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STOCKLAND 1Q16 MARKET UPDATE

Stockland has reported strong performance across all key business areas in the first quarter of FY16 and is on track to deliver underlying earnings per security growth of 6 – 7.5% and FFO per security growth of 8.5 – 10% for the year, assuming no material change in market conditions.

Residential sales remained robust with a further 1,557 net deposits for the quarter, with project release timing in Sydney influencing the NSW result. First quarter deposits combined with the deposits already on hand at the end of FY15, total 5,299. The majority of these will settle in FY16, with the balance in FY17.

Managing Director and CEO Mark Steinert said the group was very well placed to achieve its target of around 6000 residential settlements this year.

“This result provides a high level of confidence for our earnings outlook this financial year and confirms that the markets where we operate remain healthy, underpinned by 73% owner occupier demand,” Mr Steinert said.

“Residential markets around the country are at different stages, however, our active projects are generally well placed in high demand, low supply corridors. We also offer a clear affordability advantage, coupled with our reputation for creating desirable, liveable communities.

“In line with our previous commentary, we expect markets in Sydney and inner Melbourne will moderate with a more normalised level of growth. Brisbane is showing improvement, Melbourne growth corridors remain sound and Perth has continued to slow as anticipated.

“We remain confident we are well placed for these conditions and will continue to capitalise on strong demand for our differentiated and affordable offerings. Our new projects continue to strengthen our returns with operating profit margins over 14%.

“We are also starting to see the benefits of our strategy to broaden our market reach with our medium density offerings and completed homes selling well.”

Stockland launched two new residential projects in the first quarter which have both attracted a positive response from customers. Aura on the Sunshine Coast, the largest project in Australia under single ownership, has attracted over 900 leads since launching earlier this month. Stockland’s first stand-alone medium density project, Arve in Ivanhoe Melbourne, is already 80% pre-sold.

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 as the global real estate sector leader for 2015-16, demonstrating world leadership across the areas of stakeholder engagement, customer relationship management, supply chain management, biodiversity and climate change strategy. Stockland was recognised as the Regional Sector Leader for Listed, Australian, Diversified Property Companies in the 2015 GRESB Report.
www.stockland.com.au

Stockland's Retail business, the single largest contributor to the Group's earnings, also continued to perform well in the quarter with comparable specialty sales up 2.8% on the prior corresponding quarter, and comparable specialty moving annual turnover up 4.2%. Total MAT was up 4.8%.

The strongest performing categories were communication technology, food catering, retail services and homewares.

Mr Steinert said Stockland's substantial retail development program was progressing very well with flagship project Wetherill Park in Sydney, on track to open ahead of schedule before Christmas, reflecting a 7.3% stabilised FFO yield and 14% incremental IRR.

"Our development program overall is progressing on time and in line with feasibility," Mr Steinert said. "Point Cook opened during the first quarter and is fully leased, H&M will open at Glasshouse in the Sydney CBD this month, ahead of schedule, and Harrisdale in WA is leasing well and on track to open in the second half of FY16."

Stockland continued to grow its Logistics and Business Parks portfolio in the first quarter with the acquisition of an asset at Eastern Creek in Sydney on an 8% initial yield. Development of new buildings at the Oakleigh Distribution Centre in Victoria is now underway.

The performance of the Office portfolio is benefiting from Stockland's strong weighting to Sydney. Around 65% of the portfolio is now located in the Sydney market, following the settlement of its 50% share in Waterfront Place and Eagle Street Pier in Brisbane during the quarter.

Retirement Living delivered a strong first quarter with both established and development reservations substantially higher than the same period last year, reflecting a successful sales campaign.

"The continued growth of our Retirement Living returns is underpinned by development. In the first quarter we commenced construction on our new village at Willowdale in Sydney which will launch in 2Q16," Mr Steinert said.

"Cardinal Freeman, in Sydney's inner west, continues to sell very well with over 85% of the first two buildings released now reserved, ahead of forecast. These are due for completion in the fourth quarter of FY16."

The Retirement Living business is expected to have a stronger than usual profit skew to the second half, due to the timing and mix of sales.

During the quarter, Stockland received substantial recognition for its sustainability and operational excellence initiatives. Stockland was recognised as the most sustainable real estate company in the world in the Dow Jones Sustainability Index and also received the top ranking for a diversified property group in the region in the GRESB survey. The group also won the CIPS Australasia Award for best procurement process improvement and was the winner of the NSW Government's Green Globe Award for energy efficiency for the solar installation at Stockland Shellharbour.

