

# 1H18 Results Annexure

Creating  
sustainable  
communities

Stockland Green Hills, NSW



**Stockland**  
*it's your place*



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# About Stockland

Brightwater, South East Queensland

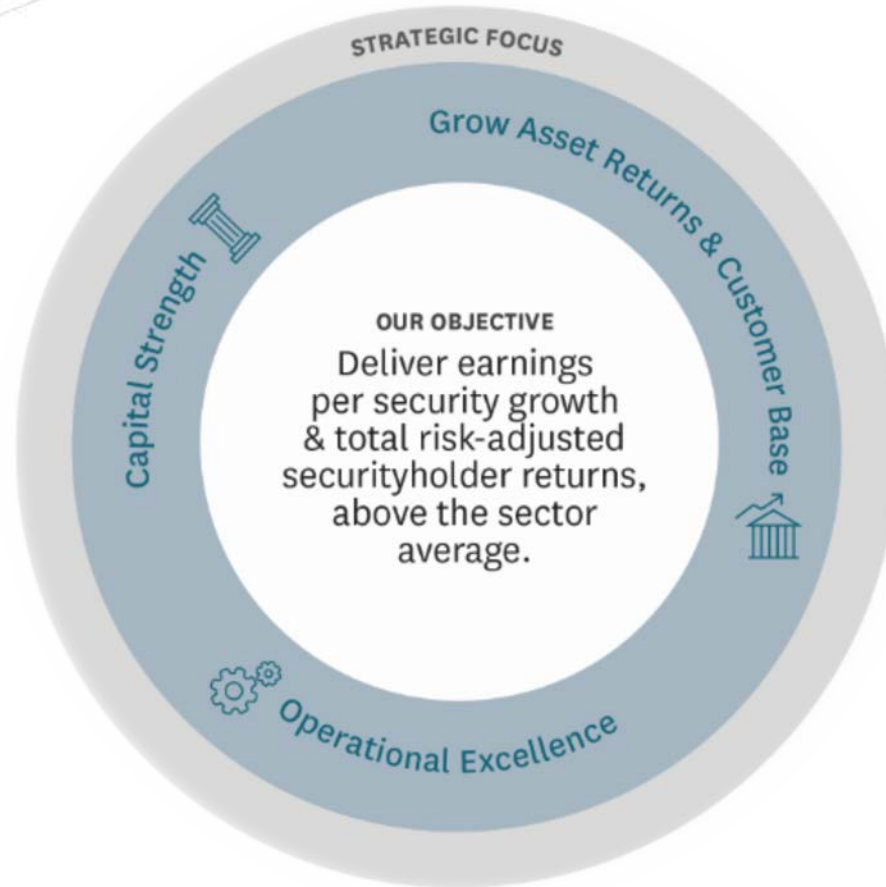


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# Our strategy for success



## OUR VISION

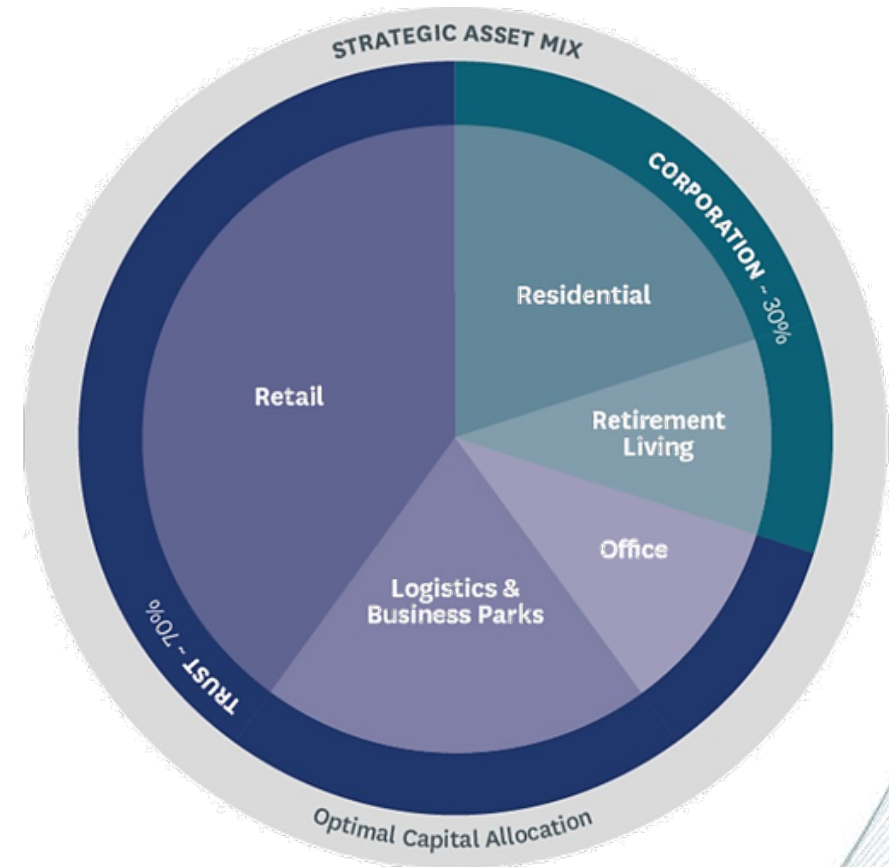
To be a great Australian real estate company that makes a valuable contribution to our communities and our country

## OUR VALUES

Community  
Accountability  
Respect  
Excellence

## OUR PURPOSE

We believe there is a better way to live



Five year indicative asset mix

# Stockland quick facts

## Trust

### RETAIL TOWN CENTRE



Stockland Shellharbour, NSW

Create market leading retail town centres



Ownership interests valued at \$7.3b and gross book value of \$7.8b

### LOGISTICS & BUSINESS PARKS



Ingleburn Logistics Park, Sydney

Grow and develop a leading portfolio



Ownership interests valued at \$2.1b and gross book value of \$2.3b

### OFFICE



135 King St, Sydney

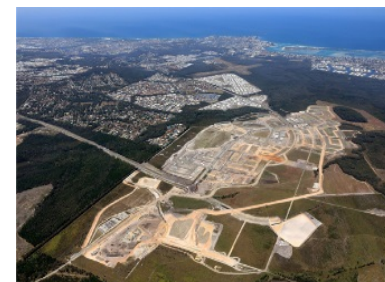
Optimise returns



Ownership interests valued at \$0.8b and gross book value of \$1.2b

## Corporation

### RESIDENTIAL



Aura, Qld

Maximise returns by creating thriving communities



End value \$22.8b

### RETIREMENT LIVING



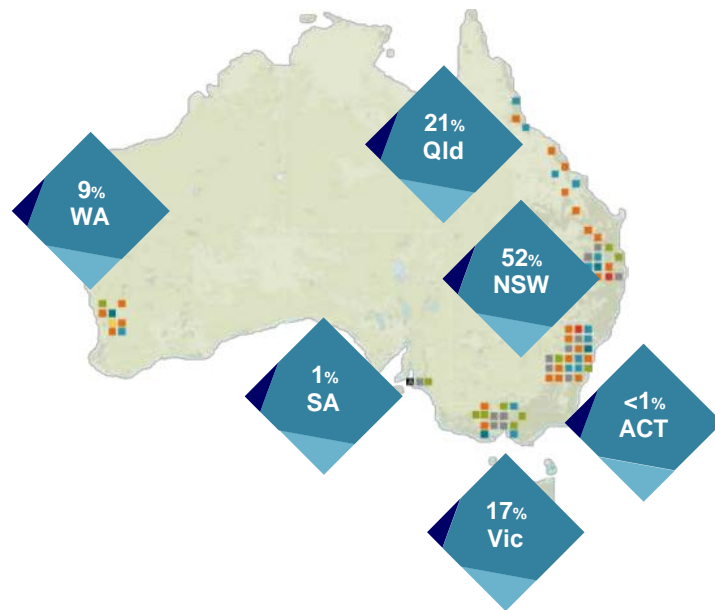
Willowdale Retirement Village, Sydney

Leading operator and developer



\$2.6b estimated end value of development pipeline (including DMF).

# We are well positioned with a diverse portfolio<sup>1,2</sup>



## Key

- Retail
- Office
- Logistics and Business Parks
- Residential Communities
- Retirement Living

1. Includes Unlisted Property Fund assets

2. RL established and development assets at same location are treated as a single property/project (disclosed separately in Property Portfolio)

Note – Percentages may not add due to rounding

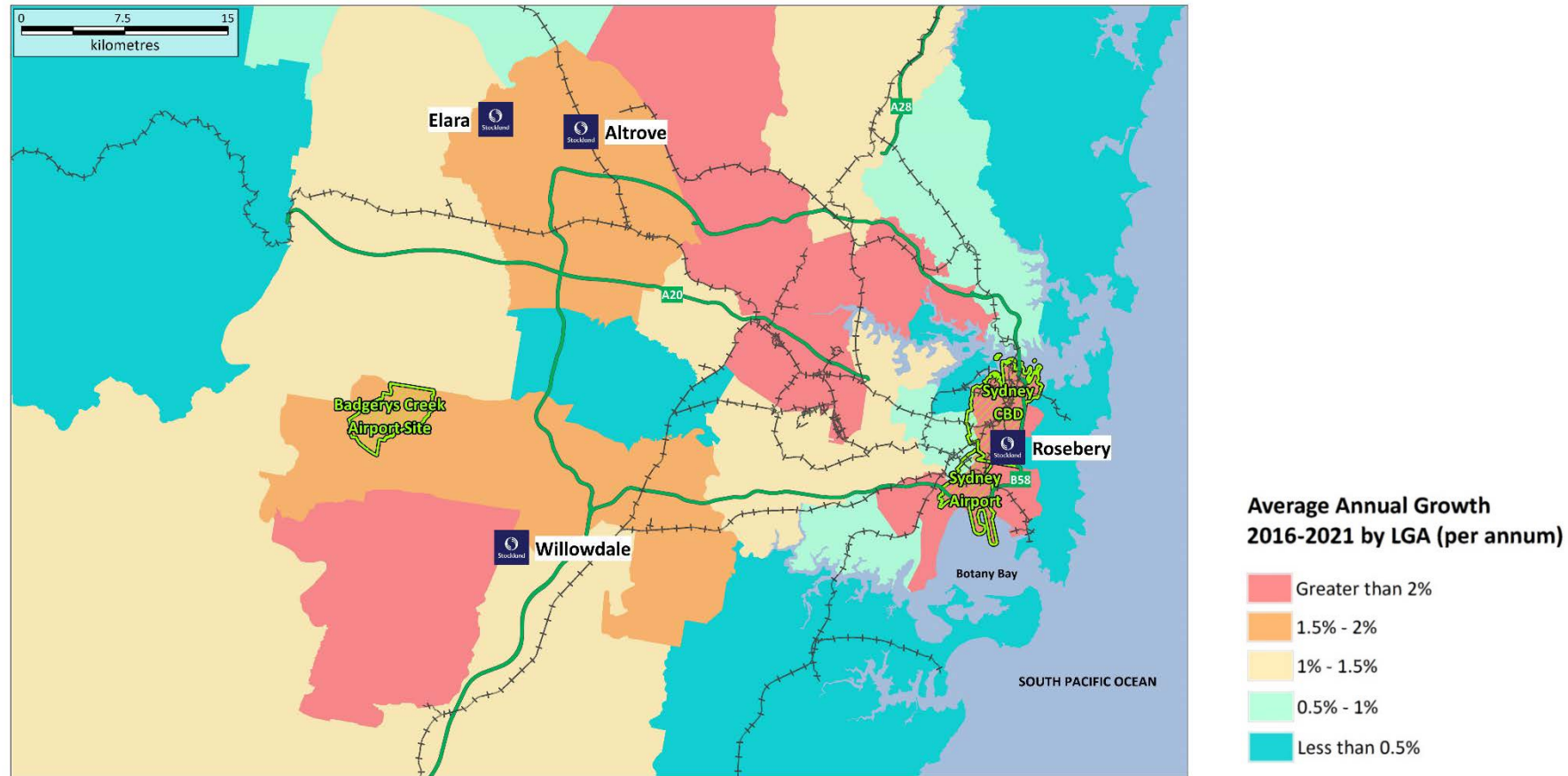
ALL STATES	CP	RESI	RL	TOTAL
NUMBER OF PROPERTIES/ PROJECTS	78	58	74	210
BOOK VALUE	\$10.6b	\$3.4b	\$1.5b	\$15.5b
SGP PORTFOLIO %	69%	21%	10%	100%
QLD	CP	RESI	RL	TOTAL
NUMBER OF PROPERTIES/ PROJECTS	19	25	10	54
BOOK VALUE	\$2.1b	\$1.0b	\$0.2b	\$3.3b
SGP PORTFOLIO %	14%	6%	1%	21%
VIC	CP	RESI	RL	TOTAL
NUMBER OF PROPERTIES/ PROJECTS	14	14	28	56
BOOK VALUE	\$1.2b	\$0.8b	0.6b	\$2.6b
SGP PORTFOLIO %	8%	5%	4%	17%

NSW	CP	RESI	RL	TOTAL
NUMBER OF PROPERTIES/ PROJECTS	37	11	22	70
BOOK VALUE	\$6.5b	\$1.1b	\$0.5b	\$8.1b
SGP PORTFOLIO %	42%	7%	3%	52%
SA AND ACT	CP	RESI	RL	TOTAL
NUMBER OF PROPERTIES/ PROJECTS	2	-	12	14
BOOK VALUE	\$0.1b	-	\$0.1b	\$0.2b
SGP PORTFOLIO %	<1%	-	<1%	1%
WA	CP	RESI	RL	TOTAL
NUMBER OF PROPERTIES/ PROJECTS	6	8	2	16
BOOK VALUE	\$0.7b	\$0.5b	\$0.1b	\$1.3b
SGP PORTFOLIO %	5%	3%	1%	9%



# Key Residential projects, located in population growth areas<sup>1</sup>

## Sydney



1. Source: Location IQ

# Key Residential projects, located in population growth areas<sup>1</sup>

## Melbourne

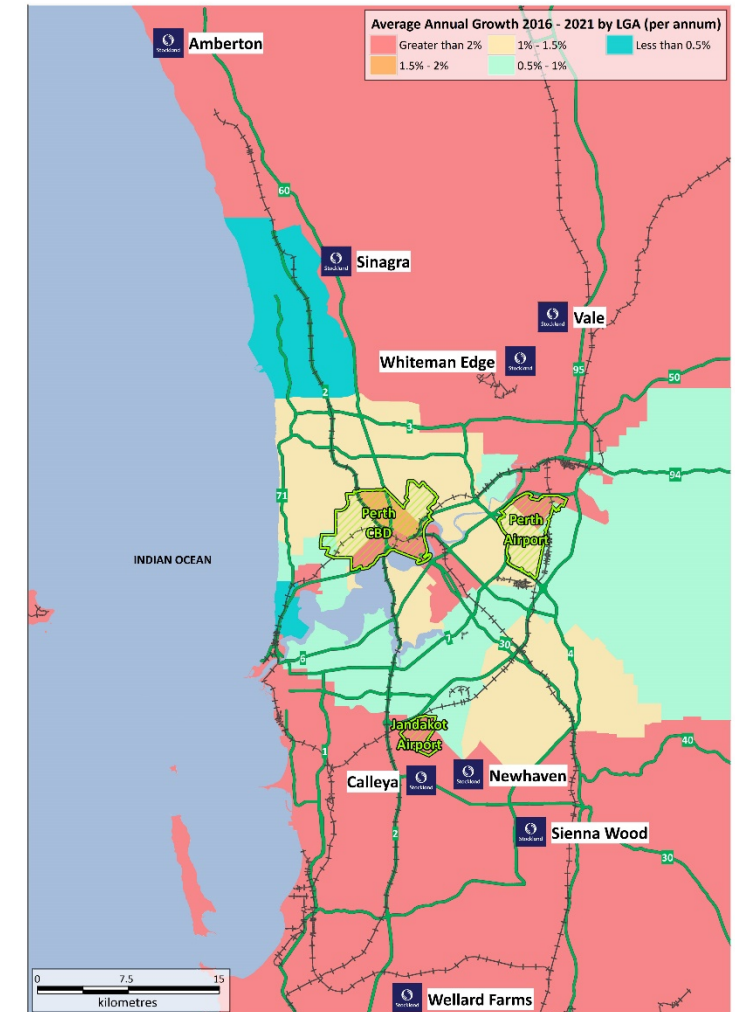
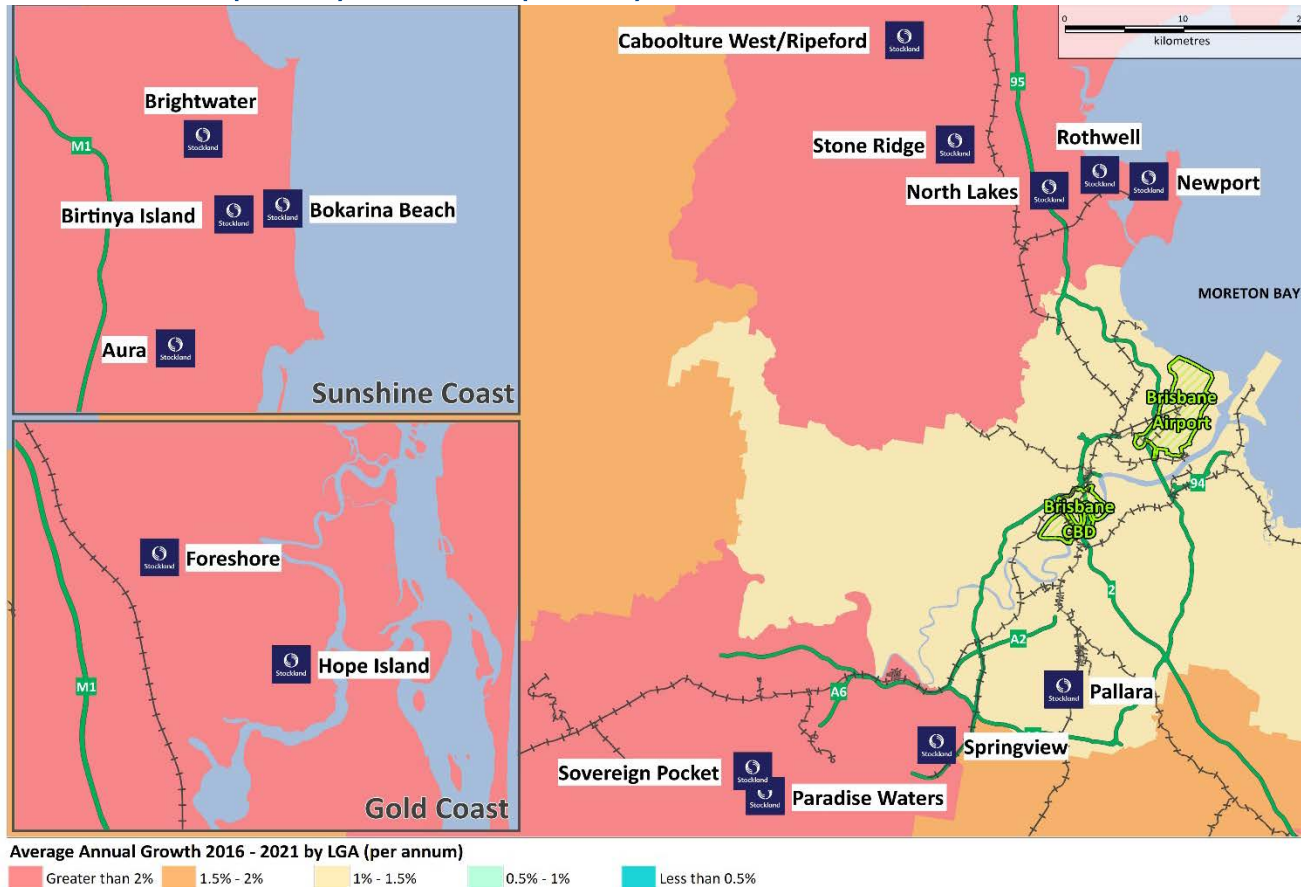


1. Source: Location IQ



# Key Residential projects, located in population growth areas<sup>1</sup>

Brisbane (LHS), Perth (RHS)

