

FY16 Results Presentation

RESULTS BUILT ON
SOLID FOUNDATIONS



Stockland



Agenda

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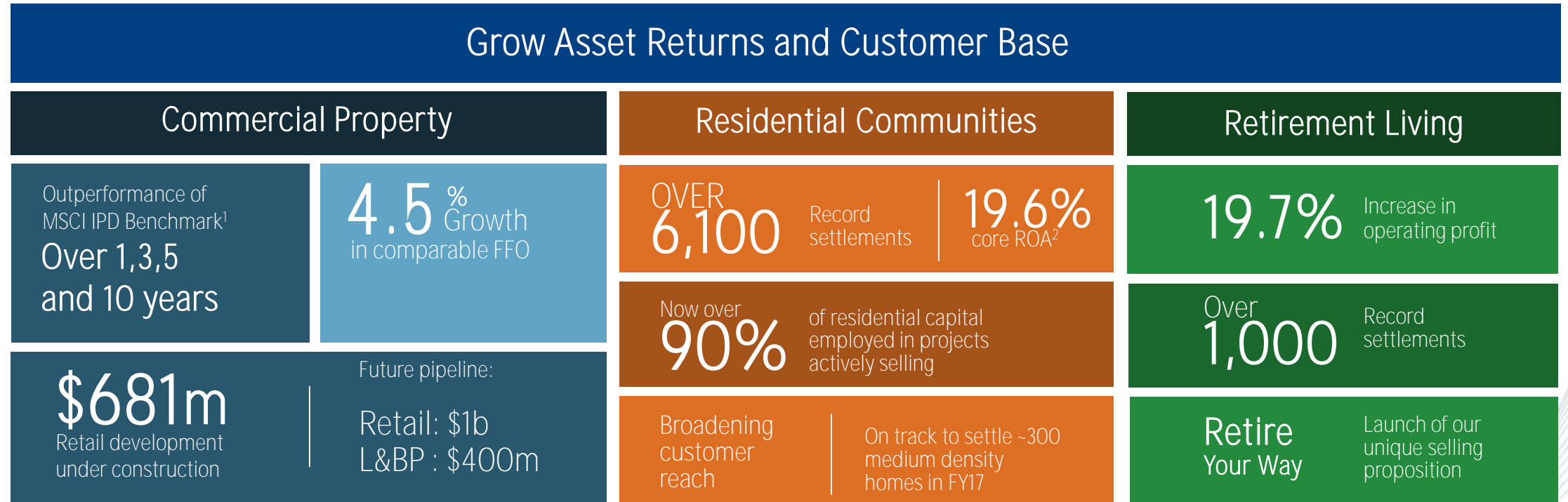
Strategy delivering strong results

- Growth in FFO per security of 11.1% and Underlying Earnings per security of 7.3%, reflecting consistent implementation of our strategy, together with supportive market conditions
- Strong performance from all business divisions
- Distribution of 24.5c, a payout ratio of 79% of FFO and 88% of underlying profit
- Maintained strong balance sheet

	FY16	FY15	Change
Statutory Profit ¹	\$889m	\$903m	1.6% ▼
Statutory Earnings per security	37.4 cents	38.5 cents	2.9% ▼
Funds from Operations (FFO) ²	\$740m	\$657m	12.5% ▲
FFO per security	31.1 cents	28.0 cents	11.1% ▲
Underlying Profit ³	\$660m	\$608m	8.5% ▲
Underlying Earnings per security	27.8 cents	25.9 cents	7.3% ▲
Distribution per security	24.5 cents	24.0 cents	2.1% ▲
Net Tangible Assets per security	\$3.82	\$3.68	3.8% ▲
Gearing (D/TTA)	23.8%	23.4%	
Return on Equity ⁴	11.0%	9.9%	

1. Statutory profit down primarily due to a number of unrealised fair value items, including the mark to market movement in Stockland's debt and derivatives, as well as the prior year realised gain of \$73 million on sale of our investment in Australand
2. Funds from Operations (FFO) is determined with reference to the PCA guidelines
3. Underlying Profit is a non-IFRS measure that is determined to present, in the opinion of 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 have been determined for FY16. Refer to Annual Financial Report for the complete definition. Recognising the importance of FFO to managing our business, as well as the comparability of our performance in the Australian property industry, our primary reporting measure will switch from Underlying Profit to FFO from FY17. We expect to continue to report Underlying Profit.
4. Return on Equity accumulates individual business Return on Assets and incorporates cash interest paid and average drawn debt for the 12 month period. Excludes residential communities workout projects.

