Stockland Investor Tour

December 6, 2017

Stockland Green Hills, NSW

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Contents

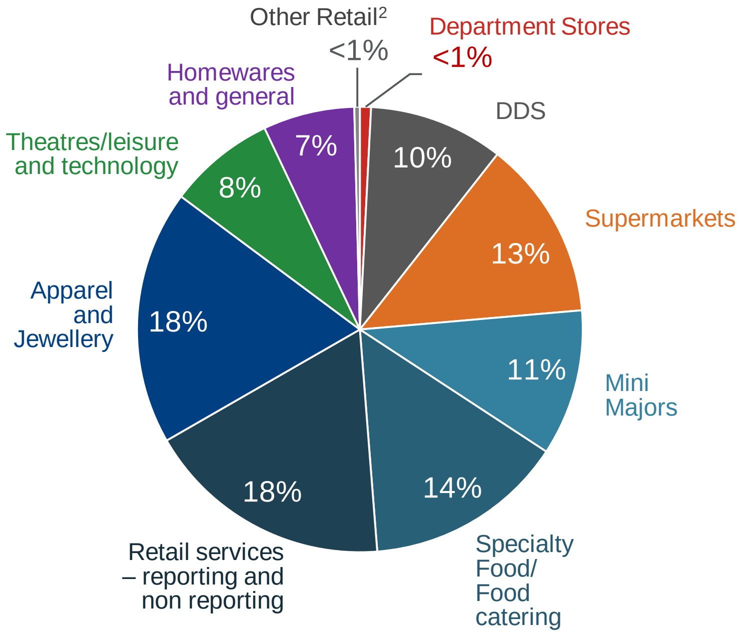
Stockland Retail Town Centres

Retail Town Centres: Productive assets with a diverse income base

- 40 assets valued at $7bn with an average capitalisation rate of 6.2%[1]
- Creating market leading retail town centres
- Continuing to meet the specific needs of each community with a strong focus on food, experience and services
- Investing in our assets to improve performance and facilitate new formats

Strong diversity in rental income

Gross rent: Total portfolio



1. As at 30 June 2017, excludes Corrimal, sold in 1Q18 for ~&70m
2. Other Retail includes travel agents, lotto, pad sites (food and non-food)

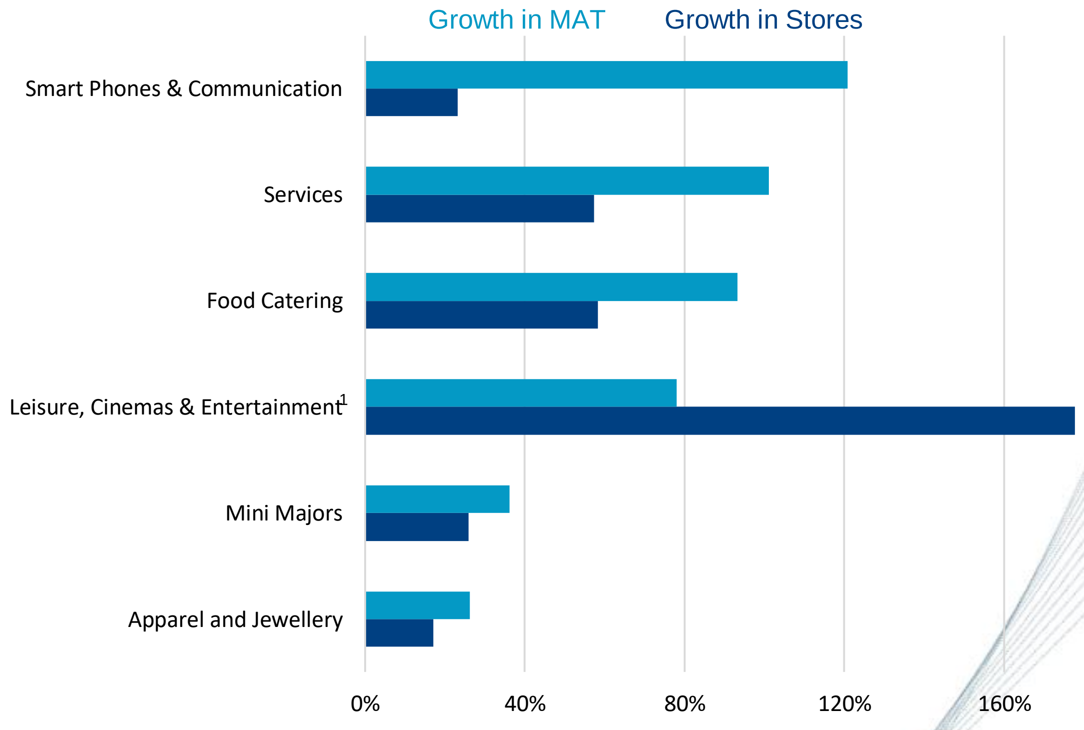
Retail Town Centres: Enhancing our customer experience

Continuing centre enhancements to improve customer experience and deliver on retail trends:

- Significant change in tenant mix reflecting emerging categories
- Rent from non-reporting retail services has increased 30% over 2010-2017[1]
- We continue to monitor productivity by category to reflect characteristics of each trade area

