Stockland

BAML Australian REIT Conference
November 2010

3-R growth strategy - Diversified model drives competitive advantage

Retail	Retirement Living	Residential Communities
Strategy Extensive $2.5b retail development pipeline, enhancing asset size, quality and trade area positioning	**Strategy** Increase market share and returns through development of new villages and acquisition of portfolios	**Strategy** Grow market share through geographic and product diversity
Execution Major developments at Merrylands, Rockhampton, Townsville, Shellharbour	**Execution** Development pipeline of circa 2,900 Independent Living Units Offer for Aevum	**Execution** 14,140 lots acquired at a total cost of $439m

Fully funded growth - strong capital position and cash for reinvestment from asset sales

Integrated platform enhances community creation capability - now a key government requirement

Disciplined assessment of opportunities within strategic weightings of 60-80% recurring / 20-40% trading (FY10 Actual: 72% recurring / 28% trading)

Fully-funded strategy and strong balance sheet

Delivering on growth strategy:

- Residential acquisitions of circa 14,000 lots in FY10 / FY11 year to date, including projects in 3 new growth corridors and profit contribution from FY11+
- Retirement Living organic development pipeline ramping up with 6 projects under construction in 3 states, and acquisition of Aevum would nearly double the portfolio and accelerate growth
- Retail development pipeline - 6 active projects due for completion by FY13 and 3 new projects expected to commence in FY11 / FY12
- Disciplined assessment of growth opportunities in line with group strategic weightings (60% - 80% recurring, 20% - 40% trading)
- Growth funded by $830m of net cash flow from trade-out of Apartments and UK, sale of non-core Commercial Property assets, cash generation from Residential Communities, retained earnings and low gearing

Strong balance sheet and liquidity:

- Revised and simplified distribution policy - now 75% of Underlying Profit[1]; FY10 DPS 21.8 cents
- Conservative gearing at 18% and average debt maturity > 6 years
- Cash and undrawn debt facilities $1.9b (at 30 June 2010)

FY11 guidance:

- On track to achieve EPS growth of 7% on FY10, earnings skew to second half in Residential and Retirement Living
- Expect EPS growth in 1H11 compared to the previous corresponding period

1. Revised distribution policy based on greater of 75% of Underlying Profit or Trust Taxable Income

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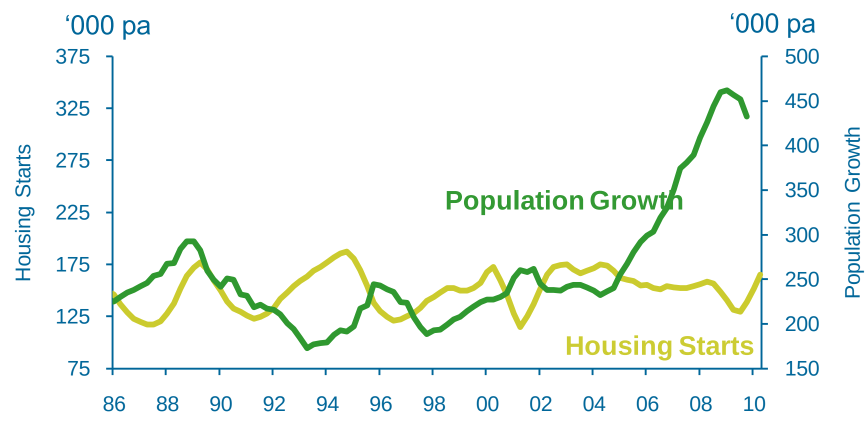
North Lakes, QLD

Residential

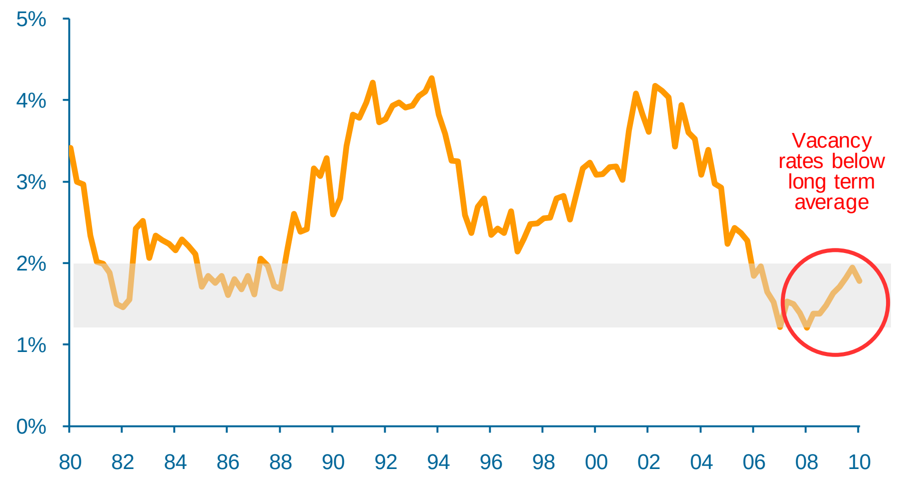
Market fundamentals driven by housing undersupply in Australia

- Housing undersupply due to population growth:
  - Low rental vacancy levels
  - Marginal increase in average household sizes
- Household starts lag population growth:
  - Finance remains constrained for builders
- Market being driven by fundamentals, not due to speculators or excess leverage:
  - Debt repayments have grown in line with incomes
  - LVRs remain low
  - High risk loans / defaults low
  - Bank lending remains responsible
- Economic fundamentals remain relatively robust:
  - Strong employment stats
  - Absence of heavily leveraged investors

