

Offshore Investor Presentation - September 07

Denis Hickey



Stockland



Agenda

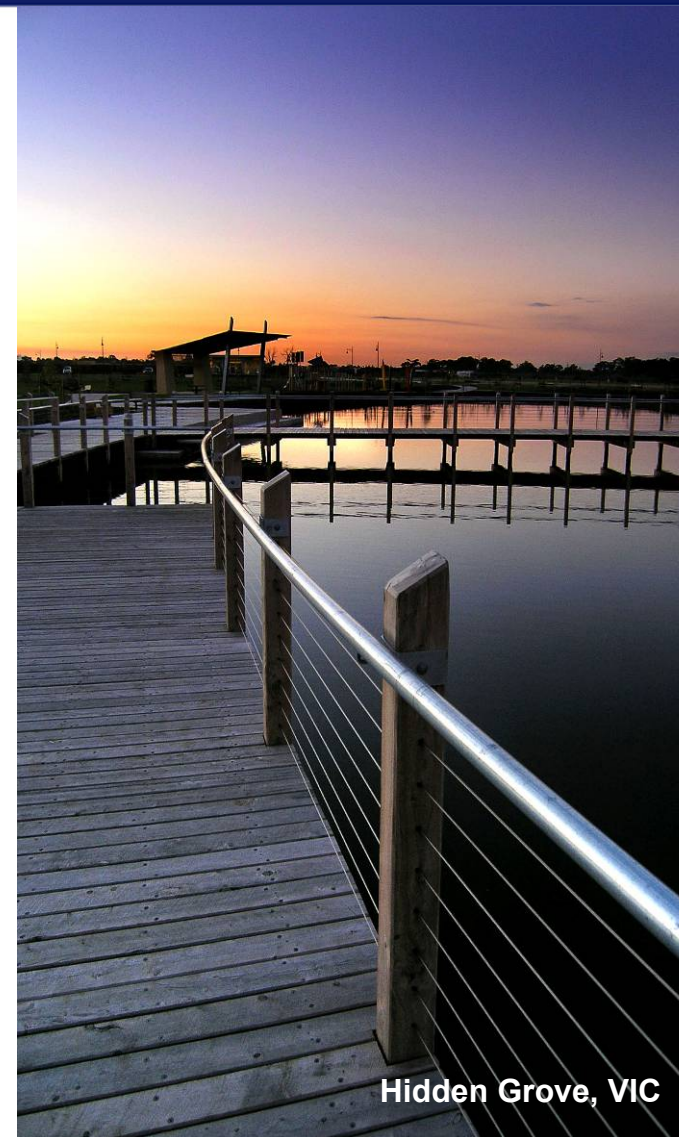
- The Australian REIT sector
- Stockland's Business Model
- Financial Performance
- Operating Divisions
- Growth Strategy
- Outlook



Stockland's Position in the Australian REIT Sector

- Australia has one of the world's most highly securitised real estate markets (REITs are circa 10% of ASX)
- Stockland was formed in 1952 and pioneered the first stapled security structure
- Stockland's current position*
 - Top 2 Australian REIT
 - Largest diversified Australian REIT
 - Market capitalisation A\$12bn
 - 10% of the REIT 200 Index
 - High liquidity (90% moving annual)

