Stockland

FY18 Results Presentation

Creating sustainable communities

30 June 2018

Vale, WA

Agenda

Communities strategy delivering strong results

Leveraging our diversified business model

FY18 Results

▲	7.5%	Funds from operations[1]	$863m
▲	6.6%	FFO per security[1]	35.6c
▲	9.1%	AFFO per security[1]	31.2c
▲	3.9%	Distribution per security	26.5c
▼	14.2%	Statutory Profit	$1,025m
▲	3.5%	Net tangible assets per security	$4.18
▼	20bp	Return on equity[2]	11.2%

FY19 Guidance[3]

▲ **5.0 – 7.0%** FFO per security growth

▲ **4%** Distribution per security growth

Figures are rounded to nearest million, unless otherwise stated. Percentages are calculated based on the figures rounded to one decimal place throughout this presentation
1. Funds from operations (FFO) and Adjusted Funds From Operations (AFFO) are determined with reference to the PCA guidelines
2. Return on equity accumulates individual business return on assets and adjusts for cash interest paid and average drawn debt for the 12 month period. Excludes residential communities workout projects
3. Assuming no material change in market conditions

How we do business

Creating Stockland Communities and streamlining our business to deliver greater operational alignment

Optimise and innovate

$8m pa savings from FY20	Streamline business structure and systems transformation
CRM and Predictive tool $8.5m pa	• Client relationship management algorithm to enhance customer sales process • Digital ready platforms • Salesforce customer digitisation and progressing SAP
10%+ IRR	From our $30m total solar investment

Corporate culture

83%	Employee engagement – above Australian norm
WGEA Employer of Choice for Gender Equality	Employer of choice – gender equity, dads, graduates
80%	80% employees with flexible work arrangements and runner-up in the 2018 Champion of Flexible Work Awards

Global sustainability credentials

GRESB 2017

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

DJSI top 5 for 8 years
GRESB sector leader

CDP A LIST 2017 CLIMATE

CDP only Australian company listed TCFD disclosure in Annual Report

Active returns benefitting from communities focus

Grow asset returns and customer base

Communities (31%)[1]

Residential		Retirement Living	
+24.3%	Change in Operating profit	-16.7%	Change in operating profit
93%	Customer satisfaction[2]	90%	Customer satisfaction[3]
18.3%	Operating profit margin		Contract Choice
5,478	Residential contracts on hand		Strategic relationships with homecare providers
76%	Owner occupier	+14.9%	Increase in net reservations in 4Q18

Willowdale community, Sydney

1. % of total assets
2. Stockland National Liveability survey
3. 2017 Stockland Residents' Voice Survey, independently conducted by Colmar Brunton, average resident score of 8.4/10

Delivering secure recurrent income

Grow asset returns and customer base

Commercial Property (69%)[1]

Retail Town Centres		Workplace & Logistics[3]	
+1.3%	Comparable FFO growth	+6.0%	Logistics Comparable FFO growth ▼ 2.0% Workplace
+10%	Comparable specialty sales/sqm trading 10% above Urbis Sub-regional average[2]	98.7%	High Logistics occupancy
+4.2%	Comparable specialty sales/sqm	89%	Customer satisfaction[4]
~$200 million	Divested, targeting up to an additional $400m over the next 12-24 months	~$600 million	Future development pipeline targeting 7.0%+ FFO yield[5]

Warwick Farm, Sydney

1. % of total assets
2. Urbis Sub-regional Shopping Centre Benchmark
3. Previously Office, Logistics & Business Parks
4. Stockland survey of combined Workplace and Logistics tenant satisfaction
5. Stabilised incremental FFO yield, includes property management fees throughout this presentation

Strong financial results

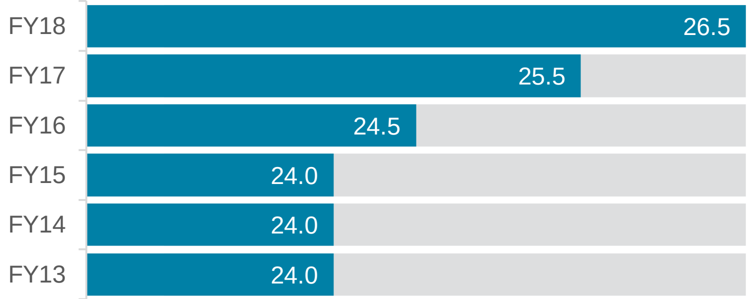
Continuous improvement in key financial metrics

FFO per security (¢)

Five year CAGR 10.8%

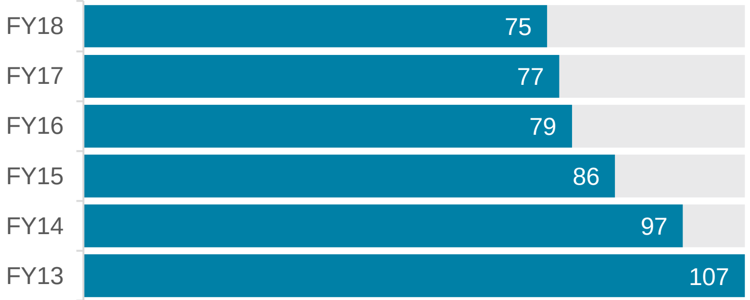
Distribution per security (¢)

Five year CAGR 2.0%, +3.9% in FY18



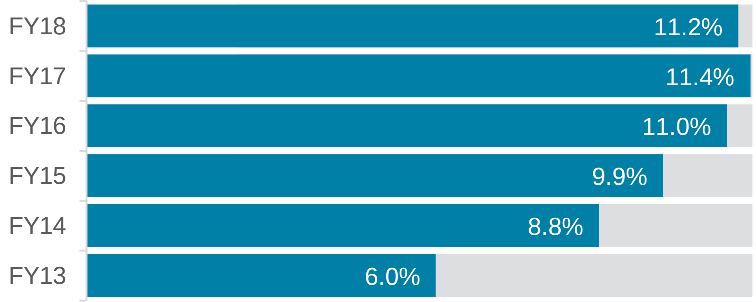
Payout ratio (%)

At lower end of target range of 75-85% of FFO



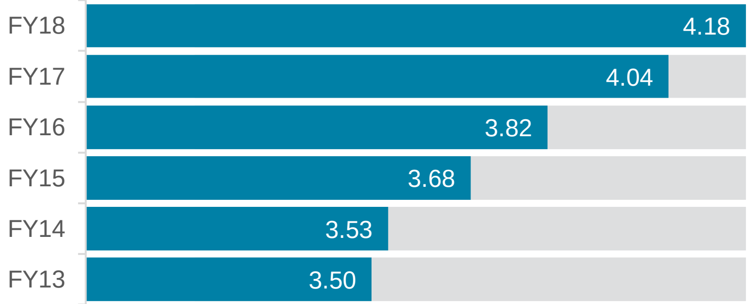
ROE (%)

Five year improvement +5.2 %



Net tangible assets (NTA) per security ($)

Five year CAGR 3.6%



Total Shareholder Return (%)

