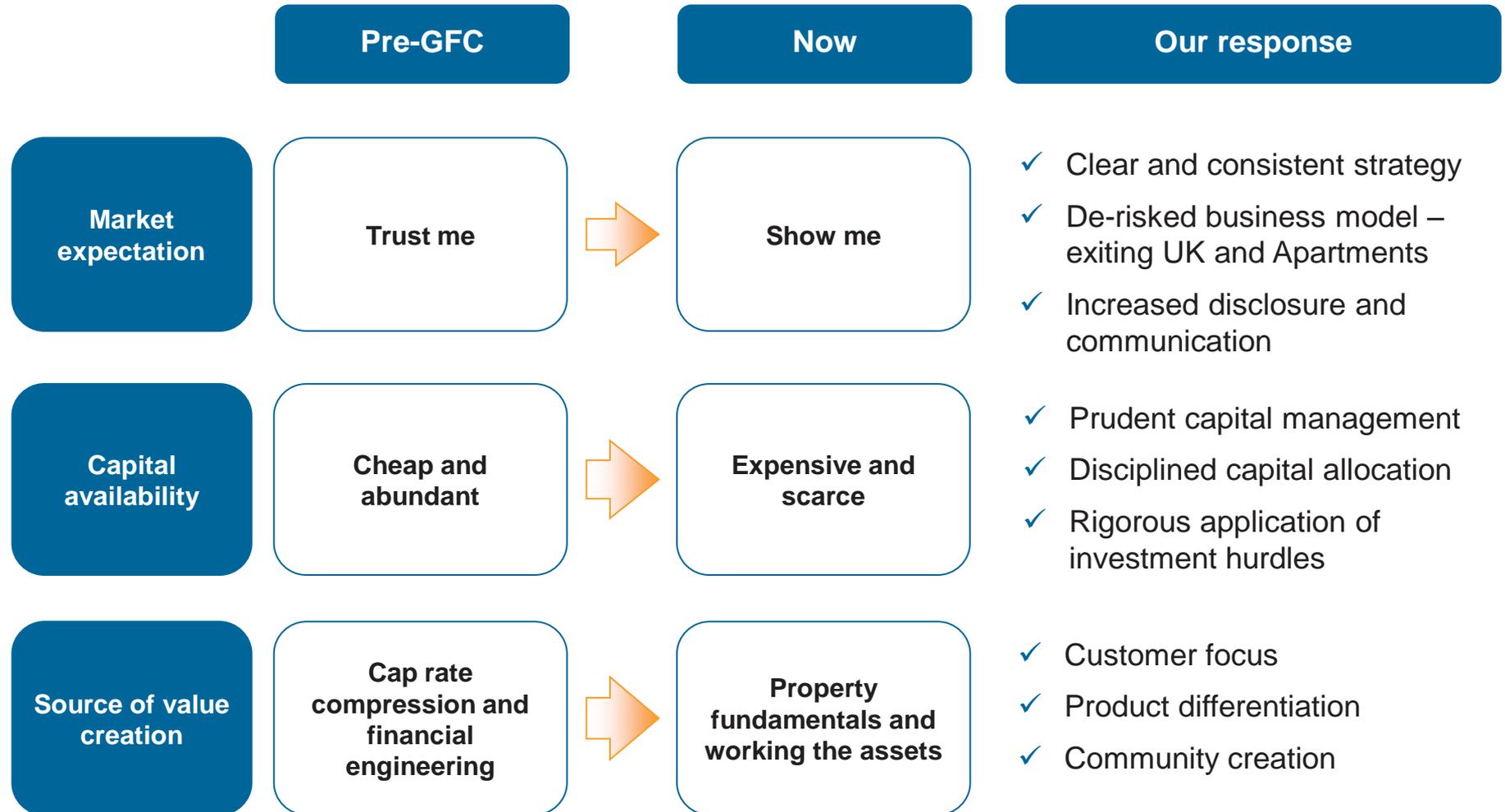




Group Update

Matthew Quinn, Managing Director

Success for the property sector today looks very different



Stockland's Three-R growth strategy



RETAIL

Strategy

Extensive retail development pipeline, enhancing asset size, quality and position in trade area

Execution

Major developments at Merrylands, Rockhampton, Townsville, Shellharbour



RETIREMENT LIVING

Strategy

Increase market share and returns through development of new villages

Execution

Development pipeline of circa 3,000 Independent Living Units (ILUs)



RESIDENTIAL COMMUNITIES

Strategy

Grow market share and enhance market leading position

Execution

4,750 lots acquired in FY10 to date for circa \$250m

Diversified model drives competitive advantage – integrated platform and mixed-use capability

Fully funded growth – strong capital position and cash for reinvestment from sale of legacy businesses

Target recurring / trading earnings – 60-80% / 20-40%

Despite economic headwinds, business performance remains solid

Multiple speed economy:

- Strong population growth, from both immigration and natural increase
- Official interest rates being increased to address rising house prices and wider inflationary pressures
- Residential market has so far proved resilient to rate rises, but affordability is under extreme pressure
- Consumers are tightening their belts and retail sales remain flat

Stockland's business is performing well:

- Residential Communities on track for record lot settlements in FY10
- Strong Apartments pre-sales will generate good cash flow for reinvestment
- Retail development pipeline progressing well through planning and pre-lease
- Retirement Living project pipeline achieving strong sales

Continued focus on organic growth opportunities in our core businesses:

- 5 new residential land acquisitions, generating 4,750 lots (approx. \$1,220m future gross revenue)

EPS guidance:

- On track to achieve FY10 EPS guidance of 29 cents

Our agenda

- Mark Hunter, CEO Residential
- David Pitman, CEO Retirement Living and Head of Group Strategy
- Andrew Whitson, General Manager - Residential, Victoria
- Case studies
- Asset tours:



Bundoora

Market leading retirement village



Eucalypt

Acquisition of two adjacent land parcels in the Whittlesea northern growth corridor of Melbourne



Highlands

Masterplanned community comprising Residential, Retirement Living and future Stockland Retail

