Stockland

FY10 Results Presentation - 11 August 2010

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Solid FY10 performance

Earnings in line with guidance

- Underlying Profit $692m, EPS 29.1 cents
- Residential Communities - record FY10 settlements and record contracts on hand for FY11
- Solid Commercial Property result with marginal comparable NOI growth and stabilising asset values
- Good Retirement Living performance with growing volumes from active development pipeline

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

Fully funded 3-R growth strategy

- Clear focus on 3-Rs - Residential Communities, Retirement Living and Retail development:
  - Residential acquisitions of circa 10,000 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; all-cash offer for Aevum, if successful, would nearly double the portfolio and accelerate growth
  - Retail development pipeline - 5 active projects due for completion by FY13 and 4 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 fully funded - low gearing and a range of other sources including trade-out of Apartments and UK, sale of non-core Commercial Property assets, cash generation from Residential Communities and retained earnings

Positive outlook

- All businesses enter FY11 in good shape and well prepared for any further economic / market volatility
- FY11 guidance - EPS growth of 7% on FY10

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

Underlying Profit up 10%, EPS down 20% due to FY09 equity raise dilution

Summary of key metrics	FY10		FY09
Statutory Profit / (Loss)	$478.4m		($1,801.9m)
Underlying Profit[1]	$692.3m	▲ 9.6%	$631.4m
Underlying Earnings per Security[2]	29.1 cents	▼ 20.3%	36.5 cents
Distribution per security	21.8 cents	▼ 35.9%	34.0 cents
AFFO per security	26.2 cents	▼ 10.9%	29.4 cents
NTA per security	$3.59		$3.61
Gearing	18%		16%

1. Underlying Profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of Stockland, in accordance with the AICD/Finsia principles for reporting Underlying Profit
2. Prior period EPS and AFFO per security have been adjusted for the dilutionary impact of the Equity Raising announced on 13 May 2009 as required by accounting standards, and also exclude inventory write-downs

Stockland

North Lakes, QLD

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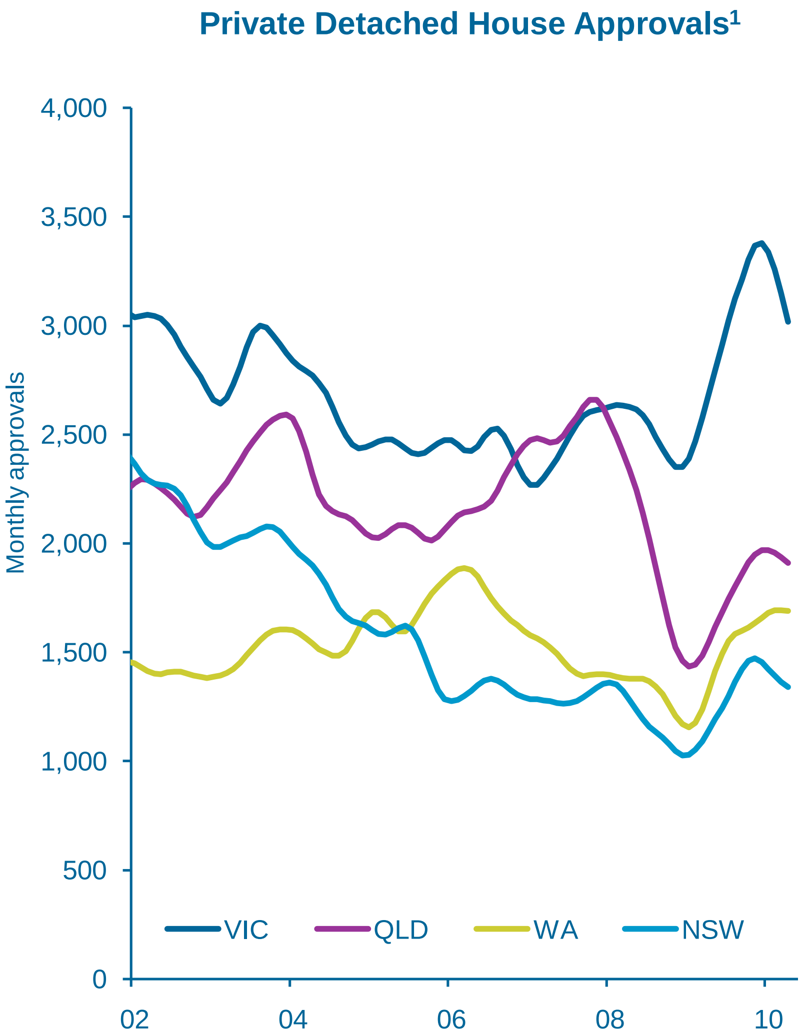
Residential

Residential markets resilient with Victoria the standout performer



National

- Recent interest rate rises have dampened the positive sentiment generated by historically low interest rates and the First Home Owners Boost
- Activity stabilising 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 stable, but below long term levels
- Stock overhang in some parts of established market

Western Australia

- Resolution of resource tax should improve sentiment
- Land supply shortage in key corridors

New South Wales

- New housing market remains at historically low levels
- Inner ring price growth should spread to urban fringe in FY11

1. Source: ABS, Stockland Research. Trend series

Record FY10 Residential Communities sales performance

Revenue

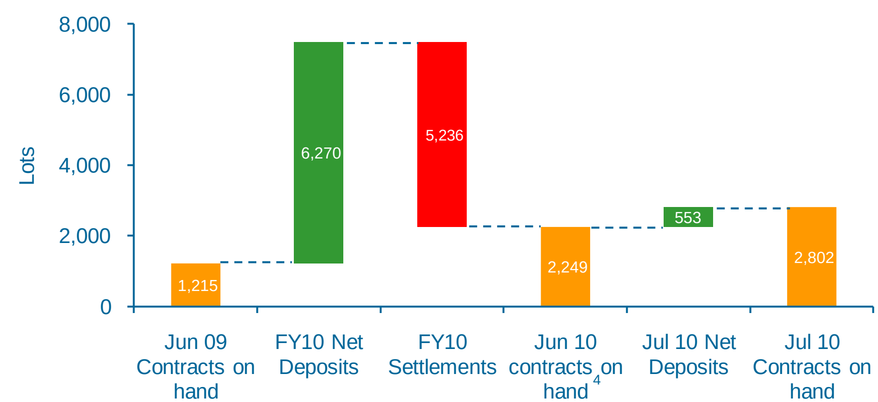
- Record lot settlements:
  - Increased volumes in all states
  - Lower proportion of superlot settlements as builders remain finance constrained
- Enter FY11 with record contracts on hand:
  - Recent sales reflect higher priced Upgrader product in QLD and WA
  - Strong First Home Buyer demand in Victoria
  - Superlot settlements expected to remain below historic levels
  - FY11 settlements likely to be skewed to 2H11 as production still lagging sales

Profit

- Strong profit performance driven by volume and price growth
- $1.6m net profit on settlements from impaired projects excluded from Underlying Profit[5]

