Stockland

Retirement Living Investor Briefing

David Pitman – CEO, Retirement Living

Agenda

1. A robust and attractive business model

2. Strong, low risk investment returns

3. Strategy for success

4. Recap of key points

A robust and attractive business well suited to Stockland

- **Compelling demand drivers:**
  - Ageing population demographics well understood; easy to predict
  - Expect demand for new developments of circa $35b over next 20 years
  - Industry will struggle to meet demand because of fragmented structure

- **Strong competitive advantage reflecting our history in residential development and commercial property operations:**
  - Retirement Living combines skills honed in these two asset classes
  - Balance sheet provides financial resources to fund development projects to capture demand
  - Masterplan our communities around the 3-Rs, giving added market appeal

- **Retirement Living delivers attractive long-run investment returns:**
  - Based on ‘ground up’ fundamentals, the business is expected to deliver an overall unlevered IRR, post overheads, of circa 12%pa
  - Upside potential with increased scale
  - Stockland has outperformed relative to this benchmark over last 4 years
  - Turnover cash lags accounting profits - model designed to ease cashflows for residents

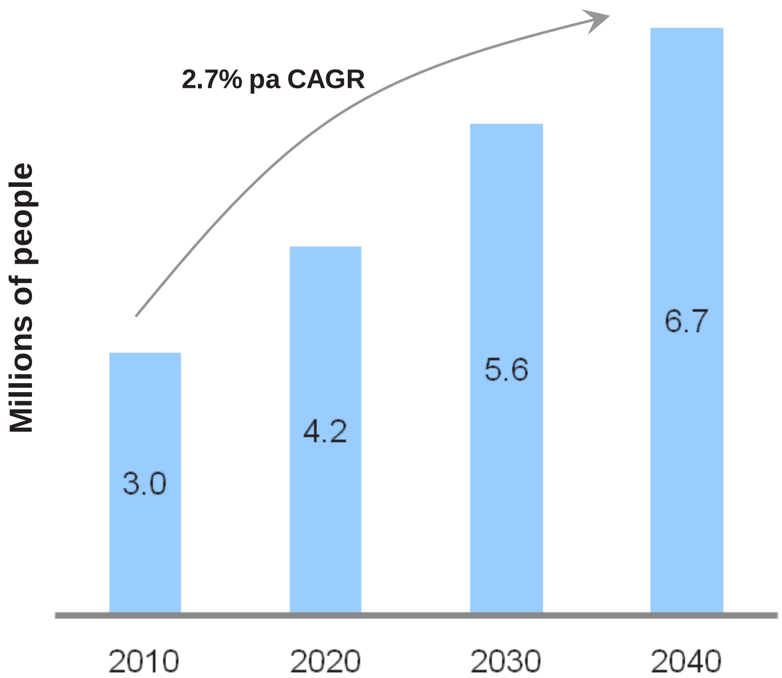
- **It is sustainable:**
  - Residents attracted by lifestyle, financial model works for them
  - Industry is fragmented; larger operators can create national platforms for advantage
  - Government supports retirement living as an important element in the broader community
  - Clear strategy to grow our earnings

Retirement Living means active communities, not Aged Care or Nursing Homes

- Retirement villages are active communities of 65-85 year old independent residents
- Retirement villages offer only basic nursing services
- Stockland's Aged Care/Nursing Homes were part of the 2010 Aevum acquisition:
  - Circa 3% Retirement Living net assets; circa 0.3% SGP overall net assets
  - Currently looking to outsource or sell these operations

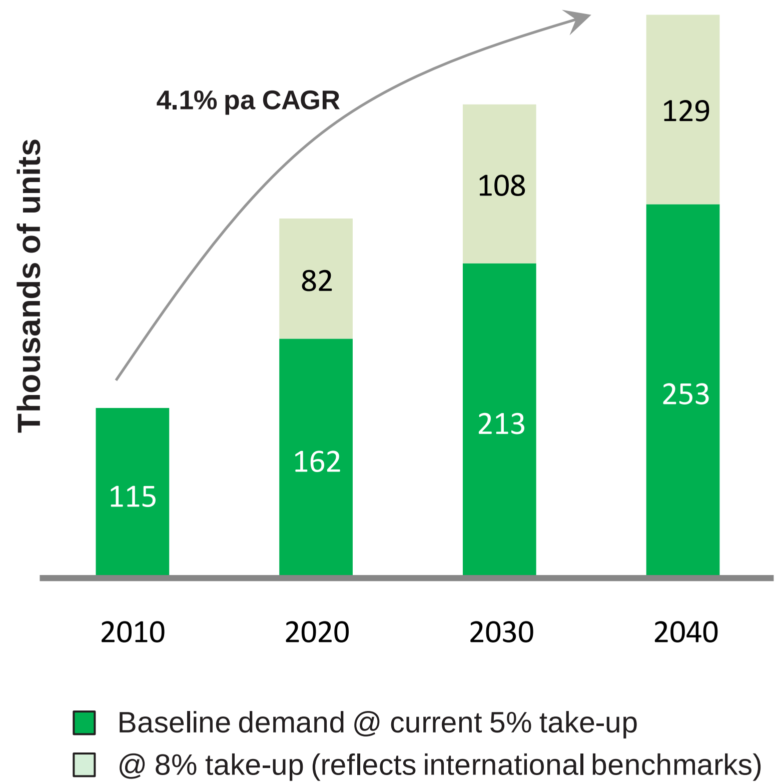
Compelling demand fundamentals, even without an increase in take-up rates to international benchmarks

Australian population aged 65+



65+ population expected to more than double in next 30 years

Implied demand for units



$35b worth of new property required to meet demand (at today's prices and take-up rates)

Stockland's integrated model combines proven capabilities to achieve greater market share

<u>Case Study of Highlands, VIC</u>

- Masterplanned community creation
- Retail amenity supports increased sales volume and drives whole of project returns
- Drives local demand

Retail

Residential

Retirement

- Asset management
- Frontline operations
- Procurement savings
- Recurring income
- Enhances lifestyle value proposition for residents

- Development capabilities
- Zoning and approvals
- Builder relationships
- Co-operative marketing
- Cross-sell
- Leverage brand
- Higher land bank turnover

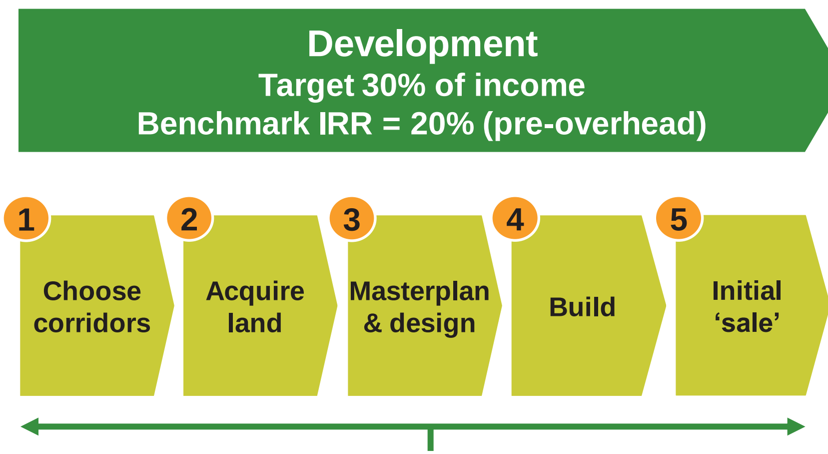
Leveraging group strengths – Stockland's competitive advantage

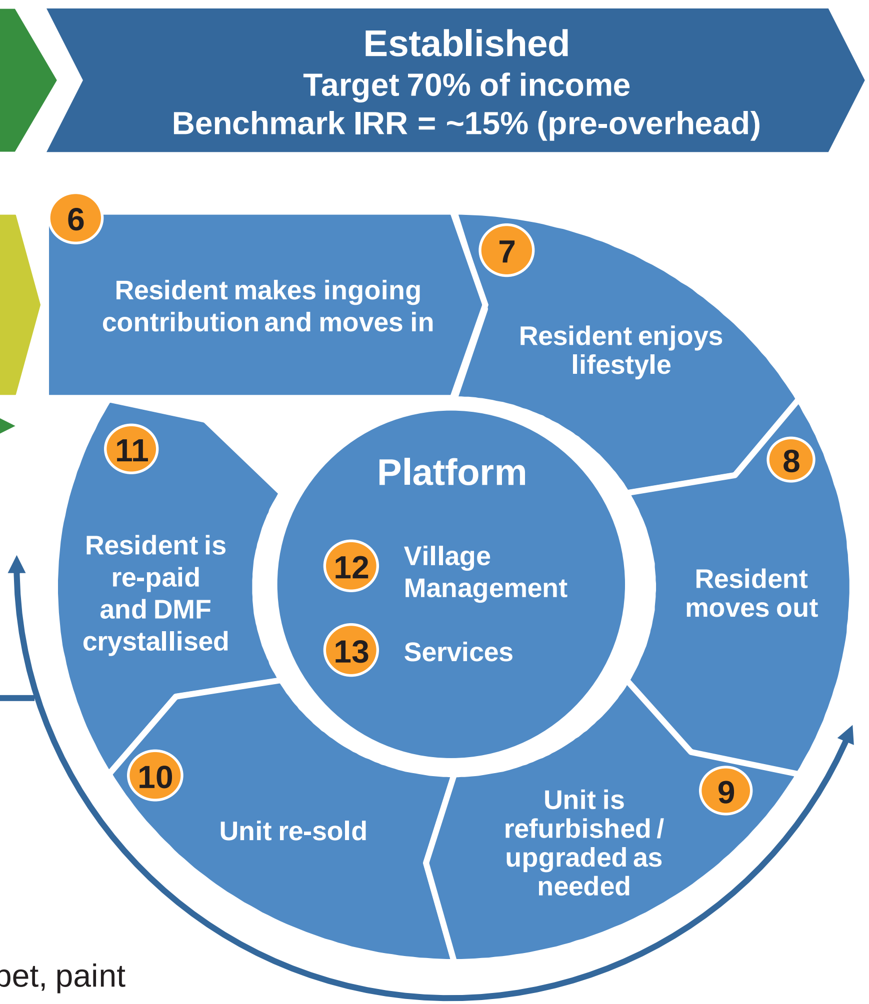
	Residential Communities	Commercial
Retirement is similar	• Population growth and projected undersupply • Development profit • Locations driven by local demand and amenity • Development processes	• Lease-like income stream • Resident (tenant) management • On-going asset management • Revaluations below the line
Retirement is different	• On-going income stream • Profits from built-form (construction outsourced to partner builders) • More infrastructure - recovered through the DMF structure	• Gross cash yield higher than Commercial: - Unrecovered overheads also higher as % of asset value - Scale required to spread overheads and achieve appropriate net cash yield • Relatively low risk - underwritten by demographic demand and undersupply