Population growth well above housing starts[1]



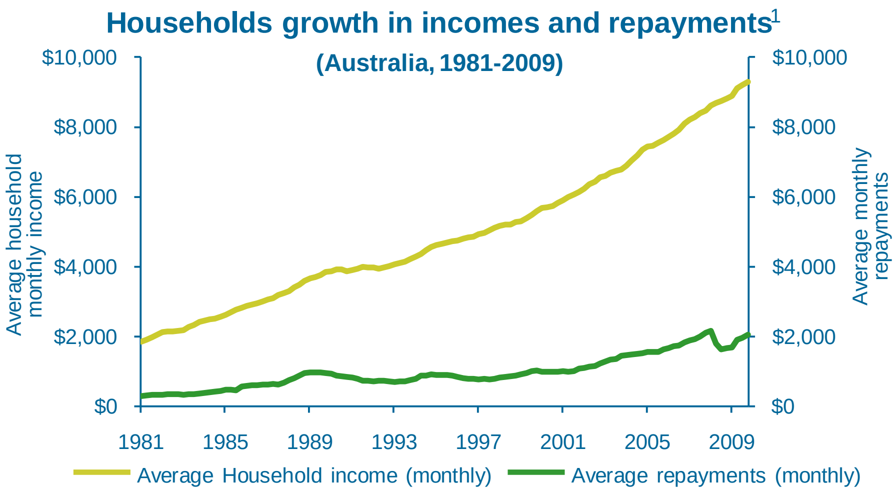
Rental vacancies historically low[2]



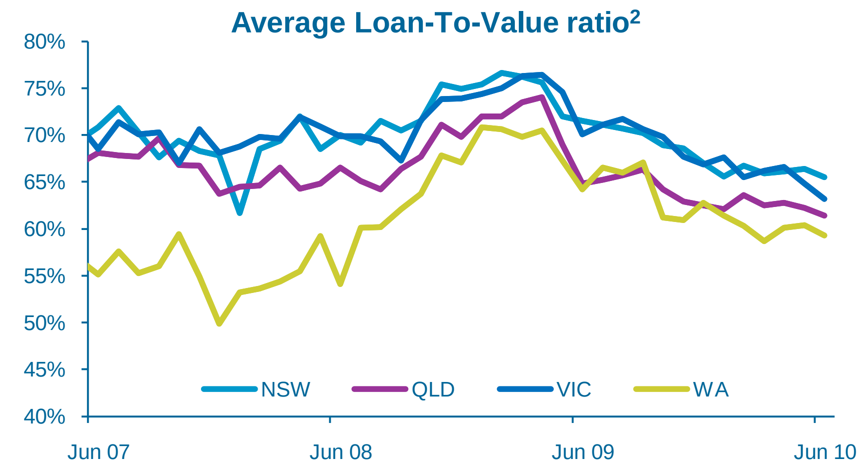
1. Source: ABS, Stockland Research
2. Source: REIA, ABS, Stockland Research

Mortgage debt sustainability, bank mortgage lending is responsible

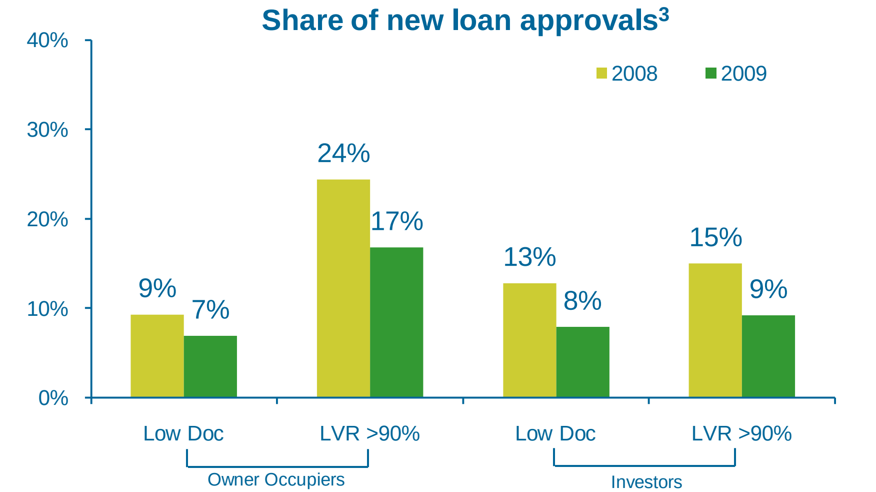
Sustainable repayments - growth in line with incomes



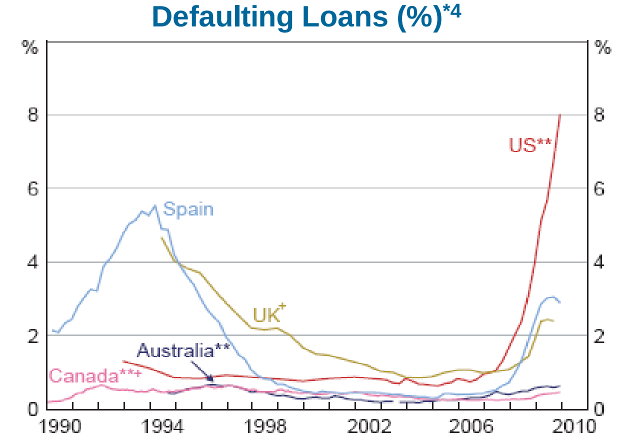
Sustainable debt - buyers are taking on less debt



