Stockland

1H19 Results

Creating Sustainable Communities

31 December 2018

FROG PARK, AURA, QLD

Agenda

01 & 05

Group Update & Summary and Outlook

Mark Steinert
Managing Director & CEO

02

Group Finance

Tiernan O'Rourke
CFO

03

Commercial Property

Louise Mason
Group Executive & CEO Commercial Property

04

Communities

Andrew Whitson
Group Executive & CEO Communities

Results in line with our expectations

Skew to 2H as per guidance, contributing to lower profit this half

1H19 Results

▼ **6.7%**
FFO per security[1]
16.8c

▼ **6.4%**
AFFO per security[1]
14.6c

$4.19
Net tangible assets per security
▲ 0.2%

▼ **6.7%**
Funds from operations[1]
$407m

▲ **3.8%**
Distribution per security 13.5c

▼ **56.2%**
Statutory Profit[2]
$300m

10.6%
Return on equity[3]
▼ 60bps on FY18

FY19 Outlook

Lower end of range

~5% FFO

per security growth[4], guidance previously 5-7%

reflecting weaker market conditions

Figures are rounded to nearest million, unless otherwise stated. Percentages are calculated based on the figures rounded to one decimal place throughout this presentation. Percentages may not add due to rounding

1. Funds from operations (FFO) and Adjusted Funds From Operations (AFFO) are determined with reference to the PCA guidelines
2. Reflects losses on financial instruments, reduced CP valuation increases relative to 1H18, RL fair value changes and a tax expense (1H18 included a tax benefit)
3. Return on equity excludes residential communities workout projects
4. Assuming no material deterioration in the current market conditions

Group Strategy

Our strategy is to deliver sustainable and growing returns by:

- Owning and managing leading retail town centres
- Growing our workplace and logistics asset base in Sydney, Melbourne and Brisbane
- Developing sustainable communities

Strategic priorities

Accelerate improvement in the quality of our Retail Town Centre portfolio
Operational improvements and non-core divestments

Broaden capital partnering initiatives across whole portfolio

Increase Workplace & Logistics weighting

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Strategic Priorities

New team, refined strategy & accelerating execution

Progress to date

- Divested $113m non-core retail centres in 1H19, on track to achieve $400m retail divestment target
- Proactive remixing retail town centres, specialty sales +4.8% per square metre
- Expanded capital partnering initiatives across whole portfolio
- Increased Logistics weighting to 16% of group assets, asset value grown 18% since 1H18
- Strong residential operating performance, growing market share, +150bp to 15.6%
- Sold The Grove, Melbourne, 59% premium to book value
- Progressing Retirement Living capital partnership and improved operational results
- Executed $115m of our $350m securities buy-back

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Future proofing our business

Lifting our capabilities to enhance customer experience and profit growth

Innovation and Technology

LAB-52 Powering Stockland — Launched to trial and test internal innovation

Stockland Accelerator powered by BlueChilli. Identify PropTech start-ups that can help us grow our business and protect against disruption, particularly in retail

Improving our digital, mobile and social media interaction with customers

Building advanced customer data platforms and analytics

Our People

83% Engagement score, 7% higher than the Australian national norm

76.2% of employees have flexible work arrangements

44.6% women in management

41.7% women in senior management

Leading In Sustainability

GRESB Real Estate Sector Leader 2018 — GRESB sector leader

Member of Dow Jones Sustainability Indices In Collaboration with RobecoSAM — Leader once again in 2018

CDP A List 2018 Climate Change — Only Australian Real Estate company listed in 2018 CDP A-List
TCFD[1] disclosure in Annual Report

Signatory to World Green Building Council's Net Zero Carbon Buildings Commitment
Net Zero emissions target, for our logistics centres, retirement living operations and Corporate head offices

1. Task Force on Climate-related Financial Disclosures

Finance

Tiernan O’Rourke

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STOCKLAND BARINGA SCHOOL, QLD

Focus on balance sheet strength

Gearing up due to settlement skew to second half

Key metrics

4.4%
Weighted average cost of debt 1H19

26.4%
Gearing[2]
Up 420bp principally due to settlement skew to second half

5.3 years
Weighted average debt maturity

6.2 years as at June 2018[1]

4.6:1
Interest cover
Stable

75%
Fixed/hedged ratio as at period end **95%** FY18[1]

4.5%
Expected weighted average cost of debt in FY19

A-/A3
S&P / Moody's
Strong investment grade credit ratings

1. Reflects greater use of short term bank debt to facilitate the updating of our lending documents
2. Within 20-30% target range

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1H19 FFO lower on residential 2H skew

Funds from operations

	1H19 $M	1H18 $M	CHANGE	COMP GROWTH	
Retail Town Centres	218	209	4.3%	(1.1%)▼	Remixing related rent adjustments and higher statutory operating outgoings
Workplace	24	26	(6.9%)	10.5%▲	Total FFO reflects sale of Canberra asset, strong demand and improved occupancy driving comparable growth
Logistics	81	74	9.5%	4.5%▲	Developments contributing to recurring income
Trading profit	-	1	N/A		
Commercial Property net overheads	(9)	(8)			
Total Commercial Property	**314**	**302**	**3.8%**	1.7%▲	
Residential Communities	142	182	(21.8%)		Contracts on hand support 2H skew
Retirement Living	20	18	8.3%		Development sales improving
Unallocated corporate overheads	(32)	(30)	4.5%		Investing in new technology and innovation
Net Interest expense	(37)	(36)	3.1%		
Total Group	**407**	**436**	**(6.7%)**		
FFO per security (cents)	16.8	18.0	(6.7%)		

