

# FY20 Annexure

25 August 2020

# Agenda

## About Stockland

03

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## Financial result and capital management

06

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## Commercial Property

17

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## Communities

29

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## Research

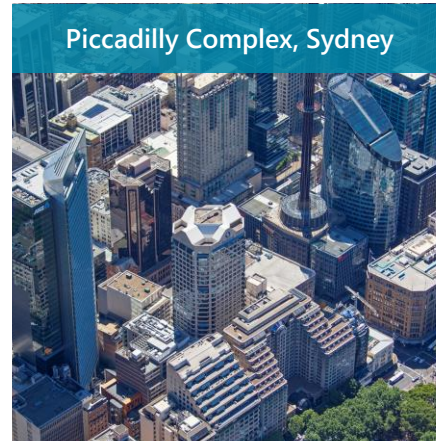
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# Stockland quick facts

TRUST – \$9.9bn<sup>1</sup>



## RETAIL TOWN CENTRES

Create market leading retail town centres

**40%** portfolio weighting<sup>3</sup>

**30** assets

Ownership interests valued at **\$6.0bn**

## WORKPLACE

Grow premium portfolio

**7%** portfolio weighting<sup>3</sup>

**4** assets

Ownership interests valued at **\$1.0bn**

## LOGISTICS

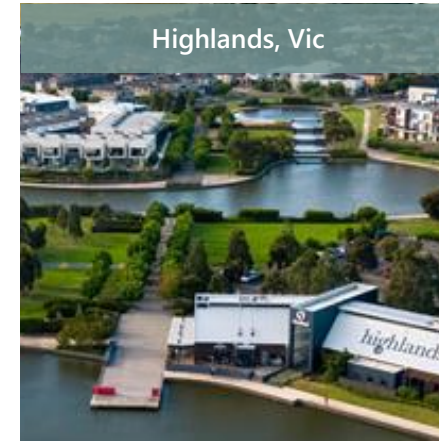
Grow and develop a leading portfolio

**21%** portfolio weighting<sup>3</sup>

**28** assets

Ownership interests valued at **\$2.9bn**

CORPORATION – \$4.7bn<sup>2</sup>



## RESIDENTIAL

Maximise returns by creating thriving communities

**23%** portfolio weighting<sup>3</sup>

Over **74,000** lots remaining

Net funds employed **\$2.1bn**  
End market value **\$19.8bn**

## RETIREMENT LIVING

Leading operator and developer

**9%** portfolio weighting<sup>3</sup>

**63** Established Villages  
Over **9,400** units

Book value **\$1.3bn**

1. Excludes WIP and sundry properties.
2. Includes Residential book value of \$3.4bn and Retirement Living book value of \$1.3bn.
3. Includes WIP and sundry properties.

# Strategic mix

		ASSETS		OPERATING PROFIT	
Recurring	Target	FY20	FY19	FY20	FY19
Commercial Property		68%	68%	55%	60%
Retirement Living		7%	7%	6%	5%
Unallocated corporate overheads		-	-	(3)%	(3)%
<b>Total recurring</b>	<b>70 – 80%</b>	<b>75%</b>	<b>75%</b>	<b>58%</b>	<b>62%</b>
Trading	Target	FY20	FY19	FY20	FY19
Residential		23%	22%	45%	40%
Retirement Living		2%	3%	-	1%
Commercial Property		-	-	-	-
Unallocated corporate overheads		-	-	(3)%	(3)%
<b>Total trading</b>	<b>20 – 30%</b>	<b>25%</b>	<b>25%</b>	<b>42%</b>	<b>38%</b>

# We are well positioned with a diverse portfolio<sup>1,2</sup>

## BOOK VALUE BY STATE

**WA - \$1.0bn | 6% of portfolio**



6

Commercial



8

Residential



1

Retirement

**SA & ACT - \$0.2bn | 1% of portfolio**



-

Commercial



1

Residential



12

Retirement

**Qld - \$2.8bn | 19% of portfolio**



17

Commercial



18

Residential



9

Retirement<sup>3</sup>

**NSW - \$8.4bn | 56% of portfolio**



28

Commercial



10

Residential



19

Retirement

**Vic - \$2.7bn | 18% of portfolio**



12

Commercial



14

Residential



22

Retirement<sup>3</sup>

1. Includes WIP & sundry properties.  
2. Retirement Living reflects Established villages.  
3. Excludes Land Lease projects, Minto and Aura  
Note – Percentages may not add due to rounding.



# Group finance

Annexure



Stockland



# Profit summary

\$m	FY20	FY19	CHANGE
Residential Communities EBIT (before interest in COGS)	500	455	9.8%
Commercial Property EBIT	523	607	(13.8)%
Retirement Living EBIT	65	62	6.5%
<b>Consolidated segment EBIT</b>	<b>1,088</b>	<b>1,124</b>	<b>(3.2)%</b>
Amortisation of lease fees	14	16	(13.9)%
Unallocated corporate overheads	(56)	(61)	(11.8)%
<b>Group EBIT (before interest in COGS)</b>	<b>1,046</b>	<b>1,079</b>	<b>(3.0)%</b>
Net interest expense:			
- Interest income	2	4	(51.4)%
- Interest expense	(209)	(232)	(9.9)%
- Interest capitalised to inventory	114	136	(16.5)%
- Interest capitalised to investment properties under development	7	9	(13.8)%
<b>Net interest in Profit &amp; Loss before capitalised interest expensed</b>	<b>(86)</b>	<b>(83)</b>	<b>3.1%</b>
<b>Capitalised interest expensed in Profit &amp; Loss<sup>1</sup></b>	<b>(135)</b>	<b>(99)</b>	<b>37.3%</b>
Net interest expense	(221)	(182)	21.6%
<b>Funds from operations</b>	<b>825</b>	<b>897</b>	<b>(8.0)%</b>
Statutory profit adjustments	(839)	(586)	37.6%
<b>Statutory profit</b>	<b>(14)</b>	<b>311</b>	<b>(104.3)%</b>

1. Increase in Capitalised interest expensed in Profit & Loss is driven by the recent capital partnering transaction at Aura, Sunshine Coast (Qld).

# Net interest gap

\$m	FY20			FY19		
	Interest	Deferred Interest	Total	Interest	Deferred Interest	Total
Interest expense						
Interest income	(2)	-	(2)	(4)	-	(4)
Interest expense	176	33	209	192	40	232
Less: capitalised interest						
- Commercial Property development projects	(8)	(1)	(9)	(4)	(1)	(5)
- Residential	(78)	(32)	(110)	(95)	(39)	(134)
- Retirement Living	(2)	-	(2)	(6)	-	(6)
Total capitalised interest	(88)	(33)	(121)	(105)	(40)	(145)
Sub-total: borrowing cost in P&L	<b>86</b>	-	<b>86</b>	<b>83</b>	-	<b>83</b>
Add: capitalised interest expensed in P&L <sup>1</sup>	135	-	135	99	-	99
Total interest expense in P&L	<b>221</b>	-	<b>221</b>	<b>182</b>	-	<b>182</b>

## DEFERRED INTEREST – RESIDENTIAL

- Non-cash adjustments for unwinding of present value discount on land acquisitions on deferred terms

- Discount initially booked through balance sheet (inventory and land creditors)

1. Made up of Residential \$128m (FY19: \$93m) and Retirement Living \$7m (FY19: \$6m). This differs to statutory reporting by \$6m (FY19: \$6m) as interest expense in Retirement Living is reported through fair value adjustment of investment properties.

Note: increase in Residential capitalised interest in COGS is driven by the recent capital partnering transaction at Aura, Sunshine Coast (Qld).



# Return on assets, return on equity

KEY METRICS	FY20			FY19		
	Cash profit (\$m)	Avg. Cash invested (\$bn)	Return	Cash profit (\$m)	Avg. Cash invested (\$bn)	Return
Retail Town Centres	331	5.4	6.2%	421	5.5	7.7%
Logistics	155	2.2	7.1%	159	2.1	7.8%
Workplace	53	0.7	7.6%	46	0.5	8.3%
Residential – core <sup>1</sup>	484	2.1	22.9%	438	2.1	20.6%
Retirement Living	67	1.3	5.1%	63	1.4	4.5%
<b>Core business ROA (sub-total)</b>	<b>1,090</b>	<b>11.7</b>	<b>9.3%</b>	<b>1,127</b>	<b>11.6</b>	<b>9.7%</b>
Residential – workout <sup>2</sup>	(6)	0.1	(4.4)%	(5)	0.2	(3.0)%
Unallocated Overheads & other income	(56)	-	-	(61)	-	-
<b>Group ROA</b>	<b>1,028</b>	<b>11.8</b>	<b>8.7%</b>	<b>1,061</b>	<b>11.8</b>	<b>9.0%</b>
Net interest/net debt	(167)	(4.2)	4.0%	(185)	(4.2)	4.4%
<b>Group ROE</b>	<b>861</b>	<b>7.6</b>	<b>11.2%</b>	<b>876</b>	<b>7.6</b>	<b>11.5%</b>
<b>Group ROE (excl. workout)</b>	<b>867</b>	<b>7.5</b>	<b>11.5%</b>	<b>881</b>	<b>7.4</b>	<b>11.9%</b>

1. Includes disposal of core projects.
2. Includes all impaired projects.

# Reconciliation between return on equity table values and accounting results

## RECONCILIATION OF GROUP RETURN IN ROE CALCULATION TO FFO

\$m	FY20	FY19
Cash return	861	876
Capitalised interest expensed in COGS	(135)	(98)
Capitalised interest for the year <sup>1</sup>	88	105
Add-back impairment release in COGS	22	24
CP straight-line rent and other	(11)	(10)
<b>FFO</b>	<b>825</b>	<b>897</b>

## RECONCILIATION OF CAPITAL EMPLOYED IN ROE CALCULATION TO STATUTORY NET ASSETS

\$bn	AVERAGE FOR FY20	AVERAGE FOR FY19
<b>Group capital employed (Net Assets)</b>	<b>7.7</b>	<b>7.6</b>
Commercial Property revaluations	2.0	2.3
Residential Communities capitalised interest	0.4	0.4
Residential Communities and Apartments impairment	(0.1)	(0.2)
Retirement Living DMF revaluations	0.1	0.2
Distribution provision and non-cash working capital	(0.5)	(0.2)
<b>Statutory net assets (average for the period)</b>	<b>9.6</b>	<b>10.1</b>

1. Excludes deferred interest.

# Cost management

\$m	FY20	FY19
Residential	193	199
Retirement Living	38	42
Commercial Property	20	21
Unallocated corporate overheads	56	61
<b>Total sales, general and administration costs<sup>1</sup></b>	<b>307</b>	<b>323</b>

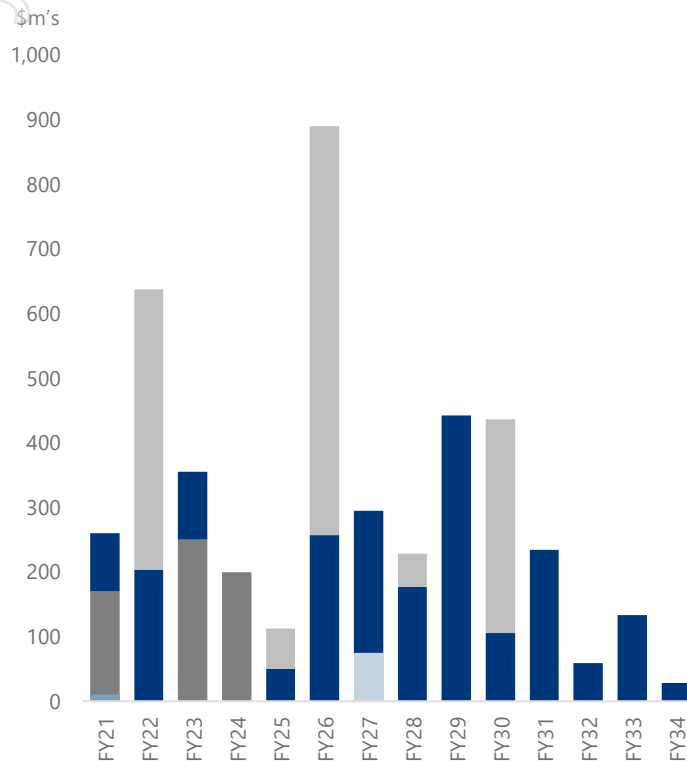
- Diligent approach to managing cost across the Group
- Reduction in unallocated corporate costs largely attributable to the business restructure and other savings initiatives partly offset by increase in insurance premiums

1. Net of recoveries, costs capitalised to development projects and property management fee income.

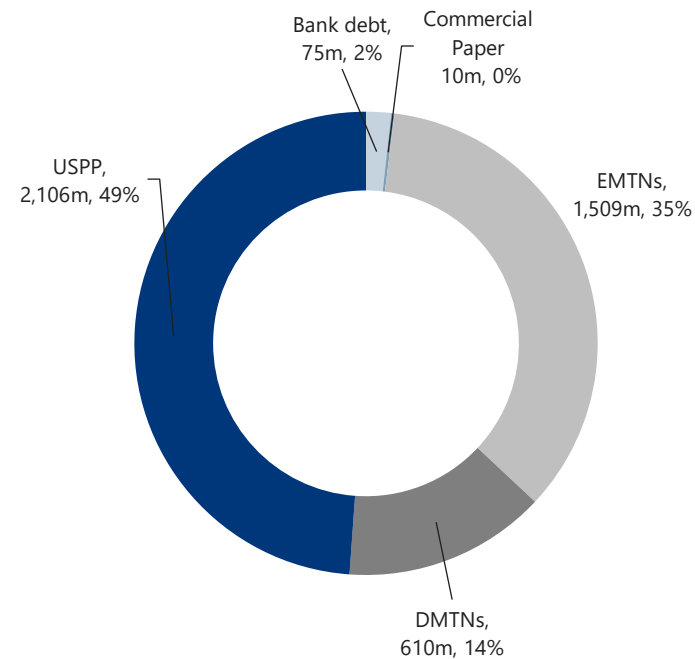


# Long dated, diverse debt

LONG DATED DRAWN DEBT MATURITY PROFILE  
(WADM 5.7 YEARS)<sup>1</sup>

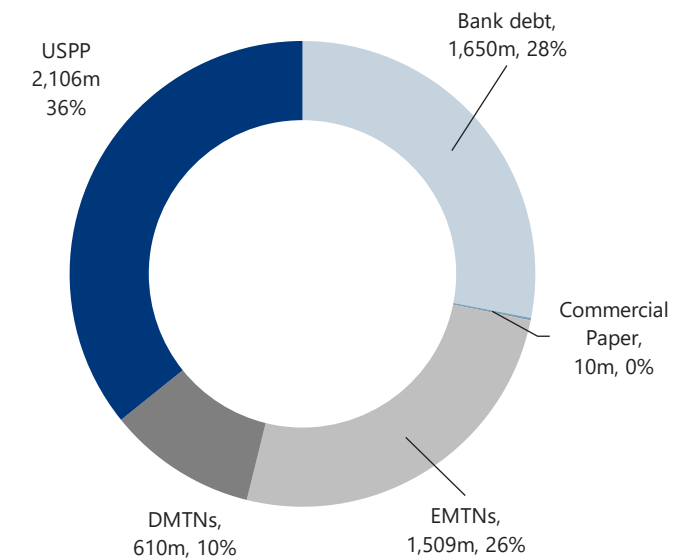


DRAWN DEBT OF \$4.3BN<sup>1</sup>



Bank debt    Commercial Paper  
EMTNs    DMTNs    USPP

COMMITTED FACILITIES OF \$5.9BN<sup>1</sup>



1. Face value as at 30 June 2020. Excludes bank guarantees of \$350 million.

# Cost of debt and hedge profile

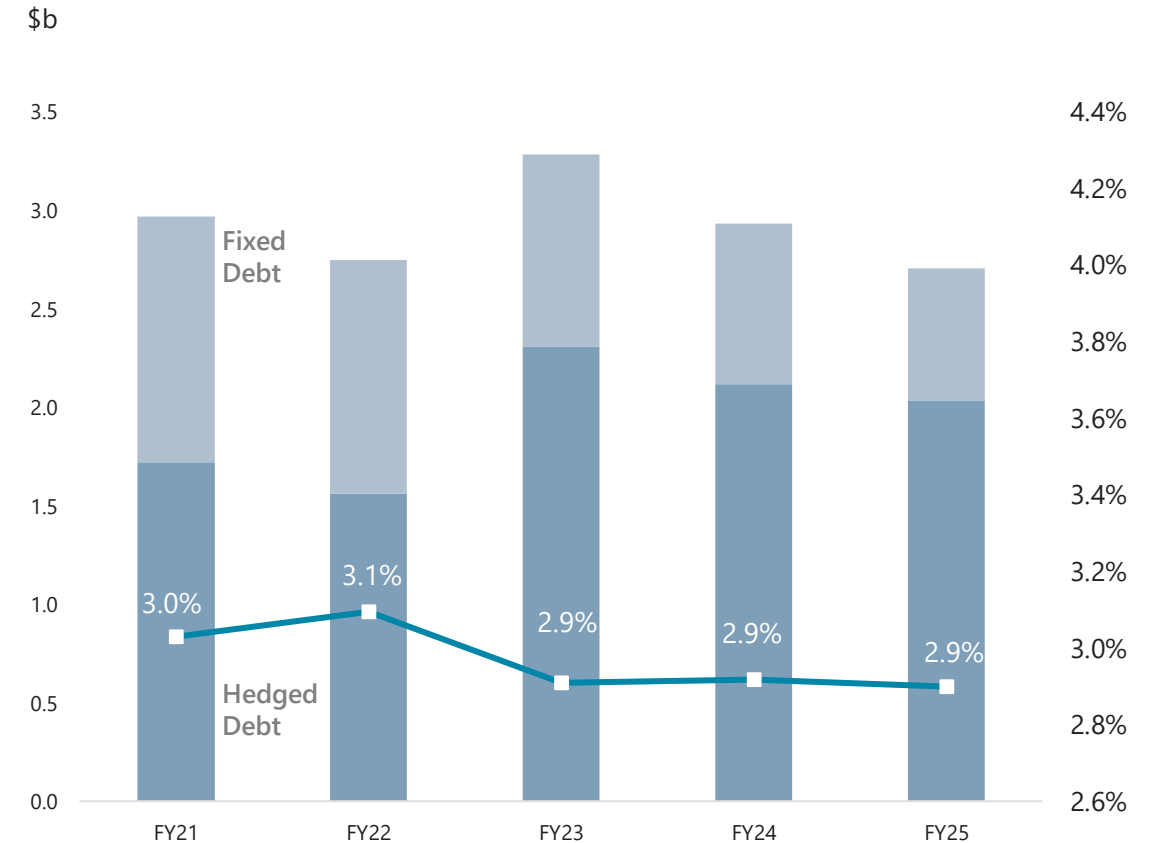
## COST OF DEBT FOR FY20

	DEBT <sup>1</sup>	TOTAL DEBT <sup>2</sup>	INTEREST RATE
Hedged debt	\$3,118m	72%	2.3%
Floating debt	\$1,200m	28%	0.2%
<b>Total debt</b>	<b>\$4,318m</b>		<b>2.5%</b>
Margin			1.2%
Fees			0.3%
<b>All-in cost of funds for FY20</b>			<b>4.0%</b>



1. Represents average debt balance over FY20. Balances as at 30 June 2020 were hedged debt: \$2,672m and floating debt: \$1,638m.
2. Average % for FY20.
3. Excludes fees and margins.

## FORECAST HEDGE RATE<sup>3</sup>



# Covenant calculations

AT 30 JUNE 2020	STATUTORY BALANCE SHEET \$m	ADJUSTMENTS \$m	GEARING COVENANT BALANCE SHEET \$m
<b>Assets</b>			
Cash	443	-	443
Real estate related assets	14,952	-	14,952
Retirement Living Gross-Up	2,682	(2,682)	B
Intangibles	170	(170)	-
Other financial assets	749	(739)	A
Other assets	235	-	235
<b>Total assets</b>	<b>19,231</b>	<b>(3,591)</b>	<b>15,640</b>
<b>Financial indebtedness</b>			
Borrowings	(5,022)	728	A
Other financial liabilities	(313)	313	-
Other liabilities <sup>1</sup>	(74)	-	(74)
<b>Total Financial Indebtedness</b>	<b>(5,409)</b>	<b>1,041</b>	<b>(4,368)</b>

1. Represents operating leases, bank guarantees and insurance bonds and borrowing costs.

2. Debt = adjusted interest bearing debt (\$4,294m) + transaction cost (\$16m) - cash \$443m. TTA=total tangible asset \$15,640m - cash \$443m.

## All lenders have consistent covenants

- Financial Indebtedness/Total Tangible assets (FI/TTA): less than 50%
- Interest cover: more than 2:1 (write-downs and provisions are excluded from calculation)

## Gearing covenant limited to Stockland's balance sheet liabilities and excludes

- MTM of hedges and interest-bearing liabilities A
- Retirement Living obligation for existing residents B

	INTEREST COVER	FI /TTA	D/TTA (NET OF CASH) <sup>2</sup>
30 June 2020	6.1:1	27.9%	25.4%
30 June 2019	5.8:1	27.8%	26.7%



# Balance sheet summary

\$m	FY20	FY19	CHANGE
Cash	443	140	216.1%
<b>Real estate related assets</b>			
- Commercial Property	10,140	10,323	(1.8)%
- Residential <sup>1</sup>	3,395	3,411	(0.5)%
- Retirement Living	1,287	1,452	(11.3)%
- Other	130	36	262.5%
Retirement Living gross-up	2,682	2,585	3.8%
Intangible assets <sup>2</sup>	170	193	(12.3)%
Other financial assets	749	534	40.3%
Other assets	235	325	(27.6)%
<b>Total assets</b>	<b>19,231</b>	<b>18,999</b>	<b>1.2%</b>
Borrowings	5,022	4,704	6.8%
Retirement Living resident obligations <sup>3</sup>	2,695	2,597	3.8%
Other financial liabilities	313	220	42.3%
Other liabilities	2,051	1,650	24.2%
<b>Total liabilities</b>	<b>10,081</b>	<b>9,171</b>	<b>9.9%</b>
<b>Net assets</b>	<b>9,150</b>	<b>9,828</b>	<b>(6.9)%</b>
<b>NTA per security</b>	<b>3.77</b>	<b>4.04</b>	<b>(6.7)%</b>

1. Includes gross-up of deferred payments and land options.

2. Includes software and Retirement Living Goodwill.

3. This amount comprises \$2,682m of existing resident obligations (30 June 2019: \$2,585m), being a balance sheet gross-up and \$13m of former resident obligations (30 June 2019: \$12m).

# Stockland Corporation income tax reconciliation

		FY20	FY19
Net profit before tax		33	358
Less: Trust profit and Intergroup eliminations		70	(229)
Corporation profit/(loss) before tax	B	103	129
Prima facie tax expense @ 30%		(31)	(39)
<b>Tax effect of permanent differences:</b>			
Non-deductible expenses for the year		(11)	(12)
Other deductible expenses for the year		-	4
Underprovided in prior years		(4)	-
Other assessable income for the year		(1)	-
<b>Tax benefit/(expense)</b>	A	(47)	(47)
Effective tax rate ( A / B ) <sup>1</sup>		46%	36%
Effective tax rate (excluding benefit from tax losses recognised)		46%	36%

1. The effective tax rate is higher than the corporate rate of 30%, primarily due to the impairment of goodwill in the current period. Ignoring this goodwill impairment, the effective tax rate for the current period is 34%.

