



# 1H23 Annexure

21 February 2023



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## About Stockland

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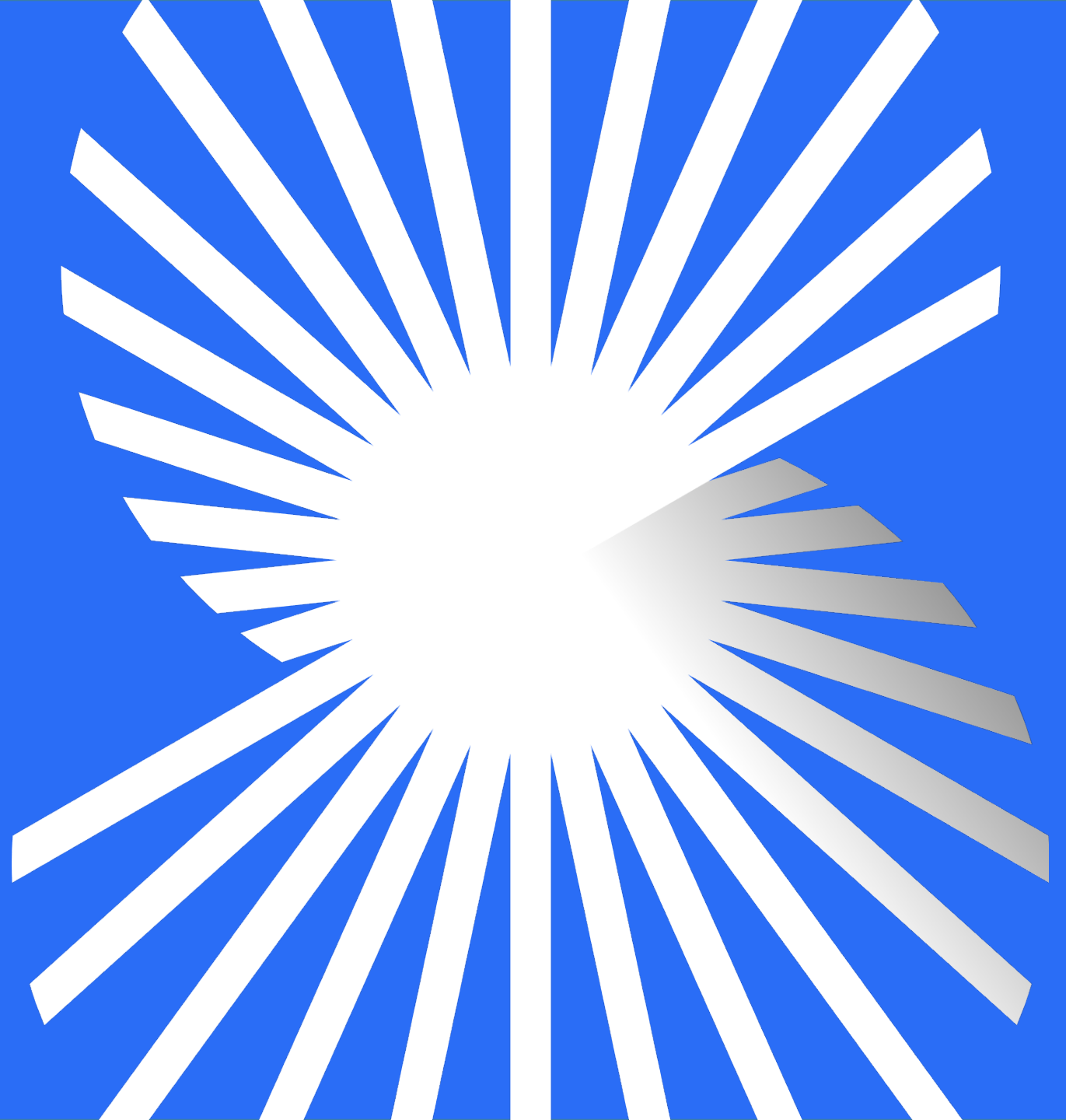
## Financial Results and Capital Management

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## Commercial Property

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## Communities



# Stockland quick facts



Trust net funds employed: \$10.7bn<sup>1</sup>



Town Centres

39%

Portfolio weighting<sup>3</sup>

224

Assets

Ownership interests valued at

\$5.5bn



Logistics

25%

Portfolio weighting<sup>3</sup>

24

Assets

Ownership interests valued at

\$3.2bn



Workplace

15%

Portfolio weighting<sup>3</sup>

10

Assets

Ownership interests valued at

\$2.1bn

Corporation net funds employed: \$3.1bn<sup>2</sup>



Masterplanned Communities

18%

Portfolio weighting<sup>3</sup>

~72,300

Lots remaining

\$2.3bn

Net funds employed



Land Lease Communities

3%

Portfolio weighting<sup>3</sup>

33

Land Lease Communities

~9,150

Home sites

1H23 Income Mix	Target	Commercial Property	Communities	Other and unallocated corporate overheads	Total <sup>6</sup>
Recurring FFO <sup>5</sup>	60%	75%	3%	(6)%	72%
Development FFO <sup>5</sup>	40%	9%	26%	(7)%	28%

3 1H23 Results

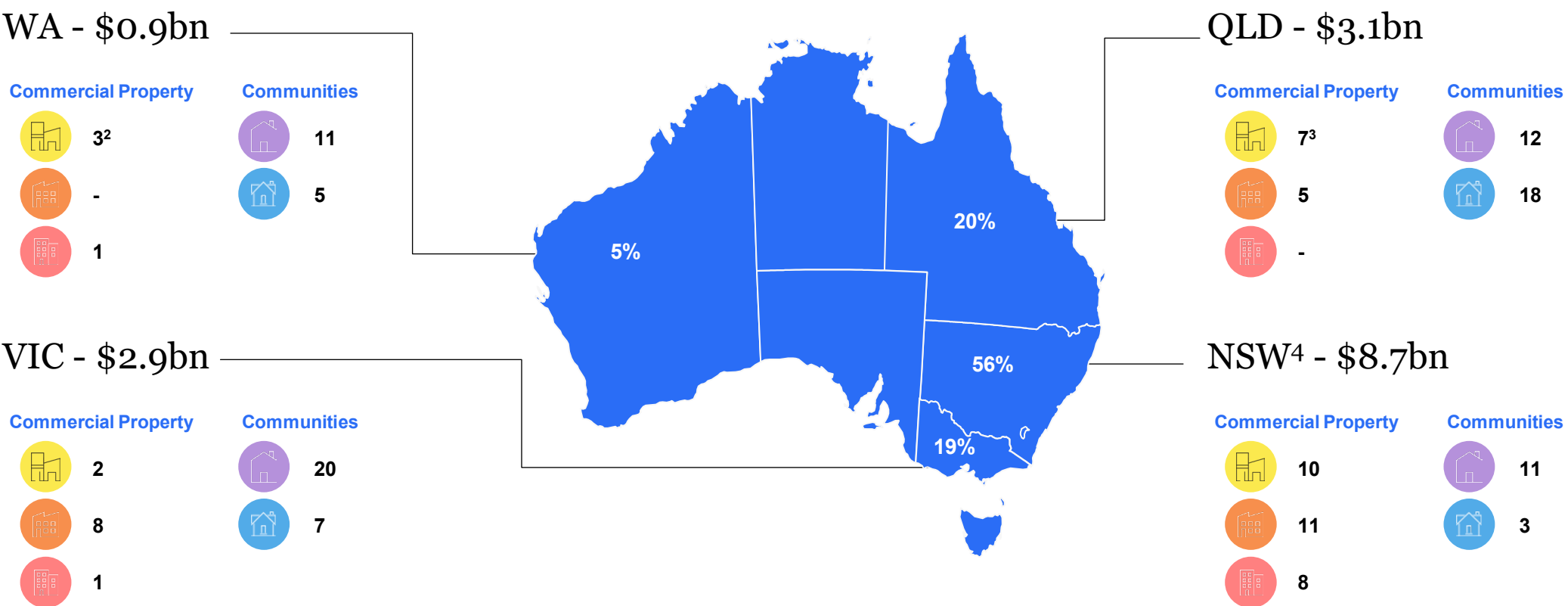
1. Net Funds Employed (NFE). Excludes WIP and sundry properties of \$0.5bn and asset held by the Corporation Stockland Harrisdale, WA.
2. Includes NFE of: Masterplanned Communities \$2.3bn, Land Lease Communities \$0.5bn and other assets \$0.3bn.
3. Includes WIP and sundry properties of \$0.5bn. Cost to completion provision, deferred land payments and option payments are excluded.

4. Includes assets held for sale Stockland Gladstone, QLD and Stockland Riverton, WA, and asset held by the Corporation Stockland Harrisdale, WA.
5. Aligns with FFO pre Group net interest expense and tax.
6. Includes Recurring and Development FFO from discontinued operation (Retirement Living).

# Stockland is one of Australia's largest diversified property groups



## Book value by state<sup>1</sup>



4 1H23 Results

1. Includes WIP & sundry properties of \$0.5bn. Includes cost to complete provisions, deferred land payments and options payments.

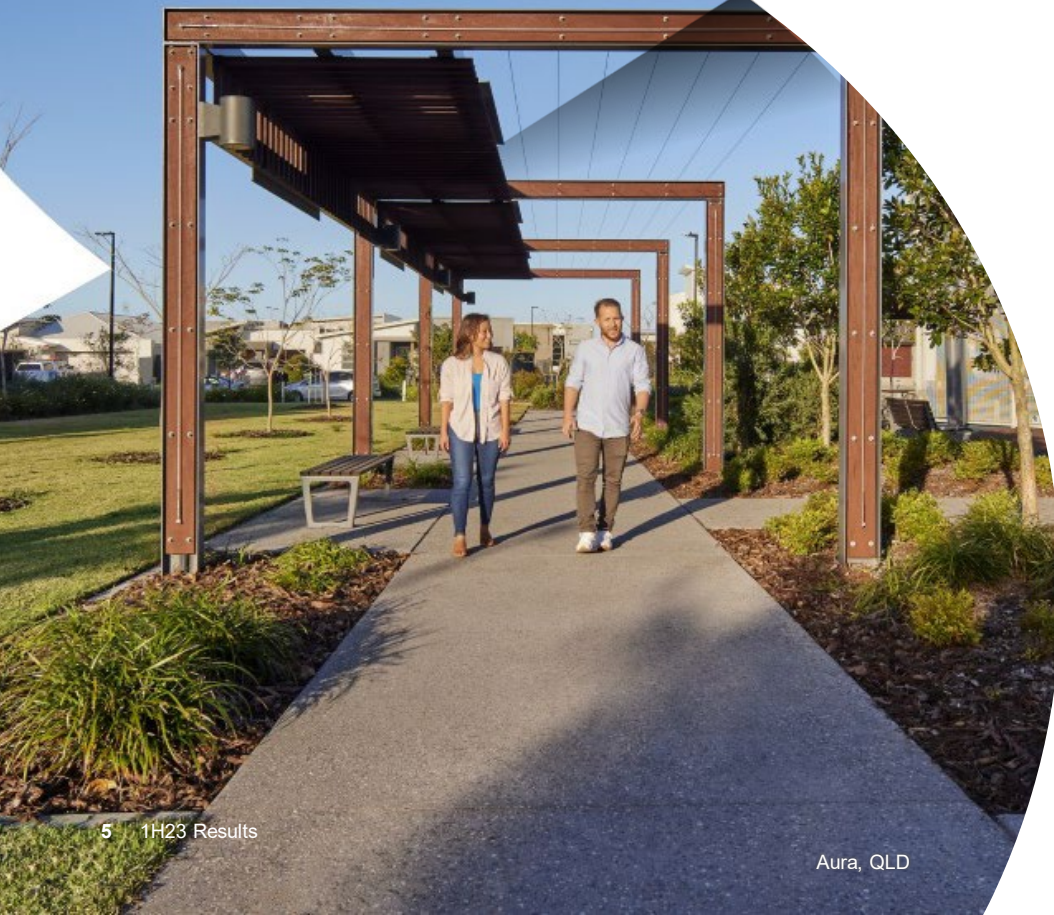
2. Includes asset held for sale Stockland Riverton, WA.

