



Glenmore Ridge, NSW



Stockland

Asia Roadshow

August - September 2011

Vision, strategy and competitive advantages

Our Vision

- To be a trusted partner with government to deliver vibrant and sustainable communities, retail centres and social hubs
- To deliver our customers 'a better way to live'
- To be Australia's preeminent greenfield community developer

Our Strategy

- Create market leading capabilities for the development and management of residential communities, retirement villages and retail centres across Australia
- Where possible, to bring all three businesses together in major projects under the one brand
- Work with government for the provision of early infrastructure (transport, education, jobs) to embed community well-being

Our Competitive Advantages

- Faster speed to market by building trust with key approval authorities and other stakeholders
- Higher Residential and Retirement Living sales rates and prices by putting infrastructure on the ground ahead of our competitors (seeing is believing for our customers)
- Higher occupancy in our retail centres through our retailer engagement strategy, focus on day-to-day convenience and by not over-building
- Greater asset buying power by using our strong capital position to give vendors financial certainty

How do we measure success?

Target financial outcomes

- 60%-80% of group earnings from recurring rents and deferred management fees
- 20%-40% of group earnings from development profits
- High visibility of future development profits by controlling an extensive land bank with efficient use of capital
- Average 5%-6% through the cycle EPS growth from a combination of sustainable rental growth and higher growth development profits
- Funded by conservative balance sheet with gearing (D/TTA) <25% while global credit markets remain volatile

Target non-financial outcomes

- High employee engagement and low employee turnover
- High customer satisfaction ratings
- Global leadership in sustainability

FY12 guidance and key assumptions

Earnings outlook

- FY12 EPS expected to be around the same as FY11 (without taking into consideration impacts of the share buyback of up to 5% of issued capital announced 19th August 2011)
- Target FY12 EPS for management incentive purposes requires 6% growth

Key assumptions we are making

- No further rises in interest rates in the short-term
- No material flow-on impact to the underlying Australian economy from recent global market volatility
- Customer confidence and residential buying activity to steadily improve in FY12



Highlands, Vic



Stockland

Residential

Residential Communities - Increasing market share in growth corridors

Increasing market share and market reach

- Leading developer in key corridors with 29% market share
- Focus on diversification and significant increases in market share across NSW and WA; maintain share in Vic and Qld

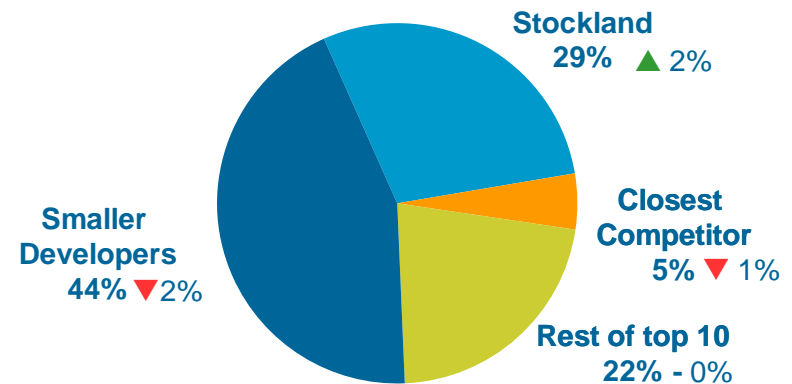
Enhancing geographic diversity

- Secured 27,000¹ lots in FY11 with an end value of \$8.4bn on capital efficient terms
- Annual corridor review completed; currently in 23 of our 26 identified corridors
- Significant progress on portfolio diversity, with 7,600 lots acquired in NSW and WA

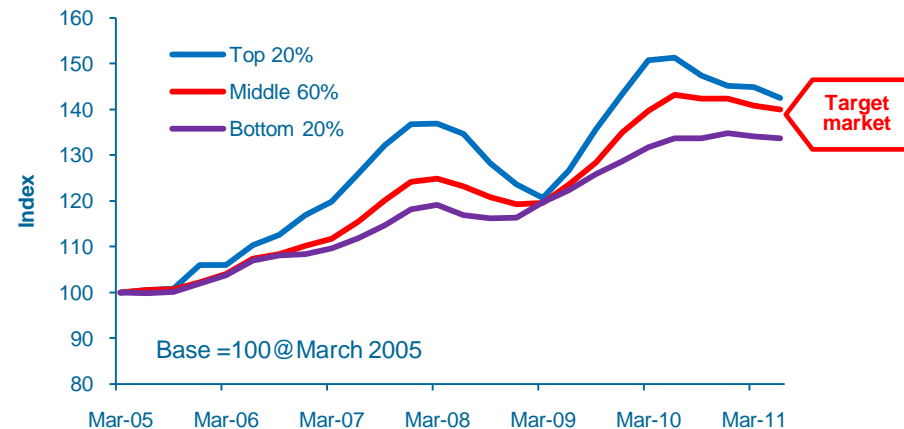
Target market much less volatile than upper end

- Middle market prices fell 1.3% compared to the more volatile top end which fell 4.5% in the 12 months to June 2011
- Middle market driven by employment and interest rate sentiment; less impacted by poorly performing equities and global economic uncertainty

Market share in active corridors¹



Stockland targets the less volatile mid-market ²



Variable market conditions across the country with no over-building

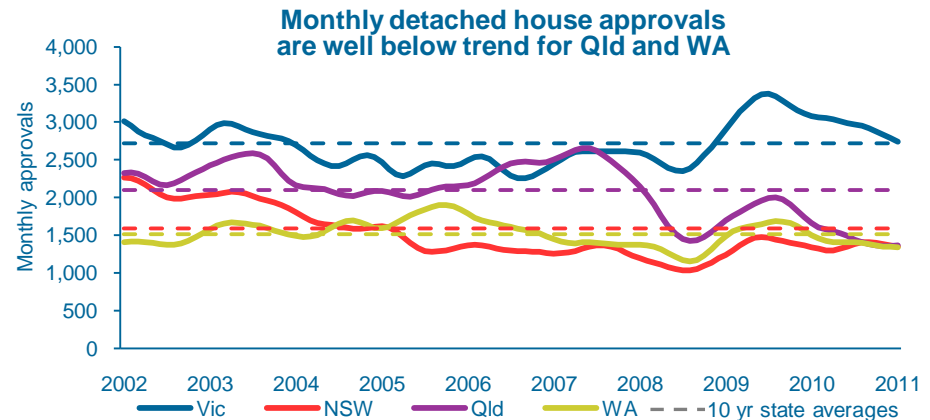
Weak sentiment delaying purchasing commitments

- Good employment and household income growth underpinning purchasing capacity, however weak sentiment is delaying major purchasing decisions:
 - NSW buyer sentiment solid for affordable product; market for new homes stable
 - Vic market returning to more normal levels; extension of State govt grant may underpin first home buyer demand
 - WA impacted by weak established market and large stock overhang, but available stock on market now falling
 - Qld sentiment subdued; \$10k Qld govt Builders Boost Grant from 1 August 2011 should stimulate market for new homes

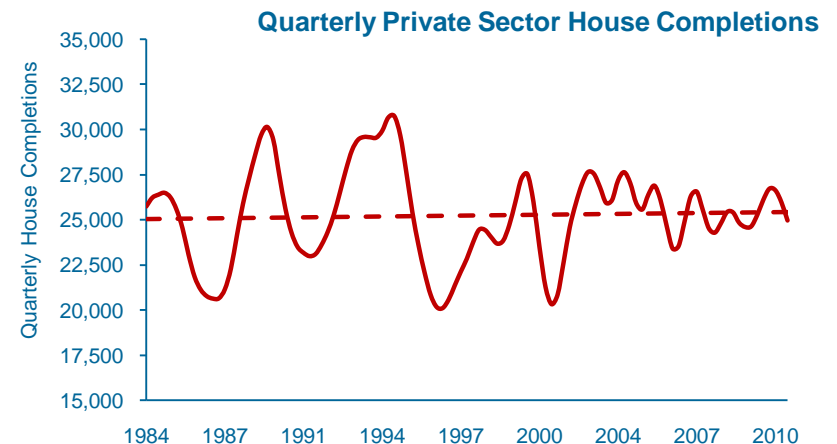
No over-building of housing

- Supply has been relatively steady for the past decade; there has been no overbuilding