# Commercial Property

## Annexure

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Stockland



# Portfolio weightings

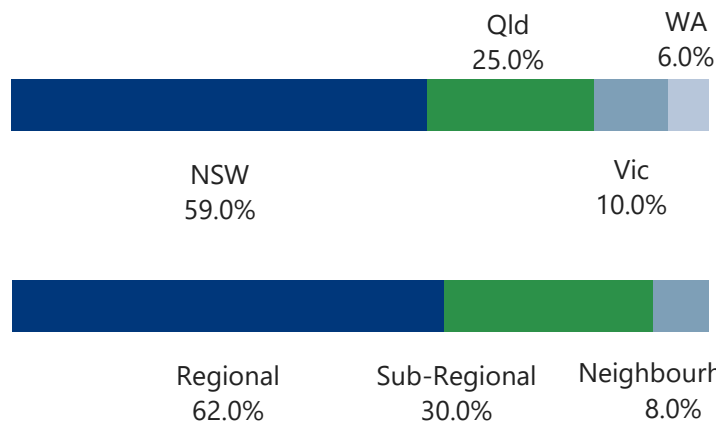
## Commercial Property

### ASSETS BY BOOK VALUE

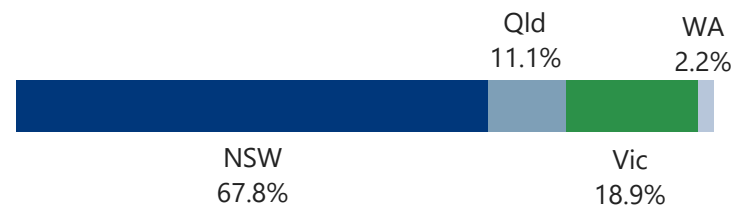
#### \$9.9bn<sup>1</sup>



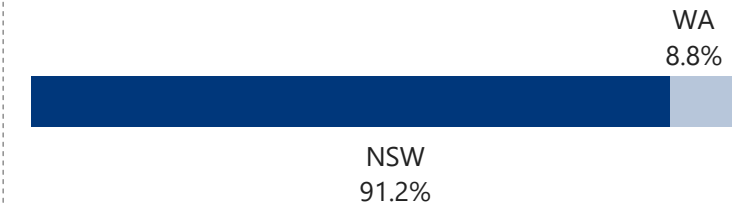
**Retail Town Centres: - \$6.0bn**  
 (\$6.2bn under management)  
 30 properties | 995,588 sqm gla<sup>2</sup>



**Logistics - \$2.9bn**  
 (\$3.1bn under management)  
 28 properties | 1,297,505 sqm gla<sup>2,3</sup>



**Workplace - \$1.0bn**  
 (\$1.0bn under management)  
 4 properties | 79,840 sqm nla



BOOK VALUE MOVEMENT (\$bn)	30 JUNE 2019	ACQUISITIONS AND DEVEX	REVALUATIONS	DISPOSAL	30 JUNE 2020
Commercial Property	10.2	0.4	(0.5)	(0.2)	9.9

1. Excludes WIP and sundry properties.
2. Represents 100% owned, JV and associates properties.
3. Excludes hardstand and vehicle storage.

# Funds from operations

## Commercial Property

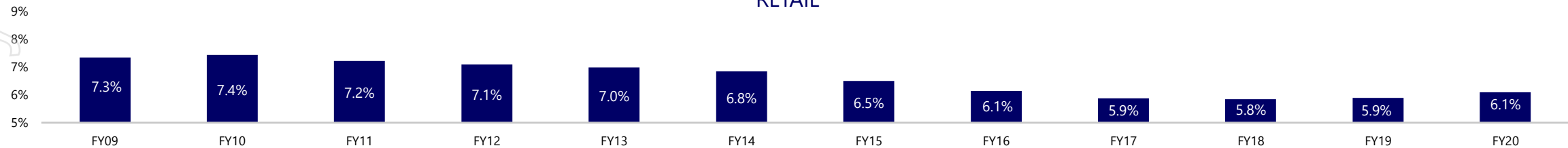
	RETAIL		LOGISTICS		WORKPLACE		NET OVERHEAD COSTS		TOTAL	
\$m	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19
Operating EBIT	285 <sup>1</sup>	382	140	144	46	36	(20)	(21)	451	541
Adjust for:										
Amortisation of fit out incentives and lease fees	59	53	7	7	3	5	-	-	69	65
Amortisation of rent-free incentives	-	-	14	14	6	6	-	-	20	20
Straight-line rent	(1)	(3)	(1)	(1)	(1)	1	-	-	(3)	(3)
Funds from operations	343	432	160	164	54	48	(20)	(21)	537	623

1. Reduction reflects non-core divestments and impact of the COVID-19 pandemic.

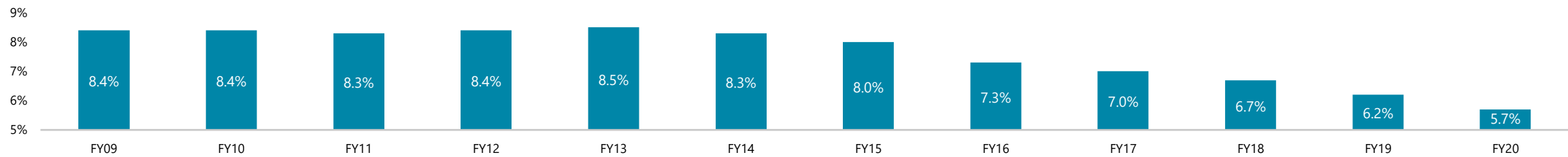
# Average weighted cap rates over time

## Commercial Property

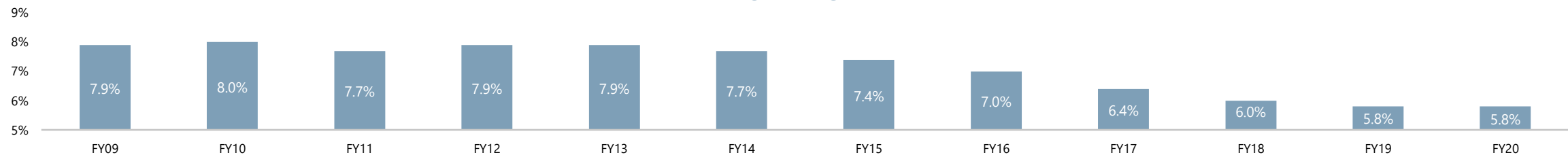
### RETAIL



### LOGISTICS



### WORKPLACE





# Top 10 tenants by income

## Commercial Property

RETAIL TOWN CENTRES			LOGISTICS PORTFOLIO		WORKPLACE PORTFOLIO	
Rank	Tenant	Portfolio	Tenant	Portfolio	Tenant	Portfolio
1	Woolworths	9.3%	Optus Administration Pty Ltd	10.2%	Stockland Development Pty Ltd	17.5%
2	Wesfarmers	6.2%	Toll Transport Pty Limited	5.9%	IBM Australia Ltd	8.9%
3	Coles Supermarkets Australia Pty Ltd	5.2%	Qube Logistics (SB) Pty Ltd	4.3%	Jacobs Group (Australia) Pty Ltd	8.8%
4	Mosaic Group	2.2%	O-I Operations Australia Pty Ltd	3.8%	GHD Services Pty LIMITED	7.4%
5	API (Priceline)	1.6%	Kmart Australia Limited	3.0%	The Uniting Church in Australia Property	6.2%
6	Just Group	1.5%	Downer EDI Services Pty Ltd	2.8%	University of Sydney	5.7%
7	JPL Group	1.3%	Australian Wool Handlers	2.7%	Smartgroup Benefits Pty Ltd	4.8%
8	Commonwealth Bank of Australia	1.3%	Patrick Autocare Pty Ltd	2.6%	Australian Bureau of Statistics	3.8%
9	Retail Apparel Group Pty Ltd	1.2%	Austpac Logistics	2.5%	Boulay Pty Ltd	3.2%
10	Westpac Banking Corporation	1.2%	Daikin Australia Pty Ltd	2.3%	Energy and Water Ombudsman (NSW) Limited	1.9%
<b>Total</b>		<b>31.0%</b>		<b>40.1%</b>		<b>68.2%</b>

# Acquisitions and Disposals

## Commercial Property

PROPERTY DISPOSED <sup>1</sup>	ASSET CLASS	SETTLEMENT DATE	DISPOSAL VALUE <sup>2</sup> \$m
Tooronga Vic	Retail	Sep 2019	62.8
Cammeray NSW	Retail	Oct 2019	39.2
Jesmond NSW	Retail	Oct 2019	118.0
North Shore Qld	Retail	Jul 2020	418.0 <sup>3</sup>
The Pines Vic	Retail	Oct 2020	
Caloundra Qld	Retail	Nov 2020	
Caloundra sundry asset Qld	Retail	Nov 2020	
Baulkham Hills NSW	Retail	Dec 2020	
<b>Subtotal Retail</b>			<b>638.0</b>
135 King St & Glasshouse (50%) NSW	Workplace and Retail	Nov 2019	340.0
<b>Subtotal Workplace and Retail</b>			<b>340.0</b>
11-25 Toll Drive Altona Vic	Logistics	Aug 2019	114.0
40 Scanlon Drive Epping Vic	Logistics	Aug 2019	
Port Adelaide Distribution Centre SA	Logistics	Sep 2019	
Export Distribution Centre Qld	Logistics	May 2020	9.6
Balcatta Distribution Centre WA	Logistics	Aug 2020	63.5
<b>Subtotal Logistics</b>			<b>187.1</b>
<b>Total disposals</b>			<b>1,165.1</b>
PROPERTY ACQUIRED <sup>1</sup>	ASSET CLASS	SETTLEMENT DATE	ACQUISITION VALUE <sup>2</sup> \$m
Piccadilly (50%) NSW	Workplace and Retail	Nov 2019	347.0
Richlands and Carole Park Qld	Logistics	Dec 2019	140.0 <sup>4</sup>
Kemps Creek NSW	Logistics	Not disclosed	Not disclosed
118 Walker Street NSW	Workplace	Nov 2019	121.0
122 Walker Street NSW	Workplace	Jul 2020	
J&J site Macquarie Park NSW	Logistics	Not disclosed	Not disclosed

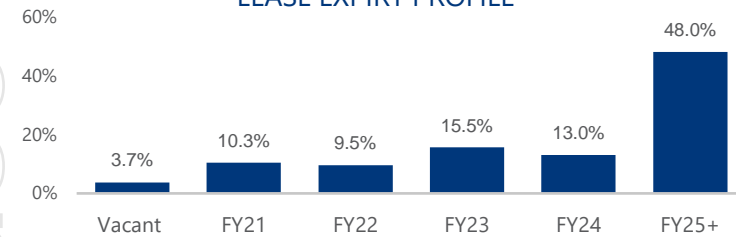
# Performance

## Logistics

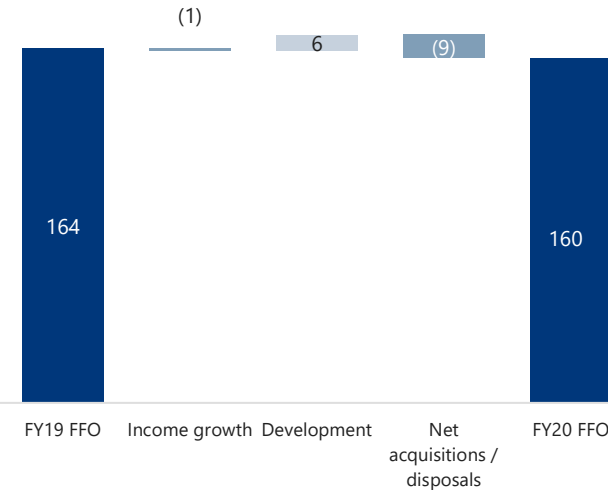
### OCCUPANCY AND LEASE EXPIRY BY INCOME<sup>1</sup>

	FY20	FY19
Occupancy	96.3%	96.5%
WALE	5.2 yrs	5.2 yrs

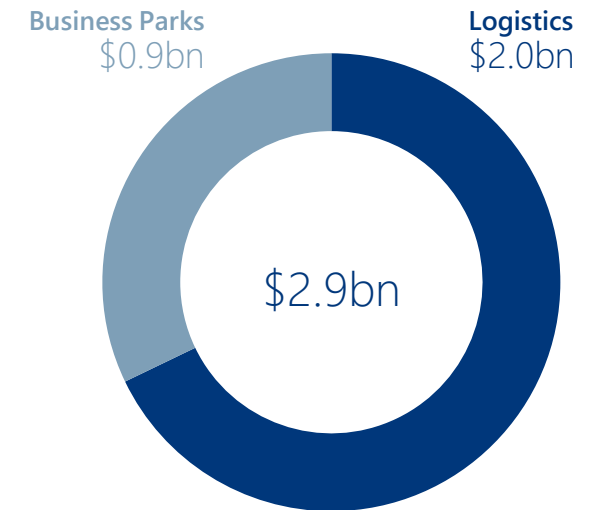
### LEASE EXPIRY PROFILE<sup>1</sup>



### FFO MOVEMENTS BETWEEN FY19 AND FY20 \$m



### ASSETS BY BOOK VALUE<sup>2</sup>



	TOTAL LEASED <sup>3</sup>			RETENTION <sup>3,4</sup> 83%			NEW LEASES <sup>3</sup>		
	GLA leased (sqm) <sup>1</sup>	Weighted average base rent growth % <sup>5</sup>	Weighted average incentives <sup>6</sup>	Retention (sqm) <sup>1</sup>	Weighted average base rent growth % <sup>5</sup>	Weighted average incentives <sup>6</sup>	New leases (sqm) <sup>1</sup>	Weighted average base rent growth % <sup>5</sup>	Weighted average incentives <sup>6</sup>
Logistics									
Logistics excluding Business Parks	234,766	1.3%	13.6%	90,077	3.3%	8.9%	144,688	(0.8)%	18.7%
Business Parks	107,309	15.2%	31.8%	105,625	15.8%	32.0%	1,683	(2.9)%	22.5%

- Includes executed leases and signed heads of agreement at 30 June 2020.
- Excludes WIP and sundry properties.
- Includes executed leases only and represents 100% property ownership.

- Represents the percentage (by income) of total executed deals, which were expiring leases renewed by existing customers during the period. Excludes new leases on vacant space.
- Excludes leases at new developments.
- Incentives based on net rent.

# Development pipeline

## Workplace & Logistics

	DEVELOPMENT TYPE	EST. TOTAL INCREMENTAL COST (\$M)	GROSS LETTABLE AREA (SQM)	COST SPENT TO DATE (\$M)	EST. COST TO COMPLETE (\$M)	EST. COMPLETION DATE	EST. FULLY LEASED YEAR ONE YIELD <sup>2</sup>	EST. RETURN <sup>3</sup>	EST. TOTAL RETURN <sup>4</sup>
<b>Completed<sup>1</sup></b>									
KeyWest (Vic)	Greenfield	~37	30,400	~37	~0	FY20	6.5%	~9% - 10%	~9% - 10%
Yatala Stage 1 (Qld)	Greenfield	~20	14,100	~18	~3	FY20	6.9%	~9% - 10%	~9% - 10%
Yatala Stage 2 (Qld)	Greenfield	~20	13,700	~17	~3	FY20	7.0%	~9% - 10%	~9% - 10%
<b>Under construction</b>									
Willawong Stage 2 (Qld)	Greenfield	~33	25,400	~13	~20	FY21	7.4%	~9% - 10%	~9% - 10%
Carole Park (Qld)	Greenfield	~74	59,600	-	~\$74	FY21	6.0%	~7% - 8%	~7% - 8%
<b>Future pipeline<sup>5</sup></b>		~5,400			~5,300				
<b>Total</b>		~5,500			~5,400				

1. Indicative metrics on completion.
2. Stabilised incremental FFO yield, includes property management fees.
3. Forecast unlevered 10 year IRR on development from completion (incremental development for brownfield).
4. Forecast unlevered 10 year IRR for existing assets and development from completion (incremental development for brownfield).
5. Includes Richlands, Kemps Creek, Melbourne Business Park, M\_Park Business Campus, Optus Centre, Walker St, Piccadilly and other identified projects.



# Growing and activating the development pipeline

## Workplace & Logistics

	COMPLETED	ACTIVE DEVELOPMENT	PLANNING UNDERWAY	FUTURE WAVE
NSW		Gregory Hills M_Park (Stage 1) Optus Campus	M_Park (Stage 2-4) Piccadilly, Sydney Walker Street Complex, North Sydney Kemps Creek land <sup>1</sup>	Ingleburn (Stage 3) M_Park and J&J site
Vic	KeyWest (Truganina)	Melbourne Business Park		Altona Industrial Estate Melbourne Business Park (Future stages)
Qld	Yatala (Stage 1) Yatala (Stage 2)	Carole Park Willawong (Stage 2)	Yatala (Stage 3) Willawong (Stage 3-5) Richlands Willawong FIFE	

### DA approvals received

- Yatala (Qld) (Stage 2)
- M\_Park (NSW) (Stage 1) and precinct masterplan DA approved
- Melbourne Business Park (Vic) Stage 1 sub division planning approval granted

### Development type

Greenfield	Brownfield
------------	------------

1. Development is subject to completing the acquisition by JV trust with Fife, currently estimated for 1H FY21 and all relevant approvals being obtained.

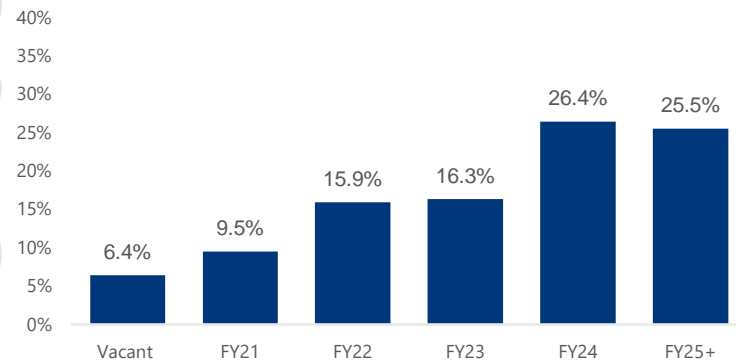
# Performance

## Workplace

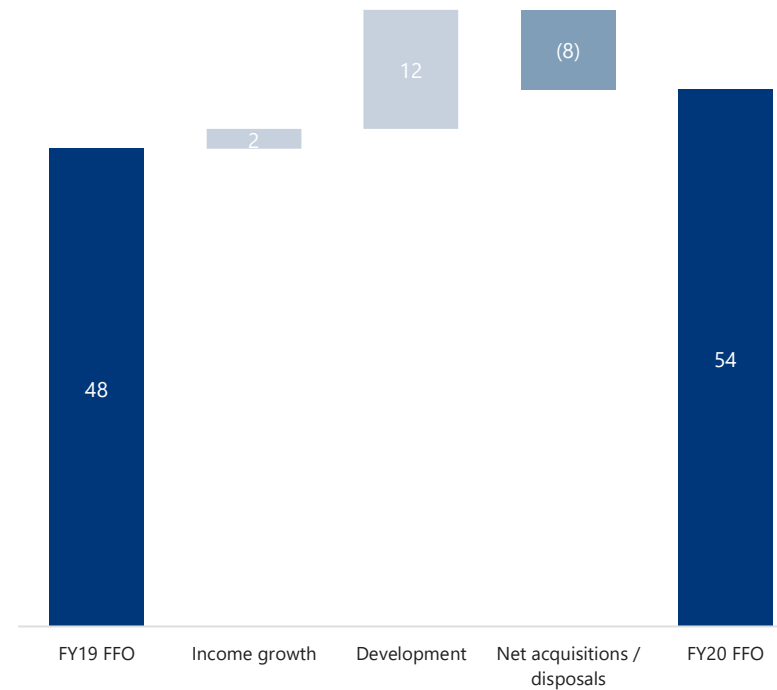
### OCCUPANCY AND LEASE EXPIRY BY INCOME<sup>1</sup>

	FY20	FY19
Occupancy	93.6%	94.7%
WALE	3.2 yrs	3.7 yrs

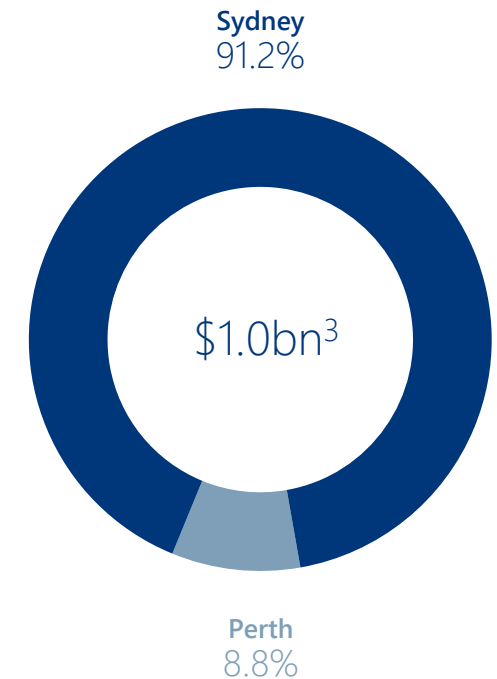
### LEASE EXPIRY PROFILE<sup>1</sup>



### FFO MOVEMENTS BETWEEN FY19 AND FY20 \$m



### ASSETS BY LOCATION<sup>2</sup>



1. Includes executed leases and signed heads of agreement at 30 June 2020.
2. Based on book value.
3. Excludes WIP and sundry properties.

# Diversified rental income and FFO movement

## Retail Town Centres

### DIVERSIFIED RENTAL INCOME, NON-DISCRETIONARY FOCUS<sup>1</sup> - LOW RELIANCE ON DDS AND DEPARTMENT STORE INCOME



Department  
Stores

1.0%



DDS

9.2%



Supermarkets

11.7%



Mini-majors

11.0%



Apparel  
and Jewellery

18.9%



Specialty Food  
/ Catering

14.1%



Services

8.5%



Leisure

2.7%



Other Retail<sup>2</sup>

12.4%

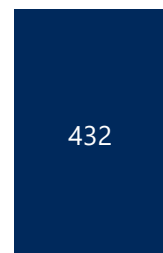


Non-Retail<sup>3</sup>

10.5%

### FFO MOVEMENT DRIVEN BY ASSET DISPOSALS AND COVID-19 IMPACT

(\$m)



FY19 FFO



Income

5

Development

(24)

Disposals



FY20 FFO

FY20 FFO  
impacted by  
COVID-19  
and non-core  
asset  
divestments

1. Total gross rent for the period.
2. Other Retail includes homeware, mobile phones, pharmacies, tobacco, florists, pad sites, cinemas, giftware etc.
3. Non-Retail includes gyms, banks, offices, professional services, child care and medical centres.

