Stockland

1H20 Results

19 February 2020

BARINGA, QLD

Agenda

Group update

Mark Steinert

Managing Director & CEO

Financial results and capital management

Tiernan O'Rourke

CFO

Commercial Property

Louise Mason

Group Executive & CEO, Commercial Property

Communities

Andrew Whitson

Group Executive & CEO, Communities

Summary and outlook

Mark Steinert

Managing Director & CEO

Figures are rounded to nearest million, unless otherwise stated.
Percentages are calculated based on the figures rounded to one decimal place.
Percentage changes are calculated on the prior corresponding period unless otherwise stated.

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Group update

Mark Steinert

Stockland

WILLAWONG DISTRIBUTION CENTRE, QLD

Result on track for full year guidance

FFO reflects second half skew in Communities

6 months to 31 December 2019

Funds from operations[1] (FFO)	FFO per security[1]	Adjusted FFO (AFFO)[1]	AFFO per security[1]
$384m	16.1 cents	$338m	14.2 cents
(5.6)%	(4.2)%	(4.2)%	(2.7)%

Statutory profit	Commercial Property	Net tangible assets (NTA) per security	Distribution per security (DPS)
$504m	$199m	$4.12	13.5 cents
+68.1%	Net valuation uplift	+2.0%[2]	84% Distribution payout ratio

1. Funds from operations (FFO) and Adjusted Funds From Operations (AFFO) are determined with reference to the PCA guidelines.
2. Compared to 30 June 2019 NTA per security of $4.04.

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Strong momentum delivering key strategic priorities

6 months to 31 December 2019

Priority		Achievements
Increase Workplace and Logistics weighting	Acquisition	• Portfolio weighting increased to 26% (from 23%) • Acquired remaining 50% interest in Stockland Piccadilly, Sydney (NSW) for $347m • Entered into contracts to acquire $121m North Sydney (NSW) office development, site amalgamation[1] • Purchased two Brisbane (QLD) logistics developments in prime industrial zone on an initial yield of 6%
	Development	• Doubled development pipeline to $4.3bn[2]
Improve the quality of our portfolio	Logistics	• Stage 1 DA approved at M_Park Business Campus (NSW) $500m[2] development • Optus renewed 84,194 sqm lease at Optus Campus, Macquarie Park (NSW) for 12 years • Completed $57m developments, IRRs >8%[3], FFO yields >6.5% • Divested non core assets for $114m[4]
	Retail	• 3.3% growth in comparable MAT reflecting remixing and non discretionary focus • Completed the settlement of $220m[4] non core retail divestments
Accelerate Communities growth opportunities	Residential Communities	• Competitive advantage drives increased residential market share from 15% (at 30 June 2019) to 16%[5] • Executed early cycle restocking with acquisition of 1,500 lots at Donnybrook (VIC)
	Retirement Living	• DAs for land lease communities at Aura (QLD) and North Shore (QLD) lodged • Progressing business improvement plan with 12% increase in established sales in 1H20 compared to 1H19
Broaden sources of capital	Group	• Joint venture at Kemps Creek, Western Sydney (NSW) with Fife Group, $1.1bn[6] end value • 50/50 strategic capital partnership at Aura, a $5bn[6] masterplanned community in QLD, with Capital Property Group (CPG) investing at around 30% premium to book value • Debt facility with Clean Energy Finance Corporation (CEFC) for $75m

1. Acquisition of 118 Walker Street completed on 8 November 2019, acquisition of 122 Walker Street expected to complete in July 2020.
2. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval.
3. Estimated 10 year IRR on completion.
4. Transactions previously announced in FY19 results disclosures.
5. National Land Survey, June 2019, Research4 – annual market share 1H20 (Greater Sydney, Melbourne, Perth and South East QLD).
6. Estimated end value, represents 100% interest.

Stockland

Driving operational excellence

Sustainability leadership

2nd globally

In the Dow Jones Sustainability Index

10 years rated in global top five

Global Sector Leader

For Listed, Diversified – Office/Retail
in the Global Real Estate Sustainability Benchmark

Climate A-List

Fourth year on CDP Climate A-List

Only Australian company consistently recognised

AAA ESG rating

MSCI ESG Rating

Customer innovation

Live chat for Residential sales

~4,000 enquiries, $16m in sales to date
Rolled out nationally in September 2019

ShopAI Campaign

Christmas digital shopping guide chatbot driving a 64% increase in page views for gifts

Logistic assets website

Interactive floor plans for tenants

Stockland Loyalty

Driving residential sales with Refer-a-Friend and Buy Again

Our brand ranked in the top 30

Companies in Australia with Reputation Score outranking all our peers in the property industry[1]

People and leadership

Remuneration review

External review underway of our remuneration structure to align reward with our refreshed strategic priorities

Building culture and capabilities

Strengthening Stockland, an integrated program of culture change, focused on leadership, structure, capability, processes and systems will underpin our strategic delivery

Board charter and key policies

Focus on governance and compliance with key workstreams on whistleblowing, sustainability, climate change and modern slavery

1. RepTrak March 2019 Report.

Stockland

Financial results and capital management

Tiernan O'Rourke

Stockland

Artist Impression M_PARK, NSW

Capital position

At 31 December 2019

Investment grade credit ratings

A-/Stable S&P

A3/Stable Moody's

Interest cover[1]

5.0:1

Weighted average cost of debt

4.4%

Gearing

26.1%

26.7% at 30 June 2019

Fixed / hedge ratio as at period end

70%

Weighted average debt maturity

5.4 years

FY20 outlook[2]

