Stockland

FY20 Results

25 August 2020

AURA, 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
Mark Steinert
Managing Director & CEO

Stockland

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.

Group update

Mark Steinert

Stockland

THE GABLES, NSW

FY20 result

Funds from operations[1] (FFO)	FFO per security[1]	Adjusted FFO (AFFO)[1]	AFFO per security[1]
$825m	34.7 cents	$736m	31.0 cents
(8.0)%	(7.2)%	(5.6)%	(4.6)%

Statutory loss[2]	Return on equity[3]	Net tangible assets (NTA) per security	Distribution per security (DPS)
$(14)m	11.5%	$3.77	24.1 cents
	(40) bps	(6.7)%[2,4]	70% Distribution payout ratio

1. Funds from operations (FFO) and adjusted funds from operations (AFFO) are determined with reference to the PCA guidelines.
2. Includes COVID-19 impacted net property devaluations.
3. Return on equity accumulates individual business return on assets and adjusts for cash interest paid and average drawn debt for the 12 month period. Excludes Residential Communities workout projects.
4. Compared to 30 June 2019 NTA per security of $4.04.

Percentage changes are calculated on the prior corresponding period unless otherwise stated.

COVID-19 response to date

Stockland has taken proactive and decisive measures to protect our business and position for the future

Safety and wellbeing	• Prioritised safety and wellbeing of our tenants, customers, contractors and our teams • Implemented COVID-safe operating plans across all assets • Continue to manage COVID-19 response in Victoria and across hotspots in other states
Industry and government engagement	• Proactively engaged with industry bodies and governments in implementing sector support measures including the Commercial Code of Conduct (**Code**) and the HomeBuilder stimulus grant • The Group has not applied for nor received funds from the Federal Government's JobKeeper scheme
Cost Savings	• Reduced or deferred non-critical expenses, implemented cost saving initiatives incl. a freeze on remuneration and recruitment to 30 June 2020 • Voluntary 20% reduction in Directors' fees and executive fixed salaries over May 2020 and June 2020 • Accelerated leave of ~10 days taken by most of our people from 1 April 2020 to 30 June 2020
Capital management and financial health	• Deferred non-essential capital and development expenditure until better visibility of future demand emerged • Raised $790m in long term and short term debt since 29 February 2020
Tenant support	• Proactively worked with tenants to safely re-open stores following easing in government restrictions in some states with ~94% stores by rental income across the portfolio now trading and foot traffic ~92%[1] of pre-COVID-19 levels for July 2020 • Finalised ~54% tenant negotiations across the Commercial Property portfolio[2]
Production levels	• Increased production levels in Communities to leverage market conditions following Federal Government's HomeBuilder program
Customer experience	• End to end leading edge digital platform including virtual display villages to drive residential enquiries, sales and settlements • Created new omni-channel shopping experiences supporting the community, retailers and delivery services

1. Represents comparable portfolio excluding Piccadilly Retail Centre.
2. By number of relevant tenants, seeking support at 17 August 2020.

Continued focus on strategy execution

- Result reflects the benefits of our diversified portfolio in a challenging environment
- Rebalancing our portfolio with Retail Town Centres weighting reducing to ~39%[1] and Workplace and Logistics weighting increasing to ~29%[1]
- Strong Workplace and Logistics result; development pipeline more than doubled since June 2019 to $5.5bn[2]
- Execution of key strategic priorities including non-core asset divestments, improving portfolio quality through remixing, rebasing and future proofing our Retail Town Centres
- Improved retail trading performance where government restrictions have been relaxed
- Communities settlements of 5,319 with solid rebound in sales and enquiries, reflecting the strength of our market leading business, government stimulus and customer preference
- Strong operational cashflow, improved gearing to 25.4% and $2.0bn available liquidity[3]
- Acceleration of digital initiatives and data analytics to underpin customer centric innovations and operational excellence

Our business remains well positioned, underpinned by the strength of our diversified business model and geographic spread.

We are adapting our strategy to leverage opportunities in the new normal

1. Reflects portfolio weightings at 30 June 2020 adjusted for post balance date transactions including $418m non-core retail divestments, $63.5m Balcatta divestment, disposal of 50% interest in Katalia (subject to FIRB approval) and acquisition of logistics land in Willawong in capital partnership with Fife.
2. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval at 25 August 2020.
3. At 30 June 2020.

Strong momentum in delivering strategic priorities

PRIORITY		ACHIEVEMENTS
Increase Workplace & Logistics weighting	Acquisitions	• Entered into an agreement to acquire Johnson & Johnson (**J&J**) site at Macquarie Park (NSW)[1] creating a potential consolidated development opportunity with M_Park in excess of $1.5bn • Acquired remaining 50% interest in Stockland Piccadilly, Sydney (NSW) for $347m and two assets at Walker Street, North Sydney (NSW) for $121m with potential site amalgamation development opportunity • Purchased two Brisbane (Qld) logistics developments in prime industrial zone, $47m cost to complete
	$5.5bn development pipeline[2]	• Optus renewed 84,194 sqm lease at Optus Centre, Macquarie Park (NSW) for 12 years • A commitment to work towards a new 10,000 sqm head office for J&J at our existing M_Park project • Heads of Agreement executed with another large multinational tenant over a whole building at M_Park • Lodgement of Piccadilly (NSW) Stage 1 planning proposal in August 2020, Walker Street (NSW) lodgement expected at the end of 2020
Improve the quality of our Retail portfolio	$0.9bn non-core divestments in 24 months	• Settled $220m[3] non-core divestments and executed contracts for additional $418m[4] post balance date in line with 30 June 2020 valuations • Success of remixing strategy reflected in comparable sales growth of ~3% pre-COVID-19[5]; metrics remained stronger than peers post March 2020
Accelerate Communities growth opportunities	Communities	• Delivered 607 townhome settlements in FY20, representing 11% of total Residential settlements • Executed strategic restocking with acquisition of $415m The Gables (NSW), $105m Katalia (Vic) and $15m Brunswick (Vic) • Commenced construction of land lease community at Aura (Qld) and planning Minta (Vic) development with combined ~420 dwellings
Broaden sources of capital	Group	• Established two logistics joint ventures, valued at $1.2bn[6], with Fife Group at Kemps Creek[7], Western Sydney (NSW) and Willawong (Qld)[8] • Strategic capital partnerships, valued at $3.0 bn[9], at Aura (Qld) with Capital Property Group and at Katalia (Vic) with Supalai Group[10] • Debt, asset divestments and capital recycling considered the most suitable funding options at this time

1. Expected to complete in 2023.
2. Expected incremental development spend, excluding land cost and subject to planning approval at 25 August 2020.
3. Reflects transactions contracted to sell in FY19.
4. Represents gross sale proceeds. Exchange of The Pines is subject to finance and conditional on FIRB approval.
5. For 8 months to 29 February 2020.
6. Estimated end value, represents 100% interest.
7. The Joint Venture trust holds an interest under conditional option agreements to acquire the land. Stockland holds a 50% share of the JV Trust.
8. Willawong JV transaction settled in July 2020.
9. Based on estimated end value and represents Stockland's share.
10. Subject to FIRB approval.

