

1Q17 Stockland Update



Agenda

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Group Update

Operating performance remains on track across all business units

- Retail sales continue to grow, but at a moderating pace
- L&BP and Office leasing enquiry is solid on the eastern seaboard
- Record residential net deposits as we accelerate releases into a positive market
- Retirement Living development activity is robust, established net reservations dependent on availability of units



Five year indicative asset mix

Delivering sustainable growth

TRUST

Retail

51% of SGP portfolio¹



Stockland Harrisdale, WA

Create market leading shopping centres

- Final stage of Wetherill Park (NSW) opened; trading well
- Green Hills (NSW) \$372m development progressing well
- Kensington Bundaberg (Qld) development underway, opens 2H17
- Targeting 7-8% yields² and 11-14% incremental IRRs for our \$1.0b development pipeline

Logistics & Business Parks

15% of SGP portfolio¹



Ingleburn Distribution Centre, NSW

Grow and develop a quality portfolio

- Portfolio repositioning continues
- Developments completed at Ingleburn (NSW), and Oakleigh (Vic), stage two underway
- ~\$400m development pipeline with target 7-8% yields² and 11-14% incremental IRRs³

Office

6% of SGP portfolio¹



135 King St/Glasshouse, NSW

Optimise returns – tactical allocation

- 70% of the portfolio is located in the strongest performing Sydney markets
- Completed sale of Garden Square, Mt Gravatt (Qld)

CORPORATION

Residential

19% of SGP portfolio¹



Cloverton, Vic

Maximise returns by creating better places to live

- 1Q17 net deposits included 205 Medium Density sales
- Timing of settlements to deliver a significant profit skew to 2H17

Retirement Living

9% of SGP portfolio¹



Willowdale Retirement Village, NSW

Leading operator and developer

- Continuing to reshape our portfolio, sale of five WA villages settled in July
- Cardinal Freeman The Residences (Sydney) stage 2 contributing to strong net reservations, with good price growth

1. Portfolio weightings as at 30 June 2016

2. Stabilised incremental FFO yield

3. Greenfield development

Retail Sales growth

Retail Sales:

- 1Q17 comparable specialty sales up 1.1%, slight moderation in growth rate, with strongest categories:
 - Communication technology ▲ 10.2%
 - Food Catering/Fast Casual Dining ▲ 6.2%
 - Retail Services ▲ 5.5%
- All specialty categories recording comparable growth for the quarter with exception of:
 - Homewares¹ ▼ (38.8%)
- DDS sales impacted by industry consolidation and rationalisation
- Continue to increase exposure to non-reporting services
- 12 month comparable basket excludes approximately one third of the portfolio including our highest productivity centres at Green Hills and Wetherill Park
- NSW and Victorian centres continuing to outperform other states
- Comparable specialty sales of \$9,114 per square metre² ▲ 3.0%, exceeds Urbis averages

1. Homewares impacted by closure of Dick Smith stores

2. Sales per sqm adjusted for moving lettable area (MLA). MLA reflects comparable sales per sqm adjusted for total number of days the store has traded in the full year, if trading for less than two years

3. Sales data includes all Stockland managed retail assets – including UPF assets

Total Sales by Category to 30 September	MAT Growth ³	Comp Annual Growth	1Q17 Total Growth ³	1Q17 Comp Growth
Specialties	4.9%	1.5%	2.6%	1.1%
Supermarkets	2.0%	0.4%	1.8%	-0.3%
DDS/DS	1.0%	0.7%	-4.4%	-3.7%
Mini-Majors and Other	10.3%	2.9%	9.5%	4.0%
Total	4.1%	1.1%	2.4%	0.2%

Retail

Retail Development:

- Current developments progressing on time and in line with feasibilities
- Wetherill Park (NSW) fresh food market opened and trading well
- Harrisdale (WA) 97% leased on completion
- Green Hills (NSW) progressing well, already 42% leased
- Completed sale of Vincentia (NSW), \$13m, and Jimboomba (Qld) \$18.6m

Progress on current development	Spend to 30 Sept. (\$m)	Total cost (\$m)	Stabilised yield ¹	Incremental IRR	Total project income leased (%)
Wetherill Park, NSW	223	228	7.3%	~15.0%	98%
Green Hills, NSW	67	372	7.0%	~12.6%	42%
Kensington, Qld	2	30	7.0%	~7.8%	91%

1. Incremental FFO yield

Retail trends, dynamic and everchanging

Evolving customer needs:

- Demand for more services in centres
- Entertainment and lifestyle
- Convenience
- Confluence of physical and digital retailing

Retailer strategies:

- Larger format specialty apparel concept stores, both domestic and international
- Majors: DDS driving smaller footprints, supermarket competition driving deflation