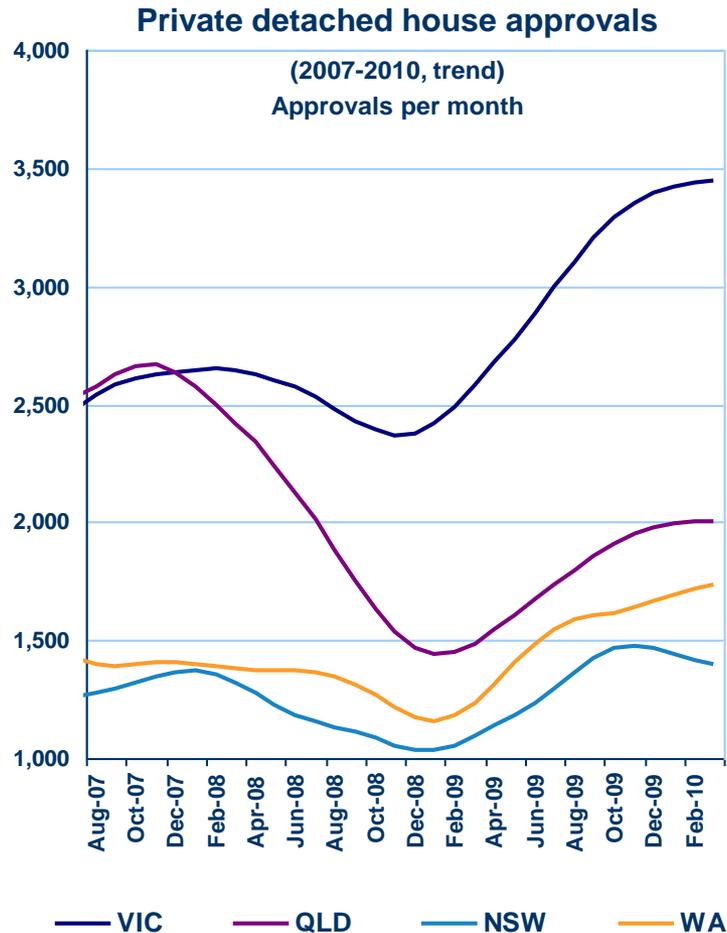


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Residential Market Update

Mark Hunter, CEO Residential

Residential market conditions - Victoria remains the strongest performer



Source: ABS

National

- Undersupply of housing continues to drive price growth
- End of First Home Owner Boost was orderly – upgraders now the prominent buyer group

Victoria

- Strong market recovery and ready supply of affordable housing
- High domestic and offshore migration underpinning demand
- First home buyer grant for new homes lifted to \$20,000 and extended to June 2011

Queensland

- Suffered the greatest slowdown and the mildest recovery to date
- Difficult investment climate; government levies increasing
- New housing starts remain below underlying demand

New South Wales

- Solid market recovery driven by good demand
- Recent price growth in Sydney inner ring starting to filter to greenfield developments in 2010

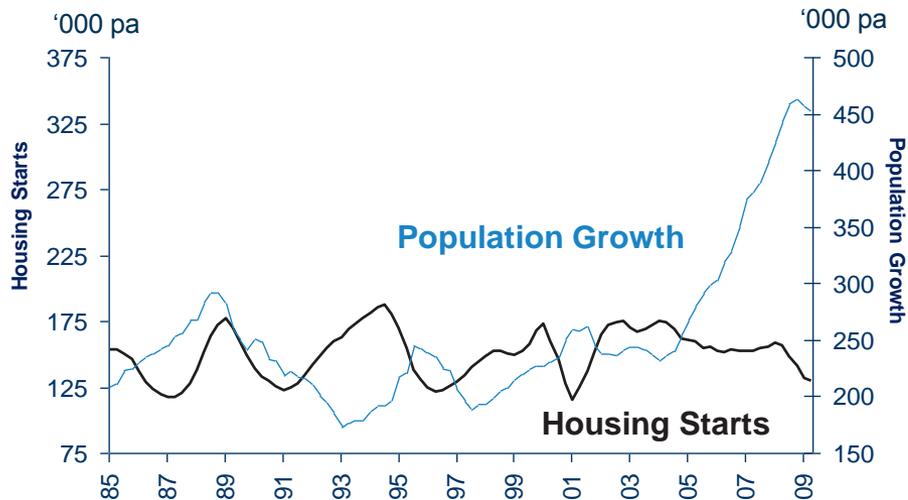
Western Australia

- Patchy market conditions; top end remains fragile
- Selected corridors seeing price growth

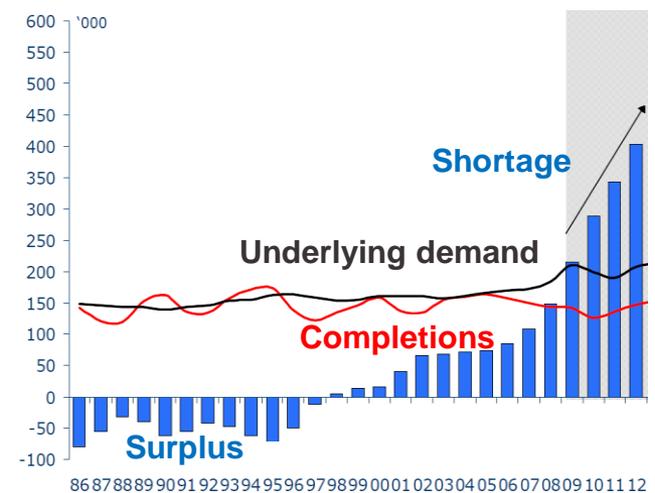
Supply & demand in the residential housing market

- Two major factors drive underlying demand – population growth and the change in household size
- Australia is seeing record levels of population growth
- Average household sizes have shrunk significantly from 3.2 to 2.75 between 1981 and 2009 – now stabilising
- The housing undersupply is likely to worsen without government action and planning reform

Supply is not keeping up with population growth¹...



... forcing a significant undersupply to develop²



¹ Sources: ABS, Stockland Research

² Sources: ANZ Economics and Markets Research

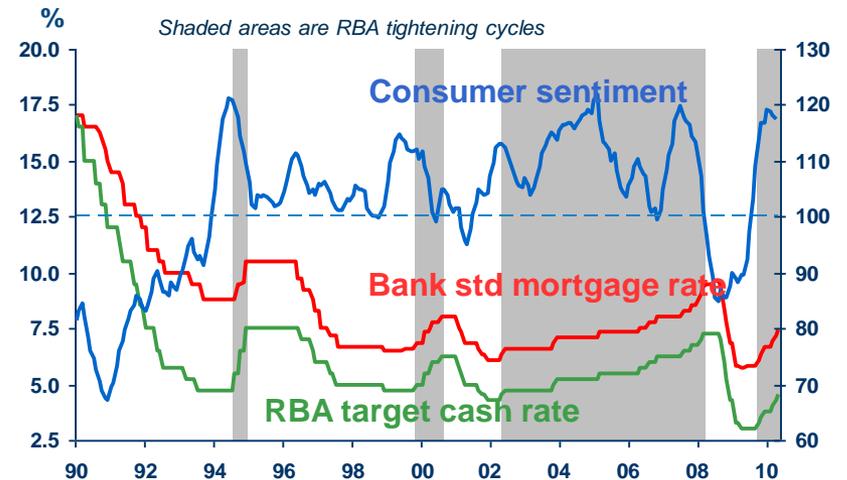
Consumer confidence still resilient despite deteriorating affordability

- Affordability is deteriorating after six rate rises since Oct-09
- Our focus remains on innovative product and affordable price points
- Despite interest rate rises, finance for new housing construction and consumer sentiment remain positive

Affordability¹ reflects recent rate rises...



