



# 1Q19 Update

Creating sustainable communities



Wendouree, Vic

# Agenda

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# Creating sustainable communities

1Q19 update

## Group results remain on track in a variable trading environment

- Residential trading conditions are moderating, but we remain on track for over 6,000 settlements in FY19
- Improved retirement living development sales, with established sales consistent with 1Q18
- Improving retail sales growth reflecting remixing and development activity
- 4.3% growth in comparable specialty sales per square metre in year to 1Q19
- Logistics leasing demand strong in Sydney and Melbourne
- Workplace occupancy high
- Growing our logistics portfolio and repositioning our assets
- \$350 million security buyback underway

## Newport, Brisbane



# Most sustainable real estate company in the world

Creating shared value



**Best of the Best –  
10 Year Sustainability Award**  
NSW Office of Environment and  
Heritage Green Globe Awards



MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM

**2018 Most Sustainable  
Real Estate Company**  
Dow Jones Sustainability Index



**2018 Global Sector Leader**  
Global Real Estate Sustainability  
Benchmark



**Net Zero Carbon  
target for 2030:**

For our Logistics and Retirement Living  
business and Corporate Head Office

**Social return on  
investment:**

- Creates \$1.66 in social value for every \$1 invested in RL
- Residents report 64% of the positive changes are attributed to services and amenities we provide

# Sustainability leadership a key competitive advantage

It's how we do business



## SHAPE THRIVING COMMUNITIES

### Residential Communities Satisfaction

Resident satisfaction at 93%, above our target of 90%

### Retirement Living Resident Satisfaction

Overall happiness score of 8.6/10, our best result since 2009

### Community Contribution

Over \$7.7 million invested in community development initiatives in FY18



## OPTIMISE AND INNOVATE

### Energy intensity reductions since FY06

Retail ▼44% / Workplace & Business Parks ▼56%  
Over \$91 million saved

### Water intensity reductions in FY18

Retail ▼5% / Workplace & Business Parks ▼11%

### Recent Green Star achievements

Waterlea, Melbourne:  
6 Star Green Star 'World Leadership'

Stockland Green Hills, NSW:  
5 Star Green Star Design rating

More Green Star communities and retail town centres than any other property group



## ENRICH OUR VALUE CHAIN

### Supply Chain

Our 'Sights on Safety' program manages safety performance of contractors at our worksites

### Employee Safety

Corporate LTIFR of 1.6, down from 4.0 in FY16

### Employee Engagement

Employee engagement score of 83%, above the Australian National Norm

### Employee Diversity

- Employer of Choice for Gender Equality for four consecutive years
- Ranked within top 200 companies globally leading the field in gender equality by Equileap



# Communities

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Birtinya, Qld

# Flight to affordable quality as market moderates

## Residential Communities

- On track for over 6,000 settlements in FY19, including around 400 Townhomes
- Lower net deposits reflect moderating market in line with expectations, as lending conditions tighten
- Over 85% of 1Q19 customers are owner occupiers
- 5,741 contracts on hand as at September 30
- Good demand for Minta Farm (Vic) and Kalina (Qld), launched in 1Q19

## Well positioned in most resilient markets



### Net deposits by state - quarterly



1. Research4 Quarterly land sales market share June 2018

# Focus on resident satisfaction

## Retirement Living

- Higher net reservations for new projects reflect timing and quality of development completions
- Net reservations for existing units in our established villages are consistent with the comparable period for FY18
- Our customer focus reflected in high Retirement Living Resident Satisfaction
- Overall happiness score of 8.6/10, our best result since 2009<sup>1</sup>

### Change in quarterly net reservations over prior corresponding period



### Net reservations - quarterly



Net reservations have been restated due to introduction of new reporting system: Salesforce  
 1. Stockland Retirement Living Resident's Voice Survey

# Commercial Property

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Stockland Shellharbour, NSW

# Improving retail sales in challenging environment

## Retail Town Centres

### Retail Sales

- Stronger retail sales reflect remixing and development activity
- 4.3% growth in specialty sales to \$9,313 per square metre in year to 1Q19
- Health and wellbeing driving growth in retail services
- Continuing to remix towards growth categories, 40 fewer apparel stores in comparable centres basket, and conversion of specialties to larger formats