Residential Communities		FY10	FY09	
Lots settled[1]		5,236	4,303	▲ 22%
Revenue - Retail		$917m	$768m	▲ 19%
- Superlots		$91m	$105m	▼ 13%
EBIT (before interest in COGS)[2]		$274m	$222m	▲ 23%
Operating Profit (incl. interest in COGS)[2,3]		$213m	$184m	▲ 16%
Contracts on hand[4]	- no.	2,249	1,215	▲ 85%
	- $	$481m	$205m	▲135%

Residential Communities sales



1. 4,424 lots 100% share and 812 lots part-share (SREEF1/ PDA); 2009: 3,715 lots 100% share and 588 part-share
2. Excludes net profit on settlements from impaired projects
3. Pre-tax
4. 2,225 contracts on hand due to settle in FY11 (circa 70% in 1H11), 24 due to settle in FY12
5. Sales from impaired projects account for 5% of total lots settled in FY10

Big improvement in Upgrader activity, FHBs remain active

First Home Buyers (FHBs)

- Very high leads and deposits in 1H10 due to First Home Owners Boost
- Now back to target range of 20% - 30% of sales
- Still strong in Victoria with State grant increased to $20,000 and extended to June 2011

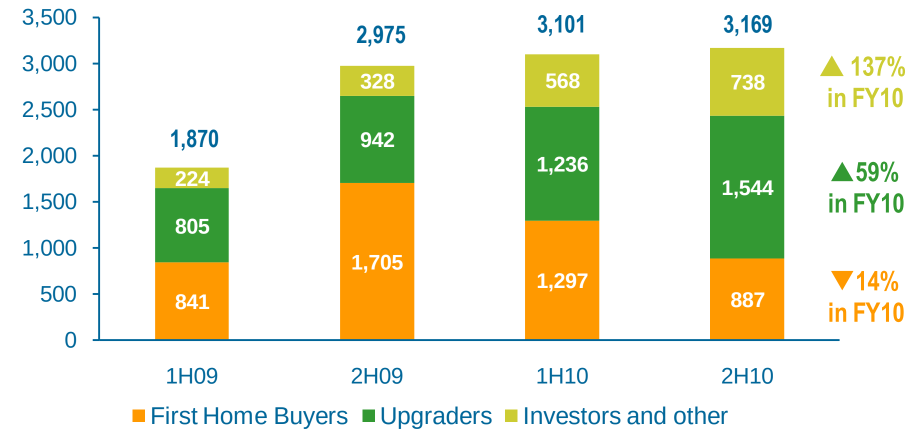
Upgraders

- Now the majority of leads and deposits
- Rising interest rates impacting sentiment and urgency, although still strong demand for value-for-money product
- In many locations, negligible price gap between building new and existing houses

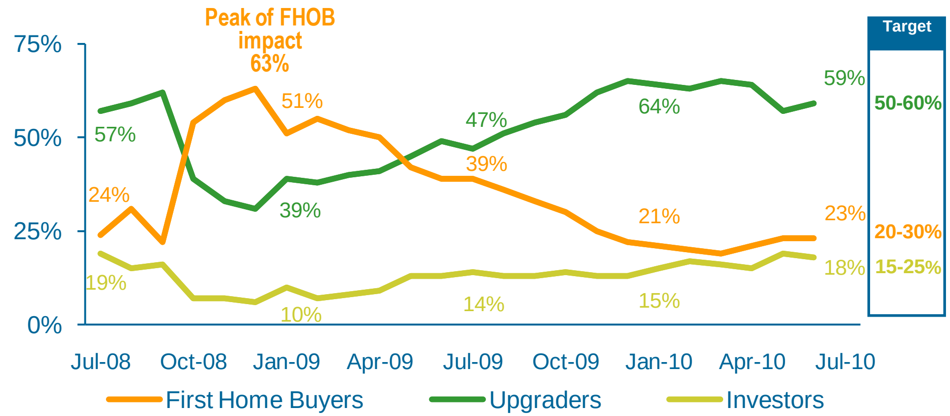
Investors

- Volumes more than doubled in FY10, with leads back to target range of 15% - 25% of sales
- Strong rental demand and low vacancies leading to rising rents; investor interest likely to grow

Buyer composition (no. of deposits)



Leads[1] by segment (%)



1. Potential purchasers who have expressed interest in a specific Stockland project

Strong Residential Communities price growth and margins

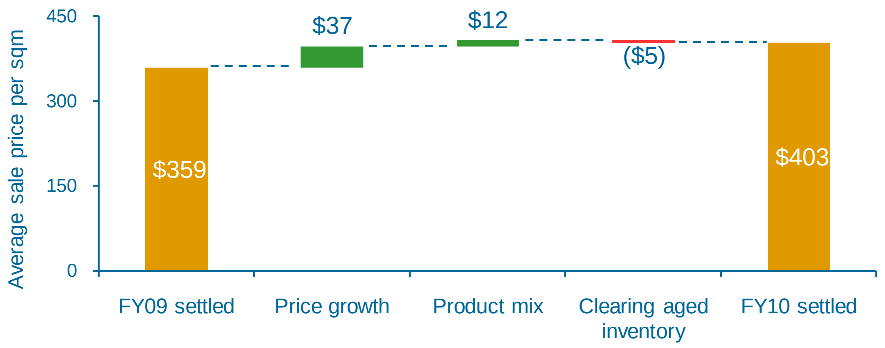
Prices

- Average price per sqm of lots settled up 12% due to price increases and product mix
- Average price per lot up 4% to $205k[1]

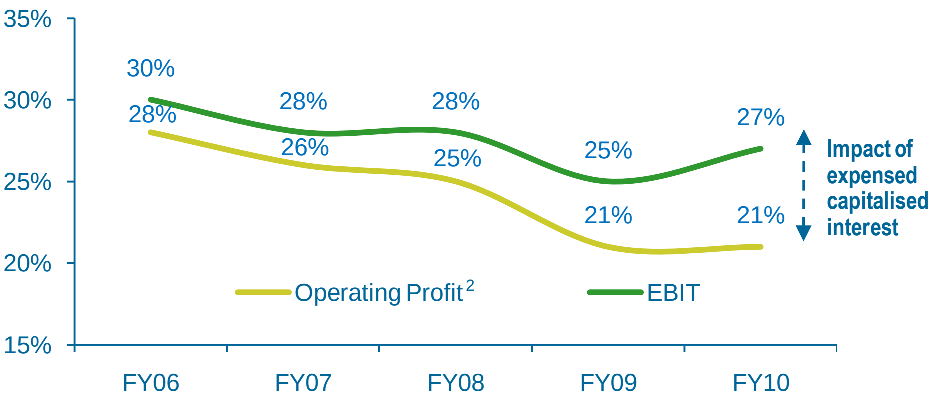
Margins

- EBIT margin (before interest in COGS) 27%, up from 25% in FY09:
  - Reflects price growth in FY10, offset by lower superlot sales
- Operating Profit[2] margin stable at 21%, price growth offset by increased interest expense in COGS
- Nil Underlying Profit on impaired projects - 2% adverse impact to margins in FY10
- Expect FY11 EBIT margins in the middle of target range (25% - 30%)

