



# 3Q16 Stockland Update

*Delivering Sustainable Growth*

Oceanside, Sunshine Coast, QLD

# Agenda

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# Group Update

Continued strong performance:

- Solid 3.5% comparable annual sales growth for specialty stores, 2.3% for total comparable sales
- Progressing our Retail and L&BP development pipelines on schedule and feasibility
- Strong quarter for Residential net deposits
- Activating our landbank, with new project launches at Altrove (Schofields, NSW), Aura (Qld), Newport (Qld), and Pallara (Qld)
- Strong net reservations year to date for Retirement Living



Five year indicative asset mix



# Delivering sustainable growth

## TRUST

### Retail

51% of SGP portfolio<sup>1</sup>



Stockland Green Hills, NSW

### Create market leading shopping centres

- Acquisition of remaining 50% of Stockland Bundaberg (Qld) for ~\$61.5m on 7.8% FFO yield
- Targeting 7-8% yields<sup>2</sup> and 11-14% incremental IRRs for our \$1.6b development pipeline
- Final stage of Wetherill Park (NSW) to open in 4Q16; trading well

### Logistics & Business Parks

14% of SGP portfolio<sup>1</sup>



Mulgrave, Vic

### Grow and develop a quality portfolio

- Acquisition of business park at Mulgrave (Vic) for \$87.6m delivering 7.1% initial yield
- ~\$400m development pipeline with target 7-8% yields<sup>2</sup> and 11-14% incremental IRRs<sup>3</sup>
- Developments underway at Oakleigh (Vic), Ingleburn (NSW) and Erskine Park (NSW)

### Office

6% of SGP portfolio<sup>1</sup>



135 King St/Glasshouse, NSW

### Optimise returns – tactical allocation

- Maintained occupancy at 95%
- 70% of the portfolio is located in the strongest performing Sydney markets

## CORPORATION

### Residential

20% of SGP portfolio<sup>1</sup>



Arve (Ivanhoe, Vic)

### Maximise returns by creating better places to live

- 90% of our Residential capital is now employed in actively selling projects
- Broadening customer reach with around 500 medium density homes commencing in 2H16

### Retirement Living

9% of SGP portfolio<sup>1</sup>



Willowdale Retirement Village, NSW

### Leading operator and developer

- Strong sales momentum, record net reservations year to date
- Progressing our Continuum of Care strategy – six current and future sites agreed with Opal with others in planning
- Continuing to reshape our portfolio

1. Portfolio weightings as at 31 December 2015

2. Stabilised incremental FFO yield

3. Greenfield development

# Retail

## Retail Sales:

- 3Q16 comparable specialty sales up 2.5%, slight moderation in growth rate, with strongest categories:
  - Communication technology ▲ 16.9%
  - Retail Services ▲ 6.0%
  - Food Catering/Fast Casual Dining ▲ 5.1%
- Acquired remaining 50% stake in Stockland Bundaberg for \$61.5m in April 2016

## Retail Development:

- Current developments progressing on time and in line with feasibilities
- Final stage of Wetherill Park (NSW) development due to complete mid 2016; centre trading strongly
- Harrisdale (WA) expected to complete mid 2016; over 85% of rental income already secured

1. Sales data includes all Stockland managed retail assets – including UPF assets  
Includes extra trading day in February due to leap year and two less trading days in March due to Easter  
Excludes Green Hills (NSW)

2. Incremental FFO yield

Total Sales by Category to 31 March <sup>1</sup>	MAT Growth	Comp Annual Growth	3Q16 Total Growth	3Q16 Comp Growth
Specialties	8.1%	3.5%	7.0%	2.5%
Supermarkets	2.4%	0.5%	2.3%	-0.4%
DDS/DS	2.8%	1.9%	4.8%	4.2%
Mini-Majors and Other	11.7%	6.0%	11.0%	3.7%
Total	5.6%	2.3%	5.4%	1.7%

