



# MPC portfolio acquisition and new capital partnership

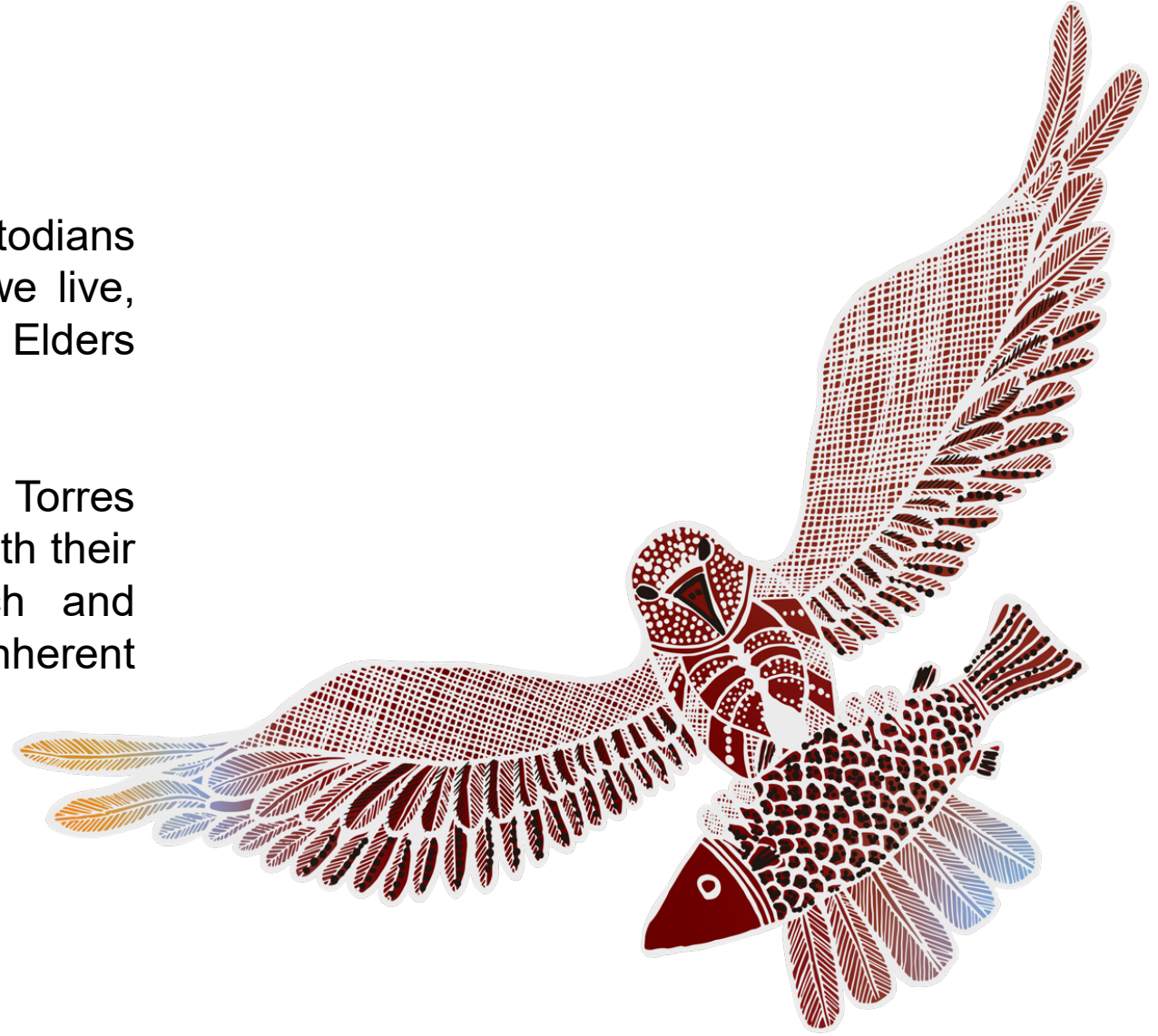
18 December 2023





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.



# Agenda

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Transaction overview and  
strategic rationale

**Tarun Gupta**  
MD & CEO

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Compelling residential market  
fundamentals

**Andrew Whitson**  
CEO, Development

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Our Communities platform & the  
acquisition portfolio

**Andrew Whitson**  
CEO, Development

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Stockland Group  
financial impact