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Mr Steinert said the outlook for FY16 remained positive and he reconfirmed Stockland is targeting a full year distribution of 24.5 cents, assuming no material changes in market conditions.

“Our diversified portfolio continues to deliver growing returns for our investors, with a strong foundation of recurring income from our Commercial Property portfolio, enhanced by good growth in our Residential business and continuing improvement in Retirement Living,” Mr Steinert said.

“Our disciplined focus on implementing our strategy has enabled us to capture the opportunities in the market and improve the resilience of our portfolio, positioning us well through the cycle.”

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1Q16 Stockland Update

Delivering Sustainable Growth



Aura, Caloundra South
Artist impression

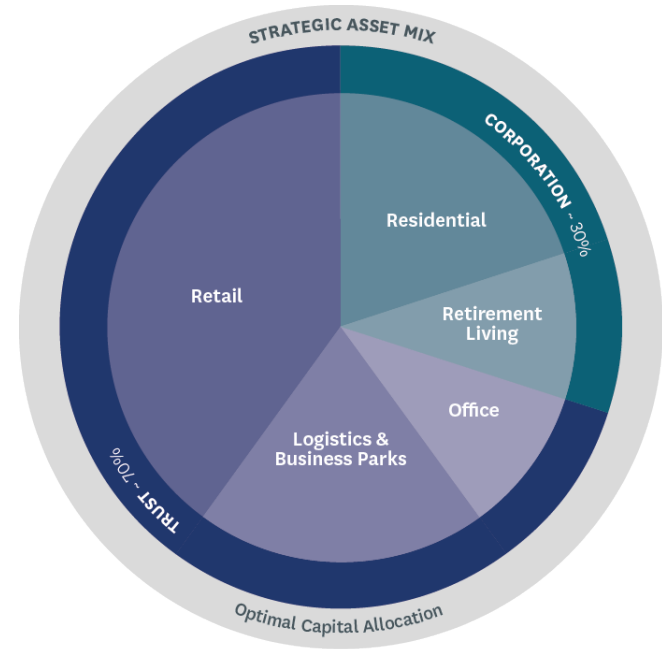
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Group Update

All businesses contributing to sustainable growth:

- Solid comparable specialty sales growth
- Maintaining high occupancy in commercial property portfolio
- Current retail developments on or ahead of schedule and feasibility
- Residential net deposits steady, after allowing for limited releases in NSW and slowing Perth market, as expected
- Successful project launches including Arve (Medium Density, Melbourne) and Aura (Caloundra South, Qld)
- Strong Q1 for Retirement Living net reservations
- Rated the Global Real Estate Sector Leader on the Dow Jones Sustainability Index



Five year indicative asset mix

Creating sustainable, organic growth

TRUST

CORPORATION

Retail

50% of SGP portfolio¹



Stockland Wetherill Park, NSW

Create market leading shopping centres

- Wetherill Park to open ahead of schedule
- H&M flagship opening ahead of schedule at Glasshouse on October 31
- Delivering 7-8% development yields² and 11-14% incremental IRRs for our \$1.1b pipeline

Logistics & Business Parks

13% of SGP portfolio¹



Wonderland Drive, NSW

Grow and develop a quality portfolio

- Acquisition of Distribution Centre in Eastern Creek (NSW) for \$34m delivering 8% initial yield
- \$350m development pipeline with target 7-8% incremental yields² and 11% - 14% incremental IRR³
- Commenced brownfields development at Oakleigh (Vic)

Office

8% of SGP portfolio¹



135 King St/Glasshouse, NSW

Optimise returns - tactical allocation

- Occupancy improved to 95.1%
- Settled on sale of 50% interest on Waterfront Place and Eagle St Pier, Brisbane for a significant capital gain

Residential

20% of SGP portfolio¹



North Lakes, Qld

Maximise returns by creating better places to live

- Launch of Aura, at Caloundra South (Qld), Australia's largest masterplanned community under single ownership
- Launch of our first infill Medium Density project Arve, Ivanhoe (Vic)

Retirement Living

9% of SGP portfolio¹



Highlands, Vic

Leading operator and developer

- Strong 1Q16 sales momentum
- 460 homes under construction and completed
- Cardinal Freeman, Sydney – over 85% of first 2 stages reserved, ahead of forecast

1. Portfolio weightings as at 30 June 2015

2. Stabilised incremental FFO yield

3. Greenfield development

Retail

Retail Sales:

