



Stockland

1H22 Results

23 February 2022



We acknowledge the Traditional Custodians of the land on which we meet, work and live. We pay our respects to First Nation Elders past, present and emerging and the care they have given this country. Stockland is committed to supporting organisations and individual Aboriginal and Torres Strait Islander people



Artwork created by Maurice Mickelo



Agenda

Group update

Tarun Gupta
Managing Director & CEO

Financial results and
capital management

Alison Harrop
CFO

Commercial
Property

Louise Mason
CEO, Commercial Property

Communities

Andrew Whitson
CEO, Communities

Summary and
Outlook

Tarun Gupta
Managing Director & CEO





Stockland

CELEBRATING **70** YEARS

Group update

Tarun Gupta





Stockland

CELEBRATING 70 YEARS



We believe there is a
better way to live

Executing our strategy



FY22 Guidance Range Tightened

To 35.1-35.6 cents



Divestment of Retirement Living business broadly in line with book value

Dynamically reshaping our
business



Land Lease Communities Capital Partnership with Mitsubishi Estate Asia

Established partnership with high-
quality institutional partner



M_Park Capital Partnership with Ivanhoe Cambridge

Established partnership with leading
global real estate investor



Accretion in FY23

Contracted FFO from post-balance
date transactions forecast to be
accretive to FY23



~\$2.5bn Pro-forma liquidity

Materially strengthened post
transactions vs \$1.3bn in 1H22

Key transactions

Partnerships with high-quality, globally recognised institutional capital to drive future earnings growth



Stockland Residential Rental Partnership¹ with Mitsubishi Estate Asia

- **Accelerates returns from secured land bank**, creating ongoing development margins and high quality recurring income
- Provides significant opportunity to scale platform toward market leading position



M_Park Capital Partnership¹ with Ivanhoé Cambridge

- **Leveraging asset creation strengths** to provide high quality recurring rental and management income
- Next-gen, modern workplaces focused on collaboration, innovation and sustainability



Retirement Living divestment broadly in line with book value¹

- **Delivered on strategy to reduce allocation to Retirement Living**
- Dynamically reshapes the portfolio and provides capital for implementation of strategic growth priorities

Transactions accelerate strategy whilst strengthening the balance sheet and enhancing FY23 FFO

- The transactions are forecast to be accretive, while reducing gearing by ~7% on a pro-forma basis, ahead of capital redeployment
- These transactions refocus our business, leveraging asset creation strengths to drive earnings growth
- Progressive activation of the existing development pipeline will see gearing within the 20-30% target range by FY23+

Group strategic priorities

Executing our strategic priorities and generating sustainable long-term growth



Reshape portfolio

- Extended Residential leadership
 - Contracts on hand of 6,436 up 30% vs FY21
 - Strong embedded margins across well-located landbank
- Halcyon acquisition performing ahead of expectations
- Land Lease Communities platform and capabilities attracting high quality capital partner
- Divestment of Retirement Living Business broadly in line with book value
- Executed on ~\$310m¹ of non-core asset disposals



Accelerate pipeline

- ~\$37bn² development pipeline across Commercial Property and Communities
- ~\$1.6bn³ of Logistics & Workplace pipeline underway
 - Lodged 5 DAs representing \$370m³
 - Logistics development increased to ~\$400m p.a. from ~\$150m p.a.⁴
- Strategic acquisitions enhancing Communities pipeline:
 - Residential landbank extending to ~82,000 lots
 - Land Lease Communities total portfolio growing to ~9,000 home sites
- Optimising landbank through masterplanning



Scale partnerships

- High quality capital partnerships established to scale platform, improve returns and drive earnings growth
 - Stockland Residential Rental Partnership⁵ with Mitsubishi Estate Asia
 - M_Park Capital Partnership⁵ with Ivanhoé Cambridge over Stage 1 of the \$2bn M_Park precinct
 - Long-term partnership to deliver a mixed use precinct with Western Sydney University⁵
- Unlocking development margins and recurring management fees
- Further accelerating development pipeline while maintaining a strong balance sheet



Sustainable growth

- Delivering on our purpose “We believe there is a better way to live”
- Achieving high quality recurring income business with sustainable growth
- Implementing ROIC discipline, with Target Recurring ROIC of 6-9% and Development ROIC of 14-18%⁶
- Delivering customer excellence through enterprise-wide capabilities in digital innovation and ESG

1. Includes disposal of Bundaberg, QLD, Townsville Nathan Street, QLD, and asset held for sale Cairns, QLD.

2. Total development pipeline, includes projects in early planning stages, projects with planning approval and projects under construction.

3. Forecast end value on completion.

4. Forecast end value over a 5-year average in comparison to historical 5-year average.

5. Post 31 December 2021 balance date. Transactions exchanged, with completion conditional on FIRB approval.

6. Indicative return on invested capital target. ROIC calculations: Recurring return includes all Recurring income plus revaluation gains; Recurring capital includes net funds employed in wholly-owned investment properties, ownership stakes in investment and develop-to-own partnerships, and develop-to-own inventories. Development return comprises Development income; Development capital includes net funds employed in build-to-sell inventories.

Our performance – 1H22 result

Tightened guidance range; material skew to 2H22

FFO¹

\$350m

(9.3)% on 1H21

NTA per security

\$4.23

6.3%² on 30 June 2021

Statutory profit

\$850m

150.7% on \$339m³ in 1H21

FFO¹ per security

14.7 cents

(9.3)% on 1H21

Distribution per security

12.0 cents

82% payout ratio

Gearing

23.3%

Up from 21.4% at 30 June 2021

1H22 Highlights

- Tightened guidance range to 35.1-35.6 cents
- Material skew to 2H22 as previously disclosed
- Continued Masterplanned Communities sales and pricing momentum driving margin expansion and 30% increase in contracts on hand vs June 2021
- Halcyon acquisition and Land Lease Communities performing ahead of expectations – 212 net sales and ~12% price growth; incremental synergies and value from integration
- NTA up 6.3% post solid revaluation gains from our high-quality portfolio, including \$543m of revaluations in Commercial Property
- 97.5%⁴ rent collection rates across Commercial Property
- Robust balance sheet with gearing at 23.3%, reduced by ~7% on a pro-forma basis allowing for post-balance date transactions
- Significant pro-forma liquidity of ~\$2.5bn, materially strengthened post RL divestment increasing capacity to invest in higher growth strategic initiatives
- Post-balance date transactions create additional high-quality earnings streams, an enhanced focus on core businesses, and a strengthened balance sheet position

1. Funds from operations (FFO) is determined with reference to the PCA guidelines.

2. Compared with 30 June 2021 NTA per security of \$3.98.

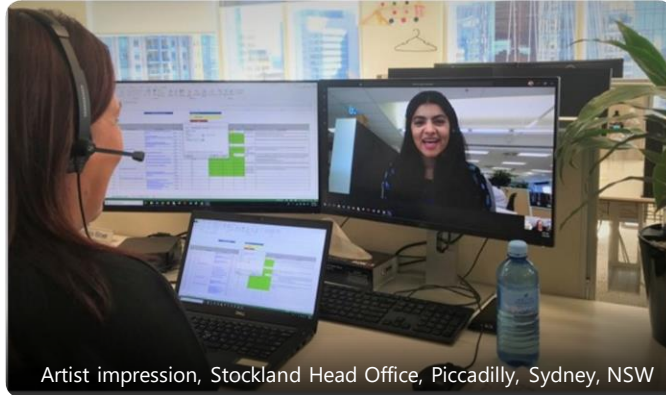
3. Reflects restated accounts and impact of the change in accounting treatment per IFRIC on SaaS costs.

