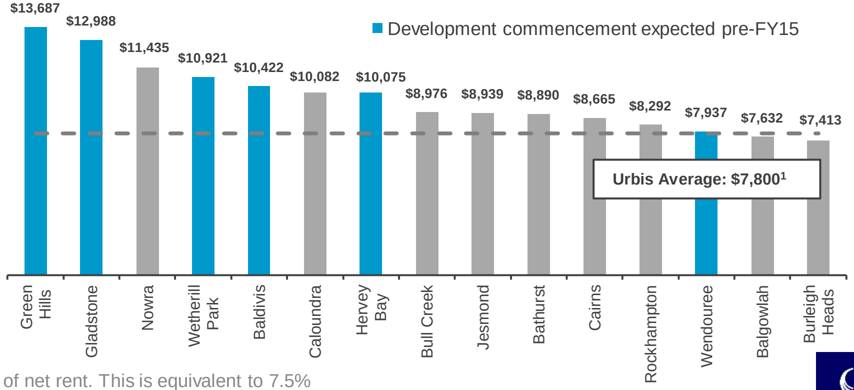
89% of all specialty shop leases on fixed annual increases of 4-5%; 11% CPI+

Specialty occupancy costs stable at 14.1%

Moving annual turnover growth[2]



Specialty MAT per sqm



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

Diverse and resilient retail portfolio

Sales growth driven by:

Composition of our centres proving resilience to online leakage

Total Australian retail online spend now 6%; growth decelerating

Comparable supermarkets up 2.0% per square metre

Value and convenience specialty shop categories growing strongly:

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

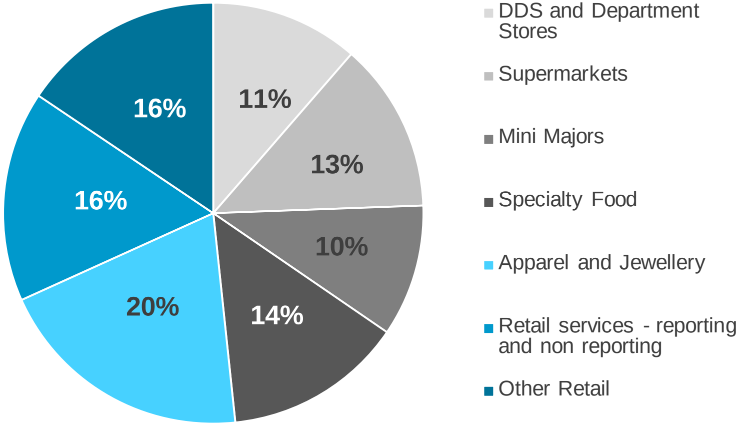
Comparable apparel and jewellery up 1.9% per square metre

