Stockland

Leasing Capability

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Strong leasing opportunities in the Stockland Portfolio

- Lack of supply from new developments increasing demand for space for expanding retail brands
- Stockland centres have high levels of occupancy (over 99.5%) and strong sales performance ($8,892 per sqm vs $7,562 per sqm Urbis Sub-Regional)
- Centres earmarked for development are situated in suburban and regional growth areas
- Development will broaden the retail offer and maintain the asset at the top of the retail hierarchy

Stockland Rockhampton

Stockland Merrylands Stage 2 Opening

Extensive analysis undertaken as part of each project’s leasing strategy

Quantitative Research

- Trade area population
- Population growth
- Retail spend analysis
- Retail spend growth
- Demographics
- Competition analysis

Qualitative Research

- Telephone surveys
- Focus groups
- Mosaic profiling

Retail Mix & Positioning

- Ambience
- Design features
- Positioning of fashion Offer
- Size and pitch of leisure & entertainment offer

Benchmarking & Feasibility

- Mix of retail categories
- Turnover & occupancy cost forecasting
- Rental analysis

Leasing strategies based on proprietary research

- Detailed research provides greater insight and the ability to benchmark tenant mix to assess the potential of our projects:
  - Analyses the top 50 regional shopping centres in Australia to provide the drivers for performance

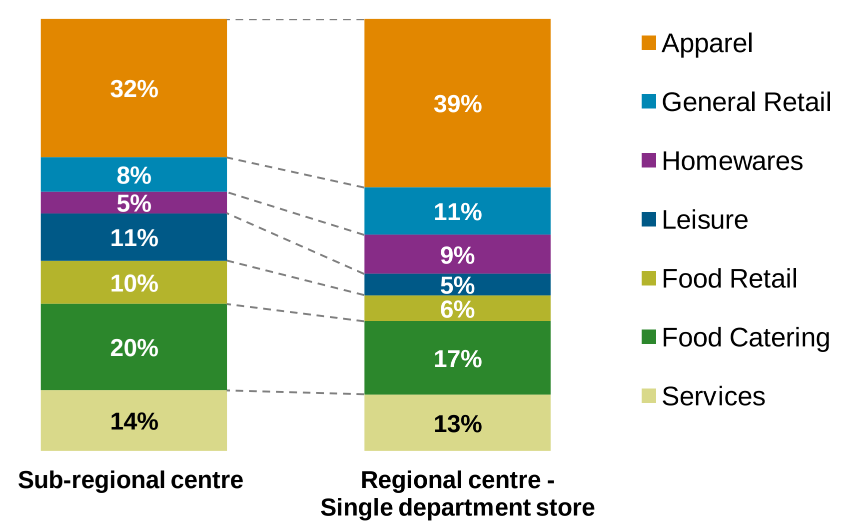
Internal Factors

- Mix of major tenants (Department Stores, Discount Department Stores, Supermarkets), Mini Majors and Specialty stores
- Mix and ranging of apparel categories
- Growth categories and retailers
- Layout and precincting of centre

External Factors

- Trade area population and demographics
- Composition of competition in trade areas

Indicative retail mix based on detailed, proprietary research



Exclusive retailer database provides latest information

- Tenant selection is fundamental to our leasing strategy:
  - Aim to deliver a sustainable retail offer with long term opportunity for sales growth

- The database has over 380 brands operating in Australia’s regional shopping centres, focused on apparel and fashion

