

Stockland – Australia's leading diversified property group

## Offshore Investor Presentation

November 2006



# Agenda

- ◆ Overview of Stockland
- ◆ The Australian REIT Sector
- ◆ Stockland's Business Model
- ◆ Financial Performance
- ◆ Operating Divisions – Profit Drivers
- ◆ Strategy and Outlook



# Overview of Stockland



**Shopping Centres**  
**Assets A\$3.5bn**



**Residential Development**  
**Assets A\$2.6bn**



**Unlisted Property Funds**  
**Assets A\$540m**



**Office Buildings**  
**Assets A\$2.0bn**



**Industrial & Office Parks**  
**Assets A\$1.0bn**



# Stockland's Position in the Australian REIT Sector

Stockland was formed in 1952 and pioneered the first stapled security structure in 1988

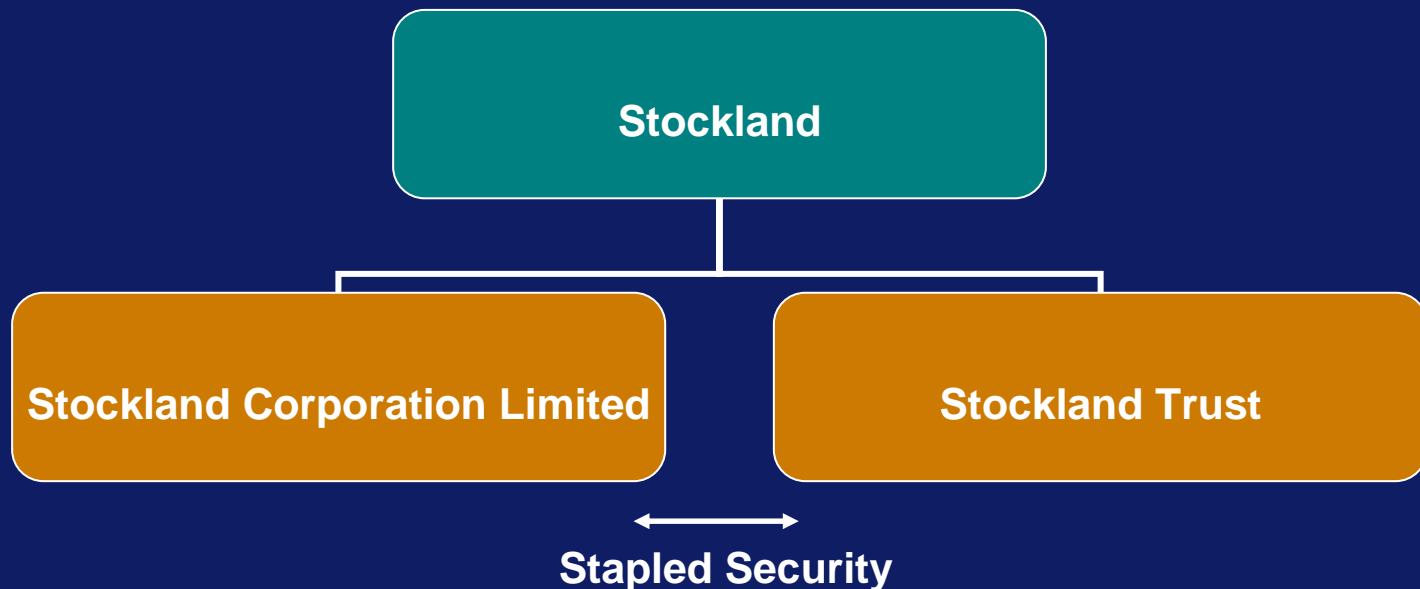
- ◆ Stockland's current position
  - Top 3 Australian REIT
  - Largest diversified Australian REIT
  - Market capitalisation over A\$10bn #
  - 10% of the REIT 200 Index #
  - High liquidity (80%\* moving annual)



# Stockland's Business Model

## Stapled Security Structure

- ◆ No fee leakage
- ◆ Alignment of interests
- ◆ Couples annuity and active earnings to create higher returns



# Stockland's Business Model

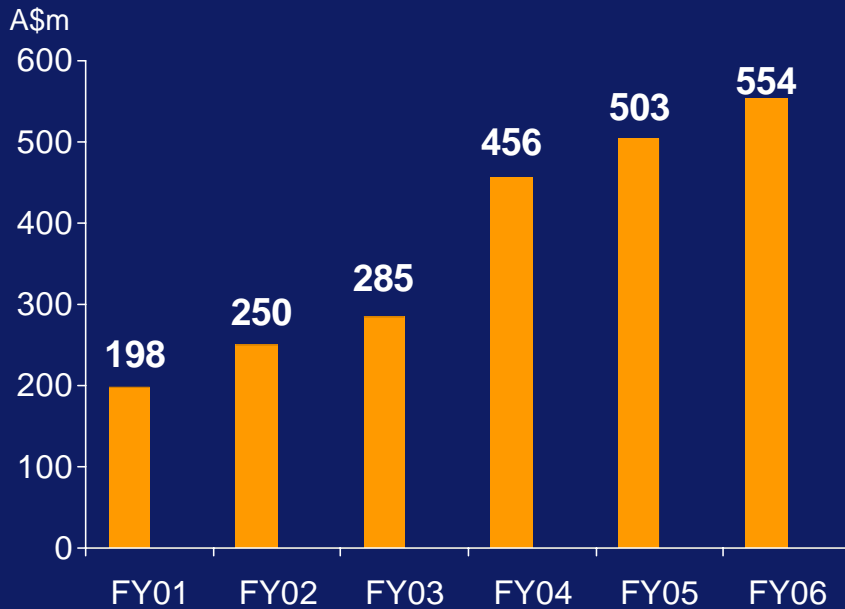
## Strategic Weightings

Type of Income	Strategic Weighting		Business
	EBIT	Assets	
Income from Investment Properties	60-80%	70-80%	Shopping Centres Office Buildings Distribution Centres Unlisted Property Funds
Development Profits	20-40%	20-30%	Residential Development
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	