Delivering Customer Experience:

- Entertainment focus: day to night experience
- Food and dining themes
- Fast casual dining
- Pad site demand for drive through and 24 hour operation
- Digital strategy – rolling out free Wi-Fi and digital signage for marketing and incremental third party advertising income

Results:

- A leader in retailer satisfaction for the fourth consecutive year¹
- Growing customer traffic to 154 million²



1. Monash University's TenSAT survey –maintained leadership amongst head office retailers, ranked second amongst all retailers (1st in FY15)
2. For 12 months to 30 September, 2016

Logistics and Business Parks, Office

Logistics & Business Parks:

- Investment strategy delivering results
 - Adding value through repositioning and releasing
- Continued leasing momentum
 - Wonderland Drive (NSW) fully occupied
 - Erskine Park (NSW) ten year lease executed
 - Sydney business parks close to fully occupied
- Progressing our ~\$400m development pipeline:
 - Oakleigh (Vic) 8,200sqm Stage Two development underway
 - Ingleburn (NSW) Stage One development completed in August 2016, good enquiry

Office:

- Majority of portfolio in Sydney CBD, North Sydney and St Leonards, which are all performing strongly
- Lower portfolio occupancy reflects Shell expiry in Durack Centre, Perth. This market remains challenging
- Completed sale of Garden Square, Mt Gravatt (Qld) for \$45.3m

1. By income

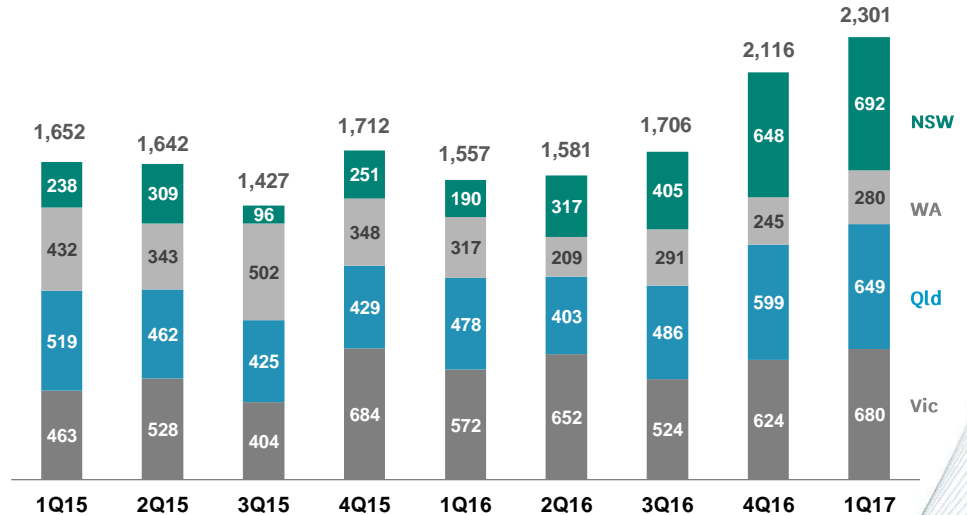
Logistics and Business Parks	1Q17	FY16
Leases executed	62,400 sqm	306,500 sqm
Leasing activity under HOA	92,500 sqm	26,300 sqm
Portfolio occupancy by income	94.3%	94.7%
Portfolio WALE¹	4.5 yrs	4.4 yrs

Office	1Q17	FY16
Leases executed	1,300 sqm	17,900 sqm
Leasing activity under HOA	1,500 sqm	900 sqm
Portfolio occupancy by income	93.1%	95.4%
Portfolio WALE¹	3.9 yrs	3.7 yrs

Residential Communities

- Record net deposits reflect an acceleration of project releases in response to positive market conditions:
 - Continued strong environment in Sydney and Melbourne
 - Early signs of stabilisation of the market in WA
 - Qld market benefitting from increase in First Home Owners' Grant
 - Significant Medium Density sales (205 homes)
- We expect a more moderate sales run rate for the remainder of FY17
- Settlement periods remain extended for Sydney and Melbourne
- 75% of buyers were owner occupiers in the September quarter
- We expect a significant profit skew in FY17, with around two thirds of profit falling into the second half

