



Stockland

# Offshore Investor Presentation

April 2008

[www.stockland.com.au](http://www.stockland.com.au)

# Stockland's Position in the A-REIT Sector

- Stockland was formed in 1952 and pioneered the stapled security structure
- Stockland's current position\*
  - Top 2 A-REIT^
  - Largest diversified A-REIT
  - Market capitalisation of >A\$10bn
  - 10% of the A-REIT 200 Index
  - High liquidity (90% moving annual)



The Boardwalk, Queensland



# Review & Commentary

- Unprecedented volatility in debt and equity markets
- Key market themes :
  - Risk has been mispriced
  - Financial engineering with excessive debt has had its day
  - Businesses with strong fundamental property skills and solid balance sheets will prevail
- We're all being impacted despite strong property fundamentals
- Our business model and skill set are well placed to perform in these conditions



Tooronga, Glen Iris, VIC  
Artist's impression

# Overview

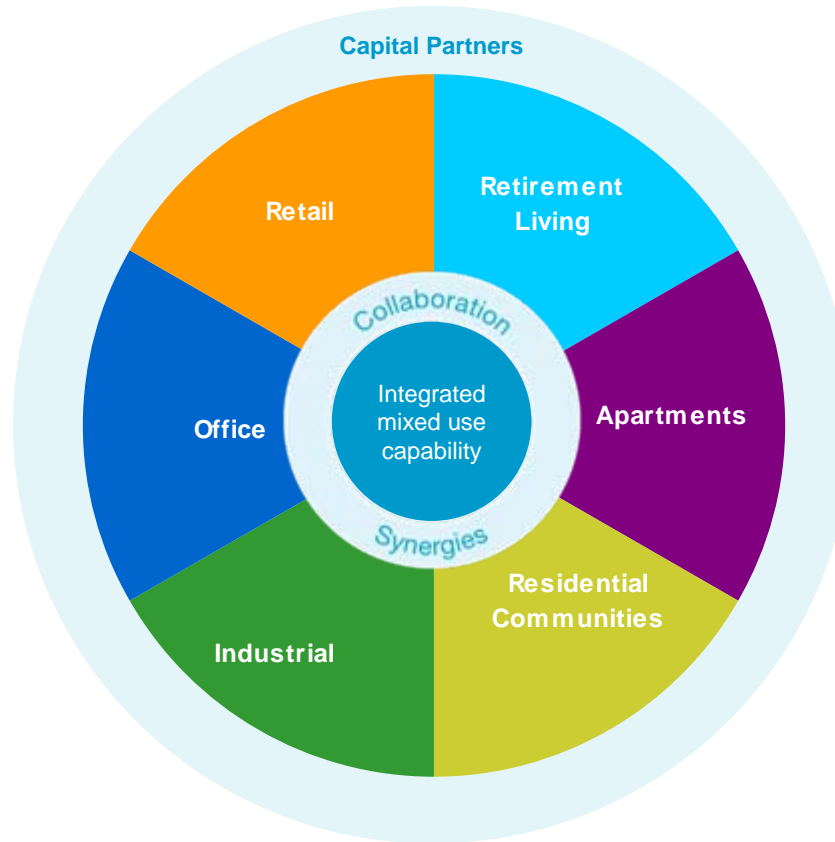
- Utilise solid business model to drive value in the current volatile market and capitalise on opportunities
- Use our expertise and asset diversity / mixed use capability to maximise profits
- Capital management – debt / capital via direct partnerships
- Focus on driving organic growth through the existing portfolio
- Evaluate value add of Trust development pipeline / acquisitions given higher IRR hurdles