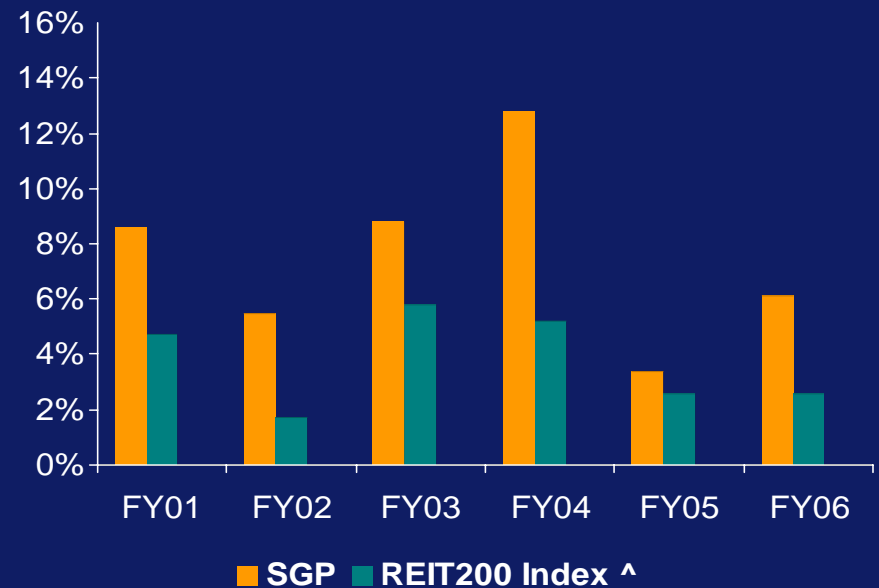
- ◆ Diversification reduces volatility in returns
- ◆ Balance of rents vs trading profits optimises risk/return
- ◆ Strong synergies across Business Divisions
- ◆ Total transparency and strong corporate governance

