Stockland

Citi Global Property CEO Conference

March 2012

Summary

Market conditions remain challenging with credit markets tight, the Australian economy under pressure and tough property markets

Strategic focus on short term resilience and future growth:

- Affordable products for the mass market segment
- Reweighting recurring income from Office and Industrial to higher return and lower volatility Retail
- Strong balance sheet and capital efficiency

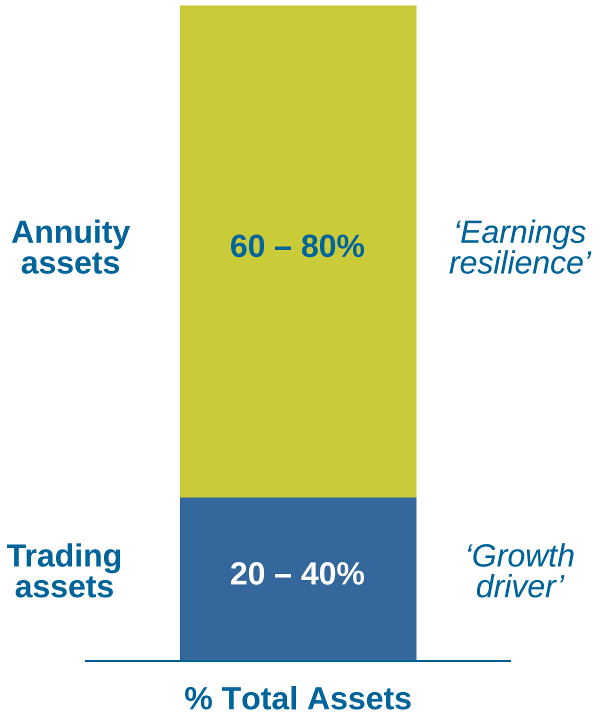
Key indicators ahead of broader market:

- 2Q12 Residential deposits up 7% on previous quarter
- Retail specialty shops comparable MAT + 4.3%

FY12 EPS expected to be the same as FY11 (before buyback accretion) assuming current Residential conditions continue

Business model provides earnings resilience and growth potential

Strategic Asset weighting



Currently:

~75% Annuity assets,
~25% Trading assets

<u>How we build resilience</u>

- Focus on the broad "mass market" customer segment
- Deliver needs based, affordable products
- Solid backbone of recurring rental income
- Large, capital efficient residential land bank
- Strong balance sheet and liquidity
- Global leader in sustainability

<u>How we deliver growth</u>

- Concentrate in strong population growth corridors
- Leverage market leadership in Residential Communities
- Develop "fortress" Retail centres and actively manage assets
- Capture growth of ageing demographic
- Leverage economies of scale, synergies and tightly control costs
- Growth in core businesses fully self-funded

Capital management strategy balances growth with capital returns

Conservative balance sheet

- S&P A- / Stable credit rating
- Diverse funding sources – low bank debt
- Weighted average debt maturity 6 years:
  - Early refinancing of UK debt ($295m)
  - No major refinancing until May 2013
- ~$700m of undrawn facilities

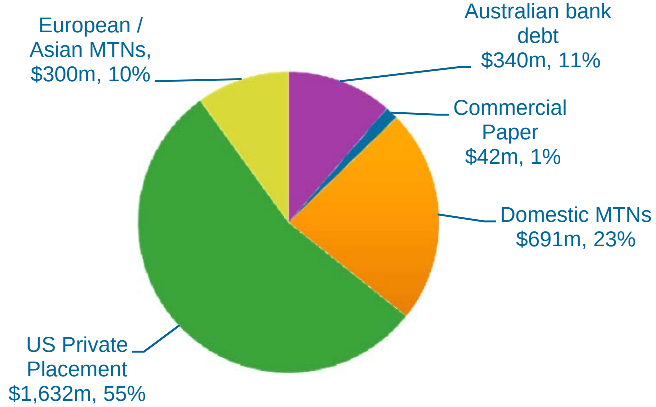
Disciplined approach to maximise returns

- Acquired ~$200m of shares under buyback scheme (average price $2.95 per share):
  - FY12 EPS accretion ~1% from shares bought to date
- Since FY09, reinvested over $1b of Office sale proceeds into higher returning, less volatile Retail assets
- Buying Residential land on capital efficient terms e.g. Marsden Park and East Leppington
- Will continue buyback if accretive

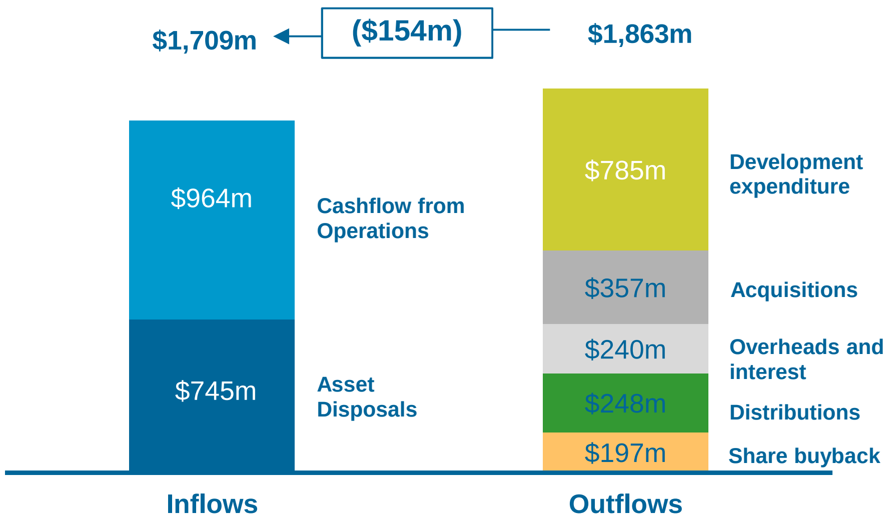
Expect to be cash flow positive in FY12

- Higher residential income and less acquisitions in 2H12

Diverse debt sources



Net cash outflow in 1H12 expected to reverse in 2H12



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Commercial Property

67% of Total Assets

Retail sales growth outperforming the broader market

- Total comparable MAT up 3.5%:
  - Higher than ABS retail sales data
- Two thirds of rent comes from specialty shops:
  - Specialty comparable MAT up 4.3% vs ABS 0.2%
- Centres are well located, offering value and convenience:
  - Two-thirds in strong, growing regional markets
  - Retail mix based on non-discretionary spend (food and services)
- High specialty sales psm and low occupancy costs:
  - Average sales psm $8,695psm, occupancy cost 14%
  - Increases tenant retention and underpins sustainability of rents

Solid retail sales growth

	SGP Comparable MAT growth	ABS Absolute MAT growth[1]
Specialty shops	▲ 4.3%	▲ 0.2%
Supermarkets	▲ 4.5%	▲ 4.2%
Discount Department Stores	▼ 0.8%	n/a
Other[2]	▲ 3.6%	n/a
Total comparable MAT growth (12 months to Dec 11)	**▲ 3.5%**	**▲ 2.4%[3]**

1. ABS data independently verified by Macroplan Dimasi
2. Includes mini-majors and cinemas
3. ABS Comparable MAT growth is the total growth for all categories

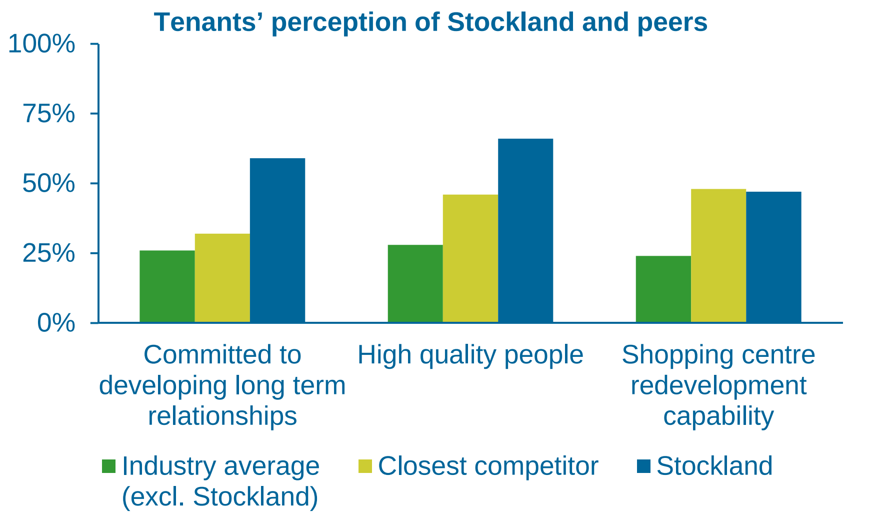
Strong tenant relationships the key to sustainable growth

- Landlord and tenant relationship has never been more important:
  - Retailer sales and margins under pressure
  - Rents are a big component of their cost base
  - Stockland rents are affordable and sustainable
- Retaining tenants generates stronger rental growth than leasing vacant shops:
  - Lease renewals generated 6.1% growth
  - New leases showed decline (in 3 centres[2]) – excluding these centres and administration deals, new leases grew by 4%
  - New leases require incentives as new tenants are capital constrained
- Retailer relationship / satisfaction metrics ahead of our peers

Renewals are critical for income growth

	Transactions	Area (sqm)	Rental growth	Incentive
Lease renewals	102	11,568	6.1%	0%
New leases				
- Expiring lease/vacancy	81	12,022	(2.8%)	7.2%
- Retailer Administration	10	1,608	(21.4%)	16.4%
Total portfolio	**193**	**25,198**	**0.6%[4]**	**3.7%**

Focus on retailer relationships to drive retention[1]



1. Directional Insights – 2011 Retail Tenant Customer Satisfaction Survey; Due to differences in sample size for each landlord the scores are indicative
2. Cairns (Qld),The Pines (Vic), Bull Creek (WA)

Reweighting to Retail to capture stronger, less volatile returns

Through the cycle, Retail assets perform better than Office

- Higher returns (Stockland 1H12 Retail Return on Cost 10%; Office 7%)
- Less non-recoverable maintenance capital
- Less incentives
- Lower volatility