- Steady 1Q16 sales performance
- 1Q16 comparable specialty sales growth up 2.8% reflecting moderation of growth relative to 1Q15
- Strong MAT growth maintained at 4.2%
 - Growth categories include communication technology, food catering, retail services and homewares

Retail development:

- Current developments progressing on time and in line with feasibility
- Wetherill Park expected to complete before Christmas, ahead of schedule
- Successful opening of Point Cook, fully leased
- Harrisdale, WA stage one development on track for 2H16 opening, leasing well
- Glasshouse H&M flagship store to open 31 October ahead of schedule

1. Sales data includes all Stockland managed retail assets – including UPF assets

2. FFO Incremental Yield

3. Estimated unlevered 10 year IRR on incremental development from completion

Total Sales by Category ¹ to 30 September	MAT Growth	Comp Annual Growth	1Q16 Total Growth (pcp)	1Q16 Comp Growth (pcp)
Specialties	7.4%	4.2%	6.9%	2.8%
Supermarkets	2.7%	1.3%	1.8%	0.5%
DDS/DS	2.2%	0.2%	1.7%	1.1%
Mini-Majors and Other	8.1%	5.3%	10.5%	5.8%
Total	4.8%	2.5%	4.6%	1.9%

Under Construction	Spend to 1Q16 (\$m)	Stabilised yield ²	Incremental IRR ³
Wetherill Park	186	7.3%	~14.0%
Glasshouse (50%)	7	8.5%	~18.0%
Harrisdale	14	7.8%	~11.2%

Incorporating retail trends into our centres

- Online leakage is growing, but at markedly slower pace than levels of three years ago
- Entertainment focus: after hours offerings including cinemas, restaurants, fast casual dining, bars and bowling
- Globalisation of retailing and larger format specialty apparel concept stores
- Food and dining themes
 - Fast casual dining – growing rapidly to 175 outlets in our centres by calendar year end
 - Pad site demand from traditional food court operators - drive through and 24 hour operation
- Services, health and well being, meeting demands of the time poor, lifestyle conscious and aging demographics
- Majors
 - Traditional DDS shrinking and fewer SKU's
 - Supermarket competition – ALDI, Costco, click and collect from Woolworths and Coles, driving changing formats



Logistics and Business Parks, Office

Logistics & Business Parks:

- Over 176,000sqm of leasing activity for 1Q16, portfolio occupancy improved to 93.8% with a further 62,000 sqm leasing since 1Q16
- Acquisition of Wonderland Drive, Sydney: 4.3 hectare site for \$34m, 8% initial yield, first asset at Eastern Creek
- Site works commenced at 10,702 sqm pre-committed facility at Oakleigh (Vic), forecast for completion in May 2016 with an incremental IRR of 10.6%
- DA lodged at Yennora, North West Precinct for two buildings of 13,500sqm and 9,100sqm

Office:

- Settled the sale of our 50% interest in Waterfront Place and Eagle St Pier for \$317.5m. We achieved a cash IRR of 14.3% on the Tower since acquisition in 2004
- Over 60% of our portfolio now weighted to Sydney. Improving fundamentals across Sydney flowing through to our portfolio

1. By income

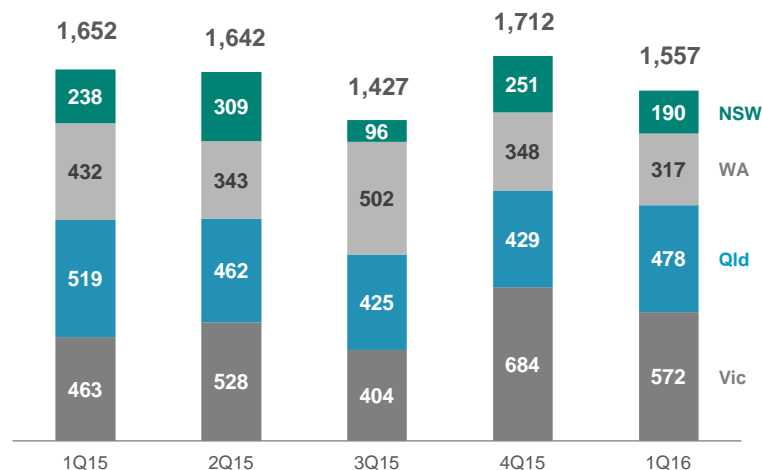
Logistics and Business Parks	1Q16	FY15
Leases executed	93,200sqm	142,600sqm
Leasing activity under HOA	83,300sqm	40,800sqm
Portfolio occupancy by income	93.6%	94.3%
Portfolio WALE ¹	4.7yrs	4.7yrs

