



Stockland

## ASX/Media Release

27 April 2017

133 Castlereagh Street T 02 9035 2000  
Sydney NSW 2000 F 02 8988 2552

[www.stockland.com](http://www.stockland.com)

---

### For media enquiries

**Greg Spears**

Senior Manager  
Media Relations  
Stockland

T +61 (0)2 9035 3263

M +61 (0)406 315 014

[greg.spears@stockland.com.au](mailto:greg.spears@stockland.com.au)

## STOCKLAND 3Q17 UPDATE

Stockland today provides the attached presentation which provides the 3Q17 operational update.

### For investor enquiries

**Antoinette Plater**

National Manager  
Investor Relations  
Stockland

T +61 (0)2 9035 3148

M +61 (0)429 621 742

[antoinette.plater@stockland.com.au](mailto:antoinette.plater@stockland.com.au)

**ENDS**

### 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 stakeholder engagement, customer relationship management, supply chain management, biodiversity and climate change strategy. 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, the international not-for-profit that drives sustainable economies. Stockland has also been recognised as the Regional Sector Leader for Listed, Australian, Diversified Property Companies in the 2016 GRESB Report. 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.

[www.stockland.com.au](http://www.stockland.com.au)

# Stockland 3Q17 Update

RESULTS BUILT  
ON SUSTAINABLE  
COMMUNITIES

31 March 2017

Cardinal Freeman  
The Residences, Sydney



# Agenda

<b>Group Update</b>	<b>3</b>
<b>Commercial Property</b>	<b>4</b>
<b>Residential</b>	<b>7</b>
<b>Retirement Living</b>	<b>9</b>
<b>Summary and Outlook</b>	<b>10</b>

# Group Update

## Continued solid performance:

- Retail sales growth relatively flat, continuing to grow specialty sales productivity per square metre
- Progressing our \$548m Retail and L&BP developments on schedule and feasibility
- Good momentum in L&BP leasing activity
- Solid Residential net deposits, record contracts on hand
- Net reservations for Retirement Living on track



Five year indicative asset mix

# Retail

## Retail Sales:

- 3Q17 sales growth relatively flat, impacted by several issues
  - Easter shifts from 3Q16 to 4Q this year
  - Variable results from our Queensland centres, including disruption from Cyclone Debbie
- Specialty sales productivity for comparable centre retailers continues to improve, with MAT/MLA<sup>1</sup> increasing by 2.7%, driven by active remixing strategies

## Retail Development:

- Current developments progressing on time and in line with feasibilities
- \$412m Green Hills, NSW, stage one opening April 2017, completion mid 2018
- Bundaberg, Kensington, completed with new format Coles supermarket

1. 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

Total Sales by Category to 31 March <sup>2</sup>	MAT Growth	Comp Annual Growth	3Q17 Comp Growth
Specialties excluding Dick Smith <sup>3</sup>	1.8%	1.0%	0.9%
Specialties	0.6%	0.0%	-0.4%
Supermarkets	2.1%	-0.2%	0.1%
DDS/DS	-3.3%	-3.3%	-6.6%
Mini-Majors and Other	5.2%	2.2%	3.1%
<b>Total</b>	<b>1.4%</b>	<b>-0.2%</b>	<b>-0.4%</b>

Progress on current development	Spend to 31 March (\$m)	Total cost (\$m)	Stabilised yield <sup>4</sup>	Total Leased	Incremental IRR <sup>5</sup>
Green Hills, NSW	146	412	7.0%	58%	11.9%
Bundaberg, Qld	26	30	7.1%	93%	7.8%

2. Sales data includes all Stockland managed retail assets

3. Excluding impact of Dick Smith closures

4. Incremental FFO yield

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

# Retail trends/Leasing strategy

## Entertainment and Leisure

To act as a community hub and meeting place for family and friends

## Fast food and casual dining

To cater to customer demand for diverse dining options

## Health and Services

To reflect trends in ageing demographics and focus on personal health and wellbeing

## Design and retailer mix

To deliver a wider range of choice and experiences, including emerging Mini-Majors

	2010	2017
Mini-Majors	92 shops	131 shops

## Wetherill Park – an example of evolving design and retailer mix



**Before:**  
Undifferentiated internalised environment, plan dominated by anchors and small shops



**After:**  
Collection of micro-environments, plan accommodates a wider range of sizes and uses

**Designed to evolve the centre from a linear and homogenous shopping mall into a diverse, walkable public precinct**

Trends reflected in our portfolio  
% of total store numbers

	2010	2017
Non-reporting Services	11%	14%
Reporting Retail Services	13%	15%
Food Catering	15%	19%

