



# 1H21 Annexure

25 February 2021



Stockland



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# Stockland quick facts

TRUST – \$9.6bn<sup>1</sup>

CORPORATION – \$4.6bn<sup>2,4</sup>

STOCKLAND SHELLHARBOUR, NSW



## RETAIL TOWN CENTRES

**39%** portfolio weighting<sup>3</sup>

**27** assets<sup>4</sup>

Ownership interests valued at **\$5.6bn**

PICCADILLY COMPLEX, NSW



## WORKPLACE

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

**4** assets

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

WARWICK FARM, NSW



## LOGISTICS

**24%** portfolio weighting<sup>3</sup>

**27** assets

Ownership interests valued at **\$3.0bn**

HIGHLANDS, VIC



## RESIDENTIAL

**22%** portfolio weighting<sup>3</sup>

Around **81,000** lots remaining

Net funds employed **\$2.0bn**  
End market value **\$21.7bn**

MERENDA RETIREMENT VILLAGE, VIC



## RETIREMENT LIVING

**8%** portfolio weighting<sup>3</sup>

**60<sup>5</sup>** Established Villages  
**2** Aspire Villages  
**2** Land Lease Communities

Book value **\$1.2bn**

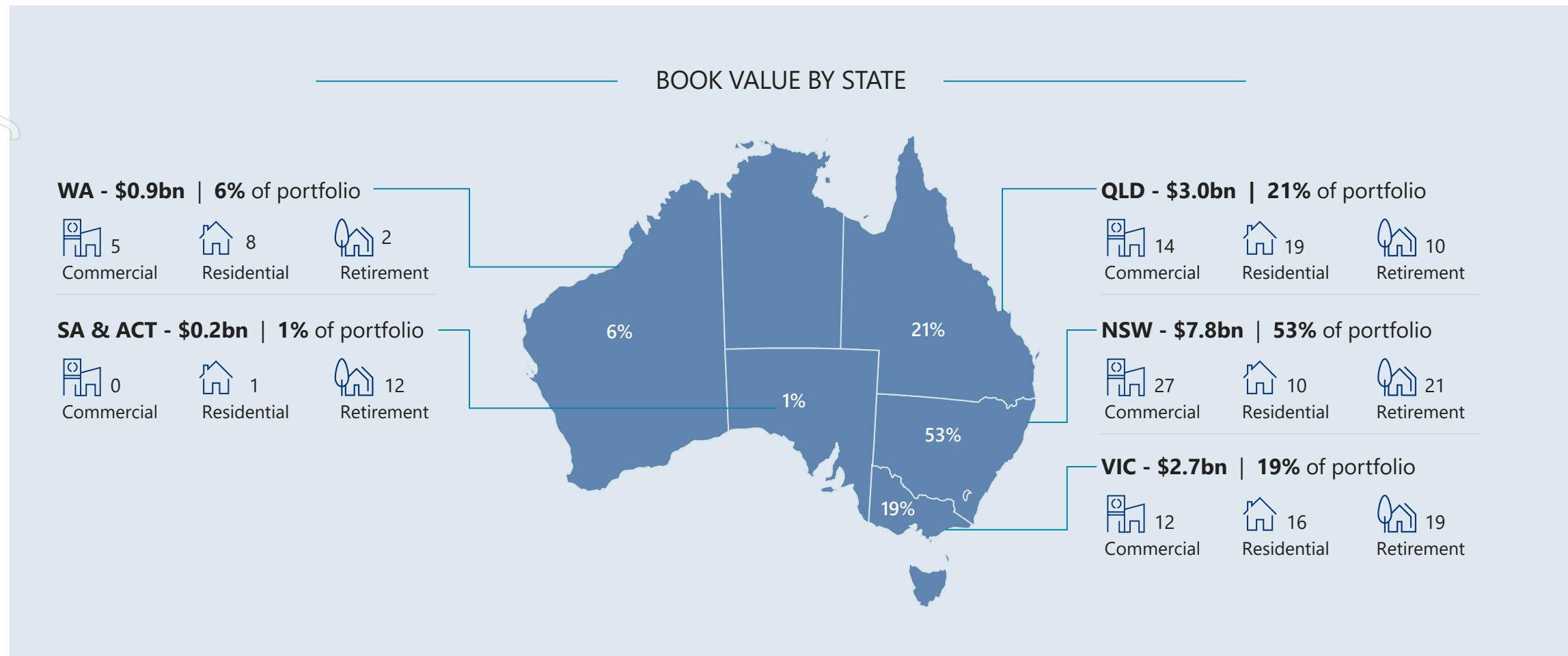
1. Excludes WIP and sundry properties of \$0.4bn.
2. Includes Residential book value of \$3.2bn and Retirement Living book value of \$1.2bn.
3. Includes WIP and sundry properties of \$0.5bn.
4. Includes one retail asset of \$0.1bn which is held by the Corporation
5. Includes future development pipeline.

# Strategic mix

		ASSETS		OPERATING PROFIT	
Recurring	Target	1H21	1H20	1H21	1H20
Commercial Property		69%	69%	63%	68%
Retirement Living		6%	7%	9%	4%
Unallocated corporate overheads		-	-	(4)%	(3)%
<b>Total recurring</b>	<b>70 – 80%</b>	<b>75%</b>	<b>76%</b>	<b>68%</b>	<b>69%</b>
Trading	Target	1H21	1H20	1H21	1H20
Residential		22%	22%	35%	34%
Retirement Living		2%	2%	-	1%
Commercial Property		1%	-	-	-
Unallocated corporate overheads		-	-	(3)%	(4)%
<b>Total trading</b>	<b>20 – 30%</b>	<b>25%</b>	<b>24%</b>	<b>32%</b>	<b>31%</b>



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



1. Includes WIP & sundry properties of \$0.4bn.

2. RL established and development assets at same location are treated as a single property/project.

Note – Percentages may not add due to rounding.





# Financial results and capital management

Annexure



Stockland



# Profit summary

\$m	1H21	1H20	CHANGE
Residential Communities EBIT (before interest in COGS)	172	208	(17.2)%
Commercial Property EBIT	280	301	(7.0)%
Retirement Living EBIT	38	20	87.6%
<b>Consolidated segment EBIT</b>	<b>490</b>	<b>529</b>	<b>(7.4)%</b>
Amortisation of lease fees	6	7	(16.7)%
Unallocated corporate overheads	(28)	(27)	(2.9)%
<b>Group EBIT (before interest in COGS)</b>	<b>468</b>	<b>509</b>	<b>(8.1)%</b>
Net interest expense:			
- Interest income	1	1	18.2%
- Interest expense	(102)	(110)	7.4%
- Interest capitalised to inventory	49	57	(13.0)%
- Interest capitalised to investment properties under development	8	4	79.1%
<b>Net interest in Profit &amp; Loss before capitalised interest expensed</b>	<b>(44)</b>	<b>(48)</b>	<b>9.0%</b>
<b>Capitalised interest expensed in Profit &amp; Loss<sup>1</sup></b>	<b>(38)</b>	<b>(77)</b>	<b>50.2%</b>
Net interest expense	(82)	(125)	34.4%
<b>Funds from operations</b>	<b>386</b>	<b>384</b>	<b>0.4%</b>
Statutory profit adjustments	(36)	120	(128.4)%
<b>Statutory profit</b>	<b>350</b>	<b>504</b>	<b>(30.4)%</b>

1. Higher capitalised interest expensed in Profit & Loss in the prior period is driven by the capital partnering transaction of Aura (QLD).

# Net interest gap

\$m	1H21			1H20		
	Interest	Deferred interest	Total	Interest	Deferred interest	Total
<b>Interest income</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>
<b>Interest expense</b>	<b>81</b>	<b>21</b>	<b>102</b>	<b>95</b>	<b>15</b>	<b>110</b>
Less: capitalised interest						
- Commercial Property development projects	(7)	-	(7)	(3)	-	(3)
- Residential	(28)	(21)	(49)	(42)	(15)	(57)
- Retirement Living	(1)	-	(1)	(1)	-	(1)
<b>Total capitalised interest</b>	<b>(36)</b>	<b>(21)</b>	<b>(57)</b>	<b>(46)</b>	<b>(15)</b>	<b>(61)</b>
<b>Sub-total: Borrowing cost in P&amp;L</b>	<b>44</b>	<b>-</b>	<b>44</b>	<b>48</b>	<b>-</b>	<b>48</b>
Add: capitalised interest expensed in P&L <sup>1</sup>	38	-	38	77	-	77
<b>Total interest expense in P&amp;L</b>	<b>82</b>	<b>-</b>	<b>82</b>	<b>125</b>	<b>-</b>	<b>125</b>

## DEFERRED INTEREST

- 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 \$36m (1H20: \$74m) and Retirement Living \$2m (1H20: \$3m). This differs to statutory reporting by \$2m (1H20: \$3m) as interest expense in Retirement Living is reported through fair value adjustment of investment properties.

Note: Higher capitalised interest in COGS in prior period was driven by the capital partnering transaction of Aura (QLD).



# Return on assets, return on equity

KEY METRICS	CY20			CY19		
	Cash profit (\$m)	Avg. cash invested (\$bn)	Return	Cash profit (\$m)	Avg. cash invested (\$bn)	Return
Retail Town Centres	305	5.3	5.8%	412	5.4	7.7%
Logistics	154	2.2	7.1%	160	2.1	7.7%
Workplace	56	0.8	6.6%	48	0.6	7.7%
Residential – core	458	2.0	22.8%	463	2.2	20.9%
Retirement Living	85	1.2	6.9%	61	1.4	4.5%
<b>Core business ROA (sub-total)</b>	<b>1,058</b>	<b>11.5</b>	<b>9.2%</b>	<b>1,144</b>	<b>11.7</b>	<b>9.8%</b>
Residential – workout <sup>1</sup>	(4)	0.1	(2.6)%	(2)	0.2	(1.2)%
Unallocated overheads & other income	(57)	-	-	(56)	-	-
<b>Group ROA</b>	<b>997</b>	<b>11.6</b>	<b>8.5%</b>	<b>1,086</b>	<b>11.9</b>	<b>9.2%</b>
Net interest/net debt	(152)	(4.1)	3.7%	(187)	(4.3)	4.4%
<b>Group ROE</b>	<b>845</b>	<b>7.5</b>	<b>11.2%</b>	<b>899</b>	<b>7.6</b>	<b>11.9%</b>
<b>Group ROE (excl. workout)</b>	<b>849</b>	<b>7.4</b>	<b>11.4%</b>	<b>901</b>	<b>7.4</b>	<b>12.2%</b>

1. Includes all impaired projects.

# Reconciliation between return on equity table values and accounting results

## RECONCILIATION OF GROUP RETURN IN ROE CALCULATION TO FFO

\$m	CY20	CY19
Cash return	845	899
Capitalised interest expensed in COGS	(96)	(145)
Capitalised interest for the year <sup>1</sup>	78	97
Add-back impairment release in COGS	9	32
CP straight-line rent and other	(9)	(9)
<b>FFO</b>	<b>827</b>	<b>874</b>

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

\$bn	AVERAGE FOR CY20	AVERAGE FOR CY19
Group capital employed (net assets)	7.5	7.6
Commercial Property revaluations	2.1	2.6
Residential Communities capitalised interest	0.4	0.4
Residential Communities impairment	(0.1)	(0.2)
Retirement Living DMF revaluations	0.1	0.2
Distribution provision and non-cash working capital	(0.4)	(0.5)
<b>Statutory net assets (average for the period)</b>	<b>9.6</b>	<b>10.1</b>

1. Excludes deferred interest.



# Total sales, general and administration costs

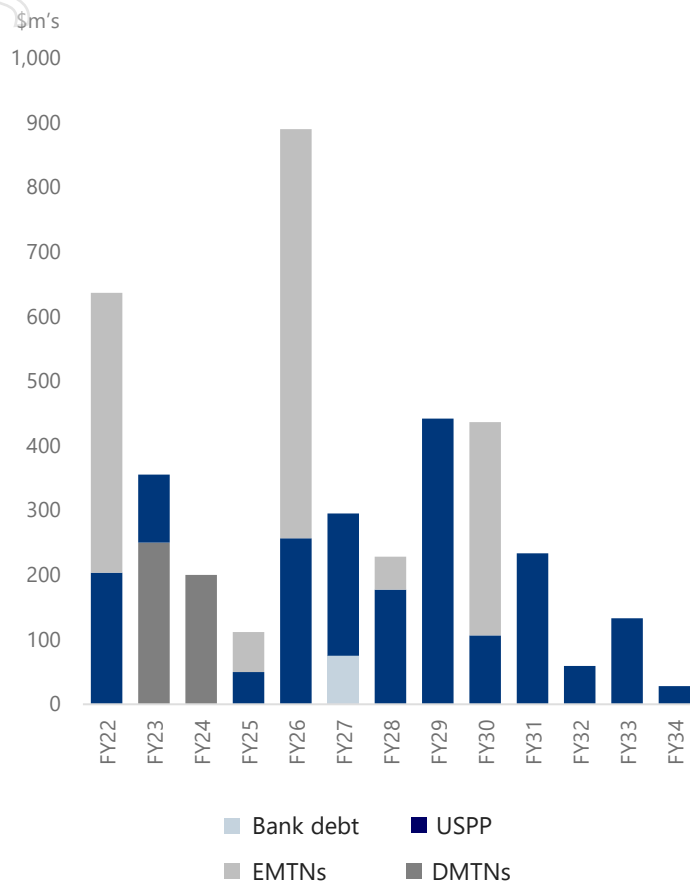
\$m	1H21	1H20
Residential	88	90
Retirement Living	20	17
Commercial Property	11	7
Unallocated corporate overheads	28	27
Total sales, general and administration costs <sup>1</sup>	147	141

- Cost saving initiatives offset by incremental insurance costs and timing of spend

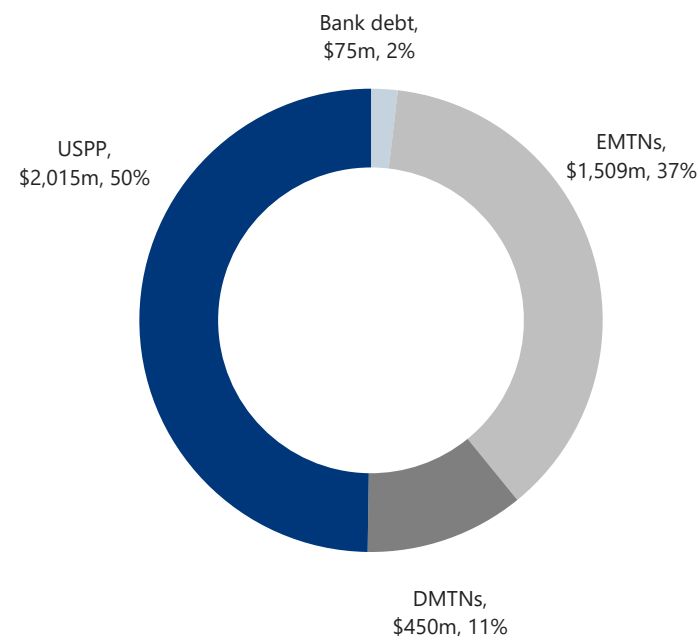
1. Net of recoveries, costs capitalised to development projects and property management fee income.

# Long dated, diverse debt

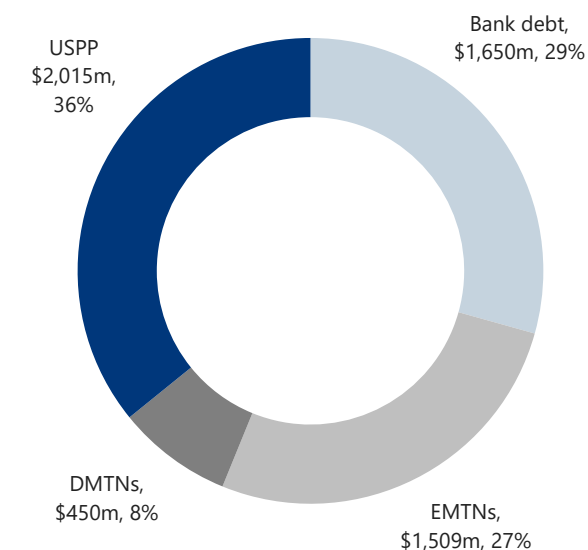
LONG DATED DRAWN DEBT MATURITY PROFILE  
(WADM 5.6 YEARS)<sup>1</sup>



DRAWN DEBT OF \$4.0bn<sup>1</sup>



COMMITTED FACILITIES OF \$5.6bn<sup>1</sup>



1. Face value as at 31 December 2020. Excludes bank guarantees of \$395 million.

# Cost of debt and hedge profile

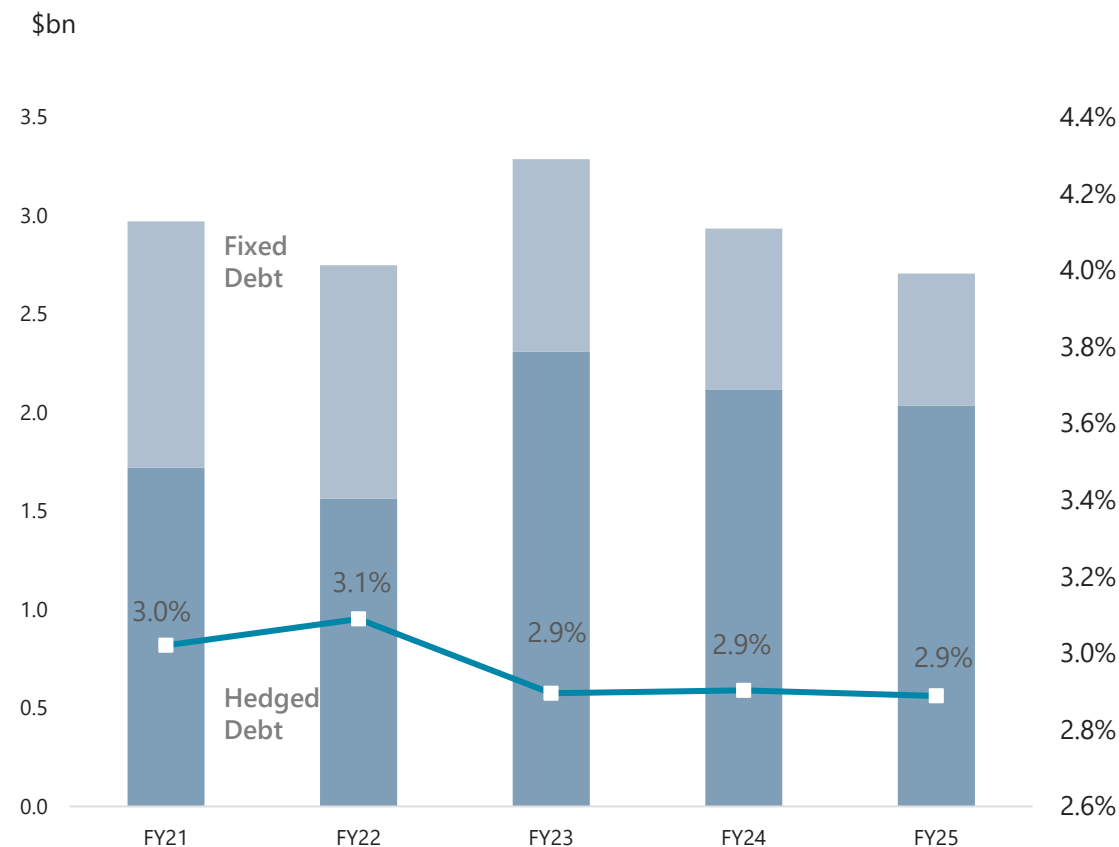
## COST OF DEBT FOR 1H21

	DEBT <sup>1</sup>	TOTAL DEBT <sup>2</sup>	INTEREST RATE
Hedged debt	\$2,939m	69%	2.1%
Floating debt	\$1,318m	31%	-
<b>Total debt</b>	<b>\$4,257m</b>		<b>2.1%</b>
Margin			1.3%
Fees			0.3%
<b>All-in cost of funds for 1H21</b>			<b>3.7%</b>



1. Represents average debt balance over 1H21. Balances at 31 December 2020 were hedged debt: \$3,056m and floating debt: \$994m.
2. Average % for 1H21.
3. Refers to fixed note debt x fixed rate hedges, excluding fees and margins.