*As at 28 August 2007 Source: IRESS



Hidden Grove, VIC

Integrated Platform = Competitive Advantage



Retail



Commercial & Office Parks



Industrial



Capital Partners

Australian Investment Assets - A\$8.5bn

A\$850m assets under management



Communities



Apartments



Retirement

Australian Residential Assets - A\$2.9bn



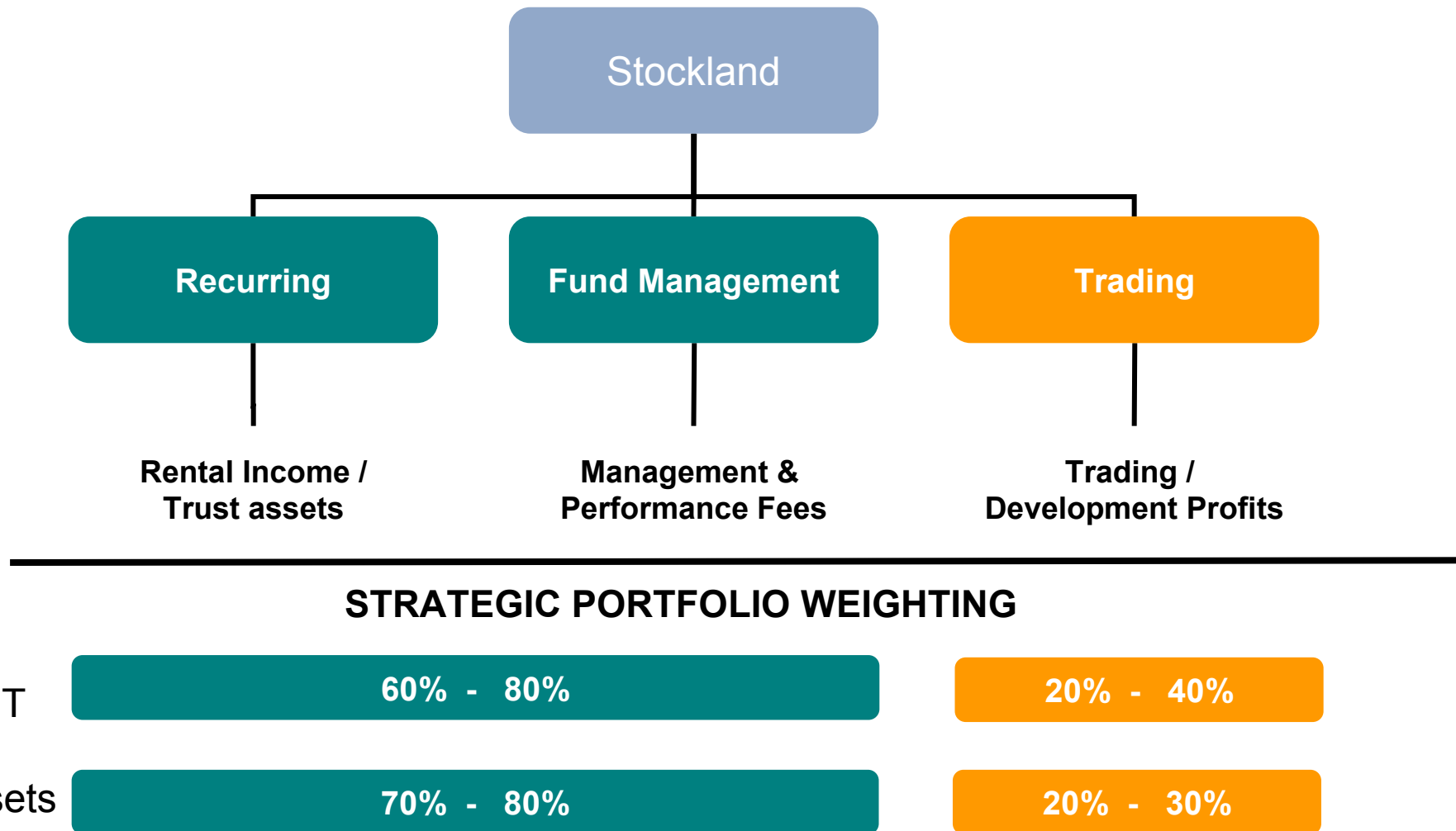
Stockland Halladale (UK)

A\$2.2bn assets under management

A\$1.2bn development pipeline end value

*As at 30 June 2007

Strategic Weightings

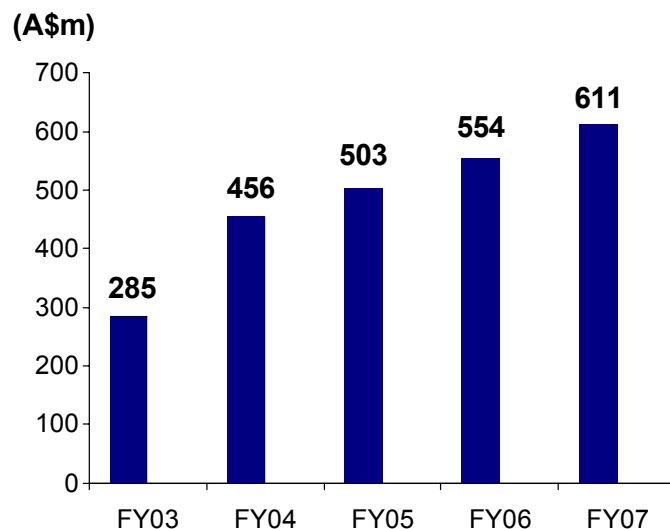


Track Record - Strong Financial Performance

25 consecutive years of profit growth

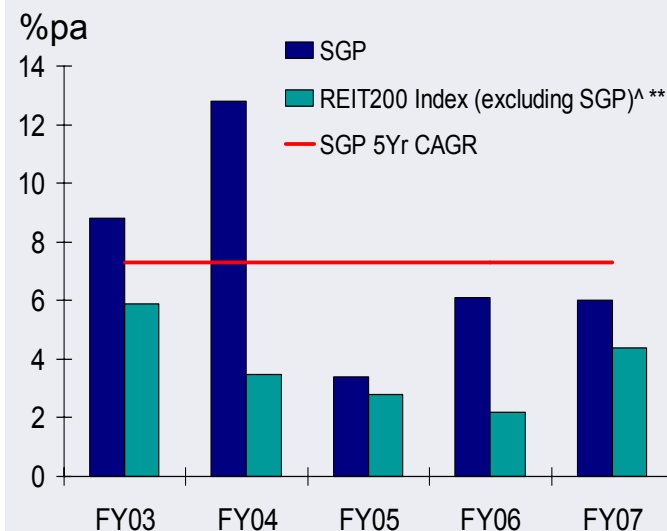
FY07 Net Operating Profit (NOP)

▲ 10.3% A\$611m



- Retail NOP ▲ 6.6% A\$252.1m
- Commercial & Industrial NOP ▲ 19.4% A\$251.6m
- Development NOP ▲ 14.0% A\$273.0m

