WHERE

communities come to life

SHAREHOLDER REVIEW
30 June 2015

Stockland

Communities are made up of people from diverse backgrounds, brought together by a connection to the place they share.

"We are on track, with all of our key metrics showing significant improvement in FY15." Letter from the Managing Director and CEO

PAGE 03

Our Residential business achieved a substantial 73.5% uplift in profit and ended the year with a record 3,742 contracts on hand.

PAGE 05

This year we were the first Australian corporate to issue a green bond to fund sustainable projects.

PAGE 06

Our year ***in review***

2015

UNDERLYING PROFIT ($M)

$608m ↑

FY15	608
FY14	555
FY13	495
FY12	676
FY11	726

Underlying profit was $608 million, up 9.4% on FY14, reflecting the disciplined implementation of our group strategy and supportive market conditions.

STATUTORY PROFIT ($M)

$903m ↑

FY15	903
FY14	527
FY13	105
FY12	487
FY11	755

Statutory profit for the year grew significantly to $903 million and statutory EPS was 38.5 cents. This included $297 million in revaluation uplift on Commercial Property assets and around $80 million gross profit from the sale of our securityholding in Australand.

FUNDS FROM OPERATIONS (FFO)

$657m ↑

FFO $657 million, up 14.7% on FY14.

FFO per security was 28.0 cents, up 13.0% on FY14.

FFO has been determined with reference to the Property Council of Australia's voluntary disclosure guidelines to help investors and analysts compare Australian real estate organisations. Underlying profit has been adjusted for: amortisation of fitout incentives, amortisation of rent-free incentives, and straight-line rent. Apart from our Commercial Property business, underlying profit and FFO reported for the other business units remain the same.

UNDERLYING EARNINGS PER SECURITY (¢)

25.9¢

FY15	25.9
FY14	24.0
FY13	22.4
FY12	29.3
FY11	30.5

Underlying earnings per security was 25.9 cents, up 7.8% on FY14.

DISTRIBUTION PER SECURITY (¢)

24.0¢

FY15	24.0
FY14	24.0
FY13	24.0
FY12	24.0
FY11	23.7

The distribution payable for the year ended 30 June 2015 is 24.0 cents per stapled security, consistent with 24.0 cents paid for the year ended 30 June 2014. We have updated our distribution policy and will in the future pay the higher of 100% of Trust taxable income or 80-90% of underlying profit.

NET TANGIBLE ASSETS PER SECURITY ($)

$3.68

FY15	3.68
FY14	3.53
FY13	3.50
FY12	3.68
FY11	3.65

Our net tangible assets per security has increased to $3.68, representing our total assets minus liabilities and intangible assets.

It is a great pleasure to report another year of strong profit growth as we realise the benefits of our strategy and capitalise on strong market conditions.

GRAHAM BRADLEY AM
CHAIRMAN

PAGE 02

GO ELECTRONIC
FOR CONVENIENCE AND SPEED

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.

Letter from the **Chairman**

Dear Securityholders,

It is a great pleasure to report another year of strong profit growth as we realise the benefits of our strategy and capitalise on supportive market conditions.

Underlying profit grew by 9.4% to $608 million and underlying earnings per security was up 7.8% on FY14. Funds from operations was up 14.7% and statutory profit was $903 million, more than 70 percent higher than the prior year.

Our good results reflect solid increases in earnings across all three businesses – Commercial Property, Residential and Retirement Living. We have been disciplined in implementing our strategy to ensure that the decisions we make today will serve our business well through the business cycle.

Examples of progress on our strategic priorities include nearly $600 million in acquisitions across Retail, Logistics and Business Parks, Residential and Retirement Living, expanded investment in medium density residential product, our strong balance sheet, high customer satisfaction across all areas of our business, and significant cost savings from efficiency improvements.

We have also maintained our leadership position in sustainability, and were named one of the most sustainable real estate companies globally in the Dow Jones Sustainability Index for the eighth consecutive year.

DISTRIBUTION

As promised, our full year distribution was 24 cents per security, representing a payout ratio of 93% of underlying profit.

Looking forward, we have updated our distribution policy to pay the higher of 100% of Trust taxable income or 80-90% of underlying profit. We believe that this is the appropriate level to provide growing returns for securityholders while allowing for investment in future growth.

In line with our new payout policy, and in recognition of consistent profit growth over the last two years, in FY16 we are targeting a distribution of 24.5 cents per security, assuming there is no material change in market conditions.

GOVERNANCE

Following many years of service, two long standing directors Terry Williamson and Duncan Boyle will retire at the Annual General Meeting on 27 October 2015.

Terry and Duncan have been highly valued members of the Stockland Board for many years. They have both contributed greatly to the success of the business through their strategic insights, critical thinking and professionalism. I thank them sincerely for their long and dedicated service.

The Board's succession planning is in place for the impending retirement of these two senior directors, with Tom Pockett to succeed Terry Williamson as chair of the Audit Committee. Tom's deep experience as a Chief Financial Officer ideally qualifies him for this role.

At Stockland, we recognise the advantages of having a mix of relevant business, executive and professional experience on the Board, the importance of cultural and ethical values, and the benefits of diversity, including gender diversity. I am, therefore, delighted to welcome our new director, Dr Nora Scheinkestel. Nora's experience as a company director across a range of sectors including property, financial services, utilities and infrastructure will strongly complement our Board. As required by the Stockland Constitution, Nora will offer herself

We have been disciplined in implementing our strategy to ensure that the decisions we make today will serve our business well through the business cycle.

for election by securityholders at the 2015 Annual General Meeting on 27 October 2015.

To strengthen the alignment of director and securityholder interests, the Board has revised our policy on ownership of securities by directors. The minimum number of securities each Non-Executive Director is now required to acquire, within a reasonable time of joining the Board, has been increased from 10,000 to 40,000. This increase reflects our belief that Directors should hold a meaningful number of Stockland securities. The new minimum equates roughly to one year's base board fees.

STOCKLAND CARE FOUNDATION

Stockland has a proud history of making a positive contribution to the community through our development activity and employee giving and volunteering. Earlier this year I was delighted to launch the Stockland CARE Foundation with a capital contribution of $8 million to secure our ongoing commitment to continue this important legacy.