4. Rent collection rates across the Commercial Property portfolio up to 31 January 2022 on December year-to-date billings. Includes all provisioned COVID-19 abatements.

Note: All relevant Group financials include Retirement Living, which is classified as a discontinued operation.

One of Australia's ten strongest brands¹

Driven by excellence in our People, ESG and innovation



Artist impression, Stockland Head Office, Piccadilly, Sydney, NSW

People are our most valuable asset

- Reset of leadership team complete and key business leaders appointed
- Motivated workforce, with employee engagement at >80%, above the Australian National Norm
- Leading ASX 100 company in terms of Executive Team Gender diversity
- Continued support and commitment to employee diversity and flexibility at Stockland



Artist impression, Stockland Net Zero Home, Orion Braybrook, VIC

ESG leadership as a value creator

Progress towards net zero 2028

- ~2.2MW of rooftop solar PV to be installed in FY22, increasing total Commercial Property electricity generated on site to 32%
- These new solar installations will deliver a 5% reduction in Scope 2 carbon emissions

Global ESG leadership

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



Artist impression, Stockland Newport, NSW

Customer-centric innovation



Top 10 Australian Strongest Brand 2022
2022 Brand Finance Australia 100 ranking



PEXA Property X Innovate Awards 2021
Better Together Award, Industry Leadership



PCA Innovation & Excellence Award 2021
Project Innovation *BindiMaps Navigation*



UDIA QLD Awards for Excellence 2021
Masterplanned Community Award, *Aura*



UDIA WA Awards for Excellence 2021
Best Affordable Development, *Garden House, Sienna Wood*

Financial results and capital management

Alison Harrop



Capital position

Robust balance sheet with available liquidity, materially strengthened post transactions

Gearing

23.3%

At the low end of target
range of 20-30%

Investment grade
credit ratings

A-/A3

Stable outlook
S&P / Moody's

Available liquidity
(cash and undrawn facilities)

~\$1.3bn

Materially strengthened to
~\$2.5bn on a proforma basis
(post-transactions¹)

Fixed Hedge Ratio

73%²

Weighted average
cost of debt

3.6%

For 1H22

Weighted average cost
of debt

3.5%

Expected for FY22

Weighted average debt
maturity

5.2 years

- Significant headroom in financial metrics under debt covenants
- Continued broad access to global capital markets

Solid operating cashflows

1H22 operating cashflow reflects material skew to 2H22

Operating Cashflow¹

\$172m

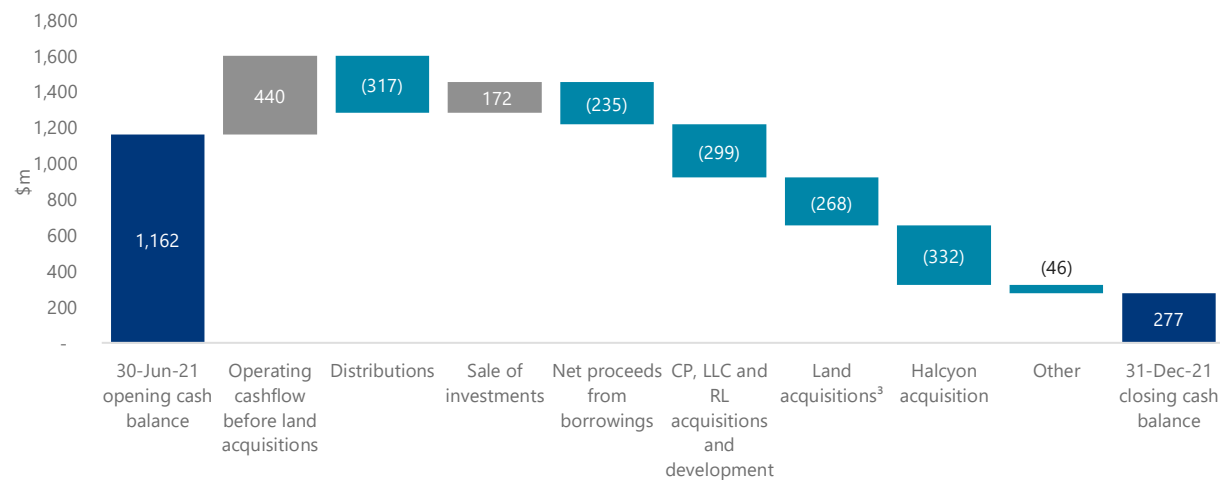
\$475m² in 1H21

Operating Cashflow before
land acquisitions¹

\$440m

\$579m² in 1H21

Cash movements between FY21 and 1H22 driven by investments for future growth



1. Cashflows include residential cash receipts of \$669m and residential costs of \$781m, comprising current year stage costs, future stage infrastructure costs, and SG&A and other costs. Future stage infrastructure costs represent ~60% of costs.
2. Reflects reclassification and the impact of the IFRIC agenda decision on SaaS costs.
3. Includes Residential and Logistics projects.

Focused cashflow management

- Settled \$172m of non-core divestments, primarily Town Centre disposals of ~\$164m
- Setting up for future growth with \$268m in land acquisitions and \$332m in acquisition of Halcyon business
- 1H22 Operating Cashflow impacted by skew to 2H for Residential settlements and step-up in land acquisition payments

Funding and liquidity

- Capital discipline reflected through staged capital release & redeployment:
 - Upcoming capital release from non-core retail and contracted RL asset disposals
 - Staged redeployment into existing development pipeline, including M_Park, NSW
- Maintained gearing at lower end of target range at 23.3%
- Gearing impact of ~7% post execution of announced transactions

Funds from operations

Solid FFO with 2H22 skew as per guidance

- Skew to 2H22 driven by timing of Communities settlements, contracted Retirement Living village disposal profits due in 2H22, and retail abatements over 1H22
- Strong operating profit margins in MPC due to price growth and settlement mix, offsetting supply chain and construction cost increases
- Increased Logistics FFO reflecting trading profits on settlement of Gregory Hills, NSW and rental growth
- COVID-19 impact of ~\$28m in 1H22 (abatements net of small ECL provision release) vs net \$8m in 1H21
- Higher overheads reflect investment in technology, normalisation of cost base post-COVID-19 and increased insurance premiums

\$m	1H22	1H21	Change
Logistics	87	55	58.2%
Workplace ¹	56	56	-
Town Centres	153	185	(17.3)%
Commercial Property net overheads	(18)	(10)	80.0%
Commercial Property	278	286	(2.8)%
Residential Communities	122	136	(10.3)%
Land Lease Communities	5	-	-
Retirement Living	17	36	(52.8)%
Unallocated corporate overheads ²	(35)	(28)	25.0%
Net interest expense	(37)	(44)	(15.9)%
Total	350	386	(9.3)%
FFO per security (cents)	14.7	16.2	(9.3)%
Distribution per security (cents)	12.0	11.3	6.2%
Statutory profit	850	339³	150.7%

Increased trading profits and comparable FFO growth of +3.7%⁴. New leases generated average positive spread of +5.1%

Non-core asset disposals and increased COVID-19-related expenses vs prior period. +2.0%⁵ comparable FFO growth ex COVID-19 impacts

Normalisation of cost base post-COVID-19, and investments in technology

Reflects material skew to 2H22

1H21 reflects DMF recognition from disposal of four non-core Retirement Living villages

Reflects lower average borrowings, improved weighted average cost of debt and increase in capitalised interest with higher production levels