# Redevelopment pipeline focused on continuous growth categories

## Retail Town Centres

	NEIGHBOURHOOD ACTIVITY CENTRES	SUB-REGIONAL	REGIONAL	MAJOR REGIONAL	DA approvals received
Under Construction	Baringa				<ul style="list-style-type: none"> <li>Elara (NSW)</li> <li>Birtinya Night Quarter (Qld)</li> <li>Rockhampton (Qld)</li> <li>Baldivis (WA)</li> <li>Bull Creek (WA)</li> </ul>
Next Wave Of Commencements		Bull Creek			
Future Projects		Aura Cloverton			
Typical GLA	~ 10,000 sqm	10,000 to 40,000 sqm	40,000 to 60,000 sqm	60,000 to 85,000 sqm	Repositioning Greenfield

	EST. TOTAL INCREMENTAL COST (\$M)	COST SPENT TO DATE (\$M)	EST. COST TO COMPLETE (\$M)	EST. COMPLETION DATE	EST. FULLY LEASED YEAR ONE YIELD <sup>1</sup>	TOTAL INCOME LEASED	SPECIALTY INCOME LEASED <sup>2</sup>	EST. INCREMENTAL RETURN <sup>3</sup> (%)	EST. TOTAL RETURN <sup>4</sup> (%)
<b>Under construction</b>									
Baringa (Qld)	~30	~24	~6	FY21	~6-7%	94.0%	93.0%	~6% - 7%	~6% - 7%
<b>Future pipeline</b>	~395		~395						
<b>Total</b>	~425		~401						

1. Stabilised incremental FFO yield, includes property management fees.
2. All specialty income including shops, kiosks, ATMs and pad sites, excluding majors and mini majors.
3. Unlevered 10 year IRR on incremental development from completion.
4. Unlevered 10 year IRR for existing assets and incremental development from completion.





ersonal use only

# Communities

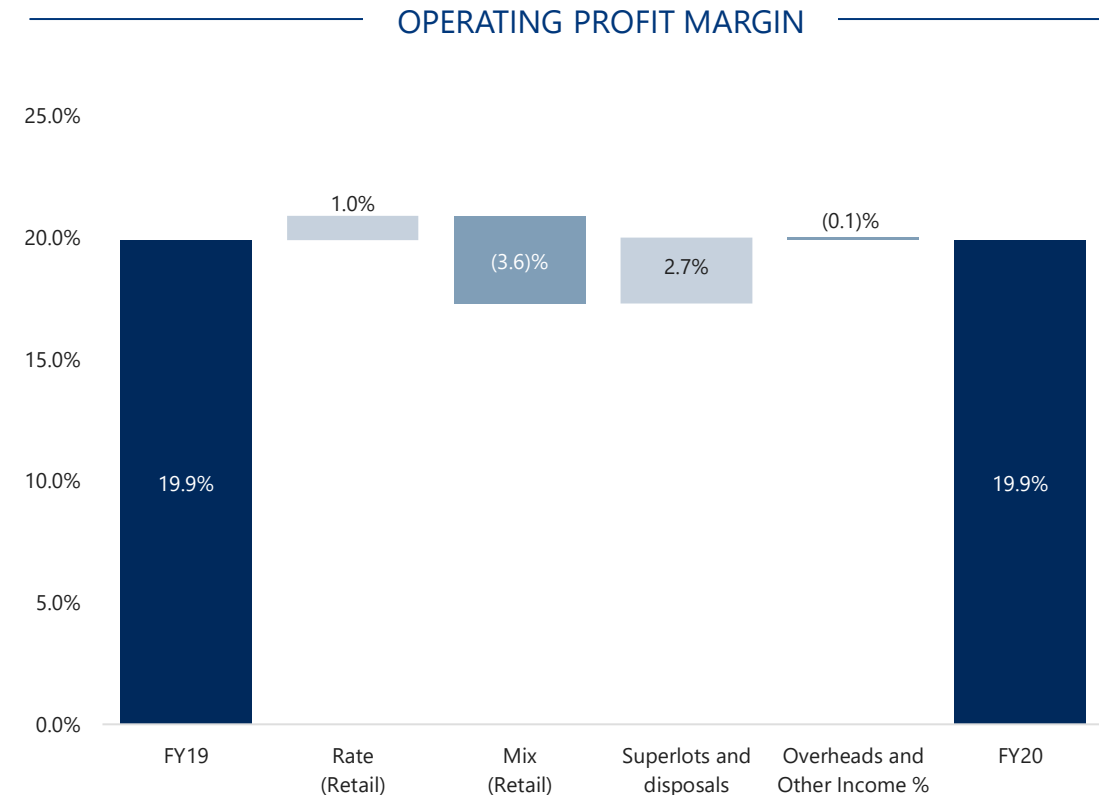
Annexure



# Margins driven by 2H20 skew of Sydney projects

## Residential Communities

KEY METRICS	FY20	FY19	CHANGE
Total lots settled	5,319 <sup>1</sup>	5,878	(9.5)%
Total revenue	\$1,871m	\$1,819m	2.8%
- Includes Superlot revenue	\$368m <sup>2</sup>	\$146m	152.1%
Operating profit	\$372m	\$362m	2.5%
Operating profit margin	19.9%	19.9%	
ROA – total portfolio	21.1%	18.7%	
ROA – core portfolio <sup>3</sup>	22.9%	20.6%	



1. Includes 1,341 (FY19: 334) of settlements under joint venture and project delivery agreements and eight settlements from Brisbane Casino Towers (FY19: 371).
2. Includes superlot revenue and disposals
3. Core excludes impaired projects.

# Development pipeline – Major projects

## Residential Communities

						Anticipated settlements							
STATE	PROJECT	STATE PERCENTAGE	TOTAL PROJECT LOTS	APPROXIMATE SETTLEMENTS PER ANNUM <sup>1</sup>	APPROX. REMAINING PROJECT LOTS	← FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24 →
NSW	Altrove		1,310	10	870								
	Elara		4,290	340	1,100								
	The Gables		1,920	200	1,920								
	Willowdale		3,690	240	710 <sup>#</sup>								
	All Other Projects		5,680		5,600								
	<b>Sub-total</b>	<b>13.7%</b>	<b>16,890</b>		<b>10,200</b>								
Qld	Aura <sup>2</sup>		20,000	510	17,400 <sup>#</sup>								
	Newport		1,890	180	750								
	North Shore		5,510	80	3,500								
	Pallara		6,40	40	70								
	All Other Projects		9,300		7,400 <sup>#</sup>								
	<b>Sub-total</b>	<b>38.9%</b>	<b>37,340</b>		<b>29,120</b>								
Vic	Brunswick		150	70	150								
	Cloverton		11,530	420	10,240								
	Grandview <sup>2</sup>		1,710	200	1,540								
	Katalia <sup>2</sup>		1,540	190	1,540								
	Highlands		11,480	570	3,540								
	Minta		1,580	230	1,380								
	Mt Atkinson <sup>2</sup>		4,310	430	3,800 <sup>#</sup>								
	Orion		430	90	270 <sup>#</sup>								
	Waterlea		180	50	90								
	All Other Projects		3,040		1,170 <sup>#</sup>								
	<b>Sub-total</b>	<b>31.8%</b>	<b>35,950</b>		<b>23,720</b>								
WA	Calleya		1,840	150	450 <sup>#</sup>								
	Sienna Wood <sup>2</sup>		3,800	130	2,930								
	Vale		3,420	120	630 <sup>#</sup>								
	All Other Projects		10,600		7,680 <sup>#</sup>								
	<b>Sub-total</b>	<b>15.6%</b>	<b>19,660</b>		<b>11,690</b>								
		<b>100.0%</b>			<b>74,730</b>								

# Includes dwellings

1. Average number of lots estimated for three years for FY21 - FY23, numbers are annualised and vary depending on timing and completion of projects.

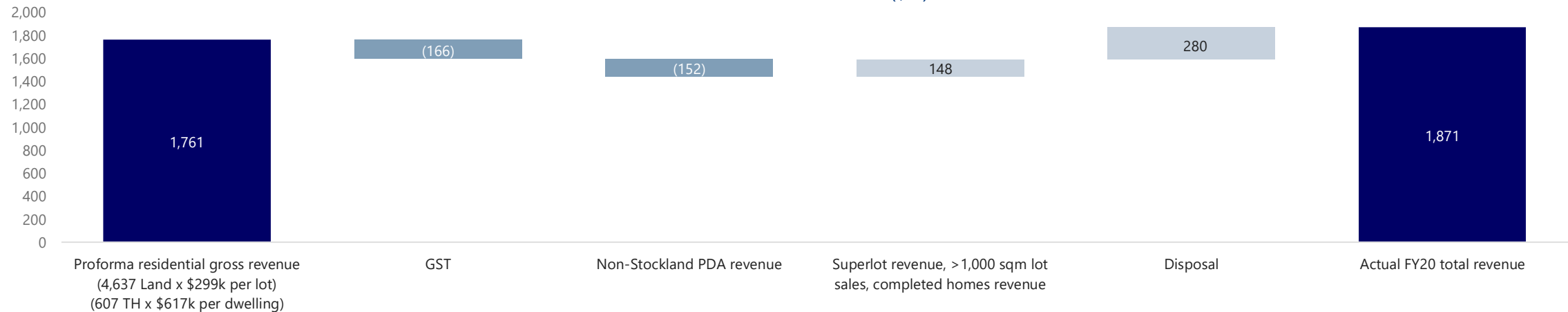
2. Projects under joint venture and project delivery agreements.

# Retail sales price<sup>1</sup>

## Residential Communities

FY20 SETTLEMENTS					FY19 SETTLEMENTS			
State	No. Lots	Av. Size per lot sqm	Av. Price per lot \$k	\$/sqm	No. Lots	Av. Size per lot sqm	Av. Price per lot \$k	\$/sqm
NSW	844	386	414	1,072	1,185	370	431	1,164
Qld	1,288	371	271	730	1,582	381	284	746
Vic	1,858	367	297	810	1,437	404	295	730
WA	647	341	207	609	760	339	213	629
<b>Total Land</b>	<b>4,637</b>	<b>368</b>	<b>299</b>	<b>812</b>	<b>4,964</b>	<b>379</b>	<b>312</b>	<b>823</b>
<b>Total Townhomes</b>	<b>607</b>	<b>n/a</b>	<b>617</b>	<b>n/a</b>	<b>470</b>	<b>n/a</b>	<b>557</b>	<b>n/a</b>

### REVENUE RECONCILIATION (\$M)

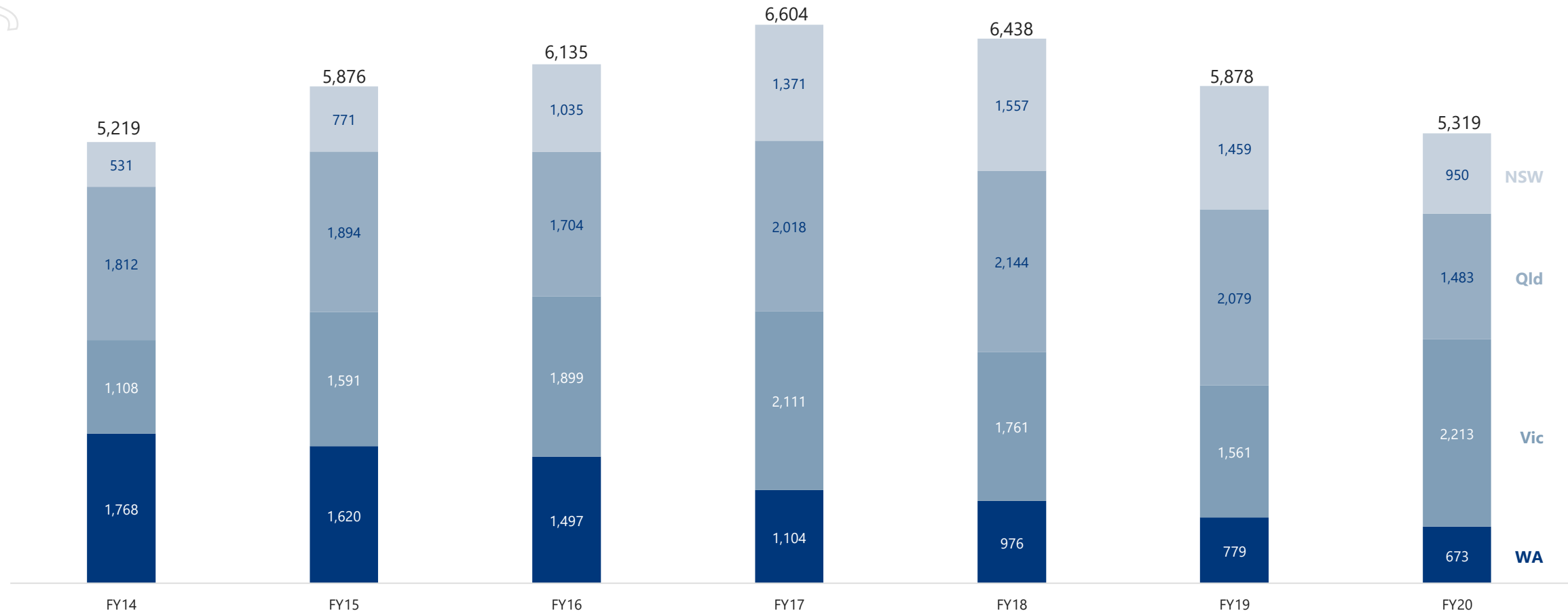


1. Average price of retail settlements excludes settlements of all lots over 1,000 sqm, superlot settlements, apartments revenue, and disposal proceeds. Average price includes GST. Includes Project Development Agreements (PDAs) for which Stockland receives a part-share.



# Lots settled by location

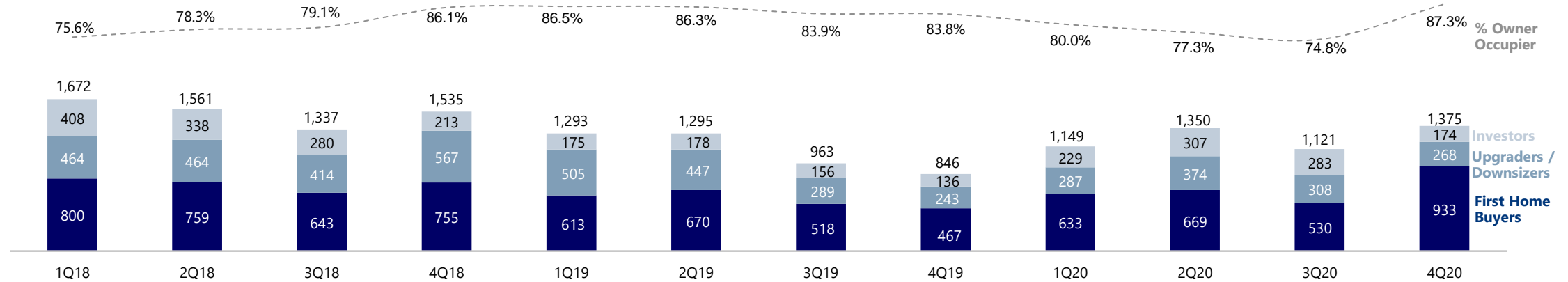
## Residential Communities



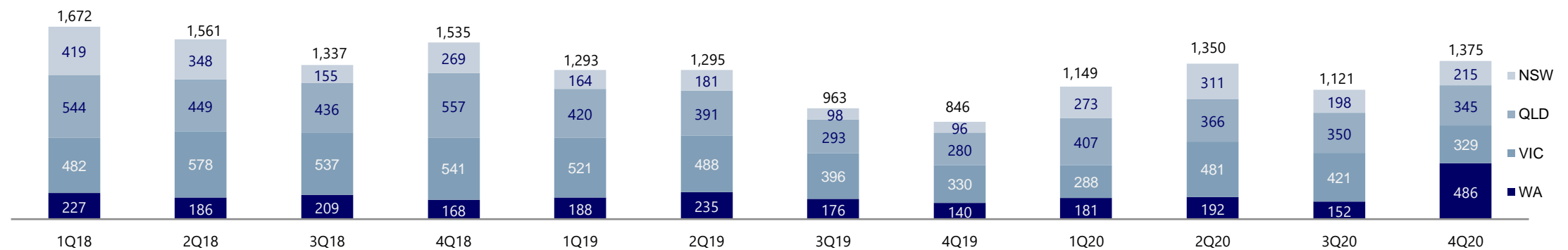
# Net deposits by quarter

## Residential Communities

### NET DEPOSITS BY BUYER



### NET DEPOSITS BY STATE

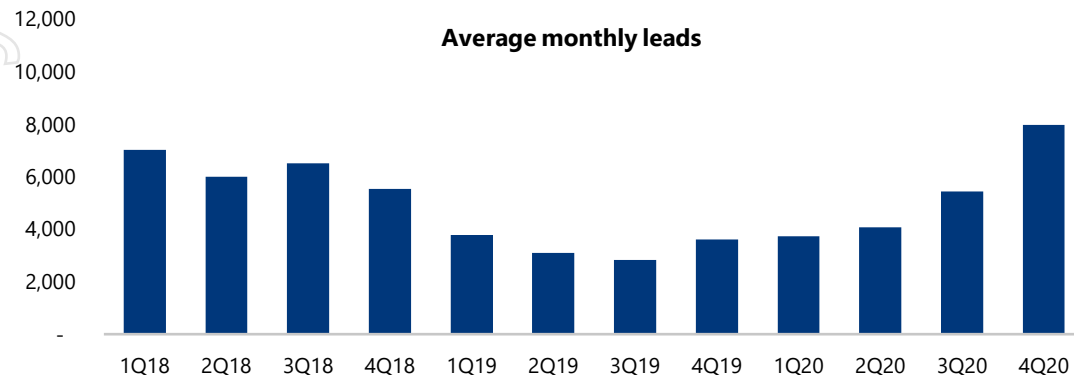


# Leads and enquiry levels

## Residential Communities

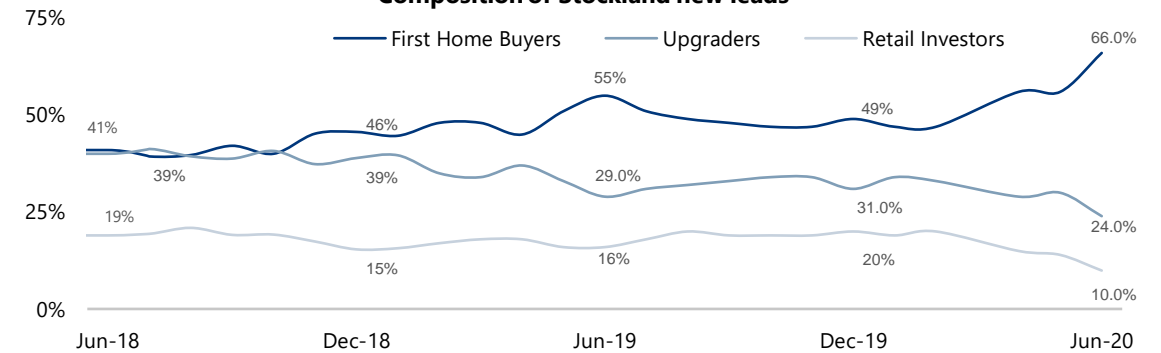
### LEAD VOLUMES

Average monthly leads



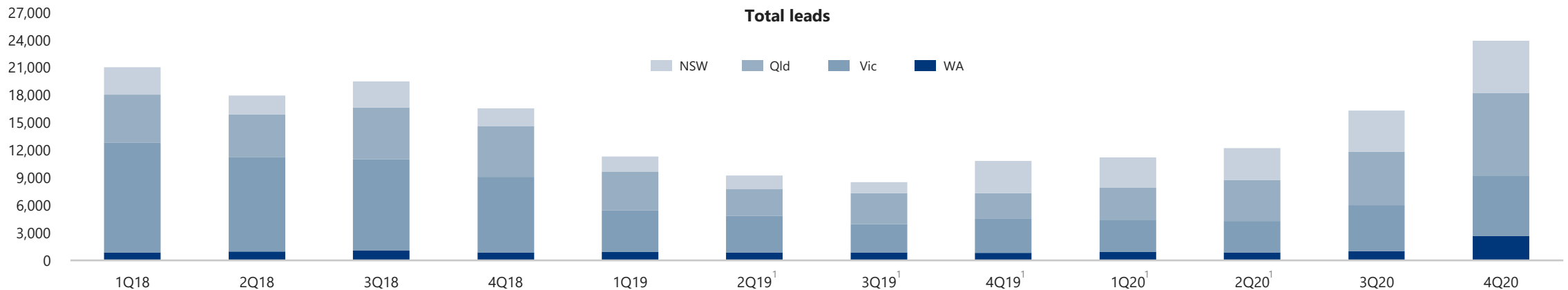
### MAJORITY OF OUR CUSTOMERS ARE OWNER OCCUPIERS