# Logistics and Business Parks, Office

## Logistics & Business Parks:

- Strong leasing momentum with 345,000 sqm, 28% of the portfolio, executed or under heads of agreement
- Continuing progress with ~\$400m development pipeline:
  - Oakleigh, Melbourne (total development \$15m), practical completion stage two reached
  - Warwick Farm, Sydney (total project cost \$77m), early works underway
- 3 DAs submitted, total 56,000 sqm

## Office:

- Portfolio occupancy at 92%, reflects Perth and Canberra vacancies
- Majority of portfolio in Sydney CBD, North Sydney and St Leonards, which are all performing strongly

Logistics and Business Parks	FY17 year to date	1H17
Leases executed	291,500 sqm	160,000 sqm
Leasing activity under HOA	53,100 sqm	152,000 sqm
Portfolio occupancy by income	96.2%	96.1%
Portfolio WALE <sup>1</sup>	4.4 yrs	4.6 yrs

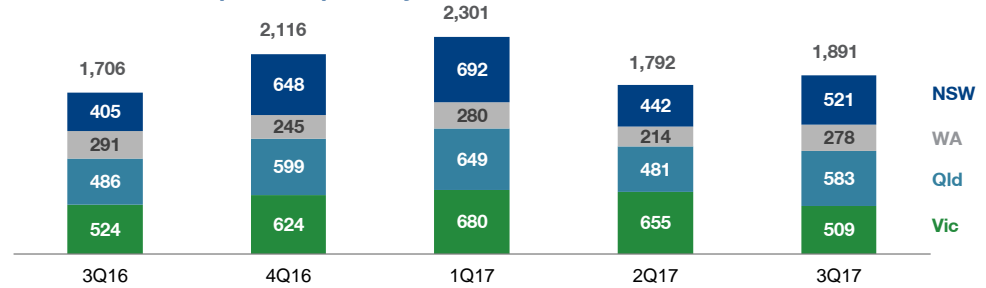
Office	FY17 year to date	1H17
Leases executed	3,200 sqm	2,900 sqm
Leasing activity under HOA	6,100 sqm	2,100 sqm
Portfolio occupancy by income	91.9%	93.5%
Portfolio WALE <sup>1</sup>	3.5 yrs	3.7 yrs

1. By income

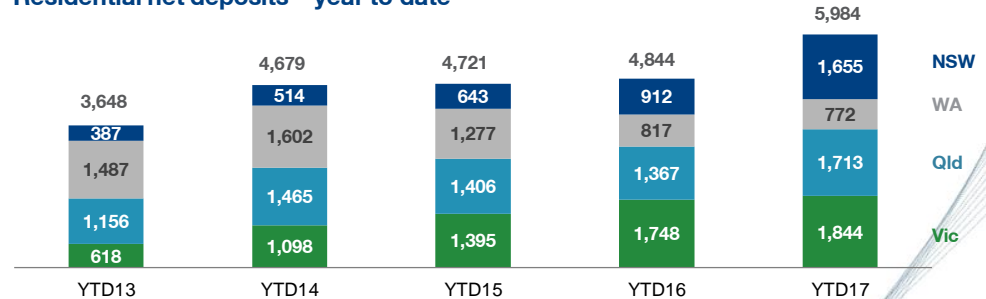
# Residential Communities

- Affordability focus differentiates our business
  - 77% of buyers were owner occupiers in the March quarter, 54% first home buyers
- Solid quarter for net deposits:
  - Continued strong market conditions in NSW and Vic
  - Qld market strengthening, supporting demand for new projects
  - Good response to sales campaign and increase in First Home Buyers grant in WA
  - Vic third quarter deposits impacted by timing of releases, Edgebrook (Melb) launched
- Willowdale (Sydney), town homes delayed by weather, limiting FY17 town home settlements to ~200, offset by additional land settlements

Residential net deposits - quarterly



Residential net deposits - year to date







# Leading in Housing Affordability

**50** 50 per cent<sup>1</sup> of Stockland's customers are first home buyers

**75** 75 per cent<sup>1</sup> of customers are owner-occupiers

**100** Launched “100 homes in 100 days” – First Home Buyer initiative in Sydney

 4,000 first home buyers have purchased in Stockland communities in the last year

 Working with all levels of government to increase supply to help address affordability

1. Rolling 12 month data to 31 March 2017

2. House and land entry price as at December 2016

3. Source: Real Estate Institute of Qld (REIQ), December 2016

## Examples of entry house and land packages



### Pallara (Qld)

Stockland Price <sup>2</sup>	Brisbane LGA Median Price <sup>3</sup>
\$454,870	\$655,000