High risk loans are low and falling



Loan defaults remain low in Australia

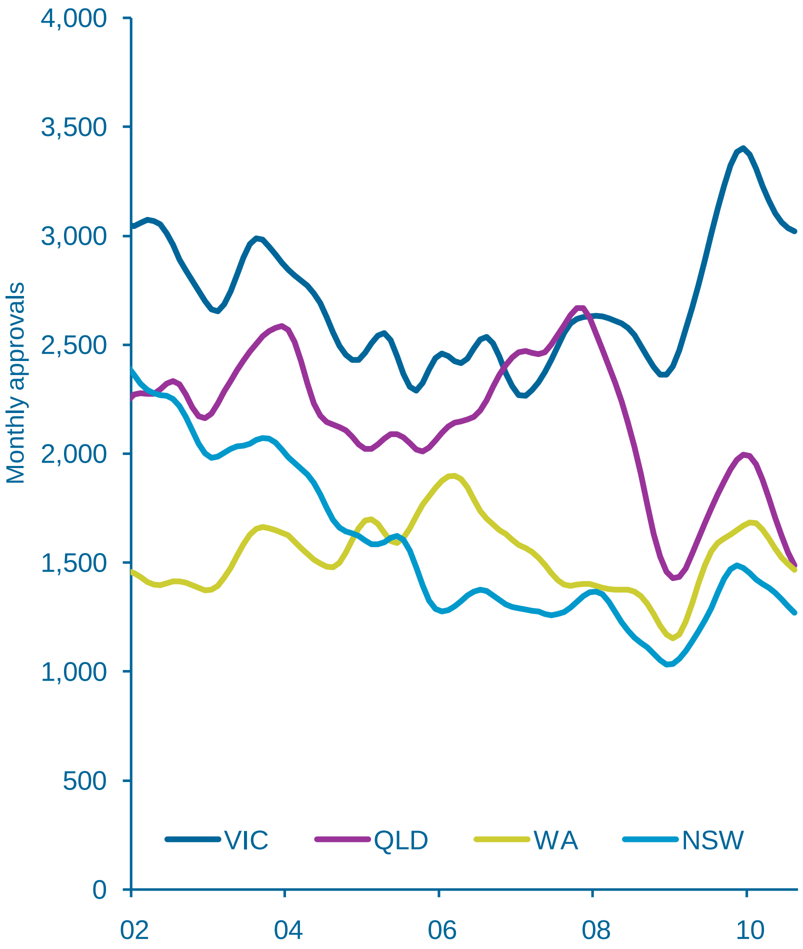


* - Per cent of loans by value. Includes impaired loans unless otherwise stated. For Australia, data prior to September 2003 based on loans 90 days in arrears ** Banks only; + Per cent of loans by number that are 90+ days in arrears

1. Pre-tax income for working households based on full time individual income, male and female participation and unemployment rates. Source: ABS, Stockland Research
2. Source: AFG
3. Source: RBA, APRA, LVR = loan-to-valuation ratio
4. Source: RBA, APRA, Bank of Spain, Canadian Bankers' Association, Council of Mortgage Lenders, FDIC

The threat of more interest rate rises is dampening sentiment

Private Detached House Approvals[1]



National

- Interest rate rises have dampened the positive sentiment generated by historically low interest rates and the First Home Owners Boost
- Activity declining as affordability comes under pressure
- Further increases in bank variable mortgage rates are the key threat to sustained recovery

Victoria

- Demand has eased from the record levels of late 2009
- Continuing state stimulus measures underpin first home buyer activity
- Population and jobs growth remain strong

Queensland

- Has lost the “growth state” mantle to Victoria
- New housing activity declining and below long term levels
- Stock overhang in some parts of established market

Western Australia

- Economic outlook very strong but approvals down
- Land supply shortage in key corridors

New South Wales

- New housing market remains at historically low levels
- Outlook stronger due to recent government incentives for new housing

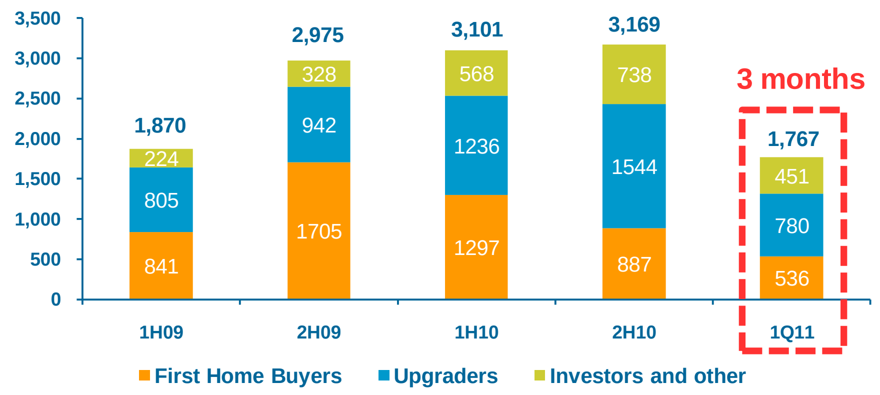
1. Source: ABS, Stockland Research. Trend series

