



Stockland

## Stockland accelerates UK expansion with acquisition of Halladale

7 February 2007



### Agenda

- ♦ Stockland's UK Strategy
- ♦ Acquisition Rationale
- ♦ Overview of Halladale Business
- ♦ Stockland Halladale Platform
- ♦ Transaction Summary
- ♦ Future Growth Strategy



## Stockland's UK Strategy

- ♦ Leverage Stockland development and asset management skills
- ♦ Gap in market – integrated mixed use
- ♦ Align ourselves with reputable local groups, with like-minded culture
- ♦ Capital partnering model to enhance ROE and optimise balance sheet utilisation
- ♦ Building a scaleable business which will drive long term TSR



## Acquisition Rationale

### Why Halladale?

- ♦ Great strategic fit
  - ♦ Management and development platform across retail and office
  - ♦ Co investment model underpinned by selective use of balance sheet
  - ♦ Established brand and infrastructure
  - ♦ Track record of delivering results
  - ♦ Team oriented culture
  - ♦ The right size
- ♦ Stockland initiated the opportunity
- ♦ Both management teams are aligned with strategy
- ♦ Accelerates our strategy by 2+ years
- ♦ Provides platform to capitalise on further growth opportunities in UK and Europe



## Halladale Business Model

“The creation of value through active and entrepreneurial management, risk controlled development co-investment in commercial property assets”



H A L L A D A L E

- ♦ Asset Management
- ♦ Development
- ♦ Co-investment Fund management

Office and retail property: portfolio under management approaching £1 billion

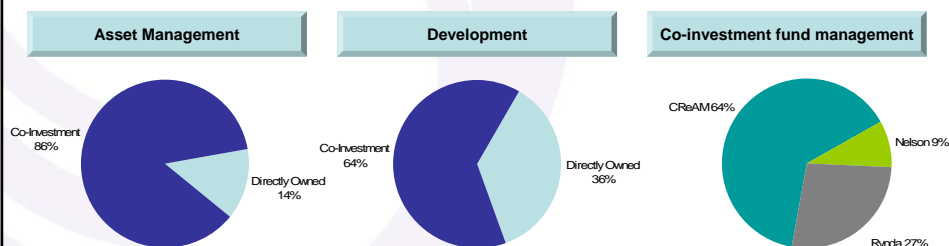
Total development programme end value in excess of £500m

- ♦ Founded 1991 and listed AIM 2001
- ♦ Offices in London, Edinburgh and Glasgow



## Halladale Portfolio

Total Assets Under Management	£ million	% allocation
Asset management	457.4	50%
Development	109.1	12%
Co-investment fund management <sup>(1)</sup>	344.0	38%
<b>TOTAL</b>	<b>910.5</b>	<b>100%</b>



As at 31 October 2006

(1) Adjusted to include acquisitions for Rynda fund post 31 October 2006

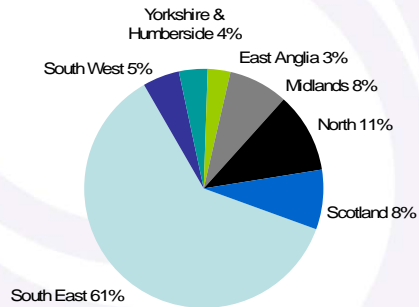
Sources: Halladale 31 October 2006 Interim Results Presentation and Management Data



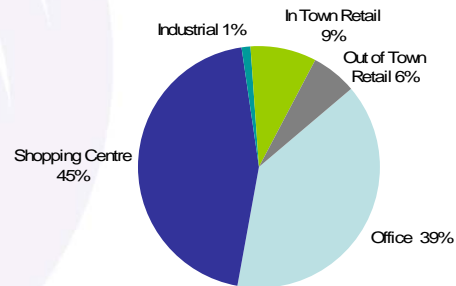
## Halladale Portfolio

### UK Portfolio Under Management

#### Geographical Analysis By Value



#### Sector Analysis By Value



As at 31 October 2006  
Source: Halladale 31 October 2006 Interim Results Presentation