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



# Covenant calculations

AT 31 DECEMBER 2020	STATUTORY BALANCE SHEET \$m	ADJUSTMENTS \$m	GEARING COVENANT BALANCE SHEET \$m
<b>Assets</b>			
Cash	434	-	434
Real estate related assets	14,581	-	14,581
Retirement Living Gross-Up	2,446	(2,446) <b>B</b>	-
Intangibles	183	(183)	-
Other financial assets	394	(383) <b>A</b>	11
Other assets	374	-	374
<b>Total assets</b>	<b>18,412</b>	<b>(3,012)</b>	<b>15,400</b>
<b>Financial indebtedness</b>			
Borrowings	(4,410)	375 <b>A</b>	(4,035)
Other financial liabilities	(359)	359	-
Other liabilities <sup>1</sup>	(71)	-	(71)
<b>Total Financial Indebtedness</b>	<b>(4,840)</b>	<b>734</b>	<b>(4,106)</b>

## 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>
31 December 2020	6.4:1	26.7%	24.2%
30 June 2020	6.1:1	27.9%	25.4%

1. Represents operating leases, bank guarantees and insurance bonds and borrowing costs.  
 2. Debt = adjusted interest bearing debt (\$4,035m) + transaction cost (\$14m) - cash \$434m. TTA=total tangible asset \$15,400m - cash \$434m.



# Stockland Corporation income tax reconciliation

	1H21	1H20
<b>Net profit before tax</b>	<b>312</b>	<b>516</b>
Less: Trust profit and Intergroup eliminations	(266)	(499)
Corporation profit/(loss) before tax	<b>B</b> 46	17
Prima facie tax expense @ 30%	(14)	(5)
<b>Tax effect of permanent differences:</b>		
Non-deductible expenses for the period	-	(7)
Other deductible expenses for the current period	5	-
Over recognised DTL in prior years	46	-
Tax losses recognised during the period	1	-
<b>Tax benefit/(expense)</b>	<b>A</b> 38	(12)
Effective tax rate ( <b>A</b> / <b>B</b> ) <sup>1</sup>	(83)%	70%
Effective tax rate (excluding benefit from tax losses recognised)	(80)%	70%

1. The effective tax rate in the current period is driven by the recognition of previously unrecognised deferred tax relating to the increase in cost base of three recently developed retirement living villages. Ignoring this non-recurring item, the effective tax rate for the current period is 33%. The effective tax rate in 1H20 is higher than the corporate rate of 30% primarily due to the impairment of goodwill. Ignoring this, the effective tax rate for the prior period was 34%.



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ARTIST IMPRESSION WALKER STREET, NSW

# Commercial Property

## Annexure



Stockland



# Portfolio weightings

## Commercial Property

ASSETS BY BOOK VALUE

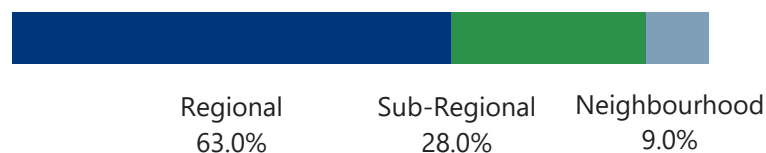
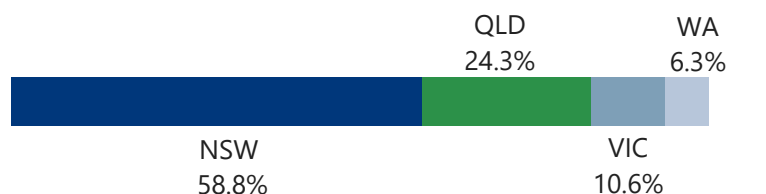
### \$9.7bn<sup>1</sup>



#### Retail Town Centres - \$5.7bn

(\$5.9bn under management)

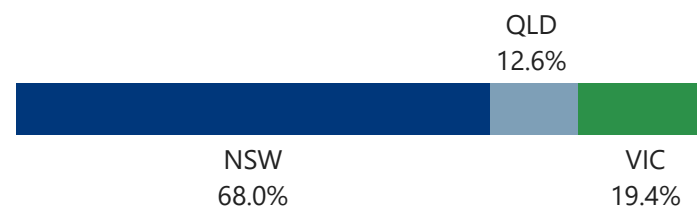
27 properties | 958,932sqm gla<sup>2</sup>



#### Logistics - \$3.0bn

(\$3.3bn under management)

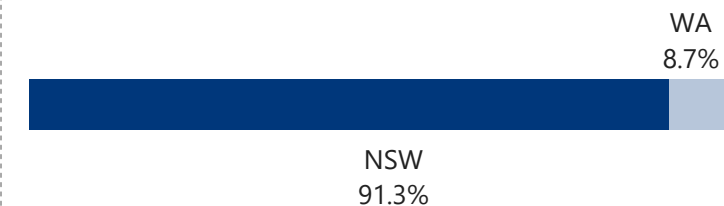
27 properties | 1,349,840 sqm gla<sup>2,3</sup>



#### Workplace - \$1.0bn

(\$1.0bn under management)

4 properties | 89,823 sqm nla



BOOK VALUE MOVEMENT (\$bn)	30 JUNE 2020	ACQUISITIONS AND DEVEX	REVALUATIONS	DISPOSAL	31 DECEMBER 2020
Commercial Property	9.9	0.1	-	(0.3)	9.7

1. Excludes WIP and sundry properties of \$0.4bn.
2. Represents 100% owned, joint venture and associates properties.
3. Excludes hardstand and vehicle storage.

# Funds from operations

## Commercial Property

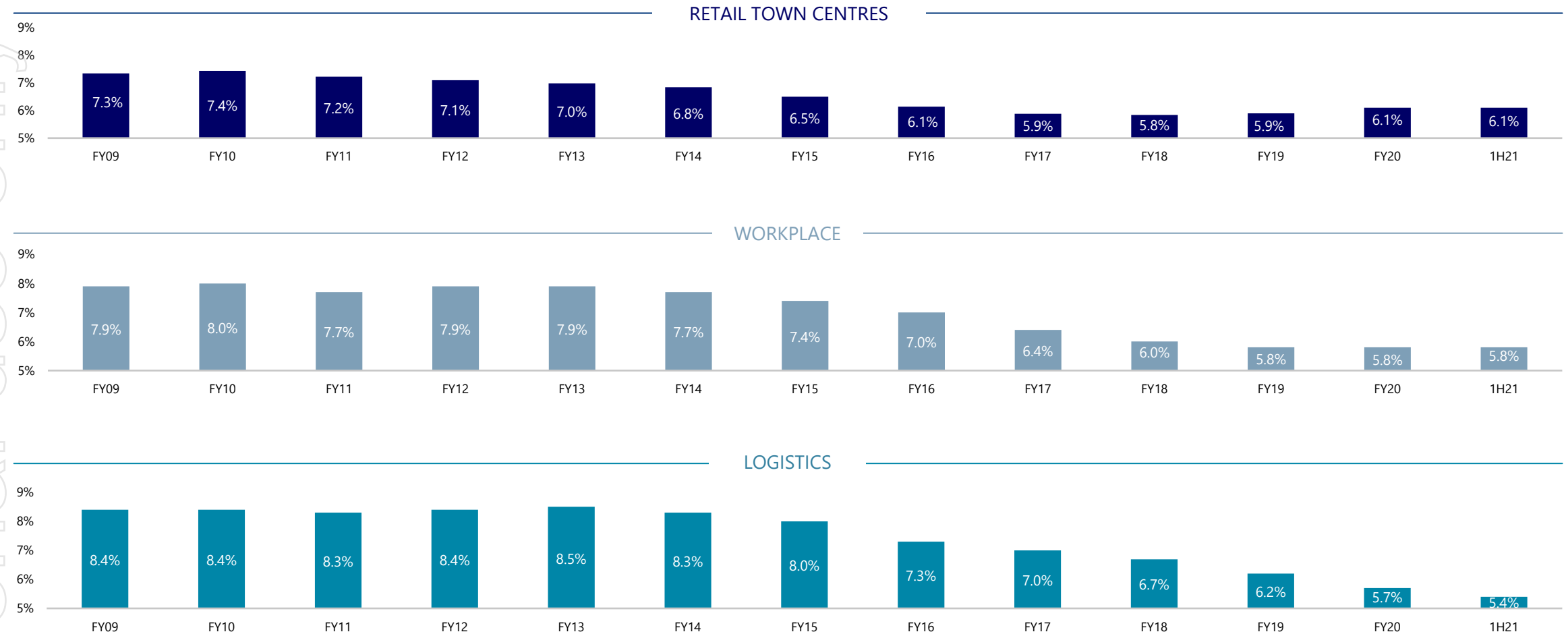
	RETAIL TOWN CENTRES		LOGISTICS		WORKPLACE		NET OVERHEAD COSTS		TOTAL	
\$m	1H21	1H20	1H21	1H20	1H21	1H20	1H21	1H20	1H21	1H20
Operating EBIT	159 <sup>1</sup>	183	68	70	25	21	(10)	(8)	242	266
Adjust for:										
Amortisation of fit out incentives and lease fees	24	27	9	4	4	2	-	-	37	33
Amortisation of rent-free incentives	-	-	4	7	2	3	-	-	6	10
Straight-line rent	2	(1)	-	-	(1)	-	-	-	1	(1)
<b>Funds from operations</b>	<b>185</b>	<b>209</b>	<b>81</b>	<b>81</b>	<b>30</b>	<b>26</b>	<b>(10)</b>	<b>(8)</b>	<b>286</b>	<b>308</b>

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



# Average weighted cap rates over time

## Commercial Property



# Top 10 tenants by income

## Commercial Property

RETAIL TOWN CENTRES			WORKPLACE PORTFOLIO		LOGISTICS PORTFOLIO	
Rank	Tenant	Portfolio	Tenant	Portfolio	Tenant	Portfolio
1	Woolworths	9.3%	Stockland Development Pty Ltd	15.9%	Optus Administration Pty Ltd	10.4%
2	Wesfarmers	5.8%	IBM Australia Ltd	8.3%	Toll Transport Pty Limited	5.9%
3	Coles Supermarkets Australia Pty Ltd	5.0%	Jacobs Group (Australia) Pty Ltd	8.0%	Qube Logistics (SB) Pty Ltd	4.3%
4	Mosaic Group	1.9%	GHD Services Pty Ltd	6.8%	Linfox Pty Ltd	3.6%
5	API (Priceline)	1.6%	The Uniting Church in Australia Property	5.8%	Kmart Australia Limited	3.0%
6	Just Group	1.6%	University of Sydney	5.2%	Downer EDI Services Pty Ltd	2.8%
7	JPL Group	1.4%	Smartgroup Benefits Pty Ltd	4.6%	Australian Wool Handlers	2.8%
8	Cotton on Clothing Pty Ltd	1.3%	Australian Bureau of Statistics	3.4%	Austpac Logistics Pty Ltd	2.6%
9	Retail Apparel Group Pty Ltd	1.3%	Boulay Pty Ltd	2.9%	Daikin Australia Pty Ltd	2.4%
10	Westpac Banking Corporation	1.2%	Energy and Water Ombudsman (NSW) Limited	1.8%	New Aim Pty Ltd	2.2%
<b>Total</b>		<b>30.4%</b>		<b>62.7%</b>		<b>40.0%</b>

# Acquisitions and disposals

## Commercial Property

PROPERTY DISPOSED <sup>1</sup>	ASSET CLASS	SETTLEMENT DATE	DISPOSAL VALUE <sup>2</sup> \$m
North Shore (QLD)	Retail	Jul 2020	16.7
The Pines (VIC)	Retail	Jan 2021	155.0
Caloundra (QLD)	Retail	Dec 2020	97.0
Baulkham Hills (NSW)	Retail	Dec 2020	141.3
Balcatta Distribution Centre (WA)	Logistics	Aug 2020	59.0

PROPERTY ACQUIRED <sup>1</sup>	ASSET CLASS	SETTLEMENT DATE	ACQUISITION VALUE <sup>2</sup> \$m
Willawong – JV with FIFE Capital (QLD)	Logistics	Jul 2020	Not disclosed
Leppington (NSW)	Logistics	Sep 2020	42.0
Truganina (VIC)	Logistics	Jul 2021	60.0
Cranbourne (VIC)	Logistics	Not disclosed	48.0
122 Walker St, North Sydney (NSW)	Workplace	Jul 20	34.5

1. Settled from 1 July 2020.
2. Excludes associated acquisition / disposal costs.

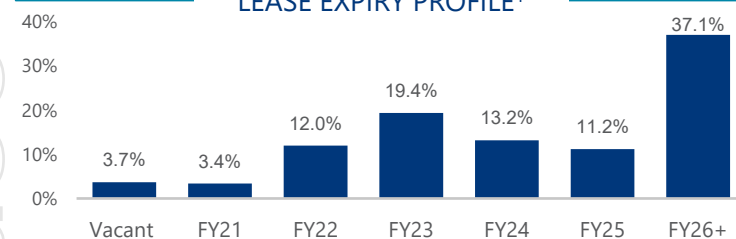
# Performance

## Logistics including Business Parks

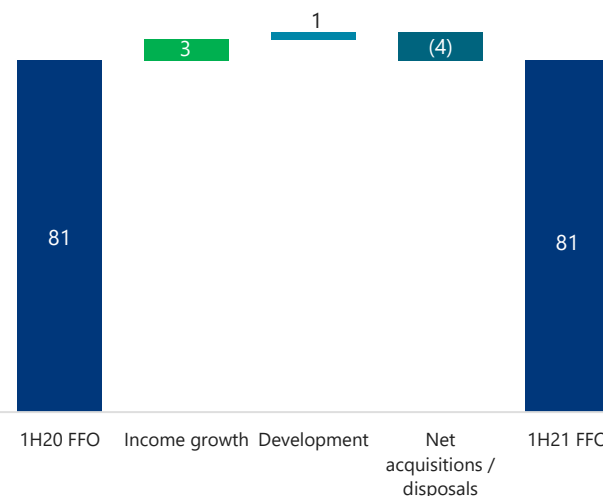
### OCCUPANCY AND LEASE EXPIRY BY INCOME<sup>1</sup>

	1H21	1H20
Occupancy	96.3%	98.3%
WALE	4.8 yrs	5.4 yrs

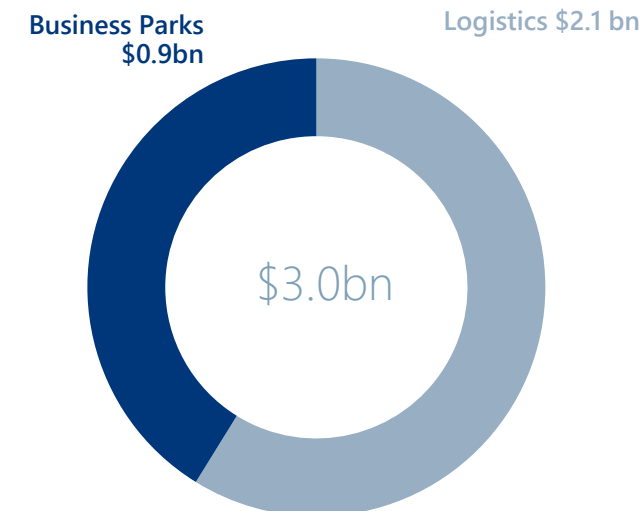
### LEASE EXPIRY PROFILE<sup>1</sup>



### FFO MOVEMENTS BETWEEN 1H20 AND 1H21 <\$1m



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



	TOTAL LEASED <sup>3</sup>			RETENTION <sup>3,4</sup>			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>
<b>Logistics</b>									
<b>Logistics excluding Business Parks</b>	179,889	(2.0)%	9.1%	71,114	(0.5)%	8.5%	108,775	(3.4)%	9.4%
<b>Business Parks</b>	2,130	1.1%	23.6%	935	2.9%	20.9%	1,195	(0.6)%	26.3%

1. Includes executed leases and signed heads of agreement at 31 December 2020.
2. Excludes WIP and sundry properties.
3. Includes executed leases only and represents 100% property ownership.
4. 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.
5. Excludes leases at new developments.
6. Incentives based on net rent.



# Development pipeline

## Workplace and Logistics including Business Parks

	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>
<b>Completed<sup>1</sup></b>								
Willawong Stage 2 (QLD)	Greenfield	~32	25,400	~25	~7	FY21	7.0%	~9% - 10%
Carole Park Stage 1 (QLD)	Greenfield	~35	28,300	~35	~1	FY21	6.0%	~7% - 8%
<b>Under construction</b>								
M_Park Stg 1 Building A (NSW)	Brownfield	~125	16,800 <sup>5</sup>	~7	~117	FY23	6.2%	~8% - 9%
LAND TRADING PROJECTS UNDER CONSTRUCTION		EST. TOTAL INCREMENTAL COST (\$M)	NET SALEABLE AREA (HA)	COST SPENT TO DATE (\$M)	EST. COST TO COMPLETE (\$M)	EST. COMPLETION DATE	NUMBER OF LOTS	OPERATING PROFIT %
Gregory Hills (NSW)	Land trading	~29	11	~7	~22	FY21	37	18.5%
Melbourne Business Park (VIC)	Land trading	~86	61	~6	~81	FY22	44	13.1%
<b>Future pipelines<sup>4,5</sup></b>		~5,600			~5,500			
<b>Total</b>		~5,907			~5,728			

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. Represents Stockland's ownership interest. Includes Richlands (Brisbane, QLD), Kemps Creek (Sydney, NSW), Walker St (Sydney, NSW), Piccadilly (Sydney, NSW), Khartoum Rd (NSW) and other identified projects.

5. Represents Net Lettable Area (NLA).

# Growing and activating the development pipeline

Workplace and Logistics including Business Parks

	COMPLETED	ACTIVE DEVELOPMENT	PLANNING UNDERWAY	FUTURE WAVE
NSW		<div>Gregory Hills</div> <div>M_Park (Stage 1)</div> <div>Optus Centre</div>	<div>M_Park (Stage 2)</div> <div>Piccadilly, Sydney</div> <div>Walker Street Complex, North Sydney</div> <div>Kemps Creek land</div>	<div>Ingleburn (Stage 3)</div> <div>Johnson &amp; Johnson Family of Companies Site</div>
VIC		<div>Melbourne Business Park</div>	<div>Cranbourne West</div> <div>Leakes Rd, Truganina</div>	<div>Altona Industrial Estate</div> <div>Melbourne Business Park (Future stages)</div>
QLD	<div>Willawong (Stage 2)</div> <div>Carole Park (Stage 1)</div>		<div>Yatala (Stage 3)</div> <div>Willawong (Stage 3-5)</div> <div>Richlands</div> <div>Willawong FIFE</div>	

## DA approvals received

- Gregory Hills (NSW) DA received
- M\_Park (NSW) (Stage 1) Building A approved

## Development type

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

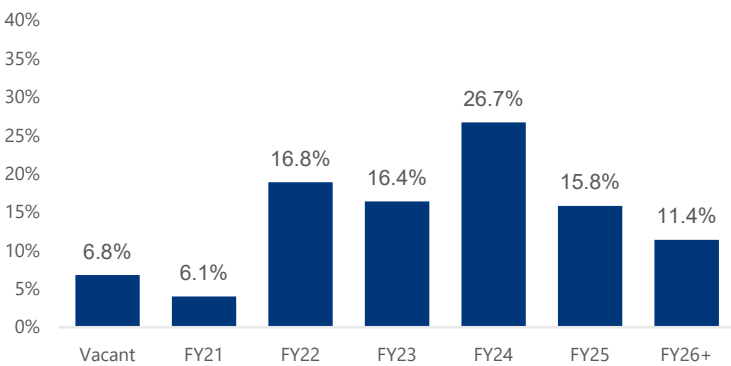
# Performance

## Workplace

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

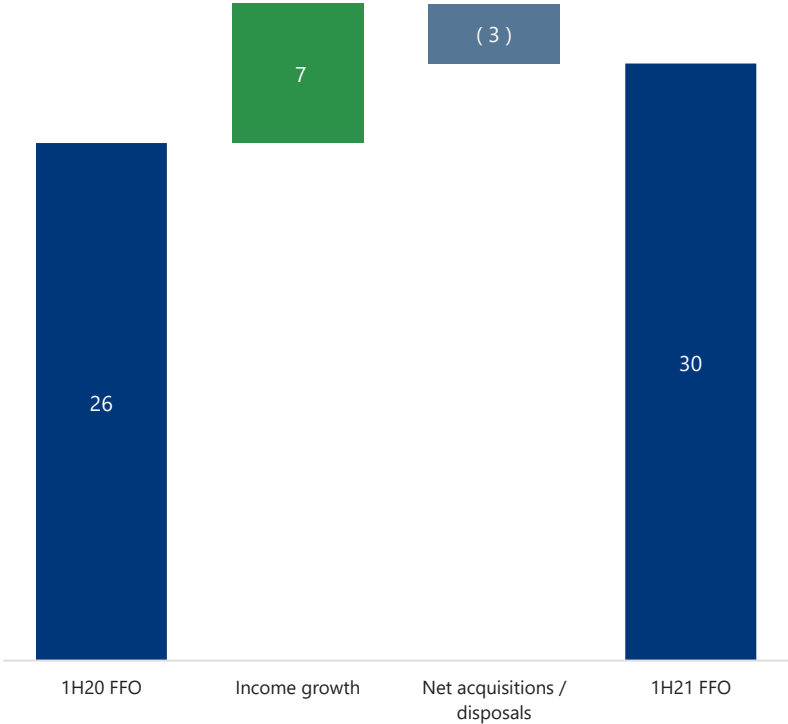
	1H21	1H20
Occupancy	93.2%	94.1%
WALE	2.8 yrs	3.6 yrs

LEASE EXPIRY PROFILE<sup>1</sup>

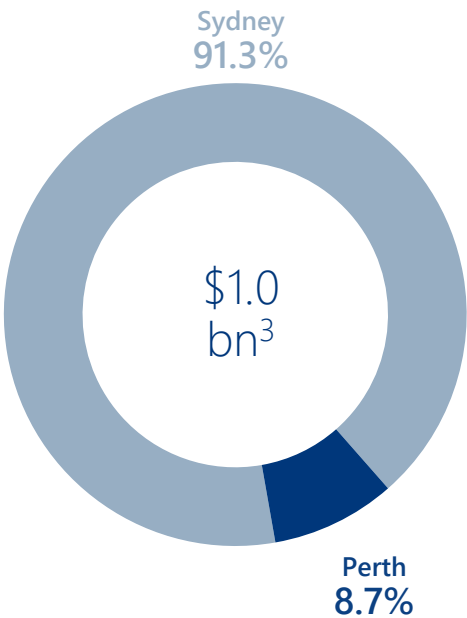


1. Includes executed leases and signed heads of agreement at 31 December 2020.  
2. Based on book value.  
3. Excludes WIP and sundry properties.

