

3Q23 Market Update

26 April 2023



March 2023 quarter update



Key highlights

Group

- Strengthened the balance sheet with additional \$600m of hedging over 3Q23, and A\$250m medium-term note (MTN) issuance
- Total available liquidity of ~\$0.9bn¹, expected to increase to ~\$1.4bn by June 2023
- Commitment with Mitsubishi Estate Asia (MEA) to invest in masterplanned communities expected to take effect in mid-2023²

Commercial Property

- Strong operational metrics, with 98%³ rent collection and high occupancy levels across the portfolio
- Leasing spreads accelerated to 20.5%⁴ for Logistics and remained positive at 2.9%⁵ for Town Centres
- Strong performance from essentials-based Town Centre portfolio with total comparable MAT growth of 15.9%⁶ and comparable MAT specialty sales growth of 21.8%⁶
- On track to deliver Logistics development completions of ~\$1.2bn⁷ by the end of FY24, with FY23 targeted completions of more than \$500m⁷ now 92% pre-leased
- Construction is progressing on M_Park Stage 1 (NSW), in partnership with Ivanhoé Cambridge with an expected end value of over \$700m⁷
- Settled ~\$50m non-core retail asset disposal (Stockland Riverton, WA) over the quarter

Communities

- 3Q23 MPC net sales of 1,049 with enquiries recovering to pre-COVID-19 levels
- Targeting FY23 development operating profit margin of ~26% and ~5,500 settlements in MPC, with a significant settlement skew (~3,000 lots) to 4Q23
- 6,443 MPC contracts on hand in 3Q23, providing good visibility into 4Q23 and FY24
- 3Q23 Land Lease Communities (LLC) net sales of 50 homes reflects slow-down in releases to allow production to catch up with demand
- Resilient LLC demand with contracts on hand at 18.2% higher average pricing vs 1H23⁸ and enquiries up quarter on quarter
- Strong operational LLC metrics, with 100% occupancy and rent collection rates at 31 March 2023
- Targeting FY23 LLC development operating profit margin of 22-27% and settlements of ~350

1. Total available liquidity of \$0.9bn vs ~\$1.4bn at 31 December 2022, reflecting payment of 1H23 distribution & ongoing development payments partly offset by receipts.
2. The new capital partnership will have a mandate to invest in market originated masterplanned communities.
3. Rent collection rates across the Commercial Property portfolio up to 31 March 2023 on March financial year-to-date billings.
4. On new leases and renewals negotiated (executed & under HOA) over FY23 YTD.
5. Re-leasing spreads for stable portfolio on an annualised basis, FY23 YTD.

6. Previous corresponding period impacted by COVID-19 trading restrictions over July 2021-October 2021. 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.
7. Forecast value on completion, subject to relevant approvals. Workplace includes M_Park Stage 1 at 100% share.
8. Average price per home of contracts on hand vs 1H23 settlements.



Commercial Property



Logistics & Workplace

Strong operational performance

Logistics

- Maintained high occupancy levels of 99.7%¹ and rent collection rates of 100%²
- Portfolio WALE¹ of 3.4 years, with focus on capturing positive rental reversion opportunities
- Re-leasing spreads of 20.5% on new leases and renewals negotiated financial year-to-date³
- Total development pipeline of ~\$6.4bn⁴, on track to deliver ~\$1.2bn⁴ development completions by the end of FY24 – over ~\$500m⁴ is expected to complete in FY23 and is 92% pre-leased

	3Q23 9 months ended 31 March 2023	3Q22 9 months ended 31 March 2022
Leased area	275,777 sqm	268,819 sqm
Leases under HOA	26,308 sqm	124,357 sqm
Portfolio occupancy ¹	99.7%	99.0%
Portfolio WALE ¹	3.4 years	3.6 years

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1. By income.
2. Rent collection rates across the portfolio up to 31 March 2023 on March financial year-to-date billings.
3. Reflects executed leases & leases under HOA FY23 YTD.



Workplace

- Strong rent collection rates of 99%²
- Portfolio occupancy^{1,6} of 93.9%, and WALE^{1,6} of 4.3 years reflects portfolio positioning for future development, including mixed use opportunities
- Maintaining optionality over the ~\$5.8bn⁴ development pipeline while adding value:
 - M_Park Stage 1, NSW – construction progressing with pre-leasing at 66%⁵
 - Affinity Place, NSW – design development progressing

	3Q23 9 months ended 31 March 2023	3Q22 9 months ended 31 March 2022
Leased area ⁶	16,177 sqm	20,091 sqm
Leases under HOA ⁶	3,515 sqm	2,855 sqm
Portfolio occupancy ^{1,6}	93.9%	90.2%
Portfolio WALE ^{1,6}	4.3 years	4.6 years

4. Forecast value on completion, subject to relevant approvals. Workplace includes M_Park Stage 1 at 100% share.
5. Includes executed leases and leases under HoA for M_Park Stage 1 (in partnership with Ivanhoe Cambridge).
6. 3Q23 excludes assets being prepared for development, Walker Street Complex and 601 Pacific Highway.

