

3Q20 Update

13 May 2020

BARINGA, QLD

Group update¹

Momentum from the Group's strong 1H20 result continued into January and February, reflecting the continued delivery of our strategy to maximise returns through community creation. The COVID-19 pandemic reduced performance trends in March.

3Q20 metrics do not reflect the full impact of government measures relating to restriction of activities and social distancing which continued into April. It is still too early to identify clear trends and we remain cautious about the shape and speed of recovery of the market. For the full year to 30 June 2020, the outlook remains uncertain and funds from operations and distribution guidance will stay withdrawn until further notice.

Stockland is well positioned to navigate the current disruption through the quality and diversification of its portfolio, a strong liquidity position and the ability to align development and capital expenditure to market conditions.

Group response to COVID-19	<ul style="list-style-type: none"> • Prioritised safety and wellbeing of our tenants, customers, contractors and our team through the implementation of best practice safety management and hygiene standards • Withdrew funds from operations, distribution and all other forward looking views for FY20 and FY21 on 23 March 2020 given the heightened and continuing uncertainty caused by the COVID-19 pandemic • Proactive engagement with industry bodies and government to implement effective containment strategies to enable the continued safe operation of our properties within government guidelines • Reduced or deferred variable and non-critical expenses which will help to cover COVID-19 specific costs • Board and executive team have taken a 20% voluntary reduction in directors fees and fixed salaries respectively for a two month period commencing in May and subject to further review in June • Placed a freeze on remuneration, training and recruitment and implemented other cost savings • Implemented an accelerated leave program that will have most of our people take 10 days of leave for the period from 1 April 2020 to 30 June 2020 • Undertaking independent external valuations of all Commercial Property assets at 30 June 2020 – the impact of asset revaluations is too early to determine
Prudent capital management	<ul style="list-style-type: none"> • Strong liquidity position with ~\$1.6bn in available liquidity at 30 April 2020 comprising cash and committed undrawn bank debt facilities • Raised \$780m new debt since 29 February 2020, with a mixture of short and long tenors, the Group's weighted average debt maturity is 5.7 years at 30 April 2020 and debt is considered the most suitable funding option at this time • Maintained investment grade credit ratings of A-/A3 with stable outlook from S&P and Moody's respectively • Deferred non-essential development expenditure and reduced discretionary spend across the Group. Planning work for the Workplace and Logistics developments continues to be progressed • Uncommitted capital requirements will be assessed carefully as the recovery phase emerges

1. At 13 May 2020.

2 3Q20 UPDATE

Operational update¹

Residential Communities	<ul style="list-style-type: none"> The residential market was building momentum in January and February with strong enquiries and sales levels Impact of COVID-19 pandemic on net deposits and enquiries was evident in March with early signs of improvement in late April Continued low interest rates, improved credit conditions, government stimulus, particularly the JobKeeper subsidy, and reduced supply are expected to support the market recovery, however the level of unemployment and skilled migration may moderate the pace of recovery \$415m acquisition of 'The Gables', Box Hill (NSW), 293 ha masterplan community, bought on capital efficient terms with conditions precedent satisfied on 30 April 2020, located in the undersupplied Sydney North West growth centre and launched in 2015 \$15m acquisition of development site, Albert Street, Brunswick (VIC) signalling entry into Melbourne's apartment market on 11 March 2020 - this submarket is oriented towards owner occupiers and is currently in a balanced position with limited new supply under construction
Retirement Living	<ul style="list-style-type: none"> 3Q20 net sales result reflects over 9% increase² over prior corresponding period, however the enquiry rates are softening and cancellation rates have increased since late March Safety is our highest priority during the COVID-19 pandemic with closure of community centres, deep cleaning practices and reduced visitation implemented to mitigate transmission risk
Workplace and Logistics	<ul style="list-style-type: none"> Continuing to progress significant \$4.4bn³ development pipeline strategically weighted to NSW and VIC, requiring minimal capital at this time due to early stages of planning for most of our major projects Resilience of portfolio demonstrated with occupancy and WALE largely in line with 1H20
Retail Town Centres	<ul style="list-style-type: none"> Strong portfolio performance in January and February with leasing in line with expectations, strong comparable MAT growth across the portfolio and high occupancy, demonstrating success of rebasing and remixing program Experienced the greatest impact from the COVID-19 pandemic including reduced foot traffic, non-essential store closures, sharp sales declines of specialty stores partly offset by unprecedented performance of supermarkets and fresh food Ongoing negotiations with small and medium enterprise (SME) tenants, acknowledging the new Commercial Code of Conduct⁴ (Code) which is subject to finalisation of the legislation in each State and Territory are expected to take some time to complete

