

1Q20 Update

3 months to 30 September 2019

21 October 2019

An artist's impression of a modern, multi-story office building with a glass facade and a curved design. The building is surrounded by greenery, including trees and a grassy area. People are visible walking on the sidewalk in front of the building. The image is partially obscured by a large blue curved shape on the left and a purple curved shape on the right.

M_Park, SYDNEY
Artist impression



Agenda

Key highlights

Communities

Commercial Property

Outlook

STOCKLAND BURLEIGH HEADS, QLD

Figures are rounded to nearest million, unless otherwise stated.
Percentages are calculated based on the figures rounded to one decimal place throughout this presentation.

Key highlights

3 months to 30 September 2019

Priority		Update
Creating vibrant communities focussing on owner occupiers and liveability	Residential	<ul style="list-style-type: none">Sales moderately above expectations in the quarter, on track to deliver over 5,000 lot settlements in FY20
	Retirement Living	<ul style="list-style-type: none">Net reservations increased by 9.7%¹ on prior corresponding period reflecting improvement in both customer sentiment and housing market conditions
Improving the quality of our portfolio	Workplace and Logistics	<ul style="list-style-type: none">Leasing activity remains strong with 105,460 sqm leasedStrong WALE maintained
	Retail	<ul style="list-style-type: none">2.6% growth in comparable MAT²Leasing spreads in line with budget
Increase Workplace and Logistics weighting	Acquisition	<ul style="list-style-type: none">Conditional agreement to purchase two logistics assets in Brisbane with end development value of approximately \$140m and consolidate a 71Ha landholding in Western Sydney with end development value of approximately \$500m
	Development	<ul style="list-style-type: none">\$2.5bn development pipeline progressing and developing new JV opportunities, including Melbourne Business Park and Western Sydney land
Disciplined capital management	Capital reallocation	<ul style="list-style-type: none">Acquisition of 50% interest of Piccadilly to be fully funded through disposal of 50% interest in 135 King Street/Glasshouse
	Credit ratings	<ul style="list-style-type: none">A- (S&P) and A3 (Moody's) ratings maintained

1. Prior period restated to exclude the recent disposal of three Victorian villages – Taylors Hill, Keilor and Burnside
2. For the 12 months to 30 September 2019