* FFO excludes a one-off cost of $4m for restructuring the leadership team. This change will deliver annual savings of around $8 million from FY20

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Statutory Profit to FFO and AFFO reconciliation

	1H19 $M	1H18 $M	CHANGE
STATUTORY PROFIT	**300**	**684**	**(56.2%) ▼**
Adjust for:			
Amortisation of lease incentives and lease fees	39	36	
Straight-line rent	(2)	(2)	
Net change in fair value of Commercial Investment Property[1, 2]	(22)	(124)	
Net unrealised change in fair value of Retirement Living investment properties and obligation	27	(37)	
Unrealised DMF Revenue	(17)	(18)	
Net loss/(gain) on financial instruments	40	(5)	
Net gain on other financial assets	-	(26)	
Net loss on sale of other non-current assets	10	2	
Impairment of Retirement Living goodwill	10	-	
Restructuring cost	4	-	
Tax expense/(benefit) – non-cash	18	(74)	
Funds from operations (FFO)	**407**	**436**	**(6.7%) ▼**
Maintenance capital expenditure[3]	(17)	(21)	
Incentives and leasing costs for the accounting period[4]	(38)	(37)	
Adjusted funds from operations (AFFO)	**352**	**378**	**(6.9%) ▼**
AFFO per security	14.6 cents	15.6 cents	**(6.4%) ▼**

1. Includes Stockland's share of revaluation gains and losses relating to commercial properties held through joint venture entities (1H19: $15m gain; 1H18: $3m loss).
2. Includes stapling adjustment of $5m related to owner-occupied space.
3. Includes $2m (1H18: $2m) Retirement Living maintenance capital expenditure.
4. Excludes development centres.

Valuation results mixed

Commercial Property valuations

Results

- Net valuation uplift of **$27m[1] in 1H19** with **86%[2]** of assets independently revalued over past nine months
- Retail Town Centre valuation reductions reflect lower forecast rental growth, remixing rent adjustments, capital expenditure and some cap rate expansion
- Weighted average cap rate stability reflects improved quality post completion of Stockland Green Hills (NSW), and non-core asset sales offset by negative valuations
- Workplace and Logistics uplift reflects rental growth and leasing success