# Financial Performance

## Net operating profit\*



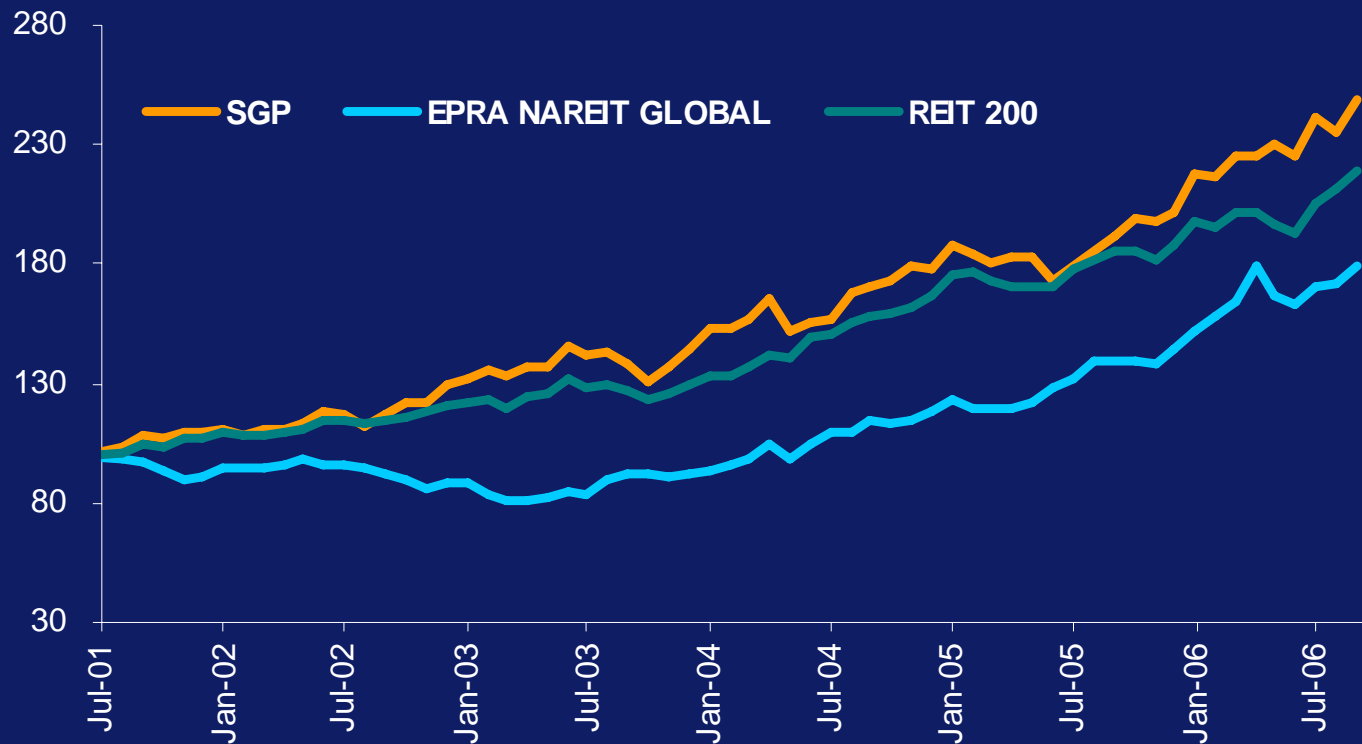
## Growth in earnings per Security\*



# Total Return to Security Holders

Strong dividend yield and dividend growth has driven TSR outperformance

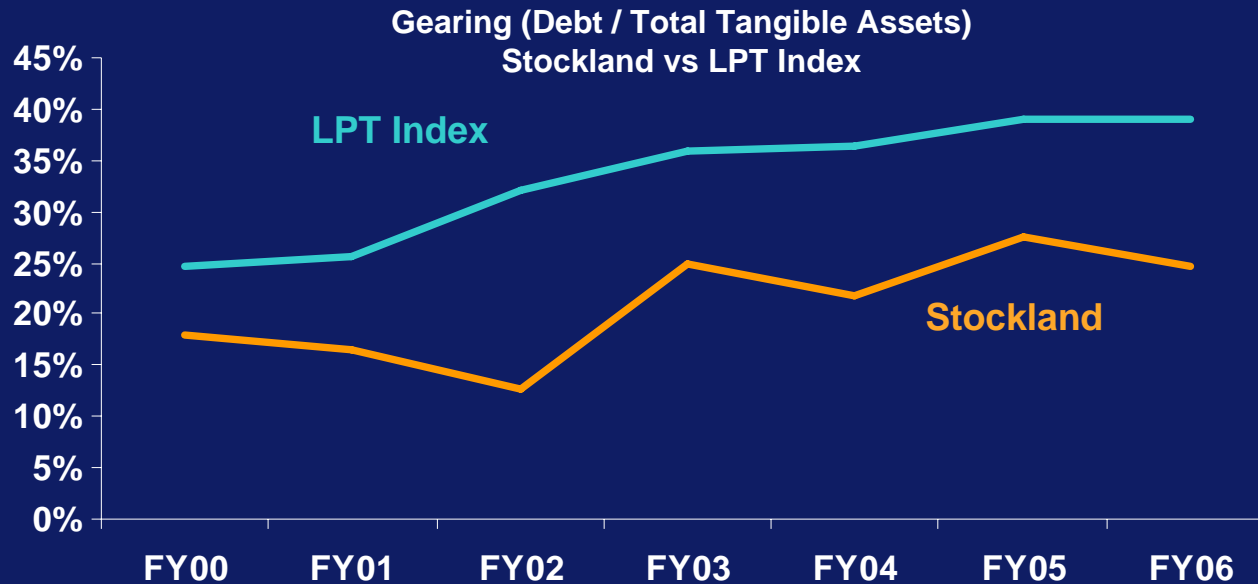
TSR – 1 July 2001 to 31 October 2006





# Sound Capital Management

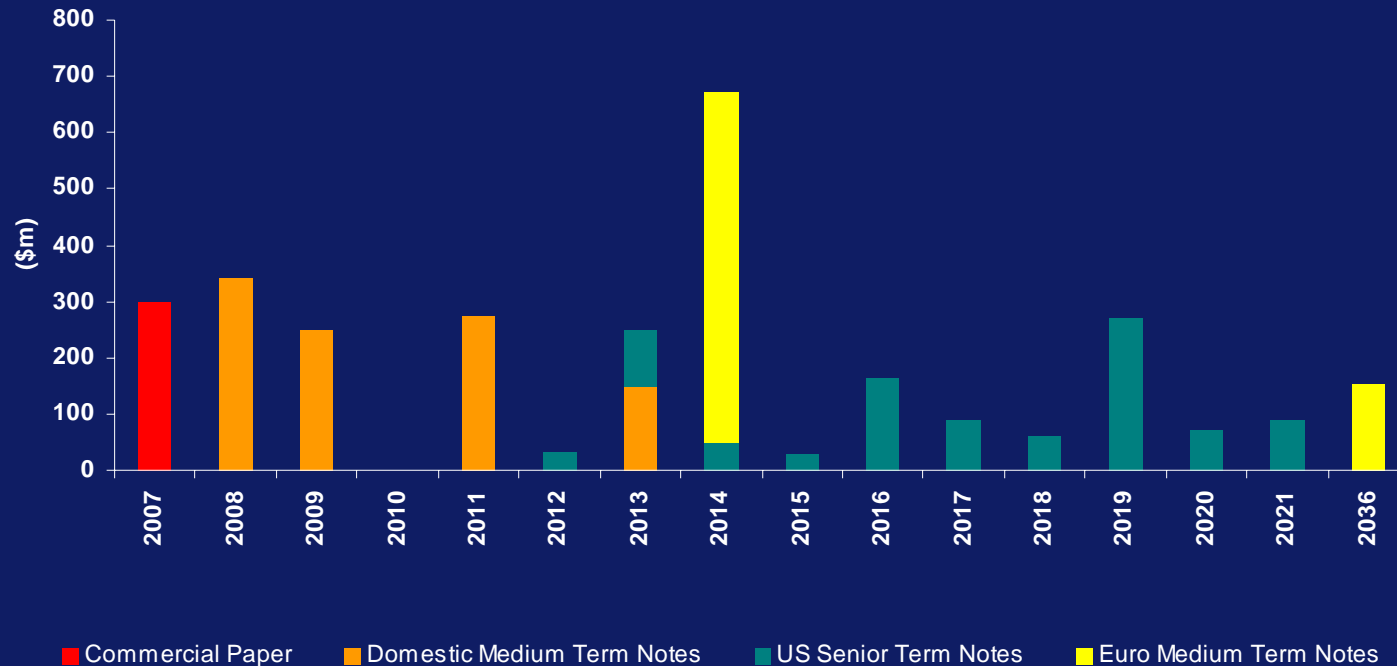
- ◆ Strategy to maintain relatively low gearing
- ◆ Enables Stockland to capitalise efficiently on opportunities
- ◆ Additional debt capacity currently circa A\$900m within existing covenants