# Business Model



The Islands, South Beach, WA  
\*Artist's impression

# Stockland's Integrated Platform





# Australia's largest diversified REIT



**Retail**



**Office**



**Industrial**

**Australian Investment Assets - A\$9.3bn**



**Australian Capital Partners**  
**A\$937m assets**  
**under management**



**Communities**



**Apartments**



**Retirement**

**Australian Residential Assets - A\$3.2bn**

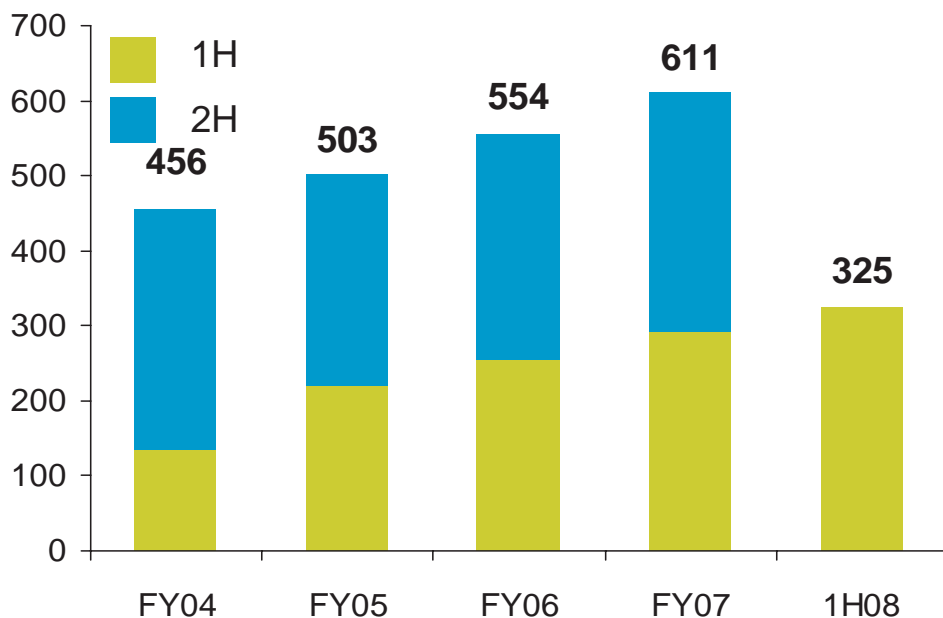


**Stockland Halladale (UK)**  
**A\$2.5bn assets under**  
**management**  
**A\$1.0bn development**  
**pipeline end value**

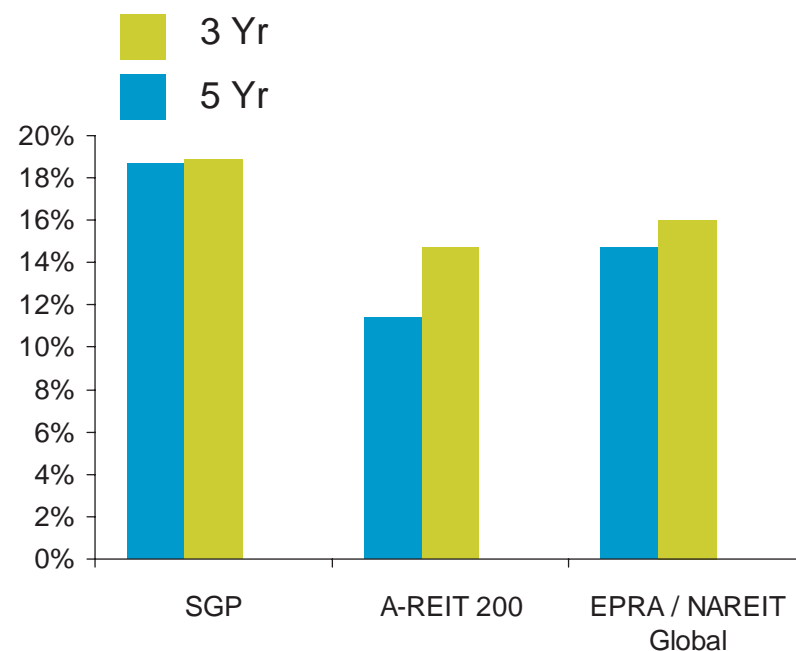
# Financial Performance

## Net operating profit\*

(A\$m)



