1H16 Stockland Results Presentation

Delivering sustainable growth

Stockland

Agenda

Strategy delivering strong results

- All businesses contributing to growth, reflecting successful delivery of our strategy and supportive market conditions
- FFO per security of 14.5c, up 9.9%
- Underlying Earnings per security of 13.2c, 6.7% growth
- Distribution increased to 12.2c supporting the target full year distribution of 24.5c
- Maintained balance sheet strength
- Increase in NTA per security of 7.5%

	1H16	1H15	Change
Statutory Profit	$696m	$462m	50.6%▲
Statutory Earnings per security	29.4 cents	19.8 cents	48.9%▲
Funds from Operations (FFO)[1]	$342m	$307m	11.3%▲
FFO per Security	14.5 cents	13.1 cents	9.9%▲
Underlying Profit[2]	$313m	$290m	8.1%▲
Underlying Earnings per security	13.2 cents	12.4 cents	6.7%▲
Distribution per security	12.2 cents	12.0 cents	1.6%▲
Net Tangible Assets per security	$3.87	$3.60	7.5%▲
Gearing (D/TTA)	23.1%	22.1%	
Return on Equity[3]	10.3%	9.6%	

1. Funds from Operations (FFO) is determined with reference to the PCA guidelines. FFO is calculated by adding back tenant incentive amortisation and non cash income tax expense/benefit to underlying profit and deducting straight line rent from underlying profit
2. Underlying Profit is a non-IFRS measure that is determined to present, in the opinion of the Directors and Management, the ongoing operating activities of Stockland in a way that appropriately reflects its underlying performance. Underlying Profit is the basis on which distributions are determined. Refer to Interim Financial Report for the complete definition
3. Return on Equity is a measure that accumulates individual business Return on Assets and incorporates the cash interest paid and average drawn debt for the 12 month period. 1H15 comparative number of 9.6% refers to the twelve month period from Jan-Dec 2014. Excludes workout and other.

1H16 Achievements

Grow Asset Returns and Customer Base

Commercial Property

VALUATION UPLIFT
$433m
Including **$127m from** recent developments

4.5% Growth in comparable FFO
Strong retail sales growth of 5.5%[1]

$651m retail development underway

$1b completed in last three years, and future pipeline of **$1b**

Residential Communities

OVER **4,100** Record contracts on hand

18% core ROA[2]

Now over **80%** of residential capital employed in projects actively selling

Broadening customer reach

Seven medium density projects launched across four states

Retirement Living

9.2% Increase in operating profit

Over **300** Record reservations on hand

Retire Your Way Launch of our unique selling proposition

1. MAT
2. Core excludes impaired projects

1H16 Achievements

Operational Excellence and Capital Strength

Always On

Marketing Campaign "Always on" driving website traffic increase 25%

Maintained credit rating

A -

for over ten years

Reduced average FY16 cost of debt by 50bp

Flexibility @Stockland

WGEA Employer of Choice for Gender Equality

ROBECOSAM Sustainability Award Industry Leader 2016

#1 Global

Group Finance – Tiernan O’Rourke

Stockland Baulkham Hills, NSW

Strong improvement in both FFO and Underlying Profit

	Underlying Profit				Funds from Operations			
$m	**1H16**	**1H15**	**Change %**	**Comp. Growth %**	**1H16**	**1H15**	**Change %**	**Comp. Growth %**
Retail	183	174	5.0%	3.5%▲	197	188	4.6%	3.3%▲
Logistics & Business Parks	60	57	5.8%	0.3%▲	66	63	5.2%	3.8%▲
Office	29	33	(11.1%)	8.6%▲	36	39	(9.1%)	11.1%▲
Commercial Property net overheads	(8)	(9)	(13.3%)	n/a	(8)	(9)	(13.3%)	n/a
Total Commercial Property	**264**	**255**	**3.8%**	3.3%▲	**291**	**281**	3.8%	4.5%▲
Residential Communities	98	67	45.5%		98	67	45.5%	
Retirement Living	18	16	9.2%		18	16	9.2%	
Total Business Unit Operating Profit	**380**	**338**	**12.3%**		**407**	**364**	**11.4%**	
Other income	-	3	Nm		-	3	Nm	
Net Interest	(38)	(36)	3.8%		(38)	(36)	3.8%	
Unallocated corporate overheads	(27)	(24)	14.7%		(27)	(24)	14.7%	
Tax (expense)/benefit on Underlying Profit	(2)	9	Nm		-	-	-	
Group Result	**313**	**290**	**8.1%**		**342**	**307**	**11.3%**	
Group (cents per security)	**13.2**	**12.4**	**6.7%**		**14.5**	**13.1**	**9.9%**	