# Prudent Balance Sheet Management

## Long dated debt maturity profile

- ◆ A- S&P credit rating
- ◆ Low weighted average cost of debt 6.3%\*
- ◆ Long dated debt maturity profile: 7.1 years \*



# Shopping Centre Division

## Portfolio Summary



### PORTFOLIO SUMMARY\*

Number of Properties	41
Number of Tenants	2,900
Total Asset Value	A\$3.5bn
Total sales per annum	A\$4.8bn
<b>FY06 Highlights</b>	
Net operating profit	A\$238m
NOI Comp	5.4%
% of group EBIT	35%

\*30 June 2006 (acquisition of Riverton in August 06)



# Shopping Centre Division

## Profit Drivers

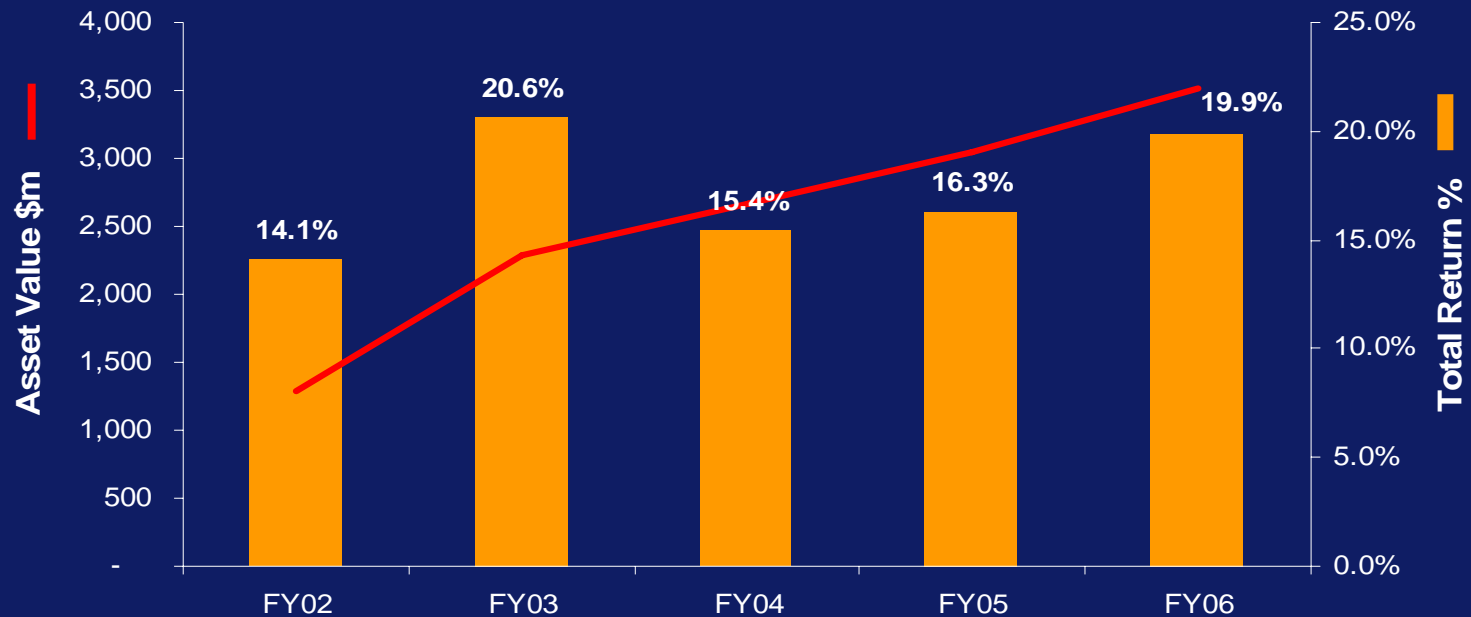
- ◆ High barriers to entry (land use, retailer demand)
- ◆ All Stockland centres anchored by Coles Myer and/or Woolworths
- ◆ Focus on non discretionary value/convenience centres
- ◆ Rental upside from specialty shops
- ◆ A\$1bn+ capex budget for expansion of existing centres and mixed use developments
  - Income return on cost 8.0%+
  - Accretive to WACC
  - De-risking before commencement