Superior earnings per security *



^ Source: UBS/Merrill Lynch

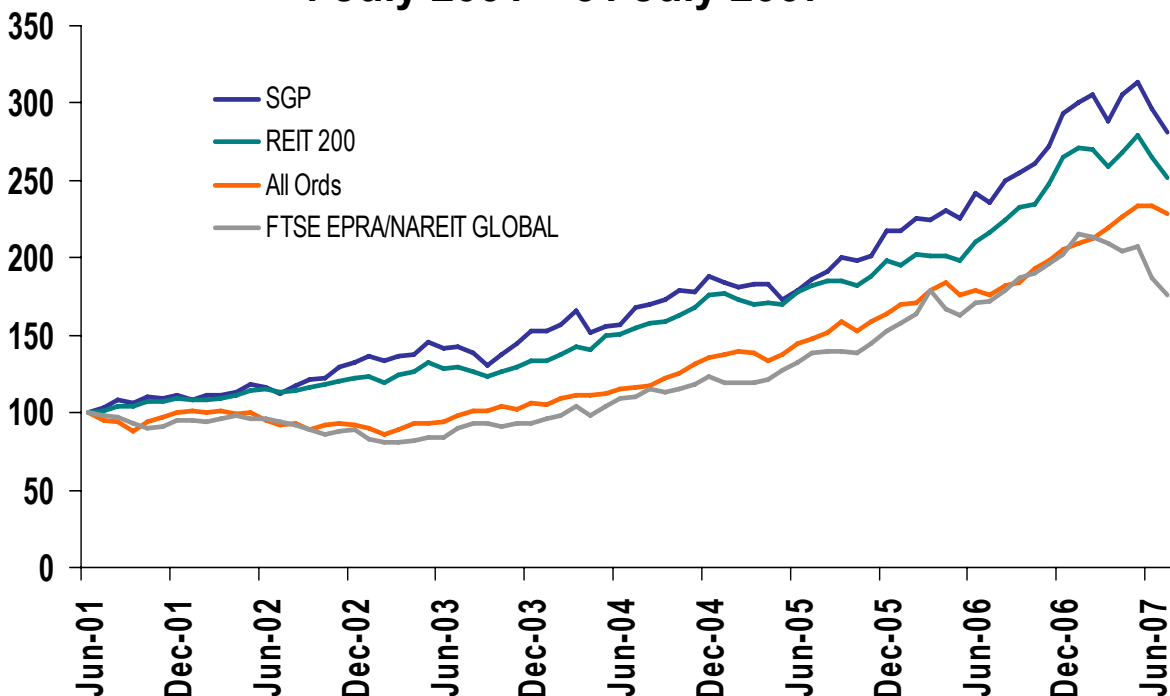
** REIT Sector FY07 estimate excl MXG, IPG, MPR

* FY01-FY04 is AGAAP, FY05-FY07 is AIFRS (Before certain significant items)

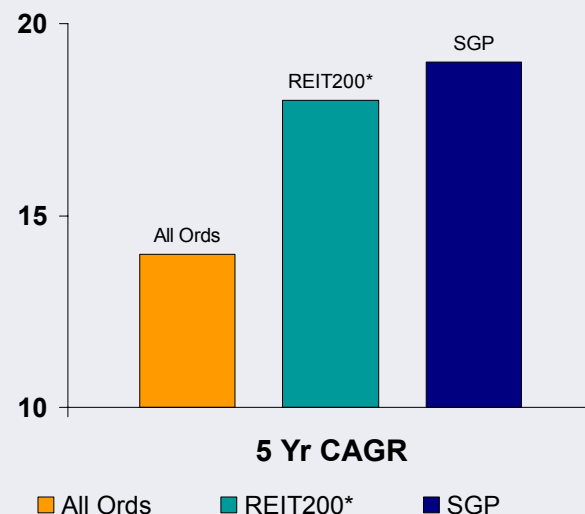
Track Record - Total Return to Security Holders