Retailer mix – change in customer trends

CHANGE FROM JUNE 2010 TO JUNE 2017

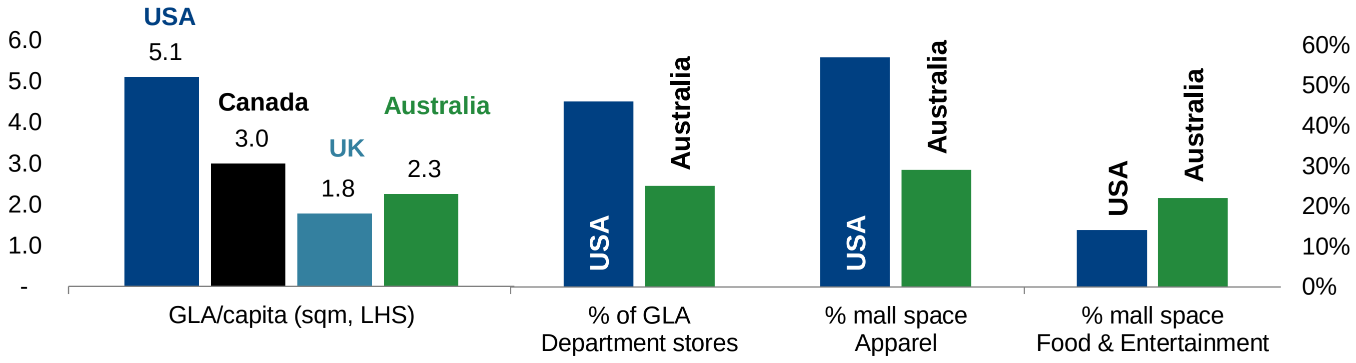


1. Number of stores increasing from a base of nine stores in June 2010 to 25 stores in June 2017

Retail trends

Australian prime retail town centre landscape less exposed to online retailing risk than US and UK[1]

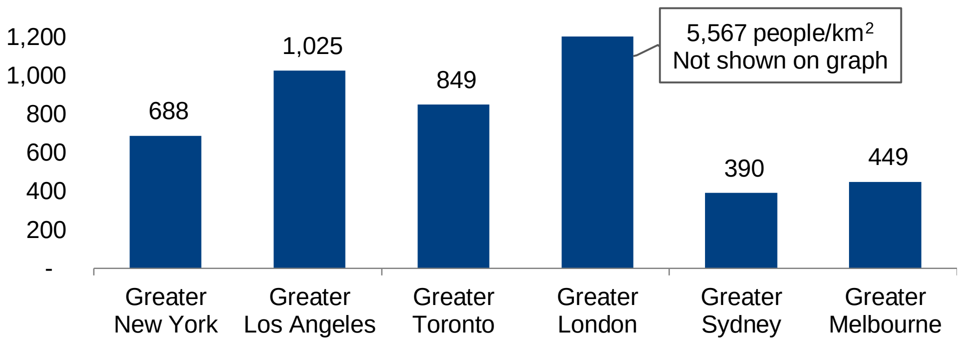
Australia has a lower supply of floor space per capita than US retail

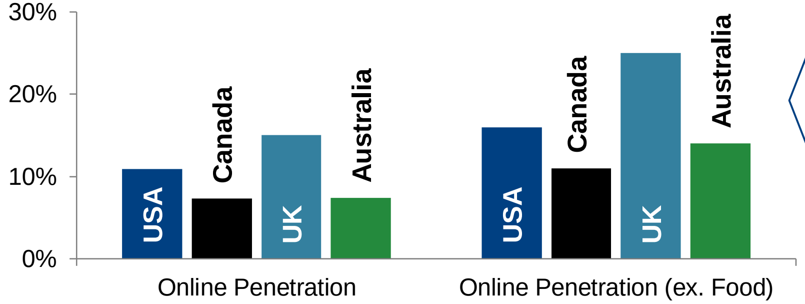


Australia more proactive in remixing toward shopper experience than US

Australian population density (people/km²) and online penetration lower in comparison with other countries.

Australian population relatively less dense, impacting logistics costs





Australian online penetration similar to Canada post six years of entry by Amazon

1. Michael Baker Consulting, Euromonitor, ABS, ONS, Statistics Canada, US Census Bureau

Case Study

Stockland Wetherill Park, NSW

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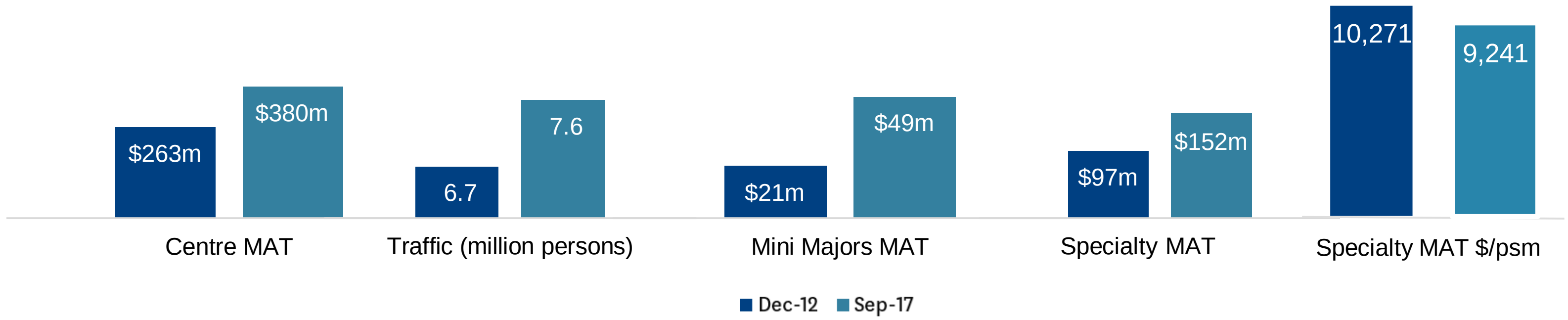
Stockland Wetherill Park

