

Results built on sustainable communities

HALF YEAR REVIEW
31 December 2016



Cloverton

MELBOURNE'S NEW CITY-SIZED COMMUNITY

Construction is booming at our new, city-sized community at Kalkallo in Melbourne's north, Cloverton.

More than 600 blocks have been sold in the first stages of the new community, which will continue to grow and mature over the next 30 years to eventually become a city in its own right and home to more than 30,000 people.

Our Cloverton community is unprecedented in Victoria due to its size, its innovative design and inclusion of an abundance of community facilities including future schools, playgrounds, parks, sporting fields, retail facilities and its proximity to existing infrastructure, including

the northern suburbs train line and Hume Freeway. The Cloverton City Centre alone will be the same size as Melbourne's CBD.

The Green Building Council of Australia recently recognised the world-leading design that we have developed for Cloverton with a 6 Star Green Star – Communities rating recognising world

leadership across a wide range of environmental, economic and social sustainability measures.

Cloverton is on the eastern side of the Hume Freeway at Kalkallo, 35 kilometres from Melbourne's CBD.

To watch the Cloverton community grow go to www.stockland.com.au/cloverton



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KEY DATES

30 June 2017

Record date

16 August 2017

Full year result announcement

25 October 2017

Annual General Meeting

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Note: All figures are in Australian dollars unless otherwise indicated.



Letter from our Chairman and Managing Director and CEO



TOM POCKETT
Chairman



MARK STEINERT
Managing Director and
CEO

Dear Securityholders

We're pleased to deliver another strong first half result driven by our focus on creating thriving, vibrant communities.

For the half year ending 31 December 2016, we made a statutory profit of \$702 million and generated Funds from Operations¹ (FFO) of \$369 million, an increase of 7.8% on the previous corresponding period.

We're continuing to create a more diversified property company that is stable and resilient and more responsive to both market opportunities and our customers' needs. The implementation of our strategy to reshape our portfolio is proving effective, growing our asset returns and our customer base, which has enabled us to increase our distribution.

As foreshadowed, the distribution for the half year is 12.6 cents per security, supporting our target full year distribution of 25.5 cents per security, assuming no material decline in market conditions.

GOOD RETURNS ACROSS ALL BUSINESSES

Our Commercial Property business continued to deliver solid growth with comparable FFO up

3.7% across the portfolio; up 3.5% in Retail, 2.9% in Logistics and Business Parks, and 6.6% in Office.

Our Retail result was supported by high, stable retail occupancy and solid rental growth.

Retail sales were stable in the first half and the all-important Christmas trading period. Our strategy to continuously improve our shopping centre portfolio and actively remix our retail around food, health, services, lifestyle, leisure and technology to match customer demographic changes and trends, has helped to drive specialty sales productivity growth.

The completion of our \$228 million redevelopment of Stockland Wetherill Park in Sydney, ahead of schedule and before Christmas 2016, is an excellent example of how we are reshaping our portfolio. The redevelopment has been enthusiastically supported by the local community and has achieved returns above our target levels. Our latest major project, the \$412 million redevelopment of Stockland Green Hills in the Hunter Valley, is progressing well.

Our Logistics and Business Parks business performed well in the first half following strong leasing activity. We continue to expand the portfolio through acquisition and development with good progress made on our \$400 million development pipeline.

Our Residential business profit increased by 1.4% to \$100 million driven by our ongoing strategy to expand customer reach and continued strong price growth on the eastern seaboard. The business is strongly positioned for the full year.

We remain focused on delivering high quality communities and maximising the number of projects and lots in active developments. We've positioned our business to take advantage of positive market conditions with a number of significant new projects launched over the last 12 months, including two of Australia's largest ever masterplanned new cities; Aura on the Sunshine Coast and Cloverton in Melbourne.

We've once again delivered strong growth in our Retirement Living business with operating profit up 43.8% largely due to the timing of superlot and asset sales.

In July we sold five small, low return on asset villages in Western Australia to recycle the capital into more accretive opportunities within our Retirement Living portfolio.

We are planning to replicate the success we have achieved on the redevelopment of our Cardinal Freeman Village in Sydney by redeveloping a number of middle ring villages creating well-designed, high quality homes and enhanced community facilities.

CAPITAL STRENGTH

We have maintained our strong balance sheet and A-/Stable credit rating with gearing at 23.9%, well within our target range of 20-30%. During the first half we continued to diversify our funding sources lowering our weighted average cost of debt and maintaining our weighted average debt maturity.

We've also either fixed or hedged 96% of our period end debt, up from 82% in the previous corresponding period, lowering the cost of our debt and providing a reasonable buffer against any possible short to medium term increases in interest rates.

OPERATIONAL EXCELLENCE

Stockland has once again been identified as a global leader for our sustainability credentials. We were again named the Global Real Estate Sector Leader on the S&P Dow Jones Sustainability Indices (DJSI). We also achieved Global Sector Leader status in the 2016 Global Real Estate Sustainability Benchmark (GRESB) survey in the category Diversified - Retail/Office, and included in the CDP A List for our climate action.

As part of our continued investment in the efficiency of our operations, we have made good progress on improving our systems capabilities including the commitment to implement SAP and Salesforce as core systems with progressive deployment over the next two years.

OUTLOOK

We have tightened our full year guidance to 6-7% FFO growth reflecting the strong half, with a full year distribution of 25.5 cents per Ordinary Stapled Security, assuming no material decline in market conditions.

We expect the favourable economic conditions to continue and interest rates to remain relatively low. We've made excellent progress over the last few years, broadening our business and we are well positioned to take advantage of future opportunities.

For more detailed insight on our half year performance and outlook we encourage you to visit our investor centre www.stockland.com.au/investor-centre.htm

Tom Pockett

Mark Steinert

¹ Funds from Operations (FFO) has been determined with reference to the Property Council of Australia's guidelines.

STATUTORY PROFIT (\$M)	STATUTORY EARNINGS PER SECURITY (¢)	FUNDS FROM OPERATIONS (\$M)	FUNDS FROM OPERATIONS PER SECURITY (¢)	DISTRIBUTION PER SECURITY (¢)	NET TANGIBLE ASSETS PER SECURITY (\$)
\$702m	29.3¢	\$369m	15.4¢	12.6¢	\$4.00
↑ 0.7%	↓ 0.3%	↑ 7.8%	↑ 6.2%	↑ 3.3%	↑ 3.4%
1H16 696	1H16 29.4	1H16 342	1H16 14.5	1H16 12.2	1H16 3.87