# Shopping Centre Division

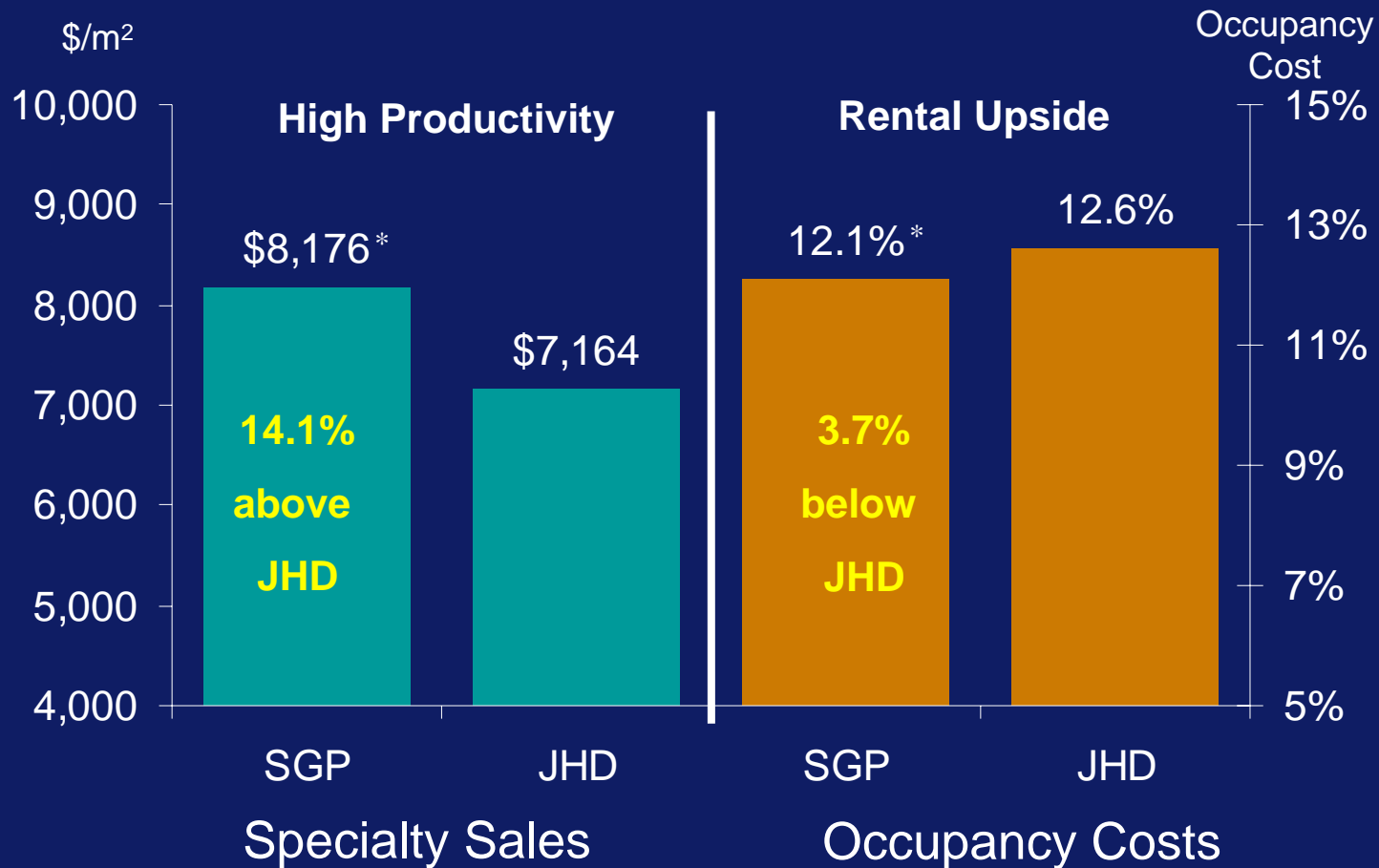
## Total Return Performance

The portfolio has delivered a total return of 17.5% pa over the past 5 years



# Shopping Centre Division

## Sales & Occupancy Costs - Total Portfolio



\* Excludes development affected centres

# Shopping Centre Division

## Development Pipeline

Project Status	No of Projects	Total Cost (\$m)	Actual Yield	Average Cap Rate
Completed in FY06	5	103	11.0%	6.9%
Project Status	No of Projects	Total Cost (\$m)	Anticipated Yield	Average Cap Rate
In progress	3	120	8.2%	7.3%
Expected FY07 Commencement	7	540	8.0%	7.1%
DA Preparation/Masterplanning	11	390	8.0%	6.9%
<b>TOTAL</b>	<b>21</b>	<b>1,050</b>		<b>7.0%</b>

# Commercial and Industrial Portfolio Summary



## PORTFOLIO SUMMARY\*

Number of Properties	56
Number of Tenants	>500
Total Asset Value	A\$3.0bn
Occupancy Rate	99.6%
<b>FY06 Highlights</b>	
Net operating profit	A\$211m
NOI Comp	1.6%
% of group EBIT	30%

\*30 June 2006



# Commercial and Industrial Division

## Profit Drivers

- ◆ Capital recycling – de-risking
- ◆ Major tenants include Government, ANZ, IBM, Commonwealth Bank, Sony, Optus, ACI
- ◆ 65% of buildings in Australia's largest market - Sydney
- ◆ >A\$700m of organic development pipeline
- ◆ A\$250m acquired since 1 July 2006