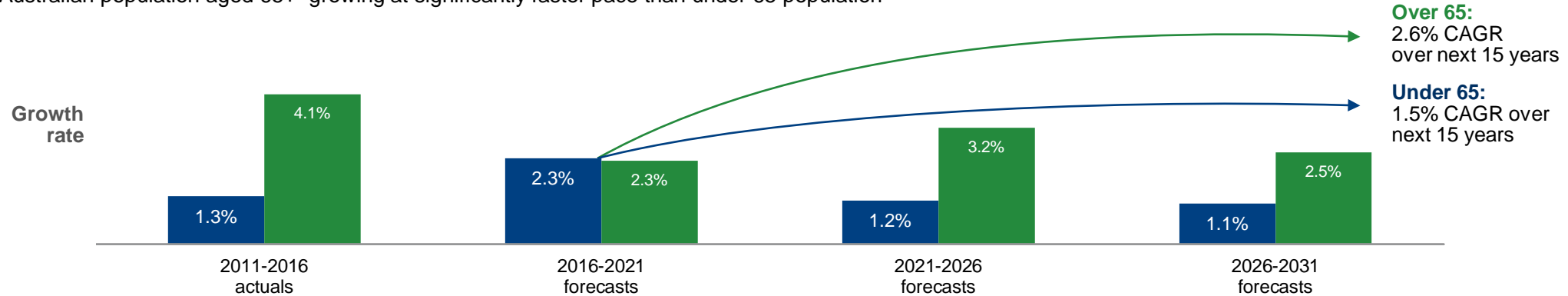


1. Source: Location IQ

# Retirement Living: Strong demand drivers

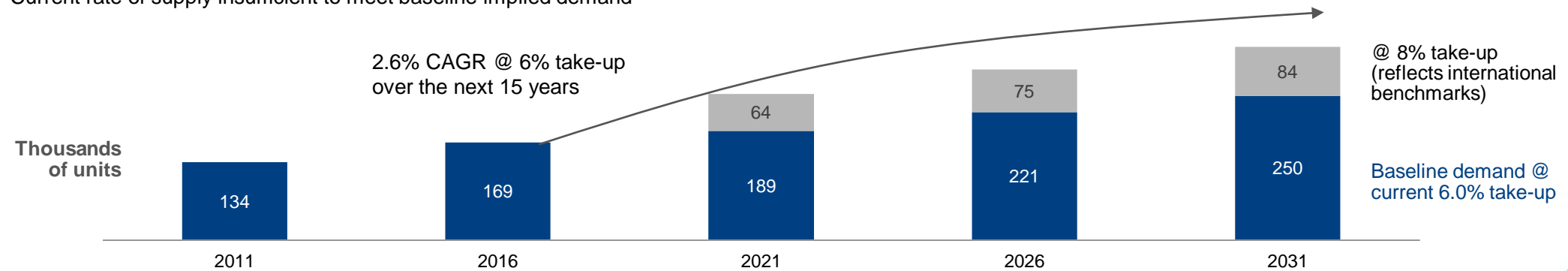
## Compelling demand fundamentals

Australian population aged 65+<sup>1</sup> growing at significantly faster pace than under 65 population



## Implied demand for units<sup>2</sup>

Current rate of supply insufficient to meet baseline implied demand<sup>1</sup>



1. ABS
2. Assumes 1.3 residents per ILU



# Group Finance

Tiernan O'Rourke

Trinity Business Park, Sydney



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# Profit summary

	1H18 (\$M)	1H17 (\$M)
Residential Communities EBIT (before interest in COGS)	232	176
Commercial Property EBIT	275	280
Retirement Living EBIT	18	28
<b>Consolidated segment EBIT</b>	<b>525</b>	<b>484</b>
Amortisation of lease incentives and lease fees	36	35
Straight-line rent adjustments	(2)	(3)
Unallocated corporate overheads	(30)	(29)
<b>Group EBIT (before interest in COGS)</b>	<b>529</b>	<b>487</b>
Net interest expense:		
- Interest income	1	2
- Interest expense	(108)	(105)
- Interest capitalised to Inventory	62	57
- Interest capitalised to Investment Properties under development	9	6
<b>Net interest in Profit &amp; Loss before capitalised interest expensed</b>	<b>(36)</b>	<b>(40)</b>
Capitalised interest expensed in Profit & Loss	(57)	(78)
<b>Net interest expense</b>	<b>(93)</b>	<b>(118)</b>
<b>Funds from operations</b>	<b>436</b>	<b>369</b>
Statutory profit adjustments	248	333
<b>Statutory profit</b>	<b>684</b>	<b>702</b>



# FFO and AFFO reconciliation to the PCA guidelines

The table below shows the reconciliation of statutory profit to FFO with reference to the definitions outlined in the Property Council of Australia (PCA) white paper "Voluntary best practice guidelines for disclosing FFO and AFFO"

PCA REFERENCE		1H18 (\$M)	1H17 (\$M)	COMMENTS
	<b>Statutory profit</b>	<b>684</b>	<b>702</b>	
<b>A</b>	<b>Investment property and inventory</b>			
A1/ A2	Loss from sale of investment property	2	2	
A3/ A4	Fair value gain on investment property	(161)	(207)	Includes fair value movement of the Retirement Living investment property net of resident obligations
<b>B</b>	<b>Goodwill and intangibles</b>			
B1	Impairment of goodwill and intangibles	-	-	
<b>C</b>	<b>Financial instruments</b>			
C2	Fair value (gain)/loss on mark-to-market of derivatives	(5)	(126)	
<b>D</b>	<b>Incentives and straight-lining</b>			
D1	Amortisation of fit-out incentives	27	26	
D4	Amortisation of rent-free periods	9	9	
D5	Rent straight-lining	(2)	(3)	
<b>E</b>	<b>Tax benefit<sup>1</sup></b>	(74)	(21)	The Group has accumulated tax losses of \$1.9 billion and as a result does not have any near-term income tax expense that will be settled in cash. During the period, a deferred tax asset for previously unbooked historical tax losses was recognised. As a non-cash settled benefit, this is excluded from FFO
<b>F</b>	<b>Other unrealised or one-off items</b>			
F2	Other unrealised or one-off items:			
	- Net DMF earned, unrealised	(18)	(13)	
	- Net gain on other financial assets	(26)	-	Includes gain from return of capital on BGP investment received in 1H18
<b>G</b>	<b>Funds from operations ('FFO')</b>	<b>436</b>	<b>369</b>	
G2	Maintenance capex	(21)	(22)	Includes \$2m (1H17: \$3m) Retirement Living common area capital expenditure
G3	Incentives and leasing costs for the accounting period	(37)	(25)	1H18 includes \$6m from leasing activity at Durack Centre. Excludes development centres
	<b>Adjusted funds from operations ('AFFO')</b>	<b>378</b>	<b>322</b>	

1. Non cash tax benefit

# Net interest gap

	1H18			1H17		
	INTEREST (\$M)	DEFERRED INTEREST (\$M)	TOTAL (\$M)	INTEREST (\$M)	DEFERRED INTEREST (\$M)	TOTAL (\$M)
<b>INTEREST EXPENSE</b>						
Interest income	(1)	–	(1)	(2)	–	(2)
Interest expense	97	11	108	100	5	105
Less: capitalised interest						
- Commercial Property development projects	(6)	–	(6)	(4)	–	(4)
- Residential	(51)	(11)	(62)	(52)	(5)	(57)
- Retirement Living	(3)	–	(3)	(2)	–	(2)
Total capitalised interest	(60)	(11)	(71)	(58)	(5)	(63)
<b>Sub-total: Borrowing cost in P&amp;L</b>	<b>36</b>	<b>–</b>	<b>36</b>	<b>40</b>	<b>–</b>	<b>40</b>
Add: capitalised interest expensed in P&L <sup>1</sup>	58	–	58	78	–	78 <sup>2</sup>
<b>Total interest expense in P&amp;L</b>	<b>94</b>	<b>–</b>	<b>94</b>	<b>118</b>	<b>–</b>	<b>118</b>

## Deferred interest – Residential

- Non-cash adjustments for unwinding of present value discount on land acquisitions on deferred terms:

Discount initially booked through balance sheet (inventory and land creditors)

- Made up of: Residential \$50m (1H17: \$76m) and Commercial Property \$7m (1H17: nil). The remaining amount comprises capitalised interest relating to Retirement Living \$1m (1H17: \$2m). This differs to statutory reporting by \$1m (1H17: \$2m) as interest expense in Retirement Living is reported through the fair value adjustment of investment properties
- 1H17 capitalised interest expensed is higher due to sale of impaired projects



# Strategic mix

	TARGET	ASSETS 31 DEC 2017	ASSETS 31 DEC 2016	OPERATING PROFIT 1H18	OPERATING PROFIT 1H17
<b>Recurring</b>					
Commercial Property		69%	73%	61%	73%
Retirement Living		8%	7%	5%	6%
Other and unallocated corporate overheads		-	-	(3%)	(3%)
<b>Total recurring</b>	<b>70 - 80%</b>	<b>77%</b>	<b>80%</b>	<b>63%</b>	<b>76%</b>
<b>Trading</b>					
Residential		21%	18%	42%	26%
Retirement Living		2%	2%	(1%)	1%
Commercial Property		-	-	-	1%
Other and unallocated corporate overheads		-	-	(4%)	(4%)
<b>Total trading</b>	<b>20 - 30%</b>	<b>23%</b>	<b>20%</b>	<b>37%</b>	<b>24%</b>

## Return on assets, return on equity

	CY17			CY16			COMMENTARY
	CASH PROFIT (\$M)	AVG. CASH INVESTED (\$B)	RETURN (%)	CASH PROFIT (\$M)	AVG. CASH INVESTED (\$B)	RETURN (%)	
Retail Town Centres	408	5.2	7.8%	404	5.0	8.2%	Returns impacted by the ongoing development spend
Logistics & Business Parks	143	1.9	7.6%	142	1.7	8.1%	
Office	50	0.7	7.1%	65	0.7	9.0%	Impacted by vacancies in WA and surrender fee income in the prior period
Residential – Core	449	1.8	24.7%	324	1.7	19.2%	Growth reflects continued trading success in our Communities
Retirement Living	63	1.2	5.3%	73	1.1	6.4%	Lower profit driven by lower settlements and timing of superlot sales
<b>Core business ROA (sub-total)</b>	<b>1,113</b>	<b>10.8</b>	<b>10.3%</b>	<b>1,008</b>	<b>10.2</b>	<b>9.8%</b>	
Residential – Workout <sup>1</sup>	9	0.2	4.2%	(85)	0.4	(23.4%)	
Unallocated Overheads & Other Income	(62)	-	-	(59)	-	-	
<b>Group ROA</b>	<b>1,060</b>	<b>11.0</b>	<b>9.6%</b>	<b>864</b>	<b>10.6</b>	<b>8.1%</b>	
Net interest/net debt	(193)	(3.5)	5.5%	(187)	(3.3)	5.6%	
<b>Group ROE</b>	<b>867</b>	<b>7.5</b>	<b>11.5%</b>	<b>677</b>	<b>7.3</b>	<b>9.3%</b>	
<b>Group ROE (excl. workout)</b>	<b>858</b>	<b>7.3</b>	<b>11.7%</b>	<b>762</b>	<b>6.9</b>	<b>11.0%</b>	

1. Includes all impaired projects



# Reconciliation between return on equity table values and accounting results

## Reconciliation of Group return in ROE calculation to underlying profit

	CY17 (\$M)	CY16 (\$M)
<b>Cash return</b>	<b>867</b>	<b>677</b>
Capitalised interest expensed in COGS	(121)	(147)
Capitalised interest for the year <sup>1</sup>	120	112
Add-back impairment release in COGS	10	133
CP straight-line rent and other	(7)	(9)
<b>Funds from operations (FFO)</b>	<b>869</b>	<b>766</b>

## Reconciliation of capital employed in ROE calculation to statutory net assets

	AVERAGE FOR CY17 (\$B)	AVERAGE FOR CY16 (\$B)
<b>Group capital employed (Net Assets)</b>	<b>7.5</b>	<b>7.3</b>
Commercial Property revaluations	2.6	2.3
Residential Communities capitalised interest	0.4	0.4
Residential Communities and Apartments impairment	(0.2)	(0.3)
Retirement Living DMF revaluations	0.2	0.2
Distribution provision and non-cash working capital	(0.4)	(0.4)
<b>Statutory net assets (average for the period)</b>	<b>10.1</b>	<b>9.5</b>

1. Excludes deferred interest

# Stockland return on equity methodology

	NUMERATOR (CASH RETURN)	DENOMINATOR (AVERAGE CASH INVESTED)
Residential (incl. MD & Apartments)	EBIT (including cash loss realised on impaired projects)	Net funds employed (NFE) (excluding accrued capitalised interest and impairment provision) average for the 12 month period
Commercial Property	Operating profit before amortisation of lease incentives	Average cost + capital additions + lease incentives + development work in progress Business unit overheads are allocated across the asset classes based on NOI contribution
Retirement Living	EBIT	Average NFE (including inventory, development expenditure, cash paid for acquired DMFs and goodwill, excluding capitalised interest and revaluations)
Debt funding	Cash interest paid less interest income received	Average debt drawn (net of cash on hand)



# Cost management

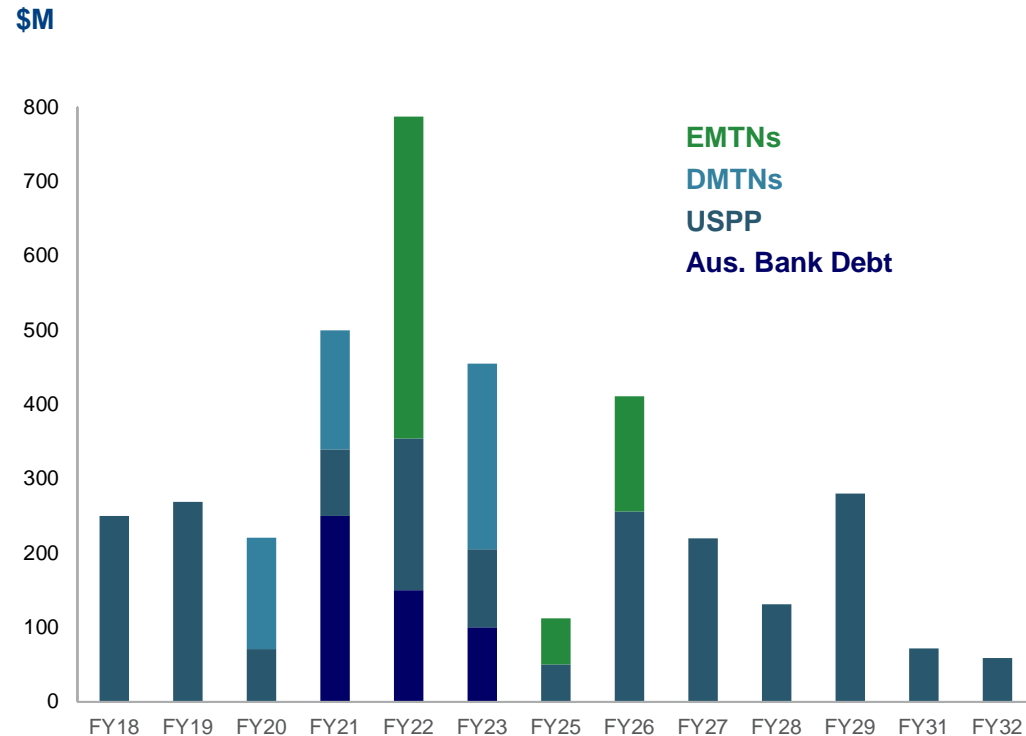
	1H18 \$M	1H17 \$M
Commercial Property <sup>1</sup>	8	6
Residential	84	87
Retirement Living	19	19
Unallocated corporate overheads	30	29
<b>Total sales, general and administration costs</b>	<b>141</b>	<b>141</b>

- Diligent approach to cost management remains embedded across the Group
- Commercial Property growth mainly due to prior year costs skewed to 2H17
- Residential decrease due to delayed marketing spend into second half
- Increase in unallocated corporate costs attributable to increased capability to support our growth

1. Net of recoveries, costs capitalised to development projects and property management fee income

# Long dated, diverse debt

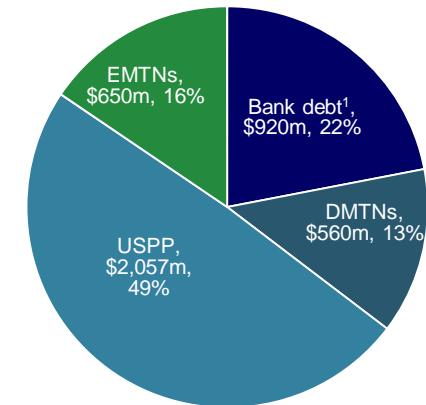
## Long-dated drawn debt maturity profile (WADM 5.1 years)<sup>1</sup>



1. Excludes bank guarantees of \$0.3b and cash on deposit of \$0.2b
2. Face value as at 31 December 2017
3. Average % for 1H18

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## Diverse debt sources – Committed facilities



## Cost of debt for 1H18

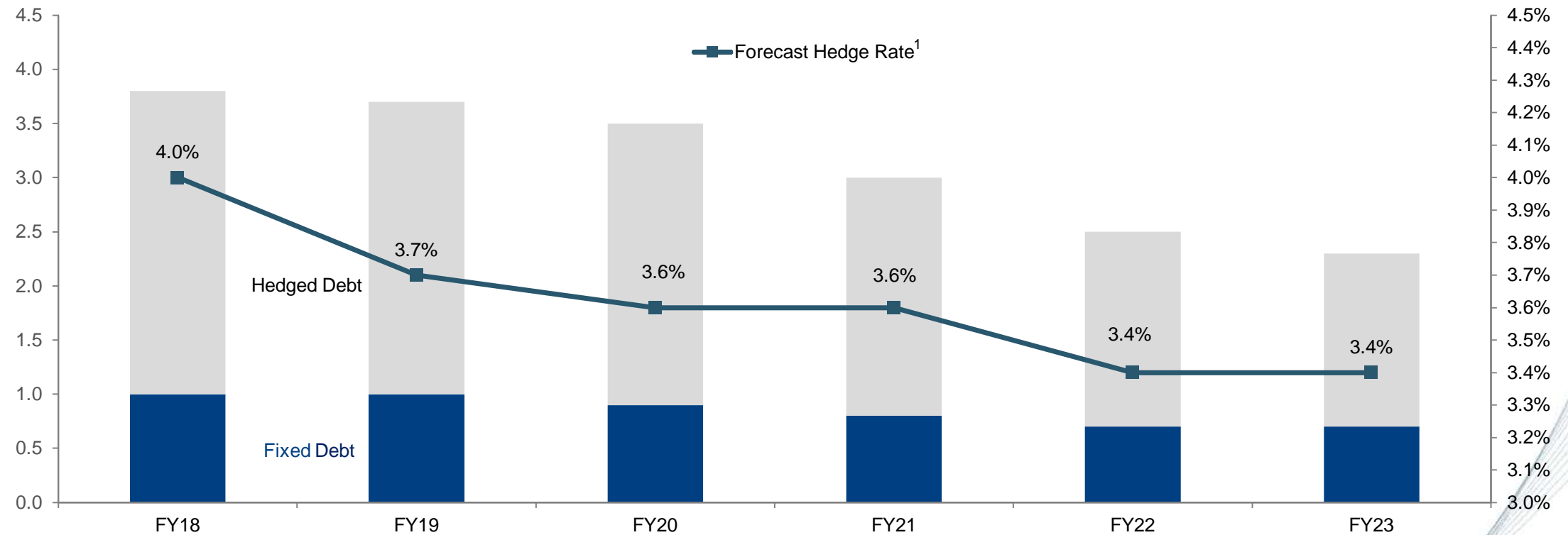
	DEBT (\$M) <sup>2</sup>	TOTAL DEBT (%) <sup>3</sup>	INTEREST RATE (%)
Hedged debt	3,758	100%	4.0%
Floating debt	9	0%	0.0%
<b>Total debt</b>	<b>3,767</b>		4.0%
Margin			1.1%
Fees			0.2%
<b>All-in cost of funds for 1H18</b>			<b>5.3%</b>



# Fixed debt/ hedge profile

Historically high fixed hedge rates have been reduced in future years to positively impact the Group's WACD

Billions



1. Excludes fees and margins

# Debt summary

FACILITY	FACILITY LIMIT (\$M) <sup>1</sup>	AMOUNT DRAWN (\$M) <sup>1,2</sup>
Bank Debt	920	500
Domestic Medium Term Notes	560	560
USPP	2,057	2,057
Offshore Medium Term Notes	650	650
<b>Total Debt</b>	<b>4,187</b>	<b>3,767</b>

FACILITY	FACILITY LIMIT (\$M) <sup>1</sup>	AMOUNT DRAWN (\$M)	FACILITY MATURITY
Bank Debt			
- Multi option facility - Australia	100	-	Jul 2018
- Multi option facility - Australia	200	-	Dec 2018
- Multi option facility - Australia	120	-	Aug 2019
- Multi option facility - Australia	250	250	Jan 2021
- Multi option facility - Australia	150	150	Feb 2022
- Multi option facility - Australia	100	100	Nov 2022
<b>Total Bank Debt</b>	<b>920</b>	<b>500</b>	

1. Facility limit excludes bank guarantees of \$360m of which \$301m was utilised as at 31 December 2017

2. Amount excludes borrowing costs and fair value adjustments, but includes transaction costs

## Debt Capital Markets

- A\$61m USPP was repaid in October 17
- A\$286m USPP (10-15 year terms) was transacted in December 2017 and settled in January 2018

## Bank Debt

- A number of facilities were extended for a further 12 months
- Sufficient liquidity to manage refinance and investment requirements