Expected weighted average cost of debt

4.0%

Gearing within target range

20-30%

1. Based on S&P methodology.
2. Assuming no material change in market conditions.

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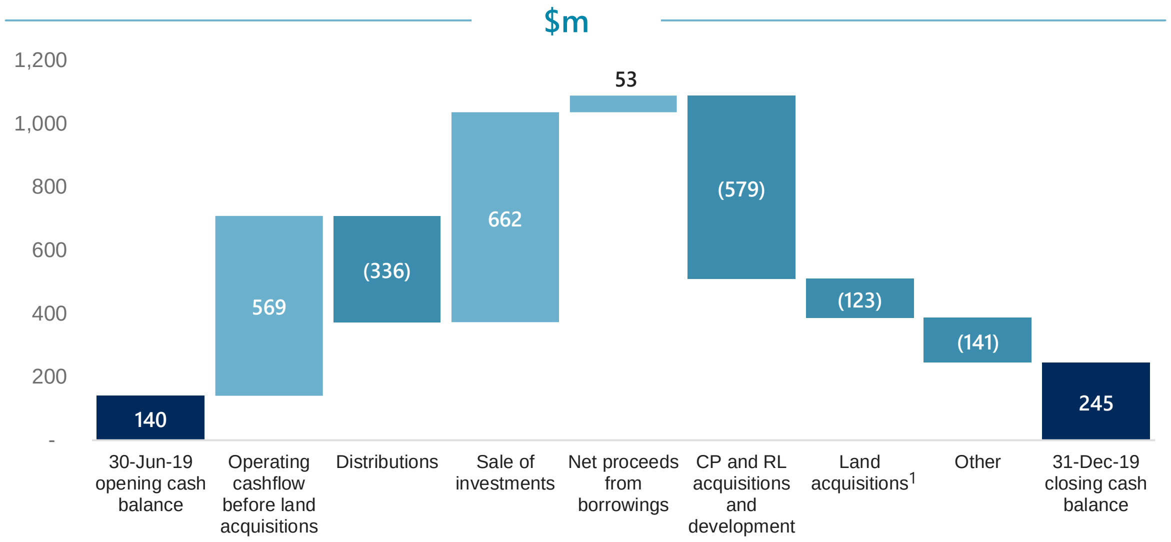
Strong operating cash flows



$m	1H20	1H19
Operating cash flow before land acquisitions	**569**	**186**
Includes residential cash flows as follows		
Sales and other revenue	789	660
Current year stage costs	(106)	(122)
Future stage infrastructure costs	(228)	(380)
SG&A and other costs	(90)	(93)
Total	**365**	**65**

1. Includes residential and logistics projects.
2. Completed the settlement of transactions previously announced in FY19 results disclosures.

Key areas of capital employed

- Strong operating cashflows covering distributions and funding growth
- Operating cash flows increased due to strong residential revenue and lower residential development expenditure
- 61% of land acquired on capital efficient terms
- Commercial Property expenditure primarily relates to acquisitions and developments undertaken

Funding and liquidity

- Retail divestments of $220m[2], with up to a further $500m non core retail divestments over time in a disciplined way
- Target further disposal of non core Retirement Living villages
- 26.1% gearing is within target range of 20-30% (26.7% at 30 June 2019)

Stockland

Funds from operations

- Non core divestments reduced retail and logistics FFO
- Communities reflects 2H20 skew to high margin Sydney projects, timing of Merrylands Court and The Grove[1] and non core village disposals
- Reduced unallocated corporate overheads by 15.5% in 1H20 to $27m and ongoing commitment to reducing our cost base

$m	1H20	1H19	Change	Comparable growth
Logistics	81	81	0.7%	3.9%
Workplace	26	24	7.1%	6.1%
Retail Town Centres	209	218	(4.2)%	0.7%
Trading profit	-	-	-	
Commercial Property net overheads	(8)	(9)	(19.4)%	
Commercial Property	**308**	**314**	**(1.7)%**	**2.0%**
Residential Communities	**134**	**142**	**(6.0)%**	
Retirement Living	**17**	**20**	**(13.8)%**	
Unallocated corporate overheads	(27)	(32)	(15.5)%	
Net interest expense	(48)	(37)	29.5%	
Total	**384**	**407**	**(5.6)%**	
FFO per security	16.1 cents	16.8 cents	(4.2)%	

1: Merrylands Court settled on 9 January 2020. The second of the three tranches at The Grove is expected to settle in 4Q20.

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Statutory profit to FFO and AFFO reconciliation

The table below shows the reconciliation of statutory profit to FFO 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		1H20	1H19	Change
PCA Reference	**Statutory profit**	504	300	68.1%
	Adjusted for:			
D1/D4	Amortisation of lease incentives and lease fees	43	39	
D5	Straight-line rent	(1)	(2)	
A3/A4	Net change in fair value of Commercial investment property[1]	(198)	(22)	
A3/A4	Net unrealised change in fair value of Retirement Living investment properties and obligation	33	27	
F2	Unrealised DMF revenue	(16)	(17)	
C2	Net loss/(gain) on financial instruments	(6)	40	
F2	Net loss/(gain) on other financial assets	1	-	
A1/A2	Net loss/(gain) on sale of other non-current assets	(11)	10	
A6	Net reversal of impairment of inventories	-	-	
B1	Impairment of Retirement Living goodwill	21	10	
F2	Restructuring cost[2]	2	4	
E	Tax expense/benefit – (non-cash)[3]	12	18	
G	**Funds from operations (FFO)**	**384**	**407**	**(5.6)%**
G2	Maintenance capital expenditure[4]	(13)	(17)	
G3	Incentives and leasing costs for the accounting period[5]	(33)	(38)	
	Adjusted funds from operations (AFFO)	**338**	**352**	**(4.2)%**
	AFFO per security	14.2 cents	14.6 cents	(2.7)%

1. Includes Stockland's share of revaluation gains relating to commercial properties held through joint venture entities. (1H20: $45m gain; 1H19: $15m gain) and fair value unwinding of ground leases recognised under AASB 16 (1H20: $1m; 1H19: nil).
2. Restructuring cost to improve operational efficiencies and position the business for sustainable growth in the future.
3. The Group has accumulated tax losses of $1.7bn and as a result does not have any near term income tax expense that will be settled in cash.
4. Includes $2m (1H19: $2m) Retirement Living maintenance capital expenditure.
5. Excludes developments.

