

# Appendix 4D

For the half year ended 31 December 2022  
(previous corresponding period being the half year ended 31 December 2021)



## Results for announcement to the market

		\$M
Revenue from continuing operations	Down 3.1% to	1,151
Revenue from discontinued operations	Down 84.4% to	10
Net profit after tax from continuing operations attributable to securityholders	Down 64.3% to	299
Net profit after tax from discontinued operations attributable to securityholders	Down 84.6% to	2
Funds from operations attributable to securityholders	Up 0.7% to	353

### STAPLING ARRANGEMENT

Stockland was established for the purpose of facilitating a joint quotation of Stockland Corporation Limited (ABN 43 000 181 733) and its controlled entities, and Stockland Trust (ARSN 092 897 348) and its controlled entities on the Australian Securities Exchange. Stockland Trust Management Limited (ABN 86 001 900 741) is the Responsible Entity of Stockland Trust.

The Interim Financial Report has been prepared based on a business combination of the parent entity, Stockland Corporation Limited and its controlled entities, and Stockland Trust and its controlled entities, in accordance with AASB 3 *Business Combinations*.

## Dividends and distributions

	Amount per security	Franked amount per security	Record date	Payment date
Interim dividend/distribution	11.8 ¢	– ¢	30 December 2022	28 February 2023

## Other information

	31 December 2022	30 June 2022
Net tangible assets per security	\$4.31	\$4.31

Stockland did not gain control over any entity in the period. Stockland lost control over the following entities in the period:

Name of entity	Date of change in control
ARC Joint Ventures Pty Limited	29 July 2022
Australian Retirement Services Pty Ltd	29 July 2022
Bellevue Gardens Trust	29 July 2022
IOR Friendly Society Pty Limited	29 July 2022
Knowles Property Management Unit Trust	29 July 2022
Knox Unit Trust	29 July 2022
Mount Gravatt Retirement Village Unit Trust	29 July 2022
Patterson Lakes Unit Trust	29 July 2022
Retirement Living Acquisition Trust	29 July 2022
Retirement Living Holding Trust No 1	29 July 2022
Retirement Living Holding Trust No 2	29 July 2022
Retirement Living Holding Trust No 3	29 July 2022
Retirement Living Holding Trust No 4	29 July 2022
Retirement Living Holding Trust No 5	29 July 2022
Retirement Living Holding Trust No 6	29 July 2022
Retirement Living Unit Trust No. 1	29 July 2022
Retirement Living Unit Trust No. 2	29 July 2022
Rogan's Hill Retirement Village Trust	29 July 2022
Stockland Bellevue Gardens Pty Limited	29 July 2022

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For the half year ended 31 December 2022  
(previous corresponding period being the half year ended 31 December 2021)



Name of entity	Date of change in control
Stockland Birtinya Retirement Living Pty Limited	29 July 2022
Stockland Castlehaven Pty Limited	29 July 2022
Stockland Castleridge Pty Limited	29 July 2022
Stockland Catering Pty Limited	29 July 2022
Stockland Epping Retirement Village Pty Limited	29 July 2022
Stockland Farrington Grove Retirement Village Pty Limited	29 July 2022
Stockland Golden Ponds Forster Pty Limited	29 July 2022
Stockland Greenleaves Management Services Pty Limited	29 July 2022
Stockland Greenleaves Village Pty Limited	29 July 2022
Stockland Hibernian Investment Company Pty Limited	29 July 2022
Stockland Highlands Retirement Village Pty Limited	29 July 2022
Stockland Knox Village Pty Limited	29 July 2022
Stockland Lincoln Gardens Pty Limited	29 July 2022
Stockland Long Island Village Pty Limited	29 July 2022
Stockland Maybrook Manor Pty Limited	29 July 2022
Stockland Mernda Retirement Village Pty Limited	29 July 2022
Stockland Midlands Terrace Adult Community Pty Limited	29 July 2022
Stockland Newport Retirement Village Pty Limited	29 July 2022
Stockland Oak Grange Pty Limited	29 July 2022
Stockland Patterson Village Pty Limited	29 July 2022
Stockland Pine Lake Management Services Pty Ltd	29 July 2022
Stockland Pine Lake Village Pty Limited	29 July 2022
Stockland Property Services Pty Limited	29 July 2022
Stockland Queenslake Village Pty Limited	29 July 2022
Stockland Retirement Pty Limited	29 July 2022
Stockland Ridgecrest Village Management Services Pty Limited	29 July 2022
Stockland Ridgecrest Village Pty Limited	29 July 2022
Stockland RRV Pty Limited	29 July 2022
Stockland RVG (Queensland) Pty Limited	29 July 2022
Stockland Salford Living Pty Limited	29 July 2022
Stockland Selandra Rise Retirement Village Pty Limited	29 July 2022
Stockland Templestowe Retirement Village Pty Limited	29 July 2022
Stockland The Hastings Valley Parklands Village Pty Ltd	29 July 2022
Stockland The Pines Retirement Village Pty Limited	29 July 2022
Stockland Vermont Retirement Village Pty Limited	29 July 2022
Stockland Wantirna Village Pty Limited	29 July 2022
Stockland Willowdale Retirement Village Pty Limited	29 July 2022
Stockland Willows Retirement Village Services Pty Limited	29 July 2022
Templestowe Village Unit Trust	29 July 2022
The M_Park Trust <sup>1</sup>	1 July 2022
The Pine Lake Management Services Unit Trust	29 July 2022
Vermont Unit Trust	29 July 2022

<sup>1</sup>During the period Stockland sold 49% of this entity.

This report is based on the Stockland Interim Financial Report 2023 which has been reviewed by PwC.

The remainder of information requiring disclosure to comply with ASX Listing Rule 4.3A is contained in the Stockland Interim Financial Report 2023 that follows.

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



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A leading creator and curator of connected communities

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# Interim Report 2023

Six months ended  
31 December 2022

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# A better

# way

## Welcome to Stockland's 1H23 Interim Report

Stockland acknowledges the Traditional Custodians and knowledge-holders of the land on which we live, work and play and pay our respects to their Elders past, present and emerging.

We acknowledge and thank all Aboriginal and Torres Strait Islander People for enriching our nation with their historical and traditional practices, their rich and diverse cultures and their ongoing and inherent connection to Country.

# to live.





# Corporate reporting suite

Stockland's Interim Report is an opportunity for us to demonstrate how we create value for all our stakeholders. It illustrates how we achieve our purpose, 'a better way to live', as we help shape communities across Australia.

The Interim Report is a consolidated summary of Stockland Corporation Limited and its controlled entities, including Stockland Trust and its controlled entities (Stockland or Group) for the six months ended 31 December 2022 (1H23).

## Corporate reporting suite

**The Interim Report is part of our broader corporate reporting suite for 1H23, including:**

**Interim Report:** features information about our strategy, our operational and financial performance, risk management, corporate governance, and our financial statements

**Results Presentations:** includes strategic priorities, financial results, operational performance, business unit activities, portfolio metrics and development pipeline, disclosed on a six-monthly basis

**Data Book:** data file comprising key Stockland financial and operating metrics



Our corporate reporting suite documents are available for download from the Stockland Investor Centre  
[stockland.com.au/investor-centre](https://stockland.com.au/investor-centre)



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The Directors of Stockland Corporation Limited (ACN 000 181 733) and the Directors of Stockland Trust Management Limited (ACN 001 900 741, AFSL 241190), the Responsible Entity of Stockland Trust (ARSN 092 897 348), present their report together with the Financial Report of Stockland and the Independent Auditor's Report thereon. The Directors' Report for 1H23 has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) including the following information:

- Operating and Financial Review on page [06](#)
- General information required under the *Corporations Act* on page [19](#).
- Lead Auditor Independence Declaration on page [22](#).



# Directors' Report







# Our business

## A leading creator and curator of connected communities

Stockland is one of the largest diversified property groups in Australia with \$15.6<sup>1</sup> billion of real estate assets and a development pipeline of ~\$41 billion<sup>2</sup> including Town Centres, Logistics and Workplace assets, Masterplanned and Land Lease Communities.

### Our vision, purpose and values

Our vision to be the leading creator and curator of connected communities is underpinned by our purpose – "a better way to live". Our vision and purpose are brought to life by our people, who are guided every day by Stockland's values of Community, Accountability, Respect and Excellence (CARE).

### Our strategy

Our vision and purpose are supported by our four key strategic priorities – to dynamically reshape the portfolio, accelerate delivery in our core business, scale our capital partnerships and generate sustainable long-term growth. See page 08 for further detail on our strategic priorities.

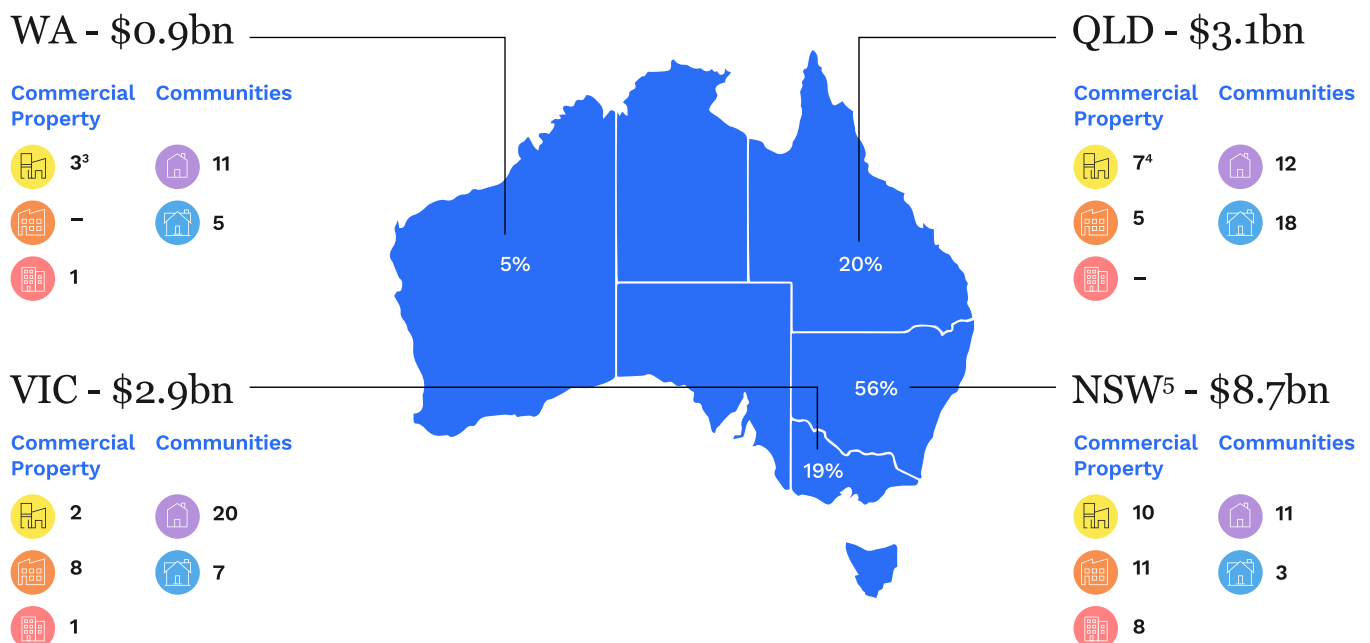
### Our structure

We are listed on the Australian Securities Exchange (ASX). To optimise value for our securityholders we are structured as a stapled security. A Stockland stapled security (ASX:SGP) represents one ordinary share in Stockland Corporation Limited and one ordinary unit in Stockland Trust. This allows us to efficiently undertake property investment, property management and property development activities.

### A strong platform for growth

We leverage our end-to-end multisector capability and large nationally diversified land bank to create thriving communities and vibrant, connected precincts. Our innovative culture, customer focus, and leading ESG track record provides a strong platform for sustainable long-term growth.

## Book value by state<sup>2</sup>



<sup>1</sup> Book value. Includes WIP & sundry properties of \$0.5bn. Includes cost to complete provisions, deferred land payments and options payments.

<sup>2</sup> Total development pipeline – includes projects in early planning stages, projects with planning approval and projects under construction.

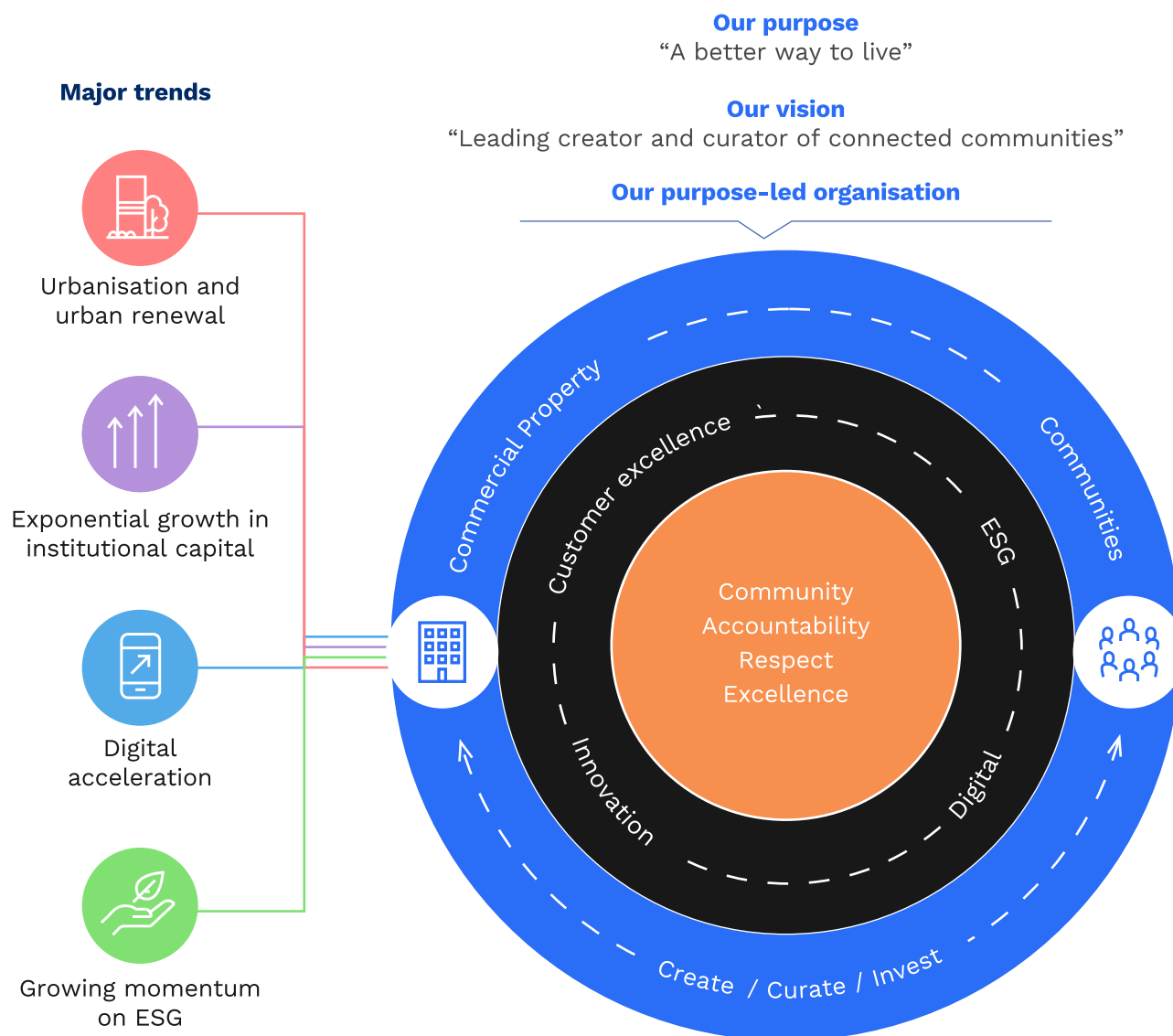
<sup>3</sup> Includes asset held for sale Stockland Riverton, WA.

<sup>4</sup> Includes asset held for sale Stockland Gladstone, QLD.

<sup>5</sup> NSW includes Red Hill, ACT.







# Our strategy



## Our operating environment

Our strategy is underpinned by the recognition and consideration of the major trends influencing our operating environment: urbanisation and urban renewal, driven by population growth in our cities; growth in the availability of long-term institutional capital and demand for real estate; acceleration in the adoption of digital and technology changing the shape of real estate; growing momentum on ESG driving demand for investments with superior ESG credentials.



