



Stockland Merrylands, NSW



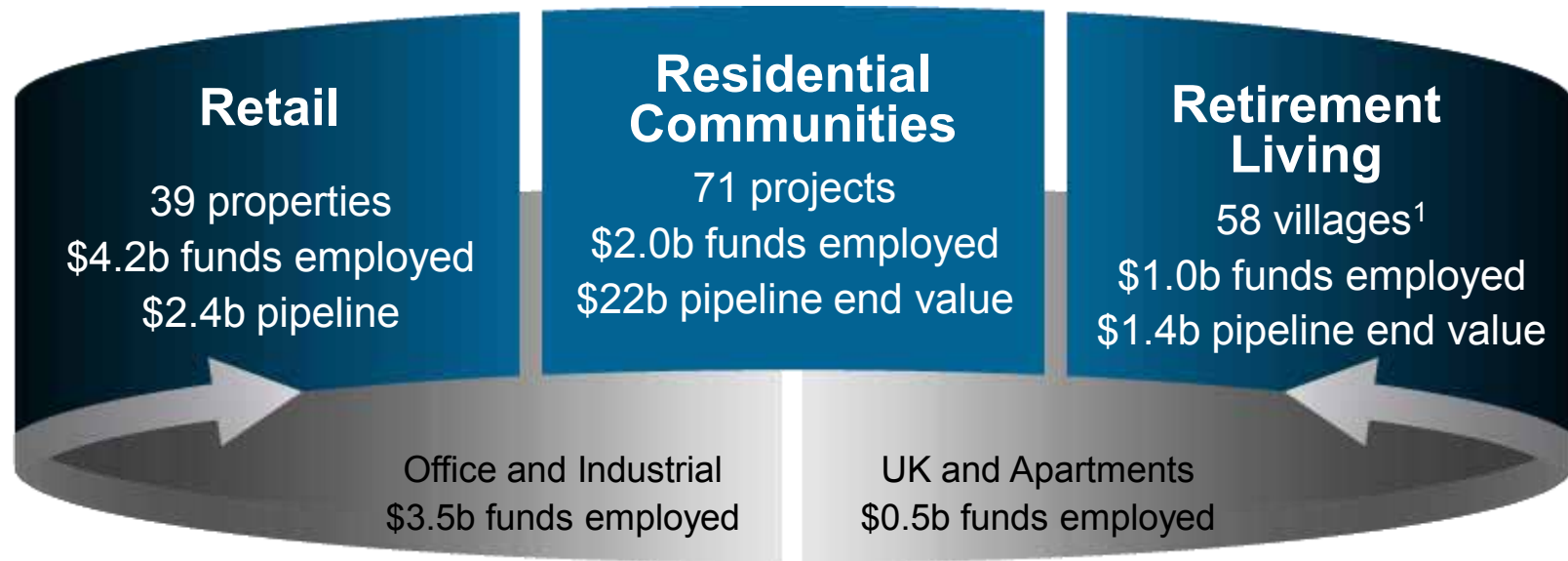
Stockland

## 1H11 Results Presentation - 9 February 2011

Matthew Quinn, Managing Director

Tim Foster, Chief Financial Officer

# Stockland's integrated model



3-R growth strategy - Residential Communities, Retail development and Retirement Living

Creating vibrant communities by leveraging integrated model and partnering with others (public and private) to provide social infrastructure, transport, education and employment

Disciplined assessment of opportunities within strategic weightings  
(60-80% recurring, 20-40% trading)

Growth fully funded - low gearing, \$365m net cash flow from trade-out of Apartments, \$184m from exit of UK, sale of non-core office and industrial assets, and retained earnings

# **FY11 EPS growth guidance upgraded from 7% to 8.5%**

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## Strong 1H11 performance

- EPS up 14% to 16.0 cents; DPS up 9% to 11.8 cents
- Residential Communities Operating Profit up 20% reflecting price/margin growth and higher superlot sales
- Apartments contribution of \$32m following settlements from The Hyde, Sydney
- Commercial Property Operating Profit up 5% reflecting good rental growth and contribution of newly completed retail developments
- Retirement Living Operating Profit includes \$4m (2 months) contribution from Aevum

## Strong balance sheet and liquidity

- Conservative gearing (20%), long debt maturity (>6 years), \$0.6b in cash, \$0.5b in undrawn debt facilities

## Fully funded 3-R growth strategy

- Continuing to deliver against 3-R growth strategy with 19,150 future Residential Communities lots secured, acquisition of Aevum's Retirement Living operations and roll-out of \$2.4b total Retail development pipeline
- Growth fully funded - low gearing and a range of funding sources

## FY11 guidance upgraded - EPS growth of 8.5% on FY10 to 31.6 cents

- Upgrade reflects stronger Commercial Property NOI growth, accretive contribution from Aevum and higher Retirement Living DMF accrual
- Estimated financial impact of Queensland floods allowed for in upgraded guidance

# Key metrics - strong growth on corresponding period

Summary of key metrics	1H11		1H10
Statutory Profit	\$425.1m	▲ 99%	\$213.7m
Underlying Profit <sup>1</sup>	\$380.3m	▲ 14%	\$334.6m
Underlying Earnings per Security	16.0 cents	▲ 14%	14.1 cents
Distribution per security	11.8 cents	▲ 9%	10.8 cents
Payout ratio	74 %		77 %
NTA per security	\$3.63	▲ 1%	\$3.59
Gearing (D/TTA)	20%		18%

# Importance of sustainability and people to success

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## Sustainability - our licence to operate and the way we do business

- Focus on energy efficiency and climate change:
  - Strategic climate change risk reviews ongoing for all projects
  - Driving innovation - investing in low carbon and renewable technology, e.g. Shellharbour
  - Going beyond compliance - commenced NABERS retail ratings; first Australian 5 Star retail centre
  - Targeting 20% reduction in energy intensity across retail / office assets by FY14
- Focus on community wellbeing with community development plans in place for all residential projects
- Recognition of success:
  - Corporate Knights Davos Global 100 Most Sustainable Corporations in the World - ranked 55th
  - Retained membership of DJSI, second highest property rating globally
  - City Councils' National CitySwitch winner for energy efficiency performance



## Continued investment in high performing people and culture

- Strategic focus on leadership development, retaining talent and promoting from within:
  - Capability enhanced with a number of internal senior leadership promotions
- Focus on employee diversity:
  - Early adopter of ASX Corporate Governance Council's Principles and Recommendations on gender diversity
  - 36% women in management; target lifted to 40% by FY15
  - Parental leave policy extended to 15 weeks paid leave for primary carer
- Consistently high employee engagement with scores above 82% for last 6 years





Stockland

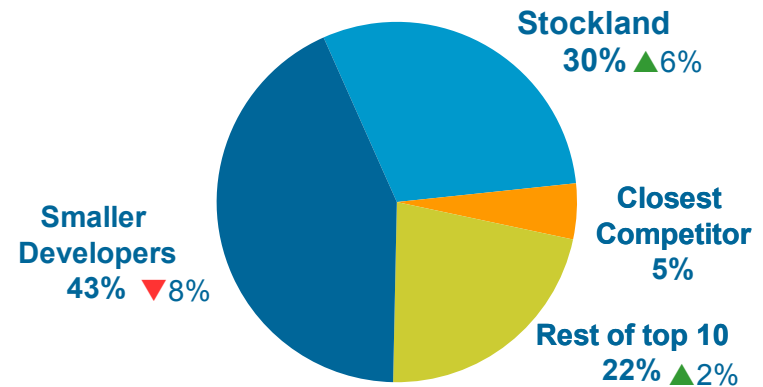
# Residential

# Residential Communities - market leading position

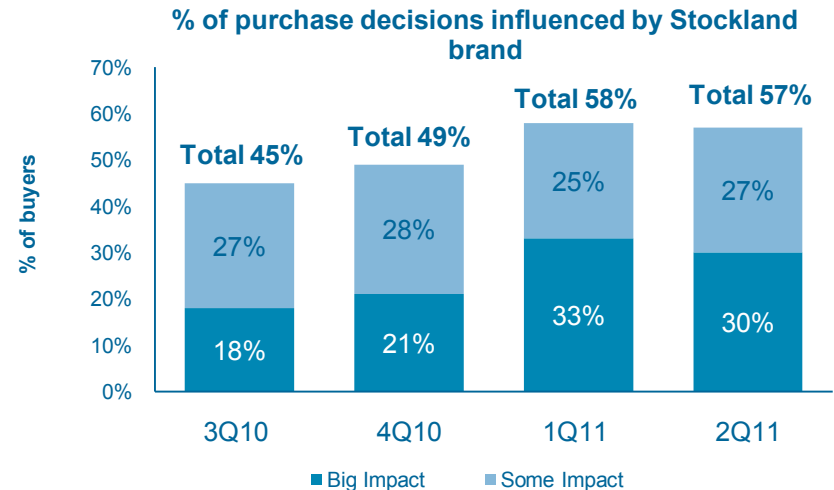
## Strong increase in market share from 24% to 30%<sup>1</sup>

- Continuing to outperform:
  - Innovative customer research
  - Focus on affordable, value for money product
  - Speed to market drives first mover advantage in key corridors
  - Increasing brand recognition - a key driver of buyer decision
- New project launches at Selandra Rise (VIC), Eucalypt (VIC), Glenmore Ridge (NSW) and Sovereign Pocket (QLD)
- Stockland had the top 3 selling projects in Australia in 1H11:
  - Selandra Rise, Highlands and Mernda in VIC
- Projects to be launched in 2H11: Brook's Reach (NSW), The Ridge (QLD), Stoneridge (QLD), Townside (WA), Wungong Reach (WA) and Eglington (WA)

## Increased market share in active corridors<sup>1</sup>



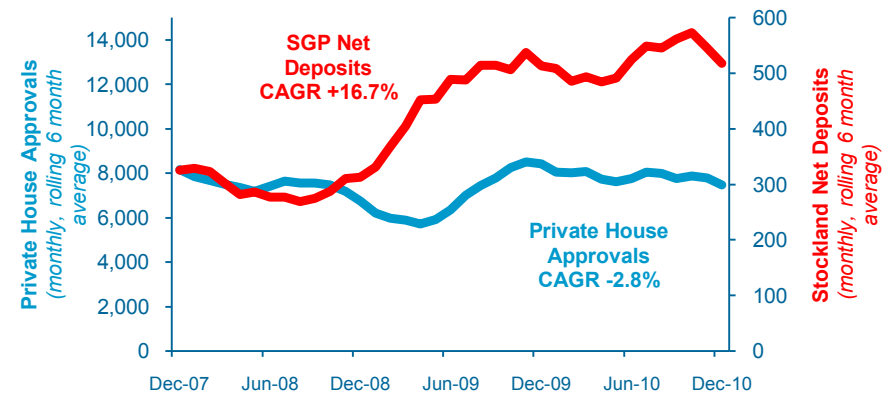
## Stockland brand has an increasing impact on buyers<sup>2</sup>



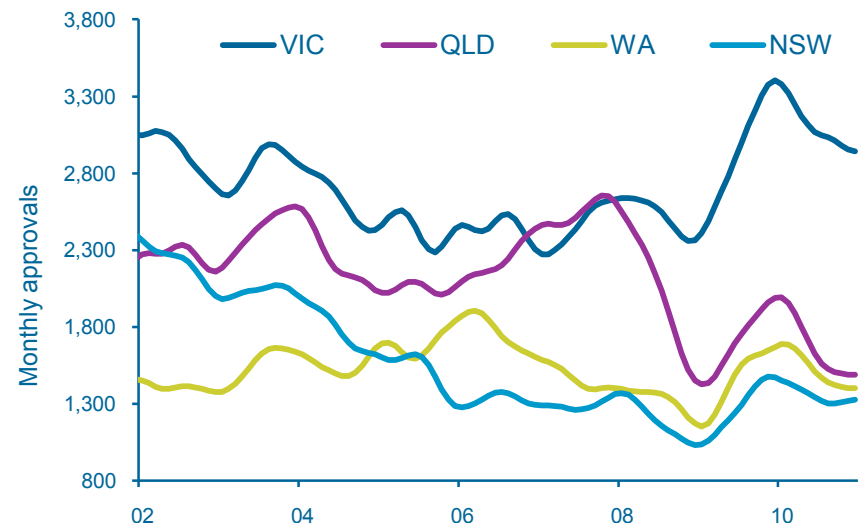
# Residential Communities outperforming broader housing market

- Stockland's performance remains robust in key corridors underpinned by strong demand for affordable product and continued lack of supply
- Recent mortgage rate rises have dampened demand, but not as much as previously expected
- Consumers cautious about further rate rises, but strong employment market is underpinning sentiment
- Stockland's geographic diversity a benefit in dealing with varied state conditions:
  - VIC: Population and jobs growth remain positive, as is government support for development
  - NSW: Top end of market patchy but strong sentiment in key affordable corridors
  - WA: Economic outlook remains strong but building approvals down due to established market stock overhang
  - QLD: Short-term activity potentially impacted by recent flooding, but likely medium-term benefit from rebuilding program

## Stockland sales outperform private house approvals<sup>1</sup>



## Private detached house approvals<sup>2</sup>





# Residential Communities - strong earnings growth and contracts on hand

## Revenue

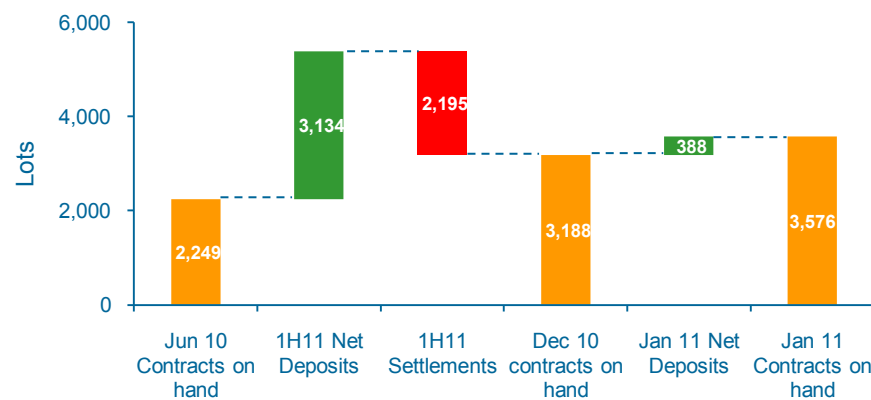
- FY11 lot settlements skewed to 2H11:
  - Production delays due to wet weather in QLD, VIC and NSW, and registration delays
  - Record 3,188 contracts on hand (2,451 due to settle in 2H11, 737 already in hand for FY12)
- Production on track to achieve 2H11 settlements:
  - No projects directly impacted by QLD floods; low production risk to 2H11 QLD settlements with 60% of stock already completed

## Profit

- Strong profit performance despite less lots settled:
  - Higher margins driven by price growth and product mix
  - Higher superlot settlements (no large one-offs - average \$1.6m revenue per lot)

Residential Communities		1H11	1H10	
Lots settled <sup>1</sup>		2,195	2,437	▼ 10%
Revenue - Retail		\$404m	\$412m	▼ 2%
- Superlots		\$42m	\$13m	▲ 223%
EBIT (before interest in COGS)		\$129m	\$107m	▲ 21 %
Operating Profit (incl. interest in COGS) <sup>2</sup>		\$101m	\$84m	▲ 20%
Contracts on hand	- no.	3,188	1,879	▲ 70%
	- \$	\$678m	\$408m	▲ 66%

## Residential Communities sales



# Residential Communities - good price and margin growth

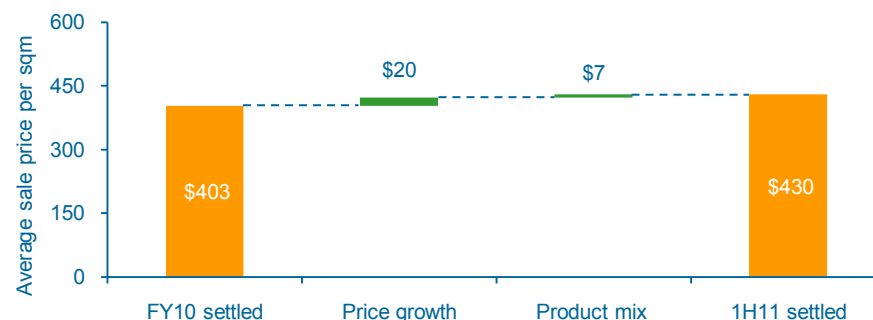
## Prices

- Average price per lot settled up 3% to \$212k<sup>1</sup>
- Average price per sqm up 7% due to price growth and product mix
- Average lot size reduced from 510m<sup>2</sup> to 494m<sup>2</sup>

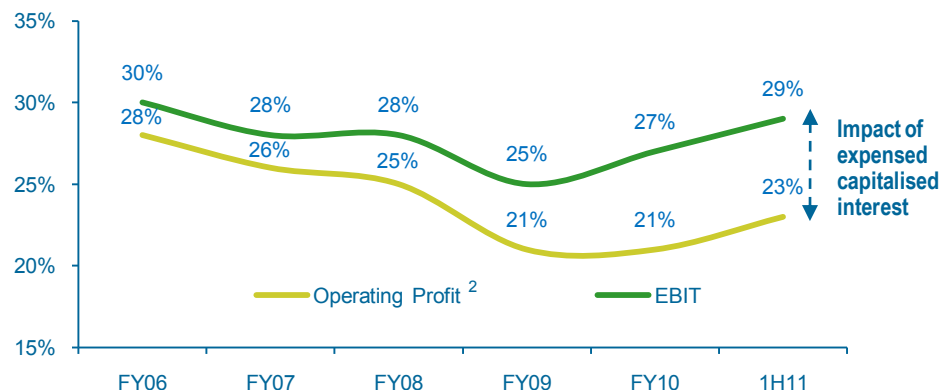
## Margins

- EBIT margin (before interest in COGS) up to 29%:
  - Strong price growth, particularly in Victoria
  - Higher volume of higher-margin wholly-owned projects
- Improvement in Operating Profit margin in line with EBIT margin; impact of interest expense in COGS stable
- Nil Underlying Profit on impaired projects<sup>2</sup> - 1% adverse impact to margins in 1H11
- Expect 2H11 EBIT margins to be slightly lower than 1H11 due to project mix

### Retail lot settlements - increase in price per sqm



### Improving Residential Communities margins



# Buyer segmentation in line with target mix

- Strong net deposits in 1H11:
  - Record net deposits in 1Q11 underpinned by successful national marketing campaign
  - Solid deposits in 2Q11 despite November rate rise

## First Home Buyers (FHBs)

- Still hampered by affordability constraints - needs ever increasing focus on smaller, innovative product

## Upgraders

- Continue to be the majority of leads and deposits

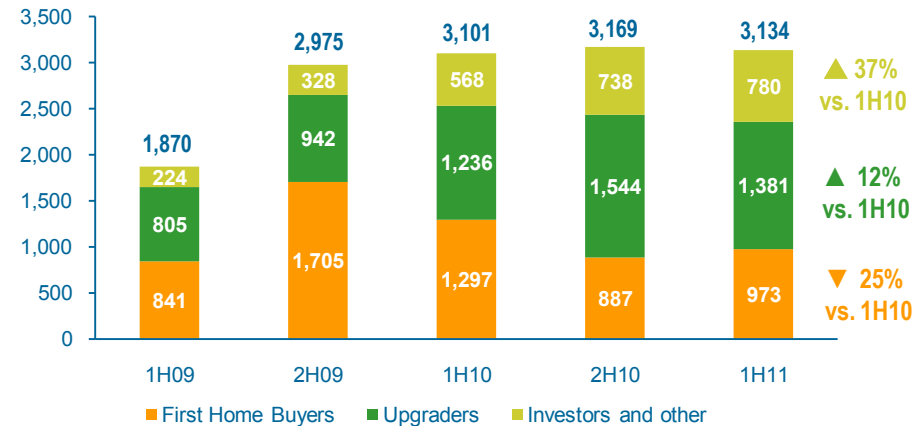
## Investors

- Demand steadily growing driven by rising rents and low vacancy

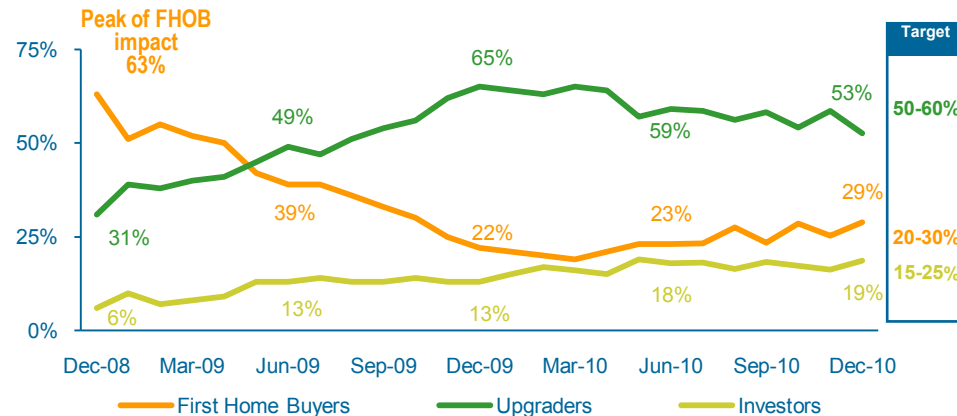
## Outlook

- Geographic diversity underpins resilient sales:
  - Jan-11 sales broadly consistent with Jan-10
  - Potential short-term slowdown in residential activity due to QLD floods, expect recovery by 4Q11