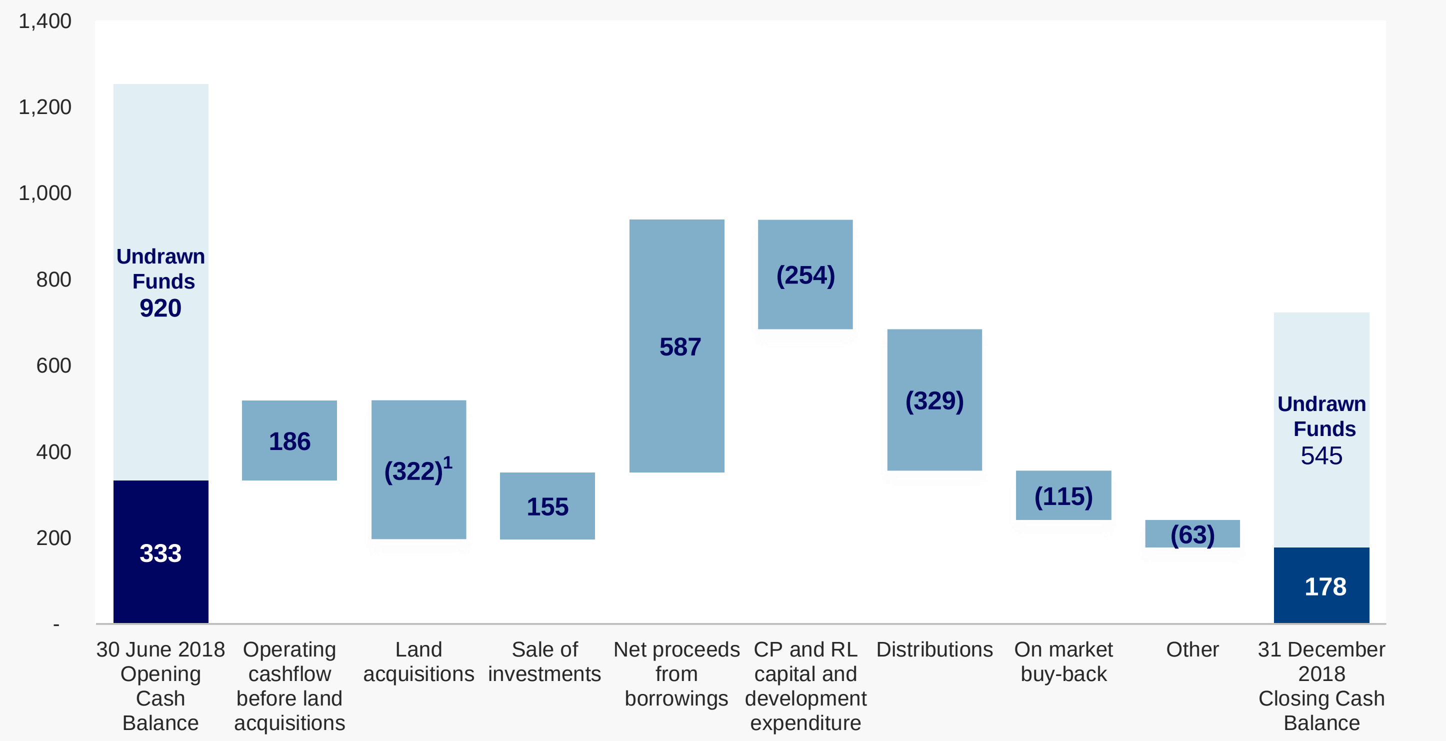
Valuation movements in 1H19

Retail	Workplace	Logistics
Net valuation decline	Net Valuation uplift	Net Valuation uplift
($173M)	***$58M***	***$142M***
WACR	WACR[3]	WACR[3]
5.9%	**5.9%**	**6.4%**
1H18: 5.9%	1H18: 6.3%	1H18: 6.9%

1. Excludes stapling adjustment of $5m for owner-occupied space
2. 66% of retail assets independently revalued in last six months
3. Lower cap rate reflects market conditions and improved portfolio quality

Operating cash flows reflect 2H skew

Cash Flow Summary ($m)



Key areas of capital employed

- $115m of $350m security buy-back to take advantage of security price below NTA. Average purchase prices at 6% discount to NTA
- Operating cashflows lower due to 2H settlement skew, FY18 reflected atypical skew to 1H
- 98% of land payments relate to capital efficient acquisitions

Funding sources

- Settled divestments include Highlands (Melb), Bathurst (NSW) and Belconnen (ACT)
- Available undrawn funds of $545m

1. 98% relates to acquisitions in prior periods made on capital efficient terms 74% of which were prior to CY 2018

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Commercial Property

Louise Mason

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STOCKLAND BIRTINYA, QLD

Solid performance

Commercial Property

Commercial Property key metrics

	ASSET VALUES ($M)	FFO COMP CHANGE	OCCUPANCY	WALE (YEARS)	WACR
Retail Town Centres	7,228	(1.1%) ▼	99.4%	6.1	5.9%
Workplace	786	10.5% ▲	95.5%	3.8	5.9%
Logistics	2,469	4.5% ▲	98.0%	5.2	6.4%
Total	**10,483**	**1.7%** ▲			**6.0%**

Non-core asset sales

- ~$113m in 1H19, part of planned $400m retail divestments
- additional $136m of Workplace asset sales

Logistics portfolio

▲ **18%** on 1H18 to $2.5b

Now 16% group assets

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Ongoing improvement in specialty sales productivity

Retail Town Centres

4.8% growth in comparable specialty sales to $9,295 per square metre[1]

- Steady improvement in specialty sales reflecting remixing
- Destinational retail experience driving total foot traffic +4.0%

Key categories change in comparable specialty MAT:

- **14.9%** Mobile Phones
- **4.4%** General Retail
- **6.3%** Retail Services
- **3.2%** Apparel (decrease)

	TOTAL		COMPARABLE CENTRES[3]	
SALES BY CATEGORY	MAT ($M)[2]	MAT GROWTH	MAT GROWTH	1H19 GROWTH
Total Turnover	**6,731**	**4.3%**	**1.4%**	**1.0%**
Specialties	2,073	7.6%	1.3%[4]	1.0%
Supermarkets	2,480	1.9%	0.7%	1.0%
DDS/DS	902	3.7%	1.4%	0.8%
Mini-majors	703	6.8%	1.1%	(0.5)%
Other[5]	573	2.2%	5.2%	3.8%

1. Comparable: stable centres, excludes divestments and development centres such as Green Hills, NSW and adjusted for stores trading less than 12 months
2. Sales data includes all Stockland managed retail assets – including Unlisted Property Fund and JV assets
3. Comparable: Stable basket of assets as per SCCA guidelines, which excludes centres which have been redeveloped within the past 24 months such as Green Hills. 1H19 basket is different to 1H18 basket
4. Does not allow for consolidation of stores, and new stores trading for less than 12 months
5. Other includes pad sites, non retail and cinemas

Curating for sustainable income growth

Retail Town Centres

Actively managing our assets

- Reversion on new leases largely reflects tenant remixing and some downward rebasing of rents
- Flat rental growth on renewed leases reflects weaker historical sales growth
- Higher incentives concentrated in growth categories of food catering and services

Specialty Sales/sqm

~7%

higher than benchmark[1]