3. Includes asset held for sale Stockland Gladstone, QLD.

4. NSW includes Red Hill, ACT.



# Good progress towards strategic 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	
Distributions (% FFO)	75-85%	80%

## Executing our strategy:

- ✓ Dynamically reshaping the portfolio through strategic transactions and creating high-quality assets
- ✓ Accelerating pipeline and activating the landbank, unlocking large opportunity set across existing assets
- ✓ Scaling capital partnerships using established partnerships as a platform
- ✓ Continue delivering sustainable growth through new business lines, generating high-quality diversified income streams

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.





# Financial results and capital management

**Annexure**



Stockland Head Office, Sydney CBD, NSW

# Profit summary



\$m	1H23	1H22	Change
Segment EBIT (before interest in COGS):			
Communities EBIT	141	155	(8.6)%
Commercial Property EBIT	318	273	16.5%
Other EBIT	-	16	(100.0)%
Consolidated segment EBIT (before interest in COGS)	459	444	3.5%
Amortisation of lease fees	6	7	(12.5)%
Unallocated corporate overheads	(47)	(35)	33.6%
Group EBIT (before interest in COGS)	418	416	0.7%
Net interest expense:			
- Interest income	5	2	142.1%
- Interest expense	(100)	(94)	6.2%
- Interest capitalised to inventory	54	47	13.9%
- Interest capitalised to investment properties under development	8	8	2.5%
Net interest in Profit & Loss before capitalised interest expensed	(33)	(37)	(10.1)%
Capitalised interest expensed in Profit & Loss <sup>1</sup>	(32)	(29)	11.8%
Net interest expense	(65)	(66)	(0.5)%
Funds from operations	353	350	0.7%
Statutory profit adjustments	(52)	500	(110.4)%
<b>Statutory profit</b>	<b>301</b>	<b>850</b>	<b>(64.6)%</b>

# Statutory profit to FFO and AFFO reconciliation



The table below shows the reconciliation of statutory profit to FFO and AFFO with reference to the definitions outlined in the Property Council of Australia (PCA) white paper “Voluntary best practice guidelines for disclosing FFO and AFFO”

\$m		1H23	1H22	Change
PCA reference	Statutory profit	301	850	(64.6)%
	Adjusted for:			
D1/D4	Amortisation of lease incentives and lease fees	48	47	
D5	Straight-line rent	12	3	
A3/A4	Net change in fair value of Investment Property <sup>1</sup>	(21)	(522)	
F2	Unrealised DMF revenue	(7)	(28)	
C2	Net loss/(gain) on financial instruments	(8)	(75)	
F2	Net loss/(gain) on other financial assets	-	(1)	
A1/A2	Net loss/(gain) on sale of other non-current assets	(6)	(8)	
A6	Net reversal of impairment of inventories	(5)	-	
E	Tax (benefit)/expense (non-cash)	29	19	
F2	One-off costs <sup>2</sup>	10	65	
G	Funds from operations (FFO)	<b>353</b>	<b>350</b>	0.7%
G2	Maintenance capital expenditure	(18)	(18)	
G3	Incentives and leasing costs for the accounting period	(25)	(39)	
	Adjusted funds from operations (AFFO)	<b>310</b>	<b>293</b>	5.7%
	AFFO per security	13.0	12.3	5.7%

8 1H23 Results 1. Includes Stockland's share of revaluation relating to properties held through joint ventures (1H23 \$6m gain; 1H22 \$13m gain) and fair value unwinding of ground leases recognised under AASB 16 (1H23 \$0.4m; 1H22 \$0.4m).

2. 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.



# Net interest gap



\$m	1H23			1H22		
	Interest	Deferred interest <sup>1,2</sup>	Total	Interest	Deferred interest <sup>1,2</sup>	Total
Interest income	(5)	-	(5)	(2)	-	(2)
Interest expense	80	20	100	78	16	94
Less: capitalised interest						
- Commercial Property development projects	(9)	-	(9)	(7)	-	(7)
- Masterplanned Communities	(33)	(18)	(51)	(27)	(16)	(43)
- Retirement Living	-	-	-	(1)	-	(1)
- Land Lease Communities	-	(2)	(2)	(4)	-	(4)
Total capitalised interest	(42)	(20)	(62)	(39)	(16)	(55)
Sub-total: Borrowing cost in P&L	33	-	33	37	-	37
Add: capitalised interest expensed in P&L <sup>3</sup>	32	-	32	29	-	29
<b>Total interest expense in P&amp;L</b>	<b>65</b>	<b>-</b>	<b>65</b>	<b>66</b>	<b>-</b>	<b>66</b>

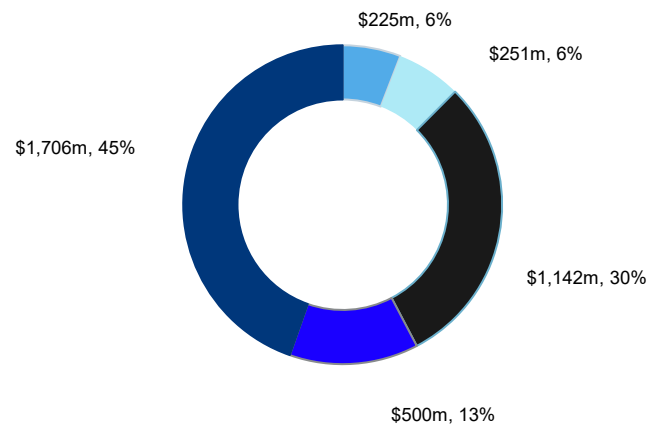
# Debt and hedging profile



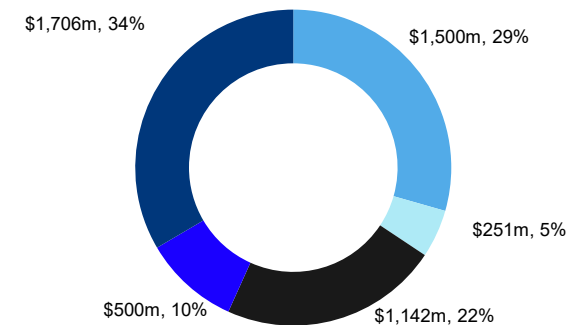
## Cost of debt for 1H23

	Debt <sup>1</sup>	Total debt <sup>2</sup>	Interest rate
Hedged debt	\$2,301m	59%	1.8%
Floating debt	\$1,623m	41%	1.1%
Total debt	<b>\$3,924m</b>		<b>2.9%</b>
Margin			0.9%
Fees			0.3%
All-in cost of funds for 1H23			<b>4.1%</b>

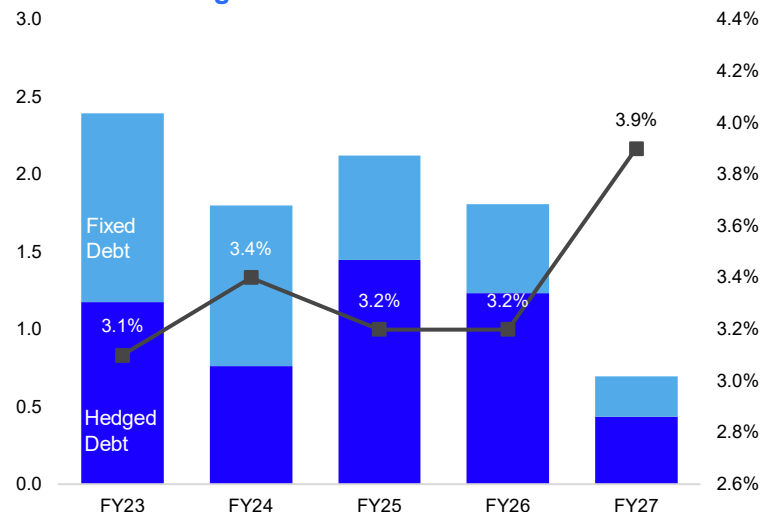
## Drawn debt of \$3.8bn<sup>4</sup>



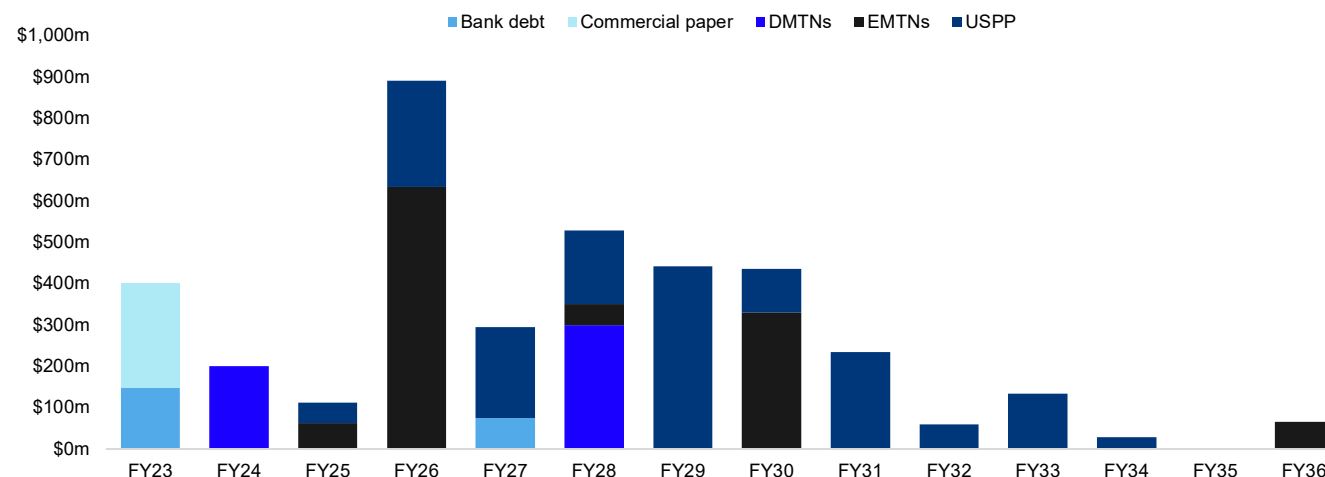
## Committed facilities of \$5.1bn<sup>4</sup>



## Forecast hedge rate<sup>3</sup>



## Long dated drawn debt maturity profile (WADM 4.7years)<sup>4</sup>



### 10 1H23 Results

1. Represents average debt balance over 1H23. Balances as at 31 December 2022 were hedged debt: \$2,203m and floating debt: \$1,621m.
2. Average % for 1H23.
3. Refers to fixed rate debt and fixed rate hedges, excluding fees and margins.
4. Face value as at 31 December 2022. Excludes bank guarantees of \$529m.

# Stockland Corporation income tax reconciliation



	1H23	1H22
Net profit before tax	330	869
Less: Trust profit and Intergroup eliminations	(231)	(835)
Corporation profit/(loss) before tax	<b>B</b> 99	34
Prima facie tax expense @ 30%	(30)	(10)
Tax effect of permanent differences:		
Permanent component of capital gain on disposal of Retirement Living	-	-
Non-deductible expenses for the period	-	(9)
Other deductible expenses for the current period	-	-
Over recognised DTL in prior years	-	-
Cost base not previously recognised	-	-
Other assessable income for the year	1	-
Tax benefit/(expense)	<b>A</b> (29)	(19)
Effective tax rate ( <b>A</b> / <b>B</b> ) <sup>1</sup>	29%	56%
Effective tax rate (excluding discontinued operations)	29%	56%

**11 1H23 Results** 1. The effective tax rate is slightly lower than the 30% statutory tax rate because of minor permanent differences this year including from the sale of Thrive LLC assets to the Stockland Residential Rental Partnership. The effective tax rate in 1H22 was affected by the recognition of previously unrecognised deferred tax relating to the increase in cost base of three recently developed retirement villages. Ignoring these adjustments the effective tax rate for the prior period was 33%.