**Buyer composition (no. of deposits)**



**Leads<sup>1</sup> by segment in line with target mix**



# Affordability is the challenge - product innovation is the opportunity

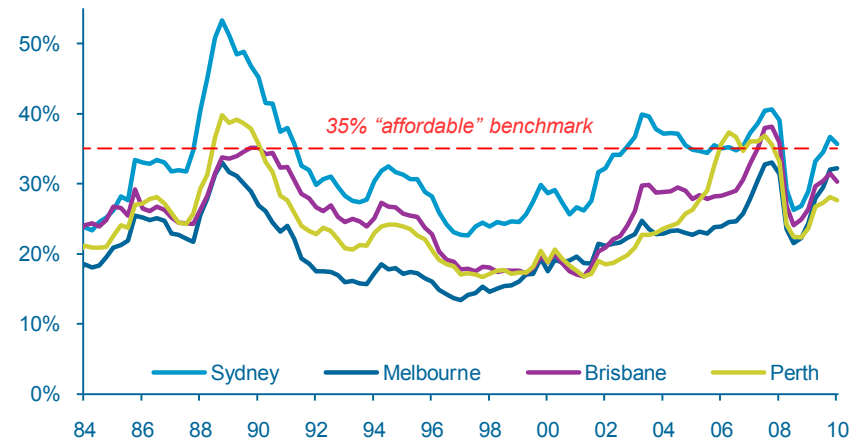
## Affordability

- Improved with recent wage growth, but will come under further pressure if mortgage rates rise

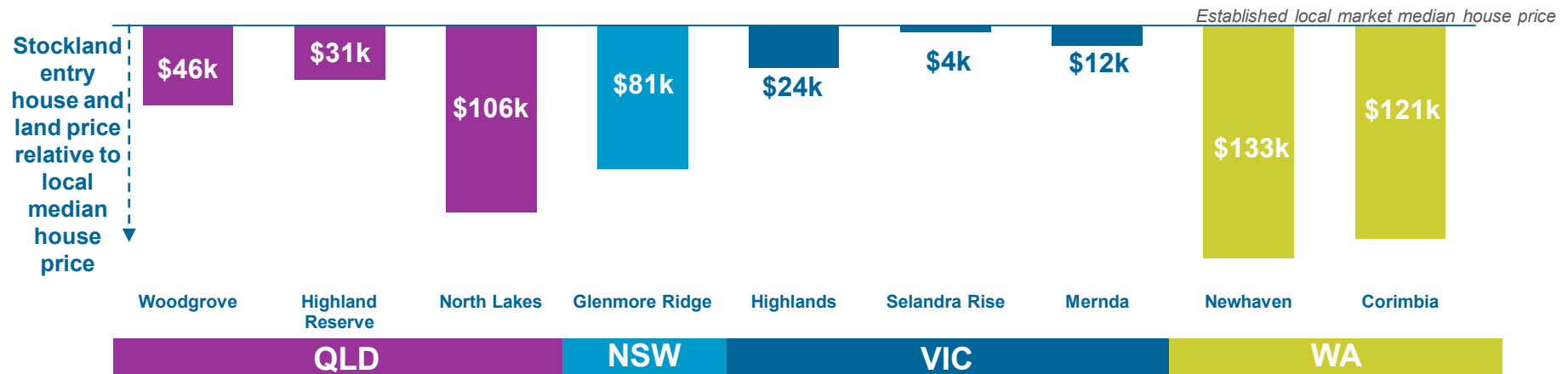
## Increasing demand for masterplanned communities

- Product flexibility not available in established market
- Can respond quickly to customer preferences
- Delivers on increasing consumer desire for sense of community

## Mortgage repayments as % of household income<sup>1</sup>



## Stockland projects generally more affordable than local median house price<sup>2</sup>



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 value of established houses in the immediate catchment area of the project

# Residential Communities - acquisitions enhance geographic diversity

## Strategy to lift market share and reach

- Increased geographic and product diversity reduces risk and increases growth potential
- Extend market-leading position into new growth corridors
- Disciplined acquisition assessment filters: project scale; population growth; employment growth; undersupply; affordability; speed to market
- Annual corridor review currently underway to identify new growth areas

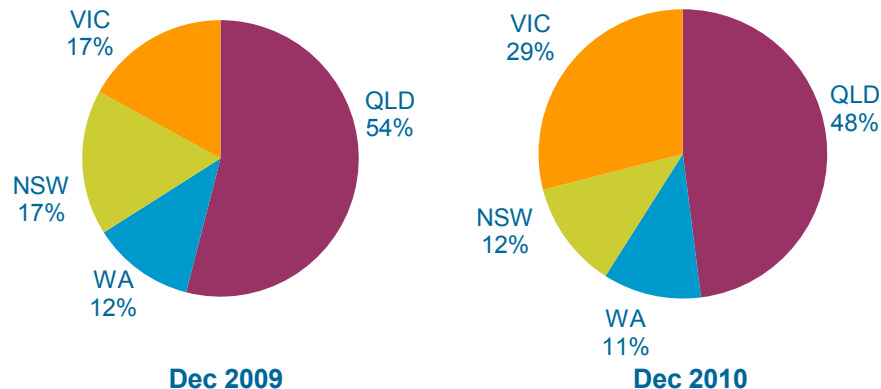
## Targeting growth above replenishment levels

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

## 19,150 lots secured with end value of circa \$6b

- 1 new growth corridor (Rockhampton)
- Very efficient capital management - several acquisitions on extended payment terms

## Increased geographic diversity of land bank<sup>1</sup>



## Securing significant future projects

		Est. lots	Est. revenue (\$m)	Est. timing of first settlements	1H11 cash outlay
Active	Narangba, Greater Brisbane, QLD	600	\$130m	FY11	
	Ipswich, QLD	2,550	\$650m	FY12	
	<b>Active</b>	<b>3,150</b>	<b>\$780m</b>		<b>\$36m</b>
Medium/long-term	Wyndham, VIC	2,600	\$710m	FY15	
	Lockerbie, VIC	11,500	\$4,000m	FY15	
	Rockhampton, QLD	1,900	\$475m	FY14/15	
	<b>Medium / long term</b>	<b>16,000</b>	<b>\$5,185m</b>		<b>\$18m</b>
<b>FY11 to date</b>		<b>19,150</b>	<b>\$5,965m</b>		<b>\$54m</b>



# Focus on faster speed to market and improved return on NFE

## Large and diverse land bank

- Total land bank of 84,500 lots; \$2.0b net funds employed (NFE)<sup>1</sup>
- Provides 90% coverage of revenue targets for next 3 years
- 83% of book value comprises active projects (live or due to commence in next 2 years)
- 75% of NFE expected to be traded out within 5 years

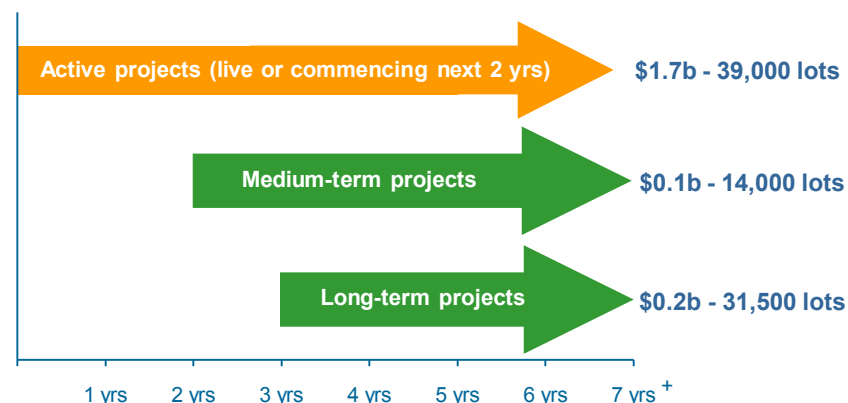
## Inventory carried at lower of cost and net realisable value

- No impairment

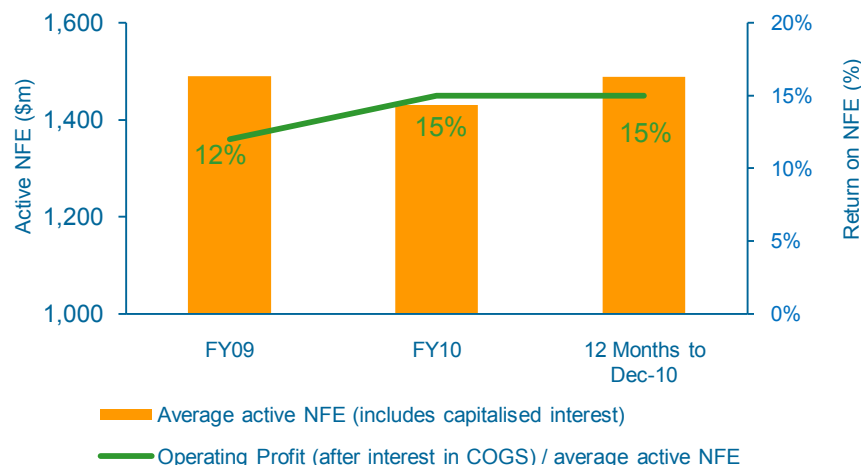
## Maintained high return on average NFE in 2010

- 15% on active projects (after allowing for capitalised interest)
- 12% including medium / long-term projects

### Land bank comprises mostly active projects<sup>1</sup>



### Strong return on Net Funds Employed (NFE)<sup>2</sup>



- 13 - 1. Based on net funds employed as at 31 December 2010; gross funds employed of \$2.2b less deferred acquisition terms of circa \$200m  
 2. Active projects comprise currently trading or those that will come to market over next two years. Operating Profit (net of interest in COGS) divided by NFE (includes capitalised interest)

# Medium/long-term land bank underpins growth with low capital invested

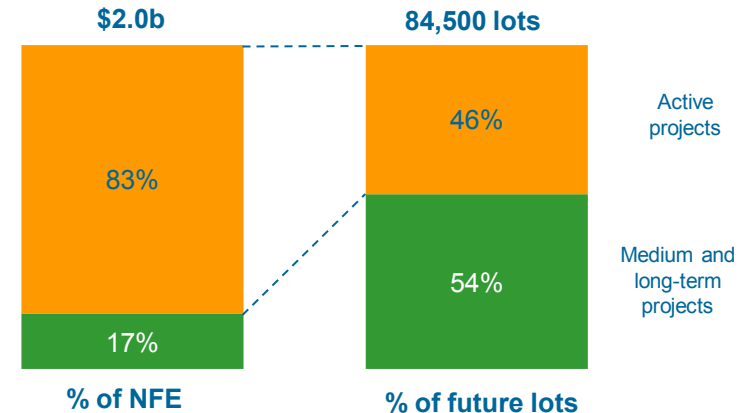
## Medium and long-term land bank - 17% of NFE

- Represents efficient use of capital (45,500 lots; \$0.3b NFE)
- Underpins future strategic growth
- Provides access to large masterplanned communities with potential to incorporate retail and retirement living
- Provides higher earning potential by taking projects through zoning and masterplanning process

## Update on key projects:

- Caloundra Downs:
  - Application for first parcel (Bellvista II; circa 450 lots) lodged with Urban Land Development Authority
- Lockerbie:
  - Currently zoned and on largely deferred terms - capital efficient structure
  - Discussions underway with state planning authorities
  - Aim for first settlements in FY15

## Efficient use of capital to support longer-term growth



# Apartments - pre-sales continue to deliver strong cash flow

## Progress in 1H11

- Operating Profit of \$32m, mainly from The Hyde, NSW
- Additional \$10m excluded from Underlying Profit:
  - \$7m reduction to The Hyde profit to adjust for gain prior to development<sup>1</sup>
  - \$3m from settlements of previously impaired projects (Tooronga)

## Outlook

- Completion of existing projects and disposal of undeveloped sites going to plan for completion by FY12, releasing circa \$305m of cash
- Further circa \$60m net cash flow from build-out of The Islands Stages C and D in FY13+
- 1H11 is final period of meaningful profit contribution from Apartments business

Apartments	1H11	1H10	
Apartments settled	286	236	▲ 21%
Revenue	\$293m	\$157m	▲ 87%
Operating Profit (incl. interest in COGS) <sup>2,3</sup>	\$32m	\$6m	▲ 433%
Operating Profit margin (incl. interest in COGS) <sup>3</sup>	11%	4%	▲ 7%
Contracts on hand - no.	328	455	▼ 28%
- \$	\$225m	\$454m	▼ 50%
Net funds employed	\$308m	\$467m	▼ 34%

Future cash flow			
Projects under development	Est. cost to complete (\$m)	Est. future revenue (\$m)	% of future revenue presold <sup>4</sup>
NSW	Prince Henry	65	100%
	The Village, Balgowlah	5	0%
	The Hyde	50	15%
QLD	Allisee - Stage 2	25	22%
VIC	Tooronga - Stage 1	105	85%
WA	The Islands - A and B	55	63%
	The Islands - C and D	110	0%
<b>Total</b>	<b>100</b>	<b>415</b>	<b>49%</b>
Est. net future cash flow from projects under development		\$315m	
Est. net future cash from undeveloped site sales		\$50m	49%
Est. total future cash flow		\$365m	

- 15 - 1. Stockland's former head office classified as plant and equipment, depreciated and held below fair value  
 2. Excludes net profit on settlements from impaired projects

3. Pre-tax  
 4. Based on revenue value of contracts on hand over future revenue

# Residential Communities is well placed for revenue and profit growth

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## Market leader

- 30% market share in active corridors

## Expect record settlements in FY11

- Lot settlements will be skewed to 2H11 due to wet weather and approval delays
- Enter 2H11 with record contracts on hand
- Increased focus on smaller, affordable lots and driving higher price per square metre

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

- Aim to acquire above replenishment levels to increase market reach
- Circa 19,150 lots secured in FY11 year-to-date, with several further opportunities under negotiation

## Market outlook

- Buyer sentiment remains sensitive to further mortgage rate rises
- Geographic diversity underpins resilient sales
- Potential short-term slowdown in residential activity due to QLD floods:
  - Accounted for in upgraded guidance
  - Expect recovery in activity by 4Q11
  - Medium-term potential benefit from rebuilding program

## Profit outlook

- Recent acquisitions and geographic diversity underpin continued profit growth for Residential Communities
- Minimal profit contribution from Apartments in FY12+



The Lakes Estate, VIC



Stockland

# Retirement Living



# Retirement Living - key growth business as the population ages

## Aging population makes this a high growth industry

- Estimated 100,000 new units required by 2030 based on current take up rates, well in excess of current rate of supply
  - Current supply represents less than 1.5% of total new dwellings
  - Over 65s represent 15% of population and growing
- Potential for greater take-up as industry evolves to better meet customer needs

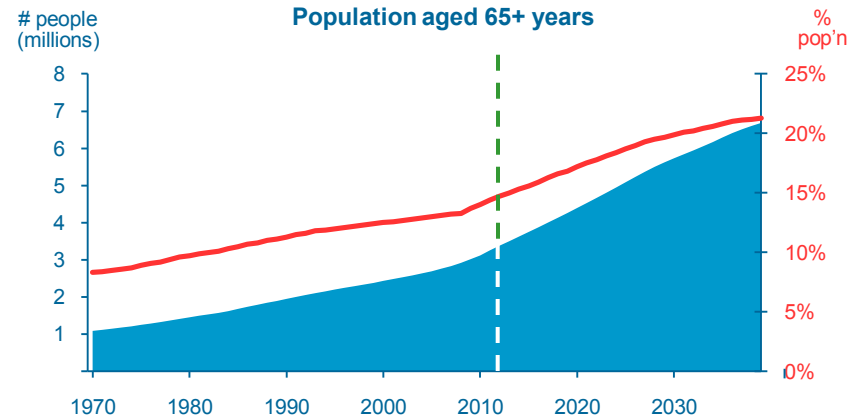
## Strategy to grow and diversify our portfolio

- Drive operational efficiencies in established villages
- Develop new industry-leading villages
- Enhance scale and growth through acquisition
- Current national market share circa 9%; plenty of opportunity to grow as industry consolidates

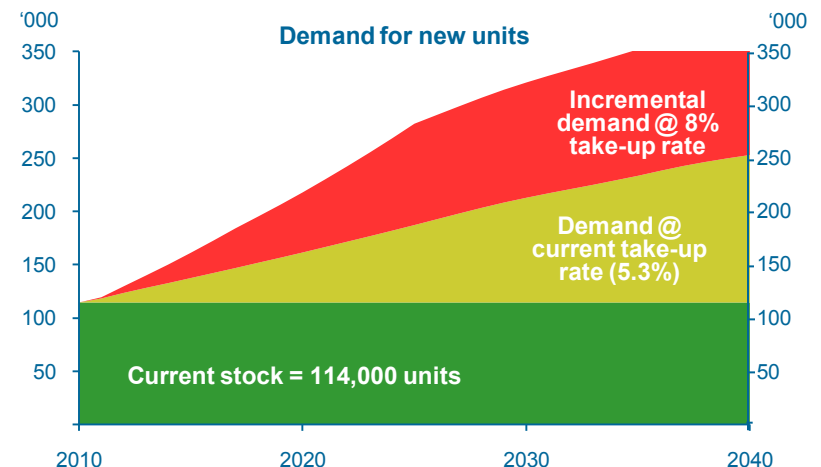
## Leverage benefits of Stockland integrated model

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

## Growth of >65 year old demographic is an opportunity



## Expect large increase in retirement village demand



# Strategy to create a national Retirement Living platform

## Accelerating growth and diversification

- Aevum adds 30 villages and 3,146 ILUs (independent living units):
  - Enhances economies of scale
  - More mature villages will improve cash return
  - Diversifies portfolio into NSW, WA and SA
- Maintain first right of refusal over FKP's retirement living assets

## Aevum update

- Integration progressing well; to be completed in 3Q FY11
- Aevum consolidated in 1H11 balance sheet based on provisional acquisition accounting:
  - Goodwill of \$5m
- Expect accretive contribution from Aevum in FY11 (8 months)

## Diversification and growth through Aevum acquisition

	Before	After
Portfolio size <sup>1</sup>	3,881 units over 28 villages	7,027 units over 58 villages
National ranking	#4	#3
Market share and geographic diversity	~5% over 2 states	~9% over 5 states
Existing units turnover	~250 units p.a	~500 units p.a.
Average village age	14.5 years	17.0 years
Development pipeline	~2,900 units	~3,400 units

## Post-acquisition pro forma financials

<b>Operating Profit</b>	▶ Increases from \$19m stand-alone Stockland to \$32m pro forma for 1H11
<b>Cash coverage</b>	▶ Aevum increases proportion of recurring income ▶ Expect to achieve ~45% cash coverage in FY12
<b>EPS impact</b>	▶ ~0.6% accretive in FY11 <sup>2</sup> ▶ ~2.5% accretive in FY12
<b>Cost synergies</b>	▶ Estimated savings of ~15% of combined costs per annum by end of FY12
<b>Aged Care</b>	▶ Looking to partner with experienced aged care provider ▶ Expect breakeven contribution in FY11