Retail leasing activity[2]			1H19	1H18
Occupancy[3]			99.4%	99.5%
Specialty retail leasing activity				
Tenant retention			63%	65%
Average rental growth on lease deals[4]			(1.0%)	1.9%
Total lease deals[5]			350	430
Specialty occupancy cost ratio[3]			15.0%	15.4%
Renewals:	Number		142	138
	Rental growth[4]		0.2%	2.3%
New Leases:	Number		111	94
	Rental growth[4]		(2.6%)	1.4%
	Incentives: Months[6]		11.4	10.2
		as % of rent over lease term[7]	14.5%	13.1%

1. Urbis Sub-regional Shopping Centre Benchmark, previously 10%
2. Excludes Unlisted Property Fund assets. Metrics relate to stable assets unless otherwise stated
3. Occupancy and occupancy cost 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 non-stable 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

Retail strategy refined

Broaden our capital base and accelerate improvement in the quality of our portfolio

Leadership

- Detailed and disciplined asset by asset review
- Defined and classified core and non-core assets
- Increased disposals and reduced development pipeline 50%
- New positions of Head of Retail and Head of Placemaking

Repositioning

- Core portfolio - leading centre in the trade area, strong forecast economic fundamentals, limited competition, ability to further enhance to deliver sustainable income growth
- Targeting a further $600m divestments over time, in addition to $400m previously communicated to facilitate reweighting to Workplace and Logistics

Invest

- Broadening capital partnering opportunities
- Leverage unique opportunities across our masterplanned communities
- $200m greenfield pipeline, smaller projects delivering amenity to our residential communities

Strengthen

- Placemaking for our communities
- Destinational – curated mix focussing on food and experiences
- Technology and innovation to deliver convenience for our customers and retailers, and create agility in a rapidly changing retail environment

Clear and focussed plan to improve portfolio returns

Concentrating exposure across higher quality assets

Retail Town Centres

Defining core

- Leading town centre in trade area
- Strong forecast economic fundamentals and limited competition
- Ability to enhance asset to deliver sustainable income growth

Maintain non-discretionary focus

~70%

sales

Core portfolio differentiated performance

Comparing the portfolios as at 1H19	Current portfolio	Core
Asset value	$7.2b	~$6.0b
Comparable portfolio metrics **Stable centres, excludes development centres such as Green Hills and Wendouree**		
FFO comparable growth	(1.1%)	+0.3%
Specialty sales per sqm	$9,295	$9,393
Specialty occupancy cost ratio	15.0%	15.4%
Specialty rental growth (annualised):		
Average	(1.0%)	(0.7%)
Renewals	0.2%	0.5%
New leases	(2.6%)	(2.3%)

Leading town centre: Stockland Green Hills

Upgrading well located assets and enhancing customer experience driving sales productivity

- Reduced escape expenditure
- Total trade area retail expenditure forecast to grow at 5% pa by 2021[1]
- Only major regional shopping centre in its trade area

- Highly successful $421m development
- Created leading food and casual dining offer
- Entertainment precinct and Hoyts Lux Cinema
- Sales up 69% to $481m
- Foot traffic up 84% to 9.3m
- Gross Asset value increased to $841m

- Post development
- Growing MTA[2] market share[3]:
- - Food catering almost doubled
- - Growth in apparel market share
- Strong customer engagement and spend per visit
- 7% yield, ~12% IRR[4]

1. Location IQ 2017
2. MTA: main trade area
3. Market share changes since predevelopment, Quantium, 2018
4. Stabilised year one yield, IRR defined as forecast unlevered 10 year IRR on incremental development from completion or total return for greenfield development, throughout this presentation

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Enhancing returns, delivering quality

Workplace

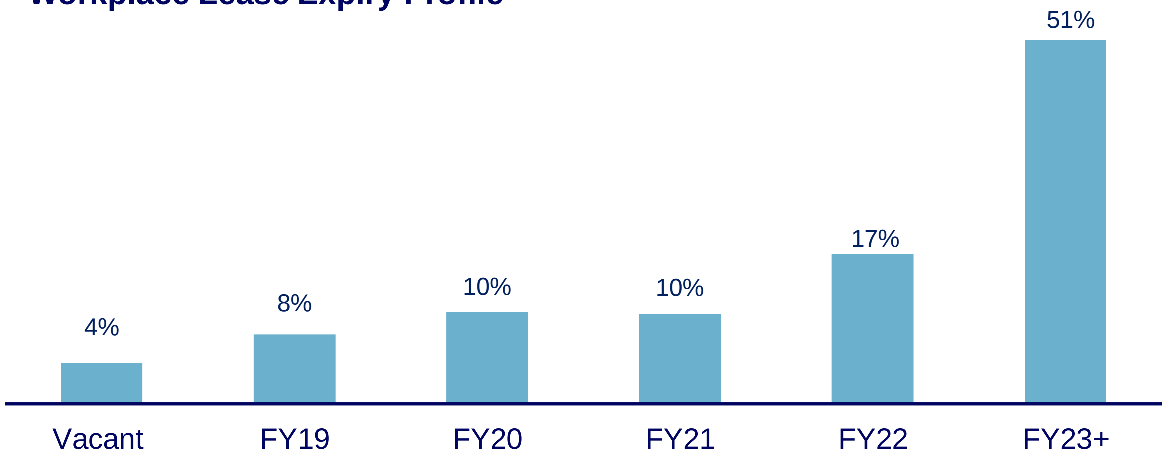
Occupancy improved to

95.5%

- Strong leasing activity in Sydney
- Results reflect better quality portfolio
- Belconnen, ACT, sold 1H19 for $24m
- $1b+ future development opportunities progressing, potential for capital partners