1. At 13 May 2020.

2. Prior periods restated to exclude the disposal of three Victorian villages – Taylors Hill, Keilor and Burnside.

3. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval.

4. The Code of Conduct is available at <https://www.pm.gov.au/sites/default/files/files/national-cabinet-mandatory-code-ofconduct-sme-commercial-leasing-principles.pdf>

Communities



Stockland

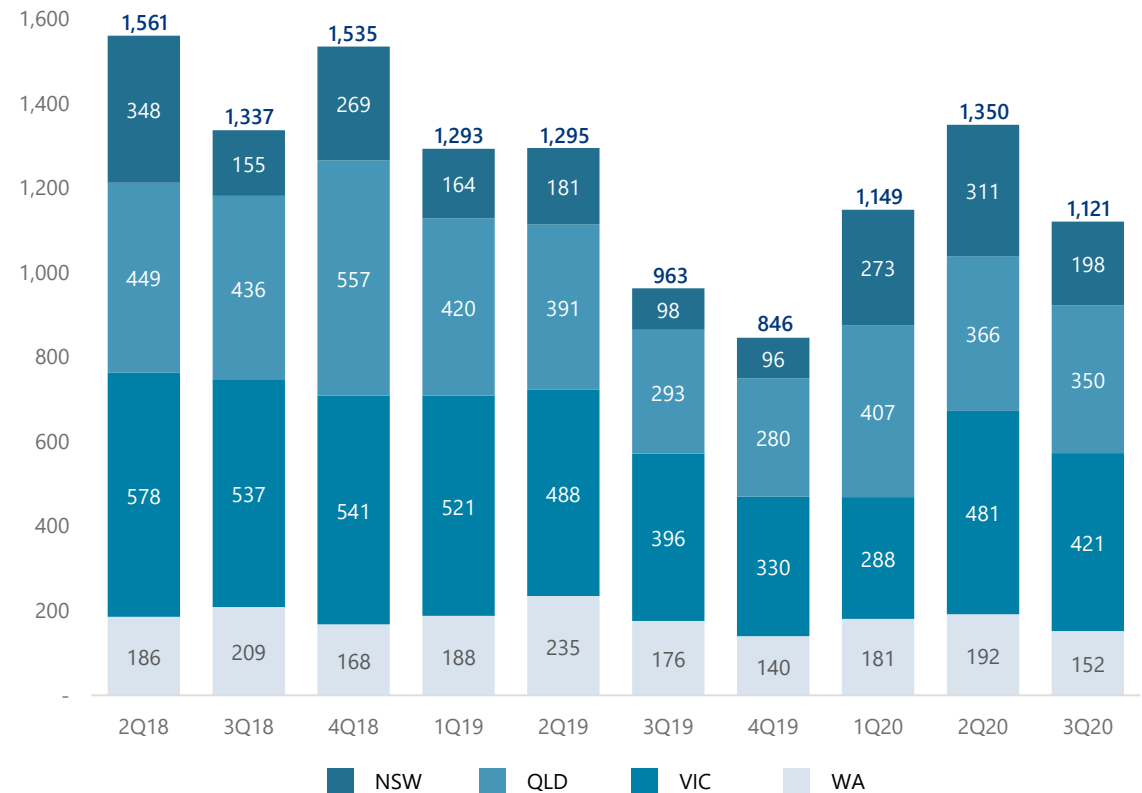
AURA, QLD

Solid sales in January and February; weaker in March

Residential

- Strong January and February enquiries reflected more than 100% increase on prior corresponding periods
- COVID-19 pandemic saw enquiries decline in late March to 20% of the February average
- 3Q20 net deposits of 1,121 were 17% below 2Q20 due to lower March sales as social distancing restrictions came into effect
- Third quarter settlements of 876 were 12% higher than the prior corresponding period and reflect production timing and our typical settlement skew towards May and June

