



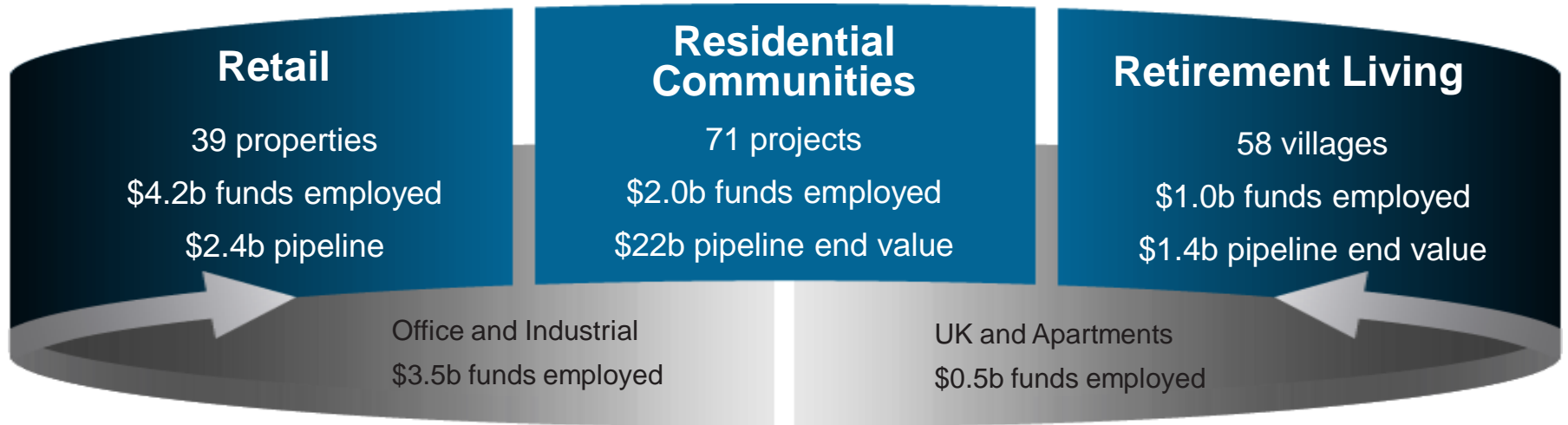
Stockland

## Group Update

Matthew Quinn, Managing Director

# Stockland's integrated model

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



## Creating vibrant communities by leveraging 3-R integrated model and partnering with others (public and private) to provide social infrastructure, transport, education and employment

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

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

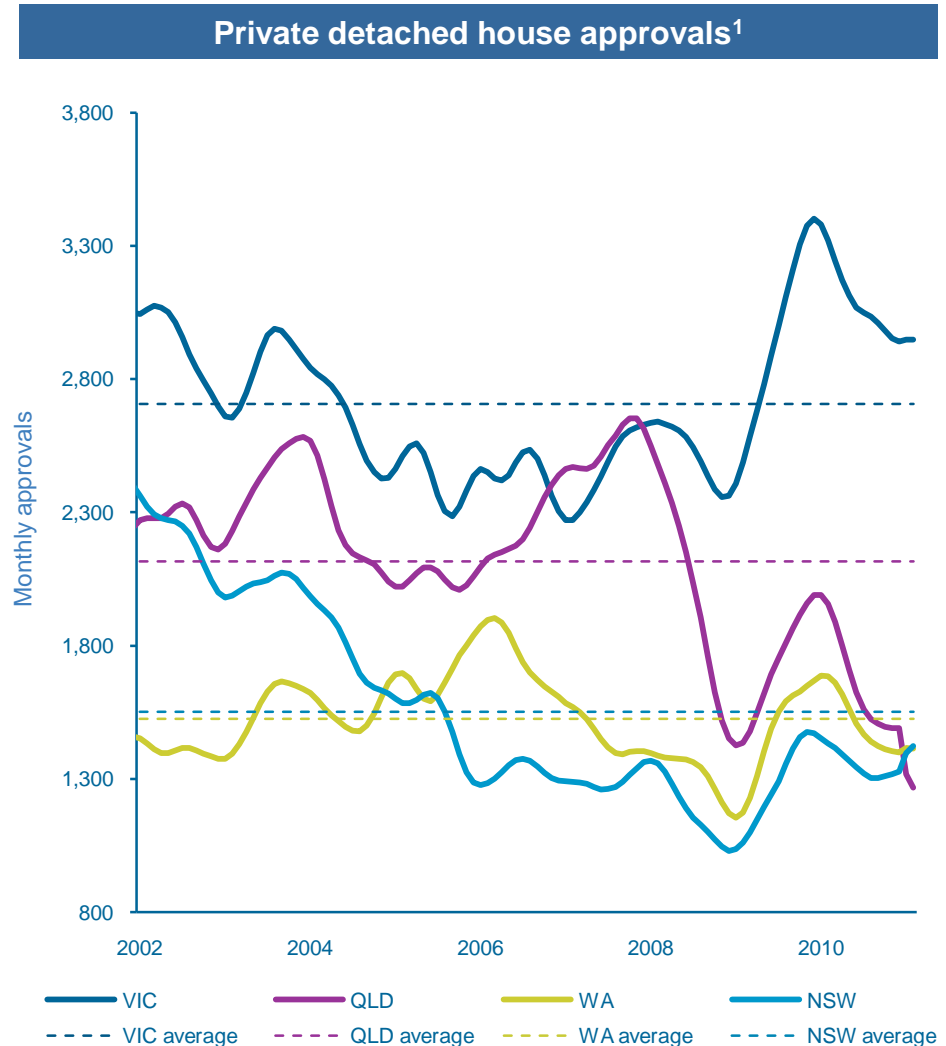
# Business update – on track to achieve FY11 EPS guidance