Strategic pillars	Priorities	Targets
 Dynamically reshape portfolio	<ul style="list-style-type: none"> <li>Extend Residential leadership</li> <li>Reduce exposure to Town Centres and Retirement Living</li> <li>Scale Logistics and Workplace</li> </ul>	<ul style="list-style-type: none"> <li>Grow Residential, Logistics and Workplace: from 50% to 70%+ of NFE<sup>1,2</sup></li> <li>Down-weight Retail and Retirement Living: from 50% to &lt;30% of NFE<sup>1,2</sup></li> </ul>
 Accelerate delivery in our core business	<ul style="list-style-type: none"> <li>Accelerate delivery of the secured development pipeline</li> <li>Optimise land bank to highest value uses</li> <li>Leverage cross-sector capabilities to generate mixed-use opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Development: targeting commencement of &gt;80% of our Investment asset pipeline within 5 years</li> </ul>
 Scale capital partnerships	<ul style="list-style-type: none"> <li>Scale institutional capital partnerships</li> <li>Improve return on capital and operating leverage</li> <li>Facilitate conversion of development pipeline into Funds Under Management and rental income while maintaining a strong balance sheet position</li> </ul>	<ul style="list-style-type: none"> <li>Grow Funds Under Management and management income</li> <li>Maintain strong balance sheet and capital structure</li> </ul>
 Sustainable long term growth	<ul style="list-style-type: none"> <li>High quality recurring income business with sustainable growth</li> <li>Customer excellence, digital innovation and ESG focus</li> <li>Preferred employer and developer of real estate talent</li> </ul>	<ul style="list-style-type: none"> <li>Recurring income: 60%<sup>1,3</sup> of total at 6-9% ROIC<sup>4</sup></li> <li>Development income: 40%<sup>1,3</sup> of total at 14-18% ROIC<sup>4</sup></li> </ul>

## How we create value

Our strategic pillars and priorities are informed by, and designed to respond to, the major trends that influence our operating environment. The four strategic pillars build on the strength of our platform and culture, leveraging our specialist end-to-end, multi-sector capability to create value throughout the real estate life cycle.

Each of our strategic pillars has clear and focused priorities that are tied to tangible financial targets. Executing on these priorities and targets creates value and delivers sustainable long-term growth to our securityholders and stakeholders, underpinned by customer excellence, digital innovation, and ESG leadership.

<sup>1</sup> 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.

<sup>2</sup> Net Funds Employed, calculated as Book Value excluding non-cash items such as deferred land payables and cost-to-complete provisions.

<sup>3</sup> Aligns with FFO pre Group net interest expense and tax.

<sup>4</sup> Indicative long-term target for return on invested capital. Recurring return comprises Management income and Property NOI (net of amortisation and straight-line rental adjustment) less divisional overheads plus revaluation movements. Development return includes realised development gains and profit on sale of inventories, net of divisional overheads and before interest and tax.



# Group performance

## Funds from Operations (FFO)

\$353m

Up 0.7% on 1H22

## FFO per security

14.8c

Up 0.7% on 1H22

## Distribution per security (DPS)

11.8c

80% distribution payout ratio

## Net Tangible Assets (NTA) per security

\$4.31

vs \$4.31 at 30 June 2022

## Statutory Profit

\$301m

vs \$850m in 1H22

## Gearing

22.1%

vs 23.4% at 30 June 2022

Over the six months to December 2022 (1H23), we continued to progress our strategy while delivering solid operational and financial results in an uncertain macroeconomic environment.

Our 1H23 financial result reflected the strength of our diversified business model. 1H23 Funds From Operations of \$353 million was up by 0.7 per cent on the previous corresponding period despite a significant expected earnings skew to the second half of the financial year for our Masterplanned Communities (MPC) business. The ~12 per cent decline in the Communities contribution for the half was offset by a ~15 per cent higher contribution from our Commercial Property investment portfolio, driven by solid like-for-like net operating income growth, the end of COVID-19-related rental abatements, and contributions from Logistics developments completed over FY22 and 1H23.

The result also reflected the initial financial benefits of the strategic initiatives that we implemented during FY22. In February 2022, we announced the establishment of two significant capital partnerships with globally recognised, high-quality institutions – the Stockland Residential Rental Partnership (SRRP) with Mitsubishi Estate Asia (MEA), and the M\_Park Capital Partnership with Ivanhoé Cambridge. The 1H23 result included Management Income and Development Income contributions from both these partnerships, along with our other joint ventures and management agreements.

Post the 1H23 balance date, we extended our existing relationship with MEA through an agreement to invest in masterplanned communities. The new capital partnership is expected to take effect in mid-2023, and will have a mandate to invest in Stockland owned and market originated masterplanned communities.

We completed the divestment of our Retirement Living business in July 2022, and as such that business made only a minor earnings contribution to the 1H23 result. Our exit from Retirement Living has simplified our business, strengthened our balance sheet, and concentrated our focus on higher returning and higher margin growth initiatives. We continue to reshape our portfolio in line with our strategic priorities, executing on ~\$266 million of non-core asset sales over 1H23.<sup>1</sup>

Statutory profit after tax was \$301 million compared with \$850 million in 1H22. The decrease was primarily due to a \$538 million fair value gain recognised in 1H22, which reflected the rebound in asset values post COVID-19.

We have maintained our focus on balance sheet strength and financial flexibility, with gearing sitting toward the lower end of our target range, a prudent hedging profile and ample liquidity. Our strong balance sheet provides the capacity to fund our near-term development commitments and take advantage of opportunities that may emerge in the current macroeconomic environment.

<sup>1</sup> Includes disposal of Stockland Bull Creek, WA and assets held for sale at Stockland Riverton, WA and Stockland Gladstone, QLD, at a ~4% aggregate premium to book value.



# Capital management

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## Available liquidity (cash and undrawn facilities)

~\$1.4bn

As at 31 December 2022

## Gearing

22.1%

vs 23.4% at 30 June 2022

## Interest Cover

6.9x<sup>2</sup>

12-month rolling average to 31 December 2022

## Fixed Hedge Ratio

59%<sup>3</sup>

~60% expected for FY23

## Weighted average cost of debt (WACD)

4.1%<sup>3</sup>

~4.4% WACD expected for FY23<sup>4</sup>

## Weighted average debt maturity

4.7 years

Stockland finished the period in a strong financial position. At 31 December 2022, the Group's gearing was 22.1 per cent, toward the lower end of our target range of 20 per cent to 30 per cent, and compared with 23.4 per cent at 30 June 2022. We maintained significant headroom under our financial covenants<sup>2</sup>, and strong investment grade credit ratings of A-/A3 with stable outlook from S&P and Moody's, respectively.

Our weighted average cost of debt for 1H23 was 4.1 per cent. We expect this to average approximately 4.4 per cent<sup>4</sup> for FY23, compared with 3.4 per cent for FY22, reflecting the higher floating interest rate environment. Our weighted average debt maturity sits at 4.7 years, and our fixed hedge ratio averaged 59 per cent<sup>3</sup> over the period. This is down slightly compared with an average of 64 per cent for the 12 months to 30 June 2022, primarily due to an increase in short term, floating borrowings. We expect our fixed hedge ratio to average ~60 per cent for FY23. The anticipated increase in cash inflows in the second half of the financial year is expected to facilitate repayment of short-term borrowings (subject to no compelling alternate use emerging for the funds).

Available liquidity at 31 December 2022 was ~\$1.4 billion. The combination of our strong liquidity position, access to domestic and global debt capital markets, strong relationships with capital partners and ongoing discipline around cashflows, positions us well to deliver on our strategic priorities.

<sup>2</sup> Covenant levels: less than 50% Financial Indebtedness / Total Tangible Assets (FI / TTA), and Interest Coverage Ratio of more than 2:1. FI / TTA as at 31 December 2022 was 24.2%.

<sup>3</sup> Average over 6-months to 31 December 2022.

<sup>4</sup> Assuming average BBSW of 3.22% over FY23.

## Financial Strategy: Medium term targets

Sector capital allocation <sup>1</sup>	Target	1H23
Logistics and Workplace	30-50%	40%
Residential (for sale and ownership)	20-35%	21%
Town Centres	20-30%	39%
Alternate <sup>2</sup>	0-5%	<1%
Capital allocation by activity <sup>1</sup>	Target	1H23
Recurring	70-80%	81%
Development	20-30%	19%
Income mix <sup>1</sup>	Target	1H23
Recurring <sup>3</sup>	60%	72%
Development <sup>3</sup>	40%	28%
Returns on invested capital <sup>1</sup>	Target	
Recurring <sup>4</sup>	6-9%	
Development <sup>4</sup>	14-18%	
Capital structure <sup>1</sup>	Target	1H23
Gearing (% Debt / TTA)	20-30%	22.1%
Look-through gearing <sup>5</sup>	<35%	22.6%
Credit Rating (S&P / Moody's) A- / A3	A- / A3	
Distributions (% FFO)	75-85%	80%

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 Includes Communities Real Estate (stand-alone medical and childcare centres within Stockland communities) and residual Retirement Living assets.

3 Aligns with FFO pre Group net interest expense and tax.

4 Indicative long-term target for return on invested capital. Recurring return comprises management income and property NOI (net of amortisation and straight-line rental adjustment) less divisional overheads plus revaluation movements. Development return includes realised development gains and profit on sale of inventories, net of divisional overheads and before interest and tax.

5 Ratio of net borrowings to total assets adjusted for the borrowings of investment vehicles.



Waterlea, VIC





## Cashflow management

Net operating cash flow over the period reduced by \$346 million relative to the previous corresponding period (\$172 million of net operating cash flow). This reflected a reduction in net cash generated by our Communities business, due to the expected skew to 2H23 for MPC settlements, with development expenditure incurred over 1H23 relating to settlements in future periods.

Relative to 1H22, overhead spending increased as we continued investing in the platform to deliver on our strategic initiatives, and as costs and wages normalised from COVID-19 and were impacted by higher rates of inflation.

We continued to invest in our Commercial Property development pipeline over the period, consistent with our expectations to complete ~\$1.2 billion<sup>5</sup> of Logistics developments by the end of FY24, and the staged completion of the M\_Park Stage 1 project in Macquarie Park by FY25.

During the period, we settled on ~\$78 million<sup>6</sup> of non-core Town Centre disposals and generated cash-backed profit relating to the transfer of two development communities<sup>7</sup> into the SRRP capital partnership.

## Distributions

The distribution for 1H23 is 11.8 cents per security, down 1.7 per cent on 1H22. The distribution payout ratio of 80 per cent is within our target range of 75 per cent to 85 per cent of Funds from Operations, at a level that retains capital to support growth opportunities across the business.

## Net tangible assets

	31 December 2022	30 June 2022	Change
	\$M	\$M	%
Cash and cash equivalents	208	378	(47.7)%
<b>Real estate assets</b>			
• Commercial Property	11,347	11,314	0.3%
• Communities	4,310	4,179	3.1%
• Other assets	140	3,781	(96.3)%
Other financial assets	280	311	(10.0)%
Other assets	602	386	65.0%
<b>Total tangible assets</b>	<b>16,887</b>	<b>20,349</b>	<b>(17.0)%</b>
Borrowings	3,899	4,472	(12.8)%
Other financial liabilities	210	198	14.2%
Other liabilities	2,481	5,383	(54.0)%
<b>Total liabilities</b>	<b>6,590</b>	<b>10,053</b>	<b>(34.4)%</b>
<b>Net tangible assets</b>	<b>10,297</b>	<b>10,296</b>	<b>0.0%</b>
Number of securities on issue	2,387,171,662	2,387,171,662	
<b>NTA per security</b>	<b>4.31</b>	<b>4.31</b>	<b>0.0%</b>

<sup>5</sup> Forecast end value on completion, subject to relevant approvals.

<sup>6</sup> Disposal of Stockland Bull Creek, WA.

<sup>7</sup> Transfer of Stockland Halcyon Nirimba, QLD and Stockland Halcyon Berwick, VIC into SRRP.

# Commercial Property

The Commercial Property segment delivered a strong 1H23 result, with FFO of \$320 million up by ~15 per cent relative to the previous corresponding period. This reflected comparable growth of 3.2 per cent<sup>1</sup> from our \$10.8 billion<sup>2</sup> Commercial Property investment portfolio, stable Development Income, and the initial contribution to Management Income from our M\_Park Stage 1 development.

Across the investment portfolio, the rent collection rate was 99.1 per cent<sup>3</sup> for the period, compared with 97.5 per cent<sup>3</sup> for 1H22.

Approximately 86 per cent (by value) of the portfolio was independently valued during the period. This resulted in a net valuation uplift of \$30 million<sup>2</sup>, equating to 0.3 per cent growth on previous book values.

Over the period, we made further progress on our key strategic priorities for the Commercial Property business: accelerating the delivery of our ~\$6.4 billion<sup>4</sup> Logistics and ~\$5.8 billion<sup>4</sup> Workplace development pipeline; continuing to reposition our Town Centre portfolio; and maximising the value of our existing asset base through exploring alternate uses and densification opportunities.

We completed ~\$77 million of Logistics developments over 1H23, and remain on track to complete projects with an end value of ~\$1.2 billion<sup>4</sup> by the end of FY24. Our targeted FY23 completions are now 92 per cent pre-leased or subject to signed heads of agreement.

The disposal of ~\$266 million<sup>5</sup> of non-core Town Centre assets over the period brings the total value of Town Centre disposals since FY16 to ~\$2 billion. The quality of our Town Centre portfolio has been reflected in the strong sales and comparable FFO results delivered over the period, along with a stable valuation result in a higher interest rate environment.

## ESG Leadership

### Logistics:

★★★ Full development pipeline registered as 5 Star Green Star

### Workplace portfolio average:

★★★ 5 Star NABERS Energy

★★★ 4.7 Star NABERS Water

★★ 4 Star Green Star Performance

### Town Centres portfolio average:

★★★ 5 Star NABERS Energy

★★ 3.7 Star NABERS Water

★★ 4 Star Green Star Performance



WELL Health-Safety: First Australian property group to achieve retail WELL ratings

## Logistics

Our ~\$3.2 billion<sup>6</sup> Logistics portfolio delivered comparable FFO growth of 4.4 per cent<sup>7</sup> over the period. The portfolio continues to benefit from favourable demand-supply dynamics for well-located, high quality Logistics assets.

Occupancy was maintained at 99.9 per cent<sup>8</sup> over the period, and new leases and renewals executed over the half generated an average rental increase of 12.1 per cent. New leases and renewals negotiated over the half (including those yet to be executed) saw an average uplift of 19.6 per cent<sup>9</sup> relative to previous in-place rents.

<sup>1</sup> Excludes COVID-19 abatements and ECL.

<sup>2</sup> Excludes sundry properties and stapling adjustment, includes IPUC and Stockland's share of equity accounted investments.

<sup>3</sup> Rent collection rates across the portfolio up to 31 January on 31 December billings. 1H22 includes all provisioned COVID-19 abatements.

<sup>4</sup> Forecast end value on completion, subject to relevant approvals. Workplace includes M\_Park at 100% share.

<sup>5</sup> Includes disposal of Stockland Bull Creek, WA and assets held for sale Stockland Riverton, WA and Stockland Gladstone, QLD, at a ~4% aggregate premium to book value.

<sup>6</sup> Excludes WIP and sundry properties.

<sup>7</sup> Includes comparable assets; excludes acquisitions, divestments & assets under development. EExcludes COVID-19 abatements and ECL where applicable.

<sup>8</sup> By income. Workplace excludes Walker Street Complex.

<sup>9</sup> Reflects executed leases & leases under HOA as at 31 December 2022. Workplace excludes Walker Street Complex.



We continue to focus on capturing positive rental growth opportunities presented by 3.4 year<sup>8</sup> weighted average lease expiry, leasing over 232,200sqm<sup>9</sup> in 1H23.

## Workplace

The majority of our ~\$2.1 billion<sup>10</sup> Workplace portfolio is currently being positioned for future development. This is reflected in the portfolio's weighted average lease expiry of 4.4 years<sup>8</sup> and average occupancy of 92.7 per cent<sup>8</sup>.

The Workplace portfolio saw a decline in comparable FFO of 3.4 per cent<sup>11</sup>, impacted by the rebasing of rents to market levels at one asset. New leases and renewals negotiated over the period resulted in an average decline of 1.1 per cent relative to previous in-place rents<sup>9,12</sup>.

We continue to progress the planning and delivery of our ~\$5.8 billion<sup>13,14</sup> Workplace development pipeline.

Stage 1 of our M\_Park development, in partnership with Ivanhoe Cambridge, is underway, with pre-leasing sitting at 65 per cent (including heads of agreement) and completion of its four buildings scheduled to occur on a staged basis over FY24 and FY25. The proposed Stage 2 of the project is currently going through the approvals process. The combined M\_Park development has an expected end value of over \$2 billion<sup>13,14</sup> and is poised to become one of Australia's leading life science and technology precincts.

With development approval for the ~\$1.2 billion<sup>13</sup> Affinity Place (North Sydney, NSW) having been received in June 2022, we are now focused on aligning tenant pre-commitments and capital partnering prior to commencing construction of the project.

Our ~\$2.6 billion<sup>13</sup> Piccadilly development project (Sydney CBD, NSW) continues to progress through the authority approvals process.

## Town Centres

Our Town Centre portfolio delivered strong operational and financial performance over the period, with comparable FFO growth of 5.0 per cent<sup>11</sup>.

