



Land Lease Communities Investor Update

27 April 2023



Artist impression, Stockland Halcyon Promenade, QLD

Agenda

Our Land Lease Communities
(LLC) business and strategy

Andrew Whitson
CEO, Communities

Structural drivers

Richard Rhydderch
Executive General Manager,
Land Lease Communities

Differentiated platform

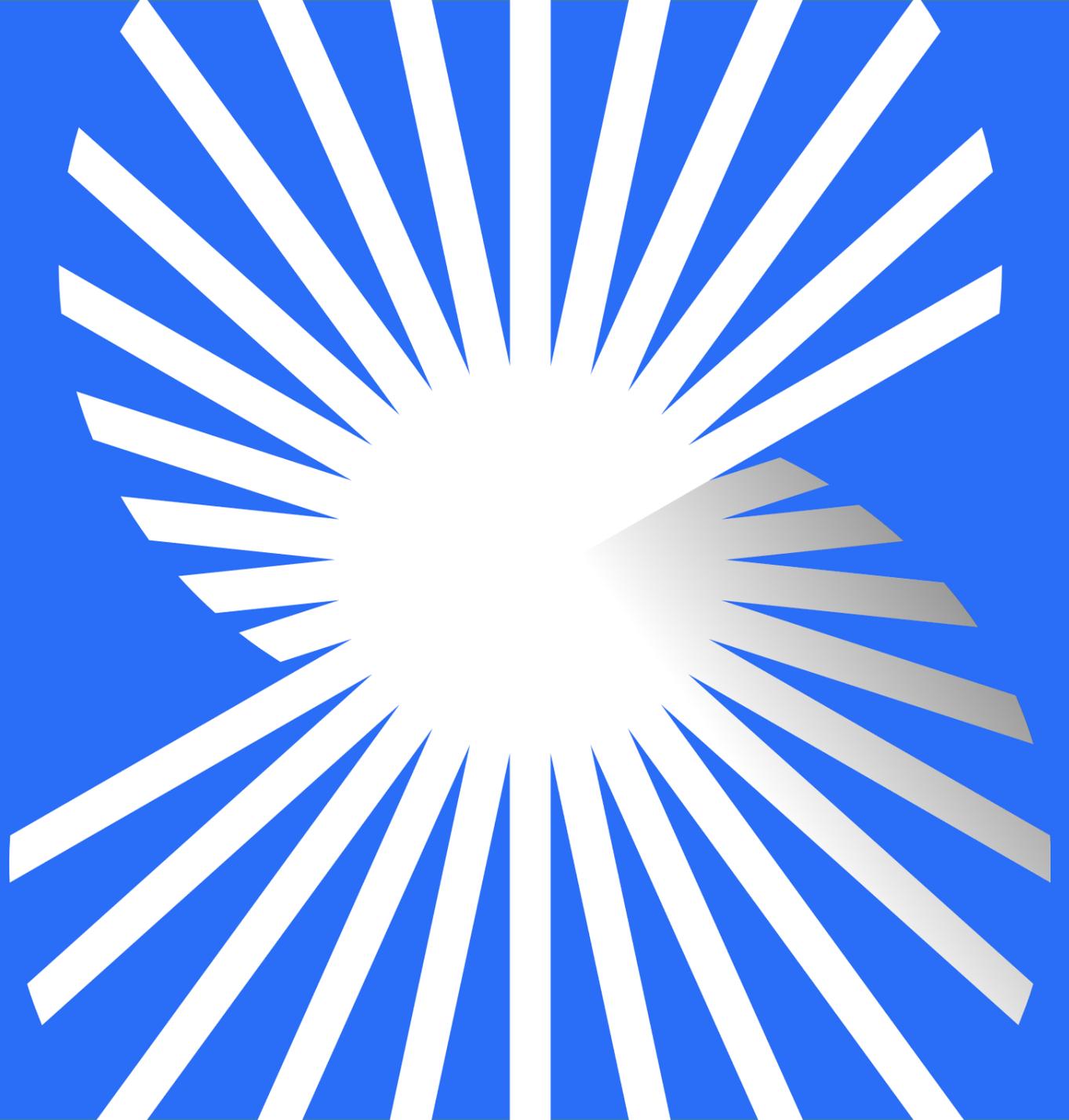
Richard Rhydderch
Executive General Manager,
Land Lease Communities

Scaling and broadening
platform reach

Richard Rhydderch
Executive General Manager,
Land Lease Communities

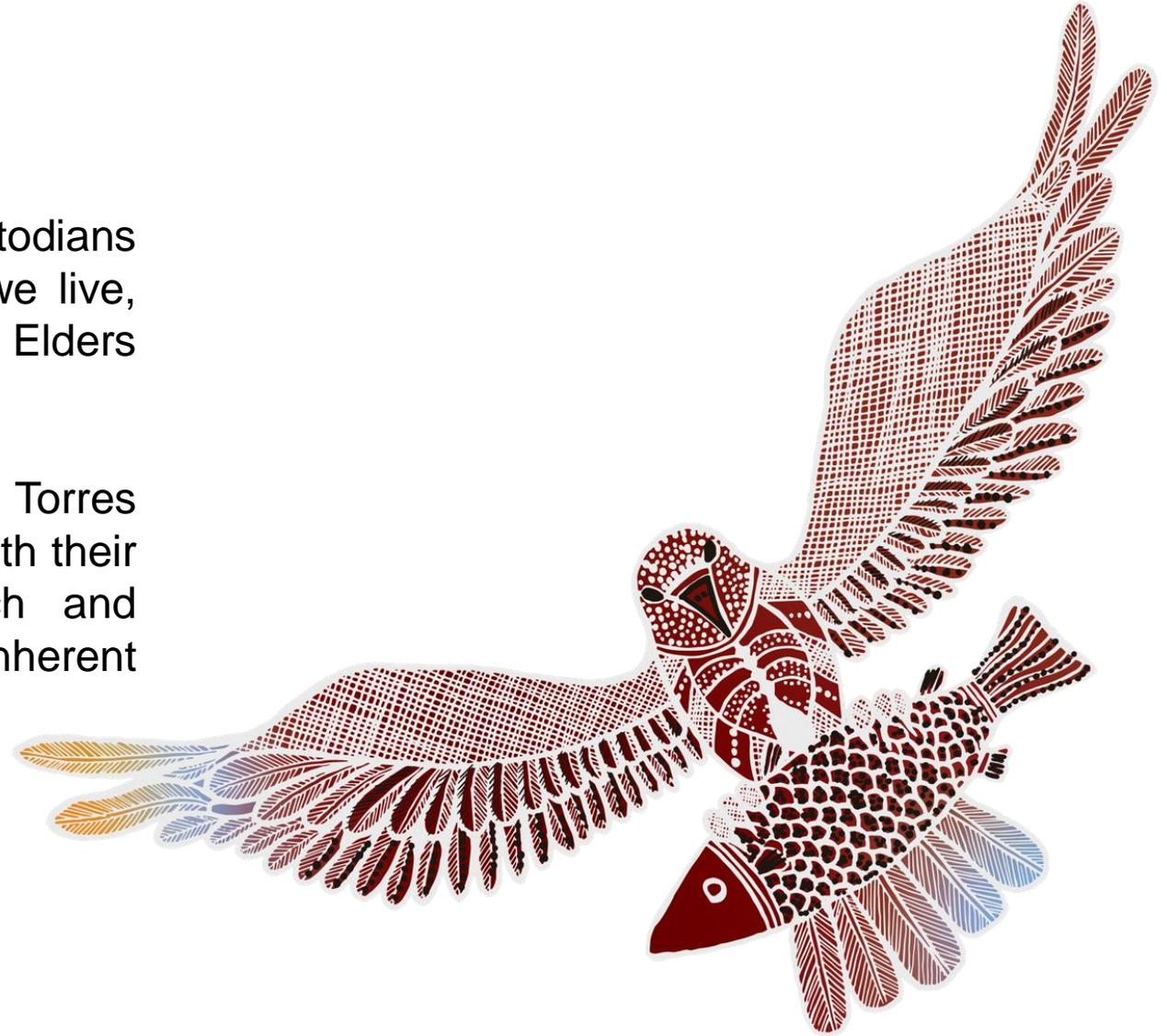
Summary

Andrew Whitson
CEO, Communities



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.