Office	1Q16	FY15
Leases executed	5,900sqm	40,100sqm
Leasing activity under HOA	5,100sqm	3,600sqm
Portfolio occupancy by income	95.1%	95.4%
Portfolio WALE ¹	4.4yrs	4.5yrs

Residential Communities

- Remain on target for settlements of around 6,000 lots in FY16
 - NSW and Victorian market conditions remain robust; net deposits influenced by timing of project releases in the first quarter
 - Queensland market continues to show signs of improvement
 - WA deposits reflective of softening market conditions, in line with expectations
- New projects trading well, successful launch of Aura (South Caloundra, Qld) and Arve (Ivanhoe, Melbourne)
 - Over 900 expressions of interest at Aura
 - Medium density deposits to date: over 80% at Ivanhoe and over 85% from 1st stage at North Lakes
- Whilst cancellations have trended upwards in Perth, they remain largely unchanged over the past year in our other markets
- 73% of buyers are owner-occupiers for the year to September 30, with offshore buyers continuing to represent less than 1% of net deposits
- Whilst we expect a moderation in the rate of price growth in Sydney and Melbourne over the year ahead, trading conditions remain positive overall

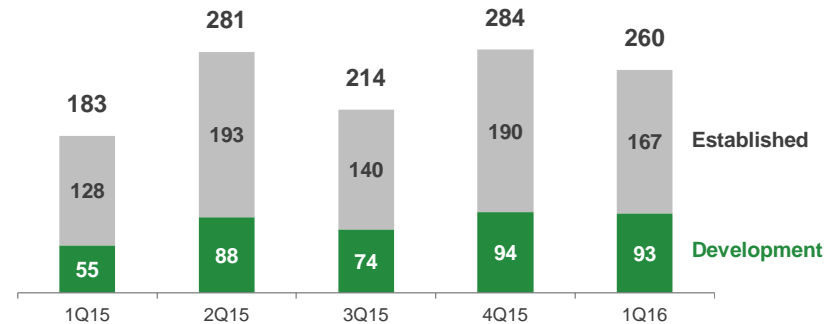
Residential net deposits



Retirement Living

- Net reservations strongly ahead of 1Q15 due to successful sales campaign
- Development remains a key focus in improving returns
 - 460 homes under construction or completed
 - Cardinal Freeman (NSW) on target to deliver first two buildings in April 2016, over 85% are reserved
 - New village at Willowdale (NSW) has commenced construction, to launch 2Q16
- Recently acquired South Australian villages performing in line with acquisition assumptions
 - Planning underway to commence construction of 33 homes at Lightsvue. First settlements anticipated FY17
- 1H profit to be affected by timing of settlements with significant skew to 2H

Retirement Living net reservations



Operational achievements

- Recipient of CIPS Australasia Award for best procurement process improvement
- Global leader in Sustainability:
 - DJSI 2015 Real Estate Industry Group Leader
 - Top ranking for a diversified property group within the region by GRESB
 - Winner of NSW Government's Green Globe Award for energy efficiency for our solar installation at Stockland Shellharbour
- Stockland CARE Foundation:
 - Delivered 4 inclusive playspaces including Victoria's first inclusive playground within a shopping centre, at Stockland Point Cook, and 3 social enterprise cafes to date with Touched By Olivia, with additional projects in planning



LEADER IN SUSTAINABILITY

#1 Globally



CHARITY PARTNERS



1. DJSI: Dow Jones Sustainability Index
2. GRESB: Global Real Estate Sustainability Benchmark
3. CIPS: Chartered Institute of Procurement & Supply

Positioned for sustainable long term growth and value creation

- We anticipate revaluing the majority of the Commercial Property portfolio in 1H16
- Pursuing capital partnering opportunities across our businesses including Retirement Living, with key criteria of high quality partners, maintaining alignment of interest and retaining all aspects of management
- Reviewing opportunities to reset interest rate hedges, in line with our policy, following the sale of Waterfront Place
- Well placed to achieve:
 - full year lot settlements of around 6,000
 - Commercial Property comparable FFO growth of 3-4% and comparable NOI growth of 2-3%
- FY16 Distribution per security targeted at 24.5c
- Remain on track to achieve Underlying EPS growth of 6-7.5% and FFO per security growth of 8.5-10% in FY16, assuming no material change in market conditions



