



Stockland

ASX/Media Release

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STOCKLAND 3Q17 UPDATE

Stockland today provides the attached presentation which provides the 3Q17 operational update.

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ENDS

Stockland

Stockland (ASX: SGP) was founded in 1952 and has grown to become Australia's largest diversified property group – owning, developing and managing a large portfolio of shopping centres, residential communities, retirement living villages, office and industrial assets. Stockland was recognised by the S&P Dow Jones Sustainability Indices (DJSI) as the global real estate sector leader for 2016-17, demonstrating world leadership across the areas of stakeholder engagement, customer relationship management, supply chain management, biodiversity and climate change strategy. Stockland has been identified as a global leader for its actions and strategies in response to climate change and has been awarded a position on the Climate A List by CDP, the international not-for-profit that drives sustainable economies. Stockland has also been recognised as the Regional Sector Leader for Listed, Australian, Diversified Property Companies in the 2016 GRESB Report. Stockland has also been recognised as an Employer of Choice for Gender Equality by the Australian Government's Workplace Gender Equality Agency (WGEA) for last three consecutive years.

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Stockland 3Q17 Update

RESULTS BUILT
ON SUSTAINABLE
COMMUNITIES

31 March 2017

Cardinal Freeman
The Residences, Sydney



Agenda

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Group Update

Continued solid performance:

- Retail sales growth relatively flat, continuing to grow specialty sales productivity per square metre
- Progressing our \$548m Retail and L&BP developments on schedule and feasibility
- Good momentum in L&BP leasing activity
- Solid Residential net deposits, record contracts on hand
- Net reservations for Retirement Living on track



Five year indicative asset mix

Retail

Retail Sales:

- 3Q17 sales growth relatively flat, impacted by several issues
 - Easter shifts from 3Q16 to 4Q this year
 - Variable results from our Queensland centres, including disruption from Cyclone Debbie
- Specialty sales productivity for comparable centre retailers continues to improve, with MAT/MLA¹ increasing by 2.7%, driven by active remixing strategies

Retail Development:

- Current developments progressing on time and in line with feasibilities
- \$412m Green Hills, NSW, stage one opening April 2017, completion mid 2018
- Bundaberg, Kensington, completed with new format Coles supermarket

1. 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

Total Sales by Category to 31 March ²	MAT Growth	Comp Annual Growth	3Q17 Comp Growth
Specialties excluding Dick Smith ³	1.8%	1.0%	0.9%
Specialties	0.6%	0.0%	-0.4%
Supermarkets	2.1%	-0.2%	0.1%
DDS/DS	-3.3%	-3.3%	-6.6%
Mini-Majors and Other	5.2%	2.2%	3.1%
Total	1.4%	-0.2%	-0.4%

Progress on current development	Spend to 31 March (\$m)	Total cost (\$m)	Stabilised yield ⁴	Total Leased	Incremental IRR ⁵
Green Hills, NSW	146	412	7.0%	58%	11.9%
Bundaberg, Qld	26	30	7.1%	93%	7.8%

2. Sales data includes all Stockland managed retail assets

3. Excluding impact of Dick Smith closures

4. Incremental FFO yield

5. Forecast unlevered 10 year IRR on incremental development from completion

Retail trends/Leasing strategy

Entertainment and Leisure

To act as a community hub and meeting place for family and friends

Fast food and casual dining

To cater to customer demand for diverse dining options

Health and Services

To reflect trends in ageing demographics and focus on personal health and wellbeing

Design and retailer mix

To deliver a wider range of choice and experiences, including emerging Mini-Majors

	2010	2017
Mini-Majors	92 shops	131 shops

Wetherill Park – an example of evolving design and retailer mix



Before:
Undifferentiated internalised environment, plan dominated by anchors and small shops



After:
Collection of micro-environments, plan accommodates a wider range of sizes and uses

Designed to evolve the centre from a linear and homogenous shopping mall into a diverse, walkable public precinct

Trends reflected in our portfolio % of total store numbers	2010	2017
Non-reporting Services	11%	14%
Reporting Retail Services	13%	15%
Food Catering	15%	19%