Five year TSR +7.8% p.a

Group Finance

Tiernan O’Rourke

Stockland Shellharbour, NSW

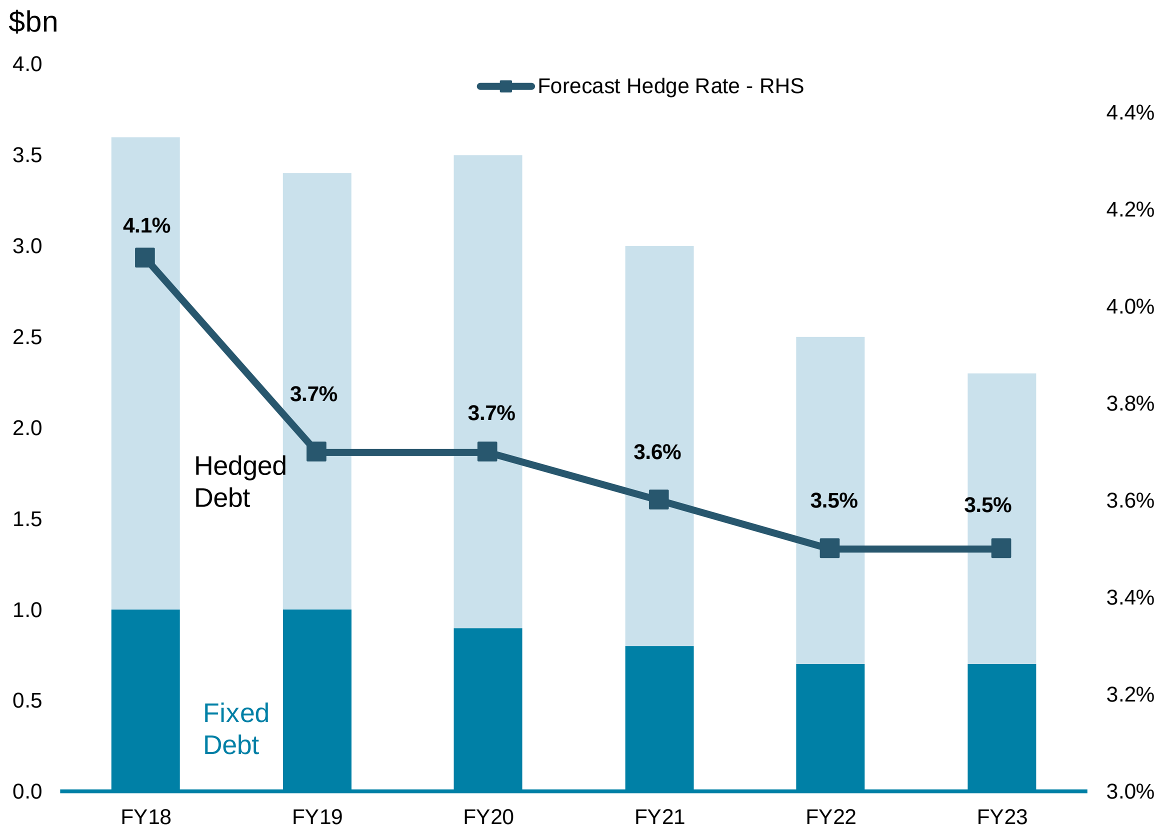
Maintaining strong balance sheet

WACD continuing to trend lower

Capital strength

22.2%	Gearing	Lower end of 20-30% range
5.2%	Weighted average cost of debt	Expected to be ~4.8% in FY19
6.2 years	Weighted average debt maturity	▲ 0.5 years
95%	Fixed/hedged ratio as at period end	
75%	Distribution payout ratio	Lower end of target range
A-/A3	S&P / Moody's	Strong investment grade credit ratings
4.8:1	Interest cover	Stable

Fixed/hedged rates declining[1]



1. Excludes fees and margins

Stockland

Strong FFO growth

Funds from operations

	FY18 $m	FY17 $m	Change	Comp growth	
Retail Town Centres[1]	428	419	2.2%	1.3% ▲	Modest growth impacted by higher outgoings and retail remixing
Logistics	152	143	6.2%	6.0% ▲	Full year of high occupancy
Workplace[1]	54	59	(9.6%)	(2.0%) ▼	Reflects vacancy in Perth and Canberra, Canberra sold post balance date
Trading profit	1	5	Nm		
Commercial Property net overheads	(21)	(18)			
Total Commercial Property	**614**	**608**	**0.9%**	**2.3%** ▲	
Residential Communities	336	270	24.3%		Strong margins and project mix
Retirement Living	53	63	(16.7%)		Momentum improving in 2H18
Unallocated corporate overheads	(66)	(60)	8.4%		Includes restructuring costs
Net Interest expense	(74)	(79)	(6.4%)		Reflects lower borrowing costs and efficient use of capital
Total Group	**863**	**802**	**7.5%**		
FFO per security (cents)	35.6	33.4	6.6%		

1. Total growth reduced by asset sales over the period

Statutory Profit to FFO and AFFO reconciliation

Strong growth in AFFO

	FY18 $M	FY17 $M	Change
Statutory Profit	1,025	1,195	(14.2%) ▼
Adjust for:			
Amortisation of lease incentives and lease fees	76	69	
Straight-line rent	(5)	(6)	
Non-recurring dividend revenue	-	(71)	
Commercial Property revaluations (gain)[1, 2]	(133)	(264)	
Net change in fair value of Retirement Living investment properties (gain)[3]	(6)	(6)	
Mark-to-market loss/(gain) on financial instruments and other financial assets	(19)	(119)	
Net (gain)/ loss on sale of other non-current assets and other items	(16)	(2)	
Tax (benefit)/ expense – non-cash	(59)	6	
Funds from operations (FFO)	**863**	**802**	**7.5%▲**
Maintenance capital expenditure[4]	(51)	(53)	
Incentives and leasing costs for the accounting period[5]	(56)	(62)	
Adjusted funds from operations (AFFO)	**756**	**687**	**9.9%▲**
AFFO per security	31.2 cents	28.6 cents	9.1%▲

1. Includes Stockland's share of revaluation gains and losses relating to commercial properties held through joint venture entities (FY18: $40m gain; FY17: $55m gain).
2. Includes stapling adjustment related to owner-occupied space.
3. Includes accrued DMF revenue. FY18 also includes $4m gain on commercial properties held in the Retirement Living segment (FY17: nil).
4. Includes $7m (FY17: $9m) Retirement Living maintenance capital expenditure.
5. Excludes development centres. FY17 includes $6m from leasing activity at Durack Centre, Perth.