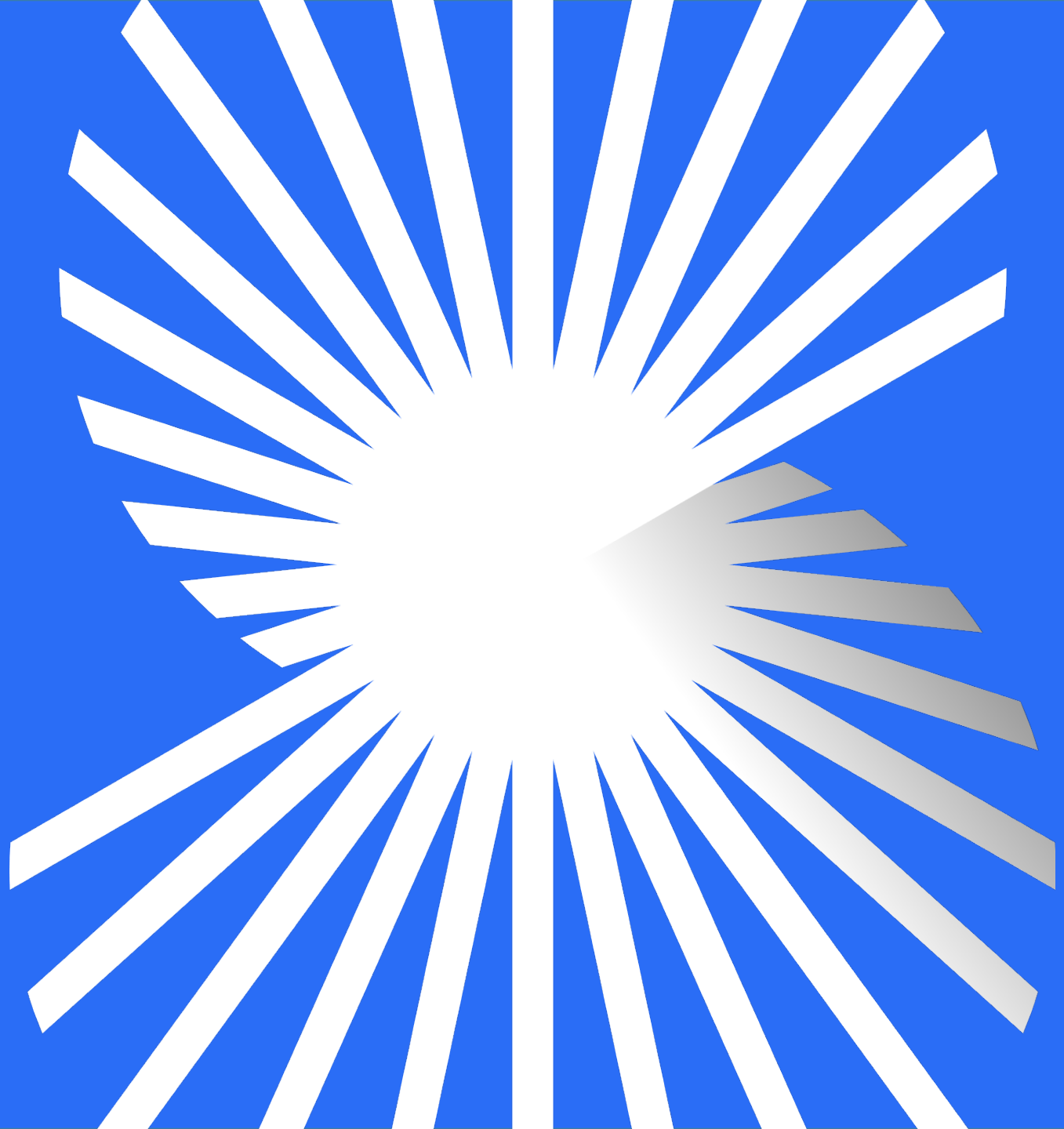
**Alison Harrop**  
CFO

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Summary

**Tarun Gupta**  
MD & CEO

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Acquisition of ~\$1.06bn Masterplanned Communities (MPC) portfolio<sup>1</sup>

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Stockland Residential Communities Partnership (SRCP) established

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Aligned to Stockland Group strategic priorities

- ✓ Step change in the reshaping of our portfolio, extending Stockland's Residential platform
  - ✓ Strategic restocking of the landbank, with potential upside in adjacent uses
  - ✓ Enhancing ROIC and generating new recurring income streams
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Expected to be accretive to Stockland Group FFO per security from FY25

1. On a 100% basis, excluding transaction costs and subject to adjustments at completion. Subject to Foreign Investment Review Board (FIRB) approval. Settlement of certain Project Delivery Agreement (PDA) projects are also conditional on the vendor obtaining relevant landowner Change of Control (CoC) consents. SRCP may also exercise its right to acquire (at its election) certain additional parcels of land for an additional payment of up to \$239m.



# Unique opportunity to extend Stockland's Residential platform and strategically restock the landbank



Transaction accelerates execution of Stockland's strategy<sup>1</sup>



## Reshape portfolio

- ✓ Step change in the reshaping of Stockland's portfolio
- ✓ Extending Stockland's Residential platform
- ✓ Expanding Stockland's reach into new, complementary residential corridors
- ✓ Increases Residential sector allocation to 25%, within our target of 20-35%



## Accelerate pipeline

- ✓ Unique opportunity to strategically restock and position for market recovery
- ✓ Increasing Stockland's landbank by up to ~27,600 lots to ~95,600 lots
- ✓ Potential to increase settlements by ~2,500 lots p.a. from FY25
- ✓ Potential upside from adjacent opportunities, including ~2,500 Land Lease Communities home sites<sup>2</sup>



## Scale partnerships

- ✓ Established the Stockland Residential Communities Partnership (SRCP)
- ✓ Extending our existing relationship with Supalai Australia Holdings Pty Ltd (Supalai)
- ✓ Achieving immediate scale alongside aligned capital partner



## Sustainable growth

- ✓ Expected to be accretive to Group FFO per security from FY25
- ✓ Enhancing ROIC and recurring income for the Group
- ✓ Pro-forma gearing impact of +1.9% expected<sup>3</sup>
- ✓ Realising significant economies of scale by leveraging Stockland's platform

5

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2. Up to nine future Land Lease Communities totalling ~2,500 home sites, and Community Real Estate assets including standalone medical, retail and childcare centres.

3. Expected impact to pro-forma gearing post all tranches of Stockland's investment into SRCP over FY24-25, excluding the impact of the additional payment if SRCP elects to exercise its right to acquire the additional parcels of land.

# High quality, actively trading portfolio

## Portfolio secured on attractive terms

- Acquisition of 12 MPC assets from Lendlease Corporation for ~\$1,063m<sup>1</sup> (100% basis) via the establishment of SRCP with Supalai<sup>2,4</sup>
  - High quality MPC assets, all of which are actively trading
  - Well-located in attractive markets, primarily across the Eastern seaboard
  - Development returns toward the upper end of Stockland's through-cycle ROIC targets<sup>3</sup>
- SRCP has secured a right to acquire (at its election) additional parcels of land for up to ~\$239m
- Acquisition on capital efficient terms, with progressive settlement over three tranches<sup>2,4</sup>
- Full economic entitlement to the portfolio expected by 4Q FY24<sup>4</sup>
- Accretive to Stockland Group's FFO per security from FY25



### High quality acquisition

~\$1.06bn

on 100% basis<sup>2</sup>

### Transaction expected to be

Accretive

to Stockland Group FFOs from FY25

### Pricing reflects MPC

project values

No consideration for potential upside from agencies

### Actively trading portfolio

12 assets

totaling ~27,600 lots<sup>2</sup>

### Well-located in deep markets

~96%

lots weighted to the Eastern seaboard

### Scale projects

~2,300 lots

average community size

### Newly formed capital partnership

SRCP

Stockland 50.1%, Supalai 49.9%

### Progressive settlement

3 tranches

expected over FY24-25<sup>4</sup>

### Capital efficient structure

9 of 12 assets

to be acquired via PDAs<sup>2</sup>

1. Excluding transaction costs and subject to adjustments at completion.

2. Subject to Foreign Investment Review Board (FIRB) approval. Settlement of certain Project Delivery Agreement (PDA) projects are also conditional on the vendor obtaining relevant landowner Change of Control (CoC) consents. SRCP may also exercise its right to acquire (at its election) certain additional parcels of land for an additional payment of up to \$239m.