3 1Q20 update



Communities



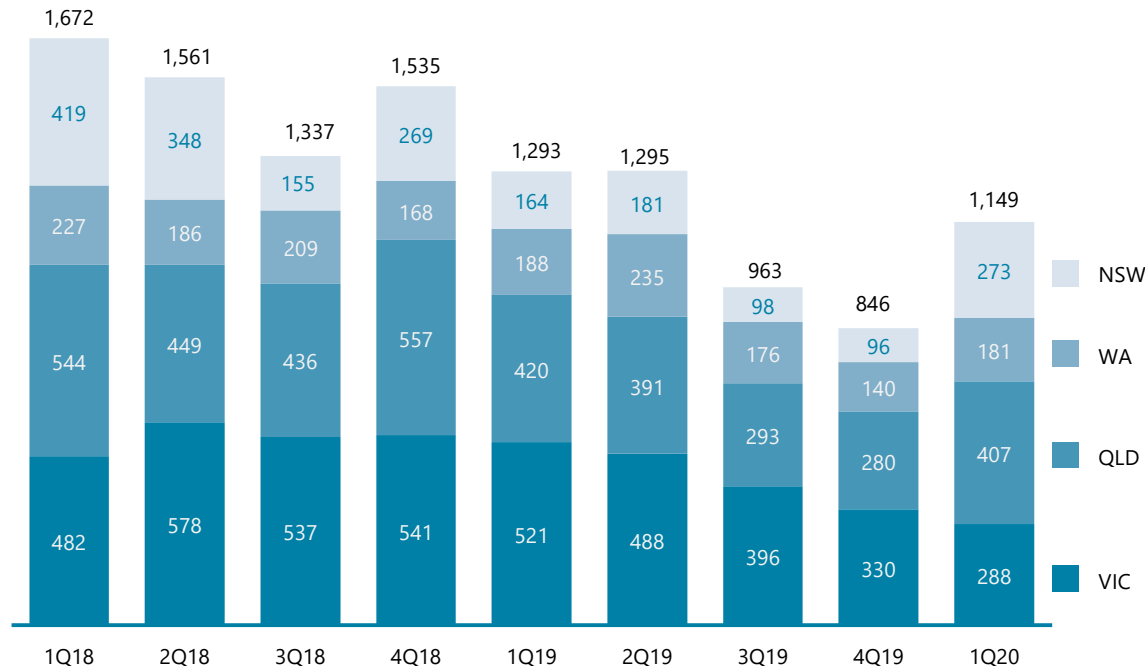
Stockland

BARINGA, QLD

Sales activity reflects improving market conditions



NET DEPOSITS BY STATE - QUARTERLY



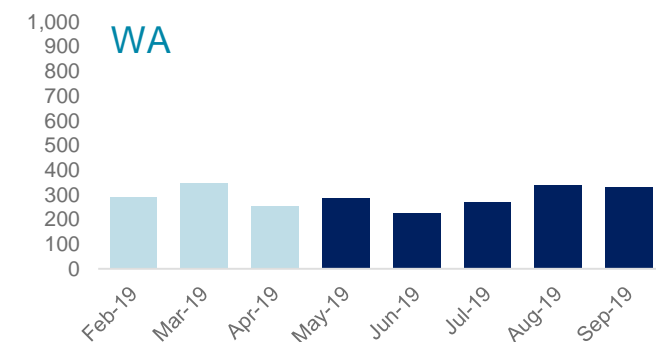
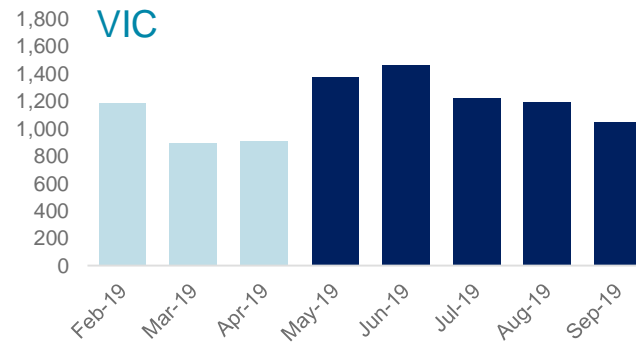
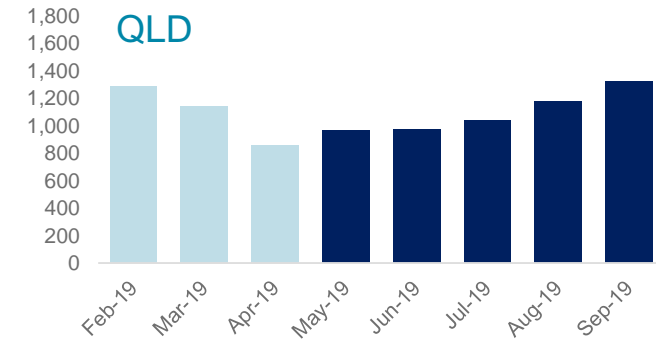
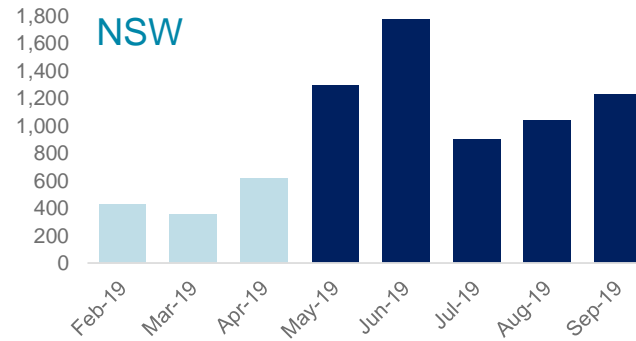
- On track to achieve over 5,000 settlements in FY20, including around 500 townhomes
- Net deposits of 1,149 for 1Q20 moderately above expectations, reflecting improving market conditions
- The number of defaults is moderating and default rate is expected to reduce over the balance of FY20 to normalised levels
- Actively assessing restocking opportunities for future developments