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

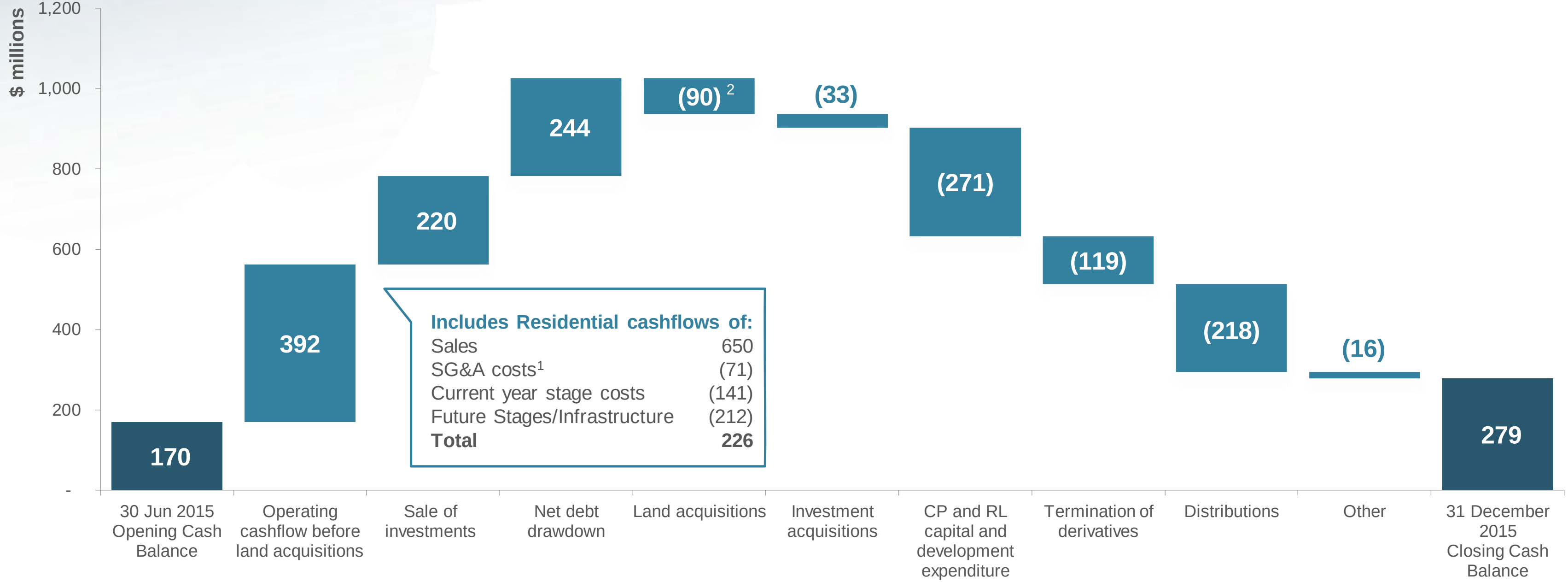
Revaluations enhance Statutory Profit

$m	1H16	1H15	Change
Group Funds From Operations ("FFO")	**342**	**307**	**11.3%▲**
Adjust for:			
Amortisation of fit out incentives	(23)	(22)	
Amortisation of L&BP and Office rent-free incentives	(10)	(8)	
Straight-line rent	6	4	
Tax (expense)/benefit on Underlying Profit	(2)	9	
Underlying Profit	**313**	**290**	**8.1%▲**
Commercial Property revaluations[1]	433	170	
Change in fair value of Retirement Living investment properties	1	15	
Mark to market loss on financial instruments	(45)	(54)	
Net gain on other financial assets	7	73	
Net loss on sale of other non-current assets	-	(2)	
Tax expense on Statutory Profit adjustments	(13)	(30)	
Statutory Profit	**696**	**462**	**50.6%▲**