3. Development ROIC excludes the impact of fees generated from the portfolio, which sit within Recurring ROIC.

4. On a 100% basis, initial settlement of ~\$370m expected by 3Q FY24, relating to the balance sheet assets; progressive settlement of up to ~\$695m between 4Q FY24-3Q FY25, relating to the PDA interests. If SRCP elects to exercise its right to acquire the additional parcels of land, settlement of up to \$239m is expected by 1Q FY25.



# Aligned capital partnership



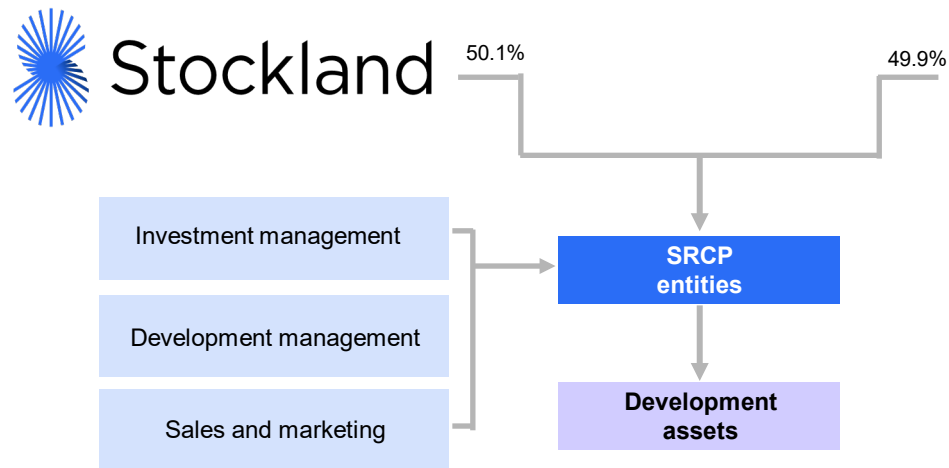
## Extending our relationship with Supalai

### Strong existing relationship

- Stockland and Supalai have been partners in MPC development since 2020, at Katalia in VIC

### SRCP is an aligned capital partnership extending Stockland's relationship with Supalai

- Achieves immediate scale in operations with actively trading assets
- Aligned capital partnership, deep understanding of each other's organisational requirements
- SRCP benefits from Stockland's leading MPC platform and scale of operations
- Accelerates Stockland Group priorities through scaling capital partnerships, enhancing ROIC and improving recurring income



## SUPALAI

### About Supalai

- Established in 1989
- Leading real estate development company listed on the Thai stock exchange
- Operates in real estate development and construction across office and residential, and operation of hotels and resorts
- Supalai Australia Holdings (SAH) has been active in Australia since 2014, with ~\$5bn in end value across 12 major residential development projects
- Existing partnerships with Stockland and several other leading Australian developers

### Stockland Residential Communities Partnership (SRCP)

Interest	<ul style="list-style-type: none"><li>• 49.9% Supalai (capital partner)</li><li>• 50.1% Stockland (investment, project &amp; development manager)</li></ul>
Structure	Closed-end fund; intended for the development of the acquired portfolio
Gearing	<ul style="list-style-type: none"><li>• Target gearing range of 20-30%</li><li>• Initial levels of gearing ~25%</li></ul>



# Extending Stockland's Residential platform

**Our Communities strategy & acquisition portfolio**  
**Andrew Whitson**



Artist impression, Calderwood Valley, NSW



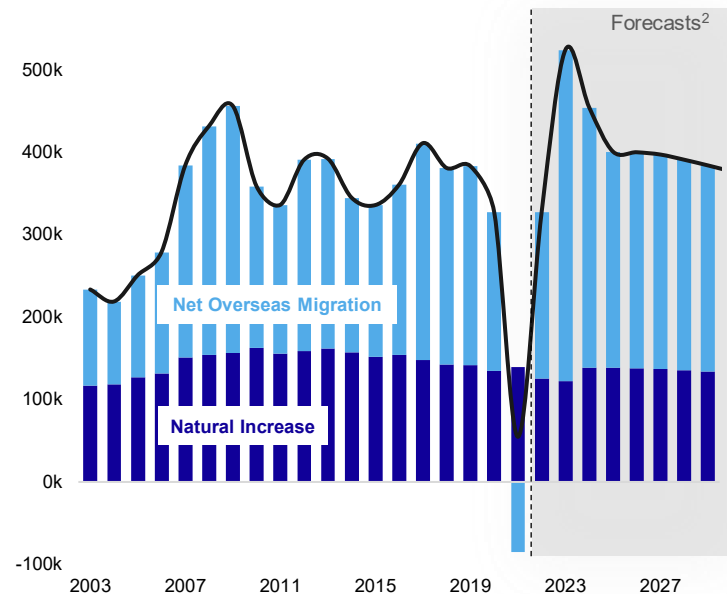
# Compelling residential market fundamentals



## Supportive structural drivers

- Housing undersupply exacerbated by ongoing constrained land supply amid a rebound in population growth driven by net overseas migration

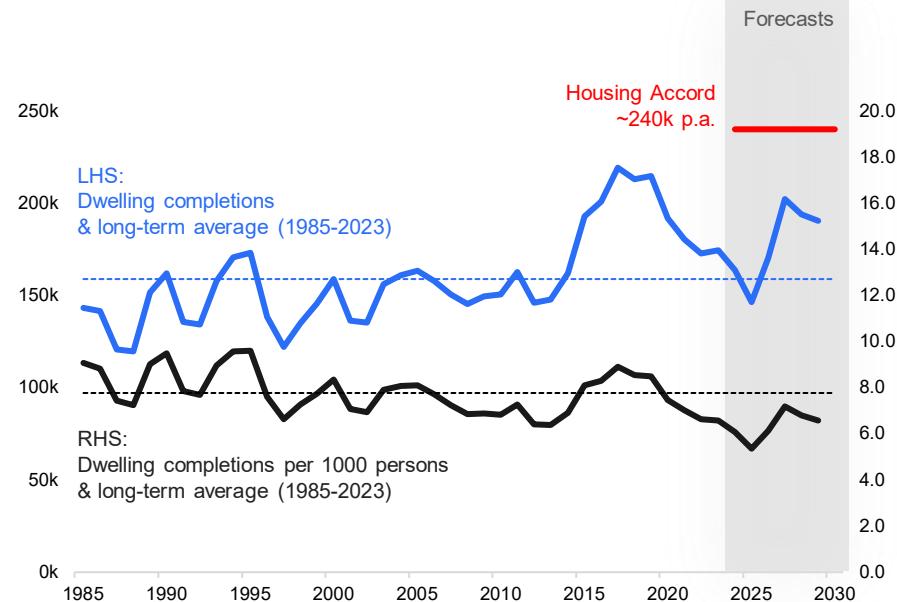
## Net overseas migration underpinning demand<sup>1</sup>