Private detached house approvals¹

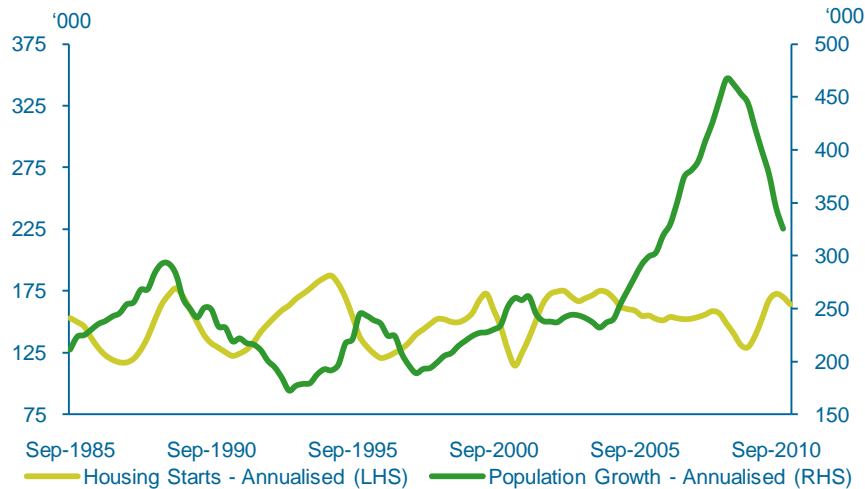


House completions remain within long term averages^{1,2}

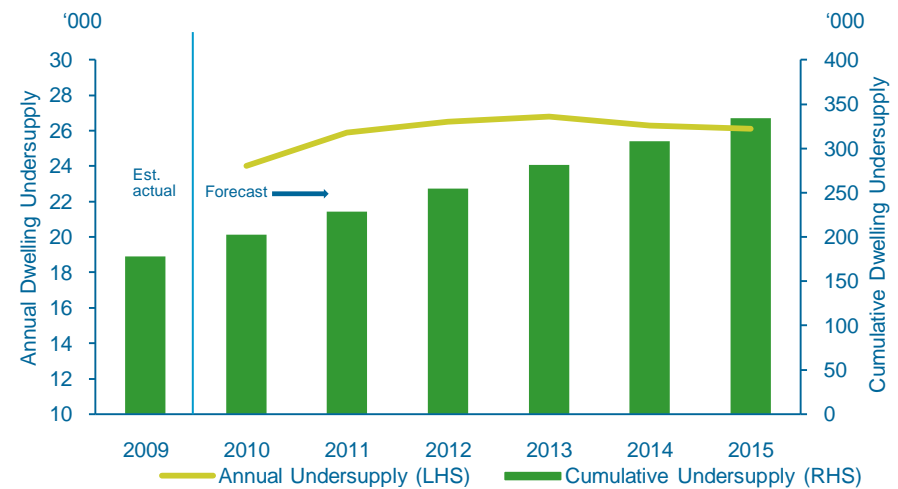


Housing market - currently weak but it's a cycle, not structural

Population growth well above housing starts¹

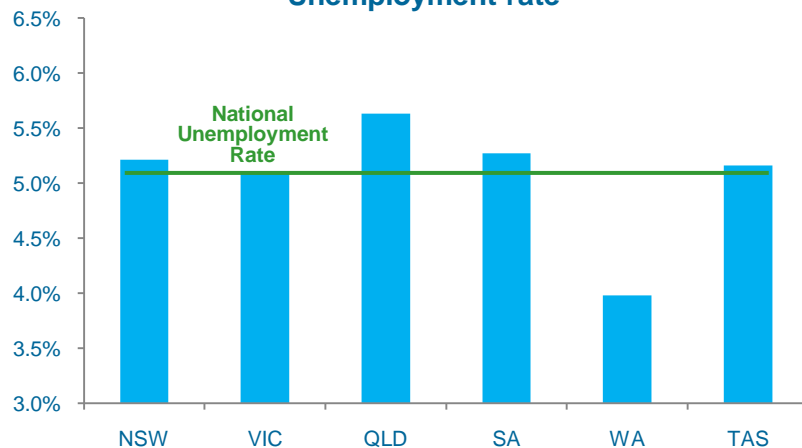


Large and growing housing undersupply²

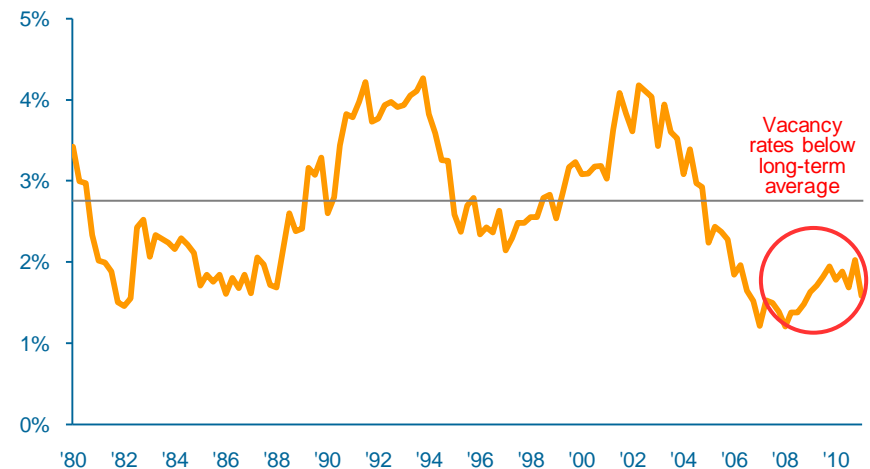


Labour market supporting household income growth³

Unemployment rate

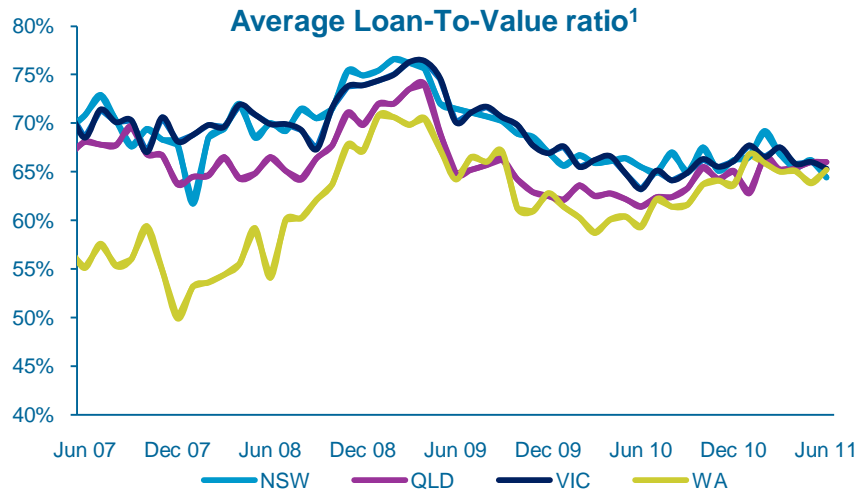


Rental vacancies remain at historical low⁴

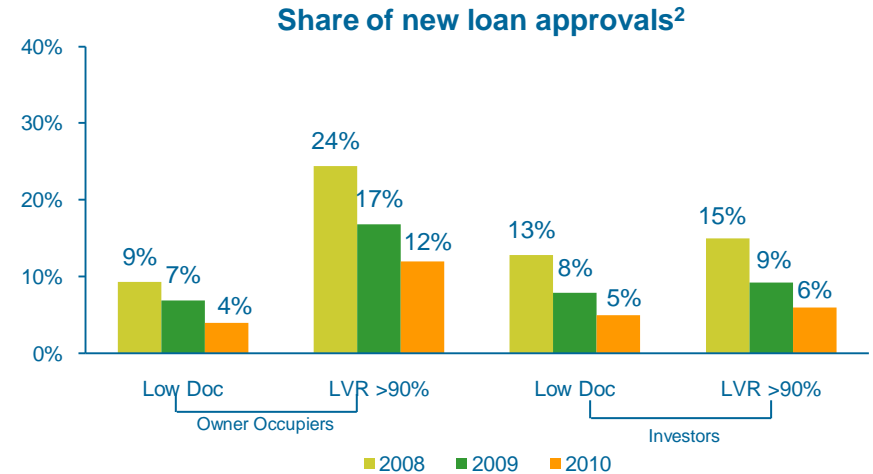


Mortgage debt sustainability, bank mortgage lending is responsible

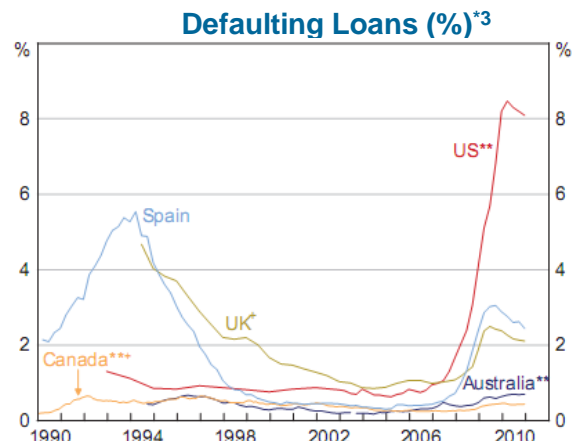
Sustainable debt - buyers are taking on less debt



High risk loans are low and falling

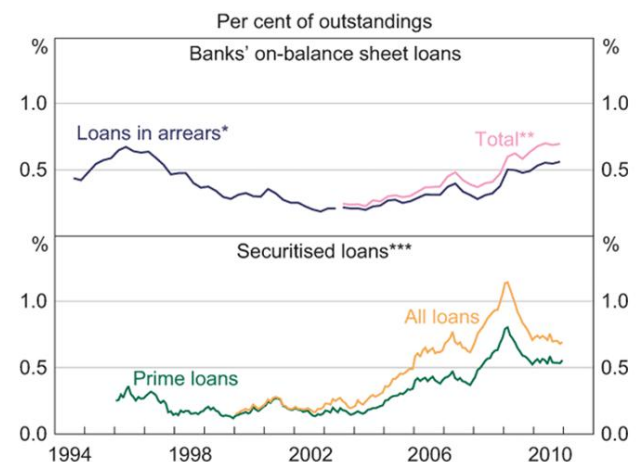


Loan defaults remain low in Australia



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

90+ day delinquencies are low⁴



* Loans that are 90+ days past-due but otherwise well secured by collateral
 ** Includes 'impaired' loans that are in arrears (or are otherwise doubtful) and not well secured by collateral
 *** Loans securitized by all lenders, 90+ days past-due; excludes 'self-securitisations'

Leading the market in development of affordable product

Meeting the affordability challenge

- Affordability still stretched by historic standards; product innovation the key to meeting the challenge:
 - Reduced average lots sizes by almost 20% in 3 years
 - Increased proportion of lots developed under 450sqm from 27% in FY08 to 50% in FY11
 - Developed new housing solutions in partnership with builders (e.g. 8.5m frontages)

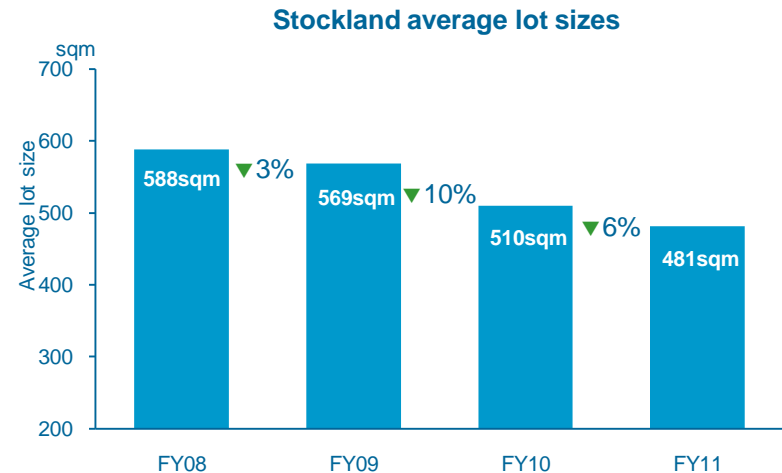
Deep customer insight creates customer value

- Understanding price barriers to meet customer needs
- Early delivery of open space and social infrastructure
- Community development initiatives in place for all projects

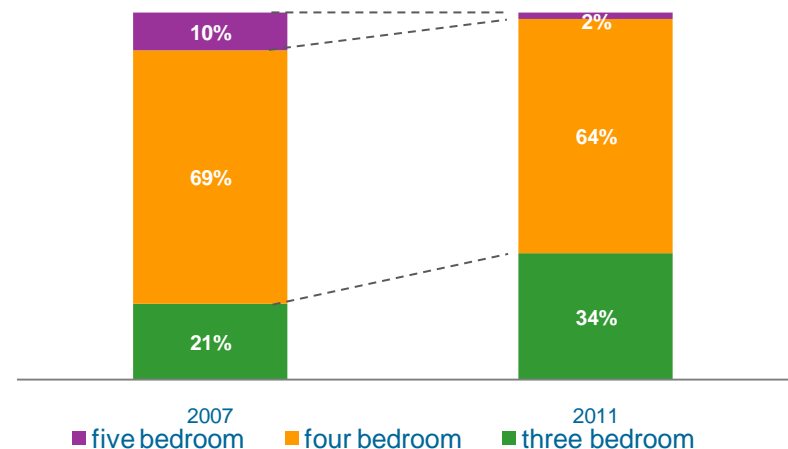
Increased preference for three bedroom houses

- Decline in consumer preference for larger five bedroom houses replaced by increased demand for more efficient 3 bedroom houses
- Average 3 bedroom house sizes have fallen 25% since 2007 in Stockland Residential Communities; there is increasing demand for smaller houses as customers seek more affordable product