Land Lease Communities (LLC) business and strategy

Andrew Whitson



Group strategic priorities



LLC is a key part of our Group strategy



Reshape portfolio

- Redeployed capital from Retirement Living into higher-returning LLC business
- Scaled our LLC operations and portfolio into a market leading platform
- Leverage strong residential capability and landbank
- Broadening LLC platform reach geographically and across product segments



Accelerate pipeline

- ~\$5.2bn development pipeline end value¹
- LLC development pipeline of ~7,200² homes
- ~1,130 homes currently in development
- Seven new communities expected to launch by the end of FY24³
- 14 longer-dated LLC development sites already identified on existing landbank



Scale partnerships

- Established high-quality capital partnership in May 2022 – Stockland Residential Rental Partnership (SRRP) with Mitsubishi Estate Asia (MEA)
- Transfer of LLC development communities into SRRP generates cash-backed profit



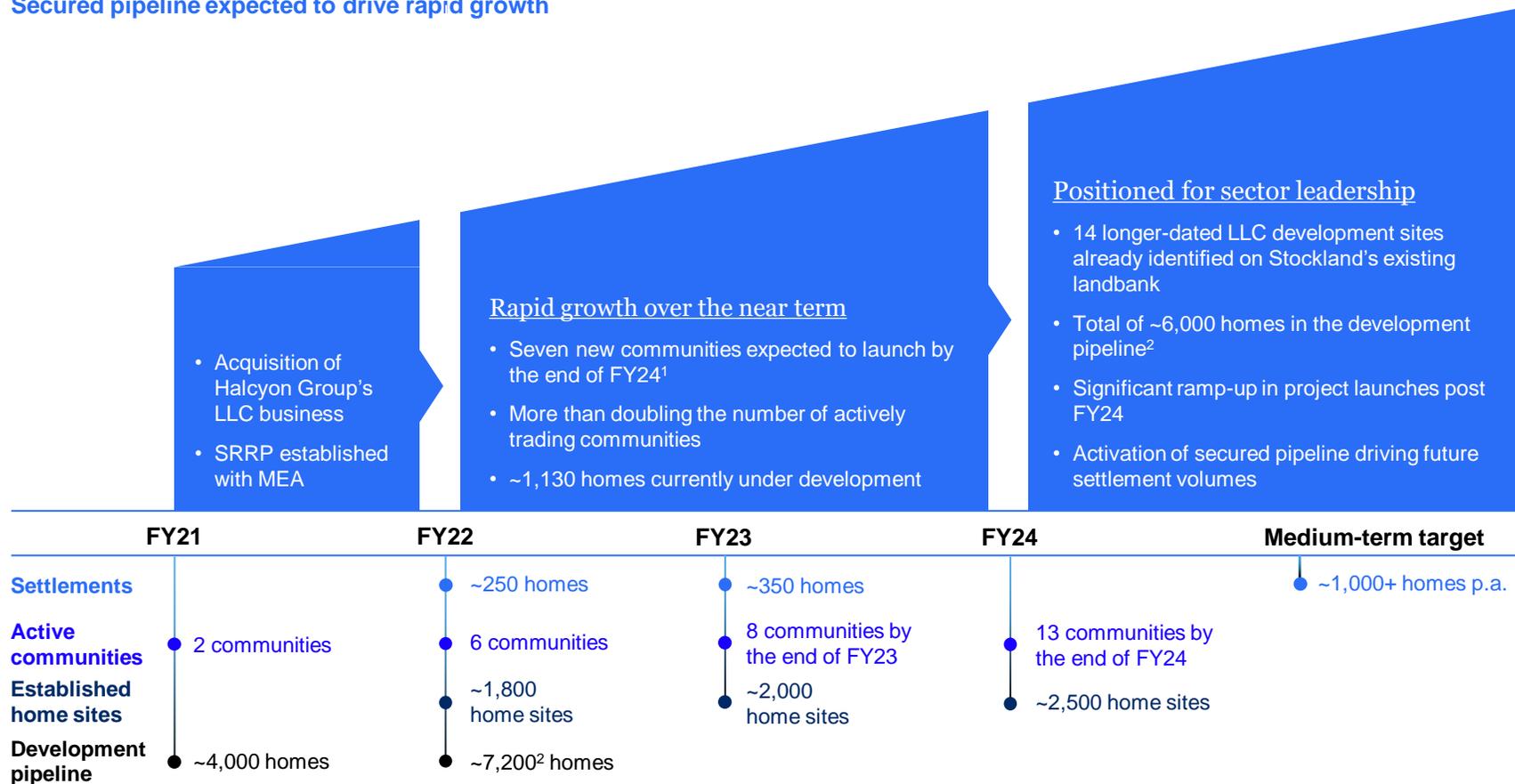
Sustainable growth

- Delivering on our purpose “a better way to live”
- Attractive development margins from delivery of development pipeline
- Stabilised portfolio and capital partnership generates high quality, growing rental income

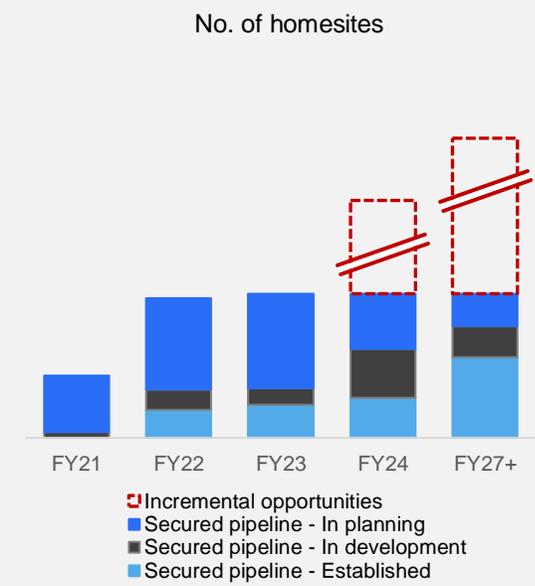
Positioned to be a key growth driver for Stockland



Secured pipeline expected to drive rapid growth



Incremental growth opportunities



- Potential buying window emerging over the near term – actively exploring a number of opportunities to acquire additional sites
- Further potential growth over the medium term – organic growth through restocking opportunities and inorganic growth through consolidation opportunities across the sector