TSR performance driven by superior earnings growth

**Total Security Holder Returns
1 July 2001 – 31 July 2007**



5 Year TSR



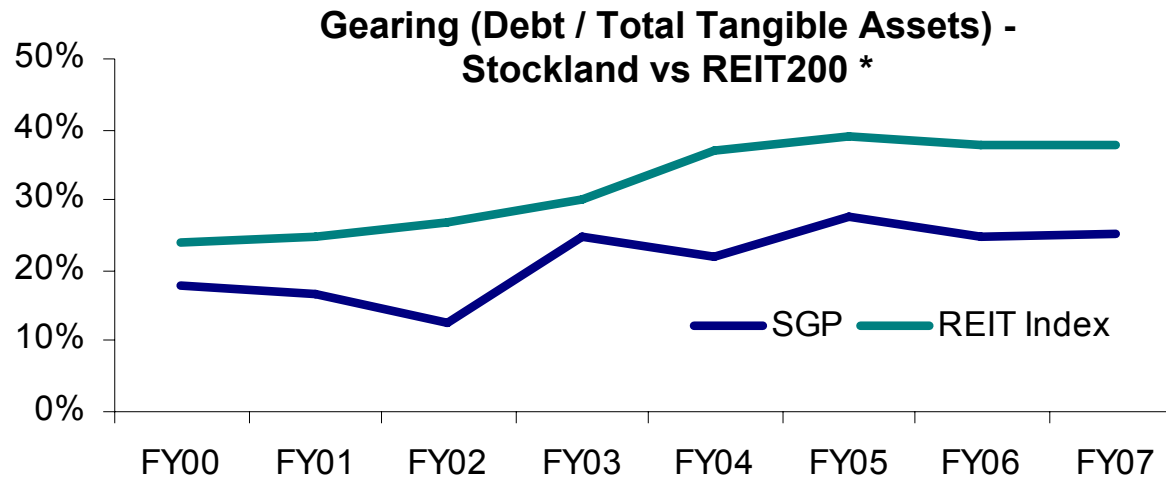
Source: UBS/S&P

Source: UBS – as at 24 August 2007

* excluding SGP

Sound Capital Management

Profit growth without increasing gearing ratios



* As at 30 June 07

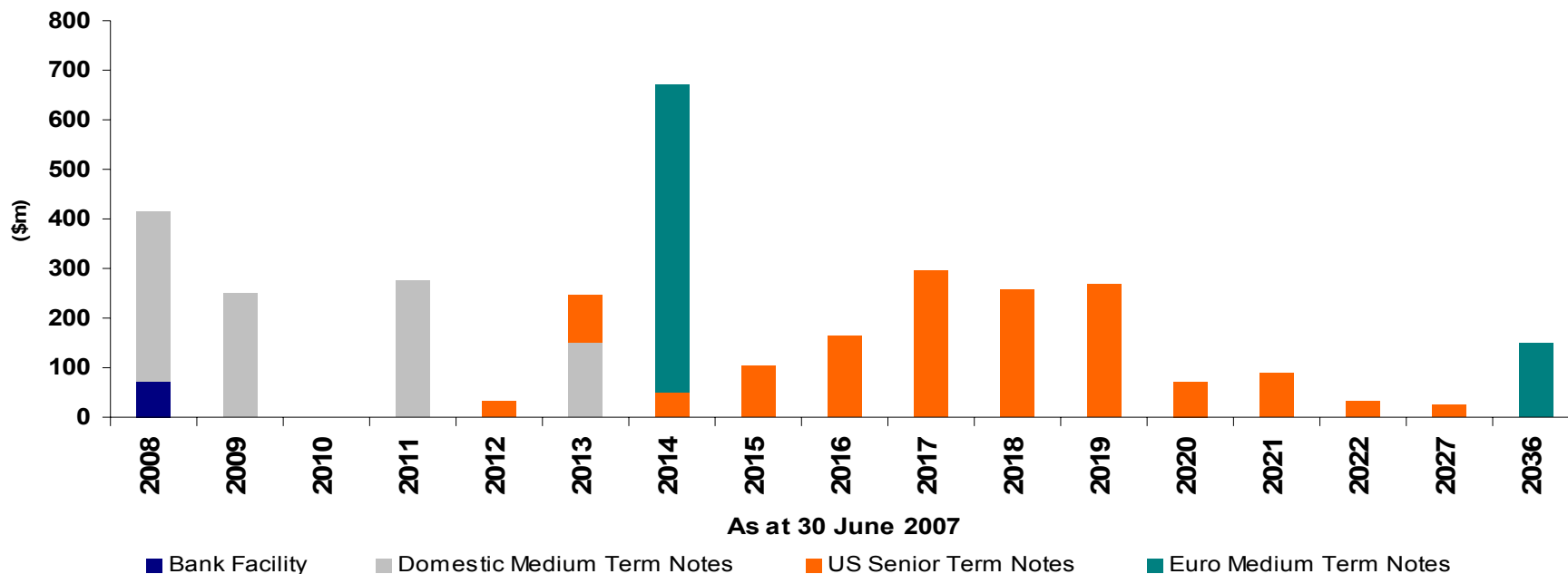
Source: SGP / UBS



Waterfront, ACT

Sound Capital Management

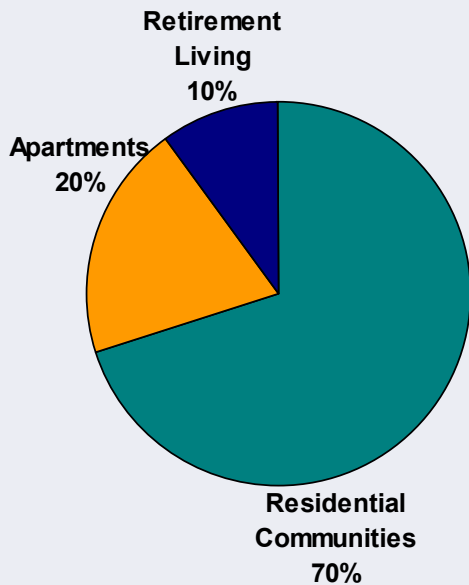
- Strategy to maintain relatively low gearing - 25.1%*
- Weighted Average Cost of Debt - 6.2%*
- Weighted Average Debt Maturity – 7.6 years*
- No currency risk