OUR PURPOSE

We believe there is a better way to live

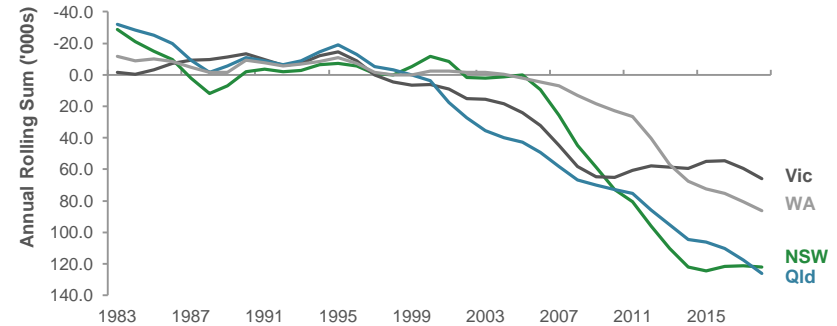
Annexure- Economic overview

Shellharbour, NSW, Australia's largest single rooftop solar system

Positive outlook for our businesses

- Moderate economic growth is expected to continue to underpin commercial property demand
- Residential market fundamentals remain sound albeit individual markets are variable
- Stockland's residential business is well positioned
 - High geographic diversification
 - Low supply in our corridors
 - Strong focus on affordability
 - Owner occupiers represent 73% of our buyer mix
 - Conservative approach to margin recognition

Large housing undersupply remains¹



Land Supply - only two months of trading at current levels²



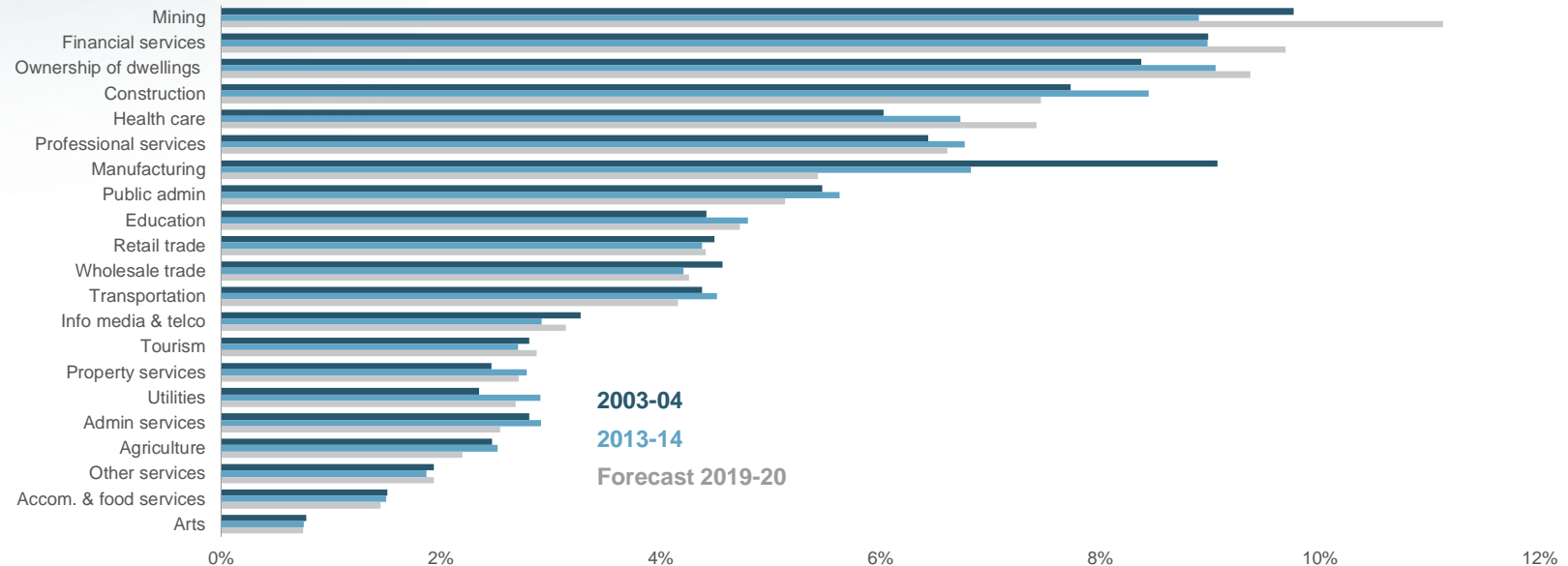
1. ANZ Economics

2. National Land Survey Program June Qtr 2015, Charter Keck Cramer

Contribution to Australia's GDP by industry(%)