Our contribution represents about 10 percent of the one-off gross profit realised from the sale of our shareholding in Australand during the year. Income from the Foundation will be donated to community partners focused on the areas of health, wellbeing and education. The Foundation also boosts our employee giving and volunteering opportunities.

For the next three years, the Foundation will support two outstanding organisations: Touched by Olivia which provides an expanding national network of inclusive play spaces and social enterprises that provide training and employment for people with disabilities,

and Redkite, which provides essential support to children and young people with cancer and to their families.

As Chair of the Foundation, I am proud to lead this initiative, which will ensure we continue to support the communities in which we operate.

CONCLUSION

In conclusion, I would like to thank my Board colleagues and Stockland's talented employees for their commitment and discipline in advancing the Group's strategy and delivering a strong result for securityholders in FY15. While remaining cautious about the uneven market conditions we face over the next 12 months, I am confident that the operating platform we have established will allow Stockland to sustain solid growth in the year ahead.

GRAHAM BRADLEY AM
CHAIRMAN

About **Stockland**

We are the largest diversified property group in Australia with more than $14.8 billion of real estate assets.

42
Shopping Centres

24
Logistic Centres & Business Parks

63
Residential Communities

69
Retirement Living Villages

10
Office Buildings

We own, manage and develop shopping centres, logistics centres, business parks, office assets, residential communities, and retirement living villages.

Stockland was founded in 1952 with a vision to 'not merely achieve growth and profits but to make a worthwhile contribution to the development of our cities and great country'. Today we leverage our diversified model, to help create thriving communities where people live, shop and work.

Our approach is underpinned by the Group's purpose 'we believe there is a better way to live'. This is brought to life by our employees who are guided by Stockland's values of community, accountability, respect, and excellence (CARE).

Our primary objective is to deliver earnings per security growth and total risk-adjusted securityholder returns above the Australian Real Estate Investment Trust index average, by creating quality property assets and delivering value for our customers.

To provide the greatest value to securityholders Stockland is structured as a stapled security; a combination of a unit in a trust and a share in a company that are traded together on the Australian Securities Exchange. This allows the Group to undertake both property investment (via Stockland Trust) and property management and development (via Stockland Corporation).

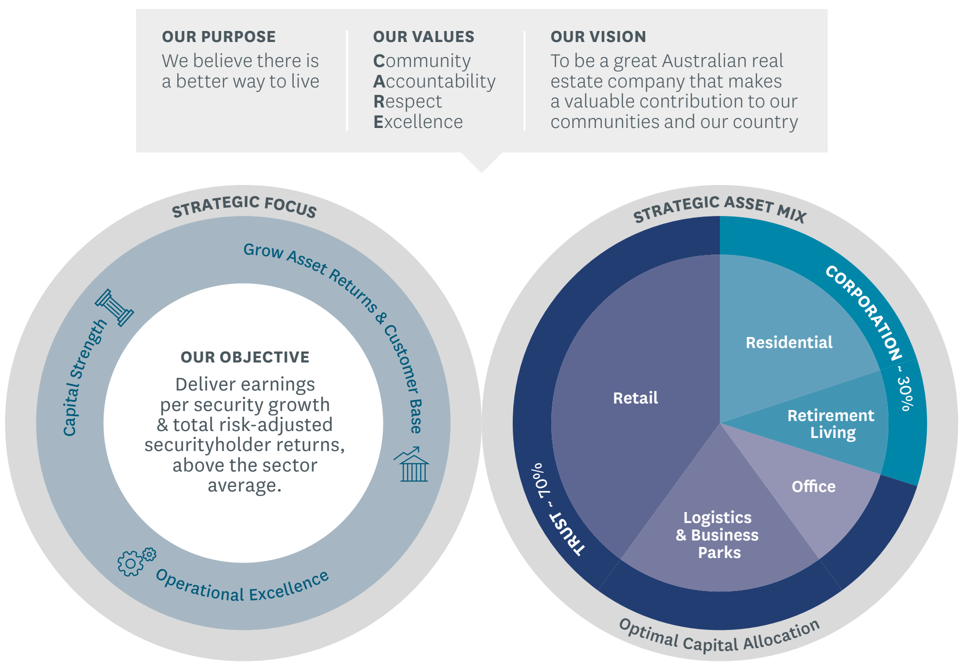
OUR STRATEGY

Our Group strategy has three focus areas:

Growing our asset returns and customer base
Driving returns in our core businesses

Operational excellence
Improving the way we operate to improve efficiency and effectiveness

Capital strength
Actively managing our balance sheet to maintain diverse funding sources and an efficient cost of capital



Five year indicative asset mix

OUR INTEGRATED SUSTAINABILITY STRATEGY

Our sustainability strategy unites our group strategy focus areas and our new vision to be a great Australian property company that makes a valuable contribution to our communities and country. Our approach focuses on a better way to deliver shared value for all stakeholders. Each area is explored throughout this review.

Letter from the **Managing Director and CEO**

Dear Securityholders,

When I joined Stockland in 2013 we set out a strategy to make the business more resilient and profitable to ensure sustainable earnings growth for our securityholders into the future. I am pleased to report that we are on track, with all of our key metrics showing significant improvement in FY15, underpinned by strong growth in our core businesses, and we are well placed to achieve continued growth.

We remain focused on growing returns for securityholders through a disciplined approach to our strategic priorities of growing asset returns and our customer base, maintaining our capital strength, and delivering operational excellence. We made good progress in each of these areas in FY15.

GROW ASSET RETURNS AND CUSTOMER BASE

Commercial Property remains a key driver of our Group's success. On a comparable basis we achieved operating profit growth of 4.3% across the portfolio, with 4.2% in Retail, 3.1% in Logistics and Business Parks and 6.4% in Office, reflecting our strong focus on property fundamentals.

Our retail portfolio performed strongly with high occupancy, positive leasing spreads on new leases and renewals and lower incentives (which are only paid on new leases). Total Moving Annual Turnover in our shopping centres grew 4.5%, with 7.0% growth from specialty stores. This is the strongest specialty sales growth we have recorded in four years.