FY16 Achievements



1. MSCI – IPD Real Estate Analytics Portal as at March 2016

2. Core excludes impaired projects

FY16 Achievements

Operational Excellence and Capital Strength

Established Employee Advocacy groups

- Disability and Flexibility
- Gender Equity
- Parents and Carers
- Wellbeing and Cultural Inclusion

ROE
improved
to 11%



Established Stockland
Support Centre

Launched Core Systems
project

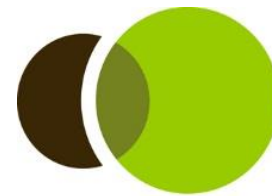
Maintained
credit rating

A⁻

Extended
average duration
of debt to
5.9 years¹

Employee
Engagement
Score
83%

Equal to the
Global High
Performing norm
and above
Australian norm



ROBECOSAM
Sustainability Award
Industry Leader 2016

DJSI
#1
Global

1. Pro forma weighted average debt maturity including USPP settling in August 2016



Group Finance

Tiernan O'Rourke

Growth in both FFO and Underlying Profit

	Funds from Operations				Underlying Profit			
\$m	FY16	FY15	Change %	Comp. Growth %	FY16	FY15	Change %	Comp. Growth %
Retail	402	379	6.1%	3.7%▲	371	351	5.8%	3.2%▲
Logistics & Business Parks	132	131	0.5%	3.7%▲	119	120	(1.3%)	1.0%▲
Office	68	78	(13.0%)	9.9%▲	53	64	(17.0%)	5.9%▲
Commercial Property net overhead costs	(18)	(18)			(18)	(18)		
Total Commercial Property	584	570	2.4%	4.5%▲	525	517	1.4%	3.0%▲
Residential Communities	230	166	38.8%		230	166	38.8%	
Retirement Living	57	48	19.7%		57	48	19.7%	
Other	-	2	nm		-	2	nm	
Unallocated corporate overheads	(57)	(60) ¹	(4.8%)		(57)	(60) ¹	(4.8%)	
Net Interest	(74)	(69)	7.4%		(74)	(69)	7.4%	
Tax (Expense)/benefit ²	-	-	-		(21) ²	4	nm	
Group Profit	740	657	12.5%		660	608	8.5%	
Group (cents per security)	31.1	28.0	11.1%		27.8	25.9	7.3%	

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

1. Includes restructuring cost of \$6m (before tax) for costs associated with establishing the Stockland Support Centre

2. Non-cash item due to significant tax deductions and accumulated tax losses

FFO, Underlying and Statutory Profit Reconciliation

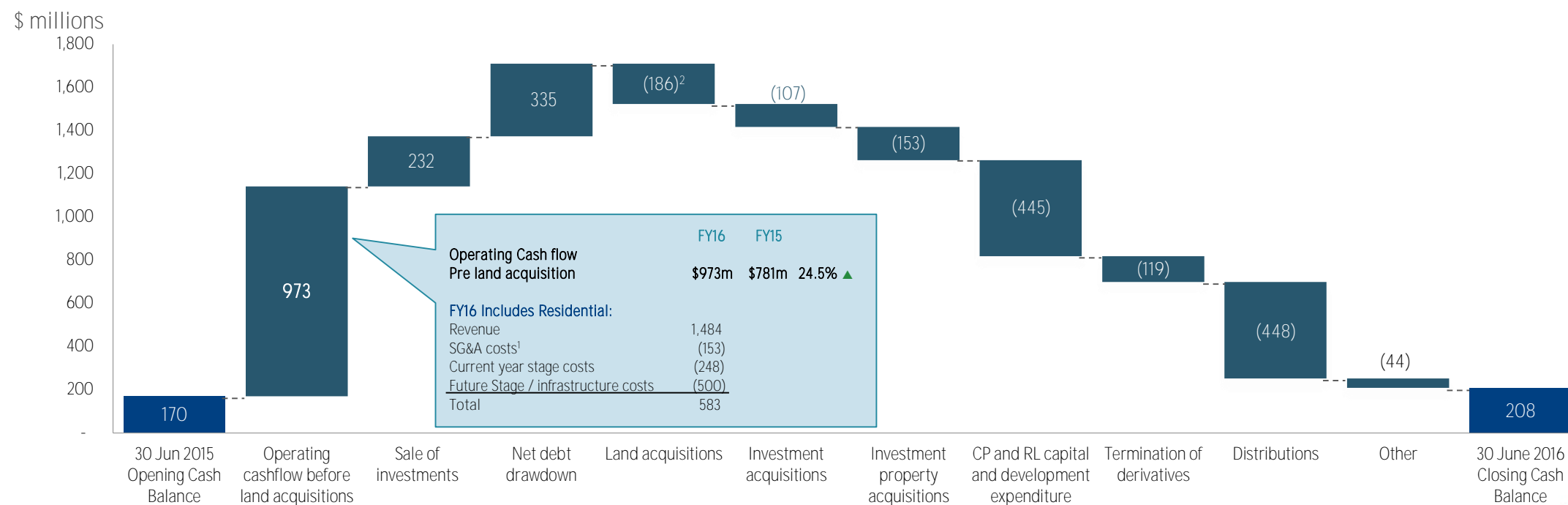
\$m	FY16	FY15	Change %
Group Funds From Operations ("FFO")	740	657	12.5%▲
Adjust for:			
Amortisation of fit out incentives	(49)	(45)	
Amortisation of rent-free incentives	(18)	(16)	
Straight-line rent	8	8	
Tax (expense)/benefit on Underlying Profit	(21)	4	
Underlying Profit	660	608	8.5%▲
Commercial Property revaluations ¹	432	297	
Change in fair value of Retirement Living investment properties	(24)	7	
Impairment of IT intangibles and Retirement Living goodwill	-	(43)	
Mark to market loss on financial instruments	(171)	(39)	
Net gain on other financial assets	4	73 ²	
Net loss on sale of other non-current assets	(2)	(2)	
Other items	(1)	-	
Tax (expense)/benefit on Statutory Profit adjustments	(9)	2	
Statutory Profit	889	903	1.6%▼