Progress on current development	Spend to 31 March (\$m)	Total cost (\$m)	Stabilised yield <sup>2</sup>	Incremental IRR
Wetherill Park, NSW	216	228	7.3%	~15.0%
Harrisdale, WA	30	51	7.8%	~11.2%
Green Hills, NSW	14	372	7.0%	~12.6%

# Stockland Green Hills: Conversion to a major regional centre

- Redevelopment of Stockland Green Hills (NSW) commenced in January 2016, it will more than double the size of this highly productive centre
- The project will be delivered over three main stages:
  - Mid 2017: Best & Less, 23 specialty stores & kiosks
  - Late 2017: Target, 2 Mini-Majors, 88 specialty stores & kiosks
  - Easter 2018: David Jones, Harris Scarfe, JB Hi-Fi Home, 5 Mini-Majors, 74 specialty stores & kiosks
- Stage Two DA submitted to add an eight screen cinema complex

	On completion FY18 <sup>1</sup>
Cost to complete	\$372m
Stabilised yield <sup>2</sup>	7.0%
Incremental IRR	-12.6%
Gross lettable area	70,000sqm
Majors & mini-majors	David Jones, Coles, Woolworths, BIG W, Target, 15 mini-majors
Specialty stores & kiosks	More than 225
Pad sites	4
Food court	800 seat indoor - outdoor
Car parking spaces	3,100

1. Does not include cinema stage  
2. Incremental FFO yield



# Logistics and Business Parks, Office

## Logistics & Business Parks:

- Continued leasing momentum with 290,000 sqm, 23% of the portfolio, executed or underway
- Progressing our ~\$400m development pipeline:
  - Oakleigh Stage One development and Erskine Park to be completed in June 2016; Ingleburn Stage One development to be completed in August 2016
- Two DAs lodged for approval and a further three DAs being documented
- \$87.6m acquisition of a modern business park in Mulgrave, Melbourne (in April). Fully occupied with three blue chip tenants (Kmart, Coles and Toll), initial yield of 7.1% and WALE of 8.5 years

## Office:

- Maintaining portfolio occupancy at 95%
- Majority of portfolio in Sydney CBD, North Sydney and St Leonards, which are all performing strongly

Logistics and Business Parks	FY16 year to date	1H16
<b>Leases executed</b>	234,300 sqm	182,000 sqm
<b>Leasing activity under HOA</b>	55,600 sqm	51,000 sqm
<b>Portfolio occupancy by income</b>	93.5%	94.6%
<b>Portfolio WALE<sup>1,2</sup></b>	4.5 yrs	4.5 yrs

Office	FY16 year to date	1H16
<b>Leases executed</b>	9,000 sqm	6,800 sqm
<b>Leasing activity under HOA</b>	8,700 sqm	6,800 sqm
<b>Portfolio occupancy by income</b>	95.0%	95.4%
<b>Portfolio WALE<sup>1</sup></b>	3.9 yrs	4.1 yrs