# Retirement Living profits skewed to second half

- Operating Profit includes \$4m<sup>1</sup> contribution from Aevum, synergies to be realised in 2H11+
- Simplification of DMF accrual<sup>2</sup>:
  - Caters for large variety of Aevum contracts
  - Better reflects Stockland and Aevum resident tenure
  - Adds \$5m to 1H11 Operating Profit
- Total DMF accrual \$498m as at Dec-10:
  - Represents amount due to Stockland under resident contracts at current prices
- Lower 1H11 cash coverage<sup>3</sup> reflects higher DMF accrual and higher overheads:
  - Expect to increase to circa 45% in FY12

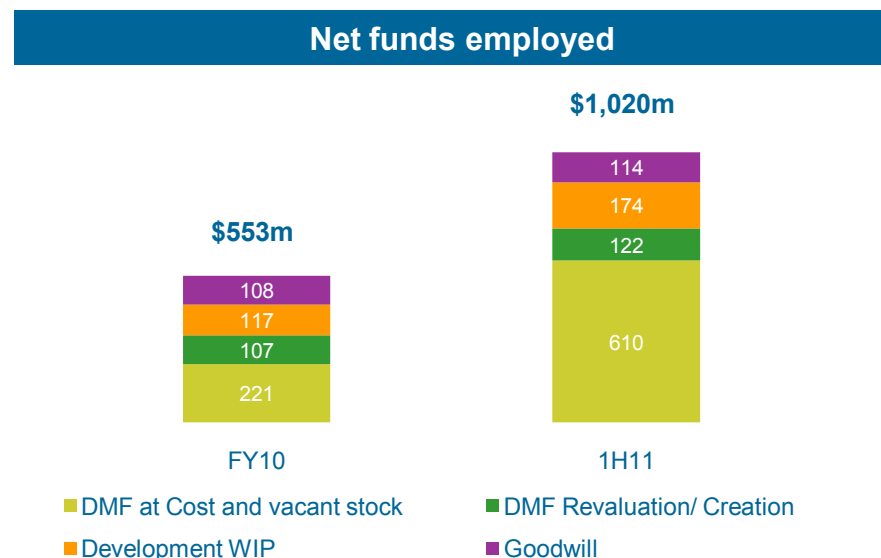
## Established villages

- Turnovers lower due to slowdown in QLD market

## New villages

- Settlements skewed to 2H11 due to timing of project launches and wet weather in VIC
- Higher margins due to price growth in VIC

Retirement Living		1H11	1H10	
Operating Profit - Including Aevum		\$23m	n/a	
E X C L U D E S	Operating Profit - Stockland	\$19m	\$21m <sup>5</sup>	▼10%
	Cash coverage ratio <sup>3</sup>	9%	62% <sup>5</sup>	▼54%
	Established unit turnovers	113	122	▼7%
	Average resell price	\$288k	\$276k	▲4%
A E V U M	Turnover cash yield (pre-overhead) <sup>4</sup>	11%	12%	▼1%
	New units settled	52	65	▼20%
	Average price - new units	\$358k	\$366k	▼2%
	Development margin (pre-overhead)	19%	16%	▲3%



- 20 -

1. Nil contribution from Aged Care
2. Refer to slide 64
3. Cash coverage is a measure of pre-tax cash earnings (including DMF cash received less DMF accrual) as a proportion of Operating Profit

4. Calculated as rolling 12 month average DMF turnover cash and conversion profit as a percentage of DMF at cost
5. Includes one-off gain of \$3.6m from introduction of AASB140 accounting changes in 1H10

# Enhanced development pipeline through Aevum acquisition

## 8 projects underway in 3 states

- 850 units to complete
- Development margins 15% - 20%  
(pre overhead, excludes DMF income)

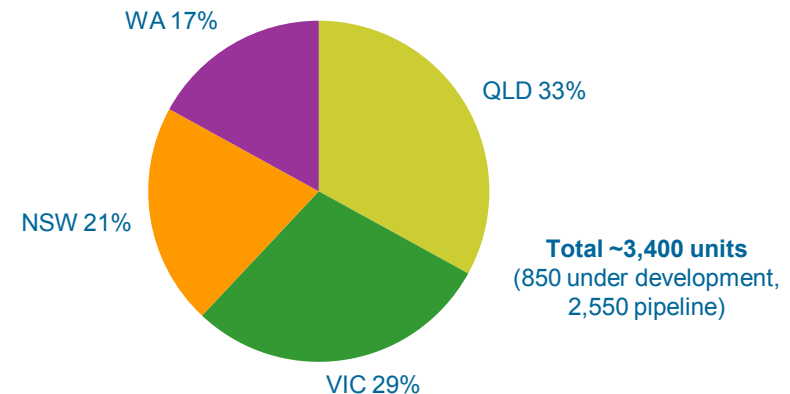
## Projects performing well except QLD

- Strong presale demand at Arilla, Highlands and Gowanbrae in VIC and Macarthur Gardens in NSW
- Soft consumer sentiment in QLD impacting North Lakes and Fig Tree

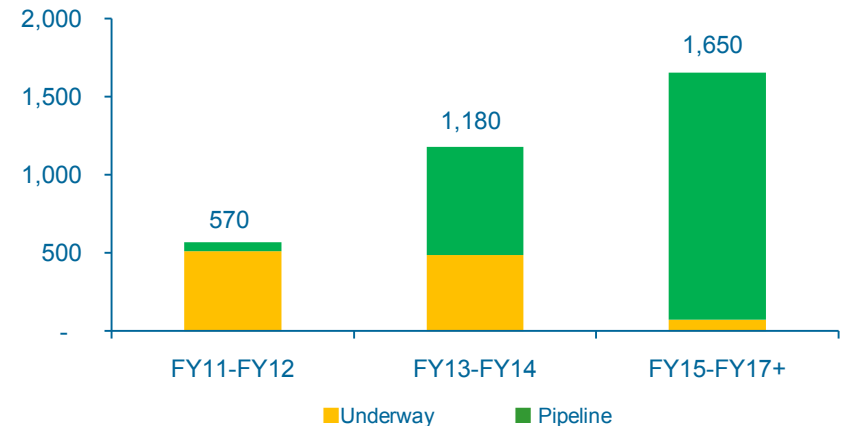
## Significant pipeline

- 2,550 units across VIC, NSW, QLD and WA
- New stages at Willows, Waratah Highlands, Tarneit Skies and Lourdes to commence in 2H11

## Geographically diverse development pipeline



## Settlements to increase as new projects launched





Rockhampton, QLD



Stockland

# Commercial Property



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

## Retail

- Develop larger, higher quality retail assets with strong trading record and in areas of market growth
- Leverage Stockland's integrated model and land bank

## Office

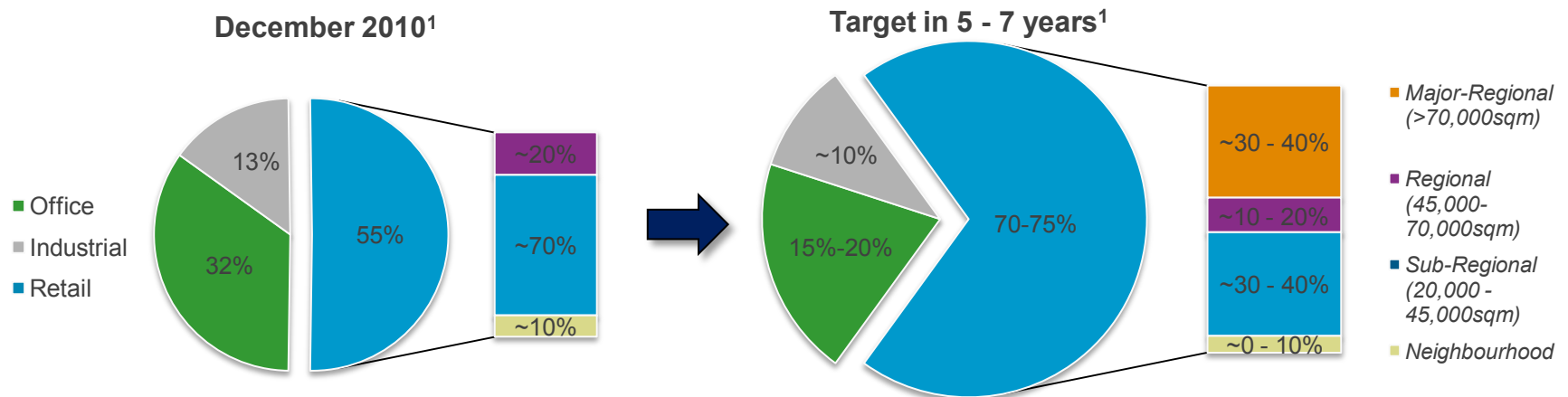
- Own and manage a quality portfolio in major office markets

## Industrial

- Focus on large, flexible estates close to major transport hubs

*Aim to self-fund retail development pipeline through sale of non-core assets*

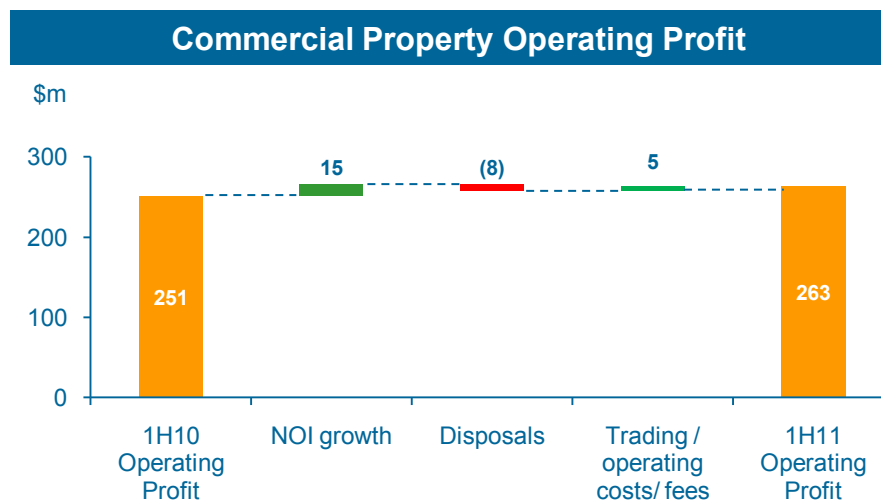
### Strategic re-weighting



# Commercial Property delivered strong performance

- Operating Profit \$263m, up 4.8%
- Headline NOI \$275m, up 2.6%:
  - Reflects rent contribution from completed retail developments<sup>1</sup>
  - Offset by rent lost from office and industrial non-core asset disposals<sup>2</sup>
- Comparable NOI up 3.2%, primarily due to stronger retail operating performance
- Minimal impact from Queensland floods - estimated \$3m adverse EBIT impact in 2H11

Commercial Property (\$m)	1H11	1H10 <sup>3</sup>	
Net operating income:			
- Retail	143	132	▲ 8%
- Office	94	97	▼ 3%
- Industrial	38	39	▼ 3%
<b>Net operating income (NOI)</b>	<b>\$275m</b>	<b>\$268m</b>	<b>▲ 3%</b>
Trading profits	4	0	
Net operating costs and fees	(16)	(17)	▼ 6%
<b>Operating Profit</b>	<b>\$263m</b>	<b>\$251m</b>	<b>▲ 5%</b>



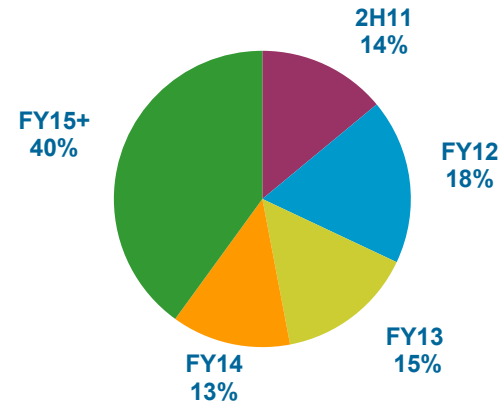
# Retail delivered stronger than expected NOI

- NOI \$143m, up 8.3%:
  - Driven by comparable growth +4.3% and impact of completed developments
- Flat retail sales - comparable MAT growth +1.8%
- Comparable speciality MAT \$8,908 psm, +1.4%:
  - Underpinned by solid food and retail services
- High occupancy at 99.6%<sup>1</sup>
- Sustainable speciality occupancy costs of 13.8%<sup>2</sup>

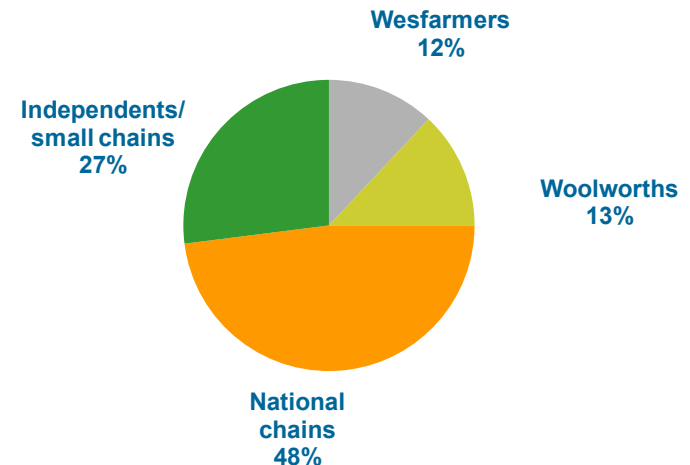
## Outlook

- Robust demand for quality retail space, although lease incentives on developments remain high
- 99% of specialty leases are on either fixed annual (4% to 5% pa) or CPI+ increases<sup>3</sup>
- Expect similar comparable NOI growth in 2H11
- Actively managing the growing challenges of online retailing:
  - Flexible development plans and retail mix to cater for changes in consumer behaviour
  - Focus on building customer loyalty and amenity, e.g. parents rooms, children's play areas, entertainment precincts, community rooms

## Specialty shop lease expiry profile<sup>4</sup>



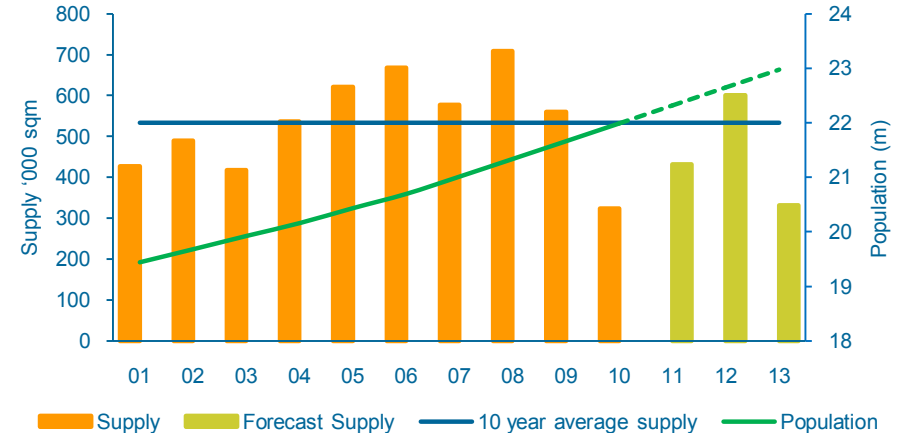
## Tenant rent composition<sup>5</sup>



# Market fundamentals and asset outperformance underpin retail investment

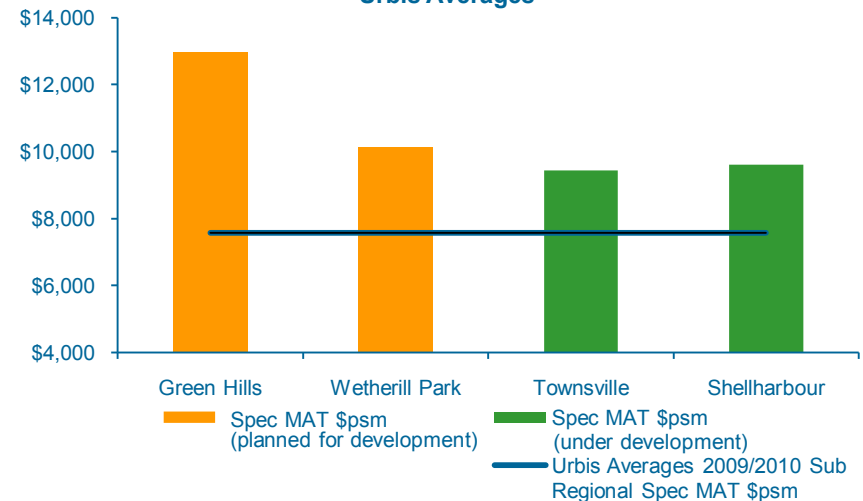
- Sound retail market fundamentals:
  - Population growth supports demand for new retail space
  - Low unemployment and wages growth underpin consumer sentiment
  - Consumers currently cautious and deleveraging-likely to improve in 2011 / 2012
  - Low levels of new supply
- Key assets have inherent growth prospects through redevelopment:
  - Highly productive centres - well above Urbis averages
  - Benefit from long sales history, relationships with anchor tenants and detailed knowledge of trade area
  - Opportunity to move assets up the retail hierarchy creating larger, better performing assets

## National retail demand outstrips supply<sup>1</sup>



## Redevelopment potential within existing portfolio

### Centres planned / under development outperform Urbis Averages



# Good progress with \$2.4b retail development pipeline

## 1H11 completions

- Rockhampton and Tooronga completed
- Rockhampton achieved value uplift of 34% on \$118m cost over life of project - yield on cost 8.1%

## 5 projects under construction (\$1.0b)

- All anchor tenant lease agreements and fixed price building contracts executed
- Solid demand for specialty shops
- Merrylands stage 3A to complete in March 2011  
Townsville stage 1 to complete in November 2011  
Shellharbour stage 1 to complete in July 2012
- North Shore Townsville neighbourhood centre close to completion, Highlands due 1H12

## 2 major projects set to commence in FY12 (\$0.5b)

- Planning significant expansions of Wetherill Park and Green Hills, both highly productive and over-trading

Retail development pipeline					
	Est. total cost (\$m)	Estimated cost to complete (\$m)	Estimated fully leased year one yield	% total income leased	% specialty income leased
<b>Under Construction</b>					
Merrylands	395	190	6.5% <sup>1</sup>	69%	60%
Townsville	175	150	6.5% <sup>2</sup>	34%	5%
Shellharbour	330	315	7.6%	21%	n/a <sup>3</sup>
Neighbourhood centres (2)	60	45	6.0-6.8% <sup>4</sup>	68%	38%
<b>Sub-total</b>	<b>960</b>	<b>700</b>			
<b>Projects set to commence in FY12</b>					
Wetherill Park	120	120	7.5-8.0%		
Green Hills	350	350	7.5-8.0%		
Neighbourhood centre, WA	35	35	6.0-6.5% <sup>4</sup>		
<b>Sub-total</b>	<b>505</b>	<b>505</b>			
<b>Future Projects</b>	<b>980</b>	<b>980</b>			
<b>Total development Pipeline</b>	<b>2,445</b>	<b>2,185</b>			

- 27 -

1. Initial yield impacted by extended duration of the project and difficult economic conditions associated with the GFC
2. Initial yield impacted by the need to move quickly to secure Myer in order to protect existing asset value and position the asset for future growth in the face of strong competition
3. Project recently launched
4. Low yield due to strategic early development of centre to drive increased sales of residential lots, generating higher total project returns



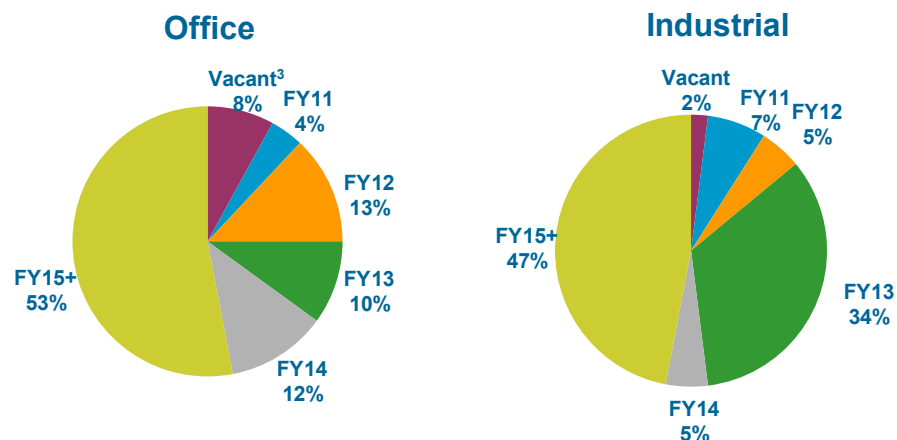
# Minimal lease expiry risk in Office and Industrial portfolio