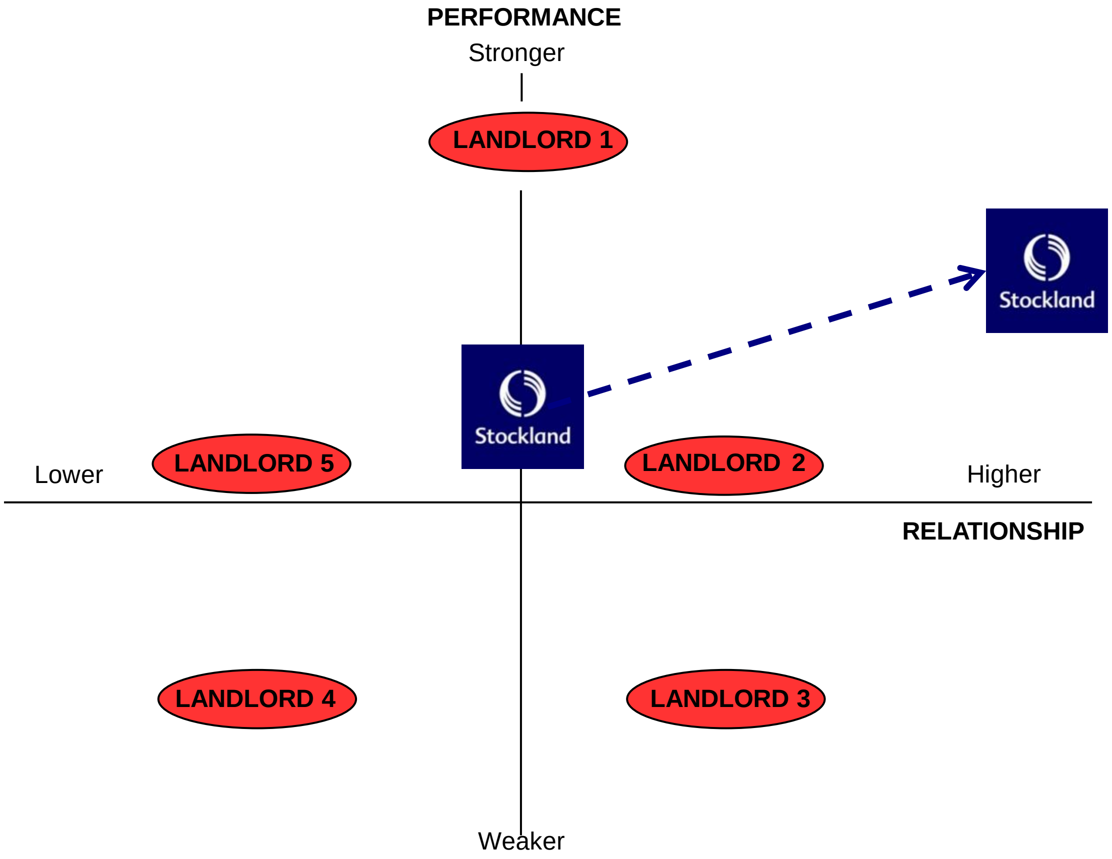
- Analysis of key leasing information:
  - Market positioning and price point
  - Growth strategy and brand overview
  - Their target customer profiles
  - Typical store size
  - Typical stores sales, rates and occupancy costs

- Information is exclusive to Stockland

Understanding our customer needs and improving satisfaction

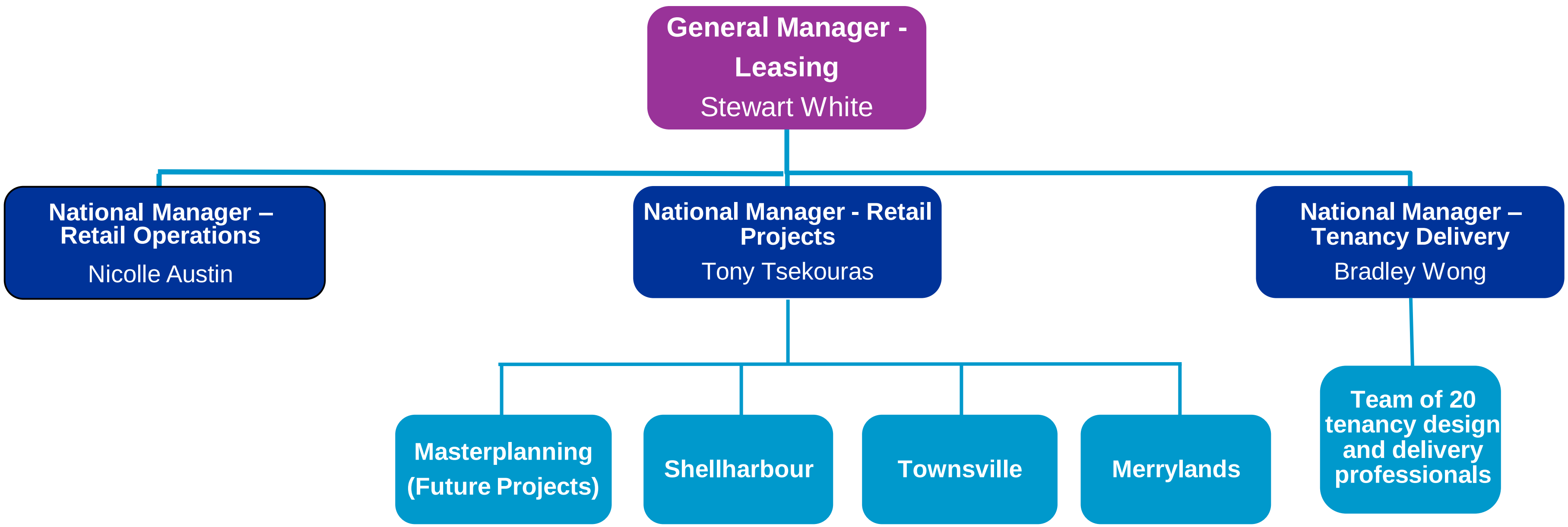
- Consistency across all aspects of the relationship
- Understand retailers' brand growth strategies and commercial aspects of their business
- Proactive in creating opportunities across the portfolio
- Implemented new IT system to simplify deal process

