Investor update & strategic review

13 May 2013

Stockland Shellharbour, NSW

Agenda

Strategy and Group Update - Mark Steinert, Managing Director

Operational and strategy update - CEOs

Summary - Mark Steinert, Managing Director

Stockland

Stockland, who we are

Vision: To be a **great property company** that delivers **value to all our stakeholders**

Primary objective: To deliver EPS growth and total risk-adjusted shareholder returns above A-REIT sector

Strong financial position with an A- stable credit rating (S&P)

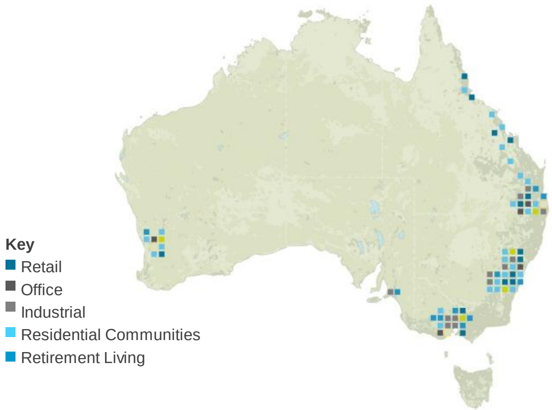
Strong commitment to sustainability that creates long term value for Stockland and the community

- Listed in the Global 100 Most Sustainable Companies for the fourth consecutive year

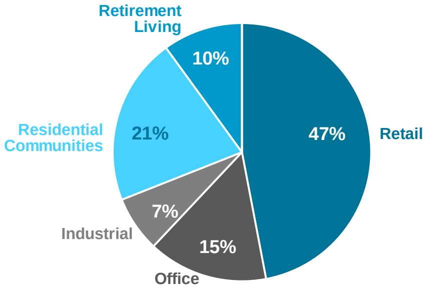
- Dow Jones Sustainability Index a top rated real estate company

Our purpose:
We believe there is a better way to live

Stockland is well positioned and has a diverse portfolio



Share of real estate assets at 31 December 2012[1]



1. Total assets of AUD12.5b

Strategic review executive summary

We have undertaken a detailed review of our business and markets to define a strategy that:

- Optimises securityholder returns within an acceptable level of risk through the cycle
- Delivers reliable profit and EPS growth over time
- Ensures a culture of high transparency and accountability
- Delivers innovative products that meet customer expectations

We have also tested our structure and confirmed that our diversified stapled trust and corporation structure adds most value for securityholders

Our strategic approach

Focus on core competencies in property and asset management and development to drive value creation

Focus on cost and efficiency while maintaining a desirable work environment

Agile capital allocation within a disciplined risk / return framework

Actively divest assets that don't meet our risk-adjusted hurdle rates of return

Maintain a strong balance sheet and A- credit rating

Reinvigorating the business for reliable growth and returns

Business position

Business in transition as we position ourselves for growth in FY14 and beyond

Senior management changes to reinvigorate the group

Expect FY13 full year EPS to be 25% below FY12 after impact of restructure provision (prior guidance down 20-25%)

FY13 Distribution 24 cps

Maintain 24cps distribution in FY14 assuming no material deterioration in trading conditions

Target financial metrics

Reliable profit growth above A-REIT sector

Improved returns (ROE of >11% by FY18)

Continued strength in our balance sheet (20-30% gearing)

3Q13 update

3Q13 performance in line with expectations

Retail sales growing:

- Comparable MAT per sqm up 2.7%
- Comparable specialty MAT per sqm up 3.3%

Retail productivity of $8,841, above national Urbis average and low occupancy costs of 14.1%

Leasing in Industrial and Office progressing well. Weighted average rental growth 3Q13:

- Industrial up 3% and Office up 4%

Residential lot volumes improved recently, however margins remain under pressure, due to impaired projects and mix

- Additional impairment on previously impaired projects of $49m reflecting further analysis and in some instances divestment negotiations. A material amount of this additional impairment relates to a provision regarding a court appeal, where we have assumed the worst outcome
- Since interim results, disposed of one previously impaired project identified for disposal

Retirement Living solid operating result with strong enquiries, steady reservations and reducing cancellations

Key milestones achieved

East Leppington (NSW) rezoning gazetted April 2013

Hervey Bay (Qld) $115m redevelopment commenced, 7.5%[1] yield and 13.8%[1] incremental IRR

Hervey Bay Schematic

1. Pre-AIFRS cash yield and IRR

Macro framework

Economic outlook

Improving global growth, although European weakness and US household deleveraging to mute upside

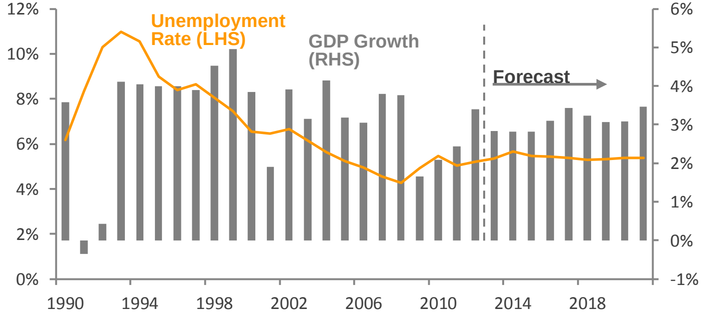
Australia well positioned with population growth, low unemployment and interest rate cuts offset by moderating mining investment, the high AUD and household deleveraging

Interest rates remain low for medium term

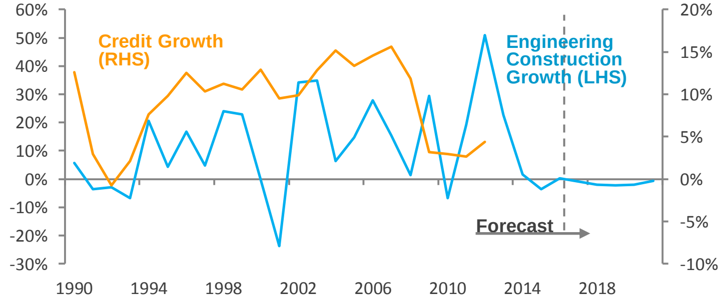
Australian property is seen as a safe haven attractive to offshore investors, cap rates are likely to tighten

Australia well placed but risks remain; residential market recovery underway

Reasons to be optimistic

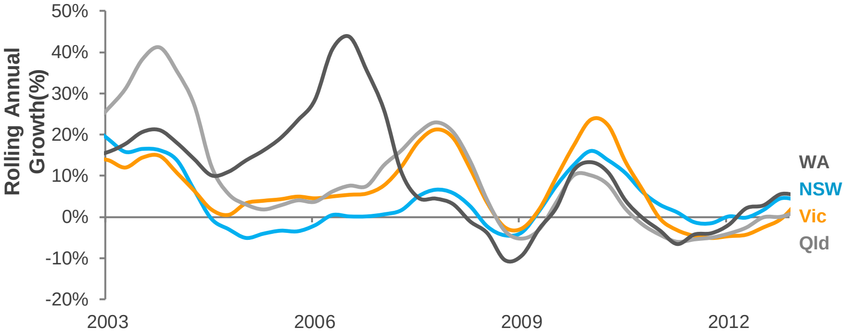


Reasons to be cautious



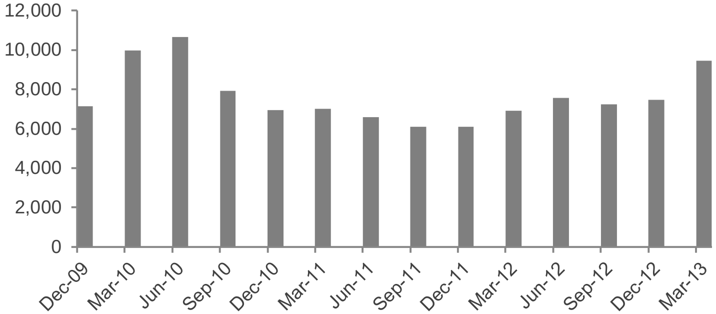
Established Housing market recovering for 6 months

Capital city house prices – Annual Growth



Vacant Land market starting to respond

Vacant Land Market Sales (quarterly)



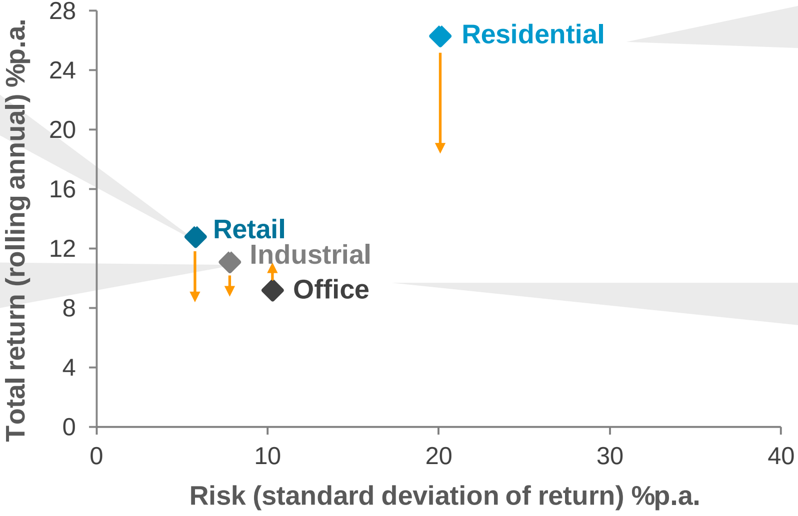
Source: ABS, RBA, APM, Deloitte Access Economics, Charter Keck Cramer, Stockland Research

Historical sector risk-return profiles help define target weightings

Risk-return profile of different asset classes based on direct property (1985-2012)

Retail significantly outperformed. Expect solid future, however significant outperformance may not be replicated due to e-retailing and supply dynamics

Industrial attractive returns predominantly driven by yield. This is beneficial in a low growth environment. Expect underlying demand drivers to be reasonably strong



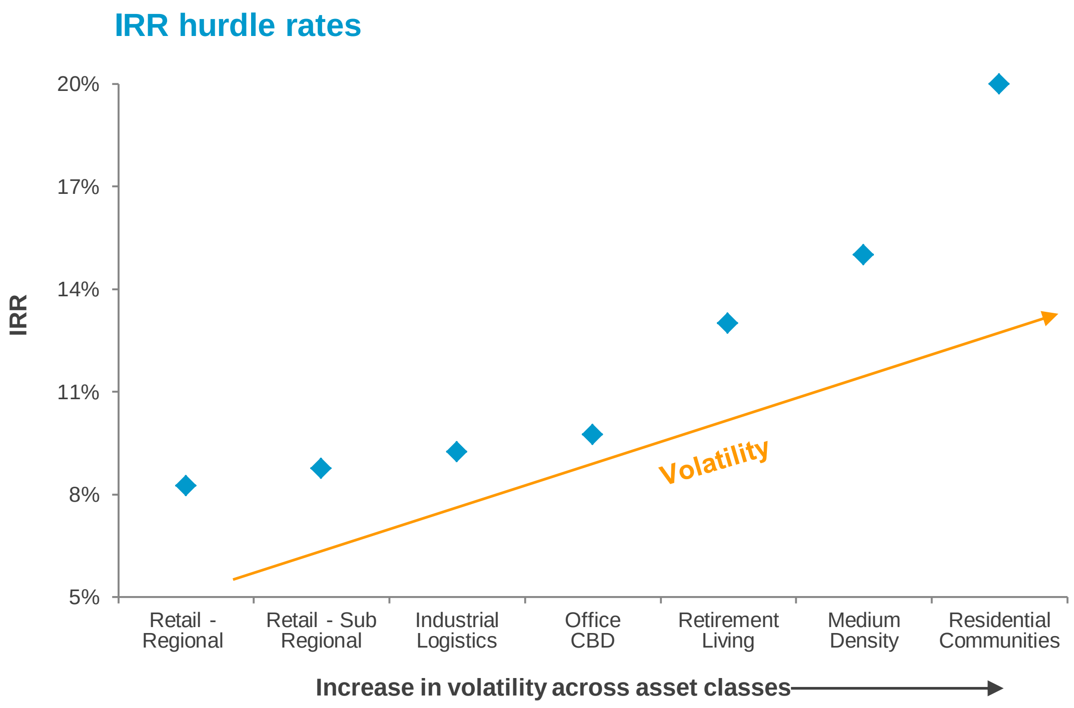
Residential: strong historic returns with commensurate higher risk. Future returns are expected to be lower due to statutory contributions and construction costs

Office returns have historically been the lowest of any commercial property asset class, with highest volatility. Office is also the most capital intensive.

↑↓ Forecast risk/return

Note: Based on direct property returns from 1985-2012 for Retail, Industrial and Office; 2001-2012 for Residential subdivision. These are market returns, not Stockland returns
Total return = capital growth + yield for commercial property assets. Total residential return = [(price – cost)x(volume)} / (cost x volume)]
Source: IPD, ABS, APM, RBA, HIA

Hurdle rates reflect sector risk profiles



We will maintain a strong diverse portfolio to deliver reliable growth

Asset allocation

Target 70-80% assets with recurring earnings, Retail the core focus

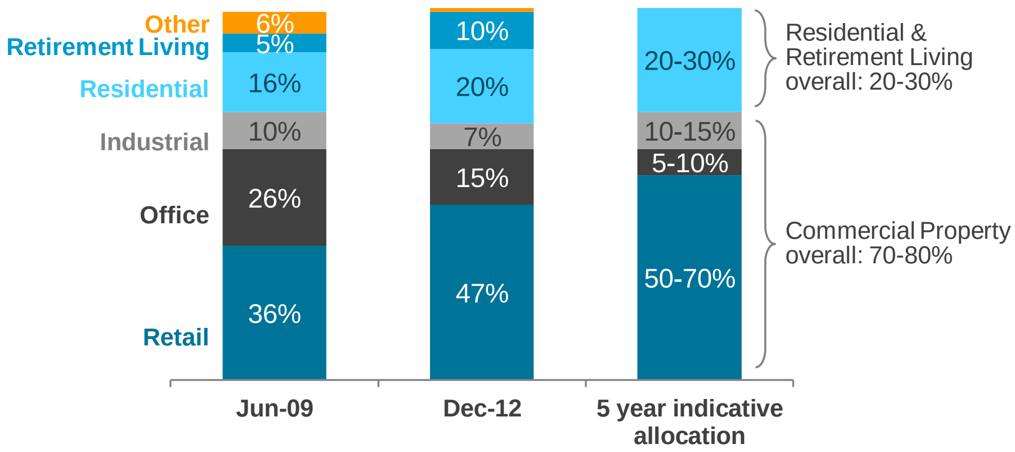
Increase exposure to Industrial (primarily logistics related) from 7% today to 10-15% over time

Retain tactical exposure to Office, and continue to down-weight post value add initiatives

Target 20-30% trading assets (Residential and Retirement Living (31% today)

Expand Residential and Retirement Living built form initiatives to extend customer reach with medium density

Asset mix (%)



Continue to drive efficiency and cost management

Ongoing focus on overheads reduction

Achieved ~10% reduction in gross overheads over the past year

- 70% of overhead headcount reduction has been in support roles

An additional 10% of gross overhead savings (pre inflation increase) are targeted to be captured over the next year

Savings and efficiency improvements have been achieved through:

Centralisation of functions

Automation of processes

Procurement savings

Continue to drive benefits from these initiatives and seek additional areas of improvement

Centralisation of additional functions

- Human resources
- Finance
- Marketing

Ongoing process improvement

- Forecasting
- Risk management
- Development management

Stockland

Active capital management

Ensuring optimal mix of funding sources

Debt: continue to maintain conservative gearing ratios

Balance sheet ratios remain within A- metrics and remains a key focus

Gearing maintained within target range (20%-30%)

Expect FY13 cost of debt of 6.2% (FY12: 6.2%)

We will continue to manage our weighted average cost of debt closely and will consider breaking legacy fixed interest swaps to manage our ICR metric

Equity: DRP is appealing as capital inflow is aligned with accretive shopping centre development pipeline. May consider 50% underwritten over the next 12 months

Capital recycling: We will dispose of assets that don't meet our risk adjusted targets. Expect $300m asset sales in 2H13, primarily office

Capital partnering: We have undertaken effective capital partnering on select projects and will look to modestly expand this

- Continued use of capital effective acquisition structures, particularly in residential
- Seek additional partnerships in commercial property. Core stabilised retail is the greatest immediate opportunity given our expertise and investor demand and implied cost of capital

Strong capital management disciplines

Disciplined application of risk adjusted investment hurdles

Reduced Residential and Retirement Living finished goods inventory available for sale down 40%[1] from 30 June 2012

Committed to reducing relative size of Residential land bank over time

Recapitalisation of the Corporation planned

Reallocation of capital from Trust to Corporation proposed for shareholder support at 2013 AGM ~$500m

1. Represents finished goods available for sale on comparable basis (excludes impact of capitalised interest change and industrial sites acquired since 30 June 2012)

We continue to pursue a range of partnering options, primary focus retail joint ventures

Capital partnering improves our risk-return profile

Undertaken effective capital partnering on select commercial property and will look to expand our activity

We have a preference for a small number of select partners across targeted large, high quality core assets

Waterfront Place, Brisbane (JV with the Future Fund)

Joint venture (JV) or project delivery agreement (PDA):

Retail is the greatest immediate opportunity given our expertise and investor demand

Selective opportunities in Office

Residential: focus on large, long dated projects

Capital effective acquisition: Continue to use for residential acquisitions

Delivery partnership: Investigate use of third party capital & capabilities to deliver projects & infrastructure

Unlisted wholesale syndicate or fund: Wind up SREEF1. Consider in the future but focus on JVs first

Unlisted retail fund: Wind up funds & do not create any new retail funds in the foreseeable future

Listed fund: Possible exit option for some asset classes

Stockland

Each business unit has a clear focus

Business	What is not changing	What is changing and why	Targets
Retail	Current strategy of being a leader in regional areas and having a clear point of difference in metropolitan areas	More capital partnering to avoid overexposure to some assets and provide funding for accretive $1.5bn development pipeline	Development: 7-8% pre-AIFRS yield; 13-14% incremental IRR
Industrial	Looking to add value to existing assets where appropriate	Increase exposure over time Take advantage of expected future demand for logistics / warehousing Yields important in a lower growth environment	$1.2-1.5b portfolio in five years
Office	Looking to add value to existing assets where appropriate	Retain tactical exposure and maximise value from existing assets prior to disposal	Extract value and progressively down weight
Residential	Focus on delivering differentiated masterplanned communities	Improve returns by: Reshaping the portfolio (no. projects, project size, land bank size) Reducing time to market Reducing the cost base Expanding target customer segments with medium density offering	~23-25% EBIT margin (in the medium term) 5,000 – 6,000 annual settlements
Retirement	Initiatives to create full, happy villages and more of them	Reduce costs Scale-up development	6.5% ROA by FY15 8% ROA by FY18
Residential/ Retirement built form	Delivery of medium density in residential and retirement living businesses	Greater focus on medium density development within our portfolio, to respond to changing customer preferences (not high rise stand-alone apartments) At the appropriate time add infill development opportunities , which exceed risk-adjusted hurdle rates	Look to double from current level of ~100 residential units and ~300 retirement units[1] p.a. by FY18

1. Retirement Living increases are reflected in the Retirement Living ROA targets provided above

We are addressing our immediate business priorities

Improve Residential profitability and separate residential portfolio into core and workout

Improve Retirement Living return on assets and explore capital efficient opportunities to improve scale