FFO MOVEMENTS BETWEEN  
1H21 AND 1H20 \$4m



ASSETS BY LOCATION<sup>2</sup>



# Diversified rental income and FFO movement

## Retail Town Centres

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



Department Stores

1.0%



DDS

9.2%



Supermarkets

11.1%



Mini-majors

11.0%



Apparel and Jewellery

19.0%



Specialty Food / Catering

13.9%



Services

8.5%



Leisure

2.8%



Other Retail

13.0%

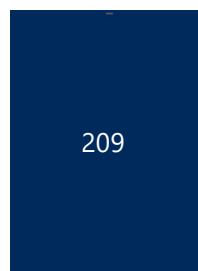


Non Retail

10.5%

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

(\$m)



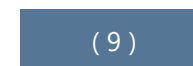
1H20 FFO



Income



Development



Disposals



Other



1H21 FFO

1H21 FFO impacted by COVID-19 and non-core asset divestments

1. Total gross rent for the period.

# Improving sales trends

## Retail Town Centres

### 1H21 MONTHLY PERFORMANCE

COMPARABLE SALES GROWTH	2H20	1H21	JUL 2020	AUG 2020	SEPT 2020	OCT 2020	NOV 2020	DEC 2020
Total	(7.1)%	2.6%	2.8%	(2.8)%	0.2%	1.0%	6.2%	4.1%
Specialties	(18.0)%	(0.8)%	0.5%	(8.7)%	(5.4)%	(3.9)%	3.5%	4.2%

### 1H21 MONTHLY PERFORMANCE EXCLUDING VICTORIA

COMPARABLE SALES GROWTH	2H20	1H21	JUL 2020	AUG 2020	SEPT 2020	OCT 2020	NOV 2020	DEC 2020
Total	(7.1)%	2.8%	2.4%	(1.6)%	0.9%	1.3%	5.6%	3.9%
Specialties	(18.0)%	(0.9)%	2.0%	(4.1)%	(1.5)%	(1.5)%	2.9%	4.0%

TO 31 DECEMBER 2020	TOTAL PORTFOLIO <sup>12</sup>		COMPARABLE CENTRES <sup>3</sup>	
Retail sales by category	MAT	MAT growth	MAT growth	1H21 growth
<b>Total</b>	\$5,994	(0.6)%	(2.1)%	2.6%
Specialties	\$1,740	(8.0)%	(8.8)%	(0.8)%
Supermarkets	\$2,295	8.7%	7.1%	9.3%
DDS/DS	\$911	9.0%	9.0%	15.2%
Mini-majors	\$749	16.5%	13.9%	21.0%
Other retail <sup>4</sup>	\$299	(45.7)%	(48.9)%	(55.5)%
Specialty sales by category	MAT	MAT growth	MAT growth	1H21 growth
Apparel	\$405	(13.0)%	(13.2)%	(1.0)%
Food catering	\$303	(15.4)%	(17.0)%	(10.8)%
General retail	\$188	4.2%	5.7%	12.9%
Homewares	\$66	2.2%	0.6%	9.6%
Mobile phones	\$135	(16.1)%	(16.3)%	(20.1)%
Retail services	\$244	(5.8)%	(6.6)%	3.6%
Jewellery	\$122	4.6%	4.2%	16.2%
Food retail	\$149	(2.5)%	(6.4)%	(3.3)%
Leisure	\$128	(3.6)%	(2.5)%	3.2%

1. Comparable centres, excludes divestments and development centres and adjusted for stores trading less than 12 months.
2. Sales data includes all Stockland managed retail assets, including joint venture assets.
3. Comparable basket of assets as per SCCA guidelines, which excludes assets which have been redeveloped within the past 24 months.
4. Other includes pad sites, non-retail, and cinemas.



# Development pipeline focussed on greenfield opportunities

## Retail Town Centres

	NEIGHBOURHOOD ACTIVITY CENTRES	SUB-REGIONAL	REGIONAL	MAJOR REGIONAL	DA approvals received
Next Wave Of Commencements		Bull Creek			<ul style="list-style-type: none"> <li>Glendale (NSW)</li> <li>Forster (NSW)</li> <li>Baldivis (WA)</li> <li>Harrisdale (WA)</li> </ul>
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>Completed</b>									
Baringa (QLD)	~30	~28	~2	FY21	~6-7%	100%	100%	~6% - 7%	~6% - 7%
<b>Future pipeline</b>	~456		~456						

1. Stabilised incremental FFO yield, includes property management fees.
2. All specialty income including shops 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.





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# Communities

Annexure



Stockland



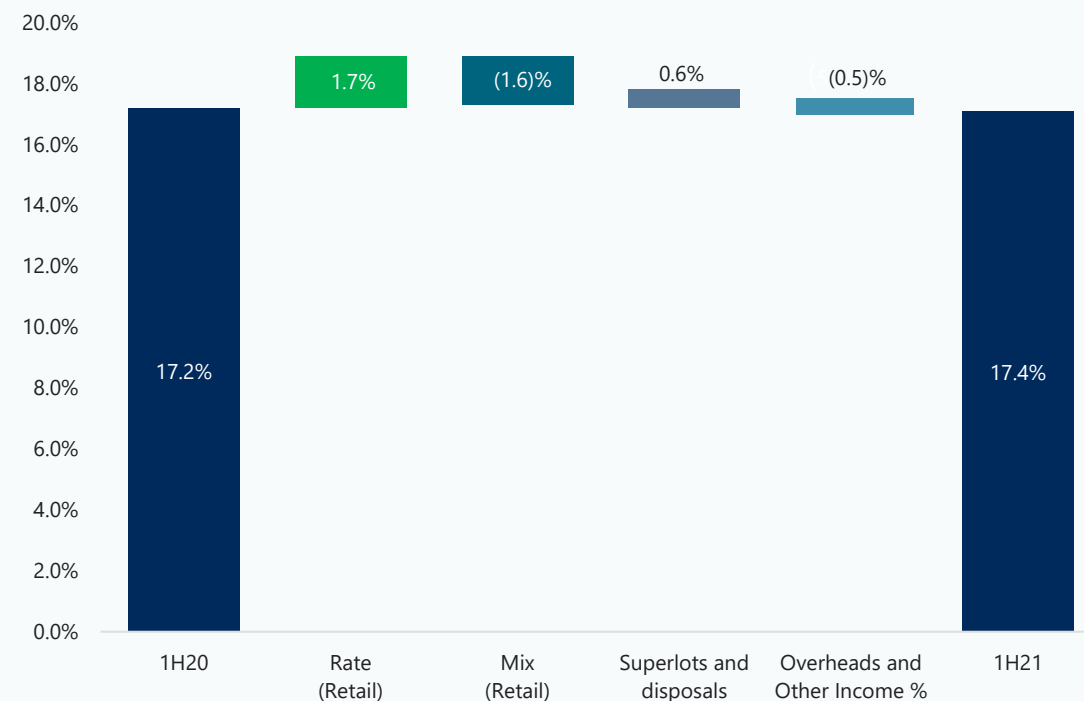
# Operating profit margin

## Residential Communities

KEY METRICS	1H21	1H20 <sup>2</sup>	CHANGE
Total lots settled	3,101 <sup>1</sup>	2,158	43.7%
Total revenue	\$781m	\$779m	0.3%
- Includes superlot revenue	\$3m	\$176m	(98.0)%
Operating profit	\$136m	\$134m	1.8%
Operating profit margin	17.4%	17.2%	
ROA – total portfolio	21.1%	19.3%	
ROA – core portfolio <sup>3</sup>	22.8%	20.9%	

1. Includes 826 (1H20: 534) of settlements under joint operations and project delivery agreements.
2. Includes capital partnering transaction at Aura.
3. Core excludes impaired projects.

### OPERATING PROFIT MARGIN



# Development pipeline – major projects

## Residential Communities

STATE	PROJECT	STATE PERCENTAGE	TOTAL PROJECT LOTS	APPROXIMATE LOT SALES PER ANNUM <sup>1</sup>	APPROX. REMAINING PROJECT LOTS	Anticipated settlements					
						← FY21	FY22	FY23	FY24	FY25	FY26 →
NSW & ACT	Elara		4,290	350	990 <sup>#</sup>						
	Willowdale		3,690	230	590 <sup>#</sup>						
	The Gables		1,920	240	1,920						
	All other Projects		7,510		7,070 <sup>#</sup>						
	<b>Sub-total</b>	<b>13.1%</b>	<b>17,410</b>		<b>10,570</b>						
QLD	Aura <sup>2</sup>		20,000	540	17,020 <sup>#</sup>						
	Providence		6,700		6,700						
	North Shore		5,510	90	3,390						
	Newport		1,910	180	760						
	All other Projects		9,940		7,050 <sup>#</sup>						
	<b>Sub-total</b>	<b>43.1%</b>	<b>44,060</b>		<b>34,920</b>						
VIC	Cloverton		11,530	410	9,950						
	Highlands		11,480	540	3,230 <sup>#</sup>						
	Mt Atkinson <sup>2</sup>		4,300	380	3,570						
	Grandview <sup>2</sup>		1,710	230	1,450						
	Minta		1,580	250	1,220						
	Katalia		1,540	190	1,540						
	Follett		1,500	n/a	1,500						
	Orion		430	90	220 <sup>#</sup>						
	Brunswick		150	70	150						
	All other Projects		3,710		1,650 <sup>#</sup>						
	<b>Sub-total</b>	<b>30.2%</b>	<b>37,930</b>		<b>24,480</b>						
WA	Sienna Wood <sup>2</sup>		3,800	130	2,860						
	Vale		3,420	210	450 <sup>#</sup>						
	Amberton <sup>2</sup>		2,550	120	1,410						
	All other Projects		9,890		6,290 <sup>#</sup>						
	<b>Sub-total</b>	<b>13.6%</b>	<b>19,660</b>		<b>11,010</b>						
		<b>100%</b>			<b>80,980</b>						

# Includes dwellings

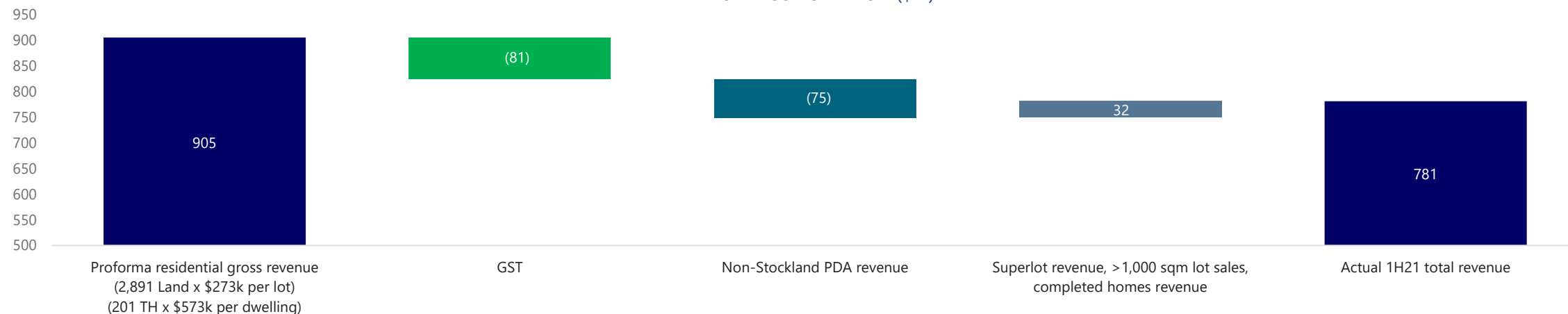
1. Average number of lots estimated for three years for FY21 - FY23, numbers are annualised and vary depending on timing and completion of projects.
2. Projects under joint operations or project delivery agreements.

# Sales price<sup>1</sup>

## Residential Communities

1H21 SETTLEMENTS					1H20 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	188	405	461	1,139	298	438	412	940
QLD	879	392	260	664	537	372	277	746
VIC	1,145	351	287	816	679	379	292	770
WA	679	342	215	629	346	336	208	618
<b>Total Land</b>	<b>2,891</b>	<b>365</b>	<b>273</b>	<b>748</b>	<b>1,860</b>	<b>378</b>	<b>291</b>	<b>769</b>
<b>Total Townhomes</b>	<b>201</b>	<b>n/a</b>	<b>573</b>	<b>n/a</b>	<b>266</b>	<b>n/a</b>	<b>593</b>	<b>n/a</b>

### REVENUE RECONCILIATION (\$M)

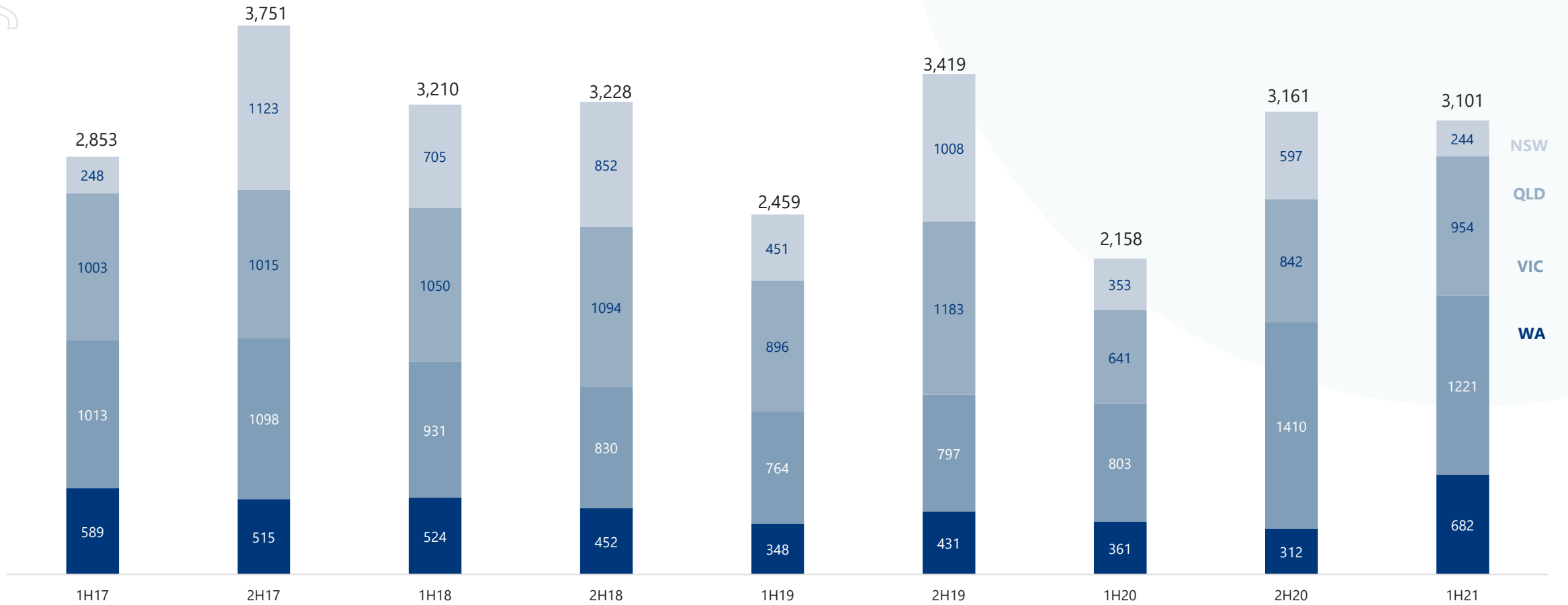


1. Average price of retail settlements excludes settlements of all lots over 1,000 sqm, superlot settlements. Average price includes GST. Includes Project Development Agreements (PDAs) for which Stockland receives a part-share.