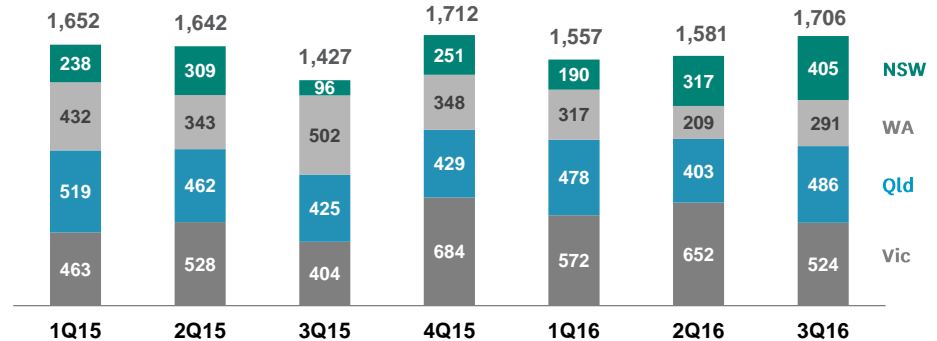
1. By income

2. Excludes Mulgrave (Vic)

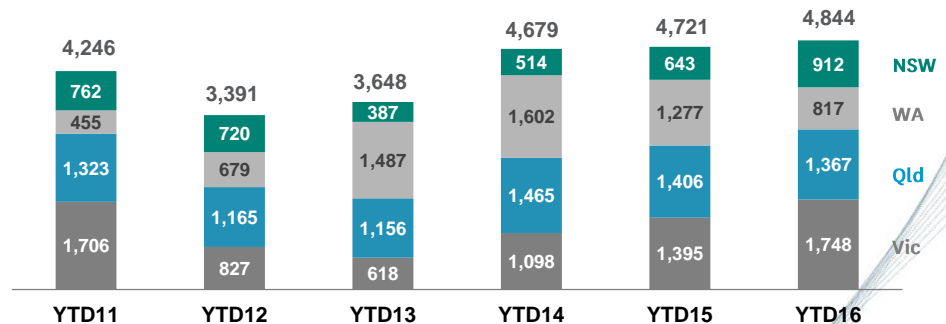
# Residential Communities

- Strong quarter for net deposits:
  - Continued strong market conditions in NSW, supporting release of Altrove (Schofields)
  - Good response to sales campaign in WA
  - Qld market strengthening, supporting demand for new projects
  - Vic market conditions remain robust – third quarter deposits impacted by projects nearing completion (Arbourlea, Selandra Rise, Allura)
- Broadening customer reach; deposits taken on over 260 townhomes and 75 completed homes in FY16 to date
- 77% of buyers were owner occupiers in the March quarter

Residential net deposits - quarterly



Residential net deposits - year to date





# Activating our landbank

- 90% of our Residential capital is now employed in actively selling projects
- On track to achieve first settlements at Altrove (NSW), Newport (Qld), and Pallara (Qld) in FY17

## Recent and Pending Launches

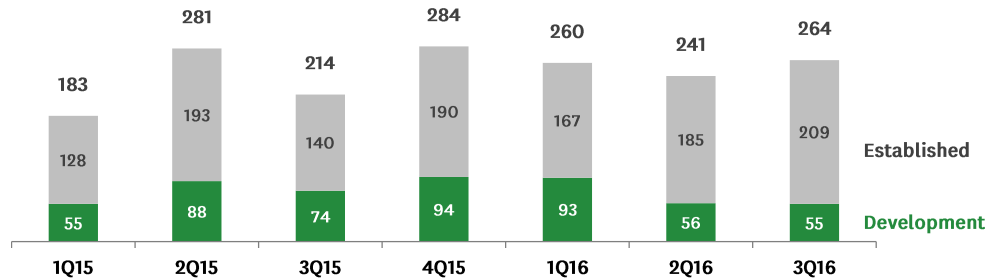
Project	Total project value (\$m)	Total lots/dwellings	Timing of project launch	Timing of first settlements
Cloverton, Vic	3,437	10,881	2H15	2H16
Aura, Qld	5,000	20,000	1H16	2H16
Altrove, NSW	416	1,180	2H16	FY17
Newport, Qld	571	1,497	2H16	FY17
Pallara, Qld	194	717	2H16	FY17



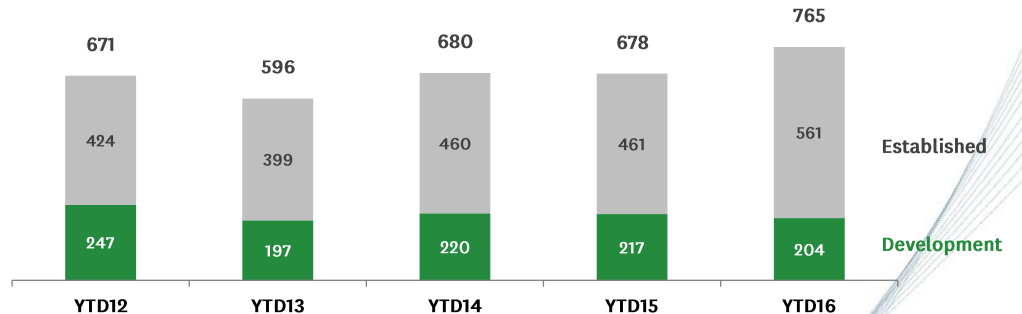
# Retirement Living

- Strong quarter for net reservations in our Established villages
- Continued to grow development pipeline; reservations affected by timing of project releases
- Large stages due for completion and settlement over next two quarters at:
  - Cardinal Freeman (NSW)
  - Willowdale (NSW)
  - Lightsview (SA)
- Continue to explore opportunities to reshape our portfolio