## Total Shareholder Return





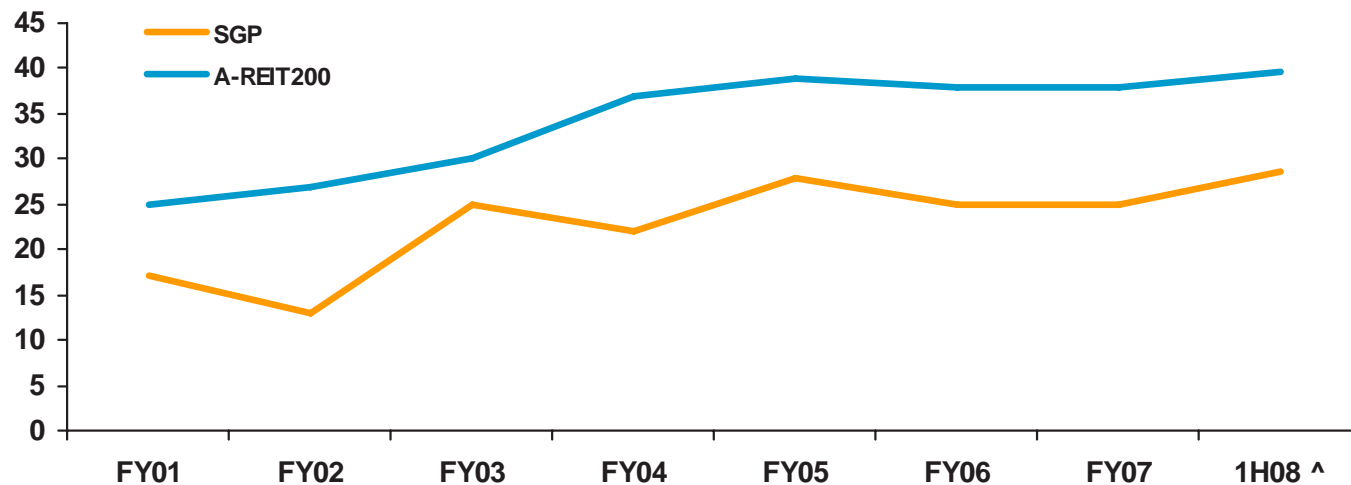
# Capital Management



Optus Centre, Macquarie Park, NSW

# Capital Management

Gearing (Debt / Total Tangible Assets)  
Stockland vs A-REIT200 \*



# Capital Management

1H08

S&P Rating

**A-/Stable**

Weighted Average Debt Maturity

**6.2 years**

Debt Fixed / Hedged

61%

Weighted Average Cost of Debt\*

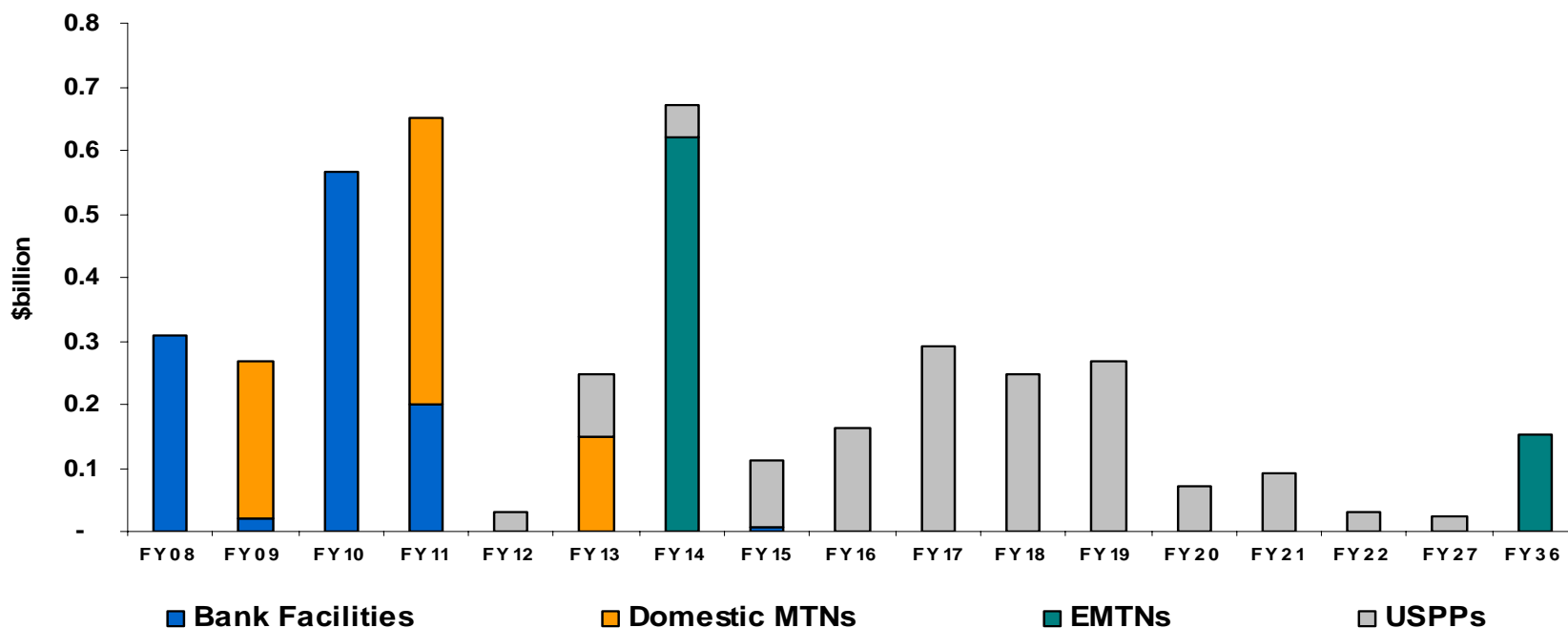
6.6%

Gearing (debt/total tangible assets)