1. After owner-occupied stapling adjustment

Strong operating cash flows

Cash Flow Summary



1. Includes variable costs of commissions and marketing
2. 32% relates to payments on capital efficient terms

Maintaining a strong balance sheet

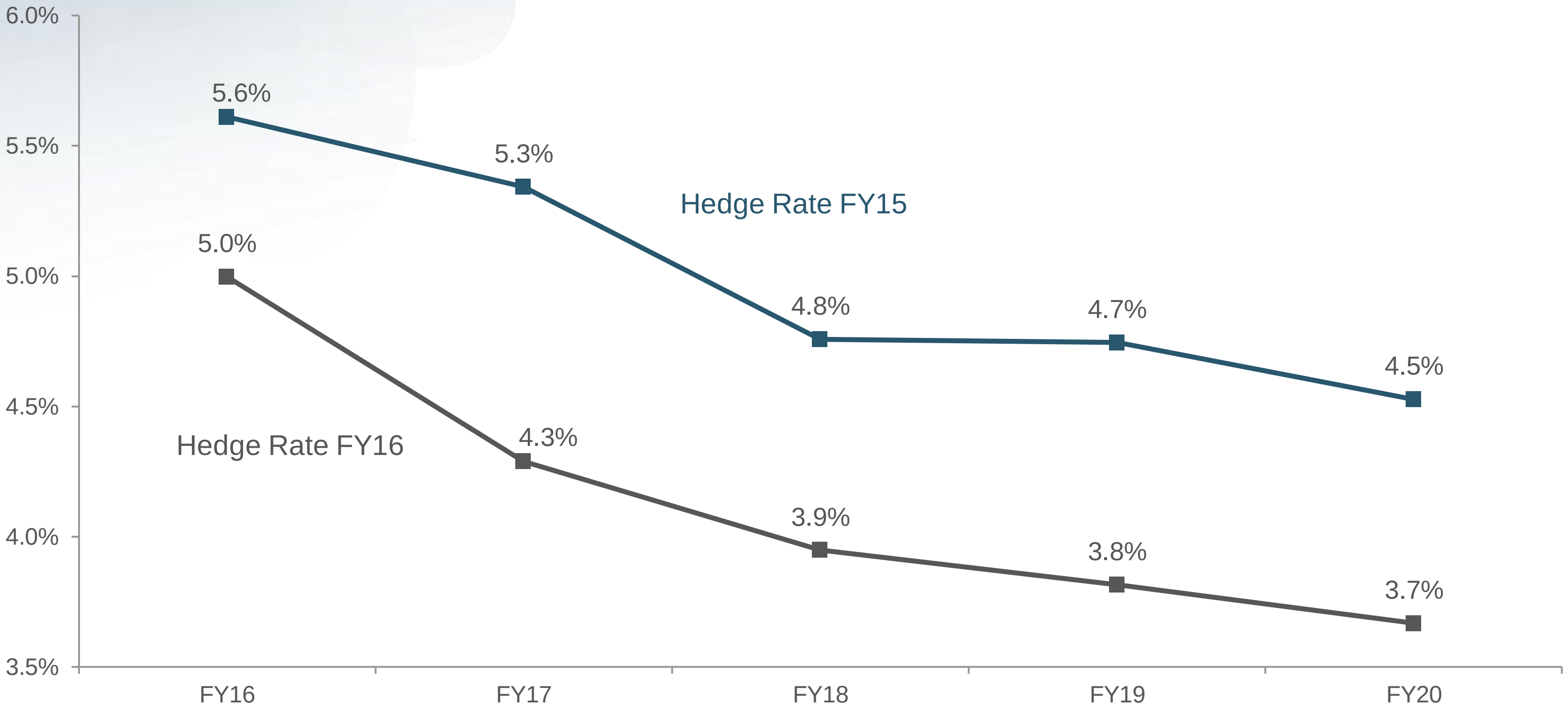
- A-/Stable metrics; rating confirmed in September 2015
- Continued focus on diversifying funding sources
- Consistent interest cover ratio
- Utilised gains on asset sales to fund termination of interest rate swaps at a cost of $119m
- Expect FY16 average cost of debt ~5.7%

Key debt metrics

	1H16	FY15
S&P rating	A-/Stable	A-/Stable
Drawn debt[1]	$3.4b	$3.1b
Cash on deposit	$0.3b	$0.2b
Available undrawn committed debt facilities	$0.8b	$0.6b
Gearing (net debt/total tangible assets)[2]	23.1%	23.4%
Interest cover	4.2:1	4.0:1
Weighted average debt maturity	5.7 yrs	4.6 yrs
Debt fixed/hedged as at period end	82%	72%
Weighted average cost of debt (WACD) for period[3]	6.1%	6.2%
Weighted average cost of debt at period end[3]	5.4%	6.0%