The portfolio generated comparable Moving Annual Turnover (MAT) growth of 13.7 per cent and specialty MAT growth of 19.1 per cent versus the prior corresponding period, which was impacted by COVID-19 trade restrictions over July 2021 to October 2021.<sup>15</sup>

Relative to the pre-COVID-19 corresponding period in 2019, the portfolio generated total comparable MAT growth of 10.6 per cent and specialty MAT growth of 11.9 per cent<sup>15</sup>.

The portfolio continues to benefit from its ~75 per cent MAT skew to essentials-based categories and the extensive remixing and repositioning of the asset base that we have undertaken over several years.

Strong sales resulted in specialty occupancy costs declining to 15.2 per cent<sup>16</sup> over the half (versus 15.8 per cent at FY22), while also facilitating a further acceleration of positive leasing spreads to 2.5 per cent<sup>17</sup> (versus 1.5 per cent for FY22), and a decline in average incentives levels for new leases. Tenant retention levels<sup>18</sup> also improved to 77 per cent compared with 67 per cent in FY22.

## Management and Development Income

Commercial Property (CP) Development Income comprises development revenues net of direct costs, along with profit from the disposal of build-to-sell development projects.

CP Development Income declined slightly over the period to \$27 million versus \$28 million for 1H22. This reflects a lower level of Logistics build-to-sell trading profits, offset by the recognition of initial development revenues relating to M\_Park Stage 1. We expect to generate additional trading profits in 2H23, along with further M\_Park development revenues.

Commercial Property (CP) Management Income comprises ongoing fee income from third parties relating to the provision of investment, development and property management services.

CP Management Income of \$16 million over 1H23 comprised development management fees relating to M\_Park Stage 1 along with ongoing fees from third parties for development and property management services provided across our CP assets. The result for the previous corresponding period of \$8 million did not include any development management fee contribution.

<sup>8</sup> By income. Workplace excludes Walker Street Complex.

<sup>9</sup> Reflects executed leases & leases under HOA as at 31 December 2022. Workplace excludes Walker Street Complex.

<sup>10</sup> Excludes WIP and sundry properties.

<sup>11</sup> Includes comparable assets; excludes acquisitions, divestments & assets under development. Excludes COVID-19 abatements and ECL where applicable.

<sup>12</sup> Average rental growth on new leases and renewals executed over 1H23 is (8.1%).

<sup>13</sup> Forecast end value on completion, subject to relevant approvals.

<sup>14</sup> Includes M\_Park Stage 1, owned in capital partnership with Ivanhoe Cambridge, at 100% share.

<sup>15</sup> Comparable basket of assets as per SCCA guidelines; excludes assets which have been redeveloped within the past 24 months. Excludes Mobile Phones category, due to reporting changes by one retailer resulting in non-comparable sales data.

<sup>16</sup> Occupancy cost reflects stable assets, adjusted to reflect tenants trading more than 24 months.

<sup>17</sup> Rental growth on stable portfolio on an annualised basis.

<sup>18</sup> Adjusted for operational centre remixes and reconfiguration as well as retailers subject to administration.



# Communities

The Communities segment FFO contribution of \$113 million was ~12 per cent below the 1H22 result for the business. This was driven by a lower contribution from our MPC segment, reflecting expectation of a more significant skew to the second half of the financial year for settlement volumes than in the previous corresponding period.

The contribution from our Land Lease development business was up by \$31 million to \$38 million for 1H23, driven by gains on the transfer of two development communities<sup>1</sup> into the SRRP partnership and underlying growth of the platform.

The creation of the SRRP partnership has resulted in an uplift in Management Income relating to the Communities business over the period, and we expect to generate ongoing fees relating to development management and property management from the capital partnership.

Over 1H23, we generated high-quality recurring income from our rent-generating assets across our Communities business, including from the established Land Lease Communities home sites.

As Australia's leading creator of connected communities, we are well positioned to extend our residential leadership and drive relative outperformance in a moderating residential market.

With an average age of ~10 years and a skew to the undersupplied Eastern Seaboard markets, our ~72,300-lot MPC landbank provides strong embedded margins and a unique competitive advantage as we look to further expand our Land Lease platform.

The strength of Stockland's brand – built on a proven track record developed over the last 70 years – has demonstrated resilience through moderating markets, benefiting from a flight to quality. We are seeing early signs of this benefit, as our rolling annual market share has increased by 2-3%<sup>2</sup> over the past 12 months.

Finally, the scale and breadth of our Communities platform enables us to generate deep customer insights and maximise our conversion rate while lowering our cost per sale.

## ESG Leadership

### Masterplanned Communities:



Launched Stockland Wildflower, WA – Stockland's first all-electric masterplanned community in WA



First of its kind Compost Revolution program, scaled across 28 masterplanned communities to promote circular living

### Land Lease Communities:



~80 per cent of homes under development include solar

<sup>1</sup> Transfer of Stockland Halcyon Nirimba, QLD and Stockland Halcyon Berwick, VIC into SRRP, generating cash-backed profit.

<sup>2</sup> Rolling annual market share based on net sales across Stockland active corridors across major metro markets. Source: NLS Research4.



## Masterplanned Communities

Our MPC business delivered Development FFO of \$138 million for 1H23, down 22 per cent compared with 1H22.

During the period, we achieved 1,872<sup>3</sup> settlements, versus 2,329 in the previous corresponding period. Settlement volumes were impacted by production constraints resulting from extreme wet weather across the Eastern Seaboard of Australia.

For FY23, we are targeting approximately 5,500 settlements<sup>4</sup>, with a more significant volume and revenue skew to the second half of the financial year than in previous years.

The development operating profit margin for the period was 24.2 per cent compared with 26.6 per cent for 1H22, with the decline primarily reflecting a shift in the geographical mix of settlements, along with the impact of lower settlement volumes.

We expect the MPC business to achieve a development operating profit margin of approximately 26% for FY23. This is equivalent to an operating profit margin of approximately 19% after allocation of Communities divisional overhead. We expect the reported margin to exceed our initial expectations primarily as a result of a more favourable settlement mix and development cost savings relating to recently completed projects.

Net sales for the half totalled 1,804 lots, below the 1H22 level of 3,815 net sales. As expected, successive interest rate rises since May 2022 have driven a moderation of demand, with enquiry rates reducing to pre-COVID-19 levels and sales volumes slowing markedly.

While the 1H23 sales result does reflect a sequential improvement over 2Q23 (959 lots) vs 1Q23 (845 lots), we do not expect a material improvement in residential market conditions until the interest rate outlook stabilises.

We are well positioned with good visibility into 2H23, with 5,840 contracts on hand at an average price point ~11 per cent<sup>5</sup> above the 1H23 settlement average and a well-bought landbank that has strong embedded margins post several years of strong residential price growth.

## Land Lease Communities

Our Land Lease Communities business delivered Development FFO of \$38 million for the period, comprising our share of SRRP development income and cash-backed gains from transferring development communities into SRRP.

Underlying demand for Land Lease product has proven to be more resilient than for the MPC segment during 1H23, supported by a growing target demographic and purchaser preferences for product that offers lifestyle, amenity and social connectivity.

The ongoing demand and preference for Land Lease community living is reflected in our pricing trends - with the average sales price per home up ~5% vs 2H22<sup>6</sup> - and in our strong operational performance across 1,944<sup>7</sup> established home sites. Over 1H23, the established portfolio achieved 100% occupancy and rent collection rates<sup>8</sup>, as well as average rental growth of 6.3% vs FY22<sup>9</sup>.

With supply chain constraints and wet weather having driven an elongation of production timeframes, our net sales rate of 127 homes over the half (versus 212 for 1H22) reflects a deliberate slowing of releases in order to allow production to catch up.

Development settlement volumes for 1H23 totalled 174<sup>10</sup> homes, compared with 98 homes in 1H22. We remain on track to meet our target of ~350 settlements in FY23.

As at 1H23, there are currently six actively trading projects in the SRRP portfolio. By the end of FY24, we expect to launch seven additional projects<sup>11</sup>, generating further profits on transfer and driving future settlement volumes.

## Rental Income

Over 1H23, we generated \$6 million (up ~9% vs 1H22) in high-quality Communities rental income, reflecting contributions from the established Land Lease Communities portfolio as well as from stand-alone medical and childcare centres within our communities.

1H23 rental income from the established Land Lease Communities portfolio reflected strong operational performance, with the stabilised portfolio's net operating margin maintained at 65 per cent.

## Management Income

Communities Management Income of \$20 million over 1H23 comprised development management and property management fees relating to SRRP and existing MPC joint ventures. The result for the previous corresponding period of \$11 million did not include any fee income relating to SRRP.

<sup>3</sup> Includes 724 settlements under joint venture/project development agreements (1H22: 672).

<sup>4</sup> Subject to no material deterioration in market and production conditions.

<sup>5</sup> Average price per lot of contracts-on-hand vs 1H23 settlements.

<sup>6</sup> Average price per home. Excludes sales at Stockland B by Halcyon, QLD where average price points are above \$1.1m.

# Outlook

Stockland maintains its FY23 FFO per security guidance range of 36.4 to 37.4 cents on a pre-tax basis.

FY23 tax payable is expected to be at the lower end of the previous guidance range of 5-10% of pre-tax Group FFO, with the benefit of some remaining carry forward tax losses.

Distribution per security for FY23 is expected to be within our target payout ratio of 75% to 85% of post-tax FFO.

All forward looking statements, including FY23 earnings guidance, remain subject to no material deterioration in current market and production conditions.



<sup>7</sup> 1,106 home sites at 100% ownership; 838 home sites within SRRP.

<sup>8</sup> As at 31 December 2022.

<sup>9</sup> Average rental increases on stabilised portfolio effective 1 July 2022.

<sup>10</sup> Within SRRP.

<sup>11</sup> Subject to relevant approvals, planning and meeting the partnership's return requirements.





# Risk Management and Governance



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# Governance and risk

At Stockland, we adopt a rigorous approach to proactively addressing the material risks and opportunities of our business. The Group's risk management framework is updated in detail annually, and reviewed quarterly by the Risk Committee. Further detail on this framework is set out in the Group's Annual Report for the year ended 30 June 2022 (a copy of which is available on Stockland's website at [www.stockland.com.au/investor-centre](http://www.stockland.com.au/investor-centre)).

Material risks and opportunities for the Group currently include the following, as assessed over different time horizons:

<b>Our ability to adapt to new ways of working and maintain a strong corporate culture</b> The ability to attract, engage and retain our employees is critical to our ongoing success.	S M
<b>Our ability to provide environments that support the health, safety, and wellbeing of our employees, tenants, residents, customers and suppliers</b> The health and wellbeing of our people, suppliers and customers has always been and continues to be our priority. We are committed to delivering communities and assets where our employees, tenants, residents, customers and suppliers always feel safe.	S M
<b>Our ability to respond to geopolitical conditions that lead to economic uncertainty or volatility</b> Changing geopolitical conditions that impact the global economy have led to and may continue to result in extended periods of increased uncertainty and volatility in the global financial markets and supply chains, which could adversely affect our business.	S M
<b>Climate change may have adverse effects on our business</b> We are committed to creating resilient assets that operate with minimal disruption in the event of increased climate events, as well as building strong communities that are equipped to adapt to long-term climate change risks and opportunities.	S M L
<b>Information and technology system continuity and cybersecurity breaches may impact our business</b> Managing potential IT system failures and cybersecurity breaches is a focus area to ensure we manage the risk of loss of sensitive information, operational disruption, reputational damage, fines and penalties. We also use technology and data to create a leading edge and differentiated customer offering through innovation and insights.	S M L
<b>Housing affordability continues to impact the dynamics of the Australian housing market</b> To help address affordability we will continue to partner with government and industry to drive solutions, provide a broad mix of value for money, quality housing options, and balance the demand from owner occupiers and investors.	S M L
<b>Differences between community and customer expectations or beliefs and our current or planned actions could harm our reputation and business</b> Standards for interaction with customer and the community have been under intense scrutiny in Australia for some time. It is important that we engage with our customers in an ethical and considered manner consistent with our Stockland CARE values.	S M L
<b>Our ability to anticipate and respond to changing consumer preferences for our products and services</b> We will continue to foster a culture of innovation based on research and data to create sustainable and livable communities and assets.	S M L
<b>Regulatory and policy changes impact our business and customers</b> We will continue to implement forward-looking practices, engage with industry and government on key policy areas, focus our development activity in areas where governments support growth, and continue mandatory training for all employees in relation to the compliance areas and obligations relevant to our business.	S M L
<b>Our ability to deliver on strategic priorities in challenging market conditions</b> We will continue to monitor the impact of macro-economic conditions and its implications for our strategy and business.  We will continue to carefully assess market conditions in the delivery of our strategic priorities.	M
<b>Capital market volatility impacts our ability to transact and access suitable capital</b> We will continue to drive growth in our business and deliver on our strategic priorities by: <ul style="list-style-type: none"> <li>• allocating capital strategically across our diversified portfolio;</li> <li>• progressing capital partnering opportunities across all sectors;</li> <li>• acquiring new assets on capital efficient terms;</li> <li>• retaining a strong balance sheet within our target gearing range while also accessing diverse funding sources across global capital and debt markets;</li> <li>• maintaining our disciplined and prudent capital management approach;</li> <li>• retaining investment grade ratings across multiple credit agencies.</li> </ul>	M L

**Legend**    **S** Short-term risk    **M** Medium-term risk    **L** Long-term risk



## Governance

At Stockland, we pride ourselves on maintaining a diverse board comprised of industry leaders across a range of sectors and skillsets. This depth of experience ensures that Stockland remains well placed to respond to an evolving business landscape, and to effectively monitor, manage and mitigate risk.

### Directors

The Directors of the Company and of the Responsible Entity at any time during or since the end of the half year (collectively referred to as the Directors) were:

#### Non-Executive Directors

Mr Tom Pockett	Chairman
Mr Stephen Newton	
Ms Kate McKenzie	
Ms Melinda Conrad	
Mr Adam Tindall	
Ms Christine O'Reilly	
Mr Andrew Stevens	
Mr Laurence Brindle	

#### Executive Director

Mr Tarun Gupta	Managing Director and Chief Executive Officer
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Further detail on our governance and Board arrangements is located at <https://www.stockland.com.au/about-stockland/corporate-governance>.

### Lead Auditor's Independence Declaration under *section 307C of the Corporations Act 2001 (Cth)*

The external auditor's independence declaration is set out on page 22 and forms part of the Directors' Report for the six months ended 31 December 2022.

### Rounding off

Stockland is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the Financial Report have been rounded to the nearest million dollars, unless otherwise stated.



## Auditor's Independence Declaration

As lead auditor for the review of Stockland Corporation Limited and Stockland Trust for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Stockland Corporation Limited and the entities it controlled during the period and Stockland Trust and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Reilly', with a stylized, cursive script.