Stockland

KEYWEST, VIC

Commercial Property

Louise Mason

Stockland

Delivering on our strategy

Implementing plan to improve portfolio quality and returns

Execute Logistics pipeline

- Completed approximately 45,000 sqm of developments in the half year including KeyWest (VIC) Distribution Centre and Yatala (QLD) Stage 1
- Leveraged relationship with high quality retailers to deliver 100% occupancy for the speculatively developed KeyWest Distribution Centre
- Progressing capital partnerships at Kemps Creek (NSW) and Melbourne Business Park (VIC)
- M_Park Business Campus (NSW) Stage 1 DA approved
- Development pipeline of over $2.1bn[1] including DA approval for major business park projects M_Park and refurbishment of Optus Campus, Macquarie Park (NSW)

Grow Workplace

- Secured 100% ownership of Stockland Piccadilly, Sydney (NSW) in the heart of the CBD, funded through disposal of 50% interest in 135 King Street, Sydney (NSW)
- Strategic acquisition of 118 and 122 Walker Street[2] buildings adjacent to our existing asset, creating an amalgamated landholding of almost 2,300 sqm within the prime North Sydney CBD (NSW)
- Walker Street acquisitions create potential of up to 60,000 sqm prime office space in close proximity to future Victoria Cross Metro Station
- Transactions have created development pipeline of over $2.2bn[1] to support future growth
- Growing in-house asset and development management capability

Strengthen Retail Town Centres

- Improving online resilience through continued remix from fashion and jewellery to food, services and experiences
- Strategic program of placemaking with clear deliverables, projects underway across portfolio of assets
- Improved convenience through enhanced car-parking and last mile initiatives
- Completed $505m non core retail divestments since December 2018 with $220m settled in 1H20
- Divested[3] $86m of retail centres on behalf of SDRT1, a Stockland managed fund, 2.7% above 30 June 2019 book value
- Continuing to assess a further $500m non core divestments over time in a disciplined way

1. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval.
2. Acquisition of 118 Walker Street completed on 8 November 2019, acquisition of 122 Walker Street expected to complete in July 2020.
3. Exchanged and/or settled from 1 July 2019 to 19 February 2020.

Stockland

Solid operating performance

Commercial Property

Key metrics	Asset value[1]	FFO	FFO comparable change	Occupancy	WALE[2]	WACR[3]
Logistics	$2,771m	$81m	3.9%	98.3%	5.4 yrs	5.7%
Workplace	$1,032m	$26m	6.1%	94.1%	3.6 yrs	5.9%
Retail Town Centres	$6,628m	$209m	0.7%	99.4%	6.0 yrs	5.9%
Total	**$10,431m**	**$316m**	**2.0%**			**5.9%**

1. Excludes Unlisted Property Fund assets (19.9% ownership), WIP and sundry properties.
2. Weighted average lease expiry.
3. Weighted average capitalisation rate.

2.0%

FFO comparable growth in 1H20

Strong occupancy

throughout portfolio with a sustainable WALE[2]

$10.4bn

total asset value

Stockland

Solid valuation results

Commercial Property

Net valuation uplift of $199m in 1H20 with 49%[1] of assets independently revalued in the last six months

Logistics $2,771m[2]

$219m +7.9% valuation uplift

5.7% WACR

▼ 50bps

- Uplift driven by development activity, leasing success and cap rate compression
- Significant uplift at Optus Campus, Macquarie Park (NSW) following successful lease extension

Workplace $1,032m[2]

$11m +1.0% valuation uplift

5.9% WACR

▲ 10bps

- Uplift reflects cap rate compression in Sydney assets
- Portfolio WACR impacted by Durack Centre (WA)

Retail $6,628m[2]

$(31)m -0.5% valuation decline

5.9% WACR

⟷

- Retail valuations and cap rates broadly stable, reflecting prior period rebasing of rents
- Net devaluation driven by Glendale (NSW) and Cairns (QLD) mainly due to additional capital expenditure allowance

1. By value.
2. Book value at 31 December 2019.

Stockland

Growing portfolio delivers strong returns

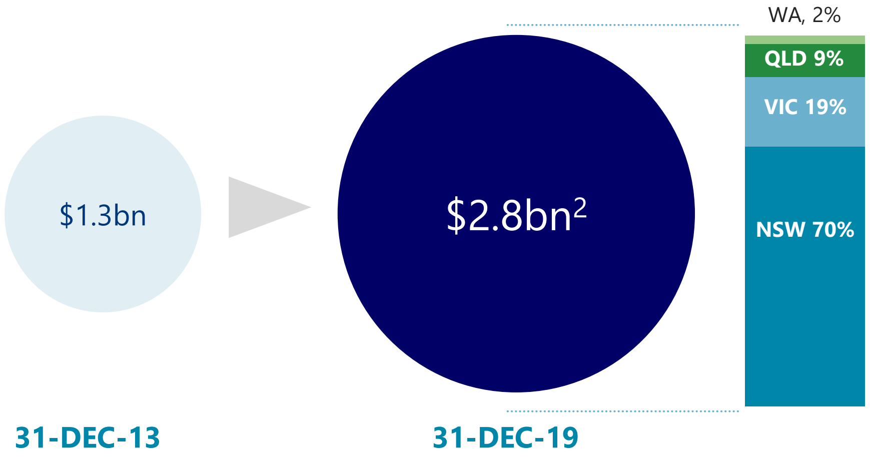
Logistics

- Portfolio value more than doubled since 31 December 2013 through asset creation
- One of the largest logistics portfolios among listed A-REITs
- 98%[1] of assets located on the eastern seaboard
- Valuations improving as quality of portfolio grows

Transacted with Fife Group:

- Consolidated a 71Ha land holding[3], 50/50 joint venture at Kemps Creek (NSW), representing a $1.1bn[3] end value development opportunity, proximate to Western Sydney Aerotropolis region
- Purchased Carole Park (QLD) and Richlands (QLD) assets with development opportunity in Brisbane's prime industrial zone on an initial yield of 6%

Portfolio growth and geographic exposure



29
assets

19%
portfolio weighting increased by 8% from 31-Dec-13

$2.8bn[2]
portfolio value

$2.1bn[4]
development pipeline

1. By value.
2. Excludes WIP and sundry properties.
3. Estimated end value, represents 100% interest.
4. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval.