1. Excludes bank guarantees of $0.2b, drawn debt in equity accounted joint ventures and cash on deposit of $0.3b
2. Debt = Face value of interest bearing debt ($3,387m) - Cash ($278.8m)
   TTA = Total assets ($13,742.5m) - Cash ($278.8m)
3. The impact on WACD of bank guarantee and insurance bond fees is 8bps

Lower weighted cost of debt with swap termination



1. Excludes fees and margins, combined hedged and fixed rate

Commercial Property – John Schroder

Stockland

Wetherill Park, NSW

Commercial Property: Sustainable growth

Sustainable profit growth

- Comparable FFO growth of 4.5% with good results across all asset classes

Retail sales growing

- Total MAT up 5.5%, driven by 8.1% growth in specialties
- Growth categories in comparable specialty sales include:
  - Communication & technology 20.9%▲
  - Retail services 6.6%▲
  - Homewares 5.2%▲
  - Fast casual dining/food catering 4.7%▲
- Apparel sales per sqm up 5.0% for the year, as we focus on remixing to more productive retailers
- Comparable specialty sales of $9,042 per square metre[5] ▲ 2.8%, exceeds Urbis averages

	Asset values ($m)[1]	FFO (comparable change)	Underlying Profit (comparable change)	WALE (years)	Occupancy[2] (stable assets)	WACR[3]	ROA
Retail	6,589	3.3%	3.5%	6.4	99.5%	6.1%	8.2%
L&BP	1,819	3.8%	0.3%	4.5	94.6%	7.4%	8.7%
Office	780	11.1%	8.6%	4.1	95.4%	7.2%	8.7%
Total	**9,188**	**4.5%**	**3.3%**			**6.5%**	**8.4%**

Sales by Category[4]	Total MAT Growth %	Comparable MAT Growth %
Total Portfolio	**5.5%**	**2.9%**
Specialties	8.1%	4.1%
Supermarkets	2.6%	1.3%
Department/DDS	2.5%	1.6%
Mini-Majors/Cinemas/Other	10.8%	6.6%

1. This is consistent with the Property Portfolio, which excludes capital works in progress and sundry properties, Townsville Kingsvale and Sunvale (Qld)
2. Retail occupancy based on area, Office and Logistics & Business Parks occupancy based on income
3. Weighted average capitalisation rate
4. Sales data includes all Stockland managed retail assets – including UPF and joint venture assets
5. 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

Retail: Continuing to achieve positive leasing spreads

- High occupancy maintained
- Strong rental growth of 3.1% on materially higher area of lease renewals
- Positive leasing spread on total operational lease deals, reflecting sustainable average occupancy cost ratios and proactive remixing
- Nine new anchor agreements for lease executed underpinning higher valuations and development pipeline

94% of specialty leases have fixed 4-5% annual reviews

2H15 incentives 10.3 months

Retail leasing activity[1]		1H16	1H15
Occupancy[2]		99.5%	99.5%
Tenant retention		61%	64%
Average rental growth[3] on total lease deals		2.6%	2.9%
Total lease deals[4]		403	393
Specialty occupancy cost ratio		14.6%	14.2%
Renewals:	Number	170	131
	Area (sqm)	26,685	15,140
	Rental growth[3]	3.1%	2.0%
New Leases:	Number	119	95
	Area (sqm)	11,309	10,763
	Rental growth[3]	1.7%	4.1%
Incentives: Months[5]		8.4	5.8
As % of rent over lease term[6]		12.1%	7.8%

1. Excludes UPF assets. Metrics relate to stable assets unless otherwise stated
2. Occupancy reflects stable assets and differs from Property Portfolio which includes all assets
3. Rental growth on an annualised basis
4. Includes project and unstable centre deals
5. Represents the cash contribution made towards the retailer's fit outs, expressed in equivalent months of net rent
6. Incentive capital as a percentage of total rent over the primary lease term only