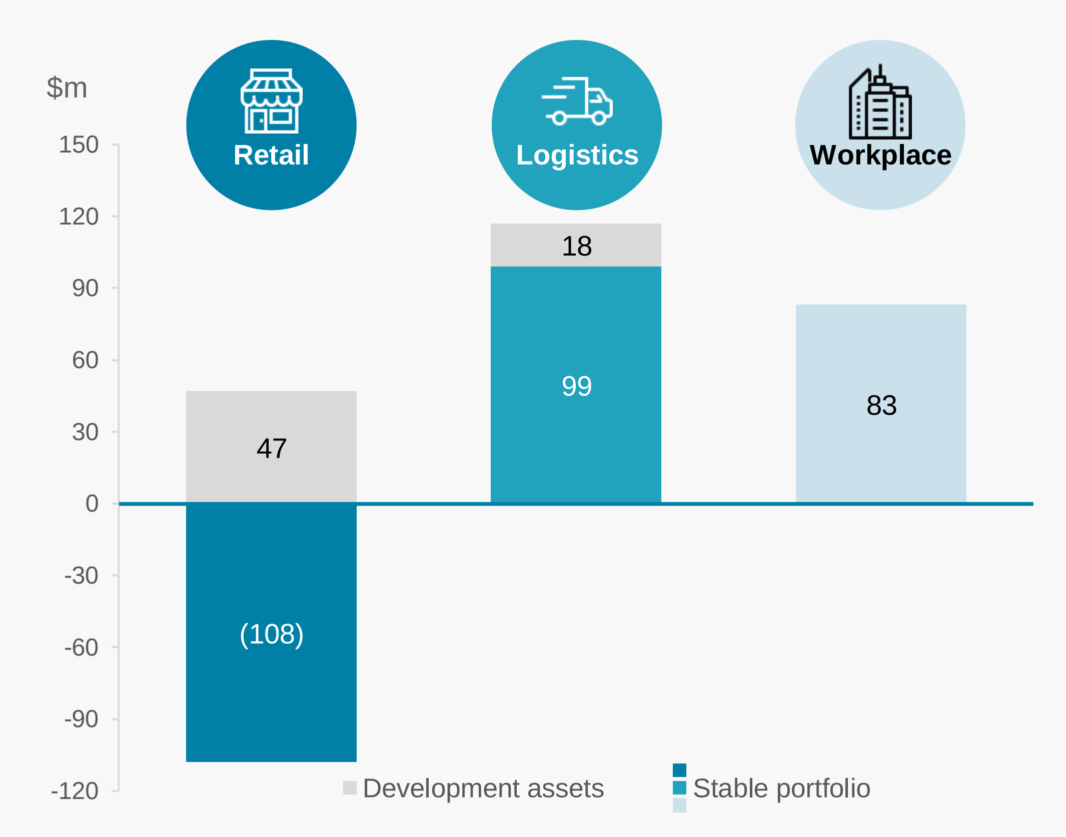
Valuation results mixed

Commercial Property valuations

- Net valuation uplift of $139m[1] in FY18 with 76% of assets revalued
- Retail Town Centre valuation decline concentrated in Central and North Qld assets impacted by weaker economic conditions and tenant remixing
- Logistics valuation uplift driven by development activity and leasing success
- Workplace valuation uplift reflects cap rate compression primarily in Sydney assets

Retail	Logistics	Workplace
Net valuation decline	Valuation uplift	Valuation uplift
($61m)	**$117m**	**$83m**
WACR[2]	WACR	WACR
5.8%	**6.7%**	**6.0%**
FY17: 5.9%	FY17: 7.0%	FY17: 6.4%

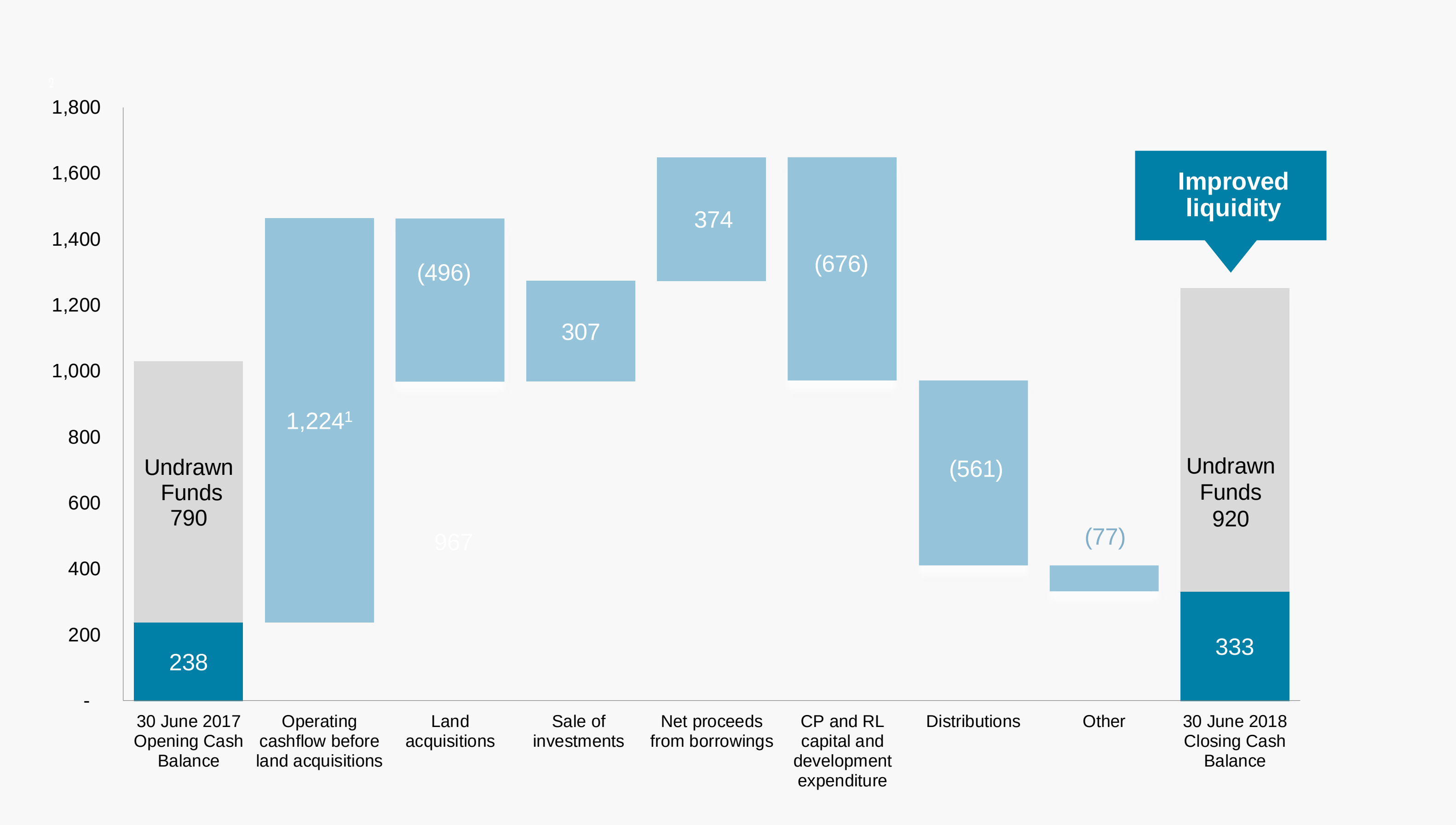
Valuation movements in FY18



1. Excludes stapling adjustment for owner-occupied space
2. Lower cap rate reflects improved quality post completion of Stockland Green Hills (NSW) and divestment of non-core asset sales

Strong operating cash flows

Cash Flow Summary ($M)



Key areas of capital employed

- 66% of land payments relate to capital efficient acquisitions
- Residential development expenditure of ~$1b, remaining around these levels
- Commercial Property development pipeline

Funding and liquidity

- Commercial Property divestments ~$335m[2], targeting up to an additional $400m retail divestments over the next 12-24 months
- Target further divestment of low ROA Retirement Living villages
- Gearing remains between 20-30%
- Significant covenant headroom maintained
- DRP terminated