Retirement Living net reservations - quarterly



Retirement Living net reservations - year to date



## Summary & Outlook

- Remain on track to achieve underlying EPS growth of 6.5 – 7.5% and FFO per security growth of 9 – 10% in FY16, assuming no material change in market conditions
- FY16 DPS targeted at 24.5c
- Well placed to achieve :
  - Full year lot settlements slightly above our through the cycle range of 5,000 – 6,000 lots
  - Commercial Property comparable FFO growth of 3 – 4% and comparable NOI growth of 2 – 3%
- Portfolio continues to be positioned for sustainable long term growth and value creation







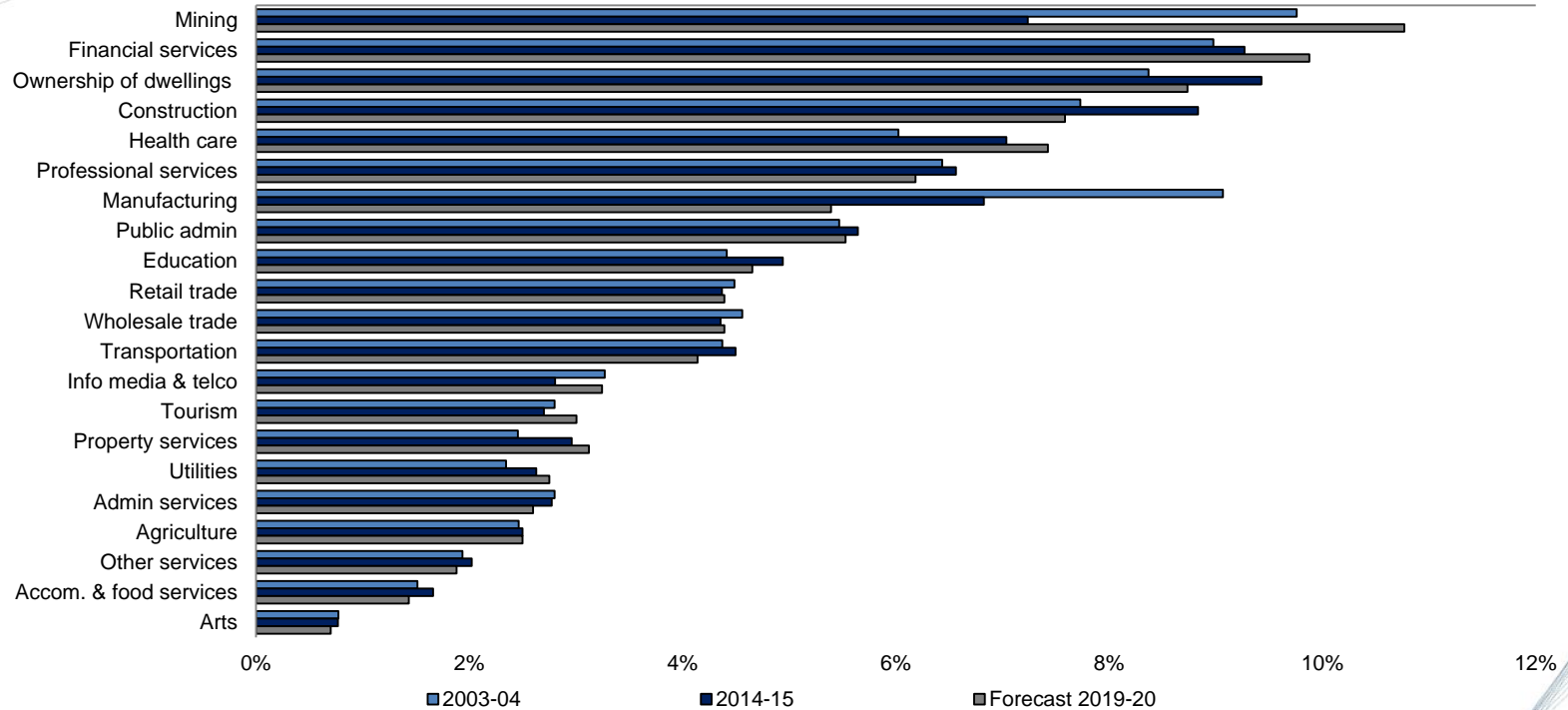
# Annexure

## Economic Overview

Cardinal Freeman Retirement Village, NSW

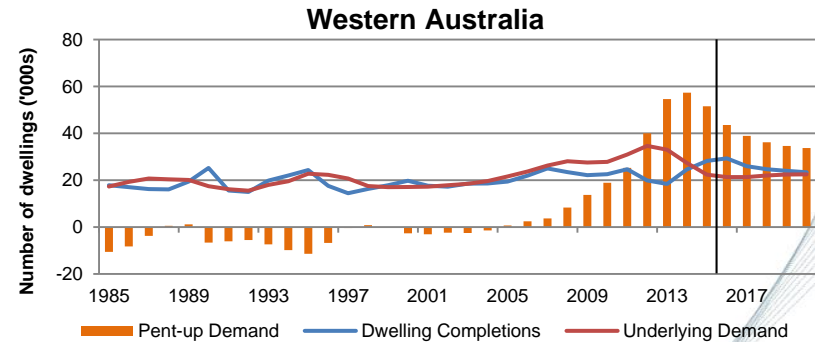
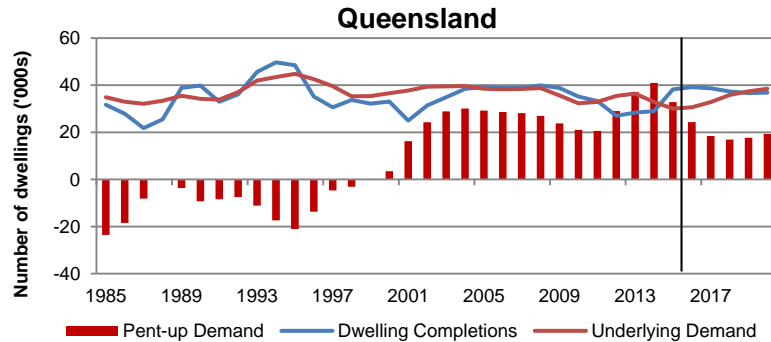
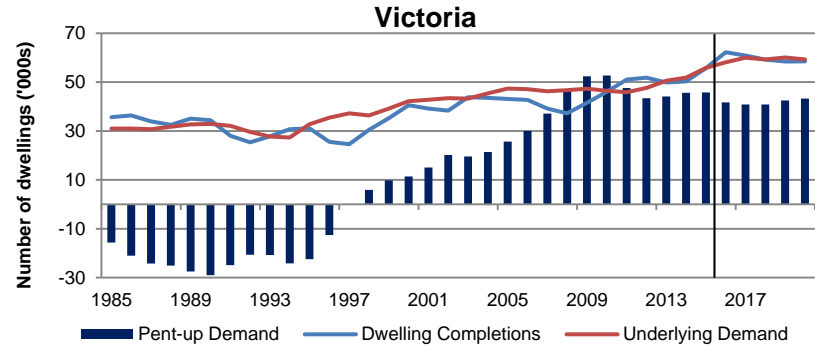
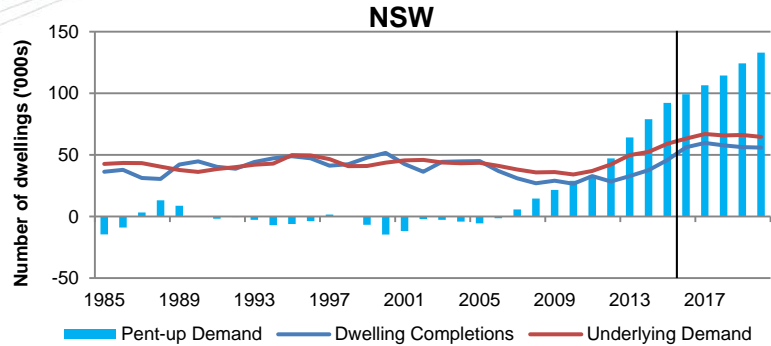


