



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

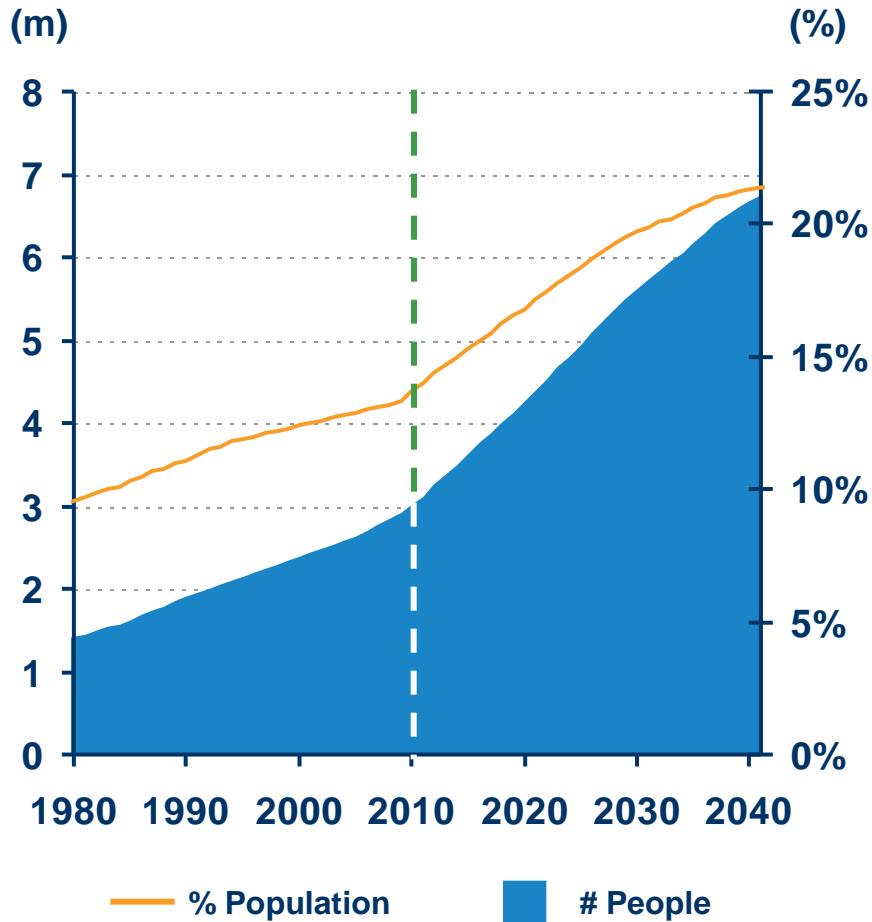
Revenue model effectively splits development profit:

- 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

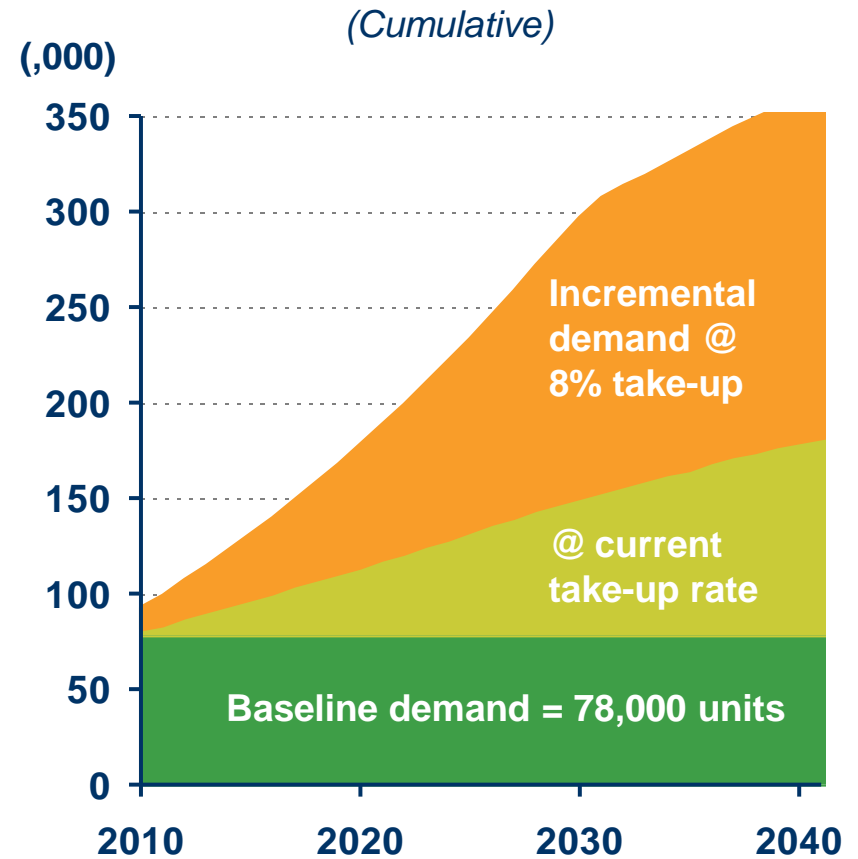


Huge growth potential

Australian population aged 65+



Implied demand for units



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:

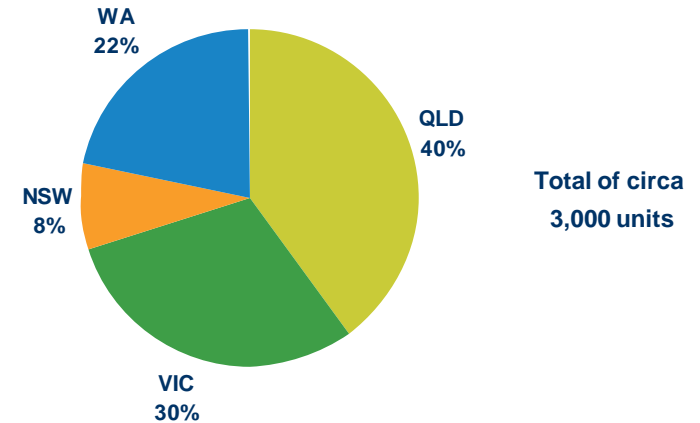
- 5 villages currently under construction:
 - Approx. 700 units to complete and settle (150 already sold)
- Pipeline of circa 2,300 units across VIC, NSW, QLD and WA

Funding:

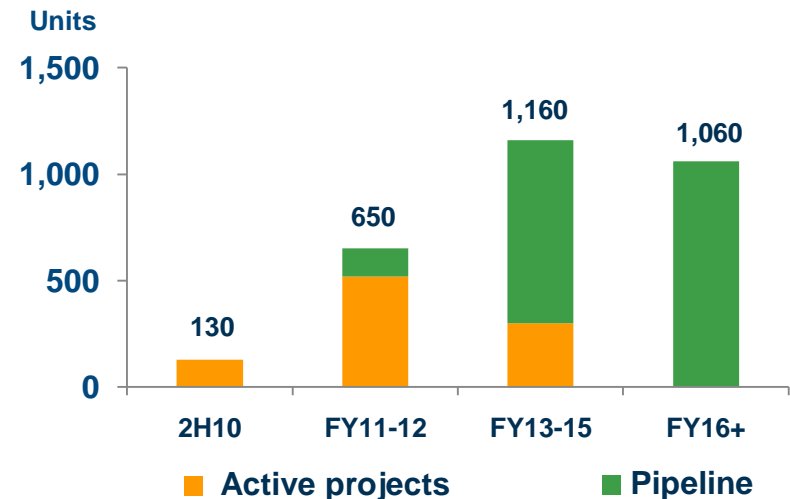
- Development WIP of circa \$100m as at 31-Dec-09¹
- Expect steady state of \$150m-\$200m to deliver ~300 units per annum

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