1. FY16 includes stapling adjustment related to owner-occupied space of \$7m (FY15: \$5m)

2. Includes realised gain on sale of investment in Australand

Strong operating cash flows

Cash Flow Summary



1. Includes variable costs of commissions and marketing

2. 23% relates to payments on capital efficient terms

Maintaining a strong balance sheet

- A-/stable metrics maintained for over 10 years
- Maintaining diversified funding sources
- Improved interest cover ratio
- 11.5 year USPP settling August 2016, contributing to extended pro forma weighted average debt maturity of 5.9 years
- Executed new swaps, lowering future interest costs
- Expect FY17 average cost of debt ~ 5.4%, based on an average fixed hedge ratio of between 80-90% for the period

Key debt metrics	FY16	FY15
S&P rating	A-/Stable	A-/Stable
Drawn debt ¹	\$3.5b	\$3.1b
Cash on deposit	\$0.2b	\$0.2b
Available undrawn committed debt facilities	\$0.8b	\$0.6b
Gearing (net debt/total tangible assets) ²	23.8%	23.4%
Interest cover	4.5:1	4.0:1
Weighted average debt maturity	5.3 yrs	4.6 yrs
Pro forma weighted average debt maturity	5.9 yrs	5.3 yrs
Debt fixed/hedged as at period end	96%	72%
Weighted average cost of debt (WACD) for period ³	5.8%	6.2%
Weighted average cost of debt at 30 June ³	5.5%	6.0%

1. Excludes bank guarantees of \$0.3b, drawn debt in equity accounted joint ventures and cash on deposit of \$0.2b

2. Debt = Interest bearing debt (\$3,477m) – Cash \$208m

TTA = Total assets \$13,925m – Cash (\$208m)

3. Bank guarantee and insurance bond fees are excluded from this calculation

Commercial Property

John Schroder



Commercial Property: Solid recurrent earnings

Sustainable profit growth

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

Retail sales growing

- Total MAT up 4.6%, driven by 6% growth in specialties
- Key categories in comparable specialty sales include:
 - Fast casual dining/food catering 5.2% ▲
 - Retail services 6.6% ▲
 - Communication & technology 11.3% ▲
 - Apparel 0.6% ▲
 - Homewares¹ (10.8%) ▼
- Comparable specialty sales of \$9,011 per square metre⁶ ▲ 3.2%, and exceeds Urbis average by 9.8%⁷.

	Asset values (\$m) ²	FFO (comparable change)	Underlying Profit (comparable change)	WALE (years)	Occupancy ³ (stable assets)	WACR ⁴	ROA
Retail	6,760	3.7% ▲	3.2% ▲	6.6	99.3%	6.1%	8.2%
L&BP	1,962	3.7% ▲	1.0% ▲	4.4	94.7%	7.3%	8.2%
Office	758	9.9% ▲	5.9% ▲	3.7	95.4%	7.0%	8.6%
Total	9,480	4.5% ▲	3.0% ▲			6.4%	8.3%

Sales by Category ⁵	Total MAT Growth%	Comparable MAT Growth%
Total Turnover	4.6%	1.8%
Specialties	6.0%	2.2%
Supermarkets	2.1%	0.8%
DDS/DS	2.5%	2.1%
Mini-Majors and Other	10.4%	3.7%