Retail lot settlements - average price per sqm



Residential Communities margins



1. Net transaction price inclusive of GST
2. Pre-tax

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

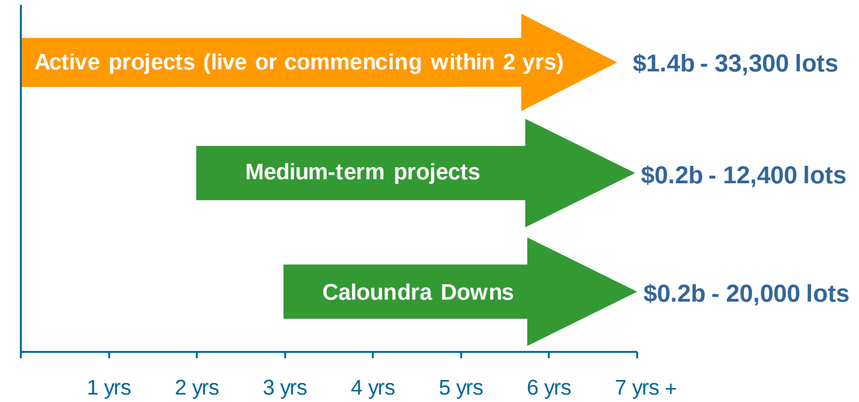
Longer-term land bank (20% of NFE)

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

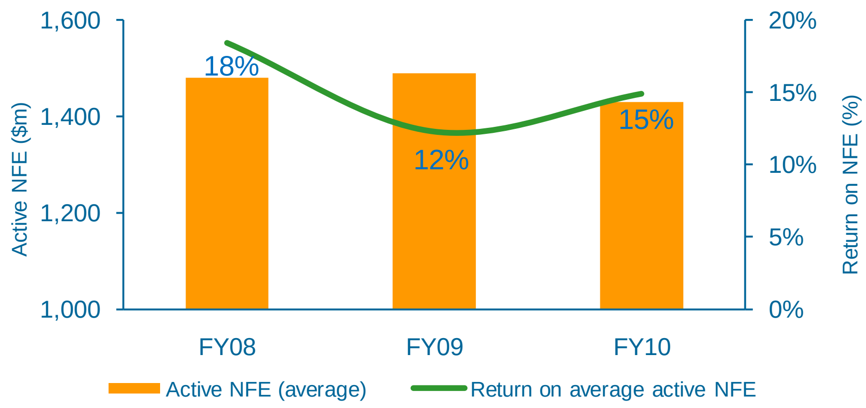
High return on average NFE in FY10

- 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

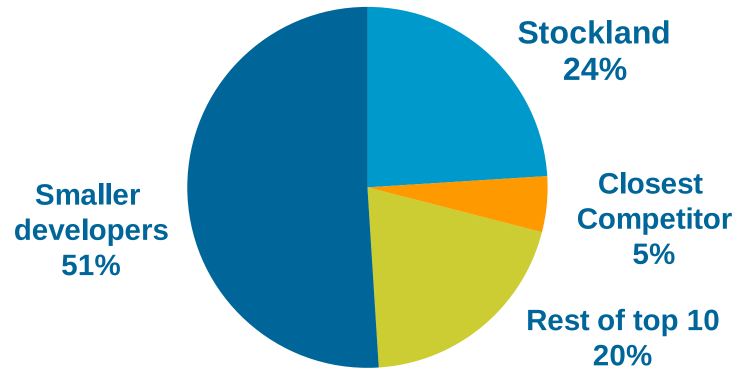
Targeting growth above replenishment levels

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

9,690 lots acquired at total cost of $380m

- 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
Total - FY10 / FY11 to date		**9,690**	**$2,160m**	

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

Affordability is a challenge - Product innovation creates opportunities

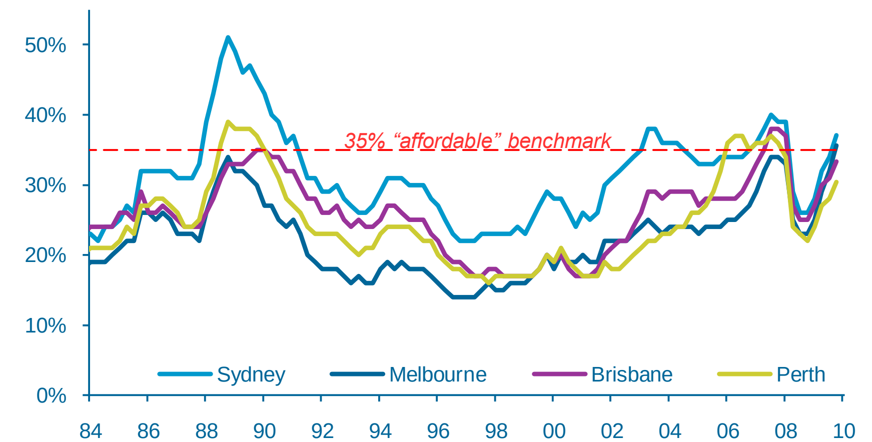
Affordability moving towards top end of benchmark

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

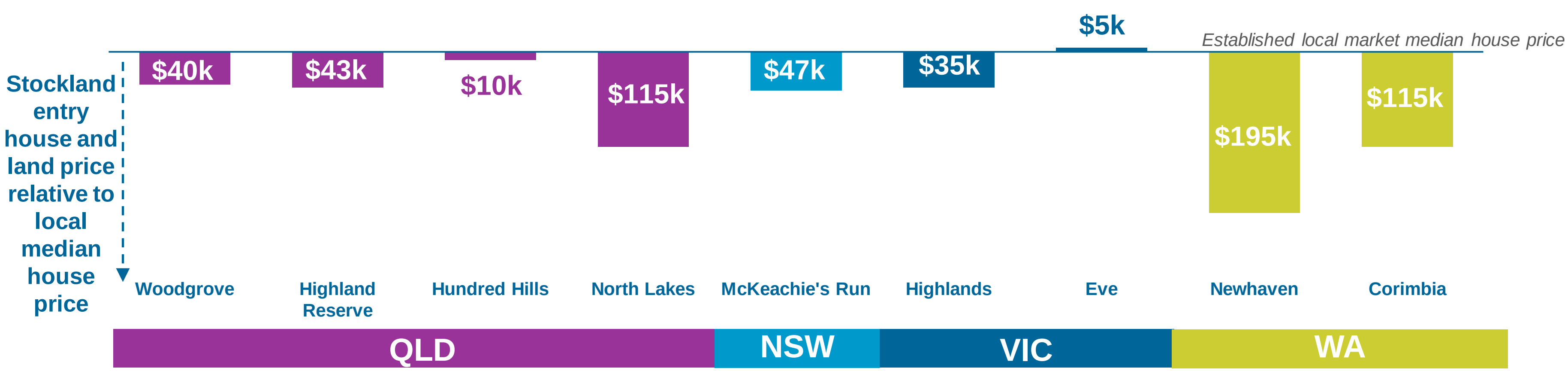
Masterplanned communities offer product flexibility not available in established market