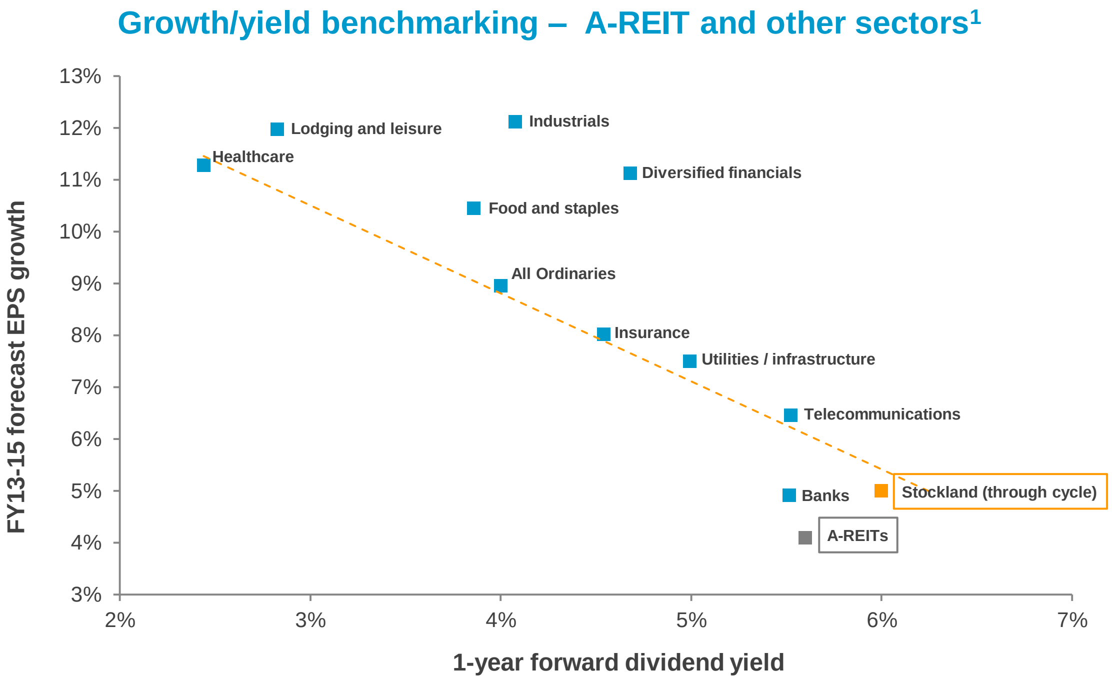
Grow Commercial Property through development and acquisitions

- Continue to enhance value of retail portfolio through redevelopment
- Retain and expand Industrial portfolio
- Optimise value of existing Office portfolio for asset recycling

Improve organisational efficiency

Strengthen Corporation by seeking security holder approval to reallocate ~$500m of capital from the Trust to the Corporation

Stockland offers attractive yield and EPS growth



1. Source: Bloomberg; UBS Research. Sector metrics represent arithmetic averages of the following constituents: Banks – BEN, BOQ, ANZ, CBA, NAB, WBC; Diversified Financials – ASX, CGF, CPU, MQG, PPT, SUN; Food and Staples – WES, WOW, CCL, GFF, TWE; Industrials – LEI, UGL, BLY, LLC, IPL, NUF, ORI, ABC, BLD, CSR, JHX, AMC; Healthcare – ANN, COH, CSL, PRY, SHL, SRX; Lodging and Leisure – ALL, CWN, EGP, TAH, TTS; Insurance – AMP, IAG, QBE; Media – FXJ, NWS, SWM; Telecommunications – TLS, SGT, TEL; Utilities / Infrastructure – AIO, MAP, TCL, TOL, AGK, APA, DUE

Retail

Stockland Townsville, Qld

Summary

We have built strong capability and believe that quality Retail property will continue to deliver attractive risk-adjusted returns

Our Retail strategy is to be the leader in regional areas, and have a clear point of difference in metropolitan areas

At the start of FY07, we had a $3.5b retail portfolio in a compressed cap rate environment. We have since sold $900m of underperforming assets, and assets in passive JVs

By focusing on development, selective acquisitions, and strong leasing and management, we have built a $5.3b[1] portfolio of quality retail assets. Our aspiration is to build a ~$7.5b portfolio in the next five years

We are in the top four Australian listed retail owners and our retailers consider our portfolio key to their future growth plans

Structural change

Technological change, the emergence of new offshore retailers and business models, and demographic shifts all impacting how we shop and where we spend

Majority of spending will be captured in store, despite the continued penetration of online retailing, including omni-channel

The relative strength of different retail categories will continue to shift over time

Our retail mix is well positioned due to our focus on food, convenience and retail services

We will continue to redevelop assets to consolidate and improve their local market position, where development will deliver enhanced returns

18 assets in our development pipeline over the next ten years; eight planned to commence in the next two years

Target returns: 13-14% incremental IRR; 7-8% incremental yield (pre-AIFRS cash)

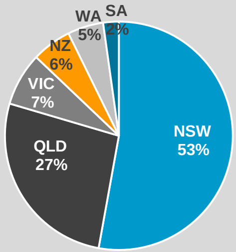
Hurdle IRR: regional centres 8.25%; sub-regional centres 8.75%

1. As at 31 December 2012

Stockland Retail portfolio evolution – 2006 to 2013

Book Value

June 2006
$3.5b



39 Retail centres

Sub-regionals and neighbourhoods

Low cap rates across all retail asset types

Average cap rate 6.3%

Disposal

$0.9b

Karrinyup (25%) – FY08
Botany Town (50%) – FY08
Lynnmall (50%) – FY08
Manuka (50%) – FY08
Parabanks – FY08
Batemans Bay – FY09
Lilydale – FY12
Bay Village – FY13

Actively disposed of holdings in passive JVs and optimised our footprint

Over $500m of passive retail sold at the peak of the market in FY08

Acquisitions

$0.5b

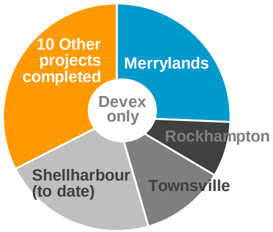
Jimboomba S.C. JV – FY07
Wallsend – FY08
Cammeray – FY09
Hervey Bay – FY11
Point Cook – FY11
Townsville Kmart – FY12

Maintained our discipline and did not over-acquire in the lead up to the GFC

Following the market correction, we have taken a cautious approach and waited for volatility to subside and values to stabilise

Capital Expenditure

$1.8b



Remained committed to a quality portfolio and maintained or reinvested in our assets

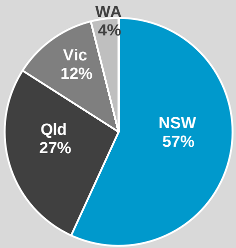
We have continued to develop and upgrade the portfolio through the cycle

7.0% weighted average yield[2] (14 completed retail projects); blended incremental IRR ~ 11.7%

Book Value

December 2013
$5.5b[1]

(Net Revals)
$0.5b



41 Retail centres

Positioned for future growth

8 DAs secured

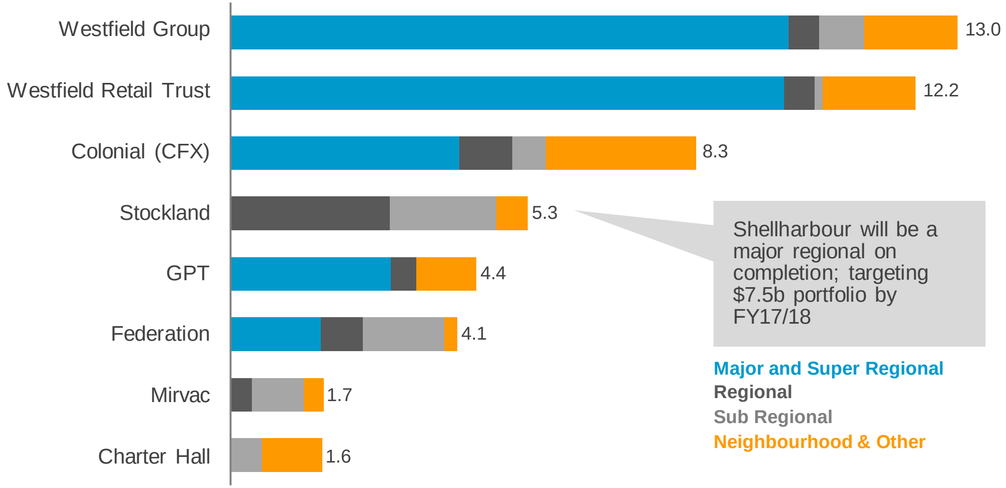
Average cap rate 7.0% 1H13

Average IRR 10.5% 1H13

1. Estimated by 31 December 2013
2. Pre-AIFRS

Top four Australian listed Retail property owner

Listed entities, Australian assets on balance sheet
Book Value December 2012 ($b)



Number of centres
(including part ownership)

39

38

29

41

10

47

19

75

Note: SGP assets include ~$820m WIP at Dec 2012. Federation's value accounts for $371m co-ownership transaction with ISPT announced in February 2013 (reported book value Dec 2012 (pre-transaction) is $4.4b). Westfield Group excludes capital works in progress. CFX excludes capital works in progress and investment in associate trusts. Shopping centre classifications as per PCA database
Source: Colliers International; Company websites; SGP analysis

Retail spend will grow in real terms but at a slower rate to the last 10 years

Historical retail spending has been driven by population growth and increase in spend per capita

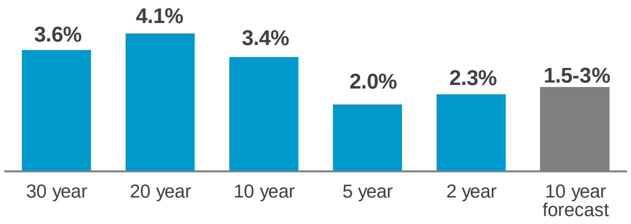
Growth has moderated in recent years as consumers have become more cautious and deleverage

Population growth alone will contribute ~1.5% p.a. growth in retail spend in the future

Online will continue to capture increased market share but majority of sales will be transacted through the store networks

Historical real (ex-inflation) retail market sales growth in Australia

CAGR to March 2013

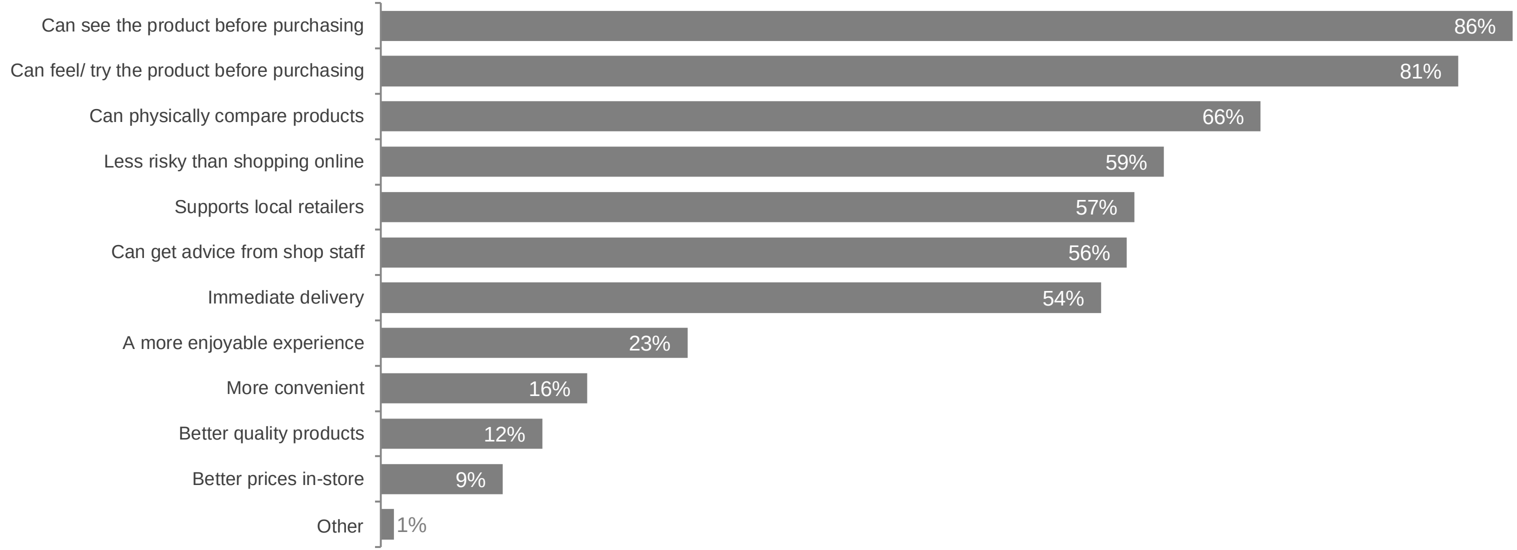


Source: ABS, Stockland Research

Although online will keep growing, shopping centres will continue to play an important role in future growth

Benefits of shopping in store

Stockland Monash University Retail Barometer, Oct and Nov 2012



Shoppers still want the touch and feel benefits of in-store shopping

Source: Stockland Monash University Retail Barometer (2,016 participants), Oct and Nov 2012

Some fine retail categories are more impacted than others by online: Retail shop mix adjusting

	% of Retail sales online[1] Dec 12	Recent Forecast Growth Trend
Music, Movie & Books	**66%**	Slowing
Toys, Games & Hobbies	**20%**	Accelerating
Clothing and Accessories	**10%**	Slowing
Specialised Food & Alcohol	**9%**	Steady
Furniture, Electronics & Appliances	**8%**	Accelerating
Supermarkets	**2%**	Slowing
Total Retail Sales	**6%[1]**	Slowing

1. Total retail spend excludes cafes, restaurants and take-away food, retail services, travel and non-retail (eg. gyms, cinemas). Total Retail Sales only adjusted for cash transactions. Category level proportions are for specialty retailers only with no adjustment made for cash

Source: A comprehensive commissioned study by The Quantium Group– Market Blueprint

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Structural change creates opportunity

Rapid uptake in technology, changing the way people shop

50% of Australians have a smart phone

1 in 5 use mobile searches in-store

Price comparison websites and applications enable immediate price comparisons

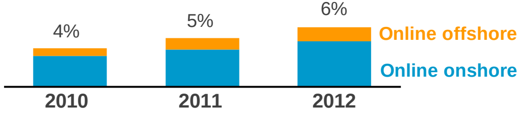
Social media influences behaviour

Significant growth in e-Commerce

More than 10 million Australians transacted online in 2012

Online market now exceeds $14b (6% or 9% ex. cash); expected to reach 14% (ex. cash) in 10 years

Online as a proportion of total retail spend[1]



New entrants and evolving business models

Global retailers coming to Australia

Manufacturers opening stores

Growth in online marketplaces

Demographic shift and changing consumer preferences

Underfunded baby boomers

“Experience-based” spending

Decline in credit growth

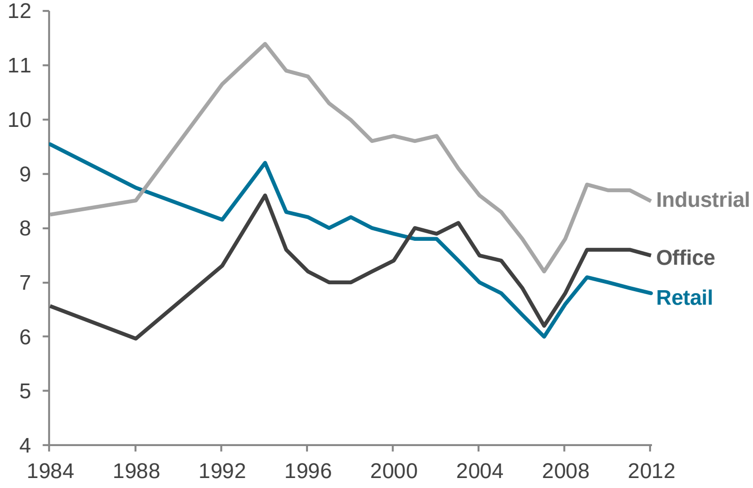
Real and perceived increases in cost of living

1. Total retail spend excludes cafes, restaurants and take-away food, retail services, travel and non-retail (gyms, cinemas)

Source: The Quantium Group – Market Blueprint; Google & eBay company presentations

Quality retail rarely changes hands; development drives returns

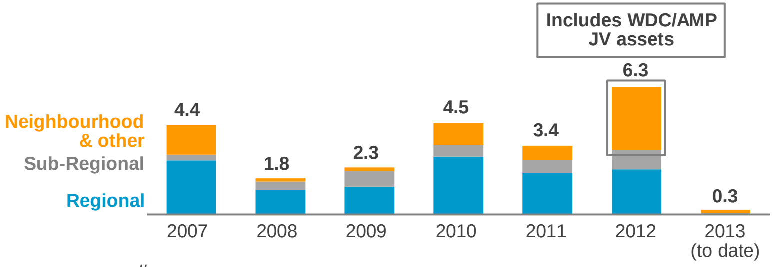
Capitalisation rate (%)



Cap rates for Retail property have tightened the most since 1984

Quality retail is especially hard to acquire

Retail Transaction Value by Asset Category ($b)



#	2007	2008	2009	2010	2011	2012	2013 (to date)
Neighbourhood & Other	116	79	86	106	115	91	1
Sub-Regional	7	6	12	9	12	13	1
Regional	2	1	1	3	2	11	1

10 of the 11 regionals sold in 2012 were passive shares purchased by third party capital

Source: Capitalisation rate1984-1992: BOMA of Australia Limited, 1995- 2012: IPD database. Retail transactions: Jones Lang LaSalle Research

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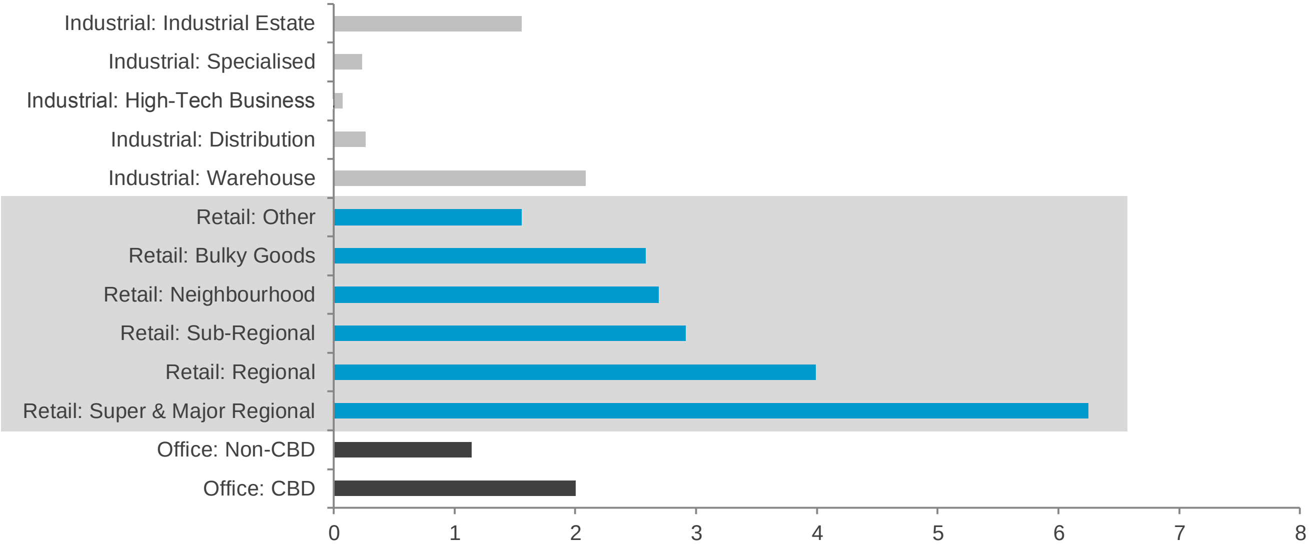
Retail has experienced greatest capital growth in last 25 years

$$\text{Capital Growth \%}: \frac{\text{Change in value - capex}}{\text{Start value + capex}}$$

Average capital growth (Rolling Annual) % p.a.