**28.5%**

Interest Cover

3.2:1





# Diverse Businesses



Stockland Baulkham Hills, NSW

# Residential



## PORTFOLIO SUMMARY\*

### Number of Projects

Residential Communities	65
Apartments	13
Retirement	20

### Book Value (Historic Cost)

A\$3bn

### Total End Value

Residential Communities	A\$15.7bn
Apartments	A\$3.2bn

### No. of Future Lots

Residential Communities	67,000
Apartments	2,300
Retirement	3,800

### No. of Future Lots

# Market Overview

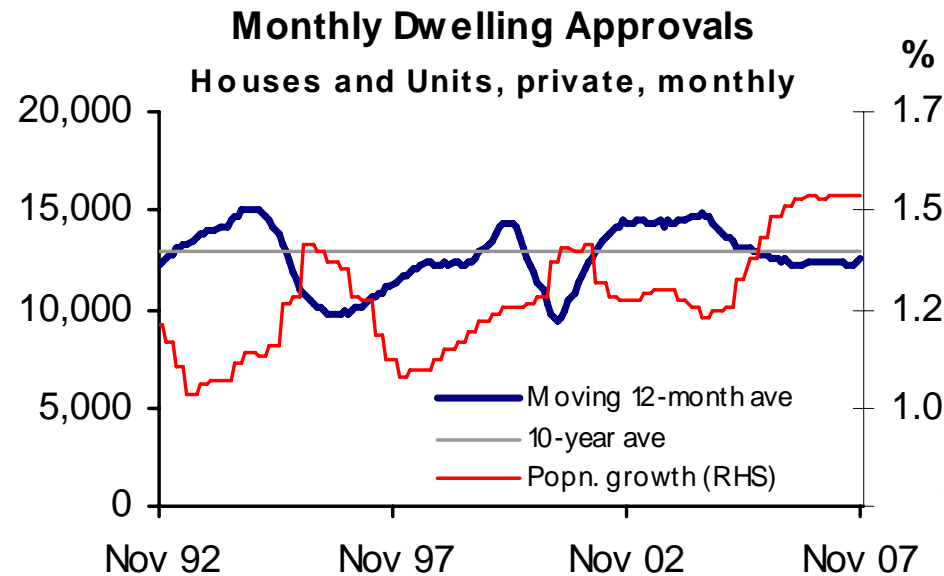
## Positives: Residential markets are still performing well

- GDP Growth
- Low Unemployment
- Population Growth
- Supply remains constrained

## Challenges: Issues that hover over the market

- Affordability concerns
- Cost and availability of consumer debt
- Negative commentary could dampen consumer confidence





## Summary: The market remains very sound





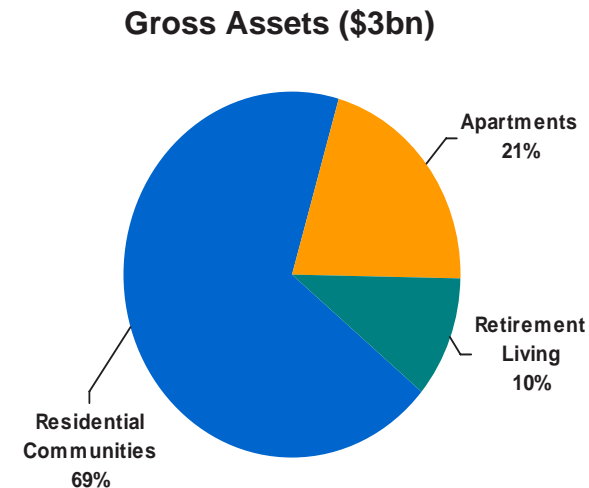
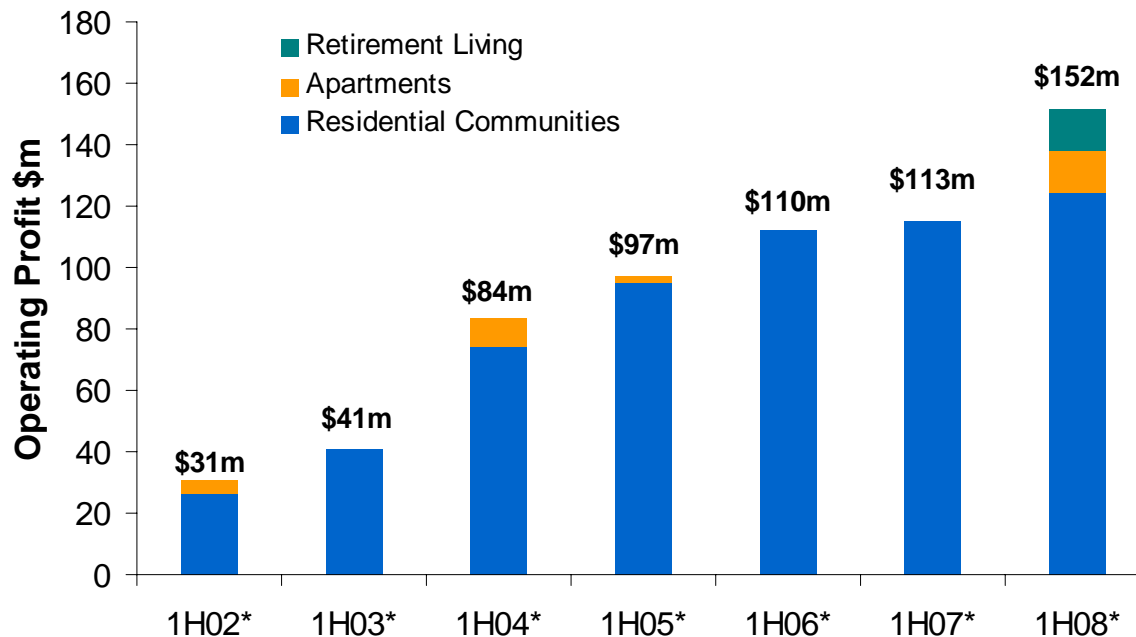
# Market Outlook – Residential Sector