Composition of Stockland new leads



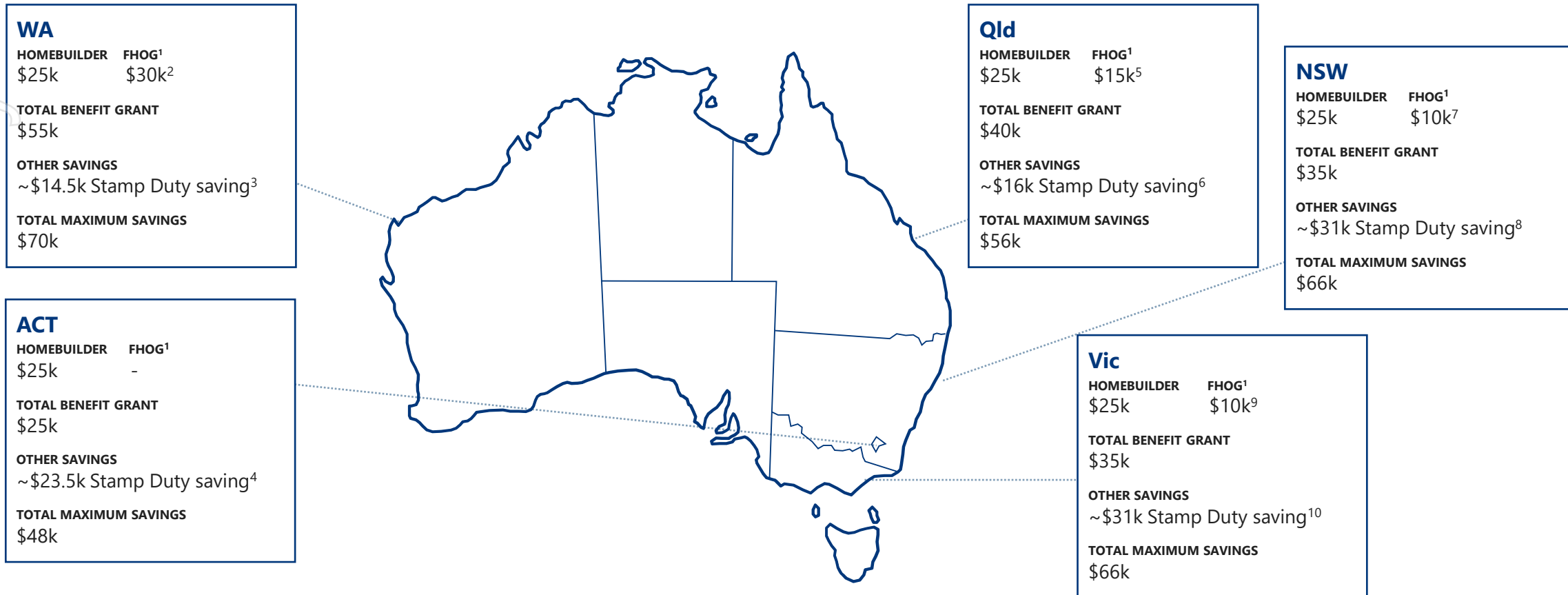
### LEAD VOLUMES BY STATE

Total leads



1. BCT excluded.

# Summary table of residential stimulus packages



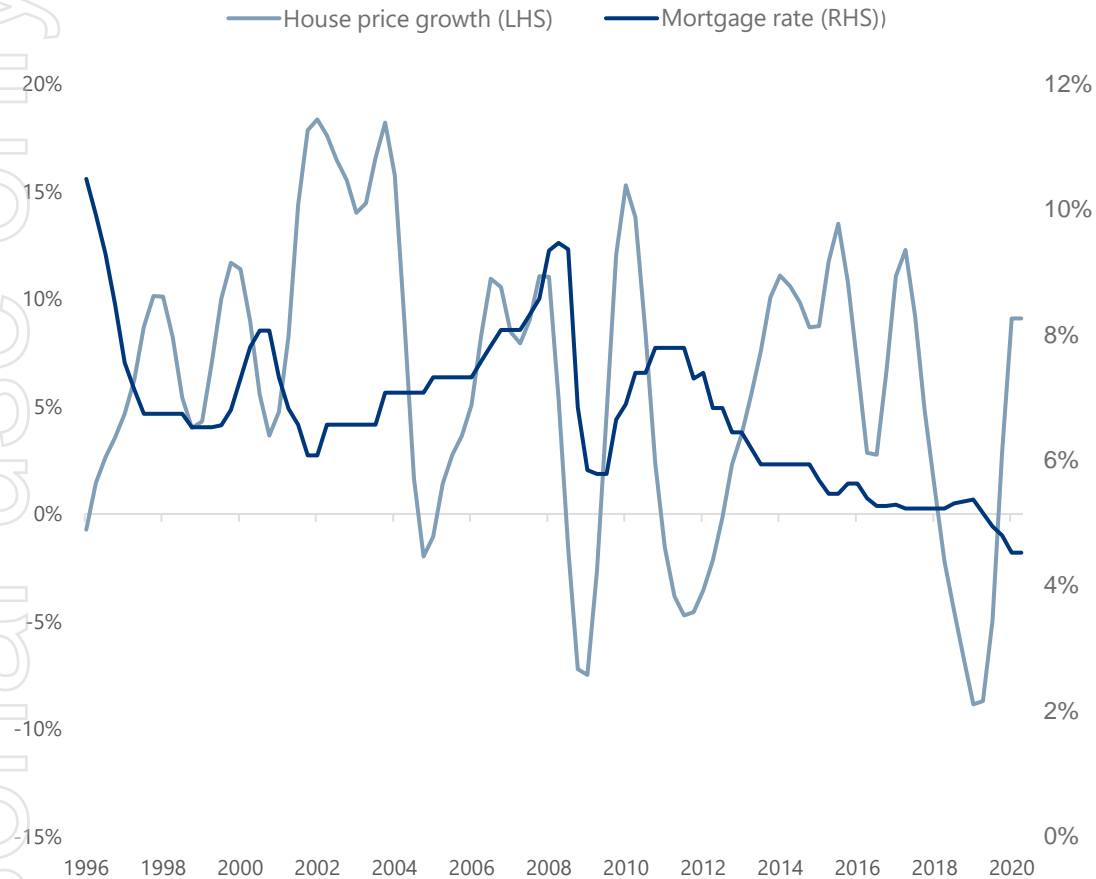
1. FHOG – First Home Owner Grant.
2. WA – \$20,000 Building Bonus Grant available to all buyers who enter into a contract to build a new home or purchase a new home with no value cap. \$10,000 FHOG is for new homes and owner-builder/building contracts costing less than \$750,000 if in Perth.
3. WA – No stamp duty payable for FHB for homes costing less than \$430,000, with discounted stamp duty applying on first homes valued between \$430,001 to \$530,000. Saving calculated for \$430,000 home.
4. ACT – Stamp duty abolished in July 2019 for FHB if household income is less than \$160,000, with no value cap. Saving calculated on stamp duty payable on \$750,000 home where contract is entered into prior to 1 July 2019 under the Home Buyer Concession Scheme.
5. Qld – for new homes costing less than \$750,000.

6. Qld – No stamp duty for first homes costing less than \$500,000 and discounted rate up to \$550,000. Saving calculated on \$500,000 first home and include First Home and Home concessions.
7. NSW – for new homes costing less than \$600,000 and owner-builder/building contracts where total value of home is less than \$750,000.
8. NSW – no stamp duty payable on new homes for FHB costing less than \$800,000, with discounted stamp duty apply on new homes valued between \$800,001 and \$1,000,000 or vacant land costing less than \$400,00. Saving calculated for \$800,000 home.
9. VIC – \$10,000 grant available for new first homes in non-regional Victoria, costing less than \$750,000.
10. VIC – No stamp duty for first homes costing less than \$600,000, with discounted stamp duty applying on first homes valued between \$600,001 to \$750,000. Saving calculated for FHB \$600,000 home.



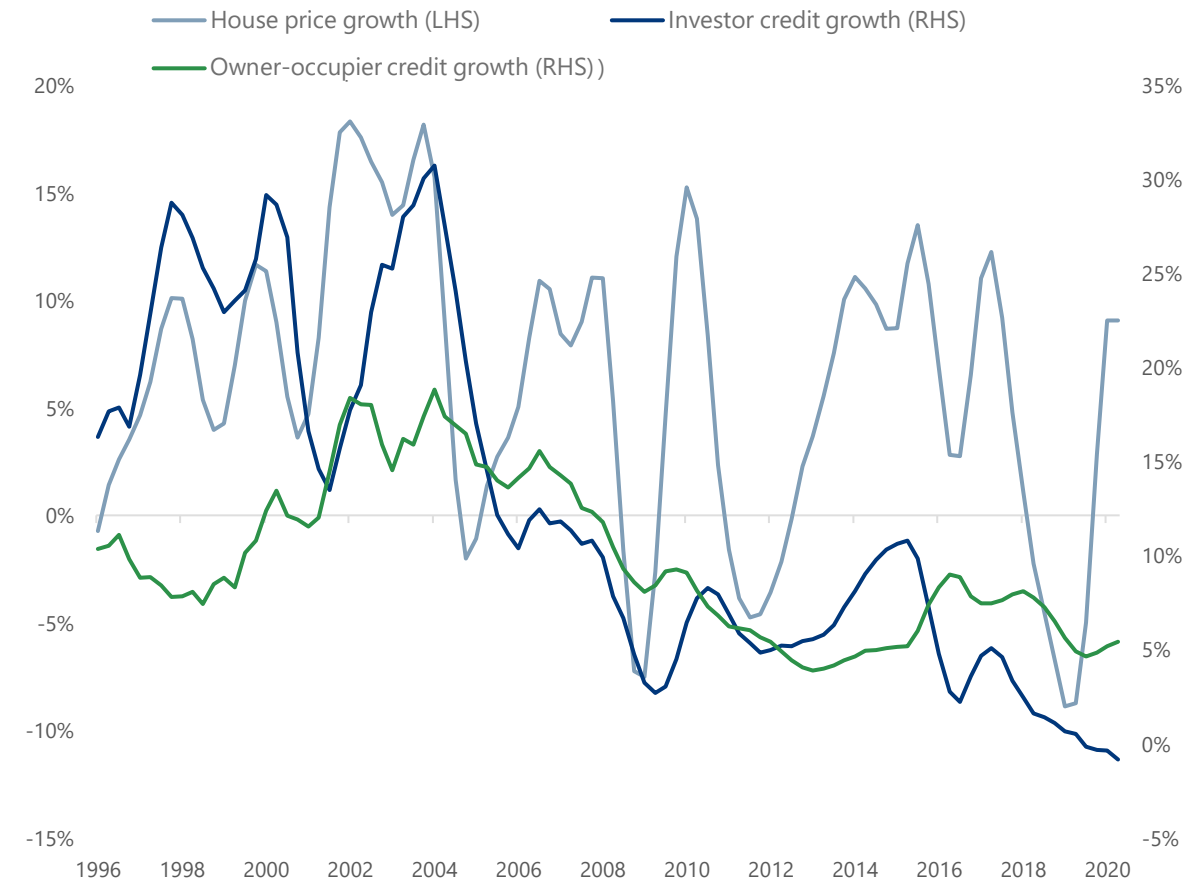
# Key short term residential drivers – Rates and Credit Growth

## AUSTRALIAN HOUSE PRICES VS. MORTGAGE RATES



Source: CoreLogic, RBA.

## AUSTRALIAN HOUSE PRICES VS. CREDIT GROWTH



# Market overview

## Residential Communities

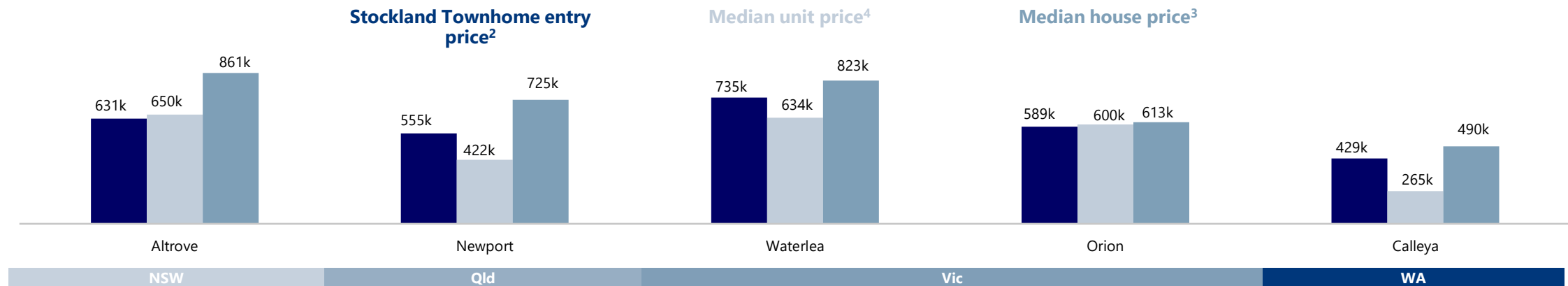
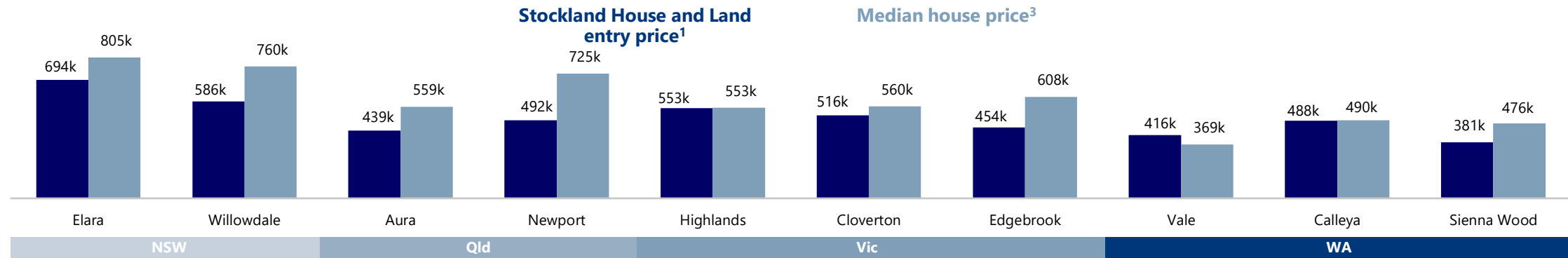
### STOCKLAND SUMMARY

STATE	FY20 SETTLEMENT VOLUMES (% CHANGE OVER FY19)	COMMENTS ON OUR SETTLEMENTS IN FY20	FY21 MARKET COMMENTARY
<b>NSW</b>	<b>(34.9)%</b>	NSW settlement volumes are lower primarily due to lower sales volumes at Willowdale and Elara, whilst townhomes settlements are lower due to production timing.	Market sales volumes were up nearly 50% in FY20 and prices rose 7% even with COVID-19 restrictions. Activity expected to be weighted to 2H in 2020 as stimulus remains in place with volumes and prices steady overall.
<b>Qld</b>	<b>(28.7)%</b>	The decrease in volume is driven by completion of Brisbane Casino Towers, product mix at Bokarina Beach and reductions at Aura and Newport due to production timing and softening sales.	Stimulus effect on sales volumes in June quarter was smallest of all markets but annual volumes still rose 15%. Production halts means stock on market is lowest in a decade and should support sales volumes and price through FY21.
<b>Vic</b>	<b>41.8%</b>	First settlements across Waterlea and Orion townhomes, Minta, Grandview and full 12 months of settlements in Mt Atkinson. Partially offset by timing change in Highlands and Edgebrook, project completion in Mernda Villages and Talia townhomes, and disposal of The Grove.	Sales volumes rose through FY20 to be slightly up on total FY19 volumes while prices eased -3%. Stock levels falling since 1Q19 mean price falls should be minimal while sales volumes expected to ease on full year basis.
<b>WA</b>	<b>(13.6)%</b>	Depressed market conditions translating to lower sales at Sienna Wood, Vale and Calleya as well as trade out of Newhaven.	Strongest stimulus in the country meant June quarter was the strongest quarter in 7 years and second strongest on record for sales volumes. Prices held steady for the quarter, to be down slightly on an annual basis. Expect moderation in sales volumes from June levels in 2H in 2020.

# Providing affordable product

## Residential Communities

### STOCKLAND PRICING RELATIVE TO LOCAL MEDIAN HOUSE AND UNIT PRICE (\$)

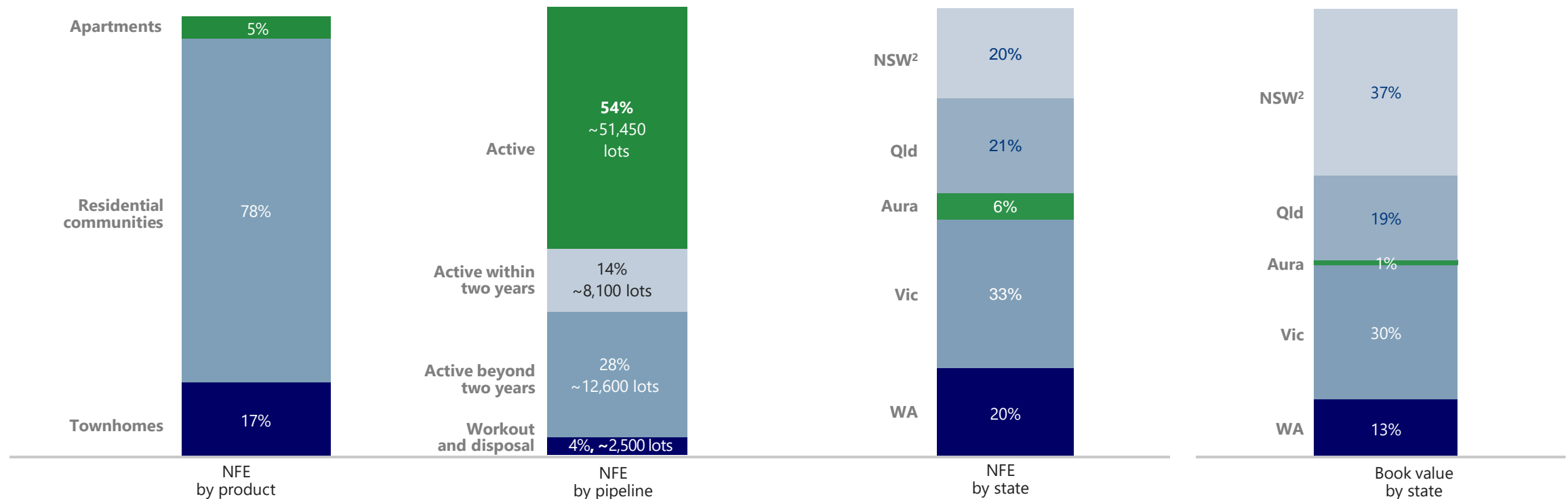


1. Stockland data, House and Land packages (4b,2b,2c) for sale/recently sold June 2020.
2. Stockland data, Townhome product available for sale/recently sold June 2020.
3. Corelogic Median value of established houses (4b) in surrounding suburb as at June 2020.
4. Corelogic Median value of established units in surrounding suburb as at June 2020.

# Composition of residential landbank<sup>1</sup>

NET FUNDS EMPLOYED: \$2.1bn

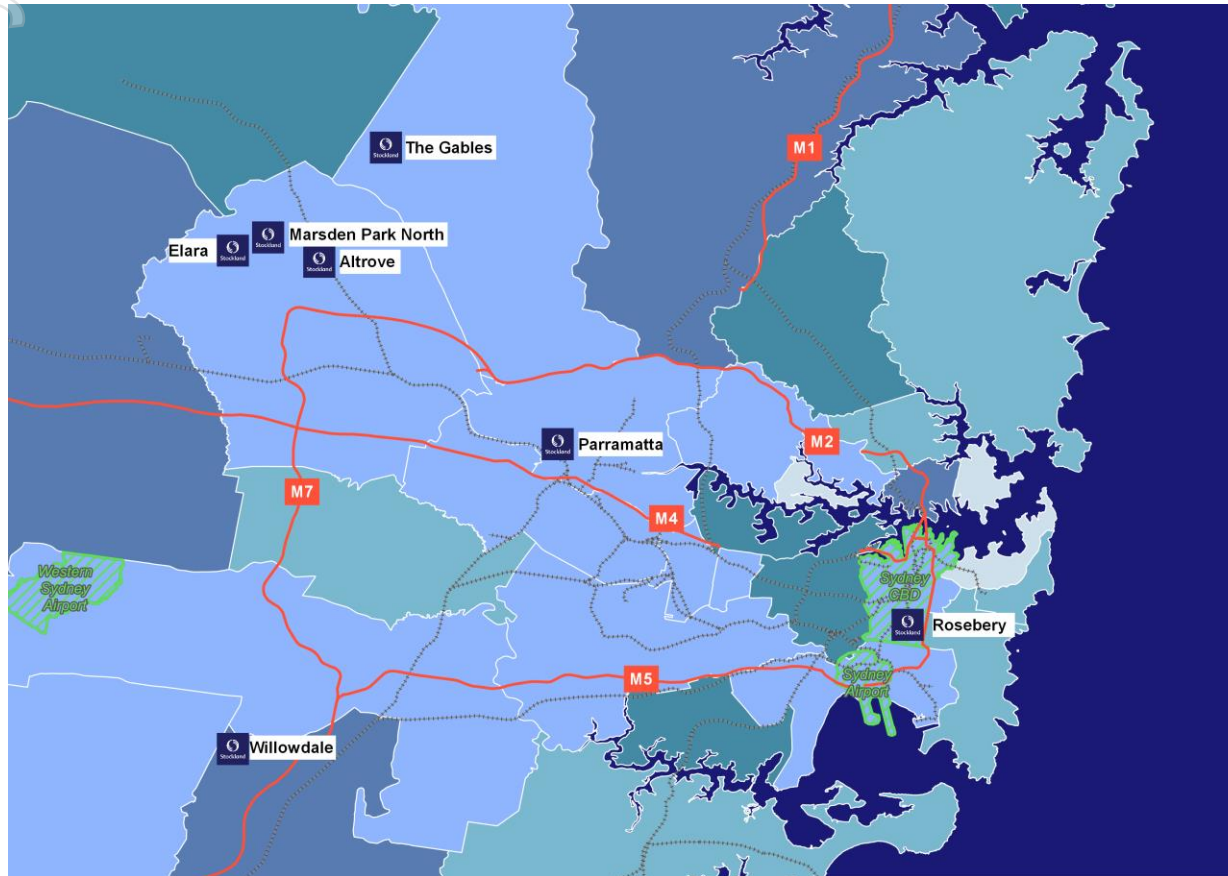
BOOK VALUE: \$3.4bn



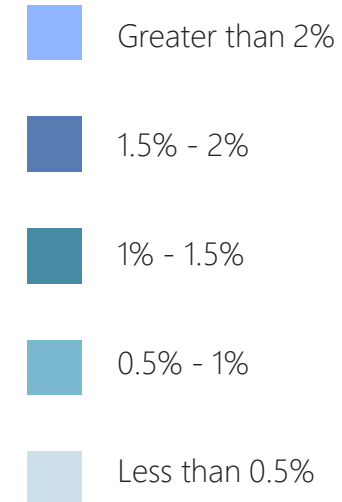
1. At 30 June 2020.  
2. NSW includes Red Hill (ACT).

# Key communities, located in connected, population growth corridors<sup>1</sup>

## SYDNEY



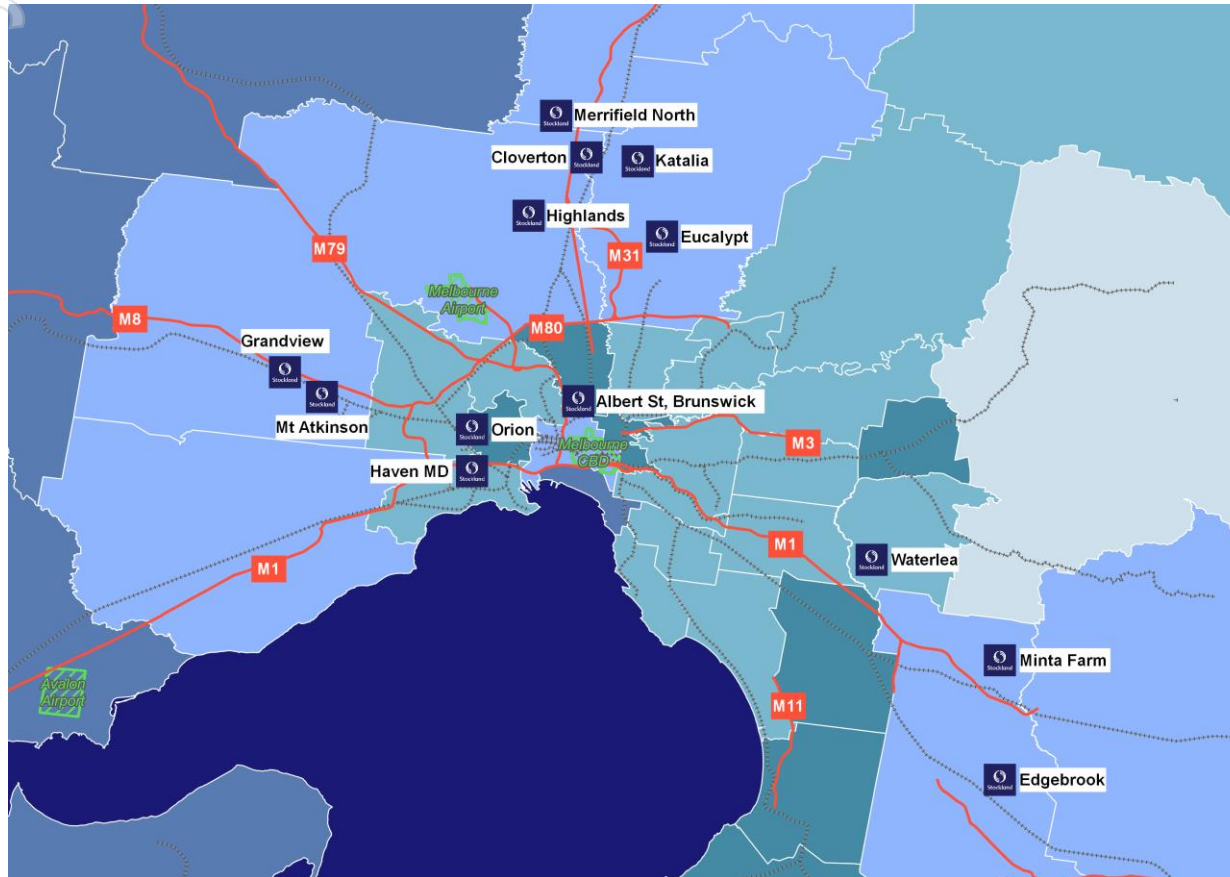
Average annual growth  
2016 – 2021 by LGA (per annum)



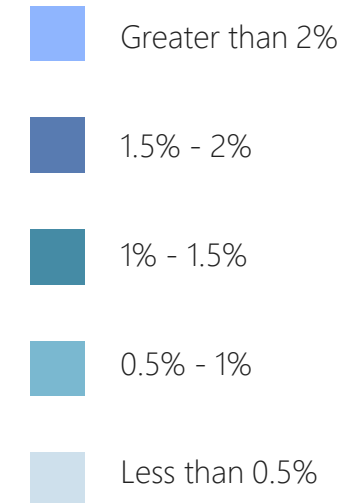
1. State Government Population Projections.