Logistics and Business Parks, Office

Logistics & Business Parks:

- Strong leasing momentum with 345,000 sqm, 28% of the portfolio, executed or under heads of agreement
- Continuing progress with ~\$400m development pipeline:
 - Oakleigh, Melbourne (total development \$15m), practical completion stage two reached
 - Warwick Farm, Sydney (total project cost \$77m), early works underway
- 3 DAs submitted, total 56,000 sqm

Office:

- Portfolio occupancy at 92%, reflects Perth and Canberra vacancies
- Majority of portfolio in Sydney CBD, North Sydney and St Leonards, which are all performing strongly

Logistics and Business Parks	FY17 year to date	1H17
Leases executed	291,500 sqm	160,000 sqm
Leasing activity under HOA	53,100 sqm	152,000 sqm
Portfolio occupancy by income	96.2%	96.1%
Portfolio WALE ¹	4.4 yrs	4.6 yrs

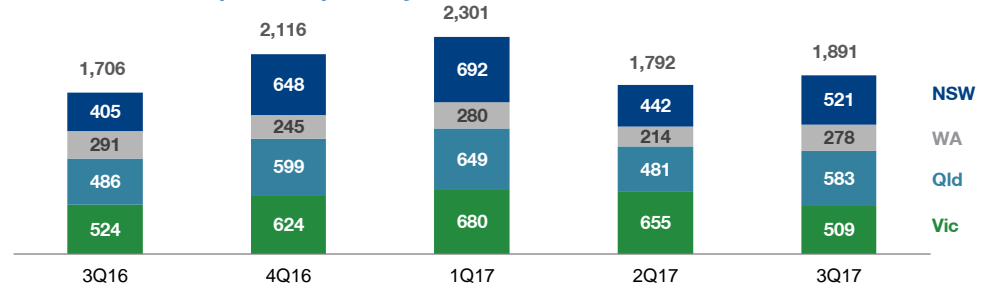
Office	FY17 year to date	1H17
Leases executed	3,200 sqm	2,900 sqm
Leasing activity under HOA	6,100 sqm	2,100 sqm
Portfolio occupancy by income	91.9%	93.5%
Portfolio WALE ¹	3.5 yrs	3.7 yrs

1. By income

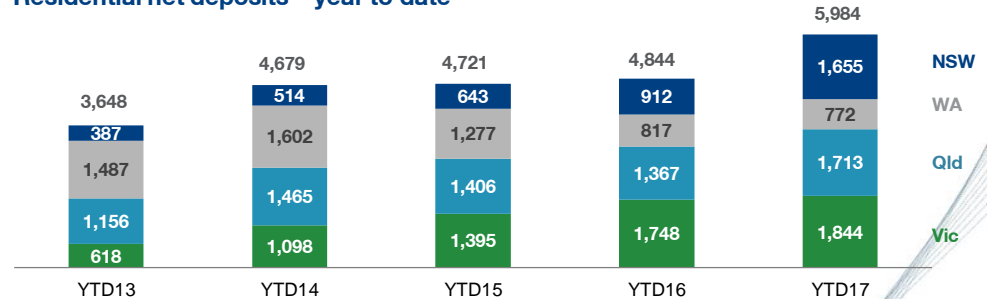
Residential Communities

- Affordability focus differentiates our business
 - 77% of buyers were owner occupiers in the March quarter, 54% first home buyers
- Solid quarter for net deposits:
 - Continued strong market conditions in NSW and Vic
 - Qld market strengthening, supporting demand for new projects
 - Good response to sales campaign and increase in First Home Buyers grant in WA
 - Vic third quarter deposits impacted by timing of releases, Edgebrook (Melb) launched
- Willowdale (Sydney), town homes delayed by weather, limiting FY17 town home settlements to ~200, offset by additional land settlements