1. Homewares impacted by closure of Dick Smith stores

2. This excludes capital works in progress and sundry properties

3. Retail occupancy based on area, Office and Logistics & Business Parks occupancy based on income

4. Weighted average capitalisation rate

5. Sales data includes all Stockland managed retail assets – including Unlisted Property Fund and joint venture assets

6. 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

7. Urbis Sub-regional Shopping Centre Benchmarks 2015

Retail: Accretive development pipeline

Retail development activity progressing as planned

- \$681m development under construction:
 - Harrisdale (WA) opened three months ahead of schedule; Wetherill Park (NSW) stage three opened
 - \$372m Green Hills (NSW) development commenced with completion in late FY18, anchored by David Jones
 - Acquired Bunnings and land at Kensington (Qld), adjacent to Stockland Bundaberg, converting to Coles anchored neighborhood centre, with future expansion opportunity
- ~\$28m centre enhancements and remixing driving incremental returns:
 - Rockhampton (Qld) and Shellharbour (NSW) dining terraces completed
 - Cairns (Qld) and Shellharbour (NSW) anchor tenant and mini-major remixes

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	372	7.0%	12.6%
Kensington	30	7.0%	7.8%
Total	681		

Future development pipeline of \$1b³ includes \$380m greenfield projects from our masterplanned communities

1. FFO incremental yield

2. Forecast unlevered 10 year IRR on incremental development from completion

3. Excludes under construction

Retail: Continuing to achieve positive leasing spreads

Strong leasing momentum continues:

- Maintained positive leasing spreads
- 764 leases executed
- No incentives on renewals
- A strong WALE of 6.6 years maintained

Dick Smith closures
reduced stable
occupancy by ~0.2%

Rental growth reflects:

- New lease remixing strategy to higher quality tenants, some downward rebasing of rents, retaining 4-5% fixed annual reviews
- Solid growth from NSW, Vic and WA, moderating in Qld

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

Retail leasing activity ¹	FY16	FY15
Occupancy ²	99.3%	99.5%
Tenant retention	77%	64%
Average rental growth on total lease deals ³	2.8%	3.2%
Total lease deals ⁴	764	799
Specialty occupancy cost ratio	14.7%	14.3%
Renewals: Number	291	296
Area (sqm)	40,828	37,078
Rental growth ³	3.4%	3.1%
New Leases: Number	205	182
Area (sqm)	23,105	20,310
Rental growth ³	1.6%	3.2%
Incentives: Months ⁵	8.9	7.7
As % of rent over lease term ⁶	11.9%	10.6%

1. Excludes Unlisted Property Fund 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 leases

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

Logistics & Business Parks: active management

- Over 330,000 sqm of leasing activity, over 25% of the portfolio
- Benefits of active management and portfolio reshaping reflected in improving performance relative to MSCI benchmark¹
- Disciplined acquisition strategy:
 - Wonderland Drive (NSW) on an 8.0% yield, and Satellite Corporate Centre, Mulgrave (Vic), on a yield of 7.1%⁴
 - Erskine Park (NSW) development site
- Development momentum across the portfolio:
 - Oakleigh 10,700 sqm stage 1 completed and leased, 8,200 sqm underway at stage 2
 - Erskine Park, 11,700 sqm, practical completion in June, 10 year lease terms agreed
 - Ingleburn 28,000 sqm, under construction
 - Further \$400m development pipeline

1. MSCI – IPD Real Estate Analytics Portal as at March 2016

2. As at 30 June

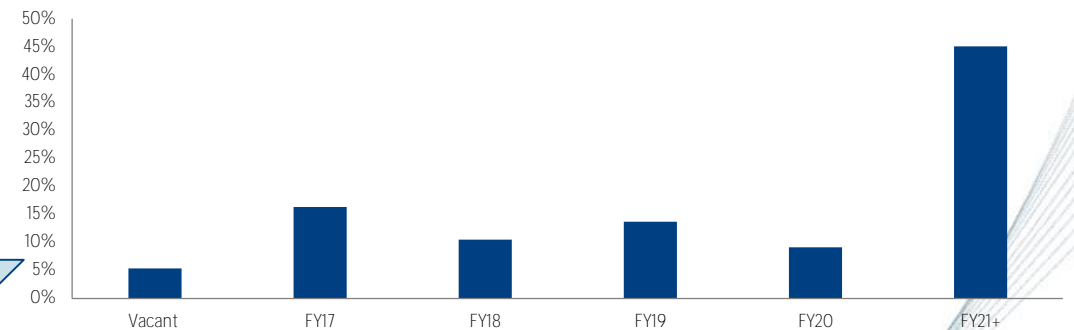
3. By income

4. Initial FFO Yield

81% of portfolio has fixed rent reviews of 3-4% per annum

Logistics & Business Parks	FY16	FY15
Leasing activity executed	306,500 sqm	142,600 sqm
Leasing activity under HOA ²	26,300 sqm	40,800 sqm
Average rental growth on total lease deals	0.0%	(0.9%)
Portfolio occupancy ³	94.7%	94.3%
Portfolio WALE ³	4.4 yrs	4.7 yrs