Driving operational excellence

Our customers and employees are pivotal to our success

Above **80%**
Customer satisfaction scores[1]

82%
Employee engagement score

LAB-52
Powering Stockland

Strong focus on people and talent

Ways of working

- Fast-tracked flexible working, focus on wellbeing and safety of front-line operational teams particularly in Victoria and other hotspots
- Employee virtual learning and development

Wellbeing

- Partnered with our CARE Foundation partners R U Ok? and Reach Out to support the physical and mental health of our people, customers and residents

Succession

- Managing Director & CEO announced intention to retire in mid-June 2020. Process underway to identify a successor from a field of internal and external candidates

Remuneration review

- Reviewed remuneration framework to align with our strategic priorities
- Yet to finalise some aspects of remuneration structure which will be shared in FY21 Remuneration Report

Accelerating digital and data innovation

Leading edge technology

- In August 2020, implemented CORE end to end enterprise platform leveraging SAP and Salesforce

Digital customer strategy unlocking value

- Curated customer experiences with residential product digitisation and increased self-service empowerment, identifying >$12m referral value
- Enhanced retail omni-channel capabilities

Accelerating innovation

- LAB-52 supporting new growth initiatives contributing approximately 2 per cent of FFO
- Digital residential customer journey

Data and AI

- Customer segmentation platform and machine learning capabilities enabled across Residential and Retail

1. Includes all business units except Workplace and Logistics which deferred its March 2020 surveys due to COVID-19

Financial results and capital management

Tiernan O'Rourke

Stockland

YENNORA DISTRIBUTION CENTRE, NSW

Capital position

At 30 June 2020

Gearing

25.4%

Improved from 26.7% at 30 June 2019

Within target range of 20-30%

Investment grade credit ratings

A-/Stable S&P

A3/Stable Moody's

Weighted average cost of debt[1]

4.0%

Weighted average debt maturity

5.7 years

Fixed / hedge ratio

62%

Interest cover[1]

6.1:1

FY21[2] expected weighted average cost of debt

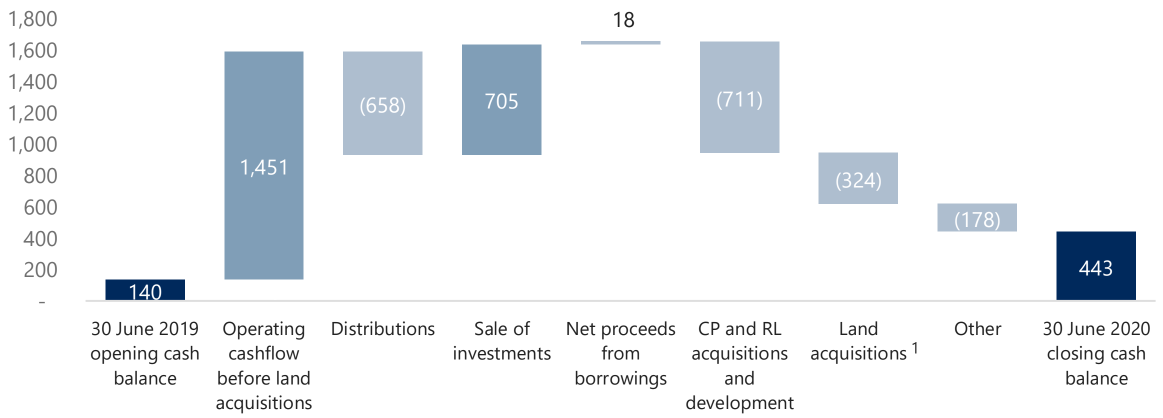
3.7%

- Significant headroom in capital metrics to comply with covenants
- Strong liquidity to support future opportunities

1. For FY20.
2. Assuming no material change in market conditions.

Strong operating cashflows

$m



$m	FY20	FY19
Operating cashflow before land acquisitions	**1,451**	**970**
Includes residential cashflows as follows		
Sales and other revenue	1,887	1,829
Current year stage costs	(240)	(305)
Future stage infrastructure costs	(457)	(669)
SG&A and other costs	(193)	(199)
Total	**997**	**656**

1. Includes residential and logistics projects.
2. Reflects the settlement of transactions previously announced in FY19 results disclosures.
3. Represents gross sale proceeds. Exchange of The Pines is subject to finance and conditional on FIRB approval.

FOCUSED CASHFLOW MANAGEMENT

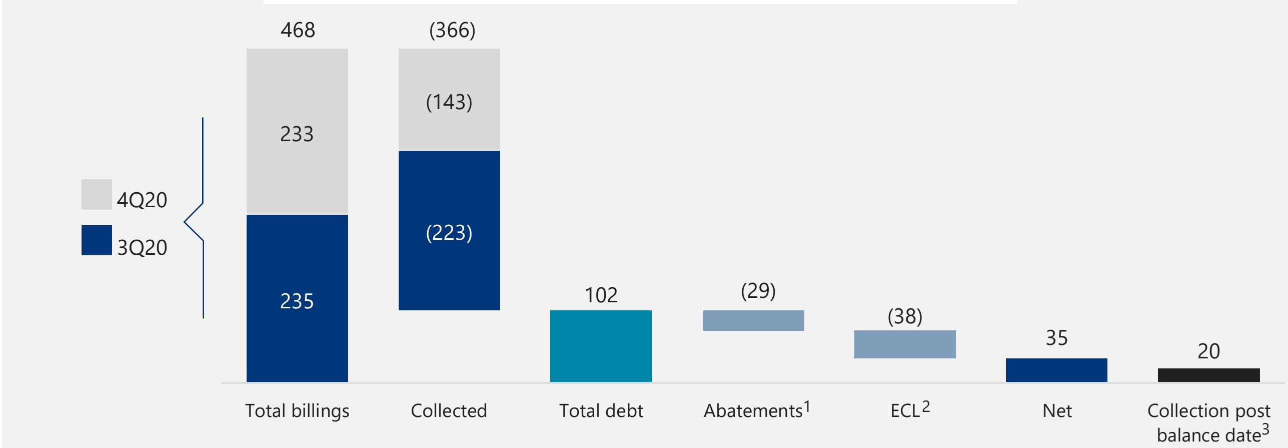
- Strong operating cashflow covering distributions and strengthening our balance sheet
- 2H20 distribution reduced to 10.6 cps to retain capital and maintain balance sheet strength while remaining mindful of the importance of this distribution to many of our securityholders
- 88% of land acquired on capital efficient terms
- Net operating cashflow reflects stronger than expected residential settlements and a deferral of development expenditure over March 2020 and April 2020 in response to the COVID-19 pandemic
- The business has a demonstrated ability to scale production quickly and has started to do so for FY21 settlements

FUNDING AND LIQUIDITY

- Raised $790m in long term and short term debt early in the COVID-19 pandemic driving liquidity ($2.0bn as at 30 June 2020)
- Gearing improved to 25.4% driven by strong 2H20 cashflows, despite material net devaluation in Commercial Property and Retirement Living
- Completed Retail divestments of $220m[2], executed contracts for further $418m[3] post balance date

