

# strategy

IN LIGHT OF RECENT ECONOMIC EVENTS we have revisited our strategy to ensure it reflects the current environment. Many elements remain unchanged. At its heart, our strategy is about maintaining a solid focus on property fundamentals – property management, leasing and developing across a diverse range of asset types. This has not changed.

We continue to focus on active asset management, conservative balance sheet management, and maintaining our commitment to developing a high performance culture with skilled and motivated employees.

We will also maintain our efforts to achieve cost and operational efficiencies, through having the best organisational structures in place and enhanced customer insight capabilities.

## STRATEGIC WEIGHTINGS

Our stapled structure combines Trust and Development activities to provide a mix of stable recurring income and growth. We consistently derive 60-80% of our income from our recurring business and 20-40% from our trading business.

This has remained unchanged for many years as we're confident it provides the right balance of risk and return with exposure to both stable Trust returns and higher growth development income. Our intention is to continue with a model that provides growth as well as annuity-type income, and we will assess all opportunities in line with these strategic weightings.

## CROSS-BUSINESS ACTIVITIES

We will continue to use our capabilities across our diverse businesses to maximise the value of each asset and to ensure the entire portfolio provides a balance of short-term and long-term returns.

We will use our knowledge and experience to determine at any given time whether a piece of land bought with a residential community development in mind might not be better utilised to develop a retirement village, or whether an office development should also include retail space. We will also assess whether to retain an asset as it is – with a steady income stream – or develop it for greater potential returns in the long-term. This cross-business view enables us to ensure our business is more than the sum of the separate parts.



CR&S Committee (left to right): Graham Bradley, Matthew Quinn, Nicholas Greiner and Barry Neil

CR&S is about creating long-term value for our investors by dealing with risk and realising opportunities.

## OUR CORPORATE RESPONSIBILITY AND SUSTAINABILITY (CR&S) STRATEGY

We take the view that doing the right thing as a property manager, owner and developer is about dealing with risk, seeking opportunities and creating long-term value for our investors. It's about balancing the needs and interests of our stakeholders.

This year our areas of focus have been employee engagement, embedding CR&S in the business, the health and safety of our people and contractors, and energy efficiency and climate change.

How we are addressing these issues is detailed in our 2009 CR&S Report assured to AA1000As and attaining the Global Reporting Initiative application level of B+.

The full 2009 CR&S Report can be viewed at [www.stockland.com.au](http://www.stockland.com.au). We look forward to hearing your thoughts at [sustainability@stockland.com.au](mailto:sustainability@stockland.com.au)



Banarra Sustainability Assurance and Advice was engaged to assure and verify Stockland's 2009 Corporate Responsibility and Sustainability (CR&S) Report.



We regularly seek feedback from customers and are focused on incorporating their feedback into our product design and service offerings.



Daniel and Michelle Belanji purchased their new home at Stockland's Freshwater community in Griffin, QLD

## FIRST HOME BUYERS – A NEW START

Stockland's Freshwater community at Griffin north of Brisbane, is part of a new affordability initiative that offers buyers the option of a two-bedroom home and land package priced around \$300,000. The product offering is in response to Stockland research that shows buyers are changing their expectations about the size of their first home to get a start in the property market.

Daniel and Michelle Belanji, pictured, are currently renting but have been saving and are now able to build their first home at Freshwater.

Daniel is looking forward to breaking out of the rental cycle and starting to pay off his first home. "We will be paying about the same amount each month as we are now paying in rent, if not less," he said. "We would have been stuck renting and paying off someone else's house."

Since its launch in October last year, Freshwater has proven incredibly popular with new home buyers who like the community's sense of privacy and security as well as its handy access to both Brisbane and the Sunshine Coast. Plans have also been put in place for a village shopping precinct, day care centre and primary school on the community's western border.

# customers

WE HAVE A DIVERSE RANGE OF CUSTOMERS, including commercial tenants, shoppers in our retail centres and purchasers of our residential and retirement properties.

We regularly seek feedback from customers about their priorities through surveys and research, and we are focused on incorporating their feedback into our product design and service offerings.

## HOUSING AFFORDABILITY

A key emerging issue for our residential customers is housing affordability. Across FY08 our typical product attracted a land price of \$240,000. Modelling suggested that 78 per cent of the market would face financial difficulty in purchasing this product.

In the past year we identified two areas where we have scope to make improvements to affordability. The first was introducing villa allotments – creating detached lots under 300 square metres. The second was to change the mix of our existing range of product types, placing greater concentration on more affordable land types, essentially those lots under \$200,000.

Our ability to understand the impact of reduced housing affordability on housing demand, and to quickly respond with product and operational changes, has strongly contributed to our market performance over the past year.

In FY09 we have increased our market share to nine per cent. In particular, we have extended our reach into the first home buyer market.

## CUSTOMER SATISFACTION

Our Residential Communities business conducts a weekly tracking study called Stockland Customer Pulse. Feedback to date has indicated that 96 per cent of our buyers rate the overall sales experience with Stockland as good to excellent. One of the most important aspects we measure is the proportion of lead customers and deposit customers that are first home buyers, second/ subsequent home buyers and investors. This helps the business understand recent trends and helps foresee the likely customer mix six months ahead.

In our retail business customer feedback is sought from a mystery shopper program which rates Stockland centres' quality of customer service, cleanliness of facilities, employee presentation and availability of service professionals. In FY09 there was an eight per cent improvement in scores across these measures. This information is used to improve our services so that Stockland shopping centres meet the needs of the local community.