Source: IPD Australia

Success in Retail is asset specific driven by location, competitive position and product and service offering

Attractiveness of local market

Demand

Size, composition and growth potential in the main trade area

It is generally better to be in areas of higher growth than lower growth

Supply of retail space

Competitive landscape in the surrounding trade area (quantity and quality)

It is generally better to be in less competitive areas than more competitive areas

Competitive positioning

It is generally more desirable to:

Be the leader (the biggest) in the local market to attract the best retailers and more customers so we can provide a product and service that is compelling

Have a clear point of difference

Tenant mix

The right retail tenant mix differs by type of centre:

Neighbourhood Centres must have a convenience offer, with everyday products and services. "One stop for basic needs"

Sub-Regional & Regional centres require quality anchors and a breadth of offer great enough to attract customers and increase the length of stay

Sustainability of occupancy costs

For all centres, the retail tenant mix should be appropriate to the local market to maximise revenues and increase foot traffic

Retail sales growing despite consumer caution; changes in retail mix improving productivity

3Q13 Update

Total sales growth strong, pursuant to completing developments

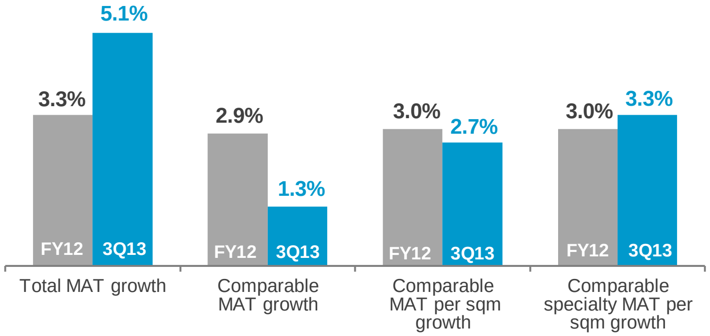
Specialty shop growth in the comparable centres, is stronger per square metre due to active leasing and remerchandising

Discount department store (DDS) performance dragging the total moving annual turnover (MAT) comparable growth

89% of specialty shop leases are on fixed annual increases 4-5%; 11% CPI

Reconfirm post-AIFRS comparable NOI growth in range of 2-3% for FY13. Cash growth slightly higher

Moving annual turnover growth

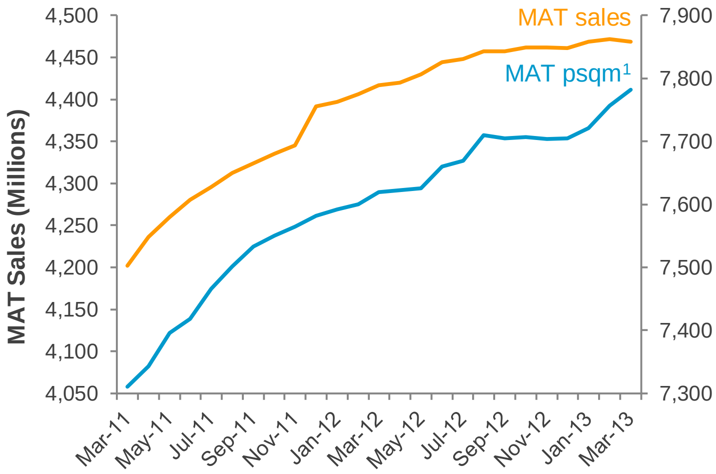


Rent reversion year to date

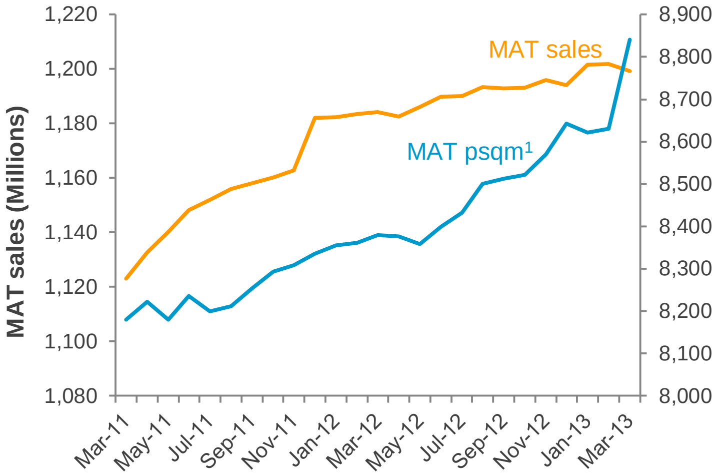
	No. of Deals	Rental growth
Lease renewals	168	2.5%
New leases	129	1.1%
Total portfolio	**297**	**1.9%**

Historical MAT sales and MAT $/sqm[1] comparable portfolio

Total sales



Specialty sales



Specialty shop MAT/sqm growth outperforming overall Specialty shop absolute MAT growth due to:

- Improved productivity due to remixing
- Conversion of underperforming specialties to mini majors
- Conversion to better performing specialty categories such as food catering, retail services and non-reporting retail

1. MAT $/sqm based on retailers trading for 24 months

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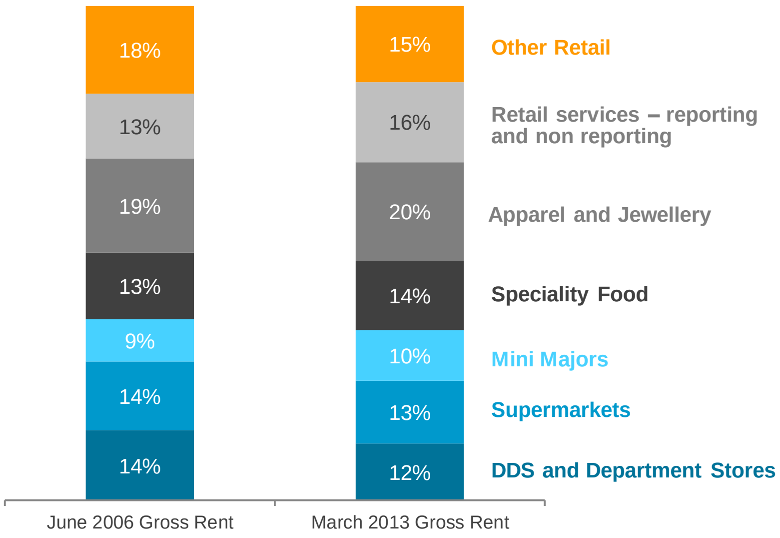
Increasing resilience of the rental base

Rental composition has reduced reliance on some fine discretionary retail categories

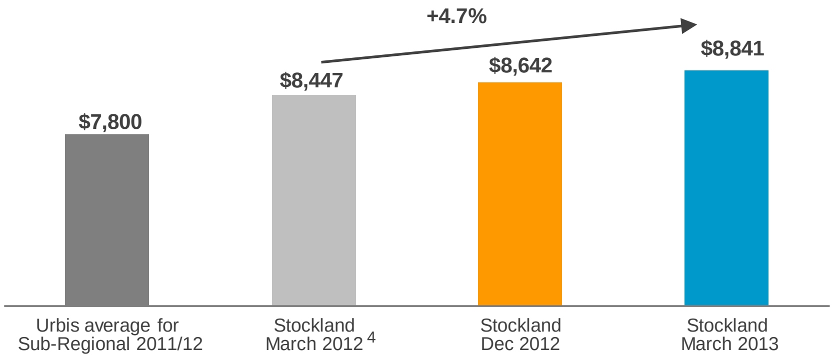
- Other Retail reduced (pharmacy, toys, pets, music, books, games, sporting goods and newsagents)
- Retail Services increased (reporting and non-reporting)
- Mini Majors and Specialty Food increased
- Department Stores and DDS decreased



Stockland MAT outperformed industry benchmarks

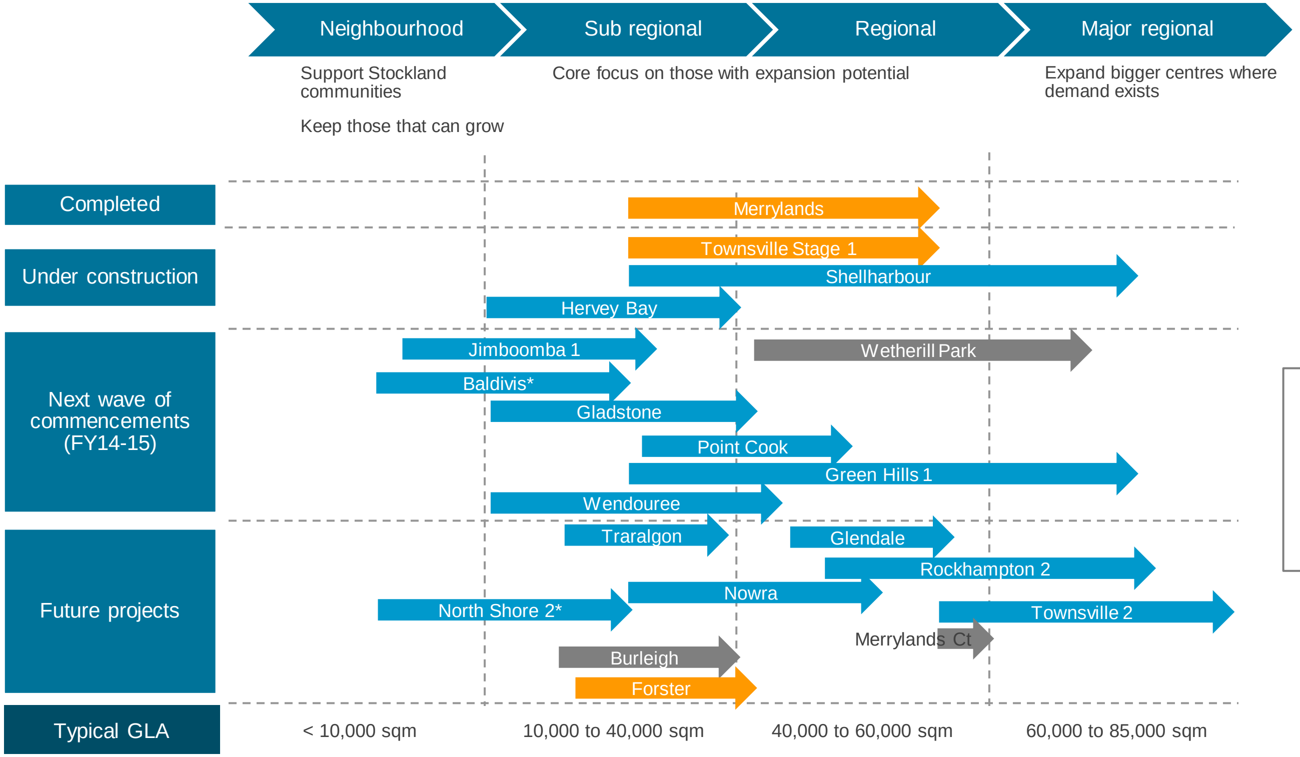
Solid retail sales growth		
	SGP Total[1] MAT growth	ABS Total[2] MAT growth
Specialty shops	▲ 7.7%	▲ 2.6%
Supermarkets	▲ 4.6%	▲ 4.1%
Department / DDS	▲ 2.8%	▲ 1.3%
Other[3]	▲ 4.0%	n/a
Total MAT growth (12 months to March 13)	**▲ 5.1%**	**▲ 2.9%**

Comparable MAT growth – Specialty 24 month in place per sqm



1. Total portfolio
2. ABS Retail Trade, Australia Catalogue: 8501.0
3. Includes mini-majors and cinemas
4. March 2012 Specialty MAT is re-based for March 2013 comparable

We have a significant development pipeline driving growth



Development rationale

- Repositioning
- Defensive
- Growth

Target returns

13-14% incremental IRR

7-8% incremental yield (pre-AIFRS cash)

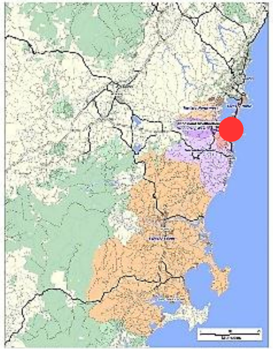
*Centre developed on acquired land as part of Residential Community activity

Stockland

Actively refining our product and our retail tenant mix

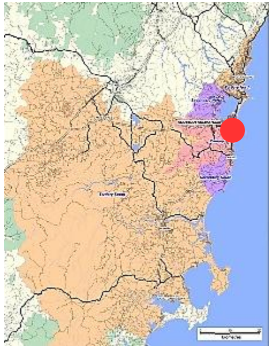
1 Defining the trade area

Expected



~200,000 people, $2.2b retail spend

Actual



~375,000 people, $4.5b retail spend

● Stockland Shellharbour

2 Understanding market share and leakage

3 Retail mix planning and execution

COUNTRY ROAD
KATHMANDU
Foot Locker
General Pants Co.
JB HI-FI
LORNA JANE
SDS SURF DIVE 'N' SKI
SWAROVSKI
Wanted

1. Confirm development opportunity
2. Support leasing decisions at a category and specific retailer level
3. Sophisticated and targeted marketing to retailers and customers

Stockland

Maximising risk-adjusted returns

Taking advantage of new opportunities

Attract more customers and enhance experience – adopting new technologies

E.g. My Stockland App; Centre Facebook pages; Wi Fi rollout

Continued focus on improving customer amenity

E.g. Upgrading My Funland design; parents room; lounge areas; park assist

Localised tenant / brand mix

E.g. Ivan's Butchery at Merrylands; Berkelouw Books at Balgowlah

Programs to develop community hubs (asset specific)

E.g. Salvation Army Employment Plus at Shellharbour

Pursue retail asset acquisitions in high growth markets

Number one or two in main trade area, trade area with population of at least 50,000 & growing

Worth at least $100m or with clear pathway to $100m

Management, leasing and development upside

Mitigating risk

1. Ongoing active investment management of our Retail portfolio
   - Develop / redevelop / refurbish
   - Buy / sell / joint venture
2. Lock down key anchors for the long term
3. Continued shifting of services from the "street into the mall"
4. Lease changes to capture online sales fulfilled from the stores
5. Develop centres to provide flexibility for future retail formats
6. Retailer risk management to inform leasing decisions
7. Key retailer account management – maximise leverage
8. Mobile iPad leasing – reduce time to open new stores

Active Retail developments

Completed

Merrylands Regional valued at $474m 1H13; 6.25% cap rate; initial trading results encouraging

Under Construction and Completing

Townsville Regional total project cost $181m; external valuation 1H14

Shellharbour Major Regional total project cost $330m; external valuation 1H14

Commenced

Hervey Bay large Sub-Regional $115m investment; 7.5% yield[1] and 13.8%[1] incremental IRR

Planned to Commence FY14

Wetherill Park (major upgrade and expansion)

Baldivis (expansion)

Jimboomba (greenfield)

Gladstone (tear down, rebuild and upgrade)

Green Hills (major upgrade and expansion)

Shellharbour Major Regional Centre Redevelopment

Shellharbour Major Regional Centre Redevelopment

1. Pre-AIFRS cash yield and IRR

Stockland

Summary

There has been significant transformation in Stockland Retail in the last seven years, with total value approaching $5.5bn by the end of this year, creating a higher quality portfolio of assets with sustainable cash flows. We are now a scale player among our listed Retail peers in an ownership sense

The execution of our forward Retail development pipeline, delivering growth in recurring income for the Trust, higher fee income and balance sheet value. We are targeting to exceed $7.5bn in value in the next five years

We will continue to organically grow the overall asset base not only through the development pipeline, but also through very active management and leasing, strong investment management of the overall portfolio and selective acquisition in key markets

Quality Retail property assets are scarce and in high demand. The IRRs we can deliver on a weighted average basis are well above our WACC

We have built the internal capability to deliver and are confident about our future

Hervey Bay Schematic

Stockland

Industrial

Yennora, NSW

Executive summary

Industrial has historically generated reasonably attractive risk-adjusted returns and we expect similar future returns

Average 11% p.a. total return over last 30 years with 8-9% yield; is the highest income yielding commercial property asset class

Future demand is expected to be strong

Asset type and location are critical

Developable land is highly sought after and pre-commitments are competitive

The market favours large, new, high grade facilities that are able to meet changing technology and logistics requirements, and are adjacent to transport nodes

Our $820m portfolio

Is relatively management intensive, including some older assets with short WALEs

In the past 2 years, returns have underperformed the market. Influenced by the fact that we do not have any distribution centres with long term leases

Assets will require investment to maintain their market relevance and attractiveness to tenants

We are making progress and the majority of the portfolio is expected to deliver an average IRR of 10%

We are a top ten player in this market and look to increase our exposure, targeting $1.2 - $1.5b in 5 years

Take advantage of future demand for logistics / warehousing to provide an alternative source of stable income. Higher yields are beneficial in a relatively low growth environment

$1.2-1.5b portfolio would deliver

- $90-120m NOI[1]
- 7.5-8% income yield
- IRR investment hurdle 9-9.5%+ for stable assets

We will grow by

Actively managing and leasing our existing portfolio

Take advantage of development opportunities within our portfolio

Sourcing pre-commitments and completing design and construct

Acquiring assets that fit our strategic filters

Developing internal capability to deliver growth

1. Pre-AIFRS

Stockland

3Q13 Industrial metrics

Occupancy 88.1%

WALE increased to 3.3 years (up from 2.7 years at FY12)

Executed an additional 50,900 sqm of leases since 1H13, bringing the total leases executed to 3Q13 to 177,900 sqm

- A further 70,100 sqm of leases in Heads of Agreement

3Q13 weighted average base rent growth of 3% y/y; weighted average incentive of 7%

Toll Business Park, Melbourne

Key Industrial leasing deals

Property	Building area (sqm)	Area leased (sqm)	Leased to	Building WALE (years)	Comments
Yennora, Sydney	297,342	71,533	Australian Wool Handlers; Queensland Cotton; Sussan Corporation	3.6	New Tenant, Tenant renewals
20-50 & 76-82 Fillo Drive & 10 Stubb Street, Melbourne	71,326	18,822	Yakka (Pacific Brands)	2.3	Tenant renewal
Toll Business Park, Melbourne	52,448	17,577	Toll	3.7	Tenant renewal
Hendra, Brisbane	83,780	6,889	Global Express (Fastways)	5.1	Tenant renewal
Altona, Melbourne	39,364	6,165	Autonexus	3.0	Tenant renewal

Outlook for the industrial market is positive

Industrial assets have relatively high income yields and are less capital intensive than office assets

Yield 8-9% on average

Fundamental drivers are strong

Port volumes and warehousing demand continue to grow, supported by population growth and increases in imported goods (including from online and offline retailing)

- Imports are expected to grow 10% p.a. in next 10 years
- Container movements through Port of Melbourne, Australia's largest container port, are forecast to double over the next 10-12 years
- There are proposals to increase Sydney's port capacity

Growing tenant demand

- Strengthening, now around the 10 year annual average
- Vacancy rate for existing A-grade facilities in major Australian markets remains low
- Incentives for prime logistics facilities are generally ranging from 10-15%

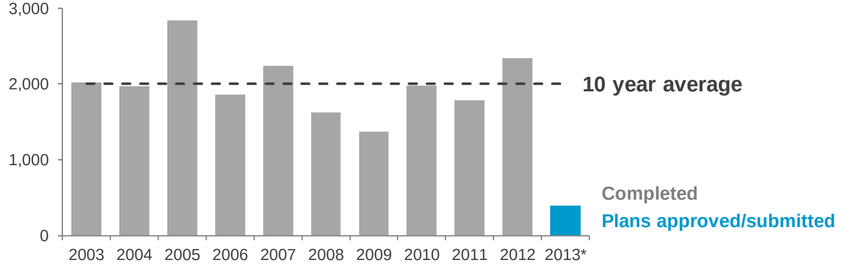
Competitors are actively developing, although supply is currently forecast to be lower than demand in the short and medium term

Investors favour high quality product

Large, modern logistics/ distribution assets near major transport corridors/ ports

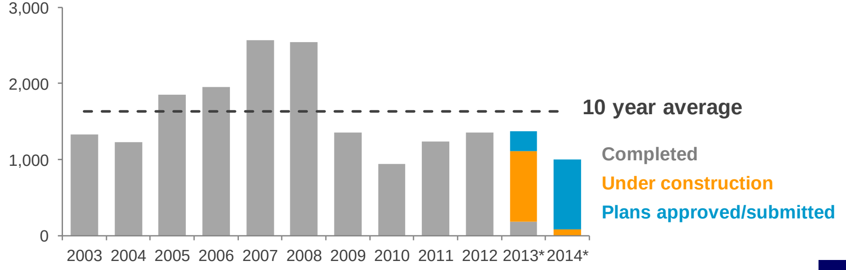
Blue chip tenants with long leases and attractive lease covenants

Gross take-up of industrial space in Australia as at 4Q12 (sqm, 000s)



Includes take-up of traditional and high-tech space

National development pipeline as at 4Q12 (sqm, 000s)



