Half Year Review 2014

31 December 2013

STOCKLAND WETHERILL PARK

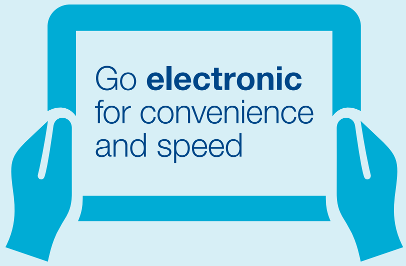
$222 million transformation

Our Stockland Wetherill Park redevelopment is an example of our Retail growth strategy to create shopping centres that are the leader in their trade area or have a clear point of difference. This redevelopment will transform the shopping centre into an even more vibrant and thriving community hub that will be the most comprehensive retail offer in the total trade area.

We will expand the centre by 15,000 square metres to more than 70,000 gross lettable square metres. The redeveloped centre will house 200 specialty retailers, two full-line supermarkets, Big W and Target, a refurbished 12-screen Hoyts cinema and an 800-seat indoor-outdoor food court.

The centre will also become home to the first Jamie's Ministry of Food Centre in NSW, re-invigorating customer interest in healthy cooking and nutritious meals for themselves and their families. A perfect fit with our expanded fresh food offering. We're also aiming to achieve five star Green Star 'design' and 'as built' environmental ratings to maximise efficiency and comfort within the centre.

The redevelopment is expected to provide strong financial returns with an incremental IRR of 12-14 per cent, deliver growth in market share and recapture a portion of the estimated $600 million escape expenditure in this trade area.



Did you know you can opt to receive all or part of your securityholder communication electronically. You can change your communication preferences at any time by logging into **www.investorcentre.com/ecomms** or by contacting Computershare on 1800 804 985.

Head office

Stockland

Level 25,
133 Castlereagh Street
Sydney NSW 2000

Corporation/ Responsible Entity

Stockland
Corporation Limited
ACN 000 181 733

Stockland Trust
Management Limited
ACN 001 900 741

Share registry

Computershare Investor Services Pty Ltd

Level 4,
60 Carrington Street
Sydney NSW 2000

Toll free: 1800 804 985

E: stockland@computershare.com.au

Key dates

30 June 2014
Record date

18 August 2014
Full-year result announcement

28 October 2014
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**

This report was printed under the ISO 14001 certification, using PEFC certified paper stock. PEFC certified wood and paper products come from environmentally appropriate, socially beneficial and economically viable management of forests.

Certified System
Environment
ISO 14001
SAI GLOBAL
Certification applies to Offset Alpine Printing

Delivering our strategy

Graham Bradley
Chairman

Mark Steinert
Managing Director & CEO

Dear Securityholders

We are pleased to report strong improvement in our performance as we begin to benefit from the implementation of our growth strategy announced last May.

Our Underlying Profit[1] for the half year to December 2013, was up 5 per cent to $267 million compared to the same period last year, largely due to a significant uplift in our Residential business.

Positive movements in the valuation of our Retail and Retirement Living assets and no further impairments on our Residential projects also contributed to an improvement in our statutory profit to $298 million.

Our first half distribution was steady at 12 cents per security, half of our expected total full year distribution of 24 cents per security.

Making good progress

We have made good progress on the business priorities we set out in May last year with over $450 million of accretive Commercial Property development underway, an improving profitability trend in Residential and Retirement Living, and process and operational efficiencies emerging. We also strengthened the Corporation by completing the $507.3 million capital reallocation from the Trust approved by securityholder at last October's AGM.

At 24 per cent, our gearing remains comfortably within our 20-30 per cent target range and we have retained an A-/stable credit rating. Our dividend reinvestment plan (DRP) was reinstated in December 2013 and was well supported by securityholders with 28 per cent take up. $77 million was raised from the DRP to assist in funding our development pipeline.

Commercial Property

Although the retail and office sectors remained challenging our Commercial Property portfolio continued to deliver a solid result. Total net operating income (NOI) was up on the previous year to $258.7 million and comparable NOI growth was up 1.6 per cent.

Retail NOI was up 9 per cent on the same period last year. Pleasingly, we have maintained sustainable occupancy costs and our centres remained highly productive with comparable speciality retail sales of over $8,500 per square metre. Recently completed centres at Townsville, Shellharbour and Merrylands performed strongly, confirming the effectiveness of our Retail growth strategy. Our next redevelopments are now underway at Hervey Bay, Qld, Wetherill Park, NSW, and Baldivis, WA, and are expected to deliver stabilised yields of 7-8 per cent and incremental IRRs of 12-14 per cent.

We have a renewed strategic focus on our Industrial business and have made good progress positioning this portfolio for future growth. While Industrial NOI was 3 per cent lower due to vacancies in the portfolio, our focus on leasing and refurbishment has put us on track to achieve growth in FY14.

Office NOI fell 12 per cent to $53 million, reflecting our ongoing strategy to sell assets when we have optimised their value and can put the capital to better use elsewhere in our portfolio. In the first half we sold 78 Waterloo Rd and entered into new strategic partnerships at Optus Centre, Macquarie Park and at 135 King St and Glasshouse, Sydney.

Residential

We have advanced the reshaping of our Residential portfolio and improved efficiency. Coupled with the strengthening of the residential market this led to a significant lift in Residential Operating Profit; up 39 per cent on the same period last year to $39 million.

Our Residential business is well placed for the second half of FY14. Strong sales at our new Willowdale community in south west Sydney is testament to the quality of the new projects we are bringing to market. Early indicators suggest we will see a similar response to our new projects Calleya in WA and Marsden Park in NSW.

Retirement Living

Our Retirement Living business performed well with Operating Profit up 42 per cent on the same period last year to $17 million. Established unit settlements were strong, reflecting improvements in efficiency and capability. Development settlements in the first half were impacted by the timing of development completions which are skewed to the second half.

Outlook

The varied operating environment we experienced last half, with challenges in retail and office markets balanced by a significant improvement in the housing market, is expected to continue.

We are very pleased with the progress we have made reshaping our business over the last 12 months and remain focused on establishing a strong foundation for reliable growth. The process of working through impaired projects in our Residential business and optimising assets in our Industrial portfolio will take some time and in the short to medium term this will constrain our earnings growth.

We are confident we can continue to implement our strategy to deliver reliable and growing returns this year and into the future.

For more detailed insight on our half year performance and outlook we encourage you to visit our investor centre www.stockland.com.au/investor-centre

Statutory Profit/(Loss) ($M)	Statutory Earnings per security (¢)	Underlying Profit[1] ($M)	Underlying earnings per security (¢)	Distribution per security (¢)
298	12.9	267	11.6	12.0
1H13 **(147)**	1H13 **(6.7)**	1H13 **255**	1H13 **11.6**	1H13 **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.