We are starting to see the benefit of the major redevelopments we have undertaken over recent years as these assets progressively stabilise. In FY15 we opened major redevelopments at Hervey Bay in Queensland, Baldivis in Perth, and the first stage of Wetherill Park in Sydney. The final stages of Wetherill Park, Point Cook in Melbourne, Glasshouse in the Sydney CBD and stage one of Harrisdale in Perth are all underway and will complete in FY16. These developments represent a combined investment of $550 million with an expected stabilised average yield of 7-8%.

In our Logistics and Business Parks business we are steadily building up a strong portfolio of assets that delivers solid returns and presents opportunities for future growth. In FY15 we acquired three new sites in Sydney and Melbourne and made good progress repositioning our portfolio with asset improvements under way at a number of key sites.

Our exposure to the Office sector remains tactically overweight in Sydney, reflecting our view on the challenging state of the other office markets.

Our **Residential** business achieved a substantial 73.5% uplift in profit and ended the year with a record 3,742 contracts on hand, up 17% on last year.

This strong result reflected generally positive market conditions in the corridors where we operate and the progress we have made launching six key projects in two years and broadening our customer reach with diverse product offerings. Providing our customers with more choices is proving to be successful and we are now ramping up production for FY16 at selected projects.

During the year we also continued to replenish our land bank with the acquisition of 4,000 lots. We have been quick to activate many of these with the majority of new projects on track to deliver profit within two years of acquisition.

> *We are on track, with all of our key metrics showing significant improvement in FY15.*

Our **Retirement Living** operating profit was up 19.9% on FY14 reflecting strong sales, active management and improved efficiency. The business is now two years into our five year plan to achieve a 7% cash return on assets, which is marked by taking a much more active approach to how we manage our village portfolio.

During FY15 we made good progress reshaping our portfolio via capital recycling with the sale of two non-core villages and acquisition of eight villages in South Australia which has a particularly strong Retirement Living market.

CAPITAL STRENGTH

We have maintained our strong balance sheet and A-/stable credit rating, supporting cost effective financing of our future growth.

Our active capital management has improved our weighted average cost of debt and maintained our average debt maturity. Gearing at the end of FY15 was 23.4%, at the lower end of the target range of 20-30%, but is expected to move up within our target range over the FY16 year.

OPERATIONAL EXCELLENCE

We maintained a proactive focus on operating efficiency. In FY15 we commenced a project to outsource some functions in finance and IT to provide more flexible and scalable support. This initiative will build on the significant reduction in overheads we achieved following our restructuring in FY14.

Sustainability remains a key focus for Stockland. We are proud to have been named one of the most sustainable real estate companies in the world in the Dow Jones Sustainability Index for the eighth consecutive year. Since FY06 we have saved over $60 million through carbon intensity reductions. This year we were the first Australian company to issue a green bond which, among other things, has been used to fund the largest single rooftop solar system in Australia at our Shellharbour shopping centre.

OUTLOOK

While the outlook for specific markets remains uneven, with some caution among businesses and consumers, we expect conditions to remain reasonably supportive in FY16. Interest rates are anticipated to be stable and we expect the economy to continue to grow, albeit at below trend levels.

We have commenced FY16 with a high level of residential contracts in hand and retirement living net reservations, and with good momentum in retail sales.

I am confident in the strategy we are executing and that Stockland is well placed to continue to deliver profitable growth from our core businesses in FY16 and beyond.

MARK STEINERT
MANAGING DIRECTOR AND CEO

Responding to **challenges and opportunities**

We adopt a rigorous approach to understanding and proactively managing the risks we face in our business.

Stockland recognises that making business decisions that involve calculated risks, and managing these risks within sensible tolerances, is fundamental to creating long-term value for securityholders and meeting commitments to our employees, tenants, customers, business partners, consultants and the communities in which we do business. More information on our risk management policy is available at stockland.com.au.

There are various risks that could impact our business and the nature and potential impact of these risks changes over time. These include, but are not limited to:

SHORT TERM – STRATEGY EXECUTION

Risk	Response and opportunities
Economic downturn creates challenging operating conditions	Continue to: • focus on retaining a strong balance sheet with low gearing. • concentrate on efficiency and cost management. • use diverse funding sources.
Downturn in residential market impacts revenue	As part of our Residential Strategy we have: • broadened our market reach by expanding our residential product offering including diverse house and land packages, completed housing, medium density and apartments. • sought to balance the demand from home owners and investors to ensure our residential communities remain attractive to future buyers. • managed costs and adopted prudent margin assumptions. Continue to engage with government to seek effective solutions on land supply issues.
Increased competition in the Australian property market limits opportunities for growth	Continue to: • take advantage of organic development opportunities within our existing portfolio. • ensure discipline and agility in our investment decision making so we can take advantage of opportunities that will deliver the appropriate risk-adjusted returns. • maintain a strong balance sheet to provide funding flexibility.
Ability to attract and retain talented employees impacts strategy delivery	Established an in-house recruitment team, Careers@Stockland, and referral program to improve our recruitment capability and assist in the selection of the right talent. Significantly reduced first year employee turnover through improved on boarding and induction. Continue to focus on providing learning and development opportunities and building a strong employment brand.

LONGER TERM – CHANGING MARKETPLACE

Risk	Response and opportunities
Timing of infrastructure and amenity delivery affects project delivery and customer satisfaction	The staging of our projects can sometimes be impacted by the pace of approvals, sales and construction. Prioritisation of effective stakeholder engagement on our projects with suppliers, customers and government has resulted in positive outcomes across several projects. Continue to: • use our Liveability research to understand priorities of residents in our communities. • ensure all projects have stakeholder engagement plans that minimise obstacles to infrastructure and amenity delivery and ensure appropriate communication with all stakeholders about these matters.
Enhancements to digital technology affects customer behaviour and business process efficiency	Continue to: • recognise and integrate technical enhancements across the business. • ensure Stockland retail centres are thriving community hubs by delivering quality services and community spaces. • invest in process and system upgrades to improve the efficiency of our operations.
Regulatory changes impact our business model	Continue to: • engage with industry and government on policy areas including taxation and planning reform. • develop in areas where governments support growth. • focus on good practice to remain well positioned in the market and set best practice standards.
Ability to develop products that meet anticipated future customer and societal demands	Continue to: • evolve our market leading product innovation and customer insights using platforms such as Stockland Exchange (Stockland's online research community). • foster a culture of innovation to ensure we identify and take advantage of new opportunities. • remain flexible and open to opportunities to leverage movements in stakeholder preferences. • focus on the creation of sustainable and liveable communities and assets. • enhance our design excellence providing greater functionality and value for money.