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Performance demonstrates quality of portfolio

Logistics

- Strong comparable FFO growth of 3.9%
- Leasing demand remains strong with 300,835 sqm leased
- Completed $57m developments Stage 1 Yatala (QLD) and KeyWest (VIC):
  - Approximately 45,000 sqm GLA fully leased
  - IRRs between 8-10%[1], FFO yields >6.5%[2]
- 86% portfolio retention over 180,094 sqm at 14% weighted average base rent growth
- Lease extension at Optus Campus, Macquarie Park (NSW) for 12 years, 84,194 sqm NLA resulting in $52m net valuation uplift (Stockland share)
- Melbourne Business Park partnership with Mt Atkinson Holdings:
  - 260 Ha site with potential $2bn end value[4]
  - Extensive main road frontage, located in transport corridor
  - Largest industrial project for Melbourne's growing west
  - $190m Stage 1 subdivision planning approval granted in 2Q20

Key metrics	1H20	1H19
FFO	$81m	$81m
Asset value[3,5]	$2,771m	$2,469m
Leased area	300,835 sqm	321,100 sqm
Leases under HOA[4,5]	107,887 sqm	149,300 sqm
Average rental growth on new leases and renewals	11.5%	1.1%
Portfolio occupancy[5,6]	98.3%	98.0%
Portfolio WALE[5,6]	5.4 yrs	5.2 yrs

1. Estimated 10 year IRR on completion.
2. Fully leased year 1 yield.
3. Excludes WIP and sundry properties.
4. Estimated end value, represents 100% interest.
5. At 31 December 2019.
6. By income.

Stockland

$0.6bn[1] business park development pipeline

Logistics

M_Park Business Campus, Macquarie Park, NSW

- 3 Ha site
- $500m[1] development with 55,000 sqm NLA opportunity
- 16,000 sqm NLA Stage 1 DA approved Dec 2019
- Actively seeking pre commitments

Optus Campus, Macquarie Park, NSW

- 7.6 Ha site
- 12 year lease to Optus
- 84,194 sqm NLA leased
- Building upgrade DA approved
- Net valuation upside 21.6%

Close proximity to Macquarie University Station and Macquarie Park Station expected to link to the Metro line in 2024[2]:
- 15 mins to North Sydney
- 18 mins to Barangaroo
- 23 mins to Pitt Street, Sydney CBD

1. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval.
2. Source www.sydneymetro.info

Stockland

Strong leasing and rental growth

Workplace

- Strong comparable FFO growth of 6.1%
- Rental growth on new leases and renewals of 15.8%
- 91% of portfolio in Sydney
- Acquired remaining 50% interest in Stockland Piccadilly for $347m (yielding ~5.5%) and divested 50% interest in 135 King Street for $340m[1] (yielding ~4.25%), Sydney (NSW)
- Strategic acquisition of 118 and 122 Walker Street sites[2], amalgamated with our existing asset, creating potential 60,000 sqm NLA prime office space in North Sydney (NSW)
- Progressed in house asset and development management capability, now internally managing 90% of built up book value, up from 20% at 30 June 2019

6 assets

$1.0bn[3] portfolio value

7% portfolio weighting

$2.2bn[4] development pipeline

Key metrics	1H20	1H19
FFO	$26m	$24m
Asset value	$1,032m	$786m
Leases executed	6,447 sqm	10,300 sqm
Leases under HOA[5]	3,662 sqm	22,700 sqm
Average rental growth on new leases and renewals	15.8%	18.7%
Portfolio occupancy[5,6]	94.1%	95.5%
Portfolio WALE[5,6]	3.6 yrs	3.8 yrs

1. Settled in November 2019.
2. Acquisition of 118 Walker Street completed on 8 November 2019, acquisition of 122 Walker Street expected to complete in July 2020.
3. Excludes WIP and sundry properties.
4. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval.
5. At 31 December 2019.
6. By income.

Stockland

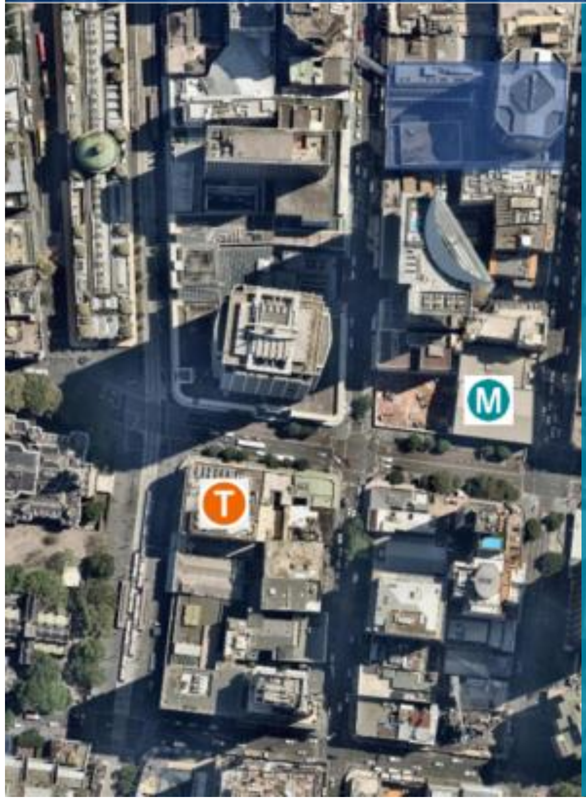
$2.2bn[1] development pipeline

Workplace

Walker Street, North Sydney, NSW

- 2,300 sqm amalgamated landholding
- Up to 60,000 sqm proposed NLA
- Close proximity to future Victoria Cross Station
- M new metro train station, expected to open in 2024[2]