## FY11 group earnings

- On track to achieve upgraded EPS of 31.6c per security; 8.5% growth on FY10

## Residential market conditions

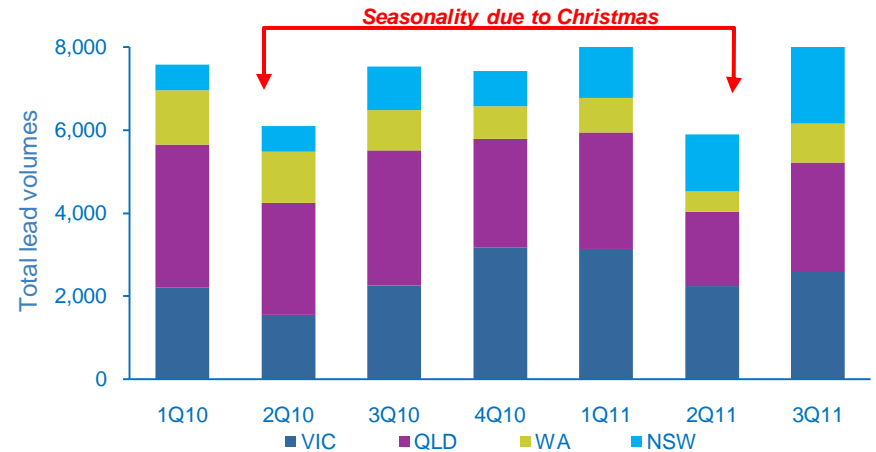
- Varied market conditions across the country:
  - NSW buyer sentiment strong for affordable product, market trending upwards
  - VIC returning to average approval numbers as State first home owners boost comes to an end
  - WA impacted by overhang in established market but showing positive signs
  - QLD sentiment very subdued, yet to see recovery from impact of natural disasters in 3Q11



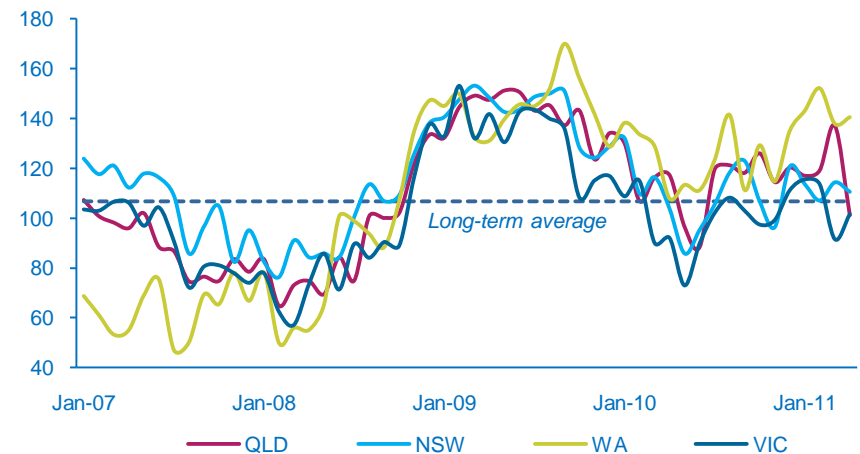
# Residential Communities – strong enquiry but buyers are cautious

- Strong 3Q11 Stockland customer traffic:
  - Reflects strategy to deliver affordable packages relative to established market
  - Solid enquiry from 3Q11 “Make your Move Now” marketing campaign, even in QLD
  - Customer mix between first home buyers, upgraders and investors in line with long-term targets
- Despite strong enquiry levels, buyers are cautious:
  - Short-term uncertainty over cost of living pressures, rising utility and petrol prices
- Long-term demand underpinned by population growth and strong employment