## Debt summary (continued)

FACILITY	ISSUED DEBT (\$M) <sup>1</sup>	FACILITY MATURITY
<b>DOMESTIC MEDIUM TERM NOTE FACILITY (MTN)</b>		
- MTN	150	Sep 2019
- MTN	160	Nov 2020
- MTN	250	Nov 2022
<b>Total Domestic</b>	<b>560</b>	
<b>OFFSHORE MEDIUM TERM NOTE FACILITY (MTN)</b>		
- European MTN	433	Nov 2021
- Asia MTN	62	May 2025
- Asia MTN	55	Oct 2025
- Asia MTN	100	Jan 2026
<b>Total Offshore</b>	<b>650</b>	

FACILITY	ISSUED DEBT (\$M) <sup>1</sup>	FACILITY MATURITY
- USPP	250	Jun 2018
- USPP	269	Oct 2018
- USPP	71	Jul 2019
- USPP	90	Jul 2020
- USPP	176	Sep 2021
- USPP	28	Jun 2022
- USPP	105	Aug 2022
- USPP	50	Aug 2024
- USPP	156	Aug 2025
- USPP	100	Dec 2025
- USPP	200	Aug 2026
- USPP	20	Jun 2027
- USPP	131	Aug 2027
- USPP	139	Aug 2028
- USPP	141	Feb 2029
- USPP	72	Aug 2030
- USPP	59	Aug 2031
<b>Total USPP</b>	<b>2,057</b>	

1. Amount relates to face value of debt and excludes borrowing costs and fair value adjustments



# Covenant calculations

AS AT 31 DECEMBER 2017	STATUTORY BALANCE SHEET (\$M)	ADJUSTMENTS (\$M)	GEARING COVENANT BALANCE SHEET (\$M)	
<b>Assets</b>				
Cash	174	-	174	
Real estate related assets	15,304	-	15,304	
Retirement Living Gross-Up	2,681	(2,681)	-	<b>B</b>
Intangibles	174	(174)	-	
Other financial assets	260	(242)	18	<b>A</b>
Other assets	274	-	274	
<b>Total assets</b>	<b>18,867</b>	<b>(3,097)</b>	<b>15,770</b>	
<b>Liabilities</b>				
Interest-bearing liabilities	(3,794)	38	(3,756)	<b>A</b>
Retirement Living resident obligations	(2,693)	2,681	(12)	<b>B</b>
Other financial liabilities	(248)	248	-	<b>A</b>
Other liabilities	(1,792)	-	(1,792)	
<b>Total liabilities</b>	<b>(8,527)</b>	<b>2,967</b>	<b>(5,560)</b>	
<b>Net assets</b>	<b>10,340</b>	<b>(130)</b>	<b>10,210</b>	

1. Rolling 12 month average

2. Debt = Interest bearing debt (\$3,756m) + transaction costs (\$11m) – Cash \$174m. TTA = Total tangible assets \$15,770m – Cash (\$174m)

All lenders have consistent covenants

- Total liabilities/total tangible assets (TL/TTA): less than 45%  
no adjustment made for cash held
- Interest cover: more than 2:1 (write-downs and provisions are excluded from calculation)

Gearing covenant limited to Stockland's balance sheet liabilities and excludes:

- MTM of hedges and interest-bearing liabilities **A**
- Retirement Living obligation for existing residents **B**

	INTEREST COVER <sup>1</sup>	TL/TTA	D/TTA (NET OF CASH)
31 December 2017	5.1:1	35.3%	23.0% <sup>2</sup>
30 June 2017	4.8:1	32.0%	22.7%
31 December 2016	4.7:1	32.9%	23.9%

# Balance sheet summary

	31 DECEMBER 2017 (\$M)	30 JUNE 2017 (\$M)
Cash	174	238
<b>Real estate related assets</b>		
- Commercial Property	10,537	10,255
- Residential	3,373	2,453
- Retirement Living	1,394	1,232
- Other	-	-
Retirement Living Gross-Up	2,681	2,616
Intangible assets <sup>1</sup>	174	156
Other financial assets	260	310
Other assets	274	235
<b>Total assets</b>	<b>18,867</b>	<b>17,495</b>
Interest-bearing liabilities	3,794	3,529
Retirement Living resident obligations <sup>2</sup>	2,693	2,629
Other financial liabilities	248	242
Other liabilities	1,792	1,168
<b>Total liabilities</b>	<b>8,527</b>	<b>7,568</b>
<b>Net assets</b>	<b>10,340</b>	<b>9,927</b>
<b>NTA per share</b>	<b>\$4.18</b>	<b>\$4.04</b>

1. Increase reflects software development

2. This amount comprises \$2,681m of existing resident obligations (30 June 2017: \$2,616m), being a balance sheet gross-up and \$12m of former resident obligations (30 June 2017: \$13m)

# Stockland corporation income tax reconciliation

	1H18	1H17
	STATUTORY PROFIT (\$M)	STATUTORY PROFIT (\$M)
<b>Net profit before tax</b>	<b>610</b>	<b>681</b>
Less: Trust profit and Intergroup eliminations	(398)	(586)
Corporation profit/(loss) before tax	<b>B</b> 212	95
Prima facie tax expense @ 30%	(65)	(29)
<b>Tax effect of permanent differences:</b>		
Non-assessable/(non-deductible) items	-	1
Tax losses recognised during the period <sup>1</sup>	139	49
<b>Tax benefit</b>	<b>A</b> 74	<b>21</b>
Effective tax rate ( <b>A</b> / <b>B</b> )	(34%)	(22%)
Effective tax rate (excluding benefit from tax losses recognised)	30%	30%

1. During the current period, \$139m was recognised as a DTA on the balance sheet relating to unused tax losses from previous financial years. In the prior period, a tax benefit of \$49m was booked to recognise the DTA on tax losses arising from certain FX adjustments as confirmed with the ATO



# Commercial Property

John Schroder

Stockland Shellharbour, NSW



**Stockland**  
*it's your place*





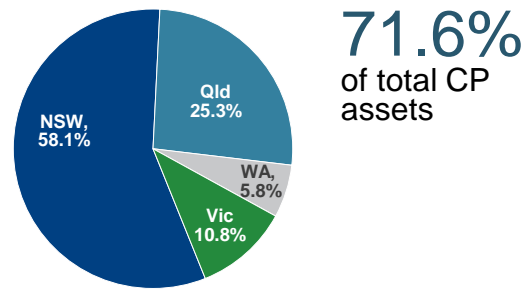
# Commercial Property: Portfolio weightings and valuation movements

**Commercial Property assets: \$10.2b<sup>1</sup>**

**Retail Town Centres: \$7.3b**

**40 properties**

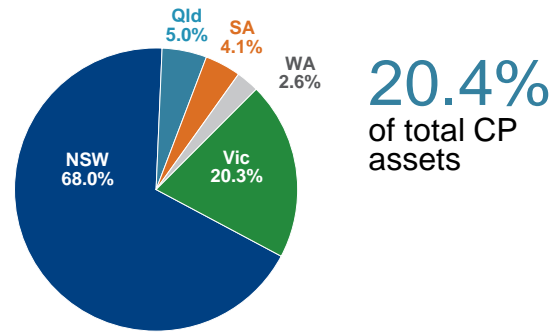
**1,070,681 sqm gross lettable area<sup>2</sup>**



**Logistics and Business Parks: \$2.1b**

**27 properties**

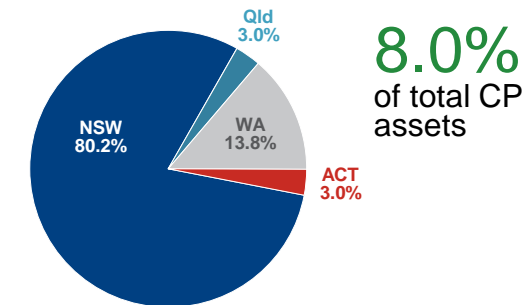
**1,372,181 sqm gross lettable area<sup>2,3</sup>**



**Office: \$0.8b**

**8 properties**

**140,769 sqm net lettable area<sup>2</sup>**



	WACR DEC17	WACR DEC16	BOOK VALUE UNDER OWNERSHIP (\$M)	1H18 REVALUATION MOVEMENT (\$M)	GROSS BOOK VALUE <sup>6</sup> (\$M)
Retail Town Centres	5.9%	6.0%	7,339	43	7,816
Logistics and Business Parks	6.9%	7.2%	2,091	47	2,309
Office	6.3%	6.7%	817	34	1,241
Capital works and sundry properties <sup>4</sup>	-	-	305	-	305
<b>Total</b>	<b>6.1%</b>	<b>6.3%</b>	<b>10,5525</b>	<b>124</b>	<b>11,671</b>

1. Excludes capital works in progress and sundry properties

2. Represents 100% owned, JV and associates properties

3. Excludes hardstand and vehicle storage

4. An independent valuation will be performed on completion of the capital work

5. Excluding stapling adjustment related to owner occupied space

6. Represents all assets that we have ownership in, at 100%

# Commercial Property: Funds from operations

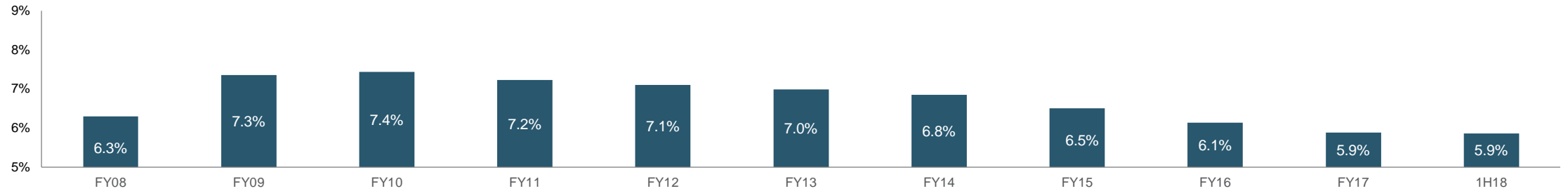
\$M	RETAIL		LOGISTICS AND BUSINESS PARKS		OFFICE		TRADING PROFIT		NET OVERHEAD COSTS		TOTAL	
	1H18	1H17	1H18	1H17	1H18	1H17	1H18 <sup>1</sup>	1H17	1H18	1H17	1H18 <sup>1</sup>	1H17
Operating EBIT	190	191	66	65	19	25	1	5	(8)	(6)	268	280
Adjust for:												
Amortisation of fit out incentives and lease fees	20	18	3	3	4	5	-	-	-	-	27	26
Amortisation of rent-free incentives	-	-	6	5	3	4	-	-	-	-	9	9
Straight-line rent	(1)	(2)	(1)	(1)	-	-	-	-	-	-	(2)	(3)
<b>Funds from operations</b>	<b>209</b>	<b>207</b>	<b>74</b>	<b>72</b>	<b>26</b>	<b>34</b>	<b>1</b>	<b>5</b>	<b>(8)</b>	<b>(6)</b>	<b>302</b>	<b>312</b>

1. Excludes disposal of impaired Waterside Corporate asset

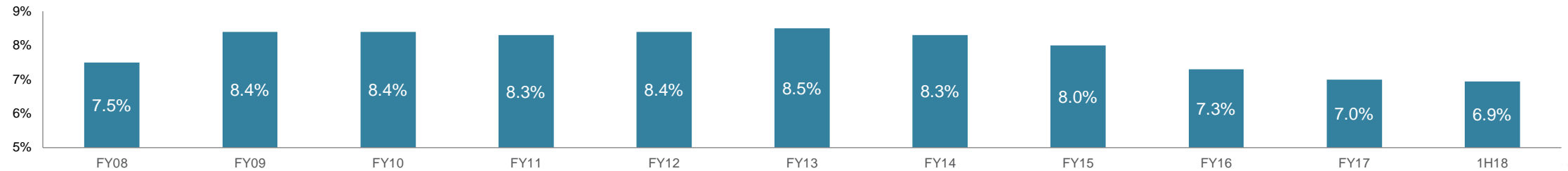


# Commercial Property Portfolio: Trend in cap rates over time

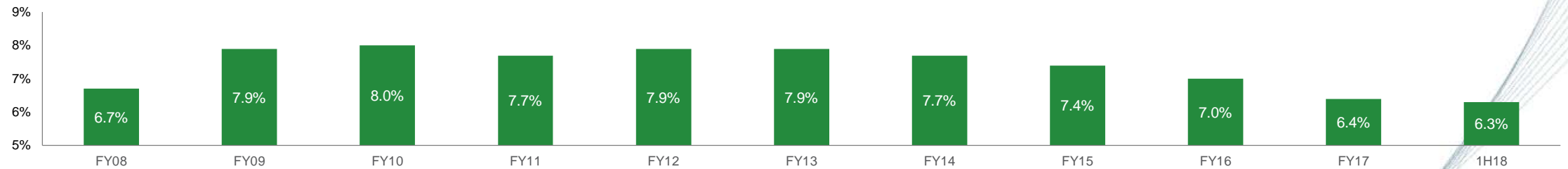
## Retail



## Logistics and Business Parks



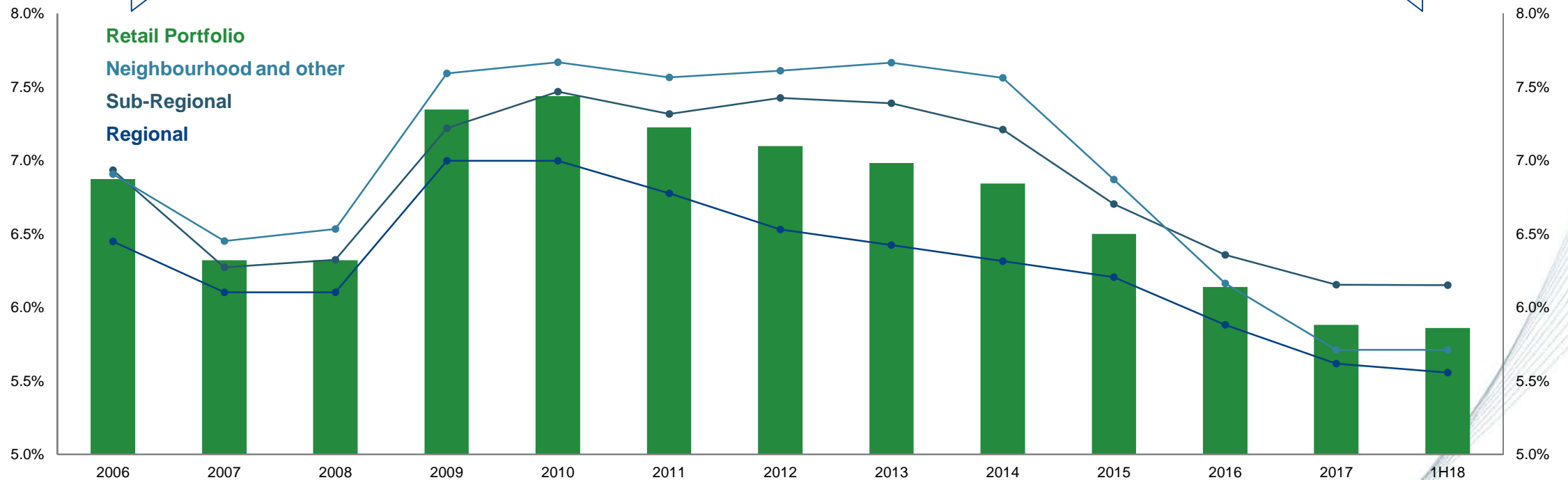
## Office



# Retail Town Centres: Portfolio capitalisation rates

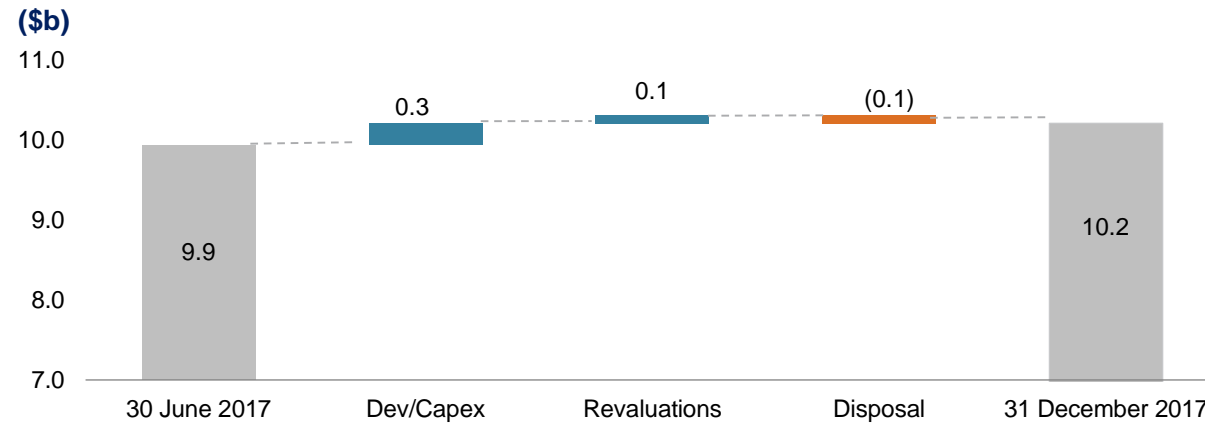
AS AT 30 JUNE 2006	ALLOCATION	%
Regional		14%
Sub-Regional		78%
Neighbourhood and Other		8%

AS AT 31 DECEMBER 2017	ALLOCATION	%
Regional		53%
Sub-Regional		37%
Neighbourhood and Other		10%



# Commercial Property: Revaluation and book value

## Commercial Property book values: \$10.2b<sup>1</sup>



48% by value of all investment property assets were independently valued at 31 December 2017

NET REVALUATION BREAKDOWN	RETAIL (\$M)	LOGISTICS AND BUSINESS PARKS (\$M)	OFFICE (\$M)	TOTAL(\$M)
Operating Assets	(4)	47	34	77
Development	47	-	-	47
Total net revaluations <sup>2</sup>	43	47	34	124

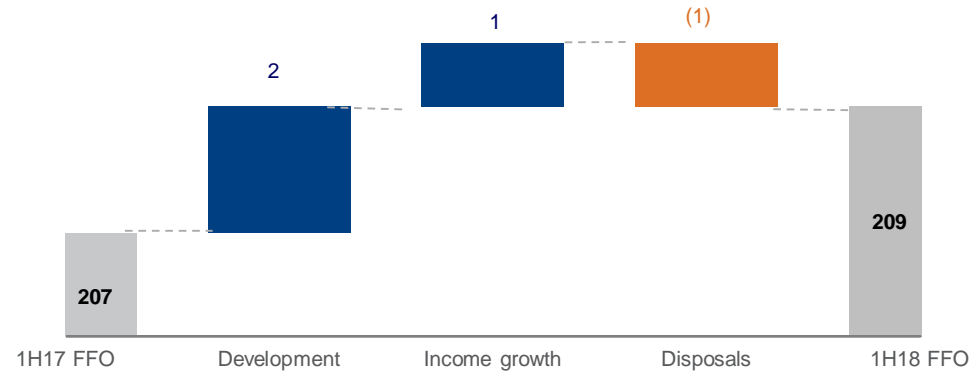
1. Includes joint venture and associate investment properties. Excludes capital works in progress and sundry properties.