*As at 1Q13
Source: Jones Lang LaSalle Research

Stockland currently has 14 Industrial assets* valued at $0.82b

Asset	Region	Value add potential	Book Value Dec 2012 ($m)	Cap Rate[1]	10 year IRR
Estates					
Yennora Distribution Centre	Sydney Outer Central West, NSW	✓	344	8.00%	10.00%
Port Adelaide Distribution Centre	Adelaide, SA	✓	83	9.50%	9.00%
Hendra Distribution Centre	Brisbane, Qld	✓	82	9.25%	10.50%
Brooklyn Estate	Melbourne West, Vic	✓	80	9.25%	9.80%
Altona Distribution Centre	Melbourne West, Vic	✓	27	9.25%	10.20%
Stand alone assets			**616**		
20-50 & 76-82 Fillo Drive & 10 Stubb Street Somerton	Melbourne North, Vic		46	9.00 – 9.25%	10.3%
9-11A Ferndell Street Granville	Sydney Outer Central West, NSW	✓	42	9.25 – 10.00%	11.60%
1090-1124 Centre Road Oakleigh	Melbourne South, Vic	✓	32	9.25%	9.50%
11-25 Toll Drive Altona	Melbourne West, Vic		16		
32-54 Toll Drive Altona	Melbourne West, Vic		15	8.25 – 8.50%	10.00%
56-60 Toll Drive Altona	Melbourne West, Vic		15		
2 Davis Road Wetherill Park	Sydney Outer Central West, NSW	✓	16	9.25%	9.80%
Export Park (9-13 Viola Place, Brisbane Airport)	Brisbane, Qld		13	9.00%	9.20%
40 Scanlon Drive Epping	Melbourne North, Vic		8	8.75%	9.10%
			203		
Total		**Weighted Average:**	**819**	**8.70%**	**10.00%**

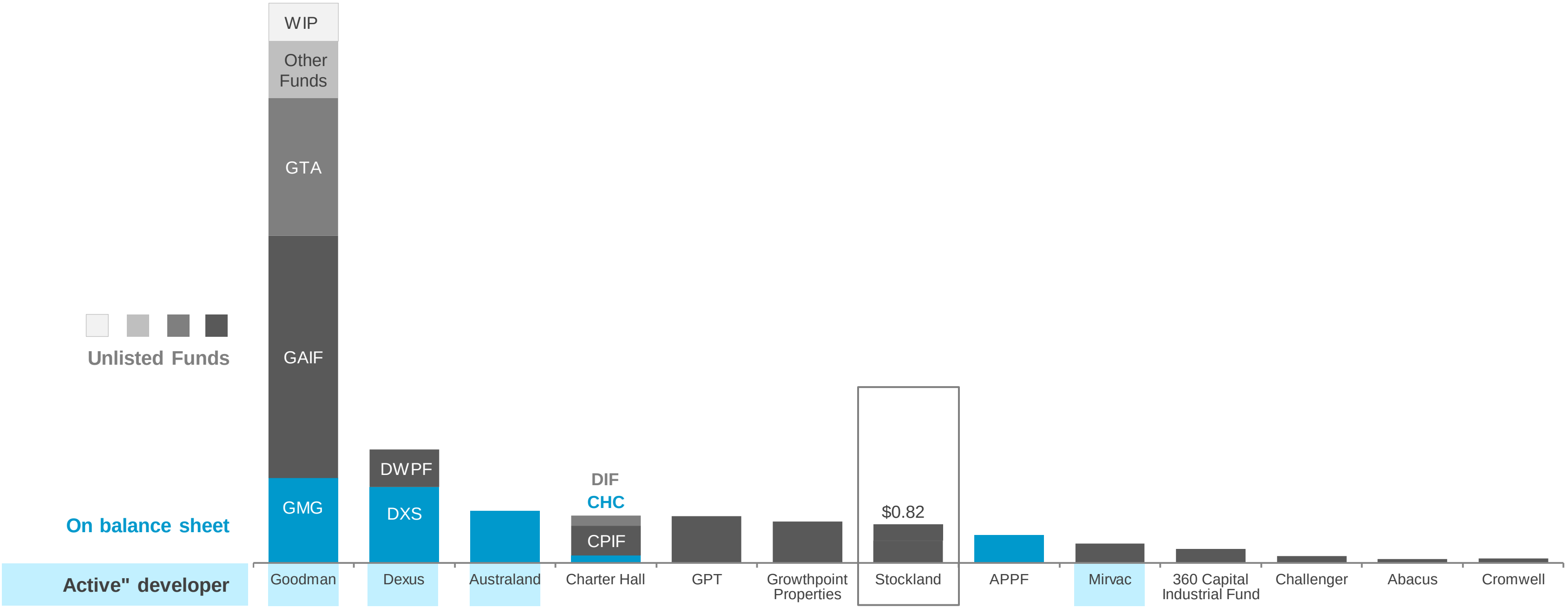
1. As at 1H13

Note: *Counting Toll assets separately; excludes M1 Yatala Enterprise Park land

1. As at 1H13

Overall, we are a relatively small player in a highly concentrated asset class

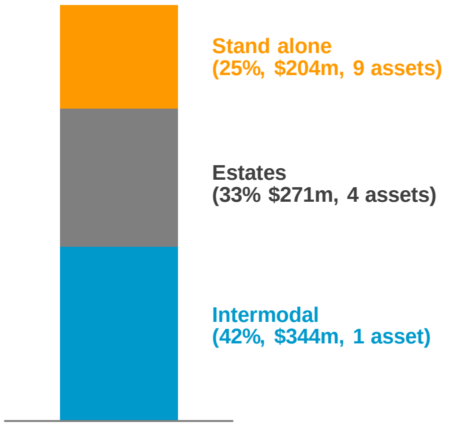
Value of Australian industrial assets under management



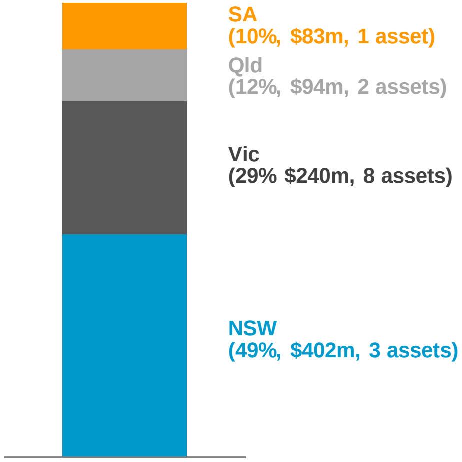
Note: Includes Australian assets only; based on latest company reports, results presentations and property portfolios

75% of assets by value are larger estates

Yennora accounts for >40% of portfolio by value



Greatest exposure is in NSW and VIC



Note: Counting Toll assets separately; Excludes M1 Yatala Enterprise Park

Our portfolio faces some challenges, which also present opportunities for growth

Issue		Challenge		Opportunity
WALE 3.3 years[1]	>	We don't have any distribution centres with very long term leases. Our portfolio is relatively leasing intensive	>	Get into the D&C deal flow for new distribution centres with the Retailers
Assets generally >10 years old: some from early 1970s; some buildings date back to 1940s	>	Difficult to compete with newer assets	>	Redevelop old stock that is well located and improve the IRR
Small portfolio	>	Limited choice for customers in terms of location, quality and price range	>	Expand asset base through redevelopment, D&C and acquisition
Small land bank	>	Limited ability to create new assets for existing and new tenants	>	Consider land banking where appropriate
A third of GLA has <6m warehouse clearance	>	Risk of functional obsolescence	>	Redevelop old stock and improve the IRR

1. Weighted average based on GLA, 3Q13

Stockland

Opportunities to redevelop some of our assets and improve returns

Site	Potential improvements
Yennora Distribution Centre	Develop ~15,000 sqm of surplus land. Rebuild older warehouses 1 and 2 to enhance income and value
Hendra Distribution Centre	Develop ~20,000 sqm of Arterial Land. Demolish and rebuild obsolete sheds. Upgrade existing Kmart building for a proposed light industrial / commercial / showroom use[1]
2 Davis Road	Development of 6,500 sqm of under utilised land
Brooklyn Estate	Redevelop older stock to increase clearance, improve turning circles, create new hardstand and upgrade
Port Adelaide Distribution Centre	Develop ~14,000 sqm of surplus land, increase warehouse clearances and upgrade
Altona Distribution Centre	Increase clearance and upgrade
Centre Rd Oakleigh	Increase clearance and upgrade (longer term future change of use to medium density residential development)
Ferndell St Granville	Increase clearance (longer term future change of use to medium density residential development)

Target returns

11-14% incremental IRR

8.5-9.5% incremental yield (pre-AIFRS cash)

1. At lease expiry

Stockland

Example of completed development

CEVA building at Altona: 14.0% incremental yield[1]

Development of new warehouse on existing vacant land and redevelopment of existing warehouse

Developed an additional 5,000 sqm of warehouse and 9,100 sqm of hardstand

$5.5m development cost

$9.2m end value based on 8.5% cap rate

5 year lease to CEVA

Ten year incremental IRR[1] 18%

1. Pre-AIFRS

Example of Pipeline development opportunity

Proposed Warehouse at Hendra

Development of new warehouse on surplus land

15,000 sqm of warehouse, office and parking

- Well located site
- Attractive incremental returns

Pro-forma feasibility	
Incremental income	$2.0m[1]
Estimated development cost	$18.4m
Incremental yield	10.8%
Cap rate on completion	8.5%
Estimated end value	$23.0m
Projected incremental IRR	14%[1]

1. Pre-AIFRS

There are several superlot opportunities within Stockland's residential land bank for design and construct

Mango Hill	Possible consolidation / reconfiguration of an existing 32 hectare site Potential to create up to 110,000 sqm of developable industrial, subject to lease pre-commits
Pallara	An undeveloped Residential Communities site located in the south western logistics corridor of Brisbane Given proximity to major transport network, the site may lend itself to industrial development Developable area estimated at 67 hectares
Future master planned communities	Includes opportunities at North Shore Townsville; Caloundra South and Lockerbie over the next 10 – 12 years

We are developing our capability to deliver growth

We retain control of strategic asset management, leasing, development, project management and refurbishment in Industrial and Office

Outsourcing arrangement with CBRE working well

Over 50 people dedicated to office and industrial portfolio

The partnership with CBRE has delivered good results and reduced internal overhead. CBRE's scope includes:

- Property management
- Facilities management
- Property management accounting

Commercial Property CEO

Stockland– Project Management & Delivery

- Cost planning
- Design management
- Procurement
- Delivery management

Industrial

- Client Relationships
- National Leasing
- Asset Management
- Redevelopment of existing assets
- New Design and Construction
- Acquisitions and disposals

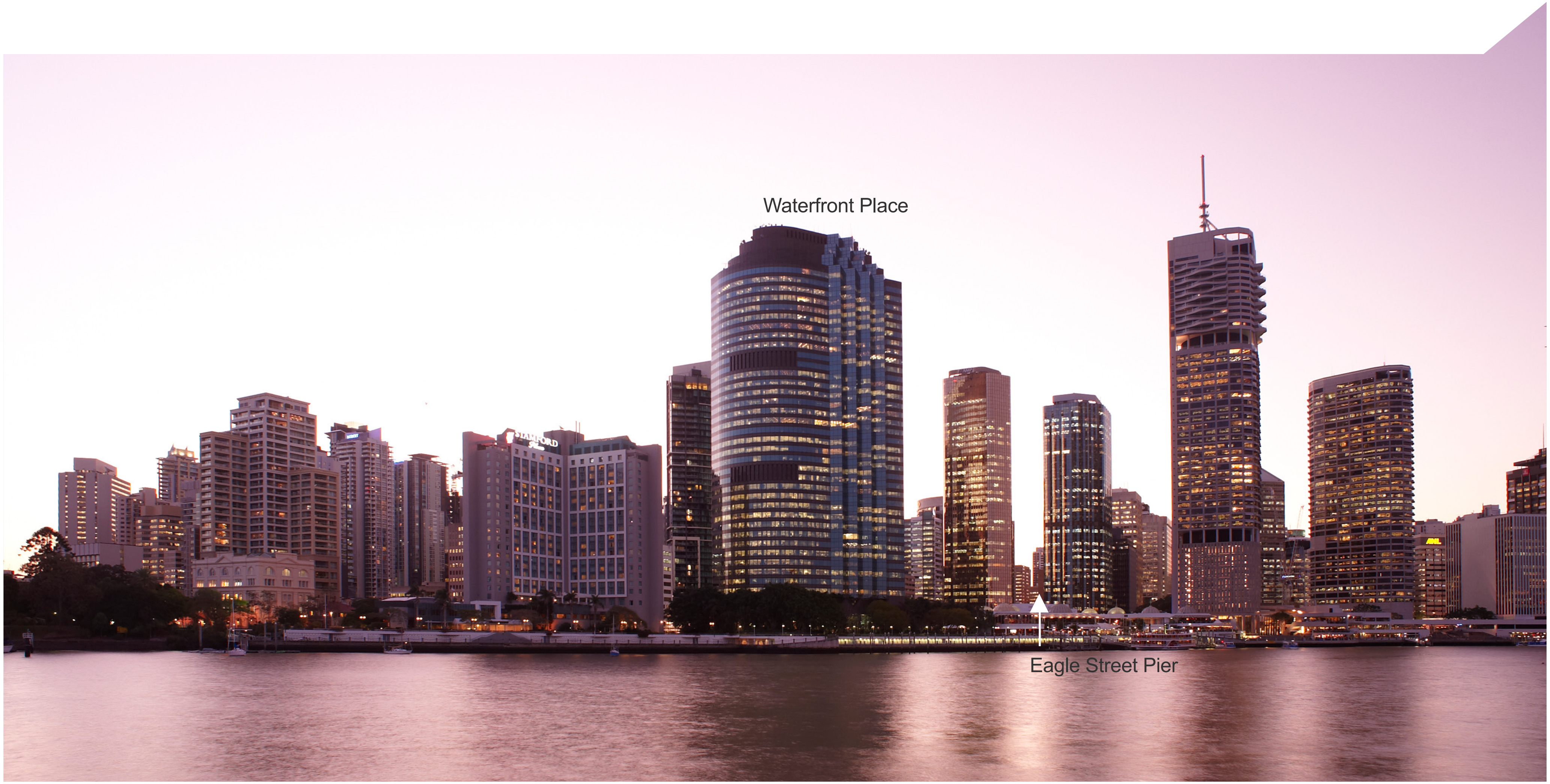
CBRE
Industrial and Office

- Property Management
- Facilities Management
- Property Management Accounting

Office Asset Management

- Leasing
- Asset and investment management
- Refurbishment
- Development

Office



Executive summary

Office has historically had lower and more volatile returns than retail and industrial assets

In the short to medium term, we expect Office demand to be weak relative to supply

We have been actively managing the composition of our Office portfolio since 2009

Sold $1 billion in investment assets

Our portfolio is valued at ~$1.5b.Premium and A-grade assets make up around 90% of the portfolio by value

The portfolio currently has a WALE of 4.4 years and is expected to generate $118.5m NOI[1] in FY13

The portfolio does have some challenges, including a relatively high exposure to non-CBD markets and a few ageing assets

We will have a "tactical" exposure to office investment assets

We will optimise income from our office assets in the short to medium term and add value via active management

We will progressively down-weight at the appropriate time, after we have maximised value

- We will seek to take advantage of the value-add opportunities within our existing portfolio
- We will consider joint ventures (or partial sales) as appropriate
- We will not be forced sellers
- IRR investment hurdle 9-9.75%+ p.a. for stable assets

1. Post-AIFRS NOI

3Q13 Office metrics

Occupancy 95.9%

WALE 4.4 years

Up to 3Q13, executed 39,000 sqm of leases with a further:

- 14,200 sqm of leases pending execution
- 5,200 sqm of commercial terms agreed

3Q13 weighted average base rent growth of 4%; weighted average incentive of 15%

Executed $336m[1] office sales year to date

2 Victoria Avenue, Perth

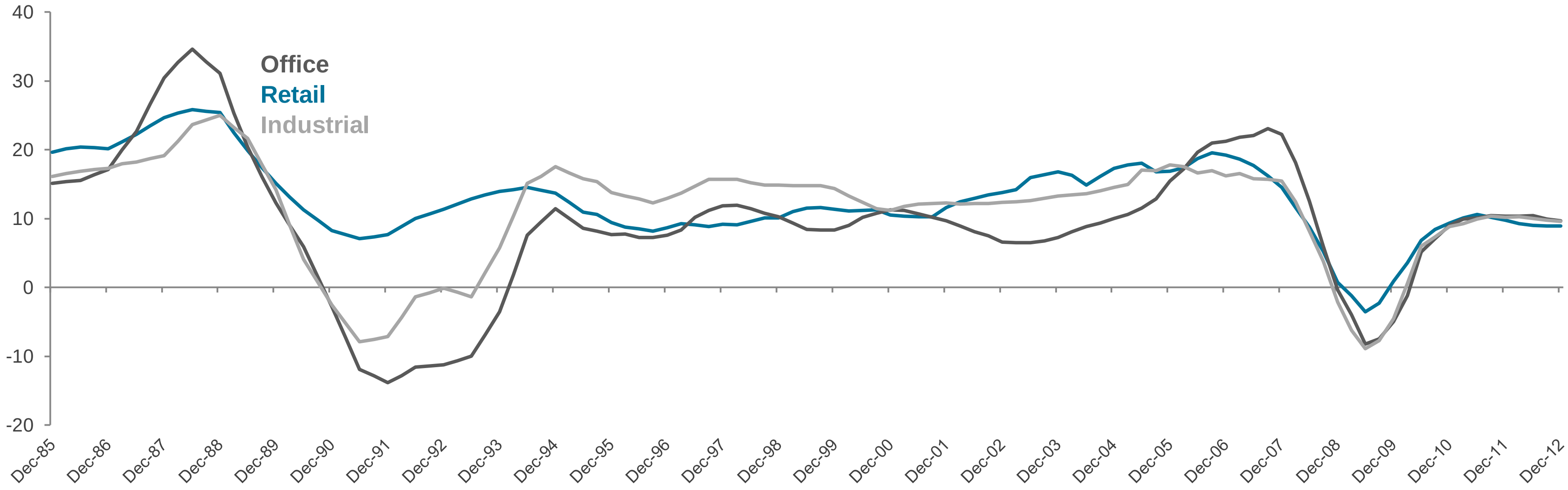
Key Office leasing deals

Property	Building area (sqm)	Area leased (sqm)	Leased to	Building WALE (years)	Comments
Waterfront Place[2]	58,754	7,860	Minter Ellison	5.9	Tenant renewal
601 Pacific Highway	12,677	7,283	IBM	3.7	Tenant renewal
135 King Street[2]	27,159	6,499	Moore Stephens; M&D Services; Regus; Gadens	4.7	New leases
Piccadilly Tower	29,680	2,950	University of Sydney; EWON	4.2	New leases
110 Walker Street	4,417	1,009	Super IQ	3.9	New leases

1. Settled and unconditionally exchanged
2. 100% shares – these two assets are joint ventured

Office investment assets: total returns more volatile

Rolling annual total return over time: (% p.a.)