Grow asset returns and customer base

Retail

—

Creating market leading and differentiated centres

NET OPERATING INCOME (NOI)

$351m ↑1.3%

FUNDS FROM OPERATIONS (FFO)

$379m ↑2.6%

RETAILER SATISFACTION

80% Ranked #1 for three consecutive years

John Schroder
Group Executive and CEO, Commercial Property

On a comparable basis our retail portfolio achieved NOI growth of 4.2% and FFO growth of 4.8%. We recorded the strongest specialty sales growth in four years of 7%, with Total Moving Annual Turnover growth of 4.5%. The best performing categories were food catering and fast casual dining, communication technology, services, homewares and apparel.

In FY15 we achieved comparable specialty sales per square metre 12.6%, above the Urbis average. This reflects the success of our active management approach which has seen us undertake small projects and remixing in a number of centres to meet the specific needs of their customer base.

Our results reflect the portfolio's high occupancy, positive leasing spreads on new leases and renewals and lower incentives (which are only paid on new leases).

We are also starting to see the benefit of the major redevelopments we have undertaken over recent years as these assets progressively stabilise. In FY15 we opened major redevelopments at Hervey Bay in Queensland, Baldivis in Perth and the first stage of Wetherill Park in Sydney. The final stages at Wetherill Park, Point Cook in Melbourne, Glasshouse in the Sydney CBD and Harrisdale stage one in Perth are all underway and will complete in FY16. These developments represent a combined investment of $550 million with an expected stabilised average yield of 7-8%.

STRATEGIC PRIORITIES

The Retail business maintains a focus on creating market leading and differentiated centres, redeveloping its most productive assets to create community and entertainment hubs. We currently have $425 million of retail development under construction and a pipeline of $1.1 billion, targeting incremental internal rates of return (IRR) of 11-14 per cent[1].

Stockland's retail mix, underpinned by supermarkets, mini majors, food catering and fast casual dining and speciality food and retail services, is proving to be resilient to online leakage. The business will continue to focus on:

- tailoring its offering to each specific trade area
- cultivating retailer relationships and long-term sustainable rent; and
- investing in industry research to adapt to an evolving retail landscape.

Stockland Baldivis, WA completed construction this year. It sits within our Settlers Hill residential community.

$425 MILLION OF CONSTRUCTION UNDERWAY AND $1.1 BILLION PIPELINE

	Neighbourhood	Sub regional	Regional	Major regional	Mixed use[2]/CBD
Under construction	Baldivis (Stage 2); Harrisdale (Stage 1)	Point Cook – Woolworths	Wetherill Park		Glasshouse
Next wave of commencements	Jimboomba (Stage 1)	Gladstone; Greenhills; Wendouree	Glendale	Shellharbour Bulky Goods	
Future projects	North Shore (Stage 2); Kawana	Nowra; Traralgon; Caloundra (CBD); Harrisdale (Stage 2); Baldivis (Stage 3); Point Cook (Stage 2); Hervey Bay (Stage 2)	Rockhampton (Stage 2); Townsville	Shellharbour (Stage 2)	Merrylands Ct; Toowong
Typical GLA	< 10,000 sqm	10,000 to 40,000 sqm	40,000 to 60,000 sqm	60,000 to 85,000 sqm	

1 Unlevered 10 year IRR on incremental development from completion.
2 Retail portion of development only.

Logistics and Business Parks

—

Growing a quality portfolio

NET OPERATING INCOME

$120m ↑20.1%

FUNDS FROM OPERATIONS

$131m ↑21.0%

Our Logistics and Business Parks portfolio delivered strong profit growth with comparable NOI up 3.1% and comparable FFO up 5.1%, reflecting positive leasing momentum.

We are steadily building up a strong portfolio of assets that delivers solid returns and presents opportunities for future growth. In FY15 we acquired three new sites in Sydney and Melbourne and made good progress repositioning our portfolio with asset improvements under way at a number of key sites.

In FY15 we also internalised management of all business parks and our industrial portfolios in Victoria and NSW and have identified a growing development pipeline. We are well positioned to continue to grow returns in this portfolio.

STRATEGIC PRIORITIES

Our focus is on growing a quality portfolio of logistics centres and business parks. We will leverage our existing assets and land, strong tenant relationships and asset management skills to become a scale player in this market.

We are steadily building up a strong portfolio of assets that delivers solid returns and presents opportunities for future growth.

—

$350 MILLION DEVELOPMENT PIPELINE

	Active Development	Planning Underway	Future Wave
NSW	Ingleburn (Stage 1); Warwick Farm; Waterside (Land Subdivision)	Yennora (Bld 3 & 8A)	Ingleburn (Stage 2 & 3); Yennora (Bld 1 & 2)
VIC	Oakleigh (Stage 1 & 2)	Brooklyn (A & C)	Altona DC
QLD		Hendra (Lot 20); Yatala	Pallara
SA		Port Adelaide DC	
WA	Balcatta (Land Subdivision)		

Coopers Paddock, Warwick Farm NSW. Artist's impression.

Office

—

Optimising returns

NET OPERATING INCOME

$64m ↓8.8%

FUNDS FROM OPERATIONS

$78m ↓8.9%

Comparable NOI and FFO improved 6.4% and 4.2%, respectively, following good leasing activity in all Sydney office markets.

Our exposure to the office sector remains tactically overweight in Sydney, reflecting our positive view on the state of the market. Brisbane, Perth and ACT markets remain challenging and in late FY15 we entered into a conditional put and call option to sell our half share of Waterfront Place and Eagle Street Pier in Brisbane.

STRATEGIC PRIORITIES

We continue to focus on optimising returns from the portfolio while managing our exposure tactically. We will also consider joint-ventures (or part sales) as appropriate.