A leading lifestyle, food, fashion and leisure centre

- Three extensions since 1983 completion
- Customer demand for a redevelopment based on fresh food, cafes, restaurants, mini-majors, theatre, lifestyle, health and services
- 5 Star Green Star Design rating and a significant 925 kw PV solar plant
- Completed centre, 70,000 sqm, fully leased and trading strongly

	Construction commencement	On completion
IRR[1]	~14.8%	~15.8%
FFO Yield[2]	7.3%	7.3%
Valuation	$645-$665m	$740m

Wetherill Park pre and post development comparison



1. Incremental IRR
2. Incremental FFO yield


thinkTRIM'S
think fresh


ZAG
ZAG Frozen Foods

SOUL ORIGIN
FRESH FOOD CO
SOUL ORIGIN

Stockland
Wetherill Park
BIG W
Target
coles

Stockland Glendale

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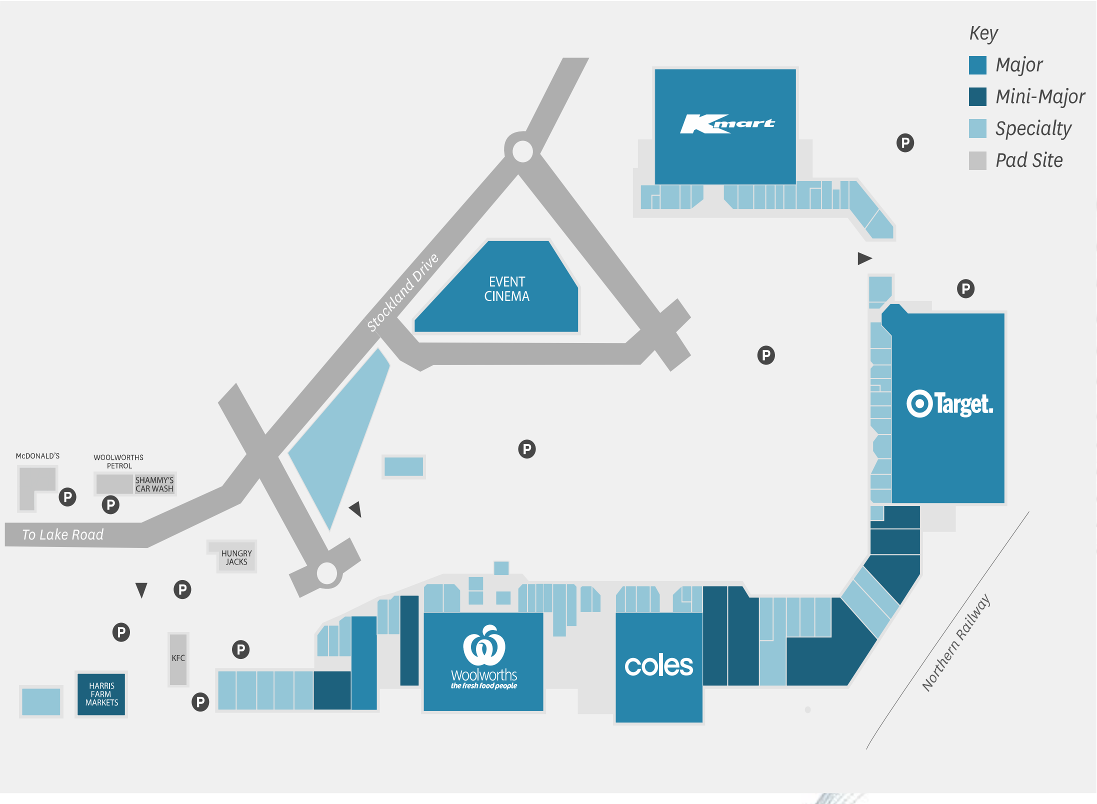
Stockland Glendale

Located on the northern fringe of Lake Macquarie, Stockland Glendale was the first of the true super centre outdoor shopping concepts combining retail, leisure and entertainment on a large 19.6 hectare site

GLA 55,376 SQM	**MAJORS** Target, Coles, Woolworths, Kmart, Event Cinemas
CAR SPACES 2,287	**MINI-MAJORS** Lowes, TK Maxx, Best And Less, Chemistworks, The Reject Shop, JB HiFi, Harris Farm, Daiso Japan, Toymate, Hot Bargain
SPECIALTY STORES 77	**MAT TRAFFIC** 4.6M
MAT SALES $320M	**AVERAGE SPEC RENT** ~$1,300 psm
AVERAGE SPEND $69.91	**SPECIALTY SALES $PSQM** $8,902* (+4.2%)
OCCUPANCY COST 15.7%	**AVERAGE SPECIALTY SHOP SIZE** Larger than average at 165m^2

ANCHORED BY COLES, WOOLWORTHS, KMART AND TARGET PLUS 9 MINI-MAJORS, INCLUDING TK MAXX, COMPLEMENTED BY 77 SPECIALTY STORES AND CONVENIENT PARKING FOR 2,287 CARS. A DA HAS BEEN APPROVED TO EXPAND THE CENTRE BY 7,700 SQM.



Information is accurate as at 30 October 2017. Specialty number includes kiosks and shops. Does not include ATMs. *This number is based on annualised sales.