Solid revaluation gains across our high quality portfolio

Commercial Property

Louise Mason



Commercial Property

Solid operating metrics reflect quality and resilience of portfolio

- Solid underlying FFO result and cash position, reflecting:
 - Positive comparable FFO growth (pre abatements and ECL) of 2.3%
 - Logistics trading profits from settlement of Gregory Hills, NSW and 5.1% average rental growth on new leases
 - Offset by mandated COVID-19 abatements and non-core Retail disposals
- Strong rent collection rates of 97.5%¹ across the portfolio despite COVID-19 disruption

Key metrics	Asset value ²	FFO	FFO comparable growth ³	Occupancy	WALE ⁴
Town Centres	\$5,613m	\$153m	2.0% ⁵	99.1% ⁷	5.4 yrs
Workplace ⁸	\$2,060m	\$56m	1.9% ⁶	90.6%	4.8 yrs
Logistics	\$2,870m	\$87m ⁹	3.7% ⁶	99.9%	3.6 yrs
Sub-total	\$10,543m	\$296m	2.3%⁵	-	-
Commercial Property net overheads	-	\$(18)m	-	-	-
Total	\$10,543m	\$278m	-	-	-

1. Rent collection rates across the Commercial Property portfolio up to 31 January 2022 on December year-to-date billings. Includes all provisioned COVID-19 abatements.
2. Excludes WIP and sundry properties.
3. Includes comparable assets; excluding acquisitions, divestments and assets under development.
4. Weighted average lease expiry.
5. Excludes COVID-19 abatements and ECL.
6. Excludes COVID-19 abatements.
7. Occupancy reflects stable assets for the period. This calculation is based on signed leases at 31 December 2021.
8. Reflects reclassification of six assets into Workplace from Logistics.
9. Includes \$28m trading profit from settlement of Gregory Hills, NSW.

\$10.5bn

Asset value²
+6.6% increase on FY21
Including
\$543m Net valuation increase

\$278m

Funds From Operations

97.5%

Rent collection¹

Commercial Property – Key priorities

Leveraging our multi-sector capability to create and reshape portfolio



Accelerate Logistics & Workplace

- Established M_Park Capital Partnership¹
- 5 Logistics DAs lodged, representing ~\$370m² in end value across ~150,000 sqm GLA
- Bolstered pipeline with future redevelopment potential at Padstow
- Piccadilly and Affinity Place development projects continue to progress through the authority approvals process

~\$370m² in Logistics DAs
lodged



Reposition Town Centre portfolio

- Executed on ~\$310m³ of non-core asset disposals
- Well-positioned essentials-based portfolio
- Performance driven by active remixing and rebalancing strategy over time

~\$310m³ of non-core
disposals



Focus Retail Essentials

- Increased investor appetite for high quality, essentials-based retail
- Explore capital partnership at appropriate time

Optimise Essentials retail
portfolio



Maximise value of our asset base

- Optimising landbank through masterplanning
- Mixed use and densification opportunities

Exploring masterplanning
opportunities

Commercial Property

Valuations underpinned by quality assets

Net valuation increase of

\$543m¹

5.5% increase on June 2021 book value

With 88%² of assets independently revalued at 31 December 2021



Town Centres



Logistics



Workplace

1H22³

\$252m, +4.6%

\$262m, +10.6%

\$29m, +1.5%

Cap rates

Compressed by 20bps to 5.9%

Compressed by 40bps to 4.2%

Compressed by 14bps to 5.4%

Drivers

- Uplift driven by essentials-based portfolio mix
- Easing COVID-19 restrictions driving improved retail investment sentiment, though uncertainty remains
- Increased confidence in the sector, particularly in essentials-based retail
- Substantial increase in retail transaction activity driving cap rate compression

- Uplift driven predominantly by cap rate compression
- Transactions continue to reflect ongoing investor appetite

- Movements reflect a combination of cap rate firming, moderate income growth and completed lease deals
- Recognition of uplift on completion of upgrade works at Optus Centre, NSW

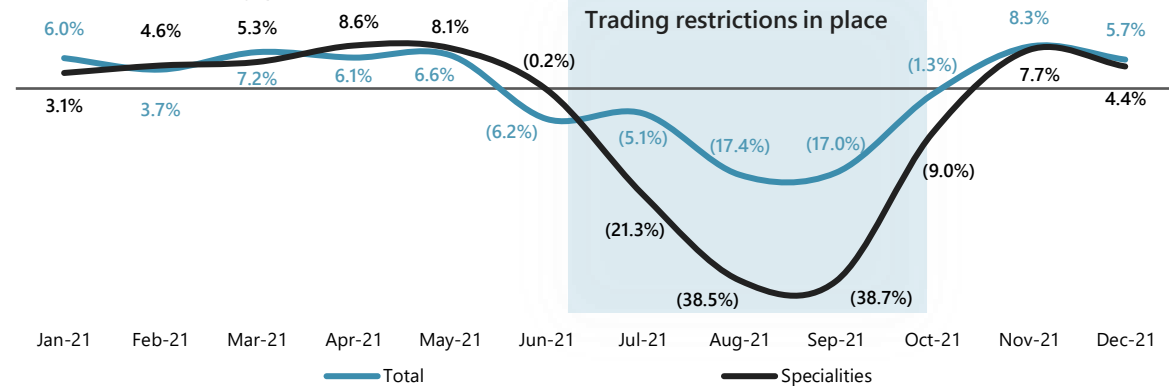
Town Centres


Resilient sales from essentials-based mix

- Total MAT growth of 0.6%¹, underpinned by resilient essentials-based portfolio
- Improvement in performance aligned to COVID-19 recovery cycles
- MAT impacted by extensive trade restrictions in NSW and VIC over 1Q22
- Impact was offset by strong performance in QLD and WA, with total MAT growth in these states of 5.3% and Specialties MAT growth of 10.8%
- Performance driven by active remixing and management over time, with:
 - ~75% MAT skewed toward essentials-based categories
 - Essentials-based MAT growth of 4.2% vs pre COVID-19 volumes²
 - Strong leasing outcomes coming to fruition with significant new store openings
 - Significant repositioning of portfolio, with ~\$310m³ of non-core assets disposals over 1H22

Resilient sales, above pre-COVID-19 levels. Improvements aligned with easing trade restrictions

Comparable monthly growth⁴, 2021 vs 2019




+0.6%
Total Portfolio¹
Annual MAT
growth


+0.4%
Comparable
Centres⁴ Annual
MAT growth


+2.9%
Comparable
Centres⁴ Specialty
Annual MAT
growth

1. Sales data includes all Stockland managed retail assets, including joint venture assets.
 2. Annual MAT growth comparison -12 months to February 2020.
 3. Includes disposal of Bundaberg, QLD, Townsville Nathan Street, QLD, and asset held for sale Cairns, QLD.
 4. Comparable basket of assets as per SCCA guidelines, which excludes assets which have been redeveloped within the past 24 months.

Town Centres

Well positioned portfolio

- Comparable FFO growth of +2.0%¹, highlighting portfolio resilience despite trade restrictions
- Despite the ongoing COVID-19 environment, tenant confidence is recovering:
 - 313 deals and ~52,000 sqm² leased
 - +1.2% leasing spreads across new leases and renewals
 - High rent collection and occupancy at 96.5%³ and 99.1%⁴ respectively
- Proven capability to pro-actively manage the changing retail environment



1. Includes comparable assets; excluding acquisitions, divestments and assets under development. Excludes COVID-19 abatements and ECL.
 2. Includes leasing across stable and stabilising assets and project leasing.
 3. Rent collection rates across the Commercial Property portfolio up to 31 January 2022 on December year-to-date billings. Includes all provisioned COVID-19 abatements.
 4. Occupancy across the stable portfolio based on signed leases and agreements at 31 December 2021.
 5. By area.