# Key communities, located in connected, population growth corridors<sup>1</sup>

MELBOURNE



Average annual growth  
2016 – 2021 by LGA (per annum)

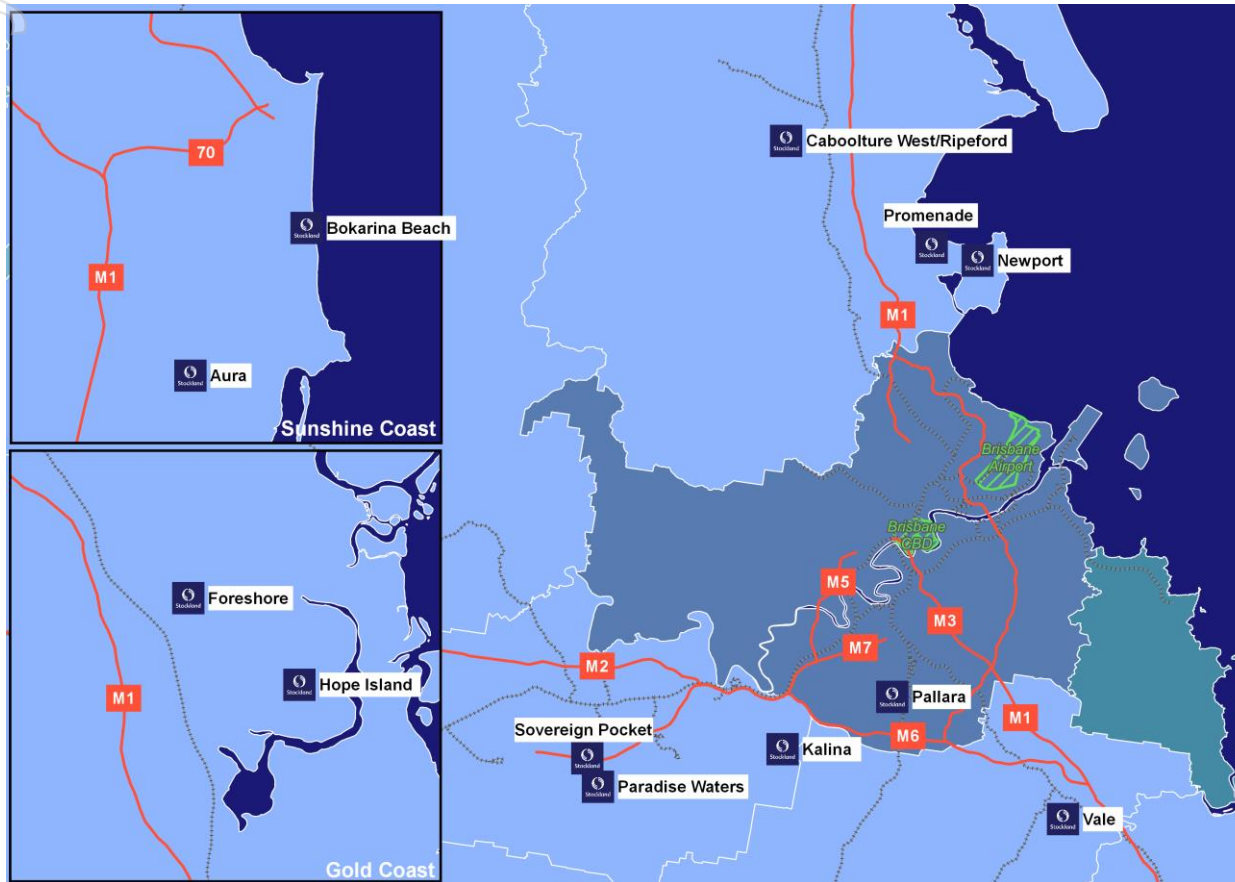


1. State Government Population Projections.

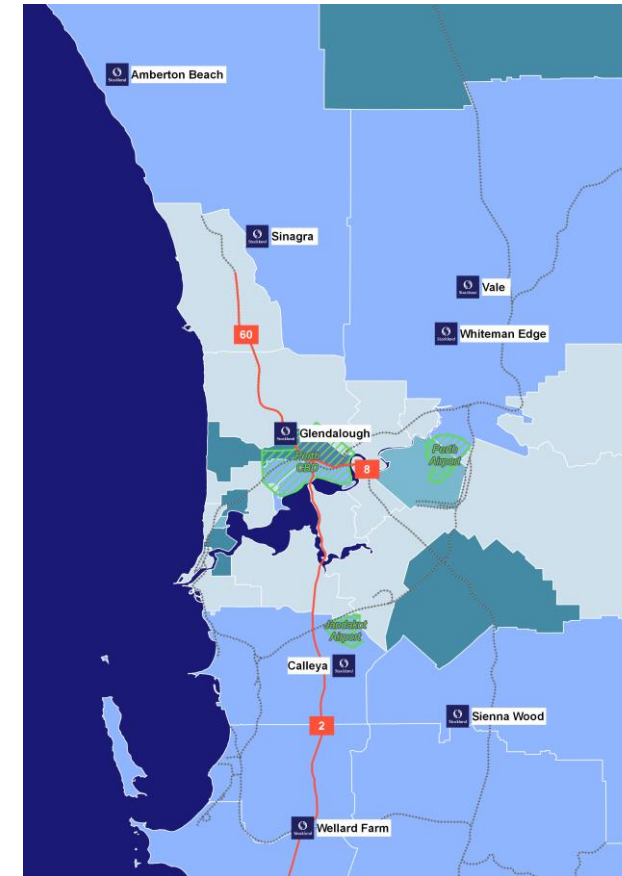


# Key communities, located in connected, population growth corridors<sup>1</sup>

BRISBANE



PERTH



- Greater than 2%
- 1.5% - 2%
- 1% - 1.5%
- 0.5% - 1%
- Less than 0.5%

1. State Government Population Projections.

# Workout contribution and impairment provision balance

## Residential Communities

### WORKOUT CONTRIBUTION TO RESIDENTIAL

Residential	Core	Workout <sup>1</sup>	Total
Lots settled	5,194	125	5,319
Revenue	\$1,807m	\$64m	\$1,871m
Revenue	97%	3%	100%
EBIT	\$475m	\$25m	\$500m
EBIT margin	26.3%	39.1%	26.7%
Operating profit	\$372m	\$0m	\$372m
Operating profit margin	20.1%	0%	19.9%
Remaining lots	96%	4%	100%
Number of projects	47	4	51
ROA	22.9%	(4.4)%	21.1%

1. Includes all impaired projects.

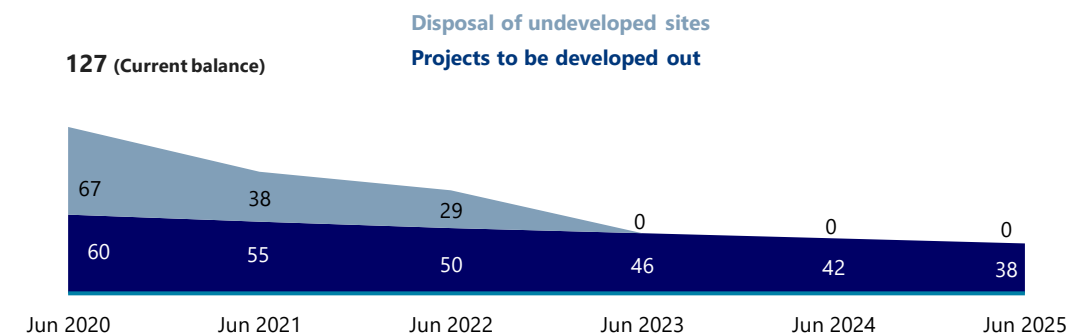
2. Forecast utilisation impairment provision as at 30 June 2020, based on forecast settlement dates, revenue and costs by project.

### RESIDENTIAL IMPAIRMENT PROVISION UTILISATION AS AT 30 JUNE 2020

	(\$m)
Net increase / decrease in impairment	0
Utilisation of provision	(22)

	IMPAIRMENT PROVISION BALANCE (\$m)	FINAL SETTLEMENT
Projects to be developed	60	~10 yrs
Disposal of undeveloped sites	67	~2 yrs
<b>Total</b>	<b>127</b>	

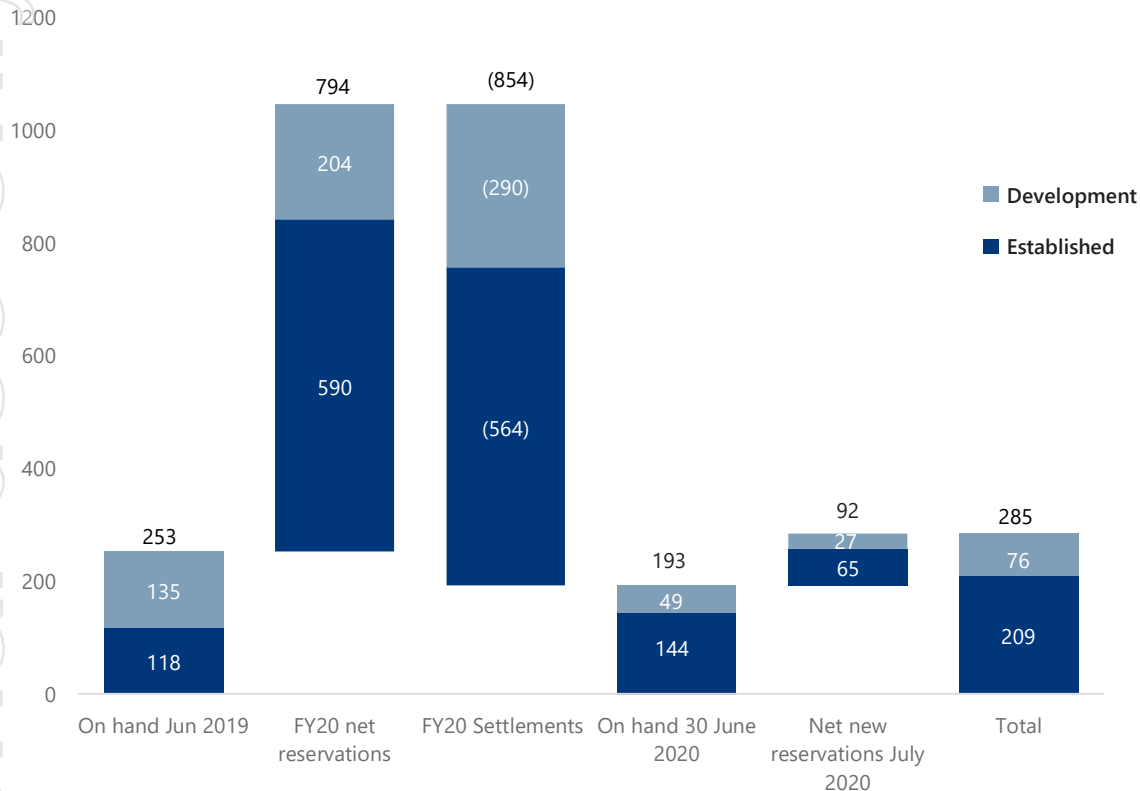
### RESIDENTIAL FORECAST UTILISATION OF PROVISION (\$)<sup>2</sup>



# Profit driven by development settlements and village disposals

## Retirement Living

### NET RESERVATIONS



KEY METRICS	FY20	FY19
<b>Retirement Living</b>		
FFO	\$58m	\$56m
Occupancy	93.4%	93.3%
Cash ROA	5.1%	4.5%
<b>Established portfolio</b>		
Established settlements	564	551
Withheld settlements (units) <sup>1</sup>	6	29
<b>Total settlements (units)</b>	<b>570</b>	<b>580</b>
Average re-sale price (\$k)	377	362
Turnover cash per unit (\$k)	93	80
Turnover cash margin	24.6%	22.2%
Reservations on hand	144	118
<b>Development portfolio</b>		
Development settlements	290	250
Average price per unit (\$k)	608	611
Average margin (excludes DMF)	12.0%	18.3%
Reservations on hand	49	135

1. Units withheld from sale for redevelopment upon which profit has been recognised.

# Established portfolio

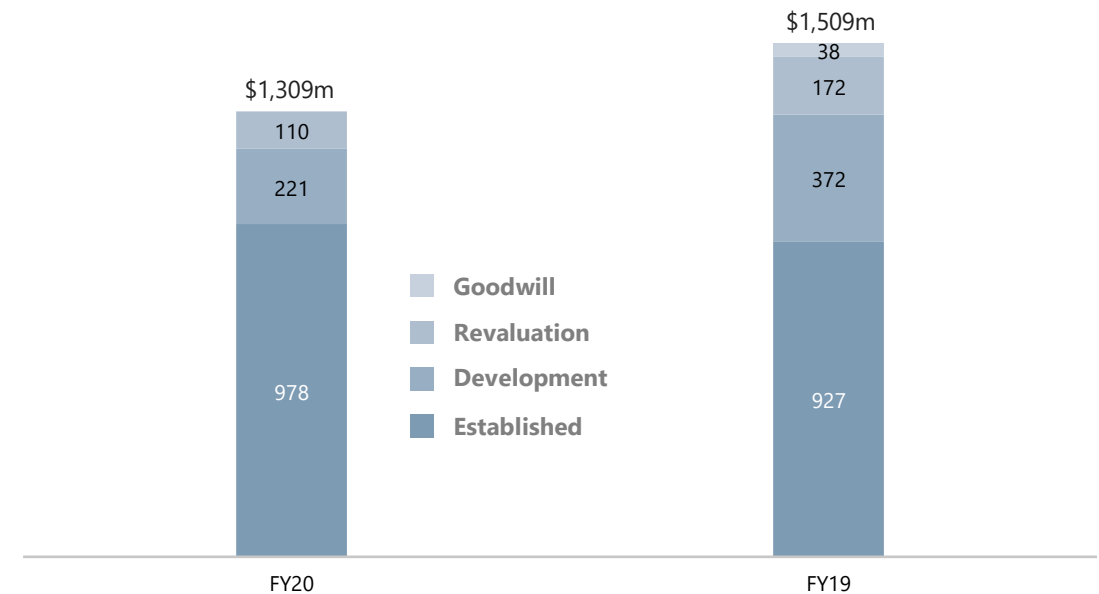
## Retirement Living

PORTFOLIO STATISTICS	FY20	FY19
Established villages	63	62
Established units	9,412	9,167
Established units settlements	564	551
Withheld units	6	29
Turnover rate excluding developments <sup>1</sup>	6.8%	6.3%
Turnover rate total portfolio	6.2%	5.7%
Average age of resident on entry	73.2 yrs	73.4 yrs
Average age of current residents	80.7 yrs	80.7 yrs
Average tenure on exited residents	9.1 yrs	8.8 yrs
Average village age	26.3 yrs	25.8 yrs
Development pipeline	3,325 units	3,540 units

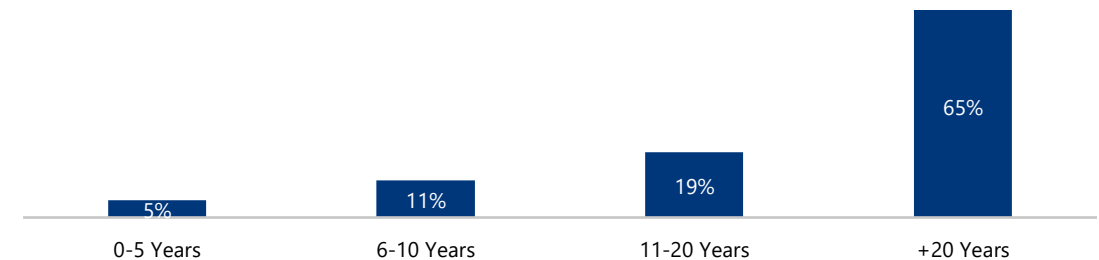
KEY VALUATION ASSUMPTIONS	FY20	FY19
Weighted average discount rate	13.2%	13.0%
Weighted average 20 year growth rate	3.2%	3.3%
Average length of stay of current and future residents	11.0 yrs	11.0 yrs

1. Excludes development settlements from last five years.

### NET FUNDS EMPLOYED



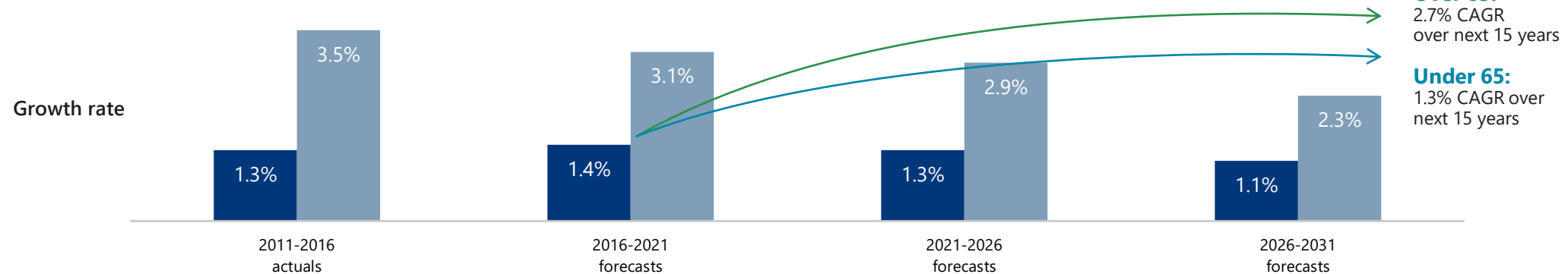
### AGE PROFILE OF ESTABLISHED VILLAGES



# Retirement Living: strong demand drivers

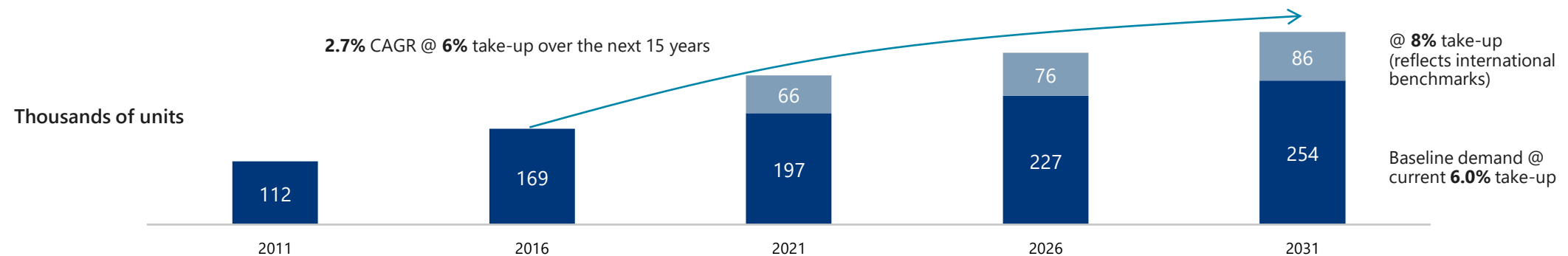
## COMPELLING DEMAND FUNDAMENTALS

Australian population aged 65+ growing at significantly faster pace than under 65 population<sup>1</sup>



## IMPLIED DEMAND FOR UNITS

Current rate of supply insufficient to meet baseline implied demand<sup>1,2</sup>

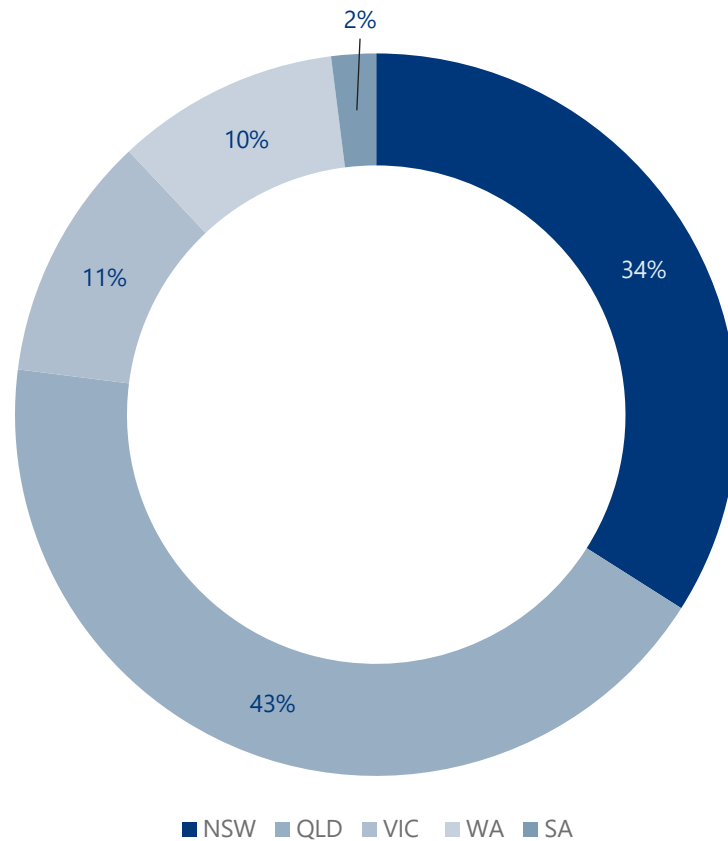


1. ABS 3222.0 - Population Projections, Australia, 2019.  
2. Assumes 1.3 residents per unit.

# Development pipeline

## Retirement Living

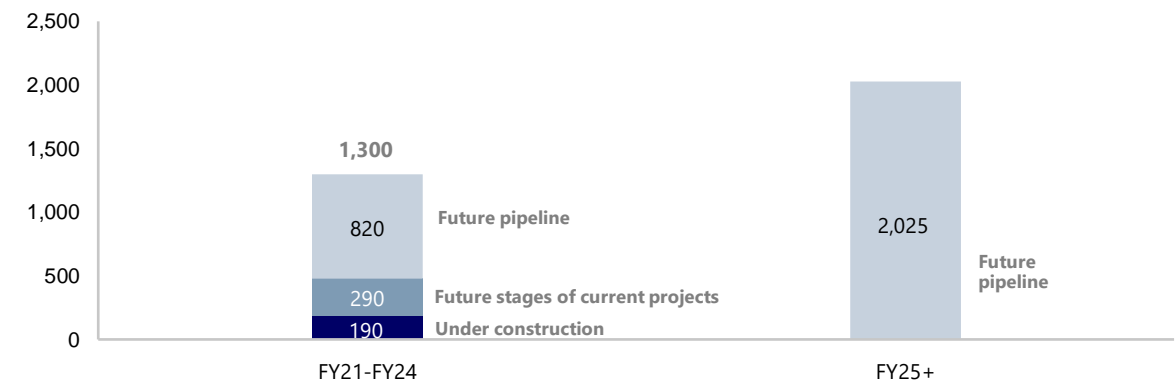
GEOGRAPHICALLY DIVERSE DEVELOPMENT PIPELINE