Retirement helps maintain Stockland's strategic income weightings[1]
Combines stable recurring income with exposure to development profits

1. 20-40% of Operating Profit from trading, 60-80% of Operating Profit from recurring

The business model delivers trading and recurring income





Asset creation cycle

- Same drivers and activities as Residential
- Community facilities are more extensive

Turnover cycle

- Deferred Management Fee (DMF):
  - Achieved on re-sale of unit
  - Based on resident tenure and capital gain
- Resident receives the re-sale price, less the DMF
- Outgoing resident pays for basic refurbishment (new carpet, paint and curtains)
- Stockland pays for upgrades (kitchen, bathroom etc) – usually every second turnover

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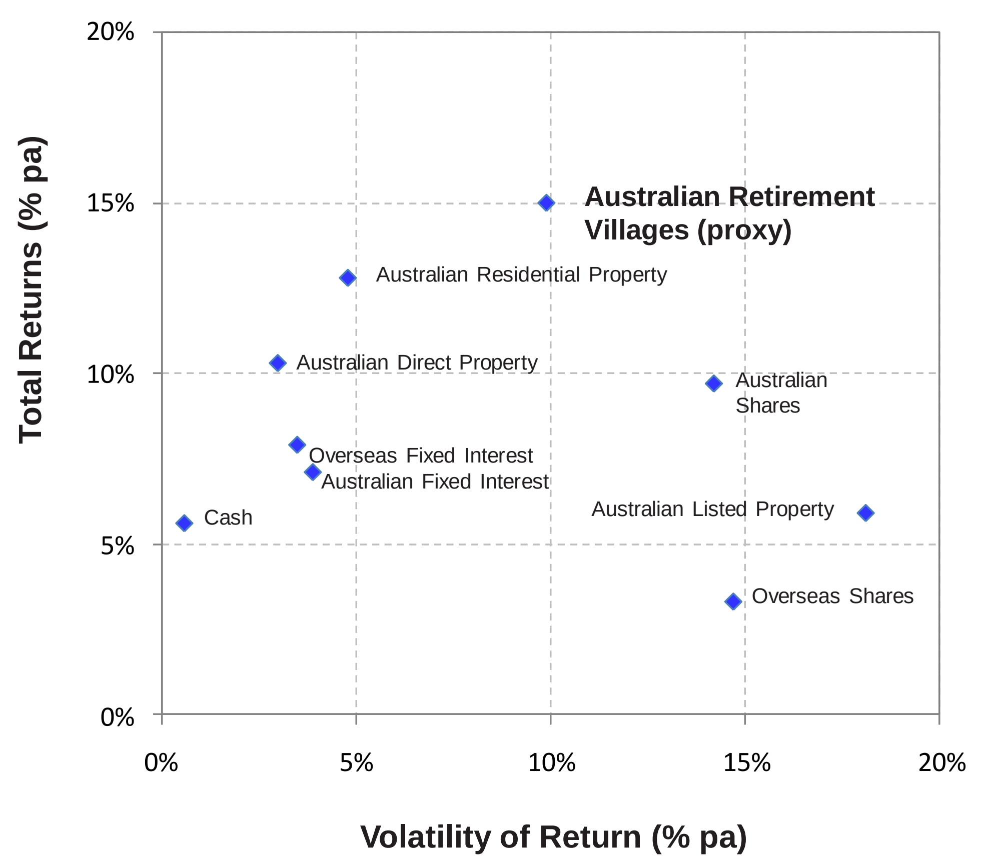
Favourable risk-adjusted returns vs other property asset classes

- Historic returns for various asset classes analysed by Atchison Consultants (independent asset consultant):
  - Retirement villages show highest total returns (IRR; pre-overheads) on a 'buy and hold' basis: circa 15% pa
  - Although above volatility of other direct property sectors, retirement village volatility below listed general equities, and listed property
- Compared to a single village, **a portfolio of villages has reduced volatility** because of reduced variation in turnovers (refer slide 27)
  - Means volatility may be lower than shown in chart
- Analysis confirms Australian retirement villages offer attractive risk-adjusted returns

Total returns and volatilities[1]

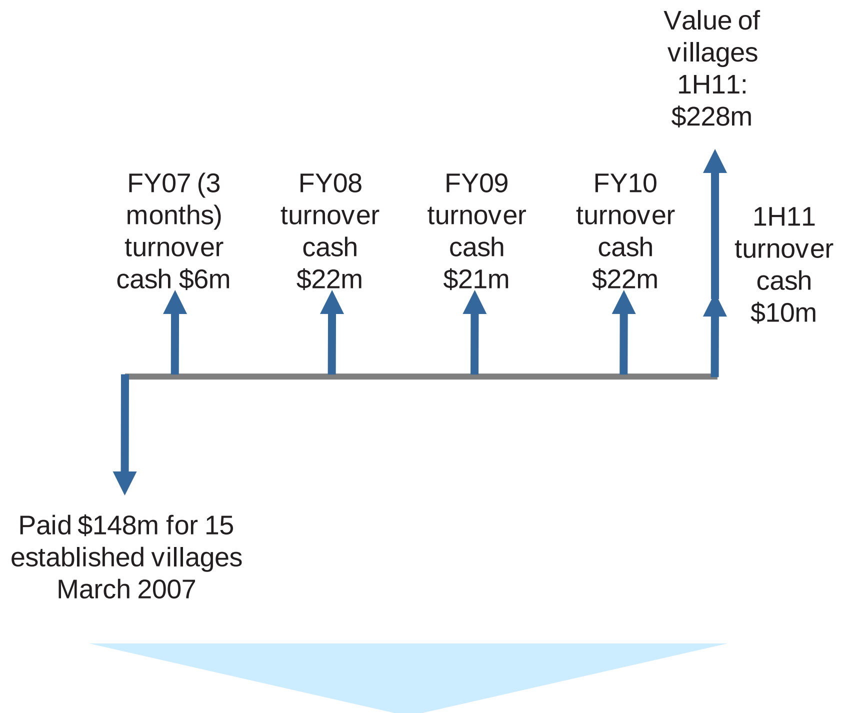


1. Source: Atchison Consultants; 15 years to December 2010; pre-overheads and pre-tax

ARC established villages have delivered a 24%pa total return in the 4 years since acquisition

- ARC acquired in March 2007:
  - Established villages purchased for $148m, including $43m goodwill
- Since acquisition, established villages delivered a total return of 24%pa before overheads:
  - Returns would have been 14%pa even without valuation uplift
  - Excluding goodwill from initial and current values, returns would have been 33%pa

ARC Investment cashflows - established villages



IRR = 24% pa before overheads

54% of initial investment recouped in turnover cash

Retirement Living is expected to deliver net cash returns of ~12%pa

Pre-overhead unlevered IRR

Wtd Avg

~17%

Development

20%

- Investment hurdle rate for new village developments
- Investment in development is ~35% of total cash funds employed

Established

~15%

~10%

- Expected average FY12-13 turnover cash yield on cash invested

~5%

- Capital growth rate of underlying property
- Valuation assumes 3.7%pa
- Historical actual ~9%pa (refer slide 23)

Less: Overheads

(5%)

~$50m

- Overheads at expected FY12-13 run rate

~$950m

- Estimated average FY12-13 cash funds employed in established villages, development WIP and stock

= Net unlevered IRR

~12%

- After all overheads and before benefits of tax and gearing
- Further scale efficiencies will reduce overhead cost and provide IRR upside

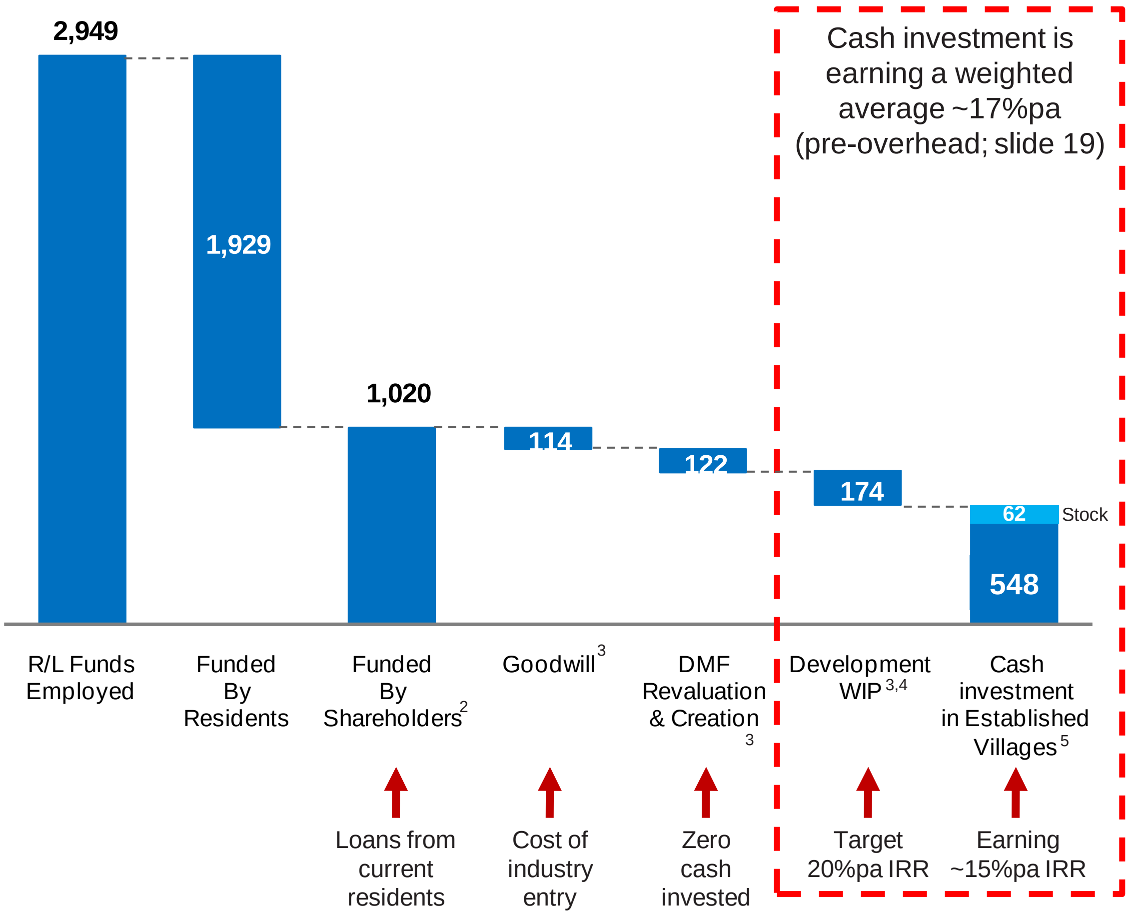
Note: Excludes Aged Care

An efficient, low risk, funding model … and affordable for customers

- The loan-lease DMF structure enhances resident affordability:
  - Typically asset rich, income poor
- Average Stockland customer purchases an Independent Living Unit (ILU) for 80% of previous home's value:
  - Enables circa 20% to be retained for money to live on, travel etc
- Loan-lease is stamp duty efficient
- Resident loans fund underlying property:
  - If held on SGP balance sheet without offsetting loan, rent would exceed most residents' ability to service from cash flows