*As at 30 June 2007

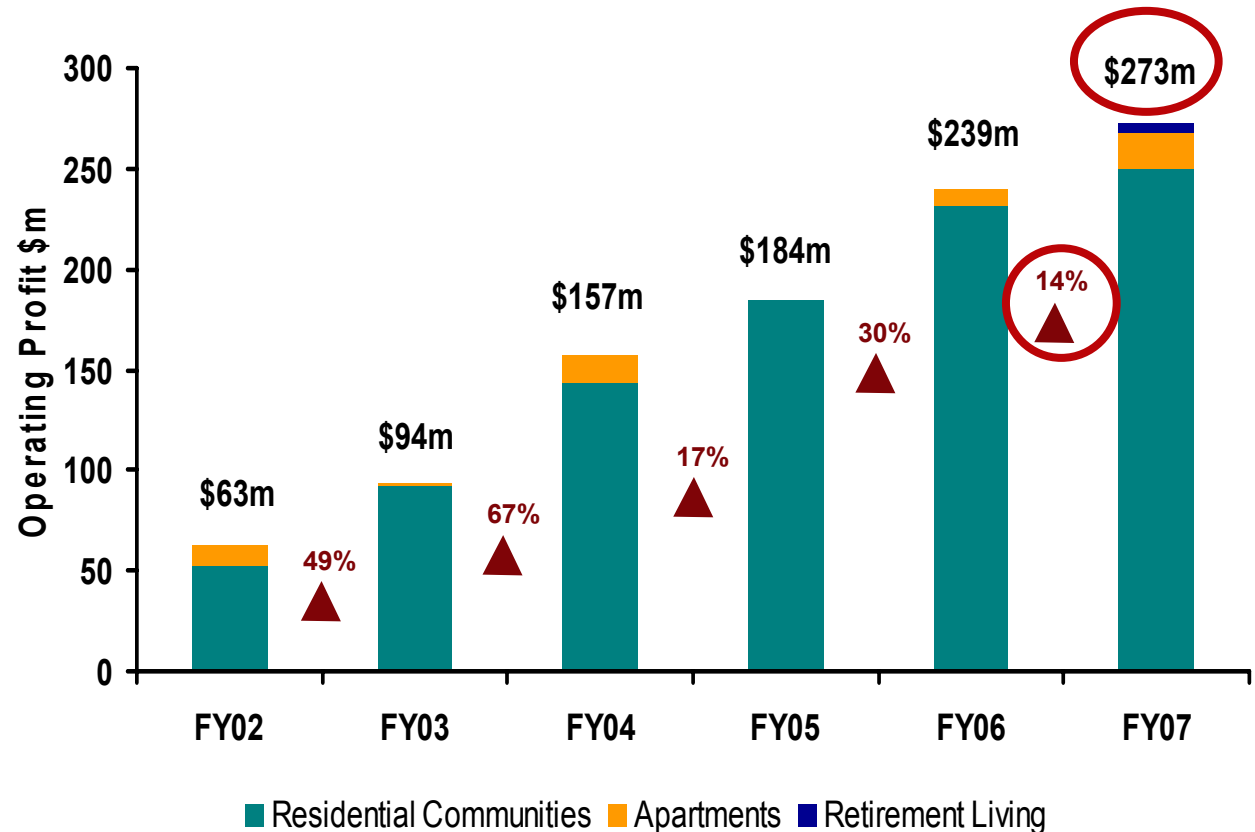
Divisional Key Financial Results

Gross Assets A\$3bn
30 June 2007



DEVELOPMENT DIVISION

Consistent profit growth through market cycles

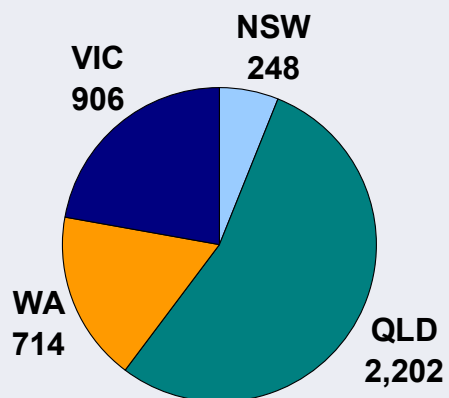


Divisional Key Financial Results

Portfolio Summary

Projects launched in FY07	4
Projects completed in FY07	6
Acquired in FY07:	
Projects	8
No of Lots	7,700

Total Lots Settled – 4,070



RESIDENTIAL COMMUNITIES

Performance

Revenue	18% ▲	A\$977m
EBIT		A\$278m
EBIT Margin %		28%
Interest released in COGS		A\$28m
Operating Profit	8% ▲	A\$250m
Net Margin %		26%

Divisional Key Financial Results

Portfolio Summary

Projects Completed	Sold	Settled	
	%	No.	%*
Allisee (Stage 1)	71	58	50
Koko	83	90	81
Waterfront	98	51	49
Prince Henry	52	4	2
Southbank	100	4	100
TOTAL		207	

Key Approvals Achieved (units)

Tooronga	547
The Village	247
The Hyde	131
South Beach	188
TOTAL	1,113

* % of total completed

APARTMENTS

Performance

Revenue	78%	▲	A\$180m
EBIT			A\$30m
EBIT Margin %			17%
Interest released in COGS			A\$12m
Operating Profit	157%	▲	A\$18m
Net Margin %			10%

Divisional Key Financial Results

Portfolio Summary

No. managed villages	20
No. development projects	20
Occupancy	99%
Unit turnover FY07	8%
Average length of tenure	12 yrs
New Units "Sold"***	72