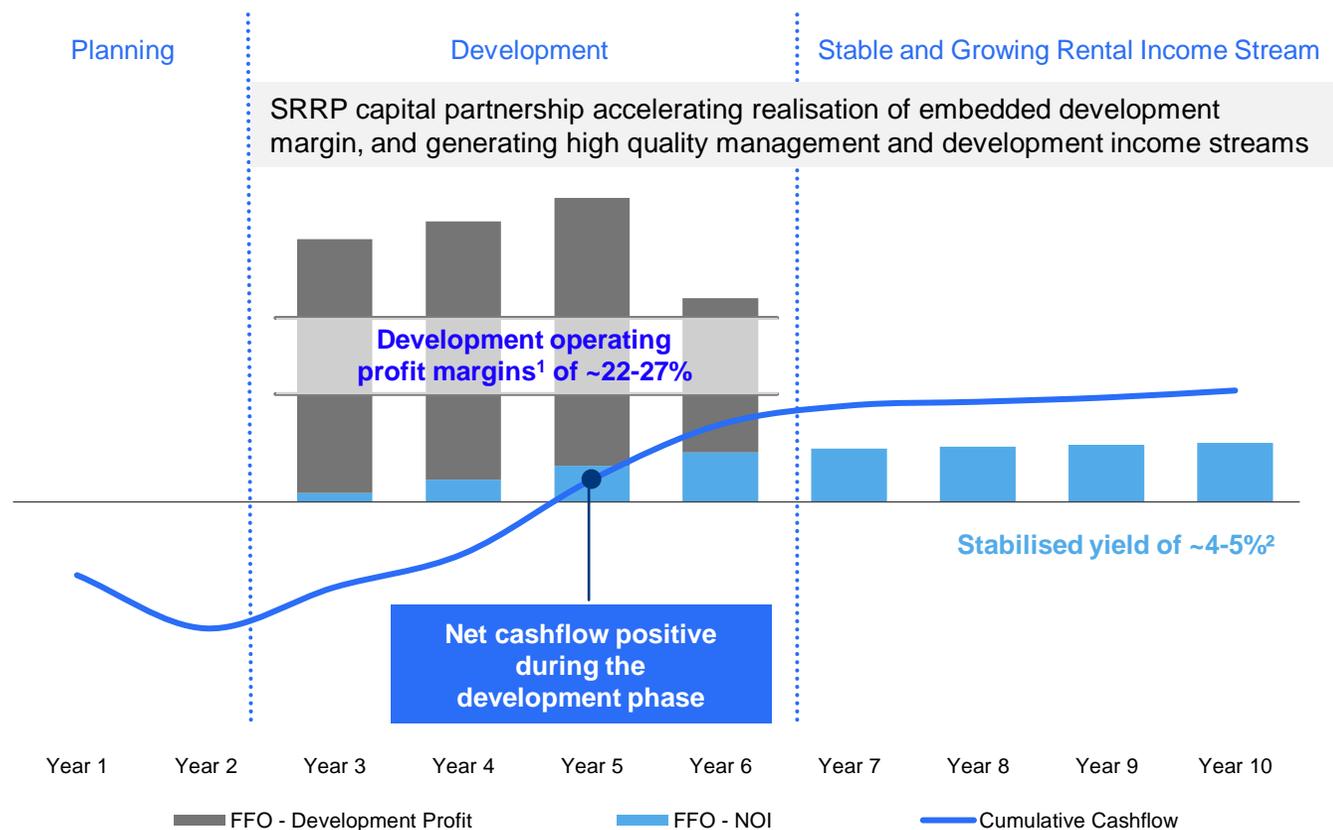
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1. Subject to relevant approvals, planning and meeting the partnership's return requirements.
 2. Within identified development pipeline of 21 LLC sites, including: 7 LLC communities expected to launch by the end of FY24, and a further 14 LLC sites identified within the longer-dated pipeline.

Attractive development margins and high quality recurring income



Generic Return Profile from an LLC community



Attractive returns

- ✓ Development operating profit margins¹ ~22-27%
- ✓ High quality recurring income ~4-5% stabilised yield
 - ✓ Long average lease tenure 99-year tenure
 - ✓ Exceptional occupancy and rent collection rates ~100% at stabilised assets
 - ✓ Fixed / CPI rental increases with market reviews
 - ~3%-3.5% through-cycle rental growth p.a.
 - 95% leases CPI-linked³
 - ✓ Strong operational margins ~65% NOI margins on stabilised assets³
 - ✓ Government rental support Potential for residents to offset up to ~30% site fee through the Commonwealth Rent Assistance scheme (CRAS)
- ✓ SRRP Capital Partnership Allows further scaling of the platform
 - Capacity for organic / inorganic growth
 - Improves ROIC and accelerates the realisation of embedded development margins

1. Development operating profit margin comprises sales revenue less cost of goods sold, direct project costs and interest expense in COGS.
 2. Stabilised NOI yield = net operating income / residual land value.
 3. As at 31 December 2022.

LLC platform strategy

How we deliver on our growth ambitions

1

Taking advantage of structural drivers

2

How we deliver:
MPC synergies and dual-delivery model

3

Scaling and broadening platform reach



Structural drivers

Richard Rhydderch



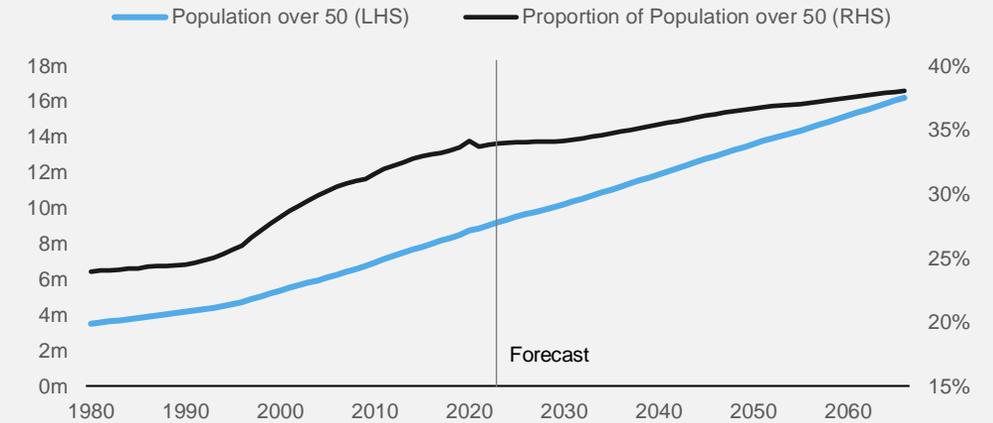
Structural drivers



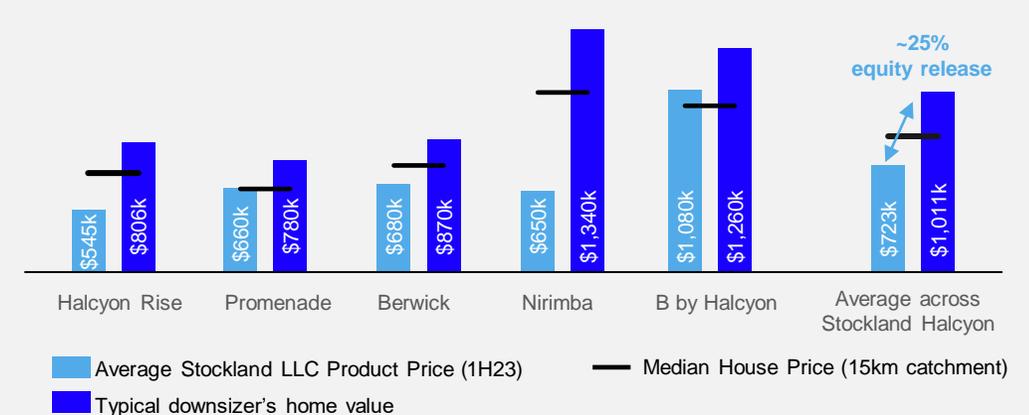
Growing demographic with lifestyle aspirations

- Australia has a rapidly ageing population
 - Age cohort of 50+ is growing at a significantly faster rate than the broader population
 - 10.2m Australians over the age of 50 by 2030, an increase of ~1.7% p.a. from 2022¹
- Growing preference for lifestyle benefits offered by land lease community living:
 - Majority of 50+ cohort are empty nesters or lone person households with an increasing demand for social connectivity and amenity¹
 - Attracted to LLC value proposition, driven by simplicity of product and relative like-for-like affordability – the average LLC product is ~75% of the typical downsizer's current home value²
 - Over the last 5 years, the penetration rate has increased from 1.3% to 1.7% in QLD, the most mature LLC market³
- Aligns with government policy of ageing-in-place and forms a key part of the government's housing affordability solution for retirees
- Lower correlation to the traditional drivers of the broader residential market, including mortgage rates

Australia's population over 50 (1980-2065)¹



~25% average equity release from downsizing to LLC product²



1. ABS.
 2. Average price of contracts on hand in 1H23 vs typical downsizer's home value. Typical downsizer is moving from a larger home within the 15km catchment, priced in the upper quartile of housing values (75th percentile). Source: Corelogic, Stockland Research.
 3. ABS, Think Economics, Stockland Research.