### Highlands (Vic)

Stockland Price <sup>2</sup>	Craigieburn Median Price <sup>4</sup>
\$390,597	\$450,000



### Calleya (WA)

Stockland Price <sup>2</sup>	Cockburn Median Price <sup>5</sup>
\$389,516	\$535,000

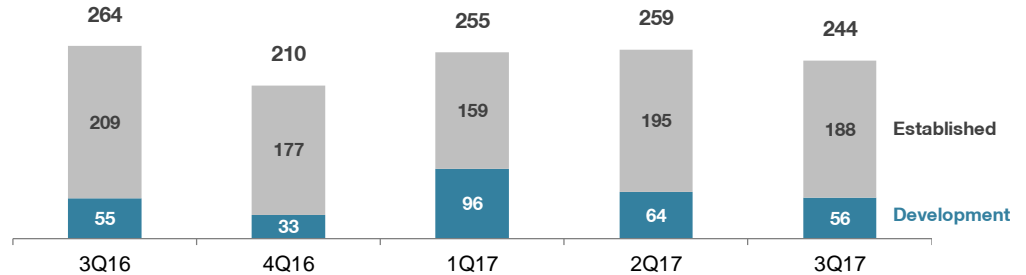
4. Source: Real Estate Institute of Victoria (REIV), December 2016

5. Source: Real Estate Institute of WA (REIWA), December 2016

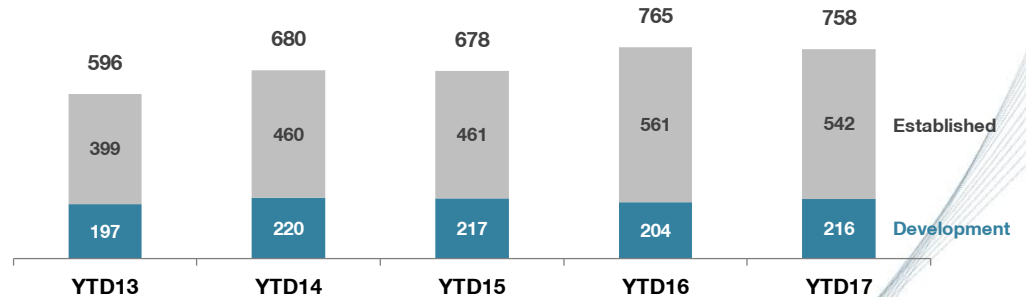
# Retirement Living

- Resale values benefitting from strength of Eastern seaboard Residential market
- Reservations impacted by units withheld for future development (Oak Grange, Melbourne and Castle Ridge, Sydney)
- Development reservations will continue to be variable, depending on timing of stage releases
- New DMF contracts with 100% capital gain to Stockland, being trialled at several villages in Victoria and South Australia
- Trialling strategic partnerships with home care providers to expand services, part of our “Retire Your Way” initiative

Retirement Living net reservations - quarterly



Retirement Living net reservations – year to date



# Summary & Outlook

- **Remain on track to achieve FFO per security growth of 6–7% in FY17 with DPS targeted at 25.5 cents, assuming no material change in market conditions. Underpinned by:**
  - **Full year Residential settlements above 6,000 lots and operating profit margins at 15 – 16%**
  - **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**
- **Portfolio continues to be positioned for sustainable long term growth and value creation**

**Our Purpose:** We believe there is a better way to live



**Stockland Corporation Limited**

ACN 000 181 733

**Stockland Trust Management Limited**

ACN 001 900 741; AFSL 241190

**As a responsible entity for Stockland Trust**

ARSN 092 897 348

25th Floor

133 Castlereagh Street

SYDNEY NSW 2000

**Important Notice**

While every effort is made to provide accurate and complete information, Stockland does not warrant or represent that the information in this presentation is free from errors or omissions or is suitable for your intended use. This presentation contains forward-looking statements, including statements regarding future earnings and distributions that are based on information and assumptions available to us as of the date of this presentation. Actual results, performance or achievements could be significantly different from those expressed in, or implied by these forward looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in the release.

The information provided in this presentation may not be suitable for your specific needs and should not be relied upon by you in substitution of you obtaining independent advice. Subject to any terms implied by law and which cannot be excluded, Stockland accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in this presentation. All information in this presentation is subject to change without notice.

This presentation is not an offer or an invitation to acquire Stockland stapled securities or any other financial products in any jurisdictions, and is not a prospectus, product disclosure statements or other offering document under Australian law or any other law. It is for information purposes only.