ASX/Media Release



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BUILDING SUSTAINABLE COMMUNITIES DRIVES FIRST QUARTER RESULTS FOR STOCKLAND

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The Chairman and Directors of Stockland will update securityholders on progress over the past year and plans for the year ahead at the company's Annual General Meeting today.

Stockland also released its first quarter FY18 market update, with Managing Director and CEO Mark Steinert announcing a positive start to FY18, driven by all business units with the residential communities business leading the way.

Mr Steinert said: "Our diversified business model continues to deliver results as we improve our customer experience, broaden our product range and enhance digital and physical customer communication.

"We continue to be recognised as one of the most sustainable real estate companies in the world and maintain a focus on building resilience into our business, including our recent announcement of a \$23 million investment in solar power across 10 of our shopping centres."

Mr Steinert highlighted the strength of the residential market as the key driver of growth for the quarter and confirmed that Stockland is on track to achieve around 6,500 settlements in FY18, with a profit skew to the first half of the year.

"Our residential profit margin is forecast to be over 17 per cent, given broad market strength and higher rates of Sydney settlements.

"Our commitment to providing affordable, liveable, connected and smart communities for Australians has generated strong demand across our residential development business. We took 1,672 net deposits for lots and townhomes during 1Q18, of which 77 per cent were from owner occupiers.

"This moderate reduction relative to 1Q17 reflects project timing, with a number of projects in Victoria and Queensland nearing completion and four new communities which will launch later in FY18.

About 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 a global real estate leader for 2016-17 demonstrating world leadership across the areas of stakeholder engagement, customer relationship management, supply chain management, biodiversity and climate change strategy. www.stockland.com.au

"Conditions remain favourable in Melbourne and Sydney, where the markets remain undersupplied and we continue to see solid price growth. We look forward to launching Mt Atkinson, Truganina and Waterlea in Victoria, and Paradise Waters in Queensland later in FY18."

"Market conditions in Queensland are expected to be supported by strong affordability relative to the southern states, and the WA market continues to show signs of stabilisation," Mr Steinert continued.

Stockland's Retail Town Centres business saw flat sales growth across the quarter, reflecting a subdued environment for overall retail sales impacted by some price deflation, low wages growth and energy price rises.

Following sustained activity during the mining boom, slower growth has continued in far North Queensland and Perth. Leading indicators such as job advertisements point to a return to more stable trading conditions at our centres in these areas.

"Retail conditions remain challenging, however services, food, lifestyle, mini majors, entertainment and leisure offerings continue to perform well and these categories remain the focus for our centre remixing. Our major redevelopment of Stockland Green Hills (NSW) is already 82% pre-leased to high quality tenants, with the next stage due to open on 30 November.

"We continue to strategically reposition our retail town centres, recycling capital into leading assets, and in line with this strategy we can confirm the recent unconditional exchange of the contract to sell Corrimal Shopping Centre. We also celebrated the opening of H&M at Stockland Townsville last week and look forward to the opening in Rockhampton next month," Mr Steinert said.

Stockland maintained positive leasing momentum within its Logistics and Business Parks business, with leases executed on 102,200 square metres of floor space and high occupancy across the portfolio.

"We recently signed a new seven year lease to Australia Post at Oakleigh in Melbourne, renewed key leases in Adelaide and Melbourne, and we've seen positive enquiry following the launch of the Aura business park development on the Sunshine Coast in August," Mr Steinert continued.

Reservations for existing homes in Stockland's Retirement Living established villages remained consistent with the comparable period in FY17 at 155 reservations. Development reservations were lower, due to reduced available stock and no new project launches in the period.

"We remain on track to achieve target Retirement Living funds from operations (FFO) for the year in line with guidance. We continue to focus on resident services and lifestyle offer, and will be offering our customers a choice of contract options.

"We have five project launches in 2Q18, including our new vertical village at Birtinya in the heart of the Sunshine Coast's new health hub, Somerton Park in SA, and in Sydney at Willowdale, the next stage of The Residences at Cardinal Freeman, and 'Aspire', our new homes for over 55s, at Elara," Mr Steinert said.

Stockland confirmed it remained on track to deliver profit in line with its guidance for FY18, with positive economic conditions and relatively stable interest rates expected to remain in place.

Assuming no material change in market conditions, Stockland expects to achieve growth in FFO per security of 5.0-6.5 per cent across the group and an estimated distribution per security of 26.5 cents, up 4 per cent on FY17, with a profit skew to 1H18.

"Our ongoing commitment to delivering the best communities and vibrant town centres across the country continues to be the key driver of our businesses. Our diverse portfolio allows us to deliver our purpose of creating a better way to live, and build thriving, affordable communities while continuing to deliver strong profit and sustained growth," Mr Steinert continued.

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