Addressing customers' wants and needs



Delivering a compelling functional and emotional value proposition

Functional values drive consideration of LLC

Key benefits addressing customer needs for the next stage in life



Safety & Security

"I feel safe and secure in this community"

A key deciding factor in choosing a community – especially for those who feel vulnerable.



Ease & Effort

"It helps make it easy (or easier) for me"

Customers are looking for peace of mind with a low maintenance home and community convenience.



Accessibility

"It connects me with / helps me access goods and services"

Customers want access to essential services & day to day luxuries (e.g. clubhouse etc).

Emotional values drive selection of LLC

Key benefits addressing customer aspirations



Freedom

"I want to downsize without compromising my lifestyle"

Customers want choice on how they spend their retirement.



Achievement

"I've worked hard and have earned the right to enjoy this next phase of my life"

Customers don't want to worry about space, maintenance or financial stress.



Legacy

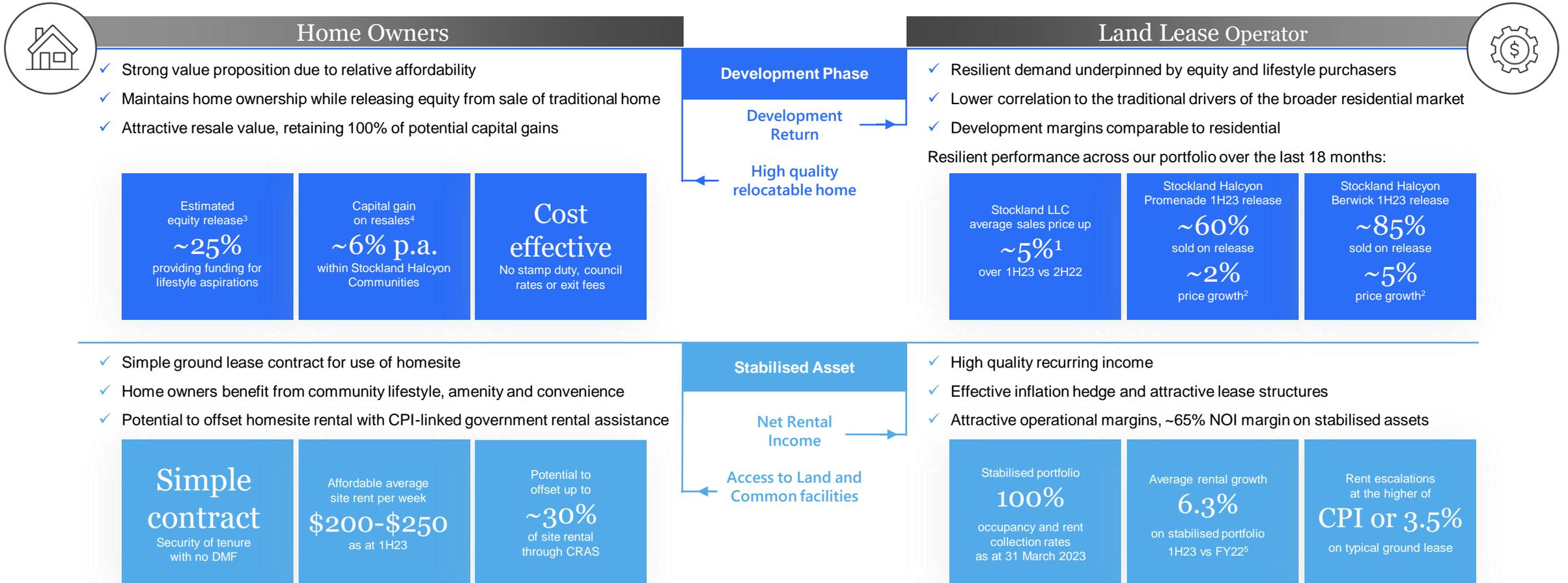
"I want to create a financial nest egg for my retirement years and for my loved ones"

Customers want to be able to set aside funds and enjoy this next stage of their life.

Attractive business model



Strong financial value proposition for operators and home owners



1. Average sales price per home. Excludes sales at Stockland B by Halcyon, QLD where average price points are above \$1.1m.

2. Stockland Halcyon Promenade and Stockland Halcyon Berwick price growth vs 2H22.

3. Average price of contracts on hand in 1H23 vs typical downsizer's home value. Typical downsizer is moving from a larger home within the 15km catchment, priced in the upper quartile of housing values (75th percentile). Source: Corelogic, Stockland Research.

4. Resales within Stockland Halcyon LLC communities over FY20-22.

5. Average rental increase on stabilised portfolio effective 1 July 2022.



How we deliver

Richard Rhydderch



Artist impression. Stockland Halcyon Glades, QLD

Leveraging MPC competitive strengths



Leading MPC business provides differentiated capabilities

- Strong synergies between our MPC and LLC platform across the lifecycle of an LLC community – from origination and development phases to stabilised asset operations
- The breadth of our platform provides strong capabilities, particularly in origination and planning:
 - Differentiated platform with the ability to originate large sites with both MPC and LLC opportunities
 - Market-leading existing landbank, of large scale and high quality
 - Landbank provides optionality to expand our land lease pipeline in response to market conditions
 - Proven masterplanning expertise and strong stakeholder relationships across our operating corridors delivers better planning outcomes and allows site potential to be maximised
- Commitment with MEA to invest in MPC² creates further synergies in building SRRP pipeline
- Strong operating leverage from synergies in capabilities, with people and resources working across both MPC and LLC platforms

Differentiated platform

Origination capability	Existing Landbank	Operating synergies
<ul style="list-style-type: none"> - Acquisition of large sites with both MPC & LLC components - Balance sheet capacity 	<ul style="list-style-type: none"> - Large scale and high quality landbank - 21 LLC development sites identified on secured pipeline¹ 	<ul style="list-style-type: none"> - Leveraging shared capabilities across MPC and LLC platform

How we deliver – LLC community lifecycle



1. 21 LLC sites, including: 7 LLC communities expected to launch by the end of FY24, and a further 14 LLC sites identified within the longer-dated pipeline.
 2. The new capital partnership is expected to take effect in mid-2023 and will have a mandate to invest in market originated masterplanned communities.

Dual-delivery model provides flexibility and scalability



Leveraging builder partners and in-house construction capability

Builder partners

- MPC business provides us with strength and depth of relationships with builder partners
- Extension of these relationships into LLC is a natural adjacency and drives prioritisation of our developments with builder partners, allowing us to scale at pace when new opportunities arise
- Our scale provides leverage in procurement, driving competitive development costs and high quality, collaborative builder partnerships through strong vetting processes
- Stockland also works cooperatively with our builder partners through challenging conditions to mitigate production and delivery risk, e.g. introducing shorter payment terms to support builder cashflows, risk-sharing on select cost components

In-house construction in South East Queensland

- Market-leading internal construction arm operating within QLD, Halcyon Construction Queensland (HCQ), acquired as part of Stockland's acquisition of Halcyon Group's LLC business
- Provides cost insights and advantages – FY23 in-house cost escalations expected at ~5-6% over FY23 vs ~7-9% with third party builders
- Allows delivery advantages with greater control over quality, program and production management
- Product insight and intellectual property benefits, e.g. proprietary slab technology providing cost savings