Logistics & Business Parks Lease Expiry Profile²

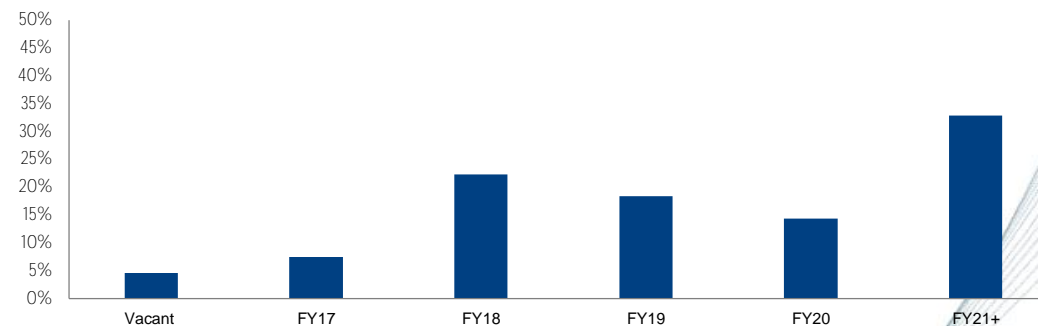


Office: Tactical allocation, optimising returns

- Maintained high occupancy
- Tactically overweight in the improving Sydney office market, where our assets are fully occupied
- Brisbane, Perth and ACT markets remain challenging, incentives still rising
- Sale of Waterfront Place and Eagle St Pier, Brisbane, settled in October 2015, and Garden Square, Brisbane, settled August 2016

Office ¹	FY16	FY15
Leasing activity executed	17,900 sqm	40,100 sqm
Leasing activity under HOA ¹	900 sqm	3,600 sqm
Average rental growth on total lease deals	3.6%	(2.5%)
Portfolio occupancy ²	95.4%	95.4%
Portfolio WALE ²	3.7 yrs	4.5 yrs

Office Lease Expiry Profile²



1. As at 30 June

2. By income

Residential

Andrew Whitson

Artist's Impression

Residential: Driving sustainable returns

Continuing growth in operating profit and ROA, driven by implementation of our strategy, market conditions and further activating our Residential land

First settlements at new projects in FY16 at:

- Altrove (Sydney), The Grove and Cloverton (Melbourne) and Aura (SE Qld)

Record settlements and contracts on hand

Restocking in priority metropolitan corridors, 3,300 lots¹

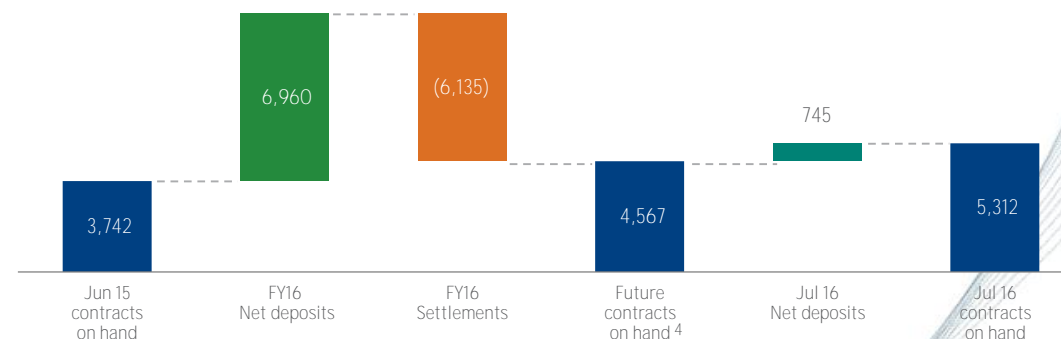
Broadening customer reach through:

- Medium density homes, 74 settlements in FY16 and ~300 expected in FY17
- Completed homes, 110 settlements in FY16 and ~200 expected in FY17
- Apartments, DA submitted at Merrylands

- Includes acquisition of 1,500 lots at Elara (Sydney) post balance date
- 33 superlot settlements in FY16; 30 superlot settlements in FY15. FY16 includes the part disposal of impaired project Bahrs Scrub (Qld) and the disposal of The Islands Apartments at Southbeach (WA)
- Core excludes impaired projects
- Of the 4,567 contracts on hand as at June 30, 2016, 4,311 are due to settle in FY17 and 256 are due to settle in FY18

Residential	FY16	FY15	Change
Lots settled	6,135	5,876	4.4%▲
Revenue – Retail	\$1,373m	\$1,194m	15.0%▲
– Superlots ²	\$109m	\$51m	111.1%▲
EBIT (before interest in COGS)	\$354m	\$290m	21.9%▲
EBIT margin	23.9%	23.3%	▲
Operating Profit	\$230m	\$166m	38.8%▲
Operating Profit margin	15.5%	13.3%	▲
ROA – total portfolio	13.8%	12.7%	▲
ROA – core portfolio ³	19.6%	17.0%	▲