Glendale development concept

Introducing 40 new specialty stores within an open mall running in front of Woolworths and Coles. Overall, we are increasing the centre GLA by 6,250 sqm

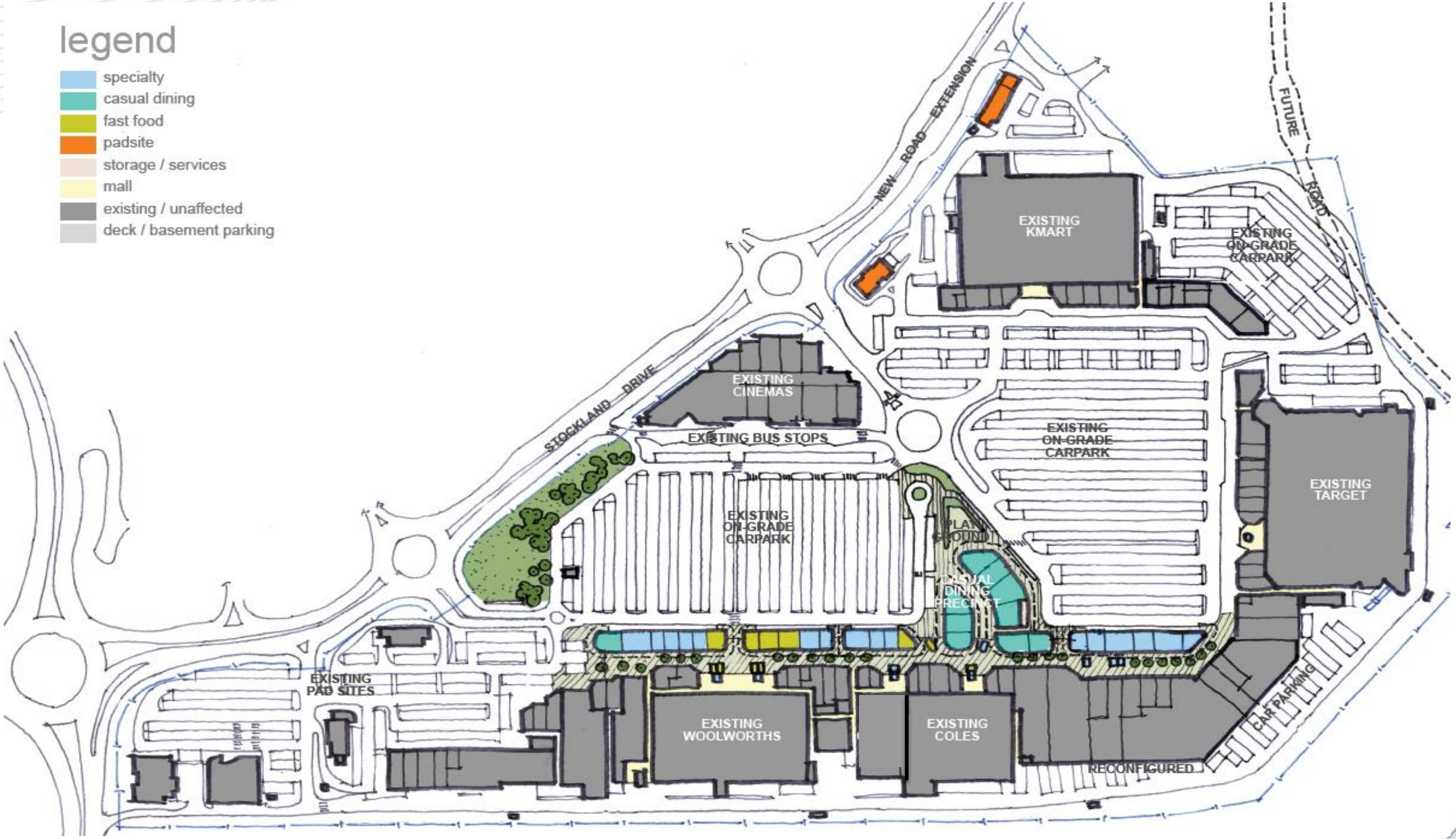
A restaurant/casual dining precinct complemented by a children's play area with a covered walkway connecting it to the cinema complex

Second level of retail with 1,250 sqm GLA above the casual dining precinct

Pad site behind Kmart fronting the extension of Stockland Drive

May commence in 2018; estimated total development spend of ~$80m

Glendale proposed design concept



Future Glendale masterplan

Glendale aerial

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Stockland Green Hills –
Pre development

Stockland Green Hills –
Post development


Stockland
GREENHILLS



WOK & ROLL
KFC

SOUL ORIGIN
EAT MINDFULLY

An extensive trade area, limited competition from other regional centres

A growing economy

Affluent, diverse, with above average population growth

- Total trade area retail expenditure at $3.7 billion
- Highest income households to north and west of Green Hills
- High population of young families with dependant children
- Younger population than non-metro NSW average
- The leading regional economy in Australia[1,2]
- The Hunter region:
  - contributes 28% of regional NSW's economic output
  - is the largest regional contributor to NSW GDP[1,2]
  - output is expected to increase by 75% to around $64.8 billion by 2036[3]

Main Trade Area

$89,146	**Average household income** 8% higher than non metro NSW average[3]	**55%**	**Families with dependent children** Higher than Australian average[3]
71.8%	**Home Ownership** Higher than Australian average[3]	**256,000** **On completion**	**Total trade area population**
4.8% **Per annum[4,5]**	**Retail expenditure growth forecast**		

