



Commercial Property Strategy

John Schroder, CEO Commercial Property

Commercial Property strategy: re-weight to retail and enhance asset quality

Retail

- Strategy to develop larger, higher quality retail assets
- Develop assets with a history of strong trading and in areas of market growth
- Leveraging Stockland's diversified model and landbank

Office

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

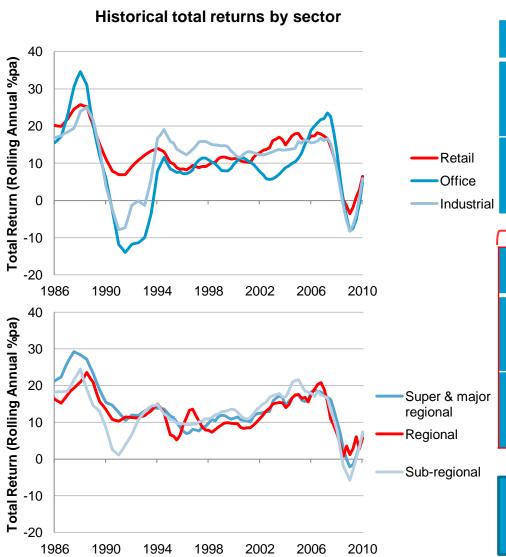
Industrial

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

Retail development pipeline to be entirely self-funded from internal resources

Prime office and industrial assets in major markets will continue to remain a core component of the Commercial Property portfolio for some time

High quality retail provides better risk-adjusted returns through the cycle

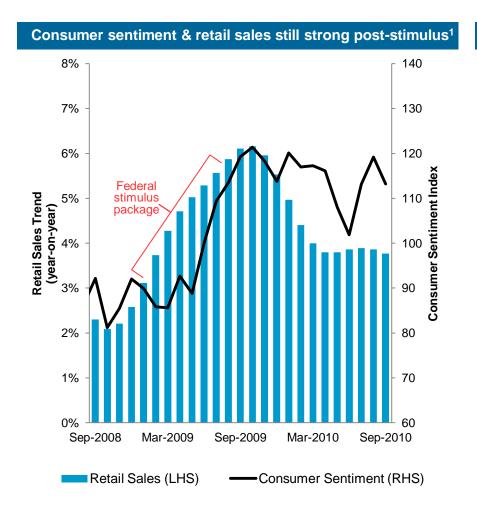


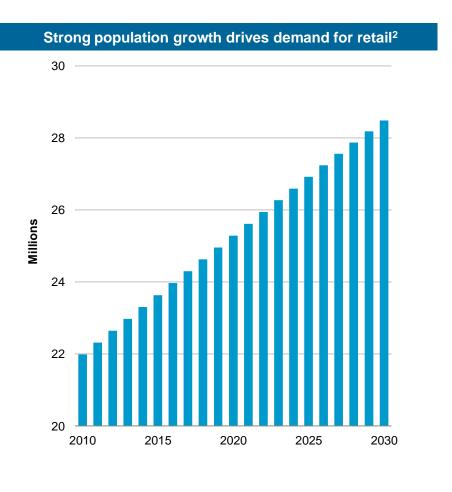
		Retail %	Office %	Industrial %
Last 10	Total Return	11.6	9.2	10.2
years	Volatility	6.3	8.0	6.9
Last 20 years	Total Return	10.9	5.8	9.5
	Volatility	4.7	9.2	7.8

		Super & major regional %	Regional %	Sub-regional %
Last 10	Total Return	11.9	11.5	12.3
years	Volatility	5.9	5.6	7.4
Last 20	Total Return	11.5	10.9	11.2
years	Volatility	4.4	4.3	5.9

Strong retail assets have ability to outperform over the longer-term; less volatile and higher risk-adjusted returns