## High level of housing requirements

- Dwelling completions have not kept pace with housing requirements
- Meeting the National Housing Accord over the next 5 years requires ~240,000 new dwellings p.a.
- This compares to current new housing completions of ~175,000 p.a. and forecast of ~180,000 p.a.<sup>3</sup>

## Forecast housing completions vs requirements<sup>3</sup>



## Critical role of greenfield housing

- The greenfield market plays a crucial role in responding to undersupply of housing
- Achieves speed-to-market and addresses housing affordability issues

### Speed to market

On average, start-to-completion timeframe

~12-18<sup>4</sup>

months shorter than attached product

### Affordable

On average, entry level house and land package

~15-20%

below median house price<sup>5</sup>

1. ABS 2023, Estimated Resident Population.

2. Centre for Population Projections - Budget 2023-24.

3. National dwelling completions p.a. vs requirements to meet the National Housing Accord. Stockland Research, ABS.

4. ABS 2019.

5. Stockland Research, CoreLogic

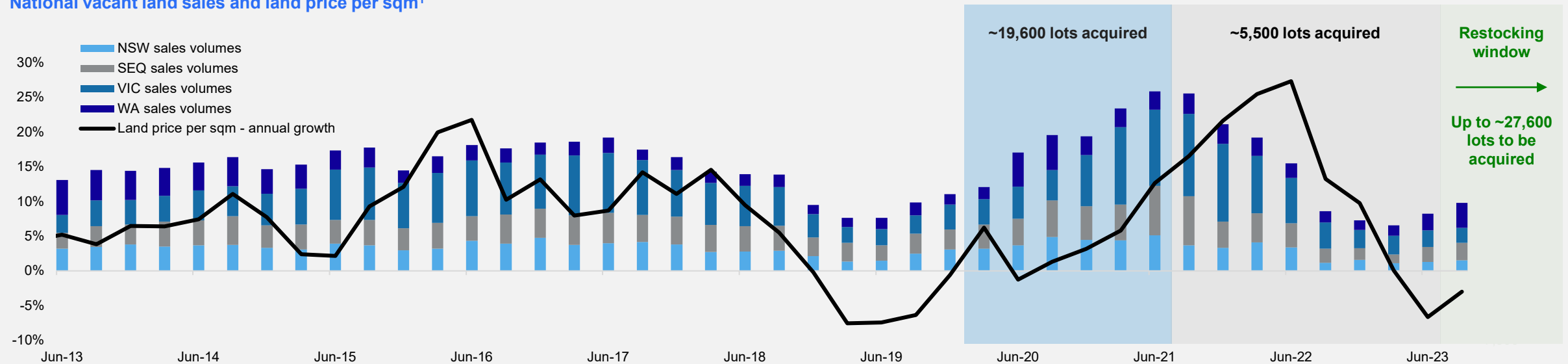
# Strategic restocking



## Unique opportunity to position for future growth

- Uncertain macroeconomic conditions over the last ~18-24 months have weighed on vacant land sales and pricing
- More recently, drivers supporting the residential market have improved:
  - Increased expectations that the interest rate environment will stabilise
  - Additional initiatives to address housing affordability and undersupply, including the Housing Australia Future Fund, the National Housing Accord, and various state-based housing investment funds, first home buyer grants and shared-equity schemes
- Acquisition represents an attractive opportunity to strategically restock the pipeline and position for market recovery
- Consolidates Stockland's track record of strategic acquisitions, driving embedded margin in our landbank