No single industry represents more than 15%

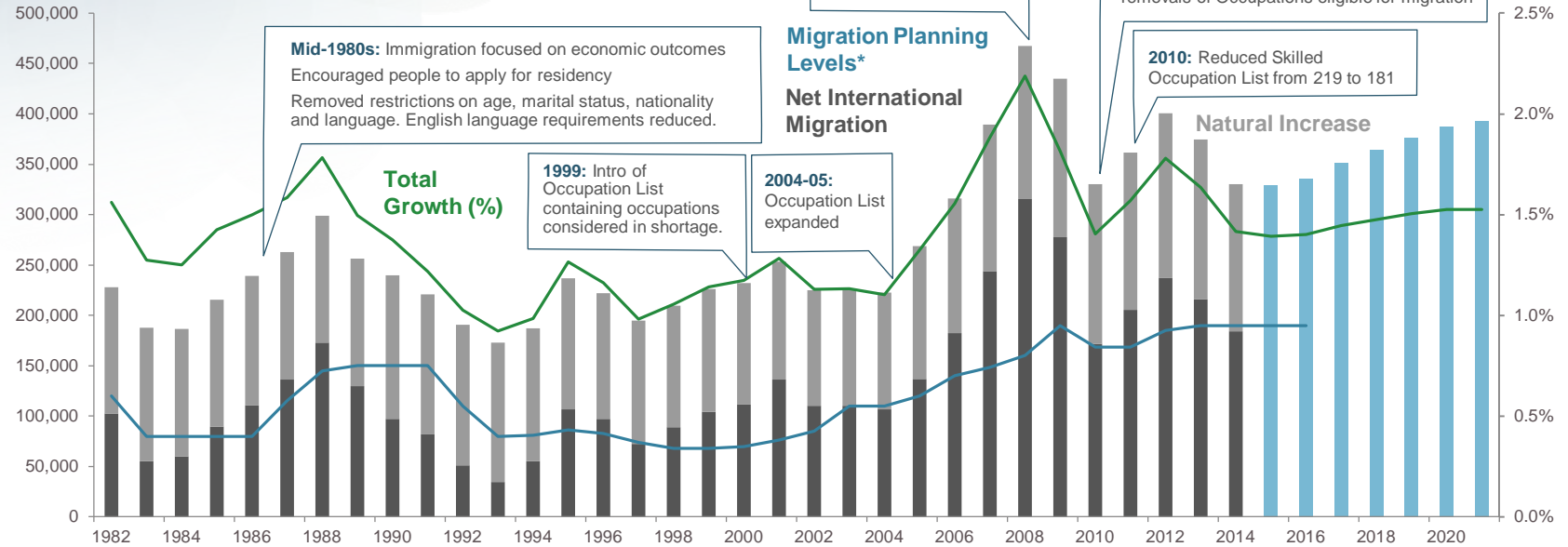
Industry contribution to GDP¹ (%)



1. ABS, Stockland Research, Deloitte Access Economics June 2015

Population growth remains the key driver of demand

AUS Population Growth - Annual

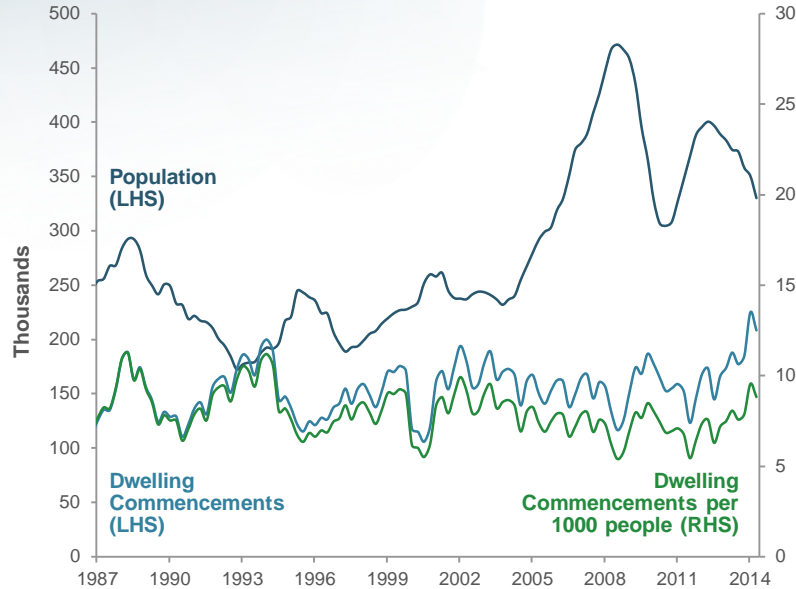


* Migration Planning Levels are set by the Commonwealth Government according to economic and social needs. Historically, actual outcomes are on target, with deviations of less than 5% in a small number of years. This program covers Skilled Migration, Family Migration, Special Eligibility and Humanitarian Migration. It does not account for Temporary Migration i.e. Students, Workers, Temporary Residents.