Retail: Accretive development pipeline

Retail development activity progressing as planned

- Wetherill Park (Sydney): Stage Two opened in December 2015, three months ahead of schedule, trading exceptionally well, Stage Three to open 2H16
- Glasshouse (Sydney, CBD): Opened ahead of schedule and trading strongly
- Point Cook (Melbourne): Opened August 2015, with a new full line Woolworths
- Harrisdale (Perth): On track for September quarter opening
- $372m Green Hills (NSW) development has commenced with completion in 2018
- Centre enhancement and remixing continues ~$27m underway
- Maintain strategy of selective asset sales, and capital recycling into accretive development pipelines:
  - Cairns (Qld) and Corrimal (NSW) to be offered for sale

Under construction	Total spend ($m)	Stabilised yield[1]	Incremental IRR[2]
Wetherill Park	228	7.3%	~15.0%
Harrisdale	51	7.8%	~11.2%
Green Hills[3]	372	7.0%	~12.6%
Total	**651**		

Future development pipeline of $1.0b

Completed	Total spend ($m)	Stabilised yield[1]	Incremental IRR[2]
Baldivis	116	8.0%	14.5%
Glasshouse (50%)	10	10.7%	23.5%
Point Cook	22	5.9%	12.6%
Total	**148**		

1. FFO incremental yield
2. Estimated unlevered 10 year IRR on incremental development from completion
3. Excludes $5m approved operating capex for existing centre

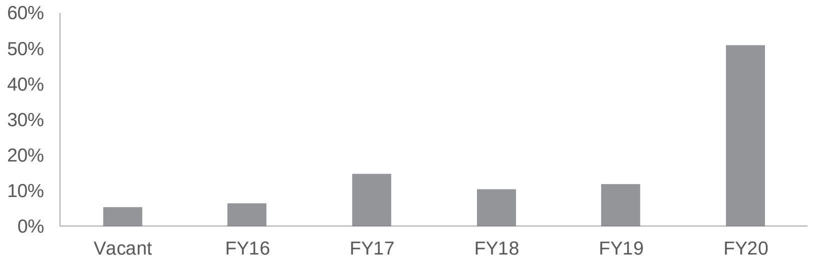
Logistics & Business Parks: Implementing growth strategy

- Strong leasing activity with a total of 233,000 square metres, 18.5% of the portfolio, executed or underway
- Lower underlying profit growth in 1H16 primarily due to non-cash IFRS adjustments from prior leasing activity
- Momentum across the portfolio, development pipeline growing to ~$400m, and landbank in areas of stronger demand in Sydney:
  - Ingleburn and Oakleigh (Melbourne) under construction, total cost of $47m; returns above our target ranges of 7-8%[1] yield / 11-14% IRR[2]
  - Acquired Wonderland Drive on an 8% FFO yield in September 2015, and Erskine Park development in January 2016
  - Three DAs submitted and a further three DAs being documented

Logistics & Business Parks	1H16	1H15
Leasing activity executed	**182,000 sqm**	**45,600 sqm**
Leasing activity under HOA[3]	**51,000 sqm**	**70,600 sqm**
Average rental growth on total lease deals	2.2%	3.6%
Portfolio occupancy[4]	94.6%	95.6%
Portfolio WALE[4]	4.5 yrs	4.7 yrs

79% of portfolio has fixed rent reviews of 3-4% per annum

Logistics & Business Parks Lease Expiry Profile[4]



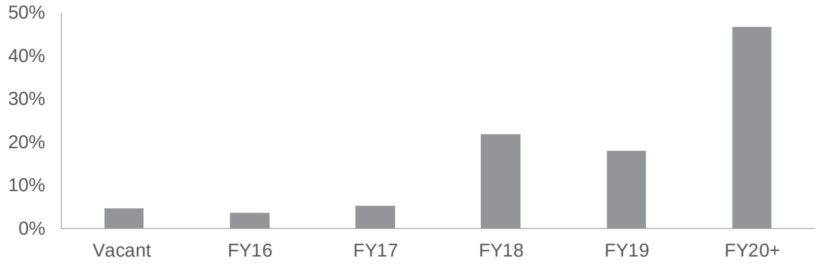
1. FFO incremental yield
2. Estimated unlevered 10 year IRR on incremental development from completion
3. As at 31 December
4. By income

Office: Maintained tactical allocation, optimising returns

- Continued strong occupancy at 95.4%, following leasing momentum in all Sydney markets
- Completed sale of Waterfront Place and Eagle St Pier (Brisbane), achieved 14.2% cash IRR
- Majority of portfolio in strongest performing markets of Sydney CBD, North Sydney and St Leonards