- 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

Apartments - Pre-sales to deliver strong cash flow

- Trade-out of existing projects and disposal of undeveloped sites going to plan - net cash flow to be reinvested in Residential Communities
- Projects under development to be progressively completed by FY12, releasing circa $415m of cash
- Further circa $65m net cash flow from build-out of The Islands Stages C and D in FY13+
- Disposal of undeveloped sites progressing:
  - St Kilda Road site sold subject to completion of restoration work
  - South Yarra site currently on the market

Apartments	FY10	FY09
Apartments settled	315	175
Revenue	$278m	$227m
EBIT (before interest in COGS)	$40m	$10m
EBIT margin (before interest in COGS)	14.5%	4.5%
Operating Profit / (Loss) (incl. interest in COGS)[1]	$11m	($9m)
Operating profit margin (incl. interest in COGS)[1]	3.8%	(4.0%)
Contracts on hand - no.	539	310
- $	$471m	$330m
Net funds employed	$0.5b	$0.5b

Future cash flow

	Projects under development	Est. cost to complete ($m)	Est. future revenue ($m)	% of future revenue presold[2]
NSW	Prince Henry	45	75	99%
	The Village, Balgowlah	5	30	35%
	The Hyde	10	210	78%
QLD	Norman Reach	-	5	96%
	Allisee - Stage 2	5	30	4%
VIC	Tooronga - Stage 1	125	180	82%
WA	The Islands - A and B	-	75	87%
	The Islands - C and D	45	110	0%
	Total	**235**	**715**	**63%**
Est. net future cash flow from projects under development			**$480m**	
Est. net future cash from undeveloped site sales			**$90m**	41%
Est. total future cash flow			**$570m**	

1. Pre-tax
2. Based on revenue value of contracts on hand over future revenue

Residential Communities is well placed for further growth in FY11

Market leader

- 24% market share in active corridors

Enter FY11 with record contracts on hand

- Good Upgrader and Investor demand
- Strong momentum from first home buyers in Victoria, but likely to taper during FY11
- Sales rate remains strong although buyer sentiment is sensitive to further mortgage rate rises
- FY11 results likely to be skewed to second half as production still lags sales

Diverse product mix

- FY11 product mix will reflect growing demand for higher priced products from Upgraders
- Focus on delivering high quality, value-for-money product and maintaining affordability

Continued focus on faster speed to market and growing active land bank

- Aim to acquire above replenishment levels to increase market share
- 9,690 lots acquired in FY10 / FY11 year to date, with several further opportunities under negotiation

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Retirement Living

Good result from Retirement Living and strong platform for growth

Good profit performance

- Operating Profit up 13%, includes AASB 140 accounting change[1]
- Operating Profit up 20% excluding AASB 140 income[2]
- Cash coverage[3] of earnings up to 38% driven by a strong increase in turnovers
- 37% increase in net reservations[6]

Established villages

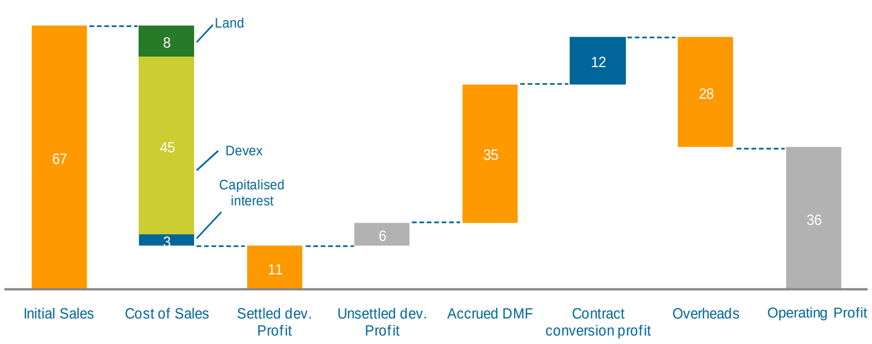
- High occupancy at 97%[4]
- 8% average price growth

New villages

- 9% increase in settlements
- Lower development margin due to project mix and clearing of aged inventory

Retirement Living	FY10	FY09	
Operating Profit[1]	$36m	$32m	▲13%
Cash coverage ratio[3]	38%	34%	▲4%
Established unit turnovers	253	217	▲17%
Occupancy[4]	97%	96%	▲1%
Turnover cash yield (pre-overhead)[5]	12%	10%	▲2%
New units settled	177	163	▲9%
Average price	$377k	$313k	▲20%
Development margin (pre-overhead)	16%	19%	▼3%

Components of Operating Profit ($m)



1. FY09 adjusted for comparative purposes to reflect changes to Australian accounting standard AASB 140, FY09 results have not been restated in the statutory accounts. AASB 140 changes were $6m in FY10 and $7m in FY09
2. Refer to slide 64 for further details
3. Cash coverage is a measure of pre-tax cash earnings (including DMF cash received less DMF cash accrual) as a proportion of Operating Profit
4. Includes newly completed but as yet unsold units
5. Calculated as DMF turnover cash and conversion profit as a percentage of DMF at cost, excluding goodwill
6. Equivalent to net deposits in Residential Communities (refer to slide 63)

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

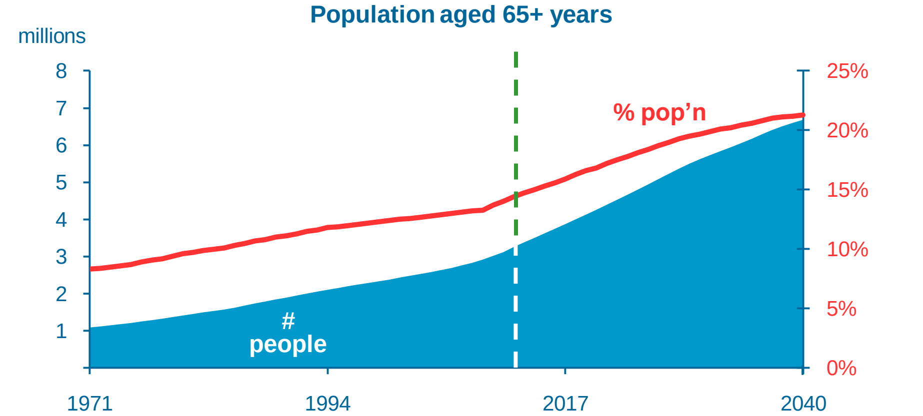
Leverage benefits of Stockland diversified model