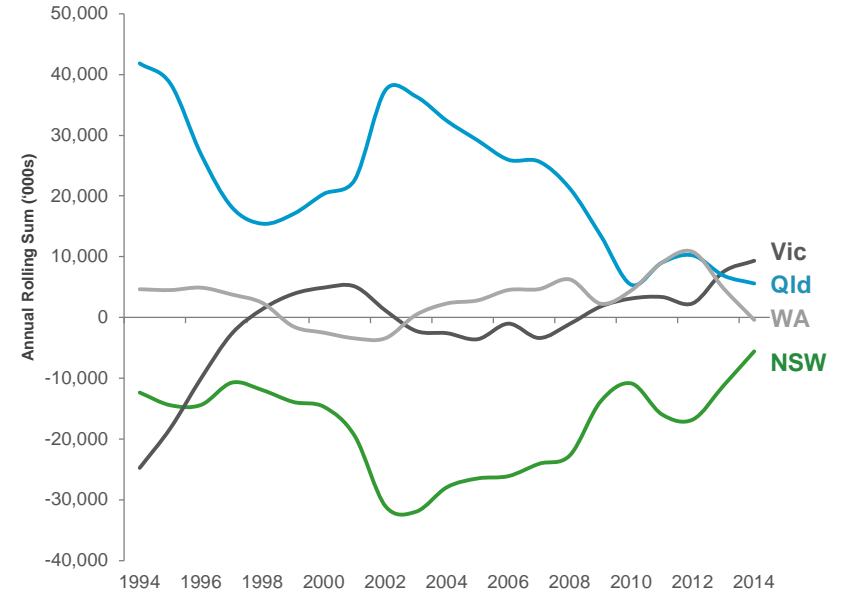
Source: ABS, Deloitte Access Economics, Department of Immigration