COVID-19 rental support – accounting treatment

2H20 RENT COLLECTION AS AT 30 JUNE 2020 ($m)



	Total billings	Collected	Total debt	Abatements[1]	ECL[2]	Net	Collection post balance date[3]
P&L							
Revenue	468					468	
Expense				(29)	(38)	(67)	
FFO and Statutory profit						**401**	
Balance Sheet							
Cash		366				366	20
Receivable	468	(366)		(29)	(38)	35	(20)
Net assets						**401**	

- Commercial Property FFO was impacted materially due to COVID-19
- Accounting recognition is in line with the recent ASIC guidelines and reflects:
  - $29m tenant abatements including agreed deals and estimates for deals yet to be completed
  - $38m expected credit loss (**ECL**) provision, against $73m[4] net lease receivable
- In determining the ECL, tenants were categorised into high, medium and low risk of default[5]
- An ECL percentage is booked against each category using best estimate of historical, current and forward looking information available at 30 June 2020
- Despite the ECL booked in FY20, Stockland reserves the right to collect rent under its lease agreements

Refer to page 125 of our 2020 Annual Report for further detail

1. Abatements include agreed deals and estimates for deals yet to be completed.
2. ECL relates to uncollected rent not abated.
3. As at 31 July 2020.
4. Net receivable balance is inclusive of a minimal amount of agreed rent deferral.
5. Net lease receivable after abatements comprises low risk ($21m), medium risk ($24m), high risk ($25m), specific ($3m).

Funds from operations

- Decline in Commercial Property FFO reflects:
  - $27m net impact from capital transactions
  - $29m tenant abatement and $38m ECL
- Reduction in unallocated corporate overheads reflects savings realised from organisational restructure and COVID-19 related cost saving initiatives, partly offset by increase in insurance premiums and COVID-19 specific costs including additional hygiene measures and effecting social distancing protocols

$m	FY20	FY19	CHANGE	COMPARABLE GROWTH[1]
Logistics	160	164	(2.2)%	1.7%
Workplace	54	48	11.8%	1.7%
Retail Town Centres	343	432	(20.5)%	(17.0)%
Commercial Property net overheads	(20)	(21)	(1.9)%	
Commercial Property	**537**	**623**	**(13.8)%**	**(10.2)%**
Residential Communities	**372**	**362**	**2.5%**	
Retirement Living	**58**	**56**	**4.8%**	
Unallocated corporate overheads	(56)	(61)	(8.1)%	
Net interest expense	(86)	(83)	3.1%	
Total	**825**	**897**	**(8.0)%**	
FFO per security	34.7 cents	37.4 cents	(7.2)%	

1. Includes comparable assets excluding acquisitions, divestments and assets under development.

Statutory profit to FFO and AFFO reconciliation

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

$m		FY20	FY19	CHANGE
PCA reference	**Statutory profit**	(14)	311	(104.3)%
	Adjusted for:			
D1/D4	Amortisation of lease incentives and lease fees	89	87	
D5	Straight-line rent	(3)	(3)	
A3/A4	Net change in fair value of Commercial investment property[1]	452	202	
A3/A4	Net unrealised change in fair value of Retirement Living investment properties and obligation	130	76	
F2	Unrealised DMF revenue	(29)	(26)	
C2	Net loss/(gain) on financial instruments	109	140	
F2	Net loss/(gain) on other financial assets	4	-	
A1/A2	Net loss/(gain) on sale of other non-current assets	(20)	21	
A6	Net reversal of impairment of inventories	-	(1)	
B1	Impairment of Retirement Living goodwill	38	38	
F2	Restructuring cost[2]	4	5	
F2	CORE systems delay costs[3]	18	-	
E	Tax expense/benefit – (non-cash)[4]	47	47	
G	**Funds from operations (FFO)**	**825**	**897**	**(8.0)%**
G2	Maintenance capital expenditure[5]	(32)	(47)	
G3	Incentives and leasing costs for the accounting period[6]	(57)	(70)	
	Adjusted funds from operations (AFFO)	**736**	**780**	**(5.6)%**
	AFFO per security	31.0 cents	32.5 cents	(4.6)%

1. Includes Stockland's share of net revaluation gains relating to properties held through joint venture entities (FY20: $44m gain; FY19: $24m gain), stapling adjustment for owner occupied space (FY20: $12m; FY19: -$7m) and fair value unwinding of ground leases recognised under AASB 16 (FY20: $1m; FY19: nil).
2. Restructuring cost to improve operational efficiencies and position the business for sustainable growth in the future.
3. One-off costs incurred due to the delay of CORE Systems launch, primarily impacted by COVID-19.
4. The Group has accumulated tax losses of $1.6bn and as a result does not have any near term material income tax expense that will be settled in cash.
5. Includes $6m (FY19: $9m) Retirement Living maintenance capital expenditure.
6. Excludes developments.

Stockland

Commercial Property

Louise Mason

Stockland

M_PARK, NSW
Artist Impression

Operating metrics
Commercial Property

KEY METRICS	ASSET VALUE[1]	SGP PORTFOLIO WEIGHTING AT 30 JUNE 2020	FFO	FFO COMPARABLE CHANGE[2]	OCCUPANCY	WALE[5]
Retail Town Centres	$5,975m	40%	$343m	(17.0)%[3]	99.0%[4]	5.7 yrs
Workplace	$1,038m	7%	$54m	1.7%	93.6%	3.2 yrs
Logistics	$2,859m	21%	$160m	1.7%	96.3%	5.2 yrs
Total	**$9,872m**	**68%**	**$557m[6]**	**(10.2)%**		

1. Excludes WIP and sundry properties.
2. Includes comparable assets excluding acquisitions, divestments and assets under development.
3. Includes $27m abatement and $36m ECL for the Retail portfolio.
4. Occupancy across the stable portfolio based on signed leases and agreements at 30 June 2020, ~94% of stores by rental income are open and trading as at 17 August 2020.
5. Weighted average lease expiry.
6. Excludes Commercial Property net overheads of -$20m.