# Commercial Property

**Annexure**





# Commercial Property



## Funds from operations

	Town Centres		Logistics		Workplace		Development Income		Management Income		Net overhead costs		Total	
\$m	1H23	1H22	1H23	1H22	1H23	1H22	1H23	1H22	1H23	1H22	1H23	1H22	1H23	1H22
Operating EBIT	146	125	60	49	40	47	27	28	16	8	(29)	(29)	260	228
Adjust for:														
Amortisation of fit out incentives and lease fees	28	28	8	7	9	9							45	44
Amortisation of rent-free incentives	-	-	1	1	2	2							3	3
Straight-line rent	11	3	(2)	2	3	(2)							12	3
<b>Funds from operations</b>	<b>185</b>	<b>156</b>	<b>67</b>	<b>59</b>	<b>54</b>	<b>56</b>	<b>27</b>	<b>28</b>	<b>16</b>	<b>8</b>	<b>(29)</b>	<b>(29)</b>	<b>320</b>	<b>278</b>

# Logistics

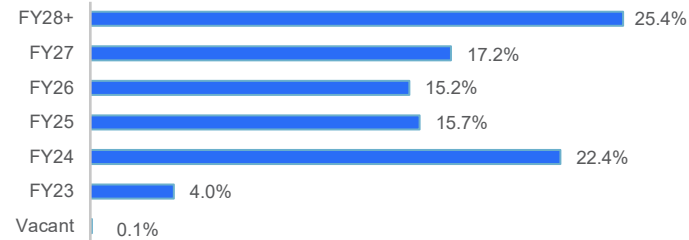
## Performance



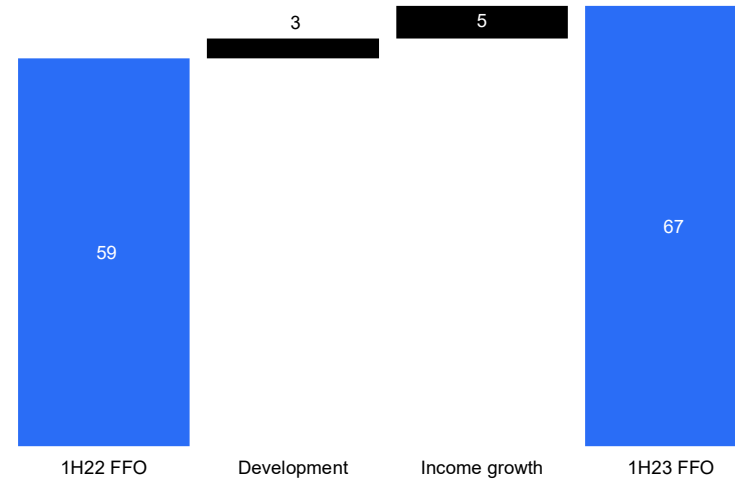
### Occupancy and lease expiry by income<sup>1</sup>

	1H23	1H22
Occupancy	99.9%	99.9%
WALE	3.4 yrs	3.6 yrs

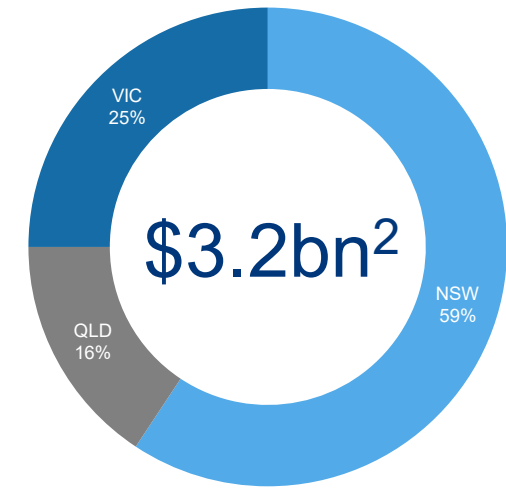
### Lease expiry profile<sup>1</sup>



### FFO movements between 1H22 and 1H23 \$8m



### Assets by location



	Total leased <sup>3</sup>			Retention <sup>3,4</sup>			New leases <sup>3</sup>		
	GLA leased (sqm)	Weighted average base rent growth % <sup>5</sup>	Weighted average incentives % <sup>6</sup>	Retention (sqm)	Weighted average base rent growth % <sup>5</sup>	Weighted average incentives % <sup>6</sup>	New leases (sqm)	Weighted average base rent growth % <sup>5</sup>	Weighted average incentives % <sup>6</sup>
Logistics	185,183	12.1	9.3	72,510	11.7	2.3	112,673 <sup>7</sup>	17.1	13.9

1. Includes executed leases and signed heads of agreement at 31 December 2022.  
 2. Book value, excludes WIP and sundry properties.  
 3. Includes executed leases only.  
 4. Represents the percentage (by income) of total executed deals, which were expiring leases renewed by existing customers during the period. Excludes new leases on vacant space.

5. Excludes leases at new developments.  
 6. Incentives based on net rent.  
 7. Includes 97,050 sqm of new development leases.

# Logistics development



## Pipeline – Delivering Logistics developments

	Completed during 1H23 \$0.1bn	Active development <sup>1</sup> \$1.3bn <sup>2</sup>	Planning underway <sup>1</sup> \$0.9bn <sup>2</sup>	Future wave <sup>1</sup> \$4.2bn <sup>2</sup>
NSW		<div>Ingleburn Stage 3</div> <div>Kemps Creek 1<sup>3</sup></div> <div>Kemps Creek 2<sup>3</sup></div> <div>Leppington Business Park Stage 2</div>	<div>Kemps Creek 3</div> <div>Padstow</div> <div>Smeg Distribution Centre, Botany</div>	<div>Yennora Distribution Centre Stages 1-3</div>
VIC	<div>20 &amp; 42 Amherst Drive, Truganina</div>	<div>Cranbourne West</div> <div>Melbourne Business Park Lot 45</div> <div>Altona Industrial Estate Stages 1-2</div>	<div>Melbourne Business Park Stage 2<sup>4</sup></div>	<div>Future pipeline opportunities</div> <div>Brooklyn Stages 1-3</div> <div>Melbourne Business Park Future stages</div>
QLD		<div>Silica Street Industrial Park, Carole Park Stage 2</div> <div>Willawong Distribution Centre Stage 3</div> <div>Yatala, 77 Darlington Drive</div> <div>Yatala Distribution Centre Stage 3</div>	<div>Willawong Distribution Centre Stages 4-5</div> <div>Willawong Joint Venture Project<sup>3</sup></div>	

### DA approvals received

- Melbourne Business Park Lot 45, VIC
- Willawong Joint Venture Project, QLD

### Development type

Greenfield

Brownfield

# Workplace

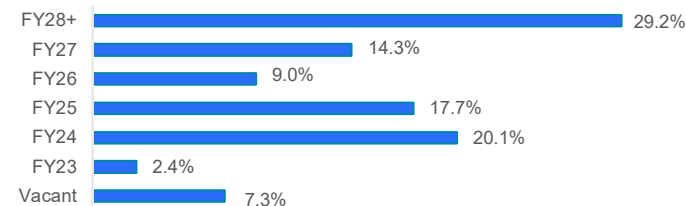
## Performance



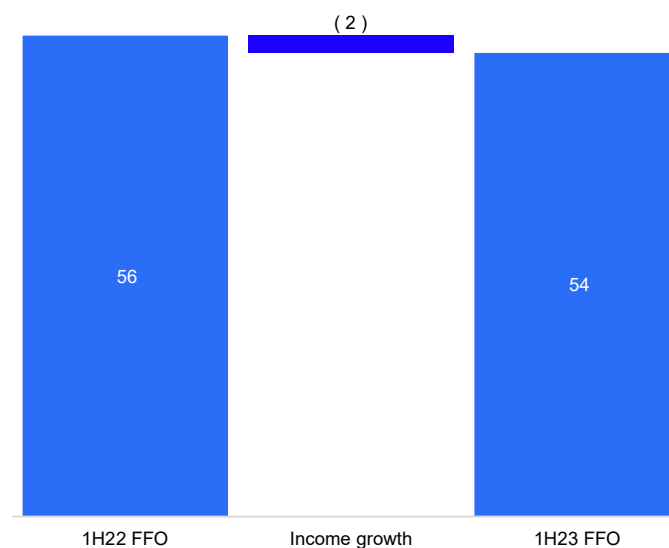
### Occupancy and lease expiry by income<sup>1</sup>

	1H23	1H22
Occupancy <sup>2</sup>	92.7%	90.6%
WALE <sup>2</sup>	4.4 yrs	4.8 yrs

### Lease expiry profile<sup>1,2</sup>



### FFO movements between 1H22 and 1H23 \$(2)m



### Assets by location



	Total leased <sup>2,4</sup>			Retention <sup>2,4,5</sup>			New leases <sup>4</sup>		
	GLA leased (sqm)	Weighted average base rent growth %	Weighted average incentives <sup>6</sup>	Retention (sqm)	Weighted average base rent growth %	Weighted average incentives <sup>6</sup>	New leases (sqm)	Weighted average base rent growth %	Weighted average incentives <sup>6</sup>
Workplace	13,233	(8.1)	24.4	9,095	(10.2)	24.3	4,138	3.2	24.6

16 1H23 Results

1. Includes executed leases and signed heads of agreement at 31 December 2022.  
2. Excludes Walker Street Complex in 1H23.  
3. Based on book value. Excludes WIP and sundry properties.  
4. Includes executed leases only.

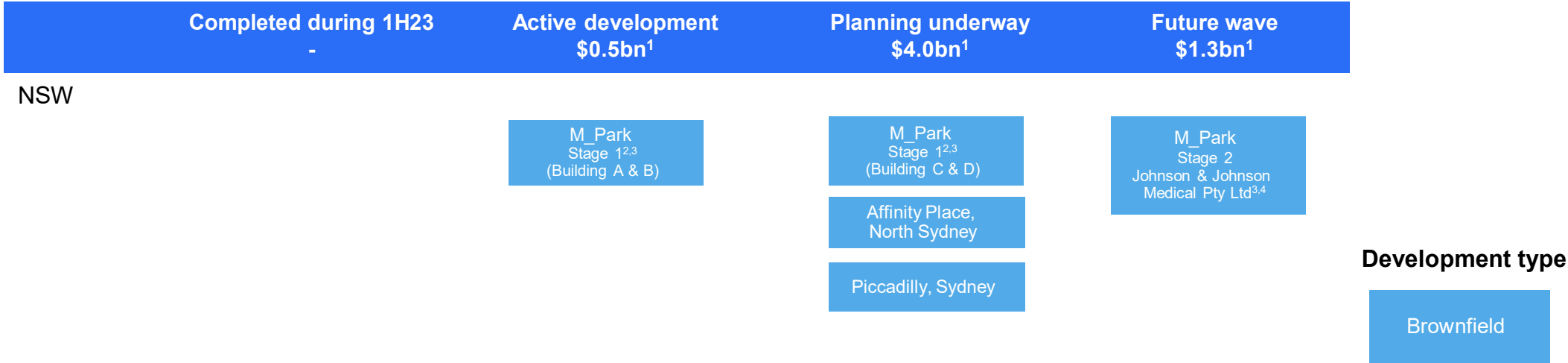
5. Represents the percentage (by income) of total executed deals, which were expiring leases renewed by existing customers during the period. Excludes new leases on vacant space.  
6. Incentives based on gross rent.



# Workplace development



Pipeline – adding value and maintaining optionality

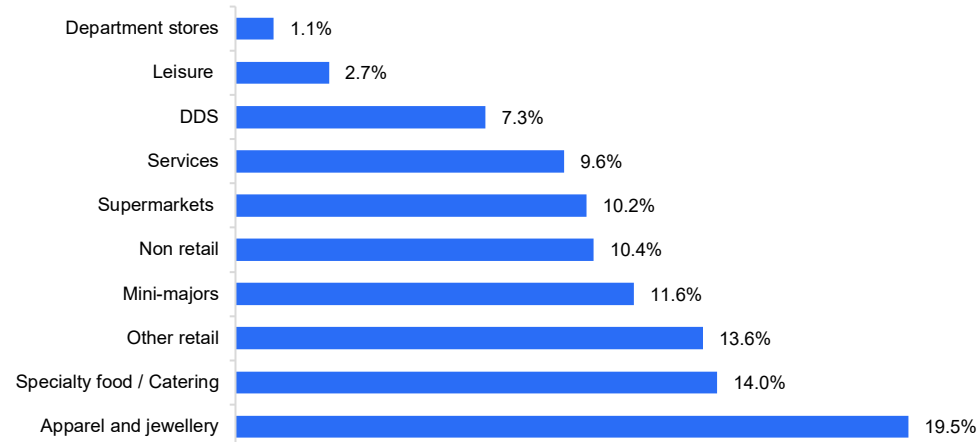


1. Forecast end value on completion, subject to relevant approvals.  
2. Includes M\_Park Stage 1 at 100% share.  
3. M\_Park Capital Partnership with Ivanhoe Cambridge.  
4. Subject to approvals and exercise of the Put & Call Option.  
Note: Commencement of development works is subject to approvals and, where applicable, acquisition of land assets and incremental development from completion.