Piccadilly, Sydney CBD, NSW



- Located in the mid-town Sydney CBD
- Development planning commenced
- ~5,000 sqm site area with dual frontage of Castlereagh and Pitt Streets
- M new metro train station, expected to open in 2024[2]
- T existing Townhall Station

1. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval.
2. Source www.sydneymetro.info

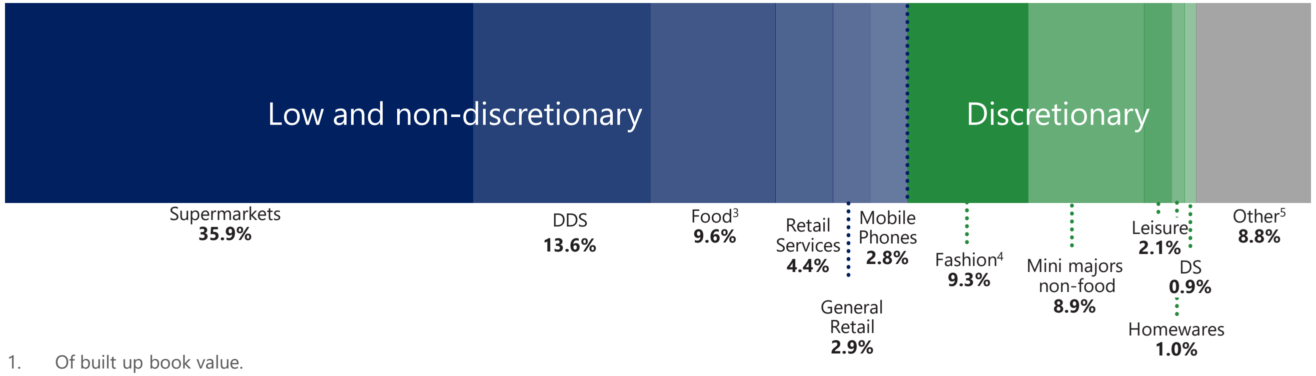
Stockland

Stable performance, tracking to guidance

Retail Town Centres

- Income and capital performance tracking to guidance
- Actively stabilising the portfolio through a program of rebasing rents and up-weighting to Food and Services categories underpinning a solid sales performance
- Occupancy maintained at 99.4%
- FY20 forecast capex slight increase on FY19
  - maintenance capex and placemaking ~0.5%[1]
  - incentives ~0.8%[1]

Diversified MAT ~70% low and non-discretionary



32
assets

$6.6bn[2]
portfolio value

43%
portfolio weighting
target exposure to <40% over the next five years

(0.5)%
valuation decline[6]

1. Of built up book value.
2. Excludes Unlisted Property Fund assets (19.9% ownership), WIP and sundry properties.
3. Includes food catering, food retail and mini majors foods.
4. Fashion includes apparel and jewellery.
5. Other Retail, non retail and other majors.
6. From 30 June 2019.

Stockland

Continued growth in retail sales

Retail Town Centres

Active asset management

- Comparable specialty sales growth of 2.7%
- Comparable specialty sales of $9,386 psm[1], ~5% above Urbis benchmark[2]
- Growth driven by remixing to non-discretionary categories and non core assets disposals
- Apparel sales performance stabilising
- Sales growth for stable basket continues

Key categories change in comparable specialty MAT[3]

Mobile Phones	Retail Services	Food Catering	Apparel
10.8%	6.8%	3.2%	(0.1)%

MAT	Total portfolio		Comparable centres[3]	
	MAT[4]	MAT growth[4]	MAT growth	1H20 growth
Total	**$6,426m**	**5.5%**	**3.3%**	**2.9%**
Specialties	$2,022m	4.3%	2.3%	2.7%
Supermarkets	$2,316m	7.7%	4.4%	3.1%
DDS/Department Stores	$867m	4.1%	3.7%	1.7%
Mini-Majors	$656m	3.7%	0.7%	1.6%
Other[5]	$565m	5.5%	5.0%	7.4%

1. Comparable centres, excludes divestments and development centres and adjusted for stores trading less than 12 months.
2. Urbis Sub-Regional Double DDS Shopping Centre Benchmark.
3. Comparable basket of assets as per SCCA guidelines, which excludes Greenhills, Birtinya, Baringa which have been redeveloped within the past 24 months.
4. Sales data includes all Stockland managed retail assets – including Unlisted Property Fund and joint venture assets.
5. Other includes pad sites, non-retail, and cinemas.

Rebasing rents supporting sustainable income

Retail Town Centres

Active asset management

- Rebased rents to deliver sustainable occupancy
- Specialty occupancy cost of 15.1% compares favourably to market average[1]
- Negative rent reversions for 1H20 in line with FY20 guidance range of -5% to -7%
- Increase in incentives driven by remixing apparel to key growth categories
- Fixed rental increases on reset leases of between 3% to 5% remains sustainable

Impact of retailer administrations

- A number of high profile retailers have gone into administration including JeansWest, Harris Scarfe, Bardot, Curious Planet and Colette
  - of our ~3,100 tenancies, 35 sites across 7 brands impacted by administrations
  - of the 35 impacted tenancies, ~70% are under advanced negotiations with new retailers
  - reflected in Commercial Property FFO FY20 guidance

		1H20	1H19
Occupancy[2]		99.4%	99.4%
Specialty retail leasing activity[3]			
Tenant retention[4]		63%	63%
Total lease deals[5]		386	350
WALE[6]		6.0 yrs	6.1 yrs
Specialty occupancy cost ratio[7]		15.1%	15.0%
Average rental growth on lease deals[8]		(5.2)%	(1.0)%
Renewals:	number	168	142
	area	20,324 sqm	20,467 sqm
	rental growth[8]	(2.5)%	0.2%
New leases:	number	122	111
	area	16,502 sqm	12,207 sqm
	rental growth[8]	(9.0)%	(2.6)%
	incentives: months[9]	13.8	11.4
	as % of rent over lease term[10]	20.1%	14.5%