# Industrial and Office Parks Division

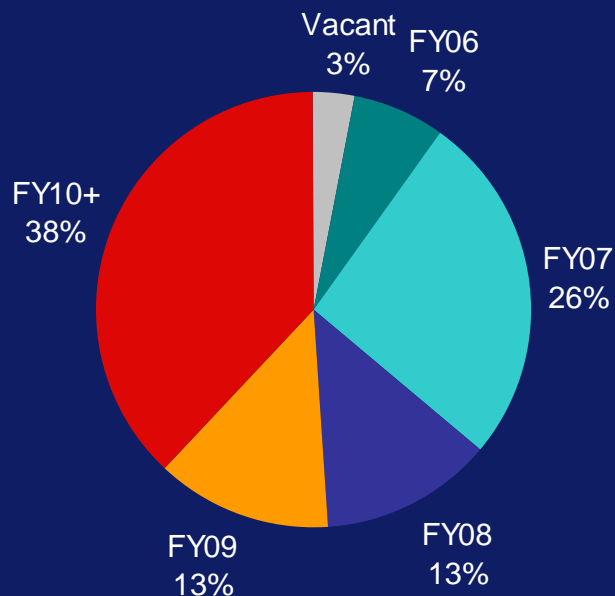
## Development Pipeline

Project	Status	Total Cost (\$m)	Yield	Building Area m <sup>2</sup>
<b>Pipeline – Under Construction</b>				
Optus HQ	100% Pre lease	282	7.4%	84,000
66 Waterloo Road	33% Pre lease	34	8.4%	10,400
Yennora Building 8B	100% Pre lease	7	8.0%	8,000
<b>Pipeline – Yet to Commence</b>				
Lot 21, Riverside	DA approved	220	7.5%	54,000
Yennora Building 8A	DA approved	7	8.0%	8,000
North Lakes, QLD	Masterplanning	150	7.5%	100,000
Wacol – 3976 Ipswich Road, QLD (Joint Venture)	Design development	50	7.0% to 7.5%	53,000
<b>TOTAL PIPELINE</b>		<b>750</b>		<b>317,400</b>

# Commercial Division

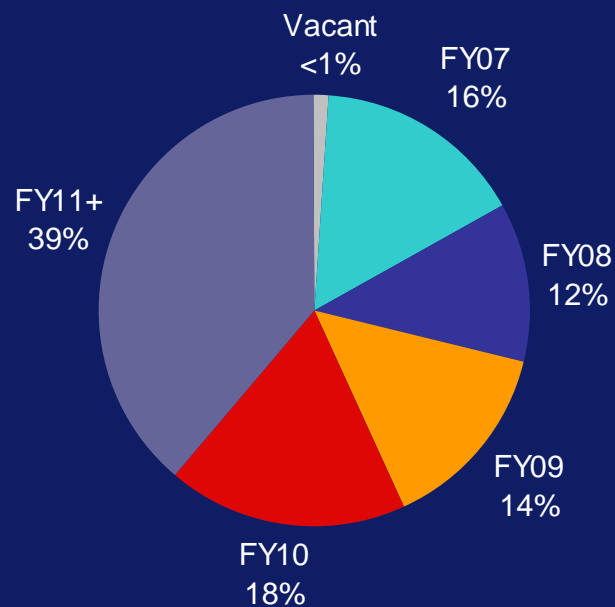
## Lease Expiry Profile

June 2005



Average Lease Term – 4.3yrs

June 2006



Average Lease Term – 4.2yrs



# Development Division

## Portfolio Summary



### PORTFOLIO SUMMARY\*

Number of Properties	>80
Book Value (Historic Cost)	A\$2.6bn
Total End Value	
- Communities	A\$14.4bn
- Apartments	A\$1.9bn
No. of Future Lots	67,000
<b>FY06 Highlights</b>	
Net operating profit	A\$239m
Profit increase	30%
% of group EBIT	34%