Innovative, smaller product meeting customer needs



A preference for three bedroom houses is emerging¹



Continued focus on faster speed to market and improved return on NFE

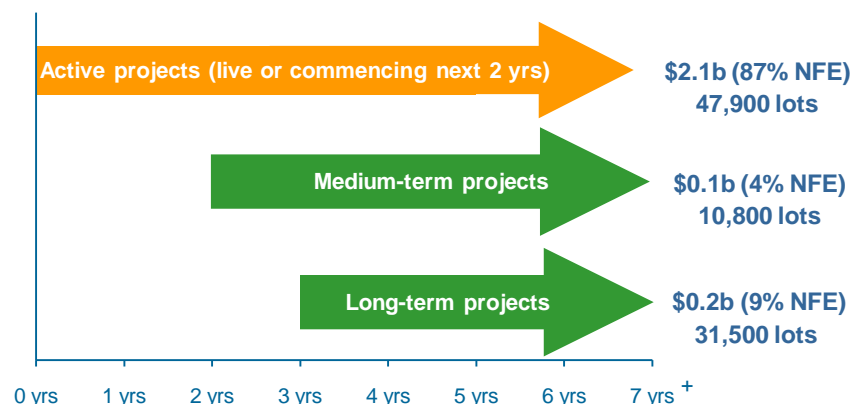
Large and diverse land bank

- Total land bank of 90,200 lots; \$2.4b net funds employed (NFE)¹
- Provides 90% coverage of revenue targets for next 3 years
- 87% of book value comprises active projects (live or due to commence in next 2 years)
- Circa 75% of NFE expected to be traded out within 5 years

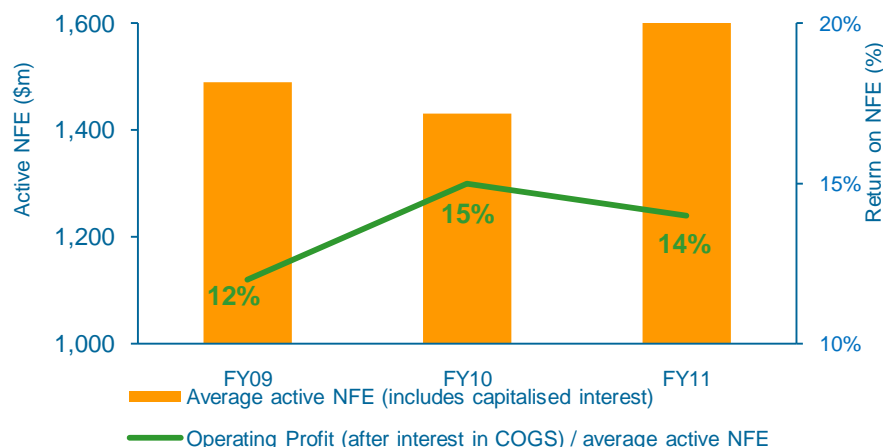
Higher investment in NFE

- Active NFE up by circa \$250m through reinvestment of funds from Apartments wind down
- Active NFE return 14%, slightly lower than FY10 due to investment in 16 new projects delivering first settlements in FY12/FY13
- Total NFE return 11% including medium/long-term projects

Land bank comprises mostly active projects¹



Strong return on Net Funds Employed (NFE)²





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Retirement Living

Attractive industry fundamentals underpins outlook

Compelling demand drivers

- Expect demand for new developments of circa \$35b over the next 20 years (at current prices)
- Industry will struggle to meet demand, given fragmented structure

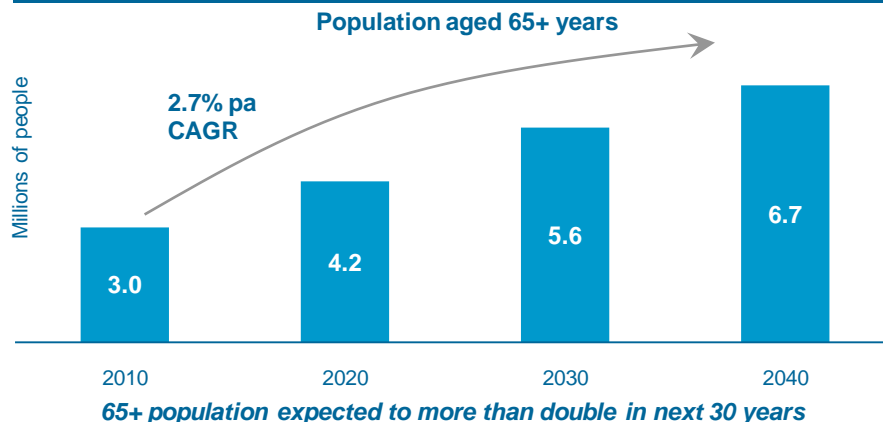
Attractive long-run investment returns

- Business expected to deliver an ongoing unlevered IRR of circa 12%, after overheads
- Stockland outperformed relative to this benchmark over last four years

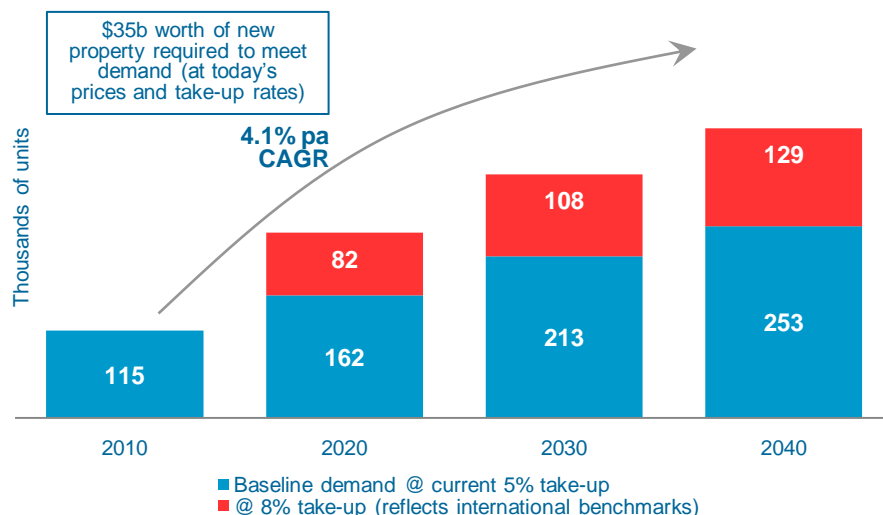
Stockland villages are appealing to residents

- Villages are active communities with 65 – 85 year old residents; they are not nursing homes
- Villages offer facilities including dining rooms, library, pool gardens, personal care and social activities
- Annual residents' survey shows 88% of residents are satisfied or extremely satisfied with village life
- 56% of residents have referred at least one person to a Stockland village; 30% of sales are the result of a referral

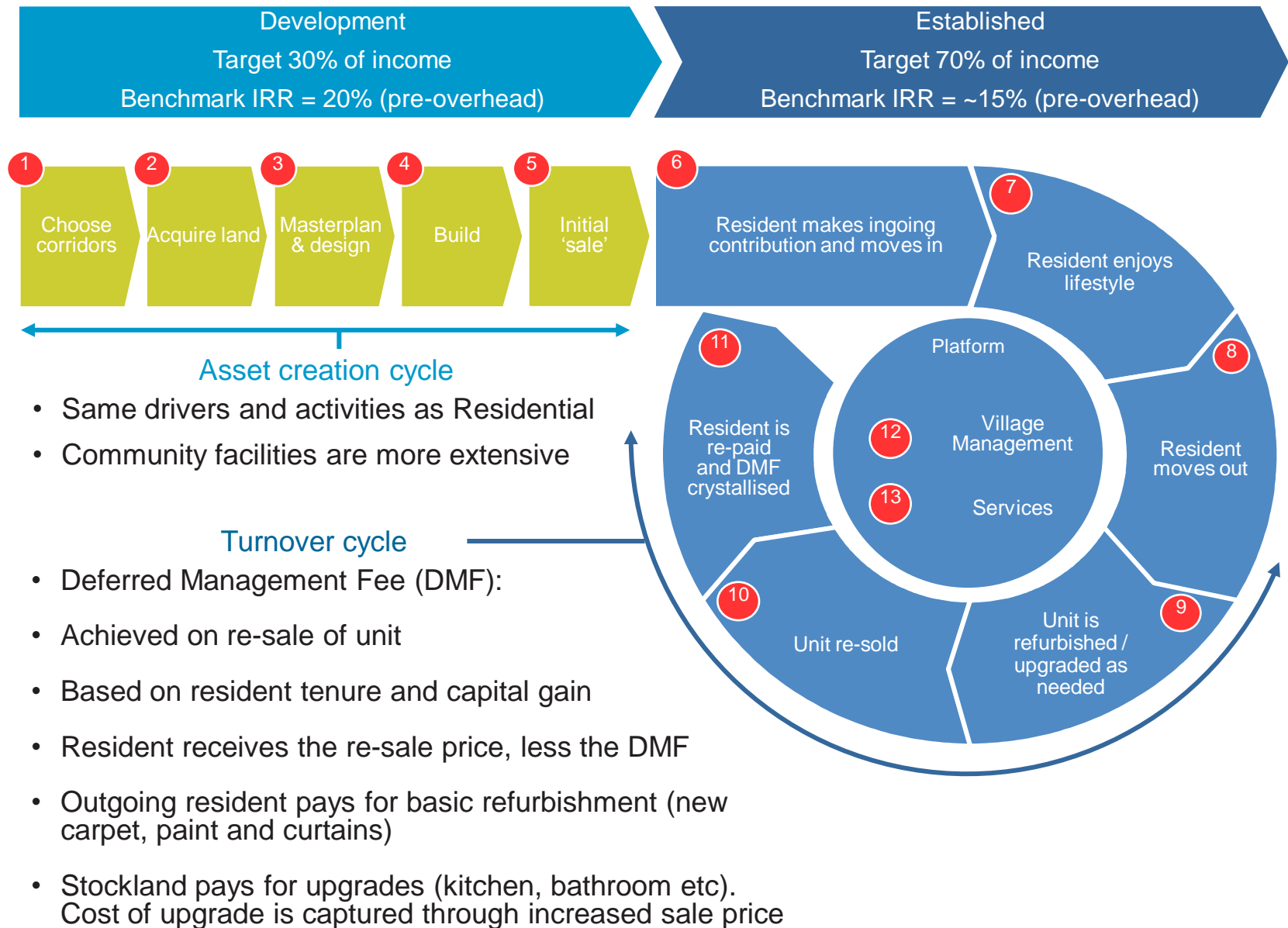
Growth of >65 year old demographic is an opportunity