1. Newcastle City Council, Economic Development Strategy, 2016-2019;
2. NSW Dept of Industry, Economic Profile Hunter;
3. NSW Dept of Industry, Hunter drivers and opportunities
4. Location IQ, July 2017
5. Total trade area 2017 - 2021

Strong opportunity for development

#1 Little Gun

for best performing

sub-regional in Australia in 2015

(specs MAT/m2)

Specialty stores outperforming at[1]

$14,262

per sqm

Total trade area retail expenditure

Growing at 4.8% pa from $3.69bn to[2]

$3.87bn by 2021

Total trade area population

256,000

expanding to[2]

272,190 by 2021

Escape expenditure

estimated[3]

$1bn

Only major shopping centre in its total trade area

1. Sales at December 2015
2. Location IQ, July 2017
3. Estimate using Quantium NAB data, 12 months to February 2017 at suburb level

Development overview

Creating market leading Retail Town Centres

- $414m redevelopment
- Targeting ~7% stabilised FFO yield and ~11.9% incremental IRR
- Commenced January 2016, due for completion mid FY18
- Pre development metrics[1]:
  - MAT: $335.6m
  - Speciality occupancy cost: 13.8%
  - Speciality sales/sqm $14,262

	PRE DEVELOPMENT	ON COMPLETION IN FY18
GROSS LETTABLE AREA	31,828sqm	~74,000sqm
MAJORS & MINI-MAJORS	Big W Woolworths Coles Six mini-majors	David Jones, Coles, Woolworths, Big W, Target, Hoyts 15 mini-majors
SPECIALTY STORES AND KIOSKS	90	230
FOOD COURT	400 Indoor seating	1,650 indoor/ outdoor seating
CAR PARKING SPACES	1,600	3,100

1. As at December 2015

Design features

Existing

Very high performing Woolworths, Big W and specialities

Existing majors retained

Car park management with park assist

Easy access via connections to external road network

New

Shopper-friendly two level mall with clear sight lines

Features David Jones, Target, Harris Scarfe, Dan Murphy's, JB Hi-Fi plus 5 new mini majors and over 130 specialties and kiosks

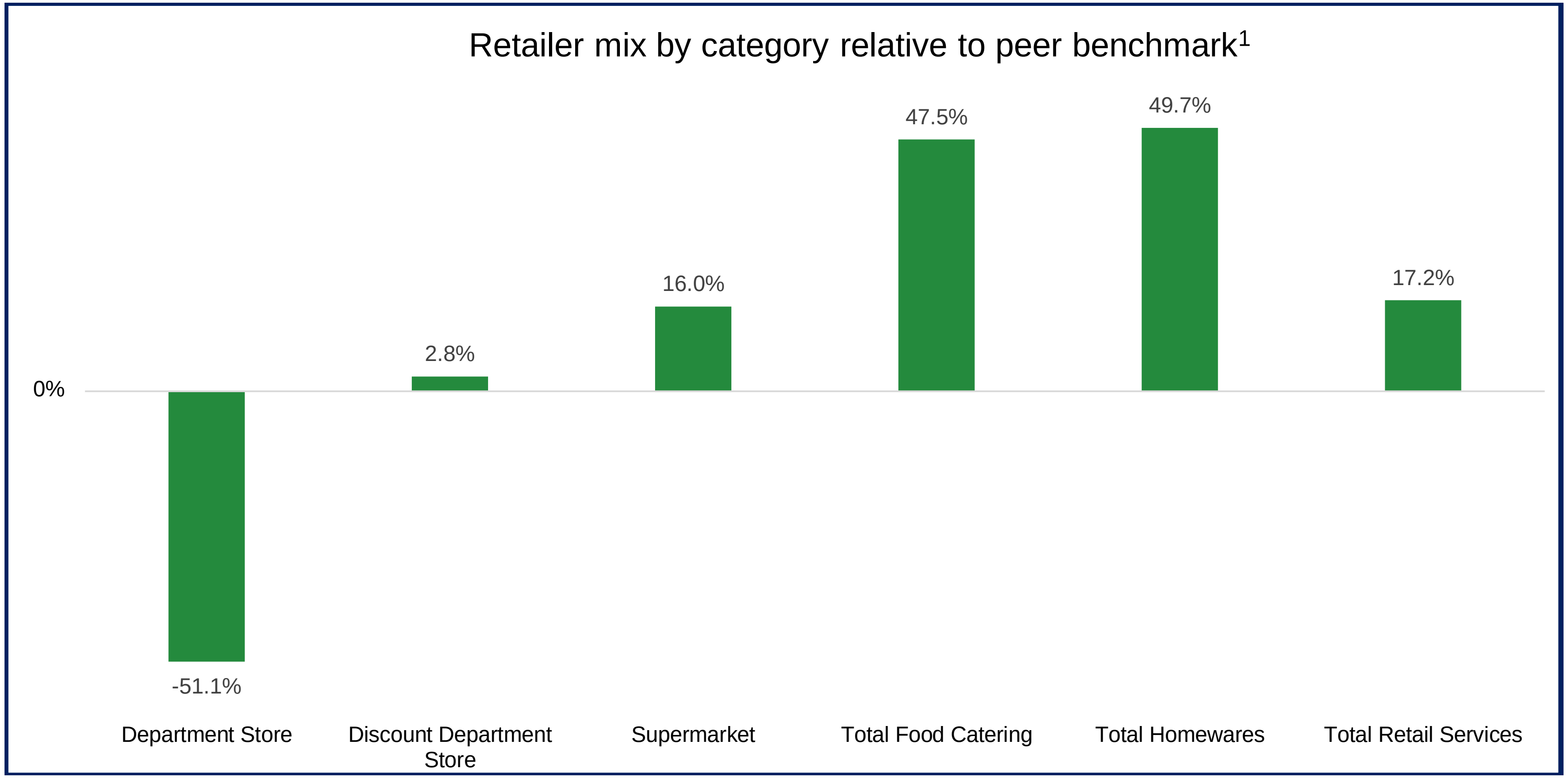
A leading food and casual dining offer

State of the art 7 screen HOYTS LUX cinema complex with 2 Xtreme screens and 2 LUX screens and new casual dining precinct