- Office and industrial NOI \$132m, down 2.9% due to asset disposals
- Comparable NOI growth improving:
  - 1H11 - Office +1.5%, Industrial +3.7%
  - 2H11 - Expect slightly higher growth
- 226,000m<sup>2</sup> of office and industrial space leased:
  - Average face rent: Office +12%, Industrial +9%
  - Average incentives: Office 12%, Industrial 7%
- Office occupancy unchanged at 97% (92% including space under refurbishment)
- Office WALE decreased to 4.2 from 4.6 years:
  - Reflects asset sales and shorter new leases
- Solid leasing performance lifted industrial occupancy from 95% to 98% and increased WALE from 3.4 to 3.6 years

## Office and Industrial cumulative rent at risk<sup>1</sup>

	Office		Industrial		Total	
	2H11 \$m	FY12 \$m	2H11 \$m	FY12 \$m	2H11 \$m	FY12 \$m
Total vacant space / leases expiring	5.2	27.5	1.8	6.9	7.0	34.4
Likely renewal / new lease	(0.9)	(18.3)	(1.7)	(6.1)	(2.6)	(24.4)
<b>Risk from vacant and uncommitted space</b>	<b>\$4.3m</b>	<b>\$9.2m</b>	<b>\$0.1m</b>	<b>\$0.8m</b>	<b>\$4.4m</b>	<b>\$10.0m</b>

## Lease expiry profiles<sup>2</sup>



**WALE: 4.2 years**

**WALE: 3.6 years**

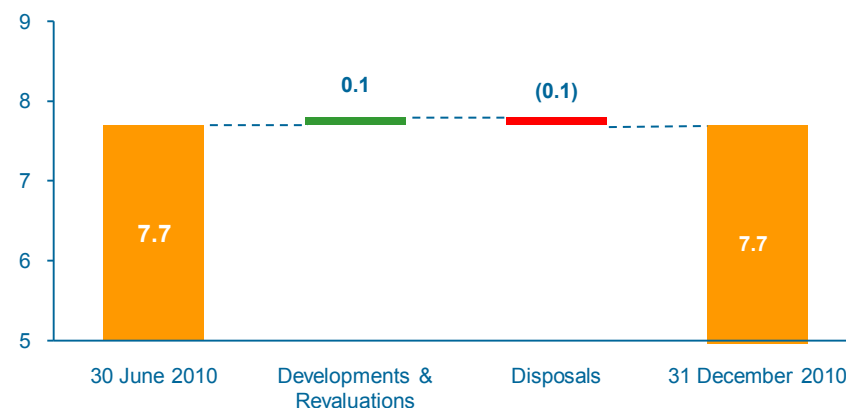
# Positive revaluations - cap rates tightened slightly

- 42% of investment property assets<sup>1</sup> independently valued in 1H11, 61% showed cap rate compression
- Total net valuation increment<sup>2</sup> \$42m
- Market conditions improving:
  - Continued low retail vacancy
  - Office rents recovering especially in Melbourne and Perth, but incentives still high
- Transaction volumes up for offices / industrial, however still relatively low for retail

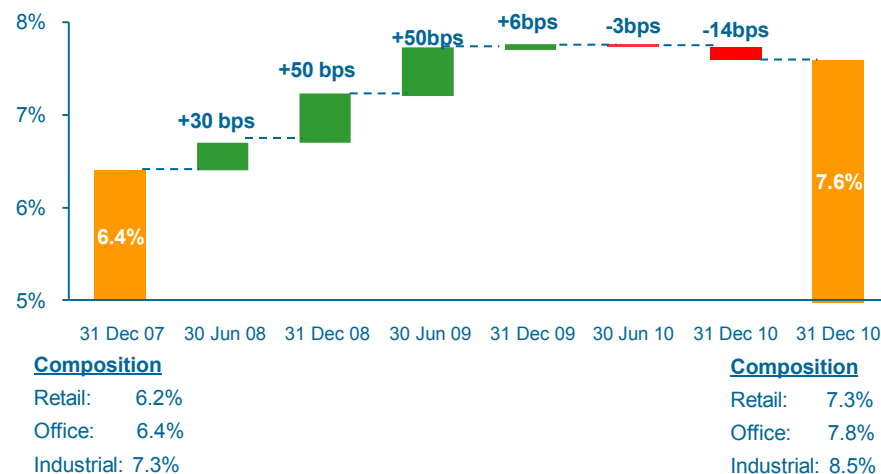
Net revaluation breakdown (\$m)	1H11
Income growth	6
Change in cap rates	39
Development completions	22
Asset specific issues <sup>3</sup>	(25)
<b>Net revaluation</b>	<b>42</b>

- 29 - 1. Excludes assets under development  
 2. Includes stapling adjustment of \$6m for Piccadilly Tower due to owner occupied space

Commercial Property book values (\$b)<sup>4</sup>



Commercial Property weighted av. cap rate



3. Includes Myuna down \$12m due to increasing vacancy and obsolescence, Bay Village down \$8m due to local competition and Highlands down \$5m reflecting early construction to benefit Residential  
 4. Investment property assets and assets held for sale (excluding Capital WIP and sundry properties)



One Tudor Street, London



Stockland

UK

# Continued orderly work out of UK operations

## Progress in 1H11

- Virtually break-even result as expected
- \$38m of asset sales; further sales expected in 2H11
- \$7m further impairment of previously-impaired projects in regional areas

## Work-out plan on track for completion by FY12

- Remaining book value of \$184m expected to be realised by FY12, unless market conditions materially deteriorate
- Small profit contribution expected in 2H11 and FY12 from sale of London projects
- Future workout costs and redundancies fully provided for in prior years
- Net currency risk fully hedged

	1H11	1H10
<b>Operating (Loss) / Profit</b>	(\$0.7m)	\$1.7m
<b>Assets:</b>	<b>Dec-10</b>	<b>Jun-10</b>
- 100% owned	\$163m	\$237m
- Joint ventures, net of non-recourse off balance sheet debt	\$21m	\$24m
<b>Total assets</b>	<b>\$184m</b>	<b>\$261m</b>



North Shore, QLD



Stockland

# Financial Management

# Strong balance sheet

## S&P A- credit rating maintained

- Provides access to a wide variety of debt sources

## Target gearing range 25% - 35% of tangible assets

- Currently 20%, up 2% following Aevum acquisition
- Will progressively move towards lower end of target range to fund 3-R growth opportunities

## Prudent debt and liquidity management

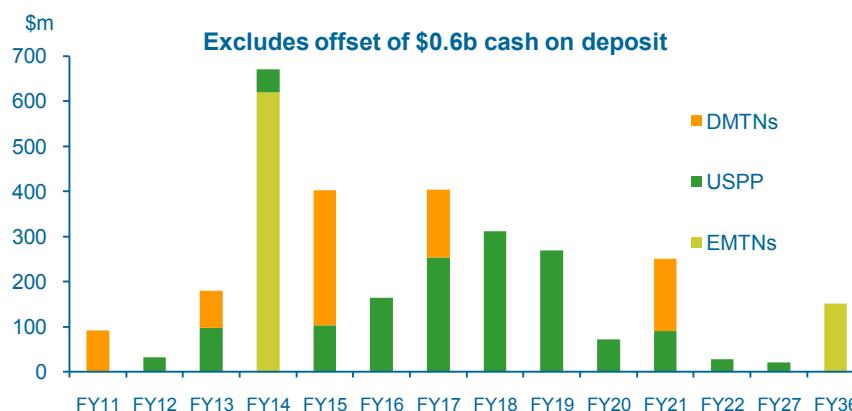
- Refinanced \$230m of 2011/2013 domestic MTNs
- Maintained weighted average debt maturity above 6 years
- Reduced expensive undrawn bank facilities by \$0.5b
- Repaid Aevum's \$125m debt out of cash resources

## Low cost of debt

- FY11 average cost of debt expected to increase to circa 5.7% based on current yield curve, spreads and hedging profile

S&P rating	A- / Stable
Drawn debt <sup>1</sup>	\$3.0b
Cash on deposit	\$0.6b
Available undrawn committed debt facilities	\$0.5b
Gearing (net debt <sup>2</sup> / total tangible assets)	20%
Interest cover	5.0: 1
Weighted average debt maturity	6.2 years
Debt fixed / hedged	51%
Debt fixed / hedged (net of cash on deposit)	63%
Weighted average cost of debt - 1H11	5.3%
Weighted average cost of debt - 31 December 2010	5.5%

## Long-dated drawn debt maturity profile





# Cash flow, net interest and tax

## Operating cash flow

- Operating cash flow improved despite record Residential Communities lots under production

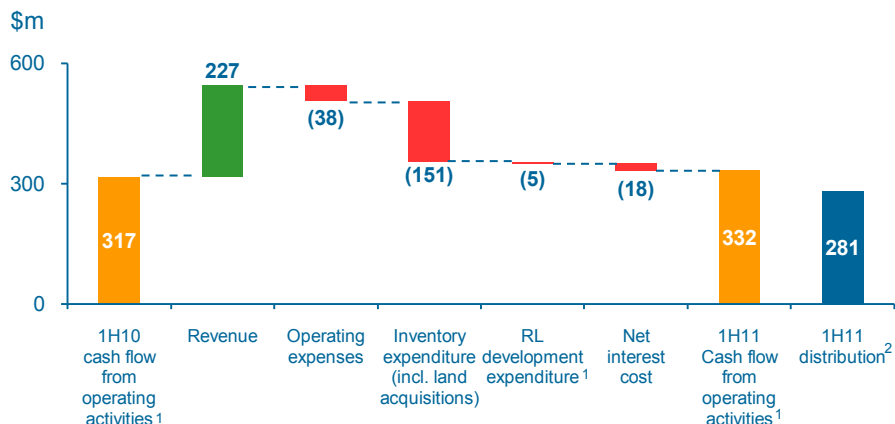
## Gap between interest paid and interest expense has continued to narrow

- Interest expensed through COGS increasing as older Residential projects are completed
- Interest capitalised slightly higher due to rising interest rates and higher Residential net funds employed
- Expect gap between interest paid and expense to continue to narrow in FY11
- Gap in future years will largely depend on quantum and timing of cash outlay for Residential acquisitions

## Tax

- Effective tax rate on corporate earnings 29%

### Operating cash flow - movements from 1H10



### Interest expense - \$m

	1H11	1H10
Interest paid	93	83
Less: capitalised interest		
- Commercial Property development projects	(2)	(4)
- Residential	(66)	(56)
- Retirement Living	(1)	(2)
	(69)	(62)
<b>Net borrowing cost in P&amp;L</b>	<b>24</b>	<b>21</b>
Add: capitalised interest expensed in COGS	57	40
<b>Total interest expense in P&amp;L</b>	<b>81</b>	<b>61</b>

Gap narrowed

# Prudent cost management

## Residential

- Substantial savings in FY09 maintained
- Small cost increase in 1H11 due to higher volumes (sales and marketing costs)

## Retirement Living

- New executive structure in place to manage growing business post Aevum
- Further opportunities for economies of scale and synergies

## Commercial Property

- Slight decrease in net costs

## Corporate

- Tightly controlled with headcount stable
- Expect FY11 costs in line with FY10

\$m	1H11	1H10	1H09
Residential	67	65	86
Retirement Living <sup>1</sup>	15	12	14
Commercial Property <sup>2</sup>	17	19	15
UK	5	6	16
Unallocated corporate costs	30	32	31
<b>Underlying management, admin, marketing and selling expense<sup>1,2</sup></b>	<b>134</b>	<b>134</b>	<b>162</b>



Lakewood, NSW



Stockland

## Strategy & Outlook

# Good progress in delivering 3-R growth strategy in 1H11

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## Residential Communities

- ✓ Acquiring land above replenishment levels; 19,150 future lots secured in 1H11, in addition to 6,500 lots secured in FY10
- ✓ Increasing market share in existing and new corridors

## Retirement Living

- ✓ Nearly doubled portfolio through Aevum acquisition
- ✓ Accelerating growth through 3,400 unit development pipeline
- ✓ Establishing a scalable, national platform

## Retail

- ✓ Rockhampton redevelopment delivered strong value uplift on completion
- ✓ Solid leasing of major developments at Merrylands and Townsville
- ✓ Commenced redevelopment at Shellharbour

## Conservative capital management

- ✓ Fully-funded growth with low gearing, \$549m net cash to come from Apartments/ UK and a variety of other internal resources
- ✓ Proactive management of upcoming debt maturities with \$310m domestic MTN issue and partial exchange
- ✓ Prudent cost management

## Strategic weightings

- ✓ Growth across both recurring and trading businesses
- ✓ 1H11 Actual Operating Profit split: 69% recurring / 31% trading

# Upgrade to FY11 guidance

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## FY11 guidance upgraded - EPS growth of 8.5% to 31.6 cents

- Record settlements expected in FY11 from Residential Communities business
- Improved NOI from Commercial Property business
- Positive contribution from Aevum and higher DMF accrual in Retirement Living business
- Small 2H11 contribution from UK
- Continued prudent cost management
- Estimated financial impact of Queensland floods allowed for in upgraded guidance

## FY12 outlook

- Three operating businesses expected to carry good momentum into FY12
- 1H11 is final period of meaningful profit contribution from Apartments
- Expect more modest EPS growth in FY12





## Index to Annexures

## Pages

Financial results	40 to 52
Residential Communities	53 to 60
Apartments	61
Retirement Living	62 to 66
Commercial Property	67 to 80



Stockland

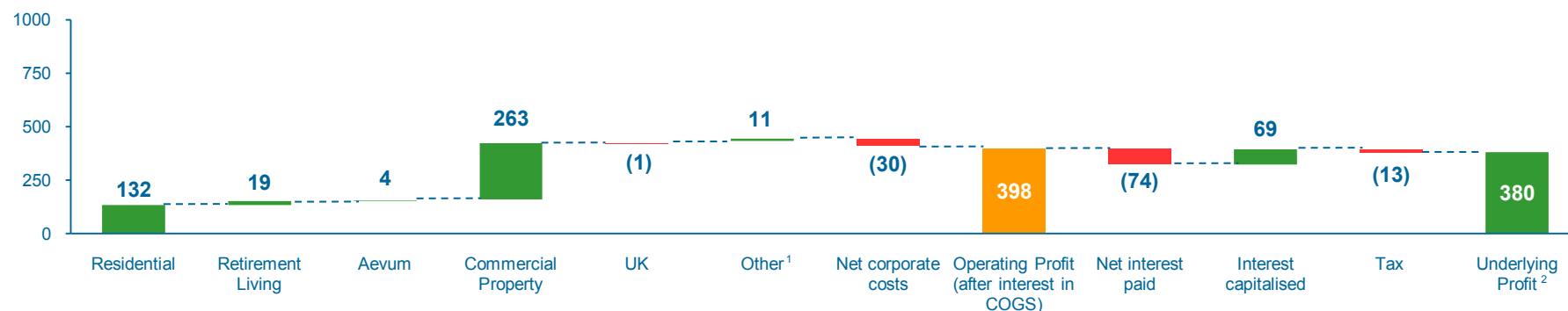
# 1H11 Results Annexures



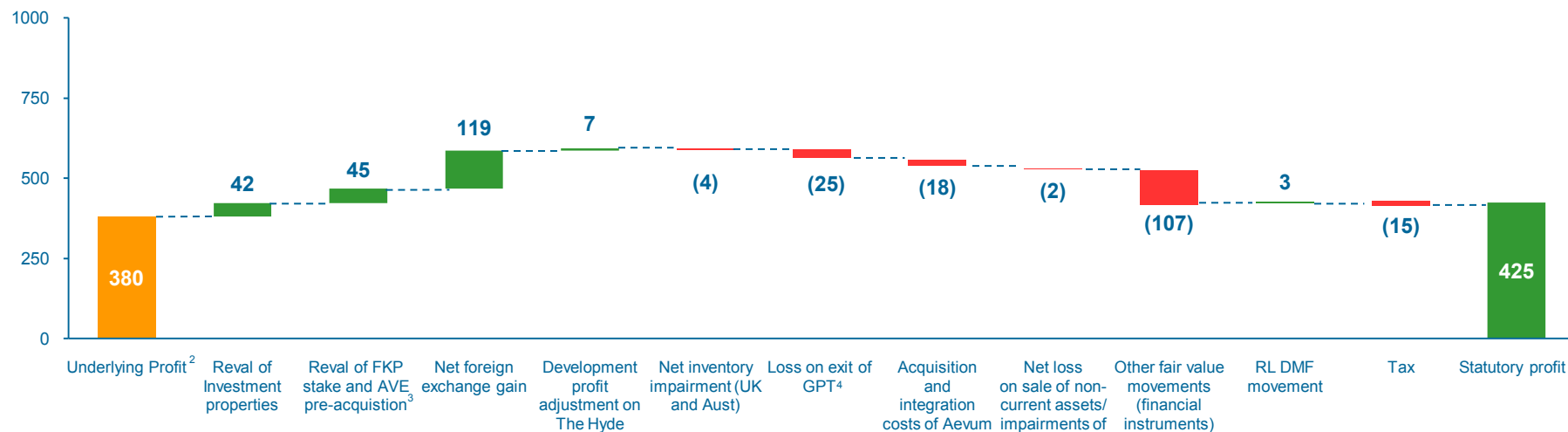
## Stockland 1H11 Results - Financial results

### Underlying Profit summary

#### Composition of Underlying Profit<sup>2</sup> (\$m)



#### Underlying Profit<sup>2</sup> - reconciliation to Statutory Profit (\$m)



1. Includes income from strategic stakes of \$10m

2. 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

3. Includes impact of market value movement on 14.9% interest in FKP; from \$0.68 at Jun-10 to \$0.86 at Dec-10

4. Includes transaction costs

## Stockland 1H11 Results - Financial results

### Underlying Profit reconciliation

	Gross (\$m)	Tax (\$m)	Net (\$m)
Underlying Profit	393	(13)	380
<b>Provision for write-down of inventories</b>			
Provision for write-down of inventories - UK	(7)	-	(7)
Write back of excess inventory provisions - Australia	3	(1)	2
<b>Fair value adjustment of investment properties</b>			
Net gain from fair value adjustment of investment properties (excluding Retirement Living)	42	-	42
Share of net gain from fair value adjustment of investment properties in associates and joint ventures	1	-	1
Net fair value movement of deferred management fee contracts	3	(1)	2
Capital growth of operational Retirement Living communities	34	(10)	24
Existing Retirement Living resident obligations fair value movement	(34)	10	(24)
<b>Fair value adjustment of other financial assets, impairment and net loss on sale of other non-current assets</b>			
Net gain from fair value adjustment of other financial assets (FKP stake and AVE pre-acquisition)	45	(13)	32
Net loss on sale of other non-current assets and impairment of other investments	(2)	-	(2)
<b>Fair value adjustment of financial instruments and foreign exchange movements</b>			
Net gain from hedged items and financial instruments treated as fair value hedges	3	-	3
Net loss on fair value movement of financial instruments that do not qualify as effective under hedge accounting rules	(111)	(5)	(116)
Net loss on exit of exposure to GPT	(25)	-	(25)
Net foreign exchange gain	119	-	119
<b>Other</b>			
Development profit adjustment on The Hyde	7	-	7
Acquisition and integration costs of Aevum	(18)	5	(13)
<b>Profit for the full year attributable to securityholders of Stockland</b>	<b>453</b>	<b>(28)</b>	<b>425</b>