Interstate migration reflected in building activity

Dwelling commencements and population growth converging since 2013¹



Interstate migration reflecting current economic strength¹

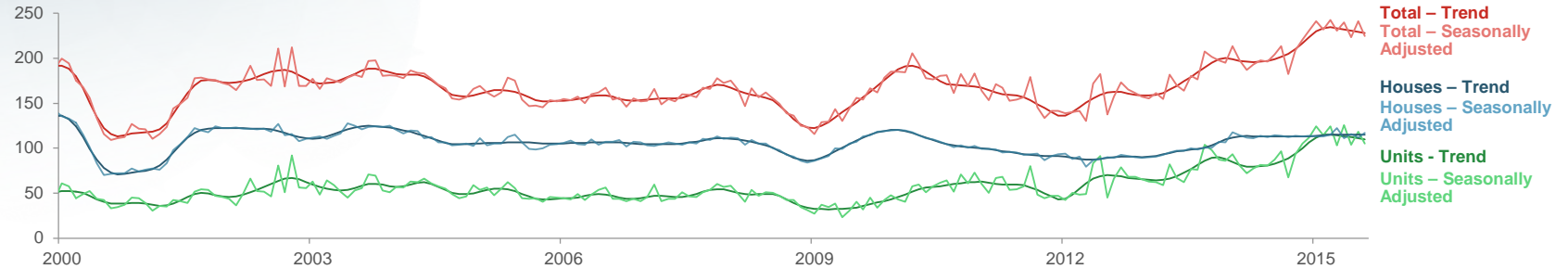


1. ABS, Stockland Research

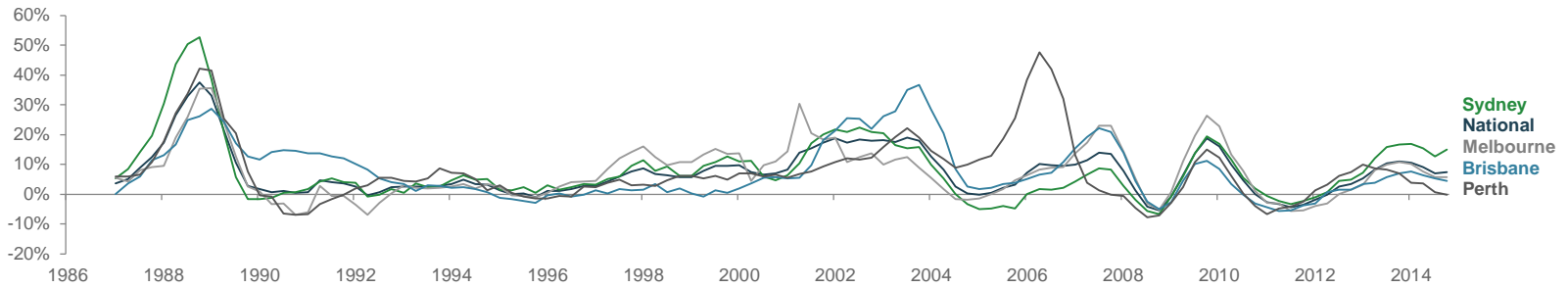
Capital city house price growth

Supply has increased, but has been driven by apartments

Annualised Building Approvals¹ (no. thousands)

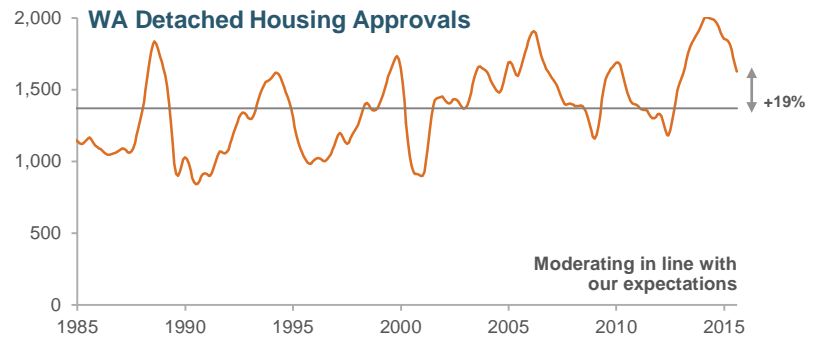
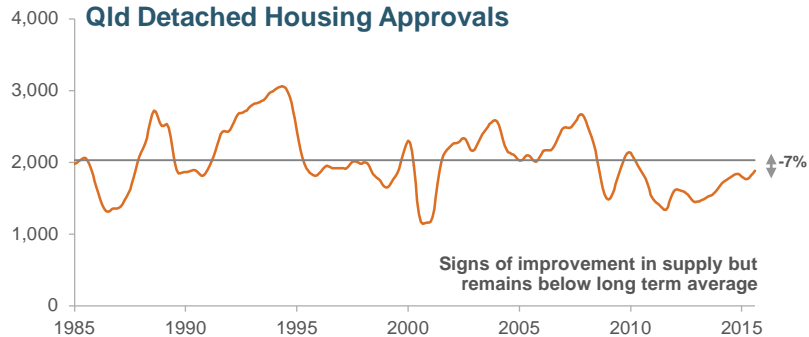
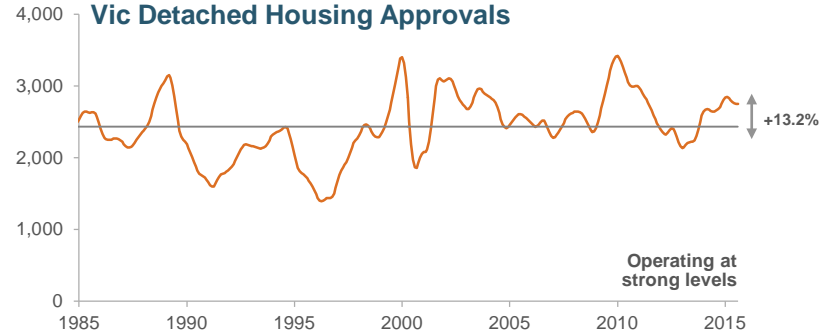


Annual % growth in House Prices by Capital City¹



Source: ABS

With new detached dwelling supply close to historical averages



Source: ABS

2015 Calendar snapshot: Indicative investor event details¹

Upcoming Announcements	Location	Date
1Q16 Stockland Update	Sydney	27 October 2015
Annual General Meeting	Sydney	28 October 2015
Stockland Investor Day	Sydney	19 November 2015
1H16 Results	Sydney	10 February 2016

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1. Indicative dates, subject to change

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