Entertainment precinct with Chipmunks play centre, one of the largest Timezones nationally

Convenient parking with simple access

Retail mix reflecting current and emerging retail trends



Green Hills GLA	6,207m²	13,980m²	8,573m²	4,177m²	1,164m²	2,300m²

1. Relative to five comparable centres benchmarked by GLA

Sustainable design

Targeting a 5 star Green Star rating

Energy efficient

77% reduction in energy use for the extension compared to a benchmark building

Inclusive Design

Play spaces for all children, quiet room to provide a calming place, 'Changing Places' accredited adult change facility

green building council australia

5 greenstar

Retail Centre Design v1 2015

Water efficient

Efficient fixtures
160,000 litre rainwater tank

Better indoor air quality

Organic material used

Our largest solar PV system with a capacity of 1850 kW, generating over

2,500,000 kWh

of renewable energy per annum and reducing peak energy demand by more than 40%

Electric vehicle charging stations

Providing amenities for all customers

Inclusive play and quiet spaces

Play spaces designed in collaboration with the Touched By Olivia Foundation to allow children of all abilities to play together

A quiet room for parents of children with sensory disorders or intellectual disabilities designed as a calm and quiet space

An adult change room certified by Changing Places

Leasing strategy

Green Hills artist impression

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Level One

A place where aspirational fashion meets the convenience of neighbourhood shopping.   Offering our customers an exciting mix of retailers they are waiting for

Ground Floor

The Centre's retail offering will be greatly increased, with new fresh food retailers, accompanied by a mix of local providers that have been with the community for generations

Pavilion dining

Catering to the
customer demand
for a better local offering of café and
restaurant dining options

Entertainment and leisure

The entertainment precinct will act as a community hub, boasting fresh new eating options, meeting points for family and friends. Including new family entertainment concept, Chipmunks and one of the largest Timezones in Australia

Garden court

Expanded and relocated casual dining precinct with all-weather seating in garden courtyard feel

State of the art cinema complex to complete the casual dining precinct

7 screen
2 x Xtremescreens with DOLBY ATMOS

900 seat
Power recliner seating

Premium experience
In-cinema dining service

Development Stages

	PRE-DEVELOPMENT	STAGE 1 OCTOBER 2016	STAGE 2 APRIL – AUGUST 2017	STAGE 3 NOVEMBER 2017	STAGE 4 MARCH 2018	STAGE 5 MAY 2018	STAGE 6 MID 2018	ON COMPLETION
GROSS LETTABLE AREA (m^2)	32,902	~1,400	~4,900	~14,800	~22,500	~2,700	~3,500	**~74,000**
MAJORS & MINI-MAJORS	Big W Woolworths Coles Ozmosis The Reject Shop Dan Murphy's Hot Dollar Blooms Rebel	Dan Murphy's	Best & Less Reject Shop	Target Casey's Toys	DJs Harris Scarfe Time Zone City Beach Ishka JB Hi-Fi Chipmunks	International Retailer	Hoyts	**DJs Hoyts Target International Retailer Woolworths Coles Big W 12 Mini Majors**
SPECIALTY STORES AND KIOSKS	87		30	84	61	0	0	**212**
CAR PARKING SPACES	1,600		1,460	1,950	3,000	3,000	3,100	**3,100**
FOOD COURT	400							**1,650**
SOLAR							+1850 kw capacity	**Mid 2018**