1. Urbis Sub-Regional Double DDS Shopping Centre Benchmark.
2. Occupancy reflects stable assets for the period and differs from Property Portfolio which includes all assets.
3. Excludes Unlisted Property Fund assets. Metrics relate to stable assets unless otherwise stated.
4. Adjusted for operational centre remixes and reconfiguration as well as retailers subject to administration.
5. Includes project and unstable centre leases.
6. Assumes all leases terminate at earlier of expiry / option date.
7. Excludes divestments and unstable assets.
8. Rental growth on an annualised basis.
9. Represents the contributions made towards the retailers' fit outs, expressed in equivalent months of net rent.
10. Incentive capital as a percentage of total rent over the primary lease term only.

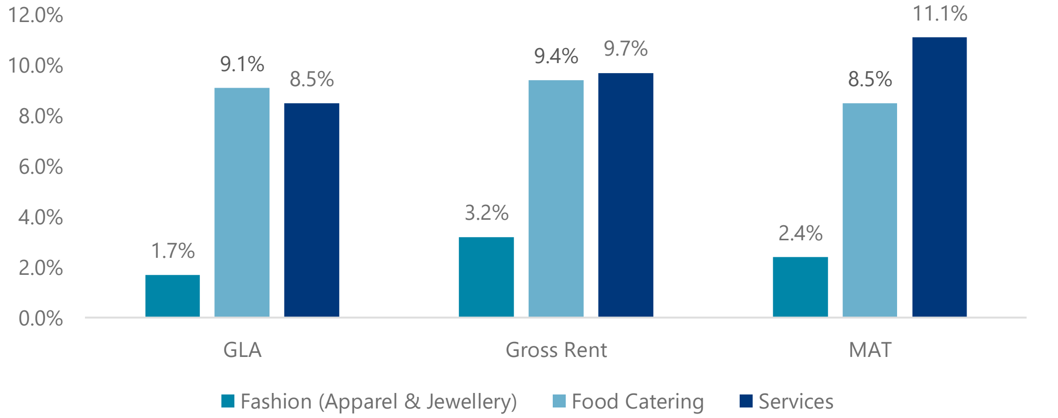
Stockland

Remixing and placemaking support positive rental and sales growth

Accelerated to focus on higher growth categories

- Remixing to Food Catering and Services yielding higher rental and sales productivity compared to Fashion
- Remixing to enhance:
  - Low discretionary categories (Services & Food)
  - Higher experiential categories (The Bavarian, Malt Shovel Tap House and Lantern Lane Precinct)
  - Increase resilience against online shopping

5 year CAGR [1]



Stockland Shellharbour, Wetherill Park, Green Hills NSW
The Bavarian

Stockland Cairns, QLD
Lantern Lane


Stockland Birtinya, QLD
Malt Shovel Tap House

1. Includes Unlisted Property Fund Assets (19.9% ownership) and WIP from 31 December 2014 to 31 December 2019.

Stockland

Outlook[1]

Commercial Property

~1% **Comparable FFO growth forecast in FY20 in line with guidance**

Workplace and Logistics markets remain strong

- $4.3bn[2] pipeline in the eastern states
- Progressing to Workplace DA lodgements in FY20 / FY21
- Realising joint venture opportunities in Logistics
- FFO forecast to grow moderately in FY20

Retail – structural change

- Valuations broadly stable with rebased rents
- Improving sales from low and non-discretionary categories
- Merging physical and digital – presenting new opportunities

1. Assuming no material change in market conditions.
2. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval.

OAKLEIGH, VIC

Stockland

Communities

Andrew Whitson

Stockland

MINTA, VIC
ARTIST'S IMPRESSION

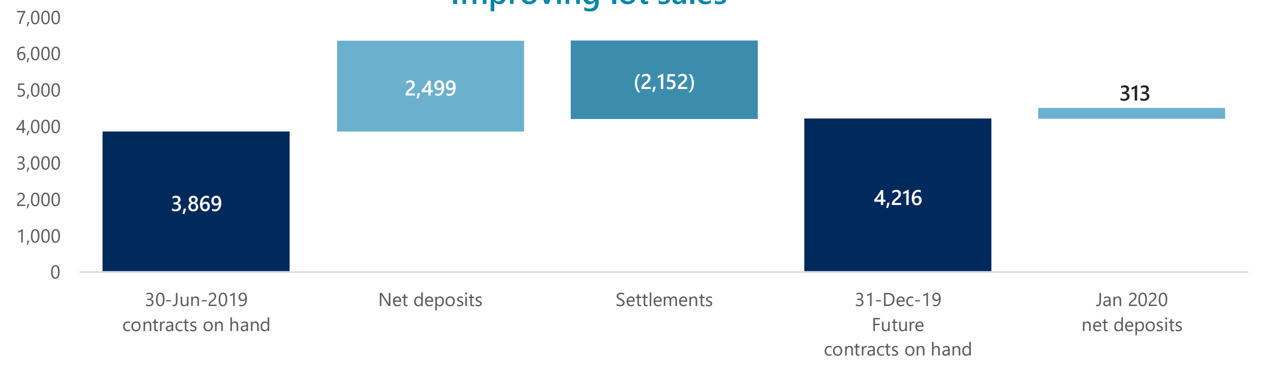
On track to deliver guidance for FY20

Residential

Execution of strategy drives 1H20 growth

- 2,158 settlements[1] (including 266 townhome settlements) on track to deliver above 5,200 settlements for the full year
- 6.0% FFO decline reflects the impact of low sales volume in FY19 carrying into 1H20
- Operating profit margin reflects 2H skew to high margin Sydney projects and settlement timing of Merrylands Court (NSW) and The Grove (VIC)[2]
- Default rates declined to 3.5% in December 2019 quarter
- Executed early cycle restocking with acquisition of sites including Donnybrook (VIC) and a focus on finalising a number of significant opportunities in the near term