$9.9bn
Asset value[1]

99.0%
Retail occupancy[4]

5.7 yrs
Retail WALE

Year in review

Key trends in FY20

- Portfolio rebalancing continued with reduced exposure to Retail Town Centres (39%)[1] and increased exposure to Workplace and Logistics (29%)[1]
- Settled $220m[2] non-core Retail divestments and executed contracts for additional $418m[3] non-core retail divestments post balance date including The Pines (Vic), Baulkham Hills (NSW), Caloundra (Qld) and North Shore (Qld) in line with 30 June 2020 valuations
- Solid Retail comparable sales growth of ~3% delivered for 8 months to February 2020 reflecting the success of our retail remixing and rebasing strategy
- Strong Workplace and Logistics portfolios; development pipeline more than doubled since June 2019 to $5.5bn[4]

COVID-19 and response

- COVID-19 pandemic has acted as a major disruptor impacting portfolio performance:
  - Rent collection of 70% for 4Q20[5] and 83% for 2H20[5]
  - Retail net devaluation of ~10% in 2H20
- Retail sales performance benefits from our exposure to sub-regional and non-metropolitan town centres and low and non-discretionary categories
- In response to COVID-19 we are undertaking decisive measures to position the portfolio for growth under the new operating conditions including acceleration of non-core divestments, remixing to retail growth categories and collaborating with tenants on omni-channel offering

1. Reflects portfolio weightings at 30 June 2020 adjusted for post balance date transactions including $418m non-core retail divestments, $63.5m Balcatta (WA) divestment, disposal of 50% interest in Katalia (VIC) (subject to FIRB approval) and acquisition of logistics land in Willawong (QLD) in capital partnership with Fife.
2. Reflects transactions contracted to sell in FY19.
3. Represents gross sale proceeds. Exchange of The Pines (VIC) is subject to finance and conditional on FIRB approval.
4. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval at 25 August 2020.
5. As at 31 July 2020.

Stockland Baringa, Qld

COVID-19 rental support negotiations

- Stockland teams have worked closely with small and medium enterprise (**SME**) and national tenants in progressing rental support negotiations
- All deals are bespoke and undertaken on a case by case basis

Tenant negotiations		Provisioning[2] as at 30 June 2020		
Commercial Property	% negotiations complete[1]	Abatement	ECL	Total
Retail	52%	$27m	$36m	$63m
Workplace	64%	$1m	$1m	$2m
Logistics	98%	$1m	$1m	$2m
Total	**54%**	**$29m**	**$38m**	**$67m**

Rent collection	Total billings	Collection			Collection %[3]
Commercial Property	4Q20	At 30 June 2020	Post balance date[3]	Total	Total
Retail	$170m	$86m	$17m	$103m	61%
Workplace	$19m	$17m	<$1m	$18m	92%
Logistics	$44m	$39m	$3m	$42m	96%
Total	**$233m**	**$143m**	**$20m**	**$163m**	**70%**

- Collection % is based on cash rent collected as a percentage of total billings, excluding ECL and abatements
- In-month rent collection continues to improve

1. By number of relevant tenants, seeking support at 17 August 2020.
2. Despite the ECL booked in FY20, Stockland reserves the right to collect rent under its lease agreements.
3. At 31 July 2020.

Stockland

Valuation results
Commercial Property

Net valuation decline of $464m[1] in FY20 with 100% of assets[2] independently revalued at 30 June 2020

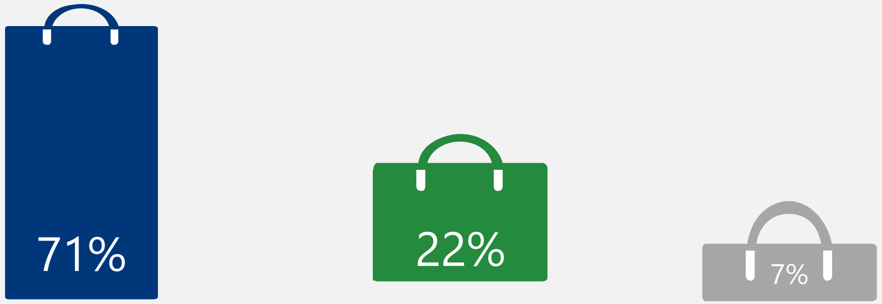
	RETAIL TOWN CENTRES	WORKPLACE	LOGISTICS
			
FY20[3]	$(715)m, (10.7)%	$14m, 1.4%	$237m, 9.0%
1H / 2H movement[4]	$(31)m / $(684)m[5]	+$11m / +$3m	+$217m / +$20m[5]
Cap rates	Softened by 18 basis points to 6.1%	Unchanged at 5.8%	Firmed by 49 basis points to 5.7%
Drivers	2H20 net valuation movement impacted by COVID-19: • 37% capitalisation rate movement • 29% income movement • 34% capital expenditure, incentives, valuer estimate of letting up allowances, COVID-19 abatements	2H20 movement reflects slight firming of capitalisation rate for Piccadilly (NSW) partly offset by lower income and higher letting up allowances and COVID-19 abatements	1H20 uplift driven by development activity, leasing success and capitalisation rate compression including significant uplift at Optus Centre (NSW) following successful lease extension
COVID-19 impact	External valuers have placed significant scrutiny on the sustainability of income, capital and rental growth over the next two years		

1. Excludes stapling adjustment for owner-occupied space and includes Stockland's share of net revaluation gains relating to properties held through joint venture entities.
2. Excluding sundry properties.
3. Represents net valuation change for 12 months to June 2020.
4. External valuations remain subject to material uncertainty on a forward looking basis given the ongoing uncertainty around COVID-19 pandemic. Refer to Note 6(A) and Note 34 of the FY20 Financial Report for further detail.
5. 2H20 net valuation movement includes $70m decrement for assets held for sale.

Performance underpinned by low and non-discretionary categories

Retail Town Centres

DIVERSIFIED MAT ~70% LOW AND NON-DISCRETIONARY



SUPERMARKETS / DDS / FOOD / RETAIL SERVICES / GENERAL RETAIL / MOBILE PHONES

FASHION / MINI-MAJORS NON-FOOD / LEISURE / HOMEWARES / DS

OTHER

Low and non-discretionary

Discretionary

30 assets[1]

$6.0bn[1] portfolio value

40% portfolio weighting
39% following non-core divestments post balance date[2]

- COVID-19 materially impacted the Retail sector, however Stockland portfolio benefitted from our exposure to convenience based, low and non-discretionary categories, subregional and non-metropolitan town centres and geographic spread
- Rebound in store re-openings and foot traffic since April 2020 lows:
  - 94% of stores by rental income are now open across the portfolio and trading at 17 August 2020
    - compared to ~60% that remained trading through March 2020 and April 2020
  - July 2020 traffic recovered to 92% of pre-COVID-19 levels[3]
- 12% exposure to Victoria by rental income with only two assets located in metropolitan Melbourne of which The Pines is under contract for sale

1. Excludes WIP and sundry properties.
2. Reflects portfolio weightings at 30 June 2020 adjusted for post balance date transactions including $418m non-core retail divestments, $63.5m Balcatta divestment, disposal of 50% interest in Katalia (subject to FIRB approval) and acquisition of logistics land in Willawong in capital partnership with Fife.
3. Represents comparable portfolio excluding Piccadilly Retail Centre.