Centre floor plans

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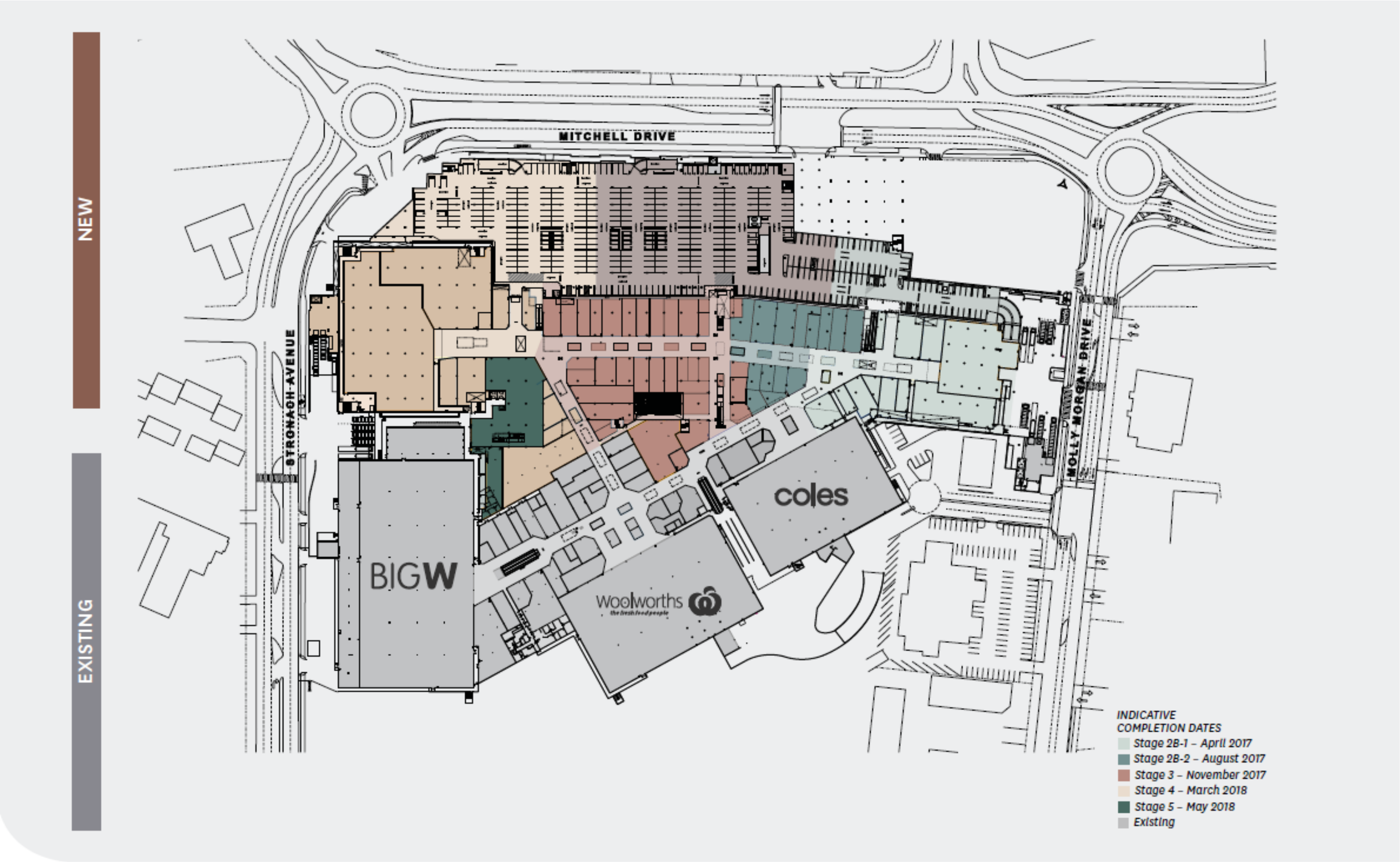
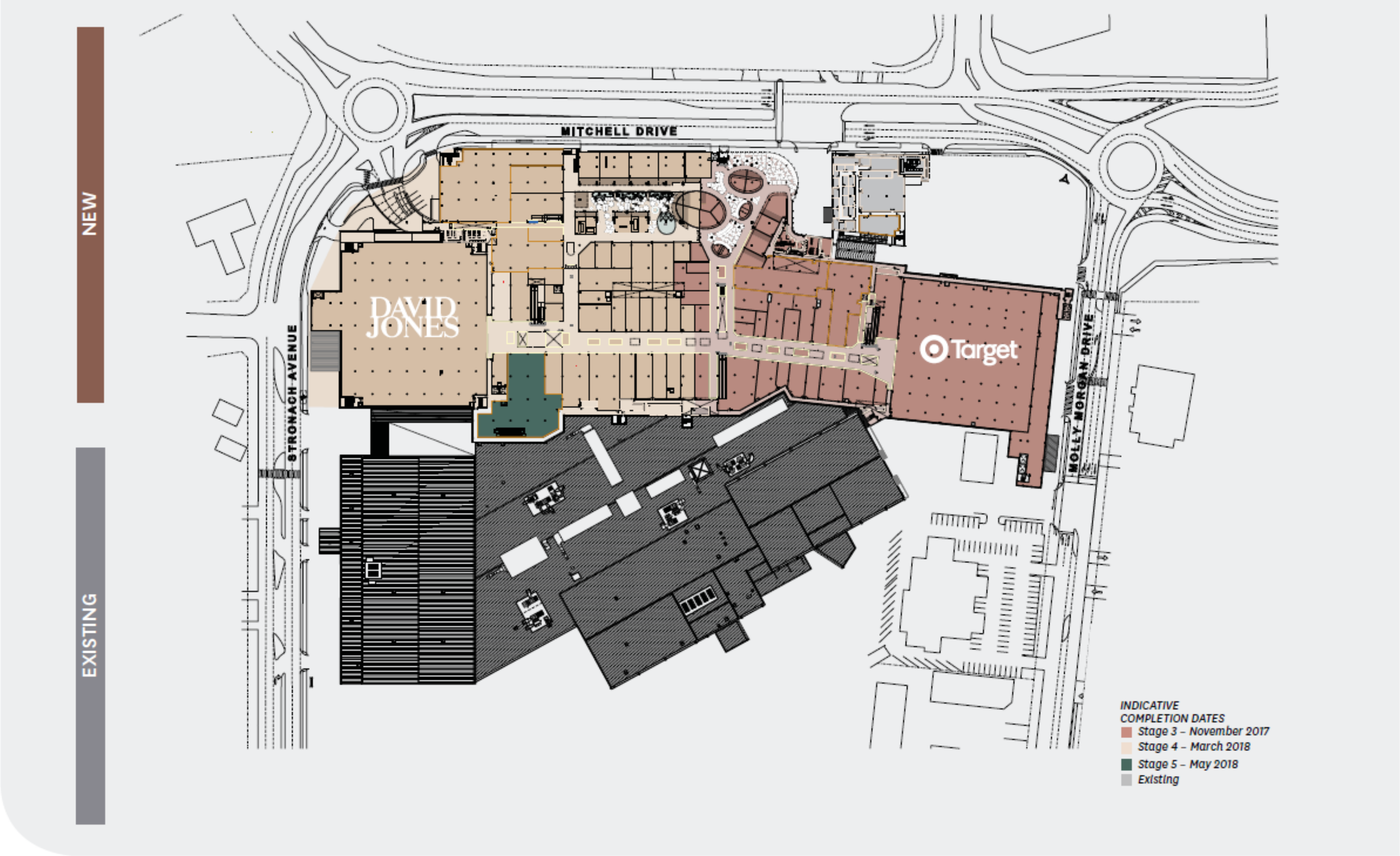
Ground Floor