DEVELOPMENT PIPELINE BREAKUP

DEVELOPMENT PIPELINE	FY20
Development villages	21
Total development pipeline units	3,325
- Greenfield pipeline units	625
- Village renewal pipeline units	320
- Land lease units	2,380
Estimated end value including DMF	\$1.8bn

INDEPENDENT LIVING UNITS DEVELOPMENT PIPELINE





# Retirement Living pipeline

CONSTRUCTION TIMEFRAME		FUTURE SETTLEMENTS	FY21	FY22	FY23	FY24	FY25+
Completed	Gillin Park, Vic						
	Mernda, Vic						
	Cardinal Freeman The Residences, NSW						
	Elara Aspire, NSW						
	Lightsview, SA						
	Newport, Qld						
	Shine Birtinya, Qld						
	<b>Sub-total</b>	<b>220</b>					
Current	Willowdale, NSW						
	Calleya Aspire, WA						
	Somerton Park, SA						
	Affinity, WA						
	<b>Sub-total</b>	<b>265</b>					
To start within 18 months	Pine Lake, Qld						
	<b>Sub-total</b>	<b>50</b>					
Master planning/ future projects	Epping, NSW						
	<b>Sub-total</b>	<b>170</b>					
Redevelopments	Proposed Redevelopments						
	<b>Sub-total</b>	<b>240</b>					
Land Lease	Aura, Qld						
	Minta, Vic						
	Future Land Lease Communities						
	<b>Sub-total</b>	<b>2,380</b>					
<b>Total future settlements</b>		<b>3,325</b>					

Includes  
Lourdes &  
Castle  
Ridge

# Research

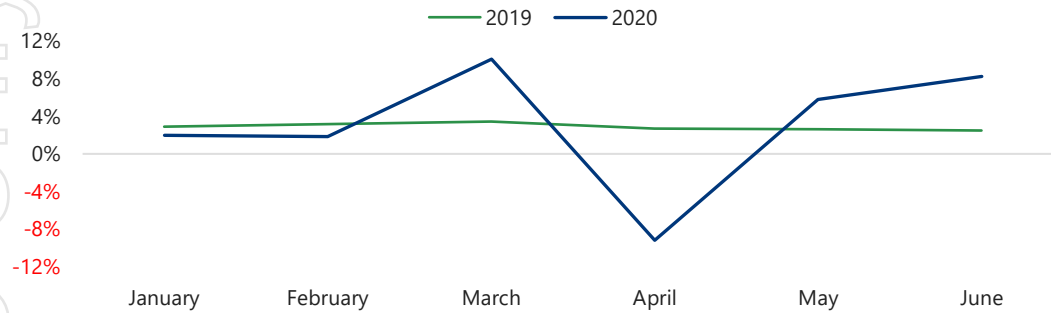
Annexure



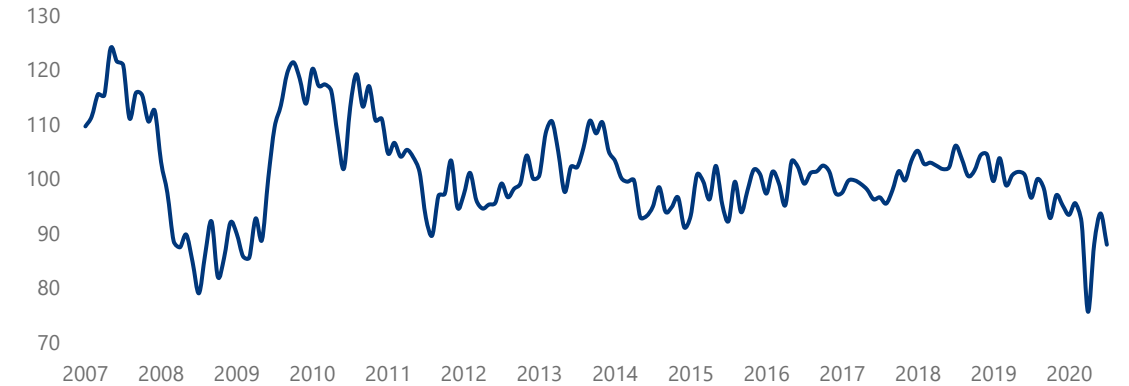
Stockland

# Retail environment remains challenging

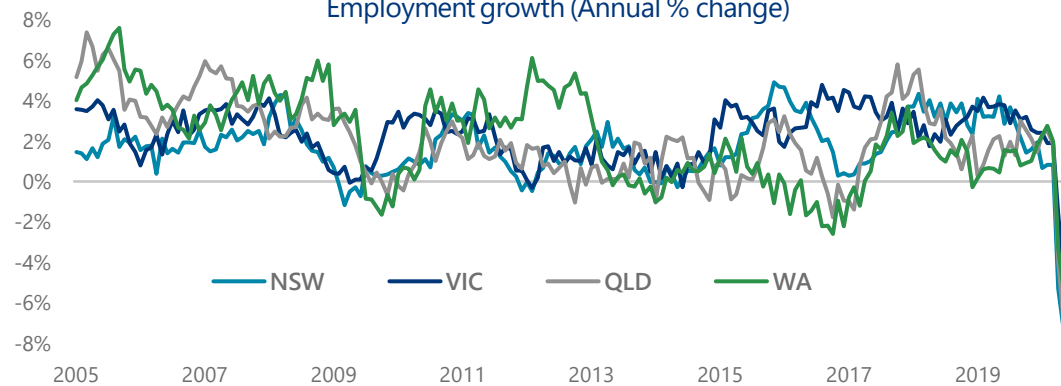
MONTHLY RETAIL TRADE – Y/Y GROWTH<sup>1</sup>



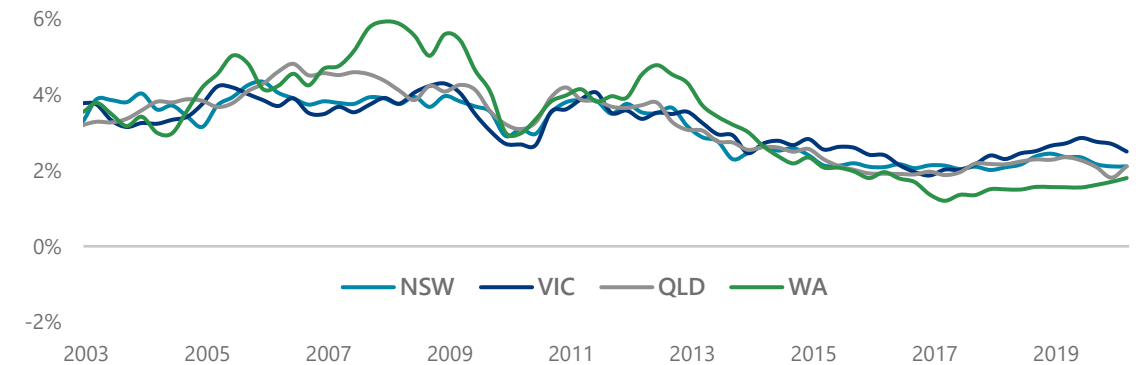
CONSUMER SENTIMENT TRENDING DOWN PRE-COVID<sup>2</sup>



EMPLOYMENT GROWTH HIT HARD BY COVID<sup>3</sup>  
Employment growth (Annual % change)



WAGE GROWTH REMAINS WEAK<sup>4</sup>

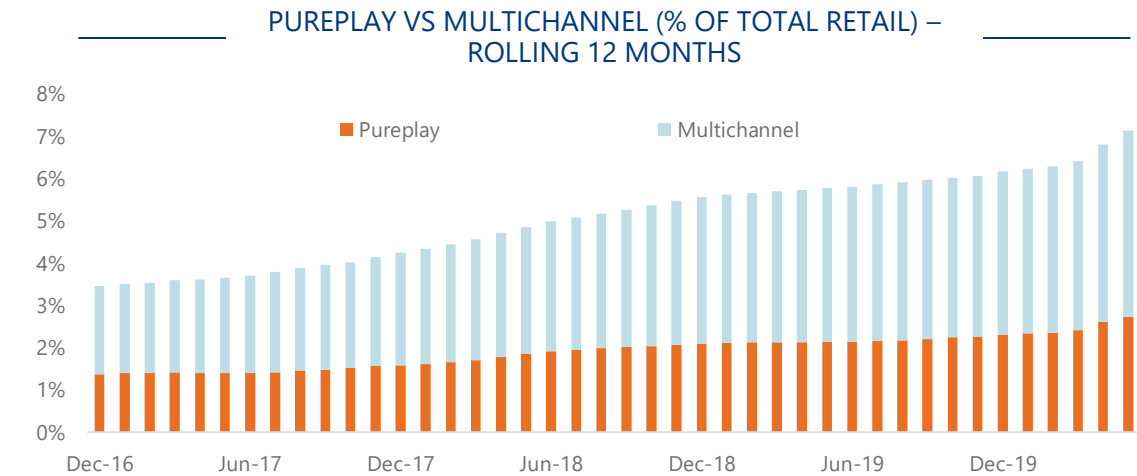
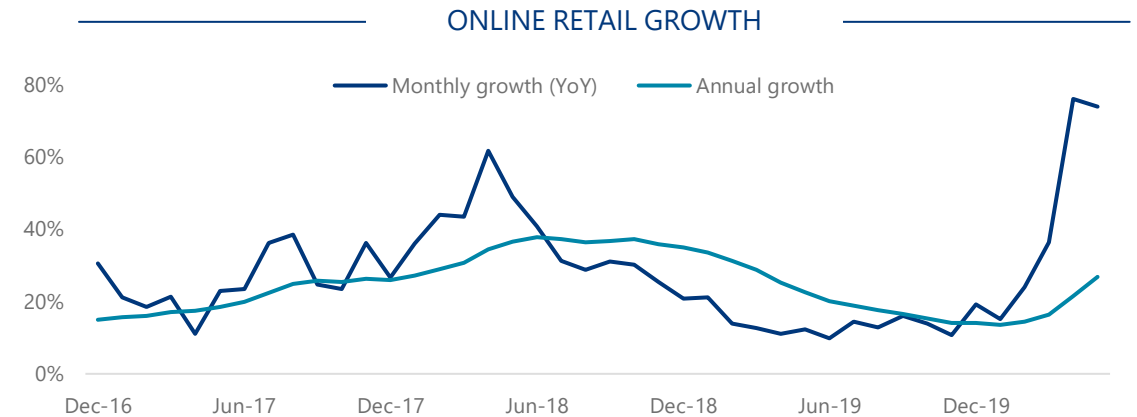
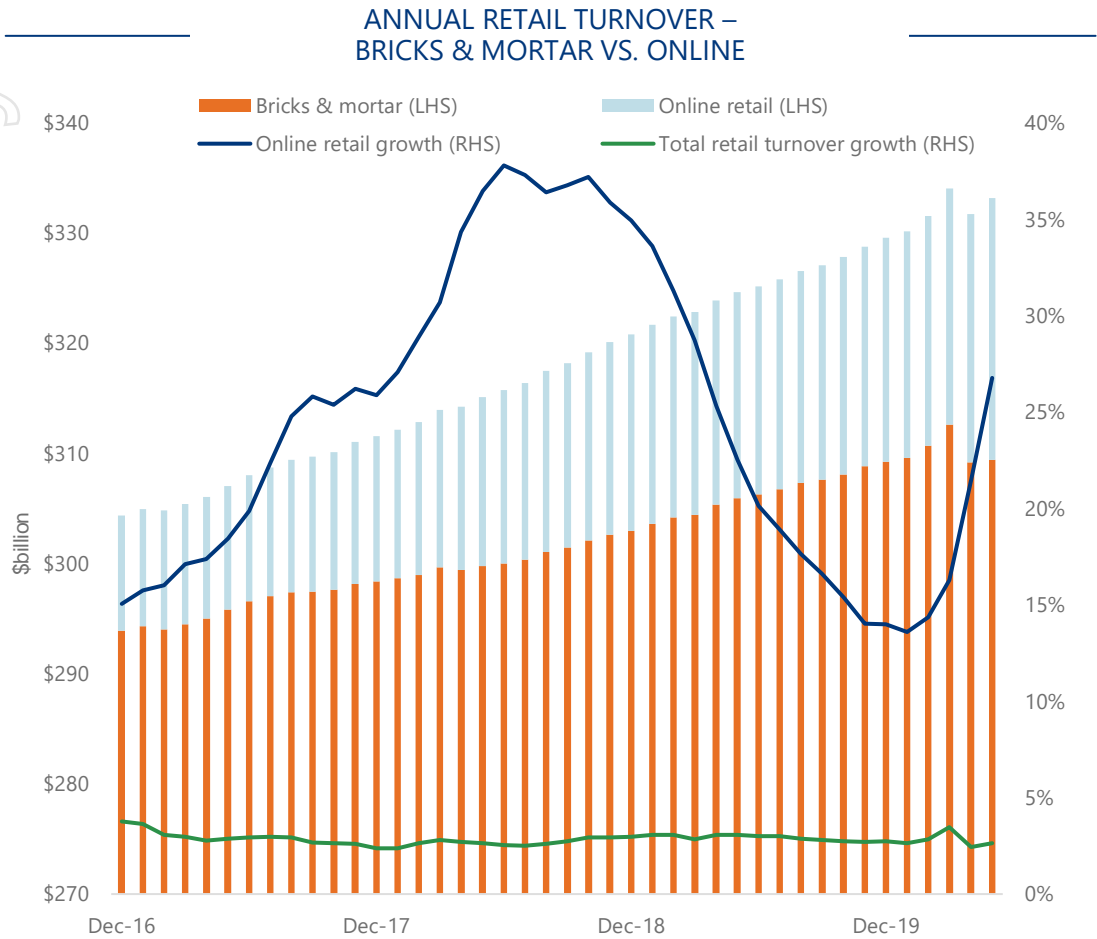


1. ABS Retail Trade 8501.0. Annual sales - y/y change.  
 2. Westpac - University of Melbourne Consumer Sentiment Survey July 2020.

3. ABS 6202.0 - Labour Force, Australia, June 2020.  
 4. ABS 6345.0 - Wage Price Index, Australia, March 2020.

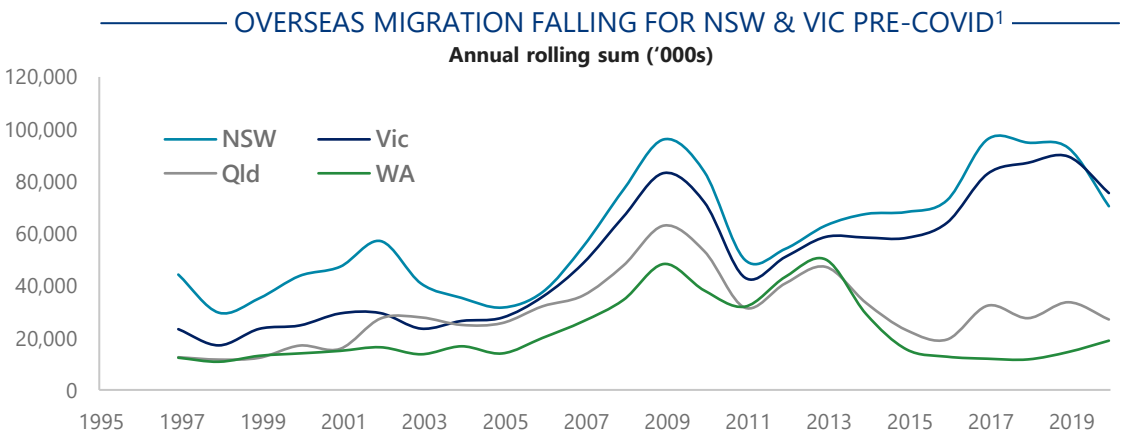
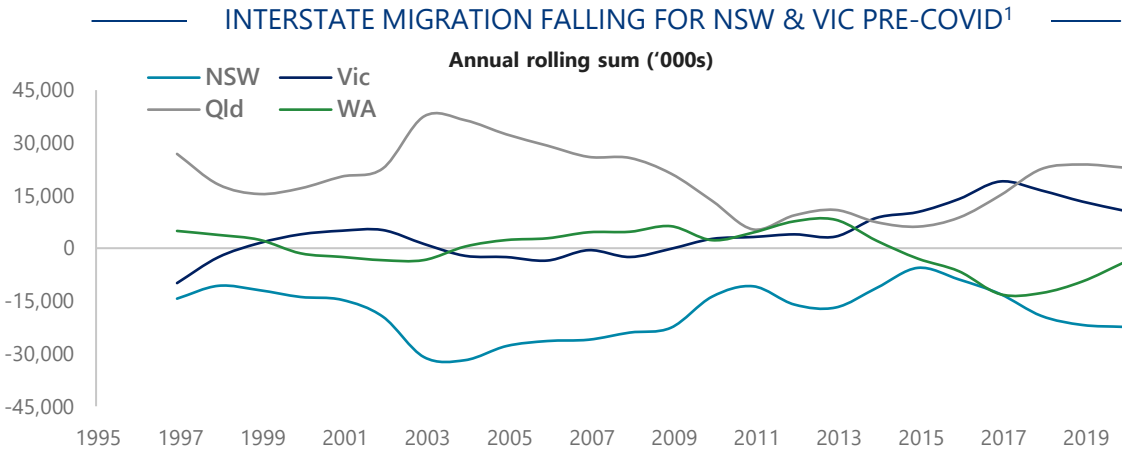
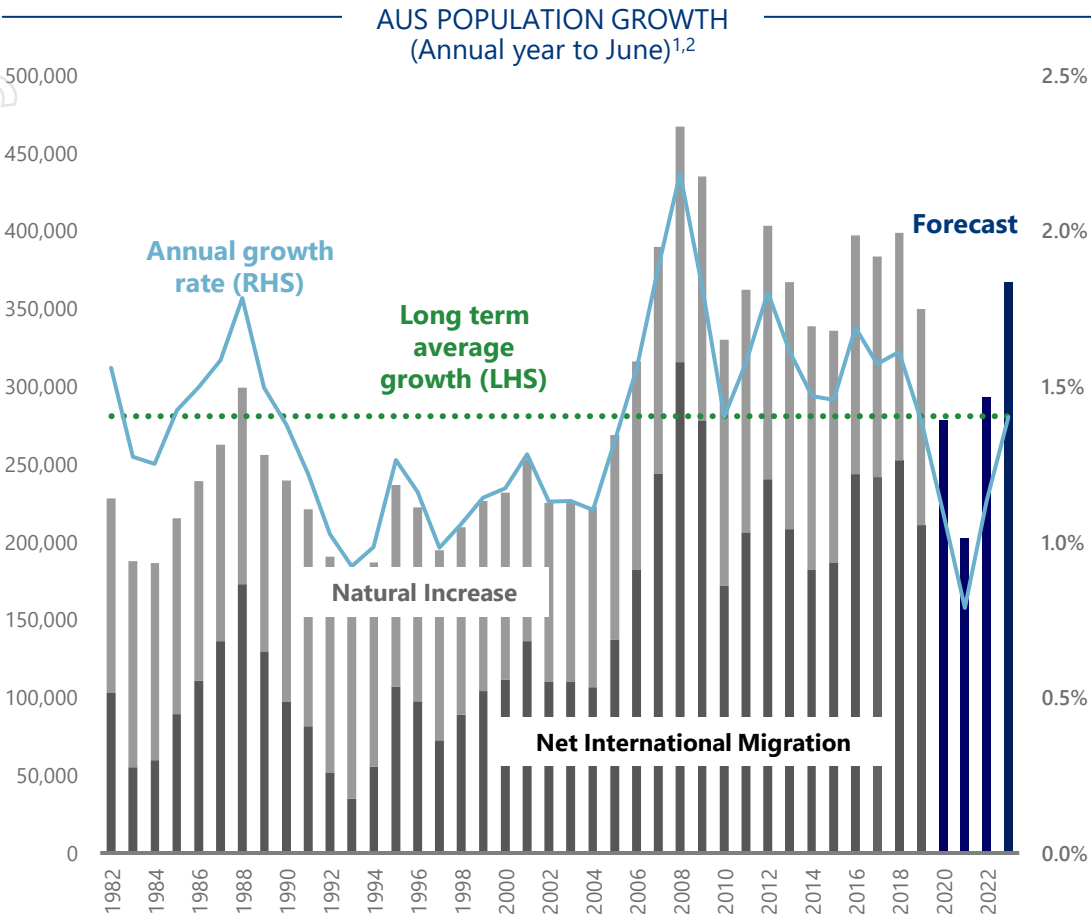


# Online retail will grow, supported by continued investment by multichannel retailers



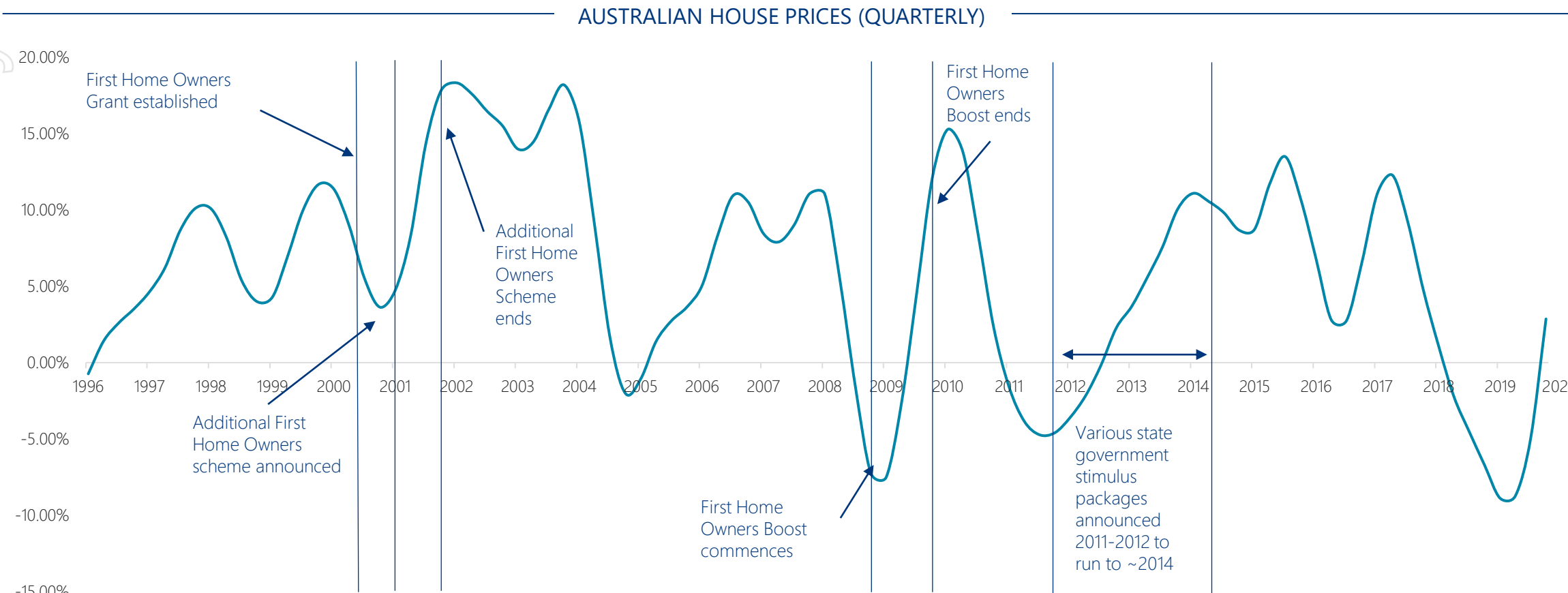
1. ABS 8501.0 - Retail Trade, Australia, May 2020 ; Stockland Strategy & Research.