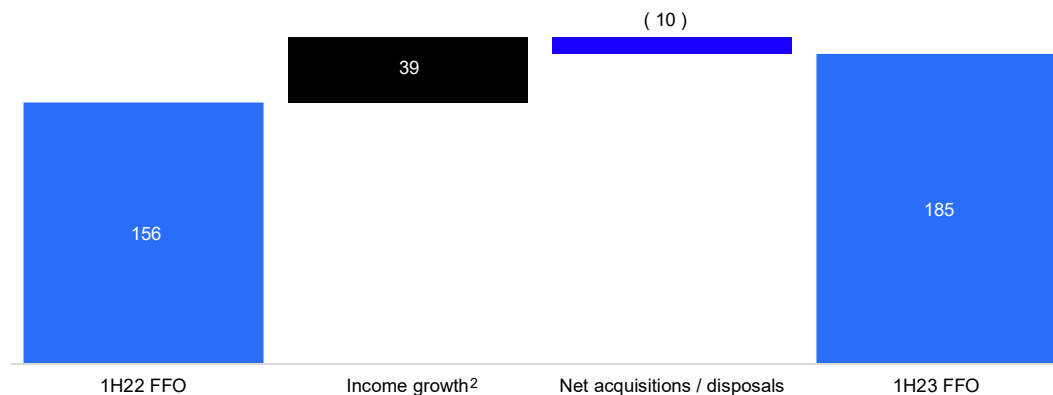
# Town Centres

## Performance

**Diversified rental income, non-discretionary focus<sup>1</sup>**  
**Low reliance on department store income and leisure**



**FFO movements between 1H22 and 1H23 \$29m**



18 1H23 Results

1. Total gross rent for the period.
2. 1H23 income growth inclusive of ~\$30m reduction in COVID-19 abatements and ECL vs 1H23.
3. Sales data includes all Stockland managed retail assets, including joint venture assets. Excludes the Mobile Phones category, due to reporting changes by one retailer resulting in sales data being not comparable.
4. Comparable basket of assets as per SCCA guidelines, which excludes assets which have been redeveloped within the past 24 months. Excludes the Mobile Phones category, due to reporting changes by one retailer resulting in sales data being not comparable.
5. Previous corresponding period impacted by COVID-19 trading restrictions, over July 2021-October 2021.



To 31 December 2022	Total portfolio <sup>3</sup>			Comparable centres <sup>4</sup>	
Retail sales by category	MAT \$m	MAT growth <sup>5</sup>	MAT growth <sup>5</sup>	MAT growth on Pre-COVID-19 (2019)	1H23 growth on Pre-COVID-19 (2019)
<b>Total</b>	<b>5,721</b>	<b>13.8%</b>	<b>13.7%</b>	<b>10.6%</b>	<b>14.2%</b>
Specialties	1,810	18.1%	19.1%	11.9%	15.0%
Supermarkets	1,931	5.6%	4.6%	8.7%	11.0%
DDS/DS	808	15.5%	15.7%	22.3%	25.5%
Mini majors	776	11.1%	11.0%	30.0%	32.1%

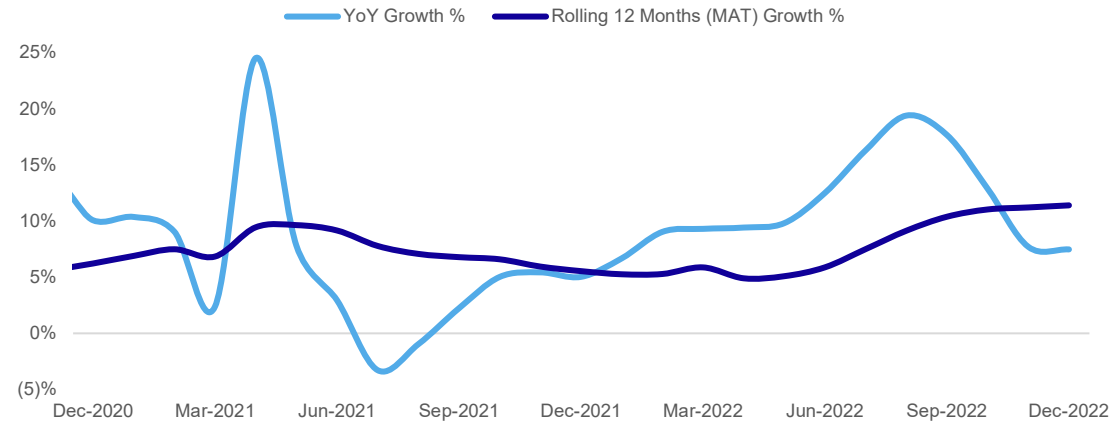
To 31 December 2022	Total portfolio <sup>3</sup>			Comparable centres <sup>4</sup>	
Specialty sales by category	MAT \$m	MAT growth <sup>5</sup>	MAT growth <sup>5</sup>	MAT growth on Pre COVID-19 (2019)	1H23 growth on Pre COVID-19 (2019)
Apparel	492	24.2%	25.3%	15.3%	18.6%
Food catering	358	24.2%	25.1%	9.8%	15.6%
Homewares	69	17.6%	19.2%	13.2%	17.4%
Retail services	283	18.3%	19.4%	20.8%	22.5%

# Town Centres

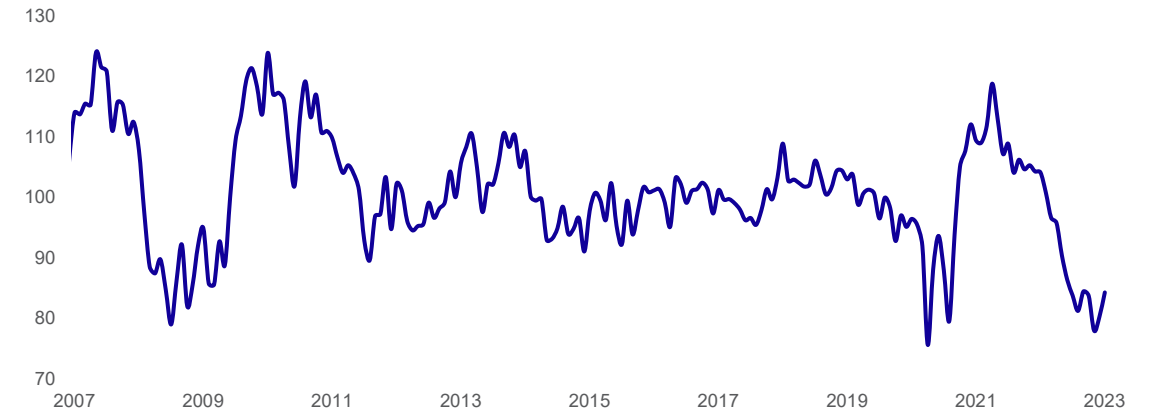


Performance – Spending improved during 1H23 in line with COVID-19 recovery cycles

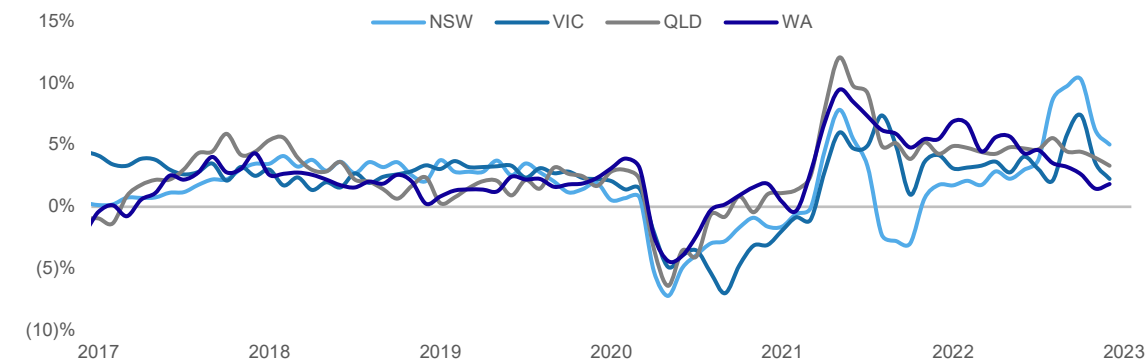
## Retail trade<sup>1</sup>



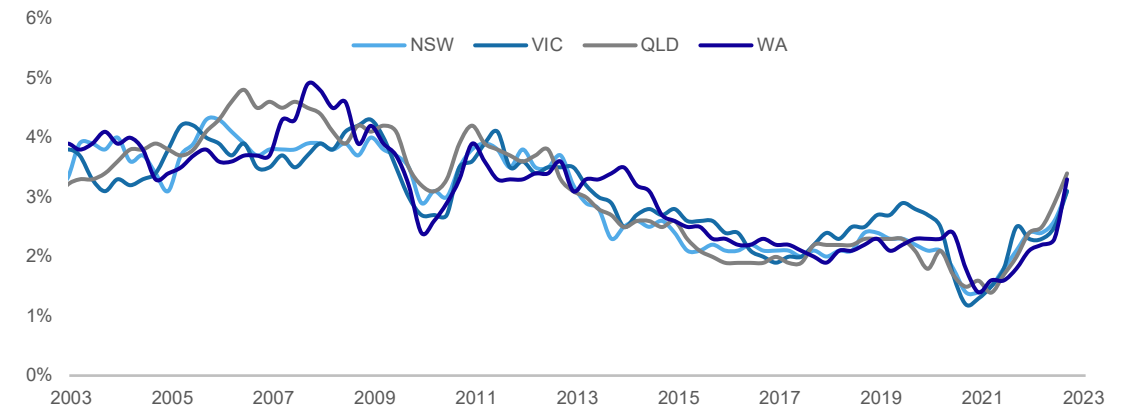
## Consumer sentiment impacted by rising cost of living and rate increases<sup>2</sup>



## Employment growth strong in most states<sup>3</sup> Employment growth (annual % change)



## Wage growth rising<sup>4</sup>



# Town Centres development



Pipeline – Strengthening and growing our essential-based assets

	Completed during 1H23 -	Active development \$0.0bn <sup>1</sup>	Planning underway \$0.4bn <sup>1</sup>	Future wave \$0.3bn <sup>1</sup>
NSW			<div>The Gables</div> <div>Glendale</div>	
QLD			<div>Aura</div> <div>Rockhampton</div> <div>Baringa</div>	<div>Providence</div>
VIC		<div>Wendouree</div>		<div>Cloverton</div>
WA			<div>Sienna Wood</div>	

DA approvals received

- Glendale, NSW
- Wendouree, VIC
- Rockhampton, QLD

Development type

Greenfield	Repositioning
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# Commercial Property



## Acquisitions and disposals

Property disposed <sup>1</sup>	Asset class	Settlement date	Disposal value <sup>2</sup> \$m
Bull Creek, WA	Retail	Aug-22	78
Riverton, WA <sup>3</sup>	Retail	-	49 <sup>4</sup>
Gladstone, QLD <sup>3</sup>	Retail	-	139

Property acquired <sup>1</sup>	Asset class	Settlement date	Acquisition value <sup>2</sup> \$m
92 Gow Street, Padstow, NSW	Logistics	Jan-23	50

# Commercial Property



## Logistics and Workplace development work-in-progress

At Stockland's ownership interest	Asset Class	Development type	Est. total incremental cost (\$m)	Est. end value (\$m)	Gross lettable area (sqm)	Cost spent to date (\$m)	Est. cost to complete (\$m)	Est. completion date	Est. fully leased year one yield <sup>1</sup>	Est. return <sup>2</sup>
<b>Build-to-hold projects</b>										
<b>Completed</b>										
20 & 42 Amherst Drive, Truganina, VIC	Logistics	Greenfield	~41	~77	38,838	~41	-	FY23		
<b>Under construction</b>										
Ingleburn, NSW - Stage 3	Logistics	Brownfield	~84	~172	49,003	~22	~61	FY23		
Leppington Business Park, NSW - Stage 2	Logistics	Greenfield	~56	~118	35,629	~12	~44	FY23		
Yatala Distribution Centre, QLD - Stage 3	Logistics	Greenfield	~27	~36	15,320	~13	~14	FY23		
Willawong Distribution Centre, QLD - Stage 3	Logistics	Greenfield	~24	~33	13,210	~17	~7	FY23		
Cranbourne West, VIC	Logistics	Greenfield	~17	~29	14,920	~11	~7	FY23		
Melbourne Business Park Lot 45, VIC	Logistics	Greenfield	~40	~66	31,495	~13	~27	FY23		
M_Park, NSW - Stage 1 <sup>3</sup> (Buildings A & B)	Workplace	Brownfield	~161	~246	42,332 <sup>4</sup>	~64	~97	FY24		
<b>Subtotal under construction</b>			<b>~409</b>				<b>~257</b>			
<b>Future pipeline</b>			<b>~\$7.9bn</b>				<b>~\$7.7bn</b>			
<b>Total Logistics and Workplace</b>			<b>~\$8.3bn</b>				<b>~\$7.9bn</b>		<b>~5-6%</b>	<b>~8-10%</b>

22 1H23 Results

1. Stabilised incremental FFO yield, includes property management fees.  
2. Forecast unlevered IRR through construction and 10 years post completion (incremental development for brownfield).