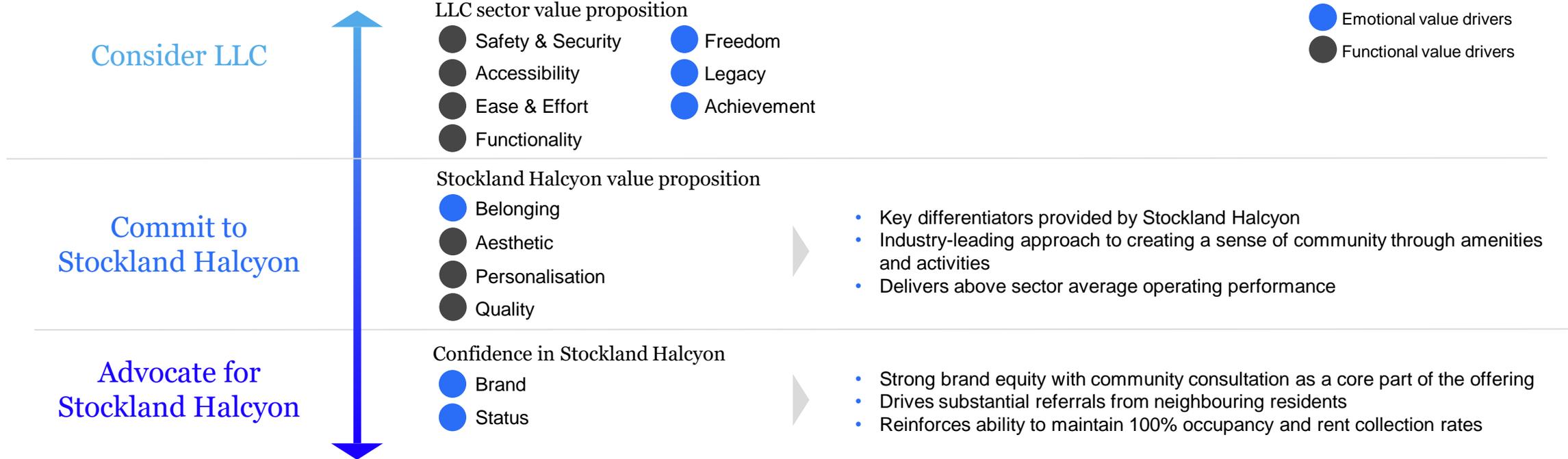
How we deliver – LLC community lifecycle



Deep customer insights underpin our delivery process



Scale provides deep understanding of customer segments, journey and experience



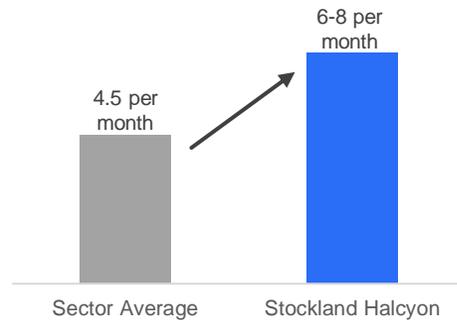
How we deliver – LLC community lifecycle



Capabilities drive operational outperformance

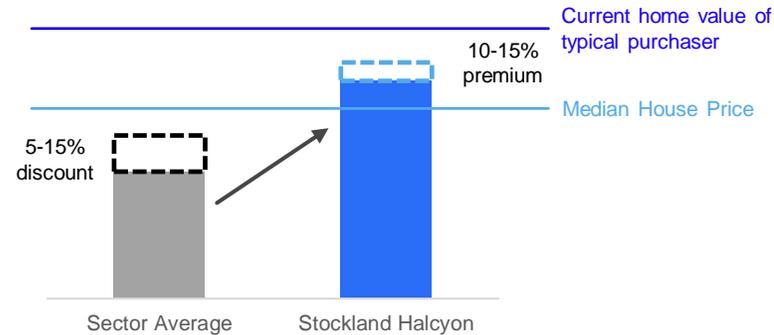


Leveraging integrated platform, scale and customer insights to drive superior operating metrics



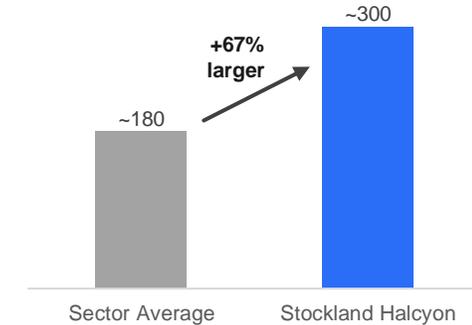
Sales Rates

- Brand equity driven by high customer satisfaction generates strong sales rates and resilient demand in comparison to broader residential market
- Strong sales in recent releases – Stockland Halcyon Promenade, QLD ~60% sold, and Stockland Halcyon Berwick, VIC ~85% sold



Sales Prices

- Average sales price¹ up ~5% over 1H23 vs 2H22
- Compelling value proposition provides ability to generate price premiums to average median house prices
- Typical Stockland Halcyon purchasers downsizing from larger traditional homes still achieve an estimated equity release of ~25%²



Operational leverage

- Larger average community sizes support more expansive, higher quality community facilities
- Drives operational leverage, revenue outperformance and broader customer appeal
- Reinforces ability to maintain 100% occupancy and rent collection rates, and NOI margins of ~65% on stabilised communities³

How we deliver – LLC community lifecycle



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3. As at 31 March 2023.



Scaling the platform

Richard Rhydderch



Scaling and broadening platform reach



Accelerating development and expanding the LLC business

Activating Landbank

- Seven new communities expected to launch by the end of FY24¹
 - More than doubling the number of active communities to 13 communities
 - Two new communities expected to launch in VIC in 4Q23 – Stockland Halcyon Horizon² and Stockland Halcyon Evergreen
 - Five new communities expected to launch in FY24 across VIC, NSW and QLD
- 3 development approvals received since December 2022
- Additional 5 development approvals lodged and under active consideration

Broadening Reach

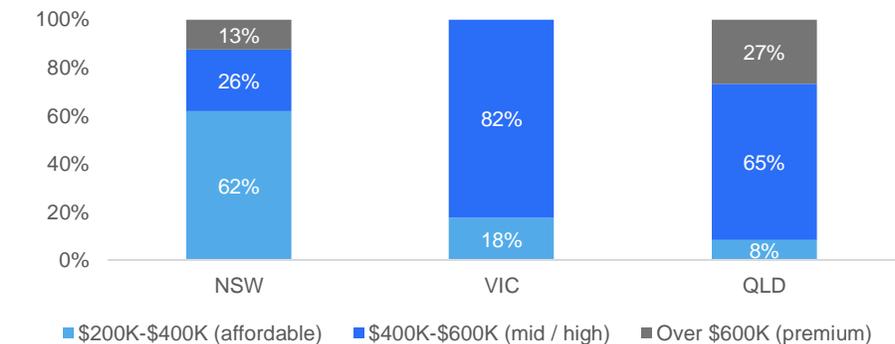
- Expanding geographically
 - Footprint expected to expand across the four major states, NSW, VIC, QLD and WA, by FY25
 - 14 longer-dated LLC development sites already identified on existing landbank
- Exploring wider product ranges to address different market segments and affordability



7 new communities expected to launch by the end of FY24¹

Horizon ² , VIC	The Gables, NSW
St Germain, VIC	Redland, QLD
Evergreen, VIC	Providence, QLD
Highlands, VIC	

LLC pricing distribution provides opportunity to expand product ranges³



1. Subject to relevant approvals, planning and meeting the partnership's return requirements.
 2. Formerly Armstrong Creek.
 3. Source: PCA, Think Economics, Stockland Research. WA excluded given small size of WA LLC market.