Each market has its own characteristics

Last 6 months		Next 12 months	
NSW	Trading conditions remained soft	Tight supply and population growth could trigger improvement in late 2008	
VIC	Demand strengthened	Sound market due to favourable conditions (affordability and population growth)	
WA	Volumes slowed and price growth moderated	Further easing in volumes. Prices to stabilise	
QLD	Strong population increase continued to strengthen demand	Demand robust due to population growth and supply constraints	

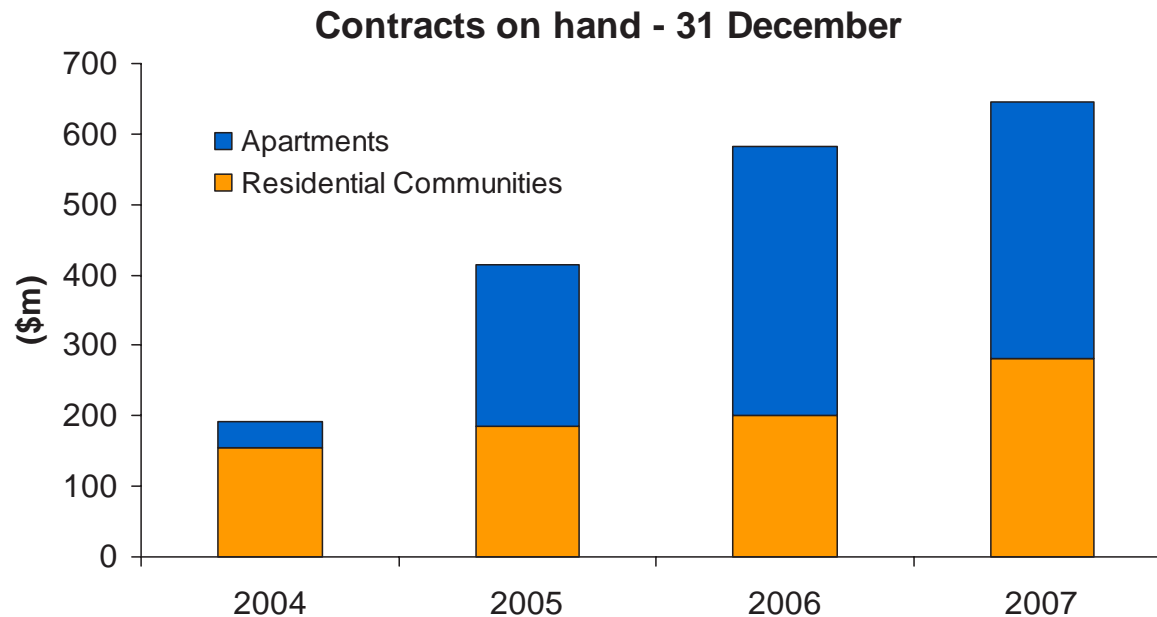
# Residential – Strong Business Model

- Scale and reach as Australia's largest residential developer
- Diversity underpins business growth
  - Geography
  - Product
- Proven track record of managing through market cycles