Market environment and fundamentals underpin investment in retail

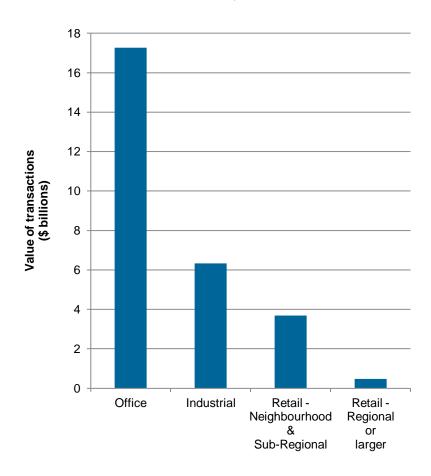




High quality retail is tightly held and rarely trades

Barriers to entry		
Market size	 More demand for retail space with growing population 2 sqm of retail required for every person in Australia¹ 	
Availability of land	Planning regulationsScarcity of new sitesHard to consolidate to create new sites	
Availability of capital	 Capital remains scarce Large amounts of capital needed No government incentives to develop 	
Tenancy mix	 Limited anchor tenants Burgeoning mini-major segment Wesfarmers, Woolworths and Myer have solid growth plan Understanding each trade area is critical to the delivery of the appropriate tenancy mix (mid-market fashion, not high-end) 	
Ownership	 The higher quality retail rarely trades 	

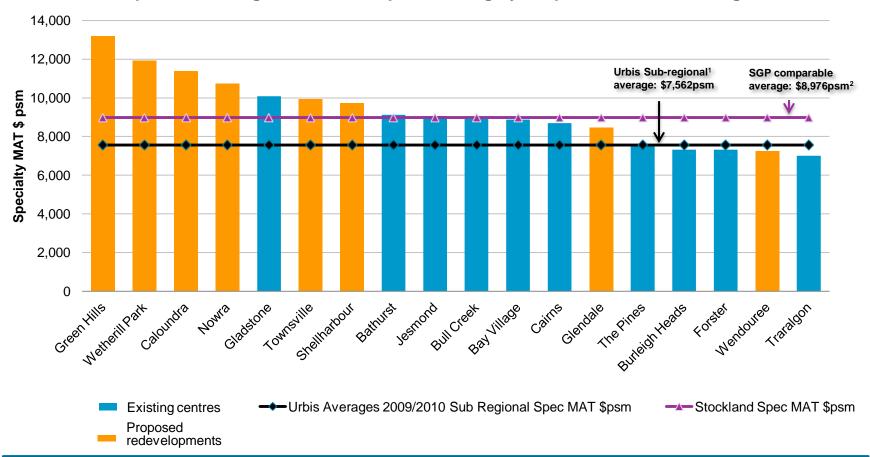
Commercial property asset sales over the last three years²



 ^{- 11 - 1} Pitney Bowes

Stockland's retail portfolio has inherent growth prospects through redevelopment

Proposed sub-regional redevelopments largely outperform Urbis averages¹



Stockland's current retail portfolio, combined with strong knowledge of local trade areas, provides development potential to create larger and better performing assets