# Lots settled by location

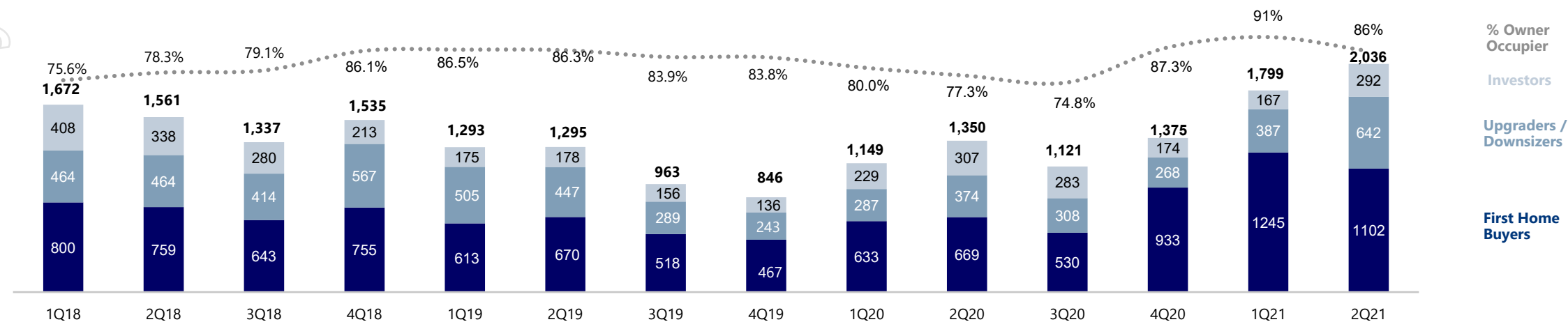
## Residential Communities



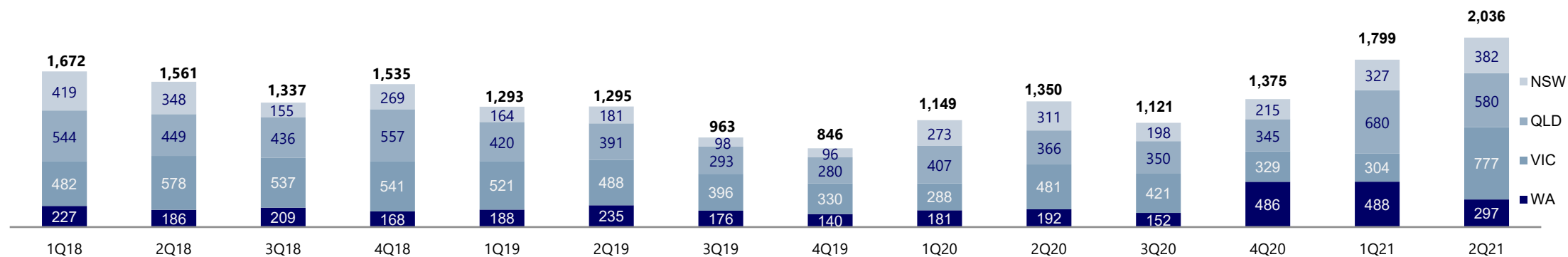
# Net deposits by quarter

## Residential Communities

### NET DEPOSITS BY BUYER



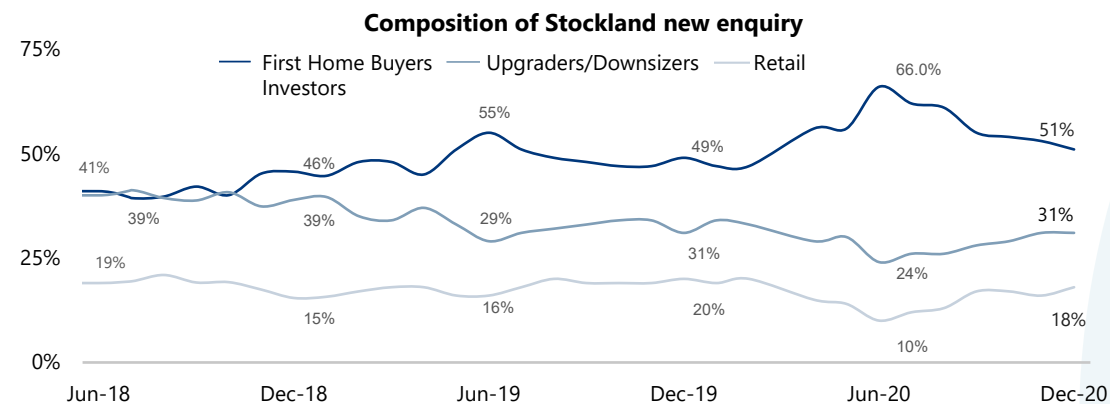
### NET DEPOSITS BY STATE



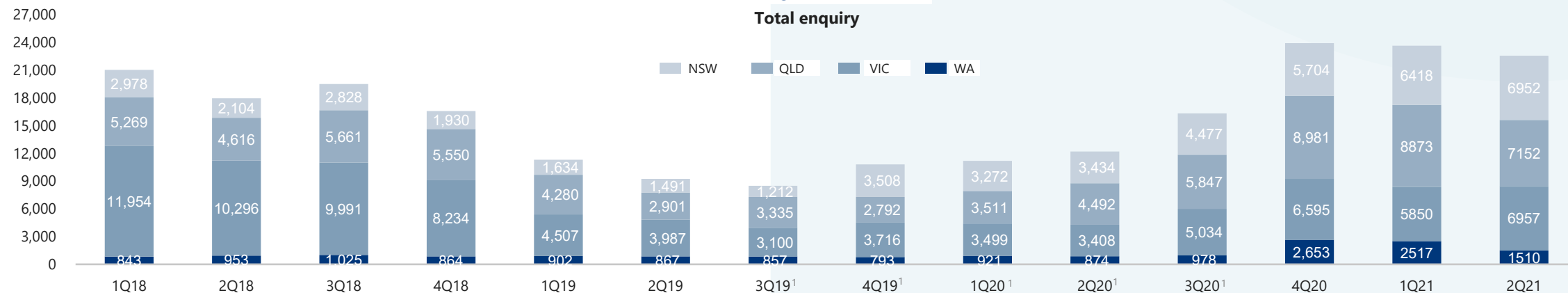
# Enquiry levels

## Residential Communities

### MAJORITY OF OUR CUSTOMERS ARE OWNER OCCUPIERS

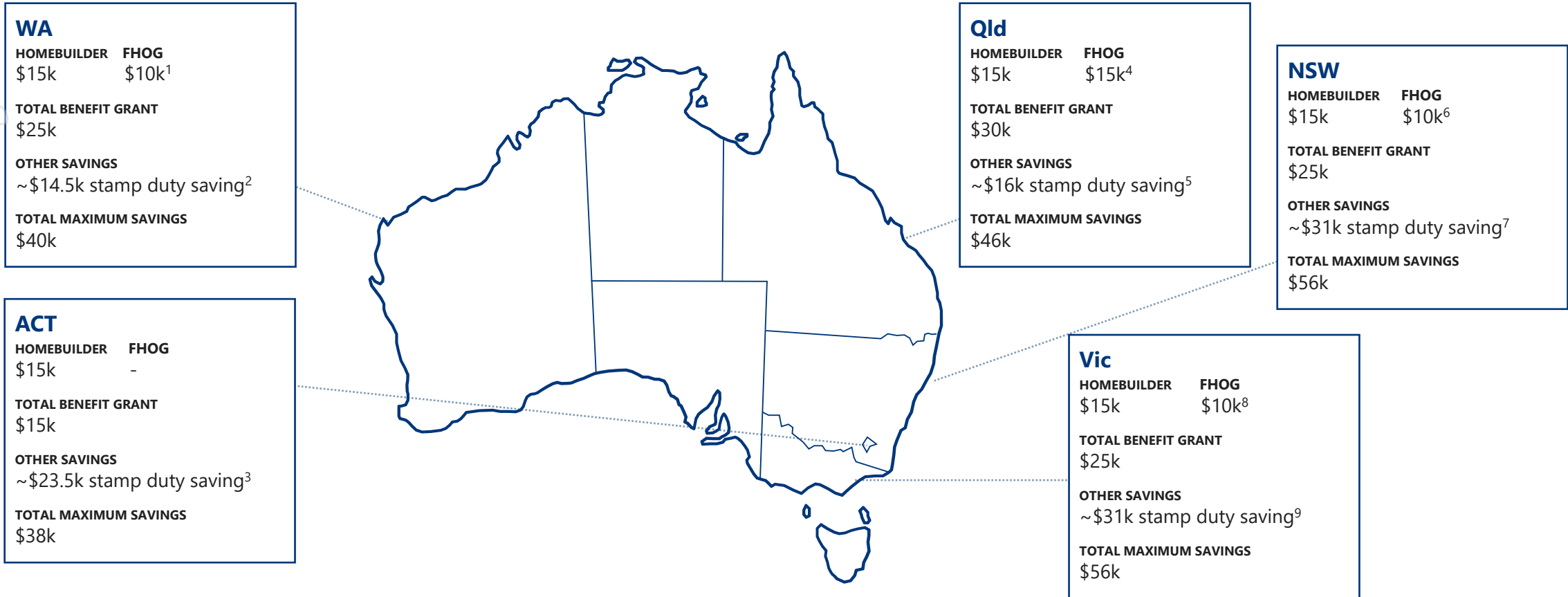


### ENQUIRY VOLUMES BY STATE



1. Brisbane Casino Towers excluded.

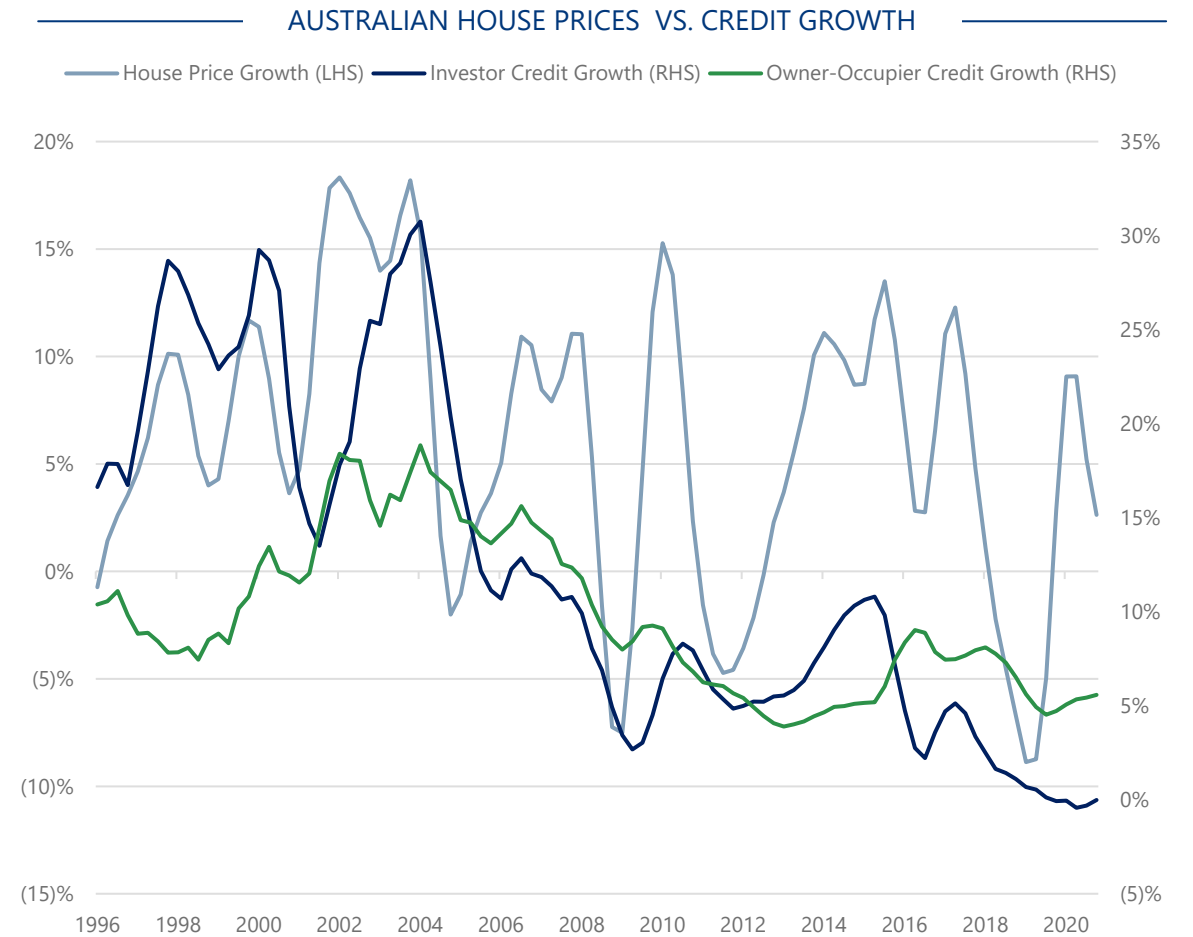
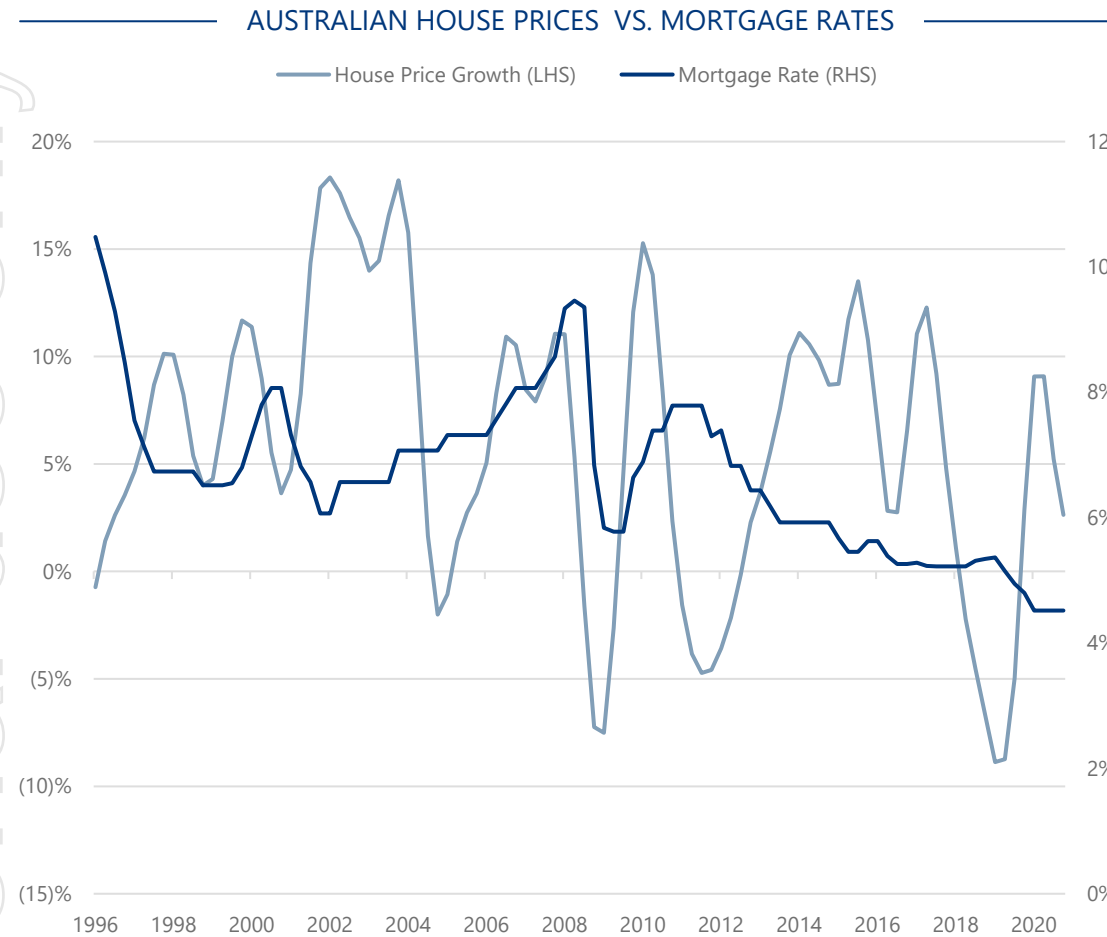
# Summary of residential stimulus



1. WA – \$20k Building Bonus Grant expired on 31 Dec 2020. \$10k FHO is for new homes and owner-builder/building contracts costing less than \$750,000 if in Perth.
2. 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.
3. 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.
4. QLD – for new homes costing less than \$750,000.
5. QLD – No stamp duty for first homes costing less than \$500,000 and discounted rate up to \$550,000. Saving calculated on

6. \$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.
9. 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



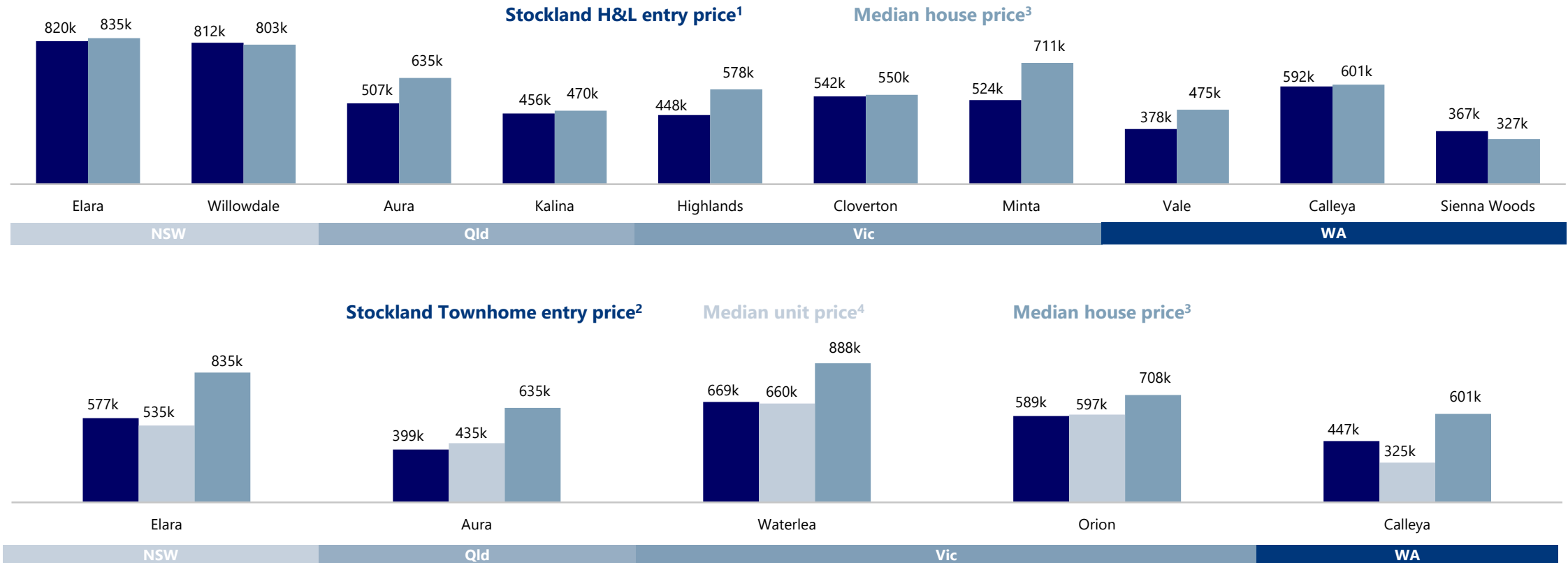
Source: CoreLogic, RBA, Dec 2020.



