19 February 2025

Stockland 1H25 result reflects strong execution of strategy; growth drivers now in place

Financial results for the six months ended 31 December 2024 (1H25)

1H25 Highlights

Financial performance[1]

- Statutory profit of $245m, compared with $102m in 1H24
- Pre and post-tax Funds From Operations (FFO[2]) of $251m, down 5.6%
- FFO per security of 10.5 cents; half year distribution per security maintained at 8.0 cents
- Net Tangible Assets (NTA) per security of $4.14, compared with $4.12 at 30 June 2024
- Strong capital discipline with gearing of 27.9% and liquidity of ~$2.2bn
- Distribution Reinvestment Plan activated for 1H25

Strategic momentum

- Completed the strategic acquisition of 12 actively-trading MPC projects[3] ('MPC portfolio acquisition')
- Extended the capital partnerships platform into Logistics with the introduction of two new high calibre capital partners and grew the Stockland Land Lease Partnership with the transfer of four[4] additional communities
- Secured power[5] and zoning for more than 100MW of data centre development at MPark Stage 2; exploring additional opportunities across the Logistics pipeline
- Expanded the Residential platform – named preferred proponent, alongside consortium partners[6], to deliver ~3,000 apartments at the Waterloo Renewal Project in NSW
- Continued realisation of the ~$49bn[7] development pipeline:
    - Launched two new communities; Residential development pipeline 81% activated[8], compared with ~71% at 30 June 2024
    - Commenced ~$340m[9] of Logistics, Town Centres and Community Real Estate developments; secured over 200,000 sqm of development leasing for current and near term Logistics projects

Guidance[10]

- FY25 FFO per security of between 33.0c and 34.0c on a post-tax basis, with a larger 2H skew than in FY24
- FY25 distribution per security expected to be around 75%[11] of post-tax FFO

[1] Comparative period the 6 months ended 31 December 2023 unless otherwise stated.
[2] FFO is determined with reference to the PCA guidelines.
[3] Acquisition via the Stockland Supalai Residential Communities Partnership (SSRCP), settled on 29 November 2024.
[4] Includes one community transferred post balance date.
[5] Power allocated and subject to contract finalisation.
[6] Link Wentworth, City West Housing and Birribee Housing.
[7] Total development pipeline. Includes projects in early planning stages, planning approval, under construction and projects under partnerships at 100%.
[8] Communities that have launched and are selling.
[9] Forecast end value on completion.
[10] All forward looking statements including FY25 earnings guidance, remain subject to no material change in market conditions.
[11] Target payout ratio range is 75 – 85% of post-tax FFO.

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1H25 Results

Stockland (ASX: SGP) delivered solid underlying FFO growth offset by a material 2H25 skew in the Masterplanned Communities contribution. The skew reflects the timing of the completion of the MPC portfolio acquisition, along with an underlying 2H skew in settlement volumes for Stockland's existing portfolio.

Progress on strategy continued with further reshaping of the portfolio through strategic acquisitions and asset recycling, the introduction of two new high calibre capital partners in the Logistics sector, and the expansion of an existing Land Lease partnership.

Managing Director and Chief Executive Officer, Tarun Gupta said, "The first half result is in line with our expectations, and we are reaffirming our full year guidance. In the past six months we've progressed our strategic priorities, and we now have multiple drivers of sustainable growth across our business.

"We were pleased to complete the acquisition of 12 actively trading masterplanned communities late in the half. The transaction strategically restocks our pipeline at a favourable point in the residential cycle and positions us to accelerate production.

"We were also delighted to welcome M&G Real Estate and KKR, two globally recognised capital partners to our Logistics platform, through the formation of new partnerships with a combined initial portfolio value of ~$800m.

"Building on our experience in the delivery of a 32MW data centre at Macquarie Park Stage 1, we are pleased to have secured power and zoning for more than 100MW additional data centre capacity at MPark and are exploring further data centre opportunities across our pipeline."

Financial result[12]

Stockland delivered a statutory profit of $245m and pre- and post-tax FFO of $251m.

The result reflects strong contributions from the Logistics portfolio and higher LLC settlements, offset by reduced earnings from prior period Town Centre capital recycling and a material 2H25 skew in MPC settlement volumes. Pre- and post-tax FFO per security was 10.5 cents, with no tax expense recognised (in line with 1H24) due to the impact of the MPC settlement skew on FFO.