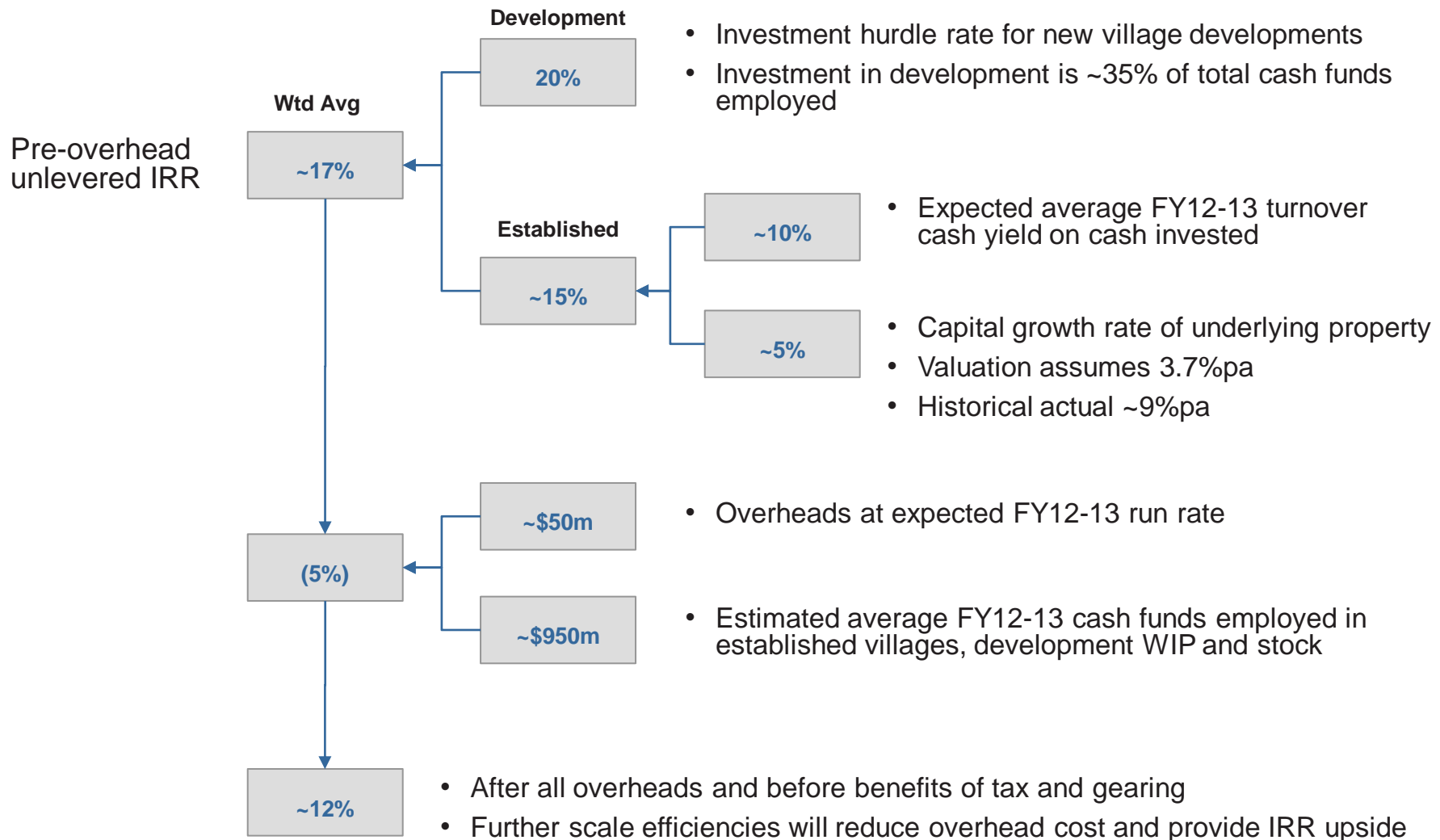
Expect large increase in retirement village demand



Retirement Living delivers trading and recurring income



Retirement Living is expected to deliver net cash returns of ~12%



Delivering on our strategy to increase market share and returns

Aevum successfully integrated

- EPS accretion of 1% in FY11, ahead of 0.6% target
- Completed independent valuation review of entire portfolio; no material changes

Accelerated growth through acquisitions

- Diversified geographically and established national platform by entering WA, SA and ACT markets
- Have critical mass in Vic, NSW and Qld
- Acquired 3 RVG villages with accretive cash yield (settled 30 June 2011)

Synergies realised

- Annualised cost synergies of 15% realised in FY11; ahead of plan
- Leveraging Stockland skill set in development (Residential) and asset management (Commercial Property)

Strong portfolio growth and diversification

	Portfolio	FY11 v FY10	
Established portfolio	7,535 units over 59 villages ¹	+3,692 units + 33 villages	Significant increase in scale
National ranking	#3	+1 ranking	Clear #3 in market
Market share² and geographic diversity	~9% (6 states)	+4% (+ 4 states)	National platform
Existing units turnover	416 units p.a.	>64%	Strong turnover from mature portfolio
Average village age	18.1 years	+3.6 years	More mature villages enhance cash yield
Development pipeline	3,400 units	+19%	Strong organic growth potential
-Active	1,100 units	+28%	
-Long-term	2,300 units	+15%	



Rockhampton, Qld



Stockland

Commercial Property

Delivering on our strategy of re-weighting to Retail

Retail

- Acquired \$241m of quality assets in the key growth areas of Hervey Bay and Point Cook
- \$2.2b¹ development pipeline on program and budget

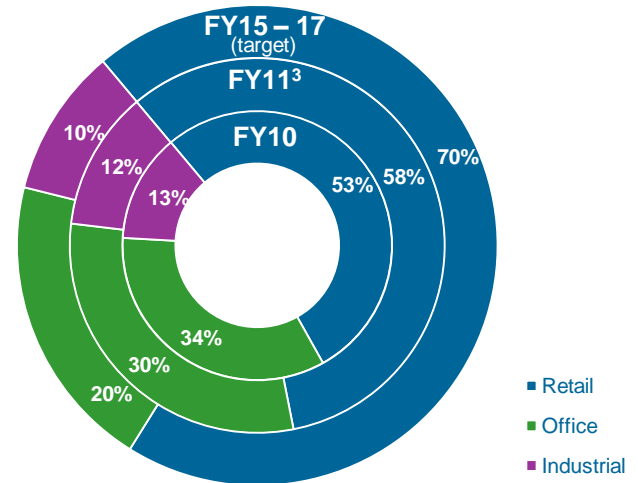
Office and Industrial

- Disposed of a further \$150m of small and management intensive assets in FY11
- De-risked portfolio with disposals of Myuna Complex and 150 Charlotte St⁴
- 82% of office portfolio now A grade

Customer is core to delivering our strategy

- Realigned leasing team structure to provide a seamless approach to retailer account management
- Significant research undertaken to understand impact of online retailing on customer behaviour:
 - Qualitative and quantitative research including proprietary card data analysis⁵ and forecasting

Portfolio re-weighting²



Commercial Property strategy

Retail

Develop larger, higher quality retail assets with strong trading record and in areas of market growth

Leverage Stockland's integrated model and land bank

Office and Industrial

Own and manage a quality office portfolio in major markets

Focus on large, flexible industrial estates close to major transport hubs

Asset sales to fund retail development pipeline

- 17 - 1. Cost to complete
 2. Approximate weightings by asset value
 3. Weightings exclude Myuna Complex, 150 Charlotte Street and BankWest Tower

4. Due to settle in FY12
 5. Credit and debit cards, BPAY and PayPal

Long-term fundamentals underpin strategy

Sound retail fundamentals

- Population growth drives retailer demand for new retail space in growing trade areas
- Current active construction pipeline implies undersupply

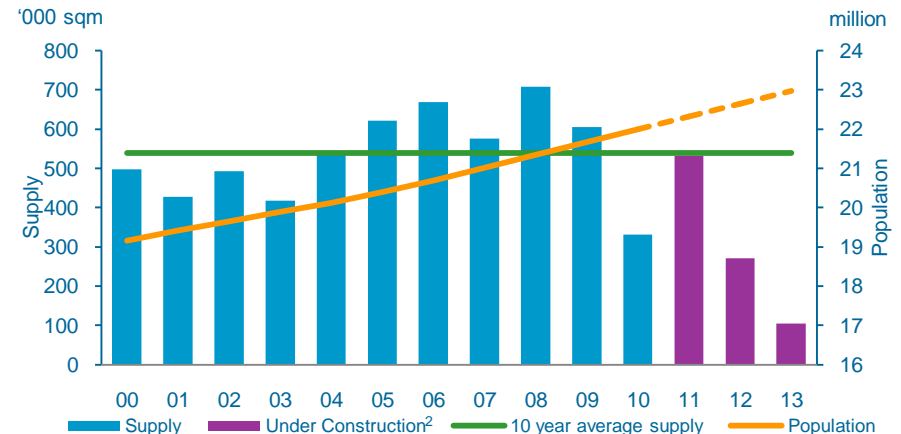
Stockland centres outperform market averages

- Key assets have inherent growth prospects through redevelopment:
 - Highly productive centres - well above Urbis averages
 - Benefit from long sales history, relationships with anchor tenants and detailed knowledge of trade areas
 - Opportunity to create quality assets without compromising convenience

Actively managing challenges of online retailing

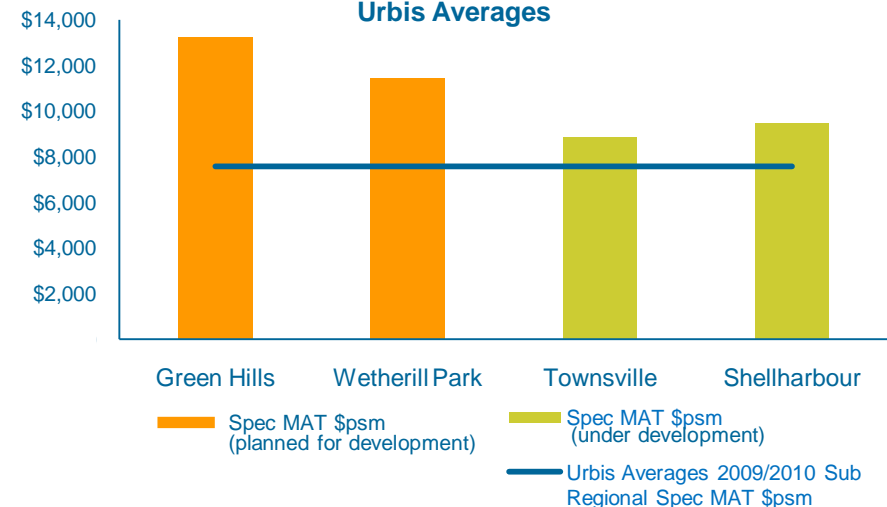
- Build greater flexibility in development plans
- Continued focus on building loyalty and amenity e.g. improved food offering, play areas, parent rooms

National retail demand outstrips supply¹



Redevelopment potential within existing portfolio

Centres planned/under development outperform Urbis Averages



Stockland centres generating above average retail sales growth

Increasing market share in operational centres

- Specialty sales growth driven by proactive asset management:
 - Strategic retail remixing to lift quality of the offer and match local trade area needs
 - Targeted allocation of capital to upgrade facilities and aesthetics to improve customer experience

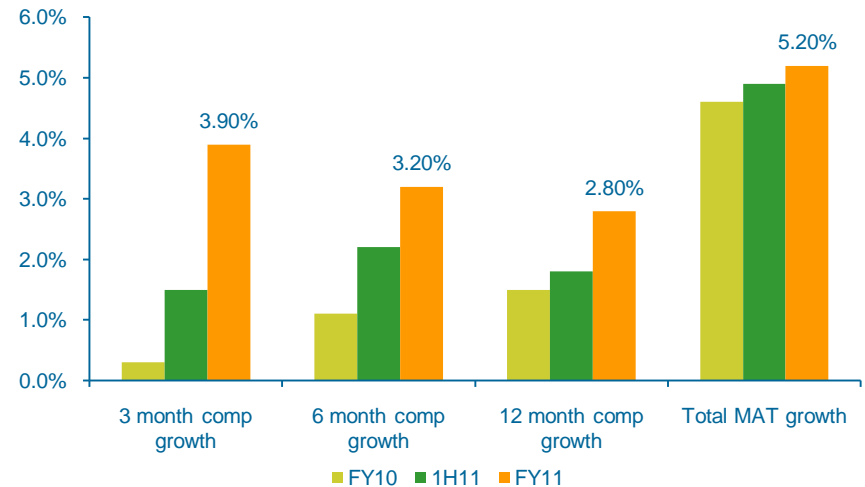
Value and convenience focus

- Highly accessible centres offering strong value-for-money shopping
- Retail mix skewed towards higher sales growth categories like food catering, food retail and retail services