Jane Reilly  
Partner  
PricewaterhouseCoopers

Sydney  
21 February 2023

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# Directors' declaration

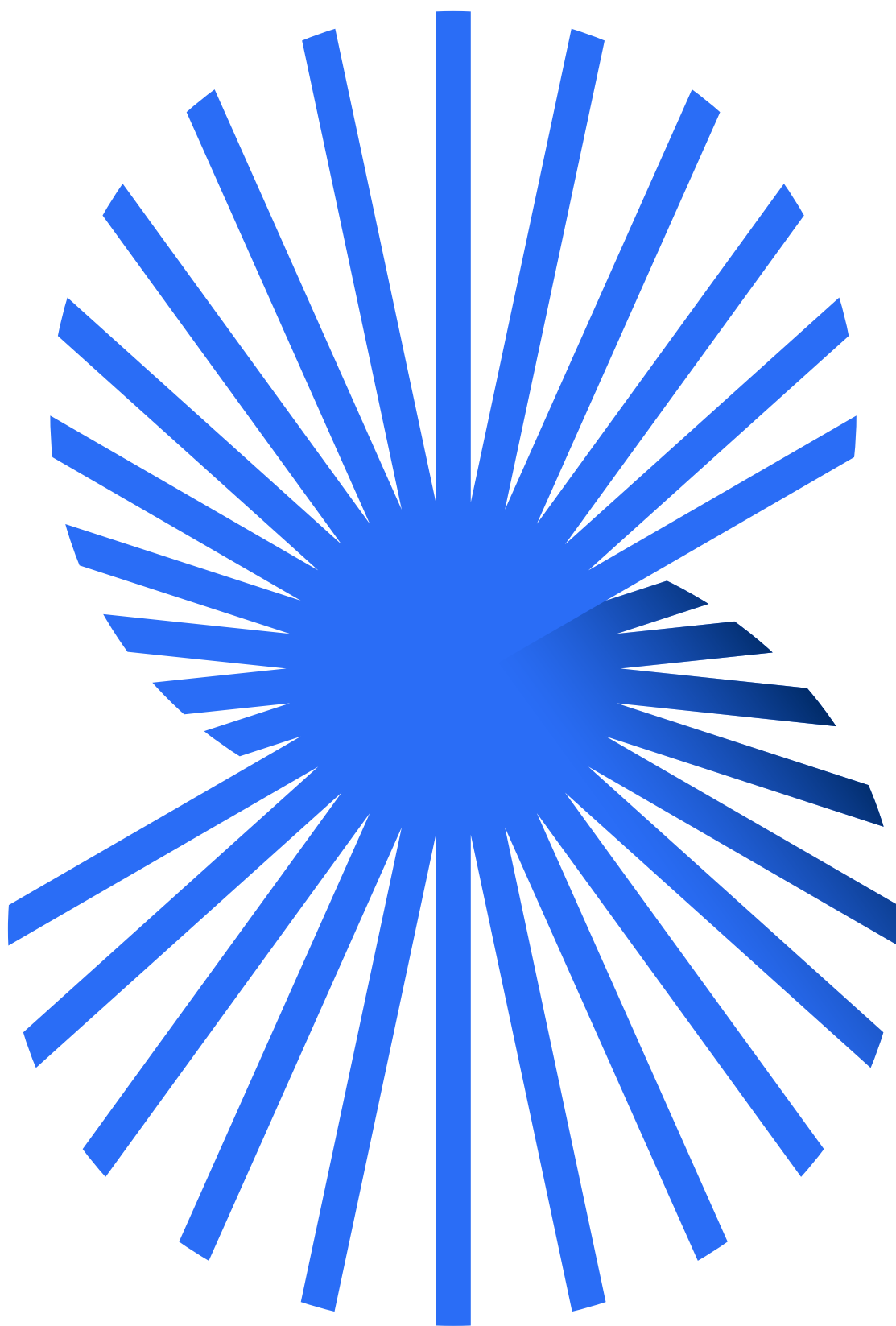
This Report is made on 21 February 2023 in accordance with a resolution of the Directors and is signed for and on behalf of the Directors:

**Tom Pockett**  
Chairman

**Tarun Gupta**  
Managing Director and CEO

Dated at Sydney, 21 February 2023

# Interim financial report





# Consolidated statement of comprehensive income

Half year ended 31 December		Stockland		Trust	
\$M	Note	2022	2021	2022	2021
Revenue	1	1,151	1,188	341	346
Cost of property developments sold:					
• land and development		(510)	(572)	–	–
• capitalised interest		(31)	(29)	–	–
• utilisation of provision for impairment of inventories	6	3	–	–	–
Investment property expenses		(112)	(110)	(111)	(113)
Share of profits of equity-accounted investments	16	35	25	(6)	25
Management, administration, marketing and selling expenses		(212)	(181)	(22)	(20)
Impairment loss on trade and other receivables	8	–	(29)	–	(29)
Net change in fair value of investment properties	7	17	538	7	521
Net reversal of impairment of inventories	6	5	–	–	–
Net gain on other financial assets		–	1	–	–
Net gain on sale of other non-current assets		6	8	–	7
Finance income		5	2	102	88
Finance expense		(38)	(39)	(72)	(72)
Net gain on financial instruments		8	75	8	75
Transaction costs		–	(27)	–	–
<b>Profit before tax</b>		<b>327</b>	<b>850</b>	<b>247</b>	<b>828</b>
Income tax expense		(28)	(13)	–	–
<b>Profit from continuing operations</b>		<b>299</b>	<b>837</b>	<b>247</b>	<b>828</b>
Profit from discontinued operation net of income tax	11	2	13	–	–
<b>Profit after tax attributable to securityholders of Stockland</b>		<b>301</b>	<b>850</b>	<b>247</b>	<b>828</b>
<b>Items that are or may be reclassified to profit or loss, net of tax</b>					
Cash flow hedges – net change in fair value of effective portion		(18)	(7)	(18)	(7)
Cash flow hedges – reclassified to profit or loss		11	27	11	27
<b>Other comprehensive (loss)/income</b>		<b>(7)</b>	<b>20</b>	<b>(7)</b>	<b>20</b>
<b>Total comprehensive income</b>		<b>294</b>	<b>870</b>	<b>240</b>	<b>848</b>
Basic earnings per security (cents)	3	12.6	35.7	10.4	34.7
Diluted earnings per security (cents)	3	12.6	35.5	10.3	34.6
<b>Continuing operations</b>					
Basic earnings per security (cents)	11	12.5	35.1	10.4	34.7
Diluted earnings per security (cents)	11	12.5	35.0	10.3	34.6

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated balance sheet

As at		Stockland		Trust	
		31 December 2022	30 June 2022	31 December 2022	30 June 2022
\$M	Note				
Cash and cash equivalents		208	378	23	219
Receivables	8	400	120	2,554	2,987
Inventories	6	1,234	1,076	–	–
Other financial assets		4	21	4	21
Other assets		136	159	82	97
Discontinued operations, disposal group and non-current assets held for sale	11	149	4,075	142	248
<b>Current assets</b>		<b>2,131</b>	<b>5,829</b>	<b>2,805</b>	<b>3,572</b>
Receivables	8	147	159	101	116
Inventories	6	2,780	2,660	–	–
Investment properties	7	10,519	10,491	10,183	10,169
Equity-accounted investments	16	715	592	697	553
Other financial assets		276	290	264	280
Property, plant and equipment		151	164	–	–
Intangible assets		71	65	–	–
Deferred tax assets		–	6	–	–
Other assets		168	158	150	138
<b>Non-current assets</b>		<b>14,827</b>	<b>14,585</b>	<b>11,395</b>	<b>11,256</b>
<b>Assets</b>		<b>16,958</b>	<b>20,414</b>	<b>14,200</b>	<b>14,828</b>
Payables	9	831	980	373	459
Borrowings	12	401	936	401	936
Development provisions	6	516	261	198	40
Other financial liabilities		1	10	–	–
Other liabilities	10	152	86	24	27
Discontinued operations and disposal group liabilities held for sale	11	–	2,774	–	–
<b>Current liabilities</b>		<b>1,901</b>	<b>5,047</b>	<b>996</b>	<b>1,462</b>
Payables	9	319	313	–	–
Borrowings	12	3,498	3,536	3,498	3,536
Development provisions	6	162	465	–	158
Other financial liabilities		209	188	208	184
Deferred tax liabilities		22	–	–	–
Other liabilities	10	479	504	27	27
<b>Non-current liabilities</b>		<b>4,689</b>	<b>5,006</b>	<b>3,733</b>	<b>3,905</b>
<b>Liabilities</b>		<b>6,590</b>	<b>10,053</b>	<b>4,729</b>	<b>5,367</b>
<b>Net assets</b>		<b>10,368</b>	<b>10,361</b>	<b>9,471</b>	<b>9,461</b>
Issued capital		8,649	8,655	7,352	7,358
Reserves		19	25	76	25
Retained earnings/undistributed income		1,700	1,681	2,043	2,078
<b>Securityholders' equity</b>		<b>10,368</b>	<b>10,361</b>	<b>9,471</b>	<b>9,461</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.





# Consolidated statement of changes in equity

## Attributable to securityholders of Stockland

\$M	Note	Reserves			Retained earnings	Equity
		Issued capital	Security based payments	Cash flow hedges		
<b>Balance at 1 July 2021</b>		<b>8,663</b>	<b>35</b>	<b>(49)</b>	<b>935</b>	<b>9,584</b>
Profit for the period		–	–	–	850	850
Other comprehensive loss, net of tax		–	–	20	–	20
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>20</b>	<b>850</b>	<b>870</b>
Dividends and distributions	<u>4</u>	–	–	–	(286)	(286)
Security based payment expense		–	8	–	–	8
Acquisition of treasury securities		(16)	–	–	–	(16)
Securities vested under Security Plans		9	(9)	–	–	–
<b>Other movements</b>		<b>(7)</b>	<b>(1)</b>	<b>–</b>	<b>(286)</b>	<b>(294)</b>
<b>Balance at 31 December 2021</b>		<b>8,656</b>	<b>34</b>	<b>(29)</b>	<b>1,499</b>	<b>10,160</b>
<b>Balance at 1 July 2022</b>		<b>8,655</b>	<b>39</b>	<b>(14)</b>	<b>1,681</b>	<b>10,361</b>
Profit for the period		–	–	–	301	301
Other comprehensive loss, net of tax		–	–	(7)	–	(7)
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>(7)</b>	<b>301</b>	<b>294</b>
Dividends and distributions	<u>4</u>	–	–	–	(282)	(282)
Security based payment expense		–	10	–	–	10
Acquisition of treasury securities		(15)	–	–	–	(15)
Securities vested under Security Plans		9	(9)	–	–	–
<b>Other movements</b>		<b>(6)</b>	<b>1</b>	<b>–</b>	<b>(282)</b>	<b>(287)</b>
<b>Balance at 31 December 2022</b>		<b>8,649</b>	<b>40</b>	<b>(21)</b>	<b>1,700</b>	<b>10,368</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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# Consolidated statement of changes in equity

## Attributable to securityholders of Trust

\$M	Note	Issued capital	Reserves			Undistrib- uted income	Equity
			Security based payments	Cash flow hedges	Other		
<b>Balance at 1 July 2021</b>		<b>7,365</b>	<b>34</b>	<b>(49)</b>	<b>–</b>	<b>1,323</b>	<b>8,673</b>
Profit for the period		–	–	–	–	828	828
Other comprehensive loss, net of tax		–	–	20	–	–	20
<b>Total comprehensive (loss)/income</b>		<b>–</b>	<b>–</b>	<b>20</b>	<b>–</b>	<b>828</b>	<b>848</b>
Distributions	4	–	–	–	–	(286)	(286)
Security based payment expense		–	7	–	–	–	7
Acquisition of treasury securities		(15)	–	–	–	–	(15)
Securities vested under Security Plans		8	(8)	–	–	–	–
<b>Other movements</b>		<b>(7)</b>	<b>(1)</b>	<b>–</b>	<b>–</b>	<b>(286)</b>	<b>(294)</b>
<b>Balance at 31 December 2021</b>		<b>7,358</b>	<b>33</b>	<b>(29)</b>	<b>–</b>	<b>1,865</b>	<b>9,227</b>
<b>Balance at 1 July 2022</b>		<b>7,358</b>	<b>39</b>	<b>(14)</b>	<b>–</b>	<b>2,078</b>	<b>9,461</b>
Profit for the period		–	–	–	–	247	247
Other comprehensive loss, net of tax		–	–	(7)	–	–	(7)
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>(7)</b>	<b>–</b>	<b>247</b>	<b>240</b>
Distributions	4	–	–	–	–	(282)	(282)
Capital contribution		–	–	–	57	–	57
Security based payment expense		–	9	–	–	–	9
Acquisition of treasury securities		(14)	–	–	–	–	(14)
Securities vested under Security Plans		8	(8)	–	–	–	–
<b>Other movements</b>		<b>(6)</b>	<b>1</b>	<b>–</b>	<b>57</b>	<b>(282)</b>	<b>(230)</b>
<b>Balance at 31 December 2022</b>		<b>7,352</b>	<b>40</b>	<b>(21)</b>	<b>57</b>	<b>2,043</b>	<b>9,471</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



# Consolidated statement of cash flows

Half year ended 31 December		Stockland		Trust	
\$M	Note	2022 <sup>1</sup>	2021	2022	2021
Receipts in the course of operations (including GST)		1,235	1,307	427	409
Payments in the course of operations (including GST)		(997)	(877)	(119)	(212)
Payments for land		(366)	(268)	–	–
Distributions received from equity-accounted investments		27	13	11	13
Receipts from Retirement Living residents		10	154	–	–
Payments to Retirement Living residents, net of DMF		(11)	(79)	–	–
Interest received		4	1	102	87
Interest paid		(76)	(79)	(76)	(79)
<b>Net cash flows from operating activities</b>		<b>(174)</b>	<b>172</b>	<b>345</b>	<b>218</b>
Proceeds from sale of investment properties		181	172	110	169
Payments for and development of investment properties		(158)	(299)	(140)	(257)
Payments for plant, equipment and software		(3)	(26)	–	–
Payments for investments (including equity-accounted)		(70)	(4)	(70)	(4)
Loans from/(to) related entities		–	–	439	(499)
Receipts from sale of/(payments to acquire) a business		914	(332)	–	–
<b>Net cash flows from investing activities</b>		<b>864</b>	<b>(489)</b>	<b>339</b>	<b>(591)</b>
Payments for treasury securities under Security Plans		(15)	(16)	(14)	(15)
Proceeds from borrowings		712	754	712	754
Repayments of borrowings		(1,229)	(989)	(1,229)	(989)
Dividends and distributions paid		(349)	(317)	(349)	(317)
<b>Net cash flows from financing activities</b>		<b>(881)</b>	<b>(568)</b>	<b>(880)</b>	<b>(567)</b>
<b>Net movement in cash and cash equivalents</b>		<b>(191)</b>	<b>(885)</b>	<b>(196)</b>	<b>(940)</b>
Cash and cash equivalents at the beginning of the period		399	1,162	219	1,039
<b>Cash and cash equivalents at the end of the period</b>		<b>208</b>	<b>277</b>	<b>23</b>	<b>99</b>
Less: amounts classified as held for sale	11	–	(18)	–	–
<b>Cash and cash equivalents at the end of the period from continuing operations</b>		<b>208</b>	<b>259</b>	<b>23</b>	<b>99</b>

1 Includes cash flows relating to both continuing and discontinued operations. Net cash flows relating to discontinued operation has been disclosed in note 11A.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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## Basis of preparation

### In this section

This section sets out the basis upon which Stockland's interim financial report is prepared as a whole. Specific accounting policies are described in the section to which they relate.

A glossary containing acronyms and defined terms is included at the back of this report.

### Stapling arrangement

Stockland represents the consolidation of Stockland Corporation Limited (Corporation) and Stockland Trust (Trust) and their respective controlled entities. Stockland Corporation Limited and Stockland Trust were both incorporated or formed and are domiciled in Australia.

Stockland is structured as a stapled entity: a combination of a share in Stockland Corporation Limited and a unit in Stockland Trust that are together traded as one security on the ASX. The constitutions of Stockland Corporation Limited and Stockland Trust provide that, for so long as the two entities remain jointly quoted, the number of shares in Stockland Corporation Limited and the number of units in Stockland Trust shall be equal and that the shareholders and unitholders be identical. Both Stockland Corporation Limited and the Responsible Entity of Stockland Trust must at all times act in the best interest of Stockland. The stapling arrangement will cease upon the earlier of either the winding up of Stockland Corporation Limited or Stockland Trust or either entity terminating the stapling arrangement.

As permitted by Class Order 13/1050, issued by ASIC, this financial report is a combined financial report that presents the financial statements and accompanying notes of both Stockland and the Trust as at and for the half year ended 31 December 2022.

### Statement of compliance

This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. It does not include all of the notes normally included in the annual financial report, and should be read in conjunction with the annual financial report of Stockland as at and for the year ended 30 June 2022.

All specific accounting policies applied by Stockland and the Trust in the interim financial report are the same as those applied in the annual financial report as at and for the year ended 30 June 2022, with the exception of amended interpretations commencing 1 July 2022, which have been adopted where applicable. The financial position as at 31 December 2022 and the performance for the period ended on that date have not been impacted by the adoption of these interpretations. Refer to note 20 for further details of the interpretations adopted in the period.

The financial statements are presented in Australian dollars, which is Stockland Corporation Limited's and Stockland Trust's functional currency and the functional currency of Stockland and Stockland Trust's subsidiaries.

Comparative figures have been restated where appropriate to ensure consistency of presentation throughout the financial report.

### Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in the financial report have been rounded to the nearest million dollars, unless otherwise stated.

## Results for the period

### In this section

This section explains the results and performance of Stockland.

It provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of Stockland, including:

- accounting policies that are relevant for understanding the items recognised in the financial report; and
- analysis of the results for the period by reference to key areas, including revenue, results by operating segment and taxation.