### Development

- \$86m Birtinya Retail Town Centre (Qld) on track for completion in December, slight reduction in expected returns, as we provide amenities early to our communities
- Commenced construction of \$33m Baringa Retail Town Centre at our award-winning Aura community on the Sunshine Coast

Sales by category to 30 September <sup>1</sup>	Total centres	Comparable centres <sup>2</sup>
	MAT growth	MAT growth
<b>Total Turnover</b>	<b>+4.2%</b>	<b>+1.8%</b>
Specialties	+6.4%	+1.5% <sup>3</sup>
Supermarkets	+2.3%	+1.3%
DDS/DS	+2.5%	+1.0%
Mini-majors	+6.8%	+2.5%
Other <sup>4</sup>	+4.2%	+5.9%
Key specialty categories	MAT growth	Comp sales per sqm
Apparel	+4.0%	+2.1%
Food catering	+7.0%	+1.8%
General retail	+9.0%	+3.1%
Homewares	+14.1%	+12.4%
Jewellery	(0.6%)	+9.2%
Retail services	+11.6%	+6.5%

1. Sales data includes all Stockland managed retail assets – including Unlisted Property Fund and JV assets

2. Stable basket of assets as per SCCA guidelines, which excludes centres which have been redeveloped within the past 24 months such as Green Hills. FY18 basket is different to FY17 basket

3. Does not allow for fewer specialty stores following remixing of our centres

4. Other includes pad sites, non retail, and cinemas

# Optimising Returns

## Workplace and Logistics

### Logistics

- Market sentiment remains positive, with tenant demand greatest in Sydney and Melbourne
- High tenant retention reflected in strong leasing
- Good levels of enquiry on completed Sydney developments:
  - Yennora leased 13,600 sqm to Silk Contract Logistics

### Workplace

- Continuing strength in the Sydney CBD and North Sydney markets, where our assets are close to fully occupied
- Majority of vacancy in Perth with 6,100 sqm remaining

Logistics	FY19 YTD	FY18
Leases executed	101,700 sqm	324,400 sqm
Leases under HOA <sup>1</sup>	243,300 sqm	64,300 sqm
Portfolio occupancy <sup>2</sup>	97.6%	98.7%
Portfolio WALE <sup>2</sup>	4.0 yrs	4.1 yrs

Workplace	FY19 YTD	FY18
Leases executed	2,500 sqm	20,500 sqm
Leases under HOA <sup>1</sup>	12,900 sqm	7,300 sqm
Portfolio occupancy <sup>2</sup>	94.8%	88.3%
Portfolio WALE <sup>2</sup>	3.4 yrs	3.5 yrs

1. As at 30 September

2. By income

# Enhancing portfolio and growing recurring earnings

## Retail Town Centres and Logistics development

### Retail Town Centres

Under construction	Total spend (\$m)	Stabilised yield	IRR <sup>1</sup>	Completion Date
Birtinya, Qld	~87	5.5 - 6.5%	7 - 8%	2Q19
Baringa, Qld	~33	6.7%	8.0%	1Q20
<b>TOTAL</b>	<b>~120</b>			

### Logistics

Completed	Total spend (\$m)	Gross lettable area (sqm)	Stabilised yield	IRR <sup>1</sup>	Completion date
Yennora, Sydney	~26	~22,600	7.4%	~10.9%	1Q19
Ingleburn Stage 2, Sydney	~50	~36,850	7.7%	~10.4%	1Q19
<b>TOTAL</b>	<b>~76</b>	<b>~59,450</b>			
Under construction and in planning					
Willawong Stage 1, Brisbane	~23	18,460	~8.0%	~10.2%	2Q19
Truganina, Melbourne	~36	30,400	~6.7%	~8.2%	1Q20
<b>TOTAL</b>	<b>~59</b>	<b>~48,860</b>			

1. Forecast unlevered 10 year IRR on development from completion (incremental development for brownfield)



New Retail Town Centres delivering amenities within our communities to enhance returns and customer



Future W&L pipeline  
~\$600M  
organic growth

Yennora, Sydney

# Summary and outlook

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