2. Excluding stapling adjustments related to owner occupied space



# Retail Town Centres: Performance

## Retail FFO movements between 1H17 and 1H18 (\$m)



## Leasing activity

	NO. OF DEALS	AREA (SQM)	RENTAL GROWTH
Lease renewals	138	23,602	2.3%
New leases	94	13,868	1.4%
Total portfolio	232	37,470	1.9%

1. Stable portfolio. FY18 basket different to FY17 basket
2. Adjusted for operational centre remixes and reconfiguration as well as retailers subject to administration
3. Assumes all leases terminate at earlier of expiry / option date
4. If all call options are exercised on Majors' leases

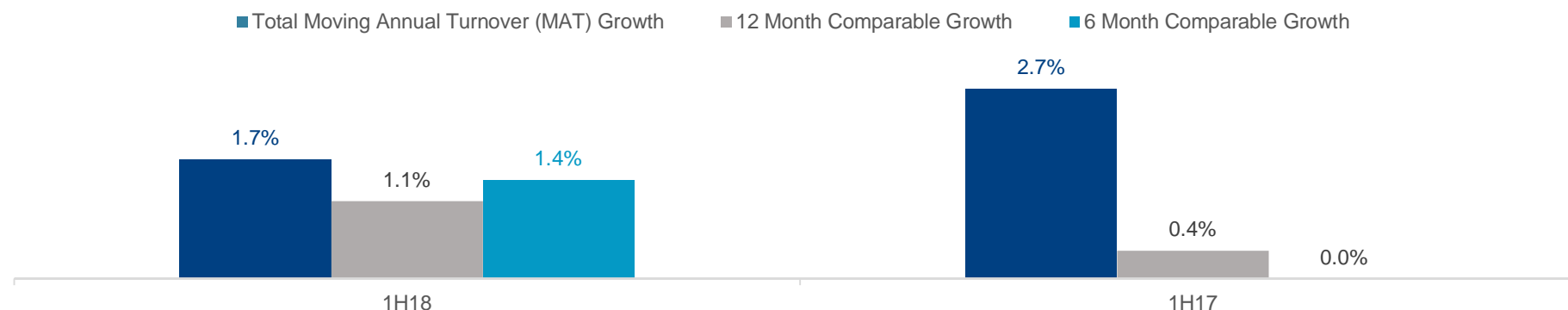
## KEY METRICS (STABLE PORTFOLIO)

	1H18	1H17
Occupancy	99.5%	99.5%
Specialty occupancy costs <sup>1</sup>	15.4%	15.1%
Regional	17.1%	16.9%
Sub-regional	14.2%	13.9%
Neighbourhood centres	14.0%	13.8%
Specialty store leases:		
- Fixed annual increases	97%	97%
- CPI+	3%	3%
Tenant retention <sup>2</sup>	65%	60%
Weighted average lease expiry <sup>3</sup>	6.6 years	6.8 years
Options WALE <sup>4</sup>	12.0 years	11.6 years

94%  
ON FIXED  
4-5%  
INCREASES  
PER ANNUM

# Retail Town Centres: Sales growth for comparable centres

Comparable centres represent 86% of book value for this period



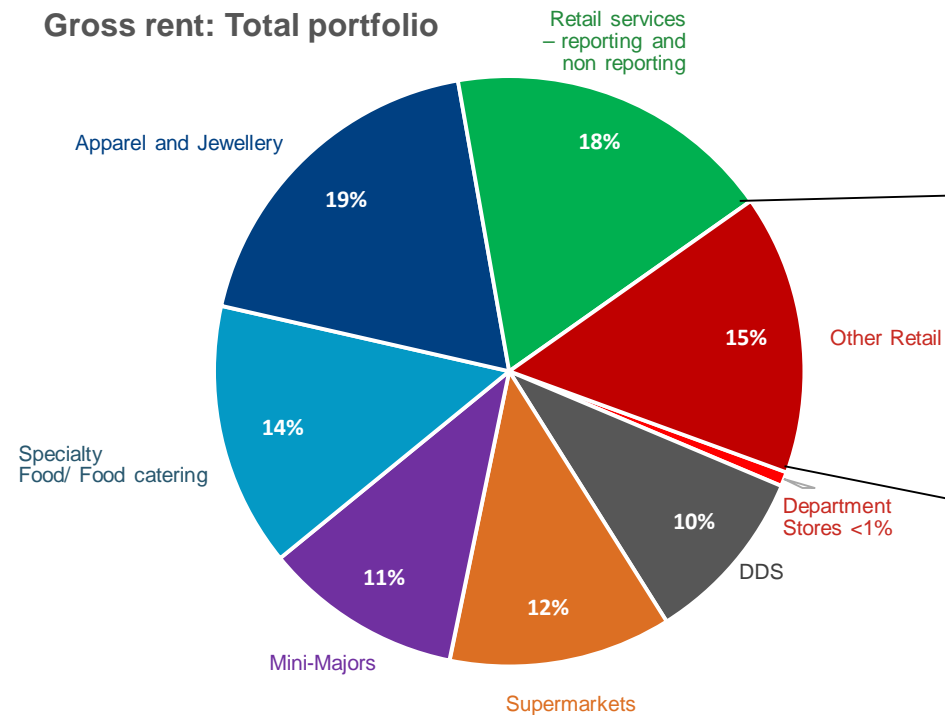
	TOTAL MAT (\$M)	SGP TOTAL MAT GROWTH	12 MONTH COMPARABLE CENTRES GROWTH	6 MONTH COMPARABLE CENTRES GROWTH <sup>2</sup>
Supermarkets	2,578	2.3%	0.8%	1.5%
Department <sup>1</sup> / DDS	912	(1.4%)	(1.6%)	(0.4%)
Specialties	1,983	0.6%	0.4%	0.6%
Mini Majors/ Cinemas/Other	1,235	4.7%	4.8%	3.9%
<b>Total</b>	<b>6,708</b>	<b>1.7%</b>	<b>1.1%</b>	<b>1.4%</b>

1. Includes Myer at Stockland Townsville (Qld) and Stockland Shellharbour (NSW)
2. Includes Wetherill Park (Sydney), Glasshouse (Sydney) and Point Cook (Vic)

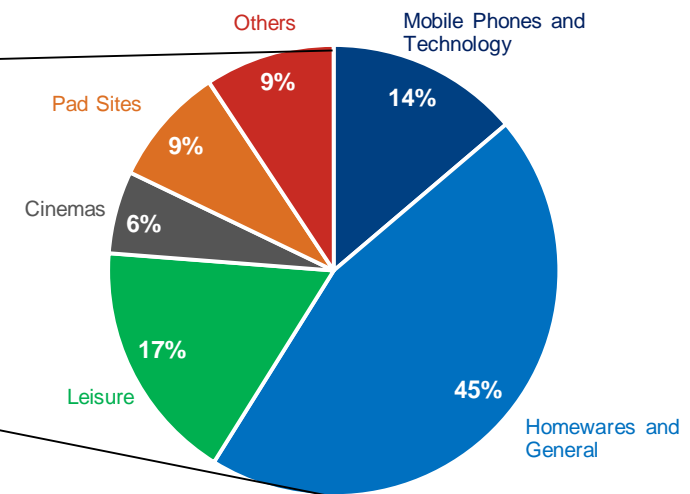
# Retail Town Centres: Productive centres and diverse income base

## Strong diversity in rental income

Gross rent: Total portfolio

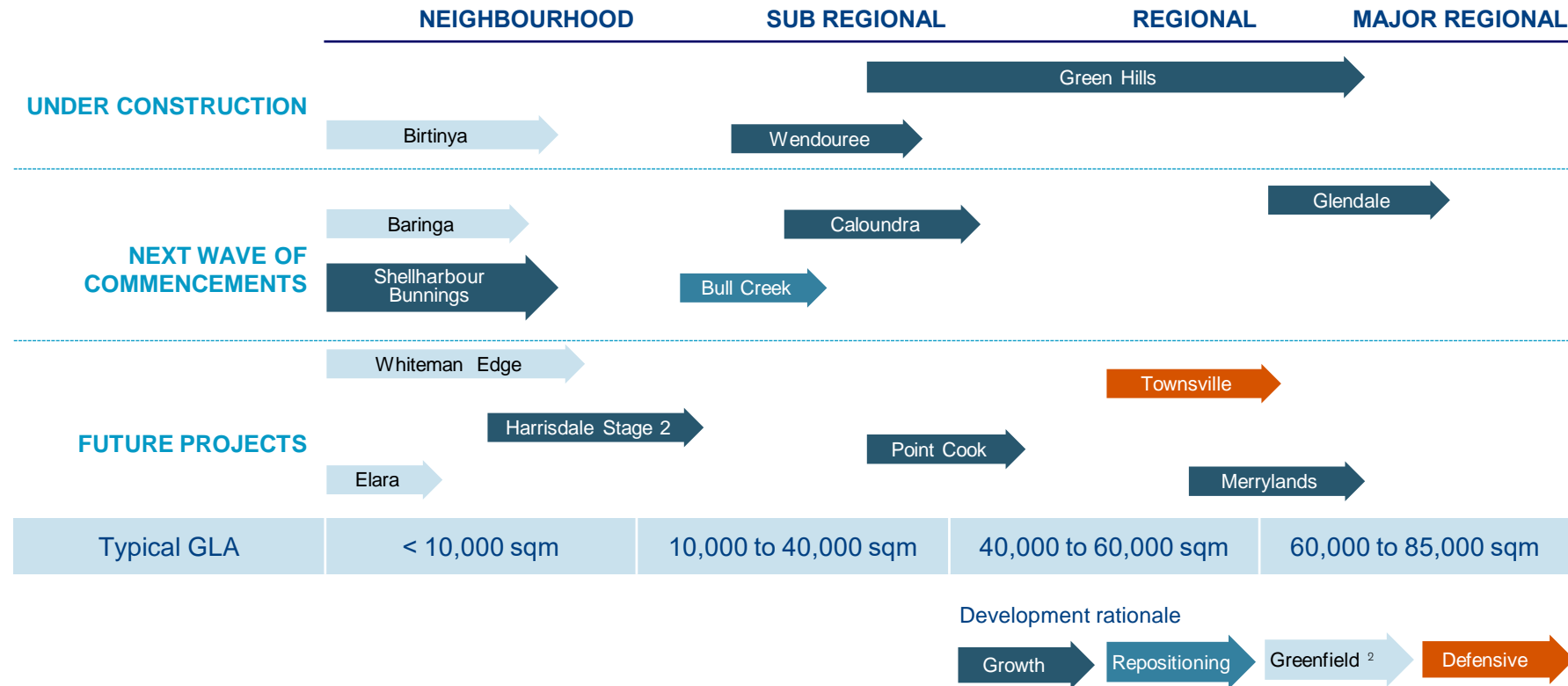


Other Retail



1. MLA methodology, comparable centres
2. Urbis Sub-regional Shopping centre Benchmarks June 2017
3. Other Retail includes travel agents, lotto, pad sites (food and non-food)

# Retail Town Centres: Significant development pipeline driving growth and returns



**Growth Target returns**  
**9%+** incremental IRR<sup>1</sup>  
**7%+** incremental yield (FFO & stabilised)

**DA approvals received**  
 Birtinya Town Centre  
 Whiteman Edge  
 Rockhampton  
 Hervey Bay  
 Gladstone West  
 North Shore Town Centre

**DA approvals submitted**  
 Caloundra  
 Baringa Retail Stage 1  
 Elara Town Centre

1. Unlevered 10 year IRR on incremental development from completion



# Retail Town Centres: Development pipeline

	EST. TOTAL INCREMENTAL COST (\$M)	COST SPENT TO DATE (\$M)	EST. COST TO COMPLETE (\$M)	COMPLETION		EST. FULLY LEASED YEAR ONE YIELD <sup>1</sup>	TOTAL INCOME LEASED	SPECIALTY INCOME LEASED <sup>2</sup>	EST. INCREMENTAL RETURN <sup>3</sup> (%)	EST. TOTAL RETURN <sup>4</sup> (%)
				DATE	VALUE (\$M)					
<b>Under Construction</b>										
Green Hills (NSW)	~414	326	~88	FY18	840 - 860	7.0%	90%	88%	~11.9	~10.5
Wendouree (Vic)	~37	14	~23	FY18	188 - 190	7.2%	76%	63%	~13.7	~10.5
Birtinya (Qld)	~86	14	~72	FY19	86 - 87	6.5%	52%	7%	~9.0	~9.0
	<b>~537</b>		<b>~183</b>							
Pipeline	~530		~530			7%+			9%+	
<b>TOTAL</b>	<b>~1,067</b>		<b>~713</b>							

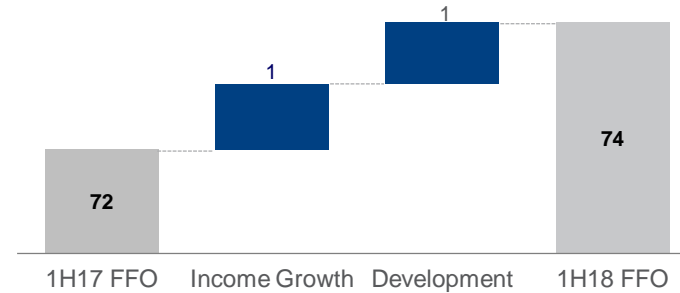
1. Stabilised incremental FFO yield, includes property management fees to Stockland Corporation
2. All specialty income including shops, kiosks, ATMs and pad sites, excluding majors and mini majors
3. Unlevered 10 year IRR on incremental development from completion
4. Unlevered 10 year IRR for existing assets and incremental development from completion

# Logistics & Business Parks and Office: Performance

## Logistics & Business Parks

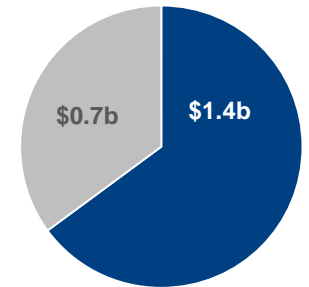
OCCUPANCY AND LEASE EXPIRY – BY INCOME	1H18	1H17
Occupancy	98.8%	96.1%
WALE	4.2 yrs	4.6 yrs

## Logistics & Business Parks FFO movements between 1H17 and 1H18 (\$M)



## Logistics & Business Parks assets by book value

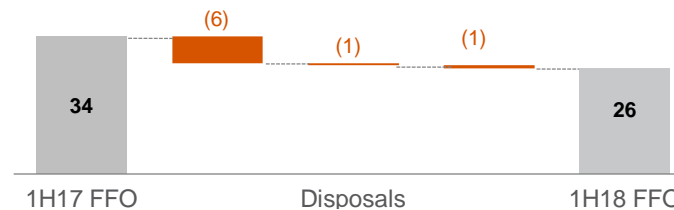
**\$2.1b**  
Logistics  
Business Parks



## Office

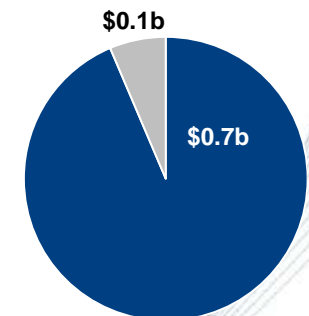
OCCUPANCY AND LEASE EXPIRY – BY INCOME	1H18	1H17
Occupancy	91.1%	93.5%
WALE	3.3 yrs	3.7 yrs

## Office FFO movements between 1H17 and 1H18 (\$M)



## Office assets by book value

**\$0.8b**  
Premium, A Grade  
B Grade



# Logistics & Business Parks: Growing & activating the development pipeline

	COMPLETED	ACTIVE DEVELOPMENT	PLANNING UNDERWAY	FUTURE WAVE
NSW	Waterside (Land Subdivision)	Coopers Paddock, Warwick Farm Yennora (Bldg 3 & 8A) Ingleburn (Stage 2)	Macquarie Technology Park	Land Option (Western Sydney) Yennora (Bldg 1 & 2) Ingleburn (Stage 3)
Vic			Brooklyn (A & C)	Altona Industrial Estate
Qld		Willawong <sup>1</sup>	Yatala	
SA				Port Adelaide DC
WA		Balcatta (Land Subdivision)		

## Target returns

9%+ IRR (Greenfield)  
7%+ incremental yield (FFO)

## DA approvals received

Yatala (Stage 1 & 2)  
Port Adelaide  
Brooklyn (Building A & C)  
Balcatta

## DA approvals submitted

Macquarie Technology Park (Stage 1) and masterplan approved

## Development type

Greenfield

Brownfield

1. Asset developed on acquired land as part of Residential Community activity

# Logistics & Business Parks: Development pipeline

	DEVELOPMENT TYPE	EST. TOTAL INCREMENTAL COST (\$M)	GROSS LETTABLE AREA (SQM)	COST SPENT TO DATE (\$M)	EST. COST TO COMPLETE (\$M)	COMPLETION DATE	VALUE (\$M)	EST. FULLY LEASED YEAR ONE YIELD <sup>2</sup>	EST. INCREMENTAL RETURN <sup>3</sup>	EST. TOTAL RETURN <sup>4</sup>
<b>Under Construction<sup>1</sup></b>										
Coopers Paddock, Warwick Farm (NSW)	Greenfield	~77	51,015	66	~11	FY18	81 - 84	7.3%	~10.7%	~10.7%
Yennora (Blg 3 & 8a) (NSW)	Brownfield	~26	22,600	3	~23	FY19	34 - 36	7.4%	~10.9%	~9.6%
Ingleburn Stage 2 (NSW)	Greenfield	~50	36,850	22	~28	FY19	55 - 59	7.7%	~10.4%	~10.2%
Willawong Distribution Centre (Qld)	Greenfield	~23	19,215	6	~17	FY19	25 - 27	8.0%	~10.2%	~10.2%
		<b>~176</b>	<b>129,680</b>		<b>~79</b>					
Pipeline		~590			~590			7%+	9%+	
<b>TOTAL</b>		<b>~766</b>			<b>~669</b>					

1. Excludes land sub-division projects
2. Stabilised incremental FFO yield, includes property management fees
3. Unlevered 10 year IRR on incremental development from completion
4. Unlevered 10 year IRR for existing assets and incremental development from completion



# Logistics & Business Parks:

## Tenancy retention and new leasing metrics

LOGISTICS & BUSINESS PARKS	TOTAL LEASED <sup>1</sup>			RETENTION <sup>1</sup> - 62% <sup>2</sup>			NEW LEASES <sup>1</sup>		
	GLA LEASED (SQM) <sup>1</sup>	WEIGHTED AVERAGE BASE RENT GROWTH %	WEIGHTED AVERAGE INCENTIVES <sup>3</sup>	RETENTION (SQM) <sup>1</sup>	WEIGHTED AVERAGE BASE RENT GROWTH %	WEIGHTED AVERAGE INCENTIVES <sup>3</sup>	NEW LEASES (SQM) <sup>1</sup>	WEIGHTED AVERAGE BASE RENT GROWTH %	WEIGHTED AVERAGE INCENTIVES <sup>3</sup>
Sydney West	68,293	3.1%	9.8%						
Sydney Metro	4,635	0.0%	11.8%						
Qld	24,720	(5.2%)	12.8%						
SA	31,997	(0.3%)	9.5%						
Vic	85,033	(1.5%)	11.2%						
<b>Total</b>	<b>214,678</b>	<b>-</b>	<b>10.7%</b>	<b>65,408</b>	<b>0.2%</b>	<b>9.8%</b>	<b>149,270</b>	<b>(0.2%)</b>	<b>11.1%</b>

1. Includes executed leases only and represents 100% property ownership

2. Represents the percentage (by income) of total executed deals, which were expiring leases renewed by existing customers during the period. Excludes new leases on vacant space

3. Incentives based on net rent

Office data omitted due to limited leasing activity in high occupancy portfolio

# Retail Town Centres: Asset values

RETAIL PORTFOLIO	BOOK VALUE (\$M)	1H18 VAL. INCR/(DECR) (\$M) <sup>1</sup>	CHANGE	CAP RATE	1H18 FFO (\$M)
Stockland Shellharbour	775.2	11.0	1.5%	5.50%	20.7
Stockland Wetherill Park	765.0	23.7	3.2%	5.25%	19.4
Stockland Green Hills <sup>2</sup>	629.0	47.0	8.1%	5.75%	9.0
Stockland Merrylands	574.0	13.6	2.4%	5.50%	16.5
Stockland Rockhampton <sup>2</sup>	433.2	0.0	0.0%	5.75%	11.7
Stockland Glendale	335.2	0.0	0.0%	5.75%	10.4
Stockland Point Cook	252.0	15.1	6.4%	6.25%	7.6
Stockland Cairns	213.3	0.0	0.0%	6.25%	6.8
Stockland Townsville (50%) <sup>2</sup>	212.3	(22.6)	(9.6%)	5.75-6.50%	5.9
Stockland Baldivis	204.0	0.2	0.1%	5.88%	5.7
Stockland Burleigh Heads <sup>2</sup>	189.2	0.0	0.0%	6.25%	6.0
Stockland Hervey Bay	184.2	0.0	0.0%	6.25%	5.4
Stockland The Pines	182.4	0.0	0.0%	6.00%	5.9
Stockland Forster <sup>2</sup>	173.2	0.0	0.0%	6.25%	5.7
Stockland Balgowlah	169.3	0.0	0.0%	5.50%	5.0
Stockland Baulkham Hills	158.9	0.0	0.0%	6.00%	5.0
Stockland Wendouree <sup>2</sup>	151.1	0.0	0.0%	6.50%	5.2
Stockland Jesmond	150.0	(19.0)	(11.3%)	6.75%	5.2
Stockland Caloundra	145.0	3.6	2.6%	5.75%	4.3
Stockland Bundaberg	144.0	0.0	0.0%	6.50%	4.8
Stockland Gladstone	135.0	(16.9)	(11.1%)	6.75%	5.2
Stockland Nowra	129.0	0.0	0.0%	6.00%	4.0
Stockland Cleveland	118.0	(2.7)	(2.2%)	6.00%	3.5