Workplace	1H19	1H18
Leases executed[1]	10,300 sqm	11,700 sqm
Leases under HOA[1]	22,700 sqm	2,400 sqm
Average rental growth on new leases and renewals	18.7%	(6.2%)
Portfolio occupancy[2,3]	95.5%	91.1%
Portfolio WALE[2,3]	3.8 yrs	3.3 yrs

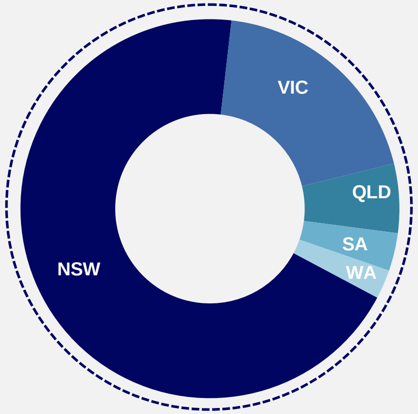
Workplace Lease Expiry Profile[2,3]



1. NLA reflects 100% ownership
2. As at 31 December, includes HOA
3. By income, includes HOA

Significant development pipeline, improving quality and returns

Logistics



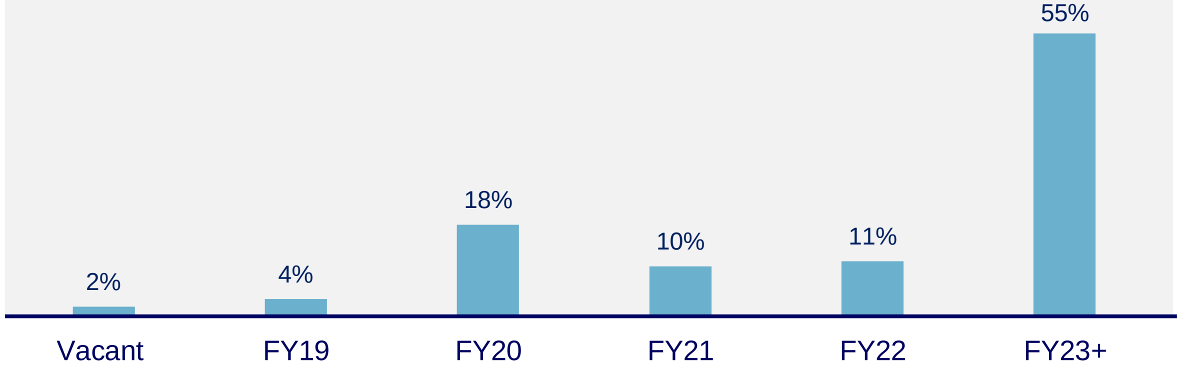
Predominantly eastern seaboard location

Strong comparable FFO growth of 4.5%

- Leasing demand remains strong in Sydney and Melbourne, at 98.0% occupancy
- Development underway: KeyWest (Truganina), Melbourne, Willawong and Yatala in Qld
- Majority leased at recently completed Sydney developments, Yennora and Ingleburn
- 81% portfolio with 3-4% pa fixed rent review

Logistics	1H19	1H18
Leases executed[1]	321,100sqm	214,700 sqm
Leases under HOA[1]	149,300 sqm	30,700 sqm
Average rental growth on new leases and renewals	1.1%	0.0%
Portfolio occupancy[2,3]	98.0%	98.8%
Portfolio WALE[2,3]	5.2 yrs	4.2 yrs

Logistics Lease Expiry Profile[2]



1. GLA reflects 100% ownership
2. As at 31 December, includes HOA
3. By income, includes HOA

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Accretive development pipeline, repositioning portfolio

Logistics

Completed in 1H19	Total spend ($m)	Gross lettable area (sqm)	Stabilised Yield	IRR[1]	Completion date
Yennora, Sydney	~26	22,600	7.8%	~13% - 14%	1Q19
Ingleburn Stage 2, Sydney	~50	36,850	7.7%	~10% - 11%	1Q19
Willawong Stage 1, Brisbane	~23	18,400	8.0%	~10% - 11%	2Q19
TOTAL	**~99**	**77,850**			

Under construction	Total spend ($m)	Gross lettable area (sqm)	Stabilised Yield	IRR[1]	Completion date
KeyWest (Truganina), Melbourne	~36	30,400	6.5% - 7.0%	~8% - 9%	4Q19
Yatala (Stage 1), Qld	~ 20	14,100	6.5% - 7.0%	~9% - 10%	2Q20
TOTAL	**~56**	**44,500**			

INGLEBURN, SYDNEY

Future pipeline **~$740M**

Focussed on eastern seaboard

1. Defined as forecast unlevered 10 year IRR on incremental development from completion or total return for greenfield development, throughout this presentation