Improving lot sales



2,158
Total lots settled[1]

(12.3)%
Total lots settled[1]

$134m
FFO

(6.0)%
FFO

17.2%
Operating profit margin

19.3%
ROA

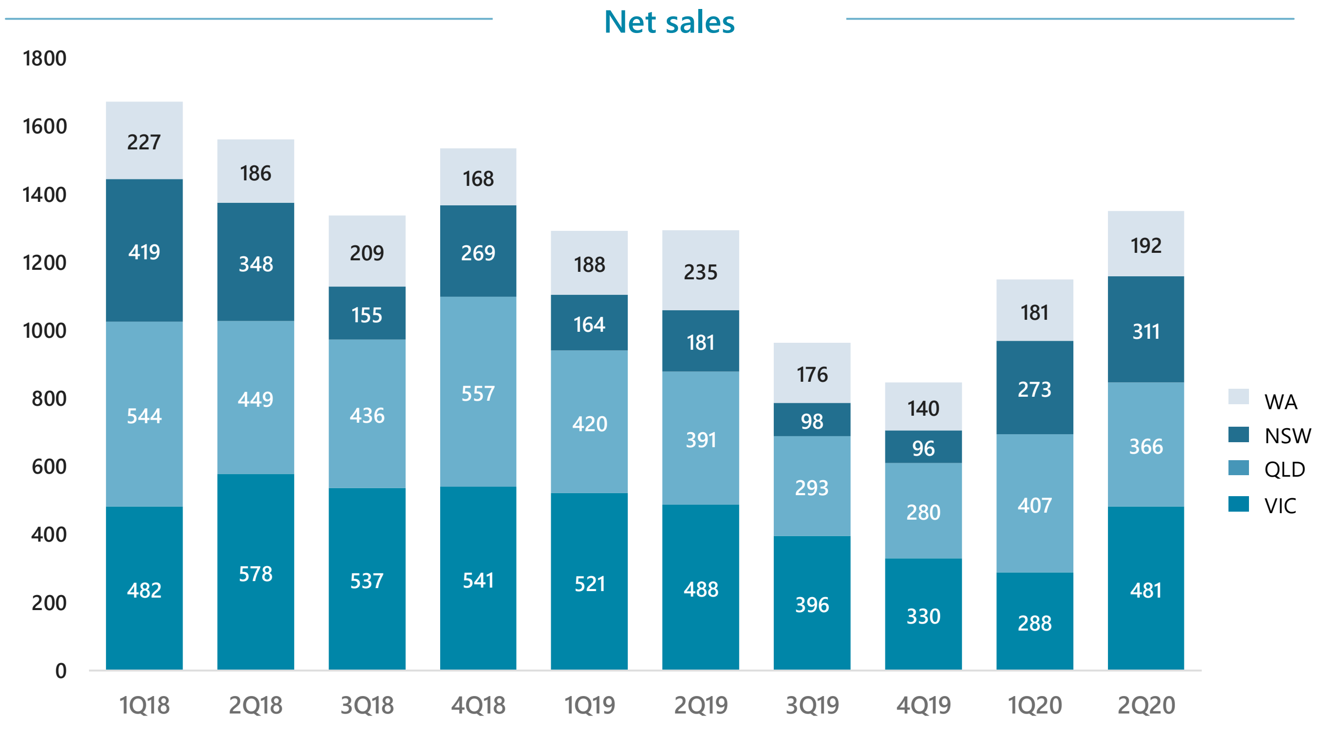
1. Includes 534 (1H19: 74) settlements under joint venture and project delivery agreements and six settlements from Brisbane Casino Towers (1H19: 326).
2. Merrylands Court settled on 9 January 2020. The second of the three tranches at The Grove is expected to settle in 4Q20.

Stockland

Strong net sales in 2Q20 underpinning outlook for FY20 and beyond[1]

Residential

- Net sales result underpinned by market strength on the eastern seaboard with the return of owner occupiers and investors
- 1,350 net deposits in 2Q20, exceeding expectations and in line with long term average
- 2,499 net deposits in 1H20 represents ~38% increase compared to 2H19 of 1,809
- Price growth is emerging in NSW and VIC, with rebates being withdrawn from the market
- Continuing flight to quality with six Stockland communities in the top 10 fastest selling projects nationally
- Over 4,200 contracts on hand giving good visibility to settlement volumes in FY20 and into FY21



	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Total	**1,672**	**1,561**	**1,337**	**1,535**	**1,293**	**1,295**	**963**	**846**	**1,149**	**1,350**

1. Assuming no material change in market conditions.

Stockland

Competitive advantage drives market share to 16%

Residential

Brand

- Focus on providing an exceptional customer experience and measuring customer satisfaction to drive accountability
- Brand built on the quality of the communities we have created for over 60 years
- Continuing to measure liveability of our communities to drive continual improvement

Residential communities resident satisfaction
93%

Scale

- Our market share of 16%[1] is more than four times that of our nearest competitor, giving us unique competitive advantages including:
  - Economies of scale to deliver our product at lower cost
  - The ability to invest in technology including Salesforce and AI to increase lead generation and sales productivity
  - Deep understanding of what our customers want

Cost per digital lead down 20% since investment in data analytics

Landbank

- 76,000 lot landbank[2] with an average age of 10 years, skewed towards rail serviced growth corridors in Sydney and Melbourne, with strong embedded margins
- Focussed on early cycle restocking including building a meaningful apartment pipeline

Acquired Donnybrook (VIC) with expected yield of 1,500 dwellings

Forecast release in 2H20 with first settlements expected in FY22

1. National Land Survey, December 2019, Research4 – annual market share 1H20 (Greater Sydney, Melbourne, Perth and South East Qld).
2. Represents lots under control of which ~28,000 are under joint venture and project delivery agreement.