Town Centres

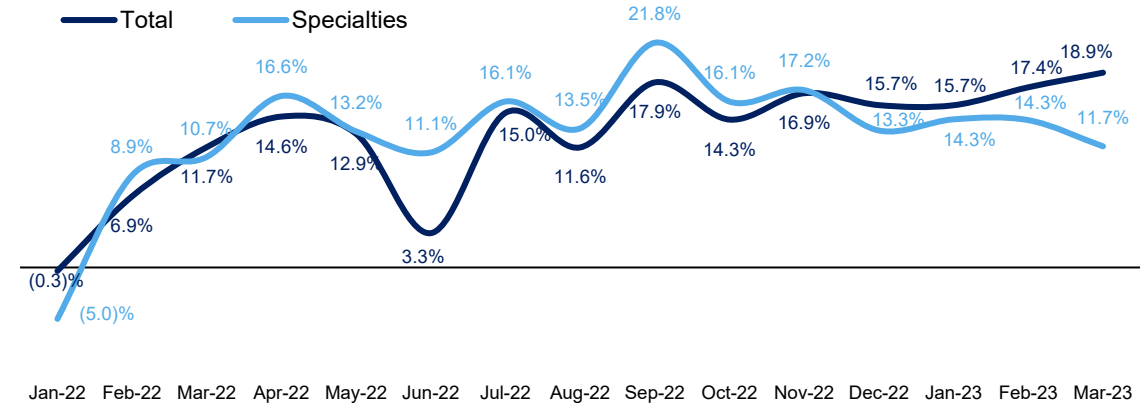
Resilient performance from essentials-based portfolio

- Total comparable MAT growth of 15.9% and comparable MAT specialty sales growth of 21.8% relative to the prior corresponding period impacted by COVID-19 trade restrictions^{1,2}
- Total comparable MAT growth of 14.5%, and comparable MAT specialty sales growth of 15.2%, vs pre-COVID-19 period^{2,3}
- Comparable specialty sales of \$10,364 sqm, 17.6% above the Urbis average⁴
- Resilient sales underpinned by ~75% exposure to essentials-based categories
- Maintained positive leasing spreads of 2.9%⁵ and high levels of portfolio occupancy and rent collection of 99.4%⁶ and 97%⁷
- 3Q23 Specialty occupancy cost of 14.8%⁸

1. Previous corresponding period impacted by COVID-19 trading restrictions over July 2021-October 2021.
 2. 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.
 3. Comparison vs 12-months to Dec-19, the last pre-COVID-19 period.
 4. Urbis Double DDS Sub-regional Shopping Centre benchmark, 2022.
 5. Re-leasing spreads for stable portfolio on an annualised basis, FY23 YTD.



Strong monthly sales performance vs pre-COVID-19 levels⁹



To 31 March 2023		Comparable centres ²			
Retail sales by category	MAT \$m	MAT growth ¹¹	MAT growth ¹¹	3Q23 vs 3Q22	3Q23 vs 3Q19
Total	5,764	15.9%	15.9%	10.9%	17.3%
Specialties	1,827	20.7%	21.8%	9.0%	13.4%
Supermarkets	1,902	6.1%	5.5%	6.0%	16.5%
DDS/DS	797	16.8%	16.8%	7.8%	25.4%
Mini majors	801	11.8%	11.9%	5.1%	38.3%

6. Occupancy across the stable portfolio based on signed leases and agreements at 31 March 2023.
 7. Rent collection rates across the portfolio up to 31 March 2023 on March financial year-to-date billings.
 8. Occupancy cost reflects stable assets, adjusted to reflect tenants trading more than 24 months.
 9. Comparable monthly growth vs 2019.
 10. 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.
 11. Previous corresponding period impacted by COVID-19 trading restrictions, over July 2021-October 2021.