NET DEPOSITS BY STATE

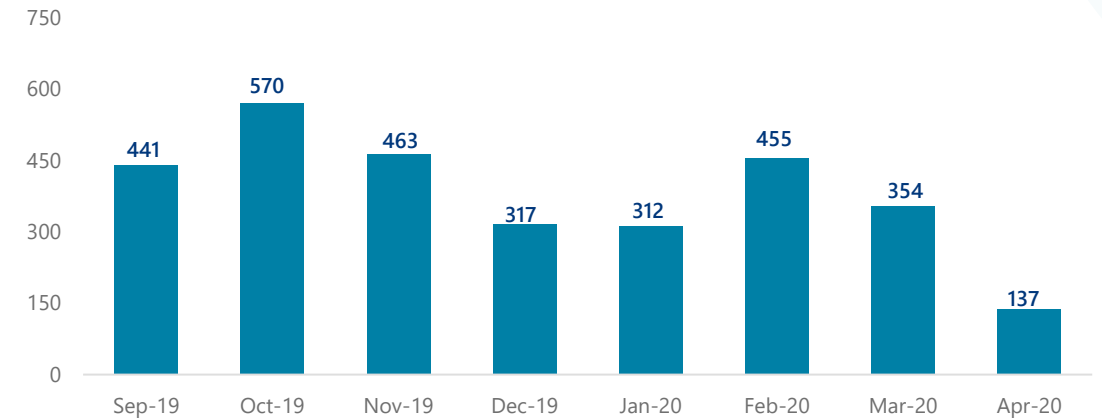


April enquiries and settlements improving, sales low

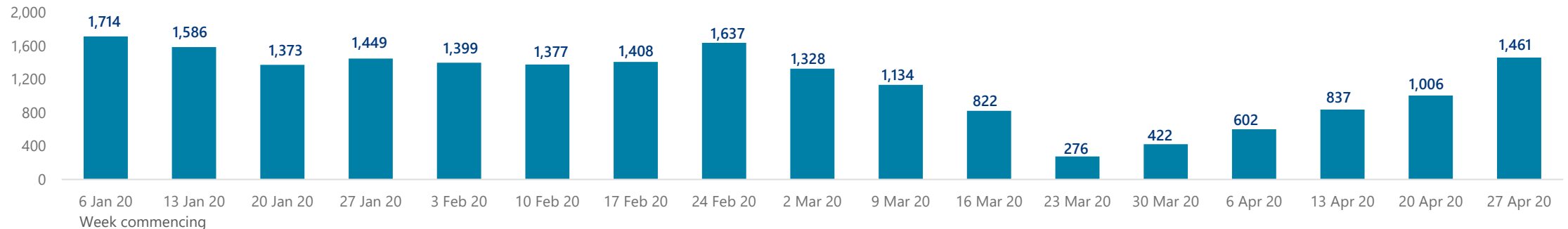
Residential

- Enquiry in the last week of April improved to be in line with pre COVID-19 levels
- April net sales of 137 reflects increased cancellations, lower March enquiries and the impact of sales centre and display village operating restrictions
- April settlements of 745, with customers completing within similar timeframes to pre-COVID-19 levels; contracts on hand of 3,853 at 30 April 2020
- Positive engagement with local government has brought forward settlements for key projects in NSW
- Default rate of ~4% in April, in line with our long term average
- Credit availability remains good albeit processing times have extended