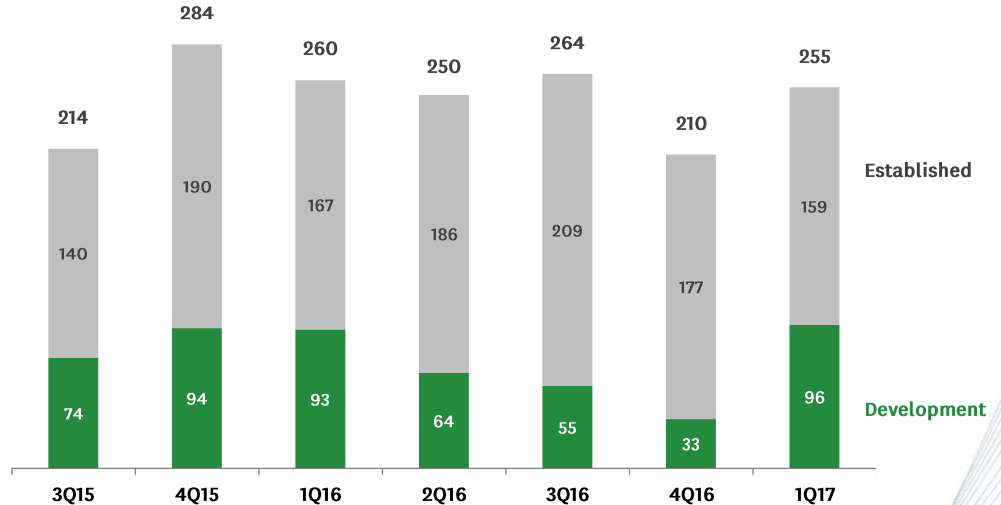
Residential net deposits - quarterly



Retirement Living

- Strong development net reservations driven by pre-sales of 30 units at Cardinal Freeman The Residences (Sydney) Stage Two, with settlement in late FY17, achieving good price growth above Stage One
- Established net reservations constrained by lower unit turnover in Qld and NSW
- Reduced profit skew to 2H17 as we continue to reshape our portfolio:
 - Sale of five low ROA WA villages settled in July
 - Commenced withholding villas at selected brownfield development opportunities






Retirement Living net reservations - quarterly



2Q16 net reservations restated from 3Q16 Update

Stockland 1Q17 Update

“Retire Your Way” our unique selling proposition

				
Your Community	Your Benefits+	Your Home	Your Future	Your Financial Peace of Mind
<p>“Living in retirement village means you have more time to share and expand your interests and skills in a community of like minded people.”</p> <ul style="list-style-type: none">• A connected community• Professional village staff• 8.5 average resident satisfaction rating	<p>“As a resident of a Stockland retirement village you’ll have access to a range of benefits that will make life easier and save you money.”</p> <ul style="list-style-type: none">• Household assistance• Care and health services• Discount travel and everyday living necessities	<p>“We create homes that are high quality, low maintenance, and suited to your lifestyle both now and in the future.”</p> <ul style="list-style-type: none">• Designed for your needs• Quality Home Warranty• Lifemark Village Accreditation	<p>“When your needs change, we’re here to make that transition as smooth and as easy as possible.”</p> <ul style="list-style-type: none">• Opal Relationship• Aged Care Payout• Staying independent in the village	<p>“We’ll work with you to keep the financial side of things easy to understand and give you options when you need it most.”</p> <ul style="list-style-type: none">• Change of Mind Money Back Guarantee• Resale for Free• Capped Exit Fee• Move as your needs change• Easy to understand costs

Leader in Sustainability, #1 Globally

- Global Real Estate Sector Leader for the second consecutive year in the Dow Jones Sustainability Index
- Regional and Global Sector Leader for the Office/Retail category in the Global Real Estate Sector Benchmark survey
- Recognised as an Employer of Choice for Gender Equality from Australia's Workplace Gender Equality Agency for the second year in a row
- Australia's first Green Star retail portfolio rating covering 22 of our centres
- Reduced electricity usage in our retail portfolio by 30% per square metre since FY06, saving \$30million
- Seven Green Star Community ratings, including 6 Star Green Star ratings for Aura (Qld), Cloverton (Vic), Willowdale (NSW) and Calleya (WA)
- Stockland Connectivity Centre launched at Green Hills to support enduring local employment and economic development



Stockland IQ17 Update



Positioned for sustainable long term growth and value creation

- Distribution per security targeted at 25.5c in FY17 assuming no material change in market conditions
- Remain on track to achieve FFO per security growth of 5 – 7% in FY17, with a profit skew to 2H17, assuming no material change in market conditions
- We remain well placed to deliver sustainable long term growth and value creation



OUR PURPOSE

We believe there is a better way to live



FY17 Calendar snapshot: Indicative investor event details¹

Upcoming Announcements	Location	Date
1Q17 Stockland Update	Sydney	Wednesday 26 October, 2016
Annual General Meeting	Sydney	Wednesday 26 October, 2016
Stockland Investor Day	Melbourne	Thursday 8 December, 2016
1H17 Results	Sydney	Wednesday 22 February, 2017
FY17 Results	Sydney	Wednesday 16 August, 2017

1. Indicative dates, subject to change

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