Source: IPD

Stockland

In the short to medium term, we expect Office demand to be weak relative to supply

Overall, demand is weak relative to supply
- Has resulted in high incentives in all markets except Perth for the past three years

Sectors that drive office demand, like Finance, Government, Business Services and Mining are expected to be relatively flat in the short to medium term

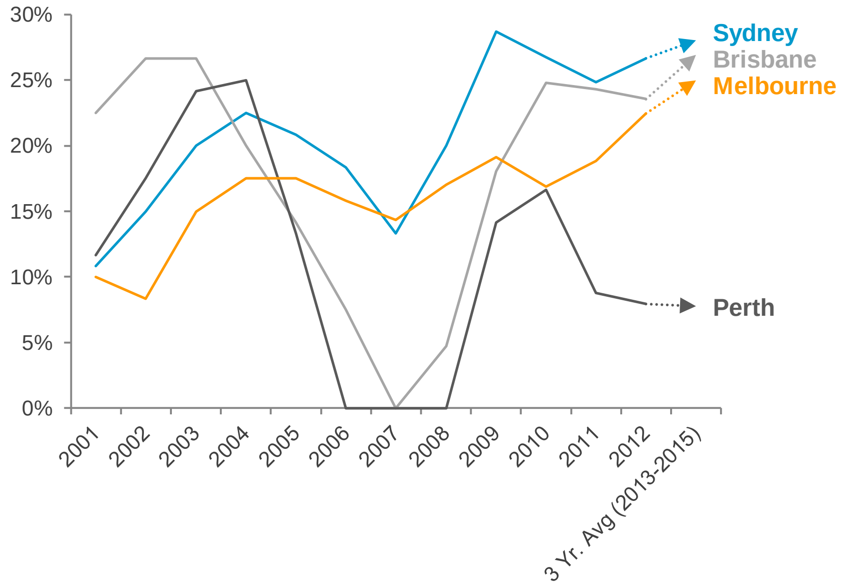
Businesses continue to consolidate office space to minimise costs

Workspace ratios continue to decline, but at slower rates than seen in last decade because many gains have already been achieved
- Workspace ratios forecast to fall by ~1 sqm/person by 2022, compared to ~2 sqm/person between 2002-2012

Although some Office managers are reportedly observing increased levels of enquiry, we expect a challenging year ahead

The global and domestic capital chasing quality office assets is potentially outpacing the underlying fundamentals

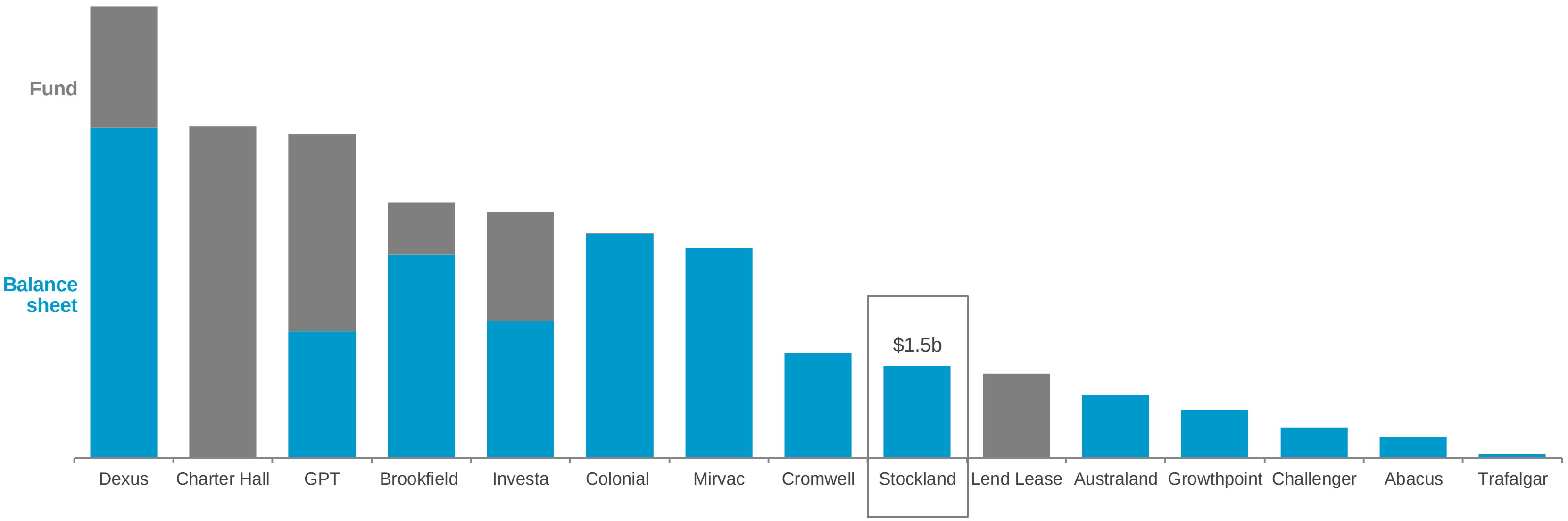
Incentives for prime grade office assets - CBD



Source: Jones Lang LaSalle Research

We have sufficient critical mass to enable execution of our value add strategy

Australian Office Assets Under Management



Note: Includes Australian only assets; based on latest company reports, results presentations and property portfolios. Transactions announced after results presentations may not be reflected. Other assets owned and/or managed by Brookfield are not reflected as not disclosed

Stockland currently has 19 office assets worth $1.5b

Asset	Region	Book Value Dec 2012 ($m)
Premium		
Waterfront Place (50%)	Brisbane CBD	250
		250
A Grade		
Piccadilly Tower & Court[1]	Sydney CBD	309
Triniti Business Campus	Macquarie Park	168
Durack Centre	Perth CBD	150
Optus Centre (31%)	Macquarie Park	116
135 King St (50%)	Sydney CBD	96
78 Waterloo Rd	Macquarie Park	71
60-66 Waterloo Rd	Macquarie Park	66
601 Pacific Hwy	St Leonards	67
77 Pacific Hwy	North Sydney	56
40 Cameron Ave	Canberra	23
		1,122

Asset	Region	Book Value Dec 2012 ($m)
B Grade		
Garden Square	Brisbane – suburban	38
16 Giffnock Ave	Macquarie Park	36
Macquarie Technology Centre	Macquarie Park	34
110 Walker St	North Sydney	24
		132
Other (held for mixed use redevelopment)		
80-88 Jephson St	Brisbane - fringe	19
23 High St	Brisbane - fringe	3
27-29 High St	Brisbane - fringe	4
		26
Total		**1,530**

1. Piccadilly Court separately classified as B-Grade; Classifications as per Stockland Property Portfolio which may not reflect technical grading

Sydney CBD: Expect slight improvement until new supply comes online

The Market

Overall

9% vacancy, likely to remain >8% for at least 3 years

High incentives will remain

Expect limited rent growth

Demand outlook

Reliant on financial & insurance sector – recently impacted by job losses and generally weak demand

Expect companies to continue consolidating and downsizing

Supply outlook

Limited new supply in next 2 years; 64% of supply currently under-construction is pre-committed

Barangaroo South development will add another 5% to Sydney stock. Level of impact will depend on mid-term demand; a real risk if business confidence does not pick up

Market Forecasts – Sydney CBD[1]

	3 Yr. Forecast	Historical Avg. (2001-12)
Net Supply Increase (sqm)	59,105	42,660
Net Absorption (sqm)	40,000	20,386
Total Vacancy	9.98%	8.57%
Prime Gross Effective Rent ($/sqm)	$626	$568
Prime Gross Effective Rental Growth (%)	3.1%	1.1%
Incentives[2]	28.06%	20.65%

Stockland's Exposure

23% of SGP office portfolio

Prime assets well located with affordable rent

Lease expiries extend past Barangaroo being commissioned

	WALE	Vacancy	IRR	Cap Rate
135 King St[3]	4.7 years	12%	10.20%	7.30%
Piccadilly Complex[3]	3.8 years	4%	9.25%[4]	7.25 - 8.25%

1. Jones Lang LaSalle Research
2. Incentives have been calculated on 10 year lease terms
3. As at December 2012
4. Blended IRR

North Sydney & St Leonards: will remain weak

The Market

Overall

- Relatively small markets, attracting a select pool of tenants
- Sub-lease vacancy increased slightly in last six months
- Relatively low rents and high incentives

Demand outlook

- Demand expected to be weak over the short term

Supply outlook

- No supply currently under construction
- 120,000 sqm of new supply has been approved but pending pre-commitments

Market Forecasts – North Sydney[1]

	3 Yr. Forecast	Historical Avg. (2001-12)
Net Supply Increase (sqm)	-3,315	2,769
Net Absorption (sqm)	-833	-1,714
Total Vacancy	6.4%	10.0%
Prime Gross Effective Rent ($/sqm)	$626	$568
Prime Gross Effective Rental Growth (%)	3.1%	1.1%
Incentives[2]	25.3%	23.2%

Stockland's Exposure

8% of SGP office portfolio

601 Pacific Hwy is comparatively the better asset; A grade and well located; being upgraded

North Sydney & St Leonards[3]	WALE	Vacancy	IRR	Cap Rate
601 Pacific Hwy, St Leonards	3.7 years	2%	10.1%	8.50%
77 Pacific Hwy, North Sydney	2.9 years	6%	9.0%	8.25%
110 Walker St, North Sydney	3.9 years	21%	9.6%	8.75%

1. Jones Lang LaSalle Research
2. Incentives have been calculated on 10 year lease terms
3. As at December 2012

Macquarie Park: potential new supply will restrict rental growth

The Market

Overall

- Most popular with companies who want corporate headquarters or campus style accommodation
- Location close to public transport is important

Demand outlook

- Demand has fallen as tenants downsize and surrender space
- Total vacancy of 4.9% is lower than other Sydney submarkets

Supply outlook

- 22,000 sqm stock currently under-construction, with 85% pre-committed
- A lot of land available for development, including 60,000 sqm with approved plans

Stockland's Exposure

- 28% of SGP office portfolio
- Higher cash yields
- Good quality assets, located close to new train stations and amenities such as Macquarie Shopping Centre
- Land available for future development

Macquarie Park & North Ryde[1]	WALE	Vacancy	IRR	Cap Rate
Triniti Business Campus	3.5 years	-	8.5%	7.50%
Optus Centre	9.3 years	-	9.1%	7.50%
60-66 Waterloo Road	1.9 years	-	10.2%	8.50 – 9.25%
16 Giffnock Avenue	3.5 years	10%	9.3%	8.75%
Macquarie Technology Park	2.2 years	7%	11.9%	8.50 – 9.25%
78 Waterloo Road	6.4 years	-	9.1%	7.75%

1. As at December 2012

Stockland

Brisbane CBD: has weakened, but shouldn't deteriorate much further

The Market

Overall

- Expect performance in 2013 to be weak as a result of recent new supply, government job cuts and a slow down in the growth of the resources sector
- High incentives and vacancy likely to remain

Demand outlook

- Risks remain around the stability and size of the public sector
- Demand from resources-related companies expected to stabilise

Supply outlook

- 100% of supply currently under-construction is pre-committed
- Minimal new supply expected over the short term
- Supply is expected to pick up from 2016 with forecast 286,000 sqm of planned new office space

Market Forecasts – Brisbane CBD[1]

	3 Yr. Forecast	Historical Avg. (2001-12)
Net Supply Increase (sqm)	7,941	46,185
Net Absorption (sqm)	6,667	37,850
Total Vacancy	10.93%	5.57%
Prime Gross Effective Rent ($/sqm)	$473	$452
Prime Gross Effective Rental Growth (%)	2.50%	5.38%
Incentives[2]	26.9%	17.7%

Stockland's Exposure

14% of SGP office portfolio

Waterfront Place[3] (50%)

- Premium grade
- WALE: 5.9 years
- Vacancy: 6%
- Cap Rate: 7.50%
- IRR: 9.4% (excluding development opportunity)
- Eagle St Pier (adjacent) significant development opportunity

1. Jones Lang LaSalle Research
2. Incentives have been calculated on 10 year lease terms
3. As at December 2012

Stockland

Perth CBD: currently the strongest office market

The Market

Perth CBD

- Resources sector is the predominant driver of growth; but this makes it a volatile market
- Continues to have the lowest vacancy rates, lowest incentives and the highest prime gross effective rents of all CBD markets

Demand outlook

- Mining investments should continue to support the office market despite the recent slow down
- Medium term demand depends on next round of mining investments

Supply outlook

- 91% of supply currently under-construction is pre-committed
- Limited new supply over the next 2 years

Market Forecasts – Perth CBD[1]

	3 Yr. Forecast	Historical Avg. (2001-12)
Net Supply Increase (sqm)	36,431	29,168
Net Absorption (sqm)	23,333	29,530
Total Vacancy	5.75%	6.52%
Prime Gross Effective Rent ($/sqm)	$851	$559
Prime Gross Effective Rental Growth (%)	2.24%	9.94%
Incentives[2]	7.8%	11.6%

Stockland's Exposure

9% of SGP office portfolio

Durack Centre[3] (2 Victoria Ave & 263 Adelaide Tce)

- A grade
- Situated at the eastern end of the CBD
- WALE: 5 years
- Vacancy: 0%
- Cap Rate: 8.75%
- IRR: 12.3%

1. Jones Lang LaSalle Research
2. Incentives have been calculated on 10 year lease terms
3. As at December 2012

Value add opportunities in our current Office portfolio

Asset	Location	Opportunity
Waterfront Place & Eagle St Pier (JV with Future Fund)	Brisbane, Qld	Secure approvals to redevelop Eagle Street Pier. Current carrying value $32m[1]; ~130,000sqm GLA of floorspace in the future
Durack Centre and 2 Victoria Ave	Perth, WA	Obtain freehold title / extend ground lease
“Lighthouse” land next to Triniti Business Park	North Ryde, NSW	Secure pre-commitment and develop the site
135 King St & Glasshouse	Sydney, NSW	Complete office leasing, refurbish and remix retail
Macquarie Technology Centre	North Ryde, NSW	Establish the feasibility of replacing existing buildings with new, larger buildings
Toowong (office and retail assets)	Brisbane, Qld	Mixed use redevelopment
Garden Square	Mount Gravatt, Qld	Develop additional 20,000 sqm of office space, (DA approved); subject to pre-commit
Piccadilly Tower, Court & Retail	Sydney, NSW	Complete upgrade and leasing
601 Pacific Highway	St Leonards, NSW	Complete upgrade and leasing
40 Cameron Avenue	Belconnen, ACT	Complete major refurbishment

1. Full 100% share

Stockland

Overall summary

Grow commercial property through organic development and acquisition

Retail

Execute our strategy of being a leader in key regional markets in Australia, and having a clear point of difference in metropolitan areas

Maintain top four position in the listed REIT retail property market

Grow via our accretive development pipeline, active asset and leasing management and strategic acquisitions where we can add value and meet our investment hurdles

Industrial

Add value to existing portfolio through organic development, building upgrades, and disciplined asset management and leasing

Complete the internal resourcing to strongly position us in the future greenfield design and construct pipeline, servicing our retailer and industrial logistics clients

Office

Retain tactical asset allocation, adding value to several key assets and down weight over time

Asset recycling

In Retail and Office, pursue more joint-venturing and capital partnering to contribute the accretive Retail development pipeline and overall Group capital management

Stockland

Residential

Vale, WA

Executive summary

Operational update

Leading indicators are showing signs of improvement, however the housing market remains challenging

Residential lot volumes have improved recently, particularly in WA, however margins remain under pressure

The significant decline in profitability over time, has been due to the decline of the housing market, growing competition, shifting settlement volumes to less profitable projects and a change to capitalised interest allocation

Additional impairment on previously impaired projects of $49m reflecting further analysis and in some instances divestment negotiations. A material amount of this additional impairment relates to a provision regarding a court appeal, where we have assumed the worst outcome

Strategy update

Fundamentals continue to support our strategy to deliver large masterplanned communities, geographically dispersed in key growth corridors

We will also expand our participation in medium density development organically, leveraging existing assets and skillsets

We will focus on three key areas to enhance the business performance

- Reshape the portfolio: launch new projects; recycle capital from poor performing projects
- Improve cost efficiency: reduce cost base through strategic procurement; rationalise and centralise overheads
- Drive revenue growth: deliver community outcomes; expand target market

We are confident in returning Residential Communities EBIT margins to ~23-25% from FY16 onwards

Stockland

Improved volumes in 3Q13 but margins remain subdued

3Q13 achieved strongest net deposits since 1Q11

WA performing well (47% of 3Q13 net deposits)

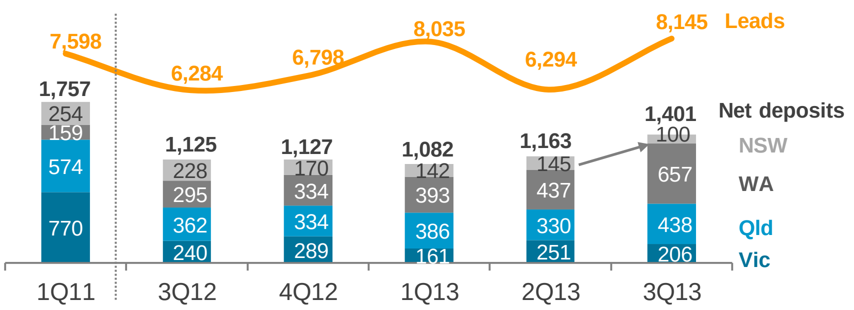
Vic improving from low point in 1Q13 but still impacted by competitor rebating

Qld lead indicators suggest confidence is returning, but varies between submarkets

Improving NSW metropolitan market supports FY14 and FY15 performance with launch of new projects (East Leppington 2H14 and Marsden Park FY15)

Executing disposal of non core assets - one lifestyle project disposed 3Q13 (Warriewood, NSW)

Strong leads and net deposits primarily driven by WA



EBIT margins impacted by soft market, competition and project mix

Market

Cause: Prolonged market softness

Effect: Revenue growth not able to offset cost inflation
More conservative escalation rates
Lower forecast sales rates

Competition

Cause: Increasing competition

Effect: Greater rebating to respond to competitor pricing in selected markets

Impact: *~(4)% EBIT (1H12 vs. 1H13)*

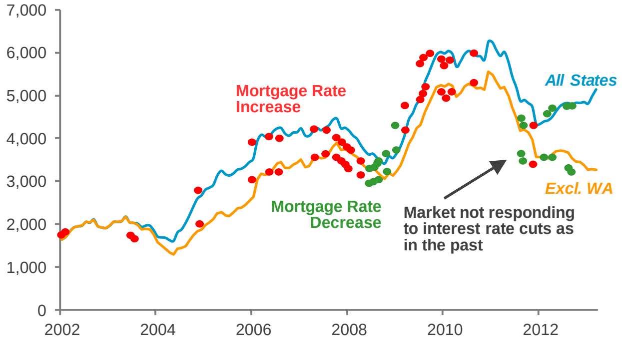
Mix Shift

Cause: Market dynamics and shift to less profitable projects

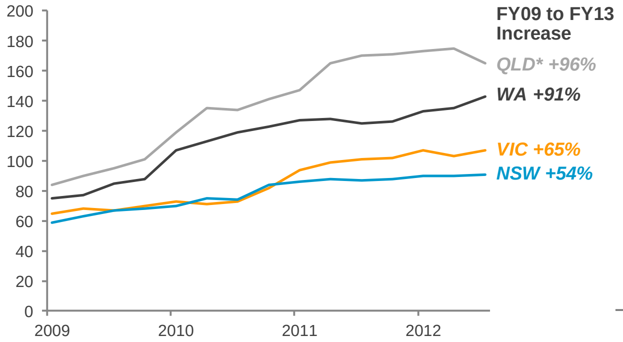
Effect: A smaller proportion of lots settled from our higher margin projects and increased proportion from lower margin projects

Impact: *~(4)% EBIT (1H12 vs. 1H13)*

Moving average Residential sales (Moving average #)

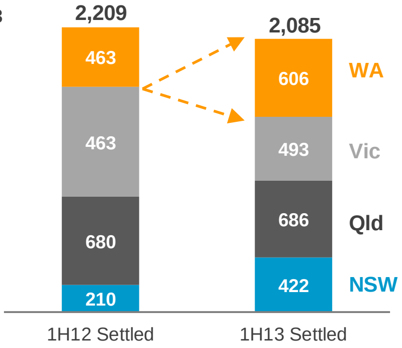


Number of active projects per state In SGP Corridors (# in a quarter)



*Excl Townsville & Rockhampton

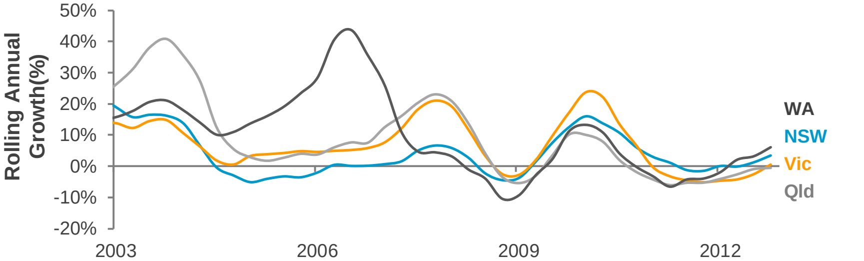
Lots settled by location (lots)