## 1. Revenue

Half year ended \$M	Communities	Commercial Property	Other <sup>1</sup>	Stockland	Trust
<b>31 December 2022</b>					
Development revenue <sup>2</sup>	650	111	–	761	–
Management revenue <sup>3</sup>	20	16	3	38	–
Property revenue – outgoings recoveries <sup>4</sup>	–	37	–	37	37
<b>Revenue from contracts with customers</b>	<b>670</b>	<b>163</b>	<b>3</b>	<b>836</b>	<b>37</b>
Property revenue <sup>5</sup>	10	302	2	315	304
<b>Statutory revenue from continuing operations</b>	<b>680</b>	<b>466</b>	<b>5</b>	<b>1,151</b>	<b>341</b>
Amounts classified as discontinued operations	–	–	10	10	–
<b>Statutory revenue</b>	<b>680</b>	<b>466</b>	<b>15</b>	<b>1,161</b>	<b>341</b>
Amortisation of lease incentives	–	42	–	42	–
Straight–line rent	–	12	–	12	–
Share of revenue from equity accounted investments <sup>6</sup>	57	14	–	71	–
Unrealised DMF revenue <sup>5</sup>	–	–	(7)	(7)	–
<b>Segment revenue</b>	<b>737</b>	<b>534</b>	<b>8</b>	<b>1,279</b>	<b>–</b>
Less: amounts classified as discontinued operations <sup>1</sup>	–	–	(3)	(3)	–
<b>Segment revenue from continuing operations</b>	<b>737</b>	<b>534</b>	<b>5</b>	<b>1,276</b>	<b>–</b>
<b>31 December 2021</b>					
Development revenue <sup>2</sup>	719	98	–	817	–
Management revenue <sup>3</sup>	11	8	1	20	–
Property revenue – outgoings recoveries <sup>4</sup>	–	34	–	34	34
<b>Revenue from contracts with customers</b>	<b>730</b>	<b>140</b>	<b>1</b>	<b>871</b>	<b>34</b>
Property revenue <sup>5</sup>	9	308	–	317	312
<b>Statutory revenue from continuing operations</b>	<b>739</b>	<b>448</b>	<b>1</b>	<b>1,188</b>	<b>346</b>
Amounts classified as discontinued operations	–	–	64	64	–
<b>Statutory revenue</b>	<b>739</b>	<b>448</b>	<b>65</b>	<b>1,252</b>	<b>346</b>
Amortisation of lease incentives	–	40	–	40	–
Straight–line rent	–	3	–	3	–
Share of revenue from equity accounted investments <sup>6</sup>	–	14	–	14	–
Unrealised DMF revenue <sup>5</sup>	–	–	(28)	(28)	–
<b>Segment revenue</b>	<b>739</b>	<b>505</b>	<b>37</b>	<b>1,281</b>	<b>–</b>
Less: amounts classified as discontinued operations <sup>1</sup>	–	–	(36)	(36)	–
<b>Segment revenue from continuing operations</b>	<b>739</b>	<b>505</b>	<b>1</b>	<b>1,245</b>	<b>–</b>

- 1 Includes the results of the Retirement Living business for the period from 1 July to 29 July 2022 when the business was sold (2021: six months to 31 December 2021). The Retirement Living business was classified as a discontinued operation held for sale at 31 December 2021. Refer to note 11A for further details.
- 2 Development revenue is recognised under AASB 15 Revenue from Contracts with Customers at the point in time when control of the asset passes to the customer, or over time as the performance obligations are met.
- 3 Management revenue is recognised under AASB 15 Revenue from Contracts with Customers at the point in time when the service is provided, or over time as the service is provided.
- 4 Revenue related to outgoings recoveries is recognised under AASB 15 over time in the accounting period in which the performance obligations are met.
- 5 Property revenue, which includes Commercial Property and Communities rental income, and Retirement Living DMF revenue meets the definition of a lease arrangement. Therefore, they fall outside the scope of AASB 15 and are accounted for in accordance with AASB 16 Leases.
- 6 Operating segment information in note 2 for equity accounted investments is reported in each line item proportional to the Group's interest in the investments.

Property revenue includes \$4 million (2021: \$3 million) contingent rents billed to tenants. Contingent rents are derived from the tenants' revenues and represent 1.3% (2021: 0.8%) of gross lease income.



## 2. Operating segments

To reflect Stockland's new strategy, the disposal of the Retirement Living business, and changes in the way the business is managed, Stockland has updated its assessment of the Chief Operating Decision Maker (CODM) and reportable operating segments in the current period. The operating segment information relating to the prior comparative periods in notes 1 and 2 has been updated to reflect the revised disclosures.

### Chief Operating Decision Maker

The CODM is a management function which makes decisions regarding the allocation of resources and assesses the performance of the operating segments of an entity.

Stockland's CODM is comprised of the five members of the Senior Leadership Team who collectively perform this function, being the Managing Director and Chief Executive Officer, the Chief Financial Officer, the CEO - Communities, the CEO - Commercial Property, and the Chief Investment Officer.

### Reportable Segments

Stockland has three reportable segments as follows:

- Commercial Property – invests in, develops, and manages Retail Town Centres, Workplace, and Logistics properties;
- Communities – invests in, develops, sells, and manages a range of Masterplanned Communities, Land Lease Communities, and Apartments; and
- Other – includes the Retirement Living business which was disposed on 29 July 2022, and other items which are not able to be classified within any of the other defined segments.

### Measurement of segment results

#### Funds From Operations

FFO is a non-IFRS measure that is designed to present, in the opinion of the CODM, the results from ongoing operating activities in a way that appropriately reflects Stockland's underlying performance.

FFO is the primary basis on which dividends and distributions are determined, and together with expected capital returns and AFFO impacts, reflects the way the business is managed and how the CODM assesses the performance of Stockland. It excludes certain items which are non-cash, unrealised or of a capital nature, and profit or loss made from realised transactions occurring infrequently and those that are outside the course of Stockland's core ongoing business activities. FFO also excludes income tax items that do not result in a cash flow. A reconciliation from FFO to profit after tax is presented in note 2.A.

#### Adjusted Funds From Operations

AFFO is an alternative, secondary, non-IFRS measure used by the CODM to assist in the assessment of the underlying performance of Stockland. AFFO is calculated by deducting maintenance capital expenditure, incentives and leasing costs from FFO.

#### Segment revenue

Segment revenue is used by the CODM to assist in the assessment of each segment's execution of the Group's strategy. Segment revenue is comprised of three main types of revenue:

- Property revenue - revenue earned from operating assets, primarily rental income and outgoings recoveries;
- Development revenue - revenue earned from development projects and is generally non-recurring. It comprises revenue from sales of properties to external customers and associated revenues; and
- Management revenue - revenue earned from the establishment and management of investment structures, established and development assets and developments, and is generally classified as recurring.

#### Material customers

There is no customer who accounts for more than 10% of the gross revenue of Stockland or of the Trust.

## 2A. Reconciliation of FFO to profit after tax

FFO excludes adjustments such as unrealised fair value gains/losses, realised transactions occurring infrequently and those that are outside the course of Stockland's core ongoing business activities.

Half year ended 31 December \$M	2022 <sup>1</sup>	2021 <sup>1</sup>
<b>FFO</b>	<b>353</b>	350
<b>Adjust for:</b>		
Amortisation of lease incentives	(42)	(40)
Amortisation of lease fees	(6)	(7)
Straight-line rent	(12)	(3)
Net change in fair value of investment properties <sup>2</sup>	21	522
Unrealised DMF revenue	7	28
Net gain on financial instruments	8	75
Net gain on other financial assets	–	1
Net gain on sale of other non-current assets	6	8
Net reversal of impairment of inventories	5	–
Income tax non-cash	(29)	(19)
Other one-off costs <sup>3</sup>	(10)	(65)
<b>Profit after tax</b>	<b>301</b>	850
(Profit) from discontinued operations net of income tax	(2)	(13)
<b>Profit after tax from continuing operations</b>	<b>299</b>	837

1 Includes the results of the Retirement Living business for the period from 1 July to 29 July 2022 when the sale of the business was completed (2021: six months to 31 December 2021). The Retirement Living business was classified as a discontinued operation held for sale at 31 December 2021. Refer to note 11A for further details.

2 Includes Stockland's share of revaluation relating to properties held through joint ventures (31 December 2022: \$6 million gain; 31 December 2021: \$13 million gain) and fair value unwinding of ground leases recognised under AASB 16 (31 December 2022: \$0.4 million; 31 December 2021: \$0.4 million).

3 Other one-off costs include costs relating to the acquisition of Halcyon's land lease communities business. In the prior period they also related to the disposal of the Retirement Living business, one-off capital partnering costs, restructuring costs, and provisions for expected onerous contract costs. To be classified as a one-off, these costs were assessed to be highly unlikely to reoccur in future years.





## 2B. FFO and AFFO

The contribution of each reportable segment to FFO and AFFO is summarised as follows:

Half year ended \$M	Communities	Commercial Property	Other <sup>1</sup>	Stockland
<b>31 December 2022</b>				
Property revenue <sup>2,3</sup>	12	406	5	424
Development revenue	705	112	–	817
Management revenue	20	16	3	38
<b>Segment revenue</b>	<b>737</b>	<b>534</b>	<b>8</b>	<b>1,279</b>
<b>Segment EBIT<sup>2,3</sup></b>	<b>141</b>	<b>318</b>	<b>–</b>	<b>459</b>
Amortisation of lease fees	–	6	–	6
Interest expense in cost of sales <sup>4</sup>	(28)	(4)	–	(32)
Finance income	–	–	5	5
Finance expense	–	–	(38)	(38)
Unallocated corporate and other expenses	–	–	(47)	(47)
<b>FFO<sup>5,1</sup></b>	<b>113</b>	<b>320</b>	<b>(80)</b>	<b>353</b>
Maintenance capital expenditure <sup>6</sup>				(18)
Incentives and leasing costs <sup>7</sup>				(25)
<b>AFFO<sup>1</sup></b>				<b>310</b>
<b>31 December 2021</b>				
Property revenue <sup>2,3</sup>	9	398	36	443
Development revenue	719	99	–	818
Management revenue	11	8	1	20
<b>Segment revenue</b>	<b>739</b>	<b>505</b>	<b>37</b>	<b>1,281</b>
<b>Segment EBIT<sup>2,3</sup></b>	<b>155</b>	<b>273</b>	<b>16</b>	<b>444</b>
Amortisation of lease fees	–	7	–	7
Interest expense in cost of sales <sup>4</sup>	(26)	(2)	(1)	(29)
Finance income	–	–	2	2
Finance expense	–	–	(39)	(39)
Unallocated corporate and other expenses	–	–	(35)	(35)
<b>FFO<sup>5,1</sup></b>	<b>129</b>	<b>278</b>	<b>(57)</b>	<b>350</b>
Maintenance capital expenditure <sup>6</sup>				(18)
Incentives and leasing costs <sup>7</sup>				(39)
<b>AFFO<sup>1</sup></b>				<b>293</b>

- 1 Includes the results of the Retirement Living business for the period from 1 July to 29 July 2022 when the sale of the business was completed (2021: six months to 31 December 2021). The Retirement Living business was classified as a discontinued operation held for sale at 31 December 2021. Refer to note 11A for further details.
- 2 Commercial Property property revenue and EBIT adds back \$42 million (31 December 2021: \$40 million) of amortisation of lease incentives and excludes \$12 million (31 December 2021: \$3 million) of straight-line rent adjustments.
- 3 Other property revenue and EBIT excludes \$7 million (31 December 2021: \$28 million) of unrealised Retirement Living DMF revenue.
- 4 Interest expense in cost of sales in Communities includes Stockland's share of interest expense in cost of sales from equity accounted investments of \$1 million (31 December 2021: \$nil).
- 5 Commercial Property FFO includes share of profits from equity-accounted investments of \$10 million (31 December 2021: \$11 million) and Communities FFO includes share of profits from equity-accounted investments of \$17 million (31 December 2021: \$nil).
- 6 31 December 2021 included Retirement Living maintenance capital expenditure of \$2 million (31 December 2022: \$nil).
- 7 Expenditure incurred on incentives and leasing costs during the period excluding assets under construction.

## 2C. Balance sheet by operating segment

As at \$M	Communities	Commercial Property	Other <sup>1</sup>	Stockland
<b>31 December 2022</b>				
Real estate related assets <sup>2,3</sup>	4,310	11,347	140	15,797
Other assets	378	165	618	1,161
<b>Assets</b>	<b>4,688</b>	<b>11,512</b>	<b>758</b>	<b>16,958</b>
Borrowings	–	–	3,899	3,899
Other liabilities	1,744	741	206	2,691
<b>Liabilities</b>	<b>1,744</b>	<b>741</b>	<b>4,105</b>	<b>6,590</b>
<b>Net assets/(liabilities)</b>	<b>2,944</b>	<b>10,771</b>	<b>(3,347)</b>	<b>10,368</b>
<b>30 June 2022</b>				
Real estate related assets <sup>2,3</sup>	4,179	11,314	3,781	19,274
Other assets	356	95	689	1,140
<b>Assets</b>	<b>4,535</b>	<b>11,409</b>	<b>4,470</b>	<b>20,414</b>
Borrowings	–	–	4,472	4,472
Other liabilities	1,904	548	3,129	5,581
<b>Liabilities</b>	<b>1,904</b>	<b>548</b>	<b>7,601</b>	<b>10,053</b>
<b>Net assets/(liabilities)</b>	<b>2,631</b>	<b>10,861</b>	<b>(3,131)</b>	<b>10,361</b>

<sup>1</sup> The comparative period includes the assets and liabilities of the Retirement Living business, which was classified as a discontinued operation held for sale at 30 June 2022. Refer to note 11A for further details.

<sup>2</sup> Includes non-current assets held for sale, inventories, investment properties, equity-accounted investments and certain other assets.

<sup>3</sup> Includes equity-accounted investments of \$622 million (30 June 2022: \$475 million) in Commercial Property and \$93 million (30 June 2022: \$117 million) in Communities. Refer to note 16 for further details.



### 3. EPS

#### Keeping it simple

EPS is the amount of post-tax profit attributable to each security.

Basic EPS is calculated as statutory profit for the period divided by the weighted average number of securities (WANOS) outstanding. This is highly variable as it includes unrealised fair value movements in investment properties and financial instruments.

Diluted EPS adjusts the basic EPS for the dilutive effect of any instruments, such as Security Plan rights, that could be converted into securities.

Basic FFO per security is disclosed in the Directors' report and more directly reflects the underlying income performance of the portfolio.

Half year ended 31 December	Stockland		Trust	
	2022	2021	2022	2021
Profit after tax attributable to shareholders (\$M)	301	850	247	828
WANOS used in calculating basic EPS	2,380,208,439	2,383,690,922	2,380,208,439	2,383,690,922
Basic EPS (cents) <sup>1</sup>	12.6	35.7	10.4	34.7
Effect of rights and securities granted under Security Plans <sup>2</sup>	9,776,683	8,456,906	9,776,683	8,456,906
WANOS used in calculating diluted EPS	2,389,985,122	2,392,147,828	2,389,985,122	2,392,147,828
Diluted EPS (cents) <sup>1</sup>	12.6	35.5	10.3	34.6

1 Balance includes both continuing and discontinued operations. Earnings per security for continuing and discontinued operations have been separately disclosed in note 11A.

2 Rights and securities granted under Security Plans are only included in diluted EPS where Stockland is meeting performance hurdles for contingently issuable security based payment rights.

## 4. Dividends and distributions

### Stockland Corporation Limited

There were no dividends from Stockland Corporation Limited during the current or previous financial period. The dividend franking account balance as at 31 December 2022 is \$14 million based on a 30% tax rate (30 June 2022: \$14 million).

### Stockland Trust

For the current period, the interim distribution is paid solely out of the Trust and therefore the franking percentage is not relevant.

	Date of payment		Cents per security		Total amount (\$M)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Interim distribution	<b>28 February 2023</b>	28 February 2022	<b>11.8</b>	12.0	<b>282</b>	286

### Basis for distribution

Stockland's distribution policy is to pay the higher of 100% of Trust taxable income or 75% to 85% of FFO on an annual basis over time. The payout ratio for the current and comparative periods is summarised as follows:

Half year ended 31 December	Note	2022	2021
\$			
FFO (\$M) <sup>1</sup>	<u>2</u>	<b>353</b>	350
Weighted average number of securities used in calculating basic EPS	<u>3</u>	<b>2,380,208,439</b>	2,383,690,922
FFO per security (cents)		<b>14.8</b>	14.7
Distribution per security for the period (cents)		<b>11.8</b>	12.0
Payout ratio		<b>80%</b>	82%

<sup>1</sup> FFO is a non-IFRS measure. A reconciliation from FFO to statutory profit after tax is presented in note 2A.

## 5. Events subsequent to the end of the period

Other than disclosed in this note or elsewhere in this report, no transaction or event of a material or unusual nature has arisen in the interval between the end of the current reporting period and the date of this report, that in the opinion of the Directors, is highly probable to significantly affect the operations, the results of operations, or the state of affairs of Stockland and the Trust in future periods.



## Operating assets and liabilities

### In this section

This section shows the real estate and other operating assets used to generate Stockland's trading performance and the liabilities incurred as a result.

## 6. Inventories

### Keeping it simple

A Whole of Life (WOL) methodology is applied to calculate the margin percentage over the life of each project. All costs, including those costs spent to date and those forecast in the future, are allocated proportionally in line with net revenue for each lot to achieve a WOL margin percentage. The WOL margin percentage, and therefore allocation of costs, can change over the life of the project as revenue and cost forecasts are updated.

The determination of the WOL margin percentage requires significant judgement in estimating future revenues and costs and can change over the life of the project, as revenue and cost forecasts are updated. The WOL margin percentages are regularly reviewed and updated in project forecasts across the reporting period to ensure these estimates reflect market conditions through the cycle.