Components of funds employed in Retirement Living[1]

(at 31 December 2010, $m)



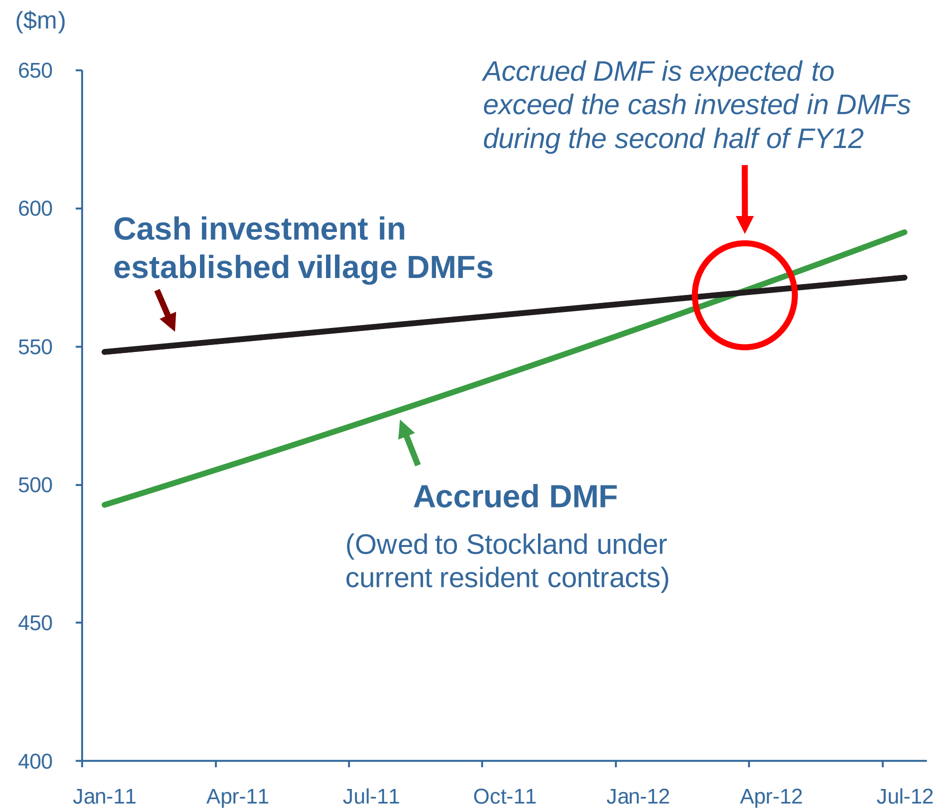
1. Excludes Aged Care net funds employed of $32m
2. Refer note 22 of 1H11 accounts (existing Retirement Living resident obligations - Gross existing resident loans)
3. Refer page 20 1H11 Results presentation dated 9 February 2011
4. Includes $10m of undeveloped land held for sale (refer Note 9 1H11 accounts)
5. Includes $62m of stock (~$50m acquired with Aevum); balance is acquired DMF at cost plus cumulative capex on common facilities

Within the next 12 months, accrued DMF is expected to exceed cash investment

- Stockland's cash investment in established villages comprises:
  - DMFs acquired through M&A (ARC, Rylands and Aevum)
  - Ongoing capital invested in maintaining and upgrading common areas in villages
  - Legal title to resident units for all loan-lease/license units (remaining strata units being converted over time - currently 11% of portfolio)

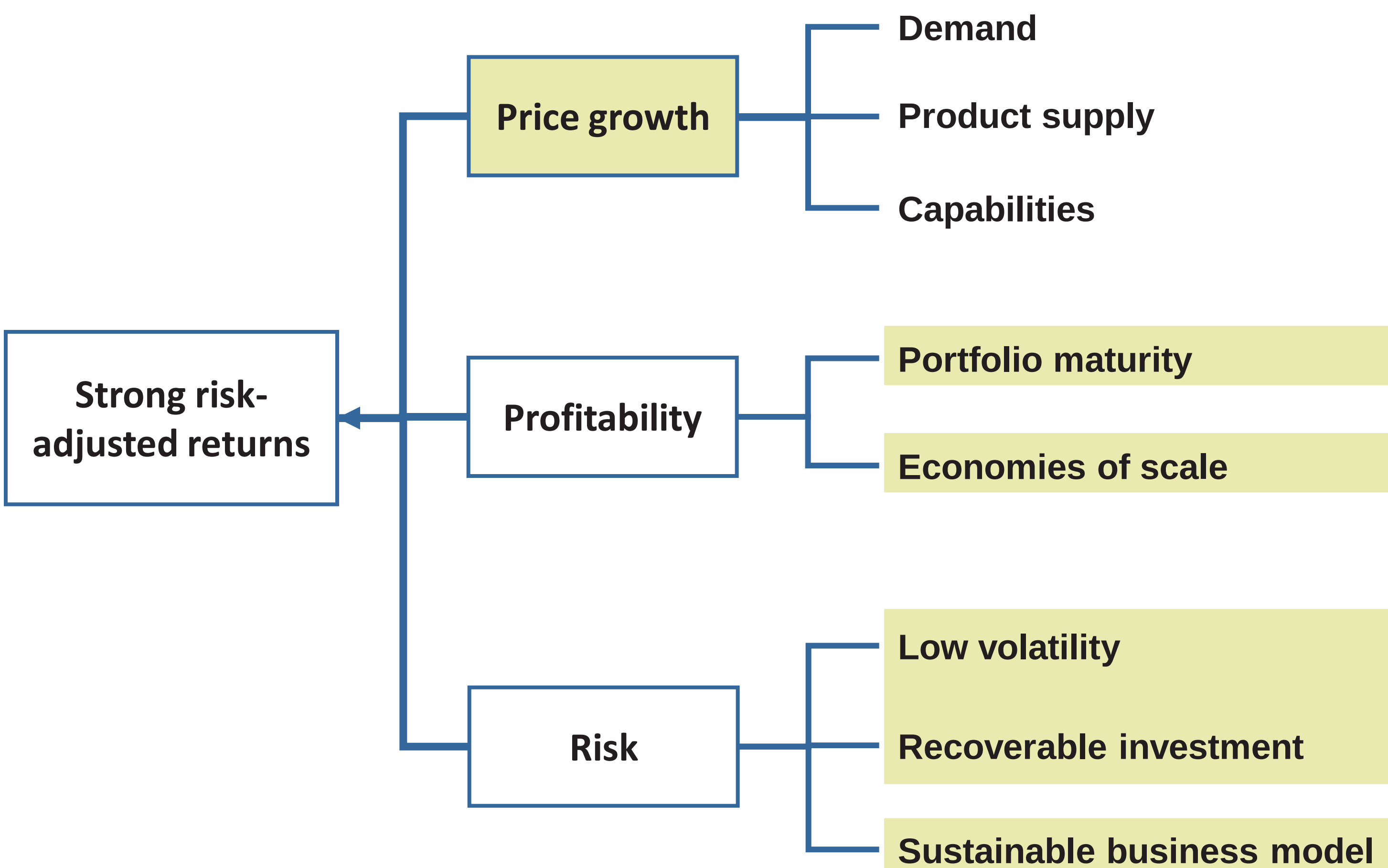
- Accrued DMF represents fees due to Stockland at any given point in time:
  - Contractually owed by residents
  - Reflects current residents at current ILU prices