Well positioned assets

- Majority of centres #1 in primary trade area
- Centres are an important social hub for communities - over 60%² of portfolio in key regional cities

Stockland retail sales have strengthened during FY11



Sales growth from proactive asset management

	June 2011 specialty growth	Specialty growth MAT FY11	Total centre MAT growth FY11
Wendouree	21.2%	20.2%	7.5%
Nowra	18.6%	9.5%	3.2%
Baulkham Hills	14.5%	6.2%	6.2%
Cairns	5.1%	3.2%	5.0%

Retail development pipeline on program and budget

\$300m projects came on line in FY11, trading ahead of expectations

- Rockhampton, North Shore Townsville, and Merrylands stage 2B and 3A all delivered and trading well
- Rockhampton achieved value uplift of 34% on \$118m cost over life of project - yield on cost 8.1%

\$935m projects under construction

- All anchor tenant lease agreements and fixed price building contracts executed
- Specialty shop project leasing on budget and demand from national retailers remains strong

Future projects

- Hervey Bay expected to commence in FY12/FY13, Gladstone redevelopment to be brought forward
- Green Hills and Wetherill Park planning processes extended

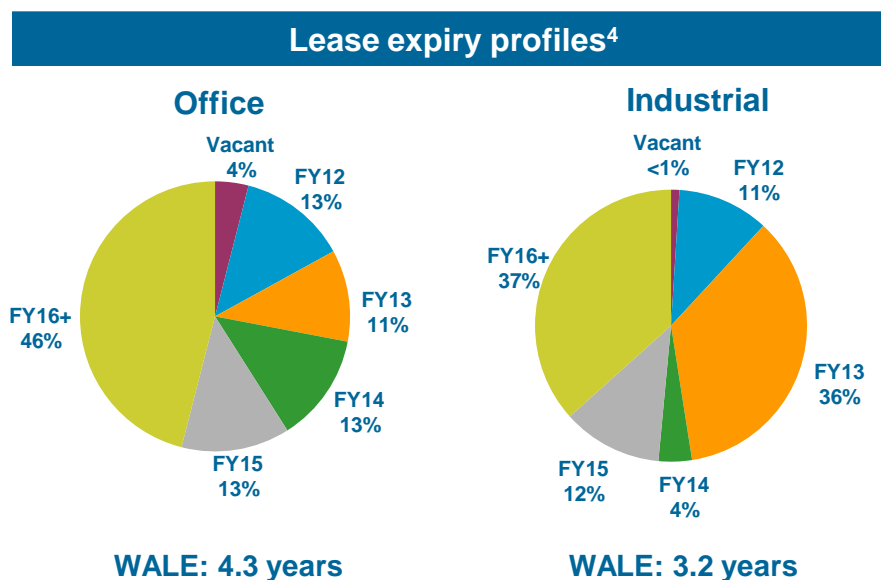
Retail development pipeline					
	Est. total cost (\$m)	Estimated cost to complete (\$m)	Estimated fully leased year one yield	% total income leased	% specialty income leased
Under Construction					
Merrylands Completed Nov-12	395	145	6.5%	75%	65%
Townsville Completed Jul-12	175	115	6.5%	52%	32%
Highlands Completed Nov-11	35	20	6.1% ¹	79%	48%
Shellharbour Completed Sep-13	330	270	7.6%	24%	5%
Sub-total	935	550			
Identified projects expected to commence in the next 2 years					
Hervey Bay	120	120	7.25-7.75%		
Green Hills	350	350	7.25-7.75%		
Gladstone	125	125	7.25-7.75%		
Sub-total	595	595			
Future Projects	1,075	1,075			
Total development Pipeline	2,220	2,220			

Minimal lease expiry risk in Office and Industrial portfolio

- Office NOI down 5.2% due to asset disposals
- Industrial NOI up 2.7%
- Comparable NOI growth:
 - FY11 - Office +2.8%, Industrial +7.5%
 - FY12 - expect slightly lower growth in office, flat in industrial
- 306,000sqm of office and industrial space leased:
 - Average face rent: Office +9.5%, Industrial +3%
 - Average incentives: Office 16%¹, Industrial 7%
- Office occupancy 96%² including space under refurbishment
- Solid leasing performance lifted industrial occupancy to 99.8%
- Office WALE up slightly to 4.3 years, Industrial down slightly to 3.2 years due to short-term leasing deals²

- 21 4. New 17.7%, renewals 13.0%
2. Excludes assets held for sale

Office and Industrial rent at risk ³						
	Office		Industrial		Total	
	FY12 \$m	FY13 \$m	FY12 \$m	FY13 \$m	FY12 \$m	FY13 \$m
Total vacant space/leases expiring	19.0	41.3	6.8	22.6	25.8	63.9
Management expectation of likely renewals/new leases	(10.5)	(34.6)	(3.4)	(18.8)	(13.9)	(53.4)
Potential risk from vacant and uncommitted space	\$8.5m	\$6.7m	\$3.4m	\$3.8m	\$11.9m	\$10.5m



3. Based on market rent and excludes assets held for sale, includes vacancies at 1/7/11, assumes gross effective rent on fully leased basis
4. Based on area and excludes assets held for sale



Newhaven, WA



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Financial Management

Capital management initiatives

5% on market share buyback

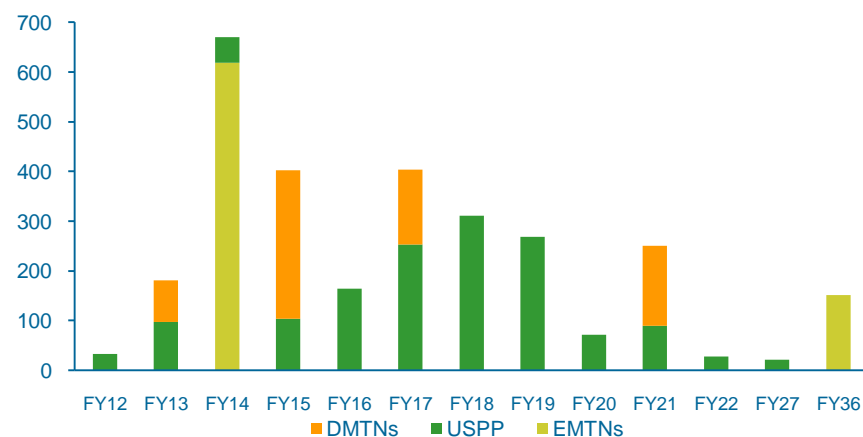
- Security price has fallen to a level that does not reflect the underlying value of our business nor Stockland's strong capital position
- Buyback funded by sale of non core office and industrial assets and the deferral of uncommitted expenditure
- Bank facilities in place to manage any funding timing differences; minimum liquidity buffer of at least \$500m will be maintained
- Buyback can commence from 2nd September 2011

Prudent debt levels maintained

- S&P A- Stable rating confirmed
- Weighted average debt maturity 5.9 years
- A\$120m raised for 10 years through USPP in August 2011
- Pro forma gearing to remain around 22%, below target range 25% – 35% of tangible assets
- No refinancing issues - \$32m debt maturing in FY12

S&P rating	A- / Stable
Drawn debt ¹	\$3.0b
Cash on deposit	\$0.2b
Available undrawn committed debt facilities	\$0.5b
Gearing (net debt ² / total tangible assets)	22.0%
Interest cover	5.3: 1
Weighted average debt maturity	5.9 years
Debt fixed/hedged	59%
Weighted average cost of debt for FY11	5.7%
Weighted average cost of debt at 30 June 2011	6.3%

Long-dated drawn debt maturity profile³





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Appendix

Upgraded earnings growth delivered despite weaker market conditions

	FY11		FY10
Statutory Profit	\$754.6m	▲ 57.7%	\$478.4m
Underlying Profit¹	\$752.4m	▲ 8.7%	\$692.3m
Underlying Earnings per Security¹	31.6 cents	▲ 8.6%	29.1 cents
Distribution per Security	23.7 cents	▲ 8.7%	21.8 cents
NTA per Security	\$3.65	▲ 1.7%	\$3.59
Gearing	22%		18%

FY11 - key achievements

Residential

- ✓ Significant progress in wind down of Apartments business - circa \$350m net cash inflow in FY11 for reinvestment in Communities
- ✓ 27,000 future Communities lots secured on capital efficient terms, total 90,000 lots now owned or controlled
- ✓ Market share growth in existing corridors and enhanced geographic diversity
- ✓ Nine new projects to be launched in FY12

Retirement Living

- ✓ Scalable national platform established with Aevum fully integrated
- ✓ Ten developments underway in four states
- ✓ Acquired three further established villages with accretive cash yield

Commercial Property

- ✓ Reweighting into Retail with circa \$490m invested in development and acquisitions
- ✓ Delivering on strategy to create retail centres which act as a social and community hub - more resilient to market downturn and online threat
- ✓ Funded partly by \$308m of asset sales, and a further \$73m under contract

Financial Management

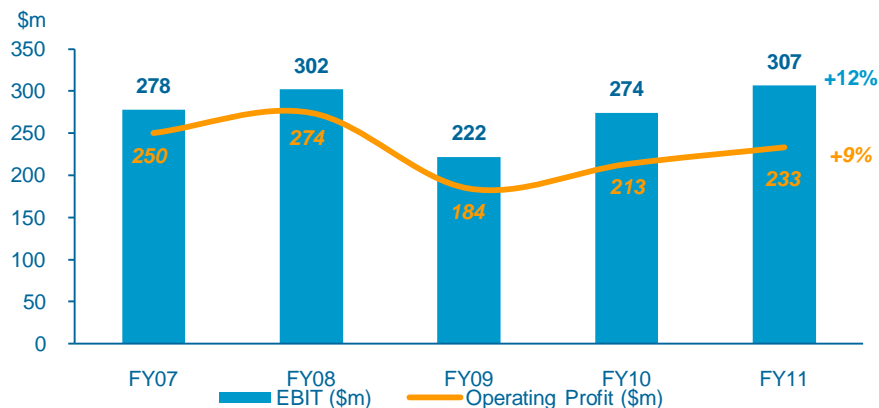
- ✓ Fully-funding growth internally - no current need for new equity or significant new debt
- ✓ Low gearing (22% Debt/TTA) and long-dated debt (average 5.9 years)
- ✓ Prudent cost management