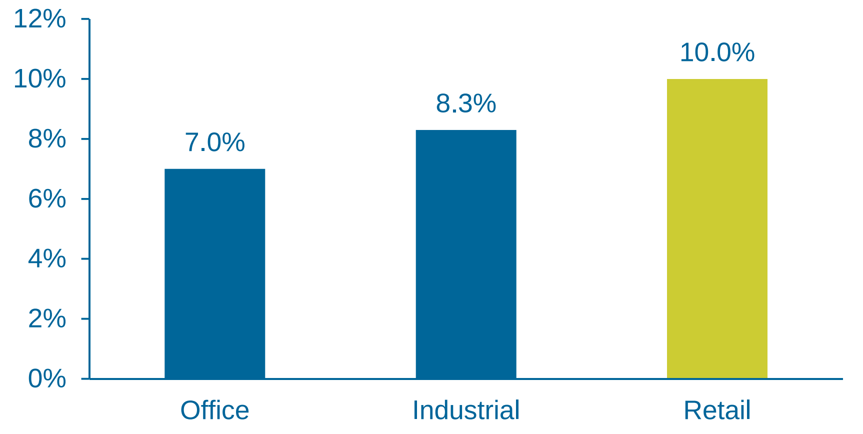
Office is highly commoditised

- Delivering acceptable returns relies on buying and selling at optimum times
- Unlike Retail, pre-lease space for new buildings often leaves empty space in old ones

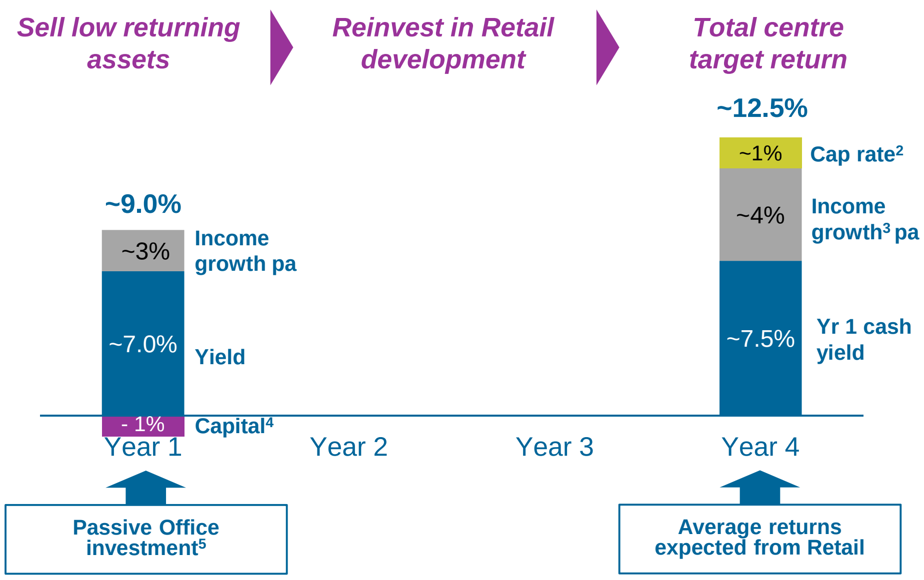
Reweighting creates short term NOI gap

- Sale proceeds reinvested in redevelopment of existing Retail centres
- Time lag of 2-3 years from asset sale to centre opening
- It's the right strategic call to lift medium term returns

1H12 Return on Cost from stable assets[1]



Reinvesting for higher returns takes time



1. AIFRS NOI divided by cost plus additions; excludes retail development assets and disposals
2. Cap rate compression achieved through quality enhancement
3. Income growth secured through specialty shop lease terms with fixed increases
4. Upgrade and leasing capital unrecoverable from tenants
5. Stockland Research: Based on $2.6b of market sales over $100m in CY11

Creating leading Retail assets in their trade area

Good progress with orderly reweighting

- Retail will contribute ~65%[2] of Commercial Property NOI by FY14 as developments complete
- Will be even higher with further asset sales
- Targeting $400m pa of asset sales to fund redevelopment spend

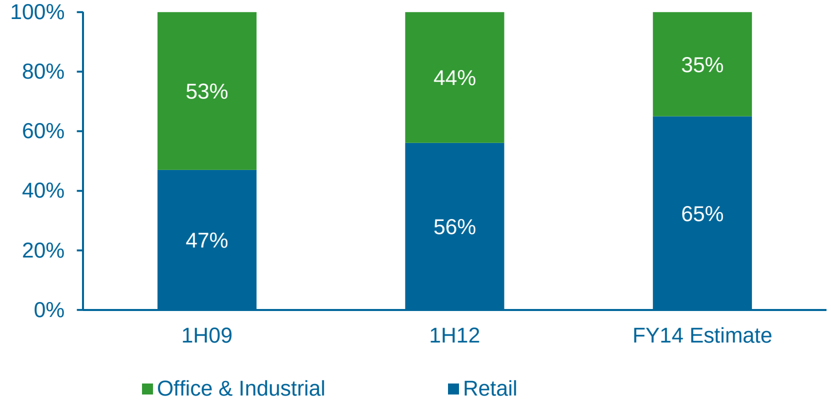
Higher FY12 asset sales to fund share buyback

- $795m of assets sold in 1H12
- Including $730m of Office:
  - Average premium to book value: 3%
  - Average NOI yield on sale[1]: 7%
- Expect ~$100m asset sales in 2H12

Creating significant centres in high growth areas

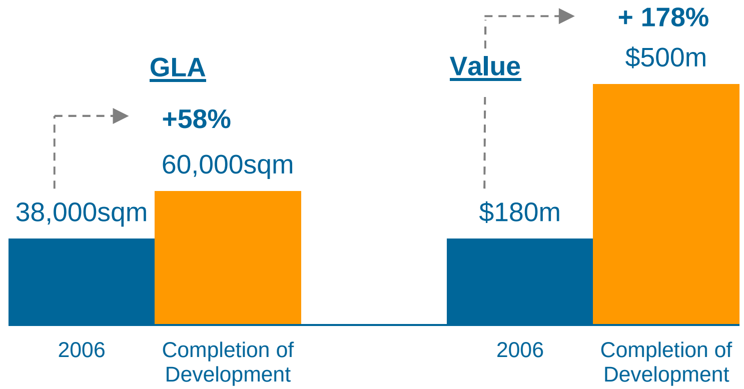
- Redeveloping Retail assets with strong trading history
- To create leading assets in their trade area

Commercial Property NOI weighting towards retail[2]



Retail assets becoming leaders in their trade area[3]

Average size of major 7 Retail assets



1. FY12 NOI / Sales Price
2. Assumes $100m of further Office or Industrial asset sales in 2H12 and completion of Merrylands, Townsville and Shellharbour
3. Rockhampton, Merrylands, Townsville, Shellharbour, Wetherilll Park, Green Hills, Gladstone at completion

Major retail developments delivering strong returns

Completed project performing well

- Rockhampton (completed mid 2010) expected to achieve 7% comparable FY12 NOI growth

Three major developments on track

- Opened Townsville (Stage 1), Merrylands (Stage 3B) and progressing well at Shellharbour

Good progress with future developments

- Secured 5 development approvals in 1H12 – Green Hills, Wetherill Park, Hervey Bay; future projects Baldivis and Jimboomba
- Wetherill Park and Hervey Bay nearly "shovel ready"
- We are testing the retailer mix and market size at Green Hills

Proven internal capability

- Design
- Development management
- Project leasing
- Project management

Retail development pipeline

	Est. total cost ($m)	Completion		Est. fully leased year 1 yield (%)	Est. total return[1] (%)	Trade area	
		Date	Est Value ($m)			Popn. ('000)	SGP market position[2]
Completed							
Rockhampton	118	FY11	340	8%	14%	155	1
Under Construction							
Merrylands	395	FY13	485	6.5%	10.5%	280	2
Townsville	175	FY13	385	6.5%	11.5%	225	1
Shellharbour	330	FY14	680	7.6%	12.5%	210	1
	900						
Projects expected to commence in the next 2 years							
Wetherill Park	125	FY15	575	7.8%	13%	260	1
Hervey Bay	110	FY15	190	7.5%	11.5%	100	1
Gladstone	125	FY15	275	7.5%	12.5%	65	1
Green Hills	340	FY16	715	7.5%	13%	250	1
	700						
TOTAL	**1,718**						

1. Unleveraged 10 year IRR for existing asset and incremental development from completion
2. Location IQ; Irbis; Pitney Bowes; Quantium Group

Centres less exposed to discretionary spending and online shopping

Less exposed to discretionary spending

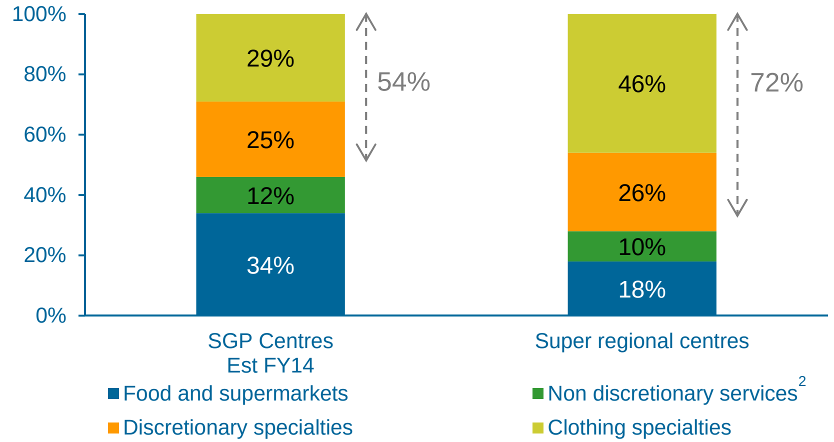
- Our existing centres and future developments are designed for resilience:
  - Strong "destinational" focus
  - Increasing proportion of food, leisure, retail services and entertainment
  - Focus on value and affordability
  - Maximum ~250 specialty shops

Less exposed to online shopping

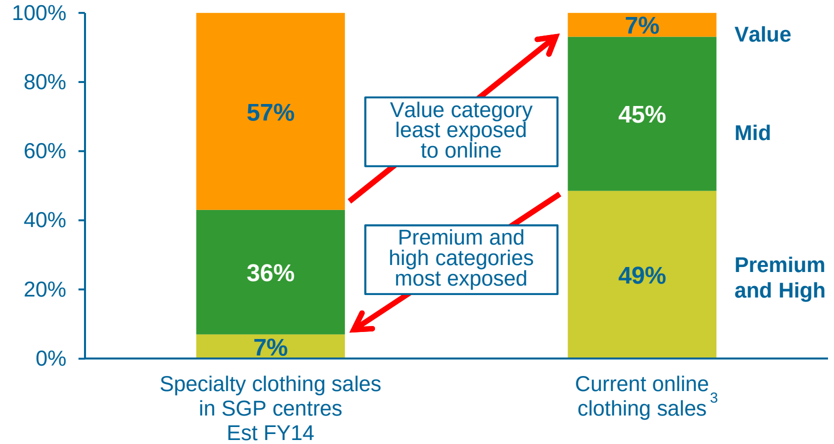
- Online impact on certain categories quite predictable:
  - Music, books – high impact
  - Fresh food, personal care – low impact
- Online clothing biggest threat to bricks and mortar retailing, but Stockland centres less vulnerable with strong focus on value clothing category