Residential

Leading creator of places to live

OPERATING PROFIT

$166m ↑73.5%

SATISFACTION FROM CUSTOMERS PLACING DEPOSITS

82%

Our Residential business, which settled 5,876 lots during FY15, achieved significant profit growth and lifted ROA to 17% on the core portfolio. This reflected supportive market conditions, the positive impact of new projects, efficiency initiatives and our broader and more diverse product mix.

Over the last two years we have launched six new projects and these have contributed strongly to our result. We are on track to launch a further five new projects in FY16.

We've also broadened our market reach with the introduction of medium density homes and completed homes at a number of our projects. Providing our customers with these offerings is proving very successful and we are now ramping up production for FY16 at selected projects. We are set to start construction on more than 500 town homes this year, reflecting margins in line with our residential operating profit margins.

During FY15 we continued to replenish our pipeline with the acquisition of 4,000 lots. In line with our strategy these sites are in priority metropolitan growth corridors, close to transport and in many cases leverage our existing brand presence. We have also been quick to activate many of these with the majority of new projects on track to deliver profit within two years of acquisition. The Address in Melbourne already contributed sales in FY15 and construction is underway at Schofields in Sydney.

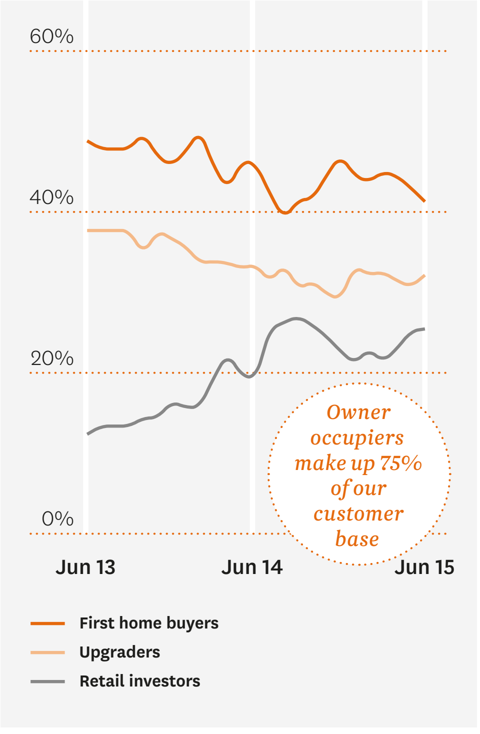
STRATEGIC PRIORITIES

The Residential business is making good progress on its plans to make the portfolio more resilient and profitable in the future by continuing to focus on:

1. Reshaping the portfolio – actively manage the portfolio to improve returns; achieve and maintain an optimal land bank; and preference to acquire land on capital efficient terms. We continue to make good progress working through low margin and impaired stock.
2. Improving efficiency – continue to tightly manage costs. Project management has been embedded into the business, driving cost savings.
3. Delivering revenue growth – increase revenue by creating a better community value proposition that drives high customer referrals; and broaden market reach through a medium density/built form offering.

Andrew Whitson
Group Executive and CEO, Residential

COMPOSITION OF OUR NEW RESIDENTIAL LEADS



New medium density townhomes at our Highlands community in Victoria. Highlands was awarded Australia's Best Masterplanned Community by the Property Council of Australia.

Retirement Living

Leading operator and developer

OPERATING PROFIT

$48m ↑19.9%

VILLAGE RESIDENT SATISFACTION

90%

Cardinal Freeman Retirement Living Village, under construction in Ashfield NSW.

Operating profit in Retirement Living was up 19.9% on FY14 reflecting strong sales, active management and improved efficiency. ROA increased to 5.3%.

Our Retirement Living business continues to mature. We are now two years into our five year plan to achieve a 7% ROA, which is marked by taking a much more active approach to how we manage the portfolio. By optimising the use and mix of our assets, recycling capital, driving our development pipeline and maintaining disciplined operating practices, we continue to improve our returns and growth prospects.

During FY15 we made good progress reshaping our portfolio via capital recycling with the sale of two non-core villages and the acquisition of eight villages in South Australia, which is a particularly strong market for retirement living. This acquisition also provides development opportunities, further enhancing our development pipeline which is a key to growing returns.

Our flagship apartment development at Cardinal Freeman in Sydney's inner west is progressing very well and contributes to the 500 homes we have under construction or available for sale around the country.

STRATEGIC PRIORITIES

The Retirement Living business remains focused on being a preferred operator and developer of Retirement Living villages. The business has a clear strategy to continue to improve returns on assets by more actively managing the portfolio and recycling capital, growing development volumes and differentiating the customer experience.

Operating profit in Retirement Living was up 19.9% on FY14 reflecting strong sales, active management and improved efficiency.

Stephen Bull
Group Executive and CEO, Retirement Living

STRONG RETIREMENT LIVING DEVELOPMENT PIPELINE

Construction timeframe		Future settlements	FY16	FY17	FY18	FY19	FY20+
Under construction	Macarthur Gardens, NSW	50	●				
	Golden Ponds, NSW	25	●				
	Arilla, Vic	20	●				
	Selandra Rise, Vic	110	●	●	●		
	Highlands, Vic	70	●	●	●		
	Mernda, Vic	215	●	●	●	●	
	Affinity, WA	145	●	●	●	●	
	Willowdale, NSW	270	●	●	●	●	●
	Cardinal Freeman, NSW	195	●	●		●	●
	Total	**1,100**					
To start within 18 months	North Shore, Qld			●	●	●	●
	Calleya, WA			●	●	●	●
	Northgate, SA			●	●	●	
	Elara, NSW				●	●	●
	Total	**580**					

Capital strength

Actively managing our balance sheet

S&P RATING
A-/stable

GEARING
23.4%

WEIGHTED AVERAGE DEBT MATURITY
4.6 years

WEIGHTED AVERAGE COST OF DEBT
6.2%

We have maintained a strong balance sheet and A-/stable credit rating, supporting investment in the future growth of the business. Gearing at the end of FY15 was 23.4%, at the lower end of the target range of 20-30%, due to disciplined capital management, but is expected to increase within the range over the FY16 year.

Our active debt management program has seen us improve our weighted average cost of debt and maintain our average debt maturity.