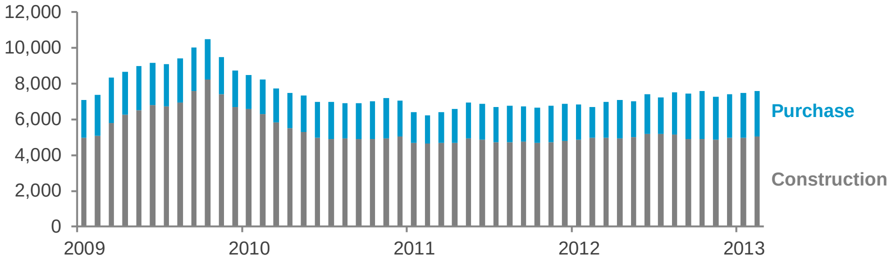
Source: RBA, Charter Keck Cramer, Stockland Research

Leading indicators trending positively

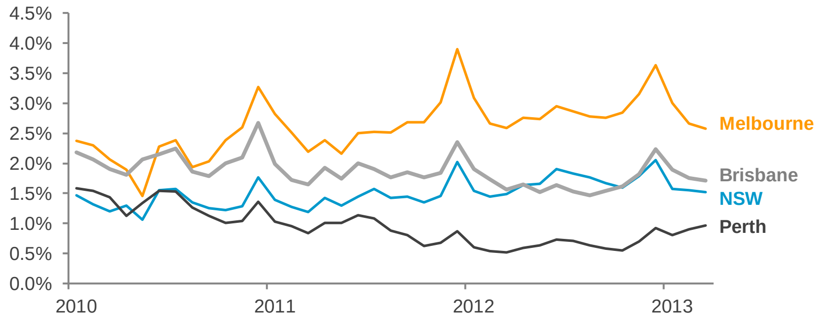
Price growth turning slightly positive
Capital city house prices – Annual Growth



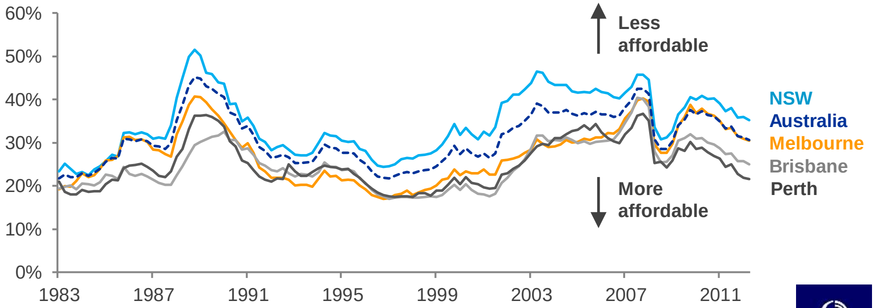
Loans for new dwellings trending up slights
Housing Finance for New Dwellings - Monthly



Rental markets remain tight
Rental Vacancy Rates



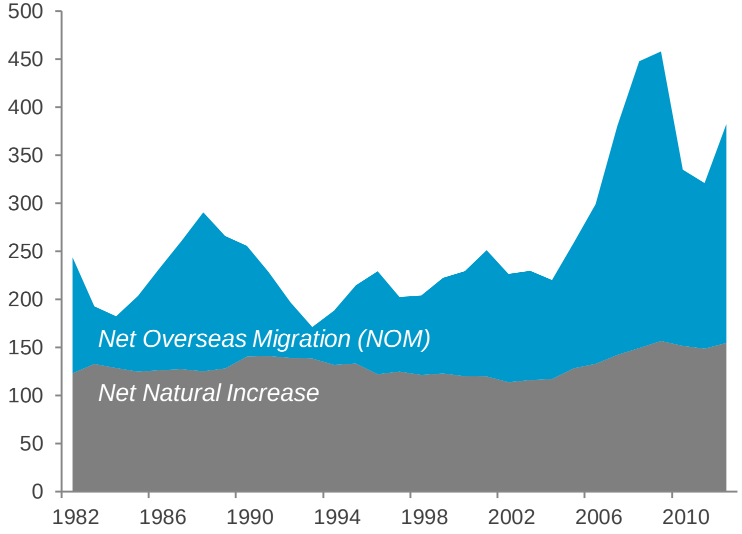
Affordability improving
Mortgage repayments as % of disposable income



Source: ABS, RBA, APM, SQM Research, Stockland Research

Population growth, particularly overseas migration, underpins demand for new dwellings

Population growth remains strong
('000)



ABS forecast population growth of 330,000 p.a.

~180,000 net overseas migration

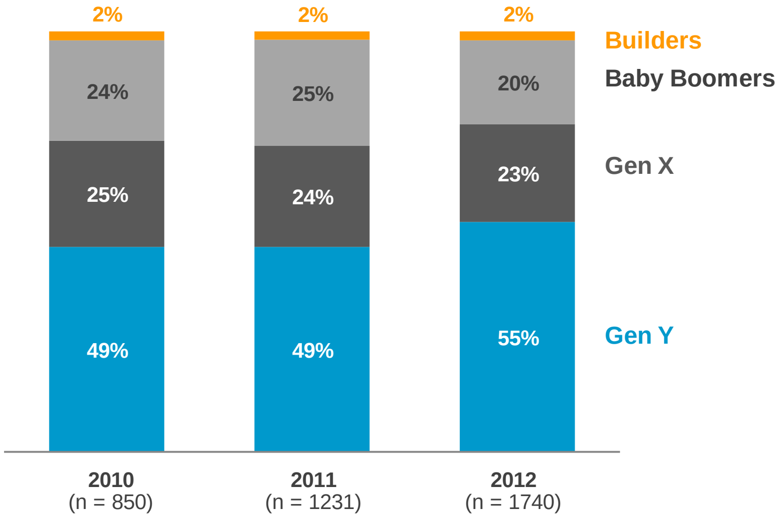
~150,000 national increase

Household formation of 2.56 persons per household equates to annual long run dwelling demand of ~150,000[1]

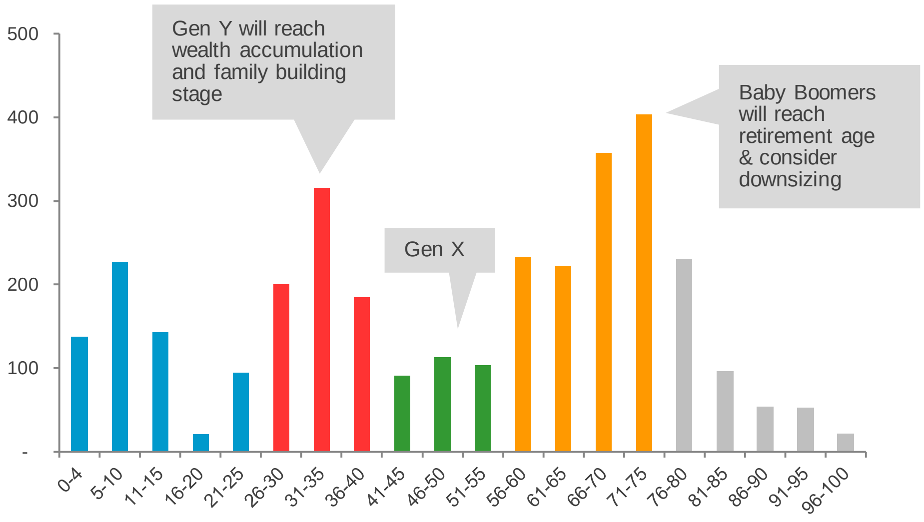
1. Includes occupied and unoccupied dwellings and knock-down rebuilds
Source: ABS, Stockland research

An increasing number of Gen Ys, who are planning children or have children, aspire to own a detached house

National Stockland deposits by generation[1]



Forecast Population Change by Age, 2011 to 2021 ('000 people)

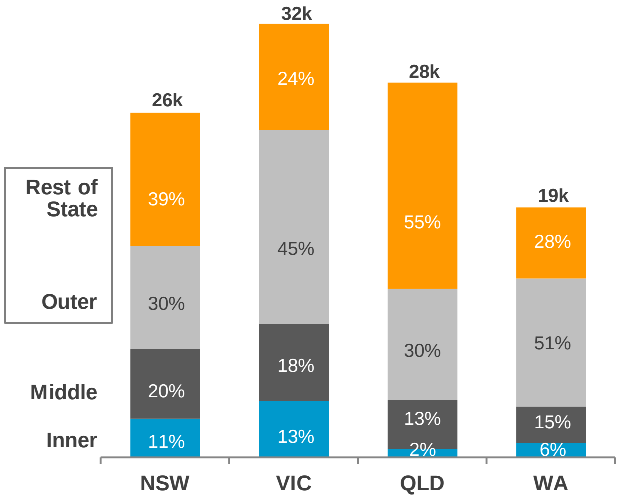


1. This is based on a sample of ~30% of Stockland customers who put down a deposit

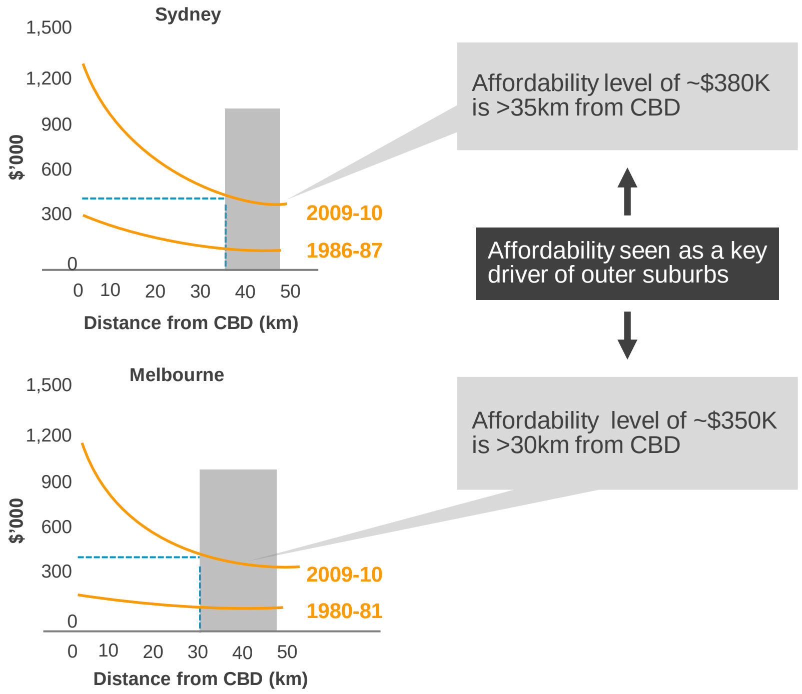
Source: Pulse survey data Jan 2010 - Dec 2012, (n= 3,821), Colmar Brunton; ABS series B population forecast

The outer suburbs will remain a significant market in the future, due to land availability and affordability

Average annual growth in occupied dwellings by location (2006-11)



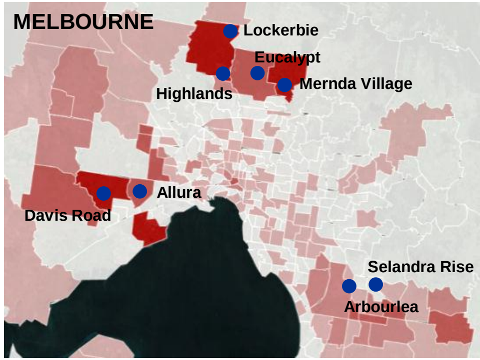
Real house price by distance from CBD

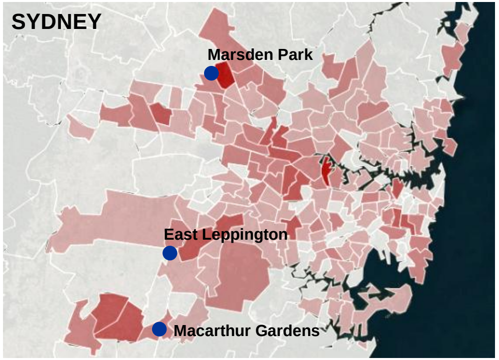


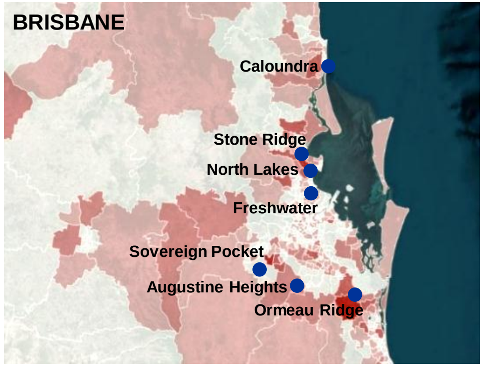
Source: ABS, Stockland Research, State of Australian Cities 2012

Our projects are located in key population growth areas

Population change between 2006-11



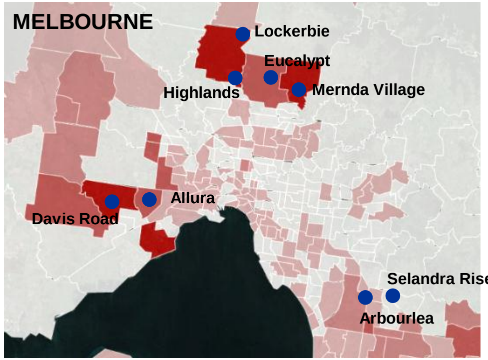


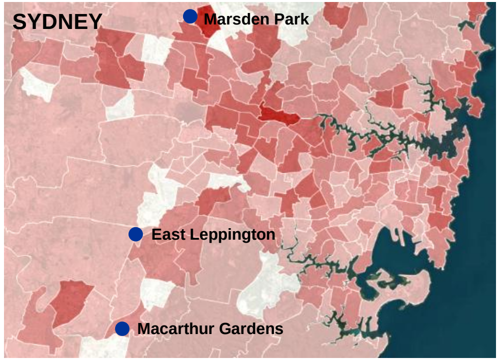


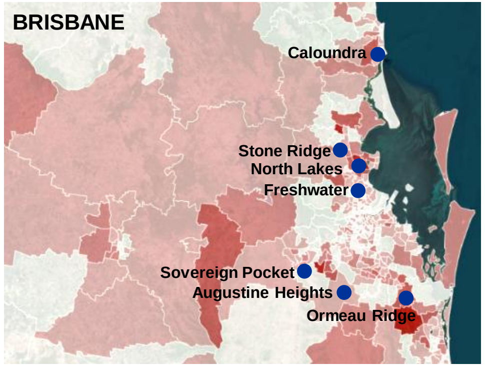
Source: ABS, .idplacemaker. Population growth by localities have been represented by a sliding colour scale, with the darker shades indicating higher population growth, and lighter shades indicating lower growth

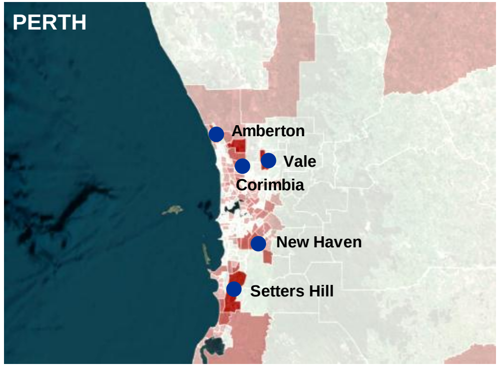
Young family growth in our corridors

New Births: 0 to 4 Year change between 2006-11









Source: ABS, .idplacemaker. Increases in population between 0-4 years have been represented by a sliding colour scale, with the darker shades indicating higher growth, and lighter shades indicating lower growth

Disciplined execution of our strategic criteria delivers sound returns

Clear strategic criteria since 2009

Focused on geographic diversity

Growth corridor strategy – attractive demand/supply

Wyndham (Vic) / Allura (Vic) / Vale (WA)

Scale to leverage returns and stakeholder engagement

Focus on larger masterplanned communities

Certainty obtained through infrastructure agreement and cost efficiency

North Shore (Qld) / North Lakes (Qld) / Highlands (Vic)

Buy on capital efficient terms – now ~29% of inventory

Reduce funds employed and reduce risk

Lockerbie (Vic) / East Leppington (NSW)

Bring projects to market quickly

Minimise interest and lower funds employed

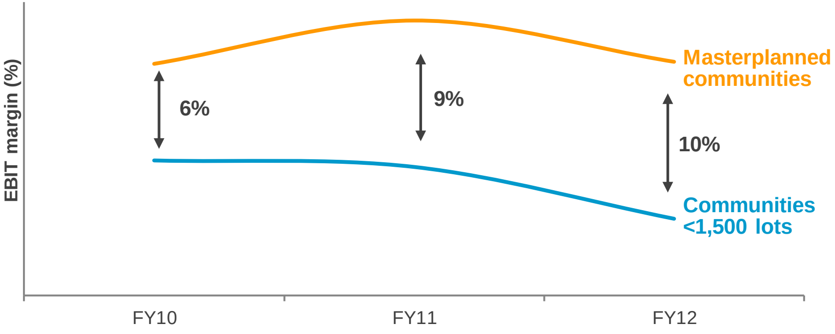
East Leppington (NSW) / Marsden Park (NSW) / Allura (Vic)

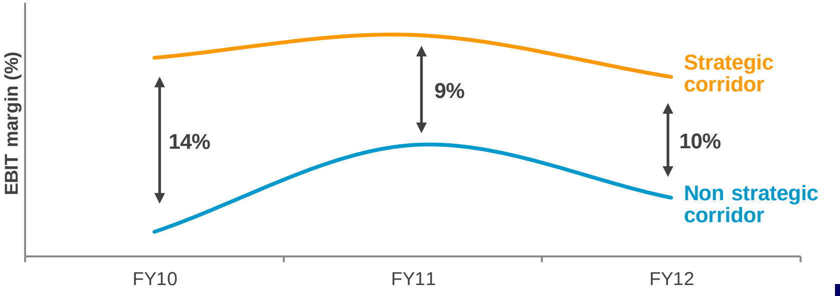
Broadening product offering to expand market reach

Focus on affordability and innovation, including medium density

e.g. Mode (Qld) / Bower Series (Qld) / Waterside Terraces (NSW)

Core projects deliver superior returns

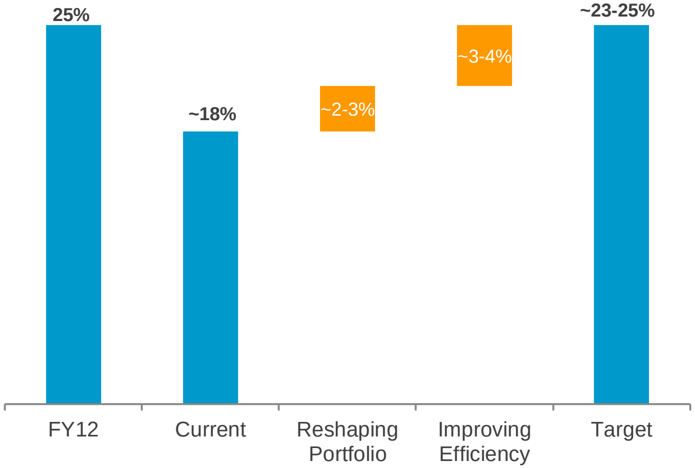




Stockland

Current strategic initiatives focus on improving performance

Residential Communities EBIT margin improves from FY16 onwards



We are confident in returning EBIT margins to ~23-25% from FY16 onwards

This will be achieved through the following initiatives

1. Reshaping the portfolio

- Accelerate launch of new projects to create greater geographic diversity and scale
- Actively managing portfolio to improve returns
- Right sizing the land bank

2. Improving efficiency

- Continue to manage costs

3. Delivering revenue growth

- Increase revenue by creating a better community value proposition that drives higher customer referrals
- Broaden market reach through medium density offering

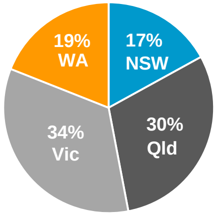
Accelerate launch of new projects to improve geographic diversity and scale

The disciplined execution of our growth corridor strategy since 2009 is improving geographic diversity

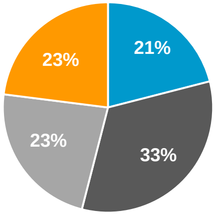
The launch of East Leppington and Marsden Park (NSW) during FY14/15 will take advantage of the strong market conditions in metropolitan Sydney

The WA business is now at scale and benefiting from the strong market conditions

FY12 lot sales (by state)