Stockland centres are less exposed to discretionary sales

Category rent contribution for Stockland vs super-regional centres[1]



Stockland clothing categories less exposed to online



1. Macroplan Dimasi
2. Non discretionary services include banks, medical
3. The Quantium Group

Stockland

Residential Communities

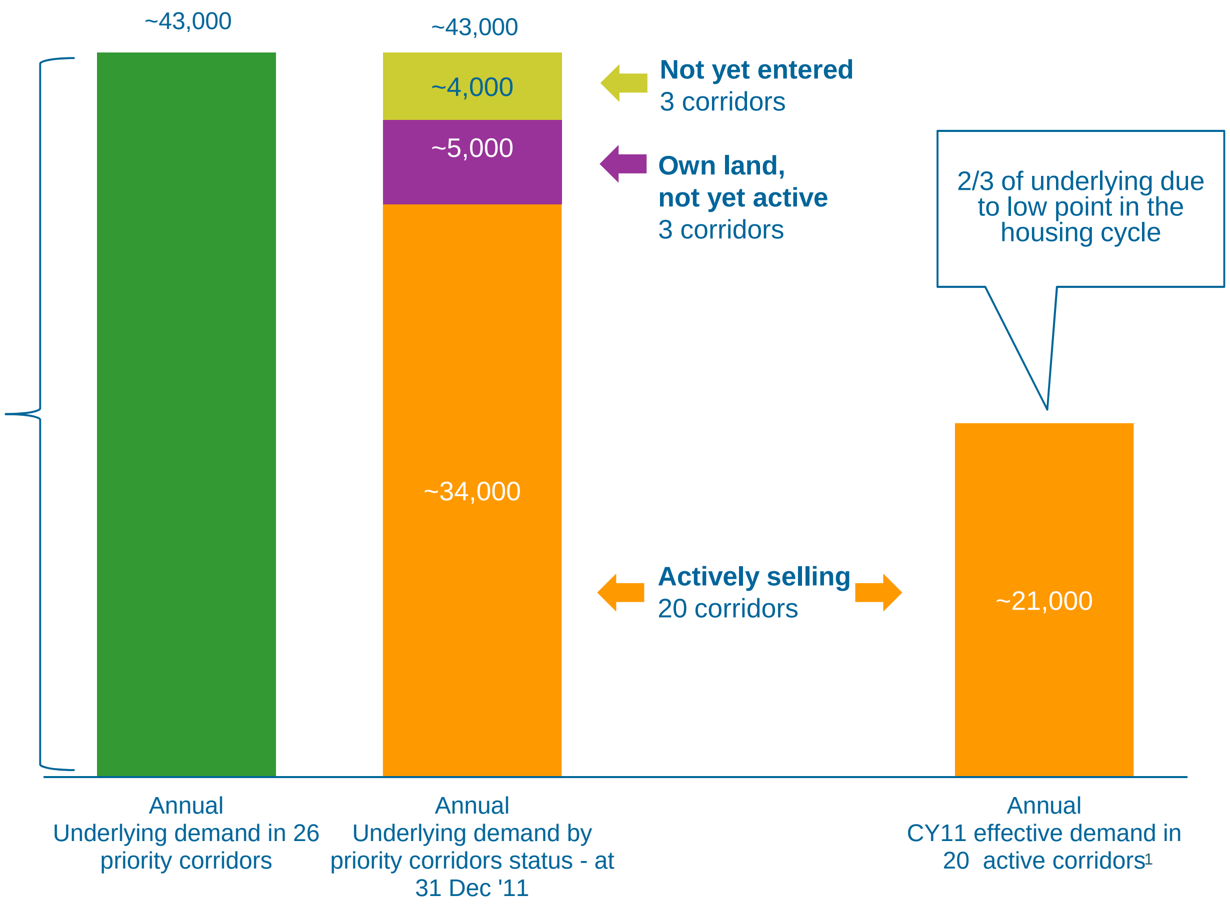
23% of Total Assets

Residential land sales at ~two thirds underlying demand in 2011

Underlying demand in Stockland corridors for vacant land sales and actual 2011 demand

Stockland has identified 26 priority corridors based on the following criteria

- Population growth
- Employment growth
- Infrastructure
- Competition
- Market size
- Affordability



1. Charter Keck Cramer: Gross sales (i.e. before cancellations of ~15%); annual sales in corridors entered at different periods throughout CY11 (market share is calculated using active corridor sales reported quarterly)

Market conditions improving for affordable product

Polarisation in market segments

- Top end of market still under pressure
- Stockland affordable product segment much stronger
- Similar theme to Retail:
  - Our customer segment is proving more resilient

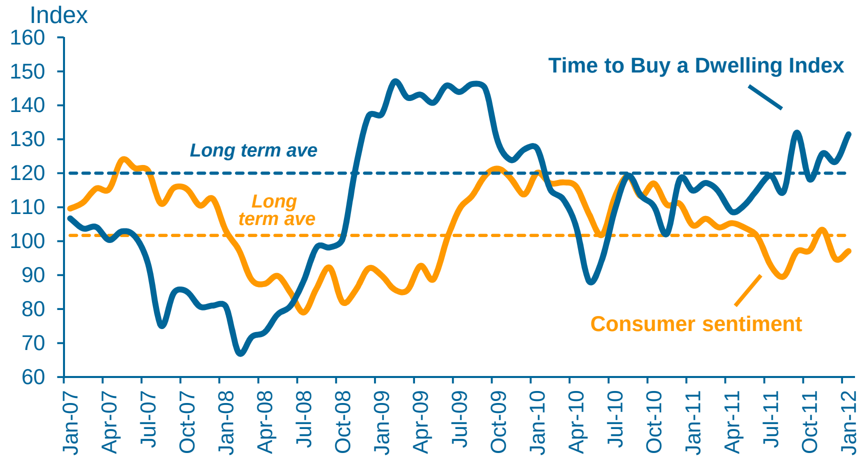
Encouraging market indicators

- Time to Buy a Dwelling index improving
- Falling interest rates
- Established house prices flattening out
- Strong rental market:
  - Low vacancies and high rental growth

Market conditions improving for SGP affordable product

State	1H12 market conditions for SGP product	2H12 outlook for SGP product	Commentary
NSW			Strong market for affordable product
Vic			Market well off peak, but stabilising at reasonable levels
Qld			2011 was a very poor year, conditions improving
WA			Poor market conditions despite resource boom. Activity levels improving

Time to buy dwelling index improving[1]



1. Westpac – Melbourne Institute Survey of Consumer Sentiment

Customer leads provide strong indicator for future revenue

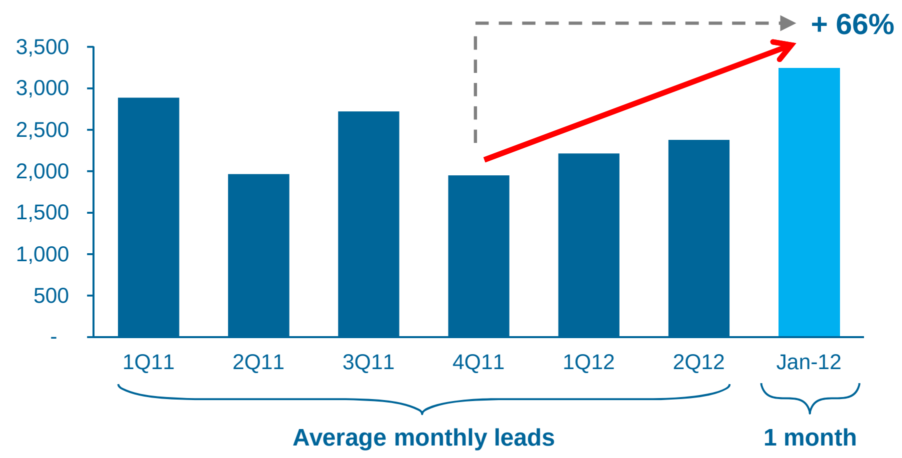
Customer leads support 2H12 outlook

- Sustained improvement in leads since mid 2011:
  - Reflects growing appeal for affordable products with strong sustainability credentials
- Normally a good predictor of profit:
  - 10 - 20% of leads convert to deposits
  - 80 - 90% of deposits convert to settlements

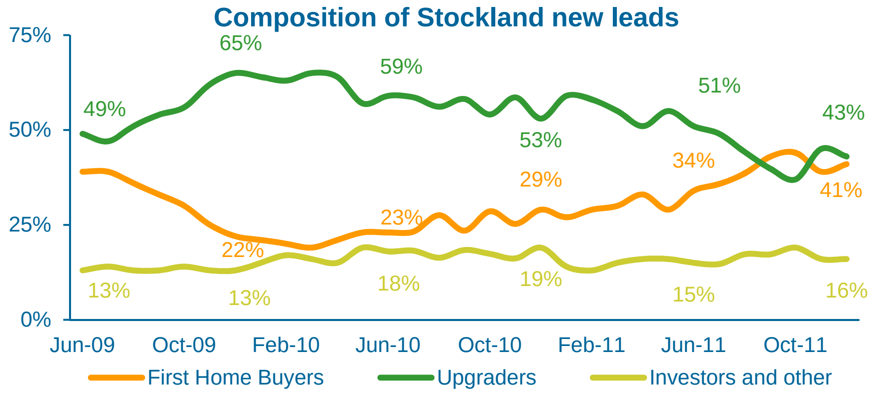
First Home Buyers are re-emerging

- Currently over 40% of leads
- Driven by higher rents and lower interest rates
- A good forward indicator of strengthening upgrader market

Customer lead volumes improving



First Home Buyers re-emerging



Own vs. rent gap narrowing substantially

Delivering affordable product in our corridors enticing new buyers into Stockland product

	Stockland Package		Established Market			Gap from Own to Rent (1)-(2)	
	Package and Price[1]	(1) Mortgage Repayments[2]	Median House Price[3]	Mortgage Repayments[2]	(2) Rental Equivalent[4]	June 2011	Dec 2011
 VIC	3 Bed, 2 Bath **Highlands, Craigieburn** $310,889	$382pw	$370,000	$454pw	$340pw	+$91pw	+$42pw
 NSW	3 Bed, 2 Bath **Glenmore Ridge, Penrith** $391,990	$481pw	$450,000	$552pw	$420pw	+$101pw	+$61pw
 QLD	3 Bed, 2 Bath **North Lakes, Mango Hill** $318,010	$390pw	$410,000	$503pw	$390pw	+$29pw	+$0pw
 WA	4 Bed, 2 Bath **Settlers Hills, Baldivis** $319,419	$392pw	$450,000	$526pw	$380pw	+$109pw	+$12pw