DMF investment vs accrual



Strong, low risk investment returns in the established portfolio

Value drivers - established portfolio

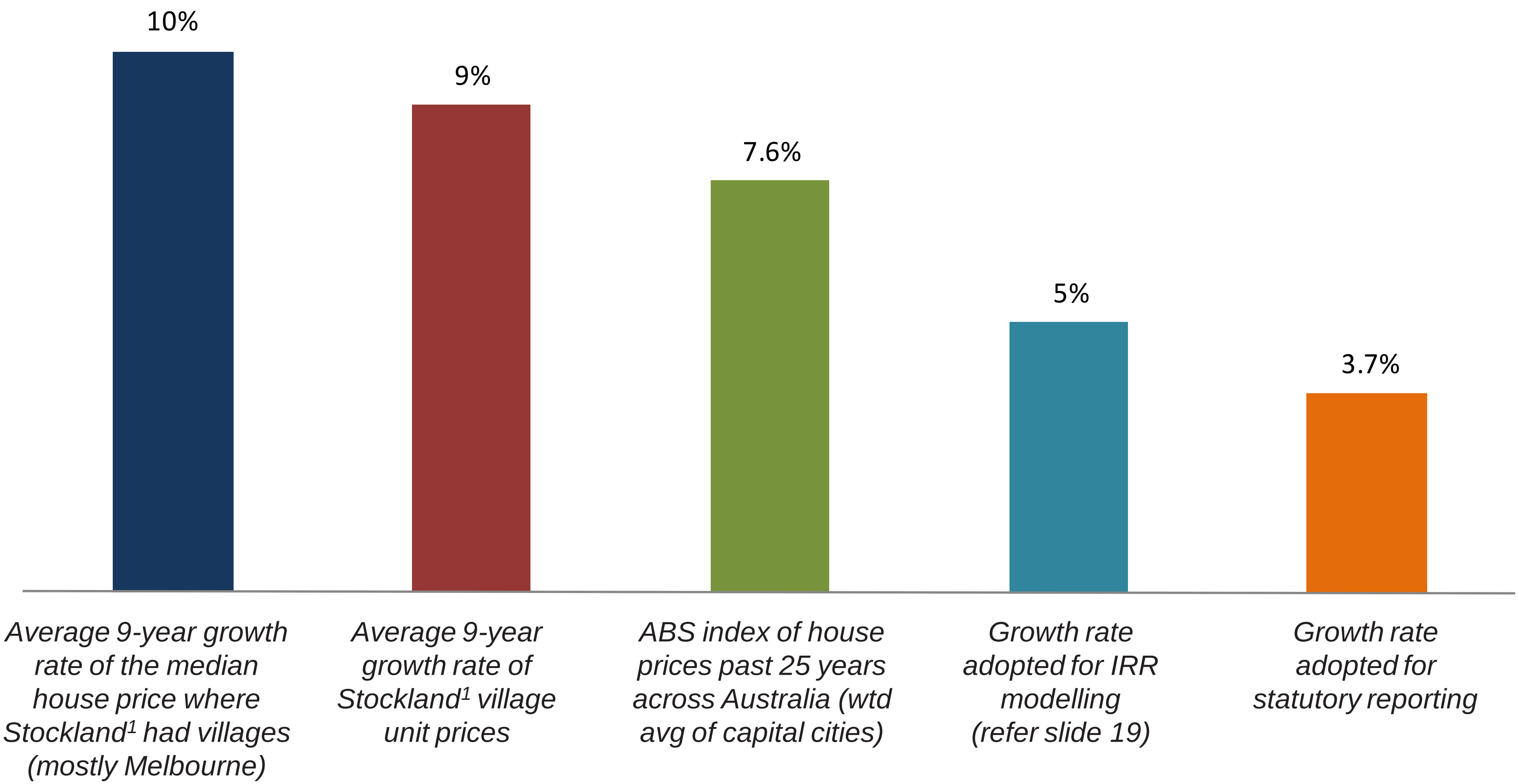


Refer detailed slides

Price growth supported by strength in residential markets and projected supply shortfall in retirement

Price Growth

Historical price growth comparison



Historical experience

Conservative relative to historical experience

- *Does not rely on sustained high residential price growth*

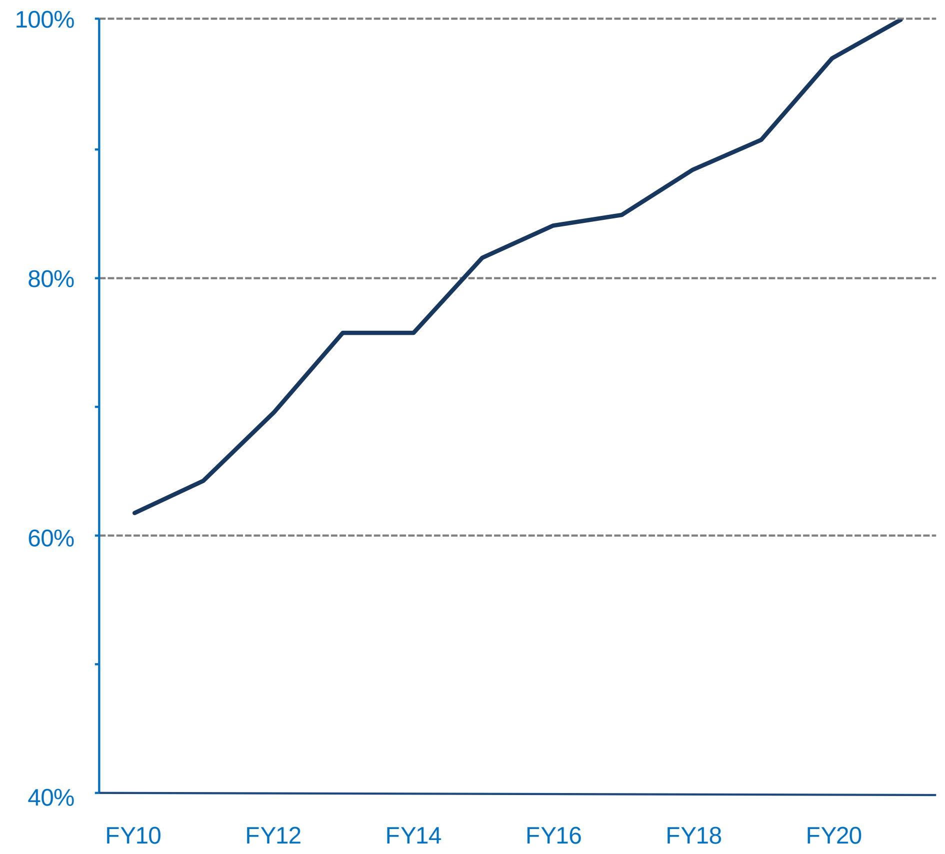
1. Ex-Aevum

Profitability will further improve as the portfolio matures

Portfolio Maturity

- Typical retirement village reaches maturity after 10-12 years
- At maturity:
  - Turnover frequency is 8-10%pa
- Stockland weighted average portfolio maturity:
  - Before Aevum 14.5 years
  - After Aevum 17.0 years
- 63% of existing ILUs are now in villages of 10+ years maturity:
  - Will be >80% in 2015 for existing ILUs
  - Excluding new developments

% of existing ILU portfolio over 10 years old[1]



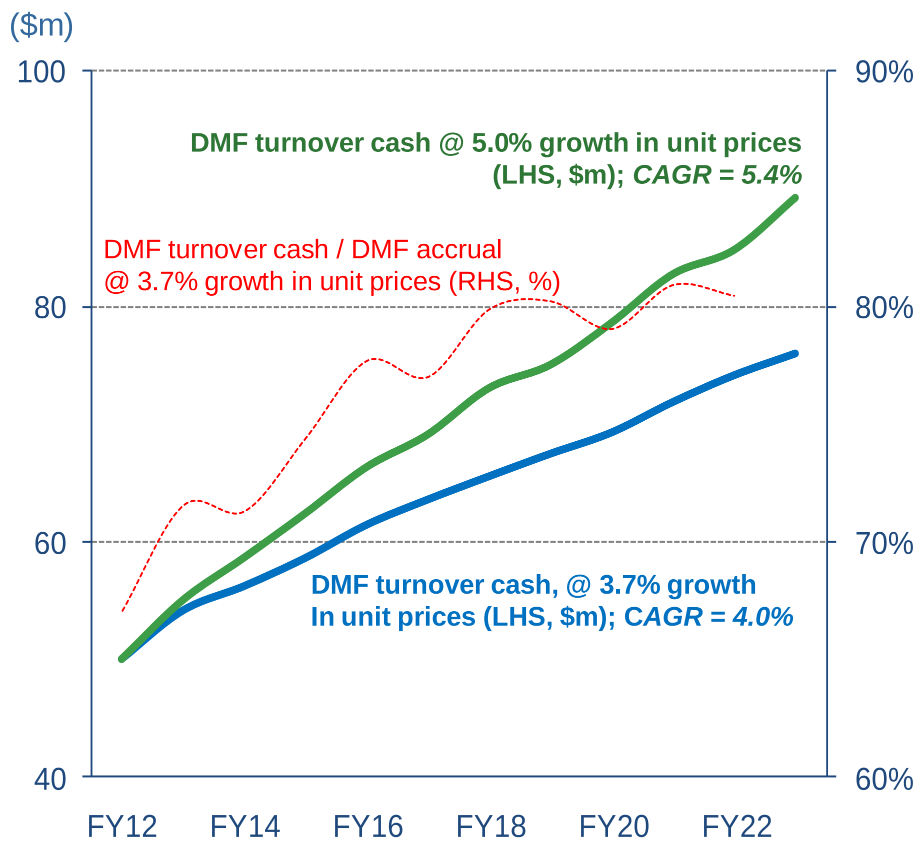
1. Excluding new developments

Turnover cash from existing villages to increase as villages mature

Portfolio Maturity

- DMF turnover cash forecast to grow at a rate marginally above the price growth rate of the underlying units[1]
- Turnover cash lags DMF accrual:
  - Lag is greater if portfolio is younger, or capital growth higher
  - At a growth rate of 3.7%, ratio of DMF turnover cash / DMF accrual matures at circa 80%
  - Excluding price growth, turnover cash will equal DMF accrual within 10 years
- Turnover cash forecasts predictable based on:
  - Our database of historic turnovers
  - Actuarial projections

Forecast DMF cashflows: FY12-22[2]



1. Based on pre-overheads, capex, funding costs and tax impacts/benefits. Forecast turnovers, subject to variation in resident turnovers
2. Established villages only as of December 2010; excludes new developments; based on new residents entering on Stockland standard contract - 5.5% of exit price in the first year, then 3% of exit price pa to a cap of 32.5% of exit price after 10 years

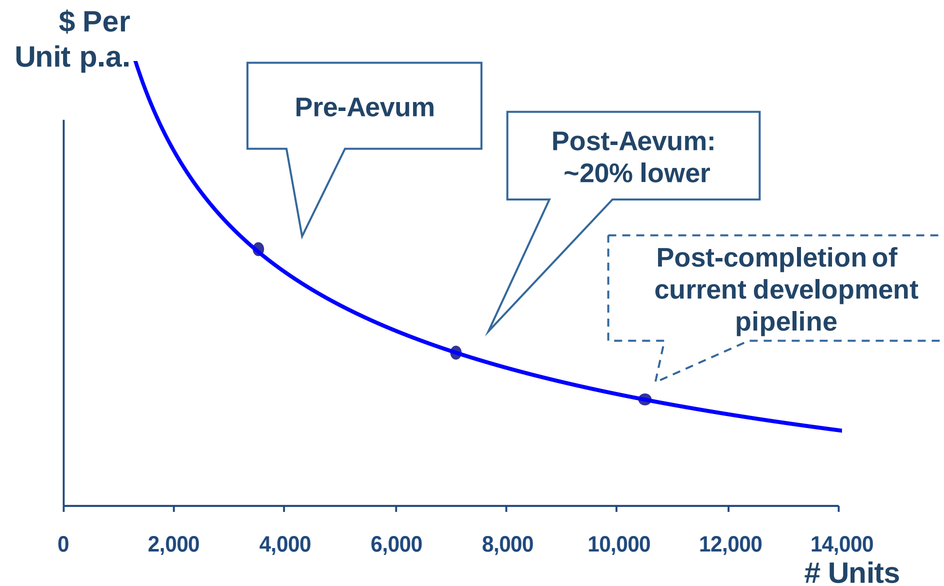
Scale means we are adding income faster than overheads, and will continue to do so