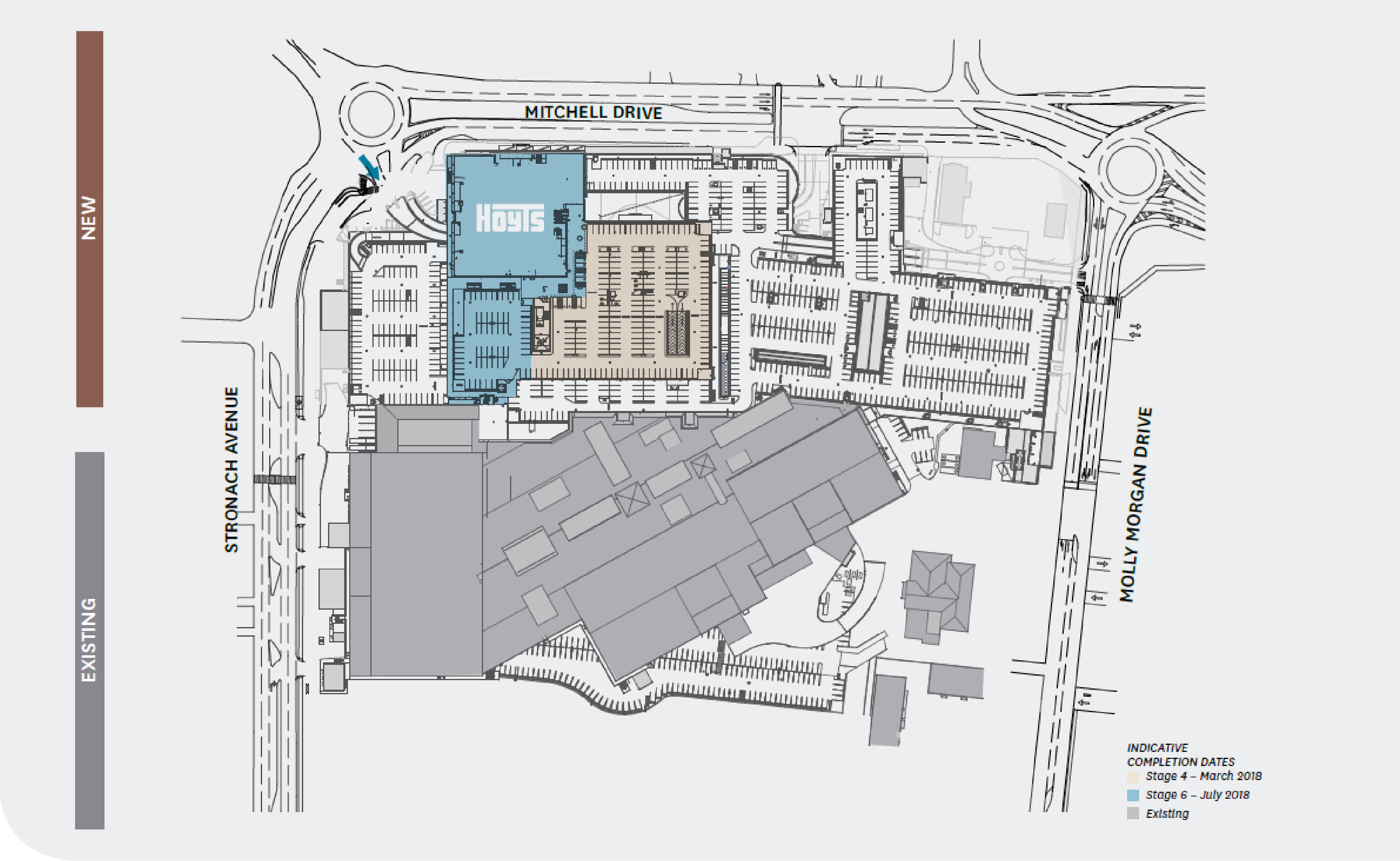


First Floor



NEW
EXISTING
MITCHELL DRIVE
STRONACH AVENUE
MOLLY MORGAN DRIVE
DAVID JONES
Target
INDICATIVE COMPLETION DATES
Stage 3 – November 2017
Stage 4 – March 2018
Stage 5 – May 2018
Existing

Upper Roof Parking



Thank you

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Stockland Corporation Limited
ACN 000 181 733

Stockland Trust Management Limited
ACN 001 900 741; AFSL 241190

As responsible entity for Stockland Trust
ARSN 092 897 348

25th Floor
133 Castlereagh Street
SYDNEY NSW 2000

Stockland