1. Fixed Price House and Land packages for sale within Stockland House and Land Finder, December 2011
2. Based on nomination package price under a 30 year Principal and Interest loan, using a full recourse variable mortgage rate of 7.0% (average calculated using RBA indicative lending rate 06/02/12) and a 20% deposit
3. APM: Median value of established houses in surrounding suburbs as at September 2011
4. APM: Based on the asking rent for a comparable size established house in surrounding suburb at September 2011

Innovative affordable product underpins strong market share

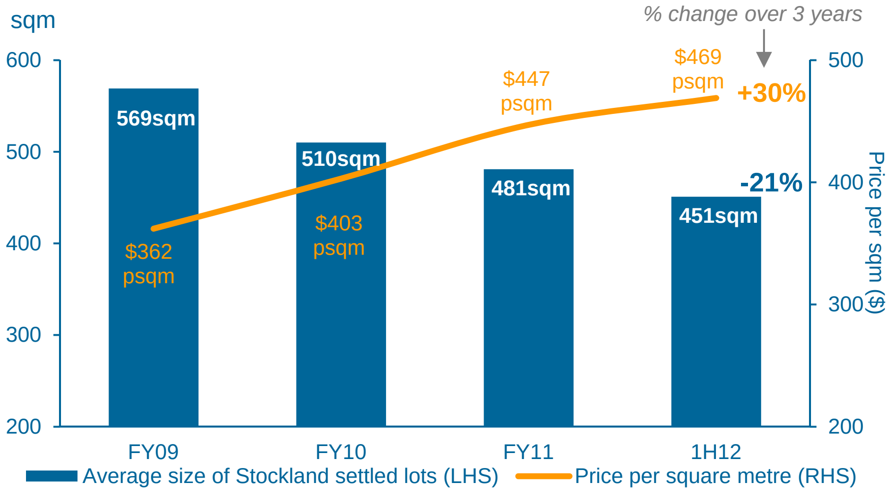
Delivering affordable solutions

- Buyers increasingly value conscious:
  - Stockland house and land packages from under $350,000 in all states (vs $424,000 median house price[1])
- Continued reduction in lot sizes to meet customer needs
- 250sqm product trialled successfully

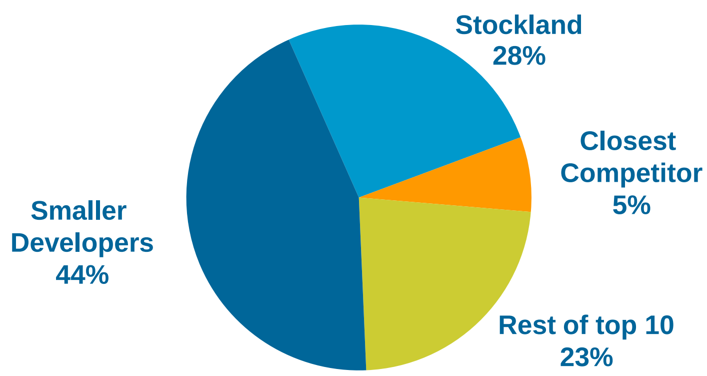
Leveraging market leadership

- Market share above 25% target:
  - Growing market share for new projects
- Strong balance sheet:
  - Enables fast track of community infrastructure and amenity
  - Improves sales rates
- Strong internal capability:
  - Proprietary customer insight tools
  - Innovative product development
  - Trusted partner working with Government

Smaller lots enhance price per square metre



Market leader in active corridors[2]



1. APM: Median house price in NSW, Vic, Qld and WA for the September 2011 quarter
2. Charter Keck Cramer, Research4, Stockland Research. Proportion of vacant land sales in all of Stockland's active corridors where deposits were taken in 2011

Average lot price and margins holding up, despite lower lot sizes

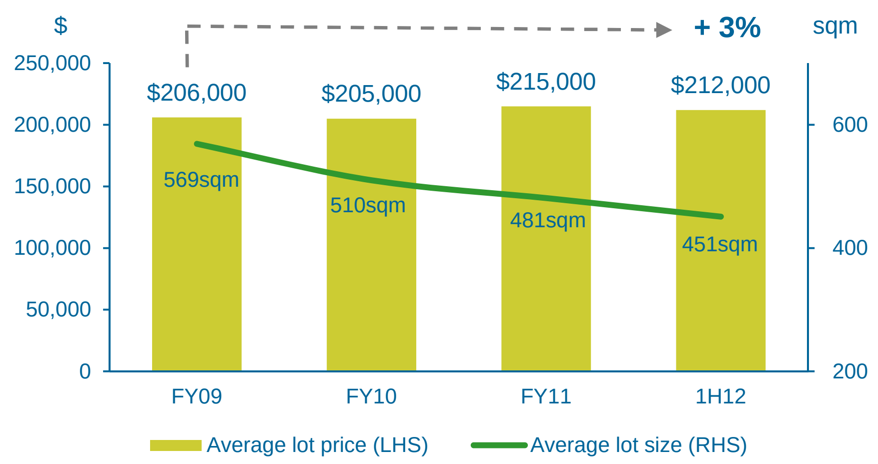
Steady margins

- Average prices holding up despite decline in established house prices
- Margins within target range:
  - Expect margins to remain steady
- Focus on cost control:
  - In-house project management expertise
  - Detailed value management capability
- Speed to market reduces capitalised interest:
  - Experienced planning and approvals teams

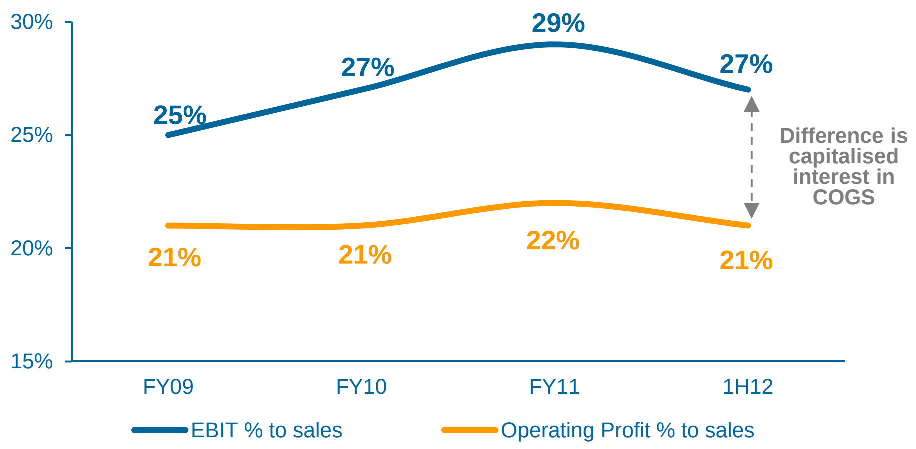
No impairment

- Projects reviewed quarterly to assess recoverability:
  - Inventory held at lower of cost and net realisable value
  - Conservative assumptions in project feasibilities

Maintaining affordable lot prices



Steady Operating and EBIT margins



Focus on capital efficient growth

Large and diverse land bank

- Large masterplanned communities commencing within two years:
  - East Leppington (NSW), Lockerbie (Vic), Caloundra South (Qld) and Marsden Park (NSW)
- Land bank provides 95% coverage of three year revenue targets

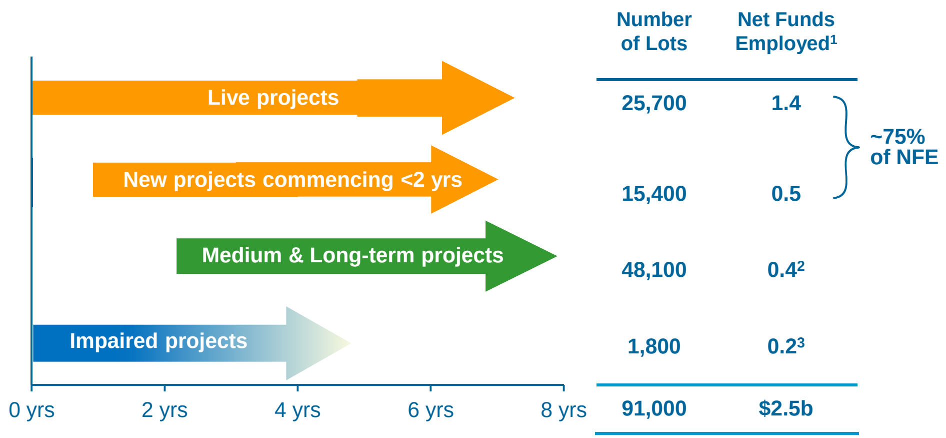
Acquiring land on capital efficient terms

- Marsden Park (NSW)
  - Secured ~2,300 lots, initial cash outlay $5m
- East Leppington (NSW)
  - Secured ~2,800 lots on capital deferred terms

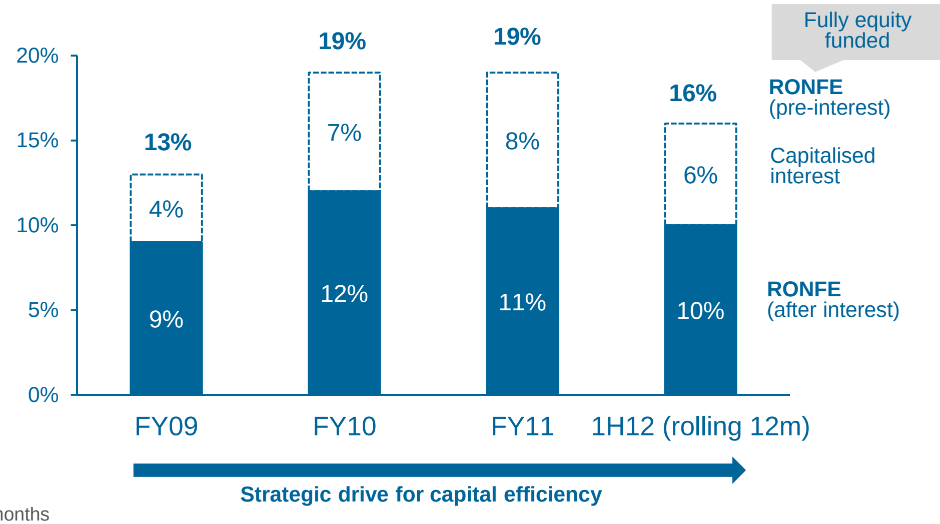
Return on Net Funds Employed (RONFE)

- 16% pre interest RONFE in 1H12 (rolling 12 months)
- RONFE to improve as new projects come on line

Funds mainly employed in live and impending projects



Strong Return on Net Funds Employed[4] (RONFE)



1. Based on net funds employed as at 31 December 2011
2. $0.2bn is Caloundra
3. $0.2bn gross impairment provision
4. EBIT and Operating profit for past 12 months / Average pre and post interest NFE for past 12 months