Office	1H16	1H15
Leasing activity executed	**6,800 sqm**	**16,600 sqm**
Leasing activity under HOA[1]	**6,800 sqm**	**11,200 sqm**
Average rental growth on total lease deals	6.5%	0.8%
Portfolio occupancy[2]	95.4%	94.3%
Portfolio WALE[2]	4.1 yrs	4.5 yrs

Office Lease Expiry Profile[2]



1. As at 31 December
2. By income

Residential – Andrew Whitson

Stockland

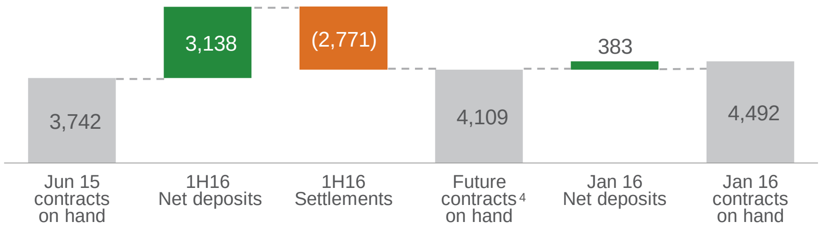
Willowdale, NSW

Residential: Delivering higher returns

- Material improvement in profitability driven by new projects and market conditions
- Record contracts on hand, full year settlements expected to be slightly above our through the cycle range of 5,000-6,000 lots
- Disciplined restocking focussed on key urban markets
  - Craigieburn and Mickleham, Melbourne, consolidation ~1,000 lots
  - Rowville, Melbourne, stand alone medium density, 180 dwellings
  - Waterway Downs, Gold Coast, ~750 dwellings, post balance date
- Progressing medium density strategy; sell out at Arve (Ivanhoe, Melbourne); 150 townhomes under construction, launched a further 6 projects across four states, comprising around 500 townhomes

Residential		1H16[1]	1H15	Change
Lots settled		2,771	2,747	0.9%▲
Revenue:	Retail	$596m	$528m	12.9%▲
	Superlots[2]	$61m	$34m	78.6% ▲
EBIT (before interest in COGS)		$157m	$128m	22.2%▲
EBIT margin		24.0%	22.9%	
Operating Profit		$98m	$67m	45.5%▲
Operating Profit margin		14.9%	12.0%	
ROA - total portfolio		12.9%	10.2%	
ROA - core portfolio[3]		18.0%	14.8%	

Residential sales



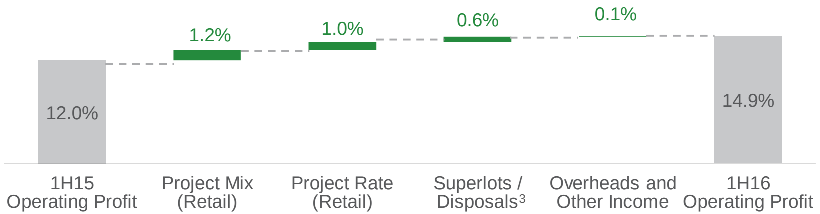
1. 1H16 now includes Apartments
2. 16 superlot settlements in 1H16; 13 superlot settlements in 1H15. 1H16 includes the part disposal of impaired project Bahrs Scrub (Qld)
3. Core excludes impaired projects
4. Of the 4,109 contracts on hand as at December 31, 2015, 2,703 are due to settle in FY16, 1,389 are due to settle in FY17, and 17 are due to settle in FY18

Residential: Operating profit margin improvement

- Margin increase reflects higher volumes and price growth above feasibility assumptions, in Sydney and Melbourne
- Margin also benefitted from timing of non residential superlot sales
- Maintaining conservative whole of life assumptions
- Operating profit margins expected to remain around current levels for FY16, and circa 14% medium term

Residential 1H16	Core	Workout[1]	Total
Lots settled	2,624	147	2,771
Revenue	$603m	$54m	$657m
Revenue	*92%*	*8%*	*100%*
EBIT	$146m	$11m	$157m
EBIT margin	*24.3%*	*20.4%*	*24.0%*
Operating Profit	$98m	-	$98m
Operating Profit margin	*16.3%*	-	*14.9%*
Remaining lots	94%	6%	100%
Number of projects[2]	45	15	60
ROA	18.0%	(6.5%)	12.9%