Retailer perceptions of performance and relationships[1]



 1. Source: Directional Insights

Dedicated teams drive better outcomes



Average Years of Retail Leasing Experience		
Shellharbour 12 years	Townsville 12 years	Merrylands 11 years

Good progress on specialty shop project leasing

	Total Project	Specialty		
Recently Completed Projects	**New GLA (sqm)**	**No. of specialty shops**	**GLA leased (sqm)**	**% Specialty income secured**
Merrylands Stages 1 & 2	21,000	65	7,210	100%
Tooronga	9,300	21	2,150	94%
Rockhampton	21,000	47	5,380	100%
Projects Under Construction				
Merrylands Stages 3 & 4	37,000	106	1,820	21%
North Shore (Townsville)	5,400	15	1,550	77%

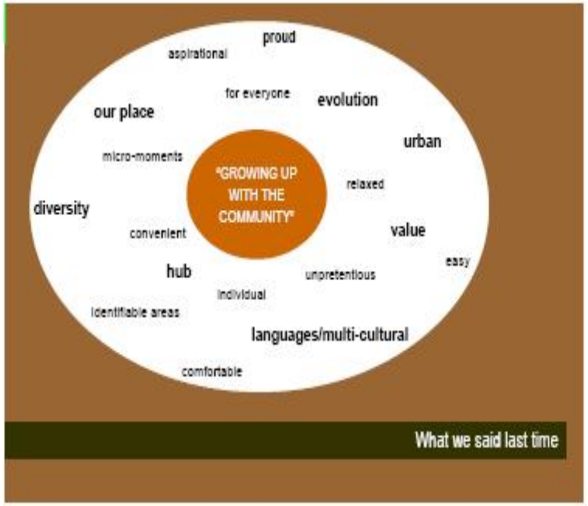
Case study - Merrylands before…

- Original centre was highly productive (Kmart top 5 in NSW, specialty turnover $10,866 per sqm) yet obsolete and sales were in decline