Retirement Living

9% of
Total Assets

Retirement Living Operating Profit flat but cash metrics growing

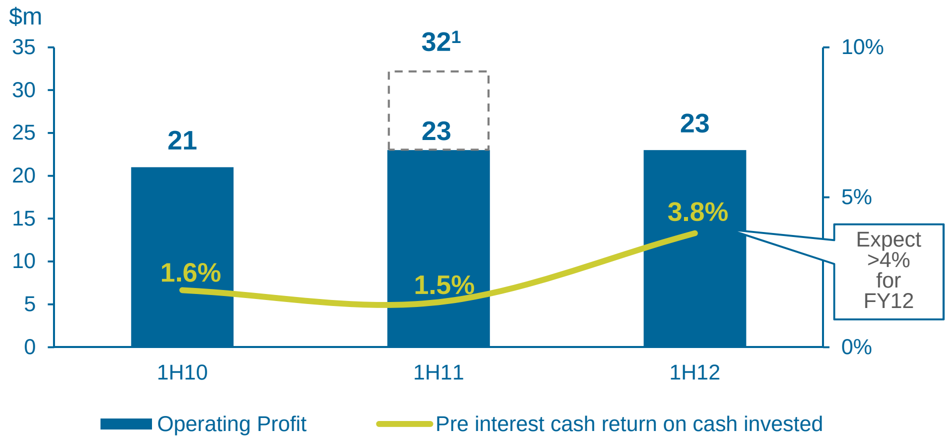
Customer demand robust but prices flat due to broader residential market conditions

- Operating profit impacted by nil price growth in 1H12 compared to 2% in 1H11, resulting in $16m less DMF accrued
- Focussed on cash returns:
  - Expect FY12 pre interest cash on cash return >4%
  - Targeting 8% within 5 years
  - Driven by higher development profits, village maturity and economies of scale

Potential for growth through industry consolidation

- First right of refusal over FKP's assets and 15% shareholding
- Our key focus is organic growth of cash returns
- Consolidation only if accretive to cash returns

Operating profit and cash metrics



Economies of scale being achieved

	1H12	1H11 – Pre Aevum	
Independent Living Units	7,800	3,900	▲100%
Cash receipts[2]	$109m	$51m	▲114%
Overheads	$20m	$15m	▲33%
Cash profit[3]	$16m	$2m	▲700%

Doubled portfolio and only increased overheads by 33%

1. 1H11 pro forma for Aevum and Stockland (i.e. full six months for both portfolios combined)
2. Total receipts from incoming residents at established villages and new developments
3. Cash return excludes Accrued DMF – calculated as Operating Profit less Accrued DMF plus Turnover Cash

Future growth underpinned by large development pipeline

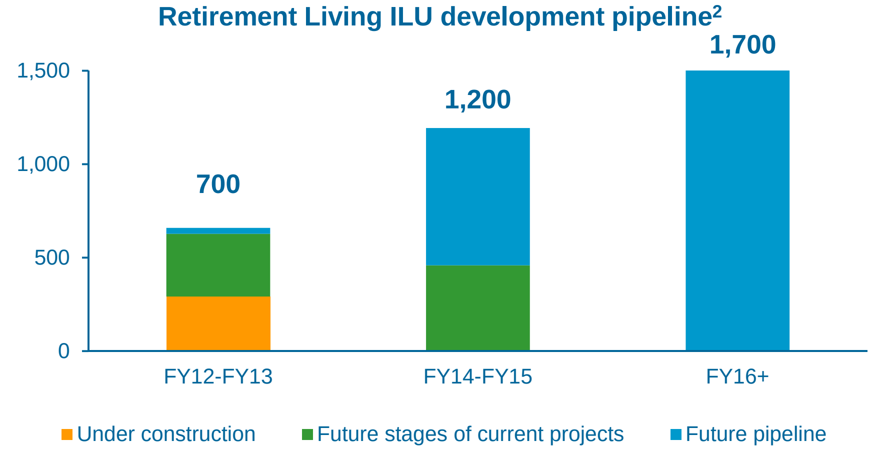
Strong organic growth through development

- Pipeline on track to settle >250 units in FY12:
  - Production going well - 10 projects in 4 states
  - Price per unit up and margins down due to product and project mix
- Leveraging Residential and Retail capability:
  - Speed to market through masterplanning, approvals and procurement
  - Sales and marketing – leverage nearby Residential and Retail presence
- Expect to achieve economies of scale:
  - Aim for ~600 pa run rate by FY14/15
  - With minimal additional overhead

Development settlement volumes skewed to 2H12[1]

	1H12	1H11	
New unit settlements	100	76	▲ 32%
- Average price	$377k	$344k	▲ 10%
- Average margin	16%	18%	▼ 2%
Reservations on hand	129	82	▲ 57%
Net Funds Employed (development only)	$242m	$174m	

Pipeline capacity to increase settlements



1. 1H11 pro forma for Aevum and Stockland (i.e. full six months for both portfolios combined)
2. Timing subject to market conditions

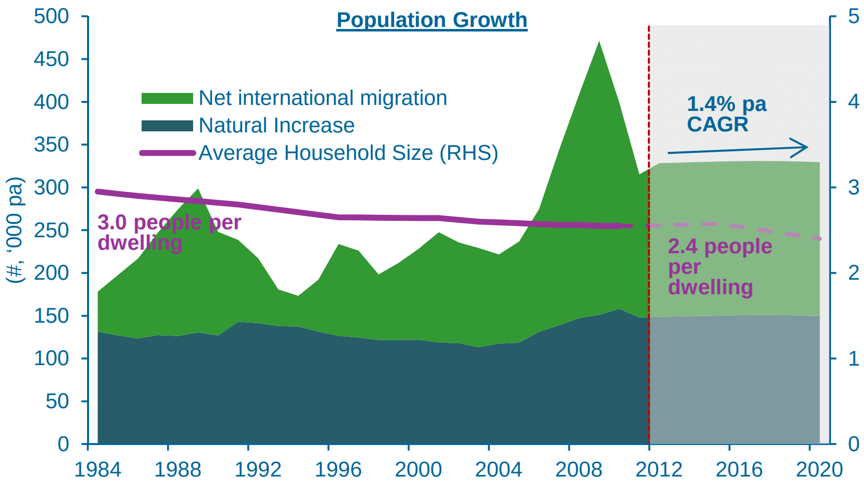
Stockland

Chart Pack

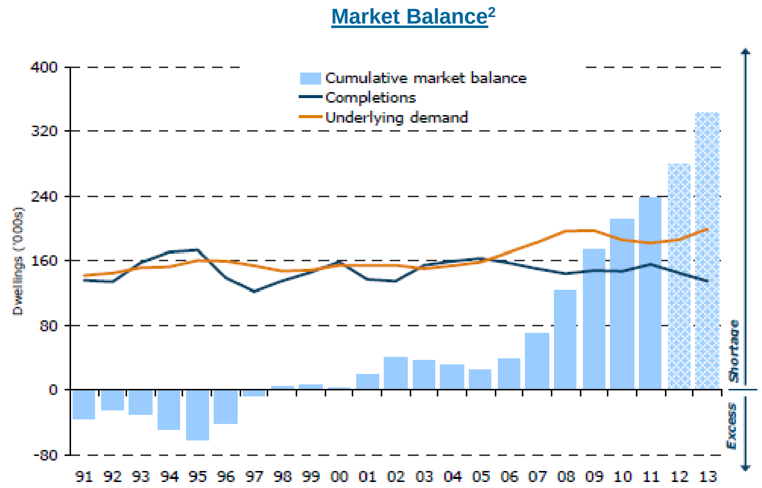
March 2012

Australia has a fundamental undersupply of housing

Strong population and declining household size creates underlying annual demand for 160,000 dwellings[1]

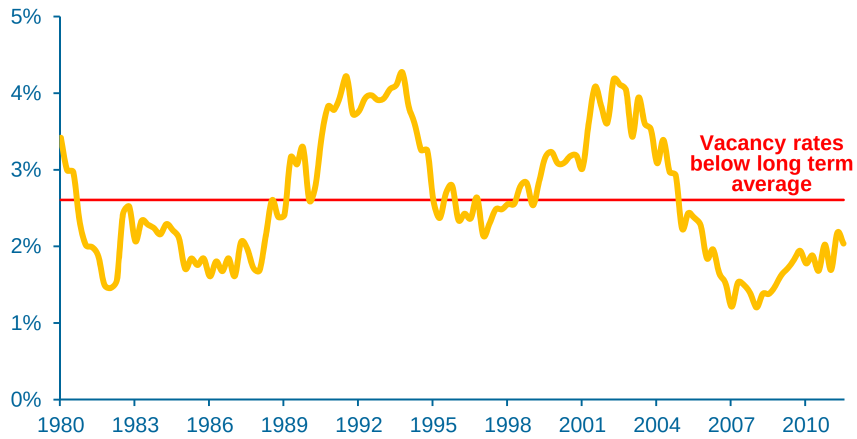


Population growth drives underlying demand; market imbalance continues to widen



Building approvals remain well below long term average

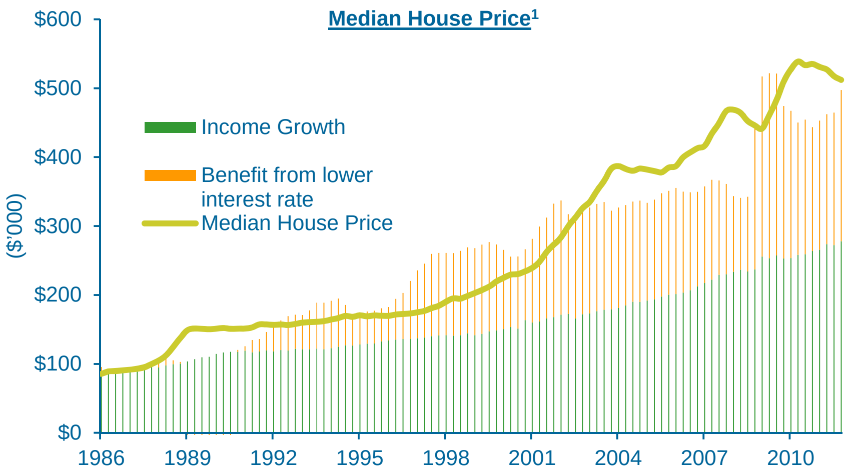
Rental vacancy level remains low



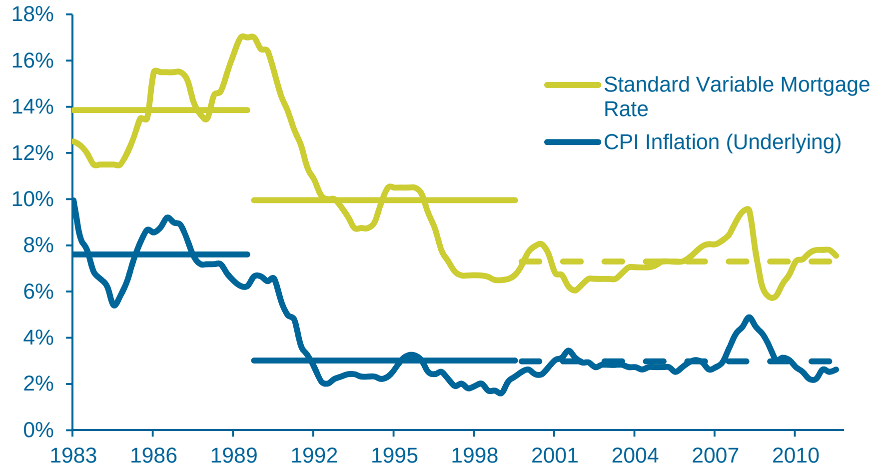
1. ABS, National Housing Supply Council
2. ANZ Research, Australian Housing Chartbook January 2012
3. ABS Cat. No.8731.0; annualised trend on a quarterly basis