... and consumer sentiment remains robust

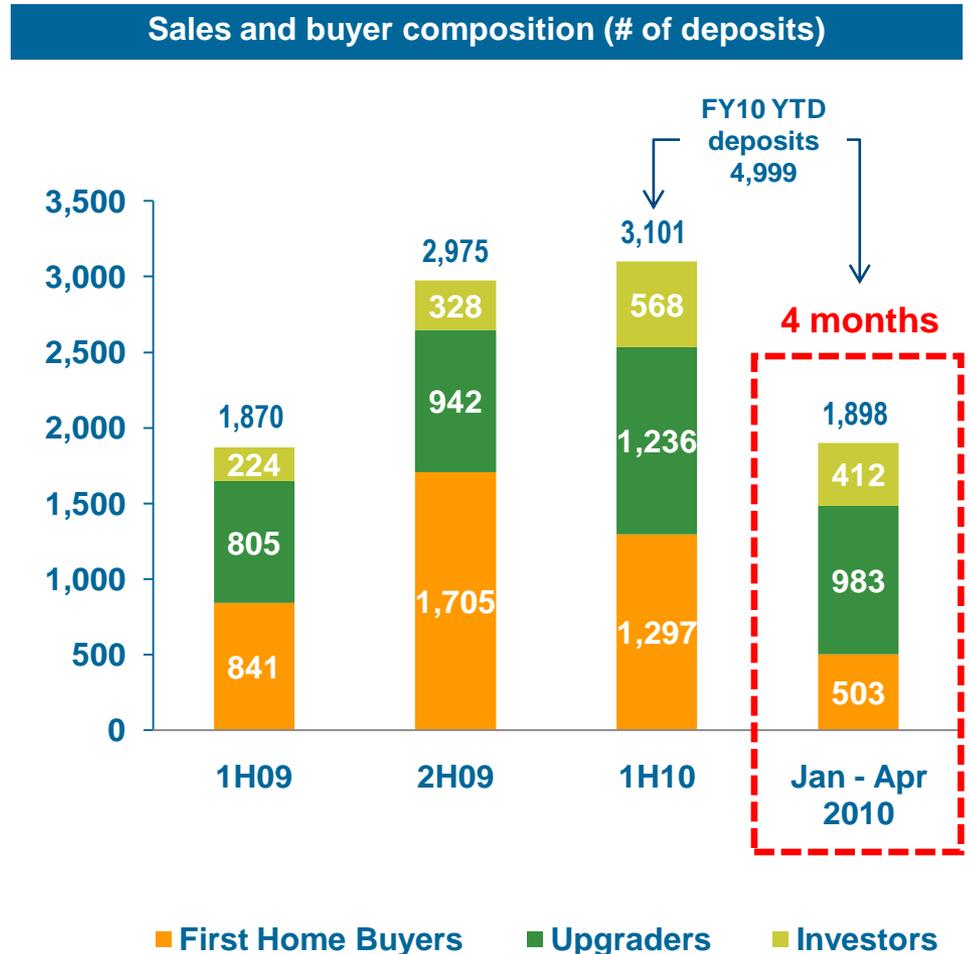


¹ Affordability represented by % of disposable household income directed to mortgage repayments, based on 25 year mortgage and 80% LVR

Sources: Westpac-Melbourne Institute, RBA, ABS, REIA, RP-Data, Rismark International, Stockland Research

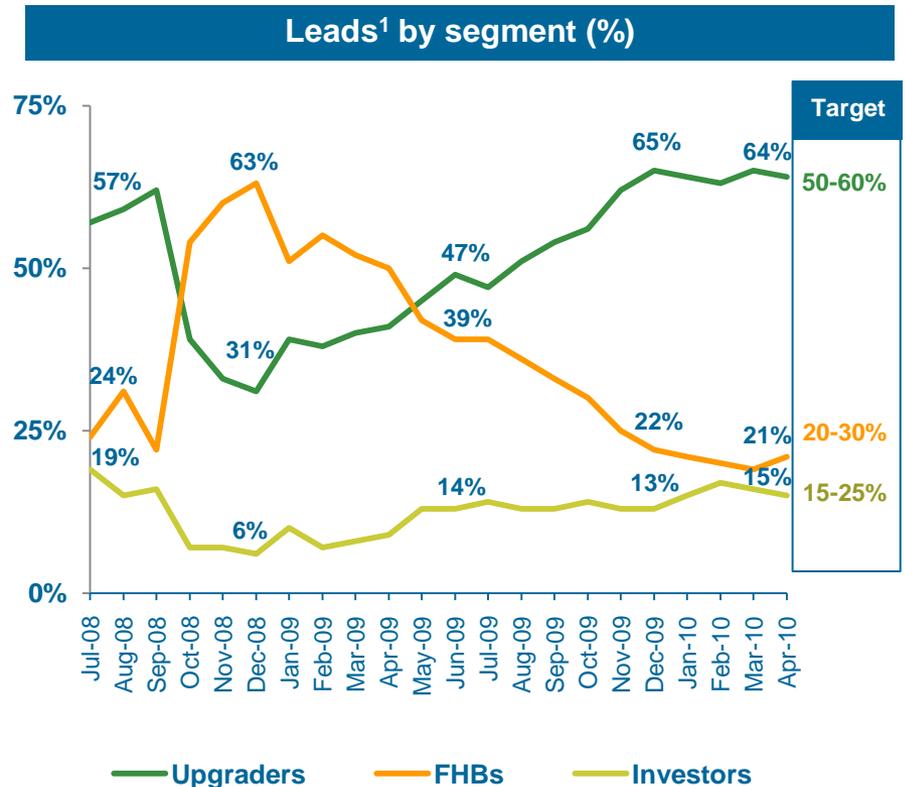
Residential Communities sales momentum remains strong

- Circa 5,000 net deposits year-to-date (average 500 per month)
- Upgraders now the dominant group for sales
- Lot settlements on track for record year:
 - Weather conditions impacting Queensland settlements
 - Offset by strong trading result in Victoria
- High levels of lot production continue
- Higher 2H10 superlot sales expected but remain below historic average
- Momentum of 1H10 price increases have continued in VIC and WA
- Margins on track to increase by 1% - 1.5% in 2H10
- Any profit on previously impaired stock will not be included in underlying profit – to be reported below the line



