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06 June 2008

Australian Competition and Consumer Commission
23 Marcus Clarke Street
CANBERRA ACT 2601

Attention: Mr David Hatfield
Your reference: C2007/55

By Email: david.hatfield@accc.gov.au

~~Confidential~~ DA

Dear Mr Hatfield

Third line forcing notification N92753 by Stockland Development Pty Limited

We refer to your letter of 8 May 2008 in relation to Stockland's third line forcing notification N92753. Below is the information requested in your letter, and some additional information in support of the notification.

1. Information requested

You asked for information on the number of lots in South East Queensland sold by Stockland on condition that the purchaser acquire Colorbond roofing products from Bluescope Steel since February 2007, and what proportion this comprises of all lots sold by Stockland in that region, and what proportion that is of the total lots sold in that region by all parties.

Stockland sells land on condition that the purchaser comply with a range of building covenants. Each Stockland estate has a different set of covenants. Many of Stockland's estates allow an option for either coloured metal roofing or coloured tiles. There are only 2 Stockland estates that have covenants that require only coloured metal roofing material to be used - these are Jacobs Ridge and The Observatory. Copies of the building covenants for these estates are **attached**.

Between February 2007 and 8 May 2008, Stockland entered less than 1,000 contracts for the sale of land at Jacobs Ridge and at The Observatory. All of these contracts required the purchaser to comply with the applicable building covenants. Please note that these figures include contracts which may have been cancelled.

Combined sales at Jacobs Ridge and The Observatory comprised less than 20% of all lots sold by Stockland in South East Queensland during the period February 2007 to 8 May 2008.

Stockland does not have details of the total number of lots sold in South East Queensland by other parties. However, Stockland estimates its market share of residential land sales in South East Queensland to be less than 20%.

2. Additional information

2.1 Public benefit

The public benefits of Stockland requiring purchasers to use Colorbond brand roofing products are set out in the notification and Stockland's submission to the ACCC dated 12 January 2007. The key benefit is that by requiring purchasers to use Colorbond products, Stockland can ensure its estates maintain a consistent and high quality look, which increases their general appeal and the land values of purchasers of land in the estates. In this way, requiring the use of particular roofing materials benefits consumers.

2.2 Impact on competition

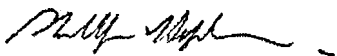
As stated above, Stockland's market share in South East Queensland is less than 20%. Of all land sales by Stockland in South East Queensland, less than 20% are on condition that require the purchaser to use only coloured metal roofing materials (ie Jacobs Ridge and The Observatory).

Where Stockland has required particular roofing materials to be used in those estates, it has required the roofing material to be coloured metal roofing. In practice, and as you will see from the attached building covenants, Stockland has not specifically required purchasers to use Colorbond roofing products purchased from Bluescope Steel.

However, Stockland understands that Colorbond brand roofing products make up a significant share of the market for coloured metal roofing products, and that Bluescope Steel is a leading supplier of Colorbond brand products. Therefore, Stockland considers that even by requiring purchasers to use coloured metal roofing products, in practice, Stockland could be requiring purchasers to use Colorbond brand products acquired from Bluescope Steel. This could arise either because Colorbond brand products are not available from suppliers other than Bluescope Steel, or alternative coloured metal roofing products to Colorbond brand products are not available.

Should you need any further information from Stockland, please let me know.

Yours sincerely

A handwritten signature in black ink, appearing to read "Phillip Hepburn", followed by a short horizontal line.

Phillip Hepburn
General Counsel and Group Secretary