Stockland customer lead volumes remain strong<sup>1</sup>



Mixed sentiment for time to buy a dwelling<sup>2</sup>



1. A potential purchaser who has made a direct enquiry at one or more Stockland Residential project  
 2. Westpac-Melbourne Institute Consumer Sentiment Survey, Time to buy a dwelling index, April 2011

# Residential Communities – QLD conditions remain subdued post-floods

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## Sales run rate in SE QLD slowed in 3Q11

- Even though the direct impact of the floods on Stockland was minimal, the broader impact on sentiment has been quite significant
- Potential customers are actively looking, but not yet buying
- Too early to predict timing of recovery in buyer activity
- Strong conditions continue in some regional areas of north QLD

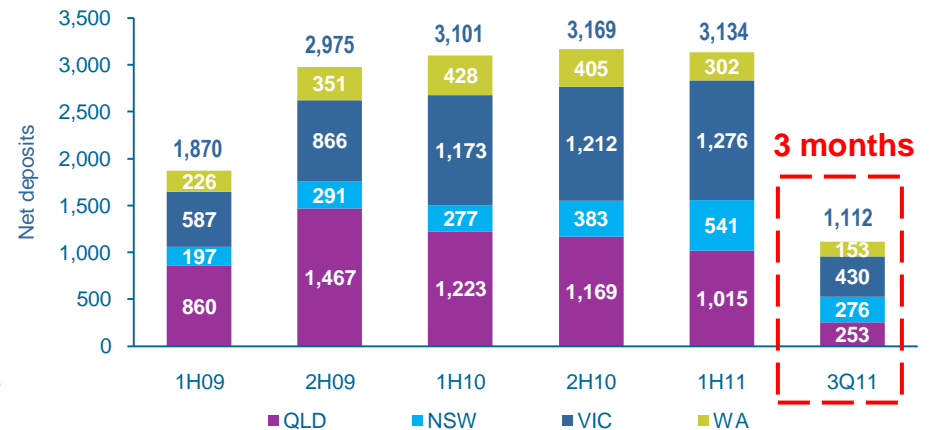
## Long-term fundamentals in QLD remain positive

- Underpinned by strong population growth; six of Australia's top 15 fastest growing municipalities are in QLD
- Economic and employment impact of billions of dollars of new infrastructure projects yet to be felt
- Infrastructure charge cap of up to \$28,000 provides greater certainty for residential developers

# Residential Communities – slower 3Q11 but strong contracts on hand

- FY11 lot settlements expected to be slightly higher than 5,236 lots settled<sup>1</sup> in FY10:
  - Very strong 1H11
  - Deposits slowed in 3Q11
  - April numbers showed a slight improvement
- Positive movement in key operating metrics expected in FY11:

## QLD subdued while other states at long-term averages



### Expected FY11 result vs FY10

Average lot size	Down ~6%
Average price per sqm	Up ~12%
Average price per lot	Up ~5%
Operating Profit and EBIT margins	Up ~1–2%

- Subject to market conditions, settlement volumes should grow further in FY12:
  - Strong contracts on hand – expect to carry >2,000 contracts into FY12
  - First settlements at 8 new projects<sup>2</sup>

# Commercial Property – solid 3Q11 retail sales and rental growth

- Continuing to re-weight capital to retail in line with 3-R growth strategy:
  - All major developments on program and budget
  - Acquisition of Hervey Bay shopping centre at 7.5% initial yield with development potential to more than double the existing centre to 35,000sqm over next 2 years (\$100m - \$130m cost)
- No material impact from recent retailer administrations
- Solid 3Q11 retail sales from Stockland centres

31 March 2011	% 3mth Comparable Growth	% Annual Comparable Growth
Supermarkets	4.6	4.5
Discount Department Stores	(6.6)	(2.2)
Specialties	7.7	0.7
Mini Majors/Cinemas/Other	(3.0)	1.5
<b>Total</b>	<b>3.0</b>	<b>1.9</b>

- 2H11 comparable NOI growth:
  - Retail on track for similar comparable NOI growth to 1H11 (+4.3% in 1H11)
  - Office and industrial will outperform 1H11 (+1.5% office and +3.7% industrial in 1H11)

# Our agenda

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- Retirement Living investor briefing

## *Morning Tea*

- Development briefing
- Operations briefing
- Q&A
- Asset tours:



### **The Willows**

Well established and successful 189 unit retirement village featuring a mix of older style and newly developed independent living units and serviced apartments



### **Macarthur Gardens**

New 238 unit greenfield retirement living village currently under construction