Upgraders continue to underpin leads

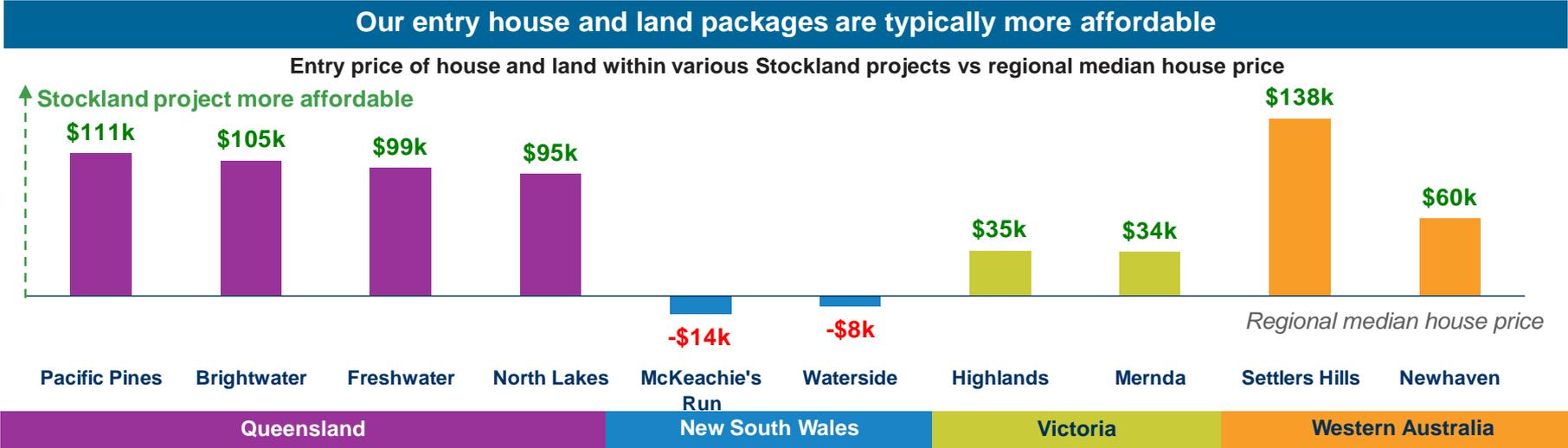
- Ratio of upgraders to first home buyers around 3:1
- First home buyers still in the market:
 - Still strong in Victoria due to the first home buyer grant being lifted to \$20,000 and extended to Jun-11 for new homes
 - Back to historic levels in other states
- Upgraders continue to be the dominant group across the board:
 - Strong demand in WA with the release of Corimbia
 - Strong registration of interest received in Selandra Rise and Eucalypt, Victoria
- Investor momentum continues to improve as rental vacancies remain low (~2%)
- Lot sizes continue to fall in line with market demand:
 - However, evidence suggests that more upgraders are seeking larger lots – we have flexibility to respond to changes in buyer preference



¹ Potential purchasers who have expressed interest in a specific Stockland project

Focus on affordable product helps maintain market reach

- Affordable product alternative – entry product priced below the average local market
- Flexibility to respond to product demand changes, unlike established market
- Continue to grow market share and reach in selected corridors
- Strategy to create innovative affordable product through better customer and market insights



Sources: RP Data, Rismark International, Stockland Research

Good Apartments pre-sales will generate strong cashflow

- Pre-sales on live projects:
 - Prince Henry apartments sold out
 - All other projects progressing well
- Disposal of undeveloped Apartments sites:
 - St Kilda Road site sold subject to completion of restoration work

Strong momentum in Apartment sales ¹			
		Presales @ Apr-10	Presales @ Dec-09
NSW	Prince Henry	100%	64%
	The Village, Balgowlah	85%	76%
	The Hyde	72%	59%
QLD	Norman Reach	100%	93%
	Allisee – Stage 2	88%	83%
VIC	Tooronga – Stage 1 (Tower 1+2)	84%	71%
WA	The Islands, South Beach - Stages A&B	93%	91%
	Total	86%	75%
	Total - \$m	\$1,010m	\$890m

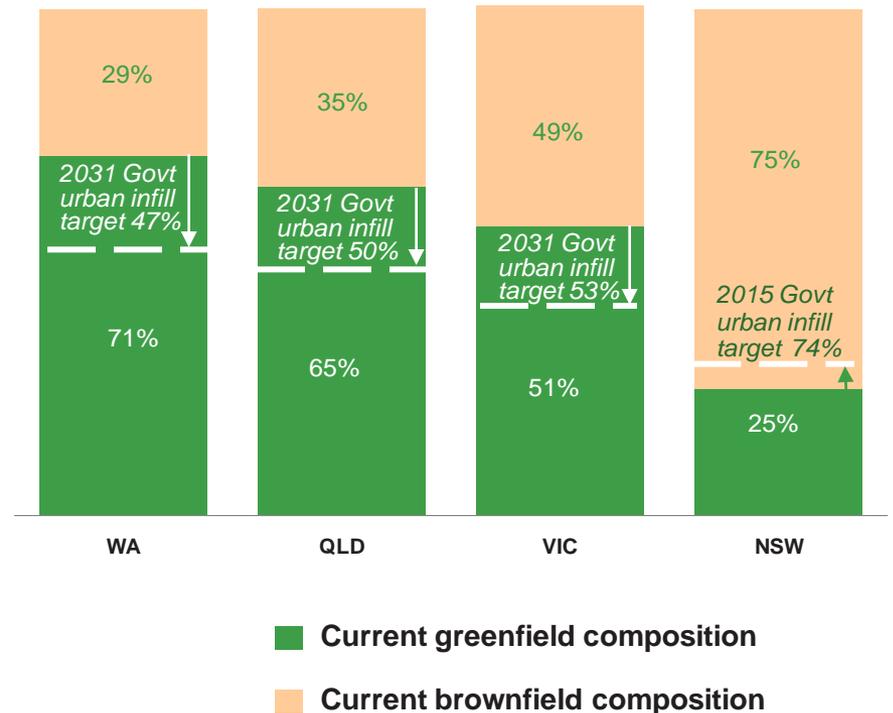
¹Based on revenue value of settled and contracts on hand over total project revenue

Residential Communities - focused on growing market share

- Strategy to grow market share in our target corridors through increased lot sales:
 - Extend market-leading position into new growth corridors
 - 24 growth corridors identified
 - Currently active in two-thirds
- Disciplined acquisition assessment filters:
 - Project scale, population growth, undersupply, affordability, employment growth and speed to market (targeting profit within three years of acquisition)
- Greenfield development is sustainable over the long term with good demand and adequate identified land:
 - However, supply is slow due to government planning constraints

Greenfield development continues to be a large market

Estimated Brownfield / Greenfield Composition by State¹



¹ Source: State Government Planning Departments, Stockland

Several key acquisitions in FY10 to date

- Five acquisitions to date in FY10 – circa \$250m and 4,750 lots:
 - In three new growth corridors in VIC and WA
- Replenishment of land bank – land component of COGS available for stock replenishment of circa \$200m per annum
- Strategy to grow above normal replenishment levels:
 - Reinvestment of cash proceeds into communities from the build out of apartment projects
- Starting to see more acquisition opportunities emerge

Acquisitions				
		Est. future lots (approx.)	Est. future revenue (\$m)	Est. timing of first settlement
VIC	Truganina	1,300	\$280m	FY12 ¹
	Harvest Home Road, Epping	600	\$135m	FY12
	Eucalypt, Epping	500	\$100m	FY11
	Craigieburn	1,200	\$270m	FY13
WA	Eglinton ²	1,150	\$435m	FY12
Total		4,750	\$1,220m	

¹ Moved from FY11

² 50% interest; project development agreement. Includes Stage 1 and option over Stage 2