RETAIL PORTFOLIO	BOOK VALUE (\$M)	1H18 VAL. INCR/(DECR) (\$M) <sup>1</sup>	CHANGE	CAP RATE	1H18 FFO (\$M)
Stockland Traralgon	100.6	0.0	0.0%	6.50%	4.1
Stockland Bull Creek	98.5	(9.2)	(8.5%)	6.50%	3.4
Stockland Bathurst	96.5	0.3	0.3%	6.75%	3.4
Stockland Wallsend	81.0	0.0	0.0%	6.50%	2.9
Glasshouse (50%)	73.5	0.0	0.0%	4.50%	1.6
Stockland Tooronga	70.9	0.0	0.0%	5.75%	2.1
Stockland Riverton (50%)	65.0	(2.5)	(3.7%)	6.25%	2.4
Shellharbour Retail Park	56.0	1.3	2.4%	7.00%	2.2
Stockland Harrisdale <sup>2</sup>	55.3	0.0	0.0%	6.25%	1.9
Stockland Cammeray	49.3	0.0	0.0%	5.75%	1.5
Stockland Highlands	39.4	0.0	0.0%	5.75%	1.1
Stockland Piccadilly (50%)	36.1	0.0	0.0%	5.50%	1.2
Stockland Kensington <sup>2</sup>	31.0	0.0	0.0%	6.00%	0.8
North Shore Townsville	22.6	0.0	0.0%	6.25%	0.7
Burleigh Central <sup>2</sup>	20.9	0.0	0.0%	7.25%	0.8
Merrylands Court <sup>2</sup>	10.1	0.0	0.0%		(0.1)
Toowong Mixed Use <sup>2</sup>	6.9	0.0	0.0%		-
T/ville Kingsvale & Sunvale (50%)	2.5	0.0	0.0%		-
<b>Subtotal Retail</b>	<b>7,338.6</b>	<b>42.9</b>			<b>208.9</b>
Disposals	-	-	-	-	1.7
Other <sup>3</sup>	-	-	-	-	(1.3)
<b>Total Retail</b>	<b>7,338.6</b>	<b>42.9</b>		<b>WACR 5.9%</b>	<b>209.3</b>

1. Movements due to independent valuations
2. Properties impacted by development or still in stabilisation mode
3. Mainly relates to sundry properties

# Logistics & Business Park and Office: Asset values

LOGISTICS & BUSINESS PARKS PORTFOLIO	BOOK VALUE (\$M)	1H18 VAL. INCR/(DECR) (\$M) <sup>1</sup>	CHANGE	CAP RATE	1H18 FFO (\$M)
Yennora Distribution Centre	400.0	7.9	2.0%	6.75%	13.8
Optus Centre (51%)	227.0	-	0.0%	6.75%	7.9
Triniti Business Park	198.0	18.5	10.3%	6.50%	6.0
60-66 Waterloo Road	107.5	8.7	8.8%	6.25-6.75%	3.5
Ingleburn Logistics Park <sup>3</sup>	104.3	0.0	0.0%	6.75%	3.4
Hendra Distribution Centre	93.9	0.0	0.0%	7.75%	2.6
Mulgrave Corporate Park	93.0	0.0	0.0%	7.00%	3.2
Brooklyn Distribution Centre	87.5	4.5	5.5%	7.50%	3.8
Port Adelaide Distribution Centre	85.0	(6.7)	(7.3%)	9.25%	4.8
Forrester Distribution Centre	81.6	0.0	0.0%	7.00%	3.3
Granville Industrial Estate	61.7	5.1	8.1%	6.75-7.50%	2.5
Oakleigh Industrial Estate <sup>3</sup>	61.5	6.0	10.8%	6.25%	1.7
Macquarie Technology Business Park	56.7	0.0	0.0%	6.75-7.75%	2.1
Balcatta Distribution Centre	54.2	0.0	0.0%	6.75%	1.5
Altona Distribution Centre	52.8	0.0	0.0%	6.25-7.25%	2.0
Somerton Distribution Centre	52.7	0.0	0.0%	7.50-7.75%	2.4
16 Giffnock Avenue	51.3	0.0	0.0%	7.12%	1.8
23 Wonderland Drive	37.3	0.0	0.0%	6.75%	1.4
Altona Industrial Estate	36.4	0.0	0.0%	7.50%	1.5
72-76 Cherry Lane	31.5	(0.7)	(2.1%)	6.50%	1.2
Smeg Distribution Centre	28.2	3.3	13.5%	5.50%	0.8
Wetherill Park Distribution Centre	26.1	0.0	0.0%	7.00%	0.9
Erskine Park	22.6	0.0	0.0%	6.00%	0.7
Coopers Paddock, Warwick Farm <sup>3</sup>	18.8	0.0	0.0%	n/a	-
40 Scanlon Drive	9.6	0.5	5.3%	7.00%	0.4
Export Park Distribution Centre	5.9	0.0	0.0%	10.49%	0.3
M1 Yatala Enterprise Park	5.8	0.0	0.0%	n/a	-
Other	-	-	-	-	-
<b>Total Logistics &amp; Business Parks</b>	<b>2,090.9</b>	<b>47.1</b>	<b>WACR 6.9%</b>		<b>73.5</b>

OFFICE PORTFOLIO	BOOK VALUE (\$M)	1H18 VAL. INCR/(DECR) (\$M) <sup>1</sup>	CHANGE	CAP RATE	1H18 FFO (\$M)
Piccadilly Complex <sup>2</sup> (50%)	242.6	0.0	0.0%	5.75- 6.00%	7.6
135 King Street (50%)	181.6	0.0	0.0%	5.38%	4.9
Durack Centre	113.2	0.0	0.0%	8.00%	3.0
601 Pacific Highway	103.5	9.3	9.9%	6.50%	4.0
77 Pacific Highway	91.0	18.4	25.4%	5.75%	2.9
110 Walker Street	36.2	6.6	22.4%	6.25%	1.1
40 Cameron Avenue	24.4	0.0	0.0%	10.50%	1.5
80-88 Jephson Street <sup>3</sup>	17.5	0.0	0.0%	8.00%	0.5
27-29 High Street <sup>3</sup>	3.6	0.0	0.0%	6.75%	0.1
23 High Street <sup>3</sup>	3.3	0.0	0.0%	6.75%	0.1
<b>Subtotal Office</b>	<b>816.9</b>				<b>25.7</b>
Disposals	-	-	-	-	-
Other	-	-	-	-	0.2
<b>Total Office</b>	<b>816.9</b>	<b>34.3</b>		<b>WACR 6.3%</b>	<b>25.9</b>

1. Movements due to independent valuations
2. Piccadilly Complex includes Piccadilly Tower and Court
3. Properties impacted by development

# Top 20 tenants by income

	RETAIL PORTFOLIO		LOGISTICS & BUSINESS PARKS PORTFOLIO		OFFICE PORTFOLIO	
RANK	TENANT	% PORTFOLIO	TENANT	% PORTFOLIO	TENANT	% PORTFOLIO
1	Wesfarmers Ltd	11.8%	Optus Administration Pty Ltd	8.4%	Jacobs Group	7.2%
2	Woolworths Limited	10.4%	ACI Operations Pty Ltd	6.5%	Stockland Development Pty Ltd	6.7%
3	Priceline Pty Limited	1.5%	Toll Holdings Ltd	5.6%	IBM Australia Ltd	6.7%
4	Commonwealth Bank of Australia	1.4%	AWH (Australian Wool Handlers) Pty Ltd	3.2%	Hewlett Packard Pty Ltd	3.4%
5	Prouds Jewellers Pty Ltd	1.3%	Qube Holdings Ltd (Qube Logistics)	3.0%	Australian Bureau of Statistics	3.1%
6	Westpac Banking Corporation	1.3%	Kmart Australia Pty Ltd	2.9%	Brookfield Multiplex Ltd	2.6%
7	The Reject Shop Limited	1.2%	Downer EDI Ltd	2.7%	Russell Investment Group Pty Ltd	2.2%
8	Just Group Limited	1.2%	Daikin Australia Pty Ltd	2.3%	UXC Ltd	2.1%
9	Noni B Group	1.2%	Brownes Foods Operations Pty Ltd	2.1%	Government Property NSW	2.1%
10	H&M Hennes & Mauritz Pty Ltd	1.2%	Icehouse Logistics Pty Ltd	1.7%	The University of Sydney	2.0%
11	Specialty Fashion Group Limited	1.2%	Idameneo Ltd (Laverty Pathology)	1.7%	The Uniting Church of Australia Property Trust	2.0%
12	Best & Less Pty Ltd	1.0%	Austpac Pty Ltd	1.7%	GHD Services Pty Ltd	1.9%
13	ANZ Banking Group Ltd	0.8%	Automotive Holdings Group Limited	1.6%	Smartsalary Pty Ltd	1.6%
14	Luxottica Retail Australia Pty Ltd	0.8%	CSR Ltd	1.4%	Minister for Works	1.5%
15	Aldi Foods Pty Limited	0.8%	Chubb Security Holdings Australia Pty Ltd	1.4%	Optus Administration Pty Ltd	1.5%
16	Myer Pty Ltd	0.8%	Citrix Systems Asia Pacific Pty Ltd	1.2%	Fleet Partners Pty Ltd	1.5%
17	National Australia Bank Limited	0.8%	New Aim Pty Ltd	1.2%	Linkforce Hire Pty Ltd	1.5%
18	Cotton On Clothing Pty Ltd	0.7%	Specialty Packaging Group Pty Ltd	1.2%	National Health Call Centre Network	1.4%
19	Terry White Chemists Ltd	0.7%	Janssen Cilag Pty Ltd	1.1%	Moore Stephens International Ltd	1.3%
20	Specsavers Pty Ltd	0.6%	Boral Constructions Materials Ltd	1.1%	Rice Daubney	1.3%
		40.7%		52.0%		53.6%



# Commercial Property disposals

PROPERTY DISPOSED	ASSET CLASS	TYPE	SETTLEMENT DATE	DISPOSAL VALUE <sup>1</sup> (\$M)
Stockland Corrimal, NSW	Retail	Income Producing	Oct 2017	69.3

1. Excludes associated disposal costs

# Residential

Andrew Whitson

Arve, Melbourne



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## Development pipeline – Major active projects

STATE	PROJECT	STATE PERCENTAGE	APPROXIMATE LOT SALES PER ANNUM <sup>1</sup>	APPROX. REMAINING PROJECT LOTS	ANTICIPATED SETTLEMENTS				
					FY18	FY19	FY20	FY21	FY22+
Qld	North Shore		80	3,650					
	Aura		590	18,840 <sup>#</sup>					
	Newport		300	1,460					
	Pallara		190	410					
	All Other Projects			9,260 <sup>#</sup>					
	<b>Sub-total</b>	<b>39.5%</b>		<b>33,620</b>					
Vic	Highlands		670	4,860 <sup>#</sup>					
	Cloverton		350	10,760 <sup>#</sup>					
	The Grove		250	1,800					
	Orion (Braybrook) <sup>2</sup>		210	420 <sup>#</sup>					
	Waterlea (Stamford Park) <sup>2</sup>		90	190 <sup>#</sup>					
	All Other Projects			9,410 <sup>#</sup>					
	<b>Sub-total</b>	<b>32.3%</b>		<b>27,440</b>					
WA	Newhaven <sup>3</sup>		120	160					
	Vale		300	1,190 <sup>#</sup>					
	Sienna Wood		120	3,070					
	Calleya		220	860 <sup>#</sup>					
	All Other Projects			7,030 <sup>#</sup>					
	<b>Sub-total</b>	<b>14.5%</b>		<b>12,310</b>					
NSW	Willowdale		490	1,660 <sup>#</sup>					
	Elara		740	4,880 <sup>#</sup>					
	Altrove		100	1,020 <sup>#</sup>					
	All Other Projects			4,070 <sup>#</sup>					
	<b>Sub-total</b>	<b>13.7%</b>		<b>11,630</b>					
	<b>Total</b>	<b>100.0%</b>		<b>85,000</b>					

# Dwellings

1. Average number of lots estimated for three years for FY18 - FY20
2. Average number of dwellings estimated for FY20 - FY21
3. Average number of lots estimated for two years for FY18 - FY19



## Twelve projects with first settlements in next two years

	PROJECT	TIMING OF FIRST SETTLEMENTS	APPROXIMATE TOTAL LOTS IN PROJECT	APPROXIMATE LIFE OF PROJECTS
Vic	Edgebrook	FY19	790	5 yrs
	Waterlea (Stamford Park)	FY20	190 <sup>#</sup>	2 yrs
	Orion (Braybrook)	FY20	420 <sup>#</sup>	2 yrs
	Minta Farm	FY20	1,710	8 yrs
	Mt Atkinson	FY19	4,320	17 yrs
	Truganina	FY20	1,012	5 yrs
Qld	Foreshore	FY18	530 <sup>#</sup>	4 yrs
	Bokarina Beach	FY19	300 <sup>#</sup>	7 yrs
	Hope Island	FY20	110 <sup>#</sup>	3 yrs
	Springview	FY19	410	4 yrs
	Rothwell	FY19	190	2 yrs
	Paradise Waters	FY19	2,080	16 yrs
Total lots			12,062	

<sup>#</sup> Includes dwellings



## Projects completing prior to FY20

	PROJECT	TIMING OF FINAL SETTLEMENTS	APPROXIMATE TOTAL LOTS <sup>#</sup>	LOTS <sup>#</sup> REMAINING (AS AT 31 DEC 2017)
WA	Newhaven	FY19	2,660	158
Qld	Highland Reserve	FY19	1,160	30
	Stone Ridge	2H18	590	57
	Ormeau Ridge	2H18	660	73
	Augustine Heights	FY19	1,040	97
	Vale	FY19	640	123
Vic	Arve	2H18	80 <sup>#</sup>	2
	Mernda Villages	FY19	2,990	192

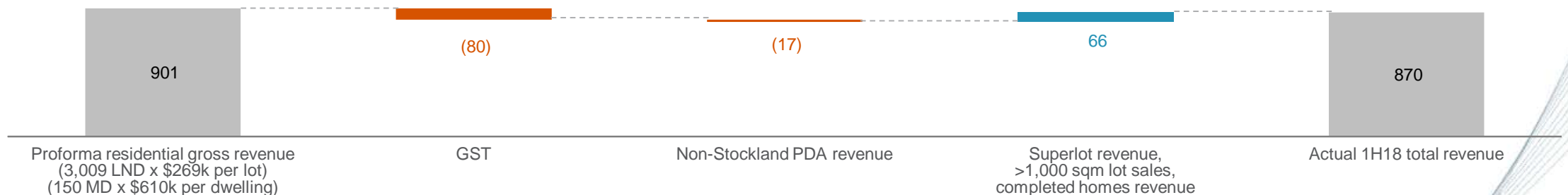
<sup>#</sup> Includes dwellings

# Price per Sqm

## Retail sales price<sup>1</sup>

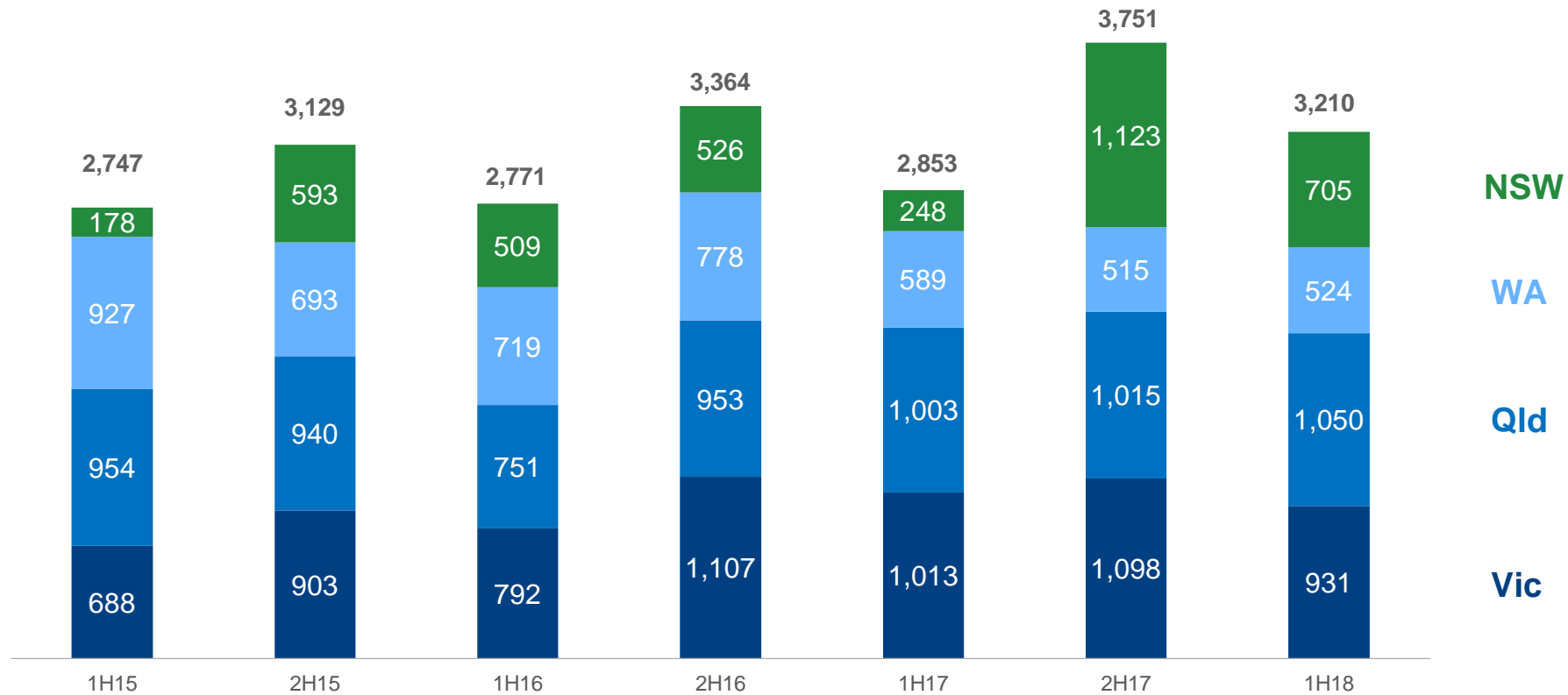
STATE	1H18 SETTLEMENTS				1H17 SETTLEMENTS			
	NO. LOTS	AV. SIZE PER LOT SQM	AV. PRICE PER LOT \$K	\$/SQM	NO. LOTS	AV. SIZE PER LOT SQM	AV. PRICE PER LOT \$K	\$/SQM
NSW	642	423	368	871	244	408	433	1,061
Qld	953	398	261	655	929	428	245	572
Vic	892	381	231	605	979	400	226	565
WA	522	331	225	680	580	320	212	662
<b>Total Residential Communities</b>	<b>3,009</b>	<b>387</b>	<b>269</b>	<b>695</b>	<b>2,732</b>	<b>393</b>	<b>248</b>	<b>630</b>
<b>Total Medium Density</b>	<b>150</b>	<b>N/M</b>	<b>610</b>	<b>N/M</b>	<b>63</b>	<b>N/M</b>	<b>562</b>	<b>N/M</b>

## Revenue Reconciliation (\$M)



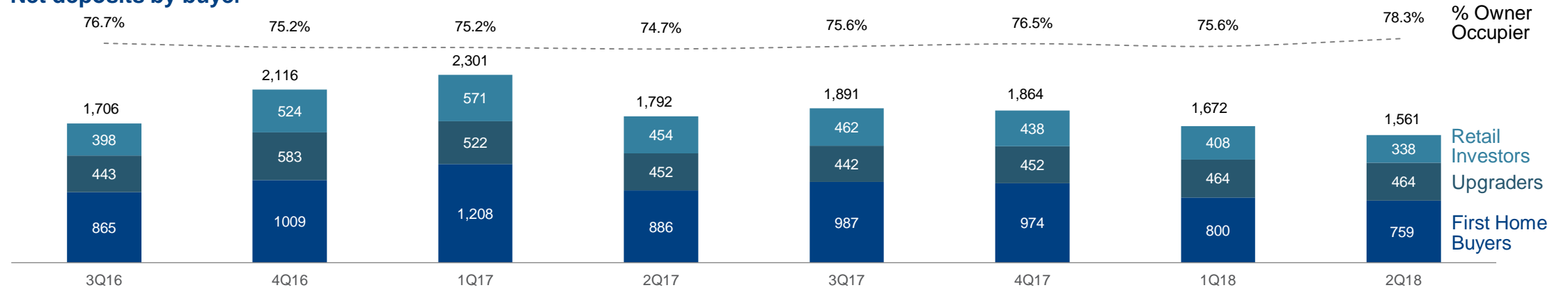
1. Average price of retail settlements excludes settlements of all lots over 1,000 sqm, superlot settlements, completed homes and apartments revenue, and disposal proceeds. Average price includes GST. Includes Project Development Agreements (PDAs) for which Stockland receives a part-share