1. Operating cashflow breakdown can be found in the Annexure
2. Includes settlements post balance date

Communities

Residential and Retirement Living

Andrew Whitson

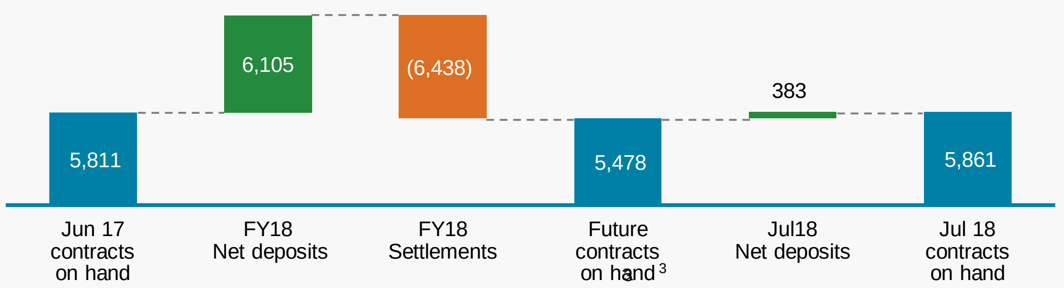
Cloverton, Melbourne

Delivering strong growth

Residential Communities

- Increased ROA as we deliver on strategy
- FY18 revenue growth reflects 5.2% increase in sales price per sqm settled, and higher Townhome settlements
- Successful launches of new projects at Grandview, Mt Atkinson and Waterlea (Vic) and Promenade (Qld)

Residential sales



Residential	FY18	FY17	Change
Total lots settled	6,438	6,604	(2.5%)▼
Total revenue	$1,830m	$1,767m	3.5%▲
- Includes superlot revenue[1]	$58m	$91m	(36.6%)▼
EBIT (before interest in COGS)	$435m	$412m	5.6%▲
EBIT margin	23.8%	23.3%	▲
Operating Profit	$336m	$270m	24.3%▲
Operating Profit margin	18.3%	15.3%	▲
ROA – total portfolio	20.4%	15.2%	▲
ROA – core portfolio[2]	22.0%	20.8%	▲

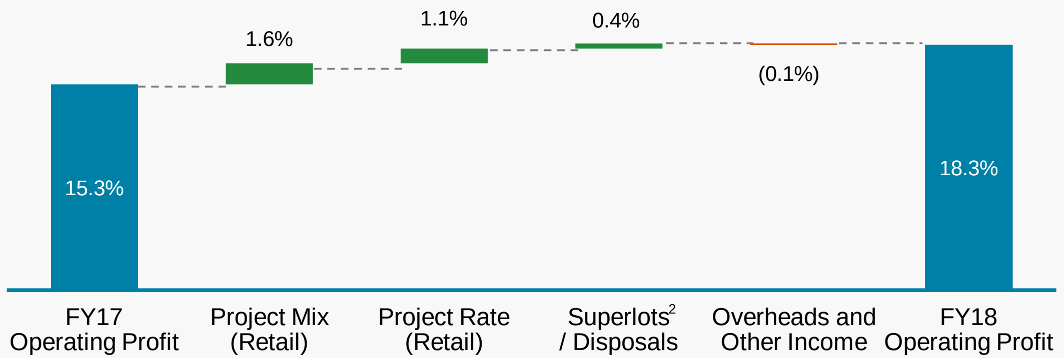
1. 30 superlot settlements in FY18; 44 superlot settlements in FY17. FY17 includes the disposal of impaired project Wallarah (NSW) and the second tranche of revenue from the disposal of Bahrs Scrub (Qld)
2. Core excludes impaired projects
3. Of the 5,478 contracts on hand as at 30 June 2018, 4,504 are due to settle in FY19, with the balance FY20+

Well positioned in the most resilient markets to deliver growth

Residential Communities

- FY18 margins reflect an increased proportion of higher margin settlements, particularly in Sydney
- Still good demand for house and land despite Sydney and Melbourne markets moderating
- Contracts on hand have 16% higher average price than FY18 settlements, driving FY19 profit growth
- On track for over 6,000 settlements in FY19, including around 400 Townhomes. Operating profit margin to remain around 18% in FY19 and 17% over the medium term

Residential Operating Profit Margin



Orion, Melbourne

Average price[1] of contracts on hand

16%

higher than FY18 settlements

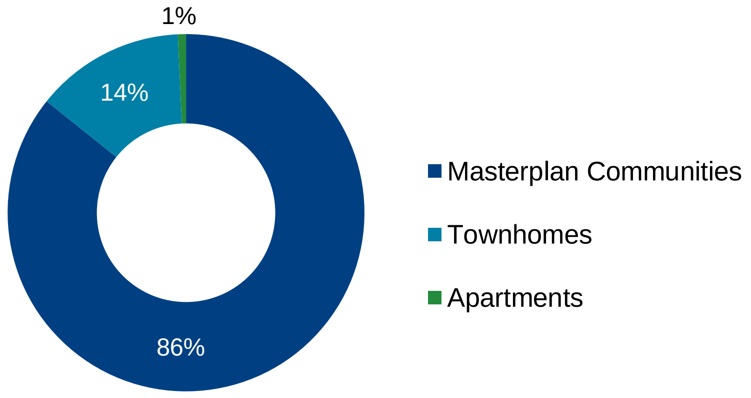
1. Price per lot
2. 30 superlot settlements in FY18; 44 superlot settlements in FY17

