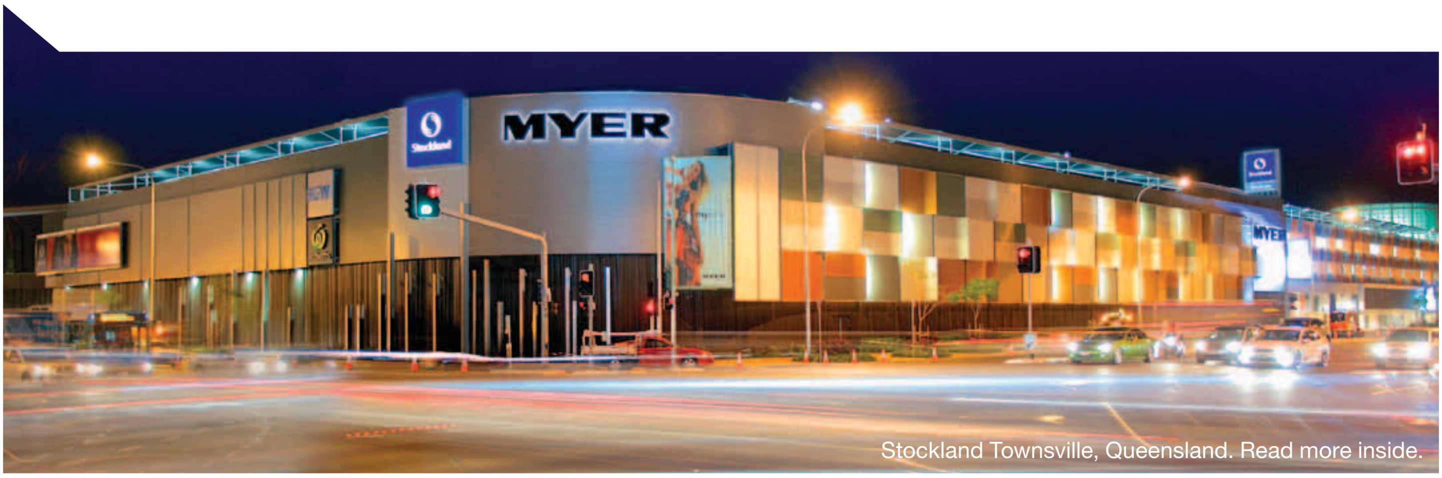
Half Year Review 2013
31 December 2012



Stockland Townsville, Queensland. Read more inside.

TOWNSVILLE, QUEENSLAND

Jewel of the North

Our recently opened $180 million redevelopment of Stockland Townsville exemplifies our strategy to create the number one centre in each trade area, or the number two centre with a clear point of difference.

Our Retail business, which comprises 41 centres, represented around 60 per cent of our earnings for the half-year to 31 December 2012. And our centre at Townsville is well placed to contribute to our growing Retail profit, with the redevelopment increasing lettable floor area from 32,422 sqm to 46,000 sqm.

The centre now includes 55 new specialty stores (bringing its total to 180 specialty stores), two new malls, a 750 sqm food court, an enlarged Woolworths, a new Big W and the first Myer to open in Townsville.

Residents and visitors are voting with their feet, with the centre attracting around one million visits in December alone and total sales increasing by nearly 90 per cent, compared to December 2011.

The centre reflects our commitment to environmentally-sustainable design and was awarded a 4 Star Green Star – Retail Centre Design v1 by the Green Building Council of Australia.

We recently acquired a neighbouring shopping centre to ensure we remain the premier retail destination for Townsville's 200,000 residents.

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Corporation/ Responsible Entity

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Share registry

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Key dates

28 June 2013
Record date

13 August 2013
Full-year result announcement

29 October 2013
Annual General Meeting

Further information

For more information on Stockland including the latest financial information, announcements, property news and corporate governance information visit our website at **www.stockland.com.au**

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Positioning for a stronger future

Graham Bradley
Chairman

Mark Steinert
Managing Director & CEO

Dear securityholders

It is disappointing to report first half Underlying Profit[1] of $255 million, down 26 per cent on first half 2012. This poor result reflected persistent challenging conditions in the new housing market, the impact of asset sales and a change in our approach to capitalised interest, all of which overshadowed good results in our Commercial Property and Retirement Living businesses.