Enquiry levels improving

Residential

- Enquiry levels improving following the Federal election and interest rate cuts
- Price stabilised across the portfolio with NSW showing early signs of increases
- Sales volumes expected to increase in FY20 from the current levels
- New projects with expected first settlements in FY20 and FY21 include Grandview, Minta, Orion and Waterlea in (VIC) and Red Hill (ACT)
- We expect FY21 revenue to benefit from market recovery and five new communities driving an increase in settlement volumes above the mid-point of our through the cycle range, together with potential price growth and cost savings

TOTAL ENQUIRY BY STATE



Federal election

Federal election

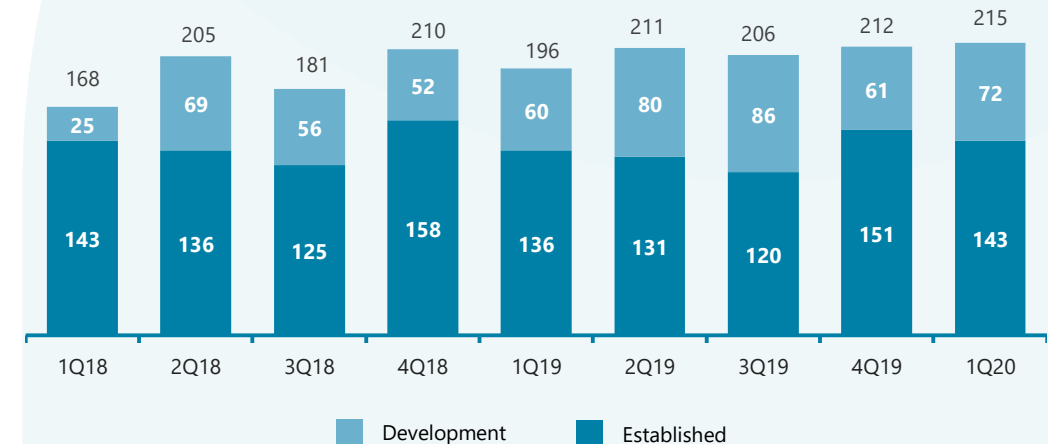
Established sales increasing with improving market conditions and strategy execution

Retirement Living

- Established sales increasing with the improving housing market
- Net reservations for existing units in our established villages are consistent with the comparable period for FY19
- Our customer focus is reflected in high Retirement Living Resident Satisfaction
- Overall happiness score of 8.6/10, remains historically high
- While we continue to explore capital partnering opportunities in our retirement living business, a transaction in this sector is likely to take considerable time to complete
- Our focus continues to be on driving efficiency and improving returns in the portfolio
- We are also progressing our opportunities in land lease development with development applications to be lodged for two projects in Queensland next month

NET RESERVATIONS – QUARTERLY¹

9.7%^{1,2} growth in 1Q20 on prior corresponding period



1. Prior periods restated to exclude the recent disposal of three Victorian villages – Taylors Hill, Keilor and Burnside
2. 3.9% growth when including net reservations at Taylors Hill, Keilor and Burnside



Commercial Property



WHITE'S SUPA IGA



STOCKLAND BARINGA, QLD



Stockland

Improving retail sales performance

Retail Town Centres

PERFORMANCE

- Improving retail sales reflect remixing to growth categories and reduced new supply of retail space in our trade areas
- Comparable (average) specialty retail sales¹ (MLA) of \$9,462 sqm, ~9% above Urbis benchmark²
- Comparable MAT^{1,3} growth of +2.6%
- Specialty growth driven by Retail Services, Mobile Phones, Leisure and Food Catering
- 1Q20 blended leasing remains in line with budget
- Specialty occupancy cost of 15.2% at 30 September 2019
- Strong occupancy maintained at 99.2%