# Providing affordable product

## Residential Communities

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

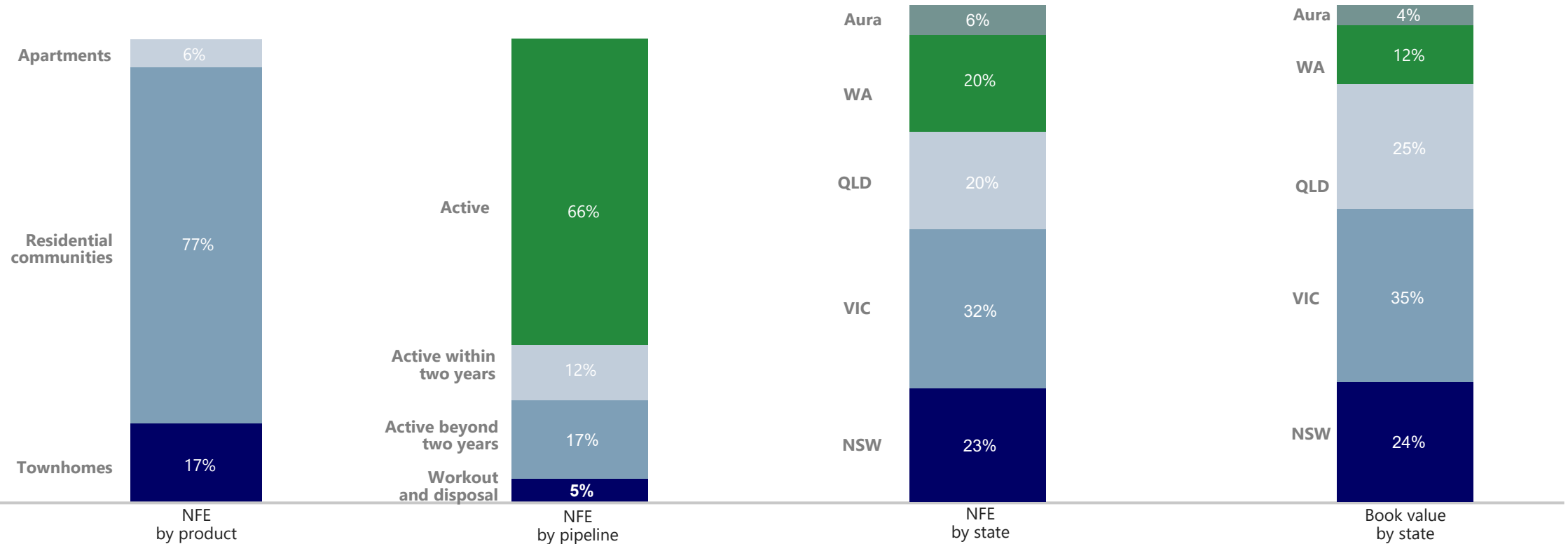


1. Stockland data, House and Land packages (4b,2b,2c) for sale/recently sold December 2020.
2. Stockland data, Townhome product available for sale/recently sold December 2020.
3. Corelogic Median value of established houses (4b) in surrounding suburb as at December 2020.
4. Corelogic Median value of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

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

NET FUNDS EMPLOYED: \$2.0bn<sup>2</sup>

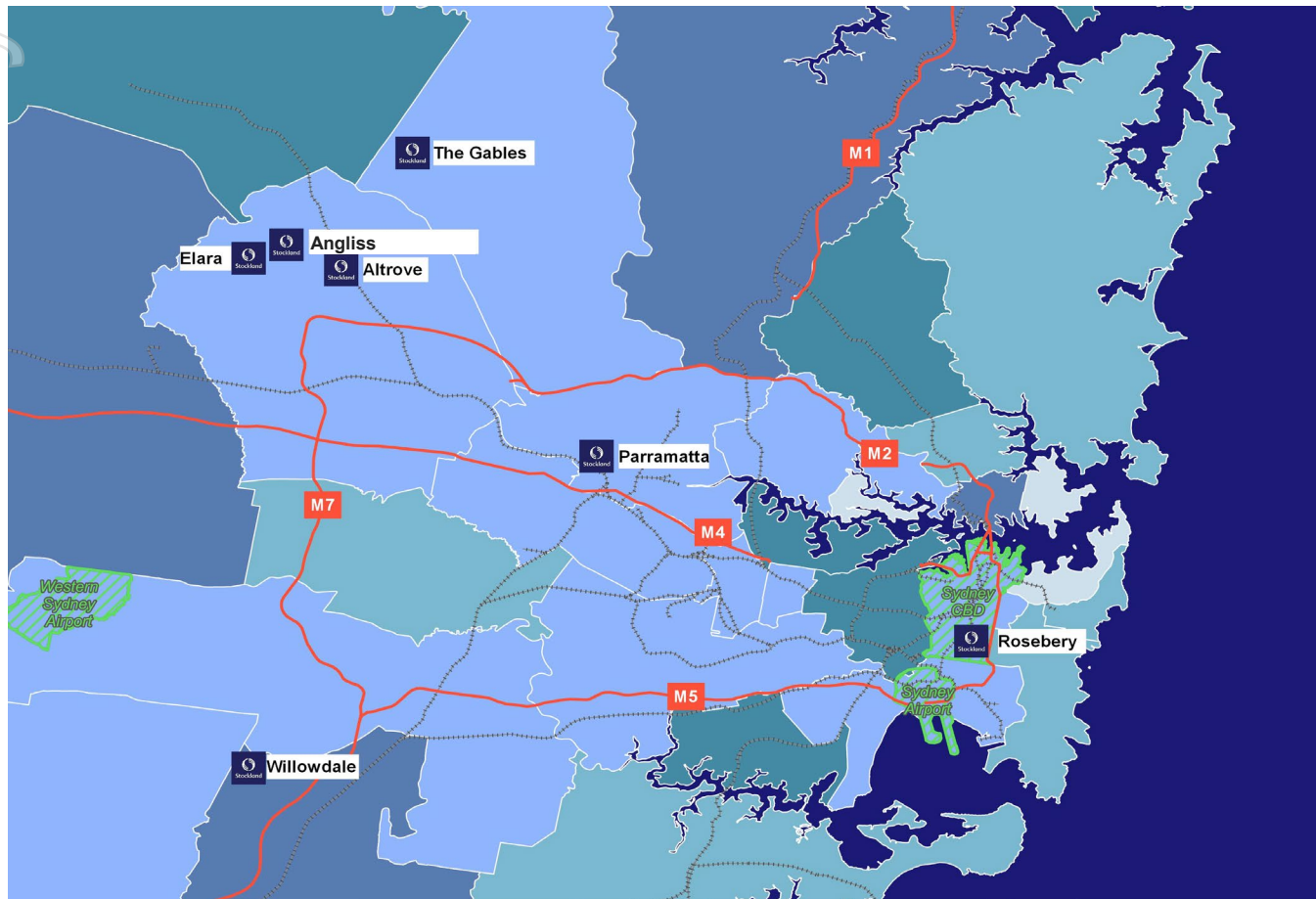
BOOK VALUE: \$3.2bn<sup>2</sup>



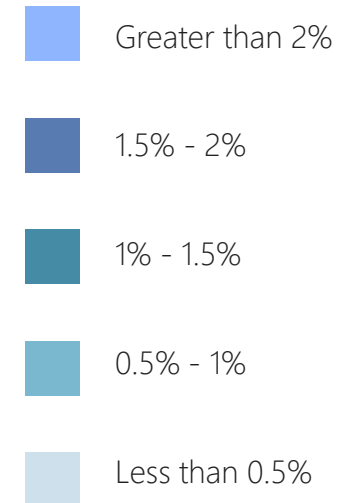
1. At 31 December 2020.  
2. NSW includes Red Hill (ACT).

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

## SYDNEY

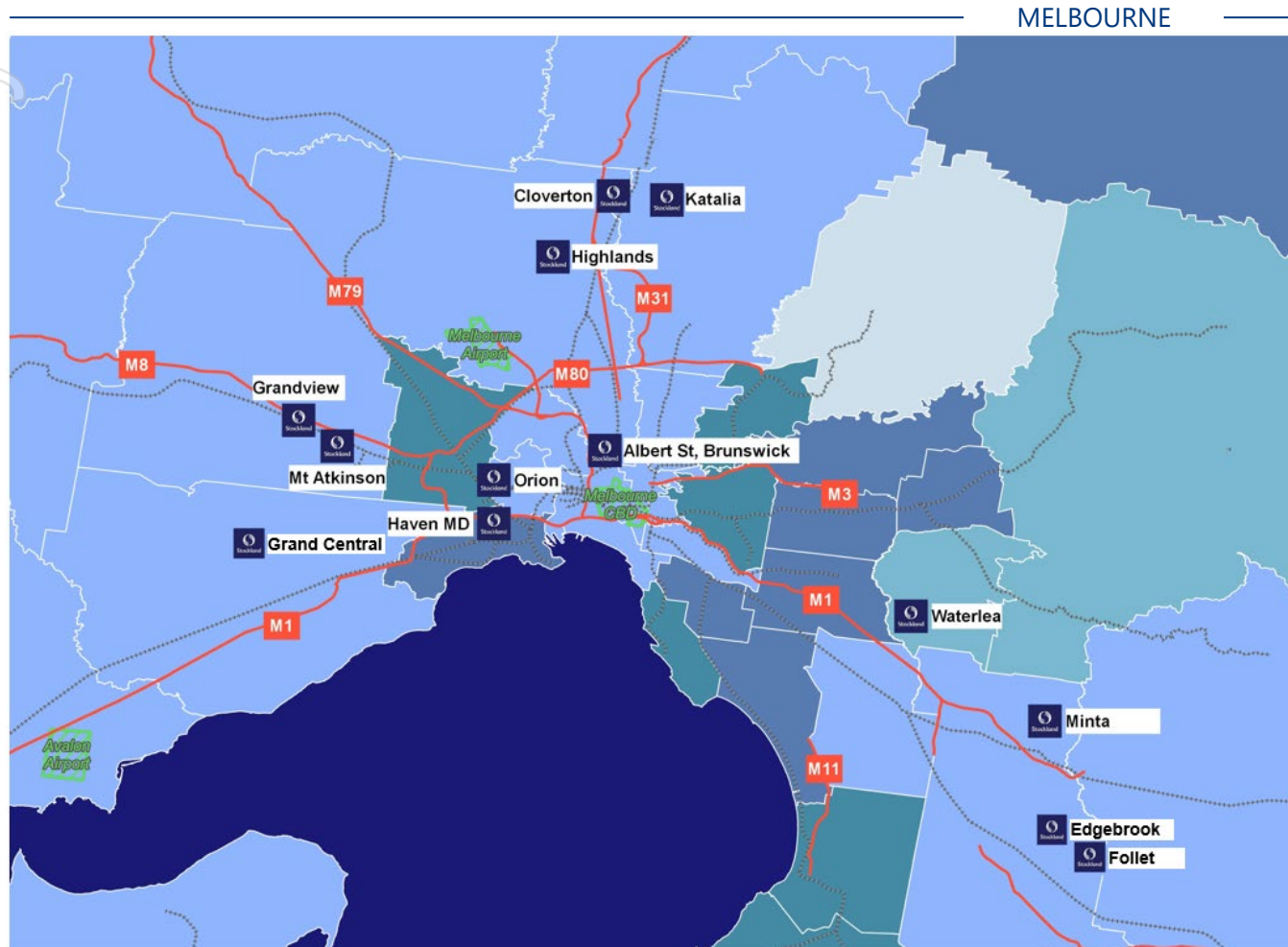


Average annual population growth  
2016 – 2021 by LGA (per annum)

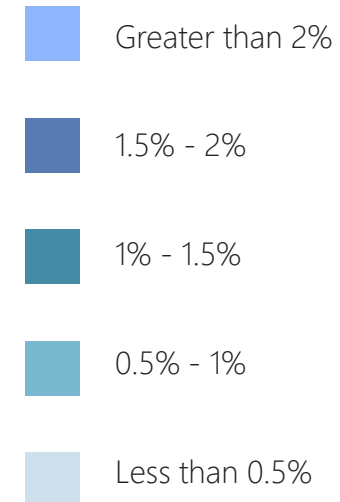


1. State Government Population Projections.

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

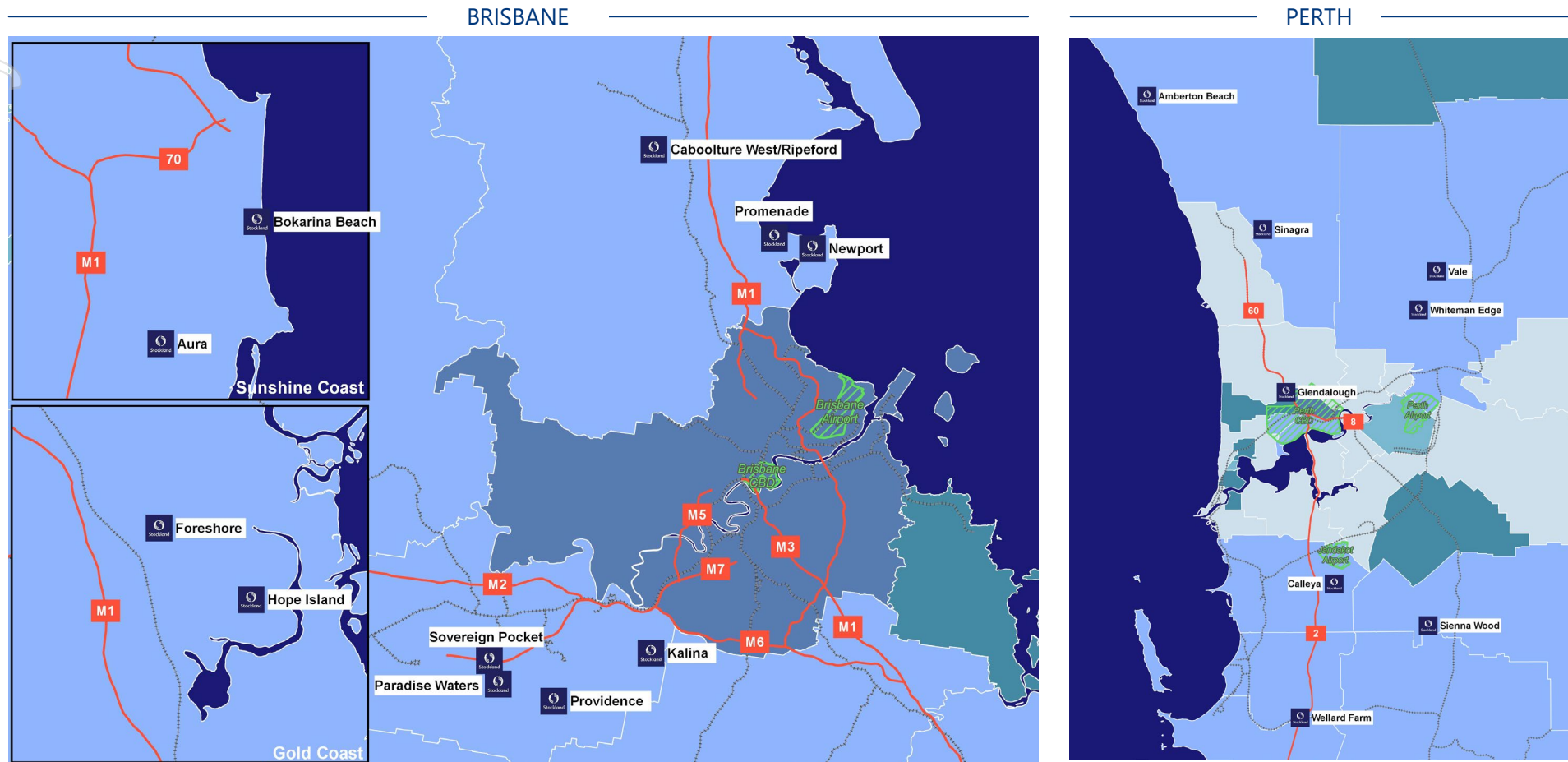


Average annual population growth  
2016 – 2021 by LGA (per annum)



1. State Government Population Projections.

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



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	3,100	1	3,101
Revenue	\$774m	\$7m	\$781m
Revenue	99%	1%	100%
EBIT	\$170m	\$2m	\$172m
EBIT margin	21.9%	32.4%	22.0%
Operating profit	\$136m	\$0m	\$136m
Operating profit margin	17.5%	0%	17.4%
Remaining lots	94%	6%	100%
Number of projects	49	5	54
ROA	22.8%	(2.6)%	21.1%

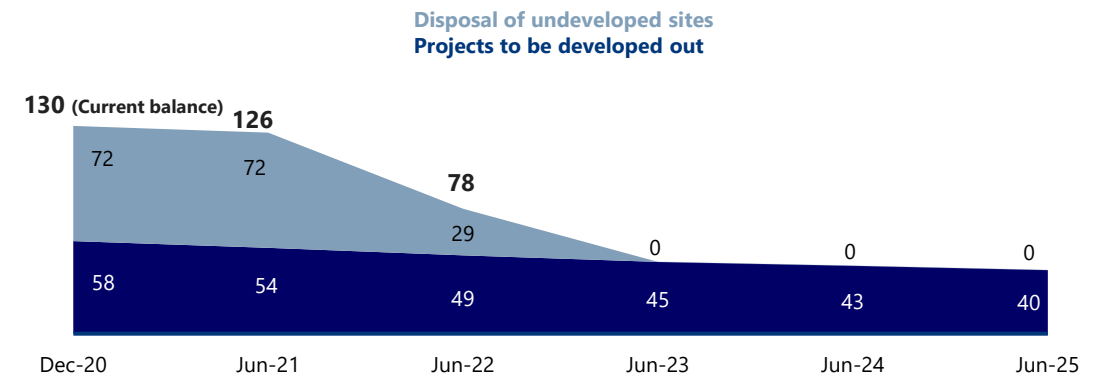
- Includes all impaired projects.
- Forecast utilisation impairment provision at 31 December 2020, based on forecast settlement dates, revenue and costs by project.

### RESIDENTIAL IMPAIRMENT PROVISION UTILISATION AS AT 31 DECEMBER 2020

	(\$m)
Net increase / (decrease) in impairment	5
Utilisation of provision	(2)

	IMPAIRMENT PROVISION BALANCE (\$m)	FINAL SETTLEMENT
Projects to be developed	58	~11 yrs
Disposal of undeveloped sites	72	~2 yrs
<b>Total</b>	<b>130</b>	

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



# Digital capabilities – Stockland 'Dreamcatcher'

Industry-first personalised digital home design customer experience

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

## Launched in December 2020

- Available to use via tablet, smartphone or computer, 24/7

## Enhancing the customer journey

- Drives value at a critical step of the customer purchase journey, engaging prospective customers before they visit a display village

## Custom style boards & design tools

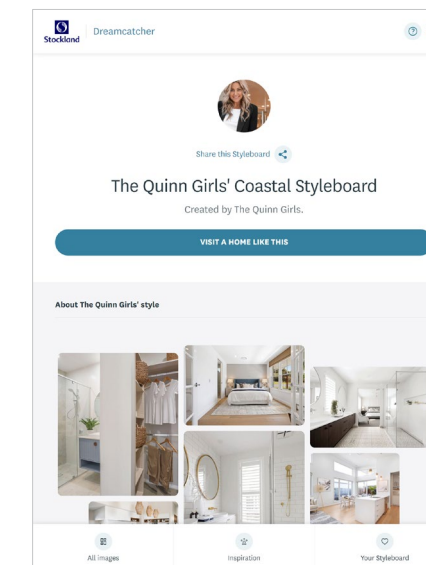
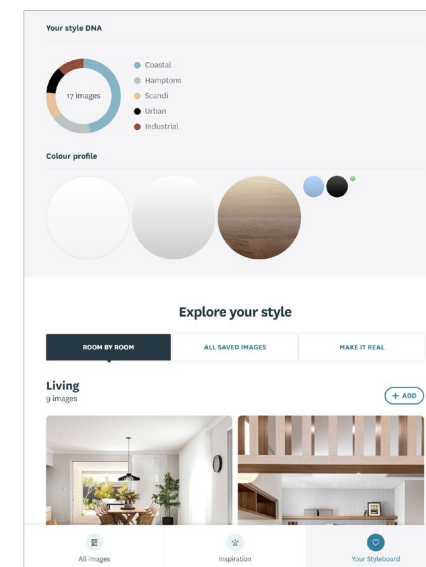
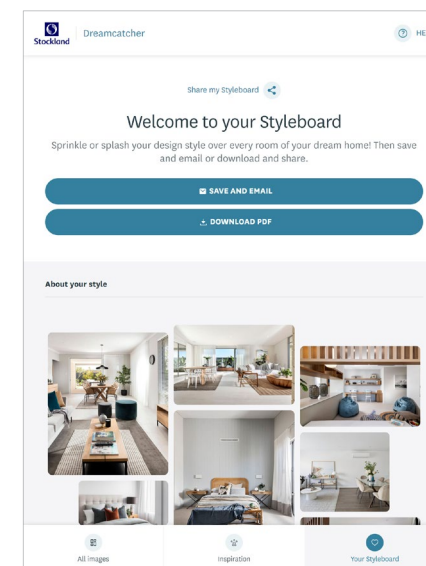
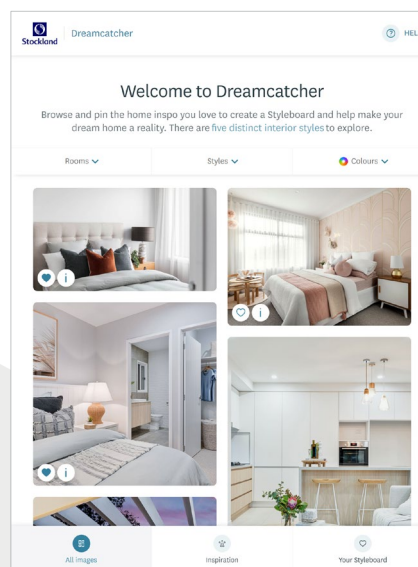
- Personalised style boards help customers explore and define the style of home that suits them best
- Easy-to-use design tools offer genuine value and utility, building deeper trust and customer connection

## Inspiration from design experts

- For added ideas, customers can view style boards from hand-selected style influencers and industry design experts

## Power of personalisation

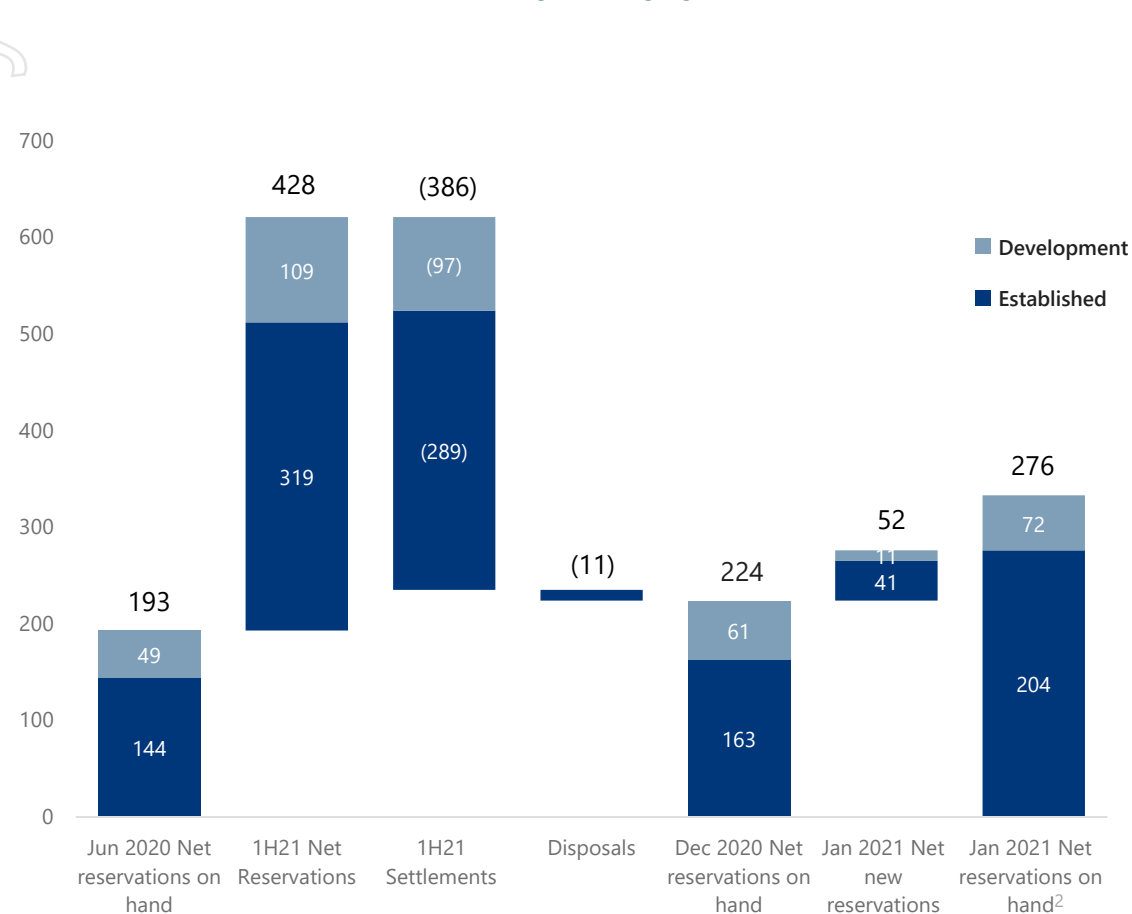
- Personalisation of the customer journey provides a uniquely differentiated home buying experience
- Critical to underpin sales conversion



# Profit driven by established settlements and village disposals

## Retirement Living

### NET RESERVATIONS



1. Units withheld from sale for redevelopment upon which profit has been recognised.
2. Excludes January 2021 settlements.