As at	Stockland					
	31 December 2022			30 June 2022		
	Current	Non-current	Total	Current	Non-current	Total
\$M						
<b>Completed inventory</b>						
Cost of acquisition	107	–	107	139	–	139
Development and other costs	290	–	290	135	–	135
Interest capitalised	7	–	7	5	–	5
<b>Completed inventory<sup>1</sup></b>	<b>404</b>	<b>–</b>	<b>404</b>	<b>279</b>	<b>–</b>	<b>279</b>
<b>Development work in progress</b>						
Cost of acquisition	491	2,065	2,556	418	2,028	2,446
Development and other costs	177	253	430	185	244	429
Interest capitalised	51	252	303	54	265	319
Impairment provision	(6)	(68)	(74)	(5)	(77)	(82)
<b>Masterplanned Communities</b>	<b>713</b>	<b>2,502</b>	<b>3,215</b>	<b>652</b>	<b>2,460</b>	<b>3,112</b>
Cost of acquisition	–	78	78	–	76	76
Development and other costs	–	11	11	–	12	12
<b>Apartments</b>	<b>–</b>	<b>89</b>	<b>89</b>	<b>–</b>	<b>88</b>	<b>88</b>
Cost of acquisition	92	63	155	28	99	127
Development and other costs	4	6	10	27	13	40
<b>Land Lease Communities</b>	<b>96</b>	<b>69</b>	<b>165</b>	<b>55</b>	<b>112</b>	<b>167</b>
Cost of acquisition	20	120	140	88	–	88
Development and other costs	–	–	–	42	–	42
Interest capitalised	1	–	1	6	–	6
<b>Logistics</b>	<b>21</b>	<b>120</b>	<b>141</b>	<b>136</b>	<b>–</b>	<b>136</b>
<b>Development work in progress</b>	<b>830</b>	<b>2,780</b>	<b>3,610</b>	<b>843</b>	<b>2,660</b>	<b>3,503</b>
Less: amounts classified as held for sale	–	–	–	(46)	–	(46)
<b>Inventories</b>	<b>1,234</b>	<b>2,780</b>	<b>4,014</b>	<b>1,076</b>	<b>2,660</b>	<b>3,736</b>

<sup>1</sup> Comprises Communities inventory of \$360 million (30 June 2022: \$274 million), logistics inventory of \$38 million (30 June 2022: \$nil), and Other inventory of \$6 million (30 June 2022: \$5 million). No apartments projects are included in completed inventory in the current or prior period.



The following impairment provisions are included in the inventory balance with movements for the period recognised in profit or loss:

\$M	Masterplanned Communities
Balance at the beginning of the period	82
Amounts utilised	(3)
Reversal of provisions previously recorded	(5)
<b>Balance at the end of the period</b>	<b>74</b>

Properties held for development and resale are stated at the lower of cost and NRV. Cost includes the costs of acquisition, development, and holding costs such as borrowing costs, rates, and taxes. Holding costs incurred after completion of development activities are expensed. Inventory is classified as current if it is completed or work in progress expected to be settled within 12 months, otherwise it is classified as non-current.

Management undertook an extensive impairment review of all development projects, taking into account the current economic and operating environment. Based on information available at 31 December 2022 and the information arising since that date about conditions at that date, the Directors have determined that the inventory balances reported are held at the lower of cost or NRV.

The sensitivity of key inventory recoverability drivers to the evolving economic and operating conditions has been analysed across all inventory projects. Production options continue to be available to Stockland to mitigate the risk of future impairments. While it is unlikely that these drivers would move in isolation, these sensitivities have been performed independently to illustrate the impact each individual driver has on the reported NRV of inventory and they do not represent management's estimate at 31 December 2022.

Stockland	Sales price	Average 3-year price growth <sup>1</sup>	1 year sales rate
\$M	5% Decrease	0%	25% Decrease
Additional impairment charge on inventories:			
• Masterplanned Communities and Apartments	(41)	(120)	-
• Land Lease Communities	-	-	-
• Logistics	-	-	-

<sup>1</sup> The average 3-year price growth underpinning the 31 December 2022 impairment assessment is 3.0%.

Key inputs used to assess impairment of inventories are:

Item	Description
Sales rates	Assumptions on the number of lot sales expected to be achieved each month.
Current sales price	Sales prices are generally reviewed semi-annually by the sales and development teams in light of internal benchmarking and market performance and are approved by the General Manager, Communities Sales and CEO, Communities.
Revenue escalation rates	The annual growth rate by which a lot is expected to increase in value until point of sale.
Costs to complete	The cost expected to be incurred to bring remaining lots to practical completion, including rectification provisions and other costs.
Cost escalation rates	The annual increase in base costs applied up to the period in which the costs are incurred.
Financing costs	Assumptions on the annual interest rates underpinning future finance costs capitalised to the cost of inventories.
Selling costs	The costs expected to be incurred to complete the sale of inventories.

#### Impact of climate-related events on inventory impairments

Climate change may affect inventory impairment considerations in two main ways. Firstly, adverse climate conditions and events, such as floods and bushfires, may cause damage and result in reduced demand in affected developments. Risk factors for this include property location and whether the property has been designed to mitigate the impacts of adverse events. Secondly, elevated design standards to enhance resilience and the decarbonisation of the supply chain may lead to increased build costs.

When conducting impairment assessments, management incorporates an assessment of the cost to develop inventory to required design standards, and factors in property-specific factors such as building design and locations when assessing sales volumes and pricing.



## Development cost provisions

As at	31 December 2022			30 June 2022		
\$M	Current	Non-current	Total	Current	Non-current	Total
Development cost provisions <sup>1</sup>	516	162	678	300	465	765
Less: amounts classified as held for sale	–	–	–	(39)	–	(39)
<b>Development cost provisions from continuing operations</b>	<b>516</b>	<b>162</b>	<b>678</b>	<b>261</b>	<b>465</b>	<b>726</b>

1 Includes \$277 million (30 June 2022: \$241 million) provisions relating to Commercial Property investment property assets.

	\$M
Balance at the beginning of the period	726
Additional provisions	54
Amounts utilised	(101)
Amounts derecognised	(1)
<b>Balance at the end of the period</b>	<b>678</b>

The development cost provisions reflect obligations as at 31 December 2022 that arose as a result of past events. This balance includes deferred land options and cost to complete provisions for both active and traded out projects. They are determined by discounting the expected future cash outflows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Onerous contract costs have also been recognised in relation to property development agreements where, due to changes in market conditions, the expected benefit is lower than the committed cost, and is measured at the net obligation under the contracts.

## 7. Investment properties

As at		Stockland		Trust	
\$M	Note	31 December 2022	30 June 2022	31 December 2022	30 June 2022
Commercial Property investment properties	<a href="#">7.A</a>	10,142	10,118	10,183	10,169
Communities investment properties	<a href="#">7.B</a>	377	373	–	–
Other investment properties	<a href="#">7.C</a>	–	–	–	–
<b>Investment properties</b>		<b>10,519</b>	<b>10,491</b>	<b>10,183</b>	<b>10,169</b>

## 7A. Commercial Property investment properties

Commercial Property comprises investment interests in land and buildings including integral plant and equipment held for the purpose of producing rental income, capital appreciation, or both.

Commercial Property is initially recognised at cost including any acquisition costs and subsequently stated at fair value at each balance date. Commercial Property under development is classified as investment property and stated at fair value at each balance date. Any gain or loss arising from a change in fair value is recognised in profit or loss in the period.

### Lease incentives

Lease incentives provided by Stockland to lessees are included in the measurement of fair value of investment property and are treated as separate assets. Such assets are amortised over the respective periods to which the lease incentives apply using a straight-line basis.

As at	Stockland		Trust	
\$M	31 December 2022	30 June 2022	31 December 2022	30 June 2022
Retail Town Centres	5,442	5,492	5,377	5,426
Logistics	3,191	3,065	3,191	3,065
Workplace	2,138	2,170	2,159	2,203
Capital works in progress and sundry properties	505	522	455	467
<b>Book value of commercial property</b>	<b>11,276</b>	<b>11,249</b>	<b>11,182</b>	<b>11,161</b>
Less amounts classified as:				
• cost to complete provision	(4)	(13)	(4)	(13)
• property, plant and equipment	(127)	(133)	–	–
• non-current assets held for sale	(142)	(248)	(142)	(248)
• other assets (including lease incentives and fees)	(215)	(220)	(211)	(218)
• other assets (including lease incentives and fees) attributable to equity-accounted investments	(5)	(5)	(5)	(5)
• other receivables (straight-lining of rental income)	(49)	(63)	(45)	(59)
• other receivables (straight-lining of rental income) attributable to equity-accounted investments	(9)	(7)	(9)	(7)
<b>Investment properties (including Stockland's share of investment properties held by equity-accounted investments)</b>	<b>10,725</b>	<b>10,560</b>	<b>10,766</b>	<b>10,611</b>
Less: Stockland's share of investment properties held by equity-accounted investments	(583)	(442)	(583)	(442)
<b>Commercial Property investment properties</b>	<b>10,142</b>	<b>10,118</b>	<b>10,183</b>	<b>10,169</b>
<b>Net carrying value movements during the period</b>				
Balance at the beginning of the period	10,118	9,286	10,169	9,352
Acquisitions	–	193	–	193
Expenditure capitalised	140	333	142	327
Transfers to non-current assets held for sale <sup>1</sup>	(135)	(241)	(135)	(241)
Movement in ground leases of investment properties	–	(1)	–	(1)
Disposals	–	(143)	–	(143)
Net change in fair value	19	691	7	682
<b>Balance at the end of the period</b>	<b>10,142</b>	<b>10,118</b>	<b>10,183</b>	<b>10,169</b>

<sup>1</sup> Refer to note 11C for further details.



## 7B. Communities investment properties

Stockland owns, operates and develops a portfolio of Land Lease Communities (LLC) and Community real estate investment properties. LLC are an over-50s affordable lifestyle residential offering, where residents pay an initial purchase price for the home and ongoing site rental costs (without departure costs), and are entitled to the total capital gain or loss upon sale of the home. Stockland operates and retains ownership of the land on which the homes sit and the common amenity at each community, while the homes, which are built on site, are engineered to be relocatable and remain the property of the residents.

The costs to build the homes are recognised within inventory and allocated to cost of sales using the WOL methodology described in note 6.

The land retained by Stockland at each community is recognised at fair value within investment property. Any change in the fair value of the land on initial settlement of the homes is recognised as a net change in fair value of investment properties and is included in FFO. Any subsequent changes in fair value are excluded from FFO.

The clubhouse facilities are initially recognised at cost in investment property, and are included in the fair value of the property.

Communities real estate investment properties are comprised of properties leased to tenants where ownership was retained by Stockland from Communities developments, and includes childcare and medical centres.

As at	Stockland	
	31 December 2022	30 June 2022
<b>\$M</b>		
Land Lease Communities investment properties:		
• Established communities	183	183
• Communities under development	120	218
Community real estate investment properties	74	70
<b>Communities investment properties (including investment properties held for sale)</b>	<b>377</b>	<b>471</b>
Less: amounts classified as held for sale	–	(98)
<b>Communities investment properties</b>	<b>377</b>	<b>373</b>
<b>Net carrying value movement during the period</b>		
Balance at the beginning of the period	373	90
Acquisitions	–	522
Expenditure capitalised	6	22
Disposals <sup>1</sup>	–	(177)
Transfers to disposal group assets held for sale	–	(98)
Net change in fair value	(2)	14
<b>Balance at the end of the period</b>	<b>377</b>	<b>373</b>

1 Disposals relate to the communities acquired in the acquisition of Halcyon which were subsequently sold to SRRP.

## 7C. Other investment properties

Stockland announced the sale of the Retirement Living business on 23 February 2022 and the sale completed on 29 July 2022. Refer to note 11.A for further details. Stockland retained ownership of the Affinity, WA retirement village and that property, along with its resident obligations, is held for sale at 31 December 2022. Refer to note 11.C for further details.

Stockland previously offered a range of independent living retirement products. Customers had a choice of dwelling type and contractual arrangement, depending on their individual preferences, personal circumstances, and the services and support that they required.

As at \$M	Stockland	
	31 December 2022	30 June 2022
Retirement Living operating villages	–	3,572
Retirement Living villages under development	–	118
<b>Other investment properties<sup>1</sup></b>	–	3,690
Existing Retirement Living resident obligations <sup>2</sup>	–	(2,704)
<b>Net carrying value of Other investment properties</b>	–	986
Plus: retained Retirement Living resident obligations	–	2
Less: amounts classified as held for sale	–	(988)
<b>Net carrying value of Other investment properties from continuing operations</b>	–	–
<b>Net carrying value movement during the period</b>		
Balance at the beginning of the period	–	1,055
Expenditure capitalised	–	57
Cash received on first sales	–	(64)
Realised investment properties fair value movements	–	9
Unrealised investment properties fair value movements	–	(29)
Unrealised Retirement Living resident obligations fair value movements	–	(126)
Other movements	–	86
Transfer to discontinued operations and assets held for sale	–	(988)
<b>Balance at the end of the period</b>	–	–

1 At 31 December 2022, \$47 million (30 June 2022: \$47 million) was classified as investment properties held for sale. At 30 June 2022, \$3,643 million of Retirement Living investment property was classified as discontinued operation assets held for sale. The sale of the Retirement Living business was completed on 29 July 2022 and the related assets have therefore been derecognised. Refer to notes 11A and 11C for further detail.

2 At 31 December 2022, \$40 million (30 June 2022: \$40 million) of existing resident obligations has been included in investment properties held for sale. At 30 June 2022, \$2,662 million of existing resident obligations was classified as discontinued operation liabilities held for sale. The sale of the Retirement Living business was completed on 29 July 2022 and the related assets have therefore been derecognised. Refer to notes 11A and 11C for further detail.





## 7D. Fair value measurement, valuation techniques and inputs

The adopted valuations (both internal and external) for investment properties are a combination of the valuations determined using the discounted cash flow (DCF) method, the income capitalisation method, the direct comparison method, and transaction prices where relevant.

The techniques used to fair value Stockland's investment properties have not changed since 30 June 2022. For further explanation of the techniques used and inputs applied, refer to the 30 June 2022 annual financial report. The following significant unobservable inputs are used to measure the fair value of the investment properties:

Class of property	Fair value hierarchy	Valuation technique	Inputs used to measure	31 December 2022	30 June 2022
Retail Town Centres	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	\$195 - \$703	\$186 - \$700
			10-year average specialty market rental growth	2.32 - 3.40%	2.44 - 3.40%
			Adopted capitalisation rate	5.00 - 6.75%	5.00 - 6.75%
			Adopted terminal yield	5.25 - 7.00%	5.25 - 7.00%
			Adopted discount rate	6.00 - 7.75%	5.75 - 7.75%
Logistics	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	\$83 - \$210	\$77 - \$195
			10-year average market rental growth	3.14 - 3.95%	2.99 - 3.75%
			Adopted capitalisation rate	4.00 - 5.25%	3.63 - 5.00%
			Adopted terminal yield	4.13 - 5.50%	3.75 - 5.25%
			Adopted discount rate	5.50 - 6.25%	5.25 - 6.00%
Workplace	Level 3	DCF and income capitalisation method	Net market rent (per sqm p.a.)	\$332 - \$913	\$332 - \$934
			10-year average market rental growth	3.15 - 3.67%	3.01 - 3.69%
			Adopted capitalisation rate	4.75 - 9.00%	4.75 - 8.25%
			Adopted terminal yield	5.00 - 9.25%	5.00 - 8.50%
			Adopted discount rate	6.00 - 9.00%	5.75 - 8.50%
Commercial properties under development	Level 3	Income capitalisation method	Net market rent (per sqm p.a.)	\$95 - \$493	\$85 - \$474
			Adopted capitalisation rate	3.50 - 4.88%	3.30 - 4.80%
Land Lease Communities investment properties	Level 3	DCF and income capitalisation method	Capitalisation rate	4.50 - 5.00%	4.75%
			Terminal yield	5.25%	5.25%
			Discount rate	6.50%	6.00%

Based on available information at 31 December 2022 and information arising since that date about both conditions at that date, and the economic and operating conditions evolving since, the Directors have determined that all relevant and available information has been incorporated into the reported valuations.

In addition, using this information, the sensitivity of key drivers to further fair value movements has been analysed across the carrying value of investment properties at 31 December 2022. Investment property valuations remain subject to market-based assumptions on discount rates, capitalisation rates, market rents and incentives. While it is unlikely that these reported drivers would move in isolation, these sensitivities have been performed independently to illustrate the impact each individual driver has on the reported fair value of each investment property type and they do not represent management's estimate at 31 December 2022.

Stockland	Capitalisation rate		Discount rate		Net operating income	
	0.25% Decrease	0.25% Increase	0.25% Decrease	0.25% Increase	5% Decrease	5% Increase
Fair value gain/(loss) on:						
• Retail Town Centres	253	(231)	102	(99)	(288)	280
• Logistics	238	(211)	77	(75)	(198)	198
• Workplace	93	(85)	36	(35)	(101)	101
• Land Lease Communities	10	(10)	3	(3)	(10)	9
<b>Fair value gain/(loss) on investment properties</b>	<b>594</b>	<b>(537)</b>	<b>218</b>	<b>(212)</b>	<b>(597)</b>	<b>588</b>

### Impact of climate-related events on property valuations

Climate change, and associated regulations, may affect property values in two main ways. Firstly, adverse weather conditions may cause damage, lost income, and/or reduced useful lives at affected properties. Risk factors for this include property location and whether the property has been designed to mitigate the impacts of adverse weather. Secondly, there is a growing trend amongst investors to pay premiums, and for regulators to require additional measures, for buildings which minimise their impact on the environment, both during construction and throughout their operating life. Properties which minimise their impact will usually have lower operating expenses due to operational efficiency and attract premium rents which may support higher valuations, however increased regulation is likely to lead to an increase in compliance costs which may reduce valuations.