	1H22	1H21
Occupancy ⁴	99.1%	98.7%
WALE ^{5,6}	5.4 yrs	5.5 yrs
Specialty retail leasing activity ⁷		
Tenant retention ⁸	64%	71%
Total lease deals ²	313	322
Specialty occupancy cost ratio ⁹	15.9%	16.0%
Average rental growth on lease deals ¹⁰	1.2%	(7.8)%
Renewals: number, area	179 / 26,538 sqm	177 / 25,931 sqm
rental growth ¹⁰	0.6%	(7.6)%
New leases: number, area	100 / 13,159 sqm	82 / 10,494 sqm
rental growth ¹⁰	2.4%	(8.4)%
incentives: months ¹¹	11	14.2

6. Assumes all leases terminate at earlier of expiry / option date.
 7. Metrics relate to stable assets unless otherwise stated.
 8. Adjusted for operational centre remixes and reconfiguration as well as retailers subject to administration.
 9. Occupancy cost reflects stable assets, adjusted to reflect tenants trading more than 24 months, and for COVID-19 abatements agreed to date for the period.
 10. Rental growth on stable portfolio on an annualised basis.
 11. Represents the contributions made towards the retailers' fit outs, expressed in equivalent months of net rent.

Logistics

Strong performance from high quality portfolio

- Comparable FFO growth of 3.7%¹, driven by 5.1% average rent growth on new leases
- 1H22 FFO² includes trading projects achieving margins of ~28% as investment demand remains elevated for quality assets
- More than 300,000 sqm leased³ over 1H22
- High rent collection rates of 99.6%⁴ and occupancy of 99.9%^{5,6}
- Leasing enquiry remains elevated, underpinned by growing investment in supply chain improvements



	1H22	1H21
FFO	\$87m ²	\$55m
Asset value ⁷	\$2,870m	\$2,122m
Leased area	142,586 sqm	179,889 sqm
Leases under HOA ⁶	158,742 sqm	71,954 sqm
Average rental growth on new leases and renewals	4.1% ⁸	(2.0)%
Portfolio occupancy ^{5,6}	99.9%	95.6%
Portfolio WALE ^{5,6}	3.6 yrs	3.5 yrs

1. Includes comparable assets; excluding acquisitions, divestments and assets under development. Excludes COVID-19 abatements.
2. Includes \$28m in trading profit from settlement of Gregory Hills, NSW.
3. Reflects executed leases & leases under HOA as at 31 December 2021.
4. Rent collection rates across the Commercial Property portfolio up to 31 January 2022 on December year-to-date billings. Includes all provisioned COVID-19 abatements.

5. By income.
6. At 31 December 2021.
7. Excludes WIP and sundry properties.
8. Excluding a single deal at Yennora Distribution Centre, NSW, rebased to market rent.

Logistics

Accelerating the pipeline



Future opportunities

- Kemps Creek 2, NSW
- Kemps Creek 3, NSW
- Padstow, NSW
- Melbourne Business Park, VIC – future stages

Detailed planning

- Kemps Creek 1, NSW
- Willawong Distribution Centre, QLD – stages 4 - 5
- Willawong Joint Venture Project, QLD
- Altona Industrial Estate, VIC
- Melbourne Business Park, VIC – stage 2

Underway

- Ingleburn, NSW – stage 3
- Leppington Business Park, NSW – stages 1-2
- Silica Street Industrial Park, Carole Park, QLD – stage 2
- Willawong Distribution Centre, QLD – stage 3
- Yatala, 77 Darlington Drive, QLD
- Yatala Distribution Centre, QLD – stage 3
- Cranbourne West, VIC²
- Leakes Road, Truganina, VIC²
- Melbourne Business Park, VIC – Lot 45
- Melbourne Business Park, VIC – stage 1

5 DAs lodged
representing
\$370m¹
end value across
150,000 sqm GLA

Total
~\$3.2bn¹
development
pipeline

~\$400m
Average development
p.a. doubled from
~\$150m p.a.³

Target
50%

Activation of existing pipeline within
3 years

1. Forecast end value on completion.
2. Under conditional contracts; and part of the joint venture arrangements with a fund managed by JP Morgan Asset Management.
3. Forecast 5-year average in comparison to historical 5-year average.

Workplace

Strong platform for future growth

- Comparable FFO growth of 1.9%¹ despite disrupted work patterns, with high rent collection rates of 98.9%² and strong occupancy of 90.6%^{3,4}
- 20,253 sqm leased⁵ as businesses make decisions on future workspace needs
- WALE of 4.8 years across the Workplace portfolio

	1H22	1H21
FFO	\$56m	\$56m
Asset value ⁶	\$2,060m	\$1,895m
Leases executed	11,321 sqm	5,484 sqm
Leases under HOA ^{3,7}	8,932 sqm	1,777 sqm
Average rental growth on new leases and renewals	1.0%	8.3%
Portfolio occupancy ^{3,4}	90.6%	95.2%
Portfolio WALE ^{3,4}	4.8 yrs	4.7 yrs

1. Includes comparable assets; excluding acquisitions, divestments and assets under development. Excludes COVID-19 abatements.
2. Rent collection rates across the Commercial Property portfolio up to 31 January 2022 on December year-to-date billings. Includes all provisioned COVID-19 abatements.
3. At 31 December 2021.

4. By income.
5. Reflects executed leases & under HOA.
6. Excludes WIP and sundry properties.
7. Represents 100% interest.
8. Reflects reclassification of six assets into Workplace from Logistics.
9. Forecast end value on completion.

10
Assets⁸

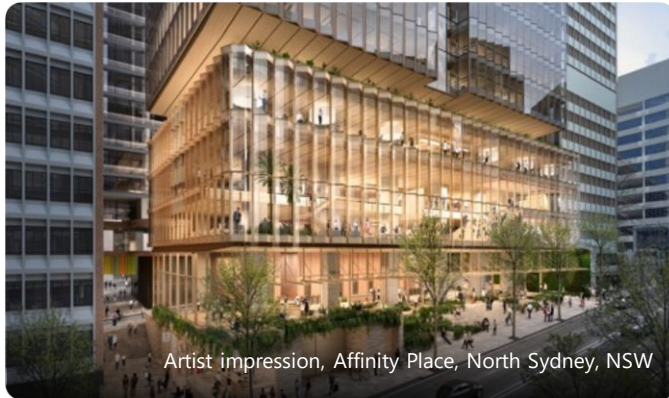
\$5.9bn
Development
pipeline⁹

98.9%
Rent collection²

\$2.1bn
Portfolio value⁶

Workplace

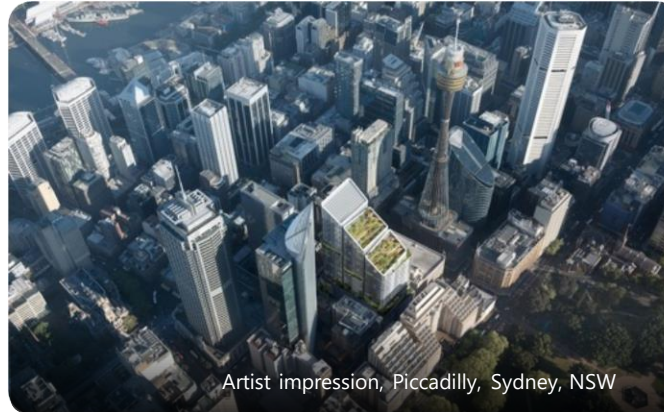
Growing the new generation portfolio



Artist impression, Affinity Place, North Sydney, NSW

Creating next-gen Workplaces

- Curated, modern workplaces focused on innovation and aligned to our sustainability values
- Well-located geographically, and well-placed within the development cycle to capitalise on structural shifts
- Leveraging our development and community creation strengths to provide a clear point of difference