## *Lots settled by location*

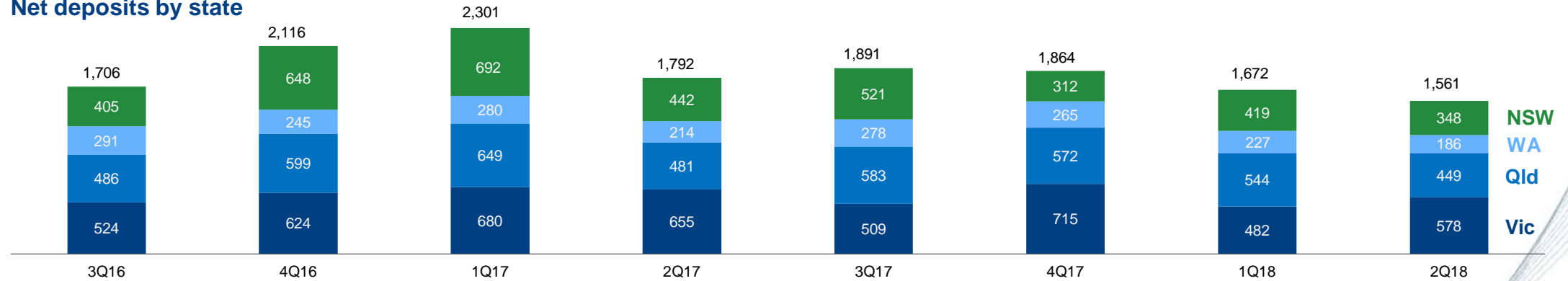


# Net deposits by quarter

## Net deposits by buyer



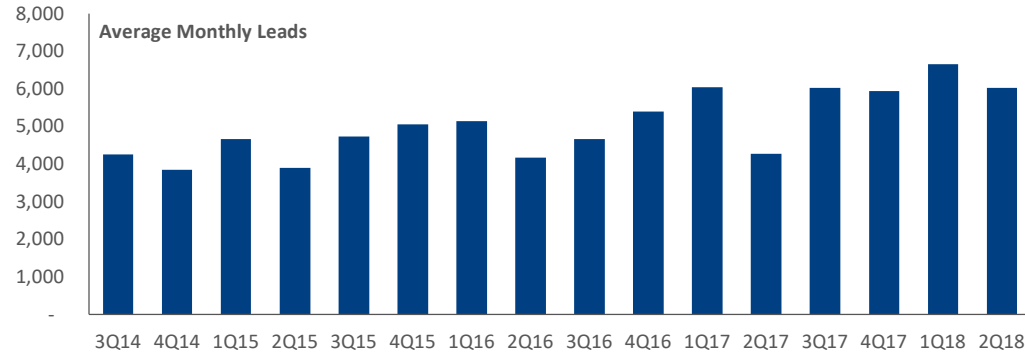
## Net deposits by state



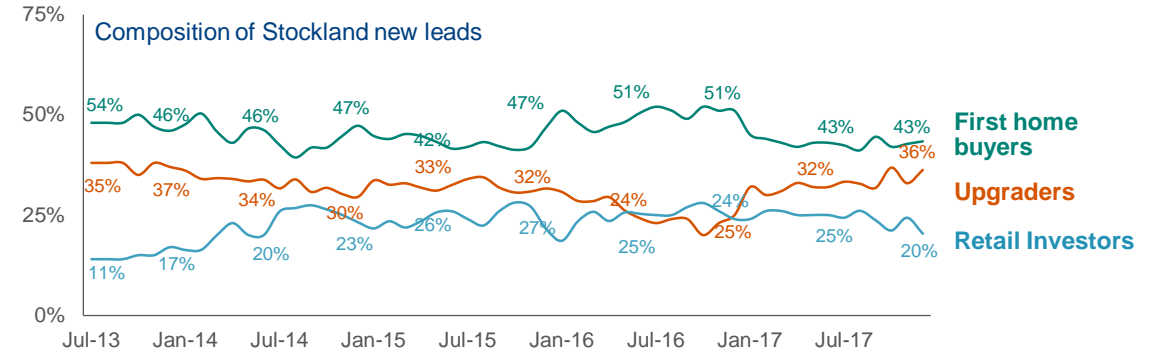


# Leads and enquiry levels

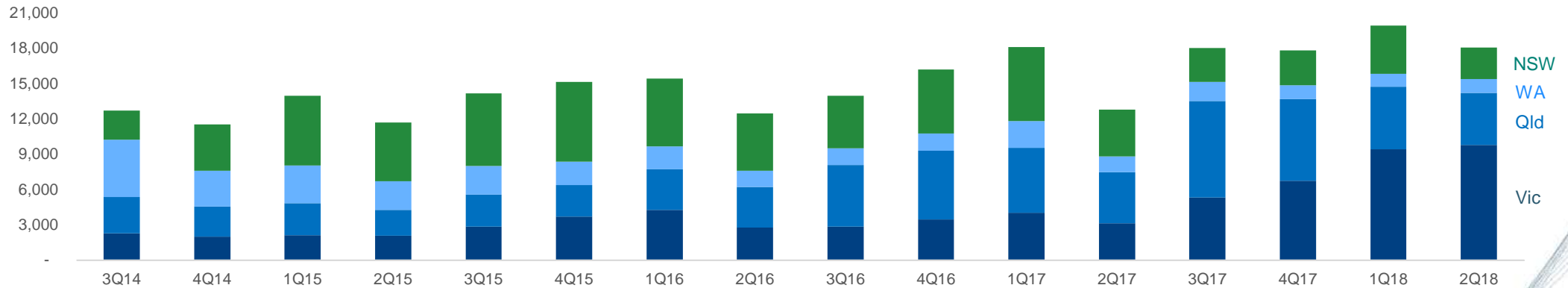
High lead volumes for 1H18, strong performance



First Home Buyers impacted by timing of state grants

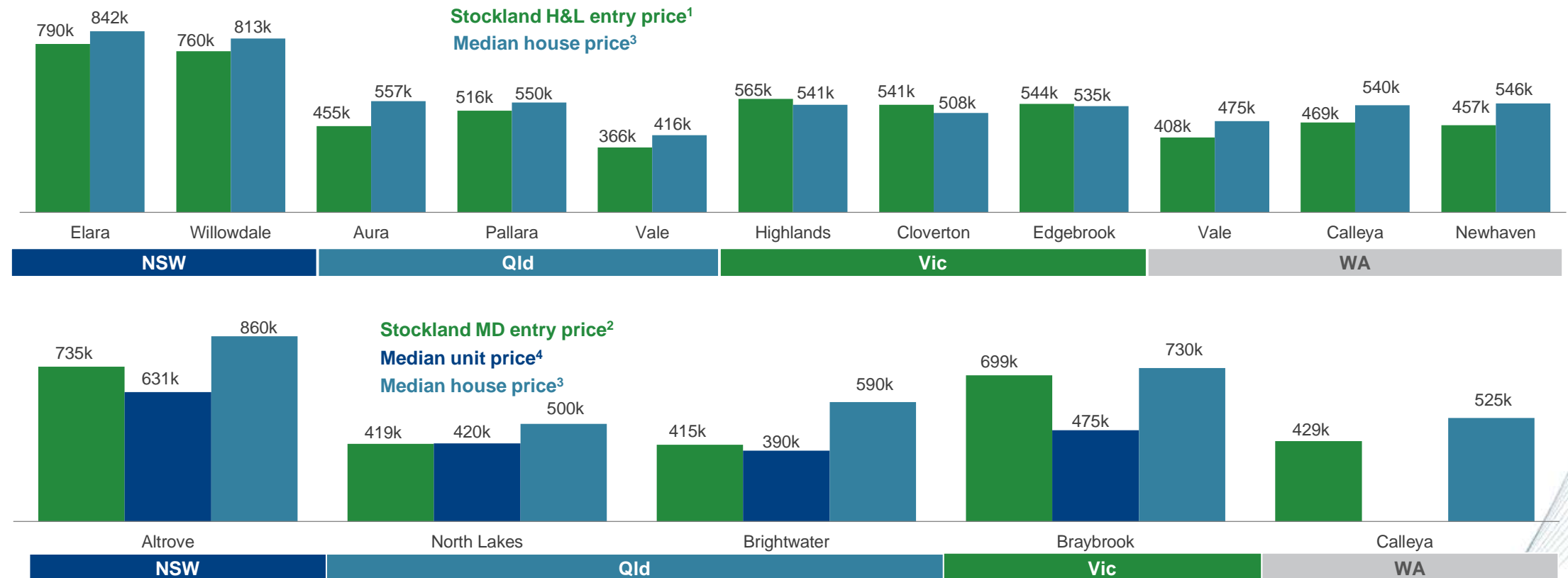


Continue to show strong leads from Victoria



# Providing affordable product

## Stockland pricing relative to local median house and unit price

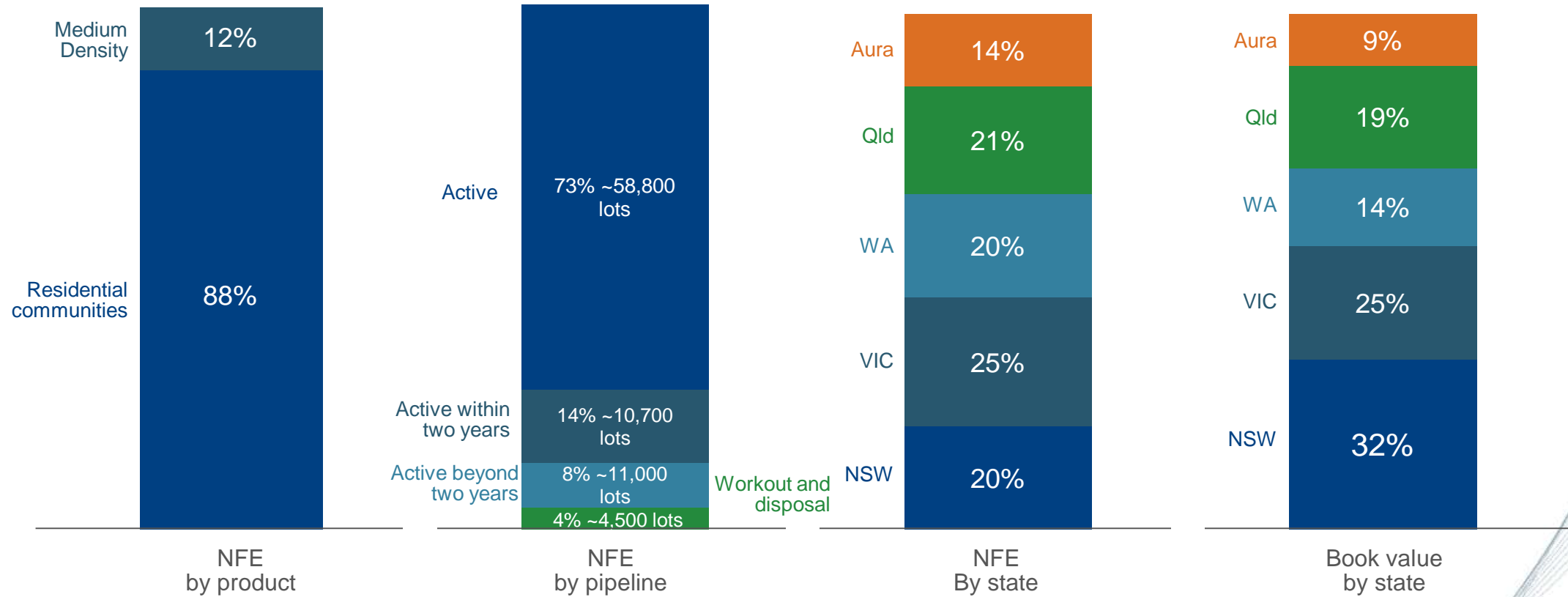


1. Stockland data, House and Land packages (4b,2b,2c) for sale/recently sold January 2018
2. Stockland data, Medium Density product available for sale/recently sold January 2018
3. Corelogic Median value of established (4b) houses in surrounding suburb as at Dec 2017
4. Corelogic Median value of established units in surrounding suburb as at Dec 2017

# Composition of residential landbank

Net funds employed : \$2.2b

Book value: \$3.4b



## Residential: Acquisitions

PROPERTY ACQUIRED	TYPE	ACQUISITION DATE	ACQUISITION VALUE (\$M)	APPROXIMATE NUMBER OF LOTS	FIRST SETTLEMENTS EXPECTED
Elara consolidation, Sydney	Masterplanned Community	Dec 17	398	2,000	FY22
Willowdale consolidation, Sydney	Masterplanned Community	Dec 17	Not disclosed	218	FY20
Springview, Brisbane	Masterplanned Community	Oct 17	21	406	FY19
Rothwell, Brisbane	Masterplanned Community	Aug 17	16	192	FY19
Wellard Farms, Perth	Masterplanned Community	Nov 17	27	3,763	FY26
Sinagra, Perth	Masterplanned Community	Nov 17	53	695	FY23
Rosebery, Sydney	Apartments	-	Not disclosed	-	-
Parramatta, Sydney	Apartments	-	Not disclosed	-	-

7,274 lots and dwellings



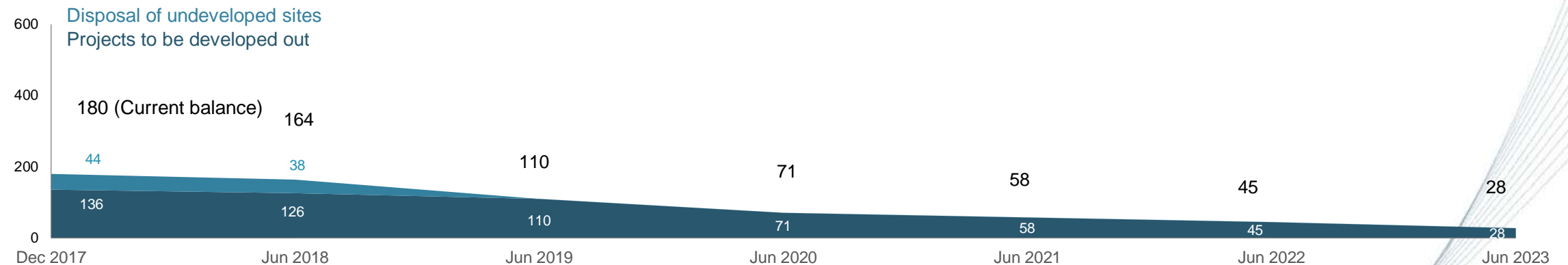
# Impairment provision utilisation

31 DECEMBER 2017	TOTAL RESIDENTIAL (\$M)
Net decrease in impairment	-
Utilisation of provision	(3)

	IMPAIRMENT PROVISION BALANCE 31 DECEMBER 2017 (\$M)	FINAL SETTLEMENT
Projects to be developed	136	~10 yrs
Disposal of undeveloped sites	44	~2 yrs
<b>Total</b>	<b>180</b>	

## Residential forecast utilisation of provision<sup>1</sup>

Balance \$M



1. Forecast utilisation impairment provision as at 31 Dec 2017, based on forecast settlement dates, revenue and costs by project



# Retirement Living

Stephen Bull

Birtinya, Queensland



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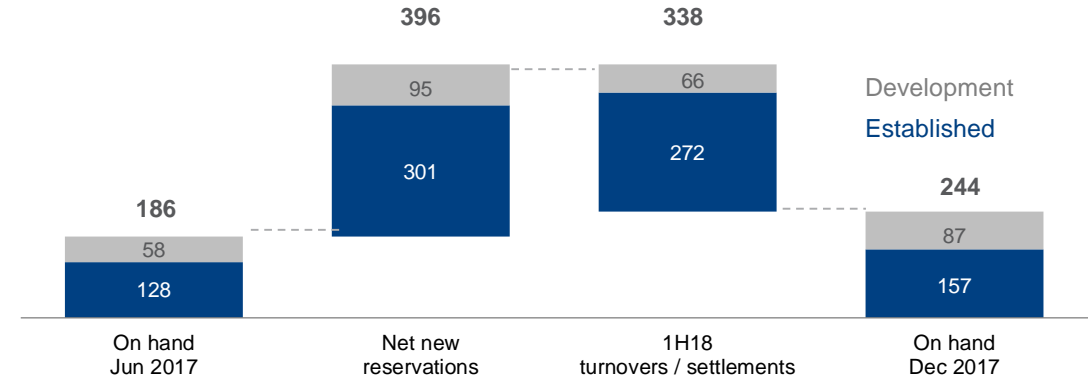
# Established portfolio and development pipeline

PORTFOLIO STATISTICS	1H18	FY17
Established villages	65	65
Established units	9,653	9,610
Established units settlements	272	731
Units removed for redevelopment/alternate use	23	88
Turnover rate excluding developments <sup>1</sup>	8.2%	8.5%
Turnover rate total portfolio	7.1%	7.6%
Average age of resident on entry	73.5 yrs	73.5 yrs
Average age of current residents	80.7 yrs	80.6 yrs
Average tenure on exited residents	9.8 yrs	9.1 yrs
Average village age	24.5 yrs	24.0 yrs
Development pipeline	3,175 units	2,970 units

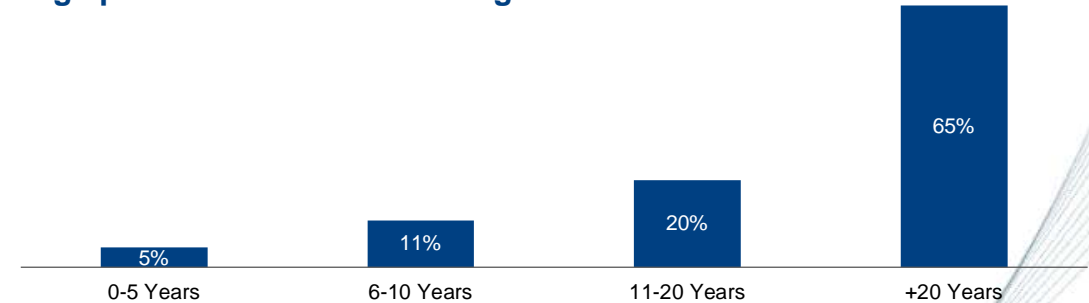
KEY VALUATION ASSUMPTIONS	1H18	FY17
Weighted average discount rate	13.0%	13.0%
Weighted average 20 year growth rate	3.6%	3.6%
Average length of stay of current and future residents	10.8 yrs	10.8 yrs

1. Excludes development settlements from last five years

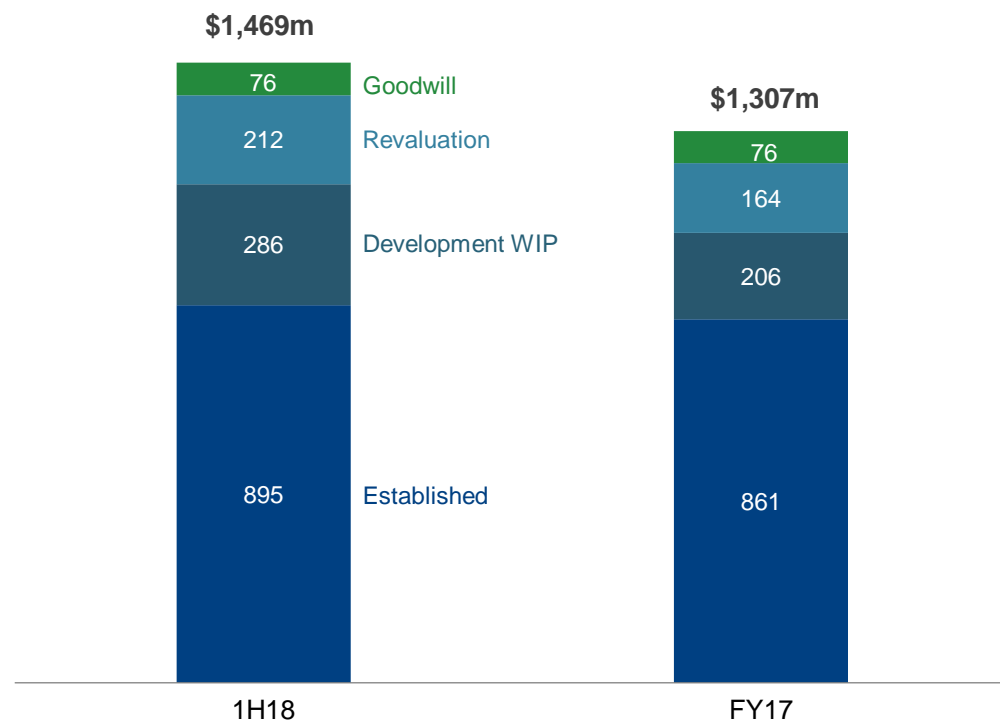
## Net reservations



## Age profile of established villages



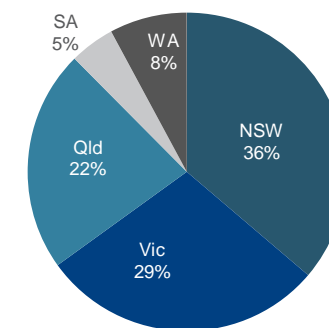
## Net funds employed



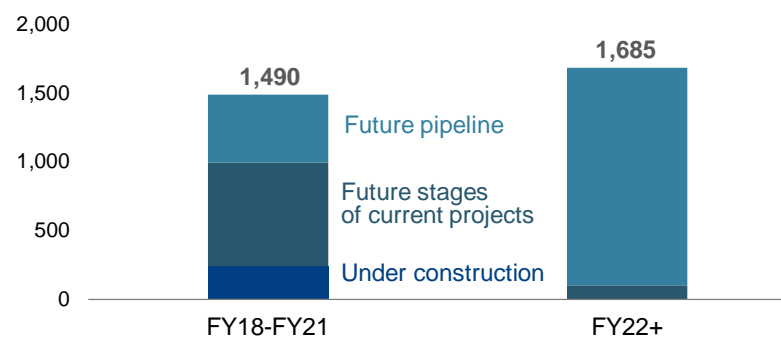
## Development pipeline breakup

DEVELOPMENT PIPELINE	1H18
Development villages	18
Total development pipeline units	3,175
- Greenfield pipeline units	2,120
- Village renewal pipeline units	1,055
Estimated end value including DMF	\$2.6b