# Contribution to Australia's GDP by industry (%)



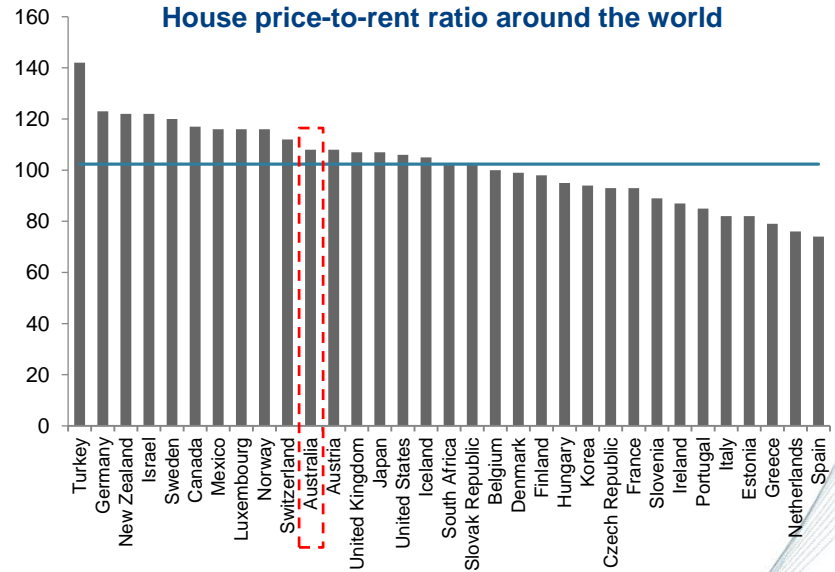
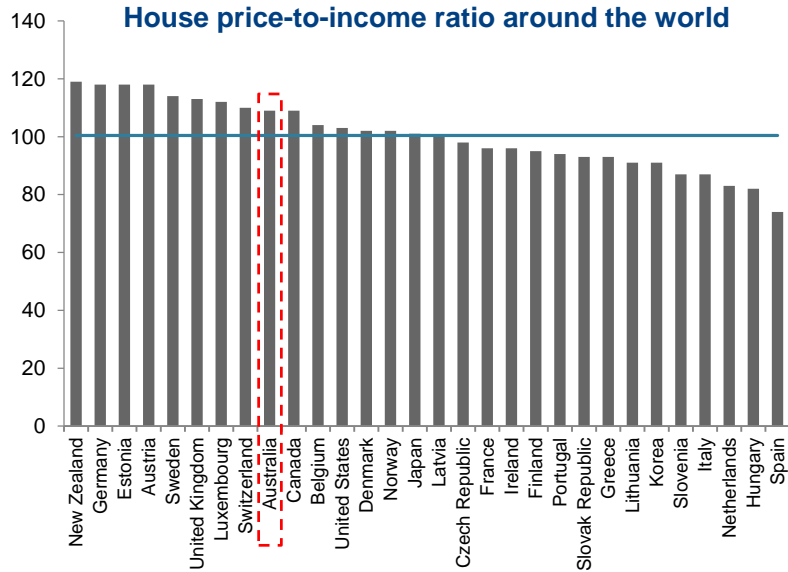
1. ABS, Deloitte Access Economics March 2016

# Residential – Estimated pent up demand



1. ANZ Economics, April 2016

# Residential Affordability – Australia well placed internationally



1. Global Housing Watch Quarterly Update Jan 2016, IMF

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