Communities



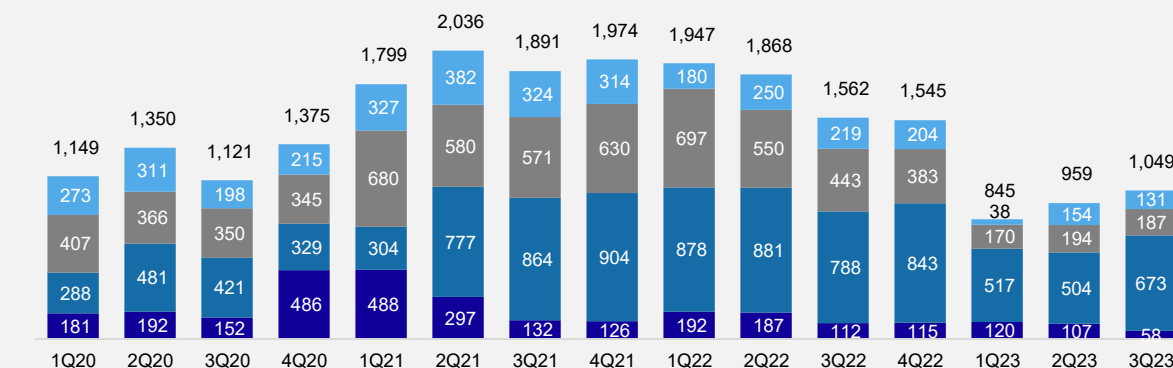
Masterplanned Communities



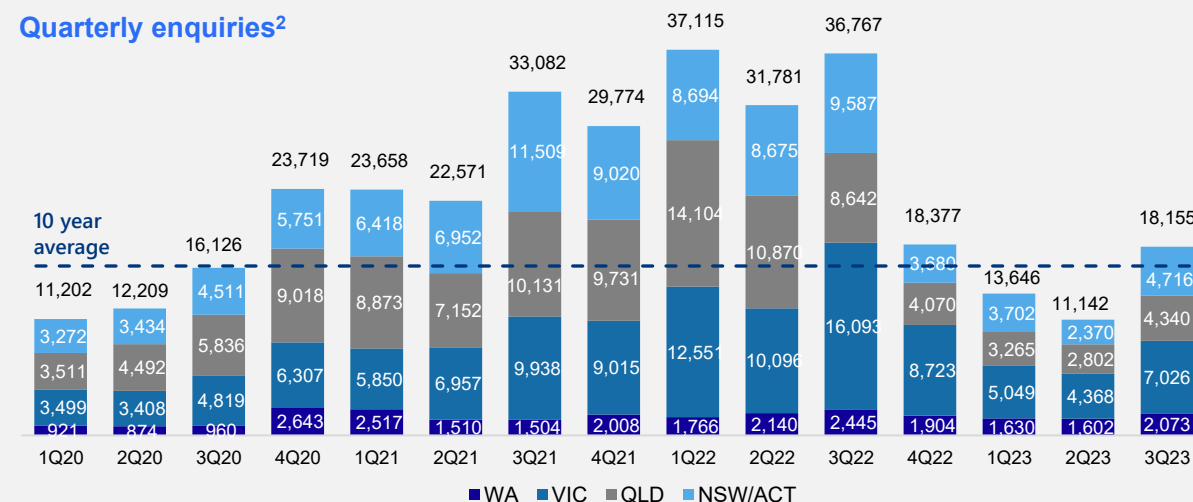
Continued improvement over 3Q23

- 3Q23 net sales of 1,049 lots, reflects improvement quarter on quarter
- Enquiries returning to pre-COVID-19 levels
- Enquiry conversion to sales volumes likely to improve as the interest rate outlook stabilises
- Rate of construction cost escalation continues to moderate as supply chain constraints ease
- Default rates¹ remain below historical levels, albeit up over the quarter.
- 6,443 contracts on hand at ~12% higher average pricing vs 1H23², providing good visibility into FY24
- Commitment with MEA to invest in masterplanned communities is progressing and expected to take effect in mid-2023³
- Maintaining FY23 targets of ~26% development operating profit margin and ~5,500 settlements, with a significant settlement skew (~3,000 lots) to 4Q23
- We continue to monitor the financial health of homebuilders and work cooperatively with our builder partners through challenging conditions to mitigate production and delivery risk.