## Stockland 1H11 Results - Financial results

### Segment Note to Underlying Profit reconciliation

	Residential (\$m)	Retirement Living <sup>1</sup> (\$m)	Commercial Property (\$m)	UK (\$m)	Other (\$m)	TOTAL (\$m)
Total External Segment revenue	744 <sup>2</sup>	39	356	44	11 <sup>3</sup>	1,194
<b>Segment result before interest, share of profits of investments accounted for using the equity method</b>	<b>188</b>	<b>23</b>	<b>228</b>	<b>(1)</b>	<b>11</b>	<b>449</b>
Interest expense included in COGS	(56)	-	(1)	-	-	(57)
Share of profits of investments accounted for using the equity method (excluding certain items)	-	-	36	-	-	36
<b>Segment profit (before certain items)</b>	<b>132</b>	<b>23</b>	<b>263</b>	<b>(1)</b>	<b>11<sup>3</sup></b>	<b>428</b>
Unallocated corporate income and expenses						(30)
Interest Income						19
Net borrowing costs						(24)
<b>Underlying Profit before income tax expense</b>						<b>393</b>
Income tax expense						(13)
<b>Underlying Profit after income tax expense</b>						<b>380</b>

**A Total = Operating Profit \$398m**

## Stockland 1H11 Results - Financial results

### Historical profit summary

	HALF YEAR	FULL YEAR			
	1H11 (\$m)	FY10 (\$m)	FY09 (\$m)	FY08 (\$m)	FY07 (\$m)
Residential EBIT (before interest in COGS)	188	314	233	337	309
Commercial Property EBIT (before interest in COGS) <sup>1</sup>	264	510	533	555	516
Retirement Living EBIT (before interest in COGS) <sup>2</sup>	23	39	43	41	4
UK EBIT	(1)	1	(1)	12	4
Other	11	20	19	(4)	15
Unallocated corporate overhead <sup>1</sup>	(30)	(66)	(63)	(86)	(46)
<b>Group EBIT (before interest in COGS)</b>	<b>455</b>	<b>818</b>	<b>764</b>	<b>855</b>	<b>802</b>
Net interest expense:					
Interest paid (net of interest income)	(74)	(136)	(271)	(289)	(214)
Interest capitalised to inventory	66	118	170	181	135
Interest capitalised to Investment Properties under development	3	9	27	10	24
Interest expensed in COGS	(57)	(94)	(60)	(53)	(63)
<b>Net interest expense</b>	<b>(62)</b>	<b>(103)</b>	<b>(134)</b>	<b>(151)</b>	<b>(118)</b>
Tax	(13)	(23)	1	(30)	(73)
<b>Underlying Profit</b>	<b>380</b>	<b>692</b>	<b>631</b>	<b>674</b>	<b>611</b>

- 43 - 1. The Responsible Entity (RE) fees have been reclassified from unallocated corporate overheads to Commercial Property EBIT for all years  
2. Includes \$4m EBIT for Aevum in 1H11. Figures for historical reporting periods have not been adjusted for the accounting changes implemented in prior periods

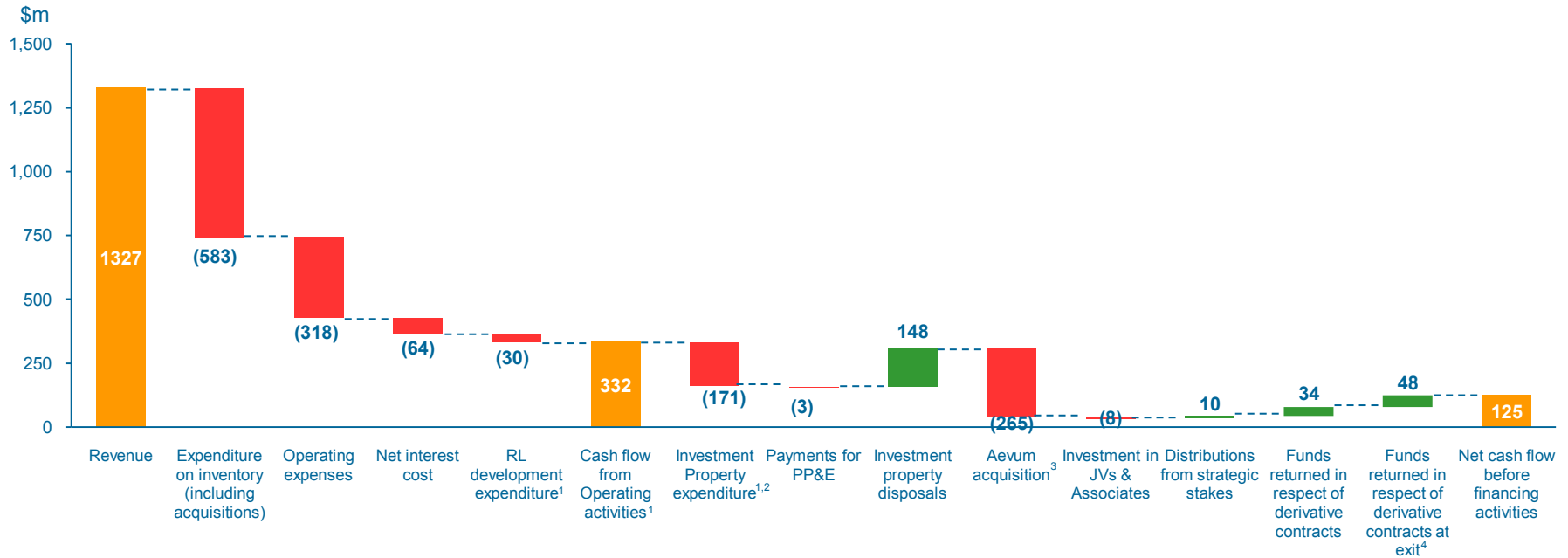
## Stockland 1H11 Results - Financial results

### Group strategic weightings

	Operating Profit 1H11		Assets 31 December 2010	
	Actual	Strategic weighting	Actual	Strategic weighting
<b>Recurring</b>				
Retirement Living	5%		7%	
Commercial Property	67%		67%	
Unallocated corporate overhead	(3%)		-	
<b>Total recurring</b>	<b>69%</b>	<b>60-80%</b>	<b>74%</b>	<b>70-80%</b>
<b>Trading</b>				
Residential	34%		22%	
Retirement Living	1%		2%	
Commercial Property	1%		1%	
UK and unallocated corporate overhead	(5%)		1%	
<b>Total trading</b>	<b>31%</b>	<b>20-40%</b>	<b>26%</b>	<b>20-30%</b>

## Stockland 1H11 Results - Financial results

### Operating and investing cash flow



1. Differs to statutory accounts as Retirement Living development expenditure is treated as an investing cash flow for statutory purposes but shown here as an operating cash flow

2. Includes \$11m Commercial Property maintenance capex (\$13m in 1H10)

3. Net of cash acquired from Aevum of \$15.5m

4. Represents return of cash on deposit with the counterparty of the associated equity derivative contracts (GPT exposure). Excludes \$136m payment on termination of derivatives and \$125m repayment of Aevum debt which are classified as financing activities in the statutory cash flow statement

## Stockland 1H11 Results - Financial results

### Debt summary

Facility	Facility limit (\$m) <sup>1</sup>	Amount drawn (\$m) <sup>2</sup>
Bank Debt	756	4
Domestic Medium Term Notes	N/A	785
European Medium Term Notes	N/A	619
US Senior Term Notes	N/A	1,488
Asian Medium Term Notes	N/A	151
<b>Total</b>		<b>3,047</b>

Facility	Facility limit (\$m) <sup>1</sup>	Amount drawn (\$m)	Facility maturity
<b>Bank Debt</b>			
- Multi option facility - Australia	275	-	Nov 2014
- Multi option facility - Australia	300	-	Nov 2015
- Multi option facility - Australia	175	-	Dec 2015
- Multi option facility - UK	6	4	Nov 2014
<b>Total Bank Debt</b>	<b>756</b>	<b>4</b>	

- 46 - 1. Facility limit includes bank guarantees of \$0.25b for which \$0.24b was utilised at 31 December 2010  
2. Amount excludes borrowing costs and fair value adjustment required to reconcile to the statutory accounts



## Stockland 1H11 Results - Financial results

### Debt summary (continued)

Facility	Issued debt (\$m)	Facility maturity
<b>Domestic Medium Term Note Facility (MTN)</b>		
-MTN	91.5	Jun 2011
-MTN	83.5	May 2013
-MTN	300.0	Feb 2015
-MTN	150.0	Jul 2016
-MTN	160.0	Nov 2020
<b>Total Domestic</b>	<b>785.0<sup>1</sup></b>	
<b>Offshore Medium Term Note Facility (MTN)</b>		
-UK MTN	619.3	Oct 2013
-Asia MTN	151.3	Aug 2035
<b>Total Offshore</b>	<b>770.6</b>	

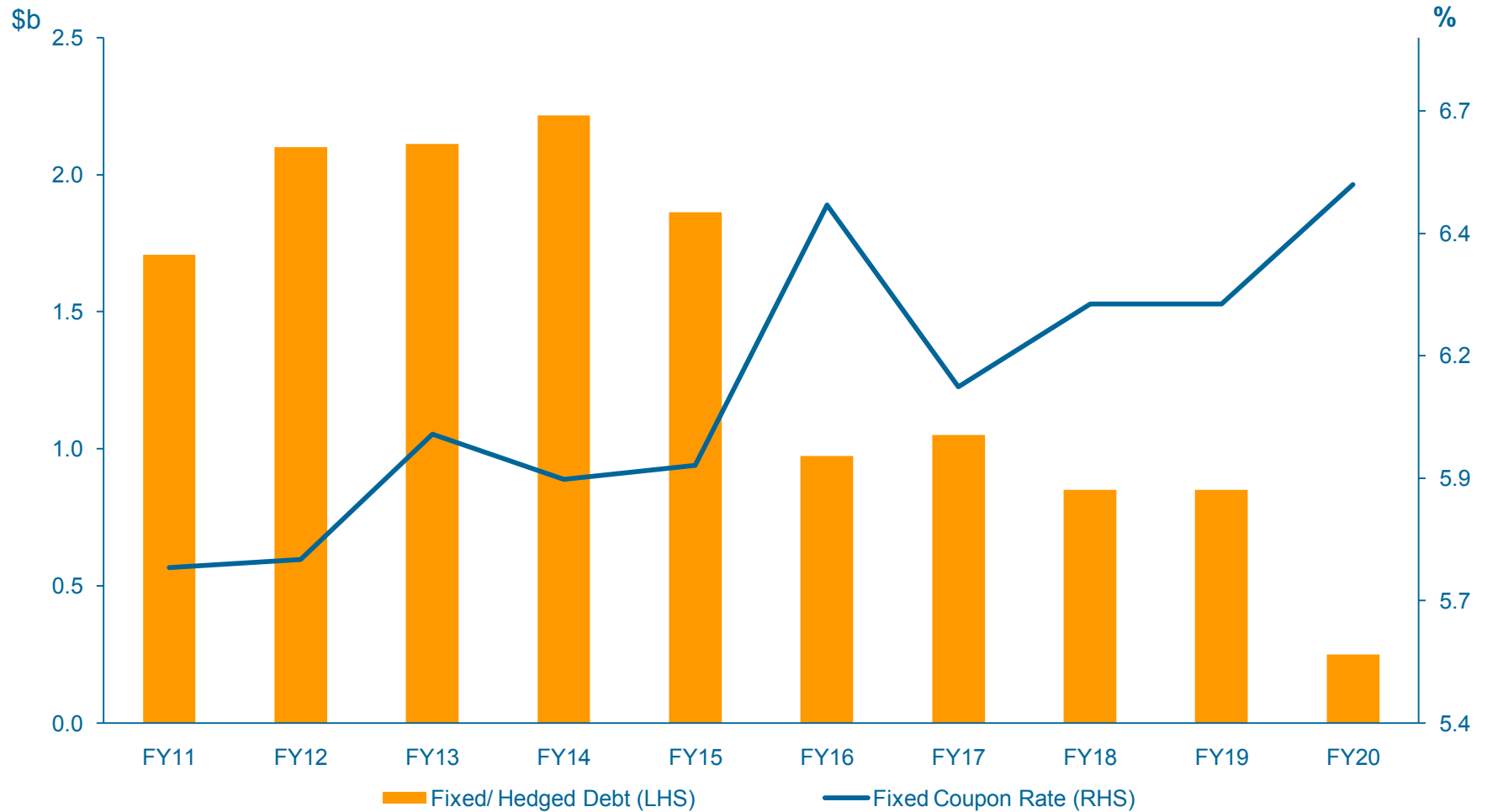
Facility	Issued debt (\$m)	Facility maturity
<b>US Senior Term Note Facility (STN)</b>		
- US STN	32.1	Oct 2011
- US STN	51.4	Jul 2012
- US STN	45.8	Oct 2012
- US STN	51.4	Jul 2013
- US STN	28.3	Jul 2014
- US STN	74.7	Jun 2015
- US STN	64.3	Jul 2015
- US STN	99.2	Oct 2015
- US STN	61.7	Jul 2016
- US STN	27.5	Oct 2016
- US STN	163.3	Jun 2017
- US STN	61.1	Oct 2017
- US STN	250.0	Jun 2018
- US STN	268.6	Oct 2018
- US STN	70.7	Jul 2019
- US STN	90.0	Jul 2020
- US STN	27.7	Jun 2022
- US STN	20.5	Jun 2027
<b>Total US Senior Term Notes</b>	<b>1,488.3</b>	

- 47 - 1. During 1H11 Stockland repurchased domestic medium term notes of \$164.1m of maturing in June 2011 and \$66.5m maturing in May 2013 and issued \$310m of new domestic medium term notes maturing in July 2016 and November 2020

## Stockland 1H11 Results - Financial results

### Fixed/Hedged debt profile<sup>1</sup>

Weighted average maturity of fixed / hedged debt - 4.5 years



## Stockland 1H11 Results - Financial results

### Proforma balance sheet

	31 December 2010 (\$m)	30 June 2010 (\$m)
Cash	586	911
Real estate related assets		
- Commercial Property	7,977	7,921
- Residential	2,592	2,520
- Retirement (including Aged Care <sup>1</sup> )	988	445
- UK	184	261
Other financial assets - GPT	-	219
Net Retirement Living residents obligation <sup>2</sup>	1,514	898
Intangibles	114	108
Derivative assets	206	267
Other	383	407
<b>Total assets</b>	<b>14,544</b>	<b>13,957</b>
Interest bearing liabilities	2,582	2,830
Net Retirement Living residents obligation <sup>2</sup>	1,514	898
Derivative liabilities	650	401
Other	1,034	1,163
<b>Total liabilities</b>	<b>5,780</b>	<b>5,292</b>
<b>Net assets</b>	<b>8,764</b>	<b>8,665</b>

1. Includes \$82m of PP&E in relation to Aged Care

- 49 - 2. Net Retirement Living obligations in the statutory balance sheet includes ex-resident obligations of \$32m at 31 December 2010 (\$32m at 30 June 2010) and \$50m of aged care bond (nil at 30 June 2010) and is net of accrued DMF of \$498m at 31 December 2010 (\$212m at 30 June 2010)

## Stockland 1H11 Results – Financial results

### Acquisition of Aevum

- Stockland obtained effective control of Aevum on 31 October 2010
- Stockland owned 100% as at 31 December 2010

Summary of provisional acquisition accounting for Aevum		\$m
Provisional fair value of assets acquired		310
Total consideration		315
<b>Goodwill on acquisition</b>		<b>5</b>
<b>Consideration consists of:</b>		
Fair value of initial interest (shares held prior to takeover of 2 August)		50
Cash paid for acquisition (2 August to 31 October - up to 87.6%)		226
Cash paid for minority interest (12.4% acquired between 1 November and 21 December)		39
<b>Total cash paid</b>		<b>315</b>

#### Comments

- An adjustment of approximately \$50m to Aevum's net assets upon acquisition was made reflecting:
  - Downward adjustment of greenfield and brownfield land held for development and villages under construction following a review of all development projects
  - Downward adjustment of deferred tax assets following reassessment of the recovery of tax losses
- Provisional acquisition accounting will be finalised by 30 June 2011

Summary of key DMF valuation assumptions Stockland		
	Dec 2010	Jun 2010
Discount rate	12.55%	12.55%
Average growth rate	3.7%	3.7%
Aevum		
Discount rate	13.0 - 15.5%	
Average growth rate	2.0 - 5.0%	

## Stockland 1H11 Results - Financial results

### Covenant calculations

#### All lenders have consistent covenants:

- Total liabilities / total tangible assets (TL/TTA): 45%. No adjustment made for cash held
- Interest cover: 2:1 (write-downs and provisions are excluded from calculation)

#### Gearing covenant limited to Stockland's balance sheet liabilities and excludes:

- MTM of derivatives and interest bearing liabilities **A**
- Net Retirement Living obligation for existing residents **B**

	Interest Cover	TL/TTA	D/TTA (net of cash)
31 December 2010	5.0:1	32.2%	20.2% <sup>1</sup>
30 June 2010	4.9:1	31.1%	17.8%
31 December 2009	4.0:1	31.5%	17.9%

1. Debt = Interest bearing liabilities (\$3,038m) + Transaction costs (\$3m) - Cash (\$586m)

TTA = Total assets (\$12,742m) - Cash (\$586m)

2. Includes Net Retirement Living obligation

As at 31 December 2010	Statutory Balance Sheet (\$m)	Adjustments (\$m)	Gearing Covenant Balance Sheet (\$m)
<b>Assets</b>			
Cash	586	-	586
Real estate related assets <sup>2</sup>	13,255	<b>B</b> (1,482)	11,773
Intangibles	114	(114)	-
Derivative assets	206	<b>A</b> (206)	-
Other	383	-	383
<b>Total assets</b>	<b>14,544</b>	<b>(1,802)</b>	<b>12,742</b>
<b>Liabilities</b>			
Interest bearing liabilities	(2,582)	<b>A</b> (456)	(3,038)
Net Retirement Living resident obligations	(1,514)	<b>B</b> 1,482	(32)
Derivative liabilities	(650)	<b>A</b> 650	-
Other	(1,034)	-	(1,034)
<b>Total liabilities</b>	<b>(5,780)</b>	<b>1,676</b>	<b>(4,104)</b>
<b>Net assets</b>	<b>8,764</b>	<b>(126)</b>	<b>8,638</b>

## Stockland 1H11 Results - Financial results

### Statutory income tax calculation

	1H11 (\$m)	1H10 (\$m)
<b>Statutory Group profit before tax</b>	<b>453</b>	<b>223</b>
Less: Trust profit	(327)	(154)
Less: Intergroup eliminations	(28)	(41)
<b>Corporation profit before tax</b>	<b>98</b>	<b>28</b>
Less non-assessable income / add back non-deductible expenses	(14)	1
Add: UK losses not recognised	9	1
<b>Adjusted taxable profit - Corporation</b>	<b>93</b>	<b>30</b>
<b>Tax @ 30%</b>	<b>(28)</b>	<b>(9)</b>
<b>Effective tax rate</b>	<b>29%</b>	<b>32%</b>

## Stockland 1H11 Results - Residential

### Portfolio overview

#### Communities - \$2.0b<sup>1</sup>



No. of projects:	71
No. of projects currently trading:	45
No. of projects launched 1H11:	4
Lots controlled:	84,500
End value of land bank:	\$22.0b
Average age of land bank:	4.4 years

#### Apartments - \$0.3b<sup>1</sup>



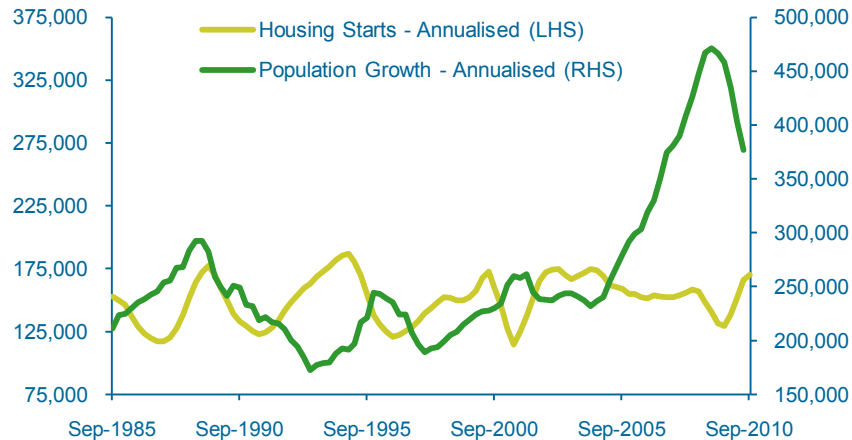
No. of projects:	8
No. of projects currently trading:	6
No. of projects launched 1H11:	-
Units controlled:	600
End value of projects:	\$0.6b
Average age of projects:	4.4 years