Our competitive advantages for growing market share

	<u>Requirements</u>	<u>Stockland's competitive advantages</u>	
Acquisition	<ul style="list-style-type: none"> ✓ Understanding customers and market segments ✓ Right locations ✓ Cost-efficiency ✓ Accurate pricing of risk 	<ul style="list-style-type: none"> ✓ Superior market and corridor knowledge and customer insight ✓ National acquisition capability ✓ Solid capital position ✓ Disciplined investment hurdles and process 	<i>Customer</i>
Delivery	<ul style="list-style-type: none"> ✓ Cost-effective & efficient design ✓ Quick and smooth approval process ✓ Efficient production ✓ Targeted marketing and high sales conversion 	<ul style="list-style-type: none"> ✓ Product design range incorporating flexibility and sustainability ✓ Masterplan design skills ✓ Standardised sales and development process ✓ Strong builder relationships and supply continuity ✓ Community focus, leveraging diversified capability ✓ National marketing capability 	<i>Product and Community</i>



Retirement Living Update

David Pitman, CEO Retirement Living and Head of Group Strategy

Residential development for the ageing demographic

Retirement Living is a strong fit with Stockland's skills and capabilities:

- Combines residential development with commercial asset management
- No aged care or nursing homes in Stockland's portfolio

The asset class is a very sound long-term investment:

- Strong underlying demand - ageing population
- Favourable industry structure
- Good yield for mature portfolios
- Mid-teens overall IRR with relatively low risk

Product has strong market appeal:

- Lifestyle solution is sought after
- Solid waiting lists; pent-up demand for new villages

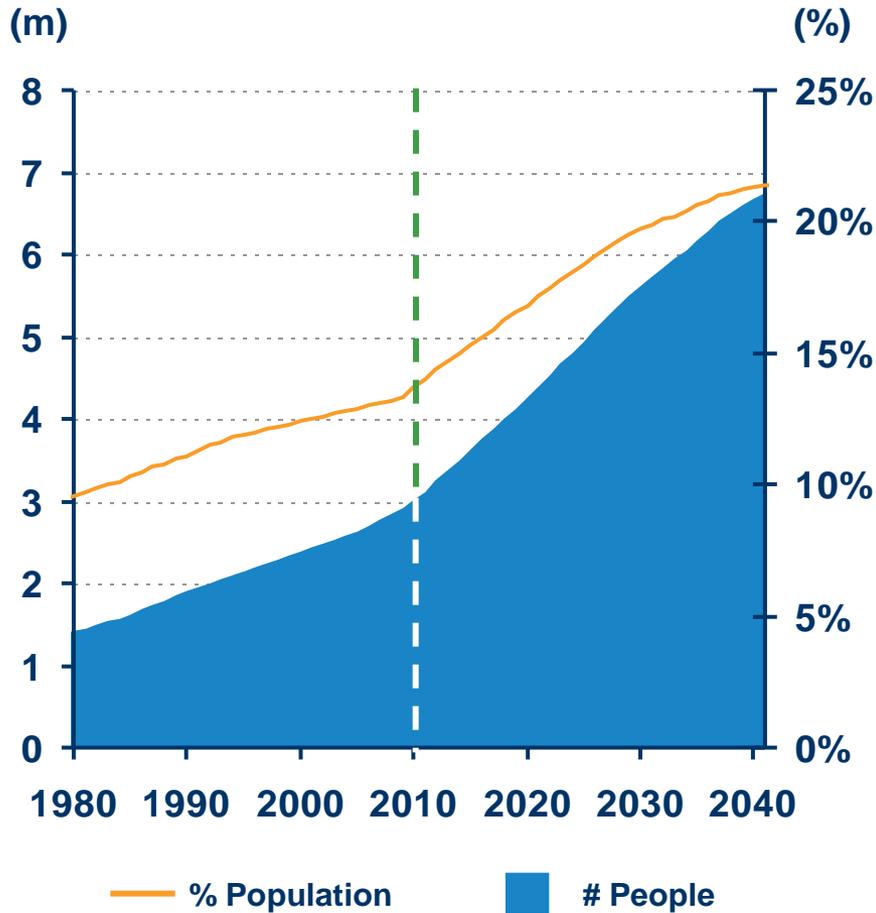
Revenue model effectively splits development profit:

- Upfront development profit when new units created:
 - Price point ~80% of local market median makes moving affordable for incoming residents
- Exit fee on re-sale provides the balance of profit:
 - Percentage of re-sale value tied to length of stay; accrued in P&L

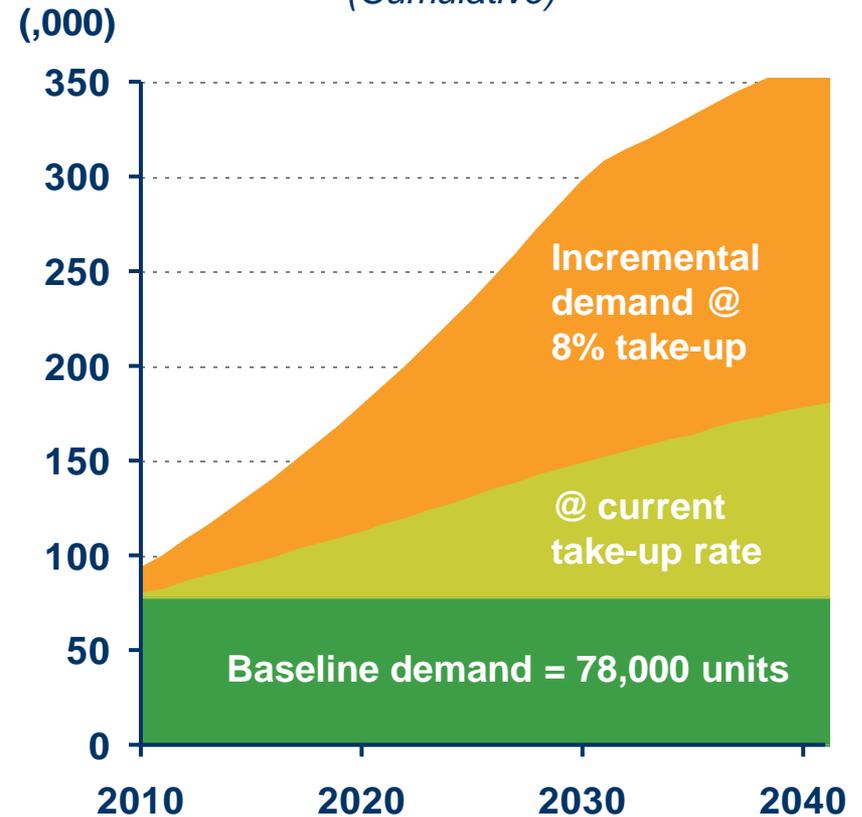


Huge growth potential

Australian population aged 65+



Implied demand for units (Cumulative)



Strategy - develop more villages, give residents the best experience

Strategy:

- Growth and diversification of the village portfolio:
 - Drive operational efficiencies in established villages
 - Develop new industry-leading villages
 - Enhance growth through acquisition
- Leverage benefits of Stockland diversified model:
 - Synergies with Residential (development) and Commercial Property (asset management)