Scale

- Aevum acquisition moved Stockland down scale curve
- FY12 fixed costs per unit in the Established business are expected to be ~20% below the pre-Aevum level
- Further benefits available from expansion of the Established portfolio:
  - Development pipeline will add significant scale over time
  - Selective acquisitions

Retirement Living scale curve

(Fixed costs per living unit - established business only)



Ability to spread fixed costs over larger base

Low risk business model

Risk

Low volatility of earnings

- Larger portfolios deliver steadier recurring DMF cash flow, especially as maturity increases:
  - Less susceptible to low turnover years
- Development is a repeatable, scalable process leveraging our tested Residential capabilities

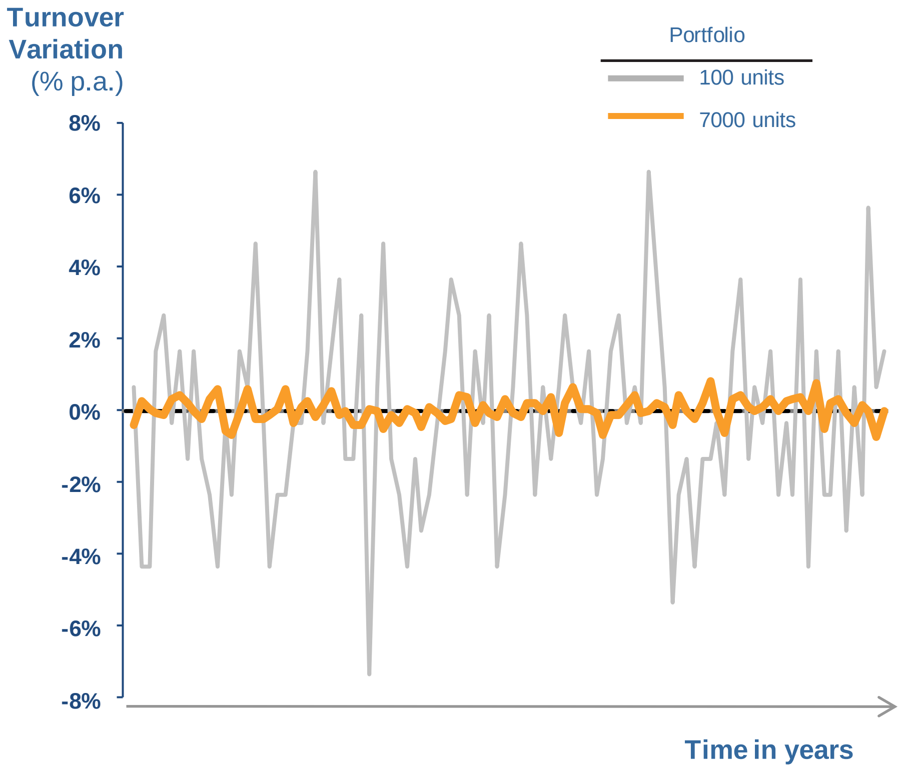
Sustainable demand

- Underwritten by strong demographic demand
- Projected supply shortfall will support continued price growth:
  - However, viability of model not reliant on sustained high residential price growth
- Affordable for residents

Recoverable investment

- Within the next 12 months, the accrued DMF owed by current residents is expected to pay back 100% of Stockland's cash investment in acquired DMFs

Turnover volatility and portfolio size

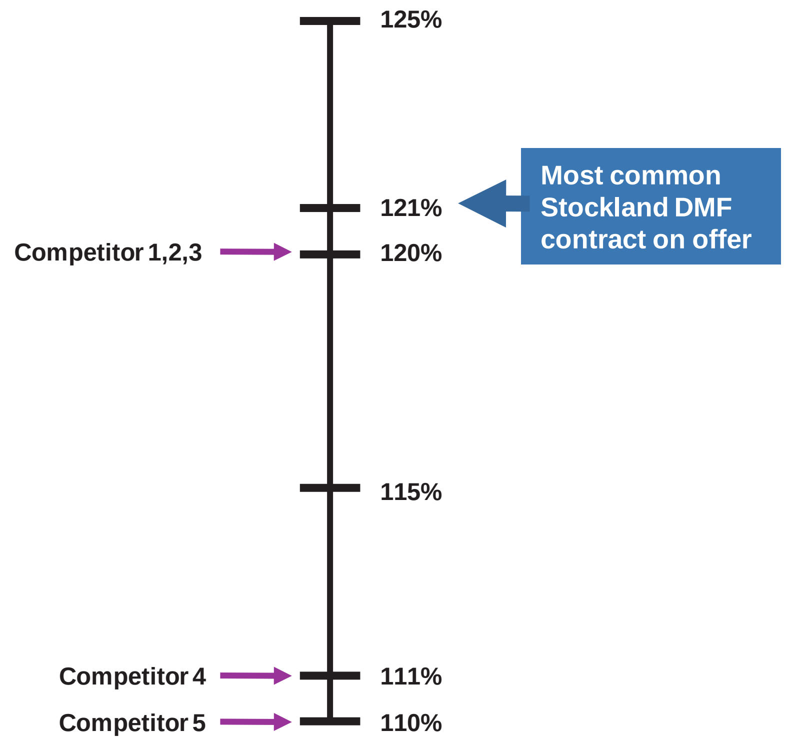


Sustainable value proposition

Risk

- Residents see Retirement Village living as a lifestyle choice:
  - Loan-lease DMF model is affordable; enables asset-rich, income-poor customers to buy now, pay later
- The DMF contracts offered by major industry participants deliver positive capital gain, even after DMFs are deducted on exit (refer chart):
  - Assuming 5%pa capital growth and a 12-year stay
- A solid defence against potential regulatory change
- Overall, Stockland DMF contract terms are positioned well relative to key competitors:
  - Our most commonly offered contract accrues at 5.5% of exit price in the first year, then 3% of exit price pa to a cap of 32.5% of exit price after 10 years
  - This contract has been in use for 8+ years, is well accepted and portfolio has minimal vacancies

% of initial loan returned to resident[1]



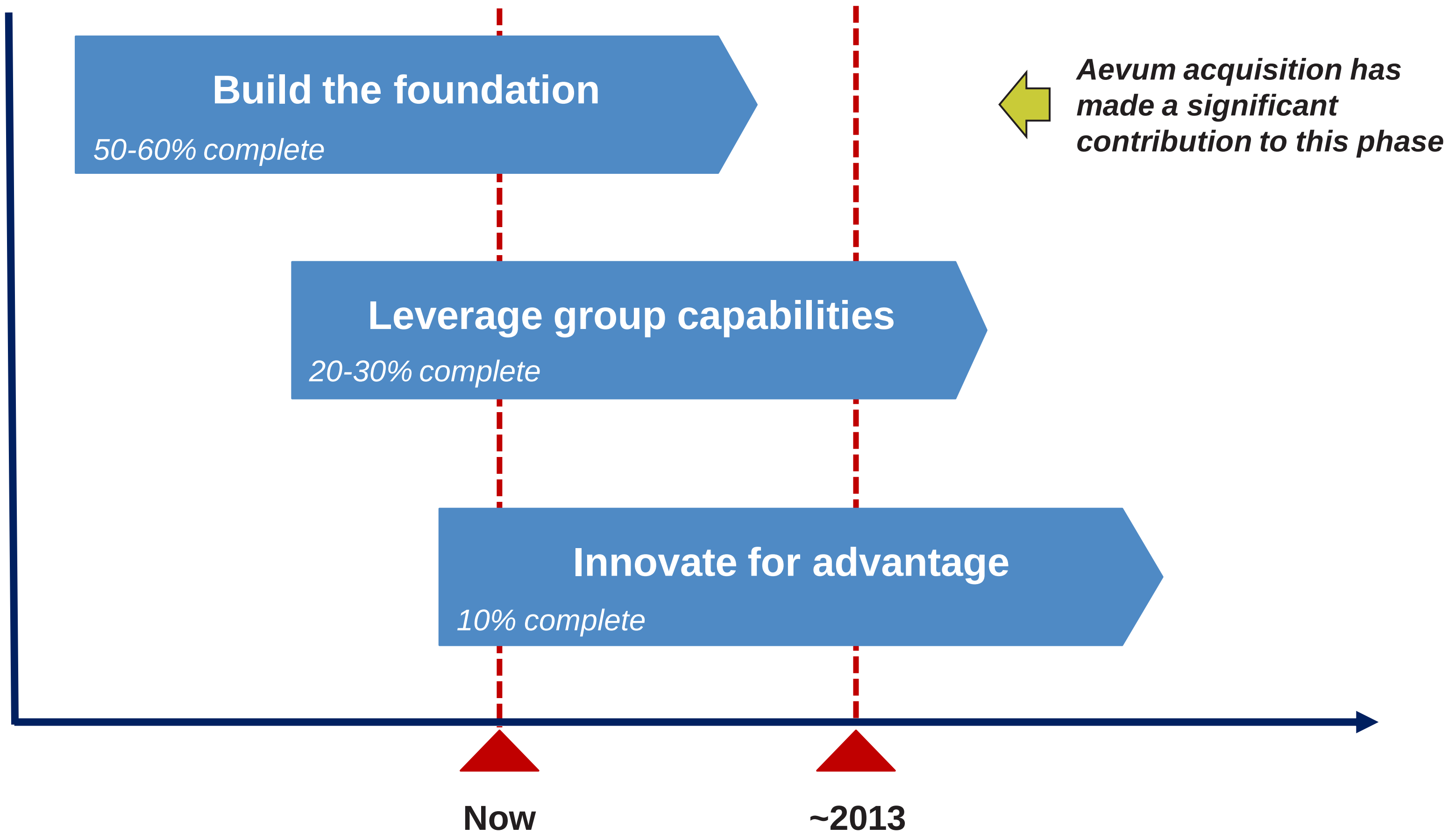
1. Compares the percentage of initial purchase price returned to the resident after deferred management fees are deducted on exit. Competitor contracts illustrated are the most common currently on offer from each company. Examples are based on DMF contracts currently available in the market. Assumes 5%pa unit price growth and 12 year tenure on exit. Highlighted Stockland contract accrues at 5.5% of exit price in the first year, then 3% of exit price pa to a cap of 32.5% of exit price after 10 years. Source: JLL; Stockland analysis