RETIREMENT LIVING

Performance*

Operating Profit

A\$4m

Assets/Pipeline

Existing Villages

DMF Value of Assets

A\$168m

Number of Units

3,050

Development Inventory

Number of Units

3,300

End Value of Projects

A\$1.0bn

** Leased for accounting purposes

* Period from acquisition of ARC on 1 March 2007 to 30 June 2007

Market Overview - Residential

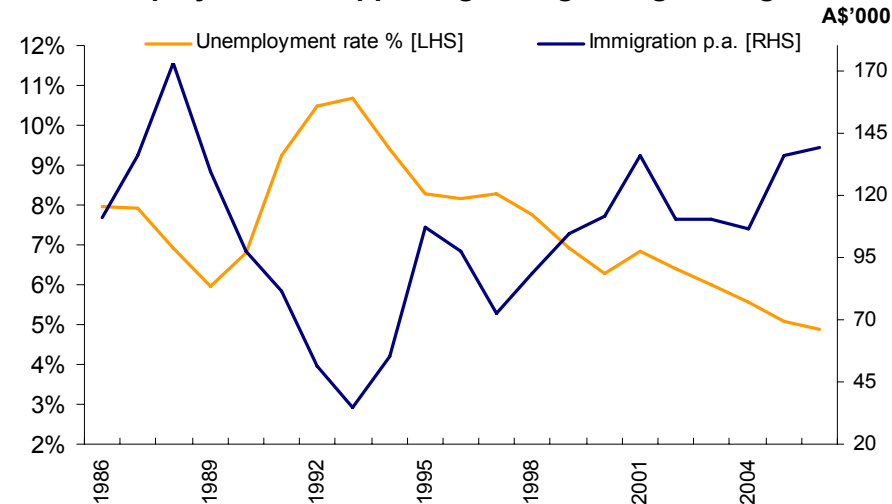
Positive Outlook

- Strongest population growth for 15 years ✓
- Changing demographics fuelling demand ✓
- Unemployment rate at an all time low ✓
- Historically low interest rate environment ✓
- Residential vacancies near all time lows ✓
- Residential rents growing strongly ✓
- Restrictions on planning affecting availability of new supply ✓

Areas of concern

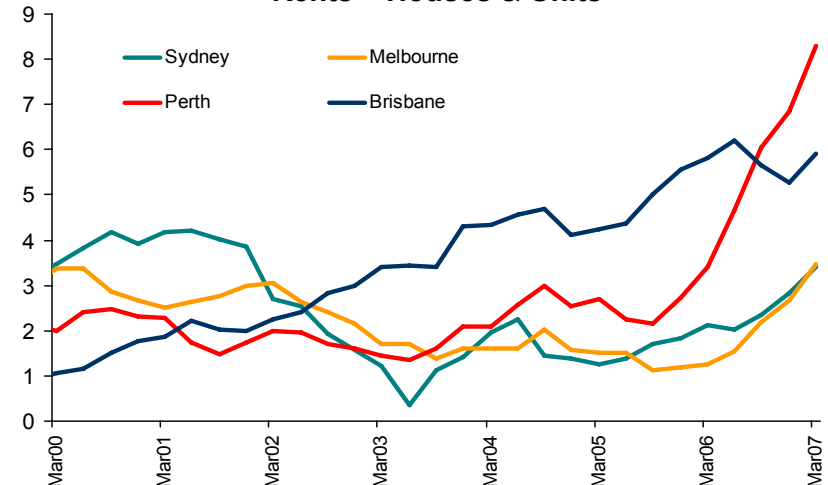
- Interest rate fears ?
- Housing affordability ?

Low employment is supporting strong immigration growth



yoy%

Rents – Houses & Units



Source: ABS

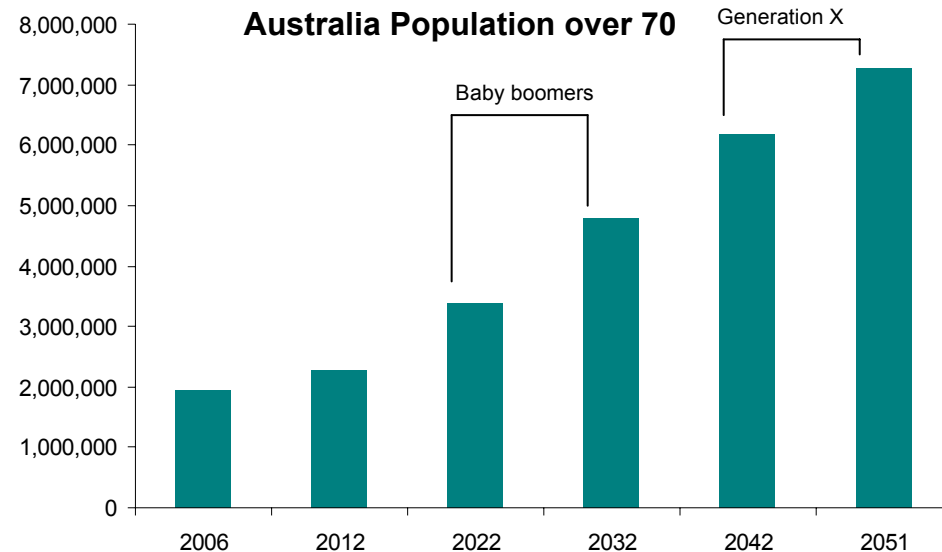
Market Outlook – Retirement Sector

Strong demographic growth

- Approximately 1.9 million people are in the 70+ age group
- 70+ age group expected to grow by around 150% over the next 25 years

Improved penetration rate

- Currently only circa 3-4% of 70+ people move into retirement villages
- As ‘offerings’ improve, penetration rates will increase
- Combined with demographic movement, this is a fundamental driver of growth



Take up of Australians over 70 living in Retirement Villages

	2006	2012	2022	2032	2042
Population Forecast > 70 ('000)	1,942	2,280	3,376	4,795	6,189
3%	58	68	101	144	186
6%	116	137	202	288	371
9%	175	205	304	431	557
12%	233	274	408	575	743

Source: ABS

Strategy for Growth

- **Development pipeline**

- Solid future growth supported by existing pipeline

	No of Lots/ Units	Estimated Total End Value (\$bn)*	Gross Assets *
Communities / Mixed Use	67,000	A\$15.0bn	A\$2.1bn
Apartments	2,600	A\$2.3bn	A\$0.6bn
Retirement Living	3,300	A\$1.0bn	A\$0.3bn
TOTAL	72,900	A\$18.3bn	A\$3.0bn

- **Retirement re-positioning**

- Property management expertise
- Asset management opportunities
- Focus on further acquisitions.