Strong earnings visibility from Community Creation

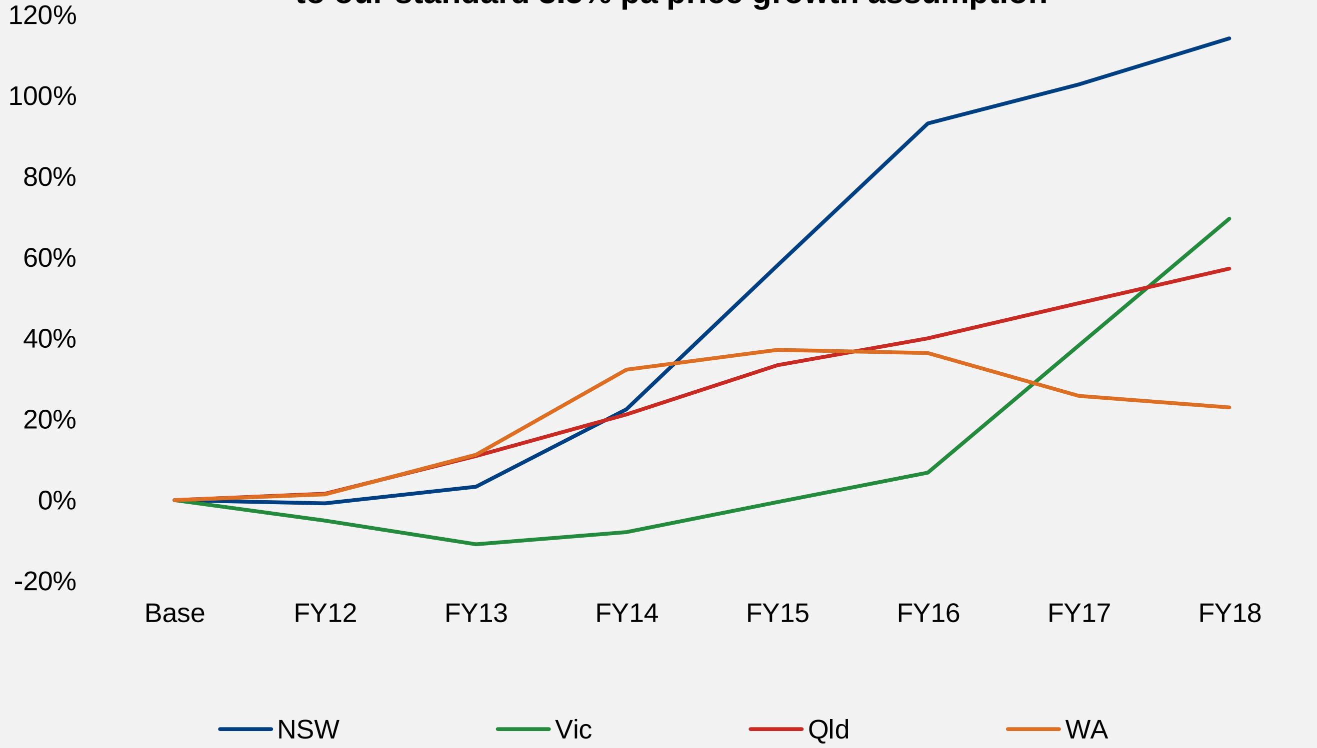
Residential Communities

- Solid demand for house and land packages in affordable, liveable communities
- Over 75% of our customers are owner occupiers, the most resilient segment of the market
- Growth in land prices over the past five years has resulted in strong embedded margins

Operating profit breakdown FY19-FY21



Cumulative land price growth[1] relative to our standard 3.5% pa price growth assumption



1. Charter Keck Cramer

Strong demand for our projects in moderating market

Our market share in NSW has grown to 14.4% from 9.4% one year ago[1]

Elara, Sydney

Market share leader in its corridor for the June quarter

Willowdale, Sydney

Market share leader in its corridor for the June quarter

Altrove, Sydney

Adjoins train station and early delivery of amenities

Award winning project

1. Charter Keck Kramer Quarterly land sales market share

Retirement Living

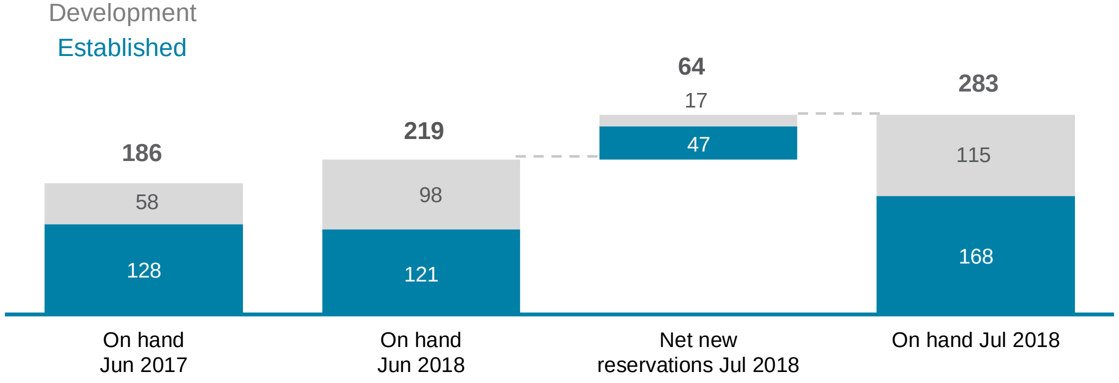
North Lakes, Queensland

Challenging period with momentum improving

Retirement Living

- Results impacted by lower sales volumes, reflecting:
  - Adverse sector media coverage
  - Reduced development settlements due to timing of completions
- Occupancy maintained at high 95%
- Sales momentum improving

Net reservations



Total portfolio	FY18	FY17	Change
EBIT	$56m	$69m	(19.4%) ▼
Operating Profit	$53m	$63m	(16.7%) ▼
Occupancy	95.0%	95.0%	
Cash ROA	4.6%	6.2%	▼

Established portfolio	FY18	FY17	Change
Established settlements	618	731	(15.5%) ▼
Withheld settlements (units)[1]	73	49	49.0% ▲
Total settlements (units)	**691**	**780**	**(11.4%)** ▼
Average re-sale price	$356k	$339k	4.9% ▲
Turnover cash per unit	$89k	$86k	3.6% ▲
Turnover cash margin	25.1%	25.4%	▼
Reservations on hand	121	128	(5.5%) ▼

Development portfolio	FY18	FY17	Change
Average price per unit	$504k	$539k	(6.3%) ▼
Average margin (excludes DMF)	20.2%	19.1%	▲
Development settlements	163	270	(39.6%) ▼
Reservations on hand	98	58	69.0% ▲

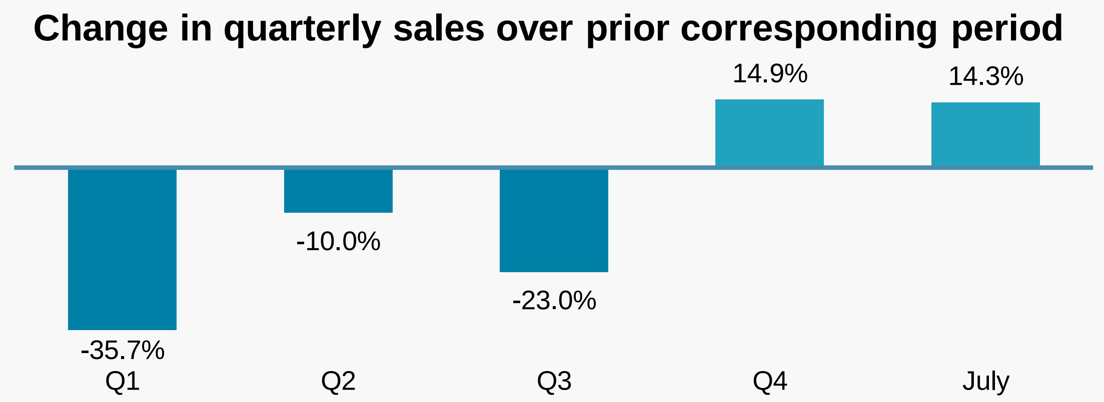
1. Units withheld from sale for redevelopment upon which profit has been recognised