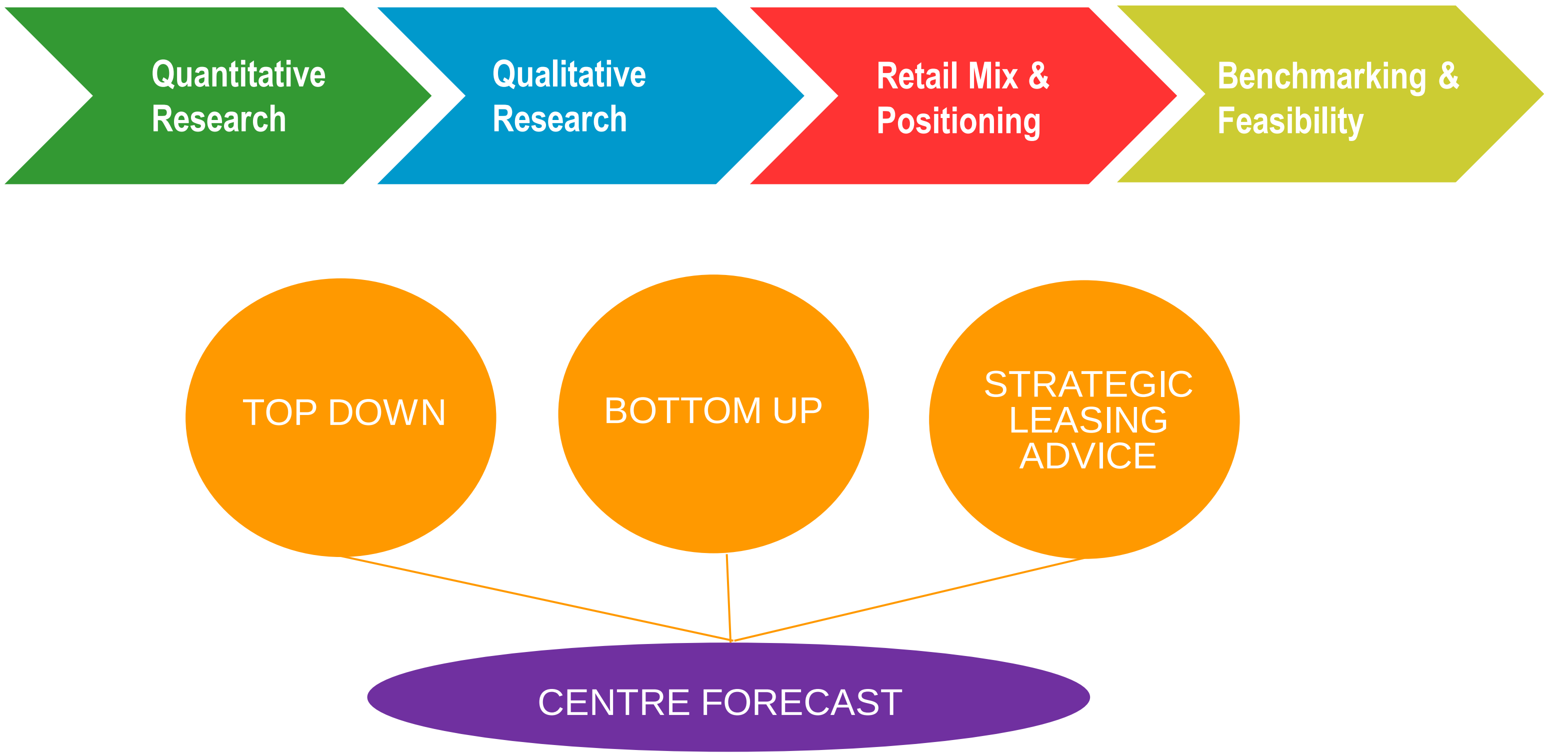
- Market share was also forecast to decline with an estimated $595 million of escape expenditure

- The retail offer in the trade area was obsolete and disaggregated

Merrylands - Establishing a vision and leasing strategy



Merrylands - Forecast methodology



- Achieves optimal retail mix
- Maximises rent and asset value
- Provides long term sustainability

Merrylands - creating a new proposition

- Brand new centre specifically designed for the community:
  - Simple to navigate malls
  - Easy parking and entry to centre
  - Strong food offer demanded by multicultural community
  - Fashion offer to appeal without having to go to Parramatta
  - All the key services