Valuers incorporate an assessment of the impact of specific identified risk items, such as flooding or bushfires, on the value of each property when conducting their valuations, applying both property-specific overlays and benchmarking to market transactions that evidence premiums and discounts for low- and high-risk properties.

## 8. Receivables

As at	Stockland		Trust	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
\$M				
Trade receivables <sup>1</sup>	107	75	5	7
Allowance for expected credit loss	(6)	(6)	(4)	(4)
Net current trade receivables	101	69	1	3
Other receivables	63	53	25	18
Receivables due from related companies	231	–	2,528	2,967
Allowance for expected credit loss	(7)	(7)	(12)	(12)
Net other receivables	287	46	2,541	2,973
Straight-lining of rental income	12	11	12	11
<b>Current receivables</b>	<b>400</b>	<b>126</b>	<b>2,554</b>	<b>2,987</b>
Less: amounts classified as held for sale	–	(6)	–	–
<b>Current receivables from continuing operations</b>	<b>400</b>	<b>120</b>	<b>2,554</b>	<b>2,987</b>
Straight-lining of rental income	37	52	33	48
Other receivables	110	107	68	68
<b>Non-current receivables</b>	<b>147</b>	<b>159</b>	<b>101</b>	<b>116</b>

1 Lease receivables from tenants total \$9 million (30 June 2022: \$20 million).

### Expected credit losses

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance under the expected credit loss (ECL) model. The ECL model has not materially changed since 30 June 2022. For further explanation of the ECL approach, refer to the 30 June 2022 annual financial report.

The loss allowances for trade receivables and the intergroup loan as at 31 December 2022 reconcile to the opening loss allowances as follows:

As at	Stockland		Trust	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
\$M				
Balance at the beginning of the period	13	28	16	34
Provision raised during the period	4	9	4	9
Provision release during the period	(4)	(17)	(4)	(20)
Bad debts written off in the period <sup>1</sup>	–	(7)	–	(7)
<b>Balance at the end of the period</b>	<b>13</b>	<b>13</b>	<b>16</b>	<b>16</b>

1 Rent abatements driven by COVID-19 of \$1 million were also expensed in the current period (30 June 2022: \$28 million).



## Trade receivables from tenants

The table below sets out the lease receivables position by risk category as at 31 December 2022:

\$M	Stockland and Trust				Total
	Low	Medium	High	Specific	
Lease receivables at 31 December 2022	1	–	–	8	9
ECL provision on lease receivables					(6)
<b>Lease receivables net of provision</b>					<b>3</b>

## Receivables due from related companies

The Trust has applied the ECL model under AASB 9 *Financial Instruments* to its unsecured intergroup loan receivable from Stockland, repayable in 2023. While there has been no history of defaults, and the loan is considered to be low credit risk, an impairment provision determined as the 12-month ECL has been recorded at balance date. Management has determined that there has not been a significant increase in credit risk on the intergroup loan since its inception as the Corporation maintains a strong capital position, forecasts positive cash flows and has sufficient assets that are capable of generating cash inflows above their carrying value in order to repay the loan to the Trust in accordance with agreed repayment terms. Management is currently reviewing the loan, and it is expected that the loan will be refinanced or repaid prior to expiry at 30 June 2023. There is no impact on Stockland as this loan eliminates on consolidation.

## 9. Payables

As at	Note	Stockland		Trust	
		31 December 2022	30 June 2022	31 December 2022	30 June 2022
\$M					
Trade payables and accruals		458	439	92	106
Land purchases		176	253	–	12
Distributions payable	4	282	349	282	349
GST receivable		(85)	(47)	(1)	(8)
<b>Current payables</b>		<b>831</b>	<b>994</b>	<b>373</b>	<b>459</b>
Less: amounts classified as held for sale <sup>1</sup>		–	(14)	–	–
<b>Current payables from continuing operations</b>		<b>831</b>	<b>980</b>	<b>373</b>	<b>459</b>
Other payables		19	19	–	–
Land purchases		300	294	–	–
<b>Non-current payables</b>		<b>319</b>	<b>313</b>	<b>–</b>	<b>–</b>

<sup>1</sup> At 30 June 2022, \$2 million of current payables was classified as disposal group liabilities held for sale and \$12 million of current payables was classified as discontinued operations held for sale. Refer to notes 11A and 11B for further detail.

Trade and other payables are initially recognised at fair value less transaction costs and subsequently carried at amortised cost.

The carrying value of payables at balance date represent a reasonable approximation of their fair value.

## 10. Other liabilities

As at	Stockland		Trust	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
\$M				
Land purchases	59	54	–	–
Other liabilities	93	91	24	27
<b>Current other liabilities</b>	<b>152</b>	<b>145</b>	<b>24</b>	<b>27</b>
Less: amounts classified as held for sale	–	(59)	–	–
<b>Current other liabilities from continuing operations</b>	<b>152</b>	<b>86</b>	<b>24</b>	<b>27</b>
Land purchases	429	453	–	–
Other liabilities	50	51	27	27
<b>Non-current other liabilities</b>	<b>479</b>	<b>504</b>	<b>27</b>	<b>27</b>

### Land Purchases

As part of its normal restocking process, Stockland acquires land on deferred terms from vendors who enter into reverse factoring arrangements with a financier in order to receive their aggregated deferred payments early. All future amounts payable under these arrangements have been recognised on the balance sheet within other liabilities rather than trade payables as is the case for land creditor transactions not subject to a reverse factoring arrangement.



## 11. Discontinued operations, disposal groups and assets held for sale

### Keeping it simple

Discontinued operations relate to a component of the Group including its corresponding assets and liabilities that have been classified as held for sale and represent a separate major line of business or geographical area of operation. The group of assets and their corresponding liabilities (together referred to as a 'disposal group'), may only be classified as held for sale once the following criteria are met:

- The carrying amount will be recovered principally through a sale transaction rather than through continuing use; and
- The sale must be highly probable.

A disposal group is measured at the lower of its carrying amount and fair value. Where fair value is lower than the carrying amount, the difference is recognised as an impairment loss in profit or loss. The results of discontinued operations are presented separately in the Statement of Comprehensive Income. Comparatives have also been re-presented for the Statement of Comprehensive Income and corresponding notes to separately disclose the results of the discontinued operations from continuing operations.

### 11A. Discontinued operation held for sale

On 23 February 2022, the Group entered into an agreement with EQT Infrastructure (EQT) whereby EQT acquired ownership of Stockland's Retirement Living business for a final sales price of \$934 million. The transaction completed on 29 July 2022, and the associated assets and liabilities were consequently derecognised by Stockland. At 31 December 2021 and 30 June 2022, the Retirement Living business was presented as a discontinued operation held for sale.

The financial performance of the discontinued operation, representing the Retirement Living business sold, for the current and prior period is as follows:

Half year ended 31 December <sup>1</sup>	Stockland	
	2022	2021
<b>\$M</b>		
Revenue	10	64
Investment property expenses	(1)	(5)
Management, administration, marketing and selling expenses	(4)	(14)
Net change in fair value of investment properties	(2)	53
Net change in fair value of resident obligations	–	(79)
<b>Profit before tax</b>	<b>3</b>	<b>19</b>
Income tax expense	(1)	(6)
<b>Profit after tax from discontinued operation</b>	<b>2</b>	<b>13</b>

1 Excludes the results of Aspire villages and sundry assets not included in the transaction.

The sale of the Retirement Living business resulted in a taxable gain for Stockland. Stockland had sufficient carried forward tax losses to offset the taxable gain on the sale. Following the utilisation of the carried forward tax losses, Stockland Corporation Ltd is expected to be in a tax-paying position from FY23.

The impact of the discontinued operation on EPS is as follows:

Half year ended 31 December	Stockland					
	2022			2021		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit after tax attributable to securityholders (\$M)	299	2	301	837	13	850
Basic EPS (cents)	12.5	0.1	12.6	35.1	0.6	35.7
Diluted EPS (cents)	12.5	0.1	12.6	35.0	0.6	35.5



The cash flow information of the disposed of discontinued operation, representing the Retirement Living business sold, for the current and prior period are as follows:

Half year ended 31 December	Stockland	
	2022	2021
\$M		
Net cash inflow from operating activities	2	83
Net cash (outflow) from investing activities	(6)	(23)
<b>Net cash (utilised)/provided by discontinued operation</b>	<b>(4)</b>	<b>60</b>

The carrying amounts of the major classes of assets and liabilities, representing the Retirement Living business sold, are as follows:

As at	Stockland	
	31 December 2022	30 June 2022
\$M		
Cash and cash equivalents	-	21
Receivables	-	6
<b>Current assets</b>	<b>-</b>	<b>27</b>
Investment properties	-	3,643
<b>Non-current assets</b>	<b>-</b>	<b>3,643</b>
<b>Assets</b>	<b>-</b>	<b>3,670</b>
Payables	-	12
Retirement Living resident obligations	-	2,610
Development provisions	-	39
Other liabilities	-	21
Transaction cost provision	-	38
<b>Current liabilities</b>	<b>-</b>	<b>2,720</b>
Retirement Living resident obligations	-	52
<b>Non-current liabilities</b>	<b>-</b>	<b>52</b>
<b>Liabilities</b>	<b>-</b>	<b>2,772</b>
<b>Net carrying value</b>	<b>-</b>	<b>898</b>

## 11B. Disposal group held for sale

As at	Stockland	
	31 December 2022	30 June 2022
\$M		
Disposal group assets held for sale	-	150
Disposal group liabilities held for sale	-	(2)
<b>Disposal group held for sale</b>	<b>-</b>	<b>148</b>

The major classes of assets and liabilities classified as disposal group held for sale are as follows:

As at	Stockland	
	31 December 2022	30 June 2022
\$M		
Inventories	-	46
Property, plant and equipment	-	6
Investment properties	-	98
<b>Assets</b>	<b>-</b>	<b>150</b>
Payables	-	2
<b>Liabilities</b>	<b>-</b>	<b>2</b>



## 11C. Non-current assets held for sale

As at	Stockland		Trust	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
<b>\$M</b>				
Investment properties transferred from Commercial Property	142	248	142	248
Investment properties transferred from Other <sup>1</sup>	7	7	–	–
<b>Non-current assets held for sale</b>	<b>149</b>	<b>255</b>	<b>142</b>	<b>248</b>

<sup>1</sup> Includes \$47 million Retirement Living investment property net of \$40 million Retirement Living resident obligations.

The following investment properties were held for sale at 31 December 2022:

- Stockland Gladstone, Gladstone QLD
- Sundry properties at Caloundra, QLD
- Stockland Affinity retirement village, WA

During the current period, Stockland completed the sale of the following properties, which were classified as non-current assets held for sale at 30 June 2022:

- 49% of The M\_Park Trust, which holds the M\_Park technology development at Macquarie Park, NSW
- Stockland Bull Creek, Bull Creek WA

## Capital structure

### In this section

This section outlines how Stockland manages the market, credit and liquidity risk associated with its capital structure and related financing costs.

#### Capital management

The Board determines the appropriate capital structure of Stockland, specifically, how much is raised from securityholders (equity) and how much is borrowed from financial institutions and global capital markets (debt), in order to finance Stockland's activities both now and in the future. The Board considers Stockland's capital structure and its dividend and distribution policy at least twice a year ahead of announcing results, in the context of its ability to continue as a going concern, to deliver its business plan, and execute its strategy.

Stockland's capital structure is monitored through its gearing ratio, together with other key financial metrics, and the Board maintains a capital structure to minimise the overall cost of capital in line with the Board's risk appetite. Stockland has a stated target gearing ratio range of 20% to 30%, together with a look-through gearing ratio of up to 35%, and credit ratings of A-/stable and A3/stable from S&P and Moody's respectively.

#### Financial risk

Capital and financial risk management is carried out by a central treasury department. The Board reviews and approves written principles of overall risk management, as well as written policies covering specific areas such as capital management, financial risks, interest rates, foreign exchange and credit risks, the use of derivatives, and the Group's liquidity. The Audit Committee assists the Board in monitoring the implementation of these treasury policies.

#### Borrowings

The Trust borrows money from financial institutions and debt investors globally in the form of bonds, bank debt, and other financial instruments. As a result, Stockland is exposed to changes in interest rates on its net borrowings and to changes in foreign exchange rates on its transactions, assets and liabilities denominated in foreign currencies. In accordance with risk management policies, Stockland uses derivatives to appropriately hedge these underlying exposures. Furthermore, there has been no change in the Group's hedging policy for interest rates or currencies, with the resulting derivative portfolios operating as expected and in line with market movements.

The Group continues to meet both the general and financial undertakings required under its financing arrangements.

## 12. Borrowings

Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs and subsequently stated at amortised cost. Any difference between amortised cost and redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. However, where a qualifying fair value hedge is in place, borrowings are stated at the carrying amount adjusted for changes in fair value of the hedged risk. The changes are recognised in profit or loss.

The table below shows the fair value of each of these instruments measured at Level 2 in the fair value hierarchy. Fair value reflects the principal amount and remaining duration of these notes based on current market interest rates and conditions at balance date. Stockland has complied with all covenants throughout the period ended 31 December 2022 and up to the date of authorisation of these accounts.

Stockland and Trust									
As at		31 December 2022				30 June 2022			
\$M	Note	Current	Non-current	Carrying value	Fair value	Current	Non-current	Carrying value	Fair value
Offshore medium term notes	<a href="#">12.A</a>	-	2,925	2,925	3,053	123	2,964	3,087	3,075
Domestic medium term notes and commercial paper	<a href="#">12.B</a>	251	498	749	728	343	497	840	810
Bank facilities	<a href="#">12.C</a>	150	75	225	225	470	75	545	545
<b>Borrowings</b>		<b>401</b>	<b>3,498</b>	<b>3,899</b>	<b>4,006</b>	<b>936</b>	<b>3,536</b>	<b>4,472</b>	<b>4,430</b>

The difference of \$107 million (30 June 2022: \$42 million) between the carrying amount and fair value of the offshore medium term notes (MTNs), commercial paper and domestic MTNs is due to notes being carried at amortised cost under AASB 9 *Financial Instruments*.



## 12A. Offshore medium term notes

The Trust has issued fixed coupon notes in the US private placement market and under its Euro MTN program in Europe and Asia. These notes have been issued in USD, EUR and HKD and converted back to Australian dollars (AUD or \$) principal and AUD floating coupons through cross currency interest rate swaps (CCIRS).

As at 31 December 2022, the fair value of the US private placements and European and Asian MTNs is \$ 1,923 million (30 June 2022: \$1,988 million) and \$1,130 million (30 June 2022: \$1,087 million) respectively.

## 12B. Domestic medium term notes and commercial paper

Domestic MTNs and commercial paper have been issued at either face value or at a discount to face value and are carried at amortised cost. The discount or premium is amortised to finance costs over the term of the notes. The MTNs are issued on either fixed or floating interest rate terms.

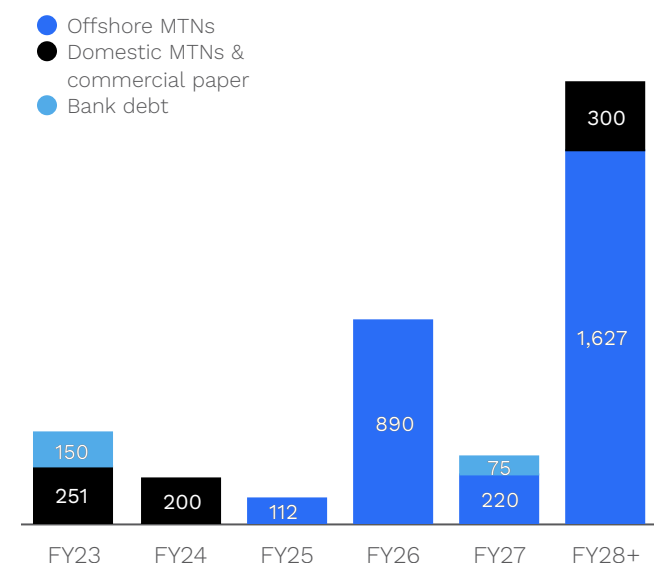
## 12C. Bank facilities

Bank facilities are unsecured, working capital facilities held at amortised cost. As at 31 December 2022, Stockland and the Trust have undrawn bank facilities of \$1,275 million (30 June 2022: \$730 million) of which \$350 million is due to expire within 12 months of balance sheet date.