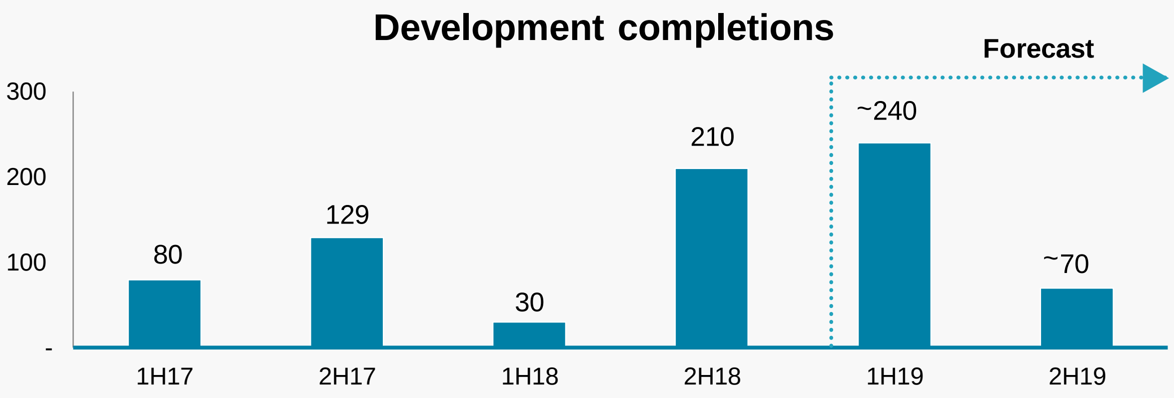
Stockland

Enquiries now converting to higher sales

Retirement Living

- Commencing FY19 with increased net reservations and improving sentiment towards the sector
- Large increase in development completions towards the end of FY18 and in 1H19
- Continuing to enhance customer experience:
  - Contract choice
  - Home Care partnerships
  - Non-DMF Aspire over 55's independent living





1. Over prior corresponding period in established villages

The leading creator of communities in Australia

Communities

We are Australia's leading community creator with a land bank of:

- Around 82,000 residential lots
- Over 3,000 future Retirement Living dwellings on land we control

We are well placed for growth:

- Strong embedded margins in our land bank
- A high number of contracts on hand
- Increasing sales momentum in our Retirement Living business
- A structural flight to quality communities

Willowdale, Sydney

Commercial Property

Louise Mason

Stockland Shellharbour, NSW

Sustainable recurrent earnings

Commercial Property

Retail Town Centres

Stockland Green Hills | NSW

Creating town centre destinations

Heart of the community

Focus on convenience

Curated for our customers

Logistics

Oakleigh Industrial Estate | Vic

Developing a market leading portfolio

Growth through developments, largely on our landbank

Forging strong tenant relationships

Workplace

Piccadilly Complex | NSW

Optimising returns

Predominantly Sydney

Higher and better use opportunities

Active management

Enhancing customer experience and forging tenant relationships

Commercial Property key metrics

	Asset values ($m)	FFO comp change	Occupancy	WALE (years)	WACR
Retail Town Centres	7,403	1.3% ▲	99.4%	6.3	5.8%
Logistics[1]	2,228	6.0% ▲	98.7%	4.1	6.7%
Workplace	774	(2.0%) ▼	88.3%	3.5	6.0%
Total	**10,405**	**2.3%** ▲			**6.0%**

Workplace occupancy improved to
93.6%
post balance date

Wetherill Park, Sydney

Winner National PCA/RLB Innovation and Excellence Awards for 2018:

- **Best shopping centre development**
- **Most sustainable development**

1. Includes Business Parks

Our Retail Town Centre strategy

We create community places

Our **Objective**

Metro Markets:
Unique, convenient
destinations

Regional Markets:
Leading
destinations

Our **Focus**

Community

Convenient

Curated to our customers

“It’s your place”

Improving specialty sales productivity

Retail Town Centres

- ▲ 4.2% growth in comparable specialty sales to $9,378 per square metre[1], 9.7% above Urbis benchmark
- Sustainable specialty occupancy costs of 14.9%, reflecting improved sales and tenant remixing
- Supermarket sales showing growth, DDS steady improvement
- Strong growth in mini-majors and pad sites
- Key categories change in comparable specialty MAT:
  - Mobile Phones 7.7% ▲
  - Retail Services 7.6% ▲
  - General Retail 6.5% ▲
  - Apparel (3.4%) ▼

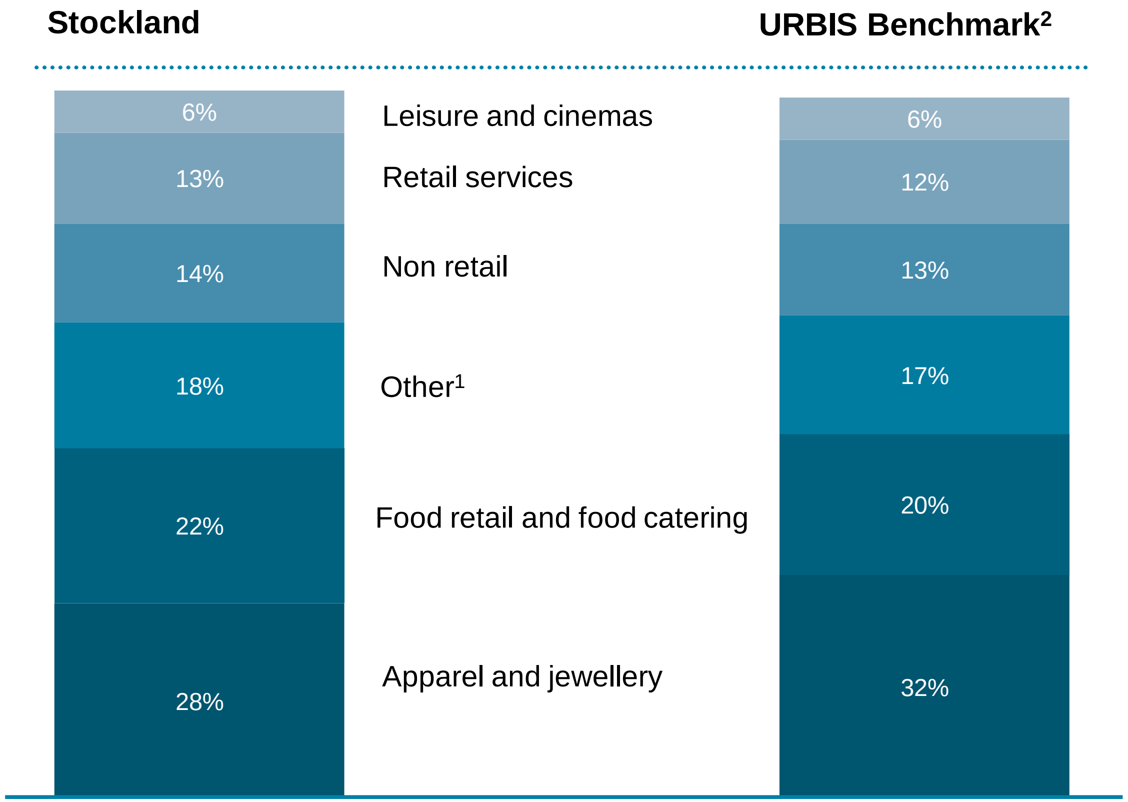
	Total		Comparable centres[3]	
Sales by category	**MAT ($m)[2]**	**MAT growth**	**MAT growth**	**2H18 growth**
Total Turnover	**6,762**	**3.4%**	**1.6%**	**1.9%**
Specialties	2,040	4.3%	1.1%[4]	1.9%
Supermarkets	2,527	1.9%	0.9%	1.0%
DDS/DS	918	1.5%	0.6%	1.9%
Mini-majors	681	5.8%	3.0%	2.2%
Other[5]	596	7.1%	6.0%	5.4%

1. Stable centres, excludes divestments and development centres such as Green Hills, NSW. Urbis Sub-regional Shopping Centre Benchmark
2. Sales data includes all Stockland managed retail assets – including Unlisted Property Fund and JV assets
3. Stable basket of assets as per SCCA guidelines, which excludes centres which have been redeveloped within the past 24 months such as Green Hills. FY18 basket is different to FY17 basket
4. Does not allow for fewer specialty stores following remixing of our centres
5. Other includes pad sites, non retail, and cinemas