Mall

Food court

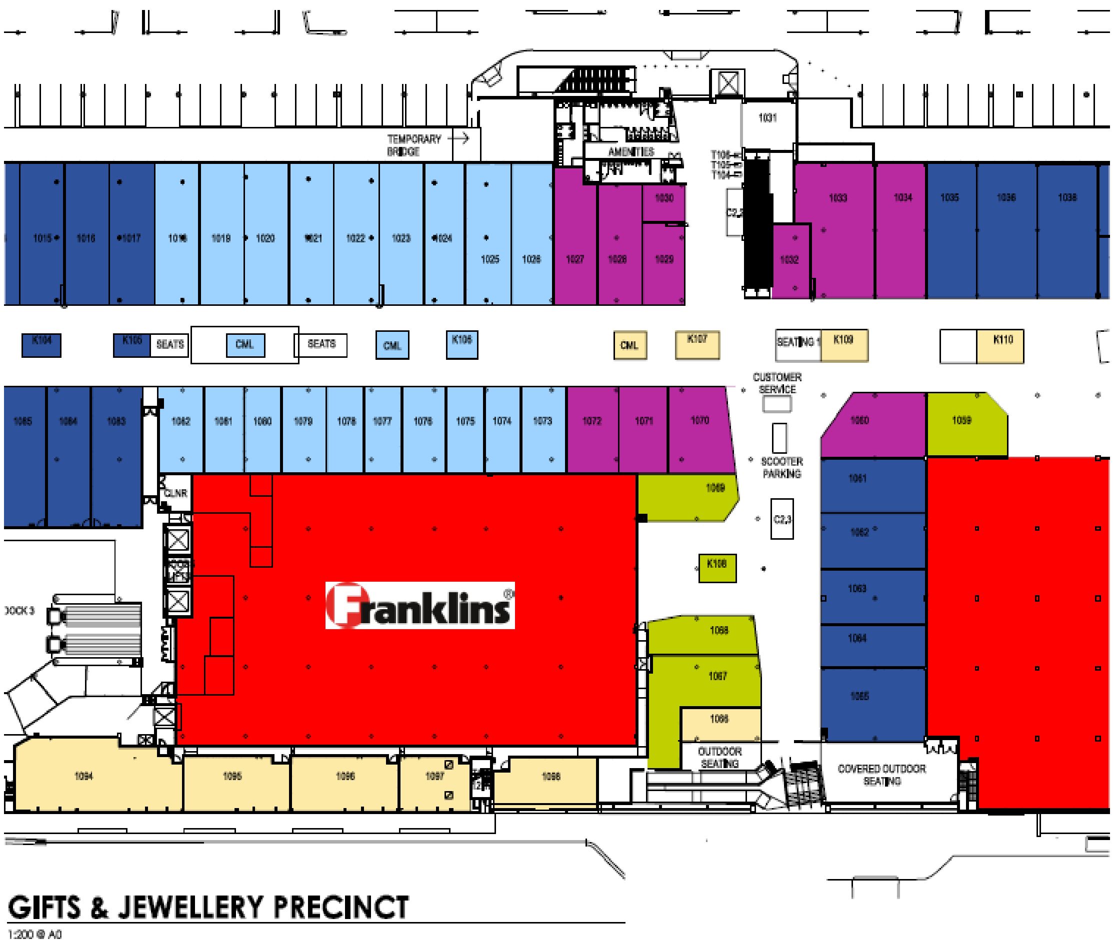
Merrylands - Tenancy mix ground floor

- Ground floor predominantly services, homewares, general merchandise and fresh food

Merrylands - Tenancy mix level 1

- Level 1 anchored by new Target and Big W - this level is predominantly fashion.
- Further strengthened by the introduction of six mini majors and a new food court

Merrylands - Centre court precinct



LEGEND

- FRESH FOOD
- FOOD CATERING
- HOMEWARES
- MAINSTREAM FASHION
- YOUTH FASHION
- KIDS FASHION
- MINI MAJORS
- SERVICES
- GENERAL MERCHANDISE
- GIFTS / JEWELLERY

- Introduction of jewellers on the corners including Michael Hill, Prouds and Zamel's
- Small amount of fresh food on entry to Franklins
- Other operators include My House and Chef King

Merrylands - Fresh food and food catering precinct

FRESH FOOD & FOOD CATERING

- Introduction of all three supermarkets in close proximity on one level, creating a strong and vibrant trading precinct

Merrylands - Food court and youth precinct

FOOD COURT & YOUTH PRECINCT
1:250 @ A3

- Creation of kidswear precinct to compliment the recently introduced My Funland
- Food court includes leading national fast food chains such as KFC, McDonalds and Oporto
- Youth fashion retailers such as Jay Jays, Jeans West, Insport, Valleygirl, Tarocash, Yd and City Chic