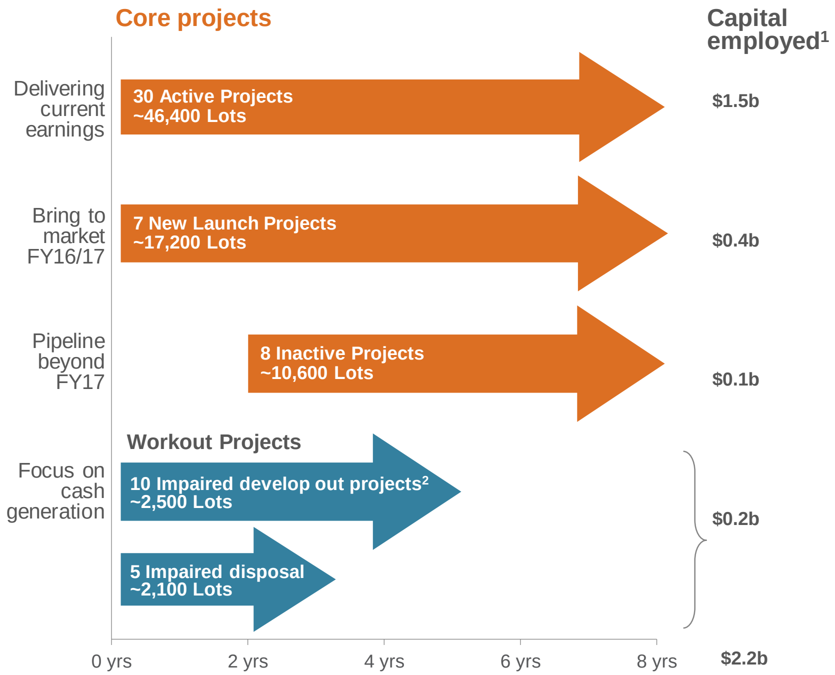
Residential Operating Profit Margin



1. Includes all impaired projects, EBIT margin dependent on project mix
2. Excludes three active projects that are 99% complete
3. 16 superlot settlements in 1H16; 13 superlot settlements in 1H15. 1H16 includes the part disposal of impaired project Bahrs Scrub (Qld)

Residential Communities - Strong Pipeline for growth

- Significant progress in reshaping our landbank, now over 80% of our capital is employed in projects actively selling
- Bringing to market four additional projects in priority metropolitan corridors in 2H16:
  - Schofields (Sydney)
  - Macarthur Gardens (Sydney)
  - Newport (Brisbane)
  - Pallara (Brisbane)
- Progressing apartment strategy:
  - Documenting DAs for Merrylands Court (Sydney) and Toowong (Brisbane)
  - ~ $35m co-investment in two Brisbane projects with returns above hurdle rates, over 95% pre-sold. Settlements expected FY17/18



1. Based on net funds employed as at 31 December 2015
2. ~65% of impaired develop out projects expected to be completed in five years

Residential Communities: Market overview

1H16 Stockland Summary

State	1H16 settlement volumes (%change over 1H15)	Comments on our settlements in 1H16
NSW	186%▲	Driven by Elara settlements (commenced in 2H15) and strong contribution from Willowdale
Vic	15%▲	Strong market conditions, offset by three projects nearing completion
Qld	(21%) ▼	Volume impacted by projects nearing completion, three new projects to launch in 2H16
WA	(22%)▼	General softening of the WA market

2016 market outlook

Vacant land sales volumes	Vacant land prices	Comments on market outlook
↔	↔	Demand has moderated but remains historically strong. Price growth expected to be muted as established market continues to moderate off high levels of price growth and activity
↔	↑	Volumes peaked in the September quarter. Current levels are supported by strong population growth and affordability. Price growth to be lower than established market due to supply
↑	↑	Strong relative affordability to increase demand via recovery in interstate migration. Price growth has lagged NSW and Victoria to date
↔	↓	Weak employment growth and net migration out of WA is expected to keep sales volumes close to current low levels. Headline prices have held up well to date but are expected to decline in 2016 as incentives and discounting increases