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

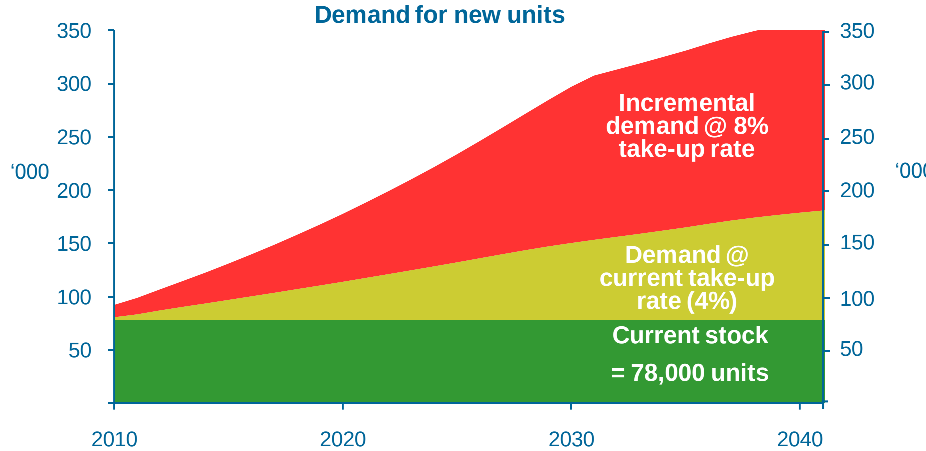
Aging population makes this a high growth industry

- 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

Accelerating growth and diversification

- Successful completion of Aevum transaction would create a genuine national platform:
  - Improves economies of scale
  - More mature villages improves cash return

Applying Residential Communities know-how

- National sales and marketing platform established in FY10:
  - Sales leads up 55%, cost per lead down circa 20%
- Maintained high levels of resident satisfaction (89%)
- Standardised, innovative product designs for new villages

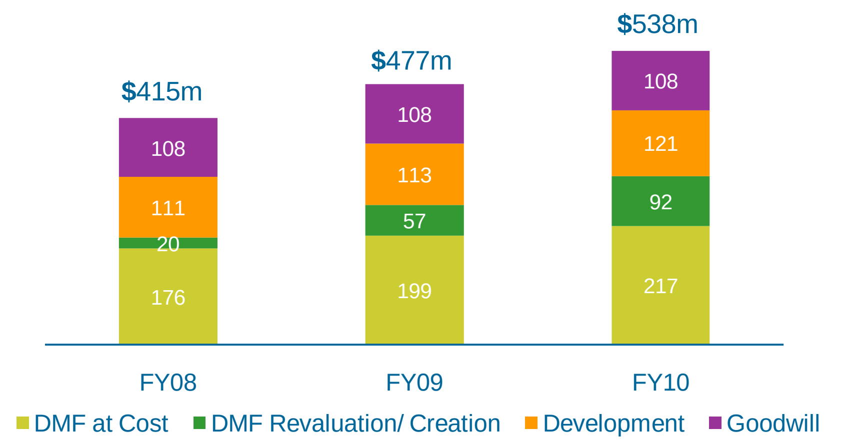
Net funds employed

- NFE increased by 13% due to more development activity and below the line DMF creation

Summary of Aevum offer

Compelling Offer	▶ All-cash offer to acquire the outstanding share capital of Aevum at $1.50 per share ▶ Values all of Aevum's equity at $266 million
Value for Aevum Shareholders	▶ Offer provides Aevum shareholders with certainty of value at a substantial premium ▶ Represents a 40.2% premium to 1 month VWAP and a 37.6% premium to pre-bid closing price of $1.09
Financial impact to Stockland	▶ Expected to be EPS neutral in FY11, 2% accretive[1] in FY12 ▶ Expected cash return on investment[2] circa 8.5%pa by FY13

Average net funds employed



1. Assuming a marginal cost of 3 year debt. Excludes transaction costs which will be excluded from Underlying Profit
2. Incremental pre-tax cash earnings as a percentage of cash investment; cash investment equals the implied enterprise value plus further investments in development

New villages under development performing well

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)

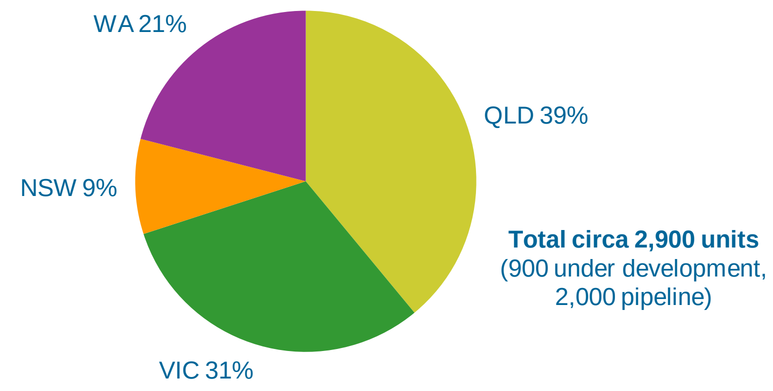
Projects performing well

- 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

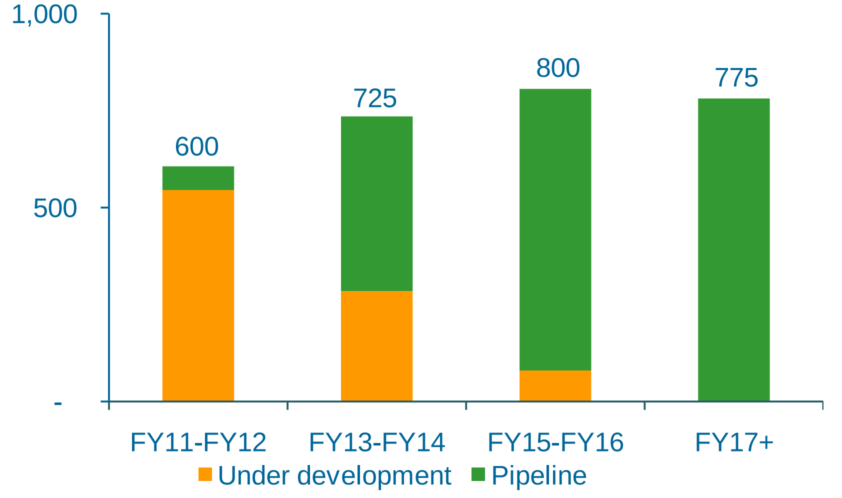
Significant pipeline

- A further 2,000 units across VIC, NSW, QLD and WA

Development pipeline (% of units)