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

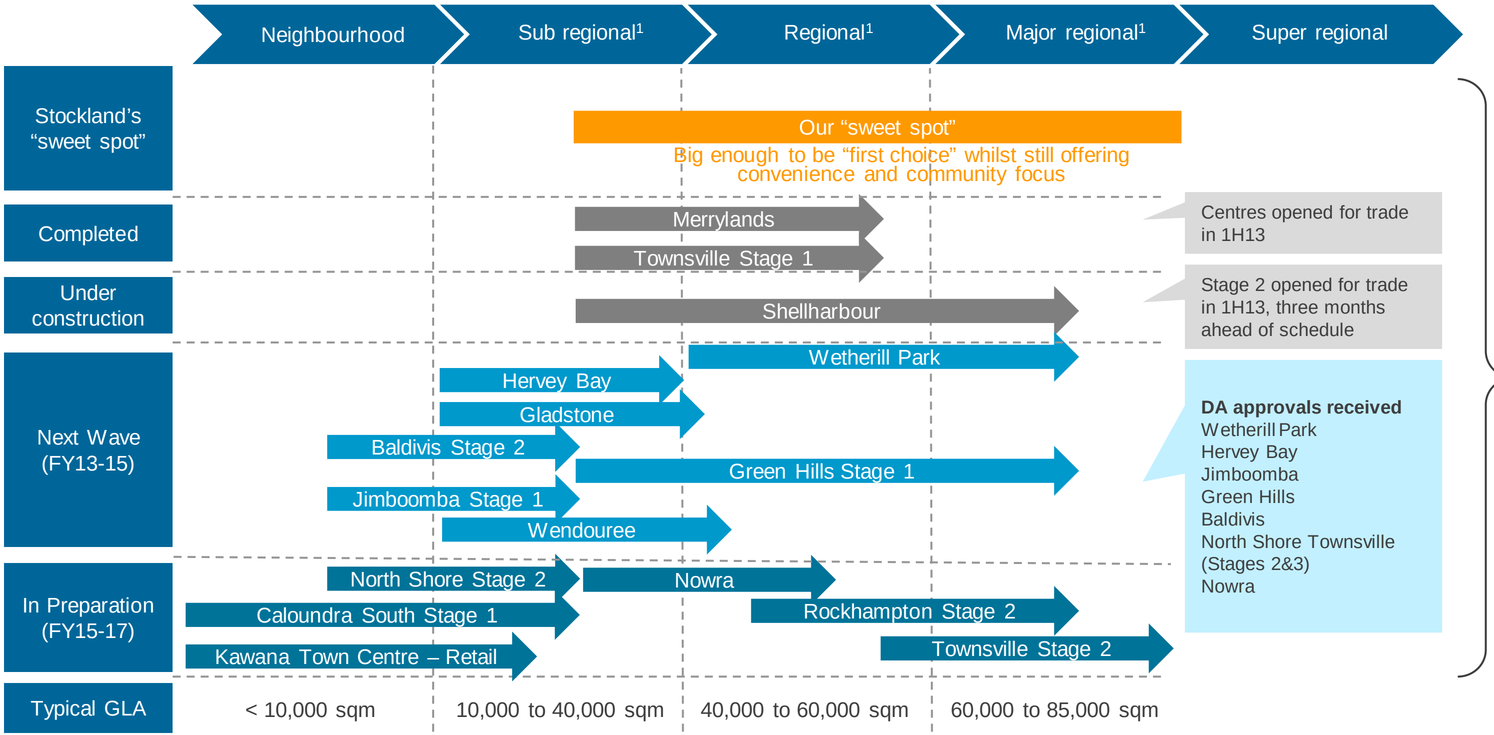
16% of the gross rent underpinned by retail services (reporting and non reporting)

Limited exposure to highly discretionary retail categories

Gross rent - total portfolio



Creating high quality retail assets with a focus on regional Australia



Initial cash yields **7 - 8%**

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

Blended avg. IRR **~12%**

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

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Shellharbour: creating a leading major regional centre

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

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

Actively managing our Office portfolio to improve performance

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

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

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

Executed ~33,000 sqm of leases in 1H13

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

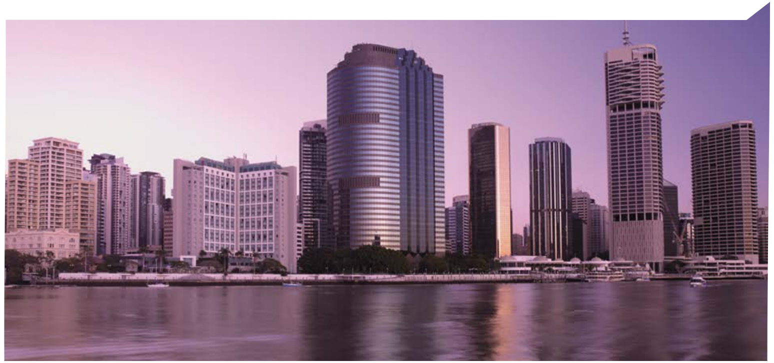
Outlook

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

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

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

Waterfront Place, Brisbane



Key Office leasing deals

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

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

Industrial reletting progressing well

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

Occupancy of 93.3% (99.5% in 1H12)

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

Executed ~127,000 sqm of leases in 1H13

Over 80,000 sqm of leases pending execution

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

Outlook

Expect re-letting to improve occupancy and WALE into FY14

Solid tenant enquiry and 80% tenant retention

New leases reflect average effective rental growth of 6%

Toll warehouse, Yennora NSW

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

Key Industrial leasing deals

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

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Summary and outlook

Group outlook and strategic review

Australian macro overview

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

Australian commercial real estate remains attractive to domestic and international institutions

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

FY13 will continue to be challenging

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

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

Distribution for FY13 maintained at 24 cents

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

Ceasing the buyback

Comprehensive strategic review

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

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

Key focus areas:

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

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

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

Stockland

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