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STOCKLAND 1Q17 MARKET UPDATE & ANNUAL GENERAL MEETING

Stockland will update securityholders on its progress over the past year and its plans for the year ahead at its Annual General Meeting today.

Stockland has also released its first quarter FY17 market update, announcing a strong start to the year, including a record number of deposits for its Residential business.

Mark Steinert, Managing Director and CEO, said: “Our focus on growing asset returns, broadening our customer base and taking advantage of supportive market conditions has resulted in a strong September quarter.”

Stockland achieved 2,301 net deposits on residential lots, townhouses and completed homes in the quarter, up from 1,557 for the corresponding period in FY16. Projects in Sydney, Melbourne and south east Queensland all made significant contributions to 1Q17 deposits, whilst Perth has shown signs of stabilisation. As forecast in its FY17 outlook in August, around two thirds of Stockland’s Residential profit will fall into the second half.

Andrew Whitson, CEO Residential, added: “We see continued high demand in the Sydney and Melbourne markets and an encouraging return of first home buyers in south east Queensland, who are taking advantage of the Queensland First Home Owners’ Grant, which was recently increased to \$20,000.

“We remain on track to achieve more than 6,000 residential settlements for the full year and see constructive signs for an elongated property cycle.”

Stockland’s Retail business, the single biggest contributor to group earnings, saw a slight moderation in the rate of sales growth. Total sales for the quarter increased by 2.4 per cent, with comparable specialty sales up 1.1 per cent on the corresponding quarter last year. Importantly, sales data from approximately one-third of the portfolio is excluded, due to the redevelopment of some of its most productive centres, most notably Stockland Wetherill Park in western Sydney and

Stockland

Stockland (ASX: SGP) was founded in 1952 and has grown to become Australia’s largest diversified property group – owning, developing and managing a large portfolio of shopping centres, residential communities, retirement living villages, office and industrial assets. Stockland was recognised by the S&P Dow Jones Sustainability Indices (DJSI) as the global real estate sector leader for 2016-17 demonstrating world leadership across the areas of stakeholder engagement, customer relationship management, supply chain management, biodiversity and climate change strategy. Stockland also achieved Global Sector and Regional Sector Leader status in the 2016 Global Real Estate Sustainability Benchmark (GRESB) survey in the category Diversified - Retail/Office. www.stockland.com.au

Stockland Green Hills in the lower Hunter Valley. Comparable specialty sales per square metre grew 3.0 per cent for the quarter to \$9114 per square metre.

Stockland reported that the strongest retail categories were communications technology; food catering and casual dining; and retail services.

John Schroder, CEO Commercial Property at Stockland, said: “The first quarter saw the short term impact of redevelopment activity and retail remixing within our centres, which will deliver future earnings growth. We expect retail sales growth to continue at moderate levels, and we remain confident of achieving 3 – 4 per cent comparable retail FFO growth in FY17, in line with our guidance.”

Stockland maintained good leasing momentum within its Logistics and Business Parks business, with leases executed on 62,400 square metres of floor space and Heads of Agreements signed on a further 92,500 square metres. Weighted Average Lease Expiry (WALE) remained steady at 4.5 years.

“We’ve maintained our disciplined approach to capital recycling and we are using our capabilities to upgrade and reposition our portfolio,” explained Mr Schroder. “We have made good progress on our \$400 million development pipeline, which is strongly weighted towards the higher-performing Sydney and Melbourne markets.”

In Retirement Living, Stockland achieved 255 net reservations during 1Q17. The first quarter result was well supported by Stockland’s development pipeline with 96 net reservations of new homes, including from its development projects at Cardinal Freeman The Residences at Ashfield in Sydney’s inner west and Willowdale Retirement Village in south west Sydney. Stockland recorded 159 net reservations within its established portfolio, with the figure constrained by a comparatively lower turnover of homes in New South Wales and Queensland.

Stockland confirmed that it is on track to achieve target growth in Funds from Operations (FFO) per security of 5.0 – 7.0 per cent across the entire group, with a profit skew to 2H17, assuming no material change in market conditions.

Stockland continues to target an estimated distribution per security of 25.5 cents, assuming no material change in market conditions.

ANNUAL GENERAL MEETING

Following 13 years’ service as a director, including 11 years as Chairman, Graham Bradley AM, will retire from the Stockland Board at the AGM. Tom Pockett will assume the role of Chairman following the conclusion of the AGM.

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Graham Bradley AM, said: “It has been an honour and a privilege to serve as Stockland’s Chairman over the past 11 years. I am proud of the many accomplishments of our team. Stockland is a special company, which makes a very worthwhile contribution to both the built environment and the fabric of Australia’s everyday life. I am particularly proud of the recognition we have earned for our sustainability policies, for our ethical, customer-focused business practices and for our high standards of corporate governance.”

Incoming Stockland Chairman, Tom Pockett, said: “Graham has been a leading light for Stockland for more than a decade, helping to shape our unique approach to the development and creation of more liveable communities, more innovative offices, business parks and logistics facilities, and more dynamic and engaging retail environments.

“Graham has always championed diversity and inclusion within the workplace and the community and is a staunch supporter of major public and private infrastructure projects that make Australian cities and regional areas more liveable, more efficient and vibrant. On behalf of the Board and the Stockland management team, I would like to thank him for his leadership and dedicated service to Stockland.

“I will continue to work closely with the Stockland board and executive management team as we seek to take advantage of opportunities and respond to market challenges. Our guiding purpose is to create a better way to live. We strive to be a truly great Australian property company that is responsive to customers and creates enduring value for shareholders and communities.”

ENDS

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