Development pipeline:

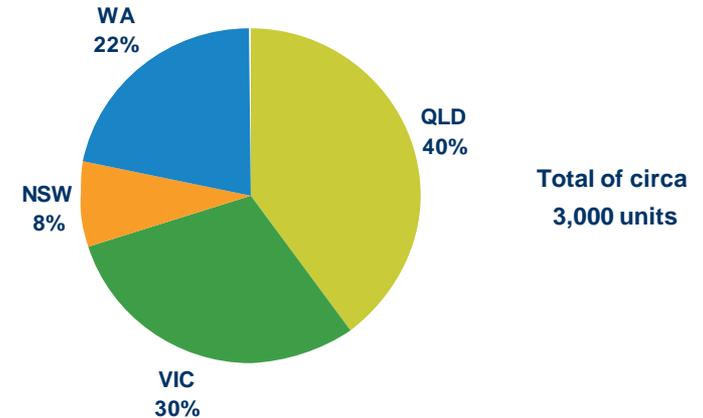
- 5 villages currently under construction:
 - Approx. 700 units to complete and settle (150 already sold)
- Pipeline of circa 2,300 units across VIC, NSW, QLD and WA

Funding:

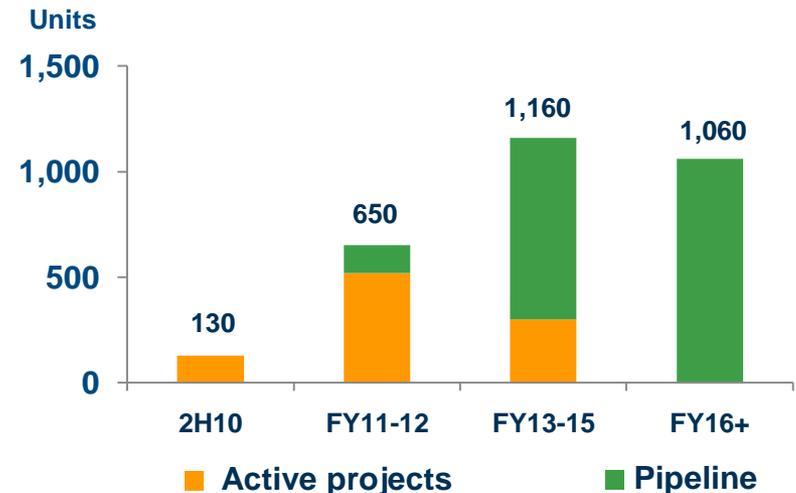
- Development WIP of circa \$100m as at 31-Dec-09¹
- Expect steady state of \$150m-\$200m to deliver ~300 units per annum

¹ Excludes DMF; includes development profits on a progressive basis

Development pipeline (% of units)



Estimated delivery of pipeline



Current active projects

State	Project	Total units (approx.)	Anticipated start date	Anticipated production						
				2H10	FY11	FY12	FY13	FY14	FY15	
VIC	Gowanbrae	190	Under construction	45	40					
QLD	Fig Tree Village	190	Under construction	35	25	50	25			
VIC	Highlands	195	Under construction	20	60	60	55			
QLD	North Lakes Extension	105	Under construction	30	50	25				
VIC	Arilla at South Morang	195	Under construction		70	55	50	20		
NSW	Macarthur Gardens	235	July-10		35	50	50	50	50	50
Active projects		1,110		130	280	240	180	70	50	

● VIC ● QLD ● NSW

Competitive advantages - Stockland is well placed to compete

Synergies with Residential and Commercial:

- Shared goals
- Deep capabilities in residential acquisition, planning, development, sales and marketing
- Ability to masterplan integrated communities
- Retirement Living sales and marketing leverages family connections in Residential Communities

Market-leading product:

- Based on in-depth customer insight
- Proprietary designs for Independent Living Units (ILUs) and community centres

Ready supply of sites from Stockland landbank:

- Provides head start in Queensland and WA
- Strong opportunities in key Victorian corridors where Stockland is well positioned

Relatively low cost of capital and large balance sheet:

- Advantaged in site acquisitions



Stockland

Victorian Residential Market Update

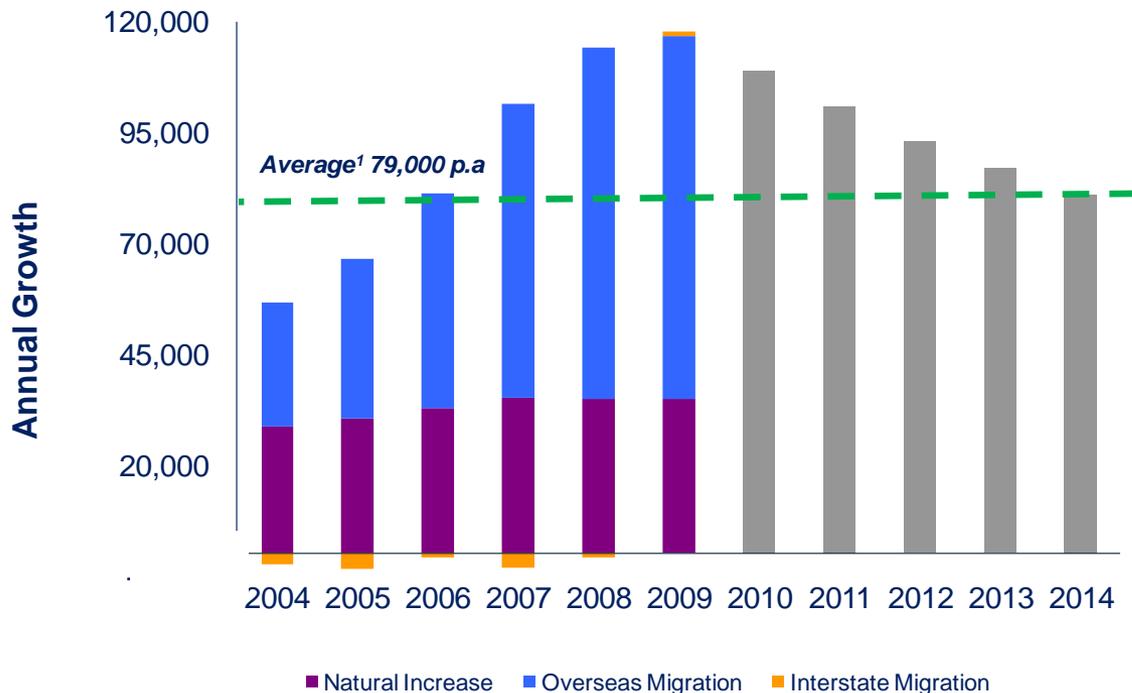
Andrew Whitson, General Manager - Residential, Victoria

Key issues

- How are the key market drivers performing?
- What has been the impact of FHBs on the Victorian market?
- Why is Victoria continuing to outperform the rest of the country?
- What lies ahead?
- What are the implications for our business strategy?