\*30 June 2006



# Development Division

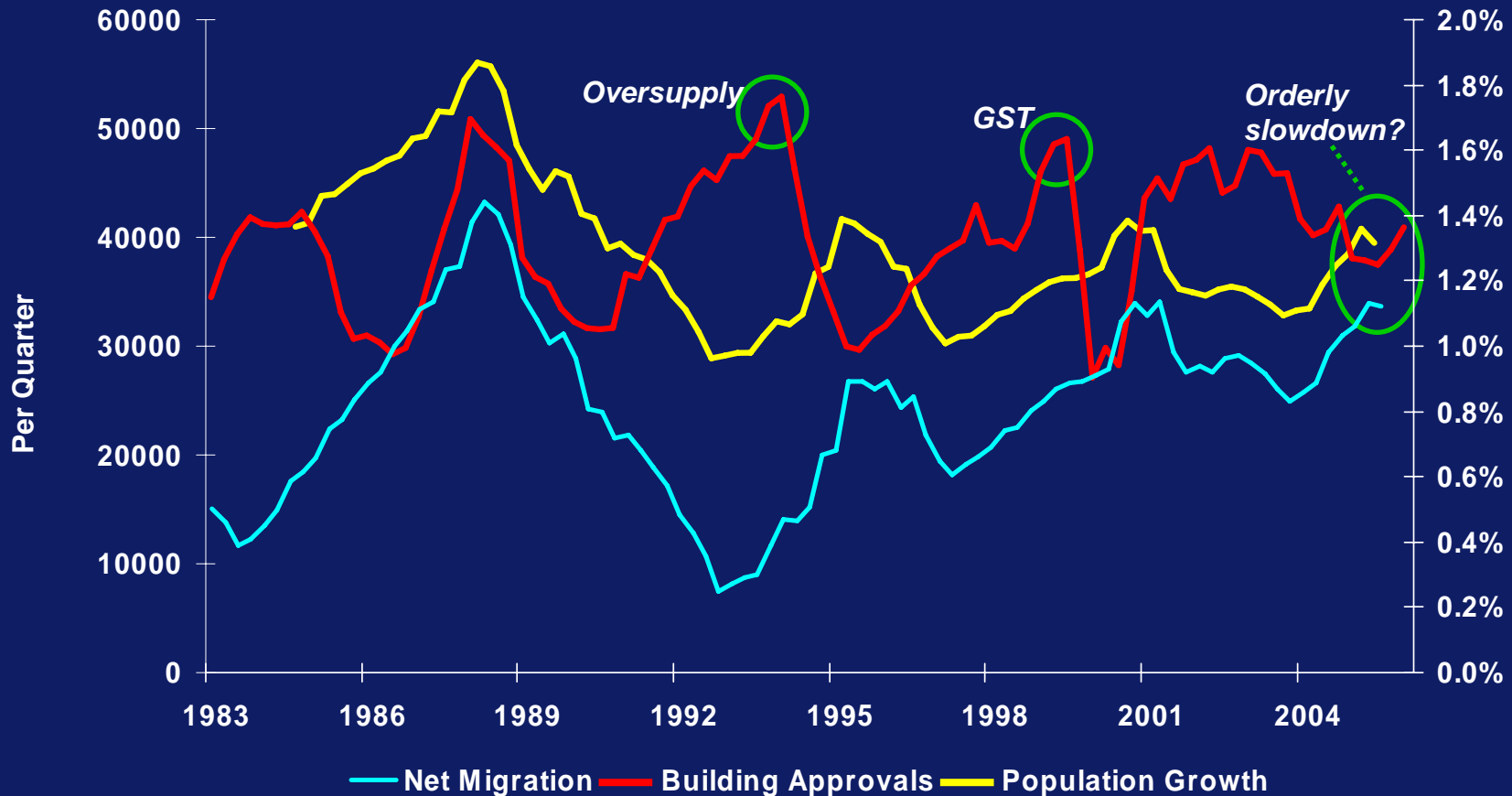
## Profit Drivers

- ◆ Market leader in the residential sector
- ◆ High barriers to entry
- ◆ Control of projects to achieve next 3 year internal revenue targets
- ◆ No construction risk
- ◆ Value adding capability through in-house expertise:
  - research
  - acquisition
  - planning and design
  - development management
  - marketing
  - sales