Geographically diverse development pipeline



### Independent Living Units development pipeline<sup>1</sup>



1. Timing subject to market conditions



# Strong project pipeline forecast

CONSTRUCTION TIMEFRAME		FUTURE SETTLEMENTS	FY18	FY19	FY20	FY21	FY22+
Completed (1H18)	Selandra Rise, Melbourne						
	Highlands, Melbourne						
	<b>Sub-total</b>	<b>35</b>					
Current Development Projects	Mernda, Melbourne						
	Gillin Park, Vic						
	Lightsview, Adelaide						
	Somerton Park, Adelaide						
	Cardinal Freeman The Residences, Sydney						
	Birtinya, SE Qld						
	Willowdale, Sydney						
	Affinity, Perth						
	Aspire at Elara, Sydney						
	Aspire at Calleya, Perth						
	Newport, Brisbane						
	<b>Sub-total</b>	<b>1,180</b>					
To start within 18 months	Aspire at Altrove, Sydney						
	Aspire at The Grove, Melbourne						
	<b>Sub-total</b>	<b>190</b>					
Master planning/ future projects	Somerton Park, Adelaide						
	Aspire at Altrove, Sydney						
	Aura, SE Qld						
	Cloverton, Melbourne						
	Epping, Sydney						
	<b>Sub-total</b>	<b>970</b>					
Redevelopments	Proposed Redevelopments						
	<b>Sub-total</b>	<b>800</b>					
<b>Total units yet to be released</b>		<b>3,175</b>					

# Research Annexure

## *Economic Overview*

Aura, Qld

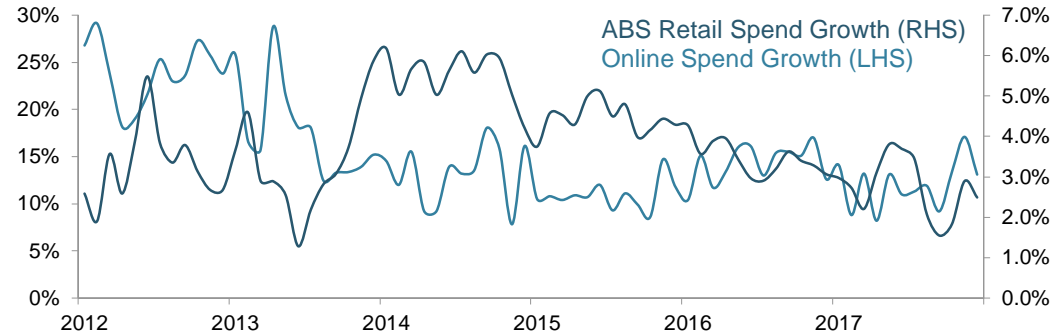


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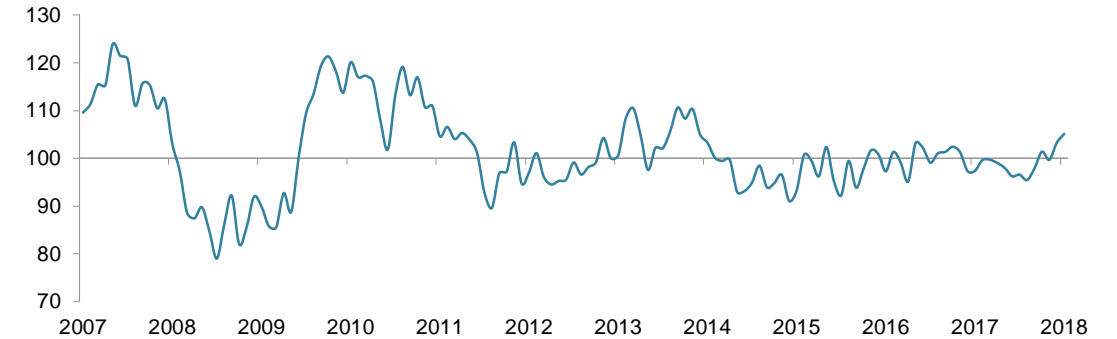


# Australia: Retail drivers

## Rate of growth in online retail spend<sup>1</sup> steady across 2017

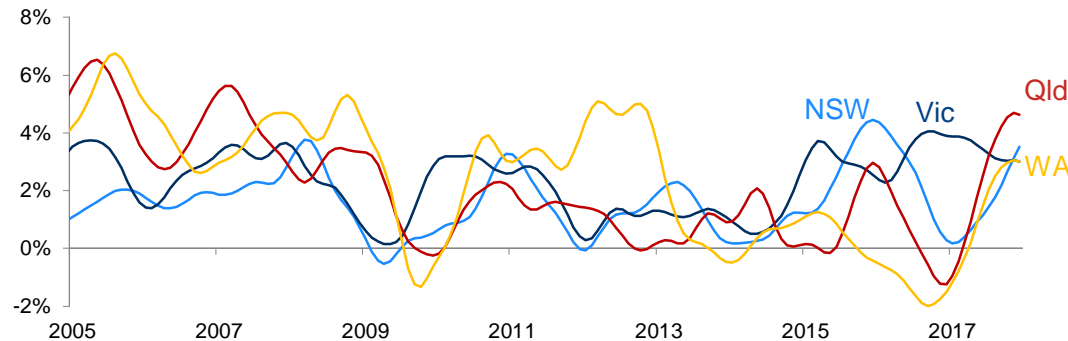


## Consumer Sentiment highest in 4½ years<sup>2</sup>

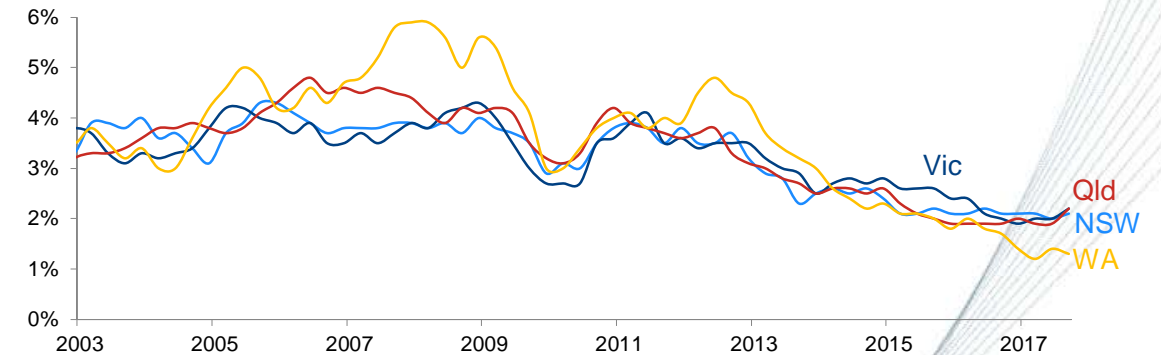


## Employment growth strong across all markets<sup>3</sup>

Employment growth (Annual trend % change)



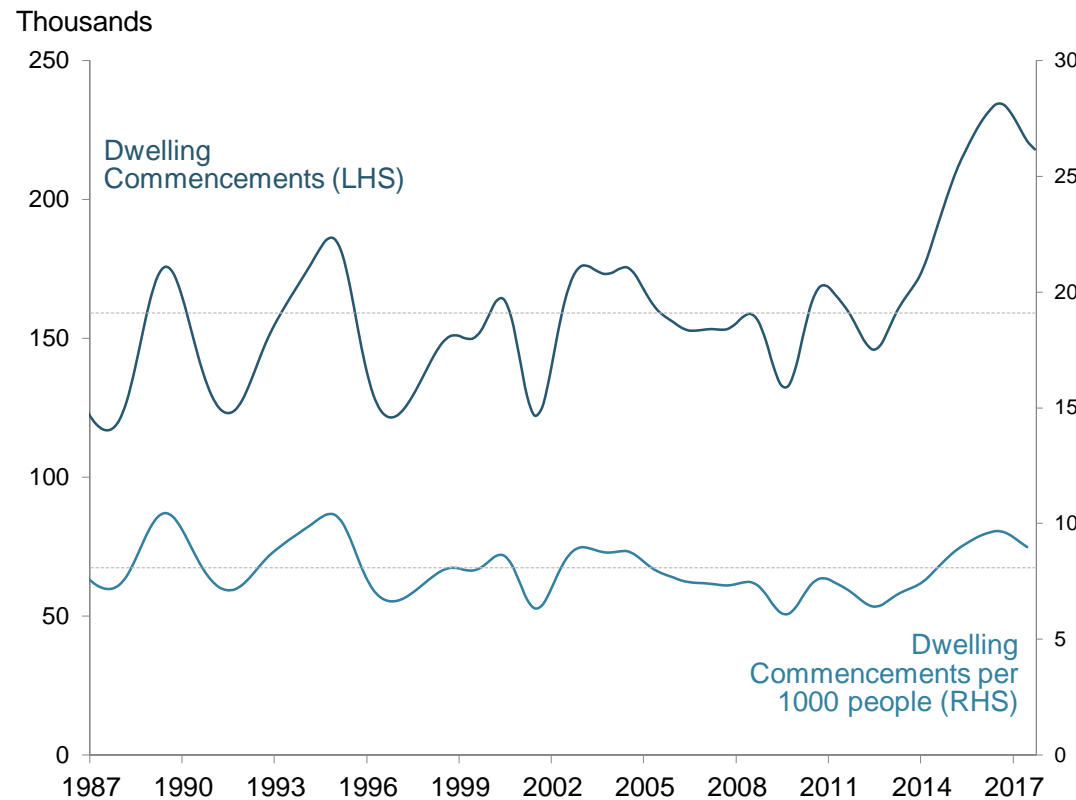
## Despite strong employment growth, wage growth outcomes remain weak<sup>4</sup>



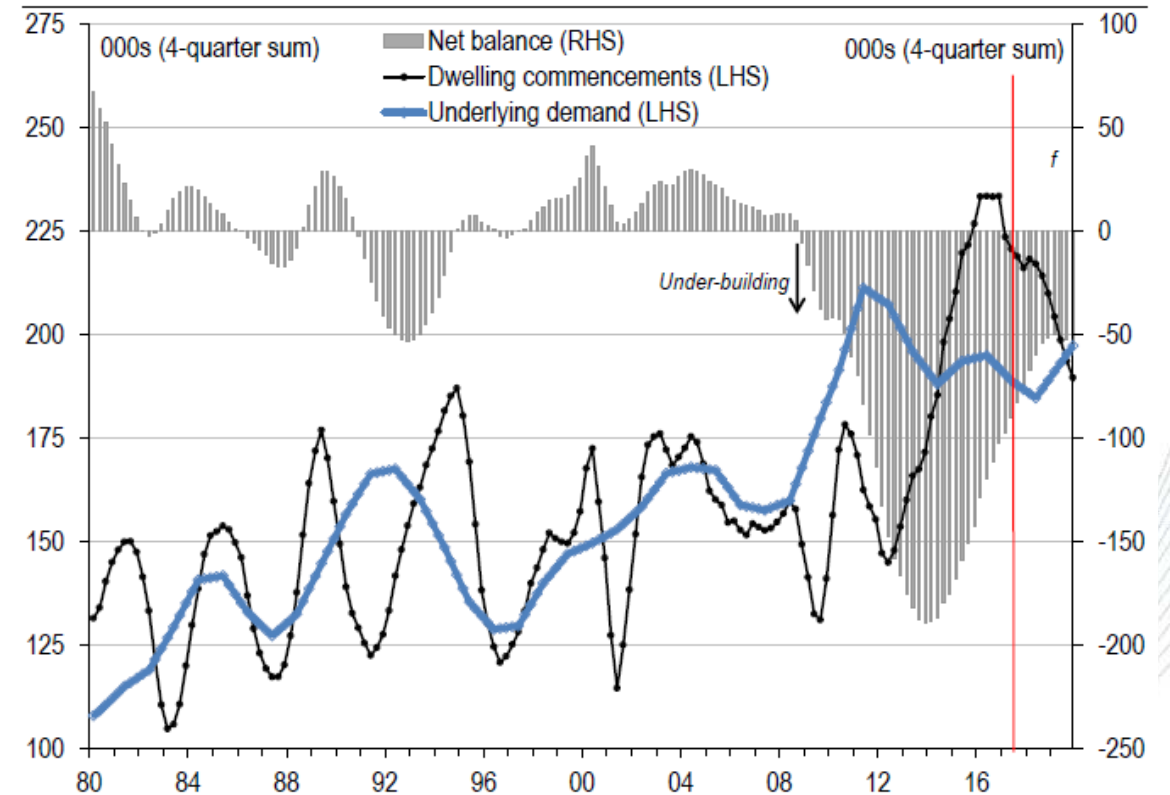
1. Bricks and Mortar spend (\$) taken from ABS, \$ amount of online spend estimated from Quantum %
2. Westpac - University of Melbourne Consumer Sentiment Survey January 2018
3. ABS 6202.0 - Labour Force, Australia, Dec 2017
4. ABS 6345.0 - Wage Price Index, Australia, Sep 2017

# Dwelling commencements responding to accumulated undersupply

Dwelling commencements are elevated, but reverting to long term averages on a per capita basis and past their peak<sup>1</sup>



Pent up dwelling demand<sup>2</sup>

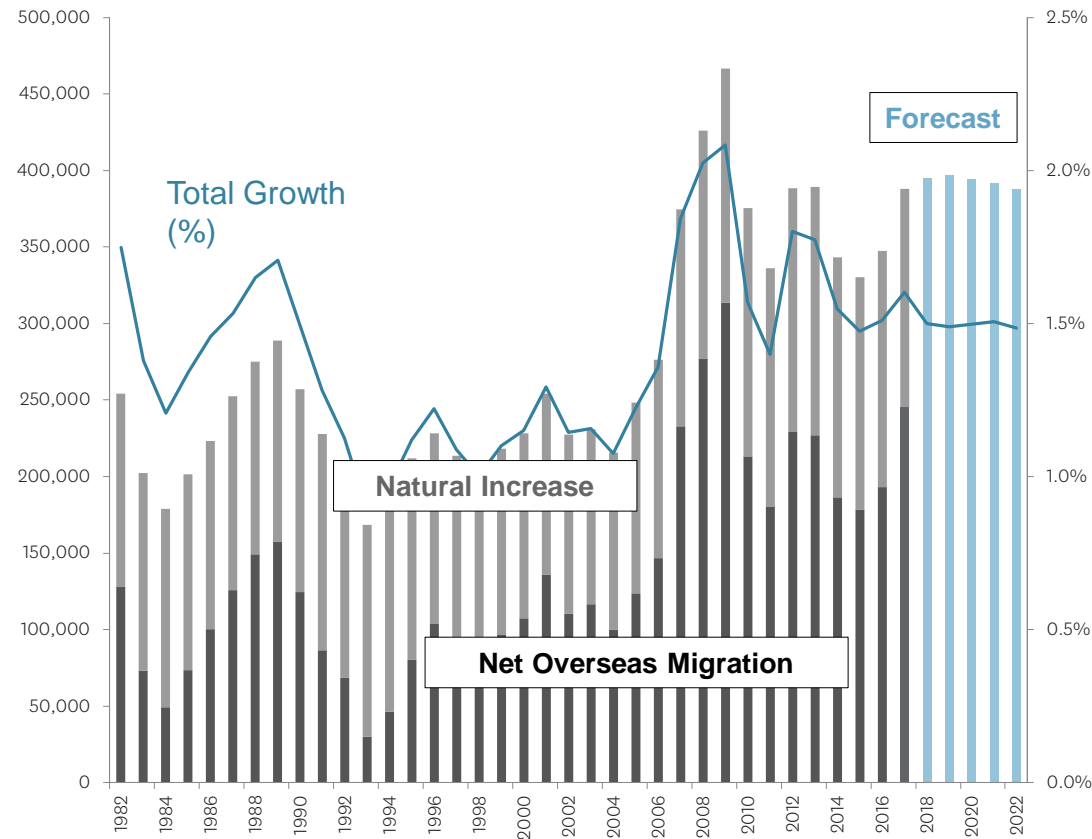


1. ABS 8752.0 - Building Activity, Australia, Sep 2017, 3101.0 - Australian Demographic Statistics, Jun 2017, Stockland Research  
 2. UBS Economics, January 2018



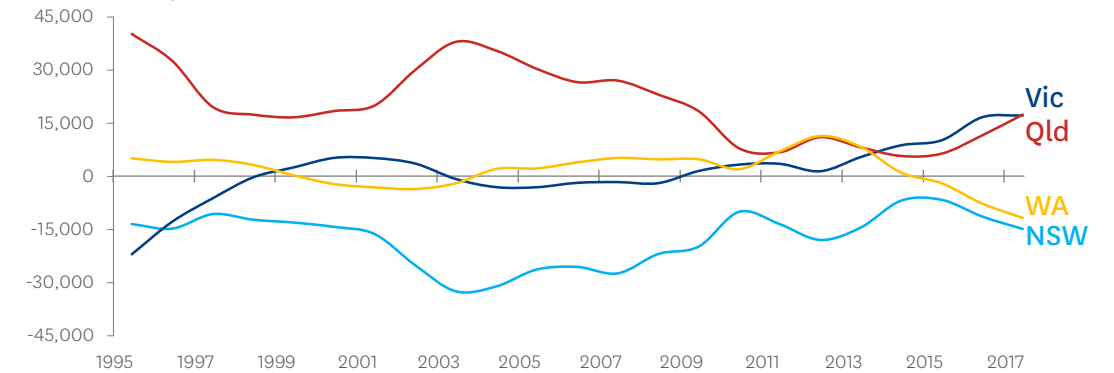
# Population growth continues to underpin dwelling demand

## AUS population growth – Annual<sup>1,2</sup>



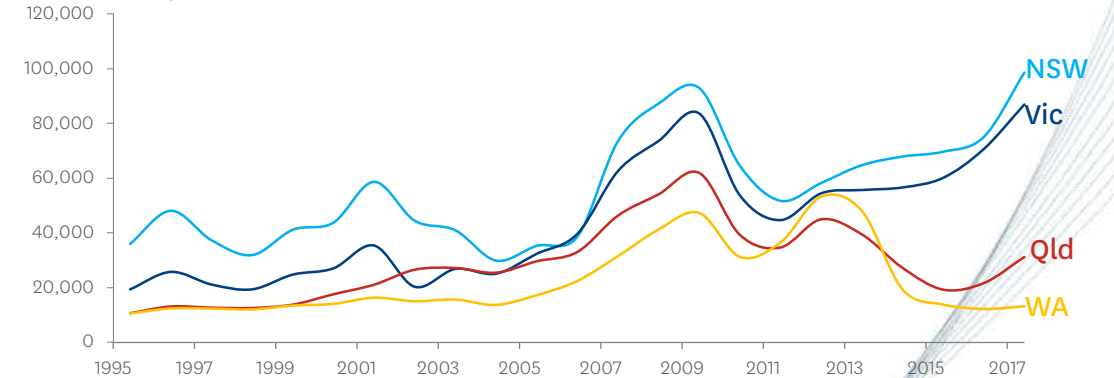
## Vic and Qld - strong positive interstate migration<sup>1</sup>

Annual Rolling Sum ('000s)



## NSW and Vic - strong overseas migration<sup>1</sup>

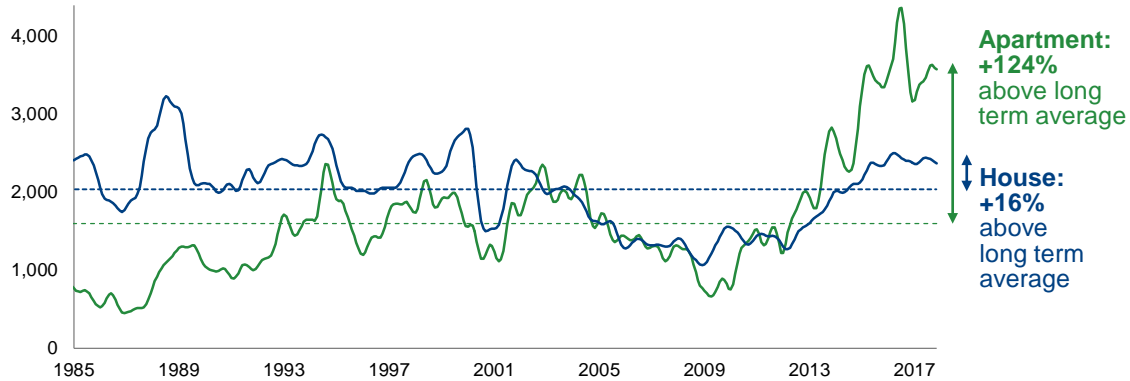
Annual Rolling Sum ('000s)