NET DEPOSITS



ENQUIRIES

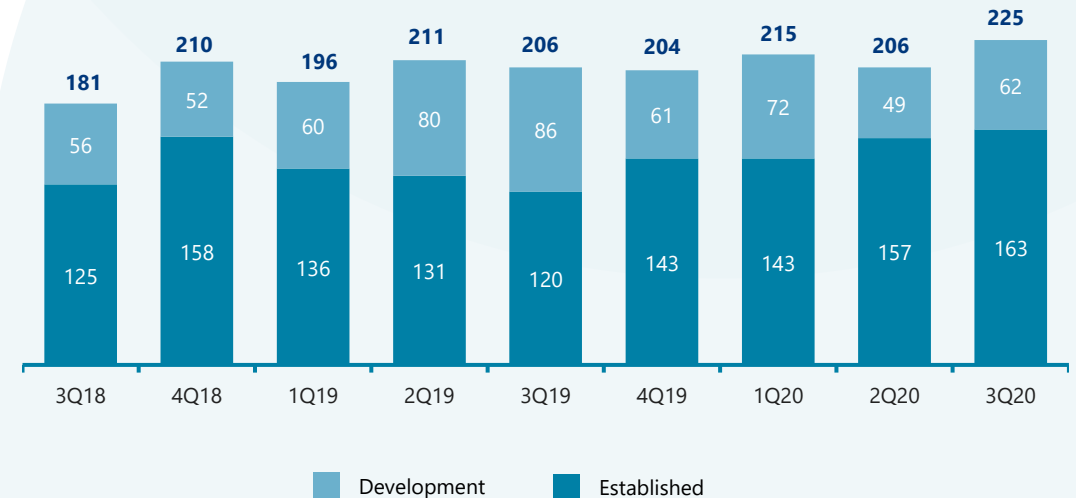


Conditions softening post a strong quarterly result

Retirement Living

- Emergency Response Plans implemented early amidst COVID-19 pandemic with strong communication and engagement with residents to manage safety and wellbeing
- Quarterly net sales of 225 was the strongest established result in more than two years increasing 9.2%^{1,2} on the prior corresponding period; partly reflecting increased customer desire for a secure and safe living environment
- April net sales of 25 reflects impact of social distancing restriction, implementation of visitor protocols for villages and increased customer reluctance to inspect during lockdown
- 3Q20 settlements of 207; full year volumes likely to be impacted by broader market dynamics including longer timeframes for customers to sell their existing homes

NET SALES¹



1. Prior periods restated to exclude the recent disposal of three Victorian villages – Taylors Hill, Keilor and Burnside.

2. 5.1% growth when including net reservations at Taylors Hill, Keilor and Burnside.



CALLEYA, WA

Recovery

- Supply chains remain dependable for civil works on land subdivision and across our town homes business through to the end of 2020
- Relaxation of government restrictions and social distancing expected to drive a pick-up in sales activity; full recovery to take time as economy gradually re-opens
- Stockland delivers affordable, high quality communities targeting owner occupiers; this is the section of the market we expect to recover first
- We have the agility to capitalise on a recovery phase by re-instating uncommitted development expenditure at pace, as demonstrated following the Federal election in May 2019



Commercial Property

YATALA, QLD



Stockland

Strong quarterly result delivering relative resilience

Workplace

- Portfolio occupancy¹ of 94.2% and WALE² of 3.4 years is aligned to the redevelopment strategy
- \$2.4bn³ future development pipeline:
 - Piccadilly, Sydney (NSW) DA lodgement expected mid-2020
 - Walker Street, North Sydney CBD (NSW) DA lodgement expected end-2020
 - Minimal near-term capital requirement due to early stages of planning

Logistics

- Occupancy of 98.9%¹ and a WALE² of 5.2 years
- By income, 4.0% of leases expire in 4Q20 (9.5% in FY21)
- \$2.0bn³ future development pipeline:
 - \$230m committed spend on Carole Park and Richlands (QLD), Willawong Stage 2 (QLD) and Optus (NSW) projects
 - DA approved \$123m M_Park Stage 1, Macquarie Park (NSW) is expected to commence in 1H21- tenant enquiry has been strong reflecting the quality of the development
 - Remaining major projects in early stages of planning and preparation

- SMEs are estimated to comprise ~25% of the combined Workplace and Logistics portfolios by rental income – the minimal abatement requests received from this tenant group to date are being reviewed on a case by case basis

1. By income.

2. Weighted average lease expiry, by income.

3. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval.