## Halladale Funds Management Platform

- ♦ High quality Institutional Joint Venture Capital partners
  - ♦ Bank of Scotland
  - ♦ Citigroup Property Investors
  - ♦ The Carlyle Group
  - ♦ Tyburn Lane Private Equity
  - ♦ Anglo Irish Bank
- ♦ Co-investment fund management
  - ♦ CReAM
  - ♦ Nelson
- ♦ Rynda funds management platform
  - ♦ Establishment of first European fund



## Stockland Halladale Combined Platform

- ♦ Stockland adds capital management and our residential and retail development capability
- ♦ Leverage Halladale's local knowledge, contacts, expertise
- ♦ Strength of integrated management team
- ♦ Repositioning towards longer term, higher value add opportunities
- ♦ Strong combined brand and reputation
- ♦ Combined funds management platform provides growth opportunities
- ♦ Continuation of co-investment model



## Stockland Halladale Management



## Transaction Summary

- ♦ All cash **recommended** offer of 225p per Halladale share
- ♦ Values Halladale at £171m (A\$427m) on a fully diluted equity basis<sup>(1)</sup>
- ♦ Enterprise value of circa £216m (A\$540m)
- ♦ Offer represents a premium of:
  - ♦ 33.9% to the closing share price on 6 February 2007
  - ♦ 38.6% to 3 month VWAP to 5 February 2007
- ♦ Structured as a Scheme of Arrangement
- ♦ Completion expected April 2007
- ♦ 44.6% acceptances received via irrevocables



(1) Includes full conversion of Convertible of Unsecured Loan Stock ("CULS") and exercise of all outstanding options



## Financial Impact

- ♦ Group earnings impact<sup>(1)</sup>:
  - ♦ FY07: No impact on 5% EPS guidance
  - ♦ FY08: Neutral impact (due to fair value accounting adjustments)
  - ♦ FY09: Accretive
- ♦ Funding by debt from existing facilities
- ♦ Stockland pro forma gearing (D/TTA) as at 31 December 2006 increases from 26.7% to 30.7%
- ♦ No material change to Recurring / Other Earnings split
- ♦ UK earnings circa 5% EBIT in FY09: in line with strategy

(1) Impact includes fair value acquisition accounting adjustments under A-IFRS





## Stockland Halladale future growth strategy

- ♦ Joining of two successful business models
- ♦ Value-adding through integrated development capabilities and capital management infrastructure
- ♦ Co-investment and continued growth in funds management
- ♦ Outstanding platform to grow a scaleable, market leading business

## Annexures



Becket House, Cheapside, London

## Annexure: Case study

### Approach to development: Baytree Centre

- ♦ Retail and commercial mixed use precinct
- ♦ Co-investment partner: Bank of Scotland
- ♦ Refurbishment of existing shopping centre and conversion of commercial tower into residential
- ♦ Sold to core investor for £41.6 million



## Annexure: Case study

### Approach to development: West Bromwich

- ♦ 1960's shopping centre located in heart of West Bromwich
- ♦ Co-investment partner: Tyburn Lane
- ♦ 150,000 sq ft retail extension and refurbishment of existing centre
- ♦ Creation of 28 new retail units
- ♦ 3 new anchor stores
- ♦ 24 new residential apartments
- ♦ New 850 space multi storey car park





## Key Properties under Management

### Offices

- 1 Shaftesbury House, Glasgow
- 2 The Strand, London WC2
- 3 Becket House, Cheapside, London EC2
- 4 Moorgate, London EC2
- 5 Chubb Tower, Sunbury-on-Thames
- 6 Aldermay House, London EC4
- 7 Tudor Street, London EC4
- 8 Hammersmith, London W14
- 9 Fountain House, Edinburgh
- 10 Hammersmith Grove, London W14
- 11 Portfolio of 5 London offices