Strong first quarter sales performance, outperforming the market

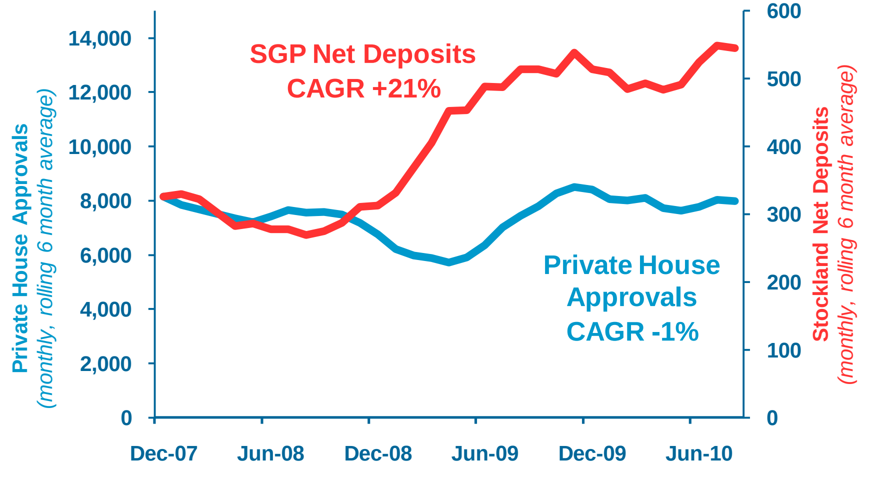
Strong first quarter Residential Communities sales

- Entered FY11 with record 2,249 contracts on hand
- Record net deposits of 1,767 in 1Q11 driven by focus on affordable, value for money product and successful national marketing campaign
- Current sales rate not expected to continue especially if mortgage rates increase further
- FY11 results likely to be skewed to second half as production lags sales due to wet weather in a number of States and registration delays with local councils

Residential buyer composition (no. of deposits)



Private House Approvals vs. Stockland Net Deposits[1]



1. Source: ABS and Stockland Research. Rolling 6 month average to Aug-10

Affordability is a challenge - Product innovation creates opportunities

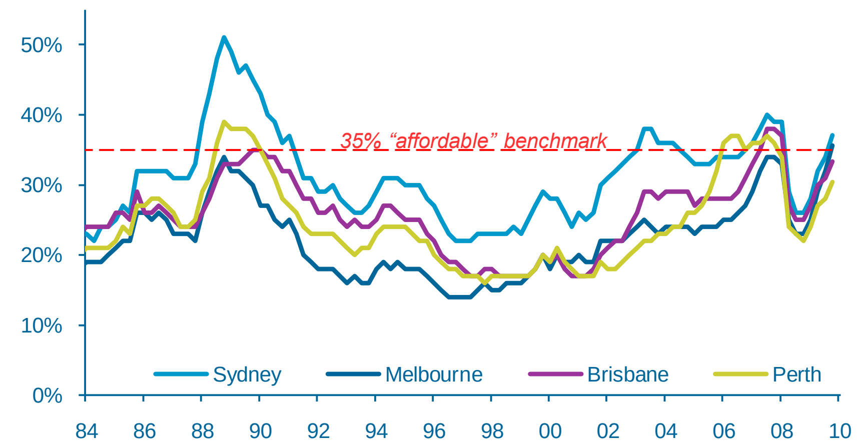
Affordability moving towards top end of benchmark

- Will come under further pressure if variable mortgage rate rises outpace income growth

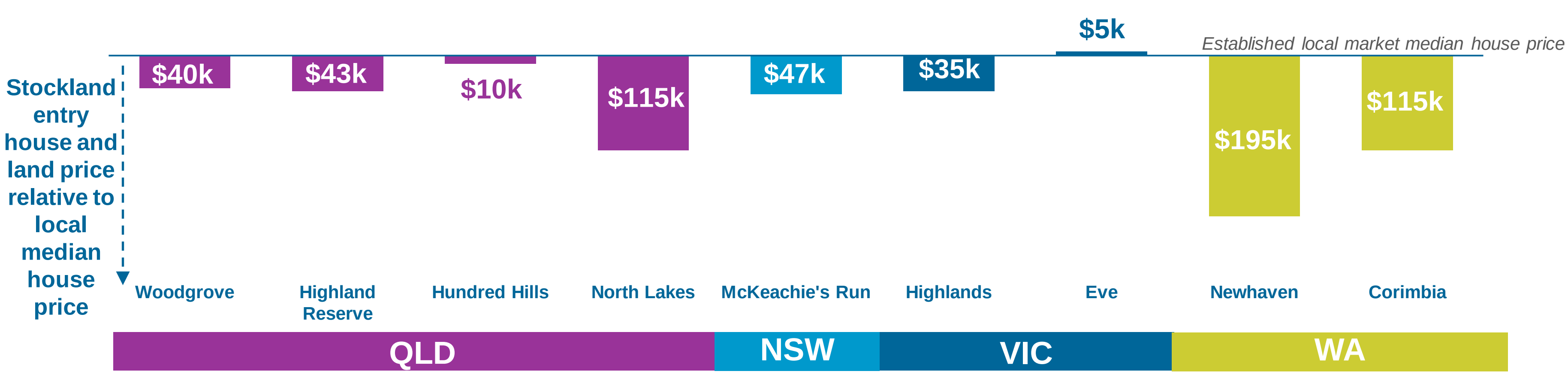
Masterplanned communities offer product flexibility not available in established market

- Can respond quickly to product demand changes
- Affordable and high quality
- Enhanced sustainability outcomes
- Stockland's scale and customer / market insight provide significant competitive advantage

Mortgage repayments as % of household income[1]



Stockland projects generally more affordable than local median house price[2]