Portfolio Retail Sales

Period to 30 September 2019

MAT³ growth

	Total ⁴	Comparable ¹
Total	5.2%	2.6%
Specialties	5.6%	2.1%
Supermarkets	6.4%	3.5%
DDS/DS	4.6%	3.2%
Mini-majors	2.3%	(0.8)%
Other ⁵	3.2%	4.2%
Specialty sales	Total⁴	Comparable¹
Apparel	3.3%	(0.9)%
Food Catering	7.9%	2.5%
Leisure	6.2%	3.6%
Homewares	9.8%	3.9%
Mobile Phones	11.4%	10.6%
Retail Services	9.4%	5.8%

1. Stable basket of assets as per SCCA guidelines, which excludes centres which have been redeveloped within the past 24 months such as Green Hills. Excludes assets with exchanged contracts of sale (Stockland Jesmond and Cammeray)
2. Urbis Double DDS benchmark
3. MAT – Moving annual turnover – sales on a rolling 12 month basis
4. Sales data includes all Stockland managed retail assets – including Unlisted Property Fund and JV assets and represents 12 months to 30 September 2019. Excludes assets with exchanged contracts of sale (Stockland Jesmond and Cammeray)
5. Other includes pad sites, non retail, and cinemas

Growing capital allocation

Workplace and Logistics

WORKPLACE

- 99% occupancy in Sydney CBD and 100% in North Sydney
- Enquiry levels in Perth increasing
- Portfolio WALE remains stable at 3.8 years
- Negotiations progressing in relation to opportunities in North Sydney

LOGISTICS

- Strong leasing momentum with major Optus lease under HOA
- Enquiry level across newly completed developments remains strong
- Strong tenant demand being observed in Brisbane, Sydney and Melbourne
- Conditional agreement with Fife Group to:
 - Purchase two logistics assets in Brisbane's prime industrial zone (Carole Park and Richlands) with an end development value of approximately \$140m on an expected yield of around 6%, including an 18 month rent guarantee on any unlet space
 - Consolidate a 71Ha landholding at Western Sydney with an end development value of approximately \$500m

Workplace

	FY20 YTD	FY19
Leases executed	1,360 sqm	30,400 sqm
Leases under HOA ¹	6,040 sqm	960 sqm
Portfolio occupancy ²	93.8%	94.7%
Portfolio WALE ³	3.8 yrs	3.7 yrs

Logistics

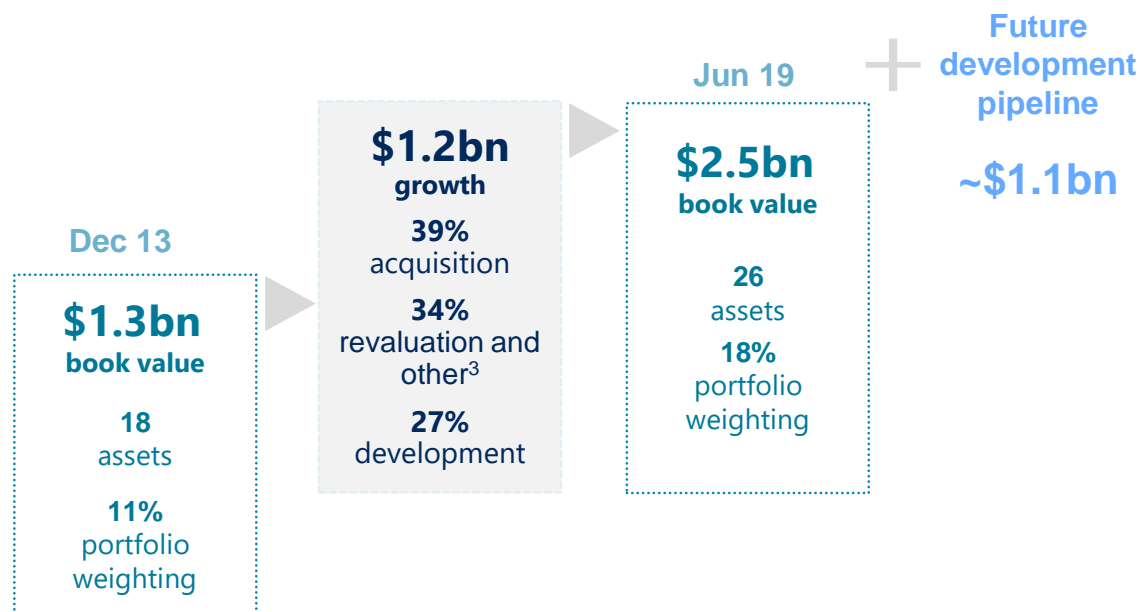
	FY20 YTD	FY19
Leases executed	104,100 sqm	408,700 sqm
Leases under HOA ¹	189,300 sqm	201,000 sqm
Portfolio occupancy ²	95.7%	96.5%
Portfolio WALE ³	5.3 yrs	5.2 yrs