FY15 PROGRESS

- ✓ Maintained strong balance sheet and A-/stable credit rating for over 10 years
- ✓ Gearing at the end of FY15 was 23.4%, at the lower end of the target range of 20-30%
- ✓ Improved our weighted average cost of debt and maintained our average debt maturity
- ✓ First Australian corporate to issue a green bond
- ✓ Hedged rates reduced by 1.8% over the next 5 years

The group continues to focus on diversifying funding sources as part of Stockland's ongoing commitment to active capital and prudent risk management. The debt fixed/hedged ratio has increased to 72% at 30 June 2015 (2014: 59%) as the group takes advantage of available future fixed interest rates, and the weighted average cost of debt at 30 June 2015 has decreased to 6.2% (2014: 6.3%). Debt maturity on a pro forma basis at 30 June 2015 was 5.3 years following the settlement of our new US private placement debt and repayment of our Yen bond in August.

Interest cover has increased to 4.0:1 (2014: 3.9:1) due to stronger earnings across the business and a decrease in interest expense.

OUR BALANCE SHEET

$ million	June 2015	June 2014	Change
Cash	170	231	26.4% ↓
Real estate assets[1]			
· Commercial Property	8,942	8,363	6.9% ↑
· Residential	2,552	2,325	9.8% ↑
· Retirement Living	3,335	2,860	16.6% ↑
· Other	7	127	94.5% ↓
Other assets	723	994	27.3% ↓
Total assets	**15,729**	**14,900**	
Interest bearing loans and borrowings	3,283	3,118	5.3% ↑
Resident loan obligations	2,211	1,865	18.6% ↑
Other liabilities	1,448	1,619	10.6% ↓
Total liabilities	**6,942**	**6,602**	
Net assets/total equity	**8,787**	**8,298**	

1 Includes non-current assets held for sale, inventory, investment properties, equity-accounted investments and certain other assets.

Enrich our ***value chain***

Australia's first corporate green bond.

Enriching our value chain is about how we manage risks while working with our employees, suppliers and other key partners. When we work in collaboration with our stakeholders, our outcomes are strong and relationships prosperous. Our green bond is one example of how we are working with our investors to create more sustainable outcomes.

The diversity (form and timing) of our debt funding is a key element of our capital strength. Late last year we saw an opportunity to raise debt in a way that had not been done by any other Australian company.

By leveraging our position as one of Australia's leading sustainable property companies we sought to appeal to a new type of investor and raise funds in a new market. In November 2014, we successfully issued Australia's first corporate green bond, raising €300 million, enabling us to further invest in leading edge sustainable projects with competitive long-term funding.

View our green bond annual report online www.stocklandsustainability.com.au.

OUR GREEN BOND

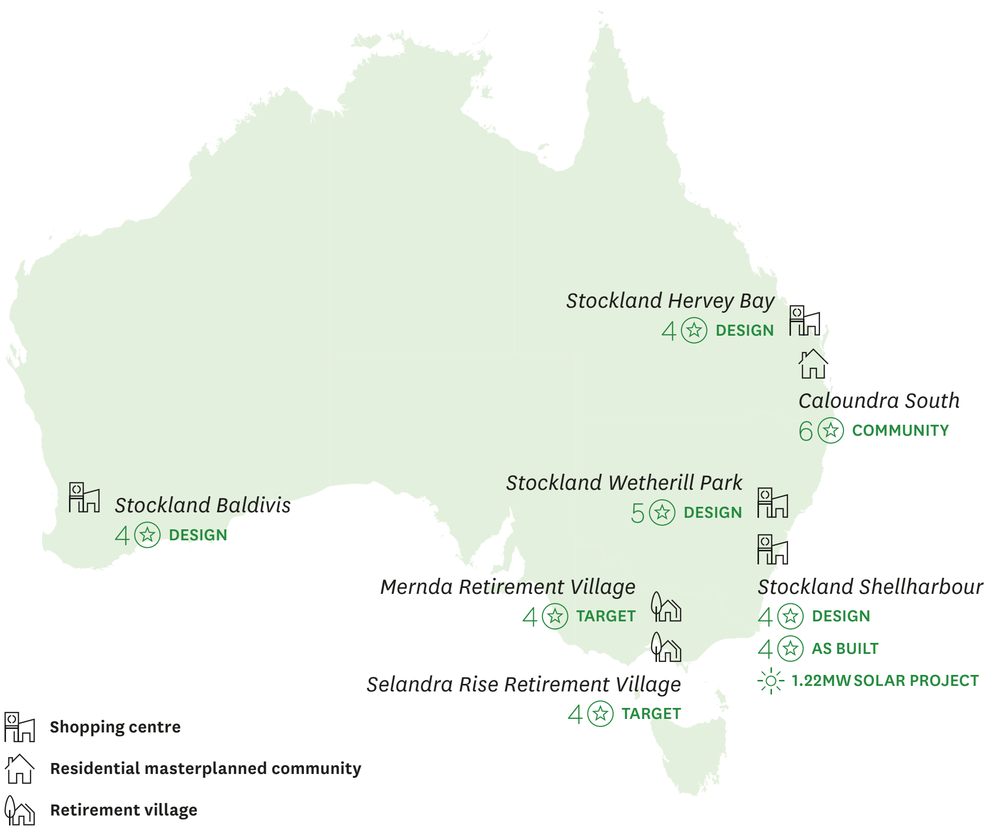
€300 million | 7 years | 23 new debt investors across Europe

What makes it Green?
The proceeds must be used on sustainable projects.

Green Star rated developments
Developments or redevelopments which received or are expected to receive a minimum 4-Star certification

Sustainability projects
Capital projects that improve the energy, water or waste efficiency of a building or development

Where we allocated funding in year one



Optimise ***and innovate***

Targeting renewable energy – Australia's largest single rooftop solar system

Australia's largest single rooftop solar system

3,991 photovoltaic panels

7,658m²

Equivalent to a football field

Generates on average 4,800kWh per day

28% of Stockland Shellharbour's energy needs

28

Enough to power 28 homes

Offset approx. 1,700 tonnes of emission annually

350

Equivalent to the annual emissions of over 350 cars, or emissions from driving nearly 6,500,000 km

Operational excellence

Improving the way we operate across the business to drive efficiency and effectiveness.