1. Source: ABS, RBA, Stockland Research.% of disposable household income directed to mortgage repayments, based on 25 year mortgage and 80% LVR
2. Source: RP Data, Rismark International, Stockland Research. Median prices of established houses in the immediate catchment area of the project

Focus on faster speed to market and improved return on NFE

Large and diverse land bank - 65,700 lots; $1.8b net funds employed (NFE)[1]

- Provides 90% coverage of revenue targets for next 3 years
- 80% of NFE comprises active projects (live or due to commence within 2 years)
- 75% of NFE expected to be traded out within 5 years

Inventory carried at lower of cost and net realisable value

- No upward revaluation
- No impairment in FY10

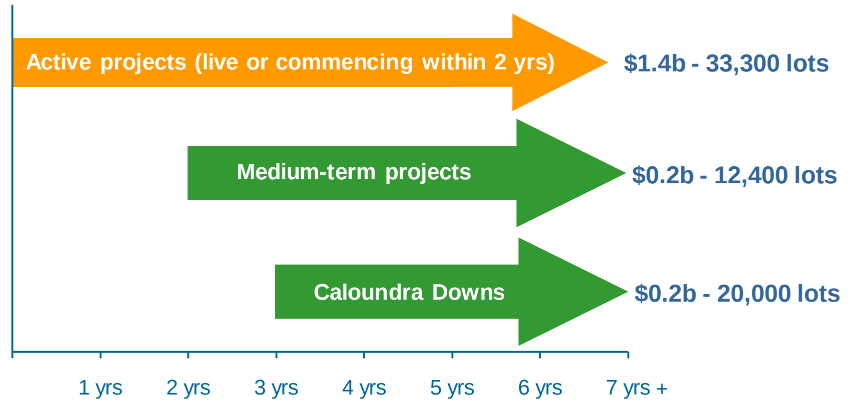
Longer-term land bank (20% of NFE)

- Underpins future strategic growth
- Higher earning potential by taking projects through zoning and masterplanning process

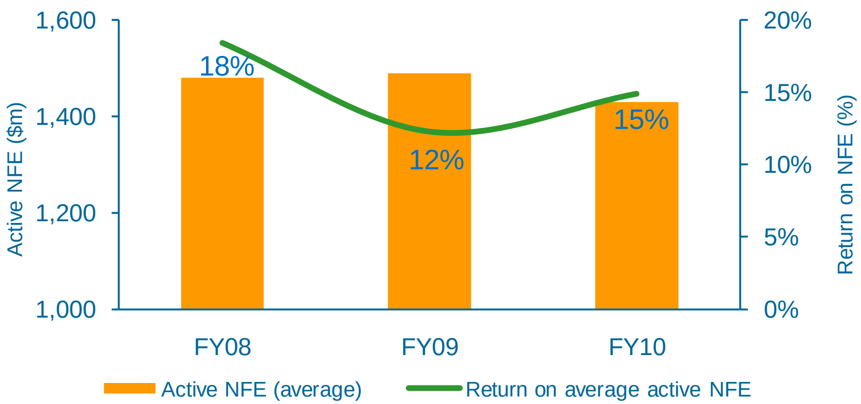
High return on average NFE in FY10

- 15% on active projects
- 12% including longer-term projects

Land bank comprises mostly active projects[1]



High return on active net funds employed (NFE)[2]



1. Based on net funds employed as at 30 June 2010; gross funds employed of $2.0b less deferred acquisition terms of circa $160m
2. Calculated as Operating Profit divided by average NFE of active projects. Active projects comprise currently trading or those that will come to market within two years. NFE includes capitalised interest

Residential Communities - Market leader with strong growth strategy

Strategy to increase sales by lifting market share

- Extend market-leading position into new growth corridors
- Disciplined acquisition assessment filters: project scale; population growth; employment growth; undersupply; affordability; speed to market
- Increase geographic and product diversity

24% market share in active corridors

- Top 2 selling projects in Australia (Highlands and North Lakes)
- Closest competitor at 5% market share
- Fragmented market - top 10 have combined 49% market share

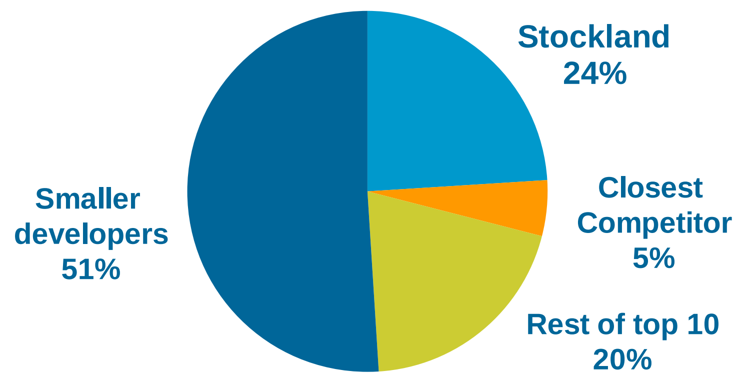
Targeting growth above replenishment levels

- Land component of COGS available for stock replenishment – circa $200m per annum

14,140 lots acquired at total cost of $439m

- 3 new growth corridors
- Now in 18 of 24 identified growth corridors
- Several acquisitions on extended payment terms to reduce NFE

Market share in active corridors[1]