Agenda

1. A robust and attractive business model
2. Strong, low risk investment returns
3. **Strategy for success**
4. Recap of key points

Good progress being made: actively leveraging Group capabilities, focused on creating further value

The journey from cottage industry to institutional-grade asset class



Building the foundation

What has been achieved

- Aevum successfully acquired and integrated
- Growth corridors identified and pipeline defined
- Processes redesigned
- CRM and other information systems developed and refined
- Scalable organisational structure established

Still to do

- Internalise village management (former ARC villages)
- Village manager skills development
- Continue to refine and improve systems and processes

Outcomes

(6 months)

- Competitively robust national platform
- Improved scale economics
- Professionalised institutional systems and processes
- Benefits for residents from a nationally consistent operating model

Aevum successfully acquired and integrated

	Before	After	Change	
Portfolio size[1]	3,881 units 28 villages	7,027 units 58 villages	**+81%** **+30 villages**	✓ **Nearly doubled portfolio**
National ranking	#4	#3	**+1 ranking**	✓ **Clear #3 in the market**
Market share / geographic diversity	~5% (2 states)	~9% (5 states)	**+4%** **(+3 states)**	✓ **National platform; critical mass in key states**
Existing units turnover	c250 units p.a.	>500 units p.a.	**> +105%**	✓ **Strong turnover from more mature portfolio**
Village age	14.5 years	17.0 years	**+17%**	✓ **More mature villages enhance cash yield**
Development Pipeline	~2,900 units	~3,400 units	**+29%**	✓ **Strong organic growth**

1. Excludes aged care / nursing homes

Aevum acquisition on track to achieve targets

Target	Previous guidance	Update
EPS accretion - FY11	~0.6% accretive in FY11	On track
EPS accretion - FY12	~2.5% accretive in FY12	On track
Cash coverage	Expect to achieve ~45% cash coverage in FY12	On track
Synergies	Estimated savings of ~15% of combined costs per annum by end of FY12	On track

Leveraging group capabilities

What has been achieved

- Transferred development skills and best practices from Residential
- Now building on land bank sites (e.g. Highlands, Arilla, Settlers East)
- Commenced masterplanning and detailed design at land bank sites at Selandra Rise, Mernda; others in early stages

Still to do

- Leverage builder partner capabilities as in Residential
- Invest in raising asset management to Commercial Property standards
- Further collaboration with other Business Units on master-planned communities, especially on major land bank sites (e.g. Caloundra)

Outcomes

(12-18 months)

- Faster and lower cost-to-construct built form
- Enhanced long term asset values
- Improved resident satisfaction, driving referral

Innovating for advantage

What has been achieved

- Proprietary ILU and Community Centre designs
- Customer insight and analytics; leading CRM capability
- Resident feedback process (Residents' Voice Survey)
- Sales professional training

Still to do

- Evolve DMF structure to continue to meet customers' needs
- Middle-ring, medium density development solutions
- Partnering to offer personal care and lifestyle services
- Continue to evolve ILU and common facility designs
- Online customer experience

Outcomes

(2-3 years)

- Enhanced customer choice in DMF options
- Maintain relevance to incoming generations of residents
- Wider and more flexible set of growth options
- Broader customer appeal
- Market share gains

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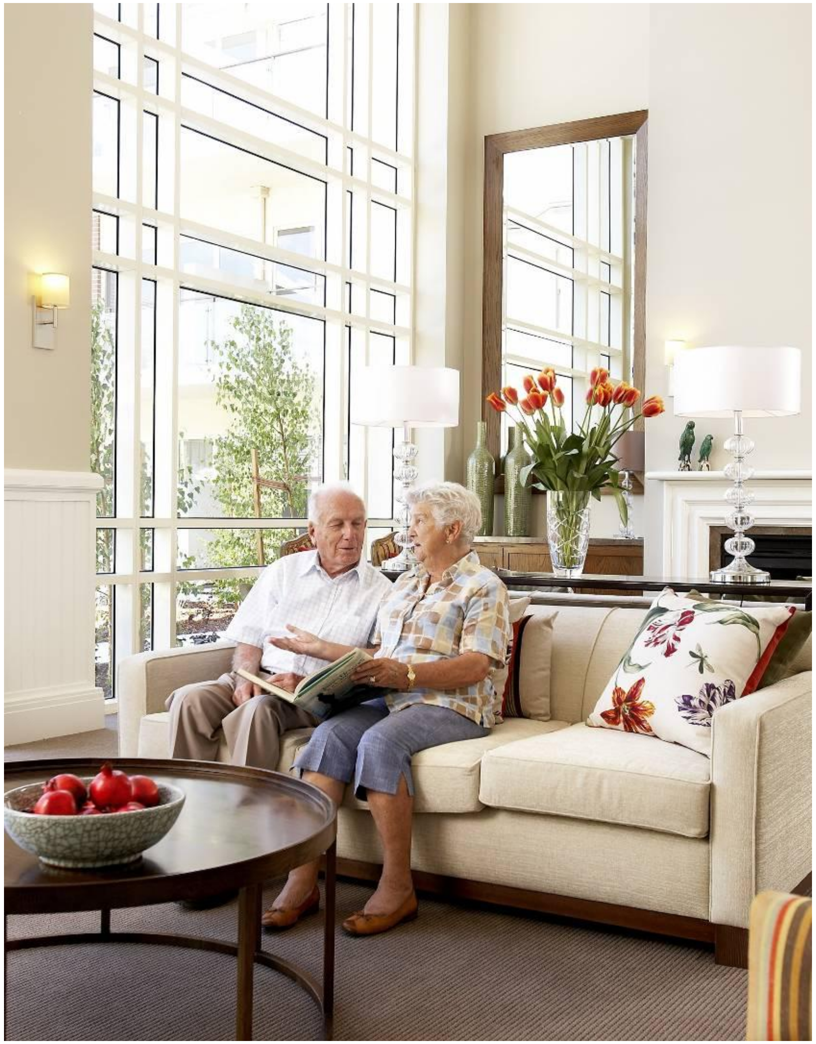
Recap of key points

- **Retirement Living is a strong fit with Stockland's well-established property skills and capabilities:**
  - Combination of Residential development and Commercial asset / operational management
  - Helps maintain balanced earnings mix between trading and recurring
- **The asset class is a sound long term investment:**
  - Strong underlying demand
  - Overall IRR after overheads of ~12% with relatively low risk and upside potential
  - Have outperformed relative to this benchmark over last 4 years
- **Strategic focus is on continuous improvement and organic growth through development:**
  - Realise economies of scale
  - Continue to develop and upgrade capabilities
  - Innovation in product and choice of DMF options
  - Develop new villages to meet demand, drawing extensively from Stockland land bank
  - Selective acquisitions



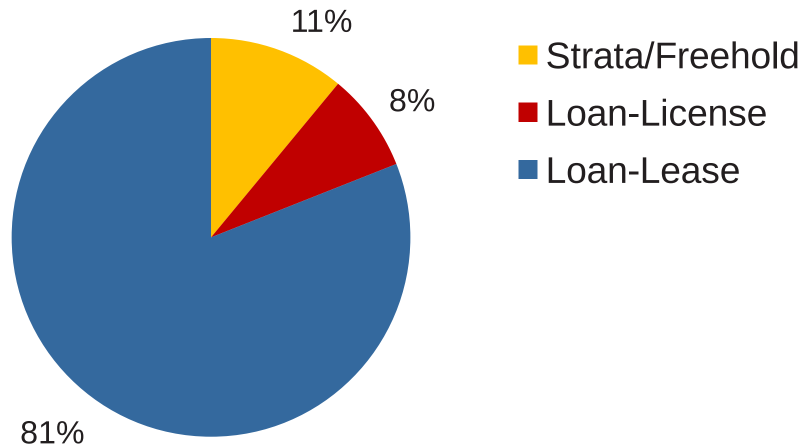
Rylands Kew Village, VIC

Appendix

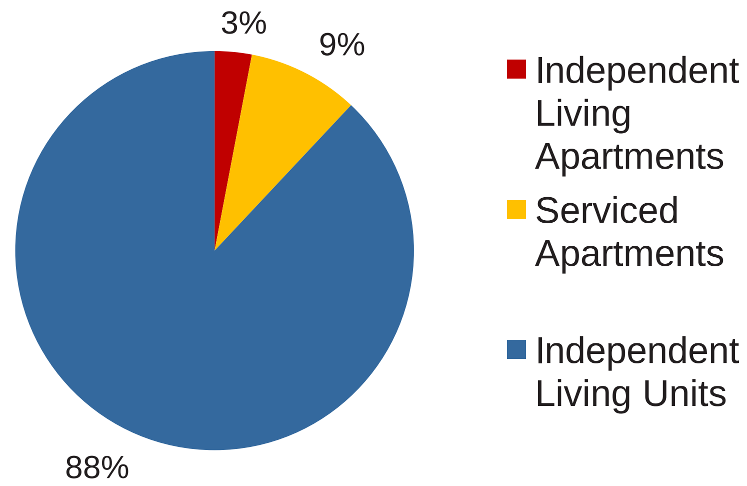
- **Portfolio composition**
- **Step-by-step guide to P&L composition**
- **DMF Valuation**
- **Implications of Productivity Commission**

Portfolio profile[1]