We maintained a proactive focus on operating efficiency. In recent years, we have centralised and standardised our support activities and are now focused on further operational improvements to realise efficiencies and increase agility and flexibility. In FY15 we commenced a project to outsource some functions in finance and IT to provide more flexible and scalable support. This initiative will build on the significant reduction in overheads we achieved following our restructuring in FY14.

Sustainability remains a key focus for Stockland and we are proud to have been named one of the most sustainable real estate companies in the world in the Dow Jones Sustainability Index for the eighth consecutive year. Since FY06 we've saved over $60 million through carbon intensity reductions.

FY15 PROGRESS

- ✓ Internalised the management of our NSW and Vic Logistics and Business Parks assets
- ✓ Commenced a project to outsource some functions in finance and IT to provide more flexible and scalable support
- ✓ Achieved procurement savings ahead of time and budget
- ✓ Named one of the most sustainable real estate companies in the world in the Dow Jones Sustainability Index for the eighth consecutive year
- ✓ Since FY06 saved over $60 million through carbon intensity reductions of our retail and office assets
- ✓ Highest retail NABERS energy portfolio average at 4.27 stars and most Green Star rated shopping centres nationally
- ✓ Launched Stockland CARE Foundation with a capital commitment of $8 million
- ✓ Achieved 85% employee engagement score, above the Towers Watson Global High Performance Norm

As a real estate developer and manager, we are always looking for smarter and more efficient ways to develop and operate our assets, in line with our Operational Excellence strategic priority. We are committed to creating resilient assets and communities that can flourish with adaptive and responsive design.

Investment in renewable energy is a key element of our response. In FY14 we set ourselves a target to supply 1.35MW of energy to our retail portfolio from renewable sources. From this commitment we invested more than $2 million in the solar photovoltaic (PV) installation at our Stockland Shellharbour shopping centre, which has been funded by our recent Green Bond. The system is sized at 1.22 MW, making it the largest single rooftop solar PV system in Australia.

While we have installed a number of smaller solar PV systems, and learned from the experience, it is only now that the economics and time is right for us to set a renewable energy target and commit to a range of projects across our portfolio. This is also great for our retailers who will benefit from being supplied with renewable energy at a reduced cost for their daily power and lighting needs.

The installation exceeded our financial hurdles for project upgrades at 12%. We estimate the payback on this investment to be seven years.

In conjunction with three smaller solar PV installations in our portfolio we have reached our renewable generation target with 1.36 MW supplied across four assets.

Stockland Shellharbour rooftop solar, NSW.

Shape ***thriving communities***

Our goal is to shape communities that thrive now and into the future. By facilitating healthier living, promoting community connection and providing lifelong learning opportunities we will shape places where our customers want to live, shop and work.

Our liveability research tells us that satisfied residents in our residential communities are more likely to refer to their friends and family. The research also indicates that referred sales leads are more likely to purchase a home. Therefore understanding what drives satisfaction in our communities plays an important role in increasing our customer base and delivering thriving communities.

Our proprietary Liveability Index is the tool we use to measure and identify the elements that drive customer satisfaction. The index also benchmarks our residents' overall personal wellbeing against the Australian average as measured by the Deakin University's *Personal Wellbeing Index – How satisfied are you with Life as a Whole?*

First rolled out in 2011, this year we improved the accessibility of the survey using our online Stockland Exchange research platform to extend our national reach whilst lowering delivery costs by approximately $200,000.

This year our residents confirmed that the elements most important to their satisfaction are community perception and community design elements. Our National Liveability score of 84 indicates that we are getting these elements right.

We will continue to focus our development and community creation activities on these elements to ensure long term satisfaction in our communities.

NATIONAL LIVEABILITY INDEX

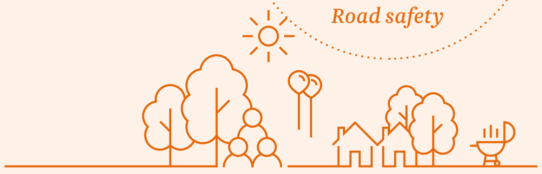
21 Stockland communities surveyed across Australia

1,840 resident responses

Our residents identified the following as **important components** of their satisfaction and the **liveability of our communities**:

Community I want to live in
Meets the needs of my family
Strong and distinctive identity
Road safety

47% said:



Community perceptions

Landscaping
Parks/open spaces
Maintenance and cleanliness
Quality of homes
Street lighting

26% said:

Community design elements

16% Personal circumstances

7% Education

4% My home

84 ↑ Up 9% on 2011
National Liveability Score
Our residents are satisfied that we are getting the community elements right

80% 4% above national average
National Wellbeing Score
Our residents also score their wellbeing higher than the Australian average

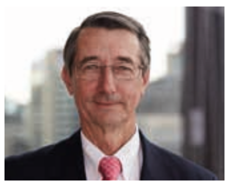
Our Board of Directors **and Executives**

BOARD OF DIRECTORS

The Board takes its governance responsibilities very seriously and believes it has the necessary mix of experience and skills to oversee the high standard of corporate governance, integrity and accountability required of a professional and ethical organisation. The Board believes that Stockland's governance accords fully with the principles and recommendations of the ASX Corporate Governance Council as summarised on our website www.stockland.com.au/corporate-goverance.









Graham Bradley
Chairman (non-executive)

Mark Steinert
Managing Director and CEO

Carol Schwartz
Non-executive

Peter Scott
Non-executive

Terry Williamson
Non-executive

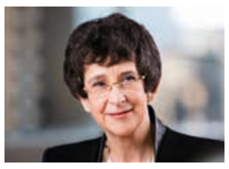
Carolyn Hewson
Non-executive

Barry Neil
Non-executive

Duncan Boyle
Non-executive

Tom Pockett
Non-executive

New Board Director Dr Nora Scheinkestel



Dr Scheinkestel is an experienced company director, having served for over 20 years as a non-executive chairman and director of companies in a wide range of industry sectors and in the public, government and private spheres.

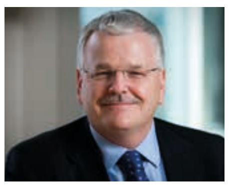
As required by the Stockland Constitution, Nora will offer herself for election by securityholders at the 2015 Annual General Meeting on 27 October 2015.