House prices have grown in line with income growth and interest rate movements

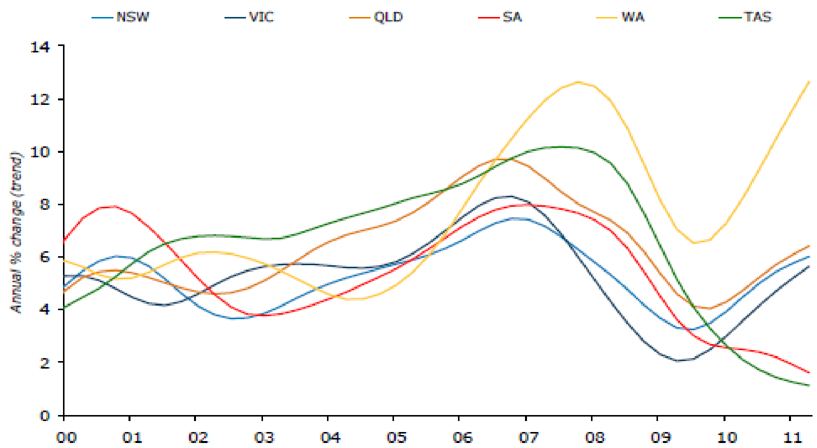
The median house price has historically been in line with income growth and responsive to movements in interest rates



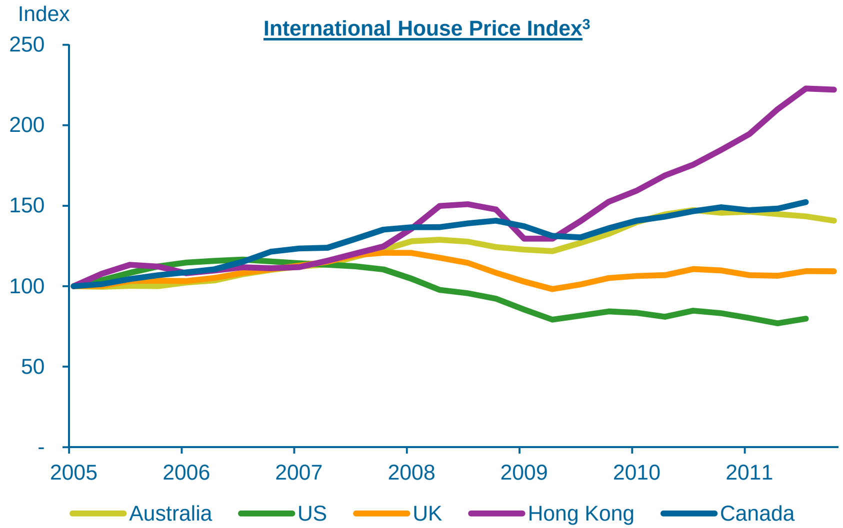
Interest rates and inflation structurally lower



Household income rising[2]



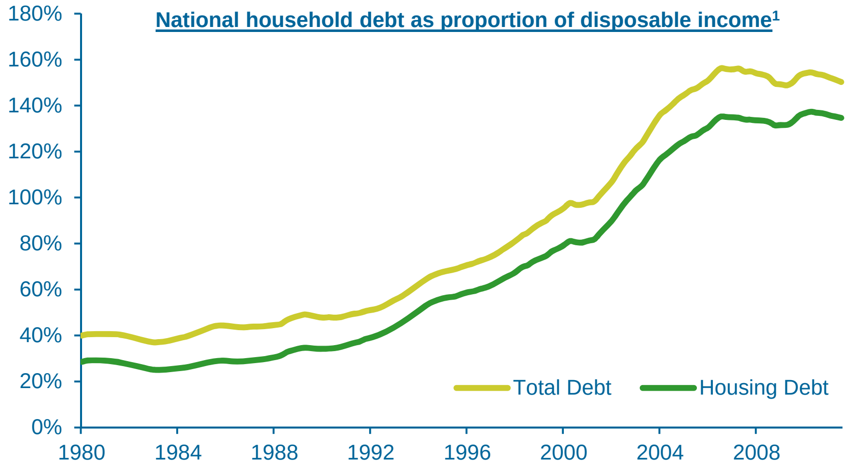
House prices are relatively expensive but underpinned by high levels of home ownership



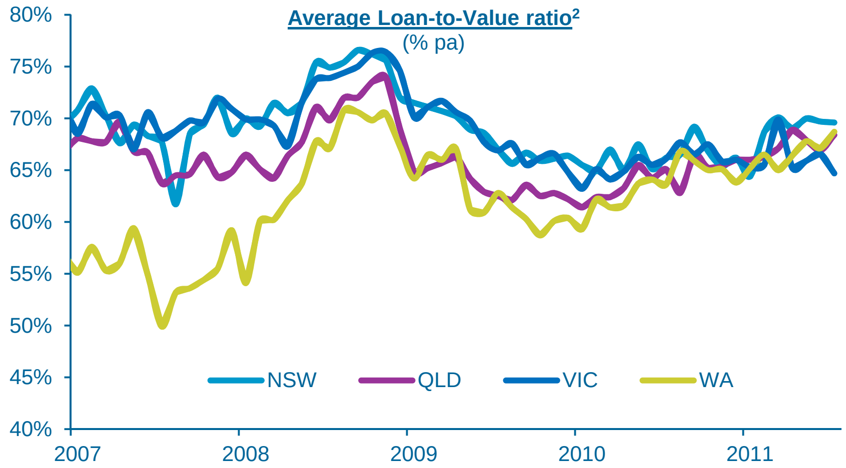
1. ABS
2. ANZ Research, Australian Housing Chartbook January 2012
3. March 2005 = 100; ANZ research

Buyers and lenders are responsible

Buyers are seeking affordable product, which has seen household debt levels flat-line

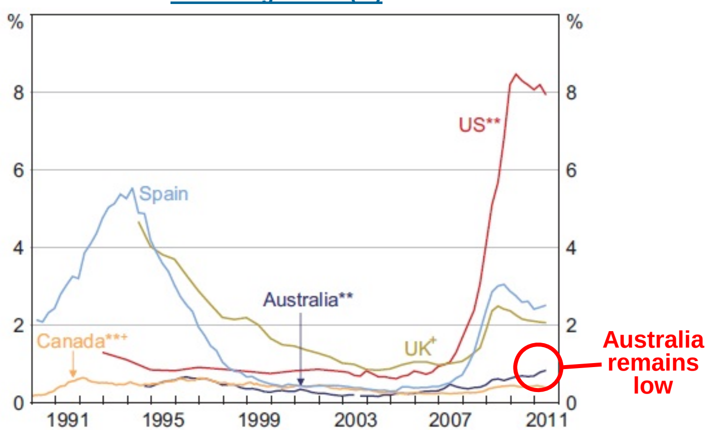


Buyers have sustainable debt levels



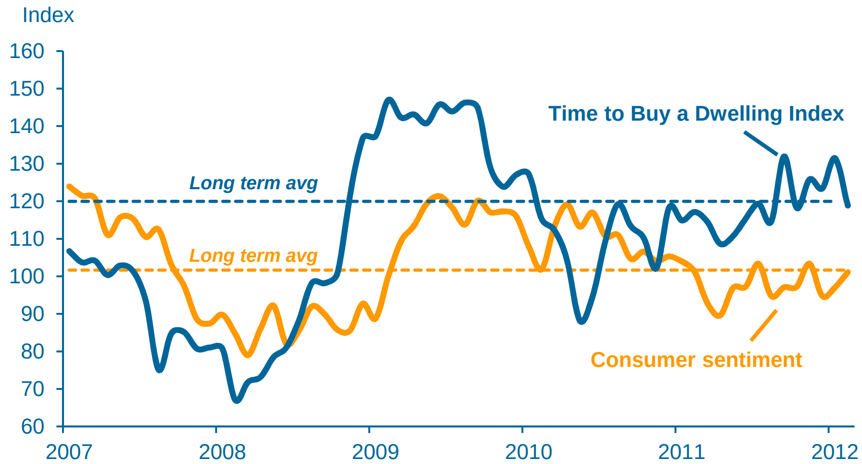
Loan defaults remain low in Australia

Defaulting Loans (%)*[3]



* - 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

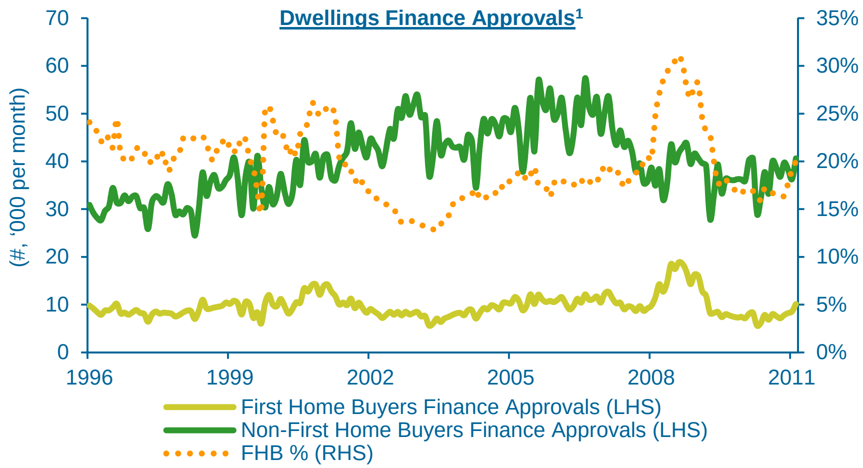
Consumer sentiment is trending towards long term average