Stockland

WILLOWDALE, SYDNEY, NSW

Positioned to leverage strengthening residential market

- On track to deliver over 5,200 settlements and operating profit margin ~19% in FY20
- Strong sales results and a normalised default rate are expected to drive settlements to the top end of our through the cycle range in FY21
- ~10% contribution from Townhome settlements in FY21
- Skew back to high margin Sydney and Melbourne projects expected over 2H20 and FY21
- Full year of settlements from Minta (VIC), Grandview (VIC), Orion (VIC), Waterlea (VIC) in FY21
- First settlements from three new projects over the next 24 months to drive landbank activation and ROA
  - Red Hill (ACT), Hope Island (QLD), and Donnybrook (VIC)

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Strategic initiatives and market improvement driving sales performance

Retirement Living

- Over 12% improvement in established sales in 1H20 compared to 1H19[1] with a ~30% increase in contracts on hand compared to 30 June 2019
- Portfolio on track to deliver FY20 guidance of over 850 settlements
- Development sales impacted by project completion timing
- FFO decline reflects change in development settlement mix
- Expecting second half profit skew due to settlement timings and non core village disposal profit
- Targeted repricing to drive increased occupancy
- Continue to build land lease community pipeline which is now over 2,000 dwellings

	1H20	1H19	Change
Established sales	300	267[1]	12.4%
Development sales	121	140	(13.6)%

412
Total units settled

14.8%
On 1H19

$17m
FFO

(13.8)%
On 1H19

5.9%
Total contracts on hand increase[2]

4.5%
ROA

1. Prior period restated to exclude the 2H19 disposal of three Victorian villages; Taylors Hill, Keilor, Burnside.
2. Compared to 30 June 2019.

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Retirement Living strategy

Disciplined execution of Retirement Living strategy

Enhance customer experience and satisfaction

- Continued leveraging of Salesforce and data analytics to market our product and appropriately price units
- Research-driven review of Customer Value Proposition underway
- Customer initiatives such as trial stay and rent to buy being scaled across the portfolio

Increase returns through development pipeline and capability

- Working with local planning authorities to assess future redevelopment opportunities in Sydney
- Streamlined operations model driving customer satisfaction
- Continuing to explore capital partnering opportunities discussions which are likely to take some time to reach a conclusion

Improve quality of our portfolio

- Continuing discussions with several parties on sale of non core villages
- Progressing land lease community pipeline, with two DAs lodged in 1H20

Stockland

Summary and outlook

Mark Steinert

Stockland

AURA, QLD

Creating value through our diversified model, asset creation capabilities and brand

- Focused strategy to leverage our diversified model to grow returns and improve portfolio quality
- Well positioned for future growth and to deal with structural retail challenges
- Accelerating built form and acquisitions to leverage the residential cycle
- Growing our workplace and logistics portfolio using vertically integrated capabilities, $4.3bn[1] pipeline
- Continue to actively reweight the portfolio to balance our exposure to Communities, Workplace and Logistics and Retail Town Centres over the next five years

	Capital allocation[2]		
	31-Dec-13[3]	31-Dec-19	~5 year target
Communities	29%	31%	~30%
Workplace and Logistics	21%	26%	~30%
Retail Town Centres	49%	43%	<40%

1. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval.
2. Includes Unlisted Property Fund Assets (19.9% ownership) WIP and sundry properties.
3. Excludes UK and apartments, representing 1%, at 31 December 2013.

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Strong foundation to grow profit

	Major contributors[1]		
	FY20	**FY21**	**Future pipeline**
Commercial Property	Secured key acquisitions and planning approvals to progress development pipeline Workplace and logistics portfolio weighting increased to 26%, up 3% since 30 June 2019	Capital partnership opportunities continue to be progressed Gregory Hills (NSW) logistics trading lots	Melbourne Business Park (VIC) M_Park Business Campus (NSW) Kemps Creek (NSW) Walker Street, North Sydney (NSW) Piccadilly, Sydney CBD (NSW)
Communities	>5,200 residential settlements, including around 500 townhomes >850 established and development retirement living settlements Operating profit margin ~19%	Residential settlements at top end of our through the cycle range ~5,800 lots including ~600 townhomes Skew back to high margin Sydney and Melbourne residential projects Operating profit margin ~18% Full year of settlements from Minta (VIC), Grandview (VIC) and Mt Atkinson (VIC) First settlements from Red Hill (ACT)	Rosebery (NSW) Parramatta (NSW) Hope Island (QLD) Donnybrook (VIC)

1. Based on current internal Stockland forecasts and assuming no material change in market conditions. Full guidance for FY21 will be provided to the market in August 2020.

FY20 outlook[1]

Disciplined focus on execution of strategy

Commercial Property

~1%
comparable FFO growth

Workplace and logistics FFO forecast to grow moderately

Retail FFO impacted by retailer administrations

Residential

>5,200
lot settlements

Including around 500 townhomes

Market is improving on the eastern seaboard

Operating profit margin to remain ~19%

Retirement Living

>850
established and development settlements

Continuing to explore capital partnering opportunities which are likely to take some time to reach a conclusion

Ongoing non core village disposals

Communities

Greater second half profit skew expected (around 35%/65%) compared to the prior year due to project stage and settlement timings

Group

$8m pa
unallocated corporate overheads savings

Gearing to be maintained within range of 20% - 30%

Guidance

37.4c
FFO per security

27.6c
distribution per security
Distribution payout at lower end of target ratio of 75-85%

1. Assuming no material change in market conditions.

Stockland

Stockland

Stockland Corporation Limited
ACN 000 181 733
Stockland Trust Management Limited
ACN 001 900 741; AFSL 241190
As responsible entity for Stockland Trust
ARSN 092 897 348

LEVEL 25
133 Castlereagh Street
SYDNEY NSW 2000

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