Making our assets more resilient – growing food, services, entertainment and health

Retail Town Centres specialty income

- Continuing to remix our Retail Town Centres to growth categories that are more resilient to online sales
  - 4% underweight apparel and jewellery relative to the national benchmark
  - 4% overweight food, retail services and pad-sites/other
- Online sales in our metro locations are marginally higher than non-metro locations; in line with Quantium data



1. Other: General Retail, Homewares, Mobile Phones, Other retail, Pad sites
2. Urbis data based on weighted average book value across Regional, Sub-regional and Supermarket centre specifications. Adjusted Urbis categories to align to Stockland portfolio

Positioned for sustainable rental growth

Retail Town Centres

Actively managing our assets

- Continued positive growth on lease renewals
- Reversion on new leases largely reflects tenant remixing
- Rental increases concentrated in growth categories
- Incentives stable, on longer leases
- Majority of new specialty leases with fixed reviews of 4-5%pa

Below average[1] specialty occupancy cost

14.9%

Specialty Sales/sqm

~10%

higher than benchmark[1]

Retail leasing activity[2]		FY18	FY17
Occupancy[3]		99.4%	99.5%
Specialty retail leasing activity			
Tenant retention		61%	69%
Average rental growth on lease deals[4]		0.0%	2.9%
Total lease deals[5]		809	767
Specialty occupancy cost ratio		14.9%	15.0%
Renewals:	Number	250	291
	Rental growth[4]	1.6%	3.0%
New Leases:	Number	195	194
	Rental growth[4]	(2.0%)	2.7%
	Incentives: Months[6]	11.7	11.4
	as % of rent over lease term[7]	15.3%	15.4%

1. Urbis Sub-regional Shopping Centre Benchmark
2. Excludes Unlisted Property Fund assets. Metrics relate to stable assets unless otherwise stated
3. Occupancy reflects stable assets for the period and differs from Property Portfolio which includes all assets
4. Rental growth on an annualised basis
5. Includes project and unstable centre leases
6. Represents the contributions made towards the retailers' fit outs, expressed in equivalent months of net rent
7. Incentive capital as a percentage of total rent over the primary lease term only

Active management delivering improving sales

Retail Town Centres

Upgrading well located assets and enhancing customer experience driving sales productivity

Green Hills, NSW

- Highly successful $421m development
- Like for like MAT growth +5.7%[1]
- Foot traffic up over 50% on opening

Wetherill Park, Sydney

- Specialty sales above $10,000/sqm, with growth of 4.2%
- Specialty occupancy cost 18.1%
- Winner National PCA/RLB Innovation and Excellence Awards for 2018:
- Best shopping centre development
- Most sustainable development

Shellharbour, NSW

- Remixing driving growth
- Specialty sales above $10,000/sqm, with growth of 7.8%
- Specialty occupancy cost 16.0%

Burleigh Heads, Qld

- Remixing driving growth
- Specialty sales above $10,000/sqm, with growth of 8.5%
- Specialty occupancy cost 12.6%

1. Pre-stabilisation

Enhancing portfolio and growing recurring earnings

Retail Town Centre development

Under construction	Total spend ($m)	Total income leased	Stabilised yield	IRR[2]	Completion Date
Birtinya, Qld	~86	74%	6.5%	~9.0%	2H19
TOTAL	**~86**				

Completed in 2H18[1]	Total spend ($m)	Total income leased	Stabilised yield	IRR[2]	Completion Date
Green Hills, NSW	~421	98%	7.0%	~12.0%	4Q18
Wendouree, Vic	~37	95%	7.2%	~13.8%	4Q18
TOTAL	**~458**				

1. Opened in 4Q18, practical completion in 1H19
2. Defined as forecast unlevered 10 year IRR on incremental development from completion or total return for greenfield development, throughout this presentation

Optimising Returns

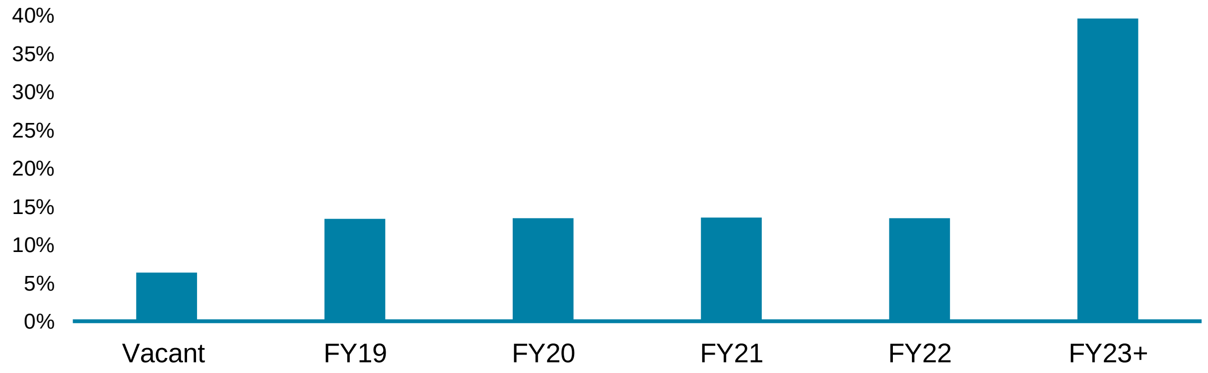
Workplace

- Strong leasing activity in Sydney
- Average rental growth on new leases of 6.3%
- Progressing leasing in Perth
- Sale of 77 Pacific Highway, North Sydney for $112m at 23.8% above book value
- Belconnen, Canberra, sold post balance date for $24m

Occupancy improved to **93.6%** post balance date[3]

Workplace	FY18	FY17
Leases executed	20,500 sqm	6,700 sqm
Leases under HOA[1]	7,300 sqm	4,600 sqm
Average rental growth on new leases and renewals	6.3%	(9.2%)
Portfolio occupancy[2]	88.3%	91.4%
Portfolio WALE[2]	3.5 yrs	3.6 yrs

Workplace Lease Expiry Profile[2,3]



1. As at 30 June
2. By income
3. Reflects disposal of Canberra and leasing activity post 30 June

New developments fully leased, delivering recurring income

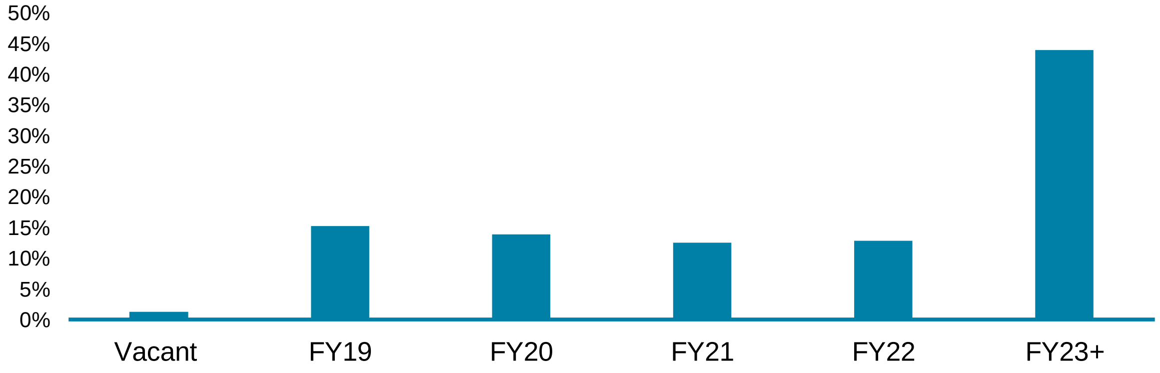
Logistics

- Leasing demand remains strong in Sydney and Melbourne, at 98.7% occupancy
- Strong comparable FFO growth of 6.0%
- High customer satisfaction score at 90%[1]
- Warwick Farm, Sydney completed in FY18 and fully leased
- Good enquiry on current Sydney developments at Yennora and Ingleburn