# Development Division

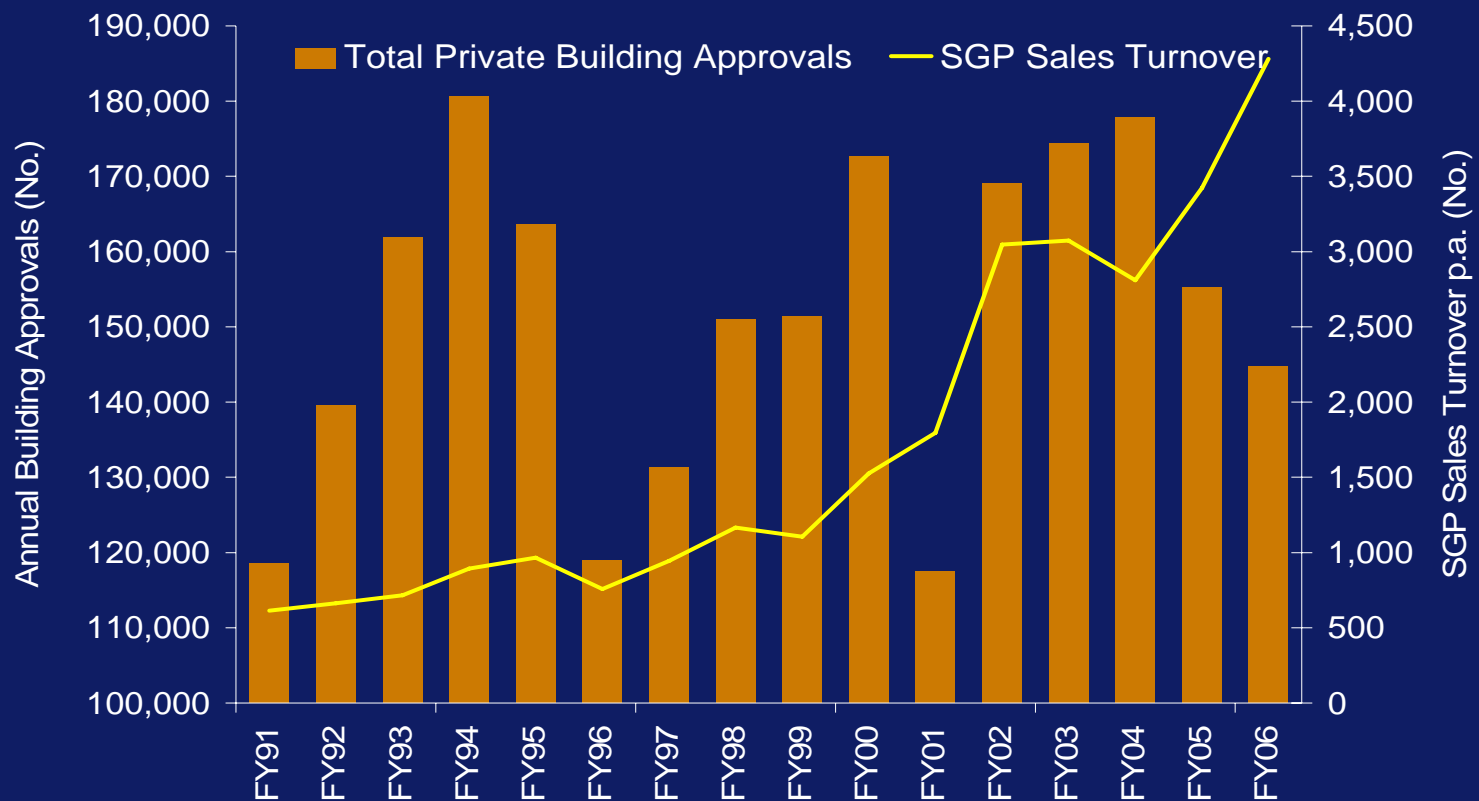
## Long Term Supply and Demand



# Development Division

## Managing Through the Cycles

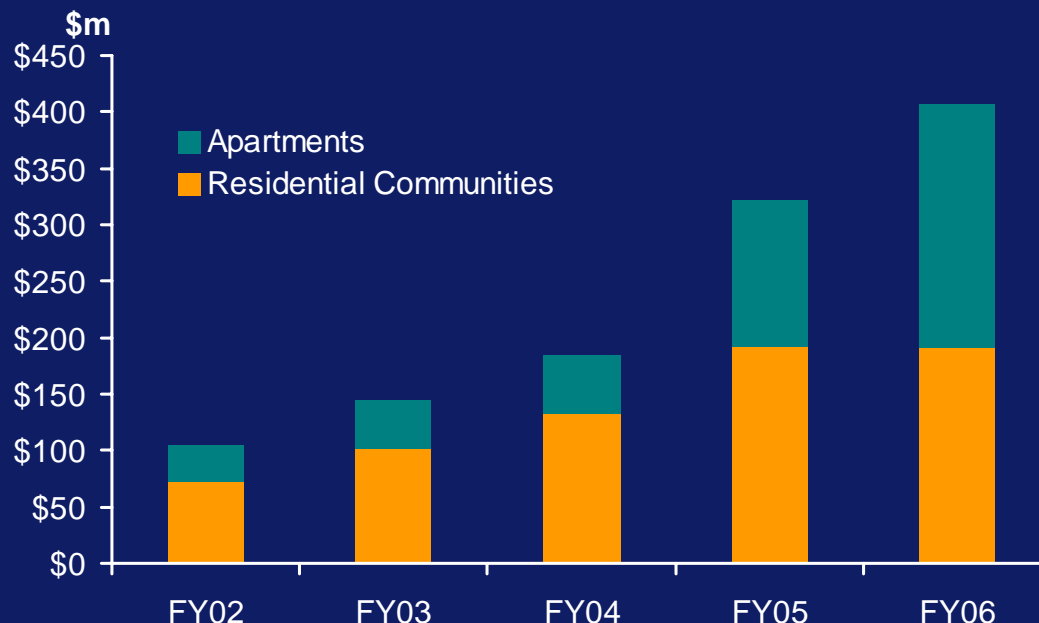
### Housing Approval Volatility & SGP Sales Turnover Australia



# Development Division

Well Positioned for FY07

- ◆ Record levels of contracts on hand



- ◆ Several projects approaching the next phase of the development lifecycle
- ◆ 10 new projects to be released in FY07



# Unlisted Property Funds

## Portfolio Summary



### PORTFOLIO SUMMARY\*

Funds launched/  
closed

6

Total assets under  
management

>A\$540m



# Unlisted Property Funds

## Profit Drivers

- ◆ Further grow in-house capital distribution capability
- ◆ Acquisition of quality assets in partnership with Stockland balance sheet
- ◆ Target launch of new retail and wholesale investor products
- ◆ Continue to deliver strong returns for established funds



## Stockland Direct Retail Trust No.1

APRN 121 832 086



### Product Disclosure Statement



Stockland Funds Management Limited  
ABN 66 016 081 732, AFS License Number 241988  
Responsible Entity of Stockland Direct Retail Trust No. 1

Issue date: 16 October 2006

# Stockland UK Strategy

- ◆ Measured and strategic entry to United Kingdom
- ◆ Stockland staff on ground 2H07
- ◆ Leverage the strength our of diversity
- ◆ Commitment to success through financial and risk management



# Stockland Future Outlook

- ◆ Leverage opportunities via the integrated platform across the group
- ◆ Focus on the development pipeline for our investment assets
- ◆ Strong balance sheet
- ◆ Focus on extending our market leading position in Australia with International growth potential



# DISCLAIMER

## Corporation/ Responsible Entity

Stockland Corporation Limited  
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