The half year distribution of 8.0 cents per security is in line with the prior corresponding period and represents a payout ratio of 76%.

Weighted average cost of debt[13] was 5.3% with the weighted average debt maturity sitting at 4.7 years.

1H25 Funds From Operations (FFO) summary

$m	1H25	1H24	Change
Investment Management FFO	298	319	(6.7)%
Development FFO	36	51	(30.4)%
Unallocated corporate overheads	(47)	(49)	4.7%
Net interest expense	(35)	(55)	(35.5)%
Total Pre-tax FFO	**251**	**266**	(5.6)%
FFO tax expense	-	-	-
Total Post-tax FFO	**251**	**266**	(5.6)%
Pre-tax FFO per security (cents)	10.5	11.2	(5.6)%
Post-tax FFO per security (cents)	10.5	11.2	(5.6)%
AFFO per security (cents)	8.6	9.3	(9.7)%
Distribution per security (cents)	8.0	8.0	-
Statutory profit	**245**	**102**	140.5%

Chief Financial Officer, Alison Harrop said, "Stockland delivered a solid financial result, in line with our expectations for a material second half FFO skew. Active management of the balance sheet has maintained gearing within the 20-30% target range, with strong second half anticipated cash inflows including ~$350m of contracted cash flows from the recycling of Logistics assets.

[12] Comparative period the 6 months ended 31 December 2023, unless otherwise stated.
[13] Average over the 6 months to 31 December 2024. ~5.4% expected WACD for FY25, assuming average BBSW of ~4.3%.

"During the half we activated our Distribution Reinvestment Plan and we are focused on actively managing our capital settings to support our next phase of growth."

Investment Management[14]

The Investment Management segment delivered FFO of $298m, down 6.7% on the prior corresponding period. This primarily reflects reduced earnings from the Town Centre portfolio due to prior period non-core asset recycling into higher growth opportunities.

The ~$10bn Investment Management portfolio recorded solid comparable[15] growth of 3.5% driven by Logistics and Communities Rental Income, a resilient performance from the optimised Town Centres portfolio, and positive re-leasing spreads across each of the Logistics, Workplace and Town Centre portfolios.

Approximately 34% of the Investment Management portfolio (by value) was independently revalued during 1H25, resulting in a 0.8%, or $79m[16] increase on the 30 June 2024 book value. This reflects a strong uplift in rental growth for the Logistics portfolio and continued resilience from the essentials based Town Centre portfolio, partly offset by continued soft market conditions and repositioning across the Workplace portfolio.

Two new partnerships were formed in the Logistics sector with leading partners M&G Real Estate and KKR. The Stockland M&G Asia Partnership Trust is a 50/50 core partnership seeded with the Ingleburn Logistics Park with an initial gross asset value of ~$415m. The Stockland Logistics Partnership Trust (70% KKR / 30% Stockland) is a core-plus partnership seeded with three existing assets with an initial gross asset value of ~$388m.

Investment Management 1H25 Funds From Operations summary

$m	1H25	1H24	Change
Investment Management FFO	**298**	**319**	**(6.7)%**
Logistics FFO	89	80	11.5%
Workplace FFO	56	57	(2.6)%
Town Centres FFO	158	187	(15.5)%
Communities Rental Income	11	9	24.4%
Investment Management Fee Income	13	14	(5.0)%
Investment Management net overheads	(30)	(28)	(5.7)%

Logistics

Strong demand for well-located metropolitan assets

- Strong comparable[15] FFO growth of 8.7%, driven by positive re-leasing spreads of 33.2%[17] with ~159,000 sqm of leasing
- High portfolio occupancy of 97.3% (by income) reflecting continued demand for well-located assets
- Net valuation gain of $71m, or 1.9%, with a marginal 5 basis point softening in the portfolio's weighted average cap rate more than offset by strong market rent growth

Workplace

Maximising income while preparing the ~$1.7bn portfolio for redevelopment

- Comparable[15] FFO of (1.1)% driven by higher vacancy levels in the Perth and Macquarie Park markets
- Positive re-leasing spreads of 1.7%[17,18] driven by leasing at Piccadilly Complex, Sydney CBD
- Portfolio occupancy of 89.7%[18] and WALE of 5.2[18] years (by income)
- Net devaluation movement of $(27)m, down 1.6%, reflecting 31 basis points of cap rate expansion