Integrated development model improving portfolio

Logistics

Ingleburn, Sydney

2018

Stage 1

- $33m greenfield development
- 9% yield, ~12% IRR
- 29,000sqm warehouse, fully leased, five year WALE

Stage 2

- $50m greenfield development
- 7.7% yield, ~10 - 11% IRR
- Two subdivisible warehouses totalling 36,850sqm
- 15,000sqm leased

Warwick Farm, Sydney

2018

- $77m greenfield development
- 7.3% yield, ~10.7% IRR
- Over 51,000sqm GLA, ~70% pre-leased to Daikin Australia and 100% leased on completion
- 7.7 year WALE
- 24% increase in valuation on completion

Melbourne Business Park

2019

- Largest future logistics precinct in Melbourne
- Leveraging our diverse portfolio and capabilities
- Expected to commence in 2019
- Developing 86ha first stage of the 260ha Melbourne Business Park with Mount Atkinson Holdings
- New precinct will have 18,000 future jobs

Workplace and Logistics growing to

25-35%

SGP portfolio

Communities

Andrew Whitson

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SIENNA WOOD, PERTH

Settlements on track despite moderating demand

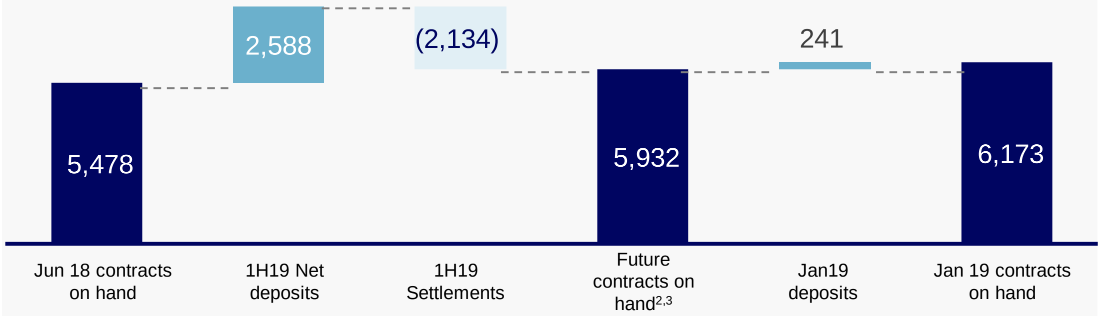
Residential

2,588
Net deposits in 1H19

▲ **~87%**
Owner occupiers

- In line with guidance, profit and settlements skewed to 2H19
- Over 6,000 contracts on hand as at end January, underpinning above 6,000 settlements for FY19 including Brisbane Casino Towers
- Cancellation rates remain below the long term average, default rates stable at ~3%
- Slow start to 2019 impacted January net deposits, expected to result in 3Q19 net sales lower than 2Q19

Residential communities sales



1. National Land Survey, December 2018. June 18 market share data rebased
2. Includes 496 The Grove lots, settlement due from 2H19
3. Of the 5,932 contracts on hand as at 31 December 2018, 3,613 are due to settle in 2H19, 2,123 are due to settle in FY20 with the balance FY21+

Residential	1H19	1H18	Change
Total lots settled[4]	2,460	3,210	(23.4%)▼
Total revenue	$658m	$870m	(24.4%)▼
- Includes superlot revenue[5]	$18m	$22m	(16.1%)▼
EBIT (before interest in COGS)	$170m	$232m	(26.7%)▼
EBIT margin	25.9%	26.7%	▼
Operating Profit	$142m	$182m	(21.8%)▼
Operating Profit margin	21.6%	20.9%	▲
ROA – total portfolio	16.8%	22.5%	▼
ROA – core portfolio[6]	18.5%	24.7%	▼

4. Includes 326 settlements from Brisbane Casino Towers
5. 29 superlot settlements in 1H19; 14 superlot settlements in 1H18
6. Core excludes impaired projects

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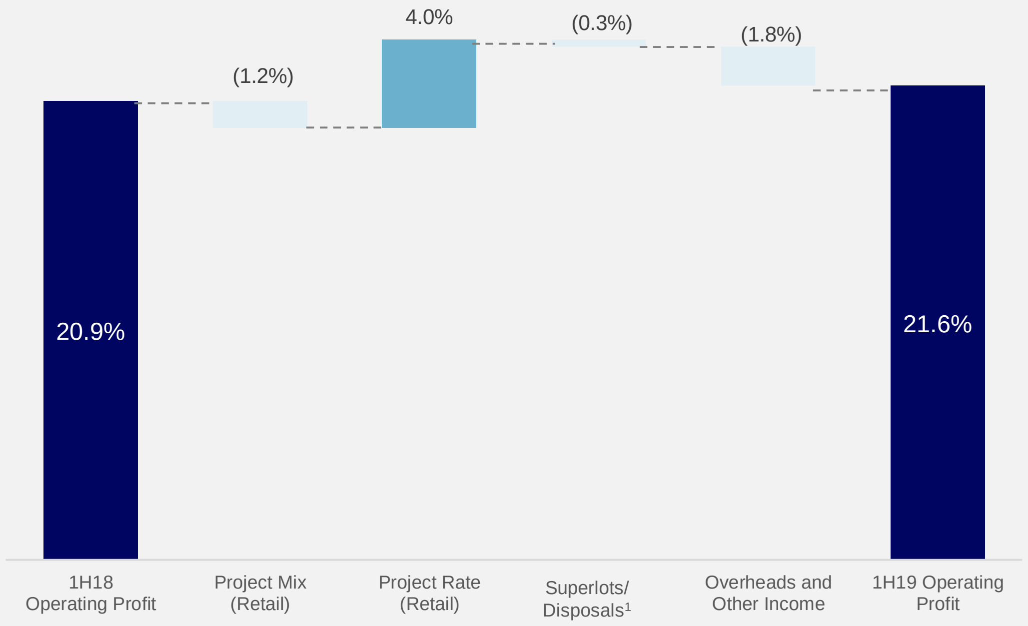
Operating profit margin increase reflects higher number of Sydney and Melbourne settlements in 1H19