Sales performance mixed

Retail Town Centres

- Comparable sales performance was significantly impacted in 4Q20 with a specialty sales decline of (30.1)%, offset by supermarket growth of 8.0%
  - Comparable specialty sales of $8,831psm[1] primarily impacted by COVID-19
- As expected, impact was greater in discretionary categories such as apparel and jewellery and categories subject to government enforced closures such as food catering /cafes, cinemas and gyms
- Faster than expected rebound in sales through May 2020 and June 2020 following the easing of government restrictions – comparable total sales growth was 2.4% and comparable specialty growth of 1.4% for July 2020

COMPARABLE SALES GROWTH	1H20	2H20	JANUARY 2020	FEBRUARY 2020	MARCH 2020	APRIL 2020	MAY 2020	JUNE 2020	JULY 2020
			MONTHLY PERFORMANCE						
Total	2.9%	(5.1)%	3.3%	1.5%	(1.8)%	(25.1)%	(5.8)%	(2.5)%	2.4%
Specialties	2.7%	(17.4)%	3.0%	2.8%	(18.6)%	(60.3)%	(25.5)%	(7.1)%	1.4%

TO 30 JUNE 2020	TOTAL PORTFOLIO[2]		COMPARABLE CENTRES[3]	
Retail sales by category	MAT	MAT growth	MAT growth	2H20 growth
Total	6,240	0.8%	(0.8)%	(5.1)%
Specialties	1,854	(6.0)%	(6.7)%	(17.4)%
Supermarkets	2,376	8.4%	5.9%	8.7%
DDS/DS	874	3.7%	3.6%	5.8%
Mini-majors	687	6.5%	3.2%	5.5%
Other retail[4]	449	(16.5)%	(17.6)%	(41.6)%
Specialty sales by category	MAT	MAT growth	MAT growth	2H20 growth
Apparel	$420m	(12.9)%	(12.7)%	(29.0)%
Food catering	$336m	(8.5)%	(9.1)%	(23.6)%
General retail	$196m	1.3%	1.3%	(0.7)%
Homewares	$67m	0.3%	(2.5)%	(8.1)%
Mobile phones	$165m	0.1%	(1.4)%	(13.5)%
Retail services	$257m	(3.6)%	(4.6)%	(17.9)%
Jewellery	$113m	(4.8)%	(4.9)%	(15.0)%

1. Comparable centres, excludes divestments and development centres and adjusted for stores trading less than 12 months.
2. Sales data includes all Stockland managed retail assets, including joint venture assets.
3. Comparable basket of assets as per SCCA guidelines, which excludes assets which have been redeveloped within the past 24 months.
4. Other includes pad sites, non-retail, and cinemas.

Operational metrics demonstrate relative resilience

Retail Town Centres

- Specialty occupancy cost ratio has moderately increased to 15.5%[1]
- Negative rent reversions in line with the prior FY20 guidance range of -5% to -7%, albeit limited leasing transactions were undertaken since March
- ~190 tenants on holdover[2] at 30 June 2020 higher than the long term average, reflecting the continued uncertainty around COVID-19
- Accelerated remixing into more sustainable solutions drove higher churn and increased incentive levels
- Over 85% of COVID-19 rental support agreements negotiated with non-SME retailers include lease extensions and/or new store deals
- Government stimulus measures such as JobKeeper, together with the Code, resulted in limited retailer administrations to date
- Retailer and shopper satisfaction score of 80%

		FY20	FY19
Occupancy[3]		99.0%	99.3%
Specialty retail leasing activity[4]			
Tenant retention[5]		61%	64%
Total lease deals[6]		523	674
WALE[7]		5.7 yrs	6.0 yrs
Specialty occupancy cost ratio[1]		15.5%	15.1%
Average rental growth on lease deals[8]		(6.0)%	(2.9)%
Renewals:	number; area	225; 26,682sqm	275; 40,364sqm
	rental growth[8]	(2.9)%	(1.9)%
New leases:	number, area	193, 25,630sqm	195, 24,137sqm
	rental growth[8]	(9.5)%	(4.4)%
	incentives: months[9]	12.9	11.6

1. Occupancy cost reflects stable assets, adjusted to reflect tenants trading more than 12 months and rental abatements.
2. Includes 49 stores with national retailers. These renewals are often deferred 12-24 months to collectively negotiate on multiple sites.
3. Occupancy across the stable portfolio based on signed leases and agreements at 30 June 2020, ~94% of stores by rental income are open and trading as at 17 August 2020.
4. Metrics relate to stable assets unless otherwise stated.
5. Adjusted for operational centre remixes and reconfiguration as well as retailers subject to administration.
6. Includes project and unstable centre leases.
7. Assumes all leases terminate at earlier of expiry / option date.
8. Rental growth on an annualised basis.
9. Represents the contributions made towards the retailers' fit outs, expressed in equivalent months of net rent.

Enterprise data capabilities and opportunities

Data driven approach to shape our future Town Centres

INSIGHTS

- Emerging trends in the retail sector support our remixing strategy
- DDS consolidation opportunity to reposition 4-5 potential sites over the next 1-3 years

OUR DATA LED APPROACH

- Partnered with one of the big 4 banks to analyse in-centre and in-trade area customer spending behaviour
- Analyse demographic data to deeply understand shopper needs and retailer insights
- Analyse digital and social media consumption data to optimise channels and personalise messaging
- Established single source of truth for customers with Salesforce enterprise capability

Together, these insights provide deeper understanding of customer segmentation in our catchments, providing competitive advantage to Stockland and our retailers

CROSS-FUNCTIONAL USE OF DATA INSIGHTS

Leasing	Customise offering to attract targeted customer segments
Marketing	Customise marketing campaigns to drive foot traffic
Retailers	Opportunity to share data with retailers to assist in improving their product offering and online presence

EXPERIENCE

Amazon lockers now in 17 centres

- First Australian property company to offer Amazon lockers

Delivery on demand

- App based service connecting customers with local retailers at six town centres

Omni-channel

- Capabilities accelerated through COVID-19 with more than 14 million views on key campaigns

Click and collect

- 24 centres now operating some form of click and collect

Strong operational metrics

Workplace

- Comparable FFO growth of 1.7%
- Rental growth on new leases and renewals of 18.6%
- 91% Sydney (NSW) exposure with 97.6% occupancy
- Portfolio WALE of 3.2 yrs with less than 10% of leases expiring in FY21
- 92% rent collected in 4Q20[1]
- Acquired remaining 50% interest in Stockland Piccadilly for $347m (yielding ~5.5%) funded through divestment of 50% interest in 135 King Street[2] for $340m (yielding ~4.25%), Sydney (NSW)
- Strategic acquisition of 118 and 122 Walker Street sites[3], with potential site amalgamation 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

4
assets

$1.0bn
portfolio value[4]

7%
portfolio weighting

$2.4bn
development pipeline[5]

	FY20	FY19
FFO	$54m	$48m
Asset value	$1,038m	$800m
Leases executed	14,177 sqm	30,400 sqm
Leases under HOA[6]	578 sqm	960 sqm
Average rental growth on new leases and renewals	18.6%	18.2%
Portfolio occupancy[6,7]	93.6%	94.7%
Portfolio WALE[6,7]	3.2 yrs	3.7 yrs

1. As at 31 July 2020.
2. Settled in November 2019.
3. Acquisition of 118 Walker Street completed on 8 November 2019 and 122 Walker Street completed on 31 July 2020.
4. Excludes WIP and sundry properties.
5. Stockland share of incremental development spend, excluding land cost and subject to planning approval.
6. At 30 June 2020.
7. By income.