# Population growth hit heavily by COVID-19 and forecast to be weak until 2022



1. ABS 3101.0 - Australian Demographic Statistics, December 2019.  
2. Deloitte Access Economics Business Outlook June 2020.

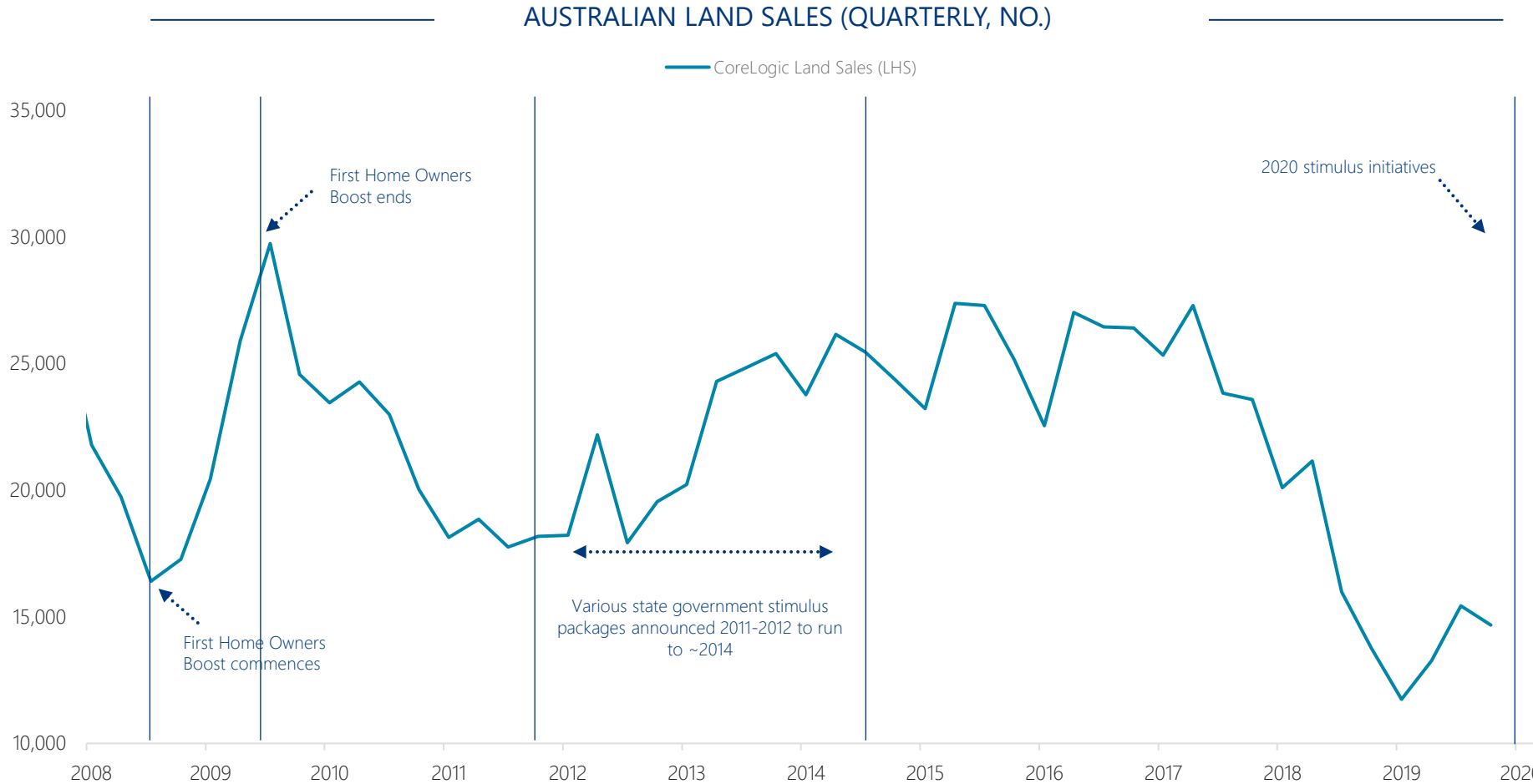
# Government stimulus is a highly effective lever



Source: CoreLogic, Stockland Research.

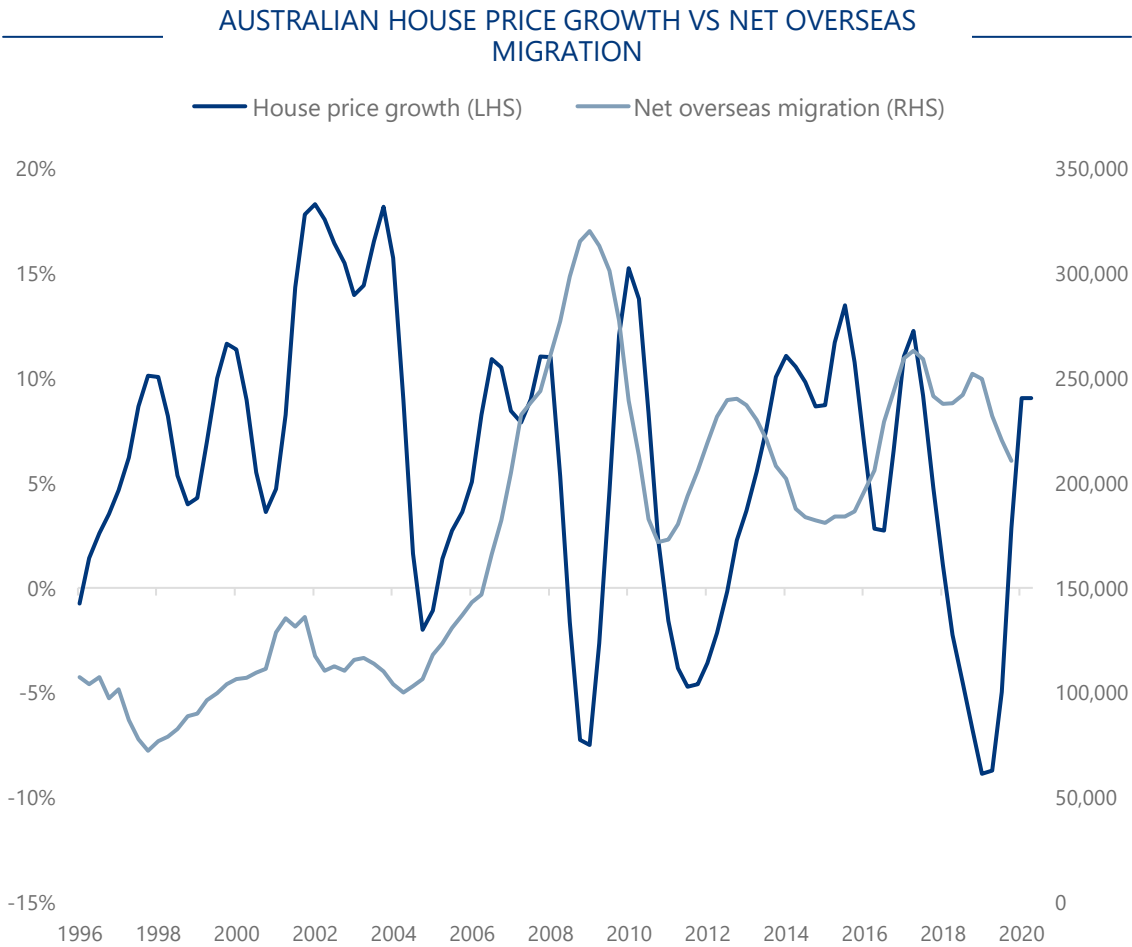
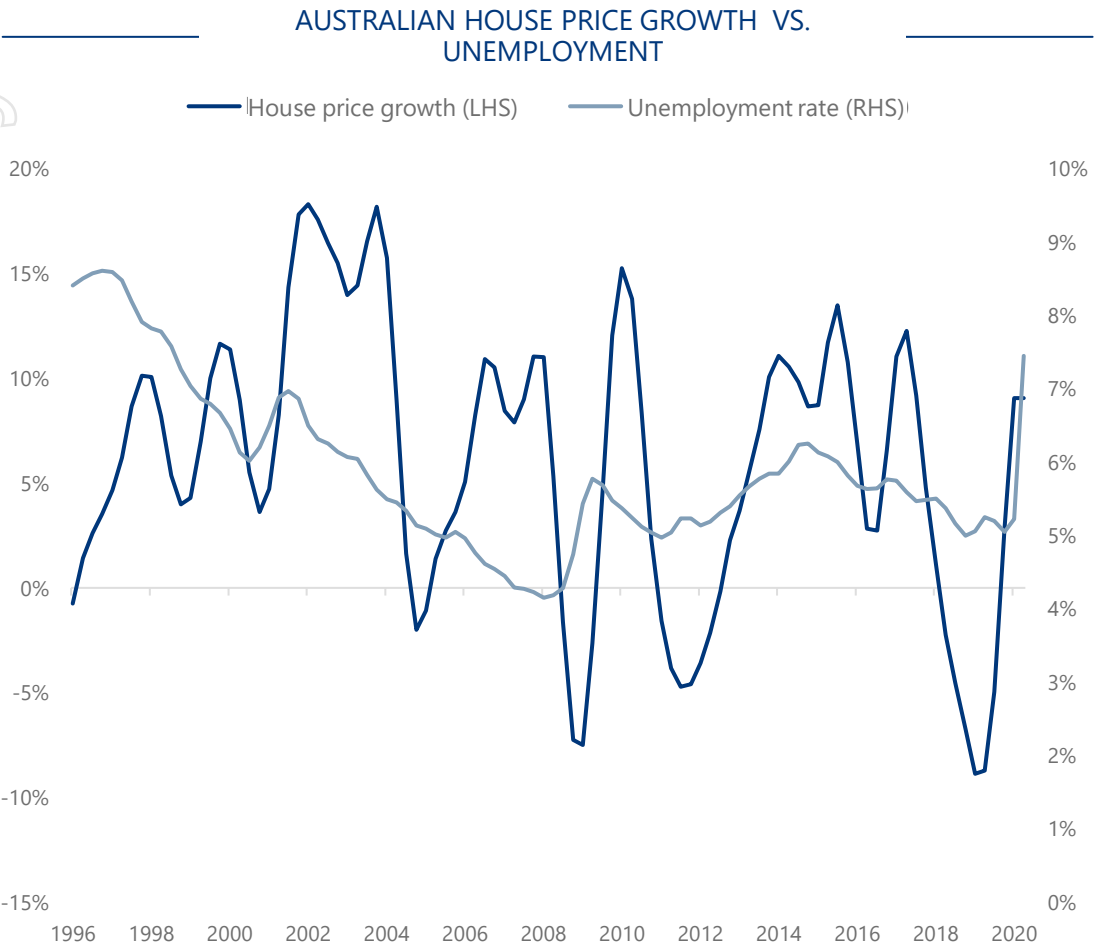


# Government stimulus is a highly effective lever



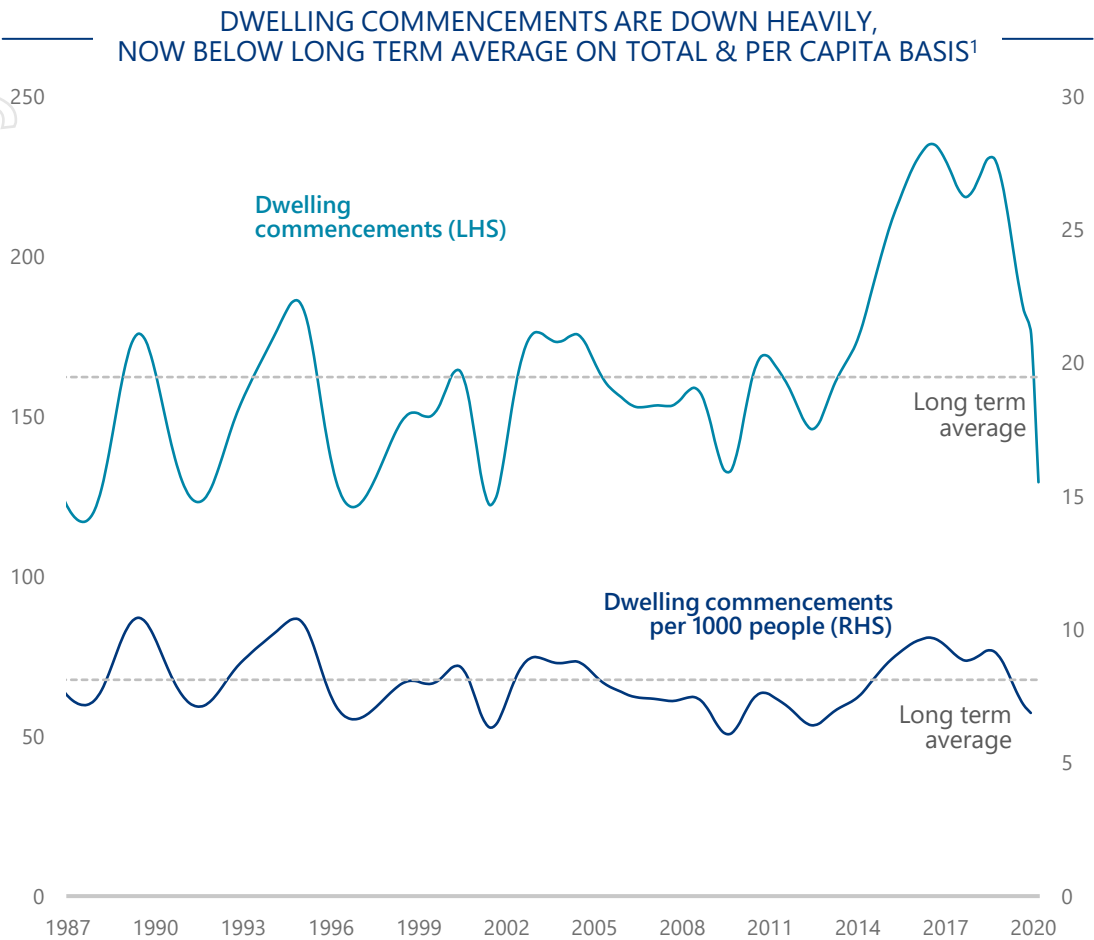
Source: CoreLogic, Stockland Research.

# Longer term residential drivers – labour market and migration

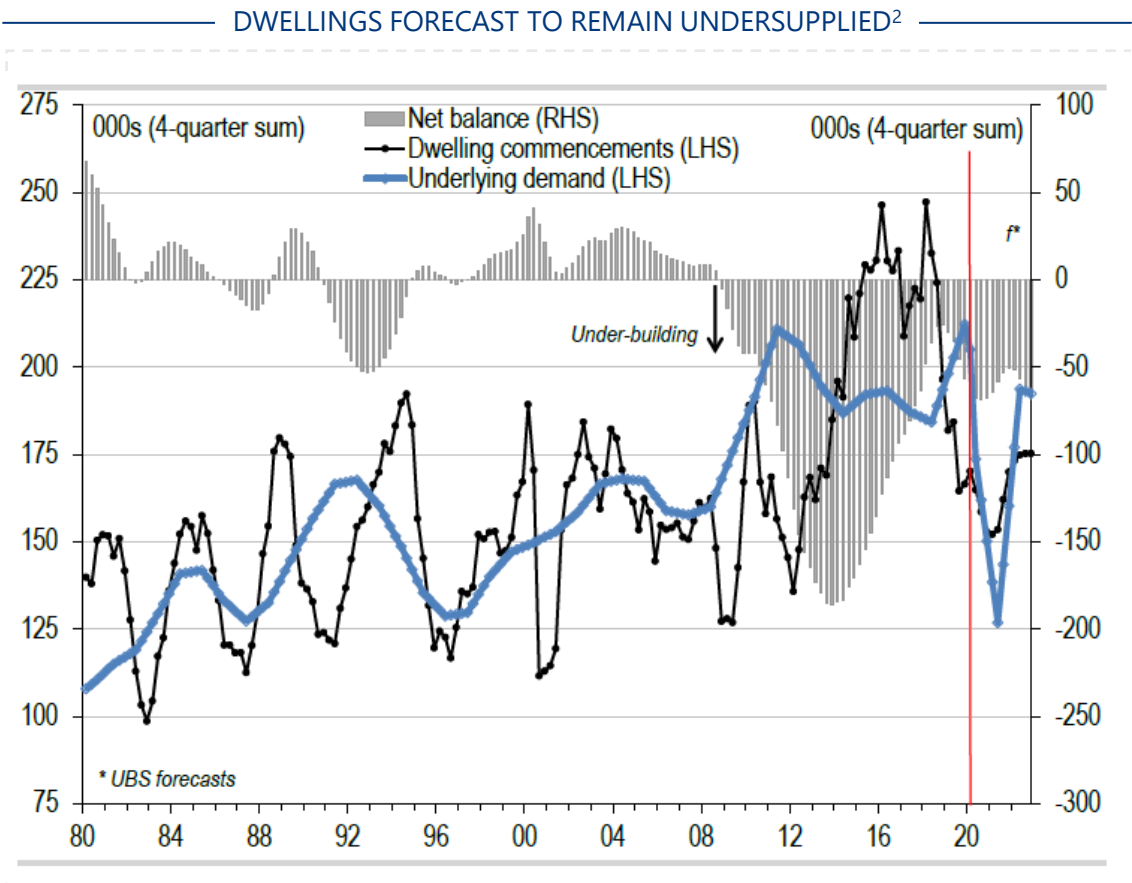


Source: CoreLogic, ABS.

# Dwelling commencements weak, undersupply to persist

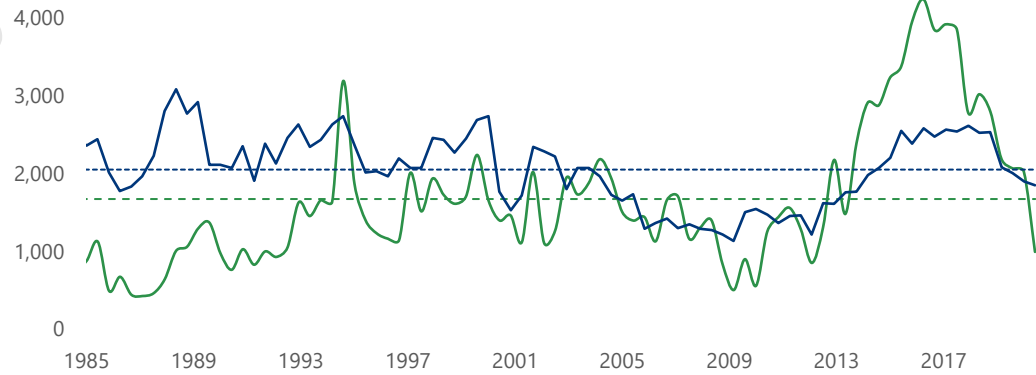


1. ABS 8752.0 - Building Activity, Australia, March 2020, 3101.0 - Australian Demographic Statistics, Dec 2019, Stockland Research.  
2. UBS Economics, June 2020.