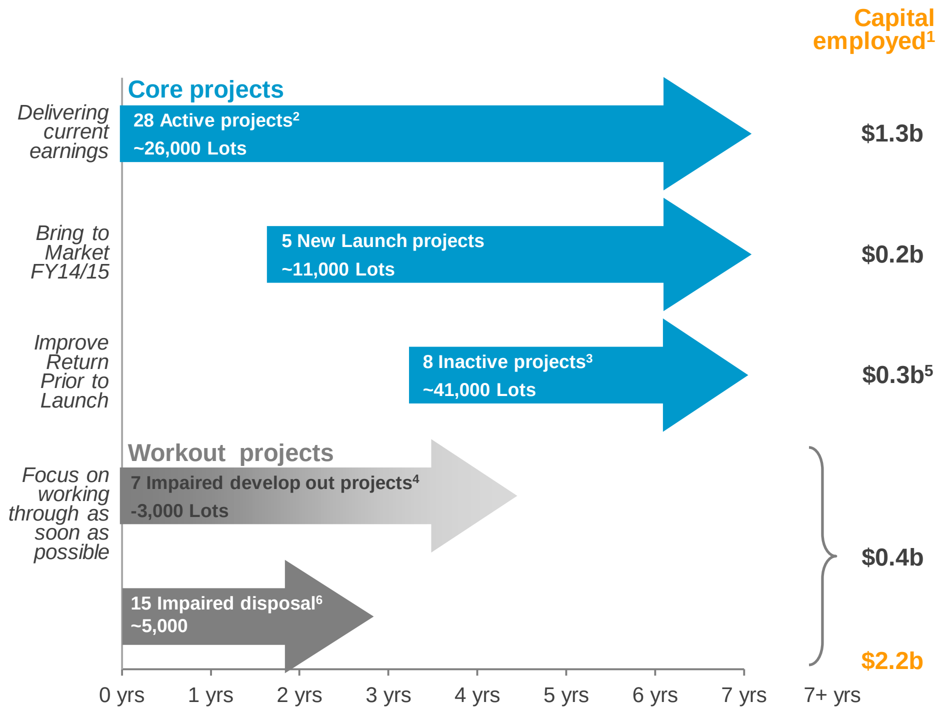


Indicative future lot sales (by state)



Actively managing portfolio to improve returns

1 Reshaping the portfolio



60% of NFE is contributing to current earnings

Accelerate FY14 /15 new launch projects to provide scale, geographic diversity and incremental margin

Prior to launch, improve returns for inactive projects with below target returns

- Reduce upfront infrastructure costs
- Reduce development costs

Caloundra South (Qld) IRR around 10% due to upfront infrastructure requirements. Working with stakeholders to improve return profile

One impaired develop out project completed 2H13. Three further projects will complete FY14/15

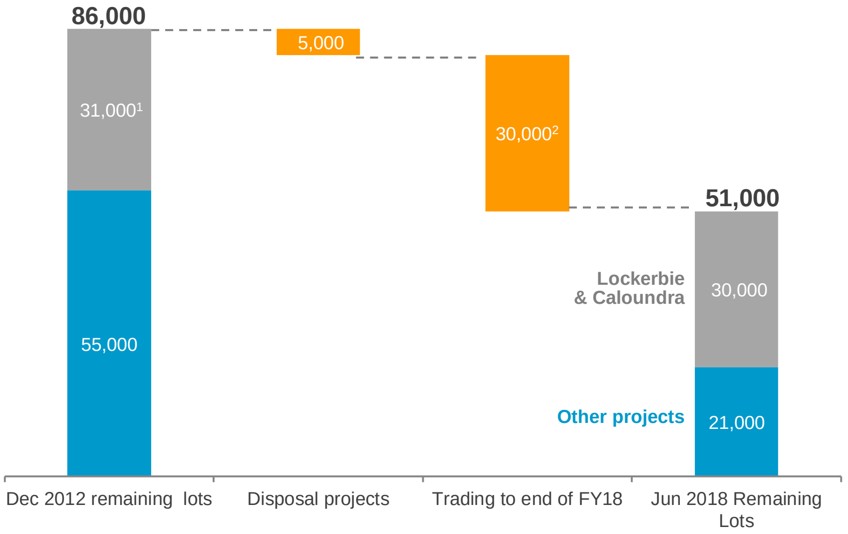
Executing disposal of non core assets. One lifestyle project under contract for disposal 2H13

1. Based on net funds employed as at February 2013
2. Excludes five active projects 99% complete
3. One long term project disposed in 2H13
4. One impaired develop out project completed in 2H13
5. Caloundra is ~$0.2bn capital employed and ~20,000 dwellings
6. Includes disposal of industrial land and excludes apartments

Right sizing the land bank for future growth

1 Reshaping the portfolio

Consistent settlements from existing land bank



Disposal of workout projects is forecast to be largely complete by FY16

Existing land bank delivers 5,000-6,000 settlements per annum

By FY18, we will have significantly reduced the existing land bank with the exception of Lockerbie and Caloundra South

We will target acquisitions over the next three years, which meet our strategic criteria of scale, within growth corridors and on capital efficient terms to maintain sustainable volumes from FY18 onwards

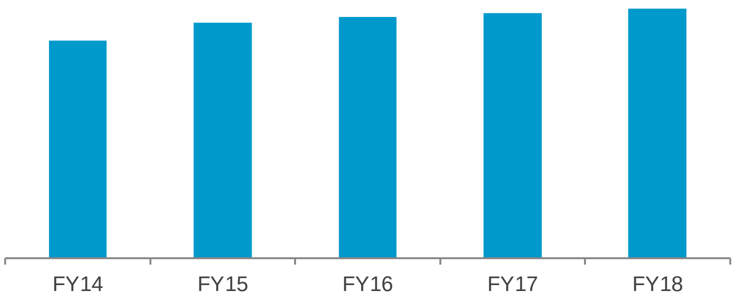
1. Caloundra South is ~20,000 dwellings
2. Includes 2H13 lot settlements. Assumes full pipeline launched

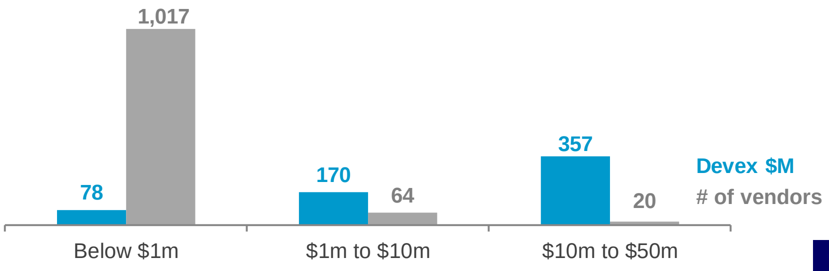
Cost management will deliver sustainable margin improvement

2 Improve efficiency

- Leverage scale and strategic procurement packaging to reduce development costs per lot
  - Negotiate national agreements with key vendors for volume discounts – target top 20 vendors representing 60% of development costs
  - Direct arrangement with vendors where cutting out the middle man produces true cost savings
- Leverage group project management expertise for tighter control over costs
- Improve upfront value management through structured peer review process
- Cost efficiency initiatives
  - Rationalise: operating structure
  - Centralise: human resources, finance, marketing
  - Process: streamlining decision making tools

Average annual development expenditure ~$600m





Leveraging our strong community value proposition

3 Driving revenue growth

20% of all new leads are referred. These leads convert at three times the rate of a non referred lead. There is a strong link between satisfaction and referral

Our proprietary liveability[1] study of over 1,700 residents has enabled the identification of the specific community elements that contribute the most to higher customer satisfaction (or liveability)

By focusing our development and community creation activities on the most important elements, we can increase satisfaction, drive greater referral rates and grow margins over time

Importance

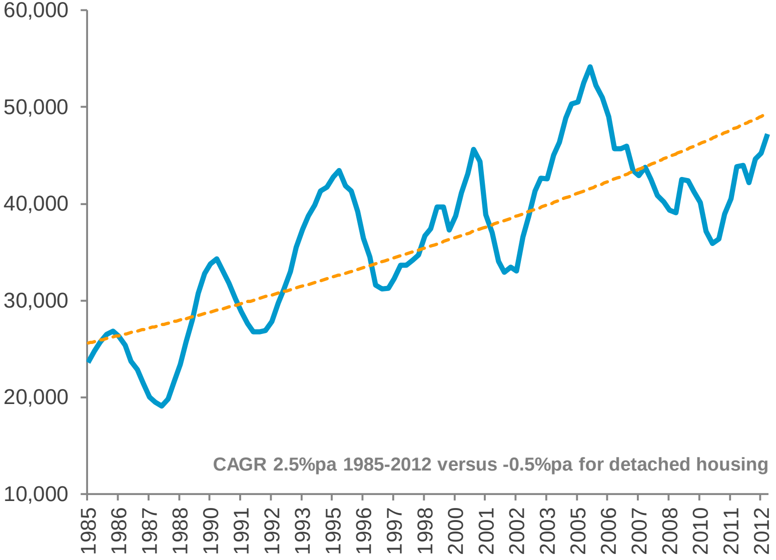
- **27%** Community Design Elements
- **26%** Community Perceptions
- **20%** General House and Land Elements
- **16%** Personal Circumstances
- **11%** My Home

Majority of customer satisfaction in their community comes from factors other than people's own home

1. Liveability survey of over 1,700 residents to understand the community factors that contribute most to higher satisfaction

Medium density is growing and is supported by key stakeholders

ABS Completions: New Medium Density & Apartments
(Rolling annual average)



Government planning policies support higher density development

NSW, Victorian and Queensland State Governments each have a target that ~50% of all new dwellings will be infill

In addition, state and local government are encouraging higher density development in middle and outer suburbs

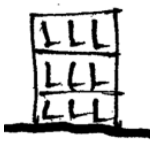
Note: Dotted line represents the trend line. Completions are for private dwellings only
Source: ABS dwelling completions. It includes only new dwellings, which are defined as building activity which will result in the creation of a building which previously did not exist. This number excludes alterations, additions and conversions. It includes knock down-rebuilds

Stockland has relevant and recent medium density experience

	Mernda	Willows	Arilla	Essence	Riverwalk	Waterside	Bower Series
Business	Retirement Living	Retirement Living	Retirement Living	Residential	Residential	Residential	Residential
Product	Medium density	Apartments & medium density	Apartments & medium density	Townhouses & detached houses	Attached & detached houses	Medium density	Medium density
Location	Mernda, Vic	Winston Hills, NSW	South Morang, Vic	Maribyrnong, Vic	Ermington, NSW	Penrith, NSW	Bells Reach, Qld
Year completed	2013	2013	2014	2008	2010	2013	2013
No. of dwelling	272	76	200	111	126	85	11
Density (dwellings/ha)	~26	~35	~25	~26	~22	~80 ex common areas	~100 ex common areas

Medium density development to broaden reach

3 Driving revenue growth

	Medium density	Low to mid rise apartments
Indicative density	 **25-50 dwellings/ha**	 **40-70 dwellings/ha**
Description	Semi-detached and attached houses Includes townhouses, terraces and over-unders	Apartment buildings up to six storeys
How Stockland participates	Core Retirement Living product Piloted a number of Residential projects on greenfield and infill sites Partner with builders to deliver; Stockland is a not a builder	Incorporated into a number of Retirement Living developments Have previously delivered some stand-alone apartments projects
Examples	Arilla & Willows (retirement) Essence & Riverwalk (infill) Waterside & Bower (greenfield)	Arilla (retirement) Gowanbrae (retirement) Prince Henry
Stockland volumes FY08-FY12	~940 new independent living units ~160 residential lots	~100 new independent living apartments ~680 residential apartments

We will initially expand our participation in medium density organically, leveraging existing assets and skillsets

Selectively develop land from existing land bank

Leverage capabilities in existing team

Leverage existing builder partnerships

Opportunistically acquire medium density sites based on favourable terms and on appropriate risk-adjusted return metrics

Summary

Key leading indicators are showing signs of improvement and the established housing market is improving. Although land market remains challenging as it generally lags established by ~6 months

Profitability continues to be impacted by impaired projects, capitalised interest changes and soft market conditions

Fundamentals continue to support our strategy to deliver large masterplanned communities, geographically dispersed in key growth corridors

Residential performance will improve in coming years with the launch of new projects, disposal of non-core assets, reduction in cost base and delivering community outcomes in our larger masterplanned communities

We will expand our participation in medium density organically, leveraging existing assets and skillsets

We are confident in returning residential communities EBIT margins to ~23-25% from FY16 onwards

Stockland

Retirement Living

Stockland

Fig Tree Village, Qld

Executive summary

Retirement Living is on track for modest growth in operating profit relative to last year despite challenging market conditions

- The soft residential established market has impacted customers' ability to sell their homes to fund their entry into a village and has therefore elevated cancellations

Heading into FY14, we see volume growth coming back as the established housing markets appear to be in the early stages of recovery

The long run fundamentals of Retirement Living remain compelling

Our strategy remains to develop villages organically to enhance scale and to deliver a customer experience which drives high levels of satisfaction, all at a sustainable level of cost

Current strategic initiatives focus on continuing to improve return on assets (RoA)

- Emphasis is on driving volume growth, further reducing overheads and streamlining processes

We are targeting an RoA of 6.5% by FY15 and exceeding 8% within the following 2 years

We continue to explore options for accelerating these returns

3Q13 trading update: strong enquiries, solid reservations and reducing cancellations

High enquiry levels indicative of underlying demand

- Autumn 2013 national campaign enquiries achieved 2x target

However, over the last 18 months, many customers have had difficulty selling their home, driving post-reservation cancellation rates to highest levels in several years

- Stockland now providing low-cost purchase assistance to mitigate cancellation risk

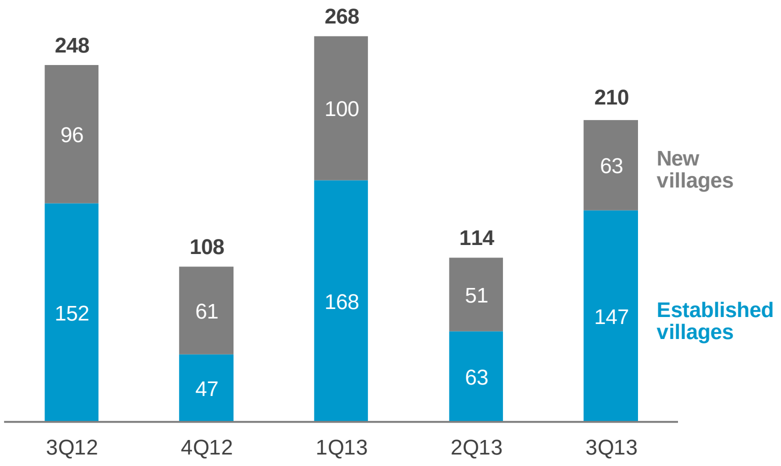
Solid reservation performance

- 3Q13 campaign did not offer $10k rebate of previous campaigns, impacting reservation rate
- However, post-campaign cancellation rate is materially lower than previous campaigns - indicating reservations without rebate are of higher quality

Reservation levels have remained solid since campaign ended

Lead indicators appear to be pointing to an emerging recovery in the established housing markets

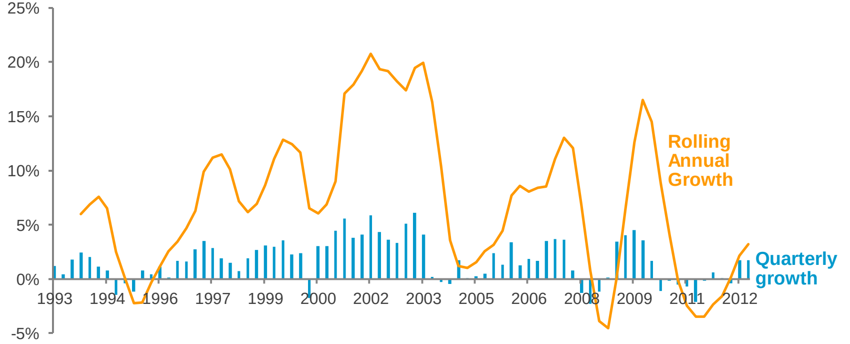
Quarterly reservations



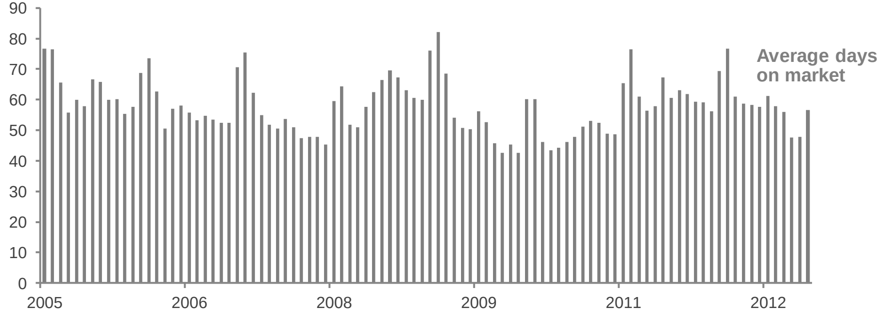
Lead indicators suggest the early stages of a market recovery

Consumer Sentiment

Capital City Median House Prices



Days on Market (Established Houses)



Capital City Auction Clearance Rates

Sources: Westpac – Melbourne University Survey of Consumer Sentiment, RPData/Rismark, APM, SQM Research, Stockland Research

Strong long run fundamentals

Population is aging

- Over-65s now 14% of the population, will be 20% by 2030

Current penetration of Retirement Living villages ~ 5%

- Overseas penetration benchmarks higher (>10% in US)

Strong growth in demand, currently under-supplied

- At 5% continued penetration, the implied demand for new supply is ~100,000 units over 20 years (5,000p.a. average)
- Sector currently supplying less than half this level

Customer value proposition is proven

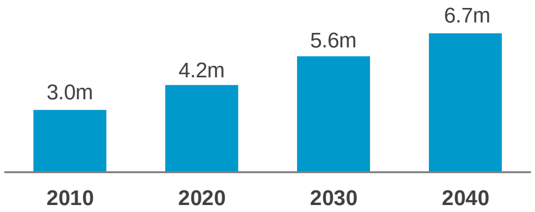
- The Loan/Lease/DMF model is well accepted and is an affordability solution relative to renting
- Stockland's DMFs are competitive[1]
- High levels of resident satisfaction (90% of Stockland residents rate their overall satisfaction at 7/10 or higher)

Governments are supportive of the sector

- Economic and social benefits are increasingly being recognised

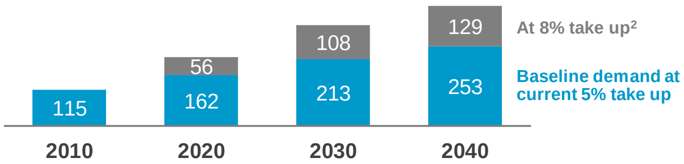
Australian population aged 65 or older

(Millions of people)



Demand for retirement units

(Thousands of units required to meet demand)



1. Stockland's current standard DMF contract: 8% of entry price in year one, followed by 3% of entry price per annum of residency up to a maximum of 35%; 50-50 share of capital gain or loss
2. Potential national penetration by 2025 estimated by the RVA in its submission to the Productivity Commission enquiry "Caring for Older Australians", August 2011

Stockland

Our strategy: happy, full villages - and more of them

Our strategy is to achieve happy, full villages (and more of them) by delivering older Australians a better way to live

Targeting middle market socio-economic segment with affordable products and services

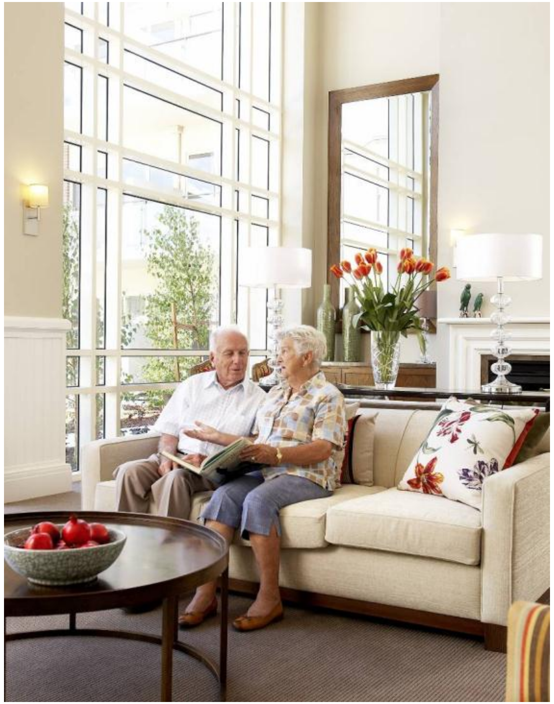
Organic growth, with improving returns being driven by increasing scale and ongoing improvement in processes, products, services and culture