Strategic Weightings

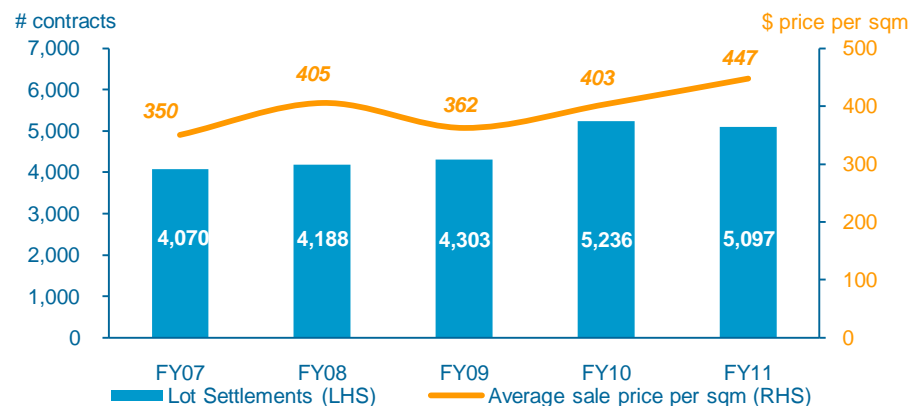
- ✓ Asset and profit growth across both recurring and trading businesses
- ✓ FY11 Operating Profit split: 71% recurring/29% trading

FY11 Results and key metrics - Residential Communities

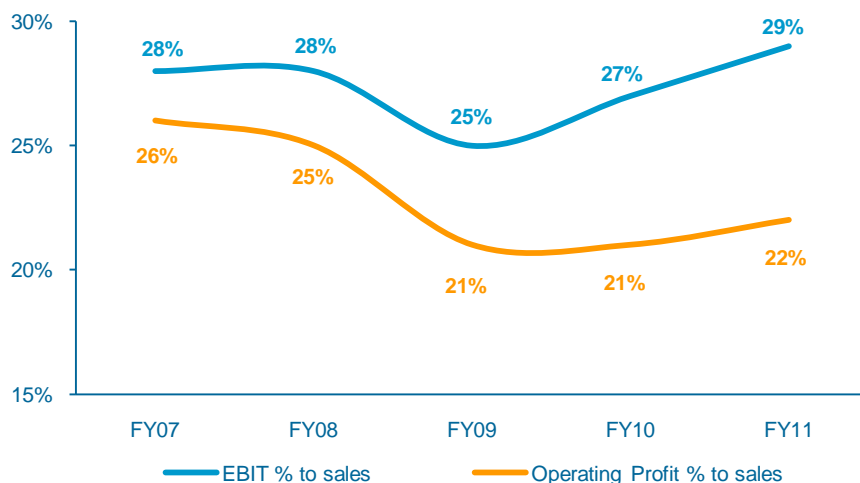
Strong profit growth post global financial crisis



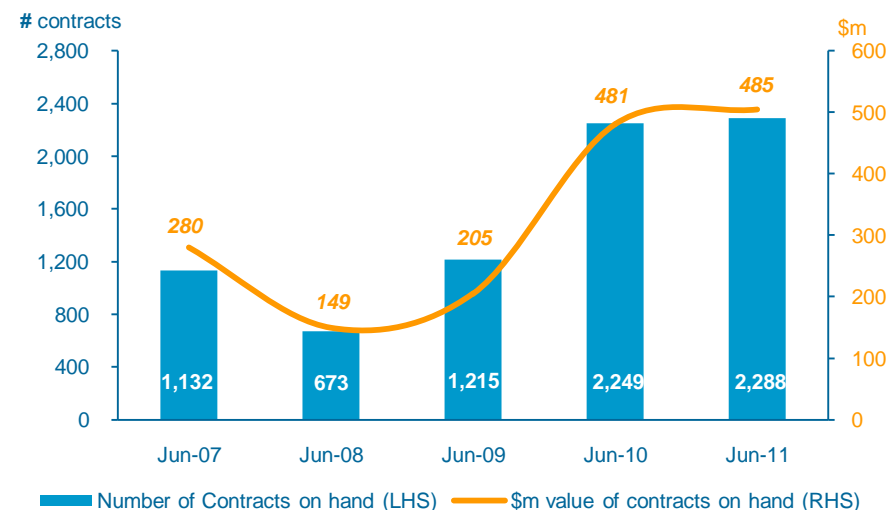
FY11 settlement volumes slightly down, but price per sqm significantly up



Improving margins through price growth and cost efficiencies

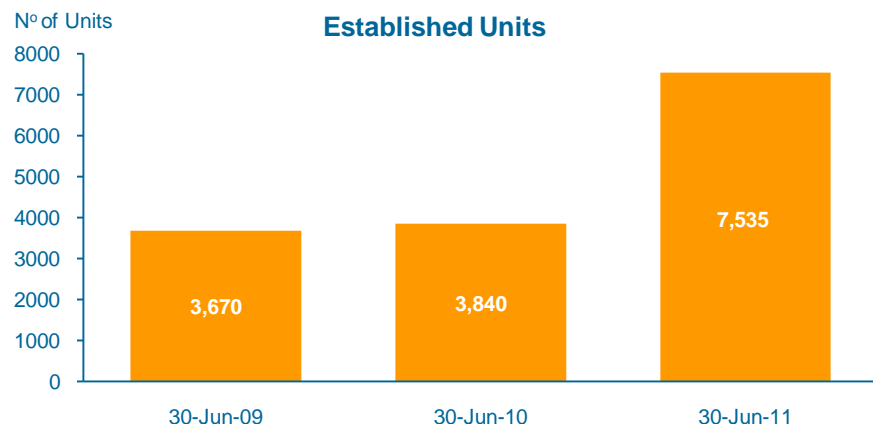


Record contracts on hand to settle in FY12

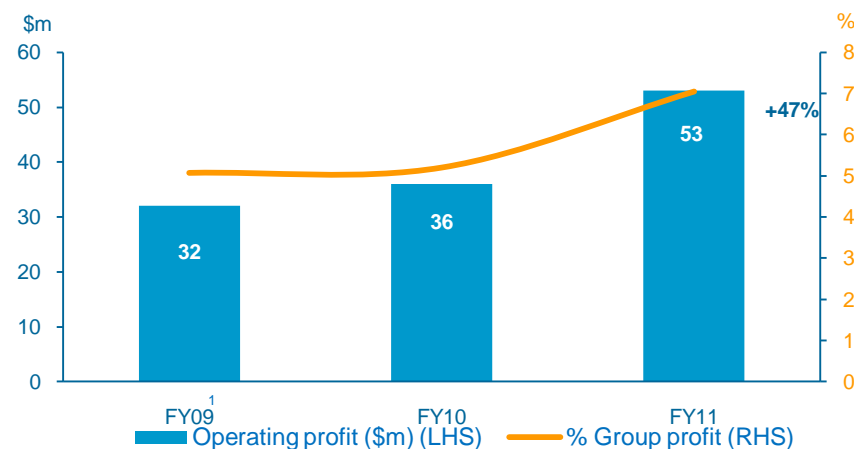


FY11 Results and key metrics - Retirement Living

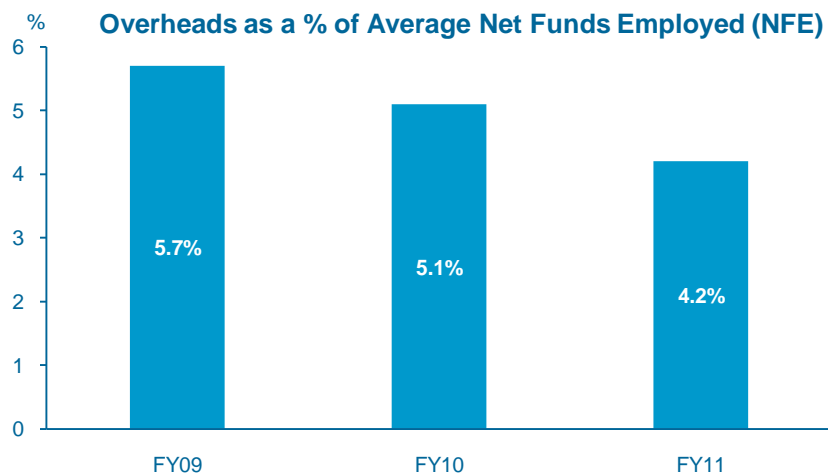
Aevum acquisition was business transformational



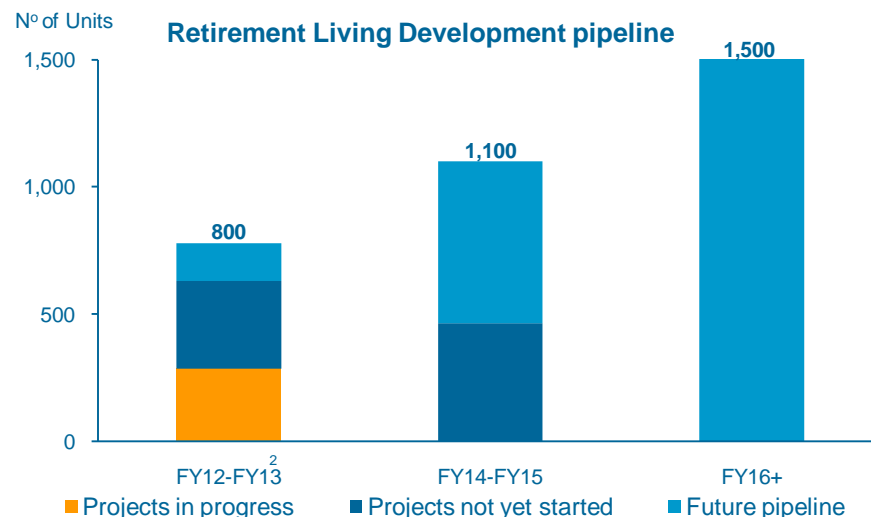
Retirement Living is now making a meaningful profit contribution



Achieving significant economies of scale



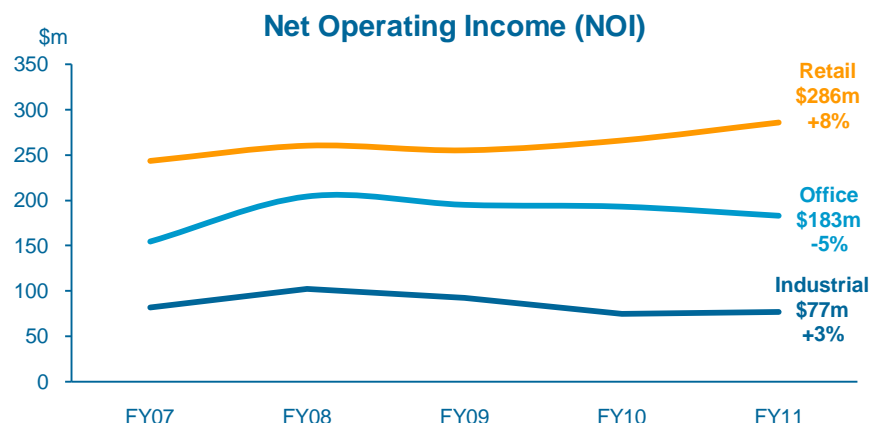
Development pipeline will deliver cash profits and further cost efficiencies