KEY METRICS	1H21	1H20	CHANGE
<b>Retirement Living</b>			
FFO	\$36m	\$17m	109.5%
Occupancy	94.4%	93.3%	
Cash ROA	6.9%	4.5%	
<b>Established portfolio</b>			
Established settlements	289	265	9.1%
Withheld settlements (units) <sup>1</sup>	-	6	(100.0)%
<b>Total settlements (units)</b>	<b>289</b>	<b>271</b>	<b>6.6%</b>
Average re-sale price (\$k)	371	378	(1.9)%
Turnover cash per unit (\$k)	97	92	5.4%
Turnover cash margin	26.2%	24.4%	
Reservations on hand	163	153	6.5%
<b>Development portfolio</b>			
Development settlements	97	141	(31.2)%
Average price per unit (\$k)	574	604	(5.0)%
Average margin (excludes DMF)	12.4%	13.0%	
Reservations on hand	61	115	(47.0)%

# Established portfolio

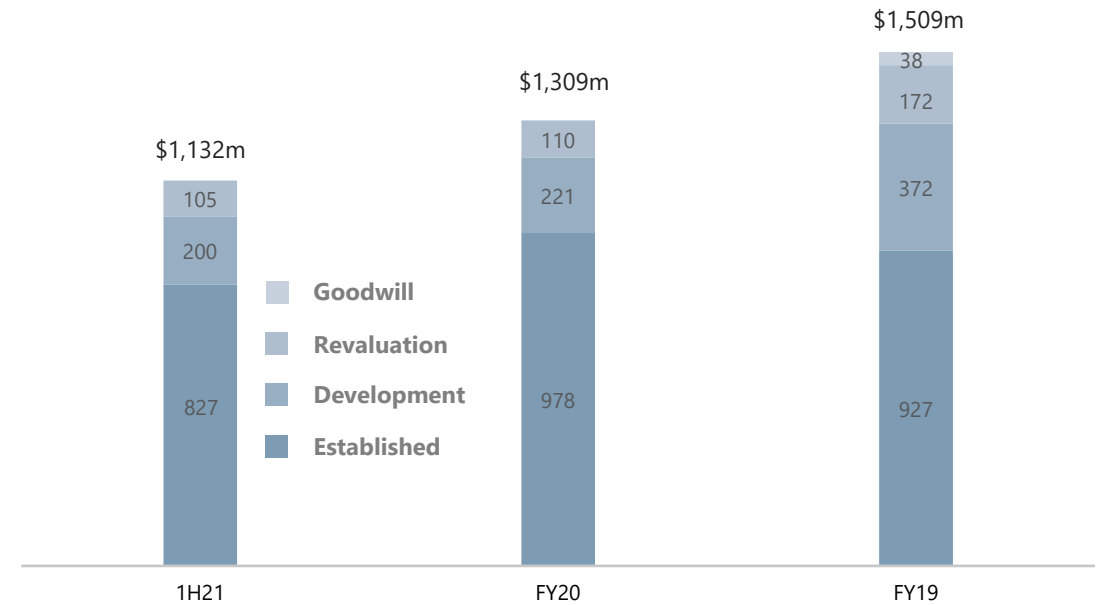
## Retirement Living

PORTFOLIO STATISTICS	1H21	1H20
Established villages	59	63
Established units	8,647	9,271
Established units settlements	289	265
Withheld units	-	6
Turnover rate excluding developments <sup>1</sup>	7.0%	6.5%
Turnover rate total portfolio	6.4%	5.9%
Average age of resident on entry	72.8 yrs	73.3 yrs
Average age of current residents	81.0 yrs	80.8 yrs
Average tenure on exited residents	10.4 yrs	9.4 yrs
Average village age	26.2 yrs	25.8 yrs
Development pipeline	3,855 units	3,485 units

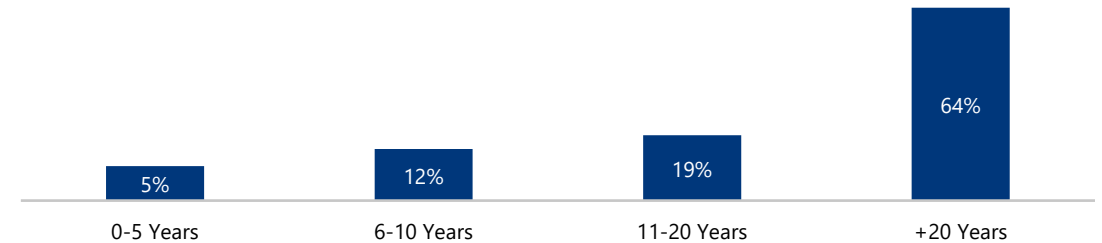
KEY VALUATION ASSUMPTIONS	1H21	1H20
Weighted average discount rate	13.2%	13.0%
Weighted average 20 year growth rate	3.0%	3.2%
Average length of stay of current and future residents	11.0 yrs	11.0 yrs

1. Excludes development settlements from last five years.
2. Excludes Aspire, medical centres and childcare centres.

### NET FUNDS EMPLOYED<sup>2</sup>



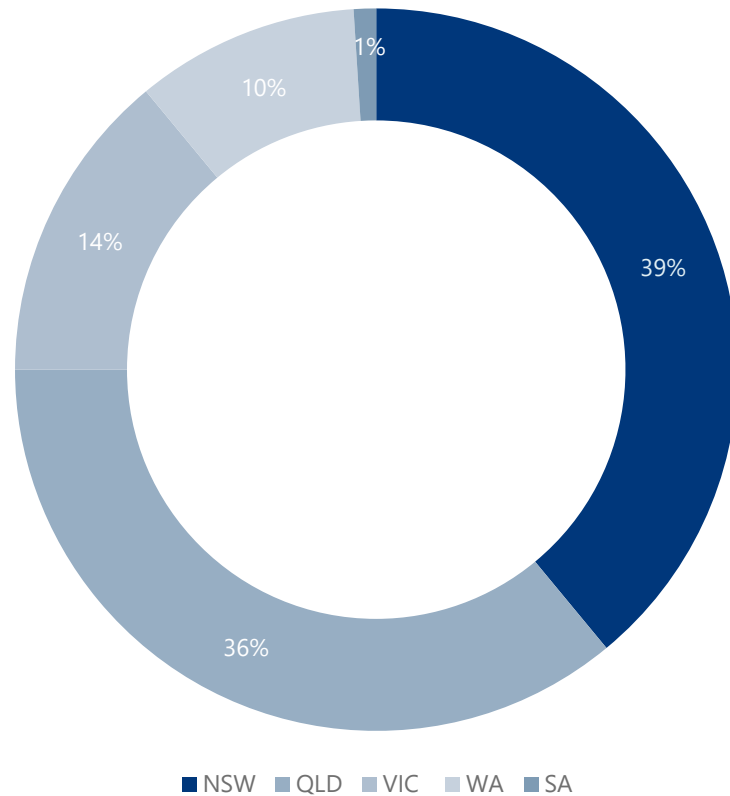
### AGE PROFILE OF ESTABLISHED VILLAGES



# Development pipeline

## Retirement Living

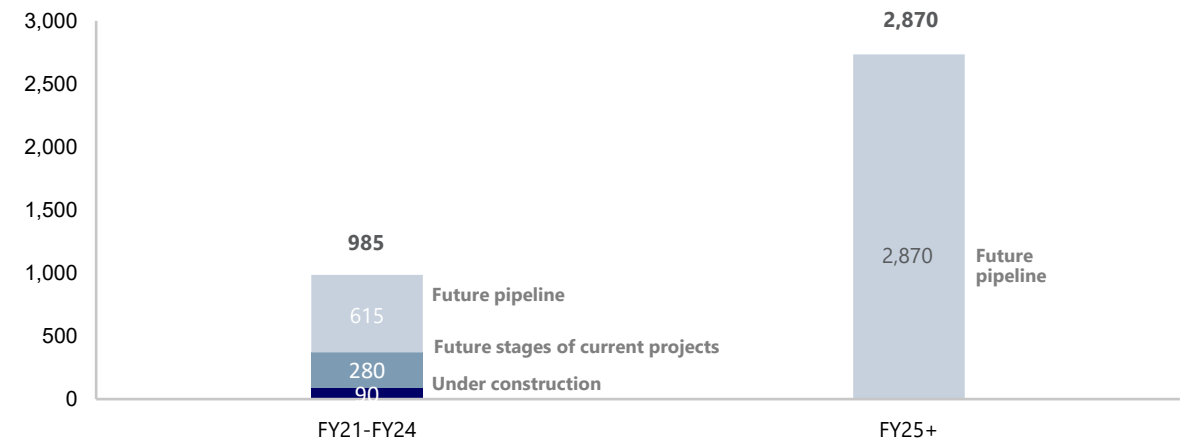
GEOGRAPHICALLY DIVERSE DEVELOPMENT PIPELINE



DEVELOPMENT PIPELINE BREAKUP

DEVELOPMENT PIPELINE	1H21
Development villages	21
Total development pipeline units	3,855
- Greenfield pipeline units	520
- Village renewal pipeline units	315
- Land Lease units	3,020
Estimated end value including DMF	\$2.1bn

INDEPENDENT LIVING UNITS DEVELOPMENT PIPELINE





# Pipeline

## Retirement Living

CONSTRUCTION TIMEFRAME		FUTURE SETTLEMENTS	FY21	FY22	FY23	FY24	FY25+
Completed projects	Sub-total	165					
Current development projects	Willowdale, NSW						
	Calleya Aspire, WA						
	Somerton Park, SA						
	Affinity, WA						
	Sub-total	210					
To start: within 18 months	Pine Lake, QLD						
	Sub-total	50					
Master planning/ future projects	Epping, NSW						
	Sub-total	170					
Redevelopments	Proposed Redevelopments						
	Sub-total	240					
Land Lease Communities	Aura, QLD						
	Minta, VIC						
	Future Land Lease						
	Sub-total	3,020					
Total future settlements		3,855					

Includes  
Lourdes &  
Castle  
Ridge





# Research

Annexure



Stockland

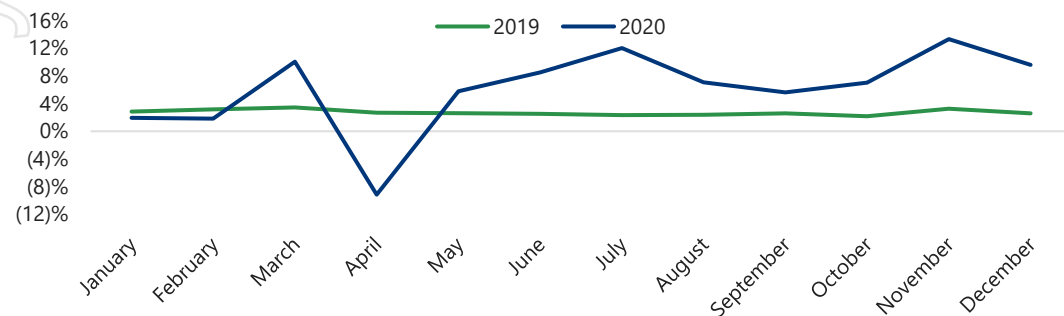
# Waterlea



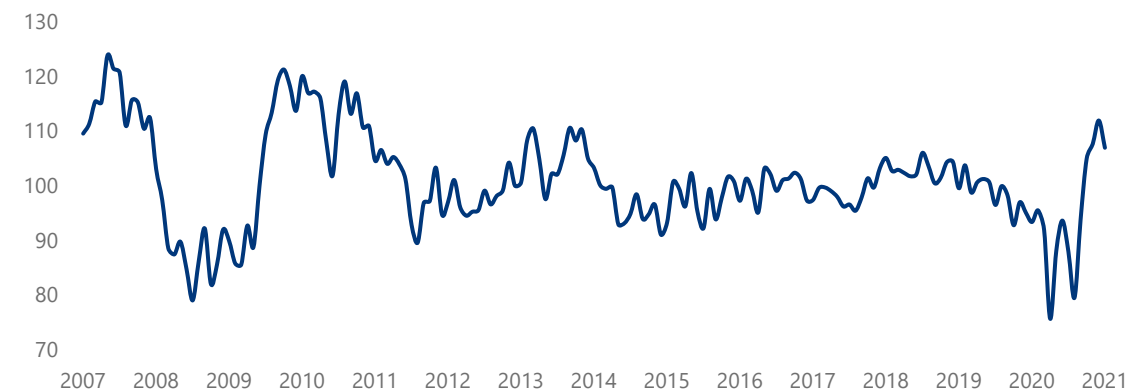


# Strong retail performance in the second half of 2020 supported by online retail

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



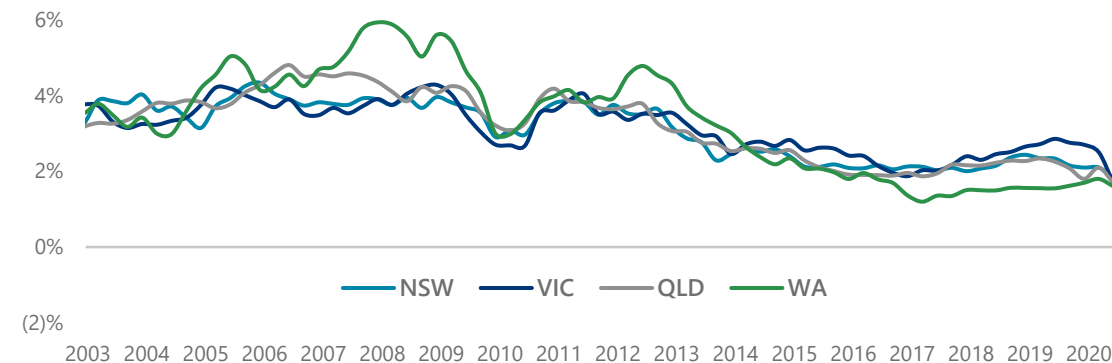
CONSUMER SENTIMENT TRENDING DOWN PRE-COVID-19<sup>2</sup>



EMPLOYMENT GROWTH HIT HARD BY COVID-19<sup>3</sup>  
Employment growth (Annual % change)



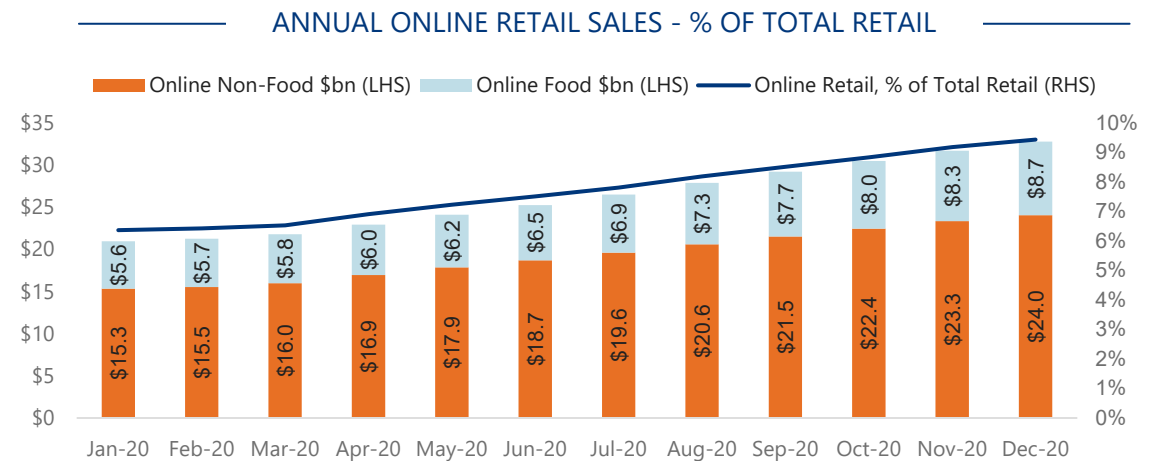
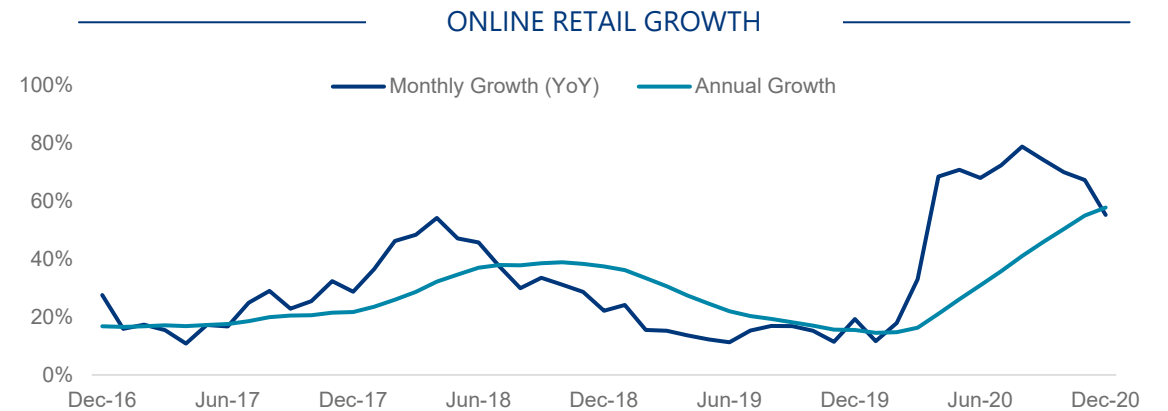
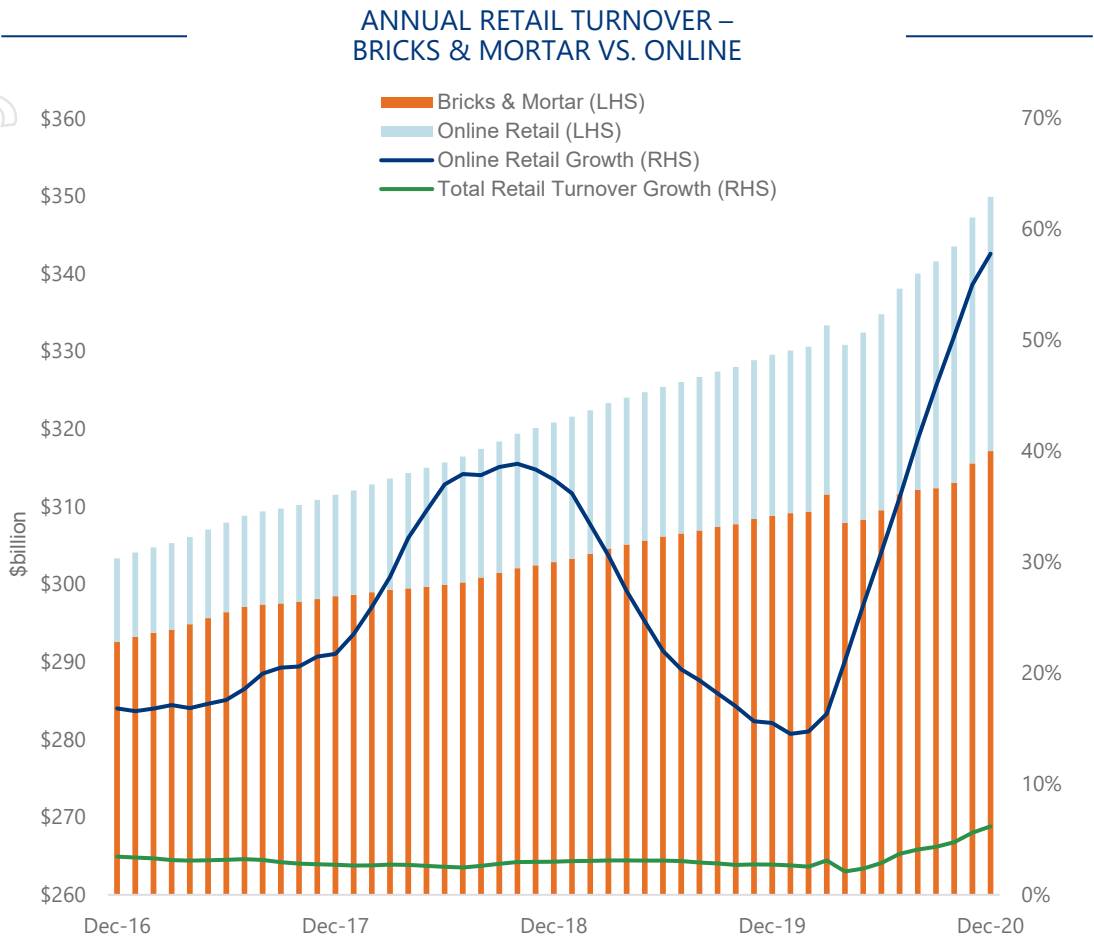
WAGE GROWTH REMAINS WEAK<sup>4</sup>