$2.4bn[1] development pipeline
Workplace

Development approach

- Progressing planning approvals for Piccadilly, Sydney (NSW) and Walker St, North Sydney (NSW) requiring minimal capital in the near term
  - Piccadilly Stage 1 planning proposal lodged in August 2020
  - Walker Street Development Agreement expected to be lodged at the end of 2020
- Planning processes incur ~3.5% of total project cost (excluding land cost) for major workplace developments
- Development commencements subject to acceptable financial metrics, pre-commitment levels and market conditions
- Target capital partners in place at project commencement
- Create design elements reflecting changes appropriate (health and wellbeing, building technology) in a post COVID-19 world

Proposed Walker Street entry (NSW)

Milestones for a typical workplace development

% project spend (ex land cost)	~3.5%	~3.5%	Walker Street commencement[2] Late 2022 Piccadilly commencement[2] Mid 2023 ~93.0%	
Milestone	DA approval	Conditions precedent met	Under construction	Completion

1. Expected incremental development spend, excluding land cost and subject to planning approval at 25 August 2020.
2. Subject to planning approvals and market conditions.

Portfolio remains well-positioned

Logistics – including Business Parks

- One of the largest logistics portfolios among listed A-REITs with significant future development opportunity
- 98%[1] of assets located on the eastern seaboard
- Resilient valuations reflecting continued tailwinds to this sector and our portfolio quality
- Demand for logistics space continues to improve with enquiry levels in Sydney and Brisbane trending towards pre COVID-19 levels
- Increased development pipeline to over $3.1bn[2] including DA approval for major business park projects M_Park and refurbishment of Optus Centre, in Macquarie Park (NSW)
- Progressing JVs with rezoning approval granted at Kemps Creek[3] (NSW) and subdivision planning approval granted at Melbourne Business Park (Vic)

Fife Group joint ventures:

- Consolidated a 71Ha land holding[4], 50/50 joint venture at Kemps Creek (NSW)[5], representing a $1.0bn[4] 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
- Acquisition of logistics land at Willawong with potential end development value of ~$190m in capital partnership with Fife in July 2020

28

assets

$2.9bn

portfolio value[6]

21%

portfolio weighting more than doubled since 31-Dec-13

$3.1bn

development pipeline[2]

1. By value.
2. Stockland share of incremental development spend excluding land cost and subject to planning approval at 25 August 2020.
3. Development is subject to completing the acquisition by the JV trust currently estimated for 1H FY21 and all relevant approvals being obtained.
4. Represents 100% interest.
5. The Joint Venture trust holds an interest under conditional option agreements to acquire the land.
6. Excludes WIP and sundry properties.

Performance demonstrates quality of portfolio

Logistics – including Business Parks

- Strong comparable FFO growth of 1.7%
- Leasing demand remains strong with 423,579sqm leased
- Lease arrangement at Optus Centre, Macquarie Park (NSW) for 12 years, 84,194sqm NLA
- 83% portfolio retention over 195,703sqm at 12.5% weighted average base rent growth
- Portfolio WALE[4,5] of 5.2 yrs with ~10% leases expiring in FY21
- 96% rent collected in 4Q20[6]
- Settled $114m[7] non-core divestments in FY20 and post balance date completed the disposal of Balcatta Distribution Centre (WA) for $59m and exchanged undeveloped land at Balcatta (WA) for $4.5m

	FY20	FY19
FFO[1]	$160m	$164m
Asset value[2,4]	$2,859m	$2,537m
Leased area	423,579sqm	408,700sqm
Leases under HOA[3,4]	63,694sqm	201,000sqm
Average rental growth on new leases and renewals	9.7%	0.6%
Portfolio occupancy[4,5]	96.3%	96.5%
Portfolio WALE[4,5]	5.2 yrs	5.2 yrs


KeyWest, Vic

30,400sqm GLA

Leveraged relationship with JB HiFi to achieve 100% occupancy for speculative development


Yatala, Qld

27,800sqm GLA

Average yield ~7%[8]

1. FY20 reduction reflects non-core divestments
2. Excludes WIP and sundry properties
3. Represents 100% interest.
4. At 30 June 2020.
5. By income.
6. At 31 July 2020.
7. Reflects transactions contracted to sell in FY19.
8. Estimated stabilised incremental FFO yield, includes property management fees.

M_Park $1.5bn development opportunity

$450m[1] development with 55,000sqm NLA opportunity

~3 Ha site

16,000sqm NLA Stage 1 DA approved December 2019

Entered into an agreement to acquire J&J ~4Ha site adjacent to M_Park

Commitment to work towards a new 10,000sqm head office for J&J at existing M_Park project

$1.5bn[1] development opportunity

Heads of Agreement with another large multinational tenant over a whole building at M_Park

1. Expected incremental development spend, excluding land cost and subject to planning approval at 25 August 2020.

Commercial Property - key strategic priorities progressed

	RETAIL TOWN CENTRES	WORKPLACE	LOGISTICS
STRATEGIC PRIORITIES	**Strengthen Retail** • Rebasing and repositioning to ensure quality, resilient portfolio • Divest non-core assets	**Grow Workplace** • Secure 100% ownership of Piccadilly and Walker Street sites with development opportunity • Advance planning approvals on $2.4bn development pipeline	**Grow and execute pipeline** • Acquire development sites • Progress JV opportunities in growth areas • Progress $3.1bn development pipeline
COVID-19 EXPECTED SECTOR IMPACT	• Acceleration of e-commerce • Weaker economic outlook in the short to medium term impacting consumer confidence • Store consolidation	• Tenant demand impacted by economic uncertainty and ways of working in the near term • Long term impact of flexible working and space requirements	• Acceleration of e-commerce supporting sector tailwinds • Leasing activity and effective rent growth minor short term slow down due to economic uncertainty
ADAPTING OUR APPROACH TO LEVERAGE OPPORTUNITIES	• Non-core disposals continue with contracts executed on a further $418m post balance date[1] • Continuing remixing strategy to growth segments – health and wellbeing, fresh food, technology, education, omni-channel • Access and use of data in B2C and B2B • Utilise consolidation of discount department store sector to introduce new town centre usages to enhance customer experience	• Lodgement of planning applications for major projects with minimal capital required • Development commencements subject to financial hurdles, pre commitment and market conditions • Capital partners in place at project start • Utilise future timeframe of these large developments to create the workplaces of the future	• Contracted to acquire strategic sites in growth areas – J&J site Macquarie Park (NSW) • Major tenant signings – Optus Centre Macquarie Park (NSW), commitment to working towards an agreement to deliver J&J's head office at M_Park, further multi national under Heads of Agreement at M_Park • Progressing JVs with rezoning approval achieved at key locations of Kemps Creek (NSW)[2], subdivision planning approval granted at Melbourne Business Park (VIC)

1. Represents gross sale proceeds. Exchange of The Pines is subject to finance and conditional on FIRB approval.
2. The Joint Venture trust holds an interest under conditional option agreements to acquire the land. Stockland holds a 50% share of the JV Trust.