Residential

Growth in land prices over past five years has resulted in strong embedded margins

- High margin Sydney and Melbourne settlements are driving operating profit margin
- Operating profit margin to normalise to above 18% for the full year and ~ 17% for medium term before returning to around 14% over the long term, reflecting increased contribution from townhome settlements and completion of higher margin Sydney projects
- Impact of overheads on operating profit margin reflecting settlement skew to 2H

Operating Margin



1. 29 superlot settlements in 1H19; 14 superlot settlements in 1H18

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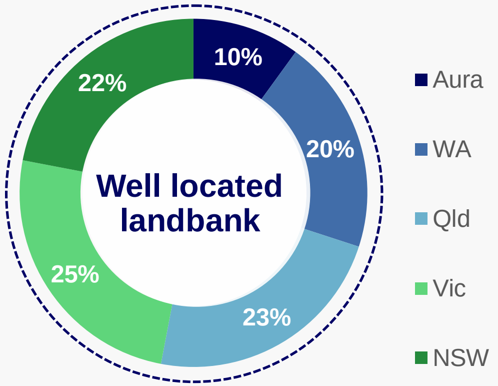
Competitive advantage drives relative outperformance

Brand, scale and location of landbank delivering high quality communities

Our scale	Our brand	Our landbank

- Deep understanding of what our customers want
- Enables us to deliver at a lower cost and with greater certainty

- Fastest selling community in Melbourne in the December quarter
- Strong value proposition
- Demonstrates our strong brand presence, and an excellent reputation for the design, development and delivery of high quality communities



- Skewed toward high population, rail serviced growth corridors in Sydney, Melbourne and SEQ
- Average age of land bank is nine years driving strong embedded margins
- Demonstrated by sale of The Grove at 59% above book value

National market share[1] +150bps to 15.6%

1. National Land Survey, December 2018. June 2018 market share data rebased

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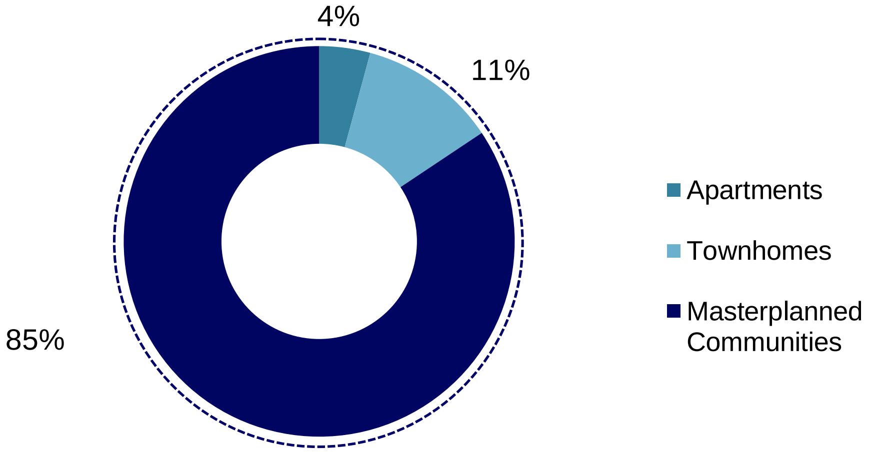
Residential market outlook

Challenging market conditions to continue in 2019

Resilience of portfolio supported by:

- Ongoing demand for house and land packages in affordable, liveable communities
- Around 87% 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



CALENDAR 2019 MARKET OUTLOOK

STATE	VACANT LAND SALES VOLUMES	VACANT LAND PRICES	COMMENTS ON MARKET OUTLOOK
NSW	↔	↓	Volumes to be maintained around current quarterly levels, well down on FY18, with continuing price weakness in line with the established market.
VIC	↔	↓	Volumes to be maintained around current quarterly levels, with prices to ease as the established market remains weak.
QLD	↔	↔	Downside in volumes and prices to be limited by increased interstate migration and more robust established market compared to Sydney and Melbourne
WA	↑	↔	Market prices likely to remain stable with some potential for growth, volumes expected to show modest growth during 2019 from a low 2H18 base