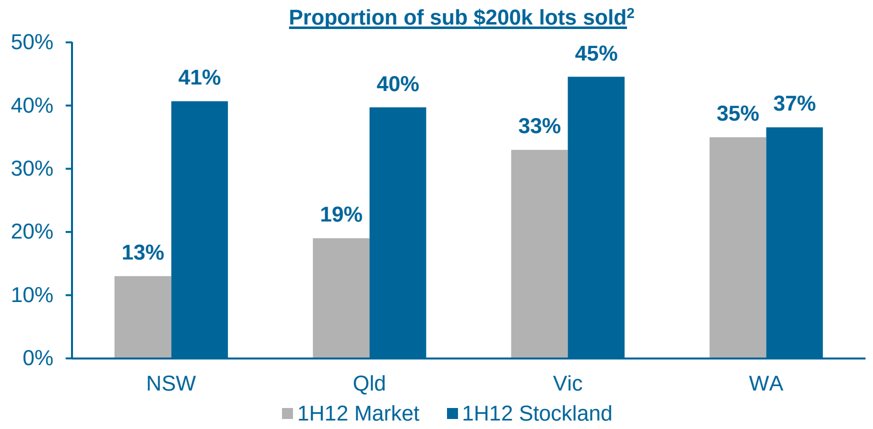
1. RBA
2. AFG Monthly Mortgage Index
3. RBA, APRA, Bank of Spain, Canadian Bankers' Association, Council of Mortgage Lenders, FDIC

Stockland's residential product is affordable and caters for the mass market

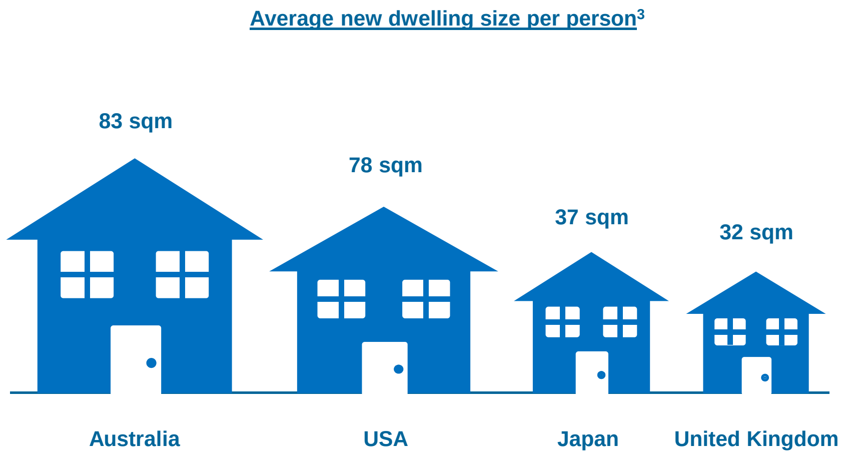
First home buyers are re-entering market



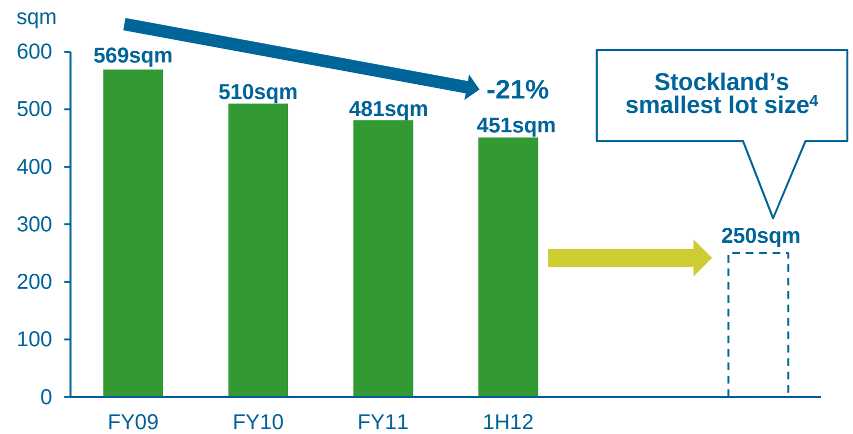
Stockland projects providing more affordable product



Australian house sizes have the potential to get smaller, which provide savings in building and land costs



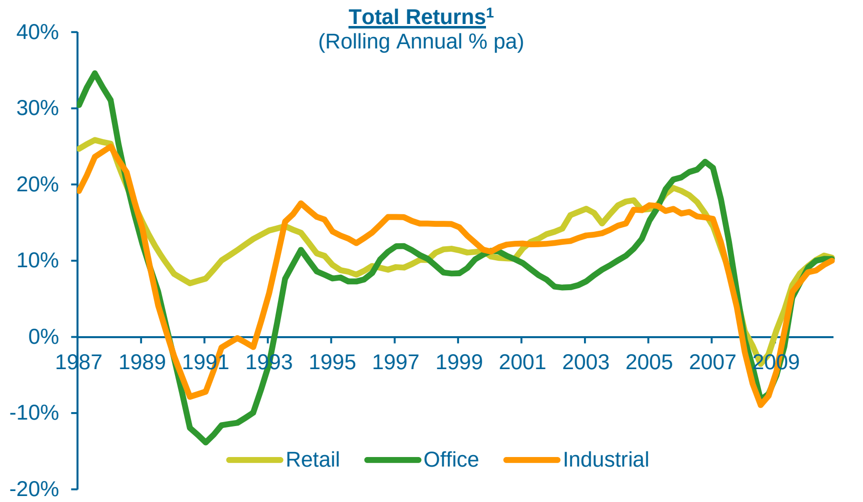
Lot sizes will also continue to shrink, keeping price points low



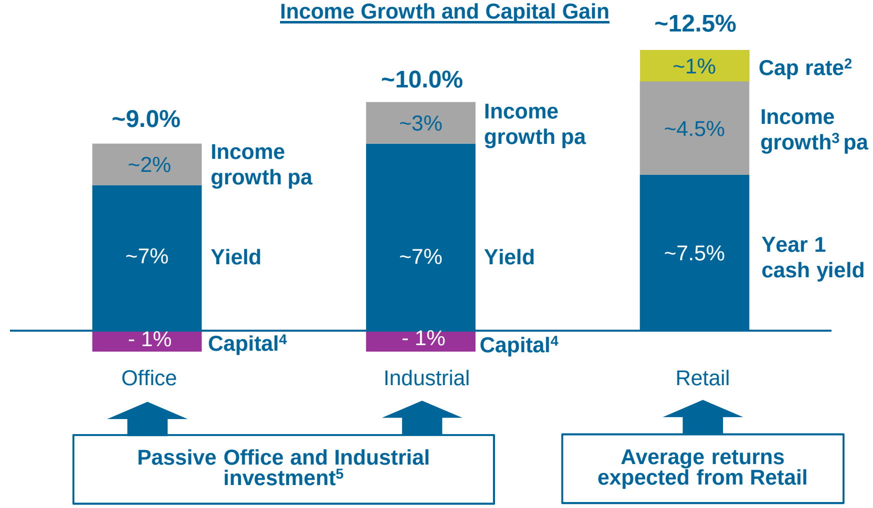
1. Housing Finance ABS Cat. No. 5609
2. National Land Survey Program, Charter Keck Cramer/Research4 and Stockland Research. Total lots supplied for market, and total deposits for Stockland
3. ABS, US Census Bureau, UNECE 2005, National Statistics UK, Ministry of Internal Affairs & Communication Japan
4. Mode at North Lakes, QLD; $296,000 for house and land package on 250 sqm

Developing fortress Retail assets – reducing the risk and improving returns

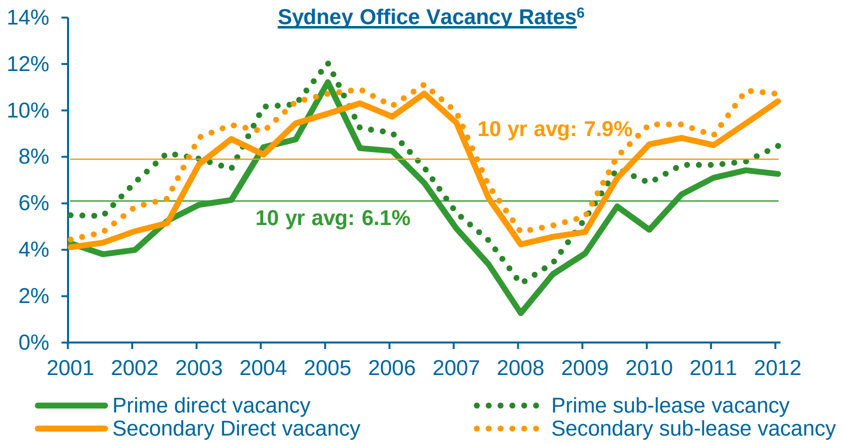
Retail return profile is superior over the long term



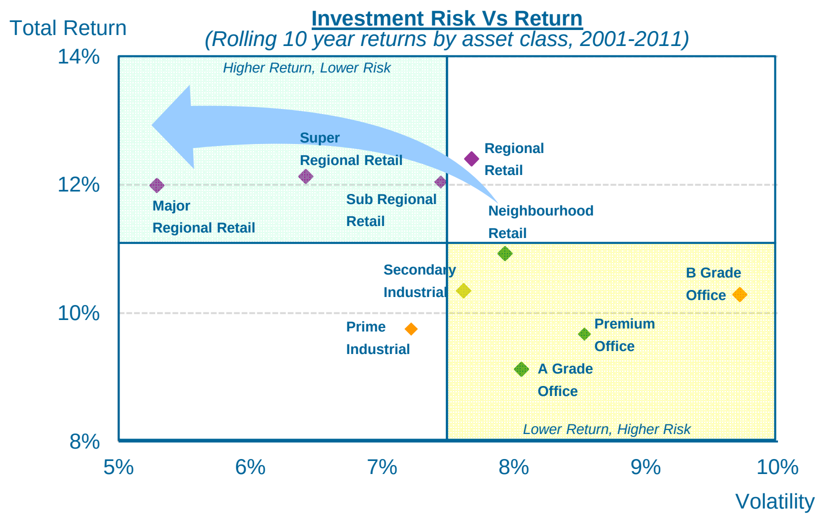
Retail development has higher returns



We have opportunistically sold Sydney office assets as we remain concerned about structural vacancy and dilapidation



As assets are moved up the hierarchy through development, risk is reduced while returns are improved