Communities

Andrew Whitson

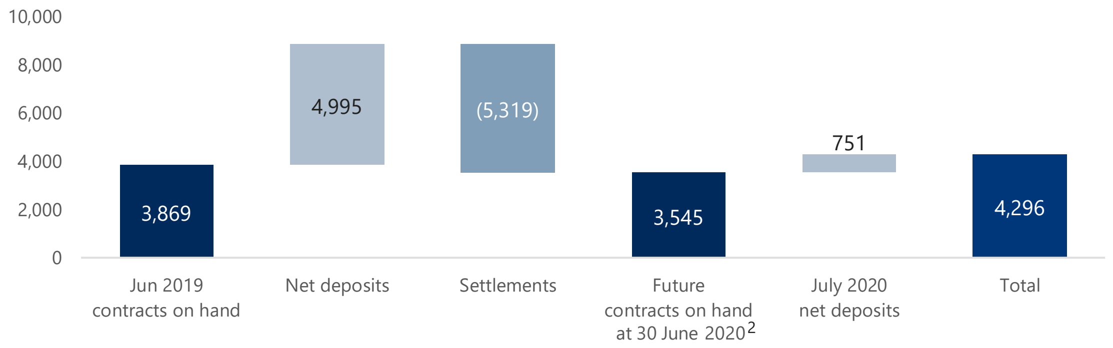
Stockland

Result reflects market leading business

Residential

- 5,319 settlements[1] (including 607 townhome settlements) reflecting customer preference for masterplanned communities, strength of the Stockland brand and government stimulus
- Increased production levels to leverage market conditions with ~850 finished lots available for sale
- 4Q20 default rate was 7.0% and expected to remain elevated reflecting the ongoing uncertainty presented by COVID-19
- 2.5% FFO increase in part reflects trading profits from the disposal of The Grove (Vic) (second tranche) and the capital partnership of Aura (Qld) totalling $79m, and Merrylands Court (NSW)
- Executed strategic restocking of our pipeline with the acquisition of The Gables in Box Hill (NSW), Brunswick (Vic) and Katalia (Vic) (now in capital partnership with Supalai Group[3]) all on capital efficient terms

IMPROVING LOT SALES



5,319
Total lots settled[1]

(9.5)%
Total lots settled[1]

$372m
FFO

2.5%
FFO

19.9%
Operating profit margin

21.1%
ROA

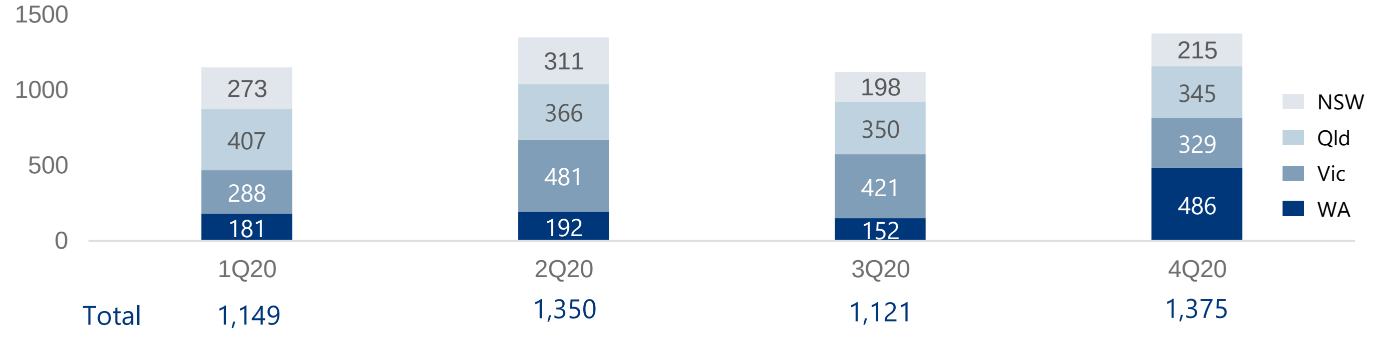
1. Includes 1,341 (FY19: 334) of settlements under joint venture / project development agreements; eight settlements from Brisbane Casino Towers (FY19: 371).
2. Of the 3,545 contracts on hand, ~3,300 are due to settle in FY21, with the balance in FY22+.
3. Subject to FIRB approval.

Strength in demand drivers supports sales performance

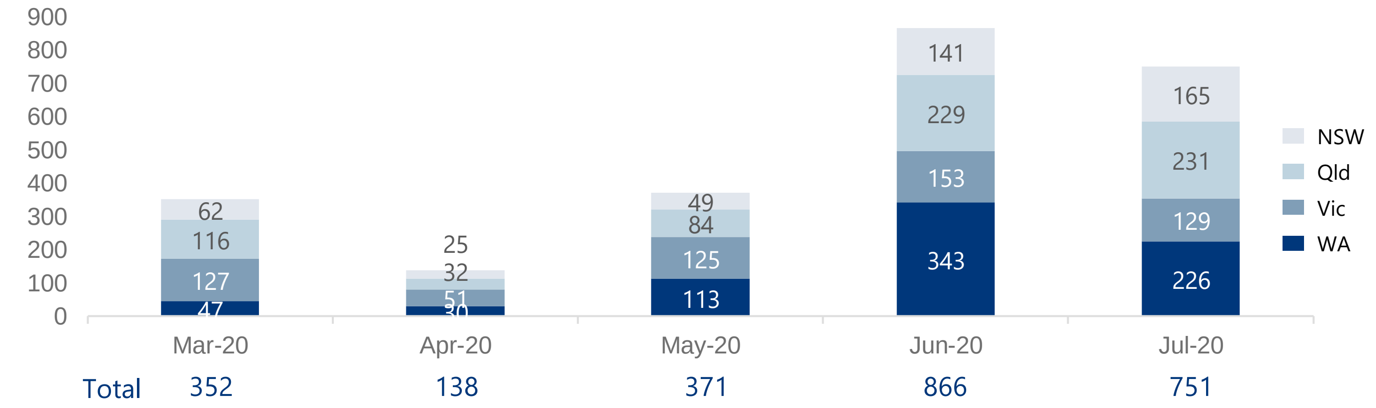
Residential

- FY20 net deposits of 4,995 reflects 14% increase on FY19
- Strength in demand in June 2020 and July 2020 driven by:
  - Government stimulus
  - Credit availability and continuing low interest rates
  - Increase in customer preference towards low density communities
  - Product affordability
- Stage 4 restrictions in Victoria expected to moderate demand during 1Q21
- Approximately 4,300 contracts on hand at 31 July 2020 provide reasonable coverage for FY21 settlement volumes
- In FY21, we expect first full year of settlements from Minta (Vic), Grandview (Vic), Orion (Vic), Waterlea (Vic)
- First settlements from Red Hill (ACT), Hope Island (Qld), The Gables (NSW) and Katalia (Vic) over the next 24 months

NET SALES BY QUARTER



NET SALES BY MONTH DURING COVID-19



Agile response to changing market conditions

Residential

Adapted to leverage changes in operational conditions post COVID-19

Responded to changes in customer preferences

- Re-sequenced masterplan staging to bring forward affordable lots
- Increased activation of open space, parks, trails and convenience based town centres
- Altered built-form products to provide features most important to customers post COVID-19