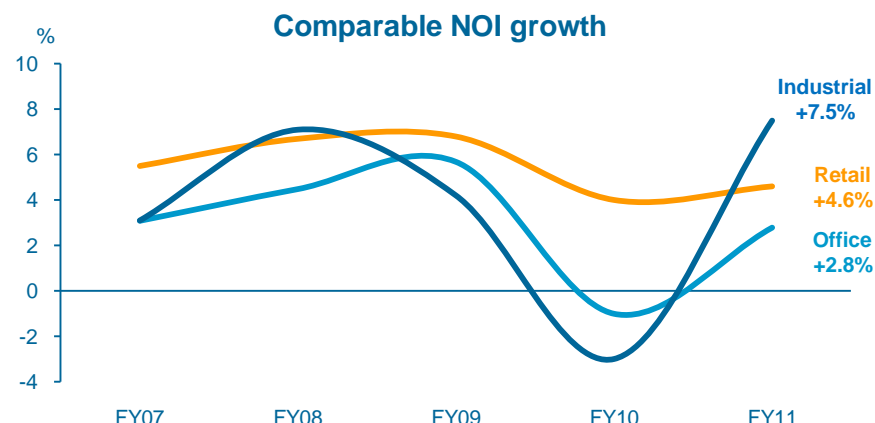
- 281. FY09 has been restated to reflect changes arising from AASB140
 2. Timing subject to market conditions

FY11 Results and key metrics - Commercial Property

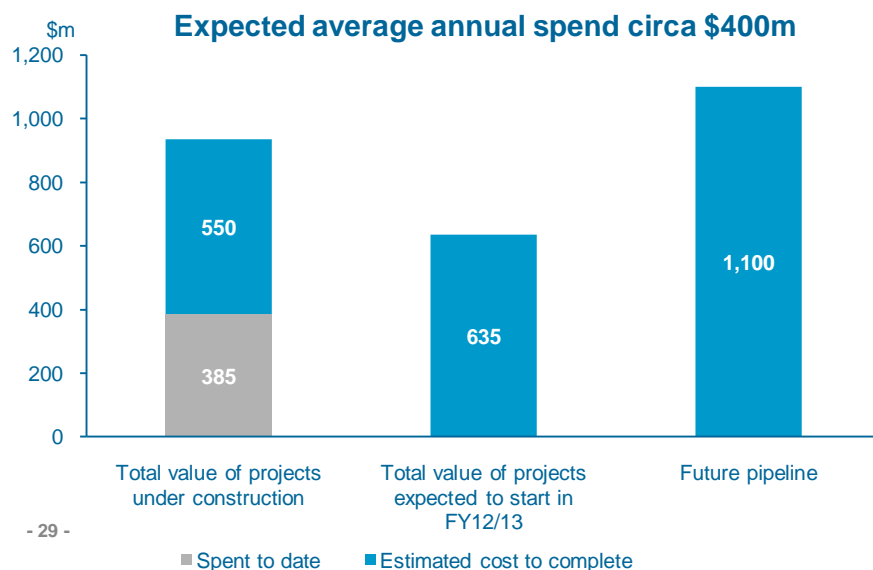
**Strong growth in Retail NOI,
Office NOI down due to asset sales**



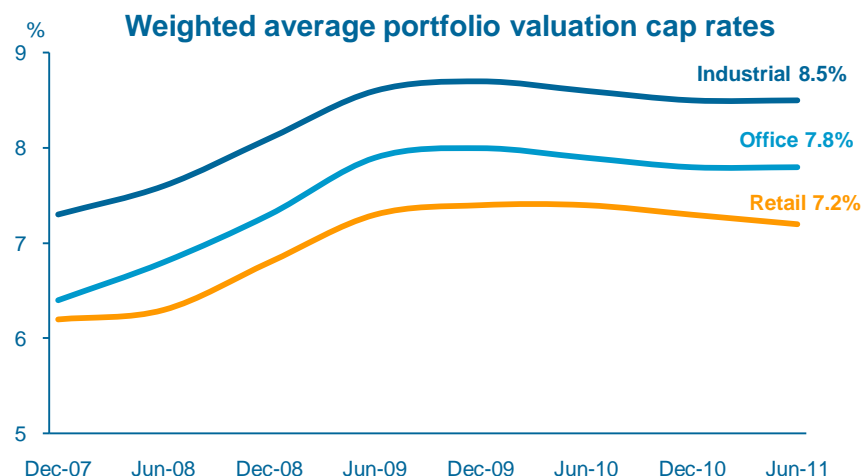
**Strong and consistent Retail comparable growth;
Office & Industrial improving but more volatile**



**Retail development pipeline to be delivered in
stages to manage cash flow and delivery risk**

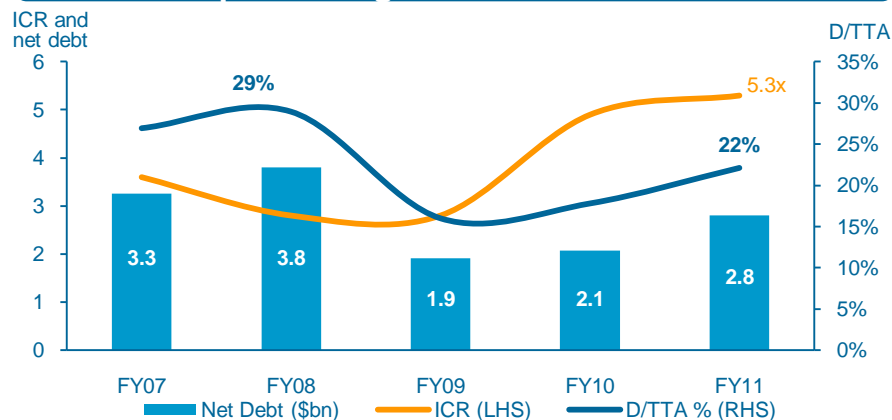


Cap rates slowly firming

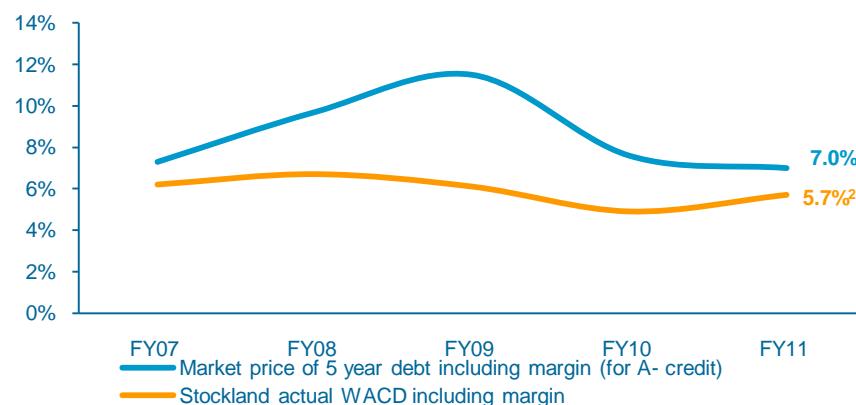


FY11 Results and key metrics - financial management

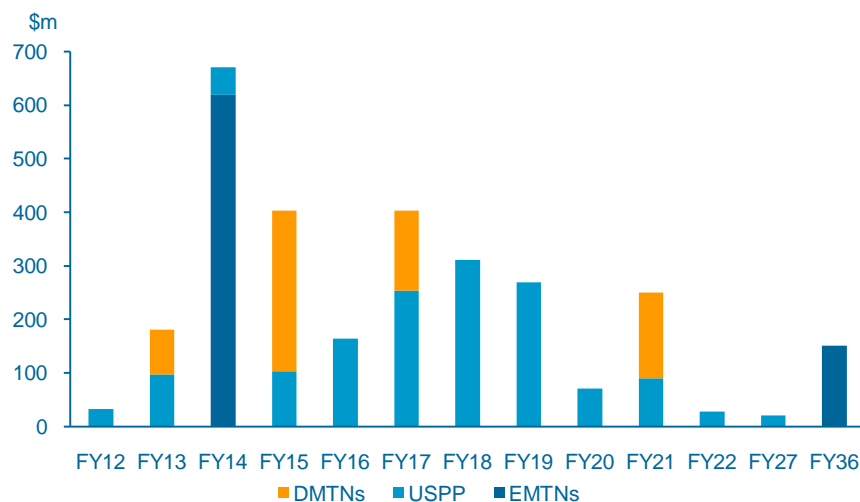
Maintaining conservative gearing in response to global credit concerns¹



Low average interest cost through active debt management and hedging

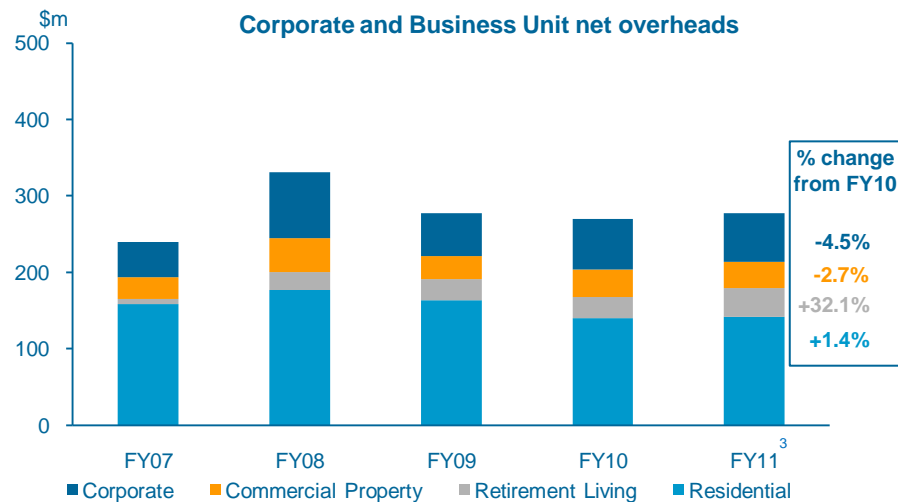


A- rating provides access to global debt markets achieving long-dated debt maturity profile¹



- 30 -
1. Includes offset of \$0.2b cash on deposit
 2. Excludes cost of hedge restructuring
 3. Excludes Aged Care

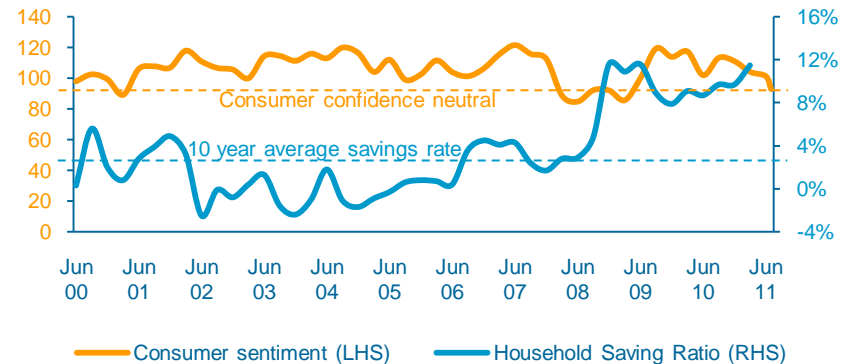
Prudent Cost Management



Consumer confidence and household savings

Consumer confidence is weak - households are saving more

- Households were naturally cautious post global financial crisis
- This caution has been amplified by global market uncertainty and rising cost of living (interest rates, food prices, utility bills)
- Monetary policy has been tightened due to the mining boom, putting further pressure on the majority of households that don't feel a direct benefit