### Retail

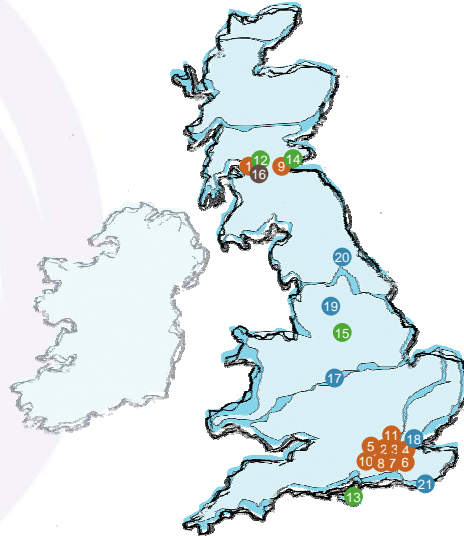
- 12 Westway Retail Park, Cumbernauld
- 13 South Street, Newport, Isle of Wight
- 14 Dalgety Bay, Fife
- 15 St Mary's Gate, Sheffield

### Retail/Residential

- 16 Cochrane Square, Glasgow

### Shopping Centres

- 17 Queens Square, West Bromwich
- 18 Bay Tree Centre and Beckett House, Brentwood
- 19 Myrtle Walk, Bingley
- 20 Queens Street, Darlington
- 21 Langney Shopping Centre, Eastbourne



Source: Halladale Management



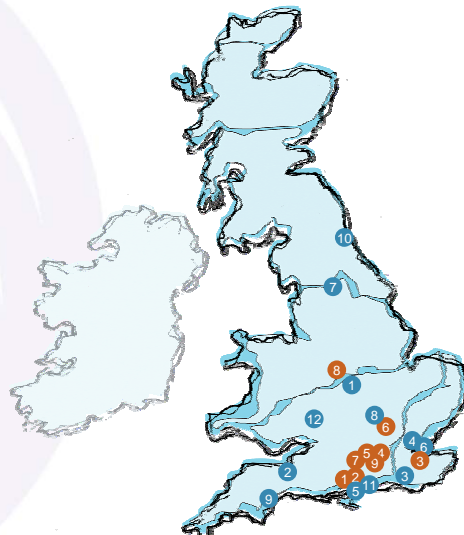
## CRaM and Nelson Funds

### CRaM Fund

- 1 Erdington, Birmingham
- 2 Angel Place, Bridgwater
- 3 The Martlets, Burgess Hill
- 4 Grays Shopping Centre, Essex
- 5 Locks Heath, Fareham
- 6 Thamesgate, Gravesend
- 7 Bramley, Leeds
- 8 Waterbourne Walk, Leighton Buzzard
- 9 Market Walk, Newton Abbot
- 10 The Forum, Wallsend
- 11 Wellington Way, Waterlooville
- 12 Ross on Wye

### Nelson Fund

- 1 Hanover House Southampton
- 2 Hanover Buildings Southampton
- 3 Week St, Maidstone
- 4 Uxbridge
- 5 Friar St, Reading
- 6 Hoddesdon
- 7 Basingstoke
- 8 Stafford
- 9 Windsor



Source: Halladale Management



## Halladale business overview

### Overview of Key Funds

Fund	AUM £m	Comments
<b>CPI Retail Active Management Programme ("CReAM")</b>	<b>221</b>	<ul style="list-style-type: none"><li>• Launched in 2004</li><li>• UK focused retail property fund</li><li>• Launched in partnership with Citigroup Property Investors</li><li>• Halladale undertakes asset manager and property manager roles</li></ul>
<b>Halladale Nelson Limited Partnership ("Nelson")</b>	<b>30</b>	<ul style="list-style-type: none"><li>• Launched in 2004</li><li>• Aimed at the private investor market</li><li>• Mix of retail, office and industrial properties</li><li>• Halladale has been appointed the asset manager and property manager for the fund</li></ul>
<b>Rynda Property Investors LLP ("Rynda")</b>	<b>93</b>	<ul style="list-style-type: none"><li>• Investment manager of real estate funds</li><li>• Platform is majority owned by Halladale</li><li>• Currently undertaking fund raising for initial fund – Rynda en Primeur SA</li></ul>

As at 31 October 2006 adjusted to include acquisitions for Rynda fund post 31 October 2006  
Source: Halladale 31 October 2006 Interim Results Presentation



## Disclaimer

### Corporation/ Responsible Entity

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