3. Represents 51% Stockland share. M\_Park Capital Partnership with Ivanhoe Cambridge.  
4. Represents Net Lettable Area (NLA).

# Commercial Property



## Top 10 tenants by income

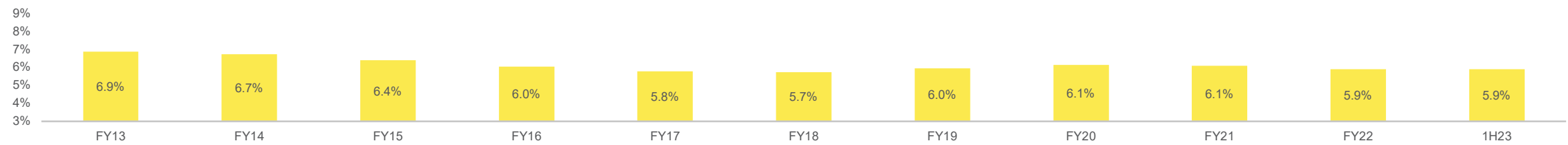
Town Centres			Logistics		Workplace	
Rank	Tenant	Portfolio	Tenant	Portfolio	Tenant	Portfolio
1	Woolworths	8.0%	Toll Transport Pty Ltd	5.7%	Optus Administration Pty Ltd	20.6%
2	Wesfarmers	4.8%	Qube Logistics (SB) Pty Ltd	5.3%	Stockland Development Pty Ltd	10.8%
3	Coles Supermarkets Australia Pty Ltd	4.3%	Linfox Australia Pty Ltd	4.3%	Downer EDI Services Pty Ltd	4.3%
4	Cotton on Clothing Pty Ltd	1.8%	New Aim Pty Ltd	3.6%	Kmart Australia Limited	3.9%
5	API (Priceline)	1.5%	Austpac Logistics Pty Ltd	3.3%	GHD Services Pty Limited	3.7%
6	Just Group	1.4%	AWH Pty Ltd	3.2%	University of Sydney	3.6%
7	Retail Apparel Group pty Ltd	1.4%	Gerard Lighting Holdings Pty Ltd	3.1%	The Uniting Church in Australia Property Trust	3.3%
8	JPL Group	1.3%	Daikin Australia Pty Ltd	2.8%	Smartgroup Benefits Pty Ltd	3.1%
9	Mosaic Group	1.3%	Silk Contract Logistics Pty Ltd	2.5%	Laverty Pathology	3.1%
10	The Reject Shop	1.2%	Icehouse Logistics Pty Ltd	2.0%	CSR Limited	2.5%
Total		27.0%		35.8%		58.9%

# Commercial Property

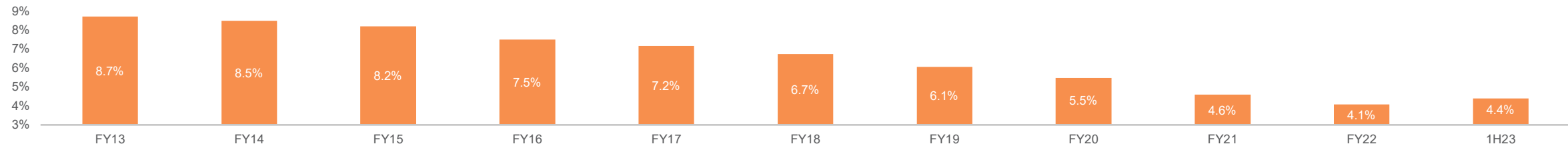


## Weighted average cap rates

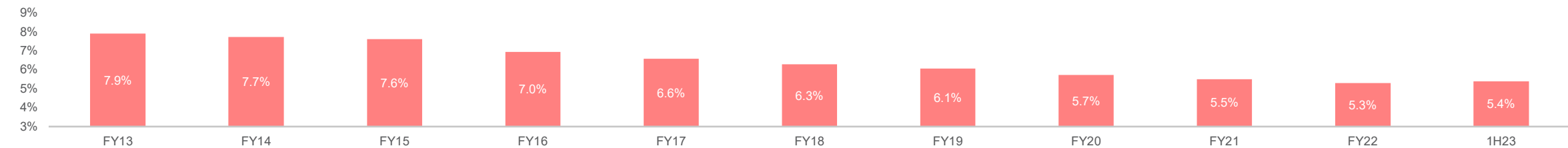
### Town Centres



### Logistics



### Workplace





# Communities

Annexure





# Development operating margins

## MPC and LLC margins

- Aligning reporting disclosures to provide Development EBIT margin
- Provides better alignment to how our Communities business drives development profit

Masterplanned Communities (MPC)	1H23	1H22	Change
Development revenue	571	663	(13.9)%
Cost of goods sold and direct project costs <sup>1</sup>	(406)	(461)	(12.1)%
Development EBIT	166	202	(17.9)%
<b>Development EBIT margin %</b>	<b>29.0%</b>	<b>30.4%</b>	(140)bps
Interest expense in COGS	(27)	(25)	9.6%
<b>Development FFO</b>	<b>138</b>	<b>177</b>	<b>(22.0)%</b>
<b>Development operating profit margin %</b>	24.2%	26.6%	(240)bps
<b>FY23 development operating profit margin % guidance</b>	~26%		
<b>FY23 net operating profit margin % guidance (old methodology)</b>	~19%		

Impacted by lower volumes (material settlement skew to 2H23) and mix shift

Operating profit margin before divisional overheads.

Land Lease Communities (LLC)	1H23	1H22	Change
Development revenue	127	51	150.8%
Cost of goods sold and direct project costs <sup>2</sup>	(89)	(42)	111.4%
Development EBIT	38	8	348.8%
<b>Development EBIT margin %</b>	<b>29.7%</b>	<b>16.6%</b>	1310bps
Interest expense in COGS	(1)	(1)	(36.4)%
<b>Development FFO</b>	<b>38</b>	<b>7</b>	<b>442.9%</b>
<b>Development operating profit margin %</b>	29.2%	14.6%	1460bps
<b>FY23 development operating profit margin % guidance</b>	22-27%		
<b>FY23 net operating profit margin % guidance (old methodology)</b>	10-15%		

- Includes development income from sale of new homesites
- Gain on sale of sites into SRRP

Operating profit margin before divisional overheads.



# Masterplanned Communities



## 1H23 development operating margin reconciliation

Masterplanned Communities (MPC)	Old Methodology	New Methodology	
Development revenue	579	571	Reclassification of income relating to managed joint ventures from MPC development revenue to Communities Management Income
Cost of goods sold	(383)	(383)	
Trading EBIT	196	188	
Trading EBIT margin	33.9%	32.9%	
Other Income	11	5	Reclassification of income relating to managed joint ventures from MPC development revenue to Communities Management Income
Direct Project Costs	(28)	(28)	Costs directly attributable to projects
Divisional overheads allocated to MPC	(74)	-	Reclassification of MPC overheads into Communities division overheads
<b>Development EBIT</b>	<b>105</b>	<b>166</b>	
<b>Development EBIT margin %</b>	<b>18.1%</b>	<b>29.0%</b>	
Capitalised interest released in COGS	(27)	(27)	
<b>Development FFO</b>	<b>78</b>	<b>138</b>	
<b>Development operating profit margin %</b>	<b>13.4%</b>	<b>24.2%</b>	

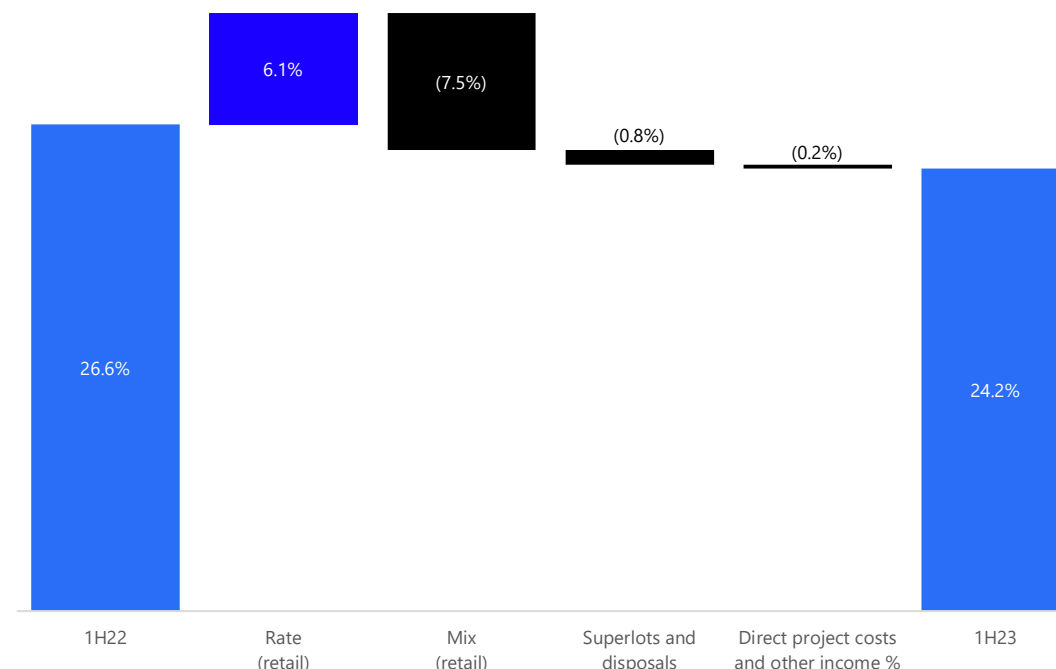
# Masterplanned Communities



Performance – Development operating margin impacted by mix shift and overheads reflecting 2H23 settlement skew

Key metrics	1H23	1H22	Change
Total lots settled <sup>1</sup>	1,872	2,329	(19.6)%
Total development revenue	\$571m	\$663m	(13.9)%
- Includes superlot revenue	\$32m	\$22m	45.5%
Development EBIT	\$166m	\$202m	(17.9)%
<b>Development EBIT margin %</b>	29.0%	30.4%	(140)bps
Interest expense in COGS	\$27m	\$25m	9.6%
<b>Development FFO</b>	\$138	\$177	(22.0)%
<b>Development operating profit margin %</b>	24.2%	26.6%	(240)bps