3-4% pa
fixed rent reviews
88%
of portfolio

Logistics	FY18	FY17
Leases executed	324,400 sqm	411,800 sqm
Leases under HOA[2]	64,300 sqm	91,600 sqm
Average rental growth on new leases and renewals	(1.6%)	(2.7%)
Portfolio occupancy[2,3]	98.7%	99.0%
Portfolio WALE[3]	4.1 yrs	4.5 yrs

Logistics Lease Expiry Profile[2]



1. Stockland survey of Logistics tenant satisfaction
2. As at 30 June
3. By income

Accretive development pipeline, repositioning portfolio

Under construction	Total spend ($m)	Gross lettable area (sqm)	Stabilised Yield	IRR	Completion date
Yennora, Sydney	~26	22,600	7.4%	~10.9%	1Q19
Ingleburn Stage 2, Sydney	~50	36,850	7.7%	~10.4%	1Q19
Willawong Stage 1, Brisbane	~23	19,215	8.0%	~10.2%	2Q19
TOTAL	**~99**	**78,665**			

Completed in 2H18	Total spend ($m)	Gross lettable area (sqm)	Stabilised Yield	IRR	Completion date
Coopers Paddock, Warwick Farm, Sydney	77	51,100	7.3%	10.7%	3Q18

Ingleburn, Sydney

Transforming the portfolio

Logistics

Upgrading well located assets and introducing new customers

Coopers Paddock, Warwick Farm, Sydney

- $77m greenfield development
- 100% leased prior to completion date (Mar 2018)
- 7.3% FFO initial yield, 10.7% IRR
- New customers include Daikin
- WALE 7.5 years

Ingleburn Logistics Park, Sydney (Stage 1)

- $33m greenfield development
- 100% leased
- 9% FFO initial yield, 12.3% IRR
- Customers Next Logistics and TIFS Warehousing & Distribution
- WALE 5.0 years

Yennora, Sydney (Buildings 3 and 11)

- ~$26m brownfield development
- Due for completion in 1Q19
- 7.4% FFO initial yield , ~10.9% IRR
- 13,500 sqm signed lease post balance date (60% of total)

Ingleburn Logistics Park, Sydney (Stage 2)

- ~$50m greenfield development
- Due for completion in 1Q19
- 7.7% FFO initial yield ,~10.4% IRR
- Further development potential

Outlook

Community Creation drives profit growth

Mark Steinert

Willowdale, Sydney

Our business is leveraged to key customer trends

Key Australian trends[1]

Community connection

Aging population

Love **technology**

Strive for **betterment**

Value conscious

Convenience

Stockland's competitive advantage

Liveable/affordable/ connected communities

National land market share[2] **increased 310bp** to 14.5% over FY18

Early delivery of amenities enhances customer experience: **Over 90%** customer satisfaction

Market leading **innovation** in **sustainability**

Convenient, digitally enabled **Retail Town Centres:** Comparable specialty sales are **10% above** Urbis benchmark[3]

1. IPSOS Market Research Australia
2. Charter Keck Cramer/Research4
3. Urbis benchmarks- regional + sub-regional, per sqm

Strategic priorities

Altrove, Sydney

Elara Aspire, Sydney

Residential Communities

- Maintain sales and enhance customer experience
- Grow Townhomes to 15%+ of residential profit

Retirement Living

- Asset recycling and developments to improve quality
- Embed new contract choice and customer service proposition

Strategic priorities

Wetherill Park, Sydney

Macquarie Technology Park, Sydney

Artist impression

Retail Town Centres

- Increase Retail Town Centre quality and resilience; food, services, entertainment and health focus
- $200m divested, targeting up to an additional $400m over the next 12-24 months

Workplace & Logistics

- Grow towards 25% of our portfolio over time
- $600m pipeline largely on our landbank
- Lodged DA for Macquarie Technology Park, $500m masterplan

Target portfolio allocation

Capital Allocation as June 2018

Communities
31%

Workplace & Logistics
19%

Retail Town Centres
50%

Indicative Target Capital Allocation

Communities
20 - 30%

Workplace & Logistics
25 – 35%

Retail Town Centres
40 – 45%

Disciplined Capital Allocation Framework

Capital Strength

Targets

- Optimise WACC
- 70:30 recurring income/active assets
- Group ROE > 10%
- Target IRR's
    - 7 – 9% recurring income assets
    - 12 – 14% active assets

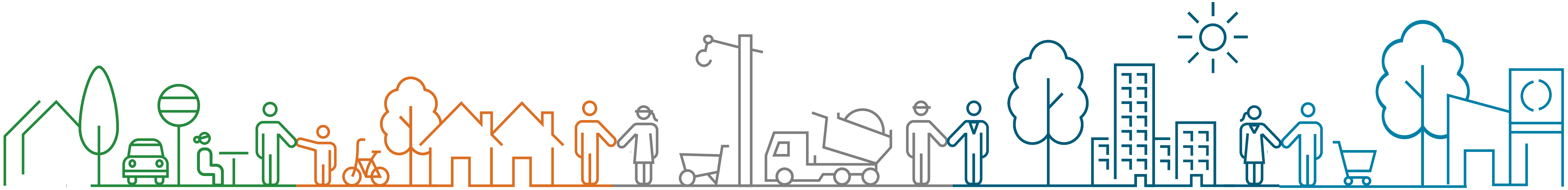
Distribution Policy

- Payout 75 – 85% of FFO over time

FY19 outlook

Portfolio remains well positioned for sustainable long term growth

- Targeting FFO per security growth of 5.0 - 7.0% for FY19, assuming no material change in market conditions. Underpinned by:
  - Residential settlements over 6,000 lots, with mix and townhomes lifting revenue and a profit skew to 2H19, operating profit margins of around 18% in FY19 and 17% over the medium term
  - We expect improved Retirement Living returns
  - Commercial Property comparable FFO growth of 2 - 3%
  - FY19 distribution per security growth of 4%, 27.6 cents[1], at bottom end of target payout ratio of 75 - 85% of FFO
- Strong balance sheet enables us to take advantage of opportunities



1. Assuming no material change in market conditions

Stockland Corporation Limited
ACN 000 181 733

Stockland Trust Management Limited
ACN 001 900 741; AFSL 241190

As responsible entity for Stockland Trust
ARSN 092 897 348

25th Floor
133 Castlereagh Street
SYDNEY NSW 2000

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