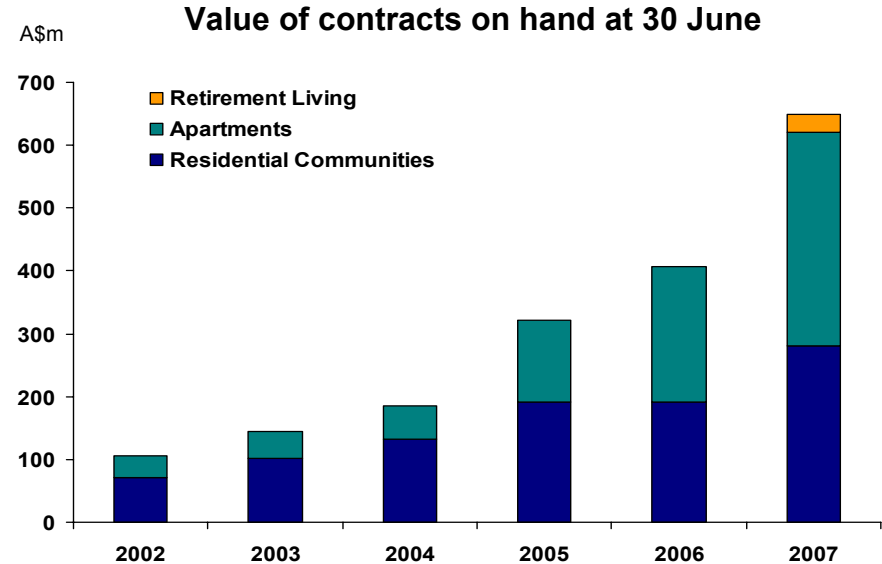
- **New business initiatives**

- Home Finance

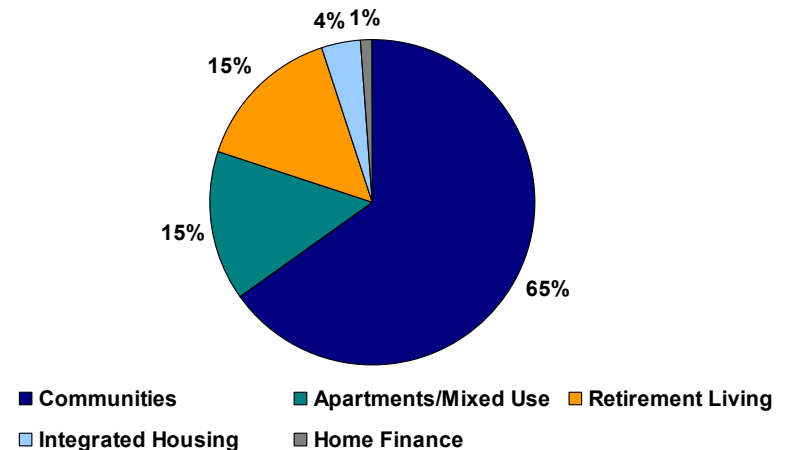
* As at 30 June 2007

Outlook – Development Division

- Record contracts on hand entering FY08
- Clear platform for growth from our existing business
- Increased diversification from new income streams



FY10 Target EBIT Contributions



Retail Division



Stockland Baldvis, WA

PORTFOLIO SUMMARY*

Number of Properties	43
Book Value	A\$4.3bn
Total MAT[^]	A\$5.1bn
Specialty MAT	A\$8,200/m ²
Vacancy	0.1% (10 shops)
Development Pipeline	A\$1.8bn
Est. Return on Cost	7.6%
FY07 Highlights	
Net Operating Profit	A\$252.1m
Year on Year change	6.6%
Comp Rent Income Growth	5.5%
Occupancy Costs	13%

* 30 June 2007

[^] Moving Annual Turnover

Strategy for Growth - Development Pipeline

- Substantial increase in active projects with pipeline extended to A\$1.8bn
- Average margin (yield over cap rate) circa 150 bps

Project Status	No of Projects	Estimated Total Cost (A\$m)	Forecast Yield on Cost	Current Average Cap Rate
Under Construction	5	260	8.1%	6.5%
DA Approved	3	420	6.9%	6.1%
DA Preparation / Master Planning	15	1,100	7.7%	5.9%
TOTAL	23	1,780	7.6%	6.0%

As at 30 June 2007

Outlook - Retail

- Increased productivity driving strong income growth
- Development pipeline continues to grow
- Key relationships with majors – recent Myer deal
- Accretive acquisitions with asset management and development upside
- Strong and experienced management team to deliver strategy



Stockland Green Hills, NSW

Commercial & Industrial Division



PORTFOLIO SUMMARY*

Number of Properties	66
Total Asset Value	A\$4.2bn
Occupancy	96%
Development Pipeline	A\$1.3bn
Est. Return on Cost	7.3%
FY07 Highlights	
Net Operating Profit	A\$251.6m
Year on Year change	19.4%
Comp Rent Income Growth	3.1%
WALE	4.1 years