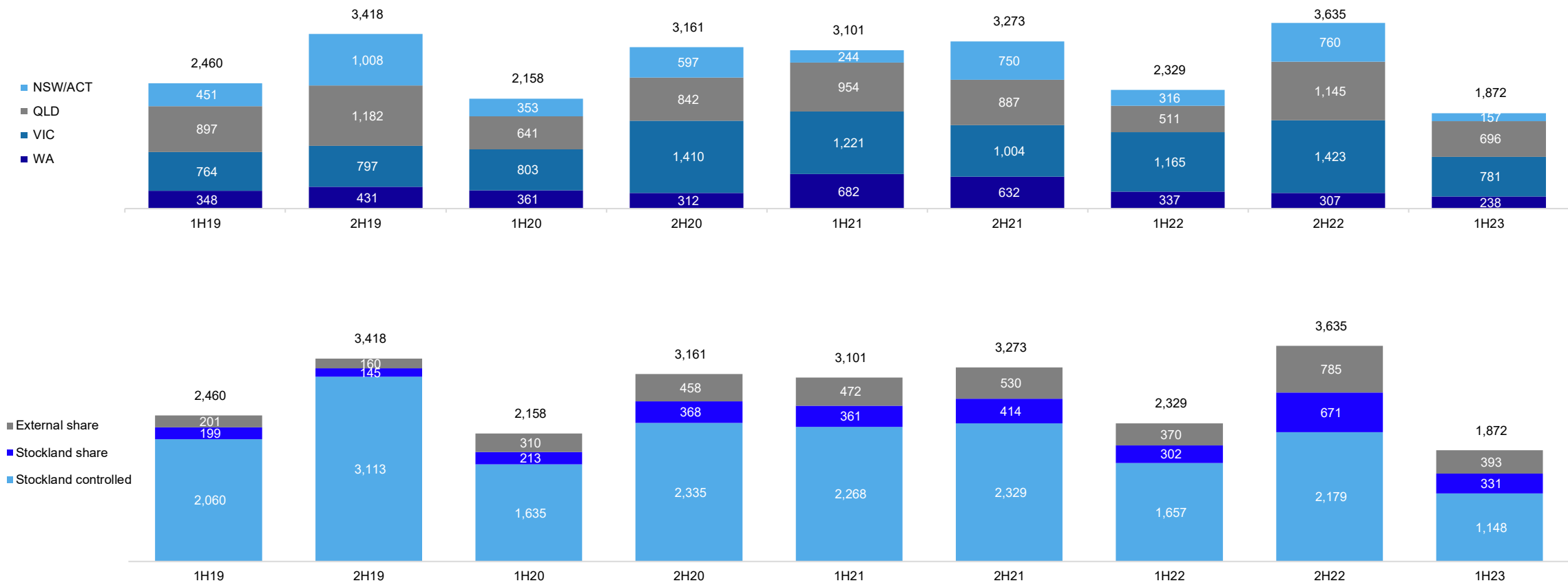
Development operating profit margin %



# Masterplanned Communities



## Lots settled by location and ownership



# Masterplanned Communities



## Development Pipeline – major projects

State	Project	State percentage <sup>1</sup>	Total project lots	Approximate settlements per annum <sup>2</sup>	Approximate remaining project lots	FY23	FY24	FY25	FY26	FY27	FY28
QLD	Aura <sup>3</sup>		19,995	760	15,407						
	Providence		7,062	309	6,735						
	North Shore		5,555	110	3,201						
	Newport		1,961	120	365						
	All other projects		5,664		4,433						
	<b>Sub-total</b>	<b>34%</b>	<b>40,237</b>		<b>30,141</b>						
VIC	Cloverton <sup>3</sup>		10,985	517	8,626						
	Mt Atkinson <sup>3</sup>		4,400	397	2,963						
	Highlands		11,568	504	2,509						
	Katalia <sup>3</sup>		1,542	166	1,184						
	Grandview <sup>3</sup>		1,715	249	959						
	Minta		1,643	188	741						
	All other projects		8,699		5,758						
	<b>Sub-total</b>	<b>35%</b>	<b>40,552</b>		<b>22,740</b>						
WA	Sienna Wood <sup>3</sup>		3,813	186	2,601						
	Amberton <sup>3</sup>		2,551	195	1,077						
	Whiteman Edge		2,411	90	160						
	Vale		3,418	60	58						
	All other projects		8,992		8,966						
	<b>Sub-total</b>	<b>18%</b>	<b>21,185</b>		<b>12,862</b>						
NSW	The Gables		2,359	347	1,910						
	Altrove		1,305	23	738						
	Elara		4,695	105	537						
	Willowdale		3,717	18	91						
	All other projects		3,400		3,245						
	<b>Sub-total</b>	<b>13%</b>	<b>15,476</b>		<b>6,521</b>						
		<b>100%</b>	<b>117,450</b>		<b>72,264</b>						

30 1H23 Results

1. State percentage is calculated as the share of remaining project lots.
2. Average number of lots estimated for three years for FY24 - FY26, numbers are annualised and vary depending on timing and completion of projects.
3. Projects under joint ventures or project delivery agreements.

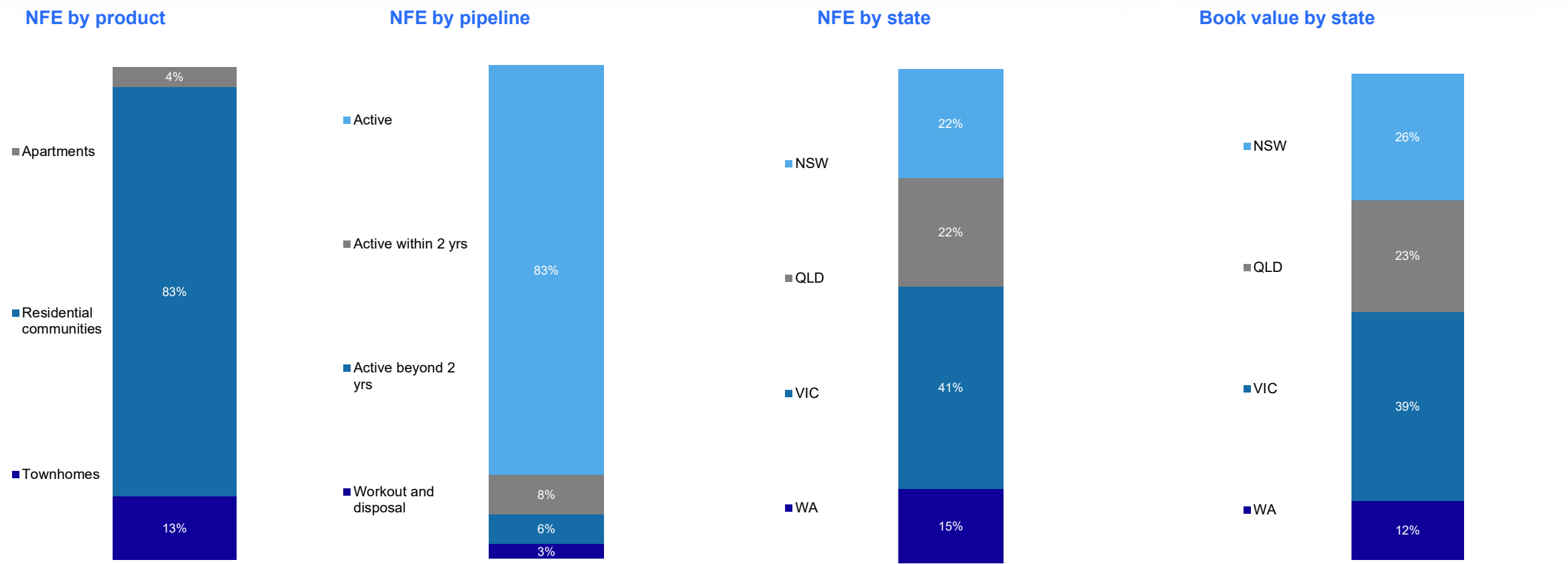
# Masterplanned Communities



## Composition of Masterplanned Communities landbank

Net funds employed: \$2.3bn

Book value: \$3.7bn





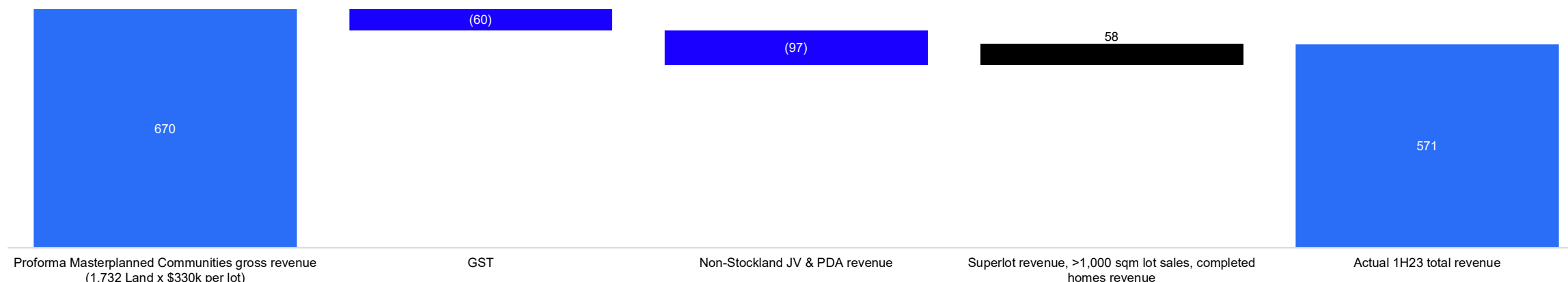
# Masterplanned Communities



Sales Price<sup>1</sup> – average price per lot across states

1H23 settlements					1H22 settlements			
State	No. lots <sup>2</sup>	Av. size per lot sqm	Av. price per lot \$k	\$/sqm	No. lots	Av. size per lot sqm	Av. price per lot \$k	\$/sqm
NSW	123	359	587	1,633	287	336	456	1,355
QLD	656	392	341	870	456	426	323	757
VIC	733	326	315	965	1,017	327	284	869
WA	220	351	209	595	325	353	206	584
<b>Total land</b>	<b>1,732</b>	<b>356</b>	<b>330</b>	<b>927</b>	<b>2,085</b>	<b>354</b>	<b>304</b>	<b>859</b>
<b>Total townhomes</b>	<b>113</b>	<b>N/A</b>	<b>851</b>	<b>N/A</b>	<b>217</b>	<b>N/A</b>	<b>595</b>	<b>N/A</b>

## Revenue reconciliation (\$m)



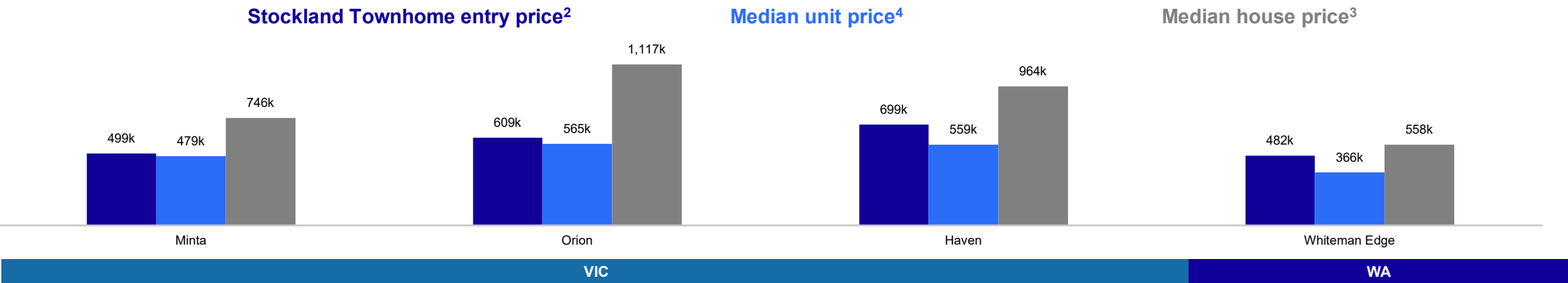
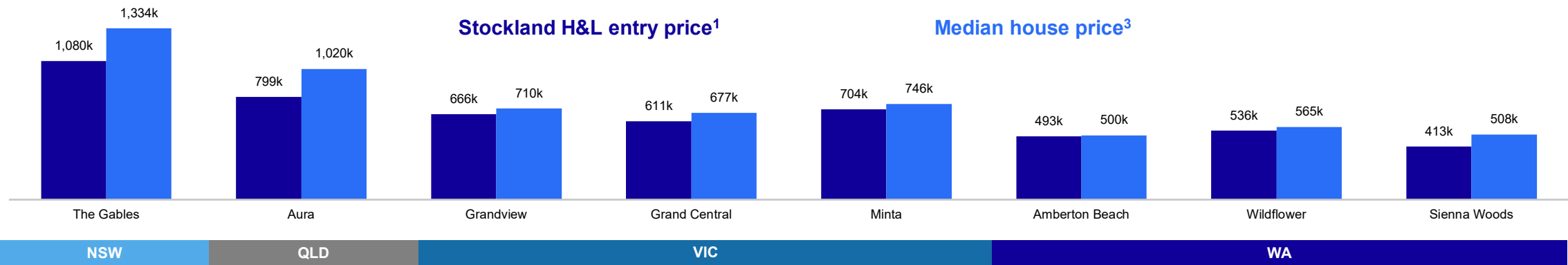
- 32 1H23 Results**
1. Average price of retail settlements excludes settlements of all lots over 1,000 sqm, superlot settlements and disposal proceeds. Average price includes GST. Includes Joint Ventures (JV) and Project Development Agreements (PDAs) for which Stockland receives a part-share.
  2. Excludes superlots and lots larger than 1,000 sqm.