Our statutory result was a loss of $147 million, largely due to our decision to write-down the value of a number of residential projects earmarked for wholesale disposal.

During the half we maintained our prudent approach to managing the balance sheet and continued to manage our overheads tightly.

Despite the decline in Underlying Profit, our first half distribution is 12 cents per security and the Board has confirmed that our full year distribution will be 24 cents per security. This decision reflects our confidence that our results will begin to improve in FY14.

Positioning for the future

This half we made some important decisions that will help strengthen our Residential business for more stable long-term returns.

First, we changed the way we apply capitalised interest on residential projects. While this will negatively impact our Underlying Profit in the medium term, it will ensure our residential projects deliver more consistent returns over time.

Second, our regular residential portfolio review identified 13 residential projects that do not meet our return hurdles and we have impaired them for wholesale disposal rather than continued development.

The balance of our portfolio was also reviewed against more conservative assumptions about future price growth resulting in impairment of seven projects.

The Residential projects we have impaired represent 9 per cent of our total lots owned and under option.

Residential

In this difficult market environment we remain focused on delivering affordable products that meet our customers' needs and were pleased to achieve only 6 per cent fewer settlements than in 1H12.

Our Residential profit was, however, down compared to 1H12 due to a peak of settlements from lower margin projects in NSW, reduced volumes from higher margin Victorian projects and weakness in the Queensland markets.

Commercial Property

On a comparable basis Commercial Property achieved a solid result, with Net Operating Income (NOI) up 3.2 per cent on 1H12.

Pleasingly, our Retail business, which represents about 60 per cent of our earnings, performed well, with NOI up 5 per cent.

Our Office portfolio achieved improved occupancy and weighted average lease expiry. While our overall NOI reflected the reduced number of assets in the portfolio, we achieved solid comparable NOI growth of 6.2 per cent.

Industrial NOI was down due to one asset sale and re-letting activity. A significant number of new leases were signed in the first half positioning the portfolio well for FY14.

Retirement Living

Retirement Living delivered a solid operating result with profit up 10 per cent[2] and strong growth in new units sold, despite the soft housing market.

The development pipeline is progressing well, and the project home builder partnership strategy is improving both product quality and construction efficiency.

Outlook

FY13 remains challenging with any recovery in the detached new housing market likely to be patchy and slow, and as we work through an earnings lag created by previous asset sales and the timing of retail redevelopments.

We expect that full-year earnings per security will be 20-25 per cent lower than in FY12, including the impact from the change to capitalised interest.

We remain confident, however, that our earnings will begin to improve from FY14 as our major new retail and residential projects come online.

A key priority over coming months is to complete a detailed strategic review of the business. This will ensure that we continue to unlock the opportunities available given the talents of our people, the financial strength of the group and our portfolio of quality assets.

For more information on our Half Year Results announcements please refer to the Investor Centre on our website http://www.stockland.com.au/investor-centre.htm

About.
Mark Steinert

Mark Steinert commenced as Managing Director and CEO on 14 January 2013. Mark has 25 years of experience in property and financial services, most recently as Global Head of Securities Research, UBS IB and Global Head of Product Development and Management for Global Asset Management at UBS.

"I took this role because I believe in the quality of Stockland's assets, the capability of its people and its financial strength. I believe that there are tremendous future opportunities for the group."

Statutory (Loss)/Profit ($m)	Statutory Earnings per security (¢)	Underlying Profit[1] ($m)	Underlying Profit per security (¢)	Distribution per security (¢)
(147.1)	(6.7)	255.0	11.6	12.0
1H12 307.6	1H12 13.1	1H12 342.3[2]	1H12 14.5[2]	1H12 12.0

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 the Interim Statutory Accounts for the complete definition.

2 Restated for change in basis for determining Underlying Profit for the Retirement Living business applied retrospectively. 1H12 Underlying Profit restated from $350.8m and 1H12 EPS restated from 14.9c.