* 30 June 2007

BankWest Tower, Perth

Strategy for Growth – Development Pipeline

- Development pipeline increased by A\$420m due to acquisitions
- 8 projects forecast to commence in FY08
- C&I Projects trading business delivered a A\$15m profit in FY07
- Average margin (yield over cap. rate) circa 100 bps

Project Status	No of Projects	Estimated Total Cost (A\$m)	Forecast Yield on Cost	Current Average Cap Rate
Under Construction	3	105	7.5%	6.6%
DA Approved or pending	8	425	7.5%	6.9%
Master Planning	5	750	7.1%	6.1%
TOTAL	16	1,280	7.3%	6.4%

As at 30 June 2007

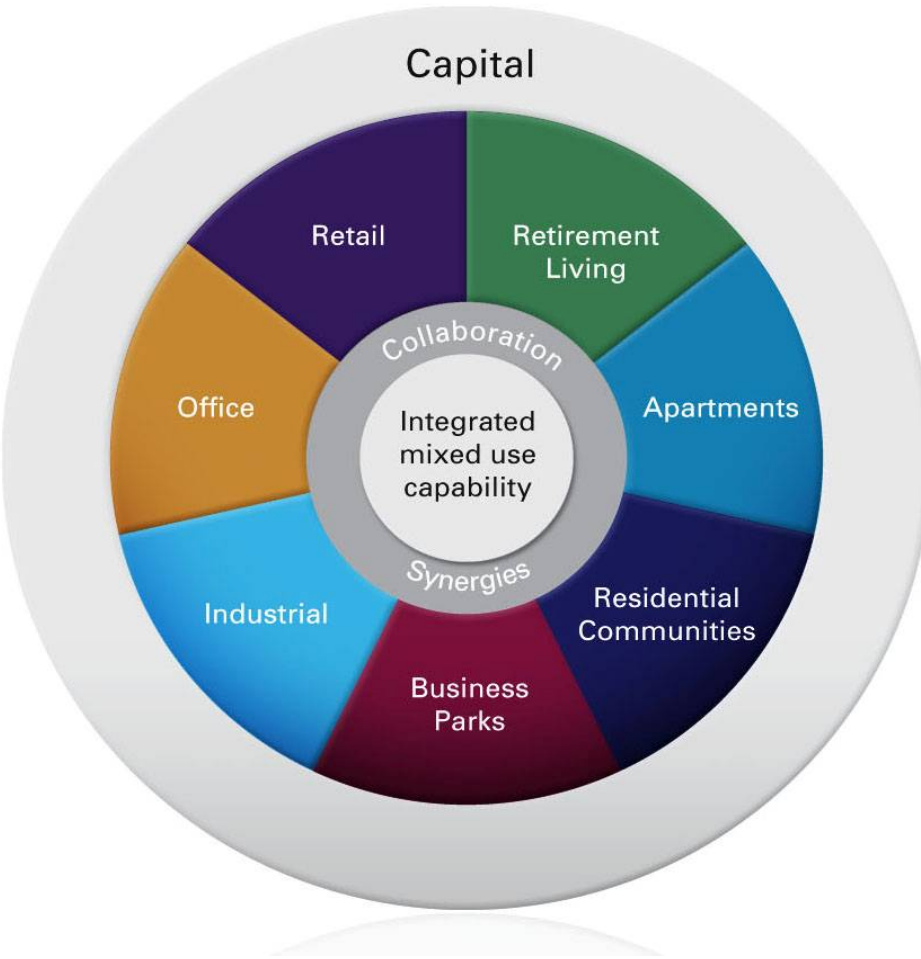
Outlook – C&I

- Office markets are in good shape
- Medium term income growth from rent reversion
- Focus on sustainability best practice – Stockhome
- Deliver value from increased development pipeline



Stockland's Growth Strategy

Integrated Platform



Strategy for Growth

Further leverage and extend existing businesses

International expansion

Stockland Capital Partners

New Business Initiatives

High performing people & culture

Growth Strategy

- **Stockland Halladale**
 - Integration going very well
 - Performing in line with expectations
 - EPS neutral in FY07 & FY08 due to fair value adjustments
 - Accretive from FY09 with potential to outperform
 - Outstanding platform for growth – focus on property fundamentals



Growth Strategy

- **Stockland Capital Partners**

- Diversify our capital sources
- Grow capability in both UK/Europe & Australia
- Bridge between the two markets and create cross border opportunities
- New CEO Brett Newman

Australia

- Over A\$850m of wholesale and retail assets under management*
- 6 Funds operating
- Outperforming prospectus forecasts

UK/Europe

- Over A\$2.2bn under management
- Stockland Halladale provides platform for growth
 - Established UK JV partnerships
 - European product and wholesale opportunities

* Represents equity commitments and assets under management

Growth Strategy

- **High Performing People & Culture**

- Leaders 'walk the talk'
- Employee Engagement – 85%*
- Hewitt Best Employer
- Talent Management

- **CR&S Initiatives**

- Corporate wide CR&S approach
- Focus on CR&S contributes to improved business performance
- Stockhome is an example of industry leading initiative



133 Castlereagh Street, Sydney, NSW

Outlook

- Operating businesses performing very well
- Strategic initiatives on track with potential to outperform
- Diversified business allows us to capitalise on market conditions across the sectors
- Strong balance sheet
- FY08 EPS growth – guidance 5%



Optus HQ, Macquarie Park, NSW

Disclaimer

Corporation/ Responsible Entity

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