Artist impression, Piccadilly, Sydney, NSW

Scaling Capital Partnerships

- Leveraging our attractive pipeline and capabilities to scale capital partnerships
- **Established M_Park Capital Partnership¹** with Ivanhoé Cambridge over stage 1, with potential to accelerate stage 2
- **Progressing conversion of new developments:**
 - Piccadilly, Sydney CBD
 - Affinity Place, North Sydney



Artist impression, M_Park, Macquarie Park, NSW

Exploring Opportunities

- Structural shifts create potential to originate, reposition and redevelop assets across the landbank and future acquisitions
- Leveraging our capabilities to capital partner across core, opportunistic and mixed use plays to develop and reposition future workplaces

Communities

Andrew Whitson



Communities – key priorities

Leveraging our position as Australia's leading community creator



Extend Residential leadership

- Strength of demand for Stockland MPC resulting in net sales of 3,815 in 1H22
- 6,436 contracts-on-hand reflects 30% increase on FY21, with ~14% higher average pricing
- On track to meet target FFO despite settlement deferrals into FY23
- Operating profit margin of 18.2% despite cost pressures

Industry leadership:
**Market share¹ 3x that of
closest competitor**



Grow Land Lease Communities

- Halcyon acquisition performing ahead of expectations
- Scaling at pace with total portfolio growing to ~9,000 home sites
- Execution of capital partnership with Mitsubishi Estate Asia² accelerating development and platform growth
- FY22 forecast to outperform despite supply disruptions and cost pressures

**Execution of strategic
partnership with Mitsubishi
Estate Asia²**



Scale Apartments business

- Well-placed for recovery of apartment market
- Positioning Rosebery, NSW and Brunswick, VIC for launch at appropriate time
- Continuing to investigate build-to-rent opportunities

**Broadening
customer reach**



Optimise returns via a capital solution for Retirement Living

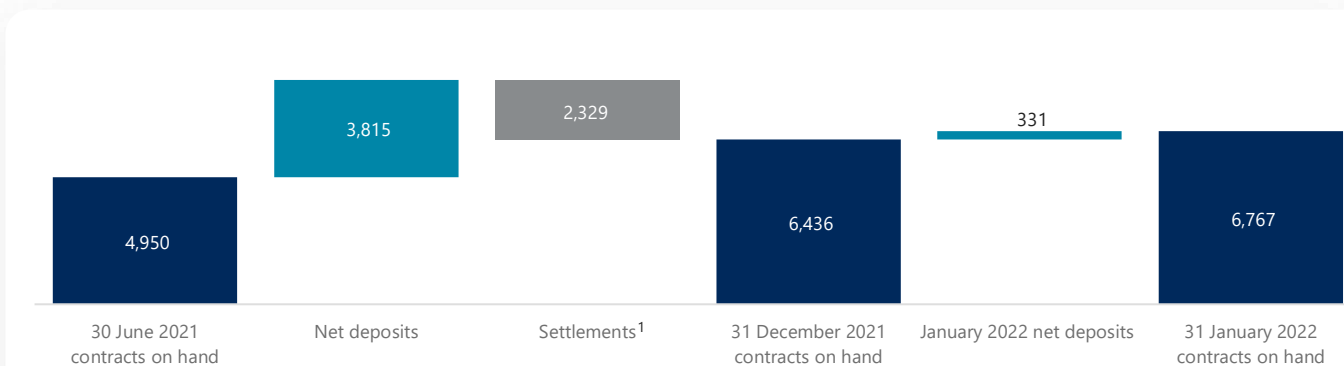
- Retirement Living divestment broadly in line with book value²
- Delivered on strategy to reduce allocation to Retirement Living
- Releases capital for redeployment into higher growth opportunities

**Divestment of Retirement
Living business broadly in
line with book value²**

Residential

On track to meet target FY22 FFO

- 2,329 settlements¹ over 1H22, in line with expectations
- Material skew to 2H22 due to timing of settlements
- Operating profit margin of 18.2% positively impacted by higher proportion of NSW settlements. FY22 operating profit margin guidance of over 18%
- Contracts-on-hand up 30% on FY21 with ~14% higher average pricing
- FY22 settlement guidance reduced to ~6,000, driven by COVID-19 supply chain disruption and wet weather delays in SEQ
- FFO expectations remain unchanged due to operating profit margin increase from price growth and mix
- Upward pressure on civil construction costs within contingency allowances; built-form cost increases offset by price growth