# Residential Outlook

- Market conditions generally positive
- Strong pipeline from apartments and retirement living will broaden our market reach
- Solid position with contracts on hand







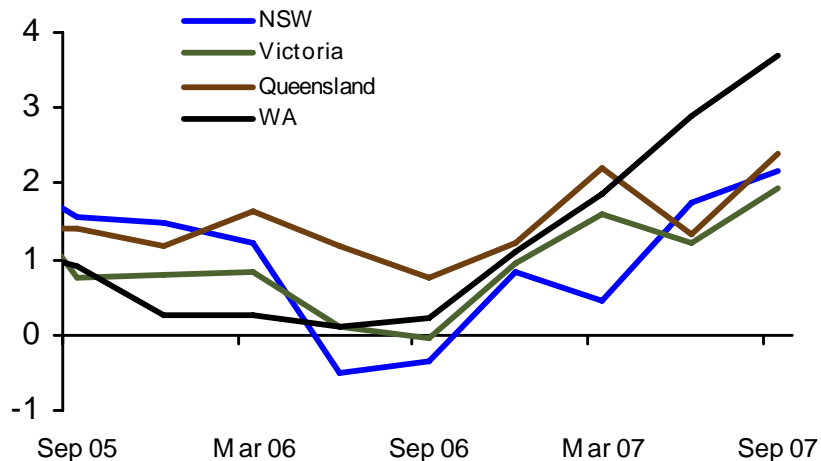
## PORTFOLIO SUMMARY\*

<b>Number of Properties</b>	45
<b>Book Value</b>	A\$4.6bn
<b>Average Cap Rate</b>	6.2%
<b>Total MAT^</b>	A\$5.0bn
<b>Specialty MAT</b>	A\$8,600/m <sup>2</sup>
<b>Vacancy</b>	0.1% (11 shops)
<b>Development Pipeline</b>	A\$2.0bn
Est. Return on Cost	7.6%
10 Yr Forecast IRR	13.3%
<b>Comp Rent Income Growth</b>	5.5%
<b>Occupancy Costs</b>	13%

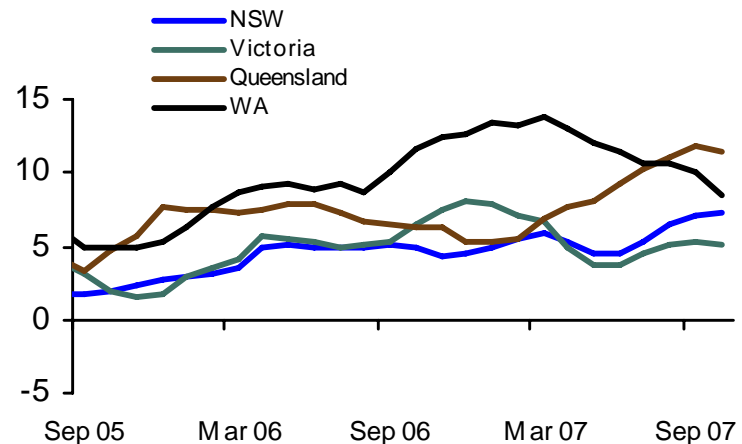
# Market Outlook - Retail

- Retail outlook positive due to:
  - Steady consumer demand
  - Strong labour market and growth in real incomes
- Sales growth is solid, but may moderate if interest rates rise

**Real Wage Growth by State  
(%yoy)**



**Retail Turnover  
(%yoy, sa.)**



# Development Pipeline

Project Status*	No of Projects	Estimated Total Cost (A\$bn)	Forecast Yield on Cost	Current Average Cap Rate	10 year Forecast IRR
Under Construction	4	0.4	7.1%	6.5%	13.3%
DA Approved	2	0.2	7.1%	6.5%	11.4%
DA Preparation / Master Planning	13	1.4	7.4%	6.0%	13.6%
<b>TOTAL</b>	<b>19</b>	<b>2.0</b>	<b>7.3%</b>	<b>6.2%</b>	<b>13.3%</b>