Expected pipeline settlement profile



Rockhampton, QLD

Commercial Property

Commercial property markets are stabilising

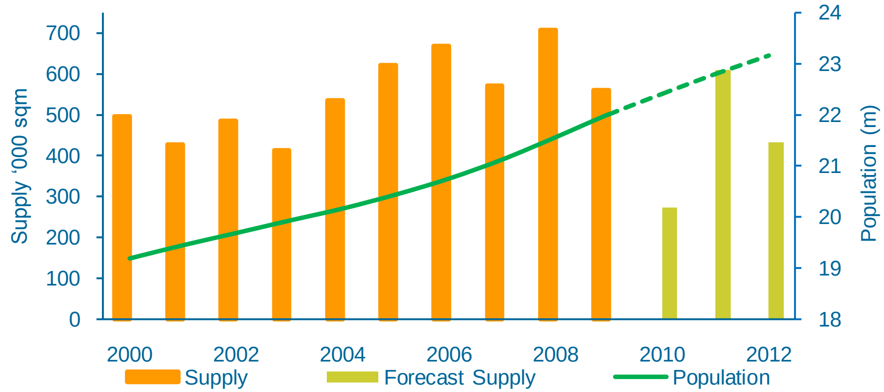
Rents

- 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

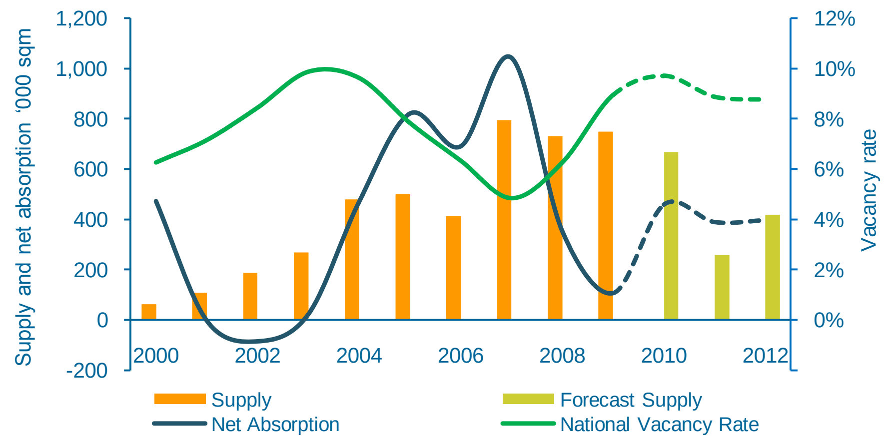
Capital Values

- 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]



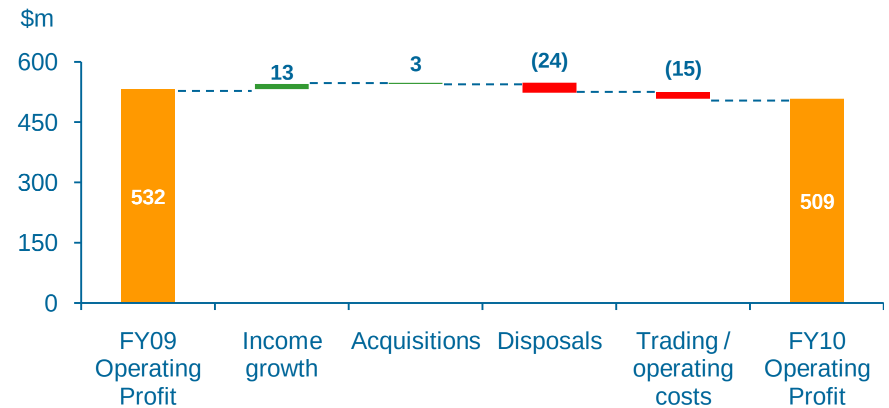
1. Source: Jones Lang LaSalle (June 2010), Access Economics (June 2010)
2. Source: Jones Lang LaSalle (June 2010), Stockland Research

Commercial Property delivered solid performance

- FY10 NOI $534m:
  - Headline NOI down 1.4% due to reduction in income from non-core assets sales ($177m[1] in FY10 and $406m in FY09)
  - Comparable NOI up 1%
  - Proceeds from asset sales being reinvested into retail development pipeline
  - NOI timing gap of circa 2 to 3 years between loss of rent from property disposal and receipt of rent from new retail space
  - Trade debtors only 0.3% of annual billings

Commercial Property ($m)	FY10	FY09[2]
Net operating income:		
- Retail	266	255
- Office	193	195
- Industrial	75	92
Net operating income (NOI)	**$534m**	**$542m**
Trading profits	8	16
Fees	3	4
Net operating costs[3]	(36)	(30)
Operating Profit	**$509m**	**$532m**

Commercial Property Operating Profit



1. Excludes disposal of Edmund Barton Building ($186m) booked in FY09
2. FY09 restated to include $10m of internal Responsible Entity fees
3. FY10 figure includes $3m one-off corporate project costs and investment in enhanced capability to deliver retail developments

Strong Retail performance

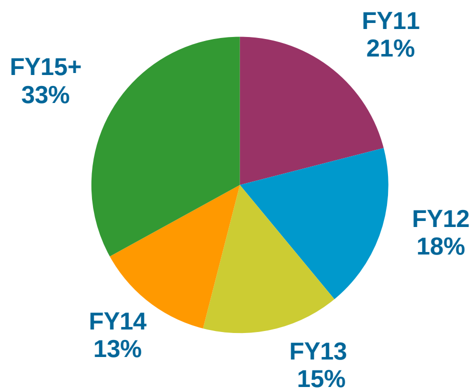
Highlights

- NOI $266m:
  - Headline and comparable income growth +4%
  - 500 specialty shop lease transactions completed with +5% average rental growth
- Comparable MAT growth +1.5%
- Comparable specialty MAT $8,976 psm, +2.4%
- High occupancy at 99.5%[1] (32 specialty shops vacant)
- Specialty occupancy costs at sustainable level - 13.4% of MAT

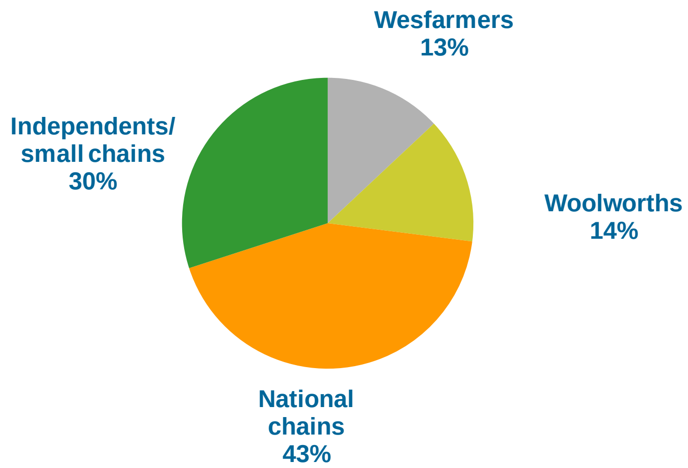
Outlook

- Robust demand for quality retail space
- Lease incentives on new developments remain high
- 300 specialty lease transactions due in FY11 - expect similar rent increase to FY10
- 2,200 specialty leases are on either fixed annual (4% to 5% pa) or CPI+ increases

Specialty shop lease expiry profile[2]



Tenant rent composition[3]



1. Non-development centres
2. By GLA
3. By gross passing rent

Minimal lease expiry risk in Office and Industrial portfolio

Highlights

- 260,000m² of office and industrial space leased:
  - Ave. face rent: Office +12%, Industrial -4%
  - Ave. incentives: Office 17%, Industrial 9%
- Decline in comparable NOI due to high incentives and longer time to let:
  - Office -1%, Industrial -3%
- Office WALE increased to 4.6 years, occupancy 97% (92% including space under refurbishment)
- Industrial WALE steady at 3.4 years, occupancy 95%

Outlook

- Low FY11 / FY12 rent at risk
- Effective rents expected to remain flat in FY11

Office and Industrial rent at risk[1]