Retirement Living – Stephen Bull

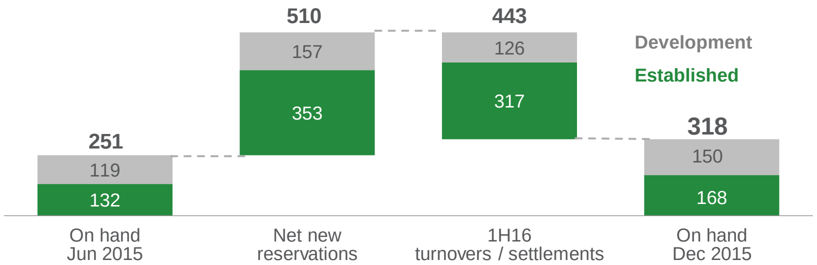
Stockland

Cardinal Freeman, NSW

Retirement Living: Delivering growth

- Continued growth in operating profit and established settlements
- Record level of development reservations on hand
- Occupancy slightly lower post integration of the Adelaide acquisition, in line with expectations
- Average development margin (excluding DMF) remains within 15-17% target range

Net reservations



Total Portfolio

	1H16	1H15	Change
EBIT	$20m	$19m	6.8% ▲
Operating Profit	$18m	$16m	9.2% ▲
Established settlements	317	289	9.7% ▲
New unit settlements	126	130	(3.1%)▼
Transaction value[1]	$159m	$152m	4.4% ▲
Occupancy	93.9%	94.6%	▼
ROA[2]	5.2%	4.6%	▲

Established portfolio

	1H16	1H15	Change
Average re-sale price	$325k	$328k	(0.9%)▼
Turnover cash per unit	$81k	$84k	(2.9%)▼
Turnover cash margin[3]	25.0%	25.5%	▼
Reservations on hand	168	147	14.3%▲

Development portfolio

	1H16	1H15	Change
Average price per unit	$427k	$405k	5.4%▲
Average margin[4]	15.9%	15.8%	▲
Reservations on hand	150	98	53.1%▲

1. Includes established villages and new developments
2. Rolling 12 month cash ROA
3. Margin shown is pre-overheads
4. Margin shown includes internal development staff overheads

Retirement Living: Progressing our strategy

- Increasing our development activity
  - 470 homes under construction or ready for sale
  - A further 2,500 homes in planning on our land
- Progress on our Continuum of Care strategy, five sites under construction or agreed for sale with Opal
- Launch of Retire Your Way, our unique selling proposition
- Continue to explore opportunities to reshape our portfolio
- Remain on track for full year profit growth; strong skew to 2H due to sales seasonality and development settlements including Cardinal Freeman and Willowdale in NSW

Summary and Outlook – Mark Steinert

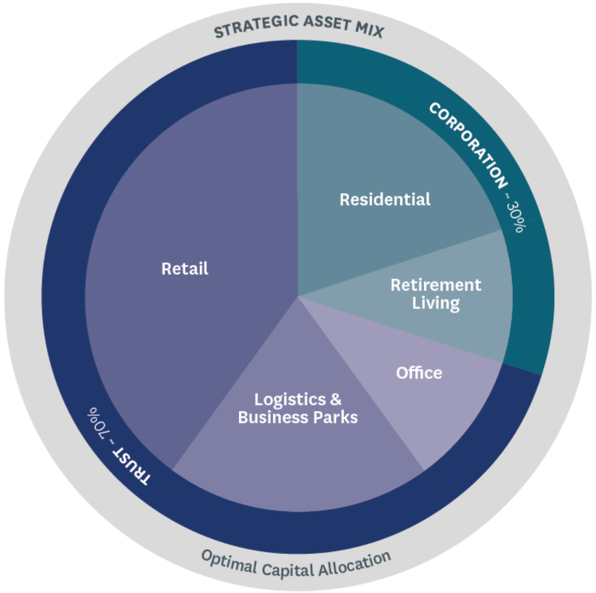
Artist impression

Stockland

Arve, Vic

FY16 Outlook

- Tightened FY16 guidance for EPS growth to 6.5-7.5% and FFO per security growth to 9-10%, assuming no material change in market conditions, underpinned by:
  - Settlements slightly above our through the cycle range of 5,000 - 6,000 lots
  - Residential margins above medium term levels of 14% for balance of FY16
  - Commercial Property comparable FFO growth of 3-4% and comparable NOI growth of 2-3%
  - 2H skew to earnings in Retirement Living
  - FY16 DPS targeted at 24.5c[1] per security
- Portfolio well positioned for sustainable long term growth and value creation



Five year indicative asset mix

1. Assuming no material change in market conditions

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