4. At 31 March 2020.

	3Q20	1H20
Leases executed	5,141 sqm	6,447 sqm
Leases under HOA ⁴	2,905 sqm	3,662 sqm
Portfolio occupancy ¹	94.2%	94.1%
Portfolio WALE ²	3.4 yrs	3.6 yrs
	3Q20	1H20
Leases executed	73,912 sqm	300,835 sqm
Leases under HOA ⁴	75,590 sqm	107,887 sqm
Portfolio occupancy ¹	98.9%	98.3%
Portfolio WALE ²	5.2 yrs	5.4 yrs

Retail portfolio performance mixed

Retail Town Centres

- Portfolio performance in January and February saw momentum continue from 1H20, reflecting the success of our rebasing and remixing strategy:
 - Leasing spreads were tracking in line with expectations of between -5% to -7% reversion
 - Comparable MAT growth of 3.4% and specialty MAT growth of 2.5% to 29 February 2020
- Portfolio impacted by restrictions in March resulting in mixed sales performance across categories, declines in foot traffic and temporary store closures for non-essential goods and services:
 - Unprecedented foot traffic at supermarkets, delivering comparable growth of 24.4% for the month of March
 - Specialty stores experienced sharp sales declines of -18.6% in March
- Specialty occupancy cost ratio stable at 15.3%
- Comparable specialty retail sales (MLA) of \$9,246 sqm¹ was ~3% above Urbis benchmark²
- ~70%³ skew towards low discretionary and non-discretionary tenants and ~41%⁴ exposure to neighbourhood and sub-regional malls positions the portfolio relatively well in these conditions
- Over 60% of stores (by rental income) remained trading through March and April, and this has since increased to 75%
- Proactive engagement with SME tenants, which are estimated to comprise ~35% of Retail rental income, to provide a range of supportive measures, acknowledging the new commercial Code⁸
- Trading conditions for non-essential goods and services expected to remain challenging into 4Q20 albeit with early signs of increasing foot traffic and gradual store re-openings in May

1. Comparable centres excludes divestments and development centres and adjusted for stores trading less than 12 months.

2. Urbis Sub-Regional Double DDS Shopping Centre benchmark.

3. By MAT at 31 December 2019.

4. By asset value at 31 December 2019.

5. Sales data includes all Stockland managed retail assets – including Unlisted Property Fund and joint venture assets.

6. Comparable basket of assets per SCCA guidelines excludes centres which have been redeveloped within the past 24 months.

7. Other includes pad sites, non retail, and cinemas.

8. The Code of Conduct is available at <https://www.pm.gov.au/sites/default/files/files/national-cabinet-mandatory-code-of-conduct-sme-commercial-leasing-principles.pdf>

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	January 2020	February 2020	March 2020
Monthly comparable sales growth			
Total	3.3%	1.5%	(1.8)%
Specialties	3.0%	2.8%	(18.6)%

To 31 March 2020	Total portfolio ⁵	Comparable centres ⁶	
Retail sales by category	MAT	MAT growth	3Q20 growth
Total	\$6,426m	5.2%	3.2%
Specialties	\$1,987m	2.0%	0.9%
Supermarkets	\$2,361m	9.5%	6.4%
DDS/DS	\$870m	3.9%	3.8%
Mini-majors	\$669m	4.9%	1.4%
Other retail ⁷	\$538m	1.8%	(0.3)%

Specialty sales by category	MAT	MAT growth	MAT growth	3Q20 growth
Apparel	\$475m	(1.0)%	(1.9)%	(9.9)%
Food catering	\$370m	2.1%	1.0%	(6.3)%
General retail	\$191m	3.8%	3.7%	6.5%
Homewares	\$68m	4.0%	0.2%	(6.5)%
Mobile phones	\$174m	8.1%	6.6%	(3.1)%
Retail services	\$282m	7.6%	6.4%	3.0%



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