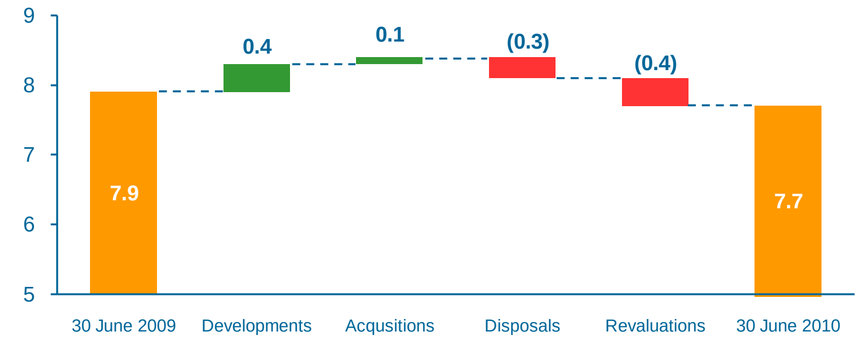
	Office		Industrial		Total	
	FY11 $m	FY12 $m	FY11 $m	FY12 $m	FY11 $m	FY12 $m
Total vacant space / leases expiring	9.5	6.8	9.2	4.1	18.7	10.9
Likely renewal / new lease	(3.2)	(4.2)	(5.8)	(3.9)	(9.0)	(8.1)
Risk from vacant and uncommitted space[1]	**$6.3m**	**$2.6m**	**$3.4m**	**$0.2m**	**$9.7m**	**$2.8m**

1. Non-cumulative

Commercial Property asset values are stabilising

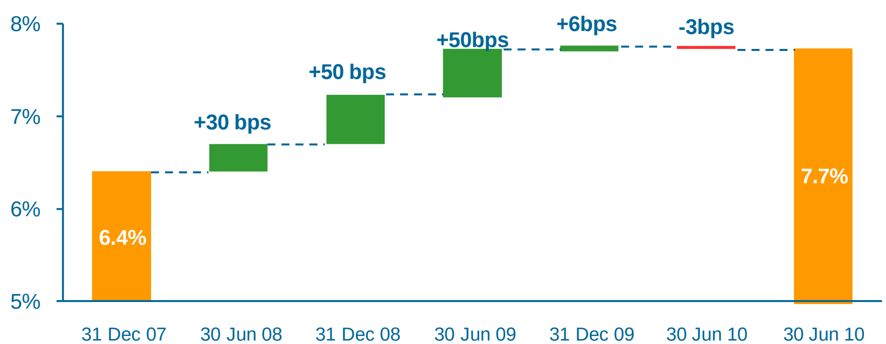
- Average cap rates steady in 2H10:
  - 97% of investment property assets[1] independently valued in FY10
- Net valuation decrement in 2H10 due to asset specific issues:
  - $21m decrement at Townsville (competition)
  - $8m decrement at Glenrose (remediation)[2]

Commercial Property book values ($b)[3]



Net revaluation breakdown	1H10 ($m)	2H10 ($m)	FY10 ($m)
Change in cap rates	(196)	16	(180)
Lower market rents / higher lease incentives	(63)	(43)	(106)
Developments	(45)	(5)	(50)
Other	(26)	(9)	(35)
Net revaluation	**(330)**	**(41)**	**(371)**

Commercial Property weighted av. cap rate



Composition

Retail: 6.2%

Office: 6.4%

Industrial: 7.3%

Composition

Retail: 7.4%

Office: 7.9%

Industrial: 8.6%

1. Excludes assets under development
2. An additional amount of $9.4 million has been provided for remediation works
3. Investment property assets (excluding Capital WIP and sundry properties)

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

Projects due to commence in FY11 / FY12

- 4 projects expected to commence in FY11 / FY12 creating significant shopping centres at Shellharbour and 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]
Sub-total	**690**	**395**		
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	**775**	**420**		
Projects due to commence in FY11/12	**525**			
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

One Tudor Street, London

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UK

Continued orderly work out of UK operations

Progress in FY10

- $40m of asset sales
- $2m profit on sale of impaired projects excluded from Underlying Profit
- $175m Sterling denominated bank debt repaid

Outlook for FY11+

- Remaining book value circa $260m expected to be fully realised by FY12, unless market conditions materially deteriorate
- Break even operating result expected over this period
- Future cost of UK work out fully accounted for in Corporate[1]
- Net currency risk fully hedged

Profit and assets	FY10	FY09
Operating Profit / (Loss)	$1.2m	($0.7m)
Assets:		
- 100% owned	$237m	$312m
- Joint ventures, net of non- recourse off balance sheet debt	$24m	$18m
Total assets	**$261m**	**$330m**

1. Refer to slide 31


Triniti Business Campus, NSW

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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
- If successful, 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

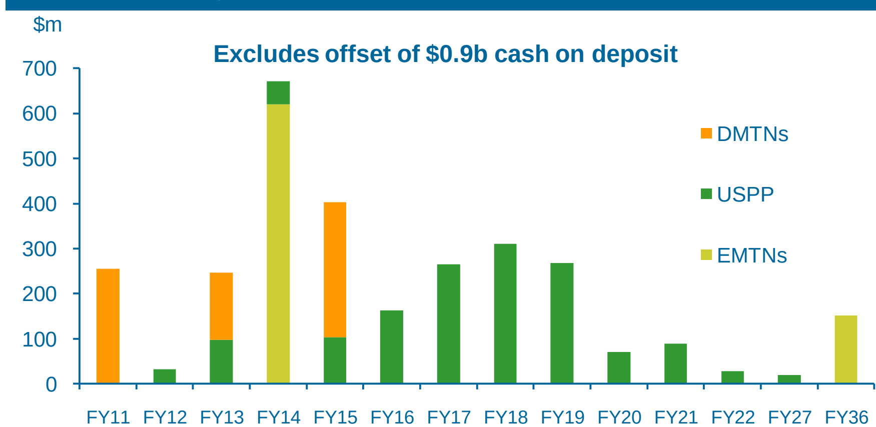
Low cost of debt

- 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

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

Cash flow, net interest and tax

Operating cash flow

- Operating cash flow up 31% - lower interest expense

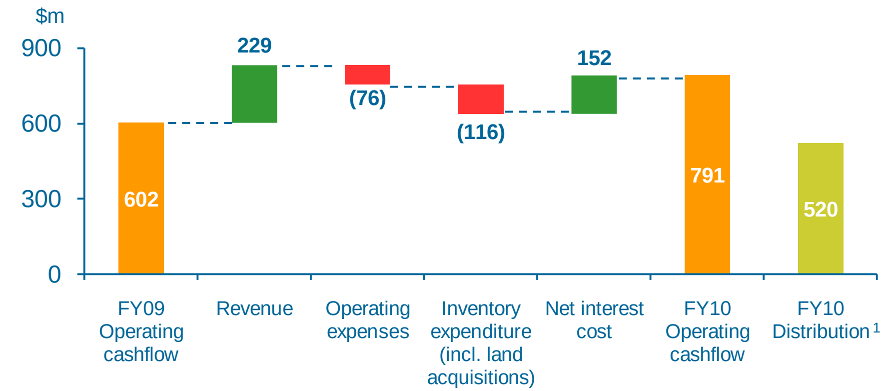
Gap between interest paid and interest expense has narrowed