6,436
Contracts on hand

30%
increase on FY21

\$122m
1H22 FFO

(10.3)%
Decrease on 1H21

2,329
Total lots settled in
1H22¹

3,815
Net sales

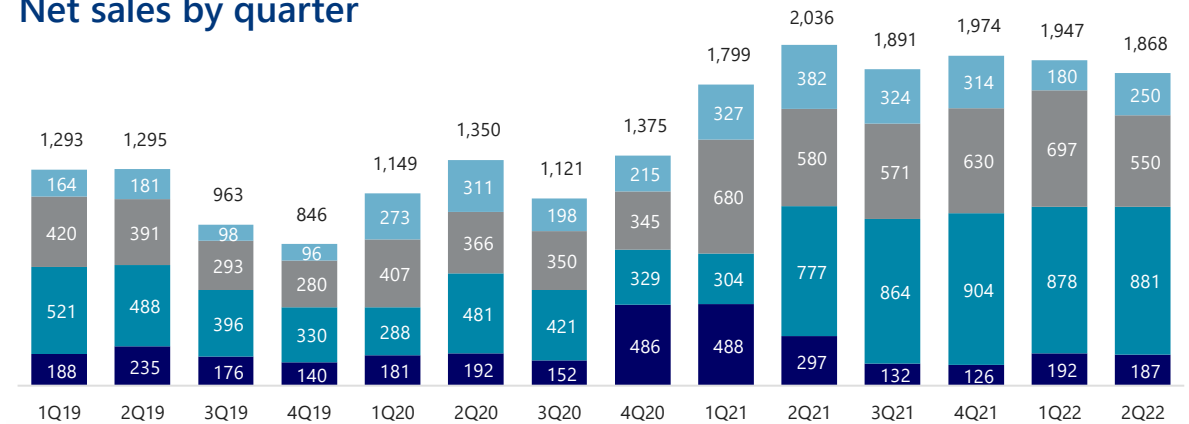
18.2%
Operating profit margin

Residential

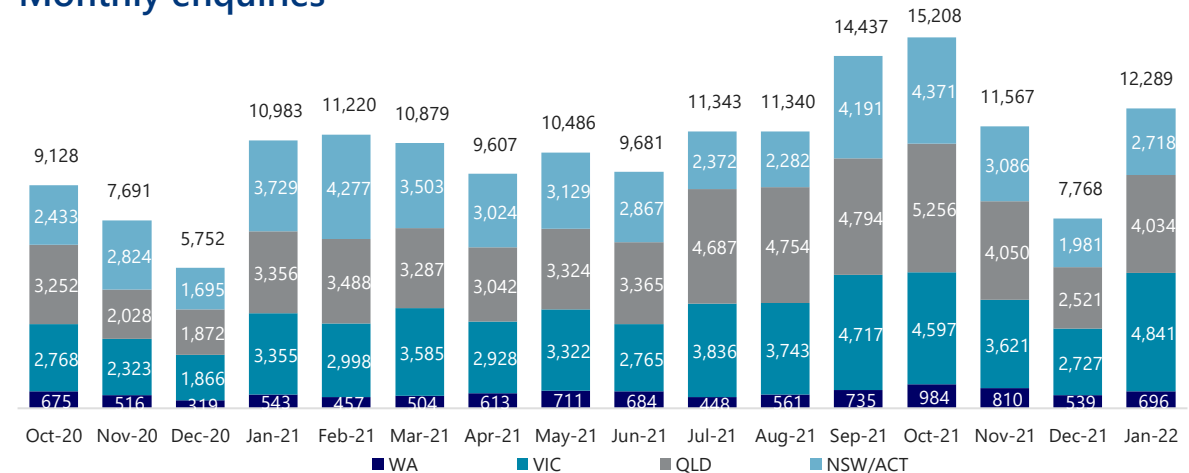
Demand remains strong

- Strong net sales of 3,815 in 1H22, in line with elevated 1H21 volumes during HomeBuilder stimulus
- Enquiries remain elevated, despite slower promotional activity to align sales releases to production
- Growth in undersupply driven by strong demand
- Managing contracts-on-hand with increased deposits, prequalification requirements and shorter timeframes to unconditional contracts
- Default rates of 1.6% remain below historical averages
- January 2022 sales of 331 lots impacted by no new releases in NSW

Net sales by quarter



Monthly enquiries

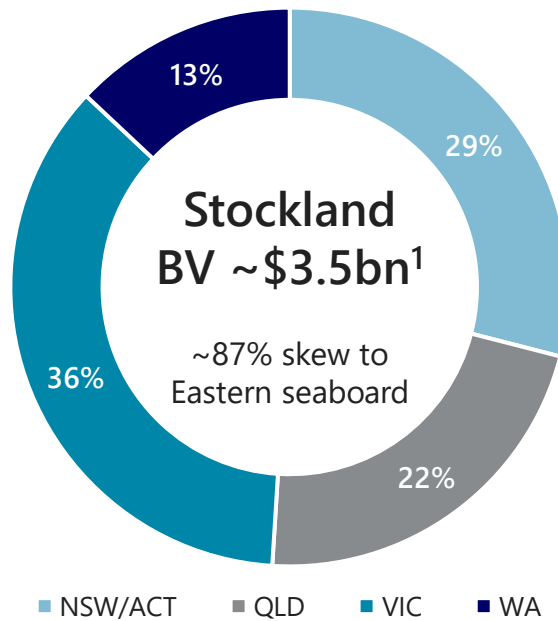


Residential

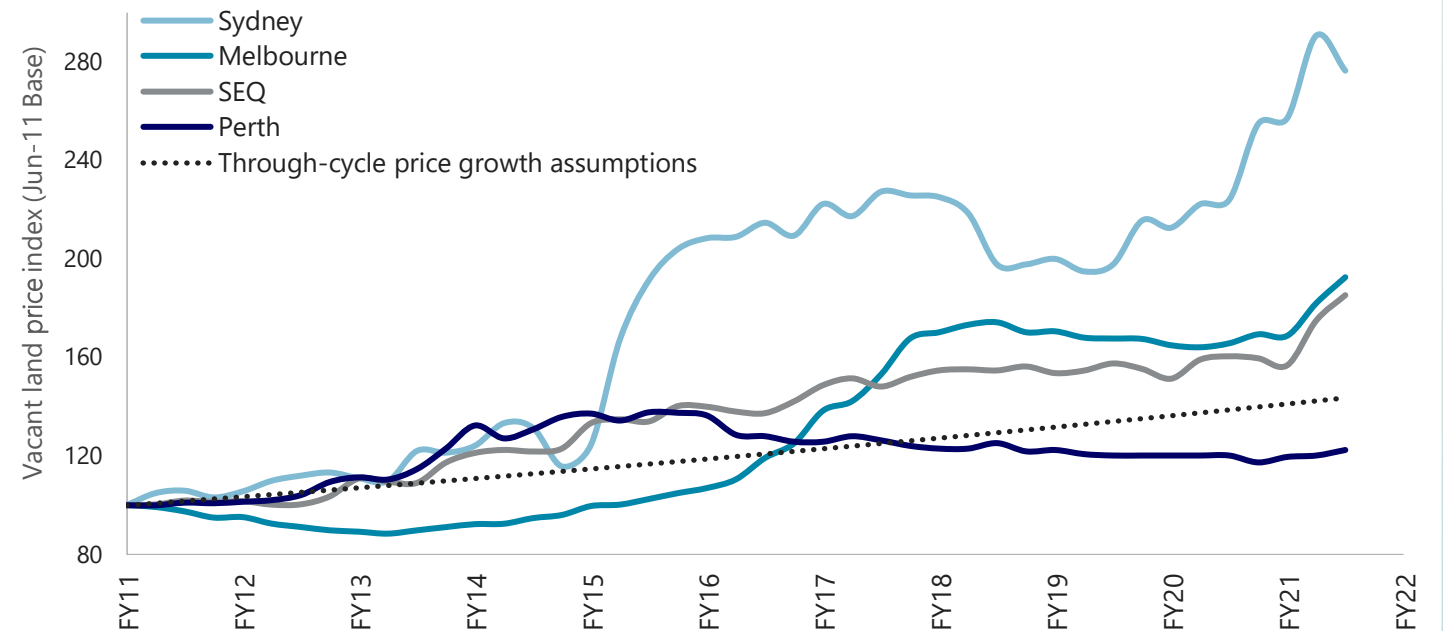
Strong embedded margins

- Landbank average age of ~9.5 years; well-located with skew to undersupplied Eastern seaboard markets
- Embedded margins driven by strong price growth in these locations over the last 5 years, significantly above through-cycle acquisition pricing assumptions

~82,000 lot landbank with average age of ~9.5 years



Strong embedded margins driven by vacant land price growth



Residential Outlook

Positive 12 months with growth to moderate

- Current residential fundamentals remain strong
- Supply unable to satisfy buyer demand, due to limited land availability and supply chain disruption
- Demand expected to remain elevated over the near-term despite marginal tightening in credit and upward pressure on fixed rates
- Over the medium-term market conditions are expected to normalise, in line with rising interest rates
- Increased net overseas migration following international border reopenings to drive volume growth over time
- Supply chain disruption to drive cost increases above long-run averages over the next 12 months

12-month outlook

State	Price	Volumes	Market commentary
NSW	↑	↓	<ul style="list-style-type: none">• Strong demand to continue in the near-term• Undersupply of available land and production constraints to place a ceiling on volumes• Price and volumes to moderate over the medium term from an elevated base
VIC	↑	↓	<ul style="list-style-type: none">• Significant pent-up demand and relative affordability to Sydney to support price in the near term• Volumes expected to moderate from current historical highs• Expectations for price growth to moderate over the medium term
QLD	↑	↔	<ul style="list-style-type: none">• Continued strong interstate migration and relative affordability advantages over Sydney and Melbourne to drive demand• Undersupply of available land to constrain volumes with price growth to continue• Expectations for price growth to moderate over the medium term
WA	↑	↑	<ul style="list-style-type: none">• Increased interstate migration following state border reopening to drive volume growth• Pricing supported by continued established market strength which is currently reflected in the tightest rental market nationally

Land Lease Communities

Rapid growth in the business, financial performance ahead of Halcyon acquisition expectations