Residential sales

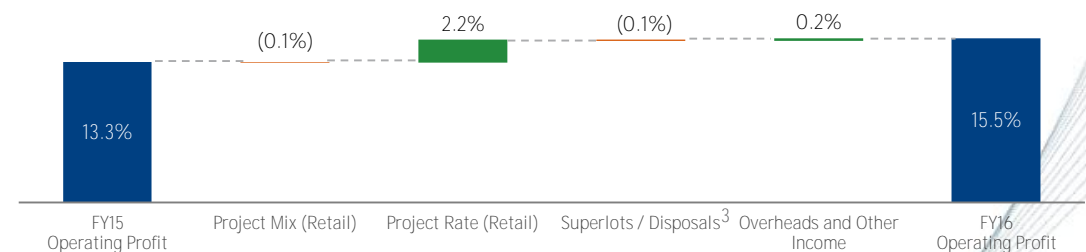


Residential: Operating profit margin improvement

- Higher margin driven by improved project rate, reflecting price growth above feasibility assumptions in some locations and cost savings
- Operating profit margins expected to remain around current levels in FY17, and circa 14% in the medium term, reflecting project mix and more built form
- Total FY17 settlements will continue to be impacted by production constraints
- We expect a significant earnings skew in FY17, with around two thirds of profit falling into the second half, due to:
 - Timing of lot settlements, including higher margin Sydney lots and new launch projects
 - Our medium density business making a meaningful contribution to settlements, delivering first profits from 2H17

Residential	Core	Workout ¹	Total
Lots settled	5,736	399	6,135
Revenue	\$1,339m	\$143m	\$1,482m
<i>Revenue</i>	<i>90%</i>	<i>10%</i>	<i>100%</i>
EBIT	\$327m	\$27m	\$354m
<i>EBIT margin</i>	<i>24.4%</i>	<i>18.8%</i>	<i>23.9%</i>
Operating Profit	\$230m	-	\$230m
<i>Operating Profit margin</i>	<i>17.2%</i>	<i>-</i>	<i>15.5%</i>
Remaining lots	92%	8%	100%
Number of projects ²	42	14	56
ROA	19.6%	(9.7%)	13.8%

Residential Operating Profit Margin



1. Includes all impaired projects

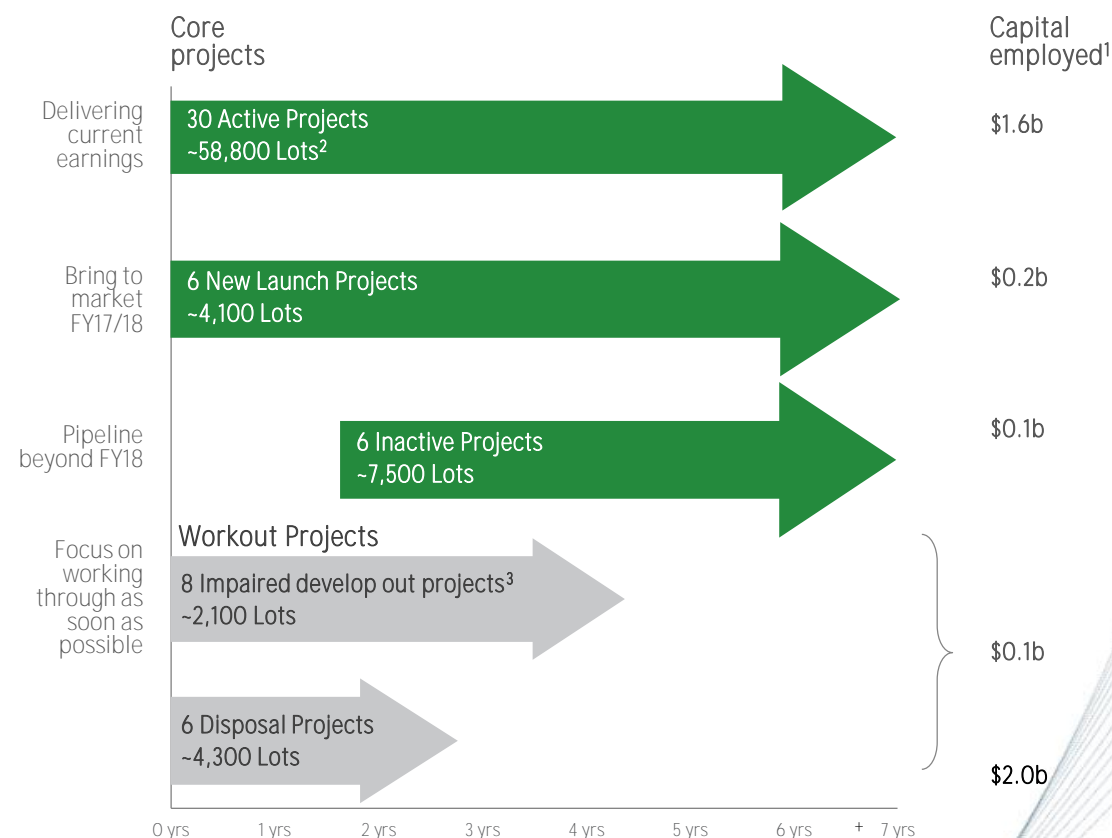
2. Excludes six active projects that are 99% complete