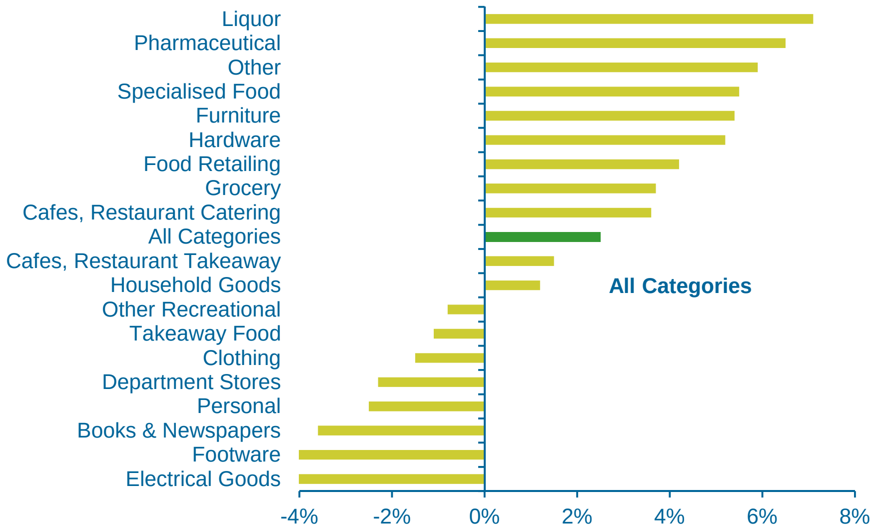


1. Investment Property Database (IPD)
2. Cap rate compression achieved through quality enhancement
3. Income growth secured through specialty shop lease terms with fixed increases
4. Upgrade and leasing capital unrecoverable from tenants
5. Stockland Research: Based on $2.6b of market sales over $100m in CY11 for office assets and $1.2bn of market sales over $25m in CY11 for industrial
6. Property Council of Australia

Our offering is value and convenience for the mass market

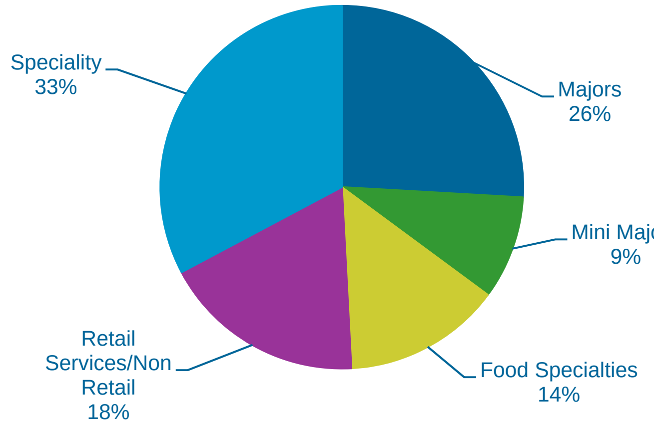
Needs based retail is most resilient

Retail Sales Annual Growth to January 2012[1]



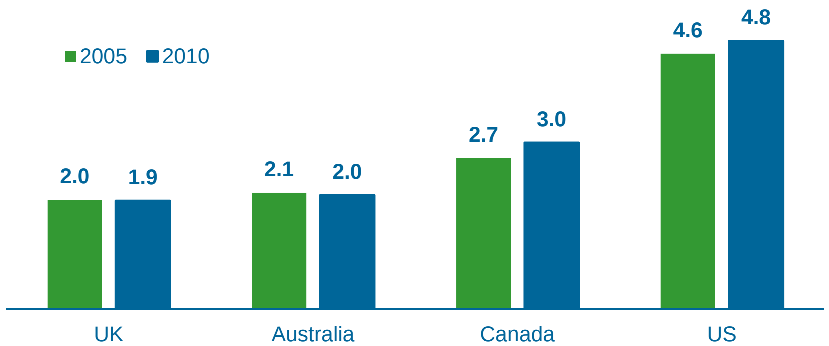
Stockland centres predominantly non discretionary

Stockland Retail Categories
(% of AIFRS NOI)



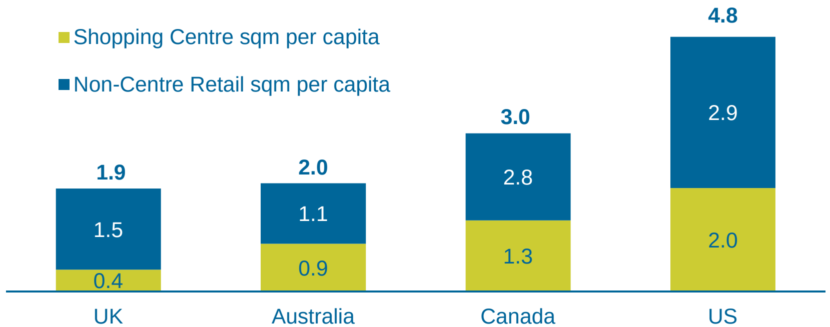
Planning regimes in Australia supports productivity and rents, but hinders format flexibility

Retail Floorspace[2]
(sqm per capita)



Retail supply in Australia is more shopping centre weighted with less competition from freestanding centres, compared to other countries

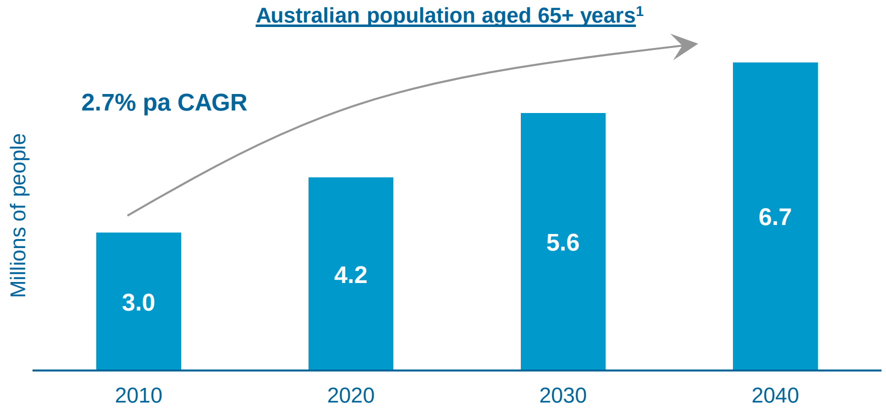
2010 Shopping Centre Space v. Non-centre Space[2]
(sqm per capita)



1. Morgan Stanley research; excludes Other Retail not elsewhere classified 12%
2. Michael Baker independent retail consulting research

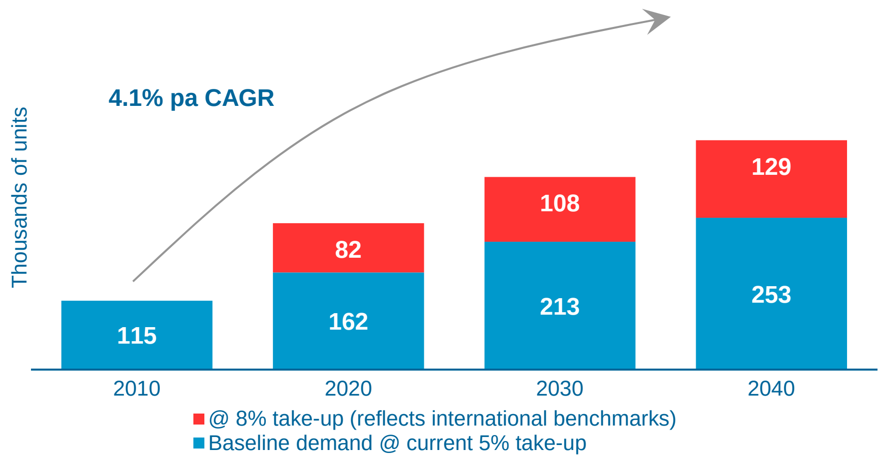
Retirement Living – compelling demand drivers and return profile

65+ population expected to more than double in next 30 years

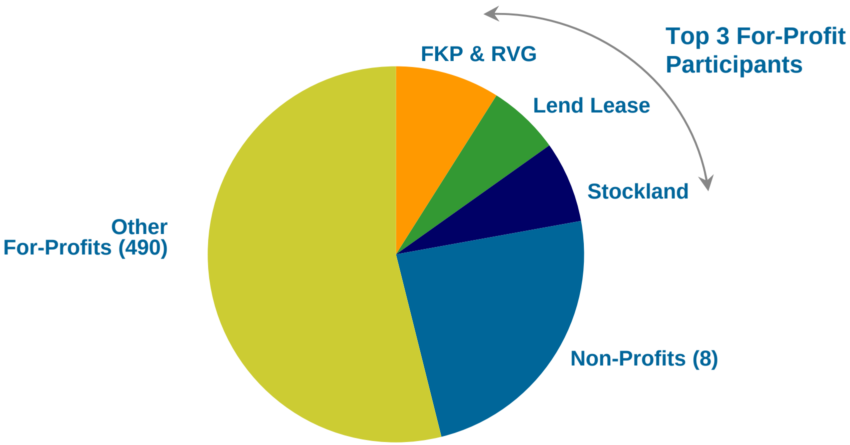


65+ population expected to more than double in next 30 years

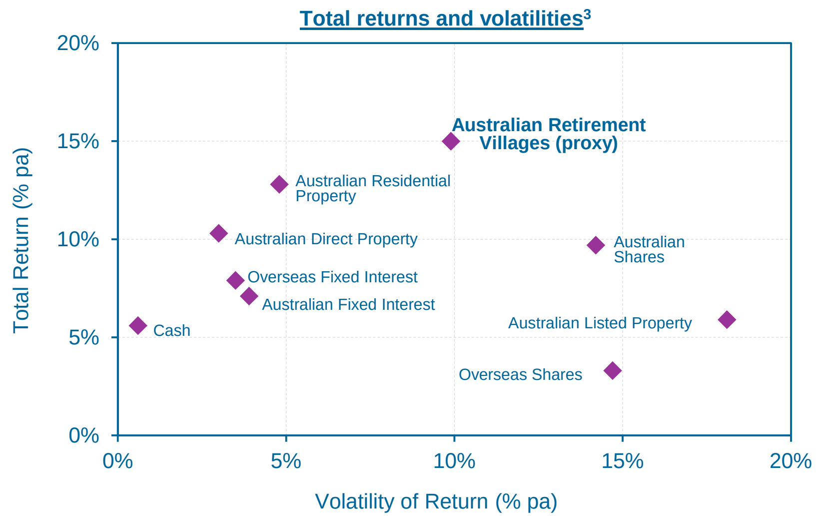
+65 population growth will drive a significant increase in retirement village demand



Industry is highly fragmented[2]



Scale, maturity and development underpin returns



1. ABS Cat. No. 3201.0
2. JLL NVRD
3. Atchison Consultants; 15 years to December 2010; pre-overheads and pre-tax