Significant strategic acquisitions

		Est. lots	Est. revenue ($m)	Est. timing of first settlements
VIC	Truganina	1,200	$290m	FY12
	Harvest Home Rd / Eucalypt, Epping	1,260	$270m	FY11
	Craigieburn	1,200	$270m	FY13
WA	Eglinton[2]	2,300	$435m	FY12
QLD	The Ridge	530	$125m	FY12
Total - FY10		**6,490**	**$1,390m**	
VIC	Tarneit, Wyndham	2,600	$650m	FY15
QLD	Narangba, Greater Brisbane	600	$120m	FY11
	Ipswich, Greater Brisbane	2,550	$675m	FY12
	Rockhampton	1,900	$475m	FY14/15
Total - FY10 / FY11 to date		**14,140**	**$3,310m**	

1. Source: Charter Keck Cramer, Stockland Research. Proportion of vacant land lot sales in all of Stockland active corridors where net deposits have been taken in the last three months (excluding North Queensland and northern NSW)
2. Reflects 50% share of the future revenue in line with project development agreement. Includes Stage 1 and option over Stage 2. Total lots represents 100% of the project

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Retirement Living

Retirement Living - Key growth business as the population ages

Strategy to grow and diversify the village portfolio

- Develop new industry-leading villages
- Drive operational efficiencies in established villages
- Enhance growth through acquisition

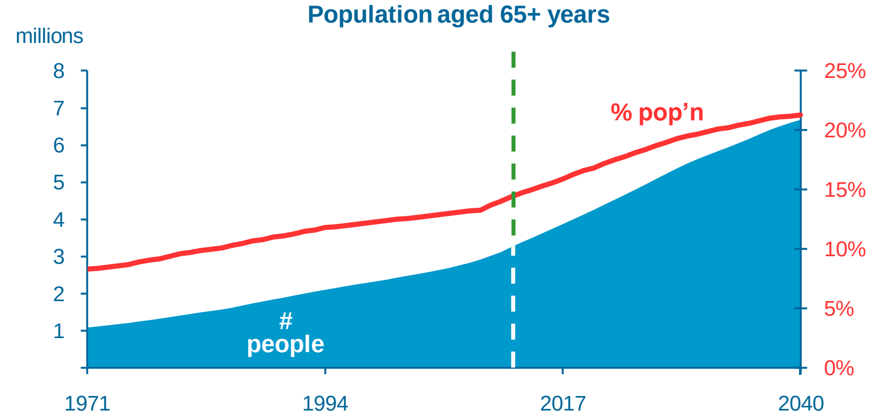
Leverage benefits of Stockland diversified model

- Synergies with Residential (development) and Commercial Property (asset management)

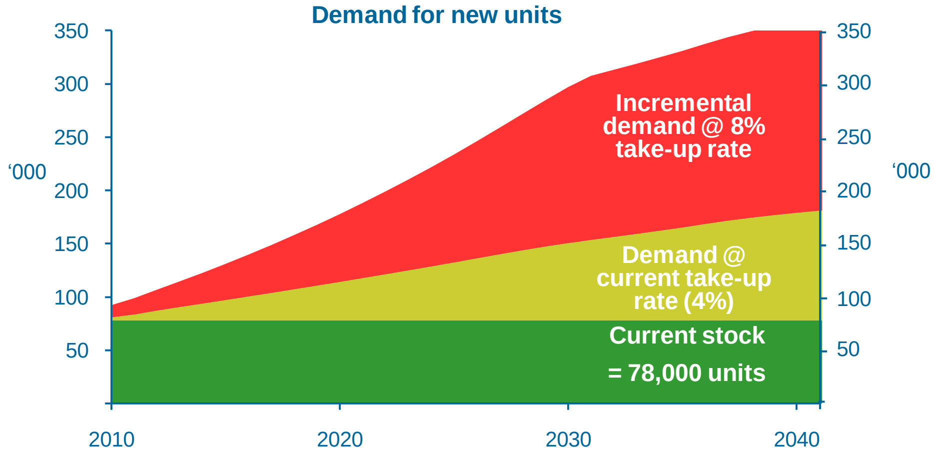
Aging population makes this a high growth industry

- Estimated 115,000 new units required by 2030 based on current take up rates, well in excess of current rate of supply
- Potential for greater take-up as product evolves to better meet customer needs

Growth of >65 year old demographic is an opportunity



Expected increase in demand for retirement village units



 Source: ABS, Stockland Research

Stockland's strategy is to create a national Retirement Living platform

6 projects under construction in 3 states

- Approx. 900 units to complete
- $230m cost to complete ($380m total cost)
- Development margin range 15% - 20% (pre overhead, excludes DMF income)

Projects performing well

- Strong demand at all villages
- First stage releases at North Lakes Extension and Highlands sold out
- First NSW village (Macarthur Gardens) under construction with strong early interest
- 8 further stages to be released at North Lakes, Highlands and Arilla in FY11

