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STOCKLAND 3Q17 MARKET UPDATE

Stockland delivered a solid third quarter performance across its diversified property business and has maintained FY17 guidance for growth in Funds from Operations (FFO) per security of 6 – 7%, assuming no material change in market conditions.

It remains on track to achieve FY17 Distribution Per Security (DPS) of 25.5 cents, based on the higher of Total Trust Income (TTI) or 75 – 85% of FFO, up 4.1% on FY16.

Stockland Managing Director and CEO, Mark Steinert, said: “We’ve continued to make good progress in our core businesses in the third quarter and our diversified property portfolio is well positioned to achieve and deliver sustainable, long term growth.

“Our Residential business is benefiting from our well-located projects in high growth corridors, our more diverse and affordable product mix, strong market conditions on the East Coast, and the stabilisation of the Perth market.

Stockland’s Residential business achieved 1,891 net deposits in the quarter and 5,984 net deposits in the financial year to date, compared to a total of 4,844 net deposits up to the corresponding point in time last year. Stockland’s Residential business is on track to meet its full year target of more than 6,000 settlements.

“We remain focused on providing affordable housing solutions for our customers with first home buyers making up 54% of purchasers for the quarter and 77% of our residential properties sold to owner occupiers,” Mr Steinert said. “On average, prices for our house and land packages are more than 15% below the established house prices in the surrounding trade area.

“Retail had a relatively flat quarter, with our figures impacted by Easter and the Victorian and Queensland school holidays falling in April. We encountered the same headwinds that are affecting the sector with some retail price deflation, above average retailer administrations and a weak start to the calendar year for discount department stores.

“We’ve continued to invest in our portfolio and remix the centres to deliver good growth of 2.7%¹ in specialty sales per square metre across our comparable shopping centre portfolio. Total comparable annual sales across all retail categories were relatively flat at -0.2%. We remain on track to achieve Retail FFO growth in line with our guidance of 3 – 4% for the full year, driven primarily by specialty stores.

“We’ve also maintained our momentum in the development and leasing of our Logistics and Business Parks, and our predominantly Sydney-based Office portfolio performed strongly,” Mr Steinert added.

“In our Retirement Living business, our resale values are benefitting from the quality of our villages and the strength of the broader residential market. We will continue to improve our long term returns by focusing on new development and the provision of additional services to our residents.”

Stockland’s Retirement Living business achieved 244 net reservations in the quarter. The result was in line with internal forecasts, which allowed for the timing of new development stage releases and the withholding of units at Oak Grange in Melbourne and Castle Ridge in Sydney, pending proposed redevelopment activities.

Stockland acquisitions and development update – 3Q17 (and post-date)

- Acquired 77 hectares in Craigieburn West to extend Highlands community
- Acquired 11.5 hectare townhouse development site at Braybrook, 10 km west of Melbourne CBD
- Commenced construction of Stamford Park townhouse and apartment development at Rowville, 26 km south east of the Melbourne CBD
- Launched Edgebrook residential community at Clyde North, south east Melbourne
- Completed Stage One of the \$412 million redevelopment and expansion of Stockland Green Hills Shopping Centre
- Completed and opened the \$30 million Stockland Kensington Shopping Centre in Bundaberg
- Achieved practical completion of Oakleigh Logistics Facility, Stage Two, Melbourne
- Commenced construction of Warwick Farm Logistics Facility, Sydney
- Completed and opened Stage Two of The Residences, Cardinal Freeman, comprising a new clubhouse and 40 apartments, with all but one apartment pre-reserved

ENDS

¹ Calculated as Moving Annual Turnover (MAT) divided by Moving Lettable Area (MLA).

Stockland

Stockland (ASX: SGP) was founded in 1952 and has grown to become Australia’s largest diversified property group – owning, developing and managing a large portfolio of shopping centres, residential communities, retirement living villages, office and industrial assets. Stockland was recognised by the S&P Dow Jones Sustainability Indices (DJSI) as the global real estate sector leader for 2016-17, demonstrating world leadership across the areas of corporate governance, stakeholder engagement, climate strategy, social integration and regeneration and corporate citizenship. Stockland has been identified as a global leader for its actions and strategies in response to climate change and has been awarded a position on the Climate A List by CDP and recognised as the Regional Sector Leader for Diversified Property Companies on the Global Real Estate Sustainability Benchmark (GRESB). Stockland has also been recognised as an Employer of Choice for Gender Equality by the Australian Government’s Workplace Gender Equality Agency (WGEA) for last three consecutive years.

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