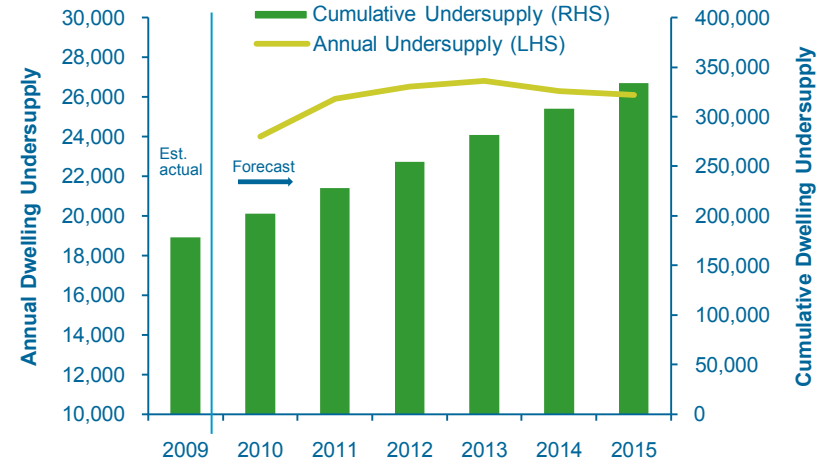
## Stockland 1H11 Results - Residential

# Market fundamentals driven by housing undersupply in Australia

### Population growth well above housing starts<sup>1</sup>



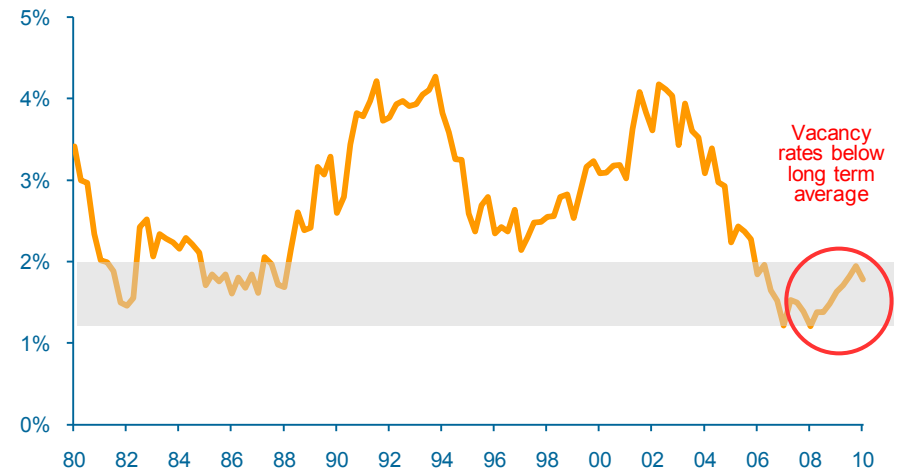
### Large and growing housing undersupply<sup>2</sup>



### Strong labour market supporting household income growth<sup>3</sup>



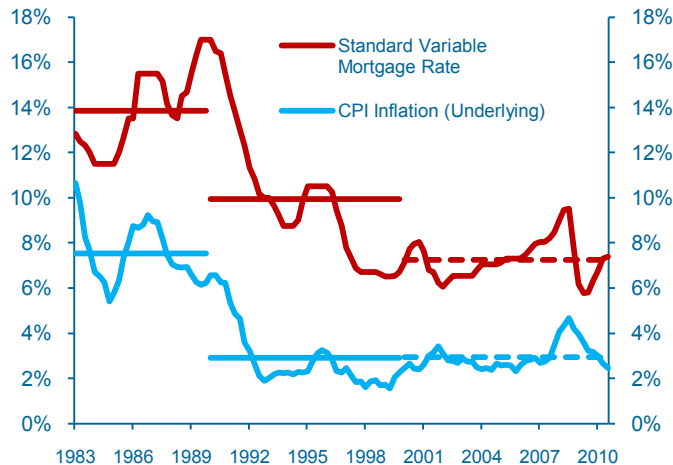
### Rental vacancies remain at historical low<sup>4</sup>



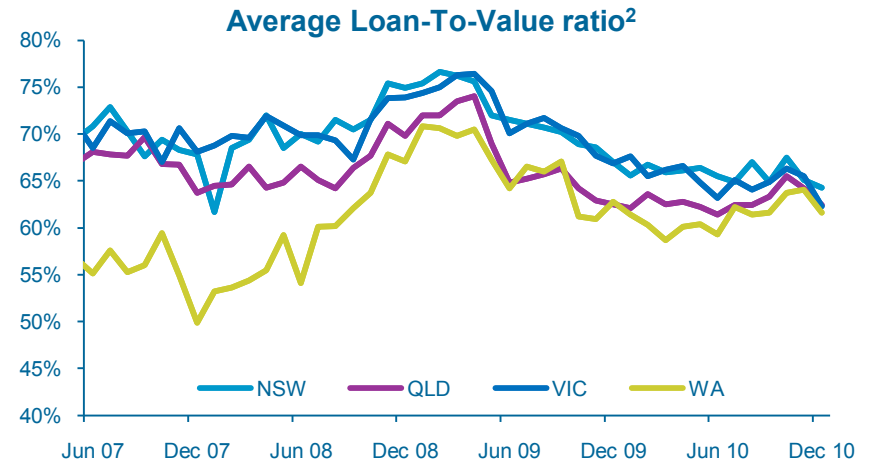
## Stockland 1H11 Results - Residential

# Mortgage debt sustainability, bank mortgage lending is responsible

### Cost of finance structurally lower<sup>1</sup>

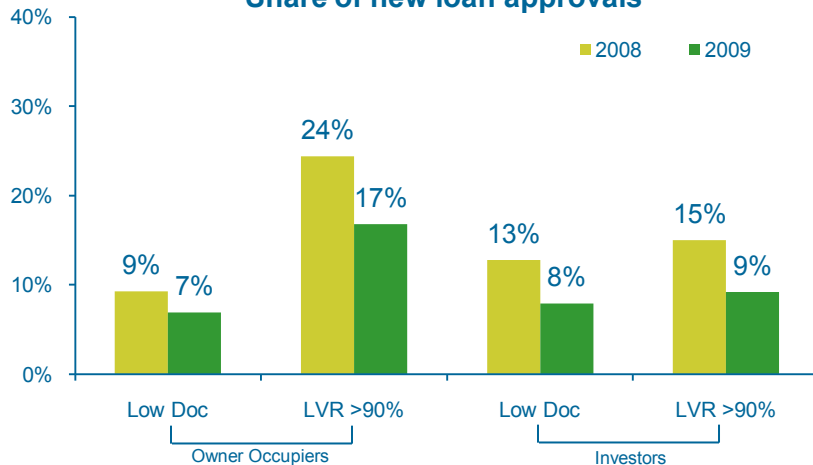


### Sustainable debt - buyers are taking on less debt



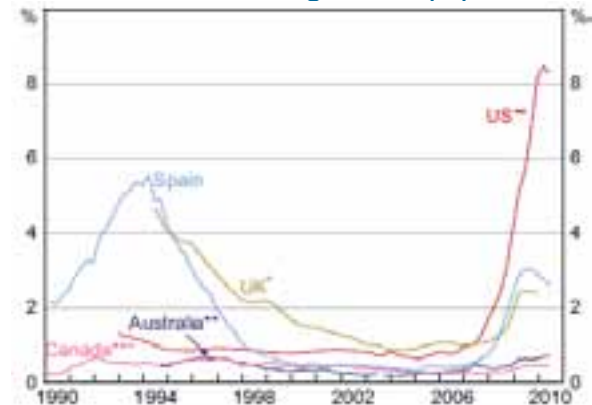
### High risk loans are low and falling

#### Share of new loan approvals<sup>3</sup>



### Loan defaults remain low in Australia

#### Defaulting Loans (%)<sup>4</sup>



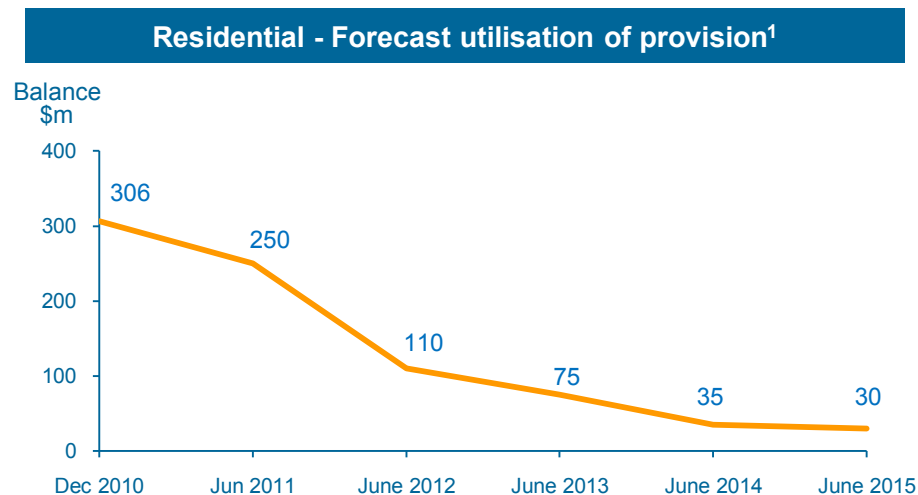
\* - Per cent of loans by value. Includes impaired loans unless otherwise stated. For Australia, data prior to September 2003 based on loans 90 days in arrears \*\* Banks only; + Per cent of loans by number that are 90+ days in arrears

1. Source: RBA, 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

## Stockland 1H11 Results - Residential

### Details of previously impaired projects settled in 1H11

- Net profit on settlements from previously impaired projects excluded from Underlying Profit:
  - 3% of total lots settled in Residential Communities (nil profit impact)
  - 50% of total lots settled in Apartments (excess profit of \$3.1m shown “below the line”)

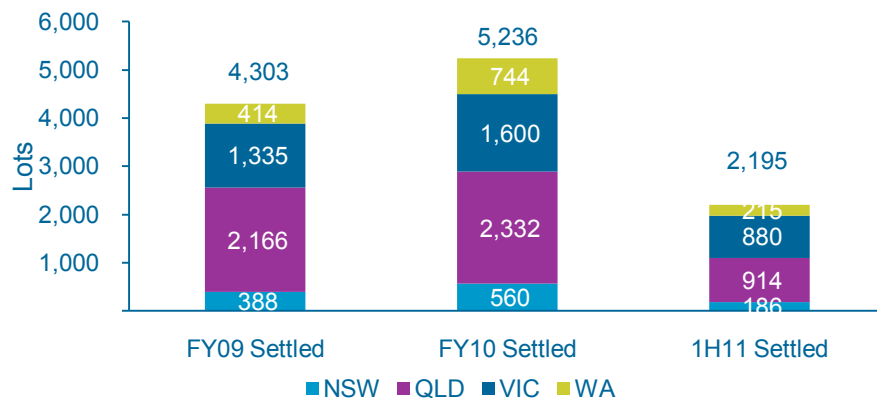


1H11	Residential Communities (\$m)	Apartments (\$m)	Residential (\$m)
Reduction in provision for impairment in 1H11	6.0	17.3	23.3
Utilisation of impairment provision in 1H11	(6.0)	(14.2)	(20.2)
<b>Excess profit from impaired projects</b>	-	3.1 <sup>2</sup>	3.1
<b>Recognition:</b>			
Residential Operating Profit	-	-	-
Excess profit - below the line	-	3.1	3.1

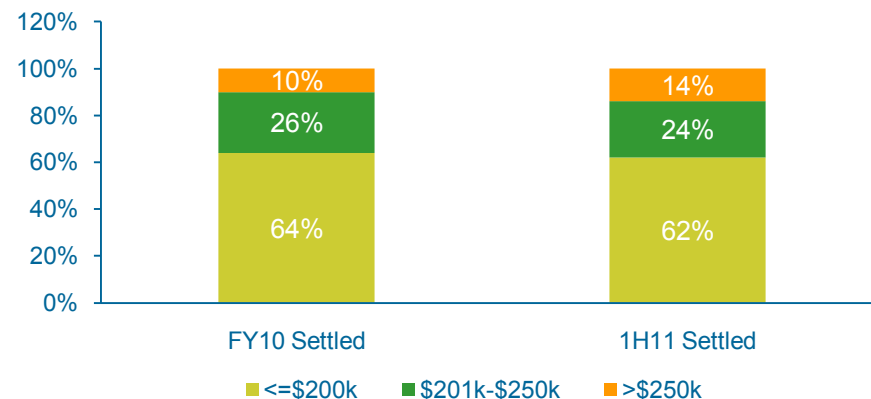
- 56 - 1. Forecast impairment provision balance as at 30 June based on forecast settlement dates, revenue and costs by project  
 2. Includes directly related project costs