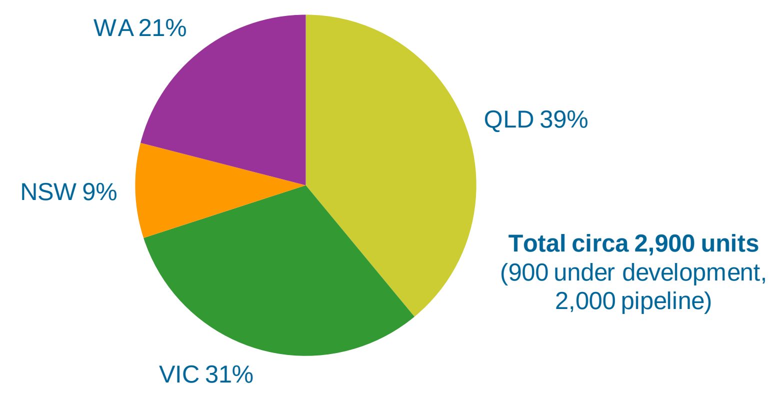
Significant pipeline

- A further 2,000 units across four states

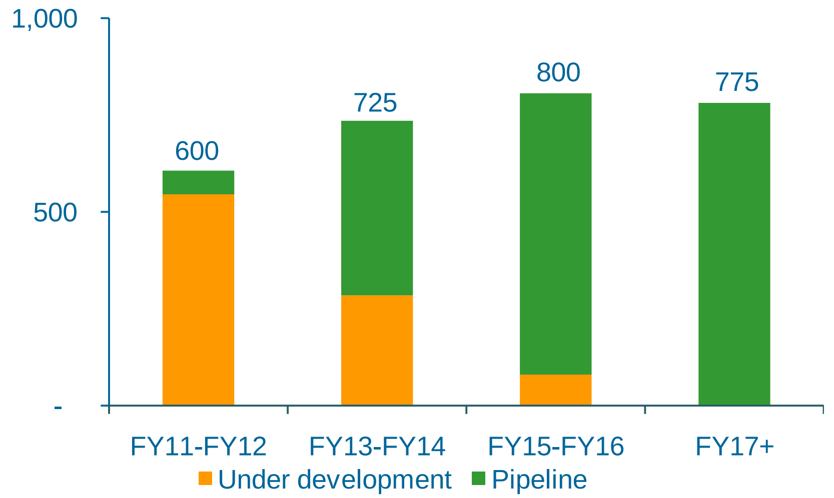
Accelerating growth and diversification

- Aevum stake now more than 80% – successful completion will create a genuine national platform:
  - Improves economies of scale
  - More mature villages improves cash return

Development pipeline (% of units)



Expected pipeline settlement profile



Rockhampton, QLD

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Commercial Property

Commercial property markets are stabilising

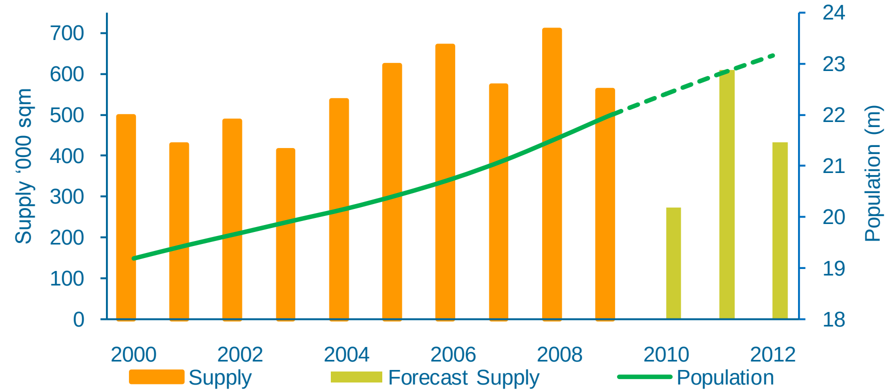
Rents

- Retail:
  - Population growth drives retail sales, in turn driving tenant demand for new space
  - Consumers spending less, but still expect modest rental growth ahead of CPI
  - Low vacancies
- Office:
  - National vacancy rate likely to peak in FY11
  - Rents stabilising but incentives still high
- Industrial:
  - Downward pressure on rents in traditional markets
  - Good demand for well-located intermodal properties

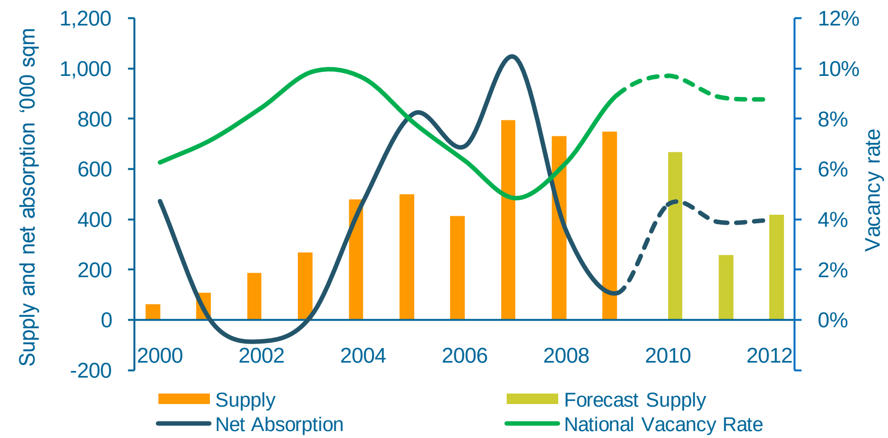
Capital Values

- Capital transaction volumes still low
- Recent sales evidence shows that cap rates are stabilising

National retail demand outstrips supply[1]



National office - supply / demand near equilibrium[2]



1. Source: Jones Lang LaSalle (June 2010), Access Economics (June 2010)
2. Source: Jones Lang LaSalle (June 2010), Stockland Research

Commercial Property strategy to re-weight to Retail and enhance asset quality

- Retail development underpins growth strategy
- Strategy to develop larger, higher quality retail assets
- Drive returns through internal asset management, leasing and development capability
- Recycle capital from sale of non-core assets

Industrial

- Focus on large, flexible estates close to major transport hubs
- Sell non-core assets