[14] Comparative period the 6 months ended 31 December 2023, unless otherwise stated.
[15] Excludes acquisitions, divestments and assets under development.
[16] Represents net valuation change for 6 months to 31 December 2024. Excludes sundry properties and stapling adjustment, includes investment properties under construction (IPUC) and Stockland's share of equity accounted investments. Includes movements relating to build-to-hold projects that sit in the development segment.
[17] Re-leasing spreads on new leases and renewals negotiated over the period.
[18] Excludes Walker Street Complex and 601 Pacific Highway in NSW.

Town Centres

Consistent performance from optimised ~$4.5bn portfolio

- FFO of $158m was down from $187m due to prior period asset disposals
- Comparable[19] FFO growth of 2.5% with positive re-leasing spreads of 2.8%[20] highlighting the resilience of the portfolio
- Specialty occupancy costs[21] of 15.4%, marginally up from 15.1%, with high occupancy of 99.1%[22]
- On a MAT basis, total comparable sales grew by 2.5% with specialty MAT growth of 1.5%
- Net valuation gain of $35m, or 0.8%, with a weighted average cap rate of 6.4%, in line with FY24

Communities Rental Income

High quality recurring income from growing portfolio

- Rental income of $11m, compared with $9m for 1H24, primarily driven by LLC completions
- Portfolio of 3,047 homes with a stable net operating margin
- Emerging portfolio of Community Real Estate assets including childcare and medical centres

Investment Management Fee Income

Contributions from established partnerships

- Fee income of $13m, down slightly from $14m
- Stronger contributions from LLC and our renewable energy partnership were offset by lower fees from MPark

CEO, Investment Management, Kylie O'Connor said: "The formation of two new partnerships in the Logistics sector, with leading global capital partners, further delivers on Stockland's strategy to scale our capital partnerships across each of our real estate sectors. We now have seven partnerships across the Workplace, Residential and Logistics portfolios."

Development[23]

The Development segment delivered FFO of $36m, with a stronger contribution from LLC and higher Development Management Fee income more than offset by a material 2H25 MPC settlements skew and no recognition of Commercial Development profits during the period.

Net overheads rose 9.3%, primarily reflecting an increased level of portfolio activation along with the part-period impact of overheads associated with the MPC portfolio acquisition.

Development 1H25 Funds From Operations summary

$m	1H25	1H24	Change
Total Development FFO	**$36m**	**$51m**	**(30.4)%**
Masterplanned Communities FFO	$76m	$88m	(14.1)%
Land Lease Communities FFO	$31m	$12m	157.0%
Commercial Development Income	$0m	$20m	N/A
Development Management Fee Income	$23m	$16m	37.8%
Development net overheads	$(94)m	$(86)m	9.3%

[19] Excludes acquisitions, divestments and assets under development. Comparable basket of assets as per the Shopping Centre Council of Australia (SCCA) guidelines, which excludes assets which have been redeveloped within the past 24 months.
[20] Rental growth on stable portfolio on an annualised basis.
[21] Occupancy cost reflects stable assets, adjusted to reflect tenants trading more than 24 months.
[22] Occupancy across the stable portfolio based on signed leases and agreements at 31 December 2024.
[23] Comparative period the 6 months ended 31 December 2023, unless otherwise stated.

Masterplanned Communities

Performance in line with expectations, with a material 2H settlement skew

- Achieved 1,974[24] settlements, in line with expectations for a larger skew in settlements to 2H25 than in 2H24
- Limited contribution from the acquired MPC portfolio due to timing of transaction completion
- Development operating profit margin of 14.2%, reflects a mix shift to lower margin settlements in WA as well as lower settlement volumes
- Default rates above average but below historical peaks; VIC cancellation rates normalising from 1Q elevated levels
- Good visibility for 2H25 and into FY26 with 5,789 contracts on hand at an average price ~15% above 1H25 settlements
- Net sales of 2,371 with continued demand and sustained price growth in QLD and WA. NSW demand remains strong notwithstanding affordability constraints. The pace of recovery in VIC continues to lag other states
- Integration of the newly acquired MPC projects with average price growth exceeding acquisition assumptions
- Maintaining FY25 settlement target of 6,200 – 6,700 and development operating profit margin in the low 20% range