# Masterplanned Communities



Providing affordable product within our catchments

Stockland pricing relative to local median house and unit price (\$)



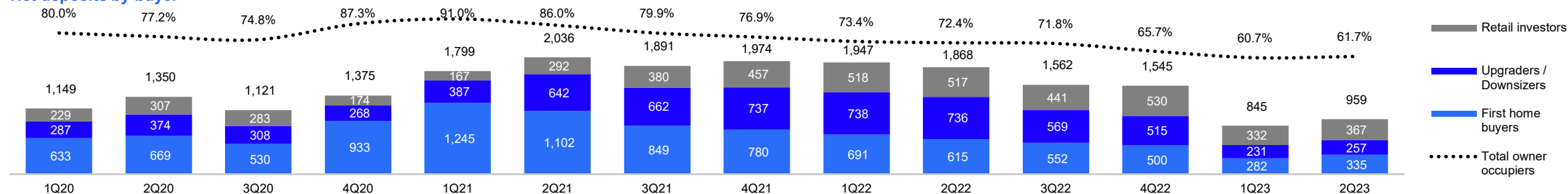
1. Stockland data, House and Land packages (4b,2b,2c) for sale/recently sold February 2023.  
2. Stockland data, Townhome product available for sale/recently sold February 2023.  
3. Corelogic Median value of established houses (4b) in surrounding suburb as at December 2022.  
4. Corelogic Median value of established units in surrounding suburb as at December 2022.

# Masterplanned Communities

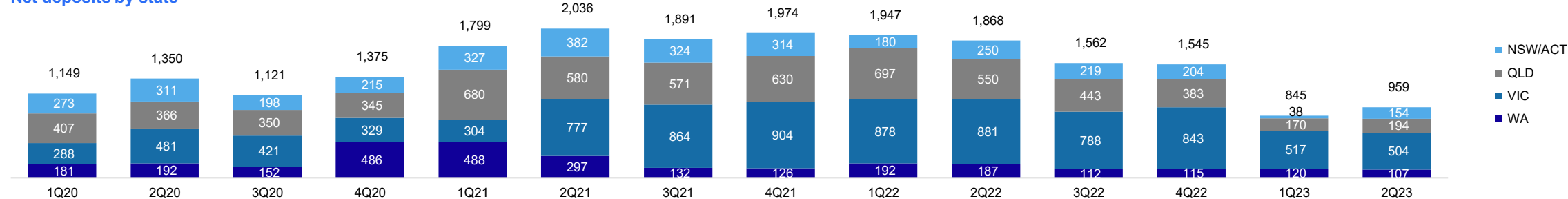


## Net deposits and enquiries improving during 2Q23

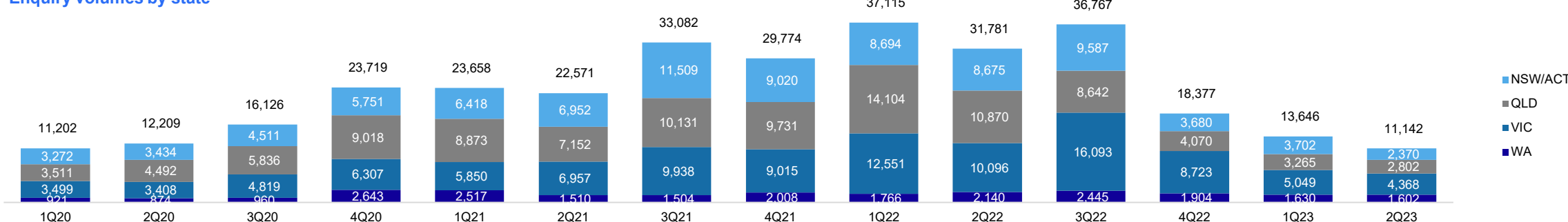
Net deposits by buyer



Net deposits by state



Enquiry volumes by state



# Masterplanned Communities

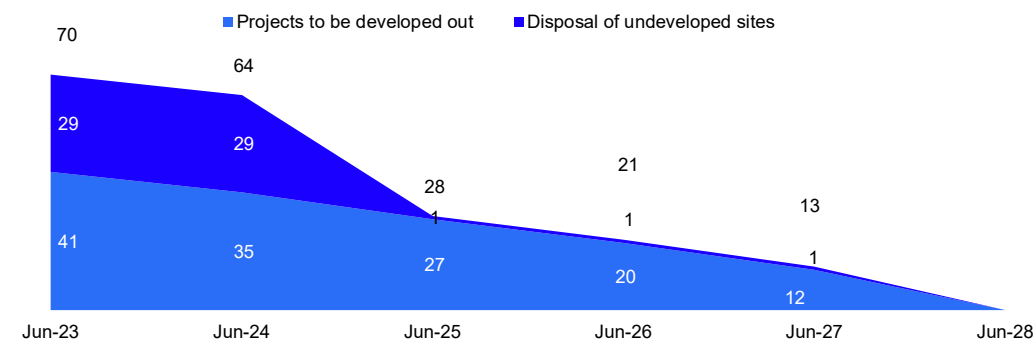


## Workout contribution and impairment provision balance

Workout contribution to Masterplanned Communities			
Masterplanned Communities	Core	Workout <sup>1</sup>	Total
Lots settled	1,870	2	1,872
<b>Development Revenue</b>	<b>\$557m</b>	<b>\$14m</b>	<b>\$571m</b>
Development Revenue %	98%	2%	100%
<b>Development EBIT</b>	<b>\$163m</b>	<b>\$3m</b>	<b>\$166m</b>
Development EBIT margin %	29.3%	21.4%	29.0%
<b>Development FFO</b>	<b>\$138m</b>	-	<b>\$138m</b>
Development operating profit margin %	24.2%	-	24.2%
<b>Remaining lots</b>	<b>99%</b>	<b>1%</b>	<b>100%</b>
<b>Number of projects</b>	<b>50</b>	<b>4</b>	<b>54</b>

	Impairment provision balance (\$m)	Final settlement
Projects to be developed	41	~7 yrs
Disposal of undeveloped sites	29	~2 yrs
<b>Total</b>	<b>70</b>	

### Masterplanned Communities forecast utilisation of provision (\$m)<sup>2</sup>



# Land Lease Communities



## Development pipeline

Incremental acquisitions and pipeline launches driving ramp up in settlement volumes

	Community	Remaining home sites	FY23	FY24	FY25	FY26	FY27+
In development <sup>1</sup>	Stockland Halcyon Greens, QLD	70					
	Stockland Halcyon Rise, QLD	200					
	Stockland Halcyon Promenade, QLD	370					
	Stockland B by Halcyon, QLD	170					
	Stockland Halcyon Nirimba, QLD	180					
	Stockland Halcyon Berwick, VIC	140					
	Subtotal in development	1,130					
In planning launch dates <sup>2</sup>	FY23-24	2,480					
	FY25+	3,590					
	Subtotal in planning	6,070					
Total pipeline		7,200					

Projected growth

Significant ramp up in project launches

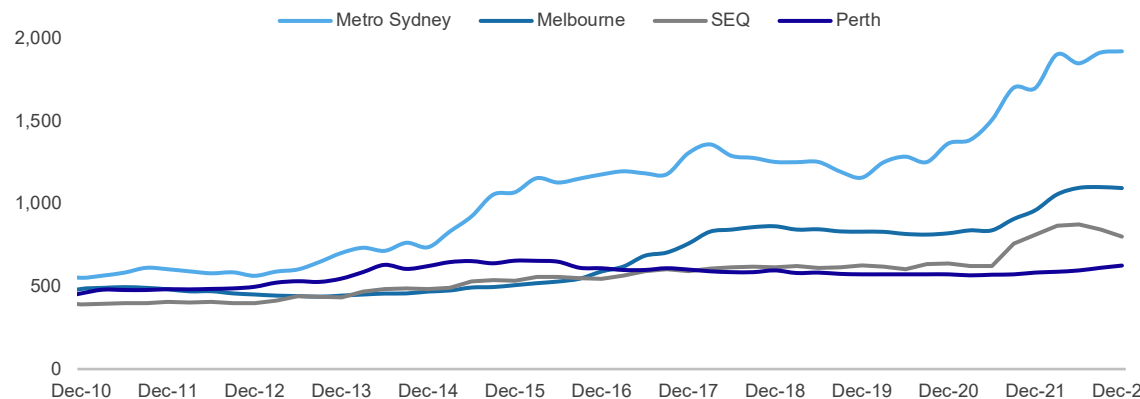
36 1H23 Results 1. Under Stockland Residential Rental Partnership with Mitsubishi Estate Asia.  
 2. Refers to sales launch dates.  
 Note: Portfolio figures have been rounded.

# National house and land prices

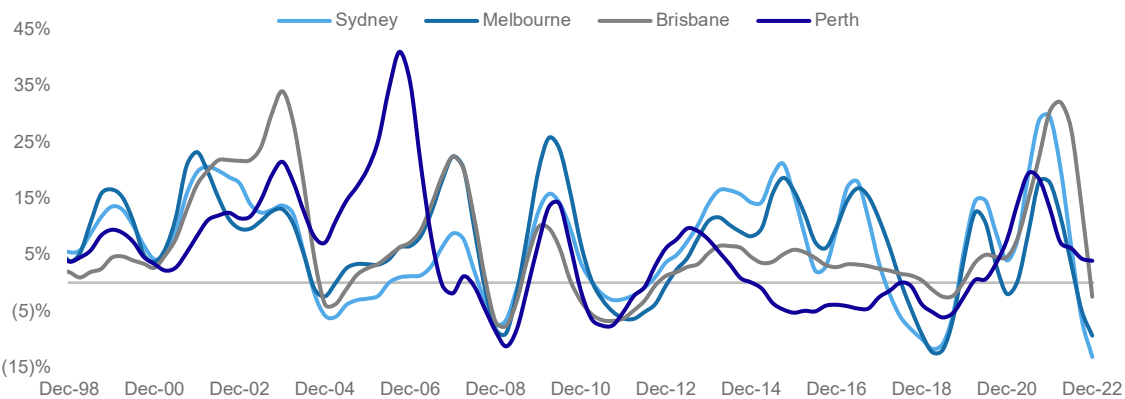


Pricing remains elevated for land whilst established house prices moderate in the Eastern States