National vacant land sales and land price per sqm<sup>1</sup>





# Market-leading Communities business

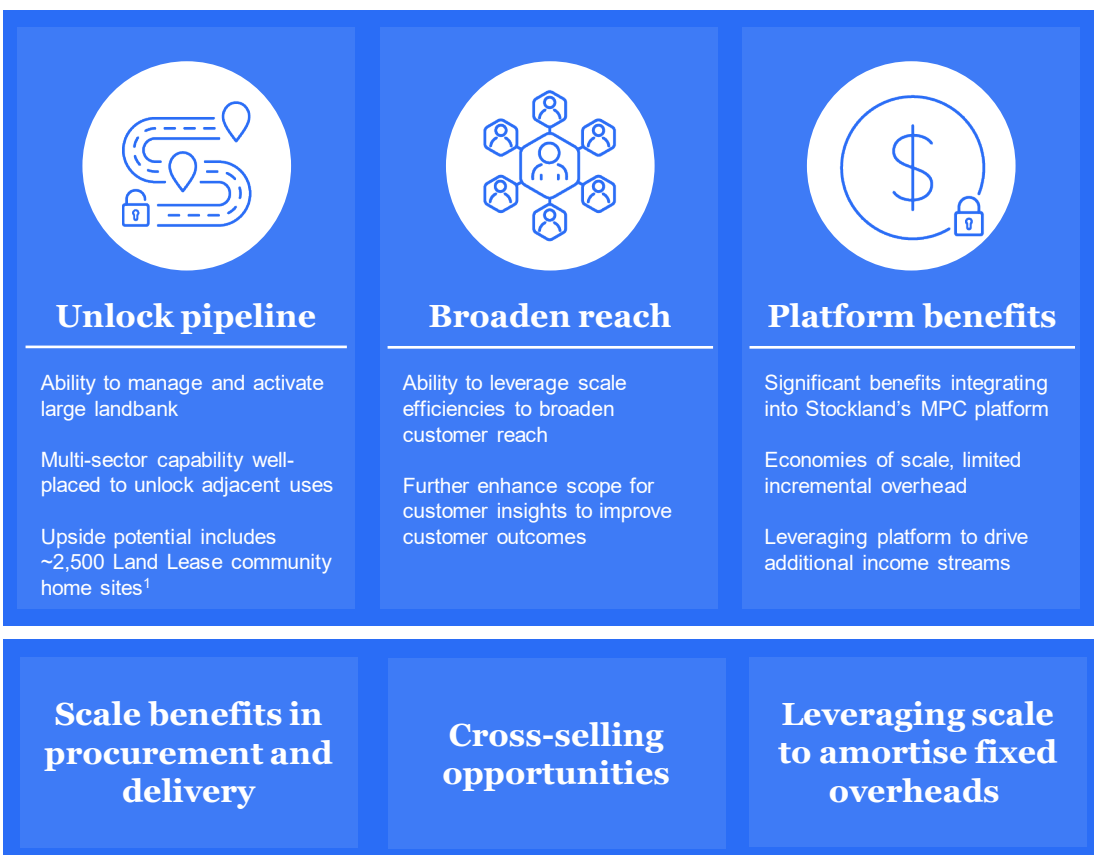


Well-placed to leverage existing platform across a combined portfolio

## Leveraging existing platform strengths



## To maximise potential of combined portfolio



11 1. Up to nine future Land Lease Communities totalling ~2,500 home sites, and Community Real Estate assets including standalone medical, retail and childcare centres.

# Attractive communities



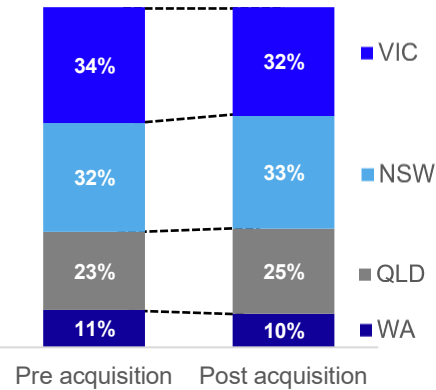
High quality, actively trading portfolio weighted to deep markets across the Eastern seaboard

**12** actively trading projects<sup>1</sup>

Up to  
**~27,600** lots

**~100%**  
land already zoned or DA-approved

MPC geographic diversification  
by book value<sup>2</sup>



**WA**

~1,000 lots

2 trading projects

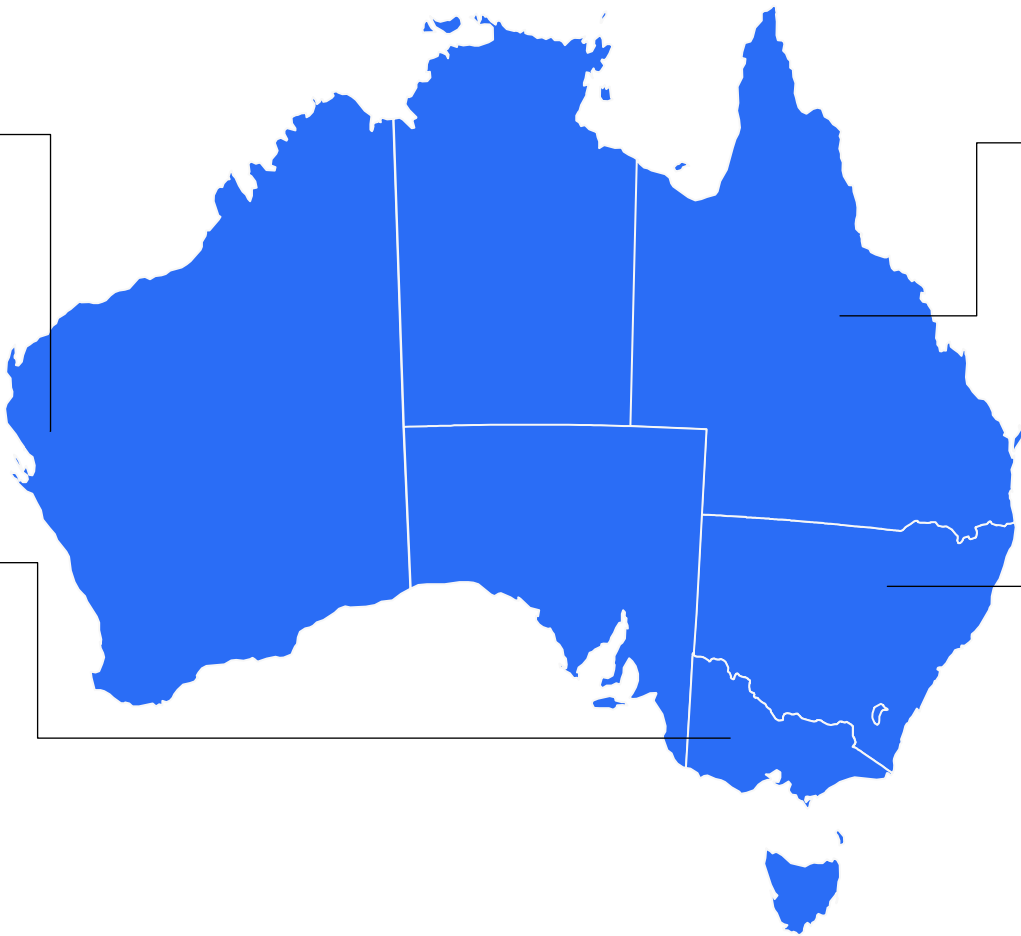
~4% by lots

**VIC**

~5,900 lots

4 trading projects

~21% by lots



**QLD**

~16,600 lots

4 trading projects

~60% by lots

**NSW**

~4,100 lots

2 trading projects

~15% by lots

12 1. 9 projects held via PDA structures.  
2. Includes deferred payments and option payments



# Extending Stockland's residential platform

Broadening Stockland's MPC reach in attractive corridors

High quality, scale projects  
~2,300 lots average community size

Leveraging existing operations to expand network in production and customer reach

Located in residential corridors complementary to Stockland's existing corridors

## Corridors underpinned by favorable dynamics:

- ✓ Growth corridors within priority development areas
- ✓ Where Stockland has deep expertise and brand presence
- ✓ Attractive demographics, ~2.4% corridor population growth p.a. vs ~1.5% national population growth p.a.<sup>1</sup>
- ✓ Supporting a diversity of product range and mix
- ✓ High connectivity to amenity, urban areas and employment hubs