Net sales by quarter



Quarterly enquiries²



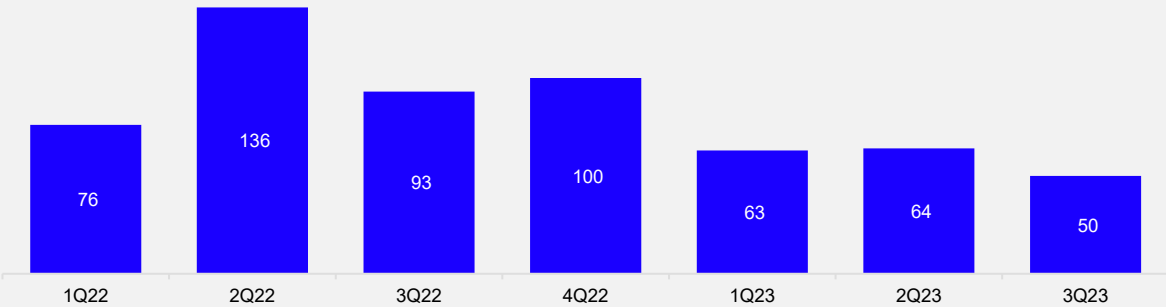
Land Lease Communities



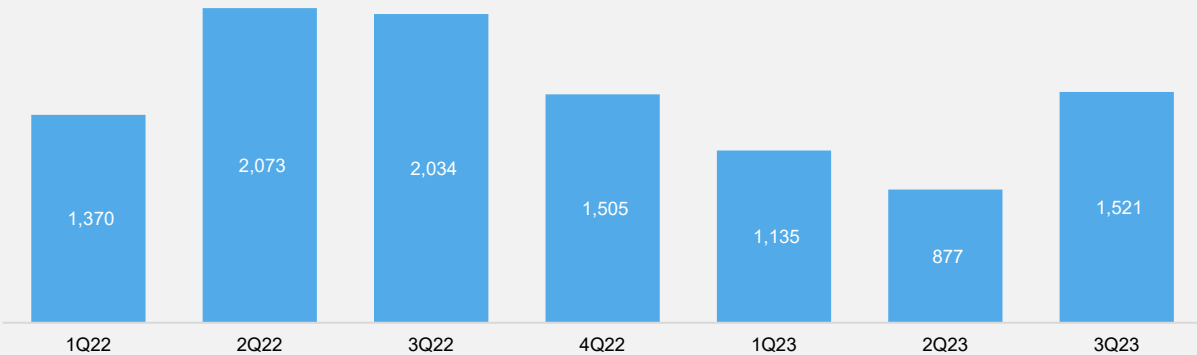
Resilient demand

- Demand for development product remains resilient, with ongoing preference for over-50s lifestyle communities and strong customer value proposition
- 3Q23 net sales of 50 impacted by reduced releases to allow production to catch up
- Improved enquiry levels over 3Q23 supported by upcoming project launches at Stockland Halcyon Evergreen, VIC and Stockland Halcyon Horizon¹, VIC
- Strong operating metrics across the established portfolio with 100% occupancy and rent collection rates and 6.3%² average rental growth vs FY22
- 437 contracts on hand at ~18.2% higher average pricing vs 1H23³
- Accelerated development activity, with seven new communities expected to launch by the end of FY24⁴
- FY23 target development operating profit margin within the range of 22-27% and ~350 settlements

Net sales by quarter



Quarterly enquiries



1. Formerly Armstrong Creek.
2. Average rental increases on stabilised portfolio, effective 1 July 2022.
3. Average price per home of contracts on hand vs 1H23 settlements.
4. Subject to relevant approvals, planning and meeting the partnership's return requirements.



Outlook



Summary and outlook

Outlook: On track to deliver FY23 guidance

- Strength of diversified platform and execution of strategy delivering results
- Optimised Town Centres portfolio delivering strong performance
- Expected Logistics completions of more than ~\$500m¹ by FY23, delivering greater FFO contribution from 2H23
- Maintaining optionality over the ~\$5.8bn^{1,2} Workplace pipeline
- Increasing activation of landbank, with 15 new projects expected to launch across Communities by the end of FY24³
- Strong balance sheet and redeployment capability providing flexibility to take advantage of market opportunities

Guidance range of 36.4 to 37.4 cents for FY23⁴

- Maintained FY23 FFO per security guidance range of 36.4 to 37.4 cents on a pre-tax basis⁴
- Tax payable 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 losses⁴
- Distribution per security within our target payout ratio of 75% to 85% of post-tax FFO⁴

1. Forecast value on completion, subject to relevant approvals.
2. Includes M_Park Stage 1 at 100% share.
3. Subject to relevant approvals, planning and meeting the partnership's return requirements.
4. All forward looking statements, including FY23 earnings guidance, remain subject to no material deterioration in current market and production conditions.



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As a responsible entity for Stockland Trust

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