GROUP EXECUTIVES









Mark Steinert
Managing Director and CEO

Stephen Bull
Group Executive and CEO, Retirement Living

Katherine Grace
General Counsel and Company Secretary

Tiernan O'Rourke
Chief Financial Officer

Darren Rehn
Group Executive and Chief Investment Officer

Michael Rosmarin
Chief Operating Officer

John Schroder
Group Executive and CEO, Commercial Property

Simon Shakesheff
Group Executive, Strategy and Stakeholder Relations

Andrew Whitson
Group Executive and CEO, Residential

Remuneration

KEY FINANCIAL PERFORMANCE MEASURES

The Stockland Board uses a Corporate Balanced Scorecard to set financial and non-financial Key Performance Indicators that are aligned to overall business strategy. The key financial performance measures over the last five years are set out below. Please see our Financial Report for more information on our remuneration practices.

	FY11	FY12	FY13	FY14	FY15
Underlying profit[1] ($m)	726	676	495	555	**608**
Net tangible assets per security ($)	3.65	3.68	3.50	3.53	**3.68**
Security price as at 30 June ($)	3.41	3.08	3.48	3.88	**4.10**
Dividends/Distributions per security (¢)	23.7	24.0	24.0	24.0	**24.0**
Underlying earnings per security (¢)	30.5	29.3	22.4	24.0	**25.9**
Stockland TSR – 1 year (%)	(5.3)	0.5	17.5	20.5	**12.3**
A-REIT 200 TSR (exc SGP) – 1 year (%)	4.4	9.9	24.8	11.3	**24.2**

1 The reconciliation of underlying profit to statutory profit is provided in Note (B2b) to the financial statements of the Financial Report on page 68.

EXECUTIVE REMUNERATION

The table below outlines the cash remuneration that was received in relation to FY15 which includes Fixed Pay and the non-deferred portion of any FY15 Short Term Incentive (STI). The table also includes the value of a portion of the deferred STI award from FY14 which vested during FY15. No previous years' Long Term Incentives vested during FY15.

		Fixed pay[1] $	STI awarded and received as cash $	Total cash payments in relation to financial year $	Previous years' Deferred STI which was realised[3] $	Previous years' LTI which was realised $	Awards which lapsed or were forfeited[4] $
Executive Director							
Mark Steinert *Managing Director and CEO*	**2015**	**1,500,000**	**750,000[2]**	**2,250,000**	**590,486**	–	**2,164,800**
	2014	1,500,000	750,000[2]	2,250,000	113,393	–	–
Senior Executives							
Stephen Bull *Group Executive and CEO, Retirement Living*	**2015**	**650,000**	**390,000**	**1,040,000**	**132,267**	–	**358,570**
	2014	650,000	373,333	1,023,333	–	–	529,822
Katherine Grace *General Counsel and Company Secretary* (commenced 21 August 2014)	**2015**	**430,138**	**229,407**	**659,545**	–	–	–
	2014	–	–	–	–	–	–
Tiernan O'Rourke *Chief Financial Officer* (commenced 8 October 2013)	**2015**	**850,000**	**453,333**	**1,303,333**	**96,552**	–	–
	2014	619,452	330,374	949,826	–	–	–
Darren Rehn *Group Executive and Chief Investment Officer* (appointed 13 August 2014)	**2015**	**700,000**	**420,000**	**1,120,000**	**306,802**	–	–
	2014	–	–	–	–	–	–
Michael Rosmarin *Chief Operating Officer*	**2015**	**600,000**	**320,000**	**920,000**	**139,913**	–	**953,250**
	2014	600,000	320,000	920,000	104,752	–	884,640
John Schroder *Group Executive and CEO, Commercial Property*	**2015**	**1,050,000**	**630,000**	**1,680,000**	**278,574**	–	**1,783,500**
	2014	1,050,000	620,000	1,670,000	211,063	–	1,652,880
Simon Shakesheff *Group Executive, Strategy and Stakeholder Relations* (commenced 22 July 2013)	**2015**	**600,000**	**320,000**	**920,000**	**301,294**	–	–
	2014	518,356	276,457	794,813	–	–	–
Andrew Whitson *Group Executive and CEO, Residential*	**2015**	**700,000**	**420,000**	**1,120,000**	**190,446**	–	**351,329**
	2014	700,000	420,000	1,120,000	–	–	519,121

1 Fixed Pay includes salary, superannuation and salary sacrificed items.
2 For Mark Steinert this is 50% (two-thirds for Senior Executives) of his STI awards. The remaining 50% of his STI (one-third for Senior Executives) was deferred in Stockland securities which vests over two years following the performance year, 50% after year 1 and 50% after year 2 subject to continued employment.
3 This represents the value of all prior years' deferred STI which vested during FY15 using the 30 June 2015 closing security price of $4.10. No LTI vested during FY15 or FY14.
4 The value shown represents the value of any previous years' equity awards which lapsed or were forfeited during the financial year. The FY15 values are based on the closing 30 June 2015 security price of $4.10 (FY14: $3.88).

KEY DATES

27 October 2015
Annual General Meeting

Radisson Blu Hotel Sydney
27 O'Connell Street, Sydney
NSW 2000 at 2.30pm

On or about 17 December 2015
Announcement of estimated dividend/distribution

31 December 2015
Record date

10 February 2016
Half-year result announcement

On or about 20 June 2016
Announcement of estimated dividend/distribution

30 June 2016
Record date

17 August 2016
Full-year result announcement

YOUR SECURITYHOLDING

If you would like to update your personal details or change the way you receive communications from Stockland please contact Computershare on 1800 804 985.

FURTHER INFORMATION

For more information about Stockland visit our website at www.stockland.com.au.

CONTACT DETAILS

Head office
Stockland
Level 25
133 Castlereagh Street
Sydney NSW 2000

Toll free 1800 251 813
T (61 2) 9035 2000

Corporation/ Responsible Entity
Stockland Corporation Limited
ACN 000 181 733

Stockland Trust Management Limited
ACN 001 900 741
AFSL 241190

Stockland

Designed and produced by Designworks