Land Lease Communities

New project launches driving increased sales

- Delivered 248 home settlements, up 60%
- Development operating profit margin of 21.8%[25], marginally down on the prior corresponding period, reflecting launch costs and mix of settlements following the trade out of some higher margin projects
- Transferred four[26] projects into the Stockland Land Lease Partnership (SLLP1)
- Launched Halcyon Edgebrook in QLD with strong enquiries
- Net sales up 13% on 2H24 to 273, reflecting positive response to 2H24 project launches with first sales in NSW and WA
- 376 contracts on hand at an average price point slightly above 1H25 settlement pricing[27]
- Expecting FY25 settlements to be around 600 versus previous guidance of 600-650, primarily due to weather related delays and lower sales in Victoria; development operating profit margin expected to be in the low 20% range

Commercial Development

Disciplined activation of the ~$13bn[28] Commercial Development pipeline

- Approximately $500m[28] of Logistics development under construction at period end with approximately 145,000 sqm of pre-leasing over the half to support future development starts at Yennora and Kemps Creek.
- Final two buildings at MPark Stage 1[29] under construction and expected to complete in 1H26

Development Management Fee Income

- Comprises fee income from development-related activities undertaken on behalf of third parties in Stockland's existing joint ventures and partnerships
- Reflects growth in residential partnerships and ongoing Commercial Development activity

[24] Includes 975 settlements under joint venture/project development agreements (1H24: 706).
[25] Excludes transfer of sites into capital partnerships.
[26] Includes one community transferred post balance date.
[27] Average price per home of contracts on hand, excluding Halcyon Gables and B By Halcyon vs 1H25 settlements (1H25 average settlement price per home: ~$721,000).
[28] Forecast end value on completion.
[29] MPark Capital Partnership with CDPQ.

CEO, Development, Andrew Whitson said: "We have continued to make good progress across our development pipeline, and we are well positioned to drive growth through disciplined delivery.

"Recent releases across our MPC platform have been met with strong customer take-up, and price growth for the acquired MPC portfolio has been tracking ahead of our acquisition assumptions. Western Australia and Queensland continue to see solid sales volumes and strong price growth, while demand in NSW remains consistent. We saw improved net sales in Victoria in the second quarter but continue to monitor the pace of recovery in that market.

"We currently have around $500m of Logistics development under construction, and we're actively pre-leasing near-term projects to support the ongoing delivery of our pipeline."

FY25 Outlook[30]

Stockland reaffirms FY25 FFO per security guidance of between 33.0c and 34.0c on a post-tax basis. FY25 distribution per security is expected to be around 75%[31] of post-tax FFO.

MPC settlements of between 6,200 – 6,700 are expected with a development operating profit margin in the low 20% range. LLC settlements are expected to be around 600 versus previous guidance of 600-650, primarily due to weather related delays and lower sales in Victoria. Development operating profit margins are also expected to be in the low 20% range.

With strong MPC settlement cash inflows expected for 2H25, gearing at 30 June 2025 is expected to move towards the midpoint of the 20-30% target range.

1H25 Results briefing

This announcement should be read in conjunction with Stockland's 1H25 corporate reporting suite available at https://www.stockland.com.au/investor-centre/results

Stockland will hold a market briefing at 10.30am (AEDT) today, Wednesday 19 February 2025.

Please register for the webcast at: https://meetings.lumiconnect.com/300-017-198-504

Ends

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

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Stockland (ASX:SGP)

We are a leading creator and curator of connected communities with people at the heart of the places we create. For more than 70 years, we have built a proud legacy, helping more Australians achieve the dream of home ownership, and enabling the future of work and retail. Today, we continue to build on our history as one of Australia's largest diversified property groups to elevate the social value of our places, and create a tangible sense of human connection, belonging and community for our customers. We own, fund, develop and manage one of Australia's largest portfolios of residential and land lease communities, retail town centres, and workplace and logistics assets. Our approach is distinctive, bringing a unique combination of development expertise, scale, deep customer insight, and diverse talent - with care in everything we do. We are committed to contributing to the economic prosperity of Australia and the wellbeing of our communities and our planet.

[30] All forward looking statements remain subject to no material change in market conditions.
[31] Target payout ratio range is 75-85% of post-tax FFO.