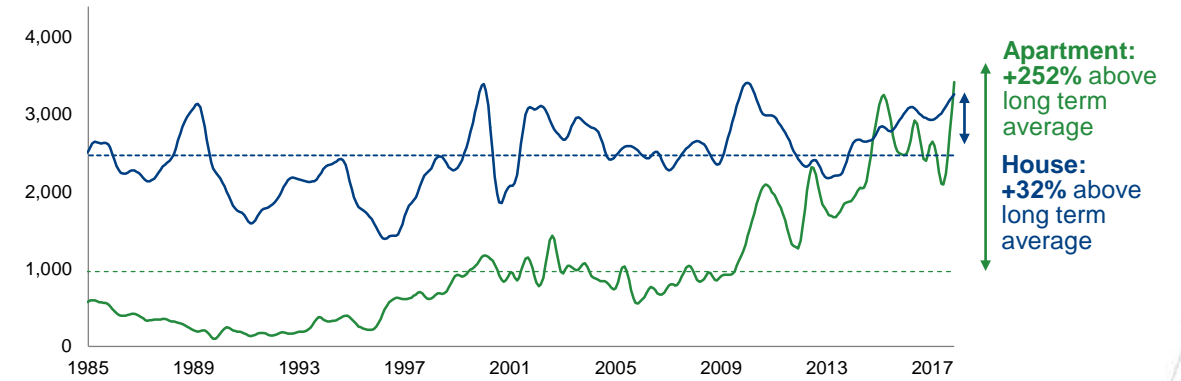
1. ABS 3101.0 - Australian Demographic Statistics, Jun 2017  
 2. Deloitte Access Economics Business Outlook December 2017

# National building approvals<sup>1</sup>

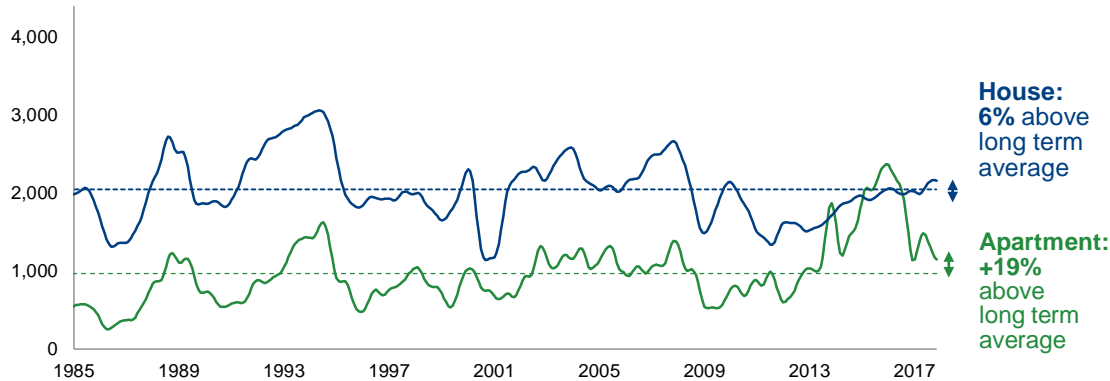
## NSW house approvals steady; unit approvals off peak but rising



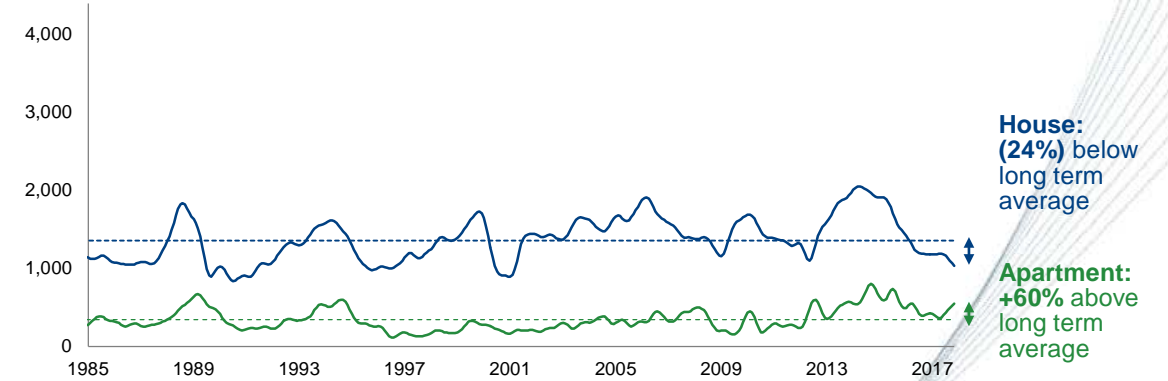
## Vic house approvals approaching historical highs



## Qld house approvals rising; unit approvals now half peak levels



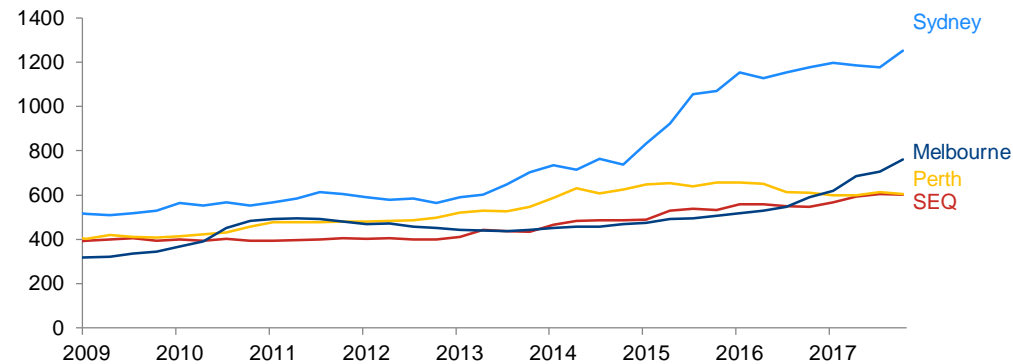
## WA house approvals trending lower, unit approvals rising



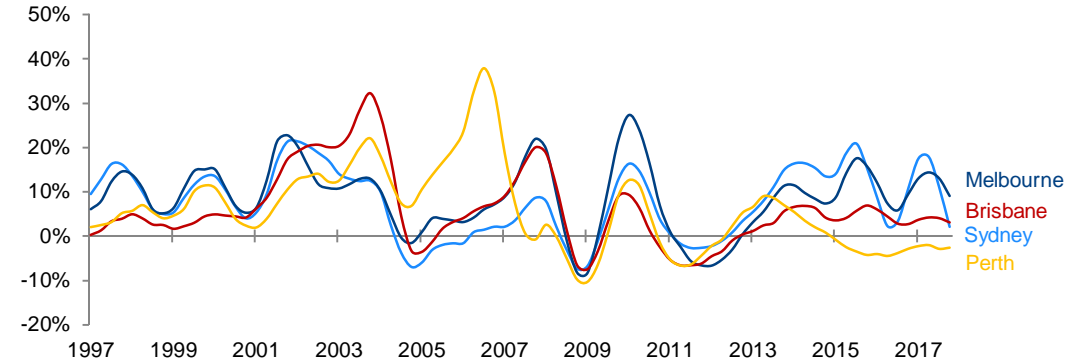
1. ABS 8731.0 – Building Approvals, Dec 2017

# National house and land prices – less than three months of residential trading lots remain nationally

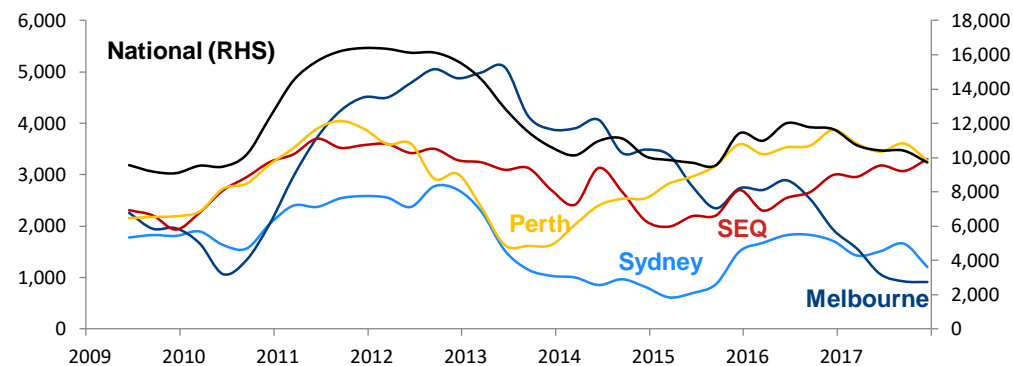
Land Price per sqm<sup>1</sup>



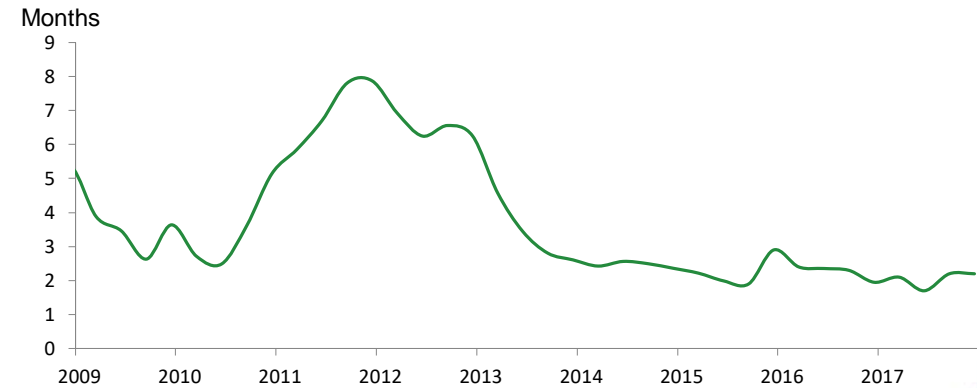
Capital City House Prices – Rolling Annual Change<sup>2</sup>



Closing stock of land lots<sup>1</sup>



National residential land lots – less than three months of supply<sup>1</sup>

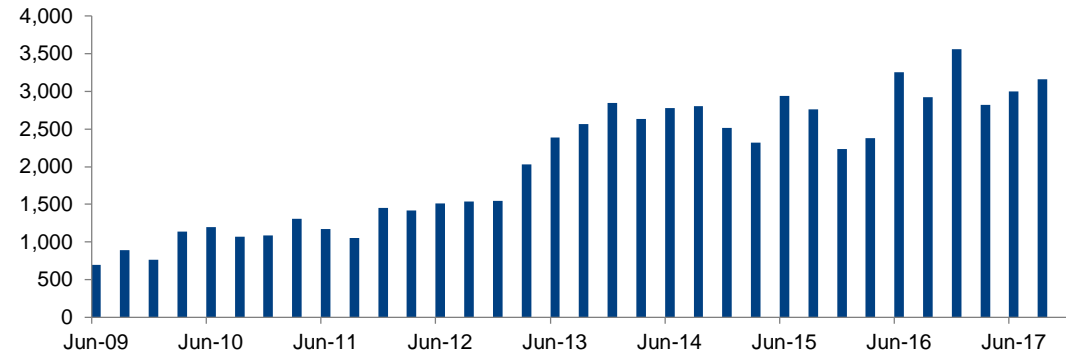


1. National Land Survey Program December Qtr. 2017, Charter Keck Cramer/Research4  
2. CoreLogic December 2017

# *Vacant land market easing on east coast, WA volumes stabilising<sup>1</sup>*

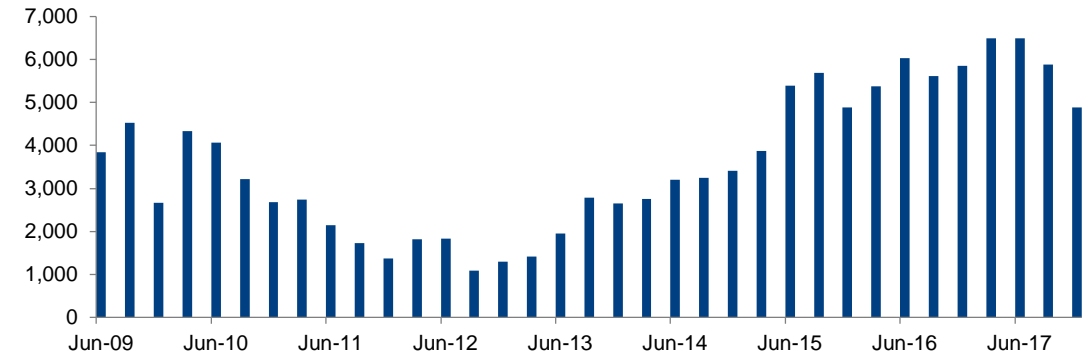
## **NSW vacant land sales supply-constrained**

Quarterly Sales



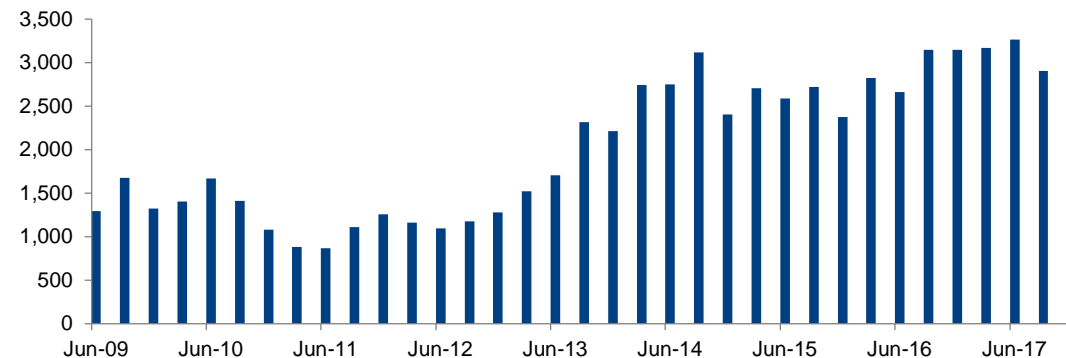
## **Vic vacant land sales volumes falling from historic highs**

Quarterly Sales



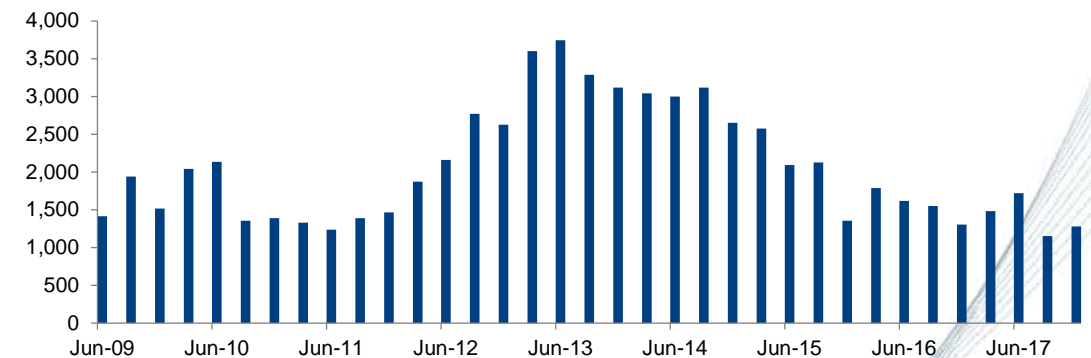
## **SEQ land market volumes remain strong**

Quarterly Sales



## **Perth vacant land sales showing modest growth, prices are stable**

Quarterly Sales

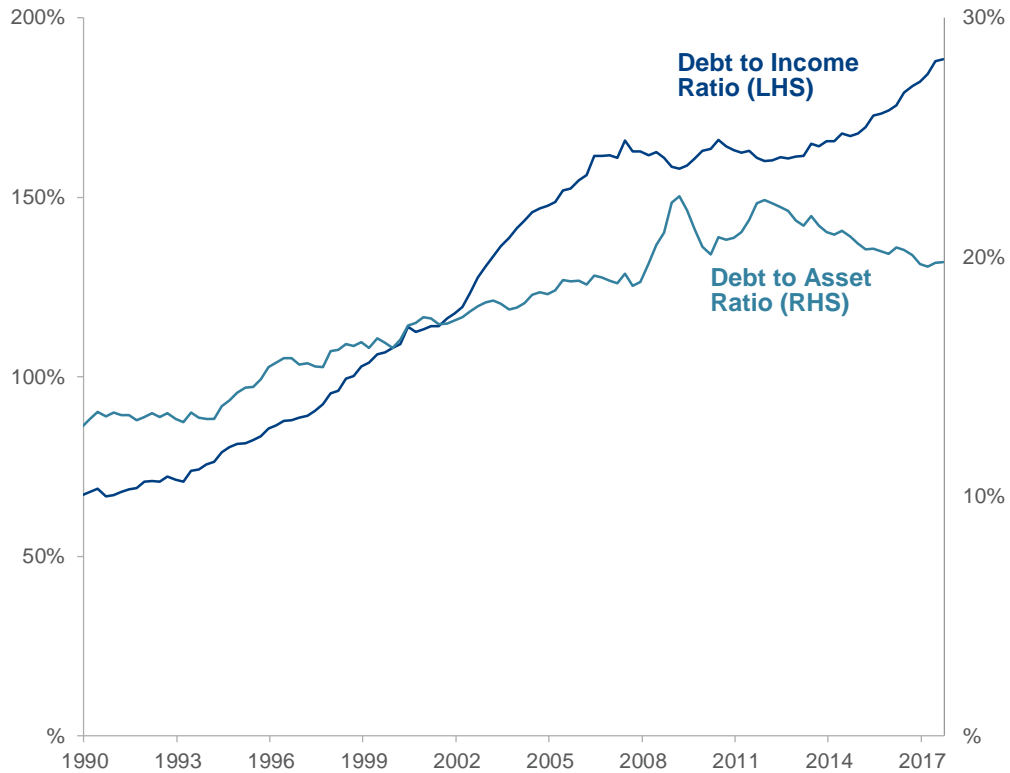


1. National Land Survey Program December Qtr. 2017, Charter Keck Cramer/Research4

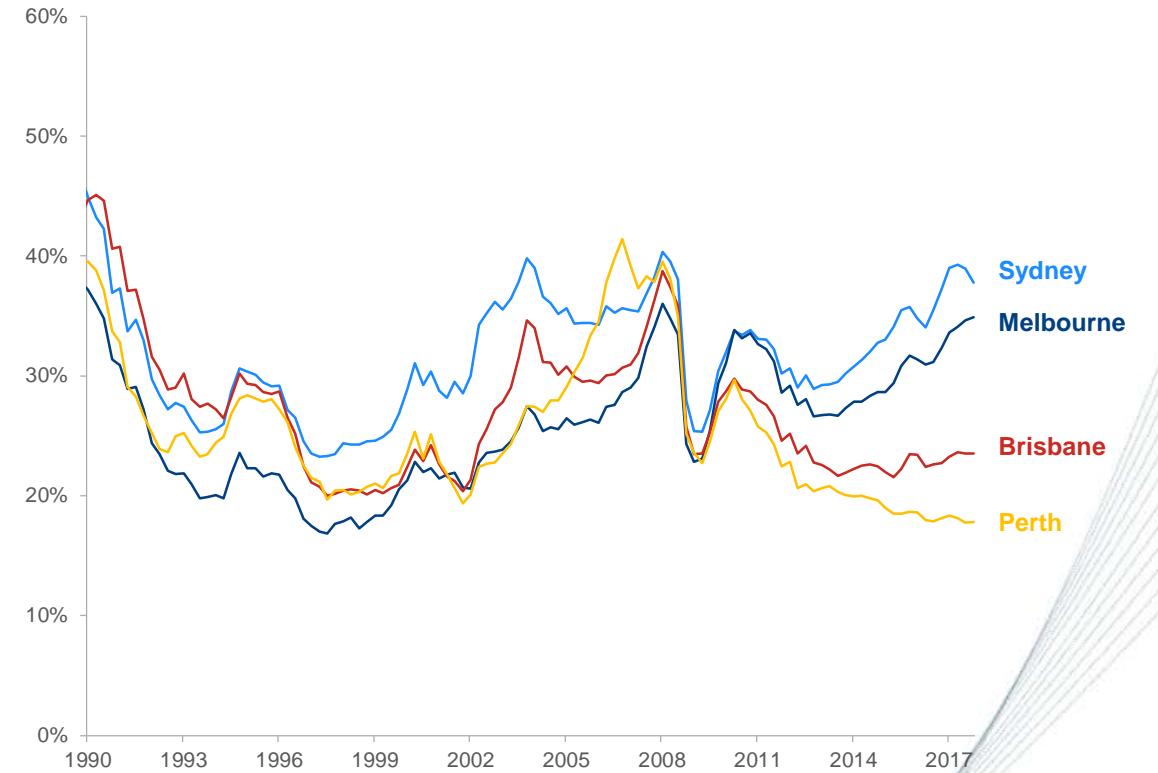


# Household affordability trends

Household Debt-to-Asset ratio falling, Debt-to-Income rising<sup>1</sup>



Affordability improved in Sydney as house prices eased, continued to deteriorate in Melbourne due to continued house price growth<sup>2</sup>



1. RBA, ABS, Stockland Research

2. Mortgage repayments as a percentage of household income, ABS, RBA, CoreLogic

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