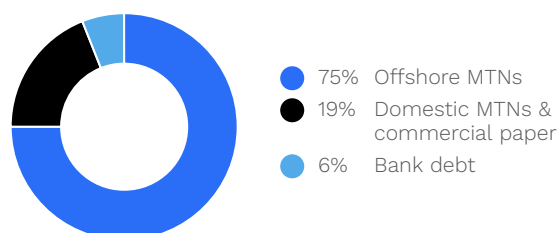
## 12D. Drawn Debt

The composition and maturity profile for the Group's drawn debt of \$3.8 billion is shown below at face value:

Drawn debt maturity profile<sup>1</sup>



Drawn debt composition %<sup>1</sup>



<sup>1</sup> Face value in AUD at 31 December 2022 after the effect of the CCIRS.

## 13. Fair value measurement of financial instruments

### Keeping it simple

The financial instruments included on the balance sheet are measured at either fair value or amortised cost. The measurement of fair value may in some cases be subjective and may depend on the inputs used in the calculations. Stockland generally uses external valuations based on market inputs or market values (e.g. external share prices). The different valuation methods are called hierarchies and are described below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the period.

### Determination of fair value

The fair value of financial instruments, including offshore MTNs and derivatives, is determined in accordance with generally accepted pricing models by discounting the expected future cash flows using assumptions supported by observable market rates. While certain derivatives are not quoted in an active market, Stockland has determined the fair value of these derivatives using quoted market inputs (e.g. interest rates, volatility, and exchange rates) adjusted for specific features of the instruments and debit or credit value adjustments based on the current creditworthiness of Stockland or the derivative counterparty.

The following table sets out the financial instruments included on the balance sheet at fair value:

As at	Stockland							
	31 December 2022				30 June 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
\$M								
Derivative assets	–	267	–	267	–	302	–	302
Other investments	13	–	–	13	13	–	–	13
<b>Financial assets carried at fair value</b>	<b>13</b>	<b>267</b>	<b>–</b>	<b>280</b>	<b>13</b>	<b>302</b>	<b>–</b>	<b>315</b>
Offshore MTNs <sup>1</sup>	–	(2,605)	–	(2,605)	–	(2,704)	–	(2,704)
Derivative liabilities	–	(210)	–	(210)	–	(184)	–	(184)
Retirement Living resident obligations <sup>2</sup>	–	–	(40)	(40)	–	–	(2,716)	(2,716)
<b>Financial liabilities carried at fair value</b>	<b>–</b>	<b>(2,815)</b>	<b>(40)</b>	<b>(2,855)</b>	<b>–</b>	<b>(2,888)</b>	<b>(2,716)</b>	<b>(5,604)</b>
<b>Net position</b>	<b>13</b>	<b>(2,548)</b>	<b>(40)</b>	<b>(2,575)</b>	<b>13</b>	<b>(2,586)</b>	<b>(2,716)</b>	<b>(5,289)</b>

1 Offshore MTNs not in an accounting hedge relationship are carried at amortised cost. This table only reflects offshore MTNs carried at fair value according to its hedge designation.

2 At 31 December 2022, \$40 million of existing resident obligations has been included in investment properties held for sale (30 June 2022: \$40 million). At 30 June 2022, \$2,662 million of existing resident obligations was classified as discontinued operation liabilities held for sale (31 December 2022: \$nil). Refer to notes 11A and 11C for further detail.



As at \$M	Trust							
	31 December 2022				30 June 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative assets	–	267	–	267	–	302	–	302
<b>Financial assets carried at fair value</b>	–	267	–	267	–	302	–	302
Offshore MTNs <sup>1</sup>	–	(2,605)	–	(2,605)	–	(2,704)	–	(2,704)
Derivative liabilities	–	(208)	–	(208)	–	(184)	–	(184)
<b>Financial liabilities carried at fair value</b>	–	(2,813)	–	(2,813)	–	(2,888)	–	(2,888)
<b>Net position</b>	–	(2,546)	–	(2,546)	–	(2,586)	–	(2,586)

1 Offshore MTNs not in an accounting hedge relationship are carried at amortised cost. This table only reflects offshore MTNs carried at fair value according to its hedge designation.

Derivative financial assets and liabilities are not offset in the balance sheet as, under agreements held with derivative counterparties, Stockland does not have a legally enforceable right to set off the position payable to/receivable from a single counterparty.

## 14. Issued capital

### Keeping it simple

This note explains material movements recorded in issued capital that are not explained elsewhere in the financial statements. The balances and movements in equity of Stockland are presented in the consolidated statement of changes in equity.

Issued capital represents the amount of consideration received for securities issued by Stockland. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

For so long as Stockland remains jointly quoted, the number of shares in Stockland Corporation Limited and the number of units in Stockland Trust shall be equal and the securityholders and unitholders shall be identical.

### Movements in ordinary securities

Holders of stapled securities are entitled to receive dividends and distributions as declared from time to time and are entitled to one vote per stapled security at securityholder meetings. The liability of a member is limited to the amount, if any, remaining unpaid in relation to a member's subscription for securities. A member is entitled to receive a distribution following termination of the stapling arrangement for whatever reason. The net proceeds of realisation must be distributed to members, after making an allowance for payment of all liabilities (both actual and anticipated) and meeting any actual or anticipated expenses of termination.

Half year ended 31 December	Stockland and Trust		Stockland		Trust	
	Number of securities		\$M		\$M	
	2022	2021	2022	2021	2022	2021
Opening balance	2,387,171,662	2,387,171,662	8,692	8,692	7,393	7,393
Securities issued during the period	–	–	–	–	–	–
<b>Closing balance<sup>1</sup></b>	<b>2,387,171,662</b>	<b>2,387,171,662</b>	<b>8,692</b>	<b>8,692</b>	<b>7,393</b>	<b>7,393</b>

1 The issued capital balance in the consolidated balance sheet is presented net of treasury securities of \$43 million (31 December 2021: \$36 million).



## Other items

### In this section

This section includes information about the financial performance and position of Stockland that must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* or the *Corporations Regulations 2001*.

## 15. Income tax

Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Income tax is calculated at the applicable corporate tax rate of 30% and comprises both current and deferred tax.

### TAX CONSOLIDATION

Stockland Corporation Limited is head of the tax consolidated group which includes its wholly-owned Australian resident subsidiaries. As a consequence, all members of the tax consolidated group are taxed as a single entity.

Members of the tax consolidated group have entered into a tax sharing agreement and a tax funding arrangement. The arrangement requires that Stockland Corporation Limited assumes the current tax liabilities and deferred tax assets arising from unused tax losses, with payments to or from subsidiaries settled via intergroup loans. Any subsequent period adjustments are recognised by Stockland Corporation Limited only and do not result in further amounts being payable or receivable under the tax funding arrangement. The tax liabilities of the entities included in the tax consolidated group will be governed by the tax sharing agreement should Stockland Corporation Limited default on its tax obligations.

### Stockland Trust

Under current Australian income tax legislation, Stockland Trust and its sub-trusts are not liable for income tax on their taxable income (including any assessable component of capital gains), provided that the unitholders are attributed the taxable income of the Trust. Securityholders are liable to pay tax at their effective tax rate on the amounts attributed.

## 16. Equity-accounted investments

Stockland has interests in a number of joint ventures that are accounted for using the equity method. Stockland did not have investments in associates at 31 December 2022, 30 June 2022, or 31 December 2021.

A joint venture is an arrangement over whose activities Stockland has joint control established by contractual agreement, where Stockland has rights to the net assets of the arrangement. They are accounted for on an equity-accounted basis and are assessed for impairment when indicators of impairment are present and, if required, written down to the recoverable amount.

Stockland's share of the joint venture's profit or loss and other comprehensive income is from the date joint control commences until the date joint control ceases. If Stockland's share of losses exceeds its interest in a joint venture, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that Stockland has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Transactions with the joint venture are eliminated to the extent of Stockland's interest in the joint venture until such time as they are realised by the joint venture on consumption or sale. Additionally, Stockland's carrying amount and share of total comprehensive income from joint ventures are adjusted as required to align the accounting policies of the joint venture to Stockland's accounting policies.



The ownership interest, carrying amount, and share of total comprehensive income in each joint venture is presented below:

Stockland						
	Ownership interest as at		Carrying amount as at		Share of total comprehensive income for the period ended	
	%	%	\$M	\$M	\$M	\$M
	31 December 2022	30 June 2022	31 December 2022	30 June 2022	31 December 2022	31 December 2021
Fife Kemps Creek Trust	50.0	50.0	118	61	–	–
Macquarie Park Trust	51.0	51.0	331	333	8	24
Riverton Forum Pty Limited <sup>1</sup>	50.0	50.0	–	–	–	–
SRRP Development Trust	50.1	50.1	27	46	20	n/a
Stockland Fife Willawong Trust	50.0	50.0	27	27	–	–
Stockland Residential Rental Partnership Trust	50.1	50.1	66	71	(13)	n/a
The M_Park Trust	51.0	100.0	90	n/a	17	n/a
Willeri Drive Trust <sup>2</sup>	50.0	50.0	56	54	3	1
<b>Total</b>			<b>715</b>	<b>592</b>	<b>35</b>	<b>25</b>

1 Trustee of Willeri Drive Trust

2 Owner of Stockland Riverton, Riverton WA

Trust						
	Ownership interest as at		Carrying amount as at		Share of total comprehensive income for the period ended	
	%	%	\$M	\$M	\$M	\$M
	31 December 2022	30 June 2022	31 December 2022	30 June 2022	31 December 2022	31 December 2021
Fife Kemps Creek Trust	50.0	50.0	118	61	–	–
Macquarie Park Trust	51.0	51.0	338	340	8	24
Riverton Forum Pty Limited <sup>1</sup>	50.0	50.0	–	–	–	–
Stockland Fife Willawong Trust	50.0	50.0	27	27	–	–
Stockland Residential Rental Partnership Trust	50.1	50.1	68	71	(12)	n/a
The M_Park Trust	51.0	100.0	90	n/a	(5)	n/a
Willeri Drive Trust <sup>2</sup>	50.0	50.0	56	54	3	1
<b>Total</b>			<b>697</b>	<b>553</b>	<b>(6)</b>	<b>25</b>

1 Trustee of Willeri Drive Trust

2 Owner of Stockland Riverton, Riverton WA

## 17. Commitments

As at \$M	Stockland		Trust	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
Inventories	577	427	–	–
Investment properties	212	334	209	311
<b>Capital expenditure commitments</b>	<b>789</b>	<b>761</b>	<b>209</b>	<b>311</b>

### Joint venture and associate capital expenditure commitments

The above commitments include capital expenditure commitments for Joint Ventures of \$57 million relating to The M\_Park Trust and \$13 million capital expenditure commitments relating to Macquarie Park Trust.

## 18. Contingent liabilities

Contingent liabilities at 31 December 2022 comprise bank guarantees, letters of credit, property indemnities and insurance bonds issued to local government and other authorities against performance contracts. Stockland maintains a facility for contingent liabilities with a limit of \$1,500 million (30 June 2022: \$1,275 million). The amounts currently issued are as follows:

As at \$M	Stockland and Trust	
	31 December 2022	30 June 2022
Contingent liabilities	619	605

## 19. Related party disclosures

Aside from the Retirement Living entities disposed, there have been no significant changes to the nature of the related parties that were disclosed in the 30 June 2022 annual financial report.



## 20. Adoption of new and amended accounting standards

### 20A. New and amended Accounting Standards adopted

#### **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments**

AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* sets out a number of amendments to existing Accounting Standards. The amendment is effective for annual reporting periods beginning on or after 1 January 2022. The amendments did not have any impact on the amounts recognised in prior or current periods, and are not expected to significantly affect future periods.

### 20B. Accounting standards issued but not yet in effect

A number of accounting standards have been issued but are not yet in effect for the current reporting period. Stockland has not elected to early adopt any accounting standards during the period.

#### **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current**

AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* provides clarity on the classification of liabilities as either current or non-current. The amendment requires a liability to be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period. The amendment is effective for annual reporting periods beginning on or after 1 January 2023, as revised in AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*. Stockland has assessed the revised definition and does not currently expect any material impact on adoption.

#### **AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* updates the concept of materiality in the context of financial statement disclosures and the level of disclosure required as a result of changes in accounting policies and estimates. The amendment is effective for annual reporting periods beginning on or after 1 January 2023. Stockland is yet to assess the implications of this amendment upon adoption, although any impact will be limited to disclosures and will not affect the reported results or net asset position of Stockland.

#### **AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* modifies AASB 112 *Income Taxes* to clarify the treatment of deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. The amendment is effective for annual reporting periods beginning on or after 1 January 2023. Stockland is yet to assess the implications of this amendment upon adoption.

#### **International Sustainability Standards Board – Exposure Draft on IFRS S1 General Requirements for Disclosure of Sustainability-Related Financial Information and IFRS S2 Climate-Related Disclosures**

The International Sustainability Standards Boards (ISSB) is an initiative of the IFRS Foundation to establish a global framework for the disclosure of climate and sustainability information in financial reports. On 31 March 2022, the ISSB released their first two exposure drafts (EDs), being IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. Similar to the accounting standards issued by the International Accounting Standards Board (IASB) with which Stockland complies, these standards will not be mandatory until they are adopted by the Australian Accounting Standards Board. Stockland will assess the impact of these standards once available.

## Directors' declaration

In the opinion of the Directors of Stockland Corporation Limited, and the Directors of the Responsible Entity of Stockland Trust, Stockland Trust Management Limited, (collectively referred to as the Directors):

1. the financial report and notes of the consolidated stapled entity, comprising Stockland Corporation Limited and its controlled entities and Stockland Trust and its controlled entities (Stockland), and Stockland Trust and its controlled entities (the Trust), set out on pages 24 to 59 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of Stockland's and the Trust's financial position as at 31 December 2022 and of their performance for the period ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that both Stockland and the Trust will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Tom Pockett**  
Chairman



**Tarun Gupta**  
Managing Director and CEO

Dated at Sydney, 21 February 2023



## ***Independent auditor's review report to the stapled securityholders of Stockland and unitholders of Stockland Trust Group***

### **Report on the interim financial report**

#### **Conclusion**

We have reviewed the interim financial report of Stockland, being the consolidated stapled entity ("Stockland"). The consolidated stapled entity, as described in the Basis of Preparation note to the interim financial report, comprises Stockland Corporation Limited and the entities it controlled during the half-year, including Stockland Trust and the entities it controlled during the half-year ("Stockland Trust Group"). The interim financial report comprises the Consolidated Balance Sheet as at 31 December 2022, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of Stockland and Stockland Trust Group does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Stockland and Stockland Trust Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Basis for conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report.

We are independent of the Stockland and Stockland Trust Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### ***Responsibilities of the directors for the interim financial report***

The directors of Stockland Corporation Limited and the directors of Stockland Trust Management Limited, the Responsible Entity of Stockland Trust (collectively referred to as “the directors”), are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibilities for the review of the interim financial report***

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Stockland and Stockland Trust Group's financial position as at 31 December 2022 and of its performance for the interim ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'Reilly'.

Jane Reilly  
Partner

Sydney  
21 February 2023





# Glossary

Our purpose

Directors' Report

Risk Management  
and Governance

Interim  
financial report

**Glossary**

# Glossary

Term	Definition
\$m	\$millions
AASBs or Accounting Standards	Australian Accounting Standards as issued by the Australian Accounting Standards Board
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
CPI	Consumer Price Index
DCF	Discounted cashflow
DMF	Deferred management fee earned from residents within the Retirement Living business
DPS	Distribution per security
EBIT	Earnings before interest and tax
ECL	Expected credit losses
EPS	Earnings per security
Executive Director	The Managing Director and Chief Executive Officer of Stockland, being Mr Tarun Gupta from 1 June 2021
FFO	Funds from operations. Determined with reference to the PCA guidelines.
GST	Goods and services tax
IFRS	International Financial Reporting Standards as issued by the International Financial Reporting Standards Board
IPUC	Investment properties under construction
IRR	Internal rate of return
LLC	Land lease communities
MAT	Moving annual turnover
MTN	Medium term note
NOI	Net operating income
NRV	Net realisable value
Report	This Stockland Interim Report HY23
Security	An ordinary stapled security in Stockland, comprising of one share in Stockland Corporation and one unit in Stockland Trust
Statutory profit	Profit as defined by Accounting Standards
SRRP	Stockland Residential Rental Partnership
STML	Stockland Trust Management Limited (ACN 001 900 741, AFSL 241190), the Responsible Entity of Stockland Trust
Stockland or Group	The consolidation of Stockland Corporation Group and Stockland Trust Group
Stockland Corporation or Company	Stockland Corporation Limited (ACN 000 181 733)
Stockland Corporation Group	Stockland Corporation and its controlled entities
Stockland Trust	Stockland Trust (ARSN 092 897 348)
Stockland Trust Group or Trust	Stockland Trust and its controlled entities
WALE	Weighted average lease expiry
WOL	Whole of Life accounting



## Disclaimer

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**Stockland  
Corporation Limited**  
ACN 000 181 733

**Stockland Trust  
Management Limited**  
ACN 001 900 741; AFSL 241190

**As responsible entity  
for Stockland Trust**  
ARSN 092 897 348

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