Building a market leading Land Lease Communities platform

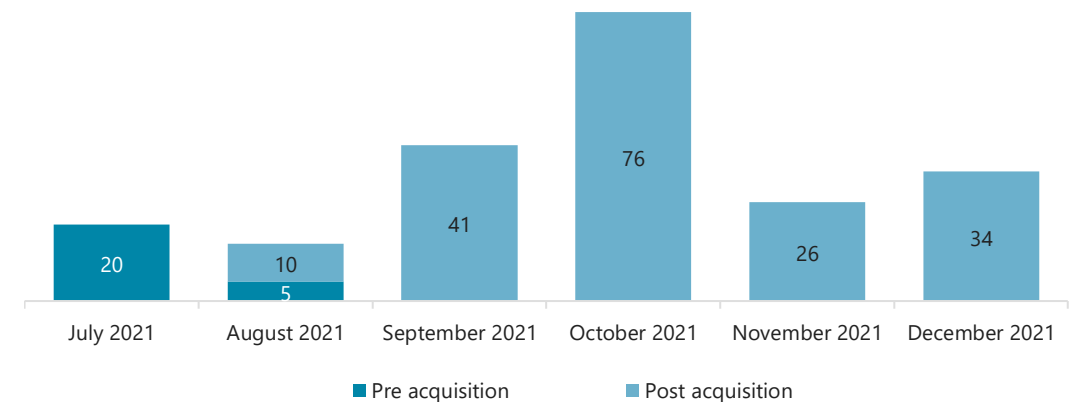
- Halcyon acquisition performing ahead of expectations
- Net sales of 212 and price growth of ~12%
- Leveraging Halcyon platform to drive synergies and value creation
- Target FY22 home sites settlements of 220-240¹, impacted by SEQ wet weather delays and COVID-19 supply chain disruption
- Future year margins to increase due to price growth, increasing scale and management fees, tempered by upward cost pressures

1H22 result reflects part-period contribution of Halcyon

- 1H22 recurring income of ~\$4m, with operating margins of 68% in line with forecasts
- 98 settlements in 1H22, with material skew to 2H22



Net sales by month



Land Lease Communities

Scaling market footprint and leadership at pace

- Total portfolio increased from 7,800 home sites to ~9,000 home sites
- Total development sites increased to 7,400 home sites, including ~300 home sites from the recent acquisitions of St Germain, VIC and a further ~900 home sites identified within our WA landbank
- Expansion in development pipeline driving ramp up in total settlement volumes post FY25

Total Portfolio increase to ~9,000 home sites

	Stockland	Halcyon	Combined
Total Portfolio	5,200	3,800	9,000
Total Established	20	1,600	1,620
Total Development	5,180	2,200	7,380
In development	400	1,040	1,440
In planning	4,780	1,160	5,940

Incremental acquisitions and pipeline launches¹ driving ramp up in settlement volumes

	Community	Remaining home sites	2H22	FY23	FY24	FY25	FY26	FY27+
In development	Halcyon Greens, QLD	150						
	Halcyon Rise, QLD	270						
	B by Halcyon, QLD	250						
	Halcyon Burpengary, QLD	370						
	Stockland Nirimba, QLD	230						
	Stockland Berwick, VIC	170						
	Subtotal in development	1,440						
In planning launch dates	FY23	-						
	FY24	2,860						
	FY25	1,320						
	FY26+	1,760						
	Subtotal in planning	5,940						
	Total pipeline	7,380						

Projected growth

Target settlement volumes

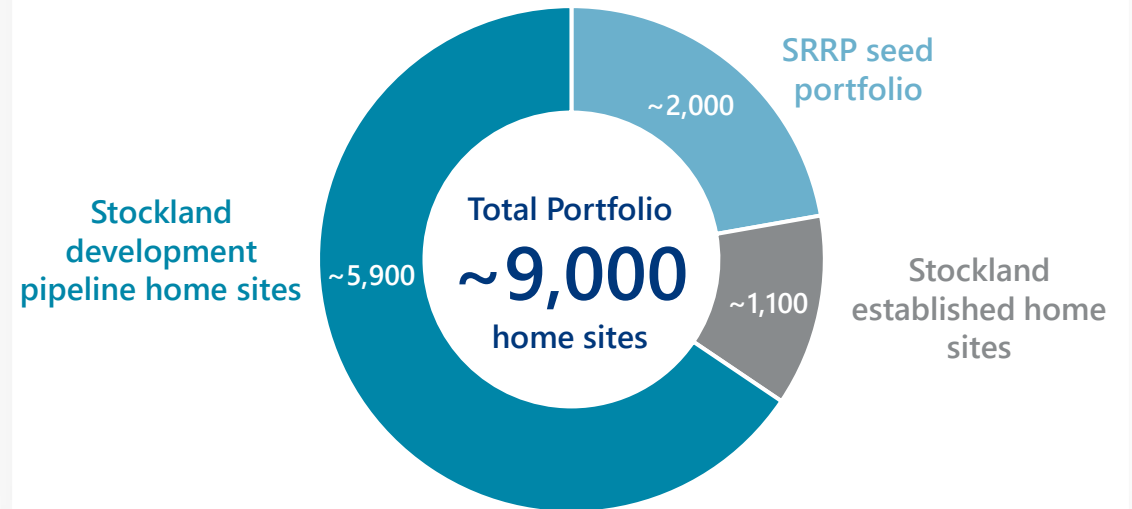
~600 home sites p.a. FY24
Significant ramp up post FY25+

Land Lease Communities

Capital partnership with Mitsubishi Estate Asia (MEA) facilitating growth and improving returns

- Stockland Residential Rental Partnership¹ to focus on the development and ownership of Land Lease Communities:
 - Stockland and (MEA) at 50.1% and 49.9% interests respectively; targeting 50-60% leverage over time
 - Seed portfolio of ~\$500m, comprising six Land Lease Communities in production estimated to yield ~2,000 home sites on completion
 - SRRP will have exclusive rights to Stockland pipeline for a five year period, with a gross realisation of approximately \$4bn²
- Stockland and MEA will explore opportunities to further grow the portfolio via the acquisition of additional home sites that meet the partnership's return requirements
- Partnership in line with our strategic priority to grow the platform to a market leading position and:
 - Accelerate realisation of embedded development margin within Stockland's extensive landbank
 - Drive high-quality recurring management fees and rental income streams

Australia's foremost Land Lease Communities Partnership



~\$500m
Seed
portfolio

~2,000
Home sites in
seed portfolio

~\$4bn
SRRP
Development
Pipeline²

1. Target completion in late FY22, subject to Foreign Investment Review Board (FIRB) approval.

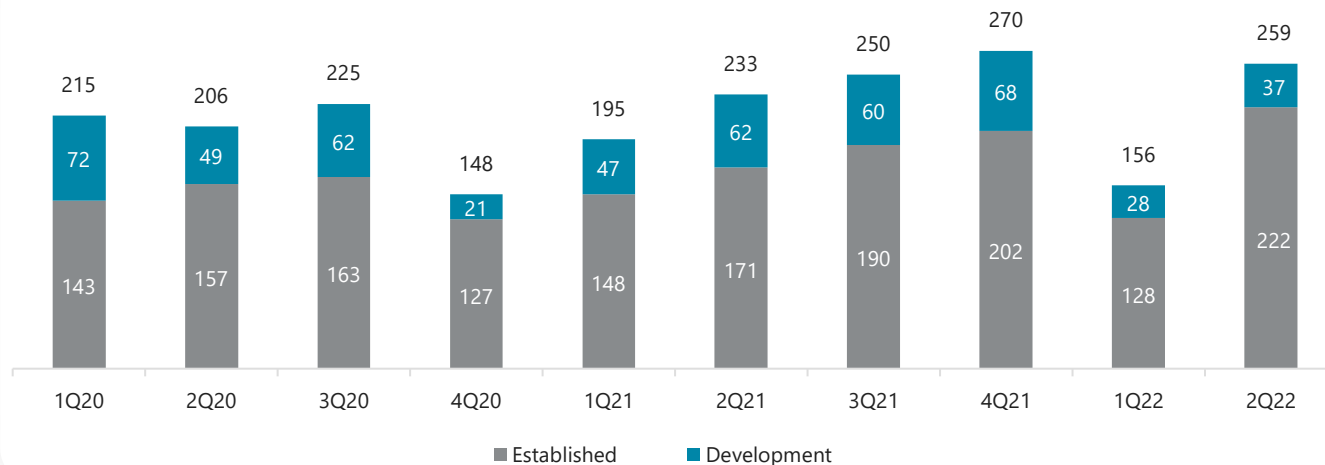
2. Stockland's land lease development pipeline is forecast to generate gross development realisations of approximately \$5bn. Of this approximately \$4bn is expected to commence construction during the SRRP's five-year initial investment period.

