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STOCKLAND ACQUIRES LAND LEASE COMMUNITY OPERATOR, HALCYON GROUP

Stockland (ASX:SGP) today announced that it has entered into binding agreements to acquire Queensland based Halcyon Group's land lease communities business for \$620 million plus transaction costs and subject to certain adjustments at completion.

The transaction includes the acquisition of 3,800 sites across 13 land lease communities, made up of six established land lease communities, four communities in development and three projects in planning.

Stockland will welcome over 2,500 new customers to its portfolio as part of the acquisition, as well as a team of over 100 people with in-depth sector experience which will strengthen Stockland's existing land lease capabilities.

Stockland Managing Director and CEO, Tarun Gupta said: "This acquisition is in line with our stated strategy to grow our land lease communities and will increase the size of our portfolio to 7,800 sites. Land lease communities deliver attractive returns as the demand for high quality, affordable housing solutions grows. This demand is driven by Australia's aging population and baby boomers reaching retirement age.

"Halcyon enables us to acquire a respected brand in the market with a loyal customer base and a knowledgeable team, which will help us achieve scale in the fastest growing lifestyle segment – the over 50s market.

"We see the land lease communities business as complementary to our masterplanned communities land bank and believe there are synergies we can leverage to grow the business at scale nationally and achieve our ambition of becoming a leading operator in this space."

The transaction is accretive to FFO per security. Stockland will fund 100% of the acquisition price and associated costs from existing liquidity. The acquisition price will be paid in two tranches – the first tranche will be paid upon completion of the transaction in mid August 2021 with the balance of \$310 million deferred until July 2022. The Group has a strong balance sheet with gearing estimated at around 22% at 30 June 2021¹, at the low end of the target range of 20 – 30%, with liquidity remaining strong at over \$2 billion from well-diversified sources and at attractive rates.

"As our land lease communities portfolio grows we will explore opportunities to introduce aligned third party capital into this business to increase growth and build further scale and diversity in the portfolio" Mr Gupta said.

¹ Subject to completion of usual financial year end audit processes.

Stockland

Stockland (ASX:SGP) was founded in 1952 and has grown to become one of Australia's largest diversified property groups – owning, developing and managing a large portfolio of shopping centres, residential communities, workplace and logistic assets and retirement living villages. Stockland is consistently rated as one of the most sustainable real estate companies in the world by the Dow Jones Sustainability World Index (DJSI). Stockland is also an Employer of Choice for Gender Equality, as recognised by the Workplace Gender Equality Agency.

Halcyon Group Managing Director, Dr Bevan Geissmann, said: "Stockland's diversified property experience, balance sheet, landbank and cultural fit make it the perfect business to lead Halcyon on its next phase of growth.

"We're really delighted that Stockland recognises the strengths in Halcyon's brand and capability and we welcome its commitment to our people and customers.

As reported in Stockland's first half results this year, the land lease business enjoys strong interest from the over-50s demographic looking for low maintenance, secure and active lifestyle options with access to high quality facilities.

Group Executive and CEO Stockland Communities, Andrew Whitson, said: "The potential for the land lease business to reshape lifestyle living for the baby boomer demographic is really exciting. As a market, the over-50s are looking for well-designed, personalised housing; security; access to facilities and activities to maintain active lifestyles.

"This acquisition enables us to offer more customers access to this alternate over 50s lifestyle offering, brings forward our land lease growth plans and enhances our ability to leverage our competitive strengths in masterplanned communities to generate quality recurring income."

Stockland anticipates completing the transaction on 16 August 2021.

A further update on the transaction will be provided when Stockland releases its FY21 results on 20 August 2021.

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This announcement is authorised for release to the market by Ms Katherine Grace, Company Secretary.

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