Case Study – Stockland Halcyon Berwick, VIC

LLC community within larger MPC community



Attractive location

- Stockland's first LLC community in VIC, situated within Stockland Minta (MPC, ~1,600 lots)
- 48 kilometres south-east of Melbourne CBD with proximity to Princes Freeway
- Within a nature reserve with lakes, green open space and walking pathways



Masterplanning advantage

- Achieved speed to market by utilising existing planning and authority processes at Stockland Minta
- Ability to leverage existing relationships for production, delivery and infrastructure
- Residents enjoy access to key amenities and facilities in the broader community



Operational excellence

- Achieved price growth of ~5% over the last 12 months
- Highly sought after with ~76% of homes sold in under 2 years

Launch date

July 2021

Number of sites

175

Key features¹



Case Study – Stockland Halcyon Horizon¹, VIC

New community expected to launch in 4Q23



Attractive location

- 15 kilometres from Geelong CBD, close proximity to the Surf Coast, Torquay Beach, and multiple leisure locations



Masterplanning advantage

- Ability to leverage existing relationships with key MPC contractors
- Utilise learnings from Stockland Halcyon Berwick in production and delivery, and to showcase quality of community, housing and facilities to be delivered



Operational excellence

- Speed to market – DA approval within 6 months of lodgement (December 2022)
- Production program progressing well – earthworks complete; civil works underway with first stage due for completion in mid-2023
- Strong buyer interest – official launch in 4Q23 seeing high levels of registrations at pre-launch marketing

Expected launch date

4Q23

Number of sites

234

Features²



Artist impression, Stockland Halcyon Horizon, VIC

Our LLC platform strategy



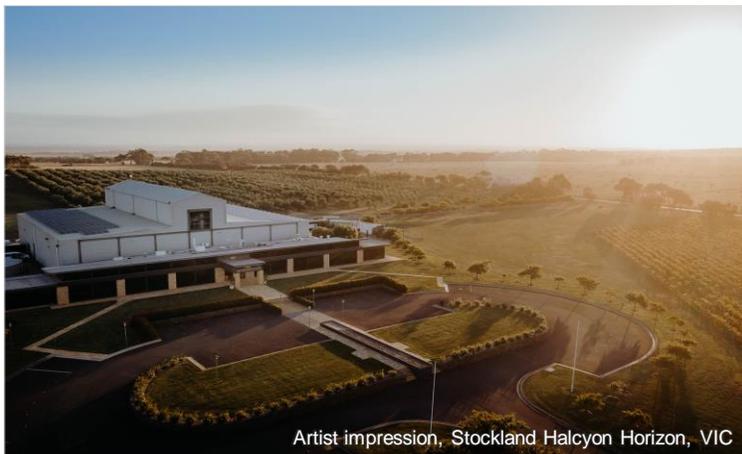
How we deliver on our growth ambitions



Stockland Halcyon Lakeside, QLD

Structural tailwinds

- Market fundamentals underpinning strategic priorities
- Large and growing target demographic with lifestyle aspirations
- Compelling value proposition provided by LLC sector and Stockland Halcyon offering



Artist impression, Stockland Halcyon Horizon, VIC

Differentiated platform

- Proven production and delivery capability
- Leveraging MPC synergies and deep customer insights across Stockland platform
- Dual-delivery model with builder-partners and in-house construction capability providing production advantages



Stockland Halcyon Nirimba, QLD

Scaling rapidly

- Strong growth initiatives in place over the next 3 years:
 - 7 new communities expected to launch by the end of FY24, more than doubling the number of active communities¹
 - ~1,130 homes currently under development
- 14 longer-dated LLC development sites identified within the pipeline
- Broadening platform reach into attractive locations and market segments



Summary

Andrew Whitson



Artist impression, Stockland Halcyon Lakeside, QLD

Our LLC business

Delivering on Group strategic priorities

1

LLC business performing strongly and demonstrating the value of the integrated Stockland platform

2

Platform now positioned for significant growth via realisation of organic pipeline and exploration of inorganic opportunities

3

LLC execution demonstrates Stockland strategy in action: partnering with 3rd party capital to drive growth in areas of strength with synergies across the platform

4

Delivering attractive returns and positioned well to provide meaningful and growing contributions to Group earnings