Retail

- Develop assets with high market share by adding new space to existing centres with proven strong trading history:
  - To create large regional centres (e.g. Merrylands, Shellharbour)
  - And good quality sub-regional centres (e.g. Baldivis, Wendouree)
- Defend value of strategically important assets under competitive threat (e.g. Townsville)
- Tactical early development of greenfield retail centres to support Residential Communities (e.g. North Shore, Highlands)

Office

- Own and manage a quality portfolio in major office markets
- Sell non-core assets

Good progress with Retail development pipeline

Projects completed in FY10

- Balgowlah and Riverton completed

Projects underway

- Rockhampton, North Shore and Tooronga close to completion
- Merrylands and Townsville due for completion by FY13 creating significant regional shopping centres
- All DAs in place, major lease terms agreed and fixed price building contracts executed
- Major regional centre at Shellharbour - final plans underway for construction in 2Q11

Projects due to commence in FY11 / FY12

- 3 projects expected to commence in FY11 / FY12 creating a significant shopping centre at Wetherill Park and two neighbourhood centres

Future Projects

- Future pipeline approx. $1.2b

	Estimated total cost ($m)	Estimated cost to complete ($m)	Estimated fully leased year one yield	% specialty shops leased[1]
Regional[2] retail redevelopments under construction				
Merrylands	395	215	6.5%	40%
Rockhampton	120	20	8.0%	100%
Townsville	175	160	6.5%	0%[3]
Shellharbour	330	320	7.6%	n/a
Sub-total	**1,020**	**715**		
Neighbourhood centres under construction				
North Shore, Townsville	25	20	6.0%[4]	36%
Tooronga	60	5	6.0%	75%
Sub-total	**85**	**25**		
Total projects under construction	**1,105**	**740**		
Projects due to commence in FY11/12	**195**			
Future projects	**1,200**			
Total development pipeline	**2,500**			

1. Based on income
2. As defined by Shopping Centre News (SCN) "Big Guns"
3. Project launched in July 2010
4. Low yield due to strategic early development of centre to drive increased sales of residential lots, generating higher total project returns

Triniti Business Campus, NSW

Capital Management

Strong balance sheet

Target gearing range 25% - 35% of tangible assets

- Currently at 18% but will progressively move towards lower end of target range to fund 3-R growth opportunities
- All-cash offer for Aevum would increase gearing by only 2%

$1.9b in cash and undrawn facilities

- Down $0.2b as UK bank loan repaid in FY10
- Intention to proactively refinance upcoming maturities including bank facilities and $256m domestic MTN expiring in June 2011

S&P A- credit rating

- Provides access to a wide variety of debt sources

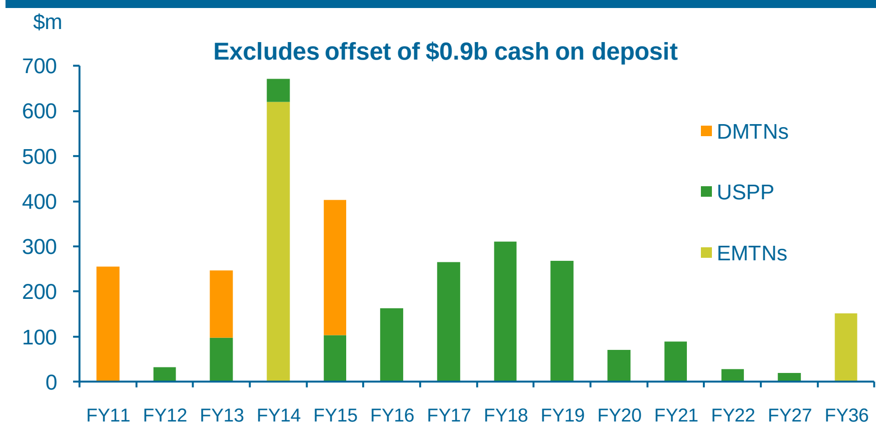
Low cost of debt

- FY11 average cost of debt expected to increase circa 1% based on estimated cash flows and current yield curve, spreads and hedging profile

Key FY10 metrics – 30 June 2010

S&P rating	A- / Stable
Drawn debt[1]	$3.0b
Cash on deposit	$0.9b
Available undrawn committed debt facilities	$1.0b
Gearing (net debt / total tangible assets)	18%
Interest cover	4.9: 1
Weighted average debt maturity	6.2 years
Weighted average maturity of fixed / hedged debt	4.9 years
Debt fixed / hedged	53%
Debt fixed / hedged (net of cash on deposit)	77%
Weighted average cost of debt[2]	4.9%

Long-dated drawn debt maturity profile



1. Excludes bank guarantees
2. FY10 average including fees and margins. All foreign currency denominated debt is swapped into $A

Distribution policy simplified

Distribution policy

- Board policy is to have a high payout ratio reflecting the predictability of earnings, while maintaining some retained earnings to fund growth
- Payout ratio changed for FY09 to greater of 80% of AFFO or Trust Taxable Income

Further review

- Further review of policy has shown that distribution based on AFFO is overly complex
- EPS and AFFO do not necessarily grow at the same rate
- Definitions of AFFO vary widely and it has not been embraced by the industry as a measure
- Difficult for investment community to forecast

New policy

- Distribution policy revised to greater of 75% of Underlying Profit or Trust Taxable Income
- FY10 distribution to be paid under new policy
- Lifts payment to 21.8c (compared with guidance of 21.6c)

Stockland

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