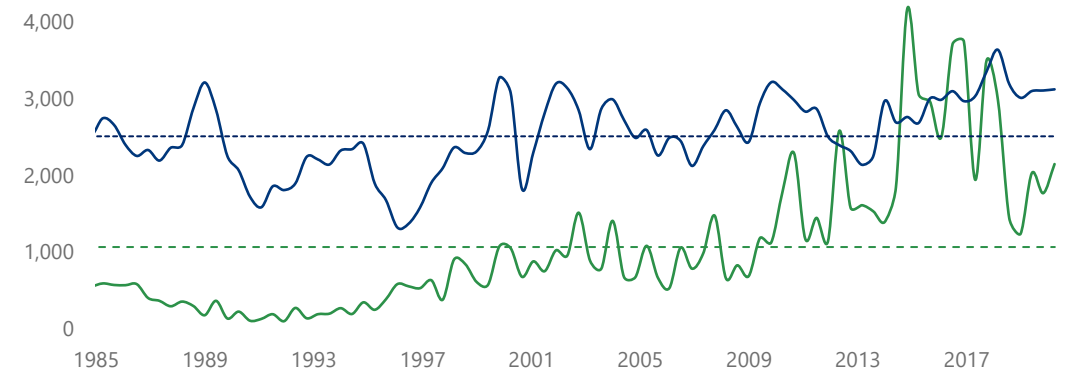


# National building approvals

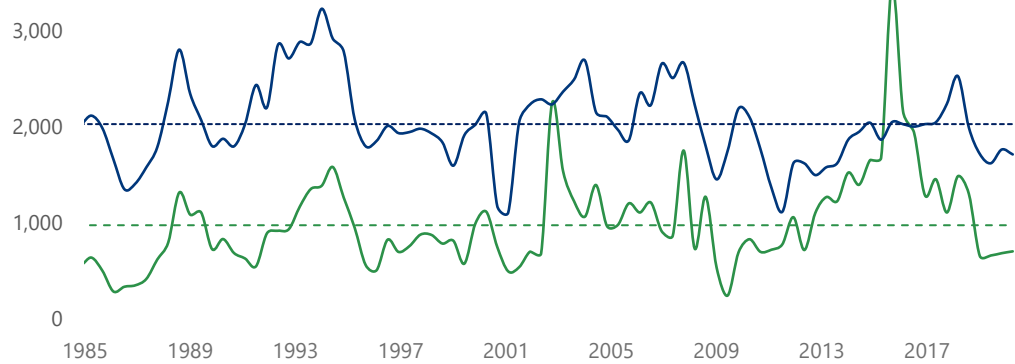
NSW DWELLING APPROVALS<sup>1</sup>



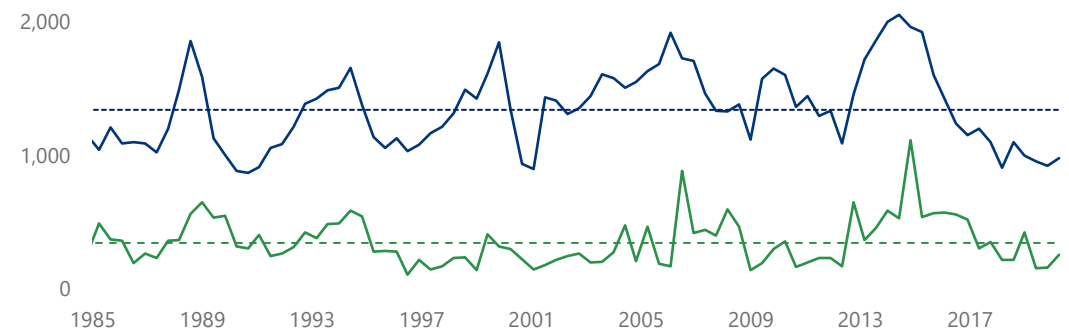
VIC DWELLING APPROVALS



QLD DWELLING APPROVALS



WA DWELLING APPROVALS



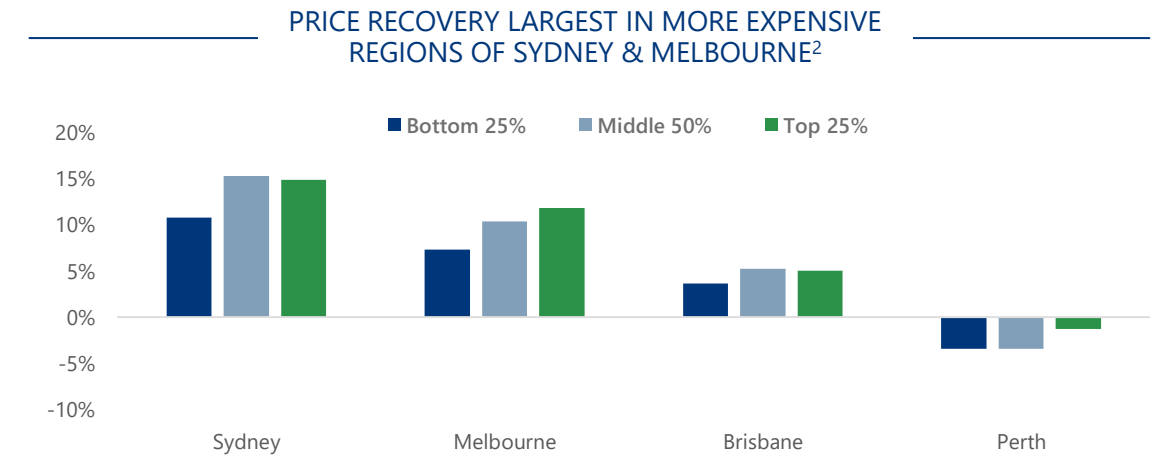
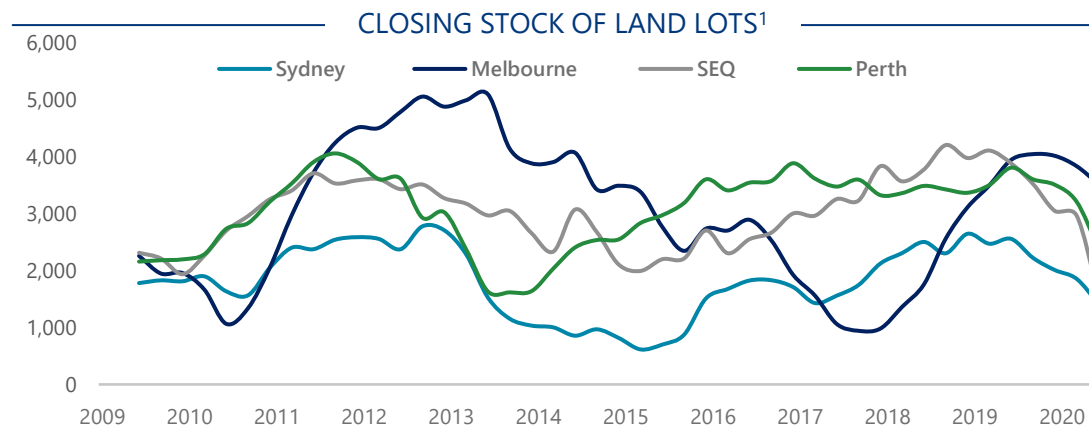
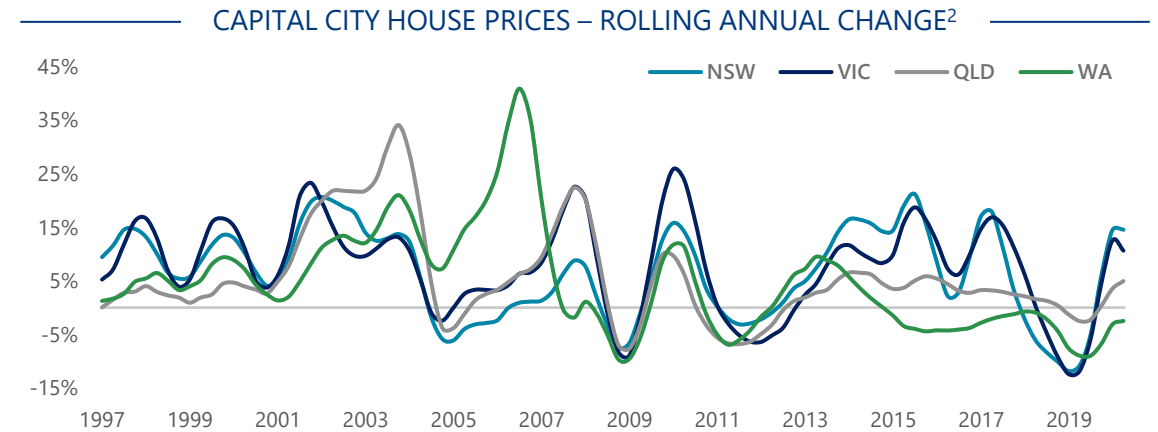
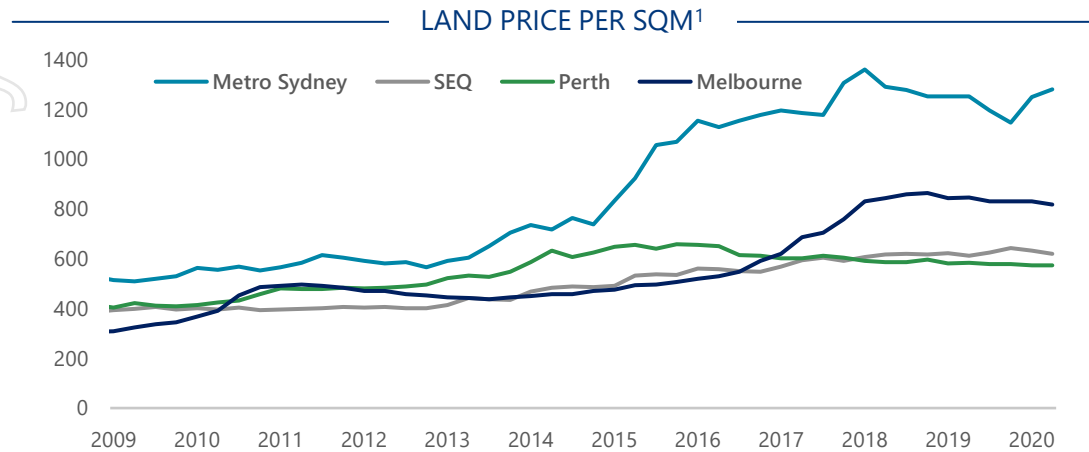
House

Apartment

1. ABS 8731.0 – Building Approvals, June 2020.

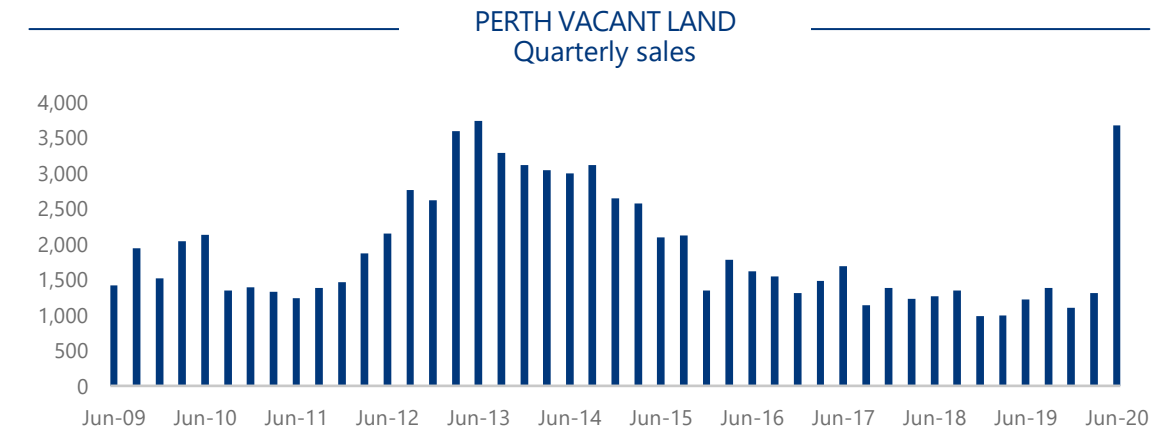
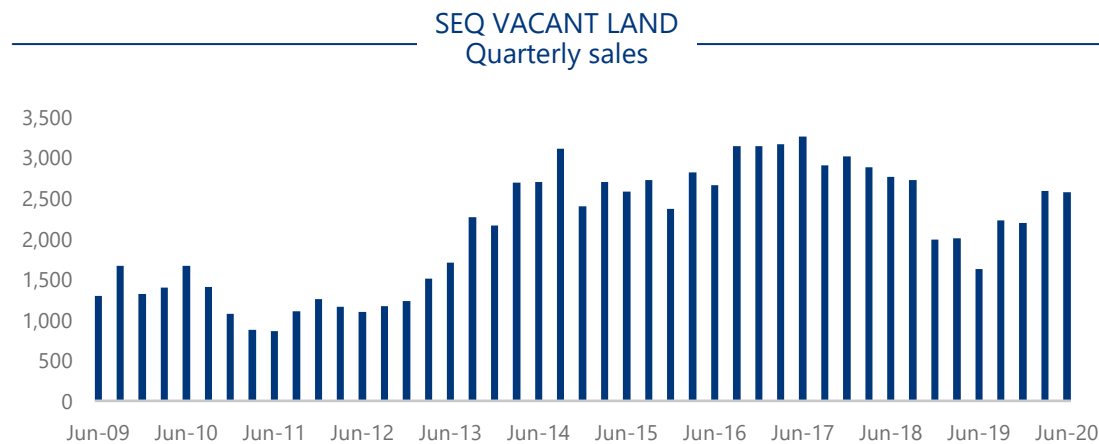
# National house and land prices

Prices held relatively well in June quarter for both houses and land



1. National Land Survey June Qtr. 2020, Research4.  
 2. CoreLogic June 2020.

# Vacant land sales up across the country in June<sup>1</sup>

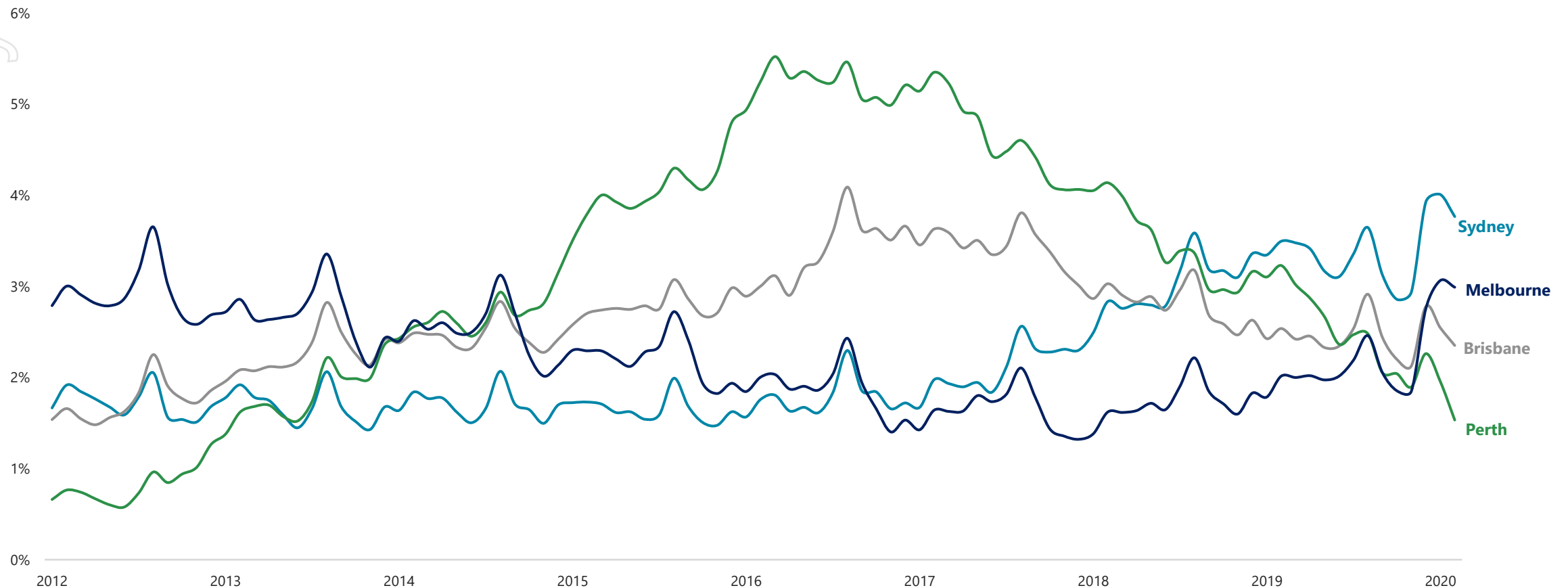


1. National Land Survey June Qtr. 2020, Research4.



# Residential vacancy rates

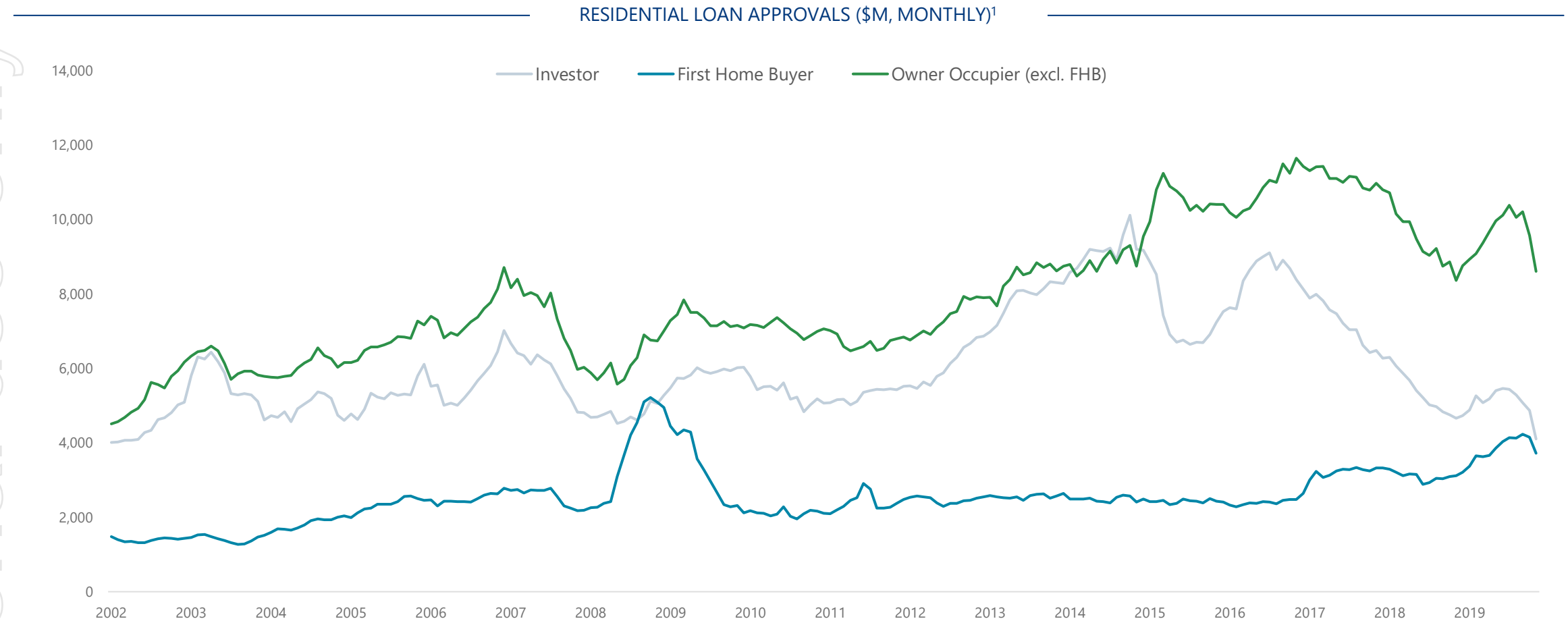
Rental vacancy rates<sup>1</sup> moving down across the country



1. SQM Research June 2020.

# Housing finance

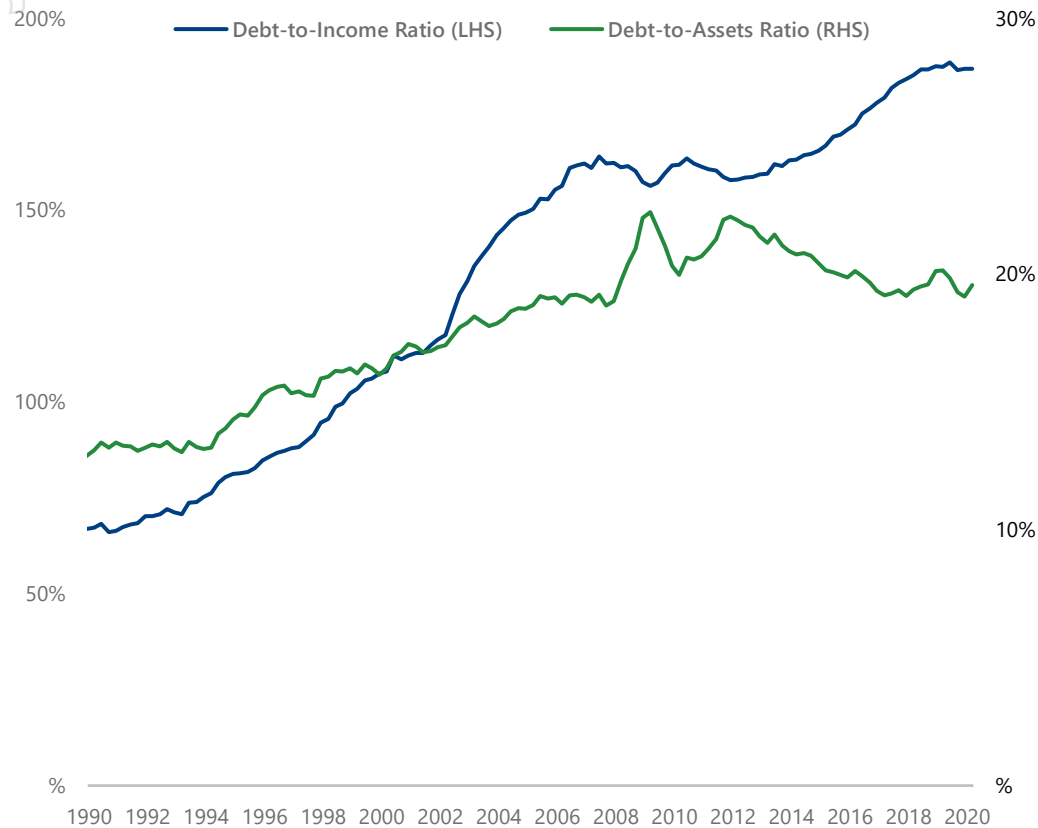
Heaviest falls in lending for investors, with first-home buyer lending holding up best since COVID-19



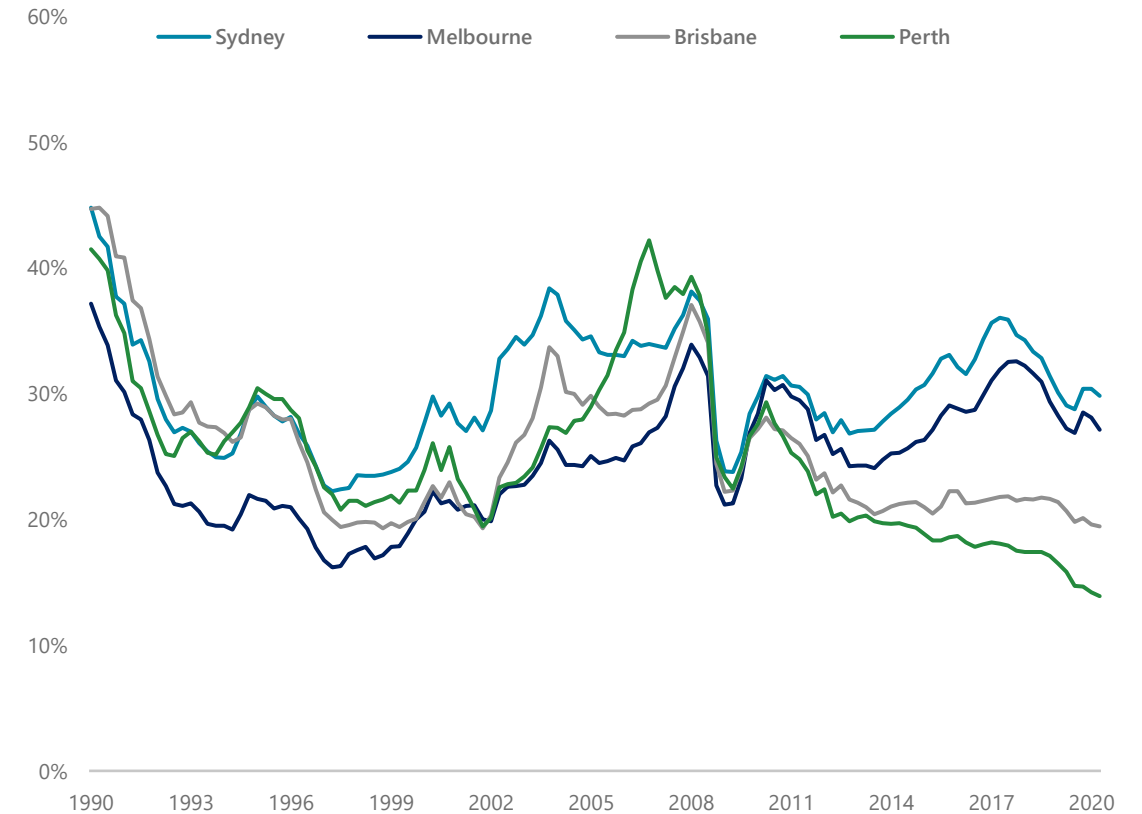
1. ABS Lending Indicators May 2020, Cat. No. 5601.0.

# Household affordability improves as prices and mortgage rates fall while wages grow

HOUSEHOLD DEBT-TO-ASSET AND DEBT-TO-INCOME RATIOS EASED IN SECOND HALF 2019<sup>1</sup>



MORTGAGE REPAYMENTS AS % OF HOUSEHOLD INCOME<sup>2</sup>



1. RBA, ABS.  
 2. ABS, RBA, CoreLogic, Stockland Research.



## **Stockland Corporation Limited**

ACN 000 181 733

Stockland Trust Management Limited

ACN 001 900 741; AFSL 241190

As responsible entity for Stockland Trust

ARSN 092 897 348

LEVEL 25

133 Castlereagh Street

SYDNEY NSW 2000

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