Our thoughts and actions in response

- Greater household saving is good for the economy in the long-term, but it's challenging for consumer segments while it happens
- It will level out as confidence returns and consumer spending should revert to a sustainable trend (population growth plus inflation)
- Australia's long-term economic outlook is positive based on its extensive resources and proximity to Asia, but conditions are likely to remain weak throughout FY12
- Our response is to continue to focus on the basics:
 - Deliver the right products and services desired by our value-conscious customers
 - Manage working capital and costs tightly
 - Keep our debt low and long-dated

Housing market - currently weak but it's a cycle, not structural

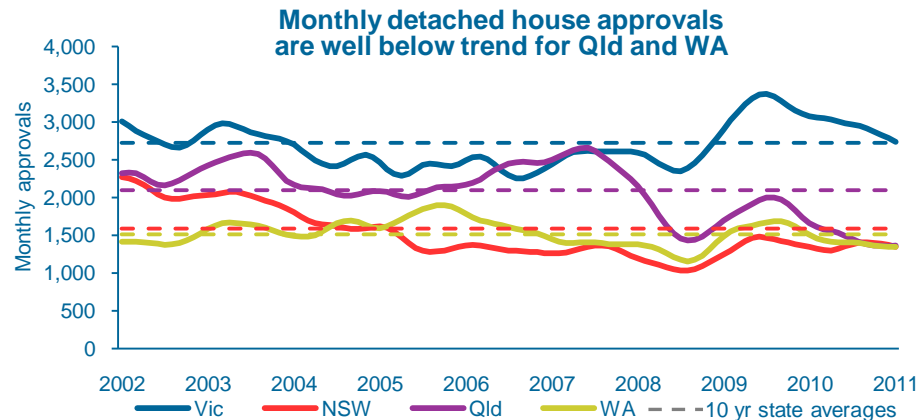
The short-term issue - weak market conditions

Market conditions

- The housing market has softened during 2011
- In our view, it is a cycle not a structural correction and pent up demand should emerge in 2012

Our response

- Focus on the basics - product, price, customer service
- Maintain affordability and price/value advantage against our biggest competitor, the established market
- Minimise working capital and develop projects in smaller stages



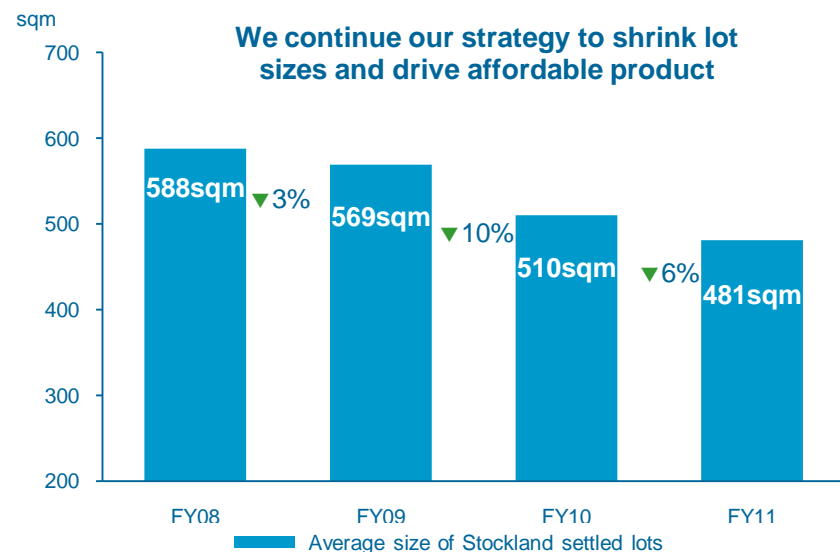
The long-term issue - housing affordability

Housing affordability

- One of the biggest challenges faced by Australian residents, present and future
- It is embedded through a structural supply/demand imbalance and is unlikely to change in the short-term
- State governments are being more proactive in freeing up supply, but this will take some time to flow through

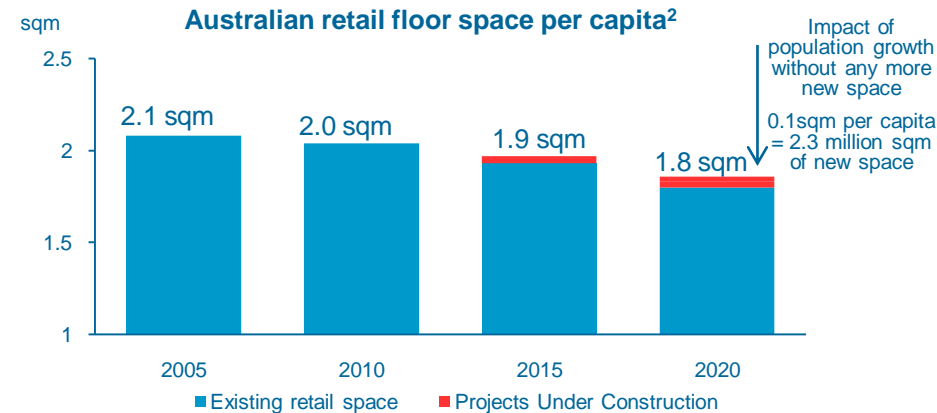
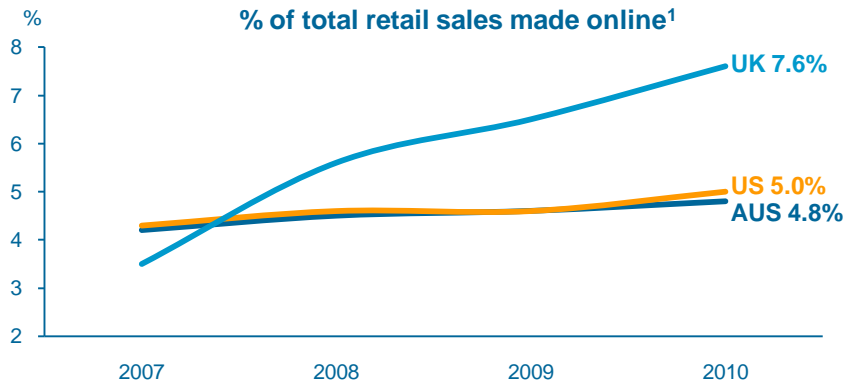
Our response

- Product innovation is our competitive advantage - smaller lots, more efficient housing, lower price points
- This is a long-term strategy, not just a response to current market conditions



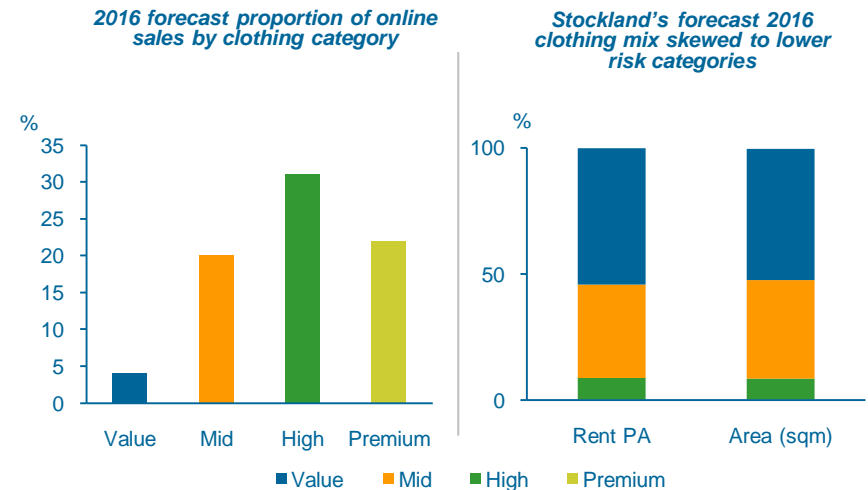
Impact of online retailing on traditional bricks and mortar

Online is a threat to traditional shopping but building less new space provides a natural 'shock absorber'



Our retail development strategy is designed to address the risk of increased online shopping

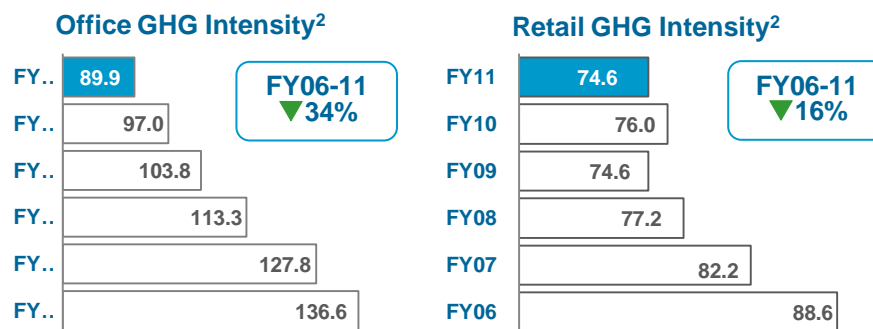
- Flexible development plans and retail mix
- Not overbuilding, e.g. Shellharbour will have total of 220 specialty shops
- Focus on day-to-day value and convenience
- Increasing proportion of food, leisure, retail services and entertainment
- Many centres are in regional areas and become the natural social hub of the community
- Our decisions are based on extensive research in partnership with Quantum³



Carbon price - we are well prepared; minimal initial impact

Carbon emissions performance

- We are not liable to purchase carbon credits
- Our current GHG emissions total 166,000 tonnes¹, mainly from electricity usage in Commercial Property buildings
- We reduced our GHG intensity by 34% for Office and 16% for Retail between FY06 and FY11
- Targeting a further 7% reduction in GHG intensity for Office and 20% for Retail by FY14



Anticipated impact of a carbon price

Operational impact

- We expect the carbon tax to add a maximum of \$4m p.a.³ in electricity and gas costs from FY13
- Approximately 50% can be passed onto tenants

Development impact

- Retail: Modelling of pipeline indicates average increase of 0.4%⁴ in retail development costs
- Residential: Additional cost of new house and land circa \$2,500⁴ (virtually all from the house component), 0.6% of average project home cost
 - No material margin impact to SGP
 - New houses are more energy efficient than older houses; typical energy savings for a new home versus a similarly sized home built before 1995 are approximately \$800p.a.⁵ (three year payback)
- Additional home building costs likely to be passed on to consumers over two-three years, similar to GST experience
- Retirement Living: Estimated additional cost per unit circa \$1,800⁴, 0.6% of average unit cost

- 34 - 1. Scope 1 27,000 tCO₂-e, Scope 2 139,000 tCO₂-e
 2. kgCO₂-e/m²
 3. Assumes 100% pass on of carbon credit costs by our utility suppliers

4. Source: Energetics: Refer to disclaimer page 18
 5. IPART Household Survey 2006 - Energy use for four person household occupancy, BASIX

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Slide 33: Independent research by the Quantum group using Market Blueprint data. De-identified transactional data for over 2 million customers. Data re-weighted using Census; bias-free and population representative. Includes credit card, debit card, BPay and PayPal transactions. Over 1.5 million transactions per day; 1 billion plus in aggregate. 25,000 retailers across a broad range of Stockland relevant categories. Includes transactions from Jan 2010 to Feb 2011 inclusive.

Slide 34: Energetics: This information is of a general nature only and has not taken into account Stockland's objectives or particular financial situation. This information should not be relied upon for making any investment decision and no warranty is given to its accuracy.