Maintaining relevance as customers' needs evolve over time

- Built-form home and community facilities
- Service platform
- Financial solutions

Raising overall RoA to 6.5% by FY15 and exceeding 8% within the following 2 years

- Undertake initiatives focused on volume growth and cost containment without being dependent on price growth



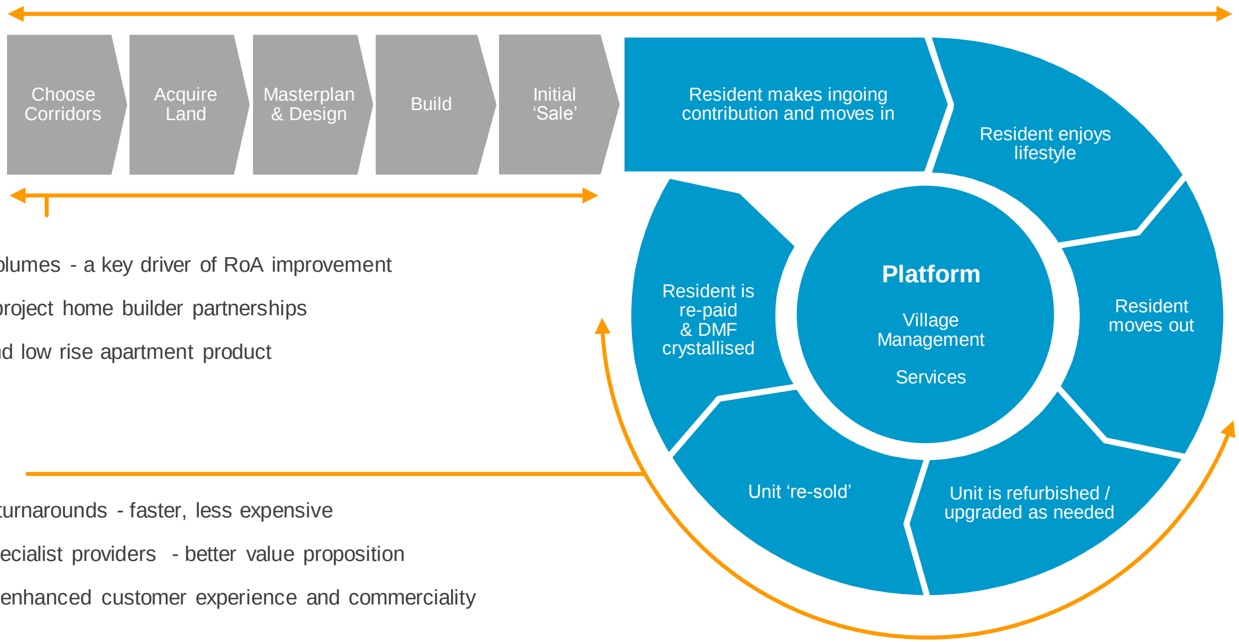
Stockland

Current strategic initiatives focus on improving returns

Throughout the business

1 Continuing to manage costs - centralisation and streamlining

2 Differentiated customer experience



Development

3 Continued growth in development volumes - a key driver of RoA improvement

4 Continuing to evolve our product – project home builder partnerships

5 Increased use of medium density and low rise apartment product

Established

6 Streamlined and more efficient unit turnarounds - faster, less expensive

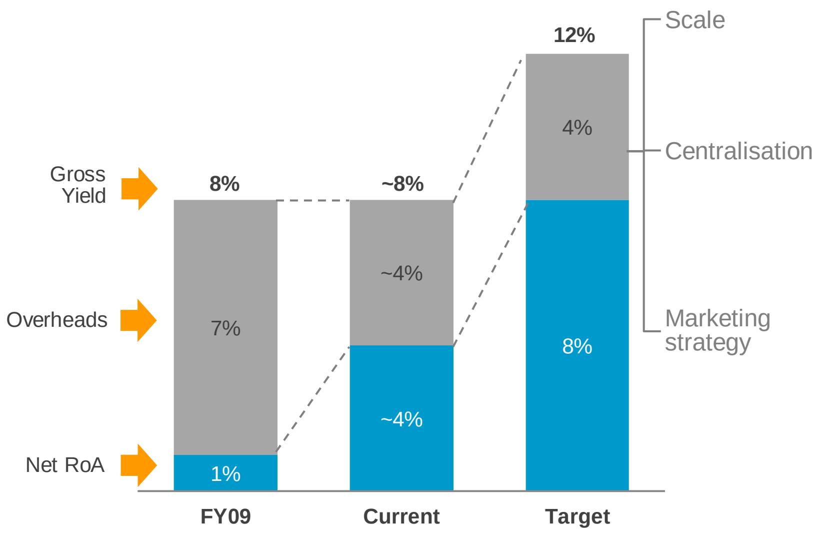
7 Building the service platform with specialist providers - better value proposition

8 Professionalisation and up-skilling - enhanced customer experience and commerciality

Ongoing cost management will continue to support RoA

1 Cost management

Return on Assets[1]



Holding costs flat in real terms while expanding volumes will bring overheads down from 12% of revenue in FY13 to 8% in FY18

Increased centralisation of functions into Corporate Centre to drive efficiency

- Finance
- Human Resources
- Elements of Marketing

Increased emphasis on conversion, reduced investment in lead generation will reduce marketing spend by c25% in FY14

What is meant by 'overheads'

Salary & wages

- Includes Marketing, Sales (incl commissions), Area and Regional Operations, Asset Management, Development, Finance, Legal/Conveyancing, HR
- Excludes village employees recharged to residents through monthly levies (eg Village Managers, Maintenance, local admin)

External spend on marketing, professional fees (eg valuations), occupancy, depreciation, travel, general expenses

Head office recharges for shared services (IT, A/P, Finance, Payroll etc)

1. Historical data re-stated to reflect current accounting treatment

Stockland

Improving the end-to-end customer experience supports occupancy and price-point objectives

Example #1: Entry Experience

Improved Conversion

High cancellation rate drives added cost per settlement as on average each settlement has to be “made” more than once

A leading cause of cancellations is that the move to the village is seen as overwhelmingly hard

Solution: make it easier by providing more information, advice and guidance via Property Relocation and Consultation Service – free of charge to customer (cost to Stockland ~$200-300)

Achievements to date

Reservation package introduced February 2013

Property and Relocation Consultant partners engaged nationally

Strong feedback from customers and sales team as to efficacy of the service in reducing stress

Cancellation rates for customers using the service halved during the pilot period

Example #2: Residency Experience

Internalising Villages

Residents can be exposed to risks when self-managing villages, including: regulatory, compliance, economic risk; residents enter village to retire, not run the village

Stockland also exposed to inefficiencies and inconsistencies, brand risk and resident wellbeing issues through stress and administrative workload

Solution: Where Association-managed, internalise village management to leverage Stockland experience, scale economies, common processes

Achievements to date

During FY13, six Association-managed villages have agreed to become managed by Stockland – ie ‘internalise’ (five Vic, one Qld)

Four villages have undergone successful trial periods

Expect 75% of all portfolio villages to be Stockland-managed by end FY13

Stockland Managed

Delivering the development pipeline is a major contributor to RoA improvement

Development returns

Pre-overhead margins averaging ~18-19% (excluding DMF's)

- Expect these to remain stable as we move to project home builder product and lock down construction costs early in projects

Development overheads historically high as % of revenue

- Sub-scale
- Costs associated with bringing pipeline projects to market before they generate revenues

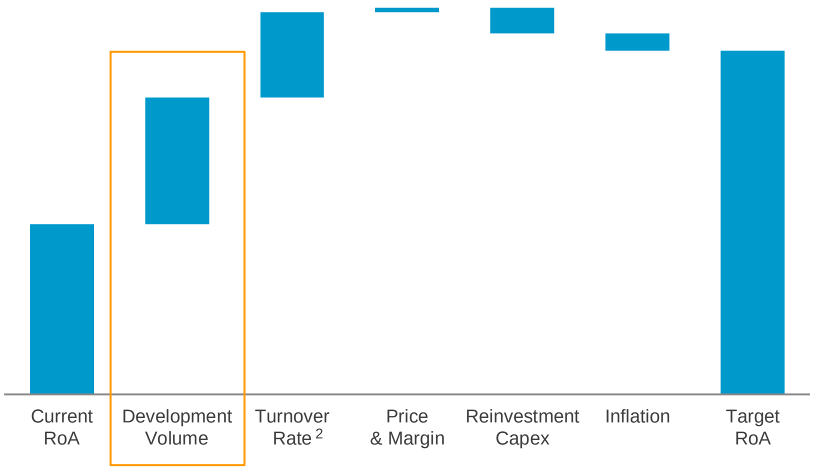
Post-overhead operating profit margin exceeded break-even point in FY12

- Current 3-year unlevered post-overhead IRR on the development business is c18%pa over FY13-15 (excluding DMF's created)

Operating profit margin highly leveraged to volume

- Development platform is well established; overhead growth in near term limited to CPI or less
- Growth in volumes a key driver of overall RoA

Key Drivers of Improvement in Return on Asset (RoA)[1]



1. Not to exact scale
2. Turnover rate will increase with village maturity; expecting this to trend towards 8% over the next five years

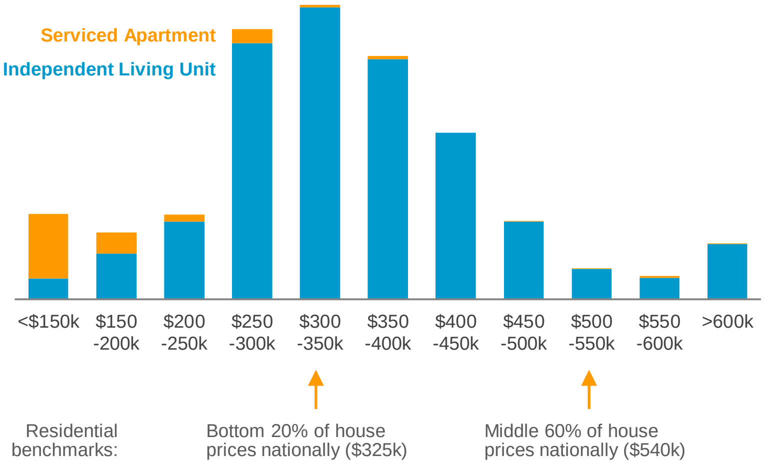
Strong project pipeline should drive development volume growth by over 15%pa

State	Project	Yet to come online	Anticipated Settlements				
			FY13	FY14	FY15	FY16	FY17+
Active Developments							
VIC	Highlands	118					
VIC	Arilla	81					
VIC	Tarneit Skies	29					
VIC	Selandra Rise	214					
VIC	Mernda	272					
VIC	Gowanbrae	2					
QLD	Fig Tree	99					
QLD	North Lakes	40					
QLD	Farrington Grove	120					
NSW	Waratah Highlands	82					
NSW	The Willows	37					
NSW	Macarthur Gardens	180					
WA	Affinity	216					
Sub-total		***1,490***					
Development Pipeline							
VIC	Highlands Extension	200					
VIC	Eucalypt	270					
VIC	Highlands II	250					
VIC	Lockerbie	250					
VIC	Davis Road	250					
QLD	Caloundra	400					
NSW	Lourdes	10					
NSW	Golden Ponds	50					
NSW	Marsden Park	280					
NSW	Cardinal Freeman	240					
NSW	The Cove	60					
NSW	Leppington	300					
WA	Banjup	250					
Sub-total		***2,810***					
Total ILUs yet to be released		**4,300**					

Stockland

For ageing downsizers, a Stockland Village offers a strong value proposition relative to new house & land

Affordable price-points



Contract	Typical House and Land	Retirement Village
Single contract, fixed price	✘	✓
No upsell / up spec pressure	✘	✓
Deal direct with Stockland	✘	✓
Warranty by Stockland	✘	✓
Fit for purpose	✘	✓
Ready to live in	✘	✓
No stamp duty	✘	✓
Easy by Design		
6-7 Star NATHers rated	✘	✓
Adaptable housing code	✘	✓
Elderly friendly lights & taps	✘	✓
Wide corridors and extra storage	✘	✓
Security doors and flyscreens	✘	✓
High ceilings (2550 mm)	✘	✓
Fence, landscape & driveway	✘	✓
Window furnishings	✘	✓

"I don't need a big house. I have everything in my backyard – bowls, the theatre and a pool table. It feels like an extension of my house."

Noel, Arilla resident

Continuing to evolve our Development products

4 Evolve development product

From this[1]:

Carport 2 1
94m[2] house
Cost $150k, revenue $270k, margin $8k (3%)

Custom Designs
Architect fees
Poor detailing
Higher supervision required by Stockland
Typically 100-150 RFI's

Community Centres

Large centralised "cookie-cutter" designs
Salon, nurse, podiatrist, doctor rooms
Cavernous Town Hall
Commercial kitchen with subsidised meals & café
Save $ by delaying Community Centre construction

✘

To this[1]:

Courtyard 2 1 1
75m[2] house
Cost $120k, revenue $290k, margin $58k (20%)

Project Homes
Home builder design
Fit for purpose
Display quality
Proven details

Club Houses

Intimate meeting places customised to local area
Day spa
Flexible spaces able to seat most residents
Food preparation areas, partnerships for food and café operations
Build early and promote strongly

✓

1. Illustrative only; typical products shown; wide variation in actual products delivered by village and project

Better, faster, cheaper development outcomes by working closely with project home builder partners

4 Evolve development product

Case Study: Arilla vs Mernda

(Same builder at both villages)

Stockland design: Arilla (Quartz Type N)

Project home builder design: Mernda (Coastal Type 5)

Builder project home at Mernda is 7% bigger, 10% cheaper, has more inclusions and is 10% faster to build

	Arilla		Mernda	Favourable
Building area[1] (sqm)	178		191	7%
Build cost	$187,000		$168,000	10%
$ / sqm	$1,050		$880	16%
Build program (days)	100		90	10%
Inclusions				
Kitchen stone bench tops	No		Yes	Yes
Front landscaping	No		Yes	Yes
Gas solar boosted hot water	No		Yes	Yes
Covered outdoor room	No		Yes	Yes
Energy rating	5 Star		6 Star	Yes
Silver level universal housing standard	No		Yes	Yes
5.8 star deducted heating and cooling	No		Yes	Yes

$19k additional value

1. House, garage, porch and alfresco (if applicable)

Medium density product supplements classic villa-style product and offers a strong customer value proposition

5 Increased medium density

The Willows, Winston Hills NSW

- 76 apartments and over-under product
- Avg 94m^2 internal area
- Completion June 2013
- $41m revenue; pre-overhead margin 15%
- Avg sale price $541k (76% of local median house price)

Arilla, South Morang Vic

- 36 apartments
- Avg 81m^2 internal area
- Completion August 2013
- $13m revenue; pre-overhead margin 15%
- Avg sale price $355k (83% of local median house price)

Gowanbrae, Gowanbrae Vic

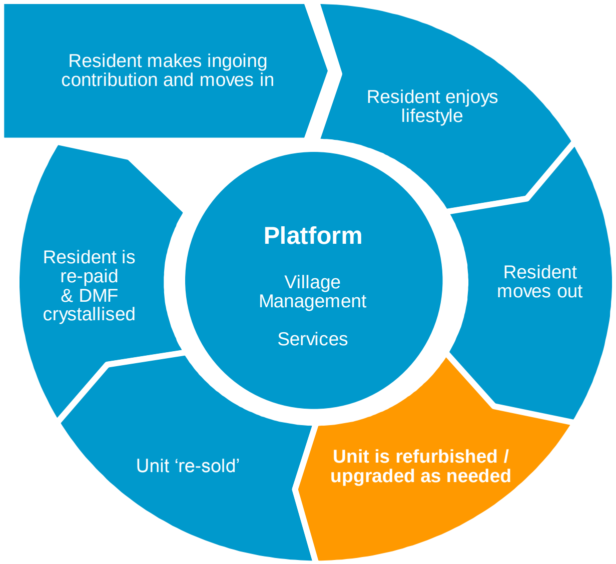
- 39 apartments
- Avg 78m^2 internal area
- Completed August 2011
- $15m revenue; pre-overhead margin 24%
- Avg sale price $387k (79% of local median house price)

	Medium Density
Even less maintenance, less fuss for downsizers	✓
Higher level of security	✓
Located closer to clubhouse – more convenient	✓
Ease of adding extra services as required	✓

Streamlined and more cost-efficient asset management processes

6 Turnaround efficiencies

Established Business Cycle



Objectives

Targeting 50% time-out and 20% cost-out of key process steps by FY15

Time reductions will drive up occupancy and drive down vacant unit levies

Cost reductions will enhance net turnover margin

Making our processes more scalable

Opportunity to increase speed of turnarounds and upgrade volumes

Now seeing ~550+ exits pa

- 40% requiring reinstatement (carpet, curtains, paint)[1]
- 50% requiring upgrade (above plus new kitchen, bathroom)
- 10% requiring re-configuration (eg remove walls, add pergola)

Volumes will increase as villages mature

Now re-designing processes for significant improvement in efficiency

Standardising processes and removing re-work loops

Eliminating low-value adding process steps

Standardising and re-defining refurbishment and upgrade specifications

Reducing number of suppliers, re-negotiating input costs

1. Paid for by outgoing residents

Partnering with specialist providers enables customers' needs to be satisfied without incremental fixed cost or risk to Stockland

Strategy

Partnerships already exist within Retirement Living – e.g. Property and Relocation Consultants, Emergency Response Plans

Benefits of a stronger Partnerships Strategy will include improved governance, reduced cost and increased process consistency

Partnerships are defined at the 'Local', 'Regional' and 'National' level

- Local: Village maintenance (eg gardening), medical professionals, clubs
- Regional: Domestic care (eg cleaning), in-home meal services, clubhouse food & beverage, volunteering services, power and water utilities
- National: Insurance, First Responder service, seniors associations, Aged Care providers

Case Study: Careways at Macarthur Gardens

Partnership with not-for-profit community service organisation who are part of Commonwealth Home and Community Care (HACC) program

Operates the community café in the Clubhouse 6 days a week staffed mostly by volunteers

- Provides access to fresh and affordable meals and other care and lifestyle services
- Enhances affordability and social and intergenerational interaction at the village
- Reduces operating overheads

Collateral benefits

- Careways have delivered 14,000 hours of quality training
- The pilot has enabled 15 local disadvantaged job seekers to transition into paid employment (averaging one/month since starting)
- Partnership has facilitated a dozen residents to easily access HACC and privately funded lifestyle and support services

The program is currently being rolled out at three other NSW villages

Investing in people skills is driving efficiency and resident satisfaction

8 Professionalisation

Example - PAVE: Pathway to Achieving Village Excellence

Why it is important

Annual Residents Voice survey shows correlation between satisfaction with Manager and overall satisfaction with living in village

- Also a key driver of referrals

Yet Village Managers come from diverse backgrounds

- No standard industry training or accreditation at the individual level

What is PAVE?

Four module in-house designed and delivered course to provide training in the major components of Village Management ensuring a best practice approach to the way we manage our villages

- Managing the Finances
- Managing Stakeholders
- Managing Self and Team
- Managing the Assets

Current status

All Village Managers have completed Module 1; Module 2 by end June 2013

All Village Managers will have completed all modules during FY14

Resident Survey Results 2012

Summary

The long run fundamentals of Retirement Living remain compelling despite recent and near-term challenges due to the soft housing market

However, we recognise that current RoA is below an acceptable threshold, despite the improvements of recent years

We see volume growth coming back as the housing markets appear to be in the early stages of recovery

We will continue to actively manage for improving returns

- We are confident of reaching an RoA of 6.5% by FY15 and exceeding 8% within the following 2 years

We continue to explore options for accelerating these returns

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