3. 33 superlot settlements in FY16; 30 superlot settlements in FY15. FY16 includes the part disposal of impaired project Bahrs Scrub (Qld) and the disposal of The Islands Apartments at Southbeach (WA)

Residential: Growing assets and customers

Significant progress in activating our portfolio:

- 90% of net funds employed (NFE) in projects actively selling, up from 60% in FY13
- On track for first settlements from Newport and Pallara (Brisbane), and Arve (Ivanhoe, Melbourne) in FY17
- Owner occupier demand remains strong as we focus on affordability and community creation; over 75% of our buyers are owner occupiers
- Continuing to work through impaired projects, no increase in impairment provision



1. Based on net funds employed as at 30 June 2016

2. Excludes Elara acquisition of 1,500 lots in June 2016 pending settlement in July 2017

3. ~61% of impaired develop out projects expected to be completed in five years

Residential: Market overview

FY16 Stockland Summary

State	FY16 settlement volumes (% change over FY15)	Comments on our settlements in FY16
NSW	34% ▲	Strong lift from Willowdale and Elara
Vic	19% ▲	Strong contributions from all active projects and the launch of The Grove and Cloverton in FY16
Qld	(10%) ▼	Reduced settlements at completing projects ¹ . Partially offset by first settlements at Aura in FY16
WA	(8%) ▼	Softer WA market in line with expectations

1. Freshwater, North Lakes, Bells Reach and Brightwater

FY17 Market Outlook

State	Vacant land sales volumes	Vacant land prices	Comments on market outlook
NSW	↔	↑	Demand recovered in the June quarter of 2016 and available stock is still not sufficient to satisfy demand. Annual land price growth 10% over FY16 is now in line with the established market. Price growth is expected to moderate as affordability is tested but remains robust
Vic	↓	↑	We anticipate volumes will ease from current historical highs, but remain supported by very strong interstate migration. Levels of competition remain high, but available stock is still falling, supporting moderate price growth
Qld	↑	↑	Higher demand reflecting interstate migration driven by improved relative affordability. Price growth continues to lag NSW and Victoria to date in both established and vacant land markets
WA	↔	↓	Weak short term economic outlook expected to keep sales volumes close to the low point of the cycle experienced in late 2015. Rebates and incentives have given way to direct price discounting in 2016



Retirement Living

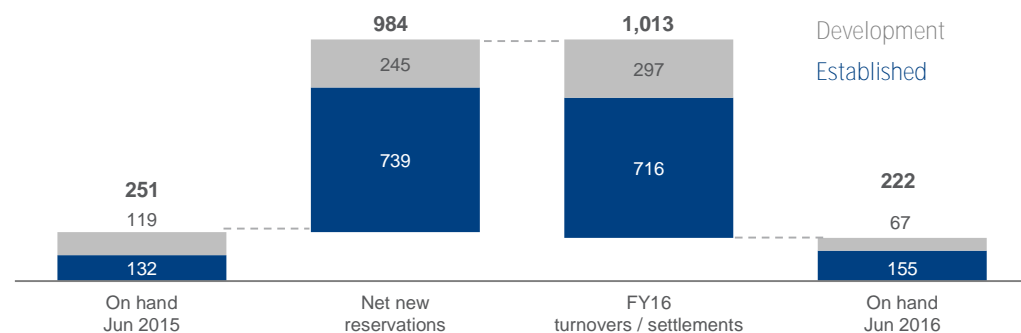
Stephen Bull

Retirement Living: Delivering growth

Significant uplift in operating profit and ROA:

- Record level of settlements
- Average development margin at top end of 15-17% target range
- Development reservations on hand impacted by timing of pre-sales and staged completions, including Cardinal Freeman The Residences (Sydney)
- Average turnover cash margin a function of contract and product mix

Net reservations



Total Portfolio	FY16	FY15	Change
EBIT	\$64m	\$54m	20.5% ▲
Operating Profit	\$57m	\$48m	19.7% ▲
Transaction value ¹	\$393m	\$333m	18.0% ▲
Occupancy	94.9%	94.4%	▲
ROA	5.8%	5.3%	▲

Established Portfolio	FY16	FY15	Change
Average re-sale price	\$329k	\$329k	-
Turnover cash per unit	\$81k	\$84k	(3.1%) ▼
Turnover cash margin	24.7%	25.4%	▼
Established settlements	716	663	8.0% ▲
Reservations on hand	155	132	17.4% ▲