Source: Urbis, Stockland. Stable centres with a discount department store

^{2.} As at 30 June 2010

Occupancy remains high and occupancy costs sustainable

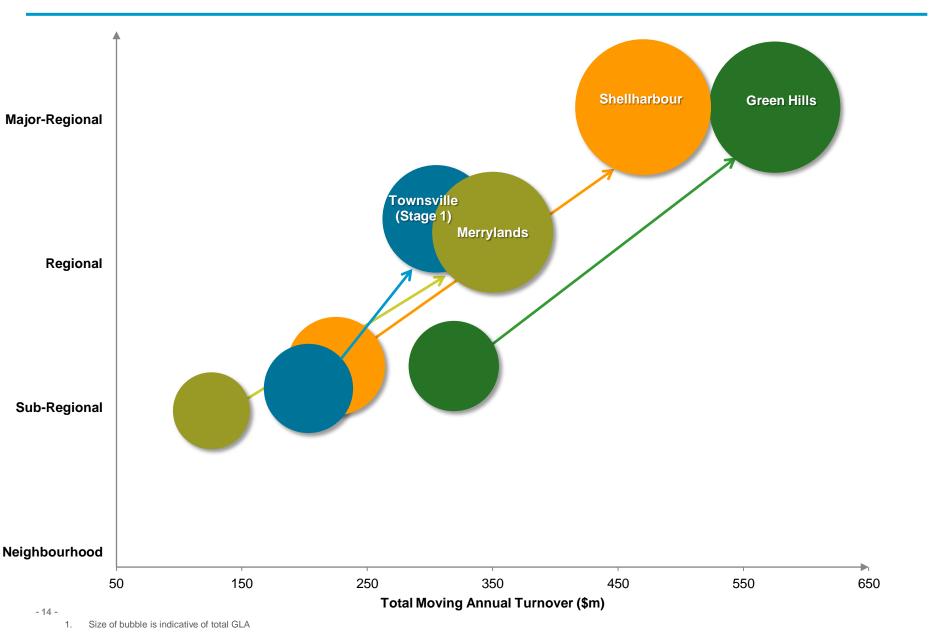
1Q FY11 retail update

- Occupancy 99.5% 35 vacant specialty shops
- Average occupancy cost of 13.8% of MAT (13.4% at 30 June 2010)

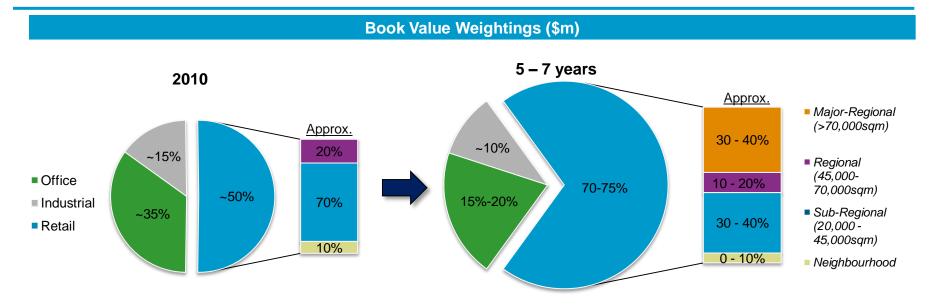
30 September 2010	Annual Total MAT (\$m)	% MAT Annual Growth	% Annual Comparable Growth	% 3mth Comparable Growth
Supermarkets	2,073	7.8	2.9	4.1
DDS	798	(1.7)	(1.1)	2.2
Specialties	1,418	1.0	(1.2)	1.2
Mini Majors/Cinemas/Other	761	10.9	8.8	2.6
Total	5,104	4.8	1.8	2.8

	Urbis Average for	Stockland	Stockland	Stockland Year
	Sub-Regional 2009/10 ¹	September 2009	September 2010	on Year Increase
Comparable Specialty MAT per m ²	7,562	8,759	8,892	1.5%1

Moving retail assets up the retail hierarchy



Re-weighting the current portfolio into higher quality retail



Retail investment criteria		
Value	>\$50m with potential for >\$200m over time	
Trade area population	 Large and growing population catchment 	
Positioning	 First in primary trade area, first or second in main trade area over time 	
Growth potential	 Redevelopment potential plus asset management upside 	
Financial hurdles for redevelopment	 Redevelopment yield on cost: 7.0 - 7.5% (fully-leased year one yield)¹ Incremental development IRR: >12% 	

Building the capability to deliver growth

CEO John Schroder **LEASING MANAGEMENT & DEVELOPMENT PROJECT BUSINESS FINANCE** HUMAN **MARKETING** & DESIGN **DEVELOPMENT RESOURCES** MANAGEMENT Robyn Stubbs Stewart White Stephen Bull Wendy MacKay Matthew Knight Richard Laidlaw Dale Clark Organisational Asset management Retail projects Development Project Capital Financial control management management transactions design planning & leasing Marketing Development Retail operations Master planning Commercial Business finance Talent recruitment Operations & management development and retention facilities Design Leasing finance Office leasing Strategic land Estimating Learning & management Planning, Industrial leasing Anchor tenant purchasing development Sustainability leasing forecasting Cost planning Brand alliance/mall **HSE** Small projects Management of Business income construction processes Trading industrial Tenancy delivery documentation land Strategy, Specialty shop research. design Joint ventures valuations Leasing legal Unlisted funds