1. ABS Retail Trade 8501.0. Monthly sales - y/y change.
2. Westpac - University of Melbourne Consumer Sentiment Survey Jan 2021.
3. ABS 6202.0 - Labour Force, Australia, Dec 2020.

4. ABS 6345.0 - Wage Price Index, Australia, Sep 2020.

# Online retail sales continue to grow at elevated levels

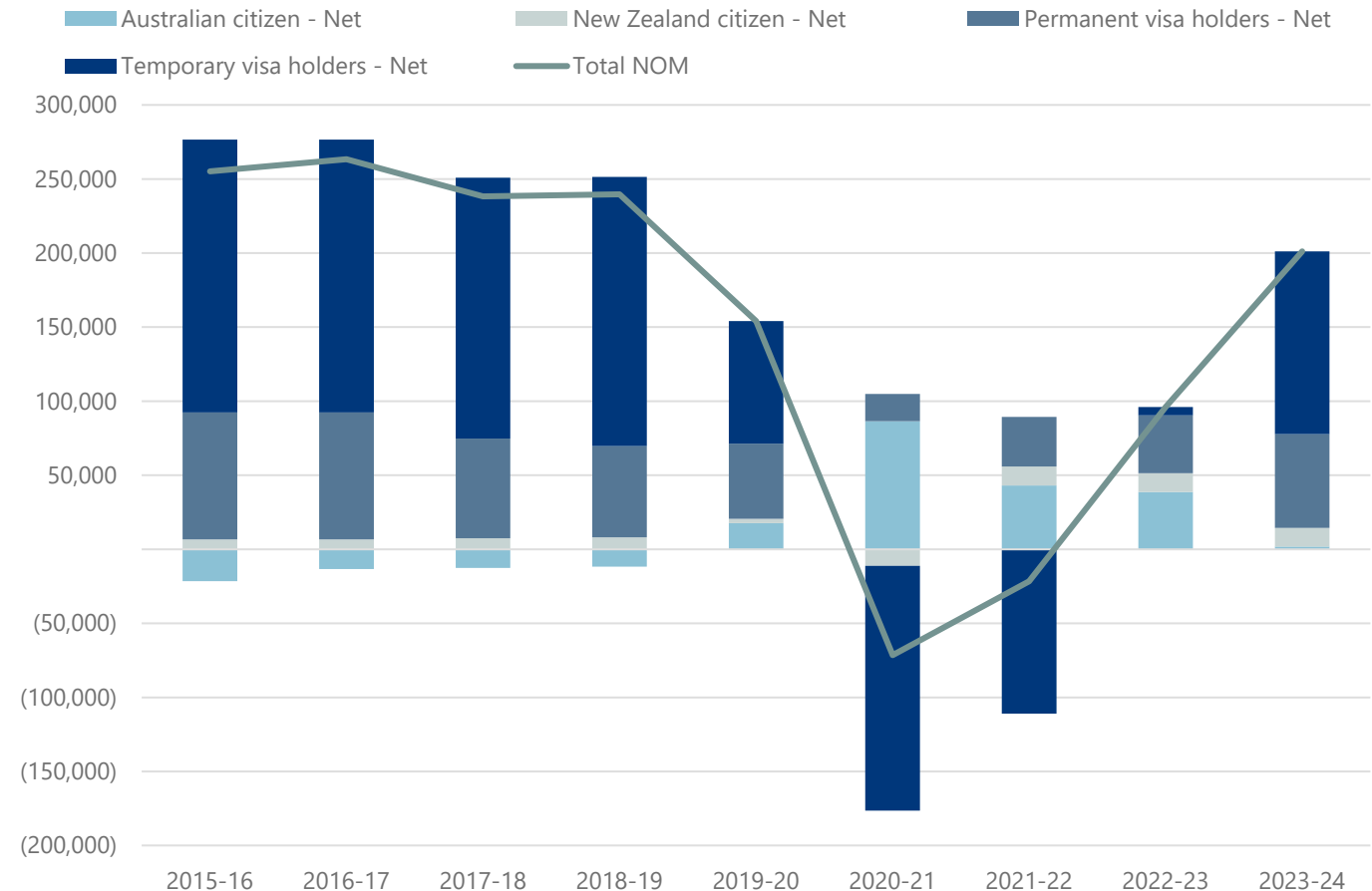


Source: ABS Retail Trade, Australia, December 2020 ; Stockland Research.

# Net overseas migration (NOM) falls to impact apartments more than MPC

## AUSTRALIAN NET OVERSEAS MIGRATION<sup>1,2</sup>

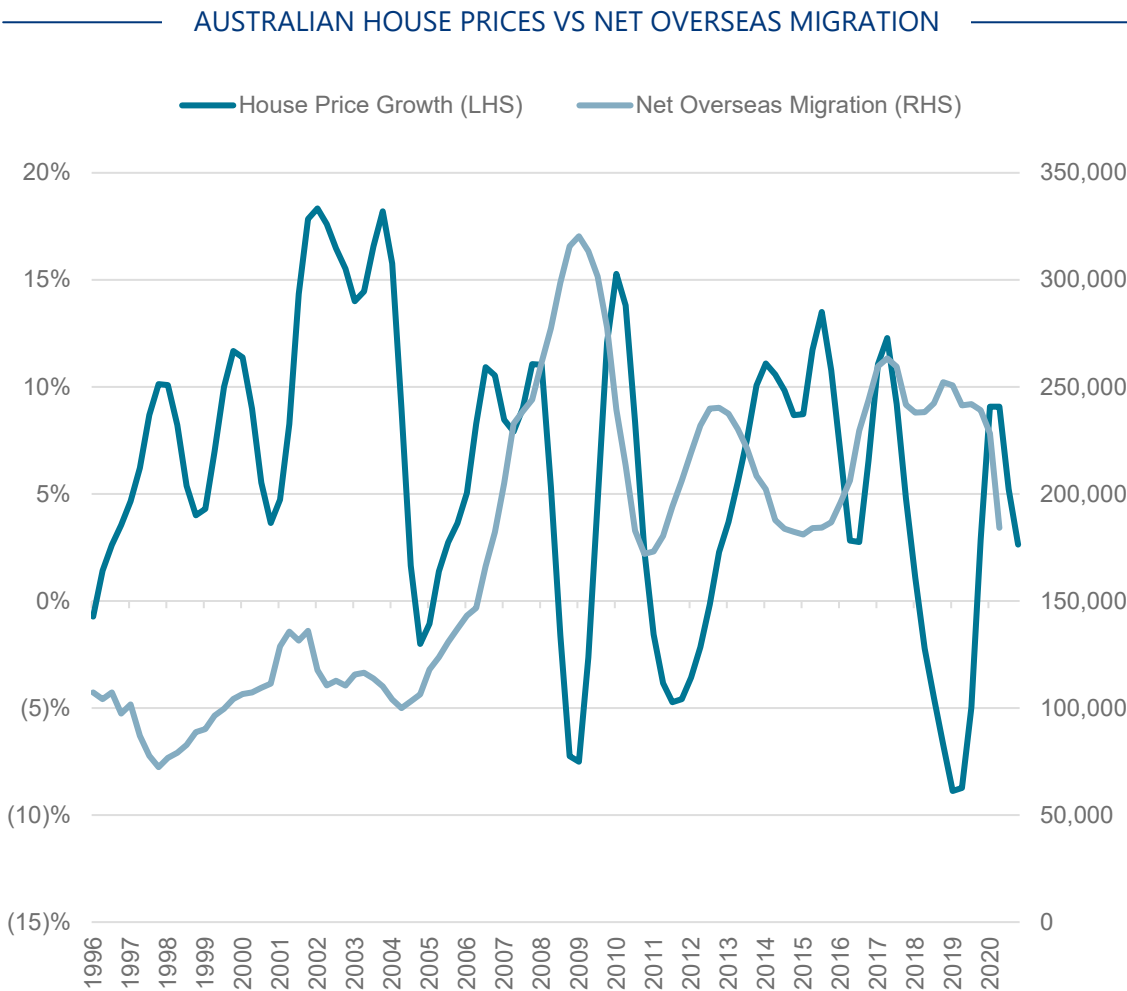
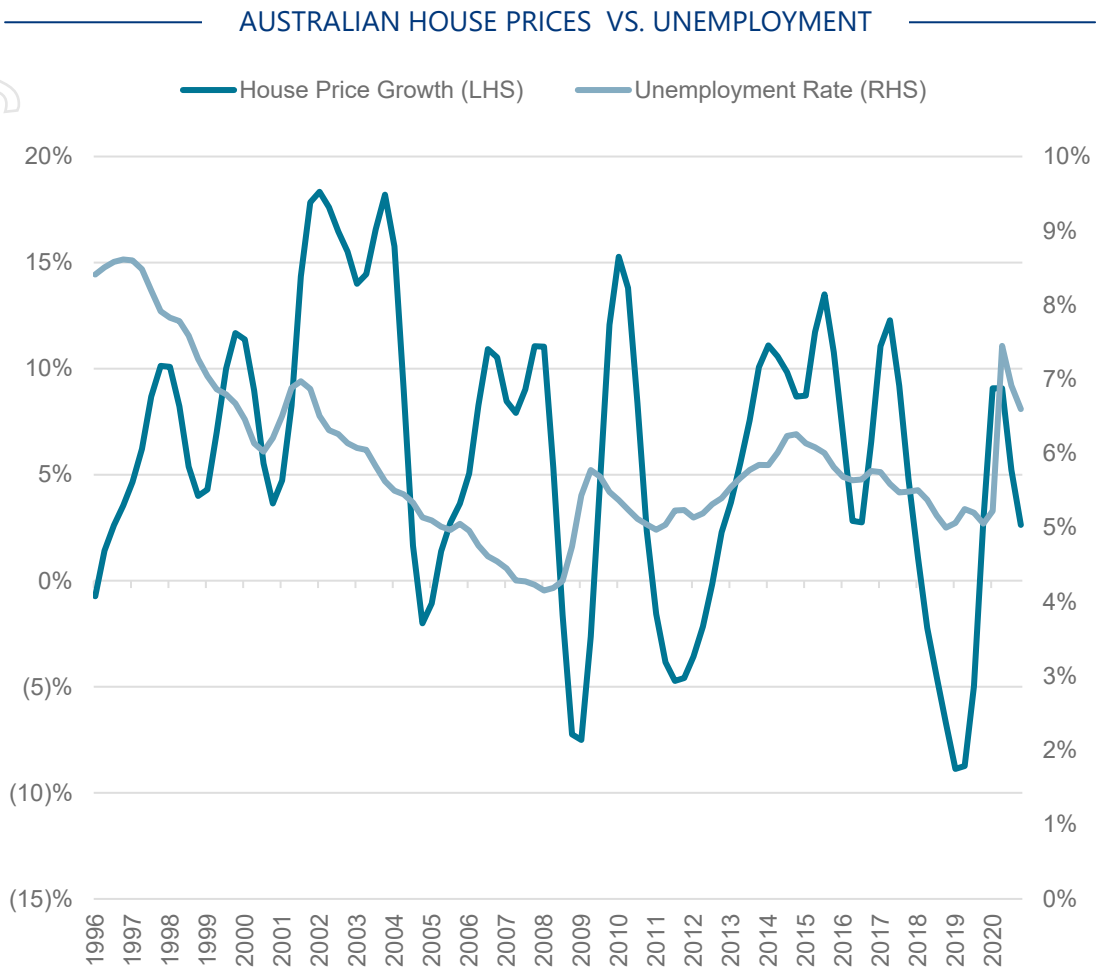
- Forecast NOM of -71,500<sup>1</sup> in 2021 compares to +250,000 p.a. over 2015-2019
- The two main components of 2021 NOM are permanent and long-term:
  1. Temporary visa holders leaving Australia (-165,000), and
  2. Returning Australian citizens / permanent visa holders (+105,000)
- Temporary visa holders are more likely to live in apartments (60% are students). Their departures are reflected in elevated Sydney and Melbourne CBD vacancy rates of 6% and 8%
- The relative movement of these NOM components is consistent with the difference being observed in sales volumes and price growth for the Apartment and MPC segments
- Centre for Population estimates do not include 255,000 short term returned residents (net since March 2020) in forecast NOM. Components include (the main reasons for journey): Holiday (48%), Visiting friends/relatives (29%), Business (7%), Employment (6%) and Other (10%)
- The potential for these residents to stay over the long term presents upside to NOM forecasts



1. ABS Migration Australia 2018-19.  
2. Centre for Population.



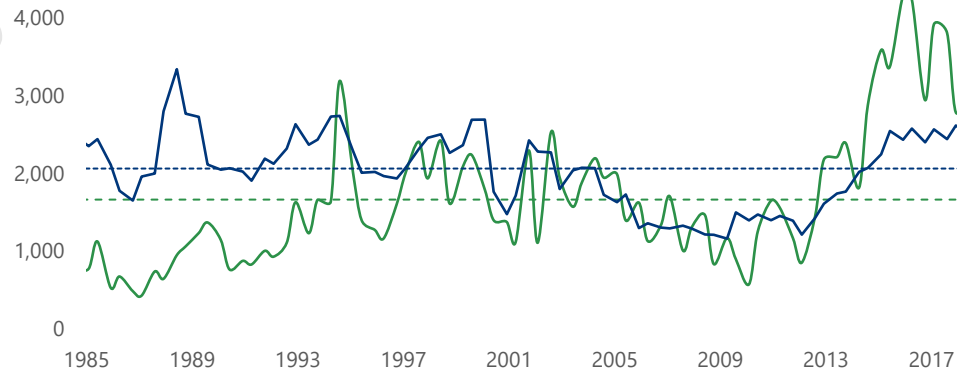
# Longer term residential drivers – labour market and migration



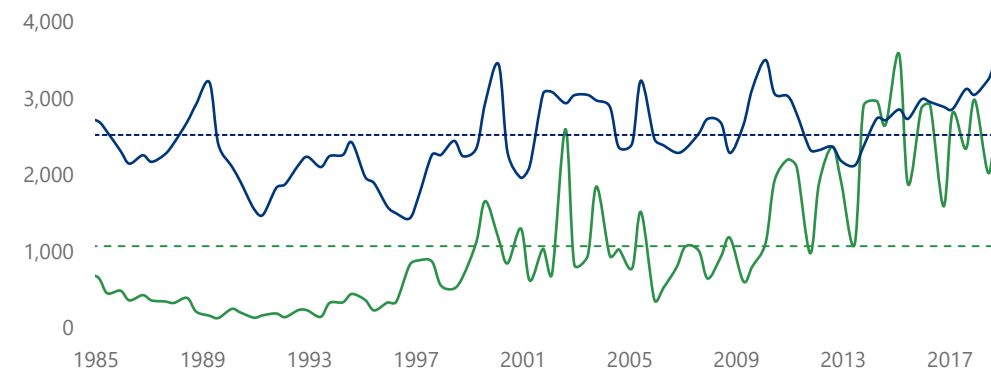
Source: CoreLogic, ABS.