1. At 30 September 2019
 2. By income
 3. Weighted average lease expiry, by income

Growing Logistics portfolio

PORTFOLIO GROWTH SINCE 31 DEC 2013

- 92% increase in asset value¹
- WALE improved from 3.2 years to 5.3 years
- Occupancy improved from 94.9% to 95.7%
- Developed strong in-house capability
- Customer engagement improved from 64% in Dec 2013² to over 80% in Jun 2019



1. At 30 June 2019
 2. Reflects business parks only
 3. Includes capital expenditure, incentive additions and amortisation, straight-line rent and other changes
 4. Estimated 10 year IRR on completion
- 11 1Q20 update

DRIVING GROWTH THROUGH DEVELOPMENT AND CAPITAL PARTNERING

Development

M_Park Business Campus, NSW

- 3Ha site with 55,000sqm NLA located in Macquarie Park
- \$500m development project with 8-10% expected project IRR⁴
- Close to transport links

Capital Partnering

Western Sydney opportunity, NSW

- 71Ha site in Western Sydney jointly owned with Fife Capital following recent transaction with an end development value of approximately \$500m
- Located proximate to the Western Sydney aerotropolis region
- Acquired on capital efficient terms

Melbourne Business Park, VIC

- 260Ha of land with 87Ha planned subdivision DA lodged for stage 1
- Largest masterplanned industrial precinct in the rapidly growing western corridor
- Extensive main road footage and close to transport links
- Provides flexible land sales, pre-lease and turn key options

Outlook



Stockland



FY20 outlook¹

Disciplined focus on execution of strategy

Commercial Property

1%+ comparable FFO growth

Modest Retail comparable FFO growth expected

Workplace and Logistics FFO forecast to grow moderately

Residential

>5,000 lot settlements

Including around 500 townhomes

Market has bottomed, pace of recovery is improving on the Eastern Seaboard

Operating profit margin to remain ~19%, above through cycle margin of ~14%

Retirement Living

>850 established and development settlements

While we continue to explore capital partnering opportunities, a transaction in this sector is likely to take considerable time to complete

Our focus continues to be on driving efficiency and improving returns in the portfolio

Group

\$8m pa savings

Simplifying business structure to directly evolve and align with our strategy

Guidance

Forecast flat FFO per security

Forecast flat distribution per security

Distribution payout at bottom end of target ratio of 75-85%

Communities

Greater second half profit skew expected (around 35%/65%) compared to the prior year due to project stage timings

1. Noting that market conditions and the pace of recovery in the residential market remain variable



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

LEVEL 25

133 Castlereagh Street

SYDNEY NSW 2000

Important Notice

While every effort is made to provide accurate and complete information, Stockland does not warrant or represent that the information in this presentation is free from errors or omissions or is suitable for your intended use. This presentation contains forward-looking statements, including statements regarding future earnings and distributions that are based on information and assumptions available to us as of the date of this presentation. Actual results, performance or achievements could be significantly different from those expressed in, or implied by these forward looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in the release.

The information provided in this presentation may not be suitable for your specific needs and should not be relied upon by you in substitution of you obtaining independent advice. Subject to any terms implied by law and which cannot be excluded, Stockland accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in this presentation. All information in this presentation is subject to change without notice. This presentation is not an offer or an invitation to acquire Stockland stapled securities or any other financial products in any jurisdictions, and is not a prospectus, product disclosure statements or other offering document under Australian law or any other law. It is for information purposes only.