# Outlook - Retail

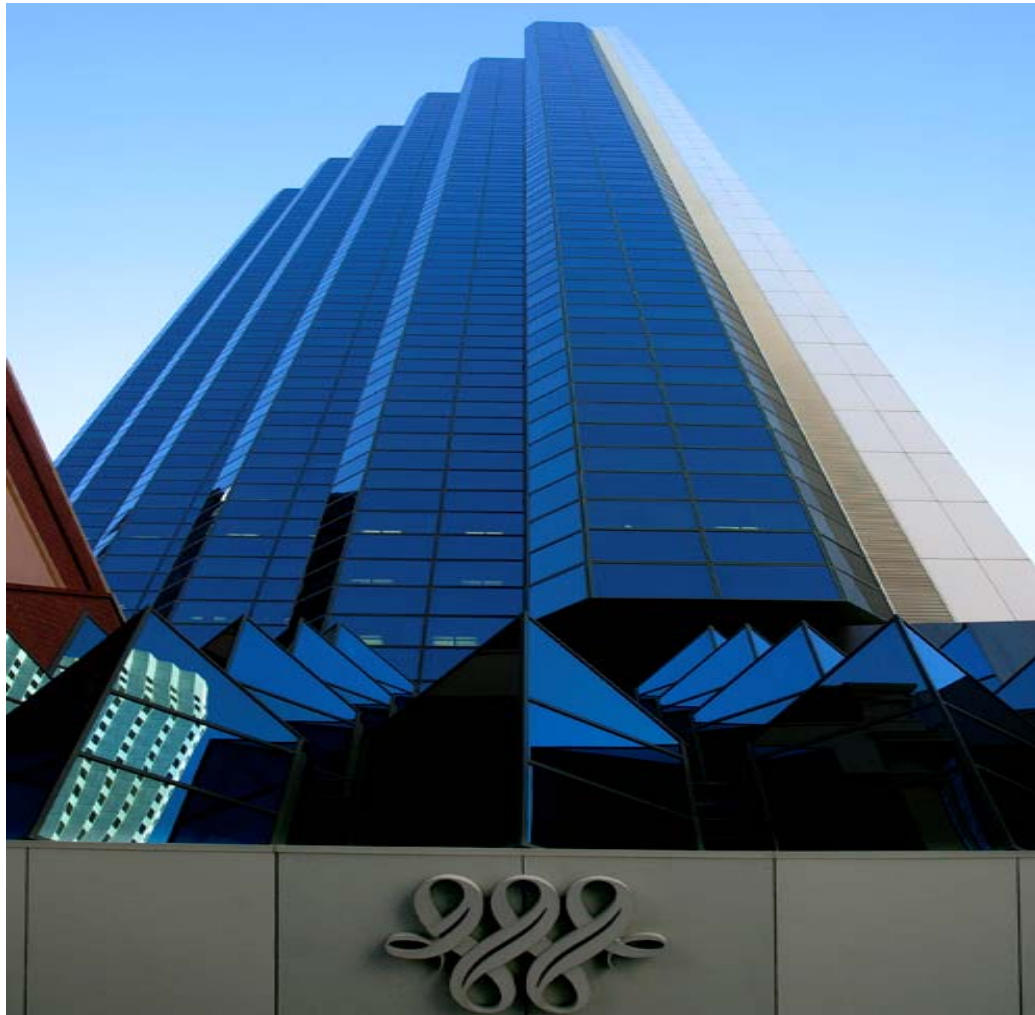
- Market outlook favourable
- High productivity driving strong income growth
- Further upside from development pipeline
- Experienced management team to deliver strategy



Stockland Baldvis, WA



# Office & Industrial



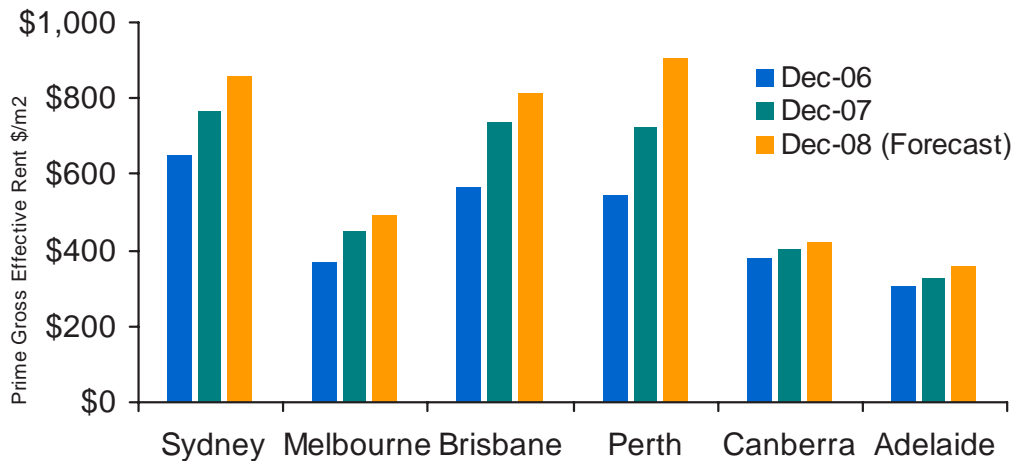
## PORTFOLIO SUMMARY\*

<b>Number of Properties</b>	68
<b>Total Asset Value</b>	A\$4.7bn
<b>Average Cap Rate</b>	
Office	6.4%
Industrial	7.3%
<b>Occupancy</b>	98%
<b>Development Pipeline</b>	A\$1.4bn
Est. Return on Cost	7.3%
10 Yr Forecast IRR	11.7%
<b>WALE</b>	4.1 years