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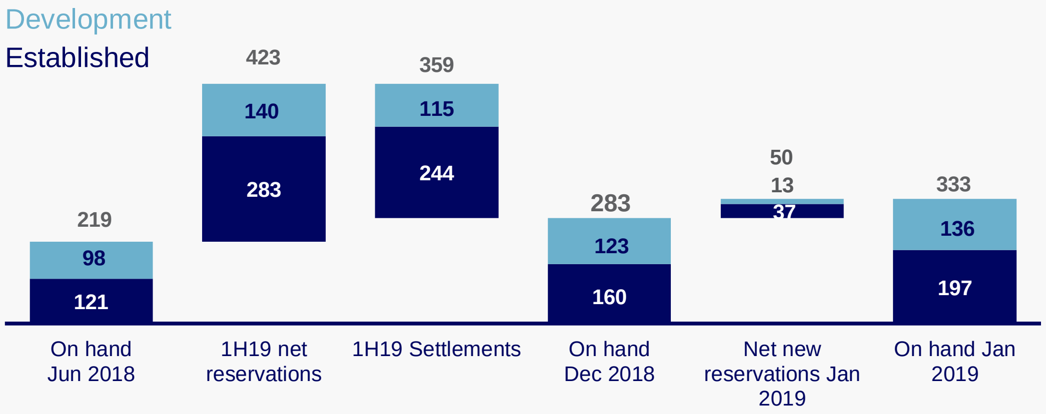
Repositioning the business to drive growth

Retirement Living

- Enhanced product offer and relative pricing driving improved development reservations and settlements
- Strong customer satisfaction over 85% maintained, driving sales from referrals
- Marginal reduction in established sales reflects lower volatility of RL market compared to broader housing market

Net reservations



Retirement Living	1H19	1H18	Change
EBIT	$22m	$19m	14.1% ▲
Operating Profit	$20m	$18m	8.3% ▲
Occupancy[1]	94.1%	94.7%	▼
Cash ROA[2]	4.5%	5.3%	▼

Established portfolio	1H19	1H18	Change
Established settlements	244	272	(10.3%) ▼
Withheld settlements (units)[3]	14	23	(39.1%) ▼
Total settlements (units)	**258**	**295**	**(12.5%)** ▼
Average re-sale price[4]	$378k	$347k	8.9% ▲
Turnover cash per unit	$99k	$91k	8.7% ▲
Turnover cash margin	26.1%	26.2%	▼
Reservations on hand	160	157	1.9% ▲

Development portfolio	1H19	1H18	Change
Average price per unit[5]	$617k	$469k	31.6% ▲
Average margin (excludes DMF)	19.4%	19.5%	▼
Development settlements	115	66	74.2% ▲
Reservations on hand	123	87	41.4% ▲

1. Reflects slower established sales rate and higher completions
2. In line with FY18 4.6%
3. Units withheld from sale for redevelopment upon which profit has been recognised
4. Established price growth reflects lag from broader market growth
5. Development price growth reflects product mix

Retirement Living

Broaden our capital base and accelerate improvement in performance of our portfolio

Improve quality of our portfolio

- Leveraging our landbank to drive growth through development
- Sale of low ROA villages

Increase returns

- Lower capital expenditure and overheads
- Repricing established and developed units to improve occupancy
- Commenced formal process for capital partnership

Enhance customer experience and satisfaction

- Optimising Salesforce to drive conversion
- Providing greater certainty for residents

Clear and focussed plan to improve portfolio returns

Outlook

Mark Steinert

Stockland

TRINITI BUSINESS CAMPUS, Sydney

Group Strategy

What investors can expect

Commercial Property

- Increased focus on improving retail operational performance
- Concentrated exposure across higher quality assets
- Increase Workplace & Logistics asset allocation through development pipeline
- Funded by non-core retail divestments
- Increase scale through capital partnering across Commercial Property

Communities

- Continued focus on creating liveable, affordable and connected communities
- Counter cyclical residential acquisitions
- Reshape Retirement Living portfolio through village disposals
- Seeking a capital partner for Retirement Living

Group

- Sustainable growth
- Maintain balance sheet capacity

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Group outlook

Intense focus on execution of strategy

Targeting FFO per security growth of ~**5%**[1] for FY19, at lower end of 5-7% range, reflecting weak market conditions

Key assumptions for FY19:

Residential

- Settlements above 6,000 lots[2], profit skew to 2H19 vs 2H18, operating profit margin to normalise to above18% for the full year and ~17% for medium term

Retirement Living

- Improve returns and portfolio quality
- Progress capital partnership
- Non-core village divestments

Commercial Property

- Commercial Property comparable FFO growth of 2-3%
- Progress capital partnerships initiative to broaden capital base
- Non-core retail divestments

FY19 distribution

- Growth of 4%, 27.6 cents[1], at bottom end of target payout ratio of 75-85% of FFO

1. Assuming no material deterioration in the current market conditions
2. Following the sale of The Grove, Melbourne and includes settlements from Brisbane Casino Towers

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