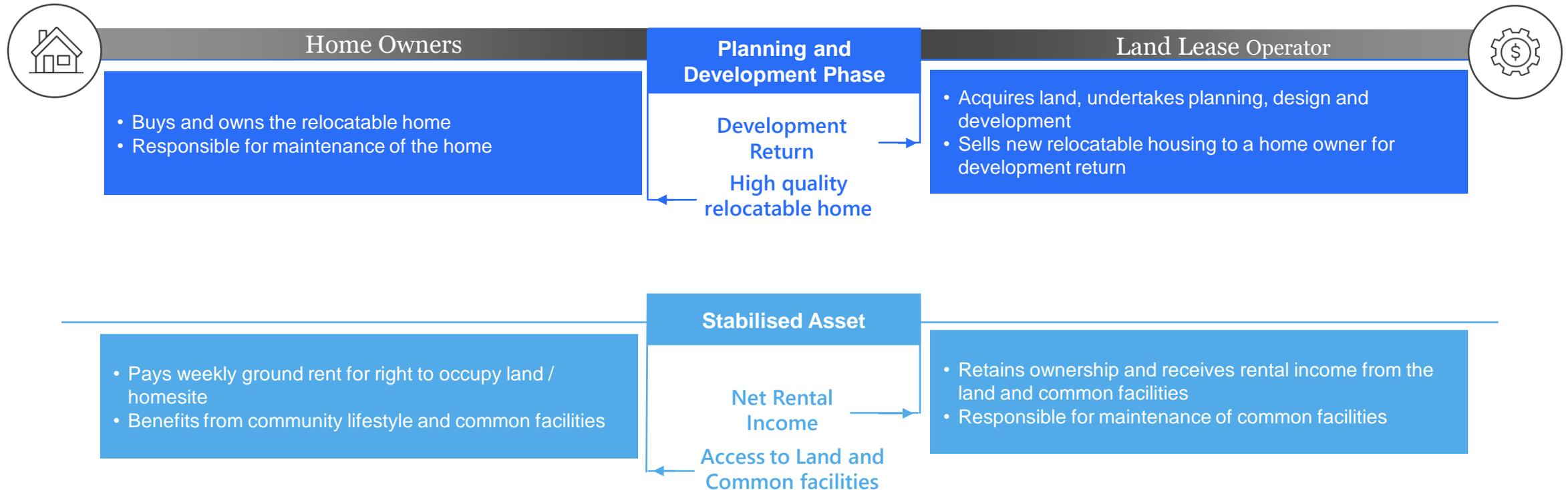


Annexure

Land Lease Communities Investor Update



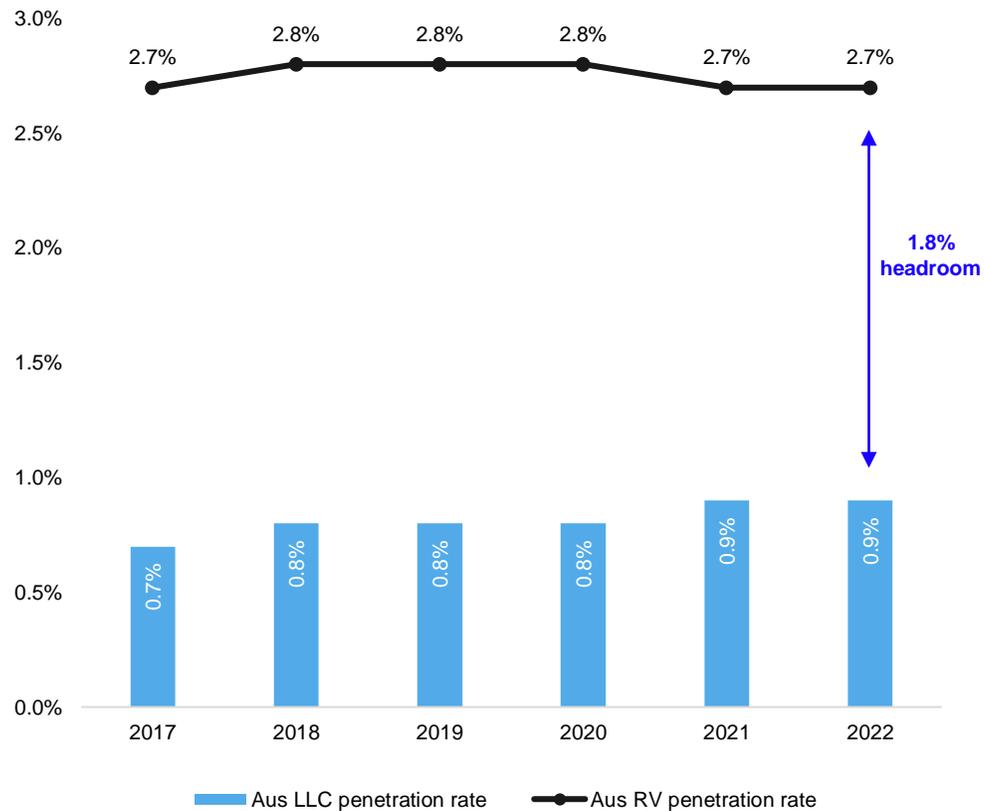
Land Lease Communities business model



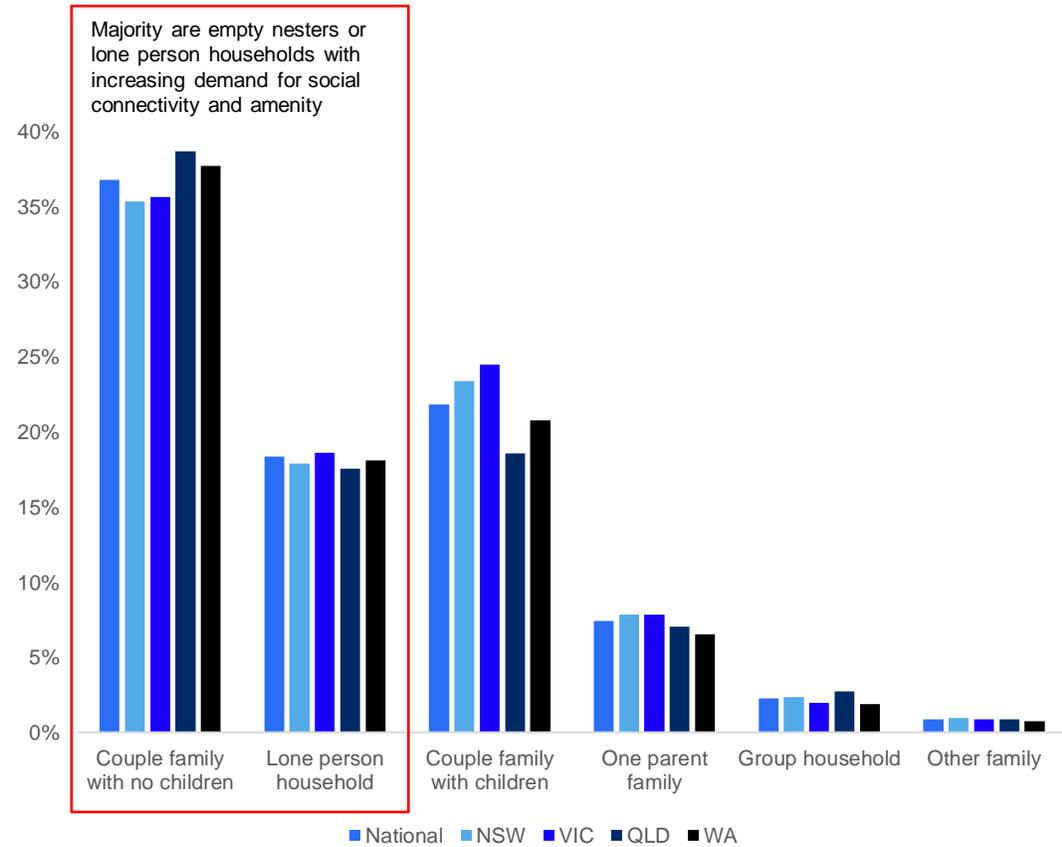
Structural drivers



LLC penetration rate vs established Retirement Village (RV) penetration rate



Household composition for 50+ age cohort

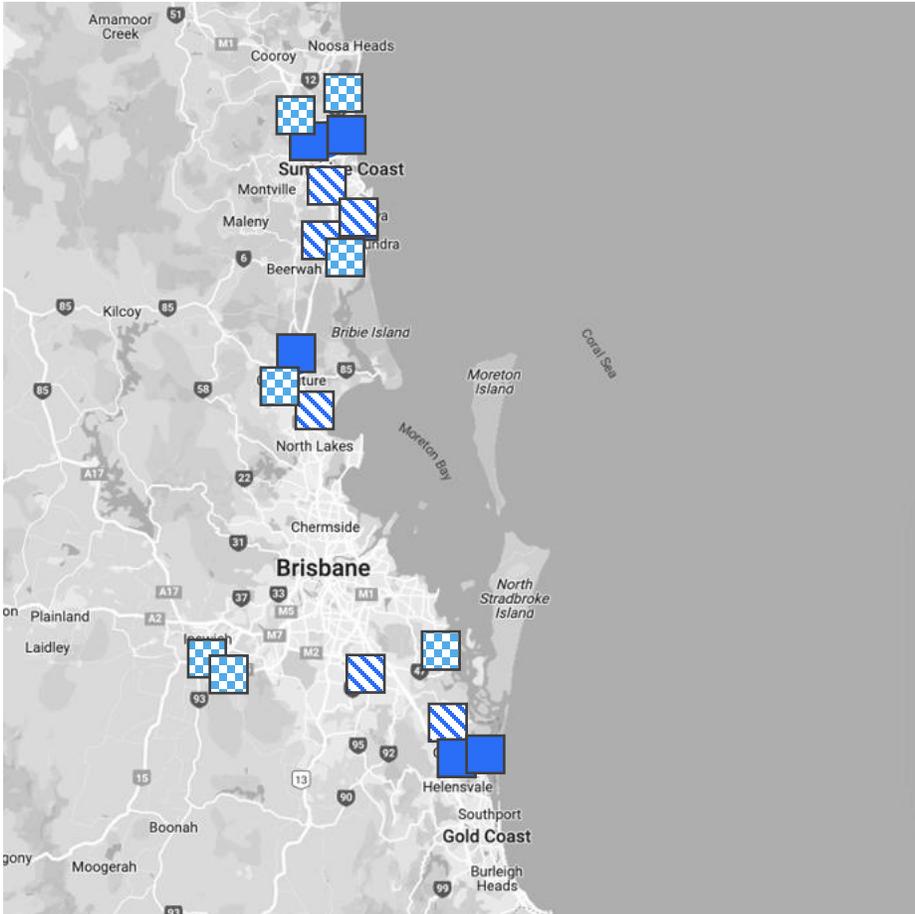
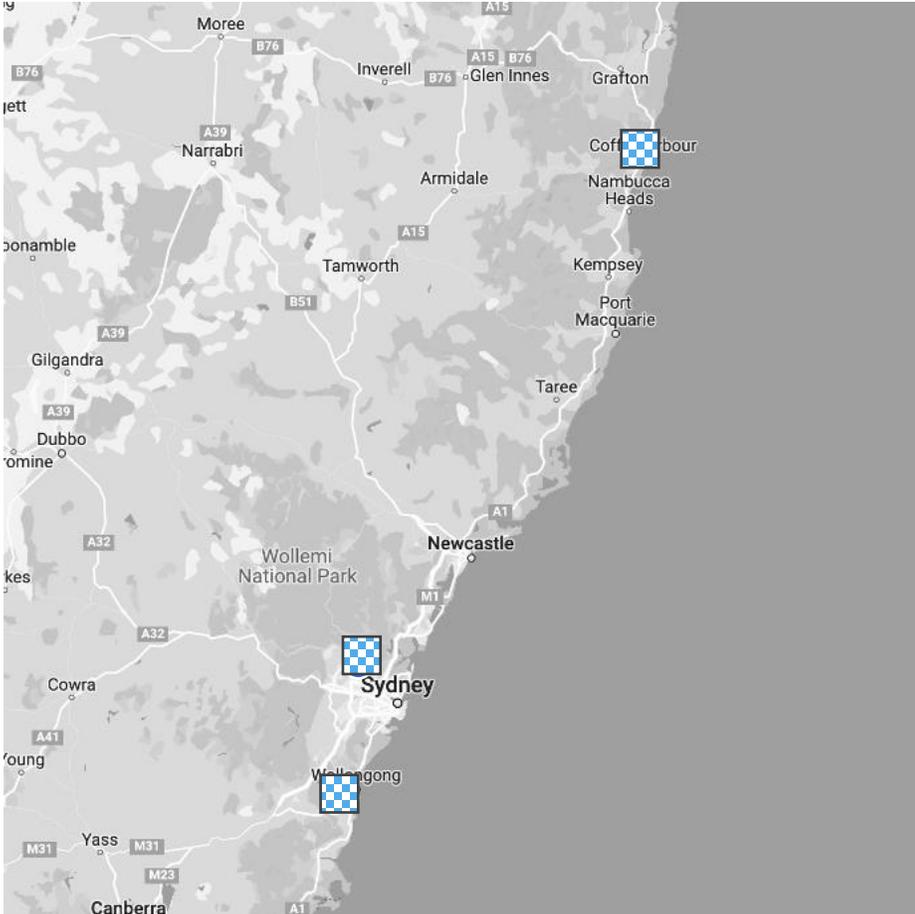