Retirement Living

Sales rebound in line with easing restrictions

- 1H22 sales of 415¹ reflected a significant rebound in 2Q22 in line with easing of restrictions, with November sales reflecting the highest monthly result on record
- Strength in conditions reflected in established settlements increasing by 13.5% on 1H21
- Result demonstrates the shift in customer preferences towards safety and wellbeing provided by village living
- 1H22 FFO of \$17m impacted by reduced development settlements and lower non-core village disposal profits than 1H21
- FY22 FFO to reflect an increase on FY21 with material village disposal profits due in 2H22²

Net sales by quarter



\$17m
1H22 FFO

328
Established units
settled

13.5%
On 1H21

176
Established
contracts on hand

14.3%
On FY21

Retirement Living

Sale of Retirement Living business broadly in line with book value

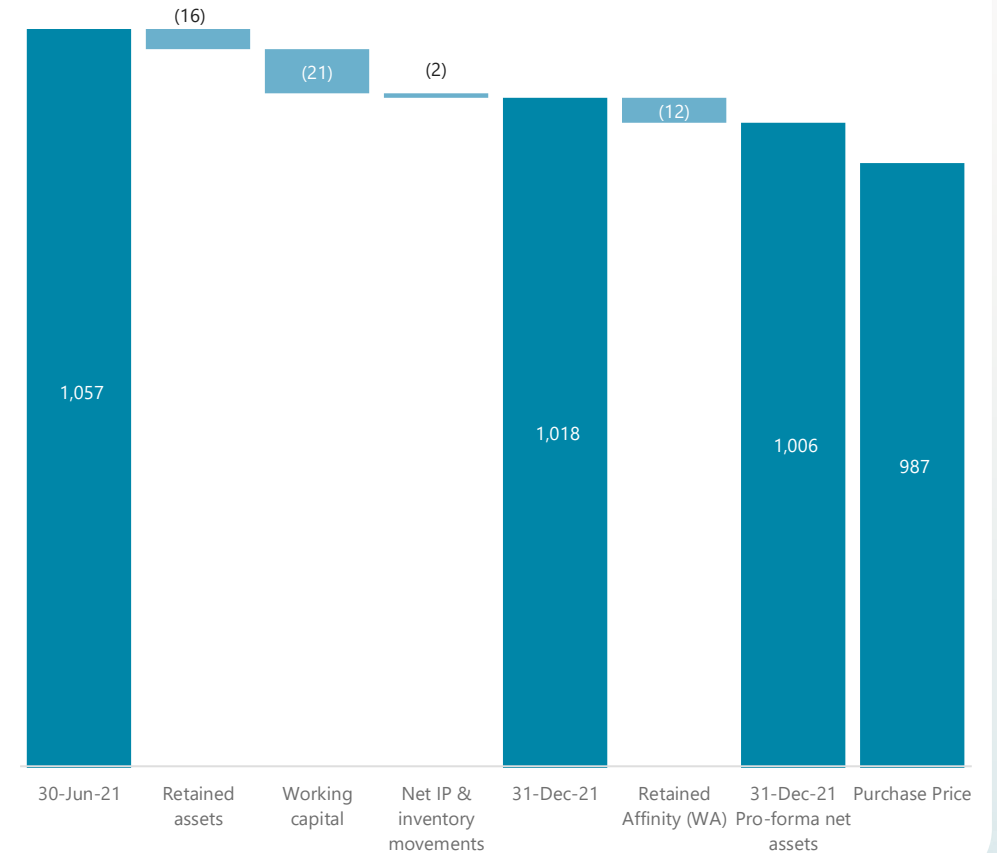
- Delivers on strategy to reduce capital allocation to the Retirement Living business
- Simplifies and focuses our Communities business as Australia's leading residential creator
- Releases capital for redeployment into higher growth strategic priorities
- Transaction price ~\$987m¹ reflects investor demand for quality product and platform, in an asset class with demographic tailwinds
- Stockland will provide a Transitional Services Agreement (TSA)² for several months post settlement to facilitate an effective transfer of ownership
- Target settlement in late FY22³

Delivered
on
strategy

Optimising
returns

~\$987m
Purchase price
~1.9% below book
value

Jun-21 carrying value to bridge to transaction sale price



Summary and Outlook

Tarun Gupta



Good progress towards strategic targets



Sector capital allocation ¹	Target	1H22
Workplace and Logistics	30-50%	35%
Residential (for sale and ownership)	20-35%	19%
Town Centres	20-30%	39%
Alternate	0-5%	7%



Capital allocation by activity ¹	Target	1H22
Recurring ²	70-80%	81%
Development ²	20-30%	19%



Income mix ¹	Target	1H22
Recurring ³	60%	65%
Development ³	40%	35%



Returns on invested capital ¹	Target
Recurring	6-9%
Development	14-18%



Capital structure ¹	Target	1H22
Gearing (% Debt / TTA)	20-30%	23.3%
Look-through gearing ⁴	<35%	-
Credit Rating (S&P / Moody's)	A- / A3	
Distributions (% FFO)	75-85%	82%



Key points:

- Dynamically reshaping the portfolio through strategic transactions and redeployment into identified opportunities
- Accelerating pipeline and unlocking large opportunity set available to Stockland across existing assets and new origination
- Scale and deepen capital partnerships using recent transactions as a platform
- Continue building enterprise-wide capabilities in delivery, innovation, technology & ESG

1. Indicative five year target. All forward looking statements are based on current expectations about future events and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations expressed in or implied by such statements.
2. The reported recurring and development capital allocation methodologies have been aligned to both sector capital allocation and ROIC classification of assets.
3. The reported recurring profit methodology has been updated to align to FFO (excluding amortisation and straight-line rental income).
4. Look through gearing reflects the ratio of net borrowings to total assets adjusted for the borrowings of investment vehicles.

Summary and outlook



Outlook: Good visibility and well positioned for FY22

- Positive residential market conditions with continued elevated demand levels
- Strong embedded margins driven by price growth across well-located landbank
- Solid Retail performance from resilient core portfolio
- Acceleration in Logistics and Workplace development



Tightened Guidance range for FY22

- FFO per security guidance range tightened to **35.1-35.6 cents**
- **Distribution** per security within our target payout ratio of **75% to 85%** of FFO
- Current market conditions remain uncertain. All forward looking statements, including FY22 earnings guidance, remain subject to no material deterioration in current market conditions and the continued easing of COVID-19 restrictions, and are underpinned by the following business assumptions:
 - Residential settlements approximately **6,000 lots**
 - Residential operating profit margin **above 18%**
 - Land Lease Communities delivering **220-240 home site settlements** in FY22
 - Rent collection trends continue at current levels



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Stockland Trust Management Limited

ACN 001 900 741; AFSL 241190

As responsible entity for Stockland Trust

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