Key market drivers - population growth behind momentum

Victoria - Annual Population Growth



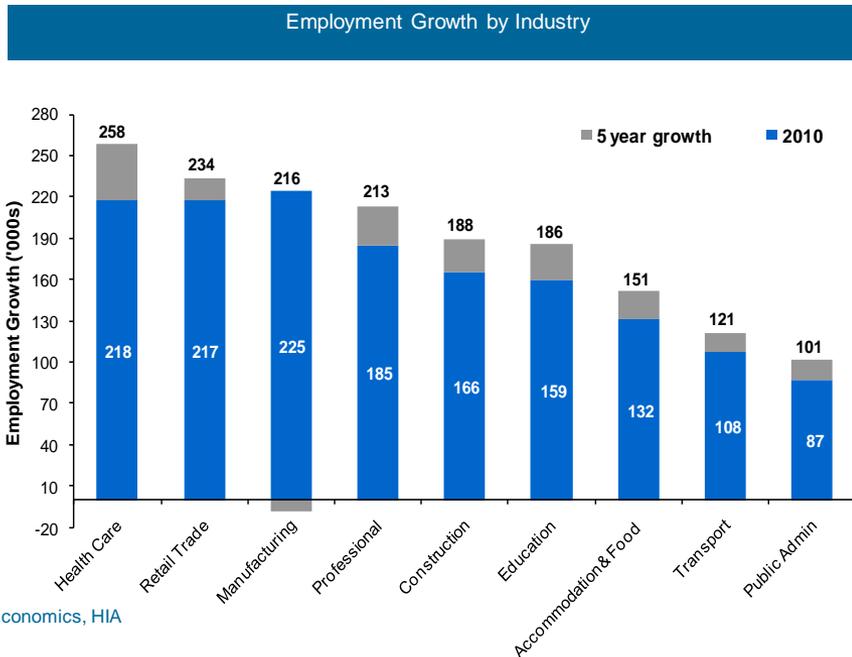
- Last 12 months growth highest on record – 117,900 (2.2%)
- Five year forecast of 94,200 per annum
- Overseas skilled migrants have driven growth
- Two-thirds of skilled migrants buy a house within the first 18 months, remainder rent privately
- Of all migrants, ~30% buy within 18 months and ~50% rent
- Majority of migrants come from China and India
- Opportunity to continue to capitalise on existing migrant settlement patterns within communities

Source: ABS; Access Economics

¹ Historical average from 2000 to 2009

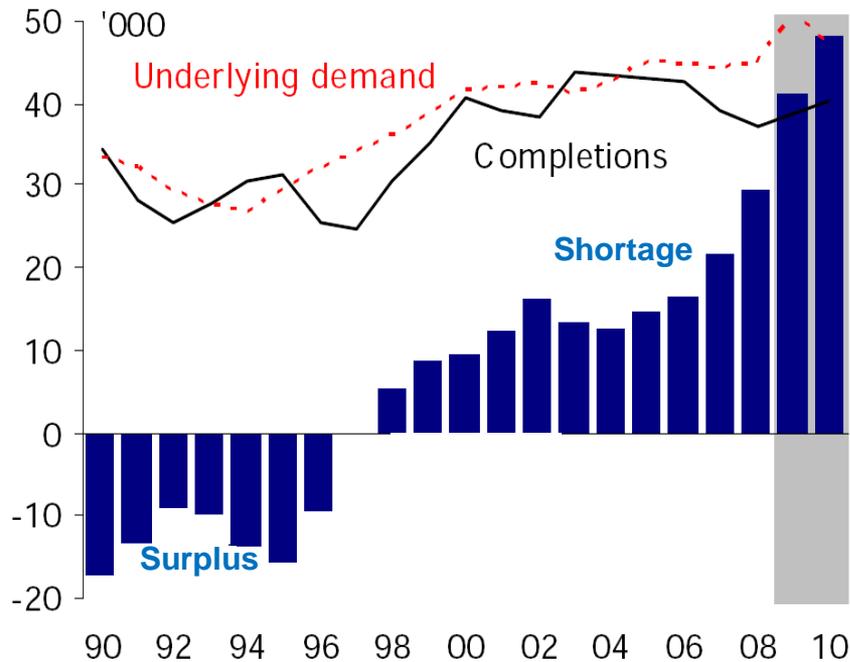
Key market drivers - positive economic and employment conditions

Economic Indicators			
Indicator	FY09	FY10	FY11
Economic Growth	-0.5%	3.1%	3.8%
Unemployment Rate	5.9%	4.9%	4.4%
Employment Growth	-0.6%	5.0%	3.8%
Population Growth (% pa)	2.1%	2.0%	1.8%
Population Growth (No)	116k	110k	102k
Housing Starts (No)	41,810	50,140	48,720



- Victoria's economic diversity has ensured its resilience
- FY11+ Victoria is expected to perform near the national average on key indicators
- Strong growth forecasts for key employment sectors
- Over 50% of all jobs created in Australia in the past 12 months were in Victoria

Key market drivers - undersupply to persist in the medium term



- Underlying demand circa 49,000 dwelling per annum
- Shortage of around 48,000 dwellings by end of 2010
- Difficulty in obtaining approval and capital for infill / apartment developments will keep pressure on growth corridors
- Increased supply from Urban Growth Boundary review not expected to have a significant impact for 4 - 6 years