Development Portfolio	FY16	FY15	Change
Average price per unit	\$509k	\$413k	23.3% ▲
Average margin – excludes DMF	16.8%	15.9%	▲
Development settlements	297	282	5.3% ▲
Reservations on hand ²	67	119	(43.7%) ▼

1. Reflects gross sales value of established village and new development settlements
2. FY15 reservations reflect timing of project presales including Cardinal Freeman The Residences (Sydney) and Golden Ponds (NSW)

Retirement Living: Growing returns

Development remains a key focus for improving returns

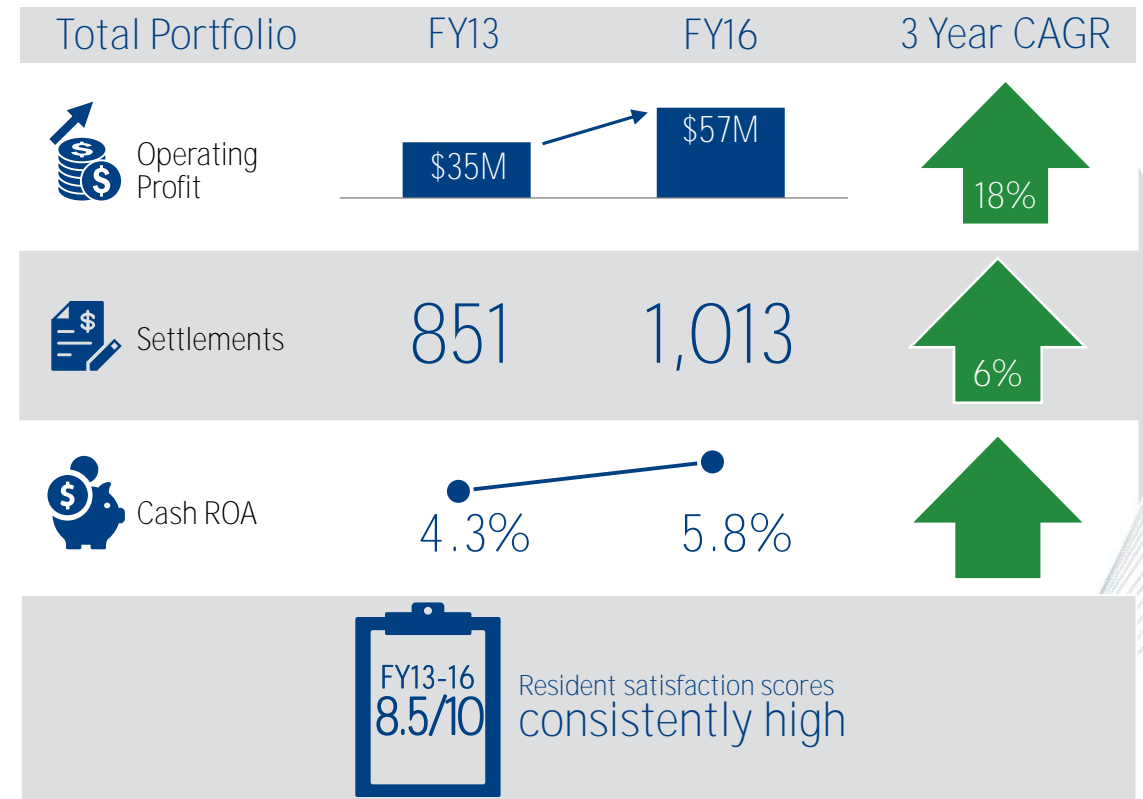
- 400 homes under development
- First apartment buildings at Cardinal Freeman The Residences (Sydney), completed and sold, next building of 40 apartments due for completion in 2H17
- New developments at Willowdale (Sydney) and Lightsview (Adelaide) launched 2H16

Actively managing our Retirement Living portfolio:

- Continuum of care – new Opal Aged Care facilities at Cardinal Freeman The Residences (Sydney), and a further four in advanced planning stages
- Reshaping the portfolio – sale of five small, low ROA villages in WA in July 2016

Strategy delivering improved cash ROA

Three years of continued improvement



Summary and Outlook

Mark Steinert

FY17 outlook

- Targeting FY17 FFO per security growth of 5-7%, with a profit skew to 2H17, assuming no material change in market conditions. Underpinned by:
 - Settlements above 6,000 residential lots, with a significant settlement and profit skew to 2H17, reflecting project timing
 - Residential margins around current levels in FY17, from strategic initiatives and favourable market conditions
 - Commercial Property comparable FFO growth of 2-3%, including comparable Retail FFO growth of 3-4%
 - Further improvement in Retirement Living returns as we continue to focus on operational efficiencies and our development pipeline
- FY17 DPS targeted at 25.5 cents¹, within new target range of 75-85% of FFO
- Portfolio remains well positioned for sustainable long term growth and value creation

1. Assuming no material change in market conditions



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