# Positioning for future growth

## Expanded landbank and development opportunities

### MPC Development Activity

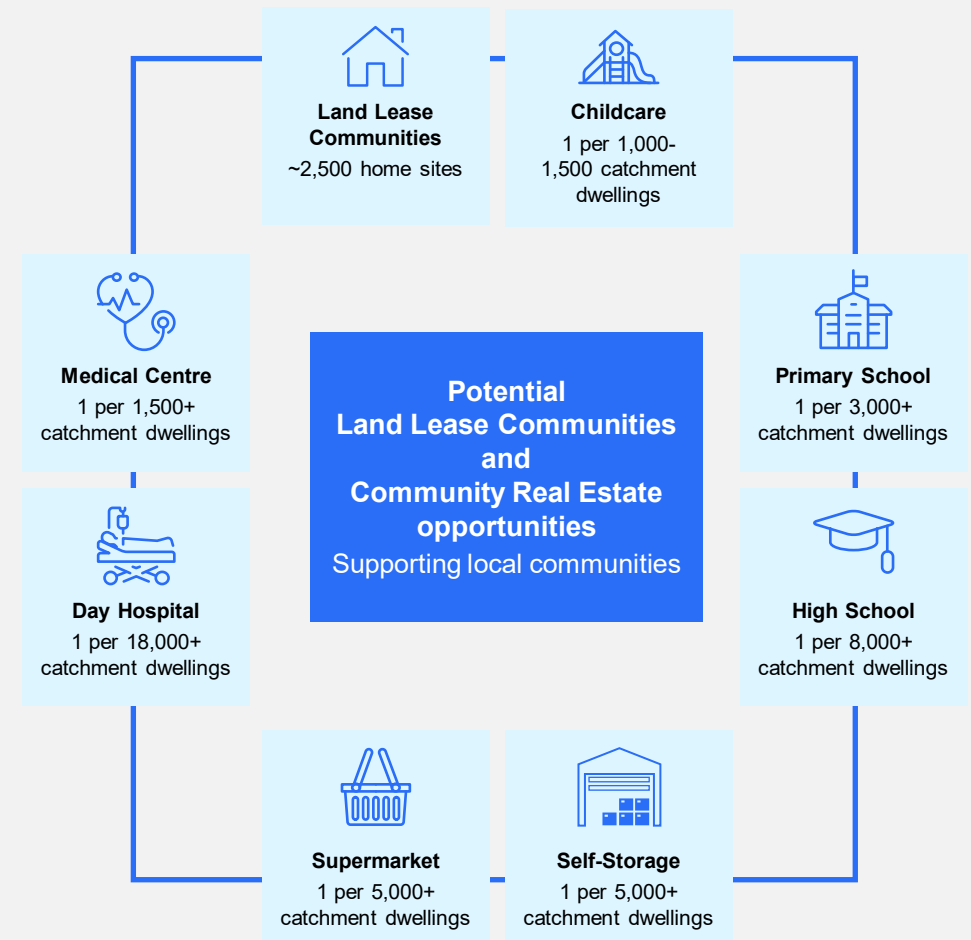
- Strategic restocking of our pipeline, increasing the landbank to ~95,600 lots
- Acquisition of 12 actively trading MPC projects, providing:
  - Ramp up in development activity with full economic entitlement to the acquired portfolio beginning in 4Q FY24
  - Potential increase in settlement volumes by ~2,500 lots p.a. from FY25

### Potential for adjacent uses

- Potential upside from development opportunities on acquired sites, including:
  - Up to nine land lease communities, totalling ~2,500 potential home sites
  - Build-to-hold Community Real Estate (CRE) assets including schools, retail town centres, childcare and medical centres



### Potential opportunities in adjacent uses<sup>1</sup>







# Stockland Group Financial Impact

**Alison Harrop**



# Attractive financial returns

Expected to be accretive from FY25 FFO;  
disciplined capital management

## Stockland Group Financial Impact

✓ Expected to be accretive from FY25	Full economic entitlement of acquired portfolio expected by 4Q FY24 First full year of integrated operations in FY25
✓ Capital efficient	Progressive settlement of the acquisition over FY24 and FY25 <sup>1</sup> 9 of the 12 projects are held via PDA structures
✓ Maintaining strong balance sheet position	<ul style="list-style-type: none"> <li>Funded by Stockland's existing debt capacity</li> <li>Expected impact of +1.9% to pro-forma gearing post all tranches of Stockland's investment in SRCP over FY24-25<sup>2</sup></li> </ul>
✓ In line with through-cycle development margins	High-teens to mid-20s%
✓ Attractive development ROIC	Toward the upper end of Stockland's through-cycle development ROIC target range of 14-18% <sup>3</sup>
✓ SRCP	Allows further scaling of the platform <ul style="list-style-type: none"> <li>Improved ROIC</li> <li>Additional management and development income streams</li> </ul>
✓ Potential upside from adjacent uses	<ul style="list-style-type: none"> <li>Opportunity to develop up to nine future Land Lease Communities totalling ~2,500 home sites, and CRE assets including medical, retail and childcare centres</li> <li>Creating further recurring income streams</li> </ul>

1. See slide 20 for anticipated settlement tranches.

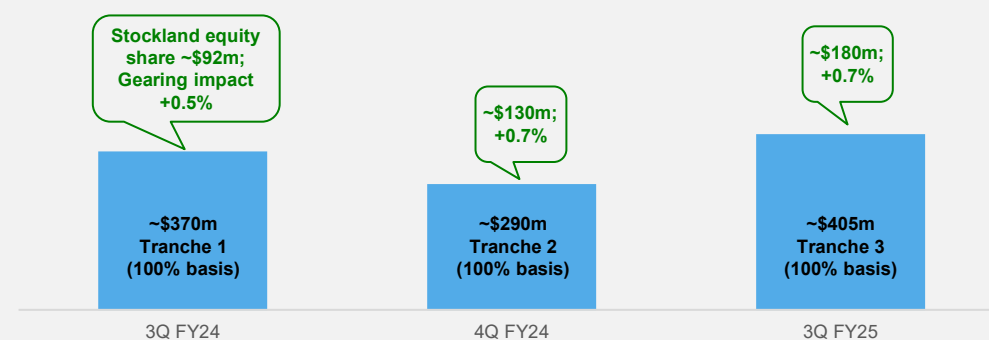
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3. Development ROIC excludes the impact of fees generated from the portfolio, which sit within Recurring ROIC.