# Building approvals

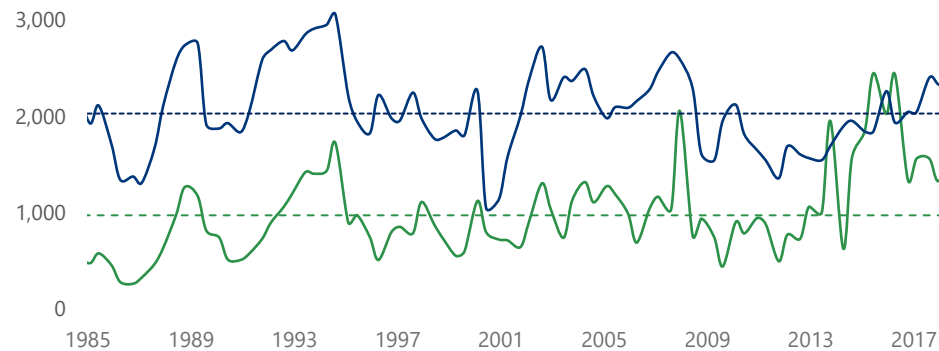
NSW DWELLING APPROVALS<sup>1</sup>



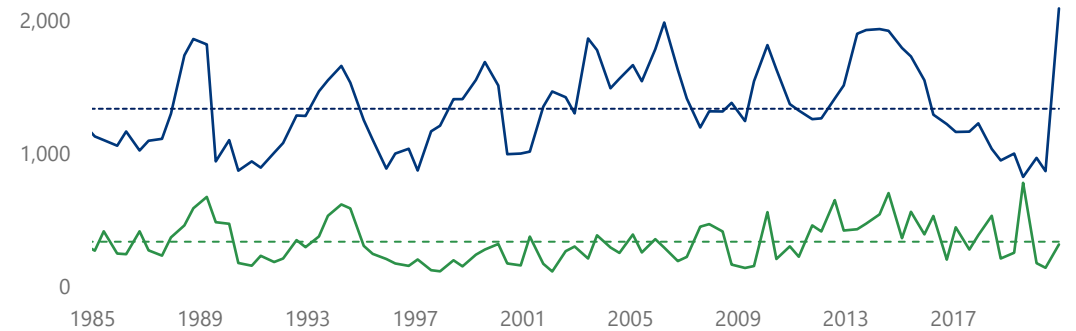
VIC DWELLING APPROVALS<sup>1</sup>



QLD DWELLING APPROVALS<sup>1</sup>



WA DWELLING APPROVALS<sup>1</sup>



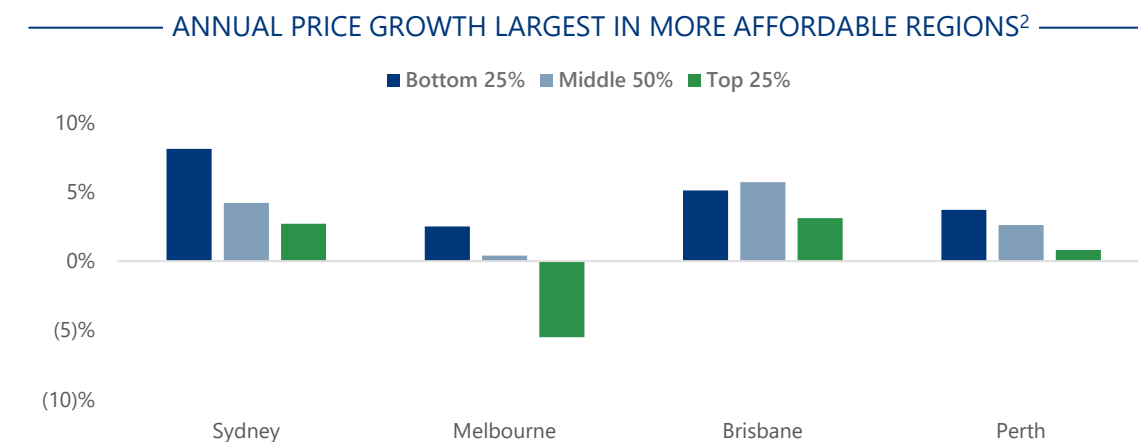
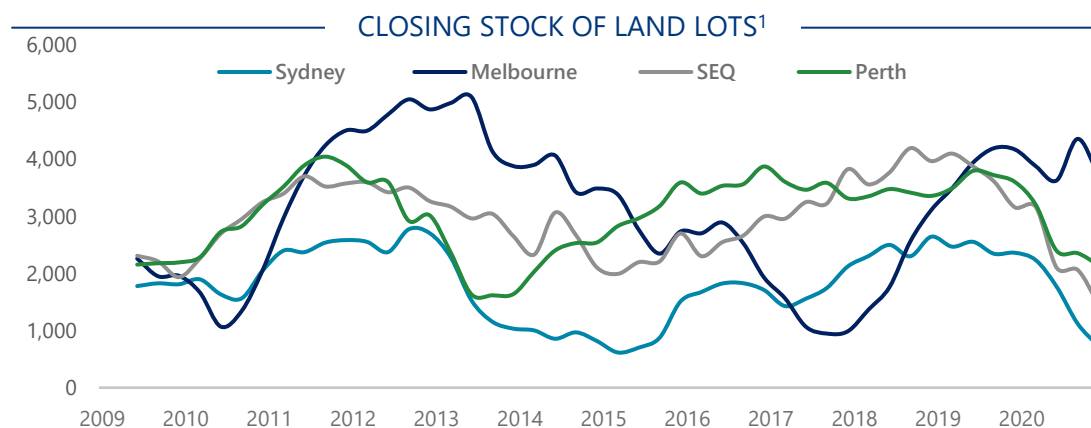
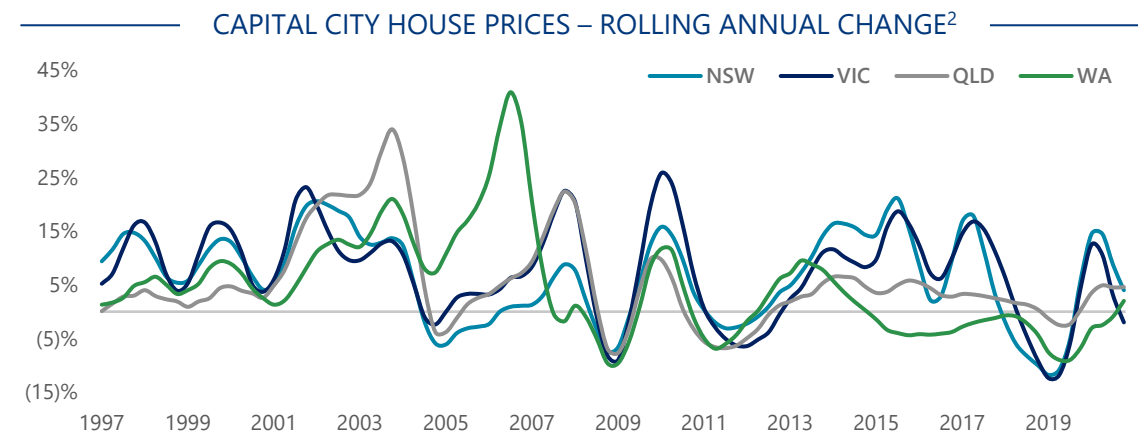
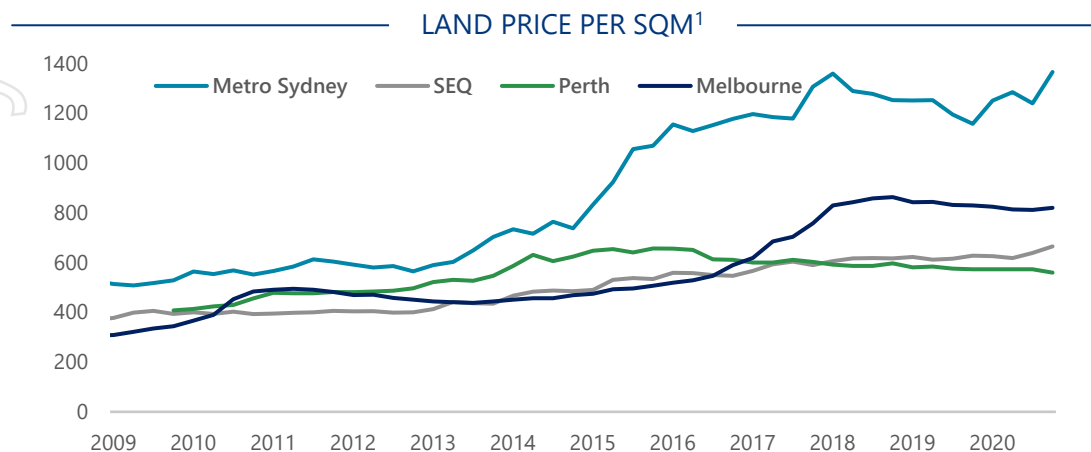
House

Apartment

1. ABS 8731.0 – Building Approvals, Dec 2020.

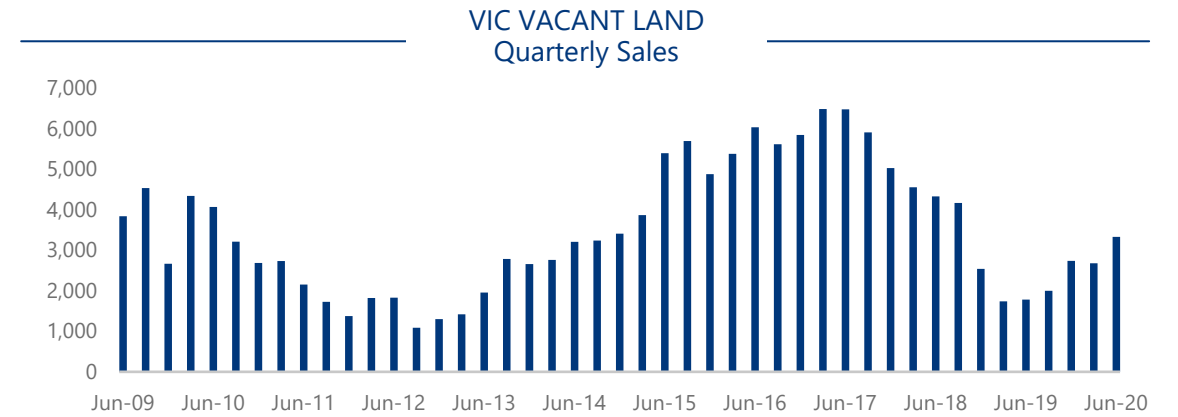
# National house and land prices

Prices rising for both land and established houses in December quarter. Stock of available land down heavily.



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

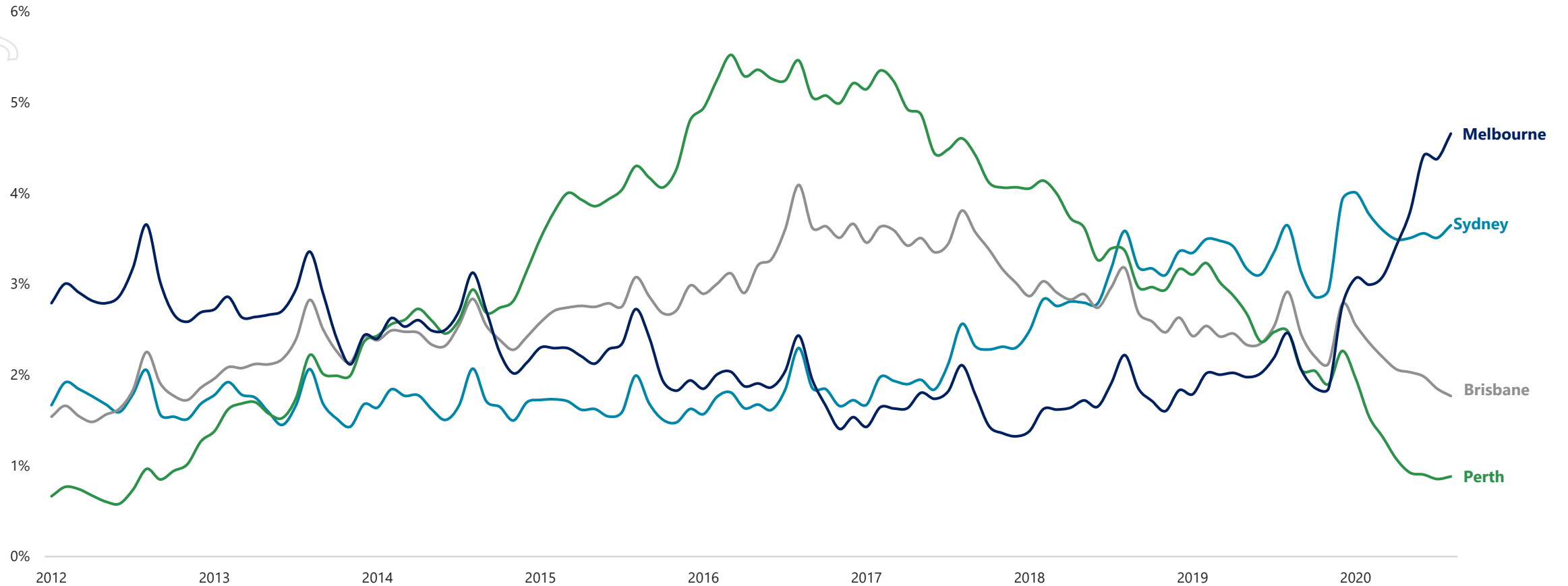
# Vacant land sales remain strong across the country<sup>1</sup>



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

# Residential vacancy rates

Rental vacancy rates<sup>1</sup> reflecting health outcomes

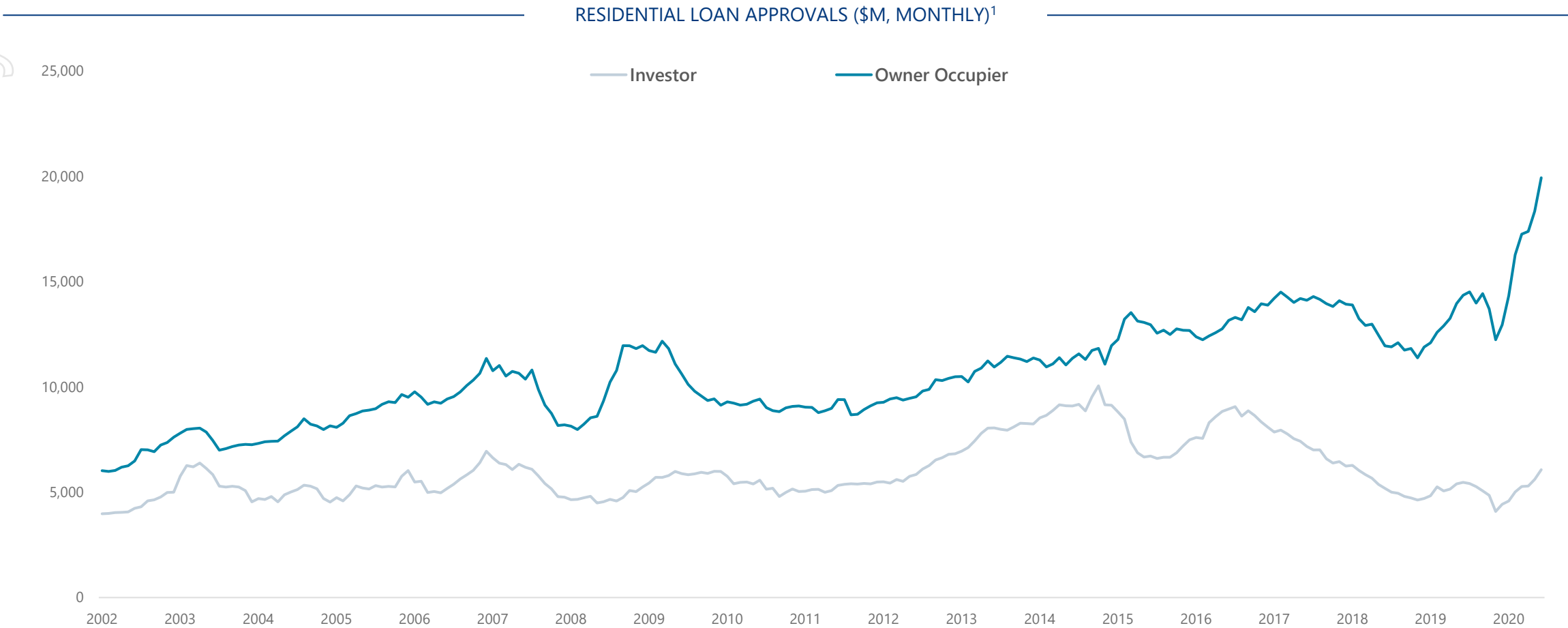


1. SQM Research Dec 2020.



# Housing finance

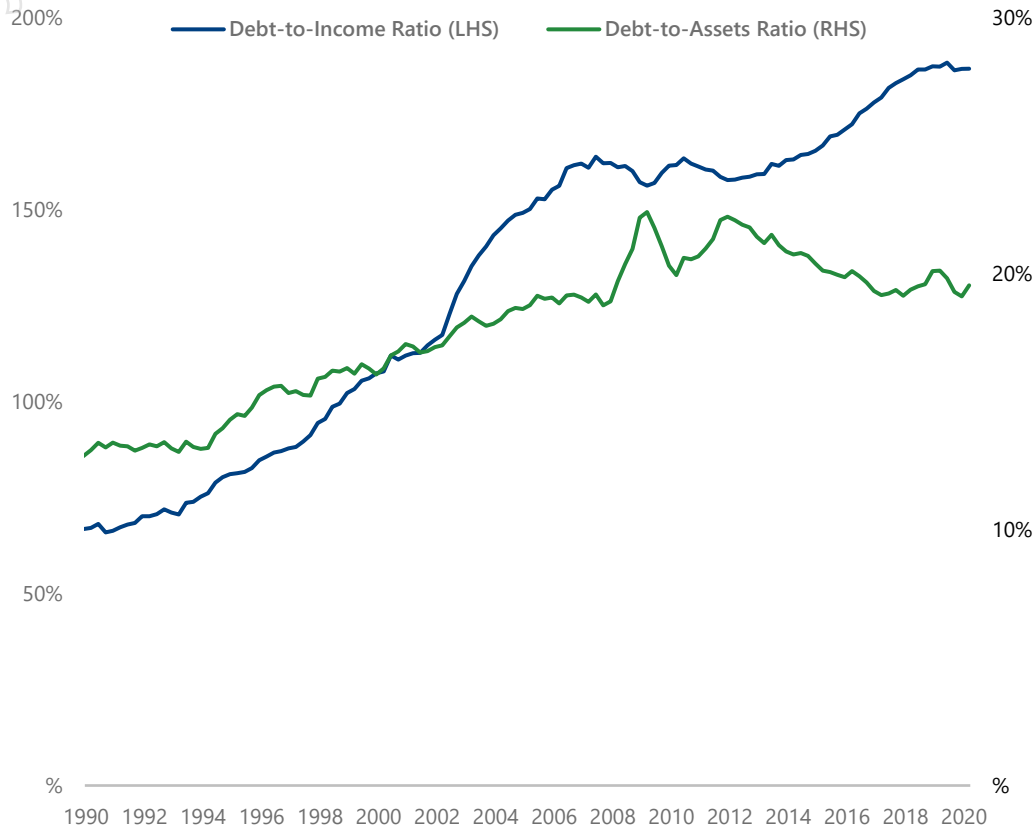
Historical highs for owner-occupier lending, investor market now participating in the recovery



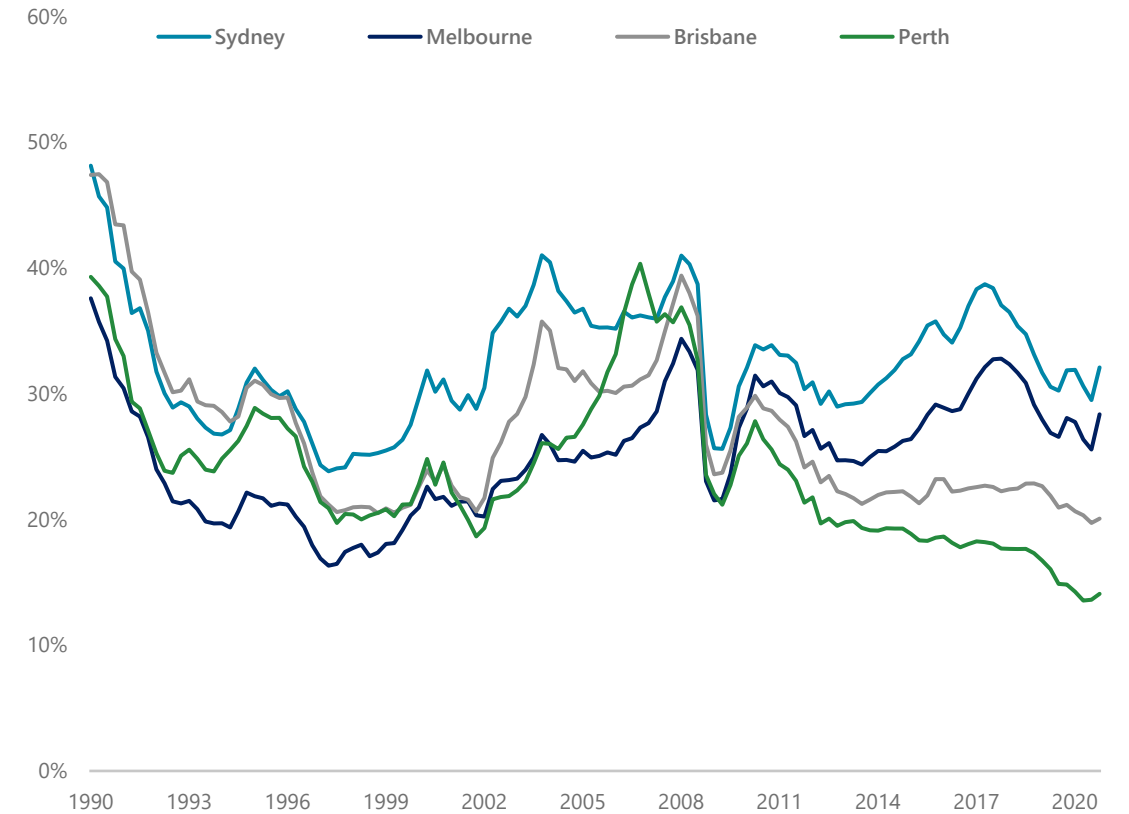
1. ABS Lending Indicators Dec 2020.

# Household affordability deteriorates in December quarter as prices rise

HOUSEHOLD DEBT-TO-INCOME RATIO EASED IN 2020  
WHILE DEBT-TO-ASSET RATIO STEADY<sup>1</sup>



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



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



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Stockland Trust Management Limited

ACN 001 900 741; AFSL 241190

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