Accelerated digitisation of customer journey

- Further enhanced end-to-end virtual sales process
- Leveraged online product visualisation, virtual tours and interactive sales for safe buying experiences
- We have been available for our customers anytime using LiveChat capability; 87% of enquiry over June 2020 and July 2020 was from digital channels

Utilised production optionality

- Accelerated production to align with expected demand due to Government stimulus
- Increased the release of affordable product to meet the surge in demand
- Have continued construction of active sites in Victoria in compliance with Government guidelines

Strongly positioned to near term market strength

Residential

Customer preferences

- COVID-19 pandemic has further shifted customer preferences towards:
  - House and land packages
  - Lower density living and open spaces
  - Focus on affordable product
  - Increased levels of working from home

Competitive advantage

- Strong brand built on the quality of communities creation over 65 years
- Deep geographically spread 74,000 lot landbank[1], 10 years average age with strong embedded margins
- Scale which allows us to understand what our customer wants and to deliver at a lower price
- Leading market share of 13%[2], more than 3 times that of our nearest competitor

House and land market drivers

- Affordable, new-build product well placed to benefit from government stimulus
- Key lending drivers of credit availability and low mortgage rates to remain supportive
- Key project catchments have lower relative exposure to current net overseas migration[3] and our customers typically have above-average employment resilience[4]

1. Represents lots under control of which ~28,000 are under JV/PDA arrangements.
2. National Land Survey, June 2020, Research4 – annual market share FY20 (Greater Sydney, Melbourne, Perth and South East Qld).
3. 93% of our residents have lived in Australia for at least 5 years before buying our product.
4. Based on exposure to COVID-19 resilient sectors such as manufacturing, construction, wholesale trade, transport, health and public administration.

Increased customer preference for village living

Retirement Living

- Prioritised safety and wellbeing of our residents with ongoing implementation of Emergency Response Plans amidst the COVID-19 pandemic
- Increased customer preference towards safety and security has driven an 11.3% improvement in established sales in FY20 compared to FY19[1]
- Development contracts on hand 64% lower than FY19 as we phase out DMF projects and realign our pipeline to land lease communities
- Net fair value reduced by $116m[2] driven by reduction in near term growth rates primarily due to COVID-19, softening of discount rates to reflect the age of some villages and reduction in the carrying value of vacant established stock
- Residual goodwill written off due to change in development strategy to realign pipeline towards land lease

	FY20	FY19	CHANGE
Established sales	590	530[1]	11.3%
Development sales	204	287	(28.9)%

860
Total units settled[3]

3.6%
On FY19[2]

$58m
FFO

4.8%
On FY19

22.0%
Established contracts on hand increase

5.1%
ROA

1. Prior period restated to exclude the 2H19 disposal of three Victorian villages; Taylors Hill, Keilor, Burnside.
2. Reflects $138m reduction in gross asset value offset by $22m change in resident obligations.
3. Includes 6 withheld settlements (FY19: 29).

Shine Birtinya, Qld

Disciplined execution of Retirement Living strategy

Enhance customer experience and satisfaction

- Continued to leverage Salesforce and data analytics to market our product and appropriately price units
- Customer initiatives such as 'trial stay' and 'rent to buy' being scaled across the portfolio

Increase returns through development pipeline and capability

- Realign future development pipeline towards land lease product
- Commenced construction of land lease community at Aura (Qld) and planning Minta (Vic) development with combined ~420 dwellings
- Continue to explore capital partnering opportunities

Improve quality of our portfolio

- Continue to reshape the portfolio through disposal of non-core villages
- Disciplined capex program targeting facility upgrades

Summary

Mark Steinert

Stockland

MINTA, Vic

Delivering shared value

Our sustainability approach continues to support our strategy execution and long-term value creation

Shape thriving communities

Encourage positive health and wellbeing, community connection and education

- Awarded the most Green Star Retail and Retirement Living development ratings and record high Green Star masterplanned community rating
- Maintained our 74% Liveability Index Score. Our Retirement Living residents and Residential customers scored well above the Australian National Wellbeing Index average range

Optimise and innovate

Reduce our impact while creating resilient communities and assets

Enrich our value chain

Manage risks and opportunities in collaboration with our key stakeholders

- Maintained low employee injury rates
- Enhanced supply chain safety – Sights on Safety recognises safety innovation and implementation
- Published inaugural Modern Slavery Statement

FY25 emissions intensity target achieved early

65%

reduction since FY06 cost savings of over

$123m

Net Zero Commitment supported by

$75m

Clean Energy Finance Corporation senior debt facility

100%

of assets located in/adjacent to bushfire zones underwent Bushfire Preparedness Reviews

45%

portfolio assessed for climate resilience

Total solar capacity

18MW

Net Zero Homes program with Sustainability Victoria

Decade of sustainability leadership

10 years rated global Top 5 DJSI | GRESB Global Sector Leader diversified, listed office/retail | CDP A-List for climate action

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

- Focused strategy to leverage our diversified model to grow returns and improve portfolio quality
- Clear strategy to address structural retail challenges
- Accelerating built form and countercyclical acquisitions
- Growing our Workplace and Logistics portfolio using vertically integrated capabilities, $5.5bn[1] development pipeline
- Continue to actively reweight the portfolio, predominately through redevelopment, to balance our exposure to Communities, Workplace and Logistics, and Retail Town Centres

CAPITAL ALLOCATION[2]

	31-DEC-13[3]	30-JUN-20	30-JUN-20 (proforma)[4]	TARGET
Retail Town Centres	49%	40%	39%	~33%
Workplace and Logistics	21%	28%	29%	~33%
Communities	29%	32%	32%	~33%

1. Stockland share of expected incremental development spend, excluding land cost and subject to planning approval.
2. Includes WIP and sundry properties.
3. Excludes UK and apartments, representing 1%, at 31 December 2013.
4. Reflects portfolio weightings at 30 June 2020 adjusted for post balance date transactions including $418m non-core retail divestments, $63.5m Balcatta (WA) divestment, disposal of 50% interest in Katalia (VIC) (subject to FIRB approval) and acquisition of logistics land in Willawong (Qld) in capital partnership with Fife.

Stockland

Newport, Qld

FY21 outlook remains uncertain

6-12 month strategic priorities

- Seamless leadership transition
- Continue our strong focus on health and wellbeing
- Optimise customer experience
- Upweight Logistics exposure through $3.1bn development pipeline and capital partnerships
- Undertake opportunistic land acquisitions to restock pipeline and maintain leading Communities market share
- Manage costs and adjust to macro conditions flexibly
- Embed end to end CORE systems and continue acceleration of innovation, digital and data capabilities
- Closely monitor the impact of COVID-19 and its implications for our business, while remaining agile

Strategy execution adapting to COVID-19 impacts to leverage opportunities

Guidance remains withdrawn given continued uncertainty surrounding the COVID-19 pandemic.

Stockland

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