4. SRCP has secured a right to acquire (at its election) additional parcels of land for up to \$239m. Settlement is expected by 1Q FY25 if SRCP elects to exercise its right.



## Proforma gearing impact<sup>2,4</sup>



## Proforma capital allocation (by Net Funds Employed)







# Summary

Tarun Gupta





# Accelerating the execution of our strategy



## In line with strategic priorities

- Step change in the reshaping of Stockland's portfolio
- Increases Residential sector allocation to 25%, within our target of 20-35%
- Extends Stockland's residential platform
- Strategically restocking the landbank to position for market recovery
- Formation of new capital partnership with immediate scale, alongside aligned partner



## Extends our scale & platform

- Expands Stockland's market reach and platform into new, complementary residential corridors
- Benefits from significant economies of scale and operational efficiencies by leveraging Stockland's platform
- Provides ramp-up in development activity with ~2,500 additional settlements p.a. from FY25
- Potential for future development opportunities in adjacent uses, including ~2,500 Land Lease Community home sites and Community Real Estate assets<sup>1</sup>



## Expected to be accretive to Group FFO ps

- Capital efficient acquisition, with progressive settlement
- Full economic entitlement of the portfolio acquisition expected by 4Q FY24
- Expected to be accretive from FY25, with proforma gearing impact of +1.9%<sup>2</sup>
- Development operating margins in line with through-cycle targets
- Enhancing ROIC and generating recurring income for the Group

18 1. Up to nine future Land Lease Communities totalling ~2,500 home sites, and Community Real Estate assets including standalone medical, retail and childcare centres.

2. Expected impact to pro-forma gearing post all tranches of Stockland's investment into SRCP over FY24-25, excluding the impact of the additional payment if SRCP elects to exercise its right to acquire the additional parcels of land.



# Annexure



# Transaction summary



## Newly formed Stockland Residential Communities Partnership (SRCP) to acquire 12 Masterplanned Communities (MPC) from Lendlease Corporation

### Transaction Overview

- Acquisition of 12 MPC assets from Lendlease Corporation for ~\$1,063m<sup>1,2</sup> via the establishment of SRCP with Supalai Australia Holdings Pty Ltd (Supalai)
- Stockland Group to hold a 50.1% interest and Supalai to hold a 49.9% interest within SRCP
- SRCP has also secured a right to acquire (at its election) additional parcels of land for up to \$239m
- SRCP is not acquiring the Lendlease Communities platform
- Transaction pricing reflects the MPC project values, with no goodwill expected and no consideration for upside from potential adjacencies

### Summary of portfolio

- High quality, actively trading portfolio comprising 12 masterplanned communities (MPC) assets, totalling ~27,600 residential lots
- Three MPC assets to be acquired from the Lendlease balance sheet; the remainder nine MPC assets are held via Project Delivery Agreements (PDAs), with the transfer of certain interests conditional on the vendor obtaining relevant landowner Change of Control (CoC) consents
- Project teams are expected to be integrated into Stockland, further strengthening the Stockland's Communities platform and providing a smooth transition of the acquired projects

### Aligned to Stockland Group strategic priorities

- Attractive opportunity to strategically restock, extending Stockland's existing Residential platform and increasing the landbank to ~95,600 lots
- Scale projects providing ramp up in development activity, positioning Stockland for the expected recovery in the residential cycle
- Increasing the number of active communities, with potential incremental settlements of ~2,500 lots p.a. from FY25
- Potential upside from development opportunities for adjacent uses on acquired sites, including ~2,500 Land Lease Community home sites, and Community Real Estate assets<sup>3</sup>
- Scaling capital partnerships while enhancing ROIC and improving recurring income

### Funding

- Acquisition on capital efficient terms, with progressive settlement<sup>2</sup>. On a 100% basis:
  - Initial settlement of ~\$370m expected by 3Q FY24, relating to the balance sheet assets
  - Progressive settlement of up to ~\$695m expected between 4Q FY24-3Q FY25, relating to the PDA interests
- Additional settlement of up to ~\$239m by 1Q FY25, if SRCP elects to exercise its right to acquire the additional parcels of land
- Debt finance arrangements have been established for SRCP to support acquisition and ongoing operations
- Stockland's share of interest in SRCP will be funded by existing debt capacity

### Financial impact to Stockland Group

- Full economic entitlement of the portfolio expected by 4Q FY24
- Expected to be accretive to Stockland FFO ps from FY25
- Development returns toward the upper end of Stockland's through-cycle development ROIC target of ~14-18%<sup>4</sup>
- Expected impact of +0.5% to pro-forma gearing post Stockland's initial investment in SRCP in 3Q FY24. Expected impact of +1.9% to pro-forma gearing post all tranches of Stockland's investments in SRCP over FY24-25, excluding the impact of the additional payment if SRCP elects to exercise its right to acquire the additional parcels of land

1. Excluding transaction costs and subject to adjustments at completion.

20 2. On a 100% basis, excluding transaction costs and subject to adjustments at completion. Subject to Foreign Investment Review Board (FIRB) approval. Settlement of certain Project Delivery Agreement (PDA) projects are also conditional on the vendor obtaining relevant landowner Change of Control (CoC) consents. SRCP may also exercise its right to acquire (at its election) certain additional parcels of land for an additional payment of up to \$239m.

3. Up to nine future Land Lease Communities totalling ~2,500 home sites, and Community Real Estate assets including standalone medical, retail and childcare centres.