## Stockland 1H11 Results - Residential Communities - Lots settled

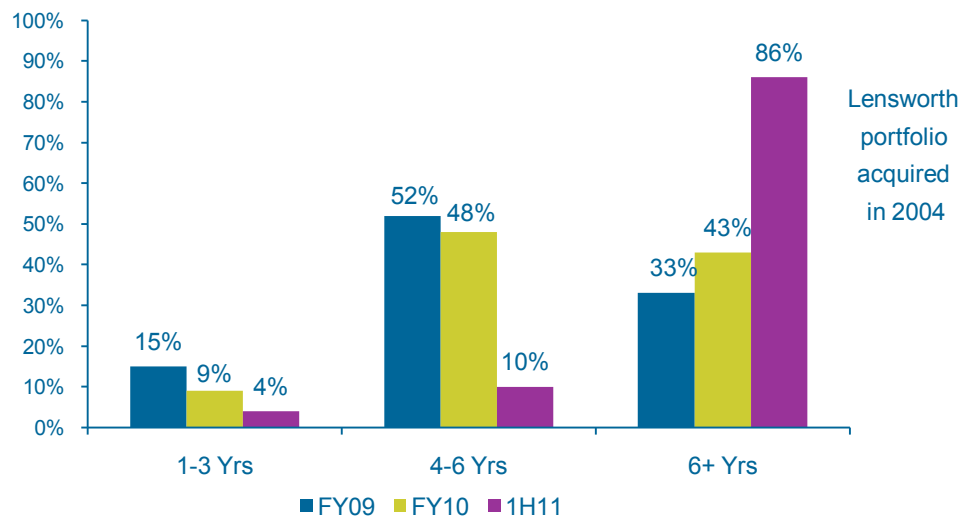
**Lots settled by location (units)**



**Average price of retail lots sold - Portfolio Mix**

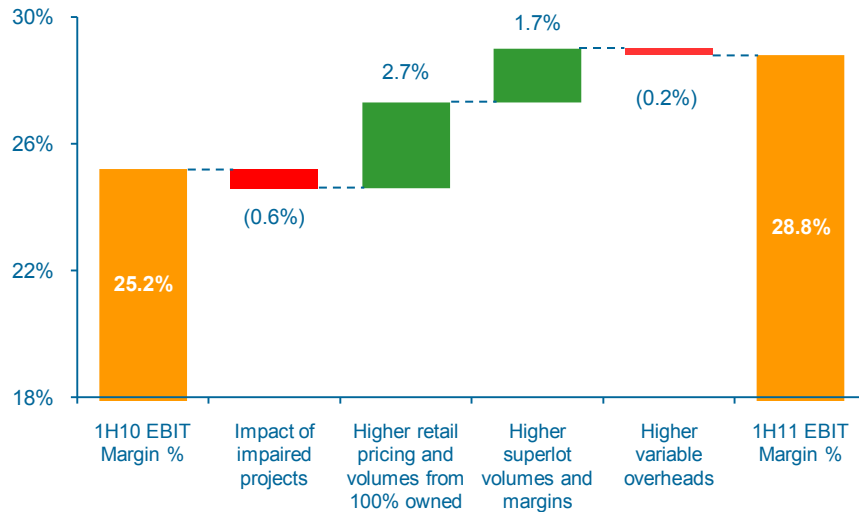


**Lots settled by age<sup>1</sup>**

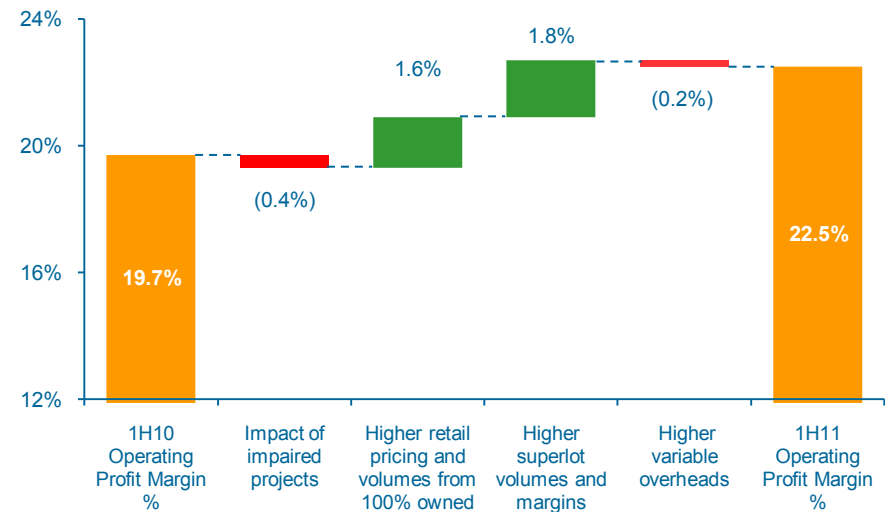


## Stockland 1H11 Results - Residential Communities - Breakdown of 1H11 margin

**Residential Communities EBIT margin  
(before interest in COGS)**

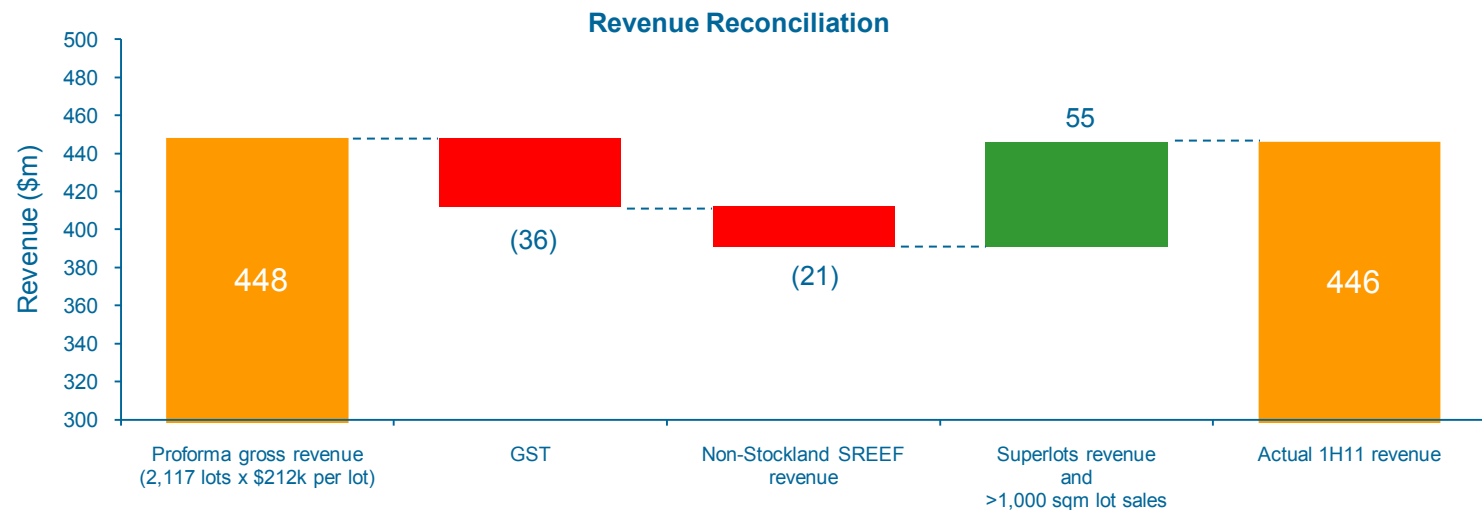


**Residential Communities Operating Profit margin  
(including interest in COGS)**



## Stockland 1H11 Results - Residential Communities - Retail average sales prices

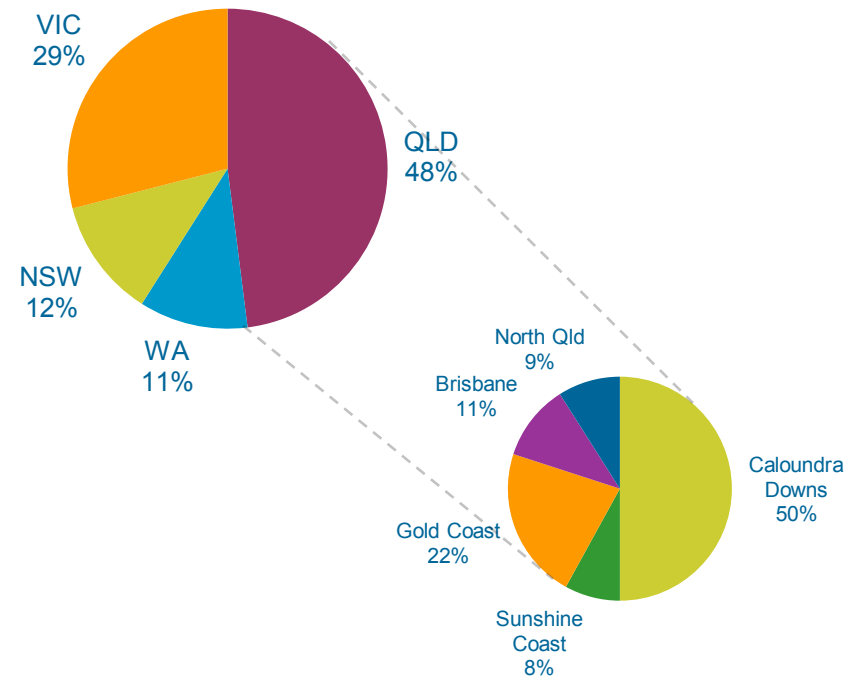
Retail sales prices <sup>1</sup> - Based on all lots settled								
FY10 Settlements					1H11 Settlements			
State	No. lots	Av. size per lot m <sup>2</sup>	Av. Price per lot \$k	\$/m <sup>2</sup>	No. lots	Av. size per lot m <sup>2</sup>	Av. Price per lot \$k	\$/m <sup>2</sup>
NSW	499	566	216 <sup>1</sup>	382 <sup>1</sup>	175	606	207	341
QLD	2,284	541	220	407	851	522	225	431
VIC	1,581	448	168	374	859	438	185	422
WA	739	511	234	458	232	512	271	530
<b>Residential Communities</b>	<b>5,103</b>	<b>510</b>	<b>205</b>	<b>403</b>	<b>2,117</b>	<b>494</b>	<b>212</b>	<b>430</b>



## Stockland 1H11 Results - Residential Communities - Development pipeline

Major projects			
State	Project	Approximate lot sales per annum	Approximate remaining project lots
QLD	North Lakes	570	1,600
	North Shore	280	3,600
	Brightwater	230	700
VIC	Highlands <sup>1</sup>	735	4,450
	Mernda Villages	330	1,700
	Selandra Rise	260	1,180
WA	Newhaven	230	1,130
	Corimbria	270	780
NSW	Waterside	90	360
	McKeachies Run	120	460
	Lakewood	150	175

### Total pipeline of 84,500 lots - Geographic mix





## Stockland 1H11 Results - Residential Apartments - Development pipeline

Projects under construction		Estimated Costs to Complete (\$m)				Expected Net Revenue (\$m)			
		2H11	FY12	FY 13+	Total	2H11	FY12	FY 13+	Total
NSW	Prince Henry	15	15	<5	30	35	30	-	65
	The Village, Balgowlah	<5	-	-	<5	5	-	-	5
	The Hyde	5	5	-	10	20	30	-	50
QLD	Allisee - Stage 2	<5	<5	-	<5	10	15	-	25
VIC	Tooronga - Stage 1	10	<5	-	10	90	15	-	105
WA	The Islands - A and B	<5	-	-	<5	30	25	-	55
	The Islands - C and D	<5	15	30	50	-	-	110	110
Total - Projects Under Construction		35	35	30	100	190	115	110	415

Cash Generation (\$m)	2H11	FY12	FY13+	TOTAL
<b>Projects Under Development:</b>				
Forecast Revenue (100% sales)	190	115	110	415
Pre - sales already achieved	150	50	-	200
Forecast cost to complete	35	35	30	100
Estimated net cash flow:				
- on completion of 100% sales	155	80	80	315
Estimated net proceeds from sale of undeveloped sites				~ 50
Total estimated cash flow (on 100% sales)				~ 365

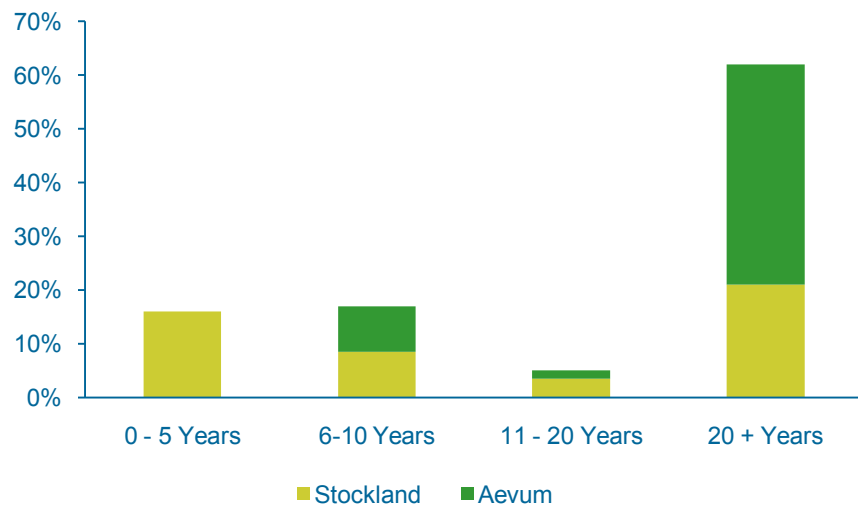
## Stockland 1H11 Results - Retirement Living

### Portfolio overview

Established portfolio	Stockland	Aevum
Established villages <sup>1</sup>	28	30
Established units <sup>2</sup>	3,881	3,146
Established units turned over	113	136
Occupancy <sup>3</sup>	97%	90%
Average age of resident entry	76 years	73.3 years
Average age of current resident	80.6 years	80.9 years
Average tenure on exit - 1H11	9.2 years	8.7 years
Average DMF margin - 1H11	22% <sup>4</sup>	38%

Combined development portfolio	
Development villages <sup>1</sup>	25
Development pipeline units	3,400
Estimated end value <sup>5</sup>	\$1.4 bn

#### Age profile of established villages



#### Established and development village reservations<sup>6</sup>



## Stockland 1H11 Results - Retirement Living

### Operating Profit and statutory profit – Excludes Aevum

	1H11	1H10
New units settled (#)	52	65
Established unit turnovers (#)	113	122
Development Profit		
Settled	4	4
Unsettled	2	7
Accrued DMF	23	15
Conversion Profit	5	7
Net overheads	(15)	(12)
<b>Operating Profit</b>	<b>19</b>	<b>21</b>
Less: Accrued DMF	(23)	(15)
Add: Turnover cash	6	7
<b>Cash coverage</b>	<b>2</b>	<b>13</b>
<b>Cash coverage ratio</b>	<b>9%</b>	<b>62%<sup>1</sup></b>
Operating profit	19	21
Turnover cash	6	7
Accrued DMF	(23)	(15)
DMF creation and revaluation	20	14
Impairment	-	(31)
<b>Statutory profit before interest and tax</b>	<b>22</b>	<b>(4)</b>

## Stockland 1H11 Results - Retirement Living

### Example DMF accrual calculation

---

- Retirement Living Operating Profit includes DMF accrual calculated under normal accrual accounting principles. Only DMF earned in the period is accrued
- The accrual is calculated in accordance with the term of each contract which is a good reflection of resident tenure<sup>1</sup>. This approach caters for a large variety of contracts following the acquisition of Aevum
- The accrual calculation is a function of the fees payable for the period under the contract using the current list price (i.e. no escalation)
- At any time, the cumulative balance of the DMF accrual represents the fees contractually owing to Stockland if the existing residents were to exit the villages

#### ***Example calculation – one unit***

---

Current list price	\$300,000
DMF fee per contract	Year 1: 5.5% p.a., Year 2-10: 3% p.a.
Accrual Year 1	5.5% x \$300,000 = \$16,500
Accrual Years 2-10	3% x \$300,000 = \$9,000 p.a.

---

- The calculation is replicated for each contract across the portfolio and aggregated
- Total DMF accrual is \$498m as at 31 December 2010

## Stockland 1H11 Results - Retirement Living

# Estimated pro forma profitability of Retirement Living following Aevum acquisition

(\$m)	Combined historical pro formas <sup>1</sup>	
	1H11	FY10
Development Profit	9	18
Accrued DMF	43	65
Conversion Profit	5	12
Net overheads	(25)	(49)
<b>Operating Profit</b>	<b>32</b>	<b>46</b>
Less: Accrued DMF	(43)	(65)
Add: Turnover cash	17	31
<b>Cash coverage</b>	<b>6</b>	<b>12</b>
<b>Cash coverage ratio</b>	<b>19%</b>	<b>26%</b>
Operating profit	32	46
Turnover Cash	17	31
Accrued DMF	(43)	(65)
DMF creation and revaluation	26	41
Impairment	-	(29)
<b>Statutory profit before interest and tax</b>	<b>32</b>	<b>24</b>

### Comments

- Figures exclude Aevum Aged Care operations
- Aevum figures estimated based on application of Stockland's accounting policies

### 1H11

- Pro forma figures include 6 months contribution from Aevum
- Actual reported Operating Profit for 1H11 includes only 2 months contribution from Aevum
- Excludes Aevum Aged Care overheads and duplicate corporate listing/ head office expenses

### FY10

- Aevum figures include IOR for only 5 months
- Excludes Aevum Aged Care overheads, duplicate corporate listing/ head office expenses and IOR integration costs

### Outlook

- Estimated cash coverage ~45% in FY12
- Estimated cost synergies of ~15% of combined costs per annum by end of FY12

## Stockland 1H11 Results - Retirement Living

### Active development pipeline – under construction

State	Project	Total units (approx.)	Remaining units (approx.)	Anticipated settlements				
				FY11	FY12	FY13	FY14	FY15
VIC	Gowanbrae	190	40					
QLD	Fig Tree	190	100					
VIC	Highlands	195	175					
QLD	North Lakes Extension	100	70					
VIC	Arilla	195	195					
NSW	Macarthur Gardens	235	235					
NSW	Willows (ex-Aevum)	215	25					
NSW	The Cove (ex-Aevum)	115	10					
Active projects		1,435	850					

\$223m cost to complete (\$405m total cost)

■ QLD  
■ VIC  
■ NSW

## Stockland 1H11 Results - Commercial Property

### Portfolio overview

#### Australian Commercial Property assets - \$7.7b<sup>1</sup>



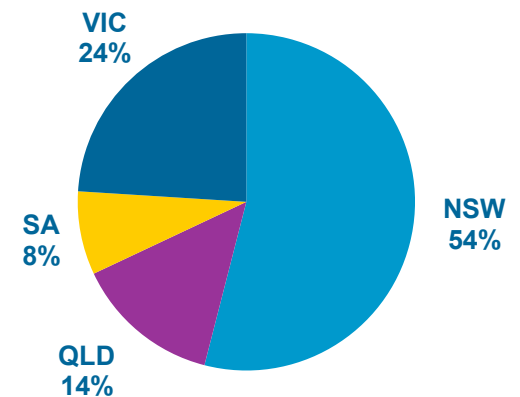
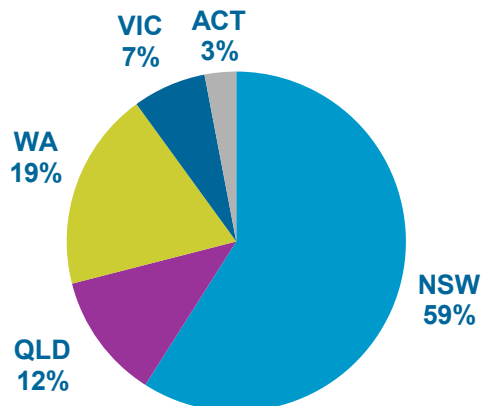
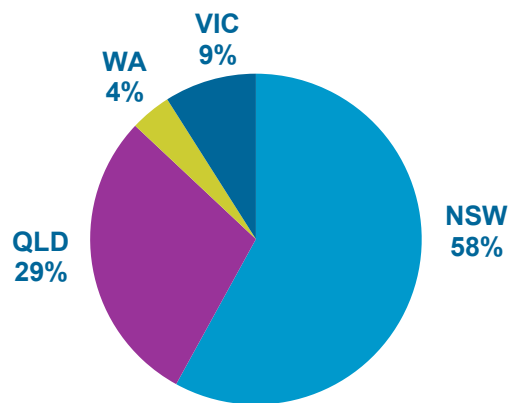
**Retail - \$4.2b**  
**39 properties**  
**811,969 sqm gross lettable area**



**Office - \$2.5b**  
**28 properties**  
**638,596 sqm net lettable area**



**Industrial / Intermodal - \$1.0b**  
**15 properties**  
**1,218,419 sqm gross lettable area**





## Stockland 1H11 Results - Commercial Property

### Portfolio overview

	WACR Dec-10	Valuation (\$m)	Previous Book Value (\$m)	1H11 Movement (\$m)
Retail	7.3%	4,161	4,126	35
Office	7.8%	2,509	2,499	10
Industrial	8.5%	941	939	2
Assets held for sale	-	49	49	-
Capital works and sundry properties	-	247	252	(5)
<b>Total</b>	<b>7.6%</b>	<b>7,907<sup>1</sup></b>	<b>7,865<sup>1</sup></b>	<b>42</b>

## Stockland 1H11 Results - Commercial Property

### Asset values - Retail

Retail Portfolio	Valuation (\$m)	Previous Book Value (\$m)	Change (%)	Cap Rate (%)	1H11 AIFRS NOI (\$m) <sup>2</sup>
Stockland Rockhampton <sup>1</sup>	340.0	318.4	6.8	6.75	N/A
Stockland Wetherill Park	328.6	325.9	0.8	7.00	11.6
Stockland Shellharbour	271.4	271.4	-	7.00	9.0
Stockland Merrylands <sup>1</sup>	265.1	265.1	-	N/A <sup>3</sup>	N/A
Stockland Green Hills	248.9	248.9	-	7.00	9.1
Stockland Glendale	228.3	228.3	-	7.00	8.3
Stockland Cairns	204.0	198.9	2.6	7.00	7.0
Stockland Townsville <sup>1</sup>	200.1	200.1	-	N/A <sup>3</sup>	N/A
Stockland Bay Village	162.0	169.8	(4.6)	8.00	6.5
Stockland Burleigh Heads	137.2	137.2	-	7.75	5.6
Stockland The Pines	136.9	136.9	-	7.50	5.3
Stockland Forster	129.0	129.0	-	7.50	4.1
Stockland Jesmond	118.5	117.5	0.9	7.75	4.7
Stockland Balgowlah	112.8	112.8	-	7.00	3.2
Stockland Baulkham Hills	106.0	99.1	7.0	7.50	3.6
Stockland Caloundra	98.8	95.7	3.2	7.50	4.9
Stockland Wendouree	98.2	98.2	-	7.75	3.6
Stockland Gladstone	96.0	96.0	-	7.50	4.1
Stockland Bull Creek	78.1	78.1	-	7.75	3.4
Stockland Nowra	77.3	77.3	-	7.75	3.2
Stockland Traralgon	76.5	74.3	3.0	7.75	2.9
Stockland Cleveland	76.4	76.4	-	7.75	3.9
Stockland Bathurst	74.7	74.7	-	8.00	2.9

	Valuation (\$m)	Previous Book Value (\$m)	Change (%)	Cap Rate (%)	1H11 AIFRS NOI (\$m) <sup>2</sup>
Stockland Corrimal	59.7	59.7	-	8.00	2.3
Stockland Piccadilly	53.0	52.6	0.8	7.25	1.5
Stockland Wallsend	51.0	49.7	2.6	8.25	1.9
Stockland Tooronga <sup>1</sup>	47.8	47.7	0.2	7.25	N/A
Stockland Riverton (50%) <sup>1</sup>	47.0	47.0	-	7.50	N/A
Shellharbour Retail Park	43.5	43.5	-	8.25	1.7
135 King Street	41.0	41.0	-	7.00	1.5
Stockland Baldivis	40.0	40.0	-	7.75	1.1
Stockland Cammeray	29.8	30.3	(1.7)	7.50	0.7
Jimboomba (50%)	17.6	17.6	-	8.25	0.8
Stockland Burleigh Central	15.0	15.0	-	8.75	0.6
Adelaide Street Plaza, Fremantle	13.4	13.4	-	8.75	0.5
Woolworths Toowong	13.2	13.1	0.8	N/A	0.1
Stockland Vincentia	11.0	11.0	-	9.00	0.5
Merrylands Court	8.9	8.9	-	9.00	0.3
Sunvale/Kingsvale <sup>1</sup>	4.7	5.5	(14.5)	N/A	N/A
<b>Subtotal</b>					<b>120.4</b>
Other <sup>4</sup>					22.7
<b>Total Retail</b>	<b>4,161.4</b>	<b>4,126.0</b>	<b>0.9</b>		<b>143.1</b>

- 69 -
- Properties impacted by development
  - NOI includes AIFRS adjustments for straight-lining rental income, amortisation of lease fees and amortisation of incentives
  - Capital works are in progress. An independent valuation will be performed on completion of the capital works
  - Relates to assets held for sale and properties impacted by development

## Stockland 1H11 Results - Commercial Property

### Asset values - Office

Office Portfolio	Valuation (\$m)	Previous Book Value (\$m)	Change (%)	Cap Rate (%)	1H11 AIFRS NOI (\$m) <sup>2</sup>
Piccadilly Tower <sup>1</sup>	257.2	244.1	5.4	7.25	7.6
Waterfront Place (50%)	216.4	220.0	(1.6)	7.50	8.1
Riverside Plaza	169.0	164.5	2.7	7.75	5.8
Colonial Centre (50%)	167.4	167.4	-	7.13	6.8
9 Castlereagh Street	160.4	160.4	-	7.25	4.6
Trinity Business Campus	157.4	157.4	-	7.50	4.6
Durack Centre	140.5	137.5	2.2	8.56	4.5
Exchange Plaza (50%)	136.9	136.9	-	7.75	4.8
Bankwest (50%)	129.8	129.8	-	8.00	5.5
Optus HQ (31%)	115.1	115.1	-	7.25	4.4
135 King Street (50%)	96.5	96.8	(0.3)	7.20	2.9
601 Pacific Highway	71.4	71.4	-	8.50	3.1
60-66 Waterloo Road	69.1	69.1	-	8.35	2.7
78 Waterloo Road	63.5	60.9	4.3	7.50	1.9
175 Castlereagh Street	54.2	54.2	-	8.50	2.2
77 Pacific Highway	52.6	52.6	-	8.25	1.9
7 Macquarie Place (50%)	52.5	48.1	9.1	7.25	1.6
45 St Georges Terrace	51.1	51.1	-	8.75	2.7