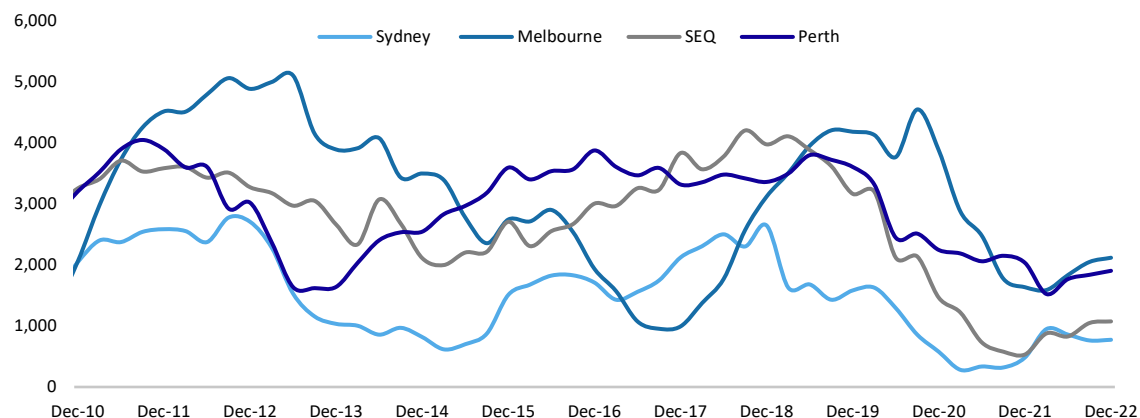
Land price per sqm<sup>1</sup>



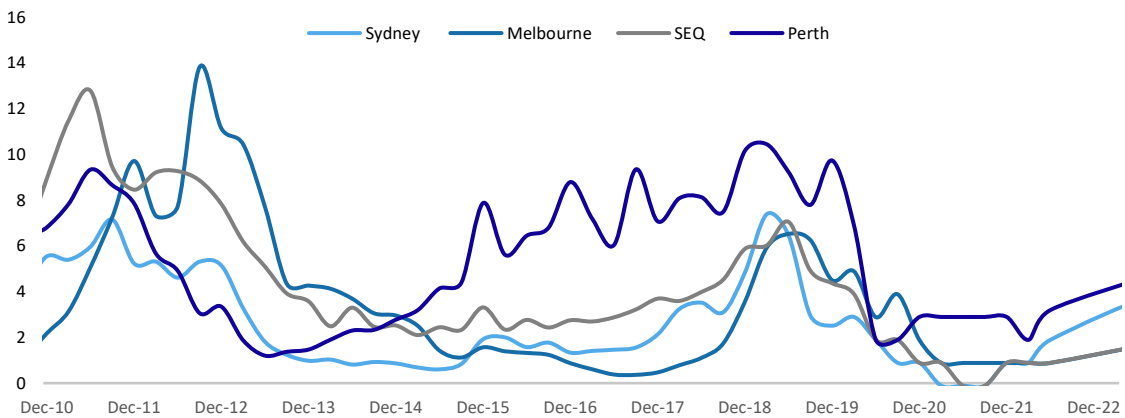
Capital city house prices – Rolling annual change<sup>2</sup>



Closing stock of land lots<sup>1</sup>



Months of stock available for sale at current rates<sup>1</sup>

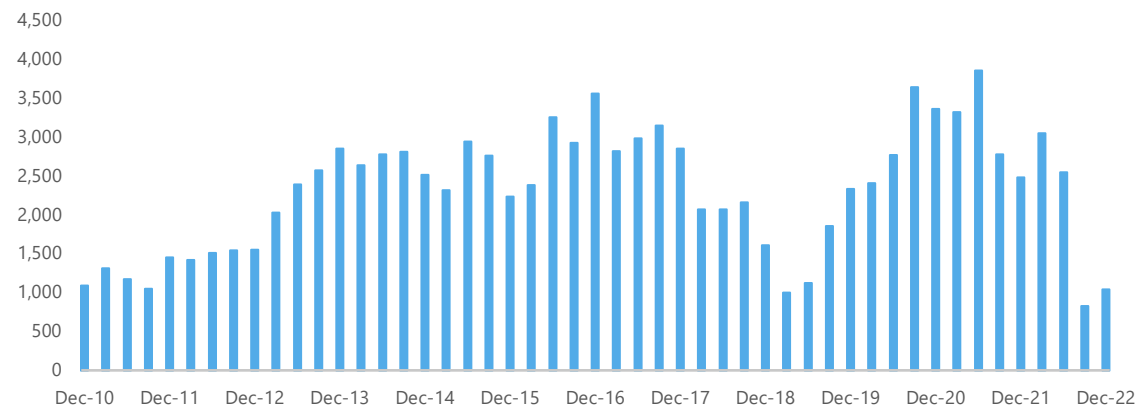




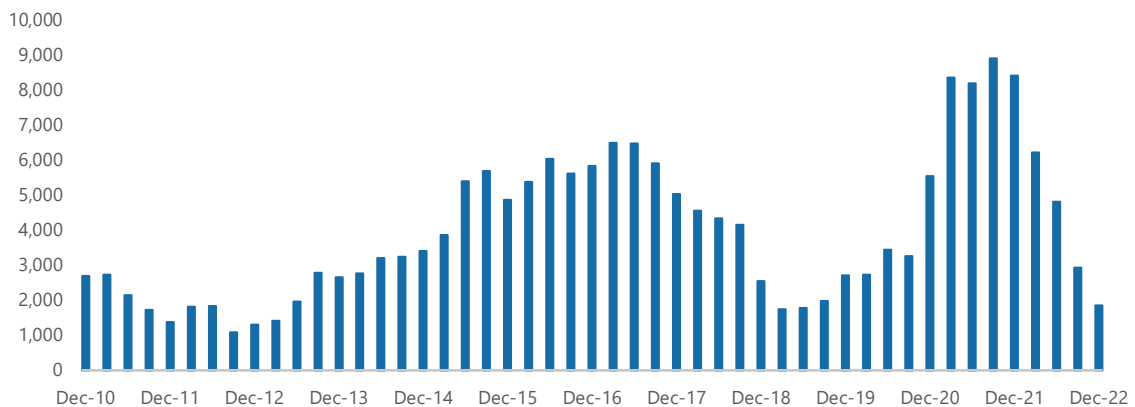
# Vacant land sales



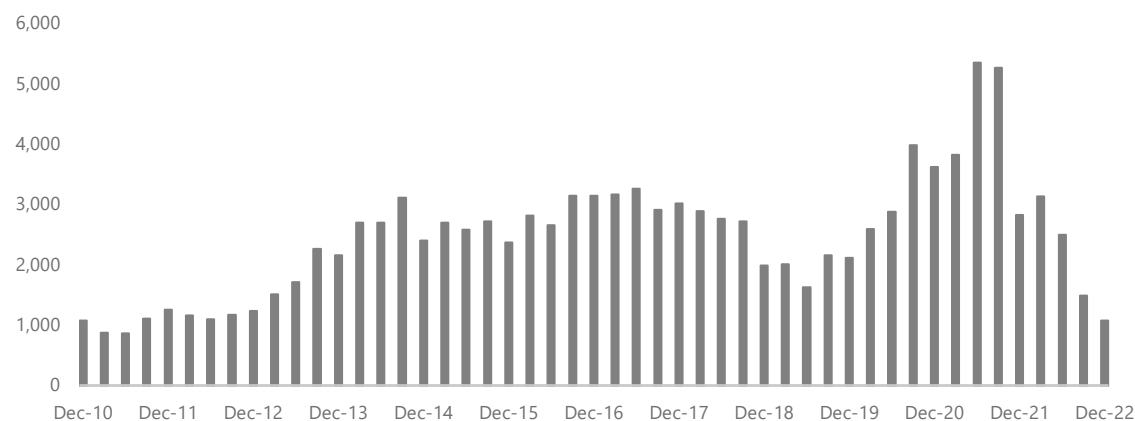
NSW vacant land quarterly sales



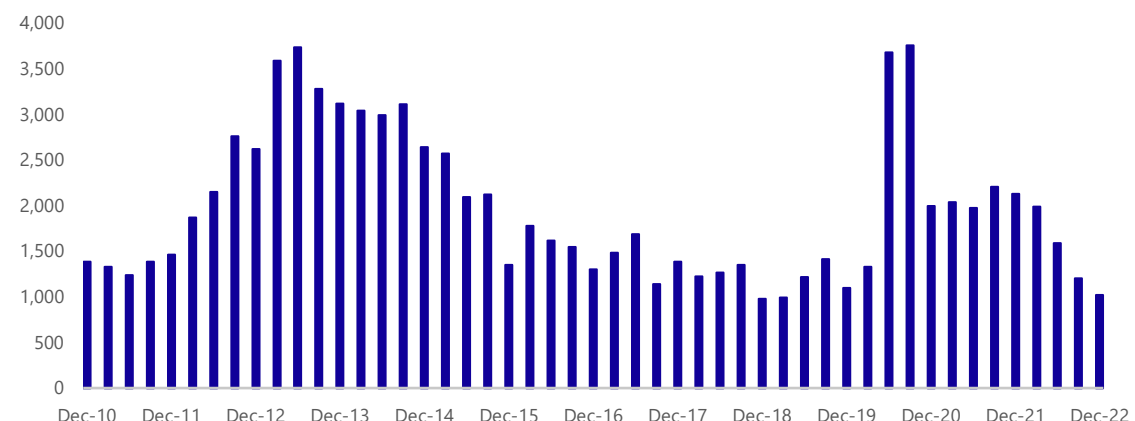
VIC vacant land quarterly sales



SEQ vacant land quarterly sales



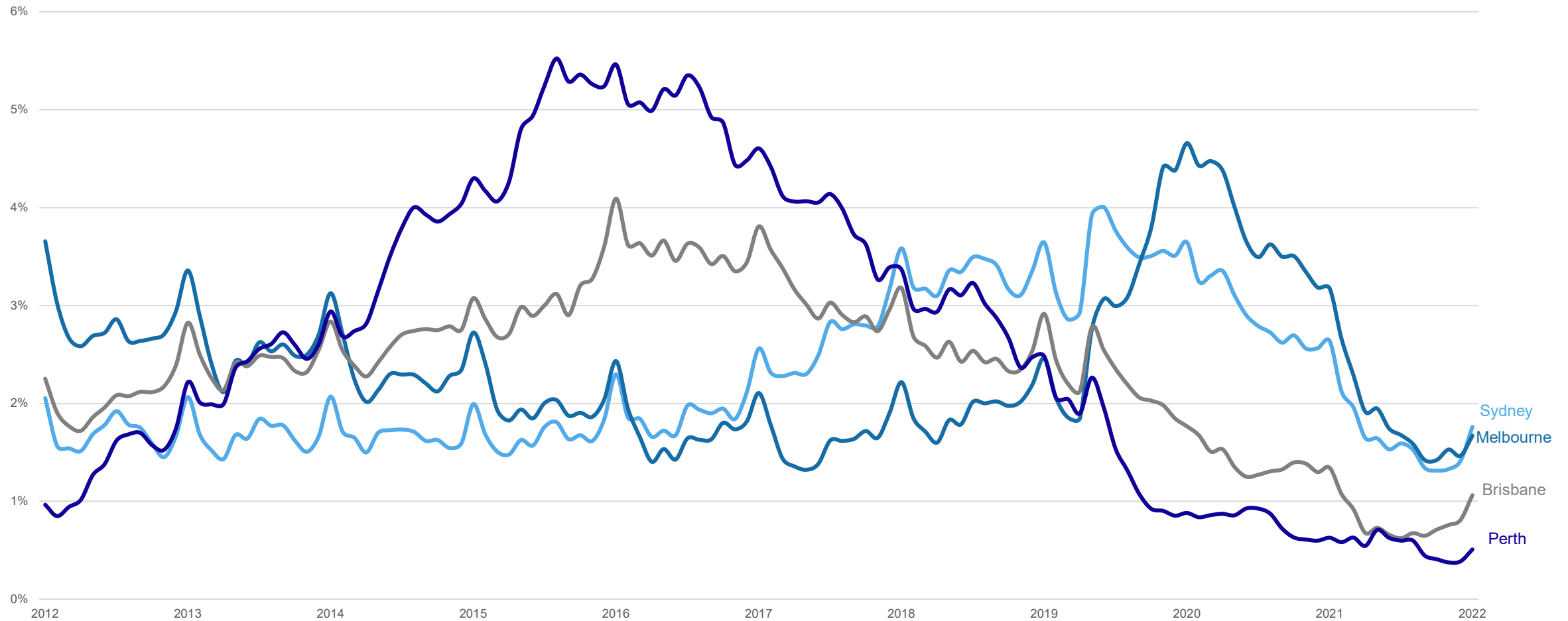
Perth vacant land quarterly sales



# Residential vacancy rates



Remains low vs historical levels



**Stockland Corporation Limited**

ACN 000 181 733

**Stockland Trust Management Limited**

ACN 001 900 741; AFSL 241190

**As a responsible entity for Stockland Trust**

ARSN 092 897 348

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