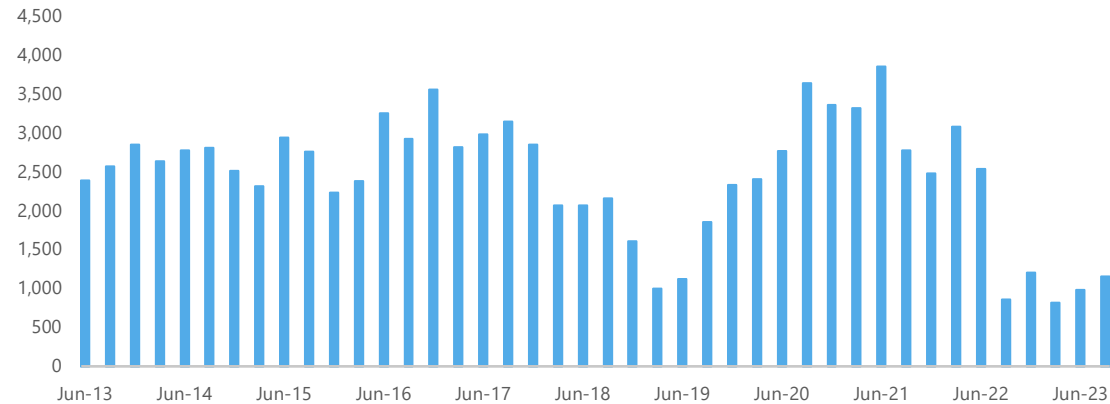
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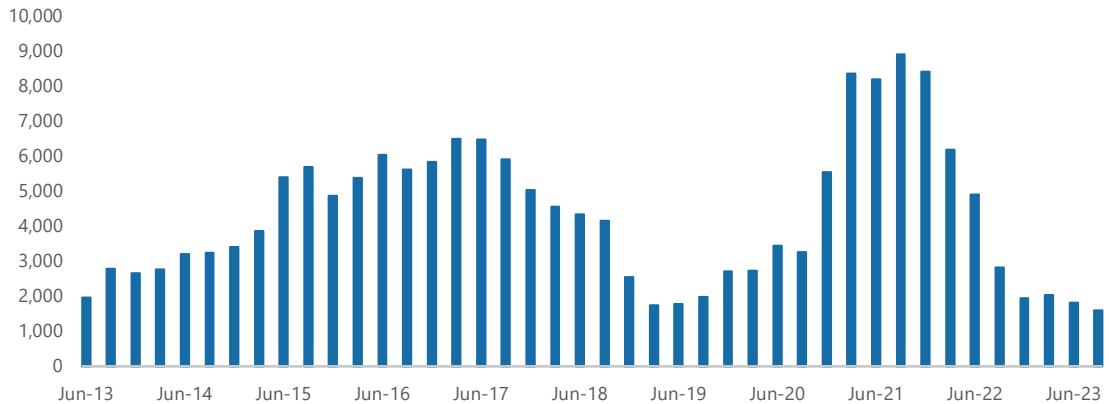
# Vacant land sales



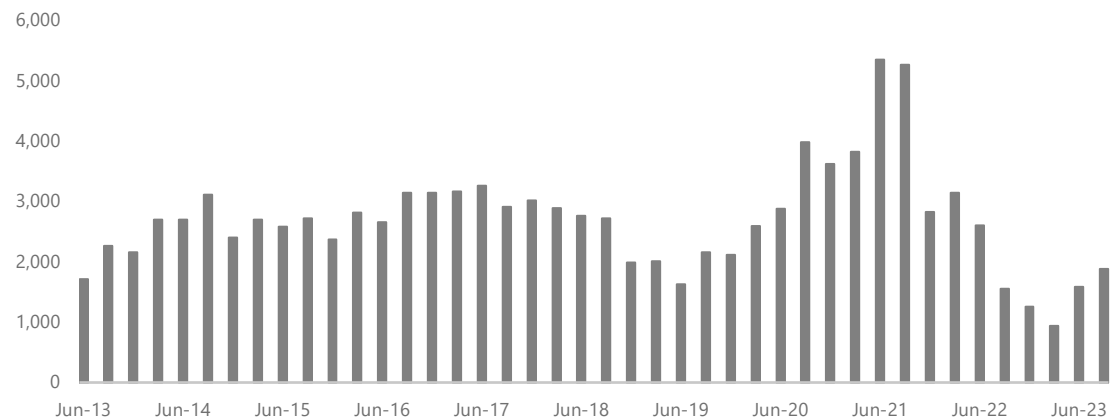
NSW vacant land quarterly sales



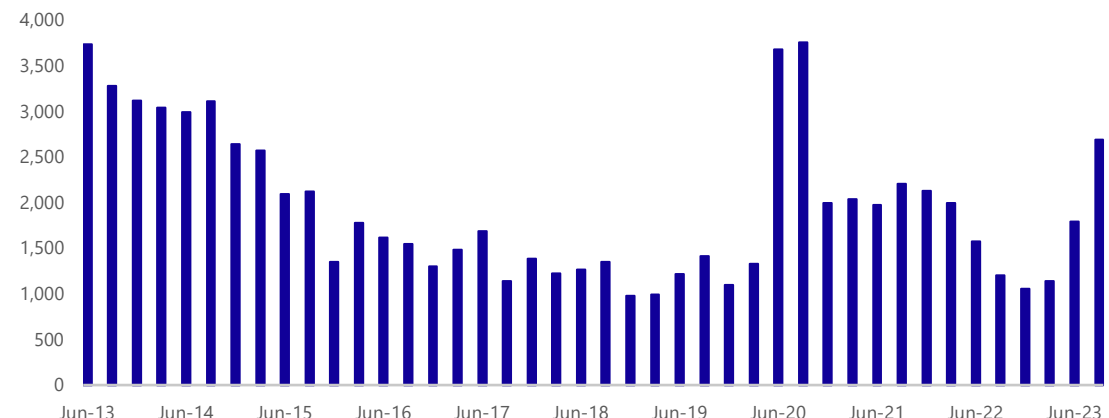
VIC vacant land quarterly sales



SEQ vacant land quarterly sales



Perth vacant land quarterly sales



# Acquisition portfolio



#	Project name	State	Yield
1	Figtree Hill	NSW	~1,320
2	Calderwood Valley	NSW	~2,780
3	Springfield Rise	QLD	~1,160
4	Yarrabilba	QLD	~10,400
5	Shoreline	QLD	~2,760
6	Kinma Valley	QLD	~2,300
7	Atherstone	VIC	~1,710
8	Aurora	VIC	~1,110
9	Harpley	VIC	~1,720
10	Averley	VIC	~1,370
11	Alkimos Beach	WA	~760
12	Alkimos Vista	WA	~250
Total			~27,600

**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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