	Valuation (\$m)	Previous Book Value (\$m)	Change (%)	Cap Rate (%)	1H11 AIFRS NOI (\$m) <sup>2</sup>
40 Cameron Avenue	45.2	45.2	-	8.50	2.6
Piccadilly Court	38.0	36.2	5.0	8.25	1.1
Macquarie Technology Centre	37.8	37.8	-	8.75	1.4
Garden Square	37.6	38.7	(2.8)	9.00	1.7
Myuna Complex	35.0	47.1	(25.7)	N/A	0.6
16 Giffnock Avenue	32.3	32.3	-	8.75	1.0
150 Charlotte Street	29.9	29.9	-	8.50	2.2
255-267 St Georges Terrace	23.5	23.0	2.2	9.31	1.1
110 Walker Street	23.0	23.0	-	8.50	0.9
118-120 Pacific Highway	20.0	22.6	(11.5)	9.00	0.8
80-88 Jephson Street	17.6	17.6	-	9.25	0.9
23 High Street	4.2	4.2	-	8.00	0.1
27-29 High Street	3.6	3.6	-	7.75	0.1
<b>Subtotal</b>					<b>90.2</b>
Other <sup>3</sup>					3.6
<b>Total Office</b>	<b>2,508.7</b>	<b>2,498.5</b>	<b>0.4</b>		<b>93.8</b>

- 70 -
1. Includes stapling adjustment due to owner occupied space
  2. NOI includes AIFRS adjustments for straight-lining rental income, amortisation of lease fees and amortisation of incentives
  3. Relates to assets disposed during the period

## Stockland 1H11 Results - Commercial Property

### Asset values - Industrial and Assets Held for Sale

Industrial Portfolio	Valuation (\$m)	Previous Book Value (\$m)	Change (%)	Cap Rate (%)	1H11 AIFRS NOI (\$m) <sup>1</sup>
Yennora Distribution Centre	335.2	335.2	-	8.00	12.6
Defence Distribution Centre (55%)	130.7	130.7	-	7.00	4.6
Port Adelaide Distribution Park	82.4	78.8	4.6	9.50	3.5
Hendra Distribution Centre	81.5	81.2	0.4	9.00	3.3
Brooklyn Estate	75.8	75.8	-	9.50	2.7
9-11A Ferndell Street	44.9	47.9	(6.3)	9.72	2.4
1090-1124 Centre Road, Oakleigh	32.9	32.9	-	8.79	1.3
20-50 Fillo Drive & 10 Stubb Street, Somerton	31.1	31.1	-	9.25	1.4
Altona Distribution Centre	20.5	20.5	-	9.50	0.7
11-25 Toll Drive, Altona	17.4	17.4	-	8.50	0.8
2 Davis Road	16.3	16.3	-	9.50	0.9
56-60 Toll Drive, Altona	15.0	15.0	-	8.75	0.5
32-54 Toll Drive, Altona	15.0	14.0	7.1	8.75	0.7
76-82 Fillo Drive, Somerton	13.7	13.7	-	9.25	0.6
9-13 Viola Place, Brisbane Airport	11.4	11.4	-	9.8	0.7
M1 Yatala Enterprise Park	10.7	10.7	-	N/A	0.0
40 Scanlon Drive	6.8	6.8	-	9.00	0.1
<b>Subtotal</b>					<b>36.8</b>
Other <sup>2</sup>					1.4
<b>Total Industrial</b>	<b>941.3</b>	<b>939.4</b>	<b>0.2</b>		<b>38.2</b>

Assets held for sale	Valuation (\$m)	Previous Book Value (\$m)	Change (%)	Cap Rate (%)	1H11 AIFRS NOI (\$m) <sup>1</sup>
3676 Ipswich Road, Wacol	21.0	21.0	-	N/A	0.7
Stockland Lilydale	28.2	28.2	-	8.5	1.1
<b>Total Held for Sale</b>	<b>49.2</b>	<b>49.2</b>	<b>-</b>		

- 71 -
1. NOI includes AIFRS adjustments for straight-lining rental income, amortisation of lease fees and amortisation of incentives
  2. Relates to assets held for sale and disposed during the period

## Stockland 1H11 Results - Commercial Property




### Asset disposals

State	Property Disposed	Asset Class	Disposal Date	Disposal Value (\$m)	Initial Yield (%)	Difference to book value (%)
NSW	333 Kent St, Sydney	Office	Aug 2010	41.5	8.8	5%
	72 Christie St, St Leonards	Office	Nov 2010	61.5	8.4	2%
	Prestons Industrial Estate, Prestons	Industrial	Dec 2010	15.5	11.9	(6%)
WA	1 Havelock St, West Perth	Office	Dec 2010	30.0	9.2	(6%)
Total asset disposals 1H11				148.5	9.0	-
FY10 Disposals				363.2 <sup>1</sup>	8.2	(4%)
FY09 Disposals				405.9	8.1	(5%)
Total asset disposals FY09 – 1H11				917.6	8.3	(4%)

## Stockland 1H11 Results - Commercial Property

### Development pipeline

	PROJECTS	Total Project Cost (\$m)	Estimated Cost to complete (\$m)	Estimated fully leased year one yield	FY11	FY12	FY13	FY14	FY15	FY16+
Under Construction	Merrylands	395	190	6.5% <sup>1</sup>						
	Townsville	175	150	6.5% <sup>2</sup>						
	Shellharbour	330	315	7.6%						
	North Shore - Townsville	25	15	6.0% <sup>3</sup>						
	Highlands	35	30	6.8% <sup>3</sup>						
		<b>960</b>	<b>700</b>							
To commence in next 18 months:	Wetherill Park	120	120	7.5% - 8.0%						
	Green Hills	350	350	7.5% - 8.0%						
	Harrisdale	35	35	6.0% - 6.5% <sup>3</sup>						
		<b>505</b>	<b>505</b>							
Master planning / future projects:	Glendale									
	Wendouree									
	Baldivis									
	Caloundra									
	Jimboomba									
	Belrose									
	Gladstone									
	Nowra									
	Townsville - Stage 2									
	Kawana									
		<b>980</b>	<b>980</b>							
	<b>TOTAL</b>	<b>2,445</b>	<b>2,185</b>							

 Under construction  
 To commence in next 18 months  
 Future projects

- 73 -
1. Initial yield impacted by extended duration of the project and difficult economic conditions associated with the GFC
  2. Initial yield impacted by the need to move quickly to secure Myer in order to protect existing asset value and position the asset for future growth in the face of strong competition
  3. Low yield due to strategic early development of centre to drive increased sales of residential lots, generating higher project returns

## Stockland 1H11 Results - Commercial Property

### Retail sales

	Total MAT (\$m)	% MAT Growth	% Comparable Growth	% 6mth Comparable Growth	% 3mth Comparable Growth
Supermarkets	2,060	8.7	3.8	5.5	6.0
DDS	788	(2.4)	(1.5)	(0.4)	(2.3)
Specialties	1,404	2.0	(0.8)	0.2	(0.3)
Mini Majors/Cinemas/Other	806	8.3	5.2	0.4	(1.7)
<b>Total</b>	<b>5,058</b>	<b>4.9</b>	<b>1.8</b>	<b>2.2</b>	<b>1.5</b>

	Urbis Average for Sub-Regional 2009/10 <sup>1</sup>	Stockland Dec 2009	Stockland Dec 2010	Stockland Year on Year Increase
Comparable Specialty MAT per m <sup>2</sup>	7,562	8,784	8,908	1.4%



## Shellharbour - an opportunity to capture leakage from the trade area

### Shellharbour

- Limited significant competition in the trade area
- Opportunity to be first to market to capture significant escape expenditure
- Illawarra's first 4 star Green Star shopping centre<sup>1</sup>
- Australia's largest retail application of renewable solar energy combined with a trigeneration system

#### Pre development

- GLA: 39,000 sqm
- Anchors: 3
- Specialty shops: 120

#### Post development

- GLA: 75,000 sqm
- Anchors: 5
- Specialty shops: 220

Development Cost

\$330 million

Initial Project Yield

7.6%

Incremental IRR

13.1%

Completed Centre IRR

12.1%

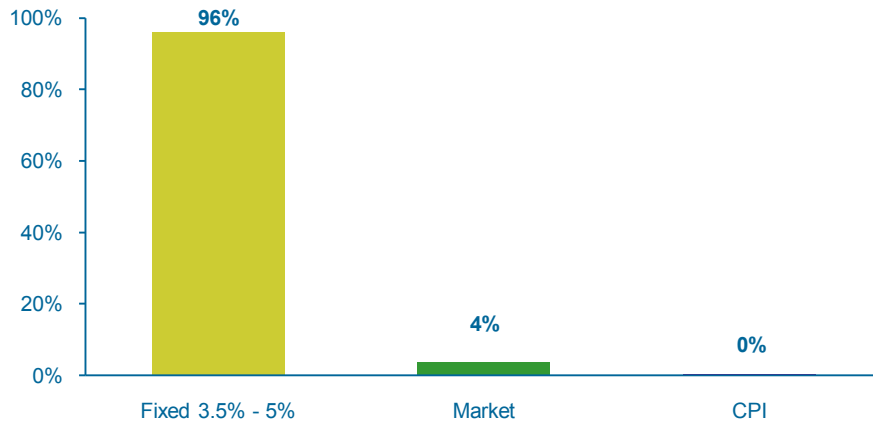


# Stockland 1H11 Results - Commercial Property

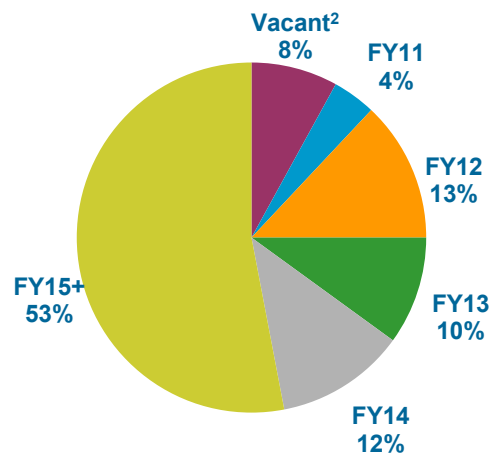
## Office and Industrial metrics

### Office

FY11 rent reviews<sup>1</sup>



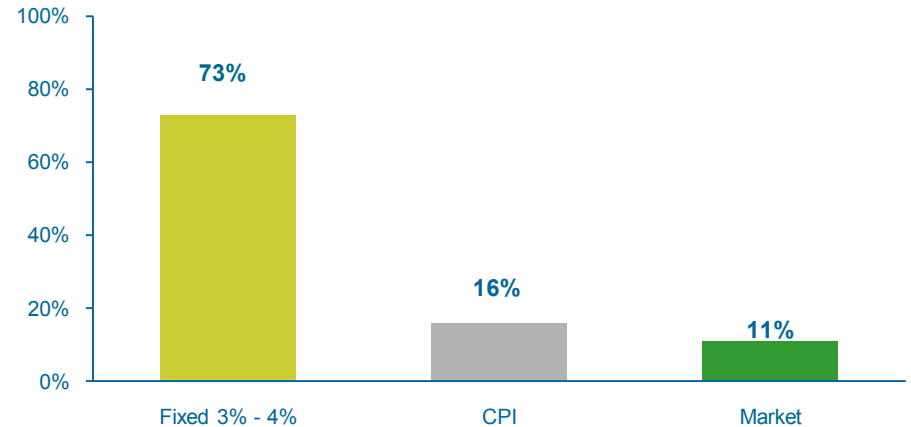
Lease expiry profile<sup>1</sup>



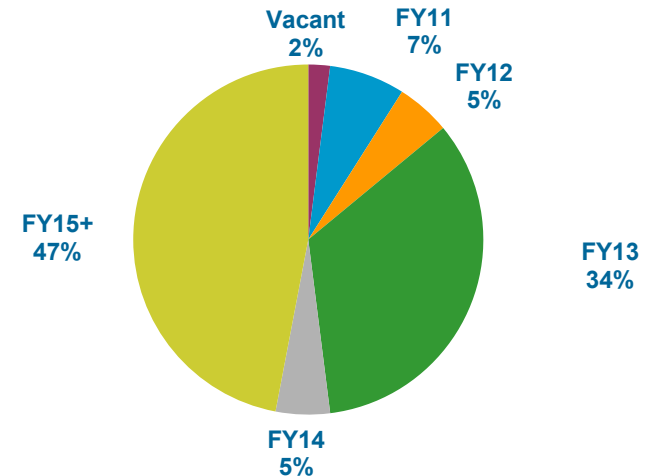
WALE: 4.2 Years

### Industrial

FY11 rent reviews<sup>1</sup>



Lease expiry profile<sup>1</sup>



WALE: 3.6 Years

## Stockland 1H11 Results - Commercial Property

### Tenancy retention and new leasing

		Operational Portfolio					
Office	NLA Leased (sqm) <sup>1</sup>	Retention (sqm) <sup>1</sup>	Increase on Base rents	Weighted Average Incentives	New Leases (sqm) <sup>1</sup>	Increase on Base rents	Weighted Average Incentives
Sydney CBD	4,505	3,734	1%	10%	771	32%	25%
North Shore	6,086	1,375	3%	22%	4,711	N/A	22%
QLD	11,197	9,131	14%	11%	2,066	-5%	2%
VIC	5,515	5,515	12%	4%	N/A	N/A	N/A
WA	5,167	1,923	15%	16%	3,244	34%	13%
	<b>32,470</b>	<b>21,678</b>	<b>11%</b>	<b>10%</b>	<b>10,792</b>	<b>15%</b>	<b>16%</b>

**67%  
retention**

		Operational Portfolio					
Industrial	GLA Leased (sqm) <sup>1</sup>	Retention (sqm) <sup>1</sup>	Increase on Base rents	Weighted Average Incentives	New Leases (sqm) <sup>1</sup>	Increase on Base rents	Weighted Average Incentives
NSW	36,418	36,418	-	6%	N/A	N/A	N/A
QLD	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SA	112,884	112,884	16%	6%	-	-	-
VIC	44,390	39,085	-4%	13%	5,305	N/A	17%
	<b>193,692</b>	<b>188,387</b>	<b>9%</b>	<b>7%</b>	<b>5,305</b>	<b>N/A</b>	<b>17%</b>

**97%  
retention**

## Stockland 1H11 Results - Commercial Property

### Office and industrial leasing – FY11 year-to-date

	Property	Building Area (sqm)	FY11 Area Leased (sqm)	Leased to	Remaining Vacancy (sqm)	Building WALE (years)	Comments
Office	Riverside Plaza	38,359	5,515	Primus	2,701	5.2	Continues our recent leasing success with SKM (10,000sqm) in FY10 and reinforces our refurbishment strategy
	9 Castlereagh Street	21,324	1,693	Various	4,515	2.3	Refurbishment is being well received by the marketplace and is due for completion Q4 FY11. Our focus is on creating a diverse expiry profile with quality medium size occupiers
	Durack Centre	25,202	1,927	Isis / Various	3,451	6.0	Foyer & floor refurbishment complete, service upgrades underway. Focusing on securing long term leases with strong covenants
	16 Giffnock Avenue	11,780	4,272	Terms Agreed	-	4.0	100% leased during a difficult market
	Bankwest Tower <sup>1</sup>	39,300	1,472	Various	4,648	3.4	Refurbishment commenced to reposition this iconic A-grade tower in Perth's CBD core
Industrial	Port Adelaide	166,847	112,884	ACI	9,024	3.3	Asset significantly de-risked following ACI renewal
	32-54 Toll Drive	18,727	18,727	Terms Agreed	-	4.8	Tenant renewal
	Brooklyn DC	130,064	15,481	Unitised Building	-	3.8	Expansion from incumbent tenant. Ongoing marketing campaign generating good demand
	Yennora DC	298,604	30,509	Toll / Simon Transport	-	2.5	Toll / Simon Transport retained
	9-11 Ferndell St	30,734	5,909	Frucor Beverages	-	2.8	Retention transaction

## Stockland 1H11 Results - Commercial Property

### Tenancy profile - Top 20 tenants<sup>1</sup>

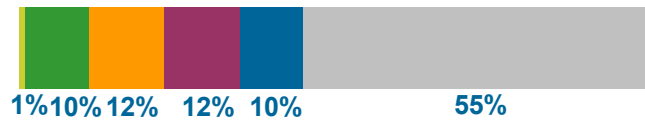
Retail Portfolio			Office Portfolio		Industrial Portfolio	
Rank	Tenant	Portfolio (%)	Tenant	Portfolio (%)	Tenant	Portfolio (%)
1	Wesfarmers	28.7%	Singtel	5.5%	ACI	14.1%
2	Woolworths	23.7%	Sinclair Knight Merz	4.4%	Department of Defence	11.8%
3	Retail Adventures (incl Crazy Clarks)	1.9%	Australian Taxation Office	3.3%	Toll	10.9%
4	Amalgamated Holdings (Greater Union, Birch Carroll & Coyle)	1.5%	Bankwest	3.2%	Australian Wool Handlers	7.5%
5	Best & Less	1.4%	Stockland	2.9%	Unitised Building	5.1%
6	Aldi	1.0%	IBM	2.5%	Linfox	3.9%
7	The Reject Shop	0.9%	South East QLD Electricity Group	2.4%	Ceva (TNT)	3.6%
8	Specialty Fashion Group (incl Katies)	0.8%	The State Property Authority	2.3%	Visy	3.1%
9	McDonald's	0.7%	Sony	2.2%	Kmart	2.6%
10	Australian Pharmaceutical Industries	0.7%	Schneider	2.0%	P&O	2.5%
11	Just Group (incl Just Jeans, Jacqui E)	0.6%	Colonial First State/CBA	1.8%	Hi-Fert	1.9%
12	Franklins	0.6%	Goodman Fielder	1.8%	Western Star Trucks	1.8%
13	Westpac Banking Corporation	0.6%	Department of Public Works	1.8%	Yakka	1.7%
14	Hoyts Multiplex Cinemas	0.6%	Lavery Pathology	1.7%	CRT Group	1.5%
15	Rebel Sport	0.6%	Downer EDI	1.5%	Envotec	1.3%
16	Kentucky Fried Chicken	0.5%	CSR	1.4%	Simon Transport	1.2%
17	Commonwealth Bank of Australia	0.5%	Worley Parsons	1.3%	Pack-Tainers	1.2%
18	Lowes	0.5%	Shell	1.2%	Kagan Bros	1.1%
19	Harris Farm Markets	0.4%	Primus Telecommunications	1.2%	Isuzu	1.1%
20	Sussan	0.4%	Victoria Police	1.1%	Amcor	1.0%
		<b>66.6%</b>		<b>45.5%</b>		<b>78.9%</b>

## Stockland 1H11 Results - Commercial Property

### Lease expiry profiles<sup>1</sup>

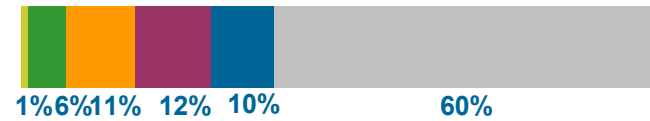
#### Retail

June 2010



WALE: 6.0 Years

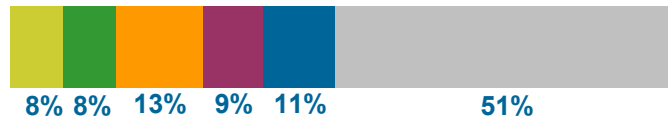
December 2010



WALE: 5.9 Years

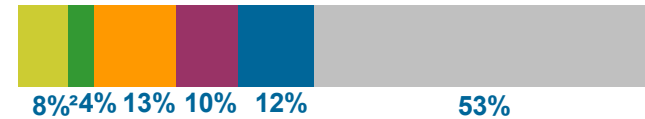
#### Office

June 2010



WALE: 4.6 years

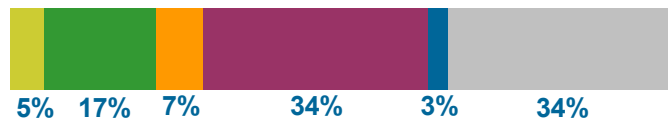
December 2010



WALE: 4.2 years<sup>2</sup>

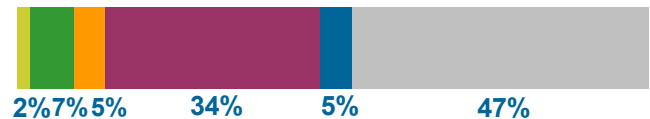
#### Industrial

June 2010



WALE: 3.4 Years

December 2010



WALE: 3.6 Years

■ Vacant 
 ■ FY11 
 ■ FY12 
 ■ FY13 
 ■ FY14 
 ■ FY15+

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