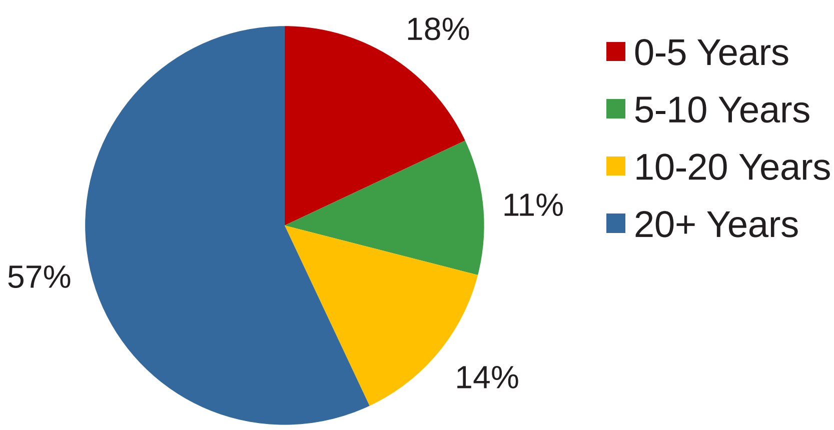
Ownership contracts



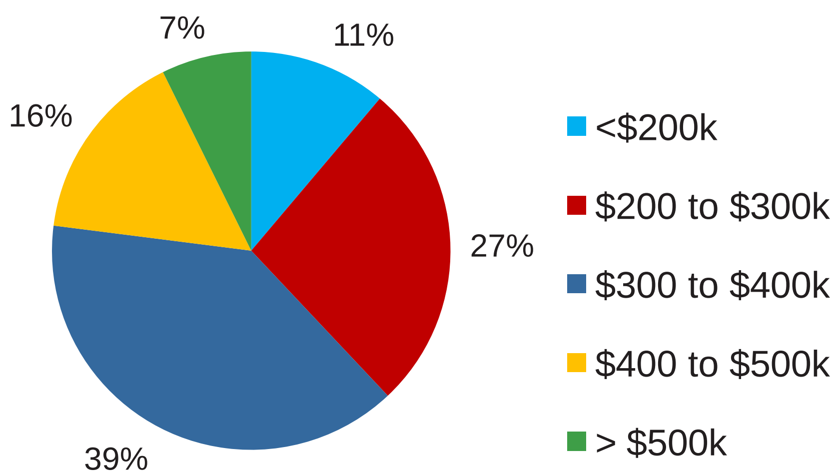
Accommodation types



Village age



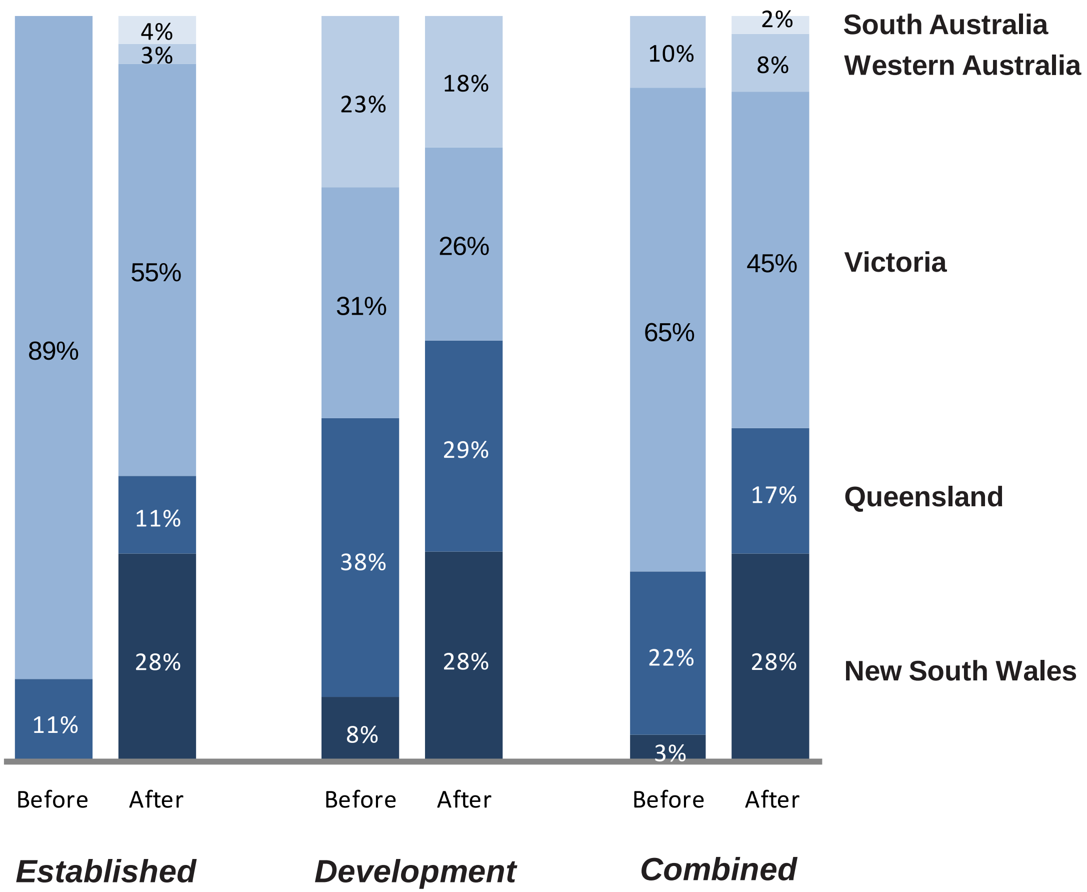
Unit price point



1. Figures as at 31 March 2011

Geographically diversified portfolio

Geographic diversification – Before and After Aevum

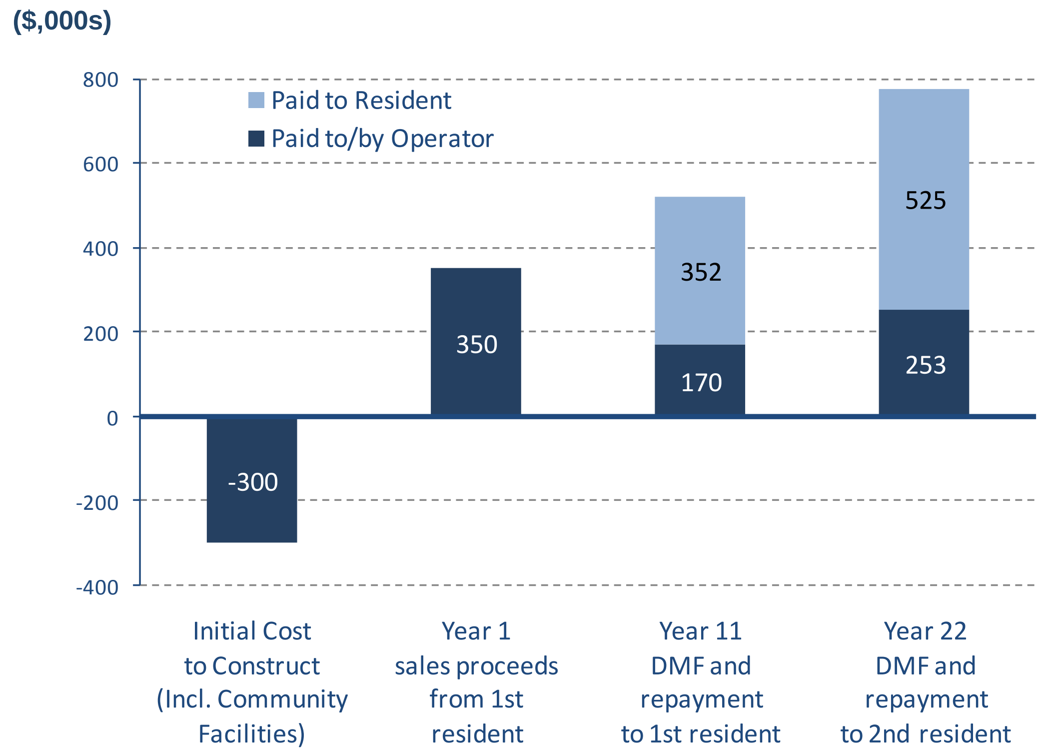


The revenue model and cash flow profile

Guide to the P&L

- On taking up occupancy, resident makes an entry payment equal to the market value of the unit; this is recorded as a loan
- During residency, a Deferred Management Fee (DMF) is accrued as income based on the contract terms
- The actual DMF paid on exit is calculated on the property value at either the time of entry or time of exit. In the case of entry, Stockland participates in the capital appreciation of the property at between 0% and 100% depending on the contract arrangements
- In addition to the DMF, residents pay a regular service fee which is used to fund the day-to-day operation of the village (i.e. cost recovery model)
- When resident vacates, the loan is repaid less the accrued DMF

Example cash flow profile - typical individual unit[1]



1. Assumes: $350k unit price; DMF = 5.5% in Year 1, and 3%pa each year thereafter up to max 32.5%; DMF calculated on re-sale price; capital growth 3.7%pa

P&L structure reflects key value drivers

Guide to the P&L

Illustration using actual data for 1H11

(Actual 6 months to 31 December 2010 - excluding Aevum)

Components of RL Operating Profit
(excluding Aevum)

	1H11 ($m)
Development profit – Settled	4
Development profit – Unsettled	2
Total Development profit	**6**
Conversion profit	5
DMF Accrual	23
Overheads	(15)
Operating profit	**19**
Less accrued DMF	(23)
Plus Turnover cash	6
Cash earnings	**2**
Cash coverage	**9%**

\# Units Settled x Avg Selling Price x Development Margin

Progressive recognition of profit for assets under development, as required by AASB140
- Rule-of-thumb: 15-20% of the following year's settled profit + 5-10% of the settled profit in the year after

Slide 75

Over the next few years, an annual Conversion profit of circa $10m is expected, depending on turnover rate and mix of products turning over

Slide 76

\# Units Occupied x Avg Market Value x Avg Rate of Accrual

Slide 77

Will grow slower than revenues as economies of scale are achieved

\# Turnovers x Avg Re-sale Value x Avg DMF Margin

Slide 78

Cash earnings / Operating profit

Unsettled development profit

Guide to the P&L

Recording unsettled profit through a development

Stage of Development	Accounting Profit	DMF Creation
DA Approval	5%	Nil
Under Construction		
• Stage 10% complete	Based on % completion - further 55%	Discount rate of 17.55% applied to DMF creation until sold
• Stage 25% complete		
• Stage 50% complete		
• Stage 75% complete		
• Stage 100% complete		
Complete		
• Unsold	60%	
• Sold	100%	12.55%

Simple rule-of-thumb
for modelling purposes

15-20% of development profit for the next year

+

5-10% of the expected development profit for the year after

Conversion Profit

Guide to the P&L

- Deferred Repayment (DR) contracts represent approximately 20% of our current DMF contract portfolio:
  - A legacy of our ARC acquisition, no longer offered to residents
  - Under DR contract, resident originally purchased their unit for a price at or near the cost to construct (wholesale price) and pays a greater share on exit

- When a resident on a DR contract turns-over, there are 2 sources of profit:
  - DMF
  - Conversion Profit

- Conversion profit relates to the transition in ILU price from wholesale price (i.e. the cost to construct) to retail price

- Conversion profits will decrease as these residents exit and the ILUs are transitioned to standard contracts

- Our conversion profit is forecast to be circa $10m pa for the next 10 years, then tapering to zero over the subsequent 10 years:
  - Subject to variance in resident turnovers