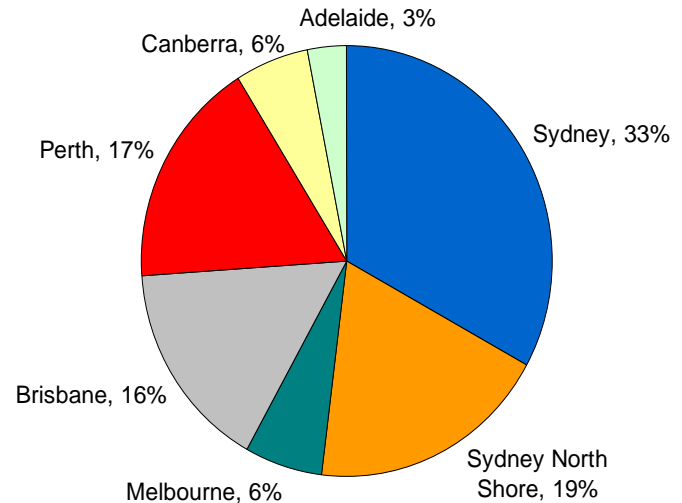
# Office Market Outlook

- Office market vacancies at record lows
- Rental growth in Perth & Brisbane likely to moderate in 2009
- Sydney poised for strong rental growth
- Credit crunch could dampen supply

**CBD Market Rental Growth**



**SGP Portfolio**



# Development Pipeline

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<b>TOTAL</b>	<b>19</b>	<b>2.0</b>	<b>7.3%</b>	<b>6.2%</b>	<b>13.3%</b>

# Outlook – Office & Industrial

- Office markets are in very good shape
- Strong growth from rent reversions
- Further upside from development pipeline
- Strategic position in the emerging intermodal market



**Durack Centre proposed development**  
**Artist's impression**



# Stockland Halladale



## PORTFOLIO SUMMARY\*

<b>Number of Properties</b>	128
<b>Gross Assets</b>	A\$452m
<b>Assets under Management</b>	A\$2.5bn
<b>Development Pipeline</b>	A\$1.0bn
<b>Portfolio</b>	
Office	31%
Industrial	2%
Retail	67%

# Stockland Halladale

- Integration completed successfully
- Strong team and platform
- Market conditions very tough, expected to bottom in late 2008

## Downside

- Pre-sales of several of our projects have been deferred
- We will carry them on balance sheet until completion
- They remain profitable

## Upside

- Buying opportunities from forced sales could accelerate growth



Tudor Street, London  
Artist's impression

# Stockland Halladale – Strategy for Growth

- Sound strategy of allocating 5% of SGP total value to initial market entry
- Strategic target - 10% by 2010
- Upscale existing business
  - Larger scale projects
  - More profit share potential
  - Broaden JV's / Capital partnerships
- Expand operating platform
  - Develop residential capability
  - Grow mixed use capability



Shaftesbury House, Glasgow  
Artist's impression



# Summary & Outlook

- Strong property and capital management skills
- Solid financial position
- Our strategy is sound and well proven



Allisee, Gold Coast, QLD

# Annexures

# 1H08 Results in Summary

		1H08	1H07
Quality Earnings Growth	Operating Profit*	\$324.6m	10.7% ▲ \$293.1m
Transparent Reporting	Earnings per security*	22.4 cents	4.2% ▲ 21.5 cents
	Distributions per security	22.6 cents	5.1% ▲ 21.5 cents
	NTA per security	\$5.68	6.6%** ▲
Strong Balance Sheet	Gearing	28.5%	





# 1H08 Divisional Financial Highlights

## Retail

Divisional operating profit	\$128.2m
Comparable net income growth	5.5%
Revaluations in 1H08	\$174m

## Office & Industrial

Divisional operating profit	\$157.7m
Comparable net income growth	4.9%
Revaluations in 1H08	\$239m

## Residential

Operating Profit	\$151.5m
- Residential Communities	\$124.6m
- Apartments	\$13.3m
- Retirement Living	\$13.6m

## Capital Partners / JV's

Australia: Over \$900m of wholesale and retail assets under management

Performance of all funds at or above PDS/IM forecast

UK/Europe: Over \$2.5bn assets under management\*



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