FHBs impact on the Victorian market - FHBs continue to perform

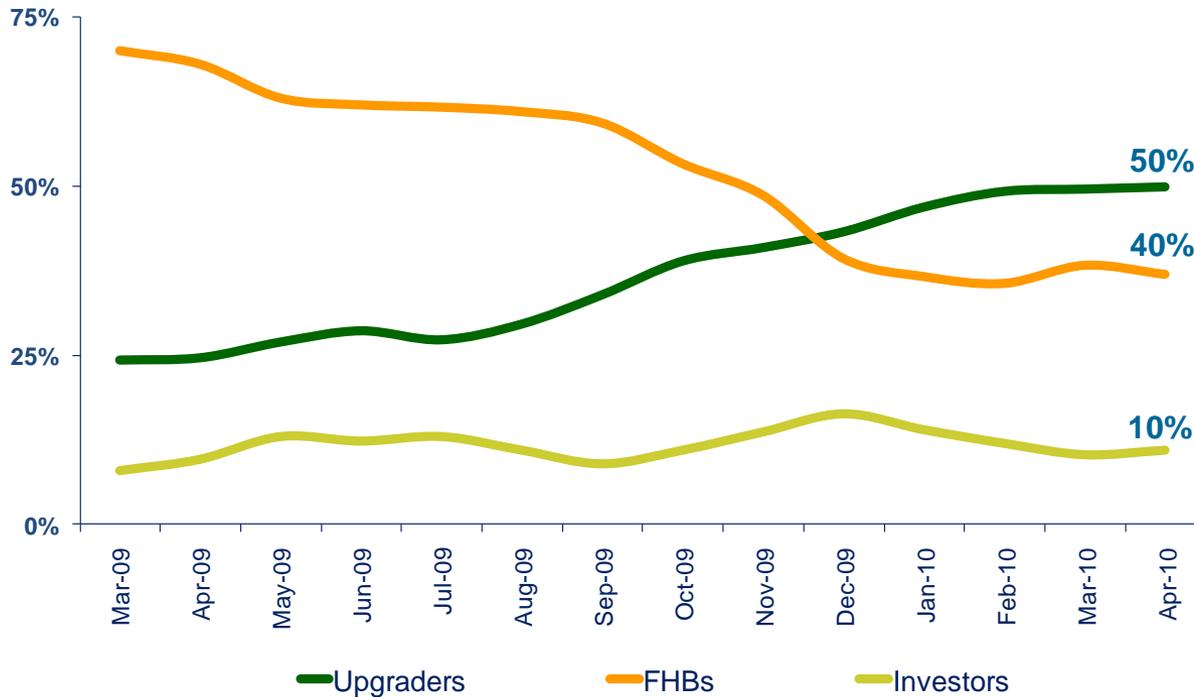
VIC First Home Buyers Volume



- Total FHB volumes have reduced following the scaling back of the Federal Government boost
- Victoria has outperformed national levels since Jan-10 due to the state's FHBs bonus
- FHBs bonus extended for 12 months till 30-Jun-11: \$20,000 (added \$2,000)
- Pent up FHB demand has fuelled the market
- Migration will continue to replenish FHB numbers

FHBs impact on the Victorian market - upgraders are moving back in

Stockland Victoria Buyer Type Trends - Leads¹

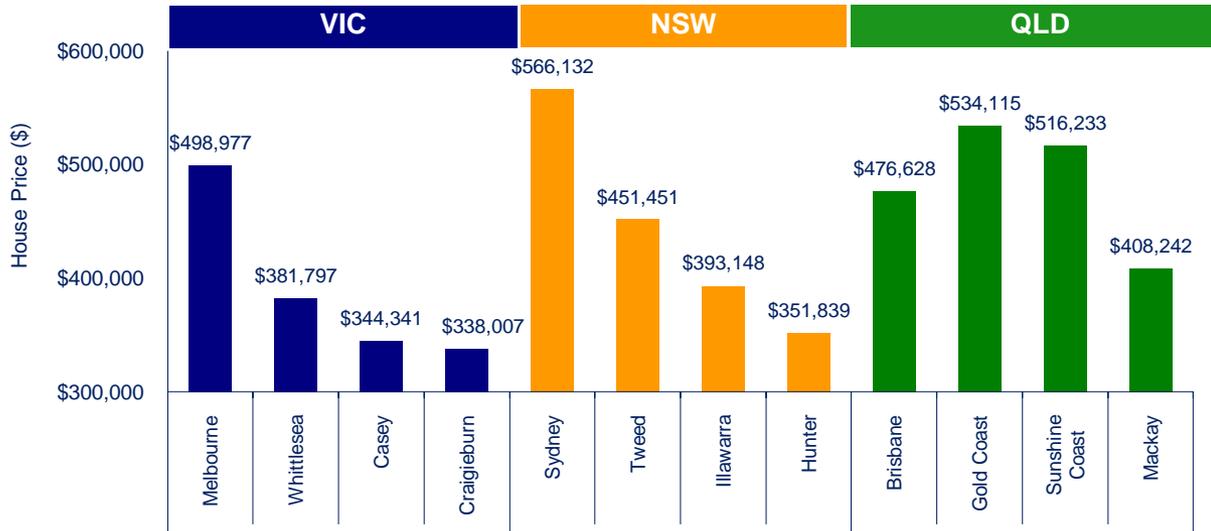


- Presently FHB leads are ~40%, in line with pre FHBs boost / bonus levels
- Upgrader activity has come back strongly ~50%
- FHBs will continue to be a major part of the market
- Continue to target both markets through product offerings and village positioning

¹ Potential purchasers who have expressed interest in specific Stockland project

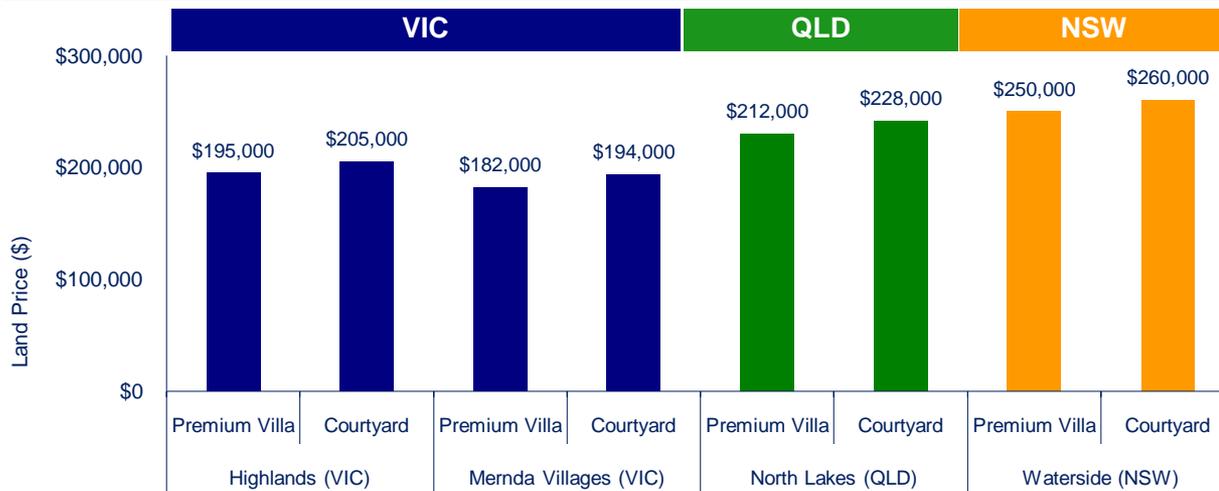
Victoria has a price advantage over other states

Median established house price by region



- Growth corridor prices remain well below the Metropolitan Melbourne median
- Comparatively land / housing in Victorian growth corridors is still below the other states
- Given the state government's commitment to maintaining growth in key corridors, the state's lot affordability advantage will be maintained

Current lot sale prices on Stockland estates



Victorian outlook

- Rising interest rates may moderate price growth, but supply issues likely to prevent a significant slow down
- Although a moderation in FHBs has occurred, the extension of the state's bonus until 30 June 2011 will maintain strong levels
- Any drop-offs in FHBs will be cushioned by growing upgrader activity and continued demand from overseas migrants
- Overall strong fundamentals and the robust outlook for the economy underpin ongoing sound market conditions

Implications for Stockland's strategy in Victoria

- Broaden market reach to offset any market softening:
 - Make entry level product more affordable
 - Differentiating villages
 - Product choice
- Utilise our scale to deliver value:
 - Builder partnerships
 - Development expenditure
- Focus on our customers:
 - Community development
 - Product development



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