Residential net deposits - quarterly



Residential net deposits – year to date





Leading in Housing Affordability

50 50 per cent¹ of Stockland's customers are first home buyers

75 75 per cent¹ of customers are owner-occupiers

100 Launched “100 homes in 100 days” – First Home Buyer initiative in Sydney

 4,000 first home buyers have purchased in Stockland communities in the last year

 Working with all levels of government to increase supply to help address affordability

1. Rolling 12 month data to 31 March 2017

2. House and land entry price as at December 2016

3. Source: Real Estate Institute of Qld (REIQ), December 2016

Examples of entry house and land packages



Pallara (Qld)

Stockland Price ²	Brisbane LGA Median Price ³
\$454,870	\$655,000



Highlands (Vic)

Stockland Price ²	Craigieburn Median Price ⁴
\$390,597	\$450,000



Calleya (WA)

Stockland Price ²	Cockburn Median Price ⁵
\$389,516	\$535,000

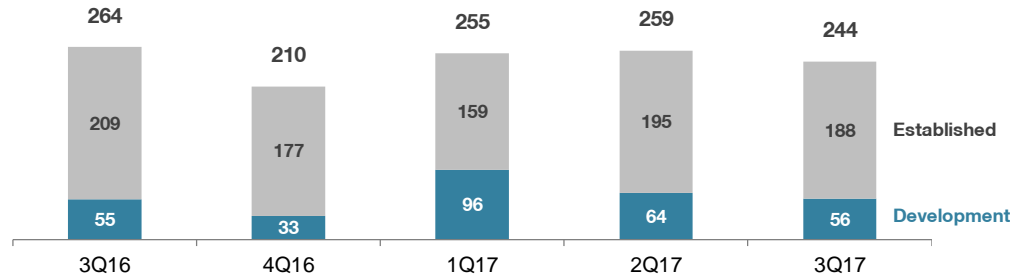
4. Source: Real Estate Institute of Victoria (REIV), December 2016

5. Source: Real Estate Institute of WA (REIWA), December 2016

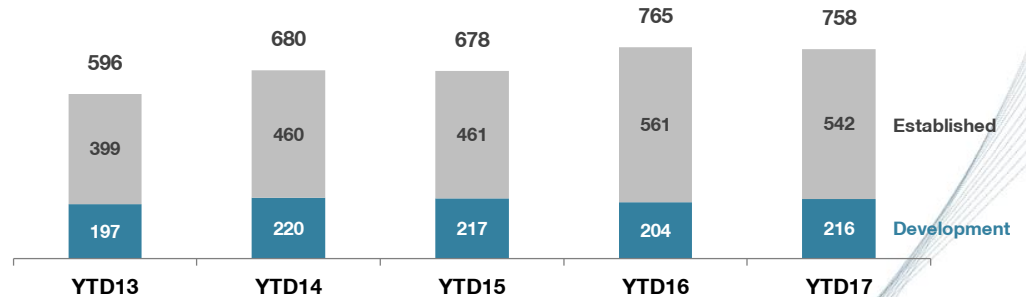
Retirement Living

- Resale values benefitting from strength of Eastern seaboard Residential market
- Reservations impacted by units withheld for future development (Oak Grange, Melbourne and Castle Ridge, Sydney)
- Development reservations will continue to be variable, depending on timing of stage releases
- New DMF contracts with 100% capital gain to Stockland, being trialled at several villages in Victoria and South Australia
- Trialling strategic partnerships with home care providers to expand services, part of our “Retire Your Way” initiative

Retirement Living net reservations - quarterly



Retirement Living net reservations – year to date



Summary & Outlook

- **Remain on track to achieve FFO per security growth of 6–7% in FY17 with DPS targeted at 25.5 cents, assuming no material change in market conditions. Underpinned by:**
 - **Full year Residential settlements above 6,000 lots and operating profit margins at 15 – 16%**
 - **Comparable Retail FFO growth of 3 – 4%**
 - **Further improvement in Retirement Living returns as we continue to focus on operational efficiencies and our development pipeline**
- **Portfolio continues to be positioned for sustainable long term growth and value creation**

Our Purpose: We believe there is a better way to live



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