Well located portfolio and pipeline



New South Wales

Queensland



	Total	NSW	QLD
Total communities	33	3	18
Established	6	-	6
In Development	6	-	5
In Planning	21	3	7

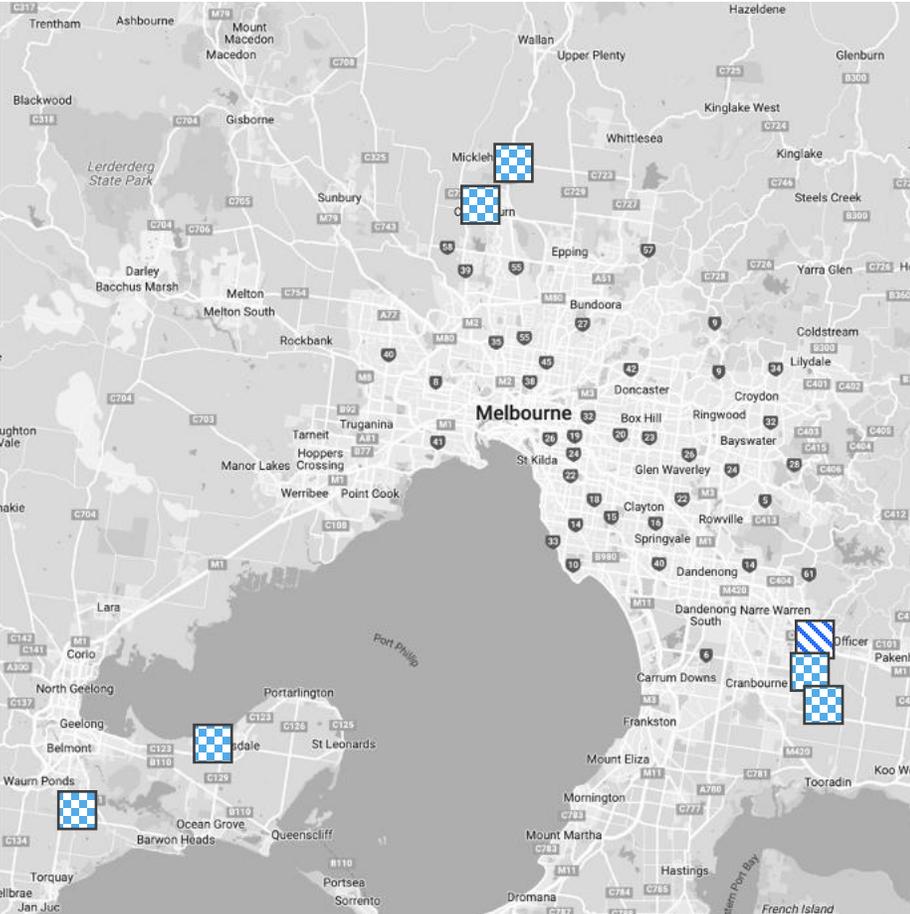
~9,200
total sites

~2,000
occupied
sites

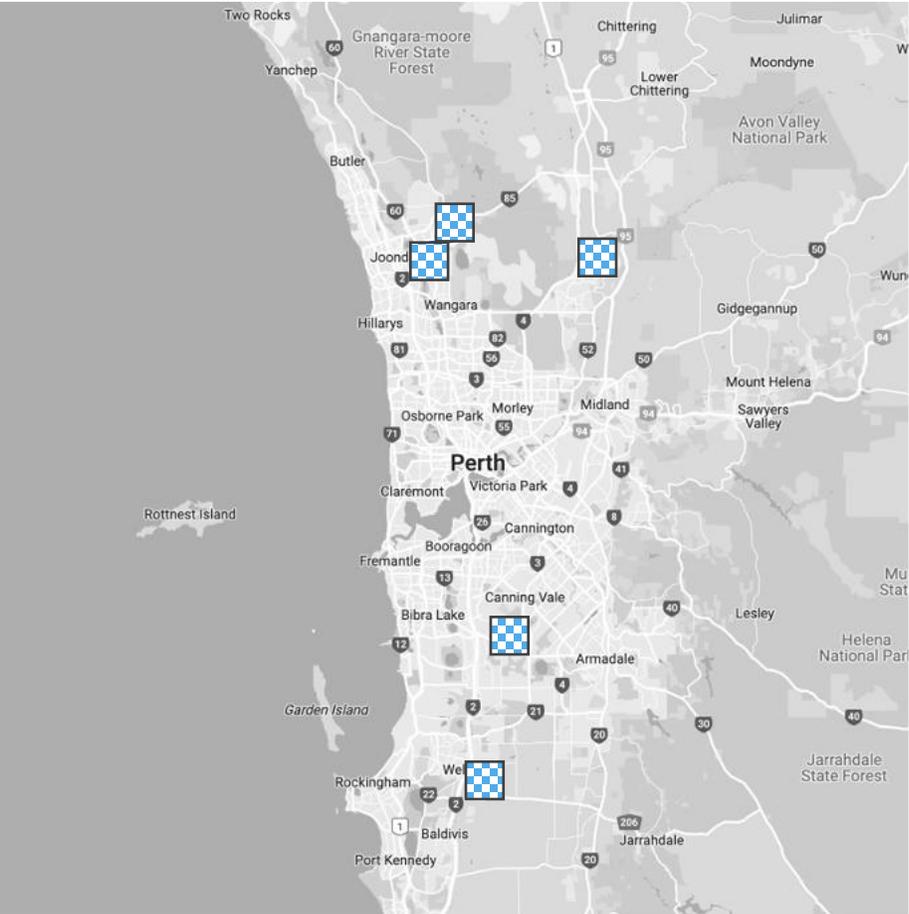
Well located portfolio and pipeline



Victoria



Western Australia



	Total	VIC	WA
Total communities	33	7	5
Established	6	-	-
In Development	6	1	-
In Planning	21	5	5

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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