DMF accrual

Guide to the P&L

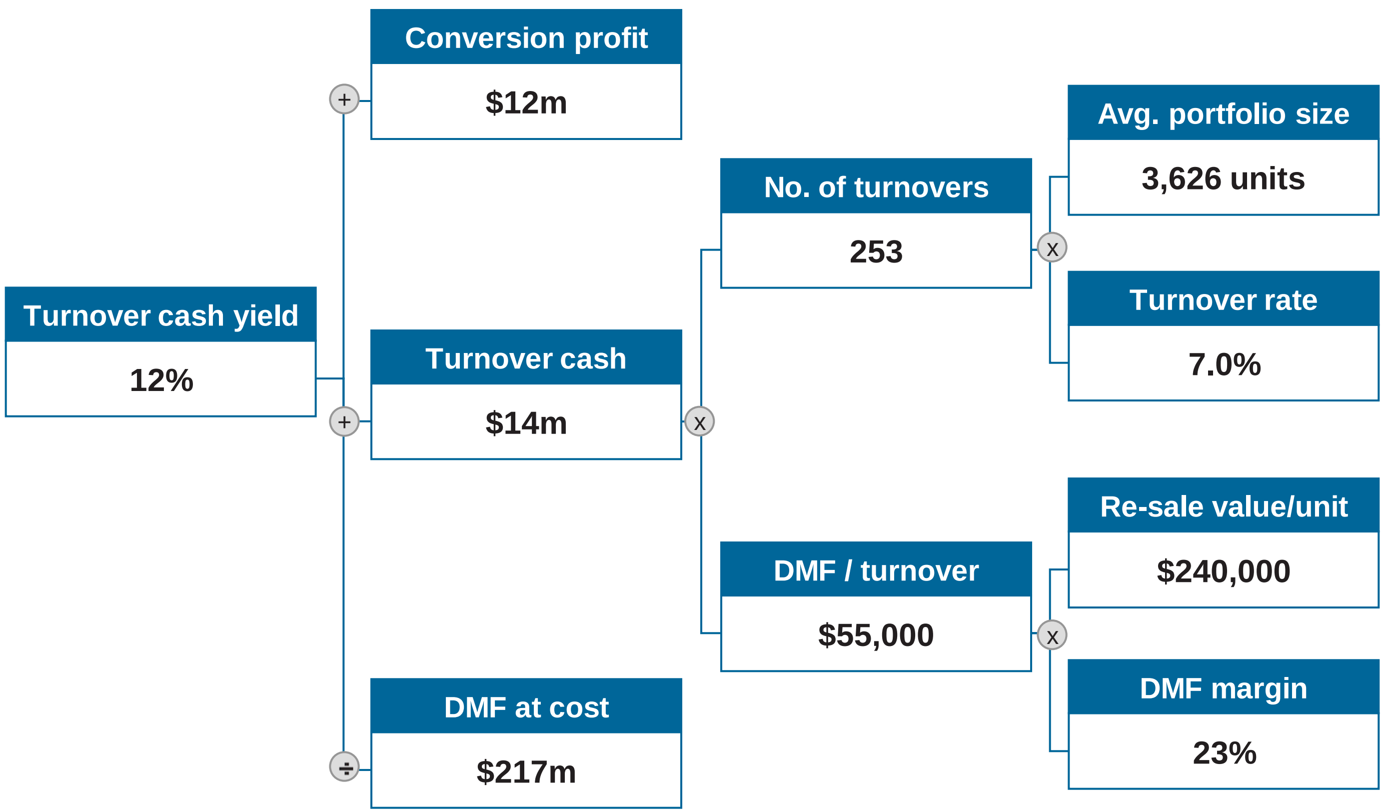
- DMF Accrual is the total amount of DMF payments owed by residents to Stockland at a particular balance date:
  - Residents lend Stockland an amount equivalent to the market value of the ILU
  - DMF Accrual refers to reduction in the liability owed to the resident (i.e. reduction of loan repayment)

- Simplified our accounting of DMF accrual in 1H11 - now accrues as per each individual contract:
  - DMF owed by each ILU changes over time in alignment with contract terms and as capital value of ILU grows
  - Change in DMF owed by residents is calculated on a ‘bottom-up’ basis each period
  - Methodology caters for mix of contract terms, better reflecting value creation in diverse, post Aevum DMF portfolio

Achieved circa 12% gross turnover cash yield in FY10

Guide to the P&L

Drivers of turnover cash yield - FY10 actual results



Impact of Aevum

- Almost doubled size of portfolio
- More mature villages drives higher turnover
- No material change
- Increased due to higher share of capital gain in contracts

Portfolio valuation

DMF Valuation

Stockland's policy is to revalue the DMF asset portfolio every 3 years

- Last done in June 2009; next due date June 2012
- Key valuation metrics have remained unchanged since June 2009:
  - Discount rate 12.55%
  - Long term capital growth rate 3.7%pa
  - Turnover rate 12 years

Aevum acquisition means it is prudent to undertake a valuation review for June 2011 balance date

- Currently underway
- Internal valuation model and assumptions being validated by independent expert (E&Y)

Any changes to DMF asset value will not affect Underlying Profit

- Since 1H10, Stockland has excluded DMF revaluations from Underlying Profit
- However, as required by AASB 140, DMF revaluations included in Statutory Profit given classification as an Investment Property asset

Components of a simple DMF model

DMF Valuation

DMF Creation (below the line)

- Addition of new contracts to the balance sheet that have been sold through development activity (PV of expected DMF, all residents through the end of the model term)
- Typically 20 to 30% of the gross sale value of a unit, but depends on key assumptions: price growth, discount rate, turnover and tenure on exit assumptions

DMF Revaluation (below the line)

- Movements in the Balance Sheet value (PV of the current and future established DMFs)
- Depends on price growth, discount rate, turnover, and tenure on exit assumptions
- Contract terms will also influence this calculation

Assumptions	
DMF Creation as % of Gross Sale Value (%)	V
DMF Creation	**X * Y * V**
Actual Price Growth (%)	C
Reval for Assumed Price Growth of 3.7% ($/unit)	D
Reval for Price Growth greater than assumed ($)	E = ƒ(C,D)
DMF Reval	**A * D + E**
Book Value of DMF *(see next slide)*	NPV of Turnover Profit

Simple DMF Cash-Flow Model of a Mature Portfolio

DMF Valuation

Note: Figures used in this illustrative example do not reflect Stockland's actual portfolio or valuation

ILLUSTRATIVE

	Assumptions		**Forecasted Cash-Flow**							
	Standard Contract: maximum DMF of 32.5% of exit price after 10 years		**Now**	**Yr +1**	**Yr +2**	**Yr +3**	**……**	**Yr +29**	**Yr +30**	**Yr + 31**
(1)	Units	**1,000**	1,000	1,000	1,000	1,000		1,000	1,000	1,000
(2)	Average Unit Price ($000s)	**300**	300	311	323	334		859	891	924
	Annual Price Growth Rate (%)	**3.70%**								
(3)	Turnover (% of units)	**8.33%**	8.33%	8.33%	8.33%	8.33%		8.33%	8.33%	8.33%
	Tenure on Exit (years)	**12**	12	12	12	12		12	12	12
(4)	DMF per turnover (% of unit price)	**32.50%**	32.50%	32.50%	32.50%	32.50%		32.50%	32.50%	32.50%
	Discount Rate	**12.55%**								
	Modelled Cash-Flows									
(1)x(2)x(3)x(4)	DMF Cash Flow ($millions)		-	8.4	8.7	9.1	……	23.2	24.1	25.0
	Terminal Value ($millions)		-	-	-	-	…...	-	282.5 (1)	-
	Total Cash Flow (future value)		-	8.4	8.7	9.1	……	23.2	306.6	25.0
	Total Cash Flow (present value)		-	7.5	6.9	6.4	……	0.8	8.8	
	Present Value of 30 Year Cash Flows		**$95m**	*In this example, this would be the fair value of the current and future DMF contracts on existing units only*						

Additional considerations

- Each fiscal year, the model's start and end points are shifted forward such that the model period is always 30 years
- The NPV of the DMF cash flows + development works-in-progress + Goodwill equals the Net Funds Employed. At 31 December 2010, Stockland Retirement Living's NFE was $1,020m
- The NPV of the DMF cash flows + the capital value of operational retirement living communities is Stockland Retirement Living's Investment Property value. At 31 December 2010, the capital value of Stockland's operational retirement living communities was $1,929m. The capital value of retirement living communities is offset by the existing retirement living resident obligations. In Stockland's case, the capital value of operational retirement living communities and existing resident obligations are excluded from debt covenant calculations

Forecasted cash-flow is driven by growth rate, discount rate and turnover assumptions

1. The terminal value is calculated by assuming the next year's cash flow continues to perpetuity: CF+1/(R-G) where R is the discount rate and G is the growth rate defined in the assumptions above

Impact of recent Productivity Commission review into Aged Care

Productivity Commission

Potential implications should all draft recommendations be adopted and implemented[1]

- The Productivity Commission recommended no changes to legislation that directly affects Retirement villages:
  - Retirement Living sector would continue to be regulated through state-based Acts
  - Productivity Commission urges greater harmonisation of regulations between states; increased standardisation of contracts – which Stockland supports in principle
  - No further details available at this time; Productivity Commission believes COAG should take responsibility

- The Productivity Commission recognises the importance of ensuring capacity exists to serve people with the most significant care needs:
  - Uncouples accommodation from care, whereas the current system bundles these two aspects
  - Government funding would be allocated to individuals rather than institutions (e.g. bed licences)

- A key focus is addressing issues surrounding the provision of "high care":
  - High care = "The care which is provided for people who have been assessed by an ACAT (or Aged Care Assessment Services in Victoria) and need almost complete assistance with most daily living activities. It includes accommodation services as well as personal care. Medical needs are managed by a nursing staff."
  - Nationally, 4% of current 65+ population reside in high care
  - Some of the industry's capacity which is currently being used for low care could be redeployed to high care in order to cope with demographic wave

- One potential outcome is that low care could be increasingly absorbed into retirement living villages and homes in the broader community:
  - Ageing-in-place would become more important

- Potential implications for the retirement sector include:
  - More efficient utilisation of serviced apartment stock and ILUs to accommodate people with the lowest care needs
  - Greater demand for personal care services (low care) and other ageing-in-place service and product initiatives

1. "Caring for Older Australians" - report by the Productivity Commission, released January 2011; preliminary recommendations pending industry feedback and final report.

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