- Interest capitalised has decreased (lower interest rates and tighter inventory management)
- Interest expensed through COGS has increased (higher interest rates in previous years and completion of older projects)
- Gap in future years will largely depend on quantum and timing of Residential acquisitions

Tax

- Effective tax rate on corporate earnings 31%
- Trust income 31% tax preferred

Operating cash flow



Interest expense - $m	FY10	FY09
Interest paid	**176**	**279**
Less: capitalised interest		
- Commercial Property development projects	(6)	(25)
- Residential	(118)	(163)
- Retirement Living	(3)	(5)
- UK	-	(4)
	(127)	**(197)**
Net borrowing cost in P&L	**49**	**82**
Add: capitalised interest expensed in COGS	94[2]	60
Total interest expense in P&L	**143**	**142**

Gap narrowed

1. Revised distribution policy based on the greater of 75% of Underlying Profit or Trust Taxable Income (TTI)
2. Includes $3m of interest in COGS for Retirement Living which is not included for statutory reporting

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Significant cost reductions and efficiency gains

Residential

- Organisation structure now flatter and more efficient
- Substantial savings in marketing and other key variable costs

Retirement Living

- Stable year-on-year overheads
- Further opportunities for economies of scale

Commercial Property

- Additional costs in FY10 - building capability to deliver retail development pipeline
- $3m one-off costs in FY10

Corporate

- Efficiency gains in FY09 maintained in FY10
- FY10 includes $6m for future UK work out costs

$m	FY10	FY09	FY08
Residential	140	163	177
Retirement Living	28	28	23
Commercial Property[1]	36	30	45
UK	12	21	32
Unallocated corporate costs	66	56	86
Total management, admin, marketing and selling expense per Statutory Accounts	**282**	**298**	**363**

1. Net of tenant recoveries

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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)

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Strategy and Outlook

Focus on 3-R growth strategy
Diversified model drives competitive advantage

Retail

Strategy
Extensive $2.5b retail development pipeline, enhancing asset size, quality and trade area positioning

Execution
Major developments at Merrylands, Rockhampton, Townsville, Shellharbour[1]

Retirement Living

Strategy
Increase market share and returns through development of new villages and acquisition of portfolios

Execution
Development pipeline of circa 2,900 Independent Living Units

Offer for Aevum

Residential Communities

Strategy
Grow market share through geographic and product diversity

Execution
9,690 lots acquired at a total cost of $380m

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)

1. Expected to commence in FY11

Importance of sustainability and people to success

Outstanding results in sustainability

- Davos Global 100 Most Sustainable Organisations
  - Overall ranking 24
  - Highest rated diversified property company globally
- Australian Ethical Investor 2009 Sustainable Company of the Year
- Reductions in Commercial Property greenhouse gas emission intensity:
  - 26% reduction since FY06
  - Targeting a further 20% reduction by FY14
- Office portfolio average NABERS Energy ratings:
  - Increased from 2.5 Stars to 3.6 Stars since FY06
  - 4.5 Star target by FY14

High performing people and culture

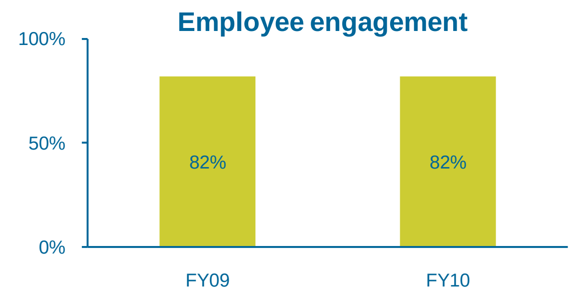
- Focus on employee engagement and well being:
  - High employee engagement scores, above 82% over the last six years
  - FY10 score above both Towers Watson Australian Norm and Global High Performing Companies Norm
- Improved employee retention and enhanced capability through strong focus on career planning, professional development and internal promotion
- Focus on diversity reaping business benefits:
  - Employees returning from parental leave up from 69% to 82% resulting in improved productivity

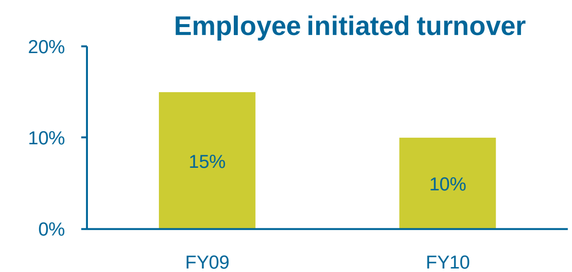
9TH AUSTRALIAN SUSTAINABILITY AWARDS

Dow Jones Sustainability Indexes
Member 2009/10

GLOBAL 100 Most Sustainable Corporations in the World

TOWERS WATSON





Strategic investments

Principles

- M&A activity will only be contemplated if it secures high quality assets that fit the 3-R strategy and enhances securityholder returns
- Strategic stakes provide optionality to achieve this

Strategic stakes as at 30 June 2010					
		Cost		Market value	
	%	Price ($)	Total ($m)	Price ($)	Total ($m)
GPT[1]	13.1%	3.60	877.3	2.81	682.9
FKP	14.9%	0.76	132.1	0.68	117.9
AVE[2]	10.1%	1.50	26.9	1.10	19.7

GPT

- Exposure via efficient off-balance sheet financing structure expiring in May 2011

FKP

- Second largest national retirement living operator
- Stockland holds a perpetual first right of refusal over FKP's retirement living assets

AVE

- One of the largest listed pure-play retirement living and aged care operators
- Holding increased post 30 June 2010 to 15.9% and all-cash offer announced to acquire remaining 84.1% at $1.50 per share

1. The GPT stake is held indirectly via equity derivatives. The values above reflect the historical cost and market value if the equivalent investment was held directly. Historical cost of $877.3m is before realised loss of $79m (representing approx. 35c per security) when indirect holding was created in FY09. Share price adjusted following 5 for 1 security consolidation
2. Excludes post balance date off-market purchases

In summary, strong growth opportunities in FY11 and beyond

All businesses enter FY11 in good shape

- Residential Communities - record contracts on hand
- Retail - low vacancy and good rental growth
- Office and Industrial - lease expiries largely de-risked
- Retirement Living - profits from development pipeline starting to flow

Conservative capital management

- Low net gearing at 18%
- Average debt maturity > 6 years
- Cash and undrawn facilities $1.9b

Significant, fully funded growth opportunities in each core business

- Continue to grow market share in Residential Communities through land acquisitions in key growth corridors
- Retirement Living development pipeline of circa 2,900 units
- Offer for Aevum - potential to create national Retirement